Notice to Manualholders

PERSONAL LINES
DWELLING POLICY PROGRAM MANUAL – MULTISTATE RULES
NOTICE DP-MU-2014-RU-001

CAUTION

Refer to state Notices for announcement of the use of this revision in individual jurisdictions.

INSTRUCTIONS TO MANUALHOLDERS

If your company has adopted this revision, you should insert the enclosed page(s) into your manual.

EFFECTIVE DATE

Refer to individual state Notices for effective date language.

CHANGE(S)

This notice presents the 2014 revisions to the Dwelling Policy Program Manual – General Rules. The following rules were revised:

- Rule **102.** Perils Insured Against has been revised to more closely reflect coverages provided by the individual Dwelling Policy forms.
- Rule **104.** Protection Classification Information has been revised to refer manual users to the ISO Community Mitigation Classification (CMC) Manual when determining the ISO Public Protection Classification information.
- Rule **210.** Refer To Company has been revised to introduce a facultative reinsurance rule.
- Rule **402.** Coverage **C** – Personal Property In Buildings Subject To Commercial Class Rates Or Specific Rates has been revised to complement changes made in Division Five of the Commercial Lines Manual (CLM).
- Rule **501.** Coverage **B** – Other Structures has been revised to add instructions which advise that no entry is needed in the policy Declarations for Coverage **B** since this coverage is automatically provided on a blanket basis for up to 10% of the Coverage **A** limit in all Dwelling policy forms.
- Rule **502.** Coverage **D** – Fair Rental Value and Coverage **E** – Additional Living Expense has been revised to add instructions which advise that no entry is needed in the policy Declarations for Coverage **D** in Form **DP 00 01** and for Coverages **D** and **E** in Forms **DP 00 02** and **DP 00 03** since these coverages are automatically provided for up to 20% of the Coverage **A** limit available. In addition, we have made changes to complement the companion forms filing.
- Rule **505.** Building Items Condo Unit-owner – **DP 00 01** Or **DP 00 02** has been revised to delete Paragraph **B.** to complement a change in the companion forms filing.
- Rule **510.** Theft Coverage has been revised to change the base deductible for Theft Coverage to $500 and introduce a new deductible factor for the $250 option. In addition, the factors for $1,000 and $2,500 have been revised to correspond with this change.
- Rule **513.** Limited Water Back-up And Sump Discharge Or Overflow Coverage has been revised to reflect that increased limits of coverage are now available.
- Rule **515.** Motorized Golf Cart – Physical Loss Coverage has been revised to delete text referencing the separate deductible for each involved golf cart.
- Rule **517.** Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage has been revised to reinforce that the limits provided are on an aggregate basis and to delete text to condense and streamline the rule.

Rule **211.** Additional Insured has been introduced to complement Additional Insured Described Location Endorsement **DP 04 41.**

Exceptions to the General Rules were previously filed and implemented on an individual state basis for eventual multistate application. Now that the exceptions apply in most states, the following exceptions are being relocated to the General Rules:

- Rule **303.** Ordinance Or Law Coverage – All Forms (Table **303.B.3.a.(1)(a)** and Table **303.B.3.a.(2)**)
- Rule **406.** Deductibles, multistate text in Paragraphs **A.** and **B.**
- Rule **503.** Ordinance Or Law Coverage For Coverage **B** – Specific Structures, Building Items And Improvements, Alterations And Additions (Paragraph **C.2.**)
- Rule **509.** Earthquake Coverage (Paragraphs **E.3., E.4., E.5.** and **F.**)

The following rules have been revised to make minor editorial revisions:

- Rule **204.** Multiple Locations
- Rule **205.** Multiple Policies
- Rule **304.** Permitted Incidental Occupancies
- Rule **404.** Mobile Or Trailer Homes – **DP 00 01** Only
- Rule **407.** Automatic Increase In Insurance
- Rule **408.** Protective Devices
- Rule **409.** Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing – **DP 00 02, DP 00 03** And **DP 00 01** With **DP 00 08**
- Rule **410.** Building Code Effectiveness Grading
- Rule **504.** Improvements, Alterations And Additions Tenant And Co-op Unit-owner – **DP 00 01** Or **DP 00 02**
- Rule **511.** Sinkhole Collapse Coverage

COMPANION REVISION

We are simultaneously revising our forms, which are being distributed under separate Notices.

REVISED PAGE(S)

DP-i thru DP-viii

DP-1 thru DP-23

PAGE CHECKLIST

Included in this distribution is a page checklist displaying the latest page numbers and edition dates.

REFERENCE INFORMATION (FOR COMPANY USE ONLY)

Circular Reference(s):

- Refer to individual state Notices for the approval/implementation circular references.
- LI-DP-2013-097 (07/01/2013) Dwelling Policy Program 2014 Multistate Loss Costs Revision To Be Submitted
- LI-DP-2013-096 (07/01/2013) Dwelling Policy Program 2014 Multistate Rules Revision To Be Submitted

Filing Reference(s):

- DP-2013-RRU13
- DP-2013-RLC13

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THIS MANUAL PAGE CHECKLIST DISPLAYS THE LATEST PAGE INFORMATION AS OF **7-14.**

NOTE: ALWAYS USE THE EDITION NUMBER TO DETERMINE THE LATEST PAGE.

IF YOUR MANUAL PAGES DO NOT COINCIDE WITH THIS LISTING, CONTACT CUSTOMER SUPPORT FOR THE NECESSARY MATERIAL TO UPDATE YOUR MANUAL.

PAGE NUMBER	EDITION		PAGE NUMBER	EDITION	
	NUMBER	DATE		NUMBER	DATE
DP-MU-2014-RU-001	–	7-14	DP-1 thru DP-23	2nd	7-14
DP-i thru DP-viii	2nd	7-14			

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RULE NO. **PAGE NO.**

PART V – ADDITIONAL COVERAGES AND INCREASED LIMITS RULES

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PART I
COVERAGE AND DEFINITION TYPE RULES

RULE 100.
INTRODUCTION

A. About The Dwelling Manual

The Dwelling Policy Program provides property and related coverages using the forms and endorsements referred to in this Manual. The rates, rules, forms and endorsements of the company shall apply in all cases not provided for in this Manual. This program does not apply to Farm Property. Refer to the company for its method of insuring farm property.

B. Manual Structure

1. Contents

The Dwelling Policy Program Manual contains the rules, classifications and rating provisions for the issuance of the Dwelling Policy. The Manual is divided into two sections, multistate general rules and state rules and rates.

The multistate general rules section contains rules common to most states. Any departures, additions, etc. to these rules, unique to individual jurisdictions, are contained in the state rules and rates section.

The general rules do **not** contain premiums, rates, charges or credits expressed in dollars and cents. They do, however, contain rating factors that are applied to state premiums.

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, and

e. Part **V** – Additional Coverages And Increased Limits Rules.

3. State Rules And Rates/ISO Loss Costs

These rules are grouped into the following categories:

a. Exceptions and Additional Rules,

b. Special State Requirements,

c. Territory Definitions,

d. Key Premium/Key Factor Tables, and

e. Premiums, Rates, Charges and Credits.

C. Company Rates/ISO Loss Costs

1. Definition

This Manual contains either ISO loss costs or individual company rates. A loss cost is that portion of the premium which covers only losses and the costs associated with settling losses.

2. Company Rates

All rules in this Manual are designed to be utilized with rates. All references in the rules and examples to rates and/or premiums (including base premiums) shall be interpreted to mean those established by the individual insurance company.

3. Loss Cost Conversion

Each insurance company must provide manualholders with either its own rates or with procedures to convert ISO loss costs to rates and/or premiums. If an insurer provides its own rates, use them in place of the ISO loss costs in this Manual. If an insurer does not provide its own rates, manualholders must convert ISO loss costs in this Manual to rates and/or premiums before applying any of the rules. Refer to the company for special instructions – including rounding procedures – on how to do this.

RULE 101.
FORMS, COVERAGES, MINIMUM LIMITS OF LIABILITY

A. Forms

The Dwelling Policy Program makes available the following policy forms:

1. Dwelling Property 1 Basic Form **DP 00 01,**

2. Dwelling Property 2 Broad Form **DP 00 02,** and

3. Dwelling Property 3 Special Form **DP 00 03.**

B. Coverages

1. Forms **DP 00 02** and **DP 00 03** provide the following coverages. These coverages are written as separate items in the policy or in separate policies:

a. Coverage **A** – Dwelling

b. Coverage **B** – Other Structures

c. Coverage **C** – Personal Property

d. Coverage **D** – Fair Rental Value

e. Coverage **E** – Additional Living Expense

2. Form **DP 00 01** provides Coverages **A** through **D;** Coverage **E** is available by endorsement.

RULE 101.
FORMS, COVERAGES, MINIMUM LIMITS OF LIABILITY
(Cont'd)

C. Minimum Limits Of Liability

The following coverages are subject to a minimum limit of liability:

Coverages	Minimum Limit
Coverage **A** – Dwelling	$12,000 (Form **DP 00 02**) $15,000 (Form **DP 00 03**)
Coverage **C** – Personal Property	$4,000 without Coverage **A** (Forms **DP 00 02** and **DP 00 03**)
There are **no** minimum limits for Form **DP 00 01**	

Table 101.C. Minimum Limits Of Liability

RULE 102.
PERILS INSURED AGAINST

The following is a general description of the coverages provided by the individual Dwelling Policy Forms. The policy should be consulted for exact contract conditions.

Perils	DP 00 01 Basic Form	DP 00 02 Broad Form	DP 00 03 Special Form
Fire or Lightning, Internal Explosion	Yes	Yes	Yes
Extended Coverage meaning Windstorm or Hail, Explosion, Riot or Civil Commotion, Aircraft, Vehicles, Smoke, Volcanic Eruption	Optional*	Yes	Yes
Vandalism or Malicious Mischief	Optional**	Yes	Yes
Damage by burglars, 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.	No	Yes	Yes
Additional risks with certain exceptions	No	No	Yes***
* May only be written with the perils of Fire or Lightning, Internal Explosion ** May only be written with Extended Coverage *** Special Coverage (Coverages **A** and **B**)			

Table 102. Perils Insured Against

RULE 103. ELIGIBILITY

A Dwelling Policy may be issued to provide insurance under:

A. Coverage **A** – on a dwelling building:

1. Used solely for residential purposes except that certain incidental occupancies or up to 5 roomers or boarders are permitted;
2. Containing not more than four apartments; and
3. Which may be in a townhouse or rowhouse structure; or
4. In course of construction.

B. Coverage **A** – on a mobile or trailer home:

1. Using Form **DP 00 01** only;
2. Used solely for residential purposes except that certain incidental occupancies or up to 5 roomers or boarders are permitted;
3. Containing not more than one apartment;
4. For a policy period of not longer than one year; and
5. At the permanent location described in the policy.

C. Coverage **B:**

1. At the same location as the dwelling eligible for insurance under Coverage **A;**
2. Not used for business purposes except a permitted incidental occupancy or when rented for use as a private garage;
3. At a separate location when used in connection with the insured location but not for business purposes.

D. Coverage **C** in:

1. A dwelling, mobile or trailer home eligible under Coverage **A;** or
2. A dwelling with rental apartments including furnishings, equipment and appliances in halls or utility rooms; or
3. Any apartment, cooperative or condominium unit used as private living quarters of the insured or rented to others.

E. Coverage **D** for the loss of the fair rental value of:

1. A building eligible for insurance under Coverage **A** or **B;** or
2. Private living quarters eligible under Coverage **C.**

F. Coverage **E** for the additional living expenses incurred to maintain the insured's household.

RULE 104. 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.

RULE 105. SEASONAL DWELLING DEFINITION

A seasonal dwelling is a dwelling with continuous unoccupancy of three or more consecutive months during any one year period.

RULE 106. 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 noncombustible 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 and coded 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 107. 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 described above shall be protected by at least a Class A Fire Door installed in a masonry wall section.

RULE 108. – 200. RESERVED FOR FUTURE USE

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 forms, premiums 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 **DP 04 32.**

For maintaining common anniversary dates, a policy may be written for a period less than one year or less than three years on a pro rata basis.

RULE 202.
CHANGES OR CANCELLATIONS

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.

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 LOCATIONS

A policy may be issued to provide insurance at more than one Described Location in the same state provided:

A. The same form and deductible applies at each location;

B. A separate policy Declarations page is completed for each location; or

C. The policy Declarations page is completed by:

  1. Showing the total policy premium for all locations in the premium payments section.

  2. Showing the deductible by entry of the deductible amount and adding "at each location".

  3. Inserting the form number that applies.

  4. Adding an appropriate reference to the Additional Dwelling Declarations or company equivalent.

RULE 205.
MULTIPLE POLICIES

A. Application

Insurance may be provided on the same property under two or more Dwelling policies in one or more companies as follows:

  1. The same form and endorsements must apply to all policies.

  2. The same deductible amount must apply to all policies.

B. Endorsement

Use Premium Sharing – Two Or More Policies Endorsement **DP 04 30.**

C. Premium

The premium for each policy is developed as follows:

  1. Compute the premium for the total limits of liability from the manual of the company issuing each policy.

  2. Allocate the premium determined in Paragraph **1.** based on the ratio of each policy's limit of liability to the total limits of liability for all policies.

RULE 205.
MULTIPLE POLICIES (Cont'd)

D. Example

The following example is a premium computation between two companies using a $50,000 Coverage **A** Limit. The premiums shown are only for illustration.

Each Company's	Company A	Company B
Percentage share	70%	30%
Premium for $50,000 Cov. **A**	$240	$200
Each Company's Policy Premium	168 (70% of 240)	60 (30% of 200)
Total Premium	(168 + 60) = 228	

Table 205.D. Example

RULE 206.
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 for Fire or Fire and Allied Lines if written at inception of the policy.

D. The minimum annual premium shall **not** include charges for Theft or Earthquake Coverage, except when Earthquake is the only peril covered under the policy.

E. Refer to company for minimum premium.

RULE 207.
TRANSFER OR ASSIGNMENT

Subject to the consent of the company, all rules of this Manual and any necessary adjustments 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 208.
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 company for amount that may be waived.

RULE 209.
WHOLE DOLLAR PREMIUM RULE

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.

RULE 210.
REFER TO COMPANY

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 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 limit 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.

RULE 211.
ADDITIONAL INSURED

A. Coverage Description

1. In addition to the named insured shown in the Declarations, another person or organization may be considered an insured in this policy with respect to Coverage **A** – Dwelling and Coverage **B** – Other Structure at the Described Location listed in the Schedule, or elsewhere in the policy. The interest of such persons or organization and the Described Location to which it applies may be acknowledged by naming them in the endorsement referenced in Paragraph **C.**

2. Such persons or organizations are entitled to receive notification if the policy is canceled or nonrenewed by the insurer.

RULE 211.
ADDITIONAL INSURED (Cont'd)

B. Premium Computation

No additional charge is made for use of this endorsement.

C. Endorsement

Use Additional Insured Endorsement **DP 04 41.**

RULES 212. – 300.
RESERVED FOR FUTURE USE

PART III
BASE PREMIUM COMPUTATION RULES

RULE 301.
BASE PREMIUM COMPUTATION

To compute the Base Premium, use the Key Premiums and Key Factors that are displayed in Rule **301.** Refer to state company rates/ISO loss costs.

A. Fire (All Forms), Extended Coverage (DP 00 01), Broad Form (DP 00 02), Or Special Form (DP 00 03) For Coverage A – Dwelling/Coverage C – Personal Property

1. From the Key Premium Table in this Manual, select the Key Premium for the classifications or coverages that apply to the risk.
2. From the Key Factor Table in this Manual, determine the Key Factor for the desired limit of liability. If the desired limit of liability is not shown in the table, **interpolate** as illustrated in Paragraph **B.** of this rule.
3. Multiply the Key Premium by the Key Factor and round to the nearest whole dollar to develop the Base Premium ($.50 or more rounded to the next higher whole dollar).

B. 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. $25,500 desired limit; the nearest limits are $25,000 and $26,000.
   b. For $25,000 the Key Factor is 1.082; for $26,000 the Key Factor is 1.098. Figure the difference between the two Key Factors and divide by 10. This provides a factor per $100.

$$\begin{array}{r} 1.098 \\ -\ 1.082 \\ \hline .016 \end{array} \div 10 = .0016$$

   c. Multiply the factor per $100 times five, and add 1.082: the Key Factor for $25,000:

$$\begin{array}{r} .0016 \\ \times\ 5 \\ \hline .0080 \end{array} + 1.082 = 1.090$$

   d. The result, 1.090, is the Key Factor for this example.
2. The factors shown in the interpolation example are for illustration only and are not necessarily the factors shown in the Key Factor Table of this Manual.

RULE 302.
VANDALISM AND MALICIOUS MISCHIEF – DP 00 01

Develop the Base Premium by multiplying the same limit of liability selected for Extended Coverage by the Vandalism and Malicious Mischief rate. Refer to state company rates/ISO loss costs.

RULE 303.
ORDINANCE OR LAW COVERAGE – ALL FORMS

A. Applicability By Form

1. **DP 00 01**

   Coverage is **not** automatically included in this form but may be added by endorsement. See Paragraph **B.** for rating instructions.

2. **DP 00 02 And DP 00 03**

   A limited amount of coverage is automatically included at each Described Location to pay for the increased costs necessary to comply with the enforcement of an ordinance or law. This amount is equal to 10% of the limit of liability that applies to:

   a. Coverage **A** or Unit-owner Building Items if the insured is an owner of a Described Location; or
   b. Coverage **B** if the insured is an owner of a Described Location which is not insured for Coverage **A** or Unit-owner Building Items; or
   c. Improvements, Alterations and Additions if the insured is a tenant of a Described Location.

   This amount may be increased by endorsement. See Paragraph **B.** for rating instructions.

RULE 303.
ORDINANCE OR LAW COVERAGE – ALL FORMS
(Cont'd)

B. New Or Increased Coverage

1. Ordinance Or Law Coverage

The policy may be endorsed to add (Form **DP 00 01**) or increase (Form **DP 00 02/DP 00 03**) basic Ordinance or Law Coverage to accommodate the increased costs known or estimated by the insured for material 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. Endorsement

For Form **DP 00 01,** use Ordinance Or Law Coverage Endorsement **DP 04 74.** For Form **DP 00 02** or **DP 00 03,** use Ordinance Or Law – Increased Amount Of Coverage Endorsement **DP 04 71.**

3. Premium Determination

a. Described Location Including Coverage A

(1) Form DP 00 01

(a) Fire And Extended Coverage

The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Percentage Of Coverage A	
Total Amount	**Factors**
10%	1.03
25%	1.08
50%	1.15
75%	1.23
100%	1.30
For each add'l 25% increment, add:	.08

Table 303.B.3.a.(1)(a) Factors

(b) Vandalism And Malicious Mischief

Multiply the rate per $1,000 used to determine the Vandalism and Malicious Mischief Base Premium by the dollar amount of coverage added. Then multiply the result by .30.

(2) DP 00 02 Or DP 00 03 – Fire, Broad Or Special Forms

The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Percentage Of Coverage A		
Increase In Amount	**Total Amount**	**Factors**
15%	25%	1.05
40%	50%	1.12
65%	75%	1.20
90%	100%	1.27
For each add'l 25% increment, add:		.08

Table 303.B.3.a.(2) Factors

b. Described Location Not Including Coverage A, But Including Coverage B – Specific Structures, Unit-owner Building Items, And/Or Improvements, Alterations And Additions

See Rule **503.** for rating instructions.

RULE 304.
PERMITTED INCIDENTAL OCCUPANCIES

A. Coverage Description

1. One of the incidental occupancies described in Paragraph **B.** is permitted in a premises eligible for coverage under a Dwelling Policy, if:

a. The policy provides insurance under Coverage **A, B** or **C;**

b. The incidental occupancy is operated by the insured who is the owner or a resident of the premises; and

c. There are no more than two persons at work in the incidental occupancy.

2. Use Permitted Incidental Occupancies Endorsement **DP 04 20.**

B. Permitted Incidental Occupancies

1. Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.

2. Small Service Occupancies meaning occupancies primarily for service rather than sales. For example: barber or beauty shop, tailor or dressmaker, telephone exchanges or shoe repair shops using handwork only.

3. Storage of merchandise if the value of the merchandise does not exceed $10,000.

RULE 304.
PERMITTED INCIDENTAL OCCUPANCIES (Cont'd)

C. Amount Of Insurance

The amounts of insurance for the contents of the incidental occupancy and merchandise in storage shall be stated as separate contents items in the policy Declarations.

D. Premium Computation

Determine the Coverage **C** Base Premium under Rule **301.,** using the single Key Factor for the total amount of insurance for:

1. Household personal property,
2. Contents of the incidental occupancy, and
3. Merchandise in storage.

RULE 305.
LOSS SETTLEMENT OPTIONS

A. Functional Replacement Cost Loss Settlement – Forms DP 00 02 And DP 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 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.

4. Endorsement

Use Functional Replacement Cost Loss Settlement Endorsement **DP 05 30.**

B. Actual Cash Value Loss Settlement – Forms DP 00 02 And DP 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 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 305.B.3. Factors

4. Endorsement

Use Actual Cash Value Loss Settlement Endorsement **DP 04 76.**

RULES 306. – 400.
RESERVED FOR FUTURE USE

PART IV
ADJUSTED BASE PREMIUM COMPUTATION RULES

RULE 401.
SUPERIOR CONSTRUCTION

A. Introduction

Refer to the Construction Definition rule in this Manual for details.

B. Extended Coverage Rating Classification

For Extended Coverage rating purposes a dwelling classified as:

1. Fire Resistive is considered Wind Resistive.

2. Masonry Non-Combustible is considered Semi-Wind Resistive.

C. Premium Computation

Multiply the Masonry Base Premium by the appropriate factor selected from the following table:

Classifications	Fire	E.C., Broad & Special Forms
Fire Resistive & Masonry Non-Combustible	.50	.50
Non-Combustible	.50	1.00

Table 401.C. Superior Construction Factors

RULE 402.
COVERAGE C – PERSONAL PROPERTY IN BUILDINGS SUBJECT TO COMMERCIAL CLASS RATES OR SPECIFIC RATES

A. Fire

If the building is classified in Division Five of the Commercial Lines Manual – Fire And Allied Lines, Rule **85.,** Paragraph **B.1., B.2., B.3.** or **B.4.,** use the appropriate factor selected from the following table:

Types Of Construction	B.1. Or B.2.*	All Other B.2. Classifications, B.3., B.4. Or Is Rated Specifically
1. Fire Resistive, Masonry Non-Comb. & Non-Comb. Multiply the Masonry Coverage **C** Base Premium by:	.50	1.00
2. All Other Construction Multiply the Masonry Coverage **C** or Frame Base Premium by:	1.00	2.00
* Hotels and Motels Without Restaurant Only		

Table 402.A. Coverage C – Personal Property In Buildings

B. Extended Coverage, Vandalism And Malicious Mischief, Broad Or Special Form

Multiply the Coverage **C** Base Premium by 1.00.

RULE 403.
DWELLING UNDER CONSTRUCTION

A. Coverage Description

Two methods are provided for insuring this exposure.

1. Named Insured Is The Intended Occupant

A builder (contractor) may be designated as an additional insured. The policy may be cancelled upon completion of the dwelling. Use Dwelling Under Construction Endorsement **DP 11 43.**

2. Named Insured Is Not The Intended Occupant

The policy shall specify building is in course of construction and permission is granted to complete.

For other coverage bases, refer to the Commercial Lines Manual.

B. Premium Computation

1. Multiply the Coverage **A** Owner Occupied Base Premium by .65.

2. Multiply the Coverage **A** Non-Owner Occupied Base Premium by 1.00.

RULE 404.
MOBILE OR TRAILER HOMES – DP 00 01 ONLY

Refer to the state company rates/ISO loss costs.

Rule **410.** does not apply to Mobile or Trailer homes.

RULE 405.
TOWNHOUSE OR ROWHOUSE

A. Individual Family Units

Determine the total number of individual family units within a Fire Division. For example, a two family dwelling attached to a one family dwelling is considered **three** individual family units within a Fire Division if both dwellings are not separated by a fire wall. Four attached two family dwellings are considered **eight** individual family units within a Fire Division if they are not separated by fire walls. A policy may be issued for:

1. Coverage **A** when the dwelling contains one, two, three or four individual family units within a Fire Division.

2. Coverage **C** in a dwelling with one or more individual family units within a Fire Division.

RULE 405.
TOWNHOUSE OR ROWHOUSE (Cont'd)

B. Premium Computation

Number Of Individual Family Units	Use Coverage A∗ Or C Base Premium
1, 2, 3 or 4	1, 2, 3 or 4 families
5 or more	5 or more families
∗ Refer to Commercial Lines Manual for Building Coverage when it contains five or more individual family units within a Fire Division	

Table 405.B. Townhouse Or Rowhouse

RULE 406.
DEDUCTIBLES

All policies are subject to a deductible that applies to loss from all perils except Earthquake. A separate deductible type applies to Earthquake Coverage as described in Rule **509.**

For Theft Coverage, the deductible amount may differ from the deductible amount that applies to Fire and Allied Lines perils.

Refer to the Earthquake and Theft Coverage rules for the applicable deductible provision.

A. Base Deductible

$500 Deductible.

B. Optional Deductibles

1. All Perils Deductibles

To compute the premium for these options, multiply the Base Premium for the Base Deductible by the factors selected from the state exception pages.

2. Windstorm Or Hail Deductibles

When the policy covers the peril of Windstorm or Hail, the following deductible options may be used in conjunction with a deductible applicable to all other perils covered under Extended Coverage, Broad or Special Forms.

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 limit of liability that applies to Coverage **A, B, D** or **E,** whichever is greatest, when the dollar amount of the percentage deductible selected exceeds the amount of the All Other Perils deductible. This option is not available for policies covering only personal property.

(2) Endorsement

Use Windstorm Or Hail Percentage Deductible Endorsement **DP 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 Perils. For example:

Deductible – Windstorm or Hail 2% of the Coverage **A** limit 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) Coverage Options

The deductible factors for Coverage **A, B, D** or **E** and coverage options for buildings and non-building structures differ by the deductible percentage amounts that apply to Windstorm or Hail, deductible amounts that apply to other perils, and the Coverage **A, B, D** or **E** limit.

The deductible factors for Coverage **C** and other personal property coverage options differ by the deductible percentage amounts that apply to Windstorm or Hail and the deductible amounts that apply to other perils.

(6) 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.

(7) Deductible Factors

To compute the premium for this provision, multiply the Extended Coverage, Broad or Special Form Base Premium for the Base Deductible for each coverage insured under the policy by the factor selected from the state exception pages.

RULE 406.
DEDUCTIBLES (Cont'd)

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 All Other Perils deductible. This option is not available for policies covering only personal property.

(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 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) Coverage Options

The deductible factors for Coverage **A, B, D** or **E** and coverage options for buildings and non-building structures differ by the deductible amounts that apply to Windstorm or Hail and to other perils and the Coverage **A, B, D** or **E** limit.

The deductible factors for Coverage **C** and other personal property coverage options differ by the deductible amounts that apply to Windstorm or Hail and other perils.

(6) 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.

(7) Deductible Factors

To compute the premium for this provision, multiply the Extended Coverage, Broad or Special Form Base Premium for the Base Deductible for each coverage insured under the policy by the factor selected from the state exception pages.

RULE 407.
AUTOMATIC INCREASE IN INSURANCE

A. Coverage Description

The policy may be endorsed to provide automatic annual increases in the Coverage **A** and **B** limits of liability.

B. Premium Computation

1. The premium is computed by multiplying the Base Premium by the appropriate factors selected from the following table as follows:

Amount Of Annual Increase	Factor
4%	1.02
6%	1.03
8%	1.04
Each Add'l 4% over 8% add:	.02

Table 407.B.1. Factors

2. The premium for a three-year policy is 3.2 times the annual policy premium.

C. Endorsement

Use Automatic Increase In Insurance Endorsement **DP 04 11.**

RULE 408.
PROTECTIVE DEVICES

A. Protective Devices Factors

Approved and properly maintained installations of fire alarms and automatic sprinklers in the dwelling may be recognized for a reduced premium – computed by multiplying the Fire Base Premium by the selected factors below:

Protective Devices Factors

Type Of Installation∗	Dwelling Factor	Mobile Or Trailer Home Factor
Central Station Reporting Fire Alarm	.90 to 1.00	.92 to 1.00
Fire Department Reporting Fire Alarm	.93 to 1.00	.95 to 1.00
Local Fire Alarm	.95	.97
Automatic Sprinklers In All Areas Including Attics, Bathrooms, Closets, Attached Structures	.80 to .90	.90 to .95
Automatic Sprinklers In All Areas Except Attic, Bathroom, Closet And Attached Structure Areas That Are Protected By A Fire Detector	.90 to 1.00	.95 to 1.00
∗ Refer to company for eligibility, types of systems and devices, installations, and available credits		

Table 408.A. Protective Devices Factors

B. Endorsement

Use Premises Alarm Or Fire Protection System Endorsement **DP 04 70.**

RULE 409.
ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF SURFACING – DP 00 02, DP 00 03 AND DP 00 01 WITH DP 00 08

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 Extended Coverage, if applicable, and Broad or Special Form Base Premium by a factor of .98.

