

NORTH CAROLINA DEPARTMENT OF INSURANCE

RALEIGH, NORTH CAROLINA

BEFORE THE COMMISSIONER



IN THE MATTER OF THE FILING  
DATED NOVEMBER 9, 2020 BY THE  
NORTH CAROLINA RATE BUREAU  
FOR REVISED HOMEOWNERS'  
INSURANCE RATES

DOCKET NO. 2010

\*\*\*\*\*

SETTLEMENT AGREEMENT  
AND CONSENT ORDER

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On November 9, 2020, the North Carolina Rate Bureau (“Rate Bureau”) filed with the North Carolina Department of Insurance (“Department”) a proposal for revised homeowners insurance rates (owners, tenants, and condominiums) (the “2020 Rate Filing”). This 2020 Rate Filing was assigned Docket No. 2010 and proposed a statewide overall increase in homeowners insurance rates of 24.5%, with changes varying by form and territory.

In a Notice of Hearing dated December 23, 2020, the Department set a hearing on the 2020 Rate Filing to begin on September 20, 2021, which date was subsequently continued to January 3, 2022. The Department and the Rate Bureau engaged in extensive discovery during the spring, summer, and fall of 2021 in preparation for the hearing.

The Rate Bureau and the Department have agreed to settle the 2020 Rate Filing. The proposed settlement would provide for an overall statewide rate increase of 7.9%, with changes varying by form and territory as set forth on Exhibit A.

It appearing to the Commissioner that the Rate Bureau and the Department have, after consultation with their respective legal, actuarial, and economic advisors and subject to approval by the Commissioner and to the conditions hereinafter set forth, entered into a settlement of all matters and things in dispute in connection with the 2020 Rate Filing; and it further appearing to the Commissioner that a settlement under the circumstances set forth herein results in rates that are neither excessive, inadequate, unreasonable, or unfairly discriminatory, that such settlement is in the public interest, that such settlement is fair and reasonable and should be approved and that, to the extent that the current rates and/or the filed rates differ from the rates approved by this order, the current rates and/or the filed rates are either excessive, inadequate, unreasonable, or unfairly discriminatory;

NOW, THEREFORE, IT IS ORDERED AND AGREED as follows:

1. The 2020 Rate Filing is approved subject to the modifications set forth in Paragraph 2, below.
2. The approved overall statewide rate level increase, considering all forms and territories, is 7.9%. The approved territory rate level changes by form are set forth on the attached Exhibit A. The resulting approved territory base class premiums by form are set forth on the attached Exhibit B. The approved windstorm or hail exclusion credits by form and territory are set forth on the attached Exhibit C. The approved wind mitigation credits by territory are set

forth on the attached Exhibits D and E. The approved base class premiums by territory for the Windstorm and Hail Policy Program are set forth on the attached Exhibit F. Exhibits A through F are incorporated herein by reference.

3. The revised rates and other approved changes are to become effective in accordance with the following Rule of Application:

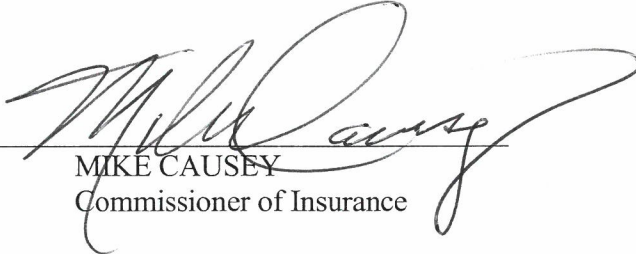
These changes are applicable to all new and renewal policies becoming effective on or after June 1, 2022.

4. Subject to the provisions of Paragraph 5 below, the rates for the coverages coming within the scope of this Settlement Agreement and Consent Order shall remain in force until revised as a result of a rate filing submitted on or after January 1, 2024 or until otherwise revised as provided by law; provided, however, that nothing in this section shall prevent an earlier change in such rates if agreed to by the Rate Bureau and the Commissioner.
5. Notwithstanding any other provision of this Settlement Agreement and Consent Order, in the event of legislative or judicial action subsequent to the date of this Settlement Agreement and Consent Order which changes premium taxes, regulatory fees, the statutory ratemaking methodology, rate level need, or loss or expense exposure of insurers, either the Rate Bureau or the Commissioner shall have the right to take such action as is within its or his statutory authority to effect a change in rates prior to the time fixed in Paragraph 4 above for the sole purpose of adjusting rates to reflect the effects of such legislative or judicial action. Further, either the Rate Bureau or the Commissioner shall have the right to take such action as is within its or his statutory authority to adjust rate relativities,

classifications, and rules in the event of legislative or judicial action subsequent to the date of this Settlement Agreement and Consent Order, where legislative or judicial action makes such adjustment appropriate.

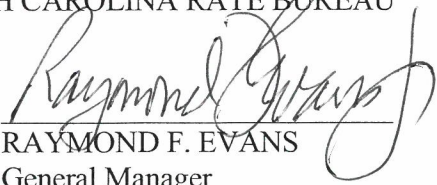
6. The parties acknowledge that, by entering into this Consent Order, neither is condoning, validating, accepting, or agreeing to the other's theories, methodologies, or calculations regarding or pertaining to profit, dividends and deviations, computer models, catastrophe loadings, and/or any other theory, methodology, or calculation not specifically enumerated herein. The parties further acknowledge that by entering into this Consent Order neither is bound or limited in filing, reviewing, or contesting any future rate filings in any line of insurance subject to the Bureau's jurisdiction by the theories, methodologies, or calculations contained in the 2020 Rate Filing.

