NORTH CAROLINA

HOMEOWNERS INSURANCE

2023 REVIEW PACKAGE

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NOTE: This package includes a placeholder value for contingencies.

NORTH CAROLINA

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STATEWIDE RATE LEVEL CHANGES

Form	2021 Earned Premium at Current Level	Indicated Change
Owners	$2,800,629,255	+42.8%
Tenants	$80,339,123	+34.6%
Condominium Unit Owners	$38,624,005	+45.0%
All Forms	$2,919,592,383	+42.6%

NOTE: These indications include a placeholder value for contingencies.

NORTH CAROLINA

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INDICATED TERRITORY RATE LEVEL CHANGES

	Current Base Class Rate			Indicated Rate Level Change			Indicated Base Class Rate		
Territory	Owners	Tenants	Condominium Unit Owners	Owners	Tenants	Condominium Unit Owners	Owners	Tenants	Condominium Unit Owners
110	$2,908	$126	$107	+45.5%	+38.7%	+20.4%	$4,231	$175	$129
120	3,427	144	131	+99.9%	+85.4%	+49.9%	6,851	267	196
130	1,775	81	83	+34.3%	+41.3%	+32.0%	2,384	114	110
140	2,403	98	90	+72.0%	+65.6%	+53.2%	4,133	162	138
150	1,465	61	62	+26.1%	+50.0%	+28.2%	1,847	92	79
160	1,614	78	67	+43.5%	+50.4%	+48.8%	2,316	117	100
170	896	57	55	+30.8%	+19.3%	-0.7%	1,172	68	55
180	1,049	61	58	+58.3%	+39.5%	+43.1%	1,661	85	83
190	1,249	64	61	+71.8%	+44.1%	+32.5%	2,146	92	81
200	1,363	68	67	+63.5%	+38.3%	+62.4%	2,229	94	109
210	928	61	56	+58.2%	+31.5%	+33.7%	1,468	80	75
220	1,131	81	57	+46.0%	+31.7%	+46.4%	1,651	107	83
230	1,215	62	60	+56.5%	+54.0%	+40.6%	1,901	95	84
240	906	61	53	+41.2%	+28.4%	+35.0%	1,279	78	72
250	1,034	59	51	+40.4%	+49.3%	+38.8%	1,452	88	71
260	676	60	51	+39.7%	+17.4%	+35.6%	944	70	69
270	796	51	58	+40.2%	+37.1%	+41.6%	1,116	70	82
280	698	46	43	+25.5%	+25.3%	+39.9%	876	58	60
290	833	52	53	+28.8%	+39.3%	+22.2%	1,073	72	65
300	884	54	51	+26.5%	+26.9%	+38.8%	1,118	69	71
310	683	55	45	+37.1%	+29.7%	+41.3%	936	71	64
320	765	52	46	+25.5%	+27.7%	+49.6%	960	66	69
330	635	49	50	+22.7%	+22.8%	+34.0%	779	60	67
340	696	58	49	+41.7%	+32.3%	+55.9%	986	77	76
350	710	51	48	+28.3%	+25.9%	+26.0%	911	64	60
360	614	40	39	+21.0%	+25.6%	+15.0%	743	50	45
370	667	46	50	+8.0%	+19.8%	+31.9%	720	55	66
380	620	46	48	+4.7%	+14.6%	+35.9%	649	53	65
390	633	47	49	+8.9%	+29.8%	+29.1%	689	61	63
Statewide	$922	$56	$55	+42.9%	+34.6%	+45.0%	$1,318	$76	$80

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TREND AND EXPENSE SELECTIONS

Trend Selections

	Owners		Tenants		Condominium Unit Owners	
	Historical	Prospective	Historical	Prospective	Historical	Prospective
Frequency	-1.0%	0.0%	-6.0%	-1.0%	-1.0%	-1.0%
Severity	+6.5%	+6.5%	+5.0%	+5.0%	+5.5%	+5.5%
Pure Premium	+5.5%	+6.5%	-1.0%	+4.0%	+4.5%	+4.5%
Premium	--	+5.0%	--	0.0%	--	+2.0%
Exposure	--	+5.0%	--	0.0%	--	+2.0%

	All Forms
Expenses	+5.0%

Expense Selections

Commission & Brokerage	12.0%
Other Acquisition Expense	5.9%
General Expense	3.9%
Taxes, Licenses & Fees	2.8%
Dividends	0.5%
Contingencies	1.0%
Profit	9.0%
Loss Adjustment Expense	12.7%
Deviations	0.0%
Compensation for Assessment Risk	1.7%

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CALCULATION OF INDICATED STATEWIDE RATE LEVEL CHANGE - OWNERS FORMS

Year	(1) Incurred Losses Excluding Hurricane [(a)]	(2) Excess Losses	(3) Incurred Losses Adjusted for Excess [(1)-(2)] × Excess Factor	(4) Adjusted Incurred Losses Including LAE (3) × LAE Factor	(5) Loss Trend Factor
2017	940,083,838	176,136,465	835,758,426	935,213,679	1.602
2018	927,950,061	2,502,100	1,012,440,069	1,132,920,437	1.519
2019	1,153,435,354	308,642,199	924,203,712	1,034,183,954	1.439
2020	1,346,984,674	442,620,933	989,373,933	1,107,109,431	1.364
2021	1,157,196,353	94,005,310	1,163,131,001	1,301,543,590	1.293

Year	(6) Earned House-Years	(7) Premium Trend Factor	(8) Trended Average Loss Cost [(4)×(5)] / [(6)×(7)]	(9) Average Rating Factor	(10) Trended Base-Class Loss Cost (8) / (9)	(11) Yearly Weights
2017	1,917,797	1.361	574.00	1.309	438.50	0.10
2018	1,904,023	1.334	677.53	1.336	507.13	0.15
2019	1,947,707	1.294	590.47	1.379	428.19	0.20
2020	2,007,113	1.258	598.07	1.415	422.66	0.25
2021	2,056,820	1.220	670.66	1.473	455.30	0.30

(12)	Weighted Trended Non-Hurricane Base-Class Loss Cost	447.81
(13)	Credibility (9,833,460 House-Years)	1.00
(14)	Trended Modeled Hurricane Base-Class Loss Cost	131.07
(15)	Fixed Expense Per Policy	81.14
(16)	Base-Class Loss Cost with Fixed Expense, (12) + (14) + (15)	660.02
(17)	1 - (Variable Expense + Profit + Contingencies + Dividends)	0.747
(18)	Base-Class Rate Excluding Comp. for Assess. Risk, Net Reins. & Dev., (16) / (17)	883.56
(19)	Compensation for Assessment Risk per Policy	18.41
(20)	Net Cost of Reinsurance per Policy	415.20
(21)	Base-Class Rate Excluding Deviation (18) + (19) + (20)	1,317.17
(22)	Selected Deviation	0.00
(23)	Deviation Amount per Policy, [(21) / (1.0 - (22))] - (21)	0.00
(24)	Required Base-Class Rate per Policy, (21) + (22)	1,317.17
(25)	Current Average Base-Class Rate	922.47
(26)	Indicated Rate Level Change, (24) / (25) - 1	+42.8%

[(a)] Actual Hurricane losses have been excluded as follows:

Year	Hurricane Losses
2017	2,404,722
2018	1,877,022,997
2019	72,662,388
2020	175,154,653
2021	23,511,449

Excess Factor:	1.094
Trended LAE Factor:	1.119
Latest Year SW Model Losses:	484,449,875

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INDICATED BASE-CLASS LOSS COST BY TERRITORY - OWNERS FORMS

Territory	(1) Non-Hurricane Base-Class Loss Cost	(2) Five-Year House-Years	(3) Credibility	(4) Credibility-Weighted Base-Class Loss Cost	(5) Modeled Hurricane Base-Class Loss Cost	(6) Five-Year Average Rating Factor	(7) Total Base-Class Loss Cost (4) + (5)	(8) Indicated Relativity Terr (7) / SW (7)	(9) Indicated Statewide Base-Class Loss Cost	(10) Indicated Base-Class Loss Cost Terr (8) / SW (8) × (9)
110	318.26	96,997	1.00	318.26	1,177.25	2.232	1,495.51	2.576	578.88	1,491.34
120	419.32	103,375	1.00	419.32	1,446.48	1.923	1,865.80	3.214	578.88	1,860.71
130	378.75	62,392	1.00	378.75	490.94	1.826	869.69	1.498	578.88	867.25
140	386.60	433,556	1.00	386.60	812.73	1.744	1,199.33	2.066	578.88	1,196.09
150	376.90	237,911	1.00	376.90	299.99	1.616	676.89	1.166	578.88	675.04
160	426.32	194,307	1.00	426.32	349.87	1.459	776.19	1.337	578.88	774.04
170	503.85	21,674	0.60	482.35	101.03	1.614	583.38	1.005	578.88	581.83
180	472.20	252,725	1.00	472.20	199.77	1.528	671.97	1.157	578.88	669.83
190	562.31	65,089	1.00	562.31	272.80	1.443	835.11	1.438	578.88	832.51
200	581.34	29,048	0.60	528.84	303.18	1.635	832.02	1.433	578.88	829.62
210	485.84	99,442	1.00	485.84	145.37	1.467	631.21	1.087	578.88	629.31
220	607.96	274,217	1.00	607.96	141.03	1.510	748.99	1.290	578.88	746.83
230	625.77	69,441	1.00	625.77	194.49	1.447	820.26	1.413	578.88	818.04
240	496.64	395,728	1.00	496.64	98.80	1.588	595.44	1.026	578.88	593.99
250	585.18	162,824	1.00	585.18	106.36	1.560	691.54	1.191	578.88	689.52
260	444.74	132,762	1.00	444.74	47.68	1.940	492.42	0.848	578.88	490.94
270	447.69	1,383,907	1.00	447.69	74.18	1.953	521.87	0.899	578.88	520.47
280	347.20	214,584	1.00	347.20	54.50	2.255	401.70	0.692	578.88	400.63
290	407.85	168,168	1.00	407.85	79.27	1.871	487.12	0.839	578.88	485.73
300	503.67	66,892	1.00	503.67	61.25	1.569	564.92	0.973	578.88	563.31
310	449.57	1,300,328	1.00	449.57	34.93	1.670	484.50	0.834	578.88	482.83
320	457.04	649,673	1.00	457.04	37.47	1.623	494.51	0.852	578.88	493.26
330	372.81	35,438	0.70	395.99	23.46	1.786	419.45	0.722	578.88	417.99
340	473.36	1,497,871	1.00	473.36	38.74	1.948	512.10	0.882	578.88	510.62
350	472.69	470,106	1.00	472.69	26.31	1.663	499.00	0.859	578.88	497.31
360	402.13	977,497	1.00	402.13	14.36	1.900	416.49	0.717	578.88	415.10
370	409.95	55,587	0.90	413.96	10.13	2.128	424.09	0.730	578.88	422.62
380	366.97	179,713	1.00	366.97	8.94	2.063	375.91	0.647	578.88	374.57
390	404.78	202,208	1.00	404.78	7.91	2.230	412.69	0.711	578.88	411.62
Statewide	450.09	9,833,460	1.00	450.09	131.07	1.785	580.60	0.9999	578.84	578.90

NORTH CAROLINA

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INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE - OWNERS FORMS