D. Endorsement

Use Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing Endorsement **DP 04 75.**

RULE 410.
BUILDING CODE EFFECTIVENESS GRADING

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 one- and two-family dwelling buildings and/or personal property contained in such buildings. The other classification indicated next to "COML" will apply to all other buildings occupied for residential, commercial and/or manufacturing purposes, including personal and business property contained therein. The ISO Community Mitigation Classifications will indicate the application of each grade.
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.

RULE 410.
BUILDING CODE EFFECTIVENESS GRADING (Cont'd)

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 one, exception rating procedures may apply.

1. Any building may be classified as a 1 for Windstorm or 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) For buildings which are eligible under Paragraph **B.** of this rule, and for personal property inside such buildings, multiply the Key Premium for Extended Coverage **(DP 00 01)** by the applicable factor in Paragraph **E.1.c.(1);** and

(2) Multiply the result from Paragraph **(1)** by the Key Factor for the desired amount of insurance.

b. Earthquake

When Earthquake Endorsement **DP 04 69** 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.

RULES 411. – 499.
RESERVED FOR FUTURE USE

PART V
ADDITIONAL COVERAGES AND INCREASED LIMITS RULES

RULE 500.
MISCELLANEOUS LOSS COSTS

This rule is reserved to provide rates for various rating rules in this Manual. Refer to state company rates/ISO loss costs.

RULE 501.
COVERAGE B – OTHER STRUCTURES

A. Coverage Description

Coverage for other structures described as covered under Coverage **B** is automatically provided on a blanket basis for up to 10% of the Coverage **A** limit.

1. Under Form **DP 00 01,** use of this option reduces the Coverage **A** limit for the same loss.

2. Under Form **DP 00 02** or **DP 00 03,** this limit is additional insurance.

The blanket limit may not be increased.

No entry is needed in the policy Declarations for this coverage to apply.

B. Specific Structures Coverage

Coverage may be purchased for specific structures. Enter the limit of liability and description of each structure in the policy Declarations. Refer to Paragraph **C.** for premium computation instructions.

C. Premium Computation

1. Structure Rented To Others For Dwelling Purposes

Rate each structure separately as a Coverage **A** Dwelling, Non-Owner-Occupied under Rule **301.**

2. Structure Not Rented To Others For Dwelling Purposes

a. Policy includes Coverage **A** or structure does not have permitted incidental occupancy or is at same Described Location as the dwelling:

(1) Fire, Extended Coverage, Broad And Special Forms

Refer to the state company rates/ISO loss costs Rule **500.** Miscellaneous Rates.

(2) Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302.** Vandalism And Malicious Mischief.

b. Policy does not include Coverage **A** or structure has permitted incidental occupancy or is not at same Described Location as the dwelling:

(1) Fire, Extended Coverage, Broad And Special Forms

Rate each structure separately as a Coverage **A** item under Rule **301.** using the one Family Key Premium.

(2) Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302.** Vandalism And Malicious Mischief.

RULE 502.
COVERAGE D – FAIR RENTAL VALUE
COVERAGE E – ADDITIONAL LIVING EXPENSE

A. Introduction

Coverage is automatically provided in the forms on a limited basis as follows:

1. Form DP 00 01

a. Coverage D

Up to 20% of the Coverage **A** limit is available. Use of this option reduces the Coverage **A** limit for the same loss. No entry is needed in the policy Declarations for this coverage to apply.

b. Coverage E

Not automatically included in form. It may be added as noted in Paragraph **B.**

2. Form DP 00 02 Or DP 00 03

Coverage **D** and **E** combined – Up to 20% of the Coverage **A** limit is available for Coverage **D** and Coverage **E** combined as additional insurance. No entry is needed in the policy Declarations for this coverage to apply.

B. Coverage Description

Coverage may be increased or added as follows for all forms:

1. Coverage D

a. The amount recoverable each month under this coverage shall be based on the lost rental income less any expenses that do not continue during untenability.

b. Enter amount of increase in the policy Declarations.

c. For **DP 00 01,** the amount recoverable each month is limited to a fraction of the total rental value amount insured under the policy. This fraction is equal to one divided by the number of months dwelling is rented per year.

RULE 502.
COVERAGE D – FAIR RENTAL VALUE
COVERAGE E – ADDITIONAL LIVING EXPENSE (Cont'd)

DP 00 01 Example

Factors		
$10,000	=	Rental Value Coverage in Form (20% of Coverage **A** limit of $50,000)
+2,000	=	Additional Insurance (Shown under Coverage **D** in policy Declarations)
$12,000	=	Total Rental Value Amount Insured
Scenario A		
If dwelling is rented for entire year, then fraction = 1/12. $12,000 X 1/12 = Up to $1,000 available each month.		
Scenario B		
If dwelling is rented 8 months per year, then fraction = 1/8. $12,000 X 1/8 = Up to $1,500 available each month.		

Table 502.B.1.c. DP 00 01 Example

2. **Coverage E**
   a. Enter initial limit **(DP 00 01)** or amount of increase **(DP 00 02** or **DP 00 03)** in policy Declarations.
   b. For **DP 00 01,** the amount recoverable each month is limited to no more than 25% per month of the total additional living expense amount insured under the policy.
   c. For **DP 00 01,** use Additional Living Expense Endorsement **DP 04 14.**

C. **Premium Computation**

1. **Policy Includes Coverage A Or Coverage C**
   a. **Fire, Extended Coverage, Broad And Special Forms**

      Refer to the state company rates/ISO loss costs Rule **500.** Miscellaneous Rates.
   b. **Vandalism And Malicious Mischief (DP 00 01)**

      Refer to the state company rates/ISO loss costs Rule **302.** Vandalism And Malicious Mischief.
2. **Policy Does Not Include Coverage A Or Coverage C**
   a. **Fire, Extended Coverage, Broad And Special Forms**

      (1) One To Four Family Dwelling

      Multiply the Coverage **A** Key Premium by the Coverage **A** Key Factor, for:

      (a) The Coverage **D** limit, times .53; or

      (b) The Coverage **E** limit, times 1.00

      (2) Five Or More Family Dwelling

      Calculate the premium as instructed above using the Four Family Key Premium.
   b. **Vandalism And Malicious Mischief (DP 00 01)**

      Refer to the state company rates/ISO loss costs Rule **302.** Vandalism And Malicious Mischief.

RULE 503.
ORDINANCE OR LAW COVERAGE FOR COVERAGE B – SPECIFIC STRUCTURES, BUILDING ITEMS AND IMPROVEMENTS, ALTERATIONS AND ADDITIONS

A. **Coverage Description**

1. **DP 00 01**

   The policy may be endorsed to add an amount of Ordinance or Law Coverage equal to the amounts noted in Paragraphs **1.** and **2.**
2. **DP 00 02 Or DP 00 03**

   The basic 10% of coverage may be initially increased to the amounts noted in Paragraphs **A.2.a.** and **b.**
   a. 50% of the total Coverage **B** or Unit-owner Building Items limit; or
   b. 100% of the Improvements, Alterations and Additions limit.

B. **Increased Limits**

These amounts may be further increased in 25% increments.

C. **Premium Determination**

1. The premium for this additional coverage is determined based on the dollar amount of coverage added for **DP 00 01,** or the dollar amount of increase, represented by the increased percentage selected above the basic limit for **DP 00 02** or **DP 00 03.**
2. Multiply state company rates/ISO loss costs Rule **500.** Miscellaneous Rates by .30.

**RULE 504.
IMPROVEMENTS, ALTERATIONS AND ADDITIONS TENANT AND CO-OP UNIT-OWNER – DP 00 01 OR DP 00 02**

A. Introduction

Named perils coverage is automatically provided in the forms for up to 10% of the Coverage **C** limit.

1. DP 00 01

Use of this option reduces the Coverage **C** limit for the same loss.

2. DP 00 02

This limit is additional insurance.

This limit may be increased for an additional premium.

B. Special Coverage

For Form **DP 00 02,** coverage may be extended to Special Coverage for an additional premium.

C. Stand Alone Coverage

Coverage may be written without Coverage **A, B, C, D** or **E.**

D. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

a. If the policy includes Coverage **A, B, C, D** or **E,** refer to the state company rates/ISO loss costs Rule **500.** Miscellaneous Rates.

b. If the policy does not include Coverage **A, B, C, D** or **E,** multiply the Coverage **A.,** Four Family, Owner-occupied Key Premium (for the territory, protection and construction applying to the Described Location) by the Coverage **A** Key Factor for the amount of insurance desired.

2. Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302.** Vandalism And Malicious Mischief.

E. Endorsement

1. To provide Named Perils Coverage, use Improvements, Alterations And Additions Endorsement **DP 04 31.**

2. To provide Special Coverage, use Improvements, Alterations And Additions Endorsement **DP 04 31** and Special Coverage Endorsement **DP 04 65.**

**RULE 505.
BUILDING ITEMS CONDO UNIT-OWNER – DP 00 01 OR DP 00 02**

A. Coverage Description

Unit-owners building items are not covered in the forms.

However, for an additional premium, coverage is available on a Named Perils or Special Coverage basis.

B. Stand Alone Coverage

Coverage may be written without Coverage **A, B, C, D** or **E.**

C. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

a. If the policy includes Coverage **A, B, C, D** or **E,** refer to the state company rates/ISO loss costs Rule **500.** Miscellaneous Rates.

b. If the policy does not include Coverage **A, B, C, D** or **E,** multiply the Coverage **A.,** Four Family, Owner-Occupied Key Premium (for the territory, protection and construction applying to the Described Location) by the Coverage **A** Key Factor for the amount of insurance desired.

2. Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302.** Vandalism And Malicious Mischief.

D. Endorsement

1. To provide Named Perils Coverage, use Form **DP 00 01** or **DP 00 02** and Unit-owners Coverage Endorsement **DP 17 66.**

2. To provide Special Coverage, use Form **DP 00 02** and Unit-owners Coverage Endorsement **DP 17 66** and Special Coverage Endorsement **DP 04 65.**

RULE 506.
LOSS ASSESSMENT PROPERTY COVERAGE CO-OP OR CONDO UNIT-OWNER OR TENANT – DP 00 01 OR DP 00 02 DWELLING BUILDING OWNER – ALL FORMS

A. Coverage Description

1. Coverage for property loss assessment, for which the insured may be liable, is not included in the forms.

2. Coverage is available for an additional premium for all insured perils.

3. When coverage is desired for the peril of Earthquake, refer to Rule **509.C.** for policy writing and rating instructions.

B. Stand Alone Coverage

Coverage may be written without Coverage **A, B, C, D** or **E.**

C. Endorsement

Use Loss Assessment Property Coverage Endorsement **DP 04 63.**

D. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

a. If the policy includes Coverage **A, B, C, D** or **E,** refer to the state company rates/ISO loss costs Rule **500.** Miscellaneous Rates.

b. If the policy does not include Coverage **A, B, C, D,** or **E,** multiply the Coverage **A.,** Four Family, Owner-Occupied Key Premium (for the territory, protection and construction applying to the described location) by the Coverage **A** Key Factor for the amount of insurance desired.

2. Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302.** Vandalism And Malicious Mischief.

RULE 507.
FIRE DEPARTMENT SERVICE CHARGE

The limit of $500 may be increased subject to the rules and rates of the company.

RULE 508.
TREES, SHRUBS AND OTHER PLANTS

A. Form DP 00 01

1. Coverage Description

Coverage for trees, shrubs and other plants is not provided in this form. However, for an additional premium, coverage is available for specified perils on two bases, with and without the peril of windstorm or hail. Coverage is limited to a $500 per item maximum.

Declare on the endorsement or elsewhere in the policy, as directed by the company, whether the peril of windstorm or hail applies.

2. Stand Alone Coverage

This coverage may be written without Coverage **A, B, C, D** or **E.**

3. Endorsement

Use Trees, Shrubs And Other Plants Endorsement **DP 04 17.**

B. Forms DP 00 02 Or DP 00 03

1. Coverage Description

Up to 5% of the Coverage **A** limit is available in the form (subject to a $500 per item maximum) for specified perils as additional insurance.

2. Windstorm Or Hail Coverage

Coverage for Windstorm or Hail is available up to 5% of Coverage **A** limit (subject to a $500 per item maximum) for an additional premium.

3. Endorsement

Use Windstorm Or Hail Endorsement **DP 04 18.**

RULE 508.
TREES, SHRUBS AND OTHER PLANTS (Cont'd)

C. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

Refer to state company rates/ISO loss costs Rule **508.**

2. Vandalism And Malicious Mischief (DP 00 01)

Refer to state company rates/ISO loss costs Rule **302.** Vandalism And Malicious Mischief.

RULE 509.
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 Property Coverages for the same limits provided in the policy. When added to the Fire policy, this peril shall apply to the same coverages and for the same limits that apply to the peril of Fire. Use Earthquake Endorsement **DP 04 69.**

B. Earthquake Only Coverage

When a policy is written to cover only the peril of Earthquake:

1. Use Form **DP 00 01** for Actual Cash Value Loss Settlement or **DP 00 02** for Replacement Cost;

2. Use Earthquake And Volcanic Eruption Endorsement **DP 16 13;** and

3. Multiply the rates in this rule by a **factor** of 1.10.

C. Loss Assessment Coverage

When the policy is extended to cover loss assessment resulting from loss by this peril, the limit of liability shall be based on the insured's proportionate interest in 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 **DP 04 68.**

D. Deductible

Deductible percentage amounts of 5%, 10%, 15%, 20% and 25% of the limit of liability for Coverage **A** and Coverage **C** 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/loss costs are displayed for the 5% and 10% deductible in the state company rates/ISO loss costs Rule **509.** Credit factors for deductible percentage amounts of 15%, 20% and 25% are provided in Paragraph **F.** Premium For Higher Deductibles of this rule.

E. Premium For Base Deductible

Develop the Base Premium as follows:

1. Determine whether Construction Table **A, B,** and/or **C** applies for the appropriate deductible. Refer to state company rates/ISO loss costs.

2. Determine the Earthquake territory according to the ZIP code of the residence premises from the State Territory Definitions section in this manual.

3. Add the results of the following three steps:

a. Multiply the Coverage **A** limit by the state company rates/ISO loss costs for Coverage **A** in the table;

b. Multiply the Coverage **C** limit by the state company rates/ISO loss costs for Coverage **C** in the table; and

c. Multiply the sum of the Additional Coverage **D** and **E** limits by the state company rates/ISO loss costs for Coverages **D** and **E** in the table.

4. For Building or Non-building Structure Items – All Forms:

Multiply the state company rates/ISO loss costs for Coverage **B** in the table by the appropriate limit of liability for the following Other Building Coverage options, as applicable, and add to the applicable premium determined in Paragraph **E.3.**

a. Coverage **B** – Specific Structures;

b. Improvements, Alterations and Additions – Increased Limits;

c. Building Items Coverage;

5. For Ordinance or Law – Basic and Increased Limit – All Forms:

When the basic Ordinance or Law Coverage limit is added or increased, the earthquake premium is developed based on the added or increased limit of insurance.

a. For Forms **DP 00 01, DP 00 02** and **DP 00 03,** multiply the rate determined in Paragraph **E.3.a.** by the appropriate factor selected from Rule **303.B.3.a.**

b. For Coverage **B** – Specific Structures, Improvements, Alterations and Additions and Building Items Coverage, the premium for this additional coverage is determined based on the dollar amount of added or increased coverage, represented by the increased percentage amount selected above the basic limit. The rate for each additional $1,000 of insurance is determined as follows: multiply the state company rates/ISO loss costs for Coverage **B** in the table by .30 and add to the applicable premium determined in Paragraph **E.**

RULE 509.
EARTHQUAKE COVERAGE (Cont'd)

F. Premium For Higher Deductibles

Multiply the Earthquake base premium determined in Paragraph **E.** for the 10% deductible by the appropriate factor from the following table:

Deductible Percentage	Frame	Masonry	Superior
15%	.80	.85	.75
20%	.65	.70	.60
25%	.50	.60	.45

Table 509.F. Higher Deductibles Factors

G. Building Code Effectiveness Grading

Refer to General Rule **410.** Building Code Effectiveness Grading for information which may affect Earthquake rating.

RULE 510.
THEFT COVERAGE

A. Introduction

A Fire policy insuring Coverage **A** or **C** may be extended, for an additional premium, to provide On and Off-Premises Coverage for the perils of Theft and Vandalism and Malicious Mischief (V.&M.M.) resulting from theft.

1. Owner-Occupied Dwellings, Co-Op Or Condo Units; And Apartments Occupied By Tenant (Named Insured)

a. Coverage Description

The policy may be extended to provide On or Off-Premises Coverage.

b. Minimum Limit Of Liability

The minimum limit of liability is $1,000 each for On and Off-Premises Coverage.

c. Off-Premises Coverage

Off-Premises Coverage is **only** available when On-Premises Coverage is purchased.

The limit of liability shall not be greater than that selected for On-Premises Coverage.

d. Endorsement

Use Broad Theft Coverage Endorsement **DP 04 72.**

2. Non-Owner-Occupied Dwellings, Co-op Or Condo Units; And Apartments Occupied By Tenant (Other Than Named Insured)

a. Coverage Description

The policy may be extended to provide On-Premises Coverage **only.**

b. Limit Of Liability

The minimum limit of liability is $1,000.

c. Endorsement

Use Limited Theft Coverage Endorsement **DP 04 73.**

B. Premium Computation

Refer to state company rates/ISO loss costs for the Base Deductible.

Compute the premiums separately for each premises in the manner and sequence that follows:

1. Theft And Vandalism And Malicious Mischief

a. Owner-Occupied Dwellings

Compute the premiums for the desired limit of liability separately for On and Off-Premises Coverage.

b. Non-Owner-Occupied Dwellings, (On-Premises Only)

Multiply the On-Premises premium computed above by a factor of 1.50.

2. Burglar Alarm Discount (On-Premises Only)

a. Approved and properly maintained installations of burglar alarms in the dwelling may be recognized for a reduced premium – developed by applying the selected factors to the premiums computed in Paragraph **B.1.a.** or **B.1.b.**

Type Of Installation*	Factor
Central Station Reporting Burglar Alarm	.95 to 1.00
Police Station Reporting Burglar Alarm	.97 to 1.00
Local Burglar Alarm	.98
* Refer to company for eligibility, types of systems and devices, installations and available credits.	

Table 510.B.2.a. Factors

b. Use Premises Alarm Or Fire Protection System Endorsement **DP 04 70.**

C. Deductibles

1. Base Deductible

$500 Deductible.

RULE 510.
THEFT COVERAGE (Cont'd)

2. **Optional Deductibles**

To compute the premium for this provision, multiply the premium for the Base Deductible computed in Paragraph **B.1.** by the factor listed in the following table:

Deductible∗	Factor
$ 100	1.26
$ 250	1.05
$ 1,000	.84
$ 2,500	.68
∗ Refer to the state company rates pages for the minimum annual additional premium charge that applies per policy.	

Table 510.C.2 Factors

RULE 511.
SINKHOLE COLLAPSE COVERAGE

A. Coverage Description

The policy may be endorsed to provide Sinkhole Collapse Coverage.

B. Premium Computation

1. Refer to state company rates/ISO loss costs; and
2. Multiply the rate per $1,000 by:
   - **a.** Coverage **A, B** and/or **C** amounts of insurance;
   - **b.** Improvements, Alterations and Additions – Increased Limits;
   - **c.** Other Building or Structure Options (for example, Bldg. Items Coverage);
   - **d.** Other Personal Property Coverage Options (for example, Merchandise in Storage); or
   - **e.** Ordinance or Law Coverage, basic amount and, if applicable, increased amount of coverage.

C. Endorsement

Use Sinkhole Collapse Endorsement **DP 04 99.**

RULE 512.
WINDSTORM OR HAIL COVERAGE – AWNINGS, SIGNS AND OUTDOOR RADIO AND TELEVISION EQUIPMENT

A. Coverage Description

The peril of Windstorm or Hail does **not** cover:

1. Awnings, Signs and Outdoor Radio and Television Equipment in **DP 00 01** or **DP 00 02;**
2. Outdoor Radio and Television Equipment in **DP 00 03;**

whether or not attached to a Dwelling Building or Other Structure.

B. Premium Computation

Coverage may be provided for an additional premium. Refer to the state company rates/ISO loss costs.

C. Endorsement

Use Windstorm Or Hail – Radio And Television Antennas, Awnings And Signs Endorsement **DP 04 19.**

RULE 513.
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE

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, caused by water or waterborne material which originates from within the dwelling on the Described Location 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 Computation

Refer to state company rates/ISO loss costs.

D. Endorsement

Use Limited Water Back-up And Sump Discharge Or Overflow Coverage Endorsement **DP 04 95.**

RULE 514. ASSISTED LIVING CARE COVERAGE

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 and additional living expense 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; and

b. $6,000, at $500 per month, for Additional Living Expenses.

C. Premium

Refer to state company rates/ISO loss costs.

D. Endorsement

Use Assisted Living Care Coverage Endorsement **DP 04 59.**

RULE 515. 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 the Described Location or in or upon the cart off the Described Location 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 $500 deductible replaces any other deductible in the policy with respect to any one loss covered under the endorsement.

E. Premium Computation

Rate each cart separately using the rate per $500 of insurance. Refer to state company rates/ISO loss costs.

F. Endorsement

Use Owned Motorized Golf Cart – Physical Loss Coverage Endorsement **DP 05 28.**

RULE 516. GRAVEMARKERS

A. Coverage Description

Coverage for gravemarkers, including mausoleums, is not included in the forms. The policy may be endorsed to provide $5,000 in coverage for gravemarkers, including mausoleums, on the Described Location.

B. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

Refer to the state company rates/ISO loss costs Rule **500.** Miscellaneous Rates.

2. Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302.** Vandalism And Malicious Mischief.

C. Endorsement

Use Gravemarkers Endorsement **DP 04 58.**

RULE 517. LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA COVERAGE

A. Coverage Description

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:

$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, wet or dry rot, or bacteria on the Described Location as defined in the coverage endorsement. If the basic limit is selected, it is entered on the coverage endorsement or the policy Declarations.

This Coverage applies only for the policy period in which the loss or costs occur.

If more than one location is insured under this policy, enter the address of such locations on this endorsement or the policy Declarations.

B. Increased Limits

Limits may be increased to $25,000 or $50,000. The limit selected is entered on the coverage endorsement or the policy Declarations.

C. Premium Computation

1. Basic Limits

There is no premium adjustment.

2. Increased Limits

Refer to state company rates/ISO loss costs for an additional charge.

D. Endorsement

Use Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage Endorsement **DP 04 22.**

RULES 518. – 600. RESERVED FOR FUTURE USE

Verisk

Notice to Manualholders

PERSONAL LINES
DWELLING POLICY PROGRAM MANUAL – NORTH CAROLINA RULES
NOTICE DP-NC-2024-RU-001

REFERENCE INFORMATION (FOR COMPANY USE ONLY)

Circular Reference(s):

- P-24-2 (05/30/2024) Revised Dwelling Fire And Extended Coverage Insurance Rates – North Carolina

Filing Reference(s):

- DP-2023-RLA1

ADDITIONAL RULE(S)

RULE A1. SPECIAL STATE REQUIREMENTS

A. Special Provisions Endorsement DP 32 32

Use this endorsement with all Dwelling Policies.

B. Windstorm Exterior Paint And Waterproofing Exclusion Endorsement DP 32 61

Use this endorsement with **all** Dwelling Policies covering Extended Coverage in Territories 110 and 120.

C. Company Rates/State Rates

References in the manual to "state company rates" means "state rates" in North Carolina.

D. 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. Must be 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."

E. North Carolina Endorsement DP 32 46

Use this endorsement with all Dwelling Policies.

RULE A2. RESTRICTION OF INDIVIDUAL POLICIES

If a Dwelling 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 premium is allowed. Such request shall be referred to the company.

RULE A3. WINDSTORM OR HAIL EXCLUSION – TERRITORIES 110, 120, 130, 140, 150 AND 160 ONLY

A. Introduction

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 Insurance Underwriting Association; and
2. A Windstorm or Hail Rejection Form is secured and maintained by the company.

B. Premium Computation

1. To compute the Extended Coverage Non-seasonal or Seasonal Base Premium or the Broad or Special Form Non-seasonal Base Premium:
   - **(a)** Determine the Extended Coverage, Broad or Special Form Key Premium as described in Rule **301.**
   - **(b)** Subtract the Windstorm Or Hail Exclusion Credit shown on the state rates from the Extended Coverage, Broad or Special Form Key Premium.
   - **(c)** Multiply the Extended Coverage, Broad or Special Form Key Premium excluding Windstorm or Hail Coverage developed in Paragraph **B.1.(b)** by the Key Factor for the desired limit of liability.
2. To compute the Seasonal Broad or Special Form Base Premium:
   - **(a)** Determine the **DP 00 01** Extended Coverage Key Premium as described in Rule **301.**
   - **(b)** Multiply the **DP 00 01** Extended Coverage Key Premium by the appropriate Seasonal factor shown in Table **301.A.#42(R)** or Table **301.A.#45(R)** to determine the Seasonal Broad or Special Form Key Premium.
   - **(c)** Subtract the Windstorm Or Hail Exclusion Base Credit shown on the state rates from the Seasonal Broad or Special Form Key Premium determined in Paragraph **B.2.(b).**
   - **(d)** Multiply the Seasonal Broad or Special Form Key Premium excluding Windstorm Or Hail Coverage developed in Paragraph **B.2.(c)** 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)

C. Endorsement

Use Windstorm Or Hail Exclusion – North Carolina Endorsement **DP 32 87.**

When Windstorm Or Hail Exclusion – North Carolina Endorsement **DP 32 87** is attached to the policy, enter the following in Declarations:

"This policy does not provide coverage for the peril of Windstorm or Hail."

RULE A4.
REPLACEMENT COST COVERAGE – DP 00 01 ONLY

A. The policy may be endorsed to provide replacement cost coverage on buildings without deduction for depreciation.

B. This rule is intended to have limited application. Use it **only** on those **DP 00 01** policies that currently use it. Do **not** use it on any new policies.

Use Replacement Cost – North Carolina Endorsement **DP 32 62.**

RULE A5.
INSTALLMENT PAYMENT PLAN

When an annual 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 rates for the additional charge that shall be made for each installment.

RULE A6.
UNPROTECTED DWELLINGS – PROTECTION CLASS 9, 9E, 9S OR 10

A. Unprotected Dwellings

Unprotected dwellings are dwellings located in areas:

1. With no fire protection, in which case, Class 10 premiums apply; or
2. Designated as protection Class 9, 9E, 9S or 10, in which case, the premiums shown for these classifications apply.

B. Seasonal Dwelling

1. When the heating, plumbing and telephone facilities are suspended during the period of seasonal unoccupancy, attach Seasonal Dwelling – North Carolina Endorsement **DP 32 47** to the policy.
2. To determine the premium, multiply the premium developed in Paragraph **A.** by a factor of 1.10.

C. Vacancy Period Extension

The policy provides coverage for a vacant dwelling only if the period of vacancy does not exceed 60 consecutive days. This period may be extended by use of one of the two following options:

1. Vacancy And/Or Unoccupancy Permit Unprotected Dwellings – North Carolina Endorsement **DP 32 52**

   The additional premium for this option shall be the lower of the following calculations:

   a. Multiply the limits of liability shown in the policy for Coverages **A, B** and **C** and for other coverages by the rate displayed on the state rates Table **A6.C.1.a.(R).**

   b. Multiply the policy premium for all perils and coverages by a factor of .10 for each additional 30 consecutive day period (or fraction thereof) of vacancy.

2. Two Thirds Vacancy Clause Unprotected Dwellings – North Carolina Endorsement **DP 32 53**

   There is no additional premium for this option, but, during the additional period of vacancy, policy limits are reduced by 33 1/3%.

D. Unoccupancy Period Extension

The policy provides coverage for an unoccupied dwelling only if the period of unoccupancy does not exceed 90 consecutive days. This period may be extended – at no additional charge – for successive periods of up to:

1. 90 consecutive days each, for non-seasonal dwellings, or
2. 10 months each, for seasonal dwellings.

