



December 20, 2018

Honorable Mike Causey
Commissioner of Insurance
NC Department of Insurance
Property & Casualty
1201 Mail Service Center
Raleigh, NC 27699-1201

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 by territory to produce an overall statewide average rate level change of +17.4%. The caps on the rate level changes by territory have been included in order to reduce the impact on policyholders in those territories, with the goal of increasing the rates to adequate levels in a more gradual manner. The filing shows the filed rate levels varying by territory and policy form within the state, the filed windstorm and hail exclusion credits, the filed wind only rate levels, and miscellaneous manual rule revisions.

The foregoing rate 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) Matthew Berry, Chairman, Property Rating Subcommittee; (b) Yanjun Yao, Insurance Services Office, Inc.; (c) Paul Anderson, Milliman USA (d) Elizabeth Henderson, Aon; (e) Stephen Fiete, Aon; (f) Dr. James Vander Weide – Financial Strategy Associates; and (g) Dr. David Appel - Milliman USA 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 October 1, 2019.

Your approval of this filing is respectfully requested.

Sincerely,

Raymond F. Evans, Jr. CPCU
General Manager

Enclosures

NORTH CAROLINA
HOMEOWNERS INSURANCE

SECTION A - SUMMARY OF REVISION

Statewide Rate Level Changes	A-2
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NORTH CAROLINA
HOMEOWNERS INSURANCE
STATEWIDE RATE LEVEL CHANGES

<u>Form</u>	<u>Premium Weight</u> ^(a)	<u>Indicated Change</u>	<u>Filed Change</u> ^(b)
Owners	\$2,017,285,314	+26.8%	+18.0%
Tenants	\$72,370,871	+10.6%	+5.7%
<u>Condominium Unit Owners</u>	<u>\$29,047,171</u>	<u>+12.9%</u>	<u>+6.1%</u>
All Forms	\$2,118,703,356	+26.1%	+17.4%

^(a) Year-ended 12/31/2016 Aggregate Premium at Current Level (excluding deviations).
These values also appear on page A-3.

^(b) The filed statewide changes are the result of weighting the filed territory changes shown on pages C-8, C-10 and C-12.

NORTH CAROLINA
HOMEOWNERS INSURANCE

STATEWIDE AND TERRITORY RATE LEVEL CHANGES

Territory	Latest-Year Earned Premium			Indicated Rate Level Change			Filed Rate Level Change ^(a)		
	Owners	Tenants	Condominium Unit Owners	Owners	Tenants	Condominium Unit Owners	Owners ^(b)	Tenants ^(c)	Condominium Unit Owners ^(c)
110	\$54,494,452	\$142,549	\$152,230	+94.0%	+12.4%	+17.3%	+30.0%	+5.0%	+10.0%
120	\$55,184,994	\$418,850	\$1,350,128	+97.8%	+32.9%	+32.8%	+30.0%	+15.0%	+15.0%
130	\$23,056,264	\$147,987	\$113,291	+34.1%	+11.6%	+21.9%	+25.0%	+5.0%	+15.0%
140	\$193,985,455	\$3,828,927	\$2,975,135	+63.1%	+23.5%	+37.7%	+30.0%	+15.0%	+15.0%
150	\$67,941,213	\$934,207	\$258,055	+15.5%	+22.4%	+11.9%	+15.5%	+15.0%	+5.0%
160	\$60,160,133	\$1,231,371	\$635,820	+27.1%	+22.3%	+24.8%	+20.0%	+15.0%	+15.0%
170	\$3,924,501	\$88,569	\$93	+9.8%	+2.2%	+1.8%	+9.8%	+2.2%	+1.8%
180	\$50,932,749	\$2,017,581	\$284,924	+43.9%	+19.0%	+14.3%	+30.0%	+10.0%	+5.0%
190	\$15,065,065	\$331,439	\$7,762	+52.4%	+12.8%	+17.6%	+30.0%	+5.0%	+10.0%
200	\$9,055,158	\$116,206	\$224	+44.9%	+7.6%	+20.2%	+30.0%	+5.0%	+15.0%
210	\$18,342,753	\$621,935	\$24,661	+40.4%	+9.2%	+7.3%	+30.0%	+5.0%	+5.0%
220	\$58,758,528	\$2,762,522	\$478,265	+26.8%	-9.9%	+21.2%	+20.0%	-9.9%	+15.0%
230	\$15,836,341	\$322,334	\$20,240	+26.4%	+17.6%	+17.4%	+20.0%	+10.0%	+10.0%
240	\$70,946,175	\$1,816,506	\$105,401	+20.7%	-0.3%	+4.9%	+20.0%	-0.3%	+4.9%
250	\$34,445,877	\$675,785	\$33,175	+14.3%	+9.9%	+6.6%	+14.3%	+5.0%	+5.0%
260	\$25,323,516	\$666,889	\$10,865	+16.3%	-7.0%	+0.3%	+16.3%	-7.0%	+0.3%
270	\$274,355,867	\$15,804,703	\$4,719,638	+20.8%	+17.8%	+2.4%	+20.0%	+10.0%	+2.4%
280	\$42,900,800	\$1,916,863	\$797,796	+14.8%	+9.4%	+14.5%	+14.8%	+5.0%	+5.0%
290	\$34,029,339	\$755,300	\$371,263	+11.7%	+1.4%	+5.2%	+11.7%	+1.4%	+5.0%
300	\$12,920,607	\$236,633	\$6,852	+5.7%	-4.0%	+8.1%	+5.7%	-4.0%	+5.0%
310	\$200,688,517	\$9,999,994	\$2,769,121	+21.2%	+12.7%	+21.2%	+20.0%	+5.0%	+15.0%
320	\$110,136,177	\$2,992,489	\$594,411	+8.3%	+13.0%	+20.7%	+8.3%	+5.0%	+15.0%
330	\$5,830,201	\$109,741	\$10,810	+7.7%	-5.6%	+1.9%	+7.7%	-5.6%	+1.9%
340	\$256,413,626	\$17,073,468	\$8,918,629	+23.6%	+4.5%	+11.7%	+20.0%	+4.5%	+5.0%
350	\$75,979,639	\$2,137,059	\$478,193	+5.7%	-7.3%	+5.9%	+5.7%	-7.3%	+5.0%
360	\$165,003,258	\$4,092,817	\$2,959,736	+2.6%	+14.1%	-9.3%	+2.6%	+5.0%	-9.3%
370	\$10,432,693	\$115,678	\$427,098	+8.0%	-3.7%	+0.9%	+8.0%	-3.7%	+0.9%
380	\$31,224,548	\$556,816	\$278,499	+5.2%	-1.2%	+3.1%	+5.2%	-1.2%	+3.1%
390	\$39,916,868	\$455,653	\$264,856	-0.1%	-1.0%	+4.5%	-0.1%	-1.0%	+4.5%
Statewide	\$2,017,285,314	\$72,370,871	\$29,047,171	+26.8%	+10.6%	+12.9%	+18.0%	+5.7%	+6.1%

^(a) The filed statewide change is the result of weighting the filed territory changes. The territory weights are the latest-year earned premiums at current manual rates (excluding deviations).

^(b) For Owners, territories with indicated rate level changes less than or equal to +30% were capped at +20%, territories with indicated rate level changes between +30% and +40% were capped at +25%, and territories with indicated rate level changes above +40% were capped at +30%.

^(c) For Tenants and Condominium Unit Owners, territories with indicated rate level changes less than or equal to +15% were capped at +5%, territories with indicated rate level changes between +15% and +20% were capped at +10%, and territories with indicated rate level changes above +20% were capped at +15%.

