NCRB-NCRF-NCIGA
north carolina
RATE BUREAU
REINSURANCE FACILITY
INSURANCE GUARANTY ASSOCIATION

October 1, 2012

Honorable Wayne Goodwin
Commissioner of Insurance
North Carolina Department of Insurance
P. O. Box 26387
Raleigh, North Carolina 27611

Re: Revision of Homeowners Insurance Rates

Dear Sir:

Enclosed herewith for filing on behalf of all member companies of the North Carolina Rate Bureau are revised premium rates for homeowners insurance subject to the jurisdiction of the Rate Bureau.

The enclosed memoranda and exhibits set forth and explain the calculations for needed rate level changes that have been capped at an overall statewide average rate level change of +17.7%. The filing also shows the filed rate levels varying by territory within the state and the filed windstorm and hail exclusion credits.

The foregoing changes were calculated based on rates currently in force and reflect consideration duly given to data for the experience period set forth herein. Ratios in the filing relating to expense experience were developed from special calls issued by the Rate Bureau. In preparing this filing, due consideration has been given to the factors specified in G.S. 58-36-10(2).

Information and statistical data required pursuant to G.S. 58-36-15 and 11 NCAC 10.1105 are shown and referenced in Section E. Additionally, the pre-filed testimony of (a) Robert J. Curry, Assistant Vice President and Actuary - Insurance Services Office, Inc.; (b) Shantelle Thomas, Allstate Insurance Company, Chairman, Property Rating Subcommittee; (c) David Lalonde, Senior Vice President – AIR Worldwide Corporation; (d) Dr. James Vander Weide, Fuqua School of Business, Duke University; and (e) Dr. David Appel - Director – Milliman, Inc. are submitted herewith.

The revised rates 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, 2013.

Your approval of this filing is respectfully requested.

Very truly yours,

Raymond F. Evans, Jr. CPCU

General Manager

RFE:dms

Enclosures

NORTH CAROLINA

HOMEOWNERS INSURANCE

REVISION OF RATES

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NORTH CAROLINA

HOMEOWNERS INSURANCE

SECTION A - SUMMARY OF REVISION

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATEWIDE RATE LEVEL CHANGES

FORM	PREMIUM WEIGHT (A)	INDICATED CHANGE	FILED CHANGE
OWNERS	$2,168,814,729	30.8%	17.4%
TENANT	$32,405,190	83.8%	30.0%
CONDOMINIUMS	$18,252,996	58.3%	29.5%
ALL FORMS	$2,219,472,915	31.8%	17.7%

(A) Year-ended 12/31/2009 aggregate premium at current level

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATEWIDE AND TERRITORY RATE LEVEL CHANGES

	INIDICATED RATE LEVEL CHANGE			FILED RATE LEVEL CHANGE		
Territory	Owners	Tenant	Condominiums	Owners	Tenant	Condominiums
7	103.0%	140.0%	104.0%	30.0%	30.0%	30.0%
8	119.2%	162.2%	137.6%	30.0%	30.0%	30.0%
32	11.8%	77.7%	45.9%	11.8%	30.0%	30.0%
34	25.8%	62.5%	25.9%	25.8%	30.0%	25.9%
36	1.2%	75.2%	35.6%	1.2%	30.0%	30.0%
38	8.5%	100.2%	47.7%	8.5%	30.0%	30.0%
39	9.4%	78.3%	35.0%	9.4%	30.0%	30.0%
41	25.7%	67.0%	56.1%	25.7%	30.0%	30.0%
44	32.6%	70.9%	48.3%	30.0%	30.0%	30.0%
45	21.2%	85.9%	59.5%	21.2%	30.0%	30.0%
46	16.3%	76.0%	45.2%	16.3%	30.0%	30.0%
47	22.1%	90.1%	54.5%	22.1%	30.0%	30.0%
48	61.2%	136.8%	109.2%	30.0%	30.0%	30.0%
49	57.9%	105.5%	72.1%	30.0%	30.0%	30.0%
52	91.9%	140.4%	120.1%	30.0%	30.0%	30.0%
53	11.1%	72.7%	25.3%	11.1%	30.0%	25.3%
57	8.0%	74.9%	45.2%	8.0%	30.0%	30.0%
60	13.7%	62.0%	42.1%	13.7%	30.0%	30.0%
Statewide	30.8%	83.8%	58.3%	17.4%	30.0%	29.5%

NORTH CAROLINA

HOMEOWNERS INSURANCE

CURRENT AND FILED BASE RATES (A)

	Current			Filed		
Territory	Owners (B)	Tenant (C)	Condominiums (C)	Owners (B)	Tenant (C)	Condominiums (C)
7	$1,379	$105	$101	$1,793	$137	$131
8	$1,522	$105	$101	$1,979	$137	$131
32	$431	$42	$44	$482	$55	$57
34	$552	$63	$49	$694	$82	$62
36	$365	$36	$34	$369	$47	$44
38	$344	$39	$34	$373	$51	$44
39	$324	$33	$30	$354	$43	$39
41	$688	$52	$45	$865	$68	$59
44	$439	$46	$37	$571	$60	$48
45	$554	$46	$41	$671	$60	$53
46	$381	$42	$40	$443	$55	$52
47	$455	$43	$37	$556	$56	$48
48	$987	$71	$76	$1,283	$92	$99
49	$862	$71	$76	$1,121	$92	$99
52	$1,050	$80	$76	$1,365	$104	$99
53	$406	$37	$42	$451	$48	$53
57	$364	$36	$32	$393	$47	$42
60	$312	$32	$28	$355	$42	$36

(A) Base Class is Protection Class 5, Frame

(B) Rates are for $75,000 Coverage A

(C) Rates are for $10,000 Coverage C

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF RATES TO BE CHARGED INDIVIDUAL INSUREDS

The filed base rates by territory are shown on page A-3. These are the filed manual rates for the classification carrying a unity differential. The revised rates for the remaining classifications are determined by applying the established classification rate differentials to the base rates by territory.

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HOMEOWNERS INSURANCE

SECTION B - MATERIAL TO BE IMPLEMENTED

NORTH CAROLINA

HOMEOWNERS INSURANCE

REVISED RULES

1. Wind Exclusion credits are revised to reflect the filed rates. See page B-2 for the manual rule corresponding to this revision.

ADDITIONAL RULE(S)

RULE A3
WINDSTORM OR HAIL EXCLUSION - TERRITORIES 07, 08, 48, 49 AND 52 ONLY

	Territory 07	Territory 08	Territory 48	Territory 49	Territory 52
AllForms Except HO 00 04 AND HO 00 06	$1,565	$1,784	$1,178	$912	$1,175
HO 00 04	83	83	40	41	50
HO 00 06	81	84	56	58	55

Table A3. Wind or Hail Exclusion Credit

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NORTH CAROLINA

HOMEOWNERS INSURANCE

SECTION C - SUPPORTING MATERIAL

NORTH CAROLINA

HOMEOWNERS INSURANCE- OWNERS FORMS

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

	(1) INCURRED LOSSES EXCL. HURRICANE (A)	(2) EXCESS LOSSES (B)	(3) [(1)-(2)] * EXCESS FACTOR (B)	(4) LOSSES WITH LAE (3)*LAE (C)	(5) CURRENT COST/AMOUNT FACTOR (D)
2005	468,893,324	0	486,711,270	545,116,622	0.900
2006	550,796,049	29,902,906	540,687,082	605,569,532	0.902
2007	626,428,491	14,999,427	634,663,368	710,822,972	0.921
2008	895,862,086	202,468,294	719,742,757	806,111,888	0.937
2009	910,592,319	123,910,388	816,575,845	914,564,946	0.950

	(6) HOUSE-YEARS	(7) TRENDED AVG. LOSS COST (4)*(5)*CPF/(6) (E)	(8) AVERAGE RATING FACTOR (F)	(9) TRENDED BASE-CLASS LOSS COST (G)	(10) YEARLY WEIGHTS
2005	1,793,078	294.68	2.049	143.82	0.10
2006	1,873,039	314.08	2.156	145.68	0.15
2007	1,934,117	364.55	2.264	161.02	0.20
2008	1,975,587	411.77	2.352	175.07	0.25
2009	1,988,201	470.65	2.425	194.08	0.30

(11) WEIGHTED TRENDED NON-HURRICANE BASE-CLASS LOSS COST (H)	170.43
(12) CREDIBILITY (9,564,022 HOUSE-YEARS) (I)	1.00
(13) TRENDED MODELED HURRICANE BASE-CLASS LOSS COST (J)	75.29
(14) FIXED EXPENSE PER POLICY (K)	36.98
(15) (11) + (13) + (14)	282.70
(16) 1 - (VARIABLE EXPENSE + PROFIT + CONTINGENCIES) (L)	0.7230
(17) BASE RATE EXCLUDING COMP. FOR ASSESS. RISK, NET REINSURANCE COST, DEVIATIONS (15) / (16)	391.01
(18) COMPENSATION FOR ASSESSMENT RISK PER POLICY (M)	22.41
(19) NET REINSURANCE COST PER POLICY (N)	142.21
(20) (17) + (18) + (19)	555.63
(21) SELECTED DEVIATION (O)	0.05
(22) DEVIATION AMOUNT PER POLICY ((20) / (1.0 - (21)) - (20)	29.24
(23) REQUIRED BASE RATE, (20) + (22)	584.87
(24) CURRENT AVERAGE BASE RATE	447.14
(25) INDICATED RATE-LEVEL CHANGE, (23) / (24)	1.308

NORTH CAROLINA

HOMEOWNERS INSURANCE- TENANT FORM

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)
	INCURRED LOSSES EXCL. HURRICANE (A)	LOSSES WITH LAE (1)*LAE (C)	CURRENT COST/AMOUNT FACTOR (D)	HOUSE-YEARS
2005	7,900,338	8,935,282	1.042	140,855
2006	8,895,318	10,060,605	1.052	151,159
2007	11,754,274	13,294,084	1.045	167,661
2008	15,021,821	16,989,680	1.031	188,905
2009	17,935,048	20,284,539	1.006	210,141

	(5)	(6)	(7)	(8)
	TRENDED AVG. LOSS COST (2)*(3)*CPF/(4) (E)	AVERAGE RATING FACTOR (F)	TRENDED BASE-CLASS LOSS COST (G)	YEARLY WEIGHTS
2005	73.11	3.946	18.53	0.10
2006	77.44	3.989	19.41	0.15
2007	91.64	3.963	23.12	0.20
2008	102.55	3.914	26.20	0.25
2009	107.40	3.828	28.06	0.30

(9)	WEIGHTED TRENDED NON-HURRICANE BASE-CLASS LOSS COST (H)	24.36
(10)	CREDIBILITY (858,721 HOUSE-YEARS) (I)	1.000
(11)	TRENDED MODELED HURRICANE BASE-CLASS LOSS COST (J)	3.65
(12)	FIXED EXPENSE PER POLICY (K)	13.45
(13)	(9) + (11) + (12)	41.46
(14)	1 - (VARIABLE EXPENSE + PROFIT + CONTINGENCIES) (L)	0.7230
(15)	BASE RATE EXCLUDING COMP. FOR ASSESS. RISK, NET REINSURANCE COST, DEVIATIONS (13) / (14)	57.34
(16)	COMPENSATION FOR ASSESSMENT RISK PER POLICY (M)	2.03
(17)	NET REINSURANCE COST PER POLICY (N)	11.45
(18)	(15) + (16) + (17)	70.82
(19)	SELECTED DEVIATION (O)	0.05
(20)	DEVIATION AMOUNT PER POLICY, ((18) / (1.0 - (19)) - (18)	3.73
(21)	REQUIRED BASE RATE, (18) + (20)	74.55
(22)	CURRENT AVERAGE BASE RATE	40.57
(23)	INDICATED RATE-LEVEL CHANGE, (21) / (22)	1.838

NORTH CAROLINA

HOMEOWNERS INSURANCE- CONDO UNIT OWNER FORM

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)
	INCURRED LOSSES EXCL. HURRICANE (A)	LOSSES WITH LAE (1)*LAE (C)	CURRENT COST/AMOUNT FACTOR (D)	HOUSE-YEARS
2005	4,842,234	5,476,567	0.879	54,952
2006	6,059,264	6,853,028	0.900	59,788
2007	6,860,742	7,759,499	0.924	64,133
2008	7,987,059	9,033,364	0.941	67,507
2009	10,225,541	11,565,087	0.950	69,857

	(5)	(6)	(7)	(8)
	TRENDED AVG. LOSS COST (2)*(3)*CPF/(4) (E)	AVERAGE RATING FACTOR (F)	TRENDED BASE-CLASS LOSS COST (G)	YEARLY WEIGHTS
2005	93.12	5.758	16.17	0.10
2006	109.66	5.973	18.36	0.15
2007	118.84	6.238	19.05	0.20
2008	133.85	6.460	20.72	0.25
2009	167.18	6.518	25.65	0.30

(9)	WEIGHTED TRENDED NON-HURRICANE BASE-CLASS LOSS COST (H)	21.06
(10)	CREDIBILITY (858,721 HOUSE-YEARS) (I)	1.000
(11)	TRENDED MODELED HURRICANE BASE-CLASS LOSS COST (J)	5.06
(12)	FIXED EXPENSE PER POLICY (K)	7.14
(13)	(9) + (11) + (12)	33.26
(14)	1 - (VARIABLE EXPENSE + PROFIT + CONTINGENCIES) (L)	0.723
(15)	BASE RATE EXCLUDING COMP. FOR ASSESS. RISK, NET REINSURANCE COST, DEVIATIONS (13) / (14)	46.00
(16)	COMPENSATION FOR ASSESSMENT RISK PER POLICY (M)	2.01
(17)	NET REINSURANCE COST PER POLICY (N)	12.35
(18)	(15) + (16) + (17)	60.36
(19)	SELECTED DEVIATION (O)	0.05
(20)	DEVIATION AMOUNT PER POLICY, ((18) / (1.0 - (19)) - (18)	3.18
(21)	REQUIRED BASE RATE, (18) + (20)	63.54
(22)	CURRENT AVERAGE BASE RATE	40.14
(23)	INDICATED RATE-LEVEL CHANGE, (21) / (22)	1.583

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF STATEWIDE RATE RLEVEL CHANGE

(A) Incurred losses exclude hurricane losses and reflect the following loss development factors:

12/31/2005	1.000
12/31/2006	0.999
12/31/2007	0.999
12/31/2008	1.001
12/31/2009	1.020

(B) A description of the "excess procedure" and the calculation of excess losses and the excess factor is provided on pages D-32-34.

(C) Trended loss adjustment expenses (LAE) loadings have been calculated to be 12.0% of the incurred losses for Owner Forms and 13.1% of the incurred losses for Tenant Forms and Condo Unit Owner Forms. These factors are developed on page D-30

(D) The development of Current Cost/Amount Factors is shown on page D-18 for Owner Forms, D-20 for Tenant Forms and D-22 for Condo Unit Owner Forms.

(E) "CPF" refers to the Composite Projection Factor. The derivation of the Composite Projection Factor is shown on page D-18 for Owner Forms, D-20 for Tenant Forms and D-22 for Condo Unit Owner Forms.

(F) The Average Rating Factor is the ratio of the average rate at current manual level and average current base rate.

(G) The Trended Base-Class Loss Cost is calculated as column (7) / column (8) for the Owners forms and as column (5) / column (6) in the Tenant and Condominium forms.

(H) The Weighted Trended Base Class Loss Cost is the sum of the products, by year, of the Trended Base Class Loss Costs and the accident year weights.

(I) Credibility values are assigned based on the credibility table displayed on page D-23

(J) Modeled hurricane losses are calculated by multiplying the modeled hurricane loss cost per $1000 of coverage developed by AIR Worldwide by 2009 total limits insurance-years (in thousands of dollars.) To obtain a loss cost value, the modeled loss amounts are divided by 2009 house-years. To convert the average modeled loss cost to a trended base-class level it is divided by the trended average rating factor. The trended average rating factor is calculated as (2009 average rating factor) x (2009 Current Amount Factor) x Premium Projection Factor. The AIR loss costs and total limit insurance-years referenced above are displayed on pages D-35-37. The trend factors referenced above are derived on pages D-18,20 and 22. The derivation of the modeled hurricane base-class loss cost is shown on page D-41.

(K) The derivation of the Fixed Expense loadings (i.e general and other acquisition expenses loadings) is shown on page D-31.

(L) The provisions for profit, contingencies and variable expenses are shown on page D-28.

(M) The Compensation for Assessment Risk loading is 4.2% of premium and is based on an analysis done by D. Appel. The provision is calculated as (.042 x Current Base Rate)/(1- Provisions for Commission,Taxes) The commission and tax provisions are those shown on page D-28.

(N) Derivation of the net reinsurance cost loadings is provided on page D-43-45. These loadings are based on analysis done by D. Appel.

(O) The 5% deviation loading was selected by the North Carolina Rate Bureau.

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE-CLASS LOSS COST BY TERRITORY - OWNERS FORMS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TERR.	NON-HURRICANE BASE-CLASS LOSS COST (A)	FIVE-YEAR HOUSE-YEARS	CREDI-BILITY (B)	CREDI-BILITY WEIGHTED BASE LOSS COST	MODELED HURRICANE BASE LOSS COST (C)	TOTAL LOSS COST (4) + (5)	INDICATED RELATIVITY TERR (6) / SW (6)	INDICATED STATEWIDE BASE LOSS COST	INDICATED BASE LOSS COST TERR (7) / SW (7) * (8)
7	139.02	42,402	0.80	139.94	659.98	799.92	3.852	245.72	946.51
8	139.57	62,974	1.00	139.57	878.12	1017.69	4.900	245.72	1204.03
32	129.26	535,692	1.00	129.26	41.39	170.65	0.822	245.72	201.98
34	199.18	275,460	1.00	199.18	64.42	263.60	1.269	245.72	311.82
36	135.03	453,783	1.00	135.03	21.85	156.88	0.755	245.72	185.52
38	140.31	620,997	1.00	140.31	22.54	162.85	0.784	245.72	192.64
39	132.86	689,661	1.00	132.86	21.27	154.13	0.742	245.72	182.32
41	238.15	120,625	1.00	238.15	103.31	341.46	1.644	245.72	403.96
44	190.47	75,596	1.00	190.47	31.36	221.83	1.068	245.72	262.43
45	160.00	410,066	1.00	160.00	94.13	254.13	1.224	245.72	300.76
46	135.07	144,241	1.00	135.07	23.72	158.79	0.765	245.72	187.98
47	155.11	762,943	1.00	155.11	50.86	205.97	0.992	245.72	243.75
48	118.54	55,242	0.90	121.05	224.67	345.72	1.665	245.72	409.12
49	137.89	236,517	1.00	137.89	140.58	278.47	1.341	245.72	329.51
52	118.64	556,074	1.00	118.64	417.50	536.14	2.581	245.72	634.20
53	121.69	903,621	1.00	121.69	39.56	161.25	0.776	245.72	190.68
57	146.81	1,020,175	1.00	146.81	22.21	169.02	0.814	245.72	200.02
60	143.85	2,597,953	1.00	143.85	11.89	155.74	0.750	245.72	184.29
SW	143.62	9,564,022				207.69	1.000		

Column (4) = (1) x (3) + (1.0-(3)) x Statewide (1)
Column (8) = Line (11) +Line (13), Page C-1

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE - OWNERS

TERR.	(1) INDICATED BASE CLASS LOSS COST	(2) TRENDED FIXED EXPENSE (D)	(3) VARIABLE EXPENSE, PROFIT, CONTG.	(4) CURRENT BASE CLASS RATE	(5) INDICATED NET BASE-CLASS RATE [(1)+(2)*(4)]/[1.0-(3)]	(6) COMP. FOR ASMT. RISK (E)	(7) NET REINS. COST (F)	(8) (5) + (6) + (7)	(9) SELECTED DEVIATION (G)	(10) DOLLAR DEVIATION PER EXPOSURE [(8) / (1.0- (9))] - (8)	(11) INDICATED REQUIRED BASE-CLASS RATE (8) + (10)	(12) INDICATED RATE LEVEL CHANGE (11) / (4)	(13) INDICATED BALANCED RATE LEVEL CHANGE (H)	(14) FILED RATE CHANGE (I)
7	946.51	0.025	0.3340	1,379	1,472.95	69.11	1,107.77	2,649.83	0.05	139.46	2,789.29	2.023	2.030	1.300
8	1,204.03	0.023	0.3340	1,522	1,860.41	76.28	1,222.72	3,159.41	0.05	166.28	3,325.69	2.185	2.192	1.300
32	201.98	0.083	0.2609	431	321.68	21.60	112.78	456.06	0.05	24.00	480.06	1.114	1.118	1.118
34	311.82	0.085	0.2609	552	485.37	27.67	144.44	657.48	0.05	34.60	692.08	1.254	1.258	1.258
36	185.52	0.102	0.2308	365	289.59	18.29	41.95	349.83	0.05	18.41	368.24	1.009	1.012	1.012
38	192.64	0.103	0.2308	344	296.51	17.24	39.53	353.28	0.05	18.59	371.87	1.081	1.085	1.085
39	182.32	0.107	0.2308	324	282.10	16.24	37.23	335.57	0.05	17.66	353.23	1.090	1.094	1.094
41	403.96	0.062	0.2609	688	604.27	34.48	180.07	818.82	0.05	43.10	861.92	1.253	1.257	1.257
44	262.43	0.099	0.2609	439	413.87	22.00	114.86	550.73	0.05	28.99	579.72	1.321	1.326	1.300
45	300.76	0.075	0.2609	554	463.14	27.77	144.97	635.88	0.05	33.47	669.35	1.208	1.212	1.212
46	187.98	0.090	0.2609	381	300.73	19.10	99.70	419.53	0.05	22.08	441.61	1.159	1.163	1.163
47	243.75	0.088	0.2609	455	383.97	22.80	119.06	525.83	0.05	27.68	553.51	1.217	1.221	1.221
48	409.12	0.034	0.3340	987	664.68	49.47	793.06	1,507.21	0.05	79.33	1,586.54	1.607	1.612	1.300
49	329.51	0.045	0.3340	862	553.00	43.20	692.44	1,288.64	0.05	67.82	1,356.46	1.574	1.579	1.300
52	634.20	0.037	0.3340	1,050	1,010.59	52.63	843.51	1,906.73	0.05	100.35	2,007.08	1.912	1.919	1.300
53	190.68	0.077	0.2609	406	300.29	20.35	106.24	426.88	0.05	22.47	449.35	1.107	1.111	1.111
57	200.02	0.110	0.2308	364	312.09	18.24	41.82	372.15	0.05	19.59	391.74	1.076	1.080	1.080
60	184.29	0.110	0.2308	312	284.20	15.64	35.85	335.69	0.05	17.67	353.36	1.133	1.137	1.137
SW												1.30354	1.308	1.174

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE-CLASS LOSS COST BY TERRITORY - TENANT FORM

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TERR.	NON-HURRICANE BASE-CLASS LOSS COST (A)	FIVE-YEAR HOUSE-YEARS	CREDI-BILITY (B)	CREDI-BILITY WEIGHTED BASE LOSS COST	MODELED HURRICANE BASE LOSS COST (C)	TOTAL LOSS COST (4) + (5)	INDICATED RELATIVITY TERR (6) / SW (6)	INDICATED STATEWIDE BASE LOSS COST	INDICATED BASE LOSS COST TERR (7) / SW (7) * (8)
7	9.55	916	0.10	17.82	40.36	58.18	2.697	28.01	75.54
8	14.89	2,289	0.10	18.36	51.59	69.95	3.243	28.01	90.84
32	17.47	102,975	1.00	17.47	2.25	19.72	0.914	28.01	25.60
34	35.37	23,038	0.50	27.06	3.59	30.65	1.421	28.01	39.80
36	18.45	71,751	0.90	18.48	1.18	19.66	0.911	28.01	25.52
38	26.64	117,878	1.00	26.64	1.20	27.84	1.291	28.01	36.16
39	17.74	51,850	0.80	17.94	1.20	19.14	0.887	28.01	24.84
41	24.75	5,357	0.20	19.94	5.76	25.70	1.191	28.01	33.36
44	29.63	3,308	0.20	20.92	1.82	22.74	1.054	28.01	29.52
45	19.54	35,460	0.60	19.22	5.62	24.84	1.152	28.01	32.27
46	21.95	7,668	0.30	19.70	1.52	21.22	0.984	28.01	27.56
47	22.88	47,270	0.70	21.64	3.15	24.79	1.149	28.01	32.18
48	9.26	1,380	0.10	17.79	17.45	35.24	1.634	28.01	45.77
49	9.39	11,792	0.30	15.94	8.64	24.58	1.140	28.01	31.93
52	14.83	33,356	0.60	16.39	24.95	41.34	1.917	28.01	53.70
53	13.82	111,738	1.00	13.82	2.16	15.98	0.741	28.01	20.76
57	19.10	74,101	0.90	19.06	1.28	20.34	0.943	28.01	26.41
60	15.21	156,593	1.00	15.21	0.73	15.94	0.739	28.01	20.70
SW	18.74	858,721				21.57	1.000		

Column (4) = (1) x (3) + (1.0-(3)) x Statewide (1)
Column (8) = Line (9) +Line (11), Page C-2

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE - TENANT

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
TERR.	INDICATED BASE CLASS LOSS COST	TRENDED FIXED EXPENSE (D)	VARIABLE EXPENSE, PROFIT, CONTG.	CURRENT BASE CLASS RATE	INDICATED NET BASE-CLASS RATE [(1)+(2)*(4)]/[1.0-(3)]	COMP. FOR ASMT. RISK (E)	NET REINS. COST (F)	(5) + (6) + (7)	SELECTED DEVIATION (G)	DOLLAR DEVIATION PER EXPOSURE [(8) / (1.0- (9))] - (8)	INDICATED REQUIRED BASE-CLASS RATE (8) + (10)	INDICATED RATE LEVEL CHANGE (11) / (4)	INDICATED BALANCED RATE LEVEL CHANGE (H)	FILED RATE CHANGE (I)
7	75.54	0.116	0.3340	105	131.71	5.26	97.63	234.60	0.05	12.35	246.95	2.352	2.400	1.300
8	90.84	0.109	0.3340	105	153.58	5.26	97.51	256.35	0.05	13.49	269.84	2.570	2.622	1.300
32	25.60	0.353	0.2609	42	54.70	2.11	12.71	69.52	0.05	3.66	73.18	1.742	1.777	1.300
34	39.80	0.226	0.2609	63	73.11	3.16	19.07	95.34	0.05	5.02	100.36	1.593	1.625	1.300
36	25.52	0.405	0.2308	36	52.13	1.80	4.79	58.72	0.05	3.09	61.81	1.717	1.752	1.300
38	36.16	0.366	0.2308	39	65.57	1.95	5.18	72.70	0.05	3.83	76.53	1.962	2.002	1.300
39	24.84	0.384	0.2308	33	48.77	1.65	4.39	54.81	0.05	2.88	57.69	1.748	1.783	1.300
41	33.36	0.247	0.2609	52	62.51	2.61	15.73	80.85	0.05	4.26	85.11	1.637	1.670	1.300
44	29.52	0.274	0.2609	46	56.99	2.31	13.92	73.22	0.05	3.85	77.07	1.675	1.709	1.300
45	32.27	0.317	0.2609	46	63.39	2.31	13.92	79.62	0.05	4.19	83.81	1.822	1.859	1.300
46	27.56	0.294	0.2609	42	54.00	2.11	12.71	68.82	0.05	3.62	72.44	1.725	1.760	1.300
47	32.18	0.299	0.2609	43	60.93	2.16	13.01	76.10	0.05	4.01	80.11	1.863	1.901	1.300
48	45.77	0.171	0.3340	71	86.95	3.56	66.03	156.54	0.05	8.24	164.78	2.321	2.368	1.300
49	31.93	0.172	0.3340	71	66.28	3.56	65.97	135.81	0.05	7.15	142.96	2.014	2.055	1.300
52	53.70	0.167	0.3340	80	100.69	4.01	74.34	179.04	0.05	9.42	188.46	2.356	2.404	1.300
53	20.76	0.367	0.2609	37	46.46	1.85	11.20	59.51	0.05	3.13	62.64	1.693	1.727	1.300
57	26.41	0.378	0.2308	36	52.03	1.80	4.78	58.61	0.05	3.08	61.69	1.714	1.749	1.300
60	20.70	0.373	0.2308	32	42.43	1.60	4.25	48.28	0.05	2.54	50.82	1.588	1.620	1.300
SW												1.80161	1.838	1.300

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INDICATED BASE-CLASS LOSS COST BY TERRITORY - CONDOMINIUM FORM

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
TERR.	NON-HURRICANE BASE-CLASS LOSS COST (A)	FIVE-YEAR HOUSE-YEARS	CREDI-BILITY (B)	CREDI-BILITY WEIGHTED BASE LOSS COST	MODELED HURRICANE BASE LOSS COST (C)	TOTAL LOSS COST (4) + (5)	INDICATED RELATIVITY TERR (6) / SW (6)	INDICATED STATEWIDE BASE LOSS COST	INDICATED BASE LOSS COST TERR (7) / SW (7) * (8)
7	27.93	1,461	0.10	18.76	32.23	50.99	2.289	26.12	59.79
8	21.23	6,887	0.30	18.79	51.56	70.35	3.158	26.12	82.49
32	22.55	25,404	0.70	21.11	2.13	23.24	1.043	26.12	27.24
34	18.18	5,768	0.30	17.87	2.85	20.72	0.930	26.12	24.29
36	17.39	28,984	0.70	17.50	1.08	18.58	0.834	26.12	21.78
38	20.26	72,105	1.00	20.26	1.13	21.39	0.960	26.12	25.08
39	13.28	26,087	0.70	14.62	1.12	15.74	0.706	26.12	18.44
41	31.03	392	0.00	17.74	6.33	24.07	1.080	26.12	28.21
44	7.69	175	0.00	17.74	1.90	19.64	0.882	26.12	23.04
45	17.64	4,798	0.30	17.71	5.38	23.09	1.036	26.12	27.06
46	67.54	106	0.00	17.74	1.60	19.34	0.868	26.12	22.67
47	17.79	7,018	0.30	17.76	2.45	20.21	0.907	26.12	23.69
48	16.82	866	0.10	17.65	22.33	39.98	1.794	26.12	46.86
49	14.88	2,809	0.20	17.17	8.65	25.82	1.159	26.12	30.27
52	16.77	26,160	0.70	17.06	26.97	44.03	1.976	26.12	51.61
53	13.52	28,643	0.70	14.79	2.00	16.79	0.754	26.12	19.69
57	16.67	18,661	0.60	17.10	1.25	18.35	0.824	26.12	21.52
60	15.35	59,917	1.00	15.35	0.58	15.93	0.715	26.12	18.68
SW	17.74	316,238				22.28	1.000		

Column (4) = (1) x (3) + (1.0-(3)) x Statewide (1)
Column (8) = Line (9) + Line (11), Page C-3

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INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE - CONDOMINIUM FORM

TERR.	(1) INDICATED BASE CLASS LOSS COST	(2) TRENDED FIXED EXPENSE (D)	(3) VARIABLE EXPENSE, PROFIT, CONTG.	(4) CURRENT BASE CLASS RATE	(5) INDICATED NET BASE-CLASS RATE [(1)+(2)*(4)]/[1.0-(3)]	(6) COMP. FOR ASMT. RISK (E)	(7) NET REINS. COST (F)	(8) (5) + (6) + (7)	(9) SELECTED DEVIATION (G)	(10) DOLLAR DEVIATION PER EXPOSURE [(8) / (1.0- (9))] - (8)	(11) INDICATED REQUIRED BASE-CLASS RATE (8) + (10)	(12) INDICATED RATE LEVEL CHANGE (11) / (4)	(13) INDICATED BALANCED RATE LEVEL CHANGE (H)	(14) FILED RATE CHANGE (I)
7	59.79	0.092	0.3340	101	103.73	5.06	85.13	193.92	0.05	10.21	204.13	2.021	2.040	1.300
8	82.49	0.078	0.3340	101	135.69	5.06	85.14	225.89	0.05	11.89	237.78	2.354	2.376	1.300
32	27.24	0.156	0.2609	44	46.14	2.21	12.08	60.43	0.05	3.18	63.61	1.446	1.459	1.300
34	24.29	0.140	0.2609	49	42.15	2.46	13.46	58.07	0.05	3.06	61.13	1.248	1.259	1.259
36	21.78	0.210	0.2308	34	37.60	1.70	4.10	43.40	0.05	2.28	45.68	1.344	1.356	1.300
38	25.08	0.201	0.2308	34	41.49	1.70	4.10	47.29	0.05	2.49	49.78	1.464	1.477	1.300
39	18.44	0.232	0.2308	30	33.02	1.50	3.62	38.14	0.05	2.01	40.15	1.338	1.350	1.300
41	28.21	0.219	0.2609	45	51.50	2.26	12.38	66.14	0.05	3.48	69.62	1.547	1.561	1.300
44	23.04	0.171	0.2609	37	39.73	1.85	10.07	51.65	0.05	2.72	54.37	1.469	1.483	1.300
45	27.06	0.210	0.2609	41	48.26	2.05	11.25	61.56	0.05	3.24	64.80	1.580	1.595	1.300
46	22.67	0.203	0.2609	40	41.66	2.00	11.01	54.67	0.05	2.88	57.55	1.439	1.452	1.300
47	23.69	0.195	0.2609	37	41.81	1.85	10.15	53.81	0.05	2.83	56.64	1.531	1.545	1.300
48	46.86	0.100	0.3340	76	81.77	3.81	64.05	149.63	0.05	7.88	157.51	2.073	2.092	1.300
49	30.27	0.086	0.3340	76	55.26	3.81	64.06	123.13	0.05	6.48	129.61	1.705	1.721	1.300
52	51.61	0.106	0.3340	76	89.59	3.81	64.06	157.46	0.05	8.29	165.75	2.181	2.201	1.300
53	19.69	0.163	0.2609	42	35.90	2.11	11.53	49.54	0.05	2.61	52.15	1.242	1.253	1.253
57	21.52	0.248	0.2308	32	38.29	1.60	3.86	43.75	0.05	2.30	46.05	1.439	1.452	1.300
60	18.68	0.230	0.2308	28	32.66	1.40	3.38	37.44	0.05	1.97	39.41	1.408	1.421	1.300
SW												1.56857	1.583	1.295

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INDICATED BASE-CLASS RATE AND RATE LEVEL CHANGE

(A) The Non-hurricane Base-Class Loss Cost is based on five-year incurred developed losses (excuding hurricane), five-year house-years, and the five-year average rating factor. Since the rate-level indications by territory will be based on both modeled and non-modeled experience, and since the modeled loss experience is based on latest-year exposures, the non-hurricane losses and corresponding average rating factors used in the calculation of the Non-hurricane Base-Class Loss Cost are trended to the latest year. For a given year, "year i", the trend factor for losses is calculated as (Current Cost Factor, year i) / (Current Cost Factor, latest year). Similarly, the trend factor for the average rating factors is calculated as (Current Amount Factor, year i) / (Current Amount Factor, latest year). The Current Cost Factors and Current Amount Factors used in this calculation are displayed on pages D-18,20 and 22.

(B) Credibility values are assigned to a given territory based on the partial credibilty table shown as page D-23.

(C) The calculation of the Modeled Hurricane Base-Class Loss-Cost is shown on pages D-38-40.

(D) The trended fixed expense ratios are calculated as the ratio of the trended fixed expense dollar loadings displayed on page D-31 to trended earned premium at current-manual level.

(E) The Compensation for Assessment Risk provision is calculated as (.042 x Current Base Rate) / (1.0 - (Provision for Commissions + Provision for Taxes)). The .042 value is based on analysis performed by D. Appel. The commission and tax provisions are those shown on page D-28.

(F) The calculation of the provisions for the Net Cost of Reinsurance is displayed on pages D-43-45.

(G) A 5% provision was selected by the NCRB in order to account for company deviations from manual rates.

(H) Since the statewide indicated rate-level change will not necessarily equal the average formulaically-indicated change by territory (shown in column (12)), an adjustment factor (calculated as Statewide Indicated Rate-Level Change / Statewide column (12)) is applied to the column (12) values in order to determine the column (13) values.

(I) The filed rate changes have been capped by the North Carolina Rate Bureau such that no territory's change is greater than 30.0%

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DERIVATION OF WIND EXCLUSION CREDITS

The filed wind exclusion credits, Page B-2, are derived used the following formula:

$$C = [\,[I- [\,(Ld+F\,) / (1.0\text{-}V) + kB\,] / (1.0\text{-}D)\,]\,]\ pr\text{, where}$$

C = filed credit

I = filed rate

L = pure-premium underlying indicated rate-level change

d = portion of L that is attributable to non-wind losses

F = fixed expense provision underlying indicated rate-level change

V = variable expense provision

B = provision in indicated rate for the Compensation for Assessment Risk loading

k = adjusment factor, applied to B, to reflect exclusion of wind coverage
= (Indicated non-wind rate without B) / (Indicated rate, without B)
= [(Ld+F) / (1.0-V)] / [(L+F) / (1.0-V)] = (Ld+F) / (L+F)

D = selected deviation percentage

p = average protection class-construction class relativity

r = average policy form relativity

The derivation of the filed credits, using the formula defined above, is displayed on page C-13.

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DERIVATION OF WIND EXCLUSION CREDIT

Territory	I	L *	d	F **	(1-V) ***	k	B ****	D	p	r	C
					OWNERS						
7	1,793	946.51	0.145	34.48	0.7205	0.175	69.11	0.05	1.019	1.004	1,565
8	1,979	1,204.03	0.112	35.01	0.7205	0.137	76.28	0.05	1.026	1.011	1,784
48	1,283	409.12	0.308	33.56	0.7205	0.360	49.47	0.05	1.142	1.000	1,178
49	1,121	329.51	0.438	38.79	0.7205	0.497	43.20	0.05	1.097	1.001	912
52	1,365	634.20	0.191	38.85	0.7205	0.238	52.63	0.05	1.049	1.002	1,175
					TENANT						
7	137	75.54	0.304	12.18	0.7087	0.401	5.26	0.05	1.004	1.000	83
8	137	90.84	0.260	11.45	0.7087	0.343	5.26	0.05	1.004	1.000	83
48	92	45.77	0.501	12.14	0.7087	0.606	3.56	0.05	1.063	1.000	40
49	92	31.93	0.642	12.21	0.7087	0.741	3.56	0.05	1.018	1.000	41
52	104	53.70	0.392	13.36	0.7087	0.513	4.01	0.05	0.994	1.000	50
					CONDOMINIUM						
7	131	59.79	0.362	9.29	0.7165	0.448	5.06	0.05	0.979	1.000	81
8	131	82.49	0.262	7.88	0.7165	0.326	5.06	0.05	0.977	1.000	84
48	99	46.86	0.432	7.60	0.7165	0.511	3.81	0.05	0.999	1.000	56
49	99	30.27	0.647	6.54	0.7165	0.710	3.81	0.05	0.999	1.000	58
52	99	51.61	0.381	8.06	0.7165	0.465	3.81	0.05	0.976	1.000	55

* equals column (9) on pages C-5,7,9
** equals product of columns (2) and (4) on pages C-6,8,10
*** equals (1.0 - provisions for profit, contingencies, commission,taxes) x statewide column (12) / statewide column (14), on pages C-6,8,10
**** equals column (6) on pages C-6,8,10

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HOMEOWNERS INSURANCE

SECTION D - EXPLANATORY MATERIAL

NORTH CAROLINA

HOMEOWNERS INSURANCE

EXPLANATORY MEMORANDUM

This memorandum supplements the filing letter and supporting exhibits setting forth a revision of homeowners insurance rates in the State of North Carolina. It is the purpose of this memorandum to describe the source data used and to set forth in detail the insurance ratemaking procedures reflected in the filing. Certain pages in the filing and accompanying material contain a notation "all carriers" or other similar wording. This indicates that the data are combined ISO, ISS, and NISS data. Data for certain companies are not included, as noted in Section E.

Premium and Loss Experience

This revision is based upon the combined premium and loss experience of all entities writing homeowners insurance in this State (licensed companies and residual market entities), except as noted in Section E. In order to have this experience available in all detail necessary for rate review and ratemaking in accordance with accepted standards, all such companies are required to file each year their total homeowners insurance experience with the official statistical agents. Experience is recorded pursuant to the officially approved statistical plans and reported by the companies in accordance with instructions issued by the statistical agents under the Official Calls for Experience.

The Commissioner appointed the following statistical agents for the collection of homeowners insurance experience in North Carolina: Insurance Services Office (ISO), Independent Statistical Services, Inc. (ISS), American Association of Insurance Services (AAIS), and National Independent Statistical Service (NISS).

Experience utilized in the filing was collected under the Personal Lines Statistical Plan and the 2009 Official Statistical Programs of ISO, the Statistical Plan for Homeowners Policies, Mobilehome Policies, and Dwelling Policies and the 2009 Statistical Programs of ISS, the Homeowners Statistical Plan developed by the NISS and the 2009 Statistical Programs of the NISS. In substance, these statistical plans of these statistical agents are similar in North Carolina, and provide for the recording and reporting of the experience in the detail required for ratemaking and in such form that the experience of all companies can be combined. The experience collected by AAIS and in the ISO Stat Agent plan (which totals less than 0.5% of the aggregate experience) is collected in lesser detail and has not been used in this review.

The licensing of an organization and its appointment as a statistical agent in the various states is predicated upon demonstration by the organization of its ability to perform this function. Moreover, the performance of the statistical agents is reviewed periodically through examination by personnel of state insurance departments under the convention examinations of the National Association of Insurance Commissioners. From time to time such organizations are called upon by Insurance Department examiners to verify, and do verify the data consolidated by them as statistical agents.

The insurance companies likewise are subject to a variety of checks and controls. Effective controls are maintained within the company over the activities of company employees connected with the company's statistics. Companies are required by statute to submit directly to the Insurance Department statistical and accounting information to be found in the Annual Statement and the Insurance Expense Exhibit. These documents are scrutinized by experienced Insurance Department personnel throughout the country. The insurance companies are also subject to examination by the Insurance Department, which examinations extend into the statistical records of the companies.

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HOMEOWNERS INSURANCE

EXPLANATORY MEMORANDUM

Tabulations of experience reported to Independent Statistical Services, Inc. and National Independent Statistical Service are provided to the Insurance Services Office. The Insurance Services Office combines the experience and develops the analysis included in this filing. This work is performed at the direction of the North Carolina Rate Bureau.

Statewide Rate Level Exhibits

1. Experience

   Homeowners insurance experience was compiled on a calendar accident year basis for the years ended December 31, 2009, 2008, 2007, 2006, and 2005. For any twelve-month period, the accident year experience brings together the losses resulting from accidents occurring during that period with the average rating factors and number of exposures "earned" during the same period. Since this filing utilizes a computer model to measure losses attributable to hurricanes, actual hurricane losses have been removed from the ratemaking experience.

2. Average Rating Factors

   The earned premiums at present manual rates for the homeowners insurance coverages are calculated by multiplying the number of insured exposures earned during the experience period by the rates in effect at the time of review. Earned premiums at present rates are used to determine average rating factors. The average rating factor is the ratio of the average rate (earned premium at manual level divided by corresponding house-years) and the current manual base rate by territory. The average rating factor is used to convert the pure-premiums incurred during the experience period to the "base-class" level.

3. Losses

   Losses compiled for any accident year include paid losses as well as loss reserves. The amounts that will ultimately be required as payments of claims on open cases are carefully determined by the claim departments of the companies, and experience has shown that these determinations are highly accurate in the aggregate. Since, however, there are differences between the total incurred losses so determined and the amounts ultimately paid, the ratemaking procedure provides for a "development" of the incurred losses to a basis which, for all practical purposes, can be considered as the ultimate basis. This development is accomplished as follows:

   Each year the experience is compiled for the latest five-years, all valued as of three months after the close of the latest accident year period. Thus, the experience is reported for the latest year as of 15 months, the preceding year as of 27 months, the next preceding year as of 39 months, the third preceding year as of 51 months and the fourth preceding year as of 63 months all measured from the beginning of each accident year respectively.

   From reports of prior years, similarly aged experience was obtained so that there are available 5 successive reports for the earliest year, 4 successive reports for the next earliest year, 3 successive reports for the middle year and 2 successive reports for the second most recent year.

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EXPLANATORY MEMORANDUM

Homeowners claims generally are settled and are therefore sufficiently matured as of 63 months, by which time nearly all homeowners incurred losses have been paid. From a comparison of the incurred loses for each year at successive valuation dates, it is determined what the rate of development has been in the past in order to calculate the development of less mature losses. This development is reflected in the incurred losses for the less mature years by the application of loss development factors. In this filing, loss development factors have been calculated based on the statewide experience of companies reporting to ISO and three large writers reporting to the ISS, and are as follows:

Accident Year Ended	Factor to Develop to 63 Months
December 31, 2009	1.020
December 31, 2008	1.001
December 31, 2007	0.999
December 31, 2006	0.999
December 31, 2005	1.000

The derivation of the factors shown above is presented on Page D-11. By applying these factors, the reported incurred losses have been changed to the amounts at which it is believed they will ultimately be settled.

4. "Excess Wind" Losses and Modeled Hurricane Losses

In order to insure stability in indicated rate levels while maintaining adequacy in the event of wide swings in hurricane and other wind losses, an excess wind procedure and a hurricane loss model have been utilized. Hence, violent shifts in indicated rate levels (both upward and downward), which would result from reflecting large hurricane and other wind loss events only in the year in which they occur will be avoided.

With respect to the excess wind procedure (pages D-32-34), two adjustments to reported (non-hurricane) incurred losses are made. First, excess wind losses, which result from unusually severe non-hurricane wind activity, are removed from the rate-making experience. Second, the excess losses for a given year are replaced with an expected excess wind loss loading, by application of the statewide "excess wind factor". This statewide excess wind factor is based on the long-term (non-hurricane) wind history and, therefore, is not subject to the type of yearly variation inherent in actual wind losses. (Note that in order to have a complete history of wind experience, the earliest years used in the calculation of the excess wind factor are based on North Carolina Dwelling Extended Coverage experience. For these years, the wind-to-total-minus wind ratios are calculated as L / P /B * A, where P = Dwelling Extended Coverage premium for the given year, L= Dwelling Extended Coverage losses for the given year, B= Dwelling Extended Coverage expected loss ratio and A= the average wind-to-total-minus wind ratio for years 1961 through 2009.) The derivation of the excess wind factor is described below.

Statewide excess wind losses by year are calculated by determining a "normal" wind-to-total-minus wind ratio which represents the long-term expected wind-to-total-minus wind ratio. All losses above the "normal" ratio are defined as "excess" wind losses.

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The "normal" wind-to-total-minus wind ratio is determined by first capping the historical ratios for unusually large wind loss years at 5 times the median statewide value. (The capped wind-to-total-minus wind ratios are shown in column (5) of the excess wind factor exhibit, page D-32). An excess wind-to-total-minus wind ratio for a given year is composed of two parts:

(1) a capped excess wind-to-total-minus wind ratio and

(2) an "excess wind-to-total-minus wind ratio above the cap".

The excess wind factor is calculated as:

Excess Factor = 1.0 + [(average capped excess ratio + average excess ratio above the cap) ÷ (1.0 + normal ratio - average capped excess ratio)]

Excess loss amounts reflecting the mix of deductibles purchased by insureds are adjusted to the base deductible by taking the ratio of excess losses (at reported deductible level) and wind losses (at reported deductible level) and applying it to wind losses at the base deductible level.

The modeled hurricane losses used in this filing are based on analysis performed by AIR-Worldwide on behalf of the North Carolina Rate Bureau and are displayed on pages D-35-37.

5. Loss Adjustment Expense

Loss adjustment expenses are determined as an average percentage of the North Carolina incurred losses for the corresponding five calendar accident years, based on a North Carolina expense call. The high and low years are excluded in the average and the effects of loss trend and expense trend are incorporated into the calculated loading. See pages D-29-30 and item 11 below.

6. Credibility Factor Determination

Credibility considerations enter into the Homeowners ratemaking formula in the calculation of statewide rate level indications which depend, in part, on the determination of the weighted statewide trended base-class pure-premium.

The statewide credibility procedure is based on the ‘frequency with severity modification’ model discussed in "Credibility of the Pure-Premium" by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 5% maximum departure from the expected value, translated to house year standards. Partial credibility (Zp) is calculated as follows:

$Z_p = \sqrt{\text{five year house years / full credibility standard}}$ (truncated to one decimal place).

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The full credibility standard is 240,000 house years for the Owners Forms, 285,000 house years for the Tenants Form, and 190,000 house years for the Condo Unit Owner Forms. (See page D-23)

7. Loss Trend

Loss trends are quantified by using the information provided by external inflation indices and the observed growth in pure-premiums and severities that occurred during the historical experience period. This procedure is displayed on pages D-12-16 and pages D-18, 20, and 22.

In order to measure the effect of inflation on losses, in terms of external index information, the Current Cost Index (CCI) is constructed using the Boeckh Residential Index (BRI) for North Carolina and components of the Consumer Price Index ("Modified Consumer Price Index", MCPI).

For Owners, the MCPI is a weighted average of the following subgroups of the Consumer Price Index: House furnishings (48%), Medical Care (20%), Apparel Commodities (16%) and Entertainment Commodities (16%). The Boeckh Residential and the Modified Consumer Price indices are weighted 55% and 45%, respectively. These weights are based on Homeowners loss distributions.

Since Tenants covers only contents and Condominium Unit Owners covers primarily contents, the Modified Consumer Price Index is used exclusively for the Tenants and Condominium Unit Owner policy forms, and is a weighted average of the following subgroups of the "All-Urban" Consumer Price Index: House furnishings (54%), Apparel Commodities (18%), Entertainment Commodities (18%) and Medical Care (10%).

The "Current Cost Factors" derived from the external indices trend the rate-making losses from a given historical year to the midpoint of the latest quarter included in the index information (November 15, 2011). To project the ratemaking losses to the level anticipated one year beyond the assumed effective date (June 1, 2013), a projection factor is derived from the least-squares "fitted" annual rate of change of the index values.

Since the external indices do not account for the effect of deductibles on underlying loss trends, a "trend-from-first-dollar adjustment factor" is incorporated into the index trend calculations. This factor is used to adjust the index projection factor so as to properly account for deductible effects. (Note that, since the historical experience represents the five years ending 2009, while the modeled hurricane experience represents 2009, the first-dollar factor for historical losses and modeled losses are calculated slightly differently.)

While the index trend constitutes part of the loss trend methodology, the information provided by the historical experience is not ignored. To incorporate the historical information, pure-premiums and severities are calculated by year in cause-of-loss (i.e., fire-related, water-related, etc) detail and fitted least-squares annual rates of change are computed. Based on a comparison of the external index rates of change and the fitted changes for the historical pure-premiums and severities, a "Loss Trend Adjustment" factor of 4% was selected in the Owners, Tenant and Condominium forms, and incorporated into the projection calculations.

8. Premium Trend

The premium trend procedure is based on the observed growth in yearly average policy amount relativities. (For the Owners forms, these relativities reflect the Coverage A limit selections made by insureds. For the Tenant and Condominium Unit Owners forms, these relativities reflect the Coverage C limit selections made by insureds.) In order to derive the required trend factors, a least-squares fitted annual change is calculated for the historical average relativities. Based on the calculated value, a selection for the annual change is made. (The selected annual changes reflect consideration of the calculated value and the overall pattern in average relativity growth observed during the experience period.)The selected annual changes are 3%, 0%, and 2% in the Owners, Tenant and Condominium forms, respectively.

The selected annual changes are used to derive "Current Amount Factors" and the "Premium Projection Factor". The Current Amount Factor trends the average policy amount relativity (and, therefore, the Average Rating Factor used in the derivation of the statewide and territory rate level indications) from a given historical year to the point in time corresponding to the November 15, 2011 midpoint of the latest quarter of the external index ("CCI") used in the loss trend procedure (described above). The Premium Projection factor accounts for trend that occurs between this midpoint and six months beyond the assumed effective date.

The premium trend calculations are displayed on pages D-17, D-19 and D-21.

9. Composite Loss/Premium Trend

Since the base-class pure-premium is the basic quantity underlying the overall rate-making procedure, and since it is in the form: (average pure premium) / (average rating factor), the loss and premium trend factors are applied in a "composite" form of "Current Cost/Amount" factors and "Composite Projection Factor" (CPF). The Current Cost/Amount Factor, for a given year, is the ratio of the Current Cost Factor and the Current Amount Factor for the given year. The Composite Projection Factor is the ratio of the Loss Projection and Premium Projection factors. The calculations are shown on pages D-18, D-20 and D-22.

10. Expense Trend

The selected annual change to be applied to general expense, other acquisition expense and loss adjustment expense costs is based on the observed growth in the All Items Consumer Price Index and the Compensation Cost Index. The selected annual change is 2.0% based on analysis and review of the index data, which are displayed on Pages D-24-27. Item 11 below describes how the selected annual change is used in the derivation of the loadings for general, other acquisition and loss adjustment expenses.

11. Trend Periods

The effective date assumed in this filing is June 1, 2013 for new and renewal policies. Given this effective date, the trend periods for premiums, losses and expenses are as follows:

– premiums, and the corresponding average rating factors, are trended from January 1 of the given year to December 1, 2013.

– losses are trended from July 1 of the given year to June 1, 2014.

– general expense and other acquisition expense loadings, since they are based on 2007-2009 data, are trended from July 1, 2008 to December 1, 2013.

– loss adjustment expense percentages, since they are based on 2005-2009 data, are trended from July 1, 2007 to June 1, 2014.

12. Expense Loadings

General and Other Acquisition Expenses (Fixed Expenses)- The loadings for these "fixed" expenses are based on the information collected in special "calls" for North Carolina expense experience and reflect the 2007, 2008, and 2009 call results as reported by all companies licensed in North Carolina during those years. Based on the information in these calls, the provisions for these expenses are expressed as percentages of all-policy- forms premium. The percentage provision for these expenses (which, in effect, represents the ratio of a "numerator" of expense dollars and a "denominator" of premium dollars) is trended. The numerator is trended based on the indices shown on pages D-24-27, from which a selection of 2% annual growth was made, and the denominator is trended using (a subset of) the premium trend factors that are needed in the overall ratemaking methodology. Once the percentage provision for general and other acquisition expenses is trended, it is converted to a corresponding dollar value which can be incorporated into the pure-premium ratemaking methodology utilized in this filing. The dollar value is obtained by multiplying the trended percentage by the trended average rate at current-manual level. Distinct dollar values are generated for the Owners, Tenant and Condominium forms. These values by form reflect the judgment that the premium for a single Tenant or Condominium policy requires a dollar loading that is 50% of the dollar loading required by the premium for a single Owners policy.

The calculations described above, and the conversion to the base-class level that is required by the ratemaking methodology utilized in this filing, is shown in detail on page D-31. The underlying experience is shown on pages D-28

Commissions and Taxes (Variable Expenses)- The loadings for these expenses are based on the same special call information, and same years, as described above for general and other acquisition expenses. Since these expenses are "variable", there is no need for trending or conversion to a dollar value. The underlying experience for these expenses in shown on page D-28.

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Loss Adjustment Expense- The percentage loading for this expense is based on the same special call information as described above for general and other acquisition expenses. Since loss adjustment expense is measured relative to losses, a longer time period, 2005-2009, is used. The percentage loading for loss adjustment expense is trended in a manner that is analogous to the trending of the percentage loading for general and other acquisition expenses: the numerator, i.e., dollars of expense, is trended using the indices shown on pages D-24-27 and the denominator, i.e., dollars of loss, is trended using (a subset of) the loss trend factors that are needed in the overall ratemaking methodology. This calculation and the underlying data are displayed in detail on pages D-29-30.

Net Cost of Reinsurance- The provisions for the net cost of reinsurance are based on analysis provided by D. Appel. This analysis generates the all-forms total dollars required by zone based on 2009 house-years. The allocation of these dollars to individual forms and territories is based on the distribution of earned premium at manual level. This calculation and the conversion to the required base-class level are shown on pages D-43-45. (See also pre-filed testimony of D. Appel.).

Compensation for Assessment Risk-

The Compensation for Assessment Risk provision is calculated as
(.042 x Current Average Base Rate) / (1.0 - (Provision for Commissions + Provision for Taxes)). The .042 value is based on analysis performed by D. Appel. The commission and tax provisions are those shown on page D-28. (See also pre-filed testimony of D. Appel.)

Determination of Base-Class Loss Costs by Territory

1. Non-Hurricane Base-Class Loss Cost

   A five-year non-hurricane base-class loss cost by territory is derived by dividing five-year territory losses excluding actual hurricane losses by the product of the five-year average rating factor and five-year house-years. For the Owners forms, the loss cost also excludes actual wind losses and includes a territory (non-hurricane) "wind provision"(described below). The losses and average rating factors are trended to the latest year in the experience period so as to be compatible with the modeled hurricane losses (which reflect exposures for the latest year).

   The territory wind provision is calculated in a two-step process. In the first step, the statewide excess loss amounts and the excess factor are used to determine a statewide "wind provision". The wind provision is the dollar value of the "implicit" wind losses that remain in the rate-making loss experience, after excess wind losses are removed and the excess factor is applied. The statewide wind provision is defined as (T - E)F - (T - L), where:

   T = statewide incurred non-modeled losses
   E = statewide non-modeled excess wind losses
   F = statewide excess wind factor
   L = non-hurricane wind losses

In the second step, the long-term history of wind losses by territory is used to distribute the statewide wind provision to each territory. This calculation is illustrated on page D-34.

2. Credibility

The territory credibility procedure is based on the 'frequency with severity modification' model discussed in "Credibility of the Pure-Premium" by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 10% maximum departure from the expected value, translated to house year standards. Partial credibility (Zp) is calculated as follows:

$Z_p = \sqrt{\text{five year house years / full credibility standard}}$ (truncated to one decimal place)

The full credibility standard is 60,000 house years for the Owners Forms, 75,000 house years for the Tenants Form, and 50,000 house years for the Condo Unit Owner Forms. (See page D-23.) The complement of credibility is assigned to the statewide five-year base-class loss cost excluding hurricane.

3. Modeled Hurricane Base-Class Loss Cost

The modeled hurricane base-class loss cost is derived by dividing modeled hurricane losses by the product of the average rating factor and house-years.

4. Total Base-Class Loss Cost

The base-class loss cost for all losses is the sum of the credibility-weighted non-hurricane base-class loss cost and the modeled hurricane base-class loss cost.

5. Indicated Territory Relativity

The total loss costs by territory are made to be relative to the state by taking the ratio of the by-territory loss costs and the statewide loss cost.

6. Indicated Base-Class Loss Costs By Territory

The territory relativities are applied to the statewide base-class loss cost (computed on the statewide indications pages) in order to obtain the indicated base-class loss costs by territory.

<u>Determination of Base Rates by Territory</u>

1. Fixed Expenses (i.e., General and Other Acquisition Expenses) By Territory

The statewide (trended) provisions for general and other acquisition expenses are adjusted in order to reflect the varying size of the current rates by territory. This is accomplished by multiplying the statewide provisions (in percentage form) by the ratio of the current statewide average rate and the current average rate for the given territory.

2. Variable Expenses, Profit and Contingency Loading

   The variable expense loadings include provisions for commissions and taxes. The profit provisions (which include a 1% contingency provision) vary by territory. These provisions are shown on page D-28. (See also pre-filed testimony of D. Appel.).

3. Compensation for Assessment Risk

   The Compensation for Assessment Risk provision is calculated as
   (.042 x Current Base Rate) / (1.0 - (Provision for Commissions + Provision for Taxes)). The .042 value is based on analysis performed by D. Appel. The commission and tax provisions are those shown on page D-28. (See also pre-filed testimony of D. Appel.)

4. Net Cost of Reinsurance

   The provisions for the net cost of reinsurance are based on analysis provided by D. Appel. This analysis generates the all-forms total dollars required by zone based on 2009 house-years. The allocation of these dollars to individual forms and territories is based on the distribution of earned premium at manual level. This calculation and the conversion to the base-class level that is required by the ratemaking methodology utilized in this filing are shown on pages D-43-45. (See also pre-filed testimony of D. Appel.).

5. Selected Deviation

   A 5% deviation provision was selected by the NCRB.

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS DEVELOPMENT (ALL FORMS)

Incurred Losses as of:

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1994	76,940,067	77,424,129	76,510,853	76,466,012	76,068,620
1995	275,526,649	280,782,943	280,248,953	279,991,248	278,970,910
1996	1,203,842,024	1,233,419,919	1,238,584,102	1,241,887,395	1,238,993,238
1997	285,472,082	290,942,980	291,323,015	290,930,159	289,830,905
1998	441,642,050	449,304,415	449,418,632	450,487,446	450,049,977
1999	518,141,619	530,020,021	532,723,817	532,846,371	533,780,041
2000	417,798,408	424,460,692	425,394,119	426,030,136	426,747,829
2001	342,868,982	350,036,795	352,714,491	352,919,603	352,244,256
2002	426,349,142	436,597,855	438,484,029	437,143,320	436,784,014
2003	535,321,109	546,321,376	548,337,223	547,218,778	548,568,357
2004	381,917,036	386,129,893	386,113,477	385,130,353	384,936,422
2005	375,829,359	380,733,043	381,290,391	382,014,623	381,590,871
2006	418,266,446	424,121,792	424,887,193	425,721,026	
2007	469,258,449	472,756,124	475,002,130		
2008	604,251,149	634,579,623			
2009	617,974,534				

Link Ratios

Accident Year	27:15	39:27	51:39	63:51
1994	1.006	0.988	0.999	0.995
1995	1.019	0.998	0.999	0.996
1996	1.025	1.004	1.003	0.998
1997	1.019	1.001	0.999	0.996
1998	1.017	1.000	1.002	0.999
1999	1.023	1.005	1.000	1.002
2000	1.016	1.002	1.001	1.002
2001	1.021	1.008	1.001	0.998
2002	1.024	1.004	0.997	0.999
2003	1.021	1.004	0.998	1.002
2004	1.011	1.000	0.997	0.999
2005	1.013	1.001	1.002	0.999
2006	1.014	1.002	1.002	
2007	1.007	1.005		
2008	1.050			

	27:15	39:27	51:39	63:51
Average	1.019	1.002	1.000	0.999

Loss Development Factors

2005	2006	2007	2008	2009
1.000	0.999	0.999	1.001	1.020

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR

QUARTER ENDING DECEMBER 31, 2011

PART A: MONTHLY CURRENT COST INDEX (CCI) WITH:
45% WEIGHT TO MODIFIED CONSUMER PRICE INDEX (MCPI)
55% WEIGHT TO BOECKH RESIDENTIAL INDEX (BRI) FOR N.C.
(MCPI BASE: 1967 = 100 BRI BASE: 1967 = 100)
("QCCI": AVERAGE QUARTERLY CCI)

MO	BRI	MCPI 2009	CCI	QCCI	BRI	MCPI 2010	CCI	QCCI	BRI	MCPI 2011	CCI	QCCI
1	952.9	417.9	712.2		938.5	424.3	707.1		945.6	426.8	712.1	
2	940.4	421.4	706.9		933.1	426.6	705.2		940.7	430.1	710.9	
3	941.5	423.2	708.3	709.1	934.6	428.5	706.9	706.4	940.8	431.7	711.7	711.6
4	934.8	424.5	705.2		936.2	428.2	707.6		944.4	432.9	714.2	
5	933.9	424.7	704.8		933.4	427.4	705.7		945.9	433.3	715.2	
6	935.3	423.5	705.0	705.0	932.3	426.3	704.6	706.0	945.0	432.7	714.5	714.6

MO	BRI	MCPI 2009	CCI	QCCI	BRI	MCPI 2010	CCI	QCCI	BRI	MCPI 2011	CCI	QCCI
7	926.9	422.5	699.9		937.1	424.3	706.3		952.8	432.4	718.6	
8	924.5	422.1	698.4		943.2	424.5	709.8		963.0	433.3	724.6	
9	925.1	424.3	699.7	699.3	942.5	427.0	710.5	708.9	962.3	434.3	724.7	722.6
10	914.2	424.8	694.0		948.6	427.7	714.2		963.4	436.2	726.2	
11	930.9	424.1	702.8		945.3	426.9	712.0		968.7	436.5	729.2	
12	932.8	422.6	703.2	700.0	946.0	425.5	711.8	712.7	967.8	435.6	728.3	727.9

PART B: CALCULATION OF CURRENT COST FACTORS (CCF)

CALENDAR YEAR AVERAGE CCI				CURRENT COST FACTORS BASED ON AVERAGE CCI VALUE FOR QUARTER ENDING 12/31/2011 = 727.9
YEAR	BRI	MCPI	CCI	
2005	818.6	398.7	629.6	1.156
2006	873.0	404.6	662.2	1.099
2007	901.9	410.5	680.8	1.069
2008	920.4	416.6	693.7	1.049
2009	932.8	423.0	703.4	1.035

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR
QUARTER ENDING DECEMBER 31, 2011

PART C: COMPUTATION OF LOSS PROJECTION FACTOR

YEAR	QUARTER ENDING	QUARTERLY CCI
2009	MAR. 31	709.1
2009	JUN. 30	705.0
2009	SEP. 30	699.3
2009	DEC. 31	700.0
2010	MAR. 31	706.4
2010	JUN. 30	706.0
2010	SEP. 30	708.9
2010	DEC. 31	712.7
2011	MAR. 31	711.6
2011	JUN. 30	714.6
2011	SEP. 30	722.6
2011	DEC. 31	727.9

FITTED QUARTERLY RATE OF CHANGE* = 0.003

ANNUAL RATE OF CHANGE = $(1.0 + 0.003)^{4}$ = 1.012

LOSS PROJECTION FACTOR** = $(1.0 + 0.003)^{30.5/3}$ = 1.031

* B VALUE FROM LEAST-SQUARES FIT OF Y = Ae^Bx
** TO PROJECT LOSSES FROM 11/15/11 TO 6/01/14

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANT, CONDOMINIUM FORMS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR

QUARTER ENDING DECEMBER 31, 2011

PART A: MONTHLY CURRENT COST INDEX (CCI) WITH:
MODIFIED CONSUMER PRICE INDEX (BASE: 1967 = 100)
("QCCI": AVERAGE QUARTERLY CCI)

MO	MCPI 2009	QCCI	MCPI 2010	QCCI	MCPI 2011	QCCI
1	306.0		307.4		305.4	
2	308.8		308.7		307.7	
3	310.4	308.4	310.2	308.8	309.2	307.4
4	311.5		309.7		310.0	
5	311.3		308.7		310.2	
6	309.9	310.9	307.3	308.6	309.5	309.9

MO	MCPI 2009	QCCI	MCPI 2010	QCCI	MCPI 2011	QCCI
7	308.5		305.2		308.8	
8	307.8		305.2		309.5	
9	309.7	308.7	307.0	305.8	310.4	309.6
10	309.9		307.5		311.7	
11	308.6		306.4		311.4	
12	307.0	308.5	304.7	306.2	310.1	311.1

PART B: CALCULATION OF CURRENT COST FACTORS (CCF)

CALENDAR YEAR AVERAGE CCI		CURRENT COST FACTORS BASED ON AVERAGE CCI VALUE FOR
YEAR	CCI	QUARTER ENDING 12/31/2011 = 311.1
2005	305.1	1.020
2006	306.0	1.017
2007	306.1	1.016
2008	307.1	1.013
2009	309.1	1.006

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANT, CONDOMINIUM FORMS

DEVELOPMENT OF CURRENT COST FACTORS (CCF) AND LOSS PROJECTION FACTOR

QUARTER ENDING DECEMBER 31, 2011

PART C: COMPUTATION OF LOSS PROJECTION FACTOR

CAL. YEAR	QUARTER ENDING	QUARTERLY CCI
2009	MAR. 31	308.4
2009	JUN. 30	310.9
2009	SEP. 30	308.7
2009	DEC. 31	308.5
2010	MAR. 31	308.8
2010	JUN. 30	308.6
2010	SEP. 30	305.8
2010	DEC. 31	306.2
2011	MAR. 31	307.4
2011	JUN. 30	309.9
2011	SEP. 30	309.6
2011	DEC. 31	311.1

FITTED QUARTERLY RATE OF CHANGE* = 0.000

ANNUAL RATE OF CHANGE = $(1.0 + 0.000)^{4}$ = 1.000

LOSS PROJECTION FACTOR** = $(1.0 + 0.000)^{30.5/3}$ = 1.000

* B VALUE FROM LEAST-SQUARES FIT OF Y = Ae^Bx
** TO PROJECT LOSSES FROM 11/15/11 TO 6/01/14

NORTH CAROLINA

HOMEOWNERS INSURANCE

ANNUAL PURE-PREMIUM AND SEVERITY RATES OF CHANGE

OWNERS

	SEVERITY EX. WIND	PURE PREMIUM EX. WIND	SEVERITY FIRE	PURE PREMIUM FIRE	SEVERITY THEFT	PURE PREMIUM THEFT	SEVERITY LIABILITY	PURE PREMIUM LIABILITY	SEVERITY O.P.D.*	PURE PREMIUM O.P.D.*	SEVERITY WATER	PURE PREMIUM WATER
2005	5554	231.98	10729	124.48	2250	18.42	5013	8.54	2623	18.44	4688	62.10
2006	5594	238.24	9718	129.35	2348	20.76	6012	10.55	2876	17.16	4751	60.42
2007	6794	271.48	14828	148.26	2385	22.16	6290	12.10	3061	18.18	5528	70.78
2008	6819	301.19	14441	150.76	2567	27.58	5454	12.54	3170	19.91	6276	90.39
2009	7145	340.63	16899	153.86	2560	28.01	4857	11.23	3399	26.51	6910	121.02
ANN. CHANGE	7.3%	10.5%	13.9%	5.9%	3.5%	11.9%	-1.6%	7.5%	6.3%	9.1%	11.1%	19.0%

TENANT

	SEVERITY EX. WIND	PURE PREMIUM EX. WIND	SEVERITY FIRE	PURE PREMIUM FIRE	SEVERITY THEFT	PURE PREMIUM THEFT	SEVERITY LIABILITY	PURE PREMIUM LIABILITY	SEVERITY O.P.D.*	PURE PREMIUM O.P.D.*	SEVERITY WATER	PURE PREMIUM WATER
2005	2945	55.72	5283	18.38	2125	22.69	6664	7.24	1759	4.24	2502	3.16
2006	2930	58.46	4083	19.07	2173	24.20	7550	8.44	2325	3.92	2104	2.83
2007	3449	69.45	6371	23.60	2210	25.88	9095	10.96	1972	4.15	3443	4.87
2008	3393	78.36	5463	20.30	2443	34.43	9064	14.11	1995	4.28	3314	5.25
2009	3458	84.89	6731	22.81	2275	34.05	8992	14.42	2299	5.27	3626	8.34
ANN. CHANGE	4.8%	12.0%	8.1%	5.1%	2.6%	12.3%	8.1%	20.8%	3.9%	5.4%	12.7%	29.2%

CONDOMINIUM UNIT OWNERS

	SEVERITY EX. WIND	PURE PREMIUM EX. WIND	SEVERITY FIRE	PURE PREMIUM FIRE	SEVERITY THEFT	PURE PREMIUM THEFT	SEVERITY LIABILITY	PURE PREMIUM LIABILITY	SEVERITY O.P.D.*	PURE PREMIUM O.P.D.*	SEVERITY WATER	PURE PREMIUM WATER
2005	3127	86.54	5435	20.77	2083	10.61	4803	6.90	2210	9.13	2965	39.12
2006	3322	98.73	5152	24.73	2026	12.44	5617	7.70	2645	9.29	3206	44.57
2007	3298	105.12	5523	19.46	1854	12.66	3911	7.50	2120	8.30	3646	57.19
2008	3340	116.87	2937	9.79	1990	17.81	4816	12.20	2726	8.56	4022	68.51
2009	4010	144.31	7738	24.48	2096	16.95	3243	7.99	2835	10.84	4555	84.05
ANN. CHANGE	5.2%	12.7%	1.5%	-5.8%	-0.1%	13.8%	-9.0%	7.8%	5.4%	2.6%	11.5%	21.6%

* O.P.D. = OTHER PHYSICAL DAMAGE

NORTH CAROLINA

HOMEOWNERS INSURANCE

TREND IN AVERAGE POLICY AMOUNT RELATIVITY

OWNERS FORMS

	X	Y = AVG. REL.	Z=LN Y	X*Z	YEAR-TO-YEAR GROWTH IN Y
2005	-2	1.728	0.547	-1.094	
2006	-1	1.820	0.599	-0.599	1.053
2007	0	1.912	0.648	0.000	1.051
2008	1	1.982	0.684	0.684	1.037
2009	2	2.038	0.712	1.424	1.028
			3.190	0.415	

A (MEAN OF FITTED LINE) = (SUM Z)/5 = 3.190/5 = 0.638

B (AVERAGE ANNUAL INCREMENT) = (SUM X*Z)/10 = 0.415/10 = 0.042

FITTED ANNUAL RATE OF CHANGE = $e^{0.042} - 1$ = 0.043

SELECTED AVERAGE ANNUAL RATE OF CHANGE = 0.030

LATEST YEAR RELATIVITY TRENDED FROM 1/1/2009 TO 11/15/2011

$$2.038 * 1.030^{34.5/12} = 2.219$$

NORTH CAROLINA

HOMEOWNERS INSURANCE

DEVELOPMENT OF CURRENT COST / AMOUNT AND PROJECTION FACTORS

OWNERS FORMS

	(1)	(2)	(3)	(4)	(5)
	AVERAGE REL.	(2) = 2.219 (A) / (1)	CURRENT AMOUNT FACTOR [(2)-1]*1.0+1	CURRENT COST FACTOR	CURRENT COST/ AMOUNT FACTOR (4)/(3)
2005	1.728	1.284	1.284	1.156	0.900
2006	1.820	1.219	1.219	1.099	0.902
2007	1.912	1.161	1.161	1.069	0.921
2008	1.982	1.120	1.120	1.049	0.937
2009	2.038	1.089	1.089	1.035	0.950

		(24.5 /12)		NON - HURRICANE	MODELED HURRICANE
(6)* PREMIUM PROJECTION FACTOR	1.030		=	1.062	1.062
(7) CCI LOSS PROJECTION FACTOR			=	1.031	1.031
(8) ADJUSTMENT TO TREND FROM FIRST DOLLAR OF LOSS (B)			=	1.004	1.003
(9) ANNUAL LOSS TREND ADJUSTMENT (LTA) FACTOR			=	1.040	1.040
(10) TOTAL PERIOD LTA			=	1.105	1.105
(11) COMPOSITE PROJECTION FACTOR FOR LOSS RATIO = [(7) * (8) * (10)] / (6)			=	1.077	1.076

(A) 2.219 = PROJECTED AVERAGE RELATIVITY AT 11/15/2011

(B) TREND FROM FIRST DOLLAR IS CALCULATED AS FOLLOWS:

1 + ((X-1) Y / (X Z))

WHERE: X = LOSS TREND (WEIGHTED CURRENT COST FACTOR * LOSS PROJECTION FACTOR).

Y = LOSSES ELIMINATED BY $250 DEDUCTIBLE.

Z = FIVE YEAR TOTAL NON-HURRICANE LOSSES.

* PREMIUM PROJECTION FACTOR REFLECTS TREND FROM 11/15/2011 TO 12/01/13

NORTH CAROLINA

HOMEOWNERS INSURANCE

TREND IN AVERAGE POLICY AMOUNT RELATIVITY

TENANT FORM

	X	Y = AVG. REL.	Z=LN Y	X*Z	YEAR-TO-YEAR GROWTH IN Y
2005	-2	2.901	1.065	-2.130	
2006	-1	2.937	1.077	-1.077	1.012
2007	0	2.922	1.072	0.000	0.995
2008	1	2.889	1.061	1.061	0.989
2009	2	2.839	1.043	2.086	0.983
			5.318	-0.060	

A (MEAN OF FITTED LINE) = (SUM Z)/5 = 5.318/5 = 1.064

B (AVERAGE ANNUAL INCREMENT) = (SUM X*Z)/10 = -0.060/10 = -0.006

AVERAGE ANNUAL RATE OF CHANGE = $e^{-0.006} - 1$ = -0.006

SELECTED AVERAGE ANNUAL RATE OF CHANGE = 0.000

LATEST YEAR RELATIVITY TRENDED FROM 1/1/2009 TO 11/15/2011

$2.839 * 1.000^{34.5/12}$ = 2.839

NORTH CAROLINA

HOMEOWNERS INSURANCE

DEVELOPMENT OF CURRENT COST / AMOUNT AND PROJECTION FACTORS

TENANT FORM

	(1)	(2)	(3)	(4)	(5)
	AVERAGE REL.	(2) = 2.839 (A) / (1)	CURRENT AMOUNT FACTOR [(2)-1]*1.0+1	CURRENT COST FACTOR	CURRENT COST/ AMOUNT FACTOR (4)/(3)
2005	2.901	0.979	0.979	1.020	1.042
2006	2.937	0.967	0.967	1.017	1.052
2007	2.922	0.972	0.972	1.016	1.045
2008	2.889	0.983	0.983	1.013	1.031
2009	2.839	1.000	1.000	1.006	1.006

				NON-HURRICANE	MODELED HURRICANE
(6)* PREMIUM PROJECTION FACTOR	1.000	(24.5 /12)	=	1.000	1.000
(7) CCI LOSS PROJECTION FACTOR			=	1.000	1.000
(8) ADJUSTMENT TO TREND FROM FIRST DOLLAR OF LOSS (B)			=	1.001	1.001
(9) ANNUAL LOSS TREND ADJUSTMENT (LTA) FACTOR			=	1.040	1.040
(10) TOTAL PERIOD LTA			=	1.105	1.105
(11) COMPOSITE PROJECTION FACTOR FOR LOSS RATIO = [(7) * (8) * (10)] / (6)			=	1.106	1.106

(A) 2.839 IS THE PROJECTED AVERAGE RELATIVITY AT 11/15/2011

(B) TREND FROM FIRST DOLLAR IS CALCULATED AS FOLLOWS:

1 + ((X-1) Y / (X Z))

WHERE: X = LOSS TREND (WEIGHTED CURRENT COST FACTOR * LOSS PROJECTION FACTOR).

Y = LOSSES ELIMINATED BY $250 DEDUCTIBLE.

Z = FIVE YEAR TOTAL NON-HURRICANE LOSSES.

* PREMIUM PROJECTION FACTOR REFLECTS TREND FROM 11/15/2011 TO 12/1/2013

NORTH CAROLINA

HOMEOWNERS INSURANCE

TREND IN AVERAGE POLICY AMOUNT RELATIVITY

CONDOMINIUM UNIT OWNER FORM

	X	Y = AVG. REL.	Z=LN Y	X*Z	YEAR-TO-YEAR GROWTH IN Y
2005	-2	4.050	1.399	-2.798	
2006	-1	4.160	1.426	-1.426	1.027
2007	0	4.270	1.452	0.000	1.026
2008	1	4.363	1.473	1.473	1.022
2009	2	4.439	1.490	2.980	1.017
			7.240	0.229	

A (MEAN OF FITTED LINE) = (SUM Z)/5 = 7.24/5 = 1.448

B (AVERAGE ANNUAL INCREMENT) = (SUM X*Z)/10 = 0.229/10 = 0.023

AVERAGE ANNUAL RATE OF CHANGE = $e^{0.023} - 1$ = 0.023

SELECTED AVERAGE ANNUAL RATE OF CHANGE = 0.020

LATEST YEAR RELATIVITY TRENDED FROM 1/1/2009 TO 11/15/2011

$4.439 * 1.020^{34.5/12}$ = 4.699

NORTH CAROLINA

HOMEOWNERS INSURANCE

DEVELOPMENT OF CURRENT COST / AMOUNT AND PROJECTION FACTORS

CONDOMINIUM UNIT OWNER FORM

	(1)	(2)	(3)	(4)	(5)
	AVERAGE REL.	(2) = 4.699 (A) / (1)	CURRENT AMOUNT FACTOR [(2)-1]*1.0+1	CURRENT COST FACTOR	CURRENT COST/ AMOUNT FACTOR (4)/(3)
2005	4.050	1.160	1.160	1.020	0.879
2006	4.160	1.130	1.130	1.017	0.900
2007	4.270	1.100	1.100	1.016	0.924
2008	4.363	1.077	1.077	1.013	0.941
2009	4.439	1.059	1.059	1.006	0.950

				NON-HURRICANE	MODELED HURRICANE
(6)* PREMIUM PROJECTION FACTOR	1.020	(24.5 /12)	=	1.041	1.041
(7) CCI LOSS PROJECTION FACTOR			=	1.000	1.000
(8) ADJUSTMENT TO TREND FROM FIRST DOLLAR OF LOSS (B)			=	1.001	1.001
(9) ANNUAL LOSS TREND ADJUSTMENT (LTA) FACTOR			=	1.040	1.040
(10) TOTAL PERIOD LTA			=	1.105	1.105
(11) COMPOSITE PROJECTION FACTOR FOR LOSS RATIO = [(7) * (8) * (10)] / (6)			=	1.063	1.063

(A) 4.699 IS THE PROJECTED AVERAGE RELATIVITY AT 11/15/2011

(B) TREND FROM FIRST DOLLAR IS CALCULATED AS FOLLOWS:

1 + ((X-1) Y / (X Z))

WHERE: X = LOSS TREND (WEIGHTED CURRENT COST FACTOR * LOSS PROJECTION FACTOR).

Y = LOSSES ELIMINATED BY $250 DEDUCTIBLE.

Z = FIVE YEAR TOTAL NON-HURRICANE LOSSES.

* PREMIUM PROJECTION FACTOR REFLECTS TREND FROM 11/15/2011 TO 12/1/2013

NORTH CAROLINA

HOMEOWNERS INSURANCE

CREDIBILITY TABLES

STATEWIDE CREDIBILITY

Owners		Tenants		Condominium Unit Owners	
House-Years	Credibility	House-Years	Credibility	House-Years	Credibility
240,000 & Over	1.00	285,000 & Over	1.00	190,000 & Over	1.00
194,400 - 239,999	.90	230,850 - 284,999	.90	153,900 - 189,999	.90
153,600 - 194,399	.80	182,400 - 230,849	.80	121,600 - 153,899	.80
117,600 - 153,599	.70	139,650 - 182,399	.70	93,100 - 121,599	.70
86,400 - 117,599	.60	102,600 - 139,649	.60	68,400 - 93,099	.60
60,000 - 86,399	.50	71,250 - 102,599	.50	47,500 - 68,399	.50
38,400 - 59,999	.40	45,600 - 71,249	.40	30,400 - 47,499	.40
21,600 - 38,399	.30	25,650 - 45,599	.30	17,100 - 30,399	.30
9,600 - 21,599	.20	11,400 - 25,649	.20	7,600 - 17,099	.20
2,400 - 9,599	.10	2,850 - 11,399	.10	1,900 - 7,599	.10
0 - 2,399	.00	0 - 2,849	.00	0 - 1,899	.00

TERRITORY CREDIBILITY

Owners		Tenants		Condominium Unit Owners	
House-Years	Credibility	House-Years	Credibility	House-Years	Credibility
60,000 & Over	1.00	75,000 & Over	1.00	50,000 & Over	1.00
48,600 - 59,999	.90	60,750 - 74,999	.90	40,500 - 49,999	.90
38,400 - 48,599	.80	48,000 - 60,749	.80	32,000 - 40,499	.80
29,400 - 38,399	.70	36,750 - 47,999	.70	24,500 - 31,999	.70
21,600 - 29,399	.60	27,000 - 36,749	.60	18,000 - 24,499	.60
15,000 - 21,599	.50	18,750 - 26,999	.50	12,500 - 17,999	.50
9,600 - 14,999	.40	12,000 - 18,749	.40	8,000 - 12,499	.40
5,400 - 9,599	.30	6,750 - 11,999	.30	4,500 - 7,999	.30
2,400 - 5,399	.20	3,000 - 6,749	.20	2,000 - 4,499	.20
600 - 2,399	.10	750 - 2,999	.10	500 - 1,999	.10
0 - 599	.00	0 - 749	.00	0 - 499	.00

The formula used to obtain the credibility to be assigned is the square root of the quantity (five-year earned house- years/house-years required for full credibility). These tables are based on the 'frequency with severity modification' model discussed in "Credibility of the Pure Premium" by Mayerson, Bowers and Jones. The full credibility standards are based upon a Normal distribution with a 90% probability of meeting the test and a 5.0% and 10.0% maximum departure from the expected value for Statewide and Territories, respectively. The claims standards have been translated to house-year standards.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF TREND FOR EXPENSES

	ALL ITEMS (LESS ENERGY) CPI INDEX	COMPENSATION COST INDEX
May-08	214.1	107.9
Jun-08	214.6	
Jul-08	215.3	
Aug-08	215.9	108.3
Sep-08	216.4	
Oct-08	216.7	
Nov-08	216.4	108.2
Dec-08	215.9	
Jan-09	216.6	
Feb-09	217.3	109.1
Mar-09	218.0	
Apr-09	218.4	
May-09	218.3	109.7
Jun-09	218.4	
Jul-09	218.4	
Aug-09	218.6	110.2
Sep-09	219.1	
Oct-09	219.6	
Nov-09	219.3	110.0
Dec-09	219.0	
Jan-10	219.3	
Feb-10	219.7	111.3
Mar-10	220.1	
Apr-10	220.3	
May-10	220.3	112.2
Jun-10	220.3	
Jul-10	220.3	
Aug-10	220.6	112.2
Sep-10	221.0	
Oct-10	221.2	
Nov-10	221.2	112.2
Dec-10	221.0	
Jan-11	221.7	
Feb-11	222.5	113.7
Mar-11	223.3	
Apr-11	223.8	
May-11	224.3	114.8
Jun-11	224.6	
Jul-11	225.0	
Aug-11	225.8	114.9
Sep-11	226.30	
Oct-11	226.8	
Nov-11	226.8	115.2
Dec-11	226.8	
Jan-12	227.4	
Feb-12	227.9	115.3
Mar-12	228.7	
Apr-12	229.3	

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF TREND FOR EXPENSES

	CPI (A)	CCI (B)	Combined (C)
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	1.52%	1.98%	1.75%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	1.68%	2.04%	1.86%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.25%	1.94%	2.10%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	2.28%	0.63%	1.45%

(5) Average Annual Index (D)

	CPI (A)	CCI (B)
Year Ended 10/31/2009	217.92	109.3
Year Ended 4/30/2010	219.18	110.3
Year Ended 10/31/2010	220.12	111.4
Year Ended 4/30/2011	221.43	112.6
Year Ended 10/31/2011	223.85	113.9
Year Ended 4/30/2012	226.64	115.1

(6) Current Cost Factor (Latest Index Value Divided by Average Annual Index)

	CPI (A)	CCI (B)	Combined (C)
Year Ended 10/31/2009	1.052	1.055	1.054
Year Ended 4/30/2010	1.046	1.045	1.046
Year Ended 10/31/2010	1.042	1.035	1.039
Year Ended 4/30/2011	1.035	1.024	1.030
Year Ended 10/31/2011	1.024	1.012	1.018
Year Ended 4/30/2012	1.012	1.002	1.007

Selected Annual Change = 2.0% (based on Comp. Cost Index and CPI with and without energy)

Notes: (A) All items CPI index (urban, less energy). Source: Bureau of Labor Statistics.

(B) Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service. Source: Bureau of Labor Statistics.

(C) Weighted Average determined as .50 (All items) + .50 (CCI).

(D) Average year ended index for period shown.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF TREND FOR EXPENSES

	ALL ITEMS CPI INDEX	COMPENSATION COST INDEX
May-08	216.6	107.9
Jun-08	218.8	
Jul-08	220.0	
Aug-08	219.1	108.3
Sep-08	218.8	
Oct-08	216.6	
Nov-08	212.4	108.2
Dec-08	210.2	
Jan-09	211.1	
Feb-09	212.2	109.1
Mar-09	212.7	
Apr-09	213.2	
May-09	213.9	109.7
Jun-09	215.7	
Jul-09	215.4	
Aug-09	215.8	110.2
Sep-09	216.0	
Oct-09	216.2	
Nov-09	216.3	110.0
Dec-09	215.9	
Jan-10	216.7	
Feb-10	216.7	111.3
Mar-10	217.6	
Apr-10	218.0	
May-10	218.2	112.2
Jun-10	218.0	
Jul-10	218.0	
Aug-10	218.3	112.2
Sep-10	218.4	
Oct-10	218.7	
Nov-10	218.8	112.2
Dec-10	219.2	
Jan-11	220.2	
Feb-11	221.3	113.7
Mar-11	223.5	
Apr-11	224.9	
May-11	226.0	114.8
Jun-11	225.7	
Jul-11	225.9	
Aug-11	226.5	114.9
Sep-11	226.9	
Oct-11	226.4	
Nov-11	226.2	115.2
Dec-11	225.7	
Jan-12	226.7	
Feb-12	227.7	115.3
Mar-12	229.4	
Apr-12	230.1	

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF TREND FOR EXPENSES

	CPI (A)	CCI (B)	Combined (C)
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	1.70%	1.98%	1.84%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	2.41%	2.04%	2.23%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	3.02%	1.94%	2.48%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	1.62%	0.63%	1.13%

(5) Average Annual Index (D)

		CPI (A)	CCI (B)
Year Ended	10/31/2009	213.73	109.3
Year Ended	4/30/2010	216.18	110.3
Year Ended	10/31/2010	217.57	111.4
Year Ended	4/30/2011	219.79	112.6
Year Ended	10/31/2011	223.78	113.9
Year Ended	4/30/2012	226.93	115.1

(6) Current Cost Factor (Latest Index Value Divided by Average Annual Index)

		CPI (A)	CCI (B)	Combined (C)
Year Ended	10/31/2009	1.077	1.055	1.066
Year Ended	4/30/2010	1.064	1.045	1.055
Year Ended	10/31/2010	1.058	1.035	1.046
Year Ended	4/30/2011	1.047	1.024	1.036
Year Ended	10/31/2011	1.028	1.012	1.020
Year Ended	4/30/2012	1.014	1.002	1.008

Selected Annual Change = 2.0% (based on Comp. Cost Index and CPI with and without energy)

Notes: (A) All items CPI index (urban). Source: Bureau of Labor Statistics.

(B) Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service. Source: Bureau of Labor Statistics.

(C) Weighted Average determined as .50 (All items) + .50 (CCI).

(D) Average year ended index for period shown.

NORTH CAROLINA

HOMEOWNERS INSURANCE

EXPENSE, PROFIT AND CONTINGENCIES

	2007	2008	2009	Average
Commission & Brokerage	210,150,425	213,066,921	222,717,232	
Written Premium including deviations	1,516,513,652	1,576,365,483	1,656,102,458	
Ratio:	0.139	0.135	0.134	0.136
Other Acquisition Expense	98,720,070	105,246,131	109,821,636	
Earned Premium excluding deviations	1,756,729,251	1,863,011,069	1,866,263,178	
Earned Premium at current manual level	1,900,781,050	1,941,257,534	1,922,251,073	
Ratio:	0.052	0.054	0.057	0.054
General Expense	67,207,650	69,567,434	82,884,958	
Earned Premium excluding deviations	1,756,729,251	1,863,011,069	1,866,263,178	
Earned Premium at current manual level	1,900,781,050	1,941,257,534	1,922,251,073	
Ratio:	0.035	0.036	0.043	0.038
Taxes, Licenses & Fees	35,395,433	40,907,991	46,797,216	
Written Premium including deviations	1,516,513,652	1,576,365,483	1,656,102,458	
Ratio:	0.023	0.026	0.028	0.026

	ZONE 1	ZONE 2	ZONE 3	STATEWIDE
Profit	0.1620	0.0889	0.0588	0.105
Contingencies	0.010	0.010	0.010	0.010
1.0 - (commission,tax,profit,conting.)	0.666	0.739	0.769	0.723
Compensation for Assessment Risk	0.042	0.042	0.042	0.042

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS ADJUSTMENT EXPENSE EXHIBIT

	2005	2006	2007	2008	2009	AVERAGE	
Allocated LAE	7,004,402	7,222,884	8,405,970	12,796,509	14,288,754		
Unallocated LAE	58,876,161	65,412,449	67,197,770	96,552,825	99,959,343		
Total LAE	65,880,563	72,635,333	75,603,740	109,349,334	114,248,097		
Incurred Losses	498,619,859	569,285,231	657,591,562	832,589,013	924,672,437		
Ratio: LAE/I.L.	0.132	0.128	0.115	0.131	0.124	0.126	(A)

(A) A selection of 0.128 was made by excluding the high and low years (2005 and 2007)

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF LOADINGS FOR LOSS ADJUSTMENT EXPENSE (LAE)

A. Selected Annual Expense Trend Factor	1.020
B. Midpoint of Historical LAE Experience (2005-2009)	1-Jul-07
C. LAE Projected to	June 1, 2014 *
D. Number of months between midpoint and projection dates	83
E. Trend Factor for LAE dollars (= A ^ (D/12))	1.147

* one year past assumed effective date

	Owners	Tenant	Condominium
F. 2007 Current Cost Factor	1.069	1.016	1.016
G. Loss Projection Factor**	1.144	1.106	1.106
H. Trend Factor for losses (= F * G)	1.223	1.124	1.124
I. Historical Average LAE ratio (2005-2009, excluding high/low)	0.128	0.128	0.128
J. Trended LAE Factor = 1.000 + (I * E / H)	1.120	1.131	1.131

** CCI Projection Factor × Total Period Loss Trend Adjustment factor

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF LOADINGS FOR GENERAL AND OTHER ACQUISITION EXPENSES (GE,OA)

Calculation of Trend factor for GE, OA Dollars:

A. Selected Annual Expense Trend Factor	1.020	
B. Midpoint of Historical GE, OA Experience (2007-2009)	July 1,2008	
C. GE, OA Expenses Projected to	December 1, 2013	*
D. Number of months between midpoint and projection dates	65	
E. Trend Factor for GE, OA expense dollars = A ^ (D / 12)	1.113	

* six months past assumed effective date

Calculation of Trend Factor for Premiums and Average All-Forms GE, OA Dollar Loading

	(1)	(2)	(3)	(4)	(5)	(6)
	2008 Earned Premium	2008 Current Amount Factor	Premium Projection Factor	Trended Premium = (1) x (2) x (3)	2008 House-Years	Trended Avg. Rate = (4) / (5)
Owners	2,086,531,511	1.120	1.062	2,481,804,040	1,975,587	$1,256.24
Tenant	29,889,037	0.983	1.000	29,380,923	188,905	$155.53
Condominium	17,532,623	1.077	1.041	19,656,823	67,507	$291.18
Total	2,133,953,170			2,530,841,786	2,231,999	$1,133.89

F. All-Forms Premium Trend Factor = Total (4) / Total(1)	=	1.186
G. Historical Average GE OA ratio (2007-2009)	=	0.092
H. Trended GE OA ratio = G x E / F	=	0.086
I. All-Forms Dollar loading for GE, OA = H x Total (6)	=	$97.51

Calculation of Base-Class GE, OA Dollar Loading by Form

	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	2008 House-Years	Selected Relativity for GE, OA Dollars per policy *	Average GE,OA Loading = (8) * I / Total (8)	2008 Average Rating Factor	2008 Current Amount Factor	Premium Projection Factor	GE,OA Loading at Base-Class Level = (9)/((10)x(11)x(12))
Owners	1,975,587	1.00	$103.45	2.352	1.120	1.062	$36.98
Tenant	188,905	0.50	$51.73	3.914	0.983	1.000	$13.45
Condominium	67,507	0.50	$51.73	6.460	1.077	1.041	$7.14
Total	2,231,999	0.9426					

* Total (8) calculated as weighted average of the column (8) relativities by form using column (7) as weights

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF EXCESS FACTOR (EXCLUDES HURRICANE LOSSES)

	(1)*	(2)**	(3)***	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Year	REPORTED WIND LOSSES	REPORTED TOTAL LOSSES	TOTAL MINUS WIND (2) - (1)	WIND / TOTAL MINUS WIND	CAPPED WIND RATIO < (5 X MED)	CAPPED EXCESS WIND RATIO (5)-AVG(5)	CAPPED EXCESS WIND LOSSES (3) X (6)	EXCESS WIND RATIO ABOVE THE CAP	EXCESS WIND LOSSES ABOVE THE CAP (8) X (3)	TOTAL EXCESS WIND LOSSES (7) + (9)
1950	1,388,467	312,200	312,200	0.076	0.076	0.000	0	0.000	0	0
1951	1,422,207	290,780	290,780	0.069	0.069	0.000	0	0.000	0	0
1952	1,440,159	792,365	792,365	0.185	0.185	0.018	14,263	0.000	0	14,263
1956	2,297,877	1,928,925	1,928,925	0.283	0.283	0.116	223,755	0.000	0	223,755
1957	2,117,102	839,255	839,255	0.133	0.133	0.000	0	0.000	0	0
1961	301,538	2,663,173	2,361,635	0.128	0.128	0.000	0	0.000	0	0
1962	272,921	3,126,852	2,853,931	0.096	0.096	0.000	0	0.000	0	0
1963	694,065	5,638,155	4,944,090	0.140	0.140	0.000	0	0.000	0	0
1964	607,512	6,064,576	5,457,064	0.111	0.111	0.000	0	0.000	0	0
1965	671,048	6,901,947	6,230,899	0.108	0.108	0.000	0	0.000	0	0
1966	719,568	8,005,594	7,286,026	0.099	0.099	0.000	0	0.000	0	0
1967	915,862	8,050,817	7,134,955	0.128	0.128	0.000	0	0.000	0	0
1968	498,227	10,627,905	10,129,678	0.049	0.049	0.000	0	0.000	0	0
1969	563,307	13,143,012	12,579,705	0.045	0.045	0.000	0	0.000	0	0
1970	2,479,513	17,038,702	14,559,189	0.170	0.170	0.003	43,678	0.000	0	43,678
1971	2,627,662	21,885,664	19,258,002	0.136	0.136	0.000	0	0.000	0	0
1972	1,260,381	21,914,689	20,654,308	0.061	0.061	0.000	0	0.000	0	0
1973	2,266,976	30,436,168	28,169,192	0.080	0.080	0.000	0	0.000	0	0
1974	9,401,408	43,362,415	33,961,007	0.277	0.277	0.110	3,735,711	0.000	0	3,735,711
1975	5,485,456	53,538,527	48,053,071	0.114	0.114	0.000	0	0.000	0	0
1976	2,972,442	52,540,898	49,568,456	0.060	0.060	0.000	0	0.000	0	0
1977	3,476,744	60,315,936	56,839,192	0.061	0.061	0.000	0	0.000	0	0
1978	10,628,669	70,467,546	59,838,877	0.178	0.178	0.011	658,228	0.000	0	658,228
1979	3,105,986	71,072,268	67,966,282	0.046	0.046	0.000	0	0.000	0	0
1980	6,474,397	106,691,350	100,216,953	0.065	0.065	0.000	0	0.000	0	0
1981	4,950,144	109,000,823	104,050,679	0.048	0.048	0.000	0	0.000	0	0
1982	9,654,141	118,487,782	108,833,641	0.089	0.089	0.000	0	0.000	0	0
1983	9,722,115	123,552,849	113,830,734	0.085	0.085	0.000	0	0.000	0	0
1984	21,436,988	140,713,231	119,276,243	0.180	0.180	0.013	1,550,591	0.000	0	1,550,591
1985	30,960,043	179,473,338	148,513,295	0.208	0.208	0.041	6,089,045	0.000	0	6,089,045
1986	16,262,975	157,609,675	141,346,700	0.115	0.115	0.000	0	0.000	0	0
1987	23,190,753	185,616,181	162,425,428	0.143	0.143	0.000	0	0.000	0	0
1988	66,411,702	243,501,978	177,090,276	0.375	0.375	0.208	36,834,777	0.000	0	36,834,777
1989	83,498,398	278,467,229	194,968,831	0.428	0.428	0.261	50,886,865	0.000	0	50,886,865
1990	37,671,988	220,252,894	182,580,906	0.206	0.206	0.039	7,120,655	0.000	0	7,120,655
1991	18,151,400	219,353,728	201,202,328	0.090	0.090	0.000	0	0.000	0	0
1992	26,654,935	222,532,035	195,877,100	0.136	0.136	0.000	0	0.000	0	0
1993	97,830,965	321,921,890	224,090,925	0.437	0.437	0.270	60,504,550	0.000	0	60,504,550
1994	28,862,821	278,066,775	249,203,954	0.116	0.116	0.000	0	0.000	0	0
1995	52,370,482	291,974,195	239,603,713	0.219	0.219	0.052	12,459,393	0.000	0	12,459,393
1996	40,901,941	332,747,529	291,845,588	0.140	0.140	0.000	0	0.000	0	0
1997	37,382,138	303,669,980	266,287,842	0.140	0.140	0.000	0	0.000	0	0
1998	120,075,356	394,840,091	274,764,735	0.437	0.437	0.270	74,186,478	0.000	0	74,186,478
1999	58,232,430	350,186,938	291,954,508	0.199	0.199	0.032	9,342,544	0.000	0	9,342,544
2000	86,652,848	447,040,839	360,387,991	0.240	0.240	0.073	26,308,323	0.000	0	26,308,323
2001	29,726,203	371,449,659	341,723,456	0.087	0.087	0.000	0	0.000	0	0
2002	46,670,010	511,786,136	465,116,126	0.100	0.100	0.000	0	0.000	0	0
2003	112,051,939	466,385,684	354,333,745	0.316	0.316	0.149	52,795,728	0.000	0	52,795,728
2004	61,608,200	394,284,296	332,676,096	0.185	0.185	0.018	5,988,170	0.000	0	5,988,170
2005	48,759,994	427,428,940	378,668,946	0.129	0.129	0.000	0	0.000	0	0
2006	94,077,678	496,085,897	402,008,219	0.234	0.234	0.067	26,934,551	0.000	0	26,934,551
2007	91,761,557	559,643,744	467,882,186	0.196	0.196	0.029	13,568,583	0.000	0	13,568,583
2008	266,351,078	787,702,754	521,351,675	0.511	0.511	0.344	179,344,976	0.000	0	179,344,976
2009	204,191,711	777,520,465	573,328,754	0.356	0.356	0.189	108,359,134	0.000	0	108,359,134
Total	1,890,162,427	10,328,947,272	8,447,450,657	9.043	9.043	2.313	676,949,999	0.000	0	676,949,999
Avg.				0.167	0.167	0.043		0.000		

Average of Column (5) =	0.167
Median value of Column (4)	0.135
Median * 5 =	0.675

EXCESS FACTOR = 1.0 + [(AVG(6) + AVG(8)) / (1.0 + AVG (5) - AVG(6))] = 1.038

* Dwelling E.C. Premiums for 1950,1951,1952,1956,1957

** Dwelling E.C. Losses for 1950,1951,1952,1956,1957.

*** All Dwelling E.C. Losses for 1950-59 are assumed to be Wind Losses.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DEVELOPMENT OF EXCESS LOSSES ON $250 DEDUCTIBLE LEVEL

YEAR	(1) EXCESS RATIO*	(2) WIND LOSSES AT $250 DED.	(3) (1)X(2) EXCESS LOSSES AT $250 DED.
2005	0.000	52,938,848	0
2006	0.286	104,555,616	29,902,906
2007	0.148	101,347,478	14,999,427
2008	0.673	300,844,419	202,468,294
2009	0.531	233,352,897	123,910,388

* From calculation of excess factor; ratio of excess losses to reported wind losses.

NORTH CAROLINA

HOMEOWNERS INSURANCE

METHODOLOGY FOR CALCULATING WIND PROVISIONS BY TERRITORY - OWNER FORMS

In order to develop wind provisions by territory*, the statewide provision is distributed using each territory's "expected" wind losses. This procedure is illustrated in the following example. (All hurricane losses accounted for by the model have been removed. Modeled hurricane losses are not included in this procedure):

Territory	(1) Long-Term** Ratio of Wind to Non-Wind Losses	(2) Non-Wind Losses for Latest Five Years	(3) "Expected" Wind Losses for Latest Five Years (1) x (2)	(4) "Expected" Wind Distribution (3) / Total (3)
A	.250	$16,000,000	$4,000,000	.400
B	.200	6,000,000	1,200,000	.120
C	.600	8,000,000	4,800,000	.480
			Total 10,000,000	1.000

Year	(5) Statewide Wind Provision***	(6) "Expected" Wind Distribution Territory A	(7) Territory B	(8) Territory C	(9) Territory Wind Provision Territory A (5) x (6)	(10) Territory B (5) x (7)	(11) Territory C (5) x (8)
x	$4,000,000	.400	.120	.480	$1,600,000	$480,000	$1,920,000
x+1	1,000,000	.400	.120	.480	400,000	120,000	480,000
x+2	2,000,000	.400	.120	.480	800,000	240,000	960,000
x+3	3,000,000	.400	.120	.480	1,200,000	360,000	1,440,000
x+4	2,000,000	.400	.120	.480	800,000	240,000	960,000

* In calculating the five-year non-hurricane loss costs by territory shown in Column (1) of page C-5, actual non-modeled wind losses are replaced with the wind provisions by territory.

** Average of yearly ratios of non-modeled wind to non-wind losses based on territory experience for all available years.

*** Statewide Wind Provision = (Non Hurricane Incurred Losses - Excess Losses) x Excess Factor - (Non Hurricane Losses - Non Hurricane Wind Losses)

NORTH CAROLINA

HOMEOWNERS INSURANCE

MODELED HURRICANE LOSSES

OWNERS FORMS

TERRITORY	AIR LOSS COST PER $1,000	TOTAL LIMITS FACTOR	2009 TOTAL LIMIT INSURANCE-YEARS (000)	MODELED HURRICANE LOSSES
7	3.284	1.913	4,432,436	14,556,137
8	4.353	1.943	8,269,212	35,995,971
32	0.216	1.918	52,580,601	11,357,739
34	0.345	1.929	19,866,890	6,854,026
36	0.116	1.914	37,702,014	4,372,961
38	0.117	1.900	64,285,957	7,521,457
39	0.114	1.919	71,536,311	8,156,407
41	0.621	1.907	8,647,143	5,369,662
44	0.184	1.906	5,248,855	965,778
45	0.554	1.906	30,594,864	16,949,169
46	0.164	1.896	11,375,700	1,865,351
47	0.288	1.920	62,583,696	18,025,408
48	1.279	1.895	5,633,212	7,204,864
49	0.782	1.901	20,660,533	16,156,732
52	2.194	1.903	51,381,810	112,732,177
53	0.209	1.934	103,141,975	21,556,353
57	0.122	1.913	85,308,954	10,408,317
60	0.072	1.902	233,406,074	16,799,838
STATEWIDE				316,848,347

NORTH CAROLINA

HOMEOWNERS INSURANCE

MODELED HURRICANE LOSSES

TENANT FORM

TERRITORY	AIR LOSS COST PER $1,000	2009 TOTAL LIMIT INSURANCE-YEARS (000) (A)	MODELED HURRICANE LOSSES
7	4.089	10,464	42,787
8	5.184	35,825	185,717
32	0.224	921,191	206,347
34	0.351	184,557	64,780
36	0.117	583,050	68,217
38	0.118	1,154,882	136,276
39	0.119	543,384	64,663
41	0.596	48,085	28,659
44	0.187	30,140	5,636
45	0.571	282,966	161,574
46	0.171	68,630	11,736
47	0.317	440,117	139,517
48	1.842	12,094	22,278
49	0.891	96,446	85,934
52	2.547	261,286	665,495
53	0.218	1,089,061	237,415
57	0.126	715,013	90,092
60	0.075	1,568,687	117,652
STATEWIDE			2,334,775

(A) Includes a factor of 1.2 to reflect total limits coverage

NORTH CAROLINA

HOMEOWNERS INSURANCE

MODELED HURRICANE LOSSES

CONDOMINIUM FORM

TERRITORY	AIR LOSS COST PER $1,000	2009 TOTAL LIMIT INSURANCE-YEARS (000) (A)	MODELED HURRICANE LOSSES
7	3.244	14,173	45,978
8	4.990	95,813	478,108
32	0.194	430,600	83,536
34	0.292	81,609	23,830
36	0.099	385,573	38,172
38	0.098	1,317,734	129,138
39	0.102	453,587	46,266
41	0.519	5,037	2,614
44	0.177	2,658	471
45	0.506	58,259	29,479
46	0.165	1,054	174
47	0.220	106,988	23,537
48	2.031	12,902	26,204
49	0.773	49,577	38,323
52	2.419	365,548	884,260
53	0.176	478,120	84,149
57	0.109	287,640	31,353
60	0.054	1,008,714	54,471
STATEWIDE			2,020,063

(A) Includes a factor of 1.4 to reflect total limits coverage

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF MODELED BASE-CLASS LOSS COST

OWNERS

Territory	(1) Modeled Losses	(2) Latest-Year House-Years	(3) Latest-Year Avg. Rating Factor	(4) Modeled BCLC
7	14,556,137	8,476.33	2.602	659.98
8	35,995,971	15,610.16	2.626	878.12
32	11,357,739	109,203.67	2.513	41.39
34	6,854,026	55,939.87	1.902	64.42
36	4,372,961	85,042.51	2.353	21.85
38	7,521,457	130,714.54	2.553	22.54
39	8,156,407	146,688.75	2.614	21.27
41	5,369,662	24,953.45	2.083	103.31
44	965,778	15,031.17	2.049	31.36
45	16,949,169	84,617.36	2.128	94.13
46	1,865,351	30,044.41	2.618	23.72
47	18,025,408	159,850.03	2.217	50.86
48	7,204,864	11,925.69	2.689	224.67
49	16,156,732	50,231.26	2.288	140.58
52	112,732,177	118,950.88	2.270	417.50
53	21,556,353	192,888.02	2.825	39.56
57	10,408,317	210,474.00	2.227	22.21
60	16,799,838	537,558.65	2.628	11.89

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF MODELED BASE-CLASS LOSS COST

TENANTS

Territory	(1) Modeled Losses	(2) Latest-Yr House Years	(3) Latest-Yr Avg. Rating Factor	(4) Modeled BCLC
7	42,787	233.18	4.546	40.36
8	185,717	722.60	4.982	51.59
32	206,347	26,561.76	3.458	2.25
34	64,780	4,981.52	3.619	3.59
36	68,217	16,183.82	3.568	1.18
38	136,276	32,164.52	3.535	1.20
39	64,663	13,202.44	4.092	1.20
41	28,659	1,219.70	4.080	5.76
44	5,636	729.91	4.235	1.82
45	161,574	8,066.37	3.566	5.62
46	11,736	1,861.79	4.160	1.52
47	139,517	10,837.72	4.086	3.15
48	22,278	298.29	4.280	17.45
49	85,934	2,401.83	4.140	8.64
52	665,495	7,068.56	3.773	24.95
53	237,415	28,980.08	3.786	2.16
57	90,092	18,148.08	3.873	1.28
60	117,652	36,478.42	4.413	0.73

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF MODELED BASE-CLASS LOSS COST

CONDOMINIUM UNIT OWNERS

Territory	(1) Modeled Losses	(2) Latest-Yr House Years	(3) Latest-Yr Avg. Rating Factor	(4) Modeled BCLC
7	45,978	260.00	5.486	32.23
8	478,108	1,435.03	6.462	51.56
32	83,536	5,680.71	6.920	2.13
34	23,830	1,255.31	6.660	2.85
36	38,172	5,292.71	6.688	1.08
38	129,138	16,835.00	6.785	1.13
39	46,266	6,129.48	6.720	1.12
41	2,614	89.17	4.628	6.33
44	471	33.71	7.369	1.90
45	29,479	1,016.80	5.385	5.38
46	174	21.05	5.165	1.60
47	23,537	1,444.59	6.643	2.45
48	26,204	198.97	5.899	22.33
49	38,323	637.06	6.956	8.65
52	884,260	5,942.89	5.517	26.97
53	84,149	6,266.75	6.721	2.00
57	31,353	4,245.56	5.891	1.25
60	54,471	13,072.47	7.134	0.58

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF STATEWIDE MODELED HURRICANE BASE-CLASS LOSS COST

		OWNERS	TENANT	CONDOMINIUM
a.	Modeled Hurricane Losses	316,848,347	2,334,775	2,020,063
b.	Latest-Year Current Cost Factor	1.035	1.006	1.006
c.	Loss Projection Factor	1.143	1.106	1.106
d.	Loss Adjustment Expense Factor	1.120	1.131	1.131
e.	Latest-Year House-Years	1,988,201	210,141	69,857
f.	Latest-Year Average Rating Factor	2.425	3.828	6.518
g.	Latest-Year Current Amount Factor	1.089	1.000	1.059
h.	Premium Projection Factor	1.062	1.000	1.041
	Modeled Base-Class Loss Cost = (abcd) / (efgh) =	75.29	3.65	5.06

NORTH CAROLINA

HOMEOWNERS INSURANCE

ACTUAL HURRICANE LOSSES (Excluded from Experience)

TERRITORY	YEAR	OWNERS	TENANT	CONDO
7	2005	4,569,868	1,615	18,154
7	2006	214,024	0	0
7	2009	23,635	0	0
8	2005	8,189,516	1,093	52,713
8	2006	1,265,187	0	493
8	2009	7,943	0	0
32	2006	703,944	11,661	5,174
32	2009	175,009	0	0
34	2006	247,016	123	999
34	2009	163,839	0	0
36	2006	493,216	0	25,152
36	2009	172,668	9,833	12,188
38	2006	622,336	22,838	32,487
38	2009	379,323	1,445	31,397
39	2006	628,447	153	6,954
39	2009	256,044	0	216
41	2006	195,936	0	0
41	2009	30,848	0	0
44	2006	69,910	0	349
44	2009	117,263	0	0
45	2005	286,341	400	0
45	2006	2,093,207	2,592	4,177
45	2009	154,044	3,671	4,009
46	2006	226,151	507	0
46	2009	21,707	0	0
47	2006	1,718,967	853	1,748
47	2009	210,665	0	0
48	2005	1,508,776	1,648	2,499
48	2006	141,685	367	0
48	2009	5,200	0	0
49	2005	6,487,731	14,305	8,141
49	2006	609,235	3,188	0
49	2009	37,907	0	0
52	2005	9,539,827	15,313	48,898
52	2006	2,133,302	5,903	0
52	2009	149,179	168	55,768
53	2006	1,045,617	6,249	8,434
53	2009	267,314	612	0
57	2006	935,684	1,715	1,145
57	2009	320,236	2,593	0
60	2006	2,238,050	6,024	11,587
60	2009	849,652	2,072	21,076
Statewide	2005	30,582,057	34,374	130,405
	2006	15,581,914	62,174	98,699
	2009	3,342,475	20,393	124,654

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF NET REINSURANCE COST AT BASE-CLASS LEVEL

OWNERS

Territory	(1)* All-Forms Net Rein. Cost by Zone	(2) Latest-Year Earned Premium	(3) All-Forms Zone Earned Premium	(4) Est'd Reins. Dollars =(1)×(2)/(3)	(5) Latest-Yr House Years	(6) Latest-Yr Avg. Rating Factor	(7) Latest-Yr. Current Amt. Factor	(8) Prem. Proj. Factor	(9)** Variable Expense	(10) Net Reinsurance Cost, Base-Class =[(4)/(5)]/[(6)×(7)×(8)]/[1-(9)]
Zone 1										
7	318,332,821	30,408,798	514,405,340	18,818,075	8,476	2.602	1.089	1.062	0.3340	1,107.77
8	318,332,821	62,384,233	514,405,340	38,605,643	15,610	2.626	1.089	1.062	0.3340	1,222.72
48	318,332,821	31,654,863	514,405,340	19,589,186	11,926	2.689	1.089	1.062	0.3340	793.06
49	318,332,821	99,050,994	514,405,340	61,296,374	50,231	2.288	1.089	1.062	0.3340	692.44
52	318,332,821	283,487,949	514,405,340	175,432,702	118,951	2.27	1.089	1.062	0.3340	843.51
Zone 2										
32	169,102,941	118,273,380	755,983,709	26,456,094	109,204	2.513	1.089	1.062	0.2609	112.78
34	169,102,941	58,728,459	755,983,709	13,136,732	55,940	1.902	1.089	1.062	0.2609	144.44
41	169,102,941	35,765,137	755,983,709	8,000,159	24,953	2.083	1.089	1.062	0.2609	180.07
44	169,102,941	13,517,974	755,983,709	3,023,781	15,031	2.049	1.089	1.062	0.2609	114.86
45	169,102,941	99,754,994	755,983,709	22,313,792	84,617	2.128	1.089	1.062	0.2609	144.97
46	169,102,941	29,965,990	755,983,709	6,702,971	30,044	2.618	1.089	1.062	0.2609	99.70
47	169,102,941	161,229,883	755,983,709	36,064,861	159,850	2.217	1.089	1.062	0.2609	119.06
53	169,102,941	221,221,441	755,983,709	49,484,130	192,888	2.825	1.089	1.062	0.2609	106.24
Zone 3										
36	97,024,036	73,044,915	949,083,868	7,467,319	85,043	2.353	1.089	1.062	0.2308	41.95
38	97,024,036	114,784,990	949,083,868	11,734,372	130,715	2.553	1.089	1.062	0.2308	39.53
39	97,024,036	124,241,067	949,083,868	12,701,059	146,689	2.614	1.089	1.062	0.2308	37.23
57	97,024,036	170,593,921	949,083,868	17,439,671	210,474	2.227	1.089	1.062	0.2308	41.82
60	97,024,036	440,705,740	949,083,868	45,052,973	537,559	2.628	1.089	1.062	0.2308	35.85
SW	584,459,798	2,168,814,728	2,219,472,917	573,319,894	1,988,201	2.425	1.089	1.062	0.2770	142.21

* From D. Appel analysis
** Column (9), Variable Expense, represents the combined loading for Taxes, Commissions, Profit and Contingencies

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF NET REINSURANCE COST AT BASE-CLASS LEVEL

TENANTS

Territory	(1)* All-Forms Net Rein. Cost by Zone	(2) Latest-Year Earned Premium	(3) All-Forms Zone Earned Premium	(4) Est'd Reins. Dollars =(1)×(2)/(3)	(5) Latest-Yr House Years	(6) Latest-Yr Avg. Rating Factor	(7) Latest-Yr. Current Amt. Factor	(8) Prem. Proj. Factor	(9)** Variable Expense	(10) Net Reinsurance Cost, Base-Class =[(4)/(5)]/[(6)×(7)×(8)]/[1-(9)]
					Zone 1					
7	318,332,821	111,298	514,405,340	68,875	233	4.546	1.000	1.000	0.3340	97.63
8	318,332,821	377,993	514,405,340	233,916	723	4.982	1.000	1.000	0.3340	97.51
48	318,332,821	90,639	514,405,340	56,091	298	4.28	1.000	1.000	0.3340	66.03
49	318,332,821	706,070	514,405,340	436,942	2,402	4.14	1.000	1.000	0.3340	65.97
52	318,332,821	2,133,825	514,405,340	1,320,489	7,069	3.773	1.000	1.000	0.3340	74.34
					Zone 2					
32	169,102,941	3,857,866	755,983,709	862,950	26,562	3.458	1.000	1.000	0.2609	12.71
34	169,102,941	1,135,790	755,983,709	254,060	4,982	3.619	1.000	1.000	0.2609	19.07
41	169,102,941	258,782	755,983,709	57,886	1,220	4.08	1.000	1.000	0.2609	15.73
44	169,102,941	142,198	755,983,709	31,808	730	4.235	1.000	1.000	0.2609	13.92
45	169,102,941	1,323,184	755,983,709	295,978	8,066	3.566	1.000	1.000	0.2609	13.92
46	169,102,941	325,312	755,983,709	72,768	1,862	4.16	1.000	1.000	0.2609	12.71
47	169,102,941	1,904,194	755,983,709	425,941	10,838	4.086	1.000	1.000	0.2609	13.01
53	169,102,941	4,059,126	755,983,709	907,969	28,980	3.786	1.000	1.000	0.2609	11.20
					Zone 3					
36	97,024,036	2,079,046	949,083,868	212,539	16,184	3.568	1.000	1.000	0.2308	4.79
38	97,024,036	4,434,773	949,083,868	453,363	32,165	3.535	1.000	1.000	0.2308	5.18
39	97,024,036	1,782,973	949,083,868	182,272	13,202	4.092	1.000	1.000	0.2308	4.39
57	97,024,036	2,530,305	949,083,868	258,671	18,148	3.873	1.000	1.000	0.2308	4.78
60	97,024,036	5,151,818	949,083,868	526,666	36,478	4.413	1.000	1.000	0.2308	4.25
SW	584,459,798	32,405,192	2,219,472,917	6,659,184	210,142	3.828	1.000	1.000	0.2770	11.45

* From D. Appel analysis

** Column (9), Variable Expense, represents the combined loading for Taxes, Commissions, Profit and Contingencies

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF NET REINSURANCE COST AT BASE-CLASS LEVEL

CONDOMINIUM UNIT OWNERS

Territory	(1)* All-Forms Net Rein. Cost by Zone	(2) Latest-Year Earned Premium	(3) All-Forms Zone Earned Premium	(4) Est'd Reins. Dollars =(1)×(2)/(3)	(5) Latest-Yr House Years	(6) Latest-Yr Avg. Rating Factor	(7) Latest-Yr. Current Amt. Factor	(8) Prem. Proj. Factor	(9)** Variable Expense	(10) Net Reinsurance Cost, Base-Class =[(4)/(5)]/[(6)×(7)×(8)]/[1-(9)]
					Zone 1					
7	318,332,821	144,071	514,405,340	89,156	260	5.486	1.059	1.041	0.3340	85.13
8	318,332,821	936,644	514,405,340	579,630	1,435	6.462	1.059	1.041	0.3340	85.14
48	318,332,821	89,205	514,405,340	55,203	199	5.899	1.059	1.041	0.3340	64.05
49	318,332,821	336,776	514,405,340	208,409	637	6.956	1.059	1.041	0.3340	64.06
52	318,332,821	2,491,982	514,405,340	1,542,130	5,943	5.517	1.059	1.041	0.3340	64.06
					Zone 2					
32	169,102,941	1,729,781	755,983,709	386,928	5,681	6.92	1.059	1.041	0.2609	12.08
34	169,102,941	409,674	755,983,709	91,638	1,255	6.66	1.059	1.041	0.2609	13.46
41	169,102,941	18,570	755,983,709	4,154	89	4.628	1.059	1.041	0.2609	12.38
44	169,102,941	9,192	755,983,709	2,056	34	7.369	1.059	1.041	0.2609	10.07
45	169,102,941	224,512	755,983,709	50,220	1,017	5.385	1.059	1.041	0.2609	11.25
46	169,102,941	4,349	755,983,709	973	21	5.165	1.059	1.041	0.2609	11.01
47	169,102,941	355,055	755,983,709	79,421	1,445	6.643	1.059	1.041	0.2609	10.15
53	169,102,941	1,768,866	755,983,709	395,670	6,267	6.721	1.059	1.041	0.2609	11.53
					Zone 3					
36	97,024,036	1,203,570	949,083,868	123,040	5,293	6.688	1.059	1.041	0.2308	4.10
38	97,024,036	3,883,391	949,083,868	396,996	16,835	6.785	1.059	1.041	0.2308	4.10
39	97,024,036	1,235,680	949,083,868	126,323	6,129	6.72	1.059	1.041	0.2308	3.62
57	97,024,036	800,335	949,083,868	81,818	4,246	5.891	1.059	1.041	0.2308	3.86
60	97,024,036	2,611,344	949,083,868	266,955	13,072	7.134	1.059	1.041	0.2308	3.38
SW	584,459,798	18,252,997	2,219,472,917	4,480,720	69,858	6.518	1.059	1.041	0.2770	12.35

* From D. Appel analysis
** Column (9), Variable Expense, represents the combined loading for Taxes, Commissions, Profit and Contingencies

SECTION E

SUPPLEMENTAL MATERIAL

NORTH CAROLINA
HOMEOWNERS INSURANCE

SUPPLEMENTAL MATERIAL

North Carolina G.S. 58-36-15(h) specifies that the following information must be included in all policy form, rule and rate filings filed under Article 36. 11 NCAC 10.1105 specifies that additional detail be provided under each of these items. These materials are contained on the pages indicated.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
AS PER 11 NCAC 10.1105

1. NORTH CAROLINA EARNED PREMIUMS AT THE ACTUAL AND CURRENT RATE LEVEL

LOSSES AND LOSS ADJUSTMENT EXPENSES, EACH ON PAID AND INCURRED BASES WITHOUT TRENDING OR OTHER MODIFICATION FOR THE EXPERIENCE PERIOD, INCLUDING THE LOSS RATIO ANTICIPATED AT THE TIME THE RATES WERE PROMULGATED FOR THE EXPERIENCE PERIOD

NORTH CAROLINA
HOMEOWNERS INSURANCE

EARNED PREMIUMS AT ACTUAL AND CURRENT RATE LEVEL

I. EARNED PREMIUM AT COLLECTED LEVEL

YEAR	OWNER'S FORMS	TENANT FORM	CONDO UNIT FORM
2005	1,117,362,311	21,762,942	12,777,279
2006	1,207,083,147	22,560,728	13,747,987
2007	1,291,632,755	23,748,156	14,840,760
2008	1,352,839,454	25,503,568	15,756,501
2009	1,416,283,339	27,892,338	16,766,321

II. EARNED PREMIUM AT CURRENT LEVEL

YEAR	OWNER'S FORMS	TENANT FORM	CONDO UNIT FORM
2005	1,627,023,955	22,781,400	12,661,424
2006	1,803,851,220	24,604,120	14,352,431
2007	1,957,114,898	26,930,338	16,077,840
2008	2,086,531,511	29,889,037	17,532,623
2009	2,168,814,729	32,405,190	18,252,996

NORTH CAROLINA
HOMEOWNERS INSURANCE

PAID/INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE

I. PAID LOSSES

The Rate Bureau is advised by ISO that paid loss and loss adjustment expenses are not available for the experience period of this filing.

II. INCURRED LOSSES (a)

YEAR	OWNERS' FORMS	TENANT FORM	CONDO UNIT FORM
2005	499,475,381	7,934,712	4,972,639
2006	566,377,963	8,957,492	6,157,963
2007	626,428,491	11,754,274	6,860,742
2008	895,862,086	15,021,821	7,987,059
2009	913,934,795	17,955,445	10,350,195

(a) Incurred losses are developed, include actual wind losses and do not include loss adjustment expenses. These expenses are reflected via a factor. For the owners' forms this factor is 12.0%. For the tenant and condo-unit forms this factor is 13.1%. For ISO (non- Beach Plan), ISS, and NISS, these losses are adjusted to the $250 base deductible. Losses for the Beach Plan reflect the deductible in place at the time of loss settlement.

NORTH CAROLINA
HOMEOWNERS INSURANCE

ANTICIPATED LOSS AND LOSS ADJUSTMENT EXPENSE RATIOS

The anticipated loss and LAE ratio included in the 2008 filing was .372. The anticipated loss and LAE ratio included in the 2006 filing was .462.

NORTH CAROLINA
HOMEOWNERS INSURANCE

EXCLUDED COMPANIES

(The market shares shown are based on 2009 Statutory Page 14 Homeowners premium for licensed companies and residual market Homeowners premium reported to ISO.)

The historical experience used to develop the statewide rate-level indications, territory rate-level indications, premium trend factors, loss trend factors and wind exclusion credits is based on the experience of companies and residual market entities reporting to the Insurance Services Office (full statistical plan),the Independent Statistical Service, and the National Insurance Statistical Service. This experience, after accounting for the experience of reporting companies whose data was not included (as described below) accounts for 96.7% of the total North Carolina Homeowners market. The experience reported to the American Association of Insurance Services and to Insurance Services Office under the Statistical Agent Plan is excluded because it is not available in sufficient detail. This experience accounts for approximately 0.5% of the total North Carolina Homeowners market.

Historical experience for the following insurers is not included in the filed experience: American Automobile Insurance Company, American Home Assurance Company, Associated Indemnity Corporation, Balboa Insurance Company, Chubb Custom Insurance Company, Cincinnati Insurance Company, Firemans Fund Insurance Company, Harleysville Insurance, Homesite Insurance Company, Lititz Mutual Insurance Company, Merastar Insurance Company, National Surety Corporation and Safeco Insurance Company of America. The experience for American Automobile Insurance Company, American Home Assurance Company, Associated Indemnity Corporation, Balboa Insurance Company, Cincinnati Insurance Company, Firemans Fund Insurance Company, Harleysville Insurance, Homesite Insurance Company, Lititz Mutual Insurance Company, Merastar Insurance Company, National Surety Corporation and Safeco Insurance Company of America was not included because it was not ready at the time the filing was being compiled. Experience for Chubb Insurance was not included because sufficient detail was not available. Based on 2009 written premium, data for these companies represents 2.8% of the total North Carolina Homeowners market.

The loss development factors used in the calculation of the rate level indications are based on ISO North Carolina experience and on the North Carolina experience of three major companies reporting to the ISS. Based on 2009 written premium, this combined experience represents 73.2% of the total North Carolina Homeowners market. The companies excluded from the loss development experience are those listed above and, due to main-frame system limitations, the North Carolina Beach Plan. See also the prefiled testimony of R. Curry and S. Thomas.

House-years by year are as follows:

YEAR	OWNERS' FORMS	TENANT FORM	CONDO UNIT FORM
2005	1,793,078	140,855	54,952
2006	1,873,039	151,159	59,788
2007	1,934,117	167,661	64,133
2008	1,975,587	188,905	67,507
2009	1,988,201	210,141	69,857

NORTH CAROLINA
HOMEOWNERS INSURANCE

ADJUSTMENTS TO PREMIUMS, LOSSES, LOSS ADJUSTMENT EXPENSES, EXPENSES AND EXPOSURES

Adjustments made to premiums, losses, loss adjustment expenses, and expenses are set forth below and in the prefiled testimony of R. Curry, S. Thomas and D. LaLonde.

Losses reported to ISO (non-Beach Plan), ISS, and NISS are adjusted to the $250 base deductible level by application of loss elimination ratios. These factors are applied on a record-by-record basis and vary by cause of loss and policy form. Losses for the Beach Plan reflect the deductible in place at the time of loss settlement.

Losses were developed to an ultimate basis through the application of loss development factors. The derivation and application of loss development factors is described in the response to 11 NCAC 10.1105(3).

Non-hurricane wind losses for the owners forms have been smoothed using an "excess wind" procedure.

Additionally, due to the volatile nature and the catastrophic potential of hurricane losses, they have been removed from the actual data and replaced with expected hurricane losses produced by a model designed by AIR-Worldwide.

NORTH CAROLINA
HOMEOWNERS INSURANCE

EARNED PREMIUM AT PRESENT RATES CALCULATION

The earned premium at present rates for data reported to ISO, ISS, and NISS is calculated in the following manner for each premium record in the database:

Premium = [(Territory Base Rate x Form Factor x Amount of Insurance Factor x Protection-Construction Factor x Age Of Dwelling Factor)+ Additional Coverage C charge] x Earned Exposure

The results are then summed over all territories to generate the statewide earned premium at present rates used to calculate the average rating factors shown on pages C-1-3.

A sample calculation for a single premium record is shown below. This sample record is for Territory 32, Form HO-3 w/15, $75,000 Coverage A, protection class 8, masonry construction, Age of Dwelling = 4 years, Additional Coverage C = $12,000:

(1)	Base rate	$431
(2)	Form factor	1.30
(3)	Coverage A factor	1.000
(4)	Protection-construction factor	1.10
(5)	Age Of Dwelling Factor	0.91
(6)	Addition Coverage C charge	$36
(7)	Earned Exposure	0.55
(8)	Earned Premium at present rates[((1)x(2)x(3)x(4)x(5))+(6)]x(7)	$328.27

Earned premium at present rates for data reported by the North Carolina Beach Plan is calculated by applying “on-level” factors to the reported premiums. The on-level factors are derived using the standard “parallelogram” method which accounts for past approved rate changes and their varying effect by year.

EXHIBIT (1) (e)

TOP TEN HOMEOWNERS INSURANCE WRITERS

COMPANY NAME		2009 (a) WRITTEN PREMIUM	2009 WRITTEN PREMIUM MARKET SHARE		2009 (a) EARNED PREMIUM	2009 EARNED PREMIUM MARKET SHARE
State Farm Fire & Casualty Company		354,511,645	19.81%		336,840,902	19.41%
North Carolina Farm Bureau Mutual Insurance Company		240,138,405	13.42%		229,897,060	13.25%
Nationwide Mutual Fire Insurance Company		157,231,901	8.79%		159,169,714	9.17%
Nationwide Mutual Insurance Company		121,639,948	6.80%		113,100,229	6.52%
Allstate Insurance Company		87,554,579	4.89%		89,154,020	5.14%
Allstate Indemnity Company		75,469,976	4.22%		74,374,858	4.29%
Erie Insurance Exchange		75,762,233	4.23%		72,465,963	4.18%
United Services Automobile Association		57,356,720	3.21%		54,740,124	3.15%
Unitrin Auto & Home Insurance Company		37,980,351	2.12%		40,029,681	2.31%
Liberty Mutual Fire Insurance Company		37,333,989	2.09%		35,801,571	2.06%
TOTAL	$	1,244,979,747	69.58%	$	1,205,574,122	69.47%
Grand Total		1,789,227,778			1,735,343,509	

(a) 2009 Annual Statement, Statutory Page 14, Line 4.0 (Homeowners).

Note: The Beach and Fair plans do not report Annual Statements and are therefore not included in this report.

2008 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2008 TOP 50 HOMEOWNERS INSURERS
UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - PREMIUMS EARNED ($ 000)

		Net Premiums Written	Unearned Premiums Previous Year	Unearned Premiums Current Year	Net Earned Premiums
1	Fire	1,578,103	829,624	822,094	1,585,632
2	Allied lines	1,850,426	487,715	520,504	1,817,637
3	Farmowners	513,299	247,431	252,752	507,978
4	Homeowners	29,929,362	16,116,368	15,937,311	30,108,419
5	Comm multi peril	9,523,206	4,846,254	4,722,749	9,646,711
6	Mortgage guaranty	0	140	140	0
8	Ocean marine	568,501	242,818	231,724	579,596
9	Inland marine	2,937,363	1,266,819	1,193,162	3,011,020
10	Financial guaranty	4,038	1,410	1,556	3,891
11	Medical malpractice	152,397	88,018	68,860	171,555
12	Earthquake	400,770	201,115	207,911	393,975
13	Group A & H	753,186	100,340	75,741	777,785
14	Credit A & H	2,781	2,638	3,018	2,401
15	Other A & H	638,239	211,063	331,530	517,772
16	Worker's comp	8,254,033	2,619,384	2,289,674	8,583,743
17	Other liability	9,015,316	5,214,812	4,827,277	9,402,852
18	Products liability	610,436	289,234	278,364	621,306
19	Auto liability	30,970,096	10,746,413	10,514,148	31,202,361
21	Auto phys. damage	19,931,837	7,073,083	6,807,792	20,197,127
22	Aircraft	157,629	132,562	73,869	216,322
23	Fidelity	327,532	190,698	163,238	354,991
24	Surety	651,671	492,735	427,265	717,141
26	Burglary + theft	47,129	21,588	23,572	45,145
27	Boiler and machinery	140,862	71,111	74,020	137,953
28	Credit	3,456	2,346	796	5,006
29	International	444	945	527	862
30	Warranty	286,724	73,481	265,436	94,769
31	Reinsurance	208,841	29,301	28,701	209,441
32	Miscellaneous	15,058	7,397	7,553	14,902
33	**TOTALS**	**119,472,733**	**51,606,844**	**50,151,283**	**120,928,294**

2009 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2009 TOP 50 HOMEOWNERS INSURERS
UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - PREMIUMS EARNED ($ 000)

		Net Premiums Written	Unearned Premiums Previous Year	Unearned Premiums Current Year	Net Earned Premiums
1	Fire	1,553,294	787,539	778,675	1,562,158
2	Allied lines	1,132,611	493,843	622,885	1,003,570
3	Farmowners	511,924	242,747	249,120	505,552
4	Homeowners	29,434,802	15,106,906	15,957,397	28,584,311
5	Comm multi peril	8,360,165	4,276,906	4,224,424	8,412,647
6	Mortgage guaranty	316	140	140	316
8	Ocean marine	437,268	169,691	203,961	402,997
9	Inland marine	2,594,679	1,067,099	1,008,699	2,653,079
10	Financial guaranty	4,060	1,556	1,556	4,060
11	Medical malpractice	78,347	39,230	34,663	82,914
12	Earthquake	402,149	192,055	194,032	400,172
13	Group A & H	756,330	75,741	80,145	751,914
14	Credit A & H	981	3,018	2,709	1,290
15	Other A & H	633,284	331,530	323,243	641,571
16	Worker's comp	7,528,329	2,501,869	2,115,345	7,914,854
17	Other liability	8,136,494	4,635,019	4,210,597	8,591,686
18	Products liability	513,090	281,254	246,684	547,660
19	Auto liability	29,013,930	10,178,898	10,281,156	28,911,672
21	Auto phys. damage	18,803,475	6,558,233	6,436,302	18,925,405
22	Aircraft	180,188	73,869	71,616	182,441
23	Fidelity	315,919	174,406	165,886	324,439
24	Surety	759,561	459,249	478,196	740,614
26	Burglary + theft	41,158	25,275	22,508	43,925
27	Boiler and machinery	132,068	73,931	75,718	130,281
28	Credit	2,652	796	1934	1,515
29	International	1543	527	549	1521
30	Warranty	311,487	264,972	403,166	173,293
31	Reinsurance	245,276	29,043	26,778	247,540
32	Miscellaneous	15,213	7,553	7,715	15,051
33	**TOTALS**	**111,900,593**	**48,052,895**	**48,225,799**	**111,758,448**

2008 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2008 TOP 50 HOMEOWNERS INSURERS
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES ($ 000)

	Adjusted or in Process				Incurred But Not Reported	Reinsurance			
	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding IBNR	Direct	Assumed	Ceded	Net Losses Unpaid Excluding LAE	Unpaid Loss Adjustment Expenses
1 Fire	375,124	632,084	538,698	468,511	126,210	234,918	185,602	644,037	64,355
2 Allied lines	296,868	326,724	428,874	194,719	327,977	1,586,396	1,202,734	906,357	89,909
3 Farmowners	106,649	60,386	48,374	118,662	56,853	21,076	9,367	187,224	47,085
4 Homeowners	4,860,488	3,133,248	2,827,345	5,166,390	3,736,870	2,228,229	2,124,506	9,006,982	2,460,506
5 Comm multi peril	3,739,684	3,696,658	3,296,248	4,140,094	3,599,785	3,166,945	3,288,095	7,618,728	3,031,480
6 Mortgage guaranty	0	0	0	0	0	0	0	0	0
8 Ocean marine	436,801	425,497	595,110	267,187	266,564	171,919	250,177	455,494	61,043
9 Inland marine	265,766	472,979	406,256	332,490	286,458	159,189	227,206	550,930	122,670
10 Financial guaranty	0	100	99	1	22	2	23	1	0
11 Medical malpractice	70,909	294,752	126,145	239,516	35,454	360,938	198,636	437,272	118,616
12 Earthquake	1,220	1,881	1,323	1,778	64,181	2,801	48,314	20,446	6,370
13 Group A & H	5,571	172,771	120,969	57,373	63,090	197,367	163,067	154,762	18,538
14 Credit A & H	1,089	880	1,451	518	753	231	616	886	30
15 Other A & H	131,664	43,267	58,609	116,322	44,109	66,548	47,169	179,810	14,655
16 Worker's comp	9,900,875	13,934,087	12,361,990	11,472,972	9,589,196	13,306,003	12,202,199	22,165,972	3,060,727
17 Other liability	4,903,207	5,651,678	4,526,004	6,028,881	11,197,253	12,774,642	9,839,870	20,160,906	5,217,865
18 Products liability	943,303	732,717	676,943	999,077	1,766,975	1,248,030	1,368,199	2,645,883	1,136,825
19 Auto liability	15,984,845	13,317,739	12,329,352	16,973,232	7,786,225	6,695,909	5,921,049	25,534,317	5,401,116
21 Auto phys. damage	374,791	586,761	340,677	620,875	193,130	195,035	235,889	773,151	445,077
22 Aircraft	701,519	683,267	1,177,204	207,582	116,896	174,861	181,864	317,476	56,214
23 Fidelity	79,614	89,734	64,553	104,795	162,841	88,998	115,949	240,685	33,496
24 Surety	124,727	138,439	173,140	90,026	318,595	278,780	417,792	269,608	59,924
26 Burglary + theft	1,172	3,063	1,421	2,814	3,612	4,185	2,771	7,839	2,251
27 Boiler and machinery	7,756	16,751	10,842	13,665	8,904	18,119	8,163	32,525	6,096
28 Credit	0	13,859	9,977	3,882	0	13,521	6,302	11,102	15
29 International	0	12,805	9,188	3,617	0	4,519	586	7,550	560
30 Warranty	33	22	27	28	4255	16,633	7,118	13,799	1,898
31 Reinsurance	0	706,823	212,071	494,753	0	951,606	335,938	1,110,421	31,034
32 Miscellaneous	108	1	106	3	171	3	171	6	0
33 TOTALS	**43,313,783**	**45,148,973**	**40,342,995**	**48,119,762**	**39,756,378**	**43,967,403**	**38,389,373**	**93,454,170**	**21,488,355**

2009 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2009 TOP 50 HOMEOWNERS INSURERS
UNDERWRITING AND INVESTMENT EXHIBIT

PART 3A - UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES ($ 000)

	Adjusted or in Process				Incurred But Not Reported				
						Reinsurance			
	Direct	Reinsurance Assumed	Deduct Reinsurance Recoverable	Net Losses Excluding IBNR	Direct	Assumed	Ceded	Net Losses Unpaid Excluding LAE	Unpaid Loss Adjustment Expenses
1 Fire	226,847	378,898	266,045	339,700	137,302	267,795	238,695	506,102	55,901
2 Allied lines	131,362	270,463	256,981	144,844	230,197	136,688	248,836	262,894	41,907
3 Farmowners	98,943	70,413	51,629	117,727	52,198	25,938	20,821	175,042	35,532
4 Homeowners	4,276,833	2,322,422	1,987,711	4,611,544	2,996,345	1,321,418	1,290,709	7,638,599	2,129,789
5 Comm multi peril	3,291,639	3,398,047	2,857,802	3,831,883	2,983,545	2,540,976	2,382,453	6,973,951	3,021,609
6 Mortgage guaranty	0	381	0	381	0	72	0	453	0
8 Ocean marine	297,492	373,282	481,710	189,065	247,116	161,046	266,087	331,140	41,768
9 Inland marine	131,792	341,781	253,688	219,885	310,696	188,591	256,533	462,638	115,797
10 Financial guaranty	0	99	98	0	0	0	0	0	0
11 Medical malpractice	58,682	123,981	44,046	138,617	36,633	210,699	145,976	239,974	67,643
12 Earthquake	616	956	253	1,320	63,888	2,489	47,436	20,261	3,289
13 Group A & H	9,517	119,972	77,727	51,762	84,866	222,287	165,629	193,285	25,449
14 Credit A & H	155	1,334	705	785	232	194	80	1,130	0
15 Other A & H	147,065	80,201	78,232	149,034	48,125	41,236	47,516	190,878	14,526
16 Worker's comp	9,695,898	14,334,202	12,329,717	11,700,382	9,234,774	14,314,475	11,839,578	23,410,053	3,250,488
17 Other liability	4,575,403	5,538,403	4,372,543	5,741,264	11,205,361	13,014,755	9,646,575	20,314,804	5,488,159
18 Products liability	904,881	644,637	602,017	947,501	1,307,098	1,306,463	865,646	2,695,416	1,207,548
19 Auto liability	15,201,858	13,356,153	11,950,229	16,607,782	7,191,965	5,923,795	5,153,151	24,570,391	4,888,096
21 Auto phys. damage	243,833	507,121	277,749	473,205	142,779	6,936	55,263	567,657	392,704
22 Aircraft	658,858	558,220	1,036,454	180,624	115,090	149,427	156,794	288,347	56,663
23 Fidelity	111,946	105,592	77,430	140,108	169,385	88,748	106,494	291,747	42,407
24 Surety	221,900	127,278	225,246	123,932	467,974	556,931	731,902	416,935	92,505
26 Burglary + theft	1,696	2,140	1,010	2,827	3,225	4,750	2,471	8,330	2,974
27 Boiler and machinery	7,114	29,083	23,291	12,906	13,726	19,434	15,258	30,807	4,619
28 Credit	1,450	18,633	11,296	8,787	2,175	35,335	31,272	15,026	439
29 International	0	13,716	8,709	5,007	0	19,659	430	24,236	2,470
30 Warranty	26	339	20	346	35	36,043	8,368	28,056	105
31 Reinsurance	0	710,780	208,628	502,151	0	1,100,158	350,147	1,252,162	48,805
32 Miscellaneous	39	13	38	14	59	7	59	21	1
33 TOTALS	**40,295,845**	**43,428,541**	**37,481,006**	**46,243,380**	**37,044,791**	**41,696,346**	**34,074,180**	**90,910,337**	**21,031,195**

EXHIBIT (1) (f) (iii)

2008 & 2009 North Carolina Homeowners Insurance (a)		
	2008	2009
Written Premium	1,647,017,366	1,726,462,766
Earned Premium	1,612,428,562	1,663,832,463
Dividends	4,077,697	6,255,019
Unearned Prem Reserves	850,436,072	900,154,372
Losses Paid	823,733,426	908,344,761
Losses Incurred	863,168,766	948,480,964
Losses Unpaid	293,624,847	323,645,525
Defense & Cost Containment Paid	9,321,679	11,688,566
Defense & Cost Containment Incurred	12,564,768	13,488,608
Defense & Cost Containment Unpaid	26,119,880	27,340,109
Commission	223,362,833	232,343,120
Taxes	42,729,587	48,679,723

(a) Top 50 Writers, Annual Statements, Statutory page 14

HOMEOWNERS

1. **ACE American Insurance Company**
- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 per $1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9/1/92

2. **ACE Fire Underwriters Insurance Company**
- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; $500 - 11%; $1,000 - 21%; $2,500 - 34%.
- Form 4: Fixed dollar deductible credits; $500 - 11%; $1,000 - 25%; $2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: $1 per $1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at $1 per $1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5/1/92

3. **AIU Insurance Company**
- All Forms: 10%.
- Eff. 2/1/86

4. **AMEX Assurance Company**
- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.
- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.
- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.
- No additional charge for Refrigerated Personal Property.
- No charge for townhouse or row house.
- Costco Discount: 2% applies to policies for member insureds of Costco.
- HO 3, 4 & 6 base rates vary by territory.
- Eff. 8-1-05 PC083887 North Carolina Department of Insurance

5. **AXA Re Property & Casualty Insurance Company**
- Discount on Installment Payment Plan: $1 - $2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: $2 rate per $1000.
- Personal Property Replacement Cost Coverage Discount.

- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10/18/00 PC035279 North Carolina Department of Insurance

6. **Affirmative Insurance Company**

- 15% base deviation for Premier Homeowners Program.
- 3% base deviation for Deluxe Homeowners Program.
- 15% base deviation for Premier Tenant Program.
- 10% base deviation for Deluxe Tenant Program.
- 20% base deviation for Premier Condominium Program.
- 15% base deviation for Deluxe Condominium Program.
- Forms 2 & 3: Deductible credits; $500-15%; $1000-25%; $2500-38%.
- Forms 4 & 6: Deductible credits; $500-15%; $1000-25%; $2500-40%.
- All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
- All Forms: Protective Device Credits: Credits vary 2%-15%.
- Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
- All forms, except 4 & 6; Personal Property Increased Limit $2 charge per $1000 of coverage.
- Eff 02-15-02 PC046217 North Carolina Department of Insurance

7. **AGRI General Insurance Company**

- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
- New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
- All Forms, except 4 & 6: Deductible Factors: $250 ded.-1.00; $500 ded.-0.91; $1000 ded.-0.79; $2500 ded.-0.62.
- Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
- Eff. 1/1/97

8. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**

- Amount of Premium Credit - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
- Amount of Premium Credit - Claims Free for forms HO 0004 and HO 0006.
- Row and Townhouses - disount.
- Account Discount –discount if there is also an in force auto policy covering the same named insured written with Virginia Mutual Ins Co.
- Insurance Score Discount –discount applied if a minimum insurance score of 725.
- Newly Constructed Residences (not applicable to Forms 4 and 6) credit varies for a residence constructed and first occupied in one of the last ten calendar years.
- Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
- Effective 5-1-07 PC102543 North Carolina Department of Insurance

9. **Allstate Indemnity Company**

- Claims Rating Deviation – determined by the number of chargeable claims, credits vary.
- Claims Free Discount – 10% discount for no claims for 60 consecutive months.
- New/renovated Home Discount – credit varies.
- Home and Auto Discount Deviation –credit varies.
- The Good Hands People Discount Deviation – 1%
- Zone Deviation.
- Residence Rental Coverage – no charge for coverage.
- Eff 2-20-07 PC098722 North Carolina Department of Insurance

10. **Allstate Insurance Company**

- Deductible factors Forms 2, 3 ; Forms 4 & 6: Deductible factors credits vary.
- Personal Property Replacement Cost Deviation subject to certain requirements.
- Protective devise discount.: discount varies.
- Age of Home Discount Deviation. HO 2 and HO 3 forms.
- Age 55 & Retired Discount Factor. Credit varies when certain criteria met.
- Home and auto discount deviation HO2, HO 3, HO 4 and HO 6 when certain criteria is met.
- Good hands people discount all forms.
- Waterbed Liability Deviation HO4 and HO6.
- Installment payment plan – Allstate Easy Payment Plan.
- Three or four family dwelling rating structure: does not differentiate between 3 or 4 family dwellings in a town or row house structure.
- Zone (Territory) Deviation.

Deluxe Plus

- Deductibles
- Protective Devices.
- Year of Construction – Newly Constructed Dwellings.
- Age 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People discount.
- Zone (Territory) Deviation.
- Eff 10/23/07 PC103069 North Carolina Department of Insurance

11. **AMCO Insurance Company**

- Territory Deviation, Forms HO 00 02, HO 00 03, and HO 00 05 and HO 00 04 and HO 00 06 excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of COnstruction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan Deviation, Forms HO 00 02, HO 0003, HO 00 04, HO 00 05 and HO 00 06.
- Eff 11-15-07 PC107930 North Carolina Department of Insurance

12. **AmComp Assurance Corporation**

- Forms 2 & 3: Deductible credits; $500-9%; $1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12/1/91

13. **American Automobile Insurance Company**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Deviations by territories and forms: Credit varies.
- Eff. 12/01/03 PC065125 Filing Detail

14. **American Bankers Insurance Company of Florida**
- Retired Discount: 5% if an owner of insured premises or spouse is 55 yrs. of age or older.
- Claim Free Credit: 2% if insured has gone without loss for at least 3 yrs. with American Bankers.
- All Forms: Protective Device Credits: Preferred - credit varies 0%-13%; Standard - credit varies 1%-15%.
- Eff. 5/1/92

15. **American Centennial Insurance Company**
- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9/1/85

16. **American Economy Insurance Company**
- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge. Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: $100 deductible; Minimum additional charge of $10 in lieu of $30.
- Forms 2 & 3: Fixed deductible; $500 ded. - 9%; $1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; $2.70 per $1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); $2500 increased limit - $33; $5000 increased limit - $60.
- Form 3: XL Coverage Program; $5000 limit included in basic premium. To reduce to $1000 limit, subtract $56. To reduce to $2500 subtract $35.
- Eff. 11/17/97

17. **American Employers Insurance Company**
- New Home Credit All Forms, except 4 & 6:; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; $1 per $1000.
- Additional Limit of Liability for Coverage A. HO 3211. $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3:;- $500-15%; $1000-21%; $2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6:; $500-10%; $1000-23%; $2500-37%.
- Increased Coverage A limits HO-6 $3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.
- Deviation by amount of insurance for Coverage A $250,000 - $500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 North Carolina Department of Insurance

18. **American Fire & Casualty Company**
- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff. 12-1-05 PC082802 North Carolina Department of Insurance

19. **American & Foreign Insurance Company**
- Forms 1, 2 & 3: Replacement or repair cost protection - Coverage A dwelling; $1 per policy.
- Protection Devices Credits: 2%-15%.

- All Forms, except 4 & 6: Deductible credit factors; $500 - .89; $1000 - .79; $2500 - .72.
- Forms 4 & 6: Deductible credit factors; $500-.89; $1000-.77; $2500-.63.
- Forms 1, 2 & 3: Personal Property Replacement Cost; Coverage A amount under $75000 -10% surcharge; $75000 -$99,999 -7% surcharge;$100000 & over-5% surcharge. Charge includes an increase in Coverage C limit 50% - 70% of Coverage A.
- All Forms: 5% preferred customers renewal credit when coverage has been with any of Royal Group for prior 3 yrs. with no losses.
- Discount for Eligible Employees: 20% credit to total homeowners policy premium.
- Form HE-7w/HE-21: 1.25 factor applies to base premium.
- Companion Policy Credit: 5% deviation when auto & homeowners policy is issued in any member of Royal Insurance when certain criteria are met.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment or installment fees.
- Installment Payment Plan: $1 each installment for Electronic Fund Transfer.
- Eff. 9/1/99

20. **American Home Assurance Company**

- HO-3 Premier Base Class Premium Deviation by territory: 5% credit.
- HO-4 & HO-6 Base Class Premium Deviation by territory: Credit varies 3%-12%.
- Protection Device Credit for HO-3, HO-4, HO-6, & HO-3 Premier: Credit varies: Max. credit allowed is $75.
- Optional Deductibles: All forms.
- HO-6 Coverage A Dwelling Increased Limits: Premium charge per $1000 is $2.
- 55 or Older & Retired Discount: Apply a factor of .9 to base premium when criteria is met.
- Multi Product Discount: Apply a factor of .9 to base premium when named insured has an auto policy with an American International Company.
- HO-4 & HO-6 Personal Property Replacement Cost Coverage Deviation.
- Age of Dwelling Discount: New Homes – 10 yrs. Credit varies
- Eff. 11/19/01 PC045494 North Carolina Department of Insurance

21. **American Insurance Company**

- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.
- All Forms: Deductible credits: $500 -10%; $1000 -20%; $2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. $10000 & above $500 -10%, $1000 - 20%, $2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6/1/93

22. **American Manufacturers Mutual Insurance Company**

- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at $1 per $1000. Add $10 surcharge.
- Mature Homeowners Credit: 5% applies to base premium when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: $250 theft deductible/ $100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only): Limit of $5000 included at no additional charge: $7500 + $1, $10000 + $2.

- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage: Each additional $10000 develop premium $10000 Form 6 premium x .08 or enter total Coverage A limit on Declaration page.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance: Each additional $1000 of insurance rate $10000 Form 4 or Form 6 premium x .08.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Modify rating factors for additional coverage options.
- Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2/25/02 PC047937 Filing Detail

23. **American Modern Home Insurance Company**

- Form 3: Deductible Credits; $500 Ded. - 10%; $1000 - 22%; $2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.
- Amount of Insurance Deviation: Coverage A amount $10000 - $200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above $200000, a factor of .007 applies for each additional $1000 of premium
- Eff. 6/1/99

24. **American Motorists Insurance Company**

- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at $1 per $1000. Add $10 surcharge.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.
- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only): Limit of $5000 included at no additional charge: $7500 + $1, $10000 + $2.
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage: Each additional $10000 develop premium $10,000 Form 6 premium x .08 or enter total Coverage A limit on Declaration page.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance: Each additional $1000 of insurance rate $10000 Form 4 or Form 6 premium x .08.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.

- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Modify rating factors for additional coverage options.
- Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2/25/02 PC047938 North Carolina Department of Insurance

25. **American Professionals Insurance Company**

- Form 2, 3 & 3w/15: Company deviation based on amount of insurance, construction & territory: Credit varies.
- Form 6: Territorial deviation.
- Forms 2, 3, 3w/15: New Home Discount based on age of home. Deviation varies 0% - 14%.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductible credit factors; $500 - .85; $1000 - .79; $2500 - .62.
- Forms 1, 2, & 3: Increase in Coverage C; $1 per $1000.
- Protective Devices: All forms: Maximum credit for protective device eliminated. All protection class & all territories. Credit varies 2% - 15%. There is no limit on credit.
- Outboard Motors & Water Craft: Liability rates amended by boat length.
- Form 4 & 6: Fixed dollar amount deductible. Credit factor $500 - .85; $1000 - .77; $2500 - .63.
- All Forms, except 4 & 6: Windstorm or Hail Percentage/Factor Deductible deviation.
- Form 6: Coverage A Dwelling Basic & Increased Limits and Special Coverage.
- All Forms, except 4 & 6: Personal Property Replacement (Coverage C) Cost Coverage. 1.05 factor applies to base premium. Form 4 & 6: 1.35 factor: Minimum additional premium deleted.
- Ordinance or Law Coverage deviation factors.
- Three or Four Family Residence Coverage B & C deviation.
- Installment Payment Plan. Initial installment charge waived.
- 5% account credit when named insured has an auto policy with the Highlands Insurance Group Companies.
- Eff. 6/1/99

26. **American Reliable Insurance Company**

- Loss Free Renewal Credit: Credit applies to any policy that has been loss free for the previous 12 months under an existing American Reliable Insurance Company policy.
- Mature Retiree Credit: If certain criteria are met, a credit of -10% of the Base Premium will be applied.
- New Roof Credit: If the roof has been professionally installed within five years of the inception or renewal date, the premium shall be reduced by 5%. Not to be combined with the Age of Dwelling Credit
- Eff 11/6/02 PC055868 Filing Detail

27. **American States Insurance Company**

- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8, 9 or 10 yrs. - 4%.
- Form 2 & 3: Replacement cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge: Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): $1.
- Forms 4 & 6: $100 deductible; Minimum additional charge $10 in lieu of $30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) $2500 increased limit - $33; $4000 increased limit - $60.
- Forms 2, 3 & 8: Fixed deductible credits; $500 - 9%; $1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Eff. 12/12/91

28. **American States Preferred Insurance Company**
- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges $500 - 12%; $1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; $15000 - $30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; $20000 - $30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; $500 - 17%; $1000 - 30%.
- Alarm systems: Premium credits vary.
- Jewelry & Furs: Forms 3, 4 & 6; $2500 limit $33; $5000 limit - $60. Form 3 w/XL coverage $5000 included in base premium. To reduce to $2500 limit subtract $35. $1000 limit subtract $56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs. -10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.
- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10/30/97

29. **Amerisure Insurance Company**
- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- 8l; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs. -.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount $60000+-$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10/1/94

30. **Amerisure Mutual Insurance Company**
- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to all homeowners rates & premiums when automobile policy is written with Amerisure Group.
- Form 6: Relativity is .85.
- Eff. 10/1/94

31. **AMICA Mutual Insurance Company**
- Waive the additional premium for Coverage C, Personal Property at 75% of Coverage A. New Home Credit; Forms 2 & 3: credit varies by age.
- Form HO 00 04 rate deviation by policy amount.
- Protective Devices, Apply 2% credit for three or more smoke detectors in all territories for protection classes 1-7.
- Additional Amounts of Insurance-1.00 All territories except 5, 6, 42 and 43. 1.02 for territories 5, 6, 42, and 43.
- Personal Property-Increased Limit, $1.60 for all forms. Also waive the charge up to 75% of Coverage A without HO 04 90 (Personal Property Replacement Cost) See Deviation Component Number 5.
- Refrigerated Property. The $10.00 charge for this coverage is waived. See Deviation Component Number 6.

- Premium Payment Option. (1) Eliminated the charge for the first installment. (2) Eliminated charge for each installment for members of the AMICA group that pay through payroll deduction. See Deviation Component Number 7.
- Multi-Line Discount, Rule A.10. Optional Rating Characteristics. Various discounts in all territories except 5, 6, 42 and 43. See Deviation Component Number 8.
- Preferred Risk Deviation, Rule A.10. Optional Rating Characteristics. Maximum Factor of $1.00 and a Minimum Factor of 0.50. See Deviation Component Number 9 and Rating Example Computation.
- Eff.3-1-07 PC098896 North Carolina Department of Insurance

32. **Armed Forces Insurance Exchange**

- Protective Device Credits: Factors vary. Maximum credit waived.
- Fixed dollar amount deductible factors credit varies.
- Wind or Hail deductibles credit varies.
- New Home Credit; All Forms, except 4 & 6: New - 20%; 2% less credit each additional yr.
- Earthquake: Ordinance or Law increased amount of insurance (Does not include basic, only increased amount).
- Sinkhole Collapse Coverage: All Forms except HO-6; Increased amount of coverage (Does not include basic, only increased amount)
- Base premium deviation based on insurance amt. credit varies all forms except HO 4 and HO 6.
- Minimum policy premium waived.
- Protective Devices.
- Personal Property Increased Limits charge per $1000; Forms 1, 2 & 3 - $.50. Form 3w/15 - $.75.
- Home Day Care Coverage E: Reduce base premium by 50%.; Coverage F; Premiums reduced by 50%.
- Other exposures - medical payments to others increase limits credit varies.
- Installment Payment Charge waived
- Hurricane Deductible Factors credit varies.
- Wind or Hail Exclusion Credit.
- Eff 3-5-07 PC097153 North Carolina Department of Insurance

33. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 $8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under $100000 - 11% surcharge; $100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%: Form 6- 20%.
- Eff. 5-15-04 PC069340 North Carolina Department of Insurance
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34. **Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies to company base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; $500-10%;$1000-20%;$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Deductible credits all territories; Credits for Coverage C $10000 & above, $500-10%,$1000-20%, $2500-30%. Credit applies to company base premium.
- Eff. 6/1/93

35. **Association Insurance Company**

- Deviation by Coverage A limit $100000 & above - 30% credit.
- Forms 1, 2 &3: Replacement Cost Coverage HO-290; Personal property incr. limits charge $1 per $1000; Waive 5% surcharge.

- New Home Credit: Coverage A amount $100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Coverage A amount is $100000 or above for all SAS Institute Inc. Employees.
- Eff. 1/1/96

36. **Assurance Company of America**

- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- Form 4: 15% deviation.
- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.
- All Forms: Fixed dollar amount deductibles factors: $500-.85; $1000-.75; $2500-.70.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of $75 is waived.
- Eff. 7/1/98

37. **Automobile Insurance Company of Hartford**

- Protective Devices credit varies.
- Deductible Credits - credit varies by coverage limit, form and deductible amount.
- Personal Property - Increased Limit Coverage C.
- Refrigerated Personal Property.
- Account Credit.
- Inflation Guard Premium Waived.
- Safety Seminar Credit certain criteria apply.
- Home buyer Credit.
- HE-7 Factor Deviation.
- Eff 11-17-06 PC097844 North Carolina Department of Insurance

38. **Auto Owners Insurance Company**

- Territory Description.Form HO 00 06 – rate deviation.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.
- Mature Homeowner Discount for insureds between the ages of 55 and 64.
- Townhouse or rowhouse charge - Charge the same rate for all protedtion classes, creating a deviation for pc9,9e,9s &10.
- Credit card, fund transfer card, forgery and counterfeit money - Premiums vary for increased limits.
- Form 6: Units Regularly Rented to Others.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Loss Assessment.
- Building Additions and Alterations at Other Residences – all forms.
- Other Insured Location Occupied by insured.
- Section II, Liability-Residence Employees waived.
- Business Pursuites – no charge.
- Personal Injury coverage – no charge.
- Permitted Incidental Occupancies – Residence Premises.
- Special Personal Property Coverage.
- Multi-Policy Discount: credit applies to primary, secondary & seasonal residence when auto & HO policy written with an Auto-Owners Insurance Group Company.
- Seasonal Discount - Forms 3 & 6 - certain criteria 5% discount.
- Section II liability watercraft - certain criteria - rates vary.

- Life/Homeowners Multi-Policy Discount
- Insurance Score Credit.
- Eff. 8/30/05 PC084265 North Carolina Department of Insurance

39. **Balboa Insurance Company**
- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies 2% - 13%: Credits cannot be combined.
- Personal Property Replacement Cost: $20 minimum premium is deleted
- Eff. 4-29-03 PC060721 North Carolina Department of Insurance

40. **Bankers Standard Insurance Company**
- New Construction Credit: New - 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2, 3, 4 & 6: Fixed dollar deductible credits; Credit varies 15% - 40%.
- Forms 4 & 6: Fixed dollar deductible credits; $500 - 11%; $1000 - 25%; $2500 - 40%.
- Rate for increase in Coverage C; $2 per $1000.
- Forms 1, 2 & 3: Replacement cost coverage HO 0490; Charge shall be 7.5% of adjusted base premium. Coverage C increased to 70% of A at no premium charge.
- Protective Device Credits: All zones & all protection classes; Credit varies 2% - 15%.
- Eff. 9/199

41. **Camden Fire Insurance Association, The**
- All Forms, except 4 & 6: New Home Credit; New -20%;1 yr. old - 18%; 2 yrs. old - 16%; 3 yrs. old -14%; 4 yrs. old -12%; 5 yrs. old - 10%; 6 yrs. old -10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%;10 yrs.-6%; 11 yrs.-4%;12 yrs-4%;13 yrs.-2%;14 yrs.-2%.
- All Forms, except 4: Account credit: 10% applies to homeowner premium when named insured insures personal automobiles in any of the General Accident Companies.
- All Forms: Protective devices: Credit varies 2% - 15%.
- All Forms: Fixed Dollar Amount Deductible Factors; $500 - .90; $1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; $1 per $1000 of insurance.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waives charge to increase Coverage C limit 50% to 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
- Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
- Eff.8/15/02 PC054137 North Carolina Department of Insurance

42. **Central Mutual Insurance Company**

CENTRAL PREMIER TIER
- Deviation by amount of insurance, Forms 2,3,&3w/15, protection class, territory and county: Variable credits.
- New Home Credit for Forms 2,3&3w/15: credits vary.
- Package Credit Forms 2, 3, 3w/15 & 6: credit varies if company carries private passenger Automobile/homeowners Coverage based on territory.
- Fixed dollar amount deductibles deviation credit varies..
- Personal Property Replacement Cost All Forms except 4&6: surcharge.
- Installment Charge Deviation
- Forms HE 7 & HE 7w/HE 20: Personal Property Replacement Cost surcharge varies.
- Customer Loyalty Credit

CENTRAL MUTUAL ADVANTAGE TIER
- Deviation by amount of insurance, Forms 2,3,&3w/15, protection class & territory and county: Variable credits.
- Form 6: Deviation by amount of insurance: credits vary.
- Forms 2, 3, & 3w/15 New Home Credit: Credit varies for homes new to 14yrs. of age.
- Forms 2, 3, 3w/15 & 6: Package Credit if company carries private passenger Automobile/homeowners Coverage based on territory.
- Fixed dollar amount deductibles deviation credits vary for all Coverage A limits and Coverage C limits above $10,000.

- Personal Property Replacement Cost for forms 2,3,3w/15 surcharge 1.035.
- Installment Charge Deviation.
- Forms HE 7 & HE 7w/HE 20: Personal Property Replacement Cost surcharge varies.
- Customer Loyalty Credit.

CENTRAL MUTUAL TIER

- Deviation by amount of insurance, Forms 2, 3 & 3w/15: protection class, territory, and county: Variable credits.
- Deviation by amount of insurance form 6 credit varies.
- New Home Credit: Forms 2, 3 & 3 w/15: Credit varies for homes new to 14 yrs. of age.
- Package Credit Forms 2, 3, 3 w/15 & 6: credit varies if company carries private passenger automobile/homeowners coverage based on territory.
- Fixed Dollar Amount Deductibles Credits vary for all Coverage A limits and Coverage C limits above $10,000.
- Personal Property Replacement Cost Forms 2 & 3: surcharge factor 1.035.
- Installment Charge Deviation.
- Forms HE 7 & HE 7w/HE 20: Personal Property Replacement Cost surcharge varies.
- Customer Loyalty Credit.

CENTRAL BENEFIT TIER

- Installment Charge Deviation.
- Eff 1-1-07 PC097602 North Carolina Department of Insurance

43. **The Charter Oak Fire Insurance Company**

- Base Rate Deviation: Credit varies depending on territory.
- Coverage A Relativities based on Coverage A amount & territory.
- Protective Device Deviation: Credits vary.
- Deductible Credits: Credit varies by amount of deductible.
- Personal Property - Increased Limit Covge C
- Refrigerated Personal Property
- Account Credit
- Loss Free Credit.
- Final premium adjustment factor of .92Forms 2, 3 & 3w15:.
- Inflation Guard: Premium charge waived.Forms 2 & 3:
- Safety Seminar Credit
- Home Buyer Credit
- HE-7 Factor Deviation.
- Eff 11-17-06 PC098301 North Carolina Department of Insurance

44. **Cincinnati Indemnity Company**

- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the $3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4/104 PC065697 North Carolina Department of Insurance

45. **The Cincinnati Insurance Company**

- New Home Credits, credit varies.
- Base Rate Deviations By Territories Credit varies based on territory.
- Installment Payment Plan:
- Homeowners Enhancement Deviation.
- Watercraft Liability deviation.
- Eff 9-1-07 PC102905 North Carolina Department of Insurance

46. **Commercial Guaranty Casualty Insurance Company**

- Forms 1, 2, 3 & 3 w/l5: Amount of insurance credit; $40000 - 2%; $45000 - 4%; $50000 - 6%; $55000 - 8%; $60000 - 11%; $65,000 - 14%; $70000 - 17%; $75000 & over 20%.
- Forms 1, 2, 3 & 3 w/15: New Home Credit; 0-1 yr. - 15%; 2-3 yrs. - 10%; 4 & 5 yrs. - 5%.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03/5/02

47. **Consolidated American Insurance Company**
- All Forms: 10% downward deviation.
- Forms 1, 2 & 3: New home credit; 16% current calendar yr.; 2% less credit for each yr. preceding current calendar yr.
- Flat Deductible Credits: $500 - 9%; $1000 - 17%; $2500 - 25%. All Forms, except forms 4 & 6.
- All Forms: Protective Device Credits; Various combinations ranging 2% - 15%.
- Forms 2, 3, 3W/15 & 6: Account credit; 10% if insured has both his personal auto policy & homeowners policy with any of the Seibels-Bruce Companies.
- Forms 2, 3, 3w/15 & 6: Amount of insurance credit; $10000 - $110000 - credit varies 0% - 27%.
- All Forms, except 4: 5% Senior Citizens Credit when required criteria is met.
- All Forms, except 4: Credits for consecutive yrs. with Seibels Bruce Insurance Companies 3-5 yrs.-5%;6 or more yrs- 10%.
- Personal Injury Coverage: No charge.
- Forms 3 & 3w/15: Coverage C increased limits charge per $1000 - $1 in lieu of $2.
- Guaranteed replacement or repair cost for dwelling HO-500: No charge.
- Forms 3 & 3w/15: Windstorm & Hail exclusion in Territory 04; $75 credit.
- Per Prop Replacement: All Forms; Increase Coverage C limits 50% to 70% of Coverage A at no additional charge.
- Eff. 8/1/92

48. **Continental Insurance Company**
- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year – 18%, 1-5 yrs. -15%; 6-10 yrs. - 10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%
- Eff. 8/15/02 PC052786 North Carolina Department of Insurance

49. **Continental National Indemnity Company**
- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.
- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria is met.
- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.

- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to $1000 when certain coverages & increased limits options are selected.
- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of the base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Coverage, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1/101 PC038500 North Carolina Department of Insurance

50. **Economy Premier Assurance Company**

- HO 00 05: Base Rate & Policy Amount Relativities by Territory Deviation: Credit varies.
- HO 00 6: Base premium deviation.
- HO 00 04: Base rate deviation by territory: Credit varies
- HO 00 04 and HO 00 06 Policy Amount Relativities by Territory Deviation.
- Homeowners HE 00 07: Contract provided at no additional charge.
- Homeowners Form HE-00 07 with HE 32-20: Base premium deviation.
- Homeowners Form HE 00 07 with HE 32 21: Base premium deviation.
- Homeowners Pak II Package Credit.
- Pak II Renewal Credit.
- New Home Discount.
- Personal Injury Protection Liability Deviation.
- Personal Property Replacement Cost Coverage: Provided at no additional charge.
- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.
- Business Pursuits Deviation.
- Water Craft Deviation: Credits vary by length & horsepower.
- Home Day Care Deviation: Premium charge will be rated at Bureau rates for Permitted Incidental Occupancies.
- Personal Property Increased Limits: $1 per $1000 of insurance.
- Premium Payment Plan Deviation.
- Earthquake Coverage Premium without an additional charge for Ordinance or Law Coverage.
- Eff. 4-1-05 PC082064 North Carolina Department of Insurance

51. **Electric Insurance Company**

- Base rate deviation HO 00 02 and HO 00 03 by territory: Credit varies.
- Base Rate Deviation HO 00 04 and HO 00 06 by territory. Credit varies.
- Personal Property Replacement Cost form HO 00 04and HO 00 06 (Coverage C) is automatically increased to 70% of Coverage A. HO-04 and HO-6 1.25 RC Coverage also applies to articles or classes of property separately described and specifically insured in this policy.
- Protective Device Credits: Credits vary.
- Deductible Factors Forms HO-4 & HO-6 Credit varies
- Personal Property – Unscheduled Jewelry, Watches and Furs.
- Personal Property Silverware, Goldware and Pewterware.
- Personal Property – Firearms
- New Home Credits – HO 00 02 and HO 00 03.
- Eff.5-1-07 PC103151 North Carolina Department of Insurance

52. **EMCASCO Insurance Company**

- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance

- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 North Carolina Department of Insurance

53. **Employers Mutual Casualty Company**

- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.
- Eff. 3-15-07 PC097669 North Carolina Department of Insurance

54. **Encompass Indemnity Company**

- Forms 2, 3, and 8 Base Rate Deviations by Territory, Credit varies by territory
- Form 4 Base Rate Deviation by Territory, Credit varies by territory
- Form 6 Base Rate Deviation by Territory, Credit varies by territory
- Earthquake Coverage - Base rate deviation according to Table, Zone, and Construction.
- Gated Community Discount: A 10% credit will be applied to the premises/property for a residence located in a gated community meeting certain criteria.
- New Home Discount: A residence 10 years of age or less is eligible for a discount, credit varies by age.
- Deductible Credits Discount: Credit varies by coverage limit and deductible amount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation: credit varies.
- Incidental Farming Personal Liability Deviation: credit varies.
- Superior Construction Discount: The premium for a dwelling or apartment unit in a building of superior construction is computed by multiplying the masonry base premium or apartment unit by .85.
- Various Credits for Protective Devices: credit varies by type of alarm.
- Credits for Automatic Sprinkler Systems: credit varies by location/area of sprinkler system.
- Special Personal Property Coverage HO 6 only: endorsement HO 32 35 factor 1.34.
- Companion Policy Discount: 10% discount applies to the residence premium if the named insured is also a named insured on an Auto Policy with any of the Encompass Insurance Companies.
- Preferred Rate Deviation: Preferred rates are available at a 5% reduction from standard rates if the amount of insurance under Coverage A is equal to at least 90% of the Replacement Cost of the Dwelling and the automatic adjustment of limits endorsed is attached.
- Effective 12/11/06 PC097453 North Carolina Department of Insurance

55. **Erie Insurance Exchange**

- Base Rate Deviations Key Premium deviations: Variable credits based on zones.
- Amount of Insurance Deviation All Forms except HO 00 04 & HO 00 06; key factors by amount of insurance.
- Multi-Policy Discount: 5% credit applied to the Homeowner adjusted base premium if the Policyholder also has a voluntary private passenger automobile policy with The ERIE Insurance Exchange or ERIE Insurance Company.
- New Home Discount: Credits vary 2% - 18% for new to 9 yrs. of age.
- Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation: Credit varies 1% -7%, with a maximum credit of $75.
- Increased Special Limits of Liability HO 04 65 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost: HO 00 02 & HO 00 03 The charge for this coverage is 12%, but it includes the increase in CoverageC to 70% of Coverage A at no additional charge. The deviation varies by rating zone. HO 00 04 & HO 00 06 - no deviation. HE-7 - no deviation.
- Townhouse or rowhouse charge - waived.
- Units Rented to Others Form HO 00 06 HO 1733 Charge 25% of base premium.
- Outboard Motors & Watercraft Deviation: Outboard, inboard & inboard-outboard less than 50 horsepower-

deviation 100%.

- Building Addition & Alterations Increased Coverage C limit - : Form 00 04 HO 0451 - $4 per $1000 increased limits.
- Specified Additional Amount of Insurance for Coverage A only(HO 32 20): $1 charge.
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06 No charge.
- Refrigerated Property Coverage: Charge waived.
- Personal Property Increased Limits; HE 7 - $2 per $1000.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Eff. 5-1-07 PC101960 North Carolina Department of Insurance

56. **Fairmont Premier Insurance Company**
- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.
- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5/1/92

57. **Farmers Insurance Exchange**
- Base Rate Deviations: Forms 3 & 4: Credits vary 6% - 11.5% by territory.
- Form Factor Deviations: Forms 3w/15 & 4.
- Plan Relativity Factors: Forms 3, 3w/15, 4, & 6: Premier, Preferred & Standard Plans: Certain criteria apply.
- Amount of Insurance Deviations: All Forms, Credit by territory varies.
- Protection - Construction Factors Deviation by territory: All Forms, except 4 & 6.
- New Home Discount: Form 3: Current yr. - .80 factor; add .02 to factor each additional yr. until 7th yr.
- Ordinance or Law Deviation: Forms 2 & 3: Factors Vary.
- Personal Property Replacement Cost Coverage Deviation: Forms 4 & 6.
- Protective Devices Deviation: Credits vary 1% - 10%: Certain criteria apply.
- Deductible Deviations: All Forms , except 4 & 6: Credits vary.
- Wind Storm or Hail Deductible Deviations: All Forms, except 4 & 6.
- Loss Assessment Coverage Deviation: Forms 3 or 6w/HO1732.
- Loss of Use Deviation/Increased Limit: Rate per $1000 - $3.
- Other Structures Increased Limit Deviation: Rate per $1000 - $2.
- Personal Property Increase Limits Deviation: Credits vary.
- Other Insured Location Occupied by Insured: 4 Family Residence - $27.
- Additional Residence Rented to Others: 4 Family Residence - $86.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for $200,000 limit.
- Age 50 Plus Discount.
- Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Non Smoker Discount: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.
- Eff 2/16/06 PC090139 North Carolina Department of Insurance

58. **Federal Insurance Company**
- Elimination of maximum credit for protective devices.
- Optional Higher Deductibles
- Hurricane Deductible
- Additional Amount of Insurance deviation. Forms 2 & 3
- All Forms: 5% Gated Community Credit when criteria is met.
- Effective 12/1/05 PC085699 North Carolina Department of Insurance

59. **Federated Mutual Insurance Company**
- Forms 1, 2, 3 & 3w/l5: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to $250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/l5: Fixed dollar amount deductibles; $100 +10%; $500 -10%; $1000 -20%; $2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; $100 +10%; $500-15%; $1000-30%; $2500-40%.
- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/l5: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: $5 maximum charge per account for all policies.
- Eff. 11-15-94

60. **Fidelity & Guaranty Insurance Company**
- Waive additional premium of $5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.
- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 $5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 North Carolina Department of Insurance

61. **Fidelity National Property and Casualty Insurance Company**
- Base rate deviation by territory.
- Amount of Insurance deviation by territory – HO-3.
- Amount of Insurance deviation by territory – HO-4.
- Amount of Insurance deviation by territory – HO-6.
- Protection Class deviation – HO-3, HO-4, HO-6.
- HO-3 Tounhouse/Rowhouse deviation.
- Deductible credits deviation – HO-3.
- Hurricane deductible deviation – HO-3.
- Windstorm or Hail deductible deviation – HO-3.
- Deductible Credits deviation – HO-4 and HO-6.
- Number of families deviation.
- Replacement Cost on Contents – HO-4 and HO-6.
- Homeowners Renewal Discount.
- Automatic Sprinkler Discount.
- Ordinance or Law Coverage.
- Fidelity National Financial Employee discount.
- Home/Auto Discount.
- Newly Acquired Home Discount.
- Coverage A Increased Limits HO-6.
- Eff 9-14-05 PC085587 North Carolina Department of Insurance
- (name changed from First Community Insurance Company 12-12-03)

62. **Fidelity & Guaranty Insurance Underwriters**
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of $5 or less.
- Special Package Discount: 5% credit applied to total residential insurance premium when underwriting criteria is

met.

- Form 6: Form Relativity of .800 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: H0 3211 - $5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 , 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 North Carolina Department of Insurance

63. **Firemans Fund Insurance Company**

- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all Homeowners policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121 North Carolina Department of Insurance

64. **Firemen's Insurance Company of Washington D.C.**

- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55 yrs. & older.
- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors of .85-.95 applies when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under $200,000 - $500 ded. - .87; $1000 - .76; $2500 - .73. $20000-$400,000 - $500 ded - .89; $1000 - .80; $2500 - .77. Over $400,000 - $500 - .92; $1000 - 86; $2500 - .83.
- Eff. 10-1-97

65. **Garrison Property and Casualty Insurance Company**

- New Home Discount
- Personal Property – Additional Coverage –Jewelry and Furs
- Personal Property –Increase Limit
- Base Premium Computation HO 00 06 by territory/county
- Base Premium computation HO 00 03 by territory/county
- Sinkhole Collapse coverage
- Insallment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law-All Forms and Ordinance or Law increased amount of coverage-HO 00 06
- Coverage A Dwelling Basic and Increased Limits and Special coverage – HO 00 06
- Refrigerated Personal Property
- Other structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43
- Tier Discount form HO 00 03 and HO 00 06
- Protection Construction Factors
- Eff 9-1-07 PC104509 North Carolina Department of Insurance

66. **General Insurance Company of America**

- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete $1 charge for $1000 limit.
- Personal Injury (HO 24 82): $10 charge per policy.
- Landlord's Furnishing (HO 32 21): $10 premium per policy to increase coverage to total $5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.
- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability $100,000 - $1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base $300,000: Coverage F no charge.
- Special Personal Property Coverage HO-OO 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: $2 each installment.
- Eff. 8-15-02 PC052887 North Carolina Department of Insurance

67. **Glens Falls Insurance Company**

- All forms, except 4 & 6: Amount of Insurance Deviation; Variable credits.
- Form 4: Amount of Insurance Deviation: Variable credits.
- Form 6: Amount of Insurance Deviation: Variable credits.
- Earthquake Rate Deviation.
- Forms 2, 3, 3w/15 & 8: Personal Property Replacement Cost; Eliminate 5% surcharge.
- Deductible Credit Deviation.
- New Home Discount: 0 - 5 yrs. - 15%; 6 - 10 yrs. - 10%.
- Gated Community Discount.
- Guaranteed Replacement Cost coverage of building & structures at principal residence - $3.
- Form 6: $1000 increase is .9 times the applicable premium under each additional $1000 column in the basic premium chart for Coverage C.
- Preferred Rate Deviation: Plan A rates deviation of 20%.
- Additional Limits Deviation Coverage F: Medical Payments Deviation.
- Other Insureds Location: Variable credits.
- Permitted Incidental Occupancy Medical Payments Rate Deviation.
- Additional Residence Rented to Others Rate Deviation.
- Business Pursuits Rate Deviation.
- Permitted Incidental Occupancy Rate Deviation.
- Incidental Farm Rate Deviation
- Eff. 11-1-96

68. **Globe Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 $8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under $100000 - 11% surcharge; $100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Effective 5-15-04 PC071713 North Carolina Department of Insurance

69. **Government Employees Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.
- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - $10,000-$200,000 & over. Credit varies 4%-22%.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional $1000 of coverage.
- Installment Payment Plan: Waive the charge of $3 first installment if first payment received with application.
- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

70. **Grain Dealers Mutual Insurance Company**

- 10% credit when insured has both personal auto & homeowners policy written by Grain Dealers Mutual Ins. Company.
- Forms 2 & 3: New Home Credit: New - 1yr. of age - 25%: 1-2yrs. of age - 20%: 3 ys. of age - 15%: 4 yrs. of age - 10%: 5 yrs. of age -5%.
- Forms 2, 3 & 3w/15: 20% to base rates applies to Coverage A amount of more than $125,000.
- Continuous Policyholder Discount Program: 0-2 yrs.-0%credit: 3-5 yrs.-5%credit: 6-8 yrs.-10% credit: 9+ yrs.-15% credit.
- 10% deviation on base rates for Alamance & Caswell Counties in Territory 35.
- Personal Property Increased Limits Rate Deviation.
- Form 3:10% Mature Home Credit: Certain criteria must be met.
- Eff. 1-1-02 PC042992 North Carolina Department of Insurance

71. **Granite State Insurance Company**

- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium $1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

72. **Graphic Arts Mutual Insurance Company**

- Replacement Cost on Contents; Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to the total base premium.
- Mass Merchandising Plan.
- -5% W.I.S.E./Affinity program discount,
- For Forms HO 02, HO 03, HO 05 and HO 08, factor of .95 for risks located in terrs 5, 6, 41, 42, 43, 45 and 46.
- For Forms HO 00 02, HO 03, HO 05 and HO 08, factor of .85 for risks located in territories 36, 44 and 60
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .90 for risks located in territories 38 and 39
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .80 for risks located in territory 34.
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .82 for risks located in territory 57
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .84 for risks located in territory 53
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, a rating factor of .85 for risks located in territory 32
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .92 for risks in territory 47
- For Forms HO 00 04 and HO 00 06, factor of .85 for risks in territories 36, 44, 57 and 60
- For Forms HO 00 04 and HO 00 06, factor of .90 for risks located in territories 38 and 39
- For Forms HO 00 04 and HO 00 06, factor of .85 for risk located in terrs 5, 6, 32, 34, 41, 42, 43, 45, 46, 47 and 53
- Personal Lines Account Credit
- Homeowners Extension Package
- Protection Class deviation/
- Eff. 8-1-07 PC103506 North Carolina Department of Insurance

73. **Hanover American Insurance Company**

- Age of Dwelling Credit: All Forms, except 4 & 6: Credit varies for Dwellings 1-7 yrs. of age.

- Mature Homeowners Credit: All forms: 5% credit applies when certain criteria are met.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6: Minimum premium of $20.
- Non-Smoker Discount: All forms: 5% credit.
- 7% Account Credit: All forms.
- Loss of Use-Increased Limits: All forms: Additional charge $4 per $1000 increase.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits: $3 per $1000 increase: 1st $5000 increase no charge.
- Reduced Watercraft Liability Rates: All forms.
- Personal Property , Increased Limits-$1 per $1000 increase: All forms, except 4 & 6.
- Special Personal Property: Reduced Charge for Form 3w/15.
- Electronic Funds Transfer Plan Discount: All forms.
- Group Modification Plan Discount: All forms: Credit varies 0%-13.5%.
- Direct Bill Policies: All forms: $1 per installment.
- Territorial Deviation: All forms except HO 00 04 and HO 00 06: 5% deviation.
- Cap on total credits/discounts of 35%.
- Relativity Curve Deviation.
- Eff. 7-15-07 PC102801 North Carolina Department of Insurance

74. **Hanover Insurance Company**

- Year of Construction – Newly Constructed Dwellings.
- Mature Homeowners Credit: All forms: 5% credit applies when certain criteria are met.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6: Minimum premium of $20.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6: Minimum premium of $25.
- 10% Account Credit: All forms.
- Loss of Use-Increased Limits: All forms: Additional charge $4 per $1000 increase.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits: $3 per $1000 increase: 1st $5000 increase no charge.
- Reduced Watercraft Liability Rates: All forms.
- Personal Property Increased Limits-$1 per $1000 increase: All forms, except 4 & 6.
- Special Personal Property: all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount: All forms.
- Group Modification Plan Discount: All forms: Credit varies 0%-5%.
- Direct Bill Policies: All forms: $1 per installment.
- Cap on credits/discounts
- Relativity curve deviation
- Eff. 7-15-07 PC102802 North Carolina Department of Insurance

75. **Harbor Specialty Insurance Company**

Preferred:

- Homes 25 yrs. of age or less insured for $50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.
- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge $1 in lieu of $5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 ded. - 10%; $1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.

- Forms 4 & 6: Deductible Credits; $500 ded. - 10%; $1000 ded. - 23%.

Standard:

- Form HO-3 only - Homes 25 years of age or older and/or insured for less than $50,000.
- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 - 10%; $1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.
- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

76. **Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .90; $1000 - .83; $2500 - .75. $100 deductible amount - minimum $30 - maximum $60.
- Forms 4 & 6: Fixed dollar amount ded. factors; $500 .90; $1000 .77; $2500 .63. $100 deductible amount min. $30, max. $60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

77. **Harleysville-Atlantic Insurance Company**

- Forms 1, 2, 3 & 8: Base rate credits; Coverage A limit $48,000 & under $95,000 & over; Credit varies 0.0% - 27.5%.
- All Forms: 13%; Optional coverage rates Section I & II.
- Forms 1, 2, 3 & 8: New Home Discount factor; 1 yr. old or less .80; Discount factor increased by .01 thru 11th yr. - discount factor increased by .02 - 12th thru 15th yr.
- Eff. 5-1-92

78. **Harleysville Mutual Insurance Company**

- Group Mass Marketing Discount: 10% to voluntary policyholders that are members of specific group type organizations.
- Preferred Customer Discount: All territories except 05, 06, 41, 42, 43, 81, and 86 when certain criteria are met.
- StarPak ProgramDiscount.
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit HO 02, HO 03 and HE 7.
- Mature Homeowner Discount HO 03 and HE 7 only 55 years of age or older.
- Life Insurance Policy Discount Homeowner and Life policy
- Coverage A Key Factors discount ($180,000 and higher) All territories except 05, 06, 42, 43, 81 and 86.
- Eff. 9/12/06 PC 096822 North Carolina Department of Insurance

79. **Harleysville Preferred Insurance Company**

- Group Mass Marketing Discount: 10% to voluntary policyholders that are members of specific group type organizations.
- Preferred customer discount – all terr except 05, 06, 41, 42, 43, 81 and 86. The percentage discount is determined by the combination of insurance score rating and characteristics met.
- HE-7 Enhancement Discount: credit varies.
- StarPak Program Discount
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit Forms HO 02, HO 03, and HE 7,
- Mature Homeowner Discount HO 03 and HE 7 only 55 years of age or older.
- Policy Discount (life insurance/annuity policy)
- Coverage A Key Factors discount ($180,000 and higher) All territories except 05, 06, 41, 42, 43, 45
- HO 00 04 or HO 00 06, Base Premium for Territories except 5, 6, 41, 42, 43, 45.
- Perosnal Property Increased Limit.

- Eff 9-18-07 PC107291 North Carolina Department of Insurance

80. **Hartford Accident and Indemnity Company**

- Account Credit Deviation: Factors apply if insured meets eligibility requirements.
- Mature Retirees Credit: Factor of .98 is applied when required criteria is met.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Package - Form 3: credit when criteria are met.
- Key Factor/Coverage A.
- Effective 10-3-07 PC105284 North Carolina Department of Insurance

81. **Hartford Casualty Insurance Company**

- Account Credit Deviation: Factors apply if insured meets eligibility requirements.
- Mature Retirees Credit: Factor of .98 is applied when required criteria is met.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Package - Form 3: 15% credit when criteria are met.
- Key factors by territory.
- Eff. 10-3-07 PC105287 North Carolina Department of Insurance

82. **Hartford Fire Insurance Company**

- Account Credit deviation
- Mature Retirees Credit
- Limited Access Credit-Forms HO 00 04 and HO 00 06.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Package.
- Key Factor/Coverage A.
- Eff. 10-3-07 PC105283 North Carolina Department of Insurance

83. **Hartford Insurance Company of Midwest**

- Account Credit Deviation: Factors apply if insured meets eligibility requirements.
- Mature Retirees Credit: Factor of .98 is applied when required criteria is met.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Package - Form 3: 15% credit when criteria are met.
- Key factors by territory.
- Effective 10-3-07 PC105286 North Carolina Department of Insurance

84. **Hartford Underwriters Insurance Company**

- Age of Dwelling Credit: 0-1 yr. of age - 15%; 1% less credit each added yr.
- Account Credit Factor: .95 if insured has personal auto policy with same company based on territories.
- Mature Retiree Credit Factor; .95 when required criteria are met.
- Limited Access Credit if complex meets protection requirements Forms 4 & 6: 10%.
- Product Factor – HO 00 04 and HO 00 06.
- Key Factors – coverage A.
- Eff. 10-3-07 PC105143 North Carolina Department of Insurance

85. **Homesite Insurance Company**

- Preferred Risk Group 1 Discount 10% when certain criteria are met.
- Preferred Risk Group 2 Discount 10% when certain criteria are met.
- Eff 3/31/03 PC057282 North Carolina Department of Insurance

86. **Horace Mann Insurance Company**

- Coverage amount & territory deviations:Form 7 Masters Program Variable credit.
- Protective Device Credits: Classes 1-9: Credits vary from 1%-15%.
- Forms 1, 2, & 3: 2% credit if insured 100% to value & Inflation Guard Endorsement attached.

- New Home Credit Forms 2 & 3 & Master Program:; 0 or 1 yr. - 20%; 2% less credit each added yr. to 10th yr.
- Territorial Base Rate Deviation: 8% Credit.Forms 4 & 6:
-
- Installment Payment Plan: Forms ML-3, 4, 6 & Master Program: Waive initial $3 installment fee.
- Deductible Credits Forms ML 2& 3 and masters: Variable credits.
- Auto/Home discount all forms credit varies.
- Deductible Credits for forms ML-4 and 6 credit varies.
- Replacement Cost on contents - 15% charge for policies with $500 or greater deductible. $10 minimum premium.
- Masters Program - $60,000 Minimum coverage A, includes inflation protection coverage at no additional charge; includes Replacement Value-Personal Property; included the following percentages of Coverage A: 10% coverage B, 70% coverage C, and 20% coverage D.
- Federal Flood Insurance Program: 2% credit applies to HO and MH policies if the insured has a federal flood insurance policy placed with us through our flood insurance placement program.
- Downward deviation on earthquake.
- Silverware, Goldware,& Peterware coverage will be $3.00 per $500 of insurance.
- Refrigerated Food Spoilage coverage will be $5.00 per policy.
- Tenant's Improvements Increased Limit - $4 per $1000 of insurance.
- Coverage A Increased Limit - $3 per $1000 of insurance.
- Additional Residence Premises - Rented to Others (Liability Coverage) - Premium varies.
- Private Structures - Rented to Others (Liability Coverage) - Premium varies.
- Form 7-Masters Program: Credit Tier Deviation.
- Eff. 5-1-04 PC070010 North Carolina Department of Insurance

87. **Horace Mann Property & Casualty Insurance Company**

- Amount of Insurance Deviation Form 3 & Masters Program by territory: Credit varies.
- Protective Device Credits for Protection Classes 1-9: Credits vary 1% - 15%.
- 2% credit for form 3 if all coverage amounts insured 100% to value with Inflation Guard Endorsement attached.
- Newly Constructed Residences Credit: Age of Home 0 - 10 yrs.: Credits vary 3%-16.5%.
- Protection Class credits for Form 3 and Masters Program.
- Installment Pay Plan.
- Deductible Factors for Form ML-3 and Masters Program.
- Multiline Discount.
- Masters Program: $125000 minimum Coverage A, includes replacement value - personal property & inflation protection coverage at no additional charge.
- Federal Flood Insurance Program: 2% credit if flood insurance policy is placed through us.
- Earthquake Deviation.
- Silverware, Goldware & Pewterware coverage will be $3 per $500 of insurance.
- Refrigerated Food Spoilage coverage will be $5 per policy.
- Additional Residence Premises - Rented to Others (Liability Coverage): Rates vary per coverage amount
- Private Structures - Rented to Others (Liability Coverage)
- Credit Tier Diviation.
- Eff 8-1-05 PC082794 North Carolina Department of Insurance

88. **IDS Property casualty Insurance Company**

- Form 3 – Amount of Insurance
- Form 4 – Amount of Insurance
- Form 6 – Amount of Insurance
- Protective Device Credits
- Deductible Credits
- Home and Auto Discount
- Replacement Cost on Contents Discount
- Condo Coverage A increased limits
- Utilities Rating Plan
- Coverage C Increased Limits
- Installment Pay Plan
- Refrigerated Personal Property

- Townhouse/Rowhouse
- Costco Discount
- Base Rates (Form 3) by territories
- Base Rates (Form 6) by territories
- Eff 5-1-07 PC102017 North Carolina Department of Insurance

89. **Indemnity Insurance Company of North America**

- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.
- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 premium charge per $1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

90. **Indiana Lumbermens Mutual Insurance Company**

- Forms 1, 2, 3 & 3 w/l5: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9/1/85

91. **Insura Property & Casualty Insurance Company**

- Form 3: Deductible credits; $500 - 15%; $1000 - 25%; $2500 - 38%.
- All Forms: Personal property increased limits $2 per $1000.
- Protective Device Credits; Credit varies 2% - 15%.
- Personal Injury (HO-82) included at no charge.
- Personal Property Replacement Cost Coverage; Eliminate 5% surcharge.
- New Home Credit: Current calendar yr. - 20%; 1 yr. preceding current calendar yr. - 18%; each added yr. 2% less credit until 10+ yrs. - 0%.
- Multi-Policy Credit: 10% applies to total HO policy prem. when auto policy is written in the Anthem Casualty Ins. Group.
- Amount of insurance deviation based on territory, protection class & amount of Coverage A: $70,000-$200,000 credits varies 8.6% - 21.9%; Each additional $10,000 credit varies 15% - 30%.
- Forms 2 & 3: Amount of Insurance Deviation; 3% charge of basic premium.
- Base premium deviation by territory.
- Eff. 6-1-99

92. **Insurance Company of North America**

- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C; $1 per $1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & $1 per $1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5/1/92

93. **Insurance Company of the State of Pennsylvania**

- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; $250 - 15%; $500 - 25%; $1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.
- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6/15/88

94. **Integon General Insurance Corporation**
- Delete the surcharge for $100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount $50,000 - $250,000 & above based on territory; Credit varies - 0% - .340%.
- Deductible Credits: Form 3; Terr. 32, 33, 34-41- $250 ded., $500 ded., $1000 ded. & $2500 ded.: Credits varies .05%- .41%.
- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

95. **Integon Indemnity Corporation**
- Delete surcharge for $100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount $50,000 - $250,000 & above & based on territory. Variable credit.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - $250 ded; $500 ded. $1000 & $2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5/1/92

96. **Liberty Mutual Fire Insurance Company**
- Mass Merchandising Program – 5% deviation when certain criteria is met
- Deductible Credits Deductible Amount and percentage of credit/surcharge vary.
- Amount of Insurance Forms HO 1,2, & 3 Deviation by policy amount and territory.
- Amount of Insurance HO 4 & 6 Deviation by policy amount and territory.
- Installment Payment Plan all forms - $3 each installment except first installment
- Coverage A Dwelling Limit for form HO 6
- Watercraft Deviation by limits of liability
- New Home Credits HO 2 & 3 Credits vary.
- Protective Devices Credits Credits vary .
- Hurricane deductible credits; credit varies by deductible amount.
- Eff. 5-10-04 PC070198

97. **Liberty Mutual Mid-Atlantic Insurance Company**
- Forms 2,3,4, & 6 35% deviation.
- Froms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

98. **Lititz Mutual Insurance Company**
- New Home Credit.
- Discount when Guaranteed Repair or Replacement Cost Protection (Coverage A) and Personal Property Replacement Cost Protection (Coverage C) are used together.
- Protection class 9 discount
- Optional Higher Deductibles Deviation.
- Base Rate Deviation by Territory: Credit varies.
- Eff 11-1-07 PC107982 North Carolina Department of Insurance

99. **LM Property and Casualty Insurance Company**
- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 $1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: $1.00 per $1,000 increase of insurance
- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is

age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured community. Fully secured - 10%: Partially secured -5%.
- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: $14 per $1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of $20.
- Silverware, Goldware, & Pewterware: $2.50 per $500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.
- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.
- Business Property - Increased Limits Deviation: $10 per $2500.
- Eff. 3-14-03 PC058007 North Carolina Department of Insurance

100. **Lumbermens Mutual Casualty Company**
- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- $100 Deductible: Waive minimum premium.
- $250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.
- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 North Carolina Department of Insurance

101. **Maryland Casualty Company**
- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: $500 - 15%; $1000 - 20%; $2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of $75 is waived.
- Eff. 7-1-98

102. **Massachusetts Bay Insurance Company**
- Year of Construction – Newly Constructed Dwellings.
- Mature Homeowners Credit: All forms: 5% credit applies when certain criteria are met.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6: Minimum premium of $20.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6: Minimum premium of $25.

- Non-Smoker Discount: All forms.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms: Additional charge $4 per $1000 increase.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits: $3 per $1000 increase: 1st $5000 increase no charge.
- Reduced Watercraft Liability Rates: All forms.
- Personal Property , Increased Limits-$1 per $1000 increase: All forms, except 4 & 6.
- Special Personal Property: Reduced Charge for Form 3w/15.
- Electronic Funds Transfer Plan Discount: All forms.
- Group Modification Plan Discount: All forms: Credit varies 0%-5%.
- Direct Bill Policies: All forms: $1 per installment.
- Territorial Deviation: All forms, except 4 & 6: Credit varies.
- Cap on total credits/discounts of 35%.
- Relativity Curve Deviation
- Eff 7-15-07 PC102800 North Carolina Department of Insurance

103. **Medmarc Casualty Insurance Company**

- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7/15/90

104. **Merastar Insurance Company**

- New Home Credit; HO 00 03 Homes completed & occupied during current calendar yr. credit varies.
- Safe and Sound Discount: protective device credit certain criteria.
- Auto Home Discount All Forms - credit to the base homeowner premium if insured's automobile is insured with this Company.
- Waiver of installment charge when certain requirements are met.
- Increased Special Limits of Liability: Jewelry, watches & furs; Additional premium $10 for each $1000 increase.
- Merastar Maximum Discount: Factor .97 applies to base premium when certain criteria is met.
- Deductible credits;Forms 3 & 5: $500 - $1000
- Deductible credits;Forms 4 & 6: $500 - $1000
- Protective Device Credits; 2% - 15%.
- Boat Liability Rate Deviation: All Forms: credit based on length & horsepower.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount All Forms Discount if the named insured is a member of an employer sponsored account or qualifying affinity group.
- Eff. 8-1-05 PC084763 North Carolina Department of Insurance

105. **Metropolitan Direct Property & Casualty Insurance Company**

- Deductible Deviation.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Claim Free Discount.
- Increased Ordinance or Law Coverage
- Earthquake Coverage
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Eff. 5/1/07 PC103863 North Carolina Department of Insurance

106. **Metropolitan Property & Casualty Insurance Company**

Standard Program

- Deductible Deviation.
- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Smaller employer groups when criteria is met.
- Claim Free Discount: 5% discount when criteria are met.
- Increase Ordinance or Law coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.

Conversion Program

- Windstorm or Hail Percentage Deductible Relativities.
- Additional Limit of Liability.
- Replacement Cost on Contents: 10% surcharge. Coverage C amount increased to 70% of Coverage A at no additional cost.
- New Home Discount – Year of Construction..
- Premium Credits for Alarm Systems: Credits vary 1% - 15%. Credit applies to base premium.
- Mature Homeowners Discount: credit applies if a person is age 55 or older & retired. If married one spouse must be age 55 or older & neither employed full time. Not available with Form HO-4 & in specified territories.
- Windstorm or Hail Exclusion Credit: Variable credits based on protection class, construction & territory.
- Multi-Policy Discount: applies to total homeowner premium when homeowner & auto policies issued with Metropolitan. Not with ho 4 or in terr 5, 6, 34, 41, 41, 42, 43.
- Claim Free Discount: 5% discount when criteria are met.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Eff 5-1-07 PC103777 North Carolina Department of Insurance

107. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per $1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.
- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): $5 per policy when criteria is met.
- All Forms: 10% Account Credit.
- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 North Carolina Department of Insurance

108. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% t 15%.

- All Forms, except 4 & 6: Deductible/factors; $100-1.10 - no minimum or maximum charge; $500-.90; $1000-.80.
- Forms 4 & 6: Deductible/factors; $100/$250 theft - 1.05. No minimum or maximum charge; $500-.90; $1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: $5 Photo Credit New Business.
- Form 4: Building additions & alterations increased limits $5 per $1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, $5000 Coverage A is provided at no additional charge. Charge $5 per $1,000 for increased limit up to total of $15,000.
- Forms 4 & 6: Loss of Use; Increased limits $3 per $1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - $2 per installment.
- Eff. 6-1-99

109. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - $55,000 - $120,000 & over; Territory 34 Cumberland County -0% -22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. $50,000 -$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance $50,000 - $120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; $500-10%; $1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; $500 - 10%; $1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance $50,000-$69,000 - 10%; $70,000 - 110,000 - 11%; $120,000 - $170,000 - 12%; $180,000 - $200,000 - 13%, each additional $10,000 - 0% when special requirement are met.
- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.
- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.
- Earthquake Coverage: Superior construction will be rated same as frame construction.
- Form HO-6: Coverage A increased limits; $3 for each additional $1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5/1/92 *Name changed from State National Specialty Company effective 3/16/04*

110. **National Surety Corporation**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Eff 12-01-03 PC065123 North Carolina Department of Insurance

111. **National Union Fire Insurance Company of Pittsburgh**

- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit: Credit varies by amount of insurance and deductible amount.
- Increased Coverage C Limit Deviation: A factor of 1.25 applies per$1000 of insurance. Territories 5, 6, 42 & 43 excluded.
- Renovated House Credit: Credit varies .82 - .97 for houses renovated 1 yr. to 6 yrs.
- Gated Community Credit: 5% applies when criteria is met.
- Loss Free/ Persistency Credit: 5% or 10% credit applies when criteria is met.
- Eff. 10-13-00 PC037427 North Carolina Department of Insurance

112. **Nationwide Mutual Fire Insurance Company**

- Nationwide Territory Deviation/Territory Deviation Forms HO 02, HO 03 & HO 05: Deviation by amount of insurance & territory.
- Home & Car Discount: Credit varies 2% - 12%.
- Amount of Insurance deviation: Credit varies by territory and amount of Insurance.
- Personal Property Replacement Cost Coverage by territory: Form HO 02, HO 03 and HO 05.
- Deductible Deviations by form, territory, amount of insurance & deductible option.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Home Component Deviation.
- Eff. 6-24-07 PC101415 North Carolina Department of Insurance

113. **Nationwide Mutual Insurance Company**

- Nationwide Territory Definitions and Territory Deviations Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
- Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06
- Deductible Deviations.
- Protective Device Deviation.
- Safe Home Rating Program – Form HO-2, HO-3, HO-5.
- Age of oldest Insured.
- Persoanl Status Deviation.
- Age of construction deviation.
- Amount of Insurance – Forms HO 02, HO 03, and HO 05.
- Age of Home Component Deviation.
- Home Purchase Deviation.
- New Home Buyer Deviation.
- Eff. 4/21/06 PC090091 North Carolina Department of Insurance

114. **Netherlands Insurance Company**

Preferred Homeowners

- Personal Property Increased Limits;. Forms 3, HE-7, HE-7w/20 & HE7w/21 $.50 per $1000 of insurance
- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge $5.
- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

Standard Homeowners

- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; $.50 per $1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge $5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they ar written as part fot the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.

- Eff 10-15-02 PC053999 North Carolina Department of Insurance

115. **New Hampshire Insurance Company**

- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): $1 per policy.
- Eff. 7/1/87

116. **New South Insurance Company**

- Deviation by Amount of Insurance: Coverage A amount: $50000 - $250,000 & above based on territory; Credit varies 0% - .380%.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits: Territories 32, 33, 34 - 41; $250 ded., $500 ded. $1000 ded. & $2500 ded.; Credits vary .05% - 41%.
- Form 6: 15%.
- Delete surcharge for $100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5/1/92

117. **NGM Insurance Company**

- Age of Dwelling Deviation: Forms 2 & 3: 0 - 5 yrs. of age: Credit varies 0% - 18%.
- Preferred Homeowners or Revitalized Home Credit when underwriting guidelines are met: Credit varies. Forms 2 & 3:
- Deductible credits/charges, factor varies by ded amount. Forms 2, 3, 4, 6 & 8.
- Form 6: HO-4 base premium by factor .80 to develop base premium HO-6.
- All Forms: Protective Device Credit: Credit varies 1.1% to 2.3%. There is a maximum allowable credit of 15%.
- Forms 2, 3, 4 & 6: Replacement Cost on Contents: Minimum additional premium of $20 does not apply.
- Forms 2 & 3: Personal Injury (HO-3282); Charge will be deleted when selection of additional coverages are met.
- Forms 2 & 3: Water Back-up of Sewers or Drains (HO 0484): Charge will be deleted if selection of additional coverages is met.
- Forms 2 & 3: Credit Card, Fund Transfer Card, Forgery, & Counterfeit Money (HO 0453): Charge will be deleted when selection of additional coverages is met.
- Forms 2 & 3: Charge for Special Computer Coverage (HO 3237) will be deleted when selection of additional coverages are met.
- Forms 2 & 3: Coverage C Special Limits of Liability: 2% charge of the base premium when certain criteria are met.
- Forms 2 & 3: Fire Department Service Charge: the policy limit of $500 for fire department service charge will be increased to $1000 with selection of certain additional coverages and increased limits.
- Forms 2 & 3: Charge to increase Coverage D to 30% of Coverage A will be deleted when selection of additional coverages are met.
- Installment Payment Plan: Multi-policies - $3 charge first policy: $1 charge for each additional personal lines policy appearing on monthly statement. No service charge if paid via EFT.
- Forms 2 & 3: Additional Limits of Liability for Coverage A (HO 3220): 6% of base premium when selection of certain coverages is met.
- Forms 2 & 3: Personal Property Replacement Cost: along with HO 0490 5% of base premium when selection of certain coverages.
- Forms 2 & 3: Ordinance or Law (HO-0477): 15% additional of Coverage A will be 4% of base premium for all insureds when selection of certain coverages is met
- Forms 2 & 3: Refrigerated Property Coverage (HO0498) charge will be deleted when selection of additional coverages are met
- Insurance Score Discount factor varies by Insurance Score.
- Eff. 10-21-05 PC084159 North Carolina Department of Insurance

118. **North Carolina Farm Bureau Mutual Insurance Company**

- Deviation by Territory & Program.
- Deviation on Forms HO 00 04 and HO 00 06.
- -10% Deviation on Form HO 00 08.
- Dedictible Credits.
- Value Plus Homeowners; Credit varies when criteria is met.6

- Water Craft: Deviations varies by speed, length & horsepower of Water Craft.
- Age of dwelling credit; Territories 5 & 6 excluded; 2% credit until 8 or more yrs., then no credit
- Deviation by Amount of Insurance vary based on rate structure, protection class, deductible, & territory. Forms 2 & 3: Credits vary
- .Deviation on Personal Property Coverage Forms HO 00 02 and HO 00 03 w/o HO 00 15.
- Personal Property Coverage C Replacement Cost.
- Carolina Partner Plus Discount varies by Coverage A amount of insurance when criteria is met. Credit varies.
- Deviation for Additional Residence Rented to Others & Other Structures Rented to Others - Residence Premises.
- Forms 2, 3, 4, 6 & 8: Deductible credits/charges.
- Deviations by selected country.
- Additional 5% deviation applies to property in specified counties.
- Eff. 5-1-07 PC101567 North Carolina Department of Insurance

119. **North River Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to $1 per $1000 of increased Coverage C.
- All Forms: Replacement cost on contents; Deletion of $20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

120. **Northern Assurance Company of America**

- All Forms, except 4 & 6: New Home Credit: 0-1 yr. old - 20%; 2% less credit each yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Guaranteed Replacement Cost (HO-3211): $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement: 6% - at no charge.
- Forms 1, 2 & 3: Fixed dollar amount deductible credits; $500 - 15%; $1000 - 21%; $2500 - 38%..
- Homeowners Enhancement Program Factors: HE - 7 - 1.15%; HE - 7w/15 - 1.20 & HE - 7w/21 - 1.25.
- Deviation by Coverage A amount of insurance. All Forms, except 4 & 6: Credit varies.
- Windstorm or Hail Deductible.
- Eff. 8-15-02 PC053955 North Carolina Department of Insurance

121. **Northern Insurance Company of New York**

- Forms 1, 2, 3 & 3w/l5: Age of dwelling credit; 0 - 2 yrs. - 25%; 3 yrs. - 23%; 4 yrs. - 21%; 5 yrs. - 18%; 6 yrs. - 15%; 7 yrs. - 12%; 8 - 12 yrs. - 11%; 13 - 15 yrs. - 5%.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500; Reduce premium $5 to $1.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 1, 2 & 3: Charge $1 per $1000 for increase in Coverage C limits.
- Eff. 2/15/92

122. **Northwestern National Casualty**

- Forms 2, 3, 3w/15, & 6: Company deviation based on territory & Coverage A amount; Credit varies.
- Forms 2, 3 & 3w/15: New Home Discount: New to age 20 yrs. Credit varies 2% - 27%.
- All Forms, except 4 & 5: Deductible Credit/Charges.
- Personal Property Increased Limits for Coverage C. Forms 2 & 3 - $.50: Form 3w/15 - $2.
- Protection Construction Relativity Deviation.
- Protection Devices Credits: Maximum Credit removed.
- Outboard Motors & Water Craft: Liability rates amended by boat length.
- Form 6: Dwelling Basic and Increased Limits and Special Coverage. $5000 Coverage A limit named perils basis:

No premium charge.
- Personal Property Replacement Cost Coverage: All forms, except 4 & 6 - factor 1.05; Form 4 & 6 - factor 1.35. Minimum premium deleted.
- Ordinance or Law Coverage deviation.
- Three or Four Family Dwellings: Coverage B & C deviation.
- Installment Payment Plan: Initial installment charge waived.
- 5% Account Credit when named insured has an auto policy with the Highlands Insurance Group Companies.
- Eff. 6-1-99

123. **Ohio Casualty Insurance Company**
- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff.12-1-05 PC082799 North Carolina Department of Insurance

124. **OneBeacon Insurance Company**
- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.
- Account Credit when the named insured insures personal auto in any of the General Accident Copanies.
- Fixed Dollar Amount Deductible.
- New Home Credits.
- Eff 4-15-96

125. **OneBeacon Midwest Insurance Company**
- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: $500-15%; $1000-21%; $2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: $250000 - $500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952 North Carolina Department of Insurance

126. **OneBeacon America Insurance Company**
- Forms 1, 2, 3: Fixed dollar amount deductibles; $500-15%; $1000-21%; $2500-38%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- All Forms, except 4 & 6: New home discount; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Forms 1, 2, 3 & 3w/15: Repair or replacement cost Coverage A; HO3211 - $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- All Forms, except 4 & 6: Provide Inflation Guard Endorsement at 6% amount of annual increase at no charge.
- Form 6: Units regularly rented to others; Delete $15 charge.
- Form 6: 11.1% credit.
- Form 6: Coverage A Dwelling Basic and Increased Coverage A limit $3,000 cov A at no addit charge.
- 5% discount for insured age 49 or older.
- Homeowners Enhancement Factors: HE-7 - 1.15; HE -7w/15 - 1.20 & HE-7w/21 - 1.25.
- All Forms, except 4 & 6: Deviation by Coverage A amount of insurance: Credit varies.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 North Carolina Department of Insurance

127. **Owners Insurance Company**

- Territory Description.
- Form 6 rate deviation
- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Form HO-6 Units Regularly Rented To Others.
- Form HO-6 Coverage A Dwelling Increased Limits and Special Coverage.
- Building Additions and Alterations At Other Residences-All Forms.
- Loss Assessment.
- Other Insured Location Occupied By Insured - Section II.
- Section II, Liability-Residence Employees waived.
- Business Pursuits - no charge.
- Personal Injury coverage-no charge.
- Permitted Incidental Occupancies - Residence Premises.
- Special Personal Property Coverage.
- Multi-Policy Discount
- Seasonal Discount-Forms HO 00 03 and HO 00 06.
- Section II, Liability Watercraft.
- Life-Homeowners Multi Policy Discount.
- Eff 8/30/05 PC084266 North Carolina Department of Insurance

128. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Rate for increase in Coverage C: $1 per $1000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at $1 per $1000.
- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

129. **Pacific Indemnity Company**

- Forms 4 & 6: 10% credit.
- 5% credit for HO-2, HO-3, HO-5 and HE-7 in territories 32, 36, 38, 39, 53 and 57.
- Elimination of maximum credit for protective devices.
- Optional Higher Deductibles
- Hurricane Deductible
- Additional Amount of Insurance deviation. Forms 2, 3 & 5.
- All Forms: 5% Gated Community Credit when criteria is met.
- Eff5-1-07 PC102232 North Carolina Department of Insurance

130. **Peerless Insurance Company**

- Deductible Credits: Forms 3, HE-7, HE-7w/20 & HE-7w/21 - credits vary.
- Protective devices.
- Base Premium Computation (HO 00 06).
- Homeowners Enhancement Program (HE-7, HE-7 w/20, and HE-7 w/21).
- Homeowners Enhancement Program - Specified Additional Amount of Insurance for Coverage A – Dwelling HO 32 20.
- Personal Protector Multi-Policy.
- Base Premium Computation – All forms except HO 00 04 and HO 00 06.
- Installment Payment plan - $2 charge for each installment for Electronic Fund Transfer.

- Price Point Deviation.
- Effective 5-1-07 PC101861 North Carolina Department of Insurance

131. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; $500 - .90; $1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; $1 per $1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage; Waive charge to increase Coverage C limit from 50% to 70% of Coverage A limit. Premium for Replacement Cost Coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.
- Eff. 4-15-96

132. **Pennsylvania Lumbermens Mutual Insurance Company**

- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10/1/85

133. **Pennsylvania National Mutual Casualty Insurance Company**

- New Home Discount: Forms 2, 3 & 3/wHO3236: New to 15 yrs. of age: Credit varies 1%-20%.
- Deviation by Deductibles - various credits.
- Personal Property Increased Limits: Forms 2 & 3 - $1 per $1000 of insurance: Form 3w/HO3236 - $3 per $1000 of insurance.
- Preferred Program Deviation: Forms 3 & 3w/HO3236: Based on territory & public protection class: Variable credits when criteria is met.
- Account Credit Program: Forms 2, 3, 3w/HO3236, 4, 6 & 6w/HO3235: Credit factor .90 applies when certain requirements are met.
- Deviation for Water Craft (HO 24 75): Credits vary 9%-46% based on type, horsepower & length of Water Craft.
- Protective Device Credits: Applies to insureds that meet eligibility criteria. Credit varies.
- Amount of Insurance: Credit varies.
- Deviation on Ordinance or Law Coverage: Forms 2 & 3.
- Preferred Advantage Program Deviation: Forms 3 & 3/wHO3236: Certain criteria apply.
- No charge for increasing Coverage A up to $5,000 on a form HO 00 06 policy.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Deviation.
- Loss Assessment.
- Personal Property - Increased Special Limits of Liability.
- Personal Property – Refrigerated personal Property.
- Water Back Up and Sump Discharge or Overflow.
- Personal Injury.
- Eff 11-1-07 PC106822 North Carolina Department of Insurance

134. **Pharmacists Mutual Insurance Company**

- -25% base rate deviation.
- Waiver of premium is amended to $5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 North Carolina Department of Insurance

135. **Phoenix Insurance Company**

- Base Rate Deviation for Dwellings and Condos Credit varies based on territory.
- Coverage A Relativities Deviation: Credit based on Coverage A amount & territory.

- Protective Device Deviation: Credit.
- Deductible Credits: Varies by amount of Coverage.
- Personal Property Increased Limit Coverage C.
- Refrigerated Personal Property: $10 charge waived.
- Account Credit.
- Loss Free Credit
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Inflation Guard:Forms Premium charge waived.
- Safety Seminar Credit:Forms Certain criteria apply.
- Royal SunAlliance Employee Program Credit.
- Coverage C Relativities – Form HO-6, credit varies.
- Home Buyer Credit.
- HE-7 Factor Deviation.
- Eff 11-3-06 PC 097846 North Carolina Department of Insurance

136. **Platte River Insurance Company**

- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.
- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.
- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to $1000 in lieu of $500 if certain coverages and options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

137. **Praetorian Insurance Company**

- Form 3: Age of Dwelling Discount: Credit varies 2%-20% for dwellings new- 9 yrs. old.
- Account Credit Program: 15% credit applied when insured has both a voluntary auto policy & a homeowners policy insuring their primary residence.
- Preferred Homeowners Credit: 5%-23% credit by territory & protection class when certain criteria are met.
- Form 6: Apply a factor of .80 to the HO-4 base premium.
- All Forms: Protective Device Credits: Credit varies 1%-15%.
- Forms 3, 4 & 6: Replacement Cost on Contents: Minimum additional premium does not apply.
- Form 3: 6% charge for Additional Limits of Liability for Coverages A, B, C & D when certain coverages & increased limits options are selected.
- Form 3: Personal Property Replacement Cost: Charge 5% of base premium, no minimum additional premium of $20, & no charge to increase Coverage C to 70% of Coverage A when certain coverages & increased limits options are selected.

- Form 3: Personal Injury: No charge.
- Form 3: Water Back Up of Sewer & Drains with additional coverages.
- Form 3: Credit Card, Fund Transfer Card, & Forgery & Counterfeit Money: No charge to increase coverage when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage: No charge when certain coverages & increased limits options are selected.
- Form 3: Coverage C Increased Special Limits of Liability: No charge to increase coverage when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service Charge: No charge to increase coverage when certain coverages & increased limits options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A: No charge to increase coverage when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law: Charge 4% of base premium to increase coverage by 15% when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Coverage: No charge when certain coverages & increased limits options are selected.
- Loss Free Credit when certain criteria is met.
- Eff. 2-1-02

138. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.
- All Forms, except 4 & 6: Deductible credits: $500 - 10%; $1000 - 17%; $2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: $5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4/18/00 PC033008 North Carolina Department of Insurance

139. **Republic Insurance Company**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits: $500-9%; $1000-17%; $2500-25%.
- Eff. 4-1-95

140. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; $500 - 12%; $1000 - 24%; $2500 - 36%.
- Forms 4 & 6: Deductible Credits; $500 - 17%; $1000 - 30%; $2500 - 37%.
- Replacement or Repair Cost Protection (HO-500); Waive $5 charge.
- Forms 4 & 6: 10% deviation.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

141. **Safeco Insurance Company of America**

- Deductible Debit/Credits. Credit varies.
- Renewal Credit: all forms Certain criteria apply.
- Account Credit: all forms Certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage (HO 04 53): charge for $1,000 is deleted.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.
- Other Insured Locations Occupied by Insured: 2 family house will be charged as a 1 family house
- Outboard Motor & Watercraft Liability Deviation.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities
- Employee Discount Plan
- Base Rate Deviations

- HE 00 007 w/HE-21.
- Eff.3-8-07 PC099325 North Carolina Department of Insurance

142. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

143. **Safeguard Insurance Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 $8 per policy.
- Protective Devices: Credits vary 2%-15%.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under $100000 - 11% surcharge; $100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Discount for Eligible Employees: 20% credit to total homeowners policy premium.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Companion Policy Credit: 8% if auto coverage is afforded in any member Company of Royal & SunAlliance Insurance.
- Installment Payment Plan waived for employees.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Electronic Funds Transfer Deviation: $1 charge per transfer.
- Coverage A Discount by Amount of Insurance & Territory: Preferred Program: Credit varies 0% - 15%.
- Coverage A Discount by Amount of Insurance & Territory: Super Preferred Program: Credit varies 0% - 17%.
- Preferred Program Deviation by Forms Off Standard Rates - credit varies by territory.
- Super Preferred Program Deviation by Forms Off Standard Rates – Credit varies by territory.
- 10% Group Mass Marketing Discount: Certain criteria apply.
- Company Deviation of 9%.
- New Home Discount/Age of Dwelling Credit: New to 10 yrs. old - 2% to 20% credit.
- Eff. 08-15-03 PC071716 North Carolina Department of Insurance

144. **St. Paul Fire & Marine Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium $15 per policy.
- Eff. 9/23/92

145. **St. Paul Guardian Insurance Company**

- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: $500 - 11%; $1000 - 23%; $2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.
- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.

- Water Craft: Same charge applies for lengths over 15 - 26 feet & over151 horsepower as to lengths up to 15 feet & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: Premium credit when insured or spouse has maintained consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; $1 per $1000 of insurance.
- Installment Payment Plan: $2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

146. **<u>St. Paul Mercury Insurance Company</u>**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; $500 - 11%; $1000 - 23%; $2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.
- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Installment Payment Plan: $2 charges each installment.
- Eff. 3-1-95

147. **<u>Seaton Insurance Company</u>**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under $40000 - $1000000 & & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.
- Personal Property Coverage C increased limits: Form 3; $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.
- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

148. **Select Insurance Company**
- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

149. **Selective Insurance Company of South Carolina**
- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.
- Forms 4 & 6: Replacement Cost Personal Property; Annual add'l prem. shall be $1 per $1000 of ins. applied to Coverage C.
- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors; $500 - .85; $1000 - .80; $2500 - .70.
- Amount of Insurance Deviation: $60000 - $l40000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.
- Eff. 5/1/92

150. **Selective Insurance Company of the Southeast**
- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of $1 per $1000 of insurance applied to Coverage C. Minimum limit of Coverage is $12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amount deductible factors; $500 - .85; $1000 - .80; $2500 - .70.
- Amount of Insurance Deviation: $20000 - $75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-92

151. **Sentry Insurance A Mutual Company**
- All Forms, except 4 & 6: Fixed dollar amount ded; Factors for Cov A limits: $500 ded. - .91; $1000 ded. - .79; $2500 ded. - .62.
- Eff. 11-1-96

152. **Service Insurance Company**
- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.
- Claim Free Credit: 5% applied to base premium:Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: $1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The maximum allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 North Carolina Department of Insurance

153. **Shelby Insurance Company**
- All Forms: Deductible credits; $250 ded. - no charge; $500 ded. - 15%; $1000 ded. - 25%; $2500 ded. - 38%.
- Forms 2 & 3: Deductible credits; $250 ded. - 10%; $500 ded. - 15%; $1000 ded. - 30%; $2500 ded. - 35%.
- Forms 4 & 6: Deductible credits; $250 - 10%; $500 - 15%; $1000 - 30%; $2500 - 37%.
- Forms 2 & 3: $250 theft deductible credit; 1%.
- Forms 4 & 6: $250 theft deductible credit; 5%.

- Forms 1, 2, 3 & 3 w/15: Coverage C increase limits $2 per $1000.
- Protective Devices: Credit varies 2% - 15%.
- Personal Injury (HO-2482): Included at no charge.
- New Home Discount: 20% current calendar yr.; 18% one yr. preceding current calendar yr.; 2% less credit each added yr. until 10+ yrs. then no credit.
- Multi-Policy Discount: 10% applies to total HO policy premium when auto policy is written in the Anthem Casualty Insurance Group.
- Forms 2 & 3: Additional Amount of Insurance; 3% charge of basic premium.
- Base premium deviation by territory.
- Eff. 6-1-99

154. **South Carolina Insurance Company**

- All Forms: 10% credit off base premium.
- Forms 1, 2 & 3: New Home Credit; l6% current calendar yr. - 2% less credit for each yr. preceding current calendar yr.
- Flat Deductible Credits: All forms, except 4 & 6; $500-9%; $1000-17%; $2500-25%.
- All Forms: Protective Device Credits: Special Fire & Theft Package - 5% credit.
- All Forms: Account credit: 10% applies to HO policy when personal auto coverage or flood coverage is written on primary residence with any of the Seibels Bruce Companies.
- All Forms, except Form 4: 5% Senior Citizens Credit when required criteria are met.
- All Forms: Credits vary based upon renewal criteria.
- Forms 4 & 6: 10% deviation.
- All Forms: Deviation by policy amount of insurance; $10000 - $86000 & above: Credit varies 0% - 26.4%.
- Guaranteed Replacement Cost: Endorsement HO-500; Building replacement or repair cost protection; $1 charge.
- Forms 3 & 3w/15: 10% deviation.
- Form 3: Deviation by policy amount of insurance; $10000 - $111000 & above: Credit varies 0% - 27.0%.
- All Forms: Personal Property Replacement Cost including an increase in contents to 70% of Coverage A provided for no charge.
- Forms 3 & 3w/15: Increase in Coverage C; $1 per $1000.
- Guaranteed Replacement Cost HO-500: Coverage A provided for no charge.
- Forms 3 & 3w/15: Windstorm or Hail Exclusion; Beach territory only; $75 premium credit.
- Personal Injury Coverage provided for no charge.
- Eff. 6/1/99

155. **Southern Guaranty Insurance Company**

- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.
- Form 6: Deviation by Territorial Relativities.
- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; $500-.91; $1000-.83; $2500-.75. Forms 4 & 6: $500-.90; $1000-.77; $2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.
- Eff. 1-1-01 PC038720 North Carolina Department of Insurance

156. **Southern Insurance Company of Virgina**

- Territory Deviation; for form HO 00 03 Credit varies.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.

- Additional Amounts of Insurance – form HO 02 and HO 03 - HO 32 11 Factor of 1.02
- Personal Property Replacement Cost HO 03 use factor of 1.02.
- Persoanl Property Replacement Cost HO 04 and HO 06 use factor of 1.35.
- Age of dwelling credit – 20% for homes completed in current calendar year, decreasing 2% each preceding year.
- Outboard Motors and Watercraft reduced rates.
- HE-7 Program – 10% discount for HO 03 written with HE-7 w/20 or HE-7 w/21.
- Eff 12-1-03 PC 065261 PC065262

157. **Southern Pilot Insurance Company**

- Deviation by Territorial Relativities (HO-3 and HE-7).
- Deviation by Territorial Relativities (HO-4)
- Deviation by Territorial Relativities (HO-6).
- Amount of Insurance Deviation (HO-3 and HE-7).
- New Home Credits
- Deductible Credits.
- Reduced Surcharge for Personal Property (Coverage C) Replacement Cost Coverage.
- Reduced Charge for Personal Property Increased Limits.
- Reduced Rates for Outboard Motors and Watercraft Liability.
- Personal Injury Coverage At No Charge.
- Deviation for Exceptional Homeowner (HO-3 and HE-7).
- Protective Devices Credit.
- Deviation for Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 08-01-05 PC083567 Filing Detail

158. **Standard Fire Insurance Company**

- Base Rate Deviation Dwelling.
- Coverage A Relativities based on Coverage A amount & territory.
- Protective Device Deviation
- Deductible Credits varies by deductible amount and coverage Limit.
- Personal Property - Increased Limit Coverage C:
- Refrigerated Personal Property.
- Account Credit
- Loss Free Credit
- Inflation Guard: Premium charge waived.
- Safety Seminar Credit: Certain criteria apply
- Home Buyer Credit
- HE-7 Factor Deviation.
- Eff. 11-3-06 PC098300 North Carolina Department of Insurance

159. **State Automobile Mutual Insurance Company**

- Deductible Credits
- Auto/Home Discount
- Credits for Protective Devices
- Age of Dwelling Credit
- Replacement Cost of contents for forms HO 00 03 and HO 00 05
- Additional Limits of Liability HO 32 11
- Increased Coverage C
- Form HO 00 05
- Protection Class 9 Rates
- Prime of Life Discount, Age 55 and older
- Windstorm or Hail Deductibles
- Townhouse /rowhouse
- Three or Four Family Dwellings
- Residence Held in Trust

- Base Premiums
- Windstorm or Hail Exclusion Credits
- Ordinance or Law Coverage
- Eff 5-29-07 PC103347 North Carolina Department of Insurance

160. **State Auto Property & Casualty Insurance Company**

- Deductibles credits.
- Auto/Home deviation
- Credits for Protective Devices.
- Age of Dwelling Deviation: New - 9 yrs.: Credit varies
- Replacement Cost Coverage HO 2 and HO 3 if provided Coverage C is increased to 70% of Coverage A at no additional charge. No charge for RC contents under Home Defender Program.
- Additional Limits of Liability – Guaranteed Replacement Cost on Dwelling.
- Coverage C Increase: HO 3 $1 per $1000: Form HO 5 $2 per $1000.
- Form HO 5: Optional at +10% charge.
- Protection Class 9 Rates: 5% Discount for homes within 5 miles of a responding Fire Department & within 1000 feet of fire hydrant.
- Prime of Life Discount: Homeowners All Forms, except HO 4: Age 55 & over -10%: Coverage C is at least $20,000.
- Windstorm or Hail Deductible. Variable Credits.
- Electronic Funds Transfer:
- Townhouse/rowhouse
- Three or four family dwellings
- Residence held in trust.
- Ordinance or Law Coverage.
- Eff. 5-29-07 PC103020 North Carolina Department of Insurance

161. **State Capital Insurance Company**

- Fixed dollar amount deductibles, all forms credits vary.
- Deductible factors forms 4 and 6 credits vary.
- Personal Property Increase Limits – Forms 2, 3, HE-7 & HE-7 with HE-20 factor is .50 per $1000, HO 3 w/15 is $2 per $1000.
- Company deviation based on territory & coverage A amount, credit varies.
- New Home Discount – Credit varies by year constructed.
- Protective device credits, all forms, credit varies by territory and protection class.
- Outboard motors & Water Craft- Liability rates amended by boat length.
- Protection/Construction Relativity Deviation.
- Windstorm or Hail Deductible Deviation – credit varies.
- Dwelling Basic and Increased Limits and Special Coverage Form 6 Limit $5000.
- Personal Property Replacement Cost Coverage: all forms
- Ordiance or Law Coverage deviation by factors.
- Three or four family residence: Coverage B&C deviation.
- Installment Payment Plan charge waived.
- Account Credit 5% when named insured has auto policy with the Highlands Ins Group.
- Eff 6-1-99

162. **State Farm Fire & Casualty**

- Deviation by Amount of Insurance and Territory: Variable credits.
- Deviation by Amount of Insurance HO 00 04.
- Deviation by Amount of Insurance HO 00 06.
- Three and Four Family
- Townhouse/Rowhouse – The charges for Townhouses/Rowhouses in buildings with more than 2 units per fire division do not apply.
- Wind/Hail Deductible Credits – Credit varies per territory.
- Residence Premises-Basic and Increased Limits.
- Other insured Location Occupied by Insured.

- Additional residence rented to Others.
- Jewelry and Furs.
- Replacement Cost on contents forms HO 00 04 or HO 00 06.
- Ordinance or Law Coverage.
- Rental condominiums, HO 00 06.
- Coverage A Increased limits & Special Coverage Form 6; Basic coverage rate per $1000 increase $3.70; Special coverage additional premium waived.
- Homeowners 36 Discount: Consecutive yrs. insured with State Farm credit varies.
- Installment Payment Plan: $2 charge. if monthly installment made by electronic funds transfer and a monthly bill notice is requested or $1 per month if no printed notice is requested.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount for all territories, except 5 & 6. Policyholders that have a Form 3,4 or 6 policy and a voluntary State Farm auto policy will receive a 2% credit that applies to the Homeowners Program premium.
- Hurricane Percentage Deductibles: Applies to the $250 Deductible basic premium
- All peril deductibles – HO 00 04.
- All peril deductibles – HO 00 06
- All peril deductibles – HO 00 03.
- Customer Rating Index.
- Eff.10-1-07 PC102542 North Carolina Department of Insurance

163. **Stonington Insurance Company**

- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowners coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

164. **Teachers Insurance Company**

- Amount of insurance deviation based on Coverage A amount & territory: Form ML-3 & Masters Program: Variable credits.
- Protection Device Credits: Classes 1-9: Credits vary 1% - 15%.
- 2% credit on Form 3 if insured 100% to value with Inflation Guard Endorsement attached.
- New Home Credit: 0 - 10 yrs. of age: Form 3 & Masters Program:Credit varies 2% - 10%.
- Territorial Deviations for tenant and Condominium Base Rates 8%.
- Waive $3.00 installment fee on each installment except the initial down payment for Forms 3, 4, 6 and Masters Program.
- Deductible Credits for Form 3 and Masters Program: Ded credit varies.
- Auto/Home Client Discount: Form 3 & Master Program: Variable credit when criteria are met.
- Deductible Credits: Form ML 4 & 6.
- Master Program: Additional coverages included at no additional premium charge.
- 2% credit if insured has a Federal Flood Insurance policy placed with Co. or the flood insurance replacement program.
- Downward deviation on earthquake.
- Downward deviation for silverware, goldware & pewterware.
- Downward deviation for refrigerated food spoilage. $5 per policy.
- Downward deviation for tenant's improvement - Increased Limits.
- Coverage A Options - Form 6 - $3 per $1000 of insurance.
- Additional Resdience Premises - Rented to Others.
- Private Structures rented to Others.
- Coverage Amount Deviations for Forms 4 & 6: Deviations vary.
- Masters Program: Deviation by Credit Rating Tier
- Eff. 8/1/05 PC082795 Filing Detail

165. **Travelers Casualty & Surety Company**

- Base Rate Deviation for Dwellings and Condos: Credit varies based on territory.
- Coverage A Relativities based on Coverage A amount & territory.
- Protective Device Deviation: Credits vary.
- Deductible Credits: Varies by amount of deductible.
- Personal Property - Increased Limit Coverage C:
- Refrigerated Personal Property.
- Account Credit.
- Loss Free Credit
- Final Premium Adjustment factor of .92.
- Inflation Guard: Premium charge waived.
- Safety Seminar Credit: Certain criteria apply.
- Coverage C Relativity Curve – HO-6 Credit varies.
- Home Buyer credit.
- HE-7 Factor Deviation.
- Eff 1/27/06 PC 089645 North Carolina Department of Insurance

166. **Travelers Indemnity Company**

- Protective Device Deviation: Credit varies 1% - 13%.
- Deductible Credits: Varies by amount of deductible.
- Personal Property - Increased Limit Coverage C: $1 per $1000.
- Refrigerated Personal Property: $10 charge waived.
- Account Credit.
- Final Premium Adjustment Factor
- Inflation Guard Premium waived.
- Safety Seminar Credit: Certain criteria apply.
- Home Buyer Credit
- HE-7 Factor Deviation.
- Eff 11-17-06 PC097845 North Carolina Department of Insurance

167. **Travelers Indemnity Company of America**

- Base Rate Deviation for Dwellings and Condos: Credit varies depending on territory.
- Coverage A Relativities based on Coverage A amount & territory.
- Protection Device Deviation: Credit varies
- Deductible Credits: Varies by amount of deductible and coverage amount.
- Personal Property - Increased Limit Coverage C:
- Refrigerated Personal Property.
- Account Credit.
- Loss Free Credit
- Multi-Line Insurance & Financial Services Institution Employees Credit
- Final Premium Adjustment factor.
- Inflation Guard: Premium charge waived
- Safety Seminar Credit.
- Royal SunAlliance Employee Program Credit
- Coverage C Relativity Curve – HO-6 Credit Varies.
- Home Buyer credit.
- HE-7 Factor Deviation.
- Eff 11-3-06 PC 098302 North Carolina Department of Insurance

168. **Travelers Indemnity Company of Connecticut**

- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit factors.
- Form 3: 12% optional coverage credit.
- Forms 3 & 3w15: Deductible credits; $500-16%; $1000-26%; $2500-32%.
- Protective Device Credits: Variable credits.

- Increased Limits Coverage C: Reduce charge to $2 per $1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. - 11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.
- Replacement or Repair Cost Protection: Reduce charge to $1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

169. **Travelers Property Casualty Company of America**

- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w15: Personal Property - Increased Limit Coverage C: $1 per $1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.
- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. $10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643 North Carolina Department of Insurance

170. **Travelers Personal Security Insurance Company**

- Base rate deviation is for Dwelling only. Credit varies.
- Coverage A Relativities based on Coverage A amount & territory.
- Protective Device Deviation: Credit varies
- Deductible Credits: Varies by amount of deductible.
- Personal Property - Increased Limit Coverage C
- Refrigerated Personal Property
- Account Credit.
- Loss Free Credit:.
- Multi-Line Insurance and Financial Services Institution Employees Credit
- Final Premium Adjustment factor.
- Inflation Guard premium charge waived.
- Safety Seminar Credit: Certain criteria apply.
- Royal SunAlliance Employee Program Credit.
- Home Buyer Credit.
- HE-7 Factor Deviation.
- Eff 11-16-06 PC 098299 North Carolina Department of Insurance

171. **Twin City Fire Insurance Company**

- Account Credit deviation
- Mature Retirees Credit
- Limited Access Credit-Forms HO 00 04 and HO 00 06.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Package.
- Key Factor/Coverage A.
- Eff. 10-3-07 PC105285 North Carolina Department of Insurance

172. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; $40000 & under to $1000000 & over. Credit varies based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.

- Form 3: Fixed dollar amount deductibles credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-l0%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.
- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

173. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.
- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.
- 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.
- All Forms, except 4 & 6: Replacement cost on contents. $10 charge plus $2 per $1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; $500-19%; $1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

174. **Unisun Insurance Company**

- Forms 1, 2 & 3: New Home Credit; 0 yrs. 21%; 1 yr. 18%; 2 yrs.-15%; 3-10 yrs. 14% 11-12 yrs. -12%; 13 yrs. -10%; 14 yrs. -8%; 15 yrs. -6%; 16-17 yrs. -4%; 18-20 yrs. -2%.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage is included at no charge. Attach endorsement H0-290.
- Deviation by policy amount $10000-$300000: Credit 5%-30%. Each additional $10000 - 5%.
- Forms 1, 2, 3 & 3w/15: Flat deductible credits; $500-10%; $1000-21%; $2500-33%.
- Eff. 2-1-96

175. **United Services Automobile Association**

- Year of Construction – Newly constructed Dwellings.
- Personal Property-Additional Coverage Jewelry and Furs
- Personal Property – Increased Limit
- Base premium Computation HO 00 06 by territory/county
- Deviation by Territory/County – Form HO 00 03
- Sinkhole collapse Coverage
- Installment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law-all Forms and Rule 513. Ordinance or Law Increased Amount of Coverage – HO 00 06
- Coverage A Dwelling Basic and Increased Limits and Special Coverage- HO 00 06.
- Refrigerated Personal Property
- Other Structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43 (form HO 00 03)
- Tier Discount, Form HO 00 03 and HO 00 06.
- Base Premium computation, Protection/construction factors.
- Eff:9-1-07 PC104506 North Carolina Department of Insurance

176. **United States Fidelity & Guaranty Company**

- Waive any additional premium of $5 or less.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - $1.50 per $1000; Form 3w15 - $2.50 per $1000.
- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge $5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.
- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.
- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952 North Carolina Department of Insurance

177. **United States Fire Insurance Company**

- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500-.89; $1000-.80; $2500-.67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

178. **Unitrin Auto and Home Insurance Company**

- Territorial Deviations, Rule A10.A., Pricing Levels A thru S Only, All Forms
- Price Level Deviation, Rule A10.A, HO 00 03, HO 00 05, HE 00 07, See Exception 2 and Exhibit 2 for Price level characteristics
- Price Level Deviation HO 00 04
- Price Level Deviation HO 00 06
- Mature Homeowners Credit, Rule A10.B, Pricing Levels A thru S.
- Consumer Loyalty Credit, Rule A10.A, HO 00 03, HO 00 04, HO 00 05, HO 00 06, and HE 00 07
- Personal Property (Coverage C) Replacement Cost Coverage, HO 00 03, HO 00 05, Price Levels A thru S
- Optional Higher Deductibles, Rule A10.A (Rule 406) All Forms except HO 00 04 and HO 00 06, Price Levels A thru S.
- New Home Discount, Rule A10.C, HO 00 03, HO 00 05 or HE 00 07, Pricing Levels A thru S.
- Credit Card, Fund Transfer Card Forgery and Counterfeit Money, Rule A10.A (Rule 504.), Package Plus Only.
- Outboard Motors and Watercraft, Rule A10.A (Rule 612), Package Plus.
- Personal Injury, Rule A10.A, (Rule 610.), Package Plus.
- Blanket Property Limit Rule, Rule A10.A, Package Plus, One or Two family residences.
- Special Personal Property Coverage-HO 00 06, Rule A10.A (Rule 304.).
- Refrigerated Property, Rule A10A., (Rule 515.), Package Plus
- Ordinance or Law Coverage-HO 00 03-Package Plus, Rule A10A. (Rule 303.) and HO 00 05
- Network Discount
- HE 00 07 Policy Factors, Rule A10.A, Pricing Levels A thru S
- Deferred Premium Payment Plans, Rule A10.A (Rule 22), Electronic Funds Transfer (EFT), no charge for installments
- Personal Property, Rule A10.A (Rule 515), Pricing Levels A thru Z, Package Plus
- Amount of Insurance Factor, HO 00 03
- Protective Devices, Rule A10.C (Rule 404.)
- Eff 3-1-07 PC099961 North Carolina Department of Insurance

179. **USAA CASUALTY INSURANCE COMPANY**

- Year of Construction-Newly Constructed Dwelling
- Personal Property-Additional Coverage - Jewelry and Furs
- Personal Property - Increased Limit

- Base Premium Computation (FORM HO 00 06) by Territory/County
- Base Premium Computation HO 00 03 by territory/county
- Sinkhole collapse Coverage
- Installment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law Coverages
- Coverage A Dwelling Basic and Increased Limits and Special Coverage- HO 00 06.
- Refrigerated Personal Property
- Other Structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43
- Tier Discount form HO 00 03 and HO 00 06.
- Protection Construction Factors.
- Eff: 9-1-07 PC104507 North Carolina Department of Insurance

180. **USAA General Indemnity Company**

- New Home Discount
- Personal Property-additional Coverage Jewelry and Furs
- Personal Property – Increased Limit
- Base premium Computation HO 00 06 by territory/county
- Base Premium Computation HO 00 03 by territory/county
- Sinkhole collapse Coverage
- Installment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law-all Forms and Rule 513. Ordinance or Law Increased Amount of coverage – HO 00 06
- Coverage A Dwelling Basic and Increased Limits and Special Coverage- HO 00 06.
- Refrigerated Personal Property
- Other Structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43
- Tier Discount, form HO 00 03 and HO 00 06.
- Protection Construction Factors.
- Eff. 9-1-07 PC104508 North Carolina Department of Insurance

181. **Utica Mutual Insurance Company**

- Replacement Cost Contents: Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to total base premium.
- Mass Merchandising Plan: 15% deviation for members of Utica National Insurance Group.
- Service for Employees (W.I.S.E.) program or is a member of a company approved affinity group
- HO Extension Package: Certain criteria apply.
- Personal Lines Account Credit.
- Territorial/Company deviation.
- Protection Class deviation.
- Eff. 8-1-07 PC103505 North Carolina Department of Insurance

182. **Vesta Insurance Corporation**

- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.
- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than $250 in any one assessment. $1 per $1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.
- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or

older & is not employed outside the home.

- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.
- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of $2 per $1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

183. **Vigilant Insurance Company.**
- Discount on base premium for forms HO 00 04 and HO 00 06.
- Base rate discount by territory with exceptions for forms HO 00 02 and HO 00 03, HO 00 05 and HE 00 07.
- Protective Devices maximum creit is deleted
- Optional Higher Deductibles for forms HO 00 04 and HO 00 06.
- 5% Hurricane deductible
- Additional Amounts of Insurance discount
- Gated Community credit when criteria is met.
- Valuable Articles Credit
- Eff. 5-1-07 PC102230 North Carolina Department of Insurance

184. **West American Insurance Company**
- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- FamPak Credit to all Private Passenger Auto insureds that also have Homeowners policy with the Ohio Casualty Group.
- Employee Discount: to qualifying employees insured in the West American Insurance
- Eff.12-1-05 PC082801 Filing Detail

185. **Westchester Fire Insurance Company**
- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

186. **XL Insurance America, Inc.**
- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge $1 per $1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .91; $1000 - .83; $2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; $500 - .90; $1000 .77; $2500 - .63.
- Eff. 4-1-95

HOMEOWNERS

1. **ACE American Insurance Company**
- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 per $1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9/1/92

2. **ACE Fire Underwriters Insurance Company**
- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; $500 - 11%; $1,000 - 21%; $2,500 - 34%.
- Form 4: Fixed dollar deductible credits; $500 - 11%; $1,000 - 25%; $2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: $1 per $1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at $1 per $1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5/1/92

3. **AIU Insurance Company**
- All Forms: 10%.
- Eff. 2/1/86

4. **AMEX Assurance Company**
- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.
- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.
- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.
- No additional charge for Refrigerated Personal Property.
- No charge for townhouse or row house.
- Costco Discount: 2% applies to policies for member insureds of Costco.
- HO 3, 4 & 6 base rates vary by territory.
- Eff. 8-1-05 PC083887 North Carolina Department of Insurance

5. **AXA Re Property & Casualty Insurance Company**
- Discount on Installment Payment Plan: $1 - $2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: $2 rate per $1000.
- Personal Property Replacement Cost Coverage Discount.

- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10/18/00 PC035279 North Carolina Department of Insurance

6. **Affirmative Insurance Company**

- 15% base deviation for Premier Homeowners Program.
- 3% base deviation for Deluxe Homeowners Program.
- 15% base deviation for Premier Tenant Program.
- 10% base deviation for Deluxe Tenant Program.
- 20% base deviation for Premier Condominium Program.
- 15% base deviation for Deluxe Condominium Program.
- Forms 2 & 3: Deductible credits; $500-15%; $1000-25%; $2500-38%.
- Forms 4 & 6: Deductible credits; $500-15%; $1000-25%; $2500-40%.
- All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
- All Forms: Protective Device Credits: Credits vary 2%-15%.
- Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
- All forms, except 4 & 6; Personal Property Increased Limit $2 charge per $1000 of coverage.
- Eff 02-15-02 PC046217 North Carolina Department of Insurance

7. **AGRI General Insurance Company**

- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
- New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
- All Forms, except 4 & 6: Deductible Factors: $250 ded.-1.00; $500 ded.-0.91; $1000 ded.-0.79; $2500 ded.-0.62.
- Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
- Eff. 1/1/97

8. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**

- Amount of Premium Credit - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
- Amount of Premium Credit - Claims Free for forms HO 0004 and HO 0006.
- Row and Townhouses - discount.
- Account Discount –discount if there is also an in force auto policy covering the same named insured written with Virginia Mutual Ins Co.
- Insurance Score Discount –discount applied if a minimum insurance score of 725.
- Newly Constructed Residences (not applicable to Forms 4 and 6) credit varies for a residence constructed and first occupied in one of the last ten calendar years.
- Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
- Installment Payment Plan-Electronic Funds Transfer.
- Effective 9-15-08 PC119471 North Carolina Department of Insurance

9. **Allstate Indemnity Company**

- Claims Rating Deviation – determined by the number of chargeable claims, credits vary.
- Claims Free Discount.
- New/renovated Home Discount – credit varies.
- Home and Auto Discount Deviation –credit varies.
- The Good Hands People Discount Deviation – 1%
- Zone Deviation.
- Eff 12-16-08 PC119445 North Carolina Department of Insurance

10. **<u>Allstate Insurance Company</u>**

- Deductible factors Forms 2, 3 ; Forms 4 & 6: Deductible factors credits vary.
- Personal Property Replacement Cost Deviation subject to certain requirements.
- Protective devise discount.: discount varies.
- Age of Home Discount Deviation. HO 2 and HO 3 forms.
- Age 55 & Retired Discount Factor. Credit varies when certain criteria met.
- Home and auto discount deviation HO2, HO 3, HO 4 and HO 6 when certain criteria is met.
- Good hands people discount all forms.
- Waterbed Liability Deviation HO4 and HO6.
- Installment payment plan – Allstate Easy Payment Plan.
- Three or four family dwelling rating structure: does not differentiate between 3 or 4 family dwellings in a town or row house structure.
- Zone (Territory) Deviation.

Deluxe Plus

- Deductibles
- Protective Devices.
- Year of Construction – Newly Constructed Dwellings.
- Age 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People discount.
- Zone (Territory) Deviation.
- Eff 10/23/07 PC103069 North Carolina Department of Insurance

11. **<u>AMCO Insurance Company</u>**

- Territory Deviation, Forms HO 00 02, HO 00 03, and HO 00 05 and HO 00 04 and HO 00 06 excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of Construction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan Deviation, Forms HO 00 02, HO 0003, HO 00 04, HO 00 05 and HO 00 06.
- Eff 12-28-08 PC120584 North Carolina Department of Insurance

12. **<u>AmComp Assurance Corporation</u>**

- Forms 2 & 3: Deductible credits; $500-9%; $1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12/1/91

13. **<u>American Automobile Insurance Company</u>**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Deviations by territories and forms: Credit varies.
- Eff. 12/01/03 PC065125 Filing Detail

14. **American Bankers Insurance Company of Florida**

- Retired Discount: 5% if an owner of insured premises or spouse is 55 yrs. of age or older.
- Claim Free Credit: 2% if insured has gone without loss for at least 3 yrs. with American Bankers.
- All Forms: Protective Device Credits: Preferred - credit varies 0%-13%; Standard - credit varies 1%-15%.
- Eff. 5/1/92

15. **American Centennial Insurance Company**

- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9/1/85

16. **American Economy Insurance Company**

- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge. Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: $100 deductible; Minimum additional charge of $10 in lieu of $30.
- Forms 2 & 3: Fixed deductible; $500 ded. - 9%; $1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; $2.70 per $1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); $2500 increased limit - $33; $5000 increased limit - $60.
- Form 3: XL Coverage Program; $5000 limit included in basic premium. To reduce to $1000 limit, subtract $56. To reduce to $2500 subtract $35.
- Eff. 11/17/97

17. **American Employers Insurance Company**

- New Home Credit All Forms, except 4 & 6:; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; $1 per $1000.
- Additional Limit of Liability for Coverage A. HO 3211. $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3:;- $500-15%; $1000-21%; $2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6:; $500-10%; $1000-23%; $2500-37%.
- Increased Coverage A limits HO-6 $3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.
- Deviation by amount of insurance for Coverage A $250,000 - $500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 North Carolina Department of Insurance

18. **American Fire & Casualty Company**

- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff. 12-1-05 PC082802 North Carolina Department of Insurance

19. **American & Foreign Insurance Company**

- Forms 1, 2 & 3: Replacement or repair cost protection - Coverage A dwelling; $1 per policy.
- Protection Devices Credits: 2%-15%.

- All Forms, except 4 & 6: Deductible credit factors; $500 - .89; $1000 - .79; $2500 - .72.
- Forms 4 & 6: Deductible credit factors; $500-.89; $1000-.77; $2500-.63.
- Forms 1, 2 & 3: Personal Property Replacement Cost; Coverage A amount under $75000 -10% surcharge; $75000 -$99,999 -7% surcharge;$100000 & over-5% surcharge. Charge includes an increase in Coverage C limit 50% - 70% of Coverage A.
- All Forms: 5% preferred customers renewal credit when coverage has been with any of Royal Group for prior 3 yrs. with no losses.
- Discount for Eligible Employees: 20% credit to total homeowners policy premium.
- Form HE-7w/HE-21: 1.25 factor applies to base premium.
- Companion Policy Credit: 5% deviation when auto & homeowners policy is issued in any member of Royal Insurance when certain criteria are met.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment or installment fees.
- Installment Payment Plan: $1 each installment for Electronic Fund Transfer.
- Eff. 9/1/99

20. **American Home Assurance Company**

- HO-3 Premier Base Class Premium Deviation by territory: 5% credit.
- HO-4 & HO-6 Base Class Premium Deviation by territory: Credit varies 3%-12%.
- Protection Device Credit for HO-3, HO-4, HO-6, & HO-3 Premier: Credit varies: Max. credit allowed is $75.
- Optional Deductibles: All forms.
- HO-6 Coverage A Dwelling Increased Limits: Premium charge per $1000 is $2.
- 55 or Older & Retired Discount: Apply a factor of .9 to base premium when criteria is met.
- Multi Product Discount: Apply a factor of .9 to base premium when named insured has an auto policy with an American International Company.
- HO-4 & HO-6 Personal Property Replacement Cost Coverage Deviation.
- Age of Dwelling Discount: New Homes – 10 yrs. Credit varies
- Eff. 11/19/01 PC045494 North Carolina Department of Insurance

21. **American Insurance Company**

- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.
- All Forms: Deductible credits: $500 -10%; $1000 -20%; $2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. $10000 & above $500 -10%, $1000 - 20%, $2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6/1/93

22. **American Manufacturers Mutual Insurance Company**

- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at $1 per $1000. Add $10 surcharge.
- Mature Homeowners Credit: 5% applies to base premium when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: $250 theft deductible/ $100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only): Limit of $5000 included at no additional charge: $7500 + $1, $10000 + $2.

- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage: Each additional $10000 develop premium $10000 Form 6 premium x .08 or enter total Coverage A limit on Declaration page.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance: Each additional $1000 of insurance rate $10000 Form 4 or Form 6 premium x .08.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Modify rating factors for additional coverage options.
- Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2/25/02 PC047937 Filing Detail

23. **American Modern Home Insurance Company**

- Form 3: Deductible Credits; $500 Ded. - 10%; $1000 - 22%; $2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.
- Amount of Insurance Deviation: Coverage A amount $10000 - $200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above $200000, a factor of .007 applies for each additional $1000 of premium
- Eff. 6/1/99

24. **American Motorists Insurance Company**

- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at $1 per $1000. Add $10 surcharge.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.
- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only): Limit of $5000 included at no additional charge: $7500 + $1, $10000 + $2.
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 prem x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage: Each additional $10000 develop premium $10,000 Form 6 premium x .08 or enter total Coverage A limit on Declaration page.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance: Each additional $1000 of insurance rate $10000 Form 4 or Form 6 premium x .08.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.

- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Modify rating factors for additional coverage options.
- Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2/25/02 PC047938 North Carolina Department of Insurance

25. **American Professionals Insurance Company**

- Form 2, 3 & 3w/15: Company deviation based on amount of insurance, construction & territory: Credit varies.
- Form 6: Territorial deviation.
- Forms 2, 3, 3w/15: New Home Discount based on age of home. Deviation varies 0% - 14%.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductible credit factors; $500 - .85; $1000 - .79; $2500 - .62.
- Forms 1, 2, & 3: Increase in Coverage C; $1 per $1000.
- Protective Devices: All forms: Maximum credit for protective device eliminated. All protection class & all territories. Credit varies 2% - 15%. There is no limit on credit.
- Outboard Motors & Water Craft: Liability rates amended by boat length.
- Form 4 & 6: Fixed dollar amount deductible. Credit factor $500 - .85; $1000 - .77; $2500 - .63.
- All Forms, except 4 & 6: Windstorm or Hail Percentage/Factor Deductible deviation.
- Form 6: Coverage A Dwelling Basic & Increased Limits and Special Coverage.
- All Forms, except 4 & 6: Personal Property Replacement (Coverage C) Cost Coverage. 1.05 factor applies to base premium. Form 4 & 6: 1.35 factor: Minimum additional premium deleted.
- Ordinance or Law Coverage deviation factors.
- Three or Four Family Residence Coverage B & C deviation.
- Installment Payment Plan. Initial installment charge waived.
- 5% account credit when named insured has an auto policy with the Highlands Insurance Group Companies.
- Eff. 6/1/99

26. **American Reliable Insurance Company**

- Loss Free Renewal Credit: Credit applies to any policy that has been loss free for the previous 12 months under an existing American Reliable Insurance Company policy.
- Mature Retiree Credit: If certain criteria are met, a credit of -10% of the Base Premium will be applied.
- New Roof Credit: If the roof has been professionally installed within five years of the inception or renewal date, the premium shall be reduced by 5%. Not to be combined with the Age of Dwelling Credit
- Eff 11/6/02 PC055868 Filing Detail

27. **American States Insurance Company**

- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8, 9 or 10 yrs. - 4%.
- Form 2 & 3: Replacement cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge: Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): $1.
- Forms 4 & 6: $100 deductible; Minimum additional charge $10 in lieu of $30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) $2500 increased limit - $33; $4000 increased limit - $60.
- Forms 2, 3 & 8: Fixed deductible credits; $500 - 9%; $1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Eff. 12/12/91

28. **American States Preferred Insurance Company**
- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges $500 - 12%; $1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; $15000 - $30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; $20000 - $30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; $500 - 17%; $1000 - 30%.
- Alarm systems: Premium credits vary.
- Jewelry & Furs: Forms 3, 4 & 6; $2500 limit $33; $5000 limit - $60. Form 3 w/XL coverage $5000 included in base premium. To reduce to $2500 limit subtract $35. $1000 limit subtract $56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs. -10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.
- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10/30/97

29. **Amerisure Insurance Company**
- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- 8l; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs. -.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount $60000+-$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10/1/94

30. **Amerisure Mutual Insurance Company**
- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to all homeowners rates & premiums when automobile policy is written with Amerisure Group.
- Form 6: Relativity is .85.
- Eff. 10/1/94

31. **AMICA Mutual Insurance Company**
- Waive the additional premium for Coverage C, Personal Property at 75% of Coverage A.
- Form HO 00 04 rate deviation by policy amount.
- Protective Devices, Apply 2% credit for three or more smoke detectors in all territories for protection classes 1-7.
- Additional Amounts of Insurance-1.00 All territories except 5, 6, 42 and 43. 1.02 for territories 5, 6, 42, and 43.
- Personal Property-Increased Limit, $1.60 for all forms. Also waive the charge up to 75% of Coverage A without HO 04 90 (Personal Property Replacement Cost) See Deviation Component Number 5.
- Refrigerated Property. The $10.00 charge for this coverage is waived. See Deviation Component Number 6.
- Premium Payment Option. (1) Eliminated the charge for the first installment. (2) Eliminated charge for each

installment for members of the AMICA group that pay through payroll deduction.

- Multi-Line Discount, Rule A.10. Optional Rating Characteristics. Various discounts in all territories except 5, 6, 42 and 43. See Deviation Component Number 8.
- Preferred Risk Deviation, Rule A.10. Optional Rating Characteristics. Maximum Factor of $1.00 and a Minimum Factor of 0.50. See Deviation Component Number 9 and Rating Example Computation.
- Eff.8-1-08 PC114228 North Carolina Department of Insurance

32. **Armed Forces Insurance Exchange**

- Protective Device Credits: Factors vary. Maximum credit waived.
- Fixed dollar amount deductible factors credit varies.
- Wind or Hail deductibles credit varies.
- New Home Credit; All Forms, except 4 & 6: New - 20%; 2% less credit each additional yr.
- Earthquake: Ordinance or Law increased amount of insurance (Does not include basic, only increased amount).
- Sinkhole Collapse Coverage: All Forms except HO-6; Increased amount of coverage (Does not include basic, only increased amount)
- Base premium deviation based on insurance amt. credit varies all forms except HO 4 and HO 6.
- Minimum policy premium waived.
- Protective Devices.
- Personal Property Increased Limits charge per $1000; Forms 1, 2 & 3 - $.50. Form 3w/15 - $.75.
- Home Day Care Coverage E: Reduce base premium by 50%.; Coverage F; Premiums reduced by 50%.
- Other exposures - medical payments to others increase limits credit varies.
- Installment Payment Charge waived
- Hurricane Deductible Factors credit varies.
- Wind or Hail Exclusion Credit.
- Eff 3-5-07 PC097153 North Carolina Department of Insurance

33. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 $8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under $100000 - 11% surcharge; $100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%: Form 6- 20%.
- Eff. 5-15-04 PC069340 North Carolina Department of Insurance

34. **Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies to company base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; $500-10%;$1000-20%;$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Deductible credits all territories; Credits for Coverage C $10000 & above, $500-10%,$1000-20%, $2500-30%. Credit applies to company base premium.
- Eff. 6/1/93

35. **Association Insurance Company**

- Deviation by Coverage A limit $100000 & above - 30% credit.
- Forms 1, 2 &3: RC Coverage HO-290; Personal property incr. limits charge $1 per $1000; Waive 5% surcharge.
- New Home Credit: Cov A amount $100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Cov A amount is $100000 or above for all SAS Institute Inc. Employees.

- Eff. 1/1/96

36. **Assurance Company of America**
- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- Form 4: 15% deviation.
- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.
- All Forms: Fixed dollar amount deductibles factors: $500-.85; $1000-.75; $2500-.70.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of $75 is waived.
- Eff. 7/1/98

37. **Automobile Insurance Company of Hartford**
- Protective Devices credit varies.
- Deductible Credits - credit varies by coverage limit, form and deductible amount.
- Personal Property - Increased Limit Coverage C.
- Refrigerated Personal Property.
- Account Credit.
- Safety Seminar Credit certain criteria apply.
- Home buyer Credit.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 9-21-08 PC118026 North Carolina Department of Insurance

38. **Auto Owners Insurance Company**
- Territory Description.
- Form HO 00 06 – rate deviation.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.
- Mature Homeowner Discount for insureds between the ages of 55 and 64.
- Townhouse or row house deviation.
- Credit card, fund transfer card, forgery and counterfeit money.
- Units Regularly Rented to Others.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Personal Injury coverage-no charge.
- Building Additions and Alterations at Other Residences – all forms.
- Other Insured Location Occupied by insured.
- Section II, Liability-Residence Employees waived.
- Business Pursuites – no charge.
- Personal Injury coverage – no charge.
- Permitted Incidental Occupancies – Residence Premises.
- Special Personal Property Coverage.
- Multi-Policy Discount.
- Seasonal Discount - Forms 3 & 6.
- Section II liability watercraft - certain criteria - rates vary.
- Life/Homeowners Multi-Policy Discount
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in Full discount.
- Personal Property Increased Limits.

- Eff. 11-20-08 PC119947 North Carolina Department of Insurance

39. **Balboa Insurance Company**

- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies 2% - 13%: Credits cannot be combined.
- Personal Property Replacement Cost: $20 minimum premium is deleted
- Eff. 4-29-03 PC060721 North Carolina Department of Insurance

40. **Bankers Standard Insurance Company**

- New Construction Credit: New - 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2, 3, 4 & 6: Fixed dollar deductible credits; Credit varies 15% - 40%.
- Forms 4 & 6: Fixed dollar deductible credits; $500 - 11%; $1000 - 25%; $2500 - 40%.
- Rate for increase in Coverage C; $2 per $1000.
- Forms 1, 2 & 3: Replacement cost coverage HO 0490; Charge shall be 7.5% of adjusted base premium. Coverage C increased to 70% of A at no premium charge.
- Protective Device Credits: All zones & all protection classes; Credit varies 2% - 15%.
- Eff. 9/199

41. **Camden Fire Insurance Association, The**

- All Forms, except 4 & 6: New Home Credit; New -20%;1 yr. old - 18%; 2 yrs. old - 16%; 3 yrs. old -14%; 4 yrs. old -12%; 5 yrs. old - 10%; 6 yrs. old -10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%;10 yrs.-6%; 11 yrs.-4%;12 yrs-4%;13 yrs.-2%;14 yrs.-2%.
- All Forms, except 4: Account credit: 10% applies to homeowner premium when named insured insures personal automobiles in any of the General Accident Companies.
- All Forms: Protective devices: Credit varies 2% - 15%.
- All Forms: Fixed Dollar Amount Deductible Factors; $500 - .90; $1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; $1 per $1000 of insurance.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waives charge to increase Coverage C limit 50% to 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
- Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
- Eff.8/15/02 PC054137 North Carolina Department of Insurance

42. **Central Mutual Insurance Company**

OWNERS DEVIATION

- Deviation by territory and protection class.
- Deviation by form HE-7 and HE-7 with HE-20.
- Deviation by amount of insurance and insurance score.
- Deviation by customer loyalty and deductible.
- Deviation by payment timelines, loss history and replacement cost contents.
- Deviation by accompanying schedule or boat and age of dwelling.
- Deviation by homebuyers and gated community.
- Deviation for residences herd in trust, package deviation and installment charges.

Condos Deviation

- Deviation by territory, protection class and amount of insurance.
- Deviation by insurance score, customer loyalty and deductible.
- Deviation by payment timelines and loss history.
- Deviation by accompanying schedule or boat, residence held in trusts and increased coverage A.
- Deviation for package and installment charges.

TENANTS DEVIATION

- Deviation by territory, protection class, and amount of insurance.
- Deviation by insurance score, customer loyalty and deductibles.
- Deviation by payment timelines and loss history.
- Deviation by accompanying schedule or boat, residence held in trusts and package.

- Deviation for installment charges
- Eff 9-1-08 PC116483 North Carolina Department of Insurance

43. **The Charter Oak Fire Insurance Company**

- Base Rate Deviation: Credit varies depending on territory.
- Coverage A Relativities forms HO 02 and HO 03.
- Coverage A Relativities form HE-7.
- Protective Device Deviation: Credits vary.
- Deductible Credits all forms: Credit varies by amount of deductible.
- Personal Property - Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property.
- Account Credit.
- Loss Free Customer Credit.
- Safety Seminar Credit
- Home Buyer Credit
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 9-21-08 PC118024 North Carolina Department of Insurance

44. **Cincinnati Indemnity Company**

- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the $3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4/104 PC065697 North Carolina Department of Insurance

45. **The Cincinnati Insurance Company**

- New Home Credits, credit varies.
- Base Rate Deviations By Territories Credit varies based on territory.
- Installment Payment Plan:
- Homeowners Enhancement Deviation.
- Watercraft Liability deviation.
- Eff 9-1-07 PC102905 North Carolina Department of Insurance

46. **Commercial Guaranty Casualty Insurance Company**

- Forms 1, 2, 3 & 3 w/l5: Amount of insurance credit; $40000 - 2%; $45000 - 4%; $50000 - 6%; $55000 - 8%; $60000 - 11%; $65,000 - 14%; $70000 - 17%; $75000 & over 20%.
- Forms 1, 2, 3 & 3 w/15: New Home Credit; 0-1 yr. - 15%; 2-3 yrs. - 10%; 4 & 5 yrs. - 5%.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03/5/02

47. **Consolidated American Insurance Company**

- All Forms: 10% downward deviation.
- Forms 1, 2 & 3: New home credit; 16% current calendar yr.; 2% less credit for each yr. preceding current calendar yr.
- Flat Deductible Credits: $500 - 9%; $1000 - 17%; $2500 - 25%. All Forms, except forms 4 & 6.
- All Forms: Protective Device Credits; Various combinations ranging 2% - 15%.
- Forms 2, 3, 3W/15 & 6: Account credit; 10% if insured has both his personal auto policy & homeowners policy with any of the Seibels-Bruce Companies.
- Forms 2, 3, 3w/15 & 6: Amount of insurance credit; $10000 - $110000 - credit varies 0% - 27%.
- All Forms, except 4: 5% Senior Citizens Credit when required criteria is met.
- All Forms, except 4: Credits for consecutive yrs. with Seibels Bruce Insurance Companies 3-5 yrs.-5%;6 or more yrs- 10%.
- Personal Injury Coverage: No charge.
- Forms 3 & 3w/15: Coverage C increased limits charge per $1000 - $1 in lieu of $2.
- Guaranteed replacement or repair cost for dwelling HO-500: No charge.