Use Vacancy And/Or Unoccupancy Permit – Unprotected Dwellings – North Carolina Endorsement **DP 32 52.**

RULE A7. PRIMARY INSURANCE NOTICE

A. Endorsement

Coverage	DP 00 01	DP 00 02 And DP 00 03
A	DP 32 80	DP 32 83
B	DP 32 81	DP 32 84
C	DP 32 82	DP 32 85

Table A7.A. Primary Insurance Notice

Use the appropriate Primary Insurance Endorsement(s), specified in Table **A7.A.,** only with a North Carolina Joint Underwriting Association (NCJUA) or North Carolina Insurance Underwriting Association (NCIUA) policy insuring a dwelling building covered under Coverage **A,** structures covered under Coverage **B** or personal property covered under Coverage **C.**

These endorsements replace the Other Insurance Condition in the policy form and make the NCJUA or NCIUA policy primary insurance for the insured property specified on the endorsement. Primary Insurance may be written for Coverages **A, B** and/or **C.** 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. When the Coverage **A, B** or **C** 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 and select the factor that corresponds to the "Percent of Total Value" computed in Paragraph **1.a.**

c. Multiply the total value of the dwelling (actual or replacement) by the factor selected in Paragraph **1.b.**

d. Use the resulting product as the limit for computing the Coverage **A, B** or **C** premium.

2. Coverage A Example

Replacement Value of Dwelling: $6,000,000

Primary Policy – Coverage **A** Limit: $1,500,000

a. Divide Coverage **A** Limit by Replacement Value limit ($1,500,000/$6,000,000 = 25% or 25.00 Percent of Total Value).

b. Find Factor that corresponds to Percent of Total Value.

c. Multiply Replacement Value by Factor from Column **2** ($6,000,000)(.712) = $4,272,000.

d. Use resulting product to compute Coverage **A** premium. (Rate the policy as if $4,272,000 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 A7.
PRIMARY INSURANCE NOTICE Cont'd)

FIRST LOSS TABLE

(Used When Primary Coverage Provided)

% Of Total Value	Factor	% Of Total Value	Factor	% Of Total Value	Factor
1.00	.224	10.00	.540	56.00	.841
1.10	.229	11.00	.551	57.00	.844
1.20	.235	12.00	.563	58.00	.846
1.30	.241	13.00	.574	59.00	.848
1.40	.247	14.00	.586	60.00	.850
1.50	.252	15.00	.597	61.00	.853
1.60	.258	16.00	.609	62.00	.855
1.70	.264	17.00	.620	63.00	.857
1.80	.270	18.00	.632	64.00	.860
1.90	.275	19.00	.643	65.00	.862
2.00	.281	20.00	.655	66.00	.864
2.10	.284	21.00	.660	67.00	.867
2.20	.287	22.00	.678	68.00	.869
2.30	.290	23.00	.689	69.00	.871
2.40	.293	24.00	.701	70.00	.873
2.50	.296	25.00	.712	71.00	.876
2.60	.298	26.00	.720	72.00	.878
2.70	.301	27.00	.721	73.00	.880
2.80	.304	28.00	.734	74.00	.883
2.90	.307	29.00	.741	75.00	.885
3.00	.310	30.00	.748	76.00	.890
3.10	.316	31.00	.756	77.00	.894
3.20	.321	32.00	.763	78.00	.899
3.30	.327	33.00	.770	79.00	.903
3.40	.333	34.00	.773	80.00	.908
3.50	.339	35.00	.776	81.00	.913
3.60	.344	36.00	.780	82.00	.917
3.70	.350	37.00	.784	83.00	.922
3.80	.356	38.00	.788	84.00	.926
3.90	.362	39.00	.792	85.00	.931
4.00	.367	40.00	.795	86.00	.936
4.10	.373	41.00	.799	87.00	.940
4.20	.379	42.00	.802	88.00	.945
4.30	.385	43.00	.804	89.00	.949
4.40	.390	44.00	.808	90.00	.954
4.50	.396	45.00	.811	91.00	.959
4.60	.402	46.00	.815	92.00	.963
4.70	.408	47.00	.818	93.00	.968
4.80	.413	48.00	.821	94.00	.972
4.90	.419	49.00	.824	95.00	.977
5.00	.425	50.00	.827	96.00	.982
6.00	.448	51.00	.830	97.00	.986
7.00	.471	52.00	.832	98.00	.991
7.50	.482	53.00	.834	99.00	.995
8.00	.494	54.00	.837	100.00	1.000
9.00	.517	55.00	.839		

RULE A8. OPTIONAL RATING CHARACTERISTICS

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.

RULE A9. WINDSTORM MITIGATION PROGRAM

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) prior to March 31, 2019;

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 prior to March 31, 2019;

c. 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 FORTIFIED for Safer Living® program promulgated by the IBHS for use on or after March 31, 2019;

d. The dwelling has been certified as meeting either the Roof, Silver or Gold hurricane mitigation measures in the FORTIFIED Home™ program promulgated by the IBHS for use on or after March 31, 2019;

e. The dwelling contains Opening Protection in accordance with the qualification requirements set forth in Paragraph **D.1.c.;** or

f. 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 Coverage **C** – Personal Property unless the policy also provides Coverage **A** – Dwelling.

e. To mobile homes certified under the Hurricane Fortified for Safer Living® or Hurricane Fortified for Existing Homes® programs promulgated by the IBHS prior to March 31, 2019.

RULE A9.
WINDSTORM MITIGATION PROGRAM (Cont'd)

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. IBHS FORTIFIED for Safer Living®

   The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling.

4. IBHS FORTIFIED Home™

   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.

5. Opening Protection

   The existence of Opening Protection may be verified by proof of installation.

6. 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. Mitigation Features

   a. IBHS Hurricane Fortified Homes (designations prior to March 31, 2019):

      (1) A home designated by the IBHS as Hurricane Fortified for Safer Living®.

      (2) A home designated by the IBHS as Hurricane Fortified for Existing Homes®, including:

         (i) Hurricane Fortified for Existing Homes Bronze, Option 1

         (ii) Hurricane Fortified for Existing Homes Bronze, Option 2

         (iii) Hurricane Fortified for Existing Homes Silver, Option 1

         (iv) Hurricane Fortified for Existing Homes Silver, Option 2

         (v) Hurricane Fortified for Existing Homes Gold, Option 1

         (vi) Hurricane Fortified for Existing Homes Gold, Option 2

   b. IBHS FORTIFIED programs (designations on or after March 31, 2019):

      (1) A home designated by the IBHS as FORTIFIED for Safer Living®.

      (2) A home designated by the IBHS as FORTIFIED Home™, including:

         (i) FORTIFIED Roof – Hurricane – Existing Roof

         (ii) FORTIFIED Roof – Hurricane – New Roof

         (iii) FORTIFIED Home – Hurricane – Silver – Existing Roof

         (iv) FORTIFIED Home – Hurricane – Silver – New Roof

         (v) FORTIFIED Home – Hurricane – Gold – Existing Roof

         (vi) FORTIFIED Home – Hurricane – Gold – New Roof

   c. Opening Protection

      (1) Building opening protective features must have been certified as having met the Large Missile Test (Missile D) of the American Society for Testing and Materials ASTM E 1886 (standard test method) and ASTM E 1996 (standard specification) or other standards that are determined to be equivalent, including the American Architectural Manufacturers Association (AAMA), AAMA 506 or the Florida Building Code Testing Application Standards TAS 201 and 203. Such opening protective features shall be considered qualified.

RULE A9.
WINDSTORM MITIGATION PROGRAM (Cont'd)

(2) 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:

(i) In accordance with the qualification requirements set forth in Paragraph **D.1.c.(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.

(ii) Opening protection must be installed by a qualified contractor, according to the manufacturer's specifications.

(iii) Impact-resistant protective devices must not be made of wood structural panels, such as OSB or plywood, or be homemade.

d. 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 Extended Coverage Non-seasonal or Seasonal Base Premium or the Broad or Special Form Non-seasonal Base Premium:

a. Determine the Extended Coverage, Broad or Special Form Key Premium as described in Rule **301.**

b. Subtract the Coverage **A** Windstorm Loss Mitigation Credit shown on the state rates from the Coverage **A** Extended Coverage, Broad or Special Form Key Premium. If applicable, also subtract the Coverage **C** Windstorm Loss Mitigation Credit, shown on the state rates from the Coverage **C** Extended Coverage, Broad or Special Form Key Premium.

c. Multiply the Extended Coverage, Broad or Special Form Key Premium excluding Windstorm Loss Mitigation Coverage developed in Paragraph **E.1.b.** by the Key Factor for the desired limit of liability.

2. To compute the Seasonal Broad or Special Form Base Premium:

a. Determine the **DP 00 01** Extended Coverage Key Premium as described in Rule **301.**

b. Multiply the **DP 00 01** Extended Coverage Key Premium by the appropriate Seasonal factor shown in Table **301.A.#42(R)** or Table **301.A.#45(R)** to determine the Seasonal Broad or Special Form Key Premium.

c. Subtract the Coverage **A** Windstorm Loss Mitigation Credit shown in the state rates from the Coverage **A** Seasonal Broad or Special Form Key Premium determined in Paragraph **E.2.b.** If applicable, also subtract the Coverage **C** Windstorm Loss Mitigation Credit, shown on the state rates from the Coverage **C** Seasonal Broad or Special Form Key Premium.

d. Multiply the Seasonal Broad or Special Form Key Premium excluding Windstorm Loss Mitigation Coverage developed in Paragraph **E.2.c.** by the Key Factor for the desired limit of liability.

3. Mitigation Feature credits cannot be combined, except for Total Hip Roof and Opening Protection.

4. If mitigation measures are installed midterm, premium adjustment is required on a pro rata basis.

RULE A10.
FORTIFIED ROOF – HURRICANE – NEW ROOF EXPENSE COVERAGES

A. Coverage Description

FORTIFIED Home™ is an engineering and building standard developed by the Insurance Institute for Business & Home Safety (IBHS) to mitigate wind-related hurricane damage. The program also includes evaluation and inspection requirements to ensure the technical standards are properly implemented, resulting in the designation of a home as meeting the FORTIFIED Home requirements.

With respect to a risk located in Territory **110, 120, 130, 140, 150** or **160,** a policy may be endorsed to provide the following optional coverages:

1. FORTIFIED Roof – Hurricane – New Roof Expense Coverage

This coverage will pay up to $5,000, without application of a deductible, for certain expenses necessary to obtain the **FORTIFIED Roof – Hurricane – New Roof** designation from the IBHS for the roof of the insured dwelling damaged by a covered peril, which requires the roof to be fully replaced. This coverage applies only if:

a. The amount of the covered loss to the roof covering of the insured dwelling is greater than 50% of the replacement cost value of the entire roof covering;

b. The roof sheathing on that dwelling is (or was immediately prior to the loss) a minimum of 7/16-inch Oriented Strand Board (OSB) or plywood; and

c. That dwelling is not (or was not immediately prior to the loss) on an unreinforced dry stacked foundation or is otherwise ineligible for FORTIFIED Home Review as defined by the IBHS.

2. IBHS Certified Evaluator Expense Coverage

If the **FORTIFIED Roof – Hurricane – New Roof** Expense Coverage described in Paragraph **A.1.** does not apply, this coverage will pay up to $600, without application of a deductible, for the direct expenses incurred by the named insured for the services of an IBHS certified evaluator. This coverage applies only if:

a. The entire roof covering of the insured dwelling is replaced to the **FORTIFIED Roof – Hurricane – New Roof** standard as recognized by the IBHS during the policy period;

b. The named insured obtains the IBHS designation **FORTIFIED Roof – Hurricane – New Roof** from the IBHS; and

c. Satisfactory proof of the IBHS designation **FORTIFIED Roof – Hurricane – New Roof** for the insured dwelling is submitted to the insurer.

The insured will be responsible for arranging and coordinating the roof replacement work, as well as the inspections, assessments and verifications required by the IBHS. Nothing in Rule **A10.** is intended to change the applicable loss settlement provisions of the policy, other than to pay the IBHS costs as referenced previously in Rule **A10.,** subject to the maximum coverage limits of the endorsement.

C. Premium

1. Multiply the Fire Coverage **A** Base Premium by .006.

2. For policies with Extended Coverage, including Windstorm or Hail Coverage, multiply the Extended Coverage **A** Base Premium by .042.

3. For policies with Extended Coverage, excluding Windstorm or Hail Coverage, multiply the Extended Coverage **A** Base Premium by .019.

D. Endorsement

Use **FORTIFIED Roof – Hurricane – New Roof** Expense Coverages – North Carolina Endorsement **DP 32 04.**

RULE A11. AGE OF CONSTRUCTION

A. Determine the age of construction based 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. Multiply the Coverage **A** Base Premium by the appropriate factor selected from the following table:

Age Of Construction	Fire	E.C., Broad & Special Forms
0*	0.860	0.860
1	0.869	0.869
2	0.878	0.878
3	0.886	0.886
4	0.895	0.895
5	0.904	0.904
6	0.914	0.914
7	0.923	0.923
8	0.932	0.932
9	0.941	0.941
10	0.951	0.951
11	0.961	0.961
12	0.970	0.970
13	0.980	0.980
14	0.990	0.990
15+	1.000	1.000
* Age 0 applies to homes built within the last year as well as homes under construction.		
+ Applies to dwellings built at least 15 years ago.		

Table A11.B. Age Of Construction Factors

PART I
COVERAGE AND DEFINITION TYPE RULES

RULE 100.
INTRODUCTION

Paragraph **C.** does not apply.

RULE 103.
ELIGIBILITY

Paragraphs **B.1** and **B.4.** are replaced by the following:

1. Using Form **DP 00 01** only or **DP 00 02** in conjunction with Actual Cash Value Loss Settlement Endorsement **DP 04 76;**

4. For a policy period of not longer than three years; and

PART II
SERVICING TYPE RULES

RULE 201.
POLICY PERIOD

Paragraph **C.** is replaced by the following:

C. Three years in annual installments. Each annual installment shall be the annual premium then in effect for the company.

RULE 206.
MINIMUM PREMIUM

Paragraphs **D.** and **E.** are replaced by the following:

D. Refer to state company rates for the minimum premium.

RULE 208.
WAIVER OF PREMIUM

Paragraph **B.** is replaced by the following:

B. Refer to state company rates for amount that may be waived.

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.
VANDALISM AND MALICIOUS MISCHIEF – DP 00 01

The following is added to Rule **302.:**

The 60 day limit of vacancy may be extended. The charge for the additional period of vacancy shall be based on the difference between the premiums for vacant and non-vacant buildings, and shall be figured pro rata for the period allowed in the endorsement.

Use Vandalism And Malicious Mischief Vacancy Endorsement **DP 04 40.**

RULE 303.
ORDINANCE OR LAW COVERAGE – ALL FORMS

Paragraph **B.3.a.** is replaced by the following:

B. New Or Increased Coverage

3. Premium Determination

a. Described Location Including Coverage A

(1) Form DP 00 01

(a) Fire And Extended Coverage

The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Percentage Of Coverage A	
Total Amount	**Factors**
10%	1.10
25%	1.25
50%	1.45
75%	1.70
100%	1.90
For each add'l 25% increment, add:	.20

Table 303.B.3.a.(1)(a) Factors

(b) Vandalism And Malicious Mischief

Multiply the rate per $1,000 used to determine the Vandalism and Malicious Mischief Base Premium, by the dollar amount of coverage added.

RULE 303.
ORDINANCE OR LAW COVERAGE – ALL FORMS
(Cont'd)

(2) DP 00 02 Or DP 00 03 – Fire, Broad Or Special Forms

The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Percentage Of Coverage A		
Increase In Amount	**Total Amount**	**Factors**
15%	25%	1.15
40%	50%	1.35
65%	75%	1.60
90%	100%	1.80
For each add'l 25% increment, add		.20

Table 303.B.3.a.(2) Factors

RULE 305.
LOSS SETTLEMENT OPTIONS

Paragraph **A.4.** is replaced by the following:

A. Functional Replacement Cost Loss Settlement – Forms DP 00 02 And DP 00 03 Only

4. Endorsement

Use Functional Replacement Cost Loss Settlement – North Carolina Endorsement **DP 32 63.**

Paragraph **B.** is replaced by the following:

B. Actual Cash Value Loss Settlement – Forms DP 00 02 And DP 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 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. Mobile Or Trailer Home

When written in conjunction with this endorsement, Form **DP 00 02** may be used to insure a mobile or trailer home.

To develop the Base Premium, multiply the premium developed in Rule **301.** by a factor of .98.

4. Dwelling Building Other Than Mobile Or Trailer Home

The premium is computed as follows:

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 305.B.4.a. Factors

b. Develop a Base Premium in accordance with Rule **301.** for the amount of insurance computed in Paragraph **B.4.a.**

c. Multiply the premium determined in Paragraph **B.4.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 305.B.4.c. Factors

5. Endorsement

Use Actual Cash Value Loss Settlement Endorsement **DP 04 76.**

PART IV
ADJUSTED BASE PREMIUM COMPUTATION RULES

RULE 401.
SUPERIOR CONSTRUCTION

Table **401.C.** is replaced by the following:

Classifications	Fire	E.C., Broad & Special Forms
Fire Resistive & Masonry Non-combustible	.50	.75
Non-combustible	.50	1.00

Table 401.C. Superior Construction Factors

RULE 404.
MOBILE OR TRAILER HOMES – DP 00 01 ONLY OR DP 00 02 WITH DP 04 76

The title of Rule **404.**, Mobile Or Trailer Homes – **DP 00 01,** is replaced by the preceding title.

RULE 406.
DEDUCTIBLES

The introductory text in Rule **406.** is replaced by the following:

All policies are subject to a deductible that applies to loss from all perils, except Earthquake. A separate deductible type applies to Earthquake Coverage as described in Rule **509.**

Refer to the Earthquake Coverage rule for the applicable deductible provision.

The following is added to Paragraph **B.1.:**

Fire				
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures				
Deductible Amount	**Coverage A, B, D Or E Limit**			
	Up To $125,000	**$125,001 To $175,000**	**$175,001 To $250,000**	**$250,001 And Above**
$ 100∗	1.080	1.070	1.060	1.050
250∗	1.040	1.035	1.030	1.025
1,000	0.981	0.987	0.988	0.992
1,500	0.965	0.976	0.978	0.986
2,000	0.949	0.964	0.969	0.979
2,500	0.933	0.953	0.959	0.973
3,000	0.919	0.944	0.951	0.967
4,000	0.892	0.925	0.935	0.956
5,000	0.865	0.906	0.919	0.945
7,500	0.809	0.866	0.884	0.922
10,000	0.759	0.829	0.854	0.901
1%	1.016	0.976	0.967	0.959
∗ Refer to state rates for the minimum annual additional premium charge that applies per location for all $100 and $250 Fire Deductibles.				

Table 406.B.1.#1 Fire Coverage A, B, D Or E Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)

Fire	
Coverage C And Other Personal Property Coverage Options	
Deductible Amount	**Factor**
$ 100∗	1.070
250∗	1.035
1,000	0.989
1,500	0.980
2,000	0.970
2,500	0.961
3,000	0.953
4,000	0.938
5,000	0.923
7,500	0.891
10,000	0.862
1%	1.057
∗ Refer to state rates for the minimum annual additional premium charge that applies per location for all $100 and $250 Fire Deductibles.	

Table 406.B.1.#2 Fire Coverage C Deductibles

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)				
E.C., V. & M.M., Broad And Special Forms				
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures				
	Coverage A, B, D Or E Limit			
Deductible Amount	**Up To $125,000**	**$125,001 To $175,000**	**$175,001 To $250,000**	**$250,001 And Above**
$ 100∗	1.072	1.047	1.035	1.022
250∗	1.040	1.027	1.021	1.011
1,000	0.935	0.957	0.967	0.980
1,500	0.890	0.924	0.941	0.965
2,000	0.845	0.890	0.914	0.950
2,500	0.800	0.857	0.888	0.935
3,000	0.773	0.834	0.869	0.923
4,000	0.719	0.787	0.830	0.898
5,000	0.665	0.741	0.791	0.874
7,500	0.582	0.660	0.719	0.825
10,000	0.530	0.599	0.662	0.784
1%	0.997	0.924	0.910	0.901
∗ Refer to state rates for the minimum annual additional premium charge that applies per location for all $100 and $250 E.C., V. & M.M., Broad And Special Forms Deductibles.				

Table 406.B.1.#3 E.C., V. & M.M., Broad And Special Forms Coverage A, B, D Or E Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)	
E.C., V. & M.M., Broad And Special Forms	
Coverage C And Other Personal Property Coverage Options	
Deductible Amount	**Factor**
$ 100∗	1.030
250∗	1.016
1,000	0.973
1,500	0.952
2,000	0.931
2,500	0.910
3,000	0.895
4,000	0.864
5,000	0.833
7,500	0.775
10,000	0.728
1%	1.021
∗ Refer to state rates for the minimum annual additional premium charge that applies per location for all $100 and $250 E.C., V. & M.M., Broad And Special Forms Deductibles.	

Table 406.B.1.#4 E.C., V. & M.M., Broad And Special Forms Coverage C Deductibles

Territories 170 – 390 (Inland)				
E.C., V. & M.M., Broad And Special Forms				
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures				
	Coverage A, B, D Or E Limit			
Deductible Amount	**Up To $125,000**	**$125,001 To $175,000**	**$175,001 To $250,000**	**$250,001 And Above**
$ 100∗	1.108	1.083	1.073	1.056
250∗	1.060	1.047	1.044	1.034
1,000	0.910	0.928	0.939	0.948
1,500	0.849	0.876	0.893	0.911
2,000	0.788	0.825	0.848	0.875
2,500	0.727	0.773	0.802	0.838
3,000	0.691	0.739	0.771	0.813
4,000	0.620	0.671	0.708	0.762
5,000	0.548	0.603	0.645	0.711
7,500	0.451	0.500	0.541	0.621
10,000	0.393	0.436	0.472	0.555
1%	0.997	0.877	0.840	0.780
∗ Refer to state rates for the minimum annual additional premium charge that applies per location for all $100 and $250 E.C., V. & M.M., Broad And Special Forms Deductibles.				

Table 406.B.1.#5 E.C., V. & M.M., Broad And Special Forms Coverage A, B, D Or E Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 170 – 390 (Inland)	
E.C., V. & M.M., Broad And Special Forms	
Coverage C And Other Personal Property Coverage Options	
Deductible Amount	**Factor**
$ 100∗	1.077
250∗	1.045
1,000	0.936
1,500	0.891
2,000	0.845
2,500	0.800
3,000	0.770
4,000	0.711
5,000	0.651
7,500	0.555
10,000	0.489
1%	1.067
∗ Refer to state rates for the minimum annual additional premium charge that applies per location for all $100 and $250 E.C., V. & M.M., Broad And Special Forms Deductibles.	

Table 406.B.1.#6 E.C., V. & M.M., Broad And Special Forms Coverage C Deductibles

The introductory text in Paragraph **B.2.** is replaced by the following:

B. Optional Deductibles

2. Windstorm Or Hail Deductibles

When the policy covers the peril of Windstorm or Hail, the following deductible options may be used in conjunction with a deductible applicable to all other perils covered under Extended Coverage, Broad or Special Forms. They may not be used on a policy in conjunction with a Named Storm deductible as described in Paragraph **3.**

Paragraph **B.2.a.(1)** is replaced by the following:

a. Percentage Deductibles

(1) Deductible Amounts

This option provides for higher Windstorm or Hail percentage deductibles of 1%, 2%, 3%, 4%, 5%, 7.5% and 10% of the limit of liability that applies to Coverage **A, B, D** or **E,** whichever is greatest, when the dollar amount of the percentage deductible selected exceeds the amount of the All Other Perils deductible. This option is not available for policies covering only personal property.

RULE 406.
DEDUCTIBLES (Cont'd)

Paragraph **B.2.a.(7)** is replaced by the following:

(7) Deductible Factors

When the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA – Territories 110, 120, 130, 140, 150 and 160), 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 the NCIUA

To compute the premium for this provision, multiply the Extended Coverage, Broad or Special Form Base Premium for the Base Deductible for each coverage insured under the policy by the factor selected for the desired windstorm or hail deductible options from the following tables.

(b) Property **Is** Located in Area Serviced by the 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 rates, under Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only, by the Key Factor for the same amount of insurance used to determine the Extended Coverage, Broad or Special Form 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 the factor from unity (1.00).

Step **4.** Multiply the factor determined in Step **3.** by the Extended Coverage, Broad or Special Form 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 Extended Coverage, Broad or Special Form Base Premium.

Step **2.** is **greater than or equal to** Step **4.,** multiply the Extended Coverage, Broad or Special Form Base Premium by the factor for the desired windstorm or hail deductible option.

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	**All Other Perils Deductible Amount**	**Coverage A, B, D Or E Limit**			
		Up To $125,000	**$125,001 To $175,000**	**$175,001 To $250,000**	**$250,001 And Above**
1%	$ 100	0.956	0.926	0.916	0.899
	250	0.952	0.925	0.915	0.898
	500	0.946	0.924	0.913	0.897
	1,000	0.933	0.921	0.911	0.895
	1,500	–	0.918	0.909	0.890
	2,000	–	–	0.907	0.884
	2,500	–	–	–	0.879
	3,000	–	–	–	0.879
	4,000	–	–	–	0.878
	5,000	–	–	–	0.878
	7,500	–	–	–	0.872
	10,000	–	–	–	0.855
	1%	–	–	–	–
2%	$ 100	0.868	0.841	0.832	0.818
	250	0.866	0.840	0.832	0.817
	500	0.863	0.838	0.830	0.816
	1,000	0.856	0.836	0.828	0.815
	1,500	0.849	0.834	0.826	0.813
	2,000	0.842	0.832	0.825	0.812
	2,500	–	0.830	0.823	0.810
	3,000	–	0.828	0.821	0.809
	4,000	–	–	0.818	0.807
	5,000	–	–	–	0.805
	7,500	–	–	–	0.797
	10,000	–	–	–	0.792
	1%	0.862	0.834	0.824	0.807
3%	$ 100	0.814	0.787	0.780	0.767
	250	0.812	0.786	0.779	0.766
	500	0.809	0.785	0.778	0.765
	1,000	0.803	0.782	0.775	0.764
	1,500	0.797	0.780	0.774	0.762
	2,000	0.791	0.778	0.772	0.761
	2,500	0.785	0.776	0.770	0.759
	3,000	0.779	0.775	0.769	0.758
	4,000	–	0.771	0.766	0.756
	5,000	–	0.768	0.763	0.754
	7,500	–	–	–	0.747
	10,000	–	–	–	0.743
	1%	0.808	0.780	0.772	0.756

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To $125,000	$125,001 To $175,000	$175,001 To $250,000	$250,001 And Above
4%	$ 100	0.759	0.734	0.727	0.716
	250	0.758	0.733	0.727	0.715
	500	0.755	0.731	0.725	0.714
	1,000	0.750	0.729	0.723	0.712
	1,500	0.745	0.727	0.721	0.711
	2,000	0.740	0.725	0.719	0.709
	2,500	0.736	0.723	0.718	0.708
	3,000	0.731	0.721	0.716	0.707
	4,000	0.721	0.718	0.714	0.705
	5,000	–	0.715	0.711	0.703
	7,500	–	–	0.704	0.698
	10,000	–	–	–	0.695
	1%	0.754	0.727	0.719	0.705
5%	$ 100	0.705	0.680	0.675	0.665
	250	0.704	0.679	0.674	0.664
	500	0.701	0.678	0.673	0.663
	1,000	0.697	0.675	0.670	0.661
	1,500	0.693	0.673	0.668	0.660
	2,000	0.690	0.671	0.667	0.658
	2,500	0.686	0.669	0.665	0.657
	3,000	0.683	0.668	0.664	0.656
	4,000	0.677	0.665	0.661	0.654
	5,000	0.671	0.663	0.659	0.652
	7,500	–	0.657	0.655	0.648
	10,000	–	–	0.651	0.646
	1%	0.701	0.673	0.666	0.654
7.5%	$ 100	0.622	0.599	0.594	0.585
	250	0.620	0.598	0.593	0.585
	500	0.618	0.596	0.592	0.584
	1,000	0.615	0.594	0.590	0.582
	1,500	0.612	0.592	0.588	0.580
	2,000	0.609	0.590	0.587	0.579
	2,500	0.606	0.588	0.585	0.577
	3,000	0.604	0.587	0.584	0.576
	4,000	0.599	0.584	0.581	0.574
	5,000	0.594	0.581	0.578	0.572
	7,500	0.585	0.578	0.574	0.569
	10,000	–	0.574	0.572	0.566
	1%	0.618	0.592	0.586	0.574

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	**All Other Perils Deductible Amount**	**Coverage A, B, D Or E Limit**			
		Up To $125,000	**$125,001 To $175,000**	**$175,001 To $250,000**	**$250,001 And Above**
10%	$ 100	0.557	0.535	0.531	0.522
	250	0.555	0.534	0.530	0.522
	500	0.553	0.533	0.529	0.521
	1,000	0.550	0.530	0.527	0.519
	1,500	0.547	0.528	0.525	0.518
	2,000	0.545	0.526	0.523	0.516
	2,500	0.542	0.524	0.521	0.515
	3,000	0.540	0.523	0.520	0.514
	4,000	0.536	0.520	0.517	0.512
	5,000	0.532	0.518	0.515	0.510
	7,500	0.524	0.514	0.511	0.506
	10,000	0.518	0.511	0.509	0.504
	1%	0.553	0.528	0.523	0.512

Table 406.B.2.a.(7)#1 Coverage A, B, D Or E Windstorm Or Hail Percentage Deductibles

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)													
Coverage C And Other Personal Property Coverage Options*													
Windstorm Or Hail Deductible Percentage	**All Other Perils Deductible Amount**												
	$100	**$250**	**$500**	**$1,000**	**$1,500**	**$2,000**	**$2,500**	**$3,000**	**$4,000**	**$5,000**	**$7,500**	**$10,000**	**1%**
1 %	0.909	0.908	0.906	0.902	0.898	0.894	0.890	0.887	0.882	0.876	0.870	0.853	–
2	0.827	0.826	0.825	0.822	0.820	0.817	0.815	0.813	0.808	0.804	0.795	0.791	0.826
3	0.775	0.774	0.773	0.770	0.768	0.766	0.764	0.762	0.758	0.754	0.747	0.742	0.774
4	0.723	0.722	0.721	0.719	0.717	0.715	0.713	0.711	0.708	0.705	0.698	0.694	0.722
5	0.671	0.670	0.669	0.667	0.665	0.664	0.662	0.661	0.658	0.655	0.650	0.645	0.670
7.5	0.591	0.590	0.589	0.587	0.585	0.584	0.582	0.581	0.578	0.575	0.571	0.568	0.590
10	0.528	0.527	0.526	0.523	0.521	0.520	0.518	0.517	0.515	0.513	0.508	0.505	0.527
* Only use when policy also covers building or non-building structures.													

