

<u>Year</u>	<u>Deviations</u> ^(a)				
	<u>Written Premium Of Companies W/Deviations</u> ^(b)	<u>Percentage Of Written Premiums Of Companies W/Deviations To Total Written Premiums</u> ^(c)	<u>Amount Of Deviations</u>	<u>Average Percentage Deviation For Deviating Companies</u> ^(d)	<u>Average Percentage Deviations For All Companies</u> ^(e)
2013	1,564,938,386	72.5%	209,879,602	13.4%	9.7%
2014	1,469,356,979	64.5%	206,668,950	14.1%	9.1%
2015	1,420,689,148	60.7%	195,284,967	13.7%	8.3%
2016	1,408,198,958	58.0%	200,398,529	14.2%	8.3%
2017	1,428,910,353	56.6%	197,024,879	13.8%	7.8%

Notes:

- (a) The Beach and Fair plans do not report the NCRB Special Call for Homeowners and are therefore are not included in this report.
- (b) Estimated premium written at deviated rates is not available. This column reflects the premium written at manual or deviated rates of those companies reporting some premium at deviated rates.
- (c) The estimated percentage of statewide premium written at deviated rates is not available. This column reflects item (ii) as a percentage of the total reported statewide written premium.
- (d) This column reflects the amount of deviations as a percentage of premium written at deviated or manual rates of those companies reporting some premium at deviated rates.
- (e) This column reflects the amount of deviations as a percentage of total reported statewide written premium.

Companies Paying Homeowners Insurance Dividends

2012

Affiliated FM Insurance Company
Metropolitan Property & Casualty Insurance Company
United Services Automobile Association

2013

Affiliated FM Insurance Company
Metropolitan Property & Casualty Insurance Company
United Services Automobile Association

2014

Affiliated FM Insurance Company
Metropolitan Property & Casualty Insurance Company
United Services Automobile Association

2015

Affiliated FM Insurance Company
Metropolitan Property & Casualty Insurance Company
United Services Automobile Association

2016

Affiliated FM Insurance Company
Amica Mutual Insurance Company
United Services Automobile Association

NORTH CAROLINA

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DIVIDENDS

<u>Year</u>	<u>Written Premium Of Companies W/Dividends</u>	<u>Percentage Of Written Premiums Of Companies W/Dividends To Total Written Premiums</u>	<u>Dividends</u>	<u>Percentage Dividends of Companies w/Dividends</u>	<u>Overall Percentage of Dividends</u>
2012	93,178,022	4.72%	7,621,372	8.18%	0.39%
2013	108,646,018	5.07%	9,201,345	8.47%	0.43%
2014	123,674,110	5.43%	9,525,783	7.70%	0.42%
2015	132,247,663	5.66%	10,331,019	7.81%	0.44%
2016	127,336,223	5.26%	9,333,581	7.33%	0.39%

Source: Annual Statements, Statutory Page 14

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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 pre-filed testimony of P. Anderson, M. Berry and Y. Yao.

(iii) to (vi)

Applied Loss Development Factor			
<u>Year</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
2012	1.000	1.000	1.000
2013	0.999	1.001	1.001
2014	0.999	1.001	0.994
2015	1.001	1.008	0.995
2016	1.025	1.013	0.994

Loss Adjustment Expense Factor			
	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
Non-Hurricane	1.149	1.204	1.181
Hurricane	1.060	1.060	1.060

Applied Loss Trend Factor			
<u>Year</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
2012	1.197	0.812	0.916
2013	1.177	0.826	0.931
2014	1.160	0.848	0.956
2015	1.147	0.869	0.980
2016	1.156	0.891	1.004

Trended Incurred Losses and LAE			
<u>Year</u>	<u>Owners</u>	<u>Tenants</u>	<u>Condominium Unit Owners</u>
2012	\$1,128,525,438	\$21,315,374	\$12,532,450
2013	1,113,059,445	23,634,438	12,205,172
2014	1,275,852,782	22,725,328	16,261,713
2015	1,282,528,676	26,730,276	18,481,802
2016	1,279,987,650	26,549,352	16,595,829

(vii) This information is given in the response to 11 NCAC 10.1105(1), page E-5.

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See prefiled testimony of P. Anderson, M. Berry, S. Fiete, E. Henderson and Y. Yao.

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CAUSE OF LOSS DATA

Non-hurricane loss experience by cause of loss is provided on the attached Exhibit (1)(l).