- Forms 3 & 3w/15: Windstorm & Hail exclusion in Territory 04; $75 credit.
- Per Prop Replacement: All Forms; Increase Coverage C limits 50% to 70% of Coverage A at no additional charge.
- Eff. 8/1/92

48. **Continental Indemnity Company**

- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.
- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria is met.
- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Cov C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to $1000 when certain coverages & increased limits options are selected.
- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of the base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Cov, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1/101 PC038500 North Carolina Department of Insurance

49. **Continental Insurance Company**

- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year – 18%, 1-5 yrs. -15%; 6-10 yrs. - 10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%
- Eff. 8/15/02 PC052786 North Carolina Department of Insurance

50. **Economy Premier Assurance Company**
- HO 00 05: Base Rate & Policy Amount Relativities by Territory Deviation: Credit varies.
- HO 00 6: Base premium deviation.
- HO 00 04: Base rate deviation by territory: Credit varies
- HO 00 04 and HO 00 06 Policy Amount Relativities by Territory Deviation.
- Homeowners HE 00 07: Contract provided at no additional charge.
- Homeowners Form HE-00 07 with HE 32-20: Base premium deviation.
- Homeowners Form HE 00 07 with HE 32 21: Base premium deviation.
- Homeowners Pak II Package Credit.
- Pak II Renewal Credit.
- New Home Discount.
- Personal Injury Protection Liability Deviation.
- Personal Property Replacement Cost Coverage: Provided at no additional charge.
- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.
- Business Pursuits Deviation.
- Water Craft Deviation: Credits vary by length & horsepower.
- Home Day Care Deviation: Premium charge will be rated at Bureau rates for Permitted Incidental Occupancies.
- Personal Property Increased Limits: $1 per $1000 of insurance.
- Premium Payment Plan Deviation.
- Earthquake Coverage Premium without an additional charge for Ordinance or Law Coverage.
- Eff. 4-1-05 PC082064 North Carolina Department of Insurance

51. **Electric Insurance Company**
- Base rate deviation HO 00 02 and HO 00 03 by territory: Credit varies.
- Base Rate Deviation HO 00 04 and HO 00 06 by territory. Credit varies.
- Personal Property Replacement Cost form HO 00 04and HO 00 06 (Coverage C) is automatically increased to 70% of Coverage A. HO-04 and HO-6 1.25 RC Coverage also applies to articles or classes of property separately described and specifically insured in this policy.
- Protective Device Credits: Credits vary.
- Deductible Factors Forms HO-4 & HO-6 Credit varies
- Personal Property – Unscheduled Jewelry, Watches and Furs.
- Personal Property Silverware, Goldware and Pewterware.
- Personal Property – Firearms
- New Home Credits – HO 00 02 and HO 00 03.
- Eff.5-1-07 PC103151 North Carolina Department of Insurance

52. **EMCASCO Insurance Company**
- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance
- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 North Carolina Department of Insurance

53. **Employers Mutual Casualty Company**
- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.

- Eff. 3-15-07 PC097669 North Carolina Department of Insurance

54. **Encompass Indemnity Company**

- Forms 2, 3, and 8 Base Rate Deviations by Territory, Credit varies by territory
- Form 4 Base Rate Deviation by Territory, Credit varies by territory
- Form 6 Base Rate Deviation by Territory, Credit varies by territory
- Earthquake Coverage - Base rate deviation according to Table, Zone, and Construction.
- Gated Community Discount: A 10% credit will be applied to the premises/property for a residence located in a gated community meeting certain criteria.
- New Home Discount: A residence 10 years of age or less is eligible for a discount, credit varies by age.
- Deductible Credits Discount: Credit varies by coverage limit and deductible amount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation: credit varies.
- Incidental Farming Personal Liability Deviation: credit varies.
- Superior Construction Discount: The premium for a dwelling or apartment unit in a building of superior construction is computed by multiplying the masonry base premium or apartment unit by .85.
- Various Credits for Protective Devices: credit varies by type of alarm.
- Credits for Automatic Sprinkler Systems: credit varies by location/area of sprinkler system.
- Special Personal Property Coverage HO 6 only: endorsement HO 32 35 factor 1.34.
- Companion Policy Discount: 10% discount applies to the residence premium if the named insured is also a named insured on an Auto Policy with any of the Encompass Insurance Companies.
- Preferred Rate Deviation: Preferred rates are available at a 5% reduction from standard rates if the amount of insurance under Coverage A is equal to at least 90% of the Replacement Cost of the Dwelling and the automatic adjustment of limits endorsed is attached.
- Effective 12/11/06 PC097453 North Carolina Department of Insurance

55. **Erie Insurance Exchange**

- Base Rate Deviations Key Premium deviations: Variable credits based on zones.
- Amount of Insurance Deviation All Forms except HO 00 04 & HO 00 06; key factors by amount of insurance.
- Multi-Policy Discount: if the Policyholder also has an automobile policy with The ERIE Insurance Exchange or ERIE Insurance Company.
- New Home Discount: Credits vary 2% - 18% for new to 9 yrs. of age.
- Optional Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation: Credit varies 1% -7%, with a maximum credit of $75.
- Increased Special Limits of Liability HO 04 65 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost: HO 00 02 & HO 00 03 includes the increase in Coverage C to 70% of Coverage A at no additional charge. Varies by rating zone. HO 00 04 & HO 00 06 - no dev. HE-7 - no deviation.
- Townhouse or rowhouse charge - waived.
- Units Rented to Others Form HO 00 06 HO 1733 Charge 25% of base premium.
- Outboard Motors & Watercraft : Outboard, inboard & inboard-outboard less than 50 horsepower-deviation 100%.
- Building Addition & Alterations Increased Coverage C limit - : Form 00 04 HO 0451 - $4 per $1000 increased limits.
- Specified Additional Amount of Insurance for Coverage A only(HO 32 20): $1 charge.
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06 No charge.
- Refrigerated Property Coverage: Charge waived.
- Personal Property Increased Limits; HE 7 - $2 per $1000.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Advance Quote Discount – New business.
- Eff. 3-1-08 PC111964 North Carolina Department of Insurance

56. **Fairmont Premier Insurance Company**

- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.

- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5/1/92

57. **Farmers Insurance Exchange Farmers Underwriters Association**

- Form Factor Deviations: Forms 3w/15 & 4.
- Territory Relativity Factor deviation.
- Amount of Insurance Deviations: Forms, HO 00 04 and HO 00 06.
- Rule 403. Personal Property –Coverage C Replacement Cost Coverage.
- Rule 404 Protective Devices.
- Deductible Rule 406 credits.
- Loss Assessment Coverage Deviation.
- Rule 515 personal property.
- Other Insured Location Occupied by Insured.
- Additional Residence Rented to Others.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for $200,000 limit.
- Optional Rating Characteristics Age 50 Plus Discount.
- Optional Rating Characteristics Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.
- Oridinance or Law-Increased Amount of coverage.
- Eff 5-16-08 PC112928 North Carolina Department of Insurance

58. **Federal Insurance Company**

- Elimination of maximum credit for protective devices.
- Optional Higher Deductibles
- Hurricane Deductible
- Additional Amount of Insurance deviation. Forms 2 & 3
- All Forms: 5% Gated Community Credit when criteria is met.
- Effective 12/1/05 PC085699 North Carolina Department of Insurance

59. **Federated Mutual Insurance Company**

- Forms 1, 2, 3 & 3w/l5: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to $250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/l5: Fixed dollar amount deductibles; $100 +10%; $500 -10%; $1000 -20%; $2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; $100 +10%; $500-15%; $1000-30%; $2500-40%.
- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/l5: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: $5 maximum charge per account for all policies.
- Eff. 11-15-94

60. **Fidelity & Guaranty Insurance Company**

- Waive additional premium of $5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.
- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 $5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.

- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 North Carolina Department of Insurance

61. **Fidelity National Property and Casualty Insurance Company**

- Base rate deviation by territory.
- Amount of Insurance deviation by territory – HO-3.
- Amount of Insurance deviation by territory – HO-4.
- Amount of Insurance deviation by territory – HO-6.
- Protection Class deviation – HO-3, HO-4, HO-6.
- HO-3 Tounhouse/Rowhouse deviation.
- Deductible credits deviation – HO-3.
- Hurricane deductible deviation – HO-3.
- Windstorm or Hail deductible deviation – HO-3.
- Deductible Credits deviation – HO-4 and HO-6.
- Number of families deviation.
- Replacement Cost on Contents – HO-4 and HO-6.
- Homeowners Renewal Discount.
- Automatic Sprinkler Discount.
- Ordinance or Law Coverage.
- Fidelity National Financial Employee discount.
- Home/Auto Discount.
- Newly Acquired Home Discount.
- Coverage A Increased Limits HO-6.
- Eff 9-14-05 PC085587 North Carolina Department of Insurance
- (name changed from First Community Insurance Company 12-12-03)

62. **Fidelity & Guaranty Insurance Underwriters**

- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of $5 or less.
- Special Package Discount: 5% credit applied to total residential insurance premium when underwriting criteria is met.
- Form 6: Form Relativity of .800 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: H0 3211 - $5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 North Carolina Department of Insurance

63. **Firemans Fund Insurance Company**

- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all Homeowners policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121 North Carolina Department of Insurance

64. **Firemen's Insurance Company of Washington D.C.**

- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55 yrs. & older.

- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors of .85-.95 applies when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under $200,000 - $500 ded. - .87; $1000 - .76; $2500 - .73. $20000-$400,000 - $500 ded - .89; $1000 - .80; $2500 - .77. Over $400,000 - $500 - .92; $1000 - 86; $2500 - .83.
- Eff. 10-1-97

65. **Garrison Property and Casualty Insurance Company**

- New Home Discount
- Personal Property – Additional Coverage –Jewelry and Furs
- Personal Property –Increase Limit
- Base Premium Computation HO 00 06 by territory/county
- Base Premium computation HO 00 03 by territory/county
- Sinkhole Collapse coverage
- Insallment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law-All Forms and Ordinance or Law increased amount of coverage-HO 00 06
- Coverage A Dwelling Basic and Increased Limits and Special coverage – HO 00 06
- Refrigerated Personal Property
- Other structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43
- Tier Discount form HO 00 03 and HO 00 06
- Protection Construction Factors
- Eff 9-1-07 PC104509 North Carolina Department of Insurance

66. **General Insurance Company of America**

- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete $1 charge for $1000 limit.
- Personal Injury (HO 24 82): $10 charge per policy.
- Landlord's Furnishing (HO 32 21): $10 premium per policy to increase coverage to total $5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.
- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability $100,000 - $1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base $300,000: Coverage F no charge.
- Special Personal Property Coverage HO-OO 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: $2 each installment.
- Eff. 8-15-02 PC052887 North Carolina Department of Insurance

67. **Glens Falls Insurance Company**

- All forms, except 4 & 6: Amount of Insurance Deviation; Variable credits.
- Form 4: Amount of Insurance Deviation: Variable credits.
- Form 6: Amount of Insurance Deviation: Variable credits.
- Earthquake Rate Deviation.
- Forms 2, 3, 3w/15 & 8: Personal Property Replacement Cost; Eliminate 5% surcharge.
- Deductible Credit Deviation.
- New Home Discount: 0 - 5 yrs. - 15%; 6 - 10 yrs. - 10%.
- Gated Community Discount.
- Guaranteed Replacement Cost coverage of building & structures at principal residence - $3.
- Form 6: $1000 increase is .9 times the applicable premium under each additional $1000 column in the basic premium chart for Coverage C.
- Preferred Rate Deviation: Plan A rates deviation of 20%.
- Additional Limits Deviation Coverage F: Medical Payments Deviation.
- Other Insureds Location: Variable credits.
- Permitted Incidental Occupancy Medical Payments Rate Deviation.
- Additional Residence Rented to Others Rate Deviation.
- Business Pursuits Rate Deviation.
- Permitted Incidental Occupancy Rate Deviation.
- Incidental Farm Rate Deviation
- Eff. 11-1-96

68. **Globe Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 $8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under $100000 - 11% surcharge; $100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Effective 5-15-04 PC071713 North Carolina Department of Insurance

69. **Government Employees Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.
- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - $10,000-$200,000 & over. Credit varies 4%-22%.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional $1000 of coverage.
- Installment Payment Plan: Waive the charge of $3 first installment if first payment received with application.
- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

70. **Grain Dealers Mutual Insurance Company**

- 10% credit when insured has both personal auto & homeowners policy written by Grain Dealers Mutual Ins. Company.
- Forms 2 & 3: New Home Credit: New - 1yr. of age - 25%: 1-2yrs. of age - 20%: 3 ys. of age - 15%: 4 yrs. of age - 10%: 5 yrs. of age -5%.
- Forms 2, 3 & 3w/15: 20% to base rates applies to Coverage A amount of more than $125,000.
- Continuous Policyholder Discount Program: 0-2 yrs.-0%credit: 3-5 yrs.-5%credit: 6-8 yrs.-10% credit: 9+ yrs.-15% credit.
- 10% deviation on base rates for Alamance & Caswell Counties in Territory 35.
- Personal Property Increased Limits Rate Deviation.
- Form 3:10% Mature Home Credit: Certain criteria must be met.
- Eff. 1-1-02 PC042992 North Carolina Department of Insurance

71. **Granite State Insurance Company**
- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium $1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

72. **Graphic Arts Mutual Insurance Company**
- Replacement Cost on Contents; Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to the total base premium.
- Mass Merchandising Plan.
- -5% W.I.S.E./Affinity program discount,
- For Forms HO 02, HO 03, HO 05 and HO 08, factor of .95 for risks located in terrs 5, 6, 41, 42, 43, 45 and 46.
- For Forms HO 00 02, HO 03, HO 05 and HO 08, factor of .85 for risks located in territories 36, 44 and 60
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .90 for risks located in territories 38 and 39
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .80 for risks located in territory 34.
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .82 for risks located in territory 57
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .84 for risks located in territory 53
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, a rating factor of .85 for risks located in territory 32
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .92 for risks in territory 47
- For Forms HO 00 04 and HO 00 06, factor of .85 for risks in territories 36, 44, 57 and 60
- For Forms HO 00 04 and HO 00 06, factor of .90 for risks located in territories 38 and 39
- For Forms HO 00 04 and HO 00 06, factor of .85 for risk located in terrs 5, 6, 32, 34, 41, 42, 43, 45, 46, 47 and 53
- Personal Lines Account Credit
- Homeowners Extension Package
- Protection Class deviation/
- Eff. 8-1-07 PC103506 North Carolina Department of Insurance

73. **Hanover American Insurance Company**
- Age of Dwelling Credit: All Forms, except 4 & 6: Credit varies for Dwellings 1-7 yrs. of age.
- Mature Homeowners Credit: All forms: 5% credit applies when certain criteria are met.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6: Minimum premium of $20.
- 7% Account Credit: All forms.
- Loss of Use-Increased Limits: All forms: Additional charge $4 per $1000 increase.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits: $3 per $1000 increase: 1st $5000 increase no charge.
- Reduced Watercraft Liability Rates: All forms.
- Personal Property , Increased Limits-$1 per $1000 increase: All forms, except 4 & 6.
- Special Personal Property: Reduced Charge for Form 3w/15.
- Electronic Funds Transfer Plan Discount: All forms.
- Group Modification Plan Discount: All forms: Credit varies 0%-13.5%.
- Direct Bill Policies: All forms: $1 per installment.
- Cap on total credits/discounts of 35%.
- Territorial Deviation: All forms except HO 00 04 and HO 00 06:
- Eff.1-1-08 PC110169 North Carolina Department of Insurance

74. **Hanover Insurance Company**
- Year of Construction – Newly Constructed Dwellings.
- Mature Homeowners Credit: All forms: 5% credit applies when certain criteria are met.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.

- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6: Minimum premium of $20.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6: Minimum premium of $25.
- 10% Account Credit: All forms.
- Loss of Use-Increased Limits: All forms: Additional charge $4 per $1000 increase.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits: $3 per $1000 increase: 1st $5000 increase no charge.
- Reduced Watercraft Liability Rates: All forms.
- Personal Property Increased Limits-$1 per $1000 increase: All forms, except 4 & 6.
- Special Personal Property: all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount: All forms.
- Group Modification Plan Discount: All forms: Credit varies 0%-5%.
- Direct Bill Policies: All forms: $1 per installment.
- Cap on credits/discounts
- Relativity curve deviation
- Eff. 7-15-07 PC102802 North Carolina Department of Insurance

75. **Harbor Specialty Insurance Company**

Preferred:

- Homes 25 yrs. of age or less insured for $50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.
- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge $1 in lieu of $5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 ded. - 10%; $1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.
- Forms 4 & 6: Deductible Credits; $500 ded. - 10%; $1000 ded. - 23%.

Standard:

- Form HO-3 only - Homes 25 years of age or older and/or insured for less than $50,000.
- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 - 10%; $1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.
- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

76. **Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .90; $1000 - .83; $2500 - .75. $100 deductible amount - minimum $30 - maximum $60.
- Forms 4 & 6: Fixed dollar amount ded. factors; $500 .90; $1000 .77; $2500 .63. $100 deductible amount min. $30, max. $60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

77. **Harleysville-Atlantic Insurance Company**

- Forms 1, 2, 3 & 8: Base rate credits; Coverage A limit $48,000 & under $95,000 & over; Credit varies 0.0% - 27.5%.
- All Forms: 13%; Optional coverage rates Section I & II.
- Forms 1, 2, 3 & 8: New Home Discount factor; 1 yr. old or less .80; Discount factor increased by .01 thru 11th yr. - discount factor increased by .02 - 12th thru 15th yr.

- Eff. 5-1-92

78. **Harleysville Mutual Insurance Company**

- Group Mass Marketing Discount: 10% to voluntary policyholders that are members of specific group type organizations.
- Preferred Customer Discount: All territories except 05, 06, 41, 42, 43, 81, and 86 when certain criteria are met.
- StarPak ProgramDiscount.
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit HO 02, HO 03 and HE 7.
- Mature Homeowner Discount HO 03 and HE 7 only 55 years of age or older.
- Life Insurance Policy Discount Homeowner and Life policy
- Coverage A Key Factors discount ($180,000 and higher) All territories except 05, 06, 42, 43, 81 and 86.
- Eff. 9/12/06 PC 096822 North Carolina Department of Insurance

79. **Harleysville Preferred Insurance Company**

- Group Mass Marketing Discount: 10% to voluntary policyholders that are members of specific group type organizations.
- Preferred customer discount – all terr except 05, 06, 41, 42, 43, 81 and 86. The percentage discount is determined by the combination of insurance score rating and characteristics met.
- HE-7 Enhancement Discount: credit varies.
- StarPak Program Discount
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit Forms HO 02, HO 03, and HE 7,
- Mature Homeowner Discount HO 03 and HE 7 only 55 years of age or older.
- Policy Discount (life insurance/annuity policy)
- Coverage A Key Factors discount ($180,000 and higher) All territories except 05, 06, 41, 42, 43, 45
- HO 00 04 or HO 00 06, Base Premium for Territories except 5, 6, 41, 42, 43, 45.
- Perosnal Property Increased Limit.
- Eff 9-18-07 PC107291 North Carolina Department of Insurance

80. **Hartford Accident and Indemnity Company**

- Age of Dwelling Credit for all territories except 5, 6, 41, 42 and 43.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Effective 6-3-08 PC115017 North Carolina Department of Insurance

81. **Hartford Casualty Insurance Company**

- Age of Dwelling Credit for all territories except 5, 6, 41, 42, and 43.
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Credit.
- Key Factor for Premier, CCRL and Elite.
- Eff. 6-3-08 PC115023 North Carolina Department of Insurance

82. **Hartford Fire Insurance Company**

- Age of Dwelling Credit for all territories except 5, 6, 41, 42 and 43.
- Account Credit deviation for all territories.
- Retirees Credit, named insured is age 50 and older.

- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor (Merit, Elite, CCRL, Premier), - Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Eff. 6-3-08 PC115018 North Carolina Department of Insurance

83. **Hartford Insurance Company of Midwest**
- Age of Dwelling credit for all territories except 5, 6, 41, 42, and 43.
- Account Credit all territories.
- Retirees Credit:named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – (Merit, CCRL, Premier), Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key factors for Premier, CCRL and Elite.
- Effective 6-3-08 PC115024 North Carolina Department of Insurance

84. **Hartford Underwriters Insurance Company**
- Age of Dwelling Credit: 0-1 yr. of age - 15%; 1% less credit each added yr.
- Account Credit Factor: .95 if insured has personal auto policy with same company based on territories.
- Mature Retiree Credit Factor; .95 when required criteria are met.
- Limited Access Credit if complex meets protection requirements Forms 4 & 6: 10%.
- Product Factor – HO 00 04 and HO 00 06.
- Key Factors – coverage A.
- Eff. 10-3-07 PC105143 North Carolina Department of Insurance

85. **Homesite Insurance Company**
- Preferred Risk Group 1 Discount 10% when certain criteria are met.
- Preferred Risk Group 2 Discount 10% when certain criteria are met.
- Eff 3/31/03 PC057282 North Carolina Department of Insurance

86. **Horace Mann Insurance Company**
- Coverage amount & territory deviations:Form 7 Masters Program Variable credit.
- Protective Device Credits: Classes 1-9: Credits vary from 1%-15%.
- Forms 1, 2, & 3: 2% credit if insured 100% to value & Inflation Guard Endorsement attached.
- New Home Credit Forms 2 & 3 & Master Program:; 0 or 1 yr. - 20%; 2% less credit each added yr. to 10th yr.
- Territorial Base Rate Deviation: 8% Credit.Forms 4 & 6:
- Installment Payment Plan: Forms ML-3, 4, 6 & Master Program: Waive initial $3 installment fee.
- Deductible Credits Forms ML 2& 3 and masters: Variable credits.
- Auto/Home discount all forms credit varies.
- Deductible Credits for forms ML-4 and 6 credit varies.
- Replacement Cost on contents - 15% charge for policies with $500 or greater deductible. $10 minimum premium.
- Masters Program - $60,000 Minimum coverage A, includes inflation protection coverage at no additional charge; includes Replacement Value-Personal Property; included the following percentages of Coverage A: 10% coverage B, 70% coverage C, and 20% coverage D.
- Federal Flood Insurance Program: 2% credit applies to HO and MH policies if the insured has a federal flood insurance policy placed with us through our flood insurance placement program.
- Downward deviation on earthquake.
- Silverware, Goldware,& Peterware coverage will be $3.00 per $500 of insurance.
- Refrigerated Food Spoilage coverage will be $5.00 per policy.
- Tenant's Improvements Increased Limit - $4 per $1000 of insurance.
- Coverage A Increased Limit - $3 per $1000 of insurance.
- Additional Residence Premises - Rented to Others (Liability Coverage) - Premium varies.
- Private Structures - Rented to Others (Liability Coverage) - Premium varies.
- Form 7-Masters Program: Credit Tier Deviation.
- Eff. 5-1-04 PC070010 North Carolina Department of Insurance

87. **Horace Mann Property & Casualty Insurance Company**

- Amount of Insurance Deviation Form 3 & Masters Program by territory: Credit varies.
- Protective Device Credits for Protection Classes 1-9: Credits vary 1% - 15%.
- 2% credit for form 3 if all coverage amounts insured 100% to value with Inflation Guard Endorsement attached.
- Newly Constructed Residences Credit: Age of Home 0 - 10 yrs.: Credits vary 3%-16.5%.
- Protection Class credits for Form 3 and Masters Program.
- Installment Pay Plan.
- Deductible Factors for Form ML-3 and Masters Program.
- Multiline Discount.
- Masters Program: $125000 minimum Coverage A, includes replacement value - personal property & inflation protection coverage at no additional charge.
- Federal Flood Insurance Program: 2% credit if flood insurance policy is placed through us.
- Earthquake Deviation.
- Silverware, Goldware & Pewterware coverage will be $3 per $500 of insurance.
- Refrigerated Food Spoilage coverage will be $5 per policy.
- Additional Residence Premises - Rented to Others (Liability Coverage): Rates vary per coverage amount
- Private Structures - Rented to Others (Liability Coverage)
- Credit Tier Diviation.
- Eff 8-1-05 PC082794 North Carolina Department of Insurance

88. **IDS Property casualty Insurance Company**

- Form 3 – Amount of Insurance
- Form 4 – Amount of Insurance
- Form 6 – Amount of Insurance
- Protective Device Credits
- Deductible Credits
- Home and Auto Discount
- Replacement Cost on Contents Discount
- Condo Coverage A increased limits
- Utilities Rating Plan
- Coverage C Increased Limits
- Installment Pay Plan
- Refrigerated Personal Property
- Townhouse/Rowhouse
- Costco Discount
- Base Rates (Form 3) by territories
- Base Rates (Form 6) by territories
- Eff 5-1-07 PC102017 North Carolina Department of Insurance

89. **Indemnity Insurance Company of North America**

- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.
- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 premium charge per $1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

90. **Indiana Lumbermens Mutual Insurance Company**

- Forms 1, 2, 3 & 3 w/l5: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9/1/85

91. **Insura Property & Casualty Insurance Company**

- Form 3: Deductible credits; $500 - 15%; $1000 - 25%; $2500 - 38%.
- All Forms: Personal property increased limits $2 per $1000.

- Protective Device Credits; Credit varies 2% - 15%.
- Personal Injury (HO-82) included at no charge.
- Personal Property Replacement Cost Coverage; Eliminate 5% surcharge.
- New Home Credit: Current calendar yr. - 20%; 1 yr. preceding current calendar yr. - 18%; each added yr. 2% less credit until 10+ yrs. - 0%.
- Multi-Policy Credit: 10% applies to total HO policy prem. when auto policy is written in the Anthem Casualty Ins. Group.
- Amount of insurance deviation based on territory, protection class & amount of Coverage A: $70,000-$200,000 credits varies 8.6% - 21.9%; Each additional $10,000 credit varies 15% - 30%.
- Forms 2 & 3: Amount of Insurance Deviation; 3% charge of basic premium.
- Base premium deviation by territory.
- Eff. 6-1-99

92. **Insurance Company of North America**
- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C; $1 per $1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & $1 per $1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5/1/92

93. **Insurance Company of the State of Pennsylvania**
- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; $250 - 15%; $500 - 25%; $1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.
- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6/15/88

94. **Integon General Insurance Corporation**
- Delete the surcharge for $100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount $50,000 - $250,000 & above based on territory; Credit varies - 0% - .340%.
- Deductible Credits: Form 3; Terr. 32, 33, 34-41- $250 ded., $500 ded., $1000 ded. & $2500 ded.: Credits varies .05%- .41%.
- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

95. **Integon Indemnity Corporation**
- Delete surcharge for $100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount $50,000 - $250,000 & above & based on territory. Variable credit.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - $250 ded; $500 ded. $1000 & $2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5/1/92

96. **Liberty Mutual Fire Insurance Company**
- Mass Merchandising Program – 5% deviation when certain criteria is met
- Deductible Credits Deductible Amount and percentage of credit/surcharge vary.
- Amount of Insurance Forms HO 1,2, & 3 Deviation by policy amount and territory.

- Amount of Insurance HO 4 & 6 Deviation by policy amount and territory.
- Installment Payment Plan all forms - $3 each installment except first installment
- Coverage A Dwelling Limit for form HO 6
- Watercraft Deviation by limits of liability
- New Home Credits HO 2 & 3 Credits vary.
- Protective Devices Credits Credits vary .
- Hurricane deductible credits; credit varies by deductible amount.
- Eff. 5-10-04 PC070198 North Carolina Department of Insurance

97. **Liberty Mutual Mid-Atlantic Insurance Company**

- Forms 2,3,4, & 6 35% deviation.
- Froms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

98. **Lititz Mutual Insurance Company**

- New Home Credit.
- Discount when Guaranteed Repair or Replacement Cost Protection (Coverage A) and Personal Property Replacement Cost Protection (Coverage C) are used together.
- Protection class 9 discount
- Optional Higher Deductibles Deviation.
- Base Rate Deviation by Territory: Credit varies.
- Ordinance or Law – increased Limits.
- Eff 12-1-07 PC109555 North Carolina Department of Insurance

99. **LM Property and Casualty Insurance Company**

- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 $1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: $1.00 per $1,000 increase of insurance
- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured community. Fully secured - 10%: Partially secured -5%.
- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: $14 per $1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of $20.
- Silverware, Goldware, & Pewterware: $2.50 per $500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.
- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.
- Business Property - Increased Limits Deviation: $10 per $2500.
- Eff. 3-14-03 PC058007 North Carolina Department of Insurance

100. **Lumbermens Mutual Casualty Company**

- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- $100 Deductible: Waive minimum premium.
- $250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.

- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 North Carolina Department of Insurance

101. **Maryland Casualty Company**

- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: $500 - 15%; $1000 - 20%; $2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of $75 is waived.
- Eff. 7-1-98

102. **Massachusetts Bay Insurance Company**

- Year of Construction – Newly Constructed Dwellings.
- Mature Homeowners Credit: All forms: 5% credit applies when certain criteria are met.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6: Minimum premium of $20.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6: Minimum premium of $25.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms: Additional charge $4 per $1000 increase.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits: $3 per $1000 increase: 1st $5000 increase no charge.
- Watercraft Liability Rates: All forms.
- Personal Property , Increased Limits-$1 per $1000 increase: All forms, except 4 & 6.
- Special Personal Property: Reduced Charge for Form 3w/15.
- Electronic Funds Transfer Plan Discount: All forms.
- Group Modification Plan Discount: All forms: Credit varies 0%-5%.
- Direct Bill Policies: All forms: $1 per installment.
- Cap on total credits/discounts of 35%.
- Territorial Deviation: All forms, except 4 & 6: Credit varies
- Eff 1-1-08 PC110168 North Carolina Department of Insurance

103. **Medmarc Casualty Insurance Company**

- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7/15/90

104. **Merastar Insurance Company**

- New Home Credit; HO 00 03 Homes completed & occupied during current calendar yr. credit varies.
- Safe and Sound Discount: protective device credit certain criteria.

- Auto Home Discount All Forms - credit to the base homeowner premium if insured's automobile is insured with this Company.
- Waiver of installment charge when certain requirements are met.
- Increased Special Limits of Liability: Jewelry, watches & furs; Additional premium $10 for each $1000 increase.
- Merastar Maximum Discount: Factor .97 applies to base premium when certain criteria is met.
- Deductible credits;Forms 3 & 5: $500 - $1000
- Deductible credits;Forms 4 & 6: $500 - $1000
- Protective Device Credits; 2% - 15%.
- Boat Liability Rate Deviation: All Forms: credit based on length & horsepower.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount All Forms Discount if the named insured is a member of an employer sponsored account or qualifying affinity group.
- Eff. 8-1-05 PC084763 North Carolina Department of Insurance

105. **<u>Metropolitan Direct Property & Casualty Insurance Company</u>**

- Deductible Deviation.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Claim Free Discount.
- Increased Ordinance or Law Coverage
- Earthquake Coverage
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Eff. 5/1/07 PC103863 North Carolina Department of Insurance

106. **<u>Metropolitan Property & Casualty Insurance Company</u>**

Standard Program

- Deductible Deviation.
- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Smaller employer groups when criteria is met.
- Claim Free Discount: 5% discount when criteria are met.
- Increase Ordinance or Law coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.

Conversion Program

- Windstorm or Hail Percentage Deductible Relativities.
- Additional Limit of Liability.
- Replacement Cost on Contents: 10% surcharge. Cov C amount increased to 70% of Cov A at no additional cost.
- New Home Discount – Year of Construction..
- Premium Credits for Alarm Systems: Credits vary 1% - 15%. Credit applies to base premium.

- Mature Homeowners Discount: credit applies if a person is age 55 or older & retired. If married one spouse must be age 55 or older & neither employed full time. Not available with Form HO-4 & in specified territories.
- Windstorm or Hail Exclusion Credit: Variable credits based on protection class, construction & territory.
- Multi-Policy Discount: applies to total homeowner premium when homeowner & auto policies issued with Metropolitan. Not with ho 4 or in terr 5, 6, 34, 41, 41, 42, 43.
- Claim Free Discount: 5% discount when criteria are met.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Eff 5-1-07 PC103777 North Carolina Department of Insurance

107. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per $1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.
- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): $5 per policy when criteria is met.
- All Forms: 10% Account Credit.
- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 North Carolina Department of Insurance

108. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% to 15%.
- All Forms, except 4 & 6: Deductible/factors; $100-1.10 - no minimum or maximum charge; $500-.90; $1000-.80.
- Forms 4 & 6: Deductible/factors; $100/$250 theft - 1.05. No minimum or maximum charge; $500-.90; $1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: $5 Photo Credit New Business.
- Form 4: Building additions & alterations increased limits $5 per $1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, $5000 Coverage A is provided at no additional charge. Charge $5 per $1,000 for increased limit up to total of $15,000.
- Forms 4 & 6: Loss of Use; Increased limits $3 per $1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - $2 per installment.
- Eff. 6-1-99

109. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - $55,000 - $120,000 & over; Territory 34 Cumberland County -0% -22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. $50,000 -$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance $50,000 - $120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; $500-10%; $1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; $500 - 10%; $1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance $50,000-$69,000 - 10%; $70,000 - 110,000 - 11%; $120,000 - $170,000 - 12%; $180,000 - $200,000 - 13%, each additional $10,000 - 0% when special requirement are met.

- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.
- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.
- Earthquake Coverage: Superior construction will be rated same as frame construction.
- Form HO-6: Coverage A increased limits; $3 for each additional $1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5/1/92 *Name changed from State National Specialty Company effective 3/16/04*

110. **National Surety Corporation**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Eff 12-01-03 PC065123 North Carolina Department of Insurance

111. **National Union Fire Insurance Company of Pittsburgh**

- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit: Credit varies by amount of insurance and deductible amount.
- Increased Coverage C Limit Deviation: A factor of 1.25 applies per$1000 of insurance. Territories 5, 6, 42 & 43 excluded.
- Renovated House Credit: Credit varies .82 - .97 for houses renovated 1 yr. to 6 yrs.
- Gated Community Credit: 5% applies when criteria is met.
- Loss Free/ Persistency Credit: 5% or 10% credit applies when criteria is met.
- Eff. 10-13-00 PC037427 North Carolina Department of Insurance

112. **Nationwide Mutual Fire Insurance Company**

- Nationwide Territory Deviation/Territory Deviation Forms HO 02, HO 03 & HO 05: Deviation by amount of insurance & territory.
- Home & Car Discount: Credit varies.
- Amount of Insurance deviation: Credit varies by territory and amount of Insurance.
- Personal Property Replacement Cost Deviation.
- Deductible Deviations.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Home Component Deviation.
- Age of Construction Deviation.
- Eff. 8-3-08 PC112944 North Carolina Department of Insurance

113. **Nationwide Mutual Insurance Company**

- Nationwide Territory Definitions and Territory Deviations Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
- Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06
- Deductible Deviations.
- Protective Device Deviation.
- Safe Home Rating Program – Form HO-2, HO-3, HO-5.
- Age of oldest Insured.
- Personal Status Deviation.
- Age of construction deviation.
- Amount of Insurance – Forms HO 02, HO 03, and HO 05.
- Age of Home Component Deviation.
- New Purchase Deviation.
- Eff. 8-3-08 PC112937 North Carolina Department of Insurance

114. **Netherlands Insurance Company**

Preferred Homeowners

- Personal Property Increased Limits;. Forms 3, HE-7, HE-7w/20 & HE7w/21 $.50 per $1000 of insurance
- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge $5.
- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

Standard Homeowners

- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; $.50 per $1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge $5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they ar written as part fot the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.
- Eff 10-15-02 PC053999 North Carolina Department of Insurance

115. **New Hampshire Insurance Company**

- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): $1 per policy.
- Eff. 7/1/87

116. **New South Insurance Company**

- Deviation by Amount of Insurance: Coverage A amount: $50000 - $250,000 & above based on territory; Credit varies 0% - .380%.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits: Territories 32, 33, 34 - 41; $250 ded., $500 ded. $1000 ded. & $2500 ded.; Credits vary .05% - 41%.
- Form 6: 15%.
- Delete surcharge for $100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5/1/92

117. **NGM Insurance Company**

- Age of Dwelling Deviation: Forms 2 & 3: 0 - 5 yrs. of age: Credit varies 0% - 18%.
- Preferred Homeowners or Revitalized Home Credit when underwriting guidelines are met: Credit varies. Forms 2 & 3:
- Deductible credits/charges, factor varies by ded amount. Forms 2, 3, 4, 6 & 8.
- Form 6: HO-4 base premium by factor .80 to develop base premium HO-6.
- All Forms: Protective Device Credit: Credit varies 1.1% to 2.3%. There is a maximum allowable credit of 15%.
- Forms 2, 3, 4 & 6: Replacement Cost on Contents: Minimum additional premium of $20 does not apply.
- Forms 2 & 3: Personal Injury (HO-3282); Charge will be deleted when selection of additional coverages are met.

- Forms 2 & 3: Water Back-up of Sewers or Drains (HO 0484): Charge will be deleted if selection of additional coverages is met.
- Forms 2 & 3: Credit Card, Fund Transfer Card, Forgery, & Counterfeit Money (HO 0453): Charge will be deleted when selection of additional coverages is met.
- Forms 2 & 3: Charge for Special Computer Coverage (HO 3237) will be deleted when selection of additional coverages are met.
- Forms 2 & 3: Coverage C Special Limits of Liability: 2% charge of the base premium when certain criteria are met.
- Forms 2 & 3: Fire Department Service Charge: the policy limit of $500 for fire department service charge will be increased to $1000 with selection of certain additional coverages and increased limits.
- Forms 2 & 3: Charge to increase Coverage D to 30% of Coverage A will be deleted when selection of additional coverages are met.
- Installment Payment Plan: Multi-policies - $3 charge first policy: $1 charge for each additional personal lines policy appearing on monthly statement. No service charge if paid via EFT.
- Forms 2 & 3: Additional Limits of Liability for Coverage A (HO 3220): 6% of base premium when selection of certain coverages is met.
- Forms 2 & 3: Personal Property Replacement Cost: along with HO 0490 5% of base premium when selection of certain coverages.
- Forms 2 & 3: Ordinance or Law (HO-0477): 15% additional of Coverage A will be 4% of base premium for all insureds when selection of certain coverages is met
- Forms 2 & 3: Refrigerated Property Coverage (HO0498) charge will be deleted when selection of additional coverages are met
- Insurance Score Discount factor varies by Insurance Score.
- Eff. 10-21-05 PC084159 North Carolina Department of Insurance

118. **North Carolina Farm Bureau Mutual Insurance Company**

- Deviation by Territory & Program.
- Deviation on Forms HO 00 04 and HO 00 06.
- -10% Deviation on Form HO 00 08.
- Deductible Credits.
- Value Plus Homeowners; Credit varies when criteria is met.
- Water Craft: Deviations varies by speed, length & horsepower of Water Craft.
- Age of dwelling credit; Territories 5 & 6 excluded; 2% credit until 8 or more yrs., then no credit
- Deviation by Amount of Insurance vary based on rate structure, protection class, deductible, & territory. Forms 2 & 3: Credits vary
- .Deviation on Personal Property Coverage Forms HO 00 02 and HO 00 03 w/o HO 00 15.
- Personal Property Coverage C Replacement Cost.
- Carolina Partner Plus Discount varies by Coverage A amount of insurance when criteria is met. Credit varies.
- Deviation for Additional Residence Rented to Others & Other Structures Rented to Others - Residence Premises.
- Forms 2, 3, 4, 6 & 8: Deductible credits/charges.
- Deviations by selected country.
- Additional 5% deviation applies to property in specified counties.
- Eff. 5-1-07 PC101567 North Carolina Department of Insurance

119. **North River Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to $1 per $1000 of increased Coverage C.
- All Forms: Replacement cost on contents; Deletion of $20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

120. **Northern Assurance Company of America**

- All Forms, except 4 & 6: New Home Credit: 0-1 yr. old - 20%; 2% less credit each yr. to 10th yr.

- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Guaranteed Replacement Cost (HO-3211): $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement: 6% - at no charge.
- Forms 1, 2 & 3: Fixed dollar amount deductible credits; $500 - 15%; $1000 - 21%; $2500 - 38%..
- Homeowners Enhancement Program Factors: HE - 7 - 1.15%; HE - 7w/15 - 1.20 & HE - 7w/21 - 1.25.
- Deviation by Coverage A amount of insurance. All Forms, except 4 & 6: Credit varies.
- Windstorm or Hail Deductible.
- Eff. 8-15-02 PC053955 North Carolina Department of Insurance

121. **Northern Insurance Company of New York**

- Forms 1, 2, 3 & 3w/l5: Age of dwelling credit; 0 - 2 yrs. - 25%; 3 yrs. - 23%; 4 yrs. - 21%; 5 yrs. - 18%; 6 yrs. - 15%; 7 yrs. - 12%; 8 - 12 yrs. - 11%; 13 - 15 yrs. - 5%.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500; Reduce premium $5 to $1.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 1, 2 & 3: Charge $1 per $1000 for increase in Coverage C limits.
- Eff. 2/15/92

122. **Northwestern National Casualty**

- Forms 2, 3, 3w/15, & 6: Company deviation based on territory & Coverage A amount; Credit varies.
- Forms 2, 3 & 3w/15: New Home Discount: New to age 20 yrs. Credit varies 2% - 27%.
- All Forms, except 4 & 5: Deductible Credit/Charges.
- Personal Property Increased Limits for Coverage C. Forms 2 & 3 - $.50: Form 3w/15 - $2.
- Protection Construction Relativity Deviation.
- Protection Devices Credits: Maximum Credit removed.
- Outboard Motors & Water Craft: Liability rates amended by boat length.
- Form 6: Dwelling Basic and Increased Limits and Special Coverage. $5000 Coverage A limit named perils basis: No premium charge.
- Personal Property Replacement Cost Coverage: All forms, except 4 & 6 - factor 1.05; Form 4 & 6 - factor 1.35. Minimum premium deleted.
- Ordinance or Law Coverage deviation.
- Three or Four Family Dwellings: Coverage B & C deviation.
- Installment Payment Plan: Initial installment charge waived.
- 5% Account Credit when named insured has an auto policy with the Highlands Insurance Group Companies.
- Eff. 6-1-99

123. **Ohio Casualty Insurance Company**

- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff.12-1-05 PC082799 North Carolina Department of Insurance

124. **OneBeacon Insurance Company**

- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.
- Account Credit when the named insured insures personal auto in any of the General Accident Copanies.
- Fixed Dollar Amount Deductible.
- New Home Credits.
- Eff 4-15-96

125. **OneBeacon Midwest Insurance Company**

- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): $5 premium charge.

- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: $500-15%; $1000-21%; $2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: $250000 - $500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952 North Carolina Department of Insurance

126. **OneBeacon America Insurance Company**

- Forms 1, 2, 3: Fixed dollar amount deductibles; $500-15%; $1000-21%; $2500-38%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- All Forms, except 4 & 6: New home discount; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Forms 1, 2, 3 & 3w/15: Repair or replacement cost Coverage A; HO3211 - $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- All Forms, except 4 & 6: Provide Inflation Guard Endorsement at 6% amount of annual increase at no charge.
- Form 6: Units regularly rented to others; Delete $15 charge.
- Form 6: 11.1% credit.
- Form 6: Coverage A Dwelling Basic and Increased Coverage A limit $3,000 cov A at no addit charge.
- 5% discount for insured age 49 or older.
- Homeowners Enhancement Factors: HE-7 - 1.15; HE -7w/15 - 1.20 & HE-7w/21 - 1.25.
- All Forms, except 4 & 6: Deviation by Coverage A amount of insurance: Credit varies.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 North Carolina Department of Insurance

127. **Owners Insurance Company**

- Territory Description.
- Form 6 rate deviation
- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Form HO-6 Units Regularly Rented To Others.
- Form HO-6 Coverage A Dwelling Increased Limits and Special Coverage.
- Building Additions and Alterations At Other Residences-All Forms.
- Loss Assessment.
- Other Insured Location Occupied By Insured - Section II.
- Section II, Liability-Residence Employees waived.
- Business Pursuits - no charge.
- Personal Injury coverage-no charge.
- Permitted Incidental Occupancies - Residence Premises.
- Special Personal Property Coverage.
- Multi-Policy Discount
- Seasonal Discount-Forms HO 00 03 and HO 00 06.
- Section II, Liability Watercraft.
- Life-Homeowners Multi Policy Discount.
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in full discount.
- Personal Property Increased limits.
- Eff 11-20-08 PC119946 North Carolina Department of Insurance

128. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Rate for increase in Coverage C: $1 per $1000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at $1 per $1000.
- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

129. **Pacific Indemnity Company**

- Forms 4 & 6: 10% credit.
- 5% credit for HO-2, HO-3, HO-5 and HE-7 in territories 32, 36, 38, 39, 53 and 57.
- Elimination of maximum credit for protective devices.
- Optional Higher Deductibles
- Hurricane Deductible
- Additional Amount of Insurance deviation. Forms 2, 3 & 5.
- All Forms: 5% Gated Community Credit when criteria is met.
- Eff5-1-07 PC102232 North Carolina Department of Insurance

130. **Peerless Insurance Company**

- Deductible Credits: Forms 3, HE-7, HE-7w/20 & HE-7w/21 - credits vary.
- Protective devices.
- Base Premium Computation (HO 00 06).
- Homeowners Enhancement Program - Specified Additional Amount of Insurance for Coverage A – Dwelling HO 32 20.
- Homeowners Enhancement Program (HE-7, HE-7 w/20, and HE-7 w/21)
- Personal Protector Multi-Policy.
- Base Premium Computation – All forms except HO 00 04 and HO 00 06.
- Installment Payment plan - charge for each installment for Electronic Fund Transfer.
- Price Point Deviation.
- Deductibles, Flat dollar windstorm or hail deductibles non – coastal territories.
- Deductibles, Flat dollar windstorm or hail deductibles coastal territories.
- Deductibles, Percentage windstorm or hail deductibles non – coastal territories.
- Deductibles, Percentage windstorm or hail deductibles coastal territories.
- New Home buyer credits.
- Eff. 5-15-08 PC111825 North Carolina Department of Insurance

131. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; $500 - .90; $1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; $1 per $1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage; Waive charge to increase Coverage C limit from 50% to 70% of Coverage A limit. Premium for Replacement Cost Coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.
- Eff. 4-15-96

132. **Pennsylvania Lumbermens Mutual Insurance Company**

- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10/1/85

133. **Pennsylvania National Mutual Casualty Insurance Company**

- New Home Discount: Forms 2, 3 & 3/wHO3236: New to 15 yrs. of age: Credit varies 1%-20%.
- Deductibles – Optional Higher Deductibles.
- Personal Property A Increased Limits.
- Preferred Program territory & public protection class.
- Account Credit Program: Forms 2, 3, 4, 5, 6 & 6w/HO3235 and HE 07.
- Deviation for Water Craft outboard motors and watercraft.
- Protective Device Credits: Applies to insureds that meet eligibility criteria. Credit varies.
- Additional Amount of Insurance HO 02 & HO 03.
- Deviation on Ordinance or Law Coverage.
- Preferred Advantage Program Deviation: Forms HO 03, HO 05, and HE 07 Territory and Protection Class.
- Form HO 06 Coverage A Dwelling Basic and Increase Limits and Special Coverage.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Deviation.
- Loss Assessment coverage Forms HO 02, HO 03, HO 04, HO 05 and HO 06.
- Personal Property - Increased Special Limits of Liability.
- Personal Property – Refrigerated personal Property.
- Water Back Up and Sump Discharge or Overflow.
- Personal Injury Increased Special Limits of Liability
- Installment Charges-Recurring Payments automatically deducted.
- Eff 11-14-08 PC117466 North Carolina Department of Insurance

134. **Pharmacists Mutual Insurance Company**

- -25% base rate deviation.
- Waiver of premium is amended to $5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 North Carolina Department of Insurance

135. **Phoenix Insurance Company**

- Base Rate Deviation Dwellings.
- Base Rate Deviation Condos Credit varies based on territory.
- Coverage A Relativities Deviation: forms HO 2, HO 3 and HE 7.
- Protective Device Deviation: Credit.
- Deductible Credits: Varies by amount of Coverage.
- Personal Property Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property: charge waived.
- Account Credit.
- Loss Free customer Credit
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Safety Seminar Credit Certain criteria apply.
- Royal SunAlliance Employee Program Credit.
- Coverage C Relativities – Form HO-6, credit varies.
- Home Buyer Credit.
- HE-7 Factor Deviation.
- Installment Payments.
- Eff 9-21-08 PC118029 North Carolina Department of Insurance

136. **Platte River Insurance Company**

- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.

- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.
- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to $1000 in lieu of $500 if certain coverages and options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

137. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.
- All Forms, except 4 & 6: Deductible credits: $500 - 10%; $1000 - 17%; $2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: $5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4/18/00 PC033008 North Carolina Department of Insurance

138. **Republic Insurance Company**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits: $500-9%; $1000-17%; $2500-25%.
- Eff. 4-1-95

139. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; $500 - 12%; $1000 - 24%; $2500 - 36%.
- Forms 4 & 6: Deductible Credits; $500 - 17%; $1000 - 30%; $2500 - 37%.
- Replacement or Repair Cost Protection (HO-500); Waive $5 charge.
- Forms 4 & 6: 10% deviation.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

140. **Safeco Insurance Company of America**

- Deductible Debit/Credits. Credit varies.
- Renewal Credit: all forms Certain criteria apply.
- Account Credit: all forms Certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage (HO 04 53): charge for $1,000 is deleted.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.

- Other Insured Locations Occupied by Insured: 2 family house will be charged as a 1 family house
- Outboard Motor & Watercraft Liability Deviation.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities
- Employee Discount Plan
- Base Rate Deviations
- HE 00 007 w/HE-21.
- Eff.3-8-07 PC099325 North Carolina Department of Insurance

141. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

142. **Safeguard Insurance Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 $8 per policy.
- Protective Devices: Credits vary 2%-15%.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under $100000 - 11% surcharge; $100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Discount for Eligible Employees: 20% credit to total homeowners policy premium.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Companion Policy Credit: 8% if auto coverage is afforded in any member Company of Royal & SunAlliance Insurance.
- Installment Payment Plan waived for employees.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Electronic Funds Transfer Deviation: $1 charge per transfer.
- Coverage A Discount by Amount of Insurance & Territory: Preferred Program: Credit varies 0% - 15%.
- Coverage A Discount by Amount of Insurance & Territory: Super Preferred Program: Credit varies 0% - 17%.
- Preferred Program Deviation by Forms Off Standard Rates - credit varies by territory.
- Super Preferred Program Deviation by Forms Off Standard Rates – Credit varies by territory.
- 10% Group Mass Marketing Discount: Certain criteria apply.
- Company Deviation of 9%.
- New Home Discount/Age of Dwelling Credit: New to 10 yrs. old - 2% to 20% credit.
- Eff. 08-15-03 PC071716 North Carolina Department of Insurance

143. **St. Paul Fire & Marine Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium $15 per policy.
- Eff. 9/23/92

144. **St. Paul Guardian Insurance Company**

- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: $500 - 11%; $1000 - 23%; $2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.

- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge applies for lengths over 15 - 26 feet & over151 horsepower as to lengths up to 15 feet & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: Premium credit when insured or spouse has maintained consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; $1 per $1000 of insurance.
- Installment Payment Plan: $2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

145. **St. Paul Mercury Insurance Company**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; $500 - 11%; $1000 - 23%; $2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.
- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Installment Payment Plan: $2 charges each installment.
- Eff. 3-1-95

146. **Seaton Insurance Company**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under $40000 - $1000000 & & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.
- Personal Property Coverage C increased limits: Form 3; $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.

- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

147. **Select Insurance Company**
- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

148. **Selective Insurance Company of South Carolina**
- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.
- Forms 4 & 6: Replacement Cost Personal Property; Annual add'l prem. shall be $1 per $1000 of ins. applied to Coverage C.
- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors; $500 - .85; $1000 - .80; $2500 - .70.
- Amount of Insurance Deviation: $60000 - $l40000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.
- Eff. 5/1/92

149. **Selective Insurance Company of the Southeast**
- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of $1 per $1000 of insurance applied to Coverage C. Minimum limit of Coverage is $12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amount deductible factors; $500 - .85; $1000 - .80; $2500 - .70.
- Amount of Insurance Deviation: $20000 - $75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-92

150. **Sentry Insurance A Mutual Company**
- All Forms, except 4 & 6: Fixed dollar amount ded; Factors for Cov A limits: $500 ded. - .91; $1000 ded. - .79; $2500 ded. - .62.
- Eff. 11-1-96

151. **Service Insurance Company**
- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.
- Claim Free Credit: 5% applied to base premium:Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: $1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The maximum allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 North Carolina Department of Insurance

152. **South Carolina Insurance Company**
- All Forms: 10% credit off base premium.

- Forms 1, 2 & 3: New Home Credit; l6% current calendar yr. - 2% less credit for each yr. preceding current calendar yr.
- Flat Deductible Credits: All forms, except 4 & 6; $500-9%; $1000-17%; $2500-25%.
- All Forms: Protective Device Credits: Special Fire & Theft Package - 5% credit.
- All Forms: Account credit: 10% applies to HO policy when personal auto coverage or flood coverage is written on primary residence with any of the Seibels Bruce Companies.
- All Forms, except Form 4: 5% Senior Citizens Credit when required criteria are met.
- All Forms: Credits vary based upon renewal criteria.
- Forms 4 & 6: 10% deviation.
- All Forms: Deviation by policy amount of insurance; $10000 - $86000 & above: Credit varies 0% - 26.4%.
- Guaranteed Replacement Cost: Endorsement HO-500; Building replacement or repair cost protection; $1 charge.
- Forms 3 & 3w/15: 10% deviation.
- Form 3: Deviation by policy amount of insurance; $10000 - $111000 & above: Credit varies 0% - 27.0%.
- All Forms: Personal Property Replacement Cost including an increase in contents to 70% of Coverage A provided for no charge.
- Forms 3 & 3w/15: Increase in Coverage C; $1 per $1000.
- Guaranteed Replacement Cost HO-500: Coverage A provided for no charge.
- Forms 3 & 3w/15: Windstorm or Hail Exclusion; Beach territory only; $75 premium credit.
- Personal Injury Coverage provided for no charge.
- Eff. 6/1/99

153. **<u>Southern Guaranty Insurance Company</u>**

- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.
- Form 6: Deviation by Territorial Relativities.
- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; $500-.91; $1000-.83; $2500-.75. Forms 4 & 6: $500-.90; $1000-.77; $2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.
- Eff. 1-1-01 PC038720 North Carolina Department of Insurance

154. **<u>Southern Insurance Company of Virgina</u>**

PREFERRED

- Territory Deviation; for form HO 00 02, HO 00 03, and HO 00 05 Credit varies.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Southern Homeowners Account Credit Plan.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage
- Multi-Protector-Water Backup

- Multi-Protector Plus-Refrigerated Property
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability
- Multi-Protector Deluxe-Business Property
- Multi-Protector Deluxe Personal Injury Coverage
- Multi-Protector Deluxe Water Backup
- Multi-Protector Deluxe Refrigerated Property
- Multi-Protector Deluxe Loss Assessment Coverage
- Multi-Protector Elite Coverage C Increased Special Limits of Liability
- Multi-Protector Elite Business Property
- Multi-Protector Elite-Personal Property Replacement Cost Coverage
- Multi-Protector Elite Personal Injury Coverage
- Multi-Protector Elite Water Backup
- Multi-Protector Elite Refrigerated Property
- Multi-Protector Elite Loss Assessment Coverage
- Multi-Protector Elite Increased Ordinance or Law Coverage
- Multi-Protector Elite Increased Section II Limits of Liability

STANDARD

- Territory Deviation for HO 00 02, HO 00 03, and HO 00 05.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Personal Property Replacement Cost Coverage HO 00 04 and HO 00 06.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Southern Homeowners Account Credit Plan.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage.
- Multi-Protector-Water Backup.
- Multi-Protector Plus-Refrigerated Property.
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability.
- Multi-Protector Deluxe-Business Property.
- Multi-Protector Deluxe Personal Injury Coverage.
- Multi-Protector Deluxe Water Backup.
- Multi-Protector Deluxe Refrigerated Property.
- Multi-Protector Deluxe Loss Assessment Coverage.
- Eff 12-1-08 PC121590 North Carolina Department of Insurance

155. **Southern Pilot Insurance Company**

- Deviation by Territorial Relativities (HO-3 and HE-7).
- Deviation by Territorial Relativities (HO-4)
- Deviation by Territorial Relativities (HO-6).
- Amount of Insurance Deviation (HO-3 and HE-7).
- New Home Credits
- Deductible Credits.
- Reduced Surcharge for Personal Property (Coverage C) Replacement Cost Coverage.
- Reduced Charge for Personal Property Increased Limits.
- Reduced Rates for Outboard Motors and Watercraft Liability.
- Personal Injury Coverage At No Charge.
- Deviation for Exceptional Homeowner (HO-3 and HE-7).
- Protective Devices Credit.

- Deviation for Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 08-01-05 PC083567 Filing Detail

156. **Standard Fire Insurance Company**
- Base Rate Deviation Dwelling.
- Coverage A Relativities forms HO 2, HO 3.
- Coverage A Relativities form HE 7.
- Protective Device Deviation
- Deductible Credits all forms varies by deductible amount and coverage Limit.
- Personal Property - Increased Limit Coverage C:
- Personal Property - Refrigerated Personal Property.
- Account Credit
- Loss Free Customer Credit
- Inflation Guard: Premium charge waived.
- Safety Seminar Credit: Certain criteria apply
- Home Buyer Credit
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff. 9-21-08 PC118027 North Carolina Department of Insurance

157. **State Automobile Mutual Insurance Company**
- Deductible Credits
- Auto/Home Discount
- Credits for Protective Devices
- Age of Dwelling Credit
- Replacement Cost of contents for forms HO 00 03 and HO 00 05
- Additional Limits of Liability HO 32 11
- Increased Coverage C
- Form HO 00 05
- Protection Class 9 Rates
- Prime of Life Discount, Age 55 and older
- Windstorm or Hail Deductibles
- Townhouse /rowhouse
- Three or Four Family Dwellings
- Residence Held in Trust
- Base Premiums
- Windstorm or Hail Exclusion Credits
- Ordinance or Law Coverage
- Eff 5-29-07 PC103347 North Carolina Department of Insurance

158. **State Auto Property & Casualty Insurance Company**
- Deductibles credits.
- Auto/Home deviation
- Credits for Protective Devices.
- Age of Dwelling Deviation: New - 9 yrs.: Credit varies
- Replacement Cost Coverage HO 3 and HO 5 if provided Coverage C is increased to 70% of Coverage A at no additional charge. No charge for RC contents under Home Defender Program.
- Additional Limits of Liability – Guaranteed Replacement Cost on Dwelling.
- Coverage C Increase: HO 3 $1 per $1000: Form HO 5 $2 per $1000.
- Form HO 5: Optional at +10% charge.
- Protection Class 9 Rates: Discount for homes within 5 miles of a responding Fire Department & within 1000 feet of fire hydrant.
- Prime of Life Discount: Homeowners All Forms, except HO 4: Age 55 & over -10%: Coverage C is at least $20,000.
- Windstorm or Hail Deductible. Variable Credits.

- Townhouse/rowhouse
- Three or four family dwellings
- Residence held in trust.
- Ordinance or Law Coverage.
- Eff. 5-29-08 PC114663 North Carolina Department of Insurance

159. **State Capital Insurance Company**

- Fixed dollar amount deductibles, all forms credits vary.
- Deductible factors forms 4 and 6 credits vary.
- Personal Property Increase Limits – Forms 2, 3, HE-7 & HE-7 with HE-20 factor is .50 per $1000, HO 3 w/15 is $2 per $1000.
- Company deviation based on territory & coverage A amount, credit varies.
- New Home Discount – Credit varies by year constructed.
- Protective device credits, all forms, credit varies by territory and protection class.
- Outboard motors & Water Craft- Liability rates amended by boat length.
- Protection/Construction Relativity Deviation.
- Windstorm or Hail Deductible Deviation – credit varies.
- Dwelling Basic and Increased Limits and Special Coverage Form 6 Limit $5000.
- Personal Property Replacement Cost Coverage: all forms
- Ordiance or Law Coverage deviation by factors.
- Three or four family residence: Coverage B&C deviation.
- Installment Payment Plan charge waived.
- Account Credit 5% when named insured has auto policy with the Highlands Ins Group.
- Eff 6-1-99

160. **State Farm Fire & Casualty**

- Deviation by Amount of Insurance and Territory: Variable credits.
- Deviation by Amount of Insurance HO 00 04.
- Deviation by Amount of Insurance HO 00 06.
- Three and Four Family
- Townhouse/Rowhouse – The charges for Townhouses/Rowhouses in buildings with more than 2 units per fire division do not apply.
- Wind/Hail Deductible Credits – Credit varies per territory.
- Residence Premises-Basic and Increased Limits.
- Other insured Location Occupied by Insured.
- Additional residence rented to Others.
- Jewelry and Furs.
- Replacement Cost on contents forms HO 00 04 or HO 00 06.
- Ordinance or Law Coverage.
- Rental condominiums, HO 00 06.
- Coverage A Increased limits & Special Coverage Form 6; Basic coverage rate per $1000 increase $3.70; Special coverage additional premium waived.
- Homeowners 36 Discount: Consecutive yrs. insured with State Farm credit varies.
- Installment Payment Plan: $2 charge. if monthly installment made by electronic funds transfer and a monthly bill notice is requested or $1 per month if no printed notice is requested.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount for all territories, except 5 & 6. Policyholders that have a Form 3,4 or 6 policy and a voluntary State Farm auto policy will receive a 2% credit that applies to the Homeowners Program premium.
- Hurricane Percentage Deductibles: Applies to the $250 Deductible basic premium
- All peril deductibles – HO 00 04.
- All peril deductibles – HO 00 06
- All peril deductibles – HO 00 03.
- Customer Rating Index.
- Eff.10-1-07 PC102542 North Carolina Department of Insurance

161. **Stonington Insurance Company**

- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowners coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

162. **Teachers Insurance Company**

- Amount of insurance deviation based on Coverage A amount & territory: Form ML-3 & Masters Program: Variable credits.
- Protection Device Credits: Classes 1-9: Credits vary 1% - 15%.
- 2% credit on Form 3 if insured 100% to value with Inflation Guard Endorsement attached.
- New Home Credit: 0 - 10 yrs. of age: Form 3 & Masters Program:Credit varies 2% - 10%.
- Territorial Deviations for tenant and Condominium Base Rates 8%.
- Waive $3.00 installment fee on each installment except the initial down payment for Forms 3, 4, 6 and Masters Program.
- Deductible Credits for Form 3 and Masters Program: Ded credit varies.
- Auto/Home Client Discount: Form 3 & Master Program: Variable credit when criteria are met.
- Deductible Credits: Form ML 4 & 6.
- Master Program: Additional coverages included at no additional premium charge.
- 2% credit if insured has a Federal Flood Insurance policy placed with Co. or the flood insurance replacement program.
- Downward deviation on earthquake.
- Downward deviation for silverware, goldware & pewterware.
- Downward deviation for refrigerated food spoilage. $5 per policy.
- Downward deviation for tenant's improvement - Increased Limits.
- Coverage A Options - Form 6 - $3 per $1000 of insurance.
- Additional Resdience Premises - Rented to Others.
- Private Structures rented to Others.
- Coverage Amount Deviations for Forms 4 & 6: Deviations vary.
- Masters Program: Deviation by Credit Rating Tier
- Eff. 8/1/05 PC082795 Filing Detail

163. **Travelers Casualty & Surety Company**

- Base Rate Deviation for Dwellings.
- Base Rate Deviation Condos: Credit varies.
- Coverage A Relativities forms HO 2 and HO 3.
- Coverage A Relativities form HE 7.
- Protective Device Deviation: Credits vary.
- Deductible Credits: Varies by amount of deductible.
- Personal Property - Increased Limit Coverage C:
- Personal Property - Refrigerated Personal Property.
- Account Credit.
- Loss Free Customer Credit
- Installment Payment Plan.
- Safety Seminar Credit: Certain criteria apply.
- Coverage C Relativity Curve – HO-6 Credit varies.
- Home Buyer credit.
- HE-7 Factor Deviation.
- Protective Devices.
- Eff 9-21-08 PC118028 North Carolina Department of Insurance

164. **Travelers Indemnity Company**

- Protective Device Deviation: Credit varies.
- Deductible Credits all forms: Varies by amount of deductible.
- Personal Property - Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property.
- Account Credit.
- Safety Seminar Credit: Certain criteria apply.
- Home Buyer Credit
- HE-7 Factor Deviation.
- Installment Payments.
- Eff 9-21-08 PC118025 North Carolina Department of Insurance

165. **Travelers Indemnity Company of America**

- Base Rate Deviation Dwellings.
- Base Rate Deviation Condos.
- Coverage A Relativities forms HO 2, HO 3.
- Coverage A Relativities form HE 7.
- Protection Device Deviation: Credit varies
- Deductible Credits: Varies by amount of deductible and coverage amount.
- Personal Property - Increased Limit Coverage C:
- Personal Property - Refrigerated Personal Property.
- Account Credit.
- Loss Free Customer Credit
- Multi-Line Insurance & Financial Services Institution Employees Credit
- Final Premium Adjustment factor.
- Safety Seminar Credit.
- Royal SunAlliance Employee Program Credit
- Coverage C Relativity Curve – HO-6 Credit Varies.
- Home Buyer credit.
- HE-7 Factor Deviation.
- Installment Payments.
- Eff 9-21-08 PC118030 North Carolina Department of Insurance

166. **Travelers Indemnity Company of Connecticut**

- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit factors.
- Form 3: 12% optional coverage credit.
- Forms 3 & 3w15: Deductible credits; $500-16%; $1000-26%; $2500-32%.
- Protective Device Credits: Variable credits.
- Increased Limits Coverage C: Reduce charge to $2 per $1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. - 11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.
- Replacement or Repair Cost Protection: Reduce charge to $1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

167. **Travelers Property Casualty Company of America**

- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w15: Personal Property - Increased Limit Coverage C: $1 per $1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.

- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. $10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643 North Carolina Department of Insurance

168. **Travelers Personal Security Insurance Company**

- Base rate deviation is for dwelling only. Credit varies.
- Coverage A Relativities based on Coverage A amount & territory forms HO 2 and HO 3.
- Protective Device Deviation: Credit varies
- Deductible Credits all forms: Varies by amount of deductible.
- Personal Property - Increased Limit Coverage C.
- Refrigerated Personal Property.
- Account Credit.
- Loss Free Customer Credit.
- Multi-Line Insurance and Financial Services Institution Employees Credit
- Final Premium Adjustment factor.
- Safety Seminar Credit: Certain criteria apply.
- Royal SunAlliance Employee Program Credit.
- Home Buyer Credit.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 6-9-08 PC115294 North Carolina Department of Insurance

169. **Twin City Fire Insurance Company**

- Age of Dwelling Credit for all territories except 5, 6, 41, 42, and 43.
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Credit.
- Key Factor for Premier, CCRL and Elite.
- Eff. 6-3-08 PC115025 North Carolina Department of Insurance

170. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; $40000 & under to $1000000 & over. Credit varies based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.
- Form 3: Fixed dollar amount deductibles credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-l0%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.
- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

171. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.

- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.
- 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.
- All Forms, except 4 & 6: Replacement cost on contents. $10 charge plus $2 per $1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; $500-19%; $1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

172. **United Services Automobile Association**

- Year of Construction – Newly constructed Dwellings.
- Personal Property-Additional Coverage Jewelry and Furs
- Personal Property – Increased Limit
- Base premium Computation HO 00 06 by territory/county
- Deviation by Territory/County – Form HO 00 03
- Sinkhole collapse Coverage
- Installment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law-all Forms and Rule 513. Ordinance or Law Increased Amount of Coverage – HO 00 06
- Coverage A Dwelling Basic and Increased Limits and Special Coverage- HO 00 06.
- Refrigerated Personal Property
- Other Structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43 (form HO 00 03)
- Tier Discount, Form HO 00 03 and HO 00 06.
- Base Premium computation, Protection/construction factors.
- Eff:9-1-07 PC104506 North Carolina Department of Insurance

173. **United States Fidelity & Guaranty Company**

- Waive any additional premium of $5 or less.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - $1.50 per $1000; Form 3w15 - $2.50 per $1000.
- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge $5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.
- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.
- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952 North Carolina Department of Insurance

174. **United States Fire Insurance Company**

- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500-.89; $1000-.80; $2500-.67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

175. **Unitrin Auto and Home Insurance Company**

- Territorial Deviations, Rule A10.A., Pricing Levels A thru S Only, All Forms

- Price Level Deviation, Rule A10.A, HO 00 03, HO 00 05.
- Price Level Deviation HO 00 04.
- Price Level Deviation HO 00 06.
- Mature Homeowners Credit, Rule A10.B, Pricing Levels A thru S.
- Consumer Loyalty Credit, Rule A10.A, HO 00 03, HO 00 04, HO 00 05, HO 00 06, and HE 00 07
- Personal Property (Coverage C) Replacement Cost Coverage, HO 00 03, HO 00 05, Price Levels A thru S
- Optional Higher Deductibles, Rule A10.A (Rule 406) All Forms except HO 00 04 and HO 00 06, Price Levels A thru S.
- New Home Discount, Rule A10.C, HO 00 03, HO 00 05 or HE 00 07, Pricing Levels A thru S.
- Credit Card, Fund Transfer Card Forgery and Counterfeit Money, Rule A10.A (Rule 504.), Package Plus Only.
- Outboard Motors and Watercraft, Rule A10.A (Rule 612), Package Plus.
- Personal Injury, Rule A10.A, (Rule 610.), Package Plus.
- Blanket Property Limit Rule, Rule A10.A, Package Plus, One or Two family residences.
- Special Personal Property Coverage-HO 00 06, Rule A10.A (Rule 304.).
- Refrigerated Property, Rule A10A., (Rule 515.), Package Plus
- Ordinance or Law Coverage-HO 00 03-Package Plus, Rule A10A. (Rule 303.) and HO 00 05
- Network Discount
- HE 00 07 Policy Factors, Rule A10.A, Pricing Levels A thru S
- Deferred Premium Payment Plans, Rule A10.A (Rule 22), Electronic Funds Transfer (EFT), no charge for installments
- Personal Property, Rule A10.A (Rule 515), Pricing Levels A thru Z, Package Plus
- Amount of Insurance Factor, HO 00 03
- Protective Devices, Rule A10.C (Rule 404.)
- Price Level Deviation HO 00 07.
- Coastal Wind Credit.
- Eff 7-1-08 PC116493 North Carolina Department of Insurance

176. **USAA CASUALTY INSURANCE COMPANY**

- Year of Construction-Newly Constructed Dwelling
- Personal Property-Additional Coverage - Jewelry and Furs
- Personal Property - Increased Limit
- Base Premium Computation (FORM HO 00 06) by Territory/County
- Base Premium Computation HO 00 03 by territory/county
- Sinkhole collapse Coverage
- Installment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law Coverages
- Coverage A Dwelling Basic and Increased Limits and Special Coverage- HO 00 06.
- Refrigerated Personal Property
- Other Structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43
- Tier Discount form HO 00 03 and HO 00 06.
- Protection Construction Factors.
- Eff: 9-1-07 PC104507 North Carolina Department of Insurance

177. **USAA General Indemnity Company**

- New Home Discount
- Personal Property-additional Coverage Jewelry and Furs
- Personal Property – Increased Limit
- Base premium Computation HO 00 06 by territory/county
- Base Premium Computation HO 00 03 by territory/county
- Sinkhole collapse Coverage
- Installment Payment Plan, no charge
- Protective Device

- Deductibles (Form HO 00 03)
- Ordinance or Law-all Forms and Rule 513. Ordinance or Law Increased Amount of coverage – HO 00 06
- Coverage A Dwelling Basic and Increased Limits and Special Coverage- HO 00 06.
- Refrigerated Personal Property
- Other Structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43
- Tier Discount, form HO 00 03 and HO 00 06.
- Protection Construction Factors.
- Eff. 9-1-07 PC104508 North Carolina Department of Insurance

178. **Utica Mutual Insurance Company**

- Replacement Cost Contents: Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to total base premium.
- Mass Merchandising Plan: 15% deviation for members of Utica National Insurance Group.
- Service for Employees (W.I.S.E.) program or is a member of a company approved affinity group
- HO Extension Package: Certain criteria apply.
- Personal Lines Account Credit.
- Territorial/Company deviation.
- Protection Class deviation.
- Eff. 8-1-07 PC103505 North Carolina Department of Insurance

179. **Vesta Insurance Corporation**

- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.
- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than $250 in any one assessment. $1 per $1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.
- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or older & is not employed outside the home.
- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.
- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of $2 per $1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

180. **Vigilant Insurance Company.**

- Discount on base premium for forms HO 00 04 and HO 00 06.
- Base rate discount by territory with exceptions for forms HO 00 02 and HO 00 03, HO 00 05 and HE 00 07.
- Protective Devices maximum creit is deleted
- Optional Higher Deductibles for forms HO 00 04 and HO 00 06.
- 5% Hurricane deductible
- Additional Amounts of Insurance discount
- Gated Community credit when criteria is met.
- Valuable Articles Credit
- Eff. 5-1-07 PC102230 North Carolina Department of Insurance

181. **West American Insurance Company**

- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- FamPak Credit to all Private Passenger Auto insureds that also have Homeowners policy with the Ohio Casualty Group.

- Employee Discount: to qualifying employees insured in the West American Insurance
- Eff.12-1-05 PC082801 Filing Detail

182. **Westchester Fire Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

183. **XL Insurance America, Inc.**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge $1 per $1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .91; $1000 - .83; $2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; $500 - .90; $1000 .77; $2500 - .63.
- Eff. 4-1-95

HOMEOWNERS

1. **ACE American Insurance Company**
- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 per $1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9/1/92

2. **ACE Fire Underwriters Insurance Company**
- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; $500 - 11%; $1,000 - 21%; $2,500 - 34%.
- Form 4: Fixed dollar deductible credits; $500 - 11%; $1,000 - 25%; $2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: $1 per $1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at $1 per $1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5/1/92

3. **AIU Insurance Company**
- All Forms: 10%.
- Eff. 2/1/86

4. **AMCO Insurance Company**
- Territory Deviation, Forms HO 00 02, HO 00 03, and HO 00 05 and HO 00 04 and HO 00 06 excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of Construction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan Deviation, Forms HO 00 02, HO 0003, HO 00 04, HO 00 05 and HO 00 06.
- Eff 12-28-08 PC120584 North Carolina Department of Insurance

5. **AMEX Assurance Company**
- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.
- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.
- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.
- No additional charge for Refrigerated Personal Property.

- No charge for townhouse or row house.
- Costco Discount: 2% applies to policies for member insureds of Costco.
- HO 3, 4 & 6 base rates vary by territory.
- Eff. 8-1-05 PC083887 North Carolina Department of Insurance

6. **AXA Re Property & Casualty Insurance Company**

- Discount on Installment Payment Plan: $1 - $2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: $2 rate per $1000.
- Personal Property Replacement Cost Coverage Discount.
- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10/18/00 PC035279 North Carolina Department of Insurance

7. **Affirmative Insurance Company**

- 15% base deviation for Premier Homeowners Program.
- 3% base deviation for Deluxe Homeowners Program.
- 15% base deviation for Premier Tenant Program.
- 10% base deviation for Deluxe Tenant Program.
- 20% base deviation for Premier Condominium Program.
- 15% base deviation for Deluxe Condominium Program.
- Forms 2 & 3: Deductible credits; $500-15%; $1000-25%; $2500-38%.
- Forms 4 & 6: Deductible credits; $500-15%; $1000-25%; $2500-40%.
- All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
- All Forms: Protective Device Credits: Credits vary 2%-15%.
- Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
- All forms, except 4 & 6; Personal Property Increased Limit $2 charge per $1000 of coverage.
- Eff 02-15-02 PC046217 North Carolina Department of Insurance

8. **AGRI General Insurance Company**

- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
- New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
- All Forms, except 4 & 6: Deductible Factors: $250 ded.-1.00; $500 ded.-0.91; $1000 ded.-0.79; $2500 ded.-0.62.
- Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
- Eff. 1/1/97

9. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**

- Amount of Premium Credit - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
- Amount of Premium Credit - Claims Free for forms HO 0004 and HO 0006.
- Row and Townhouses - discount.
- Account Discount –discount if there is also an in force auto policy covering the same named insured written with

Virginia Mutual Ins Co.

- Insurance Score Discount –discount applied if a minimum insurance score of 725.
- Newly Constructed Residences (not applicable to Forms 4 and 6) credit varies for a residence constructed and first occupied in one of the last ten calendar years.
- Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
- Installment Payment Plan-Electronic Funds Transfer.
- Effective 5-1-09 AFAL-126074643 North Carolina Department of Insurance

10. **Alliance Mutual Insurance Company**

- Flat Deductibles.
- Higher Windstorm or Hail Deductibles – Flat deductible.
- Protective Devices.
- Eff 7-1-06 PC094461 North Carolina Department of Insurance

11. **Allstate Indemnity Company**

- Tier-Claim Rating Deviation – determined by the number of chargeable claims, credits vary.
- Claims Free Discount.
- New/renovated Home Discount – credit varies.
- Home and Auto Discount Deviation –credit varies.
- The Good Hands People Discount Deviation.
- Zone Deviation.
- Territorial Definitions.
- Eff 5-2-09 ALSX-126082562 North Carolina Department of Insurance

12. **Allstate Insurance Company**

- Deductible factors Forms 2, 3 ; Forms 4 & 6: Deductible factors credits vary.
- Personal Property Replacement Cost Deviation subject to certain requirements.
- Protective devise discount.: discount varies.
- Year of construction-New/Renovated Home discount.
- Age 55 & Retired Discount Factor. Credit varies when certain criteria met.
- Home and auto discount deviation when certain criteria is met.
- Good hands people discount all forms.
- Waterbed Liability Deviation HO4 and HO6.
- Installment payment plan – Allstate Easy Payment Plan.
- Three or four family dwelling rating structure: does not differentiate between 3 or 4 family dwellings in a town or row house structure.
- Zone (Territory) Deviation.

Deluxe Plus

- Deductibles
- Protective Devices.
- Year of Construction – Newly Constructed Dwellings.
- Age 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People discount.
- Zone (Territory) Deviation.
- Eff 5-2-09 ALSX-126082575 North Carolina Department of Insurance

13. **AmComp Assurance Corporation**

- Forms 2 & 3: Deductible credits; $500-9%; $1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12/1/91

14. **American Automobile Insurance Company**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Deviations by territories and forms: Credit varies.
- Eff. 12/01/03 PC065125 Filing Detail

15. **American Bankers Insurance Company of Florida**

- Select Tier Broad Form, Base Rate.
- Choice Tier Broad Form, Base Rate.
- Elite Tier Broad Form, Base Rate.
- Select Tier Comprehensive form Base Rate.
- Choice Tier Comprehensive form Base Rate.
- Elite Tier Comprehensive form Base Rate.
- Senior Discount Territory 2 and Territory 3.
- Claim Free Credit, Territory 2 and Territory 3.
- Eff. 11-1-09 ASPX-126241885 North Carolina Department of Insurance

16. **American Centennial Insurance Company**

- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9/1/85

17. **American Economy Insurance Company**

- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge. Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: $100 deductible; Minimum additional charge of $10 in lieu of $30.
- Forms 2 & 3: Fixed deductible; $500 ded. - 9%; $1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; $2.70 per $1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); $2500 increased limit - $33; $5000 increased limit - $60.
- Form 3: XL Coverage Program; $5000 limit included in basic premium. To reduce to $1000 limit, subtract $56. To reduce to $2500 subtract $35.
- Eff. 11/17/97

18. **American Fire & Casualty Company**

- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff. 12-1-05 PC082802 North Carolina Department of Insurance

19. **American Home Assurance Company**

- HO-3 Premier Base Class Premium Deviation by territory: 5% credit.
- HO-4 & HO-6 Base Class Premium Deviation by territory: Credit varies 3%-12%.
- Protection Device Credit for HO-3, HO-4, HO-6, & HO-3 Premier: Credit varies: Max. credit allowed is $75.
- Optional Deductibles: All forms.
- HO-6 Coverage A Dwelling Increased Limits: Premium charge per $1000 is $2.
- 55 or Older & Retired Discount: Apply a factor of .9 to base premium when criteria is met.

- Multi Product Discount: Apply a factor of .9 to base premium when named insured has an auto policy with an American International Company.
- HO-4 & HO-6 Personal Property Replacement Cost Coverage Deviation.
- Age of Dwelling Discount: New Homes – 10 yrs. Credit varies
- Eff. 11/19/01 PC045494 North Carolina Department of Insurance

20. **American Insurance Company**

- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.
- All Forms: Deductible credits: $500 -10%; $1000 -20%; $2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. $10000 & above $500 -10%, $1000 - 20%, $2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6/1/93

21. **American Manufacturers Mutual Insurance Company**

- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at $1 per $1000. Add $10 surcharge.
- Mature Homeowners Credit: 5% applies when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: $250 theft deductible/ $100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only). Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage: Each additional $10000 develop premium $10000 Form 6 premium x .08 or enter total Coverage A limit on Declaration page.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance Refrigerated Property with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2/25/02 PC047937 Filing Detail

22. **American Modern Home Insurance Company**

- Form 3: Deductible Credits; $500 Ded. - 10%; $1000 - 22%; $2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.

- Amount of Insurance Deviation: Coverage A amount $10000 - $200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above $200000, a factor of .007 applies for each additional $1000 of premium
- Eff. 6/1/99

23. **American Motorists Insurance Company**

- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.
- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only).
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 prem x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage: Each additional $10000 develop premium $10,000 Form 6 premium x .08 or enter total Coverage A limit on Declaration page.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2/25/02 PC047938 North Carolina Department of Insurance

24. **American Professionals Insurance Company**

- Form 2, 3 & 3w/15: Company deviation based on amount of insurance, construction & territory: Credit varies.
- Form 6: Territorial deviation.
- Forms 2, 3, 3w/15: New Home Discount based on age of home. Deviation varies 0% - 14%.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductible credit factors; $500 - .85; $1000 - .79; $2500 - .62.
- Forms 1, 2, & 3: Increase in Coverage C; $1 per $1000.
- Protective Devices: All forms: Maximum credit for protective device eliminated. All protection class & all territories. Credit varies 2% - 15%. There is no limit on credit.
- Outboard Motors & Water Craft: Liability rates amended by boat length.
- Form 4 & 6: Fixed dollar amount deductible. Credit factor $500 - .85; $1000 - .77; $2500 - .63.
- All Forms, except 4 & 6: Windstorm or Hail Percentage/Factor Deductible deviation.
- Form 6: Coverage A Dwelling Basic & Increased Limits and Special Coverage.
- All Forms, except 4 & 6: Personal Property Replacement (Coverage C) Cost Coverage. 1.05 factor applies to base premium. Form 4 & 6: 1.35 factor: Minimum additional premium deleted.
- Ordinance or Law Coverage deviation factors.
- Three or Four Family Residence Coverage B & C deviation.
- Installment Payment Plan. Initial installment charge waived.
- 5% account credit when named insured has an auto policy with the Highlands Insurance Group Companies.
- Eff. 6/1/99

25. **American Reliable Insurance Company**

- Loss Free Renewal Credit: Credit applies to any policy that has been loss free for the previous 12 months under an existing American Reliable Insurance Company policy.
- Mature Retiree Credit: If certain criteria are met, a credit of -10% of the Base Premium will be applied.
- New Roof Credit: If the roof has been professionally installed within five years of the inception or renewal date, the premium shall be reduced by 5%. Not to be combined with the Age of Dwelling Credit
- Eff 11/6/02 PC055868 Filing Detail

26. **American States Insurance Company**

- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8, 9 or 10 yrs. - 4%.
- Form 2 & 3: Replacement cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge: Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): $1.
- Forms 4 & 6: $100 deductible; Minimum additional charge $10 in lieu of $30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) $2500 increased limit - $33; $4000 increased limit - $60.
- Forms 2, 3 & 8: Fixed deductible credits; $500 - 9%; $1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Eff. 12/12/91

27. **American States Preferred Insurance Company**

- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges $500 - 12%; $1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; $15000 - $30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; $20000 - $30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; $500 - 17%; $1000 - 30%.
- Alarm systems: Premium credits vary.
- Jewelry & Furs: Forms 3, 4 & 6; $2500 limit $33; $5000 limit - $60. Form 3 w/XL coverage $5000 included in base premium. To reduce to $2500 limit subtract $35. $1000 limit subtract $56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs. -10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.
- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10/30/97

28. **AMICA Mutual Insurance Company**

- Waive the additional premium for Coverage C, Personal Property at 75% of Coverage A.

- Form HO 00 04 rate deviation by policy amount.
- Protective Devices, Apply 2% credit for three or more smoke detectors in all territories for protection classes 1-7.
- Additional Amounts of Insurance-1.00 All territories except 5, 6, 42 and 43. 1.02 for territories 5, 6, 42, and 43.
- Personal Property-Increased Limit, $1.60 for all forms. Also waive the charge up to 75% of Coverage A without HO 04 90 (Personal Property Replacement Cost) See Deviation Component Number 5.
- Refrigerated Property. The $10.00 charge for this coverage is waived. See Deviation Component Number 6.
- Premium Payment Option. (1) Eliminated the charge for the first installment. (2) Eliminated charge for each installment for members of the AMICA group that pay through payroll deduction.
- Multi-Line Discount, Rule A.10. Optional Rating Characteristics. Various discounts in all territories except 5, 6, 42 and 43. See Deviation Component Number 8.
- Preferred Risk Deviation, Rule A.10. Optional Rating Characteristics. Maximum Factor of $1.00 and a Minimum Factor of 0.50. See Deviation Component Number 9 and Rating Example Computation.
- Eff.8-1-08 PC114228 North Carolina Department of Insurance

29. **Amerisure Insurance Company**

- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- 8l; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs. -.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount $60000+-$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10/1/94

30. **Amerisure Mutual Insurance Company**

- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to all homeowners rates & premiums when automobile policy is written with Amerisure Group.
- Form 6: Relativity is .85.
- Eff. 10/1/94

31. **Armed Forces Insurance Exchange**

- Protective Device Credits: Factors vary. Maximum credit waived.
- Fixed dollar amount deductible factors credit varies.
- Wind or Hail deductibles credit varies.
- New Home Credit; All Forms, except 4 & 6: New - 20%; 2% less credit each additional yr.
- Earthquake: Ordinance or Law increased amount of insurance (Does not include basic, only increased amount).
- Sinkhole Collapse Coverage: All Forms except HO-6; Increased amount of coverage (Does not include basic, only increased amount)
- Base premium deviation based on insurance amt. credit varies all forms except HO 4 and HO 6.
- Minimum policy premium waived.
- Protective Devices.
- Personal Property Increased Limits charge per $1000; Forms 1, 2 & 3 - $.50. Form 3w/15 - $.75.
- Home Day Care Coverage E: Reduce base premium by 50%.; Coverage F; Premiums reduced by 50%.
- Other exposures - medical payments to others increase limits credit varies.
- Installment Payment Charge waived
- Hurricane Deductible Factors credit varies.
- Wind or Hail Exclusion Credit.
- Eff 3-5-07 PC097153 North Carolina Department of Insurance

32. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 $8 per policy.

- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under $100000 - 11% surcharge; $100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%: Form 6- 20%.
- Eff. 5-15-04 PC069340 North Carolina Department of Insurance

33. **Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies to company base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; $500-10%;$1000-20%;$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Deductible credits all territories; Credits for Coverage C $10000 & above, $500-10%,$1000-20%, $2500-30%. Credit applies to company base premium.
- Eff. 6/1/93

34. **Association Insurance Company**

- Deviation by Coverage A limit $100000 & above - 30% credit.
- Forms 1, 2 &3: RC Coverage HO-290; Personal property incr. limits charge $1 per $1000; Waive 5% surcharge.
- New Home Credit: Cov A amount $100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Cov A amount is $100000 or above for all SAS Institute Inc. Employees.
- Eff. 1/1/96

35. **Assurance Company of America**

- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- Form 4: 15% deviation.
- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.
- All Forms: Fixed dollar amount deductibles factors: $500-.85; $1000-.75; $2500-.70.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of $75 is waived.
- Eff. 7/1/98

36. **Automobile Insurance Company of Hartford**

- Protective Devices credit varies.
- Deductible Credits - credit varies by coverage limit, form and deductible amount.
- Personal Property - Increased Limit Coverage C.
- Refrigerated Personal Property.
- Account Credit.
- Safety Seminar Credit certain criteria apply.
- Home buyer Credit.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 9-21-08 PC118026 North Carolina Department of Insurance

37. **Auto Owners Insurance Company**
- Territory Description.
- Form HO 00 06 – rate deviation.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.
- Mature Homeowner Discount for insureds between the ages of 55 and 64.
- Townhouse or row house deviation.
- Credit card, fund transfer card, forgery and counterfeit money.
- Units Regularly Rented to Others.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Personal Injury coverage-no charge.
- Building Additions and Alterations at Other Residences – all forms.
- Other Insured Location Occupied by insured.
- Section II, Liability-Residence Employees waived.
- Business Pursuites – no charge.
- Personal Injury coverage – no charge.
- Permitted Incidental Occupancies – Residence Premises.
- Special Personal Property Coverage.
- Multi-Policy Discount.
- Seasonal Discount - Forms 3 & 6.
- Section II liability watercraft - certain criteria - rates vary.
- Life/Homeowners Multi-Policy Discount
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in Full discount.
- Personal Property Increased Limits.
- Eff. 5-1-09 AOIC-126013242 North Carolina Department of Insurance

38. **Balboa Insurance Company**
- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies.
- Brick or Masonry Construction.
- Eff. 5-1-09 BALB-126027963 North Carolina Department of Insurance

39. **Bankers Standard Insurance Company**
- Deviation forms HO 00 02, HO 00 03, HO 00 04, HO 00 06, HO 00 05 and HE-7 and certain territories.
- Key Factors Coverage A over $750,000.
- Protective Devices maximum credit allowed is deleted.
- Optional Higher Deductibles forms HO 00 04 and HO 00 06.
- Hurricane Percentage Deductible.
- Additional Amounts of Insurance.
- Gated Community Credit.
- Valuable Articles Credit-Multi Policy.
- Eff. 12-1-09 WESA-126279658 North Carolina Department of Insurance

40. **Camden Fire Insurance Association, The**
- All Forms, except 4 & 6: New Home Credit; New -20%;1 yr. old - 18%; 2 yrs. old - 16%; 3 yrs. old -14%; 4 yrs. old -12%; 5 yrs. old - 10%; 6 yrs. old -10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%;10 yrs.-6%; 11 yrs.-4%;12 yrs-4%;13 yrs.-2%;14 yrs.-2%.
- All Forms, except 4: Account credit: 10% applies to homeowner premium when named insured insures personal automobiles in any of the General Accident Companies.
- All Forms: Protective devices: Credit varies 2% - 15%.
- All Forms: Fixed Dollar Amount Deductible Factors; $500 - .90; $1000 - .77.

- Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; $1 per $1000 of insurance.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waives charge to increase Coverage C limit 50% to 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
- Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
- Eff.8/15/02 PC054137 North Carolina Department of Insurance

41. **Central Mutual Insurance Company**

Owners Program

- Deviation by territory and protection class.
- Homeowners Enhancement Program – Deviation by form HE-7 and HE-7 with HE-20.
- Deviation by amount of insurance and insurance score.
- Insurance Score Deviation.
- Customer loyalty deviation.
- Company Deductible Credits B. Optional Deductibles.
- Payment timelines deviation.
- Loss history deviation.
- Personal Property Replacement Cost.
- Accompanying schedule or boat deviation.
- Age of dwelling.
- Home buyer deviation.
- Gated community deviation.
- Residence held in trust deviation.
- Package deviation.
- Installment Payment with Electronic Transfer.

Condo Program

- Deviation by territory, protection class.
- Deviation by amount of insurance.
- Deviation by insurance score.
- Customer loyalty deviation.
- Deductible Optional Higher Deductibles.
- Payment timelines deviation.
- Loss history Deviation.
- Accompanying schedule or boat deviation.
- Form HO 00 06 Coverage A Dwelling Basic and Increased Limits and Special Coverage.
- Residence held in trust.
- Package Deviation.
- Installment Payment Plan.

Tenants Program

- Deviation by territory, protection class.
- Amount of insurance deviation.
- Insurance score deviation.
- Customer loyalty deviation.
- Deductibles B. Optional Higher Deductibles.
- Payment timelines deviation
- Loss history deviation.
- Accompanying schedule or boat deviation.
- Package Deviation.
- Installment Payment Plan with Electronic Transfer.
- Eff 10-1-09 CEMC-126186497 North Carolina Department of Insurance

42. **The Charter Oak Fire Insurance Company**

- Base Rate Deviation: Credit varies depending on territory.
- Coverage A Relativities forms HO 02 and HO 03.

- Coverage A Relativities form HE-7.
- Protective Device Deviation: Credits vary.
- Deductible Credits all forms: Credit varies by amount of deductible.
- Personal Property - Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property.
- Account Credit.
- Loss Free Customer Credit.
- Safety Seminar Credit
- Home Buyer Credit
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 9-21-08 PC118024 North Carolina Department of Insurance

43. **Cincinnati Indemnity Company**

- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the $3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4/104 PC065697 North Carolina Department of Insurance

44. **The Cincinnati Insurance Company**

- Year of construction-Newly Constructed Dwellings Age of Dwelling Credits.
- Base Rate Deviations by Territory.
- Installment Payment Plan.
- Homeowners Enhancement Deviation.
- Watercraft Liability deviation.
- Preferred Risk credit.
- Superior Risk Credit – Forms HO 00 03 and HE 00 07 only.
- Insurance Score Factor – All Forms.
- Package Credit-Multi Policy credit – All Forms.
- Automatic Water Shut-Off System Credit.
- Mature Homeowners Discount – All Forms.
- Secured Community Credit.
- Eff 5-1-09 CNNB-126057039 North Carolina Department of Insurance

45. **Continental Indemnity Company**

- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.
- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria is met.
- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Cov C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to $1000 when certain coverages & increased limits options are selected.

- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of the base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Cov, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1/101 PC038500 North Carolina Department of Insurance

46. **Continental Insurance Company**

- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year – 18%, 1-5 yrs. -15%; 6-10 yrs. - 10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%
- Eff. 8/15/02 PC052786 North Carolina Department of Insurance

47. **Economy Premier Assurance Company**

- PAK ll Program – HE 00 07 Base Rates and Policy Amount.
- PAK ll Program – HO 00 06 Base Rates by Territory.
- PAK ll Program – HO 00 04 Base Rates by Territory.
- PAK ll Program – HO 00 04 and HO 00 06 Policy Amount Relativities by Territory.
- Homeowners Enhancement Program HE 00 07 with HE 32 20.
- Homeowners Enhancement Program HE 00 07 with HE 32 21.
- PAK ll Package Credit Multi Policy.
- Renewal Credit.
- Year of Construction.
- Personal Injury Protection Liability Deviation.
- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.
- Business Pursuits Deviation.
- Outboard motors and watercraft.
- Home day care.
- Personal Property Increased Limits.
- Earthquake Coverage-Ordinance or Law Coverage.
- Residence Premises Basic and Increased Limits Coverage F- Medical Payments.
- Other Exposures-Medical Payments to Others Increased Limits.
- Other Structures – On Premises Structures Specific Structures – Increase Limits.
- Eff. 5-5-09 METX-12636516 North Carolina Department of Insurance

48. **Electric Insurance Company**

- Base rate deviation HO 00 02 and HO 00 03 by territory: Credit varies.
- Base Rate Deviation HO 00 04 and HO 00 06 by territory. Credit varies.
- Personal Property Replacement Cost form HO 00 04and HO 00 06 (Coverage C) is automatically increased to

70% of Coverage A. HO-04 and HO-6 1.25 RC Coverage also applies to articles or classes of property separately described and specifically insured in this policy.

- Protective Device Credits: Credits vary.
- Deductible Factors Forms HO-4 & HO-6 Credit varies
- Personal Property – Unscheduled Jewelry, Watches and Furs.
- Personal Property Silverware, Goldware and Pewterware.
- Personal Property – Firearms
- New Home Credits – HO 00 02 and HO 00 03.
- Multi-Policy Discount.
- Group Marketing discount.
- Payroll Deduct Discount.
- Eff.6-1-09 ELEC-126096428 North Carolina Department of Insurance

49. **EMCASCO Insurance Company**

- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance
- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 North Carolina Department of Insurance

50. **Employers Mutual Casualty Company**

- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.
- Eff. 3-15-07 PC097669 North Carolina Department of Insurance

51. **Encompass Indemnity Company**

- Forms 2, 3, and 8 Base Rate Deviations by Territory, Credit varies by territory
- Form 4 Base Rate Deviation by Territory, Credit varies by territory
- Form 6 Base Rate Deviation by Territory, Credit varies by territory
- Earthquake Coverage - Base rate deviation according to Table, Zone, and Construction.
- Gated Community Discount: A 10% credit will be applied to the premises/property for a residence located in a gated community meeting certain criteria.
- New Home Discount: A residence 10 years of age or less is eligible for a discount, credit varies by age.
- Deductible Credits Discount: Credit varies by coverage limit and deductible amount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation: credit varies.
- Incidental Farming Personal Liability Deviation: credit varies.
- Superior Construction Discount: The premium for a dwelling or apartment unit in a building of superior construction is computed by multiplying the masonry base premium or apartment unit by .85.
- Various Credits for Protective Devices: credit varies by type of alarm.
- Credits for Automatic Sprinkler Systems: credit varies by location/area of sprinkler system.
- Special Personal Property Coverage HO 6 only: endorsement HO 32 35 factor 1.34.
- Companion Policy Discount: 10% discount applies to the residence premium if the named insured is also a named insured on an Auto Policy with any of the Encompass Insurance Companies.
- Preferred Rate Deviation: Preferred rates are available at a 5% reduction from standard rates if the amount of insurance under Coverage A is equal to at least 90% of the Replacement Cost of the Dwelling and the automatic adjustment of limits endorsed is attached.

- Effective 12/11/06 PC097453 North Carolina Department of Insurance

52. **Erie Insurance Exchange**

- Base Rate Deviations.
- Amount of Insurance Deviation HO 00 02, HO 00 03 and HO 00 08.
- Multi-Policy Discount.
- New Home Discount.
- Optional Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation.
- Increased Special Limits of Liability HO 04 65 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost.
- Townhouse or rowhouse charge - waived.
- Units Rented to Others Form HO 00 06 HO 1733.
- Outboard Motors & Watercraft.
- Building Addition & Alterations Increased Coverage C limit - Form HO 00 04 (HO 0451).
- Specified Additional Amount of Insurance for Coverage A only(HO 32 20).
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06 No charge.
- Refrigerated Property Coverage: Charge waived.
- Personal Property Increased Limits; HE 7.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Advance Quote Discount – New business.
- Claims Experience Rating Program.
- Eff. 9-1-09 ERPP-126190862 North Carolina Department of Insurance

53. **Fairmont Premier Insurance Company**

- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.
- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5/1/92

54. **Farmers Insurance Exchange Farmers Underwriters Association**

- Form Factor Deviations: Forms 3w/15 & 4.
- Territory Relativity Factor deviation.
- Amount of Insurance Deviations: Forms, HO 00 04 and HO 00 06.
- Rule 403. Personal Property –Coverage C Replacement Cost Coverage.
- Rule 404 Protective Devices.
- Deductible Rule 406 credits.
- Loss Assessment Coverage Deviation.
- Rule 515 personal property.
- Other Insured Location Occupied by Insured.
- Additional Residence Rented to Others.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for $200,000 limit.
- Optional Rating Characteristics Age 50 Plus Discount.
- Optional Rating Characteristics Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.
- Oridinance or Law-Increased Amount of coverage.
- Eff 5-16-08 PC112928 North Carolina Department of Insurance

55. **Federal Insurance Company**

- Elimination of maximum credit for protective devices.

- Optional Higher Deductibles
- Hurricane Deductible
- Additional Amount of Insurance deviation. Forms 2 & 3
- All Forms: 5% Gated Community Credit when criteria is met.
- Effective 12/1/05 PC085699 North Carolina Department of Insurance

56. **Federated Mutual Insurance Company**

- Forms 1, 2, 3 & 3w/l5: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to $250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/l5: Fixed dollar amount deductibles; $100 +10%; $500 -10%; $1000 -20%; $2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; $100 +10%; $500-15%; $1000-30%; $2500-40%.
- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/l5: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: $5 maximum charge per account for all policies.
- Eff. 11-15-94

57. **Fidelity & Guaranty Insurance Company**

- Waive additional premium of $5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.
- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 $5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 North Carolina Department of Insurance

58. **Fidelity & Guaranty Insurance Underwriters**

- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of $5 or less.
- Special Package Discount: 5% credit applied to total residential insurance premium when underwriting criteria is met.
- Form 6: Form Relativity of .800 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: H0 3211 - $5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 North Carolina Department of Insurance

59. **Fidelity National Property and Casualty Insurance Company**

- Base rate deviation by territory.
- Amount of Insurance deviation by territory – HO-3.
- Amount of Insurance deviation by territory – HO-4.
- Amount of Insurance deviation by territory – HO-6.
- Protection Class deviation – HO-3, HO-4, HO-6.

- HO-3 Tounhouse/Rowhouse deviation.
- Deductible credits deviation – HO-3.
- Hurricane deductible deviation – HO-3.
- Windstorm or Hail deductible deviation – HO-3.
- Deductible Credits deviation – HO-4 and HO-6.
- Number of families deviation.
- Replacement Cost on Contents – HO-4 and HO-6.
- Homeowners Renewal Discount.
- Automatic Sprinkler Discount.
- Ordinance or Law Coverage.
- Fidelity National Financial Employee discount.
- Home/Auto Discount.
- Newly Acquired Home Discount.
- Coverage A Increased Limits HO-6.
- Eff 9-14-05 PC085587 North Carolina Department of Insurance
- (name changed from First Community Insurance Company 12-12-03)

60. **Firemans Fund Insurance Company**

- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all Homeowners policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121 North Carolina Department of Insurance

61. **Firemen's Insurance Company of Washington D.C.**

- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55 yrs. & older.
- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors of .85-.95 applies when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under $200,000 - $500 ded. - .87; $1000 - .76; $2500 - .73. $20000-$400,000 - $500 ded - .89; $1000 - .80; $2500 - .77. Over $400,000 - $500 - .92; $1000 - 86; $2500 - .83.
- Eff. 10-1-97

62. **Garrison Property and Casualty Insurance Company**

- New Home Discount
- Personal Property – Additional Coverage –Jewelry and Furs
- Personal Property –Increase Limit
- Base Premium Computation HO 00 06 by territory/county
- Base Premium computation HO 00 03 by territory/county
- Sinkhole Collapse coverage
- Insallment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law-All Forms and Ordinance or Law increased amount of coverage-HO 00 06
- Coverage A Dwelling Basic and Increased Limits and Special coverage – HO 00 06
- Refrigerated Personal Property
- Other structures

- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43
- Tier Discount form HO 00 03 and HO 00 06
- Protection Construction Factors
- Eff 9-1-07 PC104509 North Carolina Department of Insurance

63. **General Insurance Company of America**

- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete $1 charge for $1000 limit.
- Personal Injury (HO 24 82): $10 charge per policy.
- Landlord's Furnishing (HO 32 21): $10 premium per policy to increase coverage to total $5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.
- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability $100,000 - $1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base $300,000: Coverage F no charge.
- Special Personal Property Coverage HO-OO 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: $2 each installment.
- Eff. 8-15-02 PC052887 North Carolina Department of Insurance

64. **Government Employees Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.
- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - $10,000-$200,000 & over. Credit varies 4%-22%.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional $1000 of coverage.
- Installment Payment Plan: Waive the charge of $3 first installment if first payment received with application.
- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

65. **Grain Dealers Mutual Insurance Company**

- 10% credit when insured has both personal auto & homeowners policy written by Grain Dealers Mutual Ins. Company.
- Forms 2 & 3: New Home Credit: New - 1yr. of age - 25%: 1-2yrs. of age - 20%: 3 ys. of age - 15%: 4 yrs. of age - 10%: 5 yrs. of age -5%.
- Forms 2, 3 & 3w/15: 20% to base rates applies to Coverage A amount of more than $125,000.
- Continuous Policyholder Discount Program: 0-2 yrs.-0%credit: 3-5 yrs.-5%credit: 6-8 yrs.-10% credit: 9+ yrs.-15% credit.
- 10% deviation on base rates for Alamance & Caswell Counties in Territory 35.
- Personal Property Increased Limits Rate Deviation.
- Form 3:10% Mature Home Credit: Certain criteria must be met.
- Eff. 1-1-02 PC042992 North Carolina Department of Insurance

66. **Granite State Insurance Company**
- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium $1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

67. **Graphic Arts Mutual Insurance Company**
- Replacement Cost on Contents; Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to the total base premium.
- Mass Merchandising Plan.
- -5% W.I.S.E./Affinity program discount,
- For Forms HO 02, HO 03, HO 05 and HO 08, factor of .95 for risks located in terrs 5, 6, 41, 42, 43, 45 and 46.
- For Forms HO 00 02, HO 03, HO 05 and HO 08, factor of .85 for risks located in territories 36, 44 and 60
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .90 for risks located in territories 38 and 39
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .80 for risks located in territory 34.
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .82 for risks located in territory 57
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .84 for risks located in territory 53
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, a rating factor of .85 for risks located in territory 32
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .92 for risks in territory 47
- For Forms HO 00 04 and HO 00 06, factor of .85 for risks in territories 36, 44, 57 and 60
- For Forms HO 00 04 and HO 00 06, factor of .90 for risks located in territories 38 and 39
- For Forms HO 00 04 and HO 00 06, factor of .85 for risk located in terrs 5, 6, 32, 34, 41, 42, 43, 45, 46, 47 and 53
- Personal Lines Account Credit
- Homeowners Extension Package
- Protection Class deviation/
- Eff. 8-1-07 PC103506 North Carolina Department of Insurance

68. **Hanover American Insurance Company**
- Mature Homeowners Credit: All forms: 5% credit applies when certain criteria are met.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost: forms 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms: Additional charge $4 per $1000 increase.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits: $3 per $1000 increase: 1st $5000 increase no charge.
- Reduced Watercraft Liability Rates: All forms.
- Personal Property , Increased Limits-$1 per $1000 increase: All forms, except 4 & 6.
- Special Personal Property: Reduced Charge for Form 3w/15.
- Electronic Funds Transfer Plan Discount: All forms.
- Group Modification Plan Discount: All forms: Credit varies 0%-13.5%.
- Direct Bill Policies: All forms: $1 per installment.
- Cap on total credits/discounts of 35%.
- Territorial Deviation: All forms except HO 00 04 and HO 00 06:
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff. 9-1-09 HNVR-126246611 North Carolina Department of Insurance

69. **Hanover Insurance Company**
- Mature Homeowners Credit: All forms: 5% credit applies when certain criteria are met.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.

- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6: Minimum premium of $20.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6: Minimum premium of $25.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms: Additional charge $4 per $1000 increase.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits: $3 per $1000 increase: 1st $5000 increase no charge.
- Watercraft Liability Rates: All forms.
- Personal Property Increased Limits-$1 per $1000 increase: All forms, except 4 & 6.
- Special Personal Property: all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount: All forms.
- Group Modification Plan Discount: All forms: Credit varies 0%-5%.
- Direct Bill Policies: All forms: $1 per installment.
- Cap on credits/discounts
- Relativity curve deviation HO 00 03.
- Relativity Curve deviation forms HO 00 04 and HO 00 06.
- Eff. 9-1-09 HNVR-126246317 North Carolina Department of Insurance

70. **Harbor Specialty Insurance Company**

Preferred:

- Homes 25 yrs. of age or less insured for $50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.
- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge $1 in lieu of $5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 ded. - 10%; $1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.
- Forms 4 & 6: Deductible Credits; $500 ded. - 10%; $1000 ded. - 23%.

Standard:

- Form HO-3 only - Homes 25 years of age or older and/or insured for less than $50,000.
- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 - 10%; $1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.
- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

71. **Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .90; $1000 - .83; $2500 - .75. $100 deductible amount - minimum $30 - maximum $60.
- Forms 4 & 6: Fixed dollar amount ded. factors; $500 .90; $1000 .77; $2500 .63. $100 deductible amount min. $30, max. $60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

72. **Harleysville-Atlantic Insurance Company**

- Forms 1, 2, 3 & 8: Base rate credits; Coverage A limit $48,000 & under $95,000 & over; Credit varies 0.0% - 27.5%.
- All Forms: 13%; Optional coverage rates Section I & II.
- Forms 1, 2, 3 & 8: New Home Discount factor; 1 yr. old or less .80; Discount factor increased by .01 thru 11th yr. -

discount factor increased by .02 - 12th thru 15th yr.
- Eff. 5-1-92

73. **Harleysville Mutual Insurance Company**
- Group Mass Marketing Discount: to voluntary policyholders that are members of specific group type organizations.
- Preferred Customer Discount: All territories except 05, 06, 41, 42, 43, 81, and 86 when certain criteria are met.
- Deviations by certain territories.
- StarPak ProgramDiscount.
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit HO 02, HO 03 and HE 7.
- Mature Homeowner Discount HO 03 and HE 7 only 55 years of age or older.
- Life Insurance Policy Discount Homeowner and Life policy
- Coverage A Key Factors discount All territories except 07, 08, 48, 49, 81, 86 and 90.
- HO 00 04 and HO 00 06
- Personal Property Increased Limit.
- Other Members of a Named Insured's Household
- Electronic Funds Transfer (EFT)
- Territory Definitions Harleysville/NCRB
- Eff. 5-20-09 HRLV-126097759 North Carolina Department of Insurance

74. **Harleysville Preferred Insurance Company**
- Group Mass Marketing Discount: 10% to voluntary policyholders that are members of specific group type organizations.
- Preferred customer discount – all terr except 07, 08, 41, 48, 49, 81 and 86. The percentage discount is determined by the combination of insurance score rating and characteristics met.
- HE-7 Enhancement Deviations by certain Territories.
- StarPak Program Discount
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit Forms HO 02, HO 03, HO 05, and HE 7,
- Mature Homeowner Discount HO 03, HO 05 and HE 7 only 55 years of age or older.
- Policy Discount (life insurance/annuity policy)
- Coverage A Key Factors discount All territories except 07, 08, 41, 48, 49, 81, 86 and 90.
- HO 00 04 or HO 00 06, Base Premium for Territories except 07, 08, 41, 48, 49, 81, 86 and 90.
- Perosnal Property Increased Limit.
- Other Members of a Named Insured's Household.
- Electronic Funds Transfer (EFT).
- Territory Definitions Harleysville/NCRB
- Eff 5-20-09 HRLV-126097801 North Carolina Department of Insurance

75. **Hartford Accident and Indemnity Company**
- Age of Dwelling Credit for all territories except 5, 6, 41, 42 and 43.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Effective 11-7-09 HART-126309727 North Carolina Department of Insurance

76. **Hartford Casualty Insurance Company**
- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.

- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Credit.
- Key Factor for Premier, CCRL and Elite.
- Eff. 11-7-09 HART-126309676 North Carolina Department of Insurance

77. **Hartford Fire Insurance Company**
- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit deviation for all territories.
- Retirees Credit, named insured is age 50 and older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor (Merit, Elite, CCRL, Premier), - Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Eff. 11-7-09 HART-126309668 North Carolina Department of Insurance

78. **Hartford Insurance Company of Midwest**
- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – (Merit, CCRL, Premier), Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key factors for Premier, CCRL and Elite.
- Effective 11-7-09 HART-126309678 North Carolina Department of Insurance

79. **Hartford Underwriters Insurance Company**
- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – (Merit, CCRL, Premier), Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key factors for Premier, CCRL and Elite.
- Age of Dwelling Credit: 0-1 yr. of age - 15%; 1% less credit each added yr.
- Eff. 5-1-09 HART-126028774 North Carolina Department of Insurance

80. **Homesite Insurance Company**
- Preferred Risk Group 1 Discount 10% when certain criteria are met.
- Preferred Risk Group 2 Discount 10% when certain criteria are met.
- Eff 6-1-09 HMSS-126064634 North Carolina Department of Insurance

81. **Horace Mann Insurance Company**
- Form HO 00 07 Masters Program – Amount of Insurance by Territory and Amount of Insurance Relativities.
- Protective Device Credits: Classes 1-9: Credits vary from 1%-15%.
- Automatic Adjustment of Limits, 2% credit on Forms ML-2 and 3 if insured 100% to value with Inflation Guard Endorsement attached.
- Newly Constructed Residences.
- Deviation for Tenant & Condominium Base Rates Territorial, HO 00 04 and HO 00 06.
- Installment Payment Plan: Forms ML-3, 4, 6 & Master Program: Waive initial $3 installment fee.
- Deductible Factors Forms HO 02 and HO 03.
- Auto/Home discount all forms credit varies.
- Deductible Credits for forms HO-4 and 6 credit varies.
- Replacement Cost on contents - 15% charge for policies with $500 or greater deductible. $10 minimum premium.
- Masters Program - $60,000 Minimum coverage A, includes inflation protection coverage at no additional charge; includes Replacement Value-Personal Property; included the following percentages of Coverage A: 10% coverage B, 70% coverage C, and 20% coverage D.

- Federal Flood Insurance Program: 2% credit applies to HO and MH policies if the insured has a federal flood insurance policy placed with us through our flood insurance placement program.
- Downward deviation on earthquake.
- Silverware, Gold ware & Pewter ware coverage.
- Refrigerated Food Spoilage coverage will be $5.00 per policy.
- Tenant's Improvements Increased Limit - $4 per $1000 of insurance.
- Coverage A Increased Limit - $3 per $1000 of insurance.
- Additional Residence Premises - Rented to Others (Liability Coverage) - Premium varies.
- Private Structures - Rented to Others (Liability Coverage) - Premium varies.
- Credit Rating Tier/Insurance Score Range HO 00 07
- Home Buyer Loyalty Program.
- Eff. 5-1-09 HRMN-12600509 North Carolina Department of Insurance

82. **Horace Mann Property & Casualty Insurance Company**

- Form HO 03 Amount of insurance by territory and amount of insurance relativities.
- Form HO 07 (Maters Program) Amount of insurance by territory and amount of insurance relativities.
- Form HO 07 (Maters Program) Amount of insurance by territory and amount of insurance relativities.
- Form HO 07 (Maters Program) Amount of insurance by territory and amount of insurance relativities.
- Protection Device Credits: Classes 1-9: Credits vary 1% - 15%.
- Automatic Adjustment of Limits 2% credit on Forms HO-2 and 3 if insured 100% to value with Inflation Guard Endorsement attached.
- Newly constructed residence.
- Protection Class for Form HO 03..
- Waive $3.00 installment fee on each installment except the initial down payment.
- Deductible Credits for Form 3 and Masters Program: Ded credit varies.
- Multi-Line Deviation for all forms.
- Master Program: $60,000 Minimum coverage A, inflation protection and replacement value-personal property at no additional charge.
- Federal Flood Insurance program discount.
- Earthquake Program Deviation.
- Silverware, goldware & pewterware deviation
- Refrigerated food spoilage deviation.
- Additional Residence Premises - Rented to Others.
- Private Structures rented to Others.
- Masters Program: Deviation by Credit Rating Tier
- Home Buyer Loyalty Program one time credit for the initial policy term.
- Eff 5-1-09 HRMN-126009888 North Carolina Department of Insurance

83. **IDS Property casualty Insurance Company**

- Form HO 00 03 – Amount of Insurance.
- Form HO 00 04 – Amount of Insurance.
- Form HO 00 06 – Amount of Insurance.
- Protective Device Credits
- Deductible Credits Forms HO 00 03, HO 00 04 HO 00 06.
- Home and Auto Discount.
- Replacement Cost on Contents Discount Forms HO 00 03, HO 00 04 HO 00 06.
- Condo Coverage A increased limits.
- Utilities Rating Plan.
- Coverage C Increased Limits.
- Installment Pay Plan.
- Refrigerated Personal Property
- Townhouse/Rowhouse
- Costco Discount
- Base Rates (Form HO 00 03) by territories
- Base Rates (Form HO 00 06) by territories
- Eff 8-14-09 PRCA-126151220 North Carolina Department of Insurance

84. **Indemnity Insurance Company of North America**
- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.
- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 premium charge per $1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

85. **Indiana Lumbermens Mutual Insurance Company**
- Forms 1, 2, 3 & 3 w/l5: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9/1/85

86. **Insura Property & Casualty Insurance Company**
- Form 3: Deductible credits; $500 - 15%; $1000 - 25%; $2500 - 38%.
- All Forms: Personal property increased limits $2 per $1000.
- Protective Device Credits; Credit varies 2% - 15%.
- Personal Injury (HO-82) included at no charge.
- Personal Property Replacement Cost Coverage; Eliminate 5% surcharge.
- New Home Credit: Current calendar yr. - 20%; 1 yr. preceding current calendar yr. - 18%; each added yr. 2% less credit until 10+ yrs. - 0%.
- Multi-Policy Credit: 10% applies to total HO policy prem. when auto policy is written in the Anthem Casualty Ins. Group.
- Amount of insurance deviation based on territory, protection class & amount of Coverage A: $70,000-$200,000 credits varies 8.6% - 21.9%; Each additional $10,000 credit varies 15% - 30%.
- Forms 2 & 3: Amount of Insurance Deviation; 3% charge of basic premium.
- Base premium deviation by territory.
- Eff. 6-1-99

87. **Insurance Company of North America**
- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C; $1 per $1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & $1 per $1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5/1/92

88. **Insurance Company of the State of Pennsylvania**
- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; $250 - 15%; $500 - 25%; $1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.
- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6/15/88

89. **Integon General Insurance Corporation**
- Delete the surcharge for $100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount $50,000 - $250,000 & above based on territory; Credit varies - 0% - .340%.
- Deductible Credits: Form 3; Terr. 32, 33, 34-41- $250 ded., $500 ded., $1000 ded. & $2500 ded.: Credits varies .05%- .41%.

- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

90. **Integon Indemnity Corporation**

- Delete surcharge for $100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount $50,000 - $250,000 & above & based on territory. Variable credit.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - $250 ded; $500 ded. $1000 & $2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5/1/92

91. **Liberty Mutual Fire Insurance Company**

- Mass Merchandising Program – 5% deviation when certain criteria is met
- Installment Payment Plan all forms.
- Coverage A Dwelling Limit for form HO 6.
- Watercraft Deviation by limits of liability
- Multi-Policy Discounts.
- Property Tiering Program.
- Eff. 10-19-09 LBPM-126228851 North Carolina Department of Insurance

92. **Liberty Mutual Mid-Atlantic Insurance Company**

- Forms 2,3,4, & 6 35% deviation.
- Froms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

93. **Lititz Mutual Insurance Company**

- New Home Credit.
- Discount when Guaranteed Repair or Replacement Cost Protection (Coverage A) and Personal Property Replacement Cost Protection (Coverage C) are used together.
- Protection class 9 discount
- Optional Higher Deductibles Deviation.
- Base Rate Deviation by Territory: Credit varies.
- Ordinance or Law – increased Limits.
- Eff 5-1-09 PC124818 North Carolina Department of Insurance

94. **LM Property and Casualty Insurance Company**

- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 $1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: $1.00 per $1,000 increase of insurance
- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured community. Fully secured - 10%: Partially secured -5%.
- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: $14 per $1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of $20.
- Silverware, Goldware, & Pewterware: $2.50 per $500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.

- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.
- Business Property - Increased Limits Deviation: $10 per $2500.
- Eff. 3-14-03 PC058007 North Carolina Department of Insurance

95. **Lumbermens Mutual Casualty Company**
- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- $100 Deductible: Waive minimum premium.
- $250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.
- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 North Carolina Department of Insurance

96. **Maryland Casualty Company**
- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: $500 - 15%; $1000 - 20%; $2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of $75 is waived.
- Eff. 7-1-98

97. **Massachusetts Bay Insurance Company**
- Mature Homeowners Credit: All forms: credit applies when certain criteria are met.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost: All forms, except 4 & 6: Minimum premium of $20.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6: Minimum premium of $25.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms: Additional charge $4 per $1000 increase.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits: $3 per $1000 increase: 1st $5000 increase no charge.
- Watercraft Liability Rates: All forms.
- Personal Property , Increased Limits-$1 per $1000 increase: All forms, except 4 & 6.
- Special Personal Property: Reduced Charge for Form 3w/15.
- Electronic Funds Transfer Plan Discount: All forms.
- Group Modification Plan Discount: All forms: Credit varies 0%-5%.
- Direct Bill Policies: All forms: $1 per installment.
- Cap on total credits/discounts of 35%.

- Territorial Deviation: All forms, except 4 & 6: Credit varies
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff 9-1-09 HNVR-126246588 North Carolina Department of Insurance

98. **Max America Insurance Company**

- Forms 1, 2, 3 & 3 w/l5: Amount of insurance credit.
- Forms 1, 2, 3 & 3 w/15: New Home Credit.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03/5/02

99. **Medmarc Casualty Insurance Company**

- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7/15/90

100. **Merastar Insurance Company**

- New Home Credit; HO 00 03 Homes completed & occupied during current calendar yr. credit varies.
- Safe and Sound Discount: protective device credit certain criteria.
- Auto Home Discount All Forms - credit to the base homeowner premium if insured's automobile is insured with this Company.
- Waiver of installment charge when certain requirements are met.
- Increased Special Limits of Liability: Jewelry, watches & furs; Additional premium $10 for each $1000 increase.
- Merastar Maximum Discount: Factor .97 applies to base premium when certain criteria is met.
- Deductible credits;Forms 3 & 5: $500 - $1000
- Deductible credits;Forms 4 & 6: $500 - $1000
- Protective Device Credits; 2% - 15%.
- Boat Liability Rate Deviation: All Forms: credit based on length & horsepower.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount All Forms Discount if the named insured is a member of an employer sponsored account or qualifying affinity group.
- Eff. 8-1-05 PC084763 North Carolina Department of Insurance

101. **Metropolitan Direct Property & Casualty Insurance Company**

- Deductible Deviation.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Met ReWards Claim Free Discount.
- Increased Ordinance or Law Coverage
- Earthquake Coverage
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Eff. 5-1-09 METX-126128757 North Carolina Department of Insurance

102. **Metropolitan Property & Casualty Insurance Company**

Standard Program

- Deductible Deviation.

- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Smaller employer groups when criteria is met.
- Claim Free Discount: 5% discount when criteria are met.
- Increase Ordinance or Law coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.

Conversion Program

- Deductible Deviation.
- Windstorm or Hail Percentage Deductible Relativities.
- Additional Limit of Liability Coverage A.
- Replacement Cost on Contents: 10% surcharge. Cov C amount increased to 70% of Cov A at no additional cost.
- Year of Construction New Home Discount – Year of Construction..
- Protective Devices Premium Credits for Alarm Systems: Credit applies to base premium.
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit: Variable credits based on protection class, construction & territory.
- Multi-Policy Discount.
- Met Rewards Claim Free Discount when criteria are met.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- Eff 5-1-09 METX-126128758 North Carolina Department of Insurance

103. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per $1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.
- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): $5 per policy when criteria is met.
- All Forms: 10% Account Credit.
- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 North Carolina Department of Insurance

104. **NGM Insurance Company**

- Age of Dwelling Deviation: Forms HO 00 02, HO 00 03 and HO 00 05.
- Combined Personal Protection Program.

- Preferred Homeowners or Revitalized Home Credit when underwriting guidelines are met.
- Deductible credits/charges, factor varies by ded amount.
- Protective device credits.
- Replacement Cost on Contents.
- Specified Additional Amount of Insurance Coverage A Dwelling.
- Personal Property Replacement Cost.
- Personal Injury.
- Water Back-up of Sewers or Drains.
- Credit Card, Fund Transfer Card, Forgery, & Counterfeit Money.
- Special Computer Coverage.
- Coverage C Special Limits of Liability.
- Fire Department Service Charge.
- Charge to increase Coverage D to 30% of Coverage A.
- Installment Payment Plan Deviation.
- Coverage A relativities for Preferred and Revitalized.
- Ordinance or Law Deviation.
- Refrigerated Property Coverage.
- Insurance Score Discount factor varies by Insurance Score.
- Eff. 11-16-09 NGMC-126238715 North Carolina Department of Insurance

105. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% to 15%.
- All Forms, except 4 & 6: Deductible/factors; $100-1.10 - no minimum or maximum charge; $500-.90; $1000-.80.
- Forms 4 & 6: Deductible/factors; $100/$250 theft - 1.05. No minimum or maximum charge; $500-.90; $1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: $5 Photo Credit New Business.
- Form 4: Building additions & alterations increased limits $5 per $1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, $5000 Coverage A is provided at no additional charge. Charge $5 per $1,000 for increased limit up to total of $15,000.
- Forms 4 & 6: Loss of Use; Increased limits $3 per $1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - $2 per installment.
- Eff. 6-1-99

106. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - $55,000 - $120,000 & over; Territory 34 Cumberland County -0% -22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. $50,000 -$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance $50,000 - $120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; $500-10%; $1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; $500 - 10%; $1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance $50,000-$69,000 - 10%; $70,000 - 110,000 - 11%; $120,000 - $170,000 - 12%; $180,000 - $200,000 - 13%, each additional $10,000 - 0% when special requirement are met.
- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.
- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.
- Earthquake Coverage: Superior construction will be rated same as frame construction.

- Form HO-6: Coverage A increased limits; $3 for each additional $1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5/1/92 *Name changed from State National Specialty Company effective 3/16/04*

107. **National Surety Corporation**

- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Eff 12-01-03 PC065123 North Carolina Department of Insurance

108. **National Union Fire Insurance Company of Pittsburgh**

- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit: Credit varies by amount of insurance and deductible amount.
- Increased Coverage C Limit Deviation: A factor of 1.25 applies per$1000 of insurance. Territories 5, 6, 42 & 43 excluded.
- Renovated House Credit: Credit varies .82 - .97 for houses renovated 1 yr. to 6 yrs.
- Gated Community Credit: 5% applies when criteria is met.
- Loss Free/ Persistency Credit: 5% or 10% credit applies when criteria is met.
- Eff. 10-13-00 PC037427 North Carolina Department of Insurance

109. **Nationwide Mutual Fire Insurance Company**

- Nationwide Territory Deviation/Territory Deviation Forms HO 02, HO 03 & HO 05: Deviation by amount of insurance & territory.
- Home & Car Discount: Credit varies.
- Deductible Deviations.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Oldest Insured Deviation.
- Personal Status Deviation.
- Age of Construction Deviation.
- Amount of Insurance deviation: Credit varies by territory and amount of Insurance.
- Age of Home Component Deviation.
- Home Purchase Deviation.
- Nationwide Associate.
- Eff. 12-20-09 NCPC-126270255 North Carolina Department of Insurance

110. **Nationwide Mutual Insurance Company**

- Nationwide Territory Definitions and Territory Deviations Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
- Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06
- Deductible Deviations.
- Protective Device Deviation.
- Safe Home Rating Program – Form HO-2, HO-3, HO-5.
- Age of oldest Insured.
- Personal Status Deviation.
- Age of construction deviation.
- Amount of Insurance – Forms HO 02, HO 03, and HO 05.
- Age of Home Component Deviation.
- New Purchase Deviation.
- Nationwide Associate Deviation.
- Eff. 8-31-09 PC125190 North Carolina Department of Insurance

111. **Netherlands Insurance Company**

Preferred Homeowners

- Personal Property Increased Limits;. Forms 3, HE-7, HE-7w/20 & HE7w/21 $.50 per $1000 of insurance

- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge $5.
- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

Standard Homeowners

- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; $.50 per $1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge $5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they ar written as part fot the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.
- Eff 10-15-02 PC053999 North Carolina Department of Insurance

112. **<u>New Hampshire Insurance Company</u>**

- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): $1 per policy.
- Eff. 7/1/87

113. **<u>New South Insurance Company</u>**

- Deviation by Amount of Insurance: Coverage A amount: $50000 - $250,000 & above based on territory; Credit varies 0% - .380%.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits: Territories 32, 33, 34 - 41; $250 ded., $500 ded. $1000 ded. & $2500 ded.; Credits vary .05% - 41%.
- Form 6: 15%.
- Delete surcharge for $100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5/1/92

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114. **<u>North Carolina Farm Bureau Mutual Insurance Company</u>**

- Deviation by Territory & Program.
- Deviation on Forms HO 00 04 and HO 00 06.
- -10% Deviation on Form HO 00 08.
- Deductible Credits.
- Value Plus Homeowners; Credit varies when criteria is met.
- Water Craft: Deviations varies by speed, length & horsepower of Water Craft.
- Age of dwelling credit; Territories 5 & 6 excluded; 2% credit until 8 or more yrs., then no credit
- Deviation by Amount of Insurance vary based on rate structure, protection class, deductible, & territory. Forms 2 & 3: Credits vary
- .Deviation on Personal Property Coverage Forms HO 00 02 and HO 00 03 w/o HO 00 15.

- Personal Property Coverage C Replacement Cost.
- Carolina Partner Plus Discount varies by Coverage A amount of insurance when criteria is met. Credit varies.
- Deviation for Additional Residence Rented to Others & Other Structures Rented to Others - Residence Premises.
- Forms 2, 3, 4, 6 & 8: Deductible credits/charges.
- Deviations by selected country.
- Additional 5% deviation applies to property in specified counties.
- Eff. 5-1-07 PC101567 North Carolina Department of Insurance

115. **North River Insurance Company**
- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to $1 per $1000 of increased Coverage C.
- All Forms: Replacement cost on contents; Deletion of $20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

116. **Northern Assurance Company of America**
- All Forms, except 4 & 6: New Home Credit: 0-1 yr. old - 20%; 2% less credit each yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Guaranteed Replacement Cost (HO-3211): $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement: 6% - at no charge.
- Forms 1, 2 & 3: Fixed dollar amount deductible credits; $500 - 15%; $1000 - 21%; $2500 - 38%..
- Homeowners Enhancement Program Factors: HE - 7 - 1.15%; HE - 7w/15 - 1.20 & HE - 7w/21 - 1.25.
- Deviation by Coverage A amount of insurance. All Forms, except 4 & 6: Credit varies.
- Windstorm or Hail Deductible.
- Eff. 8-15-02 PC053955 North Carolina Department of Insurance

117. **Northern Insurance Company of New York**
- Forms 1, 2, 3 & 3w/l5: Age of dwelling credit.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500.
- Forms 4 & 6: Replacement Cost on Contents.
- Forms 1, 2 & 3: Charge $1 per $1000 for increase in Coverage C limits.
- Eff. 2/15/92

118. **Ohio Casualty Insurance Company**
- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff.12-1-05 PC082799 North Carolina Department of Insurance

119. **OneBeacon America Insurance Company**
- Forms 1, 2, 3: Fixed dollar amount deductibles; $500-15%; $1000-21%; $2500-38%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- All Forms, except 4 & 6: New home discount; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Forms 1, 2, 3 & 3w/15: Repair or replacement cost Coverage A; HO3211 - $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- All Forms, except 4 & 6: Provide Inflation Guard Endorsement at 6% amount of annual increase at no charge.
- Form 6: Units regularly rented to others; Delete $15 charge.
- Form 6: 11.1% credit.

- Form 6: Coverage A Dwelling Basic and Increased Coverage A limit $3,000 cov A at no addit charge.
- 5% discount for insured age 49 or older.
- Homeowners Enhancement Factors: HE-7 - 1.15; HE -7w/15 - 1.20 & HE-7w/21 - 1.25.
- All Forms, except 4 & 6: Deviation by Coverage A amount of insurance: Credit varies.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 North Carolina Department of Insurance

120. **OneBeacon Insurance Company**

- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.
- Account Credit when the named insured insures personal auto in any of the General Accident Copanies.
- Fixed Dollar Amount Deductible.
- New Home Credits.
- Eff 4-15-96

121. **OneBeacon Midwest Insurance Company**

- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: $500-15%; $1000-21%; $2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: $250000 - $500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952 North Carolina Department of Insurance

122. **Owners Insurance Company**

- Territory Description.
- Form 6 rate deviation
- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Form HO-6 Units Regularly Rented To Others.
- Form HO-6 Coverage A Dwelling Increased Limits and Special Coverage.
- Building Additions and Alterations At Other Residences-All Forms.
- Loss Assessment.
- Other Insured Location Occupied By Insured - Section II.
- Section II, Liability-Residence Employees waived.
- Business Pursuits - no charge.
- Personal Injury coverage-no charge.
- Permitted Incidental Occupancies - Residence Premises.
- Special Personal Property Coverage.
- Multi-Policy Discount
- Seasonal Discount-Forms HO 00 03 and HO 00 06.
- Section II, Liability Watercraft.
- Life-Homeowners Multi Policy Discount.
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.

- Paid in full discount.
- Personal Property Increased limits.
- Eff 5-1-09 AOIC-126013268 North Carolina Department of Insurance

123. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Rate for increase in Coverage C: $1 per $1000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at $1 per $1000.
- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

124. **Pacific Indemnity Company**

- Base Premium Computation - Forms 4 & 6.
- Base Premium Computation by territory and forms HO-2, HO-3, HO-5 and HO 00 07.
- Protective Devices - Elimination of maximum credit.
- Optional Higher Deductibles
- Hurricane Percentage Deductible.
- Additional Amount of Insurance deviation. Forms HO 00 02, HO 00 03 & HO 00 05.
- Gated Community Credit when criteria is met.
- Eff 5-1-09 CHUB-126020796 North Carolina Department of Insurance

125. **Peerless Insurance Company**

- Deductible Credits: Forms 3, HE-7, HE-7w/20 & HE-7w/21 - credits vary.
- Protective devices.
- Base Premium Computation (HO 00 06).
- Homeowners Enhancement Program - Specified Additional Amount of Insurance for Coverage A – Dwelling HO 32 20.
- Homeowners Enhancement Program (HE-7, HE-7 w/20, and HE-7 w/21)
- Personal Protector Multi-Policy.
- Base Premium Computation – All forms except HO 00 04 and HO 00 06.
- Installment Payment plan - charge for each installment for Electronic Fund Transfer.
- Price Point Deviation.
- Deductibles, Flat dollar windstorm or hail deductibles non – coastal territories.
- Deductibles, Flat dollar windstorm or hail deductibles coastal territories.
- Deductibles, Percentage windstorm or hail deductibles non – coastal territories.
- Deductibles, Percentage windstorm or hail deductibles coastal territories.
- New Home buyer credits.
- Eff. 5-1-09 LBRM-126009694 North Carolina Department of Insurance

126. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; $500 - .90; $1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; $1 per $1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage; Waive charge to increase Coverage C limit from 50% to 70% of Coverage A limit. Premium for Replacement Cost Coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.

- Eff. 4-15-96

127. **Pennsylvania Lumbermens Mutual Insurance Company**

- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10/1/85

128. **Pennsylvania National Mutual Casualty Insurance Company**

- New Home Discount: Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 07.
- Deductibles – Optional Higher Deductibles.
- Personal Property A Increased Limits.
- Preferred Program territory & public protection class.
- Account Credit Program: Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05, HO 00 06 & HO 00 06 with HO 32 35 and HE 00 07.
- Deviation for Water Craft outboard motors and watercraft.
- Protective Device Credits: Applies to insureds that meet eligibility criteria. Credit varies.
- Additional Amount of Insurance HO 00 02 & HO 00 03.
- Deviation on Ordinance or Law Coverage.
- Preferred Advantage Program Deviation: Forms HO 03, HO 05, and HE 07 Territory and Protection Class.
- Form HO 06 Coverage A Dwelling Basic and Increase Limits and Special Coverage.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Deviation.
- Loss Assessment coverage Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Personal Property - Increased Special Limits of Liability.
- Personal Property – Refrigerated personal Property.
- Water Back Up and Sump Discharge or Overflow.
- Personal Injury Increased Special Limits of Liability
- Installment Charges-Recurring Payments automatically deducted.
- Eff 5-1-09 PNPR-126053846 North Carolina Department of Insurance

129. **Pharmacists Mutual Insurance Company**

- -25% base rate deviation.
- Waiver of premium is amended to $5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 North Carolina Department of Insurance

130. **Phoenix Insurance Company**

- Base Rate Deviation Dwellings.
- Base Rate Deviation Condos Credit varies based on territory.
- Coverage A Relativities Deviation: forms HO 2, HO 3 and HE 7.
- Protective Device Deviation: Credit.
- Deductible Credits: Varies by amount of Coverage.
- Personal Property Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property: charge waived.
- Account Credit.
- Loss Free customer Credit
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Safety Seminar Credit Certain criteria apply.
- Royal SunAlliance Employee Program Credit.
- Coverage C Relativities – Form HO-6, credit varies.
- Home Buyer Credit.
- HE-7 Factor Deviation.
- Installment Payments.
- Eff 9-21-08 PC118029 North Carolina Department of Insurance

131. **Platte River Insurance Company**

- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.
- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.
- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to $1000 in lieu of $500 if certain coverages and options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

132. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.
- All Forms, except 4 & 6: Deductible credits: $500 - 10%; $1000 - 17%; $2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: $5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4/18/00 PC033008 North Carolina Department of Insurance

133. **Republic-Franklin Insurance Company**

- Protection Classification credit
- Edge Program Tiered, all forms except HO 00 04 and HO 00 06.
- Personal Property
- Mass Merchandising Plan
- Affinity Group-Wise Program
- Personal Lines Account Credit
- Package Additional Coverages
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.
- Eff 7-1-09 PC121538 North Carolina Department of Insurance

134. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; $500 - 12%; $1000 - 24%; $2500 - 36%.
- Forms 4 & 6: Deductible Credits; $500 - 17%; $1000 - 30%; $2500 - 37%.
- Replacement or Repair Cost Protection (HO-500); Waive $5 charge.
- Forms 4 & 6: 10% deviation.

- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

135. **Safeco Insurance Company of America**

- Deductible Optional Deductibles and Wind or Hail Deductibles.
- Renewal Credit: all forms Certain criteria apply.
- Account Credit: all forms Certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage (HO 04 53): charge for $1,000 is deleted.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.
- Other Insured Locations Occupied by Insured: 2 family house will be charged as a 1 family house
- Outboard Motor & Watercraft Liability Deviation.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities – Credit Scoring.
- Employee Discount Plan.
- Base Rate Deviations by Territory.
- HE 00 007 w/HE-21 Factor Deviation.
- Eff.5-1-09 LBRM-126040012 North Carolina Department of Insurance

136. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

137. **Seaton Insurance Company**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under $40000 - $1000000 & & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.
- Personal Property Coverage C increased limits: Form 3; $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.
- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

138. **Select Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

139. **Selective Insurance Company of South Carolina**

- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.
- Forms 4 & 6: RC Personal Property; shall be $1 per $1000 of ins. applied to Coverage C.
- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors.
- Amount of Insurance Deviation: $60000 - $l40000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.

- Eff. 5/1/92

140. **Selective Insurance Company of the Southeast**
- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of $1 per $1000 of insurance applied to Coverage C. Minimum limit of Coverage is $12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amt ded factors; $500 - .85; $1000 - .80; $2500 - .70.
- Amount of Insurance Deviation: $20000 - $75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-2

141. **Sentry Insurance A Mutual Company**
- All Forms, except 4 & 6: Fixed dollar amt ded; Factors for Cov A limits: $500 ded. - .91; $1000 ded. - .79; $2500 ded. - .62.
- Eff. 11-1-96

142. **Service Insurance Company**
- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.
- Claim Free Credit: 5% applied to base premium:Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: $1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The maximum allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 North Carolina Department of Insurance

143. **Southern Guaranty Insurance Company**
- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.
- Form 6: Deviation by Territorial Relativities.
- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; $500-.91; $1000-.83; $2500-.75. Forms 4 & 6: $500-.90; $1000-.77; $2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.
- Eff. 1-1-01 PC038720 North Carolina Department of Insurance

144. **Southern Insurance Company of Virgina**

PREFERRED

- Territory Deviation; for form HO 00 02, HO 00 03, and HO 00 05 Credit varies.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Southern Homeowners Account Credit Plan.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage
- Multi-Protector-Water Backup
- Multi-Protector Plus-Refrigerated Property
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability
- Multi-Protector Deluxe-Business Property
- Multi-Protector Deluxe Personal Injury Coverage
- Multi-Protector Deluxe Water Backup
- Multi-Protector Deluxe Refrigerated Property
- Multi-Protector Deluxe Loss Assessment Coverage
- Multi-Protector Elite Coverage C Increased Special Limits of Liability
- Multi-Protector Elite Business Property
- Multi-Protector Elite-Personal Property Replacement Cost Coverage
- Multi-Protector Elite Personal Injury Coverage
- Multi-Protector Elite Water Backup
- Multi-Protector Elite Refrigerated Property
- Multi-Protector Elite Loss Assessment Coverage
- Multi-Protector Elite Increased Ordinance or Law Coverage
- Multi-Protector Elite Increased Section II Limits of Liability

STANDARD

- Territory Deviation for HO 00 02, HO 00 03, and HO 00 05.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Personal Property Replacement Cost Coverage HO 00 04 and HO 00 06.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Southern Homeowners Account Credit Plan.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage.
- Multi-Protector-Water Backup.
- Multi-Protector Plus-Refrigerated Property.
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability.
- Multi-Protector Deluxe-Business Property.
- Multi-Protector Deluxe Personal Injury Coverage.
- Multi-Protector Deluxe Water Backup.

- Multi-Protector Deluxe Refrigerated Property.
- Multi-Protector Deluxe Loss Assessment Coverage.
- Eff 1-1-09 DNGL-125861191 North Carolina Department of Insurance

145. **Southern Pilot Insurance Company**

- Deviation by Territorial Relativities (HO-3 and HE-7).
- Deviation by Territorial Relativities (HO-4)
- Deviation by Territorial Relativities (HO-6).
- Amount of Insurance Deviation (HO-3 and HE-7).
- New Home Credits
- Deductible Credits.
- Reduced Surcharge for Personal Property (Coverage C) Replacement Cost Coverage.
- Reduced Charge for Personal Property Increased Limits.
- Reduced Rates for Outboard Motors and Watercraft Liability.
- Personal Injury Coverage At No Charge.
- Deviation for Exceptional Homeowner (HO-3 and HE-7).
- Protective Devices Credit.
- Deviation for Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 08-01-05 PC083567 Filing Detail

146. **SPARTA Insurance Holdings**

- New Home Credit All Forms, except 4 & 6:; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; $1 per $1000.
- Additional Limit of Liability for Coverage A. HO 3211. $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3:;- $500-15%; $1000-21%; $2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6:; $500-10%; $1000-23%; $2500-37%.
- Increased Coverage A limits HO-6 $3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.
- Deviation by amount of insurance for Coverage A $250,000 - $500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 North Carolina Department of Insurance

147. **St. Paul Fire & Marine Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium $15 per policy.
- Eff. 9/23/92

148. **St. Paul Guardian Insurance Company**

- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: $500 - 11%; $1000 - 23%; $2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.
- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.

- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge applies for lengths over 15 - 26 feet & over151 horsepower as to lengths up to 15 feet & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: Premium credit when insured or spouse has maintained consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; $1 per $1000 of insurance.
- Installment Payment Plan: $2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

149. **St. Paul Mercury Insurance Company**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; $500 - 11%; $1000 - 23%; $2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.
- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Installment Payment Plan: $2 charges each installment.
- Eff. 3-1-95

150. **Standard Fire Insurance Company**

- Base Rate Deviation Dwelling.
- Coverage A Relativities forms HO 2, HO 3.
- Coverage A Relativities form HE 7.
- Protective Device Deviation
- Deductible Credits all forms varies by deductible amount and coverage Limit.
- Personal Property - Increased Limit Coverage C:
- Personal Property - Refrigerated Personal Property.
- Account Credit
- Loss Free Customer Credit
- Inflation Guard: Premium charge waived.
- Safety Seminar Credit: Certain criteria apply
- Home Buyer Credit
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff. 9-21-08 PC118027 North Carolina Department of Insurance

151. **Starr Indemnity & Casualty Company**
- All Forms: Personal Prop Replacement Cost; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits.
- Eff. 4-1-95

152. **State Automobile Mutual Insurance Company**
- Auto/Home Discount
- Credits for Protective Devices
- Age of Dwelling Credit
- Replacement Cost of contents for forms HO 00 03 and HO 00 05
- Additional Limits of Liability HO 32 11
- Increased Coverage C
- Form HO 00 05
- Protection Class 9 Rates
- Prime of Life Discount, Age 55 and older
- Townhouse /rowhouse
- Three or Four Family Dwellings
- Residence Held in Trust
- Base Premiums
- Ordinance or Law Coverage.
- Form HE 00 07 with HE 32 21.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff 9-21-09 STAT-126222813 North Carolina Department of Insurance

153. **State Auto Property & Casualty Insurance Company**
- Auto/Home deviation
- Credits for Protective Devices.
- Age of Dwelling Deviation: New - 9 yrs.: Credit varies
- Replacement Cost Coverage on contents HO 00 03 and HO 00 05.
- Additional Limits of Liability – Guaranteed Replacement Cost on Dwelling.
- Coverage C Increase: HO 3 $1 per $1000: Form HO 5 $2 per $1000.
- Form HO 00 05: Optional at +10% charge.
- Protection Class 9 Rates: Discount for homes within 5 miles of a responding Fire Department & within 1000 feet of fire hydrant.
- Prime of Life Discount: Minimum Coverage C Limit $20,000.
- Townhouse/rowhouse
- Three or four family dwellings
- Residence held in trust.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff. 9-21-09 STAT-126222698 North Carolina Department of Insurance

154. **State Farm Fire & Casualty**
- Deviation by Amount of Insurance and Territory: Variable credits.
- Deviation by Amount of Insurance HO 00 04.
- Deviation by Amount of Insurance HO 00 06.
- Three and Four Family
- Townhouse/Rowhouse – The charges for Townhouses/Rowhouses in buildings with more than 2 units per fire division do not apply.
- Wind/Hail Deductible Credits – Credit varies per territory.
- Residence Premises-Basic and Increased Limits.
- Other insured Location Occupied by Insured.
- Additional residence rented to Others.

- Jewelry and Furs.
- Replacement Cost on contents forms HO 00 04 or HO 00 06.
- Ordinance or Law Coverage.
- Rental condominiums, HO 00 06.
- Coverage A Increased limits & Special Coverage Form HO 00 06.
- Homeowners 36 Discount: Consecutive yrs. insured with State Farm credit varies.
- Installment Payment Plan.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount for all territories, except 5 & 6.
- Hurricane Percentage Deductibles: Applies to the $250 Deductible basic premium
- All peril deductibles – HO 00 04.
- All peril deductibles – HO 00 06
- All peril deductibles – HO 00 03.
- Customer Rating Index.
- Eff.5-1-09 SFMA-126011946 North Carolina Department of Insurance

155. **Stonington Insurance Company**

- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowners coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

156. **Teachers Insurance Company**

- Maters Program Form HO 00 07 Amount of insurance by territory and amount of insurance relativities.
- Protection Device Credits: Classes 1-9: Credits vary 1% - 15%.
- Automatic Adjustment of Limits 2% credit on Forms HO-2 and 3 if insured 100% to value with Inflation Guard Endorsement attached.
- Newly constructed residence.
- Territorial Deviations for tenant and Condominium Base Rates.
- Waive $3.00 installment fee on each installment except the initial down payment.
- Deductible Credits for Form 3 and Masters Program: Ded credit varies.
- Multi-Line Deviation for all forms.
- Deductible Credits: Form HO 4 & 6.
- Replacement Value Personal Property HO 00 04 and HO 00 06.
- Master Program: $60,000 Minimum coverage A, inflation protection and replacement value-personal property at no additional charge.
- Federal Flood Insurance program discount.
- Earthquake Program Deviation.
- Silverware, goldware & pewterware deviation
- Refrigerated food spoilage deviation.
- Tenant's improvement - Increased Limits.
- Coverage A Options - Form 6.
- Additional Residence Premises - Rented to Others.
- Private Structures rented to Others.
- Coverage Amount Deviations for Forms 4 & 6: Deviations vary.
- Masters Program: Deviation by Credit Rating Tier
- Home Buyer Loyalty Program one time credit for the initial policy term.
- Eff. 5-1-09 HRMN-126009995 North Carolina Department of Insurance

157. **Travelers Casualty & Surety Company**

- Base Rate Deviation for Dwellings.

- Base Rate Deviation Condos: Credit varies.
- Coverage A Relativities forms HO 2 and HO 3.
- Coverage A Relativities form HE 7.
- Protective Device Deviation: Credits vary.
- Deductible Credits: Varies by amount of deductible.
- Personal Property - Increased Limit Coverage C:
- Personal Property - Refrigerated Personal Property.
- Account Credit.
- Loss Free Customer Credit
- Installment Payment Plan.
- Safety Seminar Credit: Certain criteria apply.
- Coverage C Relativity Curve – HO-6 Credit varies.
- Home Buyer credit.
- HE-7 Factor Deviation.
- Protective Devices.
- Eff 9-21-08 PC118028 North Carolina Department of Insurance

158. **Travelers Indemnity Company**
- Protective Device Deviation: Credit varies.
- Deductible Credits all forms: Varies by amount of deductible.
- Personal Property - Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property.
- Account Credit.
- Safety Seminar Credit: Certain criteria apply.
- Home Buyer Credit
- HE-7 Factor Deviation.
- Installment Payments.
- Eff 9-21-08 PC118025 North Carolina Department of Insurance

159. **Travelers Indemnity Company of America**
- Base Rate Deviation Dwellings.
- Base Rate Deviation Condos.
- Coverage A Relativities forms HO 2, HO 3.
- Coverage A Relativities form HE 7.
- Protection Device Deviation: Credit varies
- Deductible Credits: Varies by amount of deductible and coverage amount.
- Personal Property - Increased Limit Coverage C:
- Personal Property - Refrigerated Personal Property.
- Account Credit.
- Loss Free Customer Credit
- Multi-Line Insurance & Financial Services Institution Employees Credit
- Final Premium Adjustment factor.
- Safety Seminar Credit.
- Royal SunAlliance Employee Program Credit
- Coverage C Relativity Curve – HO-6 Credit Varies.
- Home Buyer credit.
- HE-7 Factor Deviation.
- Installment Payments.
- Eff 9-21-08 PC118030 North Carolina Department of Insurance

160. **Travelers Indemnity Company of Connecticut**
- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit factors.
- Form 3: 12% optional coverage credit.
- Forms 3 & 3w15: Deductible credits; $500-16%; $1000-26%; $2500-32%.
- Protective Device Credits: Variable credits.

- Increased Limits Coverage C: Reduce charge to $2 per $1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. - 11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.
- Replacement or Repair Cost Protection: Reduce charge to $1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

161. **Travelers Personal Security Insurance Company**

- Base rate deviation is for dwelling only. Credit varies.
- Coverage A Relativities based on Coverage A amount & territory forms HO 2 and HO 3.
- Protective Device Deviation: Credit varies
- Deductible Credits all forms: Varies by amount of deductible.
- Personal Property - Increased Limit Coverage C.
- Refrigerated Personal Property.
- Account Credit.
- Loss Free Customer Credit.
- Multi-Line Insurance and Financial Services Institution Employees Credit
- Final Premium Adjustment factor.
- Safety Seminar Credit: Certain criteria apply.
- Royal SunAlliance Employee Program Credit.
- Home Buyer Credit.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 6-9-08 PC115294 North Carolina Department of Insurance

162. **Travelers Property Casualty Company of America**

- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w15: Personal Property - Increased Limit Coverage C: $1 per $1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.
- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. $10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643 North Carolina Department of Insurance

163. **Twin City Fire Insurance Company**

- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Eff. 11-7-09 HART-126309684 North Carolina Department of Insurance

164. **USAA CASUALTY INSURANCE COMPANY**

- Year of Construction-Newly Constructed Dwelling
- Personal Property-Additional Coverage - Jewelry and Furs
- Personal Property - Increased Limit
- Base Premium Computation (FORM HO 00 06) by Territory/County
- Base Premium Computation HO 00 03 by territory/county
- Sinkhole collapse Coverage
- Installment Payment Plan, no charge

- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law Coverages
- Coverage A Dwelling Basic and Increased Limits and Special Coverage- HO 00 06.
- Refrigerated Personal Property
- Other Structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43
- Tier Discount form HO 00 03 and HO 00 06.
- Protection Construction Factors.
- Eff: 9-1-07 PC104507 North Carolina Department of Insurance

165. **USAA General Indemnity Company**

- New Home Discount
- Personal Property-additional Coverage Jewelry and Furs
- Personal Property – Increased Limit
- Base premium Computation HO 00 06 by territory/county
- Base Premium Computation HO 00 03 by territory/county
- Sinkhole collapse Coverage
- Installment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law-all Forms and Rule 513. Ordinance or Law Increased Amount of coverage – HO 00 06
- Coverage A Dwelling Basic and Increased Limits and Special Coverage- HO 00 06.
- Refrigerated Personal Property
- Other Structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43
- Tier Discount, form HO 00 03 and HO 00 06.
- Protection Construction Factors.
- Eff. 9-1-07 PC104508 North Carolina Department of Insurance

166. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; $40000 & under to $1000000 & over. Credit varies based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.
- Form 3: Fixed dollar amount deductibles credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-l0%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.
- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

167. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.
- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.
- 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.

- All Forms, except 4 & 6: Replacement cost on contents. $10 charge plus $2 per $1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; $500-19%; $1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

168. **United Services Automobile Association**

- Year of Construction – Newly constructed Dwellings.
- Personal Property-Additional Coverage Jewelry and Furs
- Personal Property – Increased Limit
- Base premium Computation HO 00 06 by territory/county
- Deviation by Territory/County – Form HO 00 03
- Sinkhole collapse Coverage
- Installment Payment Plan, no charge
- Protective Device
- Deductibles (Form HO 00 03)
- Ordinance or Law-all Forms and Rule 513. Ordinance or Law Increased Amount of Coverage – HO 00 06
- Coverage A Dwelling Basic and Increased Limits and Special Coverage- HO 00 06.
- Refrigerated Personal Property
- Other Structures
- Windstorm or Hail Exclusion – Territories 05, 06, 42, and 43 (form HO 00 03)
- Tier Discount, Form HO 00 03 and HO 00 06.
- Base Premium computation, Protection/construction factors.
- Eff:9-1-07 PC104506 North Carolina Department of Insurance

169. **United States Fidelity & Guaranty Company**

- Waive any additional premium of $5 or less.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - $1.50 per $1000; Form 3w15 - $2.50 per $1000.
- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge $5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.
- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.
- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952 North Carolina Department of Insurance

170. **United States Fire Insurance Company**

- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500-.89; $1000-.80; $2500-.67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

171. **Unitrin Auto and Home Insurance Company**

- Territorial Deviations, Pricing Levels A thru S Only, All Forms
- Price Level Deviation, Rule A10.A, HO 00 03, HO 00 05.
- Price Level Deviation HE 00 07.
- Price Level Deviation HO 00 06.
- Mature Homeowners Credit, Rule A10.B, Pricing Levels A thru S.
- Consumer Loyalty Credit, Rule A10.A, HO 00 03, HO 00 04, HO 00 05, HO 00 06, and HE 00 07

- Personal Property (Coverage C) RC Coverage, HO 00 03, HO 00 05, Price Levels A thru S
- New Home Discount, Rule A10.C, HO 00 03, HO 00 05 or HE 00 07, Pricing Levels A thru S.
- Credit Card, Fund Transfer Card Forgery and Counterfeit Money, Package Plus Only.
- Outboard Motors and Watercraft, Rule A10.A (Rule 612), Package Plus.
- Personal Injury, Rule A10.A, (Rule 610.), Package Plus.
- Blanket Property Limit Rule, Rule A10.A, Package Plus, One or Two family residences.
- Special Personal Property Coverage-HO 00 06, Rule A10.A (Rule 304.).
- Refrigerated Property, Rule A10A., (Rule 515.), Package Plus
- Ordinance or Law Coverage-HO 00 03-Package Plus, and HO 00 05
- Network Discount
- HE 00 07 Policy Factors.
- Deferred Premium Payment Plans, Electronic Funds Transfer (EFT), no charge for installments
- Personal Property, Rule A10.A (Rule 515), Pricing Levels A thru Z, Package Plus
- Amount of Insurance Factor, HO 00 03
- Protective Devices, Rule A10.C (Rule 404.)
- Price Level Deviations HO 00 03 and HO 00 05.
- Price Level Deviations HE 00 07.
- Price Level Deviations HE 00 06.
- Eff 9-1-09 Kemp-126182435 North Carolina Department of Insurance

172. **Unitrin Safeguard Insurance Company**

- Territorial Deviations, Price Levels A thru S only.
- Price Level Deviation, HO 00 03, HO 00 05.
- Price Level Deviation HE 00 07.
- Mature Homeowners Credit, Pricing Levels A thru S only.
- Consumer Loyalty Credit, HO 00 03, HO 00 04, HO 00 05, HO 00 06, and HE 00 07
- Personal Property (Coverage C) Package Plus, HO 00 03, HO 00 05, Price Levels A thru S.
- Optional Higher Deductibles, All Forms except HO 00 04 and HO 00 06, Price Levels A thru S.
- Wind or Hail deductibles, Price Levels A thru S and T thru Z only , all forms except HO 04 and HO 06.
- Wind or Hail Deductibles, Price Levels A thru S only, Package Plus.
- New Home Discount, HO 00 03, HO 00 05 or HE 00 07, Pricing Levels A thru S.
- Credit Card, Fund Transfer Card Forgery and Counterfeit Money, Package Plus Only.
- Outboard Motors and Watercraft, Package Plus.
- Personal Injury, Package Plus.
- Blanket Property Limit Rule, Package Plus Only.
- Special Personal Property Coverage-HO 00 06, Rule A10.A (Rule 304.).
- Refrigerated Property, Rule A10A., (Rule 515.), Package Plus
- Ordinance or Law Coverage-HO 00 03-Package Plus, and HO 00 05
- Network Discount
- HE 00 07 Policy Factors.
- Deferred Premium Payment Plans, Electronic Funds Transfer (EFT) no charge for installments.
- Personal Property, Pricing Levels A thru Z, Package Plus
- Amount of Insurance Factor, HO 00 03.
- Specified Additional Amount of Insurance for Coverage A.
- Protective Devices, Rule A10.C (Rule 404.)
- Price Level Deviations HO 00 03 and HO 00 05 Package Policy.
- Price Level Deviations HO 00 07 Package Policy.
- Price Level Deviations HO 00 04 Package Policy.
- Price Level Deviations HO 00 06 Package Policy.
- Eff 9-1-09 KEMP-126182440 North Carolina Department of Insurance

173. **Utica Mutual Insurance Company**

- Replacement Cost Contents: Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to total base premium.
- Mass Merchandising Plan: 15% deviation for members of Utica National Insurance Group.
- Service for Employees (W.I.S.E.) program or is a member of a company approved affinity group

- HO Extension Package: Certain criteria apply.
- Personal Lines Account Credit.
- Territorial/Company deviation.
- Protection Class deviation.
- Eff. 8-1-07 PC103505 North Carolina Department of Insurance

174. **Valiant Insurance Company**

- Personal Property Replacement Cost
- Deductible Credits.
- Personal Property Increased Limits.
- Age of dwelling discount.
- Account Credit.
- Deviation by territory.
- Base Premium discount.
- Protective Device Credit.
- Eff 7-1-98

175. **Vesta Insurance Corporation**

- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.
- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than $250 in any one assessment. $1 per $1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.
- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or older & is not employed outside the home.
- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.
- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of $2 per $1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

176. **Vigilant Insurance Company.**

- Discount on base premium for forms HO 00 04 and HO 00 06.
- Base rate discount by territory with exceptions for forms HO 00 02 and HO 00 03, HO 00 05 and HE 00 07.
- Protective Devices maximum credit is deleted
- Optional Higher Deductibles for forms HO 00 04 and HO 00 06.
- 5% Hurricane deductible
- Additional Amounts of Insurance discount
- Gated Community credit when criteria is met.
- Multi-line credit.
- Eff. 5-1-09 CHUB-126047877 North Carolina Department of Insurance

177. **West American Insurance Company**

- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- FamPak Credit to all Private Passenger Auto insureds that also have Homeowners policy with the Ohio Casualty Group.
- Employee Discount: to qualifying employees insured in the West American Insurance
- Eff.12-1-05 PC082801 Filing Detail

178. **Westchester Fire Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

179. **XL Insurance America, Inc.**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge $1 per $1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .91; $1000 - .83; $2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; $500 - .90; $1000 .77; $2500 - .63.
- Eff. 4-1-95

HOMEOWNERS

1. **ACE American Insurance Company**
- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 per $1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9-1-92

2. **ACE Fire Underwriters Insurance Company**
- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; $500 - 11%; $1,000 - 21%; $2,500 - 34%.
- Form 4: Fixed dollar deductible credits; $500 - 11%; $1,000 - 25%; $2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: $1 per $1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at $1 per $1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5-1-92

3. **AIU Insurance Company**
- All Forms: 10%.
- Eff. 2-1-86

4. **AMCO Insurance Company**
- Territory Deviation, Forms HO 00 02, HO 00 03, and HO 00 05 and HO 00 04 and HO 00 06 excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of Construction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan Deviation, Forms HO 00 02, HO 0003, HO 00 04, HO 00 05 and HO 00 06.
- Personal Status Deviation.
- Associate Discount Deviation.
- Eff 3-29-10 NCPC-126462509 North Carolina Department of Insurance

5. **AMEX Assurance Company**
- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.
- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.
- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.

- No additional charge for Refrigerated Personal Property.
- No charge for townhouse or row house.
- Costco Discount: 2% applies to policies for member insureds of Costco.
- HO 3, 4 & 6 base rates vary by territory.
- Eff. 8-1-05 PC083887 North Carolina Department of Insurance

6. **AXA Re Property & Casualty Insurance Company**
- Discount on Installment Payment Plan: $1 - $2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: $2 rate per $1000.
- Personal Property Replacement Cost Coverage Discount.
- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10-18-00 PC035279 North Carolina Department of Insurance

7. **Affirmative Insurance Company**
- 15% base deviation for Premier Homeowners Program.
- 3% base deviation for Deluxe Homeowners Program.
- 15% base deviation for Premier Tenant Program.
- 10% base deviation for Deluxe Tenant Program.
- 20% base deviation for Premier Condominium Program.
- 15% base deviation for Deluxe Condominium Program.
- Forms 2 & 3: Deductible credits; $500-15%; $1000-25%; $2500-38%.
- Forms 4 & 6: Deductible credits; $500-15%; $1000-25%; $2500-40%.
- All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
- All Forms: Protective Device Credits: Credits vary 2%-15%.
- Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
- All forms, except 4 & 6; Personal Property Increased Limit $2 charge per $1000 of coverage.
- Eff 02-15-02 PC046217 North Carolina Department of Insurance

8. **AGRI General Insurance Company**
- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
- New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
- All Forms, except 4 & 6: Deductible Factors: $250 ded.-1.00; $500 ded.-0.91; $1000 ded.-0.79; $2500 ded.-0.62.
- Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
- Eff. 1-1-97

9. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**
- Amount of Premium Credit - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
- Amount of Premium Credit - Claims Free for forms HO 0004 and HO 0006.
- Row and Townhouses - discount.
- Account Discount –discount if there is also an in force auto policy covering the same named insured written with

Virginia Mutual Ins Co.
- Insurance Score Discount –discount applied if a minimum insurance score of 725.
- Newly Constructed Residences (not applicable to Forms 4 and 6) credit varies for a residence constructed and first occupied in one of the last ten calendar years.
- Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
- Installment Payment Plan-Electronic Funds Transfer.
- Effective 5-1-09 AFAL-126074643 North Carolina Department of Insurance

10. **Alliance Mutual Insurance Company**
- Flat Deductibles.
- Higher Windstorm or Hail Deductibles – Flat deductible.
- Protective Devices.
- Eff 7-1-06 PC094461 North Carolina Department of Insurance

11. **Allstate Indemnity Company**
- Tier-Claim Rating Deviation – determined by the number of chargeable claims, credits vary.
- Claims Free Discount.
- New/renovated Home Discount – credit varies.
- Home and Auto Discount Deviation –credit varies.
- The Good Hands People Discount Deviation.
- Zone Deviation.
- Territorial Definitions.
- Eff 5-2-09 ALSX-126082562 North Carolina Department of Insurance

12. **Allstate Insurance Company**
- Deductible factors Forms 2, 3 ; Forms 4 & 6: Deductible factors credits vary.
- Personal Property Replacement Cost Deviation subject to certain requirements.
- Protective devise discount.: discount varies.
- Year of construction-New/Renovated Home discount.
- Age 55 & Retired Discount Factor. Credit varies when certain criteria met.
- Home and auto discount deviation when certain criteria is met.
- Good hands people discount all forms.
- Waterbed Liability Deviation HO4 and HO6.
- Installment payment plan – Allstate Easy Payment Plan.
- Three or four family dwelling rating structure: does not differentiate between 3 or 4 family dwellings in a town or row house structure.
- Zone (Territory) Deviation.

Deluxe Plus
- Deductibles
- Protective Devices.
- Year of Construction – Newly Constructed Dwellings.
- Age 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People discount.
- Zone (Territory) Deviation.
- Eff 5-2-09 ALSX-126082575 North Carolina Department of Insurance

13. **AmComp Assurance Corporation**
- Forms 2 & 3: Deductible credits; $500-9%; $1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12-1-91

14. **American Automobile Insurance Company**
- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.

- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Deviations by territories and forms: Credit varies.
- Eff. 12-1-03 PC065125 Filing Detail

15. **American Bankers Insurance Company of Florida**
- Select Tier Broad Form, Base Rate.
- Choice Tier Broad Form, Base Rate.
- Elite Tier Broad Form, Base Rate.
- Select Tier Comprehensive form Base Rate.
- Choice Tier Comprehensive form Base Rate.
- Elite Tier Comprehensive form Base Rate.
- Senior Discount Territory 2 and Territory 3.
- Claim Free Credit, Territory 2 and Territory 3.
- Eff. 11-1-09 ASPX-126241885 North Carolina Department of Insurance

16. **American Centennial Insurance Company**
- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9-1-85

17. **American Economy Insurance Company**
- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge. Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: $100 deductible; Minimum additional charge of $10 in lieu of $30.
- Forms 2 & 3: Fixed deductible; $500 ded. - 9%; $1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; $2.70 per $1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); $2500 increased limit - $33; $5000 increased limit - $60.
- Form 3: XL Coverage Program; $5000 limit included in basic premium. To reduce to $1000 limit, subtract $56. To reduce to $2500 subtract $35.
- Eff. 11-17-97

18. **American Fire & Casualty Company**
- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff. 12-1-05 PC082802 North Carolina Department of Insurance

19. **American Home Assurance Company**
- Base Premium by Territory Form HO 00 03.
- Key factor Deviation.
- Protective Devices.
- Eff. 6-1-10 APCG-126564265 North Carolina Department of Insurance

20. **American Insurance Company**
- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.

- All Forms: Deductible credits: $500 -10%; $1000 -20%; $2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. $10000 & above $500 -10%, $1000 - 20%, $2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6-1-93

21. **American Manufacturers Mutual Insurance Company**

- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at $1 per $1000. Add $10 surcharge.
- Mature Homeowners Credit: 5% applies when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: $250 theft deductible/ $100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only). Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance Refrigerated Property with KIP policy.
- Form 3: KIP only: Ord or Law: Include 12.5% at no additional charge. Wind and Hail Deds for Form 3: Blkt Limits dev (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047937 Filing Detail

22. **American Modern Home Insurance Company**

- Form 3: Deductible Credits; $500 Ded. - 10%; $1000 - 22%; $2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.
- Amount of Insurance Deviation: Coverage A amount $10000 - $200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above $200000, a factor of .007 applies for each additional $1000 of premium
- Eff. 6-1-99

23. **American Motorists Insurance Company**

- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.

- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only).
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 prem x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047938 North Carolina Department of Insurance

24. **American Professionals Insurance Company**

- Form 2, 3 & 3w/15: Company deviation based on amount of insurance, construction & territory: Credit varies.
- Form 6: Territorial deviation.
- Forms 2, 3, 3w/15: New Home Discount based on age of home. Deviation varies 0% - 14%.
- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductible credit factors; $500 - .85; $1000 - .79; $2500 - .62.
- Forms 1, 2, & 3: Increase in Coverage C; $1 per $1000.
- Protective Devices: All forms: Maxcredit for protective device eliminated. All protection class & all territories. There is no limit on credit.
- Outboard Motors & Water Craft: Liability rates amended by boat length.
- Form 4 & 6: Fixed dollar amount deductible. Credit factor $500 - .85; $1000 - .77; $2500 - .63.
- All Forms, except 4 & 6: Windstorm or Hail Percentage/Factor Deductible deviation.
- Form 6: Coverage A Dwelling Basic & Increased Limits and Special Coverage.
- All Forms, except 4 & 6: Personal Property Replacement (Coverage C) Cost Coverage. 1.05 factor applies to base premium. Form 4 & 6: 1.35 factor: Minimum additional premium deleted.
- Ordinance or Law Coverage deviation factors.
- Three or Four Family Residence Coverage B & C deviation.
- Installment Payment Plan. Initial installment charge waived.
- 5% account credit when named insured has an auto policy with the Highlands Insurance Group Companies.
- Eff. 6-1-99

25. **American Reliable Insurance Company**

- Loss Free Renewal Credit: Credit applies to any policy that has been loss free for the previous 12 months under an existing American Reliable Insurance Company policy.
- Mature Retiree Credit: If certain criteria are met, a credit of -10% of the Base Premium will be applied.
- New Roof Credit: If the roof has been professionally installed within five years of the inception or renewal date, the premium shall be reduced by 5%. Not to be combined with the Age of Dwelling Credit
- Eff 11-6-02 PC055868 Filing Detail

26. **American States Insurance Company**

- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria.
- Form 2 & 3: Replacement cost Coverage C is increased to 70% of Coverage A at no extra charge: Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): $1.

- Forms 4 & 6: $100 deductible; Minimum additional charge $10 in lieu of $30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) $2500 increased limit - $33; $4000 increased limit - $60.
- Forms 2, 3 & 8: Fixed deductible credits; $500 - 9%; $1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Eff. 12-1-/91

27. **<u>American States Preferred Insurance Company</u>**

- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges $500 - 12%; $1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; $15000 - $30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; $20000 - $30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; $500 - 17%; $1000 - 30%.
- Alarm systems: Premium credits vary.
- Jewelry & Furs: Forms 3, 4 & 6; $2500 limit $33; $5000 limit - $60. Form 3 w/XL coverage $5000 included in base premium. To reduce to $2500 limit subtract $35. $1000 limit subtract $56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs. -10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.
- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10-30-97

28. **<u>American Strategic Insurance Corporation</u>**

- Territory Zone Deviation
- Protection Class Construction – Forms HO 00 03 and HO 00 05.
- Protection Class Construction – Form HO 00 04.
- Key Factors – Forms HO 00 03 and HO 00 05.
- Key Factors – Form HO 00 04.
- Age of Home.
- Tier Forms HO 00 03 and HO 00 04.
- Companion Policy – All Forms.
- "E Policy" – All Forms.
- New Purchase – HO 00 03.
- Senior Retiree – Forms HO 00 03 and HO 00 05.
- Age of Insured – Form HO 00 04.
- Non Smoker – All Forms.
- Accredited Builder – Forms HO 00 03 and HO 00 05.
- Hip Rood Design – Forms HO 00 03 and HO 00 05.
- Personal Property Replacement Cost – All Forms.
- Protective Devices _ All Forms.
- Eff 7-4-10 AMSI-126644630 North Carolina Department of Insurance

29. **AMICA Mutual Insurance Company**

- Waive the additional premium for Coverage C, Personal Property at 75% of Coverage A.
- Form HO 00 04 rate deviation by policy amount.
- Protective Devices, Apply 2% credit for three or more smoke detectors in all territories for protection classes 1-7.
- Additional Amounts of Insurance-1.00 All territories except 5, 6, 42 and 43. 1.02 for territories 5, 6, 42, and 43.
- Personal Property-Increased Limit, $1.60 for all forms. Also waive the charge up to 75% of Coverage A without HO 04 90 (Personal Property Replacement Cost) See Deviation Component Number 5.
- Refrigerated Property. The $10.00 charge for this coverage is waived. See Deviation Component Number 6.
- Premium Payment Option. No charge for the first installment. No charge for each installment for members of AMICA group through payroll deduction.
- Multi-Line Discount, Optional Rating Characteristics. Various discounts in all territories except 5, 6, 42 and 43. See Deviation Component Number 8.
- Preferred Risk Deviation, Rule A.10. Optional Rating Characteristics. Maximum Factor of $1.00 and a Minimum Factor of 0.50. See Deviation Component Number 9 and Rating Example Computation.
- Eff.8-1-08 PC114228 North Carolina Department of Insurance

30. **Amerisure Insurance Company**

- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- 8l; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs. -.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount $60000+-$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10-1-94

31. **Amerisure Mutual Insurance Company**

- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to homeowners rates when automobile policy is written with Amerisure Group.
- Form 6: Relativity is .85.
- Eff. 10-194

32. **Armed Forces Insurance Exchange**

- Protective Device Credits.
- Fixed dollar amount deductible factors credit varies.
- New Home Credit; All Forms, except HO 00 04 & HO 00 06.
- Earthquake: Ordinance or Law increased amount of insurance (Does not include basic, only increased amount).
- Sinkhole Collapse Coverage: All Forms except HO 00 04 and HO 00 06. (Does not include basic, only increased amount)
- Base premium Computation.
- Installment Payment Charge waived
- Wind or Hail Exclusion – Territories 07, 08, 48, 49, and 52.
- Minimum policy premium waived.
- Protective Devices-Maximum Credit not applicable.
- Personal Property Increased Limits charge per $1000.
- Eff 5-24-10 ARMD-126556975 North Carolina Department of Insurance

33. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 $8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under $100000 - 11% surcharge; $100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.

- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%: Form 6- 20%.
- Eff. 5-15-04 PC069340 North Carolina Department of Insurance

34. **Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; $500-10%;$1000-20%;$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Ded credits all territories; Credits for Coverage C $10000 & above, $500-10%,$1000-20%, $2500-30%. Credit applies to base premium.
- Eff. 6-1-93

35. **Association Insurance Company**

- Deviation by Coverage A limit $100000 & above - 30% credit.
- Forms 1, 2 &3: RC Coverage HO-290; Personal property incr. limits charge $1 per $1000; Waive 5% surcharge.
- New Home Credit: Cov A amount $100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Cov A amount is $100000 or above for all SAS Institute Inc. Employees.
- Eff. 1-1-96

36. **Assurance Company of America**

- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- Form 4: 15% deviation.
- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.
- All Forms: Fixed dollar amount deductibles factors: $500-.85; $1000-.75; $2500-.70.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of $75 is waived.
- Eff. 7-1-98

37. **Automobile Insurance Company of Hartford, Connecticut**

- Deductible Credits Homeowners written in conjunction with Private Passenger Auto Policy.
- Protective Devices.
- Refrigerated Personal Property.
- Account Credit.
- Installment Payment Plan.
- Eff 6-20-10 TRVA-126641605 North Carolina Department of Insurance

38. **Auto-Owners Insurance Company**

- Territory Description.
- Form HO 00 06 – rate deviation.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.

- Mature Homeowner Discount for insureds between the ages of 55 and 64.
- Townhouse or row house deviation.
- Credit card, fund transfer card, forgery and counterfeit money.
- Units Regularly Rented to Others.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Personal Injury coverage-no charge.
- Building Additions and Alterations at Other Residences – all forms.
- Other Insured Location Occupied by insured.
- Section II, Liability-Residence Employees waived.
- Business Pursuits – no charge.
- Personal Injury coverage – no charge.
- Permitted Incidental Occupancies – Residence Premises.
- Special Personal Property Coverage.
- Multi-Policy Discount.
- Seasonal Discount - Forms 3 & 6.
- Section II liability watercraft - certain criteria - rates vary.
- Life/Homeowners Multi-Policy Discount
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in Full discount.
- Personal Property Increased Limits.
- Eff. 5-1-09 AOIC-126013242 North Carolina Department of Insurance

39. **Balboa Insurance Company**

- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies.
- Brick or Masonry Construction.
- Eff. 5-1-09 BALB-126027963 North Carolina Department of Insurance

40. **Bankers Standard Insurance Company**

- Deviation forms HO 00 02, HO 00 03, HO 00 04, HO 00 06, HO 00 05 and HE-7 and certain territories.
- Key Factors Coverage A over $750,000.
- Protective Devices maximum credit allowed is deleted.
- Optional Higher Deductibles forms HO 00 04 and HO 00 06.
- Hurricane Percentage Deductible.
- Additional Amounts of Insurance.
- Gated Community Credit.
- Valuable Articles Credit-Multi Policy.
- Eff. 12-1-09 WESA-126279658 North Carolina Department of Insurance

41. **Camden Fire Insurance Association, The**

- All Forms, except 4 & 6: New Home Credit.
- All Forms, except 4: Account credit applies to homeowner premium when personal automobiles in any of the General Accident Companies.
- All Forms: Protective devices: Credit varies 2% - 15%.
- All Forms: Fixed Dollar Amount Deductible Factors; $500 - .90; $1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; $1 per $1000 of insurance.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waive charge to increase Coverage C limit 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
- Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
- Eff.8-15-02 PC054137 North Carolina Department of Insurance

42. **Central Mutual Insurance Company**

Owners Program

- Deviation by territory and protection class.
- Homeowners Enhancement Program – Deviation by form HE-7 and HE-7 with HE-20.
- Deviation by amount of insurance and insurance score.
- Insurance Score Deviation.
- Customer loyalty deviation.
- Company Deductible Credits B. Optional Deductibles.
- Payment timelines deviation.
- Loss history deviation.
- Personal Property Replacement Cost.
- Accompanying schedule or boat deviation.
- Age of dwelling.
- Home buyer deviation.
- Gated community deviation.
- Non-Packaged Risk deviation.
- Residence held in trust deviation.
- Package deviation.
- Installment Payment with Electronic Transfer.

Condo Program

- Deviation by territory, protection class.
- Deviation by amount of insurance.
- Deviation by insurance score.
- Customer loyalty deviation.
- Deductible Optional Higher Deductibles.
- Payment timelines deviation.
- Loss history Deviation.
- Accompanying schedule or boat deviation.
- Form HO 00 06 Coverage A Dwelling Basic and Increased Limits and Special Coverage.
- Residence held in trust.
- Package Deviation.
- Installment Payment Plan.

Tenants Program

- Deviation by territory, protection class.
- Amount of insurance deviation.
- Insurance score deviation.
- Customer loyalty deviation.
- Deductibles B. Optional Higher Deductibles.
- Payment timelines deviation
- Loss history deviation.
- Accompanying schedule or boat deviation.
- Package Deviation.
- Installment Payment Plan with Electronic Transfer.
- Eff 10-1-10 CEMC-126681413 North Carolina Department of Insurance

43. **The Charter Oak Fire Insurance Company**

- Base Rate Deviation Dwelling.
- Coverage A Relativities forms HO 00 02 and HO 00 03.
- Coverage A Relativities form HE-7.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property - Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.

- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 6-20-10 TRVA-126641614 North Carolina Department of Insurance

44. **Cincinnati Indemnity Company**
- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the $3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4-1-04 PC065697 North Carolina Department of Insurance

45. **The Cincinnati Insurance Company**
- Year of construction-Newly Constructed Dwellings Age of Dwelling Credits.
- Base Rate Deviations by Territory.
- Installment Payment Plan.
- Homeowners Enhancement Deviation.
- Watercraft Liability deviation.
- Preferred Risk credit.
- Superior Risk Credit – Forms HO 00 03 and HE 00 07 only.
- Insurance Score Factor – All Forms.
- Package Credit-Multi Policy credit – All Forms.
- Automatic Water Shut-Off System Credit.
- Mature Homeowners Discount – All Forms.
- Secured Community Credit.
- Eff 5-1-09 CNNB-126057039 North Carolina Department of Insurance

46. **Continental Indemnity Company**
- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.
- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria is met.
- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Cov C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to $1000 when certain coverages & increased limits options are selected.
- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Cov, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1-1-01 PC038500 North Carolina Department of Insurance

47. **Continental Insurance Company**

- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year – 18%, 1-5 yrs. -15%; 6-10 yrs. - 10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%
- Eff. 8-15-02 PC052786 North Carolina Department of Insurance

48. **Economy Premier Assurance Company**

- PAK ll Program – HE 00 07 Base Rates and Policy Amount.
- PAK ll Program – HO 00 06 Base Rates by Territory.
- PAK ll Program – HO 00 04 Base Rates by Territory.
- PAK ll Program – HO 00 04 and HO 00 06 Policy Amount Relativities by Territory.
- Homeowners Enhancement Program HE 00 07 with HE 32 20.
- Homeowners Enhancement Program HE 00 07 with HE 32 21.
- PAK ll Package Credit Multi Policy.
- Renewal Credit.
- Year of Construction.
- Personal Injury Protection Liability Deviation.
- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.
- Business Pursuits Deviation.
- Outboard motors and watercraft.
- Home day care.
- Personal Property Increased Limits.
- Earthquake Coverage-Ordinance or Law Coverage.
- Residence Premises Basic and Increased Limits Coverage F- Medical Payments.
- Other Exposures-Medical Payments to Others Increased Limits.
- Other Structures – On Premises Structures Specific Structures – Increase Limits.
- Eff. 5-5-09 METX-12636516 North Carolina Department of Insurance

49. **Electric Insurance Company**

- Base rate deviation HO 00 02 and HO 00 03 by territory: Credit varies.
- Base Rate Deviation HO 00 04 and HO 00 06 by territory. Credit varies.
- Personal Property Replacement Cost form HO 00 04and HO 00 06 (Coverage C) is automatically increased to 70% of Coverage A. HO-04 and HO-6 1.25 RC Coverage also applies to articles or classes of property separately described and specifically insured in this policy.
- Protective Device Credits: Credits vary.
- Deductible Factors Forms HO-4 & HO-6 Credit varies
- Personal Property – Unscheduled Jewelry, Watches and Furs.
- Personal Property Silverware, Goldware and Pewterware.
- Personal Property – Firearms
- New Home Credits – HO 00 02 and HO 00 03.
- Multi-Policy Discount.
- Group Marketing discount.

- Payroll Deduct Discount.
- Eff.6-1-09 ELEC-126096428 North Carolina Department of Insurance

50. **EMCASCO Insurance Company**

- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance
- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 North Carolina Department of Insurance

51. **Employers Mutual Casualty Company**

- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.
- Eff. 3-15-07 PC097669 North Carolina Department of Insurance

52. **Encompass Indemnity Company**

- Forms 2, 3, and 8 Base Rate Deviations by Territory, Credit varies by territory
- Form 4 Base Rate Deviation by Territory, Credit varies by territory
- Form 6 Base Rate Deviation by Territory, Credit varies by territory
- Earthquake Coverage - Base rate deviation according to Table, Zone, and Construction.
- Gated Community Discount: A 10% credit will be applied for a residence located in a gated community meeting certain criteria.
- New Home Discount: A residence 10 years of age or less is eligible for a discount, credit varies by age.
- Deductible Credits Discount: Credit varies by coverage limit and deductible amount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation: credit varies.
- Incidental Farming Personal Liability Deviation: credit varies.
- Superior Construction Discount: The premium for a dwelling or apartment unit in a building of superior construction is multiplied by masonry base premium or apartment unit by .85.
- Various Credits for Protective Devices: credit varies by type of alarm.
- Credits for Automatic Sprinkler Systems: credit varies by location/area of sprinkler system.
- Special Personal Property Coverage HO 6 only: endorsement HO 32 35 factor 1.34.
- Companion Policy Discount: 10% discount applies if named insured on an Auto Policy with any of the Encompass Insurance Companies.
- Preferred Rate Deviation: Preferred rates are available at a 5% reduction from standard rates if the amount of insurance under Coverage A is equal to at least 90% of the Replacement Cost of the Dwelling and the automatic adjustment of limits endorsed is attached.
- Effective 12-11-06 PC097453 North Carolina Department of Insurance

53. **Erie Insurance Exchange**

- Base Rate Deviations.
- Amount of Insurance Deviation all forms except HO 00 04 & HO 00 06.
- Multi-Policy Discount.
- New Home Discount.
- Optional Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation.
- Increased Special Limits of Liability HO 04 64 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost.

- Townhouse or rowhouse charge - waived.
- Units Rented to Others Form HO 00 06 HO 1733.
- Outboard Motors & Watercraft.
- Building Addition & Alterations Increased Coverage C limit - Form HO 00 04 (HO 0451).
- Specified Additional Amount of Insurance for Coverage A only (HO 32 20).
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06 No charge.
- Refrigerated Property Coverage: Charge waived.
- Personal Property Increased Limits; HE 7.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Advance Quote Discount – New business.
- Claims Experience Rating Program.
- Eff. 5-15-10 ERPP-126503060 North Carolina Department of Insurance

54. **Fairmont Premier Insurance Company**
- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.
- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5-1-92

55. **Farmers Insurance Exchange Farmers Underwriters Association**
- Form Factor Deviations: Forms 3w/15 & 4.
- Territory Relativity Factor deviation.
- Amount of Insurance Deviations: Forms, HO 00 04 and HO 00 06.
- Rule 403. Personal Property –Coverage C Replacement Cost Coverage.
- Rule 404 Protective Devices.
- Deductible Rule 406 credits.
- Loss Assessment Coverage Deviation.
- Rule 515 personal property.
- Other Insured Location Occupied by Insured.
- Additional Residence Rented to Others.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for $200,000 limit.
- Optional Rating Characteristics Age 50 Plus Discount.
- Optional Rating Characteristics Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.
- Oridinance or Law-Increased Amount of coverage.
- Eff 5-16-08 PC112928 North Carolina Department of Insurance

56. **Federal Insurance Company**
- Maximum credit for protective devices.
- Optional Higher Deductibles.
- Named Storm Deductible.
- Additional Amount of Insurance deviation.
- Water Back-Up and Sump Discharge or Overflow Forms HO 00 03, HO 00 04, HO 00 05, HO 00 06 and HE 00 07.
- Gated Community Credit.
- Effective 12-1-10 CHUB-126729182 North Carolina Department of Insurance

57. **Federated Mutual Insurance Company**
- Forms 1, 2, 3 & 3w/l5: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to $250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/l5: Fixed dollar amount deductibles; $100 +10%; $500 -10%; $1000 -20%; $2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; $100 +10%; $500-15%; $1000-30%; $2500-40%.

- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/l5: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: $5 maximum charge per account for all policies.
- Eff. 11-15-94

58. **Fidelity & Guaranty Insurance Company**

- Waive additional premium of $5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.
- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 $5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 North Carolina Department of Insurance

59. **Fidelity & Guaranty Insurance Underwriters**

- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of $5 or less.
- Special Package Discount: 5% credit applied to total residential insurance premium when underwriting criteria is met.
- Form 6: Form Relativity of .800 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: H0 3211 - $5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 North Carolina Department of Insurance

60. **Fidelity National Property and Casualty Insurance Company**

- Windstorm or Hail Exclusion Credit.
- Insurance Bureau Score Deviation.
- Eff 2-15-10 FDLY-126404458 North Carolina Department of Insurance

61. **Firemans Fund Insurance Company**

- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all HO policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121 North Carolina Department of Insurance

62. **Firemen's Insurance Company of Washington D.C.**

- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55

yrs. & older.

- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors apply when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under $200,000 - $500 ded. - .87; $1000 - .76; $2500 - .73. $20000-$400,000 - $500 ded - .89; $1000 - .80; $2500 - .77. Over $400,000 - $500 - .92; $1000 - 86; $2500 - .83.
- Eff. 10-1-97

63. **Garrison Property and Casualty Insurance Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Other Structures.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- New Home Discount.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 12-31-10 USAA-126769037 North Carolina Department of Insurance

64. **General Insurance Company of America**

- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete $1 charge for $1000 limit.
- Personal Injury (HO 24 82): $10 charge per policy.
- Landlord's Furnishing (HO 32 21): $10 premium per policy to increase coverage to total $5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.
- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability $100,000 - $1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base $300,000: Coverage F no charge.
- Special Personal Property Coverage HO-OO 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: $2 each installment.
- Eff. 8-15-02 PC052887 North Carolina Department of Insurance

65. **Government Employees Insurance Company**
- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.
- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - $10,000-$200,000 & over. Credit varies 4%-22%.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional $1000 of coverage.
- Installment Payment Plan: Waive the charge of $3 first installment if first payment received with application.
- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

66. **Grain Dealers Mutual Insurance Company**
- 10% credit when insured has both personal auto & homeowners policy written by Grain Dealers Mutual Ins. Company.
- Forms 2 & 3: New Home Credit: New - 1yr. of age - 25%: 1-2yrs. of age - 20%: 3 ys. of age - 15%: 4 yrs. of age - 10%: 5 yrs. of age -5%.
- Forms 2, 3 & 3w/15: 20% to base rates applies to Coverage A amount of more than $125,000.
- Continuous Policyholder Discount Program: 0-2 yrs.-0%credit: 3-5 yrs.-5%credit: 6-8 yrs.-10% credit: 9+ yrs.-15% credit.
- 10% deviation on base rates for Alamance & Caswell Counties in Territory 35.
- Personal Property Increased Limits Rate Deviation.
- Form 3:10% Mature Home Credit: Certain criteria must be met.
- Eff. 1-1-02 PC042992 North Carolina Department of Insurance

67. **Granite State Insurance Company**
- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium $1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

68. **Graphic Arts Mutual Insurance Company**
- Replacement Cost on Contents; Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to the total base premium.
- Mass Merchandising Plan.
- -5% W.I.S.E./Affinity program discount,
- For Forms HO 02, HO 03, HO 05 and HO 08, factor of .95 for risks located in terrs 5, 6, 41, 42, 43, 45 and 46.
- For Forms HO 00 02, HO 03, HO 05 and HO 08, factor of .85 for risks located in territories 36, 44 and 60
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .90 for risks located in territories 38 and 39
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .80 for risks located in territory 34.
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .82 for risks located in territory 57
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .84 for risks located in territory 53
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, a rating factor of .85 for risks located in territory 32
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .92 for risks in territory 47
- For Forms HO 00 04 and HO 00 06, factor of .85 for risks in territories 36, 44, 57 and 60
- For Forms HO 00 04 and HO 00 06, factor of .90 for risks located in territories 38 and 39
- For Forms HO 00 04 and HO 00 06, factor of .85 for risk located in terrs 5, 6, 32, 34, 41, 42, 43, 45, 46, 47 and 53
- Personal Lines Account Credit
- Homeowners Extension Package
- Protection Class deviation/
- Eff. 8-1-07 PC103506 North Carolina Department of Insurance

69. **Hanover American Insurance Company**
- Mature Homeowners Credit.

- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits.
- Personal Property Replacement Cost for all forms except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost for forms HO 00 04 and HO 00 06.
- Account Credit Discount.
- Loss of Use-Increased Limits – Reduced premium charge.
- Coverage A Dwelling: Basic & Increased Limits for form HO 00 06.
- Watercraft Liability Rates: All forms.
- Personal Property, Increased Limits All forms, except HO 00 04 and HO 00 06.
- Special Personal Property, all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount.
- Group Modification Plan Discount.
- Direct Bill Policies.
- Cap on total credits/discounts.
- Territorial Deviation.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff. 12-1-10 HNVX-G126817916 North Carolina Department of Insurance

70. **Hanover Insurance Company**
- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan.
- Group Modification Plan Discount (Mass Merchandising Plan)
- Direct Bill Policies Installment payment plan.
- Cap on credits/discounts
- Relativity curve deviation HO 00 03.
- Relativity Curve deviation forms HO 00 04 and HO 00 06.
- Eff. 12-1-10 HNVX-G126817870 North Carolina Department of Insurance

71. **Harbor Specialty Insurance Company**

Preferred:
- Homes 25 yrs. of age or less insured for $50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.
- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge $1 in lieu of $5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 ded. - 10%; $1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.
- Forms 4 & 6: Deductible Credits; $500 ded. - 10%; $1000 ded. - 23%.

Standard:
- Form HO-3 only - Homes 25 years of age or older and/or insured for less than $50,000.

- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 - 10%; $1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.
- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

72. **Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .90; $1000 - .83; $2500 - .75. $100 deductible amount - minimum $30 - maximum $60.
- Forms 4 & 6: Fixed dollar amount ded. factors; $500 .90; $1000 .77; $2500 .63. $100 deductible amount min. $30, max. $60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

73. **Harleysville-Atlantic Insurance Company**

- Forms 1, 2, 3 & 8: Base rate credits; Coverage A limit $48,000 & under $95,000 & over; Credit varies 0.0% - 27.5%.
- All Forms: 13%; Optional coverage rates Section I & II.
- Forms 1, 2, 3 & 8: New Home Discount factor; 1 yr. old or less .80; Discount factor increased by .01 thru 11th yr. - discount factor increased by .02 - 12th thru 15th yr.
- Eff. 5-1-92

74. **Harleysville Mutual Insurance Company**

- Group Mass Marketing Discount: to voluntary policyholders that are members of specific group type organizations.
- Preferred Customer Discount: All territories except 05, 06, 41, 42, 43, 81, and 86 when certain criteria are met.
- Deviations by certain territories.
- StarPak ProgramDiscount.
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit HO 02, HO 03 and HE 7.
- Mature Homeowner Discount HO 03 and HE 7 only 55 years of age or older.
- Life Insurance Policy Discount Homeowner and Life policy
- Coverage A Key Factors discount All territories except 07, 08, 48, 49, 81, 86 and 90.
- HO 00 04 and HO 00 06
- Personal Property Increased Limit.
- Other Members of a Named Insured's Household
- Electronic Funds Transfer (EFT)
- Territory Definitions Harleysville/NCRB
- Eff. 5-20-09 HRLV-126097759 North Carolina Department of Insurance

75. **Harleysville Preferred Insurance Company**

- Group Mass Marketing Discount: 10% to voluntary policyholders that are members of specific group type organizations.
- Preferred customer discount – all terr except 07, 08, 41, 48, 49, 81 and 86. The percentage discount is determined by the combination of insurance score rating and characteristics met.
- HE-7 Enhancement Deviations by certain Territories.
- StarPak Program Discount
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit Forms HO 02, HO 03, HO 05, and HE 7,
- Mature Homeowner Discount HO 03, HO 05 and HE 7 only 55 years of age or older.
- Policy Discount (life insurance/annuity policy)
- Coverage A Key Factors discount All territories except 07, 08, 41, 48, 49, 81, 86 and 90.

- HO 00 04 or HO 00 06, Base Premium for Territories except 07, 08, 41, 48, 49, 81, 86 and 90.
- Perosnal Property Increased Limit.
- Other Members of a Named Insured's Household.
- Electronic Funds Transfer (EFT).
- Territory Definitions Harleysville/NCRB
- Eff 5-20-09 HRLV-126097801 North Carolina Department of Insurance

76. **Hartford Accident and Indemnity Company**
- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Effective 12-11-10 HART-126607107 North Carolina Department of Insurance

77. **Hartford Casualty Insurance Company**
- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Credit.
- Key Factor for Premier, CCRL and Elite.
- Eff. 11-7-09 HART-126309676 North Carolina Department of Insurance

78. **Hartford Fire Insurance Company**
- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit deviation for all territories.
- Retirees Credit, named insured is age 50 and older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor (Merit, Elite, CCRL, Premier), - Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Eff. 11-7-09 HART-126309668 North Carolina Department of Insurance

79. **Hartford Insurance Company of Midwest**
- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – (Merit, CCRL, Premier), Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key factors for Premier, CCRL and Elite.
- Effective 11-7-09 HART-126309678 North Carolina Department of Insurance

80. **Hartford Underwriters Insurance Company**
- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – (Merit, CCRL, Premier), Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.

- Key factors for Premier, CCRL and Elite.
- Age of Dwelling Credit: 0-1 yr. of age - 15%; 1% less credit each added yr.
- Eff. 5-1-09 HART-126028774 North Carolina Department of Insurance

81. **Homesite Insurance Company**
- Preferred Risk Group 1 Discount 10% when certain criteria are met.
- Preferred Risk Group 2 Discount 10% when certain criteria are met.
- Eff 6-1-09 HMSS-126064634 North Carolina Department of Insurance

82. **Horace Mann Insurance Company**
- Form HO 00 07 – Amount of Insurance by Territory and Amount of Insurance Relativities.
- Protective Device Credits: Classes 1-9.
- New Home Credits.
- Territorial Base Rates for Tenant & Condominium, HO 00 04 and HO 00 06.
- Installment Payment Plan Waive initial $3 installment fee.
- Deductible Factors Form HO 00 03.
- Auto/Home discount all forms credit varies.
- Deductible Factors for forms HO 00 04 and HO 00 06.
- Replacement Cost on contents - HO 00 04 and HO 00 06.
- Masters Program.
- Earthquake deviation.
- Silverware, Gold ware & Pewter ware coverage.
- Refrigerated Food Spoilage.
- Tenant's Improvements Increased Limit.
- Coverage A Increased Limit for form HO 00 06.
- Additional Residence Premises - Rented to Others.
- Private Structures - Rented to Others (Liability Coverage).
- Credit Rating Tier/Insurance Score.
- Home Buyer Loyalty Program.
- Eff. 5-1-10 HRMN-126487994 North Carolina Department of Insurance

83. **Horace Mann Property & Casualty Insurance Company**
- Form HO 00 07 – Amount of Insurance by Territory and Amount of Insurance Relativities.
- Protective Device Credits: Classes 1-9.
- New Home Credits.
- Territorial Base Rates for Tenant & Condominium, HO 00 04 and HO 00 06.
- Installment Payment Plan Waive initial $3 installment fee.
- Deductible Factors Form HO 00 03.
- Auto/Home discount all forms credit varies.
- Deductible Factors for forms HO 00 04 and HO 00 06.
- Replacement Cost on contents - HO 00 04 and HO 00 06.
- Masters Program.
- Earthquake deviation.
- Silverware, Gold ware & Pewter ware coverage.
- Refrigerated Food Spoilage.
- Additional Residence Premises - Rented to Others.
- Private Structures - Rented to Others (Liability Coverage).
- Credit Rating Tier/Insurance Score.
- Home Buyer Loyalty Program.
- Eff 5-1-10 HRMN-126488918 North Carolina Department of Insurance

84. **IDS Property casualty Insurance Company**
- Form HO 00 03 – Amount of Insurance.
- Form HO 00 04 – Amount of Insurance.
- Form HO 00 06 – Amount of Insurance.
- Protective Device Credits
- Deductible Credits Forms HO 00 03, HO 00 04 HO 00 06.

- Home and Auto Discount.
- Replacement Cost on Contents Discount Forms HO 00 03, HO 00 04 HO 00 06.
- Condo Coverage A increased limits.
- Utilities Rating Plan.
- Coverage C Increased Limits.
- Installment Pay Plan.
- Refrigerated Personal Property
- Townhouse/Rowhouse
- Costco Discount
- Base Rates (Form HO 00 03) by territories
- Base Rates (Form HO 00 06) by territories
- Eff 8-14-09 PRCA-126151220 North Carolina Department of Insurance

85. **Indemnity Insurance Company of North America**
- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.
- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 premium charge per $1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

86. **Indiana Lumbermens Mutual Insurance Company**
- Forms 1, 2, 3 & 3 w/l5: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9-1-85

87. **Insura Property & Casualty Insurance Company**
- Form 3: Deductible credits; $500 - 15%; $1000 - 25%; $2500 - 38%.
- All Forms: Personal property increased limits $2 per $1000.
- Protective Device Credits; Credit varies 2% - 15%.
- Personal Injury (HO-82) included at no charge.
- Personal Property Replacement Cost Coverage; Eliminate 5% surcharge.
- New Home Credit: Current calendar yr. - 20%; 1 yr. preceding current calendar yr. - 18%; each added yr. 2% less credit until 10+ yrs. - 0%.
- Multi-Policy Credit: 10% applies to total HO policy prem. when auto policy is written in the Anthem Casualty Ins. Group.
- Amount of insurance deviation based on territory, protection class & amount of Coverage A: $70,000-$200,000 credits varies 8.6% - 21.9%; Each additional $10,000 credit varies 15% - 30%.
- Forms 2 & 3: Amount of Insurance Deviation; 3% charge of basic premium.
- Base premium deviation by territory.
- Eff. 6-1-99

88. **Insurance Company of North America**
- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C; $1 per $1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & $1 per $1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5-1-92

89. **Insurance Company of the State of Pennsylvania**
- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; $250 - 15%; $500 - 25%; $1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.

- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6-15-88

90. **Integon General Insurance Corporation**

- Delete the surcharge for $100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount $50,000 - $250,000 & above based on territory; Credit varies - 0% - .340%.
- Deductible Credits: Form 3; Terr. 32, 33, 34-41- $250 ded., $500 ded., $1000 ded. & $2500 ded.: Credits varies .05%- .41%.
- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

91. **Integon Indemnity Corporation**

- Delete surcharge for $100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount $50,000 - $250,000 & above & based on territory. Variable credit.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - $250 ded; $500 ded. $1000 & $2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5-1-92

92. **Liberty Mutual Fire Insurance Company**

- Mass Merchandising Program – 5% deviation when certain criteria is met
- Installment Payment Plan all forms.
- Coverage A Dwelling Limit for form HO 6.
- Watercraft Deviation by limits of liability
- Multi-Policy Discounts.
- Property Tiering Program.
- Eff. 10-19-09 LBPM-126228851 North Carolina Department of Insurance

93. **Liberty Mutual Mid-Atlantic Insurance Company**

- Forms 2,3,4, & 6 35% deviation.
- Froms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

94. **Lititz Mutual Insurance Company**

- New Home Credit.
- Discount when Guaranteed Repair or Replacement Cost Protection (Coverage A) and Personal Property Replacement Cost Protection (Coverage C) are used together.
- Protection class 9 discount
- Optional Higher Deductibles Deviation.
- Base Rate Deviation by Territory: Credit varies.
- Ordinance or Law – increased Limits.
- Eff 5-1-09 PC124818 North Carolina Department of Insurance

95. **LM Property and Casualty Insurance Company**

- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 $1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: $1.00 per $1,000 increase of insurance

- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured community. Fully secured - 10%: Partially secured -5%.
- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: $14 per $1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of $20.
- Silverware, Goldware, & Pewterware: $2.50 per $500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.
- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.
- Business Property - Increased Limits Deviation: $10 per $2500.
- Eff. 3-14-03 PC058007 North Carolina Department of Insurance

96. **Lumbermens Mutual Casualty Company**

- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- $100 Deductible: Waive minimum premium.
- $250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.
- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 North Carolina Department of Insurance

97. **Maryland Casualty Company**

- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: $500 - 15%; $1000 - 20%; $2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of $75 is waived.
- Eff. 7-1-98

98. **Massachusetts Bay Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Personal Property Replacement Cost on Coverage C: Forms HO 00 04 and HO 00 06
- Account Credit: All forms.

- Loss of Use-Increased Limits.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property - Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan Discount.
- Group Modification Plan (Mass Merchandising Plan).
- Direct Bill Policies installment payment plan.
- Cap on total credits/discounts of 35%.
- Territorial Deviation: All forms, except HO 00 04 and HO 00 06.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff 12-1-10 HNVX-G126817920 North Carolina Department of Insurance

99. **Max America Insurance Company**
- Forms 1, 2, 3 & 3 w/l5: Amount of insurance credit.
- Forms 1, 2, 3 & 3 w/15: New Home Credit.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03-5-02

100. **Medmarc Casualty Insurance Company**
- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7-15-90

101. **Merastar Insurance Company**
- New Home Credit; HO 00 03 Homes completed & occupied during current calendar yr. credit varies.
- Safe and Sound Discount: protective device credit certain criteria.
- Auto Home Discount All Forms - credit to the base homeowner premium if insured's automobile is insured with this Company.
- Waiver of installment charge when certain requirements are met.
- Increased Special Limits of Liability: Jewelry, watches & furs; Additional premium $10 for each $1000 increase.
- Merastar Maximum Discount: Factor .97 applies to base premium when certain criteria is met.
- Deductible credits;Forms 3 & 5: $500 - $1000
- Deductible credits;Forms 4 & 6: $500 - $1000
- Protective Device Credits; 2% - 15%.
- Boat Liability Rate Deviation: All Forms: credit based on length & horsepower.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount All Forms Discount if the named insured is a member of an employer sponsored account or qualifying affinity group.
- Eff. 8-1-05 PC084763 North Carolina Department of Insurance

102. **Metropolitan Direct Property & Casualty Insurance Company**
- Deductible Deviation.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Met ReWards Claim Free Discount.
- Increased Ordinance or Law Coverage

- Earthquake Coverage
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Eff. 5-1-09 METX-126128757 North Carolina Department of Insurance

103. **Metropolitan Property & Casualty Insurance Company**

Standard Program

- Deductible Deviation.
- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Smaller employer groups when criteria is met.
- Claim Free Discount: 5% discount when criteria are met.
- Increase Ordinance or Law coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.

Conversion Program

- Deductible Deviation.
- Windstorm or Hail Percentage Deductible Relativities.
- Additional Limit of Liability Coverage A.
- Replacement Cost on Contents: 10% surcharge. Cov C amount increased to 70% of Cov A at no additional cost.
- Year of Construction New Home Discount – Year of Construction..
- Protective Devices Premium Credits for Alarm Systems: Credit applies to base premium.
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit: Variable credits based on protection class, construction & territory.
- Multi-Policy Discount.
- Met Rewards Claim Free Discount when criteria are met.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- Eff 5-1-09 METX-126128758 North Carolina Department of Insurance

104. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per $1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.
- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): $5 per policy when criteria is met.
- All Forms: 10% Account Credit.

- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 North Carolina Department of Insurance

105. **NGM Insurance Company**

- Age of Dwelling Deviation: Forms HO 00 02, HO 00 03 and HO 00 05.
- Combined Personal Protection Program.
- Preferred Homeowners or Revitalized Home Credit when underwriting guidelines are met.
- Deductible credits/charges, factor varies by ded amount.
- Protective device credits.
- Replacement Cost on Contents.
- Specified Additional Amount of Insurance Coverage A Dwelling.
- Personal Property Replacement Cost.
- Personal Injury.
- Water Back-up of Sewers or Drains.
- Credit Card, Fund Transfer Card, Forgery, & Counterfeit Money.
- Special Computer Coverage.
- Coverage C Special Limits of Liability.
- Fire Department Service Charge.
- Charge to increase Coverage D to 30% of Coverage A.
- Installment Payment Plan Deviation.
- Coverage A relativities for Preferred and Revitalized.
- Ordinance or Law Deviation.
- Refrigerated Property Coverage.
- Insurance Score Discount factor varies by Insurance Score.
- Eff. 11-16-09 NGMC-126238715 North Carolina Department of Insurance

106. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% to 15%.
- All Forms, except 4 & 6: Deductible/factors; $100-1.10 - no minimum or maximum charge; $500-.90; $1000-.80.
- Forms 4 & 6: Deductible/factors; $100/$250 theft - 1.05. No minimum or maximum charge; $500-.90; $1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: $5 Photo Credit New Business.
- Form 4: Building additions & alterations increased limits $5 per $1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, $5000 Coverage A is provided at no additional charge. Charge $5 per $1,000 for increased limit up to total of $15,000.
- Forms 4 & 6: Loss of Use; Increased limits $3 per $1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - $2 per installment.
- Eff. 6-1-99

107. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - $55,000 - $120,000 & over; Territory 34 Cumberland County -0% -22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. $50,000 -$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance $50,000 - $120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; $500-10%; $1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; $500 - 10%; $1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance $50,000-$69,000 - 10%; $70,000 - 110,000 - 11%; $120,000 - $170,000 - 12%; $180,000 - $200,000 - 13%, each additional $10,000 - 0% when special requirement are met.
- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.

- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.
- Earthquake Coverage: Superior construction will be rated same as frame construction.
- Form HO-6: Coverage A increased limits; $3 for each additional $1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5-1-92 *Name changed from State National Specialty Company effective 3/16/04*

108. **National Surety Corporation**
- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Eff 12-01-03 PC065123 North Carolina Department of Insurance

109. **National Union Fire Insurance Company of Pittsburgh**
- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit: Credit varies by amount of insurance and deductible amount.
- Increased Coverage C Limit Deviation: A factor of 1.25 applies per$1000 of insurance. Territories 5, 6, 42 & 43 excluded.
- Renovated House Credit: Credit varies .82 - .97 for houses renovated 1 yr. to 6 yrs.
- Gated Community Credit: 5% applies when criteria is met.
- Loss Free/ Persistency Credit: 5% or 10% credit applies when criteria is met.
- Eff. 10-13-00 PC037427 North Carolina Department of Insurance

110. **Nationwide Mutual Fire Insurance Company**
- Nationwide Territory Deviation/Territory Deviation Forms HO 02, HO 03 & HO 05: Deviation by amount of insurance & territory.
- Home & Car Discount: Credit varies.
- Deductible Deviations.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Oldest Insured Deviation.
- Personal Status Deviation.
- Age of Construction Deviation.
- Amount of Insurance deviation: Credit varies by territory and amount of Insurance.
- Age of Home Component Deviation.
- Home Purchase Deviation.
- Nationwide Associate.
- Eff. 8-31-09 PC-125189 North Carolina Department of Insurance

111. **Nationwide Mutual Insurance Company**
- Nationwide Territory Definitions and Territory Deviations Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
- Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06
- Deductible Deviations.
- Protective Device Deviation.
- Safe Home Rating Program – Form HO-2, HO-3, HO-5.
- Age of oldest Insured.
- Personal Status Deviation.
- Age of construction deviation.
- Amount of Insurance – Forms HO 02, HO 03, and HO 05.
- Age of Home Component Deviation.
- New Purchase Deviation.
- Nationwide Associate Deviation.

- Eff. 12-20-09 NCPC-126270255 North Carolina Department of Insurance

112. **Netherlands Insurance Company**

Preferred Homeowners
- Personal Property Increased Limits;. Forms 3, HE-7, HE-7w/20 & HE7w/21 $.50 per $1000 of insurance
- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge $5.
- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

Standard Homeowners
- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; $.50 per $1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge $5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they ar written as part fot the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.
- Eff 10-15-02 PC053999 North Carolina Department of Insurance

113. **New Hampshire Insurance Company**
- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): $1 per policy.
- Eff. 7/1/87

114. **New South Insurance Company**
- Deviation by Amount of Insurance: Coverage A amount: $50000 - $250,000 & above based on territory; Credit varies 0% - .380%.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits: Territories 32, 33, 34 - 41; $250 ded., $500 ded. $1000 ded. & $2500 ded.; Credits vary .05% - 41%.
- Form 6: 15%.
- Delete surcharge for $100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5-1-92

115. **North Carolina Farm Bureau Mutual Insurance Company**
- Deviation by Territory, Program and multi-policy..
- Deviation on Forms HO 00 04 and HO 00 06.
- Deviation on Form HO 00 08.
- Deductible Credits.
- Value Plus Homeowners Credit.
- Outboard Motors and Water Craft.
- New Home Deviation, Forms HO 00 02 and HO 00 03.
- Deviation on Personal Property Coverage.

- Personal Property Replacement Cost.
- Carolina Partner Plus Discount.
- Additional Residence Rented to Others & Other Structures Rented to Others - Residence Premises.
- Deviation Forms HO 00 02 and HO 00 03.
- Deviations Forms HO 00 02 and HO 00 03 with Windstorm or Hail Coverage.
- Enhancement Deviation.
- Eff. 6-1-10 NCFB-126514919 North Carolina Department of Insurance

116. **North River Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to $1 per $1000 of increased Coverage C.
- All Forms: Replacement cost on contents; Deletion of $20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

117. **Northern Assurance Company of America**

- All Forms, except 4 & 6: New Home Credit: 0-1 yr. old - 20%; 2% less credit each yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Guaranteed Replacement Cost (HO-3211): $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement: 6% - at no charge.
- Forms 1, 2 & 3: Fixed dollar amount deductible credits; $500 - 15%; $1000 - 21%; $2500 - 38%..
- Homeowners Enhancement Program Factors: HE - 7 - 1.15%; HE - 7w/15 - 1.20 & HE - 7w/21 - 1.25.
- Deviation by Coverage A amount of insurance. All Forms, except 4 & 6: Credit varies.
- Windstorm or Hail Deductible.
- Eff. 8-15-02 PC053955 North Carolina Department of Insurance

118. **Northern Insurance Company of New York**

- Forms 1, 2, 3 & 3w/l5: Age of dwelling credit.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500.
- Forms 4 & 6: Replacement Cost on Contents.
- Forms 1, 2 & 3: Charge $1 per $1000 for increase in Coverage C limits.
- Eff. 2-15-92

119. **Ohio Casualty Insurance Company**

- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff.12-1-05 PC082799 North Carolina Department of Insurance

120. **OneBeacon America Insurance Company**

- Forms 1, 2, 3: Fixed dollar amount deductibles; $500-15%; $1000-21%; $2500-38%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- All Forms, except 4 & 6: New home discount; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Forms 1, 2, 3 & 3w/15: Repair or replacement cost Coverage A; HO3211 - $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- All Forms, except 4 & 6: Provide Inflation Guard Endorsement at 6% amount of annual increase at no charge.
- Form 6: Units regularly rented to others; Delete $15 charge.
- Form 6: 11.1% credit.
- Form 6: Coverage A Dwelling Basic and Increased Coverage A limit $3,000 cov A at no addit charge.

- 5% discount for insured age 49 or older.
- Homeowners Enhancement Factors: HE-7 - 1.15; HE -7w/15 - 1.20 & HE-7w/21 - 1.25.
- All Forms, except 4 & 6: Deviation by Coverage A amount of insurance: Credit varies.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 North Carolina Department of Insurance

121. **OneBeacon Insurance Company**

- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.
- Account Credit when the named insured insures personal auto in any of the General Accident Copanies.
- Fixed Dollar Amount Deductible.
- New Home Credits.
- Eff 4-15-96

122. **OneBeacon Midwest Insurance Company**

- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: $500-15%; $1000-21%; $2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: $250000 - $500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952 North Carolina Department of Insurance

123. **Owners Insurance Company**

- Territory Description.
- Form 6 rate deviation
- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Form HO-6 Units Regularly Rented To Others.
- Form HO-6 Coverage A Dwelling Increased Limits and Special Coverage.
- Building Additions and Alterations At Other Residences-All Forms.
- Loss Assessment.
- Other Insured Location Occupied By Insured - Section II.
- Section II, Liability-Residence Employees waived.
- Business Pursuits - no charge.
- Personal Injury coverage-no charge.
- Permitted Incidental Occupancies - Residence Premises.
- Special Personal Property Coverage.
- Multi-Policy Discount
- Seasonal Discount-Forms HO 00 03 and HO 00 06.
- Section II, Liability Watercraft.
- Life-Homeowners Multi Policy Discount.
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in full discount.
- Personal Property Increased limits.

- Eff 5-1-09 AOIC-126013268 North Carolina Department of Insurance

124. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Rate for increase in Coverage C: $1 per $1000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at $1 per $1000.
- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

125. **Pacific Indemnity Company**

- Base Premium Computation - Forms HO 00 04 and HO 00 06.
- Base Premium Computation by territory and forms HO 00 02, HO 00 03, HO 00 05 and HE 00 07.
- Protective Devices – Maximum Credit of $75. is deleted.
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage Deductible.
- Additional Amount of Insurance deviation. Forms HO 00 02, HO 00 03 & HO 00 05.
- Water Back-Up and Sump Discharge or Overflow Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05, HO 00 06 and HE 00 07.
- Gated Community Credit.
- Eff 12-1-10 CHUB-126729196 North Carolina Department of Insurance

126. **Peerless Insurance Company**

- Deductible Credits.
- Protective devices.
- Base Premium Computation (HO 00 06).
- Homeowners Enhancement Program - Specified Additional Amount of Insurance for Coverage A – Dwelling HO 32 20.
- Homeowners Enhancement Program (HE-7, HE-7 w/20, and HE-7 w/21)
- Personal Protector Multi-Policy.
- Base Premium Computation – All forms except HO 00 04 and HO 00 06.
- Installment Payment plan – no charge for each installment for Electronic Fund Transfer.
- Price Point Deviation.
- Deductibles, Flat dollar windstorm or hail deductibles non – coastal territories.
- Deductibles, Flat dollar windstorm or hail deductibles coastal territories.
- Deductibles, Percentage windstorm or hail deductibles non – coastal territories.
- Deductibles, Percentage windstorm or hail deductibles coastal territories.
- New Home buyer credits.
- Personal Property – Increased limits.
- Eff. 6-15-10 LBRM-126574497 North Carolina Department of Insurance

127. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; $500 - .90; $1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; $1 per $1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage; Waive charge to increase Coverage C limit from 50% to 70% of Coverage A limit. Premium for Replacement Cost Coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.

- Eff. 4-15-96

128. **Pennsylvania Lumbermens Mutual Insurance Company**
- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10-1-85

129. **Pennsylvania National Mutual Casualty Insurance Company**
- New Home Discount: Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 07.
- Deductibles – Optional Higher Deductibles.
- Personal Property A Increased Limits.
- Preferred Program territory & public protection class.
- Account Credit Program: Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05, HO 00 06 & HO 00 06 with HO 32 35 and HE 00 07.
- Deviation for Water Craft outboard motors and watercraft.
- Protective Device Credits: Applies to insureds that meet eligibility criteria. Credit varies.
- Additional Amount of Insurance HO 00 02 & HO 00 03.
- Deviation on Ordinance or Law Coverage.
- Preferred Advantage Program Deviation: Forms HO 03, HO 05, and HE 07 Territory and Protection Class.
- Form HO 06 Coverage A Dwelling Basic and Increase Limits and Special Coverage.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Deviation.
- Loss Assessment coverage Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Personal Property - Increased Special Limits of Liability.
- Personal Property – Refrigerated personal Property.
- Water Back Up and Sump Discharge or Overflow.
- Personal Injury Increased Special Limits of Liability
- Installment Charges-Recurring Payments automatically deducted.
- Eff 10-15-10 PNPR-126697052 North Carolina Department of Insurance

130. **Pharmacists Mutual Insurance Company**
- -25% base rate deviation.
- Waiver of premium is amended to $5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 North Carolina Department of Insurance

131. **Phoenix Insurance Company**
- Base Rate Deviation Dwellings Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Base Rate Deviation.
- Coverage A Relativities Deviation: forms HO 00 02 and HO 00 03.
- Coverage A Relativities Deviation: forms HO 00 07.
- Deductible Credits HO 00 02, HO 00 03 and HO 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property: charge waived.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy..
- HE-7 Factor Deviation.
- Installment Payment Plan.

- Eff 6-20-10 TRVA-126641622 North Carolina Department of Insurance

132. **Platte River Insurance Company**

- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.
- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.
- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to $1000 in lieu of $500 if certain coverages and options are selected.
- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

133. **Privilege Underwriters Reciprocal Exchange**

- Years Renovated
- Territory Deviation
- Coverage A Deviation
- Superior Construction Credits
- Generator Credit
- Financial Responsibility Factor
- Seasonal/Secondary Home
- Occupancy Deviation
- Multi Policy Credit (Personal Automobile)
- Multi Policy Credit (Personal Excess Liability)
- Multi Policy Credit (Jewelry & Art)
- Protective Devices
- Loss Free Credits
- Eff 9-3-10 PRIV-126726823 North Carolina Department of Insurance

134. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.
- All Forms, except 4 & 6: Deductible credits: $500 - 10%; $1000 - 17%; $2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: $5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4-18-00 PC033008 North Carolina Department of Insurance

135. **Republic-Franklin Insurance Company**

- Protection Classification credit
- Edge Program Tiered, all forms except HO 00 04 and HO 00 06.
- Personal Property
- Mass Merchandising Plan
- Affinity Group-Wise Program
- Personal Lines Account Credit
- Package Additional Coverages
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.
- Eff 7-1-09 PC121538 North Carolina Department of Insurance

136. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; $500 - 12%; $1000 - 24%; $2500 - 36%.
- Forms 4 & 6: Deductible Credits; $500 - 17%; $1000 - 30%; $2500 - 37%.
- Replacement or Repair Cost Protection (HO-500); Waive $5 charge.
- Forms 4 & 6: 10% deviation.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

137. **Safeco Insurance Company of America**

- Deductible Optional Deductibles and Wind or Hail Deductibles.
- Renewal Credit: all forms Certain criteria apply.
- Account Credit: all forms Certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage (HO 04 53): charge for $1,000 is deleted.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.
- Other Insured Locations Occupied by Insured: 2 family house will be charged as a 1 family house
- Outboard Motor & Watercraft Liability Deviation.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities – Credit Scoring.
- Employee Discount Plan.
- Base Rate Deviations by Territory.
- HE 00 007 w/HE-21 Factor Deviation.
- Eff.5-1-09 LBRM-126040012 North Carolina Department of Insurance

138. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

139. **Seaton Insurance Company**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under $40000 - $1000000 & & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.
- Personal Property Coverage C increased limits: Form 3; $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.

- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.
- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

140. **Select Insurance Company**
- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

141. **Selective Insurance Company of South Carolina**
- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.
- Forms 4 & 6: RC Personal Property; shall be $1 per $1000 of ins. applied to Coverage C.
- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors.
- Amount of Insurance Deviation: $60000 - $l40000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.
- Eff. 5/1/92

142. **Selective Insurance Company of the Southeast**
- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of $1 per $1000 of insurance applied to Coverage C. Minimum limit of Coverage is $12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amt ded factors; $500 - .85; $1000 - .80; $2500 - .70.
- Amount of Insurance Deviation: $20000 - $75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-2

143. **Sentry Insurance A Mutual Company**
- All Forms, except 4 & 6: Fixed dollar amt ded; Factors for Cov A limits: $500 ded. - .91; $1000 ded. - .79; $2500 ded. - .62.
- Eff. 11-1-96

144. **Service Insurance Company**
- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.
- Claim Free Credit: 5% applied to base premium:Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: $1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The max allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 North Carolina Department of Insurance

145. **Southern Guaranty Insurance Company**
- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.

- Form 6: Deviation by Territorial Relativities.
- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; $500-.91; $1000-.83; $2500-.75. Forms 4 & 6: $500-.90; $1000-.77; $2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.
- Eff. 1-1-01 PC038720 North Carolina Department of Insurance

146. **Southern Insurance Company of Virgina**

PREFERRED

- Territory Deviation; for form HO 00 02, HO 00 03, and HO 00 05 Credit varies.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Southern Homeowners Account Credit Plan.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage
- Multi-Protector-Water Backup
- Multi-Protector Plus-Refrigerated Property
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability
- Multi-Protector Deluxe-Business Property
- Multi-Protector Deluxe Personal Injury Coverage
- Multi-Protector Deluxe Water Backup
- Multi-Protector Deluxe Refrigerated Property
- Multi-Protector Deluxe Loss Assessment Coverage
- Multi-Protector Elite Coverage C Increased Special Limits of Liability
- Multi-Protector Elite Business Property
- Multi-Protector Elite-Personal Property Replacement Cost Coverage
- Multi-Protector Elite Personal Injury Coverage
- Multi-Protector Elite Water Backup
- Multi-Protector Elite Refrigerated Property
- Multi-Protector Elite Loss Assessment Coverage
- Multi-Protector Elite Increased Ordinance or Law Coverage
- Multi-Protector Elite Increased Section II Limits of Liability

STANDARD

- Territory Deviation for HO 00 02, HO 00 03, and HO 00 05.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Personal Property Replacement Cost Coverage HO 00 04 and HO 00 06.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.

- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Southern Homeowners Account Credit Plan.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage.
- Multi-Protector-Water Backup.
- Multi-Protector Plus-Refrigerated Property.
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability.
- Multi-Protector Deluxe-Business Property.
- Multi-Protector Deluxe Personal Injury Coverage.
- Multi-Protector Deluxe Water Backup.
- Multi-Protector Deluxe Refrigerated Property.
- Multi-Protector Deluxe Loss Assessment Coverage.
- Eff 1-1-09 DNGL-125861191 North Carolina Department of Insurance

147. **Southern Pilot Insurance Company**

- Deviation by Territorial Relativities (HO-3 and HE-7).
- Deviation by Territorial Relativities (HO-4)
- Deviation by Territorial Relativities (HO-6).
- Amount of Insurance Deviation (HO-3 and HE-7).
- New Home Credits
- Deductible Credits.
- Reduced Surcharge for Personal Property (Coverage C) Replacement Cost Coverage.
- Reduced Charge for Personal Property Increased Limits.
- Reduced Rates for Outboard Motors and Watercraft Liability.
- Personal Injury Coverage At No Charge.
- Deviation for Exceptional Homeowner (HO-3 and HE-7).
- Protective Devices Credit.
- Deviation for Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 08-01-05 PC083567 Filing Detail

148. **SPARTA Insurance Holdings**

- New Home Credit All Forms, except 4 & 6:; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; $1 per $1000.
- Additional Limit of Liability for Coverage A. HO 3211. $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3:;- $500-15%; $1000-21%; $2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6:; $500-10%; $1000-23%; $2500-37%.
- Increased Coverage A limits HO-6 $3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.
- Deviation by amount of insurance for Coverage A $250,000 - $500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 North Carolina Department of Insurance

149. **St. Paul Fire & Marine Insurance Company**

- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium $15 per policy.
- Eff. 9-23-92

150. **St. Paul Guardian Insurance Company**

- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: $500 - 11%; $1000 - 23%; $2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.
- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge applies for lengths over 15 - 26 feet & over151 horsepower as to lengths up to 15 feet & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: credit when insured maintaines consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; $1 per $1000 of insurance.
- Installment Payment Plan: $2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

151. **St. Paul Mercury Insurance Company**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; $500 - 11%; $1000 - 23%; $2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.
- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Installment Payment Plan: $2 charges each installment.
- Eff. 3-1-95

152. **Standard Fire Insurance Company**

- Base Rate Deviation Dwelling, Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Coverage A Relativities forms HO 00 02 and HO 00 03.
- Coverage A Relativities form HE 00 07.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.

- Protection Devices.
- Personal Property - Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Home Buyer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff. 6-20-10 TRVA-126641632 North Carolina Department of Insurance

153. **Starr Indemnity & Casualty Company**

- All Forms: Personal Prop Replacement Cost; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits.
- Eff. 4-1-95

154. **State Automobile Mutual Insurance Company**

- Auto/Home Discount
- Credits for Protective Devices
- Age of Dwelling Credit
- Replacement Cost of contents for forms HO 00 03 and HO 00 05
- Additional Limits of Liability HO 32 11
- Increased Coverage C
- Form HO 00 05
- Protection Class 9 Rates
- Prime of Life Discount, Age 55 and older
- Townhouse /rowhouse
- Three or Four Family Dwellings
- Residence Held in Trust
- Base Premiums
- Ordinance or Law Coverage.
- Form HE 00 07 with HE 32 21.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff 9-21-09 STAT-126222813 North Carolina Department of Insurance

155. **State Auto Property & Casualty Insurance Company**

- Auto/Home deviation
- Credits for Protective Devices.
- Age of Dwelling Deviation: New - 9 yrs.: Credit varies
- Replacement Cost Coverage on contents HO 00 03 and HO 00 05.
- Additional Limits of Liability – Guaranteed Replacement Cost on Dwelling.
- Coverage C Increase: HO 3 $1 per $1000: Form HO 5 $2 per $1000.
- Form HO 00 05: Optional at +10% charge.
- Protection Class 9 Rates: Discount for homes within 5 miles of a responding Fire Department & within 1000 feet of fire hydrant.
- Prime of Life Discount: Minimum Coverage C Limit $20,000.
- Townhouse/rowhouse
- Three or four family dwellings
- Residence held in trust.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff. 9-21-09 STAT-126222698 North Carolina Department of Insurance

156. **State Farm Fire & Casualty**

- Deviation by Amount of Insurance HO 00 03.

- Deviation by Amount of Insurance HO 00 04.
- Deviation by Amount of Insurance HO 00 06.
- Base Premium Computation Three and Four Family
- Townhouse/Rowhouse – Form HO 00 03.
- Wind/Hail Deductible Credits – Form HO 00 03.
- Residence Premises-Basic and Increased Limits.
- Other insured Location Occupied by Insured.
- Additional residence rented to Others.
- Jewelry and Furs.
- Replacement Cost on contents forms HO 00 04 or HO 00 06.
- Ordinance or Law Coverage.
- Rental condominiums, HO 00 06.
- Coverage A Increased limits & Special Coverage Form HO 00 06.
- Homeowners 36 Discount: Consecutive yrs. insured with State Farm credit varies.
- Installment Payment Plan.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount for all territories, except 5 & 6.
- Named Storm Percentage deductibles HO 00 03, HO 00 04, HO 00 06.
- All peril deductibles – HO 00 04.
- All peril deductibles – HO 00 06
- All peril deductibles – HO 00 03.
- Customer Rating Index.
- Eff.10-15-10 SFMA-126692190 North Carolina Department of Insurance

157. **Stonington Insurance Company**

- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowners coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

158. **Teachers Insurance Company**

- Maters Program Form HO 00 07 Amount of insurance by territory and amount of insurance relativities.
- Protection Device Credits: Classes 1-9: Credits vary 1% - 15%.
- Automatic Adjustment of Limits 2% credit on Forms HO-2 and 3 if insured 100% to value with Inflation Guard Endorsement attached.
- Newly constructed residence.
- Territorial Deviations for tenant and Condominium Base Rates.
- Waive $3.00 installment fee on each installment except the initial down payment.
- Deductible Credits for Form 3 and Masters Program: Ded credit varies.
- Multi-Line Deviation for all forms.
- Deductible Credits: Form HO 4 & 6.
- Replacement Value Personal Property HO 00 04 and HO 00 06.
- Master Program: $60,000 Minimum coverage A, inflation protection and replacement value-personal property at no additional charge.
- Federal Flood Insurance program discount.
- Earthquake Program Deviation.
- Silverware, goldware & pewterware deviation
- Refrigerated food spoilage deviation.
- Tenant’s improvement - Increased Limits.
- Coverage A Options - Form 6.
- Additional Residence Premises - Rented to Others.
- Private Structures rented to Others.

- Coverage Amount Deviations for Forms 4 & 6: Deviations vary.
- Masters Program: Deviation by Credit Rating Tier
- Home Buyer Loyalty Program one time credit for the initial policy term.
- Eff. 5-1-09 HRMN-126009995 North Carolina Department of Insurance

159. **Travelers Casualty & Surety Company**

- Base Rate Deviation Homeowners Policy written in conjunction with Private Passenger Auto Policy.
- Base Rate Deviation Dwelling, HO 00 06.
- Coverage A Relativities forms HO 00 02 and HO 00 03.
- Coverage A Relativities form HE-7.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property - Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Coverage C Relativities – Form HO 00 06.
- Home Buyer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 6-20-10 TRAV-126641677 North Carolina Department of Insurance

160. **Travelers Indemnity Company**

- Deductible Credits.
- Protective Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit.
- Installment Payment Plan.
- Eff 6-20-10 TRVA-126641648 North Carolina Department of Insurance

161. **Travelers Indemnity Company of America**

- Base Rate Deviation Dwellings Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Base Rate Deviation Dwelling, HO 00 06.
- Coverage A Relativities Deviation: forms HO 00 02 and HO 00 03.
- Coverage A Relativities Deviation: forms HE 00 07.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property: charge waived.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Final Premium Adjustment Factor.
- Royal SunAlliance Employee Program
- Coverage C Relativities – Form HO 00 06, credit varies.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy..
- HE-7 Factor Deviation.
- Installment Payment plan.
- Eff 6-20-10 TRAV-126641663 North Carolina Department of Insurance

162. **Travelers Indemnity Company of Connecticut**

- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit

factors.
- Form 3: 12% optional coverage credit.
- Forms 3 & 3w15: Deductible credits; $500-16%; $1000-26%; $2500-32%.
- Protective Device Credits: Variable credits.
- Increased Limits Coverage C: Reduce charge to $2 per $1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. - 11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.
- Replacement or Repair Cost Protection: Reduce charge to $1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

163. **Travelers Personal Security Insurance Company**
- Base Rate Deviation Dwellings Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Coverage A Relativities Deviation: forms HO 00 02 and HO 00 03.
- Coverage A Relativities Deviation: forms HE 00 07.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Personal Property - Refrigerated Personal Property.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Final Premium Adjustment Factor.
- Royal SunAlliance Employee Program
- Coverage C Relativities – Form HO 00 06, credit varies.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 6-20-10 TRAV-126641697 North Carolina Department of Insurance

164. **Travelers Property Casualty Company of America**
- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w15: Personal Property - Increased Limit Coverage C: $1 per $1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.
- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. $10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643 North Carolina Department of Insurance

165. **Twin City Fire Insurance Company**
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Eff. 11-7-09 HART-126309684 North Carolina Department of Insurance

166. **USAA CASUALTY INSURANCE COMPANY**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Other Structures.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- New Home Discount.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 12-31-10 USAA-126769231 North Carolina Department of Insurance

167. **USAA General Indemnity Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Other Structures.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- New Home Discount.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 12-31-10 USAA-126769204 North Carolina Department of Insurance

168. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; $40000 & under to $1000000 & over. Credit varies based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.
- Form 3: Fixed dollar amount deductibles credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-l0%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.

- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.
- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

169. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.
- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.
- 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.
- All Forms, except 4 & 6: Replacement cost on contents. $10 charge plus $2 per $1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; $500-19%; $1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

170. **United Services Automobile Association**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Other Structures.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- New Home Discount.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 12-31-10 USAA-126768268 North Carolina Department of Insurance

171. **United States Fidelity & Guaranty Company**

- Waive any additional premium of $5 or less.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - $1.50 per $1000; Form 3w15 - $2.50 per $1000.
- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge $5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.
- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.

- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952 North Carolina Department of Insurance

172. **United States Fire Insurance Company**

- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500-.89; $1000-.80; $2500-.67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

173. **Unitrin Auto and Home Insurance Company**

- Territorial Deviations, Pricing Levels A thru S Only, All Forms
- Price Level Deviation, Rule A10.A, HO 00 03, HO 00 05.
- Price Level Deviation HE 00 07.
- Price Level Deviation HO 00 06.
- Mature Homeowners Credit, Rule A10.B, Pricing Levels A thru S.
- Consumer Loyalty Credit, Rule A10.A, HO 00 03, HO 00 04, HO 00 05, HO 00 06, and HE 00 07
- Personal Property (Coverage C) RC Coverage, HO 00 03, HO 00 05, Price Levels A thru S
- New Home Discount, Rule A10.C, HO 00 03, HO 00 05 or HE 00 07, Pricing Levels A thru S.
- Credit Card, Fund Transfer Card Forgery and Counterfeit Money, Package Plus Only.
- Outboard Motors and Watercraft, Rule A10.A (Rule 612), Package Plus.
- Personal Injury, Rule A10.A, (Rule 610.), Package Plus.
- Blanket Property Limit Rule, Rule A10.A, Package Plus, One or Two family residences.
- Special Personal Property Coverage-HO 00 06, Rule A10.A (Rule 304.).
- Refrigerated Property, Rule A10A., (Rule 515.), Package Plus
- Ordinance or Law Coverage-HO 00 03-Package Plus, and HO 00 05
- Network Discount
- HE 00 07 Policy Factors.
- Deferred Premium Payment Plans, Electronic Funds Transfer (EFT), no charge for installments
- Personal Property, Rule A10.A (Rule 515), Pricing Levels A thru Z, Package Plus
- Amount of Insurance Factor, HO 00 03
- Protective Devices, Rule A10.C (Rule 404.)
- Price Level Deviations HO 00 03 and HO 00 05.
- Price Level Deviations HE 00 07.
- Price Level Deviations HE 00 06.
- Eff 9-1-09 Kemp-126182435 North Carolina Department of Insurance

174. **Unitrin Safeguard Insurance Company**

- Territorial Deviations, Price Levels A thru S only.
- Price Level Deviation, HO 00 03, HO 00 05.
- Price Level Deviation HE 00 07.
- Mature Homeowners Credit, Pricing Levels A thru S only.
- Consumer Loyalty Credit, HO 00 03, HO 00 04, HO 00 05, HO 00 06, and HE 00 07
- Personal Property (Coverage C) Package Plus, HO 00 03, HO 00 05, Price Levels A thru S.
- Optional Higher Deductibles, All Forms except HO 00 04 and HO 00 06, Price Levels A thru S.
- Wind or Hail deductibles, Price Levels A thru S and T thru Z only , all forms except HO 04 and HO 06.
- Wind or Hail Deductibles, Price Levels A thru S only, Package Plus.
- New Home Discount, HO 00 03, HO 00 05 or HE 00 07, Pricing Levels A thru S.
- Credit Card, Fund Transfer Card Forgery and Counterfeit Money, Package Plus Only.
- Outboard Motors and Watercraft, Package Plus.
- Personal Injury, Package Plus.
- Blanket Property Limit Rule, Package Plus Only.
- Special Personal Property Coverage-HO 00 06, Rule A10.A (Rule 304.).
- Refrigerated Property, Rule A10A., (Rule 515.), Package Plus
- Ordinance or Law Coverage-HO 00 03-Package Plus, and HO 00 05
- Network Discount

- HE 00 07 Policy Factors.
- Deferred Premium Payment Plans, Electronic Funds Transfer (EFT) no charge for installments.
- Personal Property, Pricing Levels A thru Z, Package Plus
- Amount of Insurance Factor, HO 00 03.
- Specified Additional Amount of Insurance for Coverage A.
- Protective Devices, Rule A10.C (Rule 404.)
- Price Level Deviations HO 00 03 and HO 00 05 Package Policy.
- Price Level Deviations HO 00 07 Package Policy.
- Price Level Deviations HO 00 04 Package Policy.
- Price Level Deviations HO 00 06 Package Policy.
- Eff 9-1-09 KEMP-126182440 North Carolina Department of Insurance

175. **Universal North American Insurance Company**
- Age of Dwelling Deviation.
- Protective Device Credit.
- Loss Assessment.
- Personal Property Replacement Cost.
- Business Pursuits.
- Deductibles.
- Section II – Other Insured Location Occupied by Insured.
- Section II – Additional Residence Rented to Others.
- GEICO Credit.
- Costco Credit.
- Coverage D-Loss of Use.
- Eff 5-1-10 AGIA-126527693 North Carolina Department of Insurance

176. **Utica Mutual Insurance Company**
- Replacement Cost Contents: Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to total base premium.
- Mass Merchandising Plan: 15% deviation for members of Utica National Insurance Group.
- Service for Employees (W.I.S.E.) program or is a member of a company approved affinity group
- HO Extension Package: Certain criteria apply.
- Personal Lines Account Credit.
- Territorial/Company deviation.
- Protection Class deviation.
- Eff. 8-1-07 PC103505 North Carolina Department of Insurance

177. **Valiant Insurance Company**
- Personal Property Replacement Cost
- Deductible Credits.
- Personal Property Increased Limits.
- Age of dwelling discount.
- Account Credit.
- Deviation by territory.
- Base Premium discount.
- Protective Device Credit.
- Eff 7-1-98

178. **Vesta Insurance Corporation**
- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.
- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than $250 in any one assessment. $1 per $1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.

- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or older & is not employed outside the home.
- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.
- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of $2 per $1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

179. **Vigilant Insurance Company.**
- Base premium computation forms HO 00 04 and HO 00 06.
- Base premium computation HO 00 02 and HO 00 03, HO 00 05 and HE 00 07 – by territory.
- Protective Devices maximum credit is deleted
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage deductible.
- Additional Amounts of Insurance discount.
- Water Back-Up and Sump Discharge or Overflow Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05, HO 00 06 and HE 00 07.
- Gated Community credit.
- Valuable Articles Credit.
- Eff. 12-1-10 CHUB-126729239 North Carolina Department of Insurance

180. **West American Insurance Company**
- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- FamPak Credit to all Private Passenger Auto insureds that also have Homeowners policy with the Ohio Casualty Group.
- Employee Discount: to qualifying employees insured in the West American Insurance
- Eff.12-1-05 PC082801 Filing Detail

181. **Westchester Fire Insurance Company**
- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

182. **XL Insurance America, Inc.**
- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge $1 per $1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .91; $1000 - .83; $2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; $500 - .90; $1000 .77; $2500 - .63.
- Eff. 4-1-95

HOMEOWNERS

1. **ACE American Insurance Company**
- New Construction Credit: New home - 10 yrs. Credit varies 20% - 0%.
- Forms 1, 2, 3, 4 & 6: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 per $1,000 of additional coverage.
- Form 2 & 3: Replacement cost on contents - HO 0490: Factor of 11.5% applies to end of the base premium & includes increased limits to 70% of Coverage A dwelling amount.
- Protective Device Credits: All zones & all protection classes: Credit varies 2% - 15%.
- Rate Deviation: Homeowners - 21%; Tenants - 15%; Condominiums - 20%
- Eff. 9-1-92

2. **ACE Fire Underwriters Insurance Company**
- New Construction Credit: New 20%; 1 yr. old - 18%; 2% less credit each added yr.
- Forms 1, 2 & 3: Fixed dollar deductible credits; $500 - 11%; $1,000 - 21%; $2,500 - 34%.
- Form 4: Fixed dollar deductible credits; $500 - 11%; $1,000 - 25%; $2,500 - 40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C: $1 per $1,000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of A at $1 per $1,000.
- Protective Device Credits: All zones & all protection classes; Credit varies 1% - 15%.
- Eff. 5-1-92

3. **AIU Insurance Company**
- All Forms: 10%.
- Eff. 2-1-86

4. **AMCO Insurance Company**
- Territory Deviation, Forms HO 00 02, HO 00 03, and HO 00 05 and HO 00 04 and HO 00 06 excludes wind or hail or does not exclude wind or hail.
- Multiple Policy Deviation, Forms HO 00 02, HO 00 03 and HO 00 05, HO 00 04, HO 00 06.
- Deductible Deviations, Forms HO 00 02, HO 00 03 and HO 00 05.
- Safe Home Rating Plan Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Age of Oldest Insured Deviation, Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Year of Construction-Age of Construction Deviation Forms HO 00 02, HO 00 03 and HO 00 05.
- Amount of Insurance, All Territories Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Renovation Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Roof Rating Deviation, Forms HO 00 02, HO 00 03 and HO 00 05.
- Home Purchase Deviation, Forms HO 00 02, HO 00 03, HO 00 05, and HO 00 06.
- Gated Community Deviation, Forms HO 00 02, HO 00 03, and HO 00 05.
- Flex Check Payment Option-Installment Payment Plan Deviation, Forms HO 00 02, HO 0003, HO 00 04, HO 00 05 and HO 00 06.
- Personal Status Deviation.
- Associate Discount Deviation.
- Eff 11-17-10 NWPC-126851262 North Carolina Department of Insurance

5. **AMEX Assurance Company**
- Various downward deviation based on amount of insurance Form 3.
- Various downward deviation based on amount of insurance Form 4.
- Various downward deviation based on amount of insurance Form 6.
- Protective Device Credits: Credit varies 2% - 15%.
- Home & Auto Credit: Credit varies by form 2% or 5%.
- Replacement Cost on Contents Deviation: Form 3 - 5% of base premium: Forms 4 & 6 - 30% of base premium.
- Coverage A Increased Limits downward deviation form HO 06..
- Utilities rating (New Home Discount) Form 3: Downward deviation : Credit varies 2% - 25% based on age of dwelling.
- Form 3: Downward deviation Coverage C Increased Limits.
- Downward deviation for installment pay plan by electronic funds transfer or payroll deduction.
- No additional charge for Refrigerated Personal Property.

- No charge for townhouse or row house.
- Costco Discount: 2% applies to policies for member insureds of Costco.
- HO 3, 4 & 6 base rates vary by territory.
- Eff. 8-1-05 PC083887 North Carolina Department of Insurance

6. **Affirmative Insurance Company**

- 15% base deviation for Premier Homeowners Program.
- 3% base deviation for Deluxe Homeowners Program.
- 15% base deviation for Premier Tenant Program.
- 10% base deviation for Deluxe Tenant Program.
- 20% base deviation for Premier Condominium Program.
- 15% base deviation for Deluxe Condominium Program.
- Forms 2 & 3: Deductible credits; $500-15%; $1000-25%; $2500-38%.
- Forms 4 & 6: Deductible credits; $500-15%; $1000-25%; $2500-40%.
- All Forms, except 4 & 6: New Home Credit: New 20%; 2% less credit each additional yr. to 9th yr.
- All Forms: Protective Device Credits: Credits vary 2%-15%.
- Forms 2 & 3: Replacement Cost on Contents; Surcharge of 7.5%. Coverage increased to 70% of Coverage A at no premium charge.
- All forms, except 4 & 6; Personal Property Increased Limit $2 charge per $1000 of coverage.
- Eff 02-15-02 PC046217 North Carolina Department of Insurance

7. **AGRI General Insurance Company**

- Amount of Insurance Deviation: Credits vary 1%-15% by policy amount, territory & county.
- New Home Credit: 20% 1st yr.; 2% less credit each added yr. to 9th yr. Does not apply to Form 8, remodeled or restored homes.
- All Forms, except 4 & 6: Deductible Factors: $250 ded.-1.00; $500 ded.-0.91; $1000 ded.-0.79; $2500 ded.-0.62.
- Protective Device Credit: Premium credit for all protection classifications & territories; Credit varies 1%-15%.
- Eff. 1-1-97

8. **Alfa Alliance Insurance Corporation (Virginia Mutual Insurance Company)**

- Premium Credit Factors - Claims Free Forms HO 0002, HO 0003, HO 0005 and HO 0008.
- Premium Credit Factors - Claims Free for forms HO 0004 and HO 0006.
- Row and Townhouses - discount.
- Account Discount.
- Insurance Score Discount.
- Newly Constructed Residences (not applicable to Forms 4 and 6).
- Amount of insurance relativities – Coverage A forms HO 00 02 HO 00 03 HO 00 05 and HO 00 08.
- Installment Payment Plan-Electronic Funds Transfer.
- Effective 5-1-11 AFAL-127042137 NCDOI

9. **Alliance Mutual Insurance Company**

- Flat Deductibles.
- Higher Windstorm or Hail Deductibles – Flat deductible.
- Protective Devices.
- Eff 7-1-06 PC094461 North Carolina Department of Insurance

10. **Allstate Indemnity Company**

- Tier-Claim Rating Deviation – determined by the number of chargeable claims, credits vary.
- Claims Free Discount.
- New/renovated Home Discount – credit varies.
- Home and Auto Discount Deviation –credit varies.
- The Good Hands People Discount Deviation.
- Zone Deviation.
- Territorial Definitions.
- Eff 5-2-09 ALSX-126082562 North Carolina Department of Insurance

11. **Allstate Insurance Company**
- Deductible factors Forms 2, 3 ; Forms 4 & 6: Deductible factors credits vary.
- Personal Property Replacement Cost Deviation subject to certain requirements.
- Protective devise discount.: discount varies.
- Year of construction-New/Renovated Home discount.
- Age 55 & Retired Discount Factor. Credit varies when certain criteria met.
- Home and auto discount deviation when certain criteria is met.
- Good hands people discount all forms.
- Waterbed Liability Deviation HO4 and HO6.
- Installment payment plan – Allstate Easy Payment Plan.
- Three or four family dwelling rating structure: does not differentiate between 3 or 4 family dwellings in a town or row house structure.
- Zone (Territory) Deviation.

Deluxe Plus
- Deductibles
- Protective Devices.
- Year of Construction – Newly Constructed Dwellings.
- Age 55 and Retired Discount.
- Home and Auto Discount.
- The Good Hands People discount.
- Zone (Territory) Deviation.
- Eff 5-2-09 ALSX-126082575 North Carolina Department of Insurance

12. **AmComp Assurance Corporation**
- Forms 2 & 3: Deductible credits; $500-9%; $1000-17%.
- Forms 2 & 3: Premium credits for alarm systems vary 2% - 15%.
- Age 55 & Retired Discount: 10% credit applies when required criteria is met.
- Forms 2 & 3: New Home Credit; 14%; Homes completed & occupied current calendar yr.; 2% less credit each added yr.
- Eff. 12-1-91

13. **American Automobile Insurance Company**
- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Deviations by territories and forms: Credit varies.
- Eff. 12-1-03 PC065125 Filing Detail

14. **American Bankers Insurance Company of Florida**
- Select Tier Broad Form, Base Rate.
- Choice Tier Broad Form, Base Rate.
- Elite Tier Broad Form, Base Rate.
- Select Tier Comprehensive form Base Rate.
- Choice Tier Comprehensive form Base Rate.
- Elite Tier Comprehensive form Base Rate.
- Senior Discount Territory 2 and Territory 3.
- Claim Free Credit, Territory 2 and Territory 3.
- Eff. 1-1-11 ASPX-G126837901 North Carolina Department of Insurance

15. **American Centennial Insurance Company**
- Forms 1, 2, 3, 3 w/15 & 6: 25%.
- Eff. 9-1-85

16. **American Economy Insurance Company**
- All Forms: Personal Injury (HO-82) included at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria; 0-1 yr. - 15%; 2 yrs. - 12%; 3, 4 or 5 yrs. - 10%; 6 or 7 yrs. - 6%; 8-10 yrs. - 4%.
- Forms 2 & 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge.

Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.
- Form 3: Replacement or Repair Cost Coverage A (HO-500); No charge.
- Forms 4 & 6: $100 deductible; Minimum additional charge of $10 in lieu of $30.
- Forms 2 & 3: Fixed deductible; $500 ded. - 9%; $1000 ded. - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Form 3: XL Coverage rate deviation when eligibility requirements are met.
- One family premium for all Section I & II coverages will apply regardless of number of families.
- Form 2 & 3: Dwelling under construction credit of 20% applies during first yr. when certain requirements are met.
- Form 6: Coverage A increased limits rate; $2.70 per $1000.
- Renewal credit for consecutive yrs. insured with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 3, 4 & 6: Unscheduled jewelry & furs - (HO-65); $2500 increased limit - $33; $5000 increased limit - $60.
- Form 3: XL Coverage Program; $5000 limit included in basic premium. To reduce to $1000 limit, subtract $56. To reduce to $2500 subtract $35.
- Eff. 11-17-97

17. **American Fire & Casualty Company**
- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff. 12-1-05 PC082802 North Carolina Department of Insurance

18. **American Home Assurance Company**
- Base Premium by Territory Form HO 00 03.
- Key factor Deviation.
- Protective Devices.
- Eff. 6-1-10 APCG-126564265 North Carolina Department of Insurance

19. **American Insurance Company**
- Forms 2, 3 & 3w/15: New Home Credit; 20% current yr. & one yr. preceding current yr. of construction; 2% less credit each added yr.
- Protective Devices Credit: All territories 1% - 15%. Credit applies to company base premium.
- All Forms: Deductible credits: $500 -10%; $1000 -20%; $2500 -30%. Credit applies to company base premium.
- HO-3 w/15: Multiply HO-3 key premium by factor of 1.08 to obtain key premium for HO-3 w/15.
- Form 4 & 6: Deductible Credits for Coverage C limit. $10000 & above $500 -10%, $1000 - 20%, $2500 - 30%. Credit applies to company base premium.
- Discount of Replacement Cost on Contents: Apply surcharge of 10% to HO-3 company base premium for replacement cost on contents.
- Eff. 6-1-93

20. **American Manufacturers Mutual Insurance Company**
- Additional Amounts of Insurance (KIP only) deviation.
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost: Increase Coverage C at $1 per $1000. Add $10 surcharge.
- Mature Homeowners Credit: 5% applies when named insured is 55 yrs. of age & an adult is home during the day.
- New Home Credit Discount: 0 - 15+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 3: Base rate deviation based on protection class & territory. Credit varies 0%-22%.
- All Forms except 3w/15: $250 theft deductible/ $100 deductible all other perils: Waive minimum premium.
- Form 4: Base Rate Deviation -7%.
- Form 6: Base Rate Deviation - 12%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only). Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.

- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 premium x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance Refrigerated Property with KIP policy.
- Form 3: KIP only: Ord or Law: Include 12.5% at no additional charge. Wind and Hail Deds for Form 3: Blkt Limits dev (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047937 Filing Detail

21. **American Modern Home Insurance Company**
- Form 3: Deductible Credits; $500 Ded. - 10%; $1000 - 22%; $2500 - 28%.
- Form 3: New Home Credit; Current yr. - 26%; 1st. yr. - 24%; 3% less each yr. to 7th yr.
- Form 3: Multi-policy credit; 5% credit when auto policy written in addition to homeowners policy.
- Protective Device Credits: Credit varies 1% - 10%.
- Amount of Insurance Deviation: Coverage A amount $10000 - $200000: Credit varies by territory.
- Eliminate charge to increase personal property limits.
- For rates above $200000, a factor of .007 applies for each additional $1000 of premium
- Eff. 6-1-99

22. **American Motorists Insurance Company**
- All Forms: Optional Higher Deductibles deviation.
- Personal Property Replacement Cost.
- New Home Credit Discount: 0 - 10+ yrs. of age: Credit varies 0% - 20%.
- Premium Credits for Protective Devices.
- All Forms, except 3w/15: $100 deductible: Waive minimum premium.
- Form 4: Base Rate Deviation 5%.
- Form 6: Base Rate Deviation - 10%.
- Higher limits for credit cards, fund transfer card, forgery & counterfeit money coverage (KIP only).
- Outboard Motors & Water Craft (KIP only): Coverage up to & including 50 HP is included at no additional charge.
- Personal Injury (KIP only): Coverage included at no additional charge.
- Seasonal or Secondary Dwelling Discount (KIP only): 5% discount to base premium.
- Blanket Property Limit (KIP only): Replacement cost contents coverage included at no additional charge.
- Form 3: Special Personal Property Coverage: Factor 1.10 applies to base premium.
- Form 6: Special Personal Property Coverage: Factor 1.20 applies to base premium.
- Form 4: Building Additions & Alterations Increase: KIP & Monoline: Each addl. $1000 rate $10000 Form 4 prem x .08.
- Form 6: Coverage A Dwelling Basic and Increased Limits Special Coverage.
- Form 4 & 6: Ordinance or Law Increased Amount of Insurance.
- Refrigerated Property: Coverage included at no additional charge with KIP policy.
- Form 3: KIP only: Ordinance or Law Coverage: Include 12.5% at no additional charge. Windstorm and Hail Deductibles for Form 3: Blanket Limits deviation (KIP only).
- HE-7W/HE-40 deviation by territory for KIP only: Territory 40 - 1.20, Remainder of State 1.25.
- HE-7W/HE-40 & HE-20 deviation by territory for KIP only: Territory 40 - 1.25, Remainder of State 1.30.
- HE-7W/HE-40 & HE-21 deviation by territory for KIP only: Territory 40 - 1.30, Remainder of State 1.35.
- Deferred Premium Payment Plan: $1 charge for electronic funds transfer.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047938 North Carolina Department of Insurance

23. **American Professionals Insurance Company**
- Form 2, 3 & 3w/15: Company deviation based on amount of insurance, construction & territory: Credit varies.
- Form 6: Territorial deviation.
- Forms 2, 3, 3w/15: New Home Discount based on age of home. Deviation varies 0% - 14%.

- Forms 1, 2, 3 & 3w/15: Fixed dollar amount deductible credit factors; $500 - .85; $1000 - .79; $2500 - .62.
- Forms 1, 2, & 3: Increase in Coverage C; $1 per $1000.
- Protective Devices: All forms: Maxcredit for protective device eliminated. All protection class & all territories. There is no limit on credit.
- Outboard Motors & Water Craft: Liability rates amended by boat length.
- Form 4 & 6: Fixed dollar amount deductible. Credit factor $500 - .85; $1000 - .77; $2500 - .63.
- All Forms, except 4 & 6: Windstorm or Hail Percentage/Factor Deductible deviation.
- Form 6: Coverage A Dwelling Basic & Increased Limits and Special Coverage.
- All Forms, except 4 & 6: Personal Property Replacement (Coverage C) Cost Coverage. 1.05 factor applies to base premium. Form 4 & 6: 1.35 factor: Minimum additional premium deleted.
- Ordinance or Law Coverage deviation factors.
- Three or Four Family Residence Coverage B & C deviation.
- Installment Payment Plan. Initial installment charge waived.
- 5% account credit when named insured has an auto policy with the Highlands Insurance Group Companies.
- Eff. 6-1-99

24. **American Reliable Insurance Company**
- One or both named insureds 55 or older.
- Protective devices.
- Optional Higher deductible.
- Eff 9-1-10 ASPX-G126715106 North Carolina Department of Insurance

25. **American States Insurance Company**
- All Forms: Include Personal Injury HO-82 at no charge.
- All Forms, except 4 & 6: New home credit or renovated home credit for homes meeting required criteria.
- Form 2 & 3: Replacement cost Coverage C is increased to 70% of Coverage A at no extra charge: Charge of 9% (7% in Beach Area) is added to basic premium.
- Forms 4 & 6: Replacement cost (HO-290); Charge of 30% is added to basic premium.
- Replacement or Repair Cost Protection Coverage A (HO-500): $1.
- Forms 4 & 6: $100 deductible; Minimum additional charge $10 in lieu of $30.
- One family premiums for all Section I & II coverages will apply regardless of number of families.
- Forms 2 & 3: Dwelling under construction credit of 20% applies during first yr. if certain requirements are met.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Renewal credit for consecutive years insured with American States Group: 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Protective Devices: Credit factors vary .98 to .85.
- Forms 2, 3, 4 & 6: Unscheduled jewelry & furs (HO-65) $2500 increased limit - $33; $4000 increased limit - $60.
- Forms 2, 3 & 8: Fixed deductible credits; $500 - 9%; $1000 - 17%.
- Forms 4 & 6: Fixed deductible credits; $500 - 10%; $1000 - 23%.
- Eff. 12-1-/91

26. **American States Preferred Insurance Company**
- Form 3: Basic premium deviation varies by protection class. Variable credits.
- Form 3: Amount of insurance deviation: All amounts of insurance 13.0% credit.
- Form 3: Surcharges for townhouses & rowhouses are waived.
- Form 3: Homeowners XL Credit: When eligibility & coverage requirements are met. Variable credits.
- Form 3: Deductible credits/charges $500 - 12%; $1000 - 24%.
- The one family premiums for all Section I & Section II coverages shall apply regardless of number of families.
- Form 4: Amount of insurance deviation; $15000 - $30000 & above. Credit varies 2% - 22%, except for a few specific counties which receive 5% less.
- Form 6: Amount of insurance deviation; $20000 - $30000 & above. Credit varies 8% - 25%, except for a few specific counties which receive 5% less.
- Forms 4 & 6: Deductible credits/charges; $500 - 17%; $1000 - 30%.
- Alarm systems: Premium credits vary.
- Jewelry & Furs: Forms 3, 4 & 6; $2500 limit $33; $5000 limit - $60. Form 3 w/XL coverage $5000 included in base premium. To reduce to $2500 limit subtract $35. $1000 limit subtract $56.
- Form 3: Replacement Cost (HO-290) Coverage C is increased to 70% of Coverage A at no extra charge; Charge of 9% (7% in Beach area) is added to basic premium.
- Forms 4 & 6: Replacement Cost (HO-290); Charge of 30% is added to basic premium.

- All Forms: Include Personal Injury HO-82 at no charge.
- Form 3: Replacement or Repair Cost Protection Coverage A dwelling HO-500; No charge.
- Form 6: Coverage A increased limits; Basic coverage rate per $1000 increase $2.70.
- Form 3: New Home Credit; Current yr. - 15%; one yr. preceding current yr. - 12%; 2nd, 3rd & 4th yrs. -10%; 5th & 6th yrs. - 6%; 7th, 8th & 9th yrs. - 4%.
- Form 3: New dwelling under construction; 20% when certain requirements are met.
- Renewal credit for consecutive yrs. with American States Group; 3-5 yrs. - 5%; 6 or more yrs. - 10%.
- Eff. 10-30-97

27. **American Strategic Insurance Corporation**

- Territory Zone Deviation
- Protection Class Construction – Forms HO 00 03 and HO 00 05.
- Protection Class Construction – Form HO 00 04.
- Key Factors – Forms HO 00 03 and HO 00 05.
- Key Factors – Form HO 00 04.
- Age of Home.
- Tier Forms HO 00 03 and HO 00 04.
- Companion Policy – All Forms.
- "E Policy" – All Forms.
- New Purchase – HO 00 03.
- Senior Retiree – Forms HO 00 03 and HO 00 05.
- Age of Insured – Form HO 00 04.
- Non Smoker – All Forms.
- Accredited Builder – Forms HO 00 03 and HO 00 05.
- Hip Rood Design – Forms HO 00 03 and HO 00 05.
- Personal Property Replacement Cost – All Forms.
- Protective Devices _ All Forms.
- Eff 7-4-10 AMSI-126644630 North Carolina Department of Insurance

28. **AMICA Mutual Insurance Company**

- Waive the additional premium for Coverage C, Personal Property at 75% of Coverage A.
- Form HO 00 04 rate deviation by policy amount.
- Protective Devices, Apply 2% credit for three or more smoke detectors in all territories for protection classes 1-7.
- Additional Amounts of Insurance-1.00 All territories with exceptions.
- Personal Property-Increased Limit, $1.60 for all forms. Also waive the charge up to 75% of Coverage A without HO 04 90 (Personal Property Replacement Cost).
- Premium Payment Option.
- Multi-Line Discount, Optional Rating Characteristics. Various discounts in all territories with exceptions.
- Preferred Risk Deviation, Maximum Factor of $1.00 and a Minimum Factor of 0.50.
- Eff.2-1-11 AMMA-126794745 North Carolina Department of Insurance

29. **Amerisure Insurance Company**

- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Mature Homeowners Credit Factor .95 insured age 55 or older & dwelling is primary.
- Multi Policy Credit: Forms 2, 3 & 6: 15% multi-policy credit when personal auto coverage in force in Amerisure Group.
- New Home Credit Factors: Current year -.80; 1 yr.- 8l; 2 yrs. -.82; 3 yrs -.84; 4 yrs. -.86; 5 yrs. -.88; 6 yrs. -.90; 7 yrs. -.93; 8 yrs. -.96; 9 yrs. - .99.
- Form 3: Deviation by Territory: 0% - 18% credit based on territory, protection class & construction.
- Form 1, 2 & 3: Amount of Insurance Deviation; Coverage A amount $60000+-$199000 credit varies 0.46% - 9.77%.
- Form 6: Relativity .85.
- Eff. 10-1-94

30. **Amerisure Mutual Insurance Company**

- All Forms: Minimum additional charge of $30 for $100 deductible is waived.
- Multi-Policy Credit: Forms 2, 3 & 6 - 15% multi-policy credit to homeowners rates when automobile policy is written with Amerisure Group.

- Form 6: Relativity is .85.
- Eff. 10-194

31. **Armed Forces Insurance Exchange**

- Protective Device Credits.
- Fixed dollar amount deductible factors credit varies.
- New Home Credit; All Forms, except HO 00 04 & HO 00 06.
- Sinkhole Collapse Coverage: All Forms except HO 00 04 and HO 00 06. (Does not include basic, only increased amount)
- Base Premium Deviation Based on Territory.
- Installment Payment Charge waived
- Minimum policy premium waived.
- Personal Property Increased Limits charge per $1000.
- Wind Mitigation Program.
- Eff 12-5-11 ARMD-127176102 NCDOI

32. **Arrowwood Indemnity Company**

- Additional Amounts of Insurance: Forms HO 00 02 HO 00 03 $8 per policy.
- Deductible Credits: Credit varies by form & deductible amount.
- Personal Property (Coverage C) Replacement Cost Coverage: Forms 2 & 3 - Coverage A amount under $100000 - 11% surcharge; $100000 & over - 8% surcharge: Forms 4 & 6 - 40% surcharge.
- Preferred Customer Renewal Credit: 5% credit: Certain criteria must be met.
- Homeowners Enhancement Program: 1.25 factor applies to base premium.
- Installment Payment Plan: Policies billed by agent through account current payroll deduction program are not subject to installment fees.
- Deviation by Forms: Forms 2, 3, & 3w/15- 10%: Form 6- 20%.
- Eff. 5-15-04 PC069340 North Carolina Department of Insurance

33. **Associated Indemnity Corporation**

- Forms 2, 3 & 3w/15: New Home Credits; 20% current yr. & one yr. preceding current yr.; 2% less each added yr. Credit applies base premium.
- Protective Device Credits: All territories; 1% - 15%; Credit applies to company base premium.
- Forms 1, 2, 3, 3w/15 & deductible credits; $500-10%;$1000-20%;$2500-30%. Credit applies to company base premium.
- HO-3w/15 Key Premium: Multiply HO-3 key premium by factor of 1.08.
- Discount of Replacement Cost on Contents: Surcharge of 10% to HO-3 company base premium.
- Form 4 & 6: Ded credits all territories; Credits for Coverage C $10000 & above, $500-10%,$1000-20%, $2500-30%. Credit applies to base premium.
- Eff. 6-1-93

34. **Association Insurance Company**

- Deviation by Coverage A limit $100000 & above - 30% credit.
- Forms 1, 2 &3: RC Coverage HO-290; Personal property incr. limits charge $1 per $1000; Waive 5% surcharge.
- New Home Credit: Cov A amount $100000 & above; Age of dwelling 0-5 yrs - 15%, 6-10 yrs - 10%, 11-15 yrs - 5%.
- 44% deviation off N.C. Rate Bureau Rates if Cov A amount is $100000 or above for all SAS Institute Inc. Employees.
- Eff. 1-1-96

35. **Assurance Company of America**

- All Forms, except 4 & 6: Age of dwelling credit; New-20%; 1yr.-18%; 2yrs.-16%; 3yrs-14%; 4yrs-13%; 5yrs.-12%; 6yrs-10%; 7yrs.-8%; 8yrs.-6%; 9yrs.-4%. 10yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents; Factor 1.35.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- Form 4: 15% deviation.
- Form 6: 20% deviation.
- Base Premium Discount: All Forms, except 4 & 6; Factor varies .95 -1.25.
- Forms 2, 3 & 3w/15: Deviation by territories: Variable credits.

- All Forms: Fixed dollar amount deductibles factors: $500-.85; $1000-.75; $2500-.70.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Cos. when criteria is met.
- Protective Device Credit: Factor varies. Maximum credit of $75 is waived.
- Eff. 7-1-98

36. **Automobile Insurance Company of Hartford, Connecticut**

- Deductible Credits Homeowners written in conjunction with Private Passenger Auto Policy.
- Protective Devices.
- Account Credit.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127651839 NCDOI

37. **Auto-Owners Insurance Company**

- Form HO 00 06 – rate deviation.
- Deductibles – Waiver of Minimum charges.
- Protective Device Credit.
- Protective Device Credit – alarm systems.
- Mature Homeowner Discount for insureds between the ages of 55 and 64.
- Townhouse or row house deviation.
- Credit card, fund transfer card, forgery and counterfeit money.
- Units Regularly Rented to Others.
- Form HO-6 coverage A Dwelling increased Limits and special coverage.
- Personal Injury coverage-no charge.
- Building Additions and Alterations at Other Residences – all forms.
- Other Insured Location Occupied by insured.
- Section II, Liability-Residence Employees waived.
- Business Pursuits – no charge.
- Personal Injury coverage – no charge.
- Permitted Incidental Occupancies – Residence Premises.
- Special Personal Property Coverage HO 00 05.
- Multi-Policy Discount.
- Seasonal Discount - Forms HO 00 03 & HO 00 06.
- Section II liability watercraft.
- Life/Homeowners Multi-Policy Discount
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in Full discount.
- Personal Property Increased Limits.
- Eff. 8-1-10 AOIC-126630239 North Carolina Department of Insurance

38. **Balboa Insurance Company**

- Age of Dwelling Credit: 0 - 9 yrs. of age: Credit varies.
- Deductible Factors Deviation: Credit varies.
- Protective Device Credits: Credit varies.
- Brick or Masonry Construction.
- Eff. 5-1-09 BALB-126027963 North Carolina Department of Insurance

39. **Bankers Standard Insurance Company**

- Deviation forms HO 00 02, HO 00 03, HO 00 04, HO 00 06, HO 00 05 and HE-7 and certain territories.
- Key Factors Coverage A over $750,000.
- Protective Devices maximum credit allowed is deleted.
- Optional Higher Deductibles forms HO 00 04 and HO 00 06.
- Hurricane Percentage Deductible.
- Additional Amounts of Insurance.
- Gated Community Credit.
- Valuable Articles Credit-Multi Policy.

- Mass Merchandising Discount.
- Eff. 2-23-11 ACEH-126882478 North Carolina Department of Insurance

40. **Camden Fire Insurance Association, The**

- All Forms, except 4 & 6: New Home Credit.
- All Forms, except 4: Account credit applies to homeowner premium when personal automobiles in any of the General Accident Companies.
- All Forms: Protective devices: Credit varies 2% - 15%.
- All Forms: Fixed Dollar Amount Deductible Factors; $500 - .90; $1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal Property Increased Limits; $1 per $1000 of insurance.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage; Waive charge to increase Coverage C limit 70% of Coverage A limit. Premium for replacement cost coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms, except 4 & 6: Deviation by policy size; Coverage A Amounts. Credit varies.
- Uniform base rate deviation – all forms except HO 04 and HO 06 10% credit applied when written in the Camden Fire Insurance Association.
- Eff.8-15-02 PC054137 North Carolina Department of Insurance

41. **Central Mutual Insurance Company**

Owners Program

- Deviation by territory and protection class.
- Homeowners Enhancement Program – Deviation by form HE-7 and HE-7 with HE-20.
- Deviation by amount of insurance and insurance score.
- Insurance Score Deviation.
- Customer loyalty deviation.
- Company Deductible Credits B. Optional Deductibles.
- Payment timelines deviation.
- Loss history deviation.
- Personal Property Replacement Cost.
- Accompanying schedule or boat deviation.
- Age of dwelling.
- Home buyer deviation.
- Gated community deviation.
- Non-Packaged Risk deviation.
- Residence held in trust deviation.
- Package deviation.
- Installment Payment with Electronic Transfer.
- Deviation for Waiver of Premium.
- **Condo Program**
- Deviation by territory, protection class.
- Deviation by amount of insurance.
- Deviation by insurance score.
- Customer loyalty deviation.
- Deductible Optional Higher Deductibles.
- Payment timelines deviation.
- Loss history Deviation.
- Accompanying schedule or boat deviation.
- Form HO 00 06 Coverage A Dwelling Basic and Increased Limits and Special Coverage.
- Residence held in trust.
- Package Deviation.
- Installment Payment Plan.
- Deviation for waiver of premium.