Table 406.B.2.a.(7)#2 Coverage C And Other Personal Property Windstorm Or Hail Percentage Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To $125,000	$125,001 To $175,000	$175,001 To $250,000	$250,001 And Above
1%	$ 100	0.990	0.947	0.926	0.885
	250	0.975	0.937	0.917	0.878
	500	0.949	0.921	0.902	0.867
	1,000	0.903	0.893	0.878	0.848
	1,500	–	0.865	0.854	0.833
	2,000	–	–	0.830	0.817
	2,500	–	–	–	0.802
	3,000	–	–	–	0.784
	4,000	–	–	–	0.747
	5,000	–	–	–	0.711
	7,500	–	–	–	0.654
	10,000	–	–	–	0.608
	1%	–	–	–	–
2%	$ 100	0.916	0.866	0.843	0.802
	250	0.902	0.855	0.833	0.795
	500	0.879	0.840	0.819	0.784
	1,000	0.841	0.812	0.794	0.765
	1,500	0.803	0.791	0.775	0.749
	2,000	0.765	0.769	0.756	0.734
	2,500	–	0.748	0.737	0.718
	3,000	–	0.727	0.718	0.707
	4,000	–	–	0.680	0.686
	5,000	–	–	–	0.664
	7,500	–	–	–	0.605
	10,000	–	–	–	0.567
	1%	0.874	0.791	0.753	0.693
3%	$ 100	0.872	0.821	0.799	0.764
	250	0.858	0.810	0.789	0.757
	500	0.836	0.795	0.775	0.746
	1,000	0.799	0.767	0.750	0.727
	1,500	0.765	0.745	0.731	0.711
	2,000	0.730	0.724	0.712	0.696
	2,500	0.696	0.703	0.693	0.680
	3,000	0.662	0.684	0.676	0.669
	4,000	–	0.646	0.642	0.647
	5,000	–	0.608	0.608	0.626
	7,500	–	–	–	0.574
	10,000	–	–	–	0.539
	1%	0.831	0.746	0.709	0.655

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To $125,000	$125,001 To $175,000	$175,001 To $250,000	$250,001 And Above
4%	$ 100	0.829	0.775	0.755	0.726
	250	0.815	0.765	0.745	0.719
	500	0.792	0.750	0.731	0.707
	1,000	0.757	0.721	0.707	0.688
	1,500	0.726	0.700	0.687	0.673
	2,000	0.696	0.679	0.668	0.657
	2,500	0.665	0.657	0.649	0.642
	3,000	0.634	0.641	0.634	0.631
	4,000	0.573	0.608	0.604	0.609
	5,000	–	0.575	0.573	0.587
	7,500	–	–	0.498	0.542
	10,000	–	–	–	0.511
	1%	0.788	0.700	0.665	0.617
5%	$ 100	0.785	0.730	0.711	0.688
	250	0.771	0.720	0.701	0.681
	500	0.749	0.705	0.687	0.669
	1,000	0.715	0.676	0.663	0.650
	1,500	0.688	0.655	0.644	0.635
	2,500	0.634	0.612	0.605	0.604
	3,000	0.615	0.598	0.592	0.593
	4,000	0.578	0.570	0.565	0.571
	5,000	0.540	0.542	0.539	0.549
	7,500	–	0.495	0.496	0.511
	10,000	–	–	0.464	0.483
	1%	0.745	0.655	0.621	0.579
7.5%	$ 100	0.729	0.681	0.667	0.650
	250	0.715	0.670	0.658	0.643
	500	0.693	0.655	0.643	0.632
	1,000	0.659	0.626	0.619	0.613
	1,500	0.633	0.605	0.600	0.597
	2,000	0.608	0.584	0.580	0.582
	2,500	0.582	0.563	0.561	0.566
	3,000	0.565	0.549	0.548	0.555
	4,000	0.532	0.520	0.521	0.534
	5,000	0.498	0.492	0.495	0.512
	7,500	0.444	0.449	0.453	0.474
	10,000	–	0.421	0.423	0.446
	1%	0.689	0.605	0.577	0.541

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To $125,000	$125,001 To $175,000	$175,001 To $250,000	$250,001 And Above
10%	$ 100	0.692	0.650	0.640	0.626
	250	0.678	0.639	0.630	0.619
	500	0.656	0.624	0.616	0.608
	1,000	0.623	0.596	0.591	0.589
	1,500	0.598	0.575	0.572	0.573
	2,000	0.573	0.553	0.553	0.558
	2,500	0.548	0.532	0.534	0.542
	3,000	0.532	0.518	0.521	0.531
	4,000	0.499	0.489	0.494	0.509
	5,000	0.466	0.461	0.468	0.487
	7,500	0.417	0.419	0.425	0.449
	10,000	0.384	0.391	0.396	0.422
	1%	0.652	0.575	0.550	0.517

Table 406.B.2.a.(7)#3 Coverage A, B, D Or E Windstorm Or Hail Percentage Deductibles

Territories 170 – 390 (Inland)													
Coverage C And Other Personal Property Coverage Options∗													
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount												
	$100	$250	$500	$1,000	$1,500	$2,000	$2,500	$3,000	$4,000	$5,000	$7,500	$10,000	1%
1 %	0.927	0.917	0.901	0.873	0.845	0.817	0.789	0.770	0.731	0.693	0.634	0.587	–
2	0.845	0.836	0.821	0.796	0.775	0.754	0.733	0.716	0.681	0.646	0.585	0.548	0.842
3	0.803	0.794	0.779	0.754	0.734	0.714	0.694	0.678	0.646	0.614	0.558	0.522	0.800
4	0.761	0.751	0.737	0.713	0.693	0.674	0.655	0.640	0.611	0.582	0.531	0.495	0.758
5	0.719	0.709	0.695	0.671	0.653	0.634	0.616	0.603	0.576	0.550	0.504	0.469	0.716
7.5	0.674	0.665	0.650	0.626	0.608	0.591	0.573	0.560	0.535	0.510	0.467	0.436	0.671
10	0.646	0.636	0.621	0.598	0.580	0.563	0.545	0.533	0.508	0.483	0.441	0.412	0.643
∗ Only use when policy also covers building or non-building structures.													

Table 406.B.2.a.(7)#4 Coverage C And Other Personal Property Windstorm Or Hail Percentage Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)

Paragraph **B.2.b.(7)** is replaced by the following:

b. Higher Fixed-dollar Deductibles

(7) Deductible Factors

When the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA – Territories 110, 120, 130, 140, 150 and 160), 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 the NCIUA

Multiply the Extended Coverage, Broad or Special Form Base Premium for the Base Deductible for each coverage insured under the policy by the factor selected for the desired windstorm or hail deductible options from the following tables.

(b) Property **Is** Located in Area Serviced by the 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 rates under Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140 150 And 160 Only, by the Key Factor, for the same amount of insurance used to determine the Extended Coverage, Broad or Special Form 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 the factor from unity (1.00).

Step **4.** Multiply the factor determined in Step **3.** by the Extended Coverage, Broad or Special Form 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 Extended Coverage, Broad or Special Form Base Premium.

Step **2.** is **greater than or equal to** Step **4.,** multiply the Extended Coverage, Broad or Special Form Base Premium by the factor for the desired windstorm or hail deductible option.

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Amount	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To $125,000	$125,001 To $175,000	$175,001 To $250,000	$250,001 And Above
$ 1,000	$ 100	0.942	0.962	0.972	0.984
	250	0.940	0.961	0.971	0.983
	500	0.938	0.959	0.970	0.982
2,000	$ 100	0.850	0.896	0.921	0.955
	250	0.849	0.895	0.920	0.954
	500	0.847	0.893	0.918	0.953
	1,000	0.843	0.891	0.916	0.952
	1,500	0.839	0.889	0.914	0.951
5,000	$ 100	0.685	0.758	0.807	0.887
	250	0.683	0.757	0.806	0.886
	500	0.681	0.756	0.805	0.885
	1,000	0.678	0.753	0.803	0.883
	1,500	0.676	0.751	0.801	0.882
	2,000	0.674	0.749	0.799	0.880
	2,500	0.672	0.747	0.797	0.879
	3,000	0.670	0.745	0.795	0.878
	4,000	0.666	0.741	0.791	0.875
7,500	$ 100	0.606	0.681	0.738	0.841
	250	0.605	0.680	0.738	0.841
	500	0.603	0.679	0.736	0.840
	1,000	0.600	0.676	0.734	0.838
	1,500	0.598	0.674	0.732	0.836
	2,000	0.595	0.672	0.731	0.835
	2,500	0.593	0.670	0.729	0.833
	3,000	0.592	0.669	0.728	0.832
	4,000	0.589	0.666	0.725	0.830
	5,000	0.586	0.664	0.723	0.828
10,000	$ 100	0.556	0.623	0.684	0.803
	250	0.555	0.622	0.684	0.802
	500	0.553	0.621	0.682	0.801
	1,000	0.550	0.618	0.680	0.799
	1,500	0.548	0.616	0.678	0.798
	2,000	0.545	0.614	0.677	0.796
	2,500	0.543	0.612	0.675	0.795
	3,000	0.542	0.611	0.674	0.794
	4,000	0.539	0.608	0.671	0.792
	5,000	0.536	0.606	0.669	0.790
	7,500	0.532	0.602	0.665	0.786

Table 406.B.2.b.(7)#1 Coverage A, B, D Or E Windstorm Or Hail Fixed-dollar Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)											
Coverage C And Other Personal Property Coverage Options*											
Windstorm Or Hail Deductible Amount	All Other Perils Deductible Amount										
	$100	$250	$500	$1,000	$1,500	$2,000	$2,500	$3,000	$4,000	$5,000	$7,500
$ 1,000	0.977	0.977	0.975	–	–	–	–	–	–	–	–
2,000	0.937	0.936	0.935	0.933	0.931	–	–	–	–	–	–
5,000	0.848	0.847	0.846	0.844	0.842	0.841	0.839	0.837	0.834	–	–
7,500	0.793	0.792	0.791	0.789	0.787	0.786	0.784	0.783	0.780	0.778	–
10,000	0.750	0.749	0.747	0.745	0.743	0.742	0.740	0.739	0.737	0.735	0.731
* Only use when policy also covers building or non-building structures.											

Table 406.B.2.b.(7)#2 Coverage C And Other Personal Property Windstorm Or Hail Fixed-dollar Deductibles

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Amount	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To $125,000	$125,001 To $175,000	$175,001 To $250,000	$250,001 And Above
$ 1,000	$ 100	0.979	0.983	0.987	0.985
	250	0.965	0.972	0.978	0.978
	500	0.943	0.957	0.963	0.967
2,000	$ 100	0.900	0.917	0.930	0.940
	250	0.886	0.907	0.921	0.933
	500	0.864	0.892	0.906	0.922
	1,000	0.831	0.863	0.882	0.903
	1,500	0.798	0.834	0.858	0.884
5,000	$ 100	0.766	0.791	0.817	0.849
	250	0.752	0.781	0.808	0.842
	500	0.730	0.766	0.793	0.831
	1,000	0.697	0.737	0.769	0.812
	1,500	0.673	0.716	0.750	0.796
	2,000	0.648	0.694	0.730	0.781
	2,500	0.624	0.673	0.711	0.765
	3,000	0.600	0.652	0.692	0.749
	4,000	0.551	0.609	0.653	0.718

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Amount	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To $125,000	$125,001 To $175,000	$175,001 To $250,000	$250,001 And Above
7,500	$ 100	0.712	0.731	0.756	0.797
	250	0.698	0.721	0.747	0.790
	500	0.676	0.706	0.732	0.779
	1,000	0.643	0.677	0.708	0.760
	1,500	0.618	0.656	0.689	0.744
	2,000	0.594	0.634	0.669	0.729
	2,500	0.569	0.613	0.650	0.713
	3,000	0.554	0.599	0.637	0.702
	4,000	0.524	0.571	0.610	0.681
	5,000	0.494	0.543	0.584	0.659
10,000	$ 100	0.681	0.695	0.716	0.759
	250	0.666	0.684	0.706	0.752
	500	0.645	0.669	0.692	0.741
	1,000	0.611	0.640	0.668	0.722
	1,500	0.587	0.619	0.649	0.706
	2,000	0.562	0.598	0.629	0.691
	2,500	0.538	0.577	0.610	0.675
	3,000	0.523	0.563	0.597	0.664
	4,000	0.492	0.534	0.570	0.642
	5,000	0.462	0.506	0.544	0.620
	7,500	0.420	0.463	0.501	0.582

Table 406.B.2.b.(7)#3 Coverage A, B, D Or E Windstorm Or Hail Fixed-dollar Deductibles

Territories 170 – 390 (Inland)											
Coverage C And Other Personal Property Coverage Options∗											
Windstorm Or Hail Deductible Amounts	All Other Perils Deductible Amount										
	$100	$250	$500	$1,000	$1,500	$2,000	$2,500	$3,000	$4,000	$5,000	$7,500
$ 1,000	0.983	0.974	0.959	–	–	–	–	–	–	–	–
2,000	0.924	0.915	0.900	0.877	0.854	–	–	–	–	–	–
5,000	0.813	0.803	0.789	0.765	0.747	0.730	0.712	0.694	0.659	–	–
7,500	0.756	0.747	0.732	0.708	0.690	0.673	0.655	0.643	0.619	0.595	–
10,000	0.718	0.709	0.694	0.671	0.653	0.636	0.618	0.606	0.581	0.557	0.517
∗ Only use when policy also covers building or non-building structures.											

Table 406.B.2.b.(7)#4 Coverage C And Other Personal Property Windstorm Or Hail Fixed-dollar Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)

The following is added to Paragraph **B.:**

3. Named Storm Deductibles – Territories 110, 120, 130, 140, 150 And 160

When the policy covers the peril of Windstorm or Hail, the following deductible options may be used in the listed territories in conjunction with the deductible applicable to all other Perils under Extended Coverage, Broad or Special Forms. They may not be used on a policy in conjunction with a Windstorm or Hail deductible as described in Paragraph **2.**

a. Percentage Deductibles – Territories 110, 120, 130, 140, 150 And 160 Only

(1) Deductible Amounts

This option provides for higher Named Storm percentage deductibles of 1%, 2%, 5%, 7.5% and 10% of the limit of liability that applies to Coverage **A, B, D** or **E,** whichever is greatest, when the dollar amount of the percentage deductible selected exceeds the amount of the All Other Perils deductible. This option is not available for policies covering only personal property.

(2) Endorsement

Use Named Storm Deductible – North Carolina Endorsement **DP 32 18.**

(3) Declarations Instructions

Enter, on the policy Declarations, the percentage amount that applies to Named Storm and the dollar amount that applies to All Other Section **I** Perils. For example:

Deductible – Named Storm 2% of Coverage **A** limit and $500 for all other perils.

(4) Deductible Application

In the event of a Named Storm loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

(5) Coverage Options

The deductible factors for Coverage **A, B, D** or **E** and Coverage Options For Buildings and Non-building Structures differ by the deductible percentage amounts that apply to Named Storm, deductible amounts that apply to other perils and the Coverage **A, B, D** or **E** limit.

The deductible factors for Coverage **C** and Other Personal Property Coverage Options differ by the deductible percentage amounts that apply to Named Storm and the deductible amounts that apply to other perils.

(6) Use Of Factors

The factors displayed in Paragraph **B.3.a.(7)** 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 Named Storm deductible.

(7) Deductible Factors

When the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA – Territories 110, 120, 130, 140, 150 and 160), 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 **A3.** Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 and 160 Only, by the Key Factor for the same amount of insurance used to determine the Extended Coverage, Broad or Special Form 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 Extended Coverage, Broad or Special Form 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 Extended Coverage, Broad or Special Form Base Premium.

Step **2.** is **greater than or equal to** the result in Step **4.,** multiply the Extended Coverage, Broad or Special Form 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 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Named Storm Deductible Percentage	All Other Perils Deductible Amounts	Coverage A, B, D Or E Limit			
		Up To $125,000	$125,001 To $175,000	$175,001 To $250,000	$250,001 And Above
1%	$ 100	0.958	0.928	0.918	0.902
	250	0.954	0.927	0.917	0.901
	500	0.947	0.925	0.915	0.900
	1,000	0.933	0.922	0.912	0.897
	1,500	–	0.919	0.910	0.893
	2,000	–	–	0.908	0.889
	2,500	–	–	–	0.886
	3,000	–	–	–	0.884
	4,000	–	–	–	0.881
	5,000	–	–	–	0.878
	7,500	–	–	–	0.872
	10,000	–	–	–	0.855
	1%	–	–	–	–
2%	$ 100	0.872	0.845	0.837	0.824
	250	0.869	0.844	0.836	0.823
	500	0.865	0.842	0.834	0.821
	1,000	0.857	0.838	0.831	0.819
	1,500	0.850	0.835	0.828	0.817
	2,000	0.843	0.833	0.826	0.815
	2,500	–	0.831	0.824	0.813
	3,000	–	0.829	0.822	0.811
	4,000	–	–	0.819	0.809
	5,000	–	–	–	0.806
	7,500	–	–	–	0.798
	10,000	–	–	–	0.792
	1%	0.866	0.835	0.826	0.809
5%	$ 100	0.711	0.688	0.683	0.673
	250	0.709	0.687	0.682	0.672
	500	0.707	0.685	0.680	0.671
	1,000	0.702	0.681	0.677	0.668
	1,500	0.697	0.678	0.674	0.666
	2,000	0.693	0.676	0.672	0.664
	2,500	0.689	0.674	0.670	0.663
	3,000	0.685	0.672	0.668	0.662
	4,000	0.678	0.668	0.665	0.659
	5,000	0.671	0.665	0.662	0.656
	7,500	–	0.657	0.656	0.651
	10,000	–	–	0.652	0.647
	1%	0.708	0.678	0.672	0.659

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Named Storm Deductible Percentage	**All Other Perils Deductible Amounts**	**Coverage A, B, D Or E Limit**			
		Up To $125,000	**$125,001 To $175,000**	**$175,001 To $250,000**	**$250,001 And Above**
7.5%	$ 100	0.629	0.608	0.603	0.594
	250	0.628	0.606	0.602	0.594
	500	0.625	0.605	0.600	0.592
	1,000	0.621	0.601	0.597	0.590
	1,500	0.617	0.598	0.594	0.588
	2,000	0.613	0.595	0.592	0.586
	2,500	0.609	0.593	0.590	0.584
	3,000	0.606	0.591	0.588	0.582
	4,000	0.600	0.587	0.585	0.579
	5,000	0.595	0.584	0.582	0.577
	7,500	0.585	0.579	0.577	0.572
	10,000	–	0.575	0.573	0.569
	1%	0.625	0.598	0.592	0.579
10%	$ 100	0.565	0.545	0.541	0.532
	250	0.563	0.543	0.539	0.531
	500	0.561	0.541	0.538	0.530
	1,000	0.557	0.538	0.535	0.527
	1,500	0.553	0.535	0.532	0.525
	2,000	0.549	0.532	0.530	0.523
	2,500	0.546	0.530	0.528	0.521
	3,000	0.543	0.528	0.526	0.519
	4,000	0.538	0.524	0.522	0.517
	5,000	0.534	0.521	0.519	0.515
	7,500	0.525	0.516	0.514	0.510
	10,000	0.519	0.512	0.510	0.506
	1%	0.561	0.535	0.530	0.517

Table 406.B.3.a.(7)#1 Coverage A, B, D Or E Named Storm Percentage Deductibles

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)													
Coverage C And Other Personal Property Coverage Options∗													
Named Storm Deductible Percentage	**All Other Perils Deductible Amount**												
	$100	**$250**	**$500**	**$1,000**	**$1,500**	**$2,000**	**$2,500**	**$3,000**	**$4,000**	**$5,000**	**$7,500**	**$10,000**	**1%**
1 %	0.912	0.910	0.908	0.904	0.899	0.894	0.890	0.887	0.882	0.876	0.869	0.852	–
2	0.832	0.831	0.829	0.825	0.822	0.819	0.817	0.814	0.809	0.804	0.795	0.790	0.831
5	0.679	0.678	0.676	0.673	0.670	0.668	0.666	0.664	0.661	0.658	0.651	0.646	0.678
7.5	0.600	0.599	0.597	0.594	0.591	0.589	0.587	0.585	0.582	0.579	0.573	0.569	0.599
10	0.537	0.536	0.534	0.531	0.529	0.527	0.525	0.523	0.519	0.516	0.511	0.507	0.536
∗ Only use when policy also covers building or non-building structures.													

Table 406.B.3.a.(7)#2 Coverage C And Other Personal Property Named Storm Percentage Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)

b. Higher Fixed-dollar Deductibles – Territories 110, 120, 130, 140, 150 and 160 Only

(1) Deductible Amounts

This option provides for higher Named Storm 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 All Other Perils deductible. This option is not available for policies covering only personal property.

(2) Endorsement

Use Named Storm Deductible – North Carolina Endorsement **DP 32 18.**

(3) Declarations Instructions

Enter, on the policy Declarations, the deductible amounts that apply to Named Storm and All Other Perils. For example: $1,000 for Named Storm and $500 for All Other Perils.

(4) Deductible Application

In the event of a Named Storm loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

(5) Coverage Options

The deductible factors for Coverage **A, B, D** or **E** and Coverage Options For Buildings And Non-building Structures differ by the deductible amounts that apply to Named Storm and to other perils and the Coverage **A, B, D** or **E** limit.

The deductible factors for Coverage **C** and Other Personal Property Coverage Options differ by the deductible amounts that apply to Named Storm and to other perils.

(6) Use Of Factors

The factors displayed in Paragraph **B.3.b.(7)** 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 Named Storm deductible.

(7) Deductible Factors

When the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA – Territories 110, 120, 130, 140, 150 and 160), 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 **A3.** Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only, by the Key Factor for the same amount of insurance used to determine the Extended Coverage, Broad or Special Form 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 Extended Coverage, Broad or Special Form 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 Extended Coverage, Broad or Special Form Base Premium.

Step **2.** is **greater than or equal to** the result in Step **4.,** multiply the Extended Coverage, Broad or Special Form 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 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Named Storm Deductible Amount	All Other Perils Deductible Amounts	Coverage A, B, D Or E Limit			
		Up To $125,000	$125,001 To $175,000	$175,001 To $250,000	$250,001 And Above
$ 1,000	$ 100	0.943	0.963	0.973	0.985
	250	0.942	0.962	0.972	0.984
	500	0.939	0.960	0.970	0.983
2,000	$ 100	0.853	0.899	0.923	0.957
	250	0.852	0.897	0.922	0.956
	500	0.849	0.895	0.920	0.955
	1,000	0.845	0.892	0.917	0.953
	1,500	0.841	0.890	0.915	0.952
5,000	$ 100	0.692	0.764	0.812	0.891
	250	0.690	0.763	0.811	0.890
	500	0.687	0.761	0.810	0.889
	1,000	0.683	0.757	0.807	0.887
	1,500	0.680	0.754	0.804	0.885
	2,000	0.677	0.752	0.802	0.883
	2,500	0.674	0.750	0.800	0.881
	3,000	0.671	0.748	0.798	0.879
	4,000	0.667	0.744	0.794	0.876
7,500	$ 100	0.614	0.689	0.745	0.847
	250	0.613	0.687	0.744	0.846
	500	0.610	0.686	0.743	0.845
	1,000	0.606	0.682	0.740	0.842
	1,500	0.603	0.679	0.737	0.840
	2,000	0.600	0.676	0.735	0.838
	2,500	0.597	0.674	0.733	0.837
	3,000	0.595	0.672	0.731	0.836
	4,000	0.591	0.668	0.727	0.833
	5,000	0.587	0.665	0.724	0.830
10,000	$ 100	0.565	0.631	0.692	0.809
	250	0.563	0.630	0.691	0.809
	500	0.561	0.628	0.690	0.807
	1,000	0.557	0.625	0.687	0.805
	1,500	0.554	0.622	0.684	0.803
	2,000	0.551	0.619	0.682	0.801
	2,500	0.548	0.617	0.680	0.799
	3,000	0.546	0.615	0.678	0.797
	4,000	0.542	0.611	0.674	0.794
	5,000	0.538	0.608	0.671	0.792
	7,500	0.533	0.602	0.666	0.787

Table 406.B.3.b.(7)#1 Coverage A, B, D Or E Named Storm Higher Fixed-dollar Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)											
Coverage C And Other Personal Property Coverage Options∗											
Named Storm Deductible Amount	All Other Perils Deductible Amount										
	$100	$250	$500	$1,000	$1,500	$2,000	$2,500	$3,000	$4,000	$5,000	$7,500
$ 1,000	0.979	0.978	0.976	–	–	–	–	–	–	–	–
2,000	0.940	0.939	0.937	0.934	0.932	–	–	–	–	–	–
5,000	0.853	0.852	0.850	0.848	0.845	0.843	0.841	0.839	0.835	–	–
7,500	0.800	0.799	0.797	0.794	0.792	0.790	0.788	0.786	0.783	0.780	–
10,000	0.757	0.756	0.754	0.752	0.749	0.747	0.745	0.743	0.740	0.737	0.732
∗ Only use when policy also covers building or non-building structures.											

Table 406.B.3.b.(7)#2 Coverage C And Other Personal Property Named Storm Higher Fixed-dollar Deductibles

RULE 407. AUTOMATIC INCREASE IN INSURANCE

Rule **407.** is replaced by the following:

A. Automatic Increase In Insurance Endorsement – DP 32 11

1. The policy may be endorsed to provide automatic annual increases in the Coverage **A, B** and **C** limits of liability. Apply a factor to the Base Premium as follows:

Amount Of Annual Increase	Factor
4%	1.02
6%	1.03
8%	1.04
Each Additional 4% over 8% add:	.02

Table 407.A.1. Factors

2. The premium for a 3 year policy is 3.2 times the annual policy premium.

3. Use Automatic Increase In Insurance Endorsement **DP 32 11**.

B. Inflation Guard Endorsement – DP 32 70

1. The policy may be extended to automatically adjust the limit of liability applicable to Coverage **A** under the Dwelling Policy. This limit will be adjusted at the same rate as the change in the Index shown on the Declarations, billing notice or named on the form.

2. There is no additional charge for this endorsement. Companies electing to use this endorsement must use it exclusively and are required to notify the North Carolina Rate Bureau of their election.

3. The following Indexes have been approved by the Department of Insurance and may be used with the approved Inflation Guard Endorsement:

(a) Marshall & Swift Boeckh (MS/B) Residential Cost Index published by the American Appraisal Company, Inc.;

(b) Composite Construction Cost Index published by the U.S. Department of Commerce;

(c) Consumer Price Index published by the U.S. Department of Labor;

(d) Marshall & Swift Boeckh (MS/B) Construction Cost Index published Marshall & Swift Boeckh (MS/B);

(e) RSMeans CostWorks Valuator published by RSMeans.

(f) Xactware Inflation Index published by Xactware Solutions, Inc.

4. Use Inflation Guard Endorsement **DP 32 70.**

RULE 408. ALARMS, SMOKE DETECTORS, FIRE EXTINGUISHERS AND AUTOMATIC SPRINKLERS

The title of Rule **408.** Protective Devices is replaced by the preceding title.