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LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	110	Fire, Lightning and Removal	2012	193,755	24	8,026	0.35	28.34
			2013	1,118,773	18	63,243	0.25	155.39
			2014	1,264,172	40	31,707	0.49	155.97
			2015	11,203,737	61	185,033	0.51	937.00
			2016	2,475,681	42	59,071	0.28	167.24
		Wind and Hail	2012	237,828	41	5,791	0.60	34.79
			2013	307,573	62	4,962	0.86	42.72
			2014	178,189	35	5,039	0.44	21.99
			2015	325,628	60	5,437	0.50	27.23
			2016	515,579	82	6,266	0.56	34.83
		Water Damage and Freezing	2012	836,712	58	14,552	0.84	122.40
			2013	436,849	64	6,814	0.89	60.67
			2014	1,583,182	79	19,942	0.98	195.33
			2015	3,341,268	201	16,586	1.68	279.44
			2016	2,612,759	128	20,352	0.87	176.50
		Theft	2012	27,945	9	3,031	0.13	4.09
			2013	4,355	2	2,167	0.03	0.60
			2014	2,214	3	724	0.04	0.27
			2015	45,590	14	3,213	0.12	3.81
			2016	76,728	17	4,433	0.12	5.18
		Other Physical Damage	2012	74,732	9	8,001	0.14	10.93
			2013	31,493	9	3,480	0.13	4.37
			2014	42,989	6	7,476	0.07	5.30
			2015	116,833	22	5,291	0.18	9.77
			2016	152,254	18	8,444	0.12	10.29
		Liability	2012	107,493	4	28,589	0.06	15.72
			2013	174,489	9	18,563	0.13	24.23
			2014	45,968	12	3,762	0.15	5.67
			2015	20,151	10	1,949	0.09	1.69
			2016	71,010	9	7,554	0.06	4.80
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	1,878	1	1,998	0.01	0.27
			2013	10,019	4	2,665	0.05	1.39
			2014	844	2	449	0.02	0.10
			2015	3,939	2	2,095	0.02	0.33
			2016	6,737	3	2,389	0.02	0.46
		Total	2012	1,480,343	146	10,141	2.14	216.55
			2013	2,083,551	168	12,401	2.33	289.38
2014	3,117,558		178	17,561	2.19	384.65		
2015	15,057,146		370	40,653	3.10	1,259.27		
2016	5,910,748		300	19,694	2.03	399.29		

NORTH CAROLINA
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LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	120	Fire, Lightning and Removal	2012	667,648	33	20,177	0.31	63.00
			2013	1,452,667	35	41,707	0.31	129.75
			2014	1,188,334	36	33,037	0.30	100.46
			2015	1,461,516	44	33,552	0.31	103.60
			2016	1,788,875	58	30,663	0.40	121.35
		Wind and Hail	2012	465,885	64	7,297	0.60	43.96
			2013	467,384	58	8,039	0.52	41.75
			2014	342,983	75	4,593	0.63	29.00
			2015	587,712	103	5,687	0.73	41.66
			2016	373,127	65	5,737	0.44	25.31
		Water Damage and Freezing	2012	817,398	65	12,529	0.62	77.13
			2013	1,464,051	87	16,803	0.78	130.77
			2014	1,106,301	88	12,566	0.74	93.52
			2015	1,666,123	116	14,322	0.82	118.11
			2016	1,843,977	132	14,012	0.89	125.08
		Theft	2012	78,017	16	4,885	0.15	7.36
			2013	40,190	17	2,361	0.15	3.59
			2014	89,493	18	4,840	0.16	7.57
			2015	122,577	25	4,955	0.18	8.69
			2016	110,145	20	5,518	0.14	7.47
		Other Physical Damage	2012	100,492	28	3,601	0.26	9.48
			2013	128,837	16	7,823	0.15	11.51
			2014	137,280	26	5,186	0.22	11.61
			2015	161,397	29	5,614	0.20	11.44
			2016	220,889	21	10,509	0.14	14.98
		Liability	2012	99,106	4	26,358	0.04	9.35
			2013	65,929	9	7,014	0.08	5.89
			2014	224,100	10	21,673	0.09	18.94
			2015	184,255	13	14,001	0.09	13.06
			2016	97,589	15	6,489	0.10	6.62
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	12,683	6	2,249	0.05	1.20
2013	4,960		3	1,759	0.03	0.44		
2014	2,814		3	998	0.02	0.24		
2015	13,159		5	2,800	0.03	0.93		
2016	3,850		2	2,048	0.01	0.26		
Total	2012	2,241,229	215	10,402	2.03	211.48		
	2013	3,624,018	226	16,049	2.02	323.69		
	2014	3,091,305	257	12,038	2.17	261.33		
	2015	4,196,739	335	12,543	2.37	297.49		
	2016	4,438,452	313	14,186	2.12	301.08		