Tenants Program

- Deviation by territory, protection class.
- Amount of insurance deviation.
- Insurance score deviation.
- Customer loyalty deviation.
- Deductibles B. Optional Higher Deductibles.

- Payment timelines deviation
- Loss history deviation.
- Accompanying schedule or boat deviation.
- Package Deviation.
- Installment Payment Plan with Electronic Transfer.
- Deviation for waiver of premium.
- Eff 1-1-11 CEMC-126886326 North Carolina Department of Insurance

42. **The Charter Oak Fire Insurance Company**
- Base Rate Deviation Dwelling.
- Coverage A Relativities forms HO 00 02 and HO 00 03.
- Coverage A Relativities form HE-7.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127651847 NCDOI

43. **Chartis Property Casualty Company**
- Base Premium by Territory Form HO 00 03.
- Key Factor Deviation.
- Protective Devices.
- Eff 1-1-11 APCG-126633095 North Carolina Department of Insurance

44. **Cincinnati Indemnity Company**
- New home credit Forms 2, 3 & 3w/32 36; New – 9 years, credit varies.
- Installment Payment Plan: Delete the $3 charge for each installment.
- Homeowners Enhancement Deviation.
- Eff 4-1-04 PC065697 North Carolina Department of Insurance

45. **The Cincinnati Insurance Company**
- Year of construction-Newly Constructed Dwellings Age of Dwelling Credits.
- Base Rate Deviations by Territory.
- Installment Payment Plan.
- Homeowners Enhancement Deviation.
- Watercraft Liability deviation.
- Preferred Risk credit.
- Superior Risk Credit – Forms HO 00 03 and HE 00 07 only.
- Insurance Score Factor – All Forms.
- Package Credit-Multi Policy credit – All Forms.
- Automatic Water Shut-Off System Credit.
- Mature Homeowners Discount – All Forms.
- Secured Community Credit.
- Eff 2-1-11 CNNB-126847059 North Carolina Department of Insurance

46. **Continental Indemnity Company**
- Form 3: Age of Dwelling Discount: 0 - 9 yrs. of age: Credit varies 2% - 20%.
- Account Credit Program: .85 factor applies when both the homeowner & auto policy is written through CNIC.
- Deductible Credit/Charges Deviation: Credit varies by deductible amount.
- Form 6: .80 factor applied to HO-4 base premium.
- Protective Device Deviation: Credit varies 1% - 15%.

- Forms 3, 4 & 6: Eliminate minimum premium for Replacement Cost Coverage.
- Form 3: Additional Limits of Liability for Coverages A, B, C & D: 6% applies to base premium when certain criteria is met.
- Form 3: Personal Property Replacement Cost will be 5% of base premium, no minimum additional premium & no charge to increase Coverage C when certain criteria is met.
- Form 3: Personal Injury charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Water Back-Up of Sewers or Drains, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Credit Card, Fund Transfer Card, Forgery & Counterfeit Money, to increase coverage charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Special Computer Coverage, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Cov C Increased Special Limits of Liability, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Fire Department Service charge will be increased to $1000 when certain coverages & increased limits options are selected.
- Form 3: Increasing Coverage D to 30% of Coverage A, charge will be deleted when certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation: Credit varies 3.8% - 6.5%.
- Form 3: Ordinance or Law-Increased Amount of Coverage will be 4% of base premium when certain coverages & increased limits options are selected.
- Form 3: Refrigerated Property Cov, charge will be deleted when certain coverages & increased limits options are selected
- Eff. 1-1-01 PC038500 North Carolina Department of Insurance

47. **Continental Insurance Company**

- Amount of Insurance Deviation forms HO-2, HO-3, and HO-8.
- Amount of Insurance Deviation forms HO-4
- Amount of Insurance Deviation forms HO-6
- Earthquake Rate Deviations.
- Companion Policy Discount: applies when named insured has an auto policy with any Encompass Ins Co.
- Gated Community Discount. 10% credit when criteria are met.
- New Home Discount: 1 year – 18%, 1-5 yrs. -15%; 6-10 yrs. - 10%.
- Deductible Credits Deviation – based on Coverage A Limit.
- Additional Limits Deviation Coverage F: Deviation.
- Business Pursuits Rate Deviation. Credits vary .14% - .33%.
- Incidental Farm Rate Deviation. Residence Premises - 48%; Other Residence - 65%.
- Superior Construction Discount: 15% credit applies to masonry base premium or apartment unit.
- Protective Device Credits: Credit varies 1% - 9%.
- Automatic Sprinkler System Deviation: Credit of 7% or 13% applies.
- Preferred Rate Deviation 5% conditions vary.
- Special Personal Property Coverage HO 00 06 only – deviation 4.3%
- Eff. 8-15-02 PC052786 North Carolina Department of Insurance

48. **Economy Premier Assurance Company**

- PAK II Program – HE 00 07 Base Rates and Policy Amount.
- PAK II Program – HO 00 06 Base Rates by Territory.
- PAK II Program – HO 00 04 Base Rates by Territory.
- PAK II Program – HO 00 04 and HO 00 06 Policy Amount Relativities by Territory.
- Homeowners Enhancement Program HE 00 07 with HE 32 20.
- Homeowners Enhancement Program HE 00 07 with HE 32 21.
- PAK II Package Credit Multi Policy.
- Renewal Credit.
- Year of Construction.
- Personal Injury Protection Liability Deviation.
- Deductible credits.
- Protective Devices Credit and Home Safety Coverage.

- Business Pursuits Deviation.
- Outboard motors and watercraft.
- Home day care.
- Personal Property Increased Limits.
- Earthquake Coverage-Ordinance or Law Coverage.
- Residence Premises Basic and Increased Limits Coverage F- Medical Payments.
- Other Exposures-Medical Payments to Others Increased Limits.
- Other Structures – On Premises Structures Specific Structures – Increase Limits.
- Other Structures-On Premises Structures Specific Structures-Rented to Others.
- Eff. 12-30-10 METX-G126943014 North Carolina Department of Insurance

49. **Electric Insurance Company**
- Base rate deviation HO 00 02 and HO 00 03 by territory: Credit varies.
- Base Rate Deviation HO 00 04 and HO 00 06 by territory. Credit varies.
- Personal Property Replacement Cost form HO 00 04and HO 00 06 (Coverage C) is automatically increased to 70% of Coverage A. HO-04 and HO-6 1.25 RC Coverage also applies to articles or classes of property separately described and specifically insured in this policy.
- Protective Device Credits: Credits vary.
- Deductible Factors Forms HO-4 & HO-6 Credit varies
- Personal Property – Unscheduled Jewelry, Watches and Furs.
- Personal Property Silverware, Goldware and Pewterware.
- Personal Property – Firearms
- New Home Credits – HO 00 02 and HO 00 03.
- Multi-Policy Discount.
- Group Marketing discount.
- Payroll Deduct Discount.
- Eff.6-1-09 ELEC-126096428 North Carolina Department of Insurance

50. **EMCASCO Insurance Company**
- Personal Property (Coverage C) Replacement Coverage
- Deductible Credits
- Additional Amounts of Insurance
- Base Rate Deviation on Forms HO 00 02 and HO 00 03
- Combination Policy Discount
- Renovated Dwelling Components
- 15% Deviation applicable to Optional Section I and II rates
- Electronic Funds Transfer
- Insurance Scoring
- Eff. 3-15-07 PC097670 North Carolina Department of Insurance

51. **Employers Mutual Casualty Company**
- Optional Higher Flat deductible credits all forms,
- Additional Amounts of Insurance forms HO 00 02 and HO 00 03.
- Combination Premium Credit: 15% when homeowners & auto policies are written in one of the EMC Companies.
- Renovated Dwelling Components: Variable credits when criteria is met.
- Electronic Fund Transfer transaction fee is waived when the electronic funds transfer options is selected.
- Insurance Scoring.
- Eff. 3-15-07 PC097669 North Carolina Department of Insurance

52. **Encompass Indemnity Company**
- Forms 2, 3, and 8 Base Rate Deviations by Territory, Credit varies by territory
- Form 4 Base Rate Deviation by Territory, Credit varies by territory
- Form 6 Base Rate Deviation by Territory, Credit varies by territory
- Earthquake Coverage - Base rate deviation according to Table, Zone, and Construction.
- Gated Community Discount: A 10% credit will be applied for a residence located in a gated community meeting certain criteria.
- New Home Discount: A residence 10 years of age or less is eligible for a discount, credit varies by age.

- Deductible Credits Discount: Credit varies by coverage limit and deductible amount.
- Additional Limits Deviation, Coverage F
- Business Pursuits Rate Deviation: credit varies.
- Incidental Farming Personal Liability Deviation: credit varies.
- Superior Construction Discount: The premium for a dwelling or apartment unit in a building of superior construction is multiplied by masonry base premium or apartment unit by .85.
- Various Credits for Protective Devices: credit varies by type of alarm.
- Credits for Automatic Sprinkler Systems: credit varies by location/area of sprinkler system.
- Special Personal Property Coverage HO 6 only: endorsement HO 32 35 factor 1.34.
- Companion Policy Discount: 10% discount applies if named insured on an Auto Policy with any of the Encompass Insurance Companies.
- Preferred Rate Deviation: Preferred rates are available at a 5% reduction from standard rates if the amount of insurance under Coverage A is equal to at least 90% of the Replacement Cost of the Dwelling and the automatic adjustment of limits endorsed is attached.
- Effective 12-11-06 PC097453 North Carolina Department of Insurance

53. **Erie Insurance Exchange**

- Base Rate Deviations.
- Amount of Insurance Deviation all forms except HO 00 04 & HO 00 06.
- Multi-Policy Discount.
- New Home Discount.
- Optional Deductible Factors - all forms, deviation varies.
- Protective Device Credit Deviation.
- Increased Special Limits of Liability HO 04 64 (all forms except HE-7) Credit varies.
- Personal Property Replacement Cost.
- Townhouse or rowhouse charge - waived.
- Outboard Motors & Watercraft.
- Building Addition & Alterations Increased Coverage C limit - Form HO 00 04 (HO 0451).
- Seasonal Dwelling Factors.
- Rented Personal Property: HO 32 21 No charge.
- Business Pursuits: No charge.
- Waterbed Liability HO 04 00 HO 00 06.
- Refrigerated Property Coverage.
- Personal Property Increased Limits; HE 7.
- Premium payment plan service charge – installment payments.
- Tiered Rating
- Other Members of a Named Insured's Household.
- Advance Quote Discount – New business.
- Claims Experience Rating Program.
- Age of Insured Discount.
- Eff. 2-1-11 ERPP-126898436 North Carolina Department of Insurance

54. **Fairmont Premier Insurance Company**

- All Forms: Age of Dwelling Credit; 0-3 yrs. old - 21%; 4-6 - 14%; 7-9 - 7%.
- Forms 1, 2 & 3: 38.0%.
- Form 6: 17.5%.
- Eff. 5-1-92

55. **Farmers Insurance Exchange Farmers Underwriters Association**

- Form Factor Deviations: Forms 3w/15 & 4.
- Territory Relativity Factor deviation.
- Amount of Insurance Deviations: Forms, HO 00 04 and HO 00 06.
- Rule 403. Personal Property –Coverage C Replacement Cost Coverage.
- Rule 404 Protective Devices.
- Deductible Rule 406 credits.
- Loss Assessment Coverage Deviation.
- Rule 515 personal property.

- Other Insured Location Occupied by Insured.
- Additional Residence Rented to Others.
- Permitted Incidental Occupancies - Residence Premises & Other Residences: Deviation applies to Residence Premises.
- Business Pursuits Deviation for $200,000 limit.
- Optional Rating Characteristics Age 50 Plus Discount.
- Optional Rating Characteristics Auto/Homeowners Discount: All Forms: Factor of .90: Certain criteria apply.
- Affinity Banking Discounts HO 00 03 and HO 00 06 only. Certain qualifications apply. Credit varies.
- Oridinance or Law-Increased Amount of coverage.
- Eff 5-16-08 PC112928 North Carolina Department of Insurance

56. **Federal Insurance Company**

- Maximum credit for protective devices.
- Optional Higher Deductibles.
- Named Storm Deductible.
- Additional Amount of Insurance deviation.
- Water Back-Up and Sump Discharge or Overflow Forms HO 00 03, HO 00 04, HO 00 05, HO 00 06 and HE 00 07.
- Gated Community Credit.
- Effective 12-1-10 CHUB-126729182 North Carolina Department of Insurance

57. **Federated Mutual Insurance Company**

- Forms 1, 2, 3 & 3w/l5: New Home Credit: 14% dwellings 0-1 yr. old; 2% less credit each added yr.; applies to $250 deductible basic premium & premium for amended Coverage C limit.
- Forms 1, 2, 3 & 3w/l5: Fixed dollar amount deductibles; $100 +10%; $500 -10%; $1000 -20%; $2500 -30%.
- Forms 4 & 6: Fixed dollar amount deductibles; $100 +10%; $500-15%; $1000-30%; $2500-40%.
- Forms 1, 2, 3 & 3w/15: Deviation by policy amount varies 0%-25%.
- Form 4: 10%.
- Form 6: 25%.
- Forms 3 & 3w/l5: Special Additional Credit Rule: 10% when eligibility & mandatory coverage requirements are met.
- Multiple Policy Discount: 5% applied to HO Policy when private passenger auto policy & personal umbrella policy is written by this Company.
- Installment Pay Plan: $5 maximum charge per account for all policies.
- Eff. 11-15-94

58. **Fidelity & Guaranty Insurance Company**

- Waive additional premium of $5 or less.
- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Coverage: Reduced premium charge.
- Special Package Discount: 5% credit to total residential premium when underwriting criteria is met.
- Form 6: Relativity factor .750 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: HO 3211 $5 premium charge.
- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4, 6 & 8: New Home Discount; 1 yr.-20%; 2% less credit each added yr. to 9th yr.
- Eff. 4-15-00 PC030961 North Carolina Department of Insurance

59. **Fidelity & Guaranty Insurance Underwriters**

- Deviation of HO-3 Base Rates by territory & policy amount: Credits vary.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Factor 1.35.
- Waive additional premium of $5 or less.
- Special Package Discount: 5% credit applied to total residential insurance premium when underwriting criteria is met.
- Form 6: Form Relativity of .800 in lieu of .855.
- Employees Discount: 20%.
- Forms 2 & 3: Additional amount of insurance: H0 3211 - $5 premium charge.

- Deductible Credits.
- Increase in Coverage C: Reduced rate per $1000.
- Multi-Policy Discount: 10% credit when private passenger auto policy is also purchased with USF&G.
- All Forms, except 4 6 & 8: New Home Discount; 1 yr.-20%, 2% less credit each added yr. to 9th year.
- Forms 2, 3 & 3w/15: Protection Class Deviation.
- Eff. 4-15-00 PC030953 North Carolina Department of Insurance

60. **Fidelity National Property and Casualty Insurance Company**
- Windstorm or Hail Exclusion Credit.
- Insurance Bureau Score Deviation.
- Eff 7-30-10 FDLY-126720295 North Carolina Department of Insurance

61. **Firemans Fund Insurance Company**
- Protective Device Credits: All territories: Credit varies 1% - 15%.
- Portfolio Credit: 5% applies to all HO policies when Personal Catastrophe Coverage and Inland Marine Coverage is written with Fireman's Fund.
- Eff. 12-01-03 PC065121 North Carolina Department of Insurance

62. **Firemen's Insurance Company of Washington D.C.**
- Deluxe Program: Form 3: 5% deviation off base premiums.
- All Forms: Protective Device Credit: Credit varies 2% - 13%.
- All Forms, except 4 & 6: Age of Home Discount: Credit varies 4% - 20% for age of dwelling 0 - 25 yrs. with greatest credit for newest homes.
- All Forms, except 4 & 6: Senior Citizen Discount; Factor of .92 of base premium age 50-54 yrs. Factor .95 age 55 yrs. & older.
- All Forms, except 4 & 6: Renovation Discount 0-15 yrs. factors apply when underwriting guidelines are met. Credit applies to base premium.
- Renewal Discount: Factor .95 applies to base premium when criteria is met.
- Form 3: Loss Free Credit; 1yr. - 5%; Renewal with 2 yrs. loss free - 10%. Credit applies to base premium.
- All Forms, except 4 & 6: Optional deductible credits applies to base premium. Coverage A limit under $200,000 - $500 ded. - .87; $1000 - .76; $2500 - .73. $20000-$400,000 - $500 ded - .89; $1000 - .80; $2500 - .77. Over $400,000 - $500 - .92; $1000 - 86; $2500 - .83.
- Eff. 10-1-97

63. **Garrison Property and Casualty Insurance Company**
- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Other Structures.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- New Home Discount.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 12-31-10 USAA-126769037 North Carolina Department of Insurance

64. **General Insurance Company of America**
- Base Key Premiums all forms by Territory Deviation.
- Deductible Debit/Credits Deviation.
- Renewal Credit all forms: 3-5 yrs. - 5%; 6 yrs.+ - 9%.
- Account Credit all forms: 5% credit for total policy premium when insured has a Safeco auto policy also.
- Condominium Unit Owners Coverage A Increased Limits & Special Coverage Deviation.
- Business Pursuits (HO 24 71) all forms: the charge is deleted.
- Credit Card Forgery & Counterfeit Money Coverages (HO 04 53): Delete $1 charge for $1000 limit.
- Personal Injury (HO 24 82): $10 charge per policy.
- Landlord's Furnishing (HO 32 21): $10 premium per policy to increase coverage to total $5000 with burglary coverage added.
- Ordinance or Law Cov (HO 04 77) Deviation for Quality Plus Form, Quality Crest Form & Condominium Form.
- Medical Payments: Other exposures - Higher limits all forms: Additional charge for higher limits of medical payments will be waived.
- Additional Residence Rented to Other (HO 24 70): Limit of Liability $100,000 - $1,000,000: Premium charge varies.
- Outboard Motors & Water Craft: Reduced premiums based on limits, length and horsepower.
- Personal Liability - Residence Premises Deviation: Increased Limits: Coverage E base $300,000: Coverage F no charge.
- Special Personal Property Coverage HO-OO 15 & HO-17 31: Quality Plus Form & Condominium Form- Increase basic premium 8%. Quality Crest Form automatically included.
- Installment Payment Charge: $2 each installment.
- Eff. 8-15-02 PC052887 North Carolina Department of Insurance

65. **Government Employees Insurance Company**
- Forms 1, 2, 3 & 3 w/15: New Home Discount: 10% for dwellings 5 yrs. old or less.
- Homeowners Theft Deterrent Premium Credit Program: Forms 1, 2, 3 & 3 w/15 - 7%; Forms 4 & 6 - 20%.
- Forms 1, 2 & 3: Amount of Insurance Credit; Classes 1-9 - $10,000-$200,000 & over. Credit varies 4%-22%.
- Form 6: 10%.
- All Forms: Protective Devices: Variable credits.
- Forms 2, 3, 4 & 6: Retired Discount Credit; 20% when specified criteria are met.
- All Forms: Dual Policy Discount: 10% when specified criteria are met.
- Forms 4 & 6: Key factor +.074 for each additional $1000 of coverage.
- Installment Payment Plan: Waive the charge of $3 first installment if first payment received with application.
- Form 4 & 6: Waterbed Liability Endorsement: No premium charge.
- Eff. 3-1-95

66. **Grain Dealers Mutual Insurance Company**
- Continuous policyholder discount.
- Account Credit.
- New Home Discount.
- Personal Property, over 70% of Coverage A.
- Insurance Score.
- Eff. 7-9-11 GRDL-127135517 NCDOI

67. **Granite State Insurance Company**
- Forms 1, 2, 3, 4, 3w/15 & 6: 20% deviation.
- Replacement or Repair Cost protection Coverage A premium $1.
- Age of Dwelling Deviation: 0 - 20 yrs. old - 10%.
- Forms 1, 2, 3, 3w/15, 4 & 6: 20%.
- Eff. 7-1-87

68. **Graphic Arts Mutual Insurance Company**
- Replacement Cost on Contents; Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to the total base premium.
- Mass Merchandising Plan.
- -5% W.I.S.E./Affinity program discount,

- For Forms HO 02, HO 03, HO 05 and HO 08, factor of .95 for risks located in terrs 5, 6, 41, 42, 43, 45 and 46.
- For Forms HO 00 02, HO 03, HO 05 and HO 08, factor of .85 for risks located in territories 36, 44 and 60
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .90 for risks located in territories 38 and 39
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .80 for risks located in territory 34.
- For Form HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .82 for risks located in territory 57
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .84 for risks located in territory 53
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, a rating factor of .85 for risks located in territory 32
- For Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 08, factor of .92 for risks in territory 47
- For Forms HO 00 04 and HO 00 06, factor of .85 for risks in territories 36, 44, 57 and 60
- For Forms HO 00 04 and HO 00 06, factor of .90 for risks located in territories 38 and 39
- For Forms HO 00 04 and HO 00 06, factor of .85 for risk located in terrs 5, 6, 32, 34, 41, 42, 43, 45, 46, 47 and 53
- Personal Lines Account Credit
- Homeowners Extension Package
- Protection Class deviation/
- Eff. 8-1-07 PC103506 North Carolina Department of Insurance

69. **Hanover American Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits.
- Personal Property Replacement Cost for all forms except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost for forms HO 00 04 and HO 00 06.
- Account Credit Discount.
- Loss of Use-Increased Limits – Reduced premium charge.
- Coverage A Dwelling: Basic & Increased Limits for form HO 00 06.
- Watercraft Liability Rates: All forms.
- Personal Property, Increased Limits All forms, except HO 00 04 and HO 00 06.
- Special Personal Property, all forms except HO 00 02, HO 00 04 and HO 00 06.
- Electronic Funds Transfer Plan Discount.
- Group Modification Plan Discount.
- Direct Bill Policies.
- Cap on total credits/discounts.
- Territorial Deviation.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff. 12-1-10 HNVX-G126817916 North Carolina Department of Insurance

70. **Hanover Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: All forms, except 4 & 6.
- Personal Property Replacement Cost on Coverage C: Forms 4 & 6.
- Account Credit: All forms.
- Loss of Use-Increased Limits: All forms.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan.
- Group Modification Plan Discount (Mass Merchandising Plan)
- Direct Bill Policies Installment payment plan.
- Cap on credits/discounts
- Relativity curve deviation HO 00 03.
- Relativity Curve deviation forms HO 00 04 and HO 00 06.

- Eff. 12-1-10 HNVX-G126817870 North Carolina Department of Insurance

71. **Harbor Specialty Insurance Company**

Preferred:

- Homes 25 yrs. of age or less insured for $50,000 or more.
- Form 3: Base Rate Deviation by territories; Credit varies 20.2% - 24.3%.
- Form 4: Credits off Key Premiums; 2% Alamance County.
- Form 6: Base Rate Deviation by territories; Credit varies 19.4% - 22%.
- Form 3: Replacement Cost Protection (HO-500): Charge $1 in lieu of $5 when requirements are met.
- Form 3: Protective Devices Credit; Class 1-9, credit varies 2%-15%.
- Form 3: New Home Credit; 0-1 yr. old - 21%; 1% less credit each added yr. thru 8th yr.; 9 yrs. - 12%; 10 yrs. - 10%; 11 yrs. - 8%; 12 yrs. - 6%; 13 yrs. - 4%; 14 & 15 yrs. - 3%. Credit applicable to annual premium.
- Form 3: Personal Property Increased Limits; $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 ded. - 10%; $1000 - 20%.
- Forms 3, 4 & 6: 20% deviation for policies written as part of Personal Protection Package Policy.
- Forms 4 & 6: Deductible Credits; $500 ded. - 10%; $1000 ded. - 23%.

Standard:

- Form HO-3 only - Homes 25 years of age or older and/or insured for less than $50,000.
- Form HO 3 Credit off Key Premiums; 13.4% Alamance County; 9.4% territory 34; 8.6% territories 30 & 31; 11.4% territories 4, 32, 33, 36, 37, 38, 39, 40, 41, Lincoln & Rockingham County; 11.4% for remainder of Alamance County & remainder of territories. Form 3: Coverage C increased limit charge $.50 per $1000 of insurance.
- Form 3: Deductible Credits; $500 - 10%; $1000 - 20%.
- Form 3: Protective Credit; Same as for preferred.
- Form 3: New Home Credit; Same as for Preferred.
- Form 3: 20% deviation applies to HO program when written as part of Personal Protector Package Policy.
- Eff. 3-1-94

72. **Harford Mutual Insurance Company**

- Forms 1, 2 & 3: New Home Discount; 10% - dwellings 15 yrs. old or less.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .90; $1000 - .83; $2500 - .75. $100 deductible amount - minimum $30 - maximum $60.
- Forms 4 & 6: Fixed dollar amount ded. factors; $500 .90; $1000 .77; $2500 .63. $100 deductible amount min. $30, max. $60.
- All Forms: Protective devices factors for all territories & all protection classes - factors varies .98 to .85.
- Eff. 5-1-92

73. **Harleysville-Atlantic Insurance Company**

- Forms 1, 2, 3 & 8: Base rate credits; Coverage A limit $48,000 & under $95,000 & over; Credit varies 0.0% - 27.5%.
- All Forms: 13%; Optional coverage rates Section I & II.
- Forms 1, 2, 3 & 8: New Home Discount factor; 1 yr. old or less .80; Discount factor increased by .01 thru 11th yr. - discount factor increased by .02 - 12th thru 15th yr.
- Eff. 5-1-92

74. **Harleysville Mutual Insurance Company**

- Group Mass Marketing Discount: to voluntary policyholders that are members of specific group type organizations.
- Preferred Customer Discount: All territories except 05, 06, 41, 42, 43, 81, and 86 when certain criteria are met.
- Deviations by certain territories.
- StarPak ProgramDiscount.
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit HO 02, HO 03 and HE 7.
- Mature Homeowner Discount HO 03 and HE 7 only 55 years of age or older.
- Life Insurance Policy Discount Homeowner and Life policy
- Coverage A Key Factors discount All territories except 07, 08, 48, 49, 81, 86 and 90.
- HO 00 04 and HO 00 06
- Personal Property Increased Limit.
- Other Members of a Named Insured's Household

- Electronic Funds Transfer (EFT)
- Territory Definitions Harleysville/NCRB
- Eff. 5-20-09 HRLV-126097759 North Carolina Department of Insurance

75. **Harleysville Preferred Insurance Company**

- Group Mass Marketing Discount: 10% to voluntary policyholders that are members of specific group type organizations.
- Preferred customer discount – all terr except 07, 08, 41, 48, 49, 81 and 86. The percentage discount is determined by the combination of insurance score rating and characteristics met.
- HE-7 Enhancement Deviations by certain Territories.
- StarPak Program Discount
- Companion discount – Credit for homeowners and private passenger auto policy issued to cover the same policyholder.
- Newly Purchased Home Credit Forms HO 02, HO 03, HO 05, and HE 7,
- Mature Homeowner Discount HO 03, HO 05 and HE 7 only 55 years of age or older.
- Policy Discount (life insurance/annuity policy)
- Coverage A Key Factors discount All territories except 07, 08, 41, 48, 49, 81, 86 and 90.
- HO 00 04 or HO 00 06, Base Premium for Territories except 07, 08, 41, 48, 49, 81, 86 and 90.
- Perosnal Property Increased Limit.
- Other Members of a Named Insured's Household.
- Electronic Funds Transfer (EFT).
- Territory Definitions Harleysville/NCRB
- Eff 5-20-09 HRLV-126097801 North Carolina Department of Insurance

76. **Hartford Accident and Indemnity Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Effective 12-11-10 HART-126607107 North Carolina Department of Insurance

77. **Hartford Casualty Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit for all territories.
- Retiree Credit, named insured is age 50 or older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor- Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access community Credit.
- Key Factor.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Eff. 10-9-10 HART-126607319 North Carolina Department of Insurance

78. **Hartford Fire Insurance Company**

- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit deviation for all territories.
- Retirees Credit, named insured is age 50 and older.
- Limited Access Credit-Forms HO 00 04 and HO 00 06 is protected 24 hours a day.
- Product Factor (Merit, Elite, CCRL, Premier), - Forms HO 00 04 and HO 00 06.
- Retirement community/Limited Access Community Credit.

- Key Factor for Premier, CCRL and Elite.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Eff. 10-9-10 HART-126607350 North Carolina Department of Insurance

79. **Hartford Insurance Company of Midwest**

- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: is protected 24 hours a day.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation Factor.
- Effective 10-9-10 HART-126607363 North Carolina Department of Insurance

80. **Hartford Underwriters Insurance Company**

- Age of Dwelling credit for all territories except 7, 8, 41, 48, 49 and 52.
- Account Credit all territories.
- Retirees Credit: named insured is age 50 and older.
- Limited Access Credit.
- Product Factor – except Forms HO 00 04 and HO 00 06.
- Key factors.
- Eff. 11-12-10 HART-126715209 North Carolina Department of Insurance

81. **Homesite Insurance Company**

- Preferred Risk Group 1 Discount 10% when certain criteria are met.
- Preferred Risk Group 2 Discount 10% when certain criteria are met.
- Eff 6-1-09 HMSS-126064634 North Carolina Department of Insurance

82. **Horace Mann Insurance Company**

- Form HO 00 07 – Amount of Insurance by Territory and Amount of Insurance Relativities.
- Protective Device Credits: Classes 1-9.
- New Home Credits.
- Territorial Base Rates for Tenant & Condominium, HO 00 04 and HO 00 06.
- Installment Payment Plan Waive initial $3 installment fee.
- Deductible Factors Form HO 00 03.
- Auto/Home discount all forms credit varies.
- Deductible Factors for forms HO 00 04 and HO 00 06.
- Replacement Cost on contents - HO 00 04 and HO 00 06.
- Masters Program.
- Earthquake deviation.
- Silverware, Gold ware & Pewter ware coverage.
- Refrigerated Food Spoilage.
- Tenant's Improvements Increased Limit.
- Coverage A Increased Limit for form HO 00 06.
- Additional Residence Premises - Rented to Others.
- Private Structures - Rented to Others (Liability Coverage).
- Credit Rating Tier/Insurance Score.
- Home Buyer Loyalty Program.
- Eff. 5-1-10 HRMN-126487994 North Carolina Department of Insurance

83. **Horace Mann Property & Casualty Insurance Company**

- Form HO 00 07 – Amount of Insurance by Territory and Amount of Insurance Relativities.

- Protective Device Credits: Classes 1-9.
- New Home Credits.
- Territorial Base Rates for Tenant & Condominium, HO 00 04 and HO 00 06.
- Installment Payment Plan Waive initial $3 installment fee.
- Deductible Factors Form HO 00 03.
- Auto/Home discount all forms credit varies.
- Deductible Factors for forms HO 00 04 and HO 00 06.
- Replacement Cost on contents - HO 00 04 and HO 00 06.
- Masters Program.
- Earthquake deviation.
- Silverware, Gold ware & Pewter ware coverage.
- Refrigerated Food Spoilage.
- Additional Residence Premises - Rented to Others.
- Private Structures - Rented to Others (Liability Coverage).
- Credit Rating Tier/Insurance Score.
- Home Buyer Loyalty Program.
- Eff 5-1-10 HRMN-126488918 North Carolina Department of Insurance

84. **IDS Property casualty Insurance Company**
- Form HO 00 03 – Amount of Insurance.
- Form HO 00 04 – Amount of Insurance.
- Form HO 00 06 – Amount of Insurance.
- Protective Device Credits
- Deductible Credits Forms HO 00 03, HO 00 04 HO 00 06.
- Home and Auto Discount.
- Replacement Cost on Contents Discount Forms HO 00 03, HO 00 04 HO 00 06.
- Condo Coverage A increased limits.
- Utilities Rating Plan.
- Coverage C Increased Limits.
- Installment Pay Plan.
- Refrigerated Personal Property
- Townhouse/Rowhouse
- Costco Discount
- Base Rates (Form HO 00 03) by territories
- Base Rates (Form HO 00 06) by territories
- Eff 8-14-09 PRCA-126151220 North Carolina Department of Insurance

85. **Indemnity Insurance Company of North America**
- New Construction Credit: New - 20%; 2% less credit for each yr. to 9th yr.
- All Forms: Fixed Dollar Deductible: Credit varies 15% - 40%.
- Personal Property Increased Limit: $2 premium charge per $1000 of coverage.
- Forms 2 & 3: Replacement Cost Coverage Personal Property: HO 0490; Factor 10.5% includes increased Coverage C to 70% of Coverage A at no additional premium charge.
- Protective Device Credits: All zones & protection classes: Credit varies 2% - 15%.
- Rated Deviation: Homeowners - 11%; Tenants - 10%; Condominiums - 15%.
- Eff. 9-1-99

86. **Indiana Lumbermens Mutual Insurance Company**
- Forms 1, 2, 3 & 3 w/l5: 15% 0-10 yrs. old; 10% 11-15 yrs. old; 0% 16 yrs. & over.
- Eff. 9-1-85

87. **Insura Property & Casualty Insurance Company**
- Form 3: Deductible credits; $500 - 15%; $1000 - 25%; $2500 - 38%.
- All Forms: Personal property increased limits $2 per $1000.
- Protective Device Credits; Credit varies 2% - 15%.
- Personal Injury (HO-82) included at no charge.
- Personal Property Replacement Cost Coverage; Eliminate 5% surcharge.

- New Home Credit: Current calendar yr. - 20%; 1 yr. preceding current calendar yr. - 18%; each added yr. 2% less credit until 10+ yrs. - 0%.
- Multi-Policy Credit: 10% applies to total HO policy prem. when auto policy is written in the Anthem Casualty Ins. Group.
- Amount of insurance deviation based on territory, protection class & amount of Coverage A: $70,000-$200,000 credits varies 8.6% - 21.9%; Each additional $10,000 credit varies 15% - 30%.
- Forms 2 & 3: Amount of Insurance Deviation; 3% charge of basic premium.
- Base premium deviation by territory.
- Eff. 6-1-99

88. **Insurance Company of North America**

- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Forms 1, 2 & 3: Rate for increase in Coverage C; $1 per $1000.
- Forms 1, 2 & 3: Personal Property Replacement Cost coverage HO 290; Charge shall be 4% of adjusted base premium. Coverage C must be increased to 70% of A & $1 per $1000 charge made.
- Protective Device Credits: All zones & all protection classes: Credits vary from 1%-15%.
- Eff. 5-1-92

89. **Insurance Company of the State of Pennsylvania**

- Form 6: 35%.
- Form 4: 20%.
- Forms 2 & 3: Deductible Credits; $250 - 15%; $500 - 25%; $1000 - 35%.
- Forms 2, 3, 3w/15 & 6: Age of Dwelling Discount; 0-5 yrs. - 15%; 6-10 yrs. - 10%; 11-20 yrs. - 5%.
- Forms 1, 2, 3, 3 w/15 & 8: 28%.
- Home Buyers Discount: 10% first 3 yrs. ownership; 5% second 3 yrs.
- Forms 1, 2, 3 & 3 w/15: Delete 5% surcharge for replacement cost of contents.
- Eff. 6-15-88

90. **Integon General Insurance Corporation**

- Delete the surcharge for $100 deductible.
- Form 6: 10% deviation.
- Deviation by amount of insurance: Coverage A amount $50,000 - $250,000 & above based on territory; Credit varies - 0% - .340%.
- Deductible Credits: Form 3; Terr. 32, 33, 34-41- $250 ded., $500 ded., $1000 ded. & $2500 ded.: Credits varies .05%- .41%.
- Long-Term Customer Discount: 5-9 yrs. with Co.- 5%; 10 yrs. or longer with company -10%.
- Eff. 5-1-92

91. **Integon Indemnity Corporation**

- Delete surcharge for $100 deductible.
- Form 6: 15% deviation.
- Replacement Cost Coverage C: Delete surcharge for replacement cost on contents.
- Deviation by Amount of Insurance: Cov. A amount $50,000 - $250,000 & above & based on territory. Variable credit.
- Deductible Credits Form 3; Terr. 32, 33, 34-41 - $250 ded; $500 ded. $1000 & $2500 ded. Credits vary .05%-41%.
- Long Term Customer Discount: 5-9 yrs. renewal with company - 5%; 10 yrs. or longer with Company - 10%.
- Eff. 5-1-92

92. **Liberty Mutual Fire Insurance Company**

- Mass Merchandising Program – 5% deviation when certain criteria is met
- Installment Payment Plan all forms.
- Coverage A Dwelling Limit for form HO 00 06.
- Watercraft Deviation by limits of liability.
- Multi-Policy Discounts.
- Property Tiering Program.
- Condominium and Renters Tiering Program.
- Eff. 8-23-10 LBPM-126601313 North Carolina Department of Insurance

93. **Liberty Mutual Mid-Atlantic Insurance Company**
- Forms 2,3,4, & 6 35% deviation.
- Froms 2 & 3 Dwellings 0-10 years – 10%.
- Eff 11-1-86

94. **Lititz Mutual Insurance Company**
- New Home Credit.
- Discount when Guaranteed Repair or Replacement Cost Protection (Coverage A) and Personal Property Replacement Cost Protection (Coverage C) are used together.
- Protection class 9 discount
- Optional Higher Deductibles Deviation.
- Base Rate Deviation by Territory: Credit varies.
- Ordinance or Law – increased Limits.
- Eff 5-1-09 PC124818 North Carolina Department of Insurance

95. **LM Property and Casualty Insurance Company**
- New Home Credit: Age of Home 0 - 7 yrs. of age: Credit varies 0%-20%.
- Deductible credits
- Personal Property Replacement Cost: - HO-3 Apply 4% surcharge to adjusted base premium.
- Enhanced Dwelling Limit (EDL) – Form HO-3 $1.00 per policy.
- Protective Device Credits: Variable Credits 2%-15%.
- Forms 3, 3w/15, Premier & 6: 5% Mature Homeowners Credit.
- Personal Property – Increased Limit Form HO-3: $1.00 per $1,000 increase of insurance
- Mature Homeowner Credit – Forms HO-3 and HO-6 5% credit. A premium credit applies if any named insured is age 55 or older as of the effective date of the policy.
- Companion for Life Discount all forms 10% credit.
- Secured Community Credit: Credit applies if primary residence is located in a fully secured or partially secured community. Fully secured - 10%: Partially secured -5%.
- Electronic Funds Transfer Fee: No charge.
- Increased Limits Jewelry, Watches & Furs: $14 per $1000 of Coverage.
- Personal Property Replacement Cost: Form HO4 and HO 6 Minimum charge of $20.
- Silverware, Goldware, & Pewterware: $2.50 per $500.
- Deviation for 3 & 4 Family Liability Rates.
- Deviation by Liability Coverage.
- Outboard Motors & Water Craft Deviation for Coverage E, Increased Limits: Certain criteria apply.
- Outboard Motors & Water Craft Deviation for Coverage F, Increased Limits: Certain criteria apply.
- Business Property - Increased Limits Deviation: $10 per $2500.
- Eff. 3-14-03 PC058007 North Carolina Department of Insurance

96. **Lumbermens Mutual Casualty Company**
- Premium Credits for Protective Devices: Certain criteria apply.
- Mature Homeowners Credit: 5% credit applies to base premium if insured is 55 yrs. of age & is home during the day.
- Personal Property (Coverage C) Replacement Cost Coverage Deviation.
- $100 Deductible: Waive minimum premium.
- $250 Theft Deductible Factors: Certain criteria apply.
- All Forms: Optional Higher Deductibles deviation.
- Form 3: Special Personal Property Coverage: Apply a factor of 1.10 to base premium.
- Form HO 6: Special Personal Property Coverage: Apply a factor of 1.20 to base premium.
- Form 4: Building Addition & Alterations Increased Limit deviation.
- Form HO 6: Coverage A Dwelling Basic & Increased Limits Special Coverage Deviation.
- Ordinance or Law Increased Amount of Insurance: Form 4 & 6.
- Deferred Premium Payment Plan Option.
- New Home Discount: 0 - 6+ yrs. of age: Credit varies 0% - 18%.
- 5% Kemper Network Discount: Certain criteria apply.
- Eff. 2-25-02 PC047939 North Carolina Department of Insurance

97. **Maryland Casualty Company**

- All Forms, except 4 & 6: Age of Dwelling Credit; New-20%; 1 yr.-18%; 2 yrs.-16%; 3 yrs.-14%; 4 yrs.-13%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-8%; 8 yrs.-6%; 9 yrs.-4%; 10 yrs.-2%.
- Forms 4 & 6: Replacement Cost on Contents: Factor 1.35.
- Protector Series Program: Reduce homeowners premium by 5%, if insured has auto policy with Maryland Casualty Group.
- Forms 2 & 3: Charge $1 per $1000 for increase in Coverage C limit.
- All Forms: Deductible Credits: $500 - 15%; $1000 - 20%; $2500 - 30%.
- Deviation by Territory: Form 2, 3, 3w/15; Credit varies 0% - 14%.
- Base Premium Deviation: All Forms, except 4 & 6; Credit varies.
- Account Credit: 10% credit when insured has home & auto coverage with Zurich Insurance Companies when criteria is met.
- Protective Device Credit: Factors vary. Maximum credit of $75 is waived.
- Eff. 7-1-98

98. **Massachusetts Bay Insurance Company**

- Mature Homeowners Credit.
- Deductible Credits for all forms except HO 00 04 and HO 00 06.
- Deductible Credits for Forms HO 00 04 and HO 00 06.
- Windstorm & Hail Deductible Credits: All forms, except HO 00 04 and HO 00 06.
- Personal Property Replacement Cost.
- Personal Property Replacement Cost on Coverage C: Forms HO 00 04 and HO 00 06
- Account Credit: All forms.
- Loss of Use-Increased Limits.
- Condominium Unit Owners-Coverage A Dwelling: Basic & Increased Limits.
- Watercraft Liability Rates: All forms.
- Personal Property - Increased Limits.
- Special Personal Property.
- Electronic Funds Transfer Installment Payment Plan Discount.
- Group Modification Plan (Mass Merchandising Plan).
- Direct Bill Policies installment payment plan.
- Cap on total credits/discounts of 35%.
- Territorial Deviation: All forms, except HO 00 04 and HO 00 06.
- Relativity Curve Deviation Forms HO 00 03.
- Relativity Curve Deviation Forms HO 00 04 and HO 00 06.
- Eff 12-1-10 HNVX-G126817920 North Carolina Department of Insurance

99. **Max America Insurance Company**

- Forms 1, 2, 3 & 3 w/l5: Amount of insurance credit.
- Forms 1, 2, 3 & 3 w/15: New Home Credit.
- All Forms: Eliminate 5% surcharge for personal property replacement cost (HO 290) endorsement.
- All Forms: Reduced key premiums for protection classes 7 & 8.
- Eff. 03-5-02

100. **Medmarc Casualty Insurance Company**

- New Home Credit: 0-1 yr.-20%; 2 or 3 yrs.-18%; 4 yrs.-15%; 5 yrs.-12%; 6 yrs.-10%; 7 yrs.-9%; 8 yrs.-6%; 9 yrs.-3%; 10 yrs.- 2%.
- Smoke Detectors Discount: 2.0%.
- Eff. 7-15-90

101. **Merastar Insurance Company**

- New Home Credit.
- Safe and Sound Discount.
- Auto-Home Discount.
- Waiver of installment charge.
- Increased Special Limits of Liability.
- Merastar Maximum Credit.

- Deductible credits;Forms 3 & 5: $500 - $1000
- Deductible credits;Forms 4 & 6: $500 - $1000
- Protective Device Credits.
- Boat Liability Rate Deviation.
- Base rate deviation Forms 3 & 8: based on territory: Credit varies.
- Base rate deviation Forms 4 & 6: based on territory.
- Account Discount.
- Eff. 6-1-11 UNTR-126984235 NCDOI

102. **Meritplan Insurance Company**

- Affinity Discount.
- Electronic DFT and Online Processing Discount.
- Eff 11-5-10 BALB-126700430 North Carolina Department of Insurance

103. **Metropolitan Direct Property & Casualty Insurance Company**

- Deductible Deviation.
- Additional Limits of Liability
- Personal Property Replacement Cost Loss Settlement.
- Year of Construction – Newly Constructed Dwellings.
- Protective Devices
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation
- Met ReWards Claim Free Discount.
- Increased Ordinance or Law Coverage
- Earthquake Coverage
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package.
- Eff. 12-15-10 METX-G126920516 North Carolina Department of Insurance

104. **Metropolitan Property & Casualty Insurance Company**

Standard Program

- Deductible Deviation.
- Additional Limits of Liability.
- Personal Property Replacement Cost Loss Settlement.
- Year of construction – Newly Constructed Dwellings.
- Protective Devices.
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Mass Merchandising Account Deviation:
- Small Employer Group Program.
- Claim Free Discount.
- Increase Ordinance or Law coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.

Conversion Program

- Deductible Deviation.
- Windstorm or Hail Percentage Deductible Relativities.
- Additional Limit of Liability Coverage A.
- Personal Property Replacement Cost.

- Year of Construction New Home Discount – Year of Construction..
- Protective Devices Premium Credits for Alarm Systems: Credit applies to base premium.
- Mature Homeowners Discount.
- Windstorm or Hail Exclusion Credit.
- Multi-Policy Discount.
- Met Rewards Claim Free Discount when criteria are met.
- Increased Ordinance or Law Coverage.
- Earthquake Coverage.
- Other Structures – On Premises Specific Structures – Increased Limits.
- Other Structures – On-Premises Structures – structure on the Residence Rented to Others.
- Platinum Coverage Package – Form HO 00 05.
- Waterbed Liability.
- Coverage A Dwelling Special Coverage HO 00 06.
- Eff 12-30-10 METX-G126920323 North Carolina Department of Insurance

105. **Montgomery Mutual Insurance Company**

- Forms 3, HE-7, HE-7w/20 & HE-7w/21: Pers Prop Increased Limits: .50 per $1000 of insurance for Coverage C.
- Deductible Amount Deviation: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- 10% Account Credit when auto policy is written for the same insured through Montgomery Mutual Insurance Co.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: New Home Credit: New - 6 yrs. of age: Credit varies 0% - 20%.
- Base Rate Deviation by Territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies 0% -7.1%
- Form 4: Base Rate Deviation by Territory: Credit varies 0% - 14.8%.
- Form 6: Base Rate Deviation by Territory: Credit varies 9.3% - 32%.
- Protective Device Credits: Credits vary 2% - 15%.
- Base Rate Deviation on HE-7 - 1.15, HE-7w/20 - 1.20 & HE-7w/21 - 1.25.
- Replacement or Repair Cost Protection(HO 3211): $5 per policy when criteria is met.
- All Forms: 10% Account Credit.
- Water Craft Liability Deviation - 70%.
- Form 3: Amount of Coverage A Relativity Curve Deviation: Credit varies 0.6% - 7.4%.
- Eff. 8-15-02 PC052789 North Carolina Department of Insurance

106. **Mosaic Insurance Company**

- Discount on Installment Payment Plan: $1 - $2 charge.
- Three or Four Family Dwelling Discount.
- Townhouse or Rowhouse Discount.
- Waterbed Liability waived.
- Base Premium Deviation.
- Forms 2, 3, 4, 6 or 8: Deviation by Amount of Insurance.
- New Home Discount: 0-9 yrs. of age: Credit varies 2%-9%.
- Protective Devices Discount: Credit varies 1%-7%.
- Multi Policy Discount: 5% of the base premium.
- Personal Property Increased Limits Discount: $2 rate per $1000.
- Personal Property Replacement Cost Coverage Discount.
- Form 4: Building Additions & Alterations Increased Limits Deviation.
- Personal Property Increased Limits of Liability: Charge varies by additional amount of insurance.
- Rented Personal Property: No charge.
- Form 6: Coverage A - Dwelling Basic & Increased Limits Deviation.
- Forms 3 & 3 Plus: Inflation Guard Discount.
- Watercraft Discount: Up to 50 HP, no charge.
- Business Pursuits Discount.
- Form 3 Plus: Personal Injury Liability: No charge.
- Eff.10-18-00 PC035279 North Carolina Department of Insurance

107. **NGM Insurance Company**

- Age of Dwelling Deviation: Forms HO 00 02, HO 00 03 and HO 00 05.
- Combined Personal Protection Program.
- Preferred Homeowners or Revitalized Home Credit when underwriting guidelines are met.
- Deductible credits/charges, factor varies by ded amount.

- Protective device credits.
- Replacement Cost on Contents.
- Specified Additional Amount of Insurance Coverage A Dwelling.
- Personal Property Replacement Cost.
- Personal Injury.
- Water Back-up of Sewers or Drains.
- Credit Card, Fund Transfer Card, Forgery, & Counterfeit Money.
- Special Computer Coverage.
- Coverage C Special Limits of Liability.
- Fire Department Service Charge.
- Charge to increase Coverage D to 30% of Coverage A.
- Installment Payment Plan Deviation.
- Coverage A relativities for Preferred and Revitalized.
- Ordinance or Law Deviation.
- Refrigerated Property Coverage.
- Insurance Score Discount factor varies by Insurance Score.
- Eff. 11-16-09 NGMC-126238715 North Carolina Department of Insurance

108. **National General Insurance Company**

- All Forms: Protection Device Credits: Variable credits from 2% to 15%.
- All Forms, except 4 & 6: Deductible/factors; $100-1.10 - no minimum or maximum charge; $500-.90; $1000-.80.
- Forms 4 & 6: Deductible/factors; $100/$250 theft - 1.05. No minimum or maximum charge; $500-.90; $1000-.77.
- Form 3: New/Renovated Home Discount; Variable credits based on age of dwelling & type of renovation.
- Forms 4 & 6: Thrifty Fifty Discount; 10% credit if insured meets criteria.
- Forms 1, 2 & 3: $5 Photo Credit New Business.
- Form 4: Building additions & alterations increased limits $5 per $1000 of insurance.
- Form 6: Coverage A Dwelling; Basic & Increased Limits, $5000 Coverage A is provided at no additional charge. Charge $5 per $1,000 for increased limit up to total of $15,000.
- Forms 4 & 6: Loss of Use; Increased limits $3 per $1000 of additional insurance.
- Form 3: Base rate deviation; Rating factor of .80 applies.
- Form 6: Base rate deviation; Rating factor of .80 applies.
- Installment Payment Plan: Two payment plan - $2 per installment.
- Eff. 6-1-99

109. **National Specialty Insurance Company**

- Forms 2 & 3: Base deviations vary by amounts of insurance - $55,000 - $120,000 & over; Territory 34 Cumberland County -0% -22.1%; Territories 32, 33, 35 & 41 - 0% to -35.1% deviations vary by amount of insurance. $50,000 -$120,000 & over; all other territories 0% - 35.1%. Deviation vary by amounts of insurance $50,000 - $120,000 & over.
- Forms 4 & 6: 10% credit applies to optional coverages that are applicable exclusively to Forms 4 & 6.
- All Forms, except 4 & 6: 20% credit applies to optional coverages.
- Forms 2, 3 & Homeowners Plus: Fixed dollar amount deductible credits; $500-10%; $1000 - 17%.
- Forms 4 & 6: Fixed dollar amount deductible; $500 - 10%; $1000 - 23%.
- Homeowners Plus Package: Form 3 Credit for amount of insurance $50,000-$69,000 - 10%; $70,000 - 110,000 - 11%; $120,000 - $170,000 - 12%; $180,000 - $200,000 - 13%, each additional $10,000 - 0% when special requirement are met.
- Forms 4 & 6: 10%.
- Forms 2, 3 & Homeowners Plus: New home credit - 25% current yr.; 2.5% less credit each added yr.
- Premium credit for alarm systems HO 216: 2-15%.
- All Forms: Manned Security Discount: 10% additional when property is residential area with limited entry & exit points manned by employed uniformed security guards.
- All Forms: 55 & Retired Discount: 10% if one insured is 55 or older & both insured & spouse, if any, are neither gainfully employed or seeking gainful employment. Residence must be principal residence of applicant.
- Earthquake Coverage: Superior construction will be rated same as frame construction.
- Form HO-6: Coverage A increased limits; $3 for each additional $1000.
- Form HO-6: Units regularly rented to others HO-33; Charge 25% of base premium.
- Eff. 5-1-92 *Name changed from State National Specialty Company effective 3/16/04*

110. **National Surety Corporation**
- Protective Device Credits: All forms & all territories: 1% - 15% credit applies to company base premium.
- Portfolio Credit: 5% credit applies to all homeowners policies when Personal Catastrophe Coverage and Personal Inland Marine Coverage is written with Company.
- Eff 12-01-03 PC065123 North Carolina Department of Insurance

111. **National Union Fire Insurance Company of Pittsburgh**
- Territorial Base Rate Deviation.
- Amount of Insurance Relatives Deviation.
- Maximum Credit for Protective Devices waived.
- Higher Deductible Credit: Credit varies by amount of insurance and deductible amount.
- Increased Coverage C Limit Deviation: A factor of 1.25 applies per$1000 of insurance. Territories 5, 6, 42 & 43 excluded.
- Renovated House Credit: Credit varies .82 - .97 for houses renovated 1 yr. to 6 yrs.
- Gated Community Credit: 5% applies when criteria is met.
- Loss Free/ Persistency Credit: 5% or 10% credit applies when criteria is met.
- Eff. 10-13-00 PC037427 North Carolina Department of Insurance

112. **Nationwide Mutual Fire Insurance Company**
- Nationwide Territory Deviation/Territory Deviation Forms HO 02, HO 03 & HO 05.
- Home & Car Deviation.
- Amount of Insurance Deviation.
- Personal Property Replacement Cost Deviation.
- Deductible Deviations.
- Protective Device Deviations by territory: Credit varies.
- Safe Home Rating Plan Deviation.
- Age of Home Component.
- Age of Construction Deviation.
- Nationwide Associate.
- Eff. 8-31-11 NWPC-127093289 NCDOI

113. **Nationwide Mutual Insurance Company**
- Nationwide Territory Definitions and Territory Deviations Forms HO 02, HO 03, HO 04, HO 05, and HO 06.
- Home and Car Deviation Forms HO 02, HO 03, HO 05, and HO 06
- Deductible Deviations.
- Protective Device Deviation.
- Safe Home Rating Program – Form HO 02, HO 03, HO 05 and HO 06.
- Age of oldest Insured.
- Personal Status Deviation.
- Age of construction deviation.
- Amount of Insurance – Forms HO 02, HO 03, and HO 05.
- Age of Home Component Deviation.
- Home Purchase Deviation.
- Nationwide Associate Deviation.
- Prior Insurance Deviation Forms HO 02, HO 03 and HO 05.
- Eff. 8-31-11 NWPC-127093218 NCDOI

114. **Netherlands Insurance Company**

Preferred Homeowners
- Personal Property Increased Limits;. Forms 3, HE-7, HE-7w/20 & HE7w/21 $.50 per $1000 of insurance
- Deductible amounts deviation Credit: Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21 :Credit varies
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies
- Base Rate Deviation by Territory Forms 3, HE-7, HE-7w/20 & HE7-21:: Credit varies.
- Form 4: 3% Key Premium Deviation by Territory.
- Form 6: Key Premium Deviation: Credit varies 29.3%-31.6%.
- Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211- Replacement or Repair Cost Protection: Premium charge $5.

- Forms 3, 4, 6, HE-7, HE-7w/20 & HE-7w/21: 15% deviation for policies written as part of Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: HE-7 factor - 1.15; HE-7w/20 factor - 1.20; HE7w/21 - 1.25.
- Amount of Coverage A Relativity: Deviation varies .6% - 7.4%.

Standard Homeowners

- Personal Property Increased Limits Forms 3, HE-7, HE-7w/20 & HE-7w/21: ; $.50 per $1000 of insurance.
- Deductible Credits; Forms 3, HE-7, HE-7w/20 & HE-7w/21: credit varies.
- New Home Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: 0 -12 yrs. of age: Credit varies 0% - 25%.
- Protective Device Credit: Forms 3, HE-7, HE-7w/20 & HE-7w/21: Credit varies 2% - 15%.
- Base rate deviation by territory: Forms 3, HE-7, HE-7w/20 & HE-7w/21 Credit varies
- Base Rate Deviation HO 6 by territory: Deviation varies.
- Base Rate Deviation on HE-7, HE-7w/20 & HE-7w/21: credit varies
- Replacement or Repair Cost Protection: Forms 3, HE-7, HE-7w/20 & HE-7w/21: HO-3211 Premium charge $5.
- Deviation will apply to HO 3 standard, HE 7 standard HE7/w20 standard, HE 7/ w21 standard for monoline homeowners premiums when they ar written as part fot the Personal Protector Package Policy.
- Water Craft Deviation of 70%.
- Amount of Coverage A Relativity curve: Deviation varies .6% - 7.4%.
- Eff 10-15-02 PC053999 North Carolina Department of Insurance

115. **New Hampshire Insurance Company**

- Forms 1, 2, 3, 3w/15 4 & 6: Age of dwelling credit; 0-20 yrs. - 10%.
- Replacement or Repair Cost prot. Coverage A (HO-500): $1 per policy.
- Eff. 7/1/87

116. **New South Insurance Company**

- Deviation by Amount of Insurance: Coverage A amount: $50000 - $250,000 & above based on territory; Credit varies 0% - .380%.
- Long-term Customer Discount: 5-9 yrs. with Co. on HO policy - 5%; 10 yrs. or longer with Co. on HO policy - 10%.
- Deductible Credits: Territories 32, 33, 34 - 41; $250 ded., $500 ded. $1000 ded. & $2500 ded.; Credits vary .05% - 41%.
- Form 6: 15%.
- Delete surcharge for $100 deductible.
- Replacement Cost- Coverage C: Delete surcharge for replacement cost on contents.
- Eff. 5-1-92

117. **North Carolina Farm Bureau Mutual Insurance Company**

- Deviation by Territory, Program and multi-policy..
- Deviation on Forms HO 00 04 and HO 00 06.
- Deviation on Form HO 00 08.
- Deductible Credits.
- Value Plus Homeowners Credit.
- Outboard Motors and Water Craft.
- New Home Deviation, Forms HO 00 02 and HO 00 03.
- Deviation on Personal Property Coverage.
- Personal Property Replacement Cost.
- Carolina Partner Plus Discount.
- Additional Residence Rented to Others & Other Structures Rented to Others - Residence Premises.
- Deviation Forms HO 00 02 and HO 00 03.
- Deviations Forms HO 00 02 and HO 00 03 with Windstorm or Hail Coverage.
- Enhancement Deviation.
- Eff. 6-1-10 NCFB-126514919 North Carolina Department of Insurance

118. **North River Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit; 0 - 1 yr. - 20%; 2% less credit each added yr.
- Preferred plan deviation for owners forms: Varying credits based on amount of insurance & territory.
- Forms 1, 2, 3 & 3 w/15: Replacement cost contents for preferred owners forms to $1 per $1000 of increased Coverage C.

- All Forms: Replacement cost on contents; Deletion of $20 minimum additional premium.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credits factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credits factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection classes 1 - 7 to include class 8.
- Form 6: 20%.
- Eff. 3-1-90

119. **Northern Assurance Company of America**

- All Forms, except 4 & 6: New Home Credit: 0-1 yr. old - 20%; 2% less credit each yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Guaranteed Replacement Cost (HO-3211): $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement: 6% - at no charge.
- Forms 1, 2 & 3: Fixed dollar amount deductible credits; $500 - 15%; $1000 - 21%; $2500 - 38%..
- Homeowners Enhancement Program Factors: HE - 7 - 1.15%; HE - 7w/15 - 1.20 & HE - 7w/21 - 1.25.
- Deviation by Coverage A amount of insurance. All Forms, except 4 & 6: Credit varies.
- Windstorm or Hail Deductible.
- Eff. 8-15-02 PC053955 North Carolina Department of Insurance

120. **Northern Insurance Company of New York**

- Forms 1, 2, 3 & 3w/l5: Age of dwelling credit.
- Forms 1, 2, 3 & 3 w/15: Replacement or repair cost protection HO-500.
- Forms 4 & 6: Replacement Cost on Contents.
- Forms 1, 2 & 3: Charge $1 per $1000 for increase in Coverage C limits.
- Eff. 2-15-92

121. **Ohio Casualty Insurance Company**

- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.
- Employees Discount: to qualifying employees insured in the Ohio Casualty Group.
- Eff.12-1-05 PC082799 North Carolina Department of Insurance

122. **OneBeacon America Insurance Company**

- Forms 1, 2, 3: Fixed dollar amount deductibles; $500-15%; $1000-21%; $2500-38%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- All Forms, except 4 & 6: New home discount; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Forms 1, 2, 3 & 3w/15: Repair or replacement cost Coverage A; HO3211 - $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- All Forms, except 4 & 6: Provide Inflation Guard Endorsement at 6% amount of annual increase at no charge.
- Form 6: Units regularly rented to others; Delete $15 charge.
- Form 6: 11.1% credit.
- Form 6: Coverage A Dwelling Basic and Increased Coverage A limit $3,000 cov A at no addit charge.
- 5% discount for insured age 49 or older.
- Homeowners Enhancement Factors: HE-7 - 1.15; HE -7w/15 - 1.20 & HE-7w/21 - 1.25.
- All Forms, except 4 & 6: Deviation by Coverage A amount of insurance: Credit varies.
- Windstorm or Hail Deductibles.
- Eff. 8-15-02 PC053954 North Carolina Department of Insurance

123. **OneBeacon Insurance Company**

- Replacement on contents endorsement.
- Protective Devices Credit.
- Personal Property Increased Limits.
- Account Credit when the named insured insures personal auto in any of the General Accident Copanies.
- Fixed Dollar Amount Deductible.
- New Home Credits.

- Eff 4-15-96

124. **OneBeacon Midwest Insurance Company**

- All Forms, except 4 & 6: New Home Discount; 0-1 yr. old -20%; 2% less credit each added yr. to 10th yr.
- Forms 2 & 3: Personal Property Replacement Cost; Charge to increase Coverage C to 70% of Coverage A; $1 per $1000.
- Replacement or Repair Cost Protection Coverage A (HO-3211): $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- All Forms, except 4 & 6: Provide Inflation Guard endorsement coverage at 6% amount of annual increase at no charge.
- All Forms, except 4 & 6: Fixed Dollar Amount deductibles: $500-15%; $1000-21%; $2500-38%.
- 5% discount for insured age 49 or older.
- Deviation to Enhancement Forms HE-7; HE-7w/20 & HE-7w/21: Credits vary.
- Deviation by amount of Coverage A: $250000 - $500000. Variable credits.
- Windstorm or Hail Deductibles
- Eff. 8-15-02 PC053952 North Carolina Department of Insurance

125. **Owners Insurance Company**

- HO 00 06 Form deviation.
- Deductibles - Waiver of Minimum Charges.
- Protective Device Credit.
- Protective Device-Alarm Systems.
- Mature Homeowners Discount.
- Townhouse or Row House discount factors.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money.
- Units Regularly Rented To Others.
- Form HO 00 06 Coverage A Dwelling Increased Limits and Special Coverage.
- Personal Injury coverage-no charge.
- Building Additions and Alterations At Other Residences-All Forms.
- Other Insured Location Occupied By Insured - Section II.
- Section II, Liability-Residence Employees waived.
- Business Pursuits - no charge except Corporal Punishment for HO 00 03.
- Permitted Incidental Occupancies - Residence Premises.
- Special Personal Property Coverage HO 00 05 and HO 00 06 with HO 00 32 35.
- Multi-Policy Discount
- Seasonal Discount-Forms HO 00 03 and HO 00 06.
- Section II, Liability Watercraft.
- Life-Homeowners Multi Policy Discount.
- Insurance Score Credit.
- Home/Umbrella Multi-Policy discount.
- Paid in full discount.
- Personal Property Increased limits.
- Eff 8-1-10 AOIC-126630253 North Carolina Department of Insurance

126. **Pacific Employers Insurance Company**

- Forms 1, 2 & 3: Fixed dollar deductible credits; $500-11%; $1000-21%; $2500-34%.
- Form 4: Fixed dollar deductible credits; $500-11%; $1000-25%; $2500-40%.
- Rate for increase in Coverage C: $1 per $1000.
- Forms 1, 2 & 3: Replacement Cost Coverage HO-290; Charge shall be 4% of adjusted base premium. Coverage C must also be increased to 70% of Coverage A at $1 per $1000.
- Protection Device Credits: All zones & all protection classes; Credits vary 2%-15%.
- New Home Discount: Credit varies 2% -20% based on age of dwelling. Credit applies to base premium.
- Base Rate Deviation: Homeowners -25%; Tenants -15%; Condominiums -20%.
- Eff. 2-24-98

127. **Pacific Indemnity Company**

- Base Premium Computation - Forms HO 00 04 and HO 00 06.

- Base Premium Computation by territory and forms HO 00 02, HO 00 03, HO 00 05 and HE 00 07.
- Protective Devices – Maximum Credit of $75. is deleted.
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage Deductible.
- Additional Amount of Insurance deviation. Forms HO 00 02, HO 00 03 & HO 00 05.
- Water Back-Up and Sump Discharge or Overflow Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05, HO 00 06 and HE 00 07.
- Gated Community Credit.
- Eff 12-1-10 CHUB-126729196 North Carolina Department of Insurance

128. **Peerless Insurance Company**

- Protective devices.
- Base Premium Computation (HO 00 06).
- Homeowners Enhancement Program - Specified Additional Amount of Insurance for Coverage A – Dwelling HO 32 20.
- Homeowners Enhancement Program (HE-7, HE-7 w/20, and HE-7 w/21)
- Personal Protector Multi-Policy.
- Base Premium Computation – All forms except HO 00 04 and HO 00 06.
- Installment Payment plan – no charge for each installment for Electronic Fund Transfer.
- Price Point Deviation.
- New Home buyer credits.
- Personal Property – Increased limits.
- Eff. 7-15-11 LBRM-127165139 NCDOI

129. **Pennsylvania General Insurance Company**

- All Forms, except 4 & 6: New home credit; Current yr. - 20%; 1 yr. old -18%; 2 yrs. old -16%; 3 yrs. old - 14%; 4 yrs. old - 12%; 5 yrs. old - 10%; 6 yrs. old - 10%; 7 yrs. old - 8%; 8 yrs. old - 7%; 9 yrs. old - 6%; 10yrs.-6%; 11yrs-4%;12yrs-4%;13yrs-2%; 14yrs-2% .
- All Forms: Fixed dollar amount deductible factors; $500 - .90; $1000 - .77.
- Forms 1, 2, 3 & 3w/15: Personal property increased limits; $1 per $1000 of insurance.
- All Forms, except 4: Account Credit: 10% discount when named insured insures his/her personal auto in any of General Accident Companies.
- Forms 1, 2 & 3: Personal Property Replacement Cost Coverage; Waive charge to increase Coverage C limit from 50% to 70% of Coverage A limit. Premium for Replacement Cost Coverage developed by applying factor of 1.05 to base premium including any premium adjustment for Coverage C in excess of 70% of Coverage A.
- All Forms: Protective Device Credit: Credit Varies 2% - 15%.
- All Forms, except 4 & 6: 8.8% base rate deviation.
- Eff. 4-15-96

130. **Pennsylvania Lumbermens Mutual Insurance Company**

- Forms 1, 2 & 3: 10% dwellings 5 yrs. old or less; 5% dwellings 6-10 yrs. old.
- All Forms: 10%.
- Eff. 10-1-85

131. **Pennsylvania National Mutual Casualty Insurance Company**

- New Home Discount: Forms HO 00 02, HO 00 03, HO 00 05 and HO 00 07.
- Deductibles – Optional Higher Deductibles.
- Personal Property A Increased Limits.
- Preferred Program territory & public protection class.
- Account Credit Program: Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05, HO 00 06 & HO 00 06 with HO 32 35 and HE 00 07.
- Deviation for Water Craft outboard motors and watercraft.
- Protective Device Credits: Applies to insureds that meet eligibility criteria. Credit varies.
- Additional Amount of Insurance HO 00 02 & HO 00 03.
- Deviation on Ordinance or Law Coverage.
- Preferred Advantage Program Deviation: Forms HO 03, HO 05, and HE 07 Territory and Protection Class.
- Form HO 06 Coverage A Dwelling Basic and Increase Limits and Special Coverage.
- Credit Card, Fund Transfer Card, Forgery and Counterfeit Money Deviation.

- Loss Assessment coverage Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05 and HO 00 06.
- Personal Property - Increased Special Limits of Liability.
- Personal Property – Refrigerated personal Property.
- Water Back Up and Sump Discharge or Overflow.
- Personal Injury Increased Special Limits of Liability
- Installment Charges-Recurring Payments automatically deducted.
- Eff 10-15-10 PNPR-126697052 North Carolina Department of Insurance

132. **Pharmacists Mutual Insurance Company**
- -25% base rate deviation.
- Waiver of premium is amended to $5.
- Installment Payment Plan: Charge varies based on installment plan.
- Personal Package Discount: Credit varies when criteria is met.
- Automatic Adjustments of Limits: Annual 4% increase at no charge.
- Effective 5-1-07 PC102682 North Carolina Department of Insurance

133. **Phoenix Insurance Company**
- Base Rate Deviation Dwellings Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Base Rate Deviation.
- Coverage A Relativities Deviation: forms HO 00 02 and HO 00 03.
- Coverage A Relativities Deviation: forms HO 00 07.
- Deductible Credits HO 00 02, HO 00 03 and HO 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Royal SunAlliance Employee Program.
- Coverage C Relativities – Form HO 00 06.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy..
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127652049 NCDOI

134. **Platte River Insurance Company**
- Age of Dwelling
- Account Credit Program: 15% discount when insured has coverage for both auto & HO policies through UIC.
- Preferred Homeowners Credit: 0% - 23% Credit by territory, pPC, construction type: Other criteria apply.
- Revitalized Home Credit for dwellings 25 yrs. or older if certain criteria is met.
- Deductible Credits: Forms 3, 4, & 6.
- Base Premium Discount for Form 6: A factor of .80 applies.
- Protective Device Credits: All Forms: Credit varies 1% - 15%.
- Replacement Cost on Contents: Forms 3, 4, & 6: Minimum premium does not apply.
- Additional Limits of Liability for Coverages A, B, C, & D: Form 3: 6% credit when certain options are selected.
- Pers Prop Replacement Cost: Form 3: 5% of base prem with min prem waived when certain options are selected.
- Personal Injury: Form 3: Charge waived if certain coverages and options are selected.
- Water Back-Up of Sewers or Drains: Form 3: Charge waived if certain coverages and options are selected.
- Credit Card, Fund Transfer Card, Forgery & Counterfeit: Form 3: Charge waived if certain coverages and options are selected.
- Special Computer Coverages: Form 3: Charge waived if certain coverages and options are selected.
- Coverage C Increased Special Limits of Liability: Form 3: Charge waived if certain coverages and options are selected.
- Fire Department Service Charge: Form 3: Increased to $1000 in lieu of $500 if certain coverages and options are selected.

- Form 3: Coverage D Increased to 30% of Coverage A will be deleted if certain coverages & increased limits options are selected.
- Form 3: Coverage A Relativities Deviation.
- Form 3: Ordinance or Law will be 4% of base premium if certain coverages & increased limits options are selected.
- Form 3: The charge for Refrigerated Property Coverage will be deleted if certain coverages & increased limits options are selected.
- Eff.10-1-99

135. **Privilege Underwriters Reciprocal Exchange**

- Years Renovated
- Territory Deviation
- Coverage A Deviation
- Superior Construction Credits
- Generator Credit
- Financial Responsibility Factor
- Seasonal/Secondary Home
- Occupancy Deviation
- Multi Policy Credit (Personal Automobile)
- Multi Policy Credit (Personal Excess Liability)
- Multi Policy Credit (Jewelry & Art)
- Protective Devices
- Loss Free Credits
- Eff 9-3-10 PRIV-126726823 North Carolina Department of Insurance

136. **Providence Washington Insurance Company**

- Forms 2 & 3: Deviation by territory, Coverage A amount & protection class: Credit varies.
- All Forms, except 4 & 6: New Home Credit: 1 to 20 yrs. old: Credit varies 1% to 20%.
- All Forms, except 4 & 6: Deductible credits: $500 - 10%; $1000 - 17%; $2500 - 25%.
- Protective Devices for all protection classes & territories: Credits vary 1%-15%.
- Forms 2, 3 & 6: 15% Multiple Policy Credit when Providence Washington writes auto & homeowner.
- Waiver of Premium: $5 or less.
- Personal Property Replacement Cost: Minimum charge not applicable.
- Eff. 4-18-00 PC033008 North Carolina Department of Insurance

137. **Republic-Franklin Insurance Company**

Edge Program

- Protection Classification credit.
- Edge Program Tiered.
- Personal Property.
- Mass Merchandising Plan.
- Affinity Group-Wise Program.
- Personal Lines Account Credit.
- Package Additional Coverages.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.

Essentials Program

- Protection Classification credit.
- Personal Property.
- Personal Lines Account Credit.
- Homeowners Extension Package.
- Flexible Hose Credit.
- High Efficiency Gas Furnace Credit Rule.
- Tiered Rating.
- Eff 7-1-10 UTCX-G126613011 North Carolina Department of Insurance

138. **Response Worldwide Insurance Company**

- Protective Devices Discount: 3% for deadbolt locks on all main doors & fire extinguishers in house.
- Forms 1, 2, 3 & 3w/15: Deductible Credits; $500 - 12%; $1000 - 24%; $2500 - 36%.
- Forms 4 & 6: Deductible Credits; $500 - 17%; $1000 - 30%; $2500 - 37%.
- Replacement or Repair Cost Protection (HO-500); Waive $5 charge.
- Forms 4 & 6: 10% deviation.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost: 1.30 factor applies.
- Eff. 1-15-95

139. **Safeco Insurance Company of America**

- Deductible Debit/Credits.
- Account Credit: all forms certain criteria apply.
- Credit Card, fund transfer card, forgery and counterfeit money coverage.
- Medical Payments/Other Exposures/Higher Limits Deviation: all forms.
- Other Insured Locations Occupied by Insured.
- Outboard Motor & Watercraft Liability Deviation.
- Special Personal Property Coverage – Coverage C (HO32 35)
- Market Tier Relativities.
- Employee Discount Plan.
- Company Territory Definitions.
- Base Rate Deviations.
- HE 00 007 w/HE-21 Factor Deviation.
- Eff. 9-1-11 LBRM-127243234 NCDOI

140. **Safeco Insurance Company of Indiana**

- Form 3: Preferred Business; 25% off Bureau rates when eligibility guidelines are met.
- Form 3: Standard Business; 5% off Bureau rates when eligibility guidelines are met.
- Form 6: 17% off Bureau rates when eligibility guidelines are met.
- Form 3: Preferred Business; Guaranteed Replacement Cost Coverage A charged waived.
- Form 3: New Home Credit; During calendar yr. - 10%; 1% additional credit each added yr. to 9th yr
- Eff. 2-15-95

141. **Seaton Insurance Company**

- Form 3: Credits vary by protection class, & Coverage A dwelling amounts; Coverage A amount under $40000 - $1000000 & & over. Credit varies 0% - 19% based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 19% to be applied to base rate of 10% off Form HO-4.
- Form 3: Fixed Dollar Amount Deductibles Credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-10%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added year.
- Personal Property Coverage C increased limits: Form 3; $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial relativities varies 0.0% - 15.8%.
- Form 4: 5% credit off base rates.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Eff. 6-13-94

142. **Select Insurance Company**

- Forms 1, 2, 3 & 3 w/15: 15%.
- Eff. 2/8/86

143. **Selective Insurance Company of South Carolina**

- Forms 4 & 6: 25%.
- Forms 1, 2, 3 & 3w/15: Replacement Cost on Personal Property; Delete 5% surcharge.

- Forms 4 & 6: RC Personal Property; shall be $1 per $1000 of ins. applied to Coverage C.
- Protective Devices Credit: Factors vary .85 to .98.
- All Forms, except 4 & 6: Fixed dollar amount deductible factors.
- Amount of Insurance Deviation: $60000 - $l40000: Credit varies 0%-25%.
- Age of Dwelling Credits: New 20%; 1 yr. old 18%; 2% less credit each added yr. through 9th yr.
- Eff. 5/1/92

144. **Selective Insurance Company of the Southeast**

- Credit for protective devices: Factors vary .85 to .98.
- Forms 1, 2, 3, & 3 w/15: Replacement cost on personal property; Delete 5% surcharge.
- Forms 4 & 6: Charge an annual additional premium of $1 per $1000 of insurance applied to Coverage C. Minimum limit of Coverage is $12000.
- All Forms, except HO 4 & HO 6: Fixed dollar amt ded factors; $500 - .85; $1000 - .80; $2500 - .70.
- Amount of Insurance Deviation: $20000 - $75000; Credits vary 3.0% - 10.0%.
- Eff. 5-1-2

145. **Sentry Insurance A Mutual Company**

- All Forms, except 4 & 6: Fixed dollar amt ded; Factors for Cov A limits: $500 ded. - .91; $1000 ded. - .79; $2500 ded. - .62.
- Eff. 11-1-96

146. **Service Insurance Company**

- Year of Construction Deviation by territory: Credit varies 3% - 30%.
- Deviation for Masonry Construction by protection class: Credit varies.
- Form 3: 10% Base Deviation by territory.
- Claim Free Credit: 5% applied to base premium:Not available in terr 5,6,42,43. Certain criteria apply.
- Mature Homeowner Credit: 5% credit by territory: Certain criteria apply.
- Gated Community Credit: 5% credit by territory: Certain criteria apply.
- Form 3: Increased Limit of Personal Property: $1 per 1000.
- Windstorm or Hail Deductible Deviation: Credit varies.
- Key Premium Factors Deviation.
- 2% Protective Device Credit for auto smoke detectors, fire extinguishers & deadbolt locks on all exterior doors.
- Maximum Allowable Credit – The max allowable credit for newly constructed dwellings, gated community, and claim free combined, is limited to 30%.
- Auto Companion Credit: 4% credit when criteria are met.
- Deductible Credit Discounts.
- Percent Windstorm or Hail Deductibles Deviation.
- HO-6 Base Class Premium; Credit varies based on territories.
- HO-6 Protection-Construction factor deviation.
- HO-6 Key Premium Factor Deviation.
- Eff. 6-1-03 PC061674 North Carolina Department of Insurance

147. **Southern Guaranty Insurance Company**

- Form 3 & HE-7: Deviation by Territorial Relativities.
- Form 4: Deviation by Territorial Relativities.
- Form 6: Deviation by Territorial Relativities.
- Form 3 & HE-7: Amount of Insurance Deviation.
- Form 3 & HE-7: New Home Credit; 1 yr. - 18%; 2% less credit each added yr. to 9th yr.
- All Forms, except 4 & 6: Deductible Credits; $500-.91; $1000-.83; $2500-.75. Forms 4 & 6: $500-.90; $1000-.77; $2500-.63.
- Forms 4 & 6: Personal Property (Coverage C) Replacement Cost Coverage; Factor 1.30 from 1.40.
- Reduced charge for Personal Property Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Reduced rates for Outboard & Water Craft Liability.
- Forms 3, 4 & 6: Personal Injury Coverage at no charge.
- Form 3 & HE-7: Exceptional Homeowner: 10% credit when criteria are met.
- Protective Devices Credit: Credit varies.
- Multi-Policy Credit: 5% credit applies when insured has personal auto & homeowners with Southern Guaranty Insurance Company.

- Eff. 1-1-01 PC038720 North Carolina Department of Insurance

148. **Southern Insurance Company of Virgina**

PREFERRED

- Territory Deviation; for form HO 00 02, HO 00 03, and HO 00 05 Credit varies.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Southern Homeowners Account Credit Plan.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage
- Multi-Protector-Water Backup
- Multi-Protector Plus-Refrigerated Property
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability
- Multi-Protector Deluxe-Business Property
- Multi-Protector Deluxe Personal Injury Coverage
- Multi-Protector Deluxe Water Backup
- Multi-Protector Deluxe Refrigerated Property
- Multi-Protector Deluxe Loss Assessment Coverage
- Multi-Protector Elite Coverage C Increased Special Limits of Liability
- Multi-Protector Elite Business Property
- Multi-Protector Elite-Personal Property Replacement Cost Coverage
- Multi-Protector Elite Personal Injury Coverage
- Multi-Protector Elite Water Backup
- Multi-Protector Elite Refrigerated Property
- Multi-Protector Elite Loss Assessment Coverage
- Multi-Protector Elite Increased Ordinance or Law Coverage
- Multi-Protector Elite Increased Section II Limits of Liability

STANDARD

- Territory Deviation for HO 00 02, HO 00 03, and HO 00 05.
- Optional Deductible Credits: Change in credit for increasing the deductibles based on Coverage A limit.
- Protective Device Credits Combined – credit varies.
- Additional Amounts of Insurance – form HO 03 and HO 05.
- Personal Property Replacement Cost HO 00 02, HO 00 03 and HO 00 05.
- Personal Property Replacement Cost Coverage HO 00 04 and HO 00 06.
- Credits for newer homes.
- Outboard Motors and Watercraft reduced rates.
- HE-00 07 Program – 10% credit for policies written with HE 00 07, HE 00 07 with HE 32 20 or HE 00 07 with HE 32 21.
- Southern Homeowners Account Credit Plan.
- Automatic Payment Plan.
- Multi-Protector Plus-Coverage C Increase Special Limits of Liability.
- Multi-Protector Plus – Business Property.
- Multi-Protector Plus-Personal Injury Coverage.
- Multi-Protector-Water Backup.
- Multi-Protector Plus-Refrigerated Property.
- Multi-Protector Deluxe-Coverage C Increase Special Limits of Liability.
- Multi-Protector Deluxe-Business Property.
- Multi-Protector Deluxe Personal Injury Coverage.
- Multi-Protector Deluxe Water Backup.

- Multi-Protector Deluxe Refrigerated Property.
- Multi-Protector Deluxe Loss Assessment Coverage.
- Eff 1-1-09 DNGL-125861191 North Carolina Department of Insurance

149. **Southern Pilot Insurance Company**
- Deviation by Territorial Relativities (HO-3 and HE-7).
- Deviation by Territorial Relativities (HO-4)
- Deviation by Territorial Relativities (HO-6).
- Amount of Insurance Deviation (HO-3 and HE-7).
- New Home Credits
- Deductible Credits.
- Reduced Surcharge for Personal Property (Coverage C) Replacement Cost Coverage.
- Reduced Charge for Personal Property Increased Limits.
- Reduced Rates for Outboard Motors and Watercraft Liability.
- Personal Injury Coverage At No Charge.
- Deviation for Exceptional Homeowner (HO-3 and HE-7).
- Protective Devices Credit.
- Deviation for Multi-Policy Credit.
- HE-7 Level of Enhancement Factor.
- Eff. 08-01-05 PC083567 Filing Detail

150. **SPARTA Insurance Holdings**
- New Home Credit All Forms, except 4 & 6:; 0-1 yr. old - 20%; 2% less credit each added yr. to 10th yr.
- Personal Property Replacement Forms 2 & 3: Cost; Charge to increase Cov C to 70% of Cov A; $1 per $1000.
- Additional Limit of Liability for Coverage A. HO 3211. $5 premium charge.
- Protective Devices Credits: PPC 1-7 - 2%-15%; PPC 8-9 - 1%-15%: Maximum credit of 20% applies.
- Inflation Guard Endorsement (HO-243) at 6% - at no charge.
- Fixed dollar amount deductible credits Forms 2 & 3:;- $500-15%; $1000-21%; $2500-38%.
- Fixed dollar amount deductible credits Forms 4 & 6:; $500-10%; $1000-23%; $2500-37%.
- Increased Coverage A limits HO-6 $3000 coverage A at no additional charge. Coverage A limit may be increased.
- Form 6: 6.4% deviation.
- 5% discount for insured age 49 or older.
- Form HE-7; HE7w/20 & HE7w/21: Reduced Factors.
- Deviation by amount of insurance for Coverage A $250,000 - $500,000. Variable credit.
- Windstorm or Hail Deductible credit varies by amount of deductible
- Eff. 8/15/02 PC053953 North Carolina Department of Insurance

151. **St. Paul Fire & Marine Insurance Company**
- Forms 1, 2, 3 & 3 w/15: New Home Discount: Yr. of construction; 0-1 yr. of age - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7 yrs. - 9%; 8-9 yrs. - 7%; 10-11 yrs. - 5%; 12-15 yrs. - 3%.
- Forms 1, 2, 3 & 3 w/15: Personal Property Replacement Cost; No charge for Cov C increase from 50% to 70%.
- Forms 4 & 6: 30% surcharge to basic premium (after higher deductible credit) & for attaching HO-50.
- All Forms: Minimum premium $15 per policy.
- Eff. 9-23-92

152. **St. Paul Guardian Insurance Company**
- Operation Identification Credit: 5% rate credit on Basic Homeowners Insurance Premium.
- New Home Discount: 0-1 yr.-18%; 2-3 yrs -15%; 4-5 yrs.-10%; 6-7 yrs -8%; 8-9 yrs -7%; 10-11 yrs.-5%; 12-15 yrs.-3%.
- Personal Injury Protection (Form HO-82) provided at no additional charge.
- Forms 3, 3 w/15, 4, 6, HE-7 & HE-7w/HE20: Deductible credits: $500 - 11%; $1000 - 23%; $2500 - 37%.
- Form 6: 14.5% off St. Paul Guardian HO-4 rates.
- Form 3: Deviation on policy amount Relativities by territory; Variable credits.
- Form 4: Deviation on base rates by territory; Variable credits.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Variable credits.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.

- Business Pursuits Section II coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge applies for lengths over 15 - 26 feet & over151 horsepower as to lengths up to 15 feet & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Forms 3, 3w/15, 4 & 6: Pers prop replacement cost (HO-290) coverage is provided at no additional charge.
- Homeowners PAK II Credit: Forms 3, 4, 6 & HE-7; 10% when insured qualifies for PAK II Program for terr 32 - 43.
- Base premiums for HE-7 policies: No additional charge.
- Base premium for HE-7w/HE-20 policies: +2.0% above St. Paul Guardian HO-3 rates.
- Base premium for HE-7w/HE-21 policies: +4.0% above St. Paul Guardian HO-3 rates.
- Renewal Credit: credit when insured maintaines consecutive yrs. of both auto & homeowners coverage with the St. Paul, 3-5 yrs. Credit varies 3%-5%.
- Forms 3 & 3w/15: Personal property increase limits; $1 per $1000 of insurance.
- Installment Payment Plan: $2 charge each installment unless Electronic Funds Transfer billing option is selected, then no charge.
- Employee Discount: 20% new business: 15% renewals.
- Eff. 3-1-00

153. **<u>St. Paul Mercury Insurance Company</u>**

- Operation Identification Credit: 5%.
- New Home Discount: 0-1 yr. - 15%; 2-3 yrs. - 13%; 4-5 yrs. - 11%; 6-7yrs. -9%; 8-9 yrs. -7%; 10-11 yrs. -5%; 12-15 yrs. -3%.
- Personal Injury Protection (HO-82) provided at no additional charge.
- Personal Property Replacement Cost (HO-290) coverage is provided at no additional charge.
- Forms 3, 3 w/15, 4 & 6: Deductible credits; $500 - 11%; $1000 - 23%; $2500 - 37%.
- HO-6: 15% on Companies HO-4 rates.
- HO-3: Deviation on base rates by territory; Credit varies 15.5% - 37.2%.
- Form 4: Deviation on base rates by territory; Credit varies 16.0% - 29.6%.
- Forms 4 & 6: Deviation on policy amount Relativities by territory; Credit varies 0.1% - 3.1%.
- Form 3: Replacement or repair cost Coverage A (HO-500) provided at no charge.
- Protective Devices Credit & Home Safety Coverage Credits.
- Business Pursuits Section II Coverage: All classifications will be rated same as rate shown for clerical employees.
- Water Craft: Same charge apply for lengths over 15-26 ft. & over 151 horsepower as to lengths up to 15 ft. & below 151 horsepower.
- Home Day Care: Rated at Bureau rates for Permitted Incidental Occupancies (HO-42).
- Installment Payment Plan: $2 charges each installment.
- Eff. 3-1-95

154. **<u>Standard Fire Insurance Company</u>**

- Base Rate Deviation Dwelling, Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Coverage A Relativities forms HO 00 02 and HO 00 03.
- Coverage A Relativities form HE 00 07.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protection Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Home Buyer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff. 11-30-11 TRVA-127651844 NCDOI

155. **<u>Starr Indemnity & Casualty Company</u>**

- All Forms: Personal Prop Replacement Cost; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices; Maximum credit allowed is deleted.
- All Forms, except 4 & 6: Fixed dollar amount deductible credits.
- Eff. 4-1-95

156. **State Automobile Mutual Insurance Company**

- Auto/Home Discount
- Credits for Protective Devices
- Age of Dwelling Credit
- Increased Coverage C.
- Form HO 00 05.
- Protection Class 9 Rates.
- Prime of Life Discount, Age 55 and older.
- Townhouse /rowhouse.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Base Premiums.
- Ordinance or Law Coverage.
- Form HE 00 07 with HE 32 21.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff 12-1-10 STAT-126854678 North Carolina department of Insurance

157. **State Auto Property & Casualty Insurance Company**

- Auto/Home Discount.
- Credits for Protective Devices
- Increased Coverage C.
- Form HO 00 05.
- Protection Class 9 Rates.
- Prime of Life Discount, Age 55 and older.
- Townhouse /rowhouse.
- Three or Four Family Dwellings.
- Residence Held in Trust.
- Ordinance or Law Coverage.
- Boating Course Credit.
- Watercraft Membership Credit.
- Eff. 6-1-10 STAT-126462177 North Carolina Department of Insurance

158. **State Farm Fire & Casualty**

- Deviation by Amount of Insurance HO 00 03.
- Deviation by Amount of Insurance HO 00 04.
- Deviation by Amount of Insurance HO 00 06.
- Base Premium Computation Three and Four Family.
- Townhouse/Rowhouse – Form HO 00 03.
- Wind/Hail Deductible Credits – Form HO 00 03.
- Residence Premises-Basic and Increased Limits.
- Other insured Location Occupied by Insured.
- Additional residence rented to Others.
- Jewelry and Furs.
- Replacement Cost on contents forms HO 00 04 or HO 00 06.
- Ordinance or Law Coverage.
- Rental condominiums, HO 00 06.
- Coverage A Increased limits & Special Coverage Form HO 00 06.
- Homeowners 36 Discount.
- Installment Payment Plan.
- Refrigerated Personal Property, No Charge.
- Home-Auto Discount.
- Named Storm Percentage deductibles HO 00 03, HO 00 04, HO 00 06.
- All peril deductibles – HO 00 04.
- All peril deductibles – HO 00 06
- All peril deductibles – HO 00 03.

- Customer Rating Index.
- Eff.7-1-11 SFMA-127096008 NCDOI

159. **Stonington Insurance Company**
- Mature Retirees Credit: 10% when required criteria are met.
- All Forms: 10% base rate deviation for protection class 1-9 & 9s for territories 32-40.
- New Roof Credit: 5% off base premium when eligibility met; Not applicable with new home credit.
- Form 3: 10% credit Preferred Homeowners Program when criteria are met.
- Loss Free Renewal Credit: Applied to renewal date of policy that has been free of losses: 1 yr. - 3%; 2 yrs. - 6%; 3+ more yrs. - 9%.
- Multi-Policy Credit: 10% applies to new business only when applicant has auto with agency representing Nobel & their homeowners coverage is placed with Nobel. 5% credit applies second yr.
- Eff. 6-1-99

160. **Teachers Insurance Company**
- Maters Program Form HO 00 07 Amount of insurance by territory and amount of insurance relativities.
- Protection Device Credits: Classes 1-9: Credits vary 1% - 15%.
- Automatic Adjustment of Limits 2% credit on Forms HO-2 and 3 if insured 100% to value with Inflation Guard Endorsement attached.
- Newly constructed residence.
- Territorial Deviations for tenant and Condominium Base Rates.
- Waive $3.00 installment fee on each installment except the initial down payment.
- Deductible Credits for Form 3 and Masters Program: Ded credit varies.
- Multi-Line Deviation for all forms.
- Deductible Credits: Form HO 4 & 6.
- Replacement Value Personal Property HO 00 04 and HO 00 06.
- Master Program: $60,000 Minimum coverage A, inflation protection and replacement value-personal property at no additional charge.
- Federal Flood Insurance program discount.
- Earthquake Program Deviation.
- Silverware, goldware & pewterware deviation
- Refrigerated food spoilage deviation.
- Tenant's improvement - Increased Limits.
- Coverage A Options - Form 6.
- Additional Residence Premises - Rented to Others.
- Private Structures rented to Others.
- Coverage Amount Deviations for Forms 4 & 6: Deviations vary.
- Masters Program: Deviation by Credit Rating Tier
- Home Buyer Loyalty Program one time credit for the initial policy term.
- Eff. 5-1-09 HRMN-126009995 North Carolina Department of Insurance

161. **Travelers Casualty & Surety Company**
- Base Rate Deviation Homeowners Policy written in conjunction with Private Passenger Auto Policy.
- Base Rate Deviation Dwelling, HO 00 06.
- Coverage A Relativities forms HO 00 02 and HO 00 03.
- Coverage A Relativities form HE-7.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property - Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Coverage C Relativities – Form HO 00 06.
- Home Buyer Credit Homeowners policy written in conjunction with Private Passenger Automobile policy.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127652099 NCDOI

162. **Travelers Indemnity Company**
- Deductible Credits.
- Protective Devices.
- Account Credit.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127651848 NCDOI

163. **Travelers Indemnity Company of America**
- Base Rate Deviation Dwellings Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Base Rate Deviation Dwelling, HO 00 06.
- Coverage A Relativities Deviation: forms HO 00 02 and HO 00 03.
- Coverage A Relativities Deviation: forms HE 00 07.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.
- Final Premium Adjustment Factor.
- Royal SunAlliance Employee Program
- Coverage C Relativities – Form HO 00 06, credit varies.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy..
- HE-7 Factor Deviation.
- Installment Payment plan.
- Eff 11-30-11 TRVA-127652107 NCDOI

164. **Travelers Indemnity Company of Connecticut**
- Forms 3 & 3w/15: Base rate deviation based on protection class, amount of insurance & territory; Variable credit factors.
- Form 3: 12% optional coverage credit.
- Forms 3 & 3w15: Deductible credits; $500-16%; $1000-26%; $2500-32%.
- Protective Device Credits: Variable credits.
- Increased Limits Coverage C: Reduce charge to $2 per $1000.
- New Home Credit: New - 20%; 1 yr. old - 19%; 2 yrs. 18%; 3 yrs. - 16%; 4 yrs. - 15% - 14%; 6 yrs. - 12%; 7 yrs. - 11%; 8 yrs. - 10%; 9 yrs. - 8%; 10 yrs. - 7%; 11 yrs. - 6%; 12 yrs. - 4%; 13 yrs. - 3%; 14 yrs. - 2%; 15 yrs. - 1%.
- Replacement or Repair Cost Protection: Reduce charge to $1 per policy.
- Account Discount: 10% when insured has both auto & homeowners policy.
- Forms 3 & 3w/15: Loss Free Credit; 3+ yrs. loss free - 3% credit.
- Rate Credit for Multi-Line Insurance & Financial Services Institution Employees Credit: 20% credit.
- Eff. 11-1-96

165. **Travelers Personal Security Insurance Company**
- Base Rate Deviation Dwellings Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Coverage A Relativities Deviation: forms HO 00 02 and HO 00 03.
- Coverage A Relativities Deviation: forms HE 00 07.
- Deductible Credits HO 00 02, HO 00 03 and HE 00 07 Homeowners policy written in conjunction with Private Passenger Automobile policy.
- Protective Devices.
- Personal Property Increased Limit Coverage C.
- Account Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Loss Free Customer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- Multi-Line Insurance & Financial Services Institution Employees Credit.

- Final Premium Adjustment Factor.
- Royal SunAlliance Employee Program Credit.
- Home Buyer Credit Homeowners policy written in conjunction with Travelers Private Passenger Automobile policy.
- HE-7 Factor Deviation.
- Installment Payment Plan.
- Eff 11-30-11 TRVA-127651843 NCDOI

166. **Travelers Property Casualty Company of America**
- Base Rate Deviation: Credit varies based on territory.
- New Home Credit: 0 - 15 yrs. old: Credit varies 2% - 20%.
- Protective Device Deviation: Credit varies 1% - 15%.
- Forms 2, 3 & 3w15, 4 & 6: 10% Account Credit.
- Forms 2, 3 & 3w15: Personal Property - Increased Limit Coverage C: $1 per $1000.
- Form 3w/15: 10% Additional premium charge.
- Forms 2, 3, 3/w15, 4 & 6: Loss Free Credit: 5+ yrs. loss free - 5% credit.
- Deductible Credits: Varies by amount of deductible & territory.
- Form 3: Homeowners Extra Credit: 15% when criteria are met.
- Refrigerated Personal Property. $10 charge waived.
- Forms 3 & 6: Association Credit Program: 10% credit applies when certain criteria are met.
- Forms 2 & 3: Inflation Guard premium charge waived.
- Eff. 5-21-00 PC032643 North Carolina Department of Insurance

167. **Twin City Fire Insurance Company**
- Age of Dwelling Credit for all territories except 7, 8, 41, 48, 49, 52.
- Account Credit for all territories.
- Retiree Credit named insured is age 50 and older.
- Limited Access Credit Forms 4 & 6: if complex meets the protection requirements.
- Product Factor – Forms HO 00 04 and HO 00 06.
- Retirement Community/Limited Access Community Credit.
- Key Factors.
- Insurance Score.
- Prior Losses.
- Territory Deviation.
- Eff. 10-09-10 HART-126607934 North Carolina Department of Insurance

168. **USAA CASUALTY INSURANCE COMPANY**
- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Other Structures.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- New Home Discount.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 12-31-10 USAA-126769231 North Carolina Department of Insurance

169. **USAA General Indemnity Company**

- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Other Structures.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- New Home Discount.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 12-31-10 USAA-126769204 North Carolina Department of Insurance

170. **Unigard Indemnity Company & Unigard Insurance Company**

- Form 3: Credits vary by protection class & Coverage A dwelling amounts; $40000 & under to $1000000 & over. Credit varies based on territory.
- Form 3: Personal Property Replacement Cost; Delete 5% surcharge.
- Form 6: 16% to be applied to base rate of 10% off Form 4.
- Form 3: Fixed dollar amount deductibles credits; $500-9%; $1000-17%; $2500-25%.
- Forms 4 & 6: $500-l0%; $1000-23%; $2500-37%.
- Form 3: New Home Credit; Current yr. - 20%; 2% less credit each added yr.
- Personal Property Coverage C Increased Limits: Form 3 - $1; Form 3w/15 - $2.
- Protection Device Credit: 5% in all territories & protection classes for an installed smoke detector, fire extinguisher & dead bolt locks.
- Reduced rates for Outboard Motors & Water Craft liability.
- Forms 3, 4 & 6: Personal Injury Coverage; HO-82 included at no charge.
- Form 3: Deviation of territorial Relativities: Credit varies 5.0% - 20.0%.
- Form 4: Credit off base rates by territory; Credit varies 3.5% - 10.0%.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; Surcharge reduced from 1.40 to 1.30.
- Forms 4 & 6: Deviation varies by protection class & territory.
- Eff. 10-3-94

171. **Union Insurance Company**

- Protective Device Credit: Credit varies 2% - 15%.
- All Forms: Account Credit: 10% when auto coverage is written with Union Ins. Co.
- Form 3: New Home/Dwelling Under Construction Discount: Discount based on yr. completed & occupied. Credit varies.
- 3% - 20%.
- Mature Homeowner Credit: 5% if insured is 55 yrs. & an adult is usually home during the day.
- All Forms, except 4 & 6: Replacement cost on contents. $10 charge plus $2 per $1000 when increasing Coverage C from 50% to 70% of Coverage A.
- Increased Deductible Credits: Forms 3, HE-7, 4 & 6; $500-19%; $1000-21%.
- Form 3: Coverage A Factor Deviation by amount & territory.
- Eff. 7-1-01

172. **United Services Automobile Association**
- Tier Discount, HO 00 03.
- Tier Discount HO 00 06.
- Base Premium HO 00 03.
- Base Premium HO 00 06.
- Base Premium Protection Construction Factors.
- Deductibles.
- Windstorm or Hail Exclusion Credits.
- Ordinance or Law.
- Personal Property-Additional Coverage-Jewelry and Furs.
- Sinkhole Collapse Coverage.
- Coverage A Dwelling Basic and Increased Limits.
- Other Structures.
- Personal Property-Increased Limit.
- Earthquake Coverage.
- Protective Devices.
- Loss History.
- New Home Discount.
- Auto and Home Combination Discount.
- Refrigerated Personal Property.
- Installment Payment Plan.
- Eff 12-31-10 USAA-126768268 North Carolina Department of Insurance

173. **United States Fidelity & Guaranty Company**
- Waive any additional premium of $5 or less.
- Forms 4 & 6: Personal Property Replacement Cost Coverage; 1.35 factor.
- Increase in Coverage C limits: Forms 1, 2 & 3 - $1.50 per $1000; Form 3w15 - $2.50 per $1000.
- Form 6: Form Relativity Factor .800 in lieu of .855.
- Employee Group Discount: 15%.
- Forms 2 & 3: Additional Amount of Insurance. Premium charge $5. HO 03211.
- Special Package Discount. 5% when criteria is met.
- Forms 2, 3, 3w/15 & 8: Deductible Credits.
- Multi-Policy Discount: 10% credit when both Residential & P P Auto policies purchased through USF&G Insurance.
- New Home Discount: 1 yr.-20%; 2% less credit to 9th yr.
- Deviation of HO-3 base rates by territory & policy amount: Credits vary.
- Eff. 4-15-00 PC030952 North Carolina Department of Insurance

174. **United States Fire Insurance Company**
- Forms 2, 3, & 3 w/15: New Home Credit; 0-1 yr. old - 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500-.89; $1000-.80; $2500-.67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

175. **Unitrin Auto and Home Insurance Company**
- Base rate by territory.
- Base rate by coverage Level.
- Package Deviation.
- Price Level Deviation.
- Dwelling/Contents Level.
- HE 00 07 Coverage Level.
- Age of Dwelling.
- Mature Homeowners Credit.
- Loss Record.
- Consumer Loyalty Credit.

- Personal Property (Coverage C) RC Coverage.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.
- Network Discount.
- Installment Payment Plans, Electronic Funds Transfer (EFT).
- Protective Devices.
- All Other Protective Devices.
- Eff 9-15-10 Kemp-126709787 North Carolina Department of Insurance

176. **Unitrin Safeguard Insurance Company**

- Base rate by territory.
- Base rate by coverage Level.
- Package Deviation.
- Price Level Deviation.
- Dwelling/Contents Level.
- HE 00 07 – HE 32 22 Premium Credit.
- HE 00 07 Coverage Levels.
- Age of Dwelling.
- Mature Homeowners Credit.
- Loss Record.
- Consumer Loyalty Credit.
- Personal Property (Coverage C) RC Coverage.
- Outboard Motors and Watercraft.
- Ordinance or Law Coverage.
- Network Discount.
- Installment Payment Plans, Electronic Funds Transfer (EFT).
- Protective Devices.
- All Other Protective Devices.
- Territory Definitions.
- Insured's Loss Responsibility.
- Eff 9-15-10 KEMP-126709850 North Carolina Department of Insurance

177. **Universal North American Insurance Company**

Homeowners Choice Program

- Age of Dwelling Deviation.
- Protective Device Credit.
- Loss Assessment.
- Personal Property Replacement Cost.
- Business Pursuits.
- Deductibles Windstorm and Hail Deductible.
- Section II – Other Insured Location Occupied by Insured.
- Section II – Additional Residence Rented to Others.
- GEICO Credit.
- Costco Credit.
- Coverage D-Loss of Use.

Homeowners Advantage

- Age of Construction Factors.
- Maximum Discount.
- Loss Settlement Options.
- Earthquake Loss Assessment.
- Territory Factors.
- Affinity Discount.
- Claim Free Discount.
- Financial Responsibility Score.
- Claim Rating.
- Eff 3-1-11 UNAC-127010156 North Carolina Department of Insurance

178. **Utica Mutual Insurance Company**
- Replacement Cost Contents: Increase Coverage C to 70% of Coverage A for no additional charge. 5% surcharge is to be added to total base premium.
- Mass Merchandising Plan: 15% deviation for members of Utica National Insurance Group.
- Service for Employees (W.I.S.E.) program or is a member of a company approved affinity group
- HO Extension Package: Certain criteria apply.
- Personal Lines Account Credit.
- Territorial/Company deviation.
- Protection Class deviation.
- Eff. 8-1-07 PC103505 North Carolina Department of Insurance

179. **Valiant Insurance Company**
- Personal Property Replacement Cost
- Deductible Credits.
- Personal Property Increased Limits.
- Age of dwelling discount.
- Account Credit.
- Deviation by territory.
- Base Premium discount.
- Protective Device Credit.
- Eff 7-1-98

180. **Vesta Insurance Corporation**
- Inflation Guard Coverage: Premier, Deluxe, Renters & Condos; No charge.
- Loss Assessment Coverage for Earthquake: Premier, Renters & Condos; 5% deductible applies to insured's share of each assessment. Deductible amount not less than $250 in any one assessment. $1 per $1000.
- Credit card, fund transfer card, forgery & counterfeit money coverage Premier, Deluxe & Renters; Reduced charge.
- Premium Credits for Protective Device: Premier, Deluxe, Renters & Condos: Credit varies 2%-15%.
- Increased Special Limits of Liability Premier, Deluxe, Renters & Condos: Reduced charge for certain class of property.
- Deductible Credits: Credits vary from 15% - 40%.
- Senior Citizen Discount Premier, Deluxe, Renters & Condos: 5% if at least one of the named insured is 55 yrs. or older & is not employed outside the home.
- Supporting Business Discount Premier, Deluxe, Renters & Condos: 2%.
- Base Rate Deviation by Territory; Premier & Deluxe; Variable credits.
- Coverage Amount Reactivities Deviations: Premier & Deluxe; Credits vary based on Coverage A amount.
- Loss Free Credit: Premier, Deluxe, Renters & Condos; 3 yrs. - 5%.
- Personal Property: Coverage C limit may be increased at a rate of $2 per $1000.
- Age of Home Credit: Premier & Deluxe; Credits vary 0%-20%.
- Eff. 6-1-99

181. **Vigilant Insurance Company.**
- Base premium computation forms HO 00 04 and HO 00 06.
- Base premium computation HO 00 02 and HO 00 03, HO 00 05 and HE 00 07 – by territory.
- Protective Devices maximum credit is deleted
- Deductibles - Optional Higher Deductibles.
- Deductibles – Named Storm Percentage deductible.
- Additional Amounts of Insurance discount.
- Water Back-Up and Sump Discharge or Overflow Forms HO 00 02, HO 00 03, HO 00 04, HO 00 05, HO 00 06 and HE 00 07.
- Gated Community credit.
- Valuable Articles Credit.
- Eff. 12-1-10 CHUB-126729239 North Carolina Department of Insurance

182. **West American Insurance Company**
- Water Craft Liability Rates: below NCRB for powerboats; below NCRB for sailboats.

- FamPak Credit to all Private Passenger Auto insureds that also have Homeowners policy with the Ohio Casualty Group.
- Employee Discount: to qualifying employees insured in the West American Insurance
- Eff.12-1-05 PC082801 Filing Detail

183. **Westchester Fire Insurance Company**

- Forms 1, 2, 3 & 3 w/15: Age of dwelling credit 0-1 yr. 20%; 2% less credit each added yr.
- Forms 1, 2, 3 & 3 w/15: Higher deductible credit factors; $500 - .89; $1000 - .80; $2500 - .67.
- Forms 4 & 6: Higher deductible credit factors; $500 - .83; $1000 - .67; $2500 - .54.
- Premises Alarm System: Expand table of credits for protection class 1-7 to include class 8.
- All Forms: Replacement Cost on Contents: Deletion of $20 minimum additional premium.
- Eff. 3/1/90

184. **XL Insurance America, Inc.**

- All Forms: Personal Property Replacement Cost Coverage; Minimum additional premium for coverage is deleted.
- All Forms: Protective Devices: Maximum credit allowed is deleted.
- Forms 1, 2 & 3: Replacement Cost on Contents: Charge $1 per $1000 for additional increase of Coverage C to 70% of Coverage A. Additional premium for this coverage will not apply.
- Deductibles: Deletion of minimum charges.
- Forms 1, 2, 3 & 8: Fixed dollar amount deductible factors; $500 - .91; $1000 - .83; $2500 - .75.
- Forms 4 & 6: Fixed dollar amount deductible factors; $500 - .90; $1000 .77; $2500 - .63.
- Eff. 4-1-95

Deviations (a)

Year	Written Premium Of Companies W/Deviations (b)	Percentage Of Written Premiums Of Companies W/Deviations To Total Written Premiums (c)	Amount Of Deviations	Average Percentage Of Deviation For Deviating Companies	Average Percentage Of Deviations For All Companies
2005	1,389,627,903	92.09%	190,011,640	13.67%	12.59%
2006	1,511,599,151	92.17%	231,068,996	15.29%	14.09%
2007	1,716,087,282	93.39%	321,035,138	18.71%	17.47%
2008	1,764,769,408	92.23%	337,158,807	19.10%	17.62%
2009	1,739,826,217	88.80%	303,070,594	17.42%	15.47%

Source: NCRB Special Call - Homeowners Expense Experience

Notes:

(a) The Beach and Fair plans do not report the NCRB Special Call for Homeowners Expense Experience and are therefore not included in this report.

(b) Estimated premium written at deviated rates is not available. This column reflects the total written premium of companies that report writing some premium at deviated rates.

(c) The estimated percentage of statewide premium written at deviated rates is not available. This column reflects the ratio of total written premium of companies that report some premium at deviated rates to statewide premium.

Companies Paying Homeowners Insurance Dividends

2005
Affiliated FM Ins Co.
Amica Mutual Ins Co
Metropolitan Property & Casualty
United Services Automobile Assoc.

2006
Affiliated FM Ins Co.
Amica Mutual Ins Co
Metropolitan Property & Casualty
United Services Automobile Assoc.

2007
Affiliated FM Ins. Co.
Amica Mutual Ins Co
Metropolitan Property & Casualty
United Services Automobile Assoc.

2008
Affiliated FM Ins. Co.
Amica Mutual Ins Co
Metropolitan Property & Casualty
United Services Automobile Assoc.

2009
Affiliated FM Ins. Co.
Amica Mutual Ins Co
Metropolitan Property & Casualty
United Services Automobile Assoc.

EXHIBIT (1) (h) (ii-vi)

Dividends

Year	Written Premium Of Companies W/Dividends	Percentage Of Written Premiums Of Companies W/Dividends To Total Written Premiums	Dividends	Percentage Of Dividends of Companies w/Dividends	Overall Percentage of Dividends
2005	68,555,896	4.83%	5,648,108	8.24%	0.40%
2006	75,397,400	4.98%	6,396,422	8.48%	0.42%
2007	80,828,554	4.97%	7,321,579	9.06%	0.45%
2008	79,838,844	4.68%	4,079,311	5.11%	0.24%
2009	87,223,204	4.87%	6,257,097	7.17%	0.35%

Source: Annual Statements, Statutory Page 14

NORTH CAROLINA
HOMEOWNERS INSURANCE

The data required by 11 NCAC 10.1105(1)(i)(i,ii) were not being collected or reported in the experience period. The response to 11 NCAC 10.1105(1), page E-4, provides incurred loss and loss adjustment expense information for property and liability losses. The response to 11 NCAC 10.1105(1)(l) provides non-hurricane incurred loss data by cause-of-loss. Additional information concerning loss development is provided in the response to 11 NCAC 10.1105(3). Additional information concerning loss adjustment expenses is provided in the response to 11 NCAC 10.1105(7). Additional information concerning loss trend is provided in Section D and in the prefiled testimony of R. Curry and S. Thomas.

(iii) to (vi)

YEAR	APPLIED LOSS DEVELOPMENT FACTOR	LOSS ADJUSTMENT EXPENSE PERCENTAGE
2005	1.000	13.2%
2006	0.999	12.8%
2007	0.999	11.5%
2008	1.001	13.1%
2009	1.020	12.4%

YEAR	APPLIED LOSS TREND FACTOR OWNERS' FORMS	APPLIED LOSS TREND FACTOR TENANT FORM	APPLIED LOSS TREND FACTOR CONDO UNIT FORM
2005	1.322	1.128	1.128
2006	1.257	1.125	1.125
2007	1.223	1.124	1.124
2008	1.200	1.120	1.120
2009	1.184	1.113	1.113

YEAR	TRENDED INCURRED LOSSES AND LAE OWNERS' FORMS	TRENDED INCURRED LOSSES AND LAE TENANT FORM	TRENDED INCURRED LOSSES AND LAE CONDO UNIT FORM
2005	$1,056,737,925	$12,128,367	$8,015,300
2006	1,117,758,516	13,538,839	9,760,593
2007	1,255,628,458	17,388,553	10,981,399
2008	1,374,551,514	21,740,937	12,544,537
2009	1,503,011,152	25,515,714	15,414,803

(vii) This information is given in the response to 11 NCAC 10.1105(1), page E-5.

See prefiled testimony of R. Curry, S. Thomas and D. LaLonde.

NORTH CAROLINA
HOMEOWNERS INSURANCE

CAUSE OF LOSS DATA

Non-hurricane loss experience by cause of loss is provided on the attached Exhibit (1)(l).

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	7	Fire, Lightning and Removal	2005	1,468,355	70	20,977	186.67	0.89
			2006	413,582	72	5,744	49.48	0.86
			2007	3,414,554	52	65,665	396.81	0.60
			2008	575,276	55	10,460	63.23	0.60
			2009	804,562	40	20,114	94.92	0.47
		Wind and Hail	2005	390,784	128	3,053	49.68	1.63
			2006	424,994	128	3,320	50.85	1.53
			2007	107,979	42	2,571	12.55	0.49
			2008	291,323	85	3,427	32.02	0.93
			2009	742,098	143	5,189	87.55	1.69
		Water Damage and Freezing	2005	886,628	107	8,286	112.72	1.36
			2006	496,055	84	5,905	59.35	1.01
			2007	778,820	109	7,145	90.51	1.27
			2008	856,413	93	9,209	94.13	1.02
			2009	1,076,280	106	10,154	126.98	1.25
		Theft	2005	44,493	25	1,780	5.66	0.32
			2006	51,042	23	2,219	6.11	0.28
			2007	54,047	25	2,162	6.28	0.29
			2008	93,203	40	2,330	10.24	0.44
			2009	26,595	15	1,773	3.14	0.18
		Other Physical Damage	2005	58,402	23	2,539	7.42	0.29
			2006	192,092	41	4,685	22.98	0.49
			2007	85,742	33	2,598	9.96	0.38
			2008	89,940	37	2,431	9.89	0.41
			2009	201,248	32	6,289	23.74	0.38
		Liability	2005	233,674	5	46,735	29.71	0.06
			2006	20,973	4	5,243	2.51	0.05
			2007	62,975	6	10,496	7.32	0.07
			2008	13,198	6	2,200	1.45	0.07
			2009	44,054	3	14,685	5.20	0.04
		Medical Payments	2005	12,062	5	2,412	1.53	0.06
			2006	886	2	443	0.11	0.02
			2007	5,946	3	1,982	0.69	0.03
			2008	5,999	5	1,200	0.66	0.05
			2009	9,598	5	1,920	1.13	0.06
		Total	2005	3,094,399	363	8,525	393.39	4.61
			2006	1,599,624	353	4,532	191.39	4.22
			2007	4,510,064	271	16,642	524.12	3.15
			2008	1,925,352	321	5,998	211.62	3.53
			2009	2,904,434	344	8,443	342.67	4.06

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	8	Fire, Lightning and Removal	2005	847,133	62	13,663	83.04	0.61
			2006	2,718,867	100	27,189	250.73	0.92
			2007	1,378,128	53	26,002	125.10	0.48
			2008	3,292,217	180	18,290	215.15	1.18
			2009	1,896,911	64	29,639	121.52	0.41
		Wind and Hail	2005	421,686	106	3,978	41.34	1.04
			2006	226,265	22	10,285	20.87	0.20
			2007	157,727	36	4,381	14.32	0.33
			2008	3,385,395	445	7,608	221.24	2.91
			2009	195,435	41	4,767	12.52	0.26
		Water Damage and Freezing	2005	598,963	93	6,440	58.72	0.91
			2006	935,857	103	9,086	86.30	0.95
			2007	883,652	112	7,890	80.22	1.02
			2008	1,451,987	174	8,345	94.89	1.14
			2009	1,011,085	109	9,276	64.77	0.70
		Theft	2005	40,633	25	1,625	3.98	0.25
			2006	67,249	34	1,978	6.20	0.31
			2007	68,051	33	2,062	6.18	0.30
			2008	312,803	105	2,979	20.44	0.69
			2009	197,590	37	5,340	12.66	0.24
		Other Physical Damage	2005	97,826	27	3,623	9.59	0.26
			2006	294,459	29	10,154	27.15	0.27
			2007	165,551	37	4,474	15.03	0.34
			2008	259,041	57	4,545	16.93	0.37
			2009	139,511	28	4,983	8.94	0.18
		Liability	2005	234,535	5	46,907	22.99	0.05
			2006	57,870	8	7,234	5.34	0.07
			2007	404,650	10	40,465	36.73	0.09
			2008	263,051	26	10,117	17.19	0.17
			2009	23,309	8	2,914	1.49	0.05
		Medical Payments	2005	9,053	5	1,811	0.89	0.05
			2006	2,789	5	558	0.26	0.05
			2007	12,394	10	1,239	1.13	0.09
			2008	4,018	4	1,005	0.26	0.03
			2009	1,512	1	1,512	0.10	0.01
		Total	2005	2,249,829	322	6,987	220.55	3.16
			2006	4,303,355	301	14,297	396.84	2.78
			2007	3,070,153	291	10,550	278.70	2.64
			2008	8,968,512	990	9,059	586.10	6.47
			2009	3,465,353	288	12,032	222.00	1.84

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	32	Fire, Lightning and Removal	2005	9,604,843	775	12,393	96.71	0.78
			2006	9,616,052	735	13,083	91.22	0.70
			2007	10,469,397	827	12,659	95.48	0.75
			2008	8,623,448	665	12,968	76.92	0.59
			2009	10,672,090	579	18,432	97.73	0.53
		Wind and Hail	2005	839,449	285	2,945	8.45	0.29
			2006	2,525,915	842	3,000	23.96	0.80
			2007	3,235,374	896	3,611	29.51	0.82
			2008	3,681,128	1,121	3,284	32.83	1.00
			2009	3,523,705	958	3,678	32.27	0.88
		Water Damage and Freezing	2005	7,581,269	1,519	4,991	76.33	1.53
			2006	8,410,236	1,619	5,195	79.79	1.54
			2007	11,244,314	1,775	6,335	102.55	1.62
			2008	14,141,641	2,021	6,997	126.14	1.80
			2009	18,029,162	2,272	7,935	165.10	2.08
		Theft	2005	1,884,188	731	2,578	18.97	0.74
			2006	1,998,244	898	2,225	18.96	0.85
			2007	2,274,083	1,021	2,227	20.74	0.93
			2008	2,921,345	1,204	2,426	26.06	1.07
			2009	3,535,163	1,536	2,302	32.37	1.41
		Other Physical Damage	2005	1,400,693	504	2,779	14.10	0.51
			2006	1,997,580	636	3,141	18.95	0.60
			2007	2,053,314	627	3,275	18.73	0.57
			2008	2,555,834	688	3,715	22.80	0.61
			2009	2,289,685	738	3,103	20.97	0.68
		Liability	2005	570,886	75	7,612	5.75	0.08
			2006	1,162,850	103	11,290	11.03	0.10
			2007	712,847	115	6,199	6.50	0.10
			2008	888,467	150	5,923	7.92	0.13
			2009	602,359	147	4,098	5.52	0.13
		Credit Card	2005	485	1	485	0.00	0.00
			2006	250	1	250	0.00	0.00
		Medical Payments	2005	48,367	38	1,273	0.49	0.04
			2006	56,960	34	1,675	0.54	0.03
			2007	40,497	31	1,306	0.37	0.03
			2008	32,593	25	1,304	0.29	0.02
			2009	27,320	22	1,242	0.25	0.02
		Total	2005	21,930,180	3,927	5,584	220.81	3.95
			2006	25,768,086	4,866	5,296	244.45	4.62
			2007	30,029,827	5,291	5,676	273.88	4.83
			2008	32,844,454	5,875	5,591	292.96	5.24
			2009	38,679,485	6,252	6,187	354.19	5.73

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	34	Fire, Lightning and Removal	2005	8,333,888	769	10,837	161.95	1.49
			2006	8,813,663	920	9,580	162.51	1.70
			2007	7,411,195	543	13,649	131.21	0.96
			2008	10,382,925	803	12,930	181.07	1.40
			2009	8,683,740	624	13,916	155.23	1.12
		Wind and Hail	2005	1,148,867	603	1,905	22.33	1.17
			2006	1,648,173	581	2,837	30.39	1.07
			2007	802,701	395	2,032	14.21	0.70
			2008	5,097,842	1,477	3,451	88.90	2.58
			2009	3,485,011	794	4,389	62.30	1.42
		Water Damage and Freezing	2005	2,660,604	638	4,170	51.70	1.24
			2006	3,367,383	679	4,959	62.09	1.25
			2007	3,911,274	743	5,264	69.25	1.32
			2008	4,456,226	850	5,243	77.71	1.48
			2009	6,140,387	924	6,645	109.77	1.65
		Theft	2005	1,528,701	709	2,156	29.71	1.38
			2006	1,834,696	736	2,493	33.83	1.36
			2007	2,180,431	872	2,500	38.60	1.54
			2008	2,427,092	998	2,432	42.33	1.74
			2009	2,969,544	1,087	2,732	53.08	1.94
		Other Physical Damage	2005	776,748	325	2,390	15.09	0.63
			2006	954,303	393	2,428	17.60	0.72
			2007	1,214,545	416	2,920	21.50	0.74
			2008	1,773,252	577	3,073	30.92	1.01
			2009	1,405,148	485	2,897	25.12	0.87
		Liability	2005	332,951	40	8,324	6.47	0.08
			2006	815,389	41	19,888	15.03	0.08
			2007	330,521	79	4,184	5.85	0.14
			2008	805,925	107	7,532	14.05	0.19
			2009	310,668	96	3,236	5.55	0.17
		Credit Card	2006	435	1	435	0.01	0.00
			2008	293	1	293	0.01	0.00
			2009	1,005	1	1,005	0.02	0.00
		Medical Payments	2005	17,100	14	1,221	0.33	0.03
			2006	11,944	12	995	0.22	0.02
			2007	19,506	18	1,084	0.35	0.03
			2008	26,894	24	1,121	0.47	0.04
			2009	18,312	15	1,221	0.33	0.03
		Total	2005	14,798,858	3,097	4,778	287.59	6.02
			2006	17,445,985	3,363	5,188	321.67	6.20
			2007	15,870,173	3,066	5,176	280.98	5.43
			2008	24,970,449	4,836	5,163	435.46	8.43
			2009	23,013,815	4,026	5,716	411.40	7.20

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	36	Fire, Lightning and Removal	2005	8,168,122	682	11,977	94.05	0.79
			2006	8,124,747	1,040	7,812	89.49	1.15
			2007	9,912,810	698	14,202	104.55	0.74
			2008	9,759,399	736	13,260	101.37	0.76
			2009	11,870,693	568	20,899	139.58	0.67
		Wind and Hail	2005	1,685,713	559	3,016	19.41	0.64
			2006	4,051,180	1,349	3,003	44.62	1.49
			2007	3,900,559	1,240	3,146	41.14	1.31
			2008	44,435,882	7,579	5,863	461.53	7.87
			2009	9,868,688	2,117	4,662	116.04	2.49
		Water Damage and Freezing	2005	6,562,694	1,366	4,804	75.56	1.57
			2006	5,856,656	1,450	4,039	64.51	1.60
			2007	7,610,181	1,465	5,195	80.26	1.55
			2008	8,574,364	1,625	5,277	89.06	1.69
			2009	9,965,649	1,695	5,879	117.18	1.99
		Theft	2005	1,962,942	953	2,060	22.60	1.10
			2006	2,393,686	1,121	2,135	26.36	1.23
			2007	3,041,397	1,304	2,332	32.08	1.38
			2008	4,133,731	1,664	2,484	42.93	1.73
			2009	3,359,434	1,509	2,226	39.50	1.77
		Other Physical Damage	2005	1,530,507	629	2,433	17.62	0.72
			2006	1,558,536	616	2,530	17.17	0.68
			2007	1,861,234	666	2,795	19.63	0.70
			2008	2,083,518	704	2,960	21.64	0.73
			2009	1,976,562	640	3,088	23.24	0.75
		Liability	2005	251,354	78	3,222	2.89	0.09
			2006	421,970	94	4,489	4.65	0.10
			2007	971,999	145	6,703	10.25	0.15
			2008	1,238,041	184	6,728	12.86	0.19
			2009	1,044,058	178	5,865	12.28	0.21
		Credit Card	2008	571	1	571	0.01	0.00
		Medical Payments	2005	49,167	37	1,329	0.57	0.04
			2006	45,393	41	1,107	0.50	0.05
			2007	37,634	30	1,254	0.40	0.03
			2008	33,815	28	1,208	0.35	0.03
			2009	50,539	40	1,263	0.59	0.05
		Total	2005	20,210,499	4,304	4,696	232.70	4.96
			2006	22,452,166	5,710	3,932	247.29	6.29
			2007	27,335,815	5,548	4,927	288.30	5.85
			2008	70,259,320	12,519	5,612	729.75	13.00
			2009	38,135,623	6,747	5,652	448.43	7.93

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	38	Fire, Lightning and Removal	2005	10,340,103	1,031	10,029	90.34	0.90
			2006	14,575,991	1,261	11,559	120.52	1.04
			2007	15,992,451	1,058	15,116	126.35	0.84
			2008	12,756,492	1,039	12,278	99.42	0.81
			2009	8,370,977	860	9,734	64.04	0.66
		Wind and Hail	2005	2,249,993	940	2,394	19.66	0.82
			2006	3,199,680	1,222	2,618	26.46	1.01
			2007	4,769,471	1,201	3,971	37.68	0.95
			2008	15,081,915	3,118	4,837	117.54	2.43
			2009	39,318,763	7,540	5,215	300.80	5.77
		Water Damage and Freezing	2005	8,172,948	1,937	4,219	71.41	1.69
			2006	8,967,392	1,940	4,622	74.14	1.60
			2007	10,337,876	2,057	5,026	81.68	1.63
			2008	13,353,350	2,304	5,796	104.07	1.80
			2009	18,295,458	2,957	6,187	139.96	2.26
		Theft	2005	4,743,310	1,871	2,535	41.44	1.63
			2006	6,117,125	2,389	2,561	50.58	1.98
			2007	6,369,305	2,456	2,593	50.32	1.94
			2008	7,700,673	2,800	2,750	60.02	2.18
			2009	6,305,117	2,406	2,621	48.24	1.84
		Other Physical Damage	2005	2,218,980	836	2,654	19.39	0.73
			2006	2,863,491	963	2,974	23.68	0.80
			2007	2,601,562	926	2,809	20.55	0.73
			2008	3,156,805	987	3,198	24.60	0.77
			2009	3,268,414	1,016	3,217	25.00	0.78
		Liability	2005	1,009,197	110	9,175	8.82	0.10
			2006	1,417,789	142	9,984	11.72	0.12
			2007	1,039,095	191	5,440	8.21	0.15
			2008	1,381,705	302	4,575	10.77	0.24
			2009	1,621,443	319	5,083	12.40	0.24
		Credit Card	2006	733	1	733	0.01	0.00
			2007	999	1	999	0.01	0.00
			2008	443	1	443	0.00	0.00
			2009	510	1	510	0.00	0.00
		Medical Payments	2005	56,119	47	1,194	0.49	0.04
			2006	60,234	48	1,255	0.50	0.04
			2007	58,242	50	1,165	0.46	0.04
			2008	62,667	47	1,333	0.49	0.04
			2009	55,876	45	1,242	0.43	0.03
		Total	2005	28,790,650	6,773	4,251	251.54	5.92
			2006	37,202,434	7,965	4,671	307.60	6.59
			2007	41,169,001	7,938	5,186	325.27	6.27
			2008	53,494,051	10,596	5,049	416.91	8.26
			2009	77,236,558	15,143	5,100	590.88	11.58

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	39	Fire, Lightning and Removal	2005	12,616,387	1,332	9,472	96.55	1.02
			2006	14,609,976	1,669	8,754	110.01	1.26
			2007	15,887,058	1,431	11,102	116.61	1.05
			2008	22,257,614	1,425	15,619	155.38	0.99
			2009	20,423,525	1,211	16,865	139.23	0.83
		Wind and Hail	2005	2,912,542	1,203	2,421	22.29	0.92
			2006	7,744,473	2,119	3,655	58.31	1.60
			2007	6,582,593	1,720	3,827	48.31	1.26
			2008	26,331,394	4,496	5,857	183.82	3.14
			2009	35,367,248	6,265	5,645	241.10	4.27
		Water Damage and Freezing	2005	8,096,587	1,840	4,400	61.96	1.41
			2006	9,327,029	1,989	4,689	70.23	1.50
			2007	11,282,876	2,078	5,430	82.81	1.53
			2008	14,851,005	2,474	6,003	103.67	1.73
			2009	19,323,720	2,984	6,476	131.73	2.03
		Theft	2005	2,827,031	1,183	2,390	21.63	0.91
			2006	3,437,038	1,384	2,483	25.88	1.04
			2007	3,486,894	1,505	2,317	25.59	1.10
			2008	4,208,093	1,659	2,537	29.38	1.16
			2009	3,701,494	1,437	2,576	25.23	0.98
		Other Physical Damage	2005	2,044,654	788	2,595	15.65	0.60
			2006	2,141,530	832	2,574	16.13	0.63
			2007	2,179,252	795	2,741	16.00	0.58
			2008	2,809,639	903	3,111	19.61	0.63
			2009	3,331,506	976	3,413	22.71	0.67
		Liability	2005	1,397,881	137	10,204	10.70	0.10
			2006	1,398,307	155	9,021	10.53	0.12
			2007	1,878,994	209	8,990	13.79	0.15
			2008	1,687,552	275	6,137	11.78	0.19
			2009	1,444,382	250	5,778	9.85	0.17
		Credit Card	2005	500	1	500	0.00	0.00
			2006	1,385	3	462	0.01	0.00
			2007	999	1	999	0.01	0.00
			2009	1,914	2	957	0.01	0.00
		Medical Payments	2005	69,380	61	1,137	0.53	0.05
			2006	73,864	66	1,119	0.56	0.05
			2007	83,362	66	1,263	0.61	0.05
			2008	82,468	63	1,309	0.58	0.04
			2009	82,274	60	1,371	0.56	0.04
		Total	2005	29,964,963	6,544	4,579	229.31	5.01
			2006	38,733,601	8,217	4,714	291.66	6.19
			2007	41,382,028	7,803	5,303	303.73	5.73
			2008	72,227,765	11,295	6,395	504.21	7.88
			2009	83,676,063	13,185	6,346	570.43	8.99

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	41	Fire, Lightning and Removal	2005	5,151,567	328	15,706	222.59	1.42
			2006	7,910,538	520	15,213	329.87	2.17
			2007	8,146,124	404	20,164	334.58	1.66
			2008	9,616,812	493	19,507	397.39	2.04
			2009	6,777,958	357	18,986	271.63	1.43
		Wind and Hail	2005	1,134,952	449	2,528	49.04	1.94
			2006	1,745,332	393	4,441	72.78	1.64
			2007	590,935	256	2,308	24.27	1.05
			2008	2,316,074	645	3,591	95.71	2.67
			2009	2,215,855	395	5,610	88.80	1.58
		Water Damage and Freezing	2005	1,043,006	226	4,615	45.07	0.98
			2006	800,579	221	3,623	33.38	0.92
			2007	1,146,498	210	5,460	47.09	0.86
			2008	1,057,383	194	5,450	43.69	0.80
			2009	1,129,683	233	4,848	45.27	0.93
		Theft	2005	674,310	299	2,255	29.14	1.29
			2006	743,470	306	2,430	31.00	1.28
			2007	761,270	310	2,456	31.27	1.27
			2008	801,358	339	2,364	33.11	1.40
			2009	1,248,024	481	2,595	50.01	1.93
		Other Physical Damage	2005	283,958	106	2,679	12.27	0.46
			2006	418,496	127	3,295	17.45	0.53
			2007	384,141	132	2,910	15.78	0.54
			2008	431,841	158	2,733	17.84	0.65
			2009	324,003	115	2,817	12.98	0.46
		Liability	2005	469,345	26	18,052	20.28	0.11
			2006	129,855	23	5,646	5.41	0.10
			2007	287,688	27	10,655	11.82	0.11
			2008	189,282	32	5,915	7.82	0.13
			2009	269,801	33	8,176	10.81	0.13
		Medical Payments	2005	39,971	28	1,428	1.73	0.12
			2006	19,845	19	1,044	0.83	0.08
			2007	19,572	16	1,223	0.80	0.07
			2008	27,102	16	1,694	1.12	0.07
			2009	41,010	28	1,465	1.64	0.11
		Total	2005	8,797,110	1,461	6,021	380.10	6.31
			2006	11,768,114	1,609	7,314	490.73	6.71
			2007	11,336,228	1,355	8,366	465.61	5.57
			2008	14,439,852	1,877	7,693	596.69	7.76
			2009	12,006,335	1,643	7,308	481.16	6.58

North Carolina Homeowners Exhibit (1)(l)

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	44	Fire, Lightning and Removal	2005	2,537,906	275	9,229	168.98	1.83
			2006	1,817,930	255	7,129	119.90	1.68
			2007	4,744,410	217	21,864	312.23	1.43
			2008	3,454,957	241	14,336	227.46	1.59
			2009	2,907,842	273	10,651	193.46	1.82
		Wind and Hail	2005	797,425	344	2,318	53.09	2.29
			2006	938,150	316	2,969	61.88	2.08
			2007	422,486	171	2,471	27.80	1.13
			2008	1,531,646	460	3,330	100.84	3.03
			2009	1,268,213	331	3,831	84.37	2.20
		Water Damage and Freezing	2005	491,461	162	3,034	32.72	1.08
			2006	923,299	199	4,640	60.90	1.31
			2007	691,682	169	4,093	45.52	1.11
			2008	1,052,100	193	5,451	69.27	1.27
			2009	1,861,921	190	9,800	123.87	1.26
		Theft	2005	217,103	114	1,904	14.46	0.76
			2006	301,920	151	1,999	19.91	1.00
			2007	175,188	98	1,788	11.53	0.64
			2008	459,750	177	2,597	30.27	1.17
			2009	529,545	215	2,463	35.23	1.43
		Other Physical Damage	2005	290,485	91	3,192	19.34	0.61
			2006	206,290	72	2,865	13.61	0.47
			2007	353,528	103	3,432	23.27	0.68
			2008	249,559	88	2,836	16.43	0.58
			2009	342,559	105	3,262	22.79	0.70
		Liability	2005	10,801	6	1,800	0.72	0.04
			2006	83,333	22	3,788	5.50	0.15
			2007	33,625	19	1,770	2.21	0.13
			2008	32,640	28	1,166	2.15	0.18
			2009	169,103	35	4,832	11.25	0.23
		Medical Payments	2005	9,589	10	959	0.64	0.07
			2006	12,049	13	927	0.79	0.09
			2007	16,491	13	1,269	1.09	0.09
			2008	10,516	10	1,052	0.69	0.07
			2009	16,306	11	1,482	1.08	0.07
		Total	2005	4,354,770	1,002	4,346	289.95	6.67
			2006	4,282,971	1,030	4,158	282.48	6.79
			2007	6,437,411	790	8,149	423.65	5.20
			2008	6,791,167	1,198	5,669	447.11	7.89
			2009	7,095,489	1,160	6,117	472.06	7.72

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	45	Fire, Lightning and Removal	2005	13,388,719	1,034	12,948	172.24	1.33
			2006	11,386,553	1,197	9,513	141.68	1.49
			2007	15,014,486	1,056	14,218	181.41	1.28
			2008	14,696,184	1,022	14,380	173.75	1.21
			2009	12,994,547	937	13,868	153.57	1.11
		Wind and Hail	2005	5,257,422	2,051	2,563	67.63	2.64
			2006	3,645,356	1,331	2,739	45.36	1.66
			2007	4,465,202	1,360	3,283	53.95	1.64
			2008	8,942,677	2,506	3,569	105.73	2.96
			2009	8,161,514	1,974	4,135	96.45	2.33
		Water Damage and Freezing	2005	3,835,791	990	3,875	49.35	1.27
			2006	3,266,686	959	3,406	40.65	1.19
			2007	3,528,270	980	3,600	42.63	1.18
			2008	4,287,498	1,064	4,030	50.69	1.26
			2009	6,658,345	1,360	4,896	78.69	1.61
		Theft	2005	1,264,795	626	2,020	16.27	0.81
			2006	1,478,625	651	2,271	18.40	0.81
			2007	1,746,990	761	2,296	21.11	0.92
			2008	2,192,297	914	2,399	25.92	1.08
			2009	2,437,087	1,047	2,328	28.80	1.24
		Other Physical Damage	2005	1,195,679	464	2,577	15.38	0.60
			2006	1,050,979	498	2,110	13.08	0.62
			2007	1,695,640	498	3,405	20.49	0.60
			2008	1,358,522	535	2,539	16.06	0.63
			2009	1,819,700	669	2,720	21.51	0.79
		Liability	2005	977,112	117	8,351	12.57	0.15
			2006	1,096,455	94	11,664	13.64	0.12
			2007	1,127,559	130	8,674	13.62	0.16
			2008	777,502	160	4,859	9.19	0.19
			2009	827,734	156	5,306	9.78	0.18
		Credit Card	2006	-285	1	-285	0.00	0.00
			2008	220	1	220	0.00	0.00
			2009	1,020	1	1,020	0.01	0.00
		Medical Payments	2005	99,913	71	1,407	1.29	0.09
			2006	68,733	59	1,165	0.86	0.07
			2007	129,677	75	1,729	1.57	0.09
			2008	87,638	68	1,289	1.04	0.08
			2009	77,217	53	1,457	0.91	0.06
		Total	2005	26,019,431	5,354	4,860	334.73	6.89
			2006	21,993,103	4,789	4,592	273.66	5.96
			2007	27,707,824	4,860	5,701	334.77	5.87
			2008	32,342,537	6,268	5,160	382.37	7.41
			2009	32,977,164	6,196	5,322	389.72	7.32

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	46	Fire, Lightning and Removal	2005	3,772,588	314	12,015	137.17	1.14
			2006	5,319,489	534	9,962	187.75	1.88
			2007	5,666,337	343	16,520	195.72	1.18
			2008	5,287,933	357	14,812	179.81	1.21
			2009	5,336,100	333	16,024	177.61	1.11
		Wind and Hail	2005	291,031	181	1,608	10.58	0.66
			2006	949,151	328	2,894	33.50	1.16
			2007	1,515,420	509	2,977	52.34	1.76
			2008	2,540,795	826	3,076	86.40	2.81
			2009	1,917,020	509	3,766	63.81	1.69
		Water Damage and Freezing	2005	983,418	284	3,463	35.76	1.03
			2006	1,042,208	261	3,993	36.78	0.92
			2007	1,109,438	274	4,049	38.32	0.95
			2008	1,696,756	314	5,404	57.70	1.07
			2009	1,981,578	354	5,598	65.96	1.18
		Theft	2005	530,278	264	2,009	19.28	0.96
			2006	516,743	256	2,019	18.24	0.90
			2007	690,798	288	2,399	23.86	0.99
			2008	795,555	312	2,550	27.05	1.06
			2009	870,198	357	2,438	28.96	1.19
		Other Physical Damage	2005	446,966	157	2,847	16.25	0.57
			2006	336,005	147	2,286	11.86	0.52
			2007	385,229	132	2,918	13.31	0.46
			2008	523,076	164	3,189	17.79	0.56
			2009	1,141,372	191	5,976	37.99	0.64
		Liability	2005	143,745	27	5,324	5.23	0.10
			2006	276,437	46	6,010	9.76	0.16
			2007	387,430	55	7,044	13.38	0.19
			2008	412,415	59	6,990	14.02	0.20
			2009	473,090	62	7,630	15.75	0.21
		Credit Card	2007	500	1	500	0.02	0.00
		Medical Payments	2005	21,883	19	1,152	0.80	0.07
			2006	23,426	21	1,116	0.83	0.07
			2007	42,074	24	1,753	1.45	0.08
			2008	40,280	20	2,014	1.37	0.07
			2009	38,194	24	1,591	1.27	0.08
		Total	2005	6,189,909	1,246	4,968	225.06	4.53
			2006	8,463,459	1,592	5,316	298.71	5.62
			2007	9,797,226	1,625	6,029	338.41	5.61
			2008	11,296,810	2,051	5,508	384.13	6.97
			2009	11,757,553	1,831	6,421	391.34	6.09

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	47	Fire, Lightning and Removal	2005	19,191,783	2,027	9,468	135.69	1.43
			2006	23,701,114	2,442	9,706	159.78	1.65
			2007	23,318,269	1,868	12,483	151.16	1.21
			2008	25,720,214	2,164	11,885	161.71	1.36
			2009	28,063,512	1,944	14,436	175.56	1.22
		Wind and Hail	2005	3,445,863	1,302	2,647	24.36	0.92
			2006	6,999,273	2,232	3,136	47.18	1.50
			2007	3,827,783	1,319	2,902	24.81	0.86
			2008	16,060,138	4,032	3,983	100.97	2.54
			2009	12,224,109	2,471	4,947	76.47	1.55
		Water Damage and Freezing	2005	6,557,861	1,575	4,164	46.36	1.11
			2006	7,092,618	1,710	4,148	47.81	1.15
			2007	8,937,806	1,743	5,128	57.94	1.13
			2008	11,221,642	1,815	6,183	70.55	1.14
			2009	13,339,412	2,155	6,190	83.45	1.35
		Theft	2005	2,646,014	1,110	2,384	18.71	0.78
			2006	3,181,987	1,321	2,409	21.45	0.89
			2007	3,257,373	1,325	2,458	21.12	0.86
			2008	5,241,784	1,950	2,688	32.96	1.23
			2009	4,887,710	1,915	2,552	30.58	1.20
		Other Physical Damage	2005	2,159,294	775	2,786	15.27	0.55
			2006	2,462,973	877	2,808	16.60	0.59
			2007	2,315,804	821	2,821	15.01	0.53
			2008	2,849,189	1,003	2,841	17.91	0.63
			2009	3,287,528	969	3,393	20.57	0.61
		Liability	2005	1,125,223	197	5,712	7.96	0.14
			2006	2,771,597	204	13,586	18.68	0.14
			2007	3,059,063	188	16,272	19.83	0.12
			2008	1,396,422	278	5,023	8.78	0.17
			2009	1,574,247	281	5,602	9.85	0.18
		Credit Card	2005	375	1	375	0.00	0.00
			2006	529	2	265	0.00	0.00
			2009	1,020	1	1,020	0.01	0.00
		Medical Payments	2005	104,414	94	1,111	0.74	0.07
			2006	108,113	103	1,050	0.73	0.07
			2007	100,518	82	1,226	0.65	0.05
			2008	90,351	85	1,063	0.57	0.05
			2009	129,135	94	1,374	0.81	0.06
		Total	2005	35,230,828	7,080	4,976	249.08	5.01
			2006	46,318,205	8,891	5,210	312.24	5.99
			2007	44,816,617	7,346	6,101	290.53	4.76
			2008	62,579,739	11,327	5,525	393.45	7.12
			2009	63,506,673	9,829	6,461	397.29	6.15

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	48	Fire, Lightning and Removal	2005	1,136,758	108	10,526	113.09	1.07
			2006	1,485,211	143	10,386	137.04	1.32
			2007	2,050,477	117	17,525	183.23	1.05
			2008	2,192,526	113	19,403	195.13	1.01
			2009	2,066,216	137	15,082	173.25	1.15
		Wind and Hail	2005	609,878	171	3,567	60.67	1.70
			2006	408,498	108	3,782	37.69	1.00
			2007	151,423	41	3,693	13.53	0.37
			2008	411,925	79	5,214	36.66	0.70
			2009	559,040	111	5,036	46.88	0.93
		Water Damage and Freezing	2005	595,795	116	5,136	59.27	1.15
			2006	741,004	124	5,976	68.37	1.14
			2007	725,166	119	6,094	64.80	1.06
			2008	901,594	131	6,882	80.24	1.17
			2009	1,081,360	163	6,634	90.67	1.37
		Theft	2005	118,742	41	2,896	11.81	0.41
			2006	93,397	40	2,335	8.62	0.37
			2007	95,236	43	2,215	8.51	0.38
			2008	121,427	56	2,168	10.81	0.50
			2009	199,096	63	3,160	16.69	0.53
		Other Physical Damage	2005	166,685	52	3,205	16.58	0.52
			2006	193,198	51	3,788	17.83	0.47
			2007	136,074	51	2,668	12.16	0.46
			2008	150,603	52	2,896	13.40	0.46
			2009	149,798	51	2,937	12.56	0.43
		Liability	2005	73,766	10	7,377	7.34	0.10
			2006	81,920	10	8,192	7.56	0.09
			2007	96,213	10	9,621	8.60	0.09
			2008	180,590	12	15,049	16.07	0.11
			2009	69,772	13	5,367	5.85	0.11
		Medical Payments	2005	7,347	6	1,225	0.73	0.06
			2006	8,067	5	1,613	0.74	0.05
			2007	8,138	6	1,356	0.73	0.05
			2008	10,259	6	1,710	0.91	0.05
			2009	9,212	6	1,535	0.77	0.05
		Total	2005	2,708,971	504	5,375	269.50	5.01
			2006	3,011,294	482	6,247	277.85	4.45
			2007	3,262,726	387	8,431	291.55	3.46
			2008	3,968,923	450	8,820	353.23	4.00
			2009	4,134,495	544	7,600	346.68	4.56

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	49	Fire, Lightning and Removal	2005	4,888,059	483	10,120	113.07	1.12
			2006	6,386,400	634	10,073	137.02	1.36
			2007	8,817,051	531	16,605	183.20	1.10
			2008	9,427,861	507	18,595	195.11	1.05
			2009	8,378,196	553	15,150	166.79	1.10
		Wind and Hail	2005	2,622,466	938	2,796	60.66	2.17
			2006	1,756,573	609	2,884	37.69	1.31
			2007	651,133	260	2,504	13.53	0.54
			2008	1,771,329	567	3,124	36.66	1.17
			2009	2,165,880	657	3,297	43.12	1.31
		Water Damage and Freezing	2005	2,561,925	518	4,946	59.26	1.20
			2006	3,186,324	556	5,731	68.36	1.19
			2007	3,118,213	529	5,895	64.79	1.10
			2008	3,876,854	578	6,707	80.23	1.20
			2009	4,873,315	682	7,146	97.02	1.36
		Theft	2005	510,594	182	2,805	11.81	0.42
			2006	401,608	179	2,244	8.62	0.38
			2007	409,513	185	2,214	8.51	0.38
			2008	522,139	249	2,097	10.81	0.52
			2009	826,109	326	2,534	16.45	0.65
		Other Physical Damage	2005	716,747	230	3,116	16.58	0.53
			2006	830,748	225	3,692	17.82	0.48
			2007	585,117	219	2,672	12.16	0.46
			2008	647,589	229	2,828	13.40	0.47
			2009	736,472	252	2,923	14.66	0.50
		Liability	2005	317,196	48	6,608	7.34	0.11
			2006	352,257	46	7,658	7.56	0.10
			2007	413,715	43	9,621	8.60	0.09
			2008	776,533	56	13,867	16.07	0.12
			2009	296,777	50	5,936	5.91	0.10
		Medical Payments	2005	31,594	28	1,128	0.73	0.06
			2006	34,689	23	1,508	0.74	0.05
			2007	34,994	28	1,250	0.73	0.06
			2008	44,113	26	1,697	0.91	0.05
			2009	31,554	20	1,578	0.63	0.04
		Total	2005	11,648,580	2,426	4,802	269.46	5.61
			2006	12,948,597	2,271	5,702	277.81	4.87
			2007	14,029,738	1,796	7,812	291.51	3.73
			2008	17,066,417	2,213	7,712	353.19	4.58
			2009	17,308,304	2,539	6,817	344.57	5.05

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	52	Fire, Lightning and Removal	2005	7,267,214	882	8,239	74.54	0.90
			2006	10,596,618	1,285	8,246	96.53	1.17
			2007	14,414,206	960	15,015	126.54	0.84
			2008	13,011,803	1,019	12,769	112.23	0.88
			2009	19,306,569	978	19,741	162.31	0.82
		Wind and Hail	2005	2,254,984	756	2,983	23.13	0.78
			2006	1,157,848	391	2,961	10.55	0.36
			2007	701,688	248	2,829	6.16	0.22
			2008	2,792,286	731	3,820	24.08	0.63
			2009	1,695,861	413	4,106	14.26	0.35
		Water Damage and Freezing	2005	5,653,708	1,096	5,158	57.99	1.12
			2006	6,722,964	1,093	6,151	61.24	1.00
			2007	7,890,416	1,194	6,608	69.27	1.05
			2008	8,507,161	1,216	6,996	73.37	1.05
			2009	10,855,354	1,343	8,083	91.26	1.13
		Theft	2005	1,110,388	525	2,115	11.39	0.54
			2006	1,433,535	628	2,283	13.06	0.57
			2007	1,295,942	586	2,212	11.38	0.51
			2008	2,265,827	754	3,005	19.54	0.65
			2009	2,223,089	841	2,643	18.69	0.71
		Other Physical Damage	2005	1,137,809	384	2,963	11.67	0.39
			2006	1,726,079	465	3,712	15.72	0.42
			2007	1,225,011	395	3,101	10.75	0.35
			2008	1,359,331	468	2,905	11.72	0.40
			2009	1,869,368	451	4,145	15.72	0.38
		Liability	2005	748,766	96	7,800	7.68	0.10
			2006	1,188,968	76	15,644	10.83	0.07
			2007	1,681,675	105	16,016	14.76	0.09
			2008	1,220,325	121	10,085	10.53	0.10
			2009	1,008,015	113	8,920	8.47	0.09
		Medical Payments	2005	68,720	53	1,297	0.70	0.05
			2006	75,493	52	1,452	0.69	0.05
			2007	62,435	47	1,328	0.55	0.04
			2008	59,466	50	1,189	0.51	0.04
			2009	73,207	50	1,464	0.62	0.04
		Total	2005	18,241,587	3,792	4,811	187.09	3.89
			2006	22,901,505	3,991	5,738	208.62	3.64
			2007	27,271,373	3,535	7,715	239.42	3.10
			2008	29,216,200	4,359	6,703	251.99	3.76
			2009	37,031,465	4,189	8,840	311.32	3.52

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	53	Fire, Lightning and Removal	2005	23,797,205	1,644	14,475	141.74	0.98
			2006	17,691,663	1,588	11,141	100.84	0.91
			2007	28,710,504	1,331	21,571	157.80	0.73
			2008	26,067,184	1,443	18,065	140.56	0.78
			2009	21,841,345	1,125	19,415	113.23	0.58
		Wind and Hail	2005	1,511,110	587	2,574	9.00	0.35
			2006	4,816,787	1,401	3,438	27.45	0.80
			2007	5,591,385	1,363	4,102	30.73	0.75
			2008	6,147,196	1,742	3,529	33.15	0.94
			2009	5,421,279	1,391	3,897	28.11	0.72
		Water Damage and Freezing	2005	12,439,869	2,117	5,876	74.09	1.26
			2006	13,215,804	2,452	5,390	75.33	1.40
			2007	16,629,240	2,458	6,765	91.40	1.35
			2008	20,284,791	2,980	6,807	109.38	1.61
			2009	27,162,216	3,194	8,504	140.82	1.66
		Theft	2005	1,934,867	858	2,255	11.52	0.51
			2006	2,400,688	1,104	2,175	13.68	0.63
			2007	2,946,361	1,254	2,350	16.19	0.69
			2008	3,973,000	1,583	2,510	21.42	0.85
			2009	4,634,185	1,667	2,780	24.03	0.86
		Other Physical Damage	2005	2,124,905	704	3,018	12.66	0.42
			2006	2,768,533	889	3,114	15.78	0.51
			2007	3,470,636	866	4,008	19.08	0.48
			2008	3,370,868	970	3,475	18.18	0.52
			2009	3,693,950	1,026	3,600	19.15	0.53
		Liability	2005	1,178,797	122	9,662	7.02	0.07
			2006	1,652,795	126	13,117	9.42	0.07
			2007	1,284,020	229	5,607	7.06	0.13
			2008	2,616,671	251	10,425	14.11	0.14
			2009	1,589,889	212	7,499	8.24	0.11
		Credit Card	2005	980	1	980	0.01	0.00
			2006	999	1	999	0.01	0.00
			2007	500	1	500	0.00	0.00
			2008	1,099	1	1,099	0.01	0.00
			2009	510	1	510	0.00	0.00
		Medical Payments	2005	74,916	73	1,026	0.45	0.04
			2006	81,255	60	1,354	0.46	0.03
			2007	90,421	62	1,458	0.50	0.03
			2008	88,858	75	1,185	0.48	0.04
			2009	106,022	86	1,233	0.55	0.04
		Total	2005	43,062,650	6,105	7,054	256.48	3.64
			2006	42,628,525	7,620	5,594	242.98	4.34
			2007	58,723,066	7,565	7,762	322.76	4.16
			2008	62,549,667	9,045	6,915	337.29	4.88
			2009	64,449,396	8,702	7,406	334.13	4.51

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	57	Fire, Lightning and Removal	2005	22,953,961	2,055	11,170	117.95	1.06
			2006	24,099,657	3,151	7,648	120.17	1.57
			2007	31,936,067	1,959	16,302	155.53	0.95
			2008	25,390,087	2,035	12,477	121.36	0.97
			2009	33,134,821	1,794	18,470	157.43	0.85
		Wind and Hail	2005	3,931,392	1,479	2,658	20.20	0.76
			2006	9,695,735	3,153	3,075	48.35	1.57
			2007	9,387,067	3,101	3,027	45.72	1.51
			2008	30,437,027	5,958	5,109	145.48	2.85
			2009	15,537,349	3,626	4,285	73.82	1.72
		Water Damage and Freezing	2005	11,044,675	2,539	4,350	56.75	1.30
			2006	10,843,518	2,656	4,083	54.07	1.32
			2007	12,618,793	2,528	4,992	61.45	1.23
			2008	16,998,918	2,998	5,670	81.25	1.43
			2009	19,620,930	3,402	5,767	93.22	1.62
		Theft	2005	3,567,952	1,732	2,060	18.33	0.89
			2006	4,321,037	1,837	2,352	21.55	0.92
			2007	5,041,398	2,061	2,446	24.55	1.00
			2008	5,288,587	2,251	2,349	25.28	1.08
			2009	5,708,589	2,212	2,581	27.12	1.05
		Other Physical Damage	2005	3,310,782	1,324	2,501	17.01	0.68
			2006	3,050,221	1,261	2,419	15.21	0.63
			2007	4,088,641	1,299	3,148	19.91	0.63
			2008	3,959,181	1,294	3,060	18.92	0.62
			2009	4,273,300	1,356	3,151	20.30	0.64
		Liability	2005	1,137,302	240	4,739	5.84	0.12
			2006	1,273,637	285	4,469	6.35	0.14
			2007	2,490,907	303	8,221	12.13	0.15
			2008	2,934,390	426	6,888	14.03	0.20
			2009	2,281,536	432	5,281	10.84	0.21
		Credit Card	2005	426	1	426	0.00	0.00
			2007	486	1	486	0.00	0.00
			2009	510	1	510	0.00	0.00
		Medical Payments	2005	139,237	127	1,096	0.72	0.07
			2006	169,493	142	1,194	0.85	0.07
			2007	133,145	113	1,178	0.65	0.06
			2008	146,621	123	1,192	0.70	0.06
			2009	145,738	112	1,301	0.69	0.05
		Total	2005	46,085,728	9,496	4,853	236.81	4.88
			2006	53,453,297	12,485	4,281	266.54	6.23
			2007	65,696,505	11,364	5,781	319.95	5.53
			2008	85,154,811	15,086	5,645	407.03	7.21
			2009	80,702,772	12,933	6,240	383.43	6.14

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	60	Fire, Lightning and Removal	2005	67,740,651	6,935	9,768	137.09	1.40
			2006	73,013,145	7,385	9,887	143.09	1.45
			2007	79,465,511	5,892	13,487	151.44	1.12
			2008	95,327,273	6,328	15,064	179.42	1.19
			2009	102,370,473	5,724	17,884	190.44	1.06
		Wind and Hail	2005	21,433,291	7,890	2,717	43.38	1.60
			2006	52,622,233	12,269	4,289	103.13	2.40
			2007	54,486,553	15,758	3,458	103.84	3.00
			2008	129,588,447	24,011	5,397	243.91	4.52
			2009	89,685,829	16,259	5,516	166.84	3.02
		Water Damage and Freezing	2005	31,574,284	6,630	4,762	63.90	1.34
			2006	27,980,282	5,724	4,888	54.84	1.12
			2007	34,461,886	6,223	5,538	65.68	1.19
			2008	51,007,346	7,431	6,864	96.01	1.40
			2009	78,211,876	10,703	7,307	145.49	1.99
		Theft	2005	7,426,093	3,435	2,162	15.03	0.70
			2006	8,114,819	3,510	2,312	15.90	0.69
			2007	8,973,580	3,849	2,331	17.10	0.73
			2008	11,025,631	4,166	2,647	20.75	0.78
			2009	12,031,010	4,603	2,614	22.38	0.86
		Other Physical Damage	2005	13,099,228	5,186	2,526	26.51	1.05
			2006	9,089,405	3,050	2,980	17.81	0.60
			2007	10,358,292	3,469	2,986	19.74	0.66
			2008	11,710,532	3,497	3,349	22.04	0.66
			2009	22,461,362	6,410	3,504	41.78	1.19
		Liability	2005	3,772,485	611	6,174	7.63	0.12
			2006	4,165,436	672	6,199	8.16	0.13
			2007	5,785,703	839	6,896	11.03	0.16
			2008	6,684,095	1,067	6,264	12.58	0.20
			2009	7,267,106	1,173	6,195	13.52	0.22
		Credit Card	2005	1,621	3	540	0.00	0.00
			2006	2,162	3	721	0.00	0.00
			2007	1,845	1	1,845	0.00	0.00
			2008	1,005	3	335	0.00	0.00
			2009	1,639	4	410	0.00	0.00
		Medical Payments	2005	466,728	382	1,222	0.94	0.08
			2006	534,245	422	1,266	1.05	0.08
			2007	449,347	339	1,326	0.86	0.06
			2008	421,732	325	1,298	0.79	0.06
			2009	482,047	355	1,358	0.90	0.07
		Total	2005	145,514,380	31,073	4,683	294.49	6.29
			2006	175,521,727	33,035	5,313	343.99	6.47
			2007	193,982,717	36,370	5,334	369.69	6.93
			2008	305,766,061	46,828	6,530	575.51	8.81
			2009	312,511,342	45,231	6,909	581.35	8.41

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Owners	SW	Fire, Lightning and Removal	2005	223,205,244	20,804	10,729	124.48	1.16
			2006	242,281,196	24,931	9,718	129.35	1.33
			2007	286,749,037	19,339	14,828	148.26	1.00
			2008	297,840,206	20,625	14,441	150.76	1.04
			2009	305,900,080	18,102	16,899	153.86	0.91
		Wind and Hail	2005	52,938,849	19,971	2,651	29.52	1.11
			2006	104,555,616	28,794	3,631	55.82	1.54
			2007	101,347,477	29,915	3,388	52.40	1.55
			2008	300,844,417	59,879	5,024	152.28	3.03
			2009	233,352,899	45,996	5,073	117.37	2.31
		Water Damage and Freezing	2005	111,341,488	23,751	4,688	62.10	1.32
			2006	113,175,891	23,819	4,751	60.42	1.27
			2007	136,906,401	24,764	5,528	70.78	1.28
			2008	178,577,027	28,454	6,276	90.39	1.44
			2009	240,617,732	34,824	6,910	121.02	1.75
		Theft	2005	33,032,433	14,683	2,250	18.42	0.82
			2006	38,886,906	16,565	2,348	20.76	0.88
			2007	42,867,858	17,977	2,385	22.16	0.93
			2008	54,484,294	21,222	2,567	27.58	1.07
			2009	55,689,580	21,755	2,560	28.01	1.09
		Other Physical Damage	2005	33,060,347	12,604	2,623	18.44	0.70
			2006	32,134,916	11,173	2,876	17.16	0.60
			2007	35,159,314	11,486	3,061	18.18	0.59
			2008	39,338,319	12,411	3,170	19.91	0.63
			2009	52,711,486	15,510	3,399	26.51	0.78
		Liability	2005	13,985,017	1,950	7,172	7.80	0.11
			2006	18,367,837	2,151	8,539	9.81	0.11
			2007	22,048,680	2,703	8,157	11.40	0.14
			2008	23,498,802	3,540	6,638	11.89	0.18
			2009	20,917,344	3,561	5,874	10.52	0.18
		Credit Card	2005	4,387	6	731	0.00	0.00
			2006	6,208	10	621	0.00	0.00
			2007	5,328	3	1,776	0.00	0.00
			2008	3,632	4	908	0.00	0.00
			2009	8,127	9	903	0.00	0.00
		Medical Payments	2005	1,325,559	1,099	1,206	0.74	0.06
			2006	1,387,477	1,126	1,232	0.74	0.06
			2007	1,344,396	1,014	1,326	0.70	0.05
			2008	1,275,388	999	1,277	0.65	0.05
			2009	1,395,072	1,026	1,360	0.70	0.05
		Total	2005	468,893,324	94,869	4,943	261.50	5.29
			2006	550,796,049	108,569	5,073	294.07	5.80
			2007	626,428,491	107,201	5,843	323.88	5.54
			2008	895,862,086	147,134	6,089	453.47	7.45
			2009	910,592,320	140,783	6,468	458.00	7.08

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Tenant	SW	Fire, Lightning and Removal	2005	2,588,764	490	5,283	18.38	0.35
			2006	2,882,655	706	4,083	19.07	0.47
			2007	3,956,627	621	6,371	23.60	0.37
			2008	3,835,373	702	5,463	20.30	0.37
			2009	4,792,268	712	6,731	22.81	0.34
		Wind and Hail	2005	52,158	48	1,087	0.37	0.03
			2006	59,272	51	1,162	0.39	0.03
			2007	109,402	66	1,658	0.65	0.04
			2008	219,431	91	2,411	1.16	0.05
			2009	96,536	71	1,360	0.46	0.03
		Water Damage and Freezing	2005	445,299	178	2,502	3.16	0.13
			2006	427,131	203	2,104	2.83	0.13
			2007	816,003	237	3,443	4.87	0.14
			2008	990,930	299	3,314	5.25	0.16
			2009	1,751,598	483	3,626	8.34	0.23
		Theft	2005	3,196,588	1,504	2,125	22.69	1.07
			2006	3,657,419	1,683	2,173	24.20	1.11
			2007	4,339,011	1,963	2,210	25.88	1.17
			2008	6,503,172	2,662	2,443	34.43	1.41
			2009	7,156,320	3,145	2,275	34.05	1.50
		Other Physical Damage	2005	597,901	340	1,759	4.24	0.24
			2006	592,937	255	2,325	3.92	0.17
			2007	696,039	353	1,972	4.15	0.21
			2008	808,074	405	1,995	4.28	0.21
			2009	1,108,155	482	2,299	5.27	0.23
		Liability	2005	982,442	124	7,923	6.97	0.09
			2006	1,241,581	135	9,197	8.21	0.09
			2007	1,791,420	165	10,857	10.68	0.10
			2008	2,599,835	241	10,788	13.76	0.13
			2009	2,984,493	297	10,049	14.20	0.14
		Credit Card	2006	500	1	500	0.00	0.00
		Medical Payments	2005	37,185	29	1,282	0.26	0.02
			2006	33,824	33	1,025	0.22	0.02
			2007	45,770	37	1,237	0.27	0.02
			2008	65,007	53	1,227	0.34	0.03
			2009	45,679	40	1,142	0.22	0.02
		Total	2005	7,900,338	2,713	2,912	56.09	1.93
			2006	8,895,318	3,067	2,900	58.85	2.03
			2007	11,754,274	3,442	3,415	70.11	2.05
			2008	15,021,821	4,453	3,373	79.52	2.36
			2009	17,935,048	5,230	3,429	85.35	2.49

Cause-of-Loss Experience

Form	Territory	Cause of Loss	Year	Incurred Loss	Incurred Claims	Average Loss	Pure Premium	Frequency per-100
Condo	SW	Fire, Lightning and Removal	2005	1,141,437	210	5,435	20.77	0.38
			2006	1,478,640	287	5,152	24.73	0.48
			2007	1,248,140	226	5,523	19.46	0.35
			2008	660,918	225	2,937	9.79	0.33
			2009	1,710,006	221	7,738	24.48	0.32
		Wind and Hail	2005	86,696	59	1,469	1.58	0.11
			2006	156,578	57	2,747	2.62	0.10
			2007	119,371	69	1,730	1.86	0.11
			2008	97,693	62	1,576	1.45	0.09
			2009	144,808	61	2,374	2.07	0.09
		Water Damage and Freezing	2005	2,149,787	725	2,965	39.12	1.32
			2006	2,664,573	831	3,206	44.57	1.39
			2007	3,667,801	1,006	3,646	57.19	1.57
			2008	4,624,854	1,150	4,022	68.51	1.70
			2009	5,871,681	1,289	4,555	84.05	1.85
		Theft	2005	583,290	280	2,083	10.61	0.51
			2006	743,466	367	2,026	12.44	0.61
			2007	812,192	438	1,854	12.66	0.68
			2008	1,202,013	604	1,990	17.81	0.89
			2009	1,184,324	565	2,096	16.95	0.81
		Other Physical Damage	2005	501,599	227	2,210	9.13	0.41
			2006	555,442	210	2,645	9.29	0.35
			2007	532,168	251	2,120	8.30	0.39
			2008	577,996	212	2,726	8.56	0.31
			2009	756,911	267	2,835	10.84	0.38
		Liability	2005	369,993	75	4,933	6.73	0.14
			2006	441,970	70	6,314	7.39	0.12
			2007	475,469	116	4,099	7.41	0.18
			2008	808,408	159	5,084	11.98	0.24
			2009	549,878	166	3,313	7.87	0.24
		Medical Payments	2005	9,432	4	2,358	0.17	0.01
			2006	18,594	12	1,550	0.31	0.02
			2007	5,601	7	800	0.09	0.01
			2008	15,177	12	1,265	0.22	0.02
			2009	7,933	6	1,322	0.11	0.01
		Total	2005	4,842,234	1,579	3,067	88.12	2.87
			2006	6,059,263	1,834	3,304	101.35	3.07
			2007	6,860,742	2,113	3,247	106.98	3.29
			2008	7,987,059	2,424	3,295	118.31	3.59
			2009	10,225,541	2,575	3,971	146.38	3.69

2. CREDIBILITY FACTOR DEVELOPMENT AND APPLICATION

Credibility considerations enter into the Homeowners ratemaking formula in the calculation of statewide rate level indications which depend, in part, on the determination of the weighted statewide trended loss cost.

The statewide credibility procedure is based on the 'frequency with severity modification' model discussed in "Credibility of the Pure Premium" by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 5% maximum departure from the expected value, translated to house year standards. Partial credibility (Zp) is calculated using the square root rule:

$Z_p = \sqrt{\text{five year house years/full credibility standard}}$ (truncated to one decimal place)

The full credibility standard is 240,000 house years for the Owners Forms, 285,000 house years for Tenant Form, and 190,000 house years for Condo Unit Form.

To distribute the statewide change by territory, a credibility procedure was used on the non-hurricane loss costs. The credibility standard used was based on the same model as statewide credibility. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 10% maximum departure from the expected value, translated to house years. The full credibility standards are 60,000 for Owners' Forms, 75,000 for Tenant Form and 50,000 for Condo Unit Form. Partial credibility (Zp) is calculated using the square root rule:

$Z_p = \sqrt{\text{five year house years/full credibility standard}}$ (truncated to one decimal place)

The Rate Bureau has not considered alternative credibility procedures in the last three years.

See Section D and prefiled testimony of R. Curry and S. Thomas.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
AS PER 11 NCAC 10.1105

3. LOSS DEVELOPMENT FACTOR DERIVATION AND APPLICATION ON BOTH PAID AND INCURRED BASES AND IN BOTH NUMBERS AND DOLLARS OF CLAIMS

(a) See Section D and prefiled testimony of R. Curry and S. Thomas. The Rate Bureau has not considered alternative loss development methodologies in the past three years.

(b) See attached Exhibit (3)(b). The Rate Bureau is advised by ISO that separate loss development information for property and liability losses and estimated premium and exposure data corresponding to each accident year are not available.

(c) See attached Exhibit (3)(c). The Rate Bureau is advised by ISO that separate loss development information for property and liability losses and estimated premium and exposure data corresponding to each accident year are not available.

(d) See attached Exhibit (3)(d). The Rate Bureau is advised by ISO that separate claim development information for property and liability claims is not available.

(e) See attached Exhibit (3)(e). The Rate Bureau is advised by ISO that separate claim development information for property and liability claims is not available.

(f) The Rate Bureau is advised by ISO that loss and claim development information is not available by cause of loss.

(g) Responses provided in connection with items (3)(g) and (7)(c) are attached as Exhibits (3)(g) and (7)(c).

Exhibit (3) (b)

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS DEVELOPMENT

All Forms

ISO-Only Paid Losses

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1998	223,300,478	237,647,280	240,880,534	242,975,186	243,790,790
1999	260,577,396	277,764,670	281,667,592	283,996,825	286,867,111
2000	208,616,894	224,977,558	228,794,570	230,530,438	231,920,200
2001	160,852,088	175,066,820	179,487,441	181,608,425	182,400,511
2002	211,301,701	229,694,304	232,898,513	234,286,432	234,742,858
2003	240,103,921	257,527,196	261,515,940	262,845,883	263,372,216
2004	167,512,405	186,781,965	190,218,648	193,287,051	194,328,985
2005	153,001,101	171,811,214	176,086,125	177,333,454	178,538,206
2006	176,375,057	192,720,098	196,375,790	197,836,422	0
2007	193,477,453	211,013,914	216,695,061	0	0
2008	269,498,120	302,748,081	0	0	0
2009	258,431,745	0	0	0	0

Link Ratios

	27:15	39:27	51:39	63:51
1998	1.064	1.014	1.009	1.003
1999	1.066	1.014	1.008	1.010
2000	1.078	1.017	1.008	1.006
2001	1.088	1.025	1.012	1.004
2002	1.087	1.014	1.006	1.002
2003	1.073	1.015	1.005	1.002
2004	1.115	1.018	1.016	1.005
2005	1.123	1.025	1.007	1.007
2006	1.093	1.019	1.007	
2007	1.091	1.027		
2008	1.123			

	27:15	39:27	51:39	63:51
2004-2008 Average	1.109	1.022	1.010	1.006

Exhibit (3) (b)

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS DEVELOPMENT

All Forms

ISO-Only Paid Losses

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
2005	153,001,101	171,811,214	176,086,125	177,333,454	178,538,206
2006	176,375,057	192,720,098	196,375,790	197,836,422	0
2007	193,477,453	211,013,914	216,695,061	0	0
2008	269,498,120	302,748,081	0	0	0
2009	258,431,745	0	0	0	0

Link Ratios

	27:15	39:27	51:39	63:51
2005	1.123	1.025	1.007	1.007
2006	1.093	1.019	1.007	
2007	1.091	1.027		
2008	1.123			

	27:15	39:27	51:39	63:51
Average	1.108	1.024	1.007	1.007

Loss Development Factors

63 to 63 Months	1.000
51 to 63 Months	1.007
39 to 63 Months	1.014
27 to 63 Months	1.038
15 to 63 Months	1.150

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS DEVELOPMENT

All Forms

ISO-Only Incurred Losses

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1998	239,428,997	242,525,605	242,635,788	243,988,753	244,136,029
1999	279,236,309	283,855,530	284,732,633	285,504,539	287,143,529
2000	225,065,638	230,879,956	231,664,825	232,117,512	232,921,559
2001	177,589,087	181,412,764	182,838,302	183,357,713	183,445,662
2002	230,969,514	235,147,410	235,887,191	235,101,491	235,094,399
2003	259,589,117	263,038,925	263,954,579	263,093,792	263,523,155
2004	192,741,158	194,686,629	195,435,572	195,158,472	195,209,843
2005	176,021,679	177,869,960	178,333,206	178,647,351	178,625,694
2006	197,272,334	199,075,680	199,037,143	199,325,251	0
2007	217,015,729	219,330,482	220,786,855	0	0
2008	295,093,099	312,559,564	0	0	0
2009	286,404,892	0	0	0	0

Link Ratios

	27:15	39:27	51:39	63:51
1998	1.013	1.000	1.006	1.001
1999	1.017	1.003	1.003	1.006
2000	1.026	1.003	1.002	1.003
2001	1.022	1.008	1.003	1.000
2002	1.018	1.003	0.997	1.000
2003	1.013	1.003	0.997	1.002
2004	1.010	1.004	0.999	1.000
2005	1.011	1.003	1.002	1.000
2006	1.009	1.000	1.001	
2007	1.011	1.007		
2008	1.059			

2004-2008		27:15	39:27	51:39	63:51
Average		1.020	1.004	1.001	1.000

Exhibit (3) (c)

NORTH CAROLINA

HOMEOWNERS INSURANCE

LOSS DEVELOPMENT

All Forms

ISO-Only Incurred Losses

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
2005	176,021,679	177,869,960	178,333,206	178,647,351	178,625,694
2006	197,272,334	199,075,680	199,037,143	199,325,251	0
2007	217,015,729	219,330,482	220,786,855	0	0
2008	295,093,099	312,559,564	0	0	0
2009	286,404,892	0	0	0	0

Link Ratios

	27:15	39:27	51:39	63:51
2005	1.011	1.003	1.002	1.000
2006	1.009	1.000	1.001	
2007	1.011	1.007		
2008	1.059			

		27:15	39:27	51:39	63:51
Average		1.023	1.003	1.002	1.000

Loss Development Factors

63 to 63 Months	1.000
51 to 63 Months	1.000
39 to 63 Months	1.002
27 to 63 Months	1.005
15 to 63 Months	1.027

Exhibit (3) (d)

NORTH CAROLINA

HOMEOWNERS INSURANCE

CLAIM DEVELOPMENT

All Forms

ISO-Only Paid Claims

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1998	82,575	84,451	84,730	84,790	84,808
1999	106,217	108,555	108,803	108,681	108,710
2000	75,195	76,511	76,724	76,767	76,795
2001	52,294	53,592	53,711	53,770	53,780
2002	75,735	77,925	78,130	78,209	78,231
2003	67,470	69,097	69,341	69,410	69,422
2004	42,542	43,857	44,033	44,089	44,106
2005	36,365	37,543	37,740	37,800	37,815
2006	41,228	42,677	42,856	42,927	
2007	39,106	40,319	40,559		
2008	51,360	54,920			
2009	45,422				

Link Ratios

	27:15	39:27	51:39	63:51
1998	1.023	1.003	1.001	1.000
1999	1.022	1.002	0.999	1.000
2000	1.018	1.003	1.001	1.000
2001	1.025	1.002	1.001	1.000
2002	1.029	1.003	1.001	1.000
2003	1.024	1.004	1.001	1.000
2004	1.031	1.004	1.001	1.000
2005	1.032	1.005	1.002	1.000
2006	1.035	1.004	1.002	
2007	1.031	1.006		
2008	1.069			

2004-2008 Average		27:15	39:27	51:39	63:51
		1.040	1.005	1.002	1.000

Exhibit (3) (d)

NORTH CAROLINA

HOMEOWNERS INSURANCE

CLAIM DEVELOPMENT

All Forms

ISO-Only Paid Claims

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
2005	36,365	37,543	37,740	37,800	37,815
2006	41,228	42,677	42,856	42,927	
2007	39,106	40,319	40,559		
2008	51,360	54,920			
2009	45,422				

Link Ratios

	27:15	39:27	51:39	63:51
2005	1.032	1.005	1.002	1.000
2006	1.035	1.004	1.002	
2007	1.031	1.006		
2008	1.069			

	27:15	39:27	51:39	63:51
2004-2008 Average	1.042	1.005	1.002	1.000

Claim Development Factors

63 to 63 Months	1.000
51 to 63 Months	1.000
39 to 63 Months	1.002
27 to 63 Months	1.007
15 to 63 Months	1.049

Exhibit (3) (e)

NORTH CAROLINA

HOMEOWNERS INSURANCE

CLAIM DEVELOPMENT

All Forms

ISO-Only Outstanding Claims

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1998	1,294	183	87	54	27
1999	1,693	280	148	53	32
2000	1,066	216	62	39	11
2001	967	190	69	27	19
2002	1,552	202	57	16	12
2003	1,152	128	53	14	8
2004	989	180	71	28	20
2005	940	184	62	33	10
2006	990	154	51	20	
2007	921	200	122		
2008	1,636	238			
2009	1,941				

Link Ratios

	27:15	39:27	51:39	63:51
1998	0.141	0.475	0.621	0.500
1999	0.165	0.529	0.358	0.604
2000	0.203	0.287	0.629	0.282
2001	0.196	0.363	0.391	0.704
2002	0.130	0.282	0.281	0.750
2003	0.111	0.414	0.264	0.571
2004	0.182	0.394	0.394	0.714
2005	0.196	0.337	0.532	0.303
2006	0.156	0.331	0.392	
2007	0.217	0.610		
2008	0.145			

2004-2008	27:15	39:27	51:39	63:51
Average	0.179	0.418	0.439	0.509

NORTH CAROLINA

HOMEOWNERS INSURANCE

CLAIM DEVELOPMENT

All Forms

ISO-Only Outstanding Claims

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
2005	940	184	62	33	10
2006	990	154	51	20	
2007	921	200	122		
2008	1,636	238			
2009	1,941				

Link Ratios

	27:15	39:27	51:39	63:51
2005	0.196	0.337	0.532	0.303
2006	0.156	0.331	0.392	
2007	0.217	0.610		
2008	0.145			

2004-2008	27:15	39:27	51:39	63:51
Average	0.179	0.426	0.462	0.303

Claim Development Factors

63 to 63 Months	1.000
51 to 63 Months	0.303
39 to 63 Months	0.140
27 to 63 Months	0.060
15 to 63 Months	0.011

The Rate Bureau is advised by ISO that loss and claim development information by cause of loss is not available.

Responses provided in connection with items (3)(g) and (7)(c) are enclosed herewith.

Allstate.
You're in good hands.

Shantelle Thomas
Senior Actuary

June 22, 2012

F. Timothy Lucas
Personal Lines Manager
North Carolina Rate Bureau

Dear Tim,

Included below are Allstate Insurance Company's responses to issues regarding reserve strengthening and expense cutting initiatives for the Allstate Insurance Company and Allstate Indemnity Company Homeowners Programs in North Carolina.

11 N.C.A.C. 10.1105 (3) (g), requires,

> Statements regarding any changes in reserve adequacy that have occurred in the latest five years from each of the ten largest writers of the line affected by the filing.

Allstate's response to this is that there have been **no** material changes with regard to Allstate's reserving practices of homeowners insurance in the state of North Carolina over the past five years.

11 N.C.A.C. 10.1105 (7) (c), requires,

> Statements regarding any activities affecting expense or service levels undertaken in the last five years by each of the ten largest writers of the line affected by the filing.

Allstate did not make any changes in the past five years that would be expected to materially impact our anticipated expense levels in North Carolina.

Please contact me if you have any questions or require further details.

Sincerely,

Shantelle Thomas
Sjo04@allstate.com
1-800-366-2958 x26256

Kevin L. Russell,
Supervisor, Reserving
Erie Insurance Group
100 Erie insurance Place
Erie, Pennsylvania 16530
Telephone (814) 870 – 3395
Fax (814) 870 – 4383
kevin.russell@erieinsurance.com

June 18, 2012

Debbie Spence
Support Assistant III
North Carolina Rate Bureau
P.O. Box 176010
Raleigh NC 27619-6010
Telephone: 919.582.1023
Fax: 919.719.7402

RE: RESERVE STRENGTHENING & EXPENSE CUTTING ACTIVITIES

1. RESERVE STRENGTHENING

The Erie Insurance Group began implementing a claim evaluation software and training program in 2003. These enable adjusters to produce a complete, detailed, and professional dwelling damage estimate in order to establish more accurate case reserves. At this time, we have not seen a material impact from the use of these programs in our case reserves. We have not observed any significant change in the relative adequacy of case reserve levels for at least five years.

2. EXPENSE CUTTING ACTIVITIES

The Erie Insurance Group continually monitors expense levels, seeking ways to minimize expenses while improving customer service and product quality. We are not aware of any specific expense cutting activities beyond this in the last five years.

Sincerely,

Kevin L. Russell, FCAS MAAA

Liberty Mutual Insurance

Product Management
175 Berkeley Street
Boston, MA 02116
(617) 357-9500
(617) 654-3449 Fax

June 26, 2012

North Carolina Rate Bureau
F. Timothy Lucas
P.O. Box 176010
Raleigh, North Carolina 27619-6010

RE: Insurance Department Regulations

Dear Mr. Lucas:

I am writing in response to your letter of May 31, 2012.

This is to confirm that Liberty Mutual Insurance Company and Peerless Insurance Company's personal lines homeowner claims case reserving practices for losses in North Carolina have remained materially unchanged for the latest five years. Our philosophy on establishing claim case reserves has been essentially and effectively the same for the period in question.

Furthermore, Liberty Mutual Insurance Company and Peerless Insurance Company continue to seek operational efficiencies in an effort to remain competitive while maintaining our high level of service. However, we have not undertaken any significant expense cutting activities over the last five years on our homeowners coverages that would materially impact our anticipated expense levels in North Carolina.

If I can be of any further assistance please do not hesitate to contact me at the above number.

Regards,

Jeffrey Wright
Director, State Operations

Nationwide

On Your Side®

June 28, 2012

Mr. F. Timothy Lucas
Personal Lines Manager
North Carolina Rate Bureau

Re: Insurance Department Regulations

Dear Tim,

This is in response to your request dated May 31, 2012, and applies to Nationwide Mutual Insurance Company and Nationwide Mutual Fire Insurance Company in North Carolina.

The criteria used by the companies for establishing case basis reserves have not changed materially from those used over the latest five years.

With regard to expense cutting activities, the companies have not undertaken any expense cutting activities on homeowner coverages over the last five years that would materially impact the companies' anticipated expense levels in North Carolina.

If you need additional information, please do not hesitate to contact me.

Sincerely,

Amy E Powell

Amy Powell
AVP, Underwriting/Product
Nationwide Insurance
919-881-2962

Nationwide Mutual Insurance Company
Nationwide Mutual Fire Insurance Company
4401 Creedmoor Road
Raleigh, NC 27612-3814
Nationwide, the Nationwide framemark and Nationwide is On Your Side are federally registered service marks of Nationwide Mutual Insurance Company.

FARM BUREAU INSURANCE
North Carolina
Farm Bureau Insurance Group
Telephone 919-782-1705 ▪ Post Office Box 27427 ▪ Raleigh, NC 27611

June 4, 2012

Mr. Tim Lucas
N.C. Rate Bureau
PO Box 176010
Raleigh, NC 27619-6010

RE: North Carolina Farm Bureau Mutual Insurance Company, Inc.
Insurance Department Regulations
North Carolina Homeowners Reserve Strengthening
Expense Cutting Activities

Tim:

Our company has not changed its procedures for setting case loss reserves over the last 5 years. We also have not taken on any expense cutting activities that would impact the expense levels in North Carolina.

If I can be of further assistance, let me know.

Roger Batdorff

Roger Batdorff
Senior Executive/AR&R

RB/cww

RECEIVED
JUN 05 2012
N.C. RATE BUREAU

State Farm Insurance Companies

State Farm

Corporate Headquarters
One State Farm Plaza, D-4
Bloomington, Illinois 61710

FAX: (309) 766-0225

June 21, 2012

North Carolina Rate Bureau
5401 Six Forks Road
Raleigh, NC 27609

Attention: Mr. F. Timothy Lucas

RE: Insurance Department Regulations
Reserve Strengthening and Expense Cutting Activities

Your letter of May 31st, 2012 requested two items required from the largest writers of Homeowners Insurance in North Carolina.

The first item concerned reserves. In response to your questions, State Farm has not made any changes in the past five years that have a material impact on the reserves established in North Carolina.

The second item concerned expenses. State Farm has long recognized that expense control is a key to remaining competitive in the insurance marketplace. It is important to note that expense control does not necessarily imply expense reduction. Attracting and retaining quality personnel, providing top-notch services, and investing in new technologies, may be just as important to a company's competitive position and customer satisfaction as a low price for the insurance product. In the end, it is through customer forces in the marketplace that a balance is stricken between quality of service and price of those services.

It would be virtually impossible to fully describe all "expense cutting activities" (i.e. presorting mail, recycling paper, reorganizing jobs, automating jobs, consolidating jobs, etc.). Expense control is a continuous and evolving function of managing our business.

Because expense control is a continuing effort, we feel that our historical experience is an appropriate basis for determining the expense provisions in the rate calculations and that no special adjustments are necessary.

In an effort to work with you as promptly as possible, please direct any questions – as well as all future requests for this information – to:

Kathy Popejoy	(309) 766-2325	kathy.popejoy.a0gq@statefarm.com
Chuck Grilliot	(309) 735-6093	chuck.grilliot.cnet@statefarm.com

Written correspondence should be sent to the attention of the State Filings Unit at the address shown above.

Sincerely,

Kathy Popejoy

Kathy Popejoy, F.C.A.S., MAAA
Actuary and Assistant Secretary-Treasurer

RECEIVED
JUN 25 2012
N.C. RATE BUREAU

RH/lc
Attachment

USAA®
9800 Fredericksburg Road
San Antonio, Texas 78288

July 13, 2012

North Carolina Rate Bureau
P.O. Box 176010 Raleigh, NC
27619-6010

ATTENTION: Debbie Spence
Support Assistant III

REFERENCE: USAA P&C Insurance Group (#200)

Insurance Department Regulations Reserve Strengthening and Expense Cutting Activities

Dear Ms. Spence:

In response to your email to Mr. Dan Pickens dated May 31, 2012, we are furnishing the following statements with respect to Reserve Strengthening and Expense Cutting Activities at United Services Automobile Association (USAA) and USAA Casualty Insurance Company (USAA-CIC) over the past five years.

RESERVE STRENGTHENING
11 N.C.A.C. 10.1105 (3)(g)

From a case reserving perspective, we made a material change to the average reserve process in May 2009. Until May 2009, average reserves were placed on claims and held there up to 6 months. Since May 2009, initially, $1 is set as the average and the actual case reserve is picked up as soon as it is established.

EXPENSE CUTTING ACTIVITIES
11 N.C.A.C. 10.1105 (7)(c)

We continuously monitor and evaluate operations, including expenses, in an effort to provide highly competitive products and services. We believe that our activities have helped reduce and contain costs but that the results of these efforts would not result in our historical expense levels either understating or overstating our expected expense levels for the year beginning January 1, 2011.

What follows is a brief summary of initiatives over the last five years to contain or reduce expenses and maintain or improve our customer service levels:

- Automation of claims activities;
- Web-based and other technology for internal and external communications;
- Web-based training;
- Electronic payments;
- Use of third-party venders.

If there are any questions, you may contact me at (210 452-5466, or by email at jose.lara@usaa.com.

Sincerely,

Jose Lara
Compliance Advisor
USAA Regulatory Compliance

4. TRENDING FACTOR DEVELOPMENT AND APPLICATION

(a) See Section D and pre-filed testimony of R. Curry and S. Thomas. The Rate Bureau has not considered alternative loss trend methodologies in the last three years.

(b) See prefiled testimony of R. Curry and S. Thomas.

(c) This information, based on companies reporting to ISO, ISS and NISS, is provided in the response to 11 NCAC 10.1105 (1)(1).

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
AS PER 11 NCAC 10.1105

5. CHANGES IN PREMIUM BASE RESULTING FROM RATING EXPOSURE TRENDS

(a) See Section D and prefiled testimony of R. Curry and S. Thomas. The Rate Bureau has not considered an alternative exposure trend methodology in the last three years.

(b) The Rate Bureau is advised by ISO that the exposure and premium distributions by policy term are not available for the latest five years. Past analysis for the years 1992-1996 indicated that 100% of the written premium was for a policy term of one year. No significant change in the policy term distribution is expected.

6. LIMITING FACTOR DEVELOPMENT AND APPLICATION

(a) No limitations were applied to the losses.

(b) Limitations were applied to the rate level change by form. No limitations were applied to the rate level change by coverage, protection class, construction or deductible.

(c) Limitations were applied to the rate level change by territory.

(d) No other limitations were applied.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
AS PER 11 NCAC 10.1105

7. OVERHEAD EXPENSE DEVELOPMENT AND APPLICATION OF COMMISSION AND BROKERAGE, OTHER ACQUISITION EXPENSES, GENERAL EXPENSES, TAXES, LICENSES, AND FEES

(a) Exhibit (7)(a) provides all information relating to expense provisions contained in the filing. The Rate Bureau has not considered an alternative expense methodology in the last three years.

(b) Pages D-23 shows earned premium for 2007-2009 and loss adjustment expense for 2005-2009. The earned premium figures for 2005 and 2006 are as follows:

	2005	2006
Earned Premium	$1,460,350,836	$1,577,637,389

(c) See the response to 11 NCAC 10.1105(3)(g).

The following provides a description of the derivation of Homeowners expense provisions. The underlying historical expense data are provided by the North Carolina Rate Bureau and are displayed on pages D-28-29.

The filed expense provision methodology makes a distinction between those provisions which require trending and those that do not. For example, since commission and tax expenses vary directly with premium, no additional consideration of trend is needed. In contrast, general expenses, other acquisition expenses, and loss adjustment expenses do not vary directly with premium or losses and, as a percentage premium/losses, are subject to the effects of trend.

The filed provision for commission and brokerage expenses, 13.6% of written premium, and the provision for taxes, licenses, and fees, 2.6% of written premium, are based on the historical data shown on page D-28 for the latest three years.

Since the general expense and other acquisition expense percentages are relative to earned premiums and the loss adjustment expense percentage is relative to losses, separate trend factors are required for premiums, losses, and expenses. See information provided below, pages D-6-7, pages D-30-31 and the pre-filed testimony of R. Curry and S. Thomas.

General Expense and Other Acquisition Expense - Based on the 2007-2009 experience on page D-28, general expense averages 3.8% of earned premium and other acquisition expense averages 5.4% of earned premium. The average date of payment of the 2007-2009 expenses is 7/1/2008. Similarly, the average date represented in the 2007-2009 premiums is 7/1/2008. Since the average date of writing of policies under the proposed rates, and the average date of payment of the expenses on these policies, is six months after the assumed effective date of 6/1/2013, or 12/1/2013, the historical general and other acquisition expense ratios need to be trended to the 12/1/2013 level.

The trend factor for the expenses represented in the numerator is based on the index displayed on pages D-24-27. This index is constructed by weighting the Compensation Cost Index with the Consumer Price Index. These two sources receive equal weights. Based on these data, an average annual change of 2.0% is selected. This average annual change is projected 65.0 months (from 7/1/2008 to 12/1/2013).

To trend the premiums in the denominator, two multiplicative factors are applied. The first is the 2008 Current Amount Factor shown on pages D-18,20 and 22. The second is the Premium Projection Factor shown on pages D-18,20 and 22.

Once the percentage provision for general and other acquisition expenses is trended, it is converted to a corresponding dollar value which can be incorporated into the pure-premium ratemaking methodology utilized in this filing. The dollar value is obtained by multiplying the trended percentage by the trended average rate at current-manual level. Distinct dollar values are generated for the Owners, Tenant and Condominium forms. These values by form reflect the judgment that the premium for a single Tenant or Condominium policy requires a dollar loading that is 50% of the dollar loading required by the premium for a single Owners policy.

Loss Adjustment Expense - Based on the 2005-2009 experience shown on page D-29, loss adjustment expenses (both allocated and unallocated) average 12.8% of incurred losses, after excluding the high- and low-valued years. The average date of loss represented in these data is 7/1/2007. Both the numerator and denominator are therefore trended 83.0 months, from 7/1/2007 to 6/1/2014 (12 months beyond the anticipated effective date of 6/1/2013).

The trend factor used for expenses in the numerator is determined in a similar way as for general and other acquisition expenses. The 2.0% selected average annual change is projected 83.0 months (from 7/1/2007 to 6/1/2014).

To trend the losses in the denominator, quantities that are calculated in the loss trend procedure are used. To adjust losses from the 7/1/2007 (average) level to 11/15/2011, the 2007 Current Cost Factors shown on pages D-12 and D-14 are applied. To adjust losses from 11/15/2011 to 6/1/2014 (12 months beyond the anticipated effective date) the product of the Loss Projection, First Dollar and Loss Trend Adjustment factors (pages D-18,20 and 22) are applied.

No alternate expense trend methodology has been considered within the last three years.

See the response to item (3)(g).

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
AS PER 11 NCAC 10.1105

8. PERCENT RATE CHANGE

The overall statewide rate change and the rate changes by territory are shown on pages A-1 and A-2.

The proposed rate changes are dependent on the actual implementation date of the new rates, because any such change will affect all of the trending periods used in the filing. Any change in the trending periods will affect all of the losses, fixed expenses, and average rating factors used in the calculation of the rate level indication. The proposed rate changes have been calculated based on an assumed effective date of 6/1/2013.

If the effective date were to be changed, advance notice of one hundred five (105) days is required for an orderly implementation of the change in rates. This is the amount of time required to calculate the new rates based on the new effective date, and distribute the necessary information to member companies.

9. FINAL PROPOSED RATES

The proposed rates are shown in Section A.

10. INVESTMENT EARNINGS, CONSISTING OF INVESTMENT INCOME AND REALIZED PLUS UNREALIZED CAPITAL GAINS, FROM LOSS, LOSS EXPENSE AND UNEARNED PREMIUM RESERVES

See attached Exhibits (10)(a), (b) and (c) and the pre-filed testimony of R. Curry and D. Appel. The experience provides the best estimate of the future.

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve

1.	Direct Earned Premium for Accident Year Ended 12/31/09		1,749,633,509
2.	Mean Unearned Premium Reserve (1) x	0.5248	918,207,666
3.	Deduction for Prepaid Expenses		
	Commission and Brokerage		13.45%
	Taxes, Licenses and Fees		2.35%
	1/2 General Expenses		2.58%
	1/2 Other Acquisition		3.42%
	Total		21.80%
4.	(2) x (3)		200,169,271
5.	Net Subject to Investment (2) - (4)		718,038,395

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)		1,749,633,509
2.	Average Agents' Balances		0.127
3.	Delayed Remission (1) x (2)		222,281,849

C. Loss Reserve

1.	Direct Earned Premium (A-1)		1,749,633,509
2.	Expected Incurred Losses and Loss Adjustment Expense (1) x	0.5988	1,047,680,545
3.	Expected Mean Loss Reserves (2) x	0.353	369,831,232

D.	Net Subject to Investment (A-5)-(B-3)+(C-3)		865,587,778
E.	Average Rate of Return		3.96%
F.	Investment Earnings on Net Subject to Investment (D) x (E)		34,277,276
G.	Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)		1.96%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes (G) x	0.804	1.58%

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

<u>Line A-1</u>
Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

<u>Line A-2</u>
The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/09 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/09	1,749,633,509
2. Unearned Premium Reserve as of 12/31/08	889,595,262
3. Unearned Premium Reserve as of 12/31/09	946,767,152
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	918,181,207
5. Ratio (4) ÷ (1)	0.5248

<u>Line A-3</u>
Deduction for prepaid expenses:
Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/09.

<u>Line B-2</u>
Delayed remission of premium:
This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	12.33%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.03
3. Factor for agents' balances (1) x (2)	0.127

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/09.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2009 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2009	999,396,755
2. Loss Reserves as of 12/31/08	308,814,071
3. Loss Reserves as of 12/31/ 09	347,759,090
4. Mean Loss Reserve 2009: 1/2 [(2) + (3)]	328,286,581
5. Ratio (4) ÷ (1)	0.328
6. Ratio of LAE Reserves to Loss Reserves (a)	0.265
7. Ratio of Incurred LAE to Incurred Losses (a)	0.175
8. Loss and LAE Reserve [(5)x(1.0+(6))/(1.0+(7))]	0.353

(a) Based on 2009 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. The investment income and asset values shown below are from Best's Aggregates and Averages.

Year	Net Investment Income Earned	Mean Cash and Invested Assets	Rate of Return
2009	50,574,042	1,276,456,268	3.96%

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	3.96%	0.196

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2009 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Bonds	Taxable	25,888,575	0.35
	Non-Taxable	16,306,636	
	Sub-Total	42,195,211	0.215
Stocks	Taxable (a)	4,622,814	0.105
	Non-Taxable	2,743,306	
	Sub-Total	7,366,120	0.066
Mortgage Loans		280,457	
Real Estate		1,783,122	
Contract Loans		480	
Cash/Short-Term Investments		527,085	
Derivative Instruments		(55,521)	
All Other		3,236,281	
Sub-Total		5,771,904	0.35
Total		55,333,235	0.209
Investment Deductions		4,759,193	0.35
Net Investment Income Earned		50,574,042	0.196

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% (.35 x .3 = 10.5%)

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve

1.	Direct Earned Premium for Accident Year Ended 12/31/08		1,679,963,716
2.	Mean Unearned Premium Reserve (1) x	0.5182	870,557,198
3.	Deduction for Prepaid Expenses		
	Commission and Brokerage		13.52%
	Taxes, Licenses and Fees		2.16%
	1/2 General Expenses		2.25%
	1/2 Other Acquisition		3.40%
	Total		21.33%
4.	(2) x (3)		185,689,850
5.	Net Subject to Investment (2) - (4)		684,867,348

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)		1,679,963,716
2.	Average Agents' Balances		0.135
3.	Delayed Remission (1) x (2)		226,526,915

C. Loss Reserve

1.	Direct Earned Premium (A-1)		1,679,963,716
2.	Expected Incurred Losses and Loss Adjustment Expense (1) x	0.6087	1,022,593,914
3.	Expected Mean Loss Reserves (2) x	0.348	355,862,682

D.	Net Subject to Investment (A-5)-(B-3)+(C-3)		814,203,115
E.	Average Rate of Return		4.16%
F.	Investment Earnings on Net Subject to Investment (D) x (E)		33,870,850
G.	Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)		2.02%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes (G) x	0.792	1.60%

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/08 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/08	1,679,963,716
2. Unearned Premium Reserve as of 12/31/07	851,467,418
3. Unearned Premium Reserve as of 12/31/08	889,595,262
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	870,531,340
5. Ratio (4) ÷ (1)	0.5182

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/08.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	13.05%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.033
3. Factor for agents' balances (1) x (2)	0.135

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/08.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2008 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2008	899,893,586
2. Loss Reserves as of 12/31/07	270,743,911
3. Loss Reserves as of 12/31/ 08	308,814,071
4. Mean Loss Reserve 2008: 1/2 [(2) + (3)]	289,778,991
5. Ratio (4) ÷ (1)	0.322
6. Ratio of LAE Reserves to Loss Reserves (a)	0.235
7. Ratio of Incurred LAE to Incurred Losses (a)	0.144
8. Loss and LAE Reserve [(5)x(1.0+(6))/(1.0+(7))]	0.348

(a) Based on 2008 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. The investment income and asset values shown below are from Best's Aggregates and Averages.

Year	Net Investment Income Earned	Mean Cash and Invested Assets	Rate of Return
2008	53,765,490	1,293,564,131	4.16%

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	4.16%	0.208

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2008 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Bonds	Taxable	26,065,645	0.35
	Non-Taxable	16,923,546	
	Sub-Total	42,989,191	0.212
Stocks	Taxable (a)	5,244,126	0.105
	Non-Taxable	1,234,199	
	Sub-Total	6,478,325	0.085
Mortgage Loans		312,607	
Real Estate		1,772,757	
Contract Loans		692	
Cash/Short-Term Investments		2,660,197	
Derivative Instruments		(40,046)	
All Other		4,302,167	
Sub-Total		9,008,374	0.35
Total		58,475,890	0.219
Investment Deductions		4,710,400	0.35
Net Investment Income Earned		53,765,490	0.208

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% (.35 x .3 = 10.5%)

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve

1.	Direct Earned Premium for Accident Year Ended 12/31/07		1,574,167,430
2.	Mean Unearned Premium Reserve (1) x	0.5213	820,613,481
3.	Deduction for Prepaid Expenses		
	Commission and Brokerage		13.86%
	Taxes, Licenses and Fees		1.95%
	1/2 General Expenses		2.30%
	1/2 Other Acquisition		3.38%
	Total		21.49%
4.	(2) x (3)		176,349,837
5.	Net Subject to Investment (2) - (4)		644,263,644

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	1,574,167,430
2.	Average Agents' Balances	0.136
3.	Delayed Remission (1) x (2)	213,799,446

C. Loss Reserve

1.	Direct Earned Premium (A-1)		1,574,167,430
2.	Expected Incurred Losses and Loss Adjustment Expense (1) x	0.6049	952,213,878
3.	Expected Mean Loss Reserves (2) x	0.387	368,506,771

D.	Net Subject to Investment (A-5)-(B-3)+(C-3)		798,970,969
E.	Average Rate of Return		4.40%
F.	Investment Earnings on Net Subject to Investment (D) x (E)		35,154,723
G.	Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)		2.23%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes (G) x	0.780	1.74%

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/07 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/07	1,574,167,430
2. Unearned Premium Reserve as of 12/31/06	789,908,442
3. Unearned Premium Reserve as of 12/31/07	851,467,418
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	820,687,930
5. Ratio (4) ÷ (1)	0.5213

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/07.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	13.11%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.036
3. Factor for agents' balances (1) x (2)	0.136

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/07.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2007 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2007	709,776,618
2. Loss Reserves as of 12/31/06	241,306,853
3. Loss Reserves as of 12/31/ 07	270,743,911
4. Mean Loss Reserve 2007: 1/2 [(2) + (3)]	256,025,382
5. Ratio (4) ÷ (1)	0.361
6. Ratio of LAE Reserves to Loss Reserves (a)	0.246
7. Ratio of Incurred LAE to Incurred Losses (a)	0.161
8. Loss and LAE Reserve [(5)x(1.0+(6))/(1.0+(7))]	0.387

(a) Based on 2007 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. The investment income and asset values shown below are from Best's Aggregates and Averages.

Year	Net Investment Income Earned	Mean Cash and Invested Assets	Rate of Return
2007	57,532,735	1,306,399,662	4.40%

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	4.40%	0.22

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2007 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Bonds	Taxable	26,829,002	0.35
	Non-Taxable	15,945,544	
	Sub-Total	42,774,546	0.220
Stocks	Taxable (a)	5,217,764	0.105
	Non-Taxable	1,787,257	
	Sub-Total	7,005,021	0.078
Mortgage Loans		277,884	
Real Estate		1,765,348	
Contract Loans		458	
Cash/Short-Term Investments		5,343,544	
Derivative Instruments		1,588	
All Other		5,816,928	
Sub-Total		13,205,750	0.35
Total		62,985,317	0.231
Investment Deductions		5,452,582	0.35
Net Investment Income Earned		57,532,735	0.220

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% (.35 x .3 = 10.5%)

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve

1.	Direct Earned Premium for Accident Year Ended 12/31/06		1,482,725,194
2.	Mean Unearned Premium Reserve (1) x	0.5164	765,679,290
3.	Deduction for Prepaid Expenses		
	Commission and Brokerage		13.94%
	Taxes, Licenses and Fees		2.06%
	1/2 General Expenses		1.71%
	1/2 Other Acquisition		2.72%
	Total		20.43%
4.	(2) x (3)		156,428,279
5.	Net Subject to Investment (2) - (4)		609,251,011

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	1,482,725,194
2.	Average Agents' Balances	0.138
3.	Delayed Remission (1) x (2)	205,351,414

C. Loss Reserve

1.	Direct Earned Premium (A-1)		1,482,725,194
2.	Expected Incurred Losses and Loss Adjustment Expense (1) x	0.6279	931,003,149
3.	Expected Mean Loss Reserves (2) x	0.414	385,435,304

D.	Net Subject to Investment (A-5)-(B-3)+(C-3)		789,334,901
E.	Average Rate of Return		4.46%
F.	Investment Earnings on Net Subject to Investment (D) x (E)		35,204,337
G.	Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)		2.37%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes (G) x	0.781	1.85%

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1
Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2
The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/06 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/06	1,482,725,194
2. Unearned Premium Reserve as of 12/31/05	741,334,414
3. Unearned Premium Reserve as of 12/31/06	789,908,442
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	765,621,428
5. Ratio (4) ÷ (1)	0.5164

Line A-3
Deduction for prepaid expenses:
Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/06.

Line B-2
Delayed remission of premium:
This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	13.42%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.032
3. Factor for agents' balances (1) x (2)	0.138

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/06.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2006 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2006	617,940,701
2. Loss Reserves as of 12/31/05	239,459,079
3. Loss Reserves as of 12/31/ 06	241,306,853
4. Mean Loss Reserve 2006: 1/2 [(2) + (3)]	240,382,966
5. Ratio (4) ÷ (1)	0.389
6. Ratio of LAE Reserves to Loss Reserves (a)	0.248
7. Ratio of Incurred LAE to Incurred Losses (a)	0.174
8. Loss and LAE Reserve [(5)x(1.0+(6))/(1.0+(7))]	0.414

(a) Based on 2006 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. The investment income and asset values shown below are from Best's Aggregates and Averages.

Year	Net Investment Income Earned	Mean Cash and Invested Assets	Rate of Return
2006	54,648,095	1,225,694,970	4.46%

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	4.46%	0.219

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2006 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Bonds	Taxable	25,429,410	0.35
	Non-Taxable	14,446,481	
	Sub-Total	39,875,891	0.223
Stocks	Taxable (a)	4,507,468	0.105
	Non-Taxable	2,839,135	
	Sub-Total	7,346,603	0.064
Mortgage Loans		195,240	
Real Estate		1,657,734	
Contract Loans		1,645	
Cash/Short-Term Investments		4,755,081	
Derivative Instruments		(49,822)	
All Other		5,439,596	
Sub-Total		11,999,474	0.35
Total		59,221,968	0.229
Investment Deductions		4,573,873	0.35
Net Investment Income Earned		54,648,095	0.219

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% (.35 x .3 = 10.5%)

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

A. Unearned Premium Reserve

1.	Direct Earned Premium for Accident Year Ended 12/31/05		1,390,877,193
2.	Mean Unearned Premium Reserve (1) x	0.5178	720,196,211
3.	Deduction for Prepaid Expenses		
	Commission and Brokerage		14.06%
	Taxes, Licenses and Fees		2.11%
	1/2 General Expenses		2.17%
	1/2 Other Acquisition		3.17%
	Total		21.51%
4.	(2) x (3)		154,910,093
5.	Net Subject to Investment (2) - (4)		565,286,118

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)		1,390,877,193
2.	Average Agents' Balances		0.128
3.	Delayed Remission (1) x (2)		178,032,281

C. Loss Reserve

1.	Direct Earned Premium (A-1)		1,390,877,193
2.	Expected Incurred Losses and Loss Adjustment Expense (1) x	0.6083	846,070,597
3.	Expected Mean Loss Reserves (2) x	0.455	384,962,122

D.	Net Subject to Investment (A-5)-(B-3)+(C-3)		772,215,959
E.	Average Rate of Return		4.57%
F.	Investment Earnings on Net Subject to Investment (D) x (E)		35,290,269
G.	Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)		2.54%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes (G) x	0.781	1.98%

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for Homeowners insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/05 for all companies writing Homeowners insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/05	1,390,877,193
2. Unearned Premium Reserve as of 12/31/04	699,125,408
3. Unearned Premium Reserve as of 12/31/05	741,334,414
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	720,229,911
5. Ratio (4) ÷ (1)	0.5178

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/05.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing Homeowners insurance in North Carolina)	12.43%
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.029
3. Factor for agents' balances (1) x (2)	0.128

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/05.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2005 for Homeowners insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2005	546,910,154
2. Loss Reserves as of 12/31/04	231,943,893
3. Loss Reserves as of 12/31/ 05	239,459,079
4. Mean Loss Reserve 2005: 1/2 [(2) + (3)]	235,701,486
5. Ratio (4) ÷ (1)	0.431
6. Ratio of LAE Reserves to Loss Reserves (a)	0.212
7. Ratio of Incurred LAE to Incurred Losses (a)	0.149
8. Loss and LAE Reserve [(5)x(1.0+(6))/(1.0+(7))]	0.455

(a) Based on 2005 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. The investment income and asset values shown below are from Best's Aggregates and Averages.

Year	Net Investment Income Earned	Mean Cash and Invested Assets	Rate of Return
2005	51,737,631	1,131,552,061	4.57%

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	Rate of Return	Federal Income Tax Rate
Net Investment Income Earned	4.57%	0.219

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2005 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

NORTH CAROLINA

HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Bonds	Taxable	23,254,464	0.35
	Non-Taxable	13,189,050	
	Sub-Total	36,443,514	0.223
Stocks	Taxable (a)	3,675,690	0.105
	Non-Taxable	3,597,641	
	Sub-Total	7,273,331	0.053
Mortgage Loans		194,195	
Real Estate		1,650,988	
Contract Loans		2,367	
Cash/Short-Term Investments		3,006,076	
Derivative Instruments		(2,499)	
All Other		7,533,180	
Sub-Total		12,384,307	0.35
Total		56,101,152	0.229
Investment Deductions		4,363,521	0.35
Net Investment Income Earned		51,737,631	0.219

(a) Only 30% of dividend income on stock is subject to the full corporate income tax rate of 35%. The applicable tax rate is thus 10.5% (.35 x .3 = 10.5%)

NORTH CAROLINA

HOMEOWNERS INSURANCE

AVERAGE NUMBER OF MONTHS FROM ACCIDENT TO CLAIM SETTLEMENT

(Based on ISO North Carolina experience for accident years 2002-2004)

Average Payment Month	Losses Paid	Portion of All Losses Paid
1.5	288,163,363	0.416
4.5	268,251,644	0.387
7.5	63,154,906	0.091
10.5	25,648,585	0.037
13.5	13,710,239	0.020
16.5	8,158,443	0.012
19.5	5,757,481	0.008
22.5	4,592,904	0.007
25.5	2,040,364	0.003
28.5	2,168,137	0.003
31.5	1,632,664	0.002
34.5	1,850,155	0.003
37.5	3,009,055	0.004
40.5	1,266,685	0.002
43.5	883,465	0.001
46.5	1,092,570	0.002
49.5	366,440	0.001
52.5	397,324	0.001
55.5	305,389	0.000
58.5	132,095	0.000
61.5	189,675	0.000
64.5	102,732	0.000
67.5	14,713	0.000
70.5	9,596	0.000
73.5	6	0.000
	692,898,630	

The average number of months to payment from the beginning of the accident year is 5.02, i.e., the sum of [Column (1) × Column (3)].

The average number of months to payment from the average date of accident is 3.52.

Exhibit (10)(c)(i)

2008 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2008 TOP 50 HOMEOWNERS INSURERS

ASSETS

1	Bonds	158,647,756
2	Stocks	
	2.1 Preferred stocks	3,082,796
	2.2 Common stocks	62,046,196
3	Mortgage loans on real estate	
	3.1 First Liens	1,899,128
	3.2 Other than First Liens	0
4	Real estate	
	4.1 Properties occupied by the company	2,698,250
	4.2 Properties held for the production of income	119,644
	4.3 Properties held for sale	14,284
5	Cash and Short-term investments	10,652,658
6	Contract Loans	0
7	Other invested assets	17,652,228
8	Receivable for securities	640,927
9	Aggregate write-ins for invested assets	424,557
10	Subtotals, cash and invested assets	257,878,425
11	Title Plants less charged off (Title only)	0
12	Investment income due & accrued	2,043,844
13	Agents balances or uncollected premiums	
	13.1 In course of collection	10,298,448
	13.2 Booked but deferred and not yet due	18,493,186
	13.3 Accrued retrospective premiums	2,057,832
14	Reinsurance:	
	14.1 Amts Recoverable	3,710,928
	14.2 Funds Held by or Dep w/Reins	593,166
	14.3 Other Amts Receivable	66,592
15	Amount Receivable relating uninsured plans	198
16.1	Federal income tax recoverable and interest thereon	3,113,154
16.2	Net Deferred Tax Assets	7,222,052
17	Guaranty funds receivable or on deposit	194,747
18	Electronic data processing equipment	404,690
19	Furn & Equip incl HC Delivery Assets	0
20	Net adj due to foreign exch rate	1,412
21	Receivable from parent, subsidiaries and affiliates	3,305,731
22	Health Care & other Amts Rec	308
23	Aggregate write-ins for other than invested assets	5,589,474
24	Total excl Sep/Seg/Prot Cell Accts (Line 10 to 23)	314,974,188
25	From Sep/Seg/Prot Cell Accounts	0
26	**TOTALS (Lines 24 and 25)**	**314,974,188**

2009 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2009 TOP 50 HOMEOWNERS INSURERS

ASSETS

1	Bonds	164,864,471
2	Stocks	
	2.1 Preferred stocks	2,491,830
	2.2 Common stocks	67,891,286
3	Mortgage loans on real estate	
	3.1 First Liens	2,044,824
	3.2 Other than First Liens	0
4	Real estate	
	4.1 Properties occupied by the company	2,562,285
	4.2 Properties held for the production of income	100,616
	4.3 Properties held for sale	14,243
5	Cash and Short-term investments	6,673,314
6	Contract Loans	0
7	Other invested assets	17,882,230
8	Receivable for securities	136,362
9	Aggregate write-ins for invested assets	318,700
10	Subtotals, cash and invested assets	264,980,160
11	Title Plants less charged off (Title only)	0
12	Investment income due & accrued	2,047,921
13	Agents balances or uncollected premiums	
	13.1 In course of collection	7,411,250
	13.2 Booked but deferred and not yet due	17,304,806
	13.3 Accrued retrospective premiums	2,005,159
14	Reinsurance:	
	14.1 Amts Recoverable	3,012,352
	14.2 Funds Held by or Dep w/Reins	673,576
	14.3 Other Amts Receivable	10,607
15	Amount Receivable relating uninsured plans	11
16.1	Federal income tax recoverable and interest thereon	1,372,139
16.2	Net Deferred Tax Assets	7,868,639
17	Guaranty funds receivable or on deposit	142,063
18	Electronic data processing equipment	384,035
19	Furn & Equip incl HC Delivery Assets	0
20	Net adj due to foreign exch rate	0
21	Receivable from parent, subsidiaries and affiliates	2,402,524
22	Health Care & other Amts Rec	411
23	Aggregate write-ins for other than invested assets	4,353,280
24	Total excl Sep/Seg/Prot Cell Accts (Line 10 to 23)	313,968,935
25	From Sep/Seg/Prot Cell Accounts	0
26	**TOTALS (Lines 24 and 25)**	**313,968,935**

2008 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2008 TOP 50 HOMEOWNERS INSURERS

LIABILITIES

1	Losses	93,454,165
2	Reinsurance payable on paid loss and loss adjustment expense	3,287,385
3	Loss adjustment expenses	21,488,364
4	Contingent commisions and other similar charges	1,367,793
5	Other expenses	6,983,943
6	Taxes, licenses and fees	1,407,245
7.1	Federal and foreign income taxes	99,738
7.2	Net deffered tax liability	12,877
8	Borrowed money & Interest	676,094
9	Unearned premiums	50,721,478
10	Advanced premiums	892,865
11	Dividends declared and unpaid	
	11.1 Stockholders	822
	11.2 Policyholders	130,392
12	Ceded reinsurance premiums payable	5,254,478
13	Funds held by company under reinsurance treaties	4,268,230
14	Amounts withheld or retained by company for account of others	1,361,976
15	Remittances and items not allocated	284,112
16	Provision for reinsurance	646,704
17	Net adjustments in assets and liabilities for foreign exchange	29,767
18	Drafts outstanding	1,035,801
19	Payable to parent, subsidiaries and affiliates	1,107,602
20	Payable for securities	568,064
21	Liability for amounts held under accident and health plans	1,529
22	Capital notes and interest theron	0
23	Aggregate write-ins for liabilities	4,356,349
24	Total liabilities excluding protected cell liabilities	199,437,771
25	Protected cell liabilities	0
26	Total liabilities	199,437,771
27	Aggregate write-ins for special surplus funds	2,816,260
28	Common capital stock	227,640
29	Preferred capital stock	315,060
30	Aggregate write-ins for other than special surplus funds	253,273
31	Surplus notes	4,439,057
32	Gross paid in and contributed surplus	27,278,786
33	Unassigned funds (surplus)	80,206,505
34	Treasury stock	
	34.1 common	166
	34.2 preferred	0
35	Surplus as regards policyholders	115,536,416
36	**TOTALS**	**314,974,188**

2009 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2009 TOP 50 HOMEOWNERS INSURERS

LIABILITIES

1	Losses	90,910,336
2	Reinsurance payable on paid loss and loss adjustment expense	2,325,160
3	Loss adjustment expenses	21,031,195
4	Contingent commisions and other similar charges	1,318,852
5	Other expenses	6,499,423
6	Taxes, licenses and fees	1,274,530
7.1	Federal and foreign income taxes	644,459
7.2	Net deffered tax liability	14,865
8	Borrowed money & Interest	98,492
9	Unearned premiums	48,682,009
10	Advanced premiums	860,754
11	Dividends declared and unpaid	
	11.1 Stockholders	51,023
	11.2 Policyholders	115,279
12	Ceded reinsurance premiums payable	4,034,190
13	Funds held by company under reinsurance treaties	2,490,023
14	Amounts withheld or retained by company for account of others	1,578,479
15	Remittances and items not allocated	386,465
16	Provision for reinsurance	404,732
17	Net adjustments in assets and liabilities for foreign exchange	6,091
18	Drafts outstanding	1,118,500
19	Payable to parent, subsidiaries and affiliates	1,475,681
20	Payable for securities	475,101
21	Liability for amounts held under accident and health plans	0
22	Capital notes and interest theron	0
23	Aggregate write-ins for liabilities	4,211,504
24	Total liabilities excluding protected cell liabilities	190,007,142
25	Protected cell liabilities	0
26	Total liabilities	190,007,142
27	Aggregate write-ins for special surplus funds	4,775,752
28	Common capital stock	267,940
29	Preferred capital stock	315,060
30	Aggregate write-ins for other than special surplus funds	-97,004
31	Surplus notes	3,275,433
32	Gross paid in and contributed surplus	27,533,800
33	Unassigned funds (surplus)	87,890,978
34	Treasury stock	
	34.1 common	166
	34.2 preferred	0
35	Surplus as regards policyholders	123,961,793
36	**TOTALS**	**313,968,935**

2008 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2008 TOP 50 HOMEOWNERS INSURERS
UNDERWRITING AND INVESTMENT EXHIBIT

STATEMENT OF INCOME

1	Premiums earned	120,908,767
	Deductions	
2	Losses incurred	77,006,752
3	Loss expenses incurred	14,214,776
4	Other underwriting expenses incurred	32,743,058
5	Aggregate write-ins for underwriting deductions	1,608
6	Total underwriting deductions	123,966,194
7	Net income of protected cells	0
8	Net underwriting gain or loss	-3,057,426
9	Net investment income earned	11,436,760
10	Net realized capital gains or losses	-2,233,009
11	Net investment gain or loss	9,203,750
12	Net gain or loss from agents or premium balances charged off	-362,546
13	Finance or service charges not included in premiums	843,947
14	Aggregate write-ins for miscellaneous income	255,873
15	Total other income	737,274
16	Net income before dividends to policyholders and before federal and foreign income taxes	6,883,598
17	Dividends to policyholders	666,071
18	Net income after dividends to policyholders but before federal and foreign income taxes	6,217,527
19	Federal and foreign income taxes incurred	572,725
20	Net income	5,644,803
21	Surplus as regards policyholders, December 31 previous year	128,752,683
22	Net income	5,644,803
23	Net transfer (to) from Protected Cell accounts	0
24	Change in Net unrealized capital gain(losses)	-13,093,395
25	Change in foreign exchange adjustment	-798,460
26	Change in net deferred income tax	401,968
27	Change in non-admitted assets	-1,482,353
28	Change in provisions for reinsurance	146,202
29	Change in surplus notes	700,174
30	Surplus to/from Prot Cells	0
31	Cumulative effect of changes in acct prin	11,720
32	Capital changes	
	32.1 Paid in	0
	32.2 Transferred from surplus	0
	32.3 Transferred to surplus	0
33	Surplus adjustments	
	33.1 Paid in	4,421,923
	33.2 Transferred to capital	0
	33.3 Transferred from capital	0
34	Net remittances from or to Home Office	0
35	Dividends to stockholders (cash)	-8,480,934
36	Change in treasury stock	0
37	Aggregate write-ins for gains and losses in surplus	-687,915
38	Change in surplus as regards policyholders for the year	-13,216,267
39	Surplus as regards policyholders, December 31 current year	115,536,416

2009 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2009 TOP 50 HOMEOWNERS INSURERS
UNDERWRITING AND INVESTMENT EXHIBIT

STATEMENT OF INCOME

1	Premiums earned	111,777,982
	Deductions	
2	Losses incurred	67,170,812
3	Loss expenses incurred	13,618,516
4	Other underwriting expenses incurred	30,752,776
5	Aggregate write-ins for underwriting deductions	17,664
6	Total underwriting deductions	111,559,770
7	Net income of protected cells	0
8	Net underwriting gain or loss	218,212
9	Net investment income earned	8,993,686
10	Net realized capital gains or losses	-1,295,061
11	Net investment gain or loss	7,698,626
12	Net gain or loss from agents or premium balances charged off	-450,504
13	Finance or service charges not included in premiums	805,865
14	Aggregate write-ins for miscellaneous income	-66,680
15	Total other income	288,680
16	Net income before dividends to policyholders and before federal and foreign income taxes	8,205,518
17	Dividends to policyholders	925,942
18	Net income after dividends to policyholders but before federal and foreign income taxes	7,279,576
19	Federal and foreign income taxes incurred	1,238,811
20	Net income	6,040,766
21	Surplus as regards policyholders, December 31 previous year	113,479,619
22	Net income	6,040,766
23	Net transfer (to) from Protected Cell accounts	0
24	Change in Net unrealized capital gain(losses)	4,172,241
25	Change in foreign exchange adjustment	336,407
26	Change in net deferred income tax	693,280
27	Change in non-admitted assets	242,870
28	Change in provisions for reinsurance	203,974
29	Change in surplus notes	603,273
30	Surplus to/from Prot Cells	0
31	Cumulative effect of changes in acct prin	-167,394
32	Capital changes	
	32.1 Paid in	1,500
	32.2 Transferred from surplus	0
	32.3 Transferred to surplus	0
33	Surplus adjustments	
	33.1 Paid in	1,334,253
	33.2 Transferred to capital	0
	33.3 Transferred from capital	0
34	Net remittances from or to Home Office	0
35	Dividends to stockholders (cash)	-2,982,103
36	Change in treasury stock	0
37	Aggregate write-ins for gains and losses in surplus	3,107
38	Change in surplus as regards policyholders for the year	10,482,173
39	Surplus as regards policyholders, December 31 current year	123,961,793

2008 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2008 TOP 50 HOMEOWNERS INSURERS

PART II - ALLOCATION TO LINES OF BUSINESS NET OF REINSURANCE

	Homeowners	
1	Net Premiums Written	29,929,362,000
2	Net Premiums Earned	30,108,420,000
3	Dividends to Policyholders	178,222,000
4	Incurred Losses	23,605,517,000
5	Allocated Loss Adjustment Expenses Incurred	485,065,000
6	Unallocated Loss Adjustment Expenses Incurred	3,090,658,000
7	Unpaid Losses	9,006,986,000
8	Allocated Loss Adjustment Expenses Unpaid	855,018,000
9	Unallocated Loss Adjustment Expenses Unpaid	1,605,488,000
10	Unearned Premium Reserves	15,937,313,000
11	Agents' Balances	6,136,938,000
12	Commission and Brokerage Expense	3,675,514,000
13	Taxes, Licenses and Fees Incurred	820,556,000
14	Other Acquisition, Etc. Expenses Incurred	2,906,463,000
15	General Expenses Incurred	1,261,873,000
16	Other Income Less Other Expenses	140,131,000
17	Pretax Profit Excluding Investment Gain	-5,775,324,000
18	Investment Gain on Insurance Transactions	593,902,000
19	Profit or Loss Excluding Inv Gain on Capital and Surplus	-5,181,426,000
20	Investment Gain on Capital and Surplus	998,002,000
21	**Total Profit or Loss**	**-4,183,426,000**

2009 AGGREGATE ANNUAL STATEMENT - NORTH CAROLINA 2009 TOP 50 HOMEOWNERS INSURERS

PART II - ALLOCATION TO LINES OF BUSINESS NET OF REINSURANCE

	Homeowners	
1	Net Premiums Written	29,434,802,000
2	Net Premiums Earned	28,584,310,000
3	Dividends to Policyholders	252,995,000
4	Incurred Losses	19,261,665,000
5	Allocated Loss Adjustment Expenses Incurred	446,061,000
6	Unallocated Loss Adjustment Expenses Incurred	2,619,929,000
7	Unpaid Losses	7,638,598,000
8	Allocated Loss Adjustment Expenses Unpaid	795,721,000
9	Unallocated Loss Adjustment Expenses Unpaid	1,334,073,000
10	Unearned Premium Reserves	15,957,395,000
11	Agents' Balances	5,493,248,000
12	Commission and Brokerage Expense	3,519,660,000
13	Taxes, Licenses and Fees Incurred	796,079,000
14	Other Acquisition, Etc. Expenses Incurred	2,787,872,000
15	General Expenses Incurred	1,182,761,000
16	Other Income Less Other Expenses	100,873,000
17	Pretax Profit Excluding Investment Gain	-2,181,839,000
18	Investment Gain on Insurance Transactions	578,544,000
19	Profit or Loss Excluding Inv Gain on Capital and Surplus	-1,603,298,000
20	Investment Gain on Capital and Surplus	872,226,000
21	**Total Profit or Loss**	**-731,071,000**

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
AS PER 11 NCAC 10.1105

11. IDENTIFICATION OF APPLICABLE STATISTICAL PLANS AND PROGRAMS AND A CERTIFICATION OF COMPLIANCE WITH THEM

(a) ISO Personal Lines Statistical Plan (Other than Automobile)
ISO Personal Lines Statistical Agent Plan (Other than Automobile
ISO 2009 Call for Homeowners Statistics
ISO 2009 Call for Homeowners Statistical Agent Plan Statistics
ISS Personal Lines Statistical Plans - All Coverages
ISS 2009 Homeowners Call
AAIS Personal Lines Statistical Plan
AAIS 2009 Call for Homeowners Statistics
NISS Statistical Plan - All Coverages - Part IV, North Carolina
NISS 2009 Quarterly Call
NISS 2009 Calendar Year Annual Statement
NISS 2009 Financial Reconciliation Call
Annual Statement for Calendar Year 2009
Insurance Expense Exhibit for Calendar Year 2009
RB Calls for 2009 North Carolina Expense Experience

(b) The North Carolina Rate Bureau certifies that there is no evidence known to it or, insofar as it is aware following reasonable inquiry, to the statistical agencies involved that the data which were collected under the statistical plans identified in response (11)(a) above and used in the filing are not materially true and accurate representations of the experience of the companies whose data underlie such experience. While the Rate Bureau is aware that the collected data sometimes require corrections or adjustments, the Rate Bureau's review of the data, the data collection process, and the ratemaking process indicates that the aggregate data are reasonable and reliable for ratemaking purposes. See also the prefiled testimony of R. Curry and S. Thomas.

(c) The attached Exhibit (11)(c) contains general descriptions of the editing procedures used to ensure data were collected in accordance with the applicable statistical plans.

North Carolina Homeowners Insurance Statistical Data

ISO Editing Procedures

1. Upon receipt of the data from each reporting company, checks are made to ensure that each record (i.e., the data reported for each exposure) has valid and readable information. This includes a check that the appropriate alpha-numeric codes have been utilized.

2. The records are then checked to ensure that each of the fields has a valid code in it (e.g., company numbers must be entered as four-digit numerals).

3. Relationship edits which evaluate the interrelationship between codes are then performed. For example, if a record indicates North Carolina, Homeowners, Form 3, checks are made to ascertain that applicable interrelationships are maintained.

4. Distributional edits are performed to make sure that the reporting company has not erred in miscoding its data into a single class, territory, or other rating criteria due a systems problem or other error.

5. The resulting combined data from all the company records are reconciled with Statutory Page 14 Annual Statement data for that company.

6. After all of the ISO data are aggregated, a consolidated review of the data is conducted to determine overall reasonableness and accuracy. In this procedure the data are compared with previous statewide and territory figures. Areas of concern are identified and results are verified by checking back to the source data.

North Carolina Homeowners Insurance Statistical Data

ISS Editing Procedures

The following narrative sets forth a general description of the editing procedures utilized by ISS to review North Carolina statistical data. All North Carolina experience submitted to the ISS by affiliated companies undergoes standard procedures to ensure that the data is reported in accordance with the ISS's approved statistical plans.

ISS's review of the data takes place on two levels: analysis of individual company data and analysis of the aggregate data of all the companies combined. These two separate functions will be treated in that order.

Analysis of Company Data

Analysis of company data includes: completeness checks, editing for valid coding and checking the distribution of data among the various data elements.

1. Completeness Checks (Balancing and Reconciliation):

   Balancing and reconciliation procedures are used to determine completeness of reporting. Completeness means that the ISS has received and processed all of the data due to be filed with the ISS. First, totals of each company's processed data are compared to separate transmittal totals supplied by the company. This step ensures that ISS has processed completely the experience included in the company's submission of data and that no errors occur during this processing. As a second check for completeness, the reported statistical data is reconciled to Statutory Page 14 totals from the company's Annual Statement. It is a useful procedure in determining completeness because the annual statement represents an independent source of information.

2. Editing of Codes:

   Format and Readability

   Statistical data reported by affiliated companies must be filed in accordance with ISS's approved statistical plans. This includes the requirement that the data must conform to the specific formats and technical specifications in order for ISS to properly read and process these submissions. The initial edit is a test of each company's submission to ensure it has been reported using the proper record format and that it meets certain technical requirements for the line of insurance being reported. Key fields are tested to ensure that only numeric information has been reported in fields defined as numeric, and that the fields have been reported in the proper position in the record.

   Relational Edits

   The data items of information filed with the insurance company's experience are reported by using codes defined under ISS's statistical plans. For example, the various types of Policy Forms written on Homeowners policies in North Carolina are defined in the Personal Lines Statistical Plan. Each definition for each data element has a unique code assigned to it which distinguishes it from other definitions. All data items applicable to North Carolina are defined in a similar manner in each of ISS's statistical plans and have codes assigned to properly identify each definition.

All records reported to ISS are subjected to validation of the reported codes. This validation, called editing, is performed to assure that companies are reporting properly defined ISS Statistical Plan codes for North Carolina experience.

The purpose of the edit is to validate the statistical codes reported in each record. This validation is called a Relation Edit. A relational edit verifies that a reported code is valid in combination with one or more related data items. Relational edit tests are accomplished primarily through the use of specific edit tables applicable to each line of insurance.

In most cases, the experience data in the record is used in conjunction with the related codes and compared to an establishment or discontinued date for the code being validated. This ensures that specific codes are not being utilized beyond the range of time during which they are valid.

An example of a relational edit involves territory coding. Many territory code numbers are available under each statistical plan for various states, with various effective dates. However, only codes defined for North Carolina for the specific line being processed are valid in combination with North Carolina reported experience. Further, if a new code is erected, that code will be considered valid only if the date reported in the statistical record is equal or subsequent to the establishment date of the code.

3. Distributional Analysis:

The validation of the codes is not by itself sufficient to assure the credibility of company data. Having assured the reporting of valid codes, the statistical agent must verify that valid entries are indeed reliable. Therefore, the data is also reviewed for reasonable distributions. The primary focus of this review is to establish that the statistical data reported by the company is a credible reflection of the company's experience.

The distribution of company experience by specific data elements such as state, territory, policy form, and construction, for example, for the current reporting period is compared to company profiles of prior periods. In addition, ratios relevant to the line of insurance such as average premium, average loss, volume, loss ratio and loss frequency are compared to industry averages. This historical comparison can highlight changes in the pattern of reporting.

The distributional analysis serves as an additional verification that systematic errors are not introduced during the production of data files submitted to ISS by our affiliated companies. Disproportionate amounts of premiums and/or losses in a particular class or territory, for example, can be detected using this technique.

Validation of Aggregate Data

After the individual company has been reviewed, the data for all reporting companies is compiled to produce aggregate reports. The aggregate data represents the combined experience of many companies. This data is also subjected to similar review procedures. To ensure completeness, run to run control techniques are applied. This involves balancing the totals of the aggregate runs to previously verified control totals. In this manner the aggregate data is monitored to ensure the inclusion of the appropriate company data.

The aggregate data is also reviewed for credibility through distributional analysis similar to that performed on the individual company data. Earned exposures (where applicable) and premiums and incurred losses and claims are used to calculate pure premiums, claim frequencies and claim costs for comparison to past averages. The analysis of the aggregate data centers on determining consistency over time by comparing several years of experience, by coverage and class, or territory, for example. Through the application of these techniques, ISS is able to provide reliable insurance statistical data in North Carolina.

NISS Editing Procedures

a. Every report received is checked for completeness. Every submission must include (1) an affidavit; (2) a letter of transmittal setting forth company control totals for the data being sent; (3) the data being reported on tape, cartridge, diskette or form to be keyed.

b. Individual company submissions are balanced to the company letter of transmittal to ensure that all data have been received and processed. After all four quarters of data have been received, the company reports are reconciled to the Annual Statement Statutory Page 14 amounts. The NISS Financial Reconciliation identifies any amounts needed to reconcile any differences between the company reported data and Annual Statement amounts.

c. Every company record submitted to NISS is verified through NISS edit software for its coding accuracy and conformance with NISS record layouts and instructions. NISS edits verify the accuracy of each code for each data element. Where possible, each data element is subjected to a relational edit whereby it will be checked for accuracy in conjunction with another field.

d. Individual company submissions are also subjected to a series of reasonability tests to determine that the current submission is consistent with previous company submissions, known changes in this line of business and statewide trends. NISS compares current quarter data to the previous quarter. This comparison is performed and analyzed by grouping data.

e. After all of the NISS data are combined, a review of this consolidated data is also performed. The aggregate data is compared on a year to year basis to again verify its reasonableness, similar to those checks employed on an individual company submission.

North Carolina Homeowners Insurance Statistical Data

AAIS Editing Procedures

The American Association of Insurance Services functions as an official statistical agent in the State of North Carolina for a number of lines of insurance, including Homeowners. In this capacity, it provides for the administration of statistical programs in accordance with approved statistical plans on behalf of the Commissioner of Insurance. These plans, which were filed according to the requirements of the State of North Carolina, serve to insure a high quality of data reliability.

1. All statistical plans constitute permanent calls for data, which is due at AAIS within 60 days following the close of the period covered by the report.

2. Each data submission is accompanied by a transmittal that summarizes the detail data by state. The transmittal provides control totals to balance to the input and output of each step in our collection procedure. Signature of the company official responsible for data collection is required on the transmittal to certify the accuracy and completeness of the data submission.

3. The AAIS data collection procedure consists of several consecutive steps in order to further verify receipt of accurate and complete data from each company and ultimately aggregate the data into the final experience format.

4. The data collection procedure begins with entering the company number, date, type of media, and transmittal control totals for each line of insurance received into a log file. Company number, record counts, lines of insurance, year, quarter, type and number of media are recorded on a processing log and submitted to the computer room.

5. Operations will load the data into the computer and process all lines through a program which verifies certain key fields. The key fields are company number, line of insurance, transaction code and report period (quarter and year). All invalid key fields must be corrected before proceeding to the next step. Once a valid key field report is generated, Operations will copy all valid key field records to the edit file.

6. Upon receipt of the Moved to Edit report, the statistical department will verify that all records were copied from the stored data file to the edit file. All companies are then released by line and report period for editing.

7. The edit program has several functions and reports. They are:

   a. Data is balanced to transmittal totals.
   b. Each statistical field is edited to the valid codes in the statistical plan for the line being processed. Many fields are also cross edited. An example is deductible type and amount. All invalid codes are identified with an asterisk to the right of the code.
   c. Edit reports consist of a listing of invalid records, error summary report, month report, state report and field error detail report. Homeowners has an additional report entitled "Data Consistency Report". This report shows the companies' average premium, pure premium, loss ratio, frequency and severity.

d. In addition to the edit report, we provide the company a distribution report. As you might expect, this report provides a distribution of the reported data for almost every single field of information captured by the statistical plan. This report is not only provided as a courtesy to the company, but it is always reviewed by AAIS staff to identify any reporting irregularities that wouldn't be caught by the edit program.

e. Along with the edit and distribution reports, there are additional review procedures in place to identify procedural reporting errors that may exist (e.g., cancellations and coverage changes). A great deal of time is spent on this item because of it's importance to the validity of the reported data.

f. Our analysis of a company's data are returned to the company with a customized letter indicating the type of action required. Depending on the severity of errors, companies are requested to make corrections or resubmit data.

8. AAIS provides assistance to all of its affiliated companies to ensure a continued high level of data quality. Statistical coding seminars designed to instruct company coders and respond to questions are scheduled annually. In addition to the seminars, AAIS has developed Statistical Training Manuals for some lines and pre-edit programs for company in-house use. Technical Services staff is available to train company personnel in all aspects of data collection, coding, statistical reporting and data processing.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
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12. INVESTMENT EARNINGS ON CAPITAL AND SURPLUS

Given the selected underwriting profit provision contained in the filing, the pro forma statutory return on net worth (equity capital), is shown in the filing and the pre-filed testimony of D. Appel. Also shown therein is the ratio of net worth to surplus of 1.16. Accordingly, the corresponding return on statutory capital and surplus would be 8.73% for homeowners insurance. Based on data from A.M. Best's Aggregates and Averages, the 5-year average ratio of net worth to assets is .368. Accordingly, the corresponding return on assets would be 2.78% for homeowners insurance.

See also pre-filed testimony of D. Appel and J. Vander Weide.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
AS PER 11 NCAC 10.1105

13. LEVEL OF CAPITAL AND SURPLUS NEEDED TO SUPPORT PREMIUM WRITINGS WITHOUT ENDANGERING THE SOLVENCY OF MEMBER COMPANIES

(a) The aggregate premium to surplus ratios for the calendar years 2001-2010 for the company groups which have written North Carolina homeowners insurance during that entire period are as follows:

2001	1.20
2002	1.42
2003	1.37
2004	1.26
2005	1.20
2006	0.97
2007	0.94
2008	1.04
2009	0.97
2010	0.93

Note: These data are available from Best’s Data Service and Best’s Aggregate and Averages.

(b) The experience provides the best estimate of the future. See the prefiled testimony of D. Appel.

(c) The actual premium to surplus ratio for the property and casualty industry on a countrywide basis (based upon the latest A. M. Best data available at this time) is as follows:

(000's omitted)

STATUTORY CAPITAL AND SURPLUS, 2009	532,366,438
STATUTORY CAPITAL AND SURPLUS, 2010	580,452,468
AVERAGE STATUTORY CAPITAL AND SURPLUS (2010)	556,409,453
NET PREMIUMS EARNED (2010)	428,304,288
PREMIUM/SURPLUS RATIO	0.770

The actual level of capital and surplus needed to support premium writings without endangering the solvency of a company is dependent upon (among others) the financial structure and investments unique to each company, the relationship of the company with affiliated companies as a group (and the experience of the affiliated companies), the mix of business of each company, and the conditions of the economy as they affect each company's individual circumstances. The Rate Bureau is advised that the National Association of Insurance Commissioners, as one of several criteria, generally considers that a premium to surplus ratio for an individual company of 3 to 1 warrants close regulatory attention and monitoring with respect to the company's solvency position.

(d) The Rate Bureau has not allocated surplus by state and by line in preparing this filing. The Rate Bureau has treated surplus in this manner because each dollar of surplus is available to cover losses in excess of premium for each and every line.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
AS PER 11 NCAC 10.1105

14. OTHER INFORMATION REQUIRED BY THE COMMISSIONER.

14 (a) See pre-filed testimony of D. Appel, R. Curry, S. Thomas and J. Vander Weide.

14 (b) See attached exhibit 14 (b).

14 (c) See attached exhibit 14 (c).

14 (d) See attached exhibit 14 (d).

NCRB-NCRF-NCIGA
north carolina
RATE BUREAU
REINSURANCE FACILITY
INSURANCE GUARANTY ASSOCIATION

North Carolina Rate Bureau

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE HELD ON DECEMBER 21, 2011

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
American Bankers Insurance Company of Florida	Dina Olsen
American Modern Insurance Group	Sally Kressin
Foremost Insurance Company	Wendy Cammett
Horace Mann Companies	Reid McClintock
Nationwide Mutual Insurance Company	Sara Behrend
N.C. Farm Bureau Mutual Insurance Company	Roger Batdorff
State Farm Insurance Company	Kathy Popejoy
Travelers Property & Casualty Company	Kristina Barronton
United Services Automobile Association	Christopher Maloy

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Rob Curry
	Tony Romanucci
	Dan Ward
Millimam	Dave Appel
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Karen Ott
	Rebecca Williams
	Sue Taylor
	Ray Evans

The telephone conference commenced at approximately 11:00 A.M., Ms. Thomas presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott reviewed the Antitrust Compliance Policy with the Subcommittee.

Mr. Trott updated the Committee on the Dwelling Rate Filing that was filed in January, 2011. He stated that the Commissioner of Insurance had approved the -7.0% rate decrease for fire but had disapproved any rate increase for extended coverage. He stated that the Rate Bureau and legal counsel are reviewing the order and that the Governing Committee will be making a decision as to an appeal by January 6, 2012.

2. Report of Staff

Mr. Lucas reported that the Homeowners Excess Policy has been tentatively approved as to the forms and endorsements; however the approval is pending for the rates.

3. Homeowners Rate Level Review

Attention was directed to the preliminary Homeowners trend package as prepared by Insurance Services Office (ISO) and previously distributed. Mr. Curry reviewed the exhibits and the underlying ratemaking methodology in detail.

Following a review of the trend exhibits, the Subcommittee made initial selections as to various trends and trend adjustment factors for owners, tenants and condos.

Dr. Appel provided background information on the profit related issues and described the methodology used in the latest filing. He stated that the cost of capital analysis performed by Dr. Vander Weide was recently completed and produced a range for the cost of capital of 9.1% to 13.9% of GAAP net worth.

Following review and discussion of the components of Dr. Appel's proforma model and the returns generated by a variety of different underwriting profit provisions, the Subcommittee selected an underwriting profit provision of 10.5%. Dr. Appel noted that these provisions would generate statutory returns (returns which do not take into consideration investment income on capital and surplus) that could not be excessive because the total returns generated by these underwriting profit provisions fall within the lower end of Dr. Vander Weide's range for the cost of capital.

It was noted that there are many steps to perform before a preliminary rate review can be prepared, including modeling hurricane losses, examining the exposure to Beach Plan assessments and examining reinsurance costs. Staff and consultants were instructed to commence such steps.

Mr. Lucas noted that the amount of insurance relativities and protection/construction relativities need to be reviewed in the near future.

4. Adjournment

There being no further business, the telephone conference was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PRS-12-9

9/28/12

DRAFT

MINUTES OF THE TELECONFERENCE OF GOVERNING COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD JANUARY 4, 2012

MEMBERS PRESENT	REPRESENTED BY
American Home Assurance Company	Ira Feuerlicht
Builders Mutual Insurance company	Jerry Visintine
Hartford Fire Insurance Company	Rajiv Iyer
Integon Indemnity Corporation	Art Lyon
Liberty Mutual Insurance Company	Michael Grove
Nationwide Mutual Insurance Company	Amy Powell
North Carolina Farm Bureau Mutual Insurance Co.	Roger Batdorff
Progressive Casualty Insurance Company	Kevin McGee
Travelers Insurance Company	Kristina Barronton
Public Member	John Wei

OTHERS PRESENT	REPRESENTED BY
Young Moore and Henderson	Mike Strickland
	Mickey Spivey
	Bill Trott
Staff	Ray Evans
	Edith Davis
	Tim Lucas
	Karen Ott
	Dave Sink
	Sue Taylor
	Rebecca Williams

The meeting convened as scheduled, Ms. Powell presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements.

1. Report of Counsel

Mr. Strickland reported that the only matter for discussion is the order in the Dwelling filing and that will be discussed in a later agenda item.

2. Staff Report

Mr. Evans summarized the filings that are still under consideration by the Department of Insurance, some of which have been in process for a considerable amount of time because of difficulty in getting approval from the Department. Mr. Evans stated that a filing strategy to improve the approval process was under consideration and would be presented by Staff to be discussed in the next meeting of the Governing Committee.

Mr. Lucas reported that the Automobile Committee has met to select trends and profit factors for the required February 1 filing for private passenger motor vehicles and that another meeting of the Automobile Committee will be held in January. For the homeowners rate review, Mr. Lucas reported that the Property Rating Subcommittee has met to select trends and profit factors and that preliminary homeowner indications should be available for the Governing Committee meeting on January 18, 2012.

Mr. Lucas reported that the form filing for the Excess Coverage Policy for homeowners providing coverage for dwellings over $750,000 insured by the Beach Plan (and the rate filing for that policy) have still not been approved, and he reported at length on the history of the filings. He advised that the deemer date on the form filing has been extended previously at the request of the Department and that he anticipates another such request this week. After extended discussion, a motion was made, seconded and passed to extend the deemer date on the form filing, if requested by the Department, to January 19, 2012.

3. <u>Continuation of Discussion on Dwelling Hearing</u>

Ms. Powell reported that a motion was tabled from the December 16, 2011 Governing Committee meeting that recommended appeal of the order by the Commissioner of Insurance on the Dwelling filing. She stated that the motion needs to be discussed at today's meeting.

Mr. Strickland provided a summary of the options available to the Governing Committee, what the objections to the order are, the impact of the order on future homeowners filings and a general timeline of an appeal.

After extended discussion, the Committee voted to appeal the order of the Commissioner and implement the ordered rates. Mr. Lucas reported that dwelling rates will be sent out to companies via a circular within a week.

4. <u>Adjournment</u>

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Sue Taylor

Director Insurance Operations

ST:dms

GC-12-14

3/21/12

MINUTES OF THE GOVERNING COMMITTEE MEETING OF THE NORTH CAROLINA RATE BUREAU HELD JANUARY 18, 2012

MEMBERS PRESENT	REPRESENTED BY
American Home Assurance Company	Ira Feuerlicht
Auto Owners Insurance Company	Drew Klasing
Builders Mutual Insurance Company	Jerry Visintine
Integon Indemnity Corporation	Art Lyon
Liberty Mutual Insurance Company	Michael Grove
Nationwide Mutual Insurance Company	Amy Powell
North Carolina Farm Bureau Mutual Insurance Co.	Roger Batdorff
Progressive Casualty Insurance Company	Kevin McGee
State Farm Mutual Automobile Insurance Company	Alan Bentley*
Travelers Insurance Company	Kristina Barronton*

OTHERS PRESENT	REPRESENTED BY
ISO	Dave DeNicola*/**
	Rob Curry*/**
Young Moore and Henderson	Mike Strickland
	Mickey Spivey
	Bill Trott
Staff	Ray Evans
	Edith Davis
	Tim Lucas
	Karen Ott
	Dave Sink
	Sue Taylor
	Rebecca Williams

*Participated by telephone
**Attended a part of the meeting

The meeting convened as scheduled, Ms. Powell presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements.

1. Report of Counsel

   Mr. Strickland reported that, pursuant to the Committee's instructions, a Notice of Appeal to the North Carolina Court of Appeals has been filed from the Commissioner of Insurance's Order in the Dwelling Filing.

2. Staff Report

Mr. Evans reported that Staff has been attending the Legislative Research Committee (LRC) meetings for automobile and residential property and has made three presentations to the committees. In addition, discussions have been held with Senator Harry Brown's office and two individuals from the legislative staff have met with Bureau staff. The next LRC meeting for automobile is scheduled for January 25, 2012, and no date has been established for the next property meeting at this point.

Mr. Evans reported that the 2012 objectives for the Bureau include: (1) advocate for adequate rates; (2) educate anyone interested in learning more about the Bureau; (3) ensure that all filings are done precisely and in compliance with regulations; (4) manage expenses and (5) maintain vendor contracts.

Mr. Evans stated that the Bureau's filing of an excess coverage policy for homeowners policies in the Beach Plan greater than $750,000 has been disapproved by the Department of Insurance. After discussion by the Governing Committee on the next steps, it was decided that the options are to (1) withdraw the filing; (2) send to the Property Subcommittee to address the questions raised by the Department of Insurance or (3) survey companies to determine if there is a need for the policy. It was the consensus of the Governing Committee that the matter should be taken back to the Property Subcommittee for a recommendation on the next steps.

Ms. Taylor reported that, after reviewing quotes from several companies, the application for a cyber liability insurance policy for the Bureau is being completed. She stated that it is expected that cyber liability insurance coverage should be in place shortly.

3. Report of Committees

A. Automobile Committee

Mr. Lucas reported that the Automobile Committee had completed its work on this year's private passenger automobile rate level review and had also performed a review of the classification rates, which is required by statute to be performed at least every three years. Mr. Lucas summarized the overall results of the rate level review, and Mr. DeNicola from ISO provided a detailed summary of the rate level exhibits that had been previously distributed. Following Mr. DeNicola's explanation of the exhibits, Mr. Lucas reported that the Automobile Committee recommends the rate level indications shown in the exhibits and would be comfortable making a rate filing for the indicated changes or instead filing only a rate review and not requesting any rate changes.

Mr. DeNicola then provided a summary of the review of classification rates. Mr. Lucas reported that the Automobile Committee recommends that if a filing is made to change auto rates then certain changes to the class plan relativities be filed as well, but that if a rate review is filed for the auto rates then a review should also be filed for the class plan relativities and those relativities can be reviewed again next year. After discussion by the Governing Committee, a motion was made, seconded and passed to submit only a rate review on private passenger automobile to the Department of Insurance on or before February 1, 2012. A motion was also made, seconded and passed to submit only a review for the class plan relativities.

B. Property Rating Subcommittee

Mr. Lucas reported that the Property Rating Subcommittee had performed some preliminary work on a homeowners rate level review and that based on that preliminary work, ISO had produced rough preliminary indications that had not yet been reviewed by the Rating Subcommittee. Mr. Trott summarized the preliminary indications, and Mr. Curry provided an explanation of the data. There was a lengthy discussion of a variety of issues related to Homeowners rates. After discussion, the Governing Committee consensus was to continue to move ahead with the preparation of a homeowners rate review and to have the recommendations of the Rating Subcommittee and the Property Committee presented to the Governing Committee at a later meeting.

4. Other Business

Mr. Evans discussed the idea of issuing a press release on the dwelling appeal. Following discussion, It was the consensus of the Committee that a press release should not be issued.

5. Next Meetings

Ms. Powell reminded the Committee of the upcoming meeting dates.

6. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Sue Taylor

Director Insurance Operations

ST:dms

GC-12-15

3/21/12

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD FEBRUARY 8, 2012

MEMBERS PRESENT	REPRESENTED BY
Amica Insurance	Tom Goodale
Erie Insurance	Kristopher Marrion
State Farm Fire & Casualty	Bob Messier
Travelers Property and Casualty Company	Sylvia Kyle
United Services Automobile Association	Dan Pickens

OTHERS PRESENT	REPRESENTED BY
Insurance Services Office	Rob Curry
Young, Moore & Henderson	Bill Trott
Staff	Tim Lucas Karen Ott Rebecca Williams Sue Taylor

The telephone conference commenced at approximately 2:00 P.M., Mr. Messier presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott updated the Committee on the Dwelling Rate Filing that was filed in January, 2011. He noted that the testimony of Bureau witnesses went well but that the hearing process went slowly. He stated that after a public hearing the Commissioner of Insurance entered an order approving the filed 7.3% rate decrease for fire but disapproving the filed rate increase for extended coverage. The Governing Committee directed the Rate Bureau to appeal the order to the Court of Appeals.

Mr. Trott also reported that as a result of recent Legislation, the Legislative Research Commission (LRC) appointed a joint study committee on property insurance rate making. He stated that the Rate Bureau was asked to make a presentation to the LRC providing an overview of the property rate making process, the responsibilities of the

Rate Bureau and information on hurricane modeling. He reminded the committee that the Rate Bureau does not lobby but responds to requests for information from legislators.

2. Report of Staff

Mr. Lucas reported that a review of Homeowners rates is underway. He stated that Insurance Services Office (ISO) will prepare the indications for the Property Rating Subcommittee for review and recommendation to the Property Committee.

3. Homeowners Excess Policy Program

Mr. Lucas briefly reviewed the history of the Homeowners Excess Policy Program. He stated that the Rate Bureau has filed the program with the Department of Insurance (Department) for approval, however; the Department has disapproved the Program because of the proposed rates. Mr. Lucas stated that when the Excess Policy was filed, the Property Committee agreed that the proposed rates should be based on the indicated rate level from the 2008 Homeowners filing.

Mr. Lucas noted that this filing was an effort by the Bureau to provide additional options to the public and to the companies in writing coverage on top of the coverage provided by the residual market. The Bureau has previously not provided this option, and this coverage has been provided by the excess and surplus market. The filing was made in August of 2011 and has been the subject of repeated disagreement and delay at the Department of Insurance. The Governing Committee had discussed the Department's position and had decided to refer the issue back to the Property Committee for further review.

Mr. Lucas advised that there have been numerous discussions with the Department. He stated that the Department recently has advised that they will not approve the forms because they disagree with the rates accompanying the forms. Mr. Lucas noted that the overall Homeowners rates are highly inadequate in the coastal areas where the forms would be used. He advised that, since the filing was originally made, it appears that coastal rates are even more inadequate in light of the recent preliminary rate review that is currently being conducted.

The Committee discussed the 13 points relating to form filings that the Property Committee had adopted a number of years ago. In reviewing the filing and the 13 points, it was noted that the form really does not have broad industry or public appeal, as only about 1,500 policies are affected. However, the Property Committee had nevertheless previously concluded that it would attempt to provide an additional option in light of the changes in HB 1305 that lowered the maximum limits available in the residual market from $1.5 million to $750,000.

It was further noted that existing insurance is available because the excess and surplus lines companies have been writing coverage in excess of the residual market limits for many years. The Bureau filing was intended to provide an additional option.

It was noted that while the proposed forms integrate into the Bureau's current homeowners forms, it may be that a new version of the Bureau's homeowners forms may be filed in the not too distant future.

There was discussion of whether the Bureau should accept the Department's disapproval or whether it should attempt a compromise settlement. It was pointed out that the Bureau has already compromised a good deal in negotiations. It was noted that the Bureau could propose a compromise by offering the forms at rates higher than those that the Department would approve but lower than those that the Bureau feels are required to be adequate. The consensus was that the Department is not permitting the Bureau to be able to price the product properly.

Ultimately, it was the consensus that since the issue with the Department is over rates, that the issue should be sent to the Rating Subcommittee that prepared the filing and its rates.

4. <u>Adjournment</u>

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PC-12-6

9/28/12

DRAFT

MINUTES OF THE TELECONFERENCE OF THE GOVERNING COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD FEBRUARY 24, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Theresa Reece
American Home Assurance Company	Ira Feuerlicht
Hartford Fire Insurance Company	Andy Montano
Integon Indemnity Corporation	Art Lyon
Liberty Mutual Insurance Company	Michael Grove
Nationwide Mutual Insurance Company	Amy Powell
North Carolina Farm Bureau Mutual Insurance Co.	Roger Batdorff
Progressive Casualty Insurance Company	Kevin McGee
State Farm Mutual Automobile Insurance Company	Alan Bentley

OTHERS PARTICIPATING	REPRESENTED BY
Young Moore and Henderson	Mickey Spivey
	Bill Trott
Staff	Ray Evans
	Tim Lucas
	Karen Ott
	Dave Sink
	Sue Taylor

The meeting convened as scheduled, Ms. Powell presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements.

1. Report of Counsel

Mr. Spivey reported that an Automobile rate review has been submitted to the Department of Insurance. He also reported that the Reinsurance Facility Board has approved making a filing for Other Than Clean risks with an effective date of October 1, 2012.

Mr. Trott reported that the appeal of the Dwelling order is proceeding and that a ruling is not expected until 2013. He also stated that the preliminary indications for a homeowners rate review have been updated by ISO and will be reviewed by the Property Rating Subcommittee in an upcoming meeting. The Subcommittee will also discuss the homeowners excess policy filing that was recently disapproved by the Department. Finally, a Mitigation Task Force meeting will be scheduled to review the mitigation guidelines and to meet the statutory obligation of submitting a report to the Department by May 1, 2012.

2. Staff Report

Mr. Evans reported that, through the first two months of 2012, expenses are close to budget.

Mr. Evans led a discussion on the need to review and potentially adjust rate relativities for the automobile and residential property lines in 2012. After discussion by the Governing Committee, Staff was instructed to review the components of the rating plans and suggest adjustments, if necessary.

Mr. Evans reported that several legislators on the Automobile Legislative Research Committee (LRC) had requested Staff to provide further materials regarding automobile insurance. These materials have been gathered and will be distributed to the legislators after further discussion. The next meeting of the Automobile LRC is scheduled for March 6, 2012.

Mr. Evans stated that he and Ms. Taylor attended a meeting with the new General Manager of the Beach Plan, and that the next meeting of the Property LRC is scheduled for March 21, 2012 and no agenda has been published yet.

Ms. Taylor reported that daily an electronic file with policy information which provides workers compensation coverage data for the NC Industrial Commission (Commission) is sent to the Commission. Under the agreement between the Bureau and the Commission, the Commission is not allowed to share this data externally. However, recently it was determined that the data is being shared by the Commission with DataLister, a company that provides prospect lists to insurance companies and insurance agents. Ms. Taylor and Mr. Strickland have met with the Deputy Attorney General representing the Commission and efforts are being made to resolve this problem. In the meantime, it was the consensus of the Committee that appropriate steps be taken, including the redaction of information as necessary, to avoid providing confidential or private information.

3. Other Business

Ms. Powell reminded the Committee of the upcoming meeting dates.

4. Executive Session

A motion was made, seconded and approved to go into executive session. Following executive session, the meeting reconvened in open session.

5. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Sue Taylor

Director Insurance Operations

ST:dms
GC-12-16
3/21/12

DRAFT

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE HELD ON FEBRUARY 28, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
Horace Mann Companies	Reid McClintock
Nationwide Mutual Insurance Company	Sara Behrend
N.C. Farm Bureau Mutual Insurance Company	Roger Batdorff
State Farm Fire and Casualty Company	Kathy Popejoy
Travelers Property & Casualty Company	Sylvia Kyle
United Services Automobile Association	Christopher Maloy

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Rob Curry
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Karen Ott
	Sue Taylor

The telephone conference commenced at approximately 9:00 A.M., Ms. Thomas presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott reported on various items stating that (1) the Rate Bureau filed the 2012 auto rate review with the Department of Insurance (Department) requesting no revisions to the rates already in effect; (2) the Rate Bureau filed an appeal regarding the Dwelling rate filing; (3) the Rate Bureau is required to review and analyze the Mitigation Program annually and to report the results to the Commissioner of Insurance by May 1; and (4) the Legislative Research Commission (LRC) that has been appointed to study the rate making process for property insurance is scheduled to meet on March

21, 2012. It was noted that legislators and the Department may make suggestions to a legislative study committee that if passed could change property ratemaking procedures.

2. Report of Staff

There was no report.

3. Excess Policy Program

Mr. Lucas briefly reviewed the history of the Homeowners Excess Policy Program. He stated that the program was filed to provide coverage to policyholders that have their primary coverage in the Beach Plan and they desire an amount of insurance greater than $750,000. The proposed rate level was based on the 2008 Homeowners rate filing indicated rates. The Department suspended the filing over the rates. The Property Committee has requested that the Property Rating Subcommittee reevaluate the proposed rates.

Mr. Lucas called attention to an exhibit showing the rating rule that was filed with the Department. He stated that the rates are developed by applying the Excess Territory Factor to the current rates which results in the indicated rate level from the 2008 rate filing. An expense factor is then applied to develop the total premium.

It was suggested that, in lieu of the proposed excess factors, a flat 15% surcharge above the approved manual rate be proposed. This surcharge corresponds to the surcharge that the Beach Plan uses when writing the primary insurance.

After a lengthy discussion, a motion was made, seconded and passed unanimously to recommend to the Property Committee to use the settled rates from the 2008 Homeowners rate filing along with a flat 15% excess factor.

4. Preliminary Homeowners Rate Level Review

Discussion took place over the likelihood that issues raised by the Department in the recent Dwelling rate filing may become concerns for any upcoming Homeowners rate filing. Some of those concerns include the use of modeling, the net cost of reinsurance, dividends and deviations, profit and contingency factors.

Ms. Thomas stated that a thorough review of the supporting components of the rate filing and review of the methodology strategy is advisable.

After discussion, the Committee agreed that the above issues should be reviewed and discussed in more detail. A telephone conference was scheduled for March 6, 2012 at 9:00 A.M.

DRAFT

5. <u>Adjournment</u>

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PRS-12-10

9/28/12

DRAFT

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE HELD ON MARCH 6, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
American Modern Insurance Group	Sally Kressin
Foremost insurance Company	Wendy Cammet
Horace Mann Companies	Reid McClintock
N.C. Farm Bureau Mutual Insurance Company	Roger Batdorff
State Farm Fire and Casualty Company	Kathy Popejoy
Travelers Property & Casualty Company	Sylvia Kyle
United Services Automobile Association	Chris Maloy

OTHERS PARTICIPATING	REPRESENTED BY
ISO	Rob Curry
	Tony Romanucci
Milliman	Dave Appel
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Karen Ott
	Sue Taylor
	Ray Evans

The telephone conference commenced at approximately 9:00 A.M., Ms. Thomas presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. <u>Report of Counsel</u>

No report.

DRAFT

2. Report of Staff

Mr. Lucas stated that the Rate Bureau will solicit the opinion of the Property Rating Subcommittee regarding the Homeowners deductible options. He stated that there will also be a review of all deductible relativities.

3. Homeowners Rate Level Review

Ms. Thomas called attention to the exhibit that was prepared and previously distributed by counsel. The exhibit summarizes the issues that might be raised by the Department of Insurance in the next Homeowners rate filing assuming that they employ the same approach as used as in the Dwelling filing.

After a lengthy discussion, the Property Rating Subcommittee agreed that in the next Homeowners rate review that it is actuarially sound and appropriate that (1) the current AIR model be used for hurricane losses rather than actual hurricane losses which have been considered; (2) that Dr. Appel's method of calculating the net cost of reinsurance should be used but that the display should show more clearly that it is treated as a fixed expense; (3) that the current methodology for deviations, contingencies and profit should be used; and (4) that the loss data available at this time is the most recent available and should be used, together with any supplement to the data that may become available in the event of a hearing.

Ms. Thomas stated that there are other issues in the rate filing that should be reviewed and discussed such as loss development, expense provisions, and expense trend. It was agreed that these items will be reviewed at the next telephone conference.

A telephone conference was scheduled for March 14, 2012 beginning at 10:00 A.M. to review the Homeowners rate level indications and the other issues as mentioned by Ms. Thomas. A telephone conference was also scheduled for March 22, 2012 to continue discussions on the Homeowners rate level review, if needed.

4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PRS-12-11

9/28/12

DRAFT

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE HELD ON MARCH 14, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
American Bankers Insurance Company of Florida	Mable Morrison
American Modern Insurance Group	Sally Kressin
Foremost Insurance Company	Wendy Cammet
Horace Mann Companies	Reid McClintock
Nationwide Mutual Insurance Company	Sara Behrend
N.C. Farm Bureau Mutual Insurance Company	Roger Batdorff
State Farm Fire and Casualty Company	Chuck Grilliot
Travelers Property & Casualty Company	Ian Robinson
United Services Automobile Association	Chris Maloy

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Rob Curry
	Tony Romanucci
	Dan Ward
Millimam	Dave Appel
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Karen Ott
	Ray Evans

The telephone conference commenced at approximately 10:00 A.M., Ms. Thomas presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

   No report.

DRAFT

2. Report of Staff

Mr. Lucas reported that the Homeowners Excess Policy Program – Revised Rate Level, as recommended by the Property Rating Subcommittee, was mailed to the Property Committee for review and vote. A recommendation will be sent to the Governing Committee for final review and approval.

3. Homeowners Rate Level Review

Attention was directed to exhibits prepared by Insurance Services Office (ISO) and distributed with the agenda regarding preliminary Homeowners rate level indications. Attention was further directed to a memo from counsel as to issues in the Dwelling filing. There was further discussion of the possibility of legislative changes proposed by the Department or a legislative study as to certain ratemaking factors and procedures.

Mr. Curry reviewed the package in detail including various inputs to the review regarding expense trend, profit, contingencies, compensation for assessment risk and reinsurance.

Mr. Curry stated that, in developing the expense loadings, the same methodology was followed as in past rate reviews, which is to use the average of the latest 3 years for expenses and the average of the latest 5 years, excluding the high and low years, for loss adjustment expenses. It was the consensus of the Subcommittee to continue with this method.

Dr. Appel reviewed the profit and contingency factors noting that the Subcommittee had selected an underwriting profit of 10.5% and a contingency factor of 1%. He stated that the allocation of profit to zone is based on the same methodology used in previous filings. The Subcommittee agreed to continue with the previously selected factors.

Dr. Appel discussed his methodology for calculating the Compensation for Assessment Risk factor, noting that a final factor cannot yet be completed but that a temporary placeholder factor of 5.3% is being used. Dr. Appel noted that the Beach Plan will be adopting a new reinsurance program for 2012 and that this factor will change with the new reinsurance program. He also noted that an examination of the Beach Plan's surplus position will be performed.

Dr. Appel reviewed the indicated average reinsurance cost per policy and discussed in detail the parameters and assumptions of the reinsurance program. The tentative factor for the net cost of reinsurance is shown as a dollar amount in this exhibit to make it clearer that it is being treated as a fixed expense. It was agreed to continue using the same methodology as used in the past, as that methodology is actuarially sound. It was again the consensus that it is virtually impossible for the net cost of reinsurance to be determined by an aggregation of companies' individual programs since there are so many differences and variables.

Mr. Curry noted that the preliminary indications are based on five years of data, including 2005 through 2009. He also noted that the actual hurricane losses have been removed and that modeled losses from the AIR standard catalog have been incorporated. In addition, an excess procedure has been used on the remainder of the wind losses.

Following discussion, the Subcommittee concluded that the filing should continue to employ a 5% factor for deviations as such a factor is appropriate in the context of the restrictions of North Carolina being a bureau state.

Following discussion, the Subcommittee agreed to continue discussions on the Homeowners rate review in another telephone conference scheduled on March 22, 2012 at 10:00 A.M. (Eastern Time).

4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PRS-12-12

9/28/12

DRAFT

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE HELD ON MARCH 22, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
American Bankers Insurance Company of Florida	Mable Morrison
American Modern Insurance Group	Sally Kressin
Horace Mann Companies	Reid McClintock
Nationwide Mutual Insurance Company	Sara Behrend
N.C. Farm Bureau Mutual Insurance Company	Roger Batdorff
State Farm Fire and Casualty Company	Kathy Popejoy
Travelers Property & Casualty Company	Ian Robinson
United Services Automobile Association	Chris Maloy

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Tony Romanucci
	Dan Ward
Milliman	Dave Appel
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Ray Evans

The telephone conference commenced at approximately 10:00 A.M., Ms. Thomas presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott stated that the Property Legislative Research Committee met this week and discussed a wide variety of issues related to property insurance in the beach and coastal area. He stated (1) that a number of people spoke to the committee; (2) that a number of suggestions were made by the interested parties; and (3) that the Commissioner of Insurance is proposing major changes to property ratemaking including some changes that would appear to be virtually impossible to implement and would significantly alter and delay the ratemaking procedure; and (4) that the

Committee developed a list of suggestions that were to be presented during the upcoming session of the General Assembly and a list of items that need further study for the 2013 session of the General Assembly.

2. Report of Staff

There was no report.

3. Homeowners Rate Level Review

Attention was directed to the exhibits prepared by Insurance Services Office (ISO) and distributed with the agenda for the March 14, 2012 telephone conference. Attention was also directed to a memo from counsel.

There was discussion regarding the desirability of capping the indications. There was considerable discussion of the methods and levels of capping.

It was the consensus that the AIR model should be used and that it is actuarially sound and justified to do so rather than to use the actual hurricane losses in the experience period.

Following discussion, the Subcommittee agreed to continue discussions on the Homeowners rate review in another telephone conference scheduled on March 29, 2012 at 10:00 A.M. (Eastern Time).

4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PRS-12-13

9/28/12

DRAFT

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE HELD ON MARCH 29, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
American Bankers Insurance Company of Florida	Mable Morrison
American Modern Insurance Group	Sally Kressin
Foremost Insurance Company	Wendy Cammet
Horace Mann Companies	Reid McClintock
Nationwide Mutual Insurance Company	Sara Behrend
N.C. Farm Bureau Mutual Insurance Company	Roger Batdorff
State Farm Fire and Casualty Company	Kathy Popejoy
Travelers Property & Casualty Company	Ian Robinson
United Services Automobile Association	Chris Maloy

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Rob Curry
	Tony Romanucci
Millimam	Dave Appel
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Karen Ott
	Ray Evans
	Sue Taylor

The telephone conference commenced at approximately 10:00 A.M., Ms. Thomas presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott reported on the status of the Legislative Research Commission (LRC) on Property Ratemaking.

DRAFT

2. Report of Staff

No report.

3. Preliminary Homeowners Rate Level Review

Ms. Thomas noted that, during the last telephone conference of the Property Rating Subcommittee, the Subcommittee discussed various aspects of the preliminary Homeowners rate level indications and that it was agreed to continue the discussions until a later date. The Subcommittee continued its discussion related to the various methods of capping the territory indications.

