



**NORTH CAROLINA RATE BUREAU**  
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August 16, 2005

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Policy Program  
Other Structures On Premises – Windstorm or  
Hail Exclusion  
Rules A3 and Rule 514

The Commissioner of Insurance has recently approved a revision to Rule A3. and Rule 514. when coverage for Specific Structures or Structures Rented To Others “On-Premises” exclude the peril of windstorm or hail in territories 05, 06, 42 and 43 for use in North Carolina with the Homeowners Policy Program.

For your convenience, attached is a copy of the revised Rules and Rates.

This revision becomes effective in accordance with the following Rule of Application:

This revision becomes effective with respect to all new and renewal policies effective on or after January 1, 2006.

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:dp

Attachment

P-05-23

Rule **A3**. is revised as follows:

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

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- A.** 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 Underwriting Association; and
  2. A Windstorm or Hail Rejection Form is secured and maintained by the company.
- Use Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94**.
- B.** To compute the Base Premium:
1. Determine the appropriate Key Premium as described in Rule **301**.
  2. Subtract the Windstorm or Hail Exclusion credit shown on the state rate pages from the Key Premium.
  3. Multiply the Key Premium excluding Windstorm or Hail Coverage developed in Step **2.** by the Key Factor for the desired limit of liability.
  4. For example:  
Form **HO 00 02** Key Premium = \$640  
Windstorm or Hail Exclusion Credit = \$427  
Key Factor for \$100,000 = 1.109  
Step **1.** Determine the Key Premium  
Key Premium = \$640  
Step **2.** Subtract Windstorm or Hail Exclusion Credit from Key Premium  
\$640 – \$427 = \$213  
Step **3.** Multiply Key Factor for desired limit by amount in Step **2.** \$213 x 1.109 = \$236.22, round to \$236 = Base Premium
- C.** When Endorsement **HO 32 94** is attached to the policy, enter the following on the Declarations page:  
"This policy does not provide coverage for the peril of Windstorm or Hail".
- D.** [When coverage for other specific structures or other structures rented to others is requested, refer to Rules \*\*514.A.1.a.\*\* and \*\*514.A.2.a.\(1\)\*\* in the state rate pages for the rates excluding windstorm or hail coverage.](#)

Rule 514. is revised as follows:

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**RULE 514.**  
**OTHER STRUCTURES**

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**A. On-Premises Structures**

**1. Specific Structure – Increased Limits**

**a. Premium**

Rate per \$1,000 [for policies with windstorm or hail coverage](#) – \$4

[Territories 05, 06, 42 And 43 Only – Rate per \\$1,000 for policies excluding windstorm or hail coverage](#) – \$2

**2. Structure On The Residence Premises Rented To Others**

**a. Premium**

(1) Rate per \$1,000 [for policies with windstorm or hail coverage](#) – \$5

[Territories 05, 06, 42 And 43 Only – Rate per \\$1,000 for policies excluding windstorm or hail coverage](#) – \$3

**B. Structures Off The Residence Premises**

**1. Forms HO 00 02, HO 00 03 And HO 00 05**

**b. Premium**

Off premises structures charge per policy – \$15

**2. All Forms**

**a. Premium**

(2) Specific structures – Off-Premises Rate per \$1,000 – \$5