NORTH CAROLINA
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LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	130	Fire, Lightning and Removal	2012	1,865,783	63	29,517	0.62	183.10
			2013	3,059,983	54	56,708	0.43	241.29
			2014	2,795,972	59	47,245	0.38	177.87
			2015	2,895,479	39	74,262	0.28	211.19
			2016	2,838,799	58	49,353	0.53	262.08
		Wind and Hail	2012	272,632	56	4,892	0.55	26.75
			2013	290,024	63	4,572	0.50	22.87
			2014	126,322	47	2,710	0.30	8.04
			2015	187,819	42	4,522	0.30	13.70
			2016	284,907	75	3,782	0.70	26.30
		Water Damage and Freezing	2012	616,319	83	7,426	0.81	60.48
			2013	1,397,263	119	11,751	0.94	110.18
			2014	2,668,450	141	18,947	0.90	169.76
			2015	1,531,504	107	14,337	0.78	111.71
			2016	990,048	91	10,875	0.84	91.40
		Theft	2012	112,093	24	4,708	0.23	11.00
			2013	102,443	27	3,821	0.21	8.08
			2014	61,936	14	4,504	0.09	3.94
			2015	24,024	8	2,996	0.06	1.75
			2016	26,913	10	2,683	0.09	2.48
		Other Physical Damage	2012	54,675	26	2,098	0.26	5.37
			2013	209,712	28	7,560	0.22	16.54
			2014	165,582	35	4,736	0.22	10.53
			2015	240,448	24	9,940	0.18	17.54
			2016	186,395	23	8,244	0.21	17.21
		Liability	2012	22,961	10	2,221	0.10	2.25
			2013	76,448	15	5,083	0.12	6.03
			2014	13,786	8	1,630	0.05	0.88
			2015	79,818	17	4,717	0.12	5.82
			2016	87,736	19	4,667	0.17	8.10
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	2,747	3	974	0.03	0.27
2013	14,038		6	2,489	0.04	1.11		
2014	8,301		3	2,944	0.02	0.53		
2015	13,159		4	3,500	0.03	0.96		
2016	7,974		4	2,121	0.03	0.74		
Total	2012	2,947,210	265	11,123	2.60	289.23		
	2013	5,149,911	312	16,530	2.46	406.08		
	2014	5,840,349	307	19,047	1.95	371.55		
	2015	4,972,251	240	20,698	1.75	362.67		
	2016	4,422,772	279	15,847	2.58	408.31		

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LOSSES BY CAUSE

<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	140	Fire, Lightning and Removal	2012	9,682,472	268	36,149	0.30	109.80
			2013	9,953,013	218	45,732	0.26	120.81
			2014	15,016,541	341	44,003	0.42	186.39
			2015	8,771,651	310	28,312	0.38	108.65
			2016	15,943,849	316	50,532	0.40	202.49
		Wind and Hail	2012	1,930,063	313	6,170	0.35	21.89
			2013	2,689,564	449	5,993	0.54	32.64
			2014	1,993,391	360	5,543	0.45	24.74
			2015	7,846,237	902	8,702	1.12	97.19
			2016	5,318,412	827	6,427	1.05	67.54
		Water Damage and Freezing	2012	6,489,964	627	10,350	0.71	73.60
			2013	5,265,529	568	9,272	0.69	63.91
			2014	8,272,025	863	9,586	1.07	102.67
			2015	9,962,369	781	12,757	0.97	123.40
			2016	6,926,380	671	10,324	0.85	87.97
		Theft	2012	928,712	235	3,954	0.27	10.53
			2013	890,502	238	3,746	0.29	10.81
			2014	656,195	190	3,449	0.24	8.14
			2015	744,069	183	4,064	0.23	9.22
			2016	517,188	106	4,862	0.14	6.57
		Other Physical Damage	2012	868,089	146	5,966	0.16	9.84
			2013	1,089,575	148	7,376	0.18	13.22
			2014	2,952,616	275	10,740	0.34	36.65
			2015	1,346,489	200	6,731	0.25	16.68
			2016	3,009,832	149	20,229	0.19	38.23
		Liability	2012	494,536	65	7,563	0.07	5.61
			2013	1,022,815	59	17,351	0.07	12.41
			2014	912,510	73	12,538	0.09	11.33
			2015	1,436,266	92	15,639	0.11	17.79
			2016	1,250,437	78	16,027	0.10	15.88
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	39,268	31	1,277	0.03	0.45
2013	66,350		26	2,521	0.03	0.81		
2014	53,656		28	1,903	0.04	0.67		
2015	48,378		22	2,238	0.03	0.60		
2016	58,166		24	2,475	0.03	0.74		
Total	2012	20,433,104	1,684	12,132	1.91	231.71		
	2013	20,977,348	1,705	12,304	2.07	254.61		
	2014	29,856,934	2,130	14,018	2.64	370.59		
	2015	30,155,459	2,489	12,115	3.08	373.51		
	2016	33,024,264	2,171	15,215	2.76	419.41		