Following discussion, a motion was made, seconded and passed unanimously to recommend to the Property Committee, that in the Property Rating Subcommittee's actuarial opinion, after considering all of the details in the Homeowners rate level review including the review of the rating methodology, the data contained in the review and the various loss development, forecasting and projection techniques, it is appropriate and reasonable to proceed with preparation of a Homeowners rate filing using the full indications as discussed. However, due to the size of the indications, the Property Rating Subcommittee would encourage the Property Committee and the Governing Committee, in their discretion, to consider capping the indications in some manner and that the Property Rating Subcommittee would assist in that process as needed.

4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PRS-12-14

9/28/12

DRAFT

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD APRIL 9, 2012

DRAFT

MEMBERS PRESENT	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
Amica Insurance	Tom Goodale
Erie Insurance	Kristopher Marrion
Nationwide Mutual Insurance Company	Kathy Southern
N.C. Farm Bureau Mutual Insurance Co	Bob Tart
Penn National Insurance	Pat Lovell
State Farm Fire & Casualty	Bob Messier
Travelers Property and Casualty Company	Sylvia Kyle
United Services Automobile Association	Dan Pickens

OTHERS PRESENT	REPRESENTED BY
Insurance Services Office	Rob Curry
	Tony Romanucci
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Karen Ott
	Rebecca Williams
	Sue Taylor
	Ray Evans

The telephone conference commenced at approximately 10:00 A.M., Mr. Messier presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott reported that the proposed record on appeal will be filed this week with the Department of Insurance (Department) regarding the recent Dwelling order. A ruling on the appeal is not expected until 2013.

Mr. Trott reported that, at the last meeting of the Legislative Research Commission (LRC) on Property Insurance Rate Making, the Commissioner of Insurance made a presentation regarding Homeowners Insurance. Mr. Trott summarized the

Commissioner's proposals which included 1) giving the Commissioner the same authority to set rates in property as he has in auto; 2) requiring the use of multiple hurricane models in property rate filings rather than a single model as the Bureau has done since 1993; 3) providing for special calls set by the Department for individual company reinsurance data, something that the Bureau has determined in the past to be not feasible; 4) holding public comment periods before rate hearings; 5) increasing the number of rating territories in the coastal area; and 6) creating a fire only policy excluding wind and hail coverage.

2. Report of Staff

Mr. Lucas reported that the Homeowners Excess Policy filing has been amended to include a new proposed rate level and is still pending with the Department.

3. Homeowners Preliminary Rate Level Indications

Attention was called to exhibits prepared by Insurance Services Office (ISO) and previously distributed regarding the preliminary homeowners rate level indications. Mr. Curry reviewed the selections made previously by the Property Rating Subcommittee for expenses, profit, contingencies and loss development. He indicated that the indications will change once the Beach Plan finalizes its new reinsurance program, which information will likely be available to the Bureau in May.

Mr. Spivey provided the Committee with a report regarding profit and net cost of reinsurance. He noted that the 5.3% factor in the preliminary indications for the compensation for assessment risk was calculated based on 2010 data for the Dwelling filing and will be updated soon using the Beach Plan's new reinsurance program.

After discussion, a motion was made, seconded and passed unanimously to recommend to the Governing Committee to adopt and file revised Homeowners rates as recommended by the Property Rating Subcommittee for owners, tenants and condos. However, due to the size of the indications, the Property Committee encourages the Governing Committee to consider capping the indications in some manner.

There was concern regarding the current minimum premium for the Homeowners Policy. After a brief discussion, it was the consensus of the Committee to defer this item to the Property Rating Subcommittee.

4. Homeowners ACV Roof Endorsement

Mr. Lucas reported that several member companies have requested that the Rate Bureau adopt an Actual Cash Value Loss Settlement Windstorm or Hail Losses to Roof Surfacing Endorsement. After a brief discussion, the Committee agreed to refer this item to the Property Rating Subcommittee and the Property Forms Subcommittee for further review and discussion.

DRAFT

5. Homeowners Other Products Endorsement

Mr. Lucas stated that a company requested that the Rate Bureau adopt an Other Products Endorsement that would allow companies to give discounts on products. Currently, there is an Other Products – North Carolina Endorsement NC 01 25 available in the Personal Auto Policy. After a brief discussion, the committee agreed to refer this item to the Property Forms Subcommittee for further review and discussion.

6. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PC-12-7

9/28/12

DRAFT

MINUTES OF THE MEETING OF THE GOVERNING COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD ON APRIL 10, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Theresa Reece *Shantelle Thomas
American Home Assurance Company	Ira Feuerlicht
Auto Owners Insurance Company	Drew Klasing
Builders Mutual Insurance Company	Jerry Visintine
Hartford Fire Insurance Company	Andy Montano
Integon Indemnity Corporation	Art Lyon
Liberty Mutual Insurance Company	Jeff Wright
N. C. Farm Bureau Mutual Insurance Company	Roger Batdorff
Nationwide Mutual Insurance Company	Amy Powell
Progressive Insurance Company	Grace Li
State Farm Mutual Automobile Insurance Co.	Alan Bentley
Travelers Indemnity Company	Kris Barronton

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	*Rob Curry *Tony Romanucci
Young, Moore & Henderson	Mickey Spivey Mike Strickland Bill Trott
Staff	Ray Evans Delisa Fairley Betty Hurst Tim Lucas Karen Ott Dave Sink Sue Taylor Rebecca Williams

*Participated by phone

The meeting commenced as scheduled, Ms. Powell presiding.

Attention was directed to the Rate Bureau's Anti-Trust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements previously distributed with the agenda.

DRAFT

1. Minutes

Attention was directed to drafts of minutes of telephone conferences of the Governing Committee held on January 4, 2012 and February 24, 2012 and a draft of minutes of a meeting of the Governing Committee held on January 18, 2012.

Ms. Taylor noted that the minutes of the Governing Committee held on December 6, 2011 which were previously approved included a typographical error. It was agreed that the error should be fixed.

A motion was made, seconded and passed unanimously to adopt the minutes as drafted.

2. Counsel Report

Mr. Spivey reported (1) that the private passenger auto rate level review was filed on February 1, 2012, and that the Department of Insurance has not responded with any questions regarding the filing; (2) that the Auto Territory Subcommittee has begun its review of the auto territories; and (3) that the review is based on zip codes and is required by statute to be filed in 2013.

Mr. Spivey also reported on the Automobile Legislative Research Committee (LRC) stating (1) that the LRC has met three times; (2) that the final meeting will be held April 10, 2012; (3) that two bills had been proposed by various industry groups; and (4) that legislative counsel had been requested to draft proposed legislation based on the common elements from both proposals, however, that draft has not been published yet.

Mr. Trott reported (1) that counsel has begun working on the Record on Appeal on the 2011 Dwelling Rate Filing case; (2) that the Record is due to be filed this week; and (3) that it is believed that oral arguments will not occur until the fall of this year.

Mr. Trott also reported on the Legislative Research Committee (LRC) Committee on Property Insurance Ratemaking, stating that at the last meeting on March 21 the Commissioner of Insurance proposed very significant changes in property ratemaking laws and procedures. These proposed changes include (1) that the Commissioner be given the power to set property insurance rates; (2) that if the Bureau uses modeling to calculate hurricane losses, then multiple models must be used; (3) that before the beginning of any rate hearing involving modeling, a prehearing conference would have to be held to determine the acceptability of models, with no significant limit on the scope of inquiry or time and without modeling issues being binding in future filings; (4) that reinsurance costs be based on a call set by the Department for individual company data (which the Rating Subcommittee has concluded is not feasible); (5) that Beach Plan reinsurance costs could not even be considered; (6) that a fire-only policy that does not include wind coverage be made available by the Bureau; (7) that a public comment period be held after filings are made, something that the Department did informally in the Dwelling hearing; and (8) that further study of revising or subdividing coastal territories be performed.

Mr. Trott noted that the Rate Bureau does not lobby but provides information on request to companies, trade associations, legislators and regulators. He noted that on three occasions Bureau representatives have been requested by the LRC Committee to make presentations and that Bureau representatives have been asked to provide detailed information on multiple occasions to members of the LRC Committee or their staff assistants. He noted that the Department has requested the Bureau to provide technical assistance and comment on some of its proposals and that the LRC Committee will meet one more time and make a report to the Legislature when it convenes on May 16.

3. Staff Report

Mr. Evans reported on various items of interest including but not limited to (1) the budget and to date the organization is under budget, (2) the move to the new office location is on target, (3) obtaining a cyber-liability insurance policy with limits of $2 million for a premium of approximately $10,000, and (4) that Dr. Marlett has requested the Rate Bureau to develop a homeowners endorsement for the protection of a foster parent.

4. Preliminary Homeowners Rate Level Review

Attention was directed to the preliminary homeowners rate level review which was previously distributed by e-mail. Mr. Lucas stated (1) that the Property Rating Subcommittee and the Property Committee had reviewed the methodology and recommend that a filing be prepared and made; and (2) that the Property Rating Subcommittee has indicated that, if the Governing Committee would like to cap the indicated changes, the Subcommittee would be happy to assist with options.

Mr. Curry reviewed the exhibits stating (1) that the actuarial methodologies used in this review are the same as those used in the last Dwelling rate filing; (2) that the review is based on the experience from 2005 to 2009, which is the most recently available data; (3) that the indications will change as a result of Dr. Appel's analysis of the new reinsurance program which the Beach Plan will be adopting; (4) that Dr. Vander Weide's range for cost of capital was 9.1% to 13.9% of GAAP net worth and that the Subcommittee selected a profit factor of 10.5%; (5) that a deviation factor of 5% and a 1% contingency factor were selected by the Subcommittee and used in the review.

Ms. Thomas stated that the Property Rating Subcommittee had reviewed the data and methodology used in determining the preliminary indications and determined that both were actuarially sound and reasonable.

Following discussion it was agreed to request the Property Rating Subcommittee to provide the Governing Committee with several scenarios for capping the indications in the various territories.

5. Workers Compensation Data

Mr. Evans reported that during the last telephone conference of the Governing Committee Ms. Taylor reported that certain data that are collected by the Rate Bureau which are subsequently transmitted to the Industrial Commission are being shared by the Commission with a third party and that information such as FEIN and social security numbers are being transmitted. During the previous telephone conference, the Governing Committee instructed staff and counsel to work with the Industrial Commission to redact any information as needed. Mr. Evans further reported that steps are being taken to modify the contract with the Industrial Commission and that a possible change in the statutes may be necessary.

Following discussion, a motion was made, seconded and passed unanimously to continue working on a possible resolution to the matter.

6. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Ray F. Evans, Jr., CPCU

General Manager

FTL:dms

9/28/12

GC-12-19

DRAFT

NCRB-NCRF-NCIGA
north carolina
RATE BUREAU
REINSURANCE FACILITY
INSURANCE GUARANTY ASSOCIATION

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE HELD ON APRIL 25, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
Horace Mann Companies	Reid McClintock
N.C. Farm Bureau Mutual Insurance Company	Roger Batdorff
State Farm Fire and Casualty Company	Chuck Grilliot
Travelers Property & Casualty Company	Ian Robinson
United Services Automobile Association	Chris Maloy

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Rob Curry
	Tony Romanucci
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Karen Ott
	Rebecca Williams
	Sue Taylor
	Ray Evans

The telephone conference commenced at approximately 10:00 A.M., Ms. Thomas presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott reported that the appeal of the Dwelling order is proceeding and that a ruling is not expected until 2013.

Mr. Trott stated that the Hurricane Mitigation Task Force reviewed the current Mitigation Program as required by statute. The Rate Bureau is required annually to review the program and to report the results to the Commissioner of Insurance.

DRAFT

Mr. Trott summarized a report prepared by the Legislative Research Commission (LRC) regarding recommendations submitted by the Committee on Property Insurance Rate Making which included 1) giving the Commissioner of Insurance authority to set property insurance rates filed by the Rate Bureau, not just accept or reject the rates filed; 2) requiring the Rate Bureau to use more than one hurricane model in a property rate filing and authorize the Department to hold extensive and lengthy preliminary hearings on models; 3) requiring detailed company-specific information on the cost of reinsurance specific to North Carolina based on a call prepared by the Department; 4) holding public comment sessions prior to rate hearings; 5) reviewing existing territory boundaries used in rating in the beach and coastal areas; and 6) creating a fire only policy excluding windstorm or hail coverage.

2. Report of Staff

Ms. Taylor reported that she and Mr. Evans met with Insurance Commissioner Goodwin and Mr. Mack from the Department of Insurance (Department) in an informal session to discuss general issues regarding the Rate Bureau and the Department. She stated that, during the discussion, the Commissioner was advised that a Homeowners filing is under preparation and he requested that the Rate Bureau not make any Homeowners filing before October.

Mr. Lucas reported that the new HO-2011 Homeowners Policy Program has been sent to the Property Forms Subcommittee for initial review. He stated that the program will be sent to this Committee for a rate level review in the near future.

Mr. Lucas reported on other issues including 1) that the Homeowners Excess Policy is still under review by the Department of Insurance; 2) that as a result of the LRC recommendations on property rating, there will likely be a review of territory definitions in the entire state of North Carolina; and 3) that the Property Committee instructed the Forms Subcommittee to review a proposed Actual Cash Value Roof Surfacing Endorsement and, if recommended for adoption, to refer it to this Committee for pricing.

3. Homeowners Rate Level Review

Attention was called to an exhibit regarding the preliminary Homeowners rate review. It was noted that the numbers in the rate review will not be final until the Compensation for Assessment Risk factor can be updated and many other factors in the review are double checked and finalized. There was a lengthy discussion of potential capping scenarios, and it was agreed that Mrs. Thomas would report the consensus view of the Committee on potential capping scenarios to the Governing Committee at its upcoming meeting.

4. <u>Adjournment</u>

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PRS-12-15

9/28/12

DRAFT

NCRB-NCRF-NCIGA

north carolina
RATE BUREAU
REINSURANCE FACILITY
INSURANCE GUARANTY ASSOCIATION

MINUTES OF THE TELECONFERENCE OF THE GOVERNING COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD ON APRIL 27, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Theresa Reece Shantelle Thomas
American Home Assurance Company	Ira Feuerlicht
Auto Owners Insurance Company	Drew Klasing
Hartford Fire Insurance Company	Andy Montano
Integon Indemnity Corporation	Art Lyon
Liberty Mutual Insurance Company	Jeff Wright
N. C. Farm Bureau Mutual Insurance Company	Roger Batdorff
Nationwide Mutual Insurance Company	Amy Powell
Progressive Insurance Company	Kevin McGee
State Farm Mutual Automobile Insurance Co.	Alan Bentley
Travelers Indemnity Company	Kris Barronton

PUBLIC MEMBERS PARTICIPATING	REPRESENTED BY
	John Wei

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Rob Curry
Young, Moore & Henderson	Mickey Spivey Bill Trott
Staff	Edith Davis Ray Evans Tim Lucas Karen Ott Dave Sink Sue Taylor Rebecca Williams

The telephone conference commenced as scheduled, Ms. Powell presiding.

Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements previously distributed with the agenda.

1. <u>Counsel Report</u>

Mr. Trott reported (1) that counsel for the Department of Insurance (Department) has been granted an extension for filing the Record on Appeal in the 2011 Dwelling Rate Filing case; and (2) that it is believed that oral arguments will not occur until the fall of this year at the earliest.

Mr. Trott also reported on the Property Legislative Research Committee (LRC) stating (1) that the LRC has met four times; (2) that during the final meeting on April 12, the LRC adopted a report that will be submitted to the 2012 Legislature; (3) that included with the report was proposed legislation that primarily consists of proposals submitted by the Commissioner of Insurance (Commissioner) at the prior meeting; (4) that the proposed legislation, among other things, (a) gives the Commissioner authority to set property insurance rates in hearings on rates filed by the Rate Bureau; (b) requires the Rate Bureau to use more than one hurricane model if modeling is used in a property rate filing; (c) requires a call for company by company information on the net cost of reinsurance for the state of North Carolina and the line of insurance at issue and prohibits consideration of Beach Plan reinsurance costs; (d) requires the Commissioner to hold a public comment session prior to rate hearings; (e) requires the Rate Bureau to review existing territory boundaries used in property rating in the beach and coastal areas; and (f) requires policies or endorsements providing fire coverage and excluding coverage for the perils of windstorm or hail.

Mr. Trott also reported that the Mitigation Task Force met to formulate a report that is required to be submitted to the Department on an annual basis. He indicated that the Task Force is not recommending any changes to the current program, as there is no statistical data available since the program became effective less than a year ago.

2. <u>Staff Report</u>

Mr. Sink reported that (1) the first quarter expenses are running approximately 87% of budget; (2) Ernest and Young is currently conducting the annual audit of the Rate Bureau; (3) the first quarter assessment has been sent to the member companies; and (4) the Rate Bureau is continuing to monitor the group health insurance results and the pension plan.

Ms. Taylor stated that in the workers compensation area there have been two issues with the Industrial Commission (Commission). She stated (1) that as previously reported the Rate Bureau shares certain data with the Commission on a daily basis; (2) that this data includes confidential data; and (3) that, contrary to our agreement, the Commission has been sharing this data with a third party. She further stated that Counsel is preparing a revised agreement with the Commission and that the revised agreement will include a section indicating that the data is not to be shared with third parties and that if the data is shared the Rate Bureau will not be held responsible.

Ms. Taylor also reported that recently the News and Observer published a series of articles on uninsured employers and that as a result the Commission has requested the Rate Bureau to furnish cancellation records to the Commission along with the other data that is being sent on a daily basis.

DRAFT

3. Homeowners Rate Review and Filing

Mr. Lucas stated that during the last Governing Committee meeting the Committee requested the Property Rating Subcommittee to provide input as to "capping" of the indications. Ms. Thomas, Chair of the Property Rating Subcommittee, stated that the Subcommittee reviewed and discussed numerous different scenarios and methods for capping the indications.

It was the consensus that capping should be employed when the filing is finalized and filed, and there was lengthy discussion regarding the date for making the filing. It was reported that, during a meeting between staff and the Department on April 23, the Bureau advised the Department and the Commissioner that a filing was in the final stages of preparation and would be made in the late spring or early summer. In response, the Commissioner requested that the filing be delayed until October, 2012 due to Department personnel being busy on other matters. It was noted that changes in the ratemaking laws could possibly be made by the legislature.

Following discussion it was agreed to postpone a decision on the timing of the filing until after a meeting with the Commissioner and representatives of the Governing Committee scheduled for May 10. It was agreed that a telephone conference will be scheduled for the week of May 21, 2012.

4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Ray F. Evans, Jr., CPCU

General Manager

RFE:dms

9/28/12

GC-12-20

DRAFT

MINUTES OF THE TELECONFERENCE OF THE GOVERNING COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD ON MAY 18, 2012

DRAFT

MEMBERS PARTICIPATING	REPRESENTED BY
American Home Assurance Company	Wavell Howell
Auto Owners Insurance Company	Drew Klasing
Hartford Fire Insurance Company	Andy Montano
Integon Indemnity Corporation	Art Lyon
Liberty Mutual Insurance Company	Jeff Wright
N. C. Farm Bureau Mutual Insurance Company	Roger Batdorff
Nationwide Mutual Insurance Company	Amy Powell
Progressive Insurance Company	Kevin McGee
State Farm Mutual Automobile Insurance Co.	Alan Bentley
Travelers Indemnity Company	Ian Robinson

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Rob Curry
Young, Moore & Henderson	Mickey Spivey
	Bill Trott
Staff	Edith Davis
	Ray Evans
	Tim Lucas
	Sue Taylor
	Rebecca Williams

The telephone conference commenced as scheduled, Ms. Powell presiding.

Attention was directed to the Rate Bureau's Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct Statement previously distributed with the agenda.

1. Counsel Report

Mr. Trott reported that the Legislature convened on May 16 and that the Legislative Research Committee on Property Insurance Ratemaking has submitted a report containing its recommendations. The report contains the matters proposed by the Commissioner of Insurance to the Committee.

2. Staff Report

Mr. Evans reported that he had been approached by legislators and their staff assistants to provide information about property rates and that they have indicated that coastal residents frequently complain about property rates. He further reported that (1) Ernest and Young had completed its audit of the Rate Bureau; and (2) with regard to the move to the new building, it is planned that the office will be fully closed for only one day.

Mr. Evans reported that Ms. Taylor has been serving as Chair on the CDX Committee and that her one-year term has been completed. He further offered his congratulations on a job well done.

Mr. Lucas stated that (1) at the last meeting of the Governing Committee there was discussion related to providing legal liability coverage in the Homeowners Policy Program for foster care parents; (2) the Property Forms Subcommittee discussed this issue during their last telephone conference and it was determined that this type of exposure was not intended to be covered by a package Homeowners Policy and that there were doubts whether this type of exposure would be under the jurisdiction of the Rate Bureau when written separately.

Ms. Taylor stated that in the workers compensation area there have been two issues with regard to the Industrial Commission (Commission). She stated that as previously reported that (1) the Rate Bureau shares certain data with the Commission on a daily basis; (2) this data includes confidential information; and (3) contrary to our agreement, the Commission has been sharing this data with a third party. She also stated that the Commission has requested the Rate Bureau submit cancellation records along with the other data that is submitted to the Commission so that uninsured employers can be tracked. She further stated that Counsel is continuing to prepare a revised agreement between the Rate Bureau and the Commission, however there have been some indications that the Commission will be introducing legislation during this session to address these issues.

Ms. Taylor further stated that there appears to be a "turning" in the Assigned Risk market as several large risks have been placed in the residual market during the past few months.

3. Homeowners Rate Level Review

Ms. Powell reported on a meeting that was held between herself, several Governing Committee representatives and Mr. Evans with the Commissioner and others at the Department. She stated that the Commissioner was concerned with the timing of a homeowners rate filing as well as the size of the indications. It was noted that he again requested that any filing be postponed. It was noted that the Commissioner is concerned about the resources available within the Department because of the ongoing legislative session and because workers compensation rate filing is required to be submitted by September 1, 2012.

Following further discussion, it was the consensus of the Committee not to make the filing immediately and to defer making a final decision as to exactly when to make the filing and how to cap indications. Staff and counsel were instructed to continue with finalization of filing documents including the analysis of the compensation for assessment risk based on the Beach Plan's reinsurance program.

4. <u>Adjournment</u>

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Ray F. Evans, Jr., CPCU

General Manager

RFE:dms

9/28/12

GC-12-21

DRAFT

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE HELD ON JUNE 28, 2012

DRAFT

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
American Modern Insurance Group	Reid Juzikas
Horace Mann Companies	Reid McClintock
Nationwide Mutual Insurance Company	Kathy Owsiany
N.C. Farm Bureau Mutual Insurance Company	Roger Batdorff
State Farm Fire and Casualty Company	Kathy Popejoy
Travelers Property & Casualty Company	Ian Robinson
United Services Automobile Association	Chris Maloy

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Rob Curry
	Tony Romanucci
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Karen Ott
	Sue Taylor
	Rebecca Williams
	Ray Evans

The telephone conference commenced at approximately 10:00 A.M., Ms. Thomas presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott stated that the Legislature appears to be in the process of passing Senate Bill 836 and sending it to the Governor for her signature. He summarized the provisions of the bill stating (1) that there will be a public comment session for property insurance rate filings; (2) that after conducting a public hearing, the Commissioner of Insurance may set rates between the existing rates and the rates proposed by the Rate Bureau filing; (3) that the cost of reinsurance along with certain supporting information may be included in rate making but that the Department's proposal as to a call for individual company data was not passed; (4) that the Rate Bureau must develop policy forms or endorsements that do not include coverage for the perils of windstorm or hail; (5) that the Bill amends the notice to property insurance policyholders to include notice when such a policy is issued that the perils of windstorm or hail are not covered under the policy; and 6) that the Rate Bureau, with the assistance of the Department, will study the current geographic territories and submit a report to the 2013 General Assembly. It was noted that the Bill does not contain a provision as to the use of multiple models or a pre-hearing procedure for examining models.

2. Report of Staff

Mr. Lucas stated that the Property Rating Subcommittee will meet again in the near future to have discussions regarding (1) pricing of the HO 2011 Policy Program; (2) review of expense cutting and reserve strengthening letters relating to Homeowners; and (3) updating the selections for the profit factor, the compensation for assessment risk factor and the net cost of reinsurance analysis for the Homeowners rate review.

3. Homeowners Rate Level Review

There were discussions that, due to the decision to delay making a Homeowners rate filing, it is necessary to revise the effective date of the rate review and to make new trend selections using updated trend data.

Mr. Curry called attention to the updated trend package prepared by Insurance Services Office (ISO) and previously distributed. He reviewed the revised trend data in detail. He noted that it continues to contain data for the most recently available year.

Based upon its review and discussion, the Subcommittee agreed that the trends that were previously selected are still appropriate.

It was noted that Dr. Appel is working on his analysis of the Beach Plan financial situation and reinsurance program.

4. Homeowners Excess Policy Program

Mr. Lucas stated that, during the last telephone conference, the Subcommittee agreed to modify the original filing of the Homeowners Excess Policy at the request of the Department of Insurance. The Rate Bureau submitted a revised rating proposal, but the Department has yet again requested a lower rate level than filed.

After a lengthy discussion, the Subcommittee agreed that the current proposed rate level is inadequate and that the decision as to further action should be left to the Governing Committee.

5. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PRS-12-16

9/28/12

DRAFT

NCRB-NCRF-NCIGA
north carolina
RATE BUREAU
REINSURANCE FACILITY
INSURANCE GUARANTY ASSOCIATION

MINUTES OF THE TELEPHONE CONFERENCE OF THE GOVERNING COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD JULY 13, 2012

MEMBERS PRESENT	REPRESENTED BY
American Home Assurance Company	Ira Feuerlicht
Auto Owners Insurance Company	Drew Klasing
Builders Mutual Insurance Company	Jerry Visintine
Hartford Fire Insurance Company	Andy Montano
Integon Indemnity Corporation	Art Lyon
Nationwide Mutual Insurance Company	Amy Powell
	Mark McGhiey
NC Farm Bureau Mutual Insurance Company	Roger Batdorff
Progressive Insurance Company	Kevin McGee
State Farm Mutual Automobile Insurance	Alan Bentley
Travelers	Sylvia Kyle

OTHERS PRESENT	REPRESENTED BY
Young, Moore & Henderson	Mike Strickland
	Bill Trott
Staff	Ray Evans
	Tim Lucas
	Karen Ott
	Dave Sink
	Sue Taylor
	Rebecca Williams

The telephone conference commenced at approximately 10:00 A.M., Ms. Powell presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott stated that the Legislature has passed Senate Bill 836. He summarized the provisions of the bill stating that (1) property insurance rate filings will be open to the public for comment; (2) after conducting a public hearing, the Commissioner of Insurance may specify residential property insurance rates between the existing rate level and the filed rate level; (3) the cost of reinsurance along with certain supporting information may be included in rate making; (4) the Rate Bureau must develop forms or endorsements that do not include coverage for the perils of windstorm or hail and that the notice to policyholders was expanded to include situations when the perils of windstorm or hail are not covered; and 6) the Rate Bureau, with the assistance of the Department of Insurance, must study the current geographic territories and submit a report to the 2013 General Assembly.

Mr. Trott reported that (1) the appeal of the Dwelling Order is proceeding and that the Rate Bureau is preparing its written brief; (2) the Commissioner has requested a meeting with Rate Bureau and Department legal counsel on September 10, 2012 relating to the Dwelling matter but that the purpose of the meeting is not known; and (3) due to the delay in making the Homeowners rate filing, the decision has been made to update trend data, make new trend selections and revise the proposed effective date.

Mr. Strickland reported that the Rate Bureau is required to provide workers compensation coverage data to the North Carolina Industrial Commission (Commission). An agreement between the Rate Bureau and the Commission does not allow the Commission to share the data with third parties as the information is proprietary. He stated that the information the Rate Bureau has been providing is being shared by the Commission with a third party that provides prospect lists to insurance companies. As a result of the Bureau's confidentiality concerns, a bill was introduced and passed in the Legislature providing that any data sent to the Commission from the Rate Bureau remain confidential and that the Rate Bureau is immune from liability because of any acts by the Commission. Prior to the Governor's signature, representatives from the media objected, and the legislation was changed to allow certain of the information provided by the Rate Bureau to the Commissioner to be made public.

2. <u>Report of Staff</u>

Ms. Taylor reported that, in the recent years, there has been a decline in the number of Workers Compensation assigned risk policies. However, she stated that, since the beginning of 2012, there has been a 9% increase in the number of assigned risks. She also noted that there has been an increase in the number of larger risks, especially those with premiums greater than $100,000.

Mr. Evans reported on various items stating that (1) the Industrial Commission has filed a revision to their rules requiring companies to report directly to them; (2) the Workers Compensation rate proposal will be provided at the next Governing Committee meeting; (3) there has been more interest from the press regarding specific information on Workers Compensation policies since a recent newspaper publication regarding the Rate Bureau and the Industrial Commission's procedures; (4) the Rate Bureau is in the beginning stages of the required property territory review; (5) the Rate Bureau is on schedule to move into the new building on August 17, 2012, and will be back to normal working operations by August 22, 2012; and (6) expenses thru May 2012 for the Rate Bureau are 2.5% under budget.

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3. <u>Other Business</u>

Ms. Powell reminded the Committee of the upcoming Governing Committee meeting scheduled for July 24, 2012.

4. <u>Adjournment</u>

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Sue Taylor

Director of Insurance Operations

ST:dms

GC-12-22

9/28/12

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MINUTES OF THE MEETING OF THE GOVERNING COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD JULY 24, 2012

MEMBERS PRESENT	REPRESENTED BY
American Home Insurance Company	Ira Feuerllicht
Auto-Owners Insurance Company	Drew Klasing
Builders Mutual Insurance Company	Jerry Visintine
Integon Indemnity Corporation	Art Lyon
Liberty Mutual Insurance Company	Jeff Wright
Nationwide Mutual Insurance Company	Mark McGhiey
North Carolina Farm Bureau Mutual Insurance Company	Roger Batdorff
Progressive Casualty Insurance Company	Grace Li
State Farm Mutual Automobile Insurance Company	Alan Bentley
Travelers Indemnity Company	Sylvia Kyle

OTHERS PRESENT	REPRESENTED BY
NCCI	Jay Rosen
	Amy Quinn
Young, Moore & Henderson	Mike Strickland
	Mickey Spivey
21st Century Insurance Company	Scott Gibson
Staff	Karen Byrd
	Edith Davis
	Ray Evans
	Delisa Fairley
	Tim Lucas
	Karen Ott
	David Sink
	Sue Taylor
	Rebecca Williams

The meeting convened as scheduled, with Nationwide Mutual Insurance Company represented by Mr. McGhiey presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements.

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1. Report of Counsel

   Mr. Spivey stated that, with regard to the Dwelling rate filing case, the Record on Appeal is due to the Court of Appeals today and that written briefs are due to the Court of Appeals in approximately 30 days.

   Mr. Strickland stated that (1) the reporter that had previously written an article for the Raleigh News and Observer regarding "orphan" claimants met with staff and counsel regarding a Court of Appeals opinion in the case of Gonzalez vs. Worrell; (2) the reporter is preparing to write a series of articles on this case; (3) among other issues, the opinion of the court indicated that insurance companies that cancel a workers compensation policy must retain the "green card" which is the certified return receipt from the Post Office; (3) failure to retain the "green card" by the insurance company could result in the cancellation not being valid; and (4) the reporter requested some data from the Rate Bureau, which was not furnished because the data is proprietary.

2. Report of Staff

   Mr. Evans stated that (1) he and Ms. Taylor met with the Commissioner of Insurance to discuss homeowners insurance and hurricane modeling; (2) an invitation was again extended to the Commissioner and the Department to visit AIR to further inspect the AIR hurricane model used in the rate filings; (3) Mr. Mack called this morning indicating that he, Mr. Conley and one outside consultant would like to visit AIR in the near future; (4) the Commissioner has again indicated that he would like the Homeowners rate filing to be made no earlier than the last week of September; and (5) during the meeting with the Commissioner, there was discussion related to the possibility of revising the number of years driving experience for the determination of the inexperienced operator surcharge.

   Mr. Sink reported that (1) the expenses of the Rate Bureau are approximately 8.5% below budget through June, 2012; (2) there are a number of items that have not been paid but will be incurred before the end of the year such as expenses related to the homeowners rate filing which has been delayed; and (3) Congress recently passed a bill related to the valuation of pension plans that has improved the funding position of the pension fund.

3. Workers Compensation Prospective Loss Costs and Residual Market Rate level Review

   Attention was directed to exhibits that were distributed with the agenda that summarized the components of the rate level review considered by the Workers Compensation Committee and showed a comparison to the filed components from 2011.

   Mr. Rosen reported that (1) the Workers Compensation Committee recommended continuing the methodology used in the previous rate level filing of using an average of paid and paid plus case indications; (2) revisions were last effective November 1, 2011; (3) the Committee reviewed three years of experience and recommends using the experience of the two most recent policy years to develop the indications; and (4) based on the experience and the various selections by the Workers Compensation Committee, the overall indication for the voluntary market is -0.5% and for the residual market is +9.7%.

Mr. Spivey provided background information with respect to the profit provision and reported that the same methodology from the previous filing was used. He reviewed Dr. Vander Weide's and Dr. Appel's analyses and reported that the Workers Compensation Committee selected an underwriting profit provision of 17.5% for the assigned risk filing. He further noted that, because of the effects of uncollectible premium (approximately 9.2% of premium), the expected underwriting profit is much lower than 17.5%.

Mr. Rosen summarized the selections and recommendations of the Workers Compensation Committee for both the prospective loss costs filing and the assigned risk rate filing. Following discussion, a motion was made, seconded and passed unanimously to adopt the recommendation of the Committee and instruct staff to proceed to prepare the filings to be submitted on or before September 1, 2012.

4. Homeowners Rate Level Review

Mr. Lucas stated that, as a result of delaying making the homeowners filing, it was decided that the effective date should be revised to June 1, 2013 and that related factors in the filing should be examined and revised as appropriate.

Following discussion, it was agreed that the Property Committee and Property Rating Subcommittee should continue their review and provide recommendations to the Governing Committee during a telephone conference to be held on August 3, 2012.

5. Homeowners Excess Policy Program

Mr. Lucas provided background information, stating that the Rate Bureau filed the Homeowners Excess Policy Program following passage of HB 1305, which reduced the maximum limits that can be written by the Beach Plan from $1,500,000 to $750,000. He pointed out that the Rate Bureau had not previously provided a policy to provide coverage above the Beach Plan limits but that one was prepared in an effort to provide a service to policyholders and companies in that segment of the market.

Mr. Lucas further stated that (1) the original filing proposed a rate level consistent with the 2008 Homeowners rate filing; (2) the Department of Insurance felt that the rate was too high and requested the Rate Bureau to revisit the rate level; (3) since there was not an approved rate level for the program, the Department disapproved the policy forms filing; (4) the Rate Bureau subsequently proposed using the current rate level with a 15% surcharge which is equal to the surcharge being utilized by the Beach Plan; and (5) the Department has subsequently indicated that the rate should not reflect any adjustments. Mr. Lucas also stated that the Property Rating Subcommittee indicated that the Rate Bureau should not be implementing a new policy program with an inadequate rate level, but wanted to leave the ultimate decision to the Governing Committee.

Following discussion, it was the consensus of the Governing Committee not to withdraw the filing and not to adopt the inadequate rate level proposed by the Department.

6. Next Meeting

Mr. McGhiey stated that, as previously agreed, a telephone conference of the Governing Committee will be held on Friday, August 3, 2012, beginning at 11:00 A.M. He also stated that the next “in-person” meeting would be the Annual Meeting to be held on October 24, 2012, and the following meeting would be on December 4, 2012.

7. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Sue Taylor

Director of Insurance Operations

ST:dms

9/28/12

GC-12-23

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MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD AUGUST 1, 2012

MEMBERS PRESENT	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
Amica Insurance	Tom Goodale
Erie Insurance	Michelle Osborne
Nationwide Mutual Insurance Company	Kathy Southern
N.C. Farm Bureau Mutual Insurance Co	Bob Tart
Penn National Insurance	Pat Lovell
State Farm Fire & Casualty	Bob Messier
Travelers Property and Casualty Company	Sylvia Kyle
United Services Automobile Association	Dan Pickens

OTHERS PRESENT	REPRESENTED BY
Insurance Services Office	Rob Curry
Young, Moore & Henderson	Bill Trott
Staff	Ray Evans
	Tim Lucas
	Karen Ott
	Sue Taylor
	Rebecca Williams

The telephone conference commenced at approximately 2:00 P.M., Mr. Messier presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott reported that the Record on Appeal has been filed in the Dwelling appeal and that written briefs are due to be filed by August 29, 2012.

Mr. Trott stated that the Legislature has passed Senate Bill 836. He summarized the provisions of the bill stating (1) that property insurance rate filings will be open to the public for comments; (2) that after conducting a public hearing, the Commissioner of Insurance may set rates between the existing rates and the rates proposed by the Rate Bureau filing; (3) that the cost of reinsurance along with certain supporting information may be included in rate making; (4) that the Rate Bureau must develop policy forms or endorsements that do not include coverage for the perils of windstorm or hail; (5) that the bill amends the notice to property insurance policyholders when the perils of windstorm or hail are not covered under the policy; and 6) that the Rate Bureau, with the assistance of the Department, will study the current territories and submit a report to the 2013 General Assembly.

2. Report of Staff

Mr. Lucas reported (1) that the Property Forms Subcommittee has completed its review of the HO-2011 Policy Program; (2) that Insurance Services Office (ISO) is working on several revisions as directed by the Forms Subcommittee; (3) that the Property Rating Subcommittee will be reviewing the rates and rating rules in the next several weeks and upon completion the full policy program will be brought to the Property Committee for their review; (4) that the Territory Task Force has met to begin its review of the property territories as a result of SB 836; (5) that the territory review will include the entire state; (6) that it is hopeful that the territories will be defined by zip code; (7) that the questionnaires regarding the wind exclusion endorsement have been received and many companies appear to prefer using the current exclusion endorsement in lieu of a “stand alone” policy; (8) that it is also the preference of many companies to continue the use of the WH 00 01 – Acknowledgement of No Wind or Hail Coverage; (9) that during the last telephone conference of the Property Committee, the Committee requested the Rating Subcommittee to review the minimum premium used in the Bureau programs; and (10) that the Rating Subcommittee is continuing to look at the minimum premium issue.

3. Homeowners Preliminary Rate Level Indications

Attention was called to exhibits prepared by Insurance Services Office (ISO) and previously distributed regarding the preliminary homeowners rate level indications. Mr. Curry reviewed the selections made previously by the Property Rating Subcommittee, including those for expenses, profit, contingencies and loss development. He stated that the indicated statewide rate level change for owners forms is 30.8%, for tenants is 83.8% and condos is 58.3%. He also stated that these indications are based on a proposed effective date of June 1, 2013 and may change slightly as the filing is checked and assembled.

Mr. Lucas stated that the proposed indications are presented as a recommendation from the Property Rating Subcommittee.

Following the discussion, a motion was made, seconded and passed unanimously to recommend to the Governing Committee to adopt and file the indications as recommended by the Property Rating Subcommittee for owners, tenants and condos.

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4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PC-12-8

9/28/12

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MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE HELD ON AUGUST 1, 2012

MEMBERS PARTICIPATING	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
American Bankers Insurance Company of Florida	Dina Olsen
	Mable Morrison
American Modern Insurance Group	Diana Matalka
Nationwide Mutual Insurance Company	Sara Behrend
N.C. Farm Bureau Mutual Insurance Company	Roger Batdorff
State Farm Fire and Casualty Company	Kathy Popejoy
Travelers Property & Casualty Company	Ian Robinson
United Services Automobile Association	Chris Maloy

OTHERS PARTICIPATING	REPRESENTED BY
Insurance Services Office	Rob Curry
	Tony Romanucci
	Dan Ward
Milliman	Dave Appel
Young, Moore & Henderson	Bill Trott
	Mickey Spivey
Staff	Tim Lucas
	Karen Ott
	Ray Evans
	Sue Taylor
	Rebecca Williams

The telephone conference commenced at approximately 9:00 A.M., Ms. Thomas presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel

Mr. Trott reported (1) that the Rate Bureau will make a mandatory Workers Compensation filing by September 1, 2012; (2) that the appeal of the recent Dwelling order is proceeding and that the Rate Bureau has a deadline of filing a written brief by August 29, 2012; (3) that efforts have begun to implement the requirements of SB 836 which became law when it was signed by the Governor on July 12, 2012; (4) that the Rate Bureau, along with the assistance of the Department of Insurance, will study the current geographic rating territories and submit a report to the 2013 General Assembly; (5) that the Rate Bureau is required to develop a policy form or endorsement for property that does not include coverage for windstorm or hail; (6) that the Commissioner has requested the Rate Bureau staff to not make a Homeowners rate filing before late September; and (7) that, at the invitation of the Rate Bureau staff and AIR, representatives of the Department will visit AIR Worldwide for an extensive review of its methodology, at a time to be arranged which will likely be in August.

2. Report of Staff

Mr. Lucas reported (1) that the property territory review is underway; (2) that the Homeowners 2011 Policy Program has been reviewed by the Property Forms Subcommittee and will be sent to this committee for pricing; and (3) that the results of a questionnaire that was sent to companies regarding the windstorm or hail exclusion and fire only policy form or endorsement and notice of no coverage of windstorm or hail will be sent to the Property Committee for discussion.

3. Homeowners Rate Level Review

Mr. Lucas provided background information regarding the Homeowners rate level review. He stated that, due to the decision to delay making a Homeowners filing, it was necessary to revise the effective date of the rate review and to consider new trend selections using updated trend data. As a result of these changes, Insurance Services Office (ISO) has developed revised rate level indications.

Mr. Curry reviewed the revised Homeowners rate level indications that were prepared by ISO and previously distributed. He stated that, in developing the expense loading, as in past rate reviews, the average of the latest 3 years was used for expenses and the average of the latest 5 years excluding the high and low years was used for loss adjustment expenses. It was the consensus of the Subcommittee to continue with this method.

Dr. Appel discussed his analyses, noting (1) that the Subcommittee previously selected an underwriting profit of 10.5% which continues to fall within the new range for the cost of capital as determined by Dr. Vander Weide, which is now 8.7% to 13.4% of net worth; (2) that he has now been able to calculate the Compensation for Assessment Risk factor and that the factor is now 4.2% is based on the Beach Plan's current financial situation and reinsurance program; and (3) that the net cost of reinsurance provision has been updated as well.

DRAFT

Mr. Curry indicated (1) that a contingency factor of 1% was previously selected along with a 5% deviation factor; and (2) that the preliminary statewide indicated rate level change for owners forms is 30.8%, tenant form is 83.8% and condo form is 58.3%. He discussed changes for the condominium and tenants forms. He noted that these numbers are subject to further check and possible change when a filing is put together.

Attention was directed to letters from the 10 largest homeowner writers in North Carolina regarding reserve strengthening and expense cutting activities. After discussion, the Subcommittee agreed that no adjustments to the rate filing were necessitated by the information in these letters.

Following discussion, a motion was made, seconded and passed unanimously to recommend to the Property Committee that the methodology is actuarially sound and to proceed with making a rate filing.

4. <u>Adjournment</u>

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

PRS-12-17

DRAFT

MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY COMMITTEE OF THE NORTH CAROLINA RATE BUREAU HELD AUGUST 14, 2012

DRAFT

MEMBERS PRESENT	REPRESENTED BY
Allstate Insurance Company	Shantelle Thomas
Amica Insurance	Tom Goodale
Erie Insurance	Kristopher Marrion
Nationwide Mutual Insurance Company	Kathy Southern
N.C. Farm Bureau Mutual Insurance Co	Bob Tart
	Jeanette Harris
Penn National Insurance	Pat Lovell
State Farm Fire & Casualty	Bob Messier
Travelers Property and Casualty Company	Sylvia Kyle
United Services Automobile Association	Chris Maloy

OTHERS PRESENT	REPRESENTED BY
Young, Moore & Henderson	Bill Trott
Staff	Tim Lucas
	Karen Ott
	Rebecca Williams
	Sue Taylor

The telephone conference commenced at approximately 9:00 A.M., Mr. Messier presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Report of Counsel
Mr. Trott stated (1) that the Governing Committee telephone conference that was originally scheduled for Thursday, August 9, 2012 has been rescheduled as an in-person meeting to be held on Tuesday, August 28, 2012; and (2) that with regard to the Dwelling rate filing case the Rate Bureau is requesting mediation with the Department of Insurance (Department) prior to the Court of Appeals oral arguments.

2. Report of Staff

Mr. Lucas stated that, as a result of a Property Committee request, the Property Rating Subcommittee will be reviewing the minimum premium in the Homeowners Policy Program. He further requested the members of the Committee to send to him what companies are using as a minimum premium in other states.

3. Senate Bill 836

Attention was directed to a copy of Senate Bill 836 which was attached to the agenda. Mr. Lucas stated (1) that, as a result of the passing of Senate Bill 836, the Rate Bureau must provide a policy form or endorsement that does not offer coverage for the peril of windstorm or hail throughout the entire state; (2) that it appears that the Rate Bureau should extend the Windstorm or Hail Exclusion that is currently available in the beach and coastal area to the entire state; (3) that the Property Rating Subcommittee should develop windstorm or hail exclusion credits for the remainder of the state; and (4) that the WH 00 01 – Acknowledgement of No Windstorm or Hail Coverage should be made available to the entire state.

Mr. Lucas further stated that, based on the effective date of SB 836, these revisions must be filed with the Department prior to December 1, 2012.

During the discussion it was agreed to proceed with the action plan as laid out by Mr. Lucas and to make the necessary filing prior to December 1, 2012 and to make the effective date June 1, 2012.

4. Homeowners ACV Roof Endorsement

Mr. Lucas stated (1) that, during the last telephone conference of the Property Committee, the Committee requested that the manual rule be revised to include a statement that indicates that the endorsement is not available on policies that have excluded the peril of windstorm or hail. Attention was directed to a draft of the revised manual rule which incorporated that revision.

Following discussion, a motion was made, seconded and passed unanimously to adopt the manual rule and endorsement and to recommend adoption and filing to the Governing Committee.

5. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

F. Timothy Lucas

Personal Lines Manager

FTL:dms
PC-12-9
9/28/12

With regard to the information requested under Item (14)(c) the Rate Bureau submits the following:

2012 Homeowners Rate Filing

Insurance Services Office:

ISO has advised the Rate Bureau that the ISO assessment is not directly made for specific rate filings and reviews. While the assessment covers all of the basic required services for developing rates and preparing the filing, the assessment is based on North Carolina premium volume multiplied by countrywide assessment factors. These factors are developed by dividing the cost of each insurance line and service by the premium volume of all insurers affiliated with ISO for each representative line and service. During 2012, ISO billed the Rate Bureau approximately $870,750 for charges relating to homeowners insurance services, including forms, rules, public protection grading and other services unrelated to this homeowners rate filing.

Young, Moore & Henderson, P.A.:

The firm has billed the Rate Bureau approximately $111,430 for services rendered directly in connection with the preparation of the 2012 homeowners rate filing.

Milliman USA:

The firm has billed the Rate Bureau approximately $130,900 for services rendered in connection with the 2012 homeowners rate filing.

AIR Worldwide Corporation:

The firm has provided services for $57,000 in connection with matters involving the 2012 homeowners rate filing.

2008 Homeowners Rate Filing

Insurance Services Office:

ISO has advised the Rate Bureau that the ISO assessment is not directly made for specific rate filings and reviews. While the assessment covers all of the basic required services for developing rates and preparing the filing, the assessment is based on North Carolina premium volume multiplied by countrywide assessment factors. These factors are developed by dividing the cost of each insurance line and service by the premium volume of all insurers affiliated with ISO for each representative line and service. During 2008, ISO billed the Rate Bureau approximately $980,000 for charges relating to homeowners insurance services, including forms, rule, public protection grading and other services unrelated to this homeowners rate filing.

Young, Moore & Henderson, P.A.:

The firm has billed the Rate Bureau approximately $107,992 for services rendered (fees) in connection with the preparation of the 2008 homeowners rate filing.

Milliman USA:

The firm has billed the Rate Bureau approximately $56,200 for services rendered in connection with the 2008 homeowners rate filing.

AIR Worldwide Corporation:

The firm has provided services for $47,500 in connection with matters including the 2008 homeowners rate filing.

Financial Strategy Associates:

The firm has billed the Rate Bureau $850 for services rendered in connection with the 2008 homeowners rate filing.

The following changes in methodology from those used in the December 8, 2008 filing have been incorporated into this filing:

- In this filing, modeled losses were calculated for the latest year only. In the prior filing, modeled losses were calculated for all five years and were added to non-modeled losses. This change leads to a provision for hurricane losses that is more consistent with the current industry set of policyholders.

- ISO provides AIR Worldwide with exposure information that is input to the Hurricane Model to generate modeled hurricane loss costs. In the prior filing, exposures were provided in territory and construction detail, and AIR Worldwide then allocated the territory exposures to ZIP code based on the AIR Industry Database (which includes both Homeowners and Dwelling policies). In this filing, in addition to the detail provided last time, ZIP code data was also provided to AIR Worldwide. This change leads to modeled hurricane losses that are more commensurate with the underlying exposure distribution used in the rate indication calculations.

- In this filing, the net cost of reinsurance has been treated as a fixed expense, whereas in the prior filing it was treated as a variable expense. This is a more appropriate way to reflect this expense, since the dollar-value net cost of reinsurance to member companies does not depend on the indicated rate.

- In the wind exclusion credit calculation, the adjustment factor used to convert the Compensation for Assessment Risk provision to a non-wind basis has been changed to better reflect fixed expenses.

- Earned premium at manual level for the Beach Plan experience was obtained by applying on-level factors to reported premiums rather than using an extension-of-exposures procedure.

- In this filing, the profit multiples used to calculate the compensation for assessment risk are based on a curve fitted to actual catastrophe bond profit multiples. In the prior filing, the profit multiples were based on simple averages of actual catastrophe bond profit multiples.

- In this filing, the contingency provision is allocated to zone proportional to expected loss and loss adjustment expenses. In the prior filing, the contingency provision was effectively allocated proportional to premium excluding the contingency provision.

See also the pre-filed testimony of R. Curry, S. Thomas and D. Appel.

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HOMEOWNERS POLICY PROGRAM MANUAL
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PART I
COVERAGE AND DEFINITION TYPE RULES

RULE 100. INTRODUCTION

A. About The Homeowners Manual

The Homeowners Policy Program provides property and liability coverages, using the forms and endorsements specified in this Manual. This Manual contains the rules and classifications governing the writing of the Homeowners Policy. The rules, rates, forms and endorsements of the company for each coverage shall govern in all cases not specifically provided for in this Manual.

B. Manual Structure

1. Contents

The Manual is divided into two primary sections, multistate general rules and state rules and rates.

2. General Rules

These rules are grouped into the following categories:

a. Part **I** – Coverage And Definition Type Rules,

b. Part **II** – Servicing Type Rules,

c. Part **III** – Base Premium Computation Rules,

d. Part **IV** – Adjusted Base Premium Computation Rules,

e. Part **V** Section **I** – Property – Additional Coverages And Increased Limits Rules,

f. Part **VI** Section **II** – Liability – Additional Coverages And Increased Limits Rules, and

g. Part **VII** Section **II** – Liability – Other Exposures Increased Limits Rules.

3. State Rules And Rates

These rules are grouped into the following categories:

a. Exceptions and Additional Rules,

b. Special State Requirements,

c. Territory Definitions,

d. Base Class Premium Tables,

e. Classification and Key Factor Tables, and

f. Rates, Charges and Credits.

Also, where ISO does not publish any state pages containing premiums, rates, charges and credits expressed in dollars and cents, each company using this Manual should furnish its manualholders with the state rate pages containing this information.

4. Form References

The Manual refers to Forms **HO 00 02, HO 00 03, HO 00 04, HO 00 05, HO 00 06** and **HO 00 08**. These Form references are identified as follows:

a. Homeowners 2 Broad Form **HO 00 02,**

b. Homeowners 3 Special Form **HO 00 03,**

c. Homeowners 4 Contents Broad Form **HO 00 04,**

d. Homeowners 5 Comprehensive Form **HO 00 05,**

e. Homeowners 6 Unit-Owners Form **HO 00 06** and

f. Homeowners 8 Modified Coverage Form **HO 00 08.**

RULE 101. LIMITS OF LIABILITY AND COVERAGE RELATIONSHIPS

A. Limits

The limits of liability required under the Homeowners policy are as follows:

1. Section I – Property Damage

Coverage A – Dwelling	
HO 00 02, HO 00 03, HO 00 05 or **HO 00 08**	Refer to Rule **301.** in the state classification pages.
HO 00 04 or **HO 00 06**	For **HO 00 06** refer to Rule **507.A.**
Coverage B – Other Structures	
HO 00 02, HO 00 03, HO 00 05 or **HO 00 08**	10% of **A** (One and two family dwelling) 5% of **A** (Three and four family dwelling)
Coverage C – Personal Property	
HO 00 02, HO 00 03, HO 00 05 or **HO 00 08**	50% of **A** (One and two family dwelling) 30% of **A** (Three family dwelling) 25% of **A** (Four family dwelling)
HO 00 04 or **HO 00 06**	Refer to Rule **301.** in the state classification pages.
Coverage D – Loss Of Use	
HO 00 02, HO 00 03 or **HO 00 05**	30% of **A**
HO 00 04	30% of **C**
HO 00 06	50% of **C**
HO 00 08	10% of **A**

Table 101.A.1. Property Damage Limits

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RULE 101.
LIMITS OF LIABILITY AND COVERAGE RELATIONSHIPS (Cont'd)

2. Section II – Liability (All Forms)

Coverage E – Personal Liability And Coverage F – Medical Payments∗
Refer to Rule **301.** in the state classification pages.
∗ Unless otherwise stated, Coverage **E** limits apply on an "occurrence" basis; Coverage **F** limits apply on an "each person" basis.

Table 101.A.2. Liability Limits

B. All Forms

The limit of liability for Coverages **C** or **D** of Section **I** and **E** or **F** of Section **II** may be increased.

C. Form HO 00 02, HO 00 03 Or HO 00 05

Under Coverage **B** of Section **I,** an additional amount of insurance may be written on a specific structure.

Under Coverage **C** of Section **I,** it is permissible to reduce the limit of liability to an amount not less than 40% of the limit of a one and two family dwelling; 20% of the limit of a three family dwelling; and 15% of the limit of a four family dwelling.

D. Form HO 00 06

The limit of liability for Coverage **A** of Section **I** may be increased.

E. Form HO 00 08

1. Section I

The following are the only Section **I** options available with this form:

a. $100 Section Deductible,

b. Higher Optional Deductibles,

c. On and Off Premises Theft Coverage Increase,

d. Actual Cash Value Loss Settlement of Windstorm or Hail Loss to Roof Surfacing, and

e. Reduced Coverage **C** Limits.

2. Section II

All options available for Form **HO 00 02** are available for Form **HO 00 08.**

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RULE 102. DESCRIPTION OF COVERAGES

The following is a general description of the coverages provided by the individual Homeowners Policy forms. The policy should be consulted for exact contract conditions.

A. Section I – Property – Perils Insured Against

Perils Insured Against

Perils	HO 00 02	HO 00 03	HO 00 04 And HO 00 06	HO 00 05	HO 00 08
Fire or Lightning	Yes	Yes Cov. **C**	Yes	No	Yes
Windstorm or Hail, Explosion, Riot or civil commotion, Aircraft, Vehicles or Smoke	Yes	Yes Cov. **C**	Yes	No	Yes
Vandalism or malicious mischief	Yes	Yes Cov. **C**	Yes	No	Yes
Theft	Yes	Yes Cov. **C**	Yes	No	Yes
Volcanic eruption	Yes	Yes Cov. **C**	Yes	No	Yes
Falling objects, Weight of ice, snow or sleet, Accidental discharge of water or steam, Sudden and accidental tearing apart of a heating system or appliance, Freezing, Sudden accidental damage from electrical current.	Yes	Yes Cov. **C**	Yes	No	No
Additional risks with certain exceptions (Special Coverage)	No	Yes Cov. **A, B** and **D**	No	Yes Cov. **A, B, C** and **D**	No

Table 102.A. Perils Insured Against

B. Section II – Liability – All Forms

1. Coverage E – Personal Liability

Covers payment on behalf of any insured for all sums which the insured shall become legally obligated to pay as damages because of bodily injury or property damage arising out of an insured's premises or personal activities.

2. Coverage F – Medical Payments To Others

Covers medical expenses incurred by persons, other than the insured, who sustain bodily injury caused by an accident arising out of an insured's premises or personal activities.

RULE 103. MANDATORY COVERAGES

It is mandatory that insurance be written for all coverages provided under both Sections **I** and **II** of the Homeowners Policy.

RULE 104. ELIGIBILITY

A. All Forms Except HO 00 04 And HO 00 06

A Homeowners Policy may be issued:

1. To the owner-occupant(s) of a 1, 2, 3 or 4 family dwelling which is used exclusively for private residential purposes (except as provided in Paragraphs **F.** and **H.**). A 1 family dwelling may not be occupied by more than one additional family or two roomers or boarders. In a 2, 3 or 4 family dwelling, an individual family unit may not be occupied by more than two families or one family with two roomers or boarders; or
2. To the purchaser-occupant(s) who has entered into a long term installment contract for the purchase of the dwelling and who occupies the dwelling but to whom title does not pass from the seller until all the terms of the installment contract have been satisfied. The seller retains title until completion of the payments and in no way acts as a mortgagee. The seller's interest in the building and premises liability may be covered using Additional Insured Endorsement – **HO 04 41;** or

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RULE 104.
ELIGIBILITY (Cont'd)

3. To the occupant of a dwelling under a life estate arrangement when the Coverage A amount is at least 80% of the dwelling's replacement cost. The owner's interest in the building and premises liability may be covered using Additional Insured Endorsement **HO 04 41;** or
4. To cover dwellings in the course of construction provided the policy is issued only in the name of the intended owner-occupant(s) of the dwelling.
5. When two or more apartment units in a 2, 3 or 4 family dwelling are occupied by co-owners, each occupying distinct living quarters with separate entrances. Given these circumstances, a Homeowners Policy providing building coverage may be issued to only one of the co-owner occupants of the dwelling. The policy may be endorsed to cover the interest of the other co-owner(s) in the building and for premises liability. Use Additional Insured Endorsement **HO 04 41.** A separate Homeowners Policy **HO 00 04** may be issued to the co-owner(s) occupying the other apartment(s) in the dwelling.

   It is permissible to extend the Homeowners Policy, without additional premium charge, to cover the interest of a non-occupant joint owner in the building and for premises liability. Use Additional Insured Endorsement **HO 04 41.**

B. Form HO 00 04

A Homeowners Policy may be issued to:

1. The tenant(s) (non-owner) of a dwelling or an apartment situated in any building; or
2. The owner-occupant(s) of a dwelling, cooperative unit or of a building containing an apartment not otherwise eligible for a Homeowners Policy under Paragraph **A.**

provided the residence premises occupied by the insured is used exclusively for residential purposes (except as provided in Paragraph **F.**). The dwelling or apartment unit may not be occupied by more than one additional family or two boarders or roomers.

C. Form HO 00 06

A Homeowners Policy may be issued to the owner(s) of a condominium or cooperative unit which is used exclusively for residential purposes (except as provided in Paragraphs **F.** and **H.**). The unit may not be occupied by more than one additional family or two boarders or roomers.

D. Seasonal Dwelling

Subject to all other sections of this rule, a Homeowners Policy may be issued to cover a seasonal dwelling.

E. Mobile Home, Trailer Home Or House Trailer

A Homeowners Policy:

1. Shall not be issued to cover such structures under Coverage **A** – Dwelling, but
2. May be issued to cover personal property in such structures as noted in Paragraph **B.**

F. Permitted Business Occupancies

Certain business occupancies are permitted, provided:

1. The premises is occupied principally for private residential purposes, and
2. There is no other business occupancy on the premises.

When the business is conducted on the residence premises, refer to Rules **509.** and **510.** for Section **I** Coverage and Rules **607.** and **608.** for Section **II** Coverage. When it is conducted from an Other Residence, only Section **II** Coverage is available. Refer to Rules **607.** and **608.**

G. Farm Property

A Homeowners Policy shall not be issued to cover any property to which farm forms or rates apply under the rules of the company, except as noted in following Paragraphs **1.** and **2.:**

1. **Section I – Property – Livestock Collision**

   Coverage may be provided for loss due to collision which results in the death of covered livestock owned by an insured and kept either on or away from the residence premises as specified in Rule **520.**

2. **Section II – Liability Coverage**

   Certain farm liability exposures may be covered. Refer to Rules **614.** and **615.**

H. Residence Held in Trust (All Forms Except HO 00 04)

A Homeowners Policy may be issued in the name of a trust and trustee(s) when legal title to a 1 through 4 family dwelling or a condominium unit is held solely by the trust and:

1. The trustee and/or beneficiary or grantor regularly reside in the residence held in trust; and
2. The residence held in trust is used exclusively for residential purposes, except as provided in Paragraph **F.**

Refer to Rule **526.** for the rule of application.

RULE 105.
SECONDARY RESIDENCE PREMISES

A. Application

Homeowners coverage on a secondary residence premises shall be provided under a separate policy. The rules of this Manual apply except that Section **II** Coverage is not mandatory for the secondary residence policy when the same company insures the initial and secondary residence.

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RULE 105.
SECONDARY RESIDENCE PREMISES (Cont'd)

B. Premium Adjustment

When coverage is provided on the initial and secondary residence premises under separate policies in the same company, the following premium adjustments should be made:

1. Reduce the Base Premium for the policy covering the secondary residence by the company credit;
2. Refer to state company rates for credit; and
3. Add the charge for Other Insured Location Occupied by Insured, developed from Rule **602.,** to the policy covering the initial residence.

RULE 106.
PROTECTION CLASSIFICATION INFORMATION

The Protection Class listings in the Public Protection Classification Manual apply to risks insured under Homeowners Program policies.

A. The protection class indicated applies in a municipality or classified area where a single class of fire protection is available throughout (8, 7, 6, etc.).

B. In a classified area where two or more classifications are shown (for example, 6/9), the classification is determined as follows:

Distance To Fire Station	Class
1. 5 road miles or less with hydrant within 1,000 feet	*
2. 5 road miles or less with hydrant beyond 1,000 feet	9
3. Over 5 road miles	10
* First protection class (for example, 6/9...use Class 6)	

Table 106.B. Two Or More Classifications

C. All other properties are Class 10.

RULE 107.
CONSTRUCTION DEFINITIONS

A. Frame

Exterior wall of wood or other combustible construction, including wood iron-clad, stucco on wood or plaster on combustible supports, or aluminum or plastic siding over frame.

B. Masonry Veneer

Exterior walls of combustible construction veneered with brick or stone.

C. Masonry

Exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials and floors and roof of combustible construction (Disregarding floors resting directly on the ground).

D. Superior Construction

1. Non-Combustible

Exterior walls and floors and roof constructed of, and supported by metal, asbestos, gypsum, or other non-combustible materials.

2. Masonry Non-Combustible

Exterior walls constructed of masonry materials (as described in Paragraph **C.**) and floors and roof of metal or other non-combustible materials.

3. Fire Resistive

Exterior walls and floors and roof constructed of masonry or other fire resistive materials.

E. Mixed (Masonry/Frame)

A combination of both frame and masonry construction shall be classed as frame when the exterior walls of frame construction (including gables) exceed 33 1/3% of the total exterior wall area; otherwise class as masonry.

RULE 108.
SEASONAL DWELLING DEFINITION

A seasonal dwelling is a dwelling with continuous unoccupancy of three or more consecutive months during any one year period.

RULE 109.
SINGLE AND SEPARATE BUILDINGS DEFINITION

A. Single Building

All buildings or sections of buildings which are accessible through unprotected openings shall be considered as a single building.

B. Separate Building

1. Buildings which are separated by space shall be considered separate buildings.
2. Buildings or sections of buildings which are separated by:
   a. A 6 inch reinforced concrete or an 8 inch masonry party wall; or
   b. A documented minimum two hour non-combustible wall which has been laboratory tested for independent structural integrity under fire conditions;

   which pierces or rises to the underside of the roof and which pierces or extends to the inner-side of the exterior wall shall be considered separate buildings. Accessibility between buildings with independent walls or through masonry, party walls as described shall be protected by at least a Class A Fire Door installed in a masonry wall section.

RULES 110. – 200.
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PART II
SERVICING TYPE RULES

RULE 201.
POLICY PERIOD

The policy may be written for a period of:

A. One year and may be extended for successive policy periods by extension certificate based upon the premiums, forms and endorsements then in effect for the company.

B. Three years prepaid at three times the annual premium.

C. Three years in annual installments. Each annual installment shall be the annual premium then in effect for the company. Use Deferred Premium Payment Endorsement **HO 04 18.**

D. Less than one year or less than three years on a pro rata basis and may be extended for successive policy periods based upon the premiums, forms and endorsements then in effect for the company.

RULE 202.
CHANGES OR CANCELLATIONS

A. It shall not be permissible to cancel any of the mandatory coverages in the policy unless the entire policy is cancelled.

B. If insurance is increased, cancelled or reduced, the additional or return premium shall be computed on a pro rata basis, subject to the minimum premium requirement.

RULE 203.
MANUAL PREMIUM REVISION

A manual premium revision shall be made in accordance with the following procedures:

A. The effective date of such revision shall be as announced.

B. The revision shall apply to any policy or endorsement in the manner outlined in the announcement of the revision.

C. Unless otherwise provided at the time of the announcement of the premium revision, the revision shall not affect

- **1.** In–force policy forms, endorsements or premiums, until the policy is renewed, or
- **2.** In the case of a Deferred Premium Payment Plan, in–force policy premiums, until the anniversary following the effective date of the revision.

RULE 204.
MULTIPLE COMPANY INSURANCE

A. Application

- **1. Section I Property**
  - **a.** When the companies agree to do so, insurance under Section **I** may be divided among two or more companies on a percentage basis.
  - **b.** The same form, Section **I** endorsements and deductibles must apply to all policies.
  - **c.** All Section **I** Coverages must be divided.
  - **d.** Scheduled Personal Property Coverages may be divided.
- **2. Section II Liability**

  Insurance under Section **II** shall not be divided among two or more companies.

B. Endorsement

Use Multiple Company Insurance Endorsement **HO 04 78.**

C. Premium

- **1.** Compute the premium for the Total Coverage **A** limit of liability and additional Section **I** Coverages, if any, from the manual of each company.
- **2.** Each company subtracts the credit for deleting Section **II** Coverage from the premium computed as instructed in Paragraph **1.**
- **3.** Refer to state company rates for the Section **II** credit.
- **4.** Allocate to each company their percentage participation of the net total premium under Paragraph **2.**
- **5.** The company retaining the Section **II** Coverages receives, in addition to the percentage share of its premium under Paragraph **4.,** the amount subtracted from its premium under Paragraph **2.** plus any premium for additional Section **II** limits and exposures.

D. Example

- **1.** The example following Paragraph **4.** illustrates two companies equally sharing the Section **I** Property Coverages and Limits, with one company, Company B, retaining all the Section **II** Liability Coverages and Limits.
- **2.** Company A and B each enter:
  - **a.** On their respective policy declarations, the actual limits for Section **I** Coverages **A, B, C** and **D** for which they are responsible; and
  - **b.** On Multiple Company Insurance Endorsement **HO 00 78,** the total limits that apply to each of the Section **I** Coverages.

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RULE 204.
MULTIPLE COMPANY INSURANCE (Cont'd)

3. Company B also enters, on its policy declarations, the total limits that apply to Section **II** Coverages **E** and **F.**
4. Premiums shown are for illustration only and are not actual premiums.

Each Company's:	Company A	Company B
Percentage share	50%	50%
Premium for $100,000 Cov. **A**	$ 620	$ 606
Section **II** Credit	$ 18	$ 18
Net Premium for $100,000 Cov. **A**	$ 602	$ 588
Net Premium for $50,000 Cov. **A**	$ 301	$ 294
Premium for:		
Section **II** Coverage	–	$ 18
Watercraft Option	–	$ 36
Each Company's Policy Premium	$ 301	$ 348

Table 204.D.4. Example

RULE 205.
MINIMUM PREMIUM

A. For prepaid policies a minimum **annual** premium shall be charged for each policy.

B. When policies are written under a premium payment plan, no payment shall be less than the minimum premium for each annual period.

C. The minimum premium may include all chargeable endorsements or coverages if written at inception of the policy.

D. Refer to state company rates for the minimum premium.

RULE 206.
TRANSFER OR ASSIGNMENT

Subject to the consent of the company, all the rules of this Manual and any necessary adjustment of premium, a policy may be endorsed to effect:

A. Transfer to another location within the same state; or

B. Assignment from one insured to another in the event of transfer of title of the dwelling.

RULE 207.
WAIVER OF PREMIUM

A. When a policy is endorsed after the inception date, an amount of additional or return premium may be waived.

B. Refer to state company rates for premium.

RULE 208.
WHOLE DOLLAR PREMIUM RULE

Each premium shown on the policy and endorsements shall be rounded to the nearest whole dollar. A premium of fifty cents ($.50) or more shall be rounded to the next higher whole dollar.

In the event of cancellation by the company, the return premium may be carried to the next higher whole dollar.

RULE 209.
RESTRICTION OF INDIVIDUAL POLICIES

If a policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in the premium is allowed. Such requests shall be referred to the company.

RULE 210.
REFER TO COMPANY

Whenever a risk is rated on a refer to company basis, each company is responsible for complying with regulatory or statutory rate filing requirements.

RULE 211.
ADDITIONAL INTEREST

A. In addition to the mortgagee(s) shown in the Declarations or elsewhere in the policy, other persons or organizations may have an insurable interest in the residence premises. When coverage is **not** provided to such persons or organizations under Additional Insured Endorsement **HO 04 41** or its equivalent, their interest in the residence premises may be acknowledged by naming them in the endorsement referenced in Paragraph **D.**

B. Such persons or organizations are entitled to receive notification if the policy is canceled or nonrenewed by the insurer.

C. No additional charge is made for use of this endorsement.

D. Use Additional Interest Residence Premises Endorsement **HO 04 10.**

RULES 212. – 300.
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PART III
BASE PREMIUM COMPUTATION RULES

RULE 301.
BASE PREMIUM COMPUTATION

The Base Premium is developed by multiplying a Key Premium by a Key Factor and rounding to the nearest whole dollar ($0.50 or more rounded to the next higher whole dollar).

A. All Forms Except HO 00 04 And HO 00 06

1. One And Two Family Dwelling

a. From the company Base Class Premium Table, select the **HO 00 03** premium for the territory that applies.

b. From the Classification Tables in this Manual, select the Form and Protection – Construction Classification Factors that apply.

c. Multiply the company Base Class Premium by the Form Factor and round to the nearest whole dollar.

d. Multiply this result by the Protection – Construction Classification Factor and round, again, to the nearest whole dollar to arrive at the Key Premium.

e. From the Key Factor Table in this Manual, select the Key Factor for the desired limit of liability. If the limit of liability is not shown in the tables, interpolate as illustrated in Paragraph **C.** of this rule.

f. Multiply the Key Premium from Paragraph **d.** by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

2. Three And Four Family Dwelling

Multiply the One and Two Family Dwelling Base Premium by the three and four family factor from the Classification Tables in this Manual to arrive at the Base Premium.

B. Form HO 00 04 Or HO 00 06

1. From the company Base Class Premium Table, select the **HO 00 04** or **HO 00 06** premium for the territory that applies.

2. From the Form **HO 00 04** or **HO 00 06** Classification Table in this Manual, select the Protection – Construction Classification Factor that applies.

3. Multiply the company Base Class Premium by the Protection – Construction Classification Factor and round to the nearest whole dollar to arrive at the Key Premium.

4. From the Form **HO 00 04** or **HO 00 06** Key Factor Table in this Manual, select the Key Factor for the desired limit of liability. If the limit of liability is not shown in the tables, interpolate as illustrated in Paragraph **C.** of this rule.

5. Multiply the Key Premium from Paragraph **3.** by the Key Factor and round to the nearest whole dollar to arrive at the Base Premium.

C. Interpolation Example

1. When the desired limit of liability is **less** than the highest limit shown, interpolate the Key Factors using the nearest limit above and below the desired limit, for example:

a. $203,000 desired limit; the nearest limits are $200,000 and $205,000.

b. For $200,000 the Key Factor is 2.837; for $205,000 the Key Factor is 2.937. Figure the difference between the two Key Factors and divide by 5. This provides a factor per $1,000.

$$\begin{array}{r} 2.937 \\ -\ \underline{2.837} \\ .100 \end{array} \div 5 = .02$$

c. Multiply the factor per $1,000 times 3, and add 2.837; the Key Factor for $200,000.

$$\begin{array}{r} .02 \\ \times\ \underline{\quad 3} \\ .06 \end{array} + 2.837 = 2.897$$

d. The result, 2.897, is the Key Factor for this example.

2. The factors shown in the above interpolation example are for illustration only and are not necessarily the factors shown in the Key Factor Table of this Manual.

RULE 302.
LOSS SETTLEMENT OPTIONS

A. Functional Replacement Cost Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only

1. Introduction

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

2. Coverage Description

The policy may be endorsed to provide building loss settlement exclusively on a functional replacement cost basis if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the functional replacement cost of the building immediately before the loss. Functional Replacement Cost means the amount which it would cost to repair or replace the damaged building with less costly common construction materials and methods which are functionally equivalent to obsolete, antique or custom construction materials and methods.

3. Premium Computation

Develop the Base Premium in accordance with Rule **301.** for the amount of insurance selected for this option.

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RULE 302.
LOSS SETTLEMENT OPTIONS (Cont'd)

4. **Endorsement**

Use Functional Replacement Cost Loss Settlement Endorsement **HO 05 30.**

B. **Actual Cash Value Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

1. **Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

2. **Coverage Description**

The policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date of the policy, the Coverage **A** limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling.

3. **Premium Computation**

The premium is computed by multiplying the Base Premium by the appropriate factor from the following table:

Coverage A Limit Of Liability Equals Less Than_____% Of Replacement Value	Factor
80%, but not less than 50%	1.05
Less than 50%	1.10

Table 302.B.3. Factors

4. **Endorsement**

Use Actual Cash Value Loss Settlement Endorsement **HO 04 81.**

C. **Special Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

1. **Introduction**

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

2. **Coverage Description**

This percentage amount may be modified to 50%, 60% or 70% of replacement value without affecting the loss settlement provisions. If this option is selected, the Coverage **A** limit of liability representing 50%, 60% or 70% of replacement value is to be shown in the policy declarations.

3. **Premium Computation**

To develop the Base Premium for the Coverage **A** limit of liability shown in the policy declarations:

a. Multiply the Coverage **A** limit of liability by the appropriate factor from the following table and round to the nearest $1,000:

% Of Replacement Value	Factor
50%	1.60
60%	1.33
70%	1.14

Table 302.C.3.a. Factors

b. Develop a Base Premium in accordance with Rule **301.** for the amount of insurance computed in preceding Paragraph **a.**

c. Multiply the premium determined in preceding Paragraph **b.** by the appropriate factor from the following table:

% Of Replacement Value	Factor
50%	.96
60%	.97
70%	.98

Table 302.C.3.c. Factors

4. **Endorsement**

Use Special Loss Settlement Endorsement **HO 04 56.**

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

A. **Basic Limit**

The policy automatically provides up to 10% of the Coverage **A** limit of liability (or for Form **HO 00 04,** the Building Additions and Alterations limit) to pay for the increased costs necessary to comply with the enforcement of an ordinance or law.

B. **Increased Amount Of Coverage**

1. **Description**

The policy may be endorsed to increase the basic Ordinance or Law Coverage amount, as noted in Paragraph **2.** to accommodate the increased costs known or estimated by the insured for materials and labor to repair or replace the damaged property and to demolish the undamaged portion of damaged property and clear the site of resulting debris according to the ordinance or law.

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RULE 303.
ORDINANCE OR LAW COVERAGE ALL FORMS EXCEPT HO 00 08 (Cont'd)

2. Premium Determination

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

To develop the Base Premium 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. Factors

b. Forms HO 00 04 And HO 00 06

See Rule **513.** for rating instructions.

3. Endorsement

Use Ordinance Or Law – Increased Amount Of Coverage Endorsement **HO 04 77.**

RULE 304.
SPECIAL PERSONAL PROPERTY COVERAGE HO 00 04 AND HO 00 06

A Coverage Description

1. Coverage **C** – Personal Property under Forms **HO 00 04** and **HO 00 06** is insured against perils named in the form. The policy may be endorsed to insure Coverage **C** against additional risks of physical loss subject to certain exclusions.

2. This option may only be used when:

a. For Form **HO 00 04,** the apartment, dwelling or cooperative unit rented to the insured is not rented or sublet to another; or

b. For Form **HO 00 06,** the condominium or cooperative unit is owner occupied and not rented to others.

B. Premium Computation

Multiply the Form **HO 00 04** or **HO 00 06** Base Premium developed in accordance with Rule **301.** by 1.40.

C. Endorsement

1. Use Special Personal Property Coverage Endorsement **HO 05 24** for use with **HO 00 04** only.

2. Use Unit-Owners – Coverage **C** – Special Coverage Endorsement **HO 17 31** for use with **HO 00 06** only.

RULES 305. – 400.
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PART IV
ADJUSTED BASE PREMIUM COMPUTATION RULES

RULE 401.
SUPERIOR CONSTRUCTION

The premium for a dwelling or apartment unit in a building of superior construction is computed by multiplying the masonry Base Premium for a comparable dwelling or apartment unit by a factor of .85.

RULE 402.
TOWNHOUSE OR ROW HOUSE – ALL FORMS EXCEPT HO 00 04 And HO 00 06

The premium for an eligible 1, 2, 3 or 4 family dwelling in a town or row house structure is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Townhouse And Row House Factors

Total No. Of Individual Family Units Within The Fire Division∗	Protection Class 1–8	Protection Class 9 & Over
1 Or 2 Family Dwelling		
1 & 2	1.00	1.00
3 & 4	1.10	1.15
5 – 8	1.25	1.30
9 & Over	Refer to company	
3 Or 4 Family Dwelling		
5 – 8	1.15	1.20
9 & Over	Refer to company	

∗ An eligible two family owner-occupied dwelling attached to a one family dwelling but not separated by a fire wall would be considered 3 individual family units within a fire division. An eligible four family dwelling attached to a three family dwelling but not separated by a fire wall would be considered 7 individual family units within a fire division. Four 2 family dwellings not separated by a fire wall would be considered 8 individual family units.

Table 402. Townhouse And Row House Factors

RULE 403.
PERSONAL PROPERTY (COVERAGE C) REPLACEMENT COST LOSS SETTLEMENT

A. Introduction

The policy provides loss settlement on an Actual Cash Value basis for certain types of property.

B. Loss Settlement Option

The policy may be endorsed to provide loss settlement on a Replacement Cost basis for such property whether insured on a blanket or scheduled basis.

C. Endorsement

Use Personal Property Replacement Cost Endorsement **HO 04 90.**

D. Scheduled Personal Property

1. When the Scheduled Personal Property Endorsement **HO 04 61** is attached to a policy with Endorsement **HO 04 90,** the following property, if scheduled, will also be subject to repair or replacement cost loss settlement up to the scheduled limit of liability:

a. Jewelry;

b. Furs and garments trimmed with fur or consisting principally of fur;

c. Cameras, projection machines, films and related articles of equipment;

d. Musical equipment and related articles of equipment;

e. Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry; and

f. Golfer's equipment meaning golf clubs, golf clothing and golf equipment.

2. Since the loss settlement condition in Endorsement **HO 04 61** will pay the insured the least of the:

a. Actual cash value of the property sustaining loss;

b. The amount for which the property could be repaired or replaced; or

c. The amount of insurance of the property sustaining loss;

the limit of liability that applies to each scheduled item should be carefully evaluated to ensure that the limit selected by the insured represents the cost to replace the item if lost or damaged beyond repair.

E. Scheduled Personal Property (With Agreed Value Loss Settlement)

When Scheduled Personal Property (With Agreed Value Loss Settlement) Endorsement **HO 04 60** is attached to a policy with Endorsement **HO 04 90,** the property subject to agreed value loss settlement will **not** be subject to repair or replacement cost loss settlement.

F. Premium Determination

Multiply the Base Premium including any premium adjustment for Coverage **C** limits by a factor of:

1. 1.15 for all forms except **HO 00 04** and **HO 00 06.**

2. 1.35 for Forms **HO 00 04** or **HO 00 06.**

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RULE 404.
PROTECTIVE DEVICES

A. Approved and properly maintained installations of burglar alarms, fire alarms and automatic sprinklers in the dwelling may be recognized for a reduced premium – computed by multiplying the Base Premium by the selected factors from the following table:

Protective Devices Factors

Type Of Installation∗	Factor
Central Station Reporting Burglar Alarm	.95 to 1.00
Central Station Reporting Fire Alarm	.95 to 1.00
Police Station Reporting Burglar Alarm	.97 to 1.00
Fire Department Reporting Fire Alarm	.97 to 1.00
Local Burglar and/or Fire Alarm	.98
Automatic Sprinklers in all areas including attics, bathrooms, closets, attached structures	.87 to 1.00
Automatic Sprinklers in all areas except attic, bathroom, closet and attached structure areas that are protected by a fire detector	.92 to 1.00
∗ Refer to company for eligibility, types of systems and devices, installations, and available credits.	

Table 404.A. Protective Devices Factors

B. Use Premises Alarm Or Fire Protection System Endorsement **HO 04 16.**

RULE 405.
INFLATION GUARD – ALL FORMS EXCEPT HO 00 04 AND HO 00 06

A. Coverage Description

The policy may be endorsed to provide annual increases of the Section **I** Limits of Liability as selected by the insured.

B. Premium Computation

1. The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Amount Of Annual Increase	Factor
4%	1.02
6%	1.03
8%	1.04
Each Add'l 4% over 8% add:	.02

Table 405.B.1. Inflation Guard Factors

2. The premium for a 3 year policy is 3.2 times the annual policy premium.

C. Endorsement

Use Inflation Guard Endorsement **HO 04 46.**

RULE 406.
DEDUCTIBLES

All policies are subject to a deductible that applies to loss from all Section **I** Perils, except Earthquake. A separate deductible provision applies to Earthquake Coverage as described in Rule **505.**

A. Base Deductible

$250 Deductible.

B. Optional Deductibles

1. Additional Premium Charge

a. The options in Paragraphs **2.** and **3.** are subject to a minimum and maximum additional premium charge.

b. Refer to the state company rates for these charges.

2. $100 Deductible

To compute the premium for this option, multiply the Base Premium by a factor of 1.10.

3. $250 Theft Deductible

All forms except **HO 00 05, H0 00 04** with Special Personal Property Coverage Endorsement **HO 05 24** and **HO 00 06** with Unit-Owners Coverage **C** (Special Coverage) Endorsement **HO 17 31.**

a. The theft deductible applies to Coverage **C** – Personal Property and is available only when:

(1) A $100 deductible applies to All Other Perils; or

(2) A higher deductible applies to the peril of Windstorm or Hail, as described in Paragraph **C.3.,** and a $100 deductible applies to All Other Perils.

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RULE 406.
DEDUCTIBLES (Cont'd)

b. When the $100 deductible applies to All Other Perils, compute the premium by multiplying the Base Premium by a factor of:

(1) 1.09 for all forms except **HO 00 04** and **HO 00 06;** or

(2) 1.05 for Forms **HO 00 04** or **HO 00 06.**

c. When a higher Windstorm or Hail and $100 All Other Perils deductible applies, subtract a factor of .01 from the factors shown in Paragraphs **C.3.a.(6)** or **C.3.b.(5).**

C. Optional Higher Deductibles

1. All Perils Deductible

To compute the premium for this deductible type, multiply the Base Premium by the factors selected from the following table:

All Forms Except HO 00 04 And HO 00 06			
	Deductible Amounts		
Coverage A Limit	**$500**	**$1,000**	**$2,500**
Up to $59,999	.91	.79	.62
$60,000 to 99,999	.91	.79	.62
100,000 to 200,000	.92	.79	.62
200,001 and Over	.96	.89	.75
HO 00 04			
Coverage C Limit	**$500**	**$1,000**	**$2,500**
Up to $25,000	.91	.77	.59
$25,001 and over	.93	.84	.68
HO 00 06			
Coverage C Limit	**$500**	**$1,000**	**$2,500**
Up to $40,000	.90	.76	.56
$40,001 and over	.92	.81	.63

Table 406.C.1. All Perils Deductibles Factors

2. Theft Deductible (Forms HO 00 04 And HO 00 06 Only)

a. Deductible Amounts

This option provides for higher Theft deductible amounts of $1,000 and $2,500 to be used in conjunction with the deductible that applies to All Other Section **I** Perils.

b. Declarations Instructions

Separately enter, on the policy declaration, the deductible amounts that apply to Theft and All Other Section **I** Perils.

c. Deductible Factors

(1) Form HO 00 04

Theft Deductible		**All Other Perils Deductible Amount**	**Coverage C Limit**	
Territory	**Amount**		**Up to $25,000**	**$25,001 and over**
City	$ 1,000	$ 100	.87	.92
		250	.84	.90
		500	.81	.87
	$ 2,500	$ 100	.74	.83
		250	.72	.81
		500	.69	.78
		1000	.64	.74
Other Than City	$ 1,000	$ 100	.93	.95
		250	.88	.92
		500	.84	.89
	$ 2,500	$ 100	.83	.88
		250	.80	.85
		500	.75	.82
		1000	.69	.77

Table 406.C.2.c.(1) Theft Deductible Factors

(2) City And Other Than City Territories (Form HO 00 04 Only)

Refer to state Territory Pages, Paragraph **2.A.** for a listing of City Territories and **2.B.** for Other Than City Territories.

(3) Form HO 00 06

Theft Deductible	**All Other Perils Deductible Amount**	**Coverage C Limit**	
Amount		**Up to $40,000**	**$40,001 and over**
$ 1,000	$ 100	1.01	1.00
	250	.95	.96
	500	.87	.90
$ 2,500	$ 100	.97	.97
	250	.91	.92
	500	.83	.86
	1000	.72	.77

Table 406.C.2.c.(3) Theft Deductible Factors

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RULE 406.
DEDUCTIBLES (Cont'd)

3. Windstorm Or Hail Deductibles (All Forms Except HO 00 04 And HO 00 06)

The following deductible options are used in conjunction with the deductible applicable to All Other Section **I** Perils.

a. Percentage Deductibles

(1) Deductible Amounts

This option provides for higher Windstorm or Hail percentage deductibles of 1%, 2% or 5% of the Coverage **A** limit of liability when the dollar amount of the percentage deductible selected exceeds the amount of the deductible applicable to All Other Section **I** Perils.

(2) Endorsement

Use Windstorm Or Hail Percentage Deductible Endorsement **HO 03 12.**

(3) Declarations Instructions

Enter, on the policy declarations, the percentage amount that applies to Windstorm or Hail and the dollar amount that applies to All Other Section **I** Perils. For example:

- Deductible – Windstorm or Hail 1% of Coverage **A** limit and $250 for All Other Perils.
- Deductible – Windstorm or Hail 2% of the Coverage **A** limit, $250 for Theft of Personal Property and $100 for All Other.

(4) Deductible Application

In the event of a Windstorm or Hail loss to covered property, the dollar amount is deducted from the total of the loss for all coverages. For example:

Cov.	Limit Of Liability	1% Ded.	Amount Of Loss: Before Ded.	Amount Of Loss: After Ded.
A	$100,000	$1,000	$7,500	–
C	50,000		3,000	–
B	10,000		1,350	–
D	20,000		660	–
			$12,510	$11,510

Table 406.C.3.a.(4) Example

(5) Use Of Factors

The factors displayed in Paragraph **(6)** incorporate the factors for the All Peril Deductibles shown in Paragraphs **B.3.** and **C.1.** Do **not** use the factors for the All Perils Deductibles when rating a policy with a higher Windstorm Or Hail deductible.

(6) Deductible Factors

To compute the premium for this provision, multiply the Base Premium by the factor selected from the following tables for the deductible amounts desired:

1% Windstorm Or Hail Deductible				
All Other Perils Ded. Amount	Coverage A Limit (Expressed In $): Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
$ 100	1.05	1.04	1.04	1.04
250	.96	.96	.96	.96
500	.89	.89	.89	.93
1,000	–	–	.78	.88
2,500	–	–	–	.74

Table 406.C.3.a.(6)#1 1% Windstorm Or Hail Deductible

2% Windstorm Or Hail Deductible				
All Other Perils Ded. Amount	Coverage A Limit (Expressed In $): Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
$ 100	1.02	1.02	1.02	1.02
250	.93	.93	.94	.95
500	.86	.86	.87	.91
1,000	.76	.76	.76	.85
2,500	–	–	.60	.72

Table 406.C.3.a.(6)#2 2% Windstorm Or Hail Deductible

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RULE 406.
DEDUCTIBLES (Cont'd)

5% Windstorm Or Hail Deductible				
All Other	**Coverage A Limit (Expressed In $)**			
Perils Ded. Amount	**Up To 59,999**	**60,000 To 99,999**	**100,000 To 200,000**	**200,001 & Over**
$ 100	.97	.97	.99	1.00
250	.89	.89	.91	.93
500	.82	.82	.84	.89
1,000	.72	.72	.73	.83
2,500	.59	.59	.59	.70

Table 406.C.3.a.(6)#3 5% Windstorm Or Hail Deductible

b. Higher Fixed-Dollar Deductibles

(1) Deductible Amounts

This option provides for higher fixed-dollar deductible amounts of $1,000, $2,000 and $5,000 when the dollar amount of the higher fixed-dollar deductible selected exceeds the amount of the deductible applicable to All Other Section **I** Perils.

(2) Endorsement

An endorsement is not required.

(3) Declarations Instruction

Separately enter, on the policy declarations, the deductible amounts that apply to Windstorm Or Hail and All Other Section **I** Perils. For example: $1,000 for Windstorm Or Hail and $250 for All Other Perils.

(4) Use Of Factors

The factors displayed in Paragraph **(5)** incorporate the factors for the All Perils Deductibles shown in Paragraphs **B.3.** and **C.1.** Do **not** use the factors for the All Perils Deductibles when rating a policy with a higher Windstorm Or Hail deductible.

(5) Deductible Factors

To compute the premium for this provision, multiply the Base Premium by the factor selected from the following tables for the deductible amounts desired:

$1,000 Windstorm Or Hail Deductible				
All Other	**Coverage A Limit (Expressed In $)**			
Perils Ded. Amount	**Up To 59,999**	**60,000 To 99,999**	**100,000 To 200,000**	**200,001 & Over**
$ 100	1.02	1.03	1.05	1.06
250	.95	.95	.97	.98
500	.88	.88	.90	.95

Table 406.C.3.b.(5)#1 $1,000 Windstorm Or Hail Deductible

$2,000 Windstorm Or Hail Deductible				
All Other	**Coverage A Limit (Expressed In $)**			
Perils Ded. Amount	**Up To 59,999**	**60,000 To 99,999**	**100,000 To 200,000**	**200,001 & Over**
$ 100	.98	1.00	1.03	1.04
250	.91	.92	.95	.96
500	.85	.85	.88	.93
1,000	.75	.75	.77	.88

Table 406.C.3.b(5)#2 $2,000 Windstorm Or Hail Deductible

$5,000 Windstorm Or Hail Deductible				
All Other	**Coverage A Limit (Expressed In $)**			
Perils Ded. Amount	**Up To 59,999**	**60,000 To 99,999**	**100,000 To 200,000**	**200,001 & Over**
$ 100	.96	.97	1.01	1.02
250	.88	.89	.92	.94
500	.82	.82	.85	.91
1,000	.72	.72	.75	.86
2,500	.58	.59	.60	.74

Table 406.C.3.b.(5)#3 $5,000 Windstorm Or Hail Deductible

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RULE 407.
ADDITIONAL AMOUNTS OF INSURANCE – FORMS HO 00 02, HO 00 03 AND HO 00 05

A. Introduction

The policy provides loss settlement for buildings insured under Coverage **A** or **B** on a replacement cost basis without deduction for depreciation, if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the replacement cost of the building immediately before the loss.

B. Coverage Description

The policy may be endorsed to provide additional insurance for Coverage **A** only or for Coverages **A, B, C,** and **D** when loss, to property insured under Coverage **A** – Dwelling, exceeds the limit of liability shown in the policy declarations.

C. Options Available

When either of the following options is selected, the Coverage **A** limit of liability shall be at least 100% of the full replacement cost of the property insured under Coverage **A** at policy inception or at the time the endorsement is added to the policy:

1. Specified Additional Amount Of Insurance For Coverage A Only

a. An additional amount of insurance equal to 25% or 50% of the Coverage **A** limit of liability may be selected. This additional amount is available when loss to property insured under Coverage **A** – Dwelling exceeds the Coverage **A** limit of liability shown in the Declarations.

The additional amount **cannot** be applied to any other coverage nor does it increase the Coverage **A** limit.

b. The premium for this option is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Additional Amount Options	Factor
25%	1.03
50%	1.06

Table 407.C.1.b. Additional Amounts Of Insurance Factors

c. Use Specified Additional Amount of Insurance for Coverage **A** Endorsement **HO 04 20.**

2. Additional Limits Of Liability For Coverages A, B, C, And D

a. This option differs from Paragraph **C.1.,** in that the Coverage **A** limit of liability is increased, after a loss, to the amount necessary to repair or replace the damaged or destroyed property. The limits of liability for Coverages **B, C,** and **D** will also be increased by the same percentage applied to the Coverage **A** limit.

When the loss to such property, exceeds the Coverage **A** limit, the policy is endorsed, retroactive to the date of loss, to the limit needed to settle the loss.

b. The premium is computed by multiplying the Base Premium by a factor of 1.15.

c. Use Additional Limits of Liability for Coverages **A, B, C,** and **D** Endorsement **HO 04 11.**

D. Endorsement Exception

Do not use either endorsement when the Special Loss Settlement Endorsement or any other endorsement which modifies the required percentage of replacement value is attached to the policy.

RULE 408.
ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF SURFACING – ALL FORMS EXCEPT HO 00 04

A. Introduction

The policy provides settlement for building losses on a repair or replacement cost basis, subject to certain conditions.

B. Coverage Description

The policy may be endorsed to provide loss settlement exclusively on an Actual Cash Value basis for roof surfacing when damage is caused by the peril of Windstorm Or Hail.

C. Premium Determination

To develop a premium for this option, multiply the Base Premium by a factor of .99.

D. Endorsement

Use Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing (All Forms Except **HO 00 04**) Endorsement **HO 04 93.**

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RULE 409.
REPLACEMENT COST LOSS SETTLEMENT FOR CERTAIN NON-BUILDING STRUCTURES – FORMS HO 00 02, HO 00 03 AND HO 00 05

A. Introduction

The policy provides actual cash value loss settlement for non-building structures covered under Coverage **B,** or specifically scheduled under this policy.

B. Coverage Description

The policy may be endorsed to provide repair or replacement cost loss settlement for the following types of non-building structures only if they are located on the residence premises:

1. Re-inforced masonry walls;
2. Metal or fiberglass fences;
3. Fences made of plastic/resin materials such as polyvinylchloride;
4. Patios, walks (not made of wood or wood products); and
5. Driveways.

C. Premium Computation

The premium is computed by multiplying the Base Premium by a factor of 1.02.

D. Endorsement

Use Replacement Cost Loss Settlement For Certain Non-Building Structures On The Resident Premises Endorsement **HO 04 43.**

E. Endorsement Exception

This loss settlement condition does not apply to covered property insured under Coverage **B** – Other Structures Away From The Residence Premises Endorsement **HO 04 91** and Specific Structures Away From The Residence Premises Endorsement **HO 04 92.**

RULE 410.
BUILDING CODE EFFECTIVENESS GRADING

This rule does not apply to Mobile or Trailer homes.

A. General Information

1. The Building Code Effectiveness Grading Schedule develops a grade of 1 to 10 for a community based on the adequacy of its building code and the effectiveness of its enforcement of that code. Policies which cover the perils of Windstorm or Hail or Earthquake may be eligible for special rating treatment, subject to the criteria in the following paragraphs. The Building Code Effectiveness Grading factor applies, where applicable, in addition to the Public Protection Classification factors.
2. In some communities, two Building Code Effectiveness Grades may be assigned. One grade will apply to 1 and 2 family dwelling buildings and/or personal property contained in such buildings. The other grade will apply to all other buildings occupied for residential, commercial and/or manufacturing purposes including personal and business property contained therein. The Public Protection Classification Manual will indicate the application of each grade.
3. The Building Code Effectiveness Grades for a community, and their effective dates, are provided in the Public Protection Classification Manual published by Insurance Services Office, Inc.

B. Community Grading

1. The Building Code Effectiveness Grade applies to any building that has an original certificate of occupancy dated the year of the effective date of the community grading, or later. A rating factor has been developed for each community grade.
2. If a community is regraded subsequent to its initial grading, the factor for the revised grade applies to buildings that have an original certificate of occupancy dated the year of the effective date of the revised grading, or later.
3. Where certificates of occupancy are not issued, equivalent documentation acceptable to the company may be used.
4. If, due to an addition or alteration, the original building is changed to comply with the latest building code, the factor for the community grading applicable at the time the reconstruction is completed will apply to such building.
5. The Building Code Effectiveness Grade may apply to Windstorm/Hail or Earthquake, or to both. Specific information is provided in the Public Protection Classification Manual. If the grade in the manual does not apply to one of the perils, the factor should not be applied for that peril.

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RULE 410.
BUILDING CODE EFFECTIVENESS GRADING (Cont'd)

C. Individual Grading

Where buildings have been built in full conformance with the natural hazard mitigation elements of one of the nationally recognized building codes even though the community grade is greater than 1, exception rating procedures may apply.

1. Any building may be classified as Grade 1 for Windstorm/Hail upon certification by a registered or licensed design professional, based on an on-site inspection, that such building is in compliance with one of the three nationally recognized building codes with respect to mitigation of the windstorm or hail hazard. This classification is effective only from the date of the certification.

2. Any building may be classified as Grade 1 for Earthquake upon certification by a registered or licensed design professional, based on an on-site inspection, that such building is in compliance with the earthquake mitigation elements of one of the three nationally recognized building codes. This classification is effective only from the date of the certification.

D. Ungraded Risks

Buildings which do **not** meet the criteria in Paragraph **B.** or **C.** for Grade assignment are rated and coded as ungraded risks. Do **not** classify as Grade 10.

E. Premium Credit Computation

1. Community Grading

a. Windstorm Or Hail

Compute the premium credit as follows:

(1) Multiply the Base Class Premium by the appropriate factor in Paragraph **E.1.c.(1)** located in the state exceptions; and

(2) Multiply the result from preceding Paragraph **(1)** by the Key Factor for the desired amount of insurance.

b. Earthquake

When Earthquake Endorsement **HO 04 54** is attached to the policy, multiply the Earthquake Base Premium by the appropriate factor in Paragraph **E.1.c.(2)** located in the state exceptions.

c. Credit Factors

Refer to state exceptions for state specific factors.

2. Individual Grading

For any building classified as Grade 1 based upon certification as set forth in Paragraph **C.**, use the appropriate factor listed under Paragraph **E.1.c.** located in the state exceptions.

RULES 411. – 500.
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PART V
SECTION I – PROPERTY – ADDITIONAL COVERAGES AND INCREASED LIMITS RULES

RULE 501.
BUILDING ADDITIONS AND ALTERATIONS AT OTHER RESIDENCES

A. Coverage Description

The policy may be endorsed to provide this coverage at residences, other than the residence premises, rented to an insured.

B. Premium Computation

To develop the premium per $1,000 of insurance, multiply the **HO 00 04** Key Factor for "Each Add'l $1,000" by the **HO 00 04** Key Premium.

C. Endorsement

Use Building Additions And Alterations Other Residence Endorsement **HO 04 49.**

RULE 502.
BUILDING ADDITIONS AND ALTERATIONS – INCREASED LIMIT – HO 00 04

A. Coverage C Increase

The limit of liability of 10% of Coverage **C** may be increased.

B. Premium Computation

To develop the premium per $1,000 of insurance, multiply the **HO 00 04** Key Factor for "Each Add'l $1,000" by the **HO 00 04** Key Premium.

C. Endorsement

Use Building Additions And Alterations Increased Limit Form **HO 00 04** Endorsement **HO 04 51.**

RULE 503.
BUSINESS PROPERTY – INCREASED LIMIT

A. On-Premises

1. The $2,500 limit of liability for business property on the residence premises may be increased to $10,000 in increments of $2,500.

2. Refer to state company rates for each $2,500 increase.

3. The limit of liability in excess of $2,500 does not apply to:

a. Business property in storage or held as a sample or for sale or delivery after sale.

b. Business property pertaining to a business actually conducted on the residence premises.

4. The Property described in Paragraphs **3.a.** and **3.b.** are covered under the following optional endorsements:

a. Permitted Incidental Occupancies;

b. Home Day Care; or

c. Home Business Insurance Coverage.

B. Off–Premises

When the on-premises limit is increased, the off-premises limit of $500 is automatically increased, at no additional charge, to an amount that is 20 percent of the total on-premises limit of liability.

C. Endorsement

Use Increased Limits On Business Property Endorsement **HO 04 12.**

RULE 504.
CREDIT CARD, ELECTRONIC FUND TRANSFER CARD OR ACCESS DEVICE, FORGERY AND COUNTERFEIT MONEY

A. Coverage Increase

The limit of $500 may be increased. An additional rate is to be charged.

B. Premium

Refer to state company rates for an additional charge.

C. Endorsement

Use Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money Coverage Increased Limit Endorsement **HO 04 53.**

RULE 505.
EARTHQUAKE COVERAGE

A. Coverage Description

The policy may be endorsed to provide coverage against a loss resulting from the peril of Earthquake. This peril shall apply to all Section **I** Coverages for the same limits provided in the policy. Use Earthquake Endorsement **HO 04 54.**

B. Deductible

Deductible percentage amounts of 5%, 10%, 15%, 20% and 25% of the limit of liability are included in this rule.

In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages **A, B,** and **C.**

Earthquake rates are displayed for the 5% and 10% deductible in the state company rates. Credit factors for deductible percentage amounts of 15%, 20% and 25% are provided in Paragraph **E.** Premium for Higher Deductibles of this rule.

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RULE 505.
EARTHQUAKE COVERAGE (Cont'd)

C. Loss Assessment Coverage

The policy may also be endorsed to cover loss assessment resulting from loss by this peril. The limit of liability shall be based on the insured's proportionate interest in the total value of all collectively owned buildings and structures of the corporation or association of property owners. Refer to company for rates. Use Loss Assessment Coverage For Earthquake Endorsement **HO 04 36** for all Forms.

D. Base Premium

Develop the base premium as follows:

1. From the state company rates determine whether Construction Table **A, B,** and/or **C** applies for the appropriate deductible.

2. Determine the Earthquake territory according to the ZIP code of the residence premises from the State Territory Definitions pages in this Manual.

3. For Forms **HO 00 02, HO 00 03** and **HO 00 05,** add the results of the following three steps:

a. Multiply the Coverage **A** limit by the rate found in Column A of the table;

b. If the Coverage **C** limit is increased, multiply the rate found in Column D by the amount of the increase; and

c. If the Coverage **D** limit is increased, multiply the rate found in Column F by the amount of the increase.

4. For Form **HO 00 04,** add the results of the following two steps;

a. Multiply the Coverage **C** limit by the rate found in Column B of the table and

b. If the Coverage **D** limit is increased, multiply the rate found in Column F by the amount of the increase.

5. For Form **HO 00 06,** add the results of the following three steps:

a. Multiply the Coverage **C** limit by the rate found in Column C of the table;

b. Multiply the Coverage **A** limit by the rate found in Column E of the table; and

c. If the Coverage **D** limit is increased, multiply the rate found in Column F by the amount of the increase.

6. Building Or Non-Building Structure Items – All Forms:

Multiply the rate in Column F of the table by the appropriate limit of liability for Other Building or Structure options. (for example Other Structures – Structures Rented To Others Residence Premises Endorsement **HO 04 40,** Other Structures On The Residence Premises – Increased Limits Endorsement **HO 04 48** and Specific Structures Away From The Residence Premises Endorsement **HO 04 92;** Building Additions And Alterations - Other Residence Endorsement **HO 04 49** and Building Additions And Alterations Increased Limit Form **HO 00 04** Endorsement **HO 04 51**).

7. Ordinance Or Law – Basic And Increased Limit – All Forms:

Multiply the rate determined in Paragraphs **D.3.a., D.4.b., D.5.b.** and/or **D.6.** by the Ordinance or Law total amount of insurance. This includes basic and, if applicable, increased amounts.

E. Premium For Higher Deductibles

Multiply the Earthquake base premium determined in Paragraph **D.** for the 10% deductible by the appropriate factor from the following table:

Deductible Percentage	Factor		
	Frame	Masonry	Superior
15%	.80	.85	.75
20%	.65	.70	.60
25%	.50	.60	.45

Table 505.E. Higher Deductibles Factor

F. Building Code Effectiveness Grading

Refer to Rule **410.** for information which may affect Earthquake rating.

RULE 506.
FIRE DEPARTMENT SERVICE CHARGE

The limit of $500 may be increased subject to the rules and rates of the company.

RULE 507.
FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE – HO 00 06

A. Basic Limits

The policy automatically provides a basic Coverage **A** limit of $5,000 on a named perils basis. If increased limits are not desired, enter "$5,000" under Coverage **A** – Dwelling in the Policy Declarations.

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RULE 507. FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE – HO 00 06 (Cont'd)

B. Increased Limits

The basic limit may be increased. The premium is developed based on the additional limit of insurance. To develop the premium for each additional $1,000 of insurance, multiply the **HO 00 06** Key Factor for "Each Add'l $1,000" by the **HO 00 06** Key Premium.

C. Special Coverage

The Section **I** Perils Insured Against may be broadened to cover additional risks of loss. The additional premium is developed as shown in the state company rates.

D. Endorsement

Use Unit-Owners Coverage **A** – Special Coverage Endorsement **HO 17 32.**

RULE 508. FORM HO 00 06 UNITS REGULARLY RENTED TO OTHERS

A. Coverage C And Section II Liability

1. There is no coverage for Coverage **C** – Personal Property and Section **II** Liability when the residence premises is regularly rented or held for rental to others. The policy may be endorsed, however, to provide such coverage, including Theft.
2. The Coverage **C** minimum limit of liability may be waived when the value of the insured's personal property in the rented unit is less than $10,000.

B. Premium Computation

Multiply the Coverage **C** Base Premium (reflecting the credit or surcharge for optional deductibles) by a factor of .25.

C. Endorsement

Use Unit–Owners Rental To Others Endorsement **HO 17 33.**

RULE 509. HOME DAY CARE COVERAGE

A. Coverage Description

Coverage for a home day care business is limited under Section **I** and excluded under Section **II.** The policy may be endorsed to provide expanded Section **I** Coverage and Section **II** Coverage on a home day care business in the dwelling or in an other structure on the residence premises. Use Home Day Care Coverage Endorsement **HO 04 97** for Sections **I** and **II** Coverage.

B. Other Structures

If the home day care business is located in an other structure, Coverage **B** does not apply to that structure. See Paragraph **D.** for charge for specific insurance on the structure.

C. Personal Property

The home day care endorsement also covers personal property pertaining to this business within the Coverage **C** limits stated in the declarations. If increased Coverage **C** limits are desired, see Rule **515.A.**

D. Premium Computation

1. Section I

a. If the home day care business is located in the dwelling, no additional charge is made.
b. If the business is located in an other structure, charge the amount per $1,000 of specific insurance on the structure.
c. Refer to state company rates for rate to be charged.

2. Section II

Refer to Rule **607.** in the state company rates to develop the premium for the increased Coverages **E** and **F** exposure.

RULE 510. PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE PREMISES

A. Coverage Description

Coverage for a permitted incidental occupancy is limited under Section **I** and excluded under Section **II.** The policy may be endorsed to provide expanded Section **I** Coverage and Section **II** Coverage on a permitted incidental occupancy in the dwelling or in an other structure on the residence premises. Use Permitted Incidental Occupancies (Residence Premises) Endorsement **HO 04 42** for Sections **I** and **II** Coverage.

B. Permitted Incidental Occupancies

Examples of such occupancies are Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.

C. Other Structures

If the permitted incidental occupancy is located in an other structure, Coverage **B** does not apply to that structure. See Paragraph **E.** for charge for specific insurance on the structure.

D. Personal Property

The permitted incidental occupancies endorsement also covers personal property pertaining to the permitted incidental occupancy within the Coverage **C** limits stated in the declarations. If increased Coverage **C** limits are desired, see Rule **515.A.**

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RULE 510.
PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE PREMISES (Cont'd)

E. Premium Computation

1. Section I

a. If the permitted incidental occupancy is located in the dwelling, no additional charge is made.

b. If the permitted incidental occupancy is located in an other structure, charge the amount per $1,000 of specific insurance on the structure.

c. Refer to state company rates for rate to be charged.

2. Section II

Refer to Rule **608.** in the state company rates to develop the premium for the increased Coverages **E** and **F** exposure.

RULE 511.
LOSS ASSESSMENT COVERAGE

A. Residence Premises

1. Coverage Description

The policy automatically provides, under Section **I** Additional Coverage and Section **II** Additional Coverage, a limit of $1,000 each for assessments relating to the residence premises, excluding assessments resulting from the peril of earthquake. (Refer to Rule **505.** Earthquake Coverage for the Earthquake rule of application.)

2. Higher Limits

The policy may be endorsed to provide a single additional amount of insurance to be applied to one or more assessments arising out of a single loss covered under:

a. Either Section **I** Additional Coverage or Section **II** Additional Coverage; or

b. Both Section **I** and Section **II** Additional Coverages.

3. Premium

Refer to the state company rates for the additional charge.

B. Additional Locations

1. Coverage Description

a. The policy may be endorsed to provide loss assessment coverage pertaining to additional locations for the insured's share of loss assessments arising out of a single loss covered as noted in Paragraph **A.2.**

b. No more than 2 additional locations can be written in addition to the residence premises.

2. Premium

Refer to the state company rates for the additional rates which apply to each location covered.

C. Endorsement

Use Loss Assessment Coverage Endorsement **HO 04 35.** (Note: This Endorsement does not cover loss to property under Section **I** caused by Earthquake.)

RULE 512.
LOSS OF USE – INCREASED LIMIT

A. When the limit of liability for Coverage **D** is increased, charge the rate per $1,000 of additional insurance.

B. Refer to state company rates for rate to be charged.

RULE 513.
ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE – HO 00 04 AND HO 00 06

A. Coverage Increase

1. The basic amount of coverage may be initially increased to 100% of the Form **HO 00 04** Building Additions and Alterations limit or 50% of the Form **HO 00 06** Coverage **A** limit.

2. The amount may be further increased in 25% increments above those listed in Paragraph **1.**

B. Premium Determination

1. The premium for this additional coverage is determined based on the dollar amount of increase, represented by the increased percentage amount selected above the basic limit.

2. The premium for each additional $1,000 of insurance is developed by multiplying the appropriate Key Factor for "Each Add'l $1,000" by the appropriate Key Premium.

RULE 514.
OTHER STRUCTURES

A. On-Premises Structures

When insurance is written on a specific structure on the residence premises the rates per $1,000 of insurance shall apply separately to each structure.

1. Specific Structure – Increased Limits

a. Premium

Refer to state company rates.

b. Endorsement

Use Other Structures On The Residence Premises – Increased Limits Endorsement **HO 04 48.**

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RULE 514.
OTHER STRUCTURES (Cont'd)

2. Structure On The Residence Premises Rented To Others

a. Premium

Use the sum of:

(1) The rate per $1,000 of insurance shown in the state company rates, and

(2) The premium for the increased Coverages **E** and **F** exposure, as developed from the Section **II** rules of this Manual.

b. Use Structures Rented to Others – Residence Premises Endorsement **HO 04 40.**

B. Structures Off The Residence Premises

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

a. Coverage Description

(1) The policy automatically provides Coverage **B** – Other Structures on a blanket basis to structures located on the residence premises.

(2) This blanket coverage may be endorsed to expand coverage to include structures located away from the residence premises if used in connection with the residence premises.

b. Premium

Refer to state company rates for rate to be charged.

c. Endorsement

Use Other Structures Away From The Residence Premises **HO 04 91.**

2. All Forms

a. Premium

(1) When insurance is written on a specific structure located away from the residence premises, the rate per $1,000 of insurance shall apply separately to each location.

(2) Refer to state company rates for rate to be charged.

b. Endorsement

Use Specific Structures Away From Residence Premises Endorsement **HO 04 92.**

RULE 515.
PERSONAL PROPERTY

A. Increased Limit

1. The limit of liability for Coverage **C** may be increased.

2. Charge the additional company rate per $1,000 of insurance.

3. Refer to state company rates for additional charge.

B. Increased Limits – Other Residences

1. Coverage for personal property usually located at other residences is limited in the policy form to 10% of Coverage **C** or $1,000, whichever is greater. This limit may be increased.

2. Charge the additional company rate per $1,000.

3. Refer to state company rates for additional charge.

4. Use Increased Limits On Personal Property In Other Residences Endorsement **HO 04 50.**

C. Reduction In Limit

1. The limit of liability for Coverage **C** may be reduced in accordance with Rule **101.D.**

2. Refer to state company rates for credit.

D. Increased Special Limits Of Liability

1. The Special Limits of Liability in the policy form for the categories of property noted in the following table may be increased to the maximum limits shown:

Special Limits

Personal Property	Limit In Form	Maximum Limit Allowed
1. Jewelry, Watches and Furs	$ 1,500	$ 6,500*
2. Money	200	1,000
3. Securities	1,500	3,000
4. Silverware, Goldware and Pewterware	2,500	10,000**
5. Firearms	2,500	6,500***
6. Electronic Apparatus		
a. In or upon a motor vehicle or motorized land conveyance	1,500	6,000**
b. Not in or upon a motor vehicle that is away from the residence premises and used for business.	1,500	6,000**
* Not exceeding $1,000 for any one article		
** Increase must be in increments of $500		
*** Increase must be in increments of $100		

Table 515.D.1. Special Limits

2. Refer to state company rates for additional charges.

3. Use Coverage **C** Increased Special Limits Of Liability Endorsement **HO 04 65** – for all forms except as noted in Paragraph **4.**

4. Use Coverage **C** Increased Special Limits Of Liability Endorsement **HO 04 66** for Form **HO 00 05,** Form **HO 00 04** with Endorsement **HO 05 24** and Form **HO 00 06** with Endorsement **HO 17 31.**

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RULE 515.
PERSONAL PROPERTY (Cont'd)

E. Refrigerated Personal Property

1. The policy may be endorsed to provide $500 of coverage for covered property stored in freezers or refrigerators on the residence premises for loss caused by power service interruption or mechanical failure.
2. A deductible of $100 applies.
3. Refer to state company rates for the additional charge.
4. Use Refrigerated Property Coverage Endorsement **HO 04 98.**

F. Theft Coverage Increase – HO 00 08

1. **On–Premises**

   The $1,000 limit for On-Premises Theft Coverage may be increased to an aggregate limit of $3,000 or $5,000.
2. **Off-Premises**

   When On-Premises Theft Coverage is increased, a limit of $1,000 may be provided for Off-Premises Theft Coverage.
3. **Premium**

   Refer to state company rates for additional charge.
4. **Endorsement**

   Use Theft Coverage Increase Endorsement **HO 04 30.**

RULE 516.
PERSONAL PROPERTY – SCHEDULED

A. Introduction

Coverage may be provided on scheduled personal property subject to the rules and rates of the Company.

B. Loss Settlement

1. Endorsement **HO 04 61** provides for standard loss settlement for all classes of property except Fine Arts; and agreed value loss settlement for Fine Arts.
2. Endorsement **HO 04 60** provides for agreed value loss settlement for the following classes:
   a. Cameras
   b. Furs
   c. Golfer's Equipment
   d. Jewelry
   e. Musical Instruments
   f. Silverware
   g. Stamps and Rare Coins

   This endorsement may also be used for scheduled articles of Fine Arts.

C. Endorsements

1. Use Scheduled Personal Property Endorsement **HO 04 61** for standard loss settlement or agreed value loss settlement for fine arts.
2. Use Scheduled Personal Property (with Agreed Value Loss Settlement) Endorsement **HO 04 60** for agreed value loss settlement.

RULE 517.
RENTAL TO OTHERS - EXTENDED THEFT COVERAGE ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH HO 05 24 OR HO 00 06 WITH HO 17 31

A. Coverage Description

The policy may be endorsed to insure against loss by theft to covered property when all or part of the residence premises usually occupied by the insured is occasionally rented, in whole or in part, to others, or is regularly or occasionally rented to roomers or boarders.

B. Premium

Refer to the state company rates for additional charge.

C. Endorsement

Use Extended Theft Coverage For Residence Premises Occasionally Rented To Others Endorsement **HO 05 41.**

RULE 518.
SINKHOLE COLLAPSE COVERAGE ALL FORMS EXCEPT HO 00 04 AND HO 00 06

A. Coverage Description

The policy may be endorsed to provide Sinkhole Collapse Coverage.

B. Premium Determination

1. Refer to state company rates and
2. Multiply the rate per $1,000 by:
   a. Coverage **A** amount of insurance;
   b. Increased Limits for Coverages **C** and **D;**
   c. Loss Assessment Coverage, increased limits and additional locations;
   d. Ordinance Or Law Coverage, basic amount and, if applicable, increased amount of coverage;
   e. Other Building or Structure options for example: Other Structures Rented To Others (Residence Premises) Endorsement **HO 04 40;** Other Structures (Increased Limits) Endorsement **HO 04 48;** Specific Structures Away From The Residence Premises Endorsement **HO 04 92;** Building Additions And Alterations (Other Residence) Endorsement **HO 04 49;** and Building Additions And Alterations (Increased Limit Form **HO 00 04**) Endorsement **HO 04 51.**

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RULE 518.
SINKHOLE COLLAPSE COVERAGE ALL FORMS EXCEPT HO 00 04 AND HO 00 06 (Cont'd)

C. Endorsement

Use Sinkhole Collapse Endorsement **HO 04 99.**

RULE 519.
SPECIAL COMPUTER COVERAGE ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH HO 05 24 OR HO 00 06 WITH HO 17 31

A. Coverage Description

The policy may be endorsed to insure computers and related equipment against additional risks of physical loss subject to certain exclusions.

B. Premium

Refer to state company rates for additional charge.

C. Endorsement

Use Special Computer Coverage Endorsement **HO 04 14.**

RULE 520.
LIVESTOCK COLLISION COVERAGE

A. Coverage Description

When the policy is endorsed with either Incidental Farming Personal Liability Endorsement **HO 24 72** or Farmers Personal Liability Endorsement **HO 24 73,** the policy may also be endorsed to cover loss resulting in death of covered livestock resulting from:

1. Collision or overturn of a vehicle on which the livestock are being transported; or

2. Livestock running into or being struck by a vehicle.

B. Coverage Exclusion

Coverage is excluded if a vehicle owned or operated by an insured or an insured's employee:

1. Collides with the vehicle on which the livestock are being transported; or

2. Strikes the livestock.

C. Premium

1. Each horse, mule or head of cattle under one year of age at the time of loss will be counted as 1/2 head.

2. No deductible applies to this coverage.

3. The limit per head of livestock is $400.

4. Refer to state company rates for charge.

D. Endorsement

Use Livestock Collision Coverage Endorsement **HO 04 52.**

RULE 521.
WATER BACK UP AND SUMP DISCHARGE OR OVERFLOW

A. Coverage Description

The policy forms exclude coverage for loss resulting from water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment.

B. Coverage Option

The policy may be endorsed to provide such coverage for a limit of liability of $5,000 subject to a $250 deductible. No other deductible option is available.

C. Premium

Refer to state company rates for the additional charge.

D. Endorsement

Use Water Back Up And Sump Discharge Or Overflow Endorsement **HO 04 95.**

RULE 522.
LANDLORDS FURNISHINGS

A. Basic Limit

Forms **HO 00 02, HO 00 03** and **HO 00 05** automatically cover, on a named perils basis (except Theft), landlord furnishings in an apartment on the residence premises regularly rented or held for rental. The basic limit per apartment unit is $2,500.

B. Increased Limits

The basic limit of $2,500 may be increased in increments of $500 up to a total of $10,000 per apartment. The increased limit applies to the same perils that applies to the basic limit and may vary by rented unit.

C. Premium

Refer to state company rates for additional charge.

D. Endorsement

Use Landlord's Furnishings Endorsement **HO 05 46.**

RULE 523.
ASSISTED LIVING CARE COVERAGE

A. Introduction

The policy provides coverage to named insureds and resident relatives who are members of the insured's household.

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RULE 523.
ASSISTED LIVING CARE COVERAGE (Cont'd)

B. Coverage Description

1. The policy may be endorsed to provide personal property, additional living expense and personal liability coverage to a person regularly residing in an Assisted Living Care facility, provided such person:

a. Is related to an insured by blood, marriage or adoption; and

b. Is not a member of that insured's household.

2. An assisted living care facility is a facility that provides assisted living services such as dining, therapy, medical supervision, housekeeping and social activities. It is **not** a hospice, prison or rehabilitation facility.

3. The endorsement provides the following basic limits of coverage:

a. $10,000 for Coverage **C** – Personal Property with limitations ranging from $100 to $500 for certain items of property;

b. $6,000, at $500 per month, for Additional Living Expenses; and

c. $100,000 for Coverage **E** – Personal Liability.

C. Premium

Refer to state company rates for additional charge.

D. Endorsement

Use Assisted Living Care Coverage Endorsement **HO 04 59.**

RULE 524.
OTHER MEMBERS OF A NAMED INSURED'S HOUSEHOLD

A. Introduction

The policy provides coverage to named insureds, resident relatives who are members of the insured's household and persons under the age of 21 who are in the care of an insured.

B. Coverage Description

1. The policy may be endorsed to provide coverage to a person who is a member of the named insured's household but does not fall under the definition of insured in the policy. It does not cover a guest, residence employee, roomer, boarder or tenant. Coverage extends to the person named in the endorsement, and a person under the age of 21 who is in the legal custody of that person.

2. All coverages and provisions under Sections **I** and **II** of the policy that apply to insureds also apply to the persons described in Paragraph **1.** except Coverages **A, B** and **D** (Fair Rental Value only).

C. Premium

Refer to state company rates for additional charge.

D. Endorsement

Use Other Members Of Your Household Endorsement **HO 04 58.**

RULE 525.
MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE

A. Coverage Description

The policy may be endorsed to provide coverage for physical loss to a motorized golf cart, including permanently installed accessories, equipment and parts, owned by an insured.

Also covered, for an amount equal to 10% of the limit of the highest scheduled cart, are accessories, equipment or parts designed or made solely for the cart that are **not** permanently installed provided such property is at an insured's residence or in or upon the cart off the insured's residence at the time of loss.

Coverage for loss caused by collision is optional and only applies if declared on the schedule of the endorsement.

B. Eligibility

To be eligible for coverage, the motorized golf cart shall be of the type designed to carry up to four people on a golf course for the purpose of playing golf and shall not have been built, or modified after manufacture, to exceed a speed of 25 m.p.h. on level ground.

Read the endorsement for all conditions of coverage.

C. Limit Of Liability

The limit of liability shall be selected by the insured. However, that limit should be representative of the actual cash value of the motorized golf cart including any permanently installed accessories, etc.

D. Deductible

A deductible amount of $500 applies separately to each involved golf cart and, separately to Section **I** Property Coverages if not in or upon a golf cart at the time of loss.

The $500 deductible replaces any other deductible in the policy with respect to property covered under the endorsement.

E. Premium

Rate each cart separately using the premium per $500 of insurance. Refer to the state company rates for additional charge.

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RULE 525.
MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE (Cont'd)

F. Endorsement

Use Owned Motorized Golf Cart – Physical Loss Coverage Endorsement **HO 05 28.**

RULE 526.
RESIDENCE HELD IN TRUST ALL FORMS EXCEPT HO 00 04

A. Trust And Trustee – Named Insured

A Homeowners policy may be issued in the name of both the trust and trustee when:

1. The residence held in trust is a 1, 2, 3, or 4 family dwelling or a condominium unit used exclusively for residential purposes, except as provided in Rule **104.F.;**

2. Legal title to the dwelling or condominium unit is held solely by the trust;

3. The resident of the residence held in trust include at least one of the following: the trustee, the grantor of the trust, or the beneficiary of the trust; and

4. The trust and trustee are both shown as the named insured on the policy declarations, regardless of who resides in the residence held in trust.

B. Endorsement

Use Residence Held In Trust Endorsement **HO 05 43.**

C. Other Persons Insured – Grantor And/Or Beneficiary Regularly Resides In The Residence Held In Trust

1. If the trustee regularly resides in the residence held in trust along with the grantor or beneficiary and the grantor and/or beneficiary:

a. Is related to the trustee and is a member of the trustee's household, the grantor and/or beneficiary is an insured as defined in the policy form and should **not** be named in Endorsement **HO 05 43;** or

b. Is **not** related to the trustee, or is related but not a member of the trustee's household, the grantor and/or beneficiary must be named in Endorsement **HO 05 43** to be covered for personal property, additional living expenses, personal liability and medical payments to others. If the grantor and beneficiary are related to each other and members of the same household, only one of the two should be named on the endorsement.

2. If the trustee does **not** regularly reside in the residence held in trust, the grantor and/or beneficiary must be named in Endorsement **HO 05 43** whether or not they are related to the trustee. This is necessary to provide the grantor or beneficiary with coverage for personal property, additional living expenses, personal liability and medical payments to others. If the grantor and beneficiary are related to each other and members of the same household, only one of the two should be named on the endorsement.

D. Liability Coverage Explained

1. Coverage **E –** Personal Liability and Coverage **F** – Medical Payments To Others is provided to the trust and trustee named insured who regularly resides on the residence premises. However, if the trustee named insured does **not** regularly reside on the residence premises, coverage for the trust and trustee is **only** provided for bodily injury or property damage arising out of the ownership, maintenance or use of the residence premises (premises liability).

2. Endorsement **HO 05 43** excludes:

a. Liability coverage for claims or suits for bodily injury or property damage arising out of any act or decision or failure to act or decide by the trustee named insured in administering the trust except as provided in Paragraph **1.;** and

b. Liability coverage for bodily injury to all insureds covered under this policy, for example, the trustee named insured, the grantor or beneficiary of the trust who is named on the endorsement or any person acting on their behalf.

E. Additional Conditions

The policy may **not** be endorsed or extended to insure:

1. Under Section **I,** any other dwelling on the residence premises, or any other structure, on or away from the residence premises, unless legal title to that other dwelling or structure is held solely by the trust; or

2. Under Section **II,** any location away from the residence premises unless legal title to that other location is held solely by the trust.

F. Premium

Additional charges are provided for the trustee and any beneficiary and/or grantor. These charges reflect Section **II** – Liability basic limits.

1. Trustee

The charge for the trustee applies whether or not the trustee resides on the residence premises. Refer to state company rates for this additional charge.

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RULE 526.
RESIDENCE HELD IN TRUST ALL FORMS EXCEPT HO 00 04 (Cont'd)

2. Beneficiary And/Or Grantor

a. Refer to state company rates for additional charge when either the beneficiary or grantor is named in the endorsement.

b. Refer to state company rates for additional charge when both the beneficiary and grantor are named in the endorsement.

RULE 527.
STUDENT AWAY FROM HOME

A. Introduction

The policy provides coverage for a full-time student, who was a resident of the named insured's household before moving out to attend school and is under the age of:

1. 24 and a relative of the named insured; or

2. 21 and in the care of the named insured or a resident relative.

B. Coverage Description

The policy may be endorsed to provide coverage for other types of students who were residents of the named insured's household before moving out to attend school. For example, part time students or students older than 24.

C. Premium Determination

Refer to state company rates for additional charge.

D. Endorsement

Use Additional Insured – Student Living Away From The Residence Premises Endorsement **HO 05 27.**

RULE 528.
HOME BUSINESS INSURANCE COVERAGE

A. Eligibility

1. The Home Business Insurance Coverage Endorsement, may be used in conjunction with a Homeowners policy to cover the Section **I** and Section **II** exposures of a permitted business.

2. To be eligible for coverage under this endorsement, a risk must meet at least the following criteria:

a. The home business:

(1) Must be owned by the named insured or by a partnership, joint venture or other organization comprised only of the named insured and resident relatives;

(2) Must be operated from the residence premises that is declared on the Homeowners Declarations and used principally for residential purposes.

(3) May be operated from the home and/or other structure on the residence premises.

(4) May have up to three employees; and

(5) May not involve the:

(a) Manufacture, sale or distribution of food products;

(b) Manufacture of personal care products such as shampoo, hair color, soap, perfume or other like items applied to the body or consumed; or

(c) Sale or distribution of personal care products **manufactured by the insured** such as shampoo, hair color, soap, perfume or other like items applied to the body or consumed;

b. For all business classifications described in Paragraph **C.** that follows**,** the Gross Annual Receipts of the home business may not exceed $250,000.

3. Certain businesses may be **ineligible** for coverage under this endorsement. Refer to Company for its underwriting instructions.

4. When a permitted business that is operated from the residence premises is afforded coverage under either the Permitted Incidental Occupancy or Home Day Care Coverage Endorsement, that business may not be afforded coverage under the Home Business Endorsement.

B. Classifications

The four principal classifications of business accommodated in this rule follow. Refer to the Company for the businesses that are eligible within each of these classifications and name and describe the business in the Schedule that is part of the endorsement:

1. Office

Use this classification when the business involves professional or administrative activities for its customers. It could apply to businesses like accounting, resume writing, telephone answering, etc.

2. Service

Use this classification when the business provides repair or other services for its customers. It could apply to businesses like bicycle repair, clock/jewelry repair, housecleaning, videotaping, etc.

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RULE 528.
HOME BUSINESS INSURANCE COVERAGE (Cont'd)

3. Sales

Use this classification when the business involves product sales, other than crafts made in the home or other structure and sold from the home or other locations. It could apply to businesses involving the sale of books and magazines, costume jewelry, plants and flowers, stationery/other paper products, etc.

4. Crafts

Use this classification when the business involves selling, from the home, other structure or other locations, crafts made in the home or other structure. It could apply to crafts like ceramics, dolls, flower arrangements, quilts, etc.

C. Coverages

1. Section I – Property

The Home Business Endorsement:

a. Provides coverage for the property of the described business and for property of others in the care of the business up to the Coverage **C** limit of liability entered on the Homeowners Declarations. Therefore, the Coverage **C** limit should reflect the values of the personal and business property to be insured;

b. Provides coverage for:

(1) Accounts receivable ($5,000 limit);

(2) Loss of business income/extra expense (actual cost for a maximum of 12 months); and

(3) Valuable papers ($2,500 limit); and

c. Increases the Coverage **C** Special Limits of Liability on:

(1) Money to $1,000;

(2) Credit Cards to $1,000; and

(3) Business property away from the residence premises to $5,000.

2. Section II – Business Liability

a. The Home Business Endorsement provides coverage for such business liability exposures as premises operations, products-completed operations, advertising injury, and personal injury. The limits of liability for these coverages are on an annual aggregate basis and are determined in the following manner:

(1) For Products-Completed Operations Hazard Liability, the limit is the **same as** the Coverage **E** limit shown in the Homeowners Declarations;

(2) For All Other Business Liability, the limit is **twice the sum** of the combined Coverage **E** and Coverage **F** limits shown in the Homeowners Declarations; and

(3) For the Coverage **F** Sublimit of Liability, the limit is the **same as** the Coverage **F** limit shown in the Homeowners Declarations.

b. The limit of liability for Additional Coverage **3.,** Damage To Property Of Others is increased to $2,500.

3. Professional Liability

NO professional liability coverage is provided in the Home Business Endorsement.

4. Computer-Related Damage Or Injury Exclusion And Coverage Options

a. Exclusions

(1) Coverage for loss or damage caused by, resulting from, or arising out of the failure of computers and electronic componentry to properly recognize a particular date or time may be excluded. Under Section **I,** the exclusion applies to any date or time, including the Year 2000 and beyond. Under Section **II,** the exclusion applies only to the Year 2000 and beyond, but does not apply to bodily injury that occurs on the covered premises from which the business is conducted.

(2) Use Sections **I** and **II** Exclusions for Computer-Related Damage Or Injury Endorsement **HO 07 58.**

b. Sections I And II Limited Coverage

When **HO 07 58** is attached to the policy, the policy may be further endorsed to provide:

(1) Section **I** coverage for Business Income and Extra Expense when computer system, appliances, equipment, or protective devices used for business fail to operate because of the Year 2000 and renders the business structure unfit for habitation; or renders an off-premises computer used in the business operations at the structure deficient and inoperative; and

(2) Section **II** coverage for claims or suits alleging bodily injury away from the residence premises and property damage, personal injury, or advertising injury arising out of a computer failure as defined in the endorsement. Such coverage is subject to the Coverage **E** and **F** limits of liability stated in the schedule of the Home Business Insurance Coverage Endorsement.

(3) Use Sections **I** and **II** – Limited Coverage For Year 2000 Computer-Related And Other Electronic Problems Endorsement **HO 07 59.**

c. Premium

Refer to company.

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RULE 528.
HOME BUSINESS INSURANCE COVERAGE (Cont'd)

D. Home Business Premium Computation

1. Development Of The Home Business Premium

Add the Section **I** and Section **II** premium components developed according to Paragraphs **D.2.** and **3.** that follow, to arrive at the Home Business premium.

2. Section I – Property

a. From the Company Homeowners Premium Tables, select the Base Class Premium that applies to the residence premises with the home business and multiply it by the appropriate factor in the following table:

Gross Annual Receipts∗	HO 00 02, 3, 5 & 8	HO 00 04	HO 00 06
Up to $50,000	Refer to state exceptions for state specific factors.		
$ 50,001 to $100,000			
100,001 to 175,000			
175,001 to 250,000			
∗ New business, use $50,001 to $100,000 classification			

Table 528.D.2.a. Factors

b. Multiply the result computed in preceding Paragraph **a.** by the rating factors in the Homeowners Manual for the following risk categories:

(1) Protection/Construction (Rule **301.** Classification Table) **–** apply the factor that applies to **HO 00 04** regardless of the Homeowners form attached to the policy; and

(2) Superior Construction (Rule **401.**) and Protection Devices (Rule **404.**) **–** apply these factors only if they are applied to the dwelling building or other structure for the residential exposure; and

(3) Townhouse or Row House Construction (Rule **402.**) in the following manner:

(a) For All Forms except **HO 00 04** and **HO 00 06,** apply the same factor used for the residential exposure; or

(b) For Forms **HO 00 04** and **HO 00 06:**

(i) Apply the factor for the number of individual family units within a fire division that best describes the building that contains the residential and business property; or

(ii) If such building has 9 or more individual family units within a fire division, apply the factor for the 5 through 8 units classification.

c. When a home business is operated from one or more other structures on the residence premises and declared in the Schedule, multiply the limit of liability for each structure by the "premium per $1,000" shown in Rule **514. Other Structures,** Paragraph **A.1.a.** in the homeowners state company rates.

3. Section II – Business Liability

a. Basic Limits Premium

Select the Company Basic Limits Premium that applies to the Office, Service, Sales or Crafts classification from the Home Business state company rates,

b. Coverage E – Increased Limits

(1) When the Coverage **E** limit is increased for Homeowners Insurance, the Home Business limits shall also be increased as illustrated in following Paragraph **(2).**

(2) Multiply the Company's basic limits premium determined in preceding Paragraph **3.a.** by the appropriate factor from the following table:

Increased Limits Of Liability				
Homeowners		Home Business		
Coverage E Personal Liability	Coverage F Med. Pay'ts To Others	Products-Completed Operations	All Other Liability	Increased Limit Factor
$ 200,000	$ 1,000	$ 200,000	$ 402,000	1.15
300,000	1,000	300,000	602,000	1.24
400,000	1,000	400,000	802,000	1.30
500,000	1,000	500,000	1,002,000	1.35

Table 528.D.3.b.(2) Factors

c. Coverage F – Increased Limits

(1) When the Coverage **F** limit is increased for Homeowners Insurance, the Home Business Coverage **F** limit shall also be increased.

(2) Select the premium for the desired increased limit from the Home Business state company rates.

(3) Add the premium determined in Paragraph **c.(2)** to the premium developed in preceding Paragraph **3.a.** or **b.** to compute the Section **II** premium component.

E. Endorsement

Use Home Business Insurance Coverage Endorsement **HO 07 01.**

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RULE 528.
HOME BUSINESS INSURANCE COVERAGE (Cont'd)

F. Options

The following options may only be used when the Home Business Coverage Endorsement is attached to the policy:

1. Additional Insured

a. Managers Or Lessors Of Premises Leased To An Insured

(1) Coverage

Covers persons or organizations designated on the endorsement for their liability as owners of designated premises leased to the named insured.

(2) Premium

Refer to state company rates.

(3) Endorsement

Use Additional Insured – Managers Or Lessors Of Premises Leased To An Insured Endorsement **HO 07 50.**

b. Vendors

(1) Coverage

Provides coverage for liability arising out of the vendor's sale or distribution of the named insured's products.

(2) Premium

Refer to company.

(3) Endorsement

Use Additional Insured – Vendors Endorsement **HO 07 51.**

2. Loss Payable Condition

a. Coverage

Enables the naming of a loss payee, lender's loss payee, or loss payable under a contract-of-sale arrangement.

b. Premium

No charge is made for this endorsement.

c. Endorsement

Use Loss Payable Provisions Endorsement **HO 07 52.**

3. Personal And Advertising Injury Exclusion

a. Coverage

Excludes all Personal and Advertising Injury coverage.

b. Premium

Refer to company.

c. Endorsement

Use Exclusion – Personal And Advertising Injury Endorsement **HO 07 53.**

4. Liquor Liability Exclusion And Exception For Scheduled Activities

a. Coverage

This endorsement excludes liability coverage for:

(1) Manufacturing, selling or distributing alcoholic beverages or;

(2) Serving or furnishing alcoholic beverages with a charge whether or not such activity requires a license and;

(3) Serving or furnishing of alcoholic beverages without a charge, if a license is required for such activity.

This exclusion does not apply to bodily injury or property damage arising out of the selling, serving or furnishing of alcoholic beverages for an activity or function described in the Schedule of this endorsement.

b. Premium

Refer to company.

c. Endorsement

Use Liquor Liability Exclusion And Exception For Scheduled Activities Endorsement **HO 07 54.**

5. Special Coverage – Spoilage Of Perishable Stock

a. Coverage

Provides special coverage for the perishable stock specifically listed in the Schedule of Endorsement **HO 07 55.** The limit of liability is also listed in the endorsement.

b. Premium

Refer to state company rates.

c. Endorsement

Use Special Coverage – Spoilage Of Perishable Stock Endorsement **HO 07 55.**

6. Valuable Papers And Records Endorsements

a. Increased Limits

(1) Coverage

The Home Business Insurance Coverage Endorsement provides a basic limit of $2,500 for Valuable Papers And Records Coverage. This limit may be increased. The amount is specified in the Schedule of Endorsement **HO 07 56.**

(2) Premium

Refer to state company rates.

(3) Endorsement

Use Valuable Papers And Records Coverage Increased Limits Endorsement **HO 07 56.**

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RULE 528.
HOME BUSINESS INSURANCE COVERAGE (Cont'd)

b. Special Coverage

(1) Coverage

Extends the basic $2,500 limit of liability for Valuable Papers And Records Coverage from:

(a) Named-perils in Forms **HO 00 02, HO 00 03, HO 00 04** and **HO 00 06;** and

(b) Special coverage in Forms **HO 00 05, HO 00 04** with **HO 05 24** and **HO 00 06** with **HO 17 31;**

to expanded special coverage. Increased Limits for expanded special coverage are also available.

(2) Premium

Refer to state company rates.

(3) Endorsement

Use Special Coverage Valuable Papers And Records Endorsement **HO 07 57.**

7. Off-Premises Property Coverage – Increased Limits

a. Endorsement

Coverage for business property, other than money and securities, that is away from the residence premises at the time of loss may be increased from $5,000 to $10,000. Check the appropriate box in the schedule of the Home Business Endorsement.

b. Premium

Refer to state company rates.

RULE 529.
MODIFIED OTHER INSURANCE AND SERVICE AGREEMENT CONDITION – HO 00 06 ONLY

A. Introduction

Form **HO 00 06** provides that if there is other insurance in the name of a corporation or association of property owners covering the same property covered by **HO 00 06,** payment for a covered loss under **HO 00 06** will be excess over the amount recoverable under such insurance. If the Association does not recover under its policy, for any reason, there is no payment to the insured unit-owner under Form **HO 00 06.**

B. Coverage Description

The policy may be endorsed to alter the Other Insurance and Service Agreement Condition to provide for payment of a covered loss in excess of the amount due from the other insurance whether the corporation or association of property owners can collect on it or not.

C. Premium

Multiply the Base Premium developed in accordance with Rule **301.** by 1.25.

D. Endorsement

Use Unit-Owners Modified Other Insurance And Service Agreement Condition Endorsement **HO 17 34** with **HO 00 06** only.

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PART VI
SECTION II – LIABILITY – ADDITIONAL COVERAGES AND INCREASED LIMITS RULES

RULE 601.
RESIDENCE PREMISES – BASIC AND INCREASED LIMITS/OTHER EXPOSURES – BASIC LIMITS

A. Residence Premises

1. Minimum limits of liability for Coverage **E** (Personal Liability) and Coverage **F** (Medical Payments to Others) are shown in Rule **301.** in the state classification section. The premium for these limits is included in the Base Premium.
2. Refer to the state company rates Rule **601.** for increased limits rates.
3. If increased limits are written, then the same limits must apply to any Other Exposures covered under the policy, unless otherwise stated.

B. Other Exposures

1. There is an additional charge for Other Exposures listed in the following rules.
2. The minimum limits for Other Exposures are the same as the limits for the Residence Premises, unless otherwise stated.
3. For increased limits for Other Exposures, refer to Rules **701.** and **702.**
4. If increased limits are written, then the same limits must apply to the Residence Premises, unless otherwise stated.

C. Rates And Factors Not Shown

1. Rates and factors for limits between the lowest and highest limits shown in this Manual may be developed by interpolation.
2. For rates and factors for limits above the highest shown, refer to company.

RULE 602.
OTHER INSURED LOCATION OCCUPIED BY INSURED

A. Introduction

1. Section **II** Coverage may be provided on locations, other than the residence premises, where an insured resides, but which are insured for Section **I** Coverage under another insurance program or by another company.
2. Make the appropriate charge for each other insured location shown in the Declarations of this policy. If the insured location is in another state, refer to the Manual for that state.

B. Premium

Refer to the state company rates.

RULE 603.
RESIDENCE EMPLOYEES

A. There is no additional charge for up to two residence employees.

B. Refer to the state company rates to determine the premium when there are more than two residence employees.

C. Charges do not apply to employees working less than half of the customary full time or to whom workers' compensation exclusion applies as stated in Section **II** of the policy.

RULE 604.
ADDITIONAL RESIDENCE RENTED TO OTHERS

A. Introduction

1. The policy may be endorsed to provide coverage when an additional residence is rented to others.
2. If the additional residence rented to others is in another state, refer to the Manual for that state.

B. Premium

Refer to state company rates.

C. Endorsement

Use Additional Residence Rented To Others Endorsement **HO 24 70.**

RULE 605.
OTHER STRUCTURES RENTED TO OTHERS – RESIDENCE PREMISES

A. Coverage Description

1. The policy may be endorsed to provide coverage when a structure on the residence premises is rented to others for dwelling purposes.
2. Refer to Rule **514.C.** for rating Section **I** Coverage.

B. Premium

Refer to state company rates.

C. Endorsement

Use Structures Rented To Others – Residence Premises Endorsement **HO 04 40.**

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RULE 606. COMPUTER-RELATED DAMAGE OR INJURY EXCLUSION AND COVERAGE OPTIONS

A. Exclusions

1. When the policy covers an insured's business pursuits, home day care or other permitted business occupancies, coverage for loss caused by, resulting from or arising out of the failure of computers and electronic componentry to properly recognize a particular date or time may be excluded. Under Section **I,** the exclusion applies to any date or time, including the Year 2000 and beyond. Under Section **II,** the exclusion applies only to the Year 2000 and beyond, but does not apply to bodily injury that occurs on the covered premises from which the business is conducted.

2. Use Sections **I** and **II** Exclusions for Computer-Related Damage Or Injury Endorsement **HO 04 13.**

B. Section II Liability Limited Coverage

1. When **HO 04 13** is attached to the policy, the policy may be further endorsed to provide liability coverage for claims or suits alleging bodily injury away from the covered premises and property damage on or away from the covered premises arising out of a computer failure as defined in the endorsement. Such coverage is subject to the Coverages **E** and **F** limits of liability stated in the declarations or, if applicable, the schedule of the Home Day Care endorsement.

2. Use Section **II** – Limited Coverage for Year 2000 Computer-Related And Other Electronic Problems Endorsement **HO 04 15.**

C. Premium

Refer to company.

RULE 607. HOME DAY CARE COVERAGE

A. Coverage Description

The policy may be endorsed to provide coverage for the increased exposure arising from a home day care business on the residence premises.

B. Endorsement

1. Use Home Day Care Coverage Endorsement **HO 04 97** for Sections **I** and **II** Coverage.

2. This endorsement provides for an annual aggregate limit of liability for Coverages **E** and **F** combined. Coverage **F** is subject to a sub-limit of liability which applies per-person/per-accident and does not increase the aggregate limit of liability.

3. The annual aggregate limit of liability (Coverages **E** and **F** combined) for this endorsement is the same as the dollar amount of Coverage **E** shown in the Declarations. The Coverage **F** sub-limit for this endorsement is the same as the dollar amount of Coverage **F** shown in the Declaration.

C. Premium

1. Refer to state company rates.

2. This premium is for an annual aggregate limit of $100,000 with a Coverage **F** sub-limit of $1,000 per-person/per-accident. If other Section **II** exposures are written for higher dollar limits, use the Coverage **E** increased limit factors to raise the aggregate limit, and the Coverage **F** charges to raise the Coverage **F** sub-limit.

3. This premium is for 1 through 3 persons, other than insureds, receiving day care services. If the day care business involves the care of more than 3 persons, other than insureds, refer to company.

4. If the business is located in an other structure on the residence premises, also refer to Rule **509.** for rating the property exposure.

RULE 608. PERMITTED INCIDENTAL OCCUPANCIES – RESIDENCE PREMISES AND OTHER RESIDENCES

A. Coverage Description

The policy may be endorsed to provide coverage for the increased exposure arising from a permitted incidental occupancy on the residence premises or in an other residence occupied by the insured.

1. Residence Premises

Use Permitted Incidental Occupancies – Residence Premises Endorsement **HO 04 42.**

2. Other Residence

Use Permitted Incidental Occupancies – Other Residence Endorsement **HO 24 43.**

B. Premium

Refer to state company rates.

RULE 609. BUSINESS PURSUITS

A. Coverage Description

The policy may be endorsed to provide coverage for the liability of the insured arising out of business activities. Coverage is excluded if the insured owns the business, is a partner or maintains financial control in the business.

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RULE 609.
BUSINESS PURSUITS (Cont'd)

B. Premium

1. Refer to the state company rates for eligible business activities and rates.

2. Refer to company for eligibility and rates for business activities not listed.

C. Endorsement

Use Business Pursuits Endorsement **HO 24 71.**

RULE 610.
PERSONAL INJURY

A. Introduction

Liability coverage for personal injury to others, such as false arrest, malicious prosecution, wrongful eviction, slander, libel or violations of right of privacy, may be added to the policy.

B. Premium

Refer to state company rates.

C. Endorsement

Use Personal Injury Endorsement **HO 24 82.**

RULE 611.
INCIDENTAL LOW POWER RECREATIONAL MOTOR VEHICLES

A. Coverage Description

1. The policy may be endorsed to provide liability coverage for certain types of recreational motor vehicles that cannot exceed a speed of 15 miles per hour on level ground. However, even with the endorsement there is no coverage for such vehicles if, at the time and place of an occurrence, the involved vehicle:

a. Is registered for use on public roads or property;

b. Is not registered for use on public roads or property, but such registration is required by law, or regulation issued by a government agency, for it to be used at the place of an "occurrence"; or

c. Is being:

(1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;

(2) Rented to others;

(3) Used to carry persons or cargo for a charge; or

(4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

2. The following may not be covered:

a. Motorized bicycles;

b. Motorized Golf carts; or

c. Mopeds.

3. Read the endorsement for conditions of coverage applying to eligible motor vehicles.

B. Premium

Refer to state company rates.

C. Endorsement

Use Incidental Low Power Recreational Motor Vehicles Endorsement **HO 24 13.**

RULE 612.
OUTBOARD MOTORS AND WATERCRAFT

A. Introduction

Coverage is included in the policy form, at no additional charge, for certain watercraft powered by an outboard engine or motor or combination of outboard engines or motors of up to 25 horsepower, and sailboats less than 26 feet in overall length with or without auxiliary power. Coverage is also included for watercraft powered by inboard or inboard-outdrive engines or motors, including those that power a water jet pump, of 50 horse power or less when not owned by an insured or more than 50 horse power when not owned by or rented to an insured.

B. Coverage Description

1. The policy may be endorsed to provide coverage for the following types of craft:

a. Watercraft, up to 26 feet in length powered by outboard engines or motors exceeding 25 horsepower; or powered by inboard or inboard-outdrive engines or motors, including those that power a water jet pump.

Accumulate total horsepower if two or more engines or motors are regularly used together with any single watercraft owned by insured.

b. Sailboats 26 feet or more in overall length, with or without auxiliary power.

2. Coverage must be written to expiration of the policy. It is permissible, however, to stipulate for all watercraft eligible in this rule, the navigational period of each year. Premium shall be adjusted on a pro rata basis.

3. For watercraft not described in preceding Paragraphs **A.** and **B.1.,** coverage is not permitted under the Homeowners Policy.

4. The premium in the state where the Insured's residence premises is located shall apply. However, if the insured owns another residence premises in a different state and principally operates the watercraft from that residence, apply the premium for that state.

C. Premium

Refer to the state company rates.

D. Endorsement

Use Watercraft Endorsement **HO 24 75.**

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RULE 613. OWNED SNOWMOBILE

A. Coverage Description

1. The policy may be endorsed to provide coverage when a snowmobile is used off of the insured location.

2. Rate each snowmobile owned by the named insured or any other insured separately. This charge is the minimum annual premium for each snowmobile for any period within a policy year.

B. Premium

Refer to state company rates.

C. Endorsement

Use Owned Snowmobile Endorsement **HO 24 64.**

RULE 614. FARMERS PERSONAL LIABILITY

A. Eligibility

1. The policy may be endorsed to provide coverage when the insured has a farm away from the residence premises and farming is not the insured's primary occupation.

2. This coverage may be extended to include employer's liability including medical payments, for farm employees of any insured.

3. The following may not be covered:

a. Farms where the principal purpose of the farm is:

(1) To supply commodities for manufacturing or processing by the insured for sale to others, such as creameries and dairies (but not dairy farms).

(2) To operate freezing or dehydrating plants, and poultry factories.

The word "processing" does not apply to the slaughtering and dressing of livestock, or to such operations as bunching vegetables or crating berries.

b. Farms where the principal purpose of the farm is the raising and using of horses for racing purposes.

c. Incorporated farms.

B. Endorsement

Use Farmers Personal Liability Endorsement **HO 24 73.**

C. Premium And Rating Instructions

1. Farms Owned By Insured And Operated By Insured Or Insured's Employees

Refer to the state company rates for rates for the following exposures:

a. Initial Farm Premises with or without buildings, including all additional farm acreage (with or without buildings).

b. For **each** additional farm premises with buildings, an additional rate applies.

2. Farms Owned By Insured And Rented To Others

Refer to the state company rates for rates for the following exposures:

a. All Farm Premises **without** buildings.

b. Each farm premises **with** buildings.

3. Farm Employees

Refer to the state company rates for rates for the following exposures:

a. Part time employees working 40 days or fewer per year. Total the number of days worked by all employees in this category and apply the rate to that total.

b. Part time employees working over 40 days but not more than 180 days per year.

c. Full time employees (over 180 days per year).

Farm employees employed in violation of law may be excluded subject to the rules and rates filed by or on behalf of the Company. Use Exclusion Of Farm Employees Illegally Employed Endorsement **HO 24 96.**

RULE 615. INCIDENTAL FARMING PERSONAL LIABILITY

A. On The Residence Premises

1. Coverage Description

a. The policy may be endorsed to provide coverage for the liability of the insured when farming is conducted on the residence premises and is incidental to the use of the premises as a dwelling, and the income derived from the farming operations is not the insured's primary source of income. However, coverage is not available if the location specified in the endorsement is used for racing purposes.

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RULE 615.
INCIDENTAL FARMING PERSONAL LIABILITY (Cont'd)

b. The policy may also be endorsed to provide coverage when the residence premises is used for the sheltering and grazing of animals. However, coverage is not available if the residence premises is used for racing purposes.

2. Premium

Refer to state company rates.

B. Away From The Residence Premises

1. Coverage Description

The policy may be endorsed to provide coverage for the liability of the insured whose incidental farming activities are conducted at the locations specified in the endorsement which are away from the residence premises. Such incidental farming activities may include the boarding or grazing of the insured's animals, or use of the land as garden space if the income derived from such activities is not the insured's primary source of income. However, coverage is not available if the locations specified in the endorsement are used for racing purposes.

2. Premium

Refer to state company rates.

C. Endorsement

Use Incidental Farming Personal Liability Endorsement **HO 24 72.**

RULE 616.
OPTIONAL PROPERTY REMEDIATION FOR ESCAPED LIQUID FUEL AND LIMITED LEAD AND ESCAPED LIQUID FUEL LIABILITY COVERAGES

A. Coverage Outline

1. Basic Limits

When the optional Property Remediation For Escaped Liquid Fuel And Limited Lead And Escaped Liquid Fuel Liability Coverages Endorsement is attached to the policy, limited amounts of insurance are automatically provided as follows:

a. Section I – Property Remediation For Escaped Liquid Fuel Coverage

$10,000 to pay for loss to covered real or personal property, owned by an insured, that is damaged by liquid fuel that escapes from a fuel system on the residence premises as defined in the coverage endorsements. Covered real property includes land, other than farm land, owned by an insured, on which a building or structure is located.

In addition to the primary residence identified in the policy declarations, the defined term "residence premises" also includes other locations owned by an insured but only if such locations have a fuel system, is specifically insured under Section **II** of the policy and is declared on the schedule in the aforementioned coverage endorsements. Enter the address of such locations on these endorsements or the policy declarations. The other locations may be owner occupied or rented to others.

This Property Remediation Coverage applies only for the policy period in which the insured first discovers or first learns of the escaped fuel, even if the escape began before that policy period.

b. Section II – Limited Lead And Escaped Liquid Fuel Liability Coverages

$50,000 to pay for damages because of bodily injury or property damage involving fuel that escapes from a fuel system or involving the contamination or exposure of lead from any location insured under the policy.

2. Premium Credit

a. Refer to state company rates for the premium credit.

b. Subtract the premium credit from the total policy premium.

3. Fuel System

a. "Fuel System" is defined in the coverage endorsements. Briefly, it includes one or more fuel storage containers, tanks, or vessels with a total combined capacity of 100 or more U.S. gallons at any one location and any related equipment such as a furnace, a water heater, fittings and pipes connecting a furnace or water heater to the fuel storage tank, and filler pipes and flues connected to a fuel storage tank.

b. When the total combined storage capacity of liquid fuel at any insured location is less than 100 U.S. gallons, the:

(1) Property Remediation Coverage does not apply to that location; and

(2) Policy limits and provisions apply for Escaped Liquid Fuel Liability to that location.

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RULE 616.
OPTIONAL PROPERTY REMEDIATION FOR ESCAPED LIQUID FUEL AND LIMITED LEAD AND ESCAPED LIQUID FUEL LIABILITY COVERAGES (Cont'd)

4. Endorsements

a. Use Property Remediation For Escaped Liquid Fuel And Limited Lead And Escaped Liquid Fuel Liability Coverages Endorsement:

(1) HO 05 80 – For all forms other than **HO 00 04** and **HO 00 06.**

(2) HO 05 81 – For Form **HO 00 04.**

(3) HO 05 82 – For Form **HO 00 06.**

b. These endorsements provide complete details on coverages, limitations, definitions and additional policy conditions applicable to this coverage. Enter the limits of liability that apply to the Property Remediation Coverage and the Limited Liability Coverage on the endorsement. Also enter, on this endorsement, the address of any other location, other than the primary residence, to be insured for Property Remediation Coverage.

c. Do not use these endorsements when Farmers Personal Liability Endorsement **HO 24 73** is part of the policy.

B. Higher Limits

1. Section I – Property Remediation Coverage

a. Limits may be increased to $25,000, $50,000 or $100,000. The limit selected is entered on the coverage endorsements or the policy declarations.

b. Refer to Paragraph **D.** Rating Basis, for premium computation instructions.

2. Section II – Escaped Fuel And Lead Liability Coverage

a. Limits may be increased to $100,000 or $300,000. The limit selected is entered on the coverage endorsements or the policy declarations.

b. Refer to Paragraph **D.** Rating Basis, for premium computation instructions.

3. Rating Information For Property Remediation For Escaped Liquid Fuel And Limited Lead And Escaped Liquid Fuel Liability Coverages Endorsement HO 05 83

Attach this optional endorsement to the policy and enter the applicable Risk Class Numbers on the policy declarations. If the insurer shows this rating information elsewhere in the policy, this endorsement does not have to be used.

C. Application Of Limits Of Liability

1. For Property Remediation Coverage, the limit selected is the most coverage that will be provided during the policy period regardless of the number of locations insured for Property Remediation Coverage, the number of escapes of liquid fuel from a fuel system an insured first discovers or learns of during the policy period, or the number of claims made.

2. For Limited Lead And Escaped Liquid Fuel Liability Coverage, the limit selected is an aggregate limit and is the most coverage that will be provided during the policy period regardless of the number of persons injured, the number of persons whose property is damaged, the number of insureds, the number of locations insured under this policy or the number of bodily injury or property damage claims made.

D. Rating Basis

1. Property Remediation For Escaped Liquid Fuel Coverage

a. From the Liquid Fuel Risk Selection Table located in Paragraph **D.4.,** select:

(1) The liquid fuel risk description that best describes each location, **with or without** a dwelling building, insured for Property Remediation Coverage; and

(2) The corresponding Risk Class Number for each description identified.

b. Use the lowest Risk Class Number selected for all such locations.

2. Limited Lead And Escaped Liquid Fuel Liability Coverages

a. Liquid Fuel Hazard

(1) From the Liquid Fuel Risk Selection Table located in Paragraph **D.4.,** select:

(a) The liquid fuel risk description that best describes each location, **with or without** a dwelling building, insured under Section **II** of the policy; and

(b) The corresponding Risk Class Number for each description identified.

(2) Use the lowest Risk Class Number selected for all such locations.

b. Lead Hazard

(1) From the Lead Risk Selection Table in Paragraph **D.5.,** select:

(a) The lead risk description that best describes each location **with a dwelling building,** insured under Section **II** of the policy; and

(b) The corresponding Risk Class Number for each description identified.

(2) Use the lowest Risk Class Number selected for all such locations.

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RULE 616.
OPTIONAL PROPERTY REMEDIATION FOR ESCAPED LIQUID FUEL AND LIMITED LEAD AND ESCAPED LIQUID FUEL LIABILITY COVERAGES (Cont'd)

3. **Premium Selection**

From the state company rates, select the appropriate additional premium charges that correspond to the lowest Risk Class Numbers determined in preceding Paragraphs **D.1.** and **2.**

4. **Liquid Fuel Risk Selection Table**

Description	Risk Class No.
(1) Liquid fuel storage containers, tanks, or vessels with a total combined storage capacity, at any one location, of 100 U.S. gallons or more are on covered real property, the location of the residence premises, or on any other insured location; and	
(a) **One** or **more** fuel storage containers, tanks, or vessels are partially or completely buried **below ground** (inside or outside of a building or structure);	100
(b) Are all completely **above ground** (inside or outside of a building or structure); or	200
(2) No single location insured under this policy has an escaped fuel hazard described in preceding Items **(1)(a)** or **(b).**	∗300
∗ This risk class number is only used when lead and escaped fuel liability increased limits is selected.	

Table 616.D.4. Liquid Fuel Risk Selection

5. **Lead Risk Selection Table**

Location Has A Dwelling Built	All Such Locations Are Certified Lead Safe+	Risk Class Number
Before 1980	No or Unknown	500
Before 1980	Yes	600
In 1980 or later	Not Applicable	700
+See Paragraph **D.6.** for Lead Safe description.		

Table 616.D.5. Lead Risk Selection

6. **Lead Safe**

a. **Description**

For the purpose of using the Lead Risk Selection Table, a location certified lead safe means that an authorized person has conducted a risk assessment in all insured locations with dwellings to determine the amount of lead, if any, in paint, dust, bare soil and drinking water and has certified that such locations meet the criteria noted in Paragraph **b.** Standards, that follows. The insurer may require a copy of the inspection report including laboratory results.

b. **Standards**

(1) The lead content of exterior and interior paint or other surface coating applied to dwelling buildings, other structures and fixtures is less than:

(a) 1.0 milligram per square centimeter based on testing by XRF analysis; or

(b) .5% of lead by weight based on testing by atomic absorption lab analysis.

(2) The amount of lead in interior dust particles in the dwelling building is equal to or less than:

(a) 100 micrograms per square foot on uncarpeted floors;

(b) 500 micrograms per square foot on interior window sills; or

(c) 800 micrograms per square foot on window troughs (wells).

(3) The lead concentration in bare soil is less than 400 parts per million in any area expected to be used by children.

(4) The lead concentration in drinking water is less than 0.015 milligrams per liter.

c. **Authorized Person**

For the purposes of this rule, an authorized person means:

(1) A lead inspector, lead technician, lead risk assessor or another similarly titled person who is trained under an accredited training program and certified by an approving authority; or

(2) A person otherwise found acceptable to the insurer;

to perform lead risk assessments in residential buildings.

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RULE 616.
OPTIONAL PROPERTY REMEDIATION FOR ESCAPED LIQUID FUEL AND LIMITED LEAD AND ESCAPED LIQUID FUEL LIABILITY COVERAGES (Cont'd)

d. Lead Risk Assessment

For the purposes of this rule, a lead risk assessment of a residential building consists of:

(1) The testing of paint either through use of on site testing equipment such as XRF analyzers or the collection of samples of paint for analysis by a recognized environmental laboratory; and

(2) The collection of samples of dust, soil and water for analysis by a recognized environmental laboratory.

e. Recognized Environmental Laboratory

For the purposes of this rule, a Recognized Environmental Laboratory is a laboratory:

(1) Recognized by the U.S. Environmental Protection Agency or otherwise found acceptable by the insurer, as being capable of performing an analysis for lead compounds in paint, soil and dust; and

(2) Certified by the U.S. Environmental Protection Agency or a state authority as being capable of performing an analysis of the lead concentration in drinking water as specified under Federal regulations.

RULES 617. – 700.
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PART VII
SECTION II – LIABILITY – OTHER EXPOSURES INCREASED LIMITS

RULE 701.
OTHER EXPOSURES – PERSONAL LIABILITY INCREASED LIMITS

Apply the appropriate factor shown in the following table to the basic limits premium for each exposure.

Limit	Factor
$200,000	1.15
300,000	1.24
400,000	1.30
500,000	1.35

Table 701. Personal Liability Increased Limits

RULE 702.
OTHER EXPOSURES – MEDICAL PAYMENTS TO OTHERS INCREASED LIMITS

Refer to the state company rates for increased limit rates.

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RULE 301.
BASE PREMIUM COMPUTATION

Base Class Premium Table

TERRITORY	HO 00 03	HO 00 04	HO 00 06
07	1379	105	101
08	1522	105	101
32	431	42	44
34	552	63	49
36	365	36	34
38	344	39	34
39	324	33	30
41	688	52	45
44	439	46	37
45	554	46	41
46	381	42	40
47	455	43	37
48	987	71	76
49	862	71	76
52	1050	80	76
53	406	37	42
57	364	36	32
60	312	32	28

Table 301. Base Class Premium

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RULE 301.
BASE PREMIUM COMPUTATION

A. All Forms Except HO 00 04 And HO 00 06

1. Classification Tables

a. One And Two Family

Form Factors	
Form	**Factors**
HO 00 02	.95
HO 00 03	1.00
HO 00 05	1.30
HO 00 08	1.25

Table 301.A.1.a.#1 Form Factors

Protection Construction Factors		
Protection	**Construction∗**	
Class	**Frame**	**Masonry**
1-6	1.00	.95
7	1.25	1.00
8	1.40	1.10
9, 9E, 9S	1.50	1.30
10	1.90	1.60
∗ Masonry Veneer is rated as Masonry. Aluminum or Plastic Siding over Frame is rated as Frame.		

Table 301.A.1.a.#2 Protection Construction Factors

b. Three And Four Family Factor 1.04

2. Key Factor Table

Cov. A Amt. (In 000)	Factor	Cov. A Amt. (In 000)	Factor
∗∗$ 10	.510	$ 55	.853
∗∗ 12	.526	60	.930
∗∗ 14	.542	65	.953
∗∗ 16	.558	70	.977
∗∗ 18	.574	75	1.000
20	.590	80	1.023
22	.606	85	1.040
24	.622	90	1.050
26	.638	95	1.068
28	.654	100	1.109
30	.670	110	1.195
32	.686	120	1.281
34	.702	130	1.367
36	.718	140	1.453
38	.734	150	1.539
40	.750	160	1.609
42	.766	170	1.679
44	.782	180	1.749
46	.798	190	1.819
48	.814	200	1.889
50	.830		
Each Add'l $1,000			.0070

Minimum Limits Of Liability		
∗∗Section I – Property	**HO 00 02, 03 & 05**	**HO 00 08**
Primary Location	$ 25,000	$ 15,000
Secondary Location	$ 15,000	$ 10,000
Section II – Liability	**All Forms**	
Personal Liability	$ 25,000	
Medical Payments to Others	1,000	

Table 301.A.2. Key Factors

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RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

B. Form HO 00 04 And HO 00 06

1. Classification Tables

Protection Construction Factors		
Protection Class	**Construction∗**	
	Frame	**Masonry**
1-6	1.00	.90
7	1.00	.90
8	1.10	.90
9, 9E, 9S	1.50	1.20
10	1.70	1.30
∗ Masonry Veneer is rated as Masonry. Aluminum or Plastic Siding over Frame is rated as Frame.		

Table 301.B.1. Protection Construction Factors

2. Key Factor Table

Cov. C Amt. (In 000)	Factor	Cov. C Amt. (In 000)	Factor
∗∗$ 1	.37	$ 21	1.98
∗∗ 2	.44	22	2.06
∗∗ 3	.51	23	2.14
∗∗ 4	.58	24	2.22
∗∗ 5	.65	25	2.30
∗∗ 6	.72	26	2.38
∗∗ 7	.79	27	2.46
∗∗ 8	.86	28	2.54
∗∗ 9	.93	29	2.62
∗∗ 10	1.00	30	2.70
11	1.10	31	2.78
12	1.20	32	2.86
13	1.30	33	2.94
14	1.40	34	3.02
15	1.50	35	3.10
16	1.58	36	3.18
17	1.66	37	3.26
18	1.74	38	3.34
19	1.82	39	3.42
20	1.90	40	3.50
Each Add'l $1,000			.08

Minimum Limits Of Liability	
∗∗Section I – Property	
HO 00 04 – $ 6,000 **HO 00 06** – $ 10,000 **HO 00 06** – $ 5,000 or less available only for Units Regularly Rented To Others	
Section II – Liability	**All Forms**
Personal Liability	$ 25,000
Medical Payments to Others	1,000

Table 301.B.2. Key Factors

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RULE A1. SPECIAL STATE REQUIREMENTS

A. Special Provisions Endorsement HO 32 32

Use this endorsement with all Homeowners policies.

B. No Coverage For Home Day Care Business HO 32 96

This endorsement details the exclusions and restrictions of the policy with respect to a home day care exposure. Use this endorsement with all Homeowners policies.

C. Windstorm Exterior Paint And Waterproofing Exclusion Endorsement HO 32 86

Use this endorsement with all Homeowners policies in Territories 07 and 08.

D. Flood, Earthquake, Mudslide, Mudflow, Or Landslide Insurance Notice

North Carolina law provides that an insurer selling property insurance that does not provide coverage for the perils of flood, earthquake, mudslide, mudflow, or landslide shall provide a specific notice (a "warning" set forth in the related statute) to the policyholder as to which of the listed perils are not covered under the policy.

The required notice must be:

1. provided upon issuance and renewal of each policy;
2. in Times New Roman 16-point font or another equivalent font; and
3. must be included in the policy on a separate page immediately before the declarations page.

The following warning, citing which peril is not covered, must be furnished with each new policy and upon each renewal:

"WARNING: THIS PROPERTY INSURANCE POLICY DOES NOT PROTECT YOU AGAINST LOSSES FROM [FLOODS], [EARTHQUAKES], [MUDSLIDES], [MUDFLOWS], [LANDSLIDES]. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING COVERAGE FOR THESE LOSSES. THIS IS NOT A COMPLETE LISTING OF ALL OF THE CAUSES OF LOSSES NOT COVERED UNDER YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED AND WHAT IS NOT COVERED."

E. North Carolina Joint Underwriting Association

Section XVI of the Plan of Operation of the Joint Underwriting Association (Fair Plan) sets forth the following as to "Responsibility with Respect to Cancellation or Nonrenewals":

As respects risks eligible under the Plan of Operation, each participating Insurer agrees that with respect to cancellation or nonrenewals initiated by it, it will give to policyholders, except in cases of nonpayment of premium, material misrepresentation, or evidence of incendiarism, thirty days to avail themselves of the Plan of Operation and the Insurer shall, in writing, explain to the policyholder the procedures for making application under the Plan of Operation.

F. Company Rates/State Rate Pages

References in the manual to "state company rates" means "state rate pages" in North Carolina.

RULE A2. INSTALLMENT PAYMENT PLAN

Annual Policy

When a policy is issued on an installment basis, the following rules apply:

A. The first installment shall be due on the effective date of the policy and the due date of the last installment shall be no later than one month prior to the policy anniversary date.

B. The premium calculated for the first installment payment, exclusive of installment charges, shall not be less than the pro rata charge for the period from the inception date of the policy to the due date of the next installment.

C. Refer to the state rate pages for the additional charge that shall be made for each installment.

RULE A3. WINDSTORM OR HAIL EXCLUSION – TERRITORIES 07, 08, 48, 49 AND 52 ONLY

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.**

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RULE A3.
WINDSTORM OR HAIL EXCLUSION – TERRITORIES 07, 08, 48, 49 AND 52 ONLY (Cont'd)

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 A4.
THEFT COVERAGE – NEWLY CONSTRUCTED DWELLINGS

A. Coverage Description

The policy may be endorsed to provide theft coverage in or to a newly constructed, unoccupied dwelling.

B. Premium

Charge the rate shown on the state rate pages. This rate will not be refunded if the endorsement is cancelled.

C. Endorsement

Use Theft Endorsement – Newly Constructed Unoccupied Dwelling Endorsement **HO 32 26.**

RULE A5.
WATERBED LIABILITY – FORMS HO 00 04 AND HO 00 06

A. Coverage Description

The policy may be endorsed to provide coverage for property damage caused by waterbeds to non-owned property on the residence premises.

B. Premium

Charge the rate shown on the state rate pages.

C. Endorsement

Use Waterbed Liability Endorsement **HO 32 40.**

RULE A6.
YEAR OF CONSTRUCTION – NEWLY CONSTRUCTED DWELLINGS – ALL FORMS EXCEPT HO 00 04 AND HO 00 06

A. A Dwelling is eligible for a discount depending on the calendar year that the dwelling was completed and first occupied. If the year first occupied is different than the year completed, the later year would apply.

B. To compute the premium for this provision, multiply the Base Premium by the appropriate credit factor selected from the following table:

Age Of Dwelling (In Years)	Credit
up to 1	.82
1 up to 2	.85
2 up to 3	.88
3 up to 4	.91
4 up to 5	.94
5 up to 6	.97
6 and over	No Credit Applies
Note: A dwelling under construction shall be considered to be completed and occupied during the current calendar year.	

Table A6.B. Age Of Dwelling Credits

C. To develop a premium for this option, multiply the Base Premium by the appropriate credit factor.

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RULE A7.
COMMUNITY MITIGATION CLASSIFICATION MANUAL

With the renaming of the Public Protection Classification (PPC) Manual all references to the PPC Manual shall be understood to be references to the Community Mitigation Classification Manual.

RULE A8.
DWELLING UNDER CONSTRUCTION – THEFT COVERAGE

A. Coverage Description

The policy may be endorsed to provide theft coverage in or to a dwelling under construction.

B. Premium

Charge the rate shown on the state rate pages. This rate will not be refunded if the endorsement is cancelled.

C. Endorsement

Use Dwelling Under Construction – Theft Coverage Endorsement **HO 32 25.**

RULE A9.
OPTIONAL INFLATION GUARD ENDORSEMENTS

Subject to the provisions noted in Paragraphs **B.** and **C.,** the inflation guard endorsements referenced in this rule may be used instead of the endorsement noted in General Rule **405.**

A. Eligible Forms

The limits of liability for the following forms and coverages may be adjusted, automatically, to respond to inflation as recognized by the indexes named in Paragraph **B.:**

1. Forms **HO 00 02, HO 00 03** and **HO 00 05 –** Coverages **A, B, C** and **D;** and
2. Forms **HO 00 04** and **HO 00 06 –** Coverages **C** and **D.**

These limits will be adjusted at the same rate as the change in the Index shown on the Declarations, billing notice or named on the form.

B. Approved Inflation Cost Indexes

The following Indexes have been approved by the Department of Insurance and may be used with the Inflation Guard Endorsements listed in Paragraph **C.**

A Company that elects to use one of these indexes must use it exclusively and notify the Rate Bureau of its election.

1. <u>Marshall and Swift Boeckh Residential Cost Index</u> published by the American Appraisal Company, Inc.
2. <u>Composite Construction Cost Index</u> published by the U.S. Department of Commerce.
3. <u>Consumer Price Index</u> published by the U.S. Department of Labor.
4. <u>Marshall and Swift Boeckh Construction Cost Index</u> published by Marshall and Swift Boeckh.
5. <u>RSMeans CostWorks Valuator</u> Published by RSMeans.

C. Endorsements

A Company that elects to use one or both of the following endorsements must use it exclusively and notify the Rate Bureau of its election.

1. **Inflation Guard Endorsement HO 32 18**

   Use this endorsement with Forms **HO 00 02, HO 00 03** and **HO 00 05.**

2. **Inflation Guard Endorsement HO 32 19**

   Use this endorsement with Forms **HO 00 04** and **HO 00 06.**

D. Premium

There is **no** additional charge for these optional endorsements.

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RULE A10.
OPTIONAL RATING CHARACTERISTICS

Companies may use the following optional rating characteristics or any combination of such optional rating characteristics and Bureau filed characteristics to determine rates, as long as applicable legal requirements are satisfied. The resulting premium shall not exceed the premium that would have been determined using the rates, rating plans, classifications, schedules, rules and standards promulgated by the Bureau, except as provided by statute. The rating factor for any combination of the following optional risk characteristics cannot exceed 1.00, unless the resulting premium does not exceed the Bureau premium.

A. Policy characteristics not otherwise recognized in this manual. Examples include: account or multi-policy credit; tiers; continuity of coverage; coverages purchased; intra-agency transfers; payment history; payment options; prior insurance; and new and renewal status.

B. Policyholder/Insured personal characteristics not otherwise recognized in this manual. Examples include: Smoker/non-smoker status; credit information; loss history; loss prevention training/education; age; work status; marital status; number of years owned; household composition; and good student/education.

C. Dwelling characteristics not otherwise recognized in this manual. Examples include: Gated community; retirement community; limited access community; revitalized/renovated home; security, safety or loss deterrent systems or devices; age of home; and construction type and quality.

D. Affinity group or other group not otherwise recognized in this manual.

E. Any other rating characteristics or combination of characteristics if filed by a company and approved by the Commissioner.

RULE A11.
PRIMARY INSURANCE COVERAGE

A. Endorsement HO 32 02 – HO 00 02 And HO 00 03

Use the Primary Insurance Endorsement, specified above, only with a North Carolina Insurance Underwriting Association (NCIUA) policy.

This endorsement replaces the Other Insurance Condition in the policy form and makes the NCIUA policy primary insurance for the insured property. When a Primary Insurance Endorsement is not attached to the policy, the Other Insurance Condition in the policy form is unchanged.

B. Rating

1. Primary Insurance

a. For **HO 00 02** or **HO 00 03** when the Coverage Limit of Liability is less than 100% of actual cash value or replacement value, divide the selected limit by the ACV or replacement value, whichever applies. The result is the "Percent of Total Value".

b. Go to the First Loss Table below provided and select the factor in Column **2** that corresponds to the "Percent of Total Value" computed in Paragraph **a.**

c. Multiply the total value of the dwelling or personal property (actual or replacement) by the factor selected in Paragraph **b.**

d. Use the resulting product as the limit for computing the premium.

2. Coverage A Example

Replacement Value of Dwelling: $5,000,000

Primary Policy – Coverage **A** Limit: $1,000,000

a. Divide Coverage **A** Limit by Replacement Value limit ($1,000,000/$5,000,000 = 20% or 20.00 Percent of Total Value).

b. Find Factor that corresponds to Percent of Total Value.

c. Multiply Replacement Value by Factor from Column **2** ($5,000,000) (65.5) = $3,275,000.

d. Use resulting product to compute Coverage **A** premium (Rate the policy as if $3,275,000 is the Coverage **A** limit to be insured).

Note: This procedure is used to determine the appropriate exposure basis for primary insurance. It does not increase the amount of coverage available.

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RULE A11.
PRIMARY INSURANCE COVERAGE (Cont'd)

FIRST LOSS TABLE

(Used When Primary Coverage Provided)

% Of Total Value	Factor	% Of Total Value	Factor	% Of Total Value	Factor
1.00	22.4	10.00	54.0	56.00	84.1
1.10	22.9	11.00	55.1	57.00	84.4
1.20	23.5	12.00	56.3	58.00	84.6
1.30	24.1	13.00	57.4	59.00	84.8
1.40	24.7	14.00	58.6	60.00	85.0
1.50	25.2	15.00	59.7	61.00	85.3
1.60	25.8	16.00	60.9	62.00	85.5
1.70	26.4	17.00	62.0	63.00	85.7
1.80	27.0	18.00	63.2	64.00	86.0
1.90	27.5	19.00	64.3	65.00	86.2
2.00	28.1	20.00	65.5	66.00	86.4
2.10	28.4	21.00	66.0	67.00	86.7
2.20	28.7	22.00	67.8	68.00	86.9
2.30	29.0	23.00	68.9	69.00	87.1
2.40	29.3	24.00	70.1	70.00	87.3
2.50	29.6	25.00	71.2	71.00	87.6
2.60	29.8	26.00	72.0	72.00	87.8
2.70	30.1	27.00	72.1	73.00	88.0
2.80	30.4	28.00	73.4	74.00	88.3
2.90	30.7	29.00	74.1	75.00	88.5
3.00	31.0	30.00	74.8	76.00	89.0
3.10	31.6	31.00	75.6	77.00	89.4
3.20	32.1	32.00	76.3	78.00	89.9
3.30	32.7	33.00	77.0	79.00	90.3
3.40	33.3	34.00	77.3	80.00	90.8
3.50	33.9	35.00	77.6	81.00	91.3
3.60	34.4	36.00	78.0	82.00	91.7
3.70	35.0	37.00	78.4	83.00	92.2
3.80	35.6	38.00	78.8	84.00	92.6
3.90	36.2	39.00	79.2	85.00	93.1
4.00	36.7	40.00	79.5	86.00	93.6
4.10	37.3	41.00	79.9	87.00	94.0
4.20	37.9	42.00	80.2	88.00	94.5
4.30	38.5	43.00	80.4	89.00	94.9
4.40	39.0	44.00	80.8	90.00	95.4
4.50	39.6	45.00	81.1	91.00	95.9
4.60	40.2	46.00	81.5	92.00	96.3
4.70	40.8	47.00	81.8	93.00	96.8
4.80	41.3	48.00	82.1	94.00	97.2
4.90	41.9	49.00	82.4	95.00	97.7
5.00	42.5	50.00	82.7	96.00	98.2
6.00	44.8	51.00	83.0	97.00	98.6
7.00	47.1	52.00	83.2	98.00	99.1
7.50	48.2	53.00	83.4	99.00	99.5
8.00	49.4	54.00	83.7	100.00	100.0
9.00	51.7	55.00	83.9		

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RULE A12.
WINDSTORM MITIGATION PROGRAM – ALL FORMS EXCEPT HO 00 04 AND HO 00 06

A. Introduction

With respect to risks located in Territories 7, 8, 48, 49 and 52, premium credits shall be made available for insureds who build, rebuild or retrofit certain residential dwellings, in accordance with specified standards, to better resist hurricanes and other catastrophic windstorm events.

B. Eligibility

1. A dwelling may be eligible for a premium credit if:

a. The dwelling has been designed and constructed in conformity with, and has been certified as meeting, the Hurricane, Tornado and Hail and High Wind requirements of the Hurricane Fortified for Safer Living® (Fortified) program promulgated by the Institute for Business and Home Safety® (IBHS);

b. The dwelling has been certified as meeting, either the Bronze, Silver or Gold hurricane mitigation measures in the Hurricane Fortified for Existing Homes® program promulgated by the IBHS;

c. The dwelling contains Opening Protection in accordance with the qualification requirements set forth in Paragraph **D.1.b.;** or

d. The dwelling contains a Total Hip Roof.

2. The provisions of this rule do not apply:

a. To condominiums or tenant policies.

b. If the policy excludes the peril of Windstorm or Hail.

c. To dwellings under construction.

d. To mobile homes.

3. To be eligible for a premium credit, mitigation features are not required for adjacent structures including, but not limited to, detached garages, storage sheds, barns, apartments, etc. located on the insured premises.

C. Proof of Compliance

The named insured must submit proof that the windstorm loss mitigation features and/or construction techniques have been implemented for each of the following:

1. IBHS Hurricane Fortified for Safer Living®

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling.

2. IBHS Hurricane Fortified for Existing Homes®

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling. The credit will apply for five years from the date of designation. In order to continue receiving the mitigation credit after five years, the dwelling must be re-inspected and re-designated by the IBHS. If the IBHS designation expires, the applicable mitigation credit will expire upon renewal.

3. Opening Protection

The existence of Opening Protection may be verified by proof of installation.

4. Total Hip Roof

The existence of a hip roof may be verified through photographs of the roof.

D. Description of Mitigation Credit Tables

With respect to dwellings to which this rule applies and subject to all other provisions of this Windstorm Mitigation Program, the following approved and properly maintained windstorm mitigation features shall be recognized for a premium credit.

1. Mitigation Features

a. IBHS Hurricane Fortified Homes

(1) A home designated by the IBHS as Hurricane Fortified for Safer Living®.

(2) A home designated by the IBHS as Hurricane Fortified for Existing Homes®, including:

(i) Hurricane Fortified for Existing Homes Bronze, Option 1

(ii) Hurricane Fortified for Existing Homes Bronze, Option 2

(iii) Hurricane Fortified for Existing Homes Silver, Option 1

(iv) Hurricane Fortified for Existing Homes Silver, Option 2

(v) Hurricane Fortified for Existing Homes Gold, Option 1

(vi) Hurricane Fortified for Existing Homes Gold, Option 2

b. Opening Protection

(1) Building opening protective features must have been tested and/or certified as having met standards of the American Society for Testing and Materials ASTM E 1886 (standard test method) and ASTM E 1996 (standard specification). Such opening protective features shall be considered qualified.

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RULE A12.
WINDSTORM MITIGATION PROGRAM – ALL FORMS EXCEPT HO 00 04 AND HO 00 06 (Cont'd)

(2) Qualifying opening protection must be present at all exterior envelope openings (such as windows, garage doors, sliding doors, swinging doors, glass block, door sidelights, and skylights) on the dwelling structure. For the credit to apply, the following conditions must be met:

(i) In accordance with the qualification requirements set forth in paragraph **D.1.b.(1):**

(a) All exterior building envelope openings with glazing (e.g. glass) shall have qualified impact-resistant and wind pressure-resistant opening protection;

(b) All exterior building envelope openings without glazing shall have qualified wind pressure-resistant opening protection; and

(c) All garage doors (with and without glazing) shall meet or exceed a qualified minimum pressure resistance.

(ii) Opening protection must be installed by a qualified contractor, according to the manufacturer's specifications.

(iii) Impact-resistant protective devices must not be made of wood structural panels, such as OSB or plywood, or be homemade.

c. Total Hip Roof

A Total Hip Roof is a roof that slopes in four directions such that the end formed by the intersection of slopes is a triangle.

E. Premium Determination

1. To compute the Base Premium:

a. Determine the appropriate Key Premium as described in Rule **301.**

b. Subtract the Windstorm Loss Mitigation credit shown on the state rate pages from the Key Premium.

c. Multiply the Key Premium excluding the Windstorm Loss Mitigation credit developed in Paragraph **1.b.** by the Key Factor for the desired limit of liability.

d. For Example:

Form **HO 00 03** Key Premium = $1379

Windstorm Loss Mitigation Credit = $78

Key Factor for $100,000 = 1.109

Step **1.** Determine the Key Premium

Step **2.** Key Premium = $1379
Subtract Windstorm Loss Mitigation Credit from Key Premium
$1379 – $78 = $1301

Step **3.** Multiply Key Factor for desired limit by amount in Step **2.**
$1301 x 1.109 = $1442.81, round to $1443 = Base Premium

2. Mitigation Feature credits cannot be combined, except for Total Hip Roof and Opening Protection.

3. If mitigation measures are installed midterm, premium adjustment is required on a pro rata basis.

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PART I
COVERAGE AND DEFINITION TYPE RULES

RULE 101.
LIMITS OF LIABILITY AND COVERAGE RELATIONSHIPS

Paragraph **A.1.** is replaced by the following:

A. Limits

The limits of liability required under the Homeowners policy are as follows:

1. Section I – Property Damage

Coverage A – Dwelling	
HO 00 02, HO 00 03, HO 00 05 or **HO 00 08**	Refer to Rule **301.** in the state classification pages.
HO 00 04 or **HO 00 06**	For **HO 00 06** refer to Rule **507.A.**
Coverage B – Other Structures	
HO 00 02, HO 00 03, HO 00 05 or **HO 00 08**	10% of **A** (One and two family dwelling) 5% of **A** (Three and four family dwelling)
Coverage C – Personal Property	
HO 00 02, HO 00 03, HO 00 05 or **HO 00 08**	50% of **A** (One and two family dwelling) 30% of **A** (Three family dwelling) 25% of **A** (Four family dwelling)
HO 00 04 or **HO 00 06**	Refer to Rule **301.** in the state classification pages.
Coverage D – Loss Of Use	
HO 00 02, HO 00 03 or **HO 00 05**	20% of **A**
HO 00 04	20% of **C**
HO 00 06	40% of **C**
HO 00 08	10% of **A**

Table 101.A.1. Property Damage Limits

The following is added to Paragraph **E.:**

Actual Cash Value Loss Settlement Endorsement **HO 04 81** must be used with Form **HO 00 08.** It replaces the Repair Cost or Market Value Loss Settlement Provisions in **HO 00 08** with an Actual Cash Value Loss Settlement Condition.

The following is added to Rule **101.:**

F. All Forms

The limit of liability for Coverage **E** of Section **II** may be reduced to $50,000 or $25,000. Other limits below $100,000 are not permitted.

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RULE 104. ELIGIBILITY

Paragraph **G.** is replaced by the following:

G. Farm Property

1. A Homeowners Policy shall not be issued to cover any property to which farm forms or rates apply under the rules of the company. In no event shall a policy be issued to provide Section **I** property damage coverage to any property situated on premises used for farming purposes.

2. Optional Section **II** liability coverage is available for certain farm liability exposures as specified in Rule **615.**

RULE 106. PROTECTION CLASSIFICATION INFORMATION

Rule **106.** is replaced by the following:

The Protection Class listings in the Community Mitigation Classification Manual apply to risks insured under Homeowners policies.

A. The protection class indicated applies in a municipality or classified area where a single class of fire protection is available throughout (8,7,6, etc.).

B. In a classified area where a single classification is "9E", the classification is determined as follows:

Distance To Fire Station	Class
1. 5 road miles or less	9S
2. Between 5 and 6 road miles	9E

Table 106.B. Two Or More Classifications

C. In a classified area where two or more classifications are shown (Example: 6/9 or 6/9S), the classification is determined as follows:

Distance To Fire Station	Class
1. 5 road miles or less with hydrant within 1,000 feet	*
2. 5 road miles or less with hydrant beyond 1,000 feet	9 or 9S
3. Over 5 road miles	10
* First protection class (Example: 6/9 ... use Class 6)	

Table 106.C. Two Or More Classifications

D. In a classified area where two or more classifications are shown and an "E" is designated, (Example: 6/9E), the classification is determined as follows:

Distance To Fire Station	Class
1. 5 road miles or less with hydrant within 1,000 feet	*
2. 5 road miles or less with hydrant beyond 1,000 feet	9S
3. Between 5 and 6 road miles	9E
4. Over 6 road miles	10
* First protection class (Example: 6/9E ... use Class 6)	

Table 106.D. Two Or More Classifications

E. In a classified area where split classifications are shown where no hydrants are installed (Example: 9/10), or where the hydrant distance does not apply due to an alternate creditable water supply (Example: 7/10), the classification is determined as follows:

1. If the split class is X/10 (Example: 7/10):

a. Within 5 road miles of fire station, unless otherwise indicated, use first protection class.

b. Over 5 road miles from fire station, use class 10.

2. If the split class is X/9E (Example: 7/9E):

a. Within 5 road miles of fire station, unless otherwise indicated, use first protection class.

b. Between 5 and 6 road miles of fire station use Class 9E.

c. Over 6 road miles from fire station, use class 10.

F. Rural Fire Protection Districts are areas which have been inspected and for which protection classes are published.

G. All other properties are Class 10.

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PART II
SERVICING TYPE RULES

RULE 201.
POLICY PERIOD

Paragraph **D.** is replaced by the following:

D. Less than three years on a pro rata basis and may be extended for successive policy periods based upon the premiums, forms and endorsements then in effect for the company.

PART III
BASE PREMIUM COMPUTATION RULES

RULE 302.
LOSS SETTLEMENT OPTIONS

Rule **302.** is replaced by the following:

A. Functional Replacement Cost Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only

1. Introduction

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

2. Coverage Description

The policy may be endorsed to provide building loss settlement exclusively on a functional replacement cost basis if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the functional replacement cost of the building immediately before the loss. Functional Replacement Cost means the amount which it would cost to repair or replace the damaged building with less costly common construction materials and methods which are functionally equivalent to obsolete, antique or custom construction materials and methods.

3. Premium Computation

Develop the Base Premium in accordance with Rule **301.** for the amount of insurance selected for this option. However, if Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** is also made a part of the policy then develop the Base Premium in accordance with Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 07, 08, 48, 49 And 52 Only.

4. Endorsement

Use Functional Replacement Cost Loss Settlement – North Carolina Endorsement **HO 32 50.**

B. Actual Cash Value Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only

1. Introduction

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

2. Coverage Description

The policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date of the policy, the Coverage **A** limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling.

3. Premium Computation

To develop the Base Premium for the Coverage **A** limit of liability shown in the policy declarations:

a. Multiply the Coverage **A** limit of liability by the appropriate factor from the following table and round to the nearest $1,000:

% Of Replacement Value	Factor
20%	4.00
30%	2.67
40%	2.00
50%	1.60
60%	1.33
70%	1.14

Table 302.B.3.a. Factors

b. Develop a Base Premium in accordance with Rule **301.** for the amount of insurance computed in Paragraph **B.3.a.**

c. Multiply the premium determined in Paragraph **B.3.b.** by the appropriate factor from the following table:

% Of Replacement Value	Factor
20%	.73
30%	.74
40%	.75
50%	.76
60%	.77
70%	.78
80%	.80

Table 302.B.3.c. Factors

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RULE 302.
LOSS SETTLEMENT OPTIONS (Cont'd)

d. If Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** is also made a part of the policy then develop the Base Premium in accordance with Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 07, 08, 48, 49 And 52 Only and multiply that Base Premium by the appropriate factor from Table **302.B.3.c.**

4. Endorsement

Use Actual Cash Value Loss Settlement Endorsement **HO 04 81.**

C. Special Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only

1. Introduction

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

2. Coverage Description

This percentage amount may be modified to 50%, 60% or 70% of replacement value without affecting the loss settlement provisions. If this option is selected, the Coverage **A** limit of liability representing 50%, 60% or 70% of replacement value is to be shown in the policy declarations.

3. Premium Computation

To develop the Base Premium for the Coverage **A** limit of liability shown in the policy declarations:

a. Multiply the Coverage **A** limit of liability by the appropriate factor from the following table and round to the nearest $1,000:

% Of Replacement Value	Factor
50%	1.60
60%	1.33
70%	1.14

Table 302.C.3.a. Factors

b. Develop a Base Premium in accordance with Rule **301.** for the amount of insurance computed in preceding Paragraph **a.** However, if Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** is also made a part of the policy then develop the Base Premium in accordance with Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 07, 08, 48, 49 And 52 Only for the amount of insurance computed in Paragraph **a.**

c. Multiply the premium determined in preceding Paragraph **b.** by the appropriate factor from the following table:

% Of Replacement Value	Factor
50%	.96
60%	.97
70%	.98

Table 302.C.3.c. Factors

4. Endorsement

Use Special Loss Settlement Endorsement **HO 04 56.**

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

Paragraph **B.2.a.** is replaced by the following if Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** is also made a part of the policy:

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 multiply the premium computed in accordance with the 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. Factors

RULE 304.
SPECIAL PERSONAL PROPERTY COVERAGE HO 00 04 AND HO 00 06

Paragraph **C.** is replaced by the following:

C. Endorsement

1. Use Special Personal Property Coverage Endorsement **HO 32 95** for use with Form **HO 00 04** only.

2. Use Unit-Owners Coverage **C** Special Coverage Endorsement **HO 32 35** for use with Form **HO 00 06** only.

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PART IV
ADJUSTED BASE PREMIUM COMPUTATION RULES

RULE 402.
TOWNHOUSE OR ROW HOUSE – ALL FORMS EXCEPT HO 00 04 AND HO 00 06

Rule **402.** is replaced by the following:

The premium for an eligible 1, 2, 3 or 4 family dwelling in a town or row house structure is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Townhouse And Row House Factors

Total No. Of Individual Family Units Within The Fire Division∗	Protection Class 1–8	Protection Class 9, 9S & Over
1 Or 2 Family Dwelling		
1 & 2	1.00	1.00
3 & 4	1.10	1.15
5 – 8	1.25	1.30
9 & Over	Refer to company	
3 Or 4 Family Dwelling		
5 – 8	1.15	1.20
9 & Over	Refer to company	

∗ An eligible two family owner-occupied dwelling attached to a one family dwelling but not separated by a fire wall would be considered 3 individual family units within a fire division. An eligible four family dwelling attached to a three family dwelling but not separated by a fire wall would be considered 7 individual family units within a fire division. Four 2 family dwellings not separated by a fire wall would be considered 8 individual family units.

Table 402. Townhouse And Row House Factors

RULE 403.
PERSONAL PROPERTY (COVERAGE C) REPLACEMENT COST LOSS SETTLEMENT

Rule **403.** is replaced by the following:

A. Introduction

The policy provides loss settlement on an Actual Cash Value basis for certain types of property.

B. Loss Settlement Option

The policy may be endorsed to provide loss settlement on a Replacement Cost basis for such property whether insured on a blanket or scheduled basis. If endorsed, the Coverage **C** limit must be at least:

1. 40% of Coverage **A** for all forms except **HO 00 04** and **HO 00 06.**

2. $12,000 (if policy limit is less than $12,000 for Forms **HO 00 04** or **HO 00 06**).

C. Endorsement

Use Personal Property Replacement Cost Endorsement **HO 04 90.**

D. Scheduled Personal Property

1. When the Scheduled Personal Property Endorsement **HO 04 61** is attached to a policy with Endorsement **HO 04 90,** the following property, if scheduled, will also be subject to repair or replacement cost loss settlement up to the scheduled limit of liability:

- **a.** Jewelry;
- **b.** Furs and garments trimmed with fur or consisting principally of fur;
- **c.** Cameras, projection machines, films and related articles of equipment;
- **d.** Musical equipment and related articles of equipment;
- **e.** Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry; and
- **f.** Golfer's equipment meaning golf clubs, golf clothing and golf equipment.

2. Since the loss settlement condition in Endorsement **HO 04 61** will pay the insured the least of the:

- **a.** Actual cash value of the property sustaining loss;
- **b.** The amount for which the property could be repaired or replaced; or
- **c.** The amount of insurance of the property sustaining loss;

the limit of liability that applies to each scheduled item should be carefully evaluated to ensure that the limit selected by the insured represents the cost to replace the item if lost or damaged beyond repair.

E. Scheduled Personal Property (With Agreed Value Loss Settlement)

When Scheduled Personal Property (With Agreed Value Loss Settlement) Endorsement **HO 04 60** is attached to a policy with Endorsement **HO 04 90,** the property subject to agreed value loss settlement will **not** be subject to repair or replacement cost loss settlement.

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RULE 403.
PERSONAL PROPERTY (COVERAGE C)
REPLACEMENT COST LOSS SETTLEMENT (Cont'd)

F. Premium Determination

Multiply the Base Premium including any premium adjustment for Coverage **C** limits by a factor of:

1. 1.05 for all forms except **HO 00 04** and **HO 00 06.**
2. 1.40 for Forms **HO 00 04** or **HO 00 06.**
3. The charge for Replacement Cost Coverage should be applied before the credit or charge for optional deductibles.
4. Refer to the state rate pages for the minimum additional premium, including the cost to increase the Coverage **C** limits.

RULE 404.
PROTECTIVE DEVICES

Rule **404.** is replaced by the following:

Approved and properly maintained installations of burglar alarms, fire alarms and automatic sprinklers in the dwelling are to be recognized for a reduced premium in accordance with the following:

A. Definitions

1. Central Station Systems

a. A Central Station Fire Alarm System is one in which the operations of circuits and devices are signaled automatically to, recorded in, maintained, and supervised from an approved central station having competent and experienced observers and operators who shall, upon receipt of a signal, take such action as shall be required.

b. A Central Station Burglar Alarm System is one in which the operations of electrical protection circuits and devices are signaled automatically to, recorded in, maintained, and supervised from a central station having trained operators and guards in attendance at all times. Guards are dispatched to make immediate investigation of unauthorized entry or opening of protected properties from which signals are received.

Combination Central Station and Local Systems beyond the range of central station service may be classified as Local Burglar Alarm Systems.

Central Stations are listed by name and location by Underwriters Laboratories, Inc. in both the UL Burglary Protection Equipment List and UL Fire Protection Equipment List.

2. Fire Or Police Station Connected Systems

a. Fire Station Connected (Remote Station) Fire Alarm Systems contemplate a system of electrically supervised circuits employing a direct circuit (not house telephone) connection between signaling devices at the protected premises and signal receiving equipment in a remote station, such as a municipal fire alarm headquarters, or fire station.

b. A Police Station Connected Burglar Alarm System is one in which a Local Alarm System is provided with supplementary transmitting equipment, so that when actuated, a signal is also annunciated at the constantly attended receiver at police headquarters.

3. Local Systems

a. Local Fire Alarm Systems contemplate supervised systems providing fire alarm signals within the protected premises. These systems are primarily for the protection of life by indicating the necessity of evacuation of the building and secondarily for the protection of property.

b. A Local Burglar Alarm System is one in which the protective circuits and devices are connected to an enclosed and tamper-protected loud sounding device attached to an outside wall of the building in which the property is situated. Disturbance of the protective devices or unauthorized entry through wired portions of the property automatically causes the sounding device to operate until it is stopped by key control in the possession of the owner or by exhaustion of the power supply or by a timing element set for a definite period of operation.

4. Automatic Sprinkler Systems

An Automatic Sprinkler System contemplates a system in which water is piped to devices called sprinkleheads, that melt with heat and release water to extinguish a fire.

B. Evaluation Of Alarm Systems

The following shall also be considered in evaluating alarm systems for qualification and premium credit:

1. All devices, combination of devices and equipment shall be approved by a recognized independent testing firm for the purposes for which they are intended.
2. All equipment shall be installed in a workmanlike manner by a qualified firm or person.

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RULE 404.
PROTECTIVE DEVICES (Cont'd)

3. Detection devices shall be installed throughout all areas of the dwelling as follows:

a. For fire alarm systems:

(1) A smoke detector shall be located in the immediate vicinity of, but outside, the bedrooms; and

(2) Heat or smoke detectors shall be provided in all major areas of the house including living room, dining room, bedroom, kitchen, hallway, attics, furnace rooms, utility rooms, basements and attached garages.

(3) Heat detectors shall be installed within the strict limitation of their listed spacing (see Item **11.** of Table **404.C.**).

b. For burglar alarm systems:

(1) Completely protecting all accessible windows, doors, transoms, skylights, and other openings leading from the premises; or

(2) Protecting with contacts only, all movable accessible openings leading from the premises and providing one or more invisible rays or channels of radiation, with the minimum overall length of the rays or radiation equivalent to the longest dimensions of the area or areas to detect movement through the channel; or

(3) Protecting with contacts only, all doors leading from the premises and providing a system of invisible radiation to all sections of the enclosed area so as to detect fourstep movement.

c. For automatic sprinkler systems:

An approved and properly maintained automatic sprinkler system with sprinklers:

(1) In all areas including attics, bathrooms, closets and attached structures; or

(2) In all areas except attic, bathroom, closet and attached structure areas that are protected by a fire detector.

C. Premium Development

The premium for a risk having an approved protective device is developed by multiplying the Base Premium (including any premium adjustment to Coverage **C** limits) by the selected factor from the following table:

Protective Devices Factors

Protective Device	Factor∗
1. Central Station Reporting Burglar Alarm	.95
2. Central Station Reporting Fire Alarm	.95
3. Both **1.** and **2.**	.91
4. Fire Station Connected Fire Alarm	.97
5. Police Station Connected Fire Alarm	.97
6. Both **4.** and **5.**	.96
7. Local Fire Alarm System	.98
8. Local Burglar Alarm System	.98
9. Both **7.** and **8.**	.98
10. Automatic Smoke Detectors	.99
11. Automatic Sprinkler System	
a. In all areas including attic, bathroom, closet and attached structure	.87
b. In all areas except attic, bathroom, closet and attached structure areas that are protected by a fire detector	.93

∗ For Protection Classifications 1-9, 9S

Note 1
Premium credit shall not be afforded on any additional or optional coverage, except Coverage **C** revised limits.

Note 2
Refer to the state rate pages for the maximum credit allowed.

Note 3
These credits do not apply to multi-family residential properties unless entire building meets the above requirements.

Table 404.C. Protective Devices Factors

D. Endorsement

Use Premises Alarm Or Fire Protection System Endorsement **HO 04 16.**

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RULE 406.
DEDUCTIBLES

Paragraph **B.3.** is replaced by the following:

B. Optional Deductibles

3. $250 Theft Deductible

All forms except **HO 00 05, H0 00 04** with Special Personal Property Coverage Endorsement **HO 32 95** and **HO 00 06** with Unit-Owners Coverage **C** Special Coverage Endorsement **HO 32 35.**

a. The theft deductible applies to Coverage **C** – Personal Property and is available only when:

(1) A $100 deductible applies to All Other Perils; or

(2) A higher deductible applies to the peril of Windstorm or Hail, as described in Paragraph **C.3.,** and a $100 deductible applies to All Other Perils.

b. When the $100 deductible applies to All Other Perils, compute the premium by multiplying the Base Premium by a factor of:

(1) 1.09 for all forms except **HO 00 04** and **HO 00 06;** or

(2) 1.05 for Forms **HO 00 04** or **HO 00 06.**

c. When a higher Windstorm or Hail and $100 All Other Perils deductible applies, subtract a factor of .01 from the factors shown in Paragraph **C.3.a.(6)** or **C.3.b.(5)** for policies applicable to a higher windstorm or hail deductible.

Paragraph **C.1.** is replaced by the following:

C. Optional Higher Deductibles

1. All Perils Deductibles

To compute the premium for this deductible type, multiply the Base Premium by the factors selected from the following table:

All Forms Except HO 00 04 And HO 00 06							
	Deductible Amounts						
Coverage A Limit	**$500**	**$1,000**	**$1,500**	**$2,500**	**$5,000**	**$7,500**	**$10,000**
Up to $59,999	.91	.79	.73	.62	.57	N/A	N/A
$60,000 to 99,999	.91	.79	.73	.62	.57	N/A	N/A
100,000 to 200,000	.92	.79	.73	.62	.57	N/A	N/A
200,001 and Over	.96	.89	.84	.75	.65	.60	.56
HO 00 04							
Coverage C Limit	**$500**	**$1,000**	**$1,500**	**$2,500**			
Up to $25,000	.91	.77	N/A	.59			
$25,001 and Over	.93	.84	N/A	.68			
HO 00 06							
Coverage C Limit	**$500**	**$1,000**	**$1,500**	**$2,500**			
Up to $40,000	.90	.76	N/A	.56			
$40,001 and Over	.92	.81	N/A	.63			

Table 406.C.1. All Perils Deductibles Factors

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RULE 406.
DEDUCTIBLES (Cont'd)

Paragraph **C.3.a.(6)** is replaced by the following:

3. Windstorm Or Hail Deductibles (All Forms Except HO 00 04 And HO 00 06)

a. Percentage Deductibles

(6) Deductible Factors

In Territories 07, 08, 48, 49 and 52 only, when the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA), additional calculations must be performed to ensure that the premium credit applied to the deductible is **not** greater than the premium credit that would be applied if the peril of Windstorm or Hail were excluded from the policy.

(a) Property Not Located In Area Serviced By NCIUA

To compute the premium for this provision, multiply the Base Premium by the factor selected from the following tables for the deductible amounts desired.

(b) Property Is Located in Area Serviced by NCIUA

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step **1.** Multiply the windstorm or hail exclusion credit shown in the state rate pages, under Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 07, 08, 48, 49 And 52 Only Base Credit, by the Key Factor, for the same amount of insurance used to determine the Base Premium.

Step **2.** Multiply the result determined in Step **1.** by .9 to determine the "adjusted deductible credit".

Step **3.** Select the factor for the desired windstorm or hail deductible option from the following tables and subtract that factor from unity (1.00).

Step **4.** Multiply the factor determined in Step **3.** by the Base Premium. The result is the windstorm or hail deductible credit.

Step **5.** Compare the results in Steps **2.** and **4.** If the result in:
Step **2.** is **less** than the result in Step **4.,** to compute the premium, subtract the "adjusted deductible credit" from the Base Premium.
Step **2.** is **greater than or equal to** the result in Step **4.,** multiply the Base Premium by the factor for the desired windstorm or hail deductible option.

1% Windstorm Or Hail Deductible				
All Other	**Coverage A Limit (Expressed In $)**			
Perils Ded. Amount	**Up To 59,999**	**60,000 To 99,999**	**100,000 To 200,000**	**200,001 & Over**
$ 100	1.05	1.04	1.04	1.04
250	.96	.96	.96	.96
500	.89	.89	.89	.93
1,000	–	–	.78	.88
1,500	–	–	.73	.84
2,500	–	–	–	.74
5,000	–	–	–	.63
7,500	–	–	–	.58
10,000	–	–	–	.54

Table 406.C.3.a.(6)#1 1% Windstorm Or Hail Deductible

2% Windstorm Or Hail Deductible				
All Other	**Coverage A Limit (Expressed In $)**			
Perils Ded. Amount	**Up To 59,999**	**60,000 To 99,999**	**100,000 To 200,000**	**200,001 & Over**
$ 100	1.02	1.02	1.02	1.02
250	.93	.93	.94	.95
500	.86	.86	.87	.91
1,000	.76	.76	.76	.85
1,500	–	.71	.71	.80
2,500	–	–	.60	.72
5,000	–	–	–	.61
7,500	–	–	–	.56
10,000	–	–	–	.53

Table 406.C.3.a.(6)#2 2% Windstorm Or Hail Deductible

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RULE 406.
DEDUCTIBLES (Cont'd)

5% Windstorm Or Hail Deductible				
All Other	Coverage A Limit (Expressed In $)			
Perils Ded. Amount	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
$ 100	.97	.97	.99	1.00
250	.89	.89	.91	.93
500	.82	.82	.84	.89
1,000	.72	.72	.73	.83
1,500	.67	.67	.68	.78
2,500	.59	.59	.59	.70
5,000	–	–	.55	.59
7,500	–	–	–	.55
10,000	–	–	–	.51

Table 406.C.3.a.(6)#3 5% Windstorm Or Hail Deductible

Paragraph **C.3.b.(5)** is replaced by the following:

b. Higher Fixed-Dollar Deductibles

(5) Deductible Factors

In Territories 07, 08, 48, 49 and 52 only, when the property is located in an area serviced by the NCIUA, additional calculations must be performed to ensure that the premium credit applied to the deductible is **not** greater than the premium credit that would be applied if the peril of Windstorm or Hail were excluded from the policy.

(a) Property Not Located In Area Serviced By NCIUA

To compute the premium for this provision, multiply the Base Premium by the factor selected from the following tables for the deductible amounts desired.

(b) Property Is Located In Area Serviced By NCIUA

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step **1.** Multiply the windstorm or hail exclusion credit shown in the state rate pages, under Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 07, 08, 48, 49 And 52 Only Base Credit, by the Key Factor, for the same amount of insurance used to determine the Base Premium.

Step **2.** Multiply the result determined in Step **1.** by .9 to determine the "adjusted deductible credit".

Step **3.** Select the factor for the desired windstorm or hail deductible option from the following tables and subtract that factor from unity (1.00).

Step **4.** Multiply the factor determined in Step **3.** by the Base Premium. The result is the windstorm or hail deductible credit.

Step **5.** Compare the results in Steps **2.** and **4.** If the result in:
Step **2.** is **less** than the result in Step **4.,** to compute the premium, subtract the "adjusted deductible credit" from the Base Premium.
Step **2.** is **greater than or equal to** the result in Step **4.,** multiply the Base Premium by the factor for the desired windstorm or hail deductible option.

$1,000 Windstorm Or Hail Deductible				
All Other	Coverage A Limit (Expressed In $)			
Perils Ded. Amount	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
$ 100	1.02	1.03	1.05	1.06
250	.95	.95	.97	.98
500	.88	.88	.90	.95

Table 406.C.3.b.(5)#1 $1,000 Windstorm Or Hail Deductible

$2,000 Windstorm Or Hail Deductible				
All Other	Coverage A Limit (Expressed In $)			
Perils Ded. Amount	Up To 59,999	60,000 To 99,999	100,000 To 200,000	200,001 & Over
$ 100	.98	1.00	1.03	1.04
250	.91	.92	.95	.96
500	.85	.85	.88	.93
1,000	.75	.75	.77	.88
1,500	.70	.70	.72	.84

Table 406.C.3.b.(5)#2 $2,000 Windstorm Or Hail Deductible

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RULE 406.
DEDUCTIBLES (Cont'd)

$5,000 Windstorm Or Hail Deductible				
All Other Perils Ded. Amount	**Coverage A Limit (Expressed In $)**			
	Up To 59,999	**60,000 To 99,999**	**100,000 To 200,000**	**200,001 & Over**
$ 100	.96	.97	1.01	1.02
250	.88	.89	.92	.94
500	.82	.82	.85	.91
1,000	.72	.72	.75	.86
1,500	.67	.67	.70	.82
2,500	.58	.59	.60	.74

Table 406.C.3.b.(5)#3 $5,000 Windstorm Or Hail Deductible

The following is added to Rule **406.:**

D. Named Storm Percentage Deductible – Territories 07, 08, 48, 49 And 52 Only

1. Deductible Amounts

The Named Storm Percentage Deductible option is used in conjunction with a deductible applicable to All Other Section **I** Perils.

A percentage amount of 1%, 2% or 5% of the Coverage **A** or **C** limit of liability, whichever is greater, is available when the dollar amount of the percentage deductible selected exceeds the amount of the deductible applicable to All Other Section **I** Perils.

2. Endorsement

Use Named Storm Percentage Deductible – North Carolina Endorsement **HO 03 63.**

3. Schedule Instructions

Enter on the Endorsement **HO 03 63** or the policy Declarations the percentage amount that applies to Named Storm.

4. Loss By Windstorm That Is A Named Storm

In the event of Named Storm loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

5. Deductible Factors

The factors displayed below incorporate the factors for the All Perils Deductibles shown in Paragraph **C.1.** Do **not** use the factors for the All Perils Deductibles when rating a policy with a higher Named Storm deductible.

Additional calculations must be performed to ensure that the premium credit applied for the deductible is not greater than the premium credit that would be applied if the peril of Windstorm or Hail were excluded from the policy.

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step **1.** Multiply the windstorm or hail exclusion credit shown in the state rate pages, under Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 07, 08, 48, 49 And 52 Only Base Credit, by the Key Factor, for the same amount of insurance used to determine the Base Premium.

Step **2.** Multiply the result determined in Step **1.** by .9 to determine the "adjusted deductible credit".

Step **3.** Select the factor for the desired named storm deductible option from the following table and subtract that factor from unity (1.00).

Step **4.** Multiply the factor determined in Step **3.** by the Base Premium. The result is the named storm deductible credit.

Step **5.** Compare the results in Steps **2.** and **4.** If the result in:
Step **2.** is **less** than the result in Step **4.,** to compute the premium, subtract the "adjusted deductible credit" from the Base Premium.
Step **2.** is **greater than or equal to** the result in Step **4.,** multiply the Base Premium by the factor for the desired named storm deductible option.

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RULE 406.
DEDUCTIBLES (Cont'd)

Territories 07, 08, 48, 49 & 52				
Named Storm Deductible Percentage	**All Other Perils Deductible Amount**	**HO 00 02, HO 00 03, HO 00 05 And HO 00 08**	**HO 00 04**	**HO 00 06**
1%	$ 100	1.06	–	–
	250	.97	–	–
	500	.94	.92	.91
	1,000	.89	.83	.80
	1,500	.85	–	–
	2,500	.75	.67	.62
	5,000	.64	–	–
	7,500	.59	–	–
	10,000	.55	–	–
2%	100	1.03	–	–
	250	.96	–	–
	500	.92	.91	.90
	1,000	.86	.82	.79
	1,500	.81	–	–
	2,500	.73	.66	.61
	5,000	.62	–	–
	7,500	.57	–	–
	10,000	.54	–	–
5%	100	1.01	–	–
	250	.94	–	–
	500	.90	.90	.89
	1,000	.84	.81	.78
	1,500	.79	–	–
	2,500	.71	.65	.60
	5,000	.60	–	–
	7,500	.56	–	–
	10,000	.52	–	–

Table 406.D.5. Named Storm Percentage Deductible

RULE 407.
ADDITIONAL AMOUNTS OF INSURANCE – FORMS HO 00 02, HO 00 03 AND HO 00 05

Paragraphs **C.1.b.** and **C.1.c.** are replaced by the following:

C. Options Available

1. Specified Additional Amount Of Insurance For Coverage A Only

b. The premium for this option is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Additional Amount Of Insurance Options	**Factor**
25%	1.02
50%	1.03

Table 407.C.1.b. Additional Amounts Of Insurance Factors

c. Use Specified Additional Amount Of Insurance For Coverage **A** Endorsement **HO 32 20.**

Paragraphs **C.2.b.** and **C.2.c.** are replaced by the following:

2. Additional Limits Of Liability For Coverages A, B, C, And D

b. The premium is computed by multiplying the Base Premium by a factor of 1.06.

c. Use Additional Limits Of Liability For Coverages **A, B, C** And **D** Endorsement **HO 32 11.**

RULE 408.
ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF SURFACING – ALL FORMS EXCEPT HO 00 04

Rule **408.** does not apply.

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RULE 410.
BUILDING CODE EFFECTIVENESS GRADING

Rule **410.** does not apply.

PART V
SECTION I – PROPERTY – ADDITIONAL COVERAGES AND INCREASED LIMITS RULES

RULE 505.
EARTHQUAKE COVERAGE

Rule **505.** is replaced by the following:

A. Earthquake Coverage

The policy may be endorsed to provide coverage against a loss resulting from the peril of Earthquake. This peril shall apply to all Section **I** Coverages for the same limits provided in the policy. Use Earthquake Endorsement **HO 04 54.**

B. Deductible

The base deductible is 5% of the limit of liability for either Coverage **A** or **C,** whichever is greater and is subject to a $250 minimum. This deductible may be increased for a premium credit.

In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages **A, B** and **C.**

C. Loss Assessment Coverage

The policy may also be endorsed to cover loss assessment resulting from loss by this peril. The limit of liability shall be based on the insured's proportionate interest in the total value of all collectively owned buildings and structures of the corporation or association of property owners. Refer to company for rates.

Use Loss Assessment Coverage For Earthquake Endorsement **HO 04 36** for all forms.

D. Base Premium

Develop the base premium as follows:

1. From the state rate pages:

- **a.** Determine if Rate Table A, B, and/or C applies.
- **b.** Determine the Earthquake Zone.
- **c.** Select the rate according to construction from the Rate Table; and

2. Multiply the rate determined above by the:

- **a.** Coverage **A** limit for Forms **HO 00 02, HO 00 03** and **HO 00 05.**
- **b.** Coverage **C** limit for Form **HO 00 04.**
- **c.** Coverage **A** and **C** limits for Form **HO 00 06.**
- **d.** Coverage **C** and **D** increased limits.
- **e.** Ordinance or Law total amount of insurance (includes basic and, if applicable, increased amounts).
- **f.** Other Building or Structure options (e.g. Other Structures – Structures Rented To Others Residence Premises Endorsement **HO 04 40,** Other Structures On The Residence Premises – Increased Limits Endorsement **HO 04 48** and Specific Structures Away From The Residence Premises Endorsement **HO 04 92;** Building Additions And Alterations – Other Residence Endorsement **HO 04 49** and Building Additions And Alterations **HO 04 51**).

E. Premium For Higher Deductibles

Multiply the base premium determined in Paragraph **D.** by the appropriate factor from the following table:

Deductible Percentage	Factor	
	Frame & Superior	Masonry
10%	.89	.95
15%	.78	.89
20%	.67	.84
25%	.56	.79

Table 505.E. Premium For Higher Deductibles

RULE 507.
FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE – HO 00 06

Paragraph **A.** is replaced by the following:

A. Basic Limits

The policy automatically provides a basic Coverage **A** limit of $1,000 on a named perils basis. If increased limits are not desired, enter "$1,000" under Coverage **A** – Dwelling on the Declarations pages.

Paragraph **D.** is replaced by the following:

D. Endorsement

Use Unit-Owners Coverage **A** Special Coverage Endorsement **HO 32 34.**

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RULE 508.
FORM HO 00 06 UNITS REGULARLY RENTED TO OTHERS

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

A. Coverage C And Section II Liability

2. The Coverage **C** minimum limit of liability may be waived when the value of the insured's personal property in the rented unit is less than $6,000.

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

B. Premium Computation

Multiply the Coverage **C** Base Premium (less the credit for higher deductibles) by a factor of .25.

RULE 515.
PERSONAL PROPERTY

Paragraph **D.1.** is replaced by the following:

D. Increased Special Limits Of Liability

1. The Special Limits of Liability in the policy form for the categories of property noted in the following table may be increased to the maximum limits shown:

Special Limits

Personal Property	Limit In Form	Maximum Limit Allowed
1. Jewelry, Watches and Furs	$ 1,500	$ 6,500*
2. Money	200	1,000
3. Securities	1,500	3,000
4. Silverware, Goldware and Pewterware	25% of Coverage **C**	10,000**
5. Firearms	10% of Coverage **C**	10,000***
6. Electronic Apparatus		
a. In or upon a motor vehicle or motorized land conveyance	1,500	6,000**
b. Not in or upon a motor vehicle that is away from the residence premises and used for business.	1,500	6,000**
* Not exceeding the $1,500 sub-limit for any one article. However, the $1,500 sub-limit for any one article may be increased to $2,500 in increments of $500.		
** Increase must be in increments of $500.		
*** Increase must be in increments of $100.		

Table 515.D.1. Special Limits

Paragraphs **D.3.** and **D.4.** are replaced by the following:

3. Use Coverage **C** Increased Special Limits Of Liability Endorsement **HO 32 88** – for all forms except as noted in Paragraph **4.**

4. Use Coverage **C** Increased Special Limits Of Liability Endorsement **HO 32 89** for Form **HO 00 05,** Form **HO 00 04** with Special Personal Property Coverage Endorsement **HO 32 95** and Form **HO 00 06** with Unit-Owners Coverage **C** Special Coverage Endorsement **HO 32 35.**

The following is added to Rule **515.:**

G. Additional Coverage – Jewelry And Furs

1. The policy may be endorsed to provide an increased limit of liability (up to $6500) and coverage for additional risks of loss on unscheduled jewelry and furs.

2. The sub-limit payable for theft of any one article is $1,500 and may be increased to $2,500 in increments of $500.

3. Refer to the state rate pages for the additional charge.

4. Use Additional Coverages – Unscheduled Jewelry And Furs Endorsement **HO 32 27.**

5. If Coverage **C** Increased Special Limits Of Liability Endorsement **HO 32 88** or **HO 32 89,** is also endorsed on the policy, Item **e.** of the endorsement (which pertains to jewelry and furs) should be left blank in deference to the limits provided under Additional Coverages Endorsement **HO 32 27.**

H. Rented Personal Property

1. Basic Limit

a. Landlords Furnishings

Under Forms **HO 00 02, HO 00 03** and **HO 00 05,** the policy automatically provides, at no additional charge, $2,500 of landlord's furnishings coverage, on a named perils basis, except Theft, for property regularly rented or held for rental in an apartment on the residence premises.

b. Theft (Burglary) Option

Coverage, as noted in Paragraph **1.a.,** may be extended to include loss resulting from burglary.

c. Premium

Refer to the state rate pages for the charge per unit.

2. Increased Limits

a. The basic limit noted in Paragraph **1.a.** may be increased up to the Coverage **C** limit of liability.

b. The increased limit applies to the same perils that apply to the basic limit and may vary by rented unit.

c. Refer to the state rate pages for the additional charge.

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RULE 515.
PERSONAL PROPERTY (Cont'd)

3. Endorsement

a. Rented Personal Property Endorsement **HO 32 21** indicates when the Theft option and/or Increased Limits option are selected.

b. When Increased Limits are selected, the increased limit and the total limit of liability are designated on the endorsement.

c. The insured may select one option or both.

RULE 517.
RENTAL TO OTHERS – EXTENDED THEFT COVERAGE ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH HO 32 95 OR HO 00 06 WITH HO 32 35

The title of Rule **517.** Rental To Others – Extended Theft Coverage All Forms Except **HO 00 05, HO 00 04** With **HO 05 24** Or **HO 00 06** With **HO 17 31** is replaced by the preceding title.

RULE 519.
SPECIAL COMPUTER COVERAGE ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH HO 32 95 OR HO 00 06 WITH HO 32 35

The title of Rule **519.** Special Computer Coverage All Forms Except **HO 00 05, HO 00 04** With **HO 05 24** Or **HO 00 06** With **HO 17 31,** is replaced by the preceding title and the text is replaced by the following:

A. Coverage Description

The policy may be endorsed to insure computers and related equipment against additional risks of physical loss subject to certain exclusions.

B. Premium

Refer to the state rate pages for additional charge.

C. Endorsement

Use Special Computer Coverage Endorsement **HO 32 37.**

RULE 520.
LIVESTOCK COLLISION COVERAGE

Rule **520.** does not apply.

RULE 521.
WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW

Rule **521.** is replaced by the following:

A. Coverage Description

The policy forms exclude coverage for loss resulting from water or waterborne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment.

B. Basic Limit

The policy may be endorsed to provide such coverage for a limit of liability of $5,000 subject to a $250 deductible. No other deductible option is available.

C. Increased Limits

The basic limit of liability may be increased to $10,000, $15,000 or $25,000.

D. Premium

Refer to the state rate pages for the additional charge.

E. Endorsement

Use Water Back-up and Sump Overflow Endorsement **HO 04 84.**

RULE 528.
HOME BUSINESS INSURANCE COVERAGE

Paragraph **C.4.b.** does not apply.

Table **528.D.2.a.** is replaced by the following:

Gross Annual Receipts∗	HO 00 02, 3, 5 & 8	HO 00 04	HO 00 06
Up to $50,000	.11	.46	.49
$ 50,001 to $100,000	.16	.69	.73
100,001 to 175,000	.23	.97	1.04
175,001 to 250,000	.31	1.31	1.40
∗ New business, use $50,001 to $100,000 classification			

Table 528.D.2.a. Factors

Paragraph **E.** is replaced by the following:

E. Endorsement

Use Home Business Insurance Coverage – North Carolina Endorsement **HO 32 90.**

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RULE 528.
HOME BUSINESS INSURANCE COVERAGE (Cont'd)

Paragraphs **F.5.a.** and **F.5.c.** are replaced by the following:

F. Options

5. Special Coverage – Spoilage Of Perishable Stock

a. Coverage

Provides special coverage for the perishable stock specifically listed in the Schedule of Endorsement **HO 32 55.** The limit of liability is also listed in the endorsement.

c. Endorsement

Use Special Coverage – Spoilage Of Perishable Stock Endorsement **HO 32 55.**

Paragraphs **F.6.b.(1)(b)** and **F.6.b.(3)** are replaced by the following:

6. Valuable Papers And Records Endorsements

b. Special Coverage

(1) Coverage

(b) Special coverage in Forms **HO 00 05, HO 00 04** with **HO 32 95** and **HO 00 06** with **HO 32 35;**

(3) Endorsement

Use Special Coverage For Valuable Papers And Records Endorsement **HO 32 57.**

PART VI
SECTION II – LIABILITY – ADDITIONAL COVERAGES AND INCREASED LIMITS RULES

RULE 601.
RESIDENCE PREMISES – BASIC AND INCREASED LIMITS/OTHER EXPOSURES – BASIC LIMITS

Paragraph **A.** is replaced by the following:

A. Residence Premises

1. Basic limits of liability for Coverage **E** (Personal Liability) and Coverage **F** (Medical Payments to Others) are $100,000 and $1,000, respectively. The premium for these limits is included in the Base Premium.

2. Premium credits are provided for reduced Coverage **E** limits of $50,000 and $25,000. No other limits below $100,000 are available.

3. Refer to the state rate pages Rule **601.** for increased and reduced limits rates.

4. If increased or reduced limits are written, then the same limits must apply to any other exposures covered under the policy, unless otherwise stated.

Paragraphs **B.3.** and **B.4.** are replaced by the following:

B. Other Exposures

3. For increased or reduced limits for Other Exposures, refer to Rules **701.** and **702.**

4. If increased or reduced limits are written, then the same limits must apply to the Residence Premises, unless otherwise stated.

RULE 606.
COMPUTER-RELATED DAMAGE OR INJURY EXCLUSION AND COVERAGE OPTIONS

Rule **606.** does not apply.

RULE 607.
HOME DAY CARE COVERAGE

Paragraphs **C.2.** and **C.3.** are replaced by the following:

C. Premium

2. This premium is for an annual aggregate limit of $100,000 with a Coverage **F** sub-limit of $1,000 per-person/per-accident. If other Section **II** exposures are written for higher or lower dollar limits, use the Coverage **E** increased or reduced limits factors to adjust the aggregate limit, and the Coverage **F** charges to raise the Coverage **F** sub-limit.

3. The premium is for 1 through 3 persons or 4 through 5 persons, other than insureds, receiving day care services. If the day care business involves the care of more than 5 persons, other than insureds, refer to company.

RULE 610.
PERSONAL INJURY

Paragraph **C.** is replaced by the following:

C. Endorsement

Use Personal Injury Endorsement **HO 32 82.**

RULE 613.
OWNED SNOWMOBILE

Rule **613.** does not apply.

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RULE 614.
FARMERS PERSONAL LIABILITY

Rule **614.** does not apply.

RULE 616.
OPTIONAL PROPERTY REMEDIATION FOR ESCAPED LIQUID FUEL AND LIMITED LEAD AND ESCAPED LIQUID FUEL LIABILITY COVERAGES

Rule **616.** does not apply.

PART VII
SECTION II – LIABILITY – OTHER EXPOSURES INCREASED LIMITS

RULE 701.
OTHER EXPOSURES – PERSONAL LIABILITY INCREASED OR REDUCED LIMITS

Rule **701.** is replaced by the following:

Apply the appropriate factor shown in the following table to the basic limits premium for each exposure.

Limit	Factor
$25,000	.67
50,000	.83
200,000	1.15
300,000	1.24
400,000	1.30
500,000	1.35
750,000	1.41
1,000,000	1.47

Table 701. Personal Liability Increased Limits

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ADDITIONAL RULE(S)

RULE A2. INSTALLMENT PAYMENT PLAN

C. Charge per installment – $3

RULE A3. WINDSTORM OR HAIL EXCLUSION – TERRITORIES 07, 08, 48, 49 AND 52 ONLY

	Territory				
	07	**08**	**52**	**48**	**49**
All Forms Except **HO 00 04** and **HO 00 06**	$ 1131	$ 1270	$ 810	$ 747	$ 626
HO 00 04	47	46	45	37	37
HO 00 06	59	60	40	40	40

Table A3. Wind Or Hail Exclusion Credit

RULE A4. THEFT COVERAGE – NEWLY CONSTRUCTED DWELLINGS

B. Premium

Charge per policy – $13

RULE A5. WATERBED LIABILITY – FORMS HO 00 04 AND HO 00 06

B. Premium

Charge per policy – $14

RULE A8. DWELLING UNDER CONSTRUCTION – THEFT COVERAGE

B. Premium

Rate per $1,000 of Coverage **A** limit – $1

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RULE A12.
WINDSTORM MITIGATION PROGRAM – ALL FORMS EXCEPT HO 00 04 AND HO 00 06

Mitigation Feature	Territory 7	Territory 8	Territory 48	Territory 49	Territory 52
Total Hip Roof	$ 78	$ 86	$ 52	$ 43	$ 55
Opening Protection	80	89	52	41	56
Total Hip Roof and Opening Protection	158	175	104	84	111
IBHS Designation:					
Hurricane Fortified for Safer Living®	257	305	149	91	185
Hurricane Fortified for Existing Homes® Bronze Option 1	62	69	41	33	44
Hurricane Fortified for Existing Homes® Bronze Option 2	96	109	59	41	69
Hurricane Fortified for Existing Homes® Silver Option 1	154	184	84	44	113
Hurricane Fortified for Existing Homes® Silver Option 2	185	222	100	50	138
Hurricane Fortified for Existing Homes® Gold Option 1	197	234	112	64	141
Hurricane Fortified for Existing Homes® Gold Option 2	228	273	128	71	166

Table A9. Windstorm Loss Mitigation Credit

RULE 105.
SECONDARY RESIDENCE PREMISES

B. Premium Adjustment

2. Credit – $10

RULE 204.
MULTIPLE COMPANY INSURANCE

C. Premium

3. Credit – $10

RULE 205.
MINIMUM PREMIUM

D. Minimum Premium – $50

RULE 207.
WAIVER OF PREMIUM

B. Amount that may be waived – $3 or less

RULE 403.
PERSONAL PROPERTY (COVERAGE C) REPLACEMENT COST LOSS SETTLEMENT

F. Premium Determination

4. Minimum additional charge – $20

RULE 404.
PROTECTIVE DEVICES

C. Premium Development

Maximum credit allowed – $75

RULE 406.
DEDUCTIBLES

B. Optional Deductibles

1. Additional Premium Charge

b. Minimum additional charge – $30
Maximum additional charge – $60

RULE 503.
BUSINESS PROPERTY – INCREASED LIMIT

A. On-Premises

2. Rate per $2,500 – $25

RULE 504.
CREDIT CARD, ELECTRONIC FUND TRANSFER CARD OR ACCESS DEVICE, FORGERY & COUNTERFEIT MONEY

B. Premium

Limit	
$ 1,000	$ 1
2,500	3
5,000	4
7,500	5
10,000+	6
+ For limits in excess of $10,000, refer to company.	

Table 504.B. Additional Charge

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RULE 505.
EARTHQUAKE COVERAGE

D. Base Premium

Base Deductible – Rate Per $1,000				
	Zone	**Frame+**	**Masonry+**	**Superior**
Table A				
All forms except **HO 00 04** and **HO 00 06**	3	$ .54	$ 1.24	$ .86
	4	.35	1.24	.50
	5	.27	.86	.36
Table B				
Form **HO 00 04** or Form **HO 00 06** (apply to Coverage **C** limit) and Higher Coverage **C** limits for other forms	3	$ .36	$ .95	$ .36
	4	.23	.82	.23
	5	.18	.57	.18
Table C				
Form **HO 00 06** (apply to Coverage **A** limit), Higher Coverage **D** Limits, Endorsement **HO 04 48** and Other Building Options	3	$ .36	$ 1.05	$ .68
	4	.23	1.05	.39
	5	.18	.57	.27
+If exterior Masonry Veneer is covered, rate as Masonry; if **not** covered, rate as Frame.				

Table 505.D.#1 Premium For Base Deductible

Zone 3			
Anson	Columbus	Mecklenburg	Scotland
Brunswick	Davie	Montgomery	Stanly
Cabarrus	Gaston	Richmond	Union
Catawba	Iredell	Robeson	
Cleveland	Lincoln	Rowan	

Table 505.D.#2 Earthquake Zone 3

Zone 4			
Alexander	Clay	Macon	Ruttherford
Alleghany	Cumberland	Madison	Surry
Ashe	Davidson	McDowell	Swain
Avery	Forsyth	Mitchell	Transylvania
Bladen	Graham	Moore	Watauga
Buncombe	Haywood	New Hanover	Wilkes
Burke	Henderson	Pender	Yadkin
Caldwell	Hoke	Polk	Yancey
Cherokee	Jackson	Randolph	

Table 505.D.#3 Earthquake Zone 4

Zone 5
Balance of State

Table 505.D.#4 Earthquake Zone 5

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RULE 507.
FORM HO 00 06 COVERAGE A DWELLING BASIC AND INCREASED LIMITS AND SPECIAL COVERAGE HO 00 06

C. Special Coverage

1. Charge per policy for $1,000 in basic form – $2

2. Rate for each add'l $1,000 of Coverage **A** – $1

RULE 509.
HOME DAY CARE COVERAGE

D. Premium Computation

1. Section I

c. Rate per $1,000 for business in other structure – $5

RULE 510.
PERMITTED INCIDENTAL OCCUPANCIES RESIDENCE PREMISES

E. Premium Computation

1. Section I

c. Rate per $1,000 for business in other structure – $5

RULE 511.
LOSS ASSESSMENT COVERAGE

A. Residence Premises

3. Premium

All forms except **HO 00 03, HO 00 05** or **HO 00 06** with **HO 32 34**

New Amount Of Coverage	
$ 5,000	$ 3
10,000	5
Each add'l $5,000 up to $50,000	1

Table 511.A.3.#1 Additional Charge

HO 00 03, HO 00 05 or **HO 00 06** with **HO 32 34**

New Amount Of Coverage	
$ 5,000	$ 4
10,000	7
Each add'l $5,000 up to $50,000	2

Table 511.A.3.#2 Additional Charge

B. Additional Locations

2. Premium

All forms except **HO 00 03, HO 00 05** or **HO 00 06** with **HO 32 34**

New Amount Of Coverage	
$ 1,000	$ 5
5,000	8
10,000	10
Each add'l $5,000 up to $50,000	1

Table 511.B.2.#1 Additional Charge

HO 00 03, HO 00 05 or **HO 00 06** with **HO 32 34**

New Amount Of Coverage	
$ 1,000	$ 6
5,000	10
10,000	13
Each add'l $5,000 up to $50,000	2

Table 511.B.2.#2 Additional Charge

RULE 512.
LOSS OF USE – INCREASED LIMIT

B. Rate per $1,000 – $4

RULE 514.
OTHER STRUCTURES

A. On-Premises Structures

1. Specific Structure – Increased Limits

a. Premium

Rate per $1,000 for policies with windstorm or hail coverage – $4

Territories 07, 08, 48, 49 And 52 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 07, 08, 48, 49 And 52 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

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RULE 515.
PERSONAL PROPERTY

A. Increased Limit

3. Rate Per $1,000:

HO 00 02 or **HO 00 03** – $2

HO 00 05 – $3

B. Increased Limit – Other Residences

3. Rate Per $1,000 – $7

C. Reduction In Limit

2. Credit per $1,000 – $1

D. Increased Special Limits Of Liability

1. Jewelry, Watches and Furs – Rate per $1,000 – $18

Increased sub-limit per article:

Rate for $2,000 – $9

Rate for $2,500 – $18

2. Money Rate per $100 – $6

3. Securities – Rate per $100 – $4

4. Silverware – Rate per $500 – $3.25

5. Firearms – Rate per $100 – $3

6. Electronic Apparatus – Rate per $500 – $10

E. Refrigerated Personal Property

3. Charge per policy – $10

F. Theft Coverage Increase – HO 00 08

3. Premium

a. On-Premises

Rate per $2,000 – $19

b. Off-Premises

Additional Charge – $10

G. Additional Coverage – Jewelry And Furs

3. Charge per policy – $7

Rate per $1,000 – $15

Increased sub-limit per article:

Rate for $2,000 – $7.50

Rate for $2,500 – $15

H. Rented Personal Property

1. Basic Limit

c. Premium

Theft (Burglary Peril Added) – Charge per unit – $3

2. Increased Limits

c. Rate per $1,000 per unit:

Including Theft – $3

Excluding Theft – $2

RULE 517.
RENTAL TO OTHERS – EXTENDED THEFT COVERAGE ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH HO 32 95 OR HO 00 06 WITH HO 32 35

B. Premium

Rate per policy – $30

RULE 518.
SINKHOLE COLLAPSE COVERAGE ALL FORMS EXCEPT HO 00 04 AND HO 00 06

B. Premium Determination

1. Rate per $1,000 – $.35

RULE 519.
SPECIAL COMPUTER COVERAGE ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH HO 32 95 OR HO 00 06 WITH HO 32 35

B. Premium

Charge per policy – $15

RULE 521.
WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW

D. Premium

1. Basic Limit

Charge per policy – $22

2. Increased Limits

Limit	
$ 10,000	$ 30
15,000	35
25,000	40

Table 521.D.2. Increased Limits Premium

RULE 522.
LANDLORDS FURNISHINGS

C. Premium

Rate per $500 per unit

1. Forms **HO 00 02** and **HO 00 03** – $1

2. Form **HO 00 05** – $2

RULE 523.
ASSISTED LIVING CARE COVERAGE

C. Premium

1. Section **I** and Section **II** Basic Limits

Rate per unit – $77

2. Increased Limits

Add to the basic limit Rate in Paragraph **1.:**

a. Coverage **C** – Rate per $1,000 – $7

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RULE 523.
ASSISTED LIVING CARE COVERAGE (Cont'd)

b. Coverage **E** (Coverage **F** does not apply to this option.)

Reduced Coverage E Limits (Credit)	
Limit	**Rates**
$ 25,000	$ 6
50,000	3
Basic And Increased Coverage E Limits	
Limit	**Rates**
$ 200,000	$ 3
300,000	4
400,000	5
500,000	6
750,000	7
1,000,000	8

Table 523.C.2.b. Coverage E Limits

RULE 524.
OTHER MEMBERS OF A NAMED INSURED'S HOUSEHOLD

C. Premium

1. Section **I** and Section **II** Basic Limits

Rate per person named in the Schedule – $60

2. Section **II** Increased Limits

Add to the basic limit Rate in Paragraph **1.**:

a. For Coverage **E:**

Reduced Coverage E Limits (Credit)	
Limit	**Rates**
$ 25,000	$ 17
50,000	9
Basic And Increased Coverage E Limits	
Limit	**Rates**
$ 200,000	$ 8
300,000	12
400,000	15
500,000	18
750,000	21
1,000,000	24

Table 524.C.2.a. Coverage E Limits

b. For Coverage **F:**

Refer to Rule **702.** for Rates for limits above $1,000

RULE 525.
MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE

E. Premium

The following charge is the minimum annual premium for each motorized golf cart for any period within a policy year:

Rate per motorized golf cart **without** collision – $7

Rate per motorized golf cart **with** collision – $12

RULE 526.
RESIDENCE HELD IN TRUST ALL FORMS EXCEPT HO 00 04

F. Premium

For basic limits rates:

1. Trustee

Applies whether or not the trustee resides on the residence premises – $26

2. Beneficiary And/Or Grantor

a. Beneficiary **or** grantor named in the endorsement; and

(1) Trustee resides on the residence premises – $26

(2) Trustee does **not** reside on the residence premises – No add'l Charge

b. Beneficiary **and** grantor named in the endorsement; and

(1) Trustee resides on the residence premises – $51

(2) Trustee does **not** reside on the residence premises – $26

For increased limits:

For Coverage **E:**

Refer to Rule **701.** for increased limits factors.

For Coverage **F:**

Refer to Rule **702.** for increased limits charges.

RULE 527.
STUDENT AWAY FROM HOME

C. Premium Determination

1. Section **I** and Section **II** Basic Limits

Rate per location – $68

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RULE 527.
STUDENT AWAY FROM HOME (Cont'd)

2. Section **II** Increased Limits

Add to the basic limit Rate in Paragraph **1.:**

a. For Coverage **E:**

Reduced Coverage E Limits (Credit)	
Limit	**Rates**
$ 25,000	$ 17
50,000	9
Basic And Increased Coverage E Limits	
Limit	**Rates**
$ 200,000	$ 8
300,000	12
400,000	15
500,000	18
750,000	21
1,000,000	24

Table 527.C.2.a. Coverage E Limits

b. For Coverage **F:**

Refer to Rule **702.** for Rates for limits above $1,000.

RULE 528.
HOME BUSINESS INSURANCE COVERAGE

D. Home Business Premium Computation

3. Section II – Business Liability

a. Basic Limits Premium

For Coverages **E** and **F:**

(1) Office (Gross Annual Receipts up to $250,000)

Business Visitors Per Week∗	Under 10	10 Or More
	$ 2.44	$ 3.66
∗ New Business, use 10 or more classification		

Table 528.D.3.a.(1) Office Basic Limits Premium

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RULE 528.
HOME BUSINESS INSURANCE COVERAGE (Cont'd)

(2) Service, Sales and Crafts

	Business Visitors Per Week∗					
	Services		**Sales**		**Crafts**	
Gross Annual Receipts∗∗	**Under 10**	**10 Or More**	**Under 10**	**10 Or More**	**Under 10**	**10 Or More**
Up to $50,000	$ 14.50	$ 21.75	$ 6.50	$ 9.75	$ 6.50	$ 9.75
$50,001 to $100,000	43.50	65.25	19.50	29.25	19.50	29.25
$100,001 to $175,000	79.75	119.63	35.75	53.63	35.75	53.63
$175,001 to $250,000	123.25	184.88	55.25	82.88	55.25	82.88
∗ New Business, use 10 or more classification.						
∗∗ New Business, use $50,001 to $100,000 classification.						

Table 528.D.3.a.(2) Service, Sales And Crafts Basic Limits Premium

c. Coverage F – Increased Limits

(2) All home business classifications:

	All Home Business Classifications			
	Homeowners Increased Limit Of Liability			
Business Visitors Per Week	**$2,000**	**$3,000**	**$4,000**	**$5,000**
Under 10	$ 5.00	$ 10.00	$ 15.00	$ 19.00
10 or more	7.00	12.00	18.00	22.00

Table 528.D.3.c.(2) Increased Limit

F. Options

1. Additional Insured

a. Managers Or Lessors Of Premises Leased To An Insured

(2) Premium

Rate per location/per additional insured – $14

5. Special Coverage – Spoilage Of Perishable Stock

b. Premium

Rate per $1,000:

(1) Florists – $2

(2) Other Classes of Business – Refer to Company

6. Valuable Papers And Records Endorsements

Rate per $1,000:

a. Increased Limits

For Endorsement **HO 07 56:**

(2) Premium

(a) Named Perils Coverage (**HO 00 02, HO 00 03, HO 00 04** and **HO 00 06**) – $1

(b) Open Perils Coverage (**HO 00 05, HO 00 04** with **HO 32 95** and **HO 00 06** with **HO 32 35**) – $2

b. Special Coverage

For Endorsements (**HO 07 56** and **HO 32 57**):

(2) Premium

(a) First $2,500:

HO 00 02, HO 00 03, HO 00 04 and **HO 00 06** – $3

HO 00 05, HO 00 04 with **HO 32 95** and **HO 00 06** with **HO 32 35** – $2

(b) Each additional $1,000 – all forms – $2

7. Off-Premises Property Coverage – Increased Limits

b. Premium

Rate per $2,500:

HO 00 02, HO 00 03, HO 00 04 and **HO 00 06** – $25

HO 00 05, HO 00 04 with **HO 32 95** and **HO 00 06** with **HO 32 35** – $37

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RULE 601. RESIDENCE PREMISES – BASIC AND INCREASED LIMITS/OTHER EXPOSURES – BASIC LIMITS

A. Residence Premises

3. Increased Limits

Coverage E – Liability			
1 and 2 Family Premium		3 or 4 Family Premium	
Reduced Coverage E Limit (Credit)			
Limit	Rate	Limit	Rate
$ 25,000	$ 11	$ 25,000	$ 22
50,000	6	50,000	11
Basic And Increased Coverage E Limit			
Limit	Rate	Limit	Rate
$ 100,000	–	100,000	–
200,000	$ 5	200,000	$ 10
300,000	8	300,000	16
400,000	10	400,000	20
500,000	12	500,000	23
750,000	14	750,000	28
1,000,000	16	1,000,000	32

Table 601.A.3.#1 Coverage E – Liability

Coverage F – Medical Payments	
Limit	Rate
$ 1,000	–
2,000	$ 3
3,000	6
4,000	9
5,000	12

Table 601.A.3.#2 Coverage F – Medical Payments

RULE 602. OTHER INSURED LOCATION OCCUPIED BY INSURED

B. Premium

Rate per Residence:

One Family – $7

Two Family – $14

Three Family – $27

Four Family – $29

RULE 603. RESIDENCE EMPLOYEES

B. Rate per Person in Excess of Two – $5

RULE 604. ADDITIONAL RESIDENCE RENTED TO OTHERS

B. Premium

Rate per Residence:

One Family – $32

Two Family – $51

Three Family – $86

Four Family – $93

RULE 605. OTHER STRUCTURES RENTED TO OTHERS – RESIDENCE PREMISES

B. Premium

Rate per Structure – $32

RULE 607. HOME DAY CARE COVERAGE

C. Premium

1. Rate per Person:

1 – 3 Persons – $114

4 – 5 Persons – $199

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RULE 608.
PERMITTED INCIDENTAL OCCUPANCIES – RESIDENCE PREMISES AND OTHER RESIDENCES

B. Premium

Rate per Residence:

1. Residence Premises – $17
2. Other Residence – $17

RULE 609.
BUSINESS PURSUITS

B. Premium

Rate per Insured Person:

1. Clerical Employees – $5
2. Sales person, Collector or Messenger – Installation, demonstration or servicing operation:

   Included – $7

   Excluded – $5
3. Teachers
   - **a.** Laboratory, athletic, manual or physical training – $13
   - **b.** Not otherwise classified – $6
   - **c.** Corporal punishment (add to Paragraph **3.a.** or **3.b.**) – $5

RULE 610.
PERSONAL INJURY

B. Premium

Rate per Policy – $13

RULE 611.
INCIDENTAL LOW POWER RECREATIONAL MOTOR VEHICLES

B. Premium

Rate per Conveyance – $15

RULE 612.
OUTBOARD MOTORS AND WATERCRAFT

C. Premium

1. Outboard, Inboard, or Inboard-Outdrive Engines or Motors:

	Length	
	Up To 15 Feet	Over 15 To 26 Feet
Horsepower	Rate	Rate
Up to 50*	$ 41	$ 64
51 to 100	69	92
101 to 150	98	121
151 to 200	Refer to Company	149
Over 200	Refer to Company	Refer to Company
* Outboard engines or motors of up to 25 horsepower or sailboats less than 26 feet in overall length with or without auxiliary power are covered in the policy form.		

Table 612.C.1. Outboard, Inboard, Or Inboard-Outdrive Engines Or Motors

2. Sailboats With or Without Auxiliary Power:

Overall Length/Feet	Rate
26 to 40 feet*	$ 44
Over 40 feet	Refer to Company
* Outboard engines or motors of up to 25 horsepower or sailboats less than 26 feet in overall length with or without auxiliary power are covered in the policy form.	

Table 612.C.2. Sailboats With Or Without Auxiliary Power

RULE 613.
OWNED SNOWMOBILE

B. Premium

Rate per Snowmobile – Not Applicable

RULE 615.
INCIDENTAL FARMING PERSONAL LIABILITY

A. On The Residence Premises

2. Premium

Farming done On The Residence Premises – $40

B. Away From The Residence Premises

2. Premium

Farming done Away From The Residence Premises – $60

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RULE 702.
OTHER EXPOSURES – MEDICAL PAYMENTS TO OTHERS INCREASED LIMITS

Basic Limit Rule #	Coverage F – Medical Payments	$2,000	$3,000	$4,000	$5,000
524.	Other Members of an Insured's Household	$ 1	$ 2	$ 3	$ 4
526.	Residence Held in Trust All Forms Except **HO 00 04**	1	2	3	4
527.	Student Away From Home	1	2	3	4
602.	Other Insured Locations Occupied By Insured	1	2	3	4
603.	Residence Employees	1	2	3	4
604.	Add'l. Residence Rented to Others	1	2	3	4
605.	Other Structures Rented to Others – Residence Premises	1	2	3	4
607.	Home Day Care Coverage	5	10	15	19
608.	Permitted Incidental Occupancies				
	1. Residence Premises	5	10	15	19
	2. Other Residence	3	6	9	11
609.	Business Pursuits				
	1. Clerical Employees	1	2	3	4
	2. Salesperson, Installation, etc.				
	Included or Excluded	1	2	3	4
	3. Teachers				
	a. Lab, etc.	2	4	6	7
	b. Not otherwise classified	1	2	3	4
	c. Corporal Punishment	Medical Payments Not Available			
611.	Incidental Motorized Land Conveyances	1	2	3	4
612.	Outboard Motors and Watercraft				
	1. Outboard, Inboard or Inboard – Outboard engines or Motors				
	a) Up to 15 feet:				
	Up to 50 hp.	3	6	9	11
	51 to 100 hp.	4	8	12	14
	101 to 150 hp.	6	12	18	21
	151 to 200 hp.	Refer to Company			
	Over 200 hp.	Refer to Company			
	b) Over 15 to 26 feet:				
	Up to 50 hp.	4	8	12	14
	51 to 100 hp.	6	12	18	21
	101 to 150 hp.	8	16	24	28
	151 to 200 hp.	12	24	36	42
	Over 200 hp.	Refer to Company			
	2. Sailboats, with or without auxiliary power				
	26 to 40 feet	3	6	9	11
	Over 40 feet	Refer to Company			
613.	Owned Snowmobile	Not Applicable			
615.	Incidental Farming Personal Liability	1	2	3	4

Table 702. Other Exposures – Medical Payments To Others Increased Limits

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1. TERRITORY DEFINITIONS – (For all Coverages and Perils Other than Earthquake).

A. Cities

City of	County of	Code
Charlotte	Mecklenburg	38
Durham	Durham	32
Greensboro	Guilford	36
Raleigh	Wake	32
Winston-Salem	Forsyth	36

B. Other Than Cities

County of	Code
Alamance	57
Alexander	60
Alleghany	60
Anson	44
Ashe	60
Avery	60
Beaufort	49
Bertie	45
Bladen	41
Brunswick	52
Buncombe	60
Burke	60
Cabarrus	60
Caldwell	60
Camden	49
Carteret	52
Caswell	46
Catawba	60
Chatham	53
Cherokee	60
Chowan	49
Clay	60
Cleveland	60
Columbus	41
Craven	49
Cumberland	34
Currituck	48
Dare	48
Davidson	57
Davie	60
Duplin	45
Durham	53
Edgecombe	47
Forsyth	57
Franklin	47
Gaston	39
Gates	45
Graham	60
Granville	46
Greene	45
Guilford	57
Halifax	47
Harnett	47
Haywood	60
Henderson	60
Hertford	45
Hoke	47
Hyde	48
Iredell	60
Jackson	60
Johnston	47
Jones	49
Lee	47
Lenoir	45
Lincoln	60
Macon	60
Madison	60
Martin	45
McDowell	60
Mecklenburg	39
Mitchell	60
Montgomery	44
Moore	47
Nash	47
New Hanover	52
Northampton	47
Onslow	52
Orange	53
Pamlico	48
Pasquotank	49
Pender	52
Perquimans	49
Person	46
Pitt	45
Polk	60
Randolph	57
Richmond	44
Robeson	41
Rockingham	60
Rowan	60
Rutherford	60
Sampson	45
Scotland	47
Stanly	60
Stokes	60
Surry	60
Swain	60
Transylvania	60
Tyrrell	49
Union	39
Vance	46
Wake	53
Warren	46
Washington	49
Watauga	60
Wayne	45
Wilkes	60
Wilson	47
Yadkin	57
Yancey	60

Beach Area – Localities south and east of the Inland Waterway from the South Carolina Line to Fort Macon (Beaufort Inlet), thence south and east of Core, Pamlico, Roanoke and Currituck Sounds to the Virginia Line, being those portions of land generally known as the "Outer Banks."

Beach Areas in Currituck, Dare and Hyde Counties: 07

Beach areas in Brunswick, Carteret, New Hanover, Onslow and Pender Counties: 08

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HOMEOWNERS 2 – BROAD FORM

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

(1) Ownership of such vehicle or craft by an "insured";

(2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;

(3) Entrustment of such vehicle or craft by an "insured" to any person;

(4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or

(5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

(1) Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;

(2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

(3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and

(4) Motor vehicle means a "motor vehicle" as defined in **7.** below.

2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

3. "Business" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

b. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than $2,000 in total compensation for the 12 months before the beginning of the policy period;

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

(4) The rendering of home day care services to a relative of an "insured".

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

5. "Insured" means:

a. You and residents of your household who are:

(1) Your relatives; or

(2) Other persons under the age of 21 and in the care of any person named above;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

(1) 24 and your relative; or

(2) 21 and in your care or the care of a person described in **a.(1)** above;

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c. Under Section **II:**

(1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in **a.** or **b.** above. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or

(2) With respect to a "motor vehicle" to which this policy applies:

(a) Persons while engaged in your employ or that of any person included in **a.** or **b.** above; or

(b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections **I** and **II,** when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "Insured location" means:

a. The "residence premises";

b. The part of other premises, other structures and grounds used by you as a residence; and

(1) Which is shown in the Declarations; or

(2) Which is acquired by you during the policy period for your use as a residence;

c. Any premises used by you in connection with a premises described in **a.** and **b.** above;

d. Any part of a premises:

(1) Not owned by an "insured"; and

(2) Where an "insured" is temporarily residing;

e. Vacant land, other than farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one, two, three or four family dwelling is being built as a residence for an "insured";

g. Individual or family cemetery plots or burial vaults of an "insured"; or

h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

7. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:

a. "Bodily injury"; or

b. "Property damage".

9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

10. "Residence employee" means:

a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or

b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

11. "Residence premises" means:

a. The one family dwelling where you reside;

b. The two, three or four family dwelling where you reside in at least one of the family units; or

c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

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DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

1. We cover:

a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and

b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".

2. We do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

2. We do not cover:

a. Land, including land on which the other structures are located;

b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

c. Other structures from which any "business" is conducted; or

d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage **A.** Use of this coverage does not reduce the Coverage **A** limit of liability.

C. Coverage C – Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or

b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage **C,** or $1,000, whichever is greater. However, this limitation does not apply to personal property:

a. Moved from the "residence premises" because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or

b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage **C** limit of liability.

a. $200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

b. $1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

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c. $1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.

d. $1,500 on trailers or semitrailers not used with watercraft of all types.

e. $1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.

f. $2,500 for loss by theft of firearms and related equipment.

g. $2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollow-ware, tea sets, trays and trophies made of or including silver, gold or pewter.

h. $2,500 on property, on the "residence premises", used primarily for "business" purposes.

i. $500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories **j.** and **k.** below.

j. $1,500 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **j.**

k. $1,500 on electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **k.**

4. Property Not Covered

We do not cover:

a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

b. Animals, birds or fish;

c. "Motor vehicles".

(1) This includes:

(a) Their accessories, equipment and parts; or

(b) Electronic apparatus and accessories designed to be operated solely by power from the electrical system of the "motor vehicle". Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described above.

The exclusion of property described in **(a)** and **(b)** above applies only while such property is in or upon the "motor vehicle".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

(a) Used solely to service an "insured's" residence; or

(b) Designed to assist the handicapped;

d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided under **E.10.** Landlord's Furnishings under Section **I** – Property Coverages;

h. Property rented or held for rental to others off the "residence premises";

i. "Business" data, including such data stored in:

(1) Books of account, drawings or other paper records; or

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

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j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages; or

k. Water or steam.

D. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss covered under Section **I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1.** Additional Living Expense and **2.** Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use above are not limited by expiration of this policy.

E. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

(1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

(2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to $1,000, for the removal from the "residence premises" of:

(1) Your tree(s) felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or

(2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage **C;**

provided the tree(s):

(3) Damage(s) a covered structure; or

(4) Does not damage a covered structure, but:

(a) Block(s) a driveway on the "residence premises" which prevent(s) a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block(s) a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The $1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than $500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in **B.4.** under Section **I** – Conditions.

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3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

a. Fire or Lightning;

b. Explosion;

c. Riot or Civil Commotion;

d. Aircraft;

e. Vehicles not owned or operated by a resident of the "residence premises";

f. Vandalism or Malicious Mischief; or

g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than $500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

4. Fire Department Service Charge

We will pay up to $500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to $500 for:

(1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;

(2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;

(3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and

(4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

(1) Use of a credit card, electronic fund transfer card or access device:

(a) By a resident of your household;

(b) By a person who has been entrusted with either type of card or access device; or

(c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

(2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in **a.** applies, the following defense provisions also apply:

(1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

(2) If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.

(3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under **a.(3)** above.

7. Loss Assessment

a. We will pay up to $1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage **A,** other than:

(1) Earthquake; or

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(2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of $1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph **P.** Policy Period under Section **I** – Conditions does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

a. With respect to this Additional Coverage:

(1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.

(2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.

(3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.

(4) A building or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:

(1) The Perils Insured Against;

(2) Decay that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;

(3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;

(4) Weight of contents, equipment, animals or people;

(5) Weight of rain which collects on a roof; or

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

c. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **b.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.

d. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

a. We cover:

(1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;

(2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and

(3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

(1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or

(2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

We will pay up to $2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

11. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage **A** for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.

c. We do not cover:

(1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

12. Grave Markers

We will pay up to $5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages **A, B** and **C** caused by any of the following perils unless the loss is excluded under Section **I** – Exclusions.

1. Fire Or Lightning

2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

This peril does not include loss to a fence, driveway or walk caused by a vehicle owned or operated by a resident of the "residence premises".

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

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8. Vandalism Or Malicious Mischief

This peril does not include loss to property on the "residence premises", and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

9. Theft

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

(1) Committed by an "insured";

(2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

(3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or

(4) That occurs off the "residence premises" of:

(a) Trailers, semitrailers and campers;

(b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or

(c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 60 days immediately before the loss.

10. Falling Objects

This peril does not include loss to the inside of a building or property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to a building or property contained in a building.

This peril does not include loss to an awning, fence, patio, pavement, swimming pool, foundation, retaining wall, bulkhead, pier, wharf, or dock.

12. Accidental Discharge Or Overflow Of Water Or Steam

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance. We also pay to tear out and replace any part of the building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance from which the water or steam escaped. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

b. This peril does not include loss:

(1) On the "residence premises", if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

(2) To the system or appliance from which the water or steam escaped;

(3) Caused by or resulting from freezing except as provided in Peril Insured Against **14.** Freezing;

(4) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or

(5) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

d. Section **I** – Exclusion **3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss caused by or resulting from freezing except as provided in Peril Insured Against **14.** Freezing below.

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14. Freezing

a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance or Law means any ordinance or law:

a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **1.a.** does not apply to the amount of coverage that may be provided for in **E.11.** Ordinance Or Law under Section **I** – Property Coverages;

b. The requirements of which result in a loss in value to property; or

c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

b. Landslide, mudslide or mudflow;

c. Subsidence or sinkhole; or

d. Any other earth movement including earth sinking, rising or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

This Exclusion **2.** does not apply to loss by theft.

3. Water Damage

Water Damage means:

a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;

b. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or

c. Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

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6. **War**

War includes the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. **Nuclear Hazard**

This Exclusion **7.** pertains to Nuclear Hazard to the extent set forth in **M.** Nuclear Hazard Clause under Section **I** – Conditions.

8. **Intentional Loss**

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

9. **Governmental Action**

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

SECTION I – CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

B. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;
2. Notify the police in case of loss by theft;
3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages;
4. Protect the property from further damage. If repairs to the property are required, you must:
   a. Make reasonable and necessary repairs to protect the property; and
   b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
   a. Show the damaged property;
   b. Provide us with records and documents we request and permit us to make copies; and
   c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
   a. The time and cause of loss;
   b. The interests of all "insureds" and all others in the property involved and all liens on the property;
   c. Other insurance which may cover the loss;
   d. Changes in title or occupancy of the property during the term of the policy;
   e. Specifications of damaged buildings and detailed repair estimates;
   f. The inventory of damaged personal property described in **6.** above;
   g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
   h. Evidence or affidavit that supports a claim under **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages, stating the amount and cause of loss.

C. Loss Settlement

In this Condition **C.,** the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11.** Ordinance Or Law under Section **I** – Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:

a. Personal property;

b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;

c. Structures that are not buildings; and

d. Grave markers, including mausoleums;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of any deductible and without deduction for depreciation, but not more than the least of the following amounts:

(1) The limit of liability under this policy that applies to the building;

(2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or

(3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in **(2)** above is limited to the cost which would have been incurred if the building had been built at the original premises.

b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

(1) The actual cash value of that part of the building damaged; or

(2) That proportion of the cost to repair or replace, after application of any deductible and without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

(1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;

(2) Those supports described in **(1)** above which are below the surface of the ground inside the foundation walls, if there is no basement; and

(3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

(1) Less than 5% of the amount of insurance in this policy on the building; and

(2) Less than $2,500;

we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **C.** Loss Settlement, provided you notify us of your intent to do so within 180 days after the date of loss.

D. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or

2. Pay the difference between actual cash value of the property before and after the loss.

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E. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and

2. Bear the other expenses of the appraisal and umpire equally.

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or

2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

H. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

I. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;

2. There is an entry of a final judgment; or

3. There is a filing of an appraisal award with us.

J. Abandonment Of Property

We need not accept any property abandoned by an "insured".

K. Mortgage Clause

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:

  a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;

  b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and

  c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **E.** Appraisal, **G.** Suit Against Us and **I.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.

3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. If we pay the mortgagee for any loss and deny payment to you:

  a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or

  b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

L. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

M. Nuclear Hazard Clause

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.

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2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.

3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

N. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

O. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72 hour period will be considered as one volcanic eruption.

P. Policy Period

This policy applies only to loss which occurs during the policy period.

Q. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements;

relating to this insurance.

R. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
   a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
   b. Is caused by the activities of an "insured";
   c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
   d. Is caused by an animal owned by or in the care of an "insured".

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
   a. Is registered for use on public roads or property;
   b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
   c. Is being:
      (1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
      (2) Rented to others;
      (3) Used to carry persons or cargo for a charge; or
      (4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

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2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:

   a. In dead storage on an "insured location";

   b. Used solely to service an "insured's" residence;

   c. Designed to assist the handicapped and, at the time of an "occurrence", it is:

      (1) Being used to assist a handicapped person; or

      (2) Parked on an "insured location";

   d. Designed for recreational use off public roads and:

      (1) Not owned by an "insured"; or

      (2) Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions **B. 6.a., b., d., e.** or **h.;** or

   e. A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:

      (1) A golfing facility and is parked or stored there, or being used by an "insured" to:

         (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;

         (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or

         (c) Cross public roads at designated points to access other parts of the golfing facility; or

      (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:

   a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;

   b. Rented to others;

   c. Used to carry persons or cargo for a charge; or

   d. Used for any "business" purpose.

2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:

   a. Is stored;

   b. Is a sailing vessel, with or without auxiliary power, that is:

      (1) Less than 26 feet in overall length; or

      (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or

   c. Is not a sailing vessel and is powered by:

      (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:

         (a) 50 horsepower or less and not owned by an "insured"; or

         (b) More than 50 horsepower and not owned by or rented to an "insured"; or

      (2) One or more outboard engines or motors with:

         (a) 25 total horsepower or less;

         (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";

         (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or

         (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:

            (i) You declare them at policy inception; or

            (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

         The coverages in **(c)** and **(d)** above apply for the policy period.

   Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

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E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":

a. Is of a different kind, quality or degree than initially expected or intended; or

b. Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

b. This Exclusion **E.2.** does not apply to:

(1) The rental or holding for rental of an "insured location";

(a) On an occasional basis if used only as a residence;

(b) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

a. Owned by an "insured";

b. Rented to an "insured"; or

c. Rented to others by an "insured";

that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

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Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

F. Coverage E – Personal Liability

Coverage **E** does not apply to:

1. Liability:

a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;

b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:

(1) That directly relate to the ownership, maintenance or use of an "insured location"; or

(2) Where the liability of others is assumed by you prior to an "occurrence";

unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

5. "Bodily injury" or "property damage" for which an "insured" under this policy:

a. Is also an insured under a nuclear energy liability policy issued by the:

(1) Nuclear Energy Liability Insurance Association;

(2) Mutual Atomic Energy Liability Underwriters;

(3) Nuclear Insurance Association of Canada;

or any of their successors; or

b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definitions **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured":

a. To repay; or

b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F – Medical Payments To Others

Coverage **F** does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":

a. Occurs off the "insured location"; and

b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

3. From any:

a. Nuclear reaction;

b. Nuclear radiation; or

c. Radioactive contamination;

all whether controlled or uncontrolled or however caused; or

d. Any consequence of any of these; or

4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage **E** limit of liability. We need not apply for or furnish any bond;

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3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to $250 per day, for assisting us in the investigation or defense of a claim or suit; and
4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to $1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
   - **a.** To the extent of any amount recoverable under Section **I;**
   - **b.** Caused intentionally by an "insured" who is 13 years of age or older;
   - **c.** To property owned by an "insured";
   - **d.** To property owned by or rented to a tenant of an "insured" or a resident in your household; or
   - **e.** Arising out of:
     - **(1)** A "business" engaged in by an "insured";
     - **(2)** Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
     - **(3)** The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

       This exclusion **e.(3)** does not apply to a "motor vehicle" that:
       - **(a)** Is designed for recreational use off public roads;
       - **(b)** Is not owned by an "insured"; and
       - **(c)** At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to $1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
   - **a.** "Bodily injury" or "property damage" not excluded from coverage under Section **II** – Exclusions; or
   - **b.** Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
     - **(1)** Is elected by the members of a corporation or association of property owners; and
     - **(2)** Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph **I.** Policy Period under Section **II** – Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of $1,000 is the most we will pay for loss arising out of:
   - **a.** One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
   - **b.** A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage **E** for all damages resulting from any one "occurrence" will not be more than the Coverage **E** limit of liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

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Our total liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage **F** limit of liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:

a. The identity of the policy and the "named insured" shown in the Declarations;

b. Reasonably available information on the time, place and circumstances of the "occurrence"; and

c. Names and addresses of any claimants and witnesses;

2. Cooperate with us in the investigation, settlement or defense of any claim or suit;

3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";

4. At our request, help us:

a. To make settlement;

b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";

c. With the conduct of suits and attend hearings and trials; and

d. To secure and give evidence and obtain the attendance of witnesses;

5. With respect to **C.** Damage To Property Of Others under Section **II** – Additional Coverages, submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;

6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. The injured person or someone acting for the injured person will:

a. Give us written proof of claim, under oath if required, as soon as is practical; and

b. Authorize us to obtain copies of medical reports and records.

2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section **II.**

2. No one will have the right to join us as a party to any action against an "insured".

3. Also, no action with respect to Coverage **E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;

2. Engaged in fraudulent conduct; or

3. Made false statements;

relating to this insurance.

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SECTIONS I AND II – CONDITIONS

A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or

2. An amendatory endorsement.

B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

C. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.

2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.

b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

(1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

(2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C.** Damage To Property Of Others under Section **II** – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

2. "Insured" includes:

a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and

b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

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HOMEOWNERS 3 – SPECIAL FORM

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

(1) Ownership of such vehicle or craft by an "insured";

(2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;

(3) Entrustment of such vehicle or craft by an "insured" to any person;

(4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or

(5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

(1) Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;

(2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

(3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and

(4) Motor vehicle means a "motor vehicle" as defined in **7.** below.

2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

3. "Business" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

b. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than $2,000 in total compensation for the 12 months before the beginning of the policy period;

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

(4) The rendering of home day care services to a relative of an "insured".

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

5. "Insured" means:

a. You and residents of your household who are:

(1) Your relatives; or

(2) Other persons under the age of 21 and in the care of any person named above;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

(1) 24 and your relative; or

(2) 21 and in your care or the care of a person described in **a.(1)** above; or

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c. Under Section **II:**

(1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in **a.** or **b.** above. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or

(2) With respect to a "motor vehicle" to which this policy applies:

(a) Persons while engaged in your employ or that of any person included in **a.** or **b.** above; or

(b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections **I** and **II,** when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "Insured location" means:

a. The "residence premises";

b. The part of other premises, other structures and grounds used by you as a residence; and

(1) Which is shown in the Declarations; or

(2) Which is acquired by you during the policy period for your use as a residence;

c. Any premises used by you in connection with a premises described in **a.** and **b.** above;

d. Any part of a premises:

(1) Not owned by an "insured"; and

(2) Where an "insured" is temporarily residing;

e. Vacant land, other than farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one, two, three or four family dwelling is being built as a residence for an "insured";

g. Individual or family cemetery plots or burial vaults of an "insured"; or

h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

7. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:

a. "Bodily injury"; or

b. "Property damage".