NORTH CAROLINA

HOMEOWNERS INSURANCE

CURRENT AND FILED BASE RATES ^(a)

Territory	(1) Current Manual Rate			(2) Filed Rate Level Change			(3) Filed Rate		
	Owners ^(b)	Tenants ^(c)	Condominium Unit Owners ^(c)	Owners ^(d)	Tenants ^(e)	Condominium Unit Owners ^(e)	Owners ^(b)	Tenants ^(c)	Condominium Unit Owners ^(c)
110	\$2,383	\$118	\$97	1.300	1.050	1.100	\$3,098	\$124	\$107
120	\$2,794	\$134	\$119	1.300	1.150	1.150	\$3,632	\$154	\$137
130	\$1,516	\$75	\$75	1.250	1.050	1.150	\$1,895	\$79	\$86
140	\$1,947	\$91	\$82	1.300	1.150	1.150	\$2,531	\$105	\$94
150	\$1,278	\$57	\$56	1.155	1.150	1.050	\$1,476	\$66	\$59
160	\$1,375	\$72	\$61	1.200	1.150	1.150	\$1,650	\$83	\$70
170	\$791	\$55	\$51	1.098	1.022	1.018	\$869	\$56	\$52
180	\$899	\$57	\$52	1.300	1.100	1.050	\$1,169	\$63	\$55
190	\$1,062	\$60	\$55	1.300	1.050	1.100	\$1,381	\$63	\$61
200	\$1,218	\$64	\$61	1.300	1.050	1.150	\$1,583	\$67	\$70
210	\$831	\$57	\$50	1.300	1.050	1.050	\$1,080	\$60	\$53
220	\$978	\$88	\$51	1.200	0.901	1.150	\$1,174	\$79	\$59
230	\$1,097	\$58	\$54	1.200	1.100	1.100	\$1,316	\$64	\$59
240	\$808	\$60	\$48	1.200	0.997	1.049	\$970	\$60	\$50
250	\$924	\$55	\$47	1.143	1.050	1.050	\$1,056	\$58	\$49
260	\$612	\$63	\$49	1.163	0.930	1.003	\$712	\$59	\$49
270	\$684	\$48	\$54	1.200	1.100	1.024	\$821	\$53	\$55
280	\$607	\$43	\$39	1.148	1.050	1.050	\$697	\$45	\$41
290	\$753	\$50	\$48	1.117	1.014	1.050	\$841	\$51	\$50
300	\$815	\$55	\$47	1.057	0.960	1.050	\$861	\$53	\$49
310	\$615	\$51	\$41	1.200	1.050	1.150	\$738	\$54	\$47
320	\$700	\$49	\$42	1.083	1.050	1.150	\$758	\$51	\$48
330	\$585	\$51	\$47	1.077	0.944	1.019	\$630	\$48	\$48
340	\$600	\$55	\$45	1.200	1.045	1.050	\$720	\$57	\$47
350	\$650	\$54	\$44	1.057	0.927	1.050	\$687	\$50	\$46
360	\$563	\$37	\$41	1.026	1.050	0.907	\$578	\$39	\$37
370	\$612	\$47	\$48	1.080	0.963	1.009	\$661	\$45	\$48
380	\$568	\$46	\$45	1.052	0.988	1.031	\$598	\$45	\$46
390	\$589	\$46	\$45	0.999	0.990	1.045	\$588	\$46	\$47

^(a) The Base Class is Protection Class 5 with Frame construction.

^(b) Rates are for \$200,000 Coverage A with a \$1,000 deductible.

^(c) Rates are for \$10,000 Coverage C with a \$500 deductible.

^(d) For Owners, territories with indicated rate level changes less than or equal to 1.300 were capped at 1.200, territories with indicated rate level changes between 1.300 and 1.400 were capped at 1.250, and territories with indicated rate level changes above 1.400 were capped at 1.300.

^(e) For Tenants and Condominium Unit Owners, territories with indicated rate level changes less than or equal to 1.150 were capped at 1.050, territories with indicated rate level changes between 1.150 and 1.200 were capped at 1.100, and territories with indicated rate level changes above 1.200 were capped at 1.150.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF RATES TO BE CHARGED INDIVIDUAL INSUREDS

The filed base rates by territory are shown on page A-4. 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.

NORTH CAROLINA
HOMEOWNERS INSURANCE

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HOMEOWNERS INSURANCE
REVISED RULES

1. The Base Class Premium table is revised to reflect the filed rates. See page B-3 for the Base Class Premium table.
2. The Wind Exclusion credits have been revised to reflect the filed rates. See page B-4 for the Windstorm or Hail Exclusion Credit tables.
3. The Wind Mitigation credits have been revised to reflect the filed rates. See page B-5 for the Windstorm Loss Mitigation Credit tables.
4. Paragraph D of Rule A1. Special State Requirements in the State Exception Pages has been updated to match Section XV of the current Plan of Operation of the North Carolina Insurance Underwriting Association. See page B-6 for the revised rule.
5. Rule A3. Windstorm or Hail Exclusion of the State Exception Pages has been revised to clarify that the Windstorm or Hail Exclusion credit should be removed from the Key Premium before calculating the premium for the options priced in Rules 501, 502, 507 and 513. Additionally, a correction to the name of the North Carolina Insurance Underwriting Association was made in Paragraph A.1. See page B-7 for the revised rule.
6. It has been determined that the coverage offered by endorsement HO 05 46 - Landlords Furnishings is duplicative of coverage already offered by endorsement HO 32 21 - Rented Personal Property - North Carolina. This filing withdraws endorsement HO 05 46, introduces a state exception that states that Rule 522. Landlords Furnishings does not apply, and withdraws the rate associated with Rule 522. See pages B-8-10 for the new state exception and the withdrawn rate and form.
7. Base Class Premiums for the Windstorm and Hail Policy Manual Supplement are revised to reflect the filed rates. See page B-11 for the manual supplement corresponding to this revision.
8. The Premium Determination paragraphs for Rule 501. Building Additions and Alterations at Other Residences and Rule 502. Building Additions and Alterations - Increased Limit - HS 00 04 in the Windstorm and Hail Policy Manual Supplement have been revised to refer to the HS 00 04 Base Class Premium. See pages B-12-13 for the revised rules.
9. Rule 513. Ordinance or Law Increased Amount of Coverage - HS 00 04 and HS 00 06 in the Windstorm and Hail Policy Manual Supplement has been revised for a typographical error. See page B-14 for the revised rule.
10. Pricing for Rented Personal Property is being added to Rule 515. Personal Property in the Windstorm and Hail Policy Manual Supplement. As a result, endorsement HS 05 46 and Rule 522. Landlords Furnishings are no longer necessary and are being withdrawn. See pages B-15-17 for the revised rules and form.

NORTH CAROLINA

HOMEOWNERS INSURANCE

HOMEOWNERS POLICY PROGRAM MANUAL
RATE PAGES

RULE 301.
BASE PREMIUM COMPUTATION

Base Class Premium Table

TERRITORY	HO 00 03	HO 00 04	HO 00 06
110	3,098	124	107
120	3,632	154	137
130	1,895	79	86
140	2,531	105	94
150	1,476	66	59
160	1,650	83	70
170	869	56	52
180	1,169	63	55
190	1,381	63	61
200	1,583	67	70
210	1,080	60	53
220	1,174	79	59
230	1,316	64	59
240	970	60	50
250	1,056	58	49
260	712	59	49
270	821	53	55
280	697	45	41
290	841	51	50
300	861	53	49
310	738	54	47
320	758	51	48
330	630	48	48
340	720	57	47
350	687	50	46
360	578	39	37
370	661	45	48
380	598	45	46
390	588	46	47

Table 301. Base Class Premium

NORTH CAROLINA

HOMEOWNERS INSURANCE

HOMEOWNERS POLICY PROGRAM MANUAL
RATE PAGES

RULE A3.