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<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	150	Fire, Lightning and Removal	2012	7,231,784	225	32,148	0.55	175.84
			2013	8,378,229	217	38,542	0.46	178.54
			2014	4,053,787	158	25,683	0.33	85.70
			2015	6,523,668	163	40,057	0.37	149.99
			2016	5,274,865	218	24,158	0.50	120.01
		Wind and Hail	2012	3,841,388	706	5,438	1.72	93.40
			2013	1,239,574	290	4,272	0.62	26.41
			2014	13,296,357	1,649	8,063	3.49	281.11
			2015	919,641	256	3,586	0.59	21.14
			2016	1,476,117	431	3,423	0.98	33.58
		Water Damage and Freezing	2012	3,077,977	371	8,294	0.90	74.84
			2013	2,824,230	369	7,649	0.79	60.18
			2014	3,434,443	388	8,846	0.82	72.61
			2015	3,755,371	446	8,426	1.02	86.34
			2016	3,185,468	382	8,343	0.87	72.47
		Theft	2012	356,814	121	2,948	0.29	8.68
			2013	357,752	114	3,150	0.24	7.62
			2014	263,800	80	3,312	0.17	5.58
			2015	323,854	58	5,626	0.13	7.45
			2016	196,241	70	2,798	0.16	4.46
		Other Physical Damage	2012	324,416	139	2,332	0.34	7.89
			2013	442,835	115	3,844	0.25	9.44
			2014	553,855	167	3,319	0.35	11.71
			2015	607,187	91	6,699	0.21	13.96
			2016	534,001	100	5,354	0.23	12.15
		Liability	2012	651,716	57	11,366	0.14	15.85
			2013	283,159	41	6,846	0.09	6.03
			2014	826,716	49	16,913	0.10	17.48
			2015	736,872	57	12,851	0.13	16.94
			2016	236,644	63	3,757	0.14	5.38
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	23,863	16	1,493	0.04	0.58
			2013	20,500	13	1,558	0.03	0.44
			2014	24,333	19	1,294	0.04	0.51
			2015	33,210	17	1,963	0.04	0.76
			2016	26,834	9	2,855	0.02	0.61
		Total	2012	15,507,958	1,636	9,479	3.98	377.07
			2013	13,546,279	1,160	11,676	2.47	288.67
2014	22,453,291		2,509	8,948	5.31	474.70		
2015	12,899,803		1,087	11,862	2.50	296.59		
2016	10,930,170		1,274	8,582	2.90	248.67		

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<u>Form</u>	<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
Owners	160	Fire, Lightning and Removal	2012	3,483,076	124	28,160	0.31	87.84
			2013	2,814,043	91	30,927	0.24	75.05
			2014	4,452,652	128	34,678	0.36	123.12
			2015	5,223,724	150	34,776	0.40	140.73
			2016	5,338,831	150	35,554	0.38	136.86
		Wind and Hail	2012	611,732	154	3,979	0.39	15.43
			2013	737,160	186	3,961	0.50	19.66
			2014	834,347	170	4,911	0.47	23.07
			2015	869,995	210	4,151	0.56	23.44
			2016	1,323,728	289	4,586	0.74	33.93
		Water Damage and Freezing	2012	2,067,826	253	8,159	0.64	52.15
			2013	2,129,960	243	8,771	0.65	56.80
			2014	2,580,670	315	8,204	0.87	71.36
			2015	3,054,181	348	8,767	0.94	82.28
			2016	2,700,606	282	9,573	0.72	69.23
		Theft	2012	409,027	105	3,898	0.26	10.32
			2013	420,391	111	3,781	0.30	11.21
			2014	236,490	78	3,034	0.22	6.54
			2015	396,494	105	3,782	0.28	10.68
			2016	425,943	83	5,142	0.21	10.92
		Other Physical Damage	2012	430,297	68	6,327	0.17	10.85
			2013	350,599	75	4,703	0.20	9.35
			2014	679,720	147	4,615	0.41	18.80
			2015	605,272	94	6,440	0.25	16.31
			2016	435,082	77	5,675	0.20	11.15
		Liability	2012	558,701	37	15,072	0.09	14.09
			2013	515,927	34	15,125	0.09	13.76
			2014	591,655	41	14,445	0.11	16.36
			2015	344,677	52	6,632	0.14	9.29
			2016	797,018	37	21,741	0.09	20.43
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	26,622	13	1,982	0.03	0.67
2013	21,968		8	2,597	0.02	0.59		
2014	26,063		11	2,311	0.03	0.72		
2015	27,936		12	2,286	0.03	0.75		
2016	20,733		8	2,757	0.02	0.53		
Total	2012	7,587,281	754	10,059	1.90	191.35		
	2013	6,990,048	748	9,342	2.00	186.41		
	2014	9,401,597	890	10,560	2.46	259.97		
	2015	10,522,279	971	10,834	2.62	283.48		
	2016	11,041,941	925	11,942	2.37	283.05		

