

October 9, 2009

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Dwelling Policy Program
Revised Windstorm or Hail Exclusion Rule A3
Manual Rules

The Commissioner of Insurance has recently approved revised Rule A3. Windstorm or Hail Exclusion – Territories 05, 06, 42 and 43 Only designed for use in North Carolina with the Dwelling Policy Program.

The revised Rule A3 more explicitly expresses how the base premium is determined when the peril of windstorm or hail is excluded on a seasonal dwelling.

For your convenience, please find attached a revised copy of Rule A3. Windstorm or Hail Exclusion Rule – Territories 05, 06, 42 and 43 Only.

The revised Rule A3 Windstorm or Hail Exclusion becomes effective in accordance with the following Rule of Application:

This revision becomes effective with respect to all new and renewal policies on or after April 1, 2010.

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-09-22

A3. WINDSTORM OR HAIL EXCLUSION – TERRITORIES 05, 06, 42 AND 43 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.

Use ~~Windstorm Or Hail Exclusion Endorsement DP 32 87.~~

B. Premium Computation

~~1. To compute the Base Premium:~~ To compute the Extended Coverage Non-seasonal or Seasonal Base Premium or the Broad or Special Form Non-seasonal Base Premium:

- ~~1.~~ **(a)** Determine the Extended Coverage, Broad or Special Form Key Premium as described in Rule 301.
- ~~2.~~ **(b)** Subtract the Windstorm Or Hail Exclusion Credit shown on the state rates from the Extended Coverage, Broad or Special Form Key Premium.
- ~~3.~~ **(c)** Multiply the Extended Coverage, Broad or Special Form Key Premium excluding Windstorm or Hail Coverage developed in Paragraph ~~2.~~ **(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.#26(LC)** or Table **301.A.#29(LC)** 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)~~.
- ~~(d)~~ Multiply the Seasonal Broad or Special Form Key Premium excluding Windstorm Or Hail Coverage developed in Paragraph ~~(c)~~ by the Key Factor for the desired limit of liability.

C. Endorsement

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

When Windstorm Or Hail Exclusion 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."