WINDSTORM OR HAIL EXCLUSION - TERRITORIES 110, 120, 130, 140, 150 AND 160 ONLY

Frame Construction						
	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 AND HO 00 06	\$2,411	\$3,200	\$1,564	\$2,059	\$1,061	\$1,201
HO 00 04	76	105	36	58	19	29
HO 00 06	58	92	43	45	17	25

Table A3.#1 Wind or Hail Exclusion Credit - Frame

Masonry Construction						
	Territory					
	110	120	130	140	150	160
All Forms Except HO 00 04 AND HO 00 06	\$2,167	\$2,882	\$1,444	\$1,836	\$943	\$1,078
HO 00 04	68	95	34	52	17	26
HO 00 06	52	82	38	40	15	22

Table A3.#2 Wind or Hail Exclusion Credit - Masonry

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HOMEOWNERS INSURANCE
HOMEOWNERS POLICY PROGRAM MANUAL
RATE PAGES

RULE A9.
WINDSTORM MITIGATION PROGRAM – ALL FORMS EXCEPT HO 00 04 AND HO 00 06

Frame Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$167	\$218	\$110	\$141	\$72	\$82
Opening Protection	171	224	110	143	70	83
Total Hip Roof and Opening Protection	338	439	217	283	140	165
IBHS Designation:						
<i>Hurricane Fortified for Safer Living®</i>	547	770	312	471	154	276
<i>Hurricane Fortified for Existing Homes® Bronze</i> Option 1	133	174	87	111	56	65
<i>Hurricane Fortified for Existing Homes® Bronze</i> Option 2	205	273	123	176	70	102
<i>Hurricane Fortified for Existing Homes® Silver</i> Option 1	329	463	175	287	74	165
<i>Hurricane Fortified for Existing Homes® Silver</i> Option 2	394	560	209	351	84	205
<i>Hurricane Fortified for Existing Homes® Gold</i> Option 1	420	590	235	357	110	209
<i>Hurricane Fortified for Existing Homes® Gold</i> Option 2	487	688	267	424	121	247

Table A9.#1 Windstorm Loss Mitigation Credit - Frame

Masonry Construction						
Mitigation Feature	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	\$151	\$195	\$101	\$126	\$64	\$74
Opening Protection	155	201	101	128	62	76
Total Hip Roof and Opening Protection	304	396	200	254	125	149
IBHS Designation:						
<i>Hurricane Fortified for Safer Living®</i>	493	692	288	419	137	248
<i>Hurricane Fortified for Existing Homes® Bronze</i> Option 1	118	158	79	99	50	58
<i>Hurricane Fortified for Existing Homes® Bronze</i> Option 2	184	246	113	157	62	92
<i>Hurricane Fortified for Existing Homes® Silver</i> Option 1	296	418	162	256	66	149
<i>Hurricane Fortified for Existing Homes® Silver</i> Option 2	355	505	193	313	75	183
<i>Hurricane Fortified for Existing Homes® Gold</i> Option 1	377	532	216	318	97	187
<i>Hurricane Fortified for Existing Homes® Gold</i> Option 2	437	621	247	377	107	221

Table A9.#2 Windstorm Loss Mitigation Credit - Masonry

NORTH CAROLINA
HOMEOWNERS INSURANCE
**HOMEOWNERS POLICY PROGRAM MANUAL
EXCEPTION PAGES**

**RULE A1.
SPECIAL STATE REQUIREMENTS**

D. North Carolina Insurance Underwriting Association

Section XV of the Plan of Operation of the North Carolina Insurance Underwriting Association (Beach Plan) sets forth the following as to "Member Insurer Responsibility with Respect to Cancellation or Nonrenewals":

With regard to risks eligible for coverage by the Association, each Member Insurer agrees that with respect to cancellation or non-renewals initiated by it, the Member Insurer will give to all of its policyholders, except in cases of non-payment of premium, material misrepresentation or evidence of incendiarism, thirty (30) days to obtain coverage from the Association of the cancelled or non-renewed risks and shall, in writing, explain to the policyholder the procedures for making application for coverage from the Association.

NORTH CAROLINA
HOMEOWNERS INSURANCE
HOMEOWNERS POLICY PROGRAM MANUAL
EXCEPTION PAGES

RULE A3.
WINDSTORM OR HAIL EXCLUSION – TERRITORIES 110, 120, 130, 140, 150 AND 160 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 Insurance 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**.
- 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 = \$1,310
Windstorm or Hail Exclusion Credit = \$1,131
Key Factor for \$100,000 = 1.109
Step **1.** Determine the Key Premium
Key Premium = \$1,310
Step **2.** Subtract Windstorm or Hail Exclusion
Credit from Key Premium
\$1,310 – \$1,131 = \$179
Step **3.** Multiply Key Factor for desired limit
by amount in Step **2.** \$179 x 1.109 =
\$198.51, round to \$199 = 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.
- E.** For Rules **501**, **502**, **507** and **513** use the Key Premium excluding Windstorm or Hail Coverage from Paragraph **B.2.** to determine the premium per \$1,000 for those options.

NORTH CAROLINA
HOMEOWNERS INSURANCE
**HOMEOWNERS POLICY PROGRAM MANUAL
EXCEPTION PAGES**

**RULE 522.
LANDLORDS FURNISHINGS**

Rule 522. does not apply.

NORTH CAROLINA
HOMEOWNERS INSURANCE
**HOMEOWNERS POLICY PROGRAM MANUAL
RATE PAGES**

~~RULE 522.~~
~~LANDLORDS FURNISHINGS~~

~~Rule 522. does not apply.~~

~~C. Premium~~

~~Rate per \$500 per unit:~~

~~Forms **HO 00 02**, **HO 00 03** and **HO 00 05** — \$1.~~

NORTH CAROLINA
 HOMEOWNERS INSURANCE
HOMEOWNERS POLICY PROGRAM MANUAL
FORMS PORTFOLIO

POLICY NUMBER:

HOMEOWNERS
HO 05 46 10 00

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*

	Increase In Limit Of Liability	Total Limit Of Liability
1. Description Of Rented Unit	\$	\$
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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NORTH CAROLINA
HOMEOWNERS INSURANCE
**WINDSTORM AND HAIL POLICY PROGRAM
HOMEOWNERS MANUAL SUPPLEMENT**

**RULE 301.
BASE PREMIUM COMPUTATION**

A. All Forms

	Territory					
	110	120	130	140	150	160
Frame Construction						
HS 00 03	\$2,516	\$3,316	\$1,671	\$2,179	\$1,187	\$1,339
HS 00 04	98	129	56	83	41	55
HS 00 06	71	105	54	58	27	37
Masonry Construction						
HS 00 03	\$2,272	\$2,998	\$1,551	\$1,956	\$1,069	\$1,216
HS 00 04	90	119	53	77	39	52
HS 00 06	65	95	49	53	25	34

Table 301.A.1.c.#1 Base Class Premium

NORTH CAROLINA
HOMEOWNERS INSURANCE
**WINDSTORM AND HAIL POLICY PROGRAM
HOMEOWNERS MANUAL SUPPLEMENT**

**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 **HS 00 04** Key Factor for "Each Add'l \$1,000" by the **HS 00 04** Base Class Premium.

C. Endorsement

Use Building Additions And Alterations Other Residence Endorsement **HO 04 49**.

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**RULE 502.
BUILDING ADDITIONS AND ALTERATIONS - INCREASED LIMIT - HS 00 04**

The title of Rule **502. Building Additions And Alterations - Increased Limit - HO 00 04**, is replaced by the preceding title.

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 **HS 00 04** Key Factor for "Each Add'l \$1,000" by the **HS 00 04** Base Class Premium.

C. Endorsement

Use Building Additions And Alterations Increased Limit Form **HS 00 04** Endorsement **HS 04 51**.

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**RULE 513.
ORDINANCE OR LAW INCREASED AMOUNT OF COVERAGE – HS 00 04 AND HS 00 06**

The title of Rule **513**. Ordinance Or Law Increased Amount Of Coverage - **HO 00 04** And **HO 00 06**, is replaced by the preceding title.

A. Coverage Increase

1. The basic amount of coverage may be initially increased to 100% of the Form **HS 00 04** Building Additions and Alterations limit or 50% of the Form **HS 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 **HS 00 04** or **HS 00 06**, whichever is appropriate, Key Factor for "Each Add'l \$1,000" by the appropriate Base Class Premium.

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**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. Rate per \$1,000:
HS 00 02 or **HS 00 03** - \$2.

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. Rate per \$1,000 - \$7.
4. Use Increased Limits On Personal Property In Other Residences Endorsement **HO 04 50**.

C. Increased Limit – Self-storage Facilities

1. Coverage for personal property located in self-storage facilities 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 of insurance.
3. Rate per \$1,000 - \$5.
4. Use Increased Amount of Insurance For Personal property Located In A Self-storage Facility Endorsement **HO 06 14**.

D. Reduction In Limit

1. The limit of liability for Coverage **C** may be reduced in accordance with Rule **101.C**.
2. Credit per \$1,000 - \$1.

E. Rented Personal Property

1. Basic Limit

Under Forms **HS 00 02** and **HS 00 03**, the policy automatically provides, at no additional charge, \$2,500 of landlord's furnishings coverage, for property regularly rented or held for rental in an apartment on the residence premises.