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Owners	170	Fire, Lightning and Removal	2012	340,571	31	10,986	0.67	73.56
			2013	500,893	23	21,378	0.54	114.91
			2014	388,114	18	21,829	0.42	91.84
			2015	392,744	23	16,720	0.58	96.24
			2016	725,525	26	27,430	0.65	177.87
		Wind and Hail	2012	171,083	46	3,752	0.98	36.95
			2013	228,833	48	4,797	1.09	52.50
			2014	247,296	50	4,914	1.19	58.52
			2015	206,395	48	4,262	1.19	50.57
			2016	351,160	77	4,533	1.90	86.09
		Water Damage and Freezing	2012	201,359	38	5,328	0.82	43.49
			2013	238,166	33	7,156	0.76	54.64
			2014	304,249	38	7,931	0.91	71.99
			2015	241,785	33	7,233	0.82	59.25
			2016	118,858	26	4,657	0.63	29.14
		Theft	2012	44,808	17	2,709	0.36	9.68
			2013	63,415	17	3,676	0.40	14.55
			2014	75,589	21	3,617	0.49	17.89
			2015	61,182	21	2,879	0.52	14.99
			2016	65,473	12	5,263	0.30	16.05
		Other Physical Damage	2012	31,232	15	2,071	0.33	6.75
			2013	28,432	9	3,216	0.20	6.52
			2014	21,715	10	2,225	0.23	5.14
			2015	40,389	12	3,257	0.30	9.90
			2016	79,088	10	8,128	0.24	19.39
		Liability	2012	36,618	6	6,598	0.12	7.91
			2013	39,419	12	3,358	0.27	9.04
			2014	61,963	7	9,166	0.16	14.66
			2015	113,078	11	10,123	0.27	27.71
			2016	44,927	11	4,015	0.27	11.01
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	2,771	3	997	0.06	0.60
2013	1,347		2	543	0.06	0.31		
2014	1,876		2	998	0.04	0.44		
2015	3,600		3	1,364	0.06	0.88		
2016	6,494		5	1,382	0.12	1.59		
Total	2012	828,442	154	5,368	3.33	178.93		
	2013	1,100,505	145	7,604	3.32	252.47		
	2014	1,100,802	146	7,552	3.45	260.48		
	2015	1,059,173	153	6,931	3.74	259.54		
	2016	1,391,525	167	8,308	4.11	341.14		

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Owners	180	Fire, Lightning and Removal	2012	5,265,894	240	21,909	0.47	102.65
			2013	7,724,760	194	39,915	0.40	158.83
			2014	7,437,892	229	32,429	0.47	153.97
			2015	4,926,278	180	27,298	0.38	102.48
			2016	6,347,195	223	28,431	0.46	130.42
		Wind and Hail	2012	5,944,343	985	6,036	1.92	115.88
			2013	2,965,533	612	4,847	1.26	60.97
			2014	7,388,410	979	7,548	2.03	152.95
			2015	1,550,289	297	5,211	0.62	32.25
			2016	3,002,633	575	5,223	1.18	61.70
		Water Damage and Freezing	2012	3,005,374	479	6,273	0.93	58.59
			2013	3,394,557	475	7,151	0.98	69.80
			2014	3,712,354	494	7,516	1.02	76.85
			2015	4,953,447	605	8,186	1.26	103.05
			2016	3,890,721	496	7,851	1.02	79.95
		Theft	2012	622,869	202	3,084	0.39	12.14
			2013	612,860	203	3,021	0.42	12.60
			2014	537,893	158	3,401	0.33	11.14
			2015	523,689	135	3,891	0.28	10.89
			2016	449,703	141	3,179	0.29	9.24
		Other Physical Damage	2012	536,085	177	3,022	0.35	10.45
			2013	567,777	133	4,263	0.27	11.67
			2014	530,942	147	3,600	0.31	10.99
			2015	733,240	149	4,931	0.31	15.25
			2016	413,119	120	3,435	0.25	8.49
		Liability	2012	606,594	72	8,474	0.14	11.82
			2013	749,333	68	11,090	0.14	15.41
			2014	292,309	63	4,675	0.13	6.05
			2015	1,721,161	68	25,412	0.14	35.81
			2016	683,806	77	8,862	0.16	14.05
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	43,898	23	1,883	0.05	0.86
2013	29,851		22	1,349	0.05	0.61		
2014	19,035		13	1,424	0.03	0.39		
2015	28,002		16	1,734	0.03	0.58		
2016	35,857		17	2,119	0.03	0.74		
Total	2012	16,025,057	2,179	7,356	4.25	312.39		
	2013	16,044,671	1,706	9,406	3.51	329.89		
	2014	19,918,835	2,084	9,560	4.31	412.35		
	2015	14,436,106	1,450	9,954	3.02	300.31		
	2016	14,823,034	1,649	8,987	3.39	304.59		