9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

10. "Residence employee" means:

a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or

b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

11. "Residence premises" means:

a. The one family dwelling where you reside;

b. The two, three or four family dwelling where you reside in at least one of the family units; or

c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

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DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

1. We cover:

a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and

b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".

2. We do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

2. We do not cover:

a. Land, including land on which the other structures are located;

b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

c. Other structures from which any "business" is conducted; or

d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage **A.** Use of this coverage does not reduce the Coverage **A** limit of liability.

C. Coverage C – Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or

b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage **C,** or $1,000, whichever is greater. However, this limitation does not apply to personal property:

a. Moved from the "residence premises" because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or

b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage **C** limit of liability.

a. $200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

b. $1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

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c. $1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.

d. $1,500 on trailers or semitrailers not used with watercraft of all types.

e. $1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.

f. $2,500 for loss by theft of firearms and related equipment.

g. $2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollow-ware, tea sets, trays and trophies made of or including silver, gold or pewter.

h. $2,500 on property, on the "residence premises", used primarily for "business" purposes.

i. $500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories **j.** and **k.** below.

j. $1,500 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **j.**

k. $1,500 on electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **k.**

4. Property Not Covered

We do not cover:

a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

b. Animals, birds or fish;

c. "Motor vehicles".

(1) This includes:

(a) Their accessories, equipment and parts; or

(b) Electronic apparatus and accessories designed to be operated solely by power from the electrical system of the "motor vehicle". Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described above.

The exclusion of property described in **(a)** and **(b)** above applies only while such property is in or upon the "motor vehicle".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

(a) Used solely to service an "insured's" residence; or

(b) Designed to assist the handicapped;

d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided in **E.10.** Landlord's Furnishings under Section **I** – Property Coverages;

h. Property rented or held for rental to others off the "residence premises";

i. "Business" data, including such data stored in:

(1) Books of account, drawings or other paper records; or

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

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j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages; or

k. Water or steam.

D. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss covered under Section **I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1.** Additional Living Expense and **2.** Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use above are not limited by expiration of this policy.

E. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

(1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

(2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to $1,000, for the removal from the "residence premises" of:

(1) Your tree(s) felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or

(2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage **C;**

provided the tree(s):

(3) Damage(s) a covered structure; or

(4) Does not damage a covered structure, but:

(a) Block(s) a driveway on the "residence premises" which prevent(s) a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block(s) a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The $1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than $500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in **B.4.** under Section **I** – Conditions.

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

a. Fire or Lightning;

b. Explosion;

c. Riot or Civil Commotion;

d. Aircraft;

e. Vehicles not owned or operated by a resident of the "residence premises";

f. Vandalism or Malicious Mischief; or

g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than $500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

4. Fire Department Service Charge

We will pay up to $500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to $500 for:

(1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;

(2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;

(3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and

(4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

(1) Use of a credit card, electronic fund transfer card or access device:

(a) By a resident of your household;

(b) By a person who has been entrusted with either type of card or access device; or

(c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

(2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in **a.** above applies, the following defense provisions also apply:

(1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

(2) If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.

(3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under **a.(3)** above.

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7. Loss Assessment

a. We will pay up to $1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage **A,** other than:

(1) Earthquake; or

(2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of $1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph **P.** Policy Period under Section **I** – Conditions does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

a. With respect to this Additional Coverage:

(1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.

(2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.

(3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.

(4) A building or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:

(1) The Perils Insured Against named under Coverage **C;**

(2) Decay that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;

(3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;

(4) Weight of contents, equipment, animals or people;

(5) Weight of rain which collects on a roof; or

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

c. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **b.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.

d. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

a. We cover:

(1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;

(2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and

(3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

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b. This coverage does not include loss:

(1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or

(2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

We will pay up to $2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused by a Peril Insured Against in Coverage **C,** other than Theft.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

11. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage **A** for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.

c. We do not cover:

(1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

12. Grave Markers

We will pay up to $5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against under Coverage **C.**

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I – PERILS INSURED AGAINST

A. Coverage A – Dwelling And Coverage B – Other Structures

1. We insure against risk of direct physical loss to property described in Coverages **A** and **B.**

2. We do not insure, however, for loss:

a. Excluded under Section **I** – Exclusions;

b. Involving collapse, except as provided in **E.8.** Collapse under Section **I** – Property Coverages; or

c. Caused by:

(1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:

(a) Maintain heat in the building; or

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(b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

(2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:

(a) Fence, pavement, patio or swimming pool;

(b) Footing, foundation, bulkhead, wall, or any other structure or device that supports all or part of a building, or other structure;

(c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or

(d) Pier, wharf or dock;

(3) Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

(4) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;

(5) Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:

(a) A plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the "residence premises"; or

(b) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

(6) Any of the following:

(a) Wear and tear, marring, deterioration;

(b) Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

(c) Smog, rust or other corrosion, or dry rot;

(d) Smoke from agricultural smudging or industrial operations;

(e) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage **C.**

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

(f) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;

(g) Birds, vermin, rodents, or insects; or

(h) Animals owned or kept by an "insured".

Exception To c.(6)

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A** or **B** resulting from an accidental discharge or overflow of water or steam from within a:

(i) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

(ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section **I** – Exclusion **A.3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **c.(5)** and **(6)** above.

Under **2.b.** and **c.** above, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

B. Coverage C – Personal Property

We insure for direct physical loss to the property described in Coverage **C** caused by any of the following perils unless the loss is excluded in Section **I** – Exclusions.

1. Fire Or Lightning

2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief

9. Theft

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

(1) Committed by an "insured";

(2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

(3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or

(4) That occurs off the "residence premises" of:

(a) Trailers, semitrailers and campers;

(b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or

(c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 60 days immediately before the loss.

10. Falling Objects

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

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12. Accidental Discharge Or Overflow Of Water Or Steam

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

b. This peril does not include loss:

(1) To the system or appliance from which the water or steam escaped;

(2) Caused by or resulting from freezing except as provided in Peril Insured Against **14.** Freezing;

(3) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or

(4) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

d. Section **I** – Exclusion **A.3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

14. Freezing

a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

SECTION I – EXCLUSIONS

A. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided for in **E.11.** Ordinance Or Law under Section **I** – Property Coverages;

b. The requirements of which result in a loss in value to property; or

c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

b. Landslide, mudslide or mudflow;

c. Subsidence or sinkhole; or

d. Any other earth movement including earth sinking, rising or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

This Exclusion **A.2.** does not apply to loss by theft.

3. Water Damage

Water Damage means:

a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;

b. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or

c. Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

6. War

War includes the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. Nuclear Hazard

This Exclusion **A.7.** pertains to Nuclear Hazard to the extent set forth in **M.** Nuclear Hazard Clause under Section **I** – Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

B. We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.

2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

3. Faulty, inadequate or defective:

a. Planning, zoning, development, surveying, siting;

b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

c. Materials used in repair, construction, renovation or remodeling; or

d. Maintenance;

of part or all of any property whether on or off the "residence premises".

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SECTION I – CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or

2. For more than the applicable limit of liability.

B. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;

2. Notify the police in case of loss by theft;

3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages;

4. Protect the property from further damage. If repairs to the property are required, you must:

- **a.** Make reasonable and necessary repairs to protect the property; and
- **b.** Keep an accurate record of repair expenses;

5. Cooperate with us in the investigation of a claim;

6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;

7. As often as we reasonably require:

- **a.** Show the damaged property;
- **b.** Provide us with records and documents we request and permit us to make copies; and
- **c.** Submit to examination under oath, while not in the presence of another "insured", and sign the same;

8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

- **a.** The time and cause of loss;
- **b.** The interests of all "insureds" and all others in the property involved and all liens on the property;
- **c.** Other insurance which may cover the loss;
- **d.** Changes in title or occupancy of the property during the term of the policy;
- **e.** Specifications of damaged buildings and detailed repair estimates;
- **f.** The inventory of damaged personal property described in **6.** above;
- **g.** Receipts for additional living expenses incurred and records that support the fair rental value loss; and
- **h.** Evidence or affidavit that supports a claim under **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages, stating the amount and cause of loss.

C. Loss Settlement

In this Condition **C.,** the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11.** Ordinance Or Law under Section **I** – Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:

- **a.** Personal property;
- **b.** Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
- **c.** Structures that are not buildings; and
- **d.** Grave markers, including mausoleums;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

- **a.** If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of any deductible and without deduction for depreciation, but not more than the least of the following amounts:
  - **(1)** The limit of liability under this policy that applies to the building;
  - **(2)** The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
  - **(3)** The necessary amount actually spent to repair or replace the damaged building.

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If the building is rebuilt at a new premises, the cost described in **(2)** above is limited to the cost which would have been incurred if the building had been built at the original premises.

b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

(1) The actual cash value of that part of the building damaged; or

(2) That proportion of the cost to repair or replace, after application of any deductible and without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

(1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;

(2) Those supports described in **(1)** above which are below the surface of the ground inside the foundation walls, if there is no basement; and

(3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

(1) Less than 5% of the amount of insurance in this policy on the building; and

(2) Less than $2,500;

we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **C.** Loss Settlement, provided you notify us of your intent to do so within 180 days after the date of loss.

D. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or

2. Pay the difference between actual cash value of the property before and after the loss.

E. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and

2. Bear the other expenses of the appraisal and umpire equally.

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or

2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

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H. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

I. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;

2. There is an entry of a final judgment; or

3. There is a filing of an appraisal award with us.

J. Abandonment Of Property

We need not accept any property abandoned by an "insured".

K. Mortgage Clause

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:

a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;

b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and

c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **E.** Appraisal, **G.** Suit Against Us and **I.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.

3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. If we pay the mortgagee for any loss and deny payment to you:

a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or

b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

L. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

M. Nuclear Hazard Clause

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.

2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.

3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

N. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

O. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72 hour period will be considered as one volcanic eruption.

P. Policy Period

This policy applies only to loss which occurs during the policy period.

Q. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;

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2. Engaged in fraudulent conduct; or

3. Made false statements;

relating to this insurance.

R. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and

2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or

2. To a person off the "insured location", if the "bodily injury":

a. Arises out of a condition on the "insured location" or the ways immediately adjoining;

b. Is caused by the activities of an "insured";

c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or

d. Is caused by an animal owned by or in the care of an "insured".

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":

a. Is registered for use on public roads or property;

b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or

c. Is being:

(1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;

(2) Rented to others;

(3) Used to carry persons or cargo for a charge; or

(4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:

a. In dead storage on an "insured location";

b. Used solely to service an "insured's" residence;

c. Designed to assist the handicapped and, at the time of an "occurrence", it is:

(1) Being used to assist a handicapped person; or

(2) Parked on an "insured location";

d. Designed for recreational use off public roads and:

(1) Not owned by an "insured"; or

(2) Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions **B.6.a., b., d., e.** or **h.;** or

e. A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:

(1) A golfing facility and is parked or stored there, or being used by an "insured" to:

(a) Play the game of golf or for other recreational or leisure activity allowed by the facility;

(b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or

(c) Cross public roads at designated points to access other parts of the golfing facility; or

(2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:

a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;

b. Rented to others;

c. Used to carry persons or cargo for a charge; or

d. Used for any "business" purpose.

2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:

a. Is stored;

b. Is a sailing vessel, with or without auxiliary power, that is:

(1) Less than 26 feet in overall length; or

(2) 26 feet or more in overall length and not owned by or rented to an "insured"; or

c. Is not a sailing vessel and is powered by:

(1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:

(a) 50 horsepower or less and not owned by an "insured"; or

(b) More than 50 horsepower and not owned by or rented to an "insured"; or

(2) One or more outboard engines or motors with:

(a) 25 total horsepower or less;

(b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";

(c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or

(d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:

(i) You declare them at policy inception; or

(ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in **(c)** and **(d)** above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":

a. Is of a different kind, quality or degree than initially expected or intended; or

b. Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

b. This Exclusion **E.2.** does not apply to:

(1) The rental or holding for rental of an "insured location";

(a) On an occasional basis if used only as a residence;

(b) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

a. Owned by an "insured";

b. Rented to an "insured"; or

c. Rented to others by an "insured";

that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

F. Coverage E – Personal Liability

Coverage **E** does not apply to:

1. Liability:

a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;

b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:

(1) That directly relate to the ownership, maintenance or use of an "insured location"; or

(2) Where the liability of others is assumed by you prior to an "occurrence";

unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:

a. Workers' compensation law;

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b. Non-occupational disability law; or

c. Occupational disease law;

5. "Bodily injury" or "property damage" for which an "insured" under this policy:

   a. Is also an insured under a nuclear energy liability policy issued by the:

      (1) Nuclear Energy Liability Insurance Association;

      (2) Mutual Atomic Energy Liability Underwriters;

      (3) Nuclear Insurance Association of Canada;

      or any of their successors; or

   b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definitions **5.a.** or **b.**

   This exclusion also applies to any claim made or suit brought against you or an "insured":

   a. To repay; or

   b. Share damages with;

   another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F – Medical Payments To Others

Coverage **F** does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":

   a. Occurs off the "insured location"; and

   b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:

   a. Workers' compensation law;

   b. Non-occupational disability law; or

   c. Occupational disease law;

3. From any:

   a. Nuclear reaction;

   b. Nuclear radiation; or

   c. Radioactive contamination;

   all whether controlled or uncontrolled or however caused; or

   d. Any consequence of any of these; or

4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage **E** limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to $250 per day, for assisting us in the investigation or defense of a claim or suit; and

4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to $1,000 per "occurrence" for "property damage" to property of others caused by an "insured".

2. We will not pay for "property damage":

   a. To the extent of any amount recoverable under Section **I;**

   b. Caused intentionally by an "insured" who is 13 years of age or older;

   c. To property owned by an "insured";

   d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or

   e. Arising out of:

      (1) A "business" engaged in by an "insured";

      (2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or

      (3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

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This exclusion **e.(3)** does not apply to a "motor vehicle" that:

(a) Is designed for recreational use off public roads;

(b) Is not owned by an "insured"; and

(c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to $1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:

a. "Bodily injury" or "property damage" not excluded from coverage under Section **II** – Exclusions; or

b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:

(1) Is elected by the members of a corporation or association of property owners; and

(2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.

2. Paragraph **I.** Policy Period under Section **II** – Conditions does not apply to this Loss Assessment Coverage.

3. Regardless of the number of assessments, the limit of $1,000 is the most we will pay for loss arising out of:

a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or

b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.

4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage **E** for all damages resulting from any one "occurrence" will not be more than the Coverage **E** limit of liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage **F** limit of liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:

a. The identity of the policy and the "named insured" shown in the Declarations;

b. Reasonably available information on the time, place and circumstances of the "occurrence"; and

c. Names and addresses of any claimants and witnesses;

2. Cooperate with us in the investigation, settlement or defense of any claim or suit;

3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";

4. At our request, help us:

a. To make settlement;

b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";

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c. With the conduct of suits and attend hearings and trials; and

d. To secure and give evidence and obtain the attendance of witnesses;

5. With respect to **C.** Damage To Property Of Others under Section **II** – Additional Coverages, submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;

6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. The injured person or someone acting for the injured person will:

a. Give us written proof of claim, under oath if required, as soon as is practical; and

b. Authorize us to obtain copies of medical reports and records.

2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section **II.**

2. No one will have the right to join us as a party to any action against an "insured".

3. Also, no action with respect to Coverage **E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;

2. Engaged in fraudulent conduct; or

3. Made false statements;

relating to this insurance.

SECTIONS I AND II – CONDITIONS

A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or

2. An amendatory endorsement.

B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

C. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect**.**

2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.

b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

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c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

(1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

(2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C.** Damage To Property Of Others under Section **II** – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

2. "Insured" includes:

a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and

b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

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HOMEOWNERS 4 – CONTENTS BROAD FORM

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

(1) Ownership of such vehicle or craft by an "insured";

(2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;

(3) Entrustment of such vehicle or craft by an "insured" to any person;

(4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or

(5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

(1) Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;

(2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

(3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and

(4) Motor vehicle means a "motor vehicle" as defined in **7.** below.

2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

3. "Business" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

b. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than $2,000 in total compensation for the 12 months before the beginning of the policy period;

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

(4) The rendering of home day care services to a relative of an "insured".

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

5. "Insured" means:

a. You and residents of your household who are:

(1) Your relatives; or

(2) Other persons under the age of 21 and in the care of any person named above;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

(1) 24 and your relative; or

(2) 21 and in your care or the care of a person described in **a.(1)** above; or

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c. Under Section **II:**

(1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in **a.** or **b.** above. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or

(2) With respect to a "motor vehicle" to which this policy applies:

(a) Persons while engaged in your employ or that of any person included in **a.** or **b.** above; or

(b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections **I** and **II,** when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "Insured location" means:

a. The "residence premises";

b. The part of other premises, other structures and grounds used by you as a residence; and

(1) Which is shown in the Declarations; or

(2) Which is acquired by you during the policy period for your use as a residence;

c. Any premises used by you in connection with a premises described in **a.** and **b.** above;

d. Any part of a premises:

(1) Not owned by an "insured"; and

(2) Where an "insured" is temporarily residing;

e. Vacant land, other than farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one, two, three or four family dwelling is being built as a residence for an "insured";

g. Individual or family cemetery plots or burial vaults of an "insured"; or

h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

7. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:

a. "Bodily injury"; or

b. "Property damage".

9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

10. "Residence employee" means:

a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or

b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

11. "Residence premises" means:

a. The one family dwelling where you reside;

b. The two, three or four family dwelling where you reside in at least one of the family units; or

c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations.

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SECTION I – PROPERTY COVERAGES

A. Coverage C – Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or

b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage **C,** or $1,000, whichever is greater. However, this limitation does not apply to personal property:

a. Moved from the "residence premises" because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or

b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage **C** limit of liability.

a. $200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

b. $1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

c. $1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.

d. $1,500 on trailers or semitrailers not used with watercraft of all types.

e. $1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.

f. $2,500 for loss by theft of firearms and related equipment.

g. $2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

h. $2,500 on property, on the "residence premises", used primarily for "business" purposes.

i. $500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories **j.** and **k.** below.

j. $1,500 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **j.**

k. $1,500 on electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **k.**

4. Property Not Covered

We do not cover:

a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

b. Animals, birds or fish;

c. "Motor vehicles".

(1) This includes:

(a) Their accessories, equipment and parts; or

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(b) Electronic apparatus and accessories designed to be operated solely by power from the electrical system of the "motor vehicle". Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described above.

The exclusion of property described in **(a)** and **(b)** above applies only while such property is in or upon the "motor vehicle".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

(a) Used solely to service an "insured's" residence; or

(b) Designed to assist the handicapped;

d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in an apartment regularly rented or held for rental to others by an "insured";

h. Property rented or held for rental to others off the "residence premises";

i. "Business" data, including such data stored in:

(1) Books of account, drawings or other paper records; or

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **C.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages; or

k. Water or steam.

B. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1.** Additional Living Expense and **2.** Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use above are not limited by expiration of this policy.

C. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

(1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

(2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

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This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to $1,000, for the removal from the "residence premises" of:

(1) Your tree(s) felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or

(2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage **C;**

provided the tree(s):

(3) Damage(s) a covered structure; or

(4) Does not damage a covered structure, but:

(a) Block(s) a driveway on the "residence premises" which prevent(s) a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block(s) a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The $1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than $500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in **B.4.** under Section **I** – Conditions.

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

a. Fire or Lightning;

b. Explosion;

c. Riot or Civil Commotion;

d. Aircraft;

e. Vehicles not owned or operated by a resident of the "residence premises";

f. Vandalism or Malicious Mischief; or

g. Theft.

We will pay up to 10% of the limit of liability that applies to Coverage **C** for all trees, shrubs, plants or lawns. No more than $500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

4. Fire Department Service Charge

We will pay up to $500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to $500 for:

(1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;

(2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;

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(3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and

(4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

(1) Use of a credit card, electronic fund transfer card or access device:

(a) By a resident of your household;

(b) By a person who has been entrusted with either type of card or access device; or

(c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

(2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in **a.** above applies, the following defense provisions also apply:

(1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

(2) If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.

(3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under **a.(3)** above.

7. Loss Assessment

a. We will pay up to $1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage **C,** other than:

(1) Earthquake; or

(2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of $1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph **O.** Policy Period under Section **I** – Conditions does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

a. With respect to this Additional Coverage:

(1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.

(2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.

(3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.

(4) A building or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:

(1) The Perils Insured Against;

(2) Decay that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;

(3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;

(4) Weight of contents, equipment, animals or people;

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(5) Weight of rain which collects on a roof; or

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

c. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **b.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.

d. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

a. We cover:

(1) The breakage of glass or safety glazing material which is part of a building, storm door or storm window, and covered as Building Additions And Alterations;

(2) The breakage of glass or safety glazing material which is part of a building, storm door or storm window and covered as Building Additions And Alterations when caused directly by earth movement; and

(3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

(1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or

(2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Building Additions And Alterations

We cover under Coverage **C** the building improvements or installations, made or acquired at your expense, to that part of the "residence premises" used exclusively by you. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage **C.**

This coverage is additional insurance.

11. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Building Additions And Alterations for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.

c. We do not cover:

(1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

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Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

12. Grave Markers

We will pay up to $5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverage **C** caused by any of the following perils unless the loss is excluded in Section **I** – Exclusions.

1. Fire Or Lightning

2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief

This peril does not include loss to property on the "residence premises", and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

9. Theft

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

(1) Committed by an "insured";

(2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

(3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or

(4) That occurs off the "residence premises" of:

(a) Trailers, semitrailers and campers;

(b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or

(c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 60 days immediately before the loss.

10. Falling Objects

This peril does not include loss to the property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to the property contained in the building.

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12. Accidental Discharge Or Overflow Of Water Or Steam

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

b. This peril does not include loss:

(1) To the system or appliance from which the water or steam escaped;

(2) Caused by or resulting from freezing except as provided in Peril Insured Against **14.** Freezing;

(3) On the "residence premises" caused by accidental discharge or overflow which occurs away from the building where the "residence premises" is located; or

(4) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

d. Section **I** – Exclusion **3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss caused by or resulting from freezing except as provided in Peril Insured Against **14.** Freezing below.

14. Freezing

a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **1.a.** does not apply to the amount of coverage that may be provided for in **C.11.** Ordinance Or Law under Section **I** – Property Coverages;

b. The requirements of which result in a loss in value to property; or

c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

b. Landslide, mudslide or mudflow;

c. Subsidence or sinkhole; or

d. Any other earth movement including earth sinking, rising or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

This Exclusion **2.** does not apply to loss by theft.

3. Water Damage

Water Damage means:

a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;

b. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or

c. Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

6. War

War includes the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. Nuclear Hazard

This Exclusion **7.** pertains to Nuclear Hazard to the extent set forth in **L.** Nuclear Hazard Clause under Section **I** – Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

SECTION I – CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or

2. For more than the applicable limit of liability.

B. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;

2. Notify the police in case of loss by theft;

3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **C.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages;

4. Protect the property from further damage. If repairs to the property are required, you must:

  a. Make reasonable and necessary repairs to protect the property; and

  b. Keep an accurate record of repair expenses;

5. Cooperate with us in the investigation of a claim;

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6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;

7. As often as we reasonably require:

a. Show the damaged property;

b. Provide us with records and documents we request and permit us to make copies; and

c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;

8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

a. The time and cause of loss;

b. The interests of all "insureds" and all others in the property involved and all liens on the property;

c. Other insurance which may cover the loss;

d. Changes in title or occupancy of the property during the term of the policy;

e. Specifications of damaged buildings and detailed repair estimates;

f. The inventory of damaged personal property described in **6.** above;

g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and

h. Evidence or affidavit that supports a claim under **C.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages, stating the amount and cause of loss.

C. Loss Settlement

Covered property losses are settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

D. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or

2. Pay the difference between actual cash value of the property before and after the loss.

E. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and

2. Bear the other expenses of the appraisal and umpire equally.

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or

2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

H. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

I. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;

2. There is an entry of a final judgment; or

3. There is a filing of an appraisal award with us.

J. Abandonment Of Property

We need not accept any property abandoned by an "insured".

K. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

L. Nuclear Hazard Clause

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.

2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.

3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

M. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

N. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72 hour period will be considered as one volcanic eruption.

O. Policy Period

This policy applies only to loss which occurs during the policy period.

P. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;

2. Engaged in fraudulent conduct; or

3. Made false statements;

relating to this insurance.

Q. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and

2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or

2. To a person off the "insured location", if the "bodily injury":

- **a.** Arises out of a condition on the "insured location" or the ways immediately adjoining;
- **b.** Is caused by the activities of an "insured";
- **c.** Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
- **d.** Is caused by an animal owned by or in the care of an "insured".

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":

a. Is registered for use on public roads or property;

b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or

c. Is being:

(1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;

(2) Rented to others;

(3) Used to carry persons or cargo for a charge; or

(4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:

a. In dead storage on an "insured location";

b. Used solely to service an "insured's" residence;

c. Designed to assist the handicapped and, at the time of an "occurrence", it is:

(1) Being used to assist a handicapped person; or

(2) Parked on an "insured location";

d. Designed for recreational use off public roads and:

(1) Not owned by an "insured"; or

(2) Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions **B. 6.a., b., d., e.** or **h.;** or

e. A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:

(1) A golfing facility and is parked or stored there, or being used by an "insured" to:

(a) Play the game of golf or for other recreational or leisure activity allowed by the facility;

(b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or

(c) Cross public roads at designated points to access other parts of the golfing facility; or

(2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:

a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;

b. Rented to others;

c. Used to carry persons or cargo for a charge; or

d. Used for any "business" purpose.

2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:

a. Is stored;

b. Is a sailing vessel, with or without auxiliary power, that is:

(1) Less than 26 feet in overall length; or

(2) 26 feet or more in overall length and not owned by or rented to an "insured"; or

c. Is not a sailing vessel and is powered by:

(1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:

(a) 50 horsepower or less and not owned by an "insured"; or

(b) More than 50 horsepower and not owned by or rented to an "insured"; or

(2) One or more outboard engines or motors with:

(a) 25 total horsepower or less;

(b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";

(c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or

(d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:

(i) You declare them at policy inception; or

(ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in **(c)** and **(d)** above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":

a. Is of a different kind, quality or degree than initially expected or intended; or

b. Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

b. This Exclusion **E.2.** does not apply to:

(1) The rental or holding for rental of an "insured location";

(a) On an occasional basis if used only as a residence;

(b) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

a. Owned by an "insured";

b. Rented to an "insured"; or

c. Rented to others by an "insured";

that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

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8. **Controlled Substance**

   "Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

F. Coverage E – Personal Liability

Coverage **E** does not apply to:

1. Liability:

- **a.** For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;
- **b.** Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:
  - **(1)** That directly relate to the ownership, maintenance or use of an "insured location"; or
  - **(2)** Where the liability of others is assumed by you prior to an "occurrence";

  unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:

- **a.** Workers' compensation law;
- **b.** Non-occupational disability law; or
- **c.** Occupational disease law;

5. "Bodily injury" or "property damage" for which an "insured" under this policy:

- **a.** Is also an insured under a nuclear energy liability policy issued by the:
  - **(1)** Nuclear Energy Liability Insurance Association;
  - **(2)** Mutual Atomic Energy Liability Underwriters;
  - **(3)** Nuclear Insurance Association of Canada;

  or any of their successors; or
- **b.** Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definitions **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured":

- **a.** To repay; or
- **b.** Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F – Medical Payments To Others

Coverage **F** does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":

- **a.** Occurs off the "insured location"; and
- **b.** Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:

- **a.** Workers' compensation law;
- **b.** Non-occupational disability law; or
- **c.** Occupational disease law;

3. From any:

- **a.** Nuclear reaction;
- **b.** Nuclear radiation; or
- **c.** Radioactive contamination;

  all whether controlled or uncontrolled or however caused; or
- **d.** Any consequence of any of these; or

4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

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SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage **E** limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to $250 per day, for assisting us in the investigation or defense of a claim or suit; and

4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to $1,000 per "occurrence" for "property damage" to property of others caused by an "insured".

2. We will not pay for "property damage":

a. To the extent of any amount recoverable under Section **I;**

b. Caused intentionally by an "insured" who is 13 years of age or older;

c. To property owned by an "insured";

d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or

e. Arising out of:

(1) A "business" engaged in by an "insured";

(2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or

(3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This exclusion **e.(3)** does not apply to a "motor vehicle" that:

(a) Is designed for recreational use off public roads;

(b) Is not owned by an "insured"; and

(c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to $1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:

a. "Bodily injury" or "property damage" not excluded from coverage under Section **II** – Exclusions; or

b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:

(1) Is elected by the members of a corporation or association of property owners; and

(2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.

2. Paragraph **I.** Policy Period under Section **II** – Conditions does not apply to this Loss Assessment Coverage.

3. Regardless of the number of assessments, the limit of $1,000 is the most we will pay for loss arising out of:

a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or

b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.

4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

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SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage **E** for all damages resulting from any one "occurrence" will not be more than the Coverage **E** limit of liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage **F** limit of liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
   a. The identity of the policy and the "named insured" shown in the Declarations;
   b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
   c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
   a. To make settlement;
   b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
   c. With the conduct of suits and attend hearings and trials; and
   d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C.** Damage To Property Of Others under Section **II** – Additional Coverages, submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. The injured person or someone acting for the injured person will:
   a. Give us written proof of claim, under oath if required, as soon as is practical; and
   b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section **II.**
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage **E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

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J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements;

relating to this insurance.

SECTIONS I AND II – CONDITIONS

A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or
2. An amendatory endorsement.

B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

C. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
   - **a.** When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
   - **b.** When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
   - **c.** When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
     - **(1)** If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
     - **(2)** If the risk has changed substantially since the policy was issued.

     This can be done by letting you know at least 30 days before the date cancellation takes effect.
   - **d.** When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C.** Damage To Property Of Others under Section **II** – Additional Coverages.

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G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

2. "Insured" includes:

a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and

b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

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HOMEOWNERS 5 – COMPREHENSIVE FORM

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

(1) Ownership of such vehicle or craft by an "insured";

(2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;

(3) Entrustment of such vehicle or craft by an "insured" to any person;

(4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or

(5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

(1) Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;

(2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

(3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and

(4) Motor vehicle means a "motor vehicle" as defined in **7.** below.

2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

3. "Business" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

b. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than $2,000 in total compensation for the 12 months before the beginning of the policy period;

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

(4) The rendering of home day care services to a relative of an "insured".

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

5. "Insured" means:

a. You and residents of your household who are:

(1) Your relatives; or

(2) Other persons under the age of 21 and in the care of any person named above;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

(1) 24 and your relative; or

(2) 21 and in your care or the care of a person described in **a.(1)** above; or

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c. Under Section **II:**

(1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in **a.** or **b.** above. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or

(2) With respect to a "motor vehicle" to which this policy applies:

(a) Persons while engaged in your employ or that of any person included in **a.** or **b.** above; or

(b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections **I** and **II,** when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "Insured location" means:

a. The "residence premises";

b. The part of other premises, other structures and grounds used by you as a residence; and

(1) Which is shown in the Declarations; or

(2) Which is acquired by you during the policy period for your use as a residence;

c. Any premises used by you in connection with a premises described in **a.** and **b.** above;

d. Any part of a premises:

(1) Not owned by an "insured"; and

(2) Where an "insured" is temporarily residing;

e. Vacant land, other than farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one, two, three or four family dwelling is being built as a residence for an "insured";

g. Individual or family cemetery plots or burial vaults of an "insured"; or

h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

7. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:

a. "Bodily injury"; or

b. "Property damage".

9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

10. "Residence employee" means:

a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or

b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

11. "Residence premises" means:

a. The one family dwelling where you reside;

b. The two, three or four family dwelling where you reside in at least one of the family units; or

c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

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DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

1. We cover:

a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and

b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".

2. We do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

2. We do not cover:

a. Land, including land on which the other structures are located;

b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

c. Other structures from which any "business" is conducted; or

d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage **A.** Use of this coverage does not reduce the Coverage **A** limit of liability.

C. Coverage C – Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or

b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage **C,** or $1,000, whichever is greater. However, this limitation does not apply to personal property:

a. Moved from the "residence premises" because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or

b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage **C** limit of liability.

a. $200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

b. $1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

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c. $1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.

d. $1,500 on trailers or semitrailers not used with watercraft of all types.

e. $1,500 for loss by theft, misplacing or losing of jewelry, watches, furs, precious and semiprecious stones.

f. $2,500 for loss by theft, misplacing or losing of firearms and related equipment.

g. $2,500 for loss by theft, misplacing or losing of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

h. $2,500 on property, on the "residence premises", used primarily for "business" purposes.

i. $500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories **j.** and **k.** below.

j. $1,500 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **j.**

k. $1,500 on electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **k.**

4. Property Not Covered

We do not cover:

a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

b. Animals, birds or fish;

c. "Motor vehicles".

(1) This includes:

(a) Their accessories, equipment and parts; or

(b) Electronic apparatus and accessories designed to be operated solely by power from the electrical system of the "motor vehicle". Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described above.

The exclusion of property described in **(a)** and **(b)** above applies only while such property is in or upon the "motor vehicle".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

(a) Used solely to service an "insured's" residence; or

(b) Designed to assist the handicapped;

d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in an apartment regularly rented or held for rental to others by an "insured", except as provided under **E.10.** Landlord's Furnishings under Section **I** – Property Coverages;

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h. Property rented or held for rental to others off the "residence premises";

i. "Business" data, including such data stored in:

(1) Books of account, drawings or other paper records; or

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages; or

k. Water or steam.

D. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss covered under Section **I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1.** Additional Living Expense and **2.** Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use above are not limited by expiration of this policy.

E. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

(1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

(2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to $1,000, for the removal from the "residence premises" of:

(1) Your tree(s) felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or

(2) A neighbor's tree(s) felled by a Peril Insured Against;

provided the tree(s):

(3) Damage(s) a covered structure; or

(4) Does not damage a covered structure, but:

(a) Block(s) a driveway on the "residence premises" which prevent(s) a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block(s) a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

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The $1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than $500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in **B.4.** under Section **I** – Conditions.

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

a. Fire or Lightning;

b. Explosion;

c. Riot or Civil Commotion;

d. Aircraft;

e. Vehicles not owned or operated by a resident of the "residence premises";

f. Vandalism or Malicious Mischief; or

g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than $500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

4. Fire Department Service Charge

We will pay up to $500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to $500 for:

(1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;

(2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;

(3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and

(4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

(1) Use of a credit card, electronic fund transfer card or access device:

(a) By a resident of your household;

(b) By a person who has been entrusted with either type of card or access device; or

(c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

(2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in **a.** above applies, the following defense provisions also apply:

(1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

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(2) If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.

(3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under **a.(3)** above.

7. Loss Assessment

a. We will pay up to $1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against, other than:

(1) Earthquake; or

(2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of $1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph **P.** Policy Period under Section **I** – Conditions does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

a. This Additional Coverage applies to property covered under Coverages **A** and **B.** With respect to this Additional Coverage:

(1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.

(2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.

(3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.

(4) A building or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:

(1) The Perils Insured Against under Coverages **A** and **B;**

(2) Decay that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;

(3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;

(4) Weight of contents, equipment, animals or people;

(5) Weight of rain which collects on a roof; or

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

c. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **b.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.

d. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

a. We cover:

(1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;

(2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and

(3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

(1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or

(2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Landlord's Furnishings

We will pay up to $2,500 for your appliances, carpeting and other household furnishings, in each apartment on the "residence premises" regularly rented or held for rental to others by an "insured", for loss caused only by the following Perils Insured Against:

a. Fire Or Lightning

b. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

c. Explosion

d. Riot Or Civil Commotion

e. Aircraft

This peril includes self-propelled missiles and spacecraft.

f. Vehicles

g. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

h. Vandalism Or Malicious Mischief

i. Falling Objects

This peril does not include loss to property contained in a building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

j. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to property contained in a building.

k. Accidental Discharge Or Overflow Of Water Or Steam

(1) This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance.

(2) This peril does not include loss:

(a) To the system or appliance from which the water or steam escaped;

(b) Caused by or resulting from freezing except as provided in **m.** Freezing below;

(c) On the "residence premises" caused by accidental discharge or overflow which occurs off the "residence premises"; or

(d) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

(3) In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

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l. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

We do not cover loss caused by or resulting from freezing under this peril.

m. Freezing

(1) This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

(a) Maintain heat in the building; or

(b) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

(2) In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

n. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

o. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

This limit is the most we will pay in any one loss regardless of the number of appliances, carpeting or other household furnishings involved in the loss.

This coverage does not increase the limit of liability applying to the damaged property.

11. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage **A** for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or

(3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.

c. We do not cover:

(1) The loss in value to any covered building or other structure due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any covered building or other structure.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

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12. Grave Markers

We will pay up to $5,000 for grave markers, including mausoleums, on or away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I – PERILS INSURED AGAINST

We insure against risk of direct physical loss to property described in Coverages **A, B** and **C.**

We do not insure, however, for loss:

A. Under Coverages **A, B** and **C:**

1. Excluded under Section **I** – Exclusions;

2. Caused by:

a. Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

b. Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:

(1) Fence, pavement, patio or swimming pool;

(2) Footing, foundation, bulkhead, wall, or any other structure or device, that supports all or part of a building or other structure;

(3) Retaining wall or bulkhead that does not support all or part of a building or other structure; or

(4) Pier, wharf or dock;

c. Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

d. Mold, fungus or wet rot. However, we do insure for loss caused by mold, fungus or wet rot that is hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure if such loss results from the accidental discharge or overflow of water or steam from within:

(1) A plumbing, heating, air conditioning or automatic fire protective sprinkler system, or a household appliance, on the "residence premises"; or

(2) A storm drain, or water, steam or sewer pipes, off the "residence premises".

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment; or

e. Any of the following:

(1) Wear and tear, marring, deterioration;

(2) Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

(3) Smog, rust or other corrosion, or dry rot;

(4) Smoke from agricultural smudging or industrial operations;

(5) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against in **a.** through **o.** as listed in **E.10.** Landlord's Furnishings under Section **I** – Property Coverages.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

(6) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;

(7) Birds, vermin, rodents, or insects; or

(8) Animals owned or kept by an "insured".

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Exception To 2.e.

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A, B** or **C** resulting from an accidental discharge or overflow of water or steam from within a:

(i) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

(ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure, on the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section **I** – Exclusion **A.3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **d.** and **e.** above.

Under **2.a.** through **e.** above, any ensuing loss to property described in Coverages **A, B** and **C** not precluded by any other provision in this policy is covered.

B. Under Coverages **A** and **B:**

1. Caused by vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
2. Involving collapse, other than as provided in **E.8.** Collapse under Section **I** – Property Coverages. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

C. Under Coverage **C** caused by:

1. Breakage of eyeglasses, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles other than jewelry, watches bronzes, cameras and photographic lenses.

   However, there is coverage for breakage of the property by or resulting from:

   a. Fire, lightning, windstorm, hail;

   b. Smoke, other than smoke from agricultural smudging or industrial operations;

   c. Explosion, riot, civil commotion;

   d. Aircraft, vehicles, vandalism and malicious mischief;

   e. Collapse of a building or any part of a building;

   f. Water not otherwise excluded;

   g. Theft or attempted theft; or

   h. Sudden and accidental tearing apart, cracking, burning or bulging of:

   (1) A steam or hot water heating system**;**

   (2) An air conditioning or automatic fire protective sprinkler system; or

   (3) An appliance for heating water;
2. Dampness, of atmosphere or extremes of temperature unless the direct cause of loss is rain, snow, sleet or hail;
3. Refinishing, renovating or repairing property other than watches, jewelry and furs;
4. Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft, including their trailers, furnishings equipment and out board engines or motors;
5. Destruction, confiscation or seizure by order of any government or public authority; or
6. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. However, any ensuing loss to property described in Coverage **C** not precluded by any other provision in this policy is covered.

SECTION I – EXCLUSIONS

A. We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

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1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **A.1.a.** does not apply to the amount of coverage that may be provided for in **E.11.** Ordinance Or Law under Section **I** – Property Coverages;

b. The requirements of which result in a loss in value to property; or

c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **A.1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

b. Landslide, mudslide or mudflow;

c. Subsidence or sinkhole; or

d. Any other earth movement including earth sinking, rising or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

This Exclusion **A.2.** does not apply to loss by theft.

3. Water Damage

Water Damage means:

a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;

b. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or

c. Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

Water damage to property described in Coverage **C** away from a premises or location owned, rented, occupied or controlled by an "insured" is covered.

Water damage to property described in Coverage **C** on a premises or location owned, rented, occupied or controlled by an "insured" is excluded even if weather conditions contribute in any way to produce the loss.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

6. War

War includes the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. Nuclear Hazard

This Exclusion **A.7.** pertains to Nuclear Hazard to the extent set forth in **M.** Nuclear Hazard Clause under Section **I** – Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

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9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

B. We do not insure for loss to property described in Coverages **A** and **B** caused by any of the following. However, any ensuing loss to property described in Coverages **A** and **B** not precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **A.** above to produce the loss.

2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

3. Faulty, inadequate or defective:

a. Planning, zoning, development, surveying, siting;

b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

c. Materials used in repair, construction, renovation or remodeling; or

d. Maintenance;

of part or all of any property whether on or off the "residence premises".

SECTION I – CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or

2. For more than the applicable limit of liability.

B. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, or an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;

2. Notify the police in case of loss by theft;

3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages;

4. Protect the property from further damage. If repairs to the property are required, you must:

a. Make reasonable and necessary repairs to protect the property; and

b. Keep an accurate record of repair expenses;

5. Cooperate with us in the investigation of a claim;

6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;

7. As often as we reasonably require:

a. Show the damaged property;

b. Provide us with records and documents we request and permit us to make copies; and

c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;

8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

a. The time and cause of loss;

b. The interests of all "insureds" and all others in the property involved and all liens on the property;

c. Other insurance which may cover the loss;

d. Changes in title or occupancy of the property during the term of the policy;

e. Specifications of damaged buildings and detailed repair estimates;

f. The inventory of damaged personal property described in **6.** above;

g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and

h. Evidence or affidavit that supports a claim under **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages, stating the amount and cause of loss.

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C. Loss Settlement

In this Condition **C.,** the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs are provided in **E.11.** Ordinance Or Law under Section **I** – Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:

a. Personal property;

b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;

c. Structures that are not buildings; and

d. Grave markers, including mausoleums;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of any deductible and without deduction for depreciation, but not more than the least of the following amounts:

(1) The limit of liability under this policy that applies to the building;

(2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or

(3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in **(2)** above is limited to the cost which would have been incurred if the building had been built at the original premises.

b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

(1) The actual cash value of that part of the building damaged; or

(2) That proportion of the cost to repair or replace, after application of any deductible and without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

(1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;

(2) Those supports described in **(1)** above which are below the surface of the ground inside the foundation walls, if there is no basement; and

(3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

(1) Less than 5% of the amount of insurance in this policy on the building; and

(2) Less than $2,500;

we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **C.** Loss Settlement, provided you notify us of your intent to do so within 180 days after the date of loss.

D. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or

2. Pay the difference between actual cash value of the property before and after the loss.

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E. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and

2. Bear the other expenses of the appraisal and umpire equally.

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or

2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

H. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

I. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;

2. There is an entry of a final judgment; or

3. There is a filing of an appraisal award with us.

J. Abandonment Of Property

We need not accept any property abandoned by an "insured".

K. Mortgage Clause

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:

a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;

b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and

c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **E.** Appraisal, **G.** Suit Against Us and **I.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.

3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. If we pay the mortgagee for any loss and deny payment to you:

a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or

b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

L. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

M. Nuclear Hazard Clause

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.

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2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.

3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

N. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

O. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72 hour period will be considered as one volcanic eruption.

P. Policy Period

This policy applies only to loss which occurs during the policy period.

Q. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements;

relating to this insurance.

R. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
   - **a.** Arises out of a condition on the "insured location" or the ways immediately adjoining;
   - **b.** Is caused by the activities of an "insured";
   - **c.** Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
   - **d.** Is caused by an animal owned by or in the care of an "insured".

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
   - **a.** Is registered for use on public roads or property;
   - **b.** Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
   - **c.** Is being:
     - **(1)** Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
     - **(2)** Rented to others;
     - **(3)** Used to carry persons or cargo for a charge; or
     - **(4)** Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

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2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:
   a. In dead storage on an "insured location";
   b. Used solely to service an "insured's" residence;
   c. Designed to assist the handicapped and, at the time of an "occurrence", it is:
      (1) Being used to assist a handicapped person; or
      (2) Parked on an "insured location";
   d. Designed for recreational use off public roads and:
      (1) Not owned by an "insured"; or
      (2) Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions **B. 6.a., b., d., e.** or **h.;** or
   e. A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
      (1) A golfing facility and is parked or stored there, or being used by an "insured" to:
         (a) Play the game of golf or for other recreational or leisure activity allowed by the facility;
         (b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
         (c) Cross public roads at designated points to access other parts of the golfing facility; or
      (2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
   a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
   b. Rented to others;
   c. Used to carry persons or cargo for a charge; or
   d. Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
   a. Is stored;
   b. Is a sailing vessel, with or without auxiliary power, that is:
      (1) Less than 26 feet in overall length; or
      (2) 26 feet or more in overall length and not owned by or rented to an "insured"; or
   c. Is not a sailing vessel and is powered by:
      (1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
         (a) 50 horsepower or less and not owned by an "insured"; or
         (b) More than 50 horsepower and not owned by or rented to an "insured"; or
      (2) One or more outboard engines or motors with:
         (a) 25 total horsepower or less;
         (b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
         (c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or
         (d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:
            (i) You declare them at policy inception; or
            (ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

         The coverages in **(c)** and **(d)** above apply for the policy period.

   Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

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D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":

a. Is of a different kind, quality or degree than initially expected or intended; or

b. Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

b. This Exclusion **E.2.** does not apply to:

(1) The rental or holding for rental of an "insured location";

(a) On an occasional basis if used only as a residence;

(b) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

a. Owned by an "insured";

b. Rented to an "insured"; or

c. Rented to others by an "insured";

that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

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F. Coverage E – Personal Liability

Coverage **E** does not apply to:

1. Liability:

a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;

b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:

(1) That directly relate to the ownership, maintenance or use of an "insured location"; or

(2) Where the liability of others is assumed by you prior to an "occurrence";

unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

5. "Bodily injury" or "property damage" for which an "insured" under this policy:

a. Is also an insured under a nuclear energy liability policy issued by the:

(1) Nuclear Energy Liability Insurance Association;

(2) Mutual Atomic Energy Liability Underwriters;

(3) Nuclear Insurance Association of Canada;

or any of their successors; or

b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definitions **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured":

a. To repay; or

b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F – Medical Payments To Others

Coverage **F** does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":

a. Occurs off the "insured location"; and

b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

3. From any:

a. Nuclear reaction;

b. Nuclear radiation; or

c. Radioactive contamination;

all whether controlled or uncontrolled or however caused; or

d. Any consequence of any of these; or

4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage **E** limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to $250 per day, for assisting us in the investigation or defense of a claim or suit; and

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4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to $1,000 per "occurrence" for "property damage" to property of others caused by an "insured".
2. We will not pay for "property damage":
   - **a.** To the extent of any amount recoverable under Section **I;**
   - **b.** Caused intentionally by an "insured" who is 13 years of age or older;
   - **c.** To property owned by an "insured";
   - **d.** To property owned by or rented to a tenant of an "insured" or a resident in your household; or
   - **e.** Arising out of:
     - **(1)** A "business" engaged in by an "insured";
     - **(2)** Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or
     - **(3)** The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

       This exclusion **e.(3)** does not apply to a "motor vehicle" that:
       - **(a)** Is designed for recreational use off public roads;
       - **(b)** Is not owned by an "insured"; and
       - **(c)** At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to $1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:
   - **a.** "Bodily injury" or "property damage" not excluded from coverage under Section **II** – Exclusions; or
   - **b.** Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:
     - **(1)** Is elected by the members of a corporation or association of property owners; and
     - **(2)** Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.
2. Paragraph **I.** Policy Period under Section **II** – Conditions does not apply to this Loss Assessment Coverage.
3. Regardless of the number of assessments, the limit of $1,000 is the most we will pay for loss arising out of:
   - **a.** One accident, including continuous or repeated exposure to substantially the same general harmful condition; or
   - **b.** A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.
4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage **E** for all damages resulting from any one "occurrence" will not be more than the Coverage **E** limit of liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage **F** limit of liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

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C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:

a. The identity of the policy and the "named insured" shown in the Declarations;

b. Reasonably available information on the time, place and circumstances of the "occurrence"; and

c. Names and addresses of any claimants and witnesses;

2. Cooperate with us in the investigation, settlement or defense of any claim or suit;

3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";

4. At our request, help us:

a. To make settlement;

b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";

c. With the conduct of suits and attend hearings and trials; and

d. To secure and give evidence and obtain the attendance of witnesses;

5. With respect to **C.** Damage To Property Of Others under Section **II** – Additional Coverage, submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;

6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. The injured person or someone acting for the injured person will:

a. Give us written proof of claim, under oath if required, as soon as is practical; and

b. Authorize us to obtain copies of medical reports and records.

2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section **II.**

2. No one will have the right to join us as a party to any action against an "insured".

3. Also, no action with respect to Coverage **E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;

2. Engaged in fraudulent conduct; or

3. Made false statements;

relating to this insurance.

SECTIONS I AND II – CONDITIONS

A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or

2. An amendatory endorsement.

B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

C. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.
2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.
   a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.
   b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.
   c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:
      (1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or
      (2) If the risk has changed substantially since the policy was issued.

      This can be done by letting you know at least 30 days before the date cancellation takes effect.
   d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.
3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.
4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C.** Damage To Property Of Others under Section **II** – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and
2. "Insured" includes:
   a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and
   b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

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HOMEOWNERS 6 – UNIT-OWNERS FORM

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

(1) Ownership of such vehicle or craft by an "insured";

(2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;

(3) Entrustment of such vehicle or craft by an "insured" to any person;

(4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or

(5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

(1) Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;

(2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

(3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and

(4) Motor vehicle means a "motor vehicle" as defined in **7.** below.

2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

3. "Business" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

b. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than $2,000 in total compensation for the 12 months before the beginning of the policy period;

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

(4) The rendering of home day care services to a relative of an "insured".

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

5. "Insured" means:

a. You and residents of your household who are:

(1) Your relatives; or

(2) Other persons under the age of 21 and in the care of any person named above;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

(1) 24 and your relative; or

(2) 21 and in your care or the care of a person described in **a.(1)** above; or

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c. Under Section **II:**

(1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in **a.** or **b.** above. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or

(2) With respect to a "motor vehicle" to which this policy applies:

(a) Persons while engaged in your employ or that of any person included in **a.** or **b.** above; or

(b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections **I** and **II,** when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "Insured location" means:

a. The "residence premises";

b. The part of other premises, other structures and grounds used by you as a residence; and

(1) Which is shown in the Declarations; or

(2) Which is acquired by you during the policy period for your use as a residence;

c. Any premises used by you in connection with a premises described in **a.** and **b.** above;

d. Any part of a premises:

(1) Not owned by an "insured"; and

(2) Where an "insured" is temporarily residing;

e. Vacant land, other than farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one, two, three or four family dwelling is being built as a residence for an "insured";

g. Individual or family cemetery plots or burial vaults of an "insured"; or

h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

7. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:

a. "Bodily injury"; or

b. "Property damage".

9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

10. "Residence employee" means:

a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or

b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

11. "Residence premises" means the unit where you reside shown as the "residence premises" in the Declarations.

DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

1. We cover:

a. The alterations, appliances, fixtures and improvements which are part of the building contained within the "residence premises";

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b. Items of real property which pertain exclusively to the "residence premises";

c. Property which is your insurance responsibility under a corporation or association of property owners agreement; or

d. Structures owned solely by you, other than the "residence premises", at the location of the "residence premises".

2. We do not cover:

a. Land, including land on which the "residence premises", real property or structures are located;

b. Structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

c. Structures from which any "business" is conducted; or

d. Structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

B. Coverage C – Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

a. Others while the property is on the part of the "residence premises" occupied by an "insured"; or

b. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

2. Limit For Property At Other Residences

Our limit of liability for personal property usually located at an "insured's" residence, other than the "residence premises", is 10% of the limit of liability for Coverage **C,** or $1,000, whichever is greater. However, this limitation does not apply to personal property:

a. Moved from the "residence premises" because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or

b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage **C** limit of liability.

a. $200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

b. $1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

c. $1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.

d. $1,500 on trailers or semitrailers not used with watercraft of all types.

e. $1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.

f. $2,500 for loss by theft of firearms and related equipment.

g. $2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

h. $2,500 on property, on the "residence premises", used primarily for "business" purposes.

i. $500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories **j.** and **k.** below.

j. $1,500 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **j.**

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k. $1,500 on electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **k.**

4. Property Not Covered

We do not cover:

a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

b. Animals, birds or fish;

c. "Motor vehicles".

(1) This includes:

(a) Their accessories, equipment and parts; or

(b) Electronic apparatus and accessories designed to be operated solely by power from the electrical system of the "motor vehicle". Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described above.

The exclusion of property described in **(a)** and **(b)** above applies only while such property is in or upon the "motor vehicle".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

(a) Used solely to service an "insured's" residence; or

(b) Designed to assist the handicapped;

d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in an apartment regularly rented or held for rental to others by an "insured";

h. Property rented or held for rental to others off the "residence premises";

i. "Business" data, including such data stored in:

(1) Books of account, drawings or other paper records; or

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **D.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages; or

k. Water or steam.

C. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1.** Additional Living Expense and **2.** Fair Rental Value above for no more than two weeks.

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4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use above are not limited by expiration of this policy.

D. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

(1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

(2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit is available for such expense.

b. We will also pay your reasonable expense, up to $1,000, for the removal from the "residence premises" of:

(1) Tree(s) you solely own felled by the peril of Windstorm or Hail or Weight of Ice, Snow or Sleet; or

(2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage **C;**

provided the tree(s) damage(s) a covered structure.

The $1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than $500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in **B.4.** under Section **I** – Conditions.

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, you solely own at the location of the "residence premises", for loss caused by the following Perils Insured Against:

a. Fire or Lightning;

b. Explosion;

c. Riot or Civil Commotion;

d. Aircraft;

e. Vehicles not owned or operated by a resident of the "residence premises";

f. Vandalism or Malicious Mischief; or

g. Theft.

We will pay up to 10% of the limit of liability that applies to Coverage **C** for all trees, shrubs, plants or lawns. No more than $500 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

4. Fire Department Service Charge

We will pay up to $500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to $500 for:

(1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;

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(2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;

(3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and

(4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

(1) Use of a credit card, electronic fund transfer card or access device:

(a) By a resident of your household;

(b) By a person who has been entrusted with either type of card or access device; or

(c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

(2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in **a.** above applies, the following defense provisions also apply:

(1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

(2) If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.

(3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under **a.(3)** above.

7. Loss Assessment

a. We will pay up to $1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage **A,** other than:

(1) Earthquake; or

(2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of $1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph **P.** Policy Period under Section **I** – Conditions does not apply to this coverage.

This coverage is additional insurance.

8. Collapse

a. With respect to this Additional Coverage:

(1) Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.

(2) A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse.

(3) A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building.

(4) A building or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

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b. We insure for direct physical loss to covered property involving collapse of a building or any part of a building if the collapse was caused by one or more of the following:

(1) The Perils Insured Against named under Coverage **C;**

(2) Decay that is hidden from view, unless the presence of such decay is known to an "insured" prior to collapse;

(3) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an "insured" prior to collapse;

(4) Weight of contents, equipment, animals or people;

(5) Weight of rain which collects on a roof; or

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

c. Loss to an awning, fence, patio, deck, pavement, swimming pool, underground pipe, flue, drain, cesspool, septic tank, foundation, retaining wall, bulkhead, pier, wharf or dock is not included under **b.(2)** through **(6)** above, unless the loss is a direct result of the collapse of a building or any part of a building.

d. This coverage does not increase the limit of liability that applies to the damaged covered property.

9. Glass Or Safety Glazing Material

a. We cover:

(1) The breakage of glass or safety glazing material which is part of a building, storm door or storm window and covered under Coverage **A;**

(2) The breakage of glass or safety glazing material which is part of a building, storm door or storm window and covered under Coverage **A** when caused directly by earth movement; and

(3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

(1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or

(2) To the "residence premises" if the building containing the "residence premises" has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A building being constructed is not considered vacant.

c. This coverage does not increase the limit of liability that applies to the damaged property.

10. Ordinance Or Law

a. You may use up to 10% of the limit of liability that applies to Coverage **A** for the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

(1) The construction, demolition, remodeling, renovation or repair of that part of property covered under Coverage **A** damaged by a Peril Insured Against;

(2) The demolition and reconstruction of the undamaged part of property covered under Coverage **A,** when that property must be totally demolished because of damage by a Peril Insured Against to another part of that property covered under Coverage **A;** or

(3) The remodeling, removal or replacement of the portion of the undamaged part of property covered under Coverage **A** necessary to complete the remodeling, repair or replacement of that part of the property covered under Coverage **A** damaged by a Peril Insured Against.

b. You may use all or part of this ordinance or law coverage to pay for the increased costs you incur to remove debris resulting from the construction, demolition, remodeling, renovation, repair or replacement of property as stated in **a.** above.

c. We do not cover:

(1) The loss in value to any property covered under Coverage **A** due to the requirements of any ordinance or law; or

(2) The costs to comply with any ordinance or law which requires any "insured" or others, to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants in or on any property covered under Coverage **A.**

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This coverage is additional insurance.

11. Grave Markers

We will pay up to $5,000 for grave markers, including mausoleums, away from the "residence premises" for loss caused by a Peril Insured Against.

This coverage does not increase the limits of liability that apply to the damaged covered property.

SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages **A** and **C** caused by any of the following perils unless the loss is excluded in Section **I –** Exclusions.

1. Fire Or Lightning

2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

This peril does not include loss to a fence, driveway or walk caused by a vehicle owned or operated by a resident of the "residence premises".

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief

This peril does not include loss to property which pertains to the "residence premises", and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the building containing the "residence premises" has been vacant for more than 60 consecutive days immediately before the loss. A building being constructed is not considered vacant.

9. Theft

a. This peril includes attempted theft and loss of property from a known place when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

(1) Committed by an "insured";

(2) In or to a "residence premises" under construction, or of materials and supplies for use in the construction until the "residence premises" is finished and occupied;

(3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or

(4) That occurs away from the "residence premises" or the location of the "residence premises" of:

(a) Trailers, semitrailers and campers;

(b) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or

(c) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 60 days immediately before the loss.

10. Falling Objects

This peril does not include loss to the inside of a building or property contained in the building unless the roof or an outside wall of the building is first damaged by a falling object. Damage to the falling object itself is not included.

11. Weight Of Ice, Snow Or Sleet

This peril means weight of ice, snow or sleet which causes damage to a building or property contained in a building.

This peril does not include loss to an awning, fence, patio, pavement, swimming pool, foundation, retaining wall, bulkhead, pier, wharf, or dock.

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12. Accidental Discharge Or Overflow Of Water Or Steam

a. This peril means accidental discharge or overflow of water or steam from within a plumbing, heating, air conditioning or automatic fire protective sprinkler system or from within a household appliance. We also pay to tear out and replace any part of a building or other structure owned solely by you which is covered under Coverage **A** and at the location of the "residence premises", but only when necessary to repair the system or appliance from which the water or steam escaped. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building owned solely by you at the location of the "residence premises".

b. This peril does not include loss:

(1) To or within the "residence premises", if the building containing the "residence premises" has been vacant for more than 60 consecutive days immediately before the loss. A building being constructed is not considered vacant;

(2) To the system or appliance from which the water or steam escaped;

(3) Caused by or resulting from freezing except as provided in Peril Insured Against **14.** Freezing;

(4) To or within the "residence premises" caused by accidental discharge or overflow which occurs away from the building where the "residence premises" is located; or

(5) Caused by mold, fungus or wet rot unless hidden within the walls or ceilings or beneath the floors or above the ceilings of a structure.

c. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

d. Section **I** – Exclusion **3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under this peril.

13. Sudden And Accidental Tearing Apart, Cracking, Burning Or Bulging

This peril means sudden and accidental tearing apart, cracking, burning or bulging of a steam or hot water heating system, an air conditioning or automatic fire protective sprinkler system, or an appliance for heating water.

This peril does not include loss caused by or resulting from freezing except as provided in Peril Insured Against **14.** Freezing below.

14. Freezing

a. This peril means freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance but only if you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain all systems and appliances of water.

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the "residence premises" for coverage to apply.

b. In this peril, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

15. Sudden And Accidental Damage From Artificially Generated Electrical Current

This peril does not include loss to tubes, transistors, electronic components or circuitry that are a part of appliances, fixtures, computers, home entertainment units or other types of electronic apparatus.

16. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Ordinance Or Law

Ordinance Or Law means any ordinance or law:

a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris. This Exclusion **1.a.** does not apply to the amount of coverage that may be provided for in **D.10.** Ordinance Or Law under Section **I** – Property Coverages;

b. The requirements of which result in a loss in value to property; or

c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

This Exclusion **1.** applies whether or not the property has been physically damaged.

2. Earth Movement

Earth Movement means:

a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

b. Landslide, mudslide or mudflow;

c. Subsidence or sinkhole; or

d. Any other earth movement including earth sinking, rising or shifting;

caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

This Exclusion **2.** does not apply to loss by theft.

3. Water Damage

Water Damage means:

a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;

b. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or

c. Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

caused by or resulting from human or animal forces or any act of nature.

Direct loss by fire, explosion or theft resulting from water damage is covered.

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. Neglect

Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

6. War

War includes the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. Nuclear Hazard

This Exclusion **7.** pertains to Nuclear Hazard to the extent set forth in **M.** Nuclear Hazard Clause under Section **I** – Conditions.

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

9. Governmental Action

Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A** or **C** by order of any governmental or public authority.

This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

SECTION I – CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or

2. For more than the applicable limit of liability.

B. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;

2. Notify the police in case of loss by theft;

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3. Notify the credit card or electronic fund transfer card or access device company in case of loss under as provided for in **D.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages;
4. Protect the property from further damage. If repairs to the property are required, you must:
   a. Make reasonable and necessary repairs to protect the property; and
   b. Keep an accurate record of repair expenses;
5. Cooperate with us in the investigation of a claim;
6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;
7. As often as we reasonably require:
   a. Show the damaged property;
   b. Provide us with records and documents we request and permit us to make copies; and
   c. Submit to examination under oath, while not in the presence of another "insured", and sign the same;
8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:
   a. The time and cause of loss;
   b. The interests of all "insureds" and all others in the property involved and all liens on the property;
   c. Other insurance which may cover the loss;
   d. Changes in title or occupancy of the property during the term of the policy;
   e. Specifications of damaged buildings and detailed repair estimates;
   f. The inventory of damaged personal property described in **6.** above;
   g. Receipts for additional living expenses incurred and records that support the fair rental value loss; and
   h. Evidence or affidavit that supports a claim under **D.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages, stating the amount and cause of loss.

C. Loss Settlement

Covered property losses are settled as follows:

1. Personal property and grave markers, including mausoleums, at actual cash value at the time of loss but not more than the amount required to repair or replace.
2. Coverage **A** – Dwelling:
   a. If the damage is repaired or replaced within a reasonable time, at the actual cost to repair or replace;
   b. If the damage is not repaired or replaced within a reasonable time, at actual cash value but not more than the amount required to repair or replace.

   In this provision, the terms "repaired" or "replaced" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **D.10.** Ordinance Or Law under Section **I** – Property Coverages.

D. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or
2. Pay the difference between actual cash value of the property before and after the loss.

E. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

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F. Other Insurance And Service Agreement

1. If a loss covered by this policy is also covered by:
   a. Other insurance, except insurance in the name of a corporation or association of property owners, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or
   b. A service agreement, except a service agreement in the name of a corporation or association of property owners, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.
2. If, at the time of loss, there is other insurance or a service agreement in the name of a corporation or association of property owners covering the same property covered by this policy, this insurance will be excess over the amount recoverable under such other insurance or service agreement.

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

H. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

I. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;
2. There is an entry of a final judgment; or
3. There is a filing of an appraisal award with us.

J. Abandonment Of Property

We need not accept any property abandoned by an "insured".

K. Mortgage Clause

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
   a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
   b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and
   c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **E.** Appraisal, **G.** Suit Against Us and **I.** Loss Payment under Section **I** – Conditions also apply to the mortgagee.
3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.
4. If we pay the mortgagee for any loss and deny payment to you:
   a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or
   b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.
5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

L. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

M. Nuclear Hazard Clause

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.

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3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

N. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

O. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72 hour period will be considered as one volcanic eruption.

P. Policy Period

This policy applies only to loss which occurs during the policy period.

Q. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;

2. Engaged in fraudulent conduct; or

3. Made false statements;

relating to this insurance.

R. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and

2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or

2. To a person off the "insured location", if the "bodily injury":

a. Arises out of a condition on the "insured location" or the ways immediately adjoining;

b. Is caused by the activities of an "insured";

c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or

d. Is caused by an animal owned by or in the care of an "insured".

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":

a. Is registered for use on public roads or property;

b. Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or

c. Is being:

(1) Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;

(2) Rented to others;

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(3) Used to carry persons or cargo for a charge; or

(4) Used for any "business" purpose except for a motorized golf cart while on a golfing facility.

2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:

a. In dead storage on an "insured location";

b. Used solely to service an "insured's" residence;

c. Designed to assist the handicapped and, at the time of an "occurrence", it is:

(1) Being used to assist a handicapped person; or

(2) Parked on an "insured location";

d. Designed for recreational use off public roads and:

(1) Not owned by an "insured"; or

(2) Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions **B.6.a., b., d., e.** or **h.;** or

e. A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:

(1) A golfing facility and is parked or stored there, or being used by an "insured" to:

(a) Play the game of golf or for other recreational or leisure activity allowed by the facility;

(b) Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or

(c) Cross public roads at designated points to access other parts of the golfing facility; or

(2) A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:

a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;

b. Rented to others;

c. Used to carry persons or cargo for a charge; or

d. Used for any "business" purpose.

2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:

a. Is stored;

b. Is a sailing vessel, with or without auxiliary power, that is:

(1) Less than 26 feet in overall length; or

(2) 26 feet or more in overall length and not owned by or rented to an "insured"; or

c. Is not a sailing vessel and is powered by:

(1) An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:

(a) 50 horsepower or less and not owned by an "insured"; or

(b) More than 50 horsepower and not owned by or rented to an "insured"; or

(2) One or more outboard engines or motors with:

(a) 25 total horsepower or less;

(b) More than 25 horsepower if the outboard engine or motor is not owned by an "insured";

(c) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or

(d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:

(i) You declare them at policy inception; or

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(ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in **(c)** and **(d)** above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":

a. Is of a different kind, quality or degree than initially expected or intended; or

b. Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

b. This Exclusion **E.2.** does not apply to:

(1) The rental or holding for rental of an "insured location";

(a) On an occasional basis if used only as a residence;

(b) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

a. Owned by an "insured";

b. Rented to an "insured"; or

c. Rented to others by an "insured";

that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

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8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

F. Coverage E – Personal Liability

Coverage **E** does not apply to:

1. Liability:

a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;

b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:

(1) That directly relate to the ownership, maintenance or use of an "insured location"; or

(2) Where the liability of others is assumed by you prior to an "occurrence";

unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

5. "Bodily injury" or "property damage" for which an "insured" under this policy:

a. Is also an insured under a nuclear energy liability policy issued by the:

(1) Nuclear Energy Liability Insurance Association;

(2) Mutual Atomic Energy Liability Underwriters;

(3) Nuclear Insurance Association of Canada;

or any of their successors; or

b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definitions **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured":

a. To repay; or

b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F – Medical Payments To Others

Coverage **F** does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":

a. Occurs off the "insured location"; and

b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

3. From any:

a. Nuclear reaction;

b. Nuclear radiation; or

c. Radioactive contamination;

all whether controlled or uncontrolled or however caused; or

d. Any consequence of any of these; or

4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

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SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage **E** limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to $250 per day, for assisting us in the investigation or defense of a claim or suit; and

4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to $1,000 per "occurrence" for "property damage" to property of others caused by an "insured".

2. We will not pay for "property damage":

a. To the extent of any amount recoverable under Section **I;**

b. Caused intentionally by an "insured" who is 13 years of age or older;

c. To property owned by an "insured";

d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or

e. Arising out of:

(1) A "business" engaged in by an "insured";

(2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or

(3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This exclusion **e.(3)** does not apply to a "motor vehicle" that:

(a) Is designed for recreational use off public roads;

(b) Is not owned by an "insured"; and

(c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to $1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:

a. "Bodily injury" or "property damage" not excluded from coverage under Section **II** – Exclusions; or

b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:

(1) Is elected by the members of a corporation or association of property owners; and

(2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.

2. Paragraph **I.** Policy Period under Section **II** – Conditions does not apply to this Loss Assessment Coverage.

3. Regardless of the number of assessments, the limit of $1,000 is the most we will pay for loss arising out of:

a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or

b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.

4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

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SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage **E** for all damages resulting from any one "occurrence" will not be more than the Coverage **E** limit of liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage **F** limit of liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
   a. The identity of the policy and the "named insured" shown in the Declarations;
   b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
   c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
   a. To make settlement;
   b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
   c. With the conduct of suits and attend hearings and trials; and
   d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C.** Damage To Property Of Others under Section **II** – Additional Coverages, submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. The injured person or someone acting for the injured person will:
   a. Give us written proof of claim, under oath if required, as soon as is practical; and
   b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section **II.**
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage **E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;

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2. Engaged in fraudulent conduct; or

3. Made false statements;

relating to this insurance.

SECTIONS I AND II – CONDITIONS

A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or

2. An amendatory endorsement.

B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

C. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.

2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.

b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

(1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

(2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C.** Damage To Property Of Others under Section **II** – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

2. "Insured" includes:

a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and

b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

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HOMEOWNERS 8 – MODIFIED COVERAGE FORM

AGREEMENT

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.

DEFINITIONS

A. In this policy, "you" and "your" refer to the "named insured" shown in the Declarations and the spouse if a resident of the same household. "We", "us" and "our" refer to the Company providing this insurance.

B. In addition, certain words and phrases are defined as follows:

1. "Aircraft Liability", "Hovercraft Liability", "Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in **b.** below, mean the following:

a. Liability for "bodily injury" or "property damage" arising out of the:

(1) Ownership of such vehicle or craft by an "insured";

(2) Maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;

(3) Entrustment of such vehicle or craft by an "insured" to any person;

(4) Failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or

(5) Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.

b. For the purpose of this definition:

(1) Aircraft means any contrivance used or designed for flight except model or hobby aircraft not used or designed to carry people or cargo;

(2) Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

(3) Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and

(4) Motor vehicle means a "motor vehicle" as defined in **7.** below.

2. "Bodily injury" means bodily harm, sickness or disease, including required care, loss of services and death that results.

3. "Business" means:

a. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis; or

b. Any other activity engaged in for money or other compensation, except the following:

(1) One or more activities, not described in **(2)** through **(4)** below, for which no "insured" receives more than $2,000 in total compensation for the 12 months before the beginning of the policy period;

(2) Volunteer activities for which no money is received other than payment for expenses incurred to perform the activity;

(3) Providing home day care services for which no compensation is received, other than the mutual exchange of such services; or

(4) The rendering of home day care services to a relative of an "insured".

4. "Employee" means an employee of an "insured", or an employee leased to an "insured" by a labor leasing firm under an agreement between an "insured" and the labor leasing firm, whose duties are other than those performed by a "residence employee".

5. "Insured" means:

a. You and residents of your household who are:

(1) Your relatives; or

(2) Other persons under the age of 21 and in the care of any person named above;

b. A student enrolled in school full time, as defined by the school, who was a resident of your household before moving out to attend school, provided the student is under the age of:

(1) 24 and your relative; or

(2) 21 and in your care or the care of a person described in **a.(1)** above; or

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c. Under Section **II:**

(1) With respect to animals or watercraft to which this policy applies, any person or organization legally responsible for these animals or watercraft which are owned by you or any person included in **a.** or **b.** above. "Insured" does not mean a person or organization using or having custody of these animals or watercraft in the course of any "business" or without consent of the owner; or

(2) With respect to a "motor vehicle" to which this policy applies:

(a) Persons while engaged in your employ or that of any person included in **a.** or **b.** above; or

(b) Other persons using the vehicle on an "insured location" with your consent.

Under both Sections **I** and **II,** when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

6. "Insured location" means:

a. The "residence premises";

b. The part of other premises, other structures and grounds used by you as a residence; and

(1) Which is shown in the Declarations; or

(2) Which is acquired by you during the policy period for your use as a residence;

c. Any premises used by you in connection with a premises described in **a.** and **b.** above;

d. Any part of a premises:

(1) Not owned by an "insured"; and

(2) Where an "insured" is temporarily residing;

e. Vacant land, other than farm land, owned by or rented to an "insured";

f. Land owned by or rented to an "insured" on which a one, two, three or four family dwelling is being built as a residence for an "insured";

g. Individual or family cemetery plots or burial vaults of an "insured"; or

h. Any part of a premises occasionally rented to an "insured" for other than "business" use.

7. "Motor vehicle" means:

a. A self-propelled land or amphibious vehicle; or

b. Any trailer or semitrailer which is being carried on, towed by or hitched for towing by a vehicle described in **a.** above.

8. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions, which results, during the policy period, in:

a. "Bodily injury"; or

b. "Property damage".

9. "Property damage" means physical injury to, destruction of, or loss of use of tangible property.

10. "Residence employee" means:

a. An employee of an "insured", or an employee leased to an "insured" by a labor leasing firm, under an agreement between an "insured" and the labor leasing firm, whose duties are related to the maintenance or use of the "residence premises", including household or domestic services; or

b. One who performs similar duties elsewhere not related to the "business" of an "insured".

A "residence employee" does not include a temporary employee who is furnished to an "insured" to substitute for a permanent "residence employee" on leave or to meet seasonal or short-term workload conditions.

11. "Residence premises" means:

a. The one family dwelling where you reside;

b. The two, three or four family dwelling where you reside in at least one of the family units; or

c. That part of any other building where you reside;

and which is shown as the "residence premises" in the Declarations.

"Residence premises" also includes other structures and grounds at that location.

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DEDUCTIBLE

Unless otherwise noted in this policy, the following deductible provision applies:

Subject to the policy limits that apply, we will pay only that part of the total of all loss payable under Section **I** that exceeds the deductible amount shown in the Declarations.

SECTION I – PROPERTY COVERAGES

A. Coverage A – Dwelling

1. We cover:

a. The dwelling on the "residence premises" shown in the Declarations, including structures attached to the dwelling; and

b. Materials and supplies located on or next to the "residence premises" used to construct, alter or repair the dwelling or other structures on the "residence premises".

2. We do not cover land, including land on which the dwelling is located.

B. Coverage B – Other Structures

1. We cover other structures on the "residence premises" set apart from the dwelling by clear space. This includes structures connected to the dwelling by only a fence, utility line, or similar connection.

2. We do not cover:

a. Land, including land on which the other structures are located;

b. Other structures rented or held for rental to any person not a tenant of the dwelling, unless used solely as a private garage;

c. Other structures from which any "business" is conducted; or

d. Other structures used to store "business" property. However, we do cover a structure that contains "business" property solely owned by an "insured" or a tenant of the dwelling provided that "business" property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure.

3. The limit of liability for this coverage will not be more than 10% of the limit of liability that applies to Coverage **A.** Use of this coverage does not reduce the Coverage **A** limit of liability.

C. Coverage C – Personal Property

1. Covered Property

We cover personal property owned or used by an "insured" while on the "residence premises". After a loss and at your request, we will cover personal property owned by others while the property is on the part of the "residence premises" occupied by an "insured".

2. Limit For Property At Other Residences

We also cover personal property owned or used by an "insured" while it is anywhere in the world but our limit of liability will not be more than 10% of the limit of liability for Coverage **C** or $1,000, whichever is greater. However, this limitation does not apply to personal property:

a. Moved from the "residence premises" because it is being repaired, renovated or rebuilt and is not fit to live in or store property in; or

b. In a newly acquired principal residence for 30 days from the time you begin to move the property there.

3. Special Limits Of Liability

The special limit for each category shown below is the total limit for each loss for all property in that category. These special limits do not increase the Coverage **C** limit of liability.

a. $200 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

b. $1,500 on securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps. This dollar limit applies to these categories regardless of the medium (such as paper or computer software) on which the material exists.

This limit includes the cost to research, replace or restore the information from the lost or damaged material.

c. $1,500 on watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors.

d. $1,500 on trailers or semitrailers not used with watercraft of all types.

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e. $2,500 on property, on the "residence premises", used primarily for "business" purposes.

f. $500 on property, away from the "residence premises", used primarily for "business" purposes. However, this limit does not apply to loss to electronic apparatus and other property described in Categories **g.** and **h.** below.

g. $1,500 on electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **g.**

h. $1,500 on electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.

Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described in this Category **h.**

4. Property Not Covered

We do not cover:

a. Articles separately described and specifically insured, regardless of the limit for which they are insured, in this or other insurance;

b. Animals, birds or fish;

c. "Motor vehicles".

(1) This includes:

(a) Their accessories, equipment and parts; or

(b) Electronic apparatus and accessories designed to be operated solely by power from the electrical system of the "motor vehicle". Accessories include antennas, tapes, wires, records, discs or other media that can be used with any apparatus described above.

The exclusion of property described in **(a)** and **(b)** above applies only while such property is in or upon the "motor vehicle".

(2) We do cover "motor vehicles" not required to be registered for use on public roads or property which are:

(a) Used solely to service an "insured's" residence; or

(b) Designed to assist the handicapped;

d. Aircraft meaning any contrivance used or designed for flight including any parts whether or not attached to the aircraft.

We do cover model or hobby aircraft not used or designed to carry people or cargo;

e. Hovercraft and parts. Hovercraft means a self-propelled motorized ground effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;

f. Property of roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in an apartment regularly rented or held for rental to others by an "insured";

h. Property rented or held for rental to others off the "residence premises";

i. "Business" data, including such data stored in:

(1) Books of account, drawings or other paper records; or

(2) Computers and related equipment.

We do cover the cost of blank recording or storage media, and of prerecorded computer programs available on the retail market;

j. Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds except as provided in **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages; or

k. Water or steam.

D. Coverage D – Loss Of Use

The limit of liability for Coverage **D** is the total limit for the coverages in **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss covered under Section **I** makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

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Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

2. Fair Rental Value

If a loss covered under Section **I** makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

Payment will be for the shortest time required to repair or replace such premises.

3. Civil Authority Prohibits Use

If a civil authority prohibits you from use of the "residence premises" as a result of direct damage to neighboring premises by a Peril Insured Against, we cover the loss as provided in **1.** Additional Living Expense and **2.** Fair Rental Value above for no more than two weeks.

4. Loss Or Expense Not Covered

We do not cover loss or expense due to cancellation of a lease or agreement.

The periods of time under **1.** Additional Living Expense, **2.** Fair Rental Value and **3.** Civil Authority Prohibits Use above are not limited by expiration of this policy.

E. Additional Coverages

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

(1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

(2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property.

b. We will also pay your reasonable expense, up to $1,000, for the removal from the "residence premises" of:

(1) Your tree(s) felled by the peril of Windstorm or Hail; or

(2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage **C;**

provided the tree(s):

(3) Damage(s) a covered structure; or

(4) Does not damage a covered structure, but:

(a) Block(s) a driveway on the "residence premises" which prevent(s) a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Block(s) a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The $1,000 limit is the most we will pay in any one loss regardless of the number of fallen trees. No more than $500 of this limit will be paid for the removal of any one tree.

This coverage is additional insurance.

2. Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against. This coverage does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in **B.4.** under Section **I** – Conditions.

3. Trees, Shrubs And Other Plants

We cover trees, shrubs, plants or lawns, on the "residence premises", for loss caused by the following Perils Insured Against:

a. Fire or Lightning;

b. Explosion;

c. Riot or Civil Commotion;

d. Aircraft;

e. Vehicles not owned or operated by a resident of the "residence premises";

f. Vandalism or Malicious Mischief; or

g. Theft.

We will pay up to 5% of the limit of liability that applies to the dwelling for all trees, shrubs, plants or lawns. No more than $250 of this limit will be paid for any one tree, shrub or plant. We do not cover property grown for "business" purposes.

This coverage is additional insurance.

4. Fire Department Service Charge

We will pay up to $500 for your liability assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect covered property from a Peril Insured Against. We do not cover fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

This coverage is additional insurance. No deductible applies to this coverage.

5. Property Removed

We insure covered property against direct loss from any cause while being removed from a premises endangered by a Peril Insured Against and for no more than 30 days while removed.

This coverage does not change the limit of liability that applies to the property being removed.

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

a. We will pay up to $500 for:

(1) The legal obligation of an "insured" to pay because of the theft or unauthorized use of credit cards issued to or registered in an "insured's" name;

(2) Loss resulting from theft or unauthorized use of an electronic fund transfer card or access device used for deposit, withdrawal or transfer of funds, issued to or registered in an "insured's" name;

(3) Loss to an "insured" caused by forgery or alteration of any check or negotiable instrument; and

(4) Loss to an "insured" through acceptance in good faith of counterfeit United States or Canadian paper currency.

All loss resulting from a series of acts committed by any one person or in which any one person is concerned or implicated is considered to be one loss.

This coverage is additional insurance. No deductible applies to this coverage.

b. We do not cover:

(1) Use of a credit card, electronic fund transfer card or access device:

(a) By a resident of your household;

(b) By a person who has been entrusted with either type of card or access device; or

(c) If an "insured" has not complied with all terms and conditions under which the cards are issued or the devices accessed; or

(2) Loss arising out of "business" use or dishonesty of an "insured".

c. If the coverage in **a.** applies, the following defense provisions also apply:

(1) We may investigate and settle any claim or suit that we decide is appropriate. Our duty to defend a claim or suit ends when the amount we pay for the loss equals our limit of liability.

(2) If a suit is brought against an "insured" for liability under **a.(1)** or **(2)** above, we will provide a defense at our expense by counsel of our choice.

(3) We have the option to defend at our expense an "insured" or an "insured's" bank against any suit for the enforcement of payment under **a.(3)** above.

7. Loss Assessment

a. We will pay up to $1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage **A,** other than:

(1) Earthquake; or

(2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of $1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

c. Paragraph **P.** Policy Period under Section **I** – Conditions does not apply to this coverage.

This coverage is additional insurance.

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8. Glass Or Safety Glazing Material

a. We cover:

(1) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window;

(2) The breakage of glass or safety glazing material which is part of a covered building, storm door or storm window when caused directly by earth movement; and

(3) The direct physical loss to covered property caused solely by the pieces, fragments or splinters of broken glass or safety glazing material which is part of a building, storm door or storm window.

b. This coverage does not include loss:

(1) To covered property which results because the glass or safety glazing material has been broken, except as provided in **a.(3)** above; or

(2) On the "residence premises" if the dwelling has been vacant for more than 60 consecutive days immediately before the loss, except when the breakage results directly from earth movement as provided in **a.(2)** above. A dwelling being constructed is not considered vacant.

c. We will pay up to $100 for loss under this coverage.

d. This coverage does not increase the limit of liability that applies to the damaged property.

SECTION I – PERILS INSURED AGAINST

We insure for direct physical loss to the property described in Coverages **A, B** and **C** caused by any of the following perils unless the loss is excluded in Section **I** – Exclusions.

1. Fire Or Lightning

2. Windstorm Or Hail

This peril includes loss to watercraft of all types and their trailers, furnishings, equipment, and outboard engines or motors, only while inside a fully enclosed building.

This peril does not include loss to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening.

3. Explosion

4. Riot Or Civil Commotion

5. Aircraft

This peril includes self-propelled missiles and spacecraft.

6. Vehicles

This peril does not include loss caused by a vehicle owned or operated by a resident of the "residence premises".

7. Smoke

This peril means sudden and accidental damage from smoke, including the emission or puffback of smoke, soot, fumes or vapors from a boiler, furnace or related equipment.

This peril does not include loss caused by smoke from fireplaces or from agricultural smudging or industrial operations.

8. Vandalism Or Malicious Mischief

This peril does not include loss to property on the "residence premises", and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

9. Theft

a. This peril includes attempted theft and loss of property from a known place on the "residence premises" when it is likely that the property has been stolen.

b. This peril does not include loss caused by theft:

(1) Committed by an "insured";

(2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

(3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured"; or

(4) That occurs off the "residence premises".

c. Personal property contained in any bank, trust or safe deposit company or public warehouse will be considered on the "residence premises".

d. Our liability will not be more than $1,000 in any one loss caused by theft.

10. Volcanic Eruption

This peril does not include loss caused by earthquake, land shock waves or tremors.

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SECTION I – EXCLUSIONS

We do not insure for loss caused directly or indirectly by any of the following. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. **Ordinance Or Law**

   Ordinance Or Law means any ordinance or law:

   a. Requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris;

   b. The requirements of which result in a loss in value to property; or

   c. Requiring any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants.

   Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

   This Exclusion **1.** applies whether or not the property has been physically damaged.

2. **Earth Movement**

   Earth Movement means:

   a. Earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

   b. Landslide, mudslide or mudflow;

   c. Subsidence or sinkhole; or

   d. Any other earth movement including earth sinking, rising or shifting;

   caused by or resulting from human or animal forces or any act of nature unless direct loss by fire or explosion ensues and then we will pay only for the ensuing loss.

   This Exclusion **2.** does not apply to loss by theft.

3. **Water Damage**

   Water Damage means:

   a. Flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, whether or not driven by wind;

   b. Water or water-borne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment; or

   c. Water or water-borne material below the surface of the ground, including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool or other structure;

   caused by or resulting from human or animal forces or any act of nature.

   Direct loss by fire, explosion or theft resulting from water damage is covered.

4. **Power Failure**

   Power Failure means the failure of power or other utility service if the failure takes place off the "residence premises". But if the failure results in a loss, from a Peril Insured Against on the "residence premises", we will pay for the loss caused by that peril.

5. **Neglect**

   Neglect means neglect of an "insured" to use all reasonable means to save and preserve property at and after the time of a loss.

6. **War**

   War includes the following and any consequence of any of the following:

   a. Undeclared war, civil war, insurrection, rebellion or revolution;

   b. Warlike act by a military force or military personnel; or

   c. Destruction, seizure or use for a military purpose.

   Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

7. **Nuclear Hazard**

   This Exclusion **7.** pertains to Nuclear Hazard to the extent set forth in **M.** Nuclear Hazard Clause under Section **I** – Conditions.

8. **Intentional Loss**

   Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

   In the event of such loss, no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss.

9. **Governmental Action**

   Governmental Action means the destruction, confiscation or seizure of property described in Coverage **A, B** or **C** by order of any governmental or public authority.

   This exclusion does not apply to such acts ordered by any governmental or public authority that are taken at the time of a fire to prevent its spread, if the loss caused by fire would be covered under this policy.

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SECTION I – CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or

2. For more than the applicable limit of liability.

B. Duties After Loss

In case of a loss to covered property, we have no duty to provide coverage under this policy if the failure to comply with the following duties is prejudicial to us. These duties must be performed either by you, an "insured" seeking coverage, or a representative of either:

1. Give prompt notice to us or our agent;

2. Notify the police in case of loss by theft;

3. Notify the credit card or electronic fund transfer card or access device company in case of loss as provided for in **E.6**. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages;

4. Protect the property from further damage. If repairs to the property are required, you must:

- **a.** Make reasonable and necessary repairs to protect the property; and
- **b.** Keep an accurate record of repair expenses;

5. Cooperate with us in the investigation of a claim;

6. Prepare an inventory of damaged personal property showing the quantity, description, actual cash value and amount of loss. Attach all bills, receipts and related documents that justify the figures in the inventory;

7. As often as we reasonably require:

- **a.** Show the damaged property;
- **b.** Provide us with records and documents we request and permit us to make copies; and
- **c.** Submit to examination under oath, while not in the presence of another "insured", and sign the same;

8. Send to us, within 60 days after our request, your signed, sworn proof of loss which sets forth, to the best of your knowledge and belief:

- **a.** The time and cause of loss;
- **b.** The interests of all "insureds" and all others in the property involved and all liens on the property;
- **c.** Other insurance which may cover the loss;
- **d.** Changes in title or occupancy of the property during the term of the policy;
- **e.** Specifications of damaged buildings and detailed repair estimates;
- **f.** The inventory of damaged personal property described in **6.** above;
- **g.** Receipts for additional living expenses incurred and records that support the fair rental value loss; and
- **h.** Evidence or affidavit that supports a claim under **E.6.** Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money under Section **I** – Property Coverages, stating the amount and cause of loss.

C. Loss Settlement

Covered property losses are settled as follows:

1. Property of the following types:

- **a.** Personal property;
- **b.** Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings; and
- **c.** Structures that are not buildings;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Buildings under Coverage **A** or **B:**

- **a.** If you repair or replace the loss to restore the building structure for the same occupancy and use at the same site within 180 days of the date of loss, we will pay the lesser of the following amounts:
  - **(1)** The limit of liability that applies to the damaged or destroyed building structure; or
  - **(2)** The necessary amount actually spent to repair or replace the loss to the building structure but no more than the cost of using common construction materials and methods where functionally equivalent to and less costly than obsolete, antique or custom construction materials and methods.
- **b.** If you do not make claim under Paragraph **a.** above, we will pay the least of the following amounts:
  - **(1)** The limit of liability that applies to the damaged or destroyed building structure;
  - **(2)** The market value at the time of loss of the damaged or destroyed building structure exclusive of land value; or

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(3) The amount which it would cost to repair or replace that part of the building structure damaged or destroyed with material of like kind and quality less allowance for physical deterioration and depreciation.

In this provision, the terms "repair" or "replace" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is added to this policy.

D. Loss To A Pair Or Set

In case of loss to a pair or set we may elect to:

1. Repair or replace any part to restore the pair or set to its value before the loss; or

2. Pay the difference between actual cash value of the property before and after the loss.

E. Appraisal

If you and we fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

1. Pay its own appraiser; and

2. Bear the other expenses of the appraisal and umpire equally.

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or

2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within two years after the date of loss.

H. Our Option

If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may repair or replace any part of the damaged property with material or property of like kind and quality.

I. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss and:

1. Reach an agreement with you;

2. There is an entry of a final judgment; or

3. There is a filing of an appraisal award with us.

J. Abandonment Of Property

We need not accept any property abandoned by an "insured".

K. Mortgage Clause

1. If a mortgagee is named in this policy, any loss payable under Coverage **A** or **B** will be paid to the mortgagee and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

2. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:

a. Notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;

b. Pays any premium due under this policy on demand if you have neglected to pay the premium; and

c. Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so. Paragraphs **E.** Appraisal, **G.** Suit Against Us and **I.** Loss Payment under Section **I** – Conditions above also apply to the mortgagee.

3. If we decide to cancel or not to renew this policy, the mortgagee will be notified at least 10 days before the date cancellation or nonrenewal takes effect.

4. If we pay the mortgagee for any loss and deny payment to you:

a. We are subrogated to all the rights of the mortgagee granted under the mortgage on the property; or

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b. At our option, we may pay to the mortgagee the whole principal on the mortgage plus any accrued interest. In this event, we will receive a full assignment and transfer of the mortgage and all securities held as collateral to the mortgage debt.

5. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

L. No Benefit To Bailee

We will not recognize any assignment or grant any coverage that benefits a person or organization holding, storing or moving property for a fee regardless of any other provision of this policy.

M. Nuclear Hazard Clause

1. "Nuclear Hazard" means any nuclear reaction, radiation, or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these.
2. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion, or smoke, whether these perils are specifically named in or otherwise included within the Perils Insured Against.
3. This policy does not apply under Section **I** to loss caused directly or indirectly by nuclear hazard, except that direct loss by fire resulting from the nuclear hazard is covered.

N. Recovered Property

If you or we recover any property for which we have made payment under this policy, you or we will notify the other of the recovery. At your option, the property will be returned to or retained by you or it will become our property. If the recovered property is returned to or retained by you, the loss payment will be adjusted based on the amount you received for the recovered property.

O. Volcanic Eruption Period

One or more volcanic eruptions that occur within a 72 hour period will be considered as one volcanic eruption.

P. Policy Period

This policy applies only to loss which occurs during the policy period.

Q. Concealment Or Fraud

We provide coverage to no "insureds" under this policy if, whether before or after a loss, an "insured" has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or
3. Made false statements;

relating to this insurance.

R. Loss Payable Clause

If the Declarations show a loss payee for certain listed insured personal property, the definition of "insured" is changed to include that loss payee with respect to that property.

If we decide to cancel or not renew this policy, that loss payee will be notified in writing.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

If a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the "occurrence" has been exhausted by payment of a judgment or settlement.

B. Coverage F – Medical Payments To Others

We will pay the necessary medical expenses that are incurred or medically ascertained within three years from the date of an accident causing "bodily injury". Medical expenses means reasonable charges for medical, surgical, x-ray, dental, ambulance, hospital, professional nursing, prosthetic devices and funeral services. This coverage does not apply to you or regular residents of your household except "residence employees". As to others, this coverage applies only:

1. To a person on the "insured location" with the permission of an "insured"; or
2. To a person off the "insured location", if the "bodily injury":
   a. Arises out of a condition on the "insured location" or the ways immediately adjoining;
   b. Is caused by the activities of an "insured";
   c. Is caused by a "residence employee" in the course of the "residence employee's" employment by an "insured"; or
   d. Is caused by an animal owned by or in the care of an "insured".

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SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

1. Coverages **E** and **F** do not apply to any "motor vehicle liability" if, at the time and place of an "occurrence", the involved "motor vehicle":
   - **a.** Is registered for use on public roads or property;
   - **b.** Is not registered for use on public roads or property, but such registration is required by a law, or regulation issued by a government agency, for it to be used at the place of the "occurrence"; or
   - **c.** Is being:
     - **(1)** Operated in, or practicing for, any prearranged or organized race, speed contest or other competition;
     - **(2)** Rented to others;
     - **(3)** Used to carry persons or cargo for a charge; or
     - **(4)** Used for any "business" purpose except for a motorized golf cart while on a golfing facility.
2. If Exclusion **A.1.** does not apply, there is still no coverage for "motor vehicle liability" unless the "motor vehicle" is:
   - **a.** In dead storage on an "insured location";
   - **b.** Used solely to service an "insured's" residence;
   - **c.** Designed to assist the handicapped and, at the time of an "occurrence", it is:
     - **(1)** Being used to assist a handicapped person; or
     - **(2)** Parked on an "insured location";
   - **d.** Designed for recreational use off public roads and:
     - **(1)** Not owned by an "insured"; or
     - **(2)** Owned by an "insured" provided the "occurrence" takes place on an "insured location" as defined in Definitions **B.6.a., b., d., e.** or **h.;** or
   - **e.** A motorized golf cart that is owned by an "insured", designed to carry up to 4 persons, not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground and, at the time of an "occurrence", is within the legal boundaries of:
     - **(1)** A golfing facility and is parked or stored there, or being used by an "insured" to:
       - **(a)** Play the game of golf or for other recreational or leisure activity allowed by the facility;
       - **(b)** Travel to or from an area where "motor vehicles" or golf carts are parked or stored; or
       - **(c)** Cross public roads at designated points to access other parts of the golfing facility; or
     - **(2)** A private residential community, including its public roads upon which a motorized golf cart can legally travel, which is subject to the authority of a property owners association and contains an "insured's" residence.

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence", the involved watercraft is being:
   - **a.** Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;
   - **b.** Rented to others;
   - **c.** Used to carry persons or cargo for a charge; or
   - **d.** Used for any "business" purpose.
2. If Exclusion **B.1.** does not apply, there is still no coverage for "watercraft liability" unless, at the time of the "occurrence", the watercraft:
   - **a.** Is stored;
   - **b.** Is a sailing vessel, with or without auxiliary power, that is:
     - **(1)** Less than 26 feet in overall length; or
     - **(2)** 26 feet or more in overall length and not owned by or rented to an "insured"; or
   - **c.** Is not a sailing vessel and is powered by:
     - **(1)** An inboard or inboard-outdrive engine or motor, including those that power a water jet pump, of:
       - **(a)** 50 horsepower or less and not owned by an "insured"; or
       - **(b)** More than 50 horsepower and not owned by or rented to an "insured"; or
     - **(2)** One or more outboard engines or motors with:
       - **(a)** 25 total horsepower or less;
       - **(b)** More than 25 horsepower if the outboard engine or motor is not owned by an "insured";
       - **(c)** More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it during the policy period; or

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(d) More than 25 horsepower if the outboard engine or motor is owned by an "insured" who acquired it before the policy period, but only if:

(i) You declare them at policy inception; or

(ii) Your intent to insure them is reported to us in writing within 45 days after you acquire them.

The coverages in **(c)** and **(d)** above apply for the policy period.

Horsepower means the maximum power rating assigned to the engine or motor by the manufacturer.

C. "Aircraft Liability"

This policy does not cover "aircraft liability".

D. "Hovercraft Liability"

This policy does not cover "hovercraft liability".

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Coverages **E** and **F** do not apply to the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is expected or intended by an "insured" even if the resulting "bodily injury" or "property damage":

a. Is of a different kind, quality or degree than initially expected or intended; or

b. Is sustained by a different person, entity, real or personal property, than initially expected or intended.

However, this Exclusion **E.1.** does not apply to "bodily injury" resulting from the use of reasonable force by an "insured" to protect persons or property;

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

b. This Exclusion **E.2.** does not apply to:

(1) The rental or holding for rental of an "insured location";

(a) On an occasional basis if used only as a residence;

(b) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

(2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

3. Professional Services

"Bodily injury" or "property damage" arising out of the rendering of or failure to render professional services;

4. "Insured's" Premises Not An "Insured Location"

"Bodily injury" or "property damage" arising out of a premises:

a. Owned by an "insured";

b. Rented to an "insured"; or

c. Rented to others by an "insured";

that is not an "insured location";

5. War

"Bodily injury" or "property damage" caused directly or indirectly by war, including the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental;

6. Communicable Disease

"Bodily injury" or "property damage" which arises out of the transmission of a communicable disease by an "insured";

7. Sexual Molestation, Corporal Punishment Or Physical Or Mental Abuse

"Bodily injury" or "property damage" arising out of sexual molestation, corporal punishment or physical or mental abuse; or

8. Controlled Substance

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs. However, this exclusion does not apply to the legitimate use of prescription drugs by a person following the orders of a licensed physician.

Exclusions **A.** "Motor Vehicle Liability", **B.** "Watercraft Liability", **C.** "Aircraft Liability", **D.** "Hovercraft Liability" and **E.4.** "Insured's" Premises Not An "Insured Location" do not apply to "bodily injury" to a "residence employee" arising out of and in the course of the "residence employee's" employment by an "insured".

F. Coverage E – Personal Liability

Coverage **E** does not apply to:

1. Liability:

a. For any loss assessment charged against you as a member of an association, corporation or community of property owners, except as provided in **D.** Loss Assessment under Section **II** – Additional Coverages;

b. Under any contract or agreement entered into by an "insured". However, this exclusion does not apply to written contracts:

(1) That directly relate to the ownership, maintenance or use of an "insured location"; or

(2) Where the liability of others is assumed by you prior to an "occurrence";

unless excluded in **a.** above or elsewhere in this policy;

2. "Property damage" to property owned by an "insured". This includes costs or expenses incurred by an "insured" or others to repair, replace, enhance, restore or maintain such property to prevent injury to a person or damage to property of others, whether on or away from an "insured location";

3. "Property damage" to property rented to, occupied or used by or in the care of an "insured". This exclusion does not apply to "property damage" caused by fire, smoke or explosion;

4. "Bodily injury" to any person eligible to receive any benefits voluntarily provided or required to be provided by an "insured" under any:

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

5. "Bodily injury" or "property damage" for which an "insured" under this policy:

a. Is also an insured under a nuclear energy liability policy issued by the:

(1) Nuclear Energy Liability Insurance Association;

(2) Mutual Atomic Energy Liability Underwriters;

(3) Nuclear Insurance Association of Canada;

or any of their successors; or

b. Would be an insured under such a policy but for the exhaustion of its limit of liability; or

6. "Bodily injury" to you or an "insured" as defined under Definitions **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured":

a. To repay; or

b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

G. Coverage F – Medical Payments To Others

Coverage **F** does not apply to "bodily injury":

1. To a "residence employee" if the "bodily injury":

a. Occurs off the "insured location"; and

b. Does not arise out of or in the course of the "residence employee's" employment by an "insured";

2. To any person eligible to receive benefits voluntarily provided or required to be provided under any:

a. Workers' compensation law;

b. Non-occupational disability law; or

c. Occupational disease law;

3. From any:

a. Nuclear reaction;

b. Nuclear radiation; or

c. Radioactive contamination;

all whether controlled or uncontrolled or however caused; or

d. Any consequence of any of these; or

4. To any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

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SECTION II – ADDITIONAL COVERAGES

We cover the following in addition to the limits of liability:

A. Claim Expenses

We pay:

1. Expenses we incur and costs taxed against an "insured" in any suit we defend;

2. Premiums on bonds required in a suit we defend, but not for bond amounts more than the Coverage **E** limit of liability. We need not apply for or furnish any bond;

3. Reasonable expenses incurred by an "insured" at our request, including actual loss of earnings (but not loss of other income) up to $250 per day, for assisting us in the investigation or defense of a claim or suit; and

4. Interest on the entire judgment which accrues after entry of the judgment and before we pay or tender, or deposit in court that part of the judgment which does not exceed the limit of liability that applies.

B. First Aid Expenses

We will pay expenses for first aid to others incurred by an "insured" for "bodily injury" covered under this policy. We will not pay for first aid to an "insured".

C. Damage To Property Of Others

1. We will pay, at replacement cost, up to $1,000 per "occurrence" for "property damage" to property of others caused by an "insured".

2. We will not pay for "property damage":

a. To the extent of any amount recoverable under Section **I;**

b. Caused intentionally by an "insured" who is 13 years of age or older;

c. To property owned by an "insured";

d. To property owned by or rented to a tenant of an "insured" or a resident in your household; or

e. Arising out of:

(1) A "business" engaged in by an "insured";

(2) Any act or omission in connection with a premises owned, rented or controlled by an "insured", other than the "insured location"; or

(3) The ownership, maintenance, occupancy, operation, use, loading or unloading of aircraft, hovercraft, watercraft or "motor vehicles".

This exclusion **e.(3)** does not apply to a "motor vehicle" that:

(a) Is designed for recreational use off public roads;

(b) Is not owned by an "insured"; and

(c) At the time of the "occurrence", is not required by law, or regulation issued by a government agency, to have been registered for it to be used on public roads or property.

D. Loss Assessment

1. We will pay up to $1,000 for your share of loss assessment charged against you, as owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of:

a. "Bodily injury" or "property damage" not excluded from coverage under Section **II** – Exclusions; or

b. Liability for an act of a director, officer or trustee in the capacity as a director, officer or trustee, provided such person:

(1) Is elected by the members of a corporation or association of property owners; and

(2) Serves without deriving any income from the exercise of duties which are solely on behalf of a corporation or association of property owners.

2. Paragraph **I.** Policy Period under Section **II** – Conditions does not apply to this Loss Assessment Coverage.

3. Regardless of the number of assessments, the limit of $1,000 is the most we will pay for loss arising out of:

a. One accident, including continuous or repeated exposure to substantially the same general harmful condition; or

b. A covered act of a director, officer or trustee. An act involving more than one director, officer or trustee is considered to be a single act.

4. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

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SECTION II – CONDITIONS

A. Limit Of Liability

Our total liability under Coverage **E** for all damages resulting from any one "occurrence" will not be more than the Coverage **E** limit of liability shown in the Declarations. This limit is the same regardless of the number of "insureds", claims made or persons injured. All "bodily injury" and "property damage" resulting from any one accident or from continuous or repeated exposure to substantially the same general harmful conditions shall be considered to be the result of one "occurrence".

Our total liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Coverage **F** limit of liability shown in the Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one "occurrence".

C. Duties After "Occurrence"

In case of an "occurrence", you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:
   a. The identity of the policy and the "named insured" shown in the Declarations;
   b. Reasonably available information on the time, place and circumstances of the "occurrence"; and
   c. Names and addresses of any claimants and witnesses;
2. Cooperate with us in the investigation, settlement or defense of any claim or suit;
3. Promptly forward to us every notice, demand, summons or other process relating to the "occurrence";
4. At our request, help us:
   a. To make settlement;
   b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";
   c. With the conduct of suits and attend hearings and trials; and
   d. To secure and give evidence and obtain the attendance of witnesses;
5. With respect to **C.** Damage To Property Of Others under Section **II** – Additional Coverages, submit to us within 60 days after the loss, a sworn statement of loss and show the damaged property, if in an "insured's" control;
6. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "bodily injury".

D. Duties Of An Injured Person – Coverage F – Medical Payments To Others

1. The injured person or someone acting for the injured person will:
   a. Give us written proof of claim, under oath if required, as soon as is practical; and
   b. Authorize us to obtain copies of medical reports and records.
2. The injured person will submit to a physical exam by a doctor of our choice when and as often as we reasonably require.

E. Payment Of Claim – Coverage F – Medical Payments To Others

Payment under this coverage is not an admission of liability by an "insured" or us.

F. Suit Against Us

1. No action can be brought against us unless there has been full compliance with all of the terms under this Section **II.**
2. No one will have the right to join us as a party to any action against an "insured".
3. Also, no action with respect to Coverage **E** can be brought against us until the obligation of such "insured" has been determined by final judgment or agreement signed by us.

G. Bankruptcy Of An "Insured"

Bankruptcy or insolvency of an "insured" will not relieve us of our obligations under this policy.

H. Other Insurance

This insurance is excess over other valid and collectible insurance except insurance written specifically to cover as excess over the limits of liability that apply in this policy.

I. Policy Period

This policy applies only to "bodily injury" or "property damage" which occurs during the policy period.

J. Concealment Or Fraud

We do not provide coverage to an "insured" who, whether before or after a loss, has:

1. Intentionally concealed or misrepresented any material fact or circumstance;
2. Engaged in fraudulent conduct; or

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3. Made false statements;

relating to this insurance.

SECTIONS I AND II – CONDITIONS

A. Liberalization Clause

If we make a change which broadens coverage under this edition of our policy without additional premium charge, that change will automatically apply to your insurance as of the date we implement the change in your state, provided that this implementation date falls within 60 days prior to or during the policy period stated in the Declarations.

This Liberalization Clause does not apply to changes implemented with a general program revision that includes both broadenings and restrictions in coverage, whether that general program revision is implemented through introduction of:

1. A subsequent edition of this policy; or

2. An amendatory endorsement.

B. Waiver Or Change Of Policy Provisions

A waiver or change of a provision of this policy must be in writing by us to be valid. Our request for an appraisal or examination will not waive any of our rights.

C. Cancellation

1. You may cancel this policy at any time by returning it to us or by letting us know in writing of the date cancellation is to take effect.

2. We may cancel this policy only for the reasons stated below by letting you know in writing of the date cancellation takes effect. This cancellation notice may be delivered to you, or mailed to you at your mailing address shown in the Declarations. Proof of mailing will be sufficient proof of notice.

a. When you have not paid the premium, we may cancel at any time by letting you know at least 10 days before the date cancellation takes effect.

b. When this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel for any reason by letting you know at least 10 days before the date cancellation takes effect.

c. When this policy has been in effect for 60 days or more, or at any time if it is a renewal with us, we may cancel:

(1) If there has been a material misrepresentation of fact which if known to us would have caused us not to issue the policy; or

(2) If the risk has changed substantially since the policy was issued.

This can be done by letting you know at least 30 days before the date cancellation takes effect.

d. When this policy is written for a period of more than one year, we may cancel for any reason at anniversary by letting you know at least 30 days before the date cancellation takes effect.

3. When this policy is canceled, the premium for the period from the date of cancellation to the expiration date will be refunded pro rata.

4. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will refund it within a reasonable time after the date cancellation takes effect.

D. Nonrenewal

We may elect not to renew this policy. We may do so by delivering to you, or mailing to you at your mailing address shown in the Declarations, written notice at least 30 days before the expiration date of this policy. Proof of mailing will be sufficient proof of notice.

E. Assignment

Assignment of this policy will not be valid unless we give our written consent.

F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person. If not waived, we may require an assignment of rights of recovery for a loss to the extent that payment is made by us.

If an assignment is sought, an "insured" must sign and deliver all related papers and cooperate with us.

Subrogation does not apply to Coverage **F** or Paragraph **C.** Damage To Property Of Others under Section **II** – Additional Coverages.

G. Death

If any person named in the Declarations or the spouse, if a resident of the same household, dies, the following apply:

1. We insure the legal representative of the deceased but only with respect to the premises and property of the deceased covered under the policy at the time of death; and

2. "Insured" includes:

a. An "insured" who is a member of your household at the time of your death, but only while a resident of the "residence premises"; and

b. With respect to your property, the person having proper temporary custody of the property until appointment and qualification of a legal representative.

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WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

ALL FORMS EXCEPT HO 00 04 AND HO 00 06

SCHEDULE*

Windstorm Or Hail Deductible Percentage Amount:
*Entry may be left blank if shown elsewhere in this policy for this coverage.

DEDUCTIBLE

The following special deductible is added to the policy:

With respect to the peril of Windstorm Or Hail, we will pay only that part of the total of all loss payable under Section **I** that exceeds the windstorm or hail percentage deductible.

The dollar amount of the windstorm or hail deductible is determined by multiplying the Coverage **A** limit of liability shown in the Declarations by the deductible percentage amount shown in the Schedule above.

No other deductible in the policy applies to loss caused by windstorm or hail.

All other provisions of this policy apply.

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NAMED STORM PERCENTAGE DEDUCTIBLE – NORTH CAROLINA

SCHEDULE

Named Storm Percentage Deductible:
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Definitions

The following definitions are added for purposes of this endorsement only:

1. "National Weather Service" means the National Weather Service including any of its offices, centers or agencies or, if the National Weather Service ceases to exist or ceases to perform the function of issuing warnings, watches or advisories for "named storms", such other entity as may replace it or as determined by the North Carolina Rate Bureau.

2. "Named storm" means a weather-related event involving wind that has been assigned a formal name by the National Hurricane Center, National Weather Service, World Meteorological Association or any other generally recognized scientific or meteorological association that provides formal names for public use and reference. A named storm includes hurricanes, tropical depressions and tropical storms.

B. Named Storm Deductible

The following special deductible is added to the policy:

1. With respect to the peril of Windstorm or Hail, we will pay only that part of the total of all loss payable resulting from a "named storm", under Section **I** that exceeds the applicable named storm deductible described in Paragraph **B.2.** of this endorsement.

2. The applicable named storm deductible:

a. Is the dollar amount determined by multiplying the Coverage **A** or **C** Limit Of Liability shown in the Declarations, whichever is greater, by the percentage shown as the Named Storm Deductible in the Schedule.

b. Only applies to loss caused by the peril of Windstorm or Hail during the period:

(1) Beginning at the time an advisory, watch or warning for a "named storm" is issued or declared for any part of the state of North Carolina by the "National Weather Service"; and

(2) Ending 24 hours following:

(a) The termination of the last watch or warning for a "named storm" for any part of North Carolina by the "National Weather Service"; or

(b) The issuance of the last advisory for a "named storm" for any part of North Carolina by the "National Weather Service";

whichever is later.

3. No other deductible applies to loss caused by the peril of Windstorm or Hail and resulting from a "named storm" during the period described in Paragraph **B.2.b.** of this endorsement.

4. Refer to the policy Declarations for the deductible that applies to loss caused by the peril of Windstorm or Hail and resulting from a "named storm" other than during the period described in Paragraph **B.2.b.** of this endorsement.

All other provisions of this policy apply.

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ADDITIONAL INTERESTS

Residence Premises

SCHEDULE*

Name And Address Of Person Or Organization: Effective Date Of Interest: (Optional) Description Of Interest:
Name And Address Of Person Or Organization: Effective Date Of Interest: (Optional) Description Of Interest:
* Entries may be left blank if shown elsewhere in this policy for this coverage.

In addition to the Mortgagee(s) shown in the Declarations or elsewhere in this policy, the persons or organizations named in the Schedule above also have an interest in the "residence premises".

CANCELLATION AND NONRENEWAL NOTIFICATION

If we decide to cancel or not to renew this policy, the persons or organizations named in the Schedule will be notified in writing.

All other provisions of this policy apply.

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INCREASED LIMITS ON BUSINESS PROPERTY

SCHEDULE*

Increase In Limit Of Liability	Total Limit Of Liability
* Entries may be left blank if shown elsewhere in this policy for this coverage.	

SECTION I – PROPERTY COVERAGES

Coverage C – Personal Property

3. Special Limits Of Liability

a. The Special Limit Of Liability in Category **3.h.** that applies to "business" property on the "residence premises" is increased by the Increase In Limit Of Liability shown in the Schedule above.

This Increase In Limit Of Liability does not apply to "business" property:

(1) In storage or held:

a. As a sample; or

b. For sale or delivery after sale; or

(2) That pertains to a "business" actually conducted on the "residence premises".

b. The Special Limit Of Liability in Category **3.i.** that applies to "business" property away from the "residence premises" is increased to an amount that is 20 percent of the Total Limit Of Liability shown in the Schedule.

The Special Limit Of Liability in Category **3.i.** does not apply to electronic apparatus as described in Categories **3.j.** and **k.**

This endorsement does not increase the limit of liability for Coverage **C.**

All other provisions of this policy apply.

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PREMISES ALARM OR FIRE PROTECTION SYSTEM

We acknowledge the installation of an alarm system and/or automatic sprinkler system approved by us on the "residence premises". You agree to maintain this system or systems, for which we have granted a credit, in working order and to let us know promptly of any change, including removal, made to the system(s).

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DEFERRED PREMIUM PAYMENT

You have elected to pay the premium in installments as shown in the Declarations, and the premium is made so payable. In the event of any changes in the premiums, which are in effect for us and that apply to this insurance after the date of this policy, you agree to pay each annual installment calculated at the annual premiums then in effect.

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THEFT COVERAGE INCREASE

FORM HO 00 08

SCHEDULE*

Coverage	Limit Of Liability
A. On The "Residence Premises"	
B. Off The "Residence Premises"	
***Entries may be left blank if shown elsewhere in this policy for this coverage.**	

SECTION I – PROPERTY COVERAGES

COVERAGE C – PERSONAL PROPERTY

3. Special Limits Of Liability

The following additional categories apply to covered property on the "residence premises":

i. $1,500 for loss by theft of jewelry, watches, furs, precious and semiprecious stones.

j. $2,500 for loss by theft of firearms and related equipment.

k. $2,500 for loss by theft of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

SECTION I – PERILS INSURED AGAINST

Peril **9.** Theft is deleted and replaced by the following:

9. Theft

a. This peril includes attempted theft and loss of property from a known place on the "residence premises" when it is likely that the property has been stolen.

Personal property contained in any bank, trust or safe deposit company or public warehouse will be considered on the "residence premises".

Our liability in any one loss caused by theft on the "residence premises" will not be more than the limit shown in **A.** in the Schedule above.

b. If limits of liability are shown in **A.** and **B.** in the Schedule, this peril includes loss caused by theft that occurs off the "residence premises". Our liability in any such loss will not be more than the limit shown in **B.** in the Schedule.

c. This peril does not include loss caused by theft:

(1) Committed by an "insured";

(2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied; or

(3) From that part of a "residence premises" rented by an "insured" to someone other than another "insured".

d. The coverage provided in **b.** above for loss caused by theft that occurs off the "residence premises" does not include:

(1) Property while at any other residence owned by, rented to, or occupied by an "insured", except while an "insured" is temporarily living there. Property of an "insured" who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 60 days immediately before the loss;

(2) Watercraft of all types, and their furnishings, equipment and outboard engines or motors; or

(3) Trailers, semitrailers and campers.

All other provisions of this policy apply.

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LOSS ASSESSMENT COVERAGE

SCHEDULE*

A. "Residence Premises" – Additional Amount Of Insurance:
B. Additional Locations Location Of Unit And Limit Of Liability
*Entries may be left blank if shown elsewhere in this policy for this coverage.

1. Additional Insurance – Residence Premises

We will pay, up to the additional amount of insurance shown in **A.** in the Schedule above, for one or more assessments arising out of a single loss covered under:

a. Section **I** Additional Coverage **E.7.** Loss Assessment (This is Additional Coverage **C.7.** in Form **HO 00 04** and **D.7.** in Form **HO 00 06.**);

b. Section **II** – Additional Coverage **D.** Loss Assessment; or

c. Both Section **I** and Section **II.**

2. Additional Locations

We will pay, up to the limit of liability shown in **B.** in the Schedule, your share of covered loss assessments as described in Section **I** Additional Coverage **E.7.** and Section **II** – Additional Coverage **D.** of the policy, arising out of the premises listed above. This is the most we will pay for one or more assessments arising out of a single loss covered under:

a. Either Section **I** Additional Coverage **E.7.** Loss Assessment or Section **II** – Additional Coverage **D.** Loss Assessment; or

b. Both Section **I** and Section **II.**

3. Special Limit

We will not pay more than $1,000 of your assessment per unit that results from a deductible in the policy of insurance purchased by a corporation or association of property owners.

4. Section II – Exclusion

Section **II** – Exclusion **F.1.a.** does not apply to this coverage.

All other provisions of this policy apply.

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LOSS ASSESSMENT COVERAGE FOR EARTHQUAKE

SCHEDULE*

A. Location Of The Unit And Limit Of Liability
B. Earthquake Loss Assessment Deductible Percentage Amount:
***Entries may be left blank if shown elsewhere in this policy for this coverage.

A. Loss Assessment Coverage

We will pay your share of any loss assessment charged during the policy period against you by a corporation or association of property owners, up to the limit of liability shown in **A.** in the Schedule above for each unit. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by:

1. Earthquake; or

2. Land shock waves or tremors before, during or after a volcanic eruption.

One or more earthquake shocks that occur within a seventy-two hour period constitute a single earthquake.

B. Special Deductible

The following deductible applies to your share of each assessment made for each loss caused by earthquake. No other deductible applies to this coverage:

For each unit covered, we will pay only that part of your assessment which is more than the earthquake loss assessment deductible. The dollar amount of the earthquake loss assessment deductible is determined by multiplying the limit of liability for each unit shown in **A.** in the Schedule by the deductible percentage amount shown in **B.** in the Schedule.

However, this deductible amount will not be less than $250 in any one assessment. We will apply only one deductible, per unit, to the total amount of any one loss to the property described in this endorsement, regardless of the number of assessments.

C. Special Exclusions

We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

We do not cover any assessment made as a result of loss resulting directly or indirectly from flood of any nature or tidal wave, whether caused by, resulting from, contributed to or aggravated by earthquake.

D. Exception To The Earth Movement Exclusion

The Section **I** – Earth Movement Exclusion does not apply to loss caused by earthquake, including land shock waves or tremors before, during or after a volcanic eruption.

All other provisions of this policy apply.

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STRUCTURES RENTED TO OTHERS

RESIDENCE PREMISES

SCHEDULE*

Description Of Structures And Limit Of Liability
***Entries may be left blank if shown elsewhere in this policy for this coverage.

DEFINITIONS

Definition **6.** which defines an "insured location" is extended to include the structures shown in the Schedule above.

SECTION I – PROPERTY COVERAGES

We cover the structures described in the Schedule above which are:

1. On the "residence premises";

2. Rented or held for rental to any person not a tenant of the dwelling; and

3. Used as a private residence.

We insure for direct physical loss to these structures caused by a Peril Insured Against for the limit of liability shown in the Schedule that applies to the structure sustaining the loss.

SECTION II – EXCLUSIONS

E. Coverage E – Personal Liability and Coverage F – Medical Payments to Others

2. "Business"

This exclusion does not apply to the structures shown in the Schedule.

All other provisions of this policy apply.

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ADDITIONAL INSURED

RESIDENCE PREMISES

SCHEDULE*

Name And Address Of Person Or Organization
Interest
***Entries may be left blank if shown elsewhere in this policy for this coverage.**

DEFINITIONS

Definition **5.** which defines "insured" is extended to include the person or organization named in the Schedule above, but only with respect to:

1. Coverage **A** – Dwelling and Coverage **B** – Other Structures; and

2. Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others but only with respect to "bodily injury" or "property damage" arising out of the ownership, maintenance or use of the "residence premises".

SECTION II – EXCLUSIONS

This coverage does not apply to "bodily injury" to an "employee", "residence employee" or a temporary employee furnished to the "insured" to substitute for a permanent "residence employee" arising out of or in the course of the employee's employment by the person or organization.

CANCELLATION AND NONRENEWAL NOTIFICATION

If we decide to cancel or not to renew this policy, the person or organization named in the Schedule will be notified in writing.

All other provisions of this policy apply.

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PERMITTED INCIDENTAL OCCUPANCIES

RESIDENCE PREMISES

SCHEDULE*

We cover your "business" described in this Schedule, conducted at or from the "residence premises", subject to the provisions of this endorsement.

Description Of Business:

Business Location (Check **1.** and/or **2.** that follows):

☐ **1.** In the dwelling building or unit in which the "insured" resides and shown as the "residence premises"

☐ **2.** In an other structure on or at the location of the "residence premises"
(Enter the Limit of Liability and Description of the Structure(s) below.)

Limit Of Liability	**Description Of Other Structure(s)**

***Entries may be left blank if shown elsewhere in this policy for this coverage.

SECTION I – PROPERTY COVERAGES

1. Coverage **B** – Other Structures (or coverage for other structures under Form **HO 00 06**) does not apply to the other structure described in the Schedule above.

We cover the other structure described in the Schedule for direct physical loss by a Peril Insured Against for not more than the limit shown in the Schedule.

2. **Coverage C – Personal Property,** Special Limit of Liability **3.h.** is deleted and replaced by the following:

h. $2,500 on property, on the "residence premises", used primarily for "business" purposes, other than furnishings, supplies and equipment of the "business" described in the Schedule.

The Coverage **C** limit of liability applies to property of the "business" described in the Schedule.

SECTION II – EXCLUSIONS

1. Exclusion **E.2.** "Business" does not apply to the necessary or incidental use of the "residence premises" to conduct the "business" described in the Schedule.

2. Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others do not apply to "bodily injury" to any "employee" arising out of the "business" described in the Schedule.

All other provisions of this policy apply.

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REPLACEMENT COST LOSS SETTLEMENT FOR CERTAIN NON-BUILDING STRUCTURES ON THE RESIDENCE PREMISES

SECTION I – CONDITIONS

With respect to structures that are covered by this endorsement, **Section I – Condition C. Loss Settlement** is deleted and replaced by the following:

C. Loss Settlement

1. Covered losses to the following structures located on the "residence premises" are subject to the replacement cost loss settlement conditions described in **2.** below:

a. Reinforced-masonry walls;

b. Metal or fiberglass fences;

c. Fences made of plastic/resin materials such as polyvinylchloride;

d. Patios, walks (not made of wood or wood products); and

e. Driveways.

2. The terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11.** Ordinance Or Law under Section **I** – Property Coverages.

a. We will pay the cost to repair or replace a structure described in **1.** above after application of the deductible and without deduction for depreciation. However, we will not pay more than the least of the following amounts:

(1) The limit of liability under the policy that applies to Coverage **B,** or if the structure is specifically insured under this policy, the amount for which that structure is insured;

(2) The replacement cost of that part of the structure damaged with material of like kind and quality and for like use; or

(3) The necessary amount actually spent to repair or replace the damaged structure.

b. When the repair or replacement cost for the entire loss under this endorsement is more than $2,500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.

c. You may disregard Paragraphs **a.** and **b.** above and make a claim for loss on an actual cash value basis and then make claim for any additional liability in accordance with this endorsement, provided you notify us of your intent to do so within 180 days after the date of loss.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INFLATION GUARD

SCHEDULE*

Percentage Amount:
***Entry may be left blank if shown elsewhere in this policy for this coverage.

The limits of liability for Coverages **A, B, C** and **D** will be increased annually by the percentage amount that is:

1. Shown in the Schedule above; and

2. Applied pro rata during the policy period.

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OTHER STRUCTURES ON THE RESIDENCE PREMISES

INCREASED LIMITS

SCHEDULE*

Description Of Structure And Additional Limit Of Liability
*Entries may be left blank if shown elsewhere in this policy for this coverage.

SECTION I – PROPERTY COVERAGES

COVERAGE B – OTHER STRUCTURES

We cover each structure that is:

1. On the "residence premises"; and

2. Described in the Schedule above;

for the additional limit of liability shown in the Schedule for that structure.

The limit shown is in addition to the Coverage **B** limit of liability.

Each additional limit of liability shown applies only to that described structure.

All other provisions of this policy apply.

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BUILDING ADDITIONS AND ALTERATIONS

OTHER RESIDENCE

SCHEDULE*

Location Of The Building And Limit Of Liability
***Entries may be left blank if shown elsewhere in this policy for this coverage.

SECTION I – PROPERTY COVERAGES

We cover, up to the limit of liability shown in the Schedule above, the additions, alterations and improvements, made or acquired at an "insured's" expense, to that part of a building:

1. Which is rented to an "insured" as a residence; and
2. At the location shown in the Schedule.

We insure for direct physical loss to this property caused by a Peril Insured Against.

All other provisions of this policy apply.

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POLICY NUMBER:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL PROPERTY AT OTHER RESIDENCES

INCREASED LIMIT

SCHEDULE*

SECTION I – PROPERTY COVERAGES

COVERAGE C – PERSONAL PROPERTY

2. Limit For Property At Other Residences

The limit of liability that applies to personal property usually located at an "insured's" residence, other than the "residence premises", is increased as noted below.

Location Of "Insured's" Residence	Increase In Limit Of Liability	Total Limit Of Liability At This Location

All other provisions of this policy apply.

***Entries may be left blank if shown elsewhere in this policy for this coverage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUILDING ADDITIONS AND ALTERATIONS

INCREASED LIMIT
FORM HO 00 04

SCHEDULE*

SECTION I – PROPERTY COVERAGES

C. Additional Coverages

10. Building Additions And Alterations

The limit of liability for this Building Additions And Alterations coverage is increased as noted below.

Increase In Limit Of Liability	Total Limit Of Liability

All other provisions of this policy apply.

***Entries may be left blank if shown elsewhere in this policy for this coverage.**

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CREDIT CARD, ELECTRONIC FUND TRANSFER CARD OR ACCESS DEVICE, FORGERY AND COUNTERFEIT MONEY COVERAGE

INCREASED LIMIT

SCHEDULE*

SECTION I – PROPERTY COVERAGES

ADDITIONAL COVERAGES

6. Credit Card, Electronic Fund Transfer Card Or Access Device, Forgery And Counterfeit Money
The limit of liability for this coverage is increased as noted below.

Increase In Limit Of Liability	Total Limit Of Liability

All other provisions of this policy apply.

***Entries may be left blank if shown elsewhere in this policy for this coverage.**

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTHQUAKE

SCHEDULE*

Earthquake Deductible Percentage Amount: Exterior Masonry Veneer Exclusion **1.** ☐ Check here only if this exclusion does not apply.
*Entries may be left blank if shown elsewhere in this policy for this coverage.

A. Coverage

1. We insure for direct physical loss to property covered under Section **I** caused by earthquake, including land shock waves or tremors before, during or after a volcanic eruption.

One or more earthquake shocks that occur within a seventy-two hour period constitute a single earthquake.

2. This coverage does not increase the limits of liability stated in this policy.

B. Special Deductible

The following replaces any other deductible provision in this policy with respect to loss covered under this endorsement:

We will pay only that part of the total of all loss payable under Section **I,** except:

1. Coverage **D;** and

2. The Additional Coverages;

that exceeds the earthquake deductible.

The dollar amount of the earthquake deductible is determined by multiplying either the:

Coverage **A;** or

Coverage **C;**

limit of liability shown in the Declarations, whichever is greater, by the deductible percentage amount shown in the Schedule above.

The total deductible amount will not be less than $250.

C. Special Exclusions

1. Exterior Masonry Veneer

We do not cover loss to exterior masonry veneer caused by earthquake. The value of exterior masonry veneer will be deducted before applying the earthquake deductible described above. For the purpose of this exclusion, stucco is not considered masonry veneer.

2. Flood

We do not cover loss resulting directly or indirectly from flood of any nature or tidal wave, whether:

a. Caused by;

b. Resulting from;

c. Contributed to by; or

d. Aggravated by;

earthquake.

3. Filling Land

This coverage does not include the cost of filling land.

D. Exception To The Earth Movement Exclusion

The Section **I** – Earth Movement Exclusion does not apply to loss caused by earthquake, including land shock waves or tremors before, during or after a volcanic eruption.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL LOSS SETTLEMENT

FORMS HO 00 02, HO 00 03 AND HO 00 05 ONLY

SCHEDULE*

Percentage Amount Of Full Replacement Cost:
***Entry may be left blank if shown elsewhere in this policy for this coverage.

SECTION I – CONDITIONS

Paragraph **C. Loss Settlement** is deleted and replaced by the following:

C. Loss Settlement

In this Condition **C.,** the terms "cost to repair or replace" and "replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in Additional Coverage **E.11.** Ordinance Or Law. Covered property losses are settled as follows:

1. Property of the following type:

a. Personal property;

b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;

c. Structures that are not buildings; and

d. Grave markers, including mausoleums;

at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

a. If, at the time of loss, the amount of insurance in this policy on the damaged building is equal to or more than the percentage amount of the full replacement cost of the building immediately before the loss, shown in the Schedule above, we will pay the cost to repair or replace, after application of any deductible and without deduction for depreciation, but not more than the least of the following amounts:

(1) The limit of liability under this policy that applies to the building;

(2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or

(3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in **(2)** above is limited to the cost which would have been incurred if the building had been built at the original premises.

b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than the percentage amount of the full replacement cost of the building immediately before the loss, shown in the Schedule, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

(1) The actual cash value of that part of the building damaged; or

(2) That proportion of the cost to repair or replace, after application of any deductible and without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to the percentage of the full replacement cost of the building shown in the Schedule.

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c. To determine the amount of insurance required to equal the percentage amount of the full replacement cost of the building immediately before the loss, shown in the Schedule, do not include the value of:

(1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor; or

(2) Those supports in **(1)** above which are below the surface of the ground inside the foundation walls, if there is no basement; and

(3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss according to the provisions of **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

(1) Less than 5% of the amount of insurance in this policy on the building; and

(2) Less than $2,500;

we will settle the loss according to the provisions of **2.a.** and **b.** above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **C.** Loss Settlement, provided you notify us of your intent to do so within 180 days after the date of loss.

All other provisions on this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OTHER MEMBERS OF YOUR HOUSEHOLD

SCHEDULE*

Name Of Person Covered By This Endorsement
*Entries may be left blank if shown elsewhere in this policy for this coverage.

A. Agreement

1. We insure the person named in the Schedule above who lives with you and is a member of your household and who is not an "insured", guest, "residence employee", tenant, roomer or boarder. We also insure a person under the age of 21 who lives with and is in the legal custody of the person named in the Schedule. Such persons are insured for the coverages described in **B.** Section **I** – Property Coverage below and Section **II** – Liability described in the policy form.
2. It is agreed that this endorsement is issued in reliance on information you provided concerning the residency of the person described in the Schedule.
3. You agree to notify us in writing within 30 days of a change in the:
   a. Residency; or
   b. Status, as a household member;
   of the person described in the Schedule.
4. You will be solely responsible for the payment of any premium pertaining to this endorsement.
5. It is further agreed that you are the representative of the person described in the Schedule, and will act in all matters pertaining to the provisions of this endorsement.

B. Section I – Property Coverage

Under Coverage **C,** the first paragraph is deleted and replaced by the following:

We cover personal property owned or used by an "insured" or a person described in **A.1.** above while it is anywhere in the world. After a loss and at your request, we will cover personal property owned by:

1. Others, not including a person described in **A.1.** above, while the property is on the part of the "residence premises" occupied by an "insured"; or
2. A guest or a "residence employee", while the property is in any residence occupied by an "insured".

This coverage does not increase the Coverage **C** limit of liability.

C. General Condition

All other provisions under Section **I** and Section **II** of this policy that apply to you also apply to the persons described in **A.1.** above, except Coverages **A** and **B** and Fair Rental Value under Coverage **D.**

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ASSISTED LIVING CARE COVERAGE

SCHEDULE*

Name Of Relative(s)	Name And Location Of Residency	Limit Of Liability	
		Coverage C	Coverage E
* Entries may be left blank if shown elsewhere in this policy for this coverage.			

AGREEMENT

We will insure the person named in the Schedule above for the coverages provided under Section **I** – Property Coverages below and Coverage **E** – Personal Liability in the policy form, subject to the limits of liability shown in the Schedule.

It is agreed that such person is related to an "insured" by blood, marriage or adoption, is not a member of your household and regularly resides in the living care facility (facility) named in the Schedule. It is also agreed that such facility provides assisted living services such as dining, therapy, medical supervision, housekeeping and social activities.

It is further agreed that you will represent the person named in the Schedule, and will act in all matters pertaining to the provisions of this endorsement.

This insurance is excess over any other applicable insurance covering the same loss.

SECTION I – PROPERTY COVERAGES

1. Coverage C – Personal Property

a. Covered Property

We cover personal property owned and used by a person named in the Schedule for loss by a Peril Insured Against covered under Coverage **C** in the policy.

b. Limit Of Liability

The limit of liability shown in the Schedule is the most we will pay for any one loss regardless of the number of relatives residing in the same living unit in the facility named in the Schedule.

c. Special Limits Of Liability

The following special limits of liability apply only to property described in **a.** above and are in addition to the Coverage **C** special limits that apply to the policy to which this endorsement is attached. They do not increase the Coverage **C** limit of liability shown in the Schedule. The special limit shown for each numbered category is the total limit for each loss for the property in that category.

(1) $250 for each hearing aid or other similar audio enhancement device.

(2) $100 for each pair of eyeglasses.

(3) $100 for all contact lenses.

(4) $500 for all false teeth or dentures.

(5) $500 for each medi-alert device.

(6) $250 for all walking aids and devices such as walkers or canes.

(7) $500 for each wheelchair.

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d. Property Not Covered

(1) Property regularly located away from the facility;

(2) Property owned by an "insured"; and

(3) Property owned by the facility but rented to or used by the person named in the Schedule.

2. Additional Living Expense

a. If a loss covered under this endorsement makes that part of the facility not fit to live in or results in suspension of facility operations, we will cover the necessary increase in living expenses the person named in the Schedule incurs to maintain their normal standard of living. The amount we will pay for each loss will not exceed a maximum of $500 per month for no more than 12 consecutive months. This amount is the most that we will pay for any one loss, regardless of the number of relatives residing in the same living unit in the facility named in the Schedule.

b. If a civil authority prohibits the use of the facility as a result of direct damage to neighboring premises by a Peril Insured Against in this policy, we cover the necessary increase in living expense incurred by the relative for no more than two weeks, up to $50 per day.

This coverage is additional insurance. The deductible applies to this coverage. We do not cover loss or expense due to cancellation of a lease or agreement.

3. Deductible

The deductible that applies to the policy to which this endorsement is attached will apply to loss covered under this endorsement.

However, if a single loss event results in damage to personal property covered by this endorsement and to personal property covered under the policy to which this endorsement is attached, we will subtract from the total of all loss from that same loss event the deductible amount shown in the declarations.

SECTION II – LIABILITY COVERAGES

Coverage **F** – Medical Payments To Others does not apply to this endorsement.

SECTION II – EXCLUSIONS

With respect to the coverage provided by this endorsement, the following exclusion is added:

Coverage **E** does not apply to:

1. Liability assumed by the facility prior to an "occurrence"; or

2. "Bodily injury" to a care facility professional or support staff that occurs while such person is on or off duty and attending to the person named in the Schedule.

GENERAL CONDITIONS

All Section **I** and Section **II** additional coverages, exclusions and conditions of this policy that apply to an "insured" also apply to the person named in the Schedule.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULED PERSONAL PROPERTY ENDORSEMENT (WITH AGREED VALUE LOSS SETTLEMENT)

SCHEDULE*

	Class Of Personal Property	Amount Of Insurance	Premium
1.	**Jewelry,** as scheduled below.	$	$
2.	**Furs** and garments trimmed with fur or consisting principally of fur, as scheduled below.		
3.	**Cameras,** projection machines, films and related articles of equipment, as listed below.		
4.	**Musical instruments** and related articles of equipment, as listed below. You agree not to perform with these instruments for pay unless specifically provided under this policy.		
5.	**Silverware,** silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry.		
6.	**Golfer's equipment** meaning golf clubs, golf clothing and golf equipment.		
7.a.	**Fine Arts,** as scheduled below. This premium is based on your statement that the property insured is located at the following address: at at	Total Fine Arts Amount $	
7.b.	For an additional premium, Paragraph **5.b.** under **C.** Perils Insured Against is deleted only for the articles marked with a double asterisk (**) in the schedule below.	Amount of **7.b.** only $	
8.	**Postage Stamps**		
9.	**Rare and Current Coins**		

Article Or Property	Description	Amount Of Insurance

*Entries may be left blank if shown elsewhere in this policy for this coverage.

We cover the classes of personal property which are indicated in the Schedule above by an amount of insurance. This coverage is subject to the:

1. Definitions;

2. Section **I** – Conditions; and

3. Sections **I** and **II** – Conditions;

in the policy and all provisions of this endorsement.

Any deductible stated in this policy does not apply to this coverage.

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A. Newly Acquired Property – Jewelry, Furs, Cameras And Musical Instruments Only

1. We cover newly acquired property of a class of property already insured. The lesser of the following limits applies:
   a. 25% of the amount of insurance for that class of property; or
   b. $10,000.
2. When you acquire new property you must:
   a. Report these objects to us within 30 days; and
   b. Pay the additional premium from the date acquired.

B. Newly Acquired Fine Arts

When Fine Arts are scheduled, we cover objects of art acquired during the policy period for their actual cash value. However, we will pay no more than 25% of the amount of insurance for fine arts scheduled. For coverage to apply for newly acquired fine arts you must:

1. Report these objects to us within 90 days; and
2. Pay the additional premium from the date acquired.

C. Perils Insured Against

We insure against risks of direct loss to property described only if that loss is a physical loss to property; however, we do not insure loss caused by any of the following:

1. Wear and tear, gradual deterioration or inherent vice.
2. Insects or vermin.
3. War, including the following and any consequence of any of the following:
   a. Undeclared war, civil war, insurrection, rebellion or revolution;
   b. Warlike act by a military force or military personnel; or
   c. Destruction, seizure or use for a military purpose.

   Discharge of a nuclear weapon will be deemed a warlike act even if accidental.
4. Nuclear Hazard, to the extent set forth in the Nuclear Hazard Clause of Section **I** – Conditions.
5. If Fine Arts are covered:
   a. Repairing, restoration or retouching process;
   b. Breakage of art glass windows, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles. We cover loss by breakage if caused by:
      (1) Fire or lightning;
      (2) Explosion, aircraft or collision;
      (3) Windstorm, earthquake or flood;
      (4) Malicious damage or theft;
      (5) Derailment or overturn of a conveyance.

   We do not insure loss, from any cause, to property on exhibition at fair grounds or premises of national or international expositions unless the premises are covered by this policy.
6. If Postage Stamps or Rare and Current Coins collections are covered:
   a. Fading, creasing, denting, scratching, tearing or thinning;
   b. Transfer of colors, inherent defect, dampness, extremes of temperature, or depreciation;
   c. Being handled or worked on;
   d. The disappearance of individual stamps, coins or other articles unless the item is:
      (1) Described and scheduled with a specific amount of insurance; or
      (2) Mounted in a volume and the page it is attached to is also lost; or
   e. Shipping by mail other than registered mail.

   However, we do not insure loss, from any cause, to property in the custody of transportation companies or not part of a stamp or coin collection.

D. Territorial Limits

We cover the property described worldwide.

E. Special Provisions

1. Fine Arts: You agree that the covered property will be handled by competent packers.
2. Golfer's Equipment includes your other clothing while contained in a locker when you are playing golf. We cover golf balls for loss by fire or burglary provided there are visible marks of forcible entry into the building, room or locker.

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3. Postage Stamps includes the following owned by or in the custody or control of the "insured":

a. Due, envelope, official, revenue, match and medicine stamps;

b. Covers, locals, reprints, essays, proofs and other philatelic property; or

c. Books, pages and mounting of items in **a.** and **b.**

4. Rare and Current Coins includes the following owned by or in custody or control of the "insured":

a. Medals, paper money, bank notes;

b. Tokens of money and other numismatic property; or

c. Coin albums, containers, frames, cards and display cabinets in use with such collection.

F. Conditions

1. Loss Settlement

Covered property losses are settled as follows:

a. Agreed Value

We will pay, for each article or property designated in the Schedule, the full amount shown in the Schedule which is agreed to be the value of that article or property. At our request, you will surrender that article or property to us if not lost or stolen.

b. Pair, Set Or Parts

If the scheduled article or property is a pair or set, or consists of several parts when complete, we will pay the full amount shown in the Schedule for that pair, set or complete article. At our request, you will surrender that article or property to us if not lost or stolen.

2. Lost Or Stolen Articles

In the event lost or stolen property is recovered and we have paid you the full amount shown in the Schedule for that property, you will surrender that property to us.

3. Buyback Of Surrendered Property

We will, at your request, sell back to you, at a price you and we agree upon, any class of property or scheduled article you surrendered to us to comply with the terms in Paragraphs **1.** or **2.** above.

4. Premium Adjustment

We will refund the unearned premium that applies to the scheduled article after the loss or you may apply it to the premium due for the replacement of that article.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SCHEDULED PERSONAL PROPERTY ENDORSEMENT

SCHEDULE*

	Class Of Personal Property	Amount Of Insurance	Premium
1.	**Jewelry,** as scheduled below.	$	$
2.	**Furs** and garments trimmed with fur or consisting principally of fur, as scheduled below.		
3.	**Cameras,** projection machines, films and related articles of equipment, as listed below.		
4.	**Musical instruments** and related articles of equipment, as listed below. You agree not to perform with these instruments for pay unless specifically provided under this policy.		
5.	**Silverware,** silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry.		
6.	**Golfer's equipment** meaning golf clubs, golf clothing and golf equipment.		
7.a.	**Fine Arts,** as scheduled below. This premium is based on your statement that the property insured is located at the following address: at at	Total Fine Arts Amount $	
7.b.	For an additional premium, Paragraph **5.b.** under **C.** Perils Insured Against is deleted only for the articles marked with a double asterisk (**) in the schedule below.	Amount of **7.b.** only $	
8.	**Postage Stamps**		
9.	**Rare and Current Coins**		

Article Or Property	Description	Amount Of Insurance
THE AMOUNTS SHOWN FOR EACH ITEM IN THIS SCHEDULE ARE LIMITED BY THE LOSS SETTLEMENT CONDITION IN PARAGRAPH F.2.		
*Entries may be left blank if shown elsewhere in this policy for this coverage.		

We cover the classes of personal property which are indicated in the Schedule above by an amount of insurance. This coverage is subject to the:

1. Definitions;

2. Section **I** – Conditions; and

3. Sections **I** and **II** – Conditions;

in the policy and all provisions of this endorsement.

Any deductible stated in this policy does not apply to this coverage.

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A. Newly Acquired Property – Jewelry, Furs, Cameras And Musical Instruments Only

1. We cover newly acquired property of a class of property already insured. The lesser of the following limits applies:

a. 25% of the amount of insurance for that class of property; or

b. $10,000.

2. When you acquire new property you must:

a. Report these objects to us within 30 days; and

b. Pay the additional premium from the date acquired.

B. Newly Acquired Fine Arts

When Fine Arts are scheduled, we cover objects of art acquired during the policy period for their actual cash value. However, we will pay no more than 25% of the amount of insurance for fine arts scheduled. For coverage to apply for newly acquired fine arts you must:

1. Report these objects to us within 90 days; and

2. Pay the additional premium from the date acquired.

C. Perils Insured Against

We insure against risks of direct loss to property described only if that loss is a physical loss to property; however, we do not insure loss caused by any of the following:

1. Wear and tear, gradual deterioration or inherent vice.

2. Insects or vermin.

3. War, including the following and any consequence of any of the following:

a. Undeclared war, civil war, insurrection, rebellion or revolution;

b. Warlike act by a military force or military personnel; or

c. Destruction, seizure or use for a military purpose.

Discharge of a nuclear weapon will be deemed a warlike act even if accidental.

4. Nuclear Hazard, to the extent set forth in the Nuclear Hazard Clause of Section **I** – Conditions.

5. If Fine Arts are covered:

a. Repairing, restoration or retouching process;

b. Breakage of art glass windows, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles. We cover loss by breakage if caused by:

(1) Fire or lightning;

(2) Explosion, aircraft or collision;

(3) Windstorm, earthquake or flood;

(4) Malicious damage or theft;

(5) Derailment or overturn of a conveyance.

We do not insure loss, from any cause, to property on exhibition at fair grounds or premises of national or international expositions unless the premises are covered by this policy.

6. If Postage Stamps or Rare and Current Coins collections are covered:

a. Fading, creasing, denting, scratching, tearing or thinning;

b. Transfer of colors, inherent defect, dampness, extremes of temperature, or depreciation;

c. Being handled or worked on;

d. The disappearance of individual stamps, coins or other articles unless the item is:

(1) Described and scheduled with a specific amount of insurance; or

(2) Mounted in a volume and the page it is attached to is also lost; or

e. Shipping by mail other than registered mail.

However, we do not insure loss, from any cause, to property in the custody of transportation companies or not part of a stamp or coin collection.

D. Territorial Limits

We cover the property described worldwide.

E. Special Provisions

1. Fine Arts: You agree that the covered property will be handled by competent packers.

2. Golfer's Equipment includes your other clothing while contained in a locker when you are playing golf. We cover golf balls for loss by fire or burglary provided there are visible marks of forcible entry into the building, room or locker.

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3. Postage Stamps includes the following owned by or in the custody or control of the "insured":

a. Due, envelope, official, revenue, match and medicine stamps;

b. Covers, locals, reprints, essays, proofs and other philatelic property; or

c. Books, pages and mounting of items in **a.** and **b.**

4. Rare and Current Coins includes the following owned by or in custody or control of the "insured":

a. Medals, paper money, bank notes;

b. Tokens of money and other numismatic property; or

c. Coin albums, containers, frames, cards and display cabinets in use with such collection.

F. Conditions

1. Loss Clause

The amount of insurance under this endorsement will not be reduced except for a total loss of a scheduled article. We will refund the unearned premium applicable to such article after the loss or you may apply it to the premium due for the replacement of the scheduled article.

2. Loss Settlement

Covered property losses are settled as follows:

a. Fine Arts

(1) We will pay, for each article designated in the Schedule, the full amount shown in the Schedule which is agreed to be the value of that article or property. At our request, you will surrender that article or property to us if not lost or stolen.

(2) If the scheduled article or property is a pair or set, or consists of several parts when complete, we will pay the full amount shown in the Schedule for that pair, set or complete article. At our request, you will surrender that article or property to us if not lost or stolen.

(3) In the event lost or stolen property is recovered and we have paid you the full amount shown in the Schedule for that property, you will surrender that property to us.

(4) We will, at your request, sell back to you, at a price you and we agree upon, any class of property or scheduled article you surrendered to us to comply with the terms in **(1), (2)** or **(3)** above.

b. POSTAGE STAMPS OR RARE AND CURRENT COIN COLLECTION

IN CASE OF LOSS TO ANY SCHEDULED ITEM, THE AMOUNT TO BE PAID WILL BE DETERMINED IN ACCORDANCE WITH PARAGRAPH 2.c. OTHER PROPERTY.

WHEN COINS OR STAMPS ARE COVERED ON A BLANKET BASIS, WE WILL PAY THE CASH MARKET VALUE AT TIME OF LOSS BUT NOT MORE THAN $1,000 ON ANY UNSCHEDULED COIN COLLECTION NOR MORE THAN $250 FOR ANY ONE STAMP, COIN OR INDIVIDUAL ARTICLE OR ANY ONE PAIR, STRIP, BLOCK, SERIES SHEET, COVER, FRAME OR CARD.

WE WILL NOT PAY A GREATER PROPORTION OF ANY LOSS ON BLANKET PROPERTY THAN THE AMOUNT INSURED ON BLANKET PROPERTY BEARS TO THE CASH MARKET VALUE AT TIME OF LOSS.

c. OTHER PROPERTY

(1) THE VALUE OF THE PROPERTY INSURED IS NOT AGREED UPON BUT WILL BE ASCERTAINED AT THE TIME OF LOSS OR DAMAGE. WE WILL NOT PAY MORE THAN THE LEAST OF THE FOLLOWING AMOUNTS:

(a) THE ACTUAL CASH VALUE OF THE PROPERTY AT THE TIME OF LOSS OR DAMAGE;

(b) THE AMOUNT FOR WHICH THE PROPERTY COULD REASONABLY BE EXPECTED TO BE REPAIRED TO ITS CONDITION IMMEDIATELY PRIOR TO LOSS;

(c) THE AMOUNT FOR WHICH THE ARTICLE COULD REASONABLY BE EXPECTED TO BE REPLACED WITH ONE SUBSTANTIALLY IDENTICAL TO THE ARTICLE LOST OR DAMAGED; OR

(d) THE AMOUNT OF INSURANCE.

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(2) THE ACTUAL CASH VALUE CONDITION IN PARAGRAPH (1)(a) ABOVE DOES NOT APPLY IF, AT THE TIME OF LOSS, COVERAGE C – PERSONAL PROPERTY COVERED IN THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED IS SUBJECT TO REPLACEMENT COST LOSS SETTLEMENT.

3. PAIR, SET OR PARTS OTHER THAN FINE ARTS

a. LOSS TO A PAIR OR SET

IN CASE OF A LOSS TO A PAIR OR SET WE MAY ELECT TO:

(1) REPAIR OR REPLACE ANY PART TO RESTORE THE PAIR OR SET TO ITS VALUE BEFORE THE LOSS; OR

(2) PAY THE DIFFERENCE BETWEEN ACTUAL CASH VALUE OF THE PROPERTY BEFORE AND AFTER THE LOSS.

b. PARTS

IN CASE OF A LOSS TO ANY PART OF COVERED PROPERTY, CONSISTING OF SEVERAL PARTS WHEN COMPLETE, WE WILL PAY FOR THE VALUE OF THE PART LOST OR DAMAGED.

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SCHEDULED PERSONAL PROPERTY ENDORSEMENT

(COPY OF PAGE 1 OF HO 04 61)

SCHEDULE*

Class Of Personal Property		Amount Of Insurance	Premium
1.	**Jewelry,** as scheduled below.	$	$
2.	**Furs** and garments trimmed with fur or consisting principally of fur, as scheduled below.		
3.	**Cameras,** projection machines, films and related articles of equipment, as listed below.		
4.	**Musical instruments** and related articles of equipment, as listed below. You agree not to perform with these instruments for pay unless specifically provided under this policy.		
5.	**Silverware,** silver-plated ware, goldware, gold-plated ware and pewterware, but excluding pens, pencils, flasks, smoking implements or jewelry.		
6.	**Golfer's equipment** meaning golf clubs, golf clothing and golf equipment.		
7.a.	**Fine Arts,** as scheduled below. This premium is based on your statement that the property insured is located at the following address: at at	Total Fine Arts Amount $	
7.b.	For an additional premium, paragraph **5.b.** under **C.** Perils Insured Against is deleted only for the articles marked with a double asterisk (**) in the schedule below.	Amount of **7.b.** only $	
8.	**Postage Stamps**		
9.	**Rare and Current Coins**		

Article Or Property	Description	Amount Of Insurance

THE AMOUNTS SHOWN FOR EACH ITEM IN THIS SCHEDULE ARE LIMITED BY THE LOSS SETTLEMENT CONDITION IN PARAGRAPH F.2.

*Entries may be left blank if shown elsewhere in this policy for this coverage.

We cover the classes of personal property which are indicated in the Schedule above by an amount of insurance. This coverage is subject to the:

1. Definitions;

2. Section **I** – Conditions; and

3. Sections **I** and **II** – Conditions;

in the policy and all provisions of this endorsement.

Any deductible stated in this policy does not apply to this coverage.

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ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE

SCHEDULE*

New Total Percentage Amount:
***Entry may be left blank if shown elsewhere in this policy for this coverage.**

SECTION I – PROPERTY COVERAGES

ADDITIONAL COVERAGES

11. Ordinance Or Law

The total limit of liability that applies:

a. To Coverage **A,** or

b. For Form **HO 00 04,** to Building Additions And Alterations;

is increased from 10% to the percentage amount shown in the Schedule above.

This is Additional Coverage **10.** in Form **HO 00 06.**

All other provisions of this policy apply.

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MULTIPLE COMPANY INSURANCE

SCHEDULE*

A. Percentage Of Limit Of Liability:

B. SECTION I – PROPERTY COVERAGES
TOTAL LIMITS OF LIABILITY

$	**Coverage A – Dwelling**
$	**Coverage B – Other Structures**
$	**Coverage C – Personal Property**
$	**Coverage D – Loss of Use**
$	**Additional Coverages (Specify)**

C. SECTION II – LIABILITY COVERAGE
When liability coverage is not provided by us, it is provided by the following company under the policy number shown:

*Entries may be left blank if shown elsewhere in this policy for this coverage.

MULTIPLE COMPANY INSURANCE DEFINED

Multiple Company Insurance is insurance written in your name by more than one company using the same type of policy and conditions, whether or not still in force at time of loss.

SECTION I – PROPERTY COVERAGES

Our limit of liability for Section **I** – Property Coverages is the percentage of the total of each limit of liability shown in **A.** and **B.** in the Schedule above. We will pay this percentage of any loss, under Section **I,** caused by a Peril Insured Against. However, we will not pay more than the limit of liability shown in the Declarations.

Any special limit or amount of insurance shown in this policy will be the limit of liability for all insurance. We will pay only the percentage shown in **A.** of such limits or amounts.

SECTION I – CONDITIONS

C. Loss Settlement

For Forms **HO 00 02, HO 00 03** and **HO 00 05,** Paragraph **2.** is deleted and replaced by the following:

2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

a. If, at the time of loss, the total amount of insurance on the damaged building written by all companies participating in this insurance is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of any deductible and without deduction for depreciation, but not more than the least of the following amounts:

(1) The limit of liability under this policy that applies to the building;

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(2) The replacement cost of that part of the building damaged with material:

(a) Of like kind and quality: and

(b) For like use; or

(3) The necessary amount actually spent to repair or replace the damaged building.

If the building is rebuilt at a new premises, the cost described in **(2)** above is limited to the cost which would have been incurred if the building had been built at the original premises.

b. If, at the time of loss, the total amount of insurance on the damaged building written by all companies participating is less than 80% of the full replacement cost of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

(1) The actual cash value of that part of the building damaged; or

(2) That proportion of the cost to repair or replace:

(a) After application of any deductible; and

(b) Without deduction for depreciation;

that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.

c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

(1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;

(2) Those supports described in **(1)** above which are below the surface of the ground inside the foundation walls, if there is no basement; and

(3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, we will settle the loss as noted in **2.a.** and **b.** above.

However, if the cost to repair or replace the damage is both:

(1) Less than 5% of the amount of insurance in this policy on the building; and

(2) Less than $2,500;

we will settle the loss as noted in **2.a.** and **b.** above whether or not actual repair or replacement is complete.

e. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability according to the provisions of this Condition **C.** Loss Settlement, provided you notify us of your intent to do so within 180 days after loss.

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ACTUAL CASH VALUE LOSS SETTLEMENT

SECTION I – CONDITIONS

Paragraph **C. Loss Settlement** is deleted and replaced by the following:

C. Loss Settlement

Covered property losses shall be settled at actual cash value at the time of loss but shall not be settled at more than the amount required to repair or replace.

All other provisions of this policy apply.

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WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW – NORTH CAROLINA

SCHEDULE

Limit Of Liability: $
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Coverage

We will pay, up to the limit of liability shown in the Schedule, for direct physical loss, not caused by the negligence of an "insured", to property covered under Section **I** caused by water, or waterborne material, which:

1. Backs up through sewers or drains; or

2. Overflows or is discharged from a:

a. Sump, sump pump; or

b. Related equipment;

even if such overflow or discharge results from mechanical breakdown. This coverage does not apply to direct physical loss of the sump pump, or related equipment, which is caused by mechanical breakdown.

This endorsement does not increase the amount of insurance that applies to the covered property.

B. Section I – Perils Insured Against

With respect to the coverage described in **A.** above, Paragraphs:

A.2.c.(6)(b) in Form **HO 00 03;**

A.2.e.(2) in Form **HO 00 05;**

2.j.(2) in Endorsement **HO 32 95;**

3.j.(2) in Endorsement **HO 32 35;** and

2.c.(6)(b) in Endorsement **HO 32 34;**

are deleted and replaced by the following:

Latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;

C. Special Deductible

The following replaces any other deductible provision in this policy with respect to loss covered under this endorsement.

We will pay only that part of the total of all loss payable under Section **I** that exceeds $250. No other deductible applies to this coverage. This deductible does not apply with respect to Coverage **D** – Loss of Use.

D. Exclusion

The **Water Damage** Exclusion is replaced by the following:

Water

This means:

1. Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;

2. Water which:

a. Backs up through sewers or drains; or

b. Overflows or is otherwise discharged from a sump, sump pump or related equipment;

as a direct or indirect result of flood;

3. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or

4. Waterborne material carried or otherwise moved by any of the water referred to in **D.1.** through **D.3.** of this Exclusion.

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This Exclusion applies regardless of whether any of the above, in **D.1.** through **D.4.,** is caused by an act of nature, an act of man or is otherwise caused.

This Exclusion applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system whether natural, manmade or is otherwise made.

However, direct loss by fire, explosion or theft resulting from any of the above, in **D.1.** through **D.4.,** is covered.

All other provisions of this policy apply.

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PERSONAL PROPERTY REPLACEMENT COST LOSS SETTLEMENT

A. Eligible Property

1. Covered losses to the following property are settled at replacement cost at the time of the loss:
   - **a.** Coverage **C;** and
   - **b.** If covered in this policy:
     - **(1)** Awnings, outdoor antennas and outdoor equipment; and
     - **(2)** Carpeting and household appliances;

   whether or not attached to buildings.
2. This method of loss settlement will also apply to the following articles or classes of property if they are separately described and specifically insured in this policy and not subject to agreed value loss settlement:
   - **a.** Jewelry;
   - **b.** Furs and garments:
     - **(1)** Trimmed with fur; or
     - **(2)** Consisting principally of fur;
   - **c.** Cameras, projection machines, films and related articles of equipment;
   - **d.** Musical equipment and related articles of equipment;
   - **e.** Silverware, silver-plated ware, goldware, gold-plated ware and pewterware, but excluding:
     - **(1)** Pens or pencils;
     - **(2)** Flasks;
     - **(2)** Smoking implements; or
     - **(3)** Jewelry; and
   - **f.** Golfer's equipment meaning golf clubs, golf clothing and golf equipment.

Personal Property Replacement Cost loss settlement will not apply to other classes of property separately described and specifically insured.

B. Ineligible Property

Property listed below is not eligible for replacement cost loss settlement. Any loss will be settled at actual cash value at the time of loss but not more than the amount required to repair or replace.

1. Antiques, fine arts, paintings and similar articles of rarity or antiquity which cannot be replaced.
2. Memorabilia, souvenirs, collectors items and similar articles whose age or history contribute to their value.
3. Articles not maintained in good or workable condition.
4. Articles that are outdated or obsolete and are stored or not being used.

C. Replacement Cost Loss Settlement Condition

The following loss settlement condition applies to all property described in **A.** above:

1. We will pay no more than the least of the following amounts:
   - **a.** Replacement cost at the time of loss without deduction for depreciation;
   - **b.** The full cost of repair at the time of loss;
   - **c.** The limit of liability that applies to Coverage **C,** if applicable;
   - **d.** Any applicable special limits of liability stated in this policy; or
   - **e.** For loss to any item described in **A.2.a. - f.** above, the limit of liability that applies to the item.
2. If the cost to repair or replace the property described in **A.** above is more than $500, we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete.
3. You may make a claim for loss on an actual cash value basis and then make claim for any additional liability in accordance with this endorsement provided you notify us of your intent to do so within 180 days after the date of loss.

All other provisions of this policy apply.

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COVERAGE B – OTHER STRUCTURES AWAY FROM THE RESIDENCE PREMISES

FORMS HO 00 02, HO 00 03 AND HO 00 05 ONLY

SECTION I – PROPERTY COVERAGES

B. Coverage B – Other Structures

The following is added to Paragraph **1.:**

We also cover other structures which are owned by you and located away from the "residence premises", if used by you in connection with the "residence premises".

The following is added to Paragraph **2.:**

e. With respect to other structures away from the "residence premises", other structures:

(1) Being used as a dwelling;

(2) Capable of being used as a dwelling;

(3) From which any "business" is conducted;

(4) Used to store "business" property; or

(5) Rented or held for rental to any person not a tenant of the dwelling.

Paragraph **3.** is deleted and replaced by the following:

3. The limit of liability for other structures on or away from the "residence premises" will not be more than 10% of the limit of liability that applies to Coverage **A.** Use of this limit does not reduce the Coverage **A** limit of liability.

SECTION I – CONDITIONS

C. Loss Settlement

With respect to structures covered under this endorsement, Condition **C.** Loss Settlement is deleted and replaced by the following:

Covered losses will be settled at actual cash value at the time of loss, but not more than the amount required to repair or replace.

All other provisions of this policy apply.

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SPECIFIC STRUCTURES AWAY FROM THE RESIDENCE PREMISES

SCHEDULE*

Limit Of Liability	Description And Location Of Structure

* Entries may be left blank if shown elsewhere in this policy for this coverage.

A. We cover each structure described in the Schedule above which is owned by you and located away from the "residence premises", if used by you in connection with the "residence premises". The limit of liability shown in the Schedule for each structure is the most we will pay for loss to each structure.

B. We do not cover a structure:

1. Being used as a dwelling;

2. Capable of being used as a dwelling;

3. From which any "business" is conducted;

4. Used to store "business" property; or

5. Rented or held for rental to any person not a tenant of the dwelling.

C. This coverage does not apply to land, including land on which the structure is located.

D. With respect to structures covered under this endorsement, **Section I – Condition C. Loss Settlement** is deleted and replaced by the following:

Covered losses will be settled at actual cash value at the time of loss, but not more than the amount required to repair or replace.

All other provisions of this policy apply.

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HOME DAY CARE COVERAGE ENDORSEMENT

SCHEDULE*

We cover the home day care "business" described in this Schedule, provided such "business" is conducted by an "insured" on the "residence premises", subject to the provisions of this endorsement.

SECTION I – PROPERTY

Number Of Persons Receiving Day Care Services:

Business Location (Check **1.** and/or **2.** that follows):

☐ **1.** In the dwelling building or unit in which the "insured" resides and shown as "residence premises"

☐ **2.** In an other structure on or at the location of the "residence premises"
(Enter the Limit of Liability and Description of the Structure(s) below.)

Limit Of Liability	**Description Of Other Structure(s)**

***Entries may be left blank if shown elsewhere in this policy for this coverage.**

SECTION I – PROPERTY COVERAGES

1. We cover the other structure described in the Schedule for direct physical loss by a Peril Insured Against for not more than the limit shown in the Schedule.

For such structures, Coverage **B** in Forms **HO 00 02, HO 00 03** and **HO 00 05** and Coverage **A** in Form **HO 00 06** do not apply.

2. Coverage **C** – **Personal Property,** Special Limit of Liability **3.h.** is deleted and replaced by the following:

h. $2,500 on property, on the "residence premises", used primarily for "business" purposes, other than furnishings, supplies and equipment of the "business" described in the Schedule.

The Coverage **C** limit of liability applies to property of the "business" described in the Schedule.

SECTION II – LIABILITY COVERAGES

Coverages **E** – Personal Liability and **F** – Medical Payments To Others apply to "bodily injury" and "property damage" arising out of home day care services regularly provided by an "insured" and for which an "insured" receives money or other compensation.

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SECTION II – EXCLUSIONS

Section **II** Exclusion **E.2.** "Business" does not apply to the coverage provided under this endorsement. However, the coverage provided under this endorsement does not apply:

1. To "bodily injury" or "property damage" arising out of the:

   a. Ownership,

   b. Maintenance, occupancy, operation, use, loading or unloading of;

   c. Entrustment by an "insured" to any person of; or

   d. Negligent supervision of or failure to supervise any person involving:

      (1) Draft or saddle animals or vehicles for use therewith;

      (2) "Motor vehicles";

      (3) Aircraft or hovercraft; or

      (4) Watercraft;

   owned or operated, or hired by or for an "insured" or "employee" or used by an "insured" for the purpose of instruction in the use thereof; or

2. To "bodily injury" to any "employee" arising out of the "business" described above.

SECTION II – CONDITIONS

With respect to the coverage provided by this endorsement, Section **II – Conditions, A. Limit Of Liability** and **B. Severability Of Insurance** are deleted and replaced by the following:

A. Limit Of Liability

Aggregate Limit of Liability: Our total limit of liability in an annual policy period for the sum of damages payable under Coverage **E** and medical expense payable under Coverage **F** will be an annual aggregate limit of liability that corresponds to the dollar amount shown in the Declarations for Coverage **E.** This is the most we will pay regardless of the number of "occurrences", "insureds", claims made or persons injured.

Sub-Limit of Liability: Subject to the annual aggregate limit of liability described above, our total liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the dollar amount shown in the Declarations for Coverage **F.** This Sub-Limit of Liability does not increase the Aggregate Limit of Liability.

The limits described above apply regardless of any provision to the contrary contained in this policy, including the policy Declarations.

B. Severability Of Insurance

This insurance applies separately to each "insured" except with respect to the Limit of Liability. Therefore, this condition will not increase the Annual Aggregate Limit of Liability regardless of the number of "insureds".

All other provisions of this policy apply.

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REFRIGERATED PROPERTY COVERAGE

A. Definitions

The following definition is added:

"Loss of power" means the complete or partial interruption of electric power due to conditions beyond an "insured's" control.

B. Coverage

1. We insure, for up to $500, covered property stored in freezers or refrigerators on the "residence premises" for direct loss caused by:

a. "Loss of power" to the refrigeration unit. "Loss of power" must be caused by damage to:

(1) Generating equipment; or

(2) Transmitting equipment; or

b. Mechanical failure of the unit which stores the property.

2. Coverage will apply only if you have maintained the refrigeration unit in proper working condition immediately prior to the loss.

3. This endorsement does not increase the limit of liability for Coverage **C.**

C. Special Deductible

The following will replace any other deductible provision in this policy with respect to loss covered under this endorsement:

We will pay only that part of the total of all loss payable that exceeds $100. No other deductible applies to this coverage.

D. Exception To Power Failure Exclusion

The Power Failure exclusion does not apply to this coverage.

All other provisions of this policy apply.

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SINKHOLE COLLAPSE

A. Definitions

The following definition is added:

"Sinkhole collapse" means actual physical damage:

1. Arising out of; or

2. Caused by;

sudden settlement or collapse of the earth supporting such property. The settlement or collapse must result from subterranean voids created by the action of water on limestone or similar rock formations.

B. Coverage

We insure for direct physical loss to property covered under Section **I** caused by "sinkhole collapse".

C. Exception To The Earth Movement Exclusion

The Earth Movement Exclusion does not apply to "sinkhole collapse".

All other provisions of this policy apply.

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ADDITIONAL INSURED – STUDENT LIVING AWAY FROM THE RESIDENCE PREMISES

SCHEDULE*

Name And Address Of Student	Name Of School
*Entries may be left blank if shown elsewhere in this policy.	

DEFINITIONS

Definition **5.** which defines "insured" is extended to include the person named in the Schedule above, but only if that person:

1. Was a resident of your household before moving out to attend the school named in the Schedule; and

2. Resides at the address shown in the Schedule; and

- **a.** Is your relative, or
- **b.** Is an other person under the age of 21 and in your care or the care of a relative who is a resident of your household;

SECTION I AND II – CONDITIONS

The coverage provided to the person named in the Schedule only applies while that person is enrolled at the school and is residing at the address shown in the Schedule.

All other provisions of this policy apply.

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OWNED MOTORIZED GOLF CART PHYSICAL LOSS COVERAGE

SCHEDULE*

Limit Of Liability	Deductible Amount	Check If Collision Peril C.2. Applies	Make Or Model And Serial Or Motor Number
		☐	
		☐	
		☐	
*Entries may be left blank if shown elsewhere in this policy for this coverage.			

A. Definitions

For the purpose of this endorsement only, the following definition is added to the policy:

"Golf Cart" means a motorized conveyance, described in the Schedule above, including permanently installed accessories, equipment or parts, that is:

1. Designed to carry up to four people on a golf course for the purpose of playing golf; and

2. Not built or modified after manufacture to exceed a speed of 25 miles per hour on level ground.

B. Section I – Property Coverages

1. Covered Property

We cover the following property for loss by a Peril Insured Against described in **C.** below:

a. The "golf cart" for which a limit is shown in the Schedule. That limit is the most we will pay for any one loss to that cart; and

b. Accessories, equipment or parts not permanently installed that are designed or made solely for use with the "golf cart", but only if, at the time of loss, such property is:

(1) At an "insured's" residence; or

(2) In or upon a "golf cart" off an "insured's" residence.

The limit of liability for such property shall be an amount equal to 10% of the highest limit of liability shown in the Schedule. That limit is the most we will pay for any one loss.

2. Property Not Covered

We do not cover property described in **B.1.** above if loss by a Peril Insured Against described in **C.** below is also covered by another insurance policy, mechanical breakdown insurance or warranty, or a manufacturer's or extended warranty. However, if the other insurance or warranty pays less than the limit in the schedule, we will pay the difference, up to that limit, subject to the deductible and loss settlement conditions in **D.** and **E.** below.

C. Section I – Perils Insured Against

1. We insure property described in **B.** above against risk of direct physical loss except Collision and as excluded in **E.** below.

2. If the Schedule shows that Collision Peril **C.2.** applies, we also insure against the risk of collision meaning the physical contact of the "golf cart" with another object or the upset of the "golf cart" without contact with another object.

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D. Deductible

The following replaces any other deductible in this policy with respect to property covered under this endorsement:

The deductible amount shown in the Schedule applies separately to each involved "golf cart" and, separately to property described in **B.2.** if not in or upon a "golf cart" at the time of loss.

E. Section I – Exclusions

We do not insure for loss:

1. Excluded under Section **I** – Exclusions in the policy form;
2. If, at the time of loss, the "golf cart" is being:
   a. Operated in, or practicing for, any prearranged or organized race, speed contest or other similar competition;
   b. Rented to others;
   c. Used to carry persons or cargo for a charge; or
   d. Used for any "business" purpose except while on a golfing facility;
3. To tires or wheels caused by contact with the road or ground, or tires punctured by an object lying on the ground;
4. To the electrical system or equipment caused by artificial electricity;
5. Caused by or resulting from any work being done on the "golf cart", unless fire or explosion ensues and then only for the loss by such ensuing fire or explosion;
6. Caused by or resulting from:
   a. Vandalism or Malicious Mischief if the place where the "golf cart" is kept or stored has been unoccupied, closed for the season or is not in operation for any reason, for more than 60 consecutive days immediately before the loss;
   b. Electrical, mechanical or structural breakdown or failure;
   c. Overheating, freezing, dampness of the atmosphere or extremes of temperature;
   d. Wear, tear, deterioration, mold, fungus, rust, or corrosion;
   e. Inherent vice, latent defect or any quality in property that causes it to damage or destroy itself; or
   f. Animals, birds, vermin, insects or rodents. If, however, Collision Peril **C.2.** applies, this exclusion **6.f.** does not apply to collision with an animal or bird.

F. Section I – Conditions

Paragraph **C. Loss Settlement** is deleted and replaced by the following:

C. Loss Settlement

With respect to a covered "golf cart" and property described in **B.2.,** we will pay no more than the least of the following:

1. The actual cash value;
2. The amount required to repair or replace; or
3. The limit of liability that applies to such property.

We will use the manufacturer's specifications or accepted repair practices to repair the "golf cart's" molded body or parts made of fiberglass, plastic or composite materials.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXTENDED THEFT COVERAGE FOR RESIDENCE PREMISES OCCASIONALLY RENTED TO OTHERS

This coverage applies while the "residence premises" is rented in whole or in part on an occasional basis to others if the "residence premises" is used only as a residence. It covers loss by theft of covered property from that part of a "residence premises" occupied by an occasional tenant, roomer or boarder, members of the tenant's household, or their employees.

However, coverage under this endorsement does not apply to:

a. Money, bank notes, bullion, gold, goldware, gold-plated ware, silver, silverware, silver-plated ware, pewterware, platinum, platinum-ware, platinum-plated ware, coins, medals, scrip, stored value cards and smart cards;

b. Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps regardless of the medium (such as paper or computer software) on which the material exists; or

c. Jewelry, watches, furs, precious and semi-precious stones.

Under Peril Insured Against **9. Theft,** Paragraph **b.(3)** is deleted and replaced by the following:

b.(3) From that part of a "residence premises" regularly rented by an "insured" to someone other than another "insured", roomer or boarder.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RESIDENCE HELD IN TRUST

SCHEDULE*

Enter Name of Grantor or Beneficiary (if other than the Trustee shown in the Declarations as the "named insured") described in **A.2.** below:
*Entries may be left blank if shown elsewhere in this policy.

A. Definitions

1. With respect to the coverages provided by this endorsement, the word "trustee" is defined as follows:

"Trustee" means the trustee shown in the Declarations as the "named insured".

2. If one or more persons are named in the Schedule above, Definition **5.** which defines "insured", Paragraphs **a.** and **b.** are extended to include such person with respect to the coverages in the policy that are listed under **B.** Coverages below.

In addition to the persons named in the Schedule, the definition of "insured" is also extended to include any of the following residents of their household:

a. A spouse;

b. A relative; or

c. Any person under the age of 21 and in the care of a person noted above.

3. Definition **6.** which defines "insured location" is deleted and replaced by the following:

6. "Insured Location" means:

a. With respect to the trust and the "trustee", the following real property but only if legal title to such property is held solely by the trust:

(1) The "residence premises";

(2) The part of other premises, other structures and grounds used by you as a residence; and

(a) Which is shown in the Declarations; or

(b) Which is acquired by the trust during the policy period for use as a residence by the "trustee" or a person described in **2.** above;

(3) Any premises used by the "trustee" or a person described in **2.** above in connection with a premises described in **(1)** and **(2)** above;

(4) Vacant land, other than farm land;

(5) Land on which a one through four family dwelling is being built as a residence to be occupied by the "trustee" or a person described in **2.** above; or

(6) Individual or family cemetery plots or burial vaults; and

b. With respect to a person described in **2.** above, the following real property:

(1) Any premises used by such person in connection with a premises described in **a.(1)** and **(2)** above;

(2) Vacant land, other than farm land, owned or rented to such person;

(3) Land owned by or rented to such person on which a one through four family dwelling is being built as a residence to be occupied by that person;

(4) Individual or family cemetery plots or burial vaults; or

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(5) Any part of a premises occasionally rented to such person for other than "business" use; and

c. With respect to the "trustee" or a person described in **2.** above, any part of a premises:

(1) Not owned by such person; and

(2) Where such person is temporarily residing.

B. Coverages

The following coverages apply to the person named in the Schedule above:

1. Coverage **C** – Personal Property;

2. Coverage **D** – Loss of Use, Paragraphs **1.** Additional Living Expense and **3.** Civil Authority Prohibits Use;

3. Coverage **E** – Personal Liability; and

4. Coverage **F** – Medical Payments To Others.

If we decide to cancel or not to renew this policy, the persons named in the Schedule, if any, will be notified in writing.

C. Section II – Liability Coverages

The following is added:

When the "trustee" does not regularly reside on the "residence premises":

1. The coverages provided under Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others for the "trustee" only apply with respect to "bodily injury" or "property damage" arising out of the ownership, maintenance or use of the "residence premises"; and

2. There is no coverage under this policy for any resident of the "trustee's" household.

D. Section II – Exclusions

1. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

The following exclusion is added:

"Bodily injury" or "property damage" arising out of any act or decision or failure to act or decide by the "trustee" in administering the trust shown in the Declarations, other than as provided in Section **II** – Liability Coverages above.

2. Coverage E – Personal Liability

Paragraph **6.** is deleted and replaced by the following:

6. "Bodily injury" to the "trustee", an "insured" as defined under Definitions **5.a.** or **b.** in the policy form and **A.2.** above or any person acting on their behalf.

This exclusion also applies to any claim made or suit brought against the "trustee" or an "insured" as defined under Definitions **5.a.** or **b.** in the policy form and **A.2.** above or any person acting on their behalf:

a. To repay; or

b. Share damages with;

another person who may be obligated to pay damages because of "bodily injury" to an "insured".

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LANDLORD'S FURNISHINGS

FORMS HO 00 02, HO 00 03 AND HO 00 05 ONLY

SCHEDULE*

Description Of Rented Unit	Increase In Limit Of Liability	Total Limit Of Liability
1.	$	$
2.	$	$
3.	$	$
***Entries may be left blank if shown elsewhere in this policy for this coverage.**		

Additional Coverage **E.10. Landlord's Furnishings** under **Section I – Property Coverages** is extended:

1. As indicated in the Schedule above; and

2. Subject to the Coverage **C** limit that applies at the time of loss.

All other provisions of this policy apply.

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ADDITIONAL INSURED – MANAGERS OR LESSORS OF PREMISES LEASED TO AN INSURED

(FOR USE ONLY WITH THE HOME BUSINESS INSURANCE COVERAGE ENDORSEMENT)

SCHEDULE*

Name Of Person Or Organization Designation Of Premises (Part Leased To Insured)
*Entries may be left blank if shown elsewhere in this policy for this coverage.

DEFINITIONS

Definition **5.** which defines "Insured" is extended to include the person or organization named in the Schedule above, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises:

1. Leased to you; and

2. Shown in the Schedule.

SECTION II – EXCLUSIONS

F. Coverage E – Personal Liability

The following exclusions are added to Coverage **E** – Personal Liability, but only with respect to the:

1. Person or organization named; and

2. Premises designated;

in the Schedule:

Coverage **E** does not apply to any:

1. "Occurrence" that:

  a. Takes place before or after an "insured" ceases to occupy; or

  b. The "insured's" "business" property is no longer at;

  the premises designated in the Schedule;

2. Structural alterations, new construction or demolition operations performed by or for the person or organization named in the Schedule; and

3. Act or omission, or failure to act, by the additional insured, even if such:

  a. Act or omission; or

  b. Failure to act;

  is directly related to the ownership, maintenance or use of the premises designated in the Schedule.

All other provisions of this policy apply.

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ADDITIONAL INSURED – VENDORS

(FOR USE ONLY WITH THE HOME BUSINESS INSURANCE COVERAGE ENDORSEMENT)

SCHEDULE*

Name Of Vendor (Additional Insured)   "Your Products"
*Entries may be left blank if shown elsewhere in this policy for this coverage.

DEFINITIONS

Definition **5.** which defines "Insured" is extended to include the vendor named in the Schedule above, but only with respect to "bodily injury" or "property damage" arising out of "your products", described in the Schedule, which are distributed or sold in the regular course of the vendor's business.

SECTION II – EXCLUSIONS

F. Coverage E – Personal Liability

The following exclusions are added but only with respect to:

1. The vendor named; and

2. "Your Products" described;

in the Schedule:

Coverage **E** does not apply to any:

1. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

2. Expressed warranty unauthorized by you;

3. Physical or chemical change in the product made intentionally by the vendor;

4. Repackaging, unless:

   a. Unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under instructions from the manufacturer; and then

   b. Repackaged in the original container;

5. Failure to make such inspections, adjustments, tests or servicing as the vendor:

   a. Has agreed; or

   b. Normally undertakes;

   to make in the usual course of business, in connection with the distribution or sale of the products;

6. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

7. Products which, after distribution or sale by you, have been:

   a. Labeled;

   b. Relabeled; or

   c. Used as;

   a container, part or ingredient of any other thing or substance by or for the vendor;

8. Insured person or organization from whom you have acquired such products, or any ingredient, part or container entering into, accompanying or containing such products; or

9. Act or omission, or failure to act, by the additional insured, even if such:

   a. Act or omission; or

   b. Failure to act;

   is directly related to the ownership, maintenance or use of the premises rented to the insured.

All other provisions of this policy apply.

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LOSS PAYABLE PROVISIONS

(FOR USE ONLY WITH THE HOME BUSINESS INSURANCE COVERAGE ENDORSEMENT)

SCHEDULE*

Name And Address Of Loss Payee	Description Of Property	Indicate If Condition A, B, Or C Below Apply.
*Entries may be left blank if shown elsewhere in this policy for this coverage.		

The following Loss Payable Condition(s) applies as indicated in the Schedule above.

A. Loss Payable

For covered "business" property in which both you and a Loss Payee shown in the Schedule have an insurable interest, we will:

1. Adjust losses with you; and

2. Pay any claim for loss jointly to you and the Loss Payee, as interests may appear.

B. Lender's Loss Payable

1. You have affirmed that the Loss Payee shown in the Schedule is a creditor (including a mortgageholder or trustee) with whom you have entered a contract for the sale of covered "business" property, whose interest in that covered property is established by such written contracts as:

a. Warehouse receipts;

b. A contract for deed;

c. Bills of lading; or

d. Financing statements.

2. For covered "business" property in which both you and a Loss Payee described in **B.1.** above have an insurable interest:

a. We will pay for covered loss to each Loss Payee in their order of precedence, as interests may appear.

b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure for similar action on the covered property.

c. If we deny your claim because of your acts or because you have failed to comply with the terms of this endorsement, the Loss Payee will still have the right to receive loss payment if the Loss Payee:

(1) Pays, at our request, any premium due for the Home Business Insurance Coverage endorsement if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

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(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of Section **I** of the Homeowners Policy that apply with respect to the Home Business Insurance Coverage endorsement will then apply directly to the Loss Payee; or

d. If we pay the Loss Payee for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

(1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and

(2) The Loss Payee's right to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel the policy or the Home Business Insurance Coverage endorsement, we will give written notice to the Loss Payee at least:

a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

4. If we do not renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

C. Contract Of Sale

1. The Loss Payee shown in the Schedule is a person or organization you have entered a contract with for the sale of covered "business" property.

2. For covered "business" property in which both you and the Loss Payee have an insurable interest, we will:

a. Adjust losses with you; and

b. Pay any claim for loss jointly to you and the Loss Payee, as interests may appear.

All other provisions of this policy apply

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EXCLUSION – PERSONAL AND ADVERTISING INJURY

(FOR USE ONLY WITH THE HOME BUSINESS INSURANCE COVERAGE ENDORSEMENT)

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

Paragraph **2.** which applies to "personal and advertising injury" coverage is deleted.

SECTION II – EXCLUSIONS

F. Coverage E – Personal Liability

Paragraph **12. "Personal And Advertising Injury"** is deleted and replaced with the following:

12. "Personal And Advertising Injury"

Any claim which involves "personal and advertising injury".

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIQUOR LIABILITY EXCLUSION AND EXCEPTION FOR SCHEDULED ACTIVITIES

(FOR USE ONLY WITH THE HOME BUSINESS INSURANCE COVERAGE ENDORSEMENT)

SCHEDULE*

A. Description Of Activity Or Function:
B. Coverage Period (Date(s) And Time Of Day) If Applicable:
* Entries may be left blank if shown elsewhere in this policy for this coverage.

SECTION II – EXCLUSIONS

F. Coverage E – Personal Liability

The following exclusion is added:

16. Liquor Liability

a. "Bodily injury" or "property damage" for which any "insured" may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

b. This Exclusion **16.** applies only if you:

(1) Manufacture, sell or distribute alcoholic beverages;

(2) Serve or furnish alcoholic beverages:

(a) For a charge whether or not such activity:

(i) Requires a license; or

(ii) Is for the purpose of financial gain or livelihood; or

(b) Without a charge, if a license is required for such activity.

c. This Exclusion **16.** does not apply to "bodily injury" or "property damage" that arises out of the selling, serving or furnishing of alcoholic beverages during an activity or function described in **A.** in the Schedule above. This exception to Exclusion **16.** applies at any time during the policy period unless otherwise specified in **B.** in the Schedule.

All other provisions of this policy apply.

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VALUABLE PAPERS AND RECORDS COVERAGE INCREASED LIMITS

(FOR USE WITH THE HOME BUSINESS INSURANCE COVERAGE ENDORSEMENT)

SCHEDULE*

SECTION I – PROPERTY COVERAGES

E. Additional Coverages

13.b. "Valuable Papers And Records"

The limit of liability for this "Valuable Papers And Records" coverage is increased as noted below.

Increase In Limit Of Liability	Total Limit Of Liability

* Entries may be left blank if shown elsewhere in this policy for this coverage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SECTIONS I AND II EXCLUSIONS FOR COMPUTER-RELATED DAMAGE OR INJURY

(FOR USE ONLY WITH THE HOME BUSINESS INSURANCE COVERAGE ENDORSEMENT)

The following Sections **I** and **II** Exclusions apply only to the "business" described in the Schedule of the Home Business Insurance Coverage Endorsement.

A. Section I – Exclusions

1. We will not pay for loss caused directly or indirectly by the following. Such loss is not covered even if any other cause or event contributes at the same time or in any sequence to the loss.

a. The failure or deficiency of:

(1) Computer hardware, software, operating systems, networks, chips or other electronic parts, equipment or systems including other Electronic Media and Records that belong to an "insured" or others; or

(2) Other products, services or functions that use or rely on products described in **A.1.a.(1)** above;

because one or more of these products cannot correctly process, recognize, discern, interpret or accept one or more dates or times. An example is software that cannot accept the year 2000; or

b. The act or omission of anyone who:

(1) Consults;

(2) Designs;

(3) Estimates;

(4) Inspects;

(5) Installs;

(6) Maintains;

(7) Repairs;

(8) Restores; or

(9) Oversees;

others to determine, rectify or test, potential or actual problems described in **A.1.a.**

2. If loss described in **A.1.** above results in a Peril Insured Against, we will pay only for the loss caused by such peril.

3. We will not pay to:

a. Repair, restore or modify any product; or

b. Correct any services or functions performed on any product;

described in **A.1.** above to solve any failure or deficiency described in **A.1.** above.

B. Section II – Exclusions

1. Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others do not apply to:

a. "Bodily injury" or "property damage"; or

b. "Personal and advertising injury";

arising directly or indirectly out of any actual or alleged failure or deficiency of any products or services described in **A.1.** above to correctly process, recognize, discern, interpret or accept the year 2000 and beyond.

2. This exclusion does not apply to "bodily injury" occurring on the "residence premises".

All other provisions of this policy apply.

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CHANGE ENDORSEMENT

THIS ENDORSEMENT FORMS A PART OF THE POLICY NUMBERED BELOW:

EFFECTIVE DATE		COMPANY		POLICY NUMBER
TERM YEARS	FROM	TO	ENDORSEMENT NUMBERS AND EDITION DATES	

INSURED'S NAME AND MAILING ADDRESS	AGENCY'S NAME AND MAILING ADDRESS
	AGENT'S SIGNATURE

POLICY CHANGES

LIMIT OF LIABILITY CHANGES

	A. Dwelling/ Mobile Home	B. Other Structures	C. Personal Property	D. Loss Of Use	E. Personal Liability	F. Medical Payments To Others
New Limit	$	$	$	$	$	$
Old Limit	$	$	$	$	$	$

PREMIUM ADJUSTMENT

Due At Endorsement Effective Date: **Additional Premium** $ ____________ **Return Premium** $ ____________

REVISED INSTALLMENT PAYMENTS

Dates Due	Original Installment	Increase	Decrease	Revised Installments
	$	$	$	$
	$	$	$	$
Total Premium To Policy Expiration		$	$	

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Complete when the location of the residence premises is changed

New Rating Information	**No. Of Families**	**No. Of Families**	**Mobile Home Model Yr.**
Dwelling/Mobile Home Occupied By:	**1** ☐ **2** ☐ **3** ☐ **4** ☐	**Tenant** **1-4** ☐ **5 Or More** ☐	

Deductibles: **Section I $** **Other $**

Construction:
☐ Frame ☐ Frame with Aluminum or Plastic Siding
☐ Brick, Stone or Masonry ☐ Brick, Stone or Masonry Veneer
☐ Superior or Fire Resistive ☐ All Other
☐ Specially Rated – Not Fire Resistive
Mobile Home With Composition Shingle Roof And On:
☐ A fully enclosed masonry foundation ☐ Blocks or piers and fully skirted

Mobile Home Tie Down: ☐ None ☐ Over-the-Top and Chassis
☐ Over-the-Top Only ☐ Chassis Only

Terr.	Not more than feet from fire hydrant and miles from Fire Department.
Fire District	**Prem. Gp. No.**

(a) The "residence premises" is not seasonal; **(b)** a "business" is not conducted on the "residence premises"; **(c)** the "residence premises" is the only premises where you maintain a residence other than "business" or farm properties; **(d)** the "insured" has no full time "residence employees"; **(e)** the "insured" has no outboard engine(s) or motor(s) or watercraft otherwise excluded under this policy for which coverage is desired.

Exception, if any, to **(a), (b), (c), (d)** or **(e)***

* Absence of entry means "no exceptions".

Old Rating Information	**No. Of Families**	**No. Of Families**	**Mobile Home Model Yr.**
Dwelling/Mobile Home Occupied By:	**1** ☐ **2** ☐ **3** ☐ **4** ☐	**Tenant** **1-4** ☐ **5 Or More** ☐	

Deductibles: **Section I $** **Other $**

Construction:
☐ Frame ☐ Frame with Aluminum or Plastic Siding
☐ Brick, Stone or Masonry ☐ Brick, Stone or Masonry Veneer
☐ Superior or Fire Resistive ☐ All Other
☐ Specially Rated – Not Fire Resistive
Mobile Home With Composition Shingle Roof And On:
☐ A fully enclosed masonry foundation ☐ Blocks or piers and fully skirted

Mobile Home Tie Down: ☐ None ☐ Over-the-Top and Chassis
☐ Over-the-Top Only ☐ Chassis Only

Terr.	Not more than feet from fire hydrant and miles from Fire Department.
Fire District	**Prem. Gp. No.**

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNIT-OWNERS RENTAL TO OTHERS

FORM HO 00 06 ONLY

Coverage provided by this policy is extended to apply while the "residence premises" is regularly rented or held for rental to others.

SECTION I – PROPERTY COVERAGES

B. Coverage C – Personal Property

4. Property Not Covered

Paragraph **g.** is deleted and replaced by the following:

g. Property in an apartment, other than the "residence premises", regularly rented or held for rental to others by an "insured";

SECTION I – PERILS INSURED AGAINST

Under Peril **9.** Theft, Paragraph **b.(3)** is deleted.

SECTION I – EXCLUSIONS

The following exclusion is added:

Theft, from the "residence premises" of:

a. Money, bank notes, bullion, gold, goldware, gold-plated ware, silver, silverware, silver-plated ware, pewterware, platinum, platinumware, platinum-plated ware, coins, medals, scrip, stored value cards and smart cards;

b. Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps regardless of the medium (such as paper or computer software) on which the material exists; or

c. Jewelry, watches, furs, precious and semiprecious stones.

SECTION II – EXCLUSIONS

Exclusion **E.2.** "Business" is deleted and replaced by the following:

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

b. This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

This Exclusion **E.2.** does not apply to the rental or holding for rental of the "residence premises".

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UNIT-OWNERS MODIFIED OTHER INSURANCE AND SERVICE AGREEMENT CONDITION

FORM HO 00 06 ONLY

SECTION I – CONDITIONS

F. Other Insurance And Service Agreement

Paragraph **2.** is deleted and replaced by the following:

2. If, at the time of loss, there is other insurance or a service agreement, in the name of a corporation or association of property owners covering the same property covered by this policy, we will pay only for the amount of the loss in excess of the amount due from that other insurance or service agreement, whether they can collect on it or not.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCIDENTAL LOW POWER RECREATIONAL MOTOR VEHICLE

DEFINITIONS

With respect to a "motor vehicle" covered by this endorsement, Definition **5.** which defines "Insured" is extended to include any person or organization legally responsible for the covered "motor vehicle" owned by an "insured". Definition **5.,** however, does not include a person or organization using or having custody or possession of the "motor vehicle" without the permission of the owner.

SECTION II – EXCLUSIONS

Paragraph **A.2.d.** is deleted and replaced by the following:

d. Designed for recreational use off public roads and:

(1) Not owned by an "insured"; or

(2) Owned by an "insured" provided the "occurrence" takes place:

(a) On an "insured location" as defined in Definitions **B.6.a, b., d., e.** or **h.;** or

(b) Off an "insured location" but only if the "motor vehicle":

(i) Was not built or modified after manufacture to exceed a speed of 15 miles per hour on level ground; or

(ii) Is not a motorized bicycle, moped or motorized golf cart, regardless of its speed capability.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERMITTED INCIDENTAL OCCUPANCIES

OTHER RESIDENCE

SCHEDULE*

Description Of Business And Location:
*****Entries may be left blank if shown elsewhere in this policy for this coverage.

DEFINITIONS

Definition **6.** which defines "insured location" is extended to include the premises, situated at the location shown in the Schedule above, from which an "insured" conducts the "business" described in the Schedule.

SECTION II – LIABILITY COVERAGES

We cover the "business" described in the Schedule when conducted by an "insured" on the premises situated at the location shown in the Schedule.

SECTION II – EXCLUSIONS

1. Exclusion **E.2.** "Business", Paragraph **a.** does not apply to the necessary or incidental use of the "business" premises shown in the Schedule when an "insured" conducts the "business" described in the Schedule.

2. Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others do not apply to "bodily injury" to any "employee" arising out of the "business" described in the Schedule.

All other provisions of this policy apply.

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ADDITIONAL RESIDENCE RENTED TO OTHERS 1, 2, 3 OR 4 FAMILIES

SCHEDULE*

Definition **6.** which defines an "Insured location" and the exception to Section **II** Exclusion **E.2.** "Business" in Paragraph **b.** are extended to include the location(s) listed below.

All other provisions of this policy apply.

Location	**Number Of Families**

***Entries may be left blank if shown elsewhere in this policy for this coverage.

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BUSINESS PURSUITS

SCHEDULE*

Name And Business Of Insured   Corporal Punishment ☐ Check here if Liability for corporal punishment is covered and Section **II –** Exclusion **4.b.** below does not apply.
***Entries may be left blank if shown elsewhere in this policy for this coverage.

SECTION II – LIABILITY COVERAGES

Coverage **E** – Personal Liability and Coverage **F** – Medical Payments to Others apply to the "business" pursuits of the "insured" named in the Schedule above.

SECTION II – EXCLUSIONS

Coverages **E** and **F** do not apply:

1. To "bodily injury" or "property damage" arising out of the "business" pursuits of the "insured" in connection with a "business" owned or financially controlled by the "insured" or by a partnership of which the "insured" is a partner or member;

2. To "bodily injury" or "property damage" arising out of the rendering of or failure to render professional services of any nature other than teaching, including but not limited to any:

  a. Architectural, engineering or industrial design services;

  b. Medical, surgical, dental or other services or treatment conducive to the health of persons or animals; and

  c. Beauty or barber services or treatment;

3. To "bodily injury" to a fellow employee of the "insured" injured in the course of employment;

4. When the "insured" is a member of the faculty or teaching staff of any school or college:

  a. To "bodily injury" or "property damage" arising out of the ownership, maintenance, occupancy, operation, use, loading, unloading, of, or entrustment by the "insured" to any person of, or the failure to supervise or negligent supervision of any person involving:

    (1) Draft or saddle animals or vehicles for use therewith;

    (2) Aircraft;

    (3) Hovercraft;

    (4) "Motor vehicles"; or

    (5) Watercraft;

  owned or operated, or hired by or for the "insured" or employer or used by the "insured" for the purpose of instruction in the use thereof; or

  b. To "bodily injury" to any pupil arising out of corporal punishment administered by or at the direction of the "insured". This Exclusion **4.b.** does not apply if the box in the Schedule is checked indicating that liability for corporal punishment is covered.

All other provisions of this policy apply.

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INCIDENTAL FARMING PERSONAL LIABILITY

SCHEDULE*

Check **A.** and/or **B.** below:

☐ **A.** Farming operations that are conducted on the "residence premises" described in the Declarations

☐ **B.** Farming operations described below that are conducted away from the "residence premises" at the location specified below:

Description Of Farming Operations:

***Entries may be left blank if shown elsewhere in this policy for this coverage.**

SECTION II – LIABILITY COVERAGES

Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others apply to "bodily injury" or "property damage" arising out of the farming operations which are described in the Schedule above.

SECTION II – EXCLUSIONS

Exclusion **E.2.** "Business" does not apply to the farming operations which are described in the Schedule.

Exclusion **E.4.b.,** which pertains to a premises rented to an "insured", does not apply to the location which is described in **B.** in the Schedule.

All other provisions of this policy apply.

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WATERCRAFT

SCHEDULE*

A. WATERCRAFT WITH ONE OR MORE OUTBOARD ENGINES OR MOTORS OF MORE THAN 25 TOTAL HORSEPOWER; OR OTHER WATERCRAFT WITH INBOARD OR INBOARD-OUTDRIVE ENGINES OR MOTORS

Description And Length Of Watercraft And Description Of Outboard Engine Or Motor	Horsepower Of Engine Or Motor	Navigation Period Each Year From	To	Owner Of Outboard Engine Or Motor If Not You

B. SAILING VESSEL 26 FEET OR MORE OVERALL LENGTH, WITH OR WITHOUT AUXILIARY POWER

Description And Length Of Vessel	Horsepower Of Engine Or Motor	Navigation Period Each Year From	To

***** Entries may be left blank if shown elsewhere in this policy for this coverage.

SECTION II – LIABILITY COVERAGES

Coverage **E** – Personal Liability and Coverage **F** – Medical Payments To Others apply to "watercraft liability" involving a watercraft described in the Schedule above.

SECTION II – EXCLUSIONS

With respect to the watercraft described in the Schedule, Exclusion **B. "Watercraft Liability"** is deleted and replaced by the following:

B. "Watercraft Liability"

1. Coverages **E** and **F** do not apply to any "watercraft liability" if, at the time of an "occurrence" the involved watercraft is being:

a. Operated in, or practicing for, any prearranged or organized race, speed contest or other competition. This exclusion does not apply to a sailing vessel or a predicted log cruise;

b. Rented to others;

c. Used to carry persons or cargo for a charge; or

d. Used for any "business" purpose.

2. Coverages **E** and **F** do not apply to "bodily injury" to any "employee" arising out of and in the course of employment by an "insured" if the employee's principal duties are in connection with the maintenance, operation or use of a watercraft described in the Schedule, that is:

a. A sailing vessel; or

b. Powered by an inboard or inboard-outdrive engine or motor, including those that power a water jet pump.

All other provisions of this policy apply.

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SPOUSE ACCESS – NORTH CAROLINA

SECTIONS I AND II – CONDITIONS

The following Condition is added:

SPOUSE ACCESS

The named insured and we agree that the named insured and resident spouse are customers for purposes of state and federal privacy laws. The resident spouse will have access to the same information available to the named insured.

The named insured may notify us that he/she no longer agrees that the resident spouse shall be treated as a customer for purposes of state and federal privacy laws, and we will not permit the resident spouse to access policy information.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIMARY INSURANCE FOR COVERAGE A – DWELLING NORTH CAROLINA FORM HO 00 02 AND HO 00 03

It is agreed that the policy is amended as follows:

SECTION I – PROPERTY COVERAGES

E. Additional Coverages

The last paragraph of **3. Trees, Shrubs And Other Plants, 4. Fire Department Service Charge,** and **11. Ordinance Or Law** (**HO 00 02** and **HO 00 03**) is deleted and replaced by the following:

Payment under this coverage reduces the limit of liability that applies to the damaged covered property by the amount paid for the same loss.

SECTION I – CONDITIONS

F. Other Insurance And Service Agreement is deleted and replaced by the following:

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, the insurance for the property covered under Coverage **A** – Dwelling, shall be primary over any other valid and collectible insurance available to you; or
2. A service agreement, this insurance is excess over any amounts payable under any such agreement. Service Agreement means a service plan, property restoration plan, home warranty or other similar service warranty agreement, even if it is characterized as insurance.

All other provisions of this policy apply.

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ADDITIONAL LIMITS OF LIABILITY FOR COVERAGES A, B, C, AND D – NORTH CAROLINA

FORMS HO 00 02, HO 00 03 AND HO 00 05 ONLY

(APPLIES ONLY WHEN LOSS TO THE BUILDING INSURED UNDER COVERAGE A EXCEEDS THE COVERAGE A LIMIT OF LIABILITY SHOWN IN THE DECLARATIONS)

To the extent that coverage is provided, we agree to amend the present limits of liability in accordance with the following provisions:

A. If you have:

1. Allowed us to adjust the Coverage **A** limit of liability and the premium in accordance with:

a. The property evaluations we make; and

b. Any increases in inflation; and

2. Notified us, within 30 days of completion, of any improvements, alterations or additions to the building insured under Coverage **A** which increase the replacement cost of the building by 5% or more;

the provisions of this endorsement will apply after a loss, provided you elect to repair or replace the damaged building.

B. If there is a loss to the building insured under Coverage **A** that exceeds the Coverage **A** limit of liability shown in the Declarations:

1. We will increase the Coverage **A** limit of liability to equal the current replacement cost of the building;

2. We will increase, by the same percentage applied to Coverage **A,** the limits of liability for Coverages **B, C,** and **D.** However, we will do this only if the Coverage **A** limit of liability is increased under Paragraph **B.1.** as a result of a Coverage **A** loss;

3. We will adjust the policy premium from the time of loss for the remainder of the policy term based on the increased limits of liability; and

4. For the purpose of settling that loss only, **Section I – Condition C. Loss Settlement,** Paragraph **2.** is deleted and replaced by Paragraphs **2., 3.,** and **4.** as follows:

2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation. We will pay no more than the smallest of the following amounts:

a. The replacement cost of that part of the building damaged with material of like kind and quality and for like use;

b. The necessary amount actually spent to repair or replace the damaged building on the "residence premises" or some other premises within the state of North Carolina; or

c. The limit of liability under this policy that applies to the building, increased in accordance with Paragraphs **B.1.** and **B.2.** of this endorsement.

3. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete.

4. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. You may then make claim for any additional liability on a replacement cost basis, provided you notify us of your intent to do so within 180 days after the date of loss.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INFLATION GUARD ENDORSEMENT – NORTH CAROLINA

(FORMS HO 00 02, HO 00 03 AND HO 00 05 ONLY)

SCHEDULE*

Index:
Published by:
***May be deleted at company discretion.**

The limits of liability for Coverages **A, B, C,** and **D** are shown in the Declarations. These limits will be adjusted at the same rate as the change in the Index shown on the Declarations or billing notice (or shown in the Schedule above.)*.

To find the limits on any date:

1. Divide the latest Index level by the Index level as of the effective date of this endorsement;

2. Multiply the result obtained in **1.** by each limit of liability.

The premium for this policy at the next anniversary date will be based on the Coverage **A** limit of liability determined on that date by the provisions of this endorsement.

If the Coverage **A** limit of liability shown in the Declarations is revised during the policy term, the effective date of this endorsement, for the purpose of calculating the change in the Index level, will be deemed to be the same as the effective date of the Coverage **A** revision.

The limits of liability will not be reduced during the current policy term below that for which premium was paid.

All other provisions of this policy apply.

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INFLATION GUARD ENDORSEMENT – NORTH CAROLINA

(FORMS HO 00 04 AND HO 00 06 ONLY)

SCHEDULE*

Index:
Published by:
***May be deleted at company discretion.**

The limits of liability for Coverages **C** and **D** are shown in the Declarations. These limits will be adjusted at the same rate as the change in the Index shown on the Declarations or billing notice (or shown in the Schedule above.)*

To find the limits on any date:

1. Divide the latest Index level by the Index level as of the effective date of this endorsement;

2. Multiply the result obtained in **1.** by each limit of liability.

The premium for this policy at the next anniversary date will be based on the Coverage **C** limit of liability determined on that date by the provisions of this endorsement.

If the Coverage **C** limit of liability shown in the Declarations is revised during the policy term, the effective date of this endorsement, for the purpose of calculating the change in the Index level, will be deemed to be the same as the effective date of the Coverage **C** revision.

The limits of liability will not be reduced during the current policy term below that for which premium was paid.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIFIED ADDITIONAL AMOUNT OF INSURANCE FOR COVERAGE A – DWELLING – NORTH CAROLINA

FORMS HO 00 02 AND HO 00 03 AND HO 00 05 ONLY

(APPLIES ONLY WHEN LOSS TO BUILDING INSURED UNDER COVERAGE A EXCEEDS THE COVERAGE A LIMIT OF LIABILITY SHOWN IN THE DECLARATIONS)

SCHEDULE*

Additional Amount Of Insurance: __________ % The Additional Amount Of Insurance is determined by multiplying the Coverage **A** limit of liability shown in the Declarations by the percentage amount shown above.
*Entry may be left blank if shown elsewhere in this policy for this coverage.

To the extent that coverage is provided, we agree to provide an additional amount of insurance in accordance with the following provisions:

A. If you have:

1. Allowed us to adjust the Coverage **A** limit of liability and the premium in accordance with:

a. The property evaluations we make; and

b. Any increases in inflation; and

2. Notified us, within 30 days of completion, of any improvements, alterations or additions to the building insured under Coverage **A** which increase the replacement cost of the building by 5% or more;

the provisions of this endorsement will apply after a loss, provided you elect to repair or replace the damaged building.

B. If there is a loss to the building insured under Coverage **A** that exceeds the Coverage **A** limit of liability shown in the Declarations, for the purpose of settling that loss only:

1. We will provide an additional amount of insurance, up to the amount described in the Schedule above; and

2. Section **I** – Condition **C.** Loss Settlement Paragraph **2.** is deleted and replaced by Paragraphs **2., 3.,** and **4.** as follows:

2. The building insured under Coverage **A** at replacement cost without deduction for depreciation. We will pay no more than the smallest of the following amounts:

a. The replacement cost of that part of the building damaged with material of like kind and quality and for like use;

b. The necessary amount actually spent to repair or replace the damaged building on the "residence premises" or some other premises within the state of North Carolina; or

c. The limit of liability under this policy that applies to the building, plus any additional amount provided by this endorsement.

3. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete.

4. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to the building on an actual cash value basis. You may then make claim for any additional liability on a replacement cost basis, provided you notify us of your intent to do so within 180 days after the date of loss.

All other provisions of this policy apply.

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RENTED PERSONAL PROPERTY – NORTH CAROLINA

FORMS HO 00 02, HO 00 03 AND HO 00 05 ONLY

SCHEDULE*

Increase Limit Of Liability	Total Limit Of Liability	Check If Theft Coverage Applies	Description Of Rented Unit
		☐	
		☐	
		☐	
*Entries may be left blank if shown elsewhere in this policy for this coverage.			

Subject to the Coverage **C** limit of liability that applies at the time of loss, Section **I** Additional Coverage **E. 10.** Landlord's Furnishings is extended as shown in the Schedule above.

When Theft Coverage is checked off in the box above, the peril of Theft is added, but only applies when it is probable that the property has been stolen from a known location within a building on the "residence premises" and there is also visible evidence of forcible entry to or forcible exit from that building. This peril does not include loss caused by theft:

1. Committed by an "insured" or renter; or

2. In or to a dwelling under construction, or of materials or supplies for use in the construction until the dwelling is finished and occupied.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DWELLING UNDER CONSTRUCTION – THEFT COVERAGE – NORTH CAROLINA

We will cover loss caused by theft:

1. In or to a dwelling under construction; or

2. Of materials and supplies for use in construction;

located on the described residence premises.

SECTION I – PERILS INSURED AGAINST

9. Theft

The following preclusion of coverage **b.(2)** does not apply to the coverage afforded by this endorsement:

(2) In or to a dwelling under construction, or of materials and supplies, for use in the construction until the dwelling is finished and occupied.

In Form **HO 00 03,** this is Subparagraph **2.c.(3)** under Paragraph **A.** Coverage **A** – Dwelling and Coverage **B** – Other Structures and Subparagraph **9.b.(2)** under Paragraph **B.** Coverage **C** – Personal Property.

In Form **HO 00 05,** this is Subparagraph **A.2.c.** under Coverages **A, B,** and **C.**

SPECIAL EXCLUSION

We do not provide coverage for loss due to:

1. Mysterious disappearance; or

2. Shortage of property;

when there is no evidence that the loss was caused by theft.

SPECIAL PROVISIONS

1. Coverage under this endorsement will terminate 180 days after the inception date of this endorsement; or when the dwelling is finished and occupied, whichever occurs first.

2. In the event of cancellation by you, no part of the premium paid for this endorsement is refundable.

All other provisions of this policy apply.

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THEFT ENDORSEMENT – NORTH CAROLINA

NEWLY CONSTRUCTED UNOCCUPIED DWELLING

We will cover loss caused by theft in or to a newly constructed dwelling which has been finished but not yet occupied. A dwelling is considered finished when it is fully enclosed and operational locks have been installed.

SECTION I – PERILS INSURED AGAINST

The following preclusion of coverage does not apply to the coverage afforded by this endorsement:

9.b.(2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

In Form **HO 00 03,** this is Subparagraph **2.c.(3)** under Paragraph **A. Coverage A – Dwelling And Coverage B – Other Structures** and Subparagraph **9.b.2.** under Paragraph **B. Coverage C – Personal Property.**

In Form **HO 00 05,** this is Subparagraph **A.2.c.**

Coverage under this endorsement will terminate 120 days after the inception date of this endorsement or when the dwelling is occupied, whichever occurs first.

In the event of cancellation by you, no part of the premium paid for this endorsement is refundable.

All other provisions of this policy apply.

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ADDITIONAL COVERAGES – NORTH CAROLINA

UNSCHEDULED JEWELRY AND FURS

SCHEDULE*

Limit of Liability:
Amount to be paid for any one article caused by the peril of Theft: ☐ $2,000 ☐ $2,500
*Entry may be left blank if shown elsewhere in this policy for this coverage.

The Section **I** – Perils Insured Against for Coverage **C** and the applicable Limit of Liability are increased with respect to jewelry, watches, furs, precious and semi - precious stones, as described below:

A. We insure against risks of direct physical loss to the property listed above, however, we do not insure against loss:

1. Excluded under Section **I** – Exclusions, except that:

a. The Earth Movement exclusion does not apply to coverage under this endorsement; and

b. The Water Damage exclusion does not apply to property which is covered under this endorsement if the loss occurs away from a premises or location owned, rented, occupied or controlled by an "insured";

2. Caused by:

a. Wear and tear, marring, deterioration;

b. Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

c. Birds, vermin, rodents, or insects; or

d. Animals owned or kept by an "insured".

B. The Limit of Liability, shown in the Schedule above, applies as follows:

For loss caused by:

1. A Coverage **C** peril named in the policy, other than Theft, the limit of liability under this endorsement is in addition to the Coverage **C** limit of liability.

2. The peril of Theft, the limit of liability under this endorsement is the total limit of liability and therefore includes the limit of liability granted under Section **I** – Property Coverages, Paragraph **C.3.** Special Limits of Liability. (For Forms **HO 00 04** and **HO 00 06,** this is Paragraph **A.3.** and **A.4.** respectively).

However, the most we will pay for any one article is $1,500 or, if selected, the amount checked in the Schedule above.

3. Any peril other than those in Paragraph **1.** or **2.** above, the limit of liability shown in the Schedule is the total limit of liability. However, we will not pay more than $1,500 for any one article.

For any one loss event, our total limit of liability will not exceed the limit for the applicable Category **1., 2.,** or **3.**

All other provisions of this policy apply.

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HOMEOWNERS RATING INFORMATION – NORTH CAROLINA

FORM HO 00	Code	NUMBER OF FAMILIES					
☐ 02	(2)	All Forms except **HO 00 04 & 06:**					
☐ 03	(3)	Not Townhouse/Rowhouse	1	2	3	4	5 or more
		– Code	☐ (1)	☐ (3)	☐ (6)	☐ (6)	– –
☐ 04	(4)	Townhouse/Rowhouse					
		– Code	☐ (1)	☐ (3)	☐ (2)	☐ (2)	☐ (4)
☐ 05	(5)	**HO 00 04** or **06** Not Rented					
		– Code	☐ (1)	☐ (1)	☐ (1)	☐ (1)	☐ (8)
☐ 06	(6)						
		HO 00 06 Rented – Code	☐ (1)	☐ (1)	☐ (1)	☐ (1)	☐ (8)
☐ 08	(8)	**MOBILEHOME SUPPLEMENT** ☐ **MH 04 01** (End. ID Code 1); ☐ **MH 04 01** & **MH 04 20** (End. ID Code 2)					
☐ 04/ 32 95	(7)**	**Tie Down** ☐ None (1) ☐ Over-the-Top and Chassis (2)					
☐ 06/ 32 35	(7)**	☐ Over-the-Top Only (3) ☐ Chassis Only (4)					
**Status Codes		**YEAR OF CONSTRUCTION OR MODEL YEAR** Code ( )					

CONSTRUCTION
☐ Frame (1)
☐ Brick, Stone or Masonry Veneer (2)
☐ Brick, Stone or Masonry (3)
☐ Superior or Fire Resistive (4)
☐ Frame with Aluminum or Plastic Siding (5)
☐ Specially Rated – Not Fire Resistive (8)
☐ Mobile Homes not Mobilehome Supplement (6)
☐ All Other (1)

Mobilehome Supplement – Composition Shingle Roof and on: ☐ A fully enclosed masonry foundation (7) ☐ Blocks or piers and fully skirted (9)

TERRITORY NO. Code ( ) **PROTECTION CLASS** Code ( )
Not more than feet from a fire hydrant and miles from the Fire Department Code ( )
FIRE DIST. OR TOWN: Code ( ) **PREM. GP. NO**

DEDUCTIBLE Section **I** $ Type Code ( ); Size Code ( )
Other $ Type Code ( ); Size Code ( )

STATISTICAL REPORTING INFORMATION (Separate Coding Record Required)

Codes –	**Subline**	**Number**	**Classi-fication**	**Cov. E Limit**	**Prepaid Premium**	**Prem. if Paid in Installments**	**Payable at Inception**	**Payable each Anniversary**
Earthquake	( )	(–)	(–)	(–)	$	$	$	$
F.P.L.	( )	(–)	( )	( )	$	$	$	$
Snowmobiles	( )	( )	( )	( )	$	$	$	$
Watercraft	( )	( )	( )	( )	$	$	$	$
End. **HO 04 60**	( )	(–)	( )	( )	$	$	$	$
End. **HO 04 61**	( )	(–)	( )	(–)	$	$	$	$
		ALL OTHER PREMIUMS			$	$	$	$

(a) The "residence premises" is not seasonal; **(b)** a "business" is not conducted on the "residence premises"; **(c)** the "residence premises" is the only premises where you maintain a residence other than "business" or farm properties; **(d)** the "insured" has no full time "residence employees"; **(e)** the "insured" has no outboard engine(s) or motor(s) or watercraft otherwise excluded under this policy for which coverage is desired.

Exception, if any, to **(a), (b), (c), (d)** or **(e)***

*Absence of an entry means "no exceptions"

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS – NORTH CAROLINA

DEFINITIONS

Definition **B.3.** is replaced by the following:

3. "Business" includes any full- or part-time activity of any kind engaged in for economic gain, including the use of any part of any premises for such purposes.

The following definition is added to Paragraph **B.** in all forms:

12. "Fungi"

a. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

b. Under Section **II,** this does not include any fungi that are, are on, or are contained in any good or product intended for consumption.

SECTION I – PROPERTY COVERAGES

C. Coverage C – Personal Property

3. Special Limits Of Liability

Paragraphs **f.** and **g.** are deleted in all forms except **HO 00 08,** and deleted in Endorsements **HO 32 95** and **HO 32 35** when made part of Forms **HO 00 04** and **HO 00 06,** respectively. Paragraphs **f.** and **g.** in those forms are replaced by the following:

f. 10% of the Coverage **C** limit, subject to a maximum of $10,000, for loss by theft* of firearms and related equipment.

g. 25% of the Coverage **C** limit, subject to a maximum of $10,000, for loss by theft* of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

***** In Form **HO 00 05** and Endorsements **HO 32 95** and **HO 32 35,** theft includes misplacing or losing.

4. Property Not Covered

Paragraph **c.(2)(a)** is replaced by the following:

(a) Used to service an "insured's" residence; or

E. Additional Coverages

In all forms except **HO 00 06** and **HO 00 08:**

1. Debris Removal is replaced by the following:

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

(1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

(2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

b. We will also pay your reasonable expense, up to $500, for the removal from the "residence premises" of:

(1) Your tree(s) felled by the peril of Windstorm or Hail; or Weight of Ice, Snow or Sleet; or

(2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage **C;**

provided the tree(s):

(3) Damages a covered structure; or

(4) Does not damage a covered structure; but:

(a) Blocks a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Blocks a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

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The $500 limit is the most we will pay in any one loss regardless of the number of fallen trees.

This coverage is additional insurance.

In Form **HO 00 06:**

1. Debris Removal is replaced by the following:

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

(1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

(2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

b. We will also pay your reasonable expense, up to $500, for the removal from the "residence premises" of:

(1) A tree(s) you solely own felled by the peril of Windstorm or Hail; or Weight of Ice, Snow or Sleet; or

(2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage **C;**

provided the tree(s) damages a covered structure. The $500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

In Form **HO 00 08:**

1. Debris Removal is replaced by the following:

1. Debris Removal

a. We will pay your reasonable expense for the removal of:

(1) Debris of covered property if a Peril Insured Against that applies to the damaged property causes the loss; or

(2) Ash, dust or particles from a volcanic eruption that has caused direct loss to a building or property contained in a building.

This expense is included in the limit of liability that applies to the damaged property. If the amount to be paid for the actual damage to the property plus the debris removal expense is more than the limit of liability for the damaged property, an additional 5% of that limit of liability is available for debris removal expense.

b. We will also pay your reasonable expense, up to $500, for the removal from the "residence premises" of:

(1) Your tree(s) felled by the peril of Windstorm or Hail; or

(2) A neighbor's tree(s) felled by a Peril Insured Against under Coverage **C;**

provided the tree(s):

(3) Damages a covered structure; or

(4) Does not damage a covered structure; but:

(a) Blocks a driveway on the "residence premises" which prevents a "motor vehicle", that is registered for use on public roads or property, from entering or leaving the "residence premises"; or

(b) Blocks a ramp or other fixture designed to assist a handicapped person to enter or leave the dwelling building.

The $500 limit is the most we will pay in any one loss, regardless of the number of fallen trees.

This coverage is additional insurance.

10. Landlord's Furnishings

k. Accidental Discharge Or Overflow Of Water Or Steam

Paragraph **(2)(d)** is replaced by the following in Form **HO 00 05:**

(d) Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

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The following Additional Coverage is added to all forms except **HO 00 04:**

13. "Fungi", Wet Or Dry Rot, Or Bacteria

a. We will pay up to a total of $5,000 for:

(1) Direct physical loss to property covered under Section **I** – Coverage **A** – Dwelling, Coverage **B** – Other Structures and Coverage **C** – Personal Property caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria if the direct result of a Peril Insured Against; and

(2) The necessary increase in costs which you incur to maintain your normal standard of living when the "residence premises" is uninhabitable due to a loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria which is the direct result of a Peril Insured Against.

The coverage provided above is the only coverage under Section **I** – Coverage **A** – Dwelling, Coverage **B** – Other Structures, Coverage **C** – Personal Property and Coverage **D** – Loss Of Use for loss caused by, resulting from, or consisting of "fungi", wet or dry rot, or bacteria caused directly or indirectly regardless of any other cause or event contributing concurrently or in any sequence.

b. The amount in **a.** above is the most we will pay for the cost:

(1) To remove "fungi", wet or dry rot, or bacteria from covered property;

(2) To tear out and replace any part of the building or other covered property as needed to gain access to the "fungi", wet or dry rot, or bacteria; and

(3) Of any testing of air or property to confirm the absence, presence or level of "fungi", wet or dry rot, or bacteria whether performed prior to, during or after removal, repair, restoration or replacement. The cost of such testing will be provided only to the extent that there is a reason to believe that there is the presence of "fungi", wet or dry rot, or bacteria.

c. The coverage provided above applies only when such loss or costs are the result of a Peril Insured Against that occurs during the policy period and only if all reasonable means were used to save and protect the property from further damage at or after the time of the occurrence of that Peril Insured Against.

d. If there is covered loss to covered property, not caused, in whole or in part, by "fungi", wet or dry rot, or bacteria, loss payment will not be limited by the terms of this Additional Coverage, except to the extent that "fungi", wet or dry rot, or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Additional Coverage.

This is additional insurance and is the most we will pay for the total of all loss or costs payable under the Additional Coverage regardless of the number of locations insured or the number of claims made. No deductible applies to this coverage.

(This is Additional Coverage **12.** in Form **HO 00 06** and Additional Coverage **9.** in Form **HO 00 08.**)

SECTION I – PERILS INSURED AGAINST

In Form **HO 00 03:**

A. Coverage A – Dwelling And Coverage B – Other Structures

Paragraph **2.c.(5)** is replaced by the following:

(5) Constant or repeated discharge, seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

Paragraph **2.c.(6)(c)** is deleted and replaced by the following:

(c) Smog, rust or other corrosion;

B. Coverage C – Personal Property

12. Accidental Discharge Or Overflow Of Water Or Steam

Paragraph **b.(4)** is replaced by the following:

(4) Caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

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In Form **HO 00 05:**

Paragraph **A.2.d.** is replaced by the following:

d. Constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

Paragraph **A.2.e.(3)** is replaced by the following:

(3) Smog, rust or other corrosion;

In Forms **HO 00 02, HO 00 04** and **HO 00 06:**

12. Accidental Discharge Or Overflow Of Water Or Steam

Paragraph **b.(5)** in Forms **HO 00 02** and **HO 00 06** and Paragraph **b.(4)** in Form **HO 00 04** are replaced by the following:

(5) To a building caused by constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

SECTION I – EXCLUSIONS

In all forms except **HO 00 05:**

3. Water Damage is replaced by the following:

3. Water

This means:

a. Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;

b. Water which:

(1) Backs up through sewers or drains; or

(2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;

c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or

d. Waterborne material carried or otherwise moved by any of the water referred to in **3.a.** through **3.c.** of this exclusion.

This Exclusion **(3.)** applies regardless of whether any of the above, in **3.a.** through **3.d.,** is caused by an act of nature, an act of man or is otherwise caused.

This Exclusion **(3.)** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system whether natural, man-made or is otherwise made.

However, direct loss by fire, explosion or theft resulting from any of the above, in **3.a.** through **3.d.,** is covered.

(This is Paragraph **A.3.** in Form **HO 00 03.**)

In Form **HO 00 05:**

Paragraph **A.3.** is replaced by the following:

3. Water

This means:

a. Flood, including but not limited to flash flood, surface water, waves, including tidal wave and tsunami, seiche, tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind, including storm surge;

b. Water which:

(1) Backs up through sewers or drains; or

(2) Overflows or is otherwise discharged from a sump, sump pump or related equipment;

c. Water below the surface of the ground, including water which exerts pressure on, or seeps, leaks or flows through a building, sidewalk, driveway, patio, foundation, swimming pool or other structure; or

d. Waterborne material carried or otherwise moved by any of the water referred to in **3.a.** through **3.c.** of this exclusion.

This Exclusion **(A.3.)** applies regardless of whether any of the above, in **A.3.a.** through **A.3.d.,** is caused by an act of nature, an act of man or is otherwise caused.

This Exclusion **(A.3.)** applies to, but is not limited to, escape, overflow or discharge, for any reason, of water or waterborne material from a dam, levee, seawall or any other boundary or containment system whether natural, man-made or is otherwise made.

However, direct loss by fire, explosion or theft resulting from any of the above, in **A.3.a.** through **A.3.d.,** is covered.

Damage to property described in Coverage **C** away from a premises or location owned, rented, occupied or controlled by an "insured" resulting from any of the above, in **A.3.a.** through **A.3.d.,** is covered.

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Damage to property described in Coverage **C** on a premises or location owned, rented, occupied or controlled by an "insured", resulting from any of the above, in **A.3.a.** through **A.3.d.,** is excluded even if weather conditions contribute in any way to produce the loss.

8. Intentional Loss is replaced by the following:

8. Intentional Loss

Intentional Loss means any loss arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss.

This exclusion only applies to an "insured" who commits or conspires to commit an act with the intent to cause a loss.

(This is Paragraph **A.8.** in Forms **HO 00 03** and **HO 00 05.**)

The following exclusion is added:

10. "Fungi", Wet Or Dry Rot, Or Bacteria

"Fungi", Wet Or Dry Rot, Or Bacteria means the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, or bacteria other than as provided in Additional Coverage **13.** "Fungi", Wet Or Dry Rot, Or Bacteria.

(This is Exclusion **A.10.** in Forms **HO 00 03** and **HO 00 05.**)

SECTION I – CONDITIONS

B. Duties After Loss

The following is added to the end of Paragraph **8.:**

However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60-day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

C. Loss Settlement

In Forms **HO 00 02, HO 00 03** and **HO 00 05,** Subparagraph **2.a.** is replaced by the following:

2. Buildings covered under Coverage **A** or **B** at replacement cost without deduction for depreciation, subject to the following:

a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or replace, after application of any deductible and without deduction for depreciation, but not more than the least of the following amounts:

(1) The limit of liability under this policy that applies to the building;

(2) The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or

(3) The necessary amount actually spent to repair or replace the damaged building on the "residence premises" or some other premises within the State of North Carolina.

E. Appraisal is replaced by the following:

E. Appraisal

If you and we fail to agree on the value or amount of any item or loss, either may demand an appraisal of such item or loss. In this event, each party will choose a competent and disinterested appraiser within 20 days after receiving a written request from the other. The two appraisers will choose a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, you or we may request that a choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Each party will:

1. Pay its own appraiser; and

2. Bear the other expenses of the appraisal and umpire equally.

In no event will an appraisal be used for the purpose of interpreting any policy provision, determining causation or determining whether any item or loss is covered under this policy. If there is an appraisal, we still retain the right to deny the claim.

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G. Suit Against Us is replaced by the following:

G. Suit Against Us

No action can be brought against us unless there has been full compliance with all of the terms under Section **I** of this policy and the action is started within three years after the date of loss.

I. Loss Payment is replaced by the following:

I. Loss Payment

We will adjust all losses with you. We will pay you unless some other person is named in the policy or is legally entitled to receive payment. We will pay within 60 days after the amount is finally determined.

This amount may be determined by:

a. Reaching an agreement with you;

b. Entry of a final judgment; or

c. The filing of an appraisal award with us.

SECTION II – EXCLUSIONS

A. "Motor Vehicle Liability"

Paragraph **2.b.** is replaced in all forms by the following:

b. Used to service an "insured's" residence;

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

Paragraph **1. Expected Or Intended Injury** is replaced in all forms by the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" which is intended by or which may reasonably be expected to result from the intentional acts or omissions or criminal acts or omissions of one or more "insured" persons. This exclusion applies even if:

a. The "insured" persons lack the mental capacity to govern their own conduct;

b. The "bodily injury" or "property damage" is of a different kind, quality or degree than intended or reasonably expected; or

c. The "bodily injury" or "property damage" is sustained by a different person or entity than intended or reasonably expected.

This exclusion applies regardless of whether or not an "insured" person is actually charged with, or convicted of, a crime.

Paragraph **2. "Business"** is replaced by the following:

2. "Business"

a. "Bodily injury" or "property damage" arising out of or in connection with a "business" engaged in by an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

b. This Exclusion **E.2.** does not apply to:

(1) The rental or holding for rental of an "insured location":

(a) On an occasional basis if used only as a residence;

(b) In part, for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

(2) An insured minor involved in part-time, self-employed "business" pursuits normally undertaken by minors, unless the minor is employed by a "business". A minor means a person who has not attained his or her 19th birthday (or age 23 if a full-time student);

The following exclusion is added:

9. "Fungi", Wet Or Dry Rot, Or Bacteria

"Bodily injury" or "property damage" arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of or presence of any "fungi", wet or dry rot, or bacteria.

SECTIONS I AND II – CONDITIONS

The following condition is added:

H. Choice Of Law

This policy is issued in accordance with the laws of North Carolina and covers property or risks principally located in North Carolina. Any and all claims or disputes in any way related to this policy shall be governed by the laws of North Carolina.

All other provisions of this policy apply.

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UNIT-OWNERS COVERAGE A SPECIAL COVERAGE – NORTH CAROLINA

FORM HO 00 06 ONLY

SECTION I – PERILS INSURED AGAINST

For Coverage **A,** the Perils Insured Against are deleted and replaced by the following:

Perils Insured Against

1. We insure against risk of direct physical loss to property described in Coverage **A.**

2. We do not insure, however, for loss:

a. Excluded under Section **I** – Exclusions.

b. Involving collapse, except as provided in Paragraph **D.8.** Collapse under Section **I** – Property Coverages.

c. Caused by:

(1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:

(a) Maintain heat in the building; or

(b) Shut off the water supply and drain all systems and appliances of water;

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply or maintain heat in the building for coverage to apply.

For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

(2) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:

(a) Fence, pavement, patio or swimming pool;

(b) Footing, foundation, bulkhead, wall, or any other structure or device, that supports all or part of a building or other structure;

(c) Retaining wall or bulkhead that does not support all or part of a building or other structure; or

(d) Pier, wharf or dock;

(3) Theft in or to a unit under construction, or of materials and supplies for use in the construction until the unit is finished and occupied;

(4) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the building containing the "residence premises" has been vacant for more than 60 consecutive days immediately before the loss. A building being constructed is not considered vacant;

(5) Constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years; or

(6) Any of the following;

(a) Wear and tear, marring, deterioration;

(b) Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

(c) Smog, rust or other corrosion;

(d) Smoke from agricultural smudging or industrial operations;

(e) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against under Coverage **C** of this policy.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

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(f) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;

(g) Birds, vermin, rodents, or insects; or

(h) Animals owned or kept by an "insured".

Exception To c.(6)

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **A** resulting from an accidental discharge or overflow of water or steam from within a:

(i) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

(ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises". This includes the cost to tear out and replace any part of a building, or other structure owned solely by you, at the location of the "residence premises", but only when necessary to repair the system or appliance. However, such tear out and replacement coverage only applies to other structures if the water or steam causes actual damage to a building owned solely by you at the location of the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section **I** – Exclusion **3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under Paragraphs **c.(5)** and **(6)** above.

Under Paragraphs **2.b.** and **c.,** any ensuing loss to property described in Coverage **A** not precluded by any other provision in this policy is covered.

SECTION I – EXCLUSIONS

The following exclusions are added:

We do not insure for loss to property described in Coverage **A** caused by any of the following. However, any ensuing loss to property described in Coverage **A** not precluded by any other provision in this policy is covered.

1. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in **Section I – Exclusions,** other than Exclusions **2.,** and **3.** below, to produce the loss;
2. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body; or
3. Faulty, inadequate or defective:
   a. Planning, zoning, development, surveying, siting;
   b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
   c. Materials used in repair, construction, renovation or remodeling; or
   d. Maintenance;

   of part or all of any property whether on or off the "residence premises".

All other provisions of this policy apply.

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UNIT-OWNERS COVERAGE C SPECIAL COVERAGE – NORTH CAROLINA

FORM HO 00 06 ONLY

AGREEMENT

We agree to provide the Special Coverage in this endorsement with the understanding that you occupy the unit in which property covered under Coverage **C** is located.

SECTION I – PROPERTY COVERAGES

B. Coverage C – Personal Property

3. Special Limits Of Liability

Categories **e., f.** and **g.** are deleted and replaced by the following:

e. $1,500 for loss by theft, misplacing or losing of jewelry, watches, furs, precious and semiprecious stones.

f. $2,500 for loss by theft, misplacing or losing of firearms and related equipment.

g. $2,500 for loss by theft, misplacing or losing of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

D. Additional Coverages

8. Collapse

Paragraph **b.(1)** is deleted and replaced by the following:

(1) The Perils Insured Against under Coverage **A;**

With respect to Coverage **C,** Paragraph **8.** Collapse is deleted.

SECTION I – PERILS INSURED AGAINST

For Coverage **C,** the Perils Insured Against are deleted and replaced by the following:

We insure against risk of direct physical loss to property described in Coverage **C.**

We do not insure, however, for loss:

1. Excluded under **Section I – Exclusions;**

2. To property in a unit regularly rented or held for rental to others by you;

3. Caused by:

a. Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain all systems and appliances of water;

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply or maintain heat in the building for coverage to apply.

For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

b. Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:

(1) Fence, pavement, patio or swimming pool;

(2) Footing, foundation, bulkhead, wall, or any other structure or device, that supports all or part of a building or other structure;

(3) Retaining wall or bulkhead that does not support all or part of a building or other structure; or

(4) Pier, wharf or dock;

c. Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

d. Constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years;

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e. Breakage of eyeglasses, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles other than jewelry, watches, bronzes, cameras and photographic lenses.

There is coverage for breakage of the property by or resulting from:

(1) Fire, lightning, windstorm, hail;

(2) Smoke, other than smoke from agricultural smudging or industrial operations;

(3) Explosion, riot, civil commotion;

(4) Aircraft, vehicles, vandalism and malicious mischief, earthquake or volcanic eruption;

(5) Collapse of a building or any part of a building;

(6) Water not otherwise excluded;

(7) Theft or attempted theft; or

(8) Sudden and accidental tearing apart, cracking, burning or bulging of:

(a) A steam or hot water heating system;

(b) An air conditioning or automatic fire protective sprinkler system; or

(c) An appliance for heating water;

f. Dampness of atmosphere or extremes of temperature unless the direct cause of loss is rain, snow, sleet or hail;

g. Refinishing, renovating or repairing property other than watches, jewelry and furs;

h. Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft, including their trailers, furnishings, equipment and outboard engines or motors;

i. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body; or

j. Any of the following:

(1) Wear and tear, marring, deterioration;

(2) Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

(3) Smog, rust or other corrosion;

(4) Smoke from agricultural smudging or industrial operations;

(5) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by one or more of the Perils Insured Against that would apply under Coverage **C** of the policy form if this endorsement were not attached to the policy form.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

(6) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;

(7) Birds, vermin, rodents or insects; or

(8) Animals owned or kept by an "insured".

Exception To 3.j.

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **C** resulting from an accidental discharge or overflow of water or steam from within a:

(a) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

(b) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped;

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section **I** – Exclusion **3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground do not apply to loss by water covered under Paragraphs **3.d.** and **j.** above.

Under Paragraphs **3.a.** through **e., i.** and **j.,** any ensuing loss to property described in Coverage **C** not precluded by any other provision in this policy is covered.

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SECTION I – EXCLUSIONS

3. Water Damage

The following paragraphs are added:

This exclusion does not apply to property described in Coverage **C** that is away from a premises or location owned, rented, occupied or controlled by an "insured".

This exclusion applies to property described in Coverage **C** that is on a premises or location owned, rented, occupied or controlled by an "insured" even if weather conditions contribute in any way to produce the loss.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL COMPUTER COVERAGE – NORTH CAROLINA

ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH HO 32 95 AND
HO 00 06 WITH HO 32 35

DEFINITIONS

With respect to the coverage provided by this endorsement, "computer equipment" means:

1. Computer hardware, software, operating systems or networks; and
2. Other electronic parts, equipment or systems solely designed for use with or connected to equipment in Paragraph **1.** above.

SECTION I – PERILS INSURED AGAINST

With respect to "computer equipment" defined above, the Perils Insured Against which apply to Coverage **C** – Personal Property are deleted and replaced by the following:

1. We cover an "insured's" "computer equipment", as defined in this endorsement, against risk of direct physical loss.
2. We do not insure, however, for loss:
   - **a.** Excluded under Section **I** – Exclusions.
   - **b.** Caused by:
     - **(1)** Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:
       - **(a)** Maintain heat in the building; or
       - **(b)** Shut off the water supply and drain all systems and appliances of water;

       However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

       For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.
     - **(2)** Theft in or to a dwelling under construction, until the dwelling is finished and occupied;
     - **(3)** Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;
     - **(4)** Dampness of atmosphere or extremes of temperature unless the direct cause of loss is rain, snow, sleet or hail;
     - **(5)** Refinishing, renovating or repairing property;
     - **(6)** Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft of all types, including their trailers, furnishings, equipment and outboard engines or motors; or
     - **(7)** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. However, any ensuing loss not excluded or excepted in this policy is covered.
     - **(8)** Any of the following:
       - **(a)** Wear and tear, marring, deterioration;
       - **(b)** Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;
       - **(c)** Smog, rust or other corrosion;
       - **(d)** Smoke from agricultural smudging or industrial operations;
       - **(e)** Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by one or more of the Perils Insured Against that would apply under Coverage **C** of the policy form if this endorsement were not attached to the policy form.

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Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

(f) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;

(g) Birds, vermin, rodents or insects; or

(h) Animals owned or kept by an "insured".

Exception To b.(8)

Unless the loss is otherwise excluded, we cover loss to "computer equipment" resulting from an accidental discharge or overflow of water or steam from within a:

(i) Storm drain or water, steam or sewer pipe off the "residence premises"; or

(ii) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For the purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section **I** Water Damage Exclusion Paragraphs **a.** and **c.** in the policy, that apply to surface water and water below the surface of the ground do not apply to loss by water covered under **b.(8)** above.

With respect to the precluded perils in **2. b.(1)** through **(2)** and **b.(8),** any ensuing loss not precluded by any other provision in this policy is covered.

SPECIAL CONDITIONS

The coverage provided by this endorsement does not:

1. Increase the Coverage **C** limit of liability;

2. Modify the Coverage **C** Special Limits of Liability; or

3. Modify any provision that applies to Coverage **C** Property Not Covered.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATERBED LIABILITY – NORTH CAROLINA

FORMS HO 00 04 AND HO 00 06

SECTION II – EXCLUSIONS

F. Coverage E – Personal Liability

Exclusion **3.** does not apply to "property damage" arising out of an "insured's" ownership or use of a waterbed on the "residence premises".

All other provisions of this policy apply.

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INSERT – NORTH CAROLINA

This policy is a legal contract between you and us. The Property Policy is:

- Designed for your easy reference;
- Simplified, to make it more understandable; and
- Arranged to better display the available coverages.

READ YOUR POLICY CAREFULLY

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNCTIONAL REPLACEMENT COST LOSS SETTLEMENT – NORTH CAROLINA

FORMS HO 00 02, HO 00 03 And HO 00 05 ONLY

DEFINITIONS

The following definition is added when this endorsement is attached to the policy:

"Functional replacement cost" means the amount which it would cost to repair or replace the damaged building with less costly common construction materials and methods which are functionally equivalent to obsolete, antique or custom construction materials and methods used in the original construction of the building.

SECTION I – CONDITIONS

C. Loss Settlement

Paragraph **2.** is deleted and replaced by the following:

2. Buildings covered under Coverage **A** or **B:**

a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the "functional replacement cost" of the building immediately before the loss and you contract for repair or replacement of the damaged building for the same use, within 180 days of the damage unless we and you otherwise agree, we will pay, after application of any deductible, the lesser of the following amounts:

(1) The limit of liability under this policy that applies to the building; or

(2) The necessary amount actually spent to repair or replace the damaged building on a "functional replacement cost" basis, on the "residence premises" or some other premises within the state of North Carolina.

b. If, at the time of loss the amount of insurance in this policy on the damaged building is 80% or more of the "functional replacement cost" of the building immediately before the loss; and you do not make claim under **2.a.** above, we will pay, after application of any deductible, the least of the following amounts:

(1) The limit of liability under this policy that applies to the building;

(2) The actual cash value of the damaged part of the building; or

(3) The amount which it would cost to repair or replace the damaged building on a "functional replacement cost" basis, on the "residence premises" or some other premises within the state of North Carolina.

c. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the "functional replacement cost" of the building immediately before the loss, we will pay that proportion of the cost to repair or replace that part of the building damaged:

(1) After application of any deductible; and

(2) Without deduction for depreciation;

which the total amount of insurance in this policy on the damaged building bears to 80% of the "functional replacement cost" of the building, but not more than the limit of liability under this policy that applies to the building.

d. To determine the amount of insurance required to equal 80% of the "functional replacement cost" of the building immediately before the loss, do not include the value of:

(1) Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;

(2) Those supports in **(1)** above which are below the surface of the ground inside the foundation walls, if there is no basement; and

(3) Underground flues, pipes, wiring and drains.

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e. If the actual cash value of the damage is less than the "functional replacement cost" then:

(1) We will pay no more than the actual cash value of the damage until replacement is complete. Once replacement is complete, we will settle the loss according to the provisions of **2.a.** and **c.** above.

However, if the cost to functionally repair the damage is both:

(a) Less than 5% of the amount of insurance in this policy on the building; and

(b) Less than $2,500;

we will settle the loss according to the provisions of **2.a.** and **c.** above whether or not replacement is complete.

(2) You may disregard the "functional replacement cost" loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis.

You may then make claim for any additional liability according to the provisions of this Condition **C.** Loss Settlement, provided you notify us of your intent to do so within 180 days of the date of loss.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL COVERAGE – SPOILAGE OF PERISHABLE STOCK – NORTH CAROLINA

(FOR USE ONLY WITH THE HOME BUSINESS INSURANCE COVERAGE ENDORSEMENT)

SCHEDULE*

Description Of "Perishable Stock"
Limit Of Liability
*Entries may be left blank if shown in this policy for this coverage.

A. DEFINITIONS

12. Additional Definitions

The following **Definitions** are added:

r. "Perishable stock" means property on the "business" location that is:

(1) Maintained under controlled temperature or humidity conditions for preservation; and

(2) Susceptible to loss if the controlled temperature or humidity conditions change.

s. "Breakdown or contamination" means:

(1) Contamination by a refrigerant only when the refrigerating apparatus or equipment is at the "business" location; or

(2) A change in temperature or humidity that results from mechanical breakdown or failure of apparatus or equipment, at the "business" location, that refrigerates, cools or humidifies "perishable stock".

Mechanical breakdown and failure do not mean "loss of power", no matter how caused.

t. "Power outage" means a change in temperature or humidity that results from "loss of power" on or off the "business" location.

u. "Loss of power" means the complete or partial interruption of electric power due to conditions beyond an "insured's" control.

SECTION I – PERILS INSURED AGAINST

With respect only to "perishable stock" described in the Schedule above, the Perils Insured Against:

1. Under Coverage **C** in the Homeowners Form; and

2. In Endorsements **HO 32 95** and **HO 32 35,** when attached to the policy;

are deleted.

SECTION I – PROPERTY COVERAGES

E. Additional Coverages

The following additional coverage is added under **E.13.:**

g. "Perishable Stock"

We insure against risk of direct physical loss to "perishable stock" described in the Schedule:

(1) Caused by; or

(2) Resulting from;

"breakdown", "contamination" or "power outage".

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SECTION I – EXCLUSIONS

1. The Section **I** – Exclusions in the Homeowners Form do not apply to spoilage of "perishable stock" described in the Schedule except for:
   a. Earth Movement;
   b. War;
   c. Nuclear Hazard;
   d. Governmental Action; and
   e. Water Damage.
2. With respect only to the "perishable stock" described in the Schedule, the following exclusions are added:

   We will not pay for loss:

   a. Caused by; or

   b. Resulting from:

   (1) Disconnection of any refrigerating, cooling or humidity control system from the source of power;

   (2) Deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current;

   (3) Inability of an electrical utility company or other power source to provide sufficient power due to:

   (a) Lack of fuel; or

   (b) Governmental order;

   (4) Inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand; or

   (5) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

SECTION I – CONDITIONS

I. Loss Payment

With respect only to "perishable stock" described in the Schedule, Paragraph **1. Property Of Others** is deleted and replaced by the following:

1. Property Of Others

We will determine the value of "perishable stock" that you have sold but not delivered, at:

a. The selling price less discounts and expenses you otherwise would have had; or

b. At actual cash value.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL COVERAGE FOR VALUABLE PAPERS AND RECORDS – NORTH CAROLINA

(FOR USE ONLY WITH THE HOME BUSINESS INSURANCE COVERAGE ENDORSEMENT)

SECTION I – PERILS INSURED AGAINST

With respect only to "valuable papers and records", the Perils Insured Against under Coverage **C** in:

1. The Homeowners form; and

2. Endorsements **HO 32 95** and **HO 32 35,** when attached to the policy;

are deleted.

SECTION I – PROPERTY COVERAGES

E. Additional Coverages

Paragraph **13.b. "Valuable Papers And Records"** is deleted and replaced by the following:

b. "Valuable Papers And Records"

(1) We insure against risk of direct physical loss to "valuable papers and records" that:

(a) You own; or

(b) Are in your care;

for up to $2,500. This coverage includes the cost to research lost information on "valuable papers and records" for which duplicates do not exist.

(2) This coverage does not apply to:

(a) Property held as samples or for delivery after sale; or

(b) Property in storage away from the "residence premises".

This coverage is additional insurance.

SECTION I – EXCLUSIONS

1. The Section **I** – Exclusions in the Homeowners form do not apply to this Special Coverage for "Valuable Papers and Records" except for:

a. War;

b. Nuclear Hazard; and

c. Governmental Action.

2. Exclusion **10.a. Dishonesty** in the Home Business Endorsement is deleted and replaced by the following:

a. Dishonesty

We will not pay for loss caused by or resulting from dishonest acts by:

(1) You, or anyone else with an interest in the property;

(2) Your or their employees or authorized representatives; or

(3) Anyone entrusted with the property;

whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

This exclusion does not apply to a carrier for hire.

3. Under Exclusion **10.d. Accounts Receivable And "Valuable Papers And Records"** in the Home Business Insurance Coverage Endorsement, the following is added to Paragraph **(2):**

(c) Unauthorized instructions to transfer property to any person or to any place.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL INJURY – NORTH CAROLINA

DEFINITIONS

The following definition is added:

"Personal injury" means injury arising out of one or more of the following offenses, but only if the offense was committed during the policy period:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
4. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
5. Oral or written publication of material that violates a person's right of privacy.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

The following is added to Coverage **E** – Personal Liability:

Personal Injury Coverage

If a claim is made or suit is brought against an "insured" for damages resulting from an offense, defined under "personal injury", to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgement interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the offense has been exhausted by payment of a judgment or settlement.

SECTION II – EXCLUSIONS

With respect to the coverage provided by this endorsement, Section **II** – Exclusions is deleted and replaced by the following:

This insurance does not apply to:

1. "Personal Injury":
   a. Caused by or at the direction of an "insured" with the knowledge that the act would violate the rights of another and would inflict "personal injury";
   b. Arising out of oral or written publication of material, if done by or at the direction of an "insured" with knowledge of its falsity;
   c. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
   d. Arising out of a criminal act committed by or at the direction of an "insured";
   e. Arising out of liability assumed by an "insured" under any contract or agreement except any indemnity obligation assumed by an "insured" under a written contract directly relating to the ownership maintenance or use of the premises;
   f. Sustained by any person as a result of an offense directly or indirectly related to the employment of this person by an "insured";
   g. Arising out of or in connection with a "business" engaged in by an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

      This exclusion does not apply to:

      (1) The rental or holding for rental of an "insured location";

         (a) On an occasional basis if used only as a residence;

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(b) In part for use only as a residence, unless a single family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

(2) An insured minor involved in part-time, self-employed "business" pursuits normally undertaken by minors, unless the minor is employed by a "business". A minor means a person who has not attained his or her 19th birthday (or age 23 if a full time student);

h. Arising out of civic or public activities performed for pay by an "insured";

i. To you or an "insured" as defined under Definition **5.a.** or **b.**

This exclusion also applies to any claim made or suit brought against you or an "insured":

(1) To repay; or

(2) Share damages with;

another person who may be obligated to pay damages because of "personal injury" to an "insured"; or

j. Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants at any time.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

k. Arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi", wet or dry rot, or bacteria.

2. Any loss, cost or expense arising out of any:

a. Request, demand or order that an "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, pollutants; or

b. Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, clean up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

SECTION II – ADDITIONAL COVERAGES

With respect to the coverage provided by this endorsement, Paragraph **D.** Loss Assessment is deleted and replaced by the following:

D. Loss Assessment

We will pay up to $1000 for your share of loss assessment charged against you, as an owner or tenant of the "residence premises", during the policy period by a corporation or association of property owners, when the assessment is made as a result of "personal injury" not excluded under this endorsement.

We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.

Regardless of the number of assessments, the limit of $1000 is the most we will pay for loss arising out of "personal injury".

SECTION II – CONDITIONS

With respect to the coverage provided by this endorsement, Section **II** – Condition **I.** Policy Period does not apply and Conditions **A.** Limit Of Liability, **B.** Severability Of Insurance and **C.** Duties After "Occurrence", are deleted and replaced by the following:

A. Limit Of Liability

Our total liability under "Personal Injury" Coverage for all damages resulting from any one offense will not be more than the limit of liability shown in the Declarations for Coverage **E.** This limit is the same regardless of the number of "insureds", claims made or suits brought.

B. Severability Of Insurance

This insurance applies separately to each "insured". This condition will not increase our limit of liability for any one offense.

C. Duties After Offense

In the event of a covered offense, you or another "insured" will perform the following duties that apply. We have no duty to provide coverage under this policy if your failure to comply with the following duties is prejudicial to us. You will help us by seeing that these duties are performed:

1. Give written notice to us or our agent as soon as is practical, which sets forth:

a. The identity of the policy and "named insured";

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b. Reasonably available information on the time, place and circumstances of the offense; and

c. Names and addresses of any claimants and witnesses;

2. Cooperate with us in the investigation, settlement or defense of any claim or suit;

3. Promptly forward to us every notice, demand, summons or other process relating to the offense;

4. At our request, help us:

   a. To make settlement;

   b. To enforce any right of contribution or indemnity against any person or organization who may be liable to an "insured";

   c. With the conduct of suits and attend hearings and trials; and

   d. To secure and give evidence and obtain the attendance of witnesses;

5. No "insured" shall, except at such "insured's" own cost, voluntarily make payment, assume obligation or incur expense other than for first aid to others at the time of the "personal injury".

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM EXTERIOR PAINT AND WATERPROOFING EXCLUSION – NORTH CAROLINA

Coverage to any building or structure under this policy excludes loss caused by windstorm or hail to paint or waterproofing material applied to the exterior of the building or structure.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE C INCREASED SPECIAL LIMITS OF LIABILITY – NORTH CAROLINA

SCHEDULE*

SECTION I – PROPERTY COVERAGES

Coverage C – Personal Property

3. Special Limits Of Liability

The special limits of liability are increased as noted below:

Property	Increase In Limit Of Liability	Total Limit Of Liability
a. Money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.		
b. Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps.		
e. Jewelry, watches, furs, precious and semiprecious stones for loss by theft. However, the most we will pay for any one article is $1,500 or, if selected, the amount checked below. ☐ **$** 2,000 ☐ **$** 2,500		
f. Firearms and related equipment for loss by theft.		
g. Silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware for loss by theft.		
j. Electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.		
k. Electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.		

All other policy provisions apply.

*Entries may be left blank if shown elsewhere in this policy for this coverage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE C INCREASED SPECIAL LIMITS OF LIABILITY – NORTH CAROLINA

TO BE USED WITH FORM HO 00 05; FORM HO 00 04 WITH ENDORSEMENT HO 32 95 AND FORM HO 00 06 WITH ENDORSEMENT HO 32 35

SCHEDULE*

SECTION I – PROPERTY COVERAGES

Coverage C – Personal Property

3. Special Limits Of Liability

The special limits of liability are increased as noted below:

Property	Increase In Limit Of Liability	Total Limit Of Liability
a. Money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.		
b. Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps.		
e. Jewelry, watches, furs, precious and semiprecious stones for loss by theft, misplacing or losing. However, the most we will pay for any one article is $1,500 or, if selected, the amount checked below. ☐ **$** 2,000 ☐ **$** 2,500		
f. Firearms and related equipment for loss by theft, misplacing or losing.		
g. Silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware for loss by theft, misplacing or losing.		
j. Electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.		
k. Electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.		

All other policy provisions apply.

*Entries may be left blank if shown elsewhere in this policy for this coverage.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HOME BUSINESS INSURANCE COVERAGE – NORTH CAROLINA

SCHEDULE*

We cover your "business" described in this Schedule, conducted at or from the "residence premises", subject to the provisions of this endorsement.

SECTION I – PROPERTY

"Business" Name And Description:

"Business" Location (Check **1.** and/or **2.** that follows):

☐ **1.** In the dwelling building or unit in which the "insured" resides and shown as the "residence premises".

☐ **2.** In an other structure on or at the location of the "residence premises".
(Enter the Limit of Liability and Description of the Structure(s) below).

Limit Of Liability	Description Of Other Structure(s)
$	
$	
$	

Check Whichever Applies:

Increased Limit Property Away From the "Residence Premises":

☐ The Coverage **C** Special Limit of Liability described in **C.3.** of this endorsement under Category **i.** is increased to $10,000.

Form Of "Business":

☐ **Individual** ☐ **Joint Venture** ☐ **Partnership** ☐ **Organization (Other)**

SECTION II – LIABILITY

Limits Of Liability

Coverage is provided on an aggregate limit basis. The annual aggregate limits of liability are as follows:

A. Aggregate Limits Of Liability

1. $ **Products – Completed Operations Hazards Liability** (The Coverage **E** Limit)

2. $ **All Other "Business" Liability** (Twice the Combined Limits of Coverages **E** and **F**)

B. Sub-Limit Of Liability

$ **Coverage F – Medical Payments To Others** (Per Person/Per Accident)

*Entries may be left blank if shown elsewhere in this policy for this coverage.

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With respect to the "business" described in the Schedule, all provisions of the Homeowners policy to which this endorsement is attached apply, except as modified herein.

DEFINITIONS

3. Definition **3.** which defines "business" is deleted and replaced by the following:

  3. "Business" includes any full or part-time activity of any kind engaged in for economic gain, described in the Schedule of this endorsement that is conducted at or from the "residence premises" and is owned by:

    a. You; or

    b. A partnership, joint venture or other organization of which you and your resident relatives are the only partners, members or stockholders.

4. Definition **4.** which defines "employee" is deleted and replaced by the following:

  4. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

5. Definition **5.** which defines "insured" is deleted and replaced by the following:

  5. "Insured" means:

    a. You;

    b. Residents of your household who are your relatives, but only if they are partners, members or stockholders in your "business";

    c. A resident of your household, who is not a relative, but is a partner, member or stockholder of the covered "business" or;

    d. Under Section **II** of this endorsement, "Insured" also means:

      (1) With respect to the conduct of your "business", any partnership, joint venture or other organization provided those persons described in **a.** or **b.** above are the only partners, members or stockholders;

      (2) Your "employees", but only for acts within the scope of their employment by you or while performing duties related to the conduct of your "business". However, no "employee" is an "insured" for:

        (a) "Bodily injury" or "personal and advertising injury":

          (i) To you, to your partners or members (if you are a partnership or joint venture), or to a co-"employee" while that co-"employee" is either in the course of his or her employment by you or performing duties related to the conduct of your "business";

          (ii) To the spouse, child, parent or sibling of the co-"employee" as a consequence of **(i)** above;

          (iii) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described **(i)** or **(ii)** above; or

          (iv) Arising out of the "employee's" providing, or failing to provide, professional health care services; or

        (b) "Property damage" to "business" property:

          (i) Owned, occupied or used by; or

          (ii) Rented to, in the care of, or over which physical control is being exercised for any purpose by;

        you, any of your "employees" or, if you are a partnership or joint venture, by any partner or member; and

      (3) Any person (other than your "employee") or any organization while acting as your real estate manager.

    Under both Section **I** and **II,** when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

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12. Additional Definitions

The following definitions are added:

a. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.

b. "Business Income" means the:

(1) Net income (net profit or loss before income taxes) that would have been earned or incurred if no physical loss had occurred, but not including any net income that would likely have been earned as a result of an increase in "business" activities due to favorable business conditions caused by the impact of the Peril Insured Against on customers or on other businesses; and

(2) Continuing normal operating expenses incurred, including payroll.

c. "Coverage Territory" means:

(1) The United States of America (including its territories and possessions), Puerto Rico and Canada;

(2) Under Section **II** of this endorsement, "coverage territory" also means:

(a) International waters or airspace, provided the "bodily injury", "personal and advertising injury", or "property damage" does not occur in the course of travel or transportation to or from any place not included in **c.(1)** above; or

(b) All parts of the world if:

(i) The "bodily injury", "personal and advertising injury", or "property damage" arises out of:

(a) Goods or products made or sold by you in the territory described in **c.(1)** above; or

(b) The activities of a person whose home is in the territory described in **c.(1)** above when such person is away for less than one month on your "business"; and

(ii) An "insured's" responsibility to pay damages is determined in a "suit" on the merits in the territory described in **c.(1)** above or in a settlement we agree to.

d. "Extra expense" means:

(1) Expense incurred:

(a) To avoid or minimize the suspension of "business" and to continue "operations"; or

(b) To minimize the suspension of "business" if you cannot continue "operations";

(2) Expense incurred:

(a) To repair or replace any "business" property; or

(b) To research, replace or restore the lost information on damaged "valuable papers and records";

to the extent that the activities described in **(2)(a)** and **(b)** above reduce the amount of loss that otherwise would have been payable under Section **I** Additional Coverages **E.13.c.** "Business Income" or **E.13.e.** "Extra Expense" of this endorsement.

e. "Impaired Property" means tangible "business" property, other than "your product" or "your work" :

(1) That cannot be used or is less useful because:

(a) It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

(b) You have failed to fulfill the terms of a contract or agreement; or

(2) If such property can be restored to use by:

(a) The repair, replacement, adjustment or removal of "your product" or "your work"; or

(b) Your fulfilling the terms of the contract or agreement.

f. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your "business". "Leased worker" does not include a "temporary worker".

g. "Loading or unloading" means the handling of property:

(1) After it is moved from the place where it is accepted for movement into or onto a "motor vehicle", aircraft, hovercraft or watercraft;

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(2) While it is in or on a "motor vehicle", aircraft, hovercraft or watercraft; or

(3) While it is being moved from a "motor vehicle", aircraft, hovercraft or watercraft to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the "motor vehicle", aircraft, hovercraft or watercraft.

h. "Operations" means your "business" activities occurring at the "residence premises".

i. "Period of restoration":

(1) Means for "Business Income" Coverage, the period of time that begins 72 hours after the time of direct physical loss; or

(2) Means for "Extra Expense" Coverage, the period of time that begins immediately after the time of direct physical loss;

caused by or resulting from a Peril Insured Against at the "residence premises"; and

(3) Means the period of time that ends on the earlier of:

(a) The date when the property at the "residence premises" should be repaired, rebuilt or replaced with property of similar quality and with reasonable speed; or

(b) The date when "business" is resumed at the "residence premises";

(4) Does not include any increased period required due to the enforcement of any ordinance or law that:

(a) Requires or regulates the construction, demolition, remodeling, renovation or repair of property; or

(b) Requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

The "period of restoration" is not limited by expiration of this policy.

j. "Personal And Advertising Injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

(1) False arrest, detention or imprisonment;

(2) Malicious prosecution;

(3) Invasion of privacy, wrongful eviction or wrongful entry;

(4) Oral or written publication of material that:

(a) Slanders or libels a person or organization; or

(b) Disparages a person's or organization's goods, products or services; or

(5) Oral or written publication of material that violates a person's right of privacy;

(6) The use of another's advertising idea in your "advertisement"; or

(7) Infringing upon an other's copyright, trade, dress or slogan in your "advertisement".

k. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

l. "Products – Completed Operations Hazard":

(1) Includes all "bodily injury" and "property damage" occurring away from the "residence premises" and arising out of "your product" or "your work" except:

(a) Products that are still in your physical possession; or

(b) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(i) When all of the work called for in your contract has been completed;

(ii) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site; or

(iii) When that part of the work done at the job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

(2) Does not include "bodily injury" or "property damage" arising out of:

(a) The transportation of property, unless the injury or damage arises out of a condition in or on a "motor vehicle" not owned or operated by you, and that condition was created by the "loading or unloading" of that "motor vehicle" by an "insured"; or

(b) The existence of tools, uninstalled equipment or abandoned or unused materials.

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m. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal and advertising injury" are alleged. "Suit" includes:

(1) An arbitration proceeding in which such damages are claimed and to which an "insured" must submit or does submit with our consent; or

(2) Any other alternative dispute resolution proceeding in which such damages are claimed and to which an "insured" submits with our consent.

n. "Temporary worker" means a person who is furnished to you to:

(1) Substitute for a permanent "employee" on leave; or

(2) Meet seasonal or short-term workload conditions.

o. "Valuable papers and records":

(1) Means "business" materials such as inscribed, printed, or written:

(a) Documents;

(b) Manuscripts; or

(c) Records;

including abstracts, books, deeds, drawings, films, maps, or mortgages;

(2) Does not mean:

(a) Money or securities;

(b) Converted data meaning information that is stored on electronic media that is capable of being communicated, processed or interpreted by electronic data processing equipment; or

(c) Programs or instructions used in your data processing operations, including the materials on which the data is recorded.

p. "Your product":

(1) Means:

(a) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(i) You;

(ii) Others trading under your name; or

(iii) A person or organization whose business or assets you have acquired; or

(b) Containers (other than "motor vehicles"), materials, parts or equipment furnished in connection with such goods or products; and

(2) Includes:

(a) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; or

(b) The providing of, or failure to provide, warnings or instructions; but

(3) Does not include:

(a) Vending machines; or

(b) Other property rented to or located for the use of others but not sold.

q. "Your work":

(1) Means:

(a) Work or operations performed by you or on your behalf; or

(b) Materials, parts or equipment furnished in connection with such work or operations; and

(2) Includes:

(a) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(b) The providing of or failure to provide warnings or instructions.

SECTION I – PROPERTY COVERAGES

B. Coverage B – Other Structure

Coverage **B** does not apply to an other structure described in the Schedule of this endorsement.

We cover an other structure:

1. Used for "business"; and

2. Described in the Schedule of this endorsement;

for direct physical loss by a Peril Insured Against. Our Limit of Liability will not be more than the Limit of Liability that applies to the other structure, as shown in the Schedule.

(Coverage **B – Other Structures** does not apply to Forms **HO 00 04** or **HO 00 06.**)

C. Coverage C – Personal Property

(This is Paragraph **B.** in Forms **HO 00 04** and **HO 00 06.**)

1. Covered Property

The following "business" personal property is also covered under Coverage **C:**

a. Property of others that is in your care; and

b. Leased personal property for which you have a contractual responsibility to insure.

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3. Special Limits Of Liability

Under **3.** Special Limits of Liability:

a. Category **a.** is deleted and replaced by the following:

a. $1,000 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

b. The last paragraph in Category **b.** is deleted and replaced by the following:

This limit does not apply to the cost to research, replace or restore the information from lost or damaged material pertaining to your "business". Refer to Section **I** Additional Coverage **E.13.b.(1)** below for the limit that applies.

h. Category **h.** is deleted with respect to property pertaining to your "business".

(This is Category **e.** in Form **HO 00 08.**)

i. Category **i.** is deleted and replaced by the following:

i. $5,000 on property other than money, scrip, stored value cards, smart cards and securities, away from the "residence premises", used primarily for purposes related to your "business". However, this limit does not apply to loss to adaptable electronic apparatus as described in Categories **j.** and **k.**

(Categories **i., j.,** and **k.** are Categories **f., g.** and **h.** in Form **HO 00 08.**)

4. Property Not Covered

Under **4. Property Not Covered,** the following is added:

l. Contraband, or property in the course of illegal transportation or trade.

E. Additional Coverages

(This is Paragraph **C.** in Form **HO 00 04** and Paragraph **D.** in Form **HO 00 06.**)

3. Trees, Shrubs And Other Plants

The preclusion of coverage for property grown for commercial purposes does not apply to trees, shrubs, plants or lawns grown for purposes of your "business".

6. Credit Card, Electric Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

The preclusion of coverage for loss arising out of commercial use does not apply. In addition, the limit of $500 is increased to $1,000 for the coverage provided under this endorsement.

13. The following Additional Coverages are added:

a. Accounts Receivable

We will pay for:

(1) Amounts due from your customers that you are unable to collect;

(2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

(3) Collection expenses in excess of your normal collection expenses that are made necessary by loss; and

(4) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss by a Peril Insured Against to your records of accounts receivable. For accounts receivable that are on the "residence premises", the most will pay is $5,000.

For accounts receivable away from the "residence premises", the most we will pay is $2,500.

This coverage is additional insurance.

b. "Valuable Papers And Records"

(1) We will pay, up to $2,500, for direct physical loss to "valuable papers and records" that you own, or that are in your care, caused by or resulting from a Peril Insured Against. This coverage includes the cost to research lost information on "valuable papers and records" for which duplicates do not exist.

(2) This coverage does not apply to:

(a) Property held as samples or for delivery after sale; or

(b) Property in storage away from the "residence premises".

This coverage is additional insurance.

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c. "Business Income"

(1) We will pay for the actual loss of "business income" you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss to property at the "residence premises". The loss must be caused by or result from a Peril Insured Against. With respect to loss to "business" personal property in the open or "business" personal property in a "motor vehicle", the "residence premises" includes the area within 100 feet of the site at which the "residence premises" is located.

(2) We will only pay for loss of "business income" that:

(a) You sustain during the "period of restoration"; and

(b) Occurs within 12 consecutive months after the date of direct physical loss.

We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss.

(3) Ordinary payroll expenses mean payroll expenses for all your "employees" except:

(a) Officers;

(b) Executives;

(c) Managers; and

(d) "Employees" under contract.

(4) Ordinary payroll expenses include:

(a) Payroll;

(b) "Employee" benefits, if directly related to payroll;

(c) FICA payments you pay;

(d) Union dues you pay; and

(e) Workers' compensation premiums.

This coverage is additional insurance. No deductible applies to this coverage.

d. Extended "Business Income"

(1) If the necessary suspension of your "operations" produces a "business income" loss payable under this endorsement, we will pay for the actual loss of "business income" you incur during the period that:

(a) Begins on the date property, except finished stock, is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the "business income" amount that would have existed if no direct physical loss had occurred; or

(ii) 30 consecutive days after the date determined in **(1)(a)** above.

(2) Loss of "business income" must be caused by direct physical loss at the "residence premises" caused by or resulting from a Peril Insured Against.

(3) Extended "business income" does not apply to loss of "business income" incurred as a result of unfavorable business conditions caused by the impact of the Peril Insured Against in the area where the "residence premises" is located.

This coverage is additional insurance. No deductible applies to this coverage.

e. Extra Expense

We will pay necessary "extra expense" you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss to property at the "residence premises". The loss must be caused by or result from a Peril Insured Against. With respect to loss to "business" personal property in the open or "business" personal property in a "motor vehicle", the "residence premises" includes the area within 100 feet of the site at which the "residence premises" is located.

We will only pay for "extra expense" that occurs within 12 consecutive months after the date of direct physical loss.

This coverage is additional insurance. No deductible applies to this coverage.

f. Civil Authority Prohibits Use

We will pay for the actual loss of "business income" you sustain and necessary "extra expense" caused by action of a civil authority that prohibits access to the "residence premises" due to direct physical loss of or damage to property, other than at the "residence premises", caused by or resulting from a Peril Insured Against.

The coverage for "business income" will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

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The coverage for necessary "extra expense" will begin immediately after the time of that action and ends:

(1) Three consecutive weeks after the time of that action; or

(2) When your "business income" coverage ends;

whichever is later.

This coverage is additional insurance. No deductible applies to this coverage.

SECTION I – EXCLUSIONS

10. The following exclusions are added. This is Exclusion **A.10.** in Forms **HO 00 03** and **HO 00 05:**

a. Dishonesty

We will not pay for loss caused by or resulting from dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, "employees", directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; and

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your "employees"; but theft by "employees" is not covered.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

b. False Pretense

We will not pay for loss caused by or resulting from voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

c. "Business Income" And "Extra Expense"

We will not pay for:

(1) Any "extra expense", or increase of "business income" loss, caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your "business income" during the "period of restoration"; or

(2) Any other consequential loss.

d. Accounts Receivable And "Valuable Papers And Records"

The following exclusions apply to Section **I** Additional Coverages **E.13.a.** Accounts Receivable and/or **E.13.b.** "Valuable Papers And Records" in the following manner:

(1) With respect to both Accounts Receivable and "Valuable Papers And Records":

(a) The following are the only Section **I** – Exclusions of the policy to which this endorsement is attached that apply to these Additional Coverages:

(i) Neglect;

(ii) War;

(iii) Nuclear Hazard; and

(iv) Intentional Loss.

(b) All Section **I** Exclusions added by this endorsement apply except Exclusion **c.** "Business Income" And "Extra Expense" above; and

(c) We will not pay for:

(i) Loss caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:

(a) Programming errors or faulty machine instructions; or

(b) Faulty installation or maintenance of data processing equipment or component parts.

We will, however, pay for direct physical loss caused by lightning; or

(ii) Loss to contraband, or property in the course of illegal transportation or trade.

(2) With respect to "Valuable Papers And Records" only:

We will not pay for loss caused by or resulting from any of the following:

(a) Errors or omissions in processing or copying. But we will pay for direct physical loss caused by resulting fire or explosion; or

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(b) Wear and tear, deterioration or latent defect.

(3) With respect to Accounts Receivable only:

We will not pay for:

(a) Loss caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding;

(b) Loss caused by or resulting from bookkeeping, accounting or billing errors or omissions; or

(c) Any loss that requires any audit of records or any inventory computation to prove its factual existence.

SECTION I – CONDITIONS

I. Loss Payment

Under Condition **I.** Loss Payment, the following are added:

1. Property Of Others

We will determine the value of property of others that is in your care at actual cash value, but this property is not covered for more than the amount for which you are liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others.

2. "Valuable Papers And Records"

We will determine the value of "valuable papers and records", including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:

a. Blank materials for reproducing the records; and

b. Labor to transcribe or copy the records.

This condition does not apply to "valuable papers and records" that are actually replaced or restored.

3. Accounts Receivable

a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the amount will be determined as follows:

(1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

(2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

b. The following will be deducted from the total amount of accounts receivable, however that amount is established:

(1) The amount of the accounts for which there is no loss;

(2) The amount of the accounts that you are able to re-establish or collect;

(3) An amount to allow for probable bad debts that you are normally unable to collect; and

(4) All unearned interest and service charges.

L. No Benefit To Bailee is deleted and replaced by the following:

L. No Benefit To Bailee

No person or organization, other than you, having custody of covered property will benefit from this insurance.