Territory	(1) Indicated Base Class Loss Cost	(2) Trended Fixed Expense	(3) Variable Expense, Dividends, Profit, Contingency	(4) Current Base Class Rate	(5) Indicated Net Base Class Rate [(1)+(2)×(4)]/[1.0-(3)]	(6) Compensation For Assessment Risk	(7) Net Cost of Reinsurance	(8) Indicated Rate Excluding Deviation (5) + (6) + (7)	(9) Dollar Deviation per Exposure [(8)/(1.0- Dev. %)] - (8)	(10) Indicated Required Base Class Rate (8) + (9)	(11) Latest-Year Aggregate Calculated Earned Premium at Current Level	(12) Indicated Rate Level Change (10) / (4)	(13) Balanced Indicated Rate Level Change
110	1,491.34	0.022	0.253	2,908	2,082.08	58.02	2,083.43	4,223.53	0.00	4,223.53	105,759,930	1.452	1.455
120	1,860.71	0.022	0.253	3,427	2,591.84	68.38	4,176.48	6,836.70	0.00	6,836.70	112,071,547	1.995	1.999
130	867.25	0.045	0.253	1,775	1,267.90	35.42	1,076.04	2,379.36	0.00	2,379.36	34,452,945	1.340	1.343
140	1,196.09	0.034	0.253	2,403	1,710.56	47.95	2,363.88	4,122.39	0.00	4,122.39	329,199,525	1.716	1.720
150	675.04	0.061	0.253	1,465	1,023.30	29.23	790.00	1,842.53	0.00	1,842.53	97,019,563	1.258	1.261
160	774.04	0.061	0.253	1,614	1,168.00	32.20	1,110.36	2,310.56	0.00	2,310.56	82,038,164	1.432	1.435
170	581.83	0.100	0.253	896	898.84	17.88	252.99	1,169.71	0.00	1,169.71	5,021,369	1.305	1.308
180	669.83	0.090	0.253	1,049	1,023.08	20.93	613.23	1,657.24	0.00	1,657.24	67,739,546	1.580	1.583
190	832.51	0.080	0.253	1,249	1,248.23	24.92	867.83	2,140.98	0.00	2,140.98	18,594,146	1.714	1.718
200	829.62	0.065	0.253	1,363	1,229.20	27.20	968.15	2,224.55	0.00	2,224.55	9,909,044	1.632	1.635
210	629.31	0.106	0.253	928	974.13	18.52	473.07	1,465.72	0.00	1,465.72	22,715,143	1.579	1.582
220	746.83	0.085	0.253	1,131	1,128.47	22.57	496.38	1,647.42	0.00	1,647.42	81,739,944	1.457	1.460
230	818.04	0.082	0.253	1,215	1,228.47	24.24	645.41	1,898.12	0.00	1,898.12	19,983,603	1.562	1.565
240	593.99	0.100	0.253	906	916.45	18.08	342.19	1,276.72	0.00	1,276.72	100,347,589	1.409	1.412
250	689.52	0.090	0.253	1,034	1,047.63	20.63	380.01	1,448.27	0.00	1,448.27	45,997,179	1.401	1.404
260	490.94	0.110	0.253	676	756.76	13.49	172.37	942.62	0.00	942.62	28,635,677	1.394	1.397
270	520.47	0.093	0.253	796	795.85	15.88	302.17	1,113.90	0.00	1,113.90	375,054,061	1.399	1.402
280	400.63	0.092	0.253	698	622.28	13.93	237.83	874.04	0.00	874.04	58,795,201	1.252	1.255
290	485.73	0.093	0.253	833	753.95	16.62	300.24	1,070.81	0.00	1,070.81	45,906,432	1.285	1.288
300	563.31	0.104	0.253	884	877.17	17.64	220.85	1,115.66	0.00	1,115.66	15,838,170	1.262	1.265
310	482.83	0.127	0.253	683	762.48	13.63	158.02	934.13	0.00	934.13	253,675,880	1.368	1.371
320	493.26	0.116	0.253	765	779.12	15.26	163.72	958.10	0.00	958.10	139,864,771	1.252	1.255
330	417.99	0.128	0.253	635	668.37	12.67	96.29	777.33	0.00	777.33	6,433,349	1.224	1.227
340	510.62	0.107	0.253	696	783.26	13.89	187.04	984.19	0.00	984.19	351,365,881	1.414	1.417
350	497.31	0.123	0.253	710	782.65	14.17	111.77	908.59	0.00	908.59	94,517,118	1.280	1.283
360	415.10	0.124	0.253	614	657.61	12.25	71.17	741.03	0.00	741.03	196,497,518	1.207	1.210
370	422.62	0.102	0.253	667	656.83	13.31	48.82	718.96	0.00	718.96	13,395,792	1.078	1.080
380	374.57	0.113	0.253	620	595.22	12.37	40.54	648.13	0.00	648.13	39,737,451	1.045	1.047
390	411.62	0.103	0.253	633	638.31	12.63	37.03	687.97	0.00	687.97	48,322,717	1.087	1.089
Statewide	578.90	0.088	0.253	922	883.39	18.41	415.20	1,317.00	0.00	1,317.00	2,800,629,255	1.425	1.429

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CALCULATION OF INDICATED STATEWIDE RATE LEVEL CHANGE - TENANTS

Year	(1) Incurred Losses Excluding Hurricane [(a)]	(2) Incurred Losses Including LAE (1) × LAE Factor	(3) Loss Trend Factor	(4) Earned House-Years
2017	24,565,094	28,004,207	1.127	395,287
2018	26,644,847	30,375,126	1.139	407,111
2019	23,342,483	26,610,431	1.150	424,286
2020	23,156,246	26,398,120	1.162	447,386
2021	25,412,527	28,970,281	1.174	461,761

Year	(5) Premium Trend Factor	(6) Trended Average Loss Cost [(2)×(3)] / [(4)×(5)]	(7) Average Rating Factor	(8) Trended Base Class Loss Cost (6) / (7)	(9) Yearly Weights
2017	0.921	86.69	3.459	25.06	0.10
2018	0.946	89.83	3.311	27.13	0.15
2019	0.971	74.28	3.184	23.33	0.20
2020	0.993	69.05	3.108	22.22	0.25
2021	1.000	73.66	3.087	23.86	0.30

(10)	Weighted Trended Non-Hurricane Base Class Loss Cost	23.95
(11)	Credibility (2,135,831 House-Years)	1.00
(12)	Trended Modeled Hurricane Base Class Loss Cost	2.31
(13)	Fixed Expense Per Policy	23.62
(14)	Base Class Loss Cost with Fixed Expenses (10) + (12) + (13)	49.88
(15)	1 - (Variable Expense + Profit + Contingencies + Dividends)	0.747
(16)	Base Class Rate Excluding Comp. for Assess. Risk, Net Reins. & Dev., (14) / (15)	66.77
(17)	Compensation for Assessment Risk per Policy	1.13
(18)	Net Cost of Reinsurance per Policy	8.02
(19)	Base Class Rate Excluding Deviation (16) + (17) + (18)	75.92
(20)	Selected Deviation	0.00
(21)	Deviation Amount per Policy, [(19) / (1.0 - (20))] - (19)	0.00
(22)	Required Base Class Rate per Policy, (19) + (21)	75.92
(23)	Current Base Class Rate	56.40
(24)	Indicated Rate-Level Change, (22) / (23) -1	+34.6%

[(a)] Actual Hurricane losses have been excluded as follows:

Year	Hurricane Losses
2017	24,640
2018	10,375,361
2019	151,246
2020	526,291
2021	85,772

Excess Factor:	N/A
Trended LAE Factor:	1.140
Latest Year SW Model Losses:	3,287,794

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INDICATED BASE CLASS LOSS COST BY TERRITORY - TENANTS

Territory	(1) Non-Hurricane Base-Class Loss Cost	(2) Five-Year House-Years	(3) Credibility	(4) Credibility-Weighted Base-Class Loss Cost	(5) Modeled Hurricane Base-Class Loss Cost	(6) Five-Year Average Rating Factor	(7) Total Base-Class Loss Cost (4) + (5)	(8) Indicated Relativity Terr (7) / SW (7)	(9) Indicated Statewide Base-Class Loss Cost	(10) Indicated Base-Class Loss Cost Terr (8) / SW (8) × (9)
110	9.96	1,713	0.10	22.84	35.10	3.235	57.94	2.182	26.26	57.30
120	15.44	5,983	0.20	22.50	46.00	3.060	68.50	2.580	26.26	67.75
130	21.62	2,442	0.10	24.01	15.30	3.877	39.31	1.481	26.26	38.89
140	17.92	67,945	0.90	18.56	22.91	2.917	41.47	1.562	26.26	41.02
150	20.04	23,444	0.50	22.16	8.09	3.418	30.25	1.139	26.26	29.91
160	23.72	31,943	0.60	23.94	10.94	2.887	34.88	1.314	26.26	34.51
170	15.00	2,341	0.10	23.34	2.46	3.603	25.80	0.972	26.26	25.52
180	21.19	64,865	0.90	21.50	4.98	2.846	26.48	0.997	26.26	26.18
190	31.16	7,780	0.30	26.34	6.31	3.408	32.65	1.230	26.26	32.30
200	25.48	2,333	0.10	24.39	7.45	3.584	31.84	1.199	26.26	31.49
210	23.66	18,469	0.40	24.03	3.44	3.049	27.47	1.035	26.26	27.18
220	45.17	60,401	0.80	40.99	3.08	2.687	44.07	1.660	26.26	43.59
230	45.24	10,496	0.30	30.56	4.52	2.902	35.08	1.321	26.26	34.69
240	27.68	48,554	0.80	27.00	2.48	3.240	29.48	1.110	26.26	29.15
250	41.11	20,697	0.50	32.69	2.71	3.137	35.40	1.333	26.26	35.00
260	26.57	17,023	0.40	25.19	1.24	3.243	26.43	0.995	26.26	26.13
270	21.33	520,478	1.00	21.33	1.67	3.053	23.00	0.866	26.26	22.74
280	14.95	64,540	0.90	15.88	1.26	3.396	17.14	0.646	26.26	16.96
290	29.17	22,089	0.50	26.72	1.79	3.572	28.51	1.074	26.26	28.20
300	29.68	5,829	0.20	25.35	1.44	3.575	26.79	1.009	26.26	26.50
310	25.17	314,460	1.00	25.17	0.85	3.060	26.02	0.980	26.26	25.73
320	23.31	91,942	1.00	23.31	0.91	3.323	24.22	0.912	26.26	23.95
330	12.61	2,747	0.10	23.10	0.59	3.845	23.69	0.892	26.26	23.42
340	28.81	490,175	1.00	28.81	0.86	3.060	29.67	1.118	26.26	29.36
350	22.25	61,042	0.90	22.45	0.65	3.301	23.10	0.870	26.26	22.85
360	15.86	143,954	1.00	15.86	0.35	3.768	16.21	0.611	26.26	16.04
370	10.36	2,658	0.10	22.88	0.26	4.367	23.14	0.872	26.26	22.90
380	13.55	13,646	0.40	19.98	0.23	4.128	20.21	0.761	26.26	19.98
390	21.72	15,842	0.40	23.25	0.20	3.495	23.45	0.883	26.26	23.19
Statewide	24.27	2,135,831	1.00	24.27	2.31	3.115	26.55	1.0000	26.26	26.26