2. Increased Limits

- a. The basic limit noted in Paragraph **1.** 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. Rate per \$1,000 per unit - \$2.

3. Endorsement

- a. Rented Personal Property Endorsement **HO 32 21** indicates when the Increased Limits option is selected.
- b. The Theft Option designated on the endorsement does not apply and should not be selected.
- c. When Increased Limits are selected, the increased limit and the total limit of liability are designated on the endorsement.

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**RULE 522.
LANDLORDS FURNISHINGS**

Rule **522.** does not apply.

— **A. Basic Limit**

Forms ~~HS 00 02~~ and ~~HS 00 03~~ automatically cover, on a named perils basis, 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 apply to the basic limit and may vary by rented unit.

— **C. Premium**

Rate per \$500 per unit:

Forms ~~HS 00 02~~ and ~~HS 00 03~~ — \$1.

— **D. Endorsement**

Use Landlord's Furnishings Endorsement ~~HS 05 46~~.

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 FORMS PORTFOLIO

POLICY NUMBER:

HOMEOWNERS
 HS 05 46 02 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LANDLORD'S FURNISHINGS
 FORMS HS 00 02, HS 00 03 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.6. 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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NORTH CAROLINA
HOMEOWNERS INSURANCE

SECTION C - SUPPORTING MATERIAL

Determination of Indicated Statewide Rate Level Changes	C-2-6
Owners	C-2
Tenants	C-3
Condominium Unit Owners	C-4
Determination of Indicated Base Class Loss Cost, Base Class Rate and Rate Level Change by Territory	C-7-13
Owners	C-7-8
Tenants	C-9-10
Condominium Unit Owners	C-11-12
Calculation of Wind Exclusion Credits	C-14-15
Calculation of Wind Mitigation Credits	C-16-17
Calculation of Wind-Only Rates	C-18-19

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)	(5)
	Incurred Losses Excluding Hurricane ^(a)	Excess Losses ^(b)	Incurred Losses Adjusted for Excess [(1)-(2)] × Excess Factor ^(b)	Adjusted Incurred Losses Including LAE (3) × LAE ^(c)	Current Cost/Amount Factor ^(d)
<u>Year</u>	<u>Hurricane</u> ^(a)	<u>Losses</u> ^(b)	<u>Excess Factor</u> ^(b)	<u>(3) × LAE</u> ^(c)	<u>Factor</u> ^(d)
2012	779,425,712	231,447,282	585,240,963	672,441,866	1.009
2013	649,011,217	100,343,101	585,977,548	673,288,203	1.004
2014	761,053,784	89,969,916	716,717,571	823,508,489	1.000
2015	733,716,078	50,740,541	729,417,874	838,101,137	0.999
2016	823,618,595	155,536,251	713,511,943	819,825,223	1.016

	(6)	(7)	(8)	(9)	(10)
	House-Years	Trended Average Loss Cost (4)×(5)×CPF/(6) ^(e)	Average Rating Factor ^(f)	Trended Base Class Loss Cost ^(g)	Yearly Weights
<u>Year</u>	<u>House-Years</u>	<u>(4)×(5)×CPF/(6)</u> ^(e)	<u>Factor</u> ^(f)	<u>Loss Cost</u> ^(g)	<u>Weights</u>
2012	1,916,971	386.15	1.287	300.04	0.10
2013	1,900,999	387.95	1.302	297.96	0.15
2014	1,900,408	472.77	1.310	360.89	0.20
2015	1,898,379	481.18	1.319	364.81	0.25
2016	1,924,189	472.27	1.332	354.56	0.30

(11)	Weighted Trended Non-Hurricane Base Class Loss Cost ^(h)	344.45
(12)	Credibility (9,540,946 House-Years) ⁽ⁱ⁾	1.00
(13)	Trended Modeled Hurricane Base Class Loss Cost ^(j)	124.24
(14)	Fixed Expense Per Policy ^(k)	86.73
(15)	Base Class Loss Cost with Fixed Expense, (11) + (13) + (14)	555.42
(16)	1 - (Variable Expense + Profit + Contingencies + Dividends) ^(l)	0.749
(17)	Base Class Rate Excluding Comp. for Assess. Risk, Net Reins. & Dev., (15) / (16)	741.55
(18)	Compensation for Assessment Risk per Policy ^(m)	25.77
(19)	Net Cost of Reinsurance per Policy ⁽ⁿ⁾	228.57
(20)	Base Class Rate Excluding Deviation, (17) + (18) + (19)	995.89
(21)	Selected Deviation ^(o)	0.00
(22)	Deviation Amount per Policy [(20) / (1.0 - (21))] - (20)	0.00
(23)	Required Base Class Rate per Policy, (20) + (22)	995.89
(24)	Current Average Base Class Rate	785.15
(25)	Indicated Rate Level Change, (23) / (24)	1.268
(26)	Filed Rate Level Change ^(p)	1.180

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

<u>Year</u>	(1) Incurred Losses Excluding <u>Hurricane</u> ^(a)	(2) Incurred Losses Including LAE <u>(1) × LAE</u> ^(c)	(3) Current Cost/Amount <u>Factor</u> ^(d)	(4) <u>House-Years</u>
2012	19,778,939	23,813,843	0.951	295,191
2013	21,626,230	26,037,981	0.966	312,770
2014	20,027,891	24,113,581	0.979	331,592
2015	23,153,190	27,876,441	0.984	363,604
2016	22,259,351	26,800,259	0.993	384,812

<u>Year</u>	(5) Trended Average Loss Cost <u>(2)×(3)×CPF/(4)</u> ^(e)	(6) Average Rating <u>Factor</u> ^(f)	(7) Trended Base Class <u>Loss Cost</u> ^(g)	(8) Yearly <u>Weights</u>
2012	73.11	3.707	19.72	0.10
2013	76.64	3.693	20.75	0.15
2014	67.85	3.645	18.61	0.20
2015	71.89	3.585	20.05	0.25
2016	65.91	3.527	18.69	0.30

(9)	Weighted Trended Non-Hurricane Base Class Loss Cost ^(h)	19.43
(10)	Credibility (1,687,969 House-Years) ⁽ⁱ⁾	1.00
(11)	Trended Modeled Hurricane Base Class Loss Cost ^(j)	2.09
(12)	Fixed Expense per Policy ^(k)	18.14
(13)	Base Class Loss Cost with Fixed Expense, (9) + (11) + (12)	39.66
(14)	1 - (Variable Expense + Profit + Contingencies + Dividends) ^(l)	0.749
(15)	Base Class Rate Excluding Comp. for Assess. Risk, Net Reins. & Dev., (13) / (14)	52.95
(16)	Compensation for Assessment Risk per Policy ^(m)	1.75
(17)	Net Cost of Reinsurance per Policy ⁽ⁿ⁾	4.12
(18)	Base Class Rate Excluding Deviation, (15) + (16) + (17)	58.82
(19)	Selected Deviation ^(o)	0.00
(20)	Deviation Amount per Policy, [(18) / (1.0 - (19))] - (18)	0.00
(21)	Required Base Class Rate per Policy, (18) + (20)	58.82
(22)	Current Average Base Class Rate	53.17
(23)	Indicated Rate Level Change, (21) / (22)	1.106
(24)	Filed Rate Level Change ^(p)	1.057

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

<u>Year</u>	(1) Incurred Losses Excluding <u>Hurricane</u> ^(a)	(2) Incurred Losses Including LAE <u>(1) × LAE</u> ^(c)	(3) Current Cost/Amount <u>Factor</u> ^(d)	(4) <u>House-Years</u>
2012	10,212,347	12,060,782	0.856	72,783
2013	9,695,412	11,450,282	0.879	73,728
2014	12,970,076	15,317,660	0.904	75,020
2015	14,542,396	17,174,570	0.915	75,512
2016	12,544,721	14,815,316	0.955	78,575

<u>Year</u>	(5) Trended Average Loss Cost <u>(2)×(3)×CPF/(4)</u> ^(e)	(6) Average Rating <u>Factor</u> ^(f)	(7) Trended Base Class <u>Loss Cost</u> ^(g)	(8) <u>Yearly Weights</u>
2012	147.80	6.839	21.61	0.10
2013	142.25	6.988	20.36	0.15
2014	192.33	7.115	27.03	0.20
2015	216.85	7.111	30.50	0.25
2016	187.63	7.312	25.66	0.30