Rule **408.** is replaced by the following:

A. Approved and properly maintained installations of fire alarms, smoke detectors, automatic sprinklers and fire extinguishers in the dwelling may be recognized for a reduced premium – computed by multiplying the fire Base Premium by the selected factors as follows.

Type Of Installation∗	Dwelling Factor	Mobile Or Trailer Home Factor
Central Station Reporting Fire Alarm	.90	.92
Fire Department Reporting Fire Alarm	.93	.95
Local Fire Alarm Smoke Detectors	.95	.97
Automatic Sprinklers in all areas including attics, bathrooms, closets, attached structures	.80	.90
Automatic Sprinklers in all areas except attic, bathroom, closet and attached structure areas that are protected by a fire detector	.90	.95
Fire Extinguishers	.95	.95
∗ Refer to Company for eligibility, types of systems and devices, installation, and available credits.		

Table 408.A. Protective Devices Factors

B. A premium credit for Fire Extinguishers shall be allowed if the dwelling has, installed on each floor and basement in a readily accessible place, at least:

1. One fire extinguisher classified and labeled as 2-A (classified as A-1 prior to July 1, 1956), or

2. Two fire extinguishers classified and labeled as 1-A (classified as A-2 prior to July, 1956).

The extinguishers must be maintained in good, working order.

C. Use Premises Alarm Or Fire Protection System Endorsement **DP 32 50.**

RULE 409. ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF SURFACING – DP 00 02, DP 00 03 AND DP 00 01 WITH DP 00 08

Rule **409.** does not apply.

RULE 410. BUILDING CODE EFFECTIVENESS GRADING

Rule **410.** does not apply.

PART V ADDITIONAL COVERAGES AND INCREASED LIMITS RULES

RULE 502. COVERAGE D – FAIR RENTAL VALUE COVERAGE E – ADDITIONAL LIVING EXPENSE

Paragraph **A.** is replaced by the following:

A. Introduction

Coverage is automatically provided in the forms on a limited basis as follows:

1. Form DP 00 01

a. Coverage D

Up to 10% of the Coverage **A** limit is available. Use of this option reduces the Coverage **A** limit for the same loss. No entry is needed in the policy Declarations for this coverage to apply.

b. Coverage E

Not automatically included in form. It may be added as noted in Paragraph **B.**

2. Form DP 00 02 Or DP 00 03

Coverage **D** and **E** combined – Up to 10% of the Coverage **A** limit is available for Coverage **D** and Coverage **E** combined as additional insurance. No entry is needed in the policy Declarations for this coverage to apply.

Table **502.B.1.c.** is replaced by the following:

DP 00 01 Example

Factors		
$5,200	=	Rental Value Coverage in Form (10% of Coverage **A** limit of $52,000)
+2,000	=	Additional Insurance (Shown under Coverage **D** in policy Declarations)
$7,200	=	Total Rental Value Amount Insured
Scenario A		
If dwelling is rented for entire year, then fraction = 1/12. $7,200 X 1/12 = Up to $600 available each month.		
Scenario B		
If dwelling is rented 8 months per year, then fraction = 1/8. $7,200 X 1/8 = Up to $900 available each month.		

Table 502.B.1.c. DP 00 01 Example

RULE 503. ORDINANCE OR LAW COVERAGE FOR COVERAGE B – SPECIFIC STRUCTURES, BUILDING ITEMS AND IMPROVEMENTS, ALTERATIONS AND ADDITIONS

Paragraph **C.2.** is replaced by the following:

C. Premium Determination

2. Refer to the state company rates/ISO loss costs Rule **500.** Miscellaneous Rates.

RULE 507. FIRE DEPARTMENT SERVICE CHARGE

Rule **507.** is replaced by the following:

The limit of $500 provided under the policy may be increased. Refer to the state rates.

RULE 509. EARTHQUAKE COVERAGE

Rule **509.** is replaced by the following:

A. Coverage Description

When added to the Fire policy, this peril shall apply to the same coverages and for the same limits that apply to the peril of Fire.

Use Earthquake Coverage Endorsement **DP 04 69.**

B. Loss Assessment Coverage

When the policy is extended to cover loss assessment resulting from loss by this peril, the limit of liability shall be based on the insured's proportionate interest in 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 **DP 04 68.**

C. Deductible

The base deductible is 5% of the limit of liability for Coverage **A, B** or **C,** whichever is greatest 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.**

D. Premium For Base Deductible

Develop the premium as follows:

1. From the state rates:

a. Determine the Earthquake Zone;

b. Determine if Rate Table **A,** and/or **B** applies;

c. Select the rate according to construction from the Rate Table; and

RULE 509.
EARTHQUAKE COVERAGE (Cont'd)

2. Multiply the rate determined in Paragraph **D.1.c.** by the amounts of insurance for:
   a. Coverages **A, B, C, D** and **E;**
   b. Improvements, Alterations and Additions – Increased Limits;
   c. Other Building Coverage options (i.e. Bldg. Items Coverage);
   d. Other Personal Property Coverage (i.e. Merchandise in Storage);
   e. Ordinance or Law total amount of insurance (includes basic, and if applicable, increased amounts).

E. Premium For Higher Deductibles

Multiply the Base Premium determined in Paragraph **D.** by a factor from the following table:

Deductible Percentage	Frame And Superior	Masonry
10%	.89	.95
15%	.78	.89
20%	.67	.84
25%	.56	.79

Table 509.E. Higher Deductibles Factors

RULE 510.
THEFT COVERAGE

This rule is deleted.

Refer to the Theft Insurance program filed by or on behalf of the company insuring the risk.

RULE 512.
WINDSTORM OR HAIL COVERAGE – MISCELLANEOUS PROPERTIES

The title of Rule **512.** Windstorm Or Hail Coverage - Awnings, Signs And Outdoor Radio And Television Equipment is replaced by the preceding title.

Rule **512.** is replaced by the following:

A. Property Not Covered

The peril of Windstorm or Hail does **not** cover damage to the following properties whether attached to or separated from a dwelling or other structure on the Described Location:

1. Signs or cloth awnings, including their supports;
2. Radio or television antennas or aerials, including their lead-in wiring, masts or towers;
3. Swimming pools;
4. Screens, including their supports, around a swimming pool, patio or other areas;
5. Fences, property line and similar walls, including seawalls;
6. Bathhouses, cabanas, greenhouses, hothouses, pergolas, slathouses, trellises;
7. Outdoor equipment used to service the Described Location; or
8. Structures located over water, whether or not permanently attached to the ground, including the property in or on the structure.

B. Endorsement

Damage to these properties may be covered for an additional premium. Separately describe each property item and corresponding limit of liability on Windstorm Or Hail – Miscellaneous Properties Endorsement **DP 32 19** or the Declarations.

C. Greenhouses And/Or Hothouses

1. When the structure, greenhouse (hothouse) glass and any flowers and plants contained in the structure are insured as a single item:
   a. Include, in the limit of liability for each structure, the value of all glass, as computed in Paragraph **1.c.,** and the value of any flowers and plants in that structure;
   b. Add the "Glass Condition of Insurance", in Paragraph **3.a.** of this rule, to Windstorm Or Hail – Miscellaneous Properties Endorsement **DP 32 19** or the Declarations; and
   c. Specify, in the "Glass Condition of Insurance", the dollar amount of all glass being insured. This amount is determined by multiplying the agreed value per square foot of glass by the number of square feet of all insured glass.
2. When the structure, greenhouse (hothouse) glass or the flowers and plants contained in the structure are **separately** insured, specify the limit of liability **separately** for each structure, all glass and the flowers and plants in that structure.

   When glass is separately insured:
   a. Add the "Glass Condition of Insurance", in Paragraph **3.b.** of this rule, to Windstorm Or Hail – Miscellaneous Properties Endorsement **DP 32 19** or the Declarations; and
   b. Specify, in the "Glass Condition of Insurance", the agreed value per square foot of glass and the number of square feet of all glass. The limit of liability of all glass being insured is determined by multiplying these two amounts.

RULE 512.
WINDSTORM OR HAIL COVERAGE – MISCELLANEOUS PROPERTIES (Cont'd)

3. Glass Condition of Insurance

a. Use this Condition when glass is **not** separately insured:

"Windstorm or Hail Coverage for Greenhouse (Hothouse) Glass

It is understood by you and us that, in the event greenhouse (hothouse) glass is broken or destroyed by the peril of Windstorm or Hail, we will pay no more than the least of the following amounts:

A. $____. This dollar amount for greenhouse (hothouse) glass is determined by multiplying:

1. The agreed value per square foot of greenhouse (hothouse) glass, $____, by

2. The number of square feet of all insured greenhouse (hothouse) glass, ____;

B. An amount computed by:

1. Dividing the number of square feet of all broken or destroyed greenhouse (hothouse) glass by the total number of square feet of insured greenhouse (hothouse) glass, and

2. Multiplying the amount computed in **B.1.** above by the dollar amount for greenhouse (hothouse) glass stated in **A.** above; or

C. The actual cost to repair or replace the broken or destroyed greenhouse (hothouse) glass.

Also, if greenhouse (hothouse) glass is covered by other insurance, we will pay no more than the proportion of a loss that the dollar amount for such greenhouse (hothouse) glass stated in **A.** above bears to the total amount of insurance covering that glass".

b. Use this Condition when glass **is** separately insured:

"Windstorm or Hail Coverage for Greenhouse (Hothouse) Glass

It is understood by you and us that, in the event greenhouse (hothouse) glass is broken or destroyed by the peril of Windstorm or Hail, we will pay no more than the least of the following amounts:

A. The limit of liability declared above for greenhouse (hothouse) glass, which is determined by multiplying:

1. The agreed value per square foot of greenhouse (hothouse) glass, $ ____, by

2. The number of square feet of all insured greenhouse (hothouse) glass, ____;

B. An amount computed by:

1. Dividing the number of square feet of all broken or destroyed greenhouse (hothouse) glass by the total number of square feet of insured greenhouse (hothouse) glass, and

2. Multiplying the amount computed in **B.1.** above by the limit of liability for greenhouse (hothouse) glass declared above; or

C. The actual cost to repair or replace the broken or destroyed greenhouse (hothouse) glass.

Also, if greenhouse (hothouse) glass is covered by other insurance, we will pay no more than the proportion of loss that our limit of liability for such greenhouse (hothouse) glass bears to the total amount of insurance covering that glass".

D. Premium

Refer to the state rates.

**RULE 515.
MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE**

Rule **515.** does not apply.

**RULE 517.
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA COVERAGE**

Rule **517.** does not apply.

ADDITIONAL RULE(S)

RULE A3.
WINDSTORM OR HAIL EXCLUSION – TERRITORIES 110, 120, 130, 140, 150 AND 160 ONLY

Territory	Const.∗	Building Credit	Contents Credit
110	M	$ 190	$ 19
	F	200	20
	MH	250	25
120	M	223	28
	F	235	29
	MH	294	36
130	M	127	21
	F	134	22
	MH	168	28
140	M	160	22
	F	168	23
	MH	210	29
150	M	116	9
	F	122	9
	MH	153	11
160	M	120	11
	F	126	12
	MH	158	15

∗ M = Masonry, F = Frame. MH = Mobile Homes. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table A3.B.2.(R) Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only

RULE A5.
INSTALLMENT PAYMENT PLAN

C. The additional charge per installment is $3.00.

RULE A6.
UNPROTECTED DWELLINGS – PROTECTION CLASS 9, 9E, 9S OR 10

Rates Per $1,000	
Additional rate of insurance	$ 1.50

Table A6.C.1.a.(R) Unprotected Dwellings – Protection Class 9, 9E, 9S Or 10

RULE A9.
WINDSTORM MITIGATION PROGRAM

Mitigation Feature	Const.	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	M	$ 10	$ 11	$ 8	$ 8	$ 6	$ 4
	F	11	12	8	8	6	4
Opening Protection	M	10	11	8	8	6	4
	F	11	12	8	8	6	4
Total Hip Roof and Opening Protection	M	22	23	12	13	11	11
	F	23	24	13	14	12	12
IBHS Designation prior to March 31, 2019:							
Hurricane Fortified for Safer Living®	M	34	41	13	28	15	20
	F	36	43	14	29	16	21
Hurricane Fortified for Existing Homes® Bronze Option 1	M	8	9	3	4	4	3
	F	8	9	3	4	4	3
Hurricane Fortified for Existing Homes® Bronze Option 2	M	12	13	8	10	6	7
	F	13	14	8	11	6	7
Hurricane Fortified for Existing Homes® Silver Option 1	M	22	26	10	17	7	12
	F	23	27	10	18	7	13
Hurricane Fortified for Existing Homes® Silver Option 2	M	26	29	10	21	10	14
	F	27	31	11	22	10	15
Hurricane Fortified for Existing Homes® Gold Option 1	M	26	29	12	21	11	14
	F	27	31	13	22	12	15
Hurricane Fortified for Existing Homes® Gold Option 2	M	29	35	13	27	12	19
	F	30	37	14	28	13	20
IBHS Designation on or after March 31, 2019:							
FORTIFIED for Safer Living®	M	34	41	13	28	15	20
	F	36	43	14	29	16	21
FORTIFIED Roof – Hurricane – Existing Roof	M	8	9	3	4	4	3
	F	8	9	3	4	4	3
FORTIFIED Roof – Hurricane – New Roof	M	12	13	8	10	6	7
	F	13	14	8	11	6	7
FORTIFIED Home – Hurricane – Silver – Existing Roof	M	22	26	10	17	7	12
	F	23	27	10	18	7	13
FORTIFIED Home – Hurricane – Silver – New Roof	M	26	29	10	21	10	14
	F	27	31	11	22	10	15
FORTIFIED Home – Hurricane – Gold – Existing Roof	M	26	29	12	21	11	14
	F	27	31	13	22	12	15
FORTIFIED Home – Hurricane – Gold – New Roof	M	29	35	13	27	12	19
	F	30	37	14	28	13	20

Table A9.E.#1(R) – Windstorm Loss Mitigation Credit – Coverage A – Dwelling

RULE A9.
WINDSTORM MITIGATION PROGRAM (Cont'd)

Mitigation Feature	Const.	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	M	$ 1	$ 2	$ 2	$ 1	$ 1	$ 1
	F	1	2	2	1	1	1
Opening Protection	M	1	2	2	1	1	1
	F	1	2	2	1	1	1
Total Hip Roof and Opening Protection	M	1	3	2	1	1	1
	F	1	3	2	1	1	1
IBHS Designation prior to March 31, 2019:							
Hurricane Fortified for Safer Living®	M	4	6	3	5	2	3
	F	4	6	3	5	2	3
Hurricane Fortified for Existing Homes® Bronze Option 1	M	1	2	2	1	1	1
	F	1	2	2	1	1	1
Hurricane Fortified for Existing Homes® Bronze Option 2	M	1	3	2	1	1	1
	F	1	3	2	1	1	1
Hurricane Fortified for Existing Homes® Silver Option 1	M	2	3	2	4	1	2
	F	2	3	2	4	1	2
Hurricane Fortified for Existing Homes® Silver Option 2	M	2	5	2	4	1	2
	F	2	5	2	4	1	2
Hurricane Fortified for Existing Homes® Gold Option 1	M	3	5	2	4	1	2
	F	3	5	2	4	1	2
Hurricane Fortified for Existing Homes® Gold Option 2	M	3	5	3	4	2	2
	F	3	5	3	4	2	2
IBHS Designation on or after March 31, 2019:							
FORTIFIED for Safer Living®	M	4	6	3	5	2	3
	F	4	6	3	5	2	3
FORTIFIED Roof – Hurricane – Existing Roof	M	1	2	2	1	1	1
	F	1	2	2	1	1	1
FORTIFIED Roof – Hurricane – New Roof	M	1	3	2	1	1	1
	F	1	3	2	1	1	1
FORTIFIED Home – Hurricane – Silver – Existing Roof	M	2	3	2	4	1	2
	F	2	3	2	4	1	2
FORTIFIED Home – Hurricane – Silver – New Roof	M	2	5	2	4	1	2
	F	2	5	2	4	1	2
FORTIFIED Home – Hurricane – Gold – Existing Roof	M	3	5	2	4	1	2
	F	3	5	2	4	1	2
FORTIFIED Home – Hurricane – Gold – New Roof	M	3	5	3	4	2	2
	F	3	5	3	4	2	2

Table A9.E.#2(R) – Windstorm Loss Mitigation Credit – Coverage C – Personal Property

RULE 206.
MINIMUM PREMIUM

D. Minimum Premium – $50.

RULE 208.
WAIVER OF PREMIUM

B. Amount that may be waived – $3 or less.

RULE 301.
BASE PREMIUM COMPUTATION

Owner-occupied And Non-owner-occupied Key Premiums – Territories 110, 120, 130				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	Const.∗	Territory 110	Territory 120	Territory 130
1	M	$ 11	$ 11	$ 21
	F	16	16	29
2	M	12	12	21
	F	16	16	29
3	M	12	12	22
	F	16	16	30
4	M	12	12	22
	F	17	17	30
5	M	12	12	23
	F	17	17	32
6	M	13	13	24
	F	18	18	34
7	M	14	14	26
	F	19	19	36
8	M	16	16	30
	F	22	22	41
8B, 9, 9E, 9S	M	18	18	34
	F	24	24	45
10	M	22	22	41
	F	30	30	55
∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#1(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	
26	1.44		.04
∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.			

Table 301.A.#2(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 140, 150, 160				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	Const.∗	Territory 140	Territory 150	Territory 160
1	M	$ 19	$ 21	$ 23
	F	26	29	31
2	M	19	21	23
	F	26	29	32
3	M	20	21	24
	F	27	30	33
4	M	20	22	24
	F	27	30	33
5	M	21	22	24
	F	29	31	34
6	M	22	25	26
	F	31	33	36
7	M	23	26	28
	F	33	35	38
8	M	27	30	33
	F	37	41	44
8B, 9, 9E, 9S	M	30	33	36
	F	41	45	48
10	M	37	40	43
	F	50	56	59

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#3(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	.04
26	1.44		

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#4(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 170, 180, 190				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 170**	**Territory 180**	**Territory 190**
1	M	$ 31	$ 30	$ 33
	F	41	41	45
2	M	31	31	34
	F	42	42	46
3	M	32	32	34
	F	43	43	47
4	M	33	32	35
	F	44	44	48
5	M	33	33	36
	F	45	45	49
6	M	36	36	38
	F	48	48	52
7	M	38	37	40
	F	51	51	55
8	M	43	43	47
	F	58	60	64
8B, 9, 9E, 9S	M	47	47	51
	F	64	65	70
10	M	58	59	63
	F	79	80	86

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#5(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage A**	**Limit Of Liability (000's)**	**Coverage A**
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	
26	1.44		.04

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#6(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 200, 210, 220				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 200**	**Territory 210**	**Territory 220**
1	M	$ 43	$ 31	$ 29
	F	59	42	39
2	M	44	31	29
	F	60	43	40
3	M	45	32	30
	F	62	43	40
4	M	46	32	30
	F	63	44	41
5	M	47	33	31
	F	64	45	42
6	M	51	35	33
	F	69	48	45
7	M	54	37	35
	F	72	52	49
8	M	61	43	40
	F	84	58	55
8B, 9, 9E, 9S	M	67	47	44
	F	92	65	61
10	M	83	58	55
	F	112	79	75

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#7(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage A**	**Limit Of Liability (000's)**	**Coverage A**
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	
26	1.44		.04

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#8(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 230, 240, 250				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 230**	**Territory 240**	**Territory 250**
1	M	$ 46	$ 30	$ 27
	F	63	42	36
2	M	47	31	27
	F	64	42	37
3	M	48	32	28
	F	65	43	37
4	M	49	32	28
	F	67	44	38
5	M	50	33	29
	F	68	45	39
6	M	54	35	31
	F	73	48	42
7	M	56	37	33
	F	78	51	44
8	M	65	43	37
	F	89	59	50
8B, 9, 9E, 9S	M	71	47	41
	F	99	64	56
10	M	87	58	50
	F	120	80	69

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#9(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage A**	**Limit Of Liability (000's)**	**Coverage A**
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	
26	1.44		.04

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#10(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 260, 270, 280				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	Const.∗	Territory 260	Territory 270	Territory 280
1	M	$ 33	$ 19	$ 19
	F	44	28	26
2	M	33	20	19
	F	45	28	26
3	M	34	20	20
	F	46	29	27
4	M	35	21	20
	F	47	29	27
5	M	35	21	21
	F	48	30	28
6	M	38	24	22
	F	52	32	30
7	M	40	25	23
	F	54	34	32
8	M	46	29	27
	F	62	39	36
8B, 9, 9E, 9S	M	50	32	29
	F	68	43	40
10	M	61	39	36
	F	84	52	50

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#11(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	
26	1.44		.04

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#12(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 290, 300, 310				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 290**	**Territory 300**	**Territory 310**
1	M	$ 25	$ 33	$ 24
	F	33	45	32
2	M	25	33	24
	F	34	46	33
3	M	26	34	25
	F	35	47	34
4	M	26	35	25
	F	35	48	34
5	M	27	35	26
	F	36	49	35
6	M	29	39	28
	F	39	53	38
7	M	30	41	29
	F	41	55	40
8	M	34	47	33
	F	47	64	46
8B, 9, 9E, 9S	M	38	51	37
	F	51	70	50
10	M	46	63	45
	F	62	86	61

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#13(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage A**	**Limit Of Liability (000's)**	**Coverage A**
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	
26	1.44		.04

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#14(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 320, 330, 340				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	Const.∗	Territory 320	Territory 330	Territory 340
1	M	$ 24	$ 25	$ 22
	F	33	35	30
2	M	24	26	22
	F	34	36	30
3	M	25	26	23
	F	35	37	31
4	M	25	27	23
	F	35	37	31
5	M	26	27	24
	F	36	38	32
6	M	29	30	25
	F	39	41	34
7	M	30	32	27
	F	41	43	36
8	M	34	36	31
	F	47	50	41
8B, 9, 9E, 9S	M	38	40	34
	F	52	55	45
10	M	47	49	41
	F	64	67	57

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#15(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	
26	1.44		.04

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#16(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 350, 360, 370				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 350**	**Territory 360**	**Territory 370**
1	M	$ 25	$ 21	$ 23
	F	34	28	30
2	M	25	21	23
	F	35	28	31
3	M	26	21	24
	F	36	29	32
4	M	26	22	24
	F	36	29	32
5	M	27	22	24
	F	37	30	33
6	M	30	24	26
	F	40	32	35
7	M	31	25	28
	F	42	34	37
8	M	35	29	32
	F	49	39	43
8B, 9, 9E, 9S	M	39	32	35
	F	53	43	47
10	M	48	38	42
	F	64	53	58
∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#17(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage A**	**Limit Of Liability (000's)**	**Coverage A**
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	
26	1.44		.04
∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.			

Table 301.A.#18(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 380, 390			
Fire – Coverage A – All Forms – Non-seasonal And Seasonal			
		1 – 5 Families	
Protection Class	**Const.∗**	**Territory 380**	**Territory 390**
1	M	$ 21	$ 21
	F	28	29
2	M	21	22
	F	28	29
3	M	21	22
	F	29	30
4	M	22	23
	F	29	30
5	M	22	23
	F	30	31
6	M	24	25
	F	32	33
7	M	25	26
	F	34	35
8	M	29	30
	F	39	40
8B, 9, 9E, 9S	M	32	33
	F	44	44
10	M	38	40
	F	54	55

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#19(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage A**	**Limit Of Liability (000's)**	**Coverage A**
$ 1∗	.38	$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional $1,000	
26	1.44		.04

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#20(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 110, 120, 130				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 110**	**Territory 120**	**Territory 130**
1	M	$ 3	$ 3	$ 6
	F	4	4	8
2	M	3	3	6
	F	4	4	8
3	M	3	3	6
	F	4	4	9
4	M	3	3	6
	F	4	4	9
5	M	3	3	7
	F	4	4	9
6	M	3	3	7
	F	4	4	10
7	M	3	3	7
	F	5	5	10
8	M	4	4	9
	F	5	5	12
8B, 9, 9E, 9S	M	4	4	9
	F	6	6	13
10	M	5	5	12
	F	7	7	16

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#21(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage C**	**Limit Of Liability (000's)**	**Coverage C**
$ 1∗	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	
26	3.60		.13

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#22(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Protection Class	Const.*	Territory 140	Territory 150	Territory 160
Owner-occupied And Non-owner-occupied Key Premiums – Territories 140, 150, 160				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
1	M	$ 6	$ 6	$ 7
	F	8	8	10
2	M	6	6	8
	F	8	8	10
3	M	6	6	8
	F	9	9	11
4	M	6	6	8
	F	9	9	11
5	M	7	7	8
	F	9	9	11
6	M	7	7	9
	F	10	10	12
7	M	7	7	9
	F	10	10	12
8	M	9	9	10
	F	12	12	14
8B, 9, 9E, 9S	M	9	9	12
	F	13	13	16
10	M	12	12	14
	F	16	16	19

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#23(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
$ 1*	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	
26	3.60		.13

* Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#24(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 170, 180, 190				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 170**	**Territory 180**	**Territory 190**
1	M	$ 9	$ 9	$ 9
	F	12	13	13
2	M	9	10	10
	F	12	13	13
3	M	9	10	10
	F	12	13	13
4	M	9	10	10
	F	13	14	14
5	M	10	10	10
	F	13	14	14
6	M	10	11	11
	F	14	15	15
7	M	11	12	12
	F	15	16	16
8	M	12	13	13
	F	17	18	18
8B, 9, 9E, 9S	M	14	15	15
	F	19	20	20
10	M	17	18	18
	F	23	25	25
∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#25(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage C**	**Limit Of Liability (000's)**	**Coverage C**
$ 1∗	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	
26	3.60		.13
∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.			

Table 301.A.#26(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 200, 210, 220				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 200**	**Territory 210**	**Territory 220**
1	M	$ 11	$ 9	$ 8
	F	15	12	11
2	M	11	9	8
	F	15	12	11
3	M	11	9	8
	F	15	12	12
4	M	12	9	9
	F	16	13	12
5	M	12	10	9
	F	16	13	12
6	M	13	10	9
	F	17	14	13
7	M	13	11	10
	F	18	15	14
8	M	15	12	11
	F	21	17	16
8B, 9, 9E, 9S	M	17	14	13
	F	23	19	17
10	M	21	17	15
	F	28	23	21
∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#27(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage C**	**Limit Of Liability (000's)**	**Coverage C**
$ 1∗	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	
26	3.60		.13
∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.			

Table 301.A.#28(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 230, 240, 250				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 230**	**Territory 240**	**Territory 250**
1	M	$ 11	$ 9	$ 8
	F	16	12	11
2	M	12	9	8
	F	16	12	11
3	M	12	9	8
	F	16	12	12
4	M	12	9	9
	F	17	13	12
5	M	12	10	9
	F	17	13	12
6	M	13	10	9
	F	18	14	13
7	M	14	11	10
	F	19	15	14
8	M	16	12	11
	F	22	17	16
8B, 9, 9E, 9S	M	18	14	13
	F	24	19	17
10	M	22	17	15
	F	30	23	21
∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#29(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage C**	**Limit Of Liability (000's)**	**Coverage C**
$ 1∗	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	.13
26	3.60		
∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.			

Table 301.A.#30(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 260, 270, 280				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 260**	**Territory 270**	**Territory 280**
1	M	$ 9	$ 7	$ 6
	F	12	9	8
2	M	9	7	6
	F	12	9	8
3	M	9	7	6
	F	12	10	9
4	M	9	7	6
	F	13	10	9
5	M	10	7	7
	F	13	10	9
6	M	10	8	7
	F	14	11	10
7	M	11	8	7
	F	15	11	10
8	M	12	10	9
	F	17	13	12
8B, 9, 9E, 9S	M	14	11	9
	F	19	14	13
10	M	17	13	12
	F	23	18	16
∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#31(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage C**	**Limit Of Liability (000's)**	**Coverage C**
$ 1∗	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	
26	3.60		.13
∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.			