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE - TENANTS

Territory	(1) Indicated Base Class Loss Cost	(2) Trended Fixed Expense	(3) Variable Expense, Dividends, Profit, Contingency	(4) Current Base Class Rate	(5) Indicated Net Base Class Rate [(1)+(2)×(4)]/[1.0-(3)]	(6) Compensation For Assessment Risk	(7) Net Cost of Reinsurance	(8) Indicated Rate Excluding Deviation (5) + (6) + (7)	(9) Dollar Deviation per Exposure [(8)/(1.0- Dev. %)] - (8)	(10) Indicated Required Base Class Rate (8) + (9)	(11) Latest-Year Aggregate Calculated Earned Premium at Current Level	(12) Indicated Rate Level Change (10) / (4)	(13) Balanced Indicated Rate Level Change
110	57.30	0.180	0.253	126	107.07	2.51	65.46	175.04	0.00	175.04	135,745	1.389	1.387
120	67.75	0.166	0.253	144	122.70	2.87	141.80	267.37	0.00	267.37	364,930	1.857	1.854
130	38.89	0.234	0.253	81	77.44	1.62	35.59	114.65	0.00	114.65	164,959	1.415	1.413
140	41.02	0.257	0.253	98	88.63	1.96	71.92	162.51	0.00	162.51	3,919,870	1.658	1.656
150	29.91	0.353	0.253	61	68.87	1.22	21.53	91.62	0.00	91.62	997,489	1.502	1.500
160	34.51	0.327	0.253	78	80.34	1.56	35.56	117.46	0.00	117.46	1,593,311	1.506	1.504
170	25.52	0.359	0.253	57	61.56	1.14	5.39	68.09	0.00	68.09	109,517	1.195	1.193
180	26.18	0.424	0.253	61	69.67	1.22	14.34	85.23	0.00	85.23	2,505,697	1.397	1.395
190	32.30	0.337	0.253	64	72.11	1.28	18.99	92.38	0.00	92.38	371,285	1.443	1.441
200	31.49	0.302	0.253	68	69.65	1.36	23.17	94.18	0.00	94.18	111,350	1.385	1.383
210	27.18	0.397	0.253	61	68.80	1.22	10.31	80.33	0.00	80.33	818,058	1.317	1.315
220	43.59	0.339	0.253	81	95.11	1.62	10.12	106.85	0.00	106.85	3,010,245	1.319	1.317
230	34.69	0.409	0.253	62	80.39	1.24	14.00	95.63	0.00	95.63	400,678	1.542	1.540
240	29.15	0.373	0.253	61	69.48	1.22	7.75	78.45	0.00	78.45	2,205,771	1.286	1.284
250	35.00	0.398	0.253	59	78.29	1.18	8.76	88.23	0.00	88.23	858,105	1.495	1.493
260	26.13	0.379	0.253	60	65.42	1.20	3.91	70.53	0.00	70.53	726,973	1.176	1.174
270	22.74	0.473	0.253	51	62.73	1.02	6.27	70.02	0.00	70.02	16,798,879	1.373	1.371
280	16.96	0.471	0.253	46	51.71	0.92	5.11	57.74	0.00	57.74	2,189,474	1.255	1.253
290	28.20	0.397	0.253	52	65.39	1.04	6.11	72.54	0.00	72.54	929,776	1.395	1.393
300	26.50	0.381	0.253	54	63.02	1.08	4.56	68.66	0.00	68.66	235,706	1.271	1.269
310	25.73	0.438	0.253	55	66.69	1.10	3.65	71.44	0.00	71.44	11,566,604	1.299	1.297
320	23.95	0.426	0.253	52	61.72	1.04	3.75	66.51	0.00	66.51	3,505,032	1.279	1.277
330	23.42	0.391	0.253	49	57.00	0.98	2.29	60.27	0.00	60.27	111,669	1.230	1.228
340	29.36	0.415	0.253	58	71.53	1.16	4.16	76.85	0.00	76.85	18,414,785	1.325	1.323
350	22.85	0.438	0.253	51	60.49	1.02	2.78	64.29	0.00	64.29	2,343,906	1.261	1.259
360	16.04	0.488	0.253	40	47.60	0.80	1.91	50.31	0.00	50.31	4,660,765	1.258	1.256
370	22.90	0.366	0.253	46	53.19	0.92	1.10	55.21	0.00	55.21	108,773	1.200	1.198
380	19.98	0.388	0.253	46	50.64	0.92	1.23	52.79	0.00	52.79	564,121	1.148	1.146
390	23.19	0.449	0.253	47	59.29	0.94	0.85	61.08	0.00	61.08	615,650	1.300	1.298
Statewide	26.26	0.419	0.253	56	66.80	1.13	8.02	75.95	0.00	75.95	80,339,123	1.348	1.346

NORTH CAROLINA

HOMEOWNERS INSURANCE

CALCULATION OF INDICATED STATEWIDE RATE LEVEL CHANGE - CONDOMINIUM UNIT OWNERS

Year	(1) Incurred Losses Excluding Hurricane [(a)]	(2) Incurred Losses Including LAE (1) × LAE Factor	(3) Loss Trend Factor	(4) Earned House-Years
2017	18,382,617	20,772,357	1.427	79,499
2018	19,245,864	21,747,826	1.366	78,741
2019	18,865,078	21,317,538	1.307	81,709
2020	21,578,922	24,384,182	1.251	84,977
2021	22,947,430	25,930,596	1.197	84,715

Year	(5) Premium Trend Factor	(6) Trended Average Loss Cost [(2)×(3)] / [(4)×(5)]	(7) Average Rating Factor	(8) Trended Base Class Loss Cost (6) / (7)	(9) Yearly Weights
2017	1.148	324.79	7.139	45.50	0.10
2018	1.133	332.99	7.403	44.98	0.15
2019	1.118	305.00	7.799	39.11	0.20
2020	1.103	325.45	8.024	40.56	0.25
2021	1.084	338.00	8.331	40.57	0.30

(10)	Weighted Trended Non-Hurricane Base Class Loss Cost	41.43
(11)	Credibility (409,641 House-Years)	1.00
(12)	Trended Modeled Hurricane Base Class Loss Cost	2.55
(13)	Fixed Expense Per Policy	8.07
(14)	Base Class Loss Cost with Fixed Expenses (10) + (12) + (13)	52.05
(15)	1 - (Variable Expense + Profit + Contingencies + Dividends)	0.747
(16)	Base Class Rate Excluding Comp. for Assess. Risk, Net Reins. & Dev., (14) / (15)	69.68
(17)	Compensation for Assessment Risk per Policy	1.10
(18)	Net Cost of Reinsurance per Policy	8.91
(19)	Base Class Rate Excluding Deviation (16) + (17) + (18)	79.69
(20)	Selected Deviation	0.00
(21)	Deviation Amount per Policy, [(19) / (1.0 - (20))] - (19)	0.00
(22)	Required Base Class Rate per Policy, (19) + (21)	79.69
(23)	Current Base Class Rate	54.96
(24)	Indicated Rate-Level Change, (22) / (23) -1	+45.0%

[(a)] Actual Hurricane losses have been excluded as follows:

Year	Hurricane Losses
2017	158,188
2018	14,622,226
2019	218,077
2020	879,094
2021	144,175

Excess Factor:	N/A
Trended LAE Factor:	1.130
Latest Year SW Model Losses:	1,950,547

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE CLASS LOSS COST BY TERRITORY - CONDOMINIUM UNIT OWNERS

Territory	(1) Non-Hurricane Base-Class Loss Cost	(2) Five-Year House-Years	(3) Credibility	(4) Credibility-Weighted Base-Class Loss Cost	(5) Modeled Hurricane Base-Class Loss Cost	(6) Five-Year Average Rating Factor	(7) Total Base-Class Loss Cost (4) + (5)	(8) Indicated Relativity Terr (7) / SW (7)	(9) Indicated Statewide Base-Class Loss Cost	(10) Indicated Base-Class Loss Cost Terr (8) / SW (8) × (9)
110	52.63	1,489	0.10	43.07	17.64	7.687	60.71	1.317	43.98	57.92
120	36.10	10,499	0.40	39.65	28.95	7.368	68.60	1.489	43.98	65.49
130	22.06	1,120	0.10	40.02	12.43	8.913	52.45	1.138	43.98	50.05
140	40.86	32,154	0.80	41.09	16.00	7.325	57.09	1.239	43.98	54.49
150	19.26	3,141	0.20	37.46	5.22	9.720	42.68	0.926	43.98	40.73
160	27.26	7,468	0.30	37.59	8.36	7.896	45.95	0.997	43.98	43.85
170	0.00	0	0.00	42.01	0.00	1.000	42.01	0.912	43.98	40.11
180	51.29	4,210	0.20	43.87	3.28	7.520	47.15	1.023	43.98	44.99
190	25.71	66	0.00	42.01	4.07	11.002	46.08	1.000	43.98	43.98
200	0.00	12	0.00	42.01	5.62	3.292	47.63	1.034	43.98	45.48
210	17.29	294	0.00	42.01	2.38	9.555	44.39	0.963	43.98	42.35
220	68.25	6,092	0.30	49.88	1.64	8.452	51.52	1.118	43.98	49.17
230	0.67	315	0.00	42.01	3.30	6.151	45.31	0.983	43.98	43.23
240	33.75	1,324	0.10	41.18	1.94	10.189	43.12	0.936	43.98	41.17
250	47.53	434	0.00	42.01	1.49	9.753	43.50	0.944	43.98	41.52
260	76.63	86	0.00	42.01	0.84	8.428	42.85	0.930	43.98	40.90
270	51.03	59,890	1.00	51.03	1.11	9.150	52.14	1.132	43.98	49.79
280	27.22	13,001	0.50	34.62	0.94	9.416	35.56	0.772	43.98	33.95
290	24.09	5,223	0.30	36.63	1.34	8.704	37.97	0.824	43.98	36.24
300	1.00	124	0.00	42.01	1.03	8.076	43.04	0.934	43.98	41.08
310	37.47	46,626	0.90	37.92	0.60	8.675	38.52	0.836	43.98	36.77
320	40.82	10,097	0.40	41.53	0.62	8.294	42.15	0.915	43.98	40.24
330	0.00	125	0.00	42.01	0.50	9.369	42.51	0.923	43.98	40.59
340	47.94	142,888	1.00	47.94	0.59	8.979	48.53	1.053	43.98	46.31
350	26.92	8,284	0.40	35.97	0.46	8.573	36.43	0.791	43.98	34.79
360	21.56	39,841	0.80	25.65	0.24	9.736	25.89	0.562	43.98	24.72
370	34.82	7,559	0.30	39.85	0.22	7.432	40.07	0.870	43.98	38.26
380	37.35	4,109	0.20	41.08	0.19	8.823	41.27	0.896	43.98	39.41
390	37.41	3,170	0.20	41.09	0.20	11.306	41.29	0.896	43.98	39.41
Statewide	42.01	409,641	1.00	42.01	2.55	8.644	46.08	1.0000	43.98	43.98

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE - CONDOMINIUM UNIT OWNERS

Territory	(1) Indicated Base Class Loss Cost	(2) Trended Fixed Expense	(3) Variable Expense, Dividends, Profit, Contingency	(4) Current Base Class Rate	(5) Indicated Net Base Class Rate [(1)+(2)×(4)]/[1.0-(3)]	(6) Compensation For Assessment Risk	(7) Net Cost of Reinsurance	(8) Indicated Rate Excluding Deviation (5) + (6) + (7)	(9) Dollar Deviation per Exposure [(8)/(1.0- Dev. %)] - (8)	(10) Indicated Required Base Class Rate (8) + (9)	(11) Latest-Year Aggregate Calculated Earned Premium at Current Level	(12) Indicated Rate Level Change (10) / (4)	(13) Balanced Indicated Rate Level Change
110	57.92	0.085	0.253	107	89.71	2.13	37.33	129.17	0.00	129.17	267,169	1.207	1.204
120	65.49	0.073	0.253	131	100.47	2.61	93.80	196.88	0.00	196.88	1,890,558	1.503	1.499
130	50.05	0.095	0.253	83	77.56	1.66	30.69	109.91	0.00	109.91	167,341	1.324	1.320
140	54.49	0.106	0.253	90	85.72	1.80	50.71	138.23	0.00	138.23	4,112,427	1.536	1.532
150	40.73	0.116	0.253	62	64.15	1.24	14.36	79.75	0.00	79.75	390,477	1.286	1.282
160	43.85	0.132	0.253	67	70.54	1.34	28.07	99.95	0.00	99.95	833,624	1.492	1.488
170	40.11	0.000	0.253	55	53.69	1.10	0.00	54.79	0.00	54.79	0	0.996	0.993
180	44.99	0.161	0.253	58	72.73	1.16	9.32	83.21	0.00	83.21	354,165	1.435	1.431
190	43.98	0.105	0.253	61	67.45	1.22	12.41	81.08	0.00	81.08	5,727	1.329	1.325
200	45.48	0.318	0.253	67	89.41	1.34	18.30	109.05	0.00	109.05	297	1.628	1.624
210	42.35	0.131	0.253	56	66.51	1.12	7.44	75.07	0.00	75.07	31,442	1.341	1.337
220	49.17	0.145	0.253	57	76.89	1.14	5.62	83.65	0.00	83.65	592,223	1.468	1.464
230	43.23	0.190	0.253	60	73.13	1.20	10.29	84.62	0.00	84.62	19,990	1.410	1.406
240	41.17	0.130	0.253	53	64.34	1.06	6.36	71.76	0.00	71.76	153,762	1.354	1.350
250	41.52	0.141	0.253	51	65.21	1.02	4.75	70.98	0.00	70.98	43,920	1.392	1.388
260	40.90	0.163	0.253	51	65.88	1.02	2.45	69.35	0.00	69.35	6,836	1.360	1.356
270	49.79	0.132	0.253	58	76.90	1.16	4.30	82.36	0.00	82.36	6,425,889	1.420	1.416
280	33.95	0.173	0.253	43	55.41	0.86	4.07	60.34	0.00	60.34	1,044,984	1.403	1.399
290	36.24	0.152	0.253	53	59.30	1.06	4.59	64.95	0.00	64.95	463,904	1.225	1.222
300	41.08	0.170	0.253	51	66.60	1.02	3.37	70.99	0.00	70.99	10,641	1.392	1.388
310	36.77	0.180	0.253	45	60.07	0.90	2.78	63.75	0.00	63.75	3,525,133	1.417	1.413
320	40.24	0.184	0.253	46	65.20	0.92	2.86	68.98	0.00	68.98	749,385	1.500	1.496
330	40.59	0.149	0.253	50	64.31	1.00	1.90	67.21	0.00	67.21	12,502	1.344	1.340
340	46.31	0.159	0.253	49	72.42	0.98	3.21	76.61	0.00	76.61	12,600,422	1.563	1.559
350	34.79	0.170	0.253	48	57.50	0.96	2.15	60.61	0.00	60.61	680,523	1.263	1.260
360	24.72	0.185	0.253	39	42.75	0.78	1.42	44.95	0.00	44.95	2,992,156	1.153	1.150
370	38.26	0.189	0.253	50	63.87	1.00	1.27	66.14	0.00	66.14	545,200	1.323	1.319
380	39.41	0.165	0.253	48	63.36	0.96	1.08	65.40	0.00	65.40	354,655	1.363	1.359
390	39.41	0.127	0.253	49	61.09	0.98	1.37	63.44	0.00	63.44	348,653	1.295	1.291
Statewide	43.98	0.148	0.253	55	69.73	1.10	8.91	79.74	0.00	79.74	38,624,005	1.454	1.450