P. Policy Period is deleted and replaced by the following:

P. Policy Period And "Coverage Territory"

This endorsement applies only to loss which occurs during the policy period within the applicable "coverage territory".

S. The following Conditions are added:

(This is Paragraph **R.** in Form **HO 00 04.**)

1. "Coverage Territory"

For the coverage provided under this endorsement, we cover loss commencing within the "coverage territory" or, with respect to "business" property in transit, while it is between points in the "coverage territory".

2. Resumption Of Operations

We will reduce the amount of your:

a. "Business income" loss, other than "extra expense", to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the "residence premises"; and

b. "Extra expense" loss to the extent you can return "operations" to normal and discontinue such "extra expense".

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3. Limitation – Electronic Media And Records

a. We will not pay for any loss of "business income" caused by direct physical loss of Electronic Media and Records, as described in **b.** below, after the longer of:

(1) 60 consecutive days from the date of direct physical loss; or

(2) The period, beginning with the date of direct physical loss, necessary to repair, rebuild or replace with reasonable speed and similar quality, other property at the "residence premises" due to loss caused by the same event.

For example, a Peril Insured Against damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the "business income" loss sustained during the period June 1 through September 1. Loss during the period September 2 through October 1 is not covered.

For example, a Peril Insured Against results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the "business income" loss sustained during the period August 1 through September 29 (60 consecutive days). Loss during the period September 30 through October 15 is not covered.

b. Electronic media and records are:

(1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;

(2) Data stored on such media; or

(3) Programming records used for electronic data processing or electronically controlled equipment.

SECTION II – LIABILITY COVERAGES

A. Coverage E – Personal Liability

1. With respect to the coverage provided by this endorsement, the following is added to Coverage **E:**

Coverage **E** applies to "bodily injury" and "property damage" only if the "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory" and during the policy period.

2. Coverage **E** is extended to include "personal and advertising injury" caused by an offense arising out of your "business", but only if the offense was committed in the "coverage territory" during the policy period.

B. Coverage F – Medical Payments To Others

Coverage **F** is extended to apply to "bodily injury" caused by an accident because of your "business" activities, but only if the accident takes place in the "coverage territory" during the policy period.

SECTION II – EXCLUSIONS

E. Coverage E – Personal Liability And Coverage F – Medical Payments To Others

2. Exclusion **E.2. "Business"** is deleted and replaced by the following:

2. "Business"

a. "Bodily injury", "personal and advertising injury" and "property damage" arising out of or in connection with a "business" engaged in by an "insured".

This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

b. This exclusion does not apply to:

(1) The necessary or incidental use of the "residence premises" to conduct your "business";

(2) "Your product"; or

(3) "Your work".

3. Exclusion **E.3. Professional Services** is deleted and replaced by the following:

3. Professional Services

"Bodily injury" and "property damage" arising out of the rendering of or failure to render professional services. This includes but is not limited to:

a. Legal, insurance, accounting or advertising services;

b. Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;

c. Supervisory, inspection or engineering services;

d. Medical, surgical, dental, x-ray or nursing services, treatment, advice or instruction;

e. Any health or therapeutic service, treatment, advice or instruction;

f. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

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g. Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

h. Body piercing services; and

i. Services in the practice of pharmacy.

F. Coverage E – Personal Liability

The following exclusions are added:

7. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

a. A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

b. A delay or failure by you or anyone else acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

8. Damage To Particular Property

"Property damage" to:

a. Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

b. That particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or

c. That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph **a.** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraph **c.** of this exclusion does not apply to "property damage" included in the "products – completed operations hazard".

9. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

10. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products – completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

11. Employer's Liability

a. "Bodily injury" to:

(1) An "employee" of an "insured" arising out of and in the course of:

(a) Employment by an "insured"; or

(b) Performing duties related to the conduct of an "insured's" "business"; or

(2) The spouse, child, parent or sibling of that "employee" as a consequence of **a.(1)** above.

b. This exclusion applies:

(1) Whether an "insured" may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

12. Personal And Advertising Injury

"Personal and advertising injury":

a. Caused by or at the direction of an "insured" with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";

b. Arising out of oral or written publication of material, if done by or at the direction of an "insured" with knowledge of its falsity;

c. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;

d. Arising out of a criminal act committed by or at the direction of an "insured";

e. For which an "insured" has assumed liability under a contract or agreement. This exclusion does not apply to liability for damages that an "insured" would have in the absence of the contract or agreement;

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f. Arising out of breach of contract, except an implied contract to use an other's advertising idea in your "advertisement";

g. Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";

h. Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";

i. Committed by an "insured" whose "business" is advertising, broadcasting, publishing or telecasting. However, this exclusion does not apply to Paragraphs **j.(1), (2)** and **(3)** of "personal and advertising injury" under **12. Additional Definitions;** or

j. Resulting in "bodily injury".

13. Pollution

a. "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(1) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any "insured";

(2) At or from any premises, site or location which is or was at any time used by or for any "insured" or others for the handling, storage, disposal, processing or treatment of waste;

(3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for any "insured" or any person or organization for whom you may be legally responsible; or

(4) At or from any premises, site or location on which any "insured" or any contractors or subcontractors working directly or indirectly on any "insured's" behalf are performing operations:

(a) If the "pollutants" are brought on or to the premises, site or location in connection with such operations by such "insured", contractor or subcontractor; or

(b) If the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

Paragraphs **a.(1)** and **(4)(a)** above do not apply to "bodily injury" or "property damage" arising out of heat, smoke or fumes from a hostile fire.

As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.

b. Any loss, cost or expense arising out of any:

(1) Request, demand or order that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

14. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

a. "Your product";

b. "Your work"; or

c. "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

15. Employment-Related Practices

a. "Bodily injury" or "personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or

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(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal injury" to that person at whom any of the employment-related practices described in **a.(1)** above is directed.

b. This exclusion applies:

(1) Whether an "insured" may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

G. Coverage F – Medical Payments To Others

The following exclusions are added:

We will not pay expenses for "bodily injury":

1. To an "insured";
2. To a person hired to do work for or on behalf of an "insured" or a tenant of an "insured";
3. To a person injured while taking part in athletics;
4. Included within the "products – completed operations hazard"; or
5. Excluded under the Coverage **E** – Personal Liability exclusions of this endorsement.

SECTION II – ADDITIONAL COVERAGES

C. Damage To Property Of Others

With respect to the coverage provided by this endorsement:

1. Under Paragraph **1.** in the Homeowners Forms, the Limit of Liability is revised to $2,500 per "occurrence" but is subject to the aggregate Limit of Liability shown in **A.2.** in the Schedule above under Section **II** – Liability; and
2. Paragraph **2.e.(1)** in the Homeowners Form does not apply to your "business".
3. The following paragraph is added:

   3. This coverage is subject to all the Coverage **E** exclusions in this endorsement that apply to "property damage".

SECTION II – CONDITIONS

With respect to the coverage provided by this endorsement, Conditions **A. Limit Of Liability, B. Severability Of Insurance** and **I. Policy Period** are deleted and replaced by the following:

A. Limit Of Liability

1. Aggregate Limits

a. Products – Completed Operations Hazards Liability

Our total Limit of Liability in an annual policy period for the sum of damages because of "bodily injury" and "property damage" included in the "products – completed operations hazard" under Coverage **E** will not be more than the Annual Aggregate Limit of Liability for the "products – completed operations hazard" shown in **A.1.** in the Schedule above under Section **II** – Liability. This is the most we will pay regardless of the number of "occurrences", "insureds", claims made, "suits" brought, or persons injured.

b. All Other "Business" Liability

Our total limit of liability in an annual policy period for the sum of:

(1) Damages under Coverage **E,** not including "bodily injury" and "property damage" included in the "products – completed operations hazard"; and

(2) Medical expense payable under Coverage **F;**

will not be more than the Annual Aggregate Limit of Liability for all other "business" liability shown in **A.2.** in the Schedule above under Section **II** – Liability. This is the most we will pay regardless of the number of "occurrences", accidents, offenses, "insureds", claims made, "suits" brought, or persons injured.

2. Sub-Limit Of Liability

Subject to the annual aggregate limit of liability described in **A.1.b.** above, our total Limit of Liability under Coverage **F** for all medical expense payable for "bodily injury" to one person as the result of one accident will not be more than the Sub-Limit of Liability for Coverage **F** shown in **B.** in the Schedule above under Section **II** – Liability. This Sub-Limit of Liability does not increase the Annual Aggregate Limit of Liability.

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The limits described in **A.1.** and **2.** above apply regardless of any provision to the contrary contained in this endorsement, including the policy Declarations.

B. Severability Of Insurance

The coverage provided by this endorsement applies separately to each "insured" except with respect to the Limit of Liability. Therefore, this condition will not increase the Annual Aggregate Limits of Liability regardless of the number of "insureds".

I. Policy Period And "Coverage Territory"

This endorsement applies only to "bodily injury", "personal and advertising injury", and "property damage" which occurs during the policy period within the applicable "coverage territory".

SECTIONS I AND II – CONDITIONS

The following condition is added:

H. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this coverage at any time during the policy period and up to three years afterward.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE WINDSTORM OR HAIL EXCLUSION – NORTH CAROLINA

SECTION I – PERILS INSURED AGAINST

In all forms, coverage for the peril of windstorm or hail is deleted.

SECTION I – EXCLUSIONS

The following exclusion is added. In Forms **HO 00 03** and **HO 00 05,** it is added to Paragraph **A:**

WINDSTORM OR HAIL

However, this exclusion does not apply to direct loss by fire or explosion resulting from windstorm or hail.

All other provisions of this policy apply.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PERSONAL PROPERTY COVERAGE – NORTH CAROLINA

FORM HO 00 04 ONLY

AGREEMENT

We agree to provide the special personal property coverage in this endorsement with the understanding that:

1. You occupy the "residence premises" which contains the covered property; and

2. Such residence is not rented or sublet to another.

SECTION I – PROPERTY COVERAGES

A. Coverage C – Personal Property

3. Special Limits Of Liability

Categories **e., f.,** and **g.** are deleted and replaced by the following:

e. $1,500 for loss by theft, misplacing or losing of jewelry, watches, furs, precious and semiprecious stones.

f. $2,500 for loss by theft, misplacing or losing of firearms and related equipment.

g. $2,500 for loss by theft, misplacing or losing of silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.

C. Additional Coverages

With respect to Coverage **C,** Paragraph **8.** Collapse is deleted.

SECTION I – PERILS INSURED AGAINST

This section is deleted and replaced by the following:

We insure against risk of direct physical loss to property described in Coverage **C.**

We do not insure, however, for loss:

1. Excluded under Section **I** – Exclusions;

2. Caused by:

a. Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:

(1) Maintain heat in the building; or

(2) Shut off the water supply and drain all systems and appliances of water;

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment;

b. Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a:

(1) Fence, pavement, patio or swimming pool;

(2) Footing, foundation, bulkhead, wall or any other structure or device that supports all or part of a building or other structure; or

(3) Retaining wall or bulkhead that does not support all or part of a building or other structure; or

(4) Pier, wharf or dock;

c. Theft in or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

d. Constant or repeated seepage or leakage of water or the presence or condensation of humidity, moisture or vapor, over a period of weeks, months or years.

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e. Breakage of eyeglasses, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles other than jewelry, watches, bronzes, cameras and photographic lenses.

There is coverage for breakage of the property by or resulting from:

(1) Fire, lightning, windstorm, hail;

(2) Smoke, other than smoke from agricultural smudging or industrial operations;

(3) Explosion, riot, civil commotion;

(4) Aircraft, vehicles, vandalism and malicious mischief;

(5) Collapse of a building or any part of a building;

(6) Water not otherwise excluded;

(7) Theft or attempted theft; or

(8) Sudden and accidental tearing apart, cracking, burning or bulging of:

(a) A steam or hot water heating system;

(b) An air conditioning or automatic fire protective sprinkler system; or

(c) An appliance for heating water;

f. Dampness of atmosphere or extremes of temperature unless the direct cause of loss is rain, snow, sleet or hail;

g. Refinishing, renovating or repairing property other than watches, jewelry and furs;

h. Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft, including their trailers, furnishings, equipment and outboard engines or motors;

i. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body; or

j. Any of the following:

(1) Wear and tear, marring, deterioration;

(2) Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

(3) Smog, rust or other corrosion;

(4) Smoke from agricultural smudging or industrial operations;

(5) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by one or more of the Perils Insured Against that would apply under Coverage **C** of the policy form if this endorsement were not attached to the policy form.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

(6) Settling, shrinking, bulging or expansion, including resultant cracking, of bulkheads, pavements, patios, footings, foundations, walls, floors, roofs or ceilings;

(7) Birds, vermin, rodents or insects; or

(8) Animals owned or kept by an "insured".

Exception To 3.j.

Unless the loss is otherwise excluded, we cover loss to property covered under Coverage **C** resulting from an accidental discharge or overflow of water or steam from within a:

(a) Storm drain, or water, steam or sewer pipe, off the "residence premises"; or

(b) Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For the purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, down spout or similar fixtures or equipment.

Section **I** – Exclusion **3.** Water Damage, Paragraphs **a.** and **c.** that apply to surface water and water below the surface of the ground, do not apply to loss by water covered under Paragraphs **2.d.** and **j.** above.

Under Paragraphs **2.a.** through **d., i.** and **j.** above, any ensuing loss to property described in Coverage **C** not precluded by any other provision in this policy is covered.

SECTION I – EXCLUSIONS

3. Water Damage

The following paragraphs are added:

This exclusion does not apply to property described in Coverage **C** that is away from a premises or location owned, rented, occupied or controlled by an "insured".

This exclusion applies to property described in Coverage **C** that is on a premises or location owned, rented, occupied or controlled by an "insured" even if weather conditions contribute in any way to produce the loss.

All other provisions of this policy apply.

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THIS ENDORSEMENT DOES NOT CONSTITUTE A REDUCTION OF COVERAGE.

NO SECTION II – LIABILITY COVERAGES FOR HOME DAY CARE BUSINESS LIMITED SECTION I – PROPERTY COVERAGES FOR HOME DAY CARE BUSINESS – NORTH CAROLINA

A. If an "insured" regularly provides home day care services to a person or persons other than "insureds" for economic gain, that enterprise is a "business". Mutual exchange of home day care services, however, is not considered economic gain. The rendering of home day care services by an "insured" to a relative of an "insured" is not considered a "business".

B. Therefore, with respect to a home day care enterprise which is considered to be a "business", this policy:

1. Does not provide:

a. Section **II** coverages. This is because a "business" of an "insured" is excluded under **E.2.** of Section **II** – Exclusions;

b. Coverage, under Section **I,** for other structures from which any "business" is conducted; and

2. Limits Section **I** coverage, under Coverage **C** – Special Limits Of Liability, for "business" property:

a. On the "residence premises" for the home day care "business" to $2,500. This is because Category **h. (e.** in Form **HO 00 08)** imposes that limit on "business" property on the "residence premises";

b. Away from the "residence premises" for the home day care "business" to $500. This is because Category **i. (f.** in Form **HO 00 08)** imposes that limit on "business" property away from the "residence premises". Category **i.** does not apply to property described in Categories **j.** and **k. (g.** and **h.** respectively in Form **HO 00 08).**

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ACKNOWLEDGMENT OF NO COVERAGE FOR WINDSTORM OR HAIL- NORTH CAROLINA

The undersigned policyholder or applicant acknowledges that the policy or application referenced on this form includes a windstorm or hail exclusion endorsement. This means that the policy or application does not insure for loss caused directly or indirectly by the peril of windstorm or hail. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss. Direct loss by fire or explosion resulting from windstorm or hail damage is covered.

This Acknowledgment applies to any renewal, reinstatement, substitute, amended, altered, modified, transfer or replacement policy with this company or with any affiliated company. This Acknowledgment is valid and binding on all insureds and persons claiming benefits under the policy/application.

The undersigned also acknowledges that the property is located in an area eligible for coverage for the peril of windstorm or hail from the North Carolina Insurance Underwriting Association (also known as the "Beach Plan". Failure by the undersigned to apply for or obtain coverage for the peril of windstorm or hail through the Association (Beach Plan) does not alter the fact that there is no coverage for the peril of windstorm or hail under the policy/application referenced on this form.

______________________________	______________________________
Name of Insurance Company	Policy/Application Number
______________________________	______________________________
Policyholder/Applicant	Signature/Date

____
Agent Signature/Date

PREFILED TESTIMONY
OF
ROBERT J. CURRY

2012 HOMEOWNERS INSURANCE
RATE FILING BY THE
NORTH CAROLINA RATE BUREAU

Q: Please state your name and business address.

A: My name is Robert J. Curry. My business address is Insurance Services Office, 545 Washington Boulevard, Jersey City, New Jersey.

Q: By whom are you employed?

A: I am employed by Insurance Services Office ("ISO") and have been employed by ISO since October 8, 1984.

Q: What are your responsibilities at ISO?

A: I am generally responsible for managing and overseeing the operations of the Personal Property Actuarial Division at ISO. The Personal Property Actuarial Division is responsible for ISO's total ratemaking operation as it pertains to personal property insurance, including homeowners, dwelling and inland marine coverages. We are generally responsible for doing analyses that pertain to ratemaking for the personal property coverages including reviewing experience, making filings, analysis of classification plans, etc. ISO is involved in ratemaking for the personal property coverages in general in all of the 50 states plus the District of Columbia and Puerto Rico. In jurisdictions other than North Carolina we make filings for advisory loss costs.

Q: What is your employment background?

A: I have been employed by ISO for over twenty-five years in various actuarial positions. I was hired as an Actuarial Assistant in 1984 in the Data Management and Control area. In 1990, I joined Actuarial Development as an Actuarial Consultant coordinating work on the quarterly Industry Operating Results and several Insurance Issues Series studies. In 1994, I joined Actuarial Government Services as a Regional Actuary. In 1998, I joined the Personal Lines Actuarial Division (PLAD) as a Manager and Associate Actuary. In PLAD, I was responsible for personal auto filings in 25 states and the use of catastrophe models in personal property ratemaking. In 2003 I was appointed Assistant Vice President and Actuary of the Personal Property Actuarial Division.

Q: What is your background in actuarial science and your educational background?

A: I have a Bachelor of Science degree in mathematics from Cook College at Rutgers University. I am a Fellow of the Casualty Actuarial Society ("CAS") and a member of the American Academy of Actuaries. I am a Chartered Property Casualty Underwriter (CPCU). I have also earned the Associate in Insurance Accounting and Finance (AIAF) and Associate in Regulatory Compliance (ARC) designations. I am currently a member of the CAS Ratemaking and Product Management Seminar Committee. I have served on the CAS Examination Committee, CAS Syllabus Committee, CAS Committee on Special Interest Seminars, CAS Trust Scholarship Committee and the CAS Continuing Education Committee. I was the chairman of the CAS Predictive Modeling Seminar Committee. I have also served as a member of the American Academy of Actuaries Committee on Automobile Insurance Issues.

Q: Are you familiar with homeowners ratemaking in other states?

A: Yes. As part of my duties at ISO, I am familiar with the data collection and ratemaking procedures in use in states in addition to North Carolina. I am responsible at the present time for either preparing or supervising the preparation of filings for all of the states and the District of Columbia and Puerto Rico.

Q: What work have you performed with respect to the Rate Bureau's 2012 homeowners rate filing in North Carolina?

A: Through ISO I have been involved in the preparation of the 2012 homeowners rate filing for the Rate Bureau in several respects. First, ISO, as a licensed statistical agent in North Carolina, collects homeowners insurance data from a significant number of the companies which write that line in North Carolina, as well as from the North Carolina Insurance Underwriting Association (commonly called the "Beach Plan" and discussed further below).

Second, ISO collects, reviews and compiles data from three other statistical organizations licensed in North Carolina that collect homeowners data from Rate Bureau member companies. All companies writing homeowners insurance in North Carolina report must report to one of these four organizations. The other three organizations are: The Independent Statistical Service (ISS), the American Association of Insurance Services (AAIS) and the National Independent Statistical Service (NISS).

Third, ISO provides consulting actuarial services directly to the Rate Bureau. I have been directly involved in this aspect of the Rate Bureau's homeowners insurance rate filings for a number of years. As in the past, my staff and I compiled the ratemaking data to be reviewed by the Property Rating Subcommittee, the Property Committee and the Governing Committee in preparation of the filing.

Fourth, under my direction, my staff put together the vast majority of the data, information and calculations contained in Exhibit RB-1. This lengthy process was performed throughout the year 2011 and 2012 under the ultimate direction of the Bureau committees.

Finally, I have reviewed the filed rates to determine if they are calculated in accordance with the Casualty Actuarial Society's (CAS) Statement of Principles Regarding Property and Casualty Insurance Ratemaking. In accordance with Actuarial Standard of Practice No. 17 Expert Testimony by Actuaries, I conducted my review in terms of reasonableness rather than solely in terms of whether there is precise agreement on each issue. In addition, I applied the rate standards set forth in North Carolina General Statute 58-36-10, i.e., that rates must not be excessive, inadequate or unfairly discriminatory and that certain statutory rating factors must be considered.

Q: What is the source of the data utilized in Exhibit RB-1?

A: The ratemaking experience reflected in Exhibit RB-1 is, in general, supplied by the approximately 108 individual insurance companies that write homeowners insurance policies in North Carolina. Those companies submit their data to one of the four statistical organizations described above. The four statistical organizations subject each company’s data to a series of verification edits and then consolidate the data. The statistical agents then transmit their consolidated data to ISO for final review and consolidation with the ISO data. After consolidating the data, ISO produces exhibits of the combined data in a format and detail necessary for review by the Rate Bureau committees and ultimately for use in rate filings.

The statistical agents are licensed in North Carolina. They have collected, reviewed, compiled and submitted the data underlying this filing as a regular practice and in the regular course of their business responsibilities as licensed statistical agents in North Carolina.

Q. Please describe the Beach Plan and the role of its loss data?

A. The Beach Plan is a residual market organization set up by the North Carolina legislature in Article 45 of the insurance statutes. It writes homeowners and other types of insurance policies for policyholders in the 18 coastal counties. A residual market organization writes policies for policyholders who cannot obtain insurance in the voluntary market. Although voluntary companies have chosen not to accept the risk of writing homeowners policies at the rates that they can charge, North Carolina law requires those companies to be responsible for payment of some or all of the losses that occur on those policies when they are written by the Beach Plan.

The Beach Plan writes policies in its own name. It receives and retains premiums, adjusts losses, reports statistics and otherwise operates in essentially the same manner as voluntary insurance companies. It uses forms and rates filed by the Rate Bureau, except that there is a 15% statutory surcharge above the Bureau manual rate on homeowners policies written by the Beach Plan and a 5% statutory surcharge on policies where only the wind and hail coverage is written by the Beach Plan. When the Beach Plan reports its statistics to ISO, ISO reviews those statistics in the same manner that it does for voluntary companies.

It should be noted that there is a second residual market mechanism in North Carolina called the Fair Access to Insurance Requirements organization, or “FAIR Plan.” It writes in all areas of the state except the beach. It writes dwelling policies but does not write homeowners policies.

Data from these two residual market organizations have always been included in Bureau property filings for the line of insurance under review in the same manner as voluntary insurance companies that write that line of insurance. Since the FAIR Plan does not write homeowners policies, its data is not included in this filing. Only the homeowners data from the Beach Plan are included in this filing.

Q: What statistical data supporting the filing are contained in Exhibit RB-1?

A: In general, the supporting data for the rate level changes are contained in Section C. The most recent five years of experience are displayed in Section C.

The loss experience used in the filing is what we call "accident year" experience for the years ended December 31, 2005 through December 31, 2009. I can explain what is meant by accident year experience by providing an example. The losses for the accident year ended December 31, 2009 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2009. If an accident occurred December 29, 2009 and resulted in either a loss being paid or a reserve being established after January 1, 2010, that loss would be a part of the accident year losses for the period ended December 31, 2009. The test for breaking losses down into accident years is the date the accident occurred.

Q: What is the reason for using five years of data to determine the indicated rate level change?

A: Ratemaking is prospective. The objective is to set rates at the level sufficient to pay expected losses, expected expenses and leave a reasonable margin for profit. Rates are set for the period when they will be in effect, which is generally the year after the effective date of the filing. Past loss data are generally examined for the purpose of projecting expected losses. For types of loss other than hurricane losses (for which a model is used) and non-hurricane catastrophic losses (for which a separate excess wind smoothing procedure is employed), five years of data are considered to be actuarially appropriate to balance the stability of the rates with responsiveness to more recent conditions. The North Carolina statutes allow the Rate Bureau to review five years of experience in its rate level filings in addition to other factors that are to be considered.

Traditional homeowners ratemaking has relied on five years of experience with the weights of .10, .15, .20, .25 and .30 being given to each year respectively as the way to achieve this balance, and those weights are used in the filing as in past homeowners filings. The accident year weights used by the Bureau are identical to those used by Insurance Services Office in other states in developing advisory loss costs for homeowners insurance. These weights are generally accepted in all jurisdictions in which these loss costs are submitted.

Q: Please turn to page C-1 of Exhibit RB-1. Would you explain what that page is.

A: Page C-1 is what is called a statewide rate level calculation for homeowners forms 2, 3, 5, 7 and 8 for North Carolina. Page C-1 is a determination of what the actual indicated rate level changes are for policy forms 2, 3, 5, 7, and 8 which are the forms commonly referred to as the "owners forms". The data shown are for all business written in the state on those forms. As will be discussed below the overall homeowners program to which this filing applies consists of three categories of forms: the various forms identified above for owners as well as forms for tenants and for condominium owners. Page C-1 deals with the owners forms, and similar calculations are shown on C-2 for tenants and on C-3 for condominium owners. In my testimony I will generally refer to the owners forms, but it should be noted that my testimony generally applies to the analysis and calculations as to the tenants and condominium owners forms as well.

Q: Referring to column 1 on page C-1, what are "Incurred Losses Excl. Hurricane"?

A: The incurred losses in column 1 are the losses from all causes, except those losses identified as being caused by hurricanes or excess wind, from insured events which occurred during each of the respective accident years. The figure includes losses which have already been paid, losses which are not yet paid and are represented by outstanding claim reserves, and losses which have been incurred but for which no individual reserve exists because they have not yet been reported.

Q: Have the losses excluding hurricanes as shown in column (1) been adjusted in any way?

A: Yes, there are two adjustments. First, these losses have been adjusted to a $250 deductible level. The second adjustment results from the use of loss development factors.

Q: What is the purpose of adjusting the reported losses by applying loss development factors?

A: As I mentioned a moment ago, the losses in column 1 of page C-1 include losses which are not yet reported. By definition, since they are not yet reported we cannot simply take a reported number and add it in. They are included by what is known as an adjustment for IBNR (incurred but not reported) losses. This is accomplished through the use of loss development factors. The losses as they are reported to us cover all accidents which occur during the respective accident years ended December 31. When they are reported to the statistical agent they are evaluated as of March 31 of the next year. As of March 31 some of the losses have already been paid and some have not. Those that have not are represented by loss reserves. The loss reserves are estimates of what will ultimately be paid on these outstanding claims. Since we want the estimates to be as accurate as possible, we look at history to see how losses have changed, or "developed," in the past from the time they were initially reported to the time they were ultimately paid. For example, if we look back and see that historically there has been a 1% increase in the amount of losses from the time they were initially reported as reserves until the time they were ultimately paid, we would logically assume that the same development pattern will hold true for losses incurred during the year ended December 31, 2009. Accordingly we would make an adjustment by increasing the losses as they are initially reported to us by 1%.

Q: What causes losses to change or develop as you have described?

A: The losses which are paid as of the date of the initial reporting do not change. As to the reserve portion of the losses, however, changes would typically result from the fact that the ultimate loss payments are more or less than estimated at the time of the initial report. Another factor would be the late reporting of claims. For example, if an accident occurred on December 25 of any given year and for some reason was not timely reported to the company, it might very well be that the losses as initially reported would not include any provision for that particular claim. By the time of the next year's evaluation, however, the claim would have worked its way into the system and the total loss would include either the paid amount or the reserved amount for that particular claim. This would cause an upward development in the losses as initially reported.

Q: Will you please refer to page D-11 of RB-1 and explain how the loss development factors used in the filing were calculated?

A: Yes. In the top section of that page, the North Carolina incurred losses evaluated as of 15, 27, 39, 51 and 63 months for the accident years for which data are available are shown. In calculating loss development factors, we have used the data of companies reporting to ISO and three large writers reporting to PCI. For instance, the first entry for the accident year ended December 31, 2007 is $469,258,449. This is in the column which is labeled "15 Months." This is the first evaluation of the losses caused by accidents which occurred during the year which ended December 31, 2007. The evaluation was made as of March 31, 2008 -- 15 months after the beginning of the accident year. Twelve months later (March 31, 2009) the losses caused by accidents which occurred during the year ended December 31, 2007 had grown to $472,756,124. This is the evaluation as of 27 months after the beginning of the accident year. This increase from roughly $469 million to $473 million represents a growth in losses, or a positive development, of 0.7% (or 1.007) as shown in the column on that page labeled "27:15." As shown on page D-11, we have looked at the development from 15 months to 27 months for all years. The average development for these years was 1.019, or 1.9%. The selected loss development factor for 15 to 27 months is 1.019 or 1.9%.

Q: Does page D-11 also show development figures for periods longer than 27 months?

A: Yes. We also calculate loss development factors for the periods from 27 months to 39 months, 39 months to 51 months and 51 months to 63 months. Studies have shown that for homeowners insurance virtually all losses have been paid by the time of the evaluation at 63 months after the beginning of an accident year. For example, by the time of the 39 month evaluation the losses for the accident year ended December 31, 2007 had become $475,002,130. This represents an increase of 1.005 or 0.5%, over the losses for the same accident year evaluated as of 27 months. The average development over the period 27 months to 39 months for the years for which the data are available was 1.002, or 0.2%.

Q: Please explain how the loss development factor used to determine the ultimate payment value of the accident year ended December 31, 2009 losses was determined?

A: The loss development factors for each of the applicable periods, as shown on page D-11, are:

Development Period	Factor
15 to 27	1.019
27 to 39	1.002
39 to 51	1.000
51 to 63	.999

If you multiply all of these factors you will get a factor of 1.02 to apply to the year ended December 31, 2009 losses.

Q: You referred earlier to a separate procedure for dealing with non-hurricane excess wind losses. Please describe that procedure.

A: An adjustment was made to the non-hurricane wind losses in the years in which there were very severe storms such as tornadoes, thunderstorms, hail and other damaging wind storms. The adjustment caps average losses by territory in years where abnormally high losses coincide with severe non-hurricane windstorm activity. The adjustment relies on a factor developed by using a statewide average consisting of years without losses influenced by severe non-hurricane storms. As a result of this procedure, a long-term Excess Factor of 1.038 was calculated and therefore applied to the losses. This procedure has been employed in past filings and is customarily employed to smooth out and properly reflect prospective non-hurricane wind losses.

Q: Was it necessary to exclude hurricane losses for this procedure?

A: Yes, such losses have been excluded in the calculation of the Excess Factor derived on pages D-32 and D-33.

Q: How have these losses been identified in order to be excluded from the derivation of Excess Factor (Excludes Hurricane Losses) exhibit on page D-32 and D-33?

A: The method to remove the hurricane losses depends on the detail of the available data. For 1950-1965 only statewide data is available, and it is only from dwelling policies for the early years. Consequently for a year in which a hurricane occurred, losses from that year are removed from the calculation of the statewide non-hurricane excess factor. This is shown by the omission of the year in question on page D-32.

Since territory data is available (in varying detail) for 1966-2009, the calculation of the non-hurricane losses is done at the territory level for this period. After it has been determined that a particular hurricane is accounted for by the AIR hurricane model, the territories affected (territories exposed to windspeeds of 40 MPH or higher) are determined by the use of recorded windspeeds and central pressures at 6 hour intervals, storm tracks, and wind to non-wind ratios.

For 1966 - 1986, the non-hurricane wind losses for a territory are calculated by replacing the hurricane year wind to non-wind ratio by the average wind to non-wind ratio of the non-hurricane years. Given the revised wind to non-wind ratio for the hurricane year, the reported non-hurricane total losses and the reported non-hurricane wind losses are then "backed into." For the years (1966 - 1982) in which old territory codes were in effect, the average wind to non-wind ratios are based on the non-hurricane years from 1966-1982. For the years (1983-1999) in which the former territory codes were in effect, the average wind to non-wind ratios are based on the non-hurricane years from 1983 to 1999. For the territory codes introduced as part of the 1993 filing, the average wind to non-wind ratios from the predecessor territories have been used.

For 1987- September 1995, territory losses by month are available for ISO data only. The territory non-hurricane losses for this period are calculated as follows: first the average losses for the month in which the hurricane occurred are calculated based on the non-hurricane years. The average monthly losses are then added to the eleven remaining months of the hurricane year and divided by the hurricane year annual losses resulting in a non-hurricane adjustment factor. This factor is then applied appropriately to either reported losses or adjusted losses by territory for all statistical agents to obtain non-hurricane losses. For severe hurricanes, wind type losses are sometimes reported as water losses or all other property damage losses. To accurately estimate the non-hurricane losses, the above non-hurricane factors are calculated for water and all other property damage and then applied to the water losses and the all other property damage losses.

For October 1995-2009, based on information from NOAA and other sources, the specific dates on which a given hurricane was active in North Carolina are determined. The loss experience for ISO is then examined by date and cause-of-loss. Wind losses and losses for other weather-related perils, which occurred on these dates, are assumed to be hurricane losses. For ISO data, the percentage of hurricane losses to total losses is calculated. To estimate the hurricane losses for statistical agents other than ISO, the percentage of hurricane losses in the ISO data (relative to the ISO yearly total) is applied to the total loss amounts for the other statistical agents.

For 2003-2009, described above ISS data is available and has been examined together with the ISO data. For the combined ISO and ISS data, the percentage of hurricane losses to total losses is calculated. To estimate the hurricane losses for statistical agents other than ISO and ISS, the combined percentage of hurricane losses from ISO and ISS data (relative to the ISO and ISS yearly total) is applied to the total loss amounts for the other statistical agents.

In connection with using the AIR model, actual hurricane losses were examined but removed from for hurricanes occurring in the five years of experience. For the owners forms for year 2005, $30,582,057 in losses were removed; for 2006, $15,581,914 were removed; and for 2009 $3,342,475 were removed. See page D-42 for the actual hurricane losses by territory.

Q: Do you have an opinion as to whether the incurred losses excluding hurricanes shown in column 1 on page C-1 of RB-1 accurately represent the anticipated value of Homeowners owners forms incurred losses excluding actual hurricane losses which resulted from accidents which took place during each of the years ended December 31 in North Carolina?

A: Yes, I do.

Q: What is that opinion?

A: I believe that the losses shown in column 1 do accurately represent the expected ultimate value of those losses excluding actual hurricane losses.

Q: What other adjustments must be made to the losses?

A: The losses need to be adjusted by trend to reflect the cost levels anticipated to prevail during the period that the proposed rates are expected to be in effect. For this filing the assumed effective date is June 1, 2013. This date is relevant for trending purposes as explained in my testimony.

Q: Could you please describe how the loss trend is developed and applied?

A: The loss trend is developed in a two step process. The first step is the development of a current cost factor which brings the losses up to the cost level of the external Current Cost Index that is used as the basis of loss trend. The second step is the development of a loss projection factor based upon an exponential fit of the last twelve quarters of the Current Cost Index and the actual homeowners pure premium trend. The loss projection factor projects the losses from November 15, 2011 (the midpoint of the latest quarter of the external index) to June 1, 2014 the average date of loss for policies which will be written at the proposed rates (i.e. one year beyond the assumed effective date of June 1, 2013).

Q: You mentioned that the loss trend is based on a Current Cost Index. What are the components of the Current Cost Index used for the owners forms?

A: The Current Cost Index is a weighted average of the Modified Consumer Price Index (MCPI) and the Boeckh Residential Index (BRI), with the MCPI receiving 45% weight and the BRI receiving 55% weight. The intent of the weights is to reflect the split between contents type losses and buildings type losses.

Q: How are the weights of 55% to the Boeckh Residential Index and 45% to the Modified Consumer Price Index determined?

A: The weights were based on an examination of losses by cause of loss and apportioning the losses between buildings and contents. For example, if we were to examine the North Carolina homeowners losses (normalized for catastrophe losses) by cause and split them into percentages that correspond to buildings and contents, we would get:

Cause	% of Total	Building %	Contents %
Fire	39.3	75-80	20-25
Wind & Hail	23.0	80-90	10-20
Water Damage & Freezing	22.6	40-45	55-60
Theft	6.5	5-10	90-95
All Other PD	5.6	50	50
Liability	2.9	0	100
		60-66	34-40

Q: What is the Boeckh Residential Index?

A: The Boeckh Residential Index is an index of construction costs compiled by Marshall & Swift/Boeckh. The particular index used in this filing is based on information compiled specifically for construction costs in North Carolina.

Q: What is the Modified Consumer Price Index?

A: The Modified Consumer Price Index is composed of selected components of the Consumer Price Index which correspond to the items for which homeowners insurance provides coverage. The components used and the weight given to them are House Furnishings (48%), Medical Care (20%), Apparel Commodities (16%) and Entertainment Commodities (16%).

Q: Please illustrate what factors would be applied to trend the losses for the year ended December 31, 2009.

A: The losses from the accident year ended December 31, 2009 are first adjusted by the Current Cost Factor for 2009 of 1.035 which is found on page D-12. The Current Cost Factor is the ratio of the Current Cost Index from the quarter ending December 31, 2011 to the Current Cost Index value for the full year 2009. The Current Cost factor brings the losses from the cost levels corresponding to an average date of loss of June 30, 2009 to the cost levels corresponding to the midpoint of the latest quarter (November 15, 2011). Since the average date of loss for policies which will be written at the proposed rates is assumed to be June 1, 2014 (one year past the effective date) it is necessary to project the losses from the November 15, 2011 cost level to that assumed effective date. This is accomplished by projecting the losses at the annual rate of change of 1.2% (as determined by an exponential fit of the Current Cost Index) for 30.5 months. This factor is calculated on page D-13.

Q: You mentioned that the actual pure premium trend was considered in the selection of trend factors. How was this data used?

A: The pure premium experience was examined. A pure premium is the ratio of the losses to the number of insured house years. These data were fit to an exponential curve and an annual rate of change was calculated. This rate of change was compared to the annual rate of change of the Current Cost Index. In reviewing the loss trends, the annual rates of change in homeowners pure premium during the 2004-2009 experience period are higher than the observed annual changes in the external indices. Therefore, to project losses to a 2014 level, a 4% additional annual trend adjustment was selected by the Property Rating Subcommittee of the Bureau for all homeowners policy forms. This results in the 5.2% annual rate of change used to trend the prospective losses.

Q: Where on page C-1 are these two factors applied?

A: The Current Cost factor for each year is applied as part of the current cost/current amount factor in column 5. For example, for the year ended December 31, 2009 the current cost/current amount factor of 0.95 is the ratio of the current cost factor of 1.035 (shown on page D-12) and the current amount factor of 1.089 (shown for that year on page D-18). The loss projection factor is combined with the premium projection factor and the trend from first dollar to produce the composite projection factor. This composite projection factor is applied in column 7 in the development of the Trended Base Class Loss Cost in column 9 on page C-1.

Q: You mentioned the trend from first dollar. Could you describe what that is and how it is developed and applied?

A: The index is a first dollar index. All of the losses have been adjusted to a $250 deductible level. As such, increases in cost as measured by the current cost index would affect losses below the deductible and cause an additional increase as losses below the deductible increase above it. For example, a loss of $1,000 subject to a $250 deductible results in a payment of $750 to the insured. If there is 10% inflation the $1,000 loss grows to $1,100. This results in a payment to the insured of $850, which is a resulting effective inflation of 13.3%, an incremental trend of 3%. The procedure used in the filing accounts for this effect. The procedure in essence converts all the losses to a first dollar basis before the trend factor is applied. To obtain the resulting trended losses, the deductible portion of the trended losses are subtracted out. The trend from first dollar factor as shown on page D-18 is the incremental difference in the trend factor resulting from the application of our procedure. Using our example from before, and the formula for trend from first dollar on page D-18 results in a trend from first dollar factor of 1 + (((.1)(250))/((1.1)(750))) = 1.03, which matches what was calculated earlier.

Q: Please refer to column 4 of page C-1. With reference to the column headed "losses with LAE," please tell us what the figure $914,564,946 represents.

A: These are the losses and loss adjustment expenses associated with claims or accidents that occurred in the accident year ended December 31, 2009. The losses are the sum of the adjusted incurred losses excluding hurricane losses found in Column 1, minus the non-modeled adjusted excess losses in Column 2, all multiplied by the non-modeled excess factor of 1.038 adjusted by a trended loss adjustment expense factor of 1.120.

Q: How is the trended loss adjustment expense factor of 1.12 developed?

A: Each year the Rate Bureau sends a call to its member companies for expense-related data. These calls showed that loss adjustment expenses for the calendar years December 31, 2005, December 31, 2006, December 31, 2007, December 31, 2008 and December 31, 2009, after dropping the high and low values averaged 12.8% for the period as shown on page D-29.

This factor of 12.8% must be adjusted for the change in cost levels of the items that go into loss adjustment expenses. These expenses include items like adjuster's salaries, rents and overhead items related to claims settlement. In essence, these items will vary as general economic trends vary. We adjust the loss adjustment expense factor by taking a ratio of the expense trend to the loss trend on page D-30. This adjustment results in a trended loss adjustment factor of 1.120.

Q: Could you please explain how the expense trend used to adjust the loss adjustment expense factor is developed?

A: The expense trend used to adjust the loss adjustment expense factor is based on an analysis of the Current Expense Index, which is an index based on a 50/50 weighting of the all items CPI and the compensation cost index, which were the latest available when the selection was made, for marine, fire and casualty insurance. The data for this index are shown on pages D-24-27. Based on an analysis of these data, an annual rate of change of 2.0% was selected by the Property Rating Subcommittee of the Bureau.

Q: Please explain the development and application of the expense projection factor in adjusting the loss adjustment expense factor?

A: The five year (excluding the high and low values) average loss adjustment expense factor of 12.8% reflects an averaging of the five years 2005, 2006, 2007, 2008 and 2009. As such the factor is representative of the time period corresponding to 2007.

The expense projection factor uses the 2.0% annual rate of change based on an exponential curve of the Current Expense Index. Since the loss adjustment expense ratio is at the cost level corresponding to July 1, 2007, it is necessary to project this cost to the average date of accident for the period which our rates are assumed to be effective, June 1, 2014 (one year beyond our assumed effective date). This calculation is displayed on page D-30.

Q: What other adjustments must be made to the loss adjustment expense factor in order to use it?

A: The loss adjustment expense factor is determined as the ratio of loss adjustment expenses to losses. Having adjusted the expense portion of the factor in the numerator, we need to adjust the losses in the denominator by the loss trend to reflect both the current cost factor and the loss projection factor.

Q: Could you please describe what is being done in Column 5 on page C-1?

A: In Column 5 the current cost factors and current amount of insurance factors are combined into the current cost/current amount factors. This is done by taking the ratio of the current cost factor to the current amount factor. For example, the current cost/current amount factor of 0.95 for 2009 is the ratio of the 2009 current cost factor of 1.035 to the 2009 current amount factor of 1.089. In combining these steps the losses and average rating factor have been brought to the cost level of November 15, 2011.

Q: Please describe the development of the current amount factor.

A: The current amount factor is calculated by taking the ratio of the average policy size relativity for each year to the projected policy size relativity as of November 15, 2011, the same projection date as is used for the losses in the development of the current cost factor. The average policy size relativity is calculated by taking a weighted average of the policy size relativity curve for each amount of insurance using the exposures for each amount of insurance as weights. By taking the ratio of these relativities for each year to the November 15, 2011 value, we are in effect measuring the percentage growth in the premiums at present rates from year to year caused by changes in amount of insurance. These changes in average amount of insurance are not based on a consistent set of insureds, since some of the growth is due to the addition of new homes. In addition the real estate difficulties have had an impact on the growth of amount of insurance. The full impact of this slowdown is not yet reflected in the data. For these reasons, a selection of an annual growth of 3% was made by the Property Rating Subcommittee of the Bureau for owners forms.

Q: How is the current amount factor used in the calculation of the indicated rate level change?

A: The current amount factor for each year is the denominator in the current cost/current amount factor for that year shown in column (5) of page C-1. The premium projection factor is the denominator in the composite projection factor used in column (7) of page C-1. The combined effect of these two factors is to bring the average rating factor to the level for the amount of insurance expected to prevail during the period for which these rates are expected to be in use. For example for 2009 the current cost factor is 1.035 and the current amount factor is 1.089. The ratio of these two factors results in a current cost/current amount factor of 0.950 which appears in column 5 on page C-1 in the 2009 row.

Q: Could you please describe what is being done in Column 7 of page C-1?

A: Column 7 combines all of the elements in Columns 1 to 6. In Column 7, the losses and loss adjustment expenses are trended to the cost level expected to prevail during the period in which the policies written at the proposed rates will be providing coverage (average date of accident of June 1, 2014). The house years in column 6 are also projected to reflect the anticipated amounts of insurance for business written between June 1, 2013 and May 31, 2014. As an example the calculation of column 7 for 2009 is:

(1)	Adjusted Incurred Losses Inc. LAE (C-1, Col 1):	**910,592,319**
(2)	Excess Losses (C-1, Col. 2):	**123,910,388**
(3)	Incurred Losses-Excess Losses (C-1, Col.3):	**816,575,845**
(4)	Losses * LAE Factor (C-1, Col 4):	**914,564,946**
(5)	Current Cost/Amount Factor (C-1, Col.5 from page D-16):	**0.95**
(6)	Earned House Years (C-1, Col. 6):	**1,988,201**
(7)	Trended Average Loss Cost (C-1, Col. 7)(4)*(5)*(CPF)/6):	4**70.65**

Q: Please describe the development of the premium projection factor.

A: As I mentioned earlier, for each year we have an average policy size relativity which is calculated as a weighted average of each amount of insurance relativity. The premium projection factor is calculated by fitting an exponential curve to the average policy size relativities. This curve is used to develop an annual rate of change for the policy size relativities. In the case of owners forms the average annual rate of change is 3% as shown on page D-17. Since the current amount factor has been calculated as the value up to November 15, 2011, the premium projection factor will be calculated as the expected growth from November 15, 2011 to December 1, 2013 (which is six months beyond the assumed effective date of June 1, 2013). This date of December 1, 2013 represents the midpoint of the year in which policies are assumed to be written using the proposed rates. This results in a premium projection factor of 1.062 which is shown on Page D-18.

Q: Could you please explain column 8 on page C-1?

A: Column 8 is the average rating factor for the policies purchased in each year. The average rating factor is the ratio of the average rate at manual level to the average current base rate. For example, let's assume that the current territory base rate for frame construction with $75,000 coverage A is $100, that the rating factor for masonry is 0.9 and that the rating factor to purchase an additional $25,000 of coverage A is 1.2. Then the average rating factor for a $100,000 masonry policy is calculated as:

$$(100 * 1.2 * 0.9) / 100 = 1.08$$

This factor is needed to adjust the average trended loss costs in column (7) to a base class level. Since most policyholders do not purchase exactly the base amount of coverage the average trended loss cost is divided by the average rating factor to convert this average trended loss cost into a trended base class loss cost which is shown in column 9.

Q: Could you please explain line 11 on page C-1?

A: Line 11 is the resulting weighted trended non-hurricane loss cost obtained by applying the accident year weights shown in Column 10 to the trended base class loss cost for each year shown in Column 9. This weighted trended base class loss cost is our forecasted base class loss cost for policies written during the one-year period after the assumed effective date of June 1, 2013, if there were no change in rate level.

Q: Could you please explain line 12 on page C-1?

A: Line 12 is the reflection of the credibility of the experience based on the number of house years during the 5 year period. The full credibility standard is based on a procedure considering the frequency of claims and the variability of the size of those claims. The procedure is explained in a CAS Proceedings Paper “Credibility of the Pure Premium” by Mayerson, Jones and Bowers. The full credibility standard is based on a normal distribution with a 90% probability of the pure premium being within 5% of the expected value. The full credibility standard for the owners forms is 240,000 house years.

Q: Could you please describe the figures contained in Line 13 labeled "Trended Modeled Hurricane Base Class Loss Cost" on page C-1?

A: These are the prospective hurricane losses resulting from the model used by AIR Worldwide Inc. (AIR).

Q: How are these losses for each year derived?

A: The AIR model simulates 100,000 years of hurricane losses and develops a mean hurricane loss cost per $1,000 of coverage by territory. To produce the modeled hurricane losses, the Rate Bureau has multiplied the hurricane loss cost per $1000 of coverage times the amounts of insurance in effect. The calculations of the 2009 modeled hurricane losses are shown on pages D-35-41.

Q: How is the amount of insurance in effect determined?

A: For the purpose of developing the hurricane loss costs for the owners forms, the amount of insurance in effect is determined as the sum of the various internal limits found in a homeowners policy -- the Coverage A amount (building coverage), the Coverage B amount (other structures), the Coverage C amount (contents) and the Coverage D amount (loss of use). In terms of the buildings coverage amount, the amount of insurance in effect is:

Coverage A	100%
Coverage B	10%
Coverage C	58.4% to 64.6% (varies by territory)
Coverage D	20%
	188.4% to 194.6% (varies by territory)

The Coverage C percentages vary by territory to reflect the actual percentages of contents coverage purchased in each territory. Therefore, for the purpose of determining the hurricane loss costs, the amount of insurance in effect is 188.4% to 194.6% of the Coverage A amount, depending upon the territory. This is also often referred to as the total sum insured.

Q: Why was a simulation model used to develop the hurricane wind losses?

A: A simulation model was used to develop the hurricane losses because it is a more accurate way of including the exposure than using traditional insurance statistics. Hurricanes are highly variable in frequency, intensity and place of occurrence. The simulation model allows for the smoothing out of the hurricane losses as well as better reflecting a more complete distribution of the types of hurricanes that could occur and the potential for losses from these hurricanes at a given location. For example, since we are using the losses from five years of data in the basic ratemaking calculation, if a very large loading for hurricanes like Fran or Floyd hit a certain part of the state during those years, it would be reflected only in those areas of the state, with little or no loading for other areas of the state. Conversely, if there was a five year period without any hurricane activity, it would not be actuarially appropriate to assume that would be the expectation for the future time period. The simulation model produces a more accurate estimate of the loss potential both in terms of territory and dollar value than is possible using any analysis of the insurance data alone.

ISO relies upon the results of the AIR model in the normal course of its making loss cost filings for the other hurricane-prone states and for making commercial property loss cost filings in North Carolina.

Q: What role did you play with respect to the model?

A: As part of my role as a consultant to the NCRB, as well as part of my role as an ISO actuary who relies upon AIR’s hurricane model for ratemaking purposes in numerous states, I have participated in several detailed examinations of the AIR model over the years. Other actuaries at ISO and I review changes when new versions of the AIR model are introduced, in order to make sure that our use of the model complies with actuarial standards of practice.

AIR developed version 12 of its hurricane model in 2010 and it is employed in the filing. This version has been extensively examined and approved by the Florida commission that extensively examines hurricane models. I participated in a due diligence type of analysis with respect to the newest version of the model and its use in this filing. We examined many aspects and changes to the model including those affecting the number of storms that cause loss in North Carolina and the prospective loss costs by territory in North Carolina.

I also examined actual hurricane losses in North Carolina in connection with excluding those losses from the incurred losses in the filing. I determined that the limited amount and the age of much of the available loss data call into question the validity of employing such data for a number of reasons. For one thing, much of the past loss data is quite old and of limited utility. It includes losses from hurricanes that occurred decades ago when housing patterns were different, when houses were built differently, when building codes were different, when construction prices were different, when houses had very different contents, when labor costs and practices were different, etc. These five years do not constitute a valid sample. Indeed, there is not enough experience with hurricanes since accurate records began to be maintained for actuaries to employ actual events as opposed to models. Actual events are not properly predictive of the range of hurricane events that can occur in the next year and the probability of occurrence of those events.

On the other hand, I have concluded that the AIR model is robust, is scientifically based and is far more fair and accurate than employing actual past loss dat. It accounts for the risk and likelihood of future losses from hurricanes based on scientific principles rather than on the happenstance of when and where past hurricanes happened to occur. After reviewing the changes to the model that are contained in version 12, it was my conclusion, as well as that of my company and the Rate Bureau, that this latest version is based on scientific advances, is accurate, is appropriate for use in this filing and constitutes the best available information as to prospective hurricane losses.

Q: What did ISO furnish to AIR to enable AIR to perform its analysis?

A: ISO furnished to AIR the North Carolina homeowners insurance exposure data on the total number of earned house years and earned insurance years by territory for the most recent year in the experience period. These data included ISO, FAIR Plan/Beach Plan, NISS and ISS data and were compiled by ISO. These data are correct to the best of my knowledge, information and belief.

This procedure of sending data to AIR in order to run the hurricane model is similar to the procedure that ISO uses in its loss cost reviews for other hurricane-prone states. In past reviews for the Bureau, territory level data was provided to AIR. AIR then used its industry database to distribute the territory data to individual zip codes. With this filing zip code level data were available and were provided. The use of more accurate exposure data results in more accurate modeled hurricane losses for each territory. Additionally when a zip code was in both a beach and inland territory, AIR employed a split zip code procedure to more accurately model the losses. This treatment has been in general use for other states and results in a more appropriate reflection of the expected hurricane losses.

Q: How are these modeled hurricane losses derived?

A: The AIR model simulates many years of hurricane losses and develops hurricane losses for the portfolio of North Carolina exposures provided. The development of the modeled hurricane losses is shown on page D-41. Note that the modeled hurricane losses on line A differ by a very slight amount (less than .0002%) from the modeled hurricane losses that appear in the AIR reports due to rounding in the mapping of old territories to the new territories.

Q: Could you please explain what line 14 entitled "fixed expense per policy" on page C-1 refers to and what it represents?

A: Line 14 "fixed expense per policy" refers to the dollars of the prospective premium that the general expenses will be on policies written between June 1, 2013 and May 31, 2014. General expenses along with other acquisition expenses constitute the so-called fixed expenses. They are fixed in that they do not vary as a direct function of the premium dollar. For example, the cost of office equipment, rent and other overhead-type expenses would be among the items classified as either general expenses or other acquisition expenses. Those expenses are fixed in the sense that they do not vary directly as a function of premium. Such things as commissions and premium taxes, on the other hand, are examples of expenses which do rise or fall directly with premium. The number shown on line 14 - $36.98 - represents the dollars of general expenses trended to the levels anticipated to prevail during the periods from June 1, 2013 to May 31, 2014 (the average date of which is December 1, 2013) and the projected premiums for business written during the same period. This is appropriate because general expenses are generally incurred at the time a policy is written.

Q: Could you explain how the figure $36.98 on line 14 of page C-1 was derived?

A: The derivation of the 36.98 is shown on page D-31. It starts out with an untrended general expense ratio of .038 and other acquisition expenses of .054 which are based on the rounded average of the 2007, 2008 and 2009 general expense ratios. These are shown on page D-28. The averages of these represent the average expense ratio corresponding to 2008. In order to trend these to the cost levels anticipated to prevail between June 1, 2013 and May 31, 2014, we project these by using the Current Expense Index described earlier. This is done by projecting the average annual change of 2.0% over the time period from June 30, 2008 (the average date of the experience on which the general expense ratio is based) to December 1, 2013 (the average data of writing under the proposed rates). Since this ratio is relative to premium, we must project the amount of insurance from 2008 levels to the level anticipated to be in effect on business written between June 1, 2013 and May 31, 2014. This is done by using the current amount factor for 2008 of 1.12 and the premium projection factor of 1.062. The resulting calculation is

$$\frac{(.038 + .054) \times 1.113}{1.12 \times 1.062} = 0.086$$

This trended fixed expense ratio is then multiplied by the average current rate for all forms of 1,133.89. The result is a statewide all forms fixed expense loading of 97.51. It is projected that forms 4 and 6 need 50% of the fixed expenses of Forms 1-3, 5. A calculation is then performed to ensure that the average fixed expense loadings by form balance to the 97.51. The average dollar loading for forms 1-3, 5 is 103.45. This is adjusted to a base policy level by dividing by the average rating factor of 2.352, premium projection factor of 1.062 and a current amount factor of 1.12 which results in a fixed expense loading of 36.98.

Q: What does Line 15 show on page C-1?

A: Line 15 is a combination of the trended base class loss cost and the trended general expense and other acquisition expenses. The figure $282.70 is the dollar amount that is required to cover the portion of the insurance base rate that covers losses, loss adjustment expenses, general expenses and other acquisition expenses

Q: What does line 16 on page C-1 show?

A: This line takes into account the expenses and other items to which I just referred. If you look at page D-28 of the filing, you can see that the commissions and brokerages round to 13.6% of the premium dollar and taxes, licenses and fees round to 2.6% of the premium dollar. The provision utilized in this filing for underwriting profit is 10.5% statewide. The underwriting profit provision was selected by the Rate Bureau's committees based on reviewing the profit analysis by Dr. Appel. This filing also contains a 1% margin for contingencies. All those items add up to 27.7%. These items are what are known as variable expenses. They vary in direct proportion with the premium dollar. You know that out of every dollar of premium, 27.7 cents will have to go to pay for these expenses and you are left with 72.3 cents to pay for losses, loss adjustment expenses and general expenses and other acquisition expenses. The expected loss and fixed expense ratio shows the percentage of the premium dollar you will have available to pay for trended losses, trended loss adjustment expenses and trended general expenses and other acquisition expenses.

Q: What is the source of the percentages on page D-28 with respect to commissions and brokerage and taxes, licenses, and fees?

A: They were calculated from the 2007, 2008 and 2009 North Carolina expense call for 2007, 2008 and 2009 data undertaken by the North Carolina Rate Bureau.

Q: What is the source of the percentage on page D-28 for contingencies?

A: The Bureau committees selected that factor. A 1% factor has been consistently employed in past Bureau property insurance rate filings. It applies both to fire and to extended coverage. A 1% contingency factor is a standard factor that has been used for many years across the country in property insurance ratemaking. The factor was selected by the Bureau committees based upon recognition of the systematic bias that causes actual underwriting experience to be worse than the provision assumed in the rates. Reasons for this bias are many.

One reason is that property insurance involves many risks, but not all of them are observable in the experience or are adequately recognized in normal ratemaking. An example is the potential for conflagration such as could result from brush fires. The state is particularly at risk for several years following hurricanes that blow down thousands of trees, particularly pine trees in the eastern part of the state. Those trees become the tinder for brush fires. The risk is particularly significant if droughts occur in years subsequent to the hurricane. Widespread brush fires have destroyed many homes in other states and constitute a significant exposure in North Carolina, but that exposure is not reflected in the loss data underlying this filing.

In addition, the writing of property insurance in North Carolina is subject to law changes, court interpretations, jury determinations and judicial determinations that expand losses beyond what was contemplated when the policies were written. For example, under rules of legal construction of insurance policies, ambiguity, although unintended, will result in the courts construing policy provisions in favor of greater coverage than was envisioned by the insurance industry when it drafted the policies. An unexpected ruling as to coverage in one case will then be compounded many times by similar results as to numerous other policyholders.

Further, delay and difficulty in obtaining needed rate increases is a factor. In North Carolina and a very few other states, insurance companies writing property insurance are required to go through rating bureaus in order to achieve needed rate increases. This regulatory system can cause significant delay in obtaining needed rate level increases and differs from states that rely more on competition to set rates. The system in this state requires that data be collected from over a hundred companies writing property insurance and then be aggregated and analyzed prior to making a filing for higher rates on behalf of all companies. Additionally, there can be significant further delays in the setting of hearings and in obtaining regulatory approval before revised rates can be charged and premiums collected.

Q: Would you explain line 17 on page C-1 entitled "Base Rate excluding deviations, reinsurance and residual market reinsurance cost"?

A: The Net Base Rate per policy is calculated by dividing the Loss and Fixed expenses in line 15 by the expected loss and expense ratio in line 16. This is the net base rate before incorporating the anticipated deviation and residual market reinsurance cost per policy.

Q: Would you explain line 18 on page C-1 entitled "Compensation for Assessment Risk Per Policy"?

A: Compensation for assessment risk is a provision which is calculated by Dr. Appel (see his prefiled testimony and exhibits) to reflect the cost to voluntary market insurers of maintaining sufficient capital to pay the assessments for residual market losses to the extent required by law. If the residual market (Beach Plan and FAIR Plan) does not have sufficient capital, reinsurance and reserves to pay losses for a catastrophic event, then companies writing homeowners and other lines of insurance in the voluntary market will be assessed for such losses even if they do not write in the coastal or beach areas. In effect the voluntary market companies are being required to provide free reinsurance to the policyholders who can only find coverage in the residual market. The voluntary market companies must therefore maintain capital sufficient to cover such losses, even though those companies have not elected voluntarily to write the policies that give rise to those losses. The compensation for assessment risk factor is the provision for compensation that must be paid to voluntary market insurers for bearing this risk of assessments from the Beach/FAIR Plans, i.e., it is the cost of the capital required to support the exposure to potential residual market assessments.

A factor to reflect this exposure was incorporated in the Bureau's 2008 homeowners filing. That factor reflected the extremely rapid growth in residual market exposure to losses that has occurred in the last decade, particularly in the Beach Plan. As a result of legislative action in 2009, the exposure of the voluntary market companies to residual market assessments has now been capped at one billion dollars. Dr. Appel's analysis of the necessary compensation for the risk of residual market assessments incorporates this new cap and, as a result, the 4.2% factor in this filing for compensation for assessment risk is significantly lower than it was in the 2008 homeowners filing.

The compensation for assessment risk of 22.41 is calculated by first multiplying the 4.2% provision by the current statewide base rate of 447.14, resulting in a value of 18.78. To be incorporated in the rates, however, this provision must be adjusted to account for the commissions and taxes, licenses and fees that the companies will need to pay on this additional premium. That is done by dividing the 18.78 by 1 minus the sum of commission and brokerage expense and taxes, licenses and fees expense as shown below.

$$\frac{18.78}{1-0.136-.026} = 22.41$$

Q: What is the source of the 142.21 for net cost of reinsurance in line 19?

A: The source of the 142.21 for net cost of reinsurance is an analysis performed for the Rate Bureau by Dr. Appel. In that analysis he determines the net cost of reinsurance incurred by the composite of insurers writing homeowners in North Carolina resulting from the need to buy catastrophe reinsurance. The net cost of reinsurance is the expense and profit component of the reinsurance premium paid by these insurers (the loss component is in the direct losses used in the overall rate determination). More details of the analysis are included in Dr. Appel's testimony.

To calculate the net cost of reinsurance per policy, the total dollars of reinsurance is divided by the number of house years for 2009 times the 2009 average rating factor, current amount factor and premium projection factor. This quantity is then divided by the expected loss and fixed expense ratio. The actual calculation is:

$$\frac{573,319,894}{1,988,201 * 2.425 * 1.089 * 1.062 * 0.723} = 142.21$$

Q: What is the source of the percentages used on line 21 for anticipated deviations?

A: As done in past homeowners filings, the Rate Bureau has elected to use a total provision for deviations of 5%. This provision reflects consideration by the Rate Bureau of the magnitude of the deviations, consent to rate and the rate differential on homeowners policies in the residual market. This 5% factor corresponds to the magnitude of the amount found by the Commissioner in several previous automobile insurance cases to be the appropriate amount of deviations and dividends to policyholders to anticipate when setting manual rates.

However, while the Commissioner did not explicitly include the 5% provision in his rate calculations, the Rate Bureau does explicitly include the 5% provision in the rate calculations in this filing. The explicit inclusion of deviations in the rate calculations is necessary in order for the target profit to be achieved. The actual net level of deviations, even after being reduced by consent to rate and the rate differential for the residual market policies, will be greater than 5%. The selection of the 5% provision is therefore conservative and represents an attempt by the Rate Bureau to reach a compromise on this issue.

Q: Would you explain line 22 on page C-1 entitled "Deviation Amount per Policy"?

A: Line 22 is the dollar amount of deviation that needs to be in the final rate to ensure that the selected 5.0% deviation amount is accounted for.

Q: Would you explain line 23 on page C-1 entitled "Required Base Rate per Policy"?

A: Line 23 is the required base rate that is needed to ensure that sufficient revenue is collected to cover the losses and expenses that are expected to result from the policies written during the year following the effective date of this filing.

Q: Would you explain line 24 on page C-1 entitled "Current Base Rate"?

A: Line 24 is the current base rate for all of the owners policies included in the review. This rate assumes that each policyholder is buying only the base coverage.

Q: Would you explain line 25 on page C-1 entitled "Indicated Rate Level Change"?

A: Line 25 is the percentage change in the current rates which will be necessary to make the rates adequate for the cost levels that are expected to prevail in the one year period following the effective date of the filing. It is determined by taking the required base rate per policy on line 22 and dividing it by the current base rate from line 23. This results in an indicated rate level change for the owners forms of 30.8%.

Q: Does the filing contain a revision of the present territory rate levels?

A: Yes. In connection with the overall rate level change we have been discussing, new territory rates are displayed. These are shown on page A-3.

The development of the indicated relative change by territory is completed in such a way that the overall effect of the territory relativities is to balance to no overall change before application of the statewide rate level change. This is shown in Column 8 of page C-5. Because of the different levels of exposure to catastrophic losses by territory, the profit and reinsurance loadings vary by territory group. The profit loading for zone 1 (territories 7, 8, 48, 49 and 52) is 16.2%, for zone 2 (territories 32, 34, 41, 44-47 and 53) is 8.89% and for zone 3 (territories 36, 38-39, 57 and 60) is 5.88% In calculating the indicated rate levels by territory, these indicated changes are then multiplied by the overall statewide rate level change.

Q: How has the Rate Bureau treated general and other acquisition expense by territory?

A: The Rate Bureau has treated general expense and other acquisition expense as not varying by territory.

Q. In general, are the calculations for tenants forms (Form 4) and condominium owners forms (Form 6) on pages C-2 and C-3, respectively, similar to the calculations you have described for the owners forms on Page C-1?

A. Yes they are with a few exceptions as generally noted. For Forms 4 (tenants) and 6 (condominium owners) there is no non-hurricane excess procedure used in determining the statewide rate level change. The external indices used for tenants and condominium owners forms reflect the items insured under those policies, and the selected value for premium trend of 0% differs from that of the owners forms. Other parts of the calculations are similar. The NCRB committees discussed the magnitude of the tenants and condominium indications compared to the magnitude of the owners' indication. The main reasons for the differences in the indications are that the change in both the hurricane model loss costs and the non-hurricane loss cost experience was greater for tenants and condominiums than for owners.

Q: What other changes does the filing make for homeowners insurance?

A: The filing revises the credit for the Windstorm or Hail Exclusion that is available in Territories 07, 08, 48, 49 and 52. The derivation of these credits is shown on pages C-12 and C-13. These credits are used when policies are written “ex. wind;” i.e., referring to those situations where voluntary companies write policies covering perils other than wind and hail, and the Beach Plan writes the wind and hail coverage. When this is done, there is a 5% statutory surcharge above Bureau rates.

Q: Please turn to page A-1 of Exhibit RB-1 and explain what is shown on that page?

A: Page A-1 of Exhibit RB-1 shows the indicated and filed statewide rate level changes.

Q: What is shown on Page A-2 of Exhibit RB-1?

A: Page A-2 shows the indicated and filed rate level change for each territory.

Q: Do you have an opinion as to whether the data utilized and the method of calculating the indicated rate level changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A: Yes, I have an opinion. In my opinion, the data utilized and the ratemaking methodologies used by the Rate Bureau are consistent with generally accepted actuarial procedures the indicated rates are actuarially sound and reliable. In my opinion the ratemaking methodology actuarially sound and produce indicated rates that meet the standard of being not excessive, inadequate or unfairly discriminatory. The filed rates differ from the indicated rates because of territory caps of 30%. The filed rates are a reasonable step toward an adequate level.

Q: Do you have an opinion as to whether the indicated rate level changes contained in Exhibit RB-1 are fully justified and, if so, what is that opinion?

A: In my opinion, they are fully justified and are not excessive or unfairly discriminatory in any respect.

Q: Are there any qualifications you wish to attach to your opinion?

A: Yes. In reaching my opinion, I have, as in the past and as is customary in the general course of my work, relied on the accuracy of the data supplied by the Rate Bureau, by ISS, AAIS, NISS and by the individual companies that reported data to ISO and the other statistical agents. I have relied on Professor Vander Weide and Dr. Appel for the determination of the appropriate profit, reinsurance and compensation for assessment risk components of the rates. Additionally I have relied upon the model output provided by AIR Worldwide. I have applied appropriate actuarial standards when reviewing these various data sources.

Q: Does that conclude your testimony?

A: Yes, it does.

PREFILED TESTIMONY OF SHANTELLE THOMAS
2012 FILING
HOMEOWNERS INSURANCE
NORTH CAROLINA RATE BUREAU

Q. Please state your name and business address.

A. My name is Shantelle Thomas. My business address is 2775 Sanders Road, Northbrook, IL 60062.

Q. By whom are you employed?

A. I am employed by Allstate Insurance Company and have been so employed since 1996.

Q. What is your educational background?

A. I received a Bachelor of Arts degree in Integrated Science and Mathematics from Northwestern University in Evanston, IL and a Masters of Business Administration from Lake Forest Graduate School of Management.

Q. What is your employment background?

A. I was employed by Allstate as an analyst in property insurance pricing upon graduation from Northwestern University. From 1996 through July 1999 and from July 2000 to March 2006 I had various actuarial pricing responsibilities for homeowners insurance pricing in various states, including North Carolina. Between March 2006 and February 2008 I had responsibility for pricing countrywide for Allstate's Specialty Product Lines, which includes Renters, Condo, Mobile Home and Dwelling Fire and Extended Coverage insurance. Since that time, I have been the Pricing Director responsible for all of Allstate's personal lines Home and Auto rate filings for various states. I currently have overall actuarial responsibility for homeowners and auto pricing for ten states, including North Carolina.

Q. Are you a member of any professional organizations?

A. Yes. I have been a Fellow of the Casualty Actuarial Society since 2004. I was on the Examination Committee of the Casualty Actuarial Society between 2004 and 2009. I currently volunteer as the vice-chair of the Ratemaking and Product Management Seminar Planning Committee. I have been a member of the American Academy of Actuaries since 2001. I have met the continuing education requirements of the AAA and the CAS.

Q. Are you familiar with homeowners insurance ratemaking throughout the country?

A. Yes. With a few exceptions such as North Carolina, Allstate has made its own filings in virtually all of the United States, and I have had responsibility for filings in most states at some point in my career.

Q. Are you familiar with homeowners insurance ratemaking in North Carolina and other states?

A. Yes. As part of my duties at Allstate, property insurance pricing has been one of my responsibilities since 1996. I have had responsibility for filings in most states at some point in my career, including North Carolina. In addition, Allstate chairs the Property Rating Subcommittee (the "Subcommittee") of the North Carolina Rate Bureau (the "Bureau"). Since April, 2006, I have served as Allstate's representative and chaired the Subcommittee. I have also served on the Bureau's Methodology Task Force.

In most states, companies set their rates independently. However, North Carolina is unlike other states. In North Carolina, companies must be members of the Bureau, and the Bureau has the responsibility to file rates on behalf of all of the companies in the aggregate. Once the Bureau rate has been approved (and this process is often complicated and time-consuming), companies must charge the Bureau, or "manual," rate unless they obtain approval to charge either more (through consent to rate) or less (through downward deviations). This procedure adds time, uncertainty, and additional administrative burdens to the process of doing business in the state and makes doing business in North Carolina unique.

The process of consent to rate in writing property insurance in North Carolina is constrained by the existence of two residual market mechanisms. These are the North Carolina Insurance Underwriting Association (commonly known as the "Beach Plan") and the Fair Access to Insurance Requirements plan (commonly known as the "Fair Plan"). The Beach Plan writes homeowners policies in the 18 coastal counties. These organizations affect the property insurance market in numerous ways that will be discussed in my testimony, in addition to the manner in which they effectively restrict the ability of companies to engage in consent to rate.

Q. What is the function of the Subcommittee?

A. Generally, the Subcommittee is concerned with ratemaking matters pertaining to the property insurance coverages subject to the Bureau's jurisdiction, including the development of classifications, rules, rates, territories and rating plans.

Q. What companies were members of the Subcommittee that reviewed the filing?

A. The current members of the Subcommittee are Allstate Insurance Company, Nationwide Mutual Insurance Company, North Carolina Farm Bureau Mutual Insurance Company, State Farm Mutual Automobile Insurance Company, Travelers Indemnity Company, Foremost Insurance Company, American Modern Insurance Group, American Bankers Insurance Company of Florida, The Horace Mann Companies and United Services

Automobile Association. Representatives of these member companies attend the meetings of the Subcommittee and conduct the work of the Subcommittee. Allstate Insurance Company chairs the Subcommittee. All representatives on the Subcommittee are actuaries or have extensive experience in ratemaking.

Q. Can you identify Exhibit RB-1?

A. Yes. This is a large portion of the filing submitted by the Bureau to the Honorable Wayne Goodwin, Commissioner of Insurance, with respect to revised homeowners insurance rates in North Carolina. The filing includes numerous data responses, exhibits and the prefiled testimony of four witnesses in addition to mine. The filing is contained in a large three ring binder.

Q. Can you identify the document marked Exhibit RB-2 and entitled "Homeowners Policy Program Manual"?

A. Yes. This exhibit is also part of the filing. It includes the manual of rules, rates and classifications used to write homeowners insurance in North Carolina. It also includes the forms and endorsements used in the homeowners program. The forms, manual and any approved amendments are on file with the Department. Copies are maintained at the offices of the Bureau.

Q. Would you describe generally how the Subcommittee was involved in the preparation of this filing?

A. Over the years the Subcommittee has developed the methodologies it has felt were appropriate for ratemaking in North Carolina and has recommended those methodologies to the Bureau's Property Committee and Governing Committee. Generally speaking, the process is as follows. Insurance Services Office ("ISO") consolidates various premium, loss and expense data in the format historically reviewed by the Subcommittee and sends that out to the Subcommittee members. These data include data for business written at or below the Bureau manual rates, business written under consent to rate procedures and business written in the residual market. The Bureau assembles expense data and furnishes it to ISO and the Subcommittee. In addition, AIR Worldwide runs its hurricane simulation model to produce estimated hurricane loss costs that are furnished to ISO. Dr. David Appel also analyzes the required profit, the net cost of reinsurance and the compensation for assessment risk from the residual market mechanisms. Then, the Subcommittee meets by telephone conference and/or in person to consider all the data and analysis and to formulate its final recommendations to the Property Committee and Governing Committee of the Bureau. Once the Governing Committee concludes that a filing should be made, it instructs Bureau staff, ISO and the various consultants to prepare the filing. It is a lengthy and complex process.

This procedure was followed leading to the 2012 filing.

Q. Did the Subcommittee consider the accuracy of data in its review?

A. Yes. Companies and statistical agents employ extensive procedures to assure the quality of ratemaking data. When a possible error is noted, care is taken to analyze the situation and correct the data if possible. If it is not possible to correct the data so that it is acceptable for ratemaking, the company's data is excluded from the review. When data from a company is omitted, the filing notes that fact. In addition, the Subcommittee requested the statistical agents to produce exhibits displaying exposure distributions for key factors such as territory, amount of insurance and protection class for the years in the filing for the 10 largest writers. Each company was asked to review and evaluate the accuracy of its data as reported to its statistical agent. Companies have confirmed that they have performed these reviews and that to the best of their knowledge their data are correct in all material aspects.

The Subcommittee believes that the data underlying the 2012 rate filing are reliable and appropriate for ratemaking purposes.

Q. What is the basic equation for homeowners ratemaking?

A. Premiums should equal expected losses, plus expected expenses, and a margin for a fair and reasonable profit.

Q. Is homeowners ratemaking simply a matter of adding up past losses and past expenses and putting them into a formula or equation?

A. No, not at all. Ratemaking is prospective. While it is important to consider past losses and past expenses, the prospective nature of ratemaking requires that prospective or expected future losses and expenses be considered. It is difficult to estimate prospective losses and expenses for a property line of business such as homeowners because property insurance is subject to losses from highly unpredictable weather events such as hurricanes.

Q: Does the existence of a bureau system of making rates require that the filing analyze the composite exposure and experience of all the entities writing homeowners insurance in North Carolina?

A. Yes, it does, and this is what has been done by the Bureau in the filing. The Bureau essentially makes rates for a hypothetical one company that has the aggregate book of business of all the homeowners policies written in the state. In other words, this hypothetical company's policies have the characteristics of all the homeowners policies written by the approximately 108 primary insurance companies that write homeowners insurance throughout the state as well as homeowers policies written by the Beach Plan. These policies include attributes such as the amounts of insurance written on homes, the territory in which homes are located, the types of construction, the deductible levels, the types of coverage, etc. A more technical term for book of business is the "exposures."

Q: Is it more difficult in property lines of insurance, such as homeowners, than in other personal lines to determine prospective losses that are used in setting rates?

A: Yes. This is particularly true in a state such as North Carolina because a significant percentage of the prospective long term average losses are caused by intense hurricanes. Intense hurricanes are infrequent but are devastating when they do occur. The volatility of hurricane losses makes it inappropriate to rely on a few years of actual hurricane losses to estimate the prospective losses.

The volatility arises in part from a statistical concept called independence that is useful to consider in analyzing property casualty insurance rates. In auto insurance when there is one auto collision, there generally is not a greater likelihood of there being more auto collisions in the same territory at that time. In other words, collisions are random events and there generally is very little correlation between two auto accidents. However, the same is not true in homeowners' insurance when hurricanes occur. For homeowners insurance, when one home is damaged as a result of a hurricane, it is very likely that many other homes in the same area will be damaged. In other words, the risks are not independent of each other in homeowners insurance but rather are related. Therefore, when intense hurricanes occur, there are likely to be very large total losses in comparison to the premium collected that year.

Q: Approximately how much premium does the hypothetical one company in North Carolina receive annually for writing homeowners under the current rate structure?

A: Approximately $2.2 billion dollars for the latest year of data.

Q: What must the statewide homeowners premium of approximately $2.2 billion dollars be sufficient to cover?

A: It needs to cover all losses from many types of events, including fires, tornadoes, hurricanes, lawsuits, theft, etc., as well as all expenses, and then there must be something left over for a fair and reasonable profit. Most covered losses result from relatively small events, but a single intense hurricane can produce losses that far exceed the total annual premium for the single aggregate company.

Q. Would you describe the basic ratemaking methodology that underlies the filing?

A. The rate indication was determined with a loss cost methodology. The indicated rate change was determined by first projecting the losses and loss adjustment expenses for the policy period during which the filed rates are expected to be in effect. The projected loss and loss adjustment expenses are then divided by historical earned house years to produce loss costs. These loss costs are then adjusted to the base class level. The trended base class loss costs are then credibility weighted with the expected base class loss cost. The measure of credibility is based on the number of house years in the experience period used to develop the loss costs, and in this instance, the data for each of the policy forms is considered fully credible.

Then, other anticipated costs associated with policies expected to be in effect, along with provisions for underwriting profit and contingencies, were added to derive the required base rate per policy. The required base rate was compared to the current base rate to determine the indicated rate level change. This comparison of base rates is an actuarially sound method of developing indicated rate changes. In determining each component of the ratemaking formula, the Subcommittee analyzed the data presented to it and considered the recommendations of ISO's actuary, Robert Curry, and the Bureau's economic consultants, Dr. David Appel and Dr. James Vander Weide, as well as data from AIR Worldwide.

Q. How were the premiums used in the rate level calculations in the filing determined?

A. The calculations are based on premiums expected to be produced by current manual rates. The premiums are determined by applying current manual rates to the exposures in effect during the experience period. This is known as the extended exposure method. Earned premiums at present rates are used to determine average rating factors. The average rating factor is the ratio of the average rate (earned premium at manual level divided by corresponding house-years) and the current manual base rate by territory. The average rating factor is used to convert the pure premiums incurred during the experience period to the base class level.

Q. How were anticipated losses determined?

A. The starting point for losses is accident years 2005-2009 incurred losses evaluated at 63, 51, 39, 27 and 15 months of development respectively. Loss development factors were applied to estimate ultimate settlement amounts. Historical loss development patterns were observed and the selected factors are the average of the prior years for each 12 month link, consistent with past years' practice.

In order to insure stability in rate levels while maintaining adequacy in the event of wide swings in hurricane and other wind losses, an excess wind procedure and a hurricane loss model have been utilized. Hence, violent shifts in rate level (both upward and downward), which might result from reflecting large hurricane and other wind losses only in the year in which they occur will be avoided.

The incurred non-modeled excess losses are those losses that result from unusually severe wind activity (other than hurricane). They are removed from the experience used in developing rates. In order to reflect the impact of excess wind losses (that are not related to hurricanes and not accounted for in the hurricane model) on a long-term basis, non-modeled losses are multiplied by an excess wind factor. A particular year's excess wind losses and the long-term excess wind factors are determined using ISO's standard excess wind procedure. Total excess losses for each year, which are the sum of the capped excess wind and the excess wind losses, are removed from the actual non-modeled losses for the experience period. The long-term excess factor is 1 plus the ratio of the long-term average of the excess loss ratios to the average of the long term normal loss ratios.

As will be discussed in more detail below, expected hurricane losses are provided by AIR Worldwide. The model was run with aggregate demand surge included. This option accounts for the expected additional cost for supplies and labor if a large hurricane event occurs.

Losses were trended from the midpoint of each experience period to the midpoint of the trend period. As in past years, the Subcommittee reviewed external trend information and pure premium information. The Boeckh Residential Index and the Modified Consumer Price Index are used; these indices are averaged on an appropriately weighted basis and comprise the Current Cost Index.

The loss trending procedure is accomplished in two steps. In the first step Current Cost Factors are applied to each year's losses. The Current Cost Factors are derived from the external indices and, when applied to given year's losses, adjust these losses to a cost level as of November 15, 2011, which is the midpoint of the latest quarter of the external index contained in the filing. In order to trend losses from that date to the trend date, a Loss Projection Factor is applied. This projection factor is selected based on a review of the annual change inherent in the latest twelve quarterly points of the Current Cost Index, the actual homeowners pure premium trend and Fast Track trend data.

In reviewing the loss trends, the annual rates of change in pure-premium during the 2005-2009 experience period are significantly higher than the observed annual changes in the external indices. Therefore, after considering this experience, a 4.0% additional annual trend was selected to project losses to a 2014 level.

Since the external indices necessarily ignore the effect of policy deductibles, a first dollar procedure to trend from the first dollar of loss is also incorporated into the calculation of the Loss Projection Factor.

Q. Are you familiar with the procedures used to collect the expense experience?

A. Yes. The Bureau sends a data call to all companies annually. Companies complete the expense call, which includes reporting expense dollars as well as premiums at collected level and adjusted to manual level. The Bureau checks and compiles this information for all companies and sends it to ISO for their use in the rate filing. The Bureau also obtains information appearing in the annual statements and the insurance expense exhibits of the companies. This information is part of the official records maintained at the Department. Data from this information is provided to ISO.

Q. How were the anticipated expense provisions used in the filing determined?

A. Commissions and brokerage, taxes, licenses, and fees are a function of premium, and the ratios for these expenses from the North Carolina special calls for expense experience were used. For general and other acquisition expenses, dollar amounts were determined based on the data collected in the Bureau's special calls for expense experience.

The allocated and unallocated loss adjustment expenses are included with losses by use of a factor derived from the Bureau's calls for expense experience. Experience from calendar years 2005-2009 was used. After removing the highest and lowest value, the average of the remaining three years was used. This was done in order to reduce the fluctuation in the ratio due to the variation in incurred losses from year to year.

The Subcommittee reviewed current expense index trends. Based on the review, the Subcommittee selected a 2.0% trend. This factor was then used to trend expense dollars from the midpoint of the base period to the midpoint of the trend period.

The provision for the net cost of reinsurance, which will be discussed in more detail below, reflects the Bureau's calculation of reinsurers' expenses and profit that would be required for reinsurance purchased for North Carolina homeowners insurance. The Subcommittee reviewed the analysis performed by Dr. Appel to determine the provision for the net cost of reinsurance in developing the indicated rates and considers this provision to be appropriate. In particular, the Subcommittee recommended the use of AIR Worldwide's warm sea surface temperature event set as the basis for determining the provision for reinsurance costs since reinsurers are using warm sea surface temperature event sets to determine their rates.

There has been a large growth in the exposure of the residual market (Beach Plan and Fair Plan) in North Carolina over the past few years. As will be discussed in more detail below, if the North Carolina residual market does not have enough reinsurance, capital and reserves to pay losses, the voluntary market faces assessments, and those assessments could be very large in magnitude (up to one billion dollars for Beach Plan losses). The Subcommittee requested that Dr. Appel analyze this situation in detail. The Subcommittee reviewed the analysis performed by Dr. Appel and determined that it would be appropriate to include in the indications a provision reflecting the required compensation to the companies for their exposure to the risk of residual market assessments. The resulting provision, called "compensation for assessment risk," is included in this filing. More details of this analysis are included in Dr. Appel's direct testimony.

Q: In very general terms, what is reinsurance?

A: Reinsurance is insurance purchased by primary insurance companies such as my own company to cover catastrophic losses. When a primary company is faced with a situation such as described above where there is a large array of events that might cause losses greater than the company can absorb, companies typically use a portion of their premium to purchase reinsurance so that they will be able to handle as many of those large events as possible. Reinsurance is a cost of doing business in this state.

Q: You referred earlier to the hypothetical one company consisting of all the writers of homeowners insurance in the state. Please comment on whether that hypothetical one company needs to buy reinsurance.

A: Yes, absolutely. It would be irresponsible and imprudent not to do so. The hypothetical one company is faced with numerous realistic hurricane loss scenarios that far exceed its ability to pay.

Q: How is the need of the hypothetical one company to purchase and maintain reinsurance reflected in the filing?

A: It is reflected through the net cost of reinsurance analysis prepared by Dr. David Appel. A number of years ago, Dr. Appel set up a typical reinsurance program for the hypothetical one company in North Carolina, employing underlying assumptions that have been reviewed and approved by the Rating Subcommittee.

Q: It would appear at first blush to be appealing for policyholders in hurricane-prone areas of North Carolina to be able to spread their hurricane exposure to persons in, say, North Dakota or elsewhere, but is that a feasible course of action for the composite one company?

A: No, that would be neither fair nor feasible. I am sure the policyholders of North Dakota as well as insurance regulators in North Dakota would not be willing to do that. To look at it the other way, there is a greater risk of hurricane losses in Florida and there is a greater risk of earthquake losses in California than in North Carolina, but it would not be fair or feasible for North Carolina policyholders to pay for the losses or subsidize the insurance cost for persons in Florida or California. It would not be actuarially appropriate to do so, as each state is evaluated separately and rates are to be based only on their own loss potential.

Q: Is there any aspect of this filing that requires North Carolina policyholders to pay the losses of policyholders in other states, particularly hurricane prone states such as Florida and the Gulf Coast states?

A: No.

Q: Referring again to the hypothetical one company that today receives approximately $2.2 billion dollars in homeowners premium annually, what would happen if a catastrophic hurricane produces losses that far exceed that amount?

A: Under the AIR standard catalogue, the largest simulated loss was $42.6 billion in one year. Of course, this would be an extremely rare event with a remote probability, but it could occur. If that hypothetical company with premium of $2.2 billion experienced a loss of $42.6 billion, it would look to its reinsurance and surplus. If there is insufficient surplus and reinsurance, then that hypothetical company would go insolvent.

Q: Has there been a history of multiple company insolvencies following major hurricanes?

A: Yes, for instance, there were multiple insolvencies after Hurricane Hugo hit Charleston, South Carolina. There were also multiple insolvencies after Hurricane Andrew hit Florida.

Q: Please describe generally Dr. Appel's methodology to compute the net cost of reinsurance.

A. His analysis essentially is a calculation of the provision in the rates that would enable the hypothetical one company to purchase a prudent and reasonable amount of reinsurance at the level that a typical and prudent company would purchase in order to protect its solvency. It is an estimate of the cost of an appropriate reinsurance contract for the hypothetical one company.

Q: Does your company include a factor for reinsurance costs in its property insurance filings?

A: Yes, and they are overwhelmingly accepted by regulators throughout the country.

Q: Is there any way to measure the actual cost of reinsurance for that the hypothetical one company; i.e., the amount that such company would pay to purchase reinsurance on the composite homeowner's book of business in North Carolina?

A: There's no way to do it directly. Dr. Appel's analysis does that indirectly.

Q: Is there any way for the Rate Bureau to add up payments that the 108 or so companies actually make to reinsure their exposure on their North Carolina policies and use that information in lieu of the net cost of reinsurance approach?

A: No. That's definitely not feasible. There are several reasons. The actual reinsurance contracts that companies purchase are often multi-state or even national contracts. In addition, those contracts are often purchased for multiple property lines of business such that reinsurance for automobile physical damage, farmowners, dwelling, mobile home, commercial property and other lines of insurance are all within the same contract together with homeowners. Further, reinsurance contracts may cover multiple perils in addition to hurricanes. For instance, in addition to hurricanes, they may cover earthquakes and tornado outbreaks or even terrorism. Also, each of the 108 or so companies writing in North Carolina has a different and unique book of business as to homeowners policies as well as to other lines of insurance in North Carolina. Some write heavily in coastal areas that are highly hurricane prone, and others write very little in such areas. To combine costs of reinsurance for all the companies would be like combining apples, oranges, bananas and broccoli. There may be a few companies that only write in North Carolina and it might be useful to review their reinsurance programs and costs, and I believe Dr. Appel has done so. Also, while the reinsurance programs of the residual market do not reflect statewide reinsurance costs, they do reflect the reinsurance costs for those hurricane prone areas which are primary contributors to the need for reinsurance . In summary, there is no way for the Rate Bureau to obtain or allocate reinsurance costs and programs to Homeowners policies in North Carolina.

Q. Did the Subcommittee make a determination of the underwriting profit provision to be used in calculating rates in the filing?

A. Yes. The Subcommittee adopted a conservative position with respect to the selection of an underwriting profit provision. As I understand the law in North Carolina, the Rate Bureau is entitled to utilize in its rates an underwriting profit provision such that the anticipated return on insurance operations (the sum of underwriting profit and investment income from insurance operations) is commensurate with the cost of capital for the industry. In this filing, the selected underwriting profit, when combined with investment income from insurance operations, produces a return on net worth that is significantly below the lower bound of the current cost of capital as estimated by Dr. Vander Weide. Further, because of the conservative selection made by the Subcommittee, it is also the case that the underwriting profit, when combined with both investment income from insurance operations and investment income from surplus, produces a return that does not exceed the cost of capital. By definition, therefore, the 10.5% provision selected by the Subcommittee and tested in the profit analysis by Dr. Appel, cannot be excessive. The range of cost of capital estimates provided by Dr. Vander Weide was found to be reasonable and accepted by the Subcommittee.

An issue related to underwriting profit is the need for the ratemaking methodology to adequately recognize a systematic bias that causes actual underwriting experience to be different from the provision allowed in the rates. Sources of this systematic bias in property insurance include, but are not limited to, judicial decisions that extend policy coverage beyond what was anticipated in the rates, legislative changes, and regulatory delay or reduction of rate filings and other factors. Note that these events are unpredictable in terms of both when they will occur and their magnitude but what is not unpredictable is the general direction of the bias; while not every individual court case or legislative change is in the same direction, the overall bias that these events combine to introduce over time is virtually always upward in terms of expected loss costs or downward in terms of expected premium. For example, rate filings are virtually never implemented before the assumed effective date or for more than the original requested amount; judicial decisions with regard to contract language almost never restrict coverage to less than what was intended by the Bureau when it filed policy forms, but such decisions often expand it beyond what was contemplated in the rate level. In addition, major unexpected losses can come from large and infrequent events such as urban conflagrations or widespread brush fires that are a known risk for North Carolina but that are not reflected in the experience period.

Thus, estimated premium that does not reflect a provision for these contingencies will always fall short of needed premium. When these premiums are inadequate and underwriting losses are observed, an insurer must borrow from surplus to properly indemnify its policyholders or claimants. The contingency provision is intended to provide for these variations in a stable method over time. The Subcommittee believes that a contingency provision is appropriate and necessary, and has conservatively selected a 1% factor in this filing, the same as with all recent property insurance filings.

Q. Have dividends to policyholders been considered in the filing?

A. Yes. The ratemaking statutes require consideration of policyholder dividends. Dividends to policyholders are a return of a portion of the premiums paid by the policyholders. Dividends are an additional cost associated with policies written because they are payments anticipated to be made to policyholders as part of the insurance transaction. The ratemaking formula must recognize all costs that are expected to be associated with the risk transfer, consistent with ratemaking principles. The Subcommittee recognizes the discretionary nature of dividends on an individual company basis. The data shows, however, that the industry, as a whole, pays dividends to policyholders. To ignore dividends would result in rates that would not allow the aggregate industry to realize a fair rate of return. However, since dividends have been very small in recent years, a factor of zero was selected in this filing.

Q. Have deviations been considered in the filing?

A. Yes. Deviations, or savings, have also been recognized as one of the statutory elements required to be considered in North Carolina. Deviations are an up-front reduction from the manual rates. Once a deviation is approved by the Department for an individual insurer, that lower rate must be charged until the deviation is changed in accordance with the statutory provisions. Therefore, deviations are an additional cost associated with the policies written because they represent a portion of manual premiums that will not be collected by the aggregate industry. The ratemaking formula must recognize all costs associated with the risk transfer, consistent with ratemaking principles. Deviations in the marketplace are driven by competition. To exclude deviations in the ratemaking process would have both short-run and long-run ramifications. In the short-run, the industry would be denied a fair return because companies would be reluctant to remove deviations due to the effect on their ability to compete for policyholders they have identified as the better risks in the state. In the long-run, companies would be forced to remove deviations in order to compensate for the inadequacy of rates, and some companies may leave the market or may have to change their manner of doing business simply because the rates would be inadequate to allow them to continue providing the same level of service. The end result would be a less competitive market with a narrower range of services, and the impact of the increased rates would be borne primarily by the best risks in the state. Ignoring deviations would not only be counter to sound actuarial principles, but would also have serious negative implications for the competitive market in North Carolina.

The Subcommittee has selected 5% as the deviation level to be recognized in developing the proposed rates. These provisions reflect the Subcommittee's consideration of downward deviations and consent to rate, including the scope and rates of the Beach Plan. A provision for deviations has also been employed in past homeowners filings and is based in part on findings made by the Commissioner of Insurance in previous automobile insurance rate cases to the effect that 5% of premium is the appropriate amount of deviations to anticipate when setting manual rates. The Subcommittee recognized that the Commissioner did not actually include a 5% provision for deviations in his ordered rates in those cases, but for the reasons described earlier, it is necessary and appropriate to include an explicit provision for deviations in developing the proposed rates in this filing. The 5% provision is less than the average levels of actual deviations over a five year period even after factoring in the Beach Plan rates and consent to rate.

Q. Did the Subcommittee review rate level adequacy by territory?

A. Yes, the Subcommittee reviewed indicated relative changes by territory.

The indicated relative changes suggest to what extent the territorial rate relativities need to change in order to more equitably spread the overall rate level. The indicated rate level change for a particular territory is determined by comparing the required base class rate to the current base class rate.

The indicated base class loss cost by territory is determined by calculating the total loss cost by territory and applying the resulting territorial relativity to the indicated statewide base loss cost. A credibility value, based on the number of house years underlying the loss cost, is assigned to each territory. Actual hurricane losses have been removed and replaced by estimated loss costs based on the information provided by AIR Worldwide.

The territorial indicated base class loss cost is converted to the required base class rate by performing expense, profit and deviation adjustments at the territorial level similar to those performed at the statewide level.

At the direction of the Subcommittee, Dr. David Appel prepared an analysis that was used to allocate the net cost of reinsurance and the underwriting profit in the rates, based on territorial differences in risk. In this analysis, measures of risk were developed for three “Zones” of North Carolina. These zones are: Zone 1: NCRB territories 7, 8, 48, 49 and 52; Zone 2: NCRB territories 32, 34, 41, 44, 45, 46, 47 and 53; Zone 3: NCRB territories 36, 38, 39, 57 and 60. The measures of risk that were developed by Dr. Appel provide indicated relative levels of return, or profit, necessary for each zone. Conceptually, this methodology reflects the principle that required return is related to risk, and that a varying level of required return should be reflected in the premiums. The statewide impact of the methodology is revenue neutral; the effect is to increase the needed premium on the coast (zone 1) and decrease the needed premium in the western part of the state (zone 3) by way of underwriting profit provisions and reinsurance cost allocations that vary by zone.

Q: Did the Subcommittee employ modeling of hurricane losses?

A. Yes. As has been done by the Bureau since approximately 1993 the Subcommittee employed hurricane modeling from AIR Worldwide.

The Subcommittee examined various issues relating to hurricane modeling and made decisions with respect to the AIR Worldwide methodology. As previously noted, the Subcommittee again chose to employ the demand surge component of the AIR model as has been done in other recent property filings. This component reflects the fact that, following significant hurricanes, the net cost of virtually everything paid by insurance rises. This includes lumber, bricks, plywood, labor, shingles, hotel rooms and other such items. In addition to actual experience, economic theory dealing with supply and demand supports the use of the demand surge component.

The Subcommittee chose not to employ the storm surge component of the AIR model. That component reflects the likelihood that after intense hurricanes, some losses from storm surge (which is not covered under the homeowners policy) may be paid as wind losses during the claims adjustment process. This was a conservative judgment by the Subcommittee.

The Subcommittee also considered recent advances in the science of hurricane climatology and forecasting, both on a short term basis and on an intermediate term basis. The scientific community appears to agree that sea surface temperatures have increased and that warmer sea surface temperatures result in the formation of more hurricanes. The scientific community appears to disagree as to whether this is the result of long term cycles or global warming. The Subcommittee does not currently take a position as to the cause of the warm sea surface temperature, but the Subcommittee feels that it is demonstrably true that we are in a period of greater than average hurricane activity and that it is expected to continue in the period for which we are making rates and for which primary insurers effectively must purchase reinsurance. This being the case, the Subcommittee felt that merely employing an average of hurricane activity using meteorological data back to 1900, as done by AIR, is a conservative approach that under-predicts the risk of hurricanes over the period when this filing will be effective.

Following discussions with AIR, the Subcommittee instructed AIR to run its model using its standard catalog and to also run its model using the warm sea surface temperature event set. As has been done for a number of years, the resulting modeled losses from the standard catalog were employed as the modeled loss costs used in the rate calculations, and the losses from the warm sea surface temperature catalog were employed by Dr. Appel in his determination of the net cost of reinsurance factor. The use by Dr. Appel of these modeled losses is based on the fact that reinsurers use warm sea surface temperature models to price their reinsurance treaties with primary insurers.

Q. Did the Bureau examine the results of AIR's simulations?

A. Yes. The filing employs version 12 of the model, as implemented by version 13 of the software. Version 12 is the most recent version of the model. That version has been approved by the Florida Commission on Hurricane Loss Projection Methodology which performs extensive technical reviews on hurricane models before approving them for use in ratemaking. The Bureau, many companies and other interested parties attach significant weight to the Florida approval process. The Subcommittee noted the fact that Version 12 had been approved in electing to run the model.

As part of my role as chair of the Rate Bureau's Property Rating Subcommittee, I have participated in an examination of changes to the model since homeowners rates were last reviewed. This effort was aimed at examining those updates and changes to the model that might affect the number of storms that cause loss in North Carolina and the prospective loss costs by territory in North Carolina. We reviewed with AIR the changes that might affect those matters. Those changes included the following: extending the analysis of hurricanes for a period of time longer than 24 hours after landfall; employing the actual ground cover characteristics of areas over which a hurricane travels after landfall in order to determine the extent to which winds are degraded because of friction effects; the inclusion in the data base of revised meteorological parameters for historical storms and previously unreported hurricanes that made landfall in North Carolina in the early 1900's, as determined recently by governmental meteorologists; and other changes. All of these changes in version 12 were determined to be sound and reasonable improvements that were based on AIR's scientific analysis.

In addition, this filing is the first homeowners filing in which the statistical agents have been able to provide exposure data in zip code detail to AIR. The use of this more refined data permits considerably greater precision in the modeling of hurricane losses in comparison with past homeowners filings.

In connection with examining changes to the AIR model, we also examined actual hurricane losses in North Carolina during the filing's five year experience period. We concluded that the actual losses during this five year period are not fairly representative of the reasonably expected hurricane losses and that it would be actuarially unsound to make assumptions as to hurricane losses based on that period. I would add that no five year period can be said to be representative of the loss potential from hurricanes, since major hurricanes are so infrequent but devastating in effect. Further, we determined that insurance loss data from longer periods would require the use of data that is relatively old and limited in detail. Much of the older insurance loss data is of limited utility because it does not contain information as to territory, the date of loss or other such relevant information. Also, much of the data relates to losses that occurred many years ago when housing patterns were different, when housing materials were different, when building codes were different, when houses contained different types of contents, when construction prices were different, when labor costs and practices were different, etc. These facts led me to determine that employing such data would be actuarially unsound, particularly given my determination that AIR's hurricane model produces reasonable results.

Q: When your company files for rates in other states, does it employ a hurricane model in lieu of actual hurricane losses, and if so, which one?

A: Yes, we do employ a model. We use the latest version of the AIR model.

Q: Does your company employ the AIR standard catalog for prospective losses or do you employ the warm sea surface temperature catalog?

A: We typically use the warm sea surface temperature catalog for computing prospective hurricane losses. In that sense, we differ from the Bureau which uses the standard catalog for computing prospective hurricane losses.

Q: Have you become familiar with the operations of the Beach and FAIR Plans?

A: Yes, I have represented my company in some of their meetings. Both of those are statutorily-created organizations which are often called residual market mechanisms. They write property insurance in situations where policyholders cannot obtain insurance through the voluntary market, generally because the rates in the voluntary market are inadequate to induce companies to write.

The Beach Plan writes homeowners, dwelling and commercial property insurance in the 18 coastal counties, as defined by statute. These counties generally consist of the "beach territories" and the "coastal" territories. The beach territories generally consist of areas east of the Inland Waterway, and the coastal territories generally consist of the remainder of those counties. The FAIR Plan writes in the entire state other than at the beach, and it writes dwelling policies rather than homeowners policies.

Q: Do the insurance companies that are members of the Rate Bureau profit from business written by the Beach Plan?

A: No. They have no ability to profit from business written in the Beach Plan; to the contrary, they give up their ability to make a profit from Beach Plan policyholders by allowing them to be written in the Beach Plan. However, while the companies give up a chance to make a profit, they are still exposed to the losses of the Beach Plan when those losses exceed the ability of the Beach Plan to pay.

Q: When a homeowners policy is written by the Beach Plan, does the policyholder pay the Bureau manual rates?

A: No. They pay the Bureau manual rate plus a 15% statutory surcharge.

Q. Is there also a provision whereby the voluntary companies can exclude the wind/hail portion of the homeowners policy and the policyholder can obtain the wind/hail coverage through the Beach Plan?

A. Yes. In those cases there is a statutory provision that the rate charged for the wind/hail coverage is 5% above the Bureau's rate for that coverage. The Rating Subcommittee considered these surcharges together with consent to rate in selecting the factor for dividends and deviations in the filing.

Q: Do you know approximately how much of the market share of homeowners policies in the 18 coastal counties is written through the Beach Plan?

A: Yes, in the "beach" territories, almost 70% of the homeowners premium is written in the Beach Plan based on data underlying the filing. In "coastal" territories which constitute the remainder of the 18 coastal counties, over 40% of the homeowners premium is written in the Beach Plan. Recent Beach Plan growth suggests that these percentages may be higher.

Q: Do you know the approximate proportion of the statewide homeowners premium that is written by the Beach and FAIR Plans?

A: Approximately 11%. Since the Beach Plan only covers the 18 coastal counties, homeowners policies can only be written in those 18 counties in the residual market. The FAIR plan writes dwelling fire and extended coverage policies on a statewide basis, and such policies provide coverage that is similar in some respects to homeowners policies.

Q: What conclusion do you draw as to whether the Beach Plan is the market of last resort as set forth in the Beach Plan statutes?

A: I do not believe that it is the market of last resort. It appears to be the market of first resort in the beach territories.

Q: Why is it the case that the many companies competing in the voluntary market have chosen not to write the homeowners policies on houses that end up being insured by the Beach Plan?

A: In my opinion, it is largely because the rates are inadequate. Otherwise, typical market forces would come into play and companies would write voluntarily.

Q: In your capacity of working with the Beach and FAIR Plans, have you become familiar with the financial status of the Beach and FAIR Plans?

A: Yes, generally.

Q: Has the Beach Plan been able to accumulate a surplus to help pay losses from the next hurricane?

A: Yes, to some extent. Fortunately, since there have not been any intense hurricanes to strike North Carolina in the last ten years or so, the Beach Plan has been able to accumulate a surplus. However, the surplus is not large in relationship with the risk and much of the Beach Plan's premium every year must be used to purchase reinsurance, thus not allowing the surplus to grow. Also, in 2011 a relatively minor hurricane, Irene, caused approximately $158 million in losses and depleted the Beach Plan's and Fair Plan's combined surplus by that approximate amount.

Q: Do you know approximately how much surplus the Beach Plan currently has to pay losses?

A: Today, it is approximately $700 million.

Q: How does that $700 million compare with the Beach Plan's total exposure to loss following an intense hurricane?

A: Losses following a catastrophic hurricane for the Beach Plan could be over $17 billion. That $17 billion is for all of the types of policies covered by the Beach Plan, including homeowners, dwelling and commercial policies. The $700 million in surplus is the total surplus available to pay losses occurring on all of the types of policies written by the Beach Plan including homeowners, dwelling and commercial policies. I should note that the $17 billion estimate is for a storm that is quite rare and has a remote possibility of occurrence; however, there are many other hurricanes that are more likely to occur and that would far exceed the surplus and reinsurance of the Beach Plan.

Q: In your capacity of working on behalf of your company with the Bureau and with the Beach and FAIR Plans, have you become familiar with the purchase of reinsurance by the Beach and FAIR Plans?

A: Yes.

Q: What is the result of rates, and particularly coastal rates, being inadequate on the ability of the Beach Plan to build up surplus or to pay for reinsurance?

A: Since there are inadequate rates in the beach and coastal territories where the Beach Plan offers insurance, the Beach Plan cannot adequately build up surplus in the years where there are no hurricanes. It has to pay traditional losses every year for events such as fire, thefts, etc., but it is unable to put enough away in the good years with no hurricanes to provide a sufficient cushion for the bad years. The Beach Plan faces a dilemma for this reason when it goes into the market to purchase reinsurance protection. Since the rates that the Beach Plan can charge are unreasonably low, the beach plan must choose whether to use it to purchase reinsurance or to build up surplus.

In the long run, the inadequacy of rates at the beach and coast will lead to two undesirable types of assessments: 1. "non-recoupable assessments" on the companies that write in the voluntary market throughout the state and 2. "catastrophe recovery charges" on policyholders throughout the state.

Q: What is the assessment on companies to which you refer?

A: As a condition to writing homeowners insurance in the state, voluntary companies are required by law to be subject to non-recoupable Beach Plan assessments in the event that the Beach Plan needs that money to pay Beach Plan losses once its surplus and reinsurance are depleted. The total assessment that can be imposed on the voluntary companies is $1 billion dollars. The cost of this potential assessment can be quantified mathematically and is reflected in the ratemaking methodology in the form of the factor computed by Dr. Appel entitled "compensation for assessment risk." The assessment will occur on a pro rata basis based on a formula that in part reflects each company's property insurance writings across the state. Thus, an insurer could be assessed based on Beach Plan losses in the 18 coastal counties, despite that company having elected to not write business in the coastal counties at all because it felt that the rates that it could charge were inadequate. The prospect of such an assessment bears on the willingness of companies to write homeowners insurance voluntarily throughout the state, not just in the beach and coastal territories.

Q: What is the catastrophe recovery charge?

A: The catastrophe recovery charge is a statutory provision that requires the assessment of policyholders throughout North Carolina for Beach Plan losses after the Beach Plan has exhausted its ability to pay and its reinsurance and after the voluntary insurance companies have paid the $1 billion dollar assessment mentioned above. The assessment on policyholders throughout the state could be up to 10% of their premium per year on property insurance policies. That charge could go on for as many years as necessary to collect the money that was paid out in losses for insurance written by the Beach Plan.

Q: Does the prospect of the catastrophe recovery charge mean that the greater the inadequacy of the rates that the Beach Plan is permitted to charge, the greater is the potential that policyholders across the entire state will be assessed for Beach Plan losses?

A: Yes, absolutely. Since the current rates are inadequate, the Beach Plan is more likely to be unable to either accumulate a sufficient surplus or to use annual premiums to purchase an adequate amount of reinsurance. That means, in turn, that there is a greater chance that Beach Plan losses will have to be paid by policyholders throughout the state in the form of the catastrophe recovery charge.

Q: Do you consider the rates charged to policyholders in the Beach Plan territories to be subsidized?

A: Yes, I do. The rates both for the relatively few policyholders living on the beach who are written voluntarily and for policyholders who are guaranteed policies through the Beach Plan are subsidized in multiple respects. First, they are subsidized simply because their rates are too low, a fact that is proven by the fact that the voluntary market is unwilling to write those risks. Second, they are subsidized because policyholders across the state pay the 4.2% factor for the compensation for assessment risk factor in the filing to reflect the $1 billion in assessments that the voluntary companies must be prepared to pay. Third, they are subsidized because of the catastrophe recovery charge that would be levied on policyholders across the state.

Q: Do the private companies voluntarily writing homeowners and other property lines in North Carolina have a backstop of assessing policyholders across the state if their losses exceed their surpluses in reinsurance?

A: No, unlike the Beach Plan which can first assess the private companies and initiate assessments on policyholders in the rest of the state, the private companies do not have such a backstop. Therefore, the hypothetical one company writing in North Carolina also does not have such a backstop.

Q: What is the difference between the indicated rate level and the filed rate level?

A: The indicated rate level is the rate level change that would be sufficient to cover prospective losses and expenses and leave a fair and reasonable profit. This is the level that would make the rates neither excessive, nor inadequate, nor unfairly discriminatory as required under the law. In the case of the owners forms, the indicated statewide rate level change in the filing is 30.8%. This overall indicated rate level need is composed of varying indications in the territories throughout the state. For instance, for certain territories at the beach, the indicated rate level is much higher than 30.8%. Territory 8, which consists of the southern beach territory, has an indicated rate increase of 119.2% for the owners forms.

However, “filed” rates differ from the indicated rates. The filed rates represent the amount actually proposed by the Rate Bureau. The filed rates reflect a procedure that we refer to as “capping.” The Rate Bureau elected not to file the full indicated rates and instead capped the filing at 30% per territory. Thus, 30% is the maximum targeted rate increase under the filing. Capping results in the filed statewide rate level change becoming 17.4%.

Q: Who made the decision to seek less than the full actuarially sound indications and cap the rates?

A: The Governing Committee of the Rate Bureau.

Q: Do you know why they chose to do so?

A: They did so to mitigate the impact of this one change on customers. This has often been done with large indications where the goal is to have rates eventually reach the full indicated rate level.

Q: Where in the state of North Carolina will the effect of capping be felt the most?

A: Since the indicated changes were the largest in the beach and coastal territories, the impact of 30% caps was greatest in those areas.

Q. Do you have an opinion as to whether the indicated rate level changes contained in the filing are excessive, inadequate or unfairly discriminatory?

A. Yes.

Q. What is that opinion?

A. First let me note that I have relied on the accuracy of the data and analysis supplied by the statistical agents, the Bureau and AIR Worldwide as reviewed and checked and on the reinsurance and profit analyses performed by Dr. Appel and Dr.Vander Weide. With these qualifications, it is my opinion that the indicated rates meet the standard of being not excessive, inadequate or unfairly discriminatory. The filed rates have been developed by applying a 30% territory cap to the indicated rates. The filed rates are a reasonable step toward an adequate level.

Q. Does this conclude your prefiled testimony?

A. Yes.

Exhibit RB-5

PREFILED TESTIMONY of DAVID A. LALONDE

2012 HOMEOWNERS INSURANCE RATE FILING BY THE NORTH CAROLINA RATE BUREAU

1. Q. What is your name and business address?

A. My name is David Lalonde. My business address is 131 Dartmouth St, Boston, MA 02116.

2. Q. What is your occupation?

A. I am Senior Vice President of AIR Worldwide Corporation, a corporation in Boston, Massachusetts.

3. Q. What is AIR Worldwide Corporation?

A. AIR Worldwide (AIR) is a scientific leader and respected provider of risk modeling software and consulting services. AIR founded the catastrophe modeling industry in 1987 and today models the risk from natural catastrophes and terrorism in more than 90 countries. AIR is headquartered in Boston with additional offices in North America, Europe, and Asia.

4. Q. How many employees does AIR have?

A. AIR has over 400 employees. Of those over 200 have graduate degrees and over 50 have PhDs. Their disciplines include meteorology, wind engineering, actuarial, computer science and statistics.

5. Q. Could you describe your duties as Senior Vice President of AIR?

A. Over the years, I have had multiple duties with AIR. My chief duty currently is to oversee AIR's Consulting and Client Services group, providing Catastrophe Loss

Analysis Services (CLAS™) and Risk Transfer Services (RTS™). This includes responsibility for regulatory work.

6. Q. What is your educational background?

A. I have a Bachelors of Mathematics (Honors) in Actuarial Science with Statistics from University of Waterloo. I am a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries (MAAA). In my capacity as an actuary, I observe the actuarial standards of practice. I volunteer to do work for the actuarial organizations and am in good standing with them. I meet their continuing educational requirements.

7. Q. What has been your work experience since obtaining your degree?

A. I was employed at Economical Group from 1985-89 and became Manager of Actuarial Services. From 1989-1993 I was employed at Insurance Corporation British Colombia where I became Chief Actuary. I was employed at Coopers & Lybrand 1993-95 as Director, Casualty Actuarial Risk Management Consulting.

In 1995 I was employed by Applied Insurance Research, Inc., the predecessor of AIR Worldwide Corporation. I have now been employed by AIR for 17 years, during which time I have had extensive experience with the AIR models.

8. Q. Please describe your technical publications and speaking engagements relating to computer models and insurance.

A. I have co-authored papers dealing with the use of computer models in insurance. These papers have been peer reviewed and published in various journals. These include; (i) “Aggregation and Correlation of Reinsurance Exposures,” CAS Forum, Spring 2003; (ii) “Aggregation and Correlation of Insurance Exposures,” CAS Forum, Summer 2003; and (iii) “The Basis Risk of Catastrophic-loss Index Securities,” Journal of Financial Economics, 2004, Elsevier, vol. 71(1), Pages 77-111. I was also a contributing author of: “Catastrophe Modeling: A New Approach to Managing Risk,” Springer, 2005.

In addition, I present regularly at various continuing education meetings of the Casualty Actuarial Society and at other meetings and seminars on the topic of the use of models in catastrophe risk management. I have presented annually at the AIR Client Conference since 1996 on various catastrophe risk management topics involving modeling. I have made numerous presentations directly to individual insurers, reinsurers, investment bankers, rating agencies and regulators.

9. Q. Please describe your experience with respect to the issue of computer modeling of windstorms, including tornadoes, hurricanes, hailstorms and other storms.

A. I began modeling insurance risk in 1985; while at ICBC I implemented a Stochastic Planning Model to manage overall corporate risk. I began work on the modeling of natural hazard risk including tornadoes, hurricanes, hailstorms and other storms in 1995. Based on my experience and analysis, I have been charged by AIR with the responsibility for explaining the model in external settings such as the Florida Commission on Hurricane Loss Projection Methodology that has performed an extensive scientific review of hurricane models on an annual basis.

10. Q. Could you characterize your familiarity with the AIR hurricane model that is used by the North Carolina Rate Bureau in this filing?

A. As described above, I have worked with AIR's hurricane model since 1995. I am familiar with all aspects of AIR's hurricane model. I work closely with members of AIR's staff involved in the development, maintenance and application of AIR's hurricane model. I feel that I am well-suited to the task of testifying about the model as a result of my actuarial and statistical expertise, my many years of modeling experience and my knowledge of all of the scientific components of the model and how they interrelate with each other.

11. Q. What has been your relationship with the scientific and technical staff at AIR that has allowed you to gain personal knowledge as to AIR's U.S. Hurricane model?

A. In my regulatory role I am responsible for AIR's annual model submission to the Florida Commission on Hurricane Loss Projection Methodology. In this capacity, I deal closely with our scientific staff members. These include meteorologists, wind engineers, programmers and others who develop, implement, enhance and explain AIR's model. I also work closely with internal staff members who utilize the model on a day-to-day basis on behalf of AIR clients. I have also had extensive exposure to the technical details of the model components throughout the development of the model. As an actuary with experience in catastrophe modeling I have an understanding of how the various components of the model interrelate to generate estimates of potential loss.

12. Q. What has been your role in explaining the model to regulators?

A. I have presented and explained the AIR hurricane model to numerous regulators in hurricane prone states, either in person or through detailed written presentations and responses. These include various regulatory contexts such as inquiries by insurance departments and ratemaking hearings. The jurisdictions include Texas, Louisiana, Mississippi, Alabama, Florida, Georgia, South Carolina, North Carolina, Maryland, New York, Connecticut, Rhode Island, Massachusetts and Hawaii.

13. Q. Please describe the companies or organizations for which you have consulted in connection with the computer modeling of windstorm losses.

A. More than 400 organizations obtain AIR's services. AIR provides catastrophe risk assessment products and services to primary insurance companies, to reinsurers, to intermediaries, to coastal Beach and FAIR plans and other residual market organizations, to state funds, and to other insurance related organizations. We also provide services to investment banks and investors in catastrophe bonds, as well as bond rating agencies that analyze and rate those bonds.

14. Q. Please explain what those various entities are.

A. "Primary insurers" are the companies with which the members of the public interact when they purchase homeowners insurance policies that cover hurricanes. The members of the North Carolina Rate Bureau are primary insurers and they sell homeowners insurance policies to their policyholders.

"Reinsurers" write insurance to cover primary insurers, and that transaction is called reinsurance. Primary insurers purchase reinsurance in part to ensure that they are able to remain solvent in the case of a major industry catastrophe such as a hurricane, and therefore will be able to meet their obligations to their owners and policyholders. The contractual relationship between the primary insurer and reinsurer is typically called a reinsurance treaty.

"Intermediaries" include reinsurance brokers and other experts in catastrophe risk who assist primary insurers in locating reinsurers that are willing to write reinsurance and in negotiating terms and rates with those reinsurers.

"Residual marketing organizations" are involuntary market mechanisms that have been set up by state law to write insurance in high risk situations where the primary insurers are unable or unwilling to write policies at the rates that can be charged for the risk involved. Catastrophe losses have to be paid by someone, and complex state laws typically provide that losses will be paid by some combination of insurers, reinsurers, policyholders and others. The so-called "Beach" and "FAIR" plans in North Carolina are residual market mechanisms.

"State funds" are similar to residual market organizations in that they arise by state law to write insurance in high risk situations where the primary insurers are unable or unwilling to write policies. State funds typically involve the situation in which the state ultimately assumes responsibility for payment of catastrophe losses, such as the case of Citizens Property Insurance Corporation in Florida.

“Investment banks” are sophisticated financial advisers that, in the context of hurricane modeling, analyze the risk of catastrophes and provide advice and assistance to entities that issue and purchase bonds covering catastrophes. Catastrophe bonds frequently serve as an alternative to reinsurance.

“Investors” are parties that invest in catastrophe bonds in order to gain a financial return. In the event of a catastrophe triggering the bond, they are responsible for covering the financial loss indicated in the bond’s agreement.

“Rating agencies” are independent companies such as AM Best, Moody’s, Fitch’s and Standard and Poor’s that analyze the risk of companies and financial instruments. They rate the level of risk involved in instruments such as catastrophe bonds as well as the solvency of primary insurers, reinsurers and investment banks. Investors and issuers of catastrophe bonds rely upon rating agencies in connection with the issuance and purchase of catastrophe bonds.

15. Q. Have these various entities described above relied upon AIR’s hurricane model?

A. Yes, they all have relied upon our model and methodology for simulated hurricane loss estimates in many different contexts and in many situations over many years.

16. Q. Please explain how primary companies and reinsurers have relied upon your computer simulated hurricane loss estimates?

A. Reinsurers use AIR Software Systems (CATRADER®, CLASIC/2™, CATSTATION ™), which all utilize the same underlying models, such as AIR’s hurricane model that was used for this analysis, to estimate expected and potential large losses on the reinsurance treaties that they write with the primary companies. Based on these expected loss estimates as well as other economic and underwriting information, reinsurers develop the rates that they charge for catastrophe “reinsurance treaties” with primary companies.

Primary companies use our services and software systems to estimate their loss potential to catastrophic events such as hurricanes and earthquakes. They are also interested in estimating large loss potential. This information helps them to decide how much catastrophe reinsurance they need to buy to protect their company's solvency. Particularly after Hurricane Andrew, which caused numerous primary companies to become insolvent, primary companies want to make sure that they are not overly exposed to a single catastrophic event. Primary companies also use our services and software systems for estimating catastrophe pure premiums and loss costs in various geographical areas.

As a practical matter, reinsurers and primary insurers have competing economic interests with regard to the output of the catastrophe models. A model which overstated hurricane exposure would prejudice primary insurers through the elevation of reinsurance costs. A model which understated hurricane exposure would result in reinsurers collecting inadequate premiums for the risk undertaken. AIR's ability to serve clients with such competing economic interests is dependent on the rigorous peer review and ongoing updates to the model with the most recent scientific and meteorological data available, to maximize the accuracy of outputs from all AIR models.

17. Q. In general, what is a reinsurance treaty?

A. It is a contract negotiated between a primary insurer and a reinsurer. These treaties come in many different forms and are negotiated between the parties using the AIR hurricane model as an input in the negotiations. The different primary companies choose to expose their surplus to very different levels of risk based upon the areas where they choose to write insurance, the types and numbers of policies that they write in high risk areas, the policy terms that they employ, the lines of insurance that they write, their ability to cover major losses using their own funds, etc. There are several hundred primary companies writing property insurance in North America, and each has a unique "book of business" as to the policies it writes and its exposure to catastrophes. Catastrophes can occur in many forms, including as earthquakes, severe thunderstorms (hail, wind, and tornados), winter storms, flood, terrorism and fires, as well as hurricanes.

When primary insurers analyze their book of business, they use AIR models to assist them in determining their exposure to various catastrophes and their reinsurance needs to protect their financial security and ability to pay losses when a catastrophe occurs. Each primary insurer has unique exposure to catastrophes, and each needs to analyze its exposure and determine its reinsurance program based upon its examination of its own exposure.

A primary insurer's reinsurance program can relate to a single hurricane or a season of hurricanes. It can involve other wind events such as a tornado outbreak. It can involve a season of all wind events including tornadoes, hurricanes, straight line winds, hail, winter storms, etc.

Of course, catastrophes can be caused by events other than wind. Some areas are more prone to earthquake than other, and some primary companies are therefore more exposed to earthquakes than others. Primary companies may purchase reinsurance coverage for most or all risks, including earthquakes, terrorism, brush fires, volcanic eruption and other perils in addition to wind. This can all be done in the same reinsurance treaty.

It is often the case that large primary insurers will have treaties with numerous different reinsurers, and they may also rely upon catastrophe bonds as well. Primary companies may purchase reinsurance for a single region such as North America, the United States, the hurricane-prone southeastern United States, the Mid-Western United States, the West Coast of the United States, a single state, etc.

The terms of reinsurance treaties and catastrophe bonds can vary widely and depend on the needs, ingenuity and willingness of the parties. The AIR models are a vital tool when the parties are negotiating the terms. A primary company can enter into a reinsurance treaty that covers the company above a stated dollar amount, a concept that is similar to a deductible in a typical homeowners policy. Primary companies generally must purchase reinsurance capped such that there will be no reinsurance payments beyond a certain dollar amount that is negotiated between the primary insurer and the reinsurer, a concept similar to a maximum policy amount in a typical automobile insurance policy. A reinsurance treaty can provide for the purchase of reinsurance on a pro-rata basis where the reinsurer pays a percentage of the catastrophe losses and the primary insurer retains the remainder. There are a virtually infinite number of possibilities, and the AIR models provide consistent detailed information on the risk to both parties, allowing the parties to negotiate and reach agreement.

18. Q. Please explain how coastal plans rely upon your model.

A. These plans typically operate in a manner similar to primary companies, and they often purchase reinsurance to cover some of their catastrophe exposure. As with many primary insurers, coastal plans typically use models in analyzing their risk to catastrophic hurricanes and in placing reinsurance or obtaining catastrophe bonds. The coastal boards then use AIR's analyses to decide on levels of surplus to maintain, reinsurance to purchase and sometimes the rates that should be charged. They also use AIR's analyses to advise primary companies and the public as to potential assessments in the event that a hurricane exceeds the plan's surplus and reinsurance. The same type of analysis is typically performed with respect to state funds. They sometimes rely on intermediaries to provide some or all of these services.

19. Q. Please explain how the investment community relies upon your model.

A. AIR also provides hurricane loss estimation services to the investment community in conjunction with various catastrophe bond offerings that have been issued. Issuers and purchasers of catastrophe bonds are typically advised by investment bankers. As with the analysis that underlies the purchase of reinsurance treaties, these parties in the investment community use the probabilistic estimates derived from the AIR catastrophe models as the primary basis for pricing and investing in catastrophe bonds. Bond rating agencies provide objective opinions of the bonds using the results of the AIR models, and those ratings in turn affect the price and terms of those bonds that are issued.

20. Q. Have you been asked by the North Carolina Rate Bureau to prepare an analysis based on your model of hurricane loss potential for the state of North Carolina?

A. Yes.

21. Q. What specifically have you prepared for the North Carolina Rate Bureau relating to North Carolina Homeowners insurance?

A. We have prepared a report for the North Carolina Rate Bureau based on an analysis using a simulated sample of 100,000 "years" of potential hurricane experience based on our standard view of the hurricane risk. A copy of our report is attached hereto as Exhibit RB-6A.

We have also prepared a report using a simulated sample of 100,000 “years” of potential hurricane experience that estimates the potential impact of elevated sea surface temperatures (SSTs) in the North Atlantic on hurricane activity (the Warm Sea Surface Temperature or “WSST” catalog simulation). A copy of our report is attached hereto as Exhibit RB-6B.

A simulated “year” in this context represents a hypothetical year of hurricane experience that could happen in the current year. For the North Carolina Rate Bureau we used exposures for 2009, which was the most recent year available. These large samples of simulated loss experience enabled us to estimate hurricane pure premiums and loss costs as well as the probabilities of losses of various magnitudes.

22. Q. In the context of the reports, what is meant by the term "pure premiums"?

A. Pure premiums are calculated by dividing the estimated long run average annual aggregate losses by the number of risks, i.e., the house years. The resulting pure premium values are a measure of the expected value of loss for each individual risk.

23. Q. In the context of the reports, what is meant by the term "loss costs"?

A. Loss costs are calculated by dividing the estimated long run average annual aggregate losses by the insurance in force, i.e., the insurance years plus the liabilities for contents and other coverages. The resulting values are a measure of the expected value of loss for each dollar of insured value.

24. Q. Please describe the approach that you used to develop your reports.

A. Our approach is that of a computer simulation model. Specifically, in the CLASIC/2™ software version 13.0, we ran our Standard Atlantic Tropical Cyclone Model, version 12 ("AIR hurricane model" or "AIR model" or "the model"). The NCRB provided exposure information used to generate the loss estimates. The exposure file contained information on the number of risks, coverage, policy form group, construction type, year of construction, geography, and amounts of insurance. This data was reviewed for reasonableness and input into the model. The data was geocoded based on the zip code information present in the exposure file. Finally, the model was run, simulating potential future hurricane losses and in the process applying policy conditions. The output of the model contains information such as average annual loss which is used in developing rates.

25. Q. What is the role of modeling in projecting future hurricane losses in the insurance context?

A. Modeling has become a widely accepted method of analyzing the loss potential of future hurricanes in the insurance context. In recent years it has become the method that is almost exclusively used. AIR was the first company to develop probabilistic catastrophe modeling of hurricanes over 25 years ago as an alternative to the standard actuarial or "rule of thumb" approaches on which insurance companies previously had to rely for the estimation of potential catastrophe losses from hurricanes. In 1987, AIR introduced to the insurance industry a modeling methodology based on simulation techniques and mathematical approaches that had been long-accepted in a wide variety of scientific disciplines. Since the inception of this new approach, the AIR hurricane model has undergone a comprehensive and continuous process of refinement, enhancement, validation, and review. The current version of the model contained in this filing was recently updated based on a comprehensive process of scientific review that began in 2007 and continued into 2010.

Prior actuarial techniques had by necessity relied on loss data on past hurricanes to project future losses, but that methodology was inadequate for many reasons. A prime reason is that the period of time for which insurance data was available was not sufficiently long to be representative of the long term climatology of hurricanes. Significant hurricanes are relatively infrequent events and the sample was too small to have predictive capability. Insurance data for homeowners policies began in the 1960's when that policy was introduced, and there was data for earlier policies dating back only to about 1950. Further, efforts to use the limited insurance loss data from previous decades required complicated and highly inexact assumptions and other factors that must be considered in order to relate such data to current conditions. The usefulness of the limited loss data that did exist was significantly limited because of the constantly changing landscape of insured properties. Property values change significantly over the years, along with the costs of repair and replacement. Building materials, design and construction practices change, and new structures may be more or less vulnerable to catastrophe events than were the old ones. New properties continue to be built in areas of high hazard. Therefore, the limited loss information that was available from recent hurricanes was not suitable for estimating future losses

While it was widely recognized that insurance loss information from the limited number of historical hurricanes did not provide a complete indication or adequate sample of what may occur in the future, there was no alternative until modeling became feasible. Modeling became feasible with the advent of high speed computerization and the enhancement of detailed scientific knowledge of how hurricanes work based on radar, satellites and other advancements. Numerous scientific advancements led to modeling becoming a widely accepted method of analyzing the risk of hurricanes. Modeling employs the available historical data as to actual hurricanes and then allows for combinations and permutations of the parameters and locations of such historical data in order to model future events in accordance with their probability. Doing so provides a robust picture of the expected average loss potential in North Carolina and other hurricane states. During the period when modeling replaced the prior actuarial techniques, AIR has been a scientific leader in the catastrophe modeling industry.

26. Q. Does the AIR model produce an unbiased estimate of expected hurricane losses in North Carolina?

A. Yes. While the AIR model has been developed and updated by AIR's internal team of scientists and engineers, it has also been peer reviewed by independent experts in the relevant fields. Examination of modeled versus historical losses has validated the model and has revealed no systematic bias in terms of overestimation or underestimation. Our model is relied upon by parties with diametrically opposite financial interests, including both primary insurers and reinsurers, and both catastrophe bond issuers and investors in those bonds.

27. Q. Do you know how many years of homeowners insurance data exist for North Carolina?

A. I am advised that data for homeowners insurance exists only back to approximately 1960.

28. Q. What is your opinion as to whether homeowners insurance data for the period from 1960 to 2009 adequately represents the state's likely exposure to hurricanes?

A. In my opinion, that period of insurance loss data is not sufficient to estimate the true hurricane loss potential in North Carolina for numerous reasons. One reason is that hurricanes, particularly intense hurricanes, are low frequency events. The absence or presence of even one Category 4 or 5 hurricane (under the Saffir-Simpson scale) can dramatically influence the loss potential calculated over the short time horizon in which insurance rates are examined in non-catastrophe contexts. There has been one Category 4 storm that has made a landfall in North Carolina since 1900 (Hazel in 1954). However, several others could easily have done so if slightly different weather conditions had been present to steer those storms into North Carolina.

Furthermore, as stated previously, the validity and utility of the historical loss data that does exist is limited because of the constantly changing landscape of insured properties. For instance, since Hurricane Hazel devastated southeastern North Carolina in 1954, there are many more houses at the coast that may have been built according to more modern construction practices and contain different levels of contents. Policy forms in use today provide different coverage than those in 1954. It is highly questionable whether the cost data for repairing and replacing houses from 1954 can validly be compared with cost levels today.

For these reasons, the best available measure of North Carolina's current exposure to hurricanes can be gained by using a computer simulation model, which is grounded in a longer period of meteorological history and documented science. Modeling reflects the broad range of events that could occur in the next hurricane season, with those events modeled in accordance with their probability.

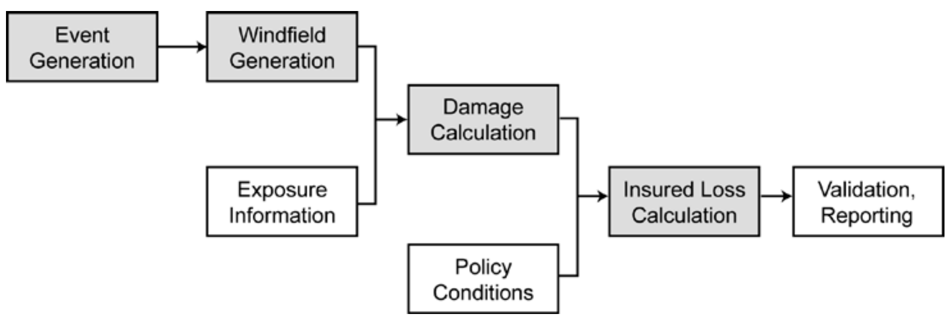
29. Q. What is a computer simulation model?

A. Basically, a computer simulation model is a series of computer programs which describe or model the particular system under study. All of the system’s significant variables and interrelationships are included. A high-speed computer then "simulates" the activity of the system and outputs the measures of interest, such as the average expected loss costs.

As is appropriate in probabilistic modeling, AIR's hurricane simulation model incorporates random variables. Numbers are generated from the probability distributions of random variables to assign values to the variables for each model simulation. The probability distributions are usually standard statistical distributions selected on the basis of good fits with empirical data from actual hurricanes and are consistent with and supported by such data and published literature from accepted academic, scientific and governmental sources.

A very large number (100,000) of simulations or iterations of what could happen in the following year are performed in order to derive average loss costs from simulation models. Average values derived from these 100,000 simulations are calculated and put into exhibits RB-6A and RB-6B. Many simulations are necessary so that the output distribution converges to the true distribution and that model-derived estimates are "stable."

The figure below illustrates the component parts of the AIR model (gray boxes). Each component represents both the ongoing efforts of the research scientists and engineers who are responsible for its design and the computer processes that occur as the simulations are run.



30. Q. Is computer modeling commonly used and relied on in meteorology and other fields?

A. Yes. Computer simulation models are universally used and relied upon every day in meteorology and many other fields. They are particularly useful tools for the analysis of complex problems involving the combination of multiple variables whose underlying distributions do not have closed form analytical solutions. In current operational hurricane forecasting practice, experts in the National Hurricane Center (NHC) rely heavily on various kinds of computer models. These models range in complexity from simple statistical models to three-dimensional primitive equation models. The statistical and two-dimensional models are maintained by the Tropical Prediction Center (TPC). The three-dimensional models are maintained by the National Centers for Environmental

Prediction's (NCEP) Environmental Modeling Center (EMC), a governmental organization which monitors meteorological conditions.

There are numerous advantages of the computer simulation approach. Such an approach is able to capture the effects on the catastrophe loss distribution of changes over time in population patterns, building codes, amounts insured, construction costs and other factors. Further, since the historical record is limited, the stochastic catalog of events is designed to capture the potential of experiencing loss from events which have not yet happened. These events are nevertheless realistic and possible and are simulated in accordance with their probabilities. Also, simulation models provide a good means to analyze the impact of new scientific understanding.

31. Q. How long have computer simulation models been used in insurance?

A. AIR pioneered the probabilistic catastrophe modeling technology that is used today by the world's leading insurers, reinsurers, regulators and financial institutions. The AIR hurricane model has been in use by clients since 1987.

32. Q. What different sizes of catalogs does AIR have available for hurricane loss estimation?

A. AIR has three different sized catalogs, distinguished by the number of simulated "years" of hurricane activity in the Atlantic Basin. Our catalogs consist of ten thousand, fifty thousand, and one hundred thousand simulated "years". As more simulations are used, the loss estimates become more robust and can be used at an increasingly granular level to provide accurate estimates of hurricane risk.

33. Q. What catalog did you use for your study on North Carolina Homeowners insurance?

A. We performed two analyses, each using a catalog 100,000 "years" of simulations. The first is based on a standard view of the hurricane risk. This analysis formed the basis of the prospective hurricane losses employed by the Rate Bureau in its filing.

The second analysis incorporates the impact of warm sea surface temperatures (WSSTs) in the North Atlantic on hurricane activity. This analysis formed the basis of the analyses by Dr. Appel who has noted in his testimony that reinsurers price reinsurance for the forthcoming year based on the existence of warm sea surface temperatures. This comports with my understanding of what reinsurers do. The 100,000 year catalog is the most robust catalog, and is commonly used in property insurance ratemaking.

34. Q. What is a Monte Carlo simulation model and what are its uses?

A. Our approach was based on the Monte Carlo simulation method which is a generally accepted and frequently used mathematical technique. This technique has been used extensively in the fields of operations research, nuclear physics, insurance and many other fields. With the advent of powerful computers that enable such simulations to be run quickly and relatively cheaply, the uses for this technique have expanded greatly.

One of the first uses of a Monte Carlo simulation as a research tool was for work on the atomic bomb during World War II. With the advent of powerful computers, the uses for this technique expanded. Computer simulation models are particularly useful tools for the analysis of problems that involve solutions that are difficult to obtain analytically.

As one noted authority, Law and Kelton, has stated: "Most complex, real-world systems cannot be accurately described by a mathematical model which can be evaluated analytically. Thus, a simulation is often the only type of investigation possible." The natural hazard loss-producing system involving the analysis of potential hurricanes is one such system.

35. Q. What is a natural hazard simulation model?

A. A natural hazard simulation model is a model of the natural disaster "system." The primary variables are meteorological in nature. As to hurricanes, the AIR research team collects the available scientific data pertaining to the meteorological variables critical to the characterization of hurricanes and therefore to the simulation process. These primary model variables include landfall location, central pressure, radius of maximum winds, gradient wind reduction factor, peak weighting factor, forward speed, and track direction. Data sources used in the development of the AIR hurricane model include the most complete databases available from various agencies of the National Weather Service, including the National Hurricane Center.

Based on a rigorous data analysis of the model variables of all past hurricanes in the data period, AIR researchers develop probability distributions for each of the variables, testing them for goodness-of-fit and robustness. The selection and subsequent refinement of these distributions are based not only on the expert application of standard statistical techniques, but also on well-established scientific principles and the latest scientific studies of how hurricanes behave.

These probability distributions are then used to produce a large catalog of simulated hurricane events. By sampling from the various probability distributions, the model generates simulated “years” of event activity. A simulated year in this context represents a hypothetical year of hurricane experience that could happen in the next hurricane season. The AIR model also allows for the possibility of no hurricane event or of multiple events occurring within a single year. That is, each simulated year may have no, one, or multiple hurricanes, just as occurs in an actual year. Each of the 100,000 simulated years has an equal probability of occurrence.

By generating many thousands of these scenario years, the model produces a complete and stable range of potential annual experience of tropical cyclone activity. The pattern and distribution of the simulated years is based upon the pattern of historical years because their derivation is based on a scientific extrapolation of actual historical data. The pattern and distribution represent the broad range of events that could occur in the next hurricane season in accordance with their likelihood of occurrence. Thus, the next season could have no storms affecting North Carolina or multiple storms affecting North Carolina. It could have a Category 1 storm or a rare Category 5 storm. The model simulates these events in proportion to their likelihood based on the underlying science and actual meteorological data.

Once values for each of the important meteorological characteristics have been stochastically assigned, each simulated storm is propagated along its track. Peak wind speeds and wind duration are estimated for each geographical location affected by the storm. Based on peak winds and duration, damages are estimated at each location for different types of structures. Also, policy conditions are applied to estimate the insured losses resulting from each event.

As opposed to purely deterministic simulation models, probabilistic simulation models such as the AIR model enable the estimation of the complete probability distribution of losses from hurricanes. Based on this probability distribution, average annual hurricane losses are derived and provided to the Rate Bureau in the form of loss costs.

36. Q. What are the meteorological data sources that underlie your model?

A. The following are key data sources that underlie the AIR model.

Source	Years of Data
Tropical Cyclone Data Tape for the North Atlantic Basin, HURDAT	1900-2008

NOAA Technical Memorandum NWS TPC-5	1851-2006
Monthly Weather Review	1900-present
NWS-23	1900-1976
NWS-38	1900-1984
Neumann, Charles J., "Tropical Cyclones of the North Atlantic Ocean, 1871-1998." NCDC, NOAA	1900-1998
National Hurricane Center Preliminary Reports for Specific Hurricanes	1977-2006
National Land Cover Dataset	1999-2001
DeMaria Extended Best Track Dataset	1988-2008
NOAA/AOML/Hurricane Research Division GPS Dropsonde data	2002-2005
http://weather.unisys.com/hurricane/index.html	1900-present

37. Q. Are all of these sources governmental reports?

A. All are except for the Monthly Weather Review, which is a peer-reviewed journal published by American Meteorological Society, the DeMaria Extended Best Track Dataset, which is an academic dataset maintained by researchers at the University of Colorado, and the Unisys web site which is maintained by Unisys Corporation.

38. Q. Are these sources all generally accepted and relied upon in the meteorological and insurance communities?

A. Yes.

39. Q. Has AIR provided a document that describes the technical aspects of the AIR hurricane model in detail?

A. Yes. Attached as Exh. RB 6-C is a lengthy document entitled "AIR Hurricane Model for the United States." It explains technical aspects of the AIR model.

40. Q. What steps were taken to assure that the meteorological data underlying the model were correctly input into the model?

A. When the meteorological and other data are input into the model, we consistently follow the policy of carefully cross-checking and verifying the numbers for accuracy. We continually review our model and the underlying meteorological data to make sure that the data have been input correctly. We also compare our model-generated data with the actual historical data to make sure that there is a close match. For example, we overlay maps of our simulated wind speeds on maps of the actual wind speeds for actual historical events.

For example, Exhibit RB-6D, pages 1, 2 and 3 consists of three representative maps where we have compared data from actual wind speed measurements of hurricanes that have affected North Carolina with the modeled-generated data to make sure that there is a close match. These maps show the actual wind observations and location points for Hurricanes Charley, Floyd, and Ophelia, overlaid on the modeled wind speed footprint of the same events. Charley made landfall in South Carolina as a Category 1 hurricane after passing through Florida as a Category 4 hurricane. Floyd made landfall in the Cape Fear area as a strong Category 2 storm. Ophelia never made landfall, but bypassed close enough to the North Carolina coast as a Category 1 hurricane to cause damaging winds onshore.

41. Q. Turning to basic meteorological concepts, what is a hurricane?

A. Hurricanes form when warm ocean water evaporates, is further warmed by the sun, and rises to create a high, thick layer of humid air. This rising of warm, dense air creates an area of low pressure, known as a depression, near the ocean's surface. Surface winds converge to the area of low pressure and, due to the earth's Coriolis force, display a clear cyclonic pattern.

The inward rush of peripheral surface winds toward the central area of low pressure, the rise of warm humid air in the center, and the subsequent outflow away from the system at high altitude, combine to create a self-sustaining heat engine. The warmer the water temperature, the faster the air in the center of the system rises. The faster this air rises, the greater will be the difference between the surface air pressures inside and outside the vortex.

Air flows from areas of relative high pressure to areas of relative low pressure. The greater the difference between peripheral and central pressures, the faster the inflow. When sustained wind speeds reach 40 miles per hour, the depression reaches tropical storm status. When sustained wind speeds reach 74 miles per hour, the storm is designated a hurricane.

42. Q. What is meant by sustained wind speed?

A. The term sustained wind speed refers to the wind speed averaged over a given period of time, such as one or ten minutes, or an hour. Generally for the purpose of this testimony as to hurricanes, a one minute sustained wind speed is used. The speed of shorter period gusts or lulls may be considerably higher or lower than the sustained wind speed. For this purpose, surface wind speed is defined as the wind speed at 33 feet (10 meters) above ground.

43. Q. What are the categories of hurricanes?

A. Under the Saffir-Simpson Hurricane Wind Scale, there are five categories of hurricanes. These categories are useful to the public in describing the general intensity of storms and in issuing warnings to the public, but they are not relevant to AIR's modeling, which generates a continuous distribution of wind speeds rather than placing hurricanes into categories. Under the Saffir-Simpson scale, hurricanes are categorized according to sustained wind speeds as follows:

Saffir-Simpson Hurricane Wind Scale

Category	Wind Speed (mph)
1	74-95
2	96-110
3	111-129
4	130-156
5	>156

These category definitions have been changed by the National Hurricane Center prior to the 2012 hurricane season for ease of calculation between different measures of wind speed. Due to the nature of modeling, it has not been necessary that these changes in category definition be implemented in the event descriptions in AIR's stochastic catalog, and it should be noted again that the category designations have no bearing on the loss results produced by the model. They are used to categorize one parameter of hurricanes and ignore many more parameters that can also greatly impact the damage caused by hurricanes. Since Saffir-Simpson categories are simply a descriptor for the wind speeds of hurricanes, and there is no change to the underlying wind speeds in AIR's model that are modeled on a continuous distribution, there will be no change to estimated loss costs as a result of the NHC's change to the Saffir-Simpson Category definitions.

Categories 3, 4 and 5 storms are called "major" hurricanes. It should also be noted that various other names and labels are given to tropical cyclones and to those of different intensities when they occur in different parts of the world. For instance, the term "super-typhoon" is used in the Pacific basin for tropical cyclones that reach maximum sustained 1-minute surface winds of at least 130 knots, which is the equivalent of a strong Category 4 or Category 5 hurricane in the Atlantic basin.

44. Q. How many hurricanes made landfall in the United States in the historical experience period?

A. A total of 183 hurricanes made landfall in the U.S. during the sample period (1900-2008). A single hurricane may comprise several landfalls. For example hurricane Donna in 1960 had three landfall points including one in North Carolina. When accounting for multiple landfalling events, there were 209 hurricane landfalls in the U.S. during the same period, 25 of which are North Carolina landfalls. By landfall point, I mean the latitude and longitude coordinates of the place where the center of the wind circulation of the hurricane (commonly called the eye) crossed from the ocean to land.

From time to time, governmental and academic researchers reexamine the underlying data as to past hurricanes. Due to significant advances in satellites and other observational methods, much more is known with certainty about storms in recent years than about storms that occurred many years ago. The tracks and intensities of older storms often have to be pieced together by researchers based on limited data points. Many years ago, there were relatively few locations that measured storm parameters such as wind speed and central pressure, and often the instruments were destroyed in powerful storms. As part of an organized reanalysis of historical hurricane data performed by government and academic researchers several years ago, it was determined that additional hurricanes had made landfall in North Carolina during the period of 1900-2008, and these storms have therefore been added to AIR's historical data base in the most recent update and are reflected in the prospective loss costs that AIR provided to the Rate Bureau.

In addition to landfalling hurricanes, scientists have analyzed historical data on the storm tracks of "bypassing" events. In the context of the AIR model, a bypassing event is defined as a hurricane that does not make landfall but causes damaging winds over land. In other words, it is an event where the center of wind circulation does not cross over land but the outlying winds away from the center are strong enough over land to cause damage to structures. Because of its geography, bypassing hurricanes are more frequent in North Carolina than many other states. Bypassing hurricanes are generally not counted in the number of landfalling hurricanes; however, hurricanes that make landfall in states other than North Carolina but are strong enough to cause damaging winds in North Carolina as bypassing storms are counted in the number of landfalling hurricanes in U.S.

45. Q. The model results in approximately 58,000 events causing loss in North Carolina during the 100,000 "years" simulated. Does that conform closely with historical meteorological data?

A. Yes. It is important to distinguish that this number consists of numerous different types of events, many of which are quite small in impact. A small number of those events are "major hurricanes" making landfall in North Carolina and causing significant losses in North Carolina. Historical examples of major hurricanes include Hurricane Hazel, which was a Category 4, and Hurricane Fran, which was a Category 3. Hurricane Floyd was also a large and memorable Category 2. A small number of the 58,000 events are major hurricanes that make landfall elsewhere and then continue on to make an impact in North Carolina. An historical example of this type of event is Hugo, which hit Charleston as a Category 4 before continuing through North Carolina with weakened but still powerful winds. These "famous" historical storms caused large losses and deservedly receive a great deal of publicity, but they do not constitute a large percentage of the total number of storms causing loss in North Carolina.

The total number of storms causing loss in North Carolina is predominantly comprised of many other types of events, most of which are small in terms of losses. Some examples of the types of events that can impact North Carolina with relatively modest levels of loss include:

- Storms that make landfall in the Gulf of Mexico and travel north, typically through central or western North Carolina, resulting in minimal wind losses in North Carolina.
- Storms that make landfall in Florida, Georgia or South Carolina, continue inland and cause losses in various parts of North Carolina.
- Storms that make landfall in Florida, go back out to sea and make landfall in North Carolina.

- Storms that bypass North Carolina, such as Hurricane Earl in 2010. These can be bypassing storms that never make landfall anywhere in the United States. They can be storms that bypass North Carolina and make landfall in New England or some other location to the north of North Carolina. They can be storms that made landfall in a state to the south of North Carolina (often in Florida) and then travel north just off the coast of North Carolina.

These examples are not intended to represent the complete list of types of storms that could impact North Carolina, but rather are designed to show the diverse nature of events that result in losses in the state.

In addition, there have been numerous years in which multiple hurricanes caused losses in North Carolina. For instance, in 1955 three storms made a direct landfall in North Carolina, and in 2004 more than three storms made landfall in the Gulf of Mexico or Florida and caused losses in North Carolina as they moved north.

Exhibit RB-6E compares the historical frequency of events which make landfall in North Carolina, make landfall outside North Carolina and impact North Carolina inland, and bypass North Carolina, with the corresponding frequency from the AIR modeled stochastic catalog. As can be seen, there is a close relationship between the model and the historical record, both for the entire period and for the period when warm sea surface temperatures have been in existence. The model actually simulates fewer hurricanes than have actually affected North Carolina in the historical record.

It is in the very nature of modeling that differences between the model and the historical record are expected. The nature of modeling is to take the limited number of data points in the historical record and apply accepted mathematical distributions to those data points in order to simulate thousands of equally likely events for the following year.

46. Q. What was the most intense hurricane to directly strike North Carolina during the period 1900-20011?

A. Hazel, a Category 4 hurricane, in 1954 was the most intense hurricane to hit North Carolina during this period from a meteorological standpoint. Several other strong hurricanes of intensity similar to Hazel were "near misses" during this period. Of course, North Carolina may experience much more severe storms than Hazel at some point in the future. Hazel was by no means the worst case scenario for the state, even though it was the worst storm during the period during which good records are available.

47. Q. How are bypassing storms handled in the AIR model?

A. As described above, bypassing storms are hurricanes which do not actually make landfall (i.e., where the center of the hurricane eye never actually comes on shore) but which come close enough to the coastline to cause damaging winds over land. For the purpose of categorization, those storms that are identified as North Carolina by-passers are ones that originate in the Atlantic basin and do not make landfall as hurricanes anywhere in the United States. They can, however, make landfall as tropical storms further north along the US coastline and still be counted as bypassing storms.

Recent changes to the AIR model reflect an increase in the number of bypassing storms that have been identified by government and academic researchers, based upon their continuing analysis and reanalysis of the storm frequency in the Atlantic basin. A recent example of a bypassing storm is Hurricane Earl in 2010. Earl had the potential to make a direct landfall in North Carolina. However, in 2010 the location and influence of the so-called "Bermuda High" caused many storm tracks, including Earl, to curve northward without making a landfall. Had conditions been different, Earl could have made a landfall and caused significant loss in North Carolina. In the case of North Carolina, there have been numerous bypassing storms that, if steering currents had been slightly different, could have made landfall and have caused significant losses.

Another example is Hurricane Helene in 1958. Helene was a strong Category 4 hurricane which came very close to making landfall in North Carolina, but bypassed the coast. Even though it did not make landfall, it caused damage in some parts of the state in excess of that caused by Hazel four years earlier.

48. Q. Has AIR produced any comparisons of historical event frequencies to the frequencies that are incorporated in the model?

A. Yes, Exhibit RB-6F to this testimony compares the historical frequency by Saffir-Simpson category of events making landfall in North Carolina to the corresponding frequency from the modeled stochastic catalog. As stated earlier, AIR models a continuous distribution of hurricane wind speeds using a distribution that is based on the actual wind speeds of historical hurricanes, and this procedure does not depend on or employ assumptions as to the Saffir-Simpson categories of past or modeled storms. Analyzing storm data by first placing storms into certain categories and then measuring the number of storms in each such category is not a robust manner to review the validity of the model because the presence or absence of a single storm on the borderline between two categories could affect the review inappropriately; however, even by forcing storms into Saffir-Simpson categories, it can be seen that the AIR model conforms with history using that type of popularized analysis.

As stated above, it is the nature of modeling that the limited amount of historical data can be analyzed and, by the use of mathematical distributions, can be extended to create combinations and permutations that can and will occur but have not occurred in the past. For example, as can be seen from the small bar on Exhibit RB-6F for Category 5 storms, the model simulates Category 5 storms even though there has never been a Category 5 storm to strike North Carolina in recorded history. This is appropriate. Scientists know that there is no meteorological reason that a Category 5 storm cannot strike North Carolina, and there is a mathematical probability that one will strike some day. Academic and governmental sources confirm that a Category 5 storm can strike North Carolina. Accordingly, the model simulates such storms as extremely low probability events even though they have never occurred in the period of time for which historical data has been collected.

49. Q. Are there any climatological factors influencing hurricane frequency and intensity in general and with respect to North Carolina in particular?

A. Yes. There are a number of climate signals that are correlated with mechanisms within the earth's environment that impact hurricane activity in the Atlantic Basin. These include the Atlantic Multidecadal Oscillation (AMO), the El Nino Southern Oscillation (ENSO), the Quasi-Biennial Oscillation (QBO), and the North Atlantic Oscillation (NAO).

The AMO is the oscillation of sea surface temperatures in North Atlantic, which fluctuates over a period of several decades. We are currently in a period of warmer than average sea surface temperatures.

The ENSO is the oscillation of sea surface temperatures in the Eastern Pacific Ocean, which fluctuates over a period of approximately 2.5 to 7 years. El Nino conditions result in stronger than average wind shear over the Atlantic Ocean, which is detrimental to hurricane development. By contrast, La Nina conditions are more conducive for hurricane formation due to the resulting lower wind shear. Wind shear is a measure of how much winds vary by height. High wind shear has the effect of preventing hurricane development by disrupting the structure of a tropical cyclone.

The QBO is the oscillation in wind directions over the tropics in the upper atmosphere, which fluctuates about every 2 years.

The NAO is the large scale oscillation in atmospheric pressure in the Atlantic Ocean between the subtropical high and the polar low pressure system, which fluctuates over a period of days, weeks, or months. These factors have different impacts on hurricane activity in the Atlantic basin. NAO movements can affect steering currents that direct hurricanes to various areas in the Atlantic basin.

50. Q. How are these factors incorporated into the AIR model?

A. These factors are not explicitly accounted for in the standard 100,000 “year” hurricane catalog. The standard catalog is a catalog that is based on the past 109 years of historical hurricane activity which includes multiple observations of each of these climatological signals and oscillations. The 109 year period used in the Standard Catalog captures the effects of all of these factors.

As stated earlier, AIR has developed a WSST hurricane catalog which incorporates the impact of elevated sea surface temperatures (SSTs) in the North Atlantic on hurricane activity. Loss costs from this catalog are contained in Exhibit RB-6B.

A correlation has been drawn between sea surface temperature and hurricane activity in the Atlantic basin. There is an increased probability of hurricane activity during warm periods, and a decreased probability of hurricane activity during cool periods. This correlation is logical because it is known as a matter of physics that warm sea surface temperatures provide the necessary "fuel" for hurricanes. As with many meteorological matters, this correlation is subject to uncertainty and continues to be an area of active research. The WSST Catalog is created by adjusting the frequency and severity of the Standard Catalog based on historical periods of known above-average sea surface temperature.

Exhibit RB-6E shows how the frequency of events in years with warmer than average SSTs differs from the average frequency for the entire historical period.

51. Q. Based on this information, what conclusions can be drawn about the probability of hurricane activity in the Atlantic basin in the coming years?

A. As noted above, we are currently in a period of above-average sea surface temperatures. If the warmer than average sea surface temperatures persist into the coming years, the Atlantic hurricane activity is likely to be elevated. While the other three cycles might oscillate to result in either an increased or decreased level of hurricane activity from one season to the next, the SST varies over a much longer period of time and thus results in an overall increased probability of hurricane activity in the coming years.

52. Q. Is the AIR modeling methodology a sound and appropriate method of projecting the prospective hurricane losses used in the filing for homeowners insurance in North Carolina?

A. Yes. AIR's simulation methodology is based on mathematical/statistical models that are derived from and that represent real-world systems. The methodology is founded in and consistent with documented science. As with all models, these representations are not exact; however, simulation methodology is the best available technique for estimating potential hurricane losses and is far superior to referencing actual dollars of losses paid by insurance companies following hurricanes, whether recently or many years ago. The best approach is to consider the longest period of consistently maintained and reported meteorological data available and to use that data to establish the range and probability distributions of events that could occur. That is what AIR's model does for 100,000 iterations, and the results are averaged for the determination of loss costs used by the Rate Bureau.

AIR's standard hurricane catalog incorporates data beginning in 1900, which AIR scientists have concluded is the best and longest period of consistent and reliable data available. While some data is maintained on hurricanes that have occurred prior to 1900, the data is not of the consistency and quality of data following that date.

AIR's analyses using the standard catalog yield the long run average wind loss costs for the modeled exposure set. AIR's WSST hurricane catalog also incorporates the best and longest period of data available, with modifiers applied to account for the impact of elevated sea surface temperatures on hurricane activity. The differences in historical hurricane data between periods of warm and cold sea surface temperatures are reflected in the WSST catalog. Analyses using the WSST catalog also yield the average hurricane loss costs, assuming the continuation of elevated sea surface temperatures.

53. Q. What is the sequence in which the AIR model simulates hurricanes affecting the U.S. and North Carolina?

A. For each simulated year, the model first determines the number of landfalls that occur during that year. This frequency variable is based upon and reflects the historical pattern and probability of hurricanes over the long term. In those years in which a landfall occurs, the landfall location is generated using a probability distribution for landfall location. This landfall location also is based upon and reflects the historical probability of landfalls.

Having simulated the location, values for landfall angle, forward speed, central pressure, radius of maximum wind, gradient wind reduction factor, and peak weighting factor are generated using probability distributions derived from historical data and meteorological knowledge. As the hurricane moves from its landfall location, the track of the hurricane is simulated using probability distributions derived from historical data and meteorological knowledge. This is done by using a Markov procedure with transition probabilities estimated using historical data.

54. Q. How is hurricane frequency modeled?

A. The model uses a negative binomial distribution to generate the number of hurricane landfalls per year. Actual historical data from 1900-2008 is compared to the modeled distribution for the entire Gulf and East Coasts. The modeled distribution fits the historical data very closely. The average number of hurricanes per year making landfall in the U.S. is 1.8. However, considering that a storm may make more than one landfall, the average number of hurricane landfalls is 1.9. Since the negative binomial distribution models individual landfalls, it has a mean of 1.9, reflecting the historical average of hurricane landfalls.

As discussed above, Exhibit RB-6E to this testimony shows comparisons of AIR's modeled event frequency to the corresponding frequency from the historical record.

55. Q. How is landfall location modeled?

A. For the United States, there are 62 potential landfall segments each representing 50 nautical miles of smoothed shoreline along the Gulf and East Coasts, including the Florida Keys. A cumulative distribution of landfall locations within each coastal boundary segment is used to estimate the probability of a hurricane landfall occurring at a point along a segment. Once a segment is chosen in accordance with its probability, the landfall location within that segment is drawn at random from a uniform distribution along that segment; that is, a storm can make landfall anywhere on that segment with equal probability.

56. Q. How is hurricane severity modeled?

A. The AIR hurricane model generates values for the severity variables based on historical meteorological data. There are seven primary variables which account for hurricane severity. These variables are: the minimum central pressure, the gradient wind reduction factor, the peak weighting factor, the radius of maximum winds, the forward speed, the angle at which the storm enters the coast, and the track of the storm once on shore. The most recent version of the model reflects new scientific findings as to these variables.

57. Q. What is the central pressure variable?

A. Central pressure is defined as the minimum atmospheric pressure measured in a hurricane. The central pressure distribution is based on the historical database and is determined for each 100-nautical-mile coastline segment, as well as for larger regional segments.

Exhibit RB-6G shows a comparison of the modeled central pressure values in AIR's stochastic catalog to the same values in the historical catalog for events which make landfall in North Carolina.

There is good agreement for the mean central pressure at landfall. The mean central pressure for North Carolina landfalls is 966.9 Mb, which falls within the 95% confidence interval based on the historical record. The 95% confidence interval is a range of values in which we can be 95% sure that the true mean lies, based on the observed historical data. The fact that the modeled mean lies within this range means that there is no statistical reason to suspect that the modeled mean is not the true mean.

58. Q. What is meant by the radius of maximum winds?

A. The radius of maximum winds (Rmax) is the radial distance from the storm's center, or center of the eye, to the location in the eye wall where the highest cyclonic wind speeds occur. The radius distribution is based on the historical database and is dependent on the central pressure of the storm. The radius of maximum winds also varies after landfall, in accordance with values in the historical data.

There is uncertainty in the historical data since this storm parameter is a difficult parameter to measure. This was particularly true for storms that made landfall during the first half of the 20th century, before reconnaissance flight data or high-resolution radar data become available. The model is based on widely accepted Rmax values and distributions in the scientific literature.

59. Q. What are the gradient wind reduction and peak weighting factors?

A. These two factors are used to translate the flight-level winds to the land surface. The wind speed of a hurricane varies both with the lateral distance from the eye and the vertical distance from the land surface to the flight level. The gradient wind reduction factor varies by distance from the eye of the storm and translates the flight-level winds horizontally to the land surface where buildings are affected by hurricane winds. The peak weighting factor also adjusts the gradient wind reduction factor for the vertical slant in the hurricane eye. These two factors are generated jointly for each modeled storm based on algorithms founded in historical data and accepted meteorological principles.

60. Q. What is forward speed?

A. Forward speed is the speed at which the center of a hurricane moves from point to point along its track. In general, hurricanes pick up speed as they move further north in latitude. The forward speed distribution is based on the historical database of forward speeds at landfall and is determined for each 100-nautical-mile segment

Exhibit RB-6H shows a comparison of the modeled forward speed values in AIR's stochastic catalog to the same values in the historical catalog for events which make landfall in North Carolina.

There is good agreement for the different bands of forward speed at landfall, and in fact the mean forward speed for North Carolina landfalls is 16.0 mph, which falls within the 95% confidence interval based on the historical record. The 95% confidence interval is a range of values in which we can be 95% sure that the true mean lies, based on the observed historical data. The fact that the modeled mean lies within this range means that there is no statistical reason to suspect that the modeled mean is not the true mean.

61. Q. Does the combination of forward speed and wind speed affect the damage caused by a given hurricane?

A. Yes, this is what is referred to as the "asymmetrical effect" of hurricane winds. Hurricane winds move in a counter clockwise direction around the eye of the hurricane, which means that winds on the right side of the hurricane are moving with the forward direction of the storm, thereby combining to create higher wind speeds at locations on the right side of the hurricane. Conversely, the wind speed at any given location on the left side of the storm is reduced by the combined effect of the hurricanes rotational winds being offset by the translational winds. The faster the forward speed of the hurricane, the greater are the effects of this asymmetry.

62. Q. What is the track angle at landfall?

A. Track angle at landfall is the angle between track direction and due north at landfall location. Track angles at landfall in the model reflect the underlying meteorological data.

63. Q. What is the storm track?

A. Storm track is the path the hurricane takes. AIR has developed a procedure to simulate storm tracks, which is described in more detail under question 70 below This procedure allows the tracks to curve and re-curve in the same way and to the same extent that actual historical storms do.

64. Q. Does the latitude of the hurricane make a difference?

A. Yes. Hurricane intensity and frequency vary by latitude. In general, as latitude increases, average hurricane intensity decreases, and we model this effect accordingly. In general, water tends to be cooler in higher latitudes. When a hurricane moves over cooler waters, its primary source of energy (latent heat from warm water vapor) is reduced so that the intensity of circulation decreases, in the absence of outside forces. For this reason, the parameters of the severity variable probability distributions were estimated separately for each of the thirty-one 100-mile coastal segments using state-of-the-art statistical techniques combined with published scientific information. The result is that the model reflects the fact that hurricanes tend to lose some of their intensity as they move north.

65. Q. How does the AIR model generate values for the distribution of hurricane central pressures?

A. The AIR hurricane model utilizes central pressure as the primary hurricane intensity variable. Based on the historical data, Weibull distributions are employed so that the parameters are estimated for each of the thirty-one 100-nautical-mile coastal segments, as well as for larger regional segments, with the final distribution being a mixture of the two. The Weibull form was selected based on “goodness-of-fit” tests with actual historical data. The use of the Weibull distribution for storm central pressure is documented in and supported by the scientific literature.

As discussed earlier, Exhibit RB-6G shows a comparison of the modeled central pressure values in AIR’s stochastic catalog to the same values in the historical catalog for events which make landfall in North Carolina.

66. Q. How does the AIR model generate values for the radius of maximum winds?

A. The radius of maximum wind is simulated using a regression model that relates the mean radius to central pressure and latitude. The deviations from the mean in this model are simulated from a Normal distribution. The parameters are estimated using the least squares method, and standard diagnostic tests are used to evaluate the adequacy of the fit. The resulting values are bounded based on central pressure to produce a final distribution for the radius. The radius of maximum wind also varies after landfall, following an autoregressive model.

The model is based on Rmax values and distributions that are widely accepted in the scientific literature.

67. Q. How does the AIR model generate values for the gradient wind reduction factor and the peak weighting factor?

A. The model computes the maximum wind speed at upper levels and then adjusts this wind speed to the surface level (10 meters) via a conversion factor. This factor, called the gradient wind reduction factor, represents a model parameter which varies stochastically by storm. For a particular storm it varies by location as a function of the central pressure and distance from Rmax. The peak weighting factor adjusts the gradient wind reduction factor to reflect the vertical slant in the hurricane eye. The peak weighting factor and gradient wind reduction factor are generated jointly using a bounded bivariate normal distribution. These factors are reflected in the latest version of the model and are based on accepted meteorological studies and principles.

68. Q. How does the AIR model generate values for forward speed?

A. Probability distributions are estimated for forward speed for each 100-nautical-mile segment of coastline with bounds based on the historical record. Separate distributions are estimated for each of these segments to capture the dependence of this variable upon geographical location, particularly latitude. Forward speed is allowed to vary after landfall, according to an autoregressive model. The bounds on forward speed are latitude dependent; i.e., storms tend to pick up speed the further north they travel.

As discussed earlier, Exhibit RB-6H shows a comparison of the modeled forward speed values in AIR's stochastic catalog to the same values in the historical catalog for events which make landfall in North Carolina.

69. Q. How does the AIR model generate values for track angle at landfall?

A. Separate distributions are used for different 50-nautical-mile coastal segments to allow for variation in the coastal orientation of each segment. In the historical record, certain coastal segments seem to be characterized by bimodal track angles. To preserve consistency with the historical distribution, the track angle at landfall is modeled using a mixture of two normal distributions. That is, the track angle at landfall is drawn from the first normal distribution with probability p, or it is drawn from the second normal distribution with probability 1-p. The final distributions are bounded based on the historical record, the coastline orientation, geographical constraints, and meteorological expertise.

70. Q. How does the AIR model generate values for storm tracks?

A. Storm tracks are generated by successively drawing track direction and forward speed. AIR uses a Markov chain model with estimated transition matrices to simulate track direction. Our scientists have analyzed historical data on the tracks of more than 1,000 Atlantic tropical cyclones, both those that made landfall and those that did not. Using this data, AIR has created transition matrices from which successive track directions are generated. There are 16 primary directional probabilities. Within each primary direction there is a uniform, continuous probability distribution, resulting in an infinite number of potential track directions. For each of 16 directional probabilities of storm arrival, these matrices specify the probability of a directional change at each time step. Having determined the new track direction, the next track point is determined by drawing forward speed using a procedure that incorporates time series dependence between successive drawings. The methodology produces realistic tracks that represent the full range of diverse storm tracks that have been observed historically across the Atlantic basin and the U.S. mainland.

In prior versions of the AIR hurricane model, storms were terminated after the tracks evolved for 24 hours after making U.S. landfall. In Version 12 of the model and newer versions, each storm is terminated only when its wind speed along the path decreases to below 40 mph. The number of storms causing loss in North Carolina has therefore increased because of this change, but the potential for damage is more appropriately reflected than before. The dollar value of losses associated with this increased event persistence is not great.

It is also the case that a single landfalling hurricane may produce multiple landfalls or subsequent bypasses. A number of historical storms that have affected North Carolina fall into these categories. Since the AIR model follows each simulated hurricane from inception until dissipation, multiple landfalls and bypassing hurricanes are included in the simulation. The simulated frequency of these events is consistent with their historical frequency by coastal region.

71. Q. How does the AIR model calculate maximum wind speeds?

A. Once values are obtained for all of the severity variables, the maximum sustained wind speed is calculated using generally accepted meteorological formulas. For each simulated event, the model simulates the storm's movement along its track. A complete time profile of wind speeds is developed for each location affected by the storm, thus capturing the effect of duration of wind on structures, as well as the effect of peak wind speed. Calculations of local intensity also take into account the effects of the asymmetric nature of the hurricane windfield, the effects of the storm "filling" or dissipating in intensity over land, the directional effects of surface friction, the gustiness effects on surface friction, the effect of wave height on wind speed, and the relative wind speeds as the distance from the radius of maximum winds increases.

In AIR's continuing effort to reflect scientific advancements, the most recent version of the model much more accurately reflects these factors. For instance, the latest version of the model explicitly computes the effects of land cover on windspeed by wind direction. In previous versions, the model assumed an average land cover and an average frictional effect, but as a result of the ability to geocode actual land cover characteristics, the model is much more precise. Thus, less deterioration of wind speeds occurs to storms that make landfall in areas that have nearby low dunes or sounds and other bodies of water, as opposed to areas that have tall trees, hilly or mountainous terrain, or tall buildings. This change means that the model now more accurately reflects the deterioration of storms in various locations in North Carolina based on the actual land cover in those locations.

As mentioned previously, Exhibit RB-6D shows the actual wind observations for Hurricanes Charley, Floyd, and Ophelia, which each affected North Carolina, overlaid on the modeled wind speed footprint of the same events.

Additionally, Exhibit RB-6I shows a comparison of the modeled maximum wind speed values at landfall in AIR's stochastic catalog to the same values in the historical catalog for events which make landfall in North Carolina.

There is good agreement for the different bands of maximum wind speed at landfall, and in fact the mean maximum wind speed for North Carolina landfalls is 97.5 mph, which falls within the 95% confidence interval based on the historical record. The 95% confidence interval is a range of values in which we can be 95% sure that the true mean lies, based on the observed historical data. The fact that the modeled mean lies within this range means that there is no statistical reason to suspect that the modeled mean is not the true mean.

72. Q. You have explained how the AIR model generates values determining the frequency and severity of hurricanes. Now please explain how insured damages are computed?

A. AIR scientists and engineers have developed mathematical functions, called damageability relationships, which describe the interaction between buildings (both their structural and nonstructural components as well as their contents) and the local wind intensity to which they are exposed. Damageability functions have also been developed for estimating time element losses (generally, coverage for loss of use which requires the owner to rent elsewhere). These functions relate the mean damage level as well as the variability of damage to the measure of storm intensity at each location. Because different structural types (ex. frame or masonry) will experience different degrees of damage, the damageability relationships vary according to construction materials and occupancy. The AIR model estimates a complete distribution around the mean level of damage at a given intensity and structural type, and from there the model constructs an entire family of probability distributions. Losses are calculated by applying the appropriate damage function to the replacement value of the insured property.

The AIR damageability relationships incorporate the results of well-documented engineering studies, tests, and structural calculations. AIR employs a team of eight engineers who continually survey the engineering literature and state and/or regional building codes and other sources as to wind engineering. They also consult with other experienced engineers to verify our damage functions, and if necessary, they refine these relationships.

AIR engineers perform post-disaster field surveys and analyses for all U.S. landfalling hurricanes. AIR has analyzed billions of dollars of actual insurance claims data from recent hurricanes in order to validate damageability relationships in the model. The loss data is typically reviewed by zip code, coverage, and construction.

73. Q. How often has the AIR model been updated and refined since it was originally created?

A. The AIR hurricane model was first developed in 1985. Since that time the model has typically been updated in each year. In some years, routine matters such as the zip code database are the updates performed. On such occasions, for each new zip code centroid, the following are re-estimated: distance from coastline, elevation, surface terrain, and any other special topographical features.

In other years there can be a large number of model updates. As new data and research about hurricanes becomes available, it is also added to the model. The probability distributions for all of the meteorological variables have been re-computed approximately every two or three years to reflect additional years of new hurricane experience.   Damageability relationships have been continually reviewed and validated as actual hurricanes have occurred and new loss data has become available.

Other revisions to the model represent one-time refinements to various model components, and these typically are undertaken when significant new data or research becomes available. AIR prides itself on keeping up with the newest developments of science.

During the period of 2009-2010 there was a major and comprehensive update of many components of the model to reflect significant new data and research. Some of these updates are described in detail throughout this testimony. The 2009-2010 update represents the most recent of the ongoing model update efforts. These efforts brought about some significant improvements to the model and its output. As will be discussed below, these changes were extensively thought out, peer reviewed and validated.

74.   Q.   Has the AIR model been independently peer reviewed?

A.   Yes, it has been extensively peer reviewed by independent scientists since it was first created in 1985, and it has been subject to periodic peer review thereafter. Independent reviews of the model have been conducted by many experts in multiple fields, including meteorology, engineering, computer science, insurance, statistics, and finance. As a result of this review and scrutiny, it is correct to state that the AIR hurricane model has been extensively vetted by independent, outside parties as well as AIR's own technical staff.

Meteorological components of the model were reviewed in 1986, 1994 and 2010. The derivation and application of vulnerability functions used in the model have undergone independent review for each of the past ten years, particularly following hurricane loss reports becoming available after analysis of each hurricane. Computer science reviews have been conducted in 2002, 2003, 2004, 2005, 2006, 2007, 2008, and 2010 to validate that AIR's modeling software complies with the standards of the Florida Commission on Hurricane Loss Projection Methodology.

As mentioned above, a particularly detailed and thorough peer review of all aspects of the model occurred in connection with the changes that were introduced in 2010 in version 12 of the model. Those changes were used for the reports that have been provided to the Rate Bureau for use in this filing. Those changes have created differences between the reports used in this filing and the reports used in prior homeowners filings such as the one that was made in 2008.

75. Q. Please describe the peer review.

A. As described below, over many years, the AIR model has undergone extensive external review by independent scientists, and it has been examined in scientific literature. It has also been reviewed in depth by independent rating agencies and regulators.

During 1996 and 1997, Duff & Phelps, Fitch, Moody's and Standard & Poor's all extensively reviewed AIR's hurricane model in conjunction with their rating of the USAA catastrophe bond. Additionally, in conjunction with catastrophe bond issuances since 1996 and 1997, rating agencies have performed additional peer reviews of the model and modeled losses.

The following are independent peer reviews that have been performed, broken down by the components of the AIR model. As will be noted, peer reviews have been particularly extensive as to the 2009-2010 changes that are reflected in this filing.

Meteorology – In 2010 the meteorology component of the model was extensively reviewed by three meteorologists, Dr. Kerry Emanuel, Dr. Peter Black, and Dr. Robb Contreras.

Dr. Black has spent over 40 years conducting hurricane research at NOAA's Hurricane Research Division as a research meteorologist using observations provided by aircraft and satellite platforms. Among many other accomplishments, Dr. Black has been a lead project scientist on various NOAA research aircraft, involving over 400 hurricane eye penetrations in 300 hurricane flights. He has been responsible for conducting investigations of the hurricane boundary layer structure, ocean response to a hurricane, microwave remote sensing of surface winds, hurricane convective clusters, and most recently, hurricane air-sea interaction processes.

Dr. Contreras has spent over fourteen years doing research in academic departments such as the University of Massachusetts, Amherst, the University of Washington, Seattle and UC San Diego. Recently Dr. Contreras has worked as a scientist to implement physical models of signatures, environments, and sensors based on first principles. He has developed physics-based algorithms for robust detection and tracking.

Dr. Kerry A. Emanuel has been a professor at the Massachusetts Institute of Technology since 1997 in both the Program in Atmospheres, Oceans, and Climate and the Center for Meteorology and Physical Oceanography, where he was also the director for eight years.

Dr. Emanuel has received numerous awards including The Carl-Gustaf Rossby Research Medal and the Louis J. Battan Author's Award, from the American Meteorological Society in 2007.

The WSST catalog generation process has also been reviewed by well-respected meteorological experts. The research used to develop the WSST catalog was peer reviewed and published in the American Meteorological Society's *Journal of Applied Meteorology and Climatology*. In 2010 the WSST catalog generation process was also reviewed by Dr. Kerry Emanuel of MIT, Dr. James Elsner of Florida State University, and Dr. Timothy Hall of the NASA Goddard Institute for Space Studies.

Vulnerability - The vulnerability functions have been reviewed by Dr. Joseph Minor, P.E. in 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008 and 2009, and by Dr. Carol Friedland and Dr. Marc Levitan in 2010.

Dr. Friedland has been engaged in wind and hurricane engineering research, practice, and education for over seven years and in civil engineering and construction for over twelve years. She is an Assistant Professor in the Department of Construction Management and Industrial Engineering at Louisiana State University. She has been a registered professional engineer since 2003. She has studied wind and hurricane effects on buildings and structures through structural analysis and post-storm investigations. Recent field investigations include documenting performance of buildings and other structures after Hurricanes Gustav, Ike, Katrina, and Ivan.

Dr. Marc Levitan has been actively engaged in wind and hurricane engineering research, practice, and education for over 25 years. He is currently leading R&D to improve model codes, standards, design guidance, and practices for the construction and rehabilitation of buildings, structures, and lifelines at the National Institute of Standards and Technology. At the time of his review of the model, he was an Associate Professor in the Department of Civil and Environmental Engineering at Louisiana State University. He was the driving force behind the creation of the LSU Hurricane Center. Under his direction for a period of 10 years, that Center became one of the premiere interdisciplinary research facilities, addressing hurricanes and other natural hazards and their impacts on the natural, built, and human environments. He has provided national leadership through: chairing national technical and policy committees; chairing national and international conferences and workshops; serving as President of the American Association for Wind Engineering, and testifying a number of times before Congress and in state legislatures on topics related to wind and hurricane hazards and mitigation. He has several dozen publications in journals, conference proceedings, and other venues.

Computer Science - The software engineering components of the model have undergone independent peer review by Dr. Mark Wolfskehl in 2002, Dr. John Kam in 2003, 2004 and 2005, and by Narges Pourghasemi in 2006, 2007, 2008 and 2010.

Ms. Pourghasemi has been an independent software consultant for over seven years. She has extensive experience in software engineering, development and testing.

Actuarial - The model underwent an actuarial review in 2010 by John Rollins, FCAS, MAAA.

Mr. Rollins is an experienced property-casualty actuary. His qualifications include over twenty years of property and casualty insurance experience in a variety of positions including a leading catastrophe modeling firm, Florida property insurers, Florida residual market property insurers, global consulting and software firms, and advisory organizations. He has the highest actuarial qualifications, and has extensive authorship and speaking experience.

76. Q. What are examples of outside reviews that have been performed on behalf of independent third parties?

A. One significant example is the testing conducted by four bond rating agencies in 1996. Those agencies were Duff & Phelps, Fitch, Moody's and Standard & Poor's. Their review was particularly extensive because the USAA catastrophe bond was the first such bond to be assigned a corporate bond rating by all four agencies. The probabilistic estimates derived from the AIR hurricane model formed the primary basis for the assigned ratings.

Over a period of 18 months, AIR staff met with employees and consultants hired by the rating agencies representing many fields, including insurance, statistics, meteorology and finance, to explain the AIR hurricane model in extensive detail. In addition, a number of sensitivity analyses and stress tests were performed at the request of the rating agencies during this period of time.

These tests, performed by outside experts whose primary interest was the protection of prospective investors, confirmed the robustness of the AIR model. Moody's wrote: "Moody's did not simply accept AIR's modeling results at face value. Rather, we followed an examination and calibration procedure, aiming to provide Moody's with a high degree of confidence in the reliability and stability of the simulation results."

Similarly, Fitch wrote in approving the model: "Fitch evaluated the underlying technical integrity of the AIR model on the basis of model specification and model structure."

Due to the first-time nature of such a large catastrophe bond issuance, the rating agencies very carefully scrutinized model assumptions, data, and methodology. These rating agencies have continued their scrutiny of the model in the course of subsequent catastrophe bond transactions, including every property catastrophe bond transaction that came to market in 2011 and every property catastrophe bond transaction that has come to market so far in 2012.

77. Q. Please provide more detail as to the comprehensive reviews in 2009-2010 that have led to differences in the model output between this homeowners filing and the last homeowners filing in 2008.

A. The meteorology review conducted by Drs. Black, Contreras and Emanuel was an in-depth review of all aspects of the updated wind field component of the model. The updates to this component were extensive, so the peer review was conducted in an iterative fashion. First, AIR met with the peer reviewers in May, 2009 to report on data, methodology, and model updates. The reviewers provided feedback and suggestions for additional research and validation. After six months, AIR provided feedback and additional analyses, as requested, and the reviewers provided overall assessment, additional feedback, and a final report.

Dr. Friedman and Dr. Levitan examined all aspects of the updates to the vulnerability component of the model. Specifically, they reviewed the derivation of vulnerability functions as well as the Individual Risk Model. The Individual Risk Model is a component of the AIR hurricane model which allows for consideration of a range of specific and known mitigation measures through modification functions, which vary with wind speed. The review included on-site visits where the peer reviewers had access to the model as well as internal research results and documentation.

The actuarial review by Mr. Rollins for the 2009-2010 model update encompassed the text, charts and tables of AIR's submission to the Florida Commission on Hurricane Loss Projection Methodology, including all "Forms" containing detailed model outputs. His actuarial review was directed toward ensuring accuracy of input data, proper calculation logic for completing forms and other quantitative responses, formatting and clarity of output, and accuracy of the statements that AIR made. The Commission's requirements, as contained in its Report of Activities, were the guideposts for the review, and the submission was reviewed for compliance with those requirements. All subsequent correspondence between the Commission and delegates and AIR was reviewed as well, and the actuary attended all public hearings concerning the AIR model.

Ms. Pourghasemi reviewed AIR's model to ensure that the software complies with the software standards and requirements established by the Florida Commission on Hurricane Loss Projection Methodology, as well as current industry-standard software engineering practices.

As a result of the comprehensive review of every aspect of the model, the Florida Commission on Hurricane Loss Projection Methodology has stated that AIR's model complies with the standards adopted by the Commission on September 15 & 16 2009 and is sufficiently accurate and reliable for projecting hurricane loss costs in Florida. It has been employed for that purpose on a number of occasions. Unlike Florida, other states typically rely on more general interrogatories and many appear to rely upon the Florida approval process.

78. Q. What information does AIR provide the reviewers about its methodology?

A. In the review of the AIR model in 1996 and 1997 by the bond rating agencies, review took place as to the probability distributions used in the model and the estimation methods employed to fit the parameters of those distributions. Also the consultants employed by the bond rating agencies reviewed the mathematical functions used in the model to estimate the interactions between simulated storm parameters. For the validation testing and sensitivity analysis, the rating agencies reviewed model output under various distributional assumptions.

For the meteorology review in 2010, we provided Dr. Emmanuel, Dr. Black and Dr. Contreras the data sources, the references of data and the published research used, as well as detailed explanations of the actual implementation which AIR scientists used to develop and/or update the model. The review was conducted iteratively so that suggestions and feedback from the peer reviewers early on was incorporated in subsequent model updates.

For their review of the vulnerability component of the model in 2010, Dr. Friedland and Dr. Levitan were provided the Florida Commission on Hurricane Loss Projection Methodology vulnerability standard submissions and comprehensive detail on all changes to the vulnerability component of the model. The peer review team conducted an extensive review of the damage functions and research used in the development of those functions.

The computer science peer reviewers were provided information on the software development and testing processes, including insights into the software and underlying code to ensure that the software complies with the software standards and requirements established by the Florida Commission on Hurricane Loss Projection Methodology, as well as current industry-standard software engineering practices.

AIR provided the 2010 actuarial peer reviewer model software, input data, output files, and work papers used in assembling the response document and forms for the Florida Commission. The review proceeded step by step based on these items.

79. Q. You have mentioned on several occasions that the AIR model has been reviewed by the Florida Commission on Hurricane Loss Projection Methodology. Please describe what that Commission is and what AIR has done in connection with that Commission.

A. The Florida Commission on Hurricane Loss Projection Methodology was established in 1995 by the Florida legislature with the mission to "assess the effectiveness of various methodologies that have the potential for improving the accuracy of projecting insured Florida losses resulting from hurricanes and to adopt findings regarding the accuracy or reliability of these methodologies for use in residential rate filings." The Commission has established 37 standards that need to be met before a catastrophe model is acceptable for ratemaking purposes in the state of Florida. The AIR hurricane model was the only model approved under the original standards in 1996, and it has consistently been approved under the standards in every subsequent year. Once approved, the model can be used in rate filings in Florida.

In addition, AIR has been working with insurance departments in other states for a number of years in meeting their informational requirements in connection with rate reviews and solvency reviews. No other state legislature has elected to set up and fund a commission that does a comprehensive ongoing review of models as exists in Florida, but it appears that many other states in the hurricane prone southeast rely upon the extensive review and approval process performed in Florida. Some states have performed less extensive and more piecemeal or informal examinations of the AIR model. Representatives of the North Carolina Insurance Department have visited AIR at its headquarters in Boston on several occasions. AIR provided information to a consulting meteorologist retained by the North Carolina Department who visited AIR in Boston in 1993. On two occasions actuaries from the North Carolina Department traveled to AIR's offices in Boston for a review of the model. Also, AIR responded to numerous questions and provided extensive information to a professor of mathematics from North Carolina State University who was hired by the North Carolina Department to review AIR's methodology. He reviewed the distributions and algorithms underlying AIR's model and how they conformed with historical data and published literature.

80. Q. What sorts of specialists comprise the Florida Commission's professional team?

A. The Florida Commission professional team includes two persons from each of the following professions: actuary, computer scientist, statistician, structural engineer, and meteorologist. In each area the Florida Commission requires extensive documentation and explanation of the AIR model prior to approval. It is a very time consuming and expensive undertaking for AIR but the AIR model has always been approved.

It is important to reiterate that the same model that is certified in Florida is used in North Carolina. The loss costs modeled by that model are much lower for North Carolina than for Florida because of the level of hazard that Florida is exposed to relative to North Carolina.

81. Q. Does AIR have staff meteorologists, wind engineers, actuaries and software engineers?

A. Yes, as discussed above, AIR has numerous staff meteorologists, wind engineers, actuaries and software engineers.

82. Q. In addition to the outside validation of modeling that you have described, do AIR's staff scientists internally validate the model on a continuing basis?

A. Yes. AIR scientists and engineers validate the model at every stage of development. We compare model results with actual data from historical events. We ascertain that the simulated event characteristics parallel patterns observed in the historical record and that resulting loss estimates correspond closely to actual claims data provided by clients. Internal peer review is a standard operating procedure and is conducted by the AIR professional staff of scientists and engineers

83. You have described the peer review of modeling in 2009-2010. What were the main model updates in the five years prior to those updates that also would not have been reflected in the last homeowners filing in 2008?

A. In the 2008 homeowners filing, version 9 of CLASIC/2 and the AIR US Hurricane Model was used. This filing uses version 13 of CLASIC/2 and version 12 of the AIR US Hurricane Model. The main updates to the AIR US Hurricane Model that were made between version 9 and prior to the extensive changes that were made in version 12 are detailed below:

2007 (version 9):

- Updates to the historical storm set to include storms through 2006
- Revision of the bounds on the distribution governing central pressure in the northeast
- Refinements to the distributions governing the day of hurricane landfall
- Refinements to the damage functions for residential contents
- Updates to secondary risk modifiers for pool enclosures, based on claims data
- Enhancements to the business interruption damage function
- Updates to the demand surge function
- Update to the WSST catalog

2008 (version 10):

- Updates to ZIP Code databases and population-weighted centroids
- Updates to the historical storm set to incorporate track information from hurricanes through 2007
- Updates to the stochastic catalog, including annual frequency, landfall location and intensity probability distributions.
- Refinements to the inland decay functions

2009 (version 11):

- Updates to ZIP Code databases and population-weighted centroids
- Updates to the historical storm set to incorporate track information from hurricanes through 2008 for Florida and adjacent states

84. Q You have mentioned on several occasions in your testimony that AIR made extensive, peer reviewed improvements to the model in 2009-2010 that are reflected in the version of the model that is used in this filing. Please explain the general effects of those updates on prospective loss costs used in the filing.

A. First, let me describe AIR's motivation. The AIR hurricane model for the U.S. has long been considered the industry standard, and AIR desires to maintain that position. To maintain that position, the model must reflect the latest science and engineering research, and take into account recent loss experience.

Over the years, numerous scientific studies of hurricanes as well as additional and more detailed claims and exposure data became available and a number of scientific studies of hurricanes had advanced the knowledge of hurricanes significantly in the preceding several years. AIR therefore decided to incorporate those scientific advances in the hurricane model.

We also decided that because so many changes were being considered, we should have the changes peer reviewed by independent experts. A good deal of that peer review has been described earlier in my testimony. Some of the changes for 2010 that have affected loss costs in North Carolina include the following:

- Updates to ZIP Code databases and population-weighted centroids. These updates did not in themselves cause significant changes in loss costs in North Carolina, but it should be noted that for the first time in a homeowners filing the Rate Bureau was able to provide exposure data by zip code to AIR. Previously, assumptions had to be made as to where houses were located within territories based on AIR's data base. The provision by the Rate Bureau of exposure data by zip code significantly improved the precision of AIR loss costs. Those loss costs are now more accurate than could be modeled in previous years.
- Updates to the historical storm set to incorporate information from the HURDAT database as of June 2009. The review of this database, which includes the period 1900-2008, showed the existence of additional hurricanes that affected North Carolina as well as modified parameters of previously-known hurricanes. The addition of these storms to the data base increased the modeled frequency of North Carolina storms. However, since these storms were relatively weak, they did not have a significant impact on the frequency of major hurricanes in the simulation.
- Update to the model's wind field formulation incorporating the latest available data and scientific literature, including the latest research on the radial decay of winds from the eye wall to the storm's periphery and the conversion of surface winds from winds aloft.
- Storms were no longer arbitrarily ended 24 hours after landfall. In regard to North Carolina, this improvement in the model meant that more storms that made landfall to the south of North Carolina (such as in the Gulf of Mexico or Florida) were extended to reflect the fact that they affect North Carolina more than 24 hours after landfall. Such storms cause relatively modest losses in North Carolina.
- New data that became available from satellites as to ground cover was incorporated in the wind field calculations. This improvement was significant because there is a large difference in the degradation of hurricane winds depending on the terrain that they are passing over. For instance, storms passing over forests or mountainous terrain dissipate much more quickly than storms passing over flat or marshy areas. The inclusion of accurate ground cover data meant that areas such as the sounds of North Carolina were no longer assumed to have caused storms to dissipate to the same extent as in past model runs for North Carolina. On the other hand, this change reduces wind speeds in areas of North Carolina with

extensive tree cover to reflect the fact that trees reduce wind speeds as storms travel over land.

- Updates to the wind damage functions based on the latest findings from AIR's ongoing analysis of detailed claims data from recent hurricane seasons.
- Introduction and updates to the "year built" (age of home) bands that capture the evolution of North Carolina's building code, changes in construction practices and materials, and other factors affecting vulnerability over time. It should also be noted that for the first time in a homeowners filing, the Rate Bureau was able to provide exposure data including detailed year built data to AIR. Previously, all locations were assumed to be unknown, and their damageability was based on a state-wide weighted average of year built damageability. The provision by the Rate Bureau of exposure data with actual year built information significantly improved the precision of AIR loss costs. Those loss costs are now more accurate than could be modeled in previous years.
- Enhancements to individual risk modifiers (secondary risk characteristics) to reflect newly acquired data and analysis.

85. Q. Could you please explain the 2010 changes to the wind field and vulnerability components of the model in greater detail?

A. Recent research in atmospheric science has enabled wind modeling with unprecedented fidelity and accuracy. Improved knowledge of the full 4-D structure of hurricanes – from the temporal evolution of the storm footprint, to the radial wind profile, to the vertical relationship between winds aloft and winds at the surface – was in 2010 integrated into the model to more accurately estimate wind speeds and their distribution.

On the engineering front, the 2010 updates to the model reflect new findings from recent loss experience data, wind engineering studies and damage surveys. The model incorporates the results of a new and exhaustive analysis of the evolution and enforcement of building codes across all states including North Carolina and their impact (as a continuous function of time after the 1990s) on the existing building inventory.

The additional level of detail in both the hazard and vulnerability components of the model enables better differentiation between risks. This differentiation applies to both the location and the structural attributes of properties.

86. Q. As relates to this filing, did AIR receive exposure data from Insurance Services Office on which AIR relied in preparing its analyses?

A. Yes, we received data reflecting the number of earned house years and earned insurance years for 2009 for homeowners policies in North Carolina. It was broken down by categories (Voluntary and Beach Plan), policy form group (owners, tenant, and condominium), zip code, construction class, and previous homeowners territory, and was re-mapped to reflect current homeowners territories. It was furnished to AIR by Insurance Services Office (ISO), which had compiled the data. AIR routinely receives and relies upon data of this type in the ordinary course of its business of modeling and did so in this instance. AIR routinely reviews such data submissions for consistency and reasonableness and notifies the producer of such data if there are questions as to the data.

87. Q. Can you explain what is displayed on Pages 16-26 of RB-6A?

A. Yes, these pages contain the Project Information and Assumptions Form (PIAF) that we prepare before completing our analysis and releasing the reports contained in RB-6A and RB-6B to the Bureau. It contains a summary of the exposures to be modeled as well as the assumptions that are to be used in the course of the analysis.

88. Q. What information is contained on Page 16 of RB-6A?

A. This page shows the contact information for some key personnel responsible for the project, both at AIR and at the Bureau. It shows the version of the software and the model catalogs that are to be used in the analysis. Finally, it shows the reports and loss results that we are going to provide to the Bureau.

89. Q. What information is contained on Page 17 of RB-6A?

A. This page contains a summary of the exposure data that was provided to us by the Bureau, including the date the data was received, and the total values of various aspects of that data. It then provides information on how the various values have been changed based on the assumptions to be made before carrying out the loss analysis. The first four items under the "Added/Excluded Records" section display the changes in total insured value that result from applying assumptions for additional coverages to the data that was provided by the Bureau. The last two items describe changes in the number of records, risks, and insured value due to rounding of records in general and specifically from applying the Beach Split treatment that is described in question 112 of this testimony.

90. Q. What information is contained on Page 18 of RB-6A?

A. This page provides a summary of the geocoding process that occurs in CLASIC/2. As is frequently the case, there are a number of records in the exposure data which are placed in ZIP codes which are no longer valid based on the US Postal Service ZIP code database at the time the model was last updated. These invalid ZIP codes are re-mapped to current valid ZIP codes based on the US Postal Service database. The number of records matched at a postal level is representative of the records that were not subject to the Beach Split treatment described in question 112 of this testimony. Records geocoded based on population grid points are the records that were subject to the Beach Split treatment described in question 112 of this testimony.

91. Q. What information is contained on Page 19 of RB-6A?

A. This page describes the assumptions that are made with regards to replacement value, limits, and deductibles for the various coverages for each line of business individually. For homeowners policies, limits were provided for coverage A, and assumptions were made for coverage B, C, and D. For condo and tenants policies, limits were provided for coverage C, and assumptions were made for coverage A, B, and D. The Analysis Options section describes the specific analysis options that were utilized when running our models.

92. Q. What information is contained on Page 20 of RB-6A?

A. This page shows the number of records which included information on each of the various secondary modifiers that are able to be modeled in CLASIC/2. For this analysis, 87.7% of the records included information on the year the structure was built.

93. Q. What information is contained on Page 21 of RB-6A?

A. This page describes in detail the specific assumptions that were made in the process of carrying out the analysis.

94. Q. What information is contained on Page 22 of RB-6A?

A. This is a table summarizing the total value and number of risks by construction and occupancy for each line of business.

95. Q. What information is contained on Pages 23-24 of RB-6A?

A. This is a table summarizing the total value, number of risks, and average deductible within each territory for each line of business.

96. Q. What information is contained on Page 25 of RB-6A?

A. This is a table displaying the total limits factors which are applied to homeowners policies to account for coverage B, C, and D. This methodology is described on Page 19 of RB-6A.

97. Q. What information is contained on Page 26 of RB-6A?

A. This is a table showing how certain ZIP code/territory combinations are re-mapped to current territories before the analysis is formed. This process is described on Page 19 of RB-6A.

98. Q. Is the information on Pages 16-26 of RB-6A the same information contained in Pages 17-27 of RB-6B?

A. Yes.

99. Q. How is the PIAF used?

A. The PIAF is provided to the Bureau prior to performing the analysis and allows them the opportunity to examine the data and assumptions that will be used during the course of the analysis to ensure that it comports with their understanding of the data and assumptions that they intended to be modeled. They provide a signed copy back to us so that we can be assured that both parties understand the data and assumptions to be used for the analysis.

100. Q. Can you explain the process of re-mapping the territories?

A. The Rate Bureau provided a mapping file associating the previous homeowners territories and ZIP Codes to the revised territory definitions. We matched the zip code and previous territory combinations in the exposure data with the same combinations in the mapping file and used the corresponding revised homeowners territory for our analysis.

101. Q. What use did you make of such data?

A. For each territory, category, policy form group, ZIP code, and construction class, the insurance years were used as the primary insured value (either the building value for homeowners records or the contents value for the tenant or condominium records). Appropriate adjustments were then applied to account for non-primary coverages (appurtenant structures and contents in the case of the owners forms, building value for the condominium form, and time element for all three forms). Appropriate assumptions were also applied to account for deductibles.

The data was then analyzed in AIR's CLASIC/2™ software application using the model and catalogs referenced previously in order to yield loss estimates. These loss estimates were rolled up to the territory level for reporting purposes.

102. Q. What are the areas of the state with the highest hurricane frequency in North Carolina?

A. The highest risk areas are the beach and coastal areas. A hurricane is typically at its maximum force in those areas just as it crosses over land. As it travels inland, the storm dissipates because of the elimination of its primary energy source (heat and moisture from the sea) and because of surface frictional effects.

103. Q. As between portions of the coast of North Carolina, which areas experience the greatest hurricane frequency?

A. The highest frequency of hurricanes occurs in a 100-mile segment which includes Cape Lookout, Cape Hatteras, and Pamlico Sound. The coastline in this area juts out into the Atlantic Ocean where it is exposed as storms move up the coastline. The far northern coast towards Virginia suffers relatively few hurricane landfalls because of the westerly orientation of the coastline in this region, but hurricanes frequently come through that area after making landfall to the south.

104. Q. Have you examined North Carolina's building code?

A. Yes. AIR engineering experts have undertaken an extensive, peer-reviewed study to understand the large number of building codes and wind standards that exist in hurricane-prone states, specifically including North Carolina. In addition to major code changes, there are continuous changes in vulnerability due to changes in building materials, enforcement, structural aging and upgrading. The model accounts for the spatial and temporal variations in vulnerability for all hurricane states including North Carolina.

105. Q. Are there any changes that you have made to your model just for North Carolina?

A. No. AIR has a single, integrated U.S. hurricane model which reflects historical regional differences in hurricane risk. In the model development and validation process, North Carolina is treated in the same way as all other states in determining regional variations in vulnerability at the state and local level, through examination of both the regional building stock (contained within our Industry Exposure Database) and state and local building regulations, codes and practices. AIR performed a detailed review of, and continues to monitor, the building codes in North Carolina. AIR's implementation of this information allows its model to accurately estimate the vulnerability of buildings in North Carolina based on the specific nature of the building codes they are subjected to. Additionally, the model also adjusts its vulnerability for structures in North Carolina based upon the year it was constructed and the codes which were enforced at the time of its construction. However, this methodology is used to establish the vulnerability of structures in all states, so if there are two buildings in different states which were both subject to equivalent building codes and enforcement, those two buildings would be subject to the same vulnerability calculation.

Each state's prospective losses are computed individually, although the model version, settings and assumptions used for North Carolina were the same as those accepted by the Florida Commission on Hurricane Loss Projection Methodologies. For instance, Florida has higher expected loss costs than North Carolina because it has a greater exposure to hurricanes than North Carolina, but those higher expected losses in Florida do not in turn make expected loss costs higher in North Carolina than they otherwise should be.

Inputs to the model include detailed land cover data that affect the wind speeds being calculated at every location in the modeled portfolio, as well as detailed building code examinations for every state which adjust the vulnerability of buildings based on the year of construction and location. The land cover data used in the model reflects, in detail, the currently existing land cover in North Carolina, and the building code information used in the model to represent North Carolina exposure reflects the actual building codes and practices of North Carolina. The model reflects both the fact that different building code standards apply in different regions of North Carolina and the fact that the building code standards have changed at various times over the years.

Although the model can take into consideration the effects of storm surge and construction modification (individual building characteristics), these components of the model were not employed at the direction of the Rate Bureau. Modeled loss costs would have been higher if the Rate Bureau had elected to instruct AIR to run the storm surge component. In the case of the NCRB's exposures, the storm surge component would reflect the fact that some damage from storm surge losses (which are not covered under homeowners policies) may nevertheless be paid as covered wind losses following a hurricane because storm surge losses sometimes cannot be distinguished from wind losses in the claim settlement process. While this phenomenon has been studied, validated, and can be easily modeled, the Rate Bureau chose not to run the model with this component enabled.

106. Q. What is demand surge and how is it calculated in the AIR model?

A. The results were provided with aggregate demand surge as directed by the Rate Bureau. Demand surge according to actuarial standards is defined as a sudden and usually temporary increase in the cost of materials, services and labor due to the increased demand for them following a catastrophe. Historical evidence from major catastrophic events in past 15 years suggests that, after a major event, increased demand for materials and services to repair and rebuild damaged property can put pressure on prices, resulting in temporary inflation. This phenomenon is often referred to as demand surge and it results in increased losses to the insurers.

After Hurricane Andrew in 1992, AIR developed a rudimentary demand surge function to allow companies the capability to assess the potential impact on losses due to demand surge. In order to develop an initial demand surge function, AIR reviewed several studies on the impact on prices of material and labor after Hurricane Andrew and the Northridge Earthquake. It was commonly accepted that the demand surge from a Hurricane Andrew sized event ($15.5 billion) was 8-12 %.

AIR continues to review the impact that catastrophic events have had on material and labor prices. We have found that in 1989 Hurricane Hugo, for example, had a significant temporary impact on personal incomes in the construction industry in South Carolina. Analyses performed after the 2004 hurricane season in Florida revealed that demand surge had a significant impact on insured losses. Among other findings, empirical data specifically revealed that roof rebuilding costs increased substantially in the period following the hurricane season, and losses resulting from the additional living expense provisions in the policy (reflecting the need of the policyholder to find alternative lodging after a house has been damaged and sometimes referred to as the "time element" coverage) were significantly impacted due to the amount of time it took to repair damages from the multiple events.

107. Q. Was demand surge used for the analyses you performed for the NCRB?

A. Yes, demand surge was used for both analyses (standard and WSST).

108. Q. How is the demand surge factor calculated, and how is it applied?

A. Demand surge effects do not occur following the majority of hurricanes, and the demand surge component of the model reflects this fact. Small hurricane events are not accompanied by demand surge. AIR's demand surge function relates the level of demand surge to the amount of industry loss. Each event is assigned demand surge factors by coverage based on the amount of industry loss caused by the given event, as well as by other events that occur close to the given event in both time and space. AIR's demand surge begins at an industry loss amount of $5.5 billion. The factors are applied to losses from the specific exposure set to calculate the loss with demand surge.

109. Q: What is the estimated impact of the application of demand surge on the loss estimates for the NCRB?

A. While it is impossible to quantify the exact impact of demand surge without performing additional analysis runs excluding demand surge, AIR's industry estimates in North Carolina and a selection of representative client portfolios in North Carolina indicate a statewide average increase of roughly 7-10% when demand surge is applied. While the exact impact on the NCRB portfolio may be outside this range, it is expected that demand surge would have a similar magnitude impact to the NCRB portfolio.

110. Q. Now let me ask you several questions concerning Exhibit RB-6A to your prefiled testimony. What is the significance of the figure from the column called "Loss Cost (Per 100)" on pages 12 to 15 of Exhibit RB-6A?

A. The figures show the estimated loss costs per $100 of exposure, including contents and all other coverages.

111. Q. On page 7 of Exhibit RB-6A entitled "Exposure Information and Assumptions," there is reference to "insurance-years by category, ZIP code, line of business, construction class, and territory." Please explain to what these terms refer.

A. The term "insurance-years" refers to the insured values under homeowners policies. The source of this data is ISO. The data were provided by each of the elements listed. Category refers to the categories of Voluntary and Beach Plan. The line of business refers to the owners, condominium, or tenant forms. The construction classes provided are Frame, Masonry, Masonry Veneer, Superior, and Aluminum or Plastic siding over frame.

112. Q. On the same page there is reference to "Beach Split ZIP Codes." Please explain this term and its relevance to the modeled losses contained in Exhibit RB-6A.

A. A "Beach Split ZIP Code" is a zip code which is split between two different Rate Bureau territories, where one of the territories intersecting the zip code is categorized as a beach territory. The Beach Split ZIP Code treatment is used to improve the modeled loss estimates for coastal territories in those situations. AIR's determination of prospective loss costs is more accurate as a result of implementing this treatment.

First it is important to understand how the model works with respect to the geographic placement of risks. When a risk is analyzed in CLASIC/2, its geocode placement determines the relative severity of each simulated event. Items such as elevation, proximity to the coast and soil conditions are determined based on the geocode coordinates assigned to the location. If a risk contains only zip code information rather than address information, CLASIC/2 will assign geocode coordinates corresponding to the zip code centroid and will use the average physical characteristics for the zip code to estimate loss.

The information provided to AIR for the Rate Bureau analysis is at the zip code level, which is more detailed than in the last homeowners filing by the Rate Bureau and allows for more precision in modeling loss costs. However, the use of improved data has created a desire to be even more accurate. In several instances coastal area zip codes fall across the boundary between the Beach territory (i.e. Territory 7 or 8) and the inland territories (Territory 48, 49 or 52). In these cases, without refinement, modeled loss costs for the zip code would be the same whether the territory was beach or inland, when in reality, those houses located closer to the beach should have higher loss costs than equivalent exposures inland, and vice versa. The Beach Split ZIP Code treatment improves the modeled loss estimates for these zip codes by distributing the risks to uniform grid points across the area of the zip code falling in each of the territories. In so doing greater accuracy and fairness are promoted.

113. Q. Beginning on page 23 of your Exhibit RB-6A, there are shown insured values by territory. What is the source of your data on this exhibit?

A. The exposure by pre-existing territory and zip code was provided by ISO. It was updated to reflect the revised territories based on a file provided by the NCRB relating pre-existing territories and zip codes to the revised territories.

114. Q. Page 9 of your Exhibit RB-6A shows the average annual aggregate losses by territory. What is source of the data on these exhibits?

A. The average annual aggregate loss is the sum of all losses caused by all simulated events, divided by the number of simulation years. It represents the long run average annual hurricane loss potential by territory. As can be seen, the territory with the highest average annual aggregate loss is territory 52. This fact is a function of the number of homeowners policies in that territory as well as its exposure to hurricanes.

115. Q. What does the table on page 10 of Exhibit RB-6A show?

A. It shows the distribution of exposures and average annual losses by territory. Obviously, coastal territories account for a much higher percentage of losses than exposures because there is a greater hurricane hazard nearer the coast. For instance, the table on page 12 of Exhibit RB 6A demonstrates that territory 60 in the western part of the state has 26.52% of the statewide insurance in force, but accounts for only 5.29% of total annual hurricane losses. Territory 8 on the beach, on the other hand, accounts for only 0.94% of the statewide insurance in force, but its average annual hurricane loss is 11.40% of the statewide total annual hurricane losses.

116. Q. What is the source of the data on pages 12 to 15 of Exhibit RB-6A?

A. Pages 23-24 and page 9 of Exhibit RB 6A.

117. Q. What do the tables on pages 12 to 15 of Exhibit RB-6A show?

A. They show the estimated hurricane pure premiums and loss costs, per $100 of exposure, by territory, both overall (Exhibit 5) and for each policy form group (Exhibits 6 to 8). As can be seen from these exhibits, loss costs are highest in territories 7, 8, 48, 49 and 52.

118. Q. On page 12 of Exhibit RB-6A, please explain the significance of the number “1,629.46” for territory 7 in the column entitled "Pure Premium."

A. The number $1,629.46 is the amount, exclusive of expenses and provisions for profit and contingencies, that on average needs to be collected each year to cover the long run average hurricane loss potential on each risk on homeowners policies in territory 7. By comparison, only $28.93 needs to be collected to cover that same potential in territory 60.

119. Q. Do the explanations set forth above for Exhibit RB-6A also follow for similar pages in Exhibit RB-6B?

A. Yes. The explanations follow the same format. The loss costs and pure premiums in Exhibit RB-6B reflect those appropriate to the view of risk that incorporates the impact of elevated sea surface temperatures (SSTs) in the North Atlantic on hurricane activity.

120. Q. Are the data, information and numbers used in your model true and accurate to the best of your knowledge, information and belief?

A. Yes. The AIR research team collects the available scientific data pertaining to the meteorological variables critical to the characterization of hurricanes and therefore to the simulation process. Data sources used in the development of the AIR hurricane model include the most complete databases available from various agencies of the National Weather Service, including the National Hurricane Center. All data is cross-verified. If data from different sources conflict, a detailed analysis and the use of expert judgment is applied to prepare the data for modeling purposes. Furthermore, to the extent possible, we cross-check and verify the numbers that go into the AIR model as well as the numbers that come out of the model. To the best of my knowledge, information and belief, the data that we use are the most reliable and accurate data that is publicly available.

121. Q. Are the Exhibits to your prefiled testimony true and accurate to the best of your knowledge, information and belief?

A. Yes.

122. Q. Do you have an opinion as to whether your model is a reasonable method of projecting the prospective hurricane losses used in the filing to set rates for homeowners insurance in North Carolina that are not excessive, inadequate or unfairly discriminatory, and if so what is that opinion?

A. Yes, I have an opinion. It is a reasonable, consistent, and reliable method of doing so. The prospective hurricane losses in the AIR reports and used in the filing are reasonable and appropriate projections of insured hurricane losses on the policy forms reviewed.

123. Q. Are you willing to allow the Insurance Commissioner and/or any personnel from the North Carolina Department of Insurance to visit your offices in Boston and examine any areas of the model that they wish?

A. Yes, subject only to a non-disclosure agreement that will protect the proprietary and confidential information possessed by AIR Worldwide from being used by our competitors, we welcome the Commissioner and/or any associates or consultants appointed by him to visit our offices, where they can examine any information related to the model that they would like. We understand that staff at the Rate Bureau has offered the Department the opportunity to make such a visit in the summer of 2012. This offer was also extended in connection with the Dwelling hearing in 2011. If the Commissioner or his Department would like to arrange such a visit, we ask that they contact the Rate Bureau to organize a date and time that is convenient for all parties. We strongly encourage the Commissioner and Department to do so to help educate them on the benefits and validity of the use of hurricane modeling in ratemaking for North Carolina.

Exhibit RB-6A

Catastrophe Loss Analysis Service
Atlantic Tropical Cyclone

Prepared for: North Carolina Rate Bureau
December, 2011

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Table of Contents

Introduction

This report contains the results of the Catastrophe Loss Analysis Service (CLAS™) for Homeowners, Tenants and Condominiums policies in the state of North Carolina as requested by the North Carolina Rate Bureau (NCRB). Loss estimates are provided using AIR Worldwide's (AIR) Atlantic Tropical Cyclone model.

The NCRB provided AIR with information that represents the exposures analyzed. AIR reviewed and reformatted the exposure data as necessary and used them as input to the AIR hurricane model, which generated the loss estimates that form the core of this analysis. The AIR model is a system of computer programs that incorporate the fundamental physical characteristics, expressed mathematically, of hurricanes. These characteristics are then overlaid on the geographical distribution of the NCRB's exposures. Building, contents, and time element damage are estimated by applying AIR's proprietary damageability relationships. Finally, insured losses are calculated by applying policy conditions to the total damage estimates.

The AIR model simulated 100,000 years of potential hurricane experience. The results of the model are expressed in terms of probability distributions of event losses. These distributions represent a range of possible losses and the relative likelihood of occurrence of various levels of loss.

All aspects of the AIR hurricane model undergo extensive validation tests. The stochastic model variables have been compared to the actual characteristics of historical hurricanes occurring in North Carolina since 1900. The simulated event characteristics parallel patterns seen in the historical record, and resulting loss estimates correspond closely to actual claims data provided by clients.

The model has also undergone extensive internal and external peer review. Internal peer review is a standard part of AIR's operating process and is conducted by AIR's technical staff of over 200 professionals, over 30 of whom hold Ph.D. credentials in their fields of expertise. The AIR hurricane model has also undergone extensive external review, beginning with Dr. Walter Lyons' systematic review in 1986. Dr. Lyons, a Certified Consulting Meteorologist, was contracted by the E.W. Blanch Company. A further independent review was conducted by engineer Dr. Joseph E. Minor. During 1996 and 1997, Duff & Phelps, Fitch, Moody's and Standard & Poors reviewed all aspects of AIR's hurricane model in conjunction with their rating of the USAA catastrophe bond.

Probably the most extensive peer review of the AIR hurricane model has been conducted by the Florida Commission on Hurricane Loss Projection Methodology (FCHLPM). The FCHLPM was established in 1995 with the mission to "assess the effectiveness of various methodologies that have the potential for improving the accuracy of projecting insured Florida losses resulting from hurricanes and to adopt findings regarding the accuracy or reliability of these methodologies for use in residential rate filings." The Commission has established more than 40 standards that need to be met before a catastrophe model is acceptable for ratemaking purposes in the state of Florida. The AIR hurricane model has been reviewed and has met the standards of the Commission annually since 1996.

Catastrophe modeling has become widely used and accepted. AIR was the first organization to have its model approved under the rigorous standards of the Florida Hurricane Commission. AIR's simulation methodology is a robust technique for estimating potential hurricane losses. It is based on mathematical/statistical models that represent real-world systems. As with all models, these representations are not intended to represent specific prior or future events.

The hurricane model used in this report is Atlantic Tropical Cyclone v.12.00.1224, as implemented in CLASIC/2 V13.

Executive Summary

To estimate the hurricane loss potential for NCRB, AIR simulated 100,000 years of potential hurricanes. The simulation included aggregate demand surge, which is demand surge caused by a given event as well as by other events that occur close to the given event in both time and space.

The long-term average annual aggregate hurricane loss for the NCRB Homeowners, Tenants and Condominiums policies is $321.2 million including aggregate demand surge. In the 100,000-year sample, 58,072 hurricanes resulted in losses to North Carolina's insured properties net of deductibles. Given that a hurricane has occurred, the estimated average hurricane loss is $553.1 million.

The largest simulated hurricane loss is $42.6 billion including aggregate demand surge. This loss resulted from a category 4 hurricane with landfall in Brunswick County, North Carolina. Note that higher occurrence losses, that is, losses in excess of $42.6 billion, are possible. They have, however, a very low probability of occurrence. Nevertheless, it should be understood that the largest simulated hurricane losses do not represent the worst possible scenarios.

Hurricane events of specified probabilities of exceedance and estimated return times appear below.

Annual Maximum Occurrence Loss

Hurricane Occurrence Loss ($millions)	Estimated Probability of Exceedance	Estimated Average Return Time (years)
548	10.0%	10
1,456	5.0%	20
3,514	2.0%	50
5,839	1.0%	100
10,122	0.4%	250
13,671	0.2%	500
17,949	0.1%	1000

Actual hurricane losses are influenced by a number of characteristics, the most important of which is intensity as measured by wind speed, commonly expressed in terms of Saffir-Simpson (SS) category. Given the same landfall point, storms with higher wind speeds typically result in larger losses than do storms with lower wind speeds. Other characteristics that influence loss amounts include radius of maximum winds, forward speed, and storm track.

Actual losses also depend on the geographical distribution of exposures in relation to the area affected by the storm. That is, a severe hurricane could result in a smaller overall loss than a less severe hurricane if the less severe hurricane strikes an area of higher property value.

Exposure Information and Assumptions

The NCRB provided exposure information used to generate the loss estimates. The exposure file contained information on insured value and number of risks by Statistical Agent (Stat Agent), category (Voluntary and Beach Plan), policy form group (Owners, Tenants and Condos), ZIP Code, coverage, construction class, year built, and current dwelling territory, as defined by NCRB. They also provided a mapping file associating these territories and ZIP Codes to revised territory definitions. This enabled AIR to produce results based upon these revised territories (See Appendix A, Exhibit IV).

When a zip code is split between two territories, and one of the territories intersecting the zip code is categorized as a beach territory, the ZIP is considered a 'Beach Split ZIP'. For 'Beach Split ZIP Codes' the exposure is distributed to uniform grid points across the area of the zip code falling in each of the territories.

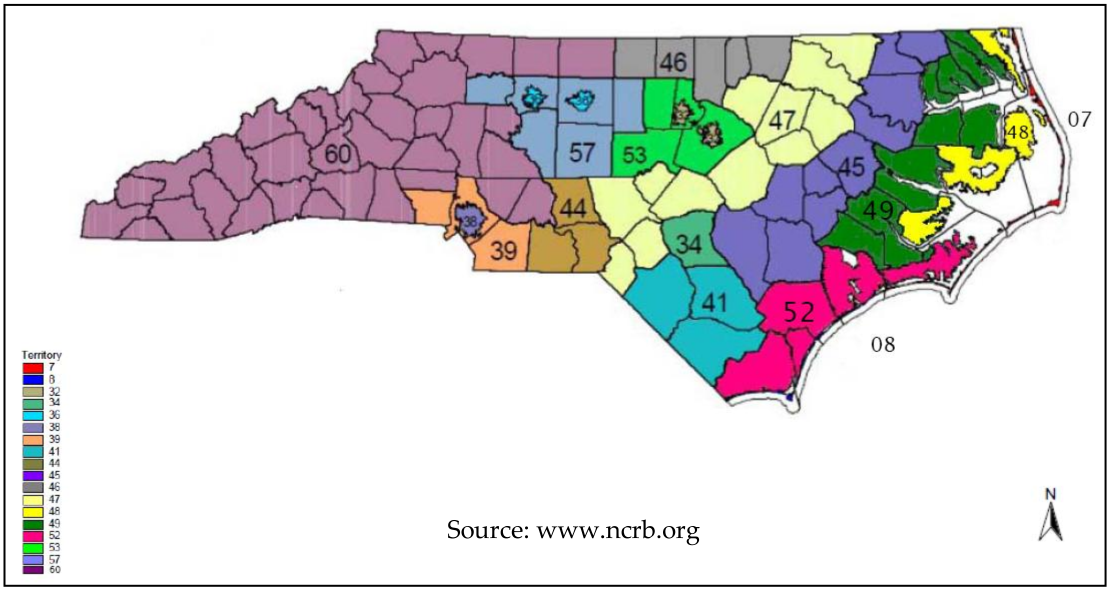
The information on house-years and insurance-years by category, ZIP Code, line of business, construction class, and territory was provided by the Insurance Services Office (ISO) and represents the Full Statistical Plan experience of companies reporting to either ISO or the National Association of Independent Insurers.

In order to be consistent with the level of coverage provided by NCRB forms, the insurance years provided by NCRB were increased by 20% for Tenants, and by 40% for Condominiums to reflect non-primary coverages. Insurance years for Homeowners were increased by a Total Limit Factor according to dwelling territory provided by NCRB. The Total Limit Factor was applied prior to remapping of territories (See Appendix A, Exhibit III).

An original data set was provided by ISO and analyzed by AIR in order to yield loss estimates. Exhibit 1 shows total insured values, number of risks(rounded), original number of risks and average values by territory.

Exhibit 1 is a map showing the revised NCRB territories, which are effective as of May 1st, 2009.

Exhibit 1. Revised NCRB Territories, effective May 1st, 2009



Source: www.ncrb.org

Long-Term Average Losses

Exhibit 2 shows the long run average annual hurricane loss potential by territory including aggregate demand surge.

Exhibit 2. Average Annual Loss by Territory in North Carolina

Territory	HO	Tenants	Condominium	Total
7	14,541,357	42,761	45,975	14,630,093
8	35,949,518	186,273	478,132	36,613,923
32	11,369,944	206,473	83,727	11,660,144
34	6,864,052	64,713	23,820	6,952,585
36	4,366,324	68,227	38,405	4,472,955
38	7,513,654	136,429	128,823	7,778,906
39	8,124,823	64,902	46,351	8,236,077
41	5,372,786	28,668	2,612	5,404,066
44	965,375	5,656	477	971,508
45	16,954,439	161,626	29,508	17,145,573
46	1,863,658	11,761	174	1,875,593
47	18,035,181	139,300	23,534	18,198,015
48	7,219,827	22,334	26,200	7,268,361
49	16,155,928	85,952	38,308	16,280,188
52	112,754,003	665,439	884,189	114,303,632
53	21,573,560	237,667	84,040	21,895,267
57	10,411,953	90,063	31,344	10,533,361
60	16,811,449	117,847	54,198	16,983,494
Total	**316,847,832**	**2,336,090**	**2,019,819**	**321,203,740**

Currency: US Dollars

Exhibit 3 shows North Carolina's distribution of all lines combined average annual hurricane losses including aggregate demand surge and total insurance in force by territory. The coastal territories account for much higher shares of loss than exposure due to their vulnerability to the hurricane peril.

Exhibit 3. Distribution of Exposure and Loss by Territory in North Carolina

Territory	Insured Value	Percent of Total	Est. Avg. Annual Loss	Percent of Total
7	4,453,215,441	0.50%	14,630,093	4.55%
8	8,390,487,807	0.94%	36,613,923	11.40%
32	53,934,021,960	6.06%	11,660,144	3.63%
34	20,133,711,600	2.26%	6,952,585	2.16%
36	38,671,217,478	4.35%	4,472,955	1.39%
38	66,760,399,893	7.50%	7,778,906	2.42%
39	72,534,981,995	8.15%	8,236,077	2.56%
41	8,700,272,619	0.98%	5,404,066	1.68%
44	5,281,870,973	0.59%	971,508	0.30%
45	30,939,266,748	3.48%	17,145,573	5.34%
46	11,446,522,461	1.29%	1,875,593	0.58%
47	63,133,138,420	7.09%	18,198,015	5.67%
48	5,670,712,956	0.64%	7,268,361	2.26%
49	20,796,551,855	2.34%	16,280,188	5.07%
52	52,025,161,511	5.85%	114,303,632	35.59%
53	104,712,888,781	11.77%	21,895,267	6.82%
57	86,321,191,032	9.70%	10,533,361	3.28%
60	235,992,974,232	26.52%	16,983,494	5.29%
Total	**889,898,587,761**	**100.00%**	**321,203,740**	**100.00%**

Currency: US Dollars

Estimated Pure Premiums and Loss Costs

Exhibits 4, 5,6 and 7 show the estimated hurricane loss costs and pure premiums by territory for all lines combined and for each line separately. The coastal territories are most vulnerable to hurricane losses. The estimated loss costs are highest in coastal territories 7 and 8, as well as territories 48 and 52. These territories form part of the eastern tip of North Carolina, an area of relatively high hurricane frequency.

For all exhibits, the estimated loss costs are per $100 of exposure. The estimated hurricane pure premiums are calculated by dividing the estimated average annual losses by the number of risks. The estimated hurricane pure premiums show the amounts, exclusive of expenses and provisions for profit and contingencies, which need to be collected each year to cover only the long run hurricane loss potential.

Exhibit 4. North Carolina Loss Costs by Territory – All Lines

Territory	Insured Value	Risk Count	Average Annual Loss	Pure Premium	Loss Cost (Per $100)
7	4,453,215,441	8,979	14,630,093	1,629.46	0.3285
8	8,390,487,807	17,771	36,613,923	2,060.29	0.4364
32	53,934,021,960	141,451	11,660,144	82.43	0.0216
34	20,133,711,600	62,179	6,952,585	111.82	0.0345
36	38,671,217,478	106,519	4,472,955	41.99	0.0116
38	66,760,399,893	179,715	7,778,906	43.28	0.0117
39	72,534,981,995	166,021	8,236,077	49.61	0.0114
41	8,700,272,619	26,263	5,404,066	205.76	0.0621
44	5,281,870,973	15,797	971,508	61.50	0.0184
45	30,939,266,748	93,707	17,145,573	182.97	0.0554
46	11,446,522,461	31,930	1,875,593	58.74	0.0164
47	63,133,138,420	172,139	18,198,015	105.72	0.0288
48	5,670,712,956	12,424	7,268,361	585.01	0.1282
49	20,796,551,855	53,270	16,280,188	305.61	0.0783
52	52,025,161,511	131,965	114,303,632	866.17	0.2197
53	104,712,888,781	228,137	21,895,267	95.97	0.0209
57	86,321,191,032	232,859	10,533,361	45.24	0.0122
60	235,992,974,232	587,128	16,983,494	28.93	0.0072
Total	**889,898,587,761**	**2,268,255**	**321,203,740**	**141.61**	**0.0361**

Currency: US Dollars

Exhibit 5. North Carolina Loss Costs by Territory – Homeowners

Territory	Insured Value	Risk Count	Average Annual Loss	Pure Premium	Loss Cost (Per $100)
7	4,428,584,716	8,485	14,541,357	1,713.70	0.3284
8	8,258,742,916	15,614	35,949,518	2,302.40	0.4353
32	52,582,210,669	109,209	11,369,944	104.11	0.0216
34	19,867,487,835	55,942	6,864,052	122.70	0.0345
36	37,701,773,386	85,042	4,366,324	51.34	0.0116
38	64,286,312,654	130,715	7,513,654	57.48	0.0117
39	71,537,888,356	146,687	8,124,823	55.39	0.0114
41	8,647,148,904	24,954	5,372,786	215.30	0.0621
44	5,248,970,256	15,032	965,375	64.22	0.0184
45	30,598,020,208	84,625	16,954,439	200.35	0.0554
46	11,376,707,820	30,047	1,863,658	62.03	0.0164
47	62,586,003,586	159,857	18,035,181	112.82	0.0288
48	5,645,686,701	11,926	7,219,827	605.36	0.1279
49	20,650,493,027	50,230	16,155,928	321.64	0.0782
52	51,398,292,004	118,953	112,754,003	947.89	0.2194
53	103,145,377,413	192,891	21,573,560	111.84	0.0209
57	85,318,510,451	210,464	10,411,953	49.47	0.0122
60	233,415,174,563	537,577	16,811,449	31.27	0.0072
Total	**876,693,385,465**	**1,988,252**	**316,847,832**	**159.36**	**0.0361**

Currency: US Dollars

Exhibit 6. North Carolina Loss Costs by Territory – Tenants

Territory	Insured Value	Risk Count	Average Annual Loss	Pure Premium	Loss Cost (Per $100)
7	10,457,616	233	42,761	183.56	0.4089
8	35,930,400	722	186,273	258.00	0.5184
32	921,205,212	26,562	206,473	7.77	0.0224
34	184,601,088	4,982	64,713	12.99	0.0351
36	583,306,188	16,185	68,227	4.22	0.0117
38	1,155,130,644	32,164	136,429	4.24	0.0118
39	543,510,456	13,204	64,902	4.92	0.0119
41	48,087,036	1,220	28,668	23.50	0.0596
44	30,209,808	731	5,656	7.74	0.0187
45	282,973,464	8,065	161,626	20.04	0.0571
46	68,761,080	1,862	11,761	6.31	0.0171
47	440,124,696	10,838	139,300	12.85	0.0317
48	12,124,236	299	22,334	74.68	0.1842
49	96,482,940	2,403	85,952	35.77	0.0891
52	261,314,806	7,068	665,439	94.15	0.2547
53	1,089,112,860	28,979	237,667	8.20	0.0218
57	715,042,668	18,149	90,063	4.96	0.0126
60	1,569,068,736	36,481	117,847	3.23	0.0075
Total	**8,047,443,934**	**210,147**	**2,336,090**	**11.12**	**0.0290**

Currency: US Dollars

Exhibit 7. North Carolina Loss Costs by Territory – Condominiums

Territory	Insured Value	Risk Count	Average Annual Loss	Pure Premium	Loss Cost (Per $100)
7	14,173,109	260	45,975	176.70	0.3244
8	95,814,491	1,435	478,132	333.11	0.4990
32	430,606,079	5,680	83,727	14.74	0.0194
34	81,622,677	1,256	23,820	18.97	0.0292
36	386,137,904	5,293	38,405	7.26	0.0099
38	1,318,956,594	16,835	128,823	7.65	0.0098
39	453,583,183	6,129	46,351	7.56	0.0102
41	5,036,679	89	2,612	29.30	0.0519
44	2,690,909	34	477	14.04	0.0177
45	58,273,076	1,017	29,508	29.01	0.0506
46	1,053,561	21	174	8.28	0.0165
47	107,010,138	1,444	23,534	16.30	0.0220
48	12,902,019	199	26,200	131.68	0.2031
49	49,575,888	637	38,308	60.10	0.0773
52	365,554,702	5,943	884,189	148.77	0.2419
53	478,398,508	6,267	84,040	13.41	0.0176
57	287,637,913	4,246	31,344	7.38	0.0109
60	1,008,730,933	13,071	54,198	4.15	0.0054
Total	**5,157,758,362**	**69,857**	**2,019,819**	**28.91**	**0.0392**

Currency: US Dollars

Appendix A – Project Information & Assumptions Form

Project Information & Assumptions Form

Version 2009061919.1.0

Project Summary & Contact Information

Subscriber: NCRB
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AIR Contact: Peter Bingenheimer
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Phone: (617) 267-6645
Fax: (617) 267-8284

Contract #:
Analysis Type: Property - Personal

Exposure Summary Sent: December 15, 2011
Report Due: December 31, 2011

☑ Initial Analysis ☐ Follow-up

Perils & Models

#	Peril	Model	Implementation	Version	Simulation Years
1	Tropical Cyclone	U.S. Hurricane Standard - 100K_Standard_ATL_Hur_10 (12.00.1224)	CLASIC/2	13	100,000
2	Tropical Cyclone	U.S. Hurricane WSST - 100K_WSST_ATL_Hur_11 (12.01.1224)	CLASIC/2	13	100,000

Reports & Deliverables

Report Options

Report Format: ☑ PDF ☑ Paper Copy/Bound Report
☐ Flat file ☐ CSV

Standard Reports

☑ Distribution of Potential Catastrophe Losses - Exceedance Probability
☑ Portfolio ☐ State ☐ Line of Business

☑ Average Annual Losses
☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
☑ Territory

☑ Loss Costs and Pure Premiums
☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
☑ Territory

☐ Selected Event Scenarios - specific events from a stochastic/historical event set
☐ Rank ☐ Return Period ☐ Line of Business

Customized Reports

☐ Company Loss File (CLF) ☐ UNICEDE/2
☐ UPX

12/15/2011
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AIR WORLDWIDE

Original Data File Information			
Original file name(s):	AIR Data IPN & Beach Plan Zip + Cov C.xlsx		
Date Received:	December 2, 2011	**Data in-force Date:**	December 31, 2009
Date Logged:	December 2, 2011	**Data Media:**	Excel Attachment

File Format: ☐ MS Access ☑ MS Excel ☐ Text

Level of Location Detail: ☐ Geocode ☐ 9-Digit ZIP ☐ Street ☑ 5-Digit ZIP ☐ City ☐ County ☐ State ☐ Territory

Original Value Summary						
Total Deductible Value	**Total Records**	**Total Risks**	**Total Replacement Value**	**Total Insured Value**	**Max. TIV**	**Avg. TIV**
n/a	67,534	2,268,255	468,875,145,100	468,875,145,100	1,330,171	206,712

Added/Excluded Records			
Reason for Addition/Exclusion	**Records**	**Risks**	**Insured Value**
Insured Value increased for modeling due to addition of Time Element (Coverage D) for all exposures. See Exposure Notes and Customized Assumptions for details.	-	-	94,501,872,072
Insured Value increased for modeling due to addition of Contents (Coverage C) for Homeowners records. See Exposure Notes and Customized Assumptions for details.	-	-	280,598,241,420
Insured Value increased for modeling due to addition of Appurtenant Structures (Coverage B) for Homeowners records. See Exposure Notes and Customized Assumptions for details.	-	-	45,853,472,616
Insured Value increased for modeling due to addition of Building Structures (Coverage A) for Condominium records. See Exposure Notes and Customized Assumptions for details.	-	-	69,856,721
Risks increased due to rounding	-	39,689	-
Records increased and Value Rounded due to Beach Split treatment	26,772	-	-168
Total Excluded:	**-**	**-**	**-**
Total Added	**26,772**	**39,689**	**421,023,442,661**
Reduced Number of Records due to Aggregation:	**N/A**	**N/A**	**N/A**
Net Exposures to be Modeled:	**94,306**	**2,307,944**	**889,898,587,761**

Geocode Record Summary		
Number of zipcodes remapped prior to geocoding:	308	
Book Name:	NCRB_HO_2011	
Geocoded Level of Location Detail	**Records**	
Matched at Exact Address:	-	
Matched at 9-digit Zip:	-	
Matched at Relaxed Address:	-	
Matched at Postal Code:	64,973	
Matched at City:	-	
Matched at County:	-	
Geocoded based on population grid points (Beach Split Zips)	29,333	
Records already geocoded by client:	-	
Total number of records:	**94,306**	

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AIR WORLDWIDE

Line of Business & Coverage Summary														
	Limits	A Building			B Other Structures			C Contents			D Loss of Use			
LOB	Apply	Rep	Lim	Ded	Rep	Lim	Ded	Rep	Lim	Ded	Rep/d*	Lim	Ded	
HO	C	L	P	BA	L	LimA*0.1	BA	L	LimA*(TLF-1.3)	BA	$150 / day	LimA*0.2	N/A	
CO	C	L	$1,000 * Num of Risks	BA	N/A	N/A	N/A	L	P	BA	$150 / day	LimC*0.4	N/A	
TN	C	N/A	N/A	N/A	N/A	N/A	N/A	L	P	BA	$150 / day	LimC*0.2	N/A	

** Loss of Use Replacment (Rep/d) is a per diem value.*

CLASIC/2 Key:

Limit Application Code ("Limits Apply"):
N = None
C = Applies by Coverage
S = Applies to sum of all coverages

Replacement Value ("Rep"):
P = As Provided
L = Equal to limit

Limit Value ("Lim"):
P = As Provided
TLF = Total Limit Factor (see Exhibit III)

Deductible Application Code ("Ded"):
NO = None
AA = Annual Amount
SA = Combined flat
SP = Combined percent of coverage
SL = Combined percent of loss
CA = By coverage flat
CP = By coverage percent
BA = Combined flat, excluding time element loss
BP = Combined percent of coverage, excluding time
MA = Mini-policy flat
MP = Mini-policy percent

Analysis Options	
Aggregation of Input Data:	☐ Modeled as provided ☑ Aggregated by: Stat Agent, PFG Code, Territory provided by ISO (eff. 1/1/2008), Current Territory (eff. 5/1/2009), Construction Code, Zip Code, Year Built.
Geographic Resolution of Analysis:	Postal Code
Analysis Save Results:	☐ Contract ☐ Contract/Summary ☐ Layer ☐ Coverage ☐ Injury
Analysis Specifications:	☐ Reinsurance Quota Share ☐ Reinsurance Per Risk XOL ☐ Reinsurance Surplus Share ☐ Reinsurance Facultative ☐ TC Storm Surge (Flooding, default is 10% of separately modeled surge loss) ☑ Average Properties ☑ Demand Surge (Aggregate) ☐ Uncertainty ☐ Global Overrides
Analysis Notes:	All analyses will be run with aggregate demand surge. Exposures treated as Beach Split Zip (see note 5 on Page 6) will not be run with Average Properties.

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AIR WORLDWIDE

AIR

Location Detail Characteristics			
Peril	*Characteristic*	*# Provided*	*% of Total Provided*
	Age	59,196	87.7%
	Appurtenant Structures		
	Avg Height of Adjacent Buildings		
	Bldg Foundation Connection		
	Building Condition		
	Building Orientation		
	Building Shape		
	Exterior Doors		
	Floor of Interest		
	Foundation Type		
	Glass Percent		
	Glass Type		
	Height		
	Internal Partition Walls		
	Large Missile Source		
	Proximity Exposure		
	Retrofit Measures		
	Roof Anchorage		
	Roof Attached Structures		
	Roof Covering		
	Roof Covering Attachment		
	Roof Deck		
	Roof Deck Attachment		
	Roof Geometry		
	Roof Pitch		
	Small Debris Source		
	Soft Story		
	Special Earthquake Resistant Systems		
	Structural Irregularity		
	Terrain Roughness		
	Torsion Elements		
	Tree Exposure		
	Wall Attached Structures		
	Wall Siding		
	Wall Type		
	Window Protection		
	Year Roof Built		
	Total Records:	67,534	

Notes: Year Built is provided for Homeowners data only and is divided into the following bands:

- 1994 and prior
- By year for 1995 - 2004
- 2005 and later

Exposure Notes & Customized Assumptions

1) Insured value and number of risks were provided to AIR by Statistical Agent (Agent) category (Voluntary and Beach Plan), policy form group(Owners, Tenants and Condos), zipcode, coverage, construction class, year built and current dwelling territory, as defined by NCRB.

2) The number of risks in each zip code was rounded to the nearest whole number, except where the number of risks was < 1. In these zip codes, the number of risks was rounded up to 1. As a result, the number of risks to be modeled is different from the number of risks provided. This will not have an impact on the results, as the number of risks is not a field used in the analysis.

3) For HO policies, the Coverage B replacement value and limit were assumed to be 10% of Coverage A; the Coverage C replacement value and limit were assumed to be (Total Limit Factor - 1.3) of Coverage A where Total Limit Factor (TLF) varies by Territory (see Exhibit III); the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 20% of Coverage A. For CO policies, the Coverage A replacement value and limit were assumed to be $1,000 per risk; the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 40% of Coverage C. For TN policies, replacement values and limits for Coverages A and B were assumed to be zero. Replacement value and limit for Coverage C was as provided. Replacement Value for Coverage D is assumed to be $150/day and the limit value for Coverage D is assumed to be 20% of Coverage C.

4) For the purposes of modeling, ZIP codes that are not current or do not have geographic boundaries associated with them (i.e. mailing or P.O. Box ZIP codes) are mapped to current, equivalent ZIP codes that are valid for use with CLASIC/2. However, the original zip codes will be retained for reporting purposes.

5) When a zip code is split between two territories, and one of the territories intersecting the zip code is categorized as beach territory by ISO, the ZIP is considered a 'Beach Split ZIP'. For 'Beach Split ZIP Codes' the exposure is distributed to uniform grid points across the area of the zip code falling in each of the territories.

6) A deductible of $250 per risk was used for all lines of business.

7) Original territories 5, 6, 42, and 43 and ZIP Code 27675 in territory 53 were remapped according to Exhibit IV as directed by NCRB. The Total Limit Factor (Exhibit III) is applied prior to remapping.

Attachments & Exhibits

Construction/Occupancy Information and Data Mapping: ☑

Insured Value Summary by LOB: ☐ State ☐ County ☐ Coverage ☑ Territory

Replacement Value Summary by LOB: ☐ State ☐ County ☐ Coverage

Deductible Summary by LOB: ☐ State ☐ County ☐ Coverage

Premium Summary: ☐ State ☐ County

Deductible by Coverage: ☐ State ☐ County

Construction Summary: ☐

Exposure Summary & Modeling Assumption Approval

Subscriber Signature: ______________________ *Date:* ______________

Print Name: ______________________ *Title:* ______________

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AIR WORLDWIDE

Exhibit I.a: US

Construction/Occupancy Information and Data Mapping

LOB	Client Construction	AIR CC	AIR OC	AIR Construction	AIR Occupancy	Risks	Insured Value	Org. Risks
Owners	1	101	301	Wood Frame	General Residential	1,222,281	501,031,646,215	1,214,624
Owners	2	103	301	Masonry veneer	General Residential	570,146	266,606,603,476	562,224
Owners	3	111	301	Masonry	General Residential	178,013	92,901,167,342	168,919
Owners	4	131	301	Reinforced concrete	General Residential	5,610	1,558,357,674	2,009
Owners	5	101	301	Wood Frame	General Residential	46,742	14,595,610,757	40,475
Tenant	1	101	306	Wood Frame	Apartments/Condos	141,883	5,192,647,091	141,368
Tenant	2	103	306	Masonry veneer	Apartments/Condos	47,135	1,923,855,792	46,584
Tenant	3	111	306	Masonry	Apartments/Condos	17,755	737,794,932	17,088
Tenant	4	131	306	Reinforced concrete	Apartments/Condos	1,454	43,452,780	1,053
Tenant	5	101	306	Wood Frame	Apartments/Condos	4,686	149,693,340	4,055
Condominium	1	101	306	Wood Frame	Apartments/Condos	46,925	3,200,313,891	46,497
Condominium	2	103	306	Masonry veneer	Apartments/Condos	14,292	1,146,321,386	13,773
Condominium	3	111	306	Masonry	Apartments/Condos	8,266	667,244,465	7,694
Condominium	4	131	306	Reinforced concrete	Apartments/Condos	1,233	65,732,239	719
Condominium	5	101	306	Wood Frame	Apartments/Condos	1,523	78,146,383	1,174
					Total Insured Value to be Modeled:	**2,307,944**	**889,898,587,761**	**2,268,255**

Notes:
Currency: US Dollars
Num. Risks are Orig. Risks rounded to whole values
Orig. Risks are client provided original risks.

Exhibit II.a

Insured Value by Territory - All Coverages
Hurricane Peril

North Carolina

Territory	Homeowners	Condo	Tenants	Total
7				
Value	4,428,584,716	14,173,109	10,457,616	4,453,215,441
Num. Risks	8,922	278	261	9,461
Org. Risks	8,485	260	233	8,979
Avg Value	521,909	54,472	44,890	495,986
Avg. Ded $	250	250	250	250
8				
Value	8,258,742,916	95,814,491	35,930,400	8,390,487,807
Num. Risks	23,868	2,197	1,281	27,346
Org. Risks	15,614	1,435	722	17,771
Avg Value	528,935	66,753	49,765	472,138
Avg. Ded $	250	250	250	250
32				
Value	52,582,210,669	430,606,079	921,205,212	53,934,021,960
Num. Risks	109,629	5,722	26,597	141,948
Org. Risks	109,209	5,680	26,562	141,451
Avg Value	481,483	75,811	34,681	381,291
Avg. Ded $	250	250	250	250
34				
Value	19,867,487,835	81,622,677	184,601,088	20,133,711,600
Num. Risks	56,214	1,270	5,011	62,495
Org. Risks	55,942	1,256	4,982	62,179
Avg Value	355,145	65,011	37,054	323,801
Avg. Ded $	250	250	250	250
36				
Value	37,701,773,386	386,137,904	583,306,188	38,671,217,478
Num. Risks	85,591	5,324	16,239	107,154
Org. Risks	85,042	5,293	16,185	106,519
Avg Value	443,332	72,956	36,040	363,044
Avg. Ded $	250	250	250	250
38				
Value	64,286,312,654	1,318,956,594	1,155,130,644	66,760,399,893
Num. Risks	131,047	16,870	32,197	180,114
Org. Risks	130,715	16,835	32,164	179,715
Avg Value	491,804	78,344	35,913	371,479
Avg. Ded $	250	250	250	250
39				
Value	71,537,888,356	453,583,183	543,510,456	72,534,981,995
Num. Risks	147,151	6,182	13,254	166,587
Org. Risks	146,687	6,129	13,204	166,021
Avg Value	487,690	74,001	41,163	436,904
Avg. Ded $	250	250	250	250
41				
Value	8,647,148,904	5,036,679	48,087,036	8,700,272,619
Num. Risks	25,690	103	1,251	27,044
Org. Risks	24,954	89	1,220	26,263
Avg Value	346,517	56,488	39,425	331,271
Avg. Ded $	250	250	250	250
44				
Value	5,248,970,256	2,690,909	30,209,808	5,281,870,973
Num. Risks	15,374	39	772	16,185
Org. Risks	15,032	34	731	15,797
Avg Value	349,190	79,234	41,324	334,362
Avg. Ded $	250	250	250	250
45				
Value	30,598,020,208	58,273,076	282,973,464	30,939,266,748
Num. Risks	86,186	1,029	8,189	95,404
Org. Risks	84,625	1,017	8,065	93,707
Avg Value	361,571	57,292	35,087	330,169
Avg. Ded $	250	250	250	250

(continued)

46				
Value	11,376,707,820	1,053,561	68,761,080	11,446,522,461
Num. Risks	30,528	23	1,904	32,455
Org. Risks	30,047	21	1,862	31,930
Avg Value	378,634	50,057	36,920	358,486
Avg. Ded $	250	250	250	250
47				
Value	62,586,003,586	107,010,138	440,124,696	63,133,138,420
Num. Risks	161,740	1,517	10,995	174,252
Org. Risks	159,857	1,444	10,838	172,139
Avg Value	391,511	74,118	40,610	366,757
Avg. Ded $	250	250	250	250
48				
Value	5,645,686,701	12,902,019	12,124,236	5,670,712,956
Num. Risks	12,834	210	422	13,466
Org. Risks	11,926	199	299	12,424
Avg Value	473,377	64,846	40,541	456,416
Avg. Ded $	250	250	250	250
49				
Value	20,650,493,027	49,575,888	96,482,940	20,796,551,855
Num. Risks	51,563	680	2,494	54,737
Org. Risks	50,230	637	2,403	53,270
Avg Value	411,120	77,774	40,149	390,396
Avg. Ded $	250	250	250	250
52				
Value	51,398,292,004	365,554,702	261,314,806	52,025,161,511
Num. Risks	129,281	6,882	7,984	144,147
Org. Risks	118,953	5,943	7,068	131,965
Avg Value	432,088	61,507	36,971	394,236
Avg. Ded $	250	250	250	250
53				
Value	103,145,377,413	478,398,508	1,089,112,860	104,712,888,781
Num. Risks	193,392	6,310	29,020	228,722
Org. Risks	192,891	6,267	28,979	228,137
Avg Value	534,735	76,340	37,582	458,992
Avg. Ded $	250	250	250	250
57				
Value	85,318,510,451	287,637,913	715,042,668	86,321,191,032
Num. Risks	211,215	4,295	18,215	233,725
Org. Risks	210,464	4,246	18,149	232,859
Avg Value	405,382	67,751	39,399	370,702
Avg. Ded $	250	250	250	250
60				
Value	233,415,174,563	1,008,730,933	1,569,068,736	235,992,974,232
Num. Risks	542,567	13,308	36,827	592,702
Org. Risks	537,577	13,071	36,481	587,128
Avg. Value	434,199	77,173	43,011	401,944
Avg. Ded $	250	250	250	250
Total				
Value	876,693,385,465	5,157,758,362	8,047,443,934	889,898,587,761
Num. Risks	2,022,792	72,239	212,913	2,307,944
Org. Risks	1,988,252	69,857	210,147	2,268,255
Avg. Value	440,937	73,833	38,294	392,327
Avg. Ded $	250	250	250	250

Notes:
Currency: US Dollars
Num. Risks are Orig. Risks rounded to whole values
Orig. Risks are client provided original risks.

Exhibit III

Homeowner Total Limit Factors

Territory	*Total Limits Factor*
5*	1.916
6*	1.944
7	1.885
8	1.946
32	1.918
34	1.929
36	1.914
38	1.900
39	1.919
41	1.907
42*	1.902
43*	1.899
44	1.906
45	1.906
46	1.896
47	1.920
48	1.884
49	1.910
52	1.910
53	1.934
57	1.913
60	1.902

*These territories are remapped after applying the Total Limit Factor (See Exhibit IV)

Exhibit IV

Territory Remapping

Zip	*Original Territory*	*Remapped Territory*
28516	5	8
28520	5	8
28581	5	8
28411	6	8
28443	6	8
28445	6	8
28460	6	8
28461	6	8
28462	6	8
28468	6	8
28469	6	8
28411	42	52
28443	42	52
28445	42	52
28460	42	52
28461	42	52
28462	42	52
28468	42	52
28469	42	52
28516	43	52
28520	43	52
28581	43	52
27675	53	32

Note: Only one zip (27675) was remapped from Territory 53 to Territory 32.

Exhibit RB-6B

Catastrophe Loss Analysis Service
Atlantic Tropical Cyclone
WSST Catalog

Prepared for: North Carolina Rate Bureau
December, 2011

AIR WORLDWIDE

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Table of Contents

Introduction

This report contains the results of the Catastrophe Loss Analysis Service (CLAS™) for Homeowners, Tenants and Condominiums policies in the state of North Carolina as requested by the North Carolina Rate Bureau (NCRB). Loss estimates are provided using AIR Worldwide's (AIR) Atlantic Tropical Cyclone model and the 100,000-year warm sea surface temperature conditioned (WSST) catalog.

The NCRB provided AIR with information that represents the exposures analyzed. AIR reviewed and reformatted the exposure data as necessary and used them as input to the AIR hurricane model, which generated the loss estimates that form the core of this analysis. The AIR model is a system of computer programs that incorporate the fundamental physical characteristics, expressed mathematically, of hurricanes. These characteristics are then overlaid on the geographical distribution of the NCRB's exposures. Building, contents, and time element damage are estimated by applying AIR's proprietary damageability relationships. Finally, insured losses are calculated by applying policy conditions to the total damage estimates.

All aspects of the AIR hurricane model undergo extensive validation tests. The stochastic model variables have been compared to the actual characteristics of historical hurricanes occurring in North Carolina since 1900. The simulated event characteristics parallel patterns seen in the historical record, and resulting loss estimates correspond closely to actual claims data provided by clients.

The model has also undergone extensive internal and external peer review. Internal peer review is a standard part of AIR's operating process and is conducted by AIR's technical staff of over 200 professionals, over 30 of whom hold Ph.D. credentials in their fields of expertise. In addition to that performed by reviewers for the *Journal of Applied Meteorology and Climatology,* AIR's research into hurricane landfall risk under a regime of warm SSTs has been rigorously peer reviewed by several respected scientists in the field, including MIT's Dr. Kerry Emanuel, Dr. James Elsner at Florida State University and Dr. Timothy Hall from NASA/GISS.

Catastrophe models combine the latest scientific and engineering knowledge with computer simulation technology to develop probability distributions of long-run potential losses. They are not forecasting tools.

Forecasting hurricane activity on a short term time horizon, such as a year or a few years ahead, is difficult because of the many climatological factors that influence hurricane activity—and landfall activity in particular—in the North Atlantic. There are several important mechanisms within the earth's environment that are reported to affect hurricane activity. These mechanisms are correlated with a variety of climate signals, which are measurements of the natural feedback systems of the earth in its effort to maintain equilibrium. Climate signals are typically presented as a measurement of anomalies.

For example, the energy source of the hurricane "engine" is heat and moisture from the ocean's surface. The warmer the ocean, the more heat energy is available to tropical storms. Scientists have observed that sea surface temperatures (SSTs) in the North Atlantic undergo fluctuations above and below their mean values in phases lasting multiple decades. (Some scientists refer to this fluctuation as the Atlantic Multi-Decadal Oscillation, or AMO.)

Other climate signals include the:

- El Niño Southern Oscillation (ENSO), which measures sea surface temperature anomalies in the Pacific Ocean off the coast of Peru. These SSTs alternate over an approximate three- to eight-year cycle with an opposite cold phase known as "La Niña." Certain researchers have concluded that the presence of El Niño has a mitigating effect on the frequency of hurricane activity in the Atlantic and the opposite effect in the Pacific.

- Quasi-Biennial Oscillation (QBO), a signal tracking the direction of the equatorial winds in the stratosphere. One theory hypothesizes that when these winds blow from west to east, they have a positive impact on hurricane formation. The QBO has an approximate two-year cycle.

- North Atlantic Oscillation (NAO), a pressure pattern between the high pressure system near the Azores and the low pressure system near Iceland. Scientists have observed that the large-scale general circulation associated with the NAO steers North Atlantic tropical cyclones in a characteristic pattern to the west and eventually to the north. Informally known as the "Bermuda High," when it is in a more southwesterly position, hurricanes are more likely to make landfall than when it is further north and east, off the northern African Coast. The location of the Bermuda High can change several times during a single hurricane season.

Since 1995, SSTs in the North Atlantic have been in a warm phase characterized by elevated SSTs and above-normal hurricane activity. However, there is significant uncertainty associated with quantifying the time horizon and magnitude of this elevated risk and its impact on insured losses.

While recognizing these challenges, AIR has reviewed current scientific research and conducted extensive internal analyses. Based on this research, AIR has developed an alternative catalog of simulated hurricanes ("warm sea surface temperature conditioned catalog") that incorporates the impact of SST anomalies on hurricane.

Statistical analyses were then performed to assess the impact of warm SST anomalies in the North Atlantic on hurricane landfall frequency and intensity. Although this analysis shows that the correlation between SST anomalies and landfall hurricane frequency is relatively weak, a hurricane index is defined as the ratio of mean frequency of hurricanes under warm SST anomalies relative to mean frequency of hurricanes in all years. The index has been developed by hurricane intensity and for four regions along the U.S. coastline. The final index values are guided by statistical assessment of the impact of SSTs and a physical understanding of the varying regional impact warm SST anomalies have along the coastline. The index values developed by AIR were used to develop a revised landfall frequency distribution by coastal segment, which ultimately results in a warm sea surface temperature conditioned stochastic catalog.

The results presented in this report are provided as one view of the uncertainty in a warm sea surface temperature environment. However, the interaction of other shorter-term climate fluctuations, such as those listed above (ENSO, QBO and NAO), can affect the likelihood that hurricanes will make landfall in any given year. This analysis is limited by a number of other additional factors, including but not limited to:

- Uncertainty in forecasting SST conditions.
- Fewer years of data from periods of warm SST conditions compared to more than 100 years of data used in creating the standard catalog.
- Random events that influence climate (for example, volcanic eruptions) and that cannot be predicted or accounted for.

The AIR model simulated 100,000 years of potential hurricane experience. The results of the model are expressed in terms of probability distributions of event losses. These distributions represent a range of possible losses and the relative likelihood of occurrence of various levels of loss. The hurricane model used in this report is Atlantic Tropical Cyclone v.12.01.1224, CLASIC/2 V13.0.

Executive Summary

To estimate the hurricane loss potential for NCRB, AIR simulated 100,000 years of potential hurricanes using AIR Worldwide's warm sea surface temperature conditioned hurricane catalog. The simulation included aggregate demand surge, which is demand surge caused by a given event, as well as by other events that occur close to the given event in both time and space.

The long-term average annual aggregate hurricane loss for the NCRB Homeowners, Tenants and Condominiums policies is $452.4 million including aggregate demand surge. In the 100,000-year sample, 70,228 hurricanes resulted in losses to North Carolina's insured properties net of deductibles. Given that a hurricane has occurred, the estimated average hurricane loss is $644.1 million.

The largest simulated hurricane loss is $42.6 billion including aggregate demand surge. This loss resulted from a category 4 hurricane with landfall in Brunswick County, North Carolina. Note that higher occurrence losses, that is, losses in excess of $42.6 billion, are possible. They have, however, a very low probability of occurrence. Nevertheless, it should be understood that the largest simulated hurricane losses do not represent the worst possible scenarios.

Hurricane events of specified probabilities of exceedance and estimated return times appear below.

Annual Maximum Occurrence Loss

Hurricane Occurrence Loss ($millions)	Estimated Probability of Exceedance	Estimated Average Return Time (years)
949	10.0%	10
2,177	5.0%	20
4,726	2.0%	50
7,478	1.0%	100
12,114	0.4%	250
15,869	0.2%	500
20,223	0.1%	1000

Actual hurricane losses are influenced by a number of characteristics, the most important of which is intensity as measured by wind speed, commonly expressed in terms of Saffir-Simpson (SS) category. Given the same landfall point, storms with higher wind speeds typically result in larger losses than do storms with lower wind speeds. Other characteristics that influence loss amounts include radius of maximum winds, forward speed, and storm track.

Actual losses also depend on the geographical distribution of exposures in relation to the area affected by the storm. That is, a severe hurricane could result in a smaller overall loss than a less severe hurricane if the less severe hurricane strikes an area of higher property value.

Exposure Information and Assumptions

The NCRB provided exposure information used to generate the loss estimates. The exposure file contained information on insured value and number of risks by Statistical Agent (Stat Agent), category (Voluntary and Beach Plan), policy form group(Owners, Tenants and Condos), ZIP Code, coverage, construction class, year built and current dwelling territory, as defined by NCRB. They also provided a mapping file associating these territories and ZIP Codes to revised territory definitions. This enabled AIR to produce results based upon these revised territories (See Appendix A, Exhibit IV).

When a zip code is split between two territories, and one of the territories intersecting the zip code is categorized as beach territory by ISO, the ZIP is considered a 'Beach Split ZIP'. For 'Beach Split ZIP Codes' the exposure is distributed to uniform grid points across the area of the zip code falling in each of the territories.

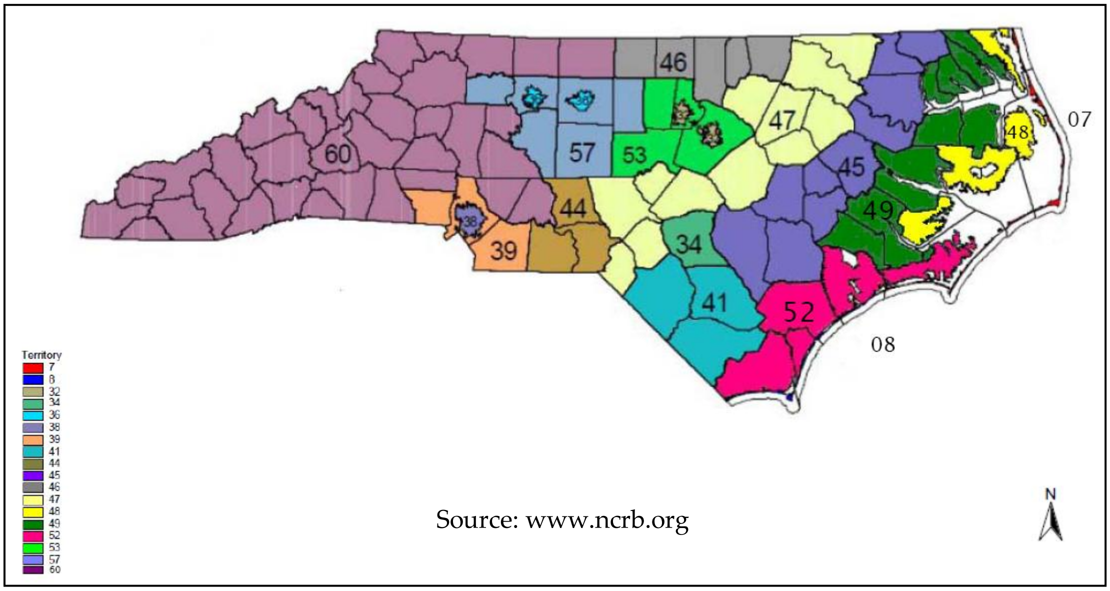
The information on house-years and insurance-years by category, ZIP Code, line of business, construction class, and territory was provided by the Insurance Services Office (ISO) and represents the Full Statistical Plan experience of companies reporting to either ISO or the National Association of Independent Insurers.

In order to be consistent with the level of coverage provided by NCRB forms, the insurance years provided by NCRB were increased by 20% for Tenants, and by 40% for Condominiums to reflect non-primary coverages. Insurance years for Homeowners were increased by a Total Limit Factor according to dwelling territory provided by NCRB. The Total Limit Factor was applied prior to remapping of territories (See Appendix A, Exhibit III).

An original data set was provided by ISO and analyzed by AIR in order to yield loss estimates. Exhibit 1 shows total insured values, number of risks (rounded), original number of risks and average values by territory.

Exhibit 1 is a map showing the revised NCRB territories, which are effective as of May 1st, 2009.

Exhibit 1. Revised NCRB Territories, effective May 1st, 2009



Source: www.ncrb.org

Long-Term Average Losses

Exhibit 2 shows the long run average annual hurricane loss potential by territory including aggregate demand surge.

Exhibit 2. Average Annual Loss by Territory in North Carolina

Territory	HO	Tenants	Condominium	Total
7	19,342,186	57,193	61,583	19,460,962
8	49,499,371	257,234	659,160	50,415,765
32	16,565,574	300,854	122,116	16,988,544
34	9,932,337	93,758	34,541	10,060,637
36	6,523,068	102,102	57,477	6,682,647
38	10,982,625	199,737	188,494	11,370,856
39	11,872,740	94,944	67,826	12,035,510
41	7,609,895	40,649	3,709	7,654,254
44	1,401,710	8,216	693	1,410,619
45	24,303,820	231,938	42,379	24,578,136
46	2,718,584	17,210	254	2,736,048
47	26,054,702	201,243	34,170	26,290,115
48	9,765,594	30,487	35,619	9,831,699
49	22,562,388	120,036	53,722	22,736,146
52	155,522,876	921,685	1,224,346	157,668,907
53	31,425,766	346,341	122,679	31,894,785
57	15,463,564	133,935	46,675	15,644,175
60	24,639,243	172,850	79,136	24,891,229
Total	**446,186,041**	**3,330,414**	**2,834,579**	**452,351,034**

Currency: US Dollars

Exhibit 3 shows North Carolina's distribution of Homeowners, Tenants, and Condominiums average annual hurricane losses including aggregate demand surge and total insurance in force by territory. The coastal territories account for much higher shares of loss than exposure due to their vulnerability to the hurricane peril.

Exhibit 3. Distribution of Exposure and Loss by Territory in North Carolina

Territory	Insured Value	Percent of Total	Est. Avg. Annual Loss	Percent of Total
7	4,453,215,441	0.50%	19,460,962	4.30%
8	8,390,487,807	0.94%	50,415,765	11.15%
32	53,934,021,960	6.06%	16,988,544	3.76%
34	20,133,711,600	2.26%	10,060,637	2.22%
36	38,671,217,478	4.35%	6,682,647	1.48%
38	66,760,399,893	7.50%	11,370,856	2.51%
39	72,534,981,995	8.15%	12,035,510	2.66%
41	8,700,272,619	0.98%	7,654,254	1.69%
44	5,281,870,973	0.59%	1,410,619	0.31%
45	30,939,266,748	3.48%	24,578,136	5.43%
46	11,446,522,461	1.29%	2,736,048	0.60%
47	63,133,138,420	7.09%	26,290,115	5.81%
48	5,670,712,956	0.64%	9,831,699	2.17%
49	20,796,551,855	2.34%	22,736,146	5.03%
52	52,025,161,511	5.85%	157,668,907	34.86%
53	104,712,888,781	11.77%	31,894,785	7.05%
57	86,321,191,032	9.70%	15,644,175	3.46%
60	235,992,974,232	26.52%	24,891,229	5.50%
Total	**889,898,587,761**	**100.00%**	**452,351,034**	**100.00%**

Currency: US Dollars

Estimated Pure Premiums and Loss Costs

Exhibits 4, 5, 6 and 7 show the estimated hurricane loss costs and pure premiums by territory for all lines combined and for each line separately. The coastal territories are most vulnerable to hurricane losses. The estimated loss costs are highest in coastal territories 7 and 8, as well as territories 48 and 52. These territories form part of the eastern tip of North Carolina, an area of relatively high hurricane frequency.

For all exhibits, the estimated loss costs are per $100 of exposure. The estimated hurricane pure premiums are calculated by dividing the estimated average annual losses by the number of risks. The estimated hurricane pure premiums show the amounts, exclusive of expenses and provisions for profit and contingencies, which need to be collected each year to cover only the long run hurricane loss potential.