(9)	Weighted Trended Non-Hurricane Base Class Loss Cost ^(h)	25.94
(10)	Credibility (375,618 House-Years) ⁽ⁱ⁾	1.00
(11)	Trended Modeled Hurricane Base Class Loss Cost ^(j)	2.97
(12)	Fixed Expense per Policy ^(k)	8.17
(13)	Base Class Loss Cost with Fixed Expense, (9) + (11) + (12)	37.08
(14)	1 - (Variable Expense + Profit + Contingencies + Dividends) ^(l)	0.749
(15)	Base Class Rate Excluding Comp. for Assess. Risk, Net Reins. & Dev., (13) / (14)	49.51
(16)	Compensation for Assessment Risk per Policy ^(m)	1.65
(17)	Net Cost of Reinsurance per Policy ⁽ⁿ⁾	5.73
(18)	Base Class Rate Excluding Deviation, (15) + (16) + (17)	56.89
(19)	Selected Deviation ^(o)	0.00
(20)	Deviation Amount per Policy, [(18) / (1.0 - (19))] - (18)	0.00
(21)	Required Base Class Rate per Policy, (18) + (20)	56.89
(22)	Current Average Base Class Rate	50.40
(23)	Indicated Rate Level Change, (21) / (22)	1.129
(24)	Filed Rate Level Change ^(p)	1.061

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

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

<u>Year Ending</u>	<u>Owners Forms</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
12/31/2012	1.000	1.000	1.000
12/31/2013	0.999	1.001	1.001
12/31/2014	0.999	1.001	0.994
12/31/2015	1.001	1.008	0.995
12/31/2016	1.025	1.013	0.994

- (b) A description of the "excess procedure" is provided in the Explanatory Memorandum of Section D and the calculation of both the excess losses and the excess factor is provided on pages D-33-36.
- (c) Trended non-modeled loss adjustment expense (LAE) loadings have been calculated to be 14.9%, 20.4% and 18.1% of incurred losses for the Owners, Tenant and Condominium Unit Owners policy forms, respectively. These factors are developed on page D-31. A separate LAE factor is applied to the modeled losses. (See pre-filed testimony of S. Fieta.)
- (d) The derivation of the Current Cost/Amount Factors is shown on page D-21 for Owner Forms, D-23 for Tenants and D-25 for Condominium Unit Owners.
- (e) The derivation of the Composite Projection Factor (CPF) is shown on page D-21 for Owner Forms, D-23 for Tenants and D-25 for Condominium Unit Owners.
- (f) The Average Rating Factor is the ratio of the average rate at current manual level and average current base class rate. This factor is used to convert average loss costs to base class loss costs.
- (g) The Trended Base Class Loss Cost is calculated as column (7) / column (8) for the Owners forms and as column (5) / column (6) for Tenants and Condominium Unit Owners.
- (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-26.
- (j) Modeled hurricane losses were provided by Aon Benfield. To obtain an average loss cost value, the modeled loss amounts are divided by 2016 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 (2016 average rating factor) × (2016 Current Amount Factor) × Premium Projection Factor. The trend factors referenced above are derived on pages D-21, 23 and 25. The derivation of the modeled hurricane base class loss cost is shown on page D-42.
- (k) The derivation of the Fixed Expense loadings (i.e. general and other acquisition expenses loadings) is shown on page D-32.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

- (l) The provisions for profit, contingencies, dividends and variable expenses are shown on page D-29.
- (m) The Compensation for Assessment Risk loading is 2.8% of premium and is based on an analysis done by P. Anderson. The provision is calculated as $(0.028 \times \text{Current Base Rate}) / (1 - \text{Provisions for Commissions} + \text{Taxes})$. The commission and tax provisions are those shown on page D-29.
- (n) The derivations of the net cost of reinsurance provisions are provided on pages D-46-48. These loadings are based on analysis done by Aon Benfield.
- (o) A 0% deviation loading was selected by the North Carolina Rate Bureau.
- (p) The filed rate level change is the weighted average of the filed territory rate level changes weighted by latest-year earned premium at present rates. For Owners, territories with indicated rate level changes less than or equal to +30% were capped at +20%, territories with indicated rate level changes between +30% and +40% were capped at +25%, and territories with indicated rate level changes above +40% were capped at +30%. For Tenants and Condominium Unit Owners, territories with indicated rate level changes less than or equal to +15% were capped at +5%, territories with indicated rate level changes between +15% and +20% were capped at +10%, and territories with indicated rate level changes above +20% were capped at +15%.

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

INDICATED BASE-CLASS LOSS COST BY TERRITORY

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Non-Hurricane Base Class	Five-Year House Years		Credibility- Weighted Base Class	Modeled Hurricane Base Class	Total Base Class Loss Cost	Indicated Relativity	Indicated Statewide Base Class	Indicated Base Class Loss Cost
<u>Territory</u>	<u>Loss Cost</u> ^(a)	<u>House Years</u>	<u>Credibility</u> ^(b)	<u>Loss Cost*</u>	<u>Loss Cost</u> ^(c)	<u>(4) + (5)</u>	<u>Terr (6) / SW (6)</u>	<u>Loss Cost**</u>	<u>Terr (7) / SW (7) × (8)</u>
110	413.97	48,901	0.90	398.92	1,225.92	1,624.84	4.432	468.69	2,077.23
120	239.38	62,472	1.00	239.38	1,388.93	1,628.31	4.441	468.69	2,081.45
130	272.68	63,133	1.00	272.68	428.32	701.00	1.912	468.69	896.14
140	248.64	410,613	1.00	248.64	727.75	976.39	2.663	468.69	1,248.12
150	236.61	222,804	1.00	236.61	259.14	495.75	1.352	468.69	633.67
160	232.02	189,442	1.00	232.02	305.04	537.06	1.465	468.69	686.63
170	234.50	21,375	0.50	249.00	84.15	333.15	0.909	468.69	426.04
180	281.13	244,976	1.00	281.13	172.31	453.44	1.237	468.69	579.77
190	328.24	66,860	1.00	328.24	229.15	557.39	1.520	468.69	712.41
200	449.95	30,941	0.70	394.02	244.33	638.35	1.741	468.69	815.99
210	293.34	98,343	1.00	293.34	125.63	418.97	1.143	468.69	535.71
220	343.01	273,667	1.00	343.01	121.20	464.21	1.266	468.69	593.36
230	322.94	68,184	1.00	322.94	169.17	492.11	1.342	468.69	628.98
240	274.46	363,672	1.00	274.46	86.02	360.48	0.983	468.69	460.72
250	310.36	154,396	1.00	310.36	90.42	400.78	1.093	468.69	512.28
260	250.55	132,854	1.00	250.55	39.24	289.79	0.790	468.69	370.27
270	248.83	1,348,102	1.00	248.83	62.89	311.72	0.850	468.69	398.39
280	213.39	199,122	1.00	213.39	47.24	260.63	0.711	468.69	333.24
290	248.84	157,439	1.00	248.84	68.72	317.56	0.866	468.69	405.89
300	276.18	68,941	1.00	276.18	54.52	330.70	0.902	468.69	422.76
310	265.79	1,289,027	1.00	265.79	30.42	296.21	0.808	468.69	378.70
320	266.59	663,941	1.00	266.59	32.45	299.04	0.816	468.69	382.45
330	232.35	34,755	0.70	241.70	18.86	260.56	0.711	468.69	333.24
340	262.13	1,500,881	1.00	262.13	33.32	295.45	0.806	468.69	377.76
350	261.45	457,062	1.00	261.45	22.31	283.76	0.774	468.69	362.77
360	227.40	974,229	1.00	227.40	12.45	239.85	0.654	468.69	306.52
370	299.34	46,783	0.80	292.17	8.73	300.90	0.821	468.69	384.79
380	260.13	166,134	1.00	260.13	7.69	267.82	0.730	468.69	342.14
390	253.90	181,897	1.00	253.90	6.62	260.52	0.711	468.69	333.24
Statewide	263.50	9,540,946				366.64	1.0000		

* Column (4) = (1) × (3) + (1.0-(3)) × Statewide (1)