NORTH CAROLINA

HOMEOWNERS INSURANCE

CALCULATION OF NET COST OF REINSURANCE

	(1)			(2)			(3)			(4)			(5)
	Net Cost of Reinsurance per Policy*			Net Cost of Reinsurance			Latest Year House-Years			Latest Year Trended Average Rating Factor			Variable Expense, Dividends, Profit, Contingency
Territory	Owners	Tenants	Condos	Owners	Tenants	Condos	Owners	Tenants	Condos	Owners	Tenants	Condos	All Forms
110	2,083.43	65.46	37.33	69,041,637	52,684	75,477	19,664	348	325	2.256	3.096	8.328	0.253
120	4,176.48	141.80	93.80	124,480,366	268,475	1,096,146	19,920	844	1,982	2.003	3.003	7.893	0.253
130	1,076.04	35.59	30.69	19,031,262	54,150	50,104	13,294	533	232	1.781	3.821	9.420	0.253
140	2,363.88	71.92	50.71	295,131,724	2,148,623	1,876,114	95,180	13,815	6,431	1.756	2.895	7.702	0.253
150	790.00	21.53	14.36	47,668,083	263,058	73,254	50,078	4,974	671	1.613	3.288	10.174	0.253
160	1,110.36	35.56	28.07	51,433,945	542,491	282,777	42,444	7,344	1,638	1.461	2.781	8.234	0.253
170	252.99	5.39	0.00	1,292,061	7,732	0	4,377	531	0	1.562	3.618	1.000	0.253
180	613.23	14.34	9.32	36,080,258	440,041	46,098	51,716	15,052	848	1.523	2.729	7.806	0.253
190	867.83	18.99	12.41	11,770,021	82,284	943	12,777	1,735	11	1.421	3.344	9.252	0.253
200	968.15	23.17	18.30	6,415,378	28,339	66	5,712	502	1	1.553	3.262	4.806	0.253
210	473.07	10.31	7.44	10,549,462	103,238	3,382	20,405	4,488	59	1.463	2.988	10.316	0.253
220	496.38	10.12	5.62	32,685,302	280,886	47,264	58,532	14,274	1,301	1.506	2.604	8.657	0.253
230	645.41	14.00	10.29	9,671,468	67,595	2,776	13,950	2,261	55	1.438	2.858	6.566	0.253
240	342.19	7.75	6.36	34,540,085	209,263	14,935	84,717	11,255	278	1.595	3.213	11.312	0.253
250	380.01	8.76	4.75	15,401,428	95,158	3,311	35,094	4,745	96	1.546	3.065	9.724	0.253
260	172.37	3.91	2.45	6,653,215	35,365	266	27,514	3,899	17	1.878	3.108	8.547	0.253
270	302.17	6.27	4.30	129,729,713	1,542,796	385,920	289,980	107,174	12,611	1.982	3.073	9.523	0.253
280	237.83	5.11	4.07	18,253,904	181,749	80,006	45,184	13,973	2,699	2.274	3.406	9.760	0.253
290	300.24	6.11	4.59	15,079,263	81,590	32,521	36,128	5,022	1,062	1.861	3.560	8.934	0.253
300	220.85	4.56	3.37	3,605,051	14,873	569	13,709	1,277	27	1.594	3.418	8.377	0.253
310	158.02	3.65	2.78	53,471,147	573,403	176,565	269,318	69,791	9,479	1.682	3.013	8.958	0.253
320	163.72	3.75	2.86	27,282,152	188,788	37,743	136,352	20,661	2,051	1.636	3.262	8.610	0.253
330	96.29	2.29	1.90	889,178	3,904	384	7,358	608	27	1.680	3.748	10.039	0.253
340	187.04	4.16	3.21	86,055,296	985,432	668,505	311,223	103,988	29,736	1.979	3.053	9.374	0.253
350	111.77	2.78	2.15	13,558,237	95,412	24,700	97,769	14,247	1,744	1.661	3.226	8.812	0.253
360	71.17	1.91	1.42	20,755,871	166,418	88,021	202,815	31,111	8,243	1.925	3.745	10.089	0.253
370	48.82	1.10	1.27	893,457	1,936	11,194	11,808	550	1,561	2.075	4.299	7.572	0.253
380	40.54	1.23	1.08	2,367,558	11,281	6,445	37,513	2,923	871	2.084	4.196	9.196	0.253
390	37.03	0.85	1.37	2,575,560	8,282	7,877	42,289	3,836	659	2.202	3.415	11.704	0.253
Statewide	415.20	8.02	8.91	1,146,362,083	8,535,245	5,093,362	2,056,820	461,761	84,715	1.797	3.087	9.030	0.253

* (1) = (2) / [(3) × (4) × (1 - (5))]

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS DEVELOPMENT - OWNERS

Accident	Incurred Losses as of:				
Year	15 Months	27 Months	39 Months	51 Months	63 Months
2010	844,827,247	849,947,157	848,563,383	847,029,814	846,425,656
2011	1,755,706,177	1,786,473,287	1,788,269,334	1,788,379,803	1,786,036,957
2012	767,820,086	802,546,261	809,113,473	809,978,312	808,547,706
2013	649,134,834	663,298,428	663,695,843	661,314,970	660,888,687
2014	731,767,411	749,309,026	754,463,865	752,895,068	752,746,479
2015	705,879,148	722,009,061	720,208,802	718,063,799	717,365,661
2016	1,001,403,324	1,053,522,882	1,062,623,648	1,060,255,624	1,061,909,080
2017	868,447,319	917,355,231	924,867,908	925,733,493	924,172,255
2018	2,170,667,031	2,378,872,450	2,411,659,319	2,426,174,384	
2019	1,088,001,981	1,144,370,547	1,156,653,610		
2020	1,394,304,605	1,492,142,768			
2021	1,065,866,675				

Accident	Link Ratios			
Year	27:15	39:27	51:39	63:51
2010	1.006	0.998	0.998	0.999
2011	1.018	1.001	1.000	0.999
2012	1.045	1.008	1.001	0.998
2013	1.022	1.001	0.996	0.999
2014	1.024	1.007	0.998	1.000
2015	1.023	0.998	0.997	0.999
2016	1.052	1.009	0.998	1.002
2017	1.056	1.008	1.001	0.998
2018	1.096	1.014	1.006	
2019	1.052	1.011		
2020	1.070			

	27:15	39:27	51:39	63:51
Average	1.042	1.006	0.999	0.999

Loss Development Factors

2017	2018	2019	2020	2021
1.000	0.999	0.998	1.004	1.046

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS DEVELOPMENT - TENANTS

Accident Year	Incurred Losses as of: 15 Months	27 Months	39 Months	51 Months	63 Months
2010	15,753,663	15,890,258	16,061,400	16,161,647	16,134,409
2011	19,865,370	19,803,831	20,112,453	20,096,662	20,097,442
2012	17,663,193	17,493,095	17,565,336	17,636,862	17,626,862
2013	18,987,119	18,718,007	18,945,666	19,096,379	19,089,408
2014	17,953,991	18,038,269	18,089,827	18,237,973	18,294,443
2015	22,211,635	22,546,751	22,788,160	22,986,355	23,029,985
2016	21,987,951	22,680,741	22,696,792	23,031,821	22,993,803
2017	21,245,316	22,200,191	22,425,235	22,439,833	22,510,718
2018	35,416,067	37,446,048	37,516,101	37,548,263	
2019	23,403,482	23,818,306	24,061,613		
2020	25,124,695	25,802,720			
2021	27,247,115				

Accident Year	Link Ratios: 27:15	39:27	51:39	63:51
2010	1.009	1.011	1.006	0.998
2011	0.997	1.016	0.999	1.000
2012	0.990	1.004	1.004	0.999
2013	0.986	1.012	1.008	1.000
2014	1.005	1.003	1.008	1.003
2015	1.015	1.011	1.009	1.002
2016	1.032	1.001	1.015	0.998
2017	1.045	1.010	1.001	1.003
2018	1.057	1.002	1.001	
2019	1.018	1.010		
2020	1.027			

	27:15	39:27	51:39	63:51
Average	1.016	1.008	1.006	1.000

Loss Development Factors

2017	2018	2019	2020	2021
1.000	1.000	1.006	1.014	1.030

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS DEVELOPMENT - CONDOMINIUM UNIT OWNERS

Accident	Incurred Losses as of:				
Year	15 Months	27 Months	39 Months	51 Months	63 Months
2010	8,698,244	8,702,113	8,655,846	8,548,088	8,514,501
2011	10,323,496	10,146,480	10,183,056	10,041,300	10,080,425
2012	8,881,346	9,026,219	9,145,088	9,138,878	9,139,987
2013	8,555,175	8,518,694	8,353,273	8,337,353	8,394,147
2014	10,848,390	10,898,846	10,998,198	11,101,719	11,101,719
2015	13,062,053	13,255,398	13,613,585	13,507,492	13,511,678
2016	13,127,298	13,613,509	13,111,995	13,428,669	13,439,801
2017	16,232,249	16,330,402	16,156,298	16,201,236	16,191,839
2018	26,978,820	28,963,843	29,185,654	29,102,892	
2019	16,075,642	16,113,931	16,173,307		
2020	18,347,434	18,639,700			
2021	19,829,188				

Accident	Link Ratios			
Year	27:15	39:27	51:39	63:51
2010	1.000	0.995	0.988	0.996
2011	0.983	1.004	0.986	1.004
2012	1.016	1.013	0.999	1.000
2013	0.996	0.981	0.998	1.007
2014	1.005	1.009	1.009	1.000
2015	1.015	1.027	0.992	1.000
2016	1.037	0.963	1.024	1.001
2017	1.006	0.989	1.003	0.999
2018	1.074	1.008	0.997	
2019	1.002	1.004		
2020	1.016			
	27:15	39:27	51:39	63:51
Average	1.014	0.999	1.000	1.001

Loss Development Factors

2017	2018	2019	2020	2021
1.000	1.001	1.001	1.000	1.014

North Carolina Rate Bureau

MINUTES OF THE VIRTUAL MEETING OF THE PROPERTY COMMITTEE
OF THE NORTH CAROLINA RATE BUREAU HELD NOVEMBER 28, 2023

MEMBERS PRESENT	REPRESENTED BY
Allstate Insurance Company	Gary Wierzbicki
Amica Mutual Insurance Company	Andy Connors
Erie Insurance Exchange	Darrin Birtciel
Hartford Fire Insurance Company	Steve Cummings
Nationwide Mutual Insurance Company	Alex Garate
	Cindy Bass
NC Farm Bureau Mutual Insurance Company	Holly Reston
Penn National Insurance Company	Alston King
State Farm Mutual Automobile Insurance Company	Todd Sivills
The Members Insurance Company	Jason Ivers
Travelers Indemnity Company	Wendel Ridley
United Services Automobile Association	Albert Soto

OTHERS PRESENT	REPRESENTED BY
ISO	Steve Conover
	Paul Ericksen
	David Markowitz
Milliman	Paul Anderson
Young Moore and Henderson, P.A.	Brian Beverly
	Lisa Leeaphorn
	Mickey Spivey
Staff	Joanna Biliouris
	Stephanie Gunn
	Keri Johnson
	Andy Montano
	Karen Ott
	Rebecca Williams

The meeting commenced at approximately 9:00 A.M., Mr. Wierzbicki presiding. Attention was directed to Antitrust Guidelines, Conflict of Interest Statement, and Code of Ethics and Standards of Conduct which were previously distributed.