This 23<sup>rd</sup> day of November, 2021.


  
MIKE CAUSEY  
Commissioner of Insurance

WE CONSENT TO THE SIGNING AND ENTRY OF THIS ORDER:

NORTH CAROLINA RATE BUREAU

BY:   
RAYMOND F. EVANS  
General Manager

NORTH CAROLINA DEPARTMENT OF INSURANCE

BY:   
FRED FULLER  
Deputy Commissioner, Property and Casualty

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EXHIBIT A

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATEWIDE AND TERRITORY RATE LEVEL CHANGES

<u>Territory</u>	<u>Forms 2, 3, 5, 7, 8</u>	<u>Form 4</u>	<u>Form 6</u>
110	+9.9%	+2.0%	+5.0%
120	+9.9%	+2.0%	+5.0%
130	+9.9%	+2.0%	+5.0%
140	+9.9%	+2.0%	+5.0%
150	+9.9%	+2.0%	+5.0%
160	+9.9%	+2.0%	+5.0%
170	+9.9%	+2.0%	+5.0%
180	+9.9%	+2.0%	+5.0%
190	+5.9%	+2.0%	+5.0%
200	+5.9%	+2.0%	+5.0%
210	+5.9%	+2.0%	+5.0%
220	+9.9%	+2.0%	+5.0%
230	+5.9%	+2.0%	+5.0%
240	+5.9%	+2.0%	+5.0%
250	+5.9%	+2.0%	+5.0%
260	+5.9%	+2.0%	+5.0%
270	+9.9%	+2.0%	+5.0%
280	+9.9%	+2.0%	+5.0%
290	+5.9%	+2.0%	+5.0%
300	+5.9%	+2.0%	+5.0%
310	+5.9%	+2.0%	+5.0%
320	+5.9%	+2.0%	+5.0%
330	+5.9%	+2.0%	+5.0%
340	+9.9%	+2.0%	+5.0%
350	+5.9%	+2.0%	+5.0%
360	+5.9%	+2.0%	+5.0%
370	+5.9%	+2.0%	+5.0%
380	+5.9%	+2.0%	+5.0%
390	+5.9%	+2.0%	+5.0%
Statewide	+8.2%	+2.0%	+5.0%
Combined Statewide Change for all Forms:			+7.9%

## EXHIBIT B

NORTH CAROLINA  
HOMEOWNERS INSURANCE

APPROVED BASE-CLASS PREMIUMS

<u>Territory</u>	<u>Form 3</u>	<u>Form 4</u>	<u>Form 6</u>
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

Approved base-class premiums for Forms 2, 5, 7 and 8 are determined by applying the approved form relativities to the Form 3 base-class premium.

NORTH CAROLINA  
HOMEOWNERS INSURANCE

WINDSTORM OR HAIL EXCLUSION CREDITS

**Frame Construction**

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$2,076	\$2,862	\$1,295	\$1,773	\$959	\$997
Form 4	\$70	\$84	\$29	\$39	\$8	\$15
Form 6	\$34	\$65	\$17	\$18	\$1	\$4

**Masonry Construction**

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$1,871	\$2,572	\$1,191	\$1,581	\$851	\$895
Form 4	\$62	\$75	\$26	\$35	\$7	\$14
Form 6	\$31	\$57	\$15	\$16	\$1	\$3



NORTH CAROLINA  
HOMEOWNERS INSURANCE

WINDSTORM MITIGATION CREDITS

Effective prior to March 31, 2019:

**Frame Construction**

Mitigation Feature	Territory					
	110	120	130	140	150	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® Bronze Option 1</i>	\$115	\$156	\$72	\$96	\$50	\$55
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	\$179	\$245	\$101	\$152	\$63	\$85
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	\$286	\$415	\$145	\$247	\$66	\$137
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	\$344	\$501	\$173	\$302	\$76	\$170
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	\$366	\$528	\$194	\$308	\$99	\$174
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	\$424	\$616	\$221	\$365	\$108	\$205

**Masonry Construction**

Mitigation Feature	Territory					
	110	120	130	140	150	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® Bronze Option 1</i>	\$102	\$141	\$65	\$85	\$45	\$48
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	\$160	\$220	\$93	\$135	\$56	\$76
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	\$257	\$374	\$134	\$221	\$59	\$124
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	\$309	\$450	\$159	\$269	\$66	\$152
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	\$328	\$475	\$178	\$274	\$86	\$155
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	\$379	\$554	\$203	\$325	\$96	\$183

NORTH CAROLINA  
HOMEOWNERS INSURANCE

WINDSTORM MITIGATION CREDITS

Effective on or after March 31, 2019:

Frame Construction

Mitigation Feature	Territory					
	110	120	130	140	150	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

Masonry Construction

Mitigation Feature	Territory					
	110	120	130	140	150	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

NORTH CAROLINA  
HOMEOWNERS INSURANCE

APPROVED BASE-CLASS PREMIUMS  
FOR WINDSTORM AND HAIL POLICY PROGRAM

**Frame Construction**

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$2,181	\$2,981	\$1,403	\$1,896	\$1,087	\$1,138
Form 4	\$95	\$112	\$50	\$68	\$33	\$44
Form 6	\$48	\$79	\$28	\$31	\$11	\$16

**Masonry Construction**

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$1,976	\$2,691	\$1,299	\$1,704	\$979	\$1,036
Form 4	\$87	\$103	\$47	\$64	\$32	\$43
Form 6	\$45	\$71	\$26	\$29	\$11	\$15