** Column (8) = Line (11) + Line (13), page C-2

NORTH CAROLINA

HOMEOWNERS INSURANCE - OWNERS FORMS

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Indicated	Trended	Variable	Current	Indicated Net	Compensation	Net Cost of	Indicated	Dollar	Indicated	Indicated	Balanced	Filed	Filed
	Base Class	Fixed	Expense,	Base Class	Base Class	For	Reinsurance ^(f)	Rate	Deviation	Base Class	Rate Level	Indicated	Rate Level	Base
	Loss Cost	Expense ^(d)	Profit,	Rate	Rate	Risk ^(e)		Excluding	per Exposure ^(g)	Rate	Change	Rate Level	Change	Class
Territory			Contingency		$[(1)+(2) \times (4)] / [1.0 - (3)]$			(5) + (6) + (7)	$[(8) / (1.0 - \text{Dev. \%})] - (8)$	(8) + (9)	(10) / (4)	Change ^(h)	Capped ⁽ⁱ⁾	Rate
110	2,077.23	0.033	0.251	2,383	2,878.33	78.22	1,679.14	4,635.69	0.00	4,635.69	1.945	1.940	1.300	3,098
120	2,081.45	0.031	0.251	2,794	2,894.61	91.71	2,554.33	5,540.65	0.00	5,540.65	1.983	1.978	1.300	3,632
130	896.14	0.053	0.251	1,516	1,303.72	49.76	684.42	2,037.90	0.00	2,037.90	1.344	1.341	1.250	1,895
140	1,248.12	0.046	0.251	1,947	1,785.96	63.91	1,333.00	3,182.87	0.00	3,182.87	1.635	1.631	1.300	2,531
150	633.67	0.074	0.251	1,278	972.29	41.95	465.57	1,479.81	0.00	1,479.81	1.158	1.155	1.155	1,476
160	686.63	0.075	0.251	1,375	1,054.41	45.13	652.07	1,751.61	0.00	1,751.61	1.274	1.271	1.200	1,650
170	426.04	0.121	0.251	791	696.60	25.96	148.54	871.10	0.00	871.10	1.101	1.098	1.098	869
180	579.77	0.110	0.251	899	906.09	29.51	360.63	1,296.23	0.00	1,296.23	1.442	1.439	1.300	1,169
190	712.41	0.096	0.251	1,062	1,087.27	34.86	500.47	1,622.60	0.00	1,622.60	1.528	1.524	1.300	1,381
200	815.99	0.075	0.251	1,218	1,211.40	39.98	517.49	1,768.87	0.00	1,768.87	1.452	1.449	1.300	1,583
210	535.71	0.124	0.251	831	852.81	27.28	288.82	1,168.91	0.00	1,168.91	1.407	1.404	1.300	1,080
220	593.36	0.106	0.251	978	930.61	32.10	280.58	1,243.29	0.00	1,243.29	1.271	1.268	1.200	1,174
230	628.98	0.096	0.251	1,097	980.36	36.01	373.27	1,389.64	0.00	1,389.64	1.267	1.264	1.200	1,316
240	460.72	0.119	0.251	808	743.49	26.52	207.55	977.56	0.00	977.56	1.210	1.207	1.200	970
250	512.28	0.106	0.251	924	814.72	30.33	214.04	1,059.09	0.00	1,059.09	1.146	1.143	1.143	1,056
260	370.27	0.128	0.251	612	598.94	20.09	94.49	713.52	0.00	713.52	1.166	1.163	1.163	712
270	398.39	0.115	0.251	684	636.92	22.45	168.90	828.27	0.00	828.27	1.211	1.208	1.200	821
280	333.24	0.110	0.251	607	534.06	19.92	144.94	698.92	0.00	698.92	1.151	1.148	1.148	697
290	405.89	0.108	0.251	753	650.49	24.72	167.97	843.18	0.00	843.18	1.120	1.117	1.117	841
300	422.76	0.121	0.251	815	696.09	26.75	140.24	863.08	0.00	863.08	1.059	1.057	1.057	861
310	378.70	0.148	0.251	615	627.13	20.19	99.75	747.07	0.00	747.07	1.215	1.212	1.200	738
320	382.45	0.133	0.251	700	634.91	22.98	102.29	760.18	0.00	760.18	1.086	1.083	1.083	758
330	333.24	0.143	0.251	585	556.60	19.20	56.24	632.04	0.00	632.04	1.080	1.077	1.077	630
340	377.76	0.133	0.251	600	610.89	19.70	112.84	743.43	0.00	743.43	1.239	1.236	1.200	720
350	362.77	0.140	0.251	650	605.83	21.34	60.98	688.15	0.00	688.15	1.059	1.057	1.057	687
360	306.52	0.142	0.251	563	515.98	18.48	44.23	578.69	0.00	578.69	1.028	1.026	1.026	578
370	384.79	0.121	0.251	612	612.61	20.09	30.39	663.09	0.00	663.09	1.083	1.080	1.080	661
380	342.14	0.129	0.251	568	554.62	18.64	25.46	598.72	0.00	598.72	1.054	1.052	1.052	598
390	333.24	0.114	0.251	589	534.56	19.33	35.83	589.72	0.00	589.72	1.001	0.999	0.999	588
Statewide											1.271	1.268	1.180	

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS

INDICATED BASE-CLASS LOSS COST BY TERRITORY

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Non-Hurricane Base Class	Five-Year House Years		Credibility- Weighted Base Class	Modeled Hurricane Base Class	Total Base Class Loss Cost	Indicated Relativity	Indicated Statewide Base Class	Indicated Base Class Loss Cost
<u>Territory</u>	<u>Loss Cost</u> ^(a)	<u>House Years</u>	<u>Credibility</u> ^(b)	<u>Loss Cost*</u>	<u>Loss Cost</u> ^(c)	<u>(4) + (5)</u>	<u>Terr (6) / SW (6)</u>	<u>Loss Cost**</u>	<u>Terr (7) / SW (7) × (8)</u>
110	10.38	1,279	0.10	16.47	29.69	46.16	2.416	21.52	52.00
120	8.23	4,043	0.20	15.37	40.29	55.66	2.913	21.52	62.70
130	4.62	1,882	0.10	15.90	12.80	28.70	1.502	21.52	32.33
140	12.86	51,073	0.80	13.72	20.16	33.88	1.773	21.52	38.16
150	14.49	17,832	0.40	16.09	7.03	23.12	1.210	21.52	26.04
160	18.35	20,210	0.50	17.75	9.99	27.74	1.452	21.52	31.25
170	24.04	1,803	0.10	17.84	2.13	19.97	1.045	21.52	22.49
180	17.69	45,325	0.70	17.53	4.40	21.93	1.148	21.52	24.71
190	19.05	6,783	0.30	17.72	5.41	23.13	1.210	21.52	26.04
200	21.85	2,020	0.10	17.62	6.26	23.88	1.250	21.52	26.91
210	18.37	13,460	0.40	17.64	3.03	20.67	1.082	21.52	23.29
220	31.52	41,856	0.70	27.21	2.76	29.97	1.568	21.52	33.75
230	32.96	6,401	0.20	20.31	4.03	24.34	1.274	21.52	27.42
240	19.77	34,689	0.60	18.72	2.18	20.90	1.094	21.52	23.55
250	21.64	13,703	0.40	18.95	2.40	21.35	1.117	21.52	24.04
260	25.95	12,779	0.40	20.67	1.00	21.67	1.134	21.52	24.41
270	15.88	423,923	1.00	15.88	1.47	17.35	0.908	21.52	19.54
280	10.37	56,635	0.80	11.73	1.12	12.85	0.672	21.52	14.46
290	12.89	15,891	0.40	15.45	1.58	17.03	0.891	21.52	19.18
300	18.14	4,588	0.20	17.35	1.23	18.58	0.972	21.52	20.92
310	18.68	256,524	1.00	18.68	0.74	19.42	1.016	21.52	21.87
320	18.56	76,398	1.00	18.56	0.79	19.35	1.013	21.52	21.80
330	12.73	2,382	0.10	16.71	0.46	17.17	0.899	21.52	19.35
340	18.28	390,653	1.00	18.28	0.76	19.04	0.996	21.52	21.44
350	15.53	45,495	0.70	16.02	0.56	16.58	0.868	21.52	18.68
360	12.54	117,920	1.00	12.54	0.30	12.84	0.672	21.52	14.46
370	9.24	2,143	0.10	16.36	0.21	16.57	0.867	21.52	18.66
380	14.74	11,465	0.30	16.43	0.20	16.63	0.870	21.52	18.73
390	14.51	8,814	0.30	16.36	0.17	16.53	0.865	21.52	18.62
Statewide	17.15	1,687,969				19.11	0.9998		