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Owners	190	Fire, Lightning and Removal	2012	1,618,568	86	18,759	0.60	112.53
			2013	2,090,601	70	29,994	0.52	155.00
			2014	1,250,802	71	17,587	0.53	93.97
			2015	1,777,350	72	24,631	0.56	136.82
			2016	3,964,314	55	72,052	0.43	312.45
		Wind and Hail	2012	961,584	181	5,316	1.26	66.86
			2013	552,796	127	4,342	0.94	40.98
			2014	499,865	113	4,421	0.85	37.55
			2015	584,913	146	4,013	1.12	45.03
			2016	1,262,949	249	5,077	1.96	99.54
		Water Damage and Freezing	2012	980,749	154	6,386	1.07	68.19
			2013	752,490	127	5,928	0.94	55.79
			2014	1,203,478	149	8,067	1.12	90.41
			2015	1,261,769	171	7,387	1.31	97.13
			2016	946,310	149	6,347	1.18	74.58
		Theft	2012	186,574	72	2,584	0.50	12.97
			2013	198,399	55	3,581	0.41	14.71
			2014	113,265	35	3,222	0.26	8.51
			2015	219,587	61	3,594	0.47	16.90
			2016	148,739	46	3,260	0.36	11.72
		Other Physical Damage	2012	168,353	47	3,588	0.33	11.70
			2013	113,257	30	3,723	0.23	8.40
			2014	211,775	53	4,024	0.40	15.91
			2015	363,695	60	6,089	0.46	28.00
			2016	114,357	18	6,428	0.14	9.01
		Liability	2012	149,595	27	5,510	0.19	10.40
			2013	591,307	40	14,928	0.29	43.84
			2014	99,807	14	7,280	0.10	7.50
			2015	315,402	31	10,119	0.24	24.28
			2016	270,516	24	11,511	0.19	21.32
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	18,515	10	1,939	0.07	1.29
2013	25,757		12	2,174	0.09	1.91		
2014	12,454		5	2,501	0.04	0.94		
2015	4,284		3	1,525	0.02	0.33		
2016	19,249		6	3,413	0.04	1.52		
Total	2012	4,083,938	577	7,083	4.01	283.94		
	2013	4,324,607	461	9,376	3.42	320.63		
	2014	3,391,446	440	7,710	3.30	254.79		
	2015	4,527,000	544	8,329	4.18	348.50		
	2016	6,726,434	545	12,332	4.30	530.14		

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Owners	200	Fire, Lightning and Removal	2012	1,700,682	65	26,016	0.97	253.23
			2013	1,625,571	34	48,108	0.54	258.48
			2014	3,039,830	43	70,139	0.70	493.32
			2015	1,838,618	47	39,540	0.78	308.08
			2016	3,370,870	70	48,004	1.21	580.58
		Wind and Hail	2012	332,574	61	5,461	0.91	49.52
			2013	447,198	76	5,882	1.21	71.11
			2014	419,077	67	6,209	1.10	68.01
			2015	524,922	81	6,520	1.35	87.96
			2016	689,038	119	5,790	2.05	118.68
		Water Damage and Freezing	2012	204,107	29	7,134	0.43	30.39
			2013	181,349	29	6,350	0.45	28.84
			2014	473,120	109	4,341	1.77	76.78
			2015	297,297	41	7,223	0.69	49.82
			2016	373,506	43	8,632	0.75	64.33
		Theft	2012	154,563	42	3,644	0.63	23.01
			2013	231,487	56	4,127	0.89	36.81
			2014	154,213	39	4,001	0.63	25.03
			2015	80,855	27	3,051	0.44	13.55
			2016	76,497	24	3,140	0.42	13.18
		Other Physical Damage	2012	108,293	16	6,587	0.24	16.12
			2013	17,533	10	1,838	0.15	2.79
			2014	215,397	56	3,822	0.91	34.96
			2015	42,079	9	4,604	0.15	7.05
			2016	132,111	10	13,158	0.17	22.75
		Liability	2012	175,713	8	22,498	0.12	26.16
			2013	267,004	6	47,174	0.09	42.46
			2014	24,772	4	5,708	0.07	4.02
			2015	11,998	8	1,504	0.13	2.01
			2016	263,318	8	35,016	0.13	45.35
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	23,932	7	3,484	0.10	3.56
2013	7,188		3	2,066	0.06	1.14		
2014	938		1	998	0.02	0.15		
2015	7,520		4	2,000	0.06	1.26		
2016	4,812		1	5,119	0.02	0.83		
Total	2012	2,699,864	228	11,820	3.40	402.00		
	2013	2,777,330	213	13,030	3.39	441.62		
	2014	4,327,347	320	13,523	5.19	702.26		
	2015	2,803,289	216	13,005	3.61	469.72		
	2016	4,910,152	275	17,832	4.74	845.70		

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Owners	210	Fire, Lightning and Removal	2012	3,455,321	134	25,823	0.67	172.04
			2013	2,316,498	121	19,213	0.61	118.06
			2014	2,372,530	100	23,816	0.51	122.21
			2015	3,533,902	103	34,154	0.53	181.79
			2016	2,450,105	118	20,744	0.60	123.84
			Wind and Hail	2012	3,660,866	488	7,499	2.43
		2013		1,886,832	396	4,759	2.02	96.16
		2014		1,736,513	359	4,837	1.85	89.45
		2015		865,285	193	4,483	0.99	44.51
		2016		1,348,577	283	4,764	1.43	68.16
		Water Damage and Freezing		2012	847,709	150	5,670	0.74
			2013	886,542	152	5,844	0.77	45.18
			2014	1,322,455	187	7,066	0.96	68.12
			2015	1,369,012	182	7,540	0.93	70.43
			2016	1,060,975	194	5,480	0.98	53.63
			Theft	2012	436,269	145	3,005	0.72
		2013		415,609	106	3,911	0.54	21.18
		2014		321,245	87	3,682	0.45	16.55
		2015		279,241	88	3,166	0.45	14.36
		2016		253,356	71	3,547	0.36	12.81
		Other Physical Damage		2012	234,406	62	3,808	0.31
			2013	388,002	60	6,488	0.30	19.77
			2014	194,788	61	3,203	0.31	10.03
			2015	443,634	87	5,112	0.45	22.82
			2016	309,450	60	5,155	0.30	15.64
			Liability	2012	372,828	29	12,865	0.14
		2013		53,795	24	2,229	0.12	2.74
		2014		90,597	27	3,358	0.14	4.67
		2015		57,671	25	2,353	0.13	2.97
		2016		533,166	37	14,544	0.19	26.95
		Credit Card		2012	0	0	0	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
			Medical Payments	2012	20,743	16	1,301	0.08
		2013		17,367	13	1,340	0.07	0.89
		2014		8,891	6	1,588	0.03	0.46
		2015		11,889	7	1,748	0.03	0.61
		2016		13,727	11	1,301	0.05	0.69
		Total		2012	9,028,142	1,023	8,824	5.09
			2013	5,964,645	872	6,841	4.44	303.99
2014	6,047,019		826	7,317	4.26	311.48		
2015	6,560,634		684	9,587	3.52	337.50		
2016	5,969,356		773	7,718	3.91	301.71		