Table 301.A.#32(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 290, 300, 310				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	Const.*	Territory 290	Territory 300	Territory 310
1	M	$ 7	$ 10	$ 7
	F	10	14	10
2	M	8	10	8
	F	10	14	10
3	M	8	11	8
	F	11	14	11
4	M	8	11	8
	F	11	15	11
5	M	8	11	8
	F	11	15	11
6	M	9	12	9
	F	12	16	12
7	M	9	12	9
	F	12	17	12
8	M	10	14	10
	F	14	20	14
8B, 9, 9E, 9S	M	12	16	12
	F	16	21	16
10	M	14	19	14
	F	19	26	19

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#33(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
$ 1*	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	
26	3.60		.13

* Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#34(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 320, 330, 340				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.∗**	**Territory 320**	**Territory 330**	**Territory 340**
1	M	$ 7	$ 8	$ 6
	F	10	11	8
2	M	8	8	6
	F	10	11	8
3	M	8	8	6
	F	11	12	9
4	M	8	9	6
	F	11	12	9
5	M	8	9	7
	F	11	12	9
6	M	9	9	7
	F	12	13	10
7	M	9	10	7
	F	12	14	10
8	M	10	11	9
	F	14	16	12
8B, 9, 9E, 9S	M	12	13	9
	F	16	17	13
10	M	14	15	12
	F	19	21	16

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#35(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage C**	**Limit Of Liability (000's)**	**Coverage C**
$ 1∗	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	
26	3.60		.13

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#36(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 350, 360, 370				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
		1 – 5 Families		
Protection Class	**Const.***	**Territory 350**	**Territory 360**	**Territory 370**
1	M	$ 7	$ 6	$ 7
	F	10	8	9
2	M	8	6	7
	F	10	8	9
3	M	8	6	7
	F	11	9	10
4	M	8	6	7
	F	11	9	10
5	M	8	7	7
	F	11	9	10
6	M	9	7	8
	F	12	10	11
7	M	9	7	8
	F	12	10	11
8	M	10	9	10
	F	14	12	13
8B, 9, 9E, 9S	M	12	9	11
	F	16	13	14
10	M	14	12	13
	F	19	16	18

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#37(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage C**	**Limit Of Liability (000's)**	**Coverage C**
$ 1*	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	
26	3.60		.13

* Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#38(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 380, 390			
Fire – Coverage C – All Forms – Non-seasonal And Seasonal			
		1 – 5 Families	
Protection Class	**Const.∗**	**Territory 380**	**Territory 390**
1	M	$ 6	7
	F	8	9
2	M	6	7
	F	8	9
3	M	6	7
	F	9	10
4	M	6	7
	F	9	10
5	M	7	7
	F	9	10
6	M	7	8
	F	10	11
7	M	7	8
	F	10	11
8	M	9	10
	F	12	13
8B, 9, 9E, 9S	M	9	11
	F	13	14
10	M	12	13
	F	16	18

∗ M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#39(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	**Coverage C**	**Limit Of Liability (000's)**	**Coverage C**
$ 1∗	.35	$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Additional $1,000	.13
26	3.60		

∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#40(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Extended Coverage, Broad And Special Forms – Coverage A Key Premiums*				
		Forms		
Territory	Const.*	DP 00 01	DP 00 02	DP 00 03
110	M	234	248	259
	F	247	261	273
	MH	309	329	n/a
120	M	263	279	290
	F	277	294	306
	MH	347	369	n/a
130	M	174	184	191
	F	183	194	202
	MH	229	243	n/a
140	M	205	217	225
	F	216	229	237
	MH	269	287	n/a
150	M	153	162	169
	F	161	171	178
	MH	202	214	n/a
160	M	162	171	177
	F	169	179	187
	MH	213	226	n/a
170	M	80	107	119
	F	84	113	125
	MH	105	141	n/a
180	M	90	122	135
	F	94	128	140
	MH	117	159	n/a
190	M	94	129	144
	F	100	137	151
	MH	126	169	n/a
200	M	118	161	178
	F	125	167	188
	MH	156	211	n/a
210	M	78	103	115
	F	81	108	121
	MH	100	136	n/a
220	M	66	88	99
	F	69	94	104
	MH	87	117	n/a
230	M	108	146	164
	F	115	156	174
	MH	144	192	n/a
240	M	68	92	103
	F	73	98	108
	MH	91	122	n/a

Extended Coverage, Broad And Special Forms – Coverage A Key Premiums*				
		Forms		
Territory	Const.*	DP 00 01	DP 00 02	DP 00 03
250	M	66	88	98
	F	69	92	105
	MH	87	117	n/a
260	M	62	84	93
	F	64	87	97
	MH	82	109	n/a
270	M	46	62	70
	F	49	66	74
	MH	60	81	n/a
280	M	47	62	70
	F	49	67	75
	MH	61	82	n/a
290	M	56	75	84
	F	59	80	89
	MH	73	99	n/a
300	M	56	77	84
	F	58	80	90
	MH	75	101	n/a
310	M	39	52	59
	F	41	55	63
	MH	52	71	n/a
320	M	42	57	63
	F	45	60	66
	MH	57	76	n/a
330	M	48	63	71
	F	50	67	76
	MH	62	83	n/a
340	M	37	50	56
	F	38	51	58
	MH	48	64	n/a
350	M	38	51	58
	F	39	53	59
	MH	50	66	n/a
360	M	37	50	56
	F	38	51	58
	MH	48	64	n/a
370	M	39	52	59
	F	41	57	63
	MH	52	71	n/a
380	M	36	48	53
	F	37	49	57
	MH	47	63	n/a

RULE 301.
PREMIUM COMPUTATION (Cont'd)

Extended Coverage, Broad And Special Forms – Coverage A Key Premiums*				
		Forms		
Territory	Const.*	DP 00 01	DP 00 02	DP 00 03
390	M	36	48	53
	F	37	49	56
	MH	47	63	n/a

* **DP 00 01** Key Premiums are Non-seasonal and Seasonal. **DP 00 02** and **DP 00 03** Key Premiums are Non-seasonal only and include the charge for Extended Coverage and Vandalism and Malicious Mischief perils. M = Masonry, F = Frame, MH = Mobile Home. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame. **DP 00 02** Key Premiums for MH should be used in conjunction with Actual Cash Value Loss Settlement Endorsement **DP 04 76** Only; see Rule **305.**

Table 301.A.#41(R) Extended Coverage, Broad And Special Forms – Coverage A Key Premiums

To develop the Seasonal Base Premiums, multiply the following factors by the **DP 00 01** Extended Coverage Base Premiums:

Territories	DP 00 02	DP 00 03
110-160	1.10	1.20
170-390	1.50	1.55

Table 301.A.#42(R) Extended Coverage, Broad And Special Forms – Coverage A Seasonal Key Premiums Forms DP 00 02 And DP 00 03

Extended Coverage, Broad And Special Forms – Coverage A			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
$ 1*	.24	$ 27	1.64
2	.29	28	1.69
3	.34	29	1.74
4	.40	30	1.79
5	.45	31	1.84
6	.51	32	1.89
7	.56	33	1.94
8	.62	34	1.99
9	.67	35	2.04
10	.72	36	2.09
11	.78	37	2.14
12	.83	38	2.19
13	.89	39	2.24
14	.94	40	2.29
15	1.00	41	2.34
16	1.05	42	2.39
17	1.10	43	2.44
18	1.16	44	2.49
19	1.21	45	2.54
20	1.27	46	2.59
21	1.32	47	2.64
22	1.37	48	2.69
23	1.43	49	2.74
24	1.48	50	2.79
25	1.54	Each Additional $1,000	
26	1.59		.05

* Use this limit of liability to develop premiums for policy amounts less than $1,000.

Table 301.A.#43(R) Extended Coverage, Broad And Special Forms – Coverage A Key Factors

Extended Coverage, Broad And Special Forms – Coverage C Key Premiums*				
		Forms		
Territory	Const.*	DP 00 01	DP 00 02	DP 00 03
110	M	28	29	31
	F	29	31	32
	MH	38	40	n/a
120	M	36	39	40
	F	37	40	42
	MH	48	50	n/a
130	M	25	26	27
	F	26	27	28
	MH	33	34	n/a
140	M	29	30	31
	F	30	31	32
	MH	38	39	n/a
150	M	11	12	12
	F	12	13	13
	MH	15	16	n/a
160	M	14	15	15
	F	15	16	16
	MH	19	20	n/a
170	M	6	8	9
	F	6	8	9
	MH	7	9	n/a

RULE 301.
PREMIUM COMPUTATION (Cont'd)

Extended Coverage, Broad And Special Forms – Coverage C Key Premiums*				
		Forms		
Territory	Const.*	DP 00 01	DP 00 02	DP 00 03
180	M	7	9	10
	F	7	9	10
	MH	9	12	n/a
190	M	12	14	19
	F	12	14	19
	MH	14	20	n/a
200	M	14	22	23
	F	14	22	23
	MH	19	27	n/a
210	M	4	6	7
	F	4	6	7
	MH	6	8	n/a
220	M	3	4	6
	F	3	4	6
	MH	4	6	n/a
230	M	12	15	19
	F	12	15	19
	MH	14	21	n/a
240	M	3	4	6
	F	3	4	6
	MH	4	6	n/a
250	M	3	4	6
	F	3	4	6
	MH	4	6	n/a
260	M	2	3	3
	F	2	3	3
	MH	3	4	n/a
270	M	2	3	3
	F	2	3	3
	MH	3	4	n/a
280	M	2	3	3
	F	2	3	3
	MH	3	4	n/a
290	M	2	3	3
	F	2	3	3
	MH	3	3	n/a
300	M	4	6	7
	F	4	6	7
	MH	6	8	n/a
310	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
320	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
330	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
340	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
350	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
360	M	2	3	3
	F	2	3	3
	MH	3	3	n/a
370	M	2	3	3
	F	2	3	3
	MH	3	3	n/a
380	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
390	M	1	1	2
	F	1	1	2
	MH	1	1	n/a

* **DP 00 01** Key Premiums are Non-seasonal and Seasonal. **DP 00 02** and **DP 00 03** Key Premiums are Non-seasonal only and include the charge for Extended Coverage and Vandalism and Malicious Mischief perils. M = Masonry, F = Frame, MH = Mobile Home. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame. **DP 00 02** Key Premiums for MH should be used in conjunction with Actual Cash Value Loss Settlement Endorsement **DP 04 76** Only; see Rule **305.**

Table 301.A.#44(R) Extended Coverage, Broad And Special Forms – Coverage C Key Premiums

RULE 301.
PREMIUM COMPUTATION (Cont'd)

To develop the Seasonal Base Premiums, multiply the following factors by the **DP 00 01** Extended Coverage Base Premiums:

Territories	DP 00 02	DP 00 03
110-160	1.10	1.20
170-390	1.50	1.55

Table 301.A.#45(R) Extended Coverage, Broad And Special Forms – Coverage C Seasonal Key Premiums Forms DP 00 02 And DP 00 03

Extended Coverage, Broad And Special Forms – Coverage C			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
$ 1∗	.17	$ 27	4.51
2	.33	28	4.68
3	.50	29	4.85
4	.67	30	5.02
5	.83	31	5.19
6	1.00	32	5.36
7	1.17	33	5.53
8	1.34	34	5.70
9	1.50	35	5.87
10	1.67	36	6.04
11	1.84	37	6.21
12	2.00	38	6.38
13	2.17	39	6.55
14	2.33	40	6.72
15	2.50	41	6.89
16	2.67	42	7.06
17	2.84	43	7.23
18	3.00	44	7.40
19	3.17	45	7.57
20	3.34	46	7.74
21	3.51	47	7.91
22	3.67	48	8.08
23	3.84	49	8.25
24	4.00	50	8.42
25	4.17	Each Additional $1,000	.17
26	4.34		
∗ Use this limit of liability to develop premiums for policy amounts less than $1,000.			

Table 301.A.#46(R) Extended Coverage, Broad And Special Forms – Coverage C Key Factors

RULE 302.
VANDALISM AND MALICIOUS MISCHIEF – (DP 00 01)

Rates Per $1,000	
Not Seasonal or Vacant	$ .17
Seasonal and Not Vacant	1.40
Vacant	9.30
In Course of Construction	.19

Table 302.(R) Vandalism And Malicious Mischief (DP 00 01)

RULE 404.
MOBILE OR TRAILER HOMES – (DP 00 01 ONLY OR DP 00 02 WITH DP 04 76)

Multiply the Frame Construction, Coverage **A** or **C** Base Premium by .9 for Fire and multiply the Mobile Home Construction, Coverage **A** or **C** Base Premium by 1.00 for Extended Coverage.

RULE 406.
DEDUCTIBLES

B. Optional Deductibles

The Minimum Additional Charge is $25.00.

RULE 500.
MISCELLANEOUS LOSS COSTS

Rates Per $1,000∗	
Exposure	**Rates**
A. Fire: Protection Class 1 – 8	$ 2.50
Fire: Protection Class 8B, 9, 9E, 9S & 10	4.50
B. Extended Coverage **(DP 00 01)**	1.00
C. Broad Form **(DP 00 02)**	1.50
D. Special Form **(DP 00 03)**	2.00
E. Broad Form **(DP 00 02)** with Endorsement **DP 04 65**	2.00
∗ These rates apply to all occupancies, territories, construction and protection classifications, unless otherwise specified. Rates for **A.** are cumulative with either **B., C., D.,** or **E.**	

Table 500.(R) Miscellaneous Rates

RULE 507.
FIRE DEPARTMENT SERVICE CHARGE

The Additional Rate per $1,000 of insurance is $15.00.

RULE 508.
TREES, SHRUBS AND OTHER PLANTS

C. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

The rates in the following table apply to all occupancies, territories, construction and protection classifications, unless otherwise specified:

Fire (DP 00 01)		
Protection Class	**Rates Per $1,000**	
1 – 8	$ 2.50	
8B, 9, 9E, 9S & 10	4.50	
Extended Coverage (DP 00 01) – All Specified Perils		
	Rates Per $1,000	
Territory	**Including Wind Or Hail**	**Excluding Wind Or Hail**
110-120	$ 57.00	$ 1.00
130-160	29.00	1.00
170-290	15.00	1.00
300-390	13.10	1.00
Windstorm Or Hail (DP 00 02 And DP 00 03)		
Territory	**Rates Per $1,000**	
110-120	$ 56.00	
130-160	28.00	
170-290	14.00	
300-390	12.10	

Table 508.C.1.(R) Premium Computation

RULE 509.
EARTHQUAKE COVERAGE

D. Premium For Base Deductible

Rate per $1000				
	Zone	**Frame∗**	**Masonry∗**	**Superior**
Table A				
Coverages **A, B, D** Or **E**	3	$ .36	$ 1.72	$ .68
Improvements, etc.	4	.23	1.05	.39
& Other Building Options	5	.18	.57	.27
Table B				
Coverage **C** & Other	3	$ .36	$ 1.43	$ .36
Personal Property	4	.23	.82	.23
Options	5	.18	.57	.18
∗ If exterior Masonry Veneer is covered, rate as Masonry; if not covered – rate as Frame.				

Zone Definitions		
Zone 3		
Anson	Davie	Richmond
Brunswick	Gaston	Robeson
Cabarrus	Iredell	Rowan
Catawba	Lincoln	Scotland
Cleveland	Mecklenburg	Stanly
Columbus	Montgomery	Union
Zone 4		
Alexander	Forsyth	Pender
Alleghany	Graham	Polk
Ashe	Haywood	Randolph
Avery	Henderson	Rutherford
Bladen	Hoke	Surry
Buncombe	Jackson	Swain
Burke	Macon	Transylvania
Caldwell	Madison	Watauga
Cherokee	McDowell	Wilkes
Clay	Mitchell	Yadkin
Cumberland	Moore	Yancey
Davidson	New Hanover	
Zone 5		
Balance of State		

Table 509.D.1.(R) Premium For Base Deductible 5% Deductible

RULE 511.
SINKHOLE COLLAPSE COVERAGE

Rates Per $1,000	
Cov. **A** or **B** and Other Bldg. Options	$ .30
Cov. **C** or Personal Property Options	.10

Table 511.B.1.(R) Premium Computation

RULE 512.
WINDSTORM OR HAIL COVERAGE – MISCELLANEOUS PROPERTIES

Rates Per $1,000				
	Territories			
	110-120	130-160	170-290	300-390
1. Signs				
All Metal	$ 33.60	$ 16.80	$ 12.10	$ 11.20
Other Construction	112.00	56.00	44.30	38.70
2. Cloth Awnings	56.00	28.00	14.00	12.10
3. Radio Or Television Equipment	112.00	56.00	44.30	32.70
4. Swimming Pools – Construction Of Pool And Related Structures*				
Masonry, Uncovered	.94	.47	.37	.28
Masonry, With Combustible Superstructures (Including Roof) And/Or Fencing – Pool Only	.94	.47	.37	.28
Masonry, With Combustible Superstructures (Including Roof) And/Or Fencing – Superstructure And/Or Fencing	32.60	16.30	11.20	8.40
Other Construction With Or Without Roof	32.60	16.30	11.20	8.40
Inflated Enclosure Or Covering Of Plastic Material	168.00	84.00	65.30	56.00
5. Screens (Including Supports)	32.60	16.30	11.20	8.40
6. Fences And Walls				
Masonry, Iron Or Reinforced Concrete	2.80	1.40	1.12	1.03
Other Construction	56.00	28.00	14.00	12.10
7. Bathhouses, Cabanas, Pergolas, Slathouses, Trellises; Structures Over Water				
Masonry	4.67	2.33	1.49	1.31
Other Construction – Fully Enclosed	6.53	3.27	1.96	1.68
Other Construction – Not Fully Enclosed	17.72	8.86	7.00	6.53
8. Outdoor Equipment	4.80	2.40	2.12	2.03
9. Greenhouses Or Hothouses				
Structures Including Glass, Flowers And Plants	130.60	65.30	61.10	60.60
If insured separately: Structure	11.56	5.78	4.67	4.48
Glass	66.20	33.10	31.30	30.80
Flowers And Plants	87.80	43.90	40.60	40.10

∗ If any part of a pool's enclosure or roof is made of plastic film or cloth, supported on wood framing, the entire pool is subject to the rates displayed for Inflated Enclosure or Covering of Plastic Material.

Table 512.D.(R) Premium Windstorm Or Hail Coverage – Miscellaneous Properties

RULE 513.
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE

C. Premium Computation

Charge per location is:

Limit	Rate
$ 5,000	$ 8.00
10,000	15.00
15,000	19.00
20,000	22.00
25,000	24.00

Table 513.C.(R) Premium Computation

RULE 514.
ASSISTED LIVING CARE

C. Premium

For Basic Limits, the rate per unit is $55.38.

For increased Coverage **C** Limit, the rate per $1,000 is $6.38.

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

County of	Code
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
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

County of	Code
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 knows 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	Shallotte	140
28460	Sneads Ferry	140
28461	Southport	140
28462	Supply	140
28467	Calabash	140
28468	Sunset Beach	140
28469	Ocean Isle Beach	140
28470	Shallotte	140
28480	Wrightsville Beach	140
28511	Atlantic	140
28516	Beaufort	140
28520	Cedar Island	140
28524	Davis	140
28528	Gloucester	140
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

EXHIBIT RB-3

PRE-FILED TESTIMONY
OF
JOANNA BILIOURIS

OCTOBER 2025

2025 NORTH CAROLINA DWELLING INSURANCE RATE FILING
BY THE NORTH CAROLINA RATE BUREAU

Q. Would you state your full name and business address?

A. My name is Joanna Biliouris. My business address is 4140 Parklake Ave, Raleigh, NC 27612.

Q. Are you employed by the North Carolina Rate Bureau ("Bureau")?

A. Yes.

Q. In what capacity?

A. I am the General Manager.

Q. What is the Bureau's function with respect to rates for residential Dwelling insurance?

A. The Bureau promulgates rates for residential dwelling insurance in North Carolina.

Q. Can you identify Exhibits RB-1 through RB-27?

A. Yes. Exhibit RB-1 sets forth the filed rates for the residential dwelling market in North Carolina, as well as the data and calculations underlying those rates and the dwelling rate manual changes that accompany the filed rate changes. RB-1 also includes the supplemental data and exhibits required by statute and by regulation for this filing. Exhibit RB-2 is the current residential dwelling rate manual. Exhibits RB-3 through RB-27 contain the required accompanying pre-filed testimony and exhibits. Together, these materials constitute a filing (the "Filing") that is dated October 30, 2025 submitted by the Bureau to the Honorable Mike Causey, Commissioner of Insurance, with respect to residential dwelling rates in North Carolina.

Q. Do you know how the expense data underlying the Filing were compiled?

A. Yes. The underwriting expense provisions included in the Filing were derived from the results of a special call for expense experience that is issued on an annual basis to all member companies of the Bureau. The responses received from that special call were compiled, reviewed, and furnished to Insurance Services Office ("ISO") for incorporation into the Filing.

Q. Was the information from the special call for expense experience that was furnished to ISO and utilized in the Filing correct and accurate to the best of your knowledge, information, and belief?

A. Yes.

Q. To the extent that actuarial expertise was necessary in the preparation of this Filing, where did the Bureau obtain that expertise?

A. Actuarial expertise was obtained from ISO and Milliman. ISO is retained by the Bureau to provide actuarial services for, among numerous other tasks, preparation of this Filing. The individual company representatives serving on the Bureau's Property Rating Subcommittee are mostly actuaries. The Bureau's Property Rating Subcommittee reviewed the data underlying the Filing and made recommendations to the Property Committee, which then made recommendations to the Bureau's Governing Committee as to the items contained in the Filing. In addition, the Bureau has an actuary on its staff who assisted in the review and the preparation of the Filing.

Q. Can you identify Exhibit RB-2 entitled the North Carolina Dwelling Policy Program Manual?

A. Yes. The North Carolina Dwelling Policy Program Manual marked Exhibit RB-2 is the current manual of the rules, rates, and classifications used to write residential dwelling insurance in North Carolina. The manual and any approved amendments are on file with the North Carolina Department of Insurance and a copy is maintained at the offices of the Bureau.

Q. Was a change made in this Filing to the presentation of the base rates?

A. Yes. In this Filing, we have presented the base rates in dollars and cents rather than rounding them to whole dollars. This change improves our rating precision.

Q. What is the proposed effective date of the rates in the Filing?

A. The rate review was prepared with the assumption that the effective date of any rate changes would be July 1, 2026, and therefore that is the "assumed effective date" in the Filing materials. However, because the Bureau proposes that the indicated rate change be implemented in two phases over a two year period, the Bureau proposes that the new rates for Year 1 apply to all policies becoming effective on or after July 1, 2026 and the new rates for Year 2 apply to all policies becoming effective on or after July 1, 2027.

Q. Does the Filing submitted to the Commissioner include, to the extent available, the information to be furnished in connection with filings under Article 36 of Chapter 58 of the General Statutes?

A. Yes. Those data that were available have been submitted to the Commissioner as part of the Filing. As shown and explained in that submission, some data were not collected or, if collected, were not retrievable from the statistical data in the form requested. The individual circumstances with respect to such data are explained in the submission.

Q. Does that conclude your pre-filed testimony?

A. Yes.

PREFILED TESTIMONY
OF
PAUL ERICKSEN

2025 DWELLING INSURANCE
RATE FILING BY THE
NORTH CAROLINA RATE BUREAU

Q: Please state your name and business address.

A: My name is Paul Ericksen. My business address is Insurance Services Office, 545 Washington Boulevard, Jersey City, New Jersey.

Q: Please describe your educational background and your background in actuarial science.

A: I graduated from Princeton University in 1992 with a B.A. in mathematics.

I became a Fellow of the Casualty Actuarial Society (CAS) in 1995 and am a member of the American Academy of Actuaries (AAA). I am in good standing with those organizations.

I served as a member of the CAS Examination Committee from 1996 through 2009, and I have given multiple presentations at CAS meetings.

Q: By whom are you employed?

A: I am employed by Insurance Services Office (ISO) and started employment at ISO in 1992.

Q: What are your current responsibilities at ISO?

A: I lead the Actuarial Consulting unit at ISO. ISO's Actuarial Consulting unit specializes in providing a wide array of consulting services to individual companies. I have been responsible for managing, overseeing, and developing customized actuarial analyses including ratemaking, reserving, and other miscellaneous studies. I have provided services to insurers, captives, managing general agents, law firms, and insurance departments.

Q: What is your employment background?

A: I started my career in 1992 as an actuarial assistant in the increased limits division of ISO. In 1993, I left ISO and spent a year as a consulting actuary in the New York office of Milliman, working primarily on medical malpractice projects. I returned to ISO in 1994 as an actuarial associate in the Financial Analysis division. In 1999, I transferred to ISO's Actuarial Consulting unit and assisted clients as a consulting actuary. In 2007, I was promoted to Principal of the Actuarial Consulting unit.

During the past 24 years that I have provided actuarial consulting services, I have worked on a wide range of projects involving several different lines of insurance within the property/casualty insurance industry. I have prepared rate analyses for homeowners, dwelling, personal auto, and other lines of insurance. I have also conducted reserve analyses as the Appointed Actuary for several insurers.

A large part of my consulting experience has dealt with property insurance in areas of the country that have exposure to hurricane losses. For example, I was the Appointed Actuary for Citizens Property Insurance Corporation of Florida ("Citizens") for four years (2004, 2005, 2007 and 2009), and I was also responsible for preparing rate analyses for Citizens' homeowners, mobile home, dwelling, and commercial property programs. Citizens is the insurer of last resort in Florida and has been one of the largest property insurers in the state. In addition to work performed on behalf of Citizens, I have also conducted ratemaking and reserving projects for several voluntary insurers that write homeowners and dwelling business in Florida. I have developed indicated rates for both multi-peril policies and wind-only policies. I have extensive experience working with multiple hurricane models (including both AIR and RMS) and developing provisions for the cost of reinsurance.

In North Carolina, I have provided actuarial consulting services to both the North Carolina Insurance Underwriting Association ("NCIUA") and the North Carolina Joint Underwriting Association ("NCJUA"). Those organizations rely upon the rates set in filings by the North Carolina Rate Bureau ("Bureau").

Q: Are you familiar with dwelling insurance ratemaking in North Carolina and other states?

A: Yes. ISO has provided actuarial consulting services to the Bureau on North Carolina dwelling rate filings since the Bureau was created. I have extensive knowledge of the methodologies employed by ISO and the Bureau in this filing as well as in past Bureau dwelling filings. I provided written testimony in support of the Bureau's 2019, 2020, 2022, and 2023 dwelling rate filings.

As part of a consulting assignment that I performed for the NCIUA and NCJUA, I have also reviewed prior filings by the Bureau on which ISO provided actuarial consulting and filing preparation assistance. I have prepared many dwelling rate analyses in several different states. In addition, I have testified as an expert witness in support of my clients' dwelling rate filings in various hearings that were held in Florida and Massachusetts. In Florida, I have testified in support of rate filings submitted by Citizens. In 2024, I provided both written and oral testimony in support of the Bureau's 2024 Homeowners rate filing.

Q. Based on your experience with other states, from the standpoint of individual companies, how does ratemaking in North Carolina differ from other states?

A. In almost every other state, each company files its own dwelling 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 dwelling policies written in the state.

In essence, the Bureau makes rates based on the aggregate policyholder attributes and loss experience of all the dwelling policies written in the state. Those policies include characteristics such as the dollar amount of insurance written on each home, the geographic location of the home, the protection class of the area in which the house is located, the type of construction, the deductible amount, etc.

Once the Bureau rate has been set through the filing and approval process, Bureau companies must charge that rate unless they file their own deviations with the Commissioner or engage in the consent to rate process. A company's proposed premium may exceed the Bureau rate through the consent to rate process only if that higher premium is charged in accordance with rules adopted by the Commissioner.

Q: What work has ISO performed with respect to the Bureau's 2025 dwelling rate filing in North Carolina?

A: First, ISO, as a licensed statistical agent in North Carolina, collects dwelling insurance data from a significant number of the companies writing that line in North Carolina, as well as from the North Carolina Insurance Underwriting Association (commonly called the "NCIUA" or the "Beach Plan") and the North Carolina Joint Underwriting Association (commonly called the "NCJUA" or the "Fair Plan") which are the residual market mechanisms.

Second, ISO collects, reviews and compiles data from three other statistical organizations licensed in North Carolina that collect residential dwelling data from Bureau member companies. All companies writing dwelling 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 actuarial consulting services directly to the Bureau. As in the past, ISO staff compiled the ratemaking data to be reviewed by the Bureau's Property Rating Subcommittee, Property Committee, and Governing Committee in preparation of rate reviews and filings.

Fourth, ISO staff put together much of the data, information and calculations contained in Exhibit RB-1. This lengthy process was performed under the direction of the Bureau committees. ISO staff attended meetings of those Bureau committees.

Finally, I have reviewed the filed rates to determine if they are calculated in accordance with the CAS guidance, including the Statement of Principles Regarding Property and Casualty Insurance Ratemaking and the Actuarial Standards of Practice. 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 N.C.G.S. 58-36-10, i.e., that rates must not be excessive, inadequate or unfairly discriminatory and that certain statutory rating factors must be considered. With regard to the legal interpretation of applicable statutes as they pertain to the Bureau, I have relied on guidance provided by the Bureau's legal counsel.

Q: Please describe the overall ratemaking equation 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 to comply with the statutory ratemaking standard. 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. For residential dwelling filings, this is done separately for the two types of coverage afforded by the policy, the fire portion and the extended coverage portion.

The indicated rate change is the actuarially sound percentage change necessary to make the rates comply with the statutory standards that they not be excessive, inadequate, or unfairly discriminatory.

Q: What is the source of the data utilized in Exhibit RB-1?