1. 2024 Homeowners Preliminary Rate Review

Attention was directed to an exhibit prepared by Insurance Services Office and previously distributed with the agenda regarding the Homeowners Rate Level Indication. Ms. Williams reviewed the exhibit in detail, and summarized the 2020 Homeowners rate filing and the 2023 Homeowners rate review. She discussed a change in company mix from the 2020 Homeowners filing and its impact on the current review. She continued the review with a comparison of key rating components and trends, along with a breakdown of the indications and rate level changes by region and territory for Owners, Tenants and Condos.

Ms. Williams stated that the overall rate indication is an increase of 42.6% and that the Property Rating Subcommittee recommends filing the full indication with a proposed filing date in January 2024 and a proposed effective date of August 1, 2024.

Following discussion, a motion was made, seconded and passed to recommend to the Governing Committee to adopt and file the indications as presented with flexibility for any adjustments that become necessary as the filing is finalized.

2. Report of Staff

Mr. Montano reported on Rate Bureau activities stating that 1) the 2023 Private Passenger Auto rate filing submitted on February 1, 2023 was settled with a two year settlement providing an overall rate level increase of 4.5% to be effective December 1, 2023 and an overall rate level increase of 4.5% to be effective December 1, 2024; 2) the 2024 Private Passenger Automobile Rate filing will be filed as a rate review only; 3) the impacts of Senate Bill 452 on private passenger automobile coverage are currently being reviewed by staff and counsel; 4) the 2022 ISO Homeowners Program is currently under review and if adopted would have an anticipated effective date sometime in 2024; and 5) the Mobile Home rate review for MHC and MHF is in progress with any filing date anticipated in March 2024.

3. Report of Counsel

Mr. Beverly reported that the Reinsurance Facility will begin an Other Than Clean rate review in April 2024 to be efective in October 2024 and that the recently filed Commercial Auto Rates will be effective April 1, 2024.

Mr. Beverly further reported on the impact of Senate Bill 452 on the Private Passenger Automobile line, stating that based on this legislation 1) minimum financial responsibility limits will be increased from 30/60/25 to 50/100/50 effective January 1, 2025; 2) Underinsured Motorists coverage is materially changed and staff and counsel are currently developing new language for the auto policy to reflect those changes; 3) the Beach Plan's maximum policy limits are increased to $1,000,000 from $750,000 on habitational property and to $4,000,000 from $3,000,000 on commercial property effective November 1, 2023; 4) the NC Insurance Guaranty Association's maximum limits on covered claims has been increased to $500,000 from $300,000 effective October 1, 2023; and 5) certain SDIP review periods were expanded.

Mr. Beverly updated the Committee on the case of Ha v. Nationwide, which involves the requirements for sending notice of cancellation under a homeowners policy. Mr. Beverly noted that case is still on appeal at the North Carolina Supreme Court.

Mr. Beverly also reported that there have been several lawsuits filed in the Charlotte area by a roofing company purportedly contesting the Assignment of Benefits provision in the property forms and encouraged companies to be aware of any new lawsuits regarding the Assignment of Benefits provision.

Mr. Spivey reported that the North Carolina legislature commissioned a study on the current auto insurance system in North Carolina by Professor Jonathan Murphy, and that his report is being referred to as the Murphy Report. He further stated that the report recommends changes to the North Carolina system with regard to the Reinsurance Facility. Mr. Spivey stated that the Commissioner will testify on the report on December 11, 2023 before the House Oversight and Reform Committee.

4. <u>Adjournment</u>

There being no other business, the meeting was adjourned.

Respectfully Submitted,

Andy Montano

Director, Personal Lines

AM:ko
PC-23-4
12/xx/2023

Governing Committee
Meeting Agenda

Date: December 5, 2023 **Time: 9:00 AM (ET)** **Web Conference**

Join Zoom Meeting
https://ncrb.zoom.us/j/5292338249?pwd=NXNOL2t5QjFKVmhIMmdwQlByRTEydz09
Meeting ID: 529 233 8249

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 Staff**
   - Organization Update
   - Operations Update
5. **Report of Counsel**
6. **Report of Committees**
   - Property Committee
     Bureau staff will present the 2024 Homeowners Rate Review (**Exhibit 4**). The committee will be asked to consider a recommendation from the Property Committee related to the Homeowners Rate Review.
   - Auto Committee
     Bureau staff will provide an update on Automobile Committee activities.
7. **Compesation Committee – Executive Session**
   The Compensation Committee will present a recommendation regarding 2024 compensation and benefits during an executive session. The committee will be called upon to take action with respect to the recommendation.
8. **2024 Budget Discussion**
   The 2024 NCRB Budget recommendation will be presented (**Exhibit 5**). The committee will be called upon to take-action on the recommendation.
9. **2024 Meeting Schedule**

January 23, 2024	9:00 am	Private Passenger Automobile Rate Review
April 11, 2024	9:00 am	Miscellaneous Matters
July 23, 2024	9:00 am	Workers Compensation Rate Review
October (TBD), 2024	8:30 am	Annual Meeting
December 3, 2024	9:00 am	2025 Budget Discussion

Note: Web conferences may be called on an as-needed basis.

10. Other Business

11. Adjournment

JC:ko
Attacchments
GC-23-14
11/30/2023

NCRB

north carolina
RATE BUREAU

NORTH CAROLINA RATE BUREAU

ANTITRUST COMPLIANCE POLICY AND BOARD RESOLUTION

Whereas, it is the established policy of the North Carolina Rate Bureau to comply fully with all laws and regulations applicable to its operations; and

Whereas, the creation and operation of the North Carolina Rate Bureau is to promulgate rates and forms, and because the activities and functions bring together representatives of insurance companies that may be in competition, it is the policy of the NCRB, in the course of its activities and functions, to discourage and prohibit the disclosure of competitive information.

Resolved, that the following antitrust guidelines are adopted by the Governing Committee of the NCRB.

These guidelines apply to those individuals and alternates who serve on the NCRB Governing Committee, NCRB committees and subcommittees and NCRB task forces and any other individual in attendance at an NCRB meeting.

1. In performing the statutory duties of the North Carolina Rate Bureau, avoid any action or statement which would give the appearance of private motivation.
2. Conduct business at regularly scheduled, formal meetings where minutes are kept and counsel is present.
3. Do not hold "informal" meetings or "rump sessions" at which any agreements or understandings are reached or any decisions are made.
4. Do not authorize, agree to, engage in or even discuss any activity which might be interpreted as boycott, coercion or intimidation.
5. Specifically, do not authorize, agree to, engage in or even discuss any division of markets, allocation of customers or refusal to do business with any individual or business organization.
6. Do not discuss individual company results, or current or future marketing or pricing strategies or business plans.
7. When in doubt, consult counsel.

Exhibit 2

NCRB

north carolina
RATE BUREAU

NORTH CAROLINA RATE BUREAU

CONFLICTS OF INTEREST STATEMENT

Whereas, the North Carolina Rate Bureau affirms its confidence in the loyalty and integrity of its Governing Committee, Bureau employees, agents, consultants and member representatives including those individuals and alternates who serve on and attend Bureau committees, subcommittees and task forces; and

Whereas, it is the policy of the Bureau that members of the governing Committee, Bureau employees, agents and consultants and member representatives, including those individuals and alternates who serve on and attend Bureau committees, subcommittees and task forces conduct their personal and business affairs in such a manner as to avoid any possible conflict of interest with their duties and responsibilities owed to the Bureau; and

Now therefore, it is resolved that the Governing Committee hereby adopts the following policy addressing conflicts of interest:

It is the Bureau's policy that the Governing Committee, Bureau employees, agents and consultants and member representatives, including those individuals and alternates who serve on and attend Bureau committees, subcommittees and task forces shall not permit private interests to conflict with the proper discharge of his or her duties, nor shall one's position or the knowledge gained therein be used to further such interests. In addition, each said person shall conduct his or her private affairs in such manner as to avoid giving the appearance of any such conflict.

Any person having a conflict of interest on a matter shall not vote, take action, or use his or her personal influence on the matter. However, he or she may be counted in determining the quorum for a meeting where action on the matter may be taken. The minutes of any such meeting shall reflect that a disclosure was made and the abstention from voting.

It is understood and acknowledged by the Governing Committee that, as a result of the Bureau's unique structure and relationship to its members, many representatives of the Bureau will have certain inherent and obvious interest unique to his or her position held outside of the Bureau structure. This Policy is not intended to require a disclosure of such obvious situations at every meeting. This Policy should however serve as a reminder to those individuals who find themselves in that situation that, when taking action on behalf of the Bureau, they must make decisions that they believe to be in the best interest of the Bureau and its member companies and put aside other interests they represent.

NCRB

north carolina
RATE BUREAU

Exhibit 3

NORTH CAROLINA RATE BUREAU

CODE OF ETHICS AND STANDARDS OF CONDUCT

The undersigned, an individual committee member or a representative of a company member (on behalf of his/her company) on a committee of the North Carolina Rate Bureau (“Bureau”) (a “member”), hereby agrees to conform to the following code of ethics and to abide by the following standards of conduct:

1. Each member’s conduct shall be marked by integrity and dignity, and he or she shall expect and encourage such conduct by others.
2. Each member should understand and support the Bureau’s mission, purposes, goals, policies, programs, services, strengths and needs and be able to communicate them to others. In the performance of his or her duties, each member shall obey all applicable state, local and federal laws, rules and regulations.
3. Each member agrees to be governed by a spirit of cooperation, helpfulness and frankness in his or her relationship with fellow members to the end that each shall be equipped, through cooperative measures and exchanges of ideas, to better perform and function, and to foster the advancement and prestige of the Bureau.
4. Each member shall respect the confidential and proprietary nature of information received in the performance of his, hers or its duties and shall not divulge any privileged, confidential or proprietary information of the Bureau (including without limitation privileged work product and attorney/client communication) unless legally discharged from such obligation. No member shall have authority to waive or compromise any claim of privilege or confidentiality unless authorized to do so. Individual representatives of a company shall not share privileged, confidential or proprietary information of the Bureau with persons within his/her company unless such persons are informed of the company’s obligations under this agreement.
5. Each member agrees that he or she does not and shall not speak or act on behalf of the Bureau unless authorized to do so.
6. Each member agrees to observe the policies and procedures of the Bureau, including without limitation the Antitrust Compliance Policy and the Conflicts of Interest Statement.
7. Each member shall seek to avoid any perception that he or she is not acting in the Bureau’s best interest.