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Owners	220	Fire, Lightning and Removal	2012	9,679,185	336	28,817	0.58	167.71
			2013	5,970,262	229	26,065	0.41	107.90
			2014	7,771,718	255	30,437	0.47	144.00
			2015	6,594,448	248	26,587	0.47	123.83
			2016	7,545,642	234	32,190	0.44	141.31
		Wind and Hail	2012	32,610,436	4,332	7,528	7.51	565.04
			2013	6,259,599	1,090	5,744	1.97	113.12
			2014	12,387,137	1,619	7,652	3.00	229.52
			2015	5,575,681	840	6,640	1.58	104.70
			2016	10,167,895	1,378	7,377	2.58	190.42
		Water Damage and Freezing	2012	4,412,919	631	6,995	1.09	76.46
			2013	4,925,448	715	6,890	1.29	89.01
			2014	5,614,266	721	7,788	1.34	104.03
			2015	6,131,725	707	8,671	1.33	115.14
			2016	4,989,997	627	7,965	1.17	93.45
		Theft	2012	2,238,837	642	3,485	1.11	38.79
			2013	1,744,562	491	3,555	0.89	31.53
			2014	1,640,289	410	4,004	0.76	30.39
			2015	1,025,867	294	3,495	0.55	19.26
			2016	890,815	230	3,868	0.43	16.68
		Other Physical Damage	2012	1,219,517	248	4,923	0.43	21.13
			2013	910,104	221	4,125	0.40	16.45
			2014	1,640,917	319	5,148	0.59	30.40
			2015	1,595,818	313	5,094	0.59	29.97
			2016	1,245,470	237	5,259	0.44	23.32
		Liability	2012	940,990	71	13,319	0.12	16.30
			2013	982,484	78	12,541	0.14	17.76
			2014	442,252	61	7,264	0.11	8.19
			2015	306,354	64	4,801	0.12	5.75
			2016	841,155	156	5,391	0.29	15.75
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	46,464	18	2,590	0.03	0.81
2013	39,520		15	2,600	0.03	0.71		
2014	34,762		15	2,392	0.03	0.64		
2015	28,723		11	2,546	0.02	0.54		
2016	31,734		15	2,110	0.03	0.59		
Total	2012	51,148,348	6,278	8,148	10.88	886.25		
	2013	20,831,979	2,839	7,339	5.13	376.48		
	2014	29,531,341	3,399	8,689	6.30	547.19		
	2015	21,258,616	2,477	8,583	4.65	399.20		
	2016	25,712,708	2,878	8,936	5.39	481.53		

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Owners	230	Fire, Lightning and Removal	2012	1,549,053	80	19,385	0.54	105.16
			2013	2,326,597	77	30,298	0.56	169.34
			2014	2,868,970	70	40,741	0.53	214.58
			2015	1,691,584	68	24,946	0.52	129.41
			2016	3,093,955	75	41,330	0.56	233.12
		Wind and Hail	2012	664,136	128	5,195	0.87	45.08
			2013	758,871	160	4,737	1.17	55.23
			2014	750,002	125	6,012	0.93	56.10
			2015	452,815	114	3,967	0.87	34.64
			2016	1,296,520	233	5,575	1.75	97.69
		Water Damage and Freezing	2012	441,998	71	6,202	0.48	30.00
			2013	540,402	82	6,610	0.60	39.33
			2014	800,083	101	7,929	0.75	59.84
			2015	1,147,938	131	8,742	1.00	87.82
			2016	508,254	82	6,185	0.62	38.30
		Theft	2012	303,760	96	3,150	0.65	20.62
			2013	322,835	97	3,334	0.70	23.50
			2014	224,613	76	2,945	0.57	16.80
			2015	309,995	92	3,366	0.70	23.71
			2016	325,955	108	3,017	0.81	24.56
		Other Physical Damage	2012	164,843	35	4,707	0.24	11.19
			2013	142,825	29	4,850	0.21	10.40
			2014	205,541	49	4,179	0.37	15.37
			2015	165,355	48	3,416	0.37	12.65
			2016	242,747	38	6,396	0.29	18.29
		Liability	2012	319,847	17	19,233	0.11	21.71
			2013	69,066	16	4,327	0.12	5.03
			2014	169,253	11	15,818	0.08	12.66
			2015	65,772	27	2,456	0.20	5.03
			2016	411,760	36	11,527	0.27	31.02
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	16,106	12	1,350	0.08	1.09
			2013	6,392	7	932	0.05	0.47
			2014	9,137	6	1,620	0.04	0.68
			2015	13,612	8	1,810	0.06	1.04
			2016	14,205	8	1,679	0.06	1.07
		Total	2012	3,459,743	439	7,880	2.98	234.86
			2013	4,166,988	468	8,907	3.41	303.30
2014	5,027,599		438	11,482	3.28	376.04		
2015	3,847,071		488	7,882	3.73	294.30		
2016	5,893,396		580	10,165	4.37	444.05		