Exhibit 4. Loss Costs by Territory - North Carolina – All Lines

Territory	Insured Value	Risk Count	Average Annual Loss	Pure Premium	Loss Cost (Per $100)
7	4,453,215,441	8,979	19,460,962	2,167.50	0.4370
8	8,390,487,807	17,771	50,415,765	2,836.93	0.6009
32	53,934,021,960	141,451	16,988,544	120.10	0.0315
34	20,133,711,600	62,179	10,060,637	161.80	0.0500
36	38,671,217,478	106,519	6,682,647	62.74	0.0173
38	66,760,399,893	179,715	11,370,856	63.27	0.0170
39	72,534,981,995	166,021	12,035,510	72.49	0.0166
41	8,700,272,619	26,263	7,654,254	291.44	0.0880
44	5,281,870,973	15,797	1,410,619	89.30	0.0267
45	30,939,266,748	93,707	24,578,136	262.29	0.0794
46	11,446,522,461	31,930	2,736,048	85.69	0.0239
47	63,133,138,420	172,139	26,290,115	152.73	0.0416
48	5,670,712,956	12,424	9,831,699	791.32	0.1734
49	20,796,551,855	53,270	22,736,146	426.81	0.1093
52	52,025,161,511	131,965	157,668,907	1,194.78	0.3031
53	104,712,888,781	228,137	31,894,785	139.81	0.0305
57	86,321,191,032	232,859	15,644,175	67.18	0.0181
60	235,992,974,232	587,128	24,891,229	42.39	0.0105
Total	**889,898,587,761**	**2,268,255**	**452,351,034**	**199.43**	**0.0508**

Currency: US Dollars

Exhibit 5. Loss Costs by Territory - North Carolina - Homeowners

Territory	Insured Value	Risk Count	Average Annual Loss	Pure Premium	Loss Cost (Per $100)
7	4,428,584,716	8,485	19,342,186	2,279.48	0.4368
8	8,258,742,916	15,614	49,499,371	3,170.21	0.5994
32	52,582,210,669	109,209	16,565,574	151.69	0.0315
34	19,867,487,835	55,942	9,932,337	177.55	0.0500
36	37,701,773,386	85,042	6,523,068	76.70	0.0173
38	64,286,312,654	130,715	10,982,625	84.02	0.0171
39	71,537,888,356	146,687	11,872,740	80.94	0.0166
41	8,647,148,904	24,954	7,609,895	304.95	0.0880
44	5,248,970,256	15,032	1,401,710	93.25	0.0267
45	30,598,020,208	84,625	24,303,820	287.19	0.0794
46	11,376,707,820	30,047	2,718,584	90.48	0.0239
47	62,586,003,586	159,857	26,054,702	162.99	0.0416
48	5,645,686,701	11,926	9,765,594	818.82	0.1730
49	20,650,493,027	50,230	22,562,388	449.18	0.1093
52	51,398,292,004	118,953	155,522,876	1,307.43	0.3026
53	103,145,377,413	192,891	31,425,766	162.92	0.0305
57	85,318,510,451	210,464	15,463,564	73.47	0.0181
60	233,415,174,563	537,577	24,639,243	45.83	0.0106
Total	**876,693,385,465**	**1,988,252**	**446,186,041**	**224.41**	**0.0509**

Currency: US Dollars

Exhibit 6. Loss Costs by Territory - North Carolina - Tenants

Territory	Insured Value	Risk Count	Average Annual Loss	Pure Premium	Loss Cost (Per $100)
7	10,457,616	233	57,193	245.51	0.5469
8	35,930,400	722	257,234	356.28	0.7159
32	921,205,212	26,562	300,854	11.33	0.0327
34	184,601,088	4,982	93,758	18.82	0.0508
36	583,306,188	16,185	102,102	6.31	0.0175
38	1,155,130,644	32,164	199,737	6.21	0.0173
39	543,510,456	13,204	94,944	7.19	0.0175
41	48,087,036	1,220	40,649	33.33	0.0845
44	30,209,808	731	8,216	11.24	0.0272
45	282,973,464	8,065	231,938	28.76	0.0820
46	68,761,080	1,862	17,210	9.24	0.0250
47	440,124,696	10,838	201,243	18.57	0.0457
48	12,124,236	299	30,487	101.94	0.2515
49	96,482,940	2,403	120,036	49.95	0.1244
52	261,314,806	7,068	921,685	130.40	0.3527
53	1,089,112,860	28,979	346,341	11.95	0.0318
57	715,042,668	18,149	133,935	7.38	0.0187
60	1,569,068,736	36,481	172,850	4.74	0.0110
Total	**8,047,443,934**	**210,147**	**3,330,414**	**15.85**	**0.0414**

Currency: US Dollars

Exhibit 7. Loss Costs by Territory - North Carolina – Condominiums

Territory	Insured Value	Risk Count	Average Annual Loss	Pure Premium	Loss Cost (Per $100)
7	14,173,109	260	61,583	236.69	0.4345
8	95,814,491	1,435	659,160	459.23	0.6880
32	430,606,079	5,680	122,116	21.50	0.0284
34	81,622,677	1,256	34,541	27.51	0.0423
36	386,137,904	5,293	57,477	10.86	0.0149
38	1,318,956,594	16,835	188,494	11.20	0.0143
39	453,583,183	6,129	67,826	11.07	0.0150
41	5,036,679	89	3,709	41.60	0.0736
44	2,690,909	34	693	20.40	0.0257
45	58,273,076	1,017	42,379	41.67	0.0727
46	1,053,561	21	254	12.05	0.0241
47	107,010,138	1,444	34,170	23.67	0.0319
48	12,902,019	199	35,619	179.02	0.2761
49	49,575,888	637	53,722	84.28	0.1084
52	365,554,702	5,943	1,224,346	206.00	0.3349
53	478,398,508	6,267	122,679	19.58	0.0256
57	287,637,913	4,246	46,675	10.99	0.0162
60	1,008,730,933	13,071	79,136	6.05	0.0078
Total	**5,157,758,362**	**69,857**	**2,834,579**	**40.58**	**0.0550**

Currency: US Dollars

Appendix A – Project Information & Assumptions Form

Project Information & Assumptions Form

Version 2009061919.1.0

Project Summary & Contact Information

Subscriber: NCRB
Contact: Tim Lucas
Email: ftl@ncrb.org
Phone: 919-582-1021
Fax:

AIR Contact: Peter Bingenheimer
Email: pbingenheimer@air-worldwide.com
Phone: (617) 267-6645
Fax: (617) 267-8284

Contract #:
Analysis Type: Property - Personal

Exposure Summary Sent: December 15, 2011
Report Due: December 31, 2011

☑ Initial Analysis ☐ Follow-up

Perils & Models

#	Peril	Model	Implementation	Version	Simulation Years
1	Tropical Cyclone	U.S. Hurricane Standard - 100K_Standard_ATL_Hur_10 (12.00.1224)	CLASIC/2	13	100,000
2	Tropical Cyclone	U.S. Hurricane WSST - 100K_WSST_ATL_Hur_11 (12.01.1224)	CLASIC/2	13	100,000

Reports & Deliverables

Report Options

Report Format: ☑ PDF ☑ Paper Copy/Bound Report ☐ Flat file ☐ CSV

Standard Reports

☑ Distribution of Potential Catastrophe Losses - Exceedance Probability
- ☑ Portfolio ☐ State ☐ Line of Business

☑ Average Annual Losses
- ☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
- ☑ Territory

☑ Loss Costs and Pure Premiums
- ☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
- ☑ Territory

☐ Selected Event Scenarios - specific events from a stochastic/historical event set
- ☐ Rank ☐ Return Period ☐ Line of Business

Customized Reports

☐ Company Loss File (CLF) ☐ UNICEDE/2
☐ UPX

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AIR WORLDWIDE

Original Data File Information

Original file name(s): AIR Data IPN & Beach Plan Zip + Cov C.xlsx
Date Received: December 2, 2011 **Data in-force Date:** December 31, 2009
Date Logged: December 2, 2011 **Data Media:** Excel Attachment

File Format: ☐ MS Access ☑ MS Excel ☐ Text

Level of Location Detail: ☐ Geocode ☐ 9-Digit ZIP ☐ Street ☑ 5-Digit ZIP ☐ City ☐ County ☐ State ☐ Territory

Original Value Summary

Total Deductible Value	Total Records	Total Risks	Total Replacement Value	Total Insured Value	Max. TIV	Avg. TIV
n/a	67,534	2,268,255	468,875,145,100	468,875,145,100	1,330,171	206,712

Added/Excluded Records

Reason for Addition/Exclusion	Records	Risks	Insured Value
Insured Value increased for modeling due to addition of Time Element (Coverage D) for all exposures. See Exposure Notes and Customized Assumptions for details.	-	-	94,501,872,072
Insured Value increased for modeling due to addition of Contents (Coverage C) for Homeowners records. See Exposure Notes and Customized Assumptions for details.	-	-	280,598,241,420
Insured Value increased for modeling due to addition of Appurtenant Structures (Coverage B) for Homeowners records. See Exposure Notes and Customized Assumptions for details.	-	-	45,853,472,616
Insured Value increased for modeling due to addition of Building Structures (Coverage A) for Condominium records. See Exposure Notes and Customized Assumptions for details.	-	-	69,856,721
Risks increased due to rounding	-	39,689	-
Records increased and Value Rounded due to Beach Split treatment	26,772	-	-168
Total Excluded:	**-**	**-**	**-**
Total Added	**26,772**	**39,689**	**421,023,442,661**
Reduced Number of Records due to Aggregation:	**N/A**	**N/A**	**N/A**
Net Exposures to be Modeled:	**94,306**	**2,307,944**	**889,898,587,761**

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AIR WORLDWIDE

Geocode Record Summary		
Number of zipcodes remapped prior to geocoding:	308	
Book Name:	NCRB_HO_2011	
Geocoded Level of Location Detail	Records	
Matched at Exact Address:	-	
Matched at 9-digit Zip:	-	
Matched at Relaxed Address:	-	
Matched at Postal Code:	64,973	
Matched at City:	-	
Matched at County:	-	
Geocoded based on population grid points (Beach Split Zips)	29,333	
Records already geocoded by client:	-	
Total number of records:	**94,306**	

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AIR WORLDWIDE

Line of Business & Coverage Summary														
LOB	Limits Apply	A Building			B Other Structures			C Contents			D Loss of Use			
		Rep	Lim	Ded	Rep	Lim	Ded	Rep	Lim	Ded	Rep/d*	Lim	Ded
HO	C	L	P	BA	L	LimA*0.1	BA	L	LimA*(TLF-1.3)	BA	$150 / day	LimA*0.2	N/A
CO	C	L	$1,000 * Num of Risks	BA	N/A	N/A	N/A	L	P	BA	$150 / day	LimC*0.4	N/A
TN	C	N/A	N/A	N/A	N/A	N/A	N/A	L	P	BA	$150 / day	LimC*0.2	N/A

** Loss of Use Replacment (Rep/d) is a per diem value.*

CLASIC/2 Key:

Limit Application Code ("Limits Apply"):
N = None
C = Applies by Coverage
S = Applies to sum of all coverages

Replacement Value ("Rep"):
P = As Provided
L = Equal to limit

Limit Value ("Lim"):
P = As Provided
TLF = Total Limit Factor (see Exhibit III)

Deductible Application Code ("Ded"):
NO = None
AA = Annual Amount
SA = Combined flat
SP = Combined percent of coverage
SL = Combined percent of loss
CA = By coverage flat
CP = By coverage percent
BA = Combined flat, excluding time element loss
BP = Combined percent of coverage, excluding time
MA = Mini-policy flat
MP = Mini-policy percent

Analysis Options	
Aggregation of Input Data:	☐ Modeled as provided ☑ Aggregated by: Stat Agent, PFG Code, Territory provided by ISO (eff. 1/1/2008), Current Territory (eff. 5/1/2009), Construction Code, Zip Code, Year Built.
Geographic Resolution of Analysis:	Postal Code
Analysis Save Results:	☐ Contract ☐ Contract/Summary ☐ Layer ☐ Coverage ☐ Injury
Analysis Specifications:	☐ Reinsurance Quota Share ☐ Reinsurance Per Risk XOL ☐ Reinsurance Surplus Share ☐ Reinsurance Facultative ☐ TC Storm Surge (Flooding, default is 10% of separately modeled surge loss) ☑ Average Properties ☑ Demand Surge (Aggregate) ☐ Uncertainty ☐ Global Overrides
Analysis Notes:	All analyses will be run with aggregate demand surge. Exposures treated as Beach Split Zip (see note 5 on Page 6) will not be run with Average Properties.

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AIR WORLDWIDE

Location Detail Characteristics			
Peril	*Characteristic*	*# Provided*	*% of Total Provided*
	Age	59,196	87.7%
	Appurtenant Structures		
	Avg Height of Adjacent Buildings		
	Bldg Foundation Connection		
	Building Condition		
	Building Orientation		
	Building Shape		
	Exterior Doors		
	Floor of Interest		
	Foundation Type		
	Glass Percent		
	Glass Type		
	Height		
	Internal Partition Walls		
	Large Missile Source		
	Proximity Exposure		
	Retrofit Measures		
	Roof Anchorage		
	Roof Attached Structures		
	Roof Covering		
	Roof Covering Attachment		
	Roof Deck		
	Roof Deck Attachment		
	Roof Geometry		
	Roof Pitch		
	Small Debris Source		
	Soft Story		
	Special Earthquake Resistant Systems		
	Structural Irregularity		
	Terrain Roughness		
	Torsion Elements		
	Tree Exposure		
	Wall Attached Structures		
	Wall Siding		
	Wall Type		
	Window Protection		
	Year Roof Built		
	Total Records:	67,534	

Notes: Year Built is provided for Homeowners data only and is divided into the following bands:

- 1994 and prior
- By year for 1995 - 2004
- 2005 and later

Exposure Notes & Customized Assumptions
1) Insured value and number of risks were provided to AIR by Statistical Agent (Agent) category (Voluntary and Beach Plan), policy form group(Owners, Tenants and Condos), zipcode, coverage, construction class, year built and current dwelling territory, as defined by NCRB.
2) The number of risks in each zip code was rounded to the nearest whole number, except where the number of risks was < 1. In these zip codes, the number of risks was rounded up to 1. As a result, the number of risks to be modeled is different from the number of risks provided. This will not have an impact on the results, as the number of risks is not a field used in the analysis.
3) For HO policies, the Coverage B replacement value and limit were assumed to be 10% of Coverage A; the Coverage C replacement value and limit were assumed to be (Total Limit Factor - 1.3) of Coverage A where Total Limit Factor (TLF) varies by Territory (see Exhibit III); the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 20% of Coverage A. For CO policies, the Coverage A replacement value and limit were assumed to be $1,000 per risk; the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 40% of Coverage C. For TN policies, replacement values and limits for Coverages A and B were assumed to be zero. Replacement value and limit for Coverage C was as provided. Replacement Value for Coverage D is assumed to be $150/day and the limit value for Coverage D is assumed to be 20% of Coverage C.
4) For the purposes of modeling, ZIP codes that are not current or do not have geographic boundaries associated with them (i.e. mailing or P.O. Box ZIP codes) are mapped to current, equivalent ZIP codes that are valid for use with CLASIC/2. However, the original zip codes will be retained for reporting purposes.
5) When a zip code is split between two territories, and one of the territories intersecting the zip code is categorized as beach territory by ISO, the ZIP is considered a 'Beach Split ZIP'. For 'Beach Split ZIP Codes' the exposure is distributed to uniform grid points across the area of the zip code falling in each of the territories.
6) A deductible of $250 per risk was used for all lines of business.
7) Original territories 5, 6, 42, and 43 and ZIP Code 27675 in territory 53 were remapped according to Exhibit IV as directed by NCRB. The Total Limit Factor (Exhibit III) is applied prior to remapping.

Attachments & Exhibits

Construction/Occupancy Information and Data Mapping: ☑

Insured Value Summary by LOB: ☐ State ☐ County ☐ Coverage ☑ Territory

Replacement Value Summary by LOB: ☐ State ☐ County ☐ Coverage

Deductible Summary by LOB: ☐ State ☐ County ☐ Coverage

Premium Summary: ☐ State ☐ County

Deductible by Coverage: ☐ State ☐ County

Construction Summary: ☐

Exposure Summary & Modeling Assumption Approval

Subscriber Signature: ______________________ *Date:* ______________

Print Name: ______________________ *Title:* ______________

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AIR WORLDWIDE

Exhibit I.a: US

Construction/Occupancy Information and Data Mapping

LOB	*Client Construction*	*AIR CC*	*AIR OC*	*AIR Construction*	*AIR Occupancy*	*Risks*	*Insured Value*	*Org. Risks*
Owners	1	101	301	Wood Frame	General Residential	1,222,281	501,031,646,215	1,214,624
Owners	2	103	301	Masonry veneer	General Residential	570,146	266,606,603,476	562,224
Owners	3	111	301	Masonry	General Residential	178,013	92,901,167,342	168,919
Owners	4	131	301	Reinforced concrete	General Residential	5,610	1,558,357,674	2,009
Owners	5	101	301	Wood Frame	General Residential	46,742	14,595,610,757	40,475
Tenant	1	101	306	Wood Frame	Apartments/Condos	141,883	5,192,647,091	141,368
Tenant	2	103	306	Masonry veneer	Apartments/Condos	47,135	1,923,855,792	46,584
Tenant	3	111	306	Masonry	Apartments/Condos	17,755	737,794,932	17,088
Tenant	4	131	306	Reinforced concrete	Apartments/Condos	1,454	43,452,780	1,053
Tenant	5	101	306	Wood Frame	Apartments/Condos	4,686	149,693,340	4,055
Condominium	1	101	306	Wood Frame	Apartments/Condos	46,925	3,200,313,891	46,497
Condominium	2	103	306	Masonry veneer	Apartments/Condos	14,292	1,146,321,386	13,773
Condominium	3	111	306	Masonry	Apartments/Condos	8,266	667,244,465	7,694
Condominium	4	131	306	Reinforced concrete	Apartments/Condos	1,233	65,732,239	719
Condominium	5	101	306	Wood Frame	Apartments/Condos	1,523	78,146,383	1,174
					Total Insured Value to be Modeled:	**2,307,944**	**889,898,587,761**	**2,268,255**

Notes:
Currency: US Dollars
Num. Risks are Orig. Risks rounded to whole values
Orig. Risks are client provided original risks.

Exhibit II.a

Insured Value by Territory - All Coverages
Hurricane Peril

North Carolina

Territory	Homeowners	Condo	Tenants	Total
7				
Value	4,428,584,716	14,173,109	10,457,616	4,453,215,441
Num. Risks	8,922	278	261	9,461
Org. Risks	8,485	260	233	8,979
Avg Value	521,909	54,472	44,890	495,986
Avg. Ded $	250	250	250	250
8				
Value	8,258,742,916	95,814,491	35,930,400	8,390,487,807
Num. Risks	23,868	2,197	1,281	27,346
Org. Risks	15,614	1,435	722	17,771
Avg Value	528,935	66,753	49,765	472,138
Avg. Ded $	250	250	250	250
32				
Value	52,582,210,669	430,606,079	921,205,212	53,934,021,960
Num. Risks	109,629	5,722	26,597	141,948
Org. Risks	109,209	5,680	26,562	141,451
Avg Value	481,483	75,811	34,681	381,291
Avg. Ded $	250	250	250	250
34				
Value	19,867,487,835	81,622,677	184,601,088	20,133,711,600
Num. Risks	56,214	1,270	5,011	62,495
Org. Risks	55,942	1,256	4,982	62,179
Avg Value	355,145	65,011	37,054	323,801
Avg. Ded $	250	250	250	250
36				
Value	37,701,773,386	386,137,904	583,306,188	38,671,217,478
Num. Risks	85,591	5,324	16,239	107,154
Org. Risks	85,042	5,293	16,185	106,519
Avg Value	443,332	72,956	36,040	363,044
Avg. Ded $	250	250	250	250
38				
Value	64,286,312,654	1,318,956,594	1,155,130,644	66,760,399,893
Num. Risks	131,047	16,870	32,197	180,114
Org. Risks	130,715	16,835	32,164	179,715
Avg Value	491,804	78,344	35,913	371,479
Avg. Ded $	250	250	250	250
39				
Value	71,537,888,356	453,583,183	543,510,456	72,534,981,995
Num. Risks	147,151	6,182	13,254	166,587
Org. Risks	146,687	6,129	13,204	166,021
Avg Value	487,690	74,001	41,163	436,904
Avg. Ded $	250	250	250	250
41				
Value	8,647,148,904	5,036,679	48,087,036	8,700,272,619
Num. Risks	25,690	103	1,251	27,044
Org. Risks	24,954	89	1,220	26,263
Avg Value	346,517	56,488	39,425	331,271
Avg. Ded $	250	250	250	250
44				
Value	5,248,970,256	2,690,909	30,209,808	5,281,870,973
Num. Risks	15,374	39	772	16,185
Org. Risks	15,032	34	731	15,797
Avg Value	349,190	79,234	41,324	334,362
Avg. Ded $	250	250	250	250
45				
Value	30,598,020,208	58,273,076	282,973,464	30,939,266,748
Num. Risks	86,186	1,029	8,189	95,404
Org. Risks	84,625	1,017	8,065	93,707
Avg Value	361,571	57,292	35,087	330,169
Avg. Ded $	250	250	250	250

(continued)

46				
Value	11,376,707,820	1,053,561	68,761,080	11,446,522,461
Num. Risks	30,528	23	1,904	32,455
Org. Risks	30,047	21	1,862	31,930
Avg Value	378,634	50,057	36,920	358,486
Avg. Ded $	250	250	250	250
47				
Value	62,586,003,586	107,010,138	440,124,696	63,133,138,420
Num. Risks	161,740	1,517	10,995	174,252
Org. Risks	159,857	1,444	10,838	172,139
Avg Value	391,511	74,118	40,610	366,757
Avg. Ded $	250	250	250	250
48				
Value	5,645,686,701	12,902,019	12,124,236	5,670,712,956
Num. Risks	12,834	210	422	13,466
Org. Risks	11,926	199	299	12,424
Avg Value	473,377	64,846	40,541	456,416
Avg. Ded $	250	250	250	250
49				
Value	20,650,493,027	49,575,888	96,482,940	20,796,551,855
Num. Risks	51,563	680	2,494	54,737
Org. Risks	50,230	637	2,403	53,270
Avg Value	411,120	77,774	40,149	390,396
Avg. Ded $	250	250	250	250
52				
Value	51,398,292,004	365,554,702	261,314,806	52,025,161,511
Num. Risks	129,281	6,882	7,984	144,147
Org. Risks	118,953	5,943	7,068	131,965
Avg Value	432,088	61,507	36,971	394,236
Avg. Ded $	250	250	250	250
53				
Value	103,145,377,413	478,398,508	1,089,112,860	104,712,888,781
Num. Risks	193,392	6,310	29,020	228,722
Org. Risks	192,891	6,267	28,979	228,137
Avg Value	534,735	76,340	37,582	458,992
Avg. Ded $	250	250	250	250
57				
Value	85,318,510,451	287,637,913	715,042,668	86,321,191,032
Num. Risks	211,215	4,295	18,215	233,725
Org. Risks	210,464	4,246	18,149	232,859
Avg Value	405,382	67,751	39,399	370,702
Avg. Ded $	250	250	250	250
60				
Value	233,415,174,563	1,008,730,933	1,569,068,736	235,992,974,232
Num. Risks	542,567	13,308	36,827	592,702
Org. Risks	537,577	13,071	36,481	587,128
Avg. Value	434,199	77,173	43,011	401,944
Avg. Ded $	250	250	250	250
Total				
Value	876,693,385,465	5,157,758,362	8,047,443,934	889,898,587,761
Num. Risks	2,022,792	72,239	212,913	2,307,944
Org. Risks	1,988,252	69,857	210,147	2,268,255
Avg. Value	440,937	73,833	38,294	392,327
Avg. Ded $	250	250	250	250

Notes:
Currency: US Dollars
Num. Risks are Orig. Risks rounded to whole values
Orig. Risks are client provided original risks.

Exhibit III

Homeowner Total Limit Factors

Territory	*Total Limits Factor*
5*	1.916
6*	1.944
7	1.885
8	1.946
32	1.918
34	1.929
36	1.914
38	1.900
39	1.919
41	1.907
42*	1.902
43*	1.899
44	1.906
45	1.906
46	1.896
47	1.920
48	1.884
49	1.910
52	1.910
53	1.934
57	1.913
60	1.902

*These territories are remapped after applying the Total Limit Factor (See Exhibit IV)

Exhibit IV

Territory Remapping

Zip	*Original Territory*	*Remapped Territory*
28516	5	8
28520	5	8
28581	5	8
28411	6	8
28443	6	8
28445	6	8
28460	6	8
28461	6	8
28462	6	8
28468	6	8
28469	6	8
28411	42	52
28443	42	52
28445	42	52
28460	42	52
28461	42	52
28462	42	52
28468	42	52
28469	42	52
28516	43	52
28520	43	52
28581	43	52
27675	53	32

Note: Only one zip (27675) was remapped from Territory 53 to Territory 32.

Exhibit RB-6C

AIR Hurricane Model for the United States

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Revision History

Date	Description
July 12, 2010	Document release
August 10, 2011	**Section 1.1 – Model Version** was corrected to show version 12.0. Previously it had indicated 13.0 which is the software version number.
September 23, 2011	**Section 1.8 –Table 2. Modeled Losses (USD Millions) for Historical Hurricanes** Although the text introducing Table 2 had indicated that the losses included demand surge, they in fact did not. This has been corrected. Estimated losses for a recurrence of these historical storms now include the effects of demand surge, which is the increase in costs of materials, services, and labor due to increased demand following a catastrophic event.

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1 Facts at a Glance

1.1 Model Facts

Model Name: AIR Hurricane Model for the United States

Release Date: June 2011 (first released in Version 13.0 of the AIR software systems)

Software Systems: CATRADER, CLASIC/2, CATStation

Model Version: 12.0

Modeled States: Alabama, Arkansas, Connecticut, Delaware, Washington DC, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, and West Virginia

Modeled Perils: Hurricane winds and storm surge. The effects of levee failure are not modeled, nor are losses arising from contamination and associated clean-up costs. Precipitation is not explicitly modeled; however, because modeled losses have been calibrated to and validated against actual reported losses, the impact of wind-driven rain and saturated soils on modeled losses is captured implicitly.

Model Abstract: The AIR Hurricane Model for the United States captures the effects of hurricane winds and storm surge on insured properties in the United States (see list of modeled states below). This is a fully stochastic, event-based model designed for portfolio risk management. Wind-intensity computations are based on a storm's intensity, size, location, forward speed and direction, as well as the underlying terrain and land use in the region. Storm surge estimation is based on the hurricane's meteorological parameters, coastal elevation and geometry, tide heights, and bathymetry. In the local-intensity component of the model, the effects of surface friction, filling, and gustiness on wind intensity and attenuation on storm surge are considered in order to properly calculate damage to onshore properties. The model is built to meet the wide spectrum of hurricane risk-management needs of all stakeholders, including the insurance and reinsurance industry, and accounts for insurance policy conditions specific to the United States.

1.2 United States — Country Facts

Population: 307.2 million (est. 2009)

GDP (purchasing power parity): USD 14.26 trillion (est. 2008)

Per Capita GDP: USD 46,900 (est. 2008)

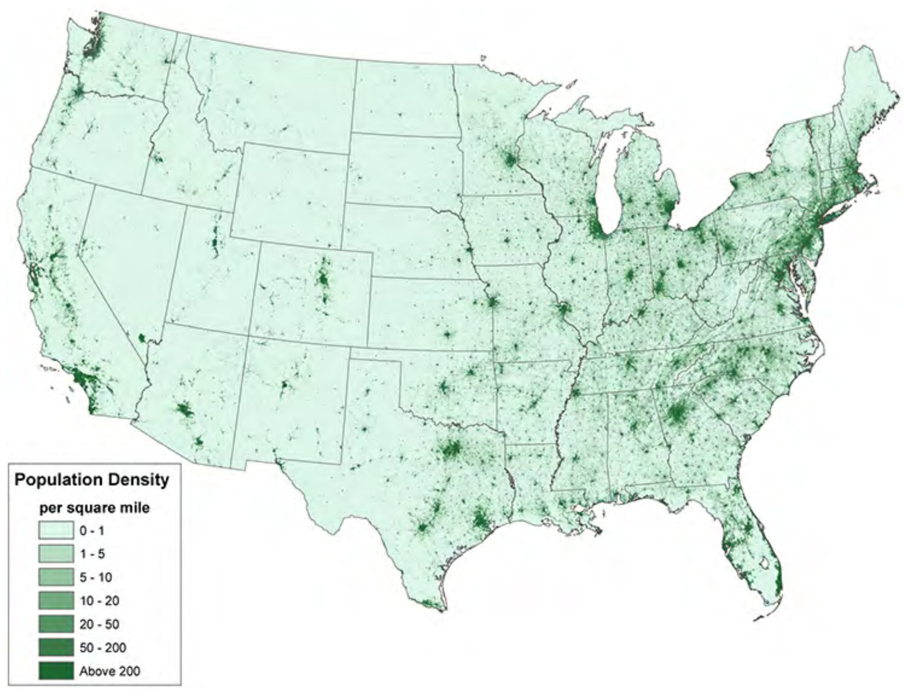


Figure 1. U.S. Population Density Map

1.3 Historical Catalog

Historical data on more than 1,000 storms in the Atlantic basin has been thoroughly analyzed to generate the simulated tracks. The model leverages information from the North Atlantic Hurricane Database (HURDAT), published June 1, 2009, for the period of 1900 to 2008. In addition to hurricanes that bypass land sufficiently close to the coast to cause damage, there were 209 U.S. landfalls during this period[1]. For modeling purposes, landfalling hurricanes are defined as those in which the center of the eye crosses the coastline. Bypassing storms are defined as hurricanes that pass close enough to land to produce damaging winds (≥ 40 mph) onshore, although they do not actually make landfall.

The Atlantic basin includes the Gulf of Mexico and the Caribbean Sea. Henceforth, the North Atlantic, Gulf of Mexico, and Caribbean Sea will be referred to as the Atlantic.

[1] Note that U.S. landfalls include events that make landfall in some portions of northern Mexico.

1.4 Stochastic Catalog

The model incorporates a 10,000-year catalog of simulated hurricanes with wind speeds of at least 74 mph.[2] This is a unified catalog which covers the Caribbean, Mexico, and the Gulf of Mexico.

Note that two stochastic catalogs are provided with the AIR Hurricane Model for the United States:

- a standard catalog that reflects hurricane risk under average climate conditions
- a warm sea-surface temperature (Warm SST) catalog that reflects hurricane risk under warmer-than-average sea-surface temperature conditions.

Unless otherwise specified, the information provided in this document refers to the standard 10,000-year catalog. For details about the Warm SST catalog and the methodology used to develop it, please refer to *Climatological Influences on Hurricane Activity: The AIR Warm SST Conditioned Catalog*, which is available on the AIR website.

There are 48,894 simulated tropical cyclones in the standard 10,000-year catalog, which the model shares with the AIR Tropical Cyclone Model for the Caribbean, the AIR Tropical Cyclone Model for Mexico, and the AIR U.S. Hurricane Model for Offshore Assets. Of these, 19,278 are U.S.-only events. 17,295 of these make landfall in the United States and 1,983 bypass the mainland. The maximum number of hurricane landfalls in a single simulated year is twelve. Note that a single storm can make multiple landfalls.

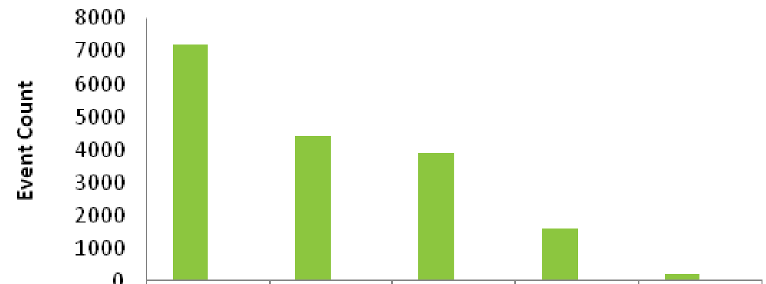
Table 1provides summary statistics about the standard and Warm SST 10,000-year stochastic catalog utilized in the model. Each event that makes landfall is indicated in the "U.S. Landfalling Events" row, and each U.S. landfall is indicated by the "U.S. Landfalls" row, which includes multiple landfalls from individual storms. "Total U.S. Events" is the sum of "U.S. Bypassers" and "U.S. Landfalling Events".

[2] Note that stochastic catalogs of 50,000 and 100,000 years are also available.

Table 1. 10,000-Year Stochastic Catalog Statistics

	Standard Catalog	Warm SST Catalog
U.S. Landfalls	19,200	21,056
U.S. Landfalling Events	17,295	19,048
U.S. Bypassers	1,983	2,199
Total U.S. Events	19,278	21,247

Figure 2 shows the simulated landfall counts by intensity.



	1	2	3	4	5
Event Count	7190	4401	3902	1584	218
Event Percent	41.57%	25.45%	22.56%	9.16%	1.26%

Figure 2. Simulated Landfall Counts by Intensity (Saffir-Simpson) Category at Landfall

In the Atlantic basin, August and September are the most active months for tropical cyclones. Seasonal frequency is reflected in the AIR Hurricane Model for the United States as derived from historical data.

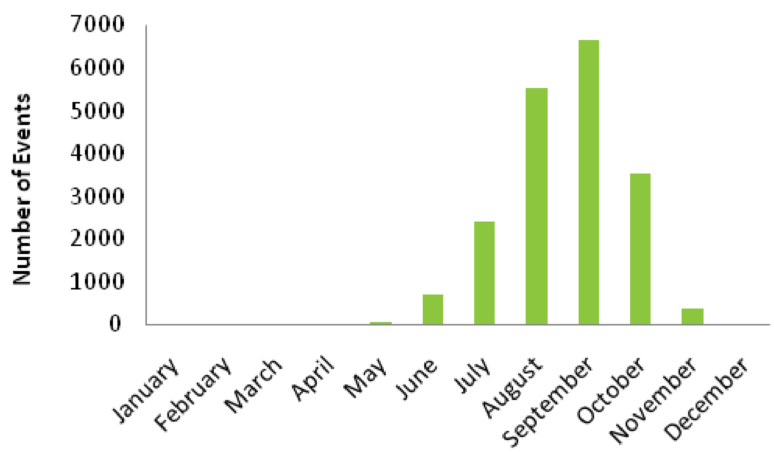


Figure 3 shows the frequency of events by month in the 10,000-year stochastic catalog.

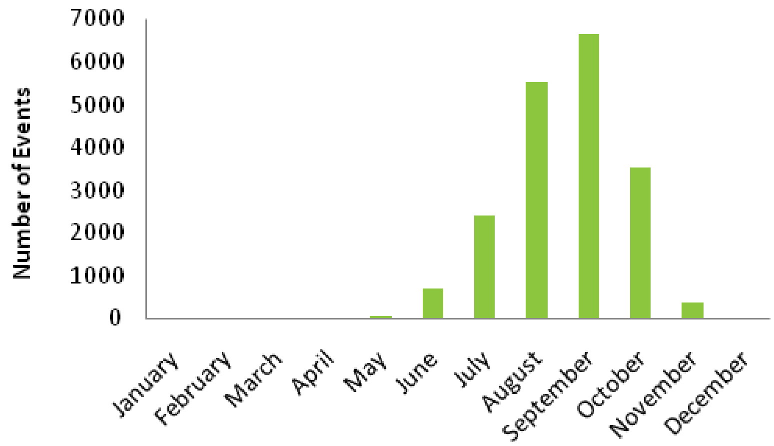


Figure 3. Number of Simulated Events by Month in the 10,000-Year Catalog

Figure 4 displays the frequency of single-, double- and triple-landfalling events in the 10,000-year stochastic catalog.

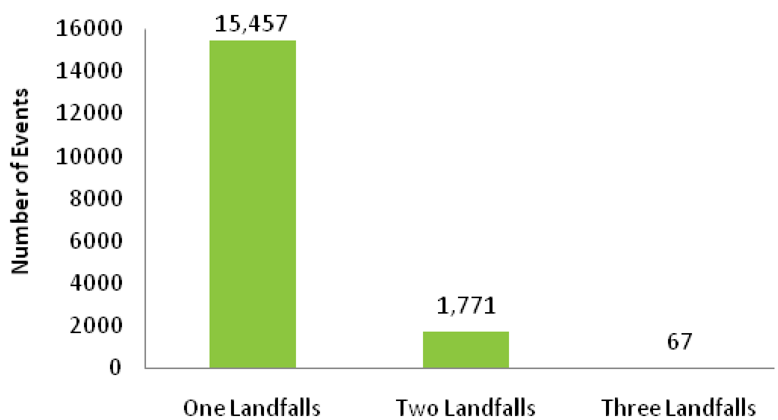


Figure 4. Distribution of Simulated Single-, Double-, and Triple-Landfalling Events in the 10,000-Year Catalog

1.5 Model Resolution and Physical Properties

Model resolution is 0.002 degree (220 meters) within five miles of the coastline, 0.01 degree (1 km) five to ten miles from the coastline, and 0.05 degree (5 km) ten or more miles from the coastline.

The AIR model uses United States Geological Survey (USGS) land use/land cover (LULC) classifications by category and assigns appropriate roughness lengths based upon available scientific literature. The USGS classifications are provided at 30-meter resolution. The data are resampled at 0.002-degree (220 meter) resolution. Local roughness factors are used to define an effective roughness for a given location. The effective roughness is the average surface roughness for an area within a radius of 10 km (6.2 miles) for the time-averaging (gust) factor and

15 km (9.3 miles) for the friction factor, and is representative of the average land-surface acting on the wind field.

The effective roughness is used to develop a time-averaging or gust factor that is used to convert 10-minute sustained winds to one-minute sustained winds, and a friction factor to adjust the wind speed based on the local surface roughness. These conversions are based on accepted engineering relationships. The gust (friction) factor varies from 1.12 to 1.26 (0.69 to 1.00), as a function of LULC (Cook, 1985; Simiu et al., 1996; ESDU, 1994).

Friction and gust factors are then aggregated to the ZIP Code level for use in CATRADER and to the previously mentioned variable grid-resolution in CLASIC/2.

1.6 Construction and Occupancy Classes

Number of Supported Construction Classes: 65

Number of Supported Occupancy Classes: 104

Please refer to Section 8 and Section 9 for details on supported construction and occupancy classes in CATRADER and CLASIC/2, respectively.

1.7 Modeled Industry Losses

For some perils and some regions, it is important to distinguish between insurable and insured losses when modeling the industry exposure. To that end, some definitions are in order:

Insurable exposure: Total replacement value and number of properties (risk count) that are eligible for insurance. Certain building types are extremely vulnerable to natural perils and consequently are unlikely to be insured. Such properties are identified in each modeled region and are excluded from the industry database of insurable properties.

Insured exposure: Although eligible for insurance, “take-up” or purchase of insurance coverage for eligible properties varies by peril and region. For example, coverage for some natural perils may be mandatory in a region, and consequently the insurance take-up rate would be 100%. For other natural perils, insurance may be voluntary and take-up may be in single-digit percentage values. Based on available information, AIR provides estimates of take-up rates for each modeled region and simulated peril. Insured exposure is calculated by multiplying the take-up rate by the insurable risk count and replacement values.

Insurable loss: Estimated losses to insurable exposure (as though the take-up rate is 100%).

Insured loss: Estimated losses to insured exposure.

Modeled occurrence loss estimates for all states combined are provided below, for selected annual exceedance probabilities. Please note that the losses *include* demand surge.

Insured and Insurable Occurrence Losses

Modeled Insured and Insurable Occurrence Losses, Standard U.S. Hurricane Catalog:
1% Exceedance Probability (100-year): USD 114.4 billion
0.4% Exceedance Probability (250-year): USD 183.5 billion

Modeled Insured and Insurable Occurrence Losses, Warm Sea-Surface Temperature Conditioned U.S. Hurricane Catalog:
1% Exceedance Probability (100-year): USD 120.4 billion
0.4% Exceedance Probability (250-year): USD 202.9 billion

Insured and Insurable Aggregate Losses

Average annual insured and insurable aggregate losses from the standard catalog are shown in Figure 5 for the entire United States and the five most at-risk states.

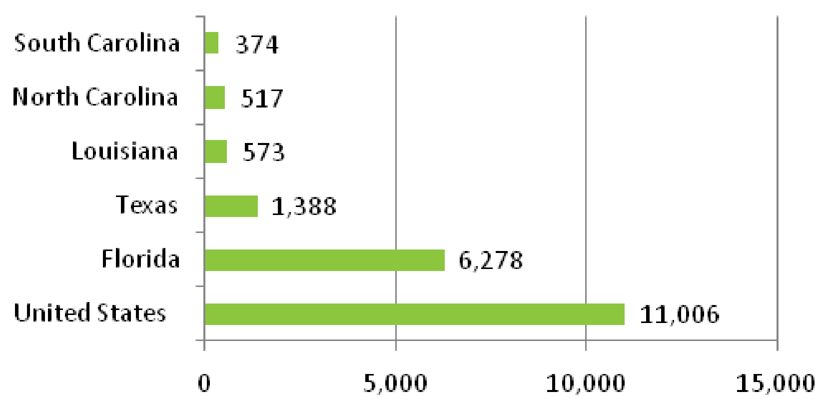


Figure 5. Modeled Average Annual Insured and Insurable Aggregate Losses, Standard Catalog (USD Millions)

Figure 6 shows the average annual insured and insurable aggregate losses for the entire United States and the five most at-risk states under Warm SST conditions.

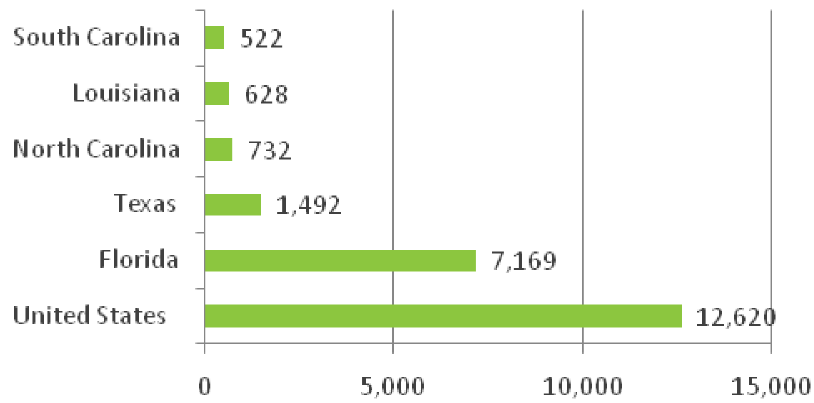


Figure 6. Modeled Average Annual Insured Aggregate Losses, Warm SST Catalog (USD Millions)

Figure 7 depicts loss costs for combined wind and storm surge in the United States. AIR modeled hurricane risk extends well inland from the immediate coast, and even to interior states such as Illinois, Oklahoma, Kentucky, and Ohio.

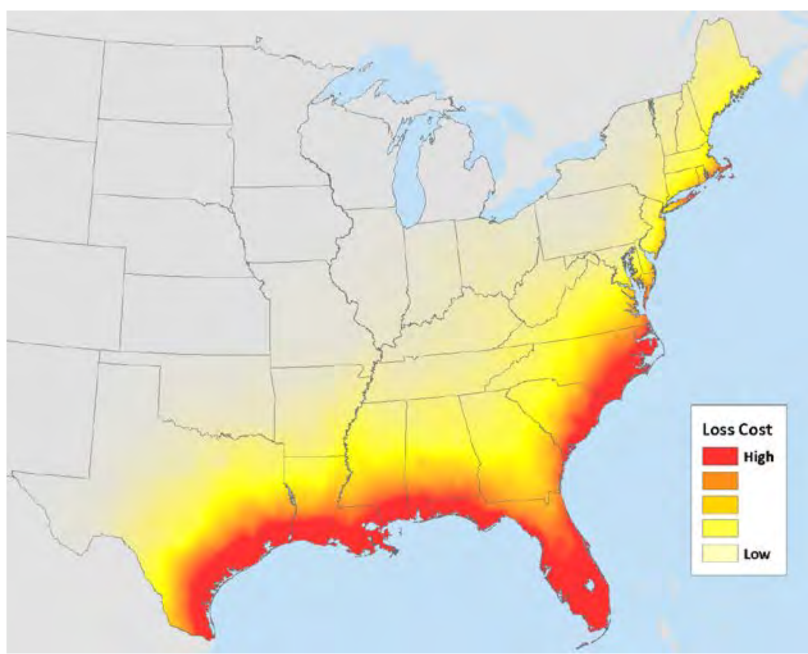


Figure 7. Hurricane Risk (Loss Cost) in the United States

1.8 Modeled Losses for Historical Tropical Cyclones

Table 2 lists the modeled insured and insurable loss estimates for significant historical hurricanes affecting the United States, based on 2009 industry exposures. Note that modeled losses include loss to onshore property and contents, business interruption, and additional living expenses. A comparison between modeled losses for historical events and actual reported losses can be found in Section 7.3. For further details about these historical hurricanes, please refer to Section 2.3. Note that the losses in the table include demand surge.

Table 2. Modeled Losses (USD Millions) for Historical Hurricanes – Insured and Insurable Exposures

Historical Event	Total
Miami, Florida Hurricane (1926)	125,942.8
Hurricane Andrew (1992)	55,417.5
Fort Lauderdale, Florida Hurricane (1947)	51,850.2
Okeechobee, Florida Hurricane (1928)	49,377.1
Hurricane Betsy (1965)	40,144.5
Hurricane Katrina (2005)	38,803.6
Galveston, Texas Hurricane (1900)	38,611.3
Hurricane Donna (1960)	33,230.3
Great New England Hurricane (1938)	32,915.1

1.9 The U.S. Insurance Market

The United States property-casualty insurance market is the largest in the world, with premiums totaling approximately USD 419.3 billion in 2009, a decrease of about USD 26.1 billion from 2008. Underwriting results for the property-casualty industry as a whole were relatively solid, due to the absence of major hurricane activity in the United States in 2009, favorable prior-year loss-reserve development, and a sizable reduction in underwriting losses in the mortgage and financial guaranty segments.

The after-tax return on equity (return on surplus) increased from 1.7% in 2008 to 6.2% in 2009. The policyholder surplus increased to USD 519.3 billion in 2009, from USD 477.2 billion in 2008.

Losses from catastrophic events totaled approximately USD 14.6 billion in 2009, down from USD 28.2 billion in 2008 when Hurricane Ike caused significant underwriting losses.

With respect to the hurricane peril, standard homeowner's policies and most commercial policies include wind coverage. The risk of insured losses due to hurricanes has increased in recent years due to the ever-increasing insured value of coastal properties. Coastal counties account for 17% of U.S. land area, but 53% of the nation's population resides here.

1.10 Navigating the Document

Figure 8 illustrates the components of the AIR Hurricane Model for the United States. The document begins with a brief overview of hurricanes and hurricane risk in the United States in Section 2. Section 3 details the generation of simulated events that populate the stochastic catalog, and Section 4 describes how wind and storm-surge intensity are modeled at each affected site. Section 5 discusses the model's damage functions for both wind and storm surge, while Section 6 provides an overview of estimating damage to industrial facilities. Section 7 provides a discussion of the financial module.

For details on the implementation of the AIR Hurricane Model for the United States in CATRADER and CLASIC/2, please refer to Section 8 and Section 9, respectively. Section 10 offers selected references and, finally, Section 11 provides an overview of AIR Worldwide.

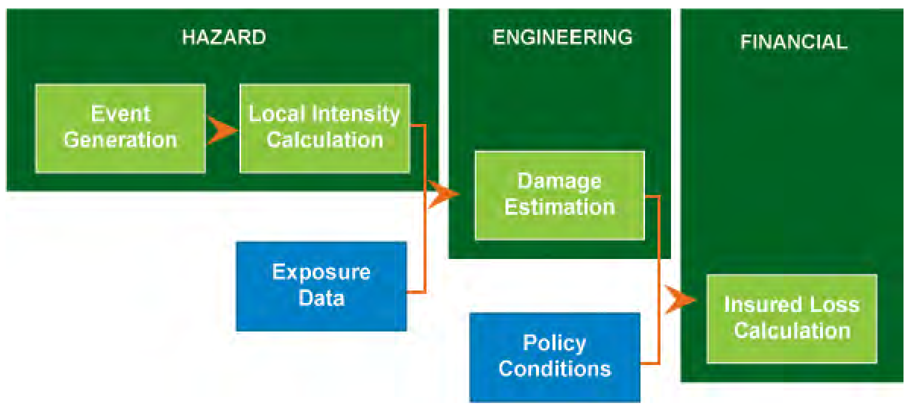


Figure 8. Components of the AIR Hurricane Model for the United States

2 Tropical Cyclones in the United States

2.1 Tropical Cyclones: An Overview

There are six essential elements for tropical cyclone formation. First, the sea surface temperature (SST) must be at least 26.5 degrees Celsius to a depth of at least 50 meters below the ocean surface. Warm water provides the necessary heat energy for tropical cyclone development. Second, vertical wind shear, which is a measure of how much winds vary by height, is typically weak. A weak wind shear will not interfere with the structure of a tropical cyclone, thus allowing deep, vertical clouds to develop. Warm ocean temperatures and weak wind shear are critical to the formation and intensification of tropical cyclones.

Third, the atmosphere must have some degree of instability for a tropical cyclone to form. That is, air that is forced upward should continue to rise on its own. In a stable atmosphere, air does not rise and therefore water vapor in the air will not condense into cloud droplets and precipitation. Fourth, there must be a high level of relative humidity from the ocean surface up to at least the mid-levels of the atmosphere, allowing deep clouds to form without being diluted by surrounding dry air. Fifth, a developing tropical cyclone has to be far enough away from the equator so that the Coriolis force can impart spin towards the center of the storm's circulation. Finally, even if all of the conditions previously mentioned are met, a tropical cyclone may not develop unless a pre-existing disturbance in the atmosphere triggers its organization.

Many tropical cyclones actually begin as tropical disturbances, which can form without the six elements necessary for tropical cyclone development. Tropical disturbances can arise when other weather features, such as fronts or easterly waves, move across tropical ocean waters. The underlying ocean surface provides a source of heat and moisture, thereby destabilizing air and forcing it directly above the disturbance. Cold fronts act like snow plows, lifting warm, moist air out ahead of the front into an unstable environment. Lifting air in an unstable atmosphere allows for the formation of clouds and showers, but without an organized cyclonic circulation at the surface. Multiple tropical disturbances exist in the tropics at any given time.

Storm intensification depends on environmental conditions just as storm genesis does. Depending on the characteristics of the environment into which a tropical disturbance moves, intensification may occur over several hours or several days.

A tropical cyclone is named when it reaches tropical storm strength. At this stage, there is a well-defined cyclonic circulation at the surface with maximum sustained winds exceeding 39 mph, with the sea-level pressure at the center of the tropical storm typically lower than 1,000 millibars (mb).

Further intensification into a tropical cyclone with sustained winds greater than 74 mph may occur if the environment permits deep, moist clouds to form an eyewall surrounding the center of circulation. The formation of an eyewall and a cloud-free eye typically indicates that the maturing storm has achieved tropical cyclone intensity. The eyewall is a region of very heavy precipitation, with rainfall rates often exceeding 2 inches per hour. The eye of a tropical cyclone represents a region of relatively calm weather because the air is actually sinking, not rising as in more unstable parts of the storm. As the air sinks, it becomes warmer and less dense, which further reduces the surface pressure in the center of the storm.

Wind speeds are intensified by the difference between the lower-than-normal surface pressure and the higher pressure of the ambient air around the storm. Air at the periphery of the storm responds to the reduced pressure in the storm center. As the air moves inward, it is deflected to the right by the Coriolis force, resulting in an inward cyclonic spiral of air. Air moves counterclockwise in the Northern Hemisphere and clockwise in the Southern Hemisphere. Just like an ice skater pulling in his or her arms, the spiraling winds in a tropical cyclone spin faster as they approach the storm's center. The strongest winds are typically at the edge of the eye, just prior to being forced up within the most intense thunderstorm cells that encompass the eyewall.

Classifying Hurricanes: The Saffir-Simpson Hurricane Wind Scale

Since the early 1970s, hurricane-strength tropical cyclones that form in the Atlantic and the North Pacific east of the International Date Line have been categorized according to the Saffir-Simpson Hurricane Scale. The scale suggests the potential destruction a hurricane could cause when it makes landfall. The chief causes of damage to onshore properties are high winds and storm surge—the wall-like swell of water that accompanies the storm as it moves onshore. In 2010, the National Hurricane Center revised the scale to better suit its immediate purpose of warning people of the expected threat posed by an approaching hurricane. The Saffir-Simpson Hurricane Wind Scale (Table 3) uses sustained wind speed, the single best predictor of potential danger and damage from a hurricane, to place tropical cyclones into five distinct categories of increasing intensity.

Table 3. The Saffir-Simpson Hurricane Wind Scale

Saffir-Simpson Category	Maximum Sustained Wind Speed (mph)	Potential Damage
Category 1	74-95	Minimal
Category 2	96-110	Moderate
Category 3	111-130	Extensive
Category 4	131-155	Extreme
Category 5	Over 155	Catastrophic

"Maximum Sustained Wind Speed" is defined differently by different agencies and countries around the world. The U.S. National Hurricane Center (NHC) defines it as the mean of multiple wind-speed measurements taken over one-minute time periods at a height of ten meters above the ground.

2.2 United States Tropical Cyclone Risk

The Hazard

Approximately 80 tropical cyclones form each year worldwide, of which more than half develop into hurricanes. Figure 9 shows the average annual frequency of tropical cyclone formation in each of the world's ocean basins.[3]

Tropical cyclones are less likely to intensify into hurricanes in the Atlantic basin than the Pacific because waters in the Atlantic tend to be cooler. Also, the Atlantic has no monsoon trough (a low-pressure channel associated with intense rainfall), which is climatologically preferred for tropical cyclone formation.

Although some hurricanes that form off the Pacific coast of Mexico turn north and head toward California, they lose intensity as they enter the colder waters of more northern latitudes. There is no record of a hurricane making landfall in California.

[3] For the north Atlantic Ocean, the average is based on data from the National Oceanic and Atmospheric Administration (NOAA) and the North Atlantic Hurricane Database (HURDAT) from approximately 1950-2006. For the southeast Indian and southwest Pacific Oceans, the average is based on data from the Australia Bureau of Meteorology, the National Climatic Data Center (NCDC), and the Global Tropical/Extratropical Cyclone Climatic Atlas (GTECCA), from approximately 1945-2006. The average for the northwest Pacific Ocean is based on information from the Japan Meteorological Agency (JMA), the Shanghai Typhoon Institute (STI), and the Japan Meteorological Business Support Center (JMBSC) from about 1951-2005. For the northeast Pacific Ocean, the average is based on information from the NOAA and the HURDAT East Pacific Storm Database from roughly 1949-2006. For the southwest and north Indian Oceans, the averages are based on information from the Joint Typhoon Warning Center from roughly 1945-2006 and 1949-2006, respectively.

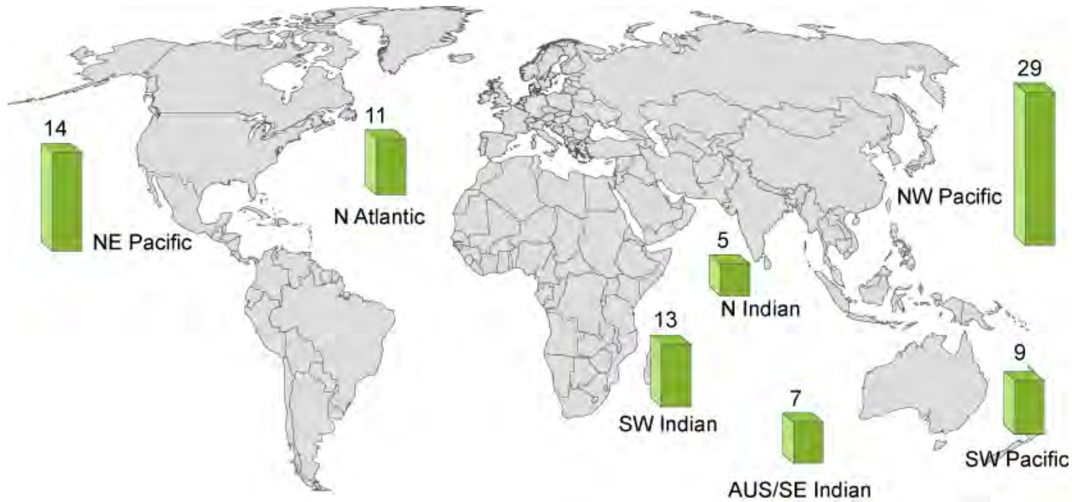


Figure 9. Average Number of Tropical Cyclone Formations per Year by Ocean Basin

The Exposure

Due to population density and topographical makeup, the entire United States coast from Texas to Maine is susceptible to hurricanes. The most at-risk region is the coastline from Texas to North Carolina, along which are located the population centers of Houston and Galveston, Texas; New Orleans, Louisiana; Tampa, Miami, and Fort Lauderdale, Florida; and Wilmington, North Carolina.

According to the National Hurricane Center, nearly 40% of Category 3 or higher hurricanes that made landfall in the United States since 1900 have done so in Florida. Of those that made landfall as a Category 4 or higher, 83% have hit either Texas or Florida. These statistics are troubling in light of the fact that in the last 50 years, some 25 million people have relocated to these vulnerable areas of the coast, and fully 15 million have moved to Florida.

In Florida, close to 80% of total insured value in the state is located in coastal counties. 38% of the total exposure in Gulf and East Coast states is located in coastal counties, which accounts for 16% of the total value of properties in the United States.

However, the Northeast is also at considerable risk. AIR estimates that the insured value of properties in the coastal counties of New York alone exceeds USD 2.3 trillion, accounting for 62% of the total insured value statewide. Another USD 770 billion of insured value is located in coastal counties of Massachusetts. Furthermore, it is not only coastal counties that are at risk. Hurricanes at these more northern latitudes tend to be both larger and faster moving, bringing damaging winds far inland.

Since 1900, eleven hurricanes have made a direct hit in the northeastern United States, defined as New Jersey and coastal states further north. Scientists studying prehistoric tropical cyclone activity have estimated that the New England coast can expect a Category 3 or higher hurricane to make landfall once every hundred years or so. Exacerbating the risk in this region is an older building inventory and the lack of stringent codes, such as those found in Florida.

AIR estimates that property values in coastal areas of the United States have roughly doubled over the last decade. The escalation in number and value of properties is driven primarily by population growth and an increased standard of living. These demographic trends will continue to contribute to rising hurricane losses for insurers.

2.3 Significant Historical United States Hurricanes

Highlighted in this section are ten historical hurricanes that would produce the largest losses of all historical storms since 1900 were they to recur in 2010. These ten are among the historical hurricanes that supplement the model's stochastic catalog. They are: the Galveston, Texas, Hurricane (1900); the Miami, Florida, Hurricane (1926); the Great Okeechobee, Florida, Hurricane (1928); the Great New England Hurricane (1938); the Fort Lauderdale, Florida, Hurricane (1947); Hurricane Donna (1960); Hurricane Betsy (1965); Hurricane Hugo (1989); Hurricane Andrew (1992); Hurricane Katrina (2005); Hurricane Gustav (2008); and Hurricane Ike (2008). Details about each of these storms are provided below.

Galveston Hurricane (1900)

The hurricane that struck Galveston, Texas, in 1900 is the deadliest natural disaster in the history of the United States, with an estimated 8,000 to 12,000 fatalities. On September 8, the hurricane made landfall with 135 mph winds, a Category 4 storm according to current ratings. The highest wind speed recorded was 150 mph and the lowest central pressure was 936 mb.

The greatest damage stemmed from the 15-foot storm surge that washed over the low-lying harbor town, which destroyed over 3,600 homes and wiped out bridges and telegraph lines. On September 12 the storm tracked to New York City, where 65 mph winds were recorded. Before dissipating into the Atlantic, the storm caused over USD 20 million (1900 USD) in damage throughout the United States. AIR estimates that the hurricane in Galveston would cause over USD 38.6 billion in insured losses today.

Figure 10. Track of Galveston Hurricane (1900)

Miami Hurricane (1926)

The 1926 Miami hurricane was an intense storm that devastated Miami and caused extensive damage in the Florida Panhandle, Alabama, and the Bahamas. The storm developed near Cape Verde on September 6 and traveled towards St. Kitts and the Bahamas. On September 18, the hurricane made landfall south of Miami as what would now be categorized a Category 4; winds on the ground were reported at 125 mph and storm surges of 15 feet inundated the area.

The storm crossed Florida, entered the Gulf of Mexico, and made landfall again near Mobile, Alabama, on September 20, as a Category 3. The storm traveled westward over Alabama and Mississippi, eventually dissipating after entering Louisiana.

Heavy damage from wind, rain, and storm surge were reported along the Florida coast, but the greatest devastation was in Miami. It is estimated that between 25,000 and 50,000 people were left homeless, and nearly 370 people were killed. If this storm were to occur in 2009, AIR estimates that it would cause nearly USD 125.9 billion in insured losses.

Figure 11. Track of Miami Hurricane (1926)

Great Okeechobee Hurricane (1928)

The 1928 Great Okeechobee hurricane, the first recorded hurricane to reach what is now considered Category 5 status in the Atlantic basin, is one of the ten most intense storms documented to make landfall in the United States. It currently remains the only storm of Category 5 intensity to have made landfall in Puerto Rico.

The hurricane, first observed east of Guadalupe on September 10, caused heavy crop and property damage when it then passed over the Leeward Islands on September 12. The hurricane struck Puerto Rico on September 13 as a Category 5, with winds up to 160 mph. After leaving the Caribbean, the storm moved across the Bahamas as a Category 4 and then made landfall in southern Florida on September 16 with maximum sustained winds near 150 mph and a recorded atmospheric pressure of 929 mb.

Coastal damage in Florida was catastrophic; however, the most extreme destruction occurred inland at Lake Okeechobee. Strong winds generated storm surges that breached the dike around the lake, and the resulting flood was 20 feet deep in some places and covered hundreds of square miles. The Great Okeechobee Hurricane left thousands homeless and over 4,000 dead. The storm is the second deadliest natural disaster in U.S. history. Today, AIR estimates that this hurricane would result in insured losses exceeding USD 49.3 billion.

Figure 12. Track of Great Okeechobee Hurricane (1928)

The Great New England Hurricane (1938)

Otherwise known as the Long Island Express, this was the first major cyclone to strike the region since 1869. The storm formed off the coast of Africa and developed into what is now known as a Category 5. Navigating through the Atlantic at 70 mph, the storm was able to travel far to the north before weakening over cooler waters. The hurricane made landfall on Long Island, New York, as a Category 3 on September 21. Heavy winds and storm surges resulted in approximately 680 deaths, 700 injuries, and the damage or destruction of 57,000 homes throughout New York, Connecticut, Rhode Island, Massachusetts, New Hampshire, and Vermont.

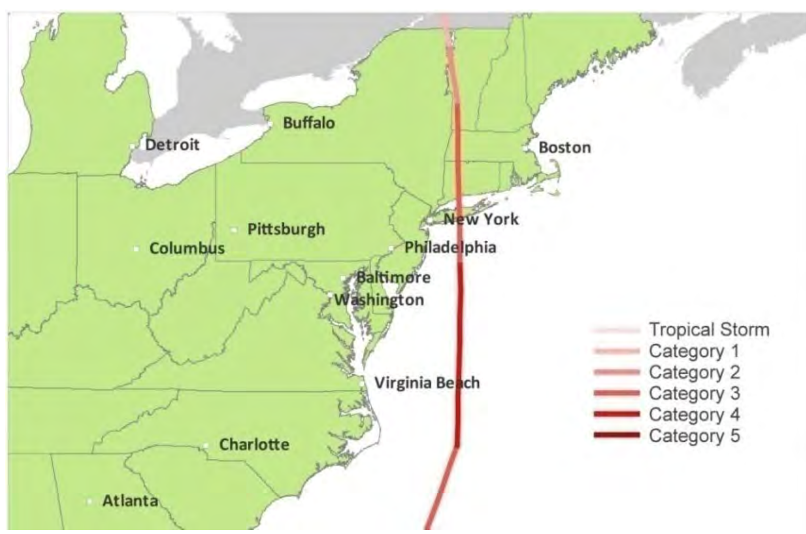


Figure 13. Track of Great New England Hurricane (1938)

The hurricane destroyed power lines, automobiles, boats, and trees, killed thousands of cattle and chickens, and wiped out half of the region's apple crop. Rainfall and surges submerged communities along the coast in floodwaters that were measured at up to 13 feet high. AIR estimates that were it to strike today, this storm would likely result in insured losses in excess of USD 32.9 billion.

Fort Lauderdale Hurricane (1947)

This intense storm, also known as the Pompano Beach Hurricane, affected the Bahamas, Florida, Louisiana, and Mississippi. It developed east of Cape Verde on September 4, and reached peak winds of 160 mph as it passed over the Bahamas.

Figure 14. Track of the Fort Lauderdale Hurricane (1947)

On September 19, it made landfall near Fort Lauderdale as what would later be rated a Category 4, with wind speeds the highest ever recorded in the state of Florida until Hurricane Andrew in 1992. Eleven-foot storm surges along the coast caused extreme flooding, and records for single-month rainfall were set in some areas.

The hurricane traveled in a northwesterly direction into Louisiana and Mississippi, where storm surges and heavy rains caused extensive crop and property damage. In total, 51 people lost their lives and there was over USD 110 million in damage reported. AIR estimates that the Fort Lauderdale Hurricane would result in insured losses exceeding USD 51.9 billion today.

Hurricane Donna (1960)

Hurricane Donna holds the record for the longest lasting major hurricane in the Atlantic, where it roamed for a total of 17 days. For nine of those days, Donna consistently had sustained wind speeds of at least 115 mph.

Donna formed off the coast of Africa, crossed the Bahamas, and made landfall in Key Marathon, Florida, as a Category 4 on September 10. Gusts up to 180 mph were recorded and 13-foot storm surges destroyed many properties. On September 11, the storm made landfall in southwestern Florida, where 30% of the grapefruit, 10% of the orange and tangerine, and nearly all of the avocado crops were lost.

Figure 15. Track of Hurricane Donna (1960)

The storm continued up the East Coast, landing in North Carolina and then Long Island, New York, on September 12. Hurricane-force winds from Donna affected every state from South Carolina to Maine, and heavy rains caused billions of dollars of damage. A total of 364 people lost their lives during the storm. AIR estimates that insured losses from Hurricane Donna would amount to USD 33.2 billion today.

Hurricane Betsy (1965)

Hurricane Betsy formed east of the Windward Islands and moved northwestward across the Atlantic, at one point making a complete loop. The storm looked to be heading towards the Carolinas, but instead it made a second loop and passed over the Bahamas. Betsy made landfall in Key Largo, Florida, on September 8 as a Category 3 storm. Winds up to 155 mph were recorded as the storm gained intensity while crossing the Gulf of Mexico. On September 9 the storm made landfall in Grand Isle, Louisiana, just west of the mouth of the Mississippi River.

Betsy, which killed approximately 76 people, destroyed nearly every building in Grand Isle and caused extensive flooding of the Mississippi River and nearby lakes. It was the first hurricane to cause over a billion dollars (1965 USD) in damages, thus earning it the nickname “Billion Dollar Betsy.” Devastation from the storm included 164,000 flooded homes and the destruction of eight offshore oil platforms. At the time, Betsy was the costliest hurricane to make landfall in the United States. AIR estimates that today this hurricane would cause over USD 40.1 billion in estimated insured losses.

Figure 16. Track of Hurricane Betsy (1965)

Hurricane Hugo (1989)

Hurricane Hugo was a destructive storm that killed between 80 and 100 people and left nearly 56,000 homeless. At the time, Hugo was the costliest hurricane to ever make landfall in the United States. Storm surges from Hugo remain the highest ever recorded on the East Coast.

The hurricane developed off the coast of Africa on September 9 and intensified as it tracked west. The storm reached Category 5 status east of Puerto Rico, where heavy rains washed away roads and nearly completely wiped out banana and coffee crops. Hugo tracked north and made landfall as a Category 4 on September 22 on Isle of Palms, South Carolina. Storm surges nearly 20 feet high piled boats on top of one another and washed out bridges, and intense localized winds damaged homes, forestland, and cotton crops.

Hugo damaged beaches and vegetation as it moved through North Carolina. Although the storm weakened as it progressed through the eastern United States and Canada, high winds in New York State toppled a tree onto a passing motorist. Were Hugo to strike today, AIR estimates that it would cause USD 10.6 billion in insured losses.

Figure 17. Track of Hurricane Hugo (1989)

Hurricane Andrew (1992)

Hurricane Andrew began as a tropical storm off the coast of Africa on August 14. The storm reached peak winds of 170 mph off the Bahamas, but it weakened after striking the islands on August 23. Andrew regained strength as it moved through the warm waters of the Gulf Stream in the Florida Straits, and by the time it hit Homestead, Florida, it was a Category 5 with the fourth lowest central pressure in U.S. landfall records (922 mb).

Winds of 150 mph at landfall and a 17-foot storm surge created massive damage in the region, including agricultural losses of approximately USD 1.04 billion. On August 26, Hurricane Andrew moved into Louisiana, where storm tides, tornadoes, and winds up to 105 mph damaged crops and property. The storm resulted in 23 deaths in the United States and three in the Bahamas.

Figure 18. Track of Hurricane Andrew (1992)

Insurance claims from the storm contributed to the bankruptcy and closure of 11 companies and drained excessive equity from some 30 more. AIR estimates that Hurricane Andrew would result in losses over USD 55.4 billion were it to strike today.

Hurricane Katrina (2005)

Hurricane Katrina formed as a tropical depression over the Bahamas on August 23 and became a Category 1 storm only two hours before it made landfall in southern Florida on August 25. The storm weakened over land but quickly regained strength and nearly doubled in size as it crossed the Gulf of Mexico.

On August 29 the storm made landfall in southeastern Louisiana, where it caused massive property damage and severe loss of life. A storm surge led to 53 different levee breaches in greater New Orleans, resulting in roughly 80% of the city being submerged under floodwaters. A third U.S. landfall occurred at the Louisiana/Mississippi border at Category 3 intensity. Storm surges, high winds, and heavy rains caused billions of dollars of damage (2005 USD); officials estimate that 90% of structures within a half-mile of the affected coastline were destroyed.

The effects of Katrina were widespread. As the hurricane circulated towards the northeast, its outer bands spawned some 62 tornadoes, causing damage in eight states. Wind gusts of tropical storm strength were recorded as far north as Kentucky, and high winds damaged trees in New York State. Significant rainfall occurred in 20 states and in regions of Ontario, Canada. An estimated 1,800 Americans lost their lives from the hurricane.

Hurricane Katrina is currently the costliest and one of the deadliest natural disasters in the history of the United States. It is also one of the strongest hurricanes ever recorded in the Atlantic basin. Katrina remains the worst natural disaster the insurance industry has ever handled; were it to occur today, AIR estimates that the storm would cause USD 38.8 billion in estimated insured losses.

Figure 19. Track of Hurricane Katrina (2005)

Hurricane Ike (2008)

At the time, Hurricane Ike was the third costliest hurricane to ever make landfall in the United States. This event began as a tropical storm, which formed west of the Cape Verde islands on September 1. By September 4, Hurricane Ike was an intense Category 4 storm with 145 mph winds and a central pressure of 935 mbar, the most intense storm of 2008. The hurricane tracked over Turks and Caicos, and Cuba, and made landfall in Galveston, Texas on September 13 as a Category 2 event. At landfall, Hurricane Ike had wind speeds measuring 110 mph and a central pressure of 950 mbar. The storm then tracked to the north-northeast, and on September 14, it interacted with an extratropical system and became a transitioning storm. During this period, Ike underwent a period of re-intensification, and hurricane-force gusts were reported in Ohio and Pennsylvania.

Hurricane Ike left approximately 195 people dead, and caused massive destruction from Louisiana to Texas. Heavy flooding was reported in Louisiana, and high winds knocked over trees and power lines throughout Texas. Widespread flooding resulting from 17- foot-tall storm surge was reported in Galveston, Texas, and some residents in Houston were without power for nearly one month after the storm. Hurricane Ike resulted in the largest evacuation in Texas history, and left millions without power in Louisiana, Texas, Arkansas, Indiana, Ohio, Pennsylvania, and New York. Were it to occur today, AIR estimates that Hurricane Ike would cause USD11 billion in estimated insured losses.

Figure 20. Track of Hurricane Ike (2008)

3 Event Generation

The AIR Hurricane Model for the United States captures the effects of wind and storm surge from landfalling and bypassing hurricanes on properties in Alabama, Arkansas, Connecticut, Delaware, Washington DC, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, and West Virginia.[4]

AIR develops the model's stochastic catalog from data collected on more than 1,000 tropical cyclones that have formed in the North Atlantic basin since 1900. This information comes in the form of barograph traces from land stations and ships, actual wind records from National Weather Service stations, HURDAT data, aircraft reconnaissance flight data, radar data, and other pressure and wind reports.

The primary sources of data are the North Atlantic Basin Hurricane Database (HURDAT), the National Oceanic and Atmospheric Administration (NOAA), the National Hurricane Center (NHC), Purdue University, the U.S. Army Corps of Engineers, the U.S. Department of Commerce, the National Weather Service (NWS), and the National Climatic Data Center (NCDC). The most important technical documents include:

- NOAA Technical Report NWS 23
- NOAA Technical Report NWS 38
- The National Hurricane Center's Tropical Cyclone Reports
- The American Meteorological Society's Monthly Weather Review

When assessing tropical cyclone risk, the main environmental parameters are wind speed and storm surge. Wind speed intensity is logged as the number of hours with winds above a certain threshold. It is computed based on a storm's intensity, size, location, forward speed, and direction, as well as the underlying terrain and land use in the region. In the AIR Hurricane Model for the United States, storm surge is based upon the hurricane's meteorological parameters, coastal elevation and geometry, tide heights, and bathymetry.

Additional model parameters describing a simulated event are:

[4] For details about the AIR Tropical Cyclone Model for Hawaii, please refer to AIR Technical Document TCHI-0109, *AIR Tropical Cyclone Model – Hawaii Region*.

- landfall location
- radius of maximum winds
- landfall intensity (based on central pressure)
- track angle at landfall
- forward speed
- gradient wind reduction factor
- storm duration
- day of year and landfall hour

The AIR Hurricane Model for the United States shares a storm catalog with the AIR Tropical Cyclone Model for the Caribbean, the AIR Tropical Cyclone Model for Mexico, and the AIR U.S. Hurricane Model for Offshore Assets. Please refer to the AIR's technical documentation available on the Client Access site for more information about these models (http://www.air-worldwide.com).

3.1 Annual Frequency and Location

The modeled frequency, meteorological, and track data are analyzed in the geographical domain depicted in Figure 21. This basinwide model domain includes the Caribbean, United States, U.S offshore regions, and Mexico.

Figure 21. United States Tropical Cyclone Model Domain

Annual Storm Frequency

As discussed in Section 2.2, approximately eleven hurricanes form in an average year in the North Atlantic. The average number of historical U.S. landfalls per year is 1.9, including multiple landfalls by a single hurricane. The average number of hurricanes making at least one landfall per year in the U.S. is 1.7.

AIR scientists develop probability distributions governing the annual frequency of occurrence for landfalling U.S. hurricanes based on the historical data. Statistical goodness-of-fit tests reveal that the annual landfall frequency of U.S hurricanes is well represented by a negative binomial distribution. The parameters of this distribution are estimated using historical data for the period between 1900 and 2008.

Note that the modeled variable is the number of hurricane landfalls, not the number of landfalling hurricanes. This is an important distinction since some hurricanes can have more than one landfall as, for example, Hurricane Andrew, which made a first landfall in Florida and a second landfall in Louisiana.

Figure 22 shows the modeled distribution of the annual frequency of hurricane landfalls in the United States.

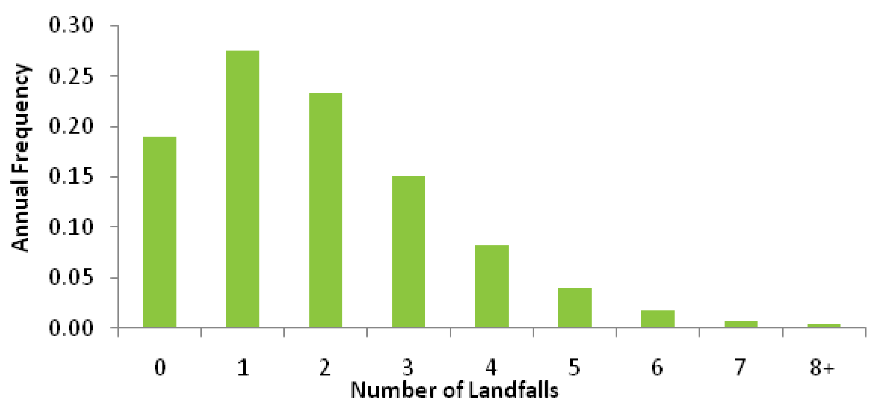


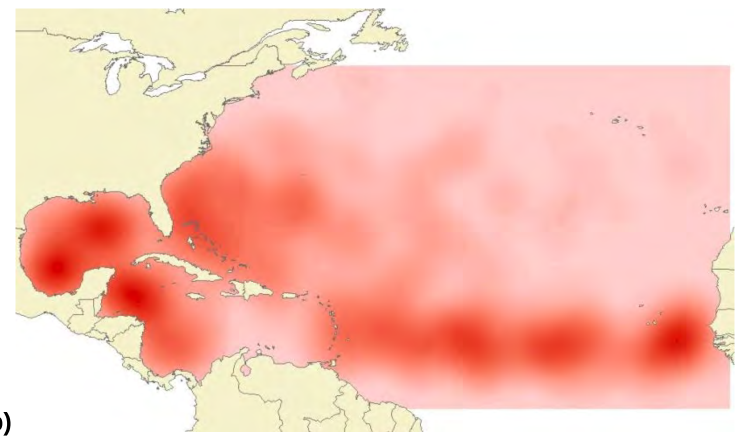
Figure 22. Modeled Distribution of Annual Frequency of Hurricane Landfalls

Please see Section 1.4 for additional information regarding the seasonal and intensity distributions.

Storm-Genesis Location and Initial Characteristics

The basinwide catalog is generated by first determining the frequency of storms that appear in each simulated year. For each simulated storm, a corresponding historical event is drawn at random from a record of all Atlantic storms since 1950. All initial storm characteristics such as starting (genesis) location, track angle, forward speed, and initial pressure are determined by stochastically perturbing the corresponding variables for the historical storm drawn. The perturbation is achieved by adding a random deviate drawn from a normal distribution. This process helps ensure that the simulated event characteristics reflect the historical distributions (Figure 23). Future evolution of the stochastic storm is then determined using autoregressive time-series models as detailed below.

a)



b)

Figure 23. a) Historical Storm-Genesis Locations and b) Spatial Distribution of Historical Storm-Genesis Locations with Smoothing

3.2 Storm Tracks

The methodology used to generate basinwide storm tracks is developed using the HURDAT database from 1950-2007. The historical data, reported at successive six-hour time intervals, is used to develop time-series models that describe the track direction, forward speed, and central pressure as the storm moves across the basin. The analysis of the HURDAT data shows that first-order Markov models are appropriate for track direction and forward speed. Autocorrelation that is present in central pressure along the track is represented using a second-order autoregressive time-series model.

Additional information is needed as the storm approaches the U.S. coastline. HURDAT data is available only at six-hour time intervals, and the reported track information rarely corresponds to an exact landfall point. In addition, storm characteristics begin to change once the storm moves over land, so that a report four hours after landfall provides only partial information about circumstances at landfall. A strict linear interpolation is not appropriate. Thus AIR uses the more detailed landfall information available since 1900 in NOAA Technical Reports NWS 23 and NWS 38, and NOAA Technical Memorandum TPC3 to generate landfall data.

Landfall information, including track angle and forward speed, is also used to generate post-landfall hurricane tracks. The basinwide tracks are integrated with the post-landfall hurricane tracks using a spline smoothing technique that ensures consistency in intensity, radius of maximum winds, and track angle across the tracks. This methodology produces realistic tracks that resemble the historically observed storm tracks across both the Atlantic and the U.S. mainland. However, tracks are fully probabilistic, so any possible storm track is generated, not merely those seen historically.

The model utilizes a 16 x 16 transition matrix for storm motion, which allows storms to move in any direction, including southward, over land. This is explained in some detail in Section 3.2. The model also accurately captures faster storm movement after landfall and extends storm tracks until the storm no longer causes damage.

Again, note that the AIR Hurricane Model for the United States shares a stochastic storm catalog with the AIR Tropical Cyclone Model for the Caribbean, the AIR Tropical Cyclone Model for Mexico, and the AIR U.S. Hurricane Model for Offshore Assets. Please refer to technical documentation available on AIR's website for more information about these models (http://www.air-worldwide.com).

Landfall Location

In the AIR Hurricane Model for the United States, there are 62 potential landfall segments each representing 50 nautical miles of smoothed shoreline along the Gulf and East Coasts[5], including the Florida Keys. A cumulative distribution of landfall locations within each coastal boundary segment is used to estimate the probability of a hurricane landfall occurring at a point along a segment. Once a

[5] Note that the first three landfall segments are in northern Mexico, and half of the last segment is located in Canada.

segment is chosen, the landfall location is picked from a uniform distribution along that segment; that is, a storm can make landfall anywhere on that segment with equal probability.

The coastline is smoothed for inlets, bays, or other irregularities. The actual number of historical landfalls since 1900 is listed for each of the segments (Figure 24), and that distribution is then smoothed. The smoothing technique maintains areas of high and low risk while accounting for the possibility of future landfalls in segments of the coastline where there have been none historically.

Figure 24. Historical Hurricane Landfall Frequencies by 50-Nautical-Mile Coastal Segment, through 2009

The historical distribution is smoothed by setting the number of actual occurrences in each segment equal to the weighted average of seven successive data points centered on that segment. The following averaging formula is employed:

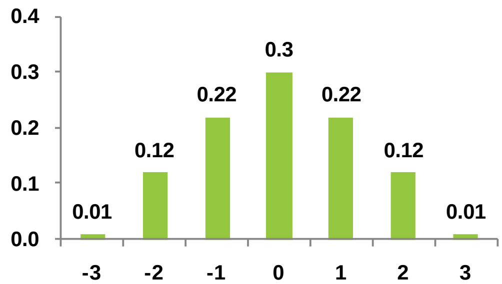
$$F_i = \frac{\sum_{n=-3}^{3} W_n \cdot C_{i+n}}{\sum_{n=-3}^{3} W_n}$$

where

C_i = the number of historical hurricane landfall occurrences for the i^{th} segment

F_i = the smoothed frequency value for the i^{th} segment

W_n = 0.30, 0.22, 0.12, and 0.01, for n = 0, ± 1, ± 2, and ± 3, respectively, as illustrated below.



Smoothing is necessary because the relative scarcity of historical data can result in discontinuities between two adjacent 50-nautical-mile segments. For some segments, however, there may be geographic or climatological reasons for the lack of historical storms, and some modification of the smoothing algorithm is therefore necessary. AIR's technique for determining landfall locations ensures consistency with the historical distribution while disallowing a zero relative frequency for any coastline segment.

Storm-Track Angle at Landfall

Track angle at landfall is measured clockwise (+) or counterclockwise (–) with "zero" representing due north. Separate distributions are used for different 50-nautical-mile coastal segments to allow for variation in the coastal orientation of each segment. In the historical record, certain coastal segments seem to be characterized by bimodal track angles. To preserve consistency with the historical distribution, the track angle at landfall is modeled using a mixture of two normal distributions. That is, the track angle at landfall is drawn from the first normal distribution with probability *p*, or it is drawn from the second normal distribution with probability *1-p*. The final distributions are bounded based on the historical record, the coastline orientation, geographical constraints, and meteorological expertise.

Storm-Track Propagation

Simulated storm tracks are generated with time-series models, which describe the autocorrelation in parameters such as central pressure, Rmax, and forward speed along the storm track, as observed in historical data. Once landfall location and track angle at landfall are identified, the overland storm track is generated using conditional probability distributions. Historical data on more than 1,000 Atlantic storms was collected and analyzed, and this data was used to create conditional probability matrices with 16 directional probabilities. There is a uniform, continuous probability distribution within each of these 16 directional probabilities, each of which is represented by a slice of the pie charts shown in Figure 25, *a, b, c, d,* etc.

The conditional probability matrices determine the probability that a storm heading to location X (lon, lat) in a direction *a* will next be heading in one of the directions *a, b, c, d*, etc. Storm tracks generated in this manner will closely resemble the curving and recurving hurricane tracks actually observed (Figure 25).

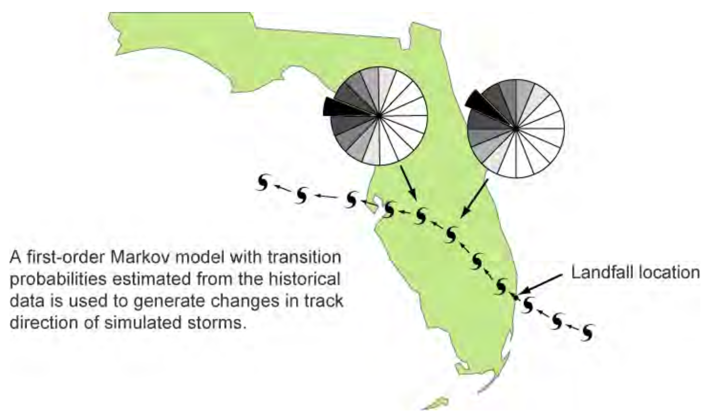


Figure 25. Generation of the Storm Track in the AIR Model

Bypassing and Multiple-Landfalling Storms

A single hurricane may produce multiple landfalls or bypasses. Since the AIR Hurricane Model for the United States follows each simulated hurricane from inception until dissipation, multiple landfalls and bypassing hurricanes are included in the simulation. Bypassing hurricanes are defined as those that pass close enough to land to cause damaging winds (≥ 40 mph) onshore, although the center of their eye does not actually cross the coastline. The simulated frequency of these events is consistent with their historical frequency by coastal region.

3.3 Forward Speed

Forward or translational speed is the rate at which a hurricane moves from point to point along its track. In the AIR Hurricane Model for the United States, forward speed at landfall is generated from a lognormal distribution with parameters estimated for each coastal segment. The lower bound on forward speed is three nautical miles per hour, while the upper bound is dependent on latitude. In the AIR model, the wind speeds of fast-moving storms are computed over the course of an hour, rather than the top of the hour, to provide an efficient, accurate wind foot print.

In general, the higher the latitude of a tropical cyclone, the faster the forward speed. There have been observations in the northeastern United States of hurricanes moving at 60 mph. Fast storms result in higher losses further inland, yet they subject buildings to high wind speeds for a shorter duration. The AIR model captures the observed tendency for storms to increase in forward speed as they move inland and reach higher latitudes.

3.4 Central Pressure

The AIR Hurricane Model for the United States utilizes latitude-dependent central pressure as the primary intensity variable. All else being equal, wind speed increases as central pressure decreases. More precisely, wind speed is an increasing function of the difference between the central and peripheral pressures.

The historical data on central pressure are modeled using Weibull distributions where the parameters are estimated for each 100-nautical-mile coastal segment, as well as for larger regional segments. The final distribution is a mixture of the two Weibulls.

The Weibull form was selected based on goodness-of-fit tests with actual historical data and its appropriateness is documented in the scientific literature. When the Weibull generates a storm that is more intense than what has been observed historically, the central pressure is reset to be no lower than 884 mb[6].

The procedure developed by AIR for modeling central pressure has a number of advantages over other techniques. First, a probability distribution can be derived even if a segment has only a few data points. Second, the modeled distributions can be constrained to change in meteorologically correct ways when moving along the coastline. For example, the probability of an intense storm should

[6] 884 mb was the central pressure measured for Hurricane Gilbert in 1988.

decrease when moving north. Upper and lower bounds on the distribution are based on historical experience and meteorological expertise.

Filling Effect

A storm's intensity dissipates as it moves inland. Central pressure rises and the eye of the hurricane begins to "fill" as it moves away from its energy source, the warm ocean water. AIR treats the decay of storms after landfall by applying an exponential filling function to the evolution of the central pressure deficit after landfall. Filling functions are derived based on HURDAT data since 1980.

AIR's modeled overland weakening rates, or filling rates, are a function of time—in particular, of the time elapsed since landfall—as faster moving storms will cause more damage inland than slower moving storms with the same initial intensity. The filling rates also vary by region, as in general, storms making landfall in Florida are more likely to fill slowly than in other regions, and intensity, as strong storms fill more rapidly than weak storms.

Storm decay in the AIR model is based on a reanalysis of the data in Kaplan and Demaria, 1995; Vickery, 2005; NWS-38 (1987), and observational data. The model combines 50-nautical-mile segments along the Gulf and East Coasts into four regions: the Gulf of Mexico, the Florida Peninsula, the Southeast, and the Northeast, and two intensity bins, Category 1 and 2 and Category 3, 4, and 5. Smoothing algorithms are used for the transition between adjacent regions.

The functional form of the pressure deficit decay function is:

$\Delta P_t = P_p - P_{eye\text{-}lf}\,(1 + LF_{offset} * T^{c1} * \exp(-C_2 * T))$

Where

ΔP_t = Pressure deficit at a given time after landfall

P_p = Atmospheric pressure at periphery of storm

$P_{eye\text{-}lf}$ = Central pressure of storm at landfall

LF_{offset} = Initial reduction of pressure deficit at landfall

T = time after landfall (hours)

c_1 = time shaping constant

C_2 = exponential decay rate constant

Reintensification after Landfall

Storms can reintensify after landfall. The remnants of Hurricane Ike (2008), for example, combined with an existing extratropical cyclone and reintensified over the Midwest, producing heavy rainfall and high winds. In addition, approximately 5-10% of all storms experience reintensification after extratropical transition. Typically, reintensification observed in HURDAT occurs 12-16 hours after landfall in the mid-latitude regions.

Simulated storms in the AIR model are also allowed to reintensify; the representation of such storms in the stochastic catalog is in proportion to their numbers in the historical catalog. Note that the central pressure of a storm that has reintensified over land cannot be less than the central pressure measured at landfall (Arndt et al., 2009, Bosart et al., 1995, and Hart et al., 2001).

3.5 Radius of Maximum Winds

The radius of maximum winds, Rmax, is the radial distance from the storm's center, or eye, to the radius where the highest cyclonic wind speeds occur. Rmax tends to be larger at latitudes farther from the equator and smaller for more intense storms.

The methodology used to estimate Rmax incorporates the correlation between Rmax, central pressure, and latitude. The procedure uses a regression model that relates the mean value of Rmax to the central pressure and latitude:

$\text{Rmax} = f(\text{Cp, latitude}) + \varepsilon$

where

f(Cp, latitude) is the mean Rmax for given values of central pressure and latitude and ε is a normally distributed error term. The parameters in this regression model are estimated based on historical data from NOAA Technical Report NWS-38 and the DeMaria Extended Best Track Dataset (EBTRK). The final distribution is truncated using limits that depend on central pressure and are consistent with the range of historically observed values. Note that Rmax is allowed to vary after landfall.

Note, too, that the modeled Rmax varies with height. This reflects research findings that show that hurricanes' eye walls are funnel-shaped (Figure 26). The more slanted the eyewall is, the greater the difference will be between the location of the maximum wind aloft and the location of the maximum winds at the surface. In some cases, this difference can be as much as 10-15 miles, which can make a significant difference in terms of damage and loss estimation. Further details about the transfer of winds aloft to the surface are provided in Section 4.1.

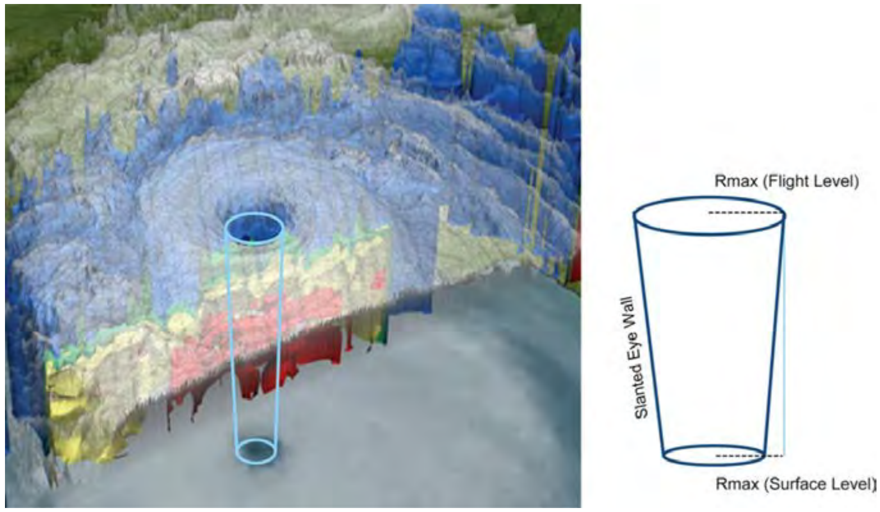


Figure 26. Variation of Rmax with Height

3.6 Peak Storm Surge Height

The storm surge module is a fully probabilistic component of the AIR Hurricane Model for the United States. Storm surge is the rise in sea level that accompanies a low-pressure weather system, such as a hurricane. Virtually every hurricane is accompanied by storm surge of some magnitude, and extreme storm surges are capable of causing catastrophic property damage. They are also deadly; according to the Federal Emergency Management Agency (FEMA), nine out of ten hurricane fatalities in the United States can be attributed to the effects of storm surge.

In the AIR model, the peak surge height along the coastline is a function of storm intensity (central pressure), storm size (Rmax), and location along the coast relative to the storm's center and Rmax.

The greater the difference between central and peripheral pressure, the higher are hurricane-force winds, which act to force water onshore. In addition, low barometric pressure relative to standard sea-level barometric pressure raises the sea-surface level. This increase in sea-surface level forms as a dome be.neath the hurricane and travels with the hurricane.

Figure 27 shows an example of the peak surge height and exponential decay profile associated with a simulated storm having a central pressure of 953 mb and an Rmax of 30 miles. Note the asymmetry around the storm center, which reflects the asymmetric nature of hurricane wind fields, as explained below.

The along-coast surge height profile, as illustrated in Figure 27, is an exponential function, peaking at the coastal location that experiences the maximum wind speed and, from there, tailing to zero beyond a multiple of Rmax. The storm surge profile implemented in the AIR model has been validated with observations from several historical storms.

The storm surge profile is then modified to account for forward speed, track angle at landfall, bathymetry, astronomical tide and bay amplification.

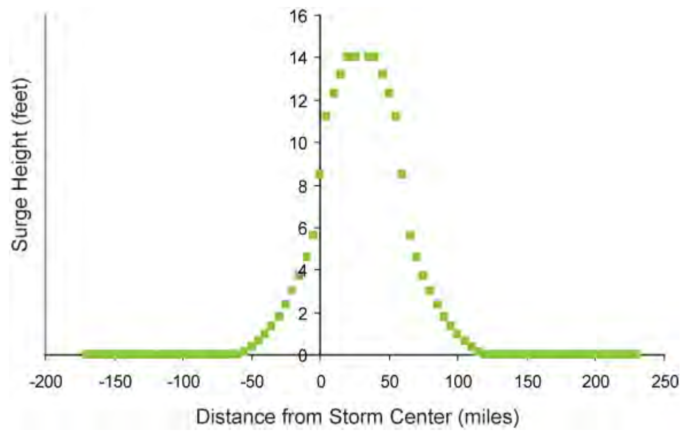


Figure 27. Surge Profile for Sample Storm with Central Pressure of 953 mb and Rmax of 30 Miles

Forward Speed and Storm Surge

Storm surge is not only caused by low barometric pressure in the eye, but also by winds pushing the ocean's surface ahead of the storm. In the Northern Hemisphere, hurricane winds rotate in a counterclockwise direction. The combined effects of hurricane winds and forward motion will produce higher wind speeds and thus higher storm surge on the right side of the storm. The faster the forward speed of the storm, the more pronounced this effect will be.

Track Angle at Landfall and Storm Surge

Hurricanes that make landfall perpendicular to the coastline, sometimes termed "coast-normal," cause greater levels of surge inland than hurricanes that make landfall at more oblique angles or skirt along the coast. Again, following the asymmetry of the hurricane wind field, storm surge is higher on the right of the storm track. A coast-normal track brings this enormous volume of water onshore. The East-Coast-parallel track exposes the coast to the weaker side of the storm system and the effects of storm surge are thus substantially diminished.

Bathymetry

Another factor that significantly affects the potential for destructive storm surge is the depth of the ocean at any particular location along the coast. In general, shallow water enhances surge height, a phenomenon sometimes referred to as the shoaling effect. Thus regions that have a broad, shallow continental shelf offshore have higher shoaling factors in the AIR model.

Water depth is obtained from high-resolution bathymetric maps, such as that shown in Figure 28.

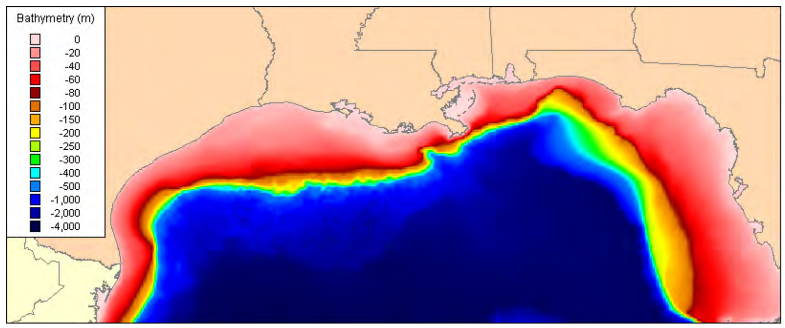


Figure 28. Bathymetry of the Gulf of Mexico

Tide Height

The total sea-surface elevation is an additive function of the surge generated by the hurricane and the height of the astronomical tide. The higher the tide, the greater is the sea-level elevation. This is one reason why some relatively minor hurricanes have nevertheless been accompanied by high storm surge. Tide height is determined probabilistically in the AIR model.

Bay Amplification Factor

The orientation (relative to hurricane track angle) and bathymetry of bays and estuaries can amplify the impact of storm surge. Specifically, the wave heights may be amplified because a larger volume of water is forced into a smaller area, as illustrated in Figure 29.

Figure 29. Amplification of Surge Heights in Bays and Estuaries

The amplification factor is a function of the bathymetry of the bay, its orientation relative to the dominant hurricane track angle, and its location relative to the track. That is, following the asymmetry of the hurricane wind field, the amplification factor is larger when the bay lies to the right of the storm track and smaller when it is to the left.

The bay amplification factors were derived from an analysis of output from NOAA's SLOSH (Sea, Lake and Overland Surges from Hurricanes) model for various bays along the U.S. coastline. Ultimately, amplification factors were introduced in the eight bays that were observed to experience the most significant increases in storm surge: Corpus Christi Bay, Texas; Galveston Bay, Texas; Mobile Bay, Alabama; Tampa Bay, Florida; Delaware Bay; New York Bay; Narragansett Bay, Rhode Island; and Buzzards Bay, Massachusetts.

The bay factors have been implemented in the model by positioning the maximum amplification factor for a given bay at the coastal location that has been observed to experience the maximum storm surge height in numerous SLOSH simulations. In the implementation, this location is treated as the center point of a circle. From this maximum amplification at the center of the circle, the bay factor experiences linear decay in all radial directions towards the outer circumference of the circle.

Figure 30 illustrates the bay amplification factor implementation for Galveston Bay, where the maximum amplification factor is 1.6 as seen at the center point, which then decays to a value of 1.0 at the edge of the amplification area.

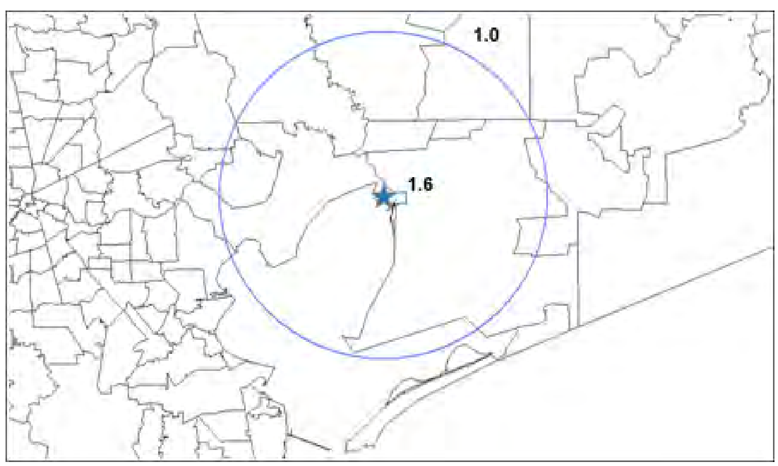


Figure 30. Amplification Factor and Extent for Galveston Bay

3.7 Stochastic Catalog Summary Statistics

The AIR 10,000-year standard catalog contains 48,894 simulated tropical cyclones, 19,278 of which impact the United States. Of the storms that affect the U.S., 17,295 make landfall while 1,983 bypass the mainland but cause damage to onshore properties. The maximum number of landfalls in a single simulated year is twelve, including multiple landfalls by a single storm.

3.8 Validating Stochastic Event Generation

AIR catastrophe models are extensively validated. Every component of the model is carefully verified against data obtained from historical events. This section provides a few exhibits illustrating the results of this validation as it pertains to generating the simulated hurricanes that comprise the stochastic catalog.

Validating Frequency

The annual frequency of hurricane landfalls is represented by a negative binomial distribution. Figure 31 shows the historical data from 1900-2008, along with the modeled distribution.

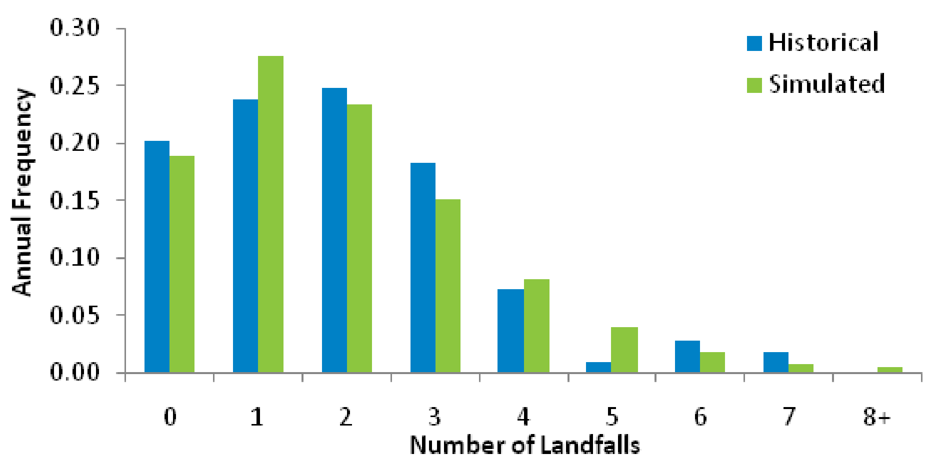


Figure 31. Historical (1900 – 2008) vs. Simulated Annual Landfall Frequency

To verify that the model is distributing tropical cyclone risk along the coastline appropriately, comparisons are made between historical and simulated frequencies by 100-nautical-mile coastal segment, which are illustrated for reference in Figure 32.

Figure 32. Modeled 100-Nautical-Mile Coastal Segments

Figure 33 shows the comparison, for each of the segments shown in Figure 32, between modeled and historical landfall frequency.

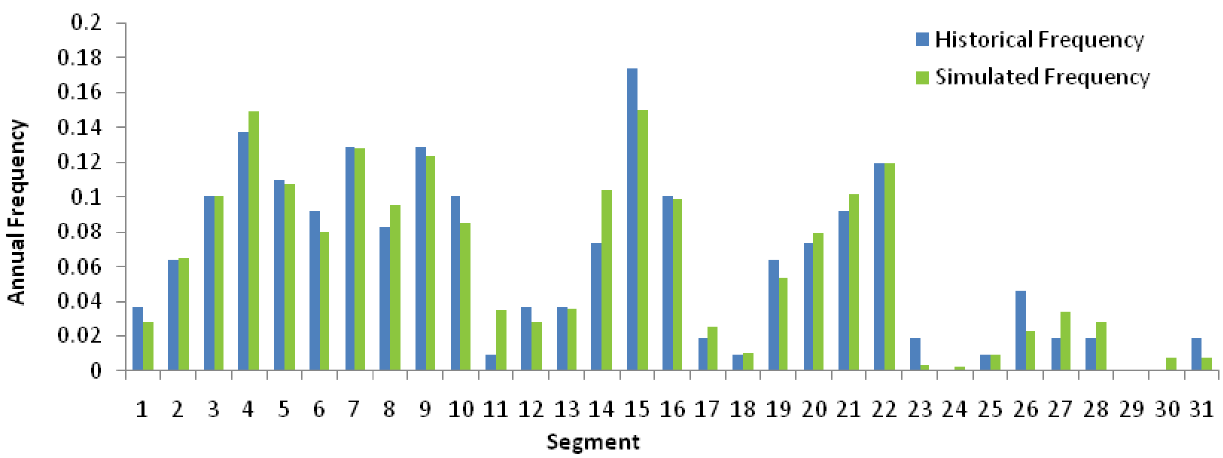


Figure 33. Historical vs. Simulated Tropical Cyclone Landfalls by 100-Nautical-Mile Coastal Segment

Validating Storm Tracks

Figure 34 shows both simulated and historical storm tracks in the Atlantic basin for a sample 25-year period. The simulated tracks appropriately capture the tendency for actual storms to move first to the west and then to the north-northeast.

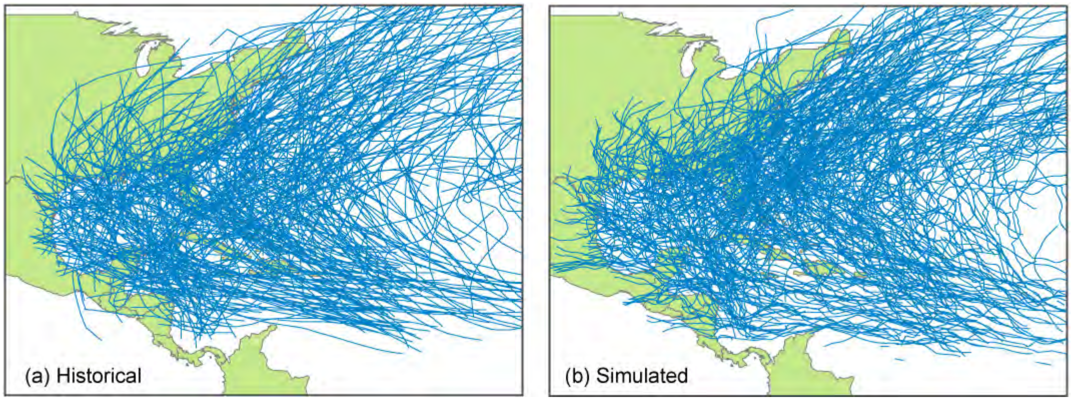


Figure 34. (a) Historical vs. (b) Simulated Storm Tracks for a Sample 25-Year Period

Validating Meteorological Parameters at Landfall

Figure 35 shows a comparison of historical and simulated storm intensities at landfall, with intensity based on central pressure. The two distributions are reasonably consistent, with the sparsity of the historical catalog accounting for possible discrepancies.

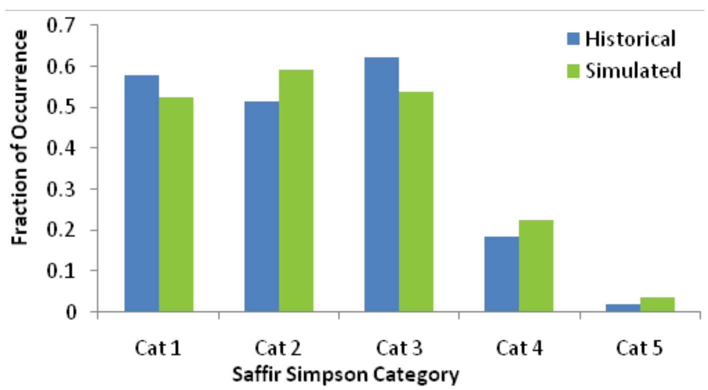


Figure 35. Historical vs. Simulated Intensities at Landfall

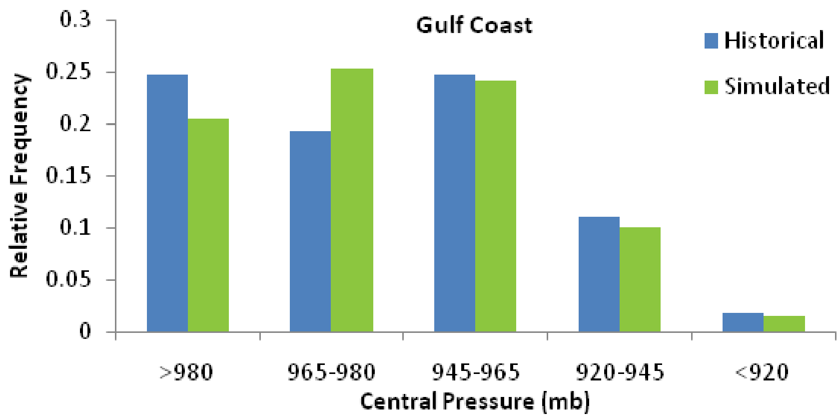
A comparison between the observed and modeled average landfall values of central pressure, radius of maximum winds, and forward speed is provided in Table 4. The agreement between historical and simulated values is quite good.

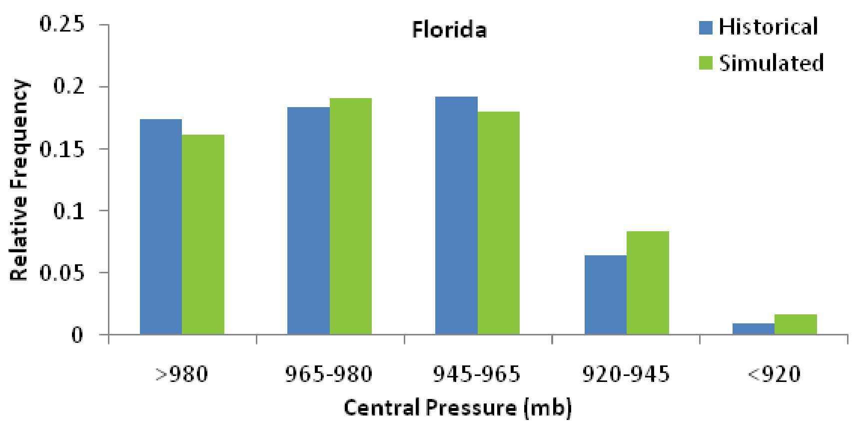
Table 4. Historical vs. Simulated Values at Landfall

Model Variable	Average of Historical Hurricanes, 1900-2008	Average of 10,000 Model Simulations
Central Pressure	967	966
Radius of Maximum Winds	28	27
Forward Speed	15	15

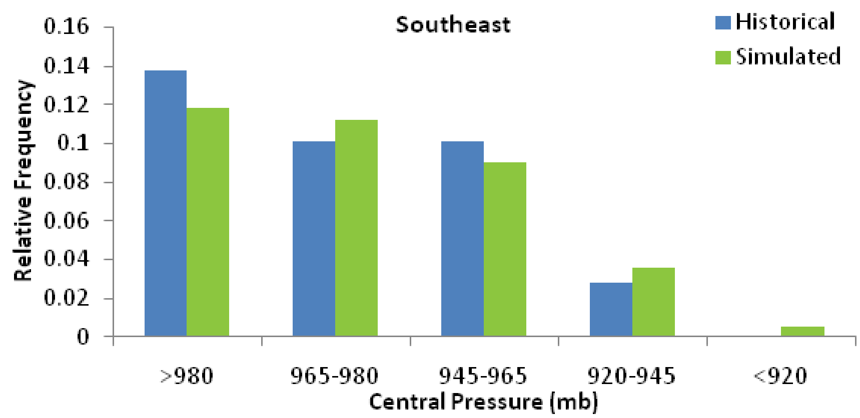
Validating Frequency by Intensity

AIR researchers also validate the distribution of simulated events by intensity. Figure 36 compares the observed and modeled relative annualized frequencies of hurricanes with different central pressures at landfall for four regions of the U.S. coastline[7].





[7] Note that the Gulf Coast includes segments 1-17, Florida includes segments 18-36, the Southeast includes segments 37-49, and the northeast includes segments 50-62.



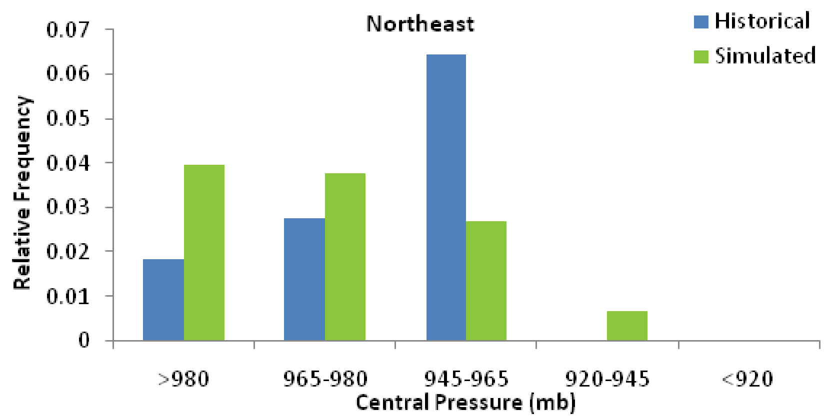


Figure 36. Comparison of Actual and Simulated Relative Annualized Frequencies of Different Central Pressure at Landfall for Four Different Regions of the U.S. Coastline

A critical part of the model development process is to ensure that the model appropriately captures the entire spectrum of potential catastrophe experience, including the most extreme—but still plausible—events that may not be represented in the historical record. Where historical data do not exist, AIR scientists validate the probability of occurrence of the most extreme events by relying on the reasonability and robustness of the science.

For example, modelers must determine the appropriate representation in the stochastic catalog of Saffir-Simpson Category 5 hurricanes in the northeastern United States. Since 1900, the lowest observed central pressure for hurricanes making landfall north of New Jersey was 946 mb, which was the Great New England Hurricane of 1938. Recorded wind speeds at landfall were 120 mph, making the 1938 storm a Category 3. As measured by central pressure, the storm was a borderline Category 3-4. (However, it should be noted that there is limited wind data for this event, most of which consists of wind-gust estimates. This event is likely to be recategorized when HURDAT data is reanalyzed.)

However, the reliable historical record is short; in extending it through stochastic simulation, the question arises whether to include Category 5 hurricanes in the Northeast. AIR meteorologists used a physics-based intensity model to investigate the upper limits of hurricane strength in the Northeast. The model was used to generate "what if" scenarios by perturbing characteristics of historical storms. For example, historical storms were modified to spend more time over warmer water further south, thereby allowing them to further intensify, but then made to speed up so that they would spend less time before landfall over the colder waters off the Northeast coast. Other "what if" scenarios involved warming the waters off the Northeast coast to the warmest ever observed. The net result of these experiments showed that the probability of a Category 5 hurricane was sufficiently close to zero to warrant their exclusion from the catalog for this region.

Validating Filling Rates

Figure 37 shows observed filling rates for 10 historical hurricanes from the 2004 and 2005 seasons (indicated by the colored dotted lines), including Hurricane Katrina's two landfalls in Florida and Louisiana. On the vertical axis of the graph in Figure 37 is the ratio of the observed central pressure as the storms moved inland and the observed central pressure at landfall. The observations consist of intensity information from HURDAT, supplemented with landfall data from the NOAA Technical Memorandum NWS TPC-5.

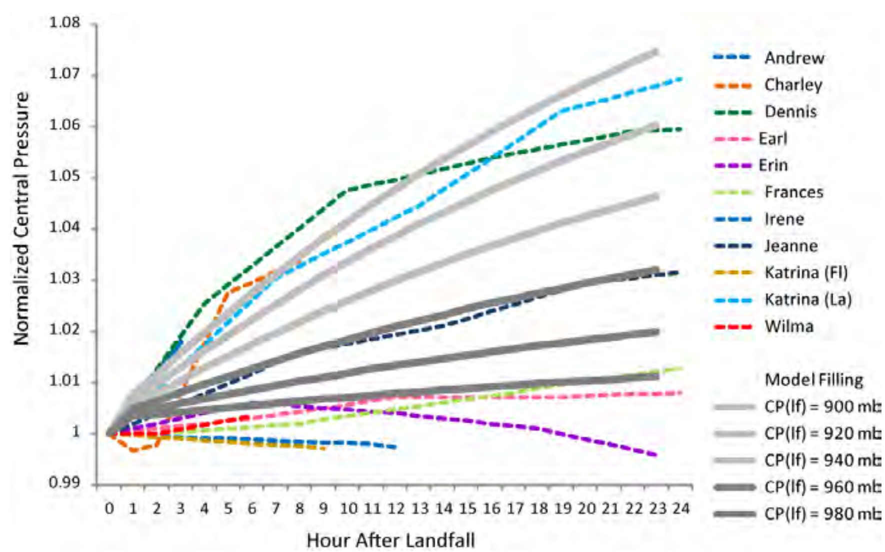


Figure 37. Modeled vs. Historical Filling as a Function of Hour after Landfall for Weak (blue) and Strong (red) Hurricanes

Also shown are the filling equations implemented in the AIR model for the Florida region for a range of storm intensities at landfall. As described in the section on filling above, for each of four regions the model employs two functional forms, one for weaker storms (Categories 1 and 2, as shown in dark gray) and one for major hurricanes (Categories 3, 4, and 5 as shown in light gray).

The inland decay of model-generated winds is consistent with that of observed winds.

4 Local Intensity Calculation

Damage to onshore properties is caused by wind and storm surge. Specifically, the measures of intensity used in the AIR Hurricane Model for the United States are:

- 1-minute sustained winds at 10 meters above the ground
- Water height (from storm surge) in feet

Their derivation and implementation in the model are described in the sections below.

4.1 Local Wind Intensity

Wind speed describes a storm's intensity and indicates how damaging a storm is likely to be. The measure of wind intensity used in the model is the 1-minute sustained wind at 10 meters above ground level. The model first computes the maximum winds at upper levels and then translates these winds to the surface (defined as 10 meters above the ground) via a conversion factor called the gradient wind reduction factor (GWRF).

The wind intensity used in the AIR Hurricane Model for the United States is as follows:

$V_{1min,10m}$ = [Vmax * GF * GWRF * Radial Decay + FwdAdj] *FF

where

Vmax = the upper-level wind at Rmax expressed as a function of central pressure (P_o), peripheral pressure as a function of latitude (P_w), radius of maximum winds (Rmax), and latitude.

GF = the gust factor expressed as a function of the effective roughness length (Z_0) and the averaging time, which translates a 10-minute average wind speed to a 1-minute average wind speed.

GWRF = the gradient wind reduction factor, which translates upper-level wind speeds to surface wind speeds. This is a function of the distance from the eye (r) and the peak weighting factor.

FwdAdj = the forward speed adjustment, which is a function of forward speed and the angle between the direction the storm is moving in and the direction of the wind.

FF = the friction factor expressed as a function of the effective roughness length (Z_0), which takes into account the frictional effects of the surface over which the storm is moving.

The GWRF is a stochastic variable, with an adjustment applied to account for observed differences in the factor as a function of radius from the eye. In general, the dense convection surrounding the eye enables the efficient transfer of winds aloft to the surface. Further from the eye, this efficiency is reduced, and thus so is the GWRF.

The mean GWRF value, the distribution about the mean, and the radial profile are based on dropsonde data from 2002-2005 and the work of Powell et al. (2009) and Franklin et al. (2003). The GWRF is not only variable within a storm; it also differs from storm to storm, is independent of storm intensity, and is dependent on the distance from the eye and the Peak Weighting Factor (PWF) associated with the storm. The PWF, a parameter used to reflect the vertical slant in a hurricane eye as discussed in Section 3.5, was derived from Powell et al. (2009). The GWRF and the PWF are generated jointly from a bounded bivariate normal distribution.

To determine the wind speed at a specific location on the Earth's surface, the maximum wind speed for a storm must first be evaluated at the eyewall, and then a radial profile is used to evaluate how much the wind speed decreases depending on the location with respect to the eyewall. The model's local wind field radial profile is based on the formulation introduced by Willoughby et al. (2006) and depends on Rmax, Vmax, latitude, and distance from the eye. Wind speed increases as a power of the radius inside the eye and decays exponentially with increasing radius outside the eye, following a smooth transition between the two regions (Figure 38). The wind direction at a given location away from the storm's center is included in the asymmetry term, which is proportional to the forward speed of the storm and the cosine of the angle between the wind direction and the storm's forward direction.

Generation of the local wind field involves modulating the gradient wind for frictional and gustiness effects. It also accounts for how these effects are altered by wind direction and fetch (the distance over which a wind of nearly constant direction has blown). For example, wind blowing across a rough surface will behave differently if it has arrived from over water than it will if it has arrived from over an equally rough surface.

Note that after landfall, storm intensity diminishes, and the eye of the storm fills as the barometric pressure increases. Storm filling will be discussed in greater detail below.

As mentioned previously, conversion of 10-minute averaged wind speeds to one-minute sustained winds is based on accepted engineering relationships, including Simiu and Scanlan (1996) and Cook (1985). The conversion factor varies from 1.12 to 1.26, depending on land use/land cover data.

Aspects of the model's wind-field generation process are discussed in greater detail in the subsections below.

Relative Wind Speeds

The wind speed at any particular location is dependent on Rmax, the distance between the eye of the storm and the location of interest, and the Gradient Wind Reduction Factor and Peak Weighting Factor. The AIR model's wind speed profile was developed based on the radial variation of wind speed described in Willoughby et al. (2006).

The radial wind profile is based on historical observations, using reconnaissance data from 493 hurricanes in the Atlantic and eastern Pacific basins from 1977 to 2000. The profile is defined by three equations: one for the area inside the eyewall, one for the eyewall region, and one for the area outside of the eyewall. Figure 38 illustrates the wind profile for an "average" storm.

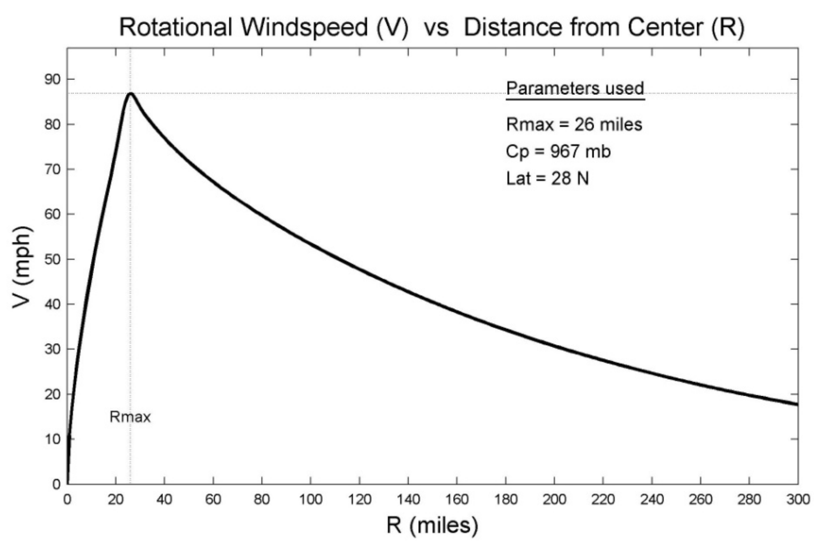


Figure 38. Symmetric Gradient Wind Profile

Asymmetry Effect

In the Northern Hemisphere, hurricane winds rotate in a counterclockwise direction. The combined effects of hurricane winds and forward motion produce higher wind speeds (and higher storm surge) on the right side of the storm, as viewed facing the storm's forward direction. The model accounts for the dynamic interaction of forward (translational) and rotational speeds, as well as the inflow angle.

Surface Friction Effects on Wind Speeds

Differences in surface terrain also affect wind speeds on a smaller scale. Wind velocity profiles (Figure 39) typically show higher wind speeds at higher elevations. At ground level, horizontal drag forces induced by surface roughness are exerted on the wind flow, causing retardation of the wind near the ground. The addition of obstacles such as buildings further reduces wind speed.

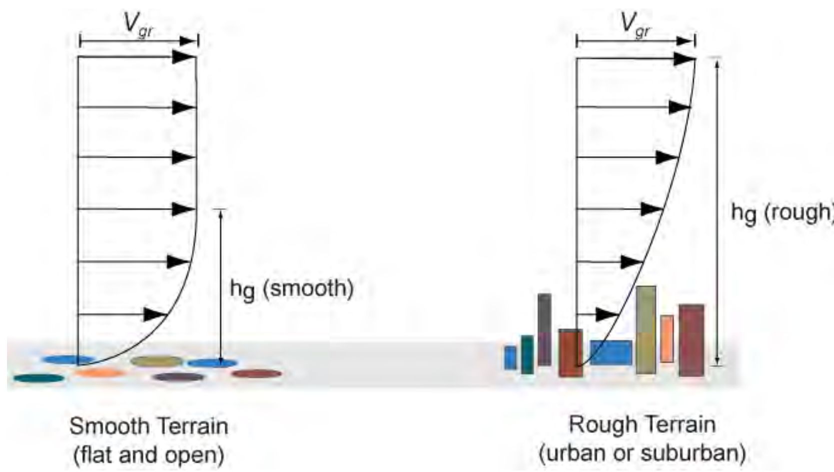


Figure 39. Terrain Effects on Wind-Velocity Profiles (Adapted from Cook, 1985)

AIR applies a friction coefficient at each location of interest to reflect estimates of surface roughness derived from digital land use/land cover (LULC) data available from the U.S. Geological Survey (USGS). The model uses the 2001 USGS National Land Cover Dataset (NLCD), a digital, satellite-derived database dating from 1999 to 2001 (Homer et al., 2004; Homer et al., 2007). The LULC classifications are provided at 30-meter resolution, which AIR then resampled at 220-meter (0.002°) resolution and aggregated to ZIP Code level.

Each LULC terrain type has a different roughness value that will lead to different frictional effects on wind speeds. In general, the rougher the terrain, the more quickly wind speeds will dissipate.

Figure 40 illustrates the LULC data for South Florida as used in the model. Note that additional quality control was undertaken at AIR to identify and correct the erroneous categorization of land use that would have impacted the hurricane wind speed estimates.

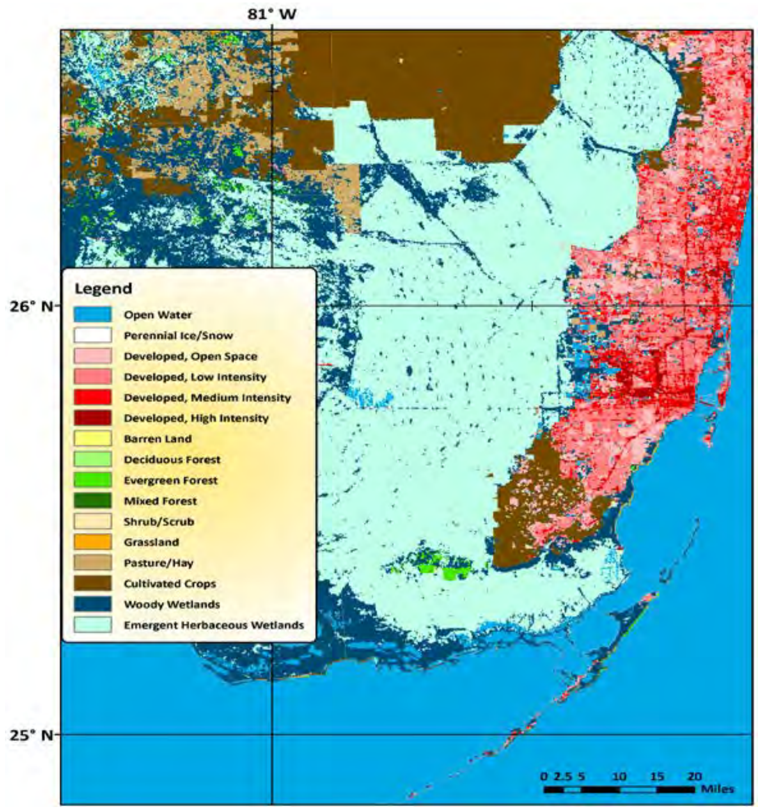


Figure 40. Land Use/Land Cover Data Used in the AIR Model

It is important to note that as a hurricane travels inland and encounters different types of terrain, the hurricane wind speeds do not adjust immediately upon experiencing a new terrain type. In practice, the wind has to blow over a certain distance before the planetary boundary layer (PBL)[8] is in equilibrium with the underlying surface. Downwind of a change in terrain roughness, such as the edge of an urban area, a new boundary layer begins to grow. Within this new layer the flow is not in equilibrium, and the wind profile adjusts.

The boundary-layer adjustment is accounted for by adjusting the friction factor according to an "effective" roughness, which is defined in the model as the average surface roughness for an area out to a radius of 10 km (6.2 miles) for the time-averaging (gust) factor and 15 km (9.2 miles) for friction from a given location—and is representative of the *mean* land surface acting on the wind field at that location.

[8] The lower layer of the atmosphere—extending vertically from the surface to between 1,000 and 2,000 feet— within which surface roughness has an effect on wind speeds. This height, beyond which surface roughness no longer affects wind speeds, is referred to as the gradient height.

In addition, the direction of the wind at a given time and location is computed along with the wind speed , and the land characteristics upwind of the location are used in making the local wind adjustments.

Wind Field Directionality

The model explicitly includes directional effects of surface friction on locally estimated wind speeds. Rather than using a single friction adjustment that takes into account the average land surface surrounding a location, the wind-field model uses updated LULC data to estimate the roughness in eight wind directions: north, northeast, east, southeast, south, southwest, west, and northwest.

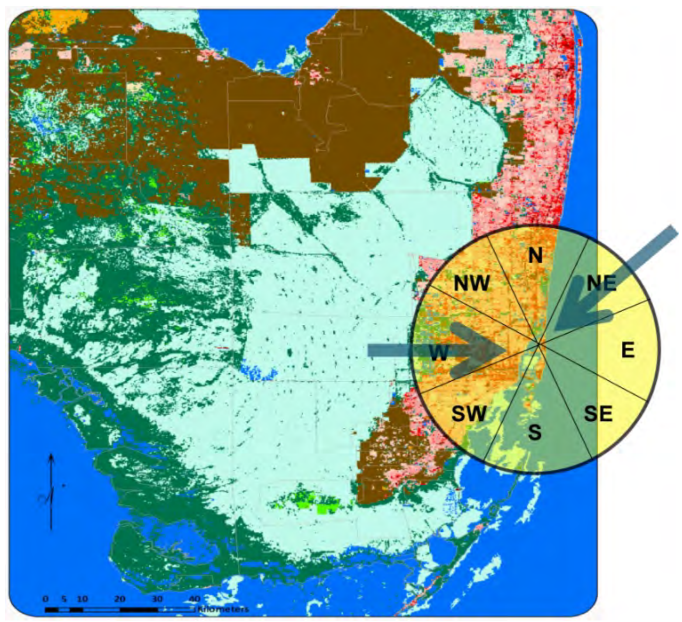


Figure 41. Directional Dependence of Surface Friction is Explicitly Modeled

In the area of South Florida shown in Figure 41, for example, a northeast wind coming from the Atlantic Ocean will be relatively unobstructed. On the other hand, a wind from the west will be crossing the city of Miami and undergoing wind-reducing adjustments representative of a built-up urban environment. In the AIR model, the influence of the maritime environment on the wind transition is explicitly quantified, which yields a realistic wind field at a local level for the duration of the event.

Figure 42 demonstrates schematically the impact of directionality on wind speeds. When a hurricane approaches the coastline, winds coming from the water are strong because the hurricane is just beginning to make landfall and has not yet begun to fill. When a hurricane passes a coastal location, winds switch direction and subsequently come from off the land. These winds are weaker than those coming off the water because the hurricane is already dissipating and the rougher land surface is having its effects.

The top panel of Figure 42 shows "unidirectional" friction effects. In this example, half of the surrounding area is land and half water, so the average effect of friction is the average of the water effect (a 5% reduction in wind speeds) and the land effect (a 25% reduction in winds). Thus, for winds entering a location **X** on the immediate coast from either onshore (100 mph) or offshore (80 mph), the average friction effect would reduce winds by 15% (computed as the average of 5% and 25%). Assuming winds come from the east and the west at the same frequency, the average wind speed would be 76.5 mph (50% from the onshore contribution, and 50% from the offshore contribution).

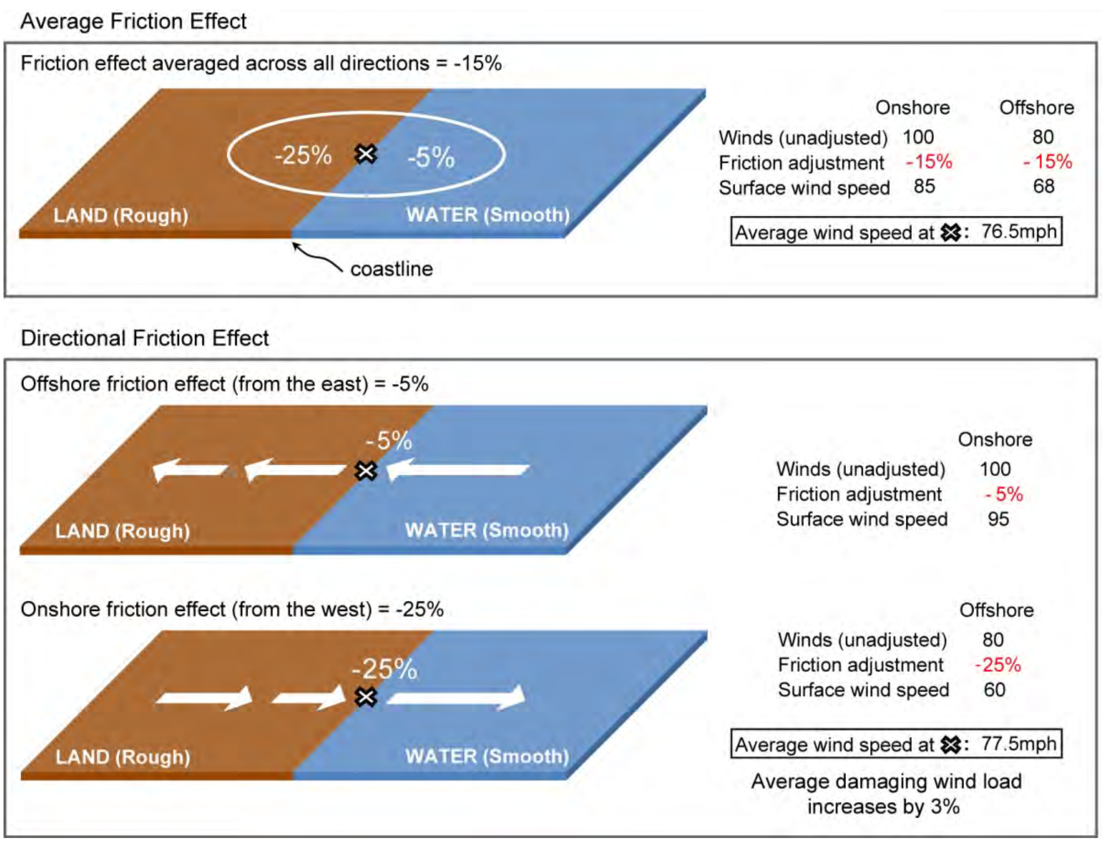


Figure 42. Schematic Representation of the Effect of Directionality on Friction

The lower panel in Figure 42 demonstrates directional friction effects. The different friction effects for winds arriving from water and land are modeled explicitly. Winds coming from the ocean will be reduced by only 5%, resulting in 95 mph winds, as compared to the 85 mph that is calculated when direction is not considered. Similarly, winds passing over land before reaching location **X** will be reduced by 25%, resulting in weaker winds than would be computed not considering direction. The average for the storm (both onshore and offshore winds) in the simplified example is 77.5 mph—1 mph higher than before.

While 1 mph may seem insignificant, there is a nonlinear relationship between wind speed and damage. That is, increasing wind speeds slightly by some amount increases damage more than reducing wind speeds by the same amount reduces damage. Furthermore, the frequency of strong winds from water directions is higher than the frequency of weak winds from land directions.

Gustiness Effects on Surface Winds

Just as surface roughness exerts a frictional drag on winds, so too can surface roughness enhance gustiness. Gustiness is a measure of how wind speed near the surface varies as a function of time. Winds near the surface—even those in a hurricane that is neither intensifying nor weakening—generally undergo oscillations in time resulting from different sized eddies. These eddies are generated from different types of land use and land cover, and can cause temporary changes in wind speed.

The many different-sized whirls that typically exist at any given time result in different strengths and durations of gusts. These gusts range from the very extreme, which last only several seconds, to weaker ones which may last several minutes. Typically, very rough surfaces can increase gustiness, while smooth surfaces are associated with low levels of gustiness. Scientists at AIR have accounted for the gustiness effects on tropical-cyclone winds not only across different types of surfaces, but also from different directions across those surfaces.

Wind Speed and Wave Height

When a storm is located over open water, high wind speeds result in large ocean waves. In return, larger waves impart more friction on surface wind flow than do smaller waves. In the model, an adjustment is made to modeled wind speeds near the coast to account for this interaction between wind speed and wave height. The adjustment is based both on the modeled wind speed and the percentage of water exposure within the wind octant of interest, and the magnitude of the adjustment is consistent with historical observations as noted by Powell et al. (2003)[9].

[9] The wind octant refers to the way in which directionality is treated in the model. The wind direction spectrum is broken into the eight compass directions: north, northeast, east, southeast, south, southwest, west, and northwest. Local wind adjustment factors are calculated for each of these octants.

Modeled Wind Risk

Figure 43 shows the final modeled 100-year return-period hurricane wind speeds in the United States.

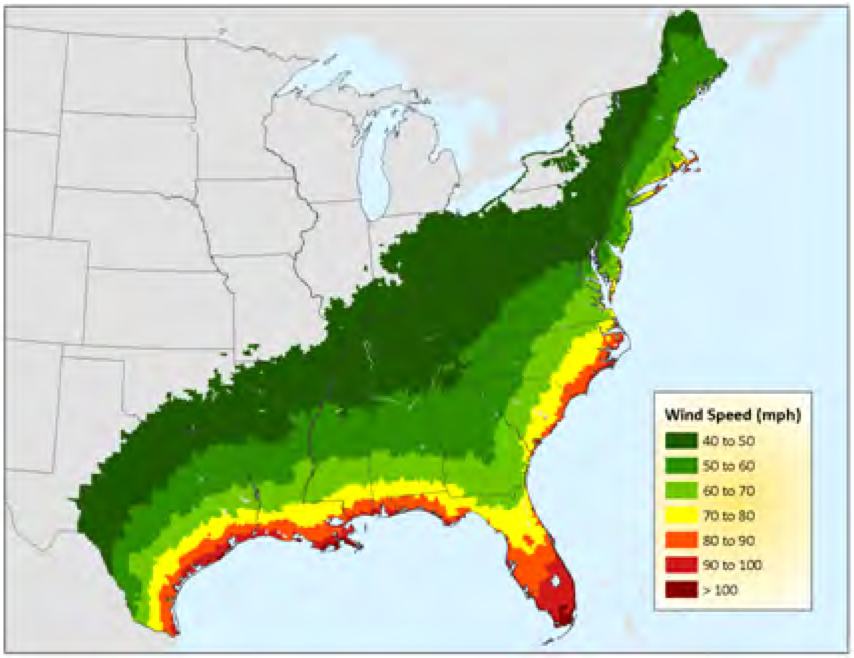


Figure 43. Modeled 100-Year Return-Period Wind Speeds

4.2 Local Storm Surge Intensity

The local intensity parameter used in the storm surge component of the AIR model is water depth in feet. High-resolution elevation data is critical to the calculation; the native horizontal resolution of the USGS elevation data used to model distances within 5 miles from the coast is 30 meters and is aggregated to 220 meters.

As discussed in the previous section, peak storm surge height at the coast is a function of central pressure, storm size and location relative to the storm center, and Rmax. It is then modified to account for track angle at landfall, bathymetry, astronomical tide, and bay amplification.

In order to estimate water depth at each affected location onshore, storm surge is propagated inland using attenuation relationships.

Storm Surge Attenuation

After the storm surge reaches the coastline, its forward travel is impeded by the friction it experiences from the local terrain. This loss of momentum is referred to as attenuation. Steeper slopes and rougher terrain lead to more rapid attenuation; gradual slopes and smoother terrain lead to slower attenuation. In the regions illustrated in Figure 44, for example, coastal Louisiana has a gentle slope compared to Long Island, New York. The difference is reflected in the attenuation functions through regional modifiers that characterize the coastal terrain as smooth, medium, and rough.

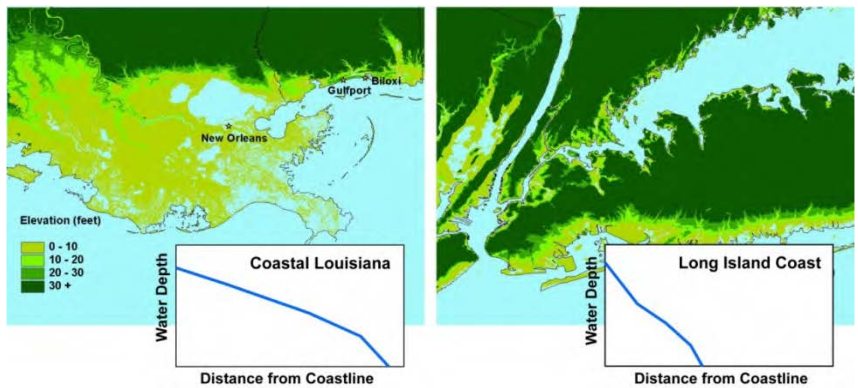


Figure 44. Elevation and Surge Attenuation Relationships Capture Coastal Characteristics at High Resolution

Also, while the effect is relatively minor, there is evidence that a slow forward speed reduces the rate of attenuation, as slower storms generally push larger quantities of water onto the coast over longer periods of time. This effect is accounted for in the model.

4.3 Validating Local Intensity

Among the 37stringent standards set by the Florida Commission on Hurricane Loss Projection Methodology (Florida Commission) are six meteorological standards. To meet these, AIR must demonstrate that the modeled wind field is consistent with the distribution of observed winds for historical storms. The AIR model has consistently met this standard since the Florida Commission was established.

A comparison between observed and modeled wind speeds for Hurricanes Charley (2004) and Dennis (2005) is provided in Figure 45.

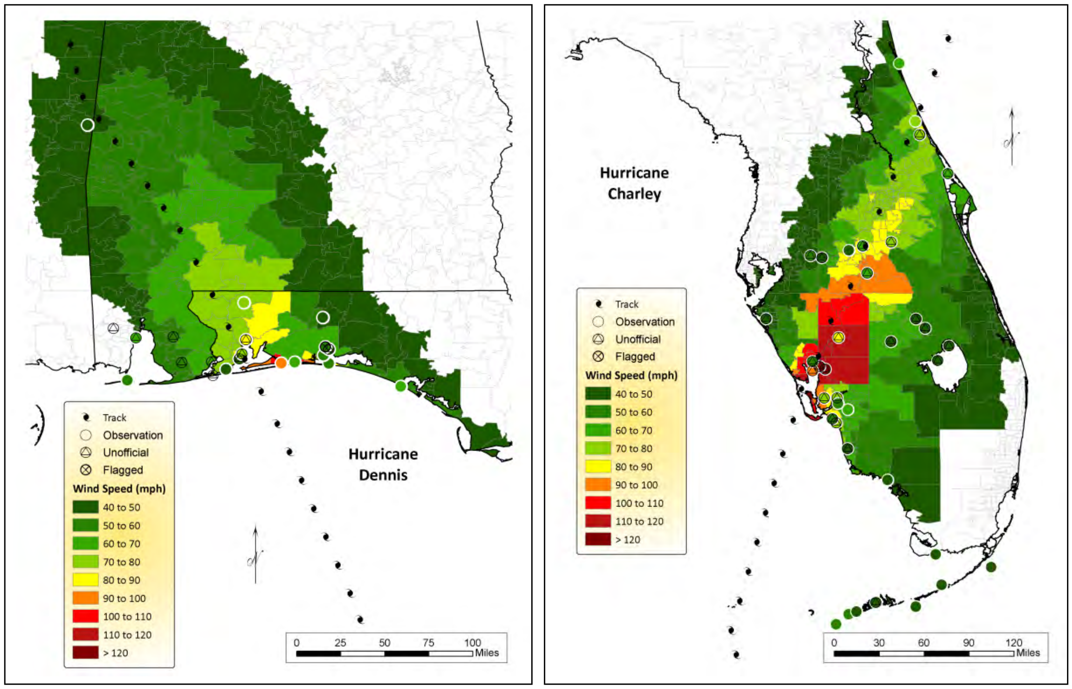


Figure 45. Observed and Modeled Wind Speeds (mph) for Hurricanes Dennis (left) and Charley (right)

Figure 46 and Figure 47 provide a comparison between observed and modeled wind speeds for Hurricane Katrina (2005) and Hurricane Wilma (2005), respectively.

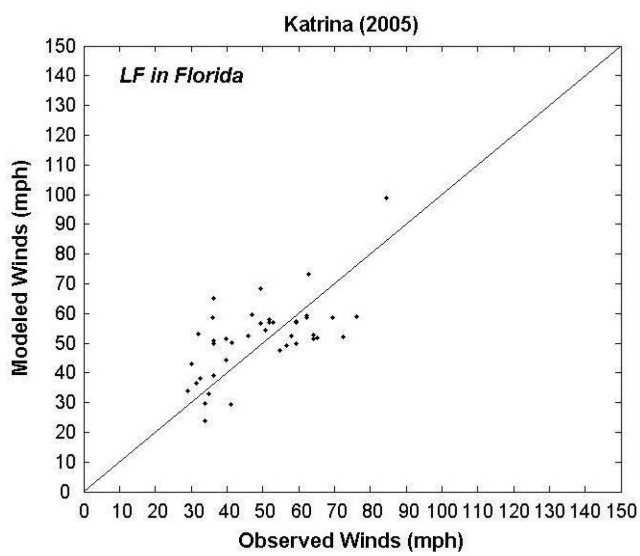


Figure 46. Observed and Modeled Wind Speeds (mph) for Hurricane Katrina

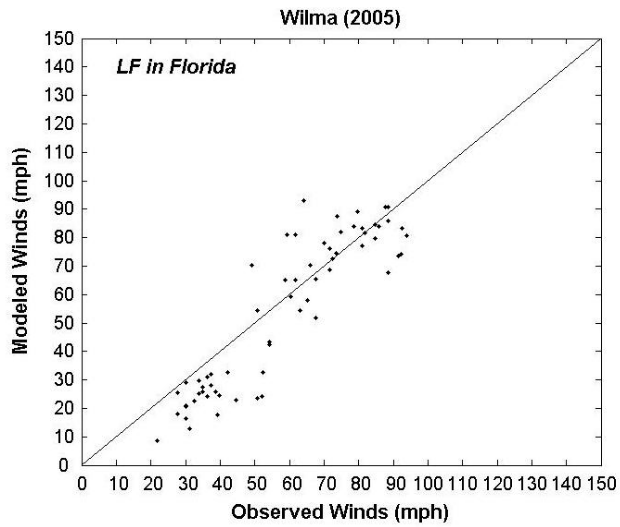


Figure 47. Observed and Modeled Wind Speeds (mph) for Hurricane Wilma

AIR modeled hurricane risk extends well inland from the immediate coast, and even to interior states such as Oklahoma, Kentucky, and Ohio. Figure 48, which shows claims data from the 2004 and 2005 seasons, illustrates this inland loss potential. Also shown are the AIR modeled wind footprints for the 2004 and 2005 storms. As is clearly illustrated, the model's wind field appropriately captures inland risk.

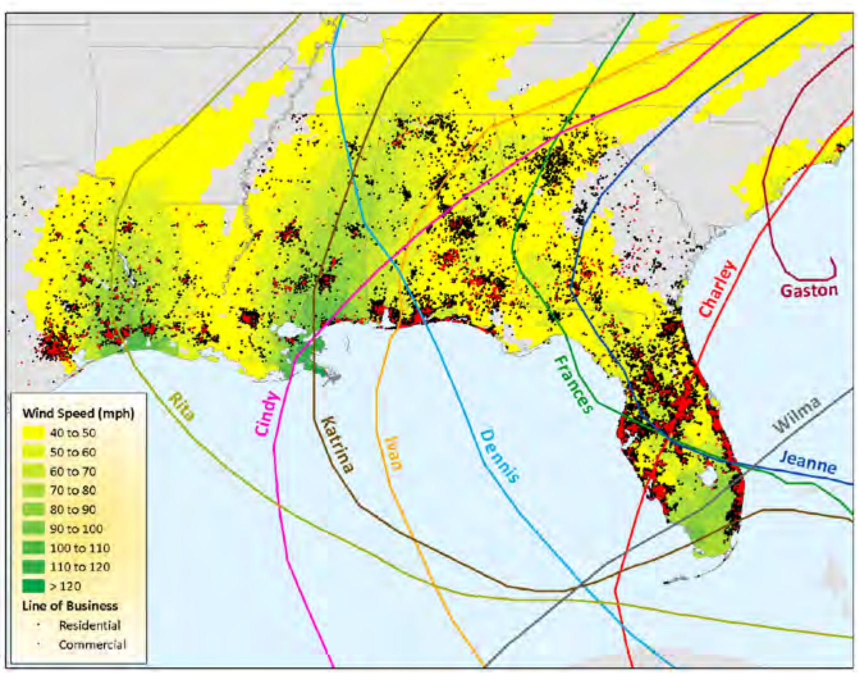


Figure 48. Claims Data from the 2004 and 2005 Hurricanes Overlaid on AIR Modeled Wind Fields

Figure 49 shows the comparison of observed and modeled wind speeds for 36 historical hurricanes, including Gloria, Hugo, Bob, Andrew, Erin, Opal, Bertha, Fran, Danny, Bonnie, Earl, Georges, Bret, Dennis, Floyd, Irene, Lili, Claudette, Isabel, Alex, Charley, Frances, Gaston, Ivan, Jeanne, Cindy, Dennis, Emily, Katrina, Ophelia, Rita, Wilma, Humberto, Dolly, Gustav, and Ike.

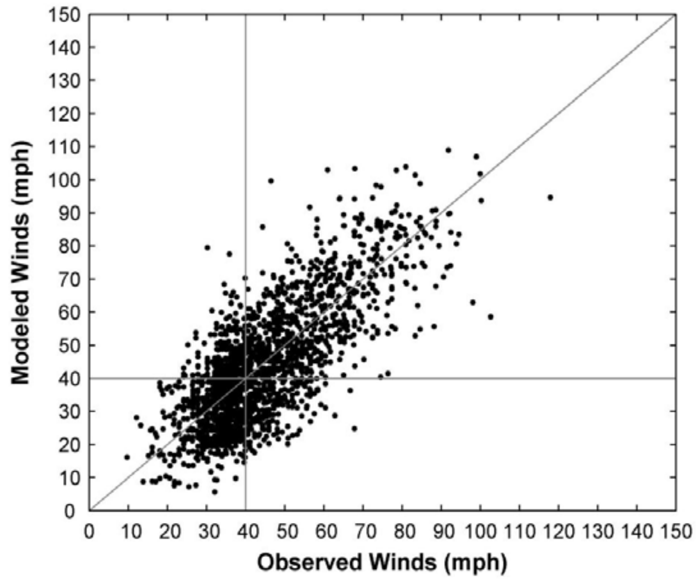


Figure 49. Modeled vs. Observed Winds for 36 Events, 1982-2008

Figure 50 shows a comparison between observed and modeled storm surge heights for 2005's Hurricane Rita.

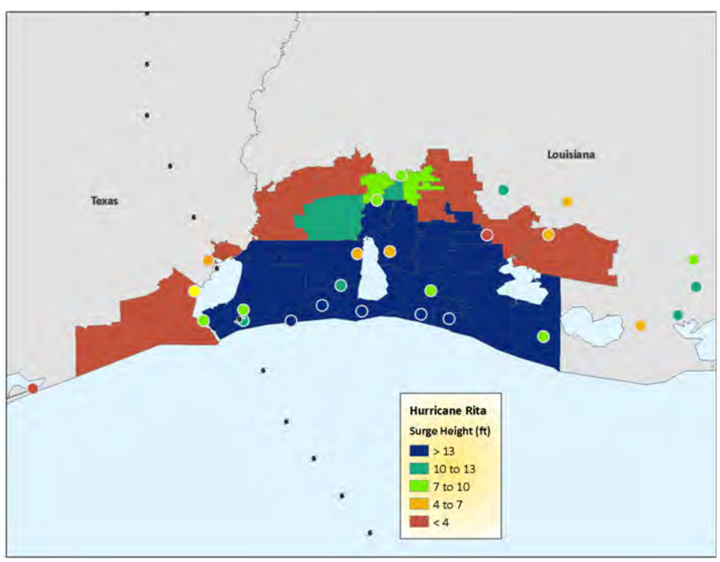


Figure 50. Comparison between Observed (colored circles) and Modeled (colored ZIP Codes) Storm Surge Heights for Hurricane Rita

5 Damage Estimation

In this component of the model, the local intensities of each simulated event are superimposed onto a database of exposed properties (see Section 5.8 for a discussion of building inventory in the United States and Section 8.3 for summary statistics), and the resulting monetary damage is then calculated. This is accomplished by way of damage functions, which have been developed for various types of structures. Damage functions translate the intensity of the hazard affecting a structure or portfolio of structures into monetary loss before any risk sharing arrangements (e.g. insurance contracts) are taken into account. For the hurricane model, hazard is defined in terms of wind speed (one-minute sustained winds at 10 meters height) or water depth (in feet). Note that damage functions for a structure not only account for the physical response of the structure to a hazard, but also encapsulate the effects of many other macro-level effects such as claims adjustment practices, building codes and their enforcement, the preparedness and response of individuals and communities to hurricane risk, and the representation of the hazard in the model.[10]

The AIR Hurricane Model for the United States provides separate wind and storm surge damage functions by coverage, construction, occupancy, and height. The major occupancy classes are homeowners, apartments/condos, commercial, industrial, and automobiles. These are further broken down into distinct construction classes, including wood frame, unreinforced masonry, reinforced masonry, masonry veneer, reinforced concrete, steel frame, light metal, and mobile homes. Details regarding the main construction classes are outlined further in Table 5. AIR's *Unicede® /px Data Exchange Format Preparer's Guide* lists all the occupancies and constructions supported for the AIR Hurricane Model for the United States.

Table 5. Descriptions of Selected Construction Classes

Construction Class	Description
Wood Frame	Mostly structures of 1 to 3 stories. Stud walls constructed of 2" x 4" or 2" x 6" wood members vertically set 16" or 24 "apart. Walls are braced by plywood or by wood or steel diagonals.
Masonry Veneer	Wood frame structures with one width of non-load-bearing concrete, stone, or clay brick attached to the stud wall.
Unreinforced Masonry	No steel reinforcing within a load-bearing masonry wall. Floors, roofs, and internal partitions in bearing wall. Usually wood buildings.

[10] See the AIR Current Anatomy of a Damage Function, published in March 2010.

Construction Class	Description
Reinforced Masonry	Consists of load-bearing walls of reinforced brick or concrete-block masonry. Floor and roof joists constructed with wood framing common.
Reinforced Concrete	Consists of reinforced concrete columns and beams.
Steel	Consists of steel columns and beams.
Light Metal	Made of light-gauge steel frame and usually clad with lightweight metal or asbestos siding and roof, often corrugated. Typically are low-rise structures.
Unknown	Represents a weighted average of all of the above construction types
Mobile Homes – No Tie-Downs	Mobile homes (manufactured homes) with no anchoring systems present.
Mobile Homes – Partial Tie-Downs	Mobile homes with over-the-top ties or frame ties, or with fewer ties than recommended by the manufacturer.
Mobile Homes – Full Tie-Downs	Mobile homes with both over-the-top ties and frame ties. Typically requires 10 frame ties and seven over-the-top ties.
Mobile Homes	A weighted average of tie-down types, including no tie-downs, used for mobile homes when tie-down information is unknown.

5.1 Wind Damage Functions

The AIR model's wind damage functions represent the relationship between wind speed and the mean damage ratio (MDR). The MDR is the average ratio between the repair cost of the property and its replacement value for properties subjected to a given wind speed. These damage functions vary by primary building characteristics such as occupancy, construction, and height, as well as year built and region. Also, individual risk features such as roof type can be used to further modify the wind damage functions (see Section 9.7 for more details.) Total damage is calculated by applying the appropriate damage function to the replacement value of the insured property.

5.2 Methodology for the Development of Wind Damage Functions

AIR's wind damage functions, developed by experts in wind and structural engineering, are based upon published engineering research and analyses of findings from post-disaster surveys. The resulting functions have been validated by external experts from leading wind-engineering institutions, as well as through extensive analysis of detailed insurance claims data. Figure 51 shows the overall methodology used to develop AIR's damage functions. This approach is used to develop all aspects of the vulnerability module, with varying degrees of weight based on engineering research, damage survey observations, and claims data.

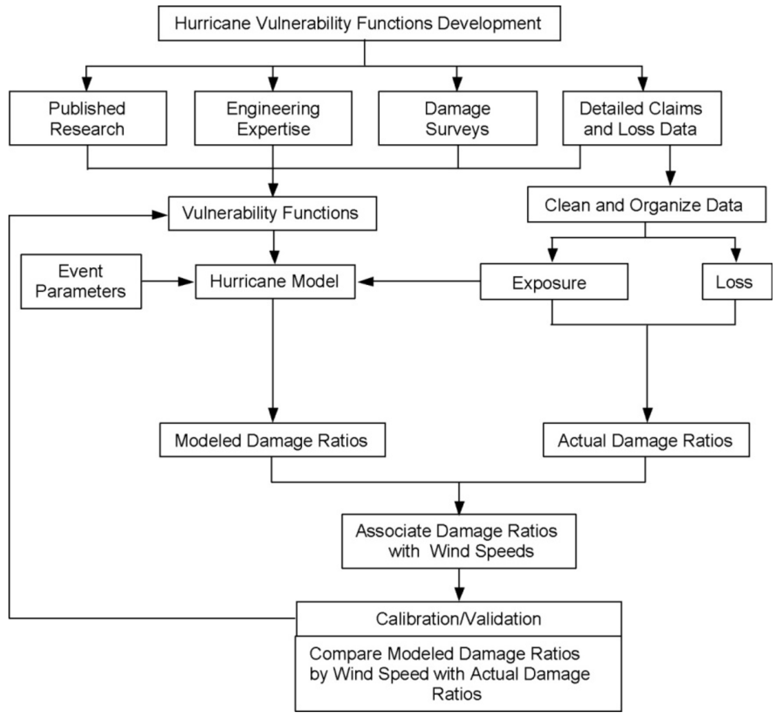


Figure 51. The Derivation and Implementation of AIR's Damage Functions

Commercial inventory in the United States is very heterogeneous, with significant variation in structure type and building characteristics. Actual damage and loss data is generally not available for all types of structures with various characteristics, and so claims data alone cannot be used to develop damage functions for all structures. For the commercial occupancy, loss data is often aggregated at a policy level and location-level loss information must be investigated. Generally, details regarding roof-cover or roof-type are not available in claims data. Engineering expertise is generally needed to develop damage functions, along with actual claims and damage data.

There are three key elements in the vulnerability module of the AIR Hurricane Model for the United States:

- The damage functions for basic structural characteristics, such as construction, occupancy, and height
- The modeling of the regional and temporal variation in the vulnerability of building inventory, due to the evolution of building codes and their enforcement, building construction practices and materials, structural aging, and building upgrades over time. AIR's Individual Risk Module is employed to estimate the regional and temporal variation in vulnerability in the model.

- AIR's Individual Risk Module can be used to modify the default damage functions by using detailed building characteristics, such as glass percentage and roof type, available to the user for input into the model.

In the following sections, these elements are discussed in detail. Note that the points in the bottom two bullets interact with each other in the AIR model to avoid double counting these effects, as discussed below.

Historically, users of a catastrophe model did not have detailed information about building characteristics, and catastrophe models used damage functions based only on primary building characteristics, such as construction, occupancy, and height. Over time, temporal and regional modifiers and information accounting for detailed building features have been introduced in catastrophe models. Generally, these modifiers are applied to damage functions independently, on top of one another, without accounting for potential overlap between different modifiers.

The AIR vulnerability module properly accounts for the effects of different vulnerability modifiers and their interactions, and avoids double accounting of their effects. The AIR Individual Risk Module, which is discussed in Sections 5.6 and 9.7, is fully integrated within the vulnerability module. Typical, or "model", buildings have been defined in terms of individual risk features – such as roof covering type, roof-to-wall connection, and glass type – for all locations and years-built. For example, while homes built in Miami after the 2001 implementation of the Florida Building Code are likely to have building features such as shutters and high-wind rated shingles, homes built in inland Alabama before 1995 are not likely to have such features. If users have information about individual risk features, it can be input in the model to override the default features in the model. Note that the marginal impact of the individual risk features selected by the user will depend on the model building assumptions. For example, the impact of the user-input of engineered shutters on building vulnerability will vary by region and year built.

The development of the damage functions for primary structural characteristics, such as construction, occupancy, and height, are discussed in the following sections.

Residential Damage Functions

A building's response to wind loads depends upon its construction and occupancy classes. Non-engineered buildings are typically more vulnerable than engineered buildings. In general, most residential dwellings are categorized as non-engineered. Post-disaster surveys indicate that low-rise commercial wood frame and masonry buildings have vulnerabilities similar to those of their residential counterparts. Multi-family homes, which are generally 2 to 4 stories tall, are closer to single-family structures than are apartments and condominiums in terms of their vulnerability.

Recent survey findings also indicate that in states with an evolved building code, year built is an important indicator of the vulnerability of residential construction. In Florida, for example, newer homes have been observed to consistently outperform older ones.

Wind damage primarily affects the nonstructural elements of residential properties, such as different components of the building envelope. Failure of houses with wood-framed roofs often occurs first at the roof, and often because of improper fastening between the roof sheathing and building frame. For example, a common failure initiation point on roof systems occurs where the roof membranes are attached to edges and corners; failure is often attributable to the lifting and peeling of metal edge flashings.

Uplift of the roof edges allows the wind to penetrate underneath the roof membrane, resulting in pressure rise beneath the membrane and subsequent removal of the roof covering. At high wind speeds, the integrity of the entire structure can be compromised, particularly in cases where the roof provides the lateral stability by supporting the tops of the building's walls.

Thus, three damage regimes can be identified for residential buildings: (a) a low-damage regime corresponding to wind speeds of less than about 90 mph, where damage is limited to roof covering and cladding; (b) a medium-damage regime where damage propagates to roof sheathing, connections and openings, and; (c) a catastrophic-damage regime corresponding to wind speeds in excess of 130 mph, where the roof framing is severely damaged, resulting in lateral instability of walls, possibly causing their collapse and ultimately the complete destruction of the building. A significant amount of detailed, quality claims data has been used to calibrate and validate the damage functions for single family homes.

Apartments and condominiums frequently receive a degree of engineering attention similar to that given to commercial construction. From a structural viewpoint, therefore, commercial and apartments/condominiums construction is similar. Nevertheless, apartments and condominiums have some building components that make them more susceptible to windstorms than commercial construction. These may include balconies, awnings, and double sliding-glass doors. Because these components are less engineered at the design and construction stages and are hence more vulnerable, AIR engineers have developed separate damage functions for apartments and condominiums.

The vulnerability of mobile (manufactured) homes is much greater than that of other construction types. The AIR model includes four damage functions for mobile homes, as follows: mobile home with no tie-downs, mobile home with partial tie-downs, mobile home with full tie-downs, and mobile homes with unknown tie-down information. This last classification would be used when the tie-down information is unknown and represents a weighted average of tie-down types, including no tie-downs.

Commercial Damage Functions

The development of damage functions for commercial structures is more challenging than for residential structures because of the relative scarcity of detailed loss data. Because commercial structures are generally less vulnerable to wind damage, the absolute amount of industry loss data is smaller. Furthermore, for multi-location policies, losses paid centrally to corporate headquarters often do not include information about the actual damaged property.

Damage to engineered buildings typically occurs to nonstructural components like mechanical equipment, roofing, cladding, and windows; complete structural collapse is extremely rare. Figure 52 is a schematic of AIR's component-based engineering approach for the development of commercial damage functions.

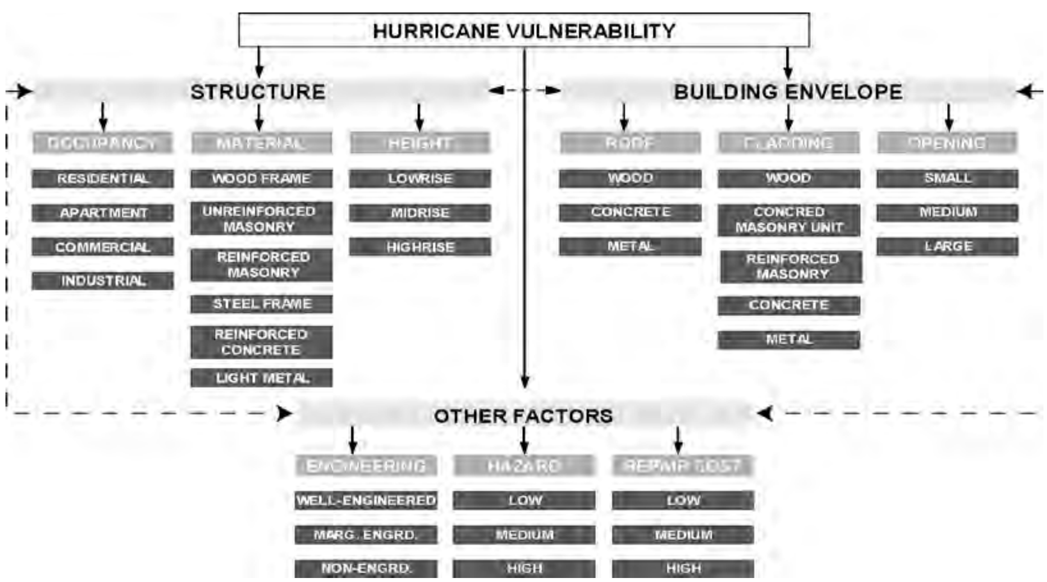


Figure 52. Component-Based Vulnerability Model for Commercial Structures

Several building components and attributes that affect vulnerability to hurricane winds are considered. These can be divided into three broad categories: (a) the primary attributes regarding the occupancy, material, and height of the building; (b) secondary attributes that define the building envelope, such as the roof, cladding material, and size of openings, and; (c) other attributes, including the amount of engineering attention, wind hazard and repair cost, that indirectly affect building vulnerability. Information on the relative impact each component has on vulnerability is obtained from a variety of sources, including experience gained from post-disaster surveys and input from wind-engineering experts.

AIR wind damage functions for commercial and apartment/condominium buildings explicitly account for building height. Table 6 shows the height bands supported for various occupancy and construction types.

Table 6. Supported Height Bands for Various Construction and Occupancy Classes

Occupancy Codes	Construction Class	Construction Codes	Building Height			
			Low	Mid	High	Unknown
301-302	All	All	Same vulnerability for all height bands			
303-373 Excluding 321-330	Wood frame	101-104	1	>1		0
	Masonry	111-119	1	2-3	>3	0
	Concrete	131-137	1-3	4-7	>7	0
	Steel	151,153-155	1-3	4-7	>7	0
	Mobile Homes	191-194	Same vulnerability for all height bands			
	Wind Resistive	181-183	1-3	4-7	>7	0
	200 Series	201-261	Same vulnerability for all height bands			
	Unknown	100	1-3	4-7	>7	0
321-330*	Unknown	100	1-3	4-7	>7	0
400-482	All	All	Same vulnerability for all height bands			
300	Wood Frame	101-104	Same vulnerability for all height bands			
	Masonry	111-119	1	2-3	>3	0
	Concrete	131-137	1-3	4-7	>7	0
	Steel	151,153-155	1-3	4-7	>7	0
	Mobile Homes	191-194	Same vulnerability for all height bands			
	Wind Resistive	181-183	1-3	4-7	>7	0
	200 Series[11]	201-261	Same vulnerability for all height bands			
	Unknown	100	1-3	4-7	>7	0

**Note that for the 321-330 series of occupancy codes, only the Unknown construction class should be used.*

[11] The 200 series of construction classes includes bridges, storage tanks, pipelines, chimneys, towers, equipment, cranes, compressor stations, and waterfront and offshore structures. Please see Section 9 for a complete list of these classes.

Wind profiles show that wind speeds increase with height; for any given storm, a low-rise building may experience Category 1 wind speeds, while the upper floors of a 20-story building at the same location may experience Category 3 wind speeds. However, while the wind hazard increases with height, vulnerability typically decreases. High-rise buildings are less vulnerable because they are generally well-engineered, built to strict building-code requirements, and have wind-resistant flat-slab roofs. See Section 9.5 for more information about the height bands supported in this model.

Figure 53 shows AIR wind damage functions for several construction types in the United States.

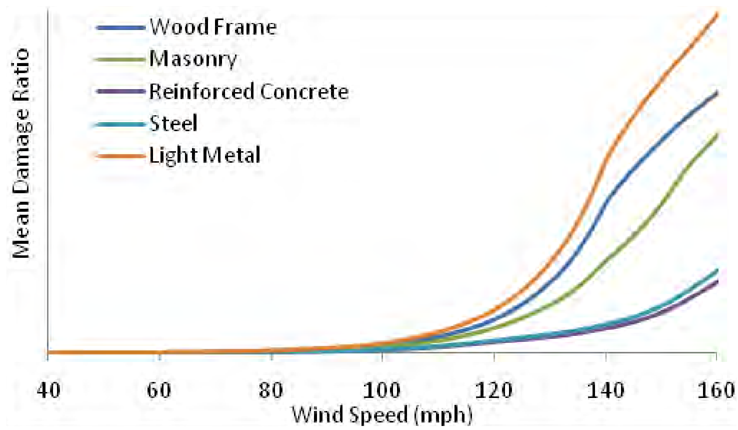


Figure 53. Wind Damage Functions for Selected Construction Classes

Industrial Facilities Damage Functions

The AIR Hurricane Model for the United States features the capability to assess potential property and business interruption (BI) losses to industrial facilities.

AIR supports two sets of industrial occupancies in CLASIC/2: small industrial plants and large industrial facilities. Small industrial plants are assumed to consist of multiple set of buildings with different construction types. Most of the equipment is located within the buildings of small industrial plants. Large industrial facilities are plants with diverse class of structures, including stacks, cooling towers, pipes, and tanks located in a widespread open area.

Small industrial plants should be coded with the AIR occupancy codes 321 to 330. When these occupancy codes are used, the Unknown construction class (code 100) must be used. If the user knows the construction of each building in the small industrial facility, they should use the AIR *commercial* occupancy codes with known construction type in CLASIC/2. For large industrial facilities, AIR’s 400 series of occupancy codes should be used.

See Section 6 for detailed information about AIR's modeling of large industrial facilities.

Automobile Damage Functions

The AIR damage function for automobiles is developed based on actual loss data and expert judgment. The estimation of hurricane losses for the automobile line is challenging due to the nonstationary nature of the exposure and the uncertainty with respect to the public response in advance of hurricane landfall, which can vary by region and over time.

Automobile damage functions take into account peril-specific damage mechanisms, such as the impact of windborne debris. Water damage from storm surge is calculated separately. To the extent that the damage functions have been calibrated to aggregate losses for historical events, the model implicitly captures the evacuation of automobiles prior to a storm's arrival.

Contents Damage Functions

The contents damage ratio is the dollar loss to the contents divided by the replacement value of the contents. The AIR model calculates contents damage separately from building damage, since some policies cover contents only and some building policies provide no contents coverage.

The main cause of contents damage is wind-driven rain after the building envelope is breached. Thus significant damage to contents is not likely to occur unless there is significant damage to the roof covering, loss of roof decking panels, or window failure. For most of the wind-speeds observed during hurricanes, then, the modeled contents damage ratio for single-family homes is lower than the modeled building damage ratio. This is borne out in claims data.

Claims data from the 2004 and 2005 hurricane seasons indicated that contents vulnerability for homeowners has decreased significantly in recent years. There are several possible reasons for the decrease in contents damage, including:

- Advances in hurricane forecasting are giving homeowners more time to secure valuables and take mitigating actions, such as boarding up windows
- Improved claims adjustment practices are reducing hurricane losses
- Post-event mitigation programs, such as the Army Corps of Engineers' "Operation Blue Roof," are helping to prevent further damage to contents after the building envelope has been breached

- Although contents value is typically estimated as a percentage of building value, the value of contents is not increasing at the same rate as building values are increasing

While claims data indicates lower contents vulnerability for homeowners, data and research indicate higher contents vulnerability in apartments and commercial properties. Even if building damage is minimal, water may enter unsealed openings and gaps around windows and doors to damage contents in apartment and commercial properties. Recent damage reports indicate that even relatively small holes in a damaged roof may cause significant damage to contents in commercial properties.

Time Element (Business Interruption) Damage Functions

In the case of time element, the damage ratio represents per-diem expenses or business interruption losses associated with the expected number of days that the building is uninhabitable (for residential structures) or unusable (for commercial).

Time element damageability for residential construction is a function of the mean building damage and the time it takes to repair or reconstruct the damaged building. Implicit in the time to make repairs is damage to the infrastructure. Published building construction/restoration data and expert engineering judgment have been used to establish the functional relationship between building damage and loss of use.

For major events, business interruption (BI) losses can account for a significant proportion of total commercial losses. Analyses of claims data from clients and ISO confirmed that building damage alone cannot explain total BI losses. Thus the approach implemented in the AIR Hurricane Model for the United States accounts not only for building damage, but also for building characteristics such as size, contents, and complexity of the building system, and business characteristics such as the potential for relocation or for continued operations while repairs are underway (Figure 54). The model also captures complex BI policy features, including extra expense, civil authority, dependent building damage, and extended period coverage.

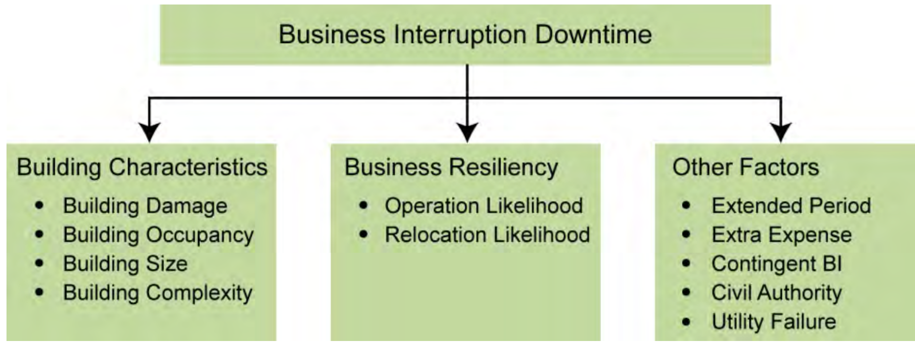


Figure 54. Modeled Factors Determining Business Interruption Downtime

The methodology does not require any additional input from the user, but instead uses existing input variables such as occupancy and characteristics of typical BI policies to model total BI losses for any given occupancy and the variation in BI losses across different occupancies.

Understanding Business Interruption Coverage and Inputs to the AIR Model

BI coverage is more complex than property coverage from an underwriting perspective. Different ISO policy forms exist for small and large businesses. BI coverage is included in the Business Owner Policy form, which is used by small to mid-sized businesses. For other businesses, the separate business income form CP 00 30 is used. Individual insurance companies may depart to some extent from the standard ISO forms, but fundamentally all of the forms are similar.

Business income has two primary components: (a) net income that a business will lose due to disruption and (b) normal expenses that must be paid even if the business is not operating. Underwriting guidelines recommend the use of business interruption worksheets (e.g. ISO CP 15 15 06 95 or its equivalent) to determine the business income exposure for each covered location in the event of a disaster.

Business interruption at a location can occur for a variety of reasons, and how much is recoverable from insurance depends upon the policy conditions. Direct BI occurs if there is physical damage to the insured building for the covered peril. In fact, these policies require that physical damage must cause the suspension of the business and there must be a loss due to the suspension.

However, business interruption can occur even when there is no physical damage to the insured building. The building may be inaccessible due to curfew, for example, or there may be business interruption at a dependent building such as a supplier of a necessary input, or electrical or water outages may prevent the resumption of operations. Indirect BI (which for purposes of the discussion herein includes BI due to damage to dependent buildings, and civil authority and utility failure) is not automatically covered under all BI polices; these optional coverages are available by endorsement for an extra premium.

Since BI losses can be triggered in a variety of ways and there are complex policy conditions to establish a BI loss, claims settlements can be quite complex. As a result, modeling BI losses is similarly challenging. Certain logical assumptions based on the limited available data are made to model the impact of typical BI coverage features. These assumptions were derived from Applied Technology Council (ATC) documents, construction reports from the U.S. Census Bureau, building size data from the U.S. Department of Energy, insurance and social sciences literature, damage reports, and claims data. Additional references are provided at the end of this document.

Estimating Business Interruption Downtime[12]

Downtime, or the number of days before the business can return to full operation, is the primary parameter in estimating business interruption losses. Figure 55 illustrates the "event tree" approach the model uses to estimate mean business-interruption downtime. For comparison purposes, Figure 55 also highlights hypothetical event paths for an office and hotel. The event tree shows the sequence of events that can occur in a system. For example, an office building is likely to take a different path to recovery than a hotel, and hence it will have a different downtime in the event of interruption hurricane.

The model calculates downtime for each stage of the damage assessment and recovery process. The first stage, pre-repair, is the time before repairs can get underway. The damage must be assessed, the repair cost negotiated with the contractors, and the building permit obtained. The next stage is the repair period. Some businesses choose to relocate rather than wait for repairs, but relocation takes time as well. Once repairs are completed, revenues may not immediately resume at the pre-disaster level; it may take some time to regain market share, or to rebuild a labor force that may have found employment elsewhere.

[12] See the AIR research paper "Modeling Business Interruption Losses for Insurance Portfolios," *Proceedings of the 11th Americas Conference on Wind Engineering*, San Juan, Puerto Rico, June 22-26, 2009. Available at: http://www.iawe.org/Proceedings/11ACWE/11ACWE-Jain.Vineet1.pdf

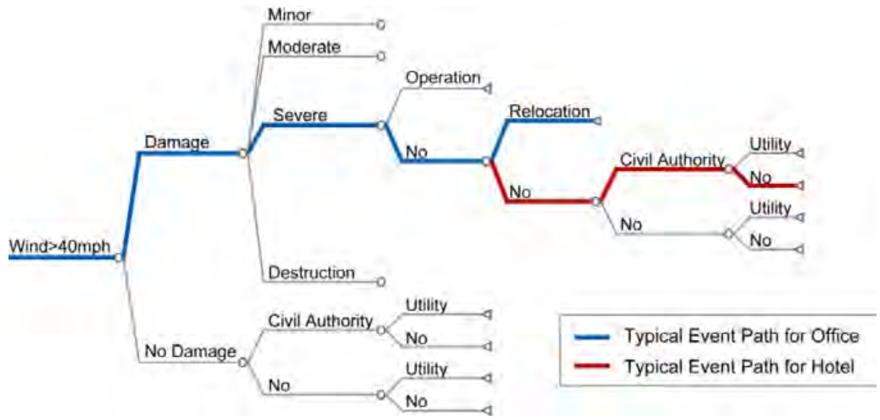


Figure 55. Hypothetical Event Tree for Office Building and Hotel

The estimated number of days needed to restore the business to full operation depends on a number of key factors, including the level of damage sustained, the size of the building (square footage) and its architectural complexity.

For a given damage ratio, a 25,000-square-foot hotel will take significantly longer to repair than a 5,000-square-foot professional office. For a given square footage, buildings with significant architectural complexity will also take more time to repair. Warehouses can be quite large, but repairs are likely to take place quickly because of their architectural simplicity. Interior finishes must also be taken into account. Hotels are not only typically larger than office buildings, but can take more time to repair due to the higher quality of interior finishing.

Some types of businesses, such as hospitals, are more resilient than others and may be able to restart operations before repairs are complete, or they may have had disaster management plans in place that allow them to relocate quickly. For other businesses, such as hotels, location is critical and relocation is not an option. Since many parameters (e.g., building size, complexity, and business resiliency) that play an important role in determining business interruption are generally not available for input into the model, occupancy class is used as a proxy to determine these parameters.

Occupancy is also used to estimate the probability that there may be business interruption at a dependent building within the storm footprint—such as the supplier of a necessary manufacturing input—that will exacerbate BI losses at the principal building. Estimation of the impact of the dependent building's damage on the principal building requires the knowledge of the location and the degree of interdependence between the dependent and principal buildings. Since this level of detailed information is generally not available, logical assumptions are made to estimate the impact of the dependent building on the principal building's downtime.

Once the damage state of the dependent building is estimated as a function of the principal building's damage state, BI losses are calculated based on the maximum of BI downtime associated with the damage states of the principal and dependent buildings. This assumption implies that the impact of the dependent building damage is more significant at lower principal-building damage states than at higher damage levels of the principal building. A similar logic-based approach is used to estimate the impact of civil authority and utility failure on the downtime of the principal building. Downtime is also adjusted to account for BI policy conditions such as limited ordinary payroll, extra expense, and the extended business income coverages.

Figure 56 shows sample mean BI curves for three occupancies, hotels, offices, and hospitals. Not only is the mean BI downtime different for different occupancies for a given mean building damage ratio, the relativity between occupancies varies as a function of building damage ratio. That is, repair time, which is a function of building size and complexity, determines the shape of the BI curve for all levels of building damage.

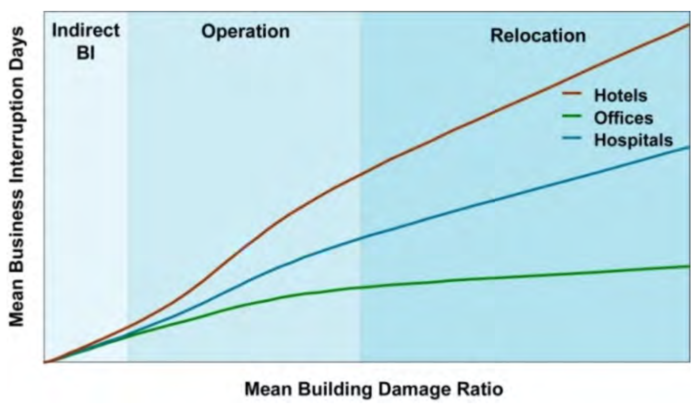


Figure 56. Impact of Factors Determining Business Interruption Downtime Varies with Occupancy and Severity of Building Damage

However, the impact of the many determining factors varies with the degree of building damage. For example, the impact of indirect BI and other factors such as extra expense on the shape of the BI curve is particularly important at low levels of damage. At moderate levels of building damage, the likelihood of continued operation while repairs are underway determines the shape of the BI curve. As building damage increases and continued operation becomes less likely, the impact of relocation on the BI curve increases. Office buildings are likely to be relocated at a certain level of building damage, so the BI curve does not change with increasing damage beyond that point. However, as it is unlikely that a hotel or hospital will be relocated, the BI curve increases with increasing levels of building damage for these occupancies. Thus at higher levels of building damage, relocation becomes the determining factor in estimation of the BI curve.

Figure 57 shows, for different mean damage ratios, the modeled BI damageability of selected occupancies relative to the general commercial occupancy.

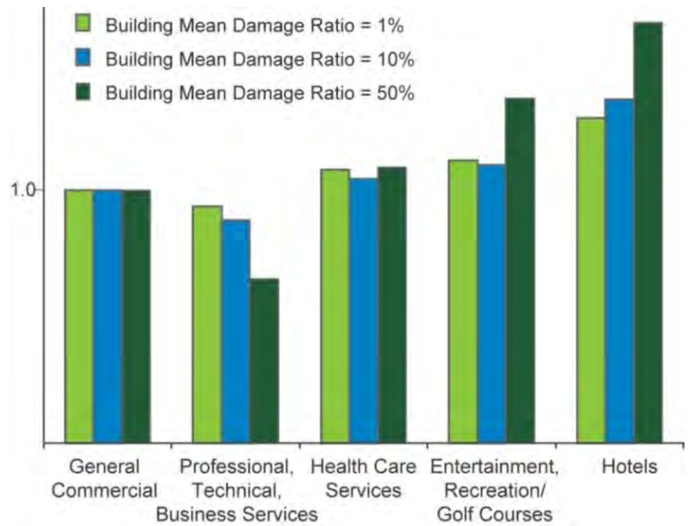


Figure 57. Relativity of Business Interruption Damageability across Commercial Occupancies

The methodology for calculating BI losses relies in part on expert judgment in the face of limited available exposure data, but it has been rigorously calibrated using detailed claims data from recent hurricane experience.

Note on the Importance of Business Interruption Exposure Data Quality

Two key user inputs are needed to model direct BI losses: BI exposure value and the number of days associated with the exposure. That is, business income exposure is generally defined in terms of dollars per unit of time. For example, a business may generate USD 1 million in business income exposure per year, or 1/365 million USD per day. If USD 1 million is entered as the business income exposure, 365 must be entered for the number of days. If a user enters 1/365 million for business income exposure, 1 day must be entered as the number of days. The per-diem exposure, together with the modeled estimated number of days of downtime, provides an estimate of BI loss.

The model estimates the number of days of downtime as a function of building and contents damage, occupancy, size and complexity, business resiliency and other factors discussed above. Ground-up losses are calculated by multiplying BI exposure per day by the number of downtime days. Note that when calculating BI losses, the occupancy field, and not the gross area, is used as a proxy for building size.

As is the case with building replacement values, high quality BI exposure data is essential for generating reliable loss estimates. In the course of AIR's continuing audits of client exposure data, it has become apparent that large numbers of locations have very low BI/day values. In most cases, business interruption limits have been entered as annual BI exposure. Exacerbating the problem, AIR also found evidence of the use of loose "rules of thumb" to determine the BI limit, rather than the use of BI worksheets for each location in multi-location policies. Finally, AIR found evidence of a general underestimation of the number of locations that may sustain damage in a catastrophe. AIR cautions that these problems with BI exposure data quality will result in significant underestimation of BI losses.

5.3 AIR's Comprehensive Methodology for Estimating Regional and Temporal Vulnerability Variation

Engineering studies, claims data, and damage surveys indicate that there can be significant variation in building vulnerability by region and time-period. This variation is due to changes in building codes, construction practices, structural aging, and upgrading.

Reliable loss estimation depends on accurately capturing significant differences in vulnerability between time-periods and regions. AIR undertook a comprehensive, peer-reviewed study to enhance the understanding of the evolution of wind load standards, building codes, and building construction practices for all hurricane-prone regions in the United States. Detailed findings of this study have been incorporated in the model to capture regional and temporal variations in wind vulnerability. For a given occupancy, construction, and height combination, the model features different damage functions for each region and time-period, where a time-period can be as short as a year and regions can be highly localized. *To take full advantage of the new capabilities, it is therefore important that CLASIC/2 users geocode their exposures and avoid bulk-coding Year Built.*

The AIR model takes a comprehensive approach to developing damage functions for each region and year built in the United States, while drawing on many years of experience and research conducted at AIR. The model utilizes a detailed methodology based on engineering analysis and the vulnerability of individual building features. Detailed claims data from recent storms are used to calibrate and validate the damage estimation module and model performance in general.

There are many sets of building codes released in the United States, with varying levels of adoption and enforcement. This, coupled with a lack of historical data, makes it somewhat challenging to assess the regional impact of building codes. AIR takes a top-down approach to incorporate information about building codes at a local level for all regions (Figure 58). First, the evolution over time of the national wind load standards (ASCE 7-98 and ASTM) and their impact was analyzed. Next, the wind design provisions of the model building codes (National Building Code (NBC), Standard Building Code (SBC), and International Council of Codes (ICC)) were evaluated. As state and local authorities may significantly amend codes, their adoption and amendment as related to wind design provisions was then examined. For example, in North Carolina, the wind-debris zone is limited to 1,500 feet within the shore-line, while according to the International Residential Code (IRC), the wind-debris zone is all locations where the design wind speed is higher than 120 mph. Mississippi has recently adopted the ICC codes, but in other coastal counties of the United States, these codes are mandatory only if they are adopted by a particular jurisdiction.

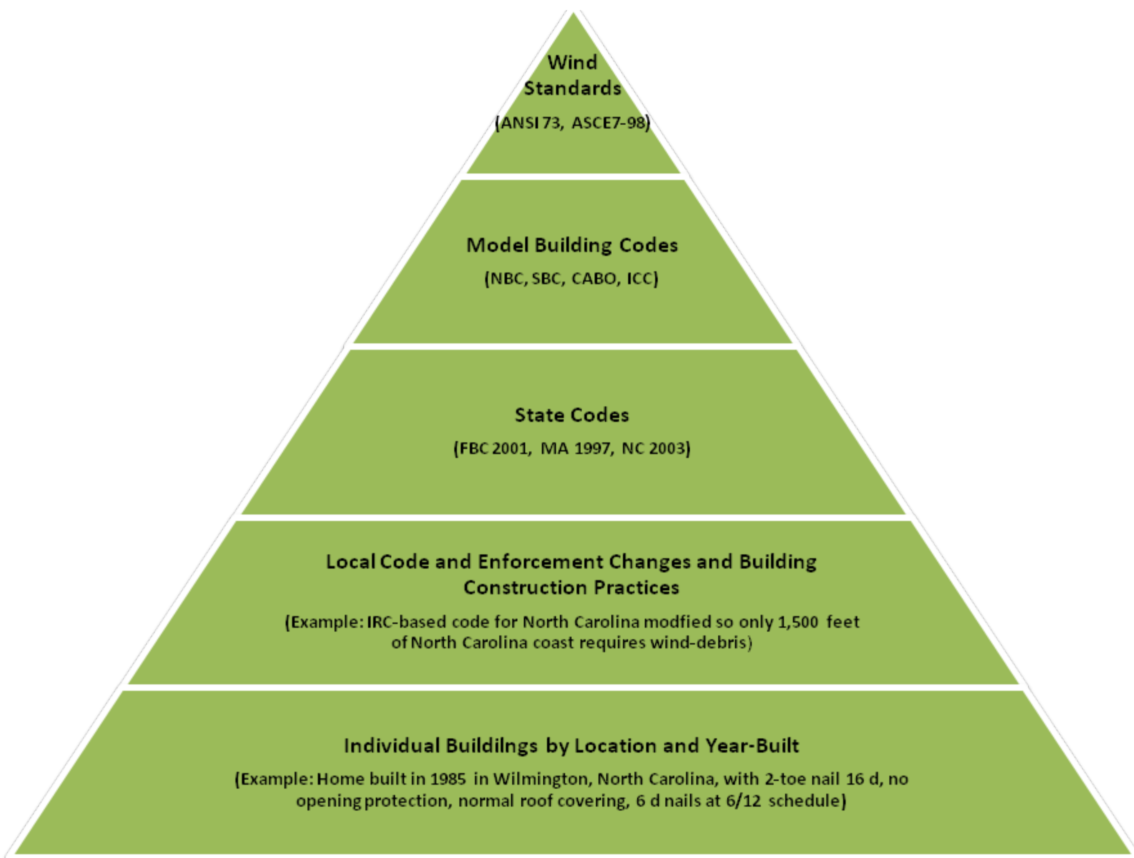


Figure 58. AIR's Comprehensive Methodology for Estimating Relative Vulnerability by Region and Time Period

A "model" building—in terms of individual risk features such as roof covering, roof sheathing, roof-to-wall connection, and opening protection—that meets the building code requirements for that region and time-period is defined and the degree of code enforcement in the region is analyzed. In some localities, enforcement of building codes is mandatory and changes to instituted codes are not allowed. In other localities, changes may be made to the building codes only if the modifications are more restrictive than the original codes. In some states, a state authority can declare certain codes to be mandatory state-wide. Nonetheless, a locality can determine whether or not to adopt the "mandatory" code, and therefore a mandatory code is only practiced in those localities that choose to adopt it.

The relative vulnerability of different model buildings is assessed based on the AIR Individual Risk Module, which estimates the impact of detailed secondary building features on the overall building vulnerability. By repeating this process for all hurricane-prone regions in the United States, model buildings have been defined for all locations and time-periods.

For example, Table 7 and Table 8 show the key structural characteristics of a typical single-family wood frame home and a typical commercial reinforced concrete building, respectively. These structures have been built according to the code requirements in place in 1998 and in 2005 in Wilmington, North Carolina.

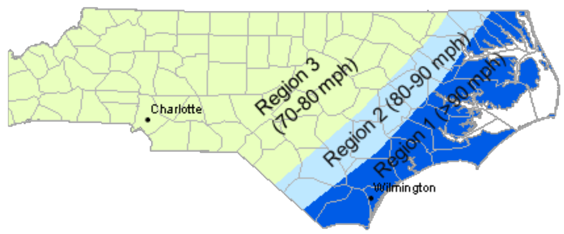
Table 7. Key Structural Characteristics of Non-Engineered Building Built According to Building Codes in Wilmington, North Carolina, in 1998 and 2005

Location	Year Built	Roof Covering	Roof Sheathing Nailing	Roof to Wall Connection	Window Protection Required	Gable-end Bracing Requirement
Wilmington, NC	1998	Asphalt Shingles or Equivalent	8d @ 6/12	Clips	None	Yes
	2005	Hurricane wind-rated covering	8d @ 6/6	Hurricane Ties	None	Yes

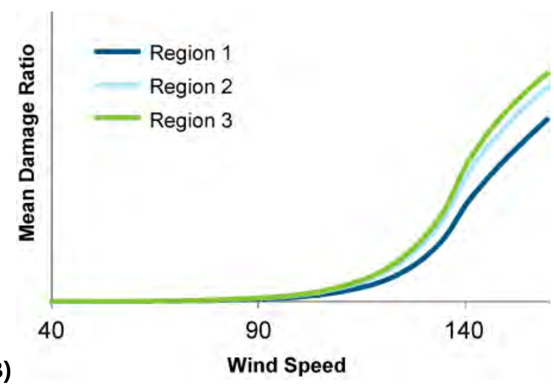
Table 8. Key Structural Characteristics of Engineered Buildings Built According to Code Requirements in Wilmington, North Carolina, in 1998 and 2005

Location	Year Built	Roof Covering	Wall Siding	Secondary Water Protection	Window Protection Required
Wilmington, NC	1998	Single Ply or Equivalent	Siding with poor resistance to wind	No	None
	2005	Hurricane wind-rated covering	Siding with strong resistance to wind	Yes	None

Figure 59A shows three regions of vulnerability in North Carolina for buildings built between 1995 and 2002, based on the building code requirements in place during that period. Figure 59B shows the damage function for structures built in 1998 for these three regions. Vulnerability is higher for inland regions as compared to coastal regions, as building code requirements are typically less stringent inland.



A)



B)

Figure 59. A) Vulnerability Regions for Structures Built in 1995-2002 in North Carolina and B) Corresponding Damage functions for Structures Built in North Carolina in 1998

Note that while building code changes occur at discrete points in time as revisions are released, there are generally continual changes in building construction materials and practices, code enforcement, engineering attention regarding the design of a structure, structural aging, and building maintenance. These forces lead to *continual* changes in vulnerability over time. In Version 12.0 of the model, the impact of individual risk features is explicitly combined with the impact of macro-level changes to estimate the total variation of vulnerability by year built. Figure 60 shows the breakdown of temporal changes in the vulnerability at a location explained by the individual risk features and other macro-level changes. In the current model, the effect of macro-level changes on vulnerability has been applied up to the year 2005.

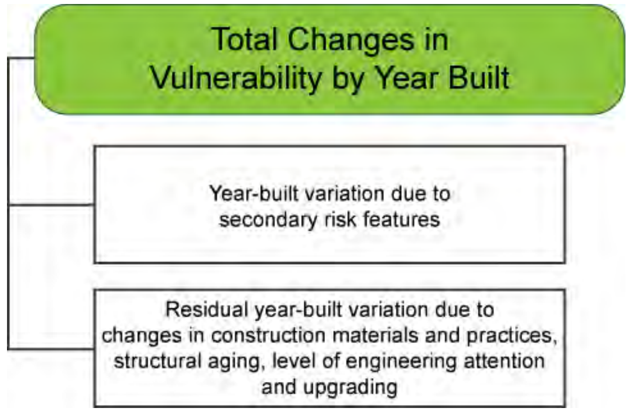


Figure 60. Total Temporal Changes in Vulnerability Are Explained by Key Secondary Risk Features and Macro-Level Changes

Figure 61 and Figure 62 illustrate the vulnerability of non-engineered and engineered structures, respectively, in Wilmington, North Carolina, by year built. Between 1995 and 2002, yearly changes in vulnerability are attributable to adjustments in building materials and practices, structural aging, and upgrading. There is reduction in vulnerability in 2003 due to the implementation of the North Carolina Building Code (2002). Gradual changes in vulnerability are noted until 2005, after which no further change is apparent.

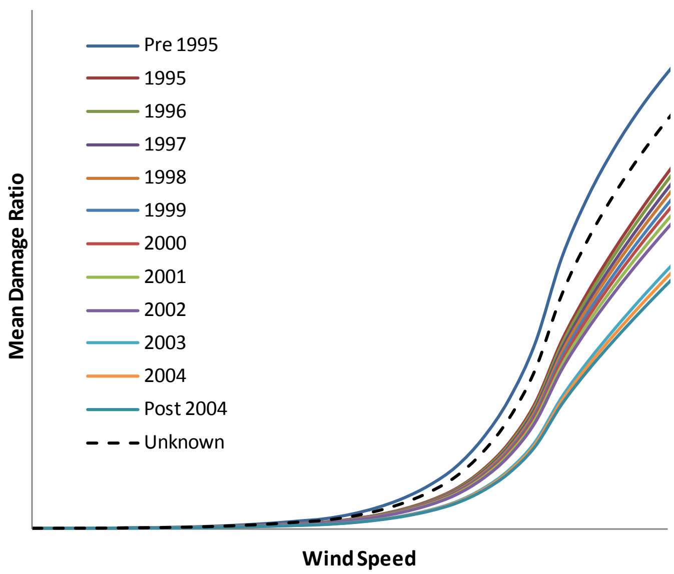


Figure 61. Year Built Damage functions for a Single-Family Wood-Frame Structure in Wilmington, North Carolina

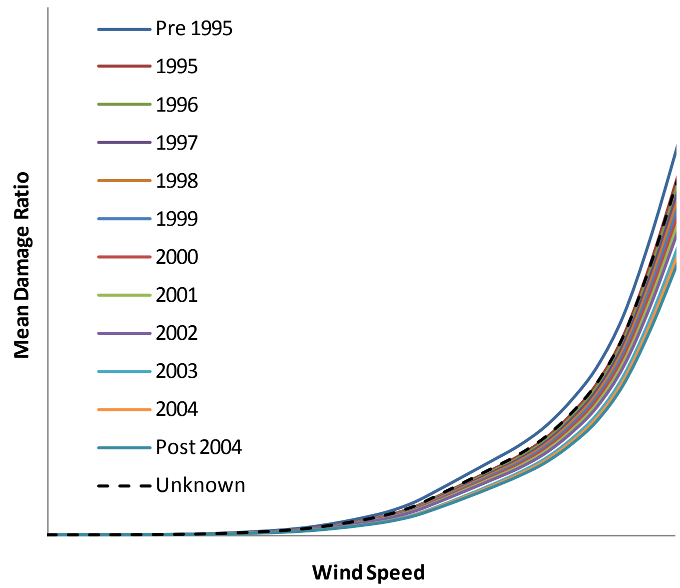


Figure 62. Year Built Damage functions for a Commercial Reinforced-Concrete Structure in Wilmington, North Carolina

Building codes include design wind speed specifications, which may vary by location. For example, wind-debris zone requirements are defined either based on design wind speed (i.e., >110 mph) or distance to coast (i.e., one mile from the coast). To account for this, vulnerability can vary by latitude and longitude in Version 12.0; that is, vulnerability may be different for locations within a ZIP Code.

Prior to Hurricanes Hugo (1989) and Andrew (1992), building codes mainly focused on the wind design of the Main Wind Force Resistant System (MWFRS) of a structure. Damage from these events brought attention to the importance of the building envelope, including the roof covering. In the mid-1990s, changes such as roof-shingle testing and roof-sheathing connection testing were introduced. Glazing standards were also updated, but these standards were only used in the South Florida Building Codes until the ICC codes were released in 2000. Prior to 1995, building codes were mandatory in only a few states. Currently, most states have enacted statewide, mandated building codes. However, there is significant variation in the model code adoption over time in different states. To account for this, vulnerability varies by year built and construction for a region in Version 12.0 of the model (Table 9).

Table 9. Temporal Vulnerability Changes by Region and Construction Type

		Vulnerability Changes for Non-Engineered Structures			Vulnerability Changes for Engineered Structures		
State	**Counties**	**No Changes** [13]	**Changes Year to Year**	**No Changes**	**No Changes**	**Changes Year to Year**	**No Changes**
Florida	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		
Texas	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		
Louisiana	St. Tammany, Cameron, Vermilion, Iberia, St. Mary, Terrebonne, Lafourche, Jefferson, Plaquemines, St. Bernard, Orleans Counties	≤ 1994	1995 - 2004	2005 - 2006,≥ 2007	≤ 1994	1995 - 2004	2005 - 2007, ≥ 2008
	Rest of the State	≤ 1994	1995 - 2004	2005 - 2007,≥ 2008	Same as Non-Engineered		
Mississippi	Jackson, Harrison, Hancock, Stone and Perl River counties	≤ 1994	1995 - 2004	2005 - 2006,≥ 2007	Same as Non-Engineered		
	Rest of the State	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		
Alabama	Mobile	≤ 1994	1995 - 2004	≥ 2005	≤ 1994	1995 - 2004	2005 - 2007, ≥ 2008
	Baldwin	≤ 1994	1995 - 2004	2005 - 2007,≥ 2008	Same as Non-Engineered		
	Rest of the State	≤ 1994	1995 - 2004	≥ 2005	≤ 1994	1995 - 2004	2005 - 2007, ≥ 2008
Delaware	Sussex County, DE	≤ 1994	1995 - 2005	≥ 2006	Same as Non-Engineered		
	Kent County and New Castle County, DE	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		
Georgia	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		
South Carolina	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		
North Carolina	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		
Virginia	All	≤ 1994	1995 - 2005	≥ 2006	Same as Non-Engineered		
Maryland	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		
New Jersey	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		
Connecticut	All	≤ 1994	1995 - 2005	≥ 2006	Same as Non-Engineered		
Rhode Island	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered		

[13] Note that "No Changes" indicates that there is no variation in vulnerability for structures built on or before the year indicated.

Massachusetts	All	≤ 1994	1995 - 2004	2005 - 2008,≥ 2009	Same as Non-Engineered
New Hampshire	All	≤ 1994	1995 - 2004	2005 - 2006,≥ 2007	Same as Non-Engineered
Maine	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
New York	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Illinois	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Indiana	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Missouri	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Arkansas	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Kentucky	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Ohio	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Oklahoma	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Pennsylvania	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Tennessee	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
Vermont	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered
West Virginia	All	≤ 1994	1995 - 2004	≥ 2005	Same as Non-Engineered

Non-Engineered and Engineered Structures

Building code requirements depend on the occupancy, construction, and height of a structure. Furthermore, key building features may vary with construction, occupancy, and height class. For example, the roof-to-wall connection is an important feature in a low-rise structure, whereas for a high-rise structure, the roof-to-wall connection is not as important as other features, such as glass type and percentage.

Two types of building classes are used in the model to capture the difference in building code requirements: non-engineered and engineered structures. Engineered structures are typically high-rise commercial and apartment buildings constructed with reinforced concrete and steel. These structures have typically been designed with a high level of engineering attention. Non-engineered structures are typically low-rise residential and commercial structures that have been designed with a lower level of engineering attention. Table 10 summarizes how non-engineered and engineered structures are defined in the model, based on occupancy, construction, and building height.

Table 10. Definition of Non-Engineered vs. Engineered Construction

Occupancy Codes	Construction Codes	Height Class	Temporal-Spatial Vulnerability	Building Class
300, 301-319, 331-346	101-120	Any Height	Yes	Non-Engineered
	131-140, 151, 153-183	Any Height	Yes	Engineered
	152, > 184, 261	Any Height	No	-
	100	1 – 3 Stories	Yes	Non-Engineered
		> 3 Stories	Yes	Engineered
		Unknown Height	Yes	Non-Engineered
321-330*, > 351	Any Construction Class	Any Height	No	-
All Occupancies	200 Series	Any Height	No	-
400 Series	Any Construction Class	Any Height	No	-

**Note that for this series of occupancy codes, only the Unknown construction code 100 should be used.*

5.4 Modeling the Effects of Wind Duration on Damage[14]

The damage-estimation module develops a complete time profile of wind speeds for each location affected, thus capturing the effects wind duration and peak wind speed have on structures. Design loads are routinely exceeded in tropical cyclones of even moderate intensity. With no reserve strength, a fastener or connector that has been pulled out from uplift load can compromise the integrity of the building envelope. Wind damage is manifested at the weak links in a structural system. As each connector is overwhelmed, loads are transferred to the next point of vulnerability. The longer the duration of high winds, the longer this process continues and the greater the resulting damage.

Figure 63(a) shows a sample time profile of wind speeds at a particular location. Note that wind speed peaks at 95 mph and then diminishes as the storm recedes. Figure 63(b) shows the corresponding damage function for the given wind-speed profile. The building damage ratios (δ_1 through δ_5), corresponding to each wind speed as measured in the wind-speed profile, appear on the vertical axis.

[14] See the AIR research paper "Statistical Analysis of 2004 and 2005 Hurricane Claims Data," *Proceedings of the 11th Americas Conference on Wind Engineering*, San Juan, Puerto Rico, June 22-26, 2009. Available at: http://www.iawe.org/Proceedings/11ACWE/11ACWE-Jain.Vineet2.pdf

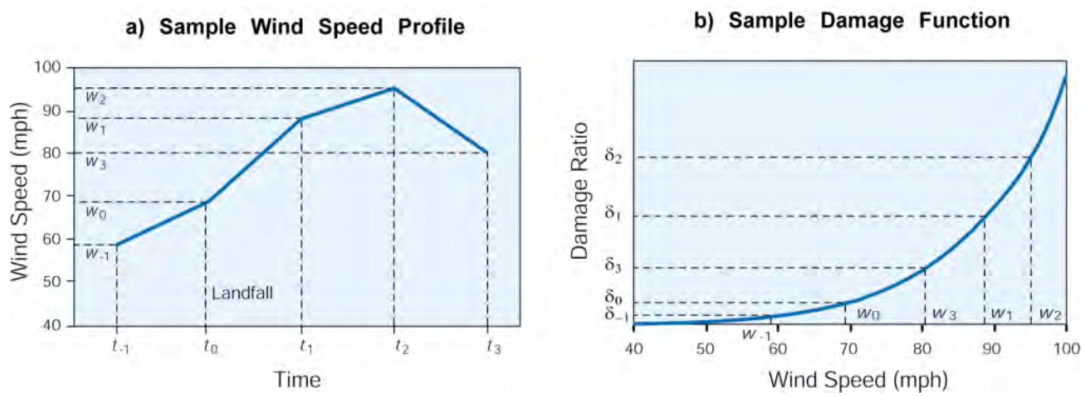


Figure 63. (a) Sample Wind-Speed Profile and (b) Corresponding Damage Ratios

The cumulative effects of winds can be examined using a dynamic approach. In order to estimate damage to a property at any point in time, it is important to take into account the extent of the damage that has occurred in the preceding period. Each damage ratio is applied in succession to the remaining undamaged portion of the exposure from the preceding period. Figure 64 illustrates this process.

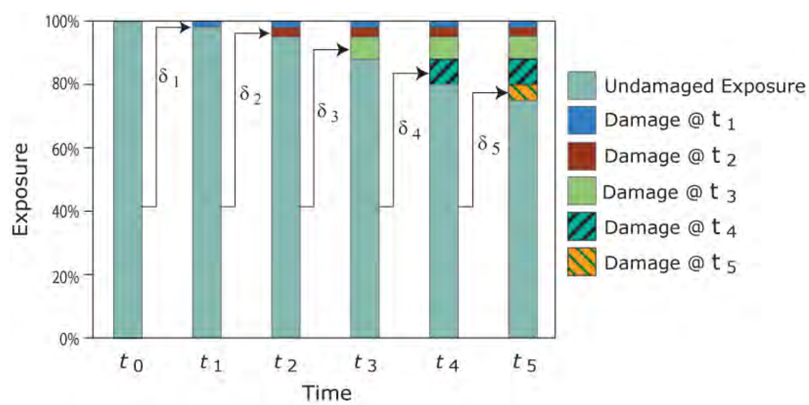


Figure 64. Measuring the Cumulative Effects of Winds

At t_0, before tropical-storm winds have reached the site, there is zero or negligible damage. At time t_1, with wind speeds near 70 mph, the damage ratio δ_1 is calculated as a percentage of the full replacement value. At t_2, the damage ratio δ_2 is applied to the percentage of the property that was left undamaged in the previous period. This process continues until wind speeds once again fall below tropical-storm strength.

Calculating damage only when winds are at their maximum, at t_4, and applying a single damage ratio, δ_4, to the full replacement value would completely miss the cumulative effects of prolonged winds. Therefore the damage-estimation module of the AIR Hurricane Model for the United States considers the complete time profile of wind speeds at each location.

5.5 Uncertainty around the Mean Damage Ratio

Separate damage functions for building and contents provide estimates of the mean, or expected, damage ratio corresponding to each wind speed. However, these estimates are in fact sampled from full probability distributions that allow for non-zero probabilities of zero percent and one hundred percent damage, as show in Figure 65.

As is commonly seen in the course of damage surveys conducted in the aftermath of actual events, there can be a wide range of damage to structures of similar construction for the same wind speed, including buildings that are untouched, as well as buildings that are completely destroyed. This variation in building damage can arise due to a degree of inherent randomness in building response, or to differences in building characteristics, construction materials, or workmanship. The uncertainty in damage is captured in the model by these probability distributions around the mean damage ratio.

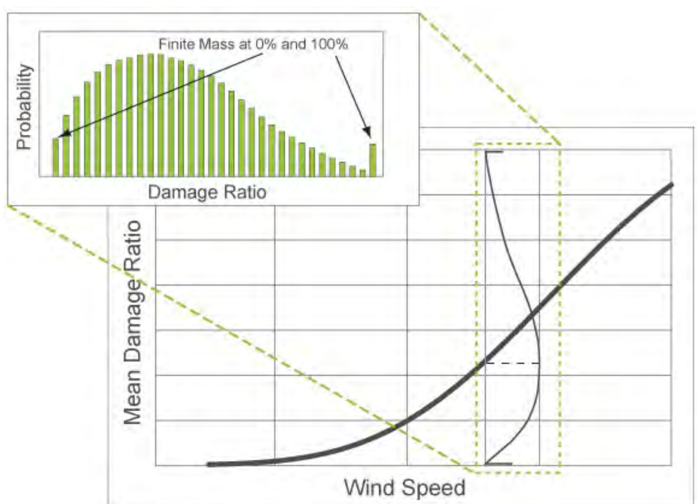


Figure 65. Representative Damage Function

5.6 The Individual Risk Module

The AIR Hurricane Model for the United States contains an Individual Risk Module, which identifies key building features or characteristics that may significantly exacerbate or mitigate losses. This module was developed based on structural engineering expertise and building damage observations made in the aftermath of actual hurricanes.

The IRM follows a structured, logical approach that groups building characteristics according to their function to reflect the contribution of each to overall building performance. The AIR model first estimates secondary risk modifiers corresponding to the secondary risk characteristics, and these modifiers are then applied to the base damage functions to reflect the effects that a wide variety of building characteristics have on a building's performance during a hurricane. Weighting factors are used to combine the effects of features whose interaction is complex and not necessarily additive.

Examples of individual risk modifiers in the model include roof pitch, roof anchorage, and roof age. The geometry of a roof affects the wind pressure intensity it is subjected to and its ability to resist uplift; the steeper the slope, the lower the uplift load. Roof anchorage systems, such as hurricane straps, establish a path by which wind loads can be transferred from the roof to the walls. A building that has hurricane straps is likely to experience less damage than a building with no hurricane straps. An older roof would be more prone to damage than a newer one, as older roofs lose their ability to resist wind loads because of weakened attachments between their various components and the presence of older materials that may have deteriorated over time.

Another secondary risk characteristic is the Seal of Approval, which accounts for the level of professional engineering attention given to the construction of a structure. This characteristic accounts for the differing impact the same class of mitigation features may have on the vulnerability of a structure. For example, the impact of a roof-to-wall connection may be much higher for a home where a high level of engineering attention was paid during construction than for a home where there was minimal engineering attention paid during construction. Note that while this feature distinguishes the impact of a mitigation feature, it will not change the vulnerability of a structure with poor building features. Even when building codes are mandatory, the level of engineering participation during the design and construction of a structure can vary by region.

Please refer to the document titled *The AIR U.S. Hurricane Model: Accounting for Secondary Risk Characteristics*, which is available on the AIR website, and Section 9.7 of this document for more information regarding these secondary modifiers.

5.7 Storm Surge Damage Functions

Damage from storm surge can account for a significant portion of total hurricane losses. The AIR Hurricane Model for the United States simulates the abnormal sea-level rise accompanying hurricane activity and estimates the maximum surge depth experienced at each coastal location using high resolution digital elevation data.

While the intensity parameter used in the storm surge component of the AIR model is water depth, the nature of damage from storm surge is quite different from the damage caused by standing water. Therefore, the model's damage functions take into account damage due to the momentum of the water, as well as damage due to the water itself. This is accomplished by calibrating the damage functions to the dynamic forces of the moving water, which is proportional to water velocity squared, while water velocity is proportional to the square root of water height. Observation data available from FEMA and the Army Corps of Engineers was used in the development of the model's surge damage functions. The damage functions have been validated through findings from AIR's post-disaster surveys and loss experience data.

Building damage from storm surge is modeled as a function of construction type, height, and occupancy. Building height is a significant variable in surge damage estimation as lower stories are more vulnerable. AIR's storm surge damage functions explicitly account for building height.

Table 11 shows the height bands supported for selected construction and occupancy types. Both contents and time element damage are functions of construction, height, and occupancy. For time element, the model estimates the effective downtime (days of loss of use) before the facility is restored or usable.

Table 11. Height Bands Supported for Selected Construction and Occupancy Classes

Occupancy Codes	Construction Class	Construction Codes	Building Height			
			Low	Mid	High	Unknown
300-373 (excluding 321-330)	Wood Frame	101-104	Same vulnerability for all height bands			
	Masonry	111-119	1-3	4-7	>7	0
	Concrete	131-135, 137	1-3	4-7	>7	0
	Steel	151,153-155	1-3	4-7	>7	0
	Mobile Homes	191-194	Same vulnerability for all height bands			
	Wind Resistive	181-183	1-3	4-7	>7	0
	200 Series	201-261	Same vulnerability for all height bands			
	Unknown	100	1-3	4-7	>7	0
321-330*	All	All	1-3	4-7	>7	0
400-482	All	All	Same vulnerability for all height bands			

**Note that for this series of occupancy codes, only the Unknown construction code 100 should be used.*

Figure 66 shows relativities for AIR storm surge damage functions for the General Commercial occupancy for different height categories and construction types. Note that the damage functions for wood frame structures do not vary by height.

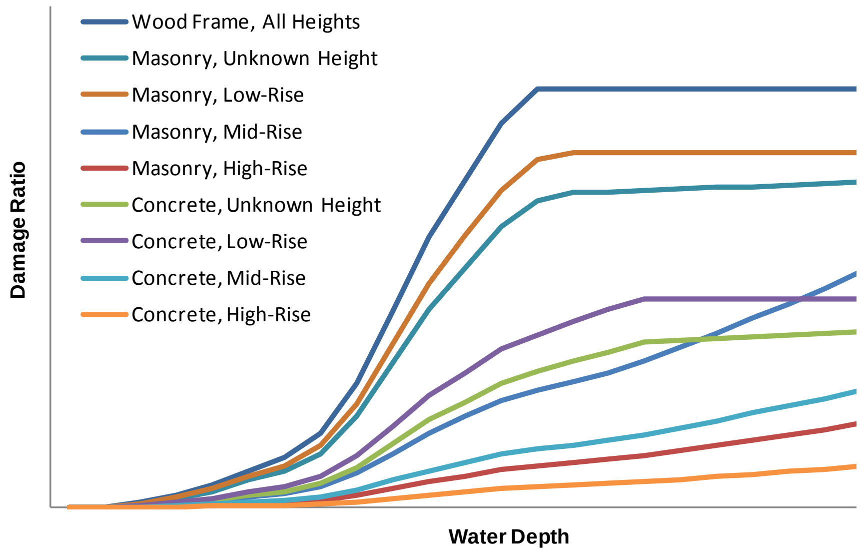


Figure 66. Storm Surge Damage Functions for Different Height and Construction Categories, General Commercial Occupancy

Please note that storm surge damage functions do not vary by region or year built. There are no secondary risk features supported for the storm surge model.

5.8 Characteristics of Building Inventory in the U.S. Hurricane States

In certain parts of the United States, the prevalent construction method for residential buildings is either a wood or masonry system. When masonry is used as the exterior wall material, the walls are normally constructed to full height and then wood floors and the roof are framed into the masonry. Such construction results in continuous exterior walls and thus a strong structural frame, making the structures more resistant to hurricane winds and the impact of windborne debris as compared to wood frame buildings.

Figure 67 illustrates the construction distribution for single-family homes in coastal states along the Gulf of Mexico (A) and the East Coast (B)[15]. In general,

[15] Note that the distributions in Section 5.8 are only for coastal states. For these illustrations, Gulf Coast states include Texas, Mississippi, Louisiana, Alabama, and Florida, and East Coast states include Connecticut, Delaware, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Rhode Island, South Carolina, and Virginia. Construction splits for all modeled states can be found in Section 8 of this document.

masonry houses are better able to withstand high winds than those made of wood.

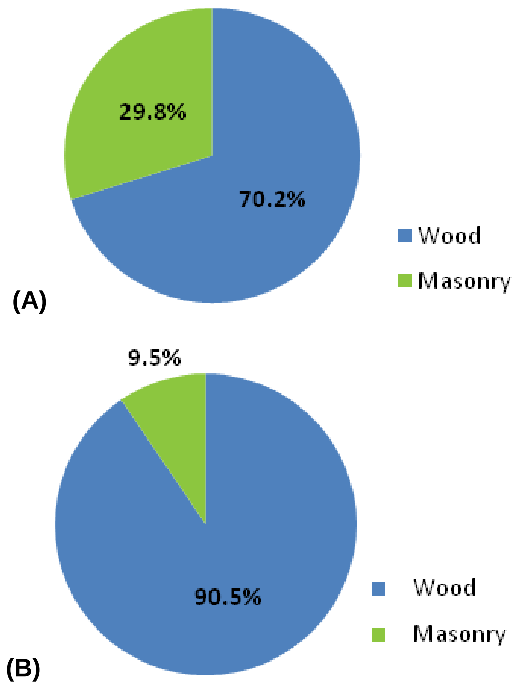


Figure 67. Construction Distribution for Single-Family Homes in (A) Gulf States and (B) States along the East Coast

Buildings of concrete and steel construction are generally better able to withstand high winds than masonry structures. Buildings constructed of either masonry or concrete are typically better able to withstand high winds than those made of wood. Light metal is the least able to withstand high winds. Note that building height, occupancy, construction, and other parameters, such as roof slope, and characteristics of garages, wall sidings, doors, and windows, influence the ability of a structure to withstand high winds.

Figure 68 shows the construction distribution for apartment buildings in Gulf states (A) and East Coast states (B). In general, concrete structures are generally better able to withstand high winds than masonry structures, and both are more wind-resistant than wood frame structures.

(A)
(B)

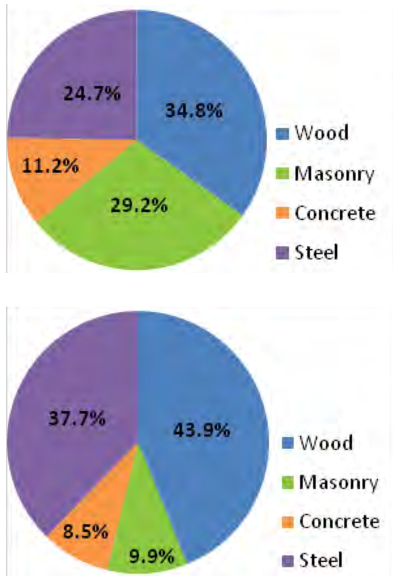


Figure 68. Construction Distribution for Apartment Buildings, (a) Gulf and (b) East Coasts

Low-rise commercial structures are generally similar to single-family homes. Mid- and high- rise commercial structures are Engineered structures typically made of reinforced masonry, concrete, or steel. Figure 69 illustrates the construction distribution for commercial structures in the Gulf (A) and East Coast (B) states.

(A)
(B)

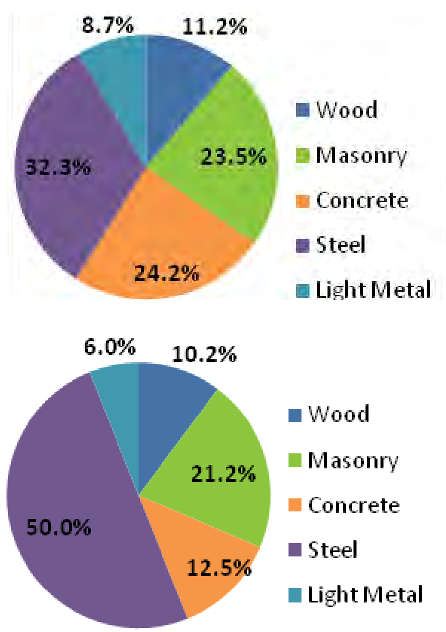


Figure 69. Construction Distribution for Commercial Buildings, (A) Gulf and (B) East Coasts

Damage Functions for Unknown Construction/Occupancy/Height Classes

The AIR model supports buildings of unknown occupancy, construction, and height, and accounts for regional variation in vulnerability when these risk characteristics are unknown. Wind and storm surge damage functions for all combinations of unknown construction, occupancy, and height classes were developed as weighted averages of the damage functions for buildings for which these characteristics are known, with a building-inventory weight derived from the industry exposure database. Different damage functions are used depending on how many variables, and which ones, are unknown.

For example, the damage function for a particular exposure of known construction and occupancy, but unknown height, would be a weighted average of the damage functions, for the same construction and occupancy classes, corresponding to all the different height classes. The damage function for a particular exposure of known occupancy, but unknown construction and height, would be a weighted average of the damage functions for the same occupancy class corresponding to all combinations of construction and height classes.

Building inventory distribution changes by region; for example, masonry construction dominates the building inventory in Florida, whereas Louisiana has mostly wood frame construction, as shown in Figure 70.

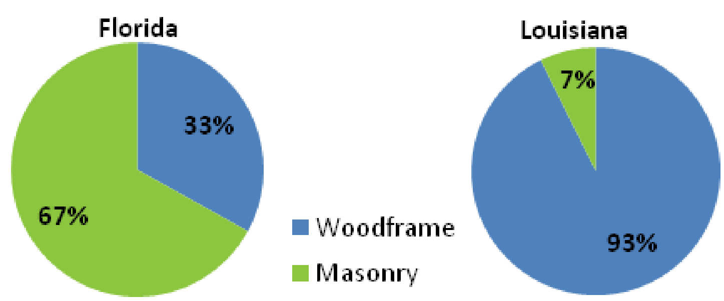


Figure 70. Building Inventory for Florida (left) and Louisiana (right)

In developing these damage functions, states with similar building inventory in the industry exposure database were combined, resulting in six regions with distinct inventory breakdowns. Figure 71 illustrates these regions, which are listed in Table 12. These regional building inventory distributions were then utilized to derive region-specific damage functions for buildings of unknown construction, occupancy, or height classes.

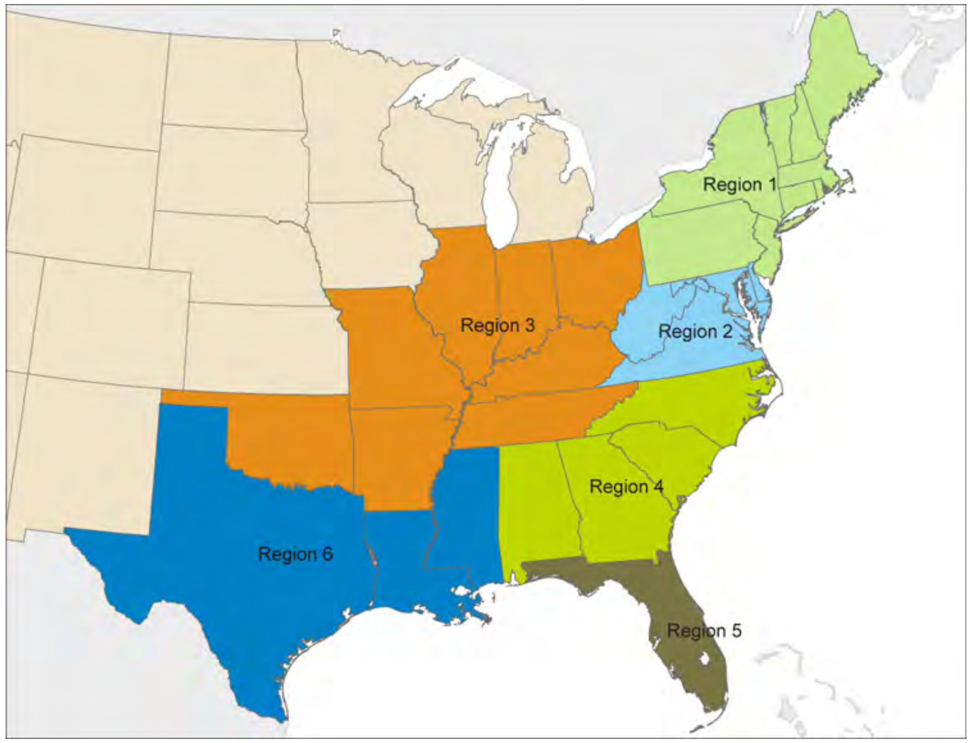


Figure 71. Hurricane- Prone Regions of Similar Building Inventory in the United States

Table 12. Building Inventory Regions in the United States

Region	States
Region 1	Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New Jersey, New York, and Pennsylvania
Region 2	Delaware, Maryland, Washington D.C., Virginia, and West Virginia
Region 3	Ohio, Kentucky, Tennessee, Arkansas, Oklahoma, Illinois, Indiana, and Missouri
Region 4	North Carolina, South Carolina, Georgia, and Alabama
Region 5	Florida
Region 6	Louisiana, Mississippi, and Texas

The total regional inventory distribution was used to develop these damage functions for each state in a particular region, so all states in that region will have the same damage functions for buildings of unknown construction, occupancy, or height classes. Similarly, these damage functions will differ for two states if they are located in different regions. For the building inventory shown in Figure 70, the unknown construction damage function for the state of Florida is closer to the damage function for masonry construction, whereas for Louisiana, it is closer to the damage function for wood frame construction (Figure 72). For both the wind and storm surge perils, damage functions for any combination of unknown construction/occupancy/height are supported for all states listed in Table 12.

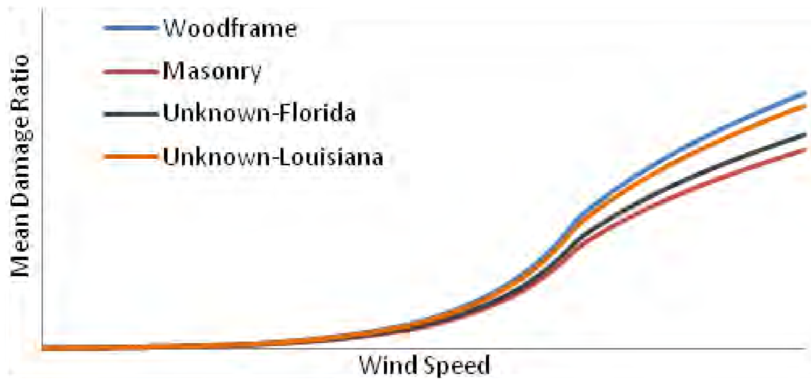


Figure 72. Unknown Construction Damage Function – Florida and Louisiana

When the year built of the structure is not known, the model calculates an unknown year built damage function by applying an exposure-weighted distribution to the corresponding damage functions for each year built. Note that when year built is unknown, data for all states is used and not merely the states listed in Table 12. The exposure distribution varies by state to take into account regional variability in the building stock. For example, construction in the Northeast is typically older than construction in the Southeast. Damage functions for unknown year built are calculated at the ZIP Code centroid and do not vary within a given ZIP Code.

5.9 Validating Damage Functions

As highlighted in Section 5.1, the model's damage functions report the mean damage ratio for each level of intensity. Validating the damage-estimation component of the model is closely related to the validation of modeled losses. A discussion of modeled-loss validation can be found in Section 7.3.

Nevertheless, validating the relative vulnerability of different construction types and occupancy classes is a critical component in damage-function development. The AIR Hurricane Model for the United States leverages more than 20 years of experience in developing wind damage functions. The damage functions incorporate findings from published engineering research and analyses, and are validated through the analysis of billions of dollars of detailed claims data.

The analysis of post-disaster surveys conducted in the aftermath of hurricanes provides additional validation. AIR engineers have performed such surveys for every hurricane to make landfall in the United States since Hugo in 1989, and for several major storms in the Caribbean and Asia-Pacific regions. The relative vulnerabilities of different construction/occupancy/height combinations in the AIR damage functions are borne out by survey findings.

Figure 73, Figure 74, and Figure 75 illustrate one type of validation undertaken by AIR wind engineers. The figures compare simulated and actual damage ratios for single-family homes for damage functions for different coverages. The actual and simulated data compare well.

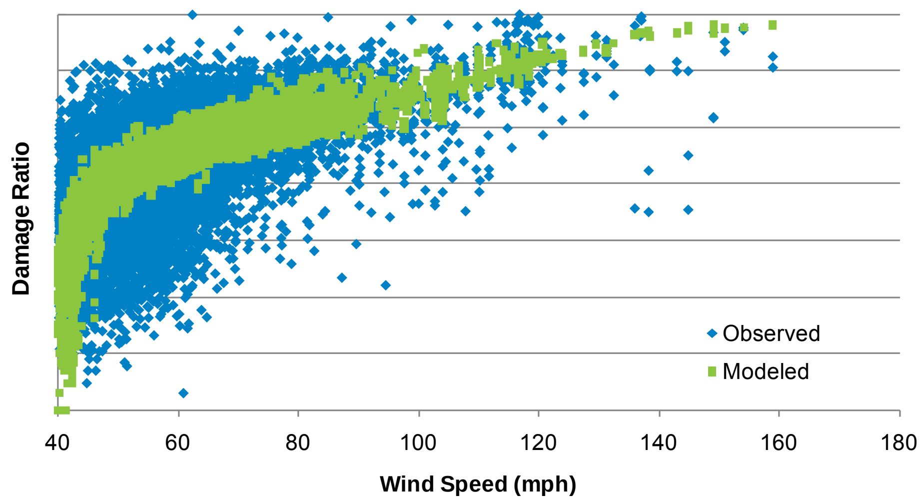


Figure 73. Actual and Modeled Damage Ratios vs. Wind Speed: Coverage A

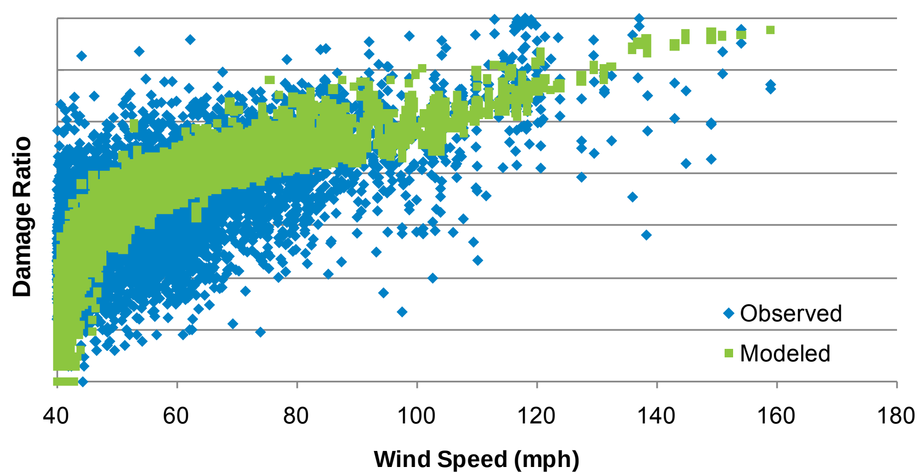


Figure 74. Actual and Modeled Damage Ratios vs. Wind Speed: Coverage C

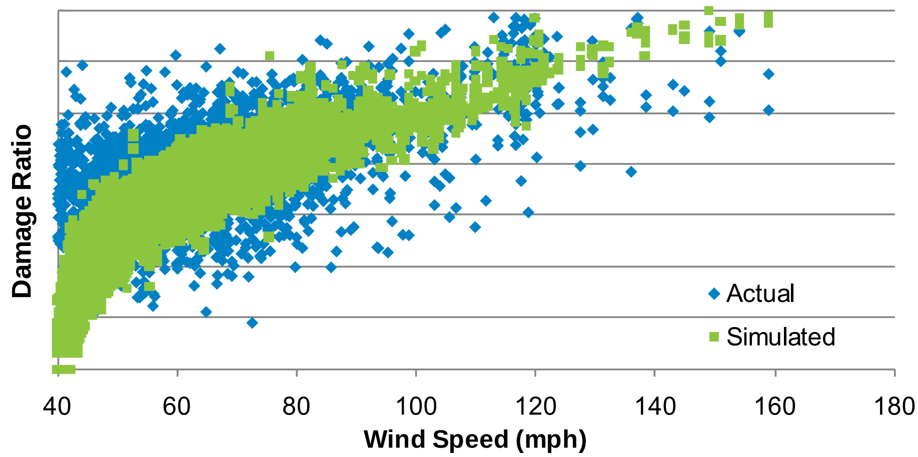


Figure 75. Actual and Modeled Damage Ratios vs. Wind Speed: Coverage D

Figure 76 and Figure 77 compare the observed and modeled damage distribution around modeled mean damage ratios of 3% and 10%, respectively. The observed and modeled uncertainty around the mean damage ratio is quite similar.

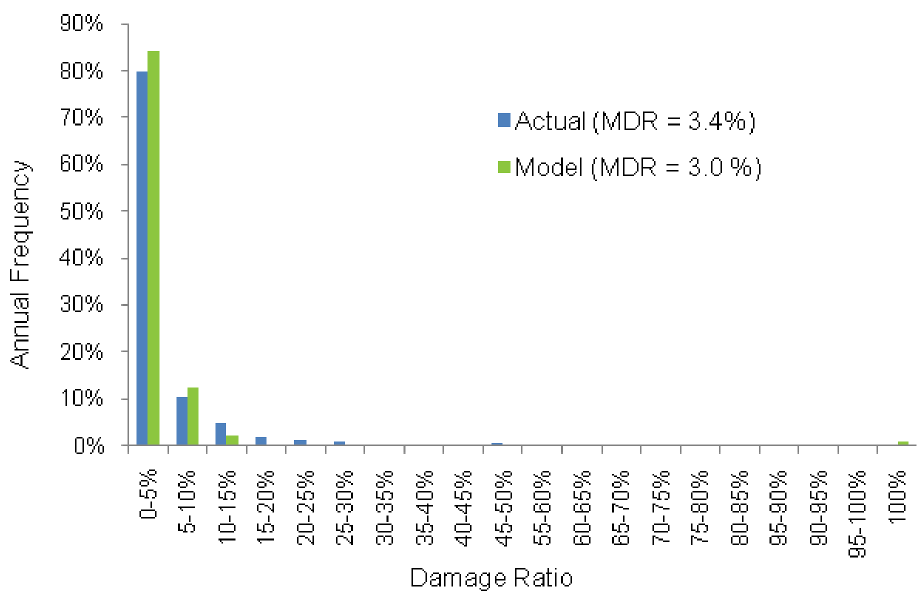


Figure 76. Observed vs. Modeled Uncertainty around the Mean Damage Ratio

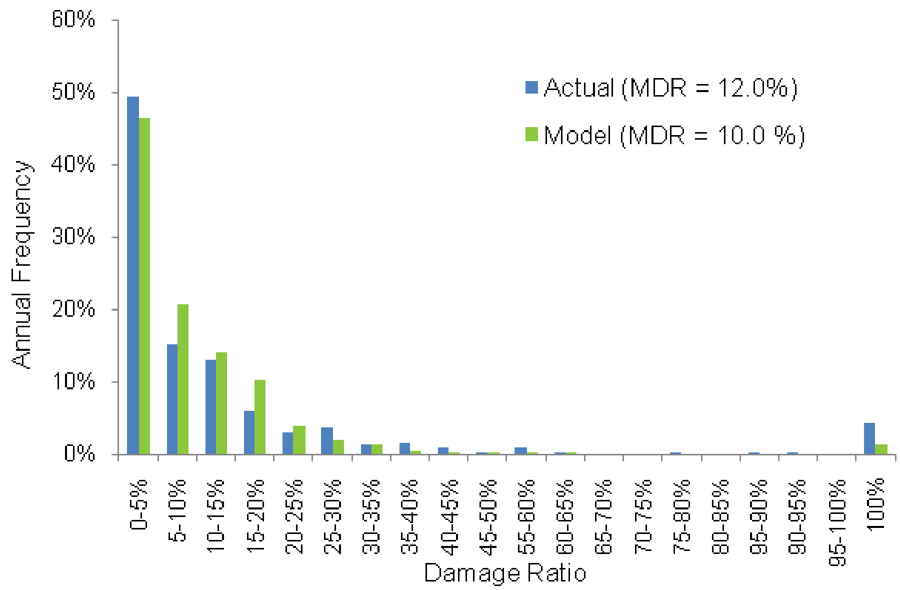


Figure 77. Observed vs. Modeled Uncertainty around the Mean Damage Ratio

6 Estimating Damage to Industrial Facilities

The AIR Hurricane Model for the United States features the ability to assess potential property and business interruption (BI) losses to industrial facilities from wind or storm surge. More than 400 damage functions were developed for roughly 550 distinct industrial components and subcomponents. Their development was based on findings from detailed, site-specific, engineering-based risk assessments conducted by AIR through AIR's Catastrophe Risk Engineering (CRE) services—assessments that encompassed engineering studies, structural calculations, materials tests and post-disaster field surveys. By developing component-level damage functions based on engineering analysis and hard data, AIR has thus developed a defensible, transparent and reproducible methodology, and damage functions that are realistic and robust.

AIR employs a component-based approach to evaluate the damage and loss to an entire industrial facility, which allows the damage functions to account for the primary components intrinsic to an industrial facility and the interconnectivity between these components. The primary components are categorized into classes and sub-classes to account for variations in vulnerability within each component class.

To develop damage functions for an industrial facility, some assumptions regarding the characteristics of individual components are made. Aggregated functions based on the component and subcomponent damage functions were developed for each industrial facility. Each component and subcomponent damage function was assigned a weighting factor, based on its replacement value relative to the replacement value of the industrial facility, in order to determine the damage function for the industrial facility as a whole.

This approach provides damage estimates that are transparent, realistic, and consistent for a variety of facilities. Furthermore, the component-based approach is also essential for a reliable assessment of business interruption (BI) losses, which depend on the numerous interactions between the various components and lifelines at an industrial facility.

Figure 78 and Figure 79 show examples of industrial facilities and industrial facility components, respectively. Major components are also listed in Table 13.

Figure 78. Examples of Industrial Facilities

Figure 79. Examples of Industrial Facility Components

Component and industrial facility level damage functions are validated with observational damage data collected during damage after historical hurricanes.

6.1 Developing Component-Level Damage Functions for an Industrial Facility

More than 550 industrial components are included in the model, each of which has associated subcomponents. Major industrial facility components are listed in Table 13.

Table 13. Industrial Facility Components in the AIR Hurricane Model for the United States

Components of Industrial Facilities		
Air Handling Units	Distribution Panels	Motor-Driven Pumps
Baffles	Electric Power Backup	Open-Frame Structures
Basins	Electric Transmission Towers	Paddles
Battery Chargers	Elevated Pipes	Pipe Racks
Battery Racks	Engine Generators	Pipes and Pipelines
Boiler/Pressure Vessels	Equipment	Potential Transformers
Boilers	Fans	Pressurized Reactors
Buildings	Filter Gallery	Process Towers
Chillers	Flares	Pumps
Chlorination Equipment	Generators	Scrapers
Circuit Breakers	Equipment	Sediment Flocculation Equipment
Commercial Backup Power	Highways/Runways/Railroads	Silos
Compressors	Large Horizontal Vessels	Stacks/Chimneys
Control Panels	Large Motor-Operated Valves	Switch Gears
Cooling Towers	Large Vertical Vessels with Formed Head	Tanks
Coupling Capacitors	Lightning Arrestors	Transformers
Current Transformers	Loading Structures (Cranes/Cargo Handling/Conveyor Systems)	Tunnels
Dams	Motor Control Centers	Wells
Disconnect Switches	Large Motor-Operated Valves	Valves

A detailed discussion of some major components follows.

Tanks

Storage tanks are probably the most common components found in industrial facilities. Not all tanks are the same, however. They can have different aspect ratios (the ratio of height to diameter), different levels to which they are filled, different methods to anchor them, and so on, all of which affect their vulnerability. Large-diameter storage tanks (which have a relatively low aspect ratio), for example, tend to buckle at lower wind speeds than tanks with higher aspect ratios. Tanks with very high aspect ratios, however, also can fail—by being overturned or caused to slide before their walls ever begin to buckle; however, such tanks are typically anchored at the foundation.

The presence of a foundation anchorage system affects a storage tank's vulnerability to storm surge more so than to the wind peril. Absent a foundation anchorage system, even very large tanks are susceptible to floating at flood depths just greater than the liquid level within the tank.

Reports of wind damage to steel storage tanks during Hurricanes Celia (1970), Alicia (1983), and Georges (1998) indicate that most tanks experience minor damage during Category 3 events. More extensive damage has been reported following Category 4 events, such as Hurricane Hugo in 1989. The primary damage reported was buckling of the tank wall, generally initiated near the top of the tank, perforation of the tank wall by flying debris, and damage to tank insulation.

Figure 80 shows observed tank damage following strong hurricane winds.

Figure 80. Observed Wind Damage to Storage Tanks

AIR engineers undertook a variety of engineering studies in developing damage functions for storage tanks. In one set of tests, structural analytical models of storage tanks were developed using the computer engineering software SAP. Wind pressure distributions (based on the published results of wind tunnel studies) were applied to the models incrementally, thus simulating increasing wind loads (Figure 81). The loading-factor was raised until elastic buckling developed, indicating a local failure of the tank wall (Figure 82). These tests were repeated with the storage tanks modeled to hold three different levels of liquid (empty, half-full, and full).

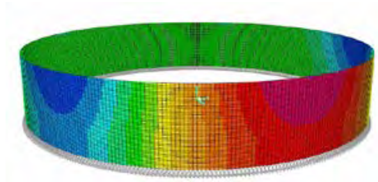


Figure 81. Distribution of Wind Pressure around a Tank Wall

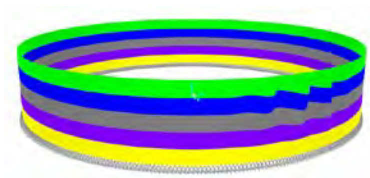


Figure 82. Deflection of Tank Wall at Onset of Elastic Buckling (Colored Bands Represent Different Levels of Tank Shell Thicknesses)

Mean wind damage functions for each aspect ratio and liquid level considered in the analyses were developed, assuming a damage ratio of 100% when buckling of the tank wall occurs. The damage function reflects minimal damage until the onset of wall buckling, and covers such incidental damage as minor deflections, damage associated with flying debris, and damage to the insulation.

Buoyancy calculations over a range of tank dimensions were analyzed, assuming an equal probability of liquid level within the tank for each possible set of tank dimensions. This analysis was performed for tanks with and without anchorage to the foundation. The damage states considered in the analysis are as follows:

- If buoyant forces of floodwaters were less than the resisting force of the tank, including anchor yield capacity: no damage to tanks
- If buoyant forces are greater than the resisting force of the tank, including anchor yield capacity, and flood depth was less than levee height: damage ratio is 50% for unanchored tanks and 75% for anchored tanks
- If buoyant forces are greater than the resisting force of the tank and flood depth is greater than levee height: damage ratio is equal to 100%

A damage ratio of 50% was assigned to unanchored tanks because it's likely that most floating tanks would experience minimal displacement during a hurricane, and can be reused with minimal repair costs. The damage ratio is 75% for anchored tanks, as anchor failure would likely result in additional repair costs for both the anchor and the tanks. A damage ratio of 100% was assigned to floating tanks to reflect the fact that displacement and impact with floating debris during storm surge could result in extensive damage. Anchored tanks are less susceptible to damage from storm surge than unanchored tanks.

Open-Frame Structures

Open-frame structures are another common component of industrial facilities. These structures support plant equipment and product-loading mechanisms for both rail and marine transport. These steel structures are often assembled using a combination of welded and bolted connections forming open space frames, with little or no exterior cladding. Open-frame structures vary in height, size, bracing details, and in terms of the equipment and processes that they support. Examples of open-frame structures are in Figure 83.

Figure 83. Examples of Open-Frame Structures

Damage reports following Category 3 and 4 hurricanes indicate that open-frame structures have relatively low vulnerability. Damage is generally limited to tall, slender structures such as elevator towers, water towers, and cranes. Wind damage reports in Corpus Christi, Texas, following the Category 3 Hurricane Celia in 1970 and the Category 4 Hurricane Andrew in 1992 indicate that larger construction types fared best, and open-frame structures performed well.

The wind vulnerability of open-frame structures was evaluated using an analytical model developed with the computer program SAP. Wind pressure distributions, based on ASCE-7 guidelines, were utilized to apply incrementally increasing wind loads to the structure. Loading was increased until the onset of elastic buckling at a brace member, at which point the structure's lateral load resistance decreased and partial or complete collapse of the structure occurred. The results of the analysis indicate that open-frame structures perform well when subjected to hurricane-force winds.

Due to their substantial steel structural members, open-frame structures exhibit low vulnerability to storm surge flooding over a large range of depths. Damage to the open-structure's bare frame is negligible at all flood depths, whereas substantial damage to the embedded equipment is expected.

Cooling Towers

Cooling towers transfer heat produced by industrial processes to the atmosphere. Figure 84 shows typical cooling towers inside of industrial facilities.

Figure 84. Examples of Cooling Towers (Top Left: 9-Cell Wooden Tower; Top Right: 2-Cell Wooden Tower; Bottom Left: 2-Cell Concrete Tower; Bottom Right: 2-Cell Fiber-Reinforced Plastic Tower)

Of all the industrial facility components for which damage data was available following Hurricanes Katrina and Rita in 2004, cooling towers sustained the most damage. According to the Louisiana Chemical Association, 29 cooling towers sustained some damage during these events, including 1 complete collapse, 12 reports of heavy damage, and 12 reports of moderate damage. Observational data suggests that damage to fan shrouds and structural damage occur at wind speeds associated with Category 1 and Category 2 hurricanes. More extensive structural damage to cooling towers, including collapse, was reported following Hurricane Celia in 1970. Figure 85Figure 85 shows examples of damage to cooling towers following hurricanes.

Figure 85. Observed Hurricane Damage to Cooling Towers

A study of approximately 40 cooling towers in the Galveston Bay area indicates that damage to a cooling tower associated with winds from a Category 1 or 2 hurricane tends to be in the form of damaged fans and fan cylinders or siding and louver loss. Partial or complete collapse of the structural frame and loss of motors and gearboxes is likely during stronger hurricanes.

Cooling towers are likely to sustain minor to moderate amounts of damage at wind speeds corresponding to a Category 2 hurricane. Loss of exterior cladding and fan cylinders, and possible collapse of the tower frame, will likely occur at each end of a tower, before damage progresses inward toward the center of the tower. Hence, some of the interior cells may remain operational even after an extreme wind event. Smaller portable cooling towers typically sustain less damage than larger ones, assuming the base of the tower is securely anchored to its supporting foundation.

Damage from wind speeds associated with Category 2 hurricanes is likely to include minor to moderate damage to louvers, sidewall cladding, fans and fan cylinders, and shrouds. There may be limited instances of partial or complete collapse of cell frame structures, and tower functionality may be lost. Equipment inspection, cleanup, and repair are usually required following a Category 2 event for which the damage ratio in the model is approximately 10-20%.

Wind damage from Category 3 events typically includes moderate to major damage to louvers, sidewall cladding, fans and fan cylinders, motors and gearboxes, and shrouds. Partial or complete collapse of cell-frame structures and the loss of tower functionality may also occur. Equipment inspection, cleanup, and repair are usually required following a Category 3 event. The mean damage ratio in the model is about 20-50%.

Wind damage from Category 4 events includes lost louvers and sidewall cladding, fans and fan cylinders, motors and gearboxes, and shrouds. Partial or complete collapse of cell frame structures and the complete loss of tower functionality are also likely. Demolition and major repairs are typically required. The mean damage ratio in the model is approximately 50%.

Process Towers

Figure 86 shows an example of a process tower, which are typically walled steel cylinders bolted to a concrete foundation and insulated for temperature control. Piping and access decks are often attached at various levels of the process towers, imparting additional wind loading to the structures.

Figure 86. Example of a Process Tower

Historical reports of damage to process towers at wind speeds corresponding to Category 3 and 4 hurricanes indicate that damage is typically limited to the insulation. Isolated accounts of towers leaning due to anchor bolt elongation as well as one overturned tower were reported in Corpus Christi, Texas, following Category 3 Hurricane Celia in 1970.

Figure 87 shows damage to process towers that occurred during historical hurricanes.

Figure 87. Observed Hurricane Damage to Process Towers

Based on a review of historical wind damage reports, structural damage to process towers is usually associated with anchor-bolt yielding or rupture. Wind pressure, as defined by ASCE-7, was computed for three typical process towers with heights ranging from 80-140 feet. Wind pressure was increased incrementally until a wind speed associated with yielding of the first anchor bolt was obtained. Yielding of the bolts corresponds to the onset of anchor-bolt elongation and leaning of the process tower. Wind pressure was further increased until a wind speed associated with rupture of the first anchor bolt was obtained, which corresponds to loss of lateral capacity and subsequent collapse of the process tower. Computed wind speeds associated with anchor-bolt yield and rupture are presented in Table 14 for the three towers.

Table 14. Threshold Wind Speeds for Process Towers

Process Tower Height (ft)	Sustained One-Minute Wind Speed at First Anchor Bolt Yield (mph)	Sustained One-Minute Wind Speed at First Anchor-Bolt Rupture (mph)
86	162	193
129	147	155
138	122	152

The mean damage functions in the model were developed under the assumptions that no damage will occur until the first anchor bolt yields and complete damage will occur when the first anchor bolt ruptures. A low-vulnerability damage function which increases with wind speed was used to represent damage associated with flying debris and damage to process tower insulation.

Process towers exhibit low vulnerability to flooding over a wide range of flood depths, primarily due to their substantial cross sections and sound footing. Process towers subject to storm surge flooding are typically damaged by floating debris.

Flare Towers

Three types of flare towers were modeled and analyzed: freestanding, guyed flare, and derrick-supported, as shown in Figure 88.

Figure 88. Examples of Flare Towers (Left: Freestanding Flare, Middle: Guyed Flare, and Right: Derrick-Supported Flare)

Historical damage reports indicate that flare towers are significantly damaged at wind speeds corresponding to weak hurricanes. During Hurricane Rita in 2005, a guyed flare collapsed in Category 1 wind speeds. At a petrochemical facility in Corpus Christi, Texas, all flare towers at one plant collapsed in Category 3 winds during Hurricane Celia in 1970. Figure 89 illustrates a collapsed flare tower.

Figure 89. Damage to a Flare Tower

In 1981, a large petrochemical plant operator in Galveston Bay, Texas, performed an engineering assessment of five flare stacks at three different plant sites. The estimated threshold for collapse of these flare stacks, which were all designed prior to 1980, was a sustained one-minute wind speed of approximately 107 mph, equivalent to a Category 2 hurricane. More recently, the same operator performed an analysis of a guyed flare stack that was upgraded to comply with ASCE 7-98 codes. The analysis indicated that its ultimate load capacity would be reached at an estimated sustained one-minute wind speed of approximately 135 mph, or Category 4 hurricane winds. These studies are consistent with observed damage following Hurricane Celia in 1970.

An analytical structural model of a derrick-supported flare tower was developed using the computer program SAP. Wind pressure distributions based on ASCE-7 guidelines were used to apply incrementally increasing wind loads to the structure while deflections were recorded. Loading was increased until the onset of buckling at a tower leg located approximately in the middle of the structure. After this buckling, the capacity of the structure decreases significantly, representing collapse. Figure 90 represents the deflected shape of the derrick-supported flare tower, just prior to collapse.

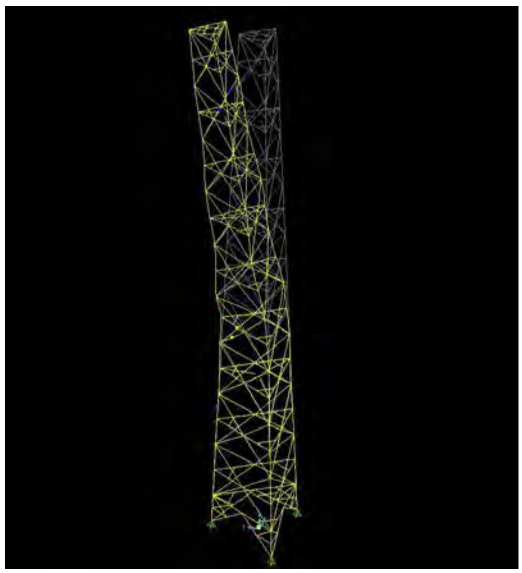


Figure 90. Deflected Shape of a Derrick-Supported Flare Tower Prior to Collapse (Analytical Model)

The wind speeds associated with structure failure correspond to a strong Category 4 or weak Category 5 hurricane. AIR's mean wind damage functions for flare towers demonstrate a steep increase in the damage potential beginning with Category 2 hurricane wind speeds, approaching almost complete damage at Category 3 hurricane wind speeds.

Flare towers exhibit low vulnerability to flooding over a wide range of flood depths, primarily due to their substantial cross sections and sound footing. Flood damage is generally limited to that associated with floating debris.

Damage Functions for Industrial Facility Components

Figure 91 and Figure 92 show damage functions for selected industrial facility components for the wind and storm surge perils, respectively.

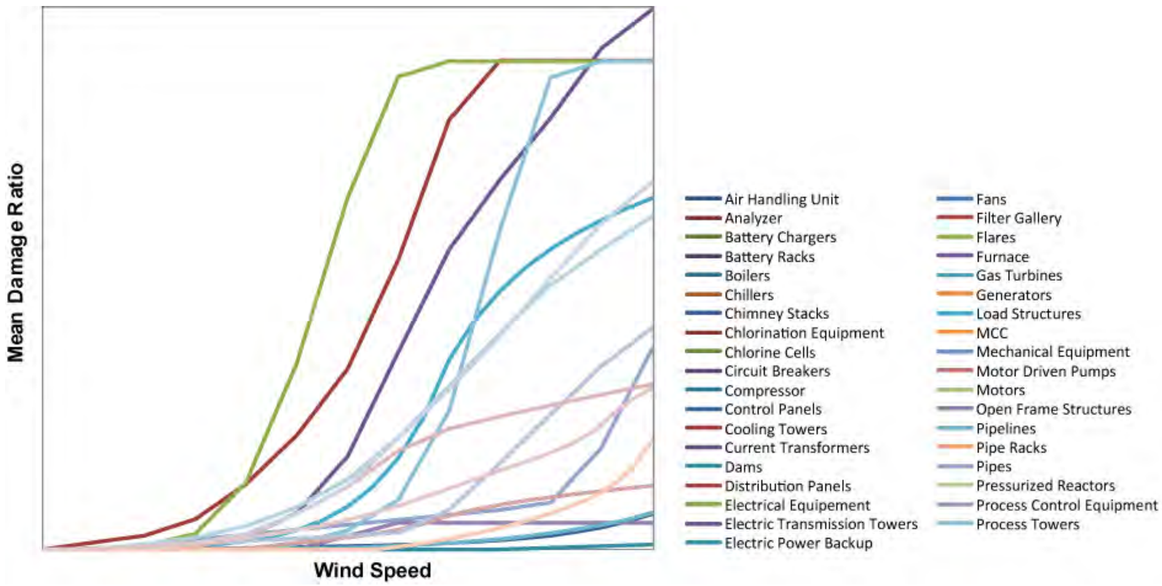


Figure 91. Wind Damage Functions for Industrial Facility Components

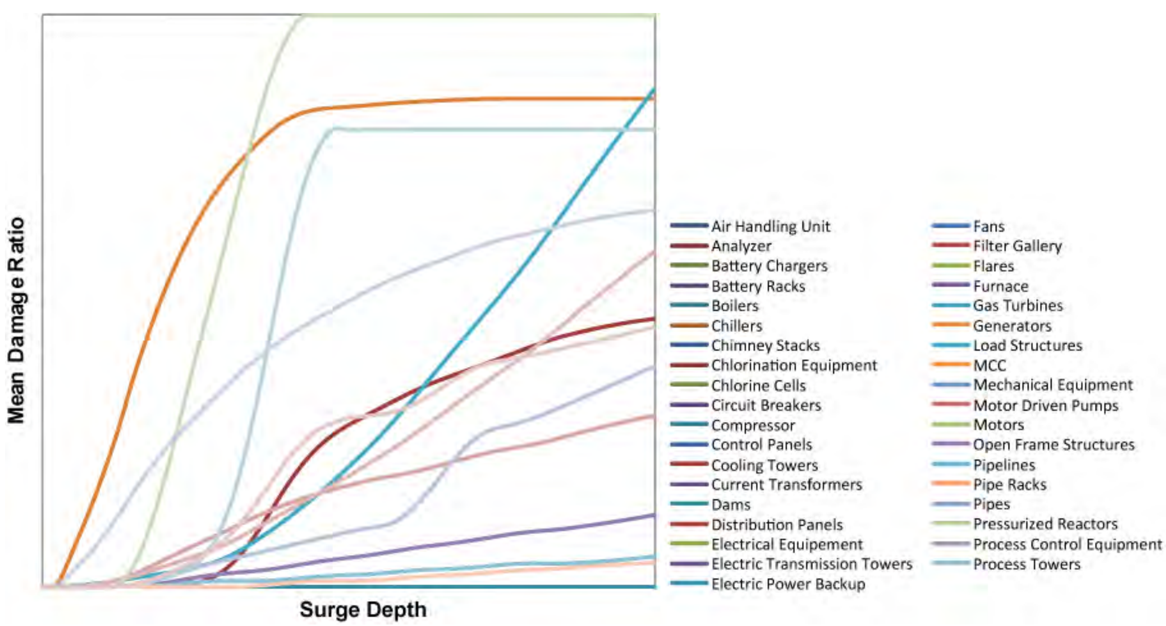


Figure 92. Storm Surge Damage Functions for Industrial Facility Components

For many industrial facility components, there is insufficient damage data or available research to derive accurate damage functions. In such cases, information from many sources, including historical hurricane damage data, scientific literature, site-specific measurements, and structural analyses was incorporated to assign mean damage ratios over a range of wind speeds and storm surge depths. All analysis took into account the complexity of each component and its characteristic response to wind speeds and storm surge levels.

Note that the damage functions for industrial facilities are not applicable to any individual asset at a particular location (e.g., a specific pump or cooling tower). The damage functions have been developed considering a range of characteristics and behaviors within any particular asset class or subclass and are intended to represent the average damage ratio for a group of many individual assets. At any given wind speed or storm surge depth, the actual damage sustained by some assets within a class may be higher or lower than the mean damage ratio specified by the corresponding damage function.

At any given hazard level, the damage ratio for a particular asset may be found within a range of damage ratios corresponding to the hazard level and asset class. This reflects the fact that seemingly identical assets may experience different levels of damage during a particular event. That is, one cooling tower may experience total collapse while another similar cooling tower may experience moderate damage during the same hurricane. Such variation exists due to differences in material properties, wind field patterns, construction quality, building maintenance, and the presence or absence of flying debris.

Information regarding damage to industrial facilities during historical hurricanes and other events was used to develop the industrial facility component of AIR's models. Table 15 lists some of the historical events used as well as the locations of affected industrial facilities.

Table 15. Historical Events and Locations of Affected Industrial Facilities

Event Name (Year)	Location of Affected Industrial Facilities
Hurricane Celia (1970)	Corpus Christi, Texas
Hurricane Alicia (1983)	Baytown, Texas
Hurricane Hugo (1989)	St. Croix
Hurricane Andrew (1992)	South of Miami, Florida
Hurricane Georges (1998)	Pascagoula, Mississippi, and the Dominican Republic
Hurricane Katrina (2005)	Pascagoula, Mississippi; St. Charles Bay, Texas; St. Louis, Mississippi; Meraux, Louisiana; and Biloxi, Mississippi
Hurricane Rita (2005)	Port Arthur, Louisiana; Orange, Texas; Port Neeches, Texas; and Bridge City, Texas

6.2 Developing Damage Functions for an Industrial Facility

For each industrial facility, aggregated damage functions were developed based on the damage functions for the associated component and subcomponent classes. The damage functions for each component and subcomponent were assigned a weighting factor equal to the ratio between the replacement value of the class and the total replacement value of the industrial facility. The weights for different industrial facilities are based on scientific research, the Applied Technology Council report ATC-13 1995, and HAZUS data.

In order to develop damage functions for various components, some reasonable assumptions are made about the typical characteristics of individual subcomponents in an industrial facility. For example, AIR assumes different percentages of anchored and unanchored tanks, and different filling levels and aspect ratios for tanks within a facility.

Figure 93 and Figure 94 show damage functions for sample industrial facilities for the wind and storm surge perils, respectively. The figures show the weighting factors for each component and subcomponent class. The facility-level damage function is a weighted average of the damage functions of the individual components.

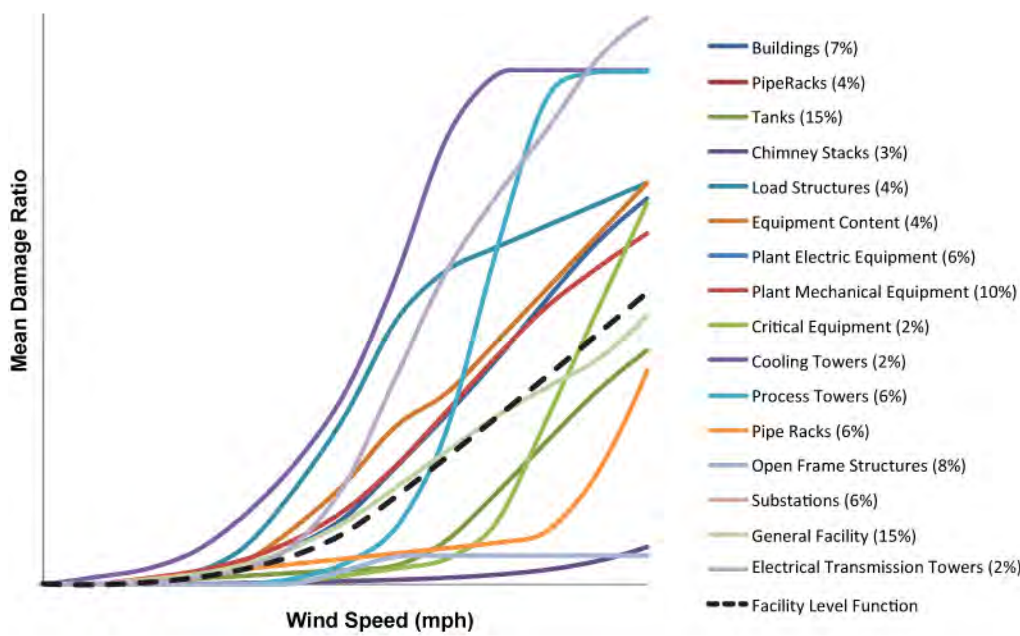


Figure 93. Wind Damage Functions for a Sample Industrial Facility

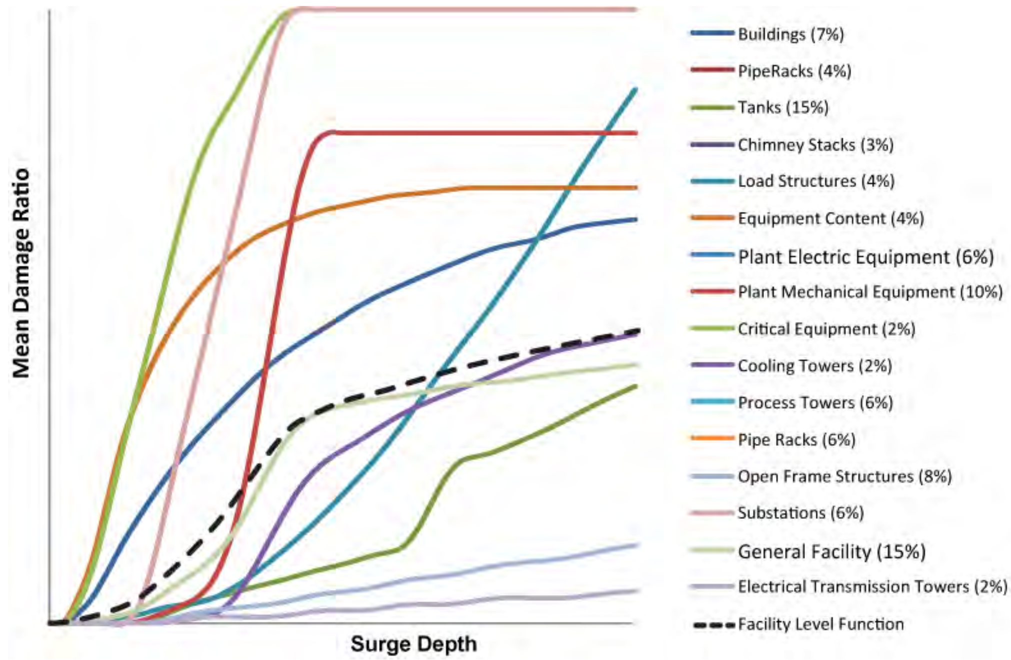


Figure 94. Storm Surge Damage Functions for a Sample Industrial Facility

Customized Composite Damage Functions for a Particular Industrial Facility

The previous sections described the development of plant-level damage functions using generic information for each industrial facility type, such as the type of equipment found in the plant, and the replacement value and secondary characteristics of the associated components. In reality, each industrial facility is unique and complex. For example, not all of the equipment in one plant may be anchored to withstand ground shaking, while in another plant the equipment might all be secured.

Recognizing that each facility is unique, AIR's CLASIC/2 software allows users who have access to facility-specific information to specify the various actual constituent components and subcomponents present, their characteristics (such as whether a particular component is anchored or unanchored, the aspect ratios for tanks, etc.), and their percentage of the total site replacement value. The ability to specify the composition of each facility, when known, will result in better loss estimates when the user has data about the component make-up of a particular facility.

Developing Damage Functions for Unknown Industrial Facility Types

Damage functions for the general or unknown facility type are based on the weighted average of the damage functions for different industrial facility types.

Figure 95 and Figure 96 show industrial facility-level wind and storm surge damage functions, respectively, for selected industrial facilities in the United States. The unknown industrial facility type is represented by the black line labeled "General".

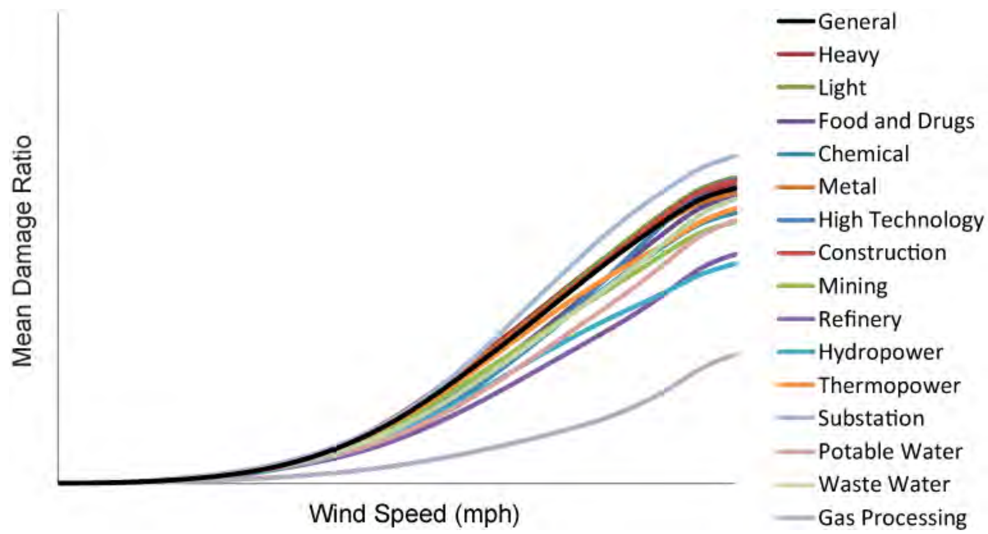


Figure 95. Industrial Facility-level Wind Damage Functions

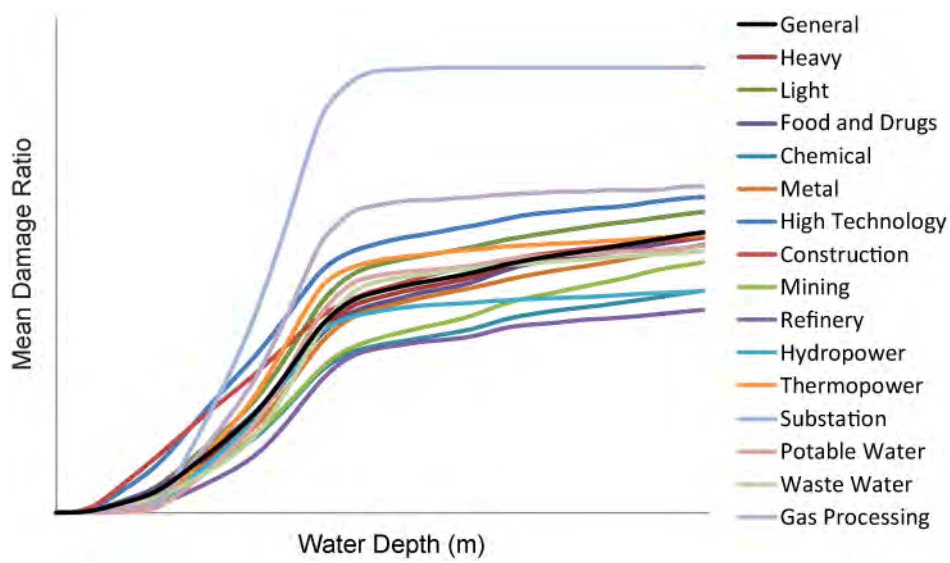


Figure 96. Industrial Facility-level Storm Surge Damage Functions

6.3 Business-Interruption Losses for Industrial Facilities

Assessing business interruption (BI) loss for industrial facilities is complex, particularly in the case of highly integrated facilities. The major contribution to BI losses is the loss of revenues incurred when product chains are rendered completely or partially non-functional. Loss of functionality can occur as a result of physical damage to the components, the interconnectivity between components, or lifelines such as electricity and water systems.

Downtime is the primary parameter for assessing BI losses. To assess these losses for an entire industrial facility, time element damage functions are determined for each component for each stage of the damage assessment and repair process. As in any other business interruption assessment, the time before repairs can get underway, or pre-repair, is determined and combined with the time required for the actual repair. Once the time element functions are determined for all the components, the model aggregates the functions by determining a weighted average of the component functions. Figure 97 illustrates time element damage functions for selected industrial facilities components.

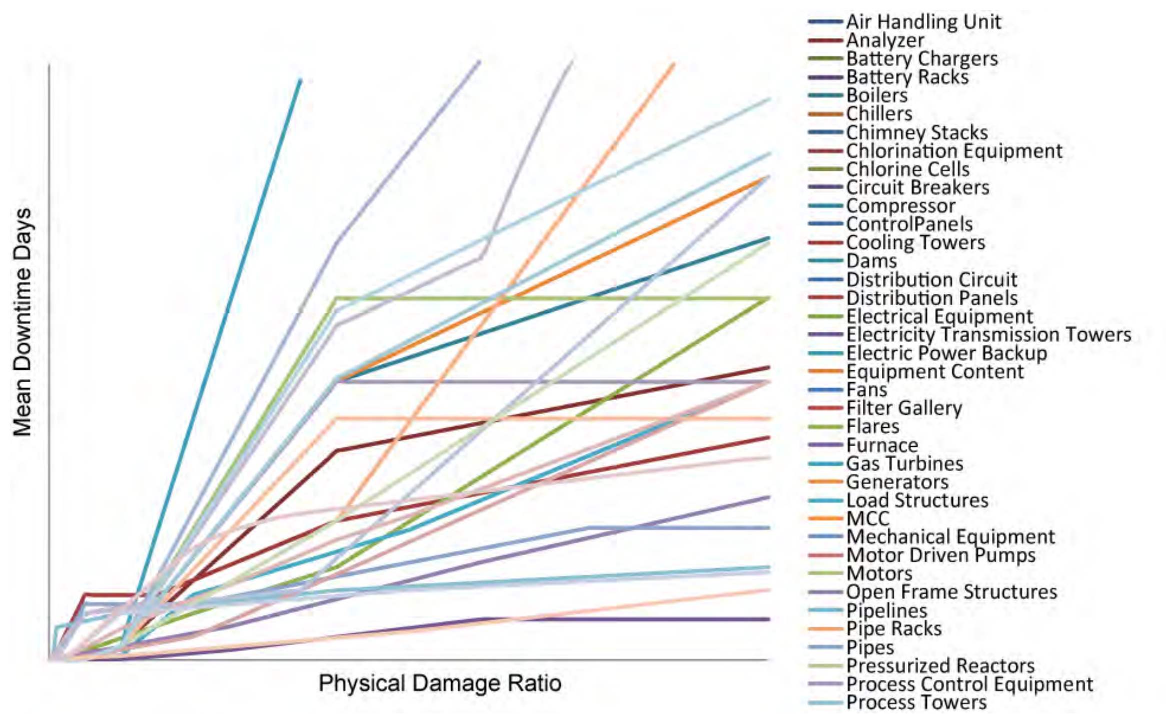


Figure 97. Time Element Functions for Industrial Facility Components

As described above, time element functions at the facility level are derived from component distribution information and the individual component and subcomponent downtime functions.

Figure 98 and Figure 99 show the time element functions for selected industrial facilities in the Unites States for the wind and storm surge perils, respectively.

