



November 23, 2021

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Homeowners Insurance Rates and Rules

On November 9, 2020, the Rate Bureau filed with the Commissioner of Insurance proposed revised homeowners insurance rates for homeowners coverages subject to the Rate Bureau's jurisdiction. The Rate Bureau's filing proposed (1) a statewide average rate level change of +24.5% for all homeowner forms, with changes varying by territory; (2) revised windstorm and hail exclusion credits; (3) revised wind mitigation credits; and (4) revised Age of Construction relativities.

The Rate Bureau and the Department of Insurance have negotiated an agreement as to the filing and on November 23, 2021, the Commissioner of Insurance signed a Settlement Agreement and Consent Order resulting in (1) revised base rates that achieve an approved overall statewide average rate level increase of +7.9% for all homeowner forms, with rate level changes varying by territory; (2) revised windstorm and hail exclusion credits; (3) revised wind mitigation credits; and (4) changes to the rating relativities for Age of Construction.

The various approved rates, relativities, credits, and manual rules are set forth in the following revised manual pages:

- Exhibit A-1 – revised pages for the Homeowners Policy Program Manual, with changes marked (5 pages)
- Exhibit A-2 – clean revised pages for the Homeowners Policy Program Manual (5 pages)

The approved changes are to be implemented in accordance with the following Rule of Application:

These changes are applicable to all new and renewal policies becoming effective on or after June 1, 2022.

The enclosed exhibits are intended to enable you to implement the approved revisions contained in this circular letter in accordance with the above Rule of Application.

In connection with the implementation of the revised rates, your attention is further directed to G.S. 58-36-30(a) which provides in part as follows:

....no insurer and no officer, agent or representative of an insurer shall knowingly issue or deliver or knowingly permit the issuance or delivery of any policy of insurance in this State that does not conform to the rates, rating plans, classifications, schedules, rules and standards made and filed by the Bureau. An insurer may deviate from the rates promulgated by the Bureau if the insurer has filed the proposed deviation with the Bureau and the Commissioner, if the proposed deviation is based on sound actuarial principles and if the deviation is approved by the Commissioner....

Your attention is also directed to G.S. 58-36-45, which provides in part as follows:

Whenever an insurer changes the coverage other than at the request of the insured or changes the premium rate, it shall give the insured written notice of such coverage change or premium rate change at least 15 days in advance of the effective date of such change or changes with a copy of such notice to the agent. This section shall apply to all policies and coverages subject to the provisions of this Article. ...

In the past, some insurers have given notice of premium rate changes by providing to an insured and agent, at least 15 days in advance of the effective date, a renewal policy, renewal certificate, billing or endorsement showing revised rates, together with a written notice substantially as follows:

NOTICE OF RATE CHANGE - NORTH CAROLINA

The premium for this policy reflects changes in rates applicable to North Carolina placed into effect under the provisions of Article 36, Chapter 58 of the North Carolina General Statutes.

The form of this notice has varied at the option of the insurer (printed notice, stamp, stick-on label, etc.). Companies should consult legal counsel with respect to the appropriateness of their own procedures under this statute. It is important that each Company establish procedures that will ensure continued compliance with the 15-day advance notice requirement.

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

Sincerely,

Andy Montano

Director, Personal Lines

AM:amt
Attachments
P-21-11

301. BASE PREMIUM COMPUTATION

Base Class Premium Table

Territory	HO 00 03	HO 00 04	HO 00 06
110	<u>2,9082,617</u>	<u>126124</u>	<u>107102</u>
120	<u>3,4273,068</u>	<u>144141</u>	<u>131125</u>
130	<u>1,7751,584</u>	<u>8179</u>	<u>8379</u>
140	<u>2,4032,138</u>	<u>9896</u>	<u>9086</u>
150	<u>1,4651,310</u>	<u>6160</u>	<u>6259</u>
160	<u>1,6141,423</u>	<u>7876</u>	<u>6764</u>
170	<u>896803</u>	<u>5756</u>	<u>5552</u>
180	<u>1,049939</u>	<u>6160</u>	<u>5855</u>
190	<u>1,2491,166</u>	<u>6463</u>	<u>6158</u>
200	<u>1,3631,273</u>	<u>6867</u>	<u>6764</u>
210	<u>928868</u>	<u>6160</u>	<u>5653</u>
220	<u>1,1311,012</u>	<u>8179</u>	<u>5754</u>
230	<u>1,2151,135</u>	<u>6261</u>	<u>6057</u>
240	<u>906836</u>	<u>6160</u>	<u>5350</u>
250	<u>1,034947</u>	<u>5958</u>	<u>5149</u>
260	<u>676627</u>	<u>6059</u>	<u>5149</u>
270	<u>796708</u>	<u>5150</u>	<u>5855</u>
280	<u>698622</u>	<u>4645</u>	<u>4341</u>
290	<u>833772</u>	<u>5251</u>	<u>5350</u>
300	<u>884827</u>	<u>5453</u>	<u>5149</u>
310	<u>683637</u>	<u>5554</u>	<u>4543</u>
320	<u>765711</u>	<u>5251</u>	<u>4644</u>
330	<u>635594</u>	<u>4948</u>	<u>5048</u>
340	<u>696621</u>	<u>5857</u>	<u>4947</u>
350	<u>710660</u>	<u>5150</u>	<u>4846</u>
360	<u>614571</u>	<u>4039</u>	<u>3937</u>
370	<u>667621</u>	<u>4645</u>	<u>5048</u>
380	<u>620577</u>	<u>4645</u>	<u>4846</u>
390	<u>633588</u>	<u>4746</u>	<u>4947</u>