Verisk

Exhibit 4

2023 North Carolina Homeowners Rate Review

E-555

12/5/2023

NCRB Agenda 6

2020 North Carolina Homeowners Rate Review

Summary of the 2020 Rate Filing

Policy Form	Indicated Rate Change	Filed Rate Change	Settled Rate Change
Owners	+39.0%	+24.6%	+8.2%
Tenants	+23.6%	+21.6%	+2.0%
Condos	+51.4%	+25.0%	+5.0%
Total	**+38.7%**	**+24.5%**	**+7.9%**

E-556

- Based on 5 accident-years of data ending 12/31/2018
- The settlement with the Department capped changes for all forms resulting in an overall statewide increase of +7.9%
- The rates went into effect 6/1/2022

2023 North Carolina Homeowners Rate Review

Summary of the 2023 Rate Review

Policy Form	2021 Earned Premium at Current Level	Indicated Rate Change
Owners	$2,800,629,255	+42.8%
Tenants	$80,339,123	+34.6%
Condos	$38,624,005	+45.0%
Total	**$2,919,592,383**	**+42.6%**

- Based on 5 accident-years of data ending 12/31/2021
- Expected to be filed in January 2024 with an assumed effective date of 8/1/2024

2023 North Carolina Homeowners Rate Review

Comparison of Key Rate Components

Rate Component	Current Review	Prior Review
Profit	9.0%	9.0%
Contingencies	1.0%	1.0%
Compensation for Assessment Risk	1.7%	2.9%
Dividends	0.5%	0.4%
Deviations	0.0%	0.0%
Fixed Expense Ratio	9.8%	11.2%
Variable Expense	14.8%	14.9%
Loss Adjustment Expense	12.7%	13.9%
Expense Trend	5.0%	2.2%
Net Cost of Reinsurance	$445.59pp	$177.25pp

pp = cost per policy

E-558

2023 North Carolina Homeowners Rate Review

Comparison of Trend Factors – Owners

- Loss trend factors are based on:
  - +5.5% historical trend (+4.0% last review)
  - +6.5% prospective trend (+6.0% last review)
- Premium trend factors are based on current amount factors and:
  - +5.0% prospective trend (+1.1% last review)

Year	Loss Trend		Premium Trend	
	Current	Prior	Current	Prior
2014		1.484		1.094
2015		1.427		1.083
2016		1.372		1.075
2017	1.602	1.319	1.361	1.065
2018	1.519	1.269	1.334	1.046
2019	1.439		1.294	
2020	1.364		1.258	
2021	1.293		1.220	

E-559

2023 North Carolina Homeowners Rate Review

Comparison of Trend Factors – Tenants

E-560

- Loss trend factors are based on:
  - -1.0% historical trend (-1.0% last review)
  - +4.0% prospective trend (+0.5% last review)
- Premium trend factors are based on current amount factors and:
  - 0.0% prospective trend (-2.0% last review)

Year	Loss Trend		Premium Trend	
	Current	Prior	Current	Prior
2014		0.980		0.848
2015		0.990		0.865
2016		1.000		0.878
2017	1.127	1.010	0.921	0.898
2018	1.139	1.021	0.946	0.921
2019	1.150		0.971	
2020	1.162		0.993	
2021	1.174		1.000	

Verisk

2023 North Carolina Homeowners Rate Review

Comparison of Trend Factors – Condos

E-561

- Loss trend factors are based on:
  - +4.5% historical trend (+5.0% last review)
  - +4.5% prospective trend (+5.0% last review)
- Premium trend factors are based on current amount factors and:
  - +2.0% prospective trend (0.0% last review)

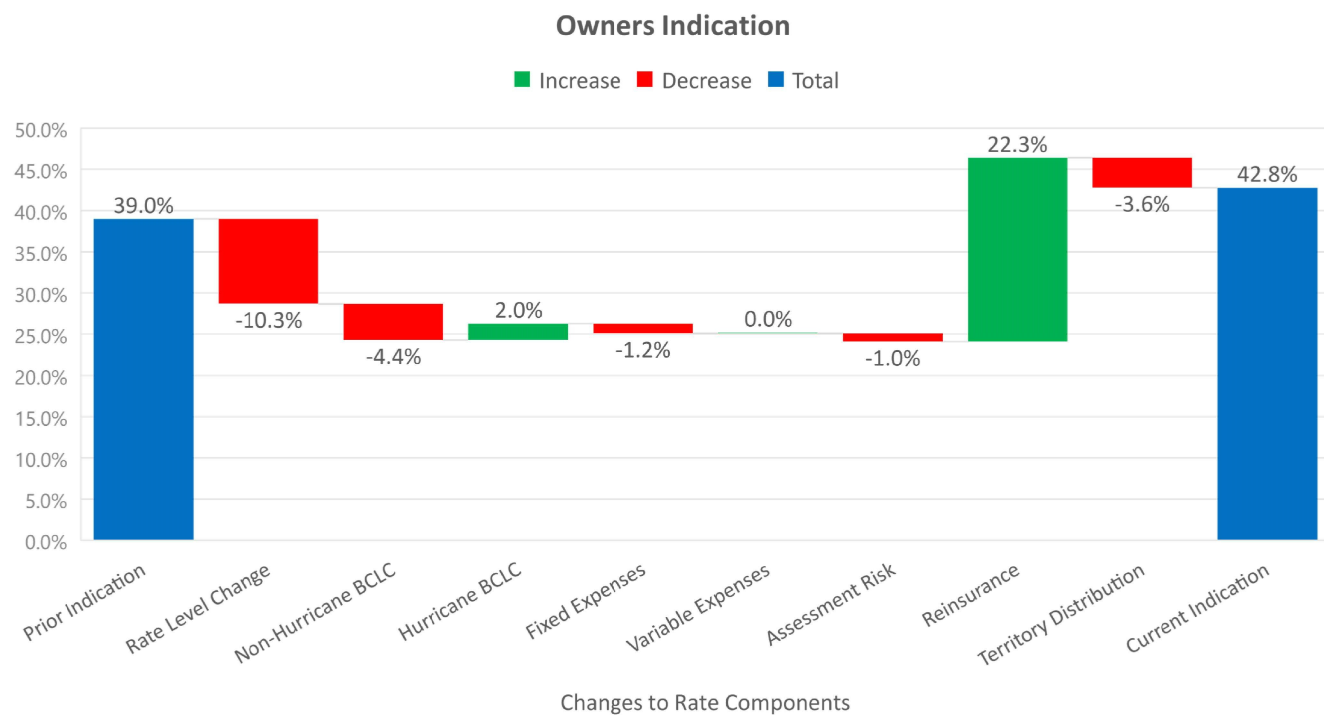
Year	Loss Trend		Premium Trend	
	Current	Prior	Current	Prior
2014		1.483		0.973
2015		1.413		0.986
2016		1.346		1.007
2017	1.427	1.281	1.148	1.011
2018	1.366	1.220	1.133	1.000
2019	1.307		1.118	
2020	1.251		1.103	
2021	1.197		1.084	

2023 North Carolina Homeowners Rate Review

Breakdown of Owners Indication

- The increase in premium trend is driving the decrease in the non-hurricane BCLC despite worsening experience
- The net cost of reinsurance is significantly higher than the previous review

E-562

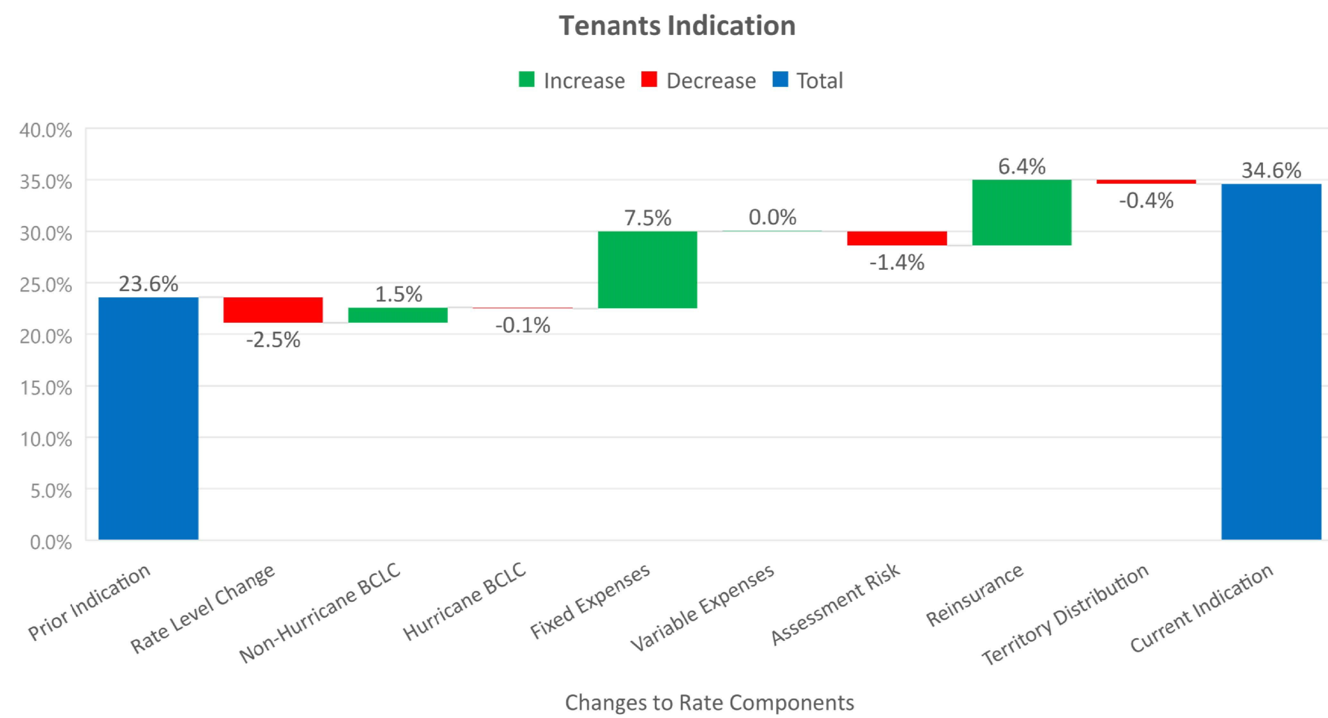


2023 North Carolina Homeowners Rate Review

Breakdown of Tenants Indication

E-563

- The increase in the fixed expense loading is due to decreases in coverage limits being written (making fixed expenses a larger portion of total premium)
- The net cost of reinsurance is significantly higher than the previous review

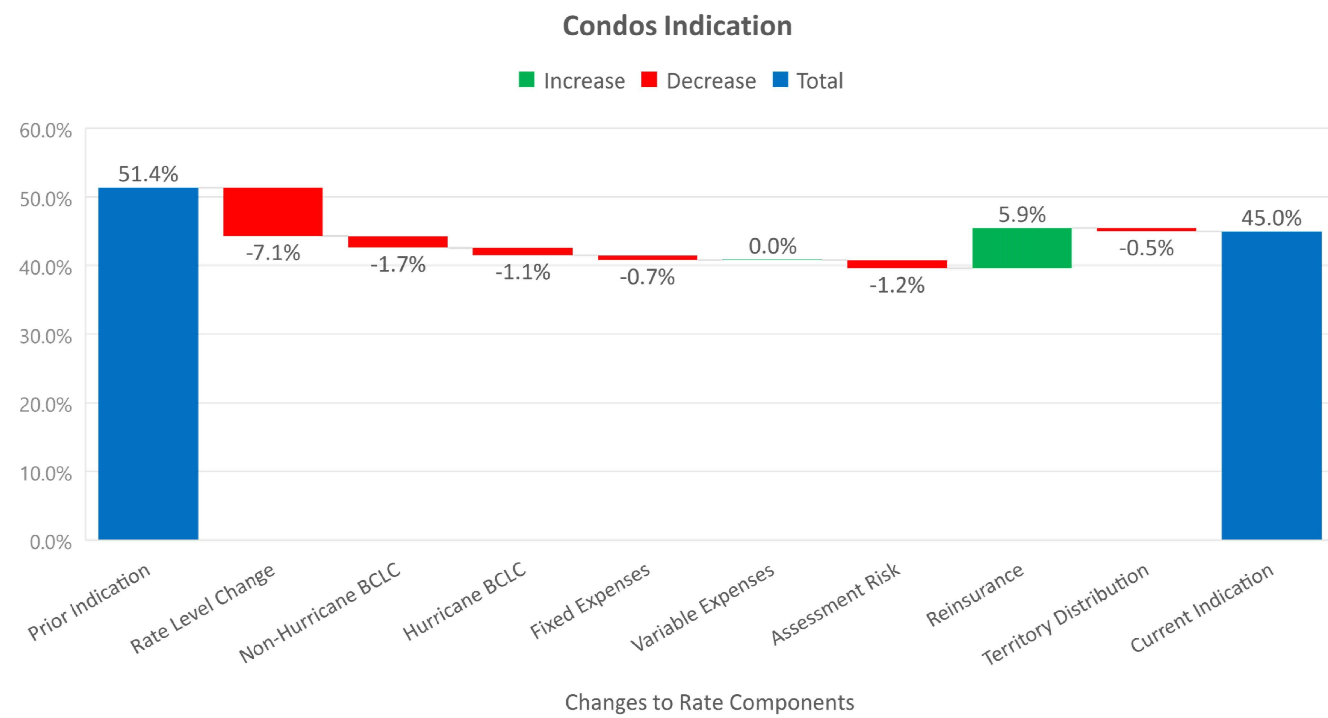


2023 North Carolina Homeowners Rate Review

Breakdown of Condos Indication

E-564

- The increase in premium trend is driving the decrease in the non-hurricane BCLC despite worsening experience
- The net cost of reinsurance is significantly higher than the previous review