* Column (4) = (1) × (3) + (1.0-(3)) × Statewide (1)

** Column (8) = Line (9) + Line (11), page C-3

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANTS

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Indicated	Trended	Variable	Current	Indicated Net	Compensation	Net Cost of	Indicated	Dollar	Indicated	Indicated	Balanced	Filed	Filed
	Base Class	Fixed	Expense,	Base Class	Base Class	For	Reinsurance ^(f)	Rate	Deviation	Base Class	Rate Level	Rate Level	Rate Level	Base
	Loss Cost	Expense ^(d)	Dividends,	Rate	Rate	Assessment	Reinsurance ^(f)	Excluding	per Exposure ^(g)	Rate	Change	Change ^(h)	Change	Class
<u>Territory</u>	<u>Loss Cost</u>	<u>Expense^(d)</u>	<u>Contingency</u>	<u>Rate</u>	<u>[(1)+(2)×(4)]/[1.0-(3)]</u>	<u>Risk^(e)</u>	<u>Reinsurance^(f)</u>	<u>(5) + (6) + (7)</u>	<u>[(8)/(1.0- Dev. %)] - (8)</u>	<u>(8) + (9)</u>	<u>(10) / (4)</u>	<u>Change^(h)</u>	<u>Capped⁽ⁱ⁾</u>	<u>Rate</u>
110	52.00	0.138	0.251	118	91.17	3.87	37.39	132.43	0.00	132.43	1.122	1.124	1.050	124
120	62.70	0.135	0.251	134	107.86	4.40	65.58	177.84	0.00	177.84	1.327	1.329	1.150	154
130	32.33	0.194	0.251	75	62.59	2.46	18.50	83.55	0.00	83.55	1.114	1.116	1.050	79
140	38.16	0.207	0.251	91	76.10	2.99	33.13	112.22	0.00	112.22	1.233	1.235	1.150	105
150	26.04	0.293	0.251	57	57.06	1.87	10.73	69.66	0.00	69.66	1.222	1.224	1.150	66
160	31.25	0.265	0.251	72	67.20	2.36	18.32	87.88	0.00	87.88	1.221	1.223	1.150	83
170	22.49	0.292	0.251	55	51.47	1.81	2.81	56.09	0.00	56.09	1.020	1.022	1.022	56
180	24.71	0.336	0.251	57	58.56	1.87	7.27	67.70	0.00	67.70	1.188	1.190	1.100	63
190	26.04	0.265	0.251	60	55.99	1.97	9.58	67.54	0.00	67.54	1.126	1.128	1.050	63
200	26.91	0.232	0.251	64	55.75	2.10	10.90	68.75	0.00	68.75	1.074	1.076	1.050	67
210	23.29	0.311	0.251	57	54.76	1.87	5.49	62.12	0.00	62.12	1.090	1.092	1.050	60
220	33.75	0.223	0.251	88	71.26	2.89	4.97	79.12	0.00	79.12	0.899	0.901	0.901	79
230	27.42	0.291	0.251	58	59.14	1.90	7.06	68.10	0.00	68.10	1.174	1.176	1.100	64
240	23.55	0.277	0.251	60	53.63	1.97	4.10	59.70	0.00	59.70	0.995	0.997	0.997	60
250	24.04	0.301	0.251	55	54.20	1.81	4.34	60.35	0.00	60.35	1.097	1.099	1.050	58
260	24.41	0.262	0.251	63	54.63	2.07	1.74	58.44	0.00	58.44	0.928	0.930	0.930	59
270	19.54	0.401	0.251	48	51.79	1.58	3.09	56.46	0.00	56.46	1.176	1.178	1.100	53
280	14.46	0.408	0.251	43	42.73	1.41	2.82	46.96	0.00	46.96	1.092	1.094	1.050	45
290	19.18	0.306	0.251	50	46.03	1.64	2.94	50.61	0.00	50.61	1.012	1.014	1.014	51
300	20.92	0.279	0.251	55	48.42	1.81	2.46	52.69	0.00	52.69	0.958	0.960	0.960	53
310	21.87	0.361	0.251	51	53.78	1.67	1.95	57.40	0.00	57.40	1.125	1.127	1.050	54
320	21.80	0.344	0.251	49	51.61	1.61	2.07	55.29	0.00	55.29	1.128	1.130	1.050	51
330	19.35	0.285	0.251	51	45.24	1.67	1.15	48.06	0.00	48.06	0.942	0.944	0.944	48
340	21.44	0.335	0.251	55	53.22	1.81	2.33	57.36	0.00	57.36	1.043	1.045	1.045	57
350	18.68	0.303	0.251	54	46.79	1.77	1.40	49.96	0.00	49.96	0.925	0.927	0.927	50
360	14.46	0.414	0.251	37	39.76	1.21	1.17	42.14	0.00	42.14	1.139	1.141	1.050	39
370	18.66	0.288	0.251	47	42.99	1.54	0.63	45.16	0.00	45.16	0.961	0.963	0.963	45
380	18.73	0.298	0.251	46	43.31	1.51	0.54	45.36	0.00	45.36	0.986	0.988	0.988	45
390	18.62	0.297	0.251	46	43.10	1.51	0.84	45.45	0.00	45.45	0.988	0.990	0.990	46
Statewide											1.104	1.106	1.057	

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS

INDICATED BASE-CLASS LOSS COST BY TERRITORY

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Non-Hurricane Base Class	Five-Year		Credibility- Weighted Base Class	Modeled Hurricane Base Class	Total Base Class Loss Cost	Indicated Relativity	Indicated Statewide Base Class	Indicated Base Class Loss Cost
<u>Territory</u>	<u>Loss Cost</u> ^(a)	<u>House Years</u>	<u>Credibility</u> ^(b)	<u>Loss Cost*</u>	<u>Loss Cost</u> ^(c)	<u>(4) + (5)</u>	<u>Terr (6) / SW (6)</u>	<u>Loss Cost**</u>	<u>Terr (7) / SW (7) × (8)</u>
110	25.00	1,261	0.10	21.73	20.44	42.17	1.730	28.91	50.01
120	16.34	8,705	0.40	19.36	32.93	52.29	2.145	28.91	62.01
130	11.89	921	0.10	20.42	14.28	34.70	1.423	28.91	41.14
140	22.23	28,022	0.70	21.97	18.76	40.73	1.671	28.91	48.31
150	13.23	2,795	0.20	19.74	5.97	25.71	1.054	28.91	30.47
160	17.30	6,117	0.30	20.15	8.46	28.61	1.173	28.91	33.91
170	8.17	12	0.00	21.37	0.63	22.00	0.902	28.91	26.08
180	19.06	4,527	0.30	20.68	3.75	24.43	1.002	28.91	28.97
190	33.64	91	0.00	21.37	5.67	27.04	1.109	28.91	32.06
200	121.49	12	0.00	21.37	4.88	26.25	1.077	28.91	31.14
210	35.80	335	0.00	21.37	2.43	23.80	0.976	28.91	28.22
220	41.48	6,245	0.30	27.40	1.77	29.17	1.196	28.91	34.58
230	24.81	333	0.00	21.37	3.78	25.15	1.032	28.91	29.84
240	10.00	1,361	0.10	20.23	1.95	22.18	0.910	28.91	26.31
250	20.52	491	0.00	21.37	1.51	22.88	0.938	28.91	27.12
260	4.37	107	0.00	21.37	0.90	22.27	0.913	28.91	26.39
270	24.28	53,264	1.00	24.28	1.21	25.49	1.045	28.91	30.21
280	15.53	13,156	0.50	18.45	0.99	19.44	0.797	28.91	23.04
290	18.25	4,907	0.30	20.43	1.42	21.85	0.896	28.91	25.90
300	11.22	107	0.00	21.37	1.14	22.51	0.923	28.91	26.68
310	21.76	45,366	0.90	21.72	0.67	22.39	0.918	28.91	26.54
320	23.83	11,501	0.40	22.35	0.68	23.03	0.945	28.91	27.32
330	9.16	146	0.00	21.37	0.52	21.89	0.898	28.91	25.96
340	21.76	127,805	1.00	21.76	0.65	22.41	0.919	28.91	26.57
350	17.11	7,526	0.30	20.09	0.51	20.60	0.845	28.91	24.43
360	14.11	39,565	0.80	15.56	0.24	15.80	0.648	28.91	18.73
370	20.79	4,165	0.20	21.25	0.20	21.45	0.880	28.91	25.44
380	19.45	3,843	0.20	20.99	0.19	21.18	0.869	28.91	25.12
390	25.22	2,933	0.20	22.14	0.16	22.30	0.915	28.91	26.45
Statewide	21.37	375,619				24.38	1.0000		