Table 301. Base Class Premium

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

Frame Construction						
	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 And HO 00 06	\$ <u>2,0764,</u> <u>903</u>	\$ <u>2,8622,</u> <u>634</u>	\$ <u>1,2954,</u> <u>204</u>	\$ <u>1,7734,</u> <u>659</u>	\$ <u>959894</u>	\$ <u>997966</u>
HO 00 04	<u>7076</u>	<u>8492</u>	<u>2936</u>	<u>3946</u>	<u>813</u>	<u>1522</u>
HO 00 06	<u>3453</u>	<u>6580</u>	<u>1734</u>	<u>1836</u>	<u>117</u>	<u>417</u>

Table A3.#1 Wind Or Hail Exclusion Credit – Frame

Masonry Construction						
	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 And HO 00 06	\$ <u>1,8714,</u> <u>715</u>	\$ <u>2,5722,</u> <u>372</u>	\$ <u>1,1914,</u> <u>111</u>	\$ <u>1,5814,</u> <u>479</u>	\$ <u>851794</u>	\$ <u>895867</u>
HO 00 04	<u>6268</u>	<u>7583</u>	<u>2634</u>	<u>3542</u>	<u>712</u>	<u>1420</u>
HO 00 06	<u>3147</u>	<u>5771</u>	<u>1530</u>	<u>1633</u>	<u>115</u>	<u>315</u>

Table A3.#2 Wind Or Hail Exclusion Credit – Masonry

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

Effective prior to March 31, 2019:

Frame Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 146133	\$ 195180	\$ 9184	\$ 121413	\$ 6460	\$ 6866
Opening Protection	149137	200184	9184	122144	6359	7068
Total Hip Roof and Opening Protection	295270	393362	179166	243228	126147	137133
IBHS Designation prior to March 31, 2019:						
Hurricane Fortified for Safer Living®	477437	689634	259241	406380	138128	229222
Hurricane Fortified for Existing Homes®						
Bronze Option 1	115405	156143	7267	9690	5047	5553
Hurricane Fortified for Existing Homes®						
Bronze Option 2	179464	245225	10194	152142	6359	8582
Hurricane Fortified for Existing Homes®						
Silver Option 1	286262	415382	145135	247231	6662	137133
Hurricane Fortified for Existing Homes®						
Silver Option 2	344315	501461	173161	302283	7670	170165
Hurricane Fortified for Existing Homes®						
Gold Option 1	366335	528485	194180	308288	9992	174168
Hurricane Fortified for Existing Homes®						
Gold Option 2	424389	616567	221205	365344	108100	205198

Table A9. Windstorm Loss Mitigation Credit – Frame

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 132124	\$ 174161	\$ 8377	\$ 108101	\$ 5854	\$ 6159
Opening Protection	134123	179165	8377	111103	5652	6260
Total Hip Roof and Opening Protection	265243	353326	165154	219205	112104	124120
IBHS Designation prior to March 31, 2019:						
Hurricane Fortified for Safer Living®	429394	618570	237222	361338	123114	206199
Hurricane Fortified for Existing Homes®						
Bronze Option 1	10294	141130	6560	8579	4542	4847
Hurricane Fortified for Existing Homes®						
Bronze Option 2	160146	220203	9387	135127	5652	7674
Hurricane Fortified for Existing Homes®						
Silver Option 1	257236	374345	134125	221207	5955	124120
Hurricane Fortified for Existing Homes®						
Silver Option 2	309283	450415	159148	269252	6662	152147
Hurricane Fortified for Existing Homes®						
Gold Option 1	328301	475438	178166	274256	8680	155151
Hurricane Fortified for Existing Homes®						
Gold Option 2	379348	554511	203190	325304	9689	183177

Table A9. Windstorm Loss Mitigation Credit – Masonry

Effective on or after March 31, 2019:

Frame Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 146133	\$ 195180	\$ 9184	\$ 121113	\$ 6460	\$ 6865
Opening Protection	149137	200184	9184	122114	6359	7068
Total Hip Roof and Opening Protection	295270	393362	179166	243228	126417	137433
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living®</i>	477437	689634	259241	406380	138128	229222
FORTIFIED Roof – Hurricane – Existing Roof	115405	156143	7267	9690	5047	5553
FORTIFIED Roof – Hurricane – New Roof	179164	245225	10194	152142	6359	8582
FORTIFIED Home – Hurricane – Silver – Existing Roof	286262	415382	145135	247231	6662	137133
FORTIFIED Home – Hurricane – Silver – New Roof	344315	501461	173161	302283	7670	170165
FORTIFIED Home – Hurricane – Gold – Existing Roof	366335	528485	194180	308288	9992	174168
FORTIFIED Home – Hurricane – Gold – New Roof	424389	616567	221205	365341	108100	205198

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Table A9. Windstorm Loss Mitigation Credit – Frame

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 132121	\$ 174161	\$ 8377	\$ 108101	\$ 5854	\$ 6159
Opening Protection	134123	179165	8377	111103	5652	6260
Total Hip Roof and Opening Protection	265243	353326	165154	219205	112104	124120
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living®</i>	429394	618570	237222	361338	123114	206199
FORTIFIED Roof – Hurricane – Existing Roof	10294	141130	6560	8579	4542	4847
FORTIFIED Roof – Hurricane – New Roof	160146	220203	9387	135127	5652	7674
FORTIFIED Home – Hurricane – Silver – Existing Roof	257236	374345	134125	221207	5955	124120
FORTIFIED Home – Hurricane – Silver – New Roof	309283	450415	159148	269252	6662	152147
FORTIFIED Home – Hurricane – Gold – Existing Roof	328301	475438	178166	274256	8680	155151
FORTIFIED Home – Hurricane – Gold – New Roof	379348	554511	203190	325304	9689	183177

Table A9. Windstorm Loss Mitigation Credit – Masonry

RULE A5.

YEAR OF CONSTRUCTION – NEWLY CONSTRUCTED DWELLINGS – AGE OF CONSTRUCTION – ALL FORMS EXCEPT HO 00 04 AND HO 00 06

- A. A Dwelling is eligible for a discount depending on the calendar year that the dwelling was completed and first occupied. If the year first occupied is different than the year completed, the later year would apply. 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. To compute the premium for this provision, multiply the Base Premium by the appropriate credit factor selected from the following table:

Age Of Dwelling (In Years)	Credit
up to 1	.82
1 up to 2	.85
2 up to 3	.88
3 up to 4	.91
4 up to 5	.94
5 up to 6	.97
6 and over	No Credit Applies

Note: A dwelling under construction shall be considered to be completed and occupied during the current calendar year.

Table A5.B. Age Of Dwelling Credits

Age Of Construction	Factor
0 *	.797
1	.809
2	.822
3	.834
4	.847
5	.860
6	.873
7	.886
8	.900
9	.913
10	.927
11	.941
12	.956
13	.970
14	.985
15 †	1.000

* Age 0 applies to homes built within the last year as well as homes still under construction.
 † Applies to dwellings built at least 15 years ago.

Table A5.B. Age Of Construction Factors

- C. To develop a premium for this option, multiply the Base Premium by the appropriate credit factor.

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301. BASE PREMIUM COMPUTATION

Base Class Premium Table

Territory	HO 00 03	HO 00 04	HO 00 06
110	2,908	126	107
120	3,427	144	131
130	1,775	81	83
140	2,403	98	90
150	1,465	61	62
160	1,614	78	67
170	896	57	55
180	1,049	61	58
190	1,249	64	61
200	1,363	68	67
210	928	61	56
220	1,131	81	57
230	1,215	62	60
240	906	61	53
250	1,034	59	51
260	676	60	51
270	796	51	58
280	698	46	43
290	833	52	53
300	884	54	51
310	683	55	45
320	765	52	46
330	635	49	50
340	696	58	49
350	710	51	48
360	614	40	39
370	667	46	50
380	620	46	48
390	633	47	49

Table 301. Base Class Premium

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

Frame Construction						
	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 And HO 00 06	\$ 2,076	\$ 2,862	\$ 1,295	\$ 1,773	\$ 959	\$ 997
HO 00 04	70	84	29	39	8	15
HO 00 06	34	65	17	18	1	4

Table A3.#1 Wind Or Hail Exclusion Credit – Frame

Masonry Construction						
	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 And HO 00 06	\$ 1,871	\$ 2,572	\$ 1,191	\$ 1,581	\$ 851	\$ 895
HO 00 04	62	75	26	35	7	14
HO 00 06	31	57	15	16	1	3

