

May 1, 2014

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Policy Program  
Ordinance or Law Coverage

The Commissioner of Insurance has recently approved revisions to Rule 303. Ordinance or Law Coverage designed for use in North Carolina with the Homeowners Policy Program. The revisions include the following:

- Rule 303. Ordinance Or Law Coverage – All Forms Except HO 00 08 have been revised to state that the rating factors in Rule 303. can be used with different premium computations contingent upon whether Absolute Windstorm or Hail Exclusion Endorsement HO 32 94 is made part of the policy.
- Rule 513. Ordinance Or Law Coverage Increased Amount of Coverage – HO 00 04 and HO 00 06 has been introduced to restore the paragraph previously in effect in North Carolina.

For your convenience, please find the attached copy of revised Rule 303. and Rule 513.

These changes become effective in accordance with the following rule of application:

This change becomes effective with respect to all new and renewal policies effective on or after October 1, 2014.

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

Sincerely,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachments

P-14-5

Homeowners Policy Program Manual  
North Carolina Exception Pages

**RULE 303.  
ORDINANCE OR LAW COVERAGE ALL FORMS EXCEPT HO 00 08**

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

**B. Increased Amount Of Coverage**

**2. Premium Determination**

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

To develop the Base Premium:

- (i) If Absolute Windstorm Or Hail Exclusion Endorsement HO 32 94 does not apply, multiply the premium computed in accordance with Rule **301**. by the appropriate factor selected from the following table:

Percentage Of Coverage A		Factors Coverage A Limit	
Increase In Amount	Total Amount	\$60,000 To \$140,000	All Other
15%	25%	1.13	1.05
40%	50%	1.35	1.14
65%	75%	1.51	1.20
90%	100%	1.67	1.27
For each add'l 25% increment, add		.16	.07

**Table 303.B.2.a.(i) Factors**

- (ii) If Absolute Windstorm Or Hail Exclusion Endorsement HO 32 94 applies, multiply the premium computed in accordance with Additional Rule **A3**. Windstorm Or Hail Exclusion – Territories 07, 08, 48, 49 And 52 Only, by the appropriate factor selected from the following table:

Percentage Of Coverage A		Factors Coverage A Limit	
Increase In Amount	Total Amount	\$60,000 To \$140,000	All Other
15%	25%	1.13	1.05
40%	50%	1.35	1.14
65%	75%	1.51	1.20
90%	100%	1.67	1.27
For each add'l 25% increment, add		.16	.07

**Table 303.B.2.a.(ii) Factors**

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**RULE 513.**

**ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE – HO 00 04 AND HO 00 06**

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

**B. Premium Determination**

2. The premium for each additional \$1,000 of insurance is developed by multiplying the **HO 00 04** or **HO 00 06**, whichever is appropriate, Key Factor for "Each Add'l \$1,000" by the appropriate Key Premium.