2023 North Carolina Homeowners Rate Review

Indicated Rate Level Changes by Region

Policy Form	Region	Indicated Rate Change
Owners	Beach	+73.5%
	Coast	+57.1%
	Inland	+35.8%
Tenants	Beach	+72.7%
	Coast	+59.0%
	Inland	+32.1%
Condos	Beach	+46.2%
	Coast	+50.1%
	Inland	+44.0%

E-565

2023 North Carolina Homeowners Rate Review

Indicated Rate Level Changes by Territory

Owners

Territory	Indicated Rate Level Change	Territory	Indicated Rate Level Change
110	+45.5%	260	+39.7%
120	+99.9%	270	+40.2%
130	+34.3%	280	+25.5%
140	+72.0%	290	+28.8%
150	+26.1%	300	+26.5%
160	+43.5%	310	+37.1%
170	+30.8%	320	+25.5%
180	+58.3%	330	+22.7%
190	+71.8%	340	+41.7%
200	+63.5%	350	+28.3%
210	+58.2%	360	+21.0%
220	+46.0%	370	+8.0%
230	+56.5%	380	+4.7%
240	+41.2%	390	+8.9%
250	+40.4%		

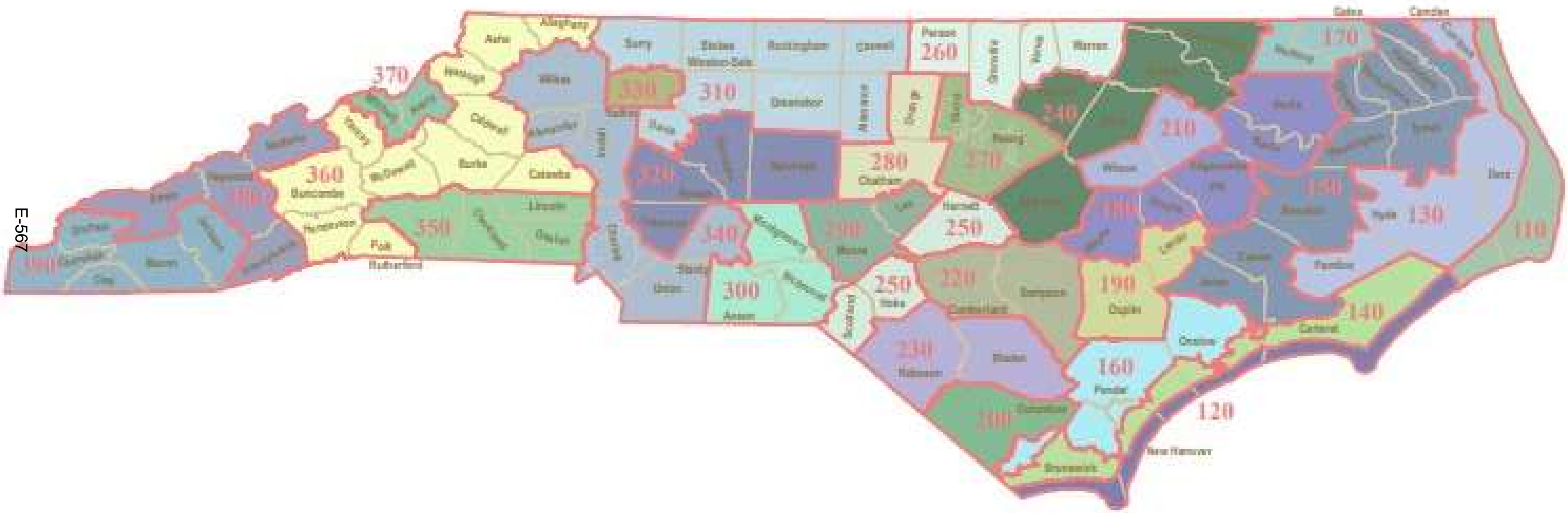
E-566

Tenants

Territory	Indicated Rate Level Change	Territory	Indicated Rate Level Change
110	+38.7%	260	+17.4%
120	+85.4%	270	+37.1%
130	+41.3%	280	+25.3%
140	+65.6%	290	+39.3%
150	+50.0%	300	+26.9%
160	+50.4%	310	+29.7%
170	+19.3%	320	+27.7%
180	+39.5%	330	+22.8%
190	+44.1%	340	+32.3%
200	+38.3%	350	+25.9%
210	+31.5%	360	+25.6%
220	+31.7%	370	+19.8%
230	+54.0%	380	+14.6%
240	+28.4%	390	+29.8%
250	+49.3%		

Condominium Unit Owners

Territory	Indicated Rate Level Change	Territory	Indicated Rate Level Change
110	+20.4%	260	+35.6%
120	+49.9%	270	+41.6%
130	+32.0%	280	+39.9%
140	+53.2%	290	+22.2%
150	+28.2%	300	+38.8%
160	+48.8%	310	+41.3%
170*	+30.5%	320	+49.6%
180	+43.1%	330	+34.0%
190	+32.5%	340	+55.9%
200	+62.4%	350	+26.0%
210	+33.7%	360	+15.0%
220	+46.4%	370	+31.9%
230	+40.6%	380	+35.9%
240	+35.0%	390	+29.1%
250	+38.8%		



NCRB Agenda 18

2023 North Carolina Homeowners Rate Review

Indicated Rate Level Changes by Territory

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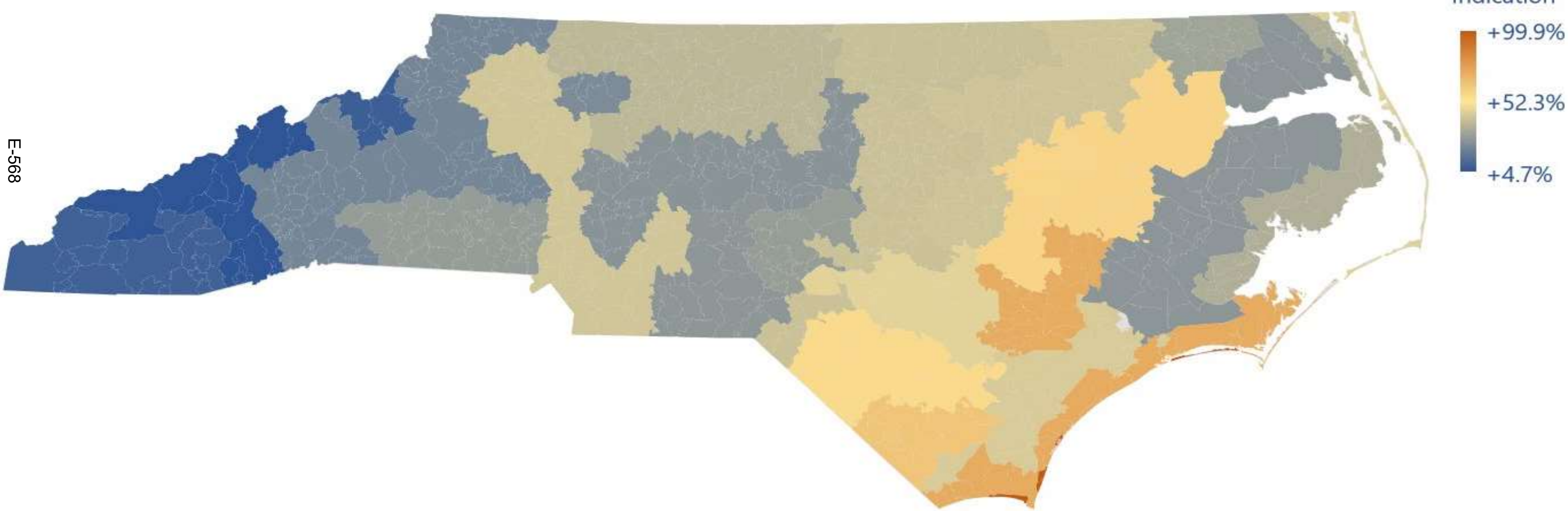
Owners Indications



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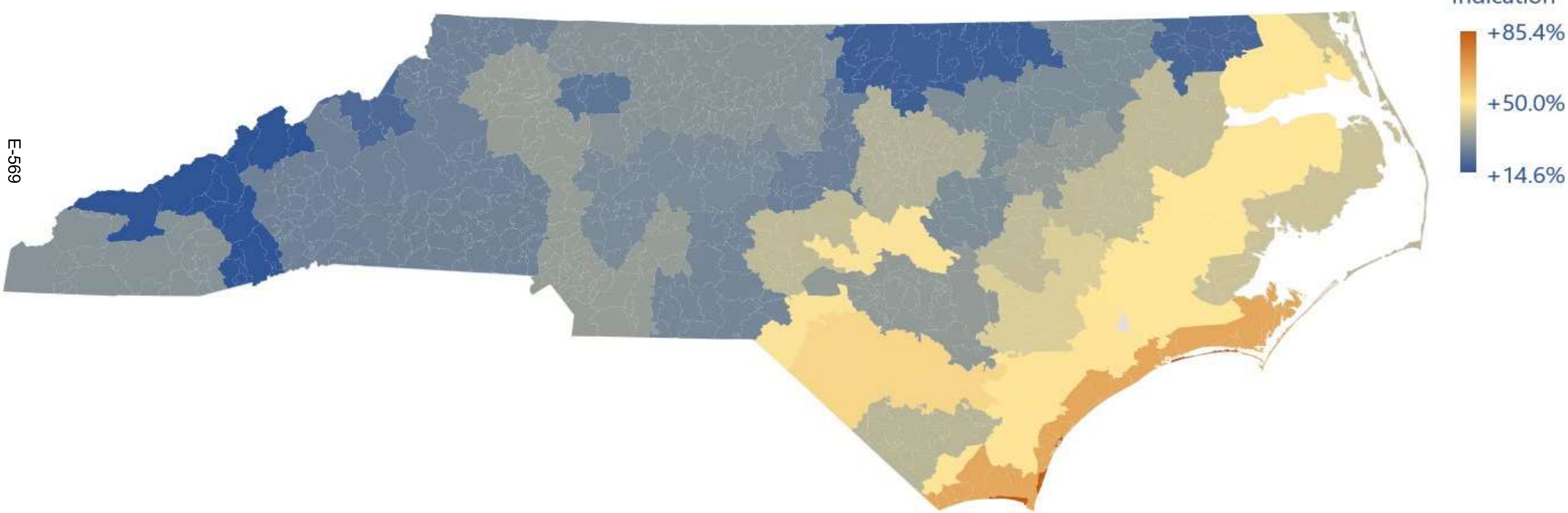
2023 North Carolina Homeowners Rate Review