A: The Bureau has the statutory responsibility of filing forms and making rates for all residential dwelling insurance policies written in North Carolina (with the exception of such policies that may be written by county farm mutuals pursuant to N.C.G.S. 58-36-50). For purposes of Bureau rate filings for residential dwelling, all dwelling loss and exposure data written on NCRB policy forms in the state is consolidated to essentially assume a single insurance entity (often called the "hypothetical one company"). ISO, on behalf of the Bureau, combines the data as to those policies in its filings as if there were a single company with the aggregate 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 dwelling experience of the individual insurance companies that write residential dwelling policies in North Carolina, together with the experience written on dwelling insurance policies in the residual market as described below. Those entities submit their data to one of the four statistical agents described above. The four statistical agents subject each entity's data to a series of verification edits and then consolidate the individual company data. The non-ISO 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 Bureau committees and ultimately for use in rate filings.

The latest year of statistical data available for use in the filing is 2023. In 2023, the total earned premium (at current rate level) for the fire portion of dwelling policies was approximately $88 million. In 2023, the total earned premium (at current rate level) for the extended coverage portion of dwelling policies was approximately $374 million. These dollar amounts include both residual market mechanisms that write residential dwelling policies.

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 in the regular course of their business responsibilities. Note that the statistical data provided by NISS has been excluded from the NCRB's dwelling rate analysis since over 98% of its reported premium is not written using the Rate Bureau's policy program.

Also, let me note that, any time I reference dwelling insurance, dwelling policies, or dwelling experience in this testimony, I am referring to residential dwelling insurance written using the Bureau's program.

Q. Please describe what are commonly called the "Beach Plan" and the "FAIR Plan" and the role of their loss data in this filing?

A. They are both residual market organizations that write policies for those policyholders who cannot obtain insurance in the voluntary market.

The term "Beach Plan" is a commonly used name for the North Carolina Insurance Underwriting Association. It is a residual market organization created by the North Carolina legislature in Article 45 of Chapter 58. It writes dwelling, homeowners, and other types of insurance for policyholders in the 18 coastal counties. It uses forms, rules and rates filed by the Bureau. Although voluntary insurers have chosen not to accept the risk of writing policies that have been written by the Beach Plan, North Carolina law requires voluntary insurers to pay any losses that exceed the Beach Plan's resources, up to an aggregate statutory cap of $1 billion annually. The significance of such non-recoupable assessments on the companies is discussed later in my testimony.

The Beach Plan uses the same dwelling forms that are used by voluntary companies. Those forms have been prepared and filed by the Bureau on behalf of all member companies. The Beach Plan writes policies in its own name. The Beach Plan receives and retains premiums, adjusts losses, reports statistics and operates in a manner similar to voluntary insurance companies in many respects. It uses dwelling forms and rates filed by the Bureau, except that it applies a 5% statutory surcharge on the wind and hail rate where it writes only the wind and hail coverage on dwelling 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.

The second residual market mechanism in North Carolina is the called the North Carolina Joint Underwriting Association or Fair Access to Insurance Requirements organization (commonly called the “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. No surcharge is applied to FAIR Plan policies. Full residential dwelling policies written by the Beach Plan and FAIR Plan are written at the Bureau rate.

When a prospective policyholder seeks dwelling insurance, it is not predetermined whether the policyholder will be written by the Beach Plan or FAIR Plan, or instead by a voluntary company. Policyholders can switch back and forth between the residual market and a voluntary company depending on which option works best for them and depending on whether a voluntary company will write them. In computing the exposures and the loss experience of the hypothetical one company in North Carolina for which rates are being made in this filing, the exposures and loss experience of the Beach Plan and the FAIR Plan must be combined with the rest of the data as if the Beach Plan and FAIR Plan were private insurance companies.

North Carolina statutes distinguish between the “beach” and “coastal” areas under the Beach Plan’s jurisdiction. In the 18 beach and coastal counties, the residual market is the largest writer of dwelling policies. Approximately 96% of dwelling premium in the “beach” territories (territories 110 and 120) was written by the Beach Plan in 2023. In the “coastal” territories (territories 130, 140, 150 and 160), approximately 80% of the dwelling premium was written in either the Beach Plan or the FAIR Plan. Also, dwelling policies have increasingly been written by the FAIR Plan in the rest of the state. In the inland territories making up the rest of the state, approximately 50% of the dwelling premium was written by the FAIR Plan. This means that the residual market is also the largest writer of dwelling policies in the inland territories. On a statewide basis, approximately 67% of dwelling premium was written in either the Beach Plan or FAIR Plan in 2023. This represents an increase from the 65% statewide market share observed in 2022.

Individual companies can charge more or less than the approved Bureau rates through consent to rate and deviations, respectively. Such actions by individual companies are outside of the Bureau's jurisdiction. In recent years, there has also been growth in the use of consent to rate, by which companies may charge higher premiums on individual policies through compliance with the consent to rate procedures.

Over the years, the Beach Plan's and FAIR Plan's large market shares reflect the fact that voluntary companies are unwilling to write in areas of the state where the manual rate level is inadequate. This inadequacy has generally been more pronounced in the beach and coastal areas. However, the increasing market share of the FAIR Plan in the inland territories reflects a growing inadequacy of the manual rates there as well. But for this significant and growing manual rate level inadequacy, with numerous companies competing in the state, normal competitive market forces would prevail, and companies would write more dwelling insurance voluntarily. In the beach and coastal areas, this high market share has occurred even though the legislature 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 (the homeowners line of insurance or the dwelling fire and extended coverage line of insurance) under review, in the same manner as loss and exposure data from voluntary insurance companies that write that line of insurance. It is actuarially appropriate and necessary 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.

The inadequacy of dwelling rates creates a dilemma for the Beach Plan and FAIR Plan. On the one hand, the inadequate rates diminish their ability to build up sufficient surplus in the "good" years when there are no hurricanes to provide a cushion to pay losses in the "bad" years when severe hurricanes occur. Even in the good years, they must pay claims for higher frequency insured events such as fires, etc.

The Beach Plan's and FAIR Plan's approach has been to purchase both reinsurance and catastrophe bonds. Whatever amounts they spend in the reinsurance and catastrophe bond markets is at the expense of building up their surplus in those years when hurricanes do not affect North Carolina.

Q. What are some of the other consequences of the inadequacy of Bureau manual rates, both at the coast and in the rest of the state?

A. The prospect of Beach Plan and FAIR Plan assessments affects the willingness of a company to write property insurance in North Carolina. A company knows that, following a powerful hurricane, it will be subject to residual market assessments for huge losses on business that the company did not choose to write in the first place, and those assessments are based on the company's market share throughout the state. Therefore, companies that elect to write in the state must consider the extent that they will do so in various areas of the state, particularly in the beach and coastal territories where the risk of hurricane losses is greater.

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. Using five years is consistent with prior filings, North Carolina statutes, and generally accepted ratemaking practices.

The loss experience used in the filing is what we call "accident year" experience for the years ended December 31, 2019 through December 31, 2023. This is the most recent five years of data available. I can explain what is meant by accident year experience by providing an example. The losses for the accident year ended December 31, 2023 consist of all losses caused by accidents which occurred during the one-year period ended December 31, 2023. If an accident occurred on December 29, 2023 and resulted in either a loss being paid or a reserve being established after January 1, 2024, that loss would be a part of the accident year losses for the period ended December 31, 2023. The basis for assigning losses to individual accident years is the date the accident occurred. The term "accident year" is an insurance accounting term that includes the various incidents that give rise to a dwelling insurance claim, including fires, hurricanes, tornados, etc. during a 12-month period.

Q: What is the reason for using five years of data to determine the indicated rate level change?

A: Ratemaking is prospective in nature. The objective is to set rates at the level that is sufficient to pay expected losses, expected expenses, and to allow insurance companies to earn a reasonable margin for profit. This is the fundamental equation in insurance ratemaking for determining 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 July 1, 2027. Historical loss data are generally used for the purpose of projecting expected losses. The North Carolina statutes allow the Bureau to review five years of experience in its rate level filings in addition to other factors that are to be considered. For non-catastrophic types of loss, the use of five years of data balances the stability of the rates with responsiveness to more recent conditions. For catastrophic hurricane losses, the average of modeled losses from two hurricane models is used. For non-hurricane catastrophic losses, a separate excess smoothing procedure is employed to reduce large swings in the indications due to irregular events in the experience period.

Traditional ratemaking for the fire coverage of a dwelling policy has relied on five years of experience with weights of 0.10, 0.15, 0.20, 0.25 and 0.30 being given to each year respectively. For the fire portion of the policy, accident year 2023, the most recent year for which data is available, receives a weight of 30%. Accident year 2022 receives a weight of 25%. Accident year 2021 receives a weight of 20%. Accident year 2020 receives a weight of 15%. Accident year 2019 receives a weight of 10%. Those weights are used in this filing as in past Bureau dwelling filings. The weights used by the Bureau are identical to those used by ISO in all other states for dwelling fire insurance. These weights are generally accepted in all jurisdictions in which ISO makes dwelling filings. For the extended coverage portion of the dwelling policy, which by nature is more likely to be unstable because of weather events, equal weights are given to each year to help promote stability. This treatment is a common and accepted ratemaking practice used countrywide.

Q. How is the Bureau proposing to implement the indicated rate changes?

A. The Bureau's Governing Committee has decided to phase in the indicated rate changes over a two-year period. Page A-3 shows the indicated rate changes for fire, along with the proposed rate changes that will go into effect on 7/1/2026 (Year 1) and on 7/1/2027 (Year 2). Within each territory, the targeted percentage rate change will be the same in Year 1 and Year 2.

Page A-4 shows the corresponding indicated and filed rate changes for extended coverage. As with fire, the percentage rate change targeted within each territory will be the same in Year 1 and Year 2.

Spreading the indicated rate change over a two-year time period will reduce the immediate effect of rate changes on policyholders.

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 the fire portion of a dwelling policy in North Carolina. Page C-2 determines the actuarially indicated rate level change for dwelling fire. The data shown are for business written in the voluntary market and business written by the North Carolina Beach and FAIR Plans.

The overall dwelling program to which this filing applies consists of both a fire and an extended coverage ("EC") component. Page C-2 shows the calculation of the indicated rate change for the fire component, and Page C-4 shows the corresponding indicated rate change for the EC component. I will first focus on describing Page C-2. However, later parts of my testimony will refer to the EC calculations on Page C-4.

Q: Referring to column 1 on page C-2, what are "Adjusted Incurred Losses"?

A: The incurred losses in column 1 are the losses 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 yet exists because they have not yet been reported.

Q: Have the losses 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 $500 deductible level. Second, these losses have been developed to ultimate by applying 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. The common deductible level that is assumed for dwelling is the base deductible of $500. Loss elimination ratios (LERs) are applied to the reported losses in order to account for the difference between the reported deductible and the assumed common deductible.

Q: What is the purpose of adjusting the reported losses by applying loss development factors?

A: The losses in column 1 of page C-2 include losses from events which have happened but which have not yet been reported. Such events are included by what is known as an adjustment for IBNR (incurred but not reported) losses.

In addition, adjustments must be made to reflect that loss payments occur over time. 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. 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," from the time they were initially reported to the time they were ultimately paid. For example, if we want to evaluate how losses reported in 2023 will eventually turn out, we look back and see what has happened in the past. If historically there has been a 5% 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 will hold true for losses incurred during the accident year ended December 31, 2023. Accordingly, we would make an adjustment by increasing the losses as they are initially reported to us by 5%.

Q: What causes losses to change or develop as you have described?

A: Changes to the reserve portion of the losses typically result from the fact that the ultimate loss payments turn out to be more or less than estimated at the time of the initial report that led to the reserve. Another factor that could lead to changes in losses is the late reporting of claims. For example, if a loss event occurred in late December 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 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: Please refer to page D-12 of RB-1 and explain how the loss development factors used in the filing were calculated.

A: Page D-12 shows the calculation of loss development factors for the fire portion of a dwelling policy. The top section of that page shows the incurred losses evaluated as of 15, 27, 39, 51, 63, 75 and 87 months for the accident years for which available data are shown. In calculating loss development factors, we have used the data of companies reporting to ISO. For instance, the 15-month entry for the accident year ended December 31, 2018 is $31,775,713. This is the first evaluation of the losses caused by loss events which occurred during the year which ended December 31, 2018. The evaluation was made as of March 31, 2019, 15 months after the beginning of the accident year. Twelve months later (March 31, 2020) the losses caused by accidents which occurred during the year ended December 31, 2018 had decreased to $31,404,396. This is the evaluation as of 27 months after the beginning of the accident year. This decrease represents a reduction in losses, or negative development, of -1.2% (or 0.988) 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 eleven different years. The average development for those years was 0.992, or -0.8%.

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, 51 months to 63 months, 63 months to 75 months, and 75 months to 87 months. Studies have shown that for dwelling fire virtually all losses have been paid by the time of the evaluation at 87 months after the beginning of an accident year. For example, by the time of the 75-month evaluation, the losses for the accident year ended December 31, 2018 had become $31,283,898. This amount is the same as the value of the losses for the same accident year evaluated as of 63 months. The average development over the period 63 months to 75 months for the years for which the data are available was 1.000, or 0.0%.

Q: Please explain how the loss development factor used to determine the ultimate payment value of the accident year ended December 31, 2023 losses was determined.

A: For dwelling fire, the loss development factors for each of the applicable periods, as shown on page D-12, are:

Development Period	Factor
15 to 27	0.992
27 to 39	0.997
39 to 51	1.000
51 to 63	1.000
63 to 75	1.000
75 to 87	1.000

If you multiply all of these factors together, you will get a factor of 0.988 to apply to the year ended December 31, 2023 losses.

Q: Please refer to column (2) of page C-2. With reference to the column headed "Adjusted Incurred Losses Including LAE," please tell us what the figure 61,384,583 represents.

A: These are the losses and loss adjustment expenses associated with claims that occurred in the accident year ended December 31, 2023. It is equal to the adjusted incurred losses found in Column (1), multiplied by a trended loss adjustment expense factor of 1.094.

Q: How is the trended loss adjustment expense factor of 1.094 developed?

A: Each year the 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, 2020, December 31, 2021, December 31, 2022, December 31, 2023 and December 31, 2024, after dropping the high and low values, averaged 9.2% for the period, as shown on page D-26.

This factor of 9.2% must be adjusted for the change in cost levels of the items that go into loss adjustment expenses. These expenses include items such as adjusters' salaries, rents and overhead items related to claims settlement. In essence, these items will vary as general economic trends vary.

Q: 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) and a 25% weight to the all items CPI (including energy). The latest available information for marine, fire and casualty insurance was used. The data for this index are shown on pages D-22-23. Based on an analysis of these data, an annual rate of change of 4.0% was selected by the Property Rating Subcommittee of the Bureau.

Q: Please explain the development and application of the expense trend factor in arriving at the loss adjustment expense factor.

A: The loss adjustment expense factor of 9.2% is equal to the five-year average (excluding the high and low values). As such, the factor is representative of the time period corresponding to July 1, 2022.

Since the Loss Adjustment Expense ratio is at the cost level corresponding to July 1, 2022, it is necessary to project this cost to the average date of accident for the period during which our rates are assumed to be effective, July 1, 2027 (one year beyond our assumed effective date of July 1, 2026). This calculation is displayed on page D-30.

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 also need to adjust the losses in the denominator by the relevant loss trend. This calculation is performed on page D-30.

Q: Please explain the purpose of trending losses.

A: Since ratemaking is prospective in nature, historical losses need to be adjusted to reflect the cost levels anticipated to prevail during the period that the proposed rates are expected to be in effect. This adjustment to historical losses is made by applying loss trend factors. For the calculations in this filing, the assumed effective date is July 1, 2026. Historical losses are trended to reflect an average accident date of July 1, 2027 (which is one year after the assumed effective date of July 1, 2026). The loss trend factors are shown in Column (3) of page C-2 of Exhibit RB-1.

Q: Please describe how the loss trend factors are calculated for non-hurricane losses.

A: For non-hurricane losses, loss trend factors are calculated on pages D-14 to D-18 of Exhibit RB-1.

For each accident year, loss trend factors account for anticipated changes in cost levels from the midpoint of the accident year to one year after the assumed effective date of the rate filing. This period of time for which losses are being trended is split into three distinct time periods for purposes of selecting annual rates of change in losses. Trend for the first time period is referred to as the "historical" trend, trend for the second time period is referred to as the "to current" trend, and trend for the third time period is referred to as the "prospective" trend. The following explains how these time periods are defined in this analysis:

- <u>Historical</u>: Reflects the time between the average date of occurrence for each accident year and 7/1/2023, where 7/1/2023 is the average date of occurrence for the most recent accident year in the experience period.

- <u>To Current</u>: Reflects the time between 7/1/2023 and 6/30/2025, where 6/30/2025 is the most recent date through which economic indices were available at the time the analysis was prepared.

- <u>Prospective</u>: Reflects the time between 6/30/2025 and 7/1/2027, where 7/1/2027 is one year after the assumed effective date of the rate filing.

Page D-14 shows historical growth in claim frequencies, loss severities, and pure premiums that occurred during the historical experience period for fire. Page D-16 shows the average rate of change in economic indices that took place during the "to current" time period. Based on the information in Pages D-14 and D-16, the Bureau's Property Rating Subcommittee selected annual rates of change in frequencies, severities, and pure premiums for fire. Separate annual rates of change were selected for each of the three different time periods, and the selected values are summarized in Page D-17.

Page D-18 shows how the selected annual change in losses was converted to loss trend factors that can be applied to the losses for each of the accident years. The loss trend factors shown in Column (9) reflect the combined impact of loss trend over the historical, to current, and prospective time periods. These loss trend factors also appear in Column (3) of page C-2.

Q: Compared to the Bureau's previous dwelling rate filing, have there been any changes to the way non-hurricane loss trend was calculated?

A: Both the current and the previous dwelling rate filing reflect the effect of loss trend from the midpoint of an accident year to one year after the assumed effective date of the rate filing. In the current rate filing, this total trend period is split into three distinct periods of time for purposes of selecting the average annual rate of change in losses. As described above, these three time periods are referred to as "historical", "to current", and "prospective".

Although the total trend period was defined in a similar manner in the previous dwelling rate filing, it was split into only two distinct time periods for purposes of selecting the average annual rate of change in losses. The "historical" time period was defined in a similar manner. However, what was referred to as the "prospective" time period in the previous filing represents the merging of the "to current" and "prospective" time periods as defined in the current rate filing.

The transition from a 2-period loss trend (as used in the prior rate filing) to a 3-period loss trend (as used in the current rate filing) is not expected to result in a systematic increase or decrease to the resulting loss trend factors or indicated rate changes. However, use of a 3-period loss trend allows for greater precision in the selection of annual loss trends that are applicable to different periods of time.

Q: Please explain the purpose of premium trend factors in Column (5) of page C-2.

A: Since ratemaking is prospective in nature, it is important to adjust historical experience so that it will be reflective of future conditions. Due to the impact of inflation, insureds generally purchase higher policy limits over time. Premium trend factors are used to adjust historical experience to reflect subsequent changes in average policy limits over time.

Q: Please describe the calculation of the premium trend factors in Column (5) of page C-2.

A: The premium trend procedure is based on the annual growth in average policy amount relativities during the experience period. This procedure is displayed on pages D-19 and D-20.

The premium trend factors are calculated in a two-step process. The first step involves calculating Current Amount Factors for each year. The Current Amount Factors trend the average policy amount relativity from a given historical year to the average date of writing for the latest accident year of the review (January 1, 2023).

The Current Amount Factors are calculated by taking the ratio of the average policy size relativity for the most recent year to the average policy size relativity for each of the five years in the experience period. For a given year, the average policy size relativity is calculated by taking a weighted average of the policy size relativity factor for each amount of insurance, using the exposures for each amount of insurance as weights.

The second step involves accounting for the trend in average policy size relativities from January 1, 2023 (which is the average date of writing for accident year 2023) to January 1, 2027 (which is six months beyond the assumed effective date of July 1, 2026). The prospective annual change in policy size relativities was selected by the Bureau's Property Rating Subcommittee after reviewing the fitted annual rate of change in policy size relativities during the historical experience period.

Q: Could you please explain the average rating factor in Column (7) on page C-2?

A: Column (7) 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. For example, let's assume that the current territory base rate for frame construction with $75,000 buildings coverage 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 (6) 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 (8). The derivation of the average rating factors for fire is shown on pages D-34 to D-43.

Q: Please explain the Weighted Trended Base Class Loss Cost, page C-2 Line 10.

A: Line 10 is the resulting Weighted Trended Base Class Loss Cost obtained by applying the accident year weights shown in Column (9) to the Trended Base Class Loss Cost for each year shown in Column (8). This Weighted Trended Base Class Loss Cost is the forecasted Base Class Loss Cost for policies written during the one-year period after the assumed effective date of July 1, 2026.

Q: Please explain credibility on Line 11, page C-2.

A: Line 11 is the credibility of the experience based on the number of house years during the 5-year period. The full credibility standard is based on a procedure that considers 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 10% of the expected value. The full credibility standard for fire is 500,000 house years and 330,000 house years for extended coverage.

Q: Please explain what Line 12 entitled "trended fixed expense per policy" on page C-2 refers to and what it represents.

A: Line 12 “trended fixed expense per policy” refers to the amount of the prospective premium dollar needed to cover general and other acquisition expenses on policies written during the prospective period. 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. Expenses such as commissions and premium taxes, on the other hand, are examples of expenses that rise or fall directly with premium.

The number shown on Line 12, $2.51, represents the dollars of general and other acquisition expenses trended to the levels anticipated to prevail during the prospective period. This is appropriate because general and other acquisition expenses are normally incurred at the time a policy is written.

Q: Please explain how the figure $2.51 on Line 12 of page C-2 was derived.

A: The derivation of the figure $2.51 is shown on page D-30. Based on reviewing the 2022 to 2024 experience on page D-24, the Bureau’s Property Rating Subcommittee selected an untrended general expense ratio of 0.045 and an untrended other acquisition expense ratio of 0.055.

In order to trend these to the cost levels anticipated to prevail, we project these forward to the prospective period. The average selected expense trend of 4.0% is applied over the time period from July 1, 2023 (the average date of the experience on which the general expense ratio is based) to January 1, 2027 (the average date of writing under the proposed rates). Since this ratio is relative to premium, we must also project the amount of insurance from 2023 levels to the level anticipated to be in effect on business written between July 1, 2026 and June 30, 2027. This is done by using the Premium Trend Factor for 2023 of 1.178, which I have previously discussed.

This trended fixed expense ratio is then multiplied by the latest year current base rate of $25.84. The result is a statewide dwelling fire fixed expense loading of $2.51.

Q: What does Line 13 show on page C-2?

A: Line 13 is a combination of the Trended Base Class Loss Cost and the Trended General Expense and Other Acquisition expenses. The figure $19.24 is the dollar amount that is required to cover the portion of the base rate that is needed to cover anticipated losses, loss adjustment expenses, general expenses and other acquisition expenses.

Q: What does Line 14 on page C-2 show?

A: Line 14 takes into account the variable expenses, which include commission and brokerage, taxes, licenses and fees, profit, contingencies and dividends. From page D-24, we see that the commission and brokerage ratio is 11.2% and the taxes, licenses and fees ratio is 2.7%. The provision for dividends is 0.2%. The provision for underwriting profit is 8.5%. The contingency provision is 1.0%.

As in past dwelling filings, Bureau committees reviewed the latest available policyholder dividends payment data as well as the multi-year history of companies consistently paying dividends to policyholders. The Bureau's subcommittee concluded that a factor for expected dividends is appropriate to include in this filing. The data contained on page D-24 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 0.2% 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 doing so is consistent with the Statement of Principles Regarding Property and Casualty Insurance Company Ratemaking and the Actuarial Standards of Practice, which provide that 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 publicly traded stock companies (owned by shareholders) pay to their shareholders. If dividends were not reflected in the Bureau's rates, the profit level in the filing would not be achieved because of dividends paid to policyholders.

The 8.5% underwriting profit provision was selected by the Bureau's committees based on reviewing the analysis by Dr. George Zanjani. This filing also contains a 1% provision for contingencies. The profit and contingency factors are applied equally across the state.

The items known as variable expenses are reflected in Line 14 on page C-2. They vary in direct proportion with the premium dollar.

Combining variable expenses, profit, contingencies, and dividends results in 23.6 cents of every premium dollar being paid for these expenses. The remaining 76.4 cents pays for losses, loss adjustment expenses, general expenses and other acquisition expenses.

Q: What is the source of the percentages on page D-24 with respect to commissions and brokerage and taxes, licenses, and fees?

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 for use in the rate review and the filing. The percentages on page D-24 were calculated from the

2020, 2021, 2022, 2023 and 2024 North Carolina expense calls for data undertaken by the Bureau.

The percentages for Commissions and Brokerage, and Taxes, Licenses, and Fees are a function of written premium. The determination of whether to select expenses as a percentage of written premium or as a percentage of earned premium is influenced by which premium best matches the time at which the expenses are incurred. For commissions & brokerage, the selection was 11.2% for fire and 9.1% for extended coverage (see pages D-24 and D-27). For taxes, licenses and fees, the selection was 2.7% for fire and 2.3% for extended coverage (see pages D-24 and D-27). General and other acquisition expenses are determined based on a ratio to earned premium at manual level. The North Carolina special calls for 2020, 2021, 2022, 2023, and 2024 were used for these as well. The selected general expense provision was 4.5% for fire and 2.5% for extended coverage (see pages D-24 and D-27). The selected other acquisition expense provision was 5.5% for fire and 5.1% for extended coverage (see pages D-24 and D-27). These selections are then adjusted by ISO to reflect trend.

Q: What is the source of the percentage on page D-24 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, and I am advised that N.C.G.S. 58-36-10(2) expressly provides that due consideration shall be given to contingencies in the making of rates. The 1% 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 adequately recognized in normal ratemaking.

In addition, the writing of property insurance in North Carolina is subject to law changes, court interpretations, jury verdicts, and judicial decisions that expand losses beyond what was contemplated when the policies were written. 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. One historical example is the sudden surge of mold claims around the early 2000's that far exceeded the amounts seen in experience periods.

Additional considerations justifying a contingency factor include the delay, uncertainty, and difficulty in obtaining needed rate increases in North Carolina. In North Carolina, insurance companies writing dwelling insurance are required to go through the Bureau in order to achieve needed rate 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 many companies writing dwelling insurance and then aggregated and analyzed prior to making a filing for adequate rates on behalf of all companies. As the physical size of this 2025 filing demonstrates, the amount of information required to be submitted is massive, and it takes significant time to compile that information. Mr. Anderson of Milliman (see his pre-filed testimony and exhibits) has concluded that a 1% contingency provision is fully supported by this single issue regarding the delay in obtaining needed rate increases in North Carolina.

Q: Would you explain Line 15 on page C-2 entitled "Base Class Rate Excluding Comp. for Assess. Risk & Deviations"?

A: The net base rate per policy is calculated by dividing the Loss and Fixed Expenses in Line 13 by the expected loss and expense ratio in line 14. This is the net base rate before incorporating the factors for deviations and the compensation for assessment risk per policy.

Q: Would you explain Line 16 on page C-2 entitled "Compensation for Assessment Risk per Policy"?

A: Compensation for assessment risk is a provision that is calculated by Ms. Mao of Aon (see her 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, dwelling and other lines of property insurance in the voluntary market will be assessed for such losses even if they had chosen not to write in the coastal or beach areas where the losses occurred. 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 generate those losses. The compensation for assessment risk factor is the provision that must be included in the rates in order to compensate voluntary market insurers for bearing this risk of assessments from the Beach/FAIR Plans.

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. Aon's analysis of the necessary compensation for the risk of residual market assessments incorporates this cap.

It should be noted that the $1 billion cap only applies to assessments by the Beach Plan (which writes business in the beach and coastal areas) and does not apply to assessments to pay for losses in the FAIR Plan (which writes business in all areas of the state except the beach areas). In recent years, the FAIR Plan has rapidly increased its writings statewide. As the number of policies and amount of uncapped exposure in the FAIR Plan grows, that growth could impact the compensation for assessment risk. Those policies are vulnerable to losses from catastrophic hurricanes, and companies are subject to unlimited assessments from these losses.

The compensation for assessment risk amount of 0.64 per policy is calculated by first multiplying the 2.1% provision by the current average statewide base rate of 26.35, resulting in a value of 0.55. To be incorporated in the rates, however, this provision must be adjusted to account for the commissions and taxes, licenses and fees that the companies will need to pay on this additional premium. That is done by dividing the 0.55 by 1 minus the sum of commission and brokerage expense and taxes, licenses and fees expense as shown below.

$$\frac{0.55}{1 - 0.112 - 0.027} = 0.64$$

Q: What is the source of the percentages used on Line 18 for anticipated deviations?

