

NORTH CAROLINA DEPARTMENT OF INSURANCE  
RALEIGH, NORTH CAROLINA

BEFORE THE COMMISSIONER



IN THE MATTER OF THE FILING  
DATED FEBRUARY 26, 2021 BY THE  
NORTH CAROLINA RATE BUREAU  
FOR REVISION OF MOBILE  
HOMEOWNERS' MH(F) INSURANCE  
RATES

DOCKET NO. 2035

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SETTLEMENT AGREEMENT  
AND CONSENT ORDER

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On February 26, 2021, the North Carolina Rate Bureau (“Rate Bureau”) filed with the North Carolina Department of Insurance (“Department”) a proposal for revised Mobile Home MH(F) insurance rates (owners and tenants) (the “2021 MH(F) Filing”). The 2021 MH(F) Filing proposed a statewide overall increase in MH(F) insurance rates of 24.9% with changes varying by form and territory. It also proposed new deductible options and revisions to wind or hail exclusion credits. The 2021 MH(F) Filing was assigned Docket No. 2035.

The Rate Bureau and the Department have agreed to settle the 2021 MH(F) Filing. The proposed settlement provides for an overall statewide rate increase of 12.5%, with changes varying by form and territory as set forth on Exhibit A. The settlement approves the new deductible options and associated deductible relativities and the maximum deductible credits for those new deductible options. The settlement does not approve any changes to the wind or hail exclusion credits.

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 2021 MH(F) 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 2021 MH(F) Filing is approved subject to the modifications set forth in paragraph 2, below.

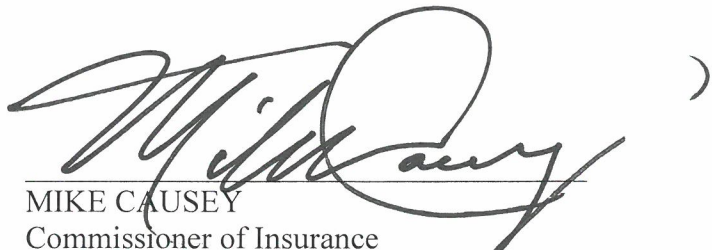
2. The approved overall statewide rate level increase, considering all forms and territories, is 12.5%. The approved territory rate level changes are set forth on the attached Exhibit A. The resulting approved premiums and territory relativities by form are set forth on the attached Exhibit B. Materials supporting the development of the approved territory relativities are set forth on the attached Exhibit C. Exhibits A, B, and C are incorporated herein by reference. The approved wind or hail exclusion credits are unchanged from those currently in effect.

3. The revised rates and other 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 May 1, 2022.

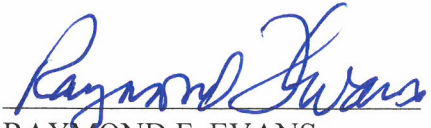
4. The parties acknowledge that, by entering into this Consent Order, neither is condoning, validating, accepting, or agreeing to the other's theories, methodologies, or calculations regarding or pertaining to profit, dividends and deviations, computer models, catastrophe loadings, and/or any other theory, 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 2021 MH(F) Filing.

This 4<sup>th</sup> day of November, 2021.

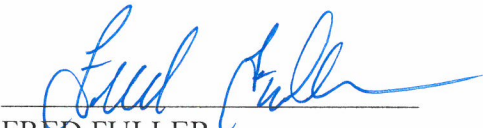
  
MIKE CAUSEY  
Commissioner of Insurance

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

**North Carolina  
Mobile Homeowners  
MH(F) Program**

Overall Rate Changes by Territory Group

Territory Group	Owners	Tenants	Total
1	25.0%	0.0%	25.0%
2	17.5%	0.0%	17.5%
3	20.0%	0.0%	20.0%
4	17.5%	0.0%	17.5%
5	7.5%	0.0%	7.5%
6	5.0%	0.0%	5.0%
Statewide	12.5%	0.0%	12.5%

For rating purposes, territories are grouped as follows:

Territory Group 1: Territories 110, 120, 130, and 140

Territory Group 2: Territories 150 and 160

Territory Group 3: Territories 180, 190, 200, 210, 220, and 230

Territory Group 4: Territories 170, 240, and 250

Territory Group 5: Territories 260, 270, 280, 290, and 300

Territory Group 6: Territories 310, 320, 330, 340, 350, 360, 370, 380, and 390

**North Carolina  
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MH(F) Program**

Approved Premiums and Territory Relativities by Form  
(Premiums shown are for Territory Group 3; \$50 Deductible)

Amount of Insurance (Coverage A)	Owners		Amount of Insurance (Coverage C)	Tenants
	MH(F)-2	MH(F)-3		MH(F)-4
\$2,000	\$346.00	\$394.00	\$2,000	\$55.00
3,000	358.00	409.00	3,000	67.00
4,000	371.00	426.00	4,000	80.00
5,000	386.00	440.00	5,000	92.00
6,000	398.00	456.00	6,000	105.00
7,000	414.00	471.00	7,000	118.00
8,000	427.00	488.00	8,000	129.00
9,000	440.00	504.00	9,000	143.00
10,000	455.00	518.00	10,000	155.00
11,000	468.00	534.00	11,000	167.00
12,000	482.00	550.00	12,000	179.00
13,000	494.00	566.00	13,000	191.00
14,000	508.00	581.00	14,000	203.00
15,000	517.00	592.00	15,000	215.00
20,000	582.00	670.00	20,000	275.00
25,000	649.00	750.00	25,000	335.00
30,000	714.00	828.00	30,000	395.00
35,000	779.00	907.00	35,000	455.00
40,000	845.00	985.00	40,000	514.00
45,000	910.00	1,065.00	45,000	574.00
50,000	977.00	1,144.00	50,000	634.00
55,000	1,042.00	1,223.00	Each Add'l \$1,000	12.00
60,000	1,108.00	1,301.00		
65,000	1,173.00	1,379.00		
70,000	1,238.00	1,458.00		
75,000	1,305.00	1,537.00		
80,000	1,370.00	1,616.00		
85,000	1,436.00	1,695.00		
90,000	1,501.00	1,774.00		
95,000	1,567.00	1,852.00		
100,000	1,633.00	1,932.00		
Each Add'l \$1,000	13.00	16.00		

Territory Group	Territory Relativity	
	Owners	Tenants
1	1.434	1.422
2	1.289	1.357
3	1.000	1.000
4	0.960	0.882
5	0.853	0.782
6	0.665	0.752

**North Carolina  
Mobile Homeowners  
MH(F) Program**

Development of Territory Relativities

(1) Territory Group	(2) Current Territory Relativity: Owners	(3) Current Premium (Cov A = \$50,000): MH(F)-3	(4) Approved Change	(5) Approved Premium (Cov A = \$50,000): MH(F)-3	(6) Approved Territory Relativity: Owners	(7) Change in Premium (Cov A = \$50,000)
1	1.381	\$1,348.00	25.0%	\$1,640.00	1.434	21.7%
2	1.313	1,281.00	17.5%	1,475.00	1.289	15.1%
3	1.000	976.00	20.0%	1,144.00	1.000	17.2%
4	0.981	957.00	17.5%	1,098.00	0.960	14.7%
5	0.942	919.00	7.5%	976.00	0.853	6.2%
6	0.750	732.00	5.0%	761.00	0.665	4.0%

Notes:

- (2) From current MH(F) rate manual
- (3) Territory Group 3 premium from current MH(F) rate manual; All other territory groups = Column (2) x Territory Group 3 premium
- (4) From Exhibit A of MH(F) settlement agreement
- (5) From Milliman's extension of exposure analysis to reconcile to the Approved Change by Territory Group in Column (4)
- (6) = (5) / \$1,144.00, where \$1,144.00 is the Territory Group 3 approved premium when Cov A = \$50,000
- (7) = (5) / (3) - 1.0
- (7) As discussed in previous communications, these premium changes are lower than the approved changes by territory group because of the tempering effect of maximum deductible credits. In general, the tempering effect is greater with larger approved changes and the spread in premium changes between territory groups (TG3 - TG6 = 17.2% - 4.0% = 13.2%) is smaller than the spread in approved changes (TG3 - TG6 = 20.0% - 5.0% = 15.0%). This reduced spread in premium changes reduces the change in territory relativities.