Indicated Rate Level Changes by Territory

Tenants Indications



E-569

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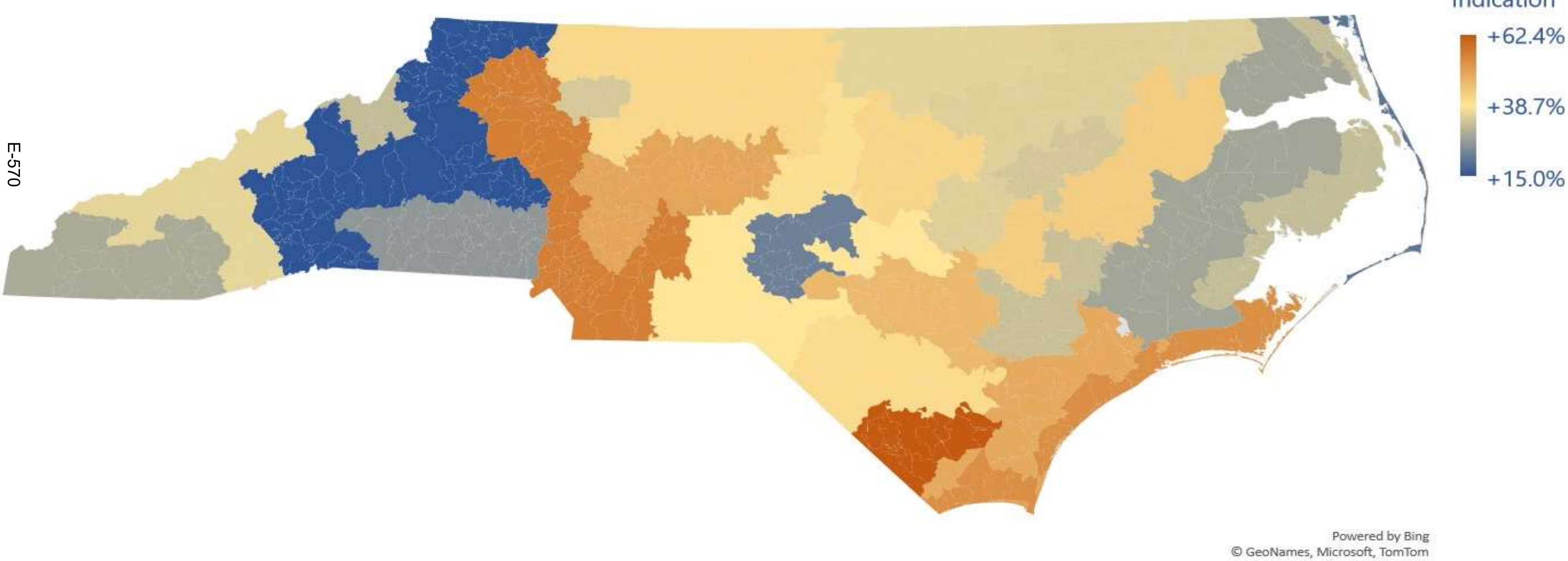
2023 North Carolina Homeowners Rate Review

Indicated Rate Level Changes by Territory

Condominium Unit Owners Indications



E-570

MINUTES OF THE GOVERNING COMMITTEE MEETING OF THE NORTH CAROLINA RATE BUREAU
HELD DECEMBER 5, 2023

COMMITTEE MEMBERS PRESENT	REPRESENTED BY
Accident Fund Insurance Company	Montel Taylor
Allstate Insurance Company	Rick Pierce
	*Steve Hall
Builders Mutual Insurance Company	Dave Boyce
Hartford Fire Insurance Company	Steve Cummings
Liberty Mutual Insurance Company	Mark Sweder
Nationwide Mutual Insurance Company	Alex Garate
	Betty Wooldridge
NC Farm Bureau Mutual Insurance Company	Matt Beamon
Progressive Casualty Insurance Company	Michelle Burkett
State Farm Mutual Insurance Company	Jeff Clinch
The Members	Jason Ivers
The Travelers Indemnity Company	Molly Bowtruczyk
United Services Automobile Association	Jerry Achatz
PUBLIC MEMBER	Dascheil Propes
OTHERS PRESENT	REPRESENTED BY
American Home Assurance Company	Wavel Howell
Young Moore and Henderson, P.A.	Mickey Spivey
	Brian Beverly
	Lisa Leeaphorn
Staff	Joanna Biliouris
	Shelley Chandler
	Jarred Chappell
	Terry Collins
	Edith Davis
	Vicki Godbold
	Andy Montano
	Rebecca Williams
	Jodi Webb
	Allison Smart
	Stephen Toumey
	Karen Ott

*attended a portion of the meeting

The meeting convened as scheduled, Mr. Pierce 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
Ms. Biliouris provided an update on the organization, including 1) reorganization of staff to support expanded expertise and efficiency; 2) introduction of a new performance evaluation process for staff; 3) an active legislative session resulting in activity impacting all lines of insurance; 4) planning for hiring and retaining associates; and 5) settlement of rate filings for Dwelling, Mobile Home and Auto, approval of Workers Comp loss cost and rate filings, and hopes to start negotiations soon on the Dwelling Rate filing that was submitted to the Commissioner in July 2023.

Ms. Biliouris reported that the final plans to relocate to a new office space are underway, and she noted that the property manager had requested documentation of the General Manager's authority to sign the lease. After discussion, a motion was made, seconded and passed to affirm that the authority of the General Manager under the Rate Bureau's constitution to procure and maintain office space includes the authority to sign a lease of that office space.

Mr. Chappell provided a status of filings, noting that 1) the Homeowner rate review is on today's agenda; 2) the 2023 Private Passenger Auto rate filing submitted on February 1, 2023 was settled with a two year implementation providing an overall rate level increase of 4.5% to be effective December 1, 2023 and an overall rate level increase of 4.5% to be effective December 1, 2024; 3) the Private Passenger Automobile filing due on or before February 1, 2024 will be a review only; 4) Mobile Home rate reviews for MH(C) and MH(F) are in progress, with any resulting filings expected to be ready by March 2024.

Mr. Chappell reported on Rate Bureau operations, stating that 1) the Spectrum system rebuild has begun with a new vendor; 2) additional personnel are being added in Workers Comp and personal lines, including a summer intern and a Business Project coordinator; 3) the personal lines web portal is being updated; and 4) a customer service survey was created to gather feedback on customer interactions

2. Report of Counsel
Mr. Spivey reported on recent activities, stating that 1) work is ongoing on the private passenger automobile changes enacted in Senate Bill 452; 2) the Dwelling filing that was submitted to the Commissioner of Insurance in July 2023 remains pending and discovery is proceeding; 3) the case of Ha v. Nationwide, which involves the validity of notice of cancellation under a homeowners policy, is still on appeal at the North Carolina Supreme Court; 4) there have been a number of lawsuits filed in the Charlotte area by a roofing company contesting the Assignment of Benefits provision in the Homeowners Policy; and 5) the NC legislature commissioned a study on the current auto insurance system in North Carolina, and the resulting report by Professor Jonathan Murphy recommended making changes similar to those enacted in South Carolina in 1999.

3. Report of Committees
   a. Property Committee
   Mr. Montano called attention to an exhibit that was previously distributed with the agenda regarding the Homeowners rate review. He stated that the Property Committee recommends filing the full rate level indication. Mr. Montano summarized the indications and stated that the review is based on five accident years of data ending December 31, 2021. He noted the key rating components and trends, along with a breakdown of the indications and rate level changes by region and by territory for Owners, Tenants and Condos. It was also noted that the review included three newer years of exposures than had been included in the prior filing, that the data include a new company that is writing coverage at the beach and cost, and that reinsurance costs are significantly higher in this review than in the prior filing.

   Following discussion, a motion was made, seconded and passed to adopt and file the indications as presented with flexibility for any minor adjustments necessary as the filing is finalized.

Mr. Chappell asked whether the committee wanted to form a negotiating team for property matters, and USAA, Nationwide Mutual, and NC Farm Bureau Mutual volunteered to serve.

b. Automobile Committee

Mr. Montano reported on recent legislation impacting private passenger automobile, stating that, effective January 1, 2025, 1) minimum financial responsibility limits will be increased from 30/60/25 to 50/100/50; 2) Underinsured Motorists coverage is materially changed; 3) certain SDIP surcharge periods were expanded; and 4) the Auto Committee and Personal Auto Policy Subcommittee are working on those changes.

Mr. Montano noted that the Private Passenger Automobile Other Than Clean risks in the Reinsurance Facility will be reviewed and any filing would typically have an effective date of October 1, 2024.

4. <u>Executive Session</u>

The Governing Committee went into executive session. Following the executive session, the meeting reconvened in general session and Mr. Pierce announced that the Compensation Committee's recommendation had been adopted and approved.

5. <u>2024 Budget Discussion</u>

Ms. Biliouris summarized the process to prepare the 2024 budget, the historical expense information, and the major costs for the upcoming year, including replacing the accounting system, electronic security, office relocation and hiring associates. She noted that the 2024 proposed budget is approximately 1% higher than the 2023 approved budget and the 2024 proposed budget for the Rate Bureau is $20,071,584.

Ms. Biliouris reviewed the goals and objectives for 2024, stating that they include 1) succession planning for key positions; 2) successful office relocation; 3) enhanced technology and security; 4) improve effectiveness and efficiency of shared services; and 5) achieve each of the organization's goals and objectives.

Ms. Biliouris also outlined the budget drivers that will support the Bureau's goals and objectives.

Ms. Biliouris reviewed the relocation expenses in detail.

Mr. Chappell reviewed the Rate Bureau operational objectives for 2024, including 1) maintaining adequate rates and up-to-date rules, manuals, and forms for all lines; 2) increase efficiencies to make it easier for member companies to work with staff; 3) continue to improve operational effectiveness and control costs; 4) continue to improve communications with all Bureau committees and task forces; 5) optimize vendor management strategy to contain costs and enhance deliverables; and 6) support a secure and effective hybrid work environment.

Mr. Chappell continued discussion of anticipated Rate Bureau activities for 2024, including filing activity, technology, and various personal lines projects.

Attention was directed to the 2024 proposed budget summary which was included with the agenda and previously distributed. Ms. Davis noted that NCRB operations areas of change included advisory and computer system development, additional staffing, and relocation expenses. Ms. Davis reviewed the proposed 2024 NC Rate Bureau budget in detail and highlighted the allocation of shared services. It was noted that the organizations are currently working on an accounting software replacement and that additional staff is needed to support organizational growth and complexity.

After discussion, a motion was made, seconded and passed to approve the 2024 Rate Bureau budget as presented.

6. 2024 Meeting Schedule
   Mr. Pierce directed attention to the Governing Committee meeting schedule for 2024, which was included in the agenda. He noted that the next meeting will be January 23, 2024. Mr. Pierce noted that the 2024 Annual Meeting will be held at the Washington Duke Inn in Durham, NC in October 2024.

7. Adjournment
   There being no further business, the meeting was adjourned.

Respectfully Submitted,

Jarred Chappell
Chief Operating Officer
North Carolina Rate Bureau

JC:ko
GC-23-14
1/2/2024

Exhibit (14) (c)

Rate Bureau payments to consultants with respect to the current and previous filings:

<u>2024 Homeowners Rate Filing</u>

Insurance Services Office: $256,748

Young Moore and Henderson, P.A.: $44,764

Milliman USA: $29,530

Aon (including IP license fees): $310,556

George Zanjani: $8,325

<u>2020 Homeowners Rate Filing</u>

Insurance Services Office: $972,530

Young Moore and Henderson, P.A.: $461,230

Milliman USA: $137,657

Aon (including IP license fees): $288,135

Financial Strategy Associates: $4,125

George Zanjani: $10,328

NORTH CAROLINA

HOMEOWNERS INSURANCE

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

The following are changes in methodology or presentation used in this filing as compared to the methodologies or presentation used in the November 9, 2020 filing:

1. In this filing, the compensation for assessment risk analysis was performed by Aon using simulated event-level hurricane losses based on the most recent exposure year. This methodology is essentially the same as the methodology used by Milliman in homeowners filings prior to the 2020 Homeowner filing. Due to the lack of such data (simulated event-level hurricane losses as described above), the compensation for assessment risk provision in the 2020 Homeowner filing was prepared and presented by Milliman using such data for the previous year and adjusting those data to the then-current year based on the impact of changes in the underlying exposures and the hurricane models. Further, in this filing, the calculated compensation for assessment risk provision was reduced by 50% to reflect that some insurance companies no longer retain exposure to assessments by the Beach Plan and FAIR Plan by virtue of obtaining coverage for such assessments in their respective reinsurance agreements.

See also the pre-filed testimony of P. Anderson, P. Ericksen, M. Mao, and G. Zanjani.