* Column (4) = (1) × (3) + (1.0-(3)) × Statewide (1)

** Column (8) = Line (9) + Line (11), page C-4

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Indicated	Trended	Variable	Current	Indicated Net	Compensation	Net Cost of	Indicated	Dollar	Indicated	Indicated	Balanced	Filed	Filed
	Base Class	Fixed	Expense,	Base Class	Base Class	For	Reinsurance ^(f)	Rate	Deviation	Base Class	Rate Level	Rate Level	Rate Level	Base
	Loss Cost	Expense ^(d)	Dividends,	Rate	Rate	Assessment	Reinsurance ^(f)	Excluding	per Exposure ^(g)	Rate	Change	Change ^(h)	Change ⁽ⁱ⁾	Class
<u>Territory</u>	<u>Loss Cost</u>	<u>Expense^(d)</u>	<u>Contingency</u>	<u>Rate</u>	<u>[(1)+(2)×(4)]/[1.0-(3)]</u>	<u>Risk^(e)</u>	<u>Reinsurance^(f)</u>	<u>(5) + (6) + (7)</u>	<u>[(8)/(1.0- Dev. %)] - (8)</u>	<u>(8) + (9)</u>	<u>(10) / (4)</u>	<u>Change^(h)</u>	<u>Capped⁽ⁱ⁾</u>	<u>Rate</u>
110	50.01	0.104	0.251	97	80.24	3.18	30.01	113.43	0.00	113.43	1.169	1.173	1.100	107
120	62.01	0.083	0.251	119	95.98	3.91	57.51	157.40	0.00	157.40	1.323	1.328	1.150	137
130	41.14	0.111	0.251	75	66.04	2.46	22.64	91.14	0.00	91.14	1.215	1.219	1.150	86
140	48.31	0.121	0.251	82	77.75	2.69	32.05	112.49	0.00	112.49	1.372	1.377	1.150	94
150	30.47	0.139	0.251	56	51.07	1.84	9.53	62.44	0.00	62.44	1.115	1.119	1.050	59
160	33.91	0.150	0.251	61	57.49	2.00	16.39	75.88	0.00	75.88	1.244	1.248	1.150	70
170	26.08	0.213	0.251	51	49.32	1.67	0.73	51.72	0.00	51.72	1.014	1.018	1.018	52
180	28.97	0.184	0.251	52	51.45	1.71	6.06	59.22	0.00	59.22	1.139	1.143	1.050	55
190	32.06	0.134	0.251	55	52.64	1.81	10.03	64.48	0.00	64.48	1.172	1.176	1.100	61
200	31.14	0.243	0.251	61	61.37	2.00	9.73	73.10	0.00	73.10	1.198	1.202	1.150	70
210	28.22	0.137	0.251	50	46.82	1.64	4.97	53.43	0.00	53.43	1.069	1.073	1.050	53
220	34.58	0.156	0.251	51	56.79	1.67	3.16	61.62	0.00	61.62	1.208	1.212	1.150	59
230	29.84	0.203	0.251	54	54.48	1.77	6.91	63.16	0.00	63.16	1.170	1.174	1.100	59
240	26.31	0.144	0.251	48	44.36	1.58	4.24	50.18	0.00	50.18	1.045	1.049	1.049	50
250	27.12	0.149	0.251	47	45.56	1.54	2.81	49.91	0.00	49.91	1.062	1.066	1.050	49
260	26.39	0.158	0.251	49	45.57	1.61	1.76	48.94	0.00	48.94	0.999	1.003	1.003	49
270	30.21	0.142	0.251	54	50.57	1.77	2.73	55.07	0.00	55.07	1.020	1.024	1.024	55
280	23.04	0.188	0.251	39	40.55	1.28	2.66	44.49	0.00	44.49	1.141	1.145	1.050	41
290	25.90	0.174	0.251	48	45.73	1.58	2.97	50.28	0.00	50.28	1.048	1.052	1.050	50
300	26.68	0.171	0.251	47	46.35	1.54	2.74	50.63	0.00	50.63	1.077	1.081	1.050	49
310	26.54	0.198	0.251	41	46.27	1.35	1.89	49.51	0.00	49.51	1.208	1.212	1.150	47
320	27.32	0.193	0.251	42	47.30	1.38	1.84	50.52	0.00	50.52	1.203	1.207	1.150	48
330	25.96	0.163	0.251	47	44.89	1.54	1.28	47.71	0.00	47.71	1.015	1.019	1.019	48
340	26.57	0.175	0.251	45	45.99	1.48	2.61	50.08	0.00	50.08	1.113	1.117	1.050	47
350	24.43	0.185	0.251	44	43.48	1.44	1.50	46.42	0.00	46.42	1.055	1.059	1.050	46
360	18.73	0.176	0.251	41	34.64	1.35	1.06	37.05	0.00	37.05	0.904	0.907	0.907	37
370	25.44	0.183	0.251	48	45.69	1.58	0.97	48.24	0.00	48.24	1.005	1.009	1.009	48
380	25.12	0.177	0.251	45	44.17	1.48	0.55	46.20	0.00	46.20	1.027	1.031	1.031	46
390	26.45	0.145	0.251	45	44.03	1.48	1.35	46.86	0.00	46.86	1.041	1.045	1.045	47
Statewide											1.125	1.129	1.061	

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE

- (a) The Non-Hurricane Base Class Loss Cost is based on five-year incurred developed losses (excluding 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 $(\text{Current Cost Factor, year } i) / (\text{Current Cost Factor, latest year})$. Similarly, the trend factor for the average rating factors is calculated as $(\text{Current Amount Factor, year } i) / (\text{Current Amount Factor, latest year})$. The Current Cost Factors and Current Amount Factors used in this calculation are displayed in pages D-21, D-23 and D-25.
- (b) Credibility values are assigned to a given territory based on the partial credibility table shown on page D-26.
- (c) The calculation of the Modeled Hurricane Base Class Loss Cost is shown on pages D-39-41.
- (d) The trended fixed expense ratios are calculated as the ratio of the trended fixed expense dollar loadings displayed on page D-32 to trended earned premium at current manual level.
- (e) The Compensation for Assessment Risk provision is calculated as $(0.028 \times \text{Current Base Rate}) / (1.0 - (\text{Provisions for Commissions} + \text{Taxes}))$. The 2.8% value is based on analysis performed by P. Anderson. The commission and tax provisions are those shown on page D-29.
- (f) The calculation of the provisions for the Net Cost of Reinsurance is displayed on pages D-46-48.
- (g) A 0% deviation loading was selected by the North Carolina Rate Bureau.
- (h) Since the statewide indicated rate level change will not necessarily equal the average formulaically-indicated change by territory (shown in column (11)), an adjustment factor (calculated as $\text{Statewide Indicated Rate Level Change} / \text{Statewide column (11)}$) is applied to the column (11) values in order to determine the column (12) values.
- (i) For Owners, territories with indicated rate level changes less than or equal to +30% were capped at +20%, territories with indicated rate level changes between +30% and +40% were capped at +25%, and territories with indicated rate level changes above +40% were capped at +30%. For Tenants and Condominium Unit Owners, territories with indicated rate level changes less than or equal to +15% were capped at +5%, territories with indicated rate level changes between +15% and +20% were capped at +10%, and territories with indicated rate level changes above +20% were capped at +15%.