

NORTH CAROLINA RATE BUREAU

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December 4, 1998

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**IMPORTANT
MATERIAL
ENCLOSED**

Re: December 3, 1998 Filing of Homeowners Insurance Rates And Classification Plan Changes

On December 3, 1998, the Rate Bureau submitted a filing proposing revised homeowners insurance rates to be implemented effective May 1, 1999 for new business and June 15, 1999 for renewal business.

Included as part of the December 3 filing, the Rate Bureau submitted proposals for homeowners insurance rate level changes. The filing also included (1) revised windstorm and hail exclusion credits; (2) revised key factors for Coverage A for all Forms except HO-4 and HO-6; (3) a revised protective device manual rule; and (4) a new manual rule implementing discounts for newly constructed dwellings up to six years old.

It is our understanding that implementing some of these changes may require extensive programming and system changes. With respect to the above mentioned changes, member companies may have a relatively short lead time following final action on the filing to program and implement the changes if they are approved by the Commissioner.

In order to afford member companies an opportunity to begin taking appropriate steps to be prepared to implement these changes, we are providing member companies with copies of the proposed changes.

In addition, the Department of Insurance has requested that we point out to member companies that the proposed changes in the classification plan, if approved, could affect existing deviations and that member companies should review their existing deviations in light of the proposed changes.

The Rate Bureau proposes to implement revised rates and other proposals included in the December 3, 1998 filing in accordance with the following Rule of Application:

These changes are applicable to all new policies effective on or after May 1, 1999 and to all renewal policies effective on or after June 15, 1999.

It should be emphasized that it is possible that the effective date may be

changed. Any developments in connection with the Rate Bureau's December 3, 1998 filing which affect the proposed effective date will be communicated by circular letter to all member companies as they occur.

Please bear in mind that the enclosed information is for your advanced planning and to enable you to begin taking appropriate steps to implement the proposed changes if and when they are approved. You should not actually implement these changes until you are instructed to do so by the Rate Bureau.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

Enclosures

P-98-17