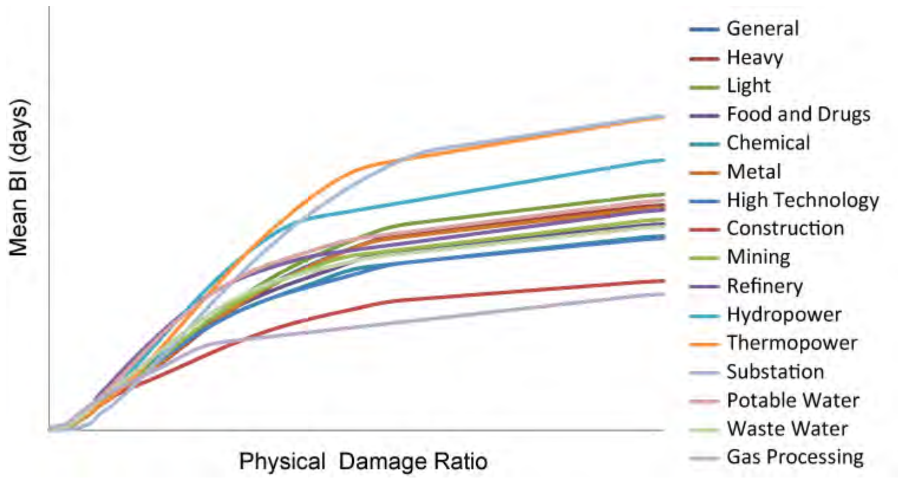


Figure 98. Time Element Functions for Wind Damage to Industrial Facilities

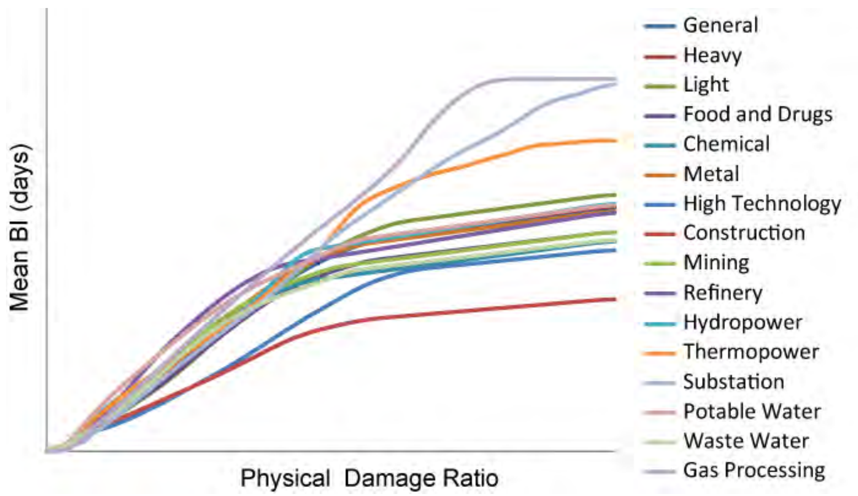


Figure 99. Time Element Functions for Storm Surge Damage to Industrial Facilities

A partial correlation between components is utilized to assess modeled BI losses to industrial facilities. The analysis implicitly incorporates the numerous connections between components, lifelines, and product chains. The high degree of site-specific connectivity and the complexity of the product chains that exist at most plants make the estimation of downtime for industrial facilities a challenge. It is a many-faceted calculation involving numerous operations, including evaluations of onsite process interactions, bottlenecks and redundancies, offsite interdependencies, and generators of revenue. It is accomplished by building a "network model" that constructs a simulation of the many interconnections between components, processes, lifelines, and product chains and accounts for components to be idle even if undamaged or already fixed in the event that other components or lifelines remain down.

7 Insured Loss Calculation

The AIR Hurricane Model for the United States uses a comprehensive cost model to estimate the repair cost of each damaged component in order to translate ground-up damage into monetary losses. Insured losses are calculated by applying policy conditions to the damage estimates. A wide variety of policy conditions are supported in this model, including franchise deductibles, coverage limits, loss triggers and risk-specific reinsurance terms.

7.1 Aggregating Losses Probabilistically

Post-disaster surveys and actual claims data reveal an inherent variability in the damage that results from a given wind speed and storm surge depth. Loss estimates generated by the AIR Hurricane Model for the United States capture this variability by accounting for both primary and secondary uncertainty. Primary uncertainty derives from the uncertainty associated with the stochastic event generation process, while secondary uncertainty describes the uncertainty in damage resulting from a given event. This secondary uncertainty captures the uncertainty in damage and in the local intensity estimation. The uncertainty in building damage arises due to a degree of inherent randomness in the response of buildings of similar construction to a given intensity, resulting from variability in building characteristics, construction materials, workmanship, etc. The uncertainty in local intensity of the hazard can be attributed to unmodeled phenomena and local site factors.

As was discussed in Section 5, damage is calculated by damage functions that provide, for a given event intensity, a mean damage ratio (MDR) and a probability distribution around the mean that captures the variability in damage. For the AIR Hurricane Model for the United States, a truncated gamma distribution combined with empirically derived probabilities of 0% and 100% damage levels is used to model the uncertainty around the mean damage.

The damage functions are used to produce, for each event, a distribution of ground-up loss by location and coverage. Limits, deductibles, and reinsurance are applied in the financial module to the ground-up loss distribution to produce gross and net loss estimates. Note that insured losses can accumulate even if the mean damage ratio is below the deductible, because some structures are damaged above the mean damage ratio and the deductible. The distributions are applicable to the analysis of a single exposure and in this case usually have a high degree of uncertainty. The individual distributions are combined to obtain the portfolio distribution, where the uncertainty is lower.

In the financial module there clearly is a need for aggregating losses probabilistically, at various levels. Specifically, computational techniques have been developed for statistically aggregating nonparametric distributions. That is, even though the ground-up, coverage-level damage distributions typically use parametric distributions, after the application of location and policy terms the distributions cannot be represented in a parametric way. Further aggregations of such loss distributions are achieved using numerical algorithms.

Convolution is the statistically correct way of deriving the probability distribution of the sum of multiple loss distributions. The probability density function of the convolution of two random variables F and G with density functions f(x) and g(x), respectively, is represented by the equation,

$$(f * g)(x) = \int_{-\infty}^{\infty} f(x-t)g(t)dt$$

where t is a dummy variable.

The AIR models employ an efficient and accurate numerical algorithm for "convolving" any number of nonparametric loss distributions. Extreme care has to be taken when combining distributions with differing size of loss. The technique used allows the correct representation of the shape of the loss distributions throughout the financial loss estimation process. Preserving the right shape is particularly important when insurance terms apply to the tails of the distributions.

The financial module within AIR's software applications allows for application of a wide variety of location, policy, and reinsurance conditions. Location terms may be specified to include limits and deductibles by site or by coverage. Supported policy terms include blanket and excess layers, minimum and maximum deductibles, and sublimits. Reinsurance terms include facultative certificates and various types of risk-specific and aggregate treaties with occurrence and aggregate limits. Please see product-specific documentation available from the client support section of AIR's website (http://www.air-worldwide.com) as well as details on the industry standard UNICEDE data format (http://www.unicede.com) for additional information.

7.2 Demand Surge

Market forces generally ensure that the availability of materials and labor in any particular geographical area is sufficient to accommodate a normal level of demand without affecting price. However, demand can increase sharply and unexpectedly after a catastrophe such as a significant hurricane or earthquake. The resulting widespread property damage can cause a sharp increase in the need for building materials and labor, which in turn can cause prices to inflate temporarily. Demand for related services and resources such as transportation, equipment, and storage might also escalate in the affected area.

Scarce resources can also result in an increase in the time required to repair and rebuild damaged property, which may cause greater business interruption losses and additional living expenses. Infrastructure damage, delayed building-permit processes, and a shortage of available building inspectors also increase time-element loss. These factors can lead to insured losses exceeding expectations for a particular event and portfolio, a phenomenon known as demand surge. The greater and more widespread the damage from an event, the greater the resulting demand surge and insured losses will be.

AIR engineers and statisticians have developed a mathematical function that relates the amount of demand surge to the amount of modeled industry insurable losses from a particular event. This function was developed based on historical data, statistical analysis, economic time-series reviews, and analysis of construction-material and labor-cost data.

The demand surge function currently implemented in the AIR software systems is the result of over 15 years of research and refinement. AIR will continue to make improvements as new data becomes available. For details on the methodology used to develop the AIR demand surge function and its validation, please see the client-confidential technical document *AIR U.S. Demand Surge Function*, which is available on the AIR website.

7.3 Validating Modeled Losses

Perhaps the most distinguishing feature of the AIR Hurricane Model for the United States is the extent to which it has been validated using actual loss data. The model has a long and impressive record of providing reliable, credible loss estimates. The AIR model was estimating that losses from hurricanes in Florida had the potential to exceed USD 40 billion well before Hurricane Andrew; no other source was providing this type of information to the industry at that time.

Just four hours after landfall, AIR issued an estimate that industry losses resulting from Andrew could reach USD 13 billion.

AIR has compiled an extensive database of over 20 years of claims data for historical U.S. hurricanes from several major client companies. Experts at AIR have collected and analyzed over USD 6 billion of detailed data in order to validate modeled losses. Further validation is undertaken after each damage survey, which AIR has conducted for every U.S. landfalling hurricane since Hurricane Hugo in 1989.

Figure 100 and Figure 101 compare the observed (PCS) and modeled losses for selected events. The modeled loss estimates compare well with the PCS losses. Note that in the following figures, the modeled losses are based on current exposure data and the historical losses are normalized for inflation and exposure growth since the time of the actual event.

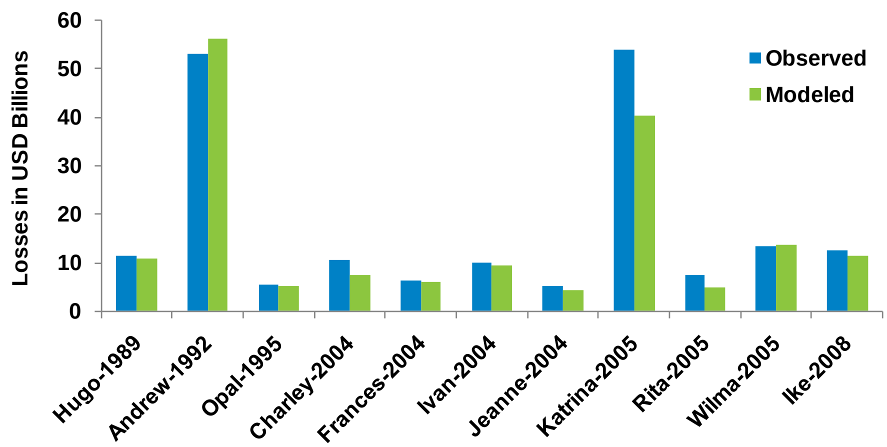


Figure 100. Actual (PCS) vs. Modeled Losses for Selected Events

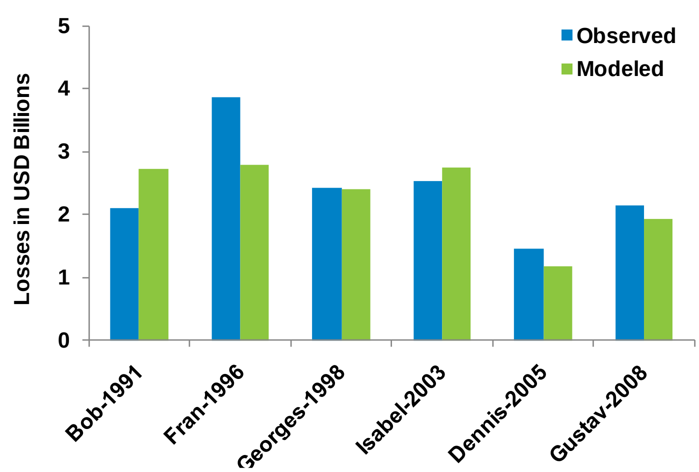


Figure 101. Actual (PCS) vs. Modeled Losses for Selected Events

Figure 102 compares actual loss data from clients and modeled losses for selected events. All losses are multiplied by a constant factor to disguise the identity of the companies whose data was used.

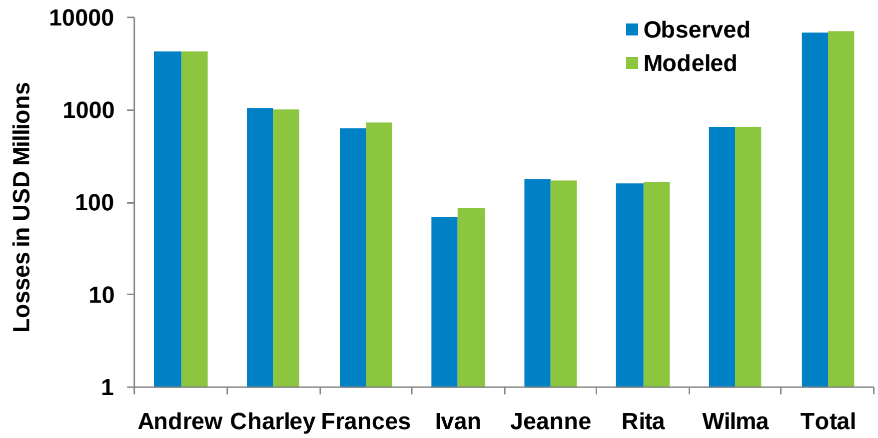


Figure 102. Actual vs. Modeled Losses, Selected Events

Figure 103 through Figure 106 compare actual and modeled insured loss data, obtained from three different insurance companies (A, B, and C) for four hurricanes (Charley, Francis, Ivan, and Jean) for various residential coverages. All losses are multiplied by a constant factor and are provided in event-year currency. Again, actual and simulated losses compare well.

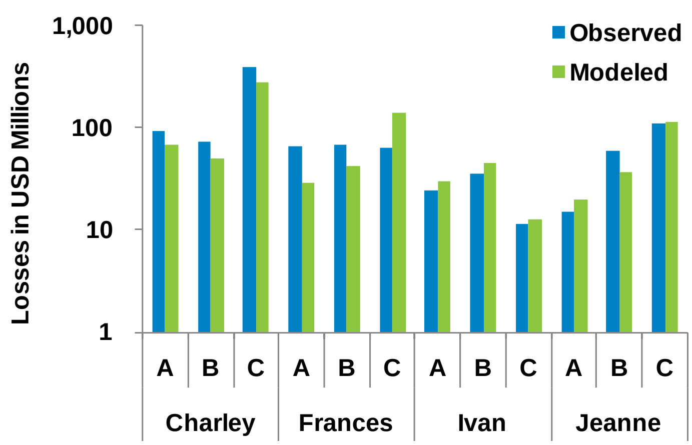


Figure 103. Actual vs. Modeled Losses for Three Companies, Four Hurricanes – Total Residential Coverages

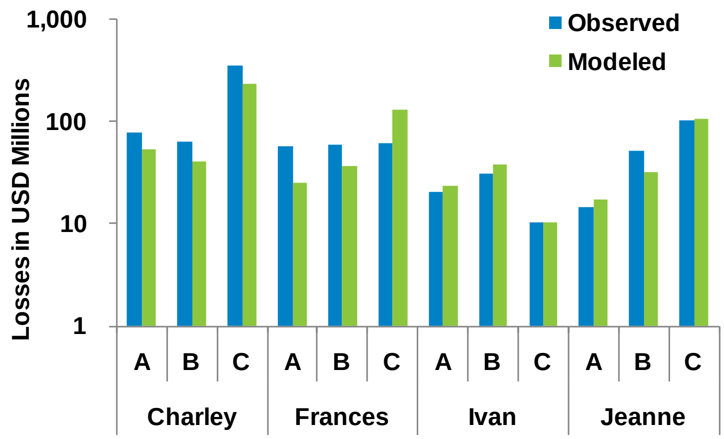


Figure 104. Actual vs. Modeled Losses for Three Companies, Four Hurricanes – Residential Building Coverage

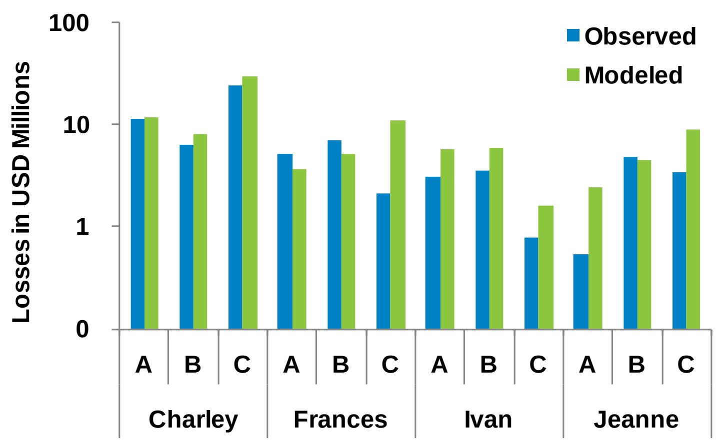


Figure 105. Actual vs. Modeled Losses for Three Companies, Four Hurricanes – Residential Contents Coverage

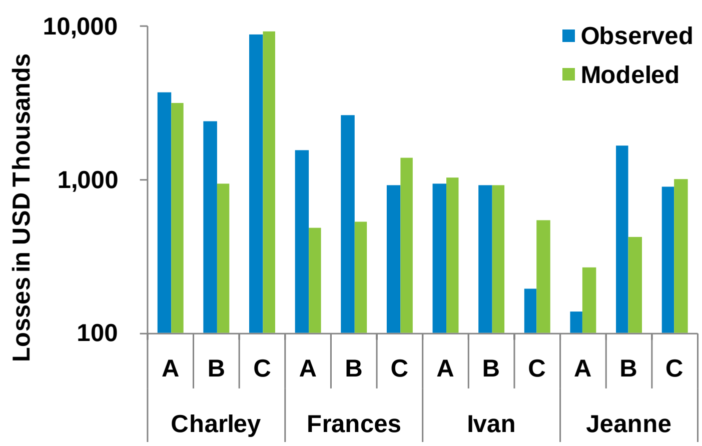


Figure 106. Actual vs. Modeled Losses for Three Companies, Four Hurricanes – Residential Additional Living Expenses (ALE) Coverage

Figure 107 compares actual and modeled commercial loss data, obtained from three different insurance companies (X, Y, and Z). All losses were multiplied by a constant factor and are presented in event-year currency.

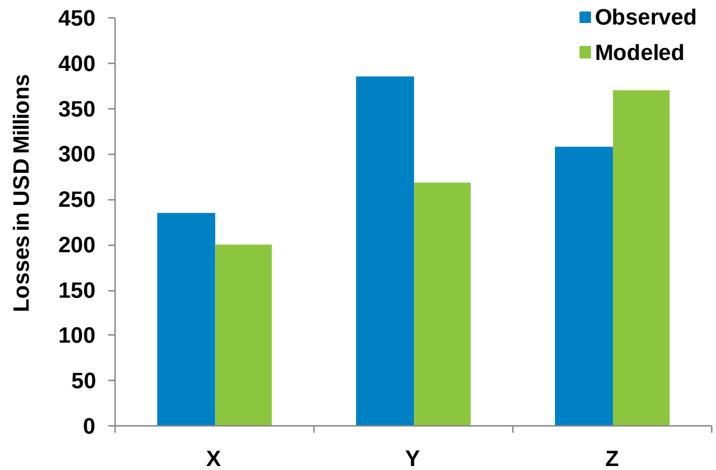


Figure 107. Actual vs. Modeled Losses for Three Companies – Total Commercial Coverages

Figure 108 compares actual and modeled losses for the commercial line of business, by coverage. The modeled losses compare well to the actual loss data.

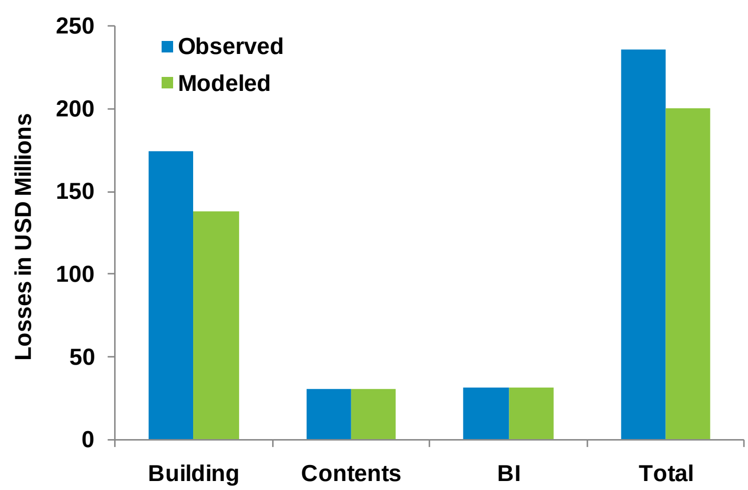


Figure 108. Actual vs. Modeled Commercial Losses by Coverage

Figure 109 compares actual and modeled commercial losses for selected historical events.

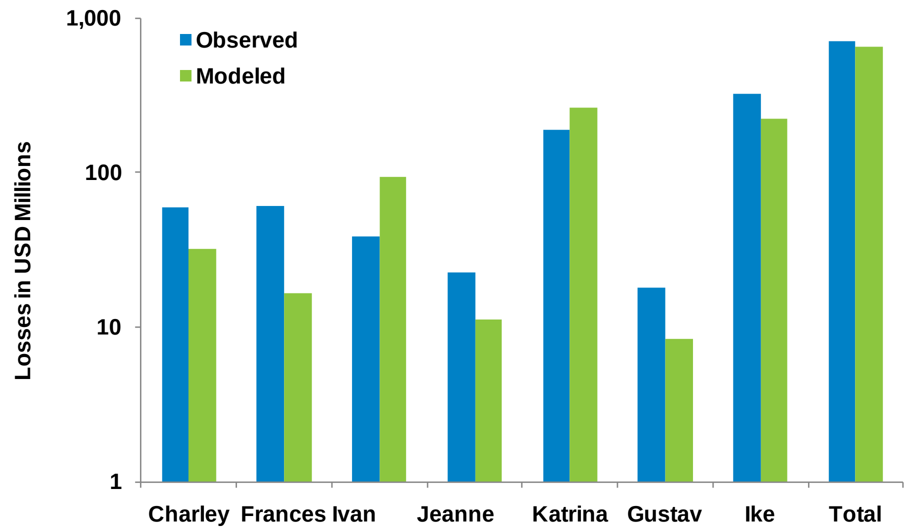


Figure 109. Actual vs. Modeled Commercial Losses for Selected Events

Figure 110 compares actual and modeled losses for Hurricane Ike by line of business. Again, AIR's modeled loss estimates compare well to historical losses.

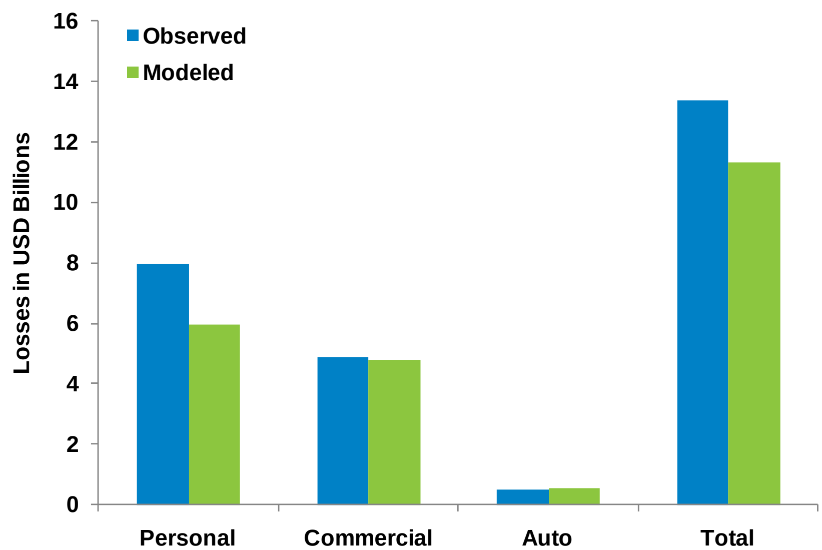


Figure 110. Actual (PCS) vs. Modeled Losses for Hurricane Ike (2008) by LOB

Figure 111 compares actual and modeled losses for Hurricane Ike for selected states. AIR's modeled loss estimates compare well to historical losses.

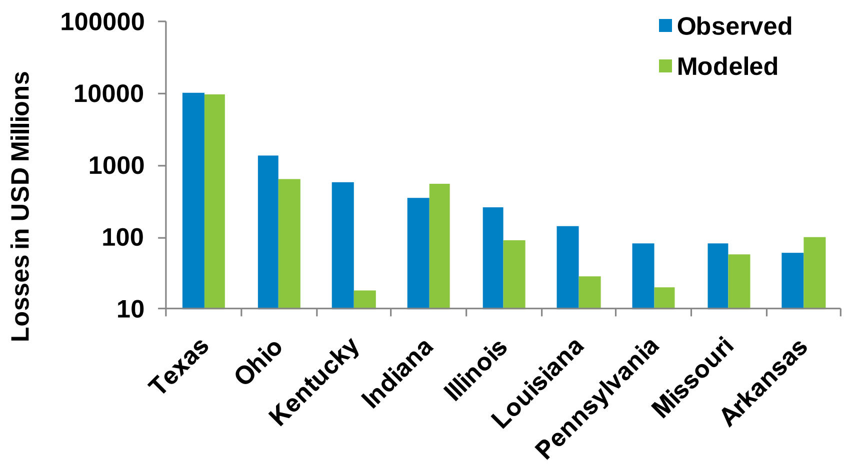


Figure 111. Actual (PCS) vs. Modeled Losses for Hurricane Ike (2008) by State

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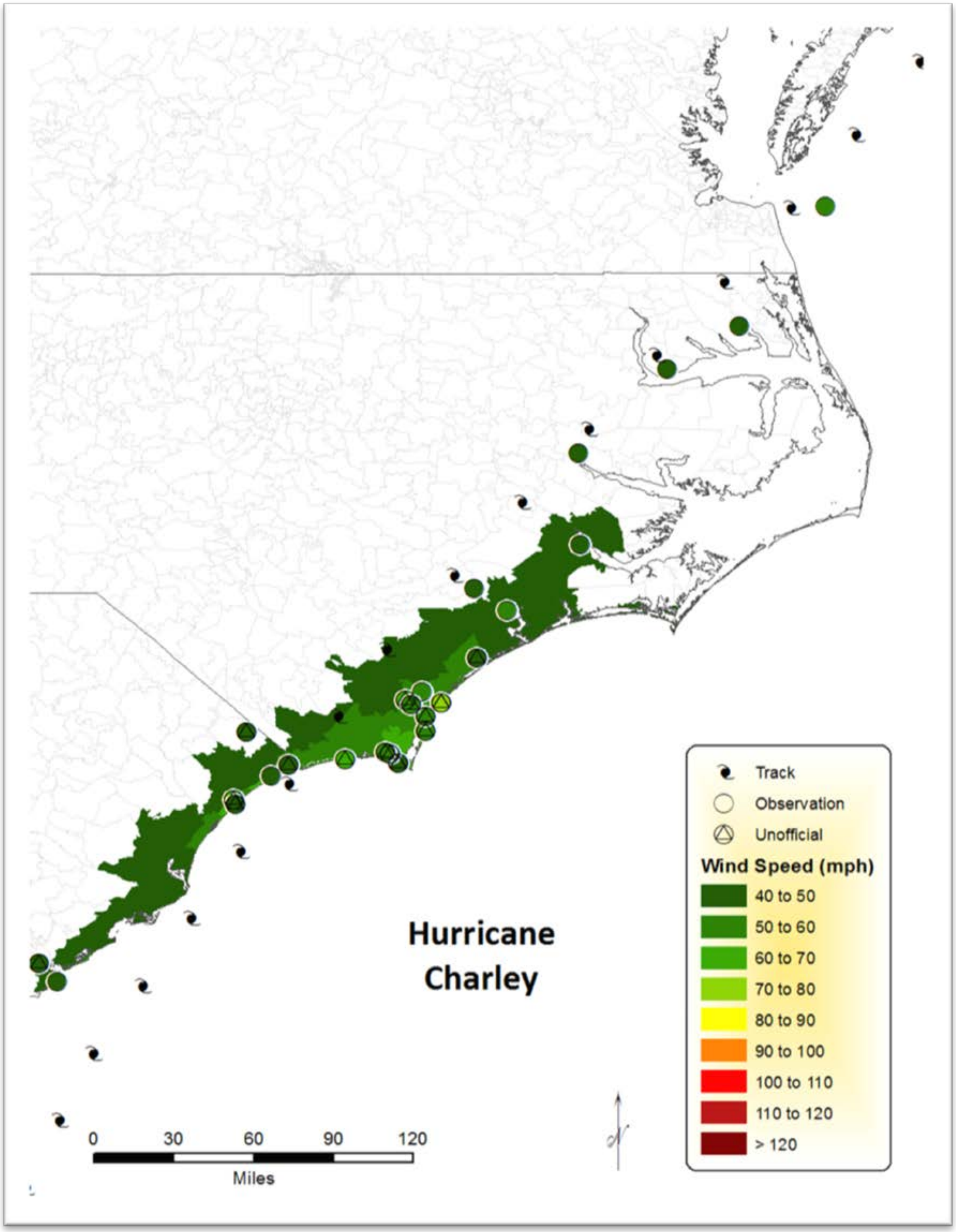
9 About AIR Worldwide

AIR Worldwide (AIR) is the scientific leader and most respected provider of risk modeling software and consulting services. AIR founded the catastrophe modeling industry in 1987 and today models the risk from natural catastrophes and terrorism in more than 50 countries. More than 400 insurance, reinsurance, financial, corporate and government clients rely on AIR software and services for catastrophe risk management, insurance-linked securities, site-specific seismic engineering analysis, agricultural risk management and property replacement cost valuation. AIR is a member of the ISO family of companies and is headquartered in Boston with additional offices throughout North America, Europe and Asia. For more information, please visit www.air-worldwide.com.

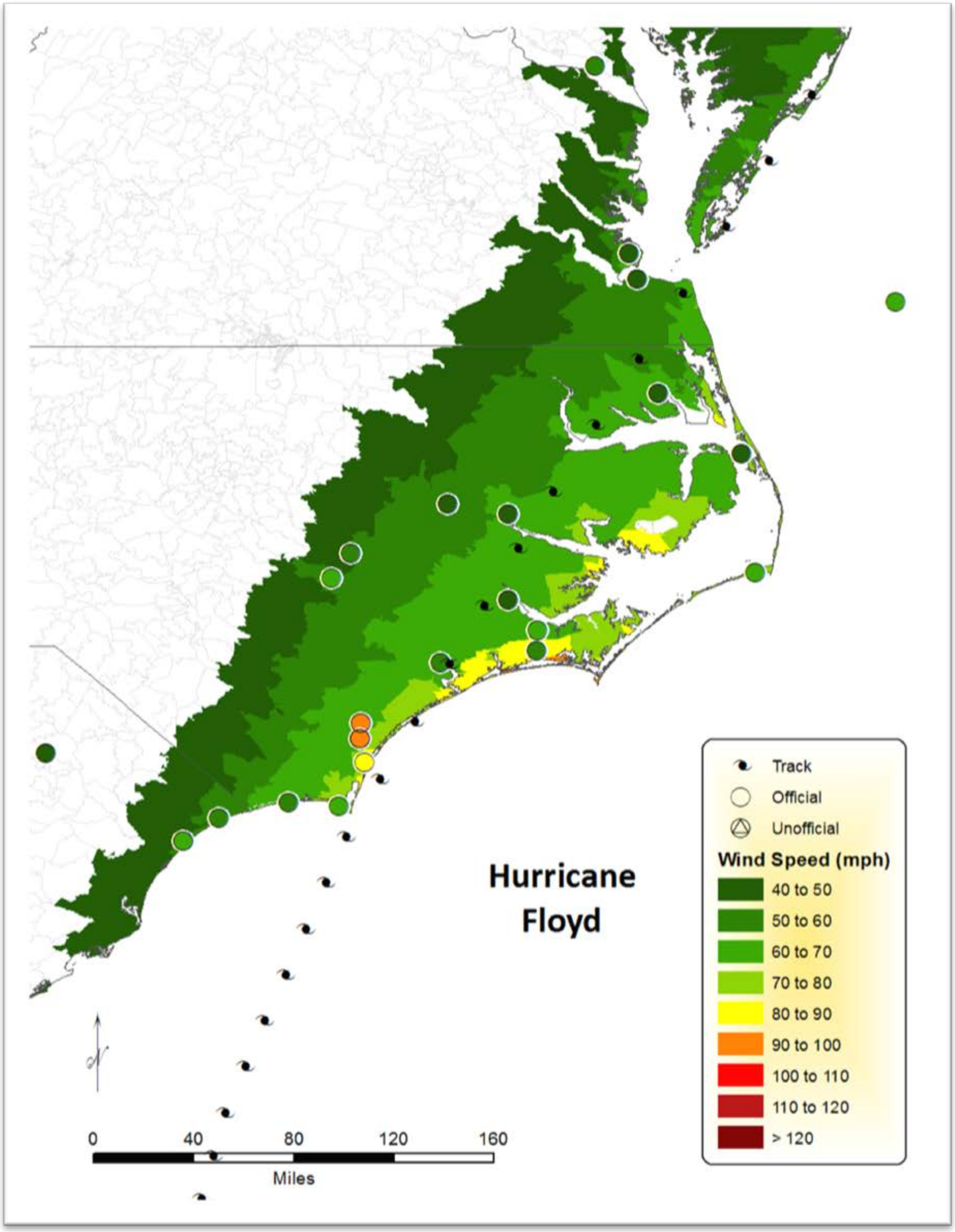
Appendix

Exhibit RB-6D.1



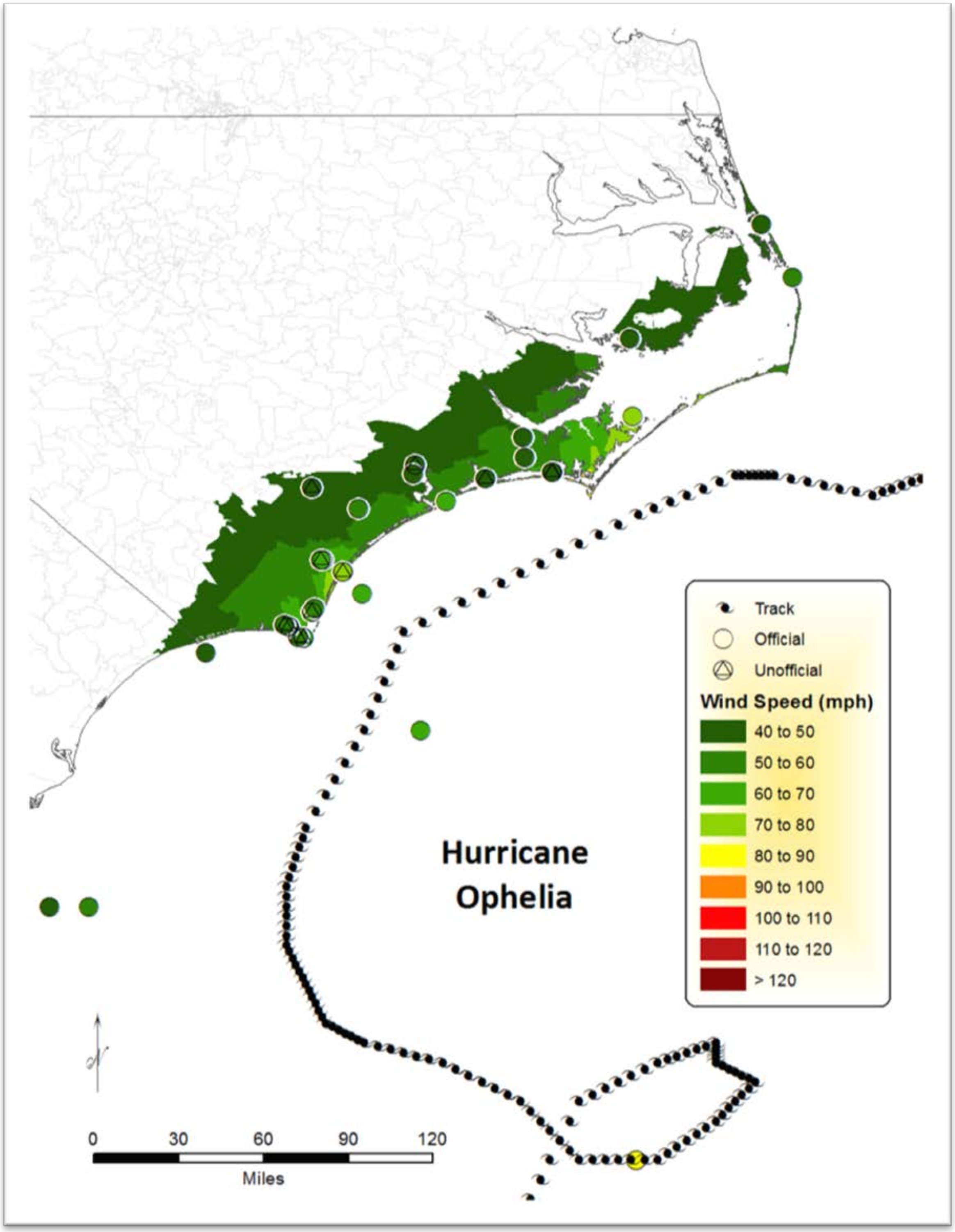
Modeled and observed wind speeds from Hurricane Charley (2004)

Exhibit RB-6D.2



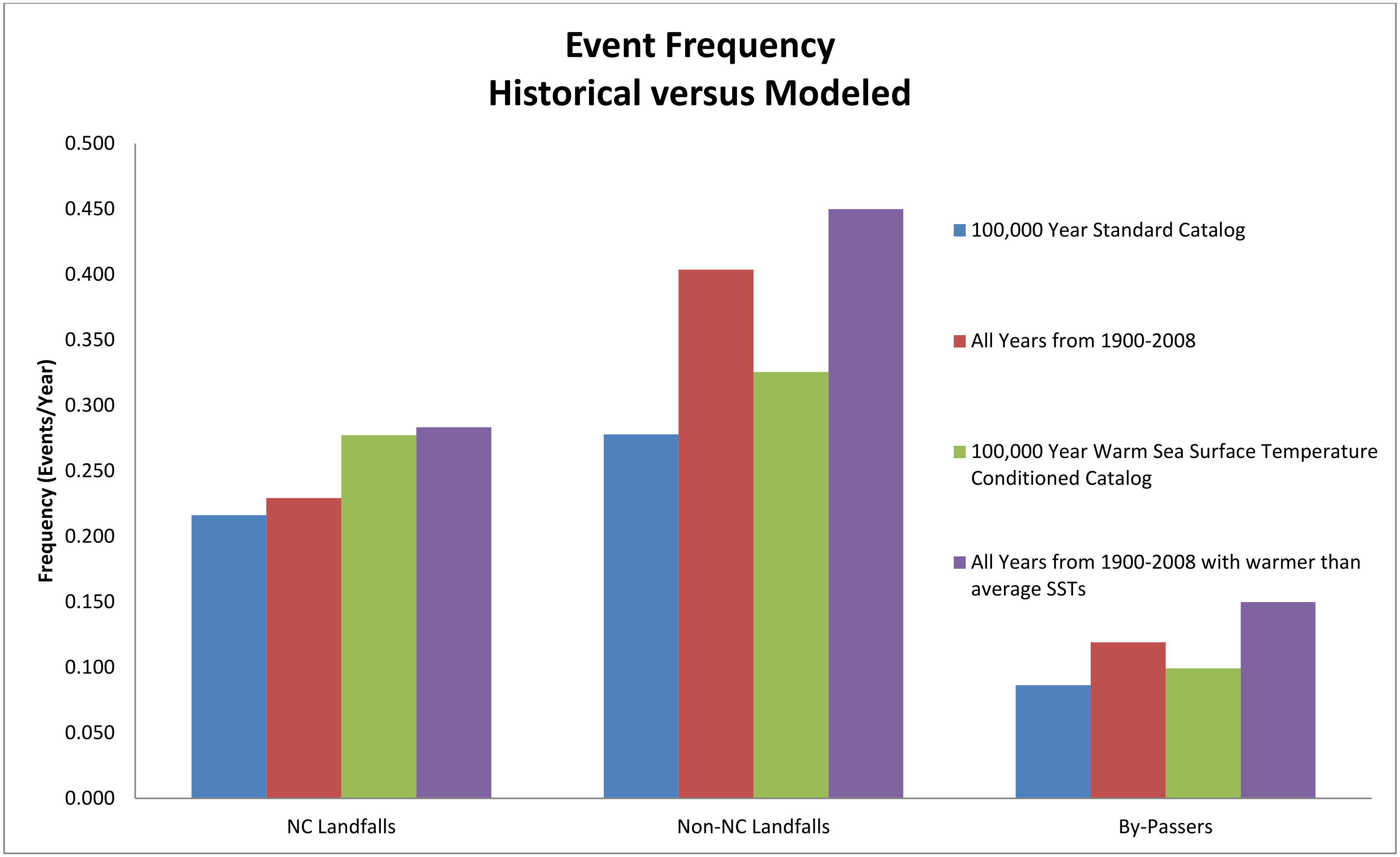
Modeled and observed wind speeds for Hurricane Floyd (1999)

Exhibit RB-6D.3



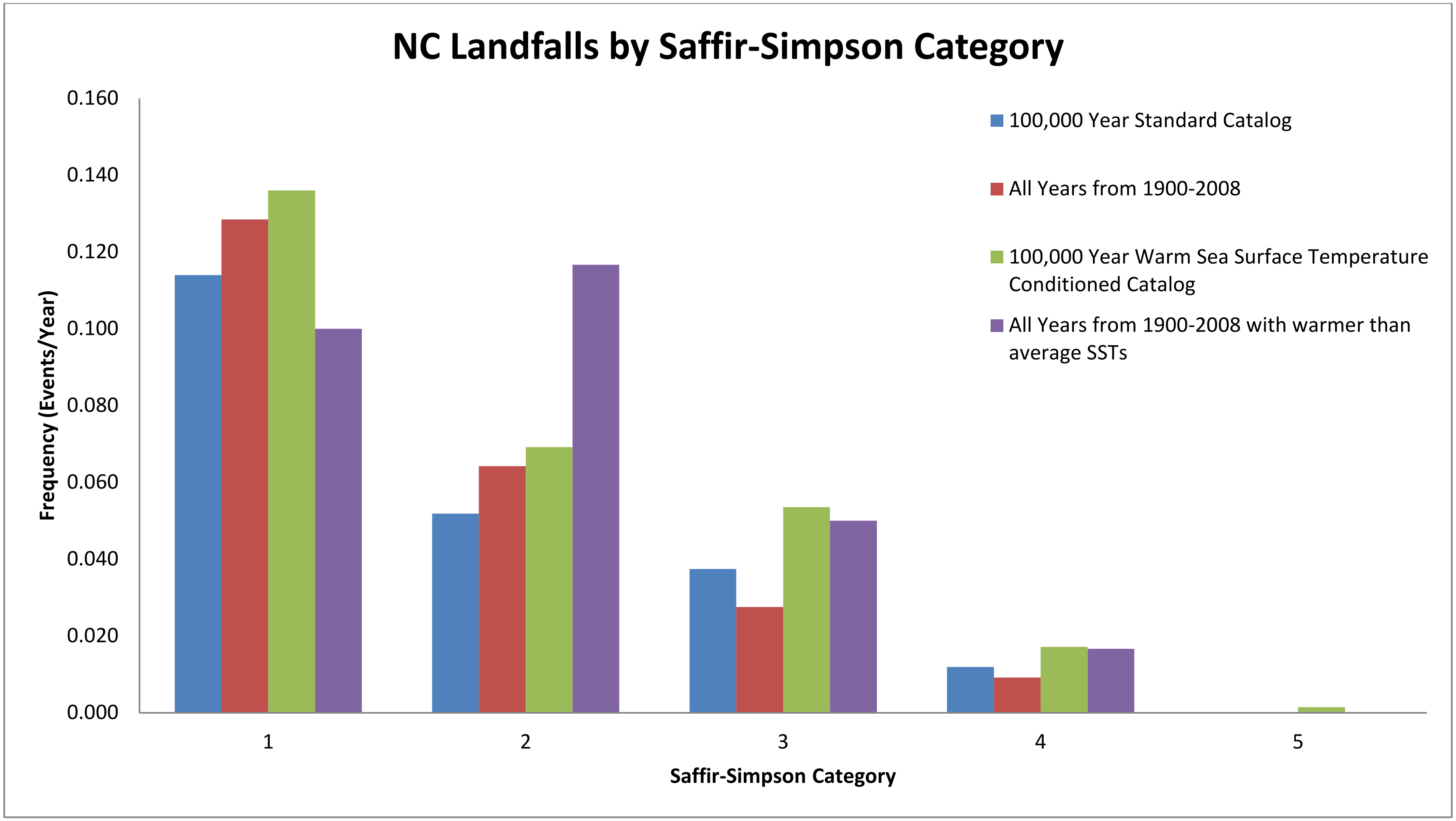
Modeled and observed wind speeds for Hurricane Ophelia (2005)

Exhibit RB-6E



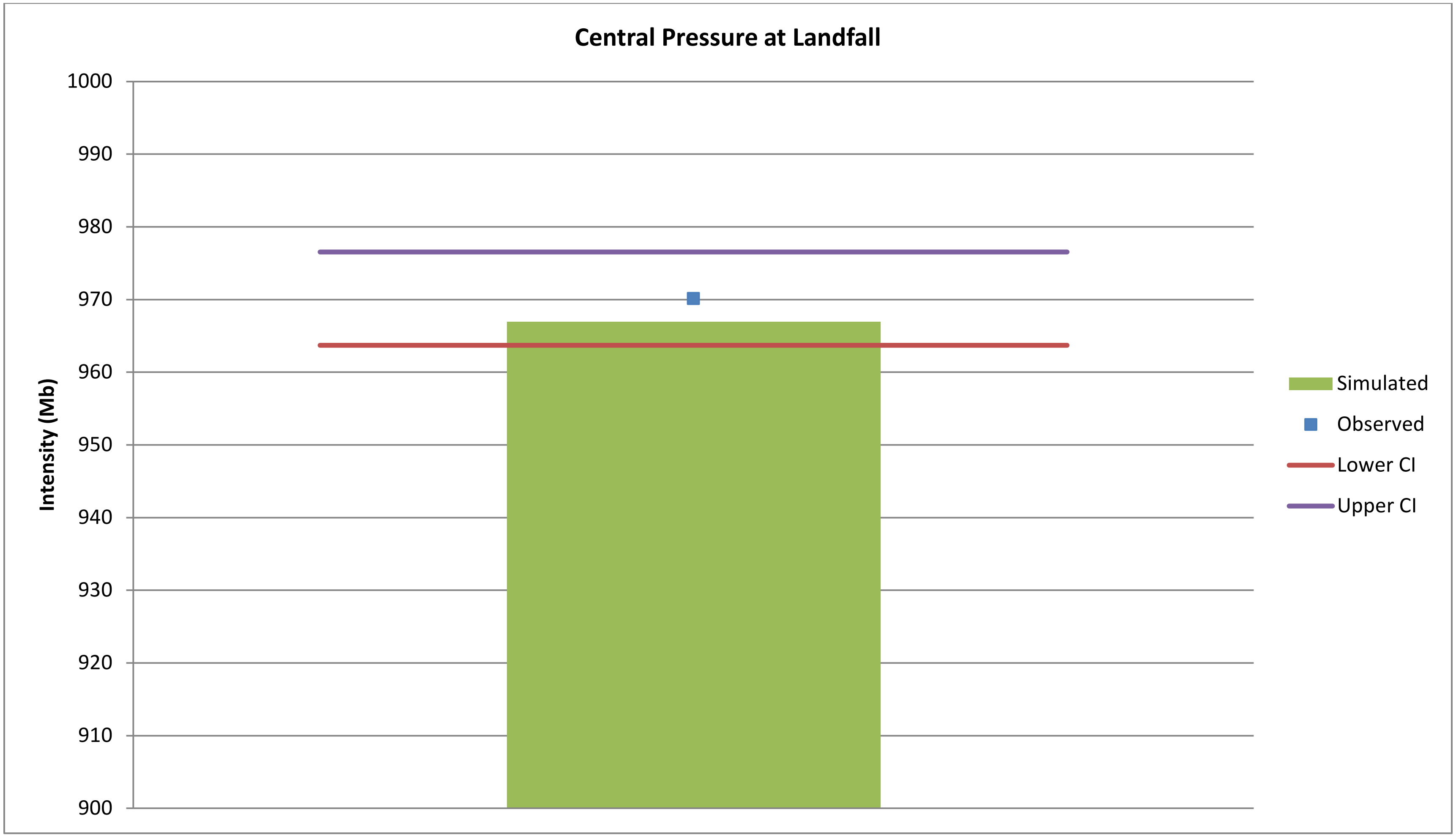
Comparison of the frequency of events of different types which impact North Carolina in AIR's stochastic catalogs and the historical record

Exhibit RB-6F



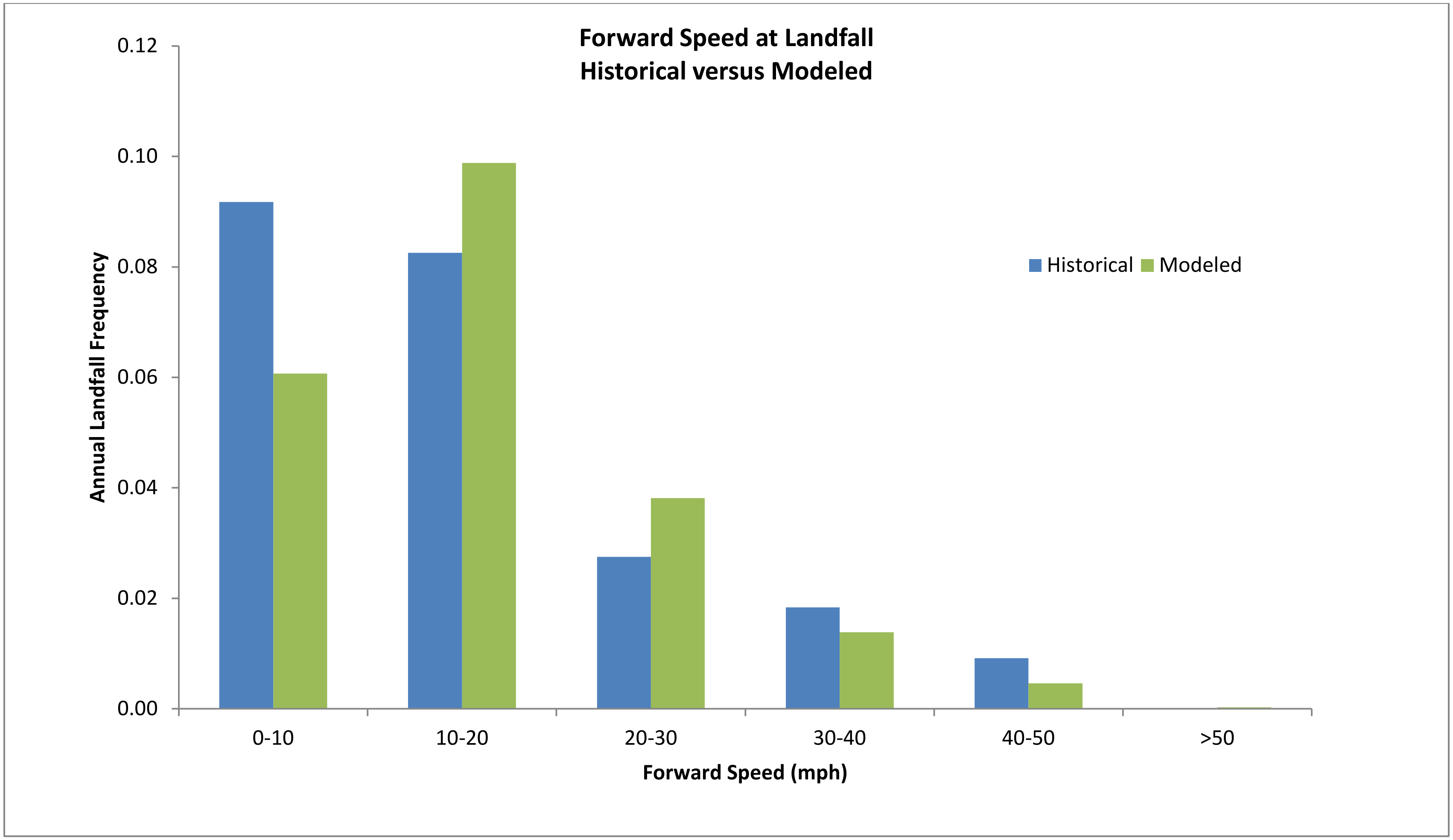
Comparison of the frequency of events of different Saffir-Simpson categories, which make landfall in North Carolina in AIR's stochastic catalogs and the historical record

Exhibit RB-6G



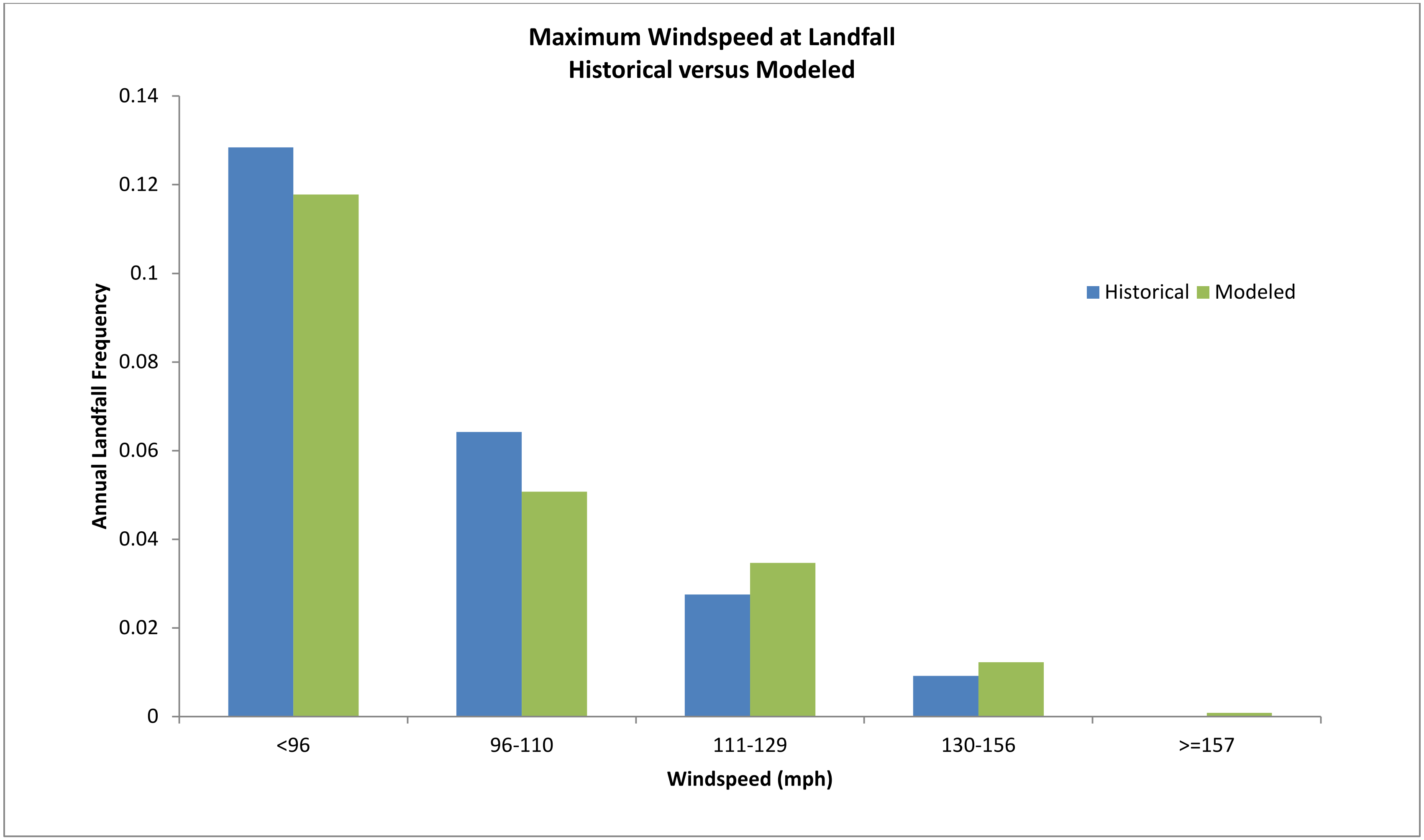
Comparison of historical and modeled central pressure for events which make landfall in North Carolina in AIR's standard stochastic catalog and the historical period from 1900-2008

Exhibit RB-6H



Comparison of historical and modeled forward speed bands for events which make landfall in North Carolina in AIR's standard stochastic catalog and the historical period from 1900-2008

Exhibit RB-6I



Comparison of maximum wind speed at landfall for events in AIR's Standard Modeled Stochastic Catalog and the historical record for all events which make landfall in North Carolina.

PREFILED TESTIMONY
OF
JAMES H. VANDER WEIDE

2012 HOMEOWNERS INSURANCE RATE FILING
BY THE NORTH CAROLINA RATE BUREAU

Q. WHAT IS YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS?

A. My name is James H. Vander Weide. I am Research Professor of Finance and Economics at Duke University, the Fuqua School of Business. I am also President of Financial Strategy Associates, a firm that provides strategic and financial consulting services to corporate clients. My business address is 3606 Stoneybrook Drive, Durham, North Carolina.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PRIOR ACADEMIC EXPERIENCE.

A. I graduated from Cornell University with a Bachelor's Degree in Economics and then attended Northwestern University where I earned a Ph.D. in Finance. I joined the faculty of the School of Business at Duke University where I was subsequently named Assistant Professor, Associate Professor, Professor, and Research Professor. I have published research in the areas of finance and economics and taught courses in these fields at Duke for more than thirty-five years. I am now retired from my teaching duties at Duke.

I have taught courses in corporate finance, investment management, and management of financial institutions. I also taught a graduate seminar on the theory of public utility pricing and lectured in executive development seminars on the cost of capital, financial analysis, capital budgeting, mergers and acquisitions, cash management, short-run financial planning, and competitive strategy.

I have served as Program Director and taught in numerous executive education programs at Duke, including the Duke Advanced Management Program, the Duke Management Challenge, the Duke Executive Program in Telecommunications, Competitive Strategies in Telecommunications, and the Duke Program for Manager Development for managers from the former Soviet Union. I have also taught in tailored programs developed for corporations such as ABB, Accenture, Allstate, AT&T, Progress Energy, GlaxoSmithKline, Lafarge, MidAmerican Energy, Norfolk Southern, The Rank Group, Siemens, TRW, and Wolseley PLC.

In addition to my teaching and executive education activities, I have written research papers on such topics as portfolio management, the cost of capital, capital budgeting, the effect of regulation on the performance of public utilities, and cash management. My articles have been published in *American Economic Review, Financial Management, International Journal of Industrial Organization, Journal of Finance, Journal of Financial and Quantitative Analysis, Journal of Bank Research, Journal of Accounting Research, Journal of Cash Management, Management Science, The Journal of Portfolio Management, Atlantic Economic Journal, Journal of Economics and Business,* and *Computers and Operations Research.* I have written a book titled *Managing Corporate Liquidity: an Introduction to Working Capital Management*, a chapter for *The Handbook of Modern Finance*, "Financial Management in the Short Run," and a chapter for the book, *The Handbook of Portfolio Construction: Contemporary Applications of Markowitz Techniques,* "Principles for Lifetime Portfolio Selection: Lessons from Portfolio Theory."

Q. HAVE YOU PREVIOUSLY PRESENTED EVIDENCE ON THE COST OF CAPITAL AND OTHER REGULATORY ISSUES?

A. Yes. As an expert on financial and economic theory and practice, I have participated in more than four hundred regulatory and legal proceedings before the U.S. Congress, the Canadian Radio-Television and Telecommunications Commission, the Federal Communications Commission, the National Telecommunications and Information Administration, the Federal Energy Regulatory Commission, the National Energy Board (Canada), the public utility commissions of forty-three states and four Canadian provinces, the insurance commissions of five states, the Iowa State Board of Tax Review, the National Association of Securities Dealers, and the North Carolina Property Tax Commission. In addition, I have prepared expert testimony in proceedings before the U.S. Tax Court, the U.S. District Court for the District of Nebraska; the U.S. District Court for the District of New Hampshire; the U.S. District Court for the District of Northern Illinois; the U.S. District Court for the Eastern District of North Carolina; the Montana Second Judicial District Court, Silver Bow County; the U.S. District Court for the Northern District of California; the Superior Court, North Carolina; the U.S. Bankruptcy Court for the Southern District of West Virginia; and the U. S. District Court for the Eastern District of Michigan.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I have been asked by the North Carolina Rate Bureau to make an independent appraisal of the aggregate cost of equity capital for the companies writing homeowners insurance in North Carolina and to recommend a rate of return on equity that is fair, that allows those companies in the aggregate to attract and retain capital on reasonable terms, that is commensurate with returns on investments of comparable risk, and that maintains the financial integrity of those companies in the aggregate.

Q. WHAT DO YOU MEAN BY THE PHRASE “COST OF EQUITY CAPITAL?”

A. A firm's cost of equity capital is the rate of return expectation that is required in the marketplace on equity investments of comparable risk. If an investor does not expect to earn a return on an equity investment in a firm that is at least as large as the return the investor could expect to earn on other investments of comparable risk, then the investor will not invest in that firm’s shares. Thus, a firm’s cost of equity capital is also the rate of return expectation that is required in the marketplace in order to induce equity investors to purchase shares in that firm.

Q. IS THE COST OF EQUITY CAPITAL THE SAME AS THE RETURN ON EQUITY?

A. No. The cost of equity capital is a market-based concept that reflects investors' future expectations, while the return on equity is an accounting concept that measures results of past performance. The return on equity is equal to income available for common equity divided by the book value of common equity.

Q. HAVE YOU FORMED AN OPINION REGARDING THE COST OF EQUITY CAPITAL FOR THE AVERAGE COMPANY WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. Yes.

Q. WHAT IS YOUR OPINION IN THAT REGARD?

A. The cost of equity capital for such a company is in the range 8.7 percent to 13.4 percent.

Q. WHAT ECONOMIC PRINCIPLES DID YOU CONSIDER IN ARRIVING AT THAT OPINION?

A. There are two primary economic principles relevant to my appraisal of the cost of equity capital. The first, relating to the demand for capital, states that a firm should continue to invest in its business only so long as the return on its investment is greater than or equal to its cost of capital. In the context of a regulated firm, this principle suggests that the regulatory agency should establish revenue levels which will offer the firm an opportunity to earn a return on its investment that is at least equal to its cost of capital.

The second principle, relating to the supply of capital, states that rational investors are maximizing their total return on capital only if the returns they expect to receive on investments of comparable risk are equal. If these returns are not equal, rational investors will reduce or completely eliminate investments in those activities yielding lower expected returns for a given level of risk and will increase investments in those activities yielding higher expected returns. The second principle implies that regulated firms will be unable to obtain the capital required to expand service on reasonable terms unless they are able to provide investors returns equal to those expected on investments of comparable risk.

Q. DO THESE ECONOMIC PRINCIPLES APPLY TO THE SETTING OF INSURANCE RATES?

A. Yes. These are general economic principles that apply to investing in any business activity, including insurance.

Q. HOW DID YOU GO ABOUT DETERMINING THE COST OF EQUITY CAPITAL FOR THE AVERAGE COMPANY WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. I used two generally accepted methods to estimate the cost of equity: (i) the Discounted Cash Flow (DCF) Model, and (ii) the Risk Premium Approach.

Q. PLEASE DESCRIBE THE DCF MODEL.

A. The DCF Model suggests that investors value an asset on the basis of the future cash flows they expect to receive from owning the asset. Thus, investors value an investment in a bond because they expect to receive a sequence of semi-annual coupon payments over the life of the bond and a terminal payment equal to the bond's face value at the time the bond matures. Likewise, investors value an investment in a firm's stock because they expect to receive a sequence of dividend payments and, perhaps, expect to sell the stock at a higher price sometime in the future.

A second fundamental principle of the DCF approach is that investors value a dollar received in the future less than a dollar received today. This is because, if they had the dollar today, they could invest it in an interest earning account and increase their wealth. This principle is called the time value of money.

Applying the two fundamental DCF principles noted above to an investment in a bond suggests that investors should value their investment in the bond on the basis of the present value of the bond's future cash flows. Thus, the price of the bond should be equal to:

Equation 1

$$P_B = \frac{C}{(1 + i)} + \frac{C}{(1 + i)^2} + \ldots + \frac{C + F}{(1 + i)^n}$$

where:

P_B	=	Bond price;
C	=	Cash value of the coupon payment (assumed for notational convenience to occur annually rather than semi-annually);
F	=	Face value of the bond;
I	=	The rate of interest the investor could earn by investing his money in an alternative bond of equal risk; and
n	=	The number of periods before the bond matures.

Applying these same principles to an investment in a firm's stock suggests that the price of the stock should be equal to:

Equation 2

$$P_S = \frac{D_1}{(1 + k)} + \frac{D_2}{(1 + k)^2} + \ldots + \frac{D_n + P_n}{(1 + k)^n}$$

where:

P_S	=	Current price of the firm's stock;
$D_1, D_2 ... D_n$	=	Expected annual dividend per share on the firm's stock;
P_n	=	Price per share of stock at the time the investor expects to sell the stock; and
k	=	Return the investor expects to earn on alternative investments of the same risk, i.e., the investor's required rate of return.

Equation (2) is frequently called the Annual Discounted Cash Flow (DCF) Model of stock valuation.

Q. HOW DO YOU USE THE DCF MODEL TO DETERMINE THE COST OF EQUITY CAPITAL?

A. The “k” in the equation is the cost of equity capital. We make certain simplifying assumptions regarding the other factors in the equation and then mathematically solve for “k.”

Q. WHAT ARE THE ASSUMPTIONS YOU MAKE?

A. Most analysts make three simplifying assumptions. First, they assume that dividends are expected to grow at the constant rate (“g”) into the indefinite future. Second, they assume that the stock price at time “n” is simply the present value of all dividends expected in periods subsequent to “n.” Third, they assume that the investors' required rate of return, “k,” exceeds the expected dividend growth rate, “g.”

Q. DOES THE ANNUAL DCF MODEL OF STOCK VALUATION PRODUCE APPROPRIATE ESTIMATES OF A FIRM'S COST OF EQUITY CAPITAL?

A. No. The Annual DCF Model of stock valuation produces appropriate estimates of a firm's cost of equity capital only if the firm pays dividends just once a year. Since most firms pay dividends quarterly, the Annual DCF Model produces downwardly biased estimates of the cost of equity. Investors can expect to earn a higher annual effective return on an investment in a firm that pays quarterly dividends than in one which pays the same amount of dollar dividends once at the end of each year. A complete analysis of the implications of the quarterly payment of dividends on the DCF Model is provided in Exhibit RB-10. For the reasons cited there, I employed the Quarterly DCF Model throughout my calculations.

Q. PLEASE DESCRIBE THE QUARTERLY DCF MODEL YOU USED.

A. The Quarterly DCF Model I used is described by Equation 10 on page 11 in Exhibit RB-10. This equation shows that the cost of equity is: the sum of the dividend yield and the growth rate, where the dividend in the dividend yield is the equivalent dividend at the end of the year, and the growth rate is the expected growth in dividends or earnings per share.

Q. HOW DO YOU APPLY THE DCF APPROACH TO OBTAIN THE COST OF EQUITY CAPITAL FOR THE COMPANIES WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. I apply the DCF approach to two groups of companies: Value Line’s group of property/casualty insurance companies and the S&P 500.

Q. WHY DO YOU APPLY THE DCF APPROACH TO THE S&P 500 AS WELL AS TO VALUE LINE’S PROPERTY/CASUALTY INSURANCE COMPANIES?

A. As I noted previously, the cost of equity is defined as the rate of return investors expect to earn on investments in other companies of comparable risk. I apply the DCF approach to the S&P 500 because they are a large group of companies that, on average, are typically viewed as being comparable in risk to the property/casualty insurance industry. The use of a larger set of comparable risk companies should provide an accurate estimate of the cost of equity for the companies writing homeowners insurance in North Carolina.

Q. DO YOU INCLUDE ALL THE VALUE LINE PROPERTY/CASUALTY INSURANCE COMPANIES?

A. No. Among the Value Line property/casualty insurance companies, I delete any firm which has recently lowered its dividend and which has fewer than three five-year earnings forecasts available from I/B/E/S (formerly known as the Institutional Brokers Estimate System, now part of Thomson Reuters). The Value Line property/casualty companies I use are shown in Exhibit RB-8.[1]

Q. WHAT CRITERIA DO YOU USE TO SELECT COMPANIES IN THE S&P 500?

A. I include those firms which pay dividends and which have at least three five-year earnings forecasts available from I/B/E/S. I exclude the insurance companies in the S&P 500, as identified by I/B/E/S Thomson Reuters, because I have already calculated DCF results for the Value Line property/casualty insurance companies. The S&P 500 companies I use are shown in Exhibit RB-9.

Q. WHY DO YOU ELIMINATE ANY COMPANY WHICH HAD RECENTLY LOWERED ITS DIVIDEND OR WHICH FAILS TO PAY DIVIDENDS?

A. I eliminate those companies because it is difficult to make a reliable estimate of the future dividend growth rate for

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[1] At this time, my selection criteria produce a group of only six Value Line property/casualty insurance companies. Therefore, I also report DCF results for four additional companies that have at least two I/B/E/S analysts' five-year earnings growth forecasts, including American Financial Group, W. R. Berkley, Erie Indemnity Co., and HCC Insurance Holdings.

companies that have recently lowered their dividends or do not pay dividends. If a company has recently lowered its dividend, investors do not know whether the company will again lower its dividend in the future, or whether the company will attempt to increase its dividend back toward its previous level. If a company does not pay a dividend, one cannot mathematically apply the DCF approach.

Q. HOW DO YOU ESTIMATE THE GROWTH COMPONENT OF THE QUARTERLY DCF MODEL?

A. I use the average of analysts' estimates of future earnings per share (EPS) growth reported by I/B/E/S. As part of their research, financial analysts working at Wall Street firms periodically estimate EPS growth for each firm they follow. The EPS forecasts for each firm are then published. The forecasts are used by investors who are contemplating purchasing or selling shares in individual companies.

Q. WHAT IS I/B/E/S?

A. I/B/E/S is a collection of analysts' forecasts for a broad group of companies expressed in terms of a mean forecast and a standard deviation of forecast for each firm. The mean forecast is used by investors as an estimate of future firm performance.

Q. WHY DO YOU USE THE I/B/E/S GROWTH ESTIMATES?

A. The I/B/E/S growth rates (1) are widely circulated in the financial community, (2) include the projections of a large number of reputable financial analysts who develop estimates of future growth, (3) are reported on a timely basis to investors, and (4) are widely used by institutional and other investors. For these reasons, I believe these estimates represent unbiased estimates of investors' expectations of each firm's long-term growth prospects and, accordingly, are incorporated by investors into their return requirements. Consequently, in my opinion, they provide the best available estimate of investors' long-term growth expectations.

Q. WHY DO YOU RELY EXCLUSIVELY ON ANALYSTS' PROJECTIONS OF FUTURE EPS GROWTH IN ESTIMATING THE INVESTORS' EXPECTED GROWTH RATE RATHER THAN LOOKING AT PAST HISTORICAL GROWTH RATES?

A. There is considerable empirical evidence that analysts' forecasts are more highly correlated with stock prices than are firms’ historical growth rates, and, thus, that investors actually use these forecasts.

Q. HAVE YOU PERFORMED ANY STUDIES CONCERNING THE USE OF ANALYSTS' FORECASTS AS THE BEST ESTIMATE OF INVESTORS' EXPECTED GROWTH RATE, G?

A. Yes, I prepared a study in conjunction with Willard T. Carleton, Professor of Finance Emeritus at the University of Arizona, on why analysts' forecasts provide the best estimate of investors' expectations of future long-term growth. This study is described in a paper entitled "Investor Growth Expectations: Analysts vs. History," published in *The Journal of Portfolio Management*.

Q. PLEASE SUMMARIZE THE RESULTS OF YOUR STUDY.

A. First, we performed a correlation analysis to identify the historically-oriented growth rates which best described a firm's stock price. Then we did a regression study comparing the historical growth rates with the consensus analysts' forecasts. In every case, the regression equations containing the average of analysts' forecasts statistically outperformed the regression equations containing the historical growth estimates. These results are consistent with those found by Cragg and Malkiel, the early major research in this area. These results are also consistent with the hypothesis that investors use analysts' forecasts, rather than historically-oriented growth calculations, in making buy and sell decisions. They provide overwhelming evidence that the analysts' forecasts of future growth are superior to historically-oriented growth measures in predicting a firm's stock price.

Q. WHAT PRICE DO YOU USE IN YOUR DCF MODEL?

A. I use a simple average of the monthly high and low stock prices for each firm for the three-month period, March, April, and May 2012. These high and low stock prices are obtained from Thomson Reuters.

Q. WHY DO YOU USE THE THREE-MONTH AVERAGE STOCK PRICE, P_0, IN APPLYING THE DCF METHOD?

A. I use a three-month average stock price in applying the DCF method because stock prices fluctuate daily, while financial analysts' forecasts for a given company are generally changed less frequently, often on a quarterly basis. Thus, to match the stock price with an earnings forecast, it is appropriate to average stock prices over a three-month period.

Q. PLEASE EXPLAIN YOUR INCLUSION OF FLOTATION COSTS.

A. All firms that have sold securities in the capital markets have incurred some level of flotation costs, including underwriters' commissions, legal fees, printing expense, etc. These costs are paid from the proceeds of the stock sale and must be recovered over the life of the equity issue. Costs vary depending upon the size of the issue, the type of registration method used and other factors, but in general these costs range between four percent and five percent of the proceeds from the issue. In addition to these costs, for large equity issues there is likely to be a decline in price associated with the sale of shares to the public. On average, the decline due to market pressure has been estimated at two percent to three percent.

These cost ranges have been developed and confirmed in a number of generally accepted studies. I believe a combined five percent allowance for flotation costs and market pressure is a conservative estimate that can be used in applying the DCF Model in this proceeding.

Q. PLEASE SUMMARIZE THE RESULTS OF YOUR APPLICATION OF THE DCF METHOD TO THE PROPERTY/CASUALTY INSURANCE COMPANIES AND THE S&P 500.

A. As shown in Exhibits RB-8 and RB-9, the average DCF cost of equity capital for my group of Value Line property/casualty companies is 11.4 percent; and for the S&P 500 companies, 13.4 percent.

Q. WHAT CONCLUSION DO YOU REACH FROM YOUR DCF ANALYSIS ABOUT THE COST OF EQUITY CAPITAL FOR COMPANIES WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. On the basis of my DCF analysis, I would conclude that for companies writing homeowners insurance in North Carolina the cost of equity is in the range 11.4 percent to 13.4 percent.

Q. YOU NOTE THAT THE SECOND METHOD YOU USE TO ESTIMATE THE COST OF EQUITY CAPITAL FOR COMPANIES WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA IS A RISK PREMIUM APPROACH. PLEASE DESCRIBE THAT APPROACH.

A. I perform a study of the comparable returns received by bond and stock investors over the last eighty-six years. I estimate the returns on stock and bond portfolios, using stock price and dividend yield data on the S&P 500 stock portfolio and bond yield data on Moody's A–rated utility bonds.

My study consists of analyzing the historically achieved returns on broadly based stock and bond portfolios going back to 1926. For stocks, I use the S&P 500 stock portfolio; and for bonds, I use Moody's A-rated utility bonds. The resulting annual returns on the stock and bond portfolios purchased in each year from 1926 through 2011 are shown on Exhibit RB-11. The difference between the stock return and the bond return over that period of time on an arithmetic average basis is 4.4 percentage points.

Q. WHAT CONCLUSIONS DO YOU DRAW FROM YOUR RISK PREMIUM ANALYSES?

A. My own studies, combined with my analysis of other studies, provide strong evidence for the belief that investors today require an equity return of approximately 4.4 percentage points above the expected yield on A-rated long-term debt issues.

Interest rates on Moody's seasoned A-rated utility bonds during the three months March through May 2012 range from 4.2 percent to 4.5 percent. On the basis of this information and my knowledge of bond market conditions, I conclude that the long-term yield on A-rated utility bonds is approximately 4.4 percent. Adding a 4.4 percentage point risk premium to the 4.4 percent expected yield on A-rated utility bonds, I obtain an expected return on equity of 8.7 percent[2].

Q. ARE THERE REASONS TO BELIEVE THAT THE RESULT OF YOUR EX POST RISK PREMIUM ANALYSIS MAY UNDERESTIMATE THE COST OF EQUITY AT THIS TIME?

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2 Apparent discrepancy due to rounding.

A. Yes. The ex post risk premium model may produce an unrealistically low result because the model result is highly sensitive to the estimate of the bond yield. At this time, bond yields are unusually low, reflecting policy decisions of the U.S. government and the U.S. Federal Reserve Bank to keep interest rates low in order to stimulate the economy. Since the ex post risk premium cost of equity result is the sum of the risk premium and the bond yield, the use of an unusually low bond yield in the model may cause the ex post risk premium model result to underestimate the cost of equity. Because the cost of equity is a forward-looking concept, it would be reasonable to apply the ex post risk premium model using a forecast of the expected bond yield, rather than a recent bond yield. Because bond yields are expected to increase over the next several years, the use of a forecasted bond yield would produce a significantly higher ex post risk premium estimate of the cost of equity. Thus, I consider my ex post risk premium model result to be conservative.

Q. BASED ON YOUR ANALYSES, WHAT IS YOUR OPINION AS TO THE COST OF CAPITAL FOR THE AVERAGE INSURANCE COMPANY WRITING HOMEOWNERS INSURANCE IN NORTH CAROLINA?

A. Based on my review and studies, I believe that a conservative estimate of the cost of common equity capital for the average insurance company writing homeowners insurance in North Carolina is in the range 8.7 percent to 13.4 percent.

SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS FOR PROPERTY/CASUALTY INSURANCE COMPANIES

LINE NO.	COMPANY	D_0	P_0	GROWTH	COST OF EQUITY	NO. OF I/B/E/S ESTIMATES
1	ACE Limited	0.470	73.797	5.73%	8.3%	3
2	Allstate Corp.	0.220	32.917	9.00%	12.1%	5
3	Amer. Financial Group	0.175	38.490	8.00%	10.1%	2
4	Berkley (W.R.)	0.080	37.071	9.50%	10.5%	2
5	Chubb Corp.	0.410	70.585	8.88%	11.6%	5
6	Erie Indemnity Co.	0.553	74.827	8.50%	11.9%	2
7	HCC Insurance Hldgs.	0.155	31.323	8.50%	10.8%	2
8	RLI Corp.	0.320	69.533	10.00%	12.1%	3
9	Travelers Cos.	0.410	60.928	10.68%	14.0%	5
10	XL Group plc	0.110	21.272	10.00%	12.5%	3
11	Ave., Cos. with 3 I/B/E/S				11.8%	
12	Average				11.4%	

Notes:

d_0	=	Latest quarterly dividend.
d_1, d_2, d_3, d_4,	=	Expected next four quarterly dividends, calculated by multiplying the last four quarterly dividends by the factor (1 + g).
P_0	=	Average of the monthly high and low stock prices during the three months ending May 2012 per Thomson Reuters.
FC	=	Flotation costs.
g	=	I/B/E/S forecast of future earnings growth May 2012.
k	=	Cost of equity using the quarterly version of the DCF Model and a five percent allowance for flotation costs and market pressure (selling costs) as shown by the formula below:

$$k = \frac{d_1(1+k)^{.75} + d_2(1+k)^{.50} + d_3(1+k)^{.25} + d_4}{P_0(1 - FC)} + g$$

SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS FOR S&P 500 COMPANIES

LINE NO.	COMPANY	P_0	D_0	GROWTH	COST OF EQUITY
1	3M	86.99	2.36	10.50%	13.7%
2	ABBOTT LABORATORIES	60.54	2.04	8.48%	12.4%
3	ACCENTURE	62.37	1.35	10.13%	12.7%
4	AETNA	45.69	0.70	10.41%	12.2%
5	AGILENT TECHS.	42.36	0.40	12.94%	14.1%
6	AGL RESOURCES	38.82	1.84	3.57%	8.8%
7	ALCOA	9.68	0.12	13.11%	14.6%
8	ALLERGAN	93.15	0.20	14.40%	14.7%
9	ALTERA	36.44	0.32	11.40%	12.4%
10	ALTRIA GROUP	31.30	1.64	6.03%	12.0%
11	AMER.ELEC.PWR.	38.18	1.88	3.53%	9.0%
12	AMERICAN EXPRESS	57.35	0.80	10.54%	12.2%
13	AMERICAN TOWER	64.18	0.84	17.68%	19.3%
14	AMERISOURCEBERGEN	37.51	0.52	12.82%	14.5%
15	AMGEN	68.56	1.44	10.29%	12.7%
16	ANALOG DEVICES	38.18	1.20	8.67%	12.3%
17	APACHE	96.04	0.68	8.93%	9.7%
18	AT&T	31.98	1.76	9.59%	16.1%
19	AUTOMATIC DATA PROC.	54.50	1.58	9.61%	13.0%
20	BALL	41.31	0.40	10.88%	12.0%
21	BANK OF NEW YORK MELLON	22.92	0.52	11.65%	14.3%
22	BAXTER INTL.	56.40	1.34	7.98%	10.7%
23	BB&T	30.84	0.64	13.15%	15.6%
24	BEAM	57.21	0.82	11.57%	13.3%
25	BECTON DICKINSON	76.26	1.80	7.17%	9.9%
26	BEMIS	31.82	1.00	7.42%	11.0%
27	BEST BUY	22.78	0.64	5.68%	8.8%
28	BLACKROCK	191.24	6.00	12.23%	16.0%
29	BOEING	73.84	1.76	11.02%	13.8%
30	BROADCOM 'A'	35.82	0.40	14.72%	16.1%
31	C R BARD	97.61	0.76	7.92%	8.8%
32	CA	26.66	1.00	10.33%	14.8%
33	CABLEVISION SYS.	13.86	0.60	13.93%	19.2%
34	CAPITAL ONE FINL.	53.47	0.20	8.67%	9.1%
35	CARDINAL HEALTH	41.97	0.95	11.48%	14.2%
36	CARNIVAL	31.54	1.00	10.40%	14.1%
37	CBS 'B'	32.24	0.40	13.90%	15.4%
38	CENTERPOINT EN.	19.63	0.81	4.18%	8.8%
39	CF INDUSTRIES HDG.	182.57	1.60	9.80%	10.8%
40	CH ROBINSON WWD.	62.84	1.32	14.65%	17.2%
41	CHARLES SCHWAB	13.97	0.24	14.04%	16.1%

LINE NO.	COMPANY	P_0	D_0	GROWTH	COST OF EQUITY
42	CHEVRON	105.32	3.60	5.15%	9.0%
43	CIGNA	46.32	0.04	11.08%	11.2%
44	CINTAS	38.56	0.54	12.64%	14.3%
45	CISCO SYSTEMS	19.59	0.32	8.71%	10.6%
46	CITIGROUP	33.24	0.04	9.67%	9.8%
47	CLOROX	68.74	2.56	10.13%	14.5%
48	CME GROUP	275.16	8.92	10.24%	14.1%
49	CMS ENERGY	22.25	0.96	5.96%	10.9%
50	COACH	73.69	1.20	16.13%	18.1%
51	COCA COLA	73.96	2.04	7.80%	11.0%
52	COCA COLA ENTS.	28.49	0.64	8.06%	10.6%
53	COLGATE-PALM.	97.63	2.48	8.37%	11.3%
54	COMCAST 'A'	29.52	0.65	14.84%	17.5%
55	COMERICA	31.23	0.60	16.71%	19.1%
56	CONAGRA FOODS	26.01	0.96	6.37%	10.6%
57	CONSOL EN.	32.89	0.50	13.43%	15.3%
58	COOPER INDUSTRIES	62.57	1.24	12.20%	14.6%
59	COSTCO WHOLESALE	87.60	1.10	12.69%	14.2%
60	COVENTRY HEALTH CARE	31.82	0.50	7.25%	9.0%
61	COVIDIEN	53.53	0.90	9.83%	11.8%
62	CSX	21.66	0.56	13.59%	16.7%
63	CUMMINS	114.61	1.60	12.82%	14.5%
64	CVS CAREMARK	44.78	0.65	11.66%	13.4%
65	DANAHER	53.84	0.10	14.26%	14.5%
66	DARDEN RESTAURANTS	51.36	1.72	12.13%	16.1%
67	DEERE	79.58	1.84	11.66%	14.4%
68	DENTSPLY INTL.	39.25	0.22	10.62%	11.3%
69	DIAMOND OFFS.DRL.	66.53	0.50	10.25%	11.1%
70	DISCOVER FINANCIAL SVS.	32.74	0.40	10.50%	11.9%
71	DOMINION RES.	51.34	2.11	5.40%	10.0%
72	DOVER	61.18	1.26	9.83%	12.2%
73	DOW CHEMICAL	33.26	1.28	10.85%	15.4%
74	DR PEPPER SNAPPLE GROUP	39.76	1.36	6.50%	10.4%
75	DTE ENERGY	55.49	2.35	4.29%	9.0%
76	DUN & BRADSTREET DEL.	78.86	1.52	10.47%	12.7%
77	E I DU PONT DE NEMOURS	51.73	1.72	8.64%	12.5%
78	EASTMAN CHEMICAL	51.48	1.04	7.67%	10.0%
79	EATON	47.85	1.52	8.94%	12.6%
80	ECOLAB	62.16	0.80	14.97%	16.5%
81	EMERSON ELECTRIC	49.97	1.60	11.32%	15.1%
82	EQUIFAX	44.38	0.72	13.90%	15.9%
83	ESTEE LAUDER COS.'A'	61.14	0.52	14.27%	15.3%
84	EXPEDIA	38.06	0.36	10.61%	11.7%
85	EXPEDITOR INTL.OF WASH.	42.67	0.56	9.83%	11.4%
86	EXXON MOBIL	84.46	2.28	9.26%	12.4%

LINE NO.	COMPANY	P_0	D_0	GROWTH	COST OF EQUITY
87	FAMILY DOLLAR STORES	64.00	0.84	14.70%	16.3%
88	FEDEX	90.04	0.52	15.28%	16.0%
89	FIDELITY NAT.INFO.SVS.	32.65	0.80	12.21%	15.1%
90	FIRST HORIZON NATIONAL	9.56	0.04	10.99%	11.5%
91	FLUOR	57.58	0.64	10.93%	12.2%
92	FMC	51.97	0.18	14.30%	14.7%
93	FORD MOTOR	11.74	0.20	8.73%	10.7%
94	FRANKLIN RESOURCES	120.12	1.08	9.64%	10.7%
95	FRONTIER COMMUNICATIONS	4.02	0.40	3.00%	14.2%
96	GAMESTOP 'A'	22.09	0.60	7.90%	11.0%
97	GANNETT	14.30	0.80	5.65%	12.0%
98	GAP	26.65	0.50	10.00%	12.2%
99	GENERAL DYNAMICS	69.55	2.04	7.40%	10.8%
100	GENERAL ELECTRIC	19.40	0.68	12.67%	16.9%
101	GENERAL MILLS	38.96	1.22	7.15%	10.7%
102	GOLDMAN SACHS GP.	114.60	1.84	12.32%	14.2%
103	GOODRICH	125.31	1.16	14.98%	16.1%
104	HASBRO	35.69	1.44	7.40%	12.0%
105	HOME DEPOT	49.59	1.16	14.70%	17.6%
106	HONEYWELL INTL.	58.93	1.49	13.52%	16.6%
107	HUMANA	84.85	1.04	9.24%	10.7%
108	ILLINOIS TOOL WORKS	55.99	1.44	10.88%	13.9%
109	INGERSOLL-RAND	41.07	0.64	12.52%	14.4%
110	INTEL	27.48	0.84	11.80%	15.4%
111	INTERNATIONAL BUS.MCHS.	202.39	3.40	10.58%	12.5%
112	INTERPUBLIC GP.	11.31	0.24	16.12%	18.7%
113	INTL.GAME TECH.	15.73	0.24	13.78%	15.6%
114	INTL.PAPER	33.41	1.05	6.87%	10.5%
115	INTUIT	57.81	0.60	15.10%	16.4%
116	INVESCO	24.56	0.69	13.42%	16.8%
117	IRON MNT.	29.81	1.00	12.36%	16.4%
118	J M SMUCKER	78.54	1.92	7.02%	9.8%
119	JOHNSON & JOHNSON	64.47	2.44	5.87%	10.2%
120	JP MORGAN CHASE & CO.	41.71	1.20	7.17%	10.5%
121	KELLOGG	51.62	1.72	8.50%	12.4%
122	KEYCORP	8.05	0.20	8.32%	11.2%
123	KIMBERLY-CLARK	76.00	2.96	8.03%	12.5%
124	KLA TENCOR	51.00	1.40	11.25%	14.5%
125	KOHL'S	49.56	1.28	13.33%	16.4%
126	KRAFT FOODS	38.52	1.16	9.63%	13.1%
127	KROGER	23.55	0.46	10.61%	12.9%
128	LEGG MASON	26.47	0.44	17.25%	19.3%
129	LIMITED BRANDS	48.14	1.00	12.23%	14.7%
130	LOCKHEED MARTIN	88.49	4.00	6.05%	11.2%
131	LORILLARD	129.99	6.20	10.23%	15.9%

LINE NO.	COMPANY	P_0	D_0	GROWTH	COST OF EQUITY
132	LOWE'S COMPANIES	29.91	0.64	15.09%	17.7%
133	M&T BK.	84.28	2.80	8.87%	12.7%
134	MACY'S	39.13	0.80	12.93%	15.4%
135	MARATHON OIL	30.21	0.68	6.20%	8.7%
136	MATTEL	32.76	1.24	8.48%	12.9%
137	MCDONALDS	96.08	2.80	9.91%	13.3%
138	MEAD JOHNSON NUTRITION	82.64	1.20	11.86%	13.6%
139	MERCK & CO.	38.28	1.68	3.77%	8.6%
140	MICROCHIP TECH.	35.08	1.40	11.13%	15.9%
141	MICROSOFT	31.42	0.80	7.91%	10.8%
142	MOLEX	26.63	0.88	8.60%	12.4%
143	MONSANTO	77.35	1.20	11.32%	13.1%
144	MOODY'S	40.02	0.64	12.47%	14.4%
145	MORGAN STANLEY	17.60	0.20	16.23%	17.6%
146	MOTOROLA SOLUTIONS	50.18	0.88	16.04%	18.2%
147	MURPHY OIL	55.11	1.10	13.75%	16.2%
148	NASDAQ OMX GROUP	24.92	0.52	9.85%	12.3%
149	NEXTERA ENERGY	62.51	2.40	5.38%	9.7%
150	NIKE 'B'	109.34	1.44	13.03%	14.6%
151	NISOURCE	24.39	0.96	9.63%	14.2%
152	NOBLE	37.05	0.56	11.23%	13.0%
153	NORDSTROM	53.88	1.08	11.30%	13.7%
154	NORFOLK SOUTHERN	68.62	1.88	14.50%	17.8%
155	NORTHEAST UTILITIES	36.39	1.37	6.06%	10.3%
156	NORTHERN TRUST	45.86	1.20	14.33%	17.5%
157	NUCOR	40.46	1.46	9.38%	13.6%
158	NYSE EURONEXT	27.56	1.20	11.00%	16.2%
159	OCCIDENTAL PTL.	92.31	2.16	8.44%	11.1%
160	OMNICOM GP.	49.62	1.20	9.29%	12.1%
161	ONEOK	83.40	2.44	11.69%	15.2%
162	ORACLE	28.76	0.24	11.81%	12.8%
163	PATTERSON COMPANIES	32.63	0.56	10.90%	12.9%
164	PAYCHEX	30.96	1.28	9.92%	14.8%
165	PEABODY ENERGY	29.49	0.34	10.23%	11.6%
166	PERKINELMER	26.88	0.28	11.60%	12.8%
167	PERRIGO	103.77	0.32	13.73%	14.1%
168	PHILIP MORRIS INTL.	87.22	3.08	10.47%	14.6%
169	PINNACLE WEST CAP.	47.65	2.10	6.22%	11.2%
170	PNC FINL.SVS.GP.	63.14	1.60	6.32%	9.2%
171	PPG INDUSTRIES	98.29	2.36	13.41%	16.3%
172	PRAXAIR	111.61	2.20	11.31%	13.6%
173	PREC.CASTPARTS	171.01	0.12	13.24%	13.3%
174	PROCTER & GAMBLE	65.36	2.25	7.30%	11.2%
175	PROGRESS ENERGY	53.26	2.48	7.55%	12.9%
176	PUB.SER.ENTER.GP.	30.58	1.42	3.60%	8.8%

LINE NO.	COMPANY	P_0	D_0	GROWTH	COST OF EQUITY
177	QEP RESOURCES	30.03	0.08	17.21%	17.5%
178	QUALCOMM	63.39	1.00	15.48%	17.4%
179	QUEST DIAGNOSTICS	58.79	0.68	11.31%	12.7%
180	R R DONNELLEY & SONS	12.23	1.04	1.17%	10.5%
181	RALPH LAUREN CL.A	168.73	1.60	13.53%	14.7%
182	RAYTHEON 'B'	52.16	2.00	8.70%	13.2%
183	REPUBLIC SVS.'A'	28.60	0.88	12.00%	15.7%
184	REYNOLDS AMERICAN	41.18	2.36	6.97%	13.6%
185	ROBERT HALF INTL.	29.53	0.60	16.75%	19.3%
186	ROCKWELL AUTOMATION	77.69	1.70	12.03%	14.6%
187	ROCKWELL COLLINS	56.00	1.20	9.25%	11.7%
188	ROPER INDS.NEW	98.20	0.55	13.40%	14.1%
189	ROSS STORES	59.09	0.56	13.42%	14.6%
190	RYDER SYSTEM	50.18	1.16	10.27%	13.0%
191	SAFEWAY	20.48	0.70	8.08%	12.0%
192	SAIC	12.34	0.48	6.00%	10.4%
193	SARA LEE	21.36	0.46	11.43%	14.0%
194	SCANA	45.33	1.98	4.63%	9.5%
195	SCRIPPS NETWORKS INTACT. 'A'	49.41	0.48	12.34%	13.5%
196	SEALED AIR	18.78	0.52	8.47%	11.7%
197	SHERWIN-WILLIAMS	114.46	1.56	16.17%	17.8%
198	SIGMA ALDRICH	71.49	0.80	8.46%	9.7%
199	SOUTHERN	45.11	1.96	5.58%	10.5%
200	SPECTRA ENERGY	30.74	1.12	6.33%	10.5%
201	ST.JUDE MEDICAL	40.53	0.92	9.50%	12.1%
202	STAPLES	15.30	0.44	9.82%	13.2%
203	STATE STREET	44.23	0.96	9.91%	12.4%
204	STRYKER	53.71	0.85	10.77%	12.6%
205	SUNTRUST BANKS	23.29	0.20	12.00%	13.0%
206	SYSCO	29.05	1.08	5.70%	9.9%
207	T ROWE PRICE GP.	62.09	1.36	13.64%	16.3%
208	TARGET	57.17	1.20	11.16%	13.6%
209	TE CONNECTIVITY	35.13	0.84	9.91%	12.7%
210	TECO ENERGY	17.63	0.88	4.11%	9.7%
211	THE HERSHEY COMPANY	63.94	1.52	8.46%	11.2%
212	THERMO FISHER SCIENTIFIC	54.75	0.52	12.04%	13.2%
213	TIFFANY & CO	66.55	1.28	11.82%	14.1%
214	TIME WARNER	36.51	1.04	11.66%	15.0%
215	TIME WARNER CABLE	79.36	2.24	15.83%	19.3%
216	TJX COS.	39.94	0.46	12.23%	13.6%
217	TOTAL SYSTEM SERVICES	22.78	0.40	11.30%	13.4%
218	TYCO INTERNATIONAL	54.58	1.00	11.73%	13.9%
219	UNION PACIFIC	110.20	2.40	15.63%	18.3%
220	UNITED PARCEL SER.	77.86	2.28	13.41%	16.9%
221	UNITED TECHNOLOGIES	80.80	1.92	11.86%	14.7%

LINE NO.	COMPANY	P_0	D_0	GROWTH	COST OF EQUITY
222	UNITEDHEALTH GP.	56.54	0.65	10.27%	11.6%
223	US BANCORP	31.08	0.78	9.93%	12.9%
224	V F	147.52	2.88	13.17%	15.5%
225	VALERO ENERGY	24.90	0.60	10.55%	13.4%
226	VERIZON COMMUNICATIONS	39.42	2.00	10.98%	17.0%
227	VIACOM 'B'	47.46	1.10	14.73%	17.6%
228	WAL MART STORES	60.79	1.59	8.30%	11.3%
229	WALGREEN	33.65	0.90	9.29%	12.4%
230	WALT DISNEY	43.34	0.60	12.83%	14.5%
231	WELLPOINT	68.92	1.15	9.71%	11.6%
232	WELLS FARGO & CO	32.74	0.88	11.34%	14.5%
233	WESTERN UNION	17.70	0.40	11.25%	13.9%
234	WHOLE FOODS MARKET	84.67	0.56	18.07%	18.9%
235	WISCONSIN ENERGY	35.76	1.20	5.35%	9.1%
236	WW GRAINGER	207.13	3.20	13.63%	15.5%
237	WYNN RESORTS	124.19	2.00	14.24%	16.2%
238	XCEL ENERGY	26.84	1.08	5.27%	9.8%
239	YUM! BRANDS	70.22	1.14	13.44%	15.4%
240	ZIMMER HDG.	62.43	0.72	9.32%	10.7%
241	ZIONS BANCORP.	20.12	0.04	14.88%	15.1%
242	Average				13.4%

Notes: In applying the DCF Model to the S&P 500, I include in the DCF analysis only those companies in the S&P 500 group which pay a dividend, have a positive growth rate, and have at least three analysts’ long-term growth estimates. In addition, I exclude all companies in the I/B/E/S group of insurance companies. I also eliminate those companies with DCF results that varied from the mean by one standard deviation or more.

Notes:
D_0 = Latest dividend per Thomson Reuters.
d_0 = Latest quarterly dividend.
P_0 = Average of monthly high and low stock prices March, April, and May 2012 per Thomson Reuters.
FC = Selling and flotation costs.
g = I/B/E/S forecast of future earnings growth May 2012.
k = Cost of equity using the quarterly version of the DCF Model and a five percent allowance for flotation costs and market pressure (selling costs) as shown by the formula below:

$$k = \left[\frac{d_0(1+g)^{\frac{1}{4}}}{P_0(1-FC)} + (1+g)^{\frac{1}{4}} \right]^4 - 1$$

THE QUARTERLY DCF MODEL

The simple DCF Model assumes that a firm pays dividends only at the end of each year. Since firms in fact pay dividends quarterly and investors appreciate the time value of money, the annual version of the DCF Model generally underestimates the value investors are willing to place on the firm's expected future dividend stream. In this appendix, we review two alternative formulations of the DCF Model that allow for the quarterly payment of dividends.

When dividends are assumed to be paid annually, the DCF Model suggests that the current price of the firm's stock is given by the expression:

$$P_0 = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \ldots + \frac{D_n + P_n}{(1+k)^n} \quad (1)$$

where

P_0	=	current price per share of the firm's stock,
$D_1, D_2, \ldots, D_n$	=	expected annual dividends per share on the firm's stock,
P_n	=	price per share of stock at the time investors expect to sell the stock, and
k	=	return investors expect to earn on alternative investments of the same risk, i.e., the investors' required rate of return.

Unfortunately, expression (1) is rather difficult to analyze, especially for the purpose of estimating k. Thus, most analysts make a number of simplifying assumptions. First, they assume that dividends are expected to grow at the constant rate g into the indefinite future. Second, they assume that the stock price at time n is simply the present value of all dividends expected in periods subsequent to n. Third, they assume that the investors' required rate of return, k, exceeds the expected dividend growth rate g. Under the above simplifying assumptions, a firm's stock price may be written as the following sum:

$$P_0 = \frac{D_0(1+g)}{(1+k)} + \frac{D_0(1+g)^2}{(1+k)^2} + \frac{D_0(1+g)^3}{(1+k)^3} + \ldots, \qquad \textbf{(2)}$$

where the three dots indicate that the sum continues indefinitely.

As we shall demonstrate shortly, this sum may be simplified to:

$$P_0 = \frac{D_0(1+g)}{(k-g)}$$

First, however, we need to review the very useful concept of a geometric progression.

Geometric Progression

Consider the sequence of numbers 3, 6, 12, 24,…, where each number after the first is obtained by multiplying the preceding number by the factor 2. Obviously, this sequence of numbers may also be expressed as the sequence 3, 3 x 2, 3 x 2^2, 3 x 2^3, … This sequence is an example of a geometric progression.

Definition: A geometric progression is a sequence in which each term after the first is obtained by multiplying some fixed number, called the common ratio, by the preceding term.

A general notation for geometric progressions is: a, the first term, r, the common ratio, and n, the number of terms. Using this notation, any geometric progression may be represented by the sequence:

$$a, ar, ar^2, ar^3, \ldots, ar^{n-1}.$$

In studying the DCF Model, we will find it useful to have an expression for the sum of n terms of a geometric progression. Call this sum S_n. Then

$$S_n = a + ar + \ldots + ar^{n-1} . \qquad (3)$$

However, this expression can be simplified by multiplying both sides of equation (3) by r and then subtracting the new equation from the old. Thus,

$$rS_n = ar + ar^2 + ar^3 + \ldots + ar^n$$

and

$$S_n - rS_n = a - ar^n \quad ,$$

or

$$(1 - r)\, S_n = a\,(1 - r^n) \quad .$$

Solving for S_n, we obtain:

$$S_n = \frac{a(1 - r^n)}{(1 - r)} \tag{4}$$

as a simple expression for the sum of n terms of a geometric progression. Furthermore, if $|r| < 1$, then S_n is finite, and as n approaches infinity, S_n approaches $a \div (1 - r)$. Thus, for a geometric progression with an infinite number of terms and $|r| < 1$, equation (4) becomes:

$$S = \frac{a}{1 - r} \tag{5}$$

Application to DCF Model

Comparing equation (2) with equation (3), we see that the firm's stock price (under the DCF assumption) is the sum of an infinite geometric progression with the first term

$$a = \frac{D_0(1 + g)}{(1 + k)}$$

and common factor

$$r = \frac{(1+g)}{(1+k)}$$

Applying equation (5) for the sum of such a geometric progression, we obtain

$$S = a \bullet \frac{1}{(1-r)} = \frac{D_0(1+g)}{(1+k)} \bullet \frac{1}{1-\frac{1+g}{1+k}} = \frac{D_0(1+g)}{(1+k)} \bullet \frac{1+k}{k-g} = \frac{D_0(1+g)}{k-g}$$

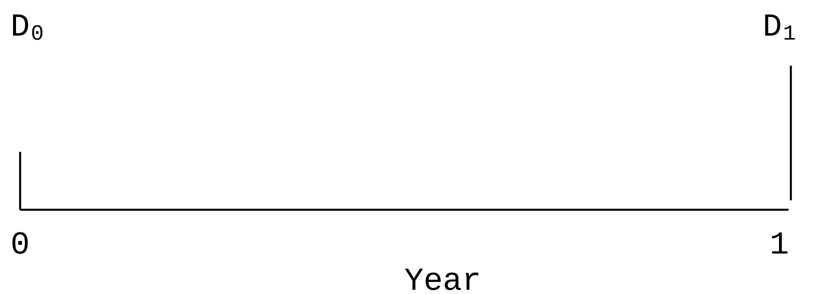
as we suggested earlier.

Quarterly DCF Model

The Annual DCF Model assumes that dividends grow at an annual rate of g% per year (see Figure 1).

Figure 1

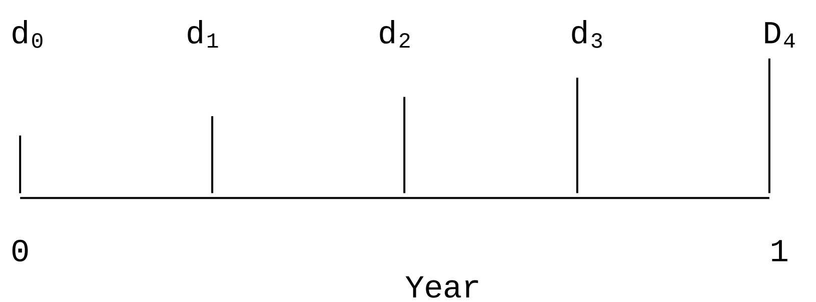
Annual DCF Model



$D_0 = 4d_0$ $\qquad\qquad$ $D_1 = D_0(1 + g)$

Figure 2

Quarterly DCF Model (Constant Growth Version)



$d_1 = d_0(1+g)^{.25}$ $\qquad\qquad$ $d_2 = d_0(1+g)^{.50}$

$d_3 = d_0(1+g)^{.75}$ $\qquad\qquad$ $d_4 = d_0(1+g)$

In the Quarterly DCF Model, it is natural to assume that quarterly dividend payments differ from the preceding quarterly dividend by the factor $(1 + g)^{.25}$, where g is expressed in terms of percent per year and the decimal .25 indicates that the growth has only occurred for one quarter of the year. (See Figure 2.) Using this assumption, along with the assumption of constant growth and ***k*** > ***g***, we obtain a new expression for the firm's stock price, which takes account of the quarterly payment of dividends. This expression is:

$$P_0 = \frac{d_0(1+g)^{\frac{1}{4}}}{(1+k)^{\frac{1}{4}}} + \frac{d_0(1+g)^{\frac{2}{4}}}{(1+k)^{\frac{2}{4}}} + \frac{d_0(1+g)^{\frac{3}{4}}}{(1+k)^{\frac{3}{4}}} + \ldots \qquad \textbf{(6)}$$

where d_0 is the last quarterly dividend payment, rather than the last annual dividend payment. (We use a lower case d to remind the reader that this is not the annual dividend.)

Although equation (6) looks formidable at first glance, it too can be greatly simplified using the formula [equation (4)] for the sum of an infinite geometric progression. As the reader can easily verify, equation (6) can be simplified to:

$$P_0 = \frac{d_0(1+g)^{\frac{1}{4}}}{(1+k)^{\frac{1}{4}} - (1+g)^{\frac{1}{4}}} \qquad \textbf{(7)}$$

Solving equation (7) for ***k***, we obtain a DCF formula for estimating the cost of equity under the quarterly dividend assumption:

$$k = \left[\frac{d_0(1+g)^{\frac{1}{4}}}{P_0} + (1+g)^{\frac{1}{4}} \right]^4 - 1 \qquad \textbf{(8)}$$

An Alternative Quarterly DCF Model

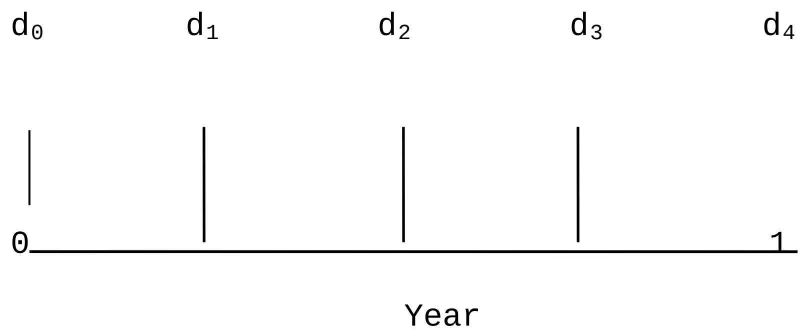
Although the constant growth Quarterly DCF Model [equation (8)] allows for the quarterly timing of dividend payments, it does require the assumption that the firm increases its dividend payments each quarter. Since this assumption is difficult for some analysts to accept, we now discuss a second Quarterly DCF Model that allows for constant quarterly dividend payments within each dividend year.

Assume then that the firm pays dividends quarterly and that each dividend payment is constant for four consecutive quarters. There are four cases to consider, with each case distinguished by varying assumptions about where we are evaluating the firm in relation to the time of its next dividend increase. (See Figure 3.)

Figure 3

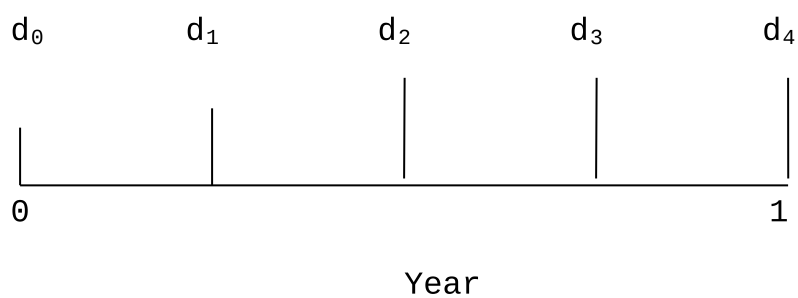
Quarterly DCF Model (Constant Dividend Version)

Case 1



$$d_1 = d_2 = d_3 = d_4 = d_0(1+g)$$

Case 2

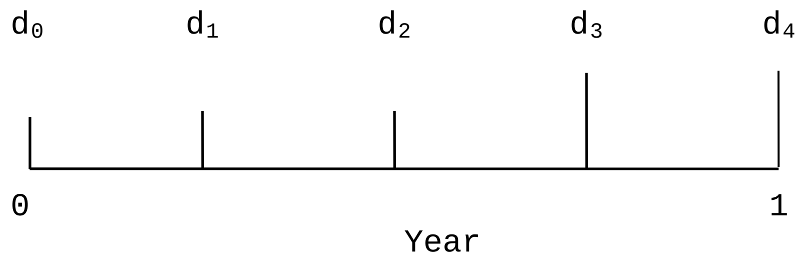


$$d_1 = d_0$$

$$d_2 = d_3 = d_4 = d_0(1+g)$$

Figure 3 (continued)

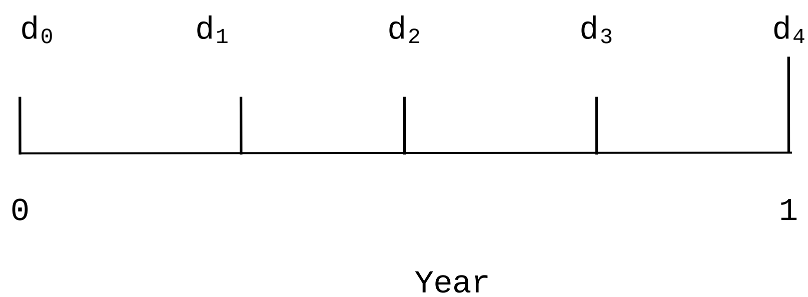
Case 3



$$d_1 = d_2 = d_0$$

$$d_3 = d_4 = d_0(1+g)$$

Case 4



$$d_1 = d_2 = d_3 = d_0$$

$$d_4 = d_0(1+g)$$

If we assume that the investor invests the quarterly dividend in an alternative investment of the same risk, then the amount accumulated by the end of the year will in all cases be given by

$$D_1^* = d_1\ (1+k)^{3/4} + d_2\ (1+k)^{1/2} + d_3\ (1+k)^{1/4} + d_4$$

where d_1, d_2, d_3 and d_4 are the four quarterly dividends. Under these new assumptions, the firm's stock price may be expressed by an Annual DCF Model of the form (2), with the exception that

$$D_1^* = d_1\ (1 + k)^{3/4} + d_2\ (1 + k)^{1/2} + d_3\ (1 + k)^{1/4} + d_4 \qquad \textbf{(9)}$$

is used in place of $D_0(1+g)$. But, we already know that the Annual DCF Model may be reduced to

$$P_0 = \frac{D_0(1+g)}{k-g}$$

Thus, under the assumptions of the second Quarterly DCF Model, the firm's cost of equity is given by

$$k = \frac{D_1^*}{P_0} + g \qquad \textbf{(10)}$$

with D_1^* given by (9).

Although equation (10) looks like the Annual DCF Model, there are at least two very important practical differences. First, since D_1* is always greater than $D_0(1+g)$, the estimates of the cost of equity are always larger (and more accurate) in the Quarterly Model (10) than in the Annual Model. Second, since D_1* depends on k through equation (9), the unknown “k” appears on both sides of (10), and an iterative procedure is required to solve for k.

COMPARATIVE RETURNS ON S&P 500 STOCKS
AND MOODY'S A-RATED UTILITY BONDS 1926-2012

LINE NO.	YEAR	S&P 500 STOCK PRICE	STOCK DIVIDEND YIELD	STOCK RETURN	A-RATED BOND PRICE	BOND RATE OF RETURN	RISK PREMIUM
1	2012	1,300.58	0.0214		$94.36		
2	2011	1,282.62	0.0185	3.25%	$77.36	27.14%	-23.89%
3	2010	1,123.58	0.0203	16.18%	$75.02	8.44%	7.74%
4	2009	865.58	0.0310	32.91%	$68.43	15.48%	17.43%
5	2008	1,378.76	0.0206	-35.16%	$72.25	0.24%	-35.40%
6	2007	1,424.16	0.0181	-1.38%	$72.91	4.59%	-5.97%
7	2006	1,278.72	0.0183	13.20%	$75.25	2.20%	11.01%
8	2005	1,181.41	0.0177	10.01%	$74.91	5.80%	4.21%
9	2004	1,132.52	0.0162	5.94%	$70.87	11.34%	-5.40%
10	2003	895.84	0.0180	28.22%	$62.26	20.27%	7.95%
11	2002	1,140.21	0.0138	-20.05%	$57.44	15.35%	-35.40%
12	2001	1,335.63	0.0116	-13.47%	$56.40	8.93%	-22.40%
13	2000	1,425.59	0.0118	-5.13%	$52.60	14.82%	-19.95%
14	1999	1,248.77	0.0130	15.46%	$63.03	-10.20%	25.66%
15	1998	963.36	0.0162	31.25%	$62.43	7.38%	23.87%
16	1997	766.22	0.0195	27.68%	$56.62	17.32%	10.36%
17	1996	614.42	0.0231	27.02%	$60.91	-0.48%	27.49%
18	1995	465.25	0.0287	34.93%	$50.22	29.26%	5.68%
19	1994	472.99	0.0269	1.05%	$60.01	-9.65%	10.71%
20	1993	435.23	0.0288	11.56%	$53.13	20.48%	-8.93%
21	1992	416.08	0.0290	7.50%	$49.56	15.27%	-7.77%
22	1991	325.49	0.0382	31.65%	$44.84	19.44%	12.21%
23	1990	339.97	0.0341	-0.85%	$45.60	7.11%	-7.96%
24	1989	285.41	0.0364	22.76%	$43.06	15.18%	7.58%
25	1988	250.48	0.0366	17.61%	$40.10	17.36%	0.25%
26	1987	264.51	0.0317	-2.13%	$48.92	-9.84%	7.71%
27	1986	208.19	0.0390	30.95%	$39.98	32.36%	-1.41%
28	1985	171.61	0.0451	25.83%	$32.57	35.05%	-9.22%
29	1984	166.39	0.0427	7.41%	$31.49	16.12%	-8.72%
30	1983	144.27	0.0479	20.12%	$29.41	20.65%	-0.53%
31	1982	117.28	0.0595	28.96%	$24.48	36.48%	-7.51%
32	1981	132.97	0.0480	-7.00%	$29.37	-3.01%	-3.99%
33	1980	110.87	0.0541	25.34%	$34.69	-3.81%	29.16%
34	1979	99.71	0.0533	16.52%	$43.91	-11.89%	28.41%
35	1978	90.25	0.0532	15.80%	$49.09	-2.40%	18.20%
36	1977	103.80	0.0399	-9.06%	$50.95	4.20%	-13.27%
37	1976	96.86	0.0380	10.96%	$43.91	25.13%	-14.17%
38	1975	72.56	0.0507	38.56%	$41.76	14.75%	23.81%
39	1974	96.11	0.0364	-20.86%	$52.54	-12.91%	-7.96%
40	1973	118.40	0.0269	-16.14%	$58.51	-3.37%	-12.77%

COMPARATIVE RETURNS ON S&P 500 STOCKS
AND MOODY'S A-RATED UTILITY BONDS 1926-2012

LINE NO.	YEAR	S&P 500 STOCK PRICE	STOCK DIVIDEND YIELD	STOCK RETURN	A-RATED BOND PRICE	BOND RATE OF RETURN	RISK PREMIUM
41	1972	103.30	0.0296	17.58%	$56.47	10.69%	6.89%
42	1971	93.49	0.0332	13.81%	$53.93	12.13%	1.69%
43	1970	90.31	0.0356	7.08%	$50.46	14.81%	-7.73%
44	1969	102.00	0.0306	-8.40%	$62.43	-12.76%	4.36%
45	1968	95.04	0.0313	10.45%	$66.97	-0.81%	11.26%
46	1967	84.45	0.0351	16.05%	$78.69	-9.81%	25.86%
47	1966	93.32	0.0302	-6.48%	$86.57	-4.48%	-2.00%
48	1965	86.12	0.0299	11.35%	$91.40	-0.91%	12.26%
49	1964	76.45	0.0305	15.70%	$92.01	3.68%	12.02%
50	1963	65.06	0.0331	20.82%	$93.56	2.61%	18.20%
51	1962	69.07	0.0297	-2.84%	$89.60	8.89%	-11.73%
52	1961	59.72	0.0328	18.94%	$89.74	4.29%	14.64%
53	1960	58.03	0.0327	6.18%	$84.36	11.13%	-4.95%
54	1959	55.62	0.0324	7.57%	$91.55	-3.49%	11.06%
55	1958	41.12	0.0448	39.74%	$101.22	-5.60%	45.35%
56	1957	45.43	0.0431	-5.18%	$100.70	4.49%	-9.67%
57	1956	44.15	0.0424	7.14%	$113.00	-7.35%	14.49%
58	1955	35.60	0.0438	28.40%	$116.77	0.20%	28.20%
59	1954	25.46	0.0569	45.52%	$112.79	7.07%	38.45%
60	1953	26.18	0.0545	2.70%	$114.24	2.24%	0.46%
61	1952	24.19	0.0582	14.05%	$113.41	4.26%	9.79%
62	1951	21.21	0.0634	20.39%	$123.44	-4.89%	25.28%
63	1950	16.88	0.0665	32.30%	$125.08	1.89%	30.41%
64	1949	15.36	0.0620	16.10%	$119.82	7.72%	8.37%
65	1948	14.83	0.0571	9.28%	$118.50	4.49%	4.79%
66	1947	15.21	0.0449	1.99%	$126.02	-2.79%	4.79%
67	1946	18.02	0.0356	-12.03%	$126.74	2.59%	-14.63%
68	1945	13.49	0.0460	38.18%	$119.82	9.11%	29.07%
69	1944	11.85	0.0495	18.79%	$119.82	3.34%	15.45%
70	1943	10.09	0.0554	22.98%	$118.50	4.49%	18.49%
71	1942	8.93	0.0788	20.87%	$117.63	4.14%	16.73%
72	1941	10.55	0.0638	-8.98%	$116.34	4.55%	-13.52%
73	1940	12.30	0.0458	-9.65%	$112.39	7.08%	-16.73%
74	1939	12.50	0.0349	1.89%	$105.75	10.05%	-8.16%
75	1938	11.31	0.0784	18.36%	$99.83	9.94%	8.42%
76	1937	17.59	0.0434	-31.36%	$103.18	0.63%	-31.99%
77	1936	13.76	0.0327	31.10%	$96.46	11.12%	19.99%
78	1935	9.26	0.0424	52.84%	$82.23	22.17%	30.66%
79	1934	10.54	0.0336	-8.78%	$66.78	29.13%	-37.91%
80	1933	7.09	0.0542	54.08%	$79.55	-11.03%	65.11%

COMPARATIVE RETURNS ON S&P 500 STOCKS
AND MOODY'S A-RATED UTILITY BONDS 1926-2012

LINE NO.	YEAR	S&P 500 STOCK PRICE	STOCK DIVIDEND YIELD	STOCK RETURN	A-RATED BOND PRICE	BOND RATE OF RETURN	RISK PREMIUM
81	1932	8.30	0.0822	-6.36%	$70.67	18.23%	-24.59%
82	1931	15.98	0.0550	-42.56%	$84.49	-11.63%	-30.93%
83	1930	21.71	0.0438	-22.01%	$81.19	8.99%	-31.00%
84	1929	24.86	0.0336	-9.31%	$83.95	1.48%	-10.79%
85	1928	17.53	0.0431	46.12%	$86.71	1.43%	44.69%
86	1927	13.40	0.0502	35.84%	$83.28	8.92%	26.92%
87	1926	12.65	0.0446	10.39%	$80.81	8.01%	2.38%
88	Average			11.26%		6.87%	4.38%

Note: See Page 4 for an explanation of how stock and bond returns are derived and the source of the data presented.

COMPARATIVE RETURNS ON S&P 500 STOCKS
AND MOODY'S A-RATED UTILITY BONDS 1926-2012

RISK PREMIUM APPROACH

SOURCE OF DATA

Stock price and yield information is obtained from Standard & Poor's Security Price publication. Standard & Poor's derives the stock dividend yield by dividing the aggregate cash dividends (based on the latest known annual rate) by the aggregate market value of the stocks in the group. The bond price information is obtained by calculating the present value of a bond due in thirty years with a $4.00 coupon and a yield to maturity of a particular year's indicated Moody's A-rated Utility bond yield. The values shown on the ex post risk premium schedule are the January values of the respective indices.

CALCULATION OF STOCK AND BOND RETURNS

Sample calculation of "Stock Return" column:

$$\text{Stock Return (2011)} = \left[\frac{\text{Stock Price (2012) - Stock Price (2011) + Dividend (2011)}}{\text{Stock Price (2011)}}\right]$$

where Dividend (2011) = Stock Price (2011) x Stock Div. Yield (2011)

Sample calculation of "Bond Return" column:

$$\text{Bond Return (2011)} = \left[\frac{\text{Bond Price (2012) - Bond Price (2011) + Interest (2011)}}{\text{Bond Price (2011)}}\right]$$

where Interest = $4.00.

Exhibit RB-12

PREFILED TESTIMONY
OF
DAVID APPEL

HOMEOWNERS INSURANCE RATE FILING
BY THE NORTH CAROLINA RATE BUREAU
OCTOBER 2012

I. QUALIFICATIONS AND SUMMARY

Q. Please state your name and present business address.

A. My name is David Appel, and my business address is 1 Pennsylvania Plaza, New York, NY.

Q. What is your occupation?

A. I am Director of Economics Consulting and a Principal with the firm of Milliman, Inc.

Q. What is Milliman, Inc?

A. Milliman (formerly Milliman & Robertson) is one of the nation's largest independently owned firms of actuaries and consultants. The company has more than 2600 employees, and operates offices in over 50 cities in the U.S., Europe, Asia and Latin America. Our clients number in the thousands: they include insurers, self-insured entities, Federal and State Governments, private corporations, non-profit organizations, unions, and many others. I am a Principal with the firm, and I am in charge of its Economics Consulting practice.

Q. Please describe your educational and employment history.

A. A complete statement of my educational, employment and academic credentials is included as Exhibit RB-13 filed with this testimony.

To summarize, I have a B.A. in economics from Brooklyn College, City University of New York, and M.A. and Ph.D. degrees in economics from Rutgers University. Prior to 1980, I was an instructor in economics at Rutgers University. For the following nine years, I was employed by the National Council on Compensation Insurance (NCCI), the nation's largest workers compensation insurance statistical, research and ratemaking organization. I joined NCCI as Research Economist in 1980, and ultimately became Vice President for Research in 1985. In 1989, I joined Milliman, where I founded the economics consulting practice for the firm.

Q. Would you please describe some of your other professional activities?

A. Yes. Throughout my professional career, I have participated in a variety of academic and business activities related to insurance. I have been a member of the Board of Directors of the American Risk and Insurance Association, the leading learned society of insurance academics. I am currently a member of the editorial board of the Journal of Insurance Regulation (the official research publication of the National Association of Insurance Commissioners), as well as the journal Benefits Quarterly. I act as a peer referee for a number of scholarly journals in economics and insurance, and I maintain an active program of research and publication on issues of current interest in insurance economics. In addition, I was, for twelve years, an Adjunct Professor of Economics at Rutgers University.

Q. Have you ever published any papers or books?

A. Yes. I have authored many papers on various aspects of insurance that have been published in refereed books or scholarly journals. In addition, I have published a large number of papers in non-refereed journals as well. I have also co-edited three volumes of research papers dealing with various aspects of workers compensation and property-casualty insurance. My refereed publications are listed in Exhibit RB-13 filed with this testimony.

Q. Are you a member of any professional associations?

A. Yes. I am a member and have served two terms on the Board of Directors of the American Risk and Insurance Association, the leading association of insurance academicians. I am also an elected fellow of the National Academy of Social Insurance, a member of the panel of neutrals of the American Arbitration Association, and a certified arbitrator and umpire of ARIAS, the world's leading insurance and reinsurance arbitration society.

Q. Have you ever testified in insurance rate regulatory proceedings?

A. Yes. I have testified on many occasions in such proceedings, including several occasions in North Carolina in the past several years. A complete list is contained in Exhibit RB-13 filed with this testimony.

Q. What was the general nature of your testimony in these cases?

A. I have addressed a wide variety of insurance issues during public testimony, including such diverse topics as the impact of economic and demographic factors on insurance costs, the effects of regulation on insurance availability, the use of econometric and statistical models in insurance forecasting, and the use of modern financial theory in developing insurance prices. In North Carolina, my testimony has tended to focus on matters relating to the cost of capital and the returns expected from the underwriting profit provisions selected for use in the rates. However, in property rate filings, I have had substantial involvement in issues relating to catastrophe risk and the net cost of reinsurance, hence my testimony has addressed these issues as well.

Q. Have you been retained by the North Carolina Rate Bureau as a consultant in this rate case?

A. Yes. I have been asked to consider the following specific matters in connection with this case:

1. Whether Dr. Vander Weide's analysis provides a reasonable estimate of the cost of capital.

2. Whether other factors – notably interest rate sensitivity and the small firm size typical of homeowners insurers in North Carolina – create additional sources of risk which affect insurers' cost of capital.

3. How the expected costs of reinsurance should be incorporated into the homeowners insurance rates filed by the Rate Bureau and how those costs should be apportioned to regions within the state.

4. How the profits associated with underwriting homeowners insurance in North Carolina should be apportioned to regions within the state.

5. How homeowners insurers in North Carolina should be compensated for bearing the risk to their capital associated with exposure to assessments by the North Carolina Insurance Underwriting Association (commonly called the "Beach Plan") and the FAIR Plan (hereinafter referred to jointly as the "Beach/Fair Plans").

6. The returns insurers would expect to earn from underwriting homeowners insurance in North Carolina, given that the filed underwriting profit provision is realized.

I have performed various studies and analyses on these matters.

Q. Can you please summarize the conclusions you have reached in regard to the matters noted above?

A. Yes. I will summarize them in bullet form here, and then discuss them each more fully later in the testimony.

1. I have reviewed Dr. Vander Weide's cost of capital estimates, which rely on the two most widely recognized models used for this purpose, and find them to be reasonable. However, Dr. Vander Weide's estimates are based on the implicit assumption that insurers present investors with roughly average risk, relative to all possible investment activities. I believe that investors in the property-casualty insurance industry are subject to an above average degree of risk, and therefore I think it would be prudent to view Dr. Vander Weide's estimates as a conservative estimate of the return to which insurers are entitled.

2. I have considered the impact of two other factors on the risk and required return for insurers – interest rate sensitivity and firm size. As regards interest rate sensitivity, because of the high degree of financial leverage and the substantial share of medium and long term bonds in insurer asset portfolios, insurers are particularly subject to interest rate risk that cannot be diversified away. Based on my previous analyses, I have found that investors must be compensated for this risk in the form of an additional risk premium above that required for the average security. As regards firm size, I have on many occasions studied the size distribution of insurers in North Carolina and found that the firms providing insurance coverage in the state tend to be smaller than those used in Dr. Vander Weide's cost of capital analysis. Since there is conclusive evidence that, over the long run, smaller firms have earned higher returns, this finding must be considered evidence that investors expect higher returns from small firms.

   These analyses provide support for my opinion that Dr. Vander Weide's cost of capital estimates should be viewed as a conservative estimate of the return to which insurers are entitled.

3. I have considered the differential risk associated with underwriting homeowners insurance in different regions within North Carolina, and have concluded that the risk due to catastrophe exposure is substantially greater in and around the coastal regions of the state. I have also considered the high cost of catastrophe reinsurance that is regularly purchased by property casualty insurance companies writing homeowners insurance, and have concluded that a provision must be included in the rates to cover the cost of a catastrophe reinsurance program typical of the programs purchased by insurers in hurricane prone regions. Furthermore, I believe that it is appropriate to apportion this provision across regions of the state, proportional to the relative risk by region.

4. Even after the benefits of reinsurance are taken into account, the residual risk of writing homeowners insurance in North Carolina may still differ across regions within the state. As a consequence, I believe that it is appropriate to allocate the

statewide profit built into homeowners rates across regions, proportional to the relative risk by region after consideration of reinsurance.

5. In addition to the risks attendant to the homeowners directly written by insurers in North Carolina, there is substantial additional risk to insurers attributable to the exposures insured in the Beach/Fair Plans. This risk is associated with the potential for assessments that can be imposed on insurers in the state, should the Beach/Fair Plans incur a deficit arising from their insurance operations. Insurers must be compensated for bearing this risk and, to address this situation, I have developed a procedure to incorporate a provision in the rates that compensates insurers in the state for this risk.

6. In order to test the underwriting profit provisions selected and filed by the Rate Bureau, I have estimated the returns insurers would expect to earn from North Carolina homeowners insurance assuming the filed underwriting profit provision is fully earned, and assuming all of the other assumptions embedded in the rate calculations actually materialize. I am aware that North Carolina law provides that insurers are entitled to expect to earn a return equal to the returns of industries of comparable risk, and that in calculating that expected return, investment income from capital and surplus funds is not to be considered. I refer to that operating return as the statutory return. However, as is evident from the attached exhibits, I have estimated insurer pro forma returns both including and excluding expected investment income from capital and surplus. (I refer to the return including investment income on surplus as the total return.) I have done this to demonstrate that, if the filed underwriting profit provisions are actually realized, and even if investment income on surplus is considered, insurer returns will not be excessive. Obviously, if returns are not excessive including investment income from capital and surplus, they will be non-excessive excluding such income.

Based on my calculations, the selected underwriting profit provision generates a statutory return on net worth of 7.6% for homeowners insurance in North Carolina. In addition, the total return on net worth (i.e., including investment income on surplus) is 10.1%. Since these returns, even those that include investment income on surplus funds, are near or below the lower bound of Dr. Vander Weide's range for the fair rate of return, I conclude that the underwriting profit provision is clearly not excessive.

II. COST OF CAPITAL REVIEW

Q. You said your first assignment was to review Dr. Vander Weide's estimate of the cost of capital. Are you familiar with Dr. Vander Weide's approach to estimating the cost of capital in insurance rate cases?

A. Yes. I am aware of the methodology upon which Dr. Vander Weide relies to estimate the cost of capital and have reviewed it on a number of occasions in the course of previous rate cases in North Carolina. Dr. Vander Weide has used the most widely recognized and accepted models for this purpose, namely the Discounted Cash Flow (DCF) model and the risk premium method. These models, when taken together and properly applied to a reasonably selected data set, provide acceptable estimates of the cost of capital for regulated insurers.

Q. What has Dr. Vander Weide concluded with respect to the fair rate of return in this case?

A. Dr. Vander Weide has concluded that the fair rate of return for insurers is in the range of 8.7% to 13.4% on net worth as determined under generally accepted accounting principles (GAAP).

Q. In your opinion, is this an appropriate estimate of the required rate of return?

A. Yes, however as I indicated a moment ago, I believe that Dr. Vander Weide may have been conservative in his calculation of the required rate of return. Dr. Vander Weide has assumed that the property-casualty industry presents investors with average risk. However, based on my studies, I conclude the following:

1. There is evidence that the property casualty industry is considerably above average with respect to the volatility of the returns that it provides to investors. This higher volatility of returns makes the property-casualty industry an investment of above average risk.

2. Since investors require higher returns from smaller firms, and since the firms in Dr. Vander Weide's cost of capital analysis are significantly larger than the average property-casualty insurer in North Carolina, his approach tends to underestimate the true cost of capital for North Carolina homeowners insurers.

III. ADDITIONAL FACTORS AFFECTING RISK

Q. Your comments suggest that Dr. Vander Weide’s cost of capital may be understated for insurers writing insurance in North Carolina. Can you please elaborate on this?

A. Certainly. As mentioned in the summary, I have considered whether other factors not addressed in the standard cost of capital analysis conducted by Dr. Vander Weide might indeed affect the risk and therefore the required return in this case. In fact, there were two such factors – interest rate risk and the small size of firms writing homeowners insurance in the state - that I have been studying for a number of years and which clearly increase the cost of capital, or required return, in this case. Based on analyses I have conducted for previous rate hearings in North Carolina, I have concluded that both these factors create additional risks that require additional compensation above that demanded for the average security. I will discuss these issues briefly below.

Q. You have made reference to the term interest rate risk. Can you please define this term?

A. Yes. Interest rate risk refers to the risk that the value of fixed income investments (such as bonds) will fluctuate with changes in interest rates. This means that there is a risk associated with holding bonds, particularly those with a relatively long term to maturity. While investments in equities are still considerably riskier than investments in long term bonds, as evidenced by the fact that returns to large company stocks have had a much higher mean and standard deviation than returns on long term government bonds over the past 80+ years, bonds investments impose risk as well.

Q. Does interest rate risk affect investments in property-casualty insurance stocks?

A. Yes. Property-casualty insurance companies invest large amounts of funds in bonds issued by both corporations and governmental bodies. The risk that investors face is that when interest rates change, the values of the bonds also change, and hence their investments in property-casualty stocks are subject to interest rate risk. This fact is widely recognized by the financial community. Since investors cannot diversify away interest rate risk, only the prospect of higher returns will induce them to purchase interest-sensitive stocks. That is, investors must be compensated for purchasing interest-sensitive stocks because they are increasing their exposure to interest rate risk. This is a risk separate and apart from the market risk investors face.

Q. Why is interest rate risk different from market risk?

A. In general, risk that is not diversifiable is known as systematic risk, or market risk. Systematic risk stems from events that take place on an economy-wide basis. Investors can only diversify away risks that have offsetting factors somewhere else in the economy. For instance, if one company has a bad year due to reasons specific to it alone, it is highly likely that another company will have a good year which will offset the bad performance. That sort of risk is diversifiable. However, the risk associated with events that take place economy-wide without offsetting factors is not diversifiable. It is this risk that is referred to as systematic risk or market risk.

Interest rate risk is a separate source of volatility for insurance stocks. Interest rates often change as a result of changes in expectations of future inflation. These changes primarily affect firms that hold what are called nominal assets and liabilities. Nominal assets and liabilities have cash flows that are fixed in nominal terms (for example, accounts receivable, most contracts, and bonds) and are thus subject to erosion in value due to inflation. On the other hand, the cash flows associated with manufacturing and service operations tend to fluctuate with the price level. Since most non-financial firms hold relatively few nominal assets and liabilities, their stocks are not particularly sensitive to changes in interest rates that are due to changes in expected inflation. Therefore interest rate risk adds additional risk to insurance stocks, above and beyond market risk, that is not diversifiable.

Changes in interest rates that are not associated with changes in expected inflation will affect all stocks. This accounts for the moderate degree of correlation between changes in long term interest rates and returns to common stocks. However, the fact that most stocks are not very sensitive to changes in interest rates that are due to changes in expected inflation means that interest rate risk is not fully captured in measures of market risk.

Q. Is it possible to measure interest rate risk?

A. Yes, and in the past I have conducted a number of studies designed specifically to address this issue. The principal conclusions of those studies is that since insurer assets on average have a substantially longer financial duration than insurance liabilities, when interest rates change, the value of insurer equity is subject to potentially wide fluctuation. While the market risk for insurers as measured by beta is roughly average, the degree of interest rate risk to which the industry is exposed is considerably higher than average. Since this risk cannot be entirely diversified away, the overall risk associated with an investment in property/casualty insurance is greater than average. As a consequence, insurers are entitled to a rate of return above that allowed for the average risk investment in the U.S. economy. I believe that there are three main reasons for this conclusion.

First, as noted, the high degree of financial leverage and mismatched durations of assets and liabilities contributes to the volatility of returns to investors in insurance stocks.

Second, the insurance industry is in the business of bearing risk. Individuals and corporations transfer to property-casualty insurers the potential liability for a wide range of possible adverse events, ranging from property damage to professional liability. In light of the unforeseen events that can occur, and, in the recent past, actually have occurred, investors in property-casualty insurance stocks are subject to considerable risk.

Finally, insurance is in the unique position of being a highly competitive industry that is also subject to a high degree of regulation. This combination of regulation and competition creates an environment in which insurers are subject not only to the demands of the market but also to the pressures of the political process. There is substantial evidence that regulation can increase risk for a regulated enterprise, and when that is combined with an aggressively competitive industrial structure, risk is increased.

Q. You said that the combination of regulation and competition increased risk for insurers. Can you describe what you mean?

A. Yes. Traditionally, direct price and rate of return regulation has been imposed on industries known as "public utilities," such as generation and transmission of electric power, distribution of natural gas, provision of local water and sewer service and the like. Because of the nature of the production process, these industries are characterized as "natural monopolies," meaning that it is most efficient for a single producer to provide the service in question. In such circumstances, the state normally grants a monopoly to a single provider and then regulates that firm directly to prevent abuse of monopoly power.

Property-casualty insurance differs dramatically from this model. Rather than a single firm providing service, there are in most states literally hundreds of firms competing in the market, none of which typically have significant market power. These firms compete aggressively to increase market share and attract the best insureds by offering a variety of price and quality combinations that are best tailored to their business objectives. This vigorous competition provides discipline in the marketplace, and, when combined with direct rate of return regulation, the risk for insurers is increased.

I should note that historically, a number of competitively structured industries (such as airlines, trucking, and telecommunications) were subject to regulation, but in the past several decades there has been a movement to deregulate these activities. This is due in part to the widespread agreement that competition itself is an adequate regulator.

Q. You also said that you considered whether the size distribution of North Carolina insurers should impact the cost of capital in this case. Can you please describe this issue briefly and discuss its implications for this case?

A. Yes. It is a well established fact of empirical finance that small stocks tend to outperform large stocks. Ibbotson Associates, for instance, reports that firms in the ninth and tenth deciles of stocks listed on the principal U.S. stock exchanges have outperformed the market as a whole by approximately 4.0 percentage points over the period 1926 to 2010, even after accounting for the fact that these firms have above average betas. Therefore an adjustment should be made to the cost of capital to the extent that the property-casualty insurance industry is composed of small stocks.

Q. Have you conducted any studies with respect to the significance of the small stock effect?

A. Yes. As with interest rate risk, I have conducted a number of studies of this issue in previous years, and in each instance I found that (1) investors have earned higher returns from small stocks than from large stocks, and (2) the insurers in Dr. Vander Weide's cost of capital analysis are among the largest companies in the U.S. economy. The insurers in Dr. Vander Weide's analysis are larger, on average, than the companies in the property-casualty insurance industry, and they are larger, on average, than the companies writing homeowners insurance in North Carolina.

These facts suggest that the cost of capital for insurers writing homeowners insurance in North Carolina should be higher than for those firms contained in Dr. Vander Weide's cost of capital analysis. This reaffirms my conclusion that the cost of capital Dr. Vander Weide has presented is conservative.

Q. Can you please summarize your testimony on the cost of capital of the property-casualty insurance industry?

A. Yes. Dr. Vander Weide has assumed that the property-casualty insurance industry presents investors with risks comparable to the average investment in equities. My analysis has shown that property-casualty insurance stocks are subject to additional volatility due to interest rate sensitivity, and are relatively small when compared with the broad cross section of publicly traded firms in the U.S. economy. Since these additional risks require compensation in the form of a higher return, I conclude that Dr. Vander Weide has been conservative in his calculation of the required rate of return on property-casualty insurance investments.

IV. NET COST OF REINSURANCE & REGIONAL ALLOCATIONS

Q. In your summary, you said you considered how the net cost of reinsurance should be included in homeowners rates in North Carolina, and how the profit in the rates should be allocated proportional to risk. Can you please discuss your evaluation of these issues?

A. Yes. I have previously addressed these issues in homeowners, mobile homeowners and dwelling fire and extended coverage rate filings in North Carolina, where I have recommended that the indicated rates be developed to include the net cost of reinsurance. I will briefly outline the problem and then discuss each of the issues separately.

To begin with, homeowners is one of several lines of insurance that is subject to the potential for catastrophic loss. In such lines (homeowners, earthquake, allied lines and other property coverages), individual catastrophic events can result in enormous losses, far in excess of what the typical insurer could bear. Thus, in these lines of business, insurers routinely purchase reinsurance to manage their exposure to extreme events, and it is appropriate to provide for the cost of this reinsurance in setting rates for these lines of insurance. Since ratemaking is often done on a direct basis, as compared to a net of reinsurance basis, an explicit adjustment must be made to provide for the cost of reinsurance.

Second, the exposure to catastrophic loss varies substantially by geographic region within North Carolina. It is well known that the coastal counties in the state are subject to severe exposure to the hurricane peril, while the interior regions to the west are subject to considerably less exposure. Since the need for reinsurance is a function of the degree of catastrophe exposure, the cost of reinsurance should reflect such regional differences as exist within the state. Accordingly, in considering the cost of reinsurance in primary rates, we allocate the statewide cost across regions, proportional to risk.

Finally, even after the consideration of reinsurance, substantial differences in risk across regions remain. Therefore, to the extent that the underwriting profit in the rates is intended to compensate the insurer for risk, that profit should also be spread regionally proportional to the risk that remains after the benefits of reinsurance are considered. Similar to the cost of reinsurance, the profit in the statewide rates is also allocated across regions, proportional to the residual risk that remains after the benefits of reinsurance.

Q. You mentioned that direct ratemaking does not include the cost of reinsurance. Can you please explain?

A. Yes. Direct ratemaking is an approach that is sometimes used when making insurance rates on an industrywide basis (where the terminology “direct” refers to an analysis done without consideration of reinsurance). While this approach is reasonable for some lines of insurance (such as auto insurance), it fails to reflect the market realities associated with writing property insurance in catastrophe prone environments such as North Carolina. In these environments, primary insurers are required to purchase reinsurance to manage their exposure to catastrophe risks, and such reinsurance comes at a substantial net cost.

Q. Why does reinsurance come at a substantial net cost?

A. Reinsurers cover the riskiest portion of the insurance loss distribution – the events that occur only rarely but impose extremely high costs. In order to provide a credible promise to pay claims resulting from extreme events, reinsurers carry substantially more capital per unit of exposure than primary insurers. This capital has a cost, which is included in the premiums paid for the reinsurance in the market. Since basic economic and actuarial principles require all costs of the risk transfer to be included in the price of insurance, and since reinsurance is required to efficiently manage catastrophe risk, its net cost should be included in the rates charged for homeowners insurance.

Q. Did you perform any analysis to address this issue?

A. Yes. To address this issue and provide for a rate that will cover all the costs of the insurance transaction, I developed a procedure to include the “net cost of reinsurance” as an expense in the direct homeowners rates in North Carolina. (By net cost of reinsurance, I mean the expense and profit components of the reinsurance rate, since the loss costs are already included in the calculation of the direct premium.) This procedure is conceptually identical to that employed in Florida, where insurers make rates using direct losses and expenses, but then add in a provision which covers the cost (to the primary insurer) of the reinsurer’s profit and expense.

Q. Please describe your analysis.

A. To implement this procedure, I adopted the standard ratemaking assumption used in North Carolina – i.e., that there is a single aggregate company that is the composite of all carriers in the state. I then assumed that this company maintains a reinsurance program that is typical of property insurers writing in hurricane prone states such as North Carolina, with provisions as follows:

- An attachment point equal to the one in ten year hurricane loss event (i.e., the 90th percentile of the statewide loss distribution from AIR). The attachment point is the loss level at which the reinsurer begins to share in the loss.

- A limit equal to the difference between the attachment point and the one in a hundred year event (the 99th percentile of the statewide loss distribution). The limit is the maximum loss amount which the reinsurer will pay under the contract.

- A 5% coparticipation in the reinsured layer. (Coparticipation refers to a provision where the primary insurers share a specified percentage of the reinsured loss).

- Mandatory reinstatement of the original limit following insured events

These provisions were based on my experience working with actuaries, risk managers and reinsurance brokers familiar with these types of exposures, and they reflect the types of reinsurance programs that insurers typically purchase to protect against the potentially catastrophic losses that are attendant to the hurricane risk to which the state is exposed. I have confirmed the reasonableness of these specific provisions through discussions with the leading reinsurance broker in the world.

Given the program described above and the AIR statewide aggregate loss distributions, I then determined the amount of losses that would be subject to reinsurance coverage, as a share of the total hurricane losses in the state. Based on the projected reinsured losses, I then developed a "competitive market" reinsurance premium, following a series of steps that are described below. Before describing the individual steps in that process, however, I should note two considerations in connection with the use of the AIR model in this filing.

First, in developing the hurricane loss estimates for use in this filing, AIR ran two separate models, one based on 100,000 iterations of its model using the full 100+ year history of hurricane activity as the basis for projected hurricane frequency, and the other based on 100,000 iterations of the model using an alternative version known as the warm sea surface temperature (WSST) model. The WSST model reflects the higher frequency and severity of hurricanes in periods of warmer sea surface temperatures such as currently exist.

When calculating the base rates for this filing, the Rate Bureau relied upon the standard AIR model to estimate the level of hurricane losses to be included in the rates. However, reinsurers rely on models that use substantially higher hurricane frequencies and/or severities to estimate expected losses for property exposures, to reflect the widespread recognition that we are currently in a phase of increased activity in the hurricane cycle. Since it is appropriate to rely on the models used in the reinsurance market in setting the price of reinsurance, and later, in allocating that cost to zone, I relied on the AIR WSST model loss estimates in this portion of my analysis.

Second, I also note that in projecting losses using either model, AIR's estimates reflect the phenomenon of "demand surge." Demand surge refers to the fact that, subsequent to the occurrence of a large natural catastrophe, the prices of labor and materials required to repair or replace damaged property tend to increase because of the surge in demand for such resources. This is exactly what one would expect given the underlying dynamics of supply and demand; with resources (particularly labor) that are relatively fixed in supply in the short run, a rapid increase in demand is expected to increase prices. This phenomenon has been observed following natural disasters such as Hurricane Andrew, the Northridge earthquake, Hurricane Katrina and the like. In estimating the damages attributable to catastrophic events, it is appropriate to include all factors that affect the level of expected losses, including, of course, factors that affect the price of the resources required to respond to those events.

Given the reinsurance program described above and the AIR loss distributions, I then determined the amount of losses that would be subject to reinsurance coverage, as a share of the total hurricane losses in the state. Based on the projected reinsured losses, I then developed a "competitive market" reinsurance premium, as follows:

- I loaded the reinsured loss for LAE, using the Incurred Loss/Incurred LAE ratio from the filing.

- I assumed that the reinsurer incurred fixed expenses equal to 30% of losses plus LAE (which results in a reinsurer expense provision of 14.4% of premium).

- I assumed the reinsurer set an underwriting profit provision that would yield a return on net worth, after consideration of all investment income, of 11.0%. I determined the reinsurer's net worth such that the reinsurer premium to surplus ratio would be .30, a selected value that approximates the historical average ratio for professional reinsurers from Best's Aggregates and Averages over the past several years.

Having determined the reinsurance premium that a competitive reinsurance market would produce under the assumptions described above, I then subtracted expected losses and LAE from the premium to leave the net cost of reinsurance of $584,459,799. In the next step, that amount was added as a fixed expense in the rates. (This value, when divided by projected direct written premium, produces an expected net cost of reinsurance equal to

19.1% of direct premium, comprised of the reinsurance expense cost of 3.7% and the cost of reinsurer capital of 15.4%).

Q. Are the results of your calculations shown in an exhibit?

A. Yes. Exhibit RB-14 shows the calculations giving rise to the estimated net cost of reinsurance of $584,459,799. This exhibit contains two pages; the first page shows the derivation of the reinsurance premium, based on the portion of hurricane losses that are covered by reinsurance, and the reinsurer’s capitalization and required return. The end result of that calculation is the net cost of reinsurance, in dollars. (The net cost of reinsurance is the total premium less the primary insurer’s loss and expense recovery, which is equal to the reinsurer’s expense cost and the cost of the reinsurer's capital). The second page shows the derivation of the statewide premium given the net cost of reinsurance, along with the net and gross cost of reinsurance displayed as a percent of statewide premium. As can be seen in the second page, the reinsurance premium is 26.1% of statewide direct premium, while the net cost of reinsurance is 19.1% of premium.

Q. Do you believe that your calculations accurately reflect the net cost of reinsurance in North Carolina?

A. Yes. On several occasions I have compared my own estimates to the actual reinsurance costs incurred by insurers, and I have found that my estimates are typically consistent with the portions of premium expended by primary insurers in the purchase of reinsurance in catastrophe prone environments. As a consequence I believe that my estimates are reasonable.

Q. In your opinion, it is appropriate to include the net cost of reinsurance in homeowners insurance rates in North Carolina?

A. Yes. Insurers in North Carolina incur a substantial cost for bearing the risk of homeowners insurance in the state. The market cost of bearing that risk (whether the risk is retained by the insurer or transferred to a reinsurer) must be included in the rates. In the analysis described above, I have developed a competitive market reinsurance premium that reasonably reflects the net cost of reinsurance to the primary insurer. Since this is a legitimate cost of the risk transfer inherent in the purchase of homeowners insurance, it should properly be included in the rates.

Q. You said that the next step was to allocate the cost of reinsurance across regions in the state proportional to risk. Can you please discuss your analysis of this issue?

A. Yes. As discussed above, it is widely agreed that homeowners insurance in North Carolina is subject to substantial catastrophe exposure due to the possibility that hurricanes and other serious windstorms may strike the state. However that catastrophe potential differs significantly from region to region within the state; in coastal counties, for example, the hurricane risk is far higher than it is in the interior mountainous regions to the west. As a consequence, the risk to which insurers and reinsurers are exposed differs across the state as well. Since the need for reinsurance arises from the catastrophe exposure, regional differences in relative risk should be taken into account when determining the allocation of reinsurance costs within the state.

Q. How did you analyze the regional differences in risk and allocate reinsurance costs to region?

A. To address this issue, I developed a general simulation model that calculates regional differences in risk within North Carolina. Based on the model results, costs can be allocated to different regions in proportion to the risk each region contributes to the state as a whole. I used this model to allocate the cost of reinsurance as well as the underwriting profit and contingency to the different homeowners territories in the state. As a general rule, since the risk in the coastal areas is far greater than the risk in the interior, the cost of reinsurance and the required profit in those territories is greater, as a percent of premium, than in the less risky territories.

In broad terms, my approach involved the following steps:

(1) Determine appropriate measures of risk;
(2) Build a Monte Carlo simulation model to calculate the risk measures in each territory;
(3) Allocate statewide values proportional to risk.

I describe each of these steps briefly below. However, before outlining the general model, I should note that I did not conduct the analysis at the level of the individual territory, but rather at the "zone" level. That is, I aggregated the territories into three distinct zones for purposes of allocating profit: Zone 1 - coastal (territories 7, 8, 48, 49 and 52); Zone 2 - central (territories 32, 34, 41, 44, 45, 46, 47 and 53); and Zone 3 - mountains (territories 36, 38, 39, 57 and 60).

(1) Determine Appropriate Measures of Risk: I selected three bases for measuring risk: variance of losses, standard deviation of losses and probability of ruin. Each of these has merit, and support in the literature, as a measure of relative risk across the various zones within the state.

(2) Build a Simulation Model to Calculate Risk by Zone: Calculating risk by zone using the measures noted above involves estimating the distribution of annual aggregate losses by zone. To do this, I built a two part simulation model that separately estimates hurricane and non-hurricane losses. For the hurricane loss estimates, AIR ran its proprietary model, and provided estimated losses by territory, which were then aggregated to the zone level (rather than the territory level of aggregation used elsewhere in ratemaking). For non-hurricane losses, I built a Monte Carlo simulation model to estimate the annual aggregate loss distribution across all non-hurricane perils. I then summed hurricane and non-

hurricane losses from each iteration to derive the distribution of total losses by zone. From this distribution, I was able to calculate the variance and standard deviation of losses, as well as the probability of ruin.

I should note that I applied this model separately to both the reinsurer and the primary insurer, for two distinct purposes. In the case of the reinsurer, my intention was to allocate the net cost of reinsurance – that is, the reinsurance expense cost and the cost of reinsurer capital – to zone proportional to the risk borne by the reinsurer. In the case of the primary insurer, my intention was to allocate the underwriting profit in the rates – that is, the primary insurer's compensation for risk – to zone, proportional to the residual risk retained by the primary insurer after considering the losses ceded to the reinsurer.

(3) Allocate Reinsurance Costs and Statewide Profit Proportional to Risk: For the variance and standard deviation methods of measuring risk, I calculated the values of both variables in each zone, and then took the sum across all the zones as an estimate of the statewide total value. (The assumption that the statewide total variance is the sum of the individual zone variances implies that there is zero correlation of losses across zones, while the assumption that the total standard deviation is the sum of the individual zone standard deviations implies that there is perfect correlation of losses across zones. The actual result is clearly somewhere in between the two.) This was done separately for the reinsurer, based on ceded losses, and for the primary insurer, based on net (retained) losses. Each zone was then allocated a share of the net cost of reinsurance and total profit based on its share of total risk. Under the probability of ruin method, I ranked total losses (hurricane plus non-hurricane) across all iterations from largest to smallest, and found the iteration in which actual losses were equal to the losses that would produce ruin (i.e., the level of losses that would just exceed the sum of premium net of expenses, plus investment income and surplus). I then determined the proportion of those losses attributable to each zone, and allocated reinsurance costs and profit according to those percentages.

As I mentioned earlier, it is important to emphasize that the departure point for the risk based allocation process is the total cost of reinsurance and required profit in the state as a whole. That is, only after these amounts are determined are they then allocated to zone. Thus, there is no additional profit or return resulting from our analysis, and the allocation is independent of the methodology used to determine the cost of reinsurance or the overall profit.

Q. Can you please describe the results of your analysis?

A. The details of the analysis are contained in Exhibit RB-15 attached to this testimony. This exhibit, comprised of three pages, shows the allocation of reinsurance costs and statewide profit to zones depending on the selected allocation method. (The total statewide profit and reinsurance cost are displayed in Exhibit RB-14, described above.)

The underwriting profit, cost of reinsurer capital and reinsurer expenses for each zone, based on the three methods just described, are summarized in the table below. As can be seen, those values are expressed in dollars, consistent with the fact that the net cost of reinsurance is included as a fixed dollar expense when making rates.

Summary: Reinsurance Costs and Profit by Zone

		Zone 1	*Zone 2*	*Zone 3*	*Sum*
Standard	Underwriting Profit and Contingencies	174,879,376	97,460,856	79,315,930	351,656,163
Deviation	Cost of Reinsurer Capital	226,535,788	140,334,484	102,985,499	469,855,772
Method	Reinsurer Expenses	65,590,594	31,971,371	17,042,062	114,604,027
	Total Profit plus Reinsurance Cost	**467,005,759**	**269,766,711**	**199,343,492**	**936,115,961**
	Underwriting Profit and Contingencies	150,244,743	111,090,766	90,320,654	351,656,163
Variance	Cost of Reinsurer Capital	242,683,913	155,960,375	71,211,483	469,855,772
Method	Reinsurer Expenses	65,590,594	31,971,371	17,042,062	114,604,027
	Total Profit plus Reinsurance Cost	**586,671,590**	**218,993,098**	**130,451,273**	**936,115,961**
Probability	Underwriting Profit and Contingencies	150,244,743	111,090,766	90,320,654	351,656,163
of Ruin	Cost of Reinsurer Capital	242,683,913	155,960,375	71,211,483	469,855,772
Method	Reinsurer Expenses	65,590,594	31,971,371	17,042,062	114,604,027
	Total Profit plus Reinsurance Cost	**458,519,250**	**299,022,511**	**178,574,200**	**936,115,961**

Because each of the aforementioned methods has support in the risk measurement literature, and the results under the various models are reasonably similar, I averaged the per zone total profit and reinsurance cost factors from the three methods. The final values used in the calculations were then selected by the Rate Bureau.

Q. Have you recommended regional profit differentials in any other lines of insurance when you have testified in North Carolina?

A. Yes, but only in mobile homeowners and dwelling extended coverage, since the other lines of insurance subject to the jurisdiction of the Rate Bureau are not subject to such extreme regional variation in risk. In the case of homeowners insurance, however, it is important for reasons of equity and economic efficiency to address this question forthrightly.

Q. Does your methodology result in a higher overall cost than would have been the case without the allocations?

A. No, it does not; the allocation method itself is simply a manner in which to spread the costs across policyholders consistent with risk. Thus, it does not impose any additional costs on North Carolina policyholders in the aggregate; rather it simply apportions the costs in a manner that is consistent with the risks different policyholders impose.

Q. In your opinion, is it appropriate to allocate statewide profit and reinsurance costs proportional to these measures of risk?

A. Yes. It is both intuitively and empirically obvious that the relative risk of homeowners insurance varies geographically. As such, the cost for bearing that risk should be allocated proportional to the measurement of the risk. The three measures selected for this analysis have broad support in the actuarial and economic literature, and in my opinion are quite reasonable for the purpose to which they are put.

V. COMPENSATION FOR RISK OF ASSESSMENTS FROM BEACH/FAIR PLANS

Q. You said earlier that you also considered the risks faced by insurers in North Carolina associated with the exposures insured in the Beach/Fair Plans. Can you please explain this issue?

A. Yes. In addition to the risks attendant to the homeowners insurance directly written by insurers in North Carolina, there is substantial additional risk to insurers attributable to the exposures insured in the Beach/Fair Plans.

The Beach/Fair Plans serve as the so-called "residual market" for residential property insurance in the state. Residual markets exist to provide access to insurance coverage for policyholders who cannot obtain such coverage from insurers in the voluntary market. In states which have significant exposure to catastrophes, property insurance residual markets often grow to represent a very sizable portion of the total insured risk in the exposed regions of the state. This has been the experience in North Carolina, where the exposure growth in the Beach Plan has been very high over the past decade.

The Beach/Fair Plans provide either wind only or full residential property insurance coverage to North Carolina policyholders. The Plans use the premium from those policies to fund the future losses and expenses attributable to the coverages they write (including the purchase of reinsurance, issuance of catastrophe bonds and the like). The Beach/Fair Plans can accumulate surplus and that surplus is available to pay losses in the event that the losses exceed collected premiums plus investment income. However, if their surplus is exhausted, then additional losses (up to a $1 billion limit for the Beach Plan but unlimited for the Fair Plan) are passed through to all insurers in the state in the form of assessments based upon each insurer's total property writings in North Carolina.

(Beyond the $1 billion limit, additional losses in the Beach Plan are passed through directly to policyholders statewide.) Even if an insurer does not write property insurance in North Carolina's beach and coastal areas, it is nevertheless subject to any assessment by the Beach/Fair Plans due to its writings in other areas of North Carolina.

This risk of assessment has increased dramatically due to the growth in the Beach Plan in recent years. This growth in the Beach Plan is attributable to numerous factors, including the expansion of the Beach Plan territory, the addition of homeowners coverage to the coverages available in the Beach Plan, the increase in the number and value of insured properties in the beach and coastal areas of North Carolina, and most importantly, the inadequacy of primary property insurance rates in the state.

This risk of assessment is real and substantial, and insurers must be compensated for this additional risk to their capital. To address this situation, I have developed a procedure to incorporate a provision in the rates that compensates insurers for this risk.

Q. Can you please explain the procedure you developed?

A. Yes. The model I developed for this purpose involves two steps; the first is to quantify the magnitude of the exposure itself, and the second is to determine the fair compensation to be paid to insurers for bearing that risk.

To quantify the magnitude of the exposure, it was necessary to estimate the expected value of the assessments on insurers that arise because of catastrophic losses in the Beach/Fair Plans. Since assessments on insurers arise only after the plans have exhausted other resources available to pay losses, I needed to determine both the probability of that occurring as well as the amount by which the losses exceeded those other resources. Therefore, I obtained information from the Beach and Fair Plans regarding the reinsurance program in place for the 2012 storm season, along with projections of each plan's accumulated surplus as of 9/30/2012 – i.e., the "other resources" that would be available to pay for hurricane losses during the 2012 storm season. I then obtained the AIR hurricane model runs used by the Beach/Fair Plans, and for each iteration of the AIR model, I determined the amount of losses that would be covered by reinsurance and the remaining losses that would have to be funded either from the plans' accumulated surplus, through assessments on property insurers in the state, or ultimately through assessments on North Carolina property insurance policyholders. I then subtracted the accumulated surplus of the plans from the losses remaining after reinsurance, limited the assessable losses due to Beach Plan exposures to $1 billion, and calculated the average assessment on property insurers across all iterations of the model (which is the expected value of the losses that would have to be funded through assessments on North Carolina property insurers).

As noted, this is a measure of the magnitude of the exposure – i.e., it represents the risk to insurers' capital associated with the exposure to Beach/Fair Plans assessments. The next step is to develop a method of measuring the fair compensation to insurers for bearing this risk.

Q. Can you please explain how you measured the compensation for bearing this risk?

A. Yes. To measure the fair compensation for bearing this risk, I relied on data regarding the market price of catastrophe risk, taken from the market for insurance linked securities. Insurance linked securities (ILS) are securities (bonds, warrants and the like) that have conditional payoffs that are virtually identical to reinsurance. Investors purchase such securities at significant yield premiums to risk free bonds, because they are exposed to loss of principal and interest if certain “insured events” occur.

Q. Can you explain how such securities work in practice?

A. Certainly. As an example, consider an insurer that issues $100 million of a bond with a provision that, for every dollar of loss from an Atlantic hurricane in excess of $1 billion, one dollar of the bond would not have to be repaid. Since the investor in that bond would effectively be paying for up to $100 million of hurricane losses, such a security would be the functional equivalent of a reinsurance contract that provides $100 million in coverage excess of a $1 billion attachment point.

Now, with respect to the interest to be paid by the insurer on this bond, assume investors demand a premium of 10% in excess of the risk free rate in order to purchase such a security (because of the high degree of risk associated with the potential loss of principal and interest). This risk premium implies that the insurer would have to pay $10 million in interest in excess of the risk free rate to induce investors to purchase such securities, which is equivalent to paying a premium of $10 million for $100 million of reinsurance. This kind of information can be very illuminating in connection with evaluating the risk premiums required to bear catastrophe risk.

Q. What kind of information is available in these markets that can help you to assess the fair compensation for bearing catastrophe risk?

A. Markets for ILS have been growing in recent years, as they provide a financially efficient method of transferring risk. While smaller than reinsurance markets, they can provide extremely useful data about the cost of risk, because they reflect estimates of the pure cost of risk transfer, unencumbered by insurance specific issues (such as expenses, capital requirements, required returns, regulation and the like).

Lane Financial, LLC is a firm that specializes in and is the most prominent analyst of insurance linked securities. In April of each year, Lane publishes a data base that accumulates a variety of useful information that can help to evaluate the fair compensation for bearing catastrophe risk. For each ILS in the market, Lane publishes the following data: the yield on the security; the excess return over LIBOR (the risk free rate); the probability that the security will suffer a loss; and the expected value (or average) loss anticipated on the security. These data provide the foundation for my analysis of the proper compensation for bearing the risk of Beach/Fair Plans assessments.

Q. How are these data used to determine the compensation for assessment risk?

A. Before describing the mechanics of the analysis, I first define several terms that will prove useful in this discussion. The "*yield spread*" is simply the difference between the yield on the particular ILS and LIBOR. (LIBOR, or the London Interbank Offered Rate, is one traditional measure of the risk free rate in finance.) For example, in the case I cited above (where a $100 million bond had a provision that, for every dollar of hurricane loss in excess of $1 billion, one dollar of the bond would not have to be repaid) investors demanded a premium of 10% in excess of the risk free rate. In that case, the yield spread was 10% (or 1000 basis points), which implies that the insurer would have to pay $10 million in interest in excess of the risk free rate to induce investors to purchase such securities.

Now assume that the expected distribution of hurricane losses is such that this security had an average annual loss of $1 million, meaning that, based on the probability and amount of hurricane losses of varying sizes, an investor would anticipate having an average loss of $1 million per year. This is termed the "*expected loss*." Since the investor in this example receives compensation of $10 million in excess of the risk free rate for bearing the risk of loss, the "expected profit" to the investor is $9 million (the yield in excess of the risk free rate minus the expected losses).

Finally, I define a term known as the "*profit multiple*," which is the ratio of expected profit to expected loss – in this case $9 million divided by $1 million, or a profit multiple of 9.0. The profit multiple provides an estimate of the compensation investors require to bear catastrophe risk, insofar as it tells us what returns investors require in order to take on the risk of loss from a catastrophic event. One particularly important feature of this variable is that it is a measure of compensation per dollar of expected loss; given the Beach/Fair Plans assessments to which insurers are exposed, the profit multiple can be used to develop an estimate of the fair compensation for bearing such risk. This is the measure of risk I rely upon in evaluating the fair compensation for property insurers whose capital is exposed to Beach/Fair Plans assessments.

Q. Before you explain exactly how you used this information, is it true that all ILS have yield spreads that are 10.0 times, or profit multiples that are 9.0 times, their expected loss?

A. No. This value fluctuates depending on the risk characteristics of the particular securities in question. In my example there was a bond with an attachment point of $1 billion and an expected loss of $1 million, but each of the securities traded in capital markets has different attachment points and amounts of coverage, and different probabilities and amounts of expected loss. As you would expect, those securities that have more volatile exposures have larger risk premiums relative to expected loss than those with less volatility.

Q. Generally speaking, which securities are more volatile, and hence have higher risk premiums and profit multiples?

A. For exposures such as these, securities that have “higher” attachment points – meaning those which have a lower probability of incurring a loss – have greater volatility and larger risk premiums. While it is true that such securities have a lower probability of incurring a loss, it is also the case that the variability of the losses on such securities is greater than those with a higher probability of incurring a loss (i.e., those that attach at lower points on the loss distribution). As a result, ILS’s with very low probabilities of attachment will have the highest risk premiums and profit multiples.

Q. How do you use the data on ILS’s to develop the fair compensation to insurers for bearing the risk of Beach/Fair Plans assessments?

A. First, to get a more precise estimate of the risk premia in capital markets, I compiled the data on profit multiples for all ILS’s issued on U.S. catastrophe exposures in the last six years. However, as I mentioned earlier, each ILS has a different profit multiple based on its specific risk characteristics. Therefore, to determine the profit multiples that are appropriate for the risks imposed by the Beach/Fair Plans exposures, I fit a curve which relates the profit multiple on each bond to the probability of loss occurring on that bond. This curve permits the measurement of profit multiples at any probability level

Next, I obtained information from the Beach/Fair Plans on the distribution of hurricane losses, based on the AIR hurricane model runs using the most current exposures for the plans. For each iteration of the AIR model, I estimated the hurricane losses that would be ceded to reinsurers (using the actual reinsurance purchased by the Plans for the 2012 storm season) and the amount of those losses that would be retained by the Beach/Fair Plans. Based on this analysis I was able to determine the expected value of hurricane losses retained by the Beach/Fair Plans, as well as the distribution of those losses within the various probability layers.

Finally, to determine the fair compensation for bearing this risk, I determined the amount of losses that would exceed the Beach/Fair Plans’ capacity, and thus would be assessed to voluntary insurers in the state. For each dollar of such assessments, I multiplied the expected loss by the appropriate profit multiple (given the probability interval in which the losses reside). The product of the expected losses by interval or layer and the appropriate profit multiple for the layer represents the fair compensation insurers should receive for bearing such risk.

Q. Have you developed any exhibits that provide the details of these calculations?

A. Yes. Exhibit RB-17 contains eight pages of information required to develop projections of the fair compensation for bearing Beach and Fair Plans assessment risk.

The first page of Exhibit RB-17 shows a summary of the Beach/Fair Plans reinsurance program for the 2012 storm season, including the various layers of reinsurance purchased and the coverage levels within those layers. Although the Beach and Fair Plan are separate legal entities they purchase their reinsurance together in the same contracts, and the contracts apply to the combined losses of all Beach Plan accounts and the Fair Plan.

Page 2 of Exhibit RB-17 shows the curve I fit to the ILS profit multiples based on all ILS issued in the last six years, and the equation of the fitted curve that is used to determine the profit multiples for each layer to which insurer capital is exposed.

Page 3 of Exhibit RB-17 displays the profit multiples calculated for each layer of the Plans' loss distribution, based on the equation on page 2. In order to determine the fair compensation to voluntary insurers for bearing the risk of assessments, I need to determine which layers contain losses that will be funded by such assessments, and the appropriate compensation per dollar of expected loss within those layers. The profit multiples are the appropriate compensation per dollar of expected loss in each layer.

Pages 4 and 6 of Exhibit RB-17 illustrate how potential losses for the Beach Plan Residential Account and Fair Plan are funded. (The Beach Plan determines losses and assesses voluntary insurers separately for each account, while the Fair Plan has only one account.) The Beach Plan can assess voluntary insurers a maximum of $1 billion for any deficits resulting from a single calendar year across all accounts, while the Fair Plan assessments are unlimited. Any amounts needed to pay claims in excess of the assessable amounts are to be collected through surcharges to property insurance policyholders statewide.

The mechanics of the funding analysis are as follows. First, for each iteration of the AIR model, losses are segregated into loss layers separately by account (Beach Plan Residential, Beach Plan Commercial, and Fair Plan). Then, the losses by layer for each account are disaggregated based on the source of funding for those losses - Beach/Fair Plan surplus, the next $1 billion of Beach Plan losses to be covered by assessments on voluntary insurers, private reinsurance and ultimately any additional amounts in the Beach Plan to be covered by surcharges on property policyholders' premiums. Finally, the losses associated with each event are then accumulated in these categories for each of the loss layers. (Although I apply the reinsurance contracts and the $1 billion limit to commercial losses, no expected commercial hurricane losses are included in my calculations of the fair compensation for exposure to assessments for residential lines of business.)

While pages 4 and 6 illustrate the funding of potential losses within each layer, the purpose of this analysis is to determine the fair compensation for assessments on private insurers. As such, the analysis must take into account the probability of losses occurring within each layer and calculate the expected value (or annual average) loss that will be borne by private insurers. Pages 5 and 7 of RB-17 provides that analysis; they show the expected value of the losses that would be covered by the Beach Plan Residential and Fair Plan accounts, and the annual average amount of those losses that would be assessed to private insurers. In addition, these pages display the profit multiples associated with each layer of the loss distribution, and the product of the indicated profit multiple times the expected losses within the layer. The sum of those values is the indicated compensation for assessment risk for each account. (For example, the total cost of providing reinsurance to the Beach Plan Residential Account is $93.83 million.)

The final step in this calculation is to determine the appropriate provision to be included in the rates to compensate insurers for the risk of Beach and Fair Plans assessments. This provision, expressed as a percent of premium, is developed on page 8 of Exhibit RB-17. (I note that these calculations reflect only the residential portion of the Plans' deficits.) Since assessments for Beach/Fair Plans losses are applied to all property insurance lines in the state, the bottom table on Exhibit RB-17, page 8 shows the development of a charge that will produce an amount of revenue equal to the total required compensation of $115.45 million. As shown therein, that charge amounts to 4.2% of total property insurance premium in the state.

Q. In your opinion, is it appropriate to include the 4.2% compensation for assessment risk provision in homeowners insurance rates in North Carolina?

A. Yes, not only is it appropriate, it is necessary in order that homeowners insurance rates are fair and reasonable to insurers. Since insurers are exposed to the risk of Beach/Fair Plans assessments as a result of writing voluntary market homeowners insurance in the state, they are entitled to receive fair compensation for bearing that risk. The model I have developed relies on a well established and widely accepted measure of compensation to determine a provision that will fairly reward insurers for bearing this additional risk to their capital.

VI. PROJECTED RETURN ATTRIBUTABLE TO INSURANCE OPERATIONS

Q. Earlier you said that you had calculated the statutory return insurers would expect from underwriting homeowners insurance in North Carolina. Have you conducted such an analysis?

A. Yes, I have. I developed a model using traditional insurance profitability analyses and have calculated the statutory returns on equity that would be expected to arise assuming that actual underwriting and investment results materialize exactly as projected in this filing. The results are contained in Exhibits RB-16 filed with this testimony.

Q. What do you mean when you use the term pro forma in that exhibit in connection with rate of return?

A. I use this term to indicate that the rate of return presented in the exhibit is based on a series of assumptions regarding such inputs as underwriting profit, investment gain, leverage and the like. If these assumptions actually materialize, then the "pro forma" rates of return calculated in the exhibit will prevail. However, to the extent that these assumptions are not realized, the rate of return will differ from that calculated in the exhibit.

Q. Can you please now describe the components of the model you developed?

A. Yes. The model really consists of a single page that calculates the rate of return on equity attributable to undertaking the insurance activity. It sets forth estimates of income derived from underwriting, installment fees and investment of reserves and estimates of costs, comprised of losses, expenses and taxes. This exhibit is supported by several other exhibits which provide calculations of investment yield rates, tax rates, premium to surplus and net worth to surplus ratios, and installment fee income.

Q. Can you now please describe the principal elements of the rate of return analysis?

A. Yes.

1. Underwriting profit is the difference between earned premiums and projected incurred losses and expenses. This provision was selected by the appropriate committees of the Rate Bureau.

2. Installment fee income is projected based on historical installment revenues, taking into consideration the most recent information on the installment fee program.

3. Taxes are calculated assuming that the regular corporate tax rate applies to statutory underwriting (plus installment fee) income, and that an additional tax liability applies due to the reserve discounting and revenue offset provisions that are applicable to property casualty insurers. Taxes on investment income are calculated assuming that the current statutory tax rates apply to the various classes of investment income earned.

4. Investment gain on the insurance transaction is estimated as the product of an investment yield rate and the investible funds available from loss, loss adjustment expense and unearned premium reserves (i.e., policyholder supplied funds). The investment yield rate is derived as the average of the

"embedded yield" and the "current yield," based on the actual portfolios of securities held by insurers. This estimated yield rate includes income from interest, dividends, real estate, and other assets, as well as realized capital gains. The investible funds in this calculation are estimated using the well known ISO State-X model, with one modification as described below.

Q. In previous testimony in North Carolina, you identified certain changes you made to the traditional rate of return analysis that is performed using this model. Did you continue these changes for this year's filing?

A. Yes. I removed the reduction of investible funds by the amount of agents' balances from the ISO State-X calculation. However, it continues to be true that the funds represented by agents' balances are not available for investment by insurers. Therefore, in the rate of return calculation, the investment income from this modified State-X calculation is reduced by the investment income attributable to agents' balances. This calculation recognizes (1) that the majority of agents' balances represents premiums not yet paid by insureds because of installment payment plans, and hence is unavailable for investment and (2) that for the small minority of agents' balances that is premiums collected by agents but not yet remitted to the companies, the investment income on that premium is additional compensation to the agents and a cost to the companies as part of the insurance transaction.

In addition, I adjusted the trended loss, LAE and fixed expense ratios to reflect the proposed rate change. That is to say, I have divided the trended loss and expense ratios at present rates by one plus the proposed rate change to reflect the change in these ratios that occur when rates are changed.

Q. Could you please clarify how the underwriting profit provision contained in the rate filing was determined?

A. Yes. The issue of how the Rate Bureau determines the underwriting profit and contingency factor has routinely arisen in rate hearings in North Carolina over the past several years. Although it is evident from my exhibits that the Rate Bureau selects an underwriting profit and contingency provision to be included in the rates, there has been lengthy cross examination on this issue in a number of rate hearings. Therefore, to clarify this matter, I will briefly discuss the procedure used by the Rate Bureau to determine the underwriting profit and contingency factor that is included in the proposed rates.

As part of the process of preparing a property insurance rate filing, the Property Rating Sub-Committee of the Rate Bureau meets to review data and determine values for a number of the important components of the proposed rates. One of these components is the underwriting profit factor. To determine this value, a procedure is followed in which I provide the committee with the estimated returns on equity (both statutory returns as well as returns adjusted to include investment income on surplus) associated with alternative underwriting profit provisions, and the committee then selects a provision after considering the cost of capital that has been developed by Prof. Vander Weide. Thus, the process is best described as one in which I test alternative underwriting profit provisions, and the committee selects a value based on these tests.

Q. How do you know what values of the underwriting profit provision to test?

A. I have been performing this type of analysis on behalf of the Rate Bureau for many years, and I am quite familiar with the dynamics of these models. Therefore, it is relatively easy to know the general range of values around which the underwriting profit is likely to fall. Normally, I will select approximately five or six values of the underwriting profit provision to test, that comprise a range of perhaps two to three percentage points, and the committee typically selects a value within that range. (For example, for this filing, I believe I tested underwriting profit provisions for homeowners in one half percentage point increments ranging from 9.0% to 12.0%, and the committee selected a value of 10.5%.) Of course, if the committee is not satisfied with the range of values I propose, I provide the returns associated with alternative values proposed by the committee.

Q. From what you've said, it appears that the Rate Bureau ***selects*** an underwriting profit provision, rather than ***deriving*** such a provision from the cost of capital. Is that correct, and if so, isn't it true that actuarial standards of practice require that the underwriting profit provision be ***derived*** from an underlying cost of capital?

A. It is correct that the Rate Bureau committee selects an underwriting profit provision and then tests whether that provision results in an expected rate of return on net worth that is consistent with the cost of capital. However, despite what has been suggested in the past by DOI witnesses, it is ***not true*** that actuarial standards of practice require that an underwriting profit be derived from the cost of capital. In fact, that issue is addressed explicitly in Actuarial Standard Of Practice (ASOP) #30, entitled "Treatment of Underwriting Profit and Contingency Factors and the Cost of Capital in Property/Casualty Insurance Ratemaking." Section 3.1 of that ASOP states the following:

> <u>Estimating the Cost of Capital and the Underwriting Profit Provision</u> – Property/casualty insurance rates should provide for all expected costs, including an appropriate cost of capital associated with the specific risk transfer. This cost of capital can be provided for by estimating that cost and translating it into an underwriting profit provision, after taking leverage and investment income into account. Alternatively, the actuary may develop an underwriting profit provision and test that profit provision for consistency with the cost of capital. The actuary may use any appropriate method, as long as such method is consistent with the considerations in this standard.

The procedure utilized by the Rate Bureau is exactly the approach articulated in this section (i.e., “the actuary may develop an underwriting profit provision and test that profit provision for consistency with the cost of capital”).

Q. Could you please clarify how you selected your investment yield rate and premium to surplus ratio?

A. Yes. To select the investment yield rate, I was asked by the Rate Bureau to compute the average of what are known as the "embedded" and "current" yields, where each was based on the actual asset portfolios insurers currently hold. There has been a long-standing debate regarding the choice between embedded and current yields in insurance profitability calculations. Since the Commissioner himself adopted an approach of averaging the embedded and current yields in his 1994 automobile decision (and in his decision in the 1996 case, he selected a yield which approximated the yield obtained from this approach), the Rate Bureau has chosen to follow that methodology since that time.

To estimate the embedded yield, I calculated the ratio of investment income divided by average invested assets and added to that an estimate of the ten year average ratio of realized capital gains to invested assets. The sum of these two is the estimated embedded yield.

To estimate the current yield, I determined the yields available in today's capital markets for the portfolio of securities currently held by the property-casualty insurance industry. I then calculated a weighted average of these yield rates based on the proportion of assets held by the industry in each of the various securities such as stocks, bonds, real estate and the like.

As far as the premium to surplus ratio is concerned, I also relied on information which reflects the actual degree of leverage for insurers writing homeowners insurance in North Carolina. The premium to surplus ratio I used is the ten year average premium to surplus ratio for the top 30 company groups which wrote homeowners insurance in North Carolina in each of those years.

Q. Can you please provide the results of your calculations regarding the projected rate of return to the insurance transaction if your underlying assumptions are realized?

A. Yes. I estimate that insurers in North Carolina should expect to earn statutory returns on net worth of 7.6% for homeowners insurance in the state. In addition, the total return on net worth (i.e., including investment income on surplus) is 10.1%. While the statutory return is below the lower bound of Dr. Vander Weide's range for the cost of capital, the total return falls within (albeit towards the lower end of) that range.

Q. Are there any factors that might impact the realization of these projected returns?

A. Yes. In order for the aggregate industry to achieve the returns projected in these exhibits, every assumption in the model must be realized exactly. However, even if every other projection in the filing is exactly realized, the industry will still not realize these projected returns because the filing does not reflect the current surplus position of the aggregate industry. For the sake of stability in the ratemaking process, the premium to surplus ratios used in my calculations are based on long term historical data. The most recent data show that the aggregate industry writing homeowners insurance in North Carolina has more surplus in relation to premiums that the historical averages used in my calculations. Therefore, even if all other assumptions were realized exactly, the calculated rate of return would overstate the returns the aggregate industry would reasonably expect.

VII. CONCLUSION

Q. Based on the studies and analyses you have performed, have you come to any conclusions regarding the underwriting profit provision, net cost of reinsurance provision and compensation for assessment risk provision that have been filed by the Rate Bureau as part of the filing in this case?

A. Yes. Based on my evaluation of Dr. Vander Weide's cost of capital estimates, my consideration of insurer specific risk characteristics, and my estimation of projected and expected returns, I believe that the filed underwriting profit provision complies with North Carolina law and that the return expected to be realized by insurers will not be excessive. In addition, based on my analyses of the cost of reinsurance and the required compensation for the risk of Beach/Fair Plan assessments, I believe that my specific estimates of the net cost of reinsurance and the required compensation for assessment risk are both reasonable and not excessive. Finally, assuming that the actuarial estimates in the filing are reasonable, it is my opinion that including the filed underwriting profit provision, net cost of reinsurance provision, and compensation for assessment risk provision will produce rates that are just, reasonable and not excessive, inadequate or unfairly discriminatory.

Q. Does this conclude your testimony?

A. Yes, it does.

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PROFESSIONAL EXPERIENCE:

1989 to present	**MILLIMAN, INC.** Principal & Director - Economics Consulting Responsible for the formation, development and management of a national consulting practice in insurance economics.
1980 to 1989	**NATIONAL COUNCIL ON COMPENSATION INSURANCE** Economic and Social Research Division
1985 to 1989	Vice President
1983	Assistant Vice President Responsible for all economic and social research of NCCI
1982	Director of Economic and Social Research
1981	Senior Research Economist
1980	Associate Research Economist
1976 to 1997	**RUTGERS UNIVERSITY**
1981-97	Associate of the Graduate Faculty, Department of Economics, Newark, New Jersey
1981-93	Teach variety of graduate courses including: Microeconomic Theory, Industrial Organization, Public Finance
1978-80	Instructor, Department of Economics, New Brunswick, New Jersey
1976-78	Adjunct Instructor, Department of Economics, Newark, New Jersey

EDUCATION:

1980	Ph.D., Economics, Rutgers University
1976	M.A., Economics, Rutgers University
1972	B.A., Economics, Brooklyn College, CUNY
	Certified ARIAS Arbitrator and Umpire
	Member: AAA Panel of Neutrals
	Fellow: National Academy of Social Insurance

PAPERS AND PUBLICATIONS

"Comment on Jaffee and Russell" in Deregulating Property-Liability Insurance, J. David Cummins, Editor, Brookings Institution Press, Washington, DC, 2002

"Dynamic Financial Analysis of a Workers Compensation Insurer", CAS Call Papers Program, 1997 (with Susan Witcraft and Mark Mulvaney)

"The Impact of Managed Care on Workers Compensation Claim Costs," in a volume of conference proceedings published by the Workers' Compensation Research Institute, September 1994, (with Philip Borba).

"Health Care Costs in Workers' Compensation", Benefits Quarterly, Vol. 9, No. 4, Fourth Quarter, 1993

"The Transition From Temporary to Permanent Disability: A Longitudinal Analysis" in Workers' Compensation Insurance: Claims Costs, Prices and Regulation, David Durbin and Philip Borba, Editors, Kluwer Academic Publishers, Boston, 1992, (with Richard Butler, David Durbin and John Worrall)

"Leverage, Interest Rates and Workers' Compensation Survival" in Workers' Compensation Insurance: Claims Costs, Prices and Regulation, David Durbin and Philip Borba, Editors, Kluwer Academic Publishers, Boston, 1992, (with Richard Butler, David Durbin and John Worrall)

Benefits, Costs and Cycles in Workers' Compensation, Kluwer Academic Publishers, Boston, 1990, (co-editor with Philip Borba)

"Benefit Increases in Workers' Compensation", Southern Economics Journal, January 1990, (with Richard J. Butler)

"Internal Rate of Return Criteria in Ratemaking", NCCI Digest, Vol. IV, Issue III, September 1990, (with Richard J. Butler).

"Social Inflation in Workers' Compensation: The Phenomenon of Benefit Utilization", Proceedings of the Casualty Loss Reserve Seminar, 1988. Also in Contingencies, Nov./Dec., 1989.

Workers' Compensation Insurance Pricing: Current Programs and Proposed Reforms, Kluwer Academic Publishers, Boston, 1988,(co-editor with Philip Borba)

"Prices and Costs of Workers' Compensation" in Workers' Compensation Insurance Pricing: Current Programs and Proposed Reforms, Kluwer Academic Publishers, Boston, 1988, (with Philip Borba)

"1986 Tax Reform Act: Effects on Workers' Compensation Profitability", NCCI Digest, Vol. II, Issue II, July 1987 (with James Gerofsky)

"The Propensity for Permanently Disabled Workers' to Hire Legal Services" , Industrial and Labor Relations Review, April 1987, (with Philip Borba)

"Sex, Marital Status, and Medical Utilization by Injured Workers'", Journal of Risk and Insurance, Vol. LIV, No. 1, March 1987, (with John Worrall and Richard Butler)

"The Impact of Workers' Compensation Benefits on Low Back Claims" in Clinical Concepts in Regional Musculoskeletal Illness, Nortin M. Hadler, ed. (Boston: 1986, Grune and Stratton), (with John Worrall)

"Workers' Compensation and Employment: An Industry Analysis" in Disability and the Labor Market: Economic Problems, Policies and Programs, M. Anne Hill and Monroe Berkowitz, eds., (Ithaca:1986 ILR Press), (with James Lambrinos)

"Some Benefit Issues in Workers' Compensation", in Workers' Compensation Benefits: Adequacy, Equity, Efficiency. (Ithaca:1985 ILR Press), (with John Worrall)

Workers' Compensation Benefits: Adequacy, Equity, Efficiency. (co-editor with John Worrall), (Ithaca:1985 ILR Press)

"Survivorship and the Size Distribution of the Property-Liability Insurance Industry", Journal of Risk and Insurance, October 1985, (with John Worrall and Richard Butler).

"Regulating Competition-The Case of Workers' Compensation Insurance", Journal of Insurance Regulation, (with James Gerofsky), June 1985.

"The Wage Replacement Rate and Benefit Utilization in Workers" Compensation Insurance", Journal of Risk and Insurance, September 1982 (with John Worrall)

"Property Damages", in Joseph Seneca and Peter Asch, The Benefits of Air Pollution Control in New Jersey, Center for Coastal and Environmental Studies, Rutgers University, 1979

WORKING PAPERS

"Workers' Compensation Pricing: The Role of Policyholder Dividends" (with David Durbin)

"The Impact of Lifetime Work on Mortality: Do Unisex Pensions Matter?" (with Richard J. Butler)

"Regulatory Survival: Rate Changes in Workers' Compensation" (with Richard J. Butler and John D. Worrall)

"Framing, Firm Size and Financial Incentives in Workers' Compensation Insurance" (with Richard J. Butler and John D. Worrall)

"Application of NAIC Profitability Models to Long Tailed Lines of Insurance" (with James Gerofsky)

INVITED PRESENTATIONS

Philadelphia, Pennsylvania, March 20, 2012
CAS Ratemaking Seminar
“How Reinsurers Consider Risk Loads and Cost of Capital for Property Cat Covers”

Chicago, IL , March 17, 2010
CAS Ratemaking Seminar
“Logic, Fallacies and Paradoxes in Risk/Profit Loading in Ratemaking: A Socratic Dialogue”

Chicago, IL , March 16, 2010
CAS Ratemaking Seminar
“Quantifying Risk Loads for Property Catastrophe Exposure”

Las Vegas, NV, March 10, 2009
CAS Ratemaking Seminar
“Using Catastrophe Bonds to Infer Risk Loads/Profit Margins/Reinsurance Costs”

Boston, MA, March 17, 2008
CAS Ratemaking Seminar
“Using Catastrophe Bonds to Infer Risk Loads/Profit Margins/Reinsurance Costs”

Pinehurst, North Carolina, May 21, 2007
Workers Compensation Insurance Organizations Annual Meeting
“Enterprise Risk Management: What Is It and Why Is It Important?”

Salt Lake City, Utah, March 13, 2006
CAS Ratemaking Seminar
“Including Reinsurance Costs in Primary Insurance Rates”

New Orleans, Louisiana, March 11, 2005
CAS Ratemaking Seminar
“Including Reinsurance Costs in Primary Insurance Rates”

Philadelphia, Pennsylvania, March 11, 2004
CAS Ratemaking Seminar
“The Consideration of Risk Loads and Reinsurance Costs in Primary Insurance Ratemaking”

New York, New York, December 12, 2003
Goldman Sachs Insurance Conference
“Interest Rate Changes and Insurance Underwriting”

San Antonio, Texas, March 28, 2003
CAS Ratemaking Seminar
"The Consideration of Risk Loads and Reinsurance Costs in Primary Insurance Ratemaking"

San Antonio, Texas, March 27, 2003
CAS Ratemaking Seminar
"Rate of Return Models in Insurance Ratemaking"

San Diego, California, May 20, 2002
CAS Annual Meeting
“The Actuary as an Expert Witness”

Tampa, Florida, March 7, 2002
CAS Ratemaking Seminar

"Parameterizing Rate of Return Models in Insurance Ratemaking"

Chicago, Illinois, December 10, 2001
NAIC Meeting
“The Impact of Proposition 103 in California”

Kansas City, Missouri, April 30, 2001
NAIC Meeting
“Personal Lines Regulation”

Las Vegas, Nevada, March 12, 2001
CAS Ratemaking Seminar
"Parameterizing Rate of Return Models in Insurance Ratemaking"

Washington DC, January 18, 2001
Brookings Institution Conference on Insurance Regulation
“Auto Insurance Experience in California”

Bermuda, September 14, 2000
Ace Insurance Worldwide Actuarial Conference
“Rate of Return Models In Property Casualty Insurance Ratemaking”

Orlando, Florida, June 9, 1998
Florida Managed Care Institute Annual Conference
"Issues in Integrated Health Care"

Seattle, Washington, July 21, 1997
CAS Dynamic Financial Analysis Seminar
"Dynamic Financial Analysis of a Workers Compensation Insurer"

Boston, Massachusetts, March 14, 1997
CAS Ratemaking Seminar
"Discounted Cash Flow Models in Insurance Ratemaking"

East Lansing, Michigan, July 15, 1996
National Symposium on Workers Compensation
"Managed Care in Workers Compensation"

New Orleans, Louisiana, March 20, 1996
Global Business Research Seminar: Partnerships Between Insurers and Providers
"Integrating the Data Systems"

Orlando, Florida, November 15, 1995
Global Business Research Seminar: Documenting Savings From Managed Care
"Evaluating Savings From Managed Care"

Orlando, Florida, October 27, 1995
Self Insurance Association of America Annual Meeting
"Managed Care in Workers Compensation: A Magic Act or Humbug?"

San Diego, California, October 16, 1995
Global Business Research Seminar: Documenting Savings From Managed Care
"Technical Issues in Measuring Savings From Managed Care"

Durham, North Carolina, September 6, 1995

North Carolina HMO Association Annual Meeting
"Workers Compensation in North Carolina: Risks and Opportunities for HMO's"

Washington, DC, May 22, 1995
Global Business Research Seminar: Outcomes for Workers' Compensation Managed Care
"Measuring and Reporting the Savings"

Orlando, Florida, April 13, 1995
NCCI Annual Meeting
"Managed Care in Workers Compensation"

Phoenix, Arizona, April 3, 1995
Casualty Actuarial Society Seminar on Profitability
"Rate of Return Models - Selecting the Parameters"

New Orleans, Louisiana, March 16, 1995
Casualty Actuarial Society Ratemaking Seminar
"Discounted Cash Flow Models for Insurance Ratemaking"

Orlando, Florida, March 14, 1995
Standard & Poor's Rating Conference
"Consolidation in the Property/Casualty Insurance Industry"

Minneapolis, Minnesota, October 11, 1994
Casualty Actuarial Society Seminar on Medical Cost Containment
"Managed Care and Workers' Compensation"

Toronto, Ontario, August 22, 1994
American Risk and Insurance Association Annual Meeting
"Current Issues in Workers' Compensation"

Boston, Massachusetts, May 17, 1994
Casualty Actuarial Society Annual Meeting
"Standard Of Practice on Profit and Contingency"

Hartford, Connecticut, April 20, 1994
University of Connecticut Blue Cross/Blue Shield Symposium
"24 Hour Coverage - What Will It Involve"

Atlanta, Georgia, March 10, 1994
Casualty Actuarial Society Ratemaking Seminar
"Cash Flow Models for Insurance Ratemaking"

Cambridge, Massachusetts, March 2, 1994
Workers' Compensation Research Institute Health Care Reform Conference
"Early Results of the Florida Pilot Project"

Phoenix, Arizona, November 15, 1993
Casualty Actuarial Society Annual Meeting
"The Use Of Managed Care in Workers' Compensation"

New York, New York, October 20, 1993
Insurance Information Institute/Reinsurance Association of America Research Conference
The Impact of Health Care Reform on Casualty Insurance"

Somerset, New Jersey, July 13, 1993
National Symposium on Workers' Compensation
"Economic Analysis of Workers' Compensation Issues"

Boston, Massachusetts, June 30, 1993
Institute of Actuaries of Japan Special Meeting
"Health Care Costs in Workers' Compensation"

Dallas, Texas, June 15, 1993
Stirling-Cooke Workers' Compensation Seminar
"Workers' Compensation Medical Costs: Trends, Causes and Solutions"

New York, New York, June 3, 1993
New York Business Group On Health
"The Crisis in Workers' Compensation Health Care"

Mauna Lani Bay, Hawaii, May 3, 1993
Western Association of Insurance Brokers Annual Meeting
"Trends in Insurance Insolvency"

Kingston, Ontario, April 28, 1993
Queen's University Workers' Compensation Conference
"Exposure Bases for Workers' Compensation: Equity vs. Practicality"

Sanibel Island, Florida, March 29, 1993
Workers' Compensation Reinsurance Bureau Annual Meeting
"The Use of Managed Care in Workers' Compensation"

Baltimore, Maryland, March 23, 1993
CAMAR Annual Meeting
"Estimating the Cost of Capital in Insurance Ratemaking"

Philadelphia, Pennsylvania, December 1, 1992
Economic Issues in Workers' Compensation Seminar,
"Rate of Return Regulation in Workers' Compensation"

Seattle, Washington, October 16, 1992
Casualty Actuarial Society Seminar on Profitability
"Risk Based Capital Standards for Property Casualty Insurers"

Washington, DC, August 18, 1992
American Risk and Insurance Association Annual Meeting
"The Crisis in Workers' Compensation"

New York, New York, May 19, 1992
Executive Enterprises Institute Seminar: Winning Approval of Rate and Form Filings
"Determining a Fair Rate of Return for Property/Casualty Insurers"

Palm Beach, Florida, April 23, 1992
NCCI Annual Meeting
"Is the Workers' Compensation Industry Competitive?"

Philadelphia, Pennsylvania, March 20, 1992
University of Pennsylvania/Duncanson & Holt Special Seminar
"Current Issues in Workers' Compensation"

Dallas, Texas, March 12, 1992
Casualty Actuarial Society Ratemaking Seminar
"Profitability Models in Insurance Ratemaking: Estimating the Parameters"

Houston, Texas, December 11, 1991
NCCI/NAIC Commissioners Symposium
"Rate Adequacy: Solvency and Safety Implications"

New York, New York, November 17, 1991
Executive Enterprises Institute Seminar: Winning Approval of Rate and Form Filings
"Determining a Fair Rate of Return for Property/Casualty Insurers"

Philadelphia, Pennsylvania, November 12, 1991
Casualty Actuarial Society Annual Meeting
"The Impact of Medical Costs on Casualty Coverages"

New York, New York, May 17, 1991
Executive Enterprises Institute Seminar: Winning Approval of Rate and Form Filings
"Determining a Fair Rate of Return for Property/Casualty Insurers"

Kiawah Island, South Carolina, April 15 & 16, 1991
Casualty Actuarial Society Seminar on Profitability
"Cost of Capital Estimation: Lessons From Public Utilities"

Chicago, Illinois, March 14, 1991
Casualty Actuarial Society Ratemaking Seminar
"The Use of Profitability Models in Insurance Ratemaking"

Orlando, Florida, October 24, 1990,
Financial Management Association Annual Meeting,
"Current Issues in Insurance Rate Regulation: California Prop. 103 and Pennsylvania Act 6"

New Brunswick, New Jersey, May 18, 1990,
Joint Conference on Workers' Compensation,
"Current State Issues and Benefit Reforms"

Orlando, Florida, May 8, 1990,
National Association of Insurance Commissioners Southeast Zone Raters Conference,
"Loss Cost Rating for Workers' Compensation"

Orlando, Florida, April 3, 1990,
Workers' Compensation Reinsurance Bureau Annual Meeting,
"Medical Costs in Workers' Compensation: Recent Trends in Cost Containment"

Philadelphia, Pennsylvania, March 15, 1990,
CAS Ratemaking Seminar,
"Rate of Return Models in Insurance Regulation: Return on Sales vs. Return on Equity"

Chicago, Illinois, November 10, 1989,
Alliance of American Insurers Research Committee,
"Recent Developments in Rate Regulation: California Proposition 103"

New York, New York, October 5, 1989,
NCCI Legal Trends Seminar,

"Medical Cost Containment in Workers' Compensation"

Philadelphia, Pennsylvania, September 7, 1989,
Workers' Compensation Congress,
"Medical Cost Containment in Workers' Compensation"

Denver, Colorado, August 21, 1989,
American Risk and Insurance Association Annual Meeting,
"Regulatory Survival: Rate Changes in Workers' Compensation" (with Richard J. Butler)

Hilton Head, South Carolina, April 4,1989,
Workers' Compensation Reinsurance Bureau Annual Meeting,
"Prospects for Workers' Compensation in the 1990's"

Mountain Lakes, New Jersey, March 29, 1989,
St. Clares-Riverside Medical Center,
"Stress in the Workplace"

Dallas, Texas, March 16, 1989,
Casualty Actuarial Society Ratemaking Seminar,
"The Impact of Tax Reform on Insurance Profitability"

New Orleans, Louisiana, December 15, 1988,
NAIC-NCCI Commissioners School,
"A Forecast for Workers' Compensation"

Philadelphia, Pennsylvania, November 17,1988,
Economic Issues in Workers' Compensation Seminar,
"The Impact of Regulation on the Probability of Insolvency" (with John D. Worrall and David Durbin)

Boston, Massachusetts, November 14, 1988,
American Public Health Association Annual Meeting,
"Stress in the Workplace"

Atlanta, Georgia, September 14, 1988,
Casualty Loss Reserve Seminar,
"Estimating the Cost of Social Inflation in Workers' Compensation"

Reno, Nevada, August 15, 1988,
American Risk and Insurance Association Annual Meeting,
"Benefit Increases in Workers' Compensation"

New York, New York, June 13, 1988,
National Association Of Insurance Commissioners Annual Meeting,
"Alternative Rate of Return Models for Insurance Regulation"

Syracuse, New York, May 5, 1988,
Current Issues in Workers' Compensation Symposium,
"Workers' Compensation Stress Claims"

Hilton Head, South Carolina, April 22, 1988,
Workers' Compensation Reinsurance Bureau Annual Meeting,
"A Forecast for Workers' Compensation Insurers"

Absecon, New Jersey, April 19, 1988,

Pennsylvania Coal Mine Rating Bureau Annual Meeting,
"The Use of Rate of Return Models in Insurance Rate Regulation"

Philadelphia, Pennsylvania, November 17, 1987,
Economic Issues in Workers' Compensation Seminar,
"The Transition to Permanent Disability Status" (with John D. Worrall and David Durbin)

Charlotte, North Carolina, October 20, 1987,
American Insurance Association Government Affairs Conference,
"Prospects for Workers' Compensation in 1988"

Minneapolis, Minnesota, September 29, 1987,
Minnesota Workers' Compensation Reinsurance Association Annual Meeting,
"Economic and Demographic Characteristics of Workers' Compensation Claims"

Airlie, Virginia, July 7, 1987,
National Symposium on Workers' Compensation,
"Forecasting Workers' Compensation Experience"

Santa Clara, California, June 30, 1987,
Symposium on Recent Advances in Ratemaking,
"Econometric Models of Workers' Compensation Losses"

Storrs, Connecticut, May 1, 1987,
University of Connecticut Symposium on Current Issues in Workers' Compensation,
"Current Research in Workers' Compensation"

Philadelphia, Pennsylvania, April 16, 1987,
Wharton School Graduate Seminar Series,
"Impact of Tax Reform on Workers' Compensation Profitability"

Boca Raton, Florida, December 4, 1986,
National Association of Insurance Commissioners/NCCI Commissioners School,
Panel Discussion on Current Issues in Workers' Compensation

Philadelphia, Pennsylvania, November 7, 1985,
Wharton School, University of Pennsylvania, Graduate Seminar Series,
"Litigation in Workers' Compensation"

Vancouver, British Columbia, August 19, 1985,
American Risk and Insurance Association Annual Meeting,
"Earnings Loss and Permanent Disability"

Washington, D.C., April 23, 1985,
Washington Conference on the Economics of Disability,
"Employment Effects of Workers' Compensation Insurance"

Schenectady, New York, January 18, 1985,
Union University Graduate Business Seminar Series,
"The Use of Modern Portfolio Theory in Insurance Regulation"

EXPERT TESTIMONY

Boston, Massachusetts, May 14, 2012
Massachusetts Workers Compensation Rate Hearing

New York, New York, February 17, 2012
Temporary Services, Inc. *et. al.* v. American International Group, *et. al.*, Deposition

San Francisco, California, January 19, 2012
Mercury Insurance Company Homeowners Insurance Rate Hearing

Santa Fe, New Mexico, November 16, 2011
Biennial Title Insurance Rate Hearing

Tallahassee, Florida, October 11, 2011
NCCI Workers Compensation Insurance Rate Hearing

Tampa, Florida, September 13, 2011
Citizens Property Insurance Corporation Homeowners Insurance Hearing

Raleigh, North Carolina, July 25, 2011
Dwelling Fire and Extended Coverage Insurance Rate Hearing

Tallahassee, Florida, October 6, 2010
NCCI Workers Compensation Insurance Rate Hearing

Irvine, CA, April 21, 2010
Eastwood Insurance Services, Inc. *et. al.*, vs. Titan Auto Insurance of NM, *et. al.* Deposition

San Francisco, California, March 9, 2010
Century National Insurance Company Proposition 103 Rollback Hearing

Santa Fe, New Mexico, November 18, 2009
Annual Title Insurance Rate Hearing

Tallahassee, Florida, October 29, 2009
NCCI Workers Compensation Insurance Rate Hearing

Austin, Texas, September 14, 2009
Biennial Title Insurance Rate Hearing

Austin, Texas, April 1, 2009
State Farm Lloyds Homeowners Rate Hearing

Santa Fe, New Mexico, November 19, 2008
Annual Title Insurance Rate Hearing

New York, New York, November 13, 2008
Georgia Hensley, *et. al.*, vs. Computer Sciences Corp. *et. al*., Deposition

Tallahassee, Florida, October 29, 2008
State Farm Florida Homeowners Insurance Hearing

Raleigh, North Carolina, July 1, 2008
Auto Insurance Rate Hearing

San Francisco, California, May 5, 2008
GeoVera Insurance Company Earthquake Rate Hearing

Tallahassee, Florida, January 23, 2008
Hartford Insurance Group Homeowners Insurance Rate Hearing

Boston, Massachusetts, January 9, 2008
Commerce Insurance Group Auto Insurance Rate Hearing

San Francisco, California, November 29, 2007
Explorer Insurance Company Automobile Rate Hearing

Santa Fe, New Mexico, November 19, 2007
Annual Title Insurance Rate Hearing

Reno, Nevada, June 14, 2007
Public Hearing Regarding Merger Between UnitedHealth Group and Sierra Health Systems

Austin, Texas, May 31, 2007
State Farm Lloyds Homeowners Rate Hearing

Reno, Nevada, October 26, 2006
Public Hearing Regarding Demutualization of Employers Insurance Group

San Francisco, California, August 30, 2006
Hearing on Proposed Title Insurance Rate Regulations

Austin, Texas, August 14, 2006
Biennial Title Insurance Rate Hearing

Raleigh, North Carolina, September 28, 2005
Auto Insurance Rate Hearing

Providence, Rhode Island, September 27, 2005
Norcal Medical Malpractice Insurance Rate Hearing

San Francisco, California, August 23, 2005
Safeco Insurance Company Earthquake Rate Hearing

Boston, Massachusetts, April 15, 2005
Massachusetts Workers Compensation Rate Hearing

Lawrence, Massachusetts, February 14, 2005
Highground, Inc. v. Mazonson

New York, NY, January 21, 2005
NFHA v. Prudential Deposition

Austin, Texas, July 13, 2004
Medical Protective Insurance Company Medical Malpractice Insurance Rate Hearing

Austin, Texas, December 16, 2003
Biennial Title Insurance Rate Hearing

Providence, Rhode Island, November 17, 2003
Norcal Medical Malpractice Insurance Rate Hearing
San Francisco, California, September 16, 2003
Century National Proposition 103 Rollback Hearing

Austin, Texas, September 11, 2003
Farmers Insurance Exchange Homeowner Rate Rollback Hearing

Austin, Texas, September 2, 2003
State Farm Lloyds Homeowners Rate Rollback Hearing

Austin, Texas, May 21, 2003
Farmers Insurance Group Settlement Hearing

Boston, Massachusetts, April 29, 2003
Massachusetts Workers Compensation Rate Hearing

Los Angeles, California, March 12, 2003
SCPIE Medical Malpractice Rate Hearing

Raleigh, North Carolina, July 17, 2002
Auto Insurance Rate Hearing

Tallahassee, Florida, February 25, 2002
NCCI Workers Compensation Insurance Rate Hearing

Austin, Texas, February 5, 2002
Biennial Title Insurance Rate Hearing

Raleigh, North Carolina, September 24, 2001
Auto Insurance Rate Hearing

Boston, Massachusetts, August 14, 2001
Massachusetts Auto Insurance Bureau Rate Hearing

Austin, Texas, March 6, 2001
Texas Auto Benchmark Rate Hearing

Boston, Massachusetts, August 23, 2000
Massachusetts Auto Insurance Bureau Rate Hearing

Austin, Texas, December 7, 1999
Texas Auto Insurance Plan Association Rate Hearing

Raleigh, North Carolina, December 3, 1999
Auto Insurance Rate Hearing

Austin, Texas, November 3, 1999
Biennial Title Insurance Rate Hearing

Austin, Texas, September 8, 1999
Texas Auto Benchmark Rate Hearing

Boston, Massachusetts, August 13, 1999
Massachusetts Auto Insurance Bureau Rate Hearing

Austin, Texas, June 22, 1999
Texas Property Benchmark Rate Hearing
Honolulu, Hawaii, December 16, 1998
NCCI Workers Compensation Insurance Rate Hearing

Richmond, Virginia, November 15, 1998
NCCI Workers Compensation Insurance Rate Hearing

Boston, Massachusetts, October 9, 1998
Massachusetts Auto Insurance Bureau Rate Hearing

Austin, Texas, May 19, 1998
Texas Auto Insurance Plan Association Rate Hearing

Austin, Texas, April 7, 1998
Auto Insurance Benchmark Rate Hearing

Austin, Texas, February 17, 1998
Property Insurance Benchmark Rate Hearing

Austin, Texas, November 18, 1997
Biennial Title Insurance Rate Hearing

Tallahassee, Florida, September 8, 1997
NCCI Workers Compensation Insurance Rate Hearing

Austin, Texas, April 8, 1997
Texas Auto Insurance Plan Association Rate Hearing

Austin, Texas, March 10, 1997
Auto Insurance Benchmark Rate Hearing

San Francisco, California, March 4, 1997
Insurance Department Hearing on Rating Factors

Raleigh, North Carolina, July 16, 1996
Auto Insurance Rate Hearing

San Francisco, California, March 11, 1996
Century National Proposition 103 Rollback Hearing

Sacramento, California, January 30, 1996
Hartford Steam Boiler Proposition 103 Rollback Hearing

San Francisco, California, January 8, 1996
SAFECO Insurance Company Earthquake Rate Hearing

Austin, Texas, December 21, 1995
Residential Property Insurance Benchmark Rate Hearing

Clearwater, Florida, December 8, 1995
Florida Windstorm Underwriting Association Rate Hearing

Austin, Texas, November 28, 1995

Private Passenger Auto Insurance Benchmark Rate Hearing

Austin, Texas, October 31, 1995
Texas Automobile Insurance Plan Association Rate Hearing
Sacramento, California, April 18, 1995
California Insurance Department Hearing on Auto Insurance Rating Factors

Portland, Maine, April 13, 1995
Workers Compensation Assigned Risk Pool Fresh Start Hearing

San Francisco, California, February 6, 1995
Farmers Insurance Group Earthquake Insurance Rate Hearing

Austin, Texas, January 6, 1995
Special Hearing on Classification Rules for Automobile Insurance

Austin, Texas, December 15, 1994
Residential Property Insurance Benchmark Rate Hearing

Austin, Texas, October 4, 1994
Texas Automobile Insurance Plan Association Rate Hearing

Austin, Texas, September 27, 1994
Private Passenger Auto Insurance Benchmark Rate Hearing

Raleigh, North Carolina, July 19, 1994
Private Passenger Auto Insurance Rate Hearing

San Francisco, California, December 22, 1993
Century National Homeowner's Insurance Rate Hearing

Raleigh, North Carolina, October 13, 1993
Homeowners/Farmowners Insurance Rate Hearing

Tallahassee, Florida, October 4, 1993
Workers' Compensation Insurance Rate Hearing

Boston, Massachusetts, September 9, 1993
Automobile Insurance Rate Hearing

Austin, Texas, March 4, 1993
Residential Property Insurance Benchmark Rate Hearing

Austin, Texas, February 10, 1993
Automobile Insurance Benchmark Rate Hearing

Honolulu, Hawaii, November 18, 1992
Liberty Mutual Insurance Automobile Rate Hearing

Raleigh, North Carolina, November 13, 1992
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, October 29, 1992
Workers' Compensation Insurance Rate Hearing

San Francisco, California, October 14, 1992
Workers' Compensation Insurance Rate Hearing

Atlanta, Georgia, September 24, 1992
Workers' Compensation Insurance Rate Hearing
Nashville, Tennessee, May 27, 1992
Workers' Compensation Insurance Rate Hearing

San Francisco, California, May 13, 1992
Workers' Compensation Insurance Rate Hearing

Los Angeles, California, April 10, 1992
Mercury General Proposition 103 Rollback Proceedings

Austin, Texas, January 27, 1992
Texas Automobile Insurance Plan Rate Hearing

Austin, Texas, December 17, 1991
Automobile Insurance Rate Hearing

Raleigh, North Carolina, December 16, 1991
Workers' Compensation Insurance Rate Hearing

San Francisco, California, October 22, 1991
Workers' Compensation Rate Hearing

Los Angeles, California, May 23, 1991,
Proposition 103 RCD-2 Proceedings

San Francisco, California, April 9, 1991
California Workers' Compensation Rate Study Commission

Nashville, Tennessee, March 20, 1991
Workers' Compensation Insurance Rate Hearing

Los Angeles, California, March 12, 1991,
California Workers' Compensation Rate Study Commission

Olympia, Washington, February 26, 1991,
House Financial Institutions/Insurance Committee Hearing on Rules for Insurance Regulatory Legislation

Olympia, Washington, November 27, 1990,
Insurance Department Public Hearing on Proposed Rules for Ratemaking

Harrisburg, Pennsylvania, November 12, 1990,
Allstate Insurance Company Automobile Insurance Rate Hearing

Tallahassee, Florida, November 1, 1990,
Scanlan v. Martinez, et.al., Superior Court of Leon County

San Bruno, California, October 1, 1990,
SAFECO Insurance Group Proposition 103 Rate Rollback Hearing

Austin, Texas, July 23, 1990,
Texas State Board of Insurance Special Hearing on Investment Income in Ratemaking

Harrisburg, Pennsylvania, July 18, 1990,
Pennsylvania National Mutual Insurance Company Automobile Insurance Rate Hearing

Harrisburg, Pennsylvania, June 28, 1990,
Harleysville Mutual Insurance Company Automobile Insurance Rate Hearing
Columbia, South Carolina, March 30, 1990,
Workers' Compensation Insurance Rate Hearing

San Bruno, California, March 19, 1990,
California Proposition 103 Generic Hearing

Denver, Colorado, December 12, 1989,
Workers' Compensation Insurance Rate Hearing

Tampa, Florida, October 23, 1989,
Workers' Compensation Insurance Rate Hearing

Austin, Texas, October 17, 1989,
Workers' Compensation Insurance Rate Hearing

Los Angeles, California, September 25, 1989,
SAFECO Insurance Company of America Proposition 103 Rate Hearing

Austin, Texas, August 29, 1989,
Texas Insurance Advisory Association Property Insurance Rate Hearing

Providence, Rhode Island, April 13, 1989,
Workers' Compensation Insurance Rate Hearing

Augusta, Maine, January 24, 1989,
Workers' Compensation Insurance Rate Hearing

Hartford, Connecticut, November 14, 1988,
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, November 3, 1988,
Workers' Compensation Insurance Rate Hearing

Austin, Texas, November 2, 1988,
Workers' Compensation Insurance Rate Hearing

Montgomery, Alabama, June 30, 1988,
Workers' Compensation Insurance Rate Hearing

Augusta, Maine, March 24, 1988,
Workers' Compensation Insurance Rate Hearing

Austin, Texas, October 27, 1987,
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, October 9, 1987,
Workers' Compensation Insurance Rate Hearing

Atlanta, Georgia, August 6, 1987,

Workers' Compensation Insurance Rate Hearing

Augusta, Maine, February 24, 1987,
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, November 14, 1986,
Workers' Compensation Insurance Rate Hearing
Austin, Texas, November 18, 1986,
Workers' Compensation Insurance Rate Hearing

Augusta, Maine, May 28, 1986,
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, December 6, 1985,
Workers' Compensation Insurance Rate Hearing

Oklahoma City, Oklahoma, October 10, 1985,
Workers' Compensation Insurance Rate Hearing

Austin, Texas, July 23, 1985,
Workers' Compensation Insurance Rate Hearing

Austin Texas, June 14, 1985,
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, November 18, 1984,
Workers' Compensation Insurance Rate Hearing

Austin, Texas, August 29, 1984,
Workers' Compensation Insurance Rate Hearing

Portland, Oregon, March 6, 1984,
NA IC Public Hearing on Investment Income and Insurance Profitability

Tallahassee, Florida, February 25, 1984,
Workers' Compensation Insurance Rate Hearing

Tallahassee, Florida, August 18, 1983,
Workers' Compensation Insurance Rate Hearing

Austin Texas, July 13, 1983,
Workers' Compensation Insurance Rate Hearing

Oklahoma City, Oklahoma, March 6, 1983,
Workers' Compensation Insurance Rate Hearing

Baton Rouge, Louisiana, March 16, 1982,
Louisiana Insurance Commission Public Hearing on Investment Income

Providence, Rhode Island, February 3, 1982,
Workers' Compensation Insurance Rate Hearing

Augusta, Maine, October 1, 1981,
Workers' Compensation Insurance Rate Hearing

NORTH CAROLINA RATING BUREAU
EXHIBIT RB-14, Sheet 1

Calculation of Reinsurance Cost
Statewide Total

		Total
(1)	Hurricane Losses	534,702,859
(2)	Loss Adjustment Expense Factor	1.120
(3)	Hurricane Losses and Loss Expenses (1) x (2)	599,014,780
(4)	Percent Reinsured	0.446
(5)	Reinsured Losses and Loss Expenses [(3) x (4)]	267,409,396
	a. Losses& LAE Included in Base Rate	212,142,783
	b. Additional WSST Losses & LAE	55,266,613
(6)	Reinsurance Expense Factor	0.70
(7)	Reinsurance Loss+Expenses [(5) / (6)]	382,013,423
(8)	Reinsurance Premium to Surplus Ratio	0.30
(9)	Reinsurer Underwriting Return Percent of Surplus	15.6%
(10)	Reinsurer Underwriting Return Percent of Premium[(9) / (8)]	52.0%
(11)	Reinsurance Premium [(7) / (1.000-(10))]	796,602,582
(12)	Reinsurance Expense Cost [(7)-(5)]	114,604,027
(13)	Cost of Reinsurer Capital [(11) - (5a) -(12)]	469,855,772
(14)	Reinsurer Expenses plus Cost of Reinsurer Capital [(12) + (13)]	584,459,799

Notes:

(1), (4), (5) from Simulation.
(2) from ISO..
(4) Assumes hurricane losses reinsured from 1/10 to 1/100 year event with 95% placement.
(6) Judgment based on Professional Reinsurers Cat Expenses.
(8) Milliman Analysis.
(9) Underwriting return that produces reasonable after-tax return on surplus.

NORTH CAROLINA RATING BUREAU
EXHIBIT RB-14, Sheet 2

Calculation of Reinsurance Cost
Statewide Total

	Total
(1) Expected Value of Net Losses	1,065,487,196
(2) Expected Value of Ceded Losses	189,366,534
(3) Expected Value of All Losses [(1)+(2)]	1,254,853,730
(4) Commission and Brokerage	13.60%
(5) Taxes Licenses and Fees	2.60%
(6) Fixed Expenses (Other Acquisition & General)	220,604,690
(7) Reinsurer Expenses plus Cost of Reinsurer Capital	584,459,799
(8) Underwriting Profit (10.5 %) and Contingencies (1.0 %)	11.50%
(9) Loss Adjustment Expense Factor	1.120
(10) Total Indicated Premium [((3) x (9) + (6) + (7)) / (1.0 - (4) - (5) - (8))]	3,057,879,676
(11) Total Indicated Underwriting Profit [Profit from (8) x (10)]	321,077,366
(12) Investment Income on Reserves as a Percentage of Losses & LAE	2.33%
(13) Total Indicated Investment Income on Reserves [(1) x (9) x (12)]	27,859,889
(14) Total Profit excluding Investment Income on Surplus [(11) + (13)]	348,937,255
(15) Reinsurance Expense Cost as % of Direct Premium [(12) / (15)]	3.75%
(16) Cost of Reinsurer Capital as % of Direct Premium [(13) / (15)]	15.37%
(17) Net Cost of Reinsurance as % of Direct Premium [(15)+(16)]	19.11%
(18) Reinsurance Premium as % of Direct Premium [(11)/ (15)]	26.05%

Notes:

1. (1)-(3) From Simulation
2. (4)-(6), (8), (9) from ISO
3. (7) See Exhibit RB-14, Sheet 1
4. (12) Milliman Analysis

NORTH CAROLINA RATING BUREAU

EXHIBIT RB-15, Sheet 1

Using Standard Deviation to Allocate Profit

	Zone 1	Zone 2	Zone 3	Sum
Allocation of Primary Company Amounts				
(1) Standard Deviation of Net Losses	708,144,367	392,202,290	316,869,137	1,417,215,794
(2) Allocation Percent [(1) / Sum(1)]	50.0%	27.7%	22.4%	100.0%
(3) Expected Profit to Allocate	174,354,500	96,565,386	78,017,369	348,937,255
(4) Expected Contingencies to Allocate (Allocated with (7))	5,903,134	10,071,099	14,604,564	30,578,797
(5) Expected Losses	205,688,726	350,917,241	508,881,228	1,065,487,196
(6) Loss Adjustment Expense Factor	1.120	1.120	1.120	1.120
(7) Expected Losses and Loss Expenses [(5) x (6)]	230,428,144	393,124,163	570,087,427	1,193,639,734
(8) Expected Investment Income on Policy Reserves Percent	2.3%	2.3%	2.3%	2.3%
(9) Underwriting Profit and Contingencies [(3) + (4) - (7) x (8)]	174,879,376	97,460,856	79,315,930	351,656,163
(10) General and Other Acquisition Expense	-	-	-	220,604,690
(11) Variable Expense Percent	16.20%	16.20%	16.20%	16.20%
Allocation of Reinsurer Amounts				
(12) Standard Deviation of Ceded Losses	596,276,866	363,152,783	274,900,790	1,234,330,439
(13) Allocation Percent [(12) / Sum(12)]	48.3%	29.4%	22.3%	100.0%
(14) Expected Profit to Allocate	203,293,644	123,812,706	93,724,219	420,830,569
(15) Expected Ceded Loss & LAE	121,414,330	59,182,000	31,546,452	212,142,783
(16) Additional WSST Ceded Losses & LAE	26,699,155	18,330,952	10,236,507	55,266,613
(17) Expected Losses and Loss Expenses [(15) + (16)]	148,113,485	77,512,952	41,782,959	267,409,396
(18) Expected Investment Income on Policy Reserves Percent	2.3%	2.3%	2.3%	2.3%
(19) Cost of Reinsurer Capital [(14) - (17) x (18) + (16)]	226,535,788	140,334,484	102,985,499	469,855,772
(20) Reinsurer Expenses [Total (20) allocated with (17)]	65,590,594	31,971,371	17,042,062	114,604,027
Summary of Expense Provisions				
(21) Indicated Premium [((7) + (9) + (10) + (15) + (19) + (20)) / (1.0 - (11))]	977,145,863	861,662,141	955,820,252	3,057,879,676
(22) Underwriting Profit and Contingencies (Percent) [(9) / (21)]	17.9%	11.3%	8.3%	11.5%
(23) Cost of Reinsurer Capital (Percent) [(19) / (21)]	23.2%	16.3%	10.8%	15.4%
(24) Reinsurer Expenses (Percent) [(20) / (21)]	6.7%	3.7%	1.8%	3.7%

Notes:

1. (1), (5), (12), (15), (16) From Simulation.
2. Sum(3) from Exhibit RB-14, Sheet 2, Zone amounts from Sum and Allocation Percentage (2).
3. (4), (6), (8), (10), (11), (18) From Exhibit RB-14, Sheet 2.
4. Sum(14) from Exhibit RB-14, Sheet 1, [(13) - (5b) + (5) x Exhibit RB-14, Sheet 2, (12)]
5. Zone amounts(14) from Sum(14) and Allocation Percentage (13).
6. Sum(20) from Exhibit RB-14, Sheet 2, Zone amounts from Sum and Allocation based on (17).

NORTH CAROLINA RATING BUREAU

EXHIBIT RB-15, Sheet 2

Using Variance to Allocate Profit

	Zone 1	*Zone 2*	*Zone 3*	*Sum*
Allocation of Primary Company Amounts				
(1) Variance of Net Losses (in billions)	501,468,440	153,822,640	100,406,050	755,697,130
(2) Allocation Percent [(1) / Sum(1)]	66.4%	20.4%	13.3%	100.0%
(3) Expected Profit to Allocate	231,549,141	71,026,404	46,361,710	348,937,255
(4) Expected Contingencies to Allocate (Allocated with (7))	5,903,134	10,071,099	14,604,564	30,578,797
(5) Expected Losses	205,688,726	350,917,241	508,881,228	1,065,487,196
(6) Loss Adjustment Expense Factor	1.120	1.120	1.120	1.120
(7) Expected Losses and Loss Expenses [(5) x (6)]	230,428,144	393,124,163	570,087,427	1,193,639,734
(8) Expected Investment Income on Policy Reserves Percent	2.3%	2.3%	2.3%	2.3%
(9) Underwriting Profit and Contingencies [(3) + (4) - (7) x (8)]	232,074,017	71,921,874	47,660,272	351,656,163
(10) General and Other Acquisition Expense	-	-	-	220,604,690
(11) Variable Expense Percent	16.20%	16.20%	16.20%	16.20%
Allocation of Reinsurer Amounts				
(11) Variance of Ceded Losses (in billions)	355,546,100	131,879,940	75,570,444	562,996,484
(13) Allocation Percent [(12) / Sum(12)]	63.2%	23.4%	13.4%	100.0%
(14) Expected Profit to Allocate	265,764,835	98,578,076	56,487,658	420,830,569
(15) Expected Ceded Loss & LAE	121,414,330	59,182,000	31,546,452	212,142,783
(16) Additional WSST Ceded Losses & LAE	26,699,155	18,330,952	10,236,507	55,266,613
(17) Expected Losses and Loss Expenses [(15) + (16)]	148,113,485	77,512,952	41,782,959	267,409,396
(18) Expected Investment Income on Policy Reserves Percent	2.3%	2.3%	2.3%	2.3%
(19) Cost of Reinsurer Capital [(14) - (17) x (18) + (16)]	289,006,979	115,099,854	65,748,939	469,855,772
(20) Reinsurer Expenses [Total (20) allocated with (17)]	65,590,594	31,971,371	17,042,062	114,604,027
Summary of Expense Provisions				
(21) Indicated Premium [((7) + (9) + (10) + (15) + (19) + (20)) / (1.0 - (11))]	1,119,945,184	801,073,105	873,609,967	3,057,879,676
(22) Underwriting Profit and Contingencies (Percent) [(9) / (21)]	20.7%	9.0%	5.5%	11.5%
(23) Cost of Reinsurer Capital (Percent) [(19) / (21)]	25.8%	14.4%	7.5%	15.4%
(24) Reinsurer Expenses (Percent) [(20) / (21)]	5.9%	4.0%	2.0%	3.7%

Notes:

1. (1), (5), (12), (15), (16) From Simulation.
2. Sum(3) from Exhibit RB-14, Sheet 2, Zone amounts from Sum and Allocation Percentage (2).
3. (4), (6), (8), (10), (11), (18) From Exhibit RB-14, Sheet 2.
4. Sum(14) from Exhibit RB-14, Sheet 1, [(13) - (5b) + (5) x Exhibit RB-14, Sheet 2, (12)]
5. Zone amounts(14) from Sum(14) and Allocation Percentage (13).
6. Sum(20) from Exhibit RB-14, Sheet 2, Zone amounts from Sum and Allocation based on (17).

NORTH CAROLINA RATING BUREAU

EXHIBIT RB-15, Sheet 3

Using Losses at Probability of Ruin to Allocate Profit

	Zone 1	*Zone 2*	*Zone 3*	*Sum*
Allocation of Primary Company Amounts				
(1) Net Losses at Probability of Ruin	1,224,267,382	901,072,845	727,938,426	2,853,278,653
(2) Allocation Percent [(1) / Sum(1)]	42.9%	31.6%	25.5%	100.0%
(3) Expected Profit to Allocate	149,719,867	110,195,296	89,022,093	348,937,255
(4) Expected Contingencies to Allocate (Allocated with (7))	5,903,134	10,071,099	14,604,564	30,578,797
(5) Expected Losses	205,688,726	350,917,241	508,881,228	1,065,487,196
(6) Loss Adjustment Expense Factor	1.120	1.120	1.120	1.120
(7) Expected Losses and Loss Expenses [(5) x (6)]	230,428,144	393,124,163	570,087,427	1,193,639,734
(8) Expected Investment Income on Policy Reserves Percent	2.3%	2.3%	2.3%	2.3%
(9) Underwriting Profit and Contingencies [(3) + (4) - (7) x (8)]	150,244,743	111,090,766	90,320,654	351,656,163
(10) General and Other Acquisition Expense	-	-	-	220,604,690
(11) Variable Expense Percent	16.20%	16.20%	16.20%	16.20%
Allocation of Reinsurer Amounts				
(11) Ceded Losses at Probability of Ruin	2,062,091,573	1,310,302,762	582,145,285	3,954,539,620
(13) Allocation Percent [(12) / Sum(12)]	52.1%	33.1%	14.7%	100.0%
(14) Expected Profit to Allocate	219,441,769	139,438,597	61,950,203	420,830,569
(15) Expected Ceded Loss & LAE	121,414,330	59,182,000	31,546,452	212,142,783
(16) Additional WSST Ceded Losses & LAE	26,699,155	18,330,952	10,236,507	55,266,613
(17) Expected Losses and Loss Expenses [(15) + (16)]	148,113,485	77,512,952	41,782,959	267,409,396
(18) Expected Investment Income on Policy Reserves Percent	2.3%	2.3%	2.3%	2.3%
(19) Cost of Reinsurer Capital [(14) - (17) x (18) + (16)]	242,683,913	155,960,375	71,211,483	469,855,772
(20) Reinsurer Expenses [Total (20) allocated with (17)]	65,590,594	31,971,371	17,042,062	114,604,027
Summary of Expense Provisions	65,590,594	31,971,371	17,042,062	114,604,027
(21) Indicated Premium [((7) + (9) + (10) + (15) + (19) + (20)) / (1.0 - (11))]	967,018,764	896,573,597	931,035,894	3,057,879,676
(22) Underwriting Profit and Contingencies (Percent) [(9) / (21)]	15.5%	12.4%	9.7%	11.5%
(23) Cost of Reinsurer Capital (Percent) [(19) / (21)]	25.1%	17.4%	7.6%	15.4%
(24) Reinsurer Expenses (Percent) [(20) / (21)]	6.8%	3.6%	1.8%	3.7%

Notes:

1. (1), (5), (12), (15), (16) From Simulation.
2. Sum(3) from Exhibit RB-14, Sheet 2, Zone amounts from Sum and Allocation Percentage (2).
3. (4), (6), (8), (10), (11), (18) From Exhibit RB-14, Sheet 2.
4. Sum(14) from Exhibit RB-14, Sheet 1, [(13) - (5b) + (5) x Exhibit RB-14, Sheet 2, (12)]
5. Zone amounts(14) from Sum(14) and Allocation Percentage (13).
6. Sum(20) from Exhibit RB-14, Sheet 2, Zone amounts from Sum and Allocation based on (17).

NCRB - PRO FORMA STATUTORY RATE OF RETURN

HOMEOWNERS INSURANCE

		Pre-Tax	Tax Liability	Post-Tax
1.	Premiums	100.00%		
	Loss & Loss Adjustment Expense	46.97%		
	Commission & Brokerage	13.60%		
	General Expense	2.98%		
	Other Acquisition Expense	4.24%		
	Taxes, Licenses and Fees	2.60%		
	Net Cost of Reinsurance	19.11%		
2.	Pro-Forma Underwriting Profit	10.50%		
3.	Installment Fee Income	0.65%		
4.	Regular tax		3.90%	
5.	Additional tax due to TRA		0.31%	
6.	Total Return from Underwriting (post-tax)			6.94%
7.	Investment Gain on Insurance Transaction	1.45%		
	Less Investment Income on Agents Balances	0.41%		
	Net Investment Gain on Insurance Transaction	1.04%	0.25%	0.79%
8.	Total Return as a % of Premium (post-tax)			7.72%
9.	Premium-to-Net Worth Ratio			0.978
10.	Total Return as a % of Net Worth (post-tax)			7.55%

Note: Lines (1) to (8) are all expressed as a % of premium.

Assumptions

(a)	UW Tax Rate =	35.00%
(b)	Inv. Income Tax Rate =	24.31%
(c)	Inv. Yield =	3.08%
(d)	P/S Ratio =	1.13
(e)	NW/S Ratio =	1.16
(f)	Installment Fee Income=	0.65%
(g)	Additional TRA tax=	0.31%
(h)	Net Cost of Reinsurance=	19.11%

NOTES TO EXHIBIT RB-16, Page 1

1. The expense provisions are those used on page C-1, C-3 and C-5 of Exhibit RB-1, as adjusted for the proposed rate change

2. Selected by Rate Bureau.

3. See assumption (f) below.

4. [(2.)+(3.)] x (a.).

5. See assumption (g) below.

6. (2.) + (3.) - [(4.) + (5.)].

7. Pages 7-13. Investment income on agents' balances equals 0.132 x 1.031 x (c) x [1 - (h)], where 0.132 is agents balances for premiums due less than 90 days and 1.031 is the factor to include the effect of agents' balances or uncollected premiums overdue for more than 90 days.

8. (6.) + (7.).

9. (d.)/(e.).

10. (8.) x (9.).

ASSUMPTIONS

(a) Internal Revenue Code.

(b) See RB-16, pp. 11-13; 1-avg post-tax yield/avg pre-tax yield.

(c) See RB-16, pp. 11-13; average of current and embedded yields.

(d) See RB-16, p. 14

(e) See RB-16, pp. 15

(f) See RB-16, p. 3

(g) See RB-16, pp. 4-6

(h) See prefiled testimony

NCRB - PRO FORMA TOTAL RATE OF RETURN
INCLUDING INVESTMENT INCOME ON SURPLUS
HOMEOWNERS INSURANCE

		Pre-Tax	Tax Liability	Post-Tax
1.	Premiums	100.00%		
	Loss & Loss Adjustment Expense	46.97%		
	Commission & Brokerage	13.60%		
	General Expense	2.98%		
	Other Acquisition Expense	4.24%		
	Taxes, Licenses and Fees	2.60%		
	Net Cost of Reinsurance	19.11%		
2.	Pro-Forma Underwriting Profit	10.50%		
3.	Installment Fee Income	0.65%		
4.	Regular tax		3.90%	
5.	Additional tax due to TRA		0.31%	
6.	Total Return from Underwriting (post-tax)			6.94%
7.	Investment Gain on Insurance Transaction	1.45%		
	Less Investment Income on Agents Balances	0.41%		
	Net Investment Gain on Insurance Transaction	1.04%	0.25%	0.79%
8.	Investment Gain on Surplus (Including Prepaid Expense Adjustment)	3.46%	0.84%	2.62%
9.	Total Return as a % of Premium (post-tax)			10.34%
10.	Premium-to-Net Worth Ratio			0.978
11.	Total Return as a % of Net Worth (post-tax)			10.11%

Note: Lines (1) to (9) are all expressed as a % of premium.

Assumptions

(a)	UW Tax Rate =	35.00%
(b)	Inv. Income Tax Rate =	24.31%
(c)	Inv. Yield =	3.08%
(d)	P/S Ratio =	1.13
(e)	NW/S Ratio =	1.16
(f)	Installment Fee Income=	0.65%
(g)	Additional TRA tax=	0.31%
(h)	Net Cost of Reinsurance=	19.11%

NOTES TO EXHIBIT RB-16, Page 1A

1. The expense provisions are those used on page C-1 of Exhibit RB-1, as adjusted for the proposed rate change rate change shown thereon.

2. Selected by Rate Bureau.

3. See assumption (f) below.

4. [(2.)+(3.)] x (a.).

5. See assumption (g) below.

6. (2.) + (3.) - [(4.) + (5.)].

7. Pages 7-12. Investment income on agents' balances equals 0.132 x 1.031 x (c) x [1 - (h)], where 0.132 is agents balances for premiums due less than 90 days and 1.031 is the factor to include the effect of agents' balances or uncollected premiums overdue for more than 90 days.

8. (c.) x [1/(d.) + (0.4543 x 0.5248)], where 0.4543 is the prepaid expense ratio from page 9 . and 0.5248 is the unearned premium reserve to premium ratio from page 9.

9. (6.) + (7.) + (8.).

10. (d.)/(e.).

11. (9.) x (10.).

ASSUMPTIONS

(a) Internal Revenue Code.

(b) See RB-16, pp. 11-13; 1-avg post-tax yield/avg pre-tax yield.

(c) See RB-16, pp. 11-13; average of current and embedded yields.

(d) See RB-16, p. 14

(e) See RB-16, pp. 15

(f) See RB-16, p. 3

(g) See RB-16, pp. 4-6

NORTH CAROLINA
HOMEOWNERS INSURANCE
INSTALLMENT PAYMENT INCOME

Year	Inst. Charges	Statutory P. 14 Written Premium	Inst. Charges as a % of Prem.
2009	10,678,098	1,811,110,646	0.59%
2008	10,055,100	1,720,123,475	0.58%
2007	11,969,656	1,639,289,516	0.73%
2006	11,053,455	1,529,376,832	0.72%
2005	8,684,682	1,433,056,057	0.61%
Selected Value			0.65%

Source: ISO.

NORTH CAROLINA
HOMEOWNERS INSURANCE
CALCULATION OF TAXABLE INCOME

1	Collected Earned Premium for current year	100.00%
2	UEPR 12/31/current	54.11%
3	UEPR 12/31/prior	49.97%
4	Increase = (2) - (3)	4.14%
5	20% of Increase = Taxable Income	0.83%
6	Tax Liability = (5)x.35	0.29%
7	Unpaid Losses current yr.	10.36%
8	Discounted unpaid losses current yr.	9.68%
9	Unpaid Losses prior yr	9.57%
10	Discounted unpaid losses prior yr.	8.94%
11	Additional Income	0.05%
12	Tax Liability	0.02%
	Other Tax Liabilities	
13	UEP	0.29%
14	Discounting of Loss Reserves	0.02%
15	Total	**0.31%**

NORTH CAROLINA
HOMEOWNERS INSURANCE
CALCULATION OF TAXABLE INCOME

(1) AY Avg Acc Date	(2) AY Pay Pattern	(3) Percent Unpaid	(4) Total Losses	(5) Unpaid Losses	(6) AY at 12/31/yr. t	(7) Discount Factor	(8) Discounted Weight	(9) AY at 12/31/yr. t-1	(10) Weight	(11) Discount Factor	(12) Discounted Weight
0.5	85.50%	14.50%	46.967	6.8	2011	0.942372	6.4				
1.5	95.70%	4.30%	43.376	1.9	2010	0.916948	1.7	2010	6.290	0.942372	5.9
2.5	98.00%	2.00%	40.060	0.8	2009	0.918401	0.7	2009	1.723	0.916948	1.6
3.5	99.00%	1.00%	36.997	0.4	2008	0.917013	0.3	2008	0.740	0.918401	0.7
4.5	99.40%	0.60%	34.168	0.2	2007	0.913350	0.2	2007	0.342	0.917013	0.3
5.5	99.60%	0.40%	31.556	0.1	2006	0.913257	0.1	2006	0.189	0.913350	0.2
6.5	99.80%	0.20%	29.143	0.1	2005	0.919076	0.1	2005	0.117	0.913257	0.1
7.5	99.80%	0.20%	26.915	0.1	2004	0.928219	0.0	2004	0.054	0.919076	0.0
8.5	99.90%	0.10%	24.857	0.0	2003	0.949895	0.0	2003	0.050	0.928219	0.0
9.5	99.90%	0.10%	22.957	0.0	2002	0.965862	0.0	2002	0.023	0.949895	0.0
10.5	99.90%	0.10%	21.201	0.0	2001	0.982018	0.0	2001	0.021	0.965862	0.0
11.5	100.00%	0.00%	19.580	0.0	2000	0.983136	0.0	2000	0.020	0.982018	0.0
12.5	100.00%	0.00%	18.083	0.0	1999	0.983136	0.0	1999	0	0.983136	0.0
13.5	100.00%	0.00%	16.701	0.0	1998	0.983136	0.0	1998	0	0.983136	0.0
14.5	100.00%	0.00%	15.424	0.0	1997	0.983136	0.0	1997	0	0.983136	0.0
15.5	100.00%	0.00%	14.244	0.0	1996	0.983136	0.0	1996	0	0.983136	0.0
16.5	100.00%	0.00%	13.155	0.0	1995	0.983136	0.0	1995	0	0.983136	0.0
17.5	100.00%	0.00%	12.150	0.0	1994	0.983136	0.0	1994	0	0.983136	0.0
18.5	100.00%	0.00%	11.221	0.0	1993	0.983136	0.0	1993	0	0.983136	0.0
19.5	100.00%	0.00%	10.363	0.0	1992	0.983136	0.0	1992	0	0.983136	0.0
20.5	100.00%	0.00%	9.570	0.0	1991	0.983136	0.0	1991	0	0.983136	0.0
21.5	100.00%	0.00%	8.839	0.0	1990	0.983136	0.0	1990	0	0.983136	0.0
22.5	100.00%	0.00%	8.163	0.0	1989	0.983136	0.0	1989	0	0.983136	0.0
23.5	100.00%	0.00%	7.539	0.0	1988	0.983136	0.0	1988	0	0.983136	0.0
24.5	100.00%	0.00%	6.962	0.0	1987	0.983136	0.0	1987	0	0.983136	0.0
25.5	100.00%	0.00%	6.430	0.0	1986	0.983136	0.0	1986	0	0.983136	0.0
26.5	100.00%	0.00%	5.938	0.0	1985	0.983136	0.0	1985	0	0.983136	0.0
27.5	100.00%	0.00%	5.484	0.0	1984	0.983136	0.0	1984	0	0.983136	0.0
28.5	100.00%	0.00%	5.065	0.0	1983	0.983136	0.0	1983	0	0.983136	0.0
29.5	100.00%	0.00%	4.678	0.0	1982	0.983136	0.0	1982	0	0.983136	0.0
30.5	100.00%	0.00%	4.320	0.0	1981	0.983136	0.0	1981	0	0.983136	0.0
31.5	100.00%	0.00%	3.990	0.0	1980	0.983136	0.0	1980	0	0.983136	0.0
32.5	100.00%	0.00%	3.685	0.0	1979	0.983136	0.0	1979	0	0.983136	0.0
33.5	100.00%	0.00%	3.403	0.0	1978	0.983136	0.0	1978	0	0.983136	0.0
34.5	100.00%	0.00%	3.143	0.0	1977	0.983136	0.0	1977	0	0.983136	0.0
35.5	100.00%	0.00%	2.903	0.0	1976	0.983136	0.0	1976	0	0.983136	0.0
36.5	100.00%	0.00%	2.681	0.0	1975	0.983136	0.0	1975	0	0.983136	0.0
37.5	100.00%	0.00%	2.476	0.0	1974	0.983136	0.0	1974	0	0.983136	0.0
38.5	100.00%	0.00%	2.286	0.0	1973	0.983136	0.0	1973	0	0.983136	0.0
39.5	100.00%	0.00%	2.112	0.0	1972	0.983136	0.0	1972	0	0.983136	0.0
40.5	100.00%	0.00%	1.950	0.0	1971	0.983136	0.0	1971	0	0.983136	0.0
41.5	100.00%	0.00%	1.801	0.0	1970	0.983136	0.0	1970	0	0.983136	0.0
42.5	100.00%	0.00%	1.663	0.0	1969	0.983136	0.0	1969	0	0.983136	0.0
43.5	100.00%	0.00%	1.536	0.0	1968	0.983136	0.0	1968	0	0.983136	0.0
44.5	100.00%	0.00%	1.419	0.0	1967	0.983136	0.0	1967	0	0.983136	0.0
45.5	100.00%	0.00%	1.310	0.0	1966	0.983136	0.0	1966	0	0.983136	0.0
46.5	100.00%	0.00%	1.210	0.0	1965	0.983136	0.0	1965	0	0.983136	0.0
47.5	100.00%	0.00%	1.118	0.0	1964	0.983136	0.0	1964	0	0.983136	0.0
48.5	100.00%	0.00%	1.032	0.0	1963	0.983136	0.0	1963	0	0.983136	0.0
49.5	100.00%	0.00%	0.953	0.0	1962	0.983136	0.0	1962	0	0.983136	0.0
50.5	100.00%	0.00%	0.880	0.0	1961	0.983136	0.0	1961	0	0.983136	0.0
51.5	100.00%	0.00%	0.813	0.0	1960	0.983136	0.0	1960	0	0.983136	0.0
52.5	100.00%	0.00%	0.751	0.0	1959	0.983136	0.0	1959	0	0.983136	0.0
53.5	100.00%	0.00%	0.693	0.0	1958	0.983136	0.0	1958	0	0.983136	0.0
54.5	100.00%	0.00%	0.640	0.0	1957	0.983136	0.0	1957	0	0.983136	0.0
55.5	100.00%	0.00%	0.591	0.0	1956	0.983136	0.0	1956	0	0.983136	0.0
56.5	100.00%	0.00%	0.546	0.0	1955	0.983136	0.0	1955	0	0.983136	0.0
57.5	100.00%	0.00%	0.504	0.0	1954	0.983136	0.0	1954	0	0.983136	0.0
58.5	100.00%	0.00%	0.466	0.0	1953	0.983136	0.0	1953	0	0.983136	0.0
59.5	100.00%	0.00%	0.430	0.0	1952	0.983136	0.0	1952	0	0.983136	0.0
60.5	100.00%	0.00%	0.397	0.0	1951	0.983136	0.0	1951	0	0.983136	0.0
61.5	100.00%	0.00%	0.367	0.0	1950	0.983136	0.0	1950	0	0.983136	0.0
62.5	100.00%	0.00%	0.339	0.0	1949	0.983136	0.0	1949	0	0.983136	0.0
63.5	100.00%	0.00%	0.313	0.0	1948	0.983136	0.0	1948	0	0.983136	0.0
64.5	100.00%	0.00%	0.289	0.0	1947	0.983136	0.0	1947	0	0.983136	0.0
65.5	100.00%	0.00%	0.267	0.0	1946	0.983136	0.0	1946	0	0.983136	0.0
66.5	100.00%		0.247	0.0	1945	0.983136	0.0	1945	0	0.983136	0.0
Sum				10.36	Sum		9.68	Sum			8.94

NOTES TO PAGES 4 AND 5

Page 4

1-3 Annual Statement, Statutory page 14, for all companies writing homeowners insurance in North Carolina.

4 Line (2) - line (3)

5 Line (4) x .20.

6 Line (5) x .35.

7 Unpaid current-year losses at year-end as a percent of premium. Sum of Page 5, Column (5).

8 Discounted unpaid current-year losses at year-end as a percent of premium. Sum of Page 5, Column (8).

9 Unpaid prior-year losses at year-end as a percent of premium. Sum of Page 5, Column (5) divided by 5% assumed growth rate.

10 Discounted unpaid current-year losses at year-end as a percent of premium. Sum of Page 5, Column (12).

11 Line (7) - Line (8) - {Line (9) - Line (10)]

12 Line (11) x .35

13 Line (6)

14 Line (12)

15 Line (13) + Line (14)

Page 5

1 Midpoint of number of years since end of accident period.

2 Accident year payout pattern developed from policy year developed losses.

3 1 - Column (2)

4 Losses, given historical growth rate.

5 Column (3) x Column (4)

6 Accident Year at current year end

7 Discount factor per IRS Regulations.

8 Column (5) x Column (7)

9 Accident Year at prior year end

10 Column (3), previous period x Column (4), current period

11 Discount factor per IRS Regulations.

12 Column (10) x Column (11)

NCRB INVESTMENT INCOME CALCULATION
HOMEOWNERS INSURANCE
Projected Investment Earnings on Loss, Loss
Adjustment Expense and Unearned Premium Reserves

A. UNEARNED PREMIUM RESERVES		
1. Direct Earned Premiums		1,000,000
2. Mean UEPR	52.48%	524,785
3. Deductions for prepaid expenses:		
Commissions & Brokerage	13.60%	
Taxes, Licenses & Fees (5/6)	2.17%	
Other Acquisition (1/2)	2.12%	
General Expense (1/2)	1.49%	
Cost of Reinsurance	26.05%	
Total	45.43%	
4. Deduction for Prepaid Expenses: (2) x (3)		238,395
5. Net UEPR Subject to Inv (2) - (4)		286,390
B. Loss and Loss Expense Reserves		
1. Direct Earned Premium		1,000,000
2. Expected Inc L & LAE to Premium Ratio	46.97%	469,675
3. Expected Mean L&LAE Reserve to Inc. L & LAE Ratio	39.20%	184,113
C. Net PH Funds Subj to Inv (A5 + B3)		470,503
D. Average Rate of Return		3.08%
E. Investment Earnings from Net Reserves (C) x (D)		14,491
F. Average Rate of Return as a Percent of Direct Earned Premium (E) / (A1)		1.45%

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

All calculations are displayed per $1,000,000 direct earned premiums.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/current year for all companies writing homeowners insurance in North Carolina. These data are from statutory page 14 of the Annual Statement.

1.	Collected Earned Premium for Calendar Year ended 12/31/current year	1,749,633,509
2.	Unearned Premium Reserve as of 12/31/current year	946,767,152
3.	Unearned Premium Reserve as of 12/31/prior year	889,595,262
4.	Mean Unearned Premium Reserve 1/2 [(2) + (3)]	918,181,207
5.	Ratio (4) ÷ (1)	52.48%

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of homeowners policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB.

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line B-2
The expected loss and loss adjustment expense ratio reflects the expense provisions utilized in the filing.

Line B-3
The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of mean loss reserves to incurred losses. This ratio is based on North Carolina companies' statutory page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

6	Incurred Losses	2005	546,910,154
7	Incurred Losses	2006	617,940,701
8	Incurred Losses	2007	709,776,618
9	Incurred Losses	2008	899,893,586
10	Incurred Losses	2009	999,396,755
11	Loss Reserves	2004	231,943,893
12	Loss Reserves	2005	239,459,079
13	Loss Reserves	2006	241,306,853
14	Loss Reserves	2007	270,743,911
15	Loss Reserves	2008	308,814,071
16	Loss Reserves	2009	347,759,090
17	Mean Loss Reserve	2005	235,701,486
18	Mean Loss Reserve	2006	240,382,966
19	Mean Loss Reserve	2007	256,025,382
20	Mean Loss Reserve	2008	289,778,991
21	Mean Loss Reserve	2009	328,286,581
22	Ratio	2005	43.10%
23	Ratio	2006	38.90%
24	Ratio	2007	36.07%
25	Ratio	2008	32.20%
26	Ratio	2009	32.85%
27	Average Loss Reserve		36.62%
28	Ratio of LAE Reserves to Loss Reserves		0.241
29	Ratio of Incurred LAE to Incurred Losses		0.161
30	Loss and LAE Reserve [((27)x(1.0+(28)))/(1.0+(29))]		0.392

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line E

The average rate of return is calculated as the arithmetic mean of the embedded and current yields. The embedded yield is the sum of two ratios: the most recent ratio of investment income to invested assets (see page 12), plus the ten year average ratio of capital gains to invested assets (see page 13). The current yield is the estimated, currently available rate of return (including income and expected capital gains) on the property/casualty industry investment portfolio (see page 11).

Embedded Yield =	3.70% + 0.26% =	3.96%
Current Yield =		2.21%
Average =		3.08%

PORTFOLIO YIELD AND TAX RATE - CURRENT YIELD

(1) Investable Asset	(2) Percent of Assets	(3) Estimated Prospective Pre-Tax Return	(4) Tax Rate	(5) Estimated Prospective Post-Tax Return
Bonds				
U.S. Govt	12.28%	0.87%	35.00%	0.57%
States & territories	10.37%	1.30%	5.25%	1.23%
Special revenue	23.68%	1.51%	5.25%	1.43%
Industrial	27.03%	1.46%	35.00%	0.95%
Preferred stock	1.42%	5.26%	14.18%	4.51%
Common stock	16.89%	8.57%	30.90%	5.92%
Mortgage Loans	0.35%	3.92%	35.00%	2.55%
Real estate	0.83%	4.02%	35.00%	2.61%
Cash & short-term invs.	7.14%	0.08%	35.00%	0.05%
Rate of Return Pre-Inv Exp	100.00%	2.57%	26.38%	1.89%
Investment Expenses		0.36%	35.00%	0.23%
Portfolio Rate of Return		**2.21%**	24.97%	**1.66%**

Sources:
- Various issues of Federal Reserve Statistical Release, H.15(519).
- Mergent Bond Record.
- Standard & Poor's CreditWeek.
- Value Line Investment Survey, Part II.
- Ibbotson Associates, SBBI Valuation Edition 2011 Yearbook.
- Ibbotson and Siegel, AREUEA Journal, 1984.
- A.M. Best's Aggregates & Averages, 2011 edition.

PORTFOLIO YIELD AND TAX RATE
EMBEDDED YIELD

	Income	Tax Rate
Bonds		
Taxable	25,945,348	35.00%
Non-Taxable	14,673,797	5.25%
Stocks		
Taxable	4,528,540	14.18%
Non-Taxable	1,743,224	5.25%
Mortgage Loans	266,576	35.00%
Real Estate	1,783,195	35.00%
Contract Loans	700	35.00%
Cash / Short Term Inv.	229,717	35.00%
All Other	4,974,761	35.00%
Total	54,145,858	24.24%
Inv. Expenses	4,901,245	35.00%
Net Inv. Income	49,244,613	23.17%
Mean Invested Assets	1,330,998,082	
Inv. Inc. Yield Rate	3.70%	23.17%
Capital Gains (10 yr. avg) (% Of Inv. Assets)	0.26%	35.00%
Invest. Yield Rate (pre-tax)	**3.96%**	**23.94%**
Invest. Yield Rate (post-tax)	**3.01%**	

Source: Best's Aggregates and Averages, 2011 Edition, p. 12 (Exhibit of Net Investment Income, Col. 2 (Earned During Year)). Capital Gains, Exhibit RB-16, page 13

CAPITAL GAINS OR LOSSES
AS A PERCENT OF MEAN ASSETS
(All amounts in thousands of dollars)

Calendar Year	Mean Total Admitted Invested Assets	Realized Capital Gains	
		Amount	Percent
2001	785,530,275	6,630,679	0.84%
2002	815,037,267	2,770,997	0.34%
2003	908,024,056	6,280,196	0.69%
2004	1,018,810,319	9,113,199	0.89%
2005	1,120,112,663	12,194,908	1.09%
2006	1,217,432,187	3,587,228	0.29%
2007	1,297,478,130	9,031,778	0.70%
2008	1,288,393,875	(21,018,623)	-1.63%
2009	1,274,678,809	(8,079,575)	-0.63%
2010	1,330,998,082	8,100,143	0.61%
Total	11,056,495,660	28,610,930	0.26%

*Mean total invested assets is the average of the current year and prior year values of total invested assets (annual statement page 2)

Source: "Best's Aggregates & Averages--Property-Casualty," various editions

**NORTH CAROLINA
HOMEOWNERS INSURANCE**

PREMIUM-TO-SURPLUS RATIOS

Year	Homeowners Insurance
2010	0.93
2009	0.97
2008	1.04
2007	0.94
2006	0.97
2005	1.20
2004	1.26
2003	1.37
2002	1.42
2001	1.20
Five-Year Average	0.97
Ten - Year Average	1.13

Notes:
1 Data from Best's Data Service
and Best's Aggregates & Averages, various editions
2 Top 30 groups writing in each year

NORTH CAROLINA HOMEOWNERS INSURANCE
CALCULATION OF GAAP NET WORTH TO SURPLUS RATIO

	2005	2006	2007	2008	2009
Policyholder Surplus	425,759,944,800	486,231,429,443	517,875,621,253	457,293,555,877	511,396,566,997
+ Deferred Acquisition Costs	26,322,460,773	27,351,959,298	27,556,696,928	27,267,204,493	26,770,216,415
+ Non-Admitted DTA Provision	20,389,557,802	19,710,944,304	20,970,760,003	34,146,635,006	24,344,929,355
+ Non-admitted Assets (non-tax part)	23,050,311,315	25,215,840,687	28,591,349,752	28,634,028,619	31,004,819,190
+ Provision for Reinsurance	5,757,810,700	5,407,923,691	4,619,150,713	4,002,703,029	3,457,351,496
+ Provision for FASB 115(after-tax)	4,664,626,701	4,267,041,184	6,555,479,760	(14,840,617,729)	16,691,215,237
- Surplus Notes	(11,102,999,699)	(10,633,190,656)	(10,147,724,269)	(12,270,695,235)	(13,916,580,127)
GAAP-adjusted Net Worth	494,841,712,392	557,551,947,951	596,021,334,139	524,232,814,060	599,748,518,562
Ratio of GAAP Net Worth to Statutory Surplus	1.16	1.15	1.15	1.15	1.17
Five Year Average	1.16				

Source: ISO

NCIUA & NCJUA - North Carolina Beach Plan & Fair Plan

Summary of 2012 Catastrophe Reinsurance

Contract	Attachment Point ($ Millions)	Exhaustion Point ($ Millions)	Coverage	Reinstatement
Reinsurance Layers [1] :				
Layer 1	$1,600.0	$1,975.0	100.0%	No
Layer 2	1,975.0	2,350.0	100.0%	Yes
Layer 3	2,350.0	2,700.0	100.0%	Yes
Layer 4	2,700.0	2,967.0	100.0%	Yes
Layer 5	2,967.0	3,093.1	45.185%	Yes
Cat Bonds [2] :				
Johnston Re - Class A	$2,967.0	$3,509.0	49.815%	No
Johnston Re - Class B	3,314.0	3,922.0	38.953%	No
Combined Reinsurance & Cat Bond Layers:				
Layer 5 & Johnston Re A	$2,967.0	$3,093.1	95.000%	
Johnston Re A	3,093.1	3,314.0	49.815%	
Johnston Re A & B	3,314.0	3,509.0	88.768%	
Johnston Re B	3,509.0	3,922.0	38.953%	

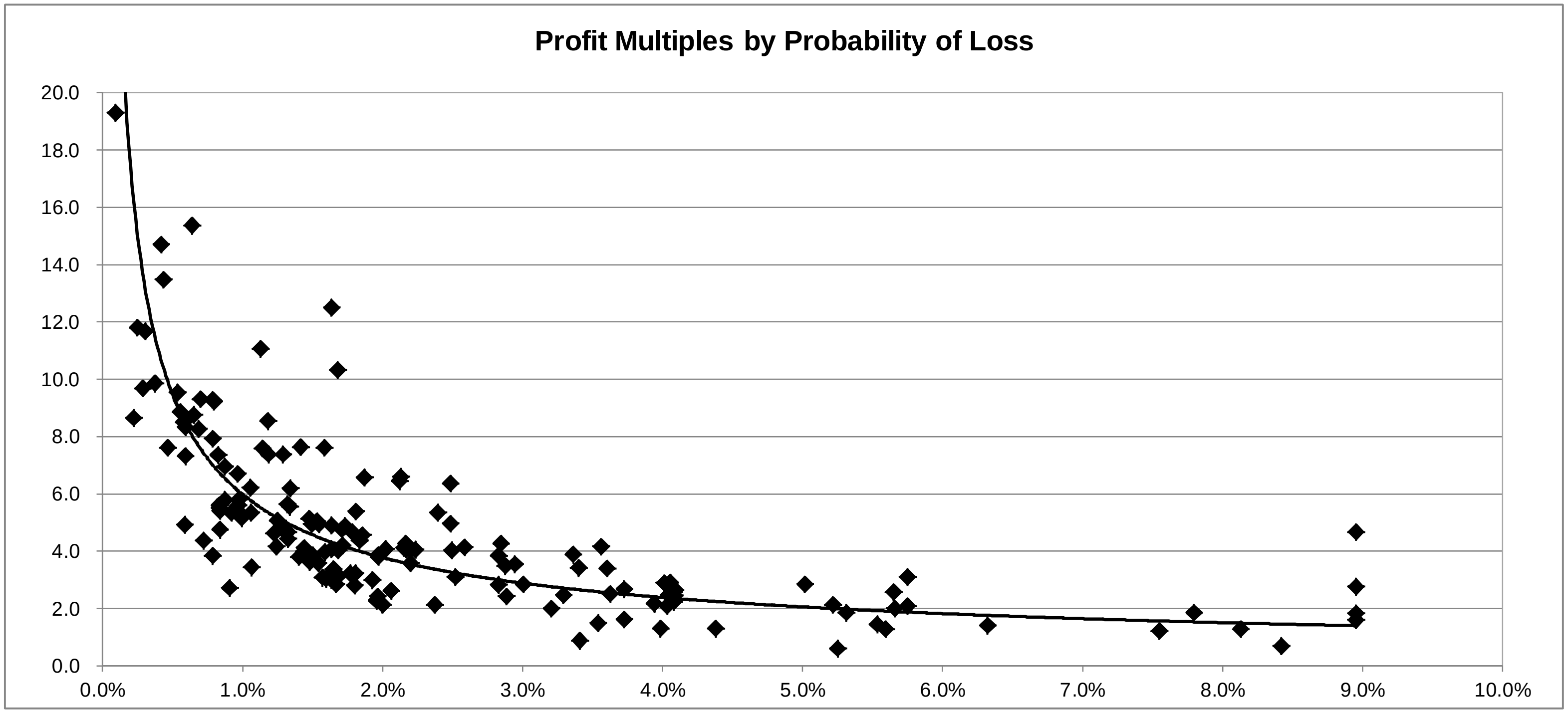
Notes: The above reinsurance covers aggregate loss in the Beach & Fair plans combined, and for all accounts combined (Residential & Commercial)
The Johnston Re cat bonds require the NCIUA & NCJUA to retain at least 5% of losses in a covered layer

(1) Reinsurance Layer 1 provides Annual Aggregate coverage; Reinsurance Layers 2, 3, 4, and 5 provide Occurrence coverage

(2) Johnston Re-Class A provides 49.8% coverage of the layer attaching at $2.97B and exhausting at $3.51B, thus reflecting $270 million of coverage.
Johnston Re-Class B provides 39.0% coverage of the layer attaching at $3.31B and exhausting at $3.92B, thus reflecting $237 million of coverage.

NCIUA & NCJUA - North Carolina Beach Plan & Fair Plan

Catastrophe Bond Profit Multiples



Source: Lane Financial LLC, Annual Securitization Reviews

Notes: Based on near-term cat bonds issued from January, 2006 to March, 2012

Includes all U.S. bonds with a probability of loss between 0.05% and 20.0%; excludes bonds with no stated profit multiples

Equation of the fitted curve: $y = 0.28231\ x^{-0.663}$

Equation to determine average Profit Multiple over specific interval: $\text{Avg PM} = \int_a^b 0.28231\ x^{-0.663} dx \,/\, (b-a)$

NCIUA & NCJUA - North Carolina Beach Plan & Fair Plan

Catastrophe Bond Profit Multiples

Annual Aggregate Layer (1)	Total Beach Plan & Fair Plan: Layer Attachment	Total Beach Plan & Fair Plan: Layer Exhaustion (2)	Attachment Probability	Exhaustion Probability	Profit Multiple
$0 to 1,600	$0.0	$1,600.0	49.4%	5.2%	0.79
$0 to 678	*0.0*	*678.0*	*49.4%*	*10.8%*	*0.69*
$678 to 1,600	*678.0*	*1,600.0*	*10.8%*	*5.2%*	*1.54*
$1,600 to 1,975	1,600.0	1,975.0	5.2%	4.3%	2.14
$1,975 to 2,350	1,975.0	2,350.0	4.3%	3.4%	2.46
$2,350 to 2,700	2,350.0	2,700.0	3.4%	2.9%	2.80
$2,700 to 2,967	2,700.0	2,967.0	2.9%	2.6%	3.06
$2,967 to 3,922	2,967.0	3,922.0	2.6%	1.6%	3.67
$3,922 & Higher	3,922.0	17,853.0	1.6%	0.0%	12.78

(1) The first layer (up to $678 million) was selected to be equal to an event that would exhaust the BP-Residential allocated surplus of $545.3 million.
The allocated surplus of $545.3 million is the BP-Residential's portion of $600 million, which is based on Guy Carpenter's estimate of the NCIUA's & NCJUA's Retained Earnings during a covered event.
The $600 million of surplus is allocated to each account based on the following amounts of members equity as of 3/31/12:
Current surplus: BP-Residential = $620.3 million; BP-Commercial = $62.2 million; FP = -$1.9 million
Allocated surplus: BP-Residential = $545.3 million; BP-Commercial = $54.7 million; FP = $0.0 million

(2) The Exhaustion Amount for the highest layer was selected to be equal to the largest event in the modeled hurricane losses.

NCIUA - North Carolina Beach Plan
Residential Accounts Only

Illustration of How Hurricane Losses are Funded

Voluntary Market Assessments Limited to $1 Billion on All Beach Plan Accounts Combined
($ in Millions)

	Total Beach Plan & Fair Plan			Beach Plan:	Hurricane Losses Funded by:			
Annual Aggregate Layer	Layer Attachment	Layer Exhaustion	Total Loss in Layer	Residential Portion	Beach Plan Surplus	Private Reinsurance	Assessments on Member Companies (1)	Policyholder Surcharges
$0 to 678	$0.0	$678.0	$678.0	$545.3	$545.3	-	-	-
$678 to 1,600	678.0	1,600.0	922.0	742.6	-	-	$742.6	-
$1,600 to 1,975	1,600.0	1,975.0	375.0	302.4	-	$302.4	-	-
$1,975 to 2,350	1,975.0	2,350.0	375.0	302.6	-	204.8	33.5	$64.2
$2,350 to 2,700	2,350.0	2,700.0	350.0	282.5	-	229.0	6.3	47.3
$2,700 to 2,967	2,700.0	2,967.0	267.0	215.6	-	184.0	2.5	29.1
$2,967 to 3,922	2,967.0	3,922.0	955.0	773.0	-	476.9	41.6	254.5
$3,922 & Higher	3,922.0	17,853.0	13,931.0	11,358.6	-	597.3	11.1	10,750.2
TOTAL					$545.3	$1,994.4	$837.6	$11,145.4

(1) Total losses paid by Member Companies ($837.6 M) reflects the Residential portion of the $1 Billion Beach Plan assessment on the total Voluntary Market

NCIUA - North Carolina Beach Plan
Residential Accounts Only

Determination of the Cost of Reinsurance Provided to the NCIUA by the Voluntary Market

Voluntary Market Assessments Limited to $1 Billion on All Beach Plan Accounts Combined
($ in Millions)

Annual Aggregate Layer	Beach Plan: Residential Losses in Layer	Assessments Paid by Member Companies (1)	Expected Losses (2) Total	Expected Losses (2) Exposed (3)	Indicated Profit Multiple (4)	Cost of Providing Reinsurance (5)
$0 to 678	$545.3	-	$98.98	$0.00	0.69	$0.00
$678 to 1,600	742.6	$742.6	54.91	54.91	1.54	84.55
$1,600 to 1,975	302.4	0.0	14.32	0.00	2.14	0.00
$1,975 to 2,350	302.6	33.5	11.62	1.29	2.46	3.17
$2,350 to 2,700	282.5	6.3	8.92	0.20	2.80	0.56
$2,700 to 2,967	215.6	2.5	5.92	0.07	3.06	0.21
$2,967 to 3,922	773.0	41.6	16.05	1.33	3.67	4.89
$3,922 & Higher	11,358.6	11.1	35.89	0.03	12.78	0.45
TOTAL		$837.6	$246.60	$57.83		$93.83

(1) See Exhibit RB17, Page 4
(2) From AIR model
(3) Expected loss subject to Beach Plan assessments of Voluntary Market
(4) See Exhibit RB17, Page 3
(5) = Exposed Expected Losses x Profit Multiple (from Cat Bond data)

NCJUA - North Carolina Fair Plan
Residential & Commercial Accounts

Illustration of How Hurricane Losses are Funded
Reflecting Unlimited Industry Exposure to Fair Plan Assessments
($ in Millions)

	Total Beach Plan & Fair Plan				Hurricane Losses Funded by:		
Annual Aggregate Layer	Layer Attachment	Layer Exhaustion	Total Loss in Layer	Fair Plan Portion	Fair Plan Surplus	Private Reinsurance	Assessments on Member Companies
$0 to 1,600	$0.0	$678.0	$678.0	$63.3	-	-	$63.3
$1,600 to 1,975	1,600.0	1,975.0	375.0	15.1	-	$15.1	0.0
$1,975 to 2,350	1,975.0	2,350.0	375.0	15.2	-	10.3	4.9
$2,350 to 2,700	2,350.0	2,700.0	350.0	14.3	-	11.7	2.6
$2,700 to 2,967	2,700.0	2,967.0	267.0	11.0	-	9.5	1.5
$2,967 to 3,922	2,967.0	3,922.0	955.0	39.6	-	24.4	15.2
$3,922 & Higher	3,922.0	17,853.0	13,931.0	597.8	-	29.9	568.0
TOTAL					$0.0	$100.8	$655.5

NCJUA - North Carolina Fair Plan
Residential & Commercial Accounts

Determination of the Cost of Reinsurance Provided to the NCJUA by the Voluntary Market

Reflecting Unlimited Industry Exposure to Fair Plan Assessments
($ in Millions)

Annual Aggregate Layer	Fair Plan Losses in Layer	Assessments Paid by Member Companies [1]	Expected Losses [2] Total	Expected Losses [2] Exposed [3]	Indicated Profit Multiple [4]	Cost of Providing Reinsurance [5]
$0 to 1,600	$63.3	$63.3	$7.56	$7.56	0.79	$5.97
$1,600 to 1,975	15.1	0.0	0.72	0.00	2.14	0.00
$1,975 to 2,350	15.2	4.9	0.59	0.19	2.46	0.46
$2,350 to 2,700	14.3	2.6	0.45	0.08	2.80	0.23
$2,700 to 2,967	11.0	1.5	0.30	0.04	3.06	0.13
$2,967 to 3,922	39.6	15.2	0.82	0.32	3.67	1.16
$3,922 & Higher	597.8	568.0	1.89	1.79	12.78	22.93
TOTAL		$655.5	$12.32	$9.98		$30.88

(1) See Exhibit RB17, Page 6
(2) From AIR model
(3) Expected loss subject to Fair Plan assessments of Voluntary Market
(4) See Exhibit RB17, Page 3
(5) = Exposed Expected Losses x Profit Multiple (from Cat Bond data)

NCIUA & NCJUA - North Carolina Beach Plan & Fair Plan
Residential Accounts Only

Determination of the Compensation for Bearing the Risk of Beach Plan & Fair Plan Assessments
($ in Millions)

(1) Cost of Reinsurance Provided by the Voluntary Market to the Residential Accounts in the NCIUA (Beach Plan):	$93.83
(2) Cost of Reinsurance Provided by the Voluntary Market to the NCJUA (Fair Plan):	$30.88
(3) Residential Premium as % of Total Fair Plan Assessment Base:	70%
(4) Cost of Reinsurance Provided by the Voluntary Market to the Residential Accounts in the NCJUA (Fair Plan):	$21.62
(5) Total Cost of Reinsurance Provided by the Voluntary Market to the Residential Accounts in the NCIUA & NCJUA:	$115.45

	(6)	(7) = (6) / Total (6)	(8) = (5) x (7)	(9) = (8) / (6)
Policy Form	Estimated 2012 Industry Written Premium @ Manual Rates	% of Total Industry Premium	Allocated Compensation for Risk of Assessment	Compensation for Assessment Risk as % of 2012 Manual Premium
Homeowners	$2,240.5	82.1%	$94.77	4.2%
Dwelling Fire & EC	332.0	12.2%	14.04	4.2%
MobileHome	156.9	5.7%	6.64	4.2%
Total	$2,729.4	100.0%	$115.45	4.2%

(1) From Exhibit RB17, Page 5
(2) From Exhibit RB17, Page 7
(4) = (2) x (3)
(5) = (1) + (4)
(6) 2012 Industry Premium includes NCIUA and NCJUA