Table A3.#2 Wind Or Hail Exclusion Credit – Masonry

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

Effective prior to March 31, 2019:

Frame Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 146	\$ 195	\$ 91	\$ 121	\$ 64	\$ 68
Opening Protection	149	200	91	122	63	70
Total Hip Roof and Opening Protection	295	393	179	243	126	137
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified for Safer Living</i> [®]	477	689	259	406	138	229
<i>Hurricane Fortified for Existing Homes</i> [®]						
Bronze Option 1	115	156	72	96	50	55
<i>Hurricane Fortified for Existing Homes</i> [®]						
Bronze Option 2	179	245	101	152	63	85
<i>Hurricane Fortified for Existing Homes</i> [®]						
Silver Option 1	286	415	145	247	66	137
<i>Hurricane Fortified for Existing Homes</i> [®]						
Silver Option 2	344	501	173	302	76	170
<i>Hurricane Fortified for Existing Homes</i> [®]						
Gold Option 1	366	528	194	308	99	174
<i>Hurricane Fortified for Existing Homes</i> [®]						
Gold Option 2	424	616	221	365	108	205

Table A9. Windstorm Loss Mitigation Credit – Frame

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 132	\$ 174	\$ 83	\$ 108	\$ 58	\$ 61
Opening Protection	134	179	83	111	56	62
Total Hip Roof and Opening Protection	265	353	165	219	112	124
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified for Safer Living</i> [®]	429	618	237	361	123	206
<i>Hurricane Fortified for Existing Homes</i> [®]						
Bronze Option 1	102	141	65	85	45	48
<i>Hurricane Fortified for Existing Homes</i> [®]						
Bronze Option 2	160	220	93	135	56	76
<i>Hurricane Fortified for Existing Homes</i> [®]						
Silver Option 1	257	374	134	221	59	124
<i>Hurricane Fortified for Existing Homes</i> [®]						
Silver Option 2	309	450	159	269	66	152
<i>Hurricane Fortified for Existing Homes</i> [®]						
Gold Option 1	328	475	178	274	86	155
<i>Hurricane Fortified for Existing Homes</i> [®]						
Gold Option 2	379	554	203	325	96	183

Table A9. Windstorm Loss Mitigation Credit – Masonry

Effective on or after March 31, 2019:

Frame Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 146	\$ 195	\$ 91	\$ 121	\$ 64	\$ 68
Opening Protection	149	200	91	122	63	70
Total Hip Roof and Opening Protection	295	393	179	243	126	137
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living</i> [®]	477	689	259	406	138	229
FORTIFIED Roof – Hurricane – Existing Roof	115	156	72	96	50	55
FORTIFIED Roof – Hurricane – New Roof	179	245	101	152	63	85
FORTIFIED Home – Hurricane – Silver – Existing Roof	286	415	145	247	66	137
FORTIFIED Home – Hurricane – Silver – New Roof	344	501	173	302	76	170
FORTIFIED Home – Hurricane – Gold – Existing Roof	366	528	194	308	99	174
FORTIFIED Home – Hurricane – Gold – New Roof	424	616	221	365	108	205

Table A9. Windstorm Loss Mitigation Credit – Frame

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$ 132	\$ 174	\$ 83	\$ 108	\$ 58	\$ 61
Opening Protection	134	179	83	111	56	62
Total Hip Roof and Opening Protection	265	353	165	219	112	124
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living</i> [®]	429	618	237	361	123	206
FORTIFIED Roof – Hurricane – Existing Roof	102	141	65	85	45	48
FORTIFIED Roof – Hurricane – New Roof	160	220	93	135	56	76
FORTIFIED Home – Hurricane – Silver – Existing Roof	257	374	134	221	59	124
FORTIFIED Home – Hurricane – Silver – New Roof	309	450	159	269	66	152
FORTIFIED Home – Hurricane – Gold – Existing Roof	328	475	178	274	86	155
FORTIFIED Home – Hurricane – Gold – New Roof	379	554	203	325	96	183

Table A9. Windstorm Loss Mitigation Credit – Masonry

RULE A5.**AGE OF CONSTRUCTION – ALL FORMS EXCEPT HO 00 04 AND HO 00 06**

- 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 Base Premium by the appropriate factor selected from the following table:

Age Of Construction	Factor
0 *	.797
1	.809
2	.822
3	.834
4	.847
5	.860
6	.873
7	.886
8	.900
9	.913
10	.927
11	.941
12	.956
13	.970
14	.985
15 †	1.000

* Age 0 applies to homes built within the last year as well as homes still under construction.

† Applies to dwellings built at least 15 years ago.

Table A5.B. Age Of Construction Factors