



April 4, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Dwelling Policy Program
Named Storm Deductible – North Carolina
Endorsement DP 32 18

The Commissioner of Insurance has recently approved a newly introduced Endorsement DP 32 18, Named Storm Deductible – North Carolina designed for use in the in the beach and coastal counties of North Carolina on an optional basis. Endorsement DP 32 18 provides the option to offer either a percentage deductible or a fixed-dollar deductible for property damage occurring during a given period caused by a Named Storm. As a result of the introduction of DP 32 18, Named Storm Percentage Deductible – North Carolina, DP 03 60 is withdrawn.

For your convenience, please find attached a copy of endorsement DP 32 18 01 16, Named Storm Deductible – North Carolina. Also, please see Circular Letter P-16-3 dated April 4, 2016 for companion rules and rates.

This approved change is to be implemented in accordance with the following Rule of Application:

This change is applicable to all new and renewal policies becoming effective on or after January 1, 2017.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachment

P-16-4

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED STORM DEDUCTIBLE – NORTH CAROLINA

SCHEDULE

Described Location	Named Storm Deductible
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Definitions

The following definitions are added for purposes of this endorsement only:

1. "National Weather Service" means the National Weather Service, including any of its offices, centers or agencies or, if the National Weather Service ceases to exist or ceases to perform the function of issuing warnings, watches or advisories for "named storms", such other entity as may replace it or as determined by the North Carolina Rate Bureau.
2. "Named storm" means a weather-related event involving wind that has been assigned a formal name by the National Hurricane Center, National Weather Service, World Meteorological Association or any other generally recognized scientific or meteorological association that provides formal names for public use and reference. A named storm includes hurricanes, tropical depressions and tropical storms.

B. Named Storm Deductible

The following special deductible is added to the policy:

1. With respect to the peril of Windstorm or Hail, we will pay only that part of the total of all loss payable resulting from a "named storm" that exceeds the applicable named storm deductible described in Paragraph **B.2.** of this endorsement.
2. The applicable named storm deductible, corresponding to each Described Location stated in the Schedule above, is either:
 - a. The dollar amount shown in the Schedule as the Named Storm Deductible; or

b. If a percentage is shown in the Schedule, the dollar amount determined by multiplying the:

- (1) Coverage **A**;
- (2) Coverage **B**;
- (3) Coverage **D**; or
- (4) Coverage **E**;

Limit Of Liability shown in the Declarations, whichever is greatest, by the percentage shown as the Named Storm Deductible in the Schedule.

3. The Named Storm Deductible only applies to loss caused by the peril of Windstorm or Hail during the period:

a. Beginning at the time an advisory, watch or warning for a "named storm" is issued or declared for any part of the state of North Carolina by the "National Weather Service"; and

b. Ending 24 hours following:

- (1) The termination of the last watch or warning for a "named storm" for any part of North Carolina by the "National Weather Service"; or
- (2) The issuance of the last advisory for a "named storm" for any part of North Carolina by the "National Weather Service";

whichever is later.

4. No other deductible applies to loss caused by the peril of Windstorm or Hail and resulting from a "named storm" during the period described in Paragraph **B.3.** of this endorsement.

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5. Refer to the policy Declarations for the deductible that applies to loss caused by the peril of Windstorm or Hail and resulting from a "named storm" other than during the period described in Paragraph **B.3.** of this endorsement.

C. The examples below illustrate how the named storm deductible functions depending on whether a dollar amount or percentage is shown as the Named Storm Deductible.

The examples below are based on a policy in which the Coverage **A** – Dwelling Limit Of Liability shown in the Declarations is \$100,000 and is higher than the Coverages **B**, **D** and **E** limits.

1. If the dollar amount shown as the Named Storm Deductible is \$1,000 and the total of all loss payable is \$10,000, calculate as follows:

\$10,000 loss - \$1,000 deductible = \$9,000

The amount of loss that you would recover is \$9,000.

2. If the percentage shown as the Named Storm Deductible is 2% and the total of all loss payable is \$10,000, calculate as follows:

Step 1: \$100,000 x 2% = deductible of \$2,000

Step 2: \$10,000 loss - \$2,000 deductible = \$8,000

The amount of loss that you would recover is \$8,000.

All other provisions of this policy apply.

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