A: As in past dwelling filings, the Bureau committees reviewed deviations. Deviations are a cost of doing business in North Carolina for the insurers that have them approved by the Department. They are a cost of risk transfer and therefore need to be contemplated in the rates according to the Statement of Principles Regarding Property and Casualty Insurance Ratemaking. They constitute “savings” that must be considered pursuant to statute. Companies are required to report their approved deviations. If rates were set without contemplating deviations, the industry would not achieve the profit provision included in the rates. The Bureau reviewed deviations in conjunction with consent to rate data and surcharges on dwelling policies written in the Beach Plan. The Bureau and ISO are of the opinion 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. The Bureau also recognizes that the reflection of expected deviations has been a contentious issue in previous rate filings. However, in this filing the Bureau elected to file a provision of zero for deviations.

Q: Would you explain Line 20 on page C-2 entitled “Required Base Class Rate per Policy”?

A: Line 20 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 21 on page C-2 entitled “Current Average Base Class Rate”?

A: Line 21 is the current average base class rate for fire on all dwelling policies included in the review. This rate assumes that each policyholder is buying only the base coverage.

Q: Would you explain Line 22 on page C-2 entitled "Indicated Rate Level Change"?

A: Line 22 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 20 and dividing it by the current base rate from Line 21 and then subtracting one. This results in an indicated rate level change of -2.0% for the fire portion of dwelling policies.

Q. How are these changes distributed by class?

A. On page C-7, the calculations of the indicated change for fire buildings and contents classes are shown. Column (1) displays the Trended Adjusted Incurred Losses for each of the two classes - buildings and contents. The losses shown are for the latest five years. Column (2) gives the Five-Year Earned House Years total, which is the sum of the exposures by class for the five-year period. Column (3) provides the Trended Average Rating Factor. Column (4) gives the Base Class Loss Cost for each class and total. This loss cost is obtained by dividing the five-year total trended adjusted incurred losses by the product of the five-year total house years and the trended average rating factor. Column (5) is the credibility assigned to each class's experience, based on the full credibility standard of 500,000 house years for fire. Column (6) is the Credibility Weighted Loss Cost for each class. The complement of credibility for use in this calculation is the Total Base Class Loss Cost multiplied by the ratio of the current base rate for each class to the total current base rate.

The statewide credibility weighted loss cost is obtained by weighing the class credibility weighted loss cost by the individual class house years. Column (7) provides the Indicated Base Loss Cost by class.

This is the statewide base loss cost adjusted by the class relativity indicated by the credibility weighted loss cost. Column (8) shows the Current Base Rate by class. Column (9) displays the Expected Loss and Fixed Expense Ratio. The Indicated Base Rate is shown in Column (10). The indicated base rate is the sum of the loss cost and fixed expenses divided by the expected loss and fixed expense ratio. Column (11) is the Compensation for Assessment Risk Per Policy. Column (12) is the Base Rate Excluding Deviations. Column (14) is the deviation amount per policy that is needed to be reflected in the required base rate. Column (15) is the sum of the indicated base rate before deviations in Column (12) and the deviation amount in Column (14). Column (17) shows the Indicated Base Rate Change by class. Column (18) shows the Indicated Rate Change Balanced to Statewide Level. This rate change balances to the indicated statewide change of -2.0%.

Q: Does the filing contain a revision to the present territory rate levels?

A: Yes. In connection with the statewide rate level change we have been discussing, territory rate changes are displayed on page A-3 for the fire portion of dwelling.

The development of the indicated relative change by territory is completed in such a way that the overall effect is to balance to the indicated statewide change. The allocation of the statewide rate change to individual territories is done on pages C-9 and C-10 for the fire portion of dwelling.

Q: How has the Bureau treated general and other acquisition expense by territory?

A: General and other acquisition expenses are treated as fixed expenses. The trended fixed expense per policy by territory is calculated by first distributing the statewide trended fixed expense ratio to each territory. This is accomplished by multiplying the statewide trended fixed expense ratio by the ratio of the statewide latest-year average rate to the territory latest-year average rate. Finally, the trended fixed expense per policy by territory is calculated as the product of the territory trended fixed expense ratio and the latest-year average territory base rate. This calculation is shown on pages D-31 and D-32 of the filing.

Q: Please turn to page C-4 of Exhibit RB-1. Would you explain what that page shows?

A: Page C-4 shows the statewide rate level calculation for the extended coverage portion on a dwelling policy in North Carolina. As page C-2 did for fire, Page C-4 determines the actuarially indicated rate level change for dwelling extended coverage.

Q. Is the indicated statewide rate change for extended coverage calculated in the same general manner as for fire?

A. Although the statewide methodology for extended coverage is similar to that used for fire, there are three main areas where the methodology differs for these two coverages. First, actual hurricane losses for extended coverage, while reviewed and considered, have been excluded from the losses shown in Column (1) and are later replaced by the “Trended Modeled Hurricane Base Class Loss Cost”, which is displayed in Line 13 of page C-4. Second, the actual excess non-modeled losses in Column (2) have been replaced by an excess factor loading included in Column (3) of page C-4. The excess loss factor is shown on page D-49. Third, a provision for the net cost of reinsurance is included in Line 16 of page C-4.

Q. Other than on page C-4, have actual hurricane losses been excluded anywhere else in the filing?

A. Yes, they have been excluded in the development of the indications for extended coverage by class and by territory, and in the calculation of the non-hurricane excess factor.

Q. How have these hurricane losses been identified in order to be excluded?

A. The method to remove hurricane losses from the derivation of the excess factor depends on the detail of the available data during different periods of time.

For the beginning of the period through 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 to either reported losses or adjusted losses by territory for all statistical agents to obtain non-hurricane losses. For hurricanes, wind 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 the period 1996 to 2002, 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 the period 2003 to 2023, the data described above (for the period from 1996 to 2002) 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 by territory and by yearly total) is applied to the total loss amounts for the other statistical agents.

Actual hurricane losses of $26,815,525 were removed from 2019; $30,827,382 were removed from 2020; $2,706,769 were removed from 2021; $13,697,365 were removed from 2022; and $2,533,227 were removed from 2023. This information is shown in a footnote on page C-4.

Q. Do you have an opinion as to whether the incurred losses excluding hurricanes shown in Column (1) on page C-4 of Exhibit RB-1 accurately represent the developed-to-ultimate value of dwelling extended coverage incurred losses, excluding actual hurricane losses, that resulted from claims that 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: Please explain the figure contained on Line 13 of page C-4 labeled "Trended Modeled Hurricane Base Class Loss Cost".

A: That figure is the expected hurricane losses for a base risk written during the prospective time period. Aon provided the average modeled hurricane losses from running two hurricane simulation models -- one developed by AIR Worldwide (AIR) and one developed by Risk Management Solutions (RMS). The average modeled hurricane losses were then loaded with catastrophe loss adjustment expenses (LAE). To obtain an average loss cost value, the modeled loss amounts are divided by earned house years for calendar year 2023. To convert the average trended modeled hurricane losses with LAE to base class level, it is divided by the latest year trended average rating factor. The trended average rating factor is calculated as the product of the 2023 average rating factor and the premium trend factor for calendar year 2023. The derivation of the modeled hurricane base class loss cost is shown on page D-81.

Q: How were the modeled hurricane losses calibrated so they would be applicable to the prospective time period that the proposed rates will be in effect?

A: The exposures that were used in the hurricane model runs were trended to six months beyond the assumed effective date of July 1, 2026. Page D-21 shows the calculation of the annual rate of change that was used to trend the exposures that were used as inputs to the hurricane models.

Q: Did the Bureau consider actual hurricane losses?

A: Yes. The actual hurricane losses during the five years of experience were reviewed and considered; however, as has been done in prior Bureau filings, those losses have been excluded from the historical losses used in the filing and have been replaced by modeled losses.

Q. Why were models used to develop the projected hurricane losses instead of using actual hurricane losses?

A. The catastrophic nature of the hurricane peril makes it a very volatile peril in terms of loss severity, frequency, and location of occurrence. Catastrophe losses in general tend to be high severity, low frequency events. Since we use five years of loss experience data in dwelling ratemaking calculations, it is likely that there will be scenarios ranging from no hurricane losses to extremely severe hurricane losses during the experience period. 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. Therefore, if we analyze actual hurricane losses without any adjustment, the indicated rate level need will be subject to large yearly fluctuations resulting in rates beyond the actuarially sound level.

Devastating hurricanes are relatively uncommon events compared to other causes of loss. The occurrence or non-occurrence of actual hurricane events is not predictive of the range of hurricane events that can occur or the probability of their occurrence. In addition, 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. For the older years, much of the past insurance data is outdated for the purpose of examining hurricane exposure and is of limited utility in projecting future hurricane losses. It includes losses from hurricanes that occurred when housing patterns were different, population density was lower, houses were built differently, building codes were different, construction prices were different, houses had fewer and less expensive contents, and labor costs and practices were different, etc.

The hurricane models are based on publicly available scientific data, mathematical and empirical models, and the experience of engineering, geological, meteorological, economic, and insurance experts. Actual hurricane loss experience is used to calibrate the models. The models are run for a large number of simulated events (e.g. 100K years) to estimate what would be the expected long-term average hurricane losses for a given risk profile. The modeled hurricane losses are more reasonable and stable, and they represent projections of the long-term average annual hurricane losses. There are several advantages of using models to project hurricane losses over using actual hurricane losses. First, the models improve the accuracy of hurricane loss projection in a long-term average view as described above. Second, replacing the volatile actual hurricane losses with modeled hurricane losses will smooth out the periodic spikes in the indications following hurricanes. Hurricane modeling is the widely accepted and most accurate way of considering the hurricane exposure. Modeling has become the standard practice in the insurance industry for insurers to estimate long term expected hurricane losses for ratemaking purposes, and has been widely accepted by the regulatory bodies in the United States. Modeling is also uniformly employed in the reinsurance industry, financial markets, and meteorological field to determine expected prospective hurricane losses. Scientists who work on the models update those models frequently to reflect the latest understanding of meteorological science.

An example of the need and value of models in producing stable loss costs can be seen from the hurricane season of 2018. In 2018, North Carolina was significantly impacted by Hurricane Florence. If the current rate analysis included losses from a hurricane that was similar to Hurricane Florence, rather than losses generated by hurricane models, rates for dwelling insurance would spike. Conversely, if the rates were based on there being no major hurricane strikes during the preceding five-year experience period, it would not be actuarially appropriate to assume that the absence of hurricane losses would be the expectation for a future prospective rating period.

From a practical and public policy standpoint, raising rates significantly following a devastating hurricane producing tragic consequences 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 nature of historical hurricane loss data.

The Property Rating Subcommittee and ISO Staff have examined actual hurricane losses in North Carolina and have excluded those losses from the incurred losses in filings for a number of years. As done for the 2023 dwelling filing, we have replaced the actual hurricane losses with the average modeled hurricane losses from two hurricane models for the rate review underlying this filing, which I deem to be the actuarially sound practice for the hurricane peril.

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 as the Gulf Coast states?

A. No, it would be actuarially inappropriate to do so. 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 pay for those 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 share that risk. To summarize, using other states' losses to determine North Carolina rates is unfair and inequitable, and the Bureau does not do this for these reasons.

Q: As an actuary, how have you determined that it is reasonable to rely on output from the hurricane models for purposes of the Bureau's dwelling rate filing?

A. Hurricane models incorporate specialized knowledge (including meteorology and engineering) that is outside the area of expertise of most actuaries, including myself. Actuarial Standard of Practice ("ASOP") 38 titled "Using Models Outside the Actuary's Area of Expertise (Property Casualty)" provides guidance to actuaries in this situation.

I have reviewed the pre-filed testimony of Minchong Mao, including her statement of compliance with ASOP 38 for both the RMS and AIR hurricane models for purposes of the Bureau's dwelling rate filing. Ms. Mao is employed by Aon and is an FCAS with extensive experience using catastrophe models. As documented in her testimony, Ms. Mao has conducted an evaluation of the RMS and AIR hurricane models and has concluded that the modeled hurricane losses are reasonable and appropriate projections of expected hurricane losses for use by the Bureau in its dwelling rate filing.

In addition to relying on the work conducted by Ms. Mao, I have independently evaluated the RMS and AIR hurricane models for purposes of compliance with ASOP 38 with respect to including output from the RMS and AIR hurricane models as part of the Bureau's dwelling rate filing. Some of the conclusions of my ASOP 38 investigation include the following:

- Both the RMS and AIR models were developed and maintained by experts in a wide range of disciplines. This is illustrated by the numerous employees with expertise in key aspects of the models, including meteorology, vulnerability, actuarial science, statistics, and computer science.

- Both the RMS and AIR models have gone through rigorous external review, including being found acceptable by the Florida Commission on Hurricane Loss Projection Methodology.

- Results from the RMS and AIR models yield projected hurricane frequencies and severities that are reasonable when compared to actual hurricane experience observed in North Carolina.

Q. Who performed the hurricane modeling for the Bureau?

A. Aon.

Q. What did the Bureau furnish to Aon to enable Aon to perform its analysis?

A. At the direction of the Bureau, ISO furnished to Aon the North Carolina extended coverage 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. The data provided to Aon are correct to the best of my knowledge, information, and belief.

ISO provided both actual (un-trended) and trended coverage limits to Aon. As discussed earlier in my testimony, the trended exposures were used as inputs when Aon ran the hurricane models.

Q. How were modeled hurricane losses derived?

A. Aon ran two hurricane models, one from RMS and one from AIR. These two models are the 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, though I understand that the Bureau started using two models with its dwelling filing in 2016.

The hurricane 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. The Property Rating Subcommittee reviewed the blended model results provided by Aon and found them to be actuarially sound. By averaging the two models, the Bureau has elected to give each model equal weight. Given the legislature's mandate to use more than one model when models are used, it would be inappropriate to employ the results of just a single model. Using an average of the two models also produces an unbiased estimate for future hurricane losses.

Aon accounted for loss adjustment expenses (LAE). Aon's data shows that LAE, as a percentage of hurricane losses, is lower than the LAE percentage for non-hurricane losses. Therefore, after review of Aon's data, the Property Rating Subcommittee selected a 6% LAE provision to be applied to the modeled hurricane losses.

The modeled hurricane losses (including LAE) are shown on page D-81.

Q. How is the amount of insurance in effect determined?

A. For the purpose of developing the hurricane loss cost, the amount of insurance that is in effect is determined as the sum of the various internal limits found in the extended coverage portion of a dwelling policy. There are four coverages involved: Coverage A (building), Coverage B (other structures), Coverage C (contents) and Coverage D (loss of use). The total amount of coverage can vary by policy form. For DP form 1 (Basic Form), the total limit for buildings is the Coverage A amount, and neither Coverage B nor Coverage D provides additional limits because any Coverage B or D losses are applied against the Coverage A limit. The coverage C limit is as reported on the individual policy record.

For DP form 2 (Broad Form) and DP form 3 (Special Form), the total limit for buildings is the sum of Coverage A, Coverage B, and Coverage D limits. The Coverage B limit is 10% of Coverage A, and the Coverage D limit is also 10% of Coverage A. The coverage C limit is as reported on the individual policy record.

Q: You referred earlier to a separate procedure for dealing with non-hurricane excess losses. Please describe that procedure.

A: At a high level, the excess procedure involves removing actual excess non-hurricane losses during the 5-year experience period and replacing these values with a provision that is based on reviewing a much longer 30-year time period.

An adjustment was made to the non-hurricane losses in the years in which there were very severe storms such as tornadoes, thunderstorms and other damaging windstorms. The adjustment caps average losses by territory in years where abnormally high losses coincide with severe non-hurricane storm activity. The adjustment relies on a factor developed by using a statewide average. As a result of this procedure, a long-term excess factor of 1.051 was calculated and applied to the losses. This calculation is shown on page D-49. This general procedure has been employed in past dwelling filings and is customarily employed to smooth out and appropriately reflect prospective non-hurricane wind losses.

Q: Was it necessary to exclude hurricane losses in calculating the excess factor?

A: Yes, it is necessary to exclude hurricane losses when calculating the excess factor because the provision for hurricane losses is developed separately by way of hurricane models. Hurricane losses have been excluded in the calculation of the excess factor as derived on page D-49.

Q: What is the source of the $43.73 for net cost of reinsurance in Line 16 of page C-4?

A: The source of the $43.73 for net cost of reinsurance is an analysis performed for the Bureau by Aon. In that analysis, Aon determined the expected net cost of reinsurance for the composite one company writing dwelling insurance in North Carolina. Companies buy catastrophe reinsurance due to 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.

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 one of the largest reinsurance brokers in the world.

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 2023 times the 2023 trended average rating factor. For extended coverage, the calculation is performed on page D-82.

Q: Is there a change in how the net cost of reinsurance is presented on page C-4?

A: Yes. For presentation purposes, we moved the loading for the net cost of reinsurance to an earlier step in the calculation of the indicated rate level change. However, this change in presentation does not impact the numerical value of the resulting indicated rate change.

In the current filing, the provision for the net cost of reinsurance is added to the provision for base class loss costs and fixed expenses. In my opinion, this is a better way to present the calculations since it now treats the net cost of reinsurance similar to other fixed expenses incurred by an insurer.

In the previous filing, the net cost of reinsurance was presented later in the sequence of calculations (separate from the provision for losses and fixed expenses), where its derivation included the application of the expected loss and fixed expense ratio. On Page D-82 of the current filing, we no longer need to apply the expected loss and fixed expense ratio when deriving the provision for the net cost of reinsurance.

Q. Why are actual reinsurance payments made by each company writing dwelling insurance in North Carolina not used as a starting point and aggregated for use in this filing?

A. There are several drawbacks to relying on actual reinsurance payments to develop the net cost of reinsurance for companies that write dwelling business in North Carolina. Some of the drawbacks include the following:

- Insurers typically do not purchase reinsurance coverage for only one line of insurance. The approximately 40 individual insurance companies writing dwelling insurance in North Carolina have hundreds of different treaties that cover many different lines of insurance (automobile, commercial property, other residential property, etc.) as well as dwelling. Individual reinsurance treaties would not identify how much of the total reinsurance premium is due to dwelling insurance.

- Reinsurance treaties often are not exclusive to just North Carolina. Insurers negotiate reinsurance treaties in many different geographic areas (portion of a state, single state, multiple states, Atlantic Basin areas, countrywide, international, etc.). Individual reinsurance treaties wouldn't identify how much of the total reinsurance premium is due to exposures that are located in North Carolina.

- Since ratemaking is prospective in nature, the goal is to include the expected net cost of reinsurance that insurers will incur during the future time period that the proposed rates will be in effect. The cost of reinsurance can fluctuate upwards and downwards over time, sometimes dramatically. For example, it is not uncommon for the cost of reinsurance to rise after a major catastrophe event. As a result, reliance on actual reinsurance payments that have been made in the past is not necessarily a good predictor of what future reinsurance payments will be.

- The amount of reinsurance that has been purchased in the past might not be indicative of amounts of reinsurance that will be purchased in the future. As inflation causes insured values and coverage limits to increase for dwelling policies, insurers will be exposed to greater amounts of catastrophe losses in the future when compared to the past. To mitigate the increased exposure to catastrophes, future reinsurance coverage will likely have different limits and attachment points when compared to reinsurance coverage that has been purchased in the past. Such differences in reinsurance coverages will impact the cost of reinsurance. As a result actual reinsurance payments that an insurer made in the past would not necessarily be indicative of what reinsurance payments will be in the future.

The net cost of reinsurance used in this rate filing is based on an analysis performed by Aon. The methodology used by Aon is not susceptible to the above list of problems associated with historical reinsurance payments. The following are advantages of the methodology used by Aon:

- Net cost of reinsurance is calculated for just the dwelling line of insurance.

- Net cost of reinsurance is calibrated to be reflective of properties that are located solely in North Carolina.

- Net cost of reinsurance reflects current pricing information for reinsurance coverage by leveraging data that Aon has accumulated for recent reinsurance transactions.

- Net cost of reinsurance reflects reinsurance limits and attachment points that have been calibrated to reflect dwelling insured values and coverage limits that are expected to prevail during time that the indicated rates are assumed to be in effect.

It is important to note that the calculation of the net cost of reinsurance in this filing relates exclusively to the residential dwelling rates in North Carolina. It would not be appropriate for North Carolina insureds to assume the reinsurance costs of exposures in other states and vice-versa. Aon's database is based on actual reinsurance transactions and on conditions in the current reinsurance market and is updated regularly to reflect changes in actual market conditions. Aon's database and expertise are a great source of information for actual reinsurance practices and costs for the hypothetical one company writing residential dwelling insurance in North Carolina.

Q. Are the remaining portions of the rate level calculation for extended coverage similar to that for fire insurance?

A. Yes, they are.

Q. Does the filing revise the credits for the Windstorm or Hail Exclusion and for Wind Mitigation?

A. Yes. The filing revises the credits for the Windstorm or Hail Exclusion and for Wind Mitigation that are available in Territories 110, 120, 130, 140, 150 and 160. The derivation of these credits is shown on pages C-20 to C-26. Since the Bureau's Governing Committee has decided to phase in the indicated rate changes over a two-year period, we have likewise calculated separate credits that would be used in each of the two years.

Q. What other changes does the filing make for dwelling insurance?

A. The filing proposes a revised mobile home construction rating factor for extended coverage. The proposed rating factor is being implemented on a revenue-neutral basis through the application of territorial off-balance factors.

Q. What is the purpose of the mobile home construction factor for extended coverage?

A. The base rates for extended coverage assume that a structure is built with frame construction. When a mobile home is insured under a dwelling policy, the mobile home construction rating factor is applied so that the resulting premiums will be appropriately calibrated to reflect the exposure associated with a mobile home.

Q. How will the revised mobile home construction factor impact the extended coverage premiums that are charged?

A. Because of the off-balance factors that are applied, there will be no impact on the total extended coverage premiums that are charged for all policies located within a given territory. However, mobile homes will see an increase in their extended coverage premiums, while frame and masonry buildings will see an offsetting reduction to their extended coverage premiums. Adjusting the premiums in this manner promotes the actuarial fairness of the dwelling rating structure.

Q. Was consideration given to how the revised mobile home construction factor would impact policyholders?

A. Yes. In order to mitigate the impact of the increased premiums for mobile homes, the Bureau's Governing Committee is proposing a mobile home construction factor of only 1.500, even though the analysis that ISO prepared resulted in an indicated value of 2.741. The selection reflects an implicit 20% cap since the proposed mobile home construction factor of 1.500 is 20% greater than the current mobile home construction factor of 1.250.

Pages F-1 to F-4 show the derivation of the indicated mobile home construction factor for extended coverage.

Q. You made reference to off-balance factors when discussing the mobile home construction factors. What are off-balance factors, and why are they used?

A. Off-balance factors represent the rate level effect that would result if the newly introduced rating factors are implemented without any adjustments to the base rates. Off-balance factors are used in the calculation of revised base rates to remove the rate impact associated with changes that are made to other rating factors. In other words, use of off-balance factors will ensure that revisions to other rating factors will be implemented on a revenue-neutral basis.

Note that separate off-balance factors are applied to the base rates for each territory. As such, the revised mobile home construction factors will be revenue-neutral for each territory. However, individual policyholders may see either a premium reduction or increase as a result of implementing the new rating factors. Pages F-6 and F-7 show the estimated impact to extended coverage premiums as a result of changing the mobile home construction factors.

Q: Please turn to page A-2 of Exhibit RB-1 and explain what is shown on that page.

A: Page A-2 of Exhibit RB-1 shows the indicated and filed statewide rate level changes. As previously mentioned, the Bureau's Governing Committee decided to phase in the indicated rate changes over a two-year period. As a result, Page A-2 shows separate sets of proposed rate changes that are proposed to be implemented on 7/1/2026 (Year 1) and on 7/1/2027 (Year 2).

Q: What is shown on Pages A-3 and A-4 of Exhibit RB-1?

A: Page A-3 shows the indicated and filed rate level change for each territory for fire, and Page A-4 shows the corresponding information for extended coverage. Separate rate changes are shown for buildings and for contents. The filed rate level changes are shown separately for Year 1 and for Year 2.

Q: Do you have an opinion as to whether the data utilized and the methods of calculating the indicated rate level changes and other changes contained in the filing are actuarially sound and 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 statutory standard of being not excessive, inadequate, or unfairly discriminatory.

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 relied on the accuracy of the data supplied by the Bureau, by the various statistical agents, 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. Zanjani for the profit analysis. I have relied on Mr. Anderson as to the regulatory delay support he provides for the contingency provision. I have relied on Ms. Minchong Mao for her review of the AIR and RMS hurricane models, the blended output of those models (including the modeled hurricane losses), the net cost of reinsurance component of the rates, and for the compensation for assessment risk component of the rates. 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 also reviewed, approved, and rely on the work conducted by ISO staff with regard to the preparation of the ISO portions of the rate filing. I have applied appropriate actuarial standards when reviewing these various data sources.

Q: Does that conclude your testimony?

A: Yes, it does.

PAUL ERICKSEN, FCAS, MAAA
PRINCIPAL, ACTUARIAL CONSULTING
INSURANCE SERVICES OFFICE

CURRENT RESPONSIBILITIES

Leads actuarial consulting at Insurance Services Office, Inc. Responsible for providing actuarial consulting services to a wide array of clients including property/casualty insurers, residual market insurers, captives, managing general agents, law firms, and insurance departments. He has 33 years of actuarial experience in the insurance industry.

Responsible for a wide array of customized actuarial analyses prepared for individual clients, including ratemaking, reserving, program development, and other miscellaneous studies. Testified at several venues on behalf of his clients.

PROFESSIONAL EXPERIENCE

2007 to 2025:	Principal of Actuarial Consulting at ISO
1999 to 2006:	Consulting Actuary in the Actuarial Consulting unit of ISO
1994 to 1998:	Senior Actuarial Associate in the Financial Analysis unit of ISO
1993:	Consulting Actuary in the New York office of Milliman
1992:	Actuarial Assistant in the Increased Limits unit of ISO

PROFESSIONAL DESIGNATIONS AND ACTIVITIES

Became a Fellow of the Casualty Actuarial Society in 1995, and is a Member of the American Academy of Actuaries.

Member of the CAS Examination Committee from 1996 through 2009.

Gave multiple presentations at CAS Meetings, including a presentation titled "The Actuary as an Expert Witness" at the following venues:

- CAS Ratemaking and Project Management Seminar in March of 2013
- Casualty Actuaries of New England in September of 2011
- CAS Ratemaking and Project Management Seminar in March of 2011

EDUCATION

Graduated from Princeton University in 1992 with a B.A. in mathematics.

EXPERT WITNESS TESTIFYING

Cases involving expert witness testimony regarding insurance ratemaking:

- Prepared written testimony in support of the NCRB's 2018, 2020, and 2024

Homeowners rate filings and the 2019, 2020, 2022, and 2023 Dwelling rate filings. Prepared written testimony in support of the NCRB's 2025 Personal Auto rate filing.

- In 2024, provided oral testimony in support of Bureau's Homeowners rate filing.

- In 2008, provided expert witness testimony to the insurance subcommittee of the Florida House of Representatives regarding the adequacy of rates charged by Citizens Property Insurance Corporation. Citizens is the residual market insurer in Florida for property insurance and has been the largest writer of Homeowners insurance in the state.

- Testified at several rate hearings in support of filings submitted by Citizens Property Insurance Corporation.

- From 2005 through the present, provided extensive expert witness testimony on behalf of the Massachusetts Fair Plan regarding their Homeowners, Dwelling and Commercial Property rate filings. The Massachusetts Fair Plan is the insurer of last resort for property insurance in Massachusetts with a large coastal exposure.

- In 2007, provided expert witness testimony during a wind-only voluntary insurer's successful rate arbitration case where they were awarded a 75.4% rate increase to their hurricane rates.

- Provided expert witness testimony involving a civil litigation case.

SELECT WORK EXPERIENCES

Preparation of Homeowners, Dwelling, and Personal Auto Rate Analyses:
- Developed comprehensive actuarial rate analyses that his clients have filed with regulatory authorities.
- Experience with using output from multiple hurricane models (including AIR, RMS, and other models).
- Developed actuarial support for the provision for the cost of catastrophe reinsurance.
- Developed indicated underwriting profit provisions.

Preparation of New Homeowners and Personal Auto Programs:
- Developed the rating structure and actuarial support for new Homeowners and Personal Auto programs. This work involved companies expanding into new states, along with established insurers that wanted to replace their existing program.

Reserve Analyses:
- Prepared loss reserve analyses for both Property/Casualty insurers and self-insured entities.
- Appointed Actuary for Citizens for four years (2004, 2005, 2007, 2009)
- Appointed Actuary for Heritage Property & Casualty Insurance Company (a large publicly traded Homeowners insurer that concentrates in the Florida market) from 2012 through 2019.
- Appointed Actuary for a personal auto insurance company (2023 and 2024).
- Responsible for annual reserve analysis for a large national Commercial Auto trucking company.