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Owners	240	Fire, Lightning and Removal	2012	9,569,102	410	23,353	0.56	131.20
			2013	12,204,934	359	34,043	0.50	168.94
			2014	7,583,333	281	26,989	0.39	104.44
			2015	7,423,134	299	24,816	0.41	102.25
			2016	12,556,154	358	35,027	0.49	171.33
		Wind and Hail	2012	6,148,619	958	6,418	1.31	84.30
			2013	6,362,618	1,091	5,832	1.51	88.07
			2014	4,003,985	705	5,679	0.97	55.14
			2015	32,662,277	2,974	10,982	4.10	449.92
			2016	8,070,219	1,140	7,077	1.56	110.12
		Water Damage and Freezing	2012	4,163,419	567	7,339	0.78	57.08
			2013	4,991,730	589	8,477	0.82	69.10
			2014	5,270,788	620	8,497	0.85	72.59
			2015	6,591,792	723	9,111	1.00	90.80
			2016	5,958,372	692	8,612	0.94	81.30
		Theft	2012	1,206,683	353	3,416	0.48	16.54
			2013	1,136,257	327	3,479	0.45	15.73
			2014	902,145	252	3,574	0.35	12.42
			2015	931,183	237	3,930	0.33	12.83
			2016	619,606	177	3,495	0.24	8.45
		Other Physical Damage	2012	902,384	189	4,766	0.26	12.37
			2013	1,226,654	200	6,138	0.28	16.98
			2014	904,068	187	4,834	0.26	12.45
			2015	1,250,022	218	5,736	0.30	17.22
			2016	915,676	242	3,788	0.33	12.49
		Liability	2012	791,014	107	7,411	0.15	10.85
			2013	354,988	92	3,846	0.13	4.91
			2014	862,450	80	10,758	0.11	11.88
			2015	612,783	99	6,164	0.14	8.44
			2016	784,560	131	6,005	0.18	10.71
Credit Card	2012	0	0	0	0.00	0.00		
	2013	0	0	0	0.00	0.00		
	2014	0	0	0	0.00	0.00		
	2015	0	0	0	0.00	0.00		
	2016	0	0	0	0.00	0.00		
Medical Payments	2012	55,544	34	1,614	0.05	0.76		
	2013	50,087	32	1,587	0.04	0.69		
	2014	50,502	30	1,689	0.04	0.70		
	2015	56,116	31	1,819	0.04	0.77		
	2016	54,473	24	2,244	0.03	0.74		
Total	2012	22,836,765	2,619	8,720	3.59	313.12		
	2013	26,327,268	2,689	9,792	3.72	364.42		
	2014	19,577,271	2,156	9,081	2.97	269.61		
	2015	49,527,307	4,582	10,809	6.31	682.24		
	2016	28,959,060	2,765	10,474	3.77	395.15		

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Owners	250	Fire, Lightning and Removal	2012	3,750,725	160	23,391	0.52	121.49
			2013	4,349,234	140	31,055	0.46	142.35
			2014	5,047,609	145	34,845	0.47	164.20
			2015	2,657,308	135	19,690	0.44	86.24
			2016	7,410,935	196	37,788	0.62	235.87
		Wind and Hail	2012	2,539,968	421	6,039	1.36	82.27
			2013	2,490,050	443	5,624	1.45	81.50
			2014	2,125,193	369	5,757	1.20	69.13
			2015	1,953,937	356	5,496	1.15	63.41
			2016	4,205,783	593	7,091	1.89	133.86
		Water Damage and Freezing	2012	1,775,655	236	7,532	0.76	57.52
			2013	2,157,992	259	8,347	0.85	70.63
			2014	2,561,049	304	8,425	0.99	83.31
			2015	3,018,266	335	9,009	1.09	97.96
			2016	3,109,538	341	9,130	1.08	98.97
		Theft	2012	771,698	215	3,596	0.70	25.00
			2013	674,333	195	3,455	0.64	22.07
			2014	557,321	169	3,291	0.55	18.13
			2015	433,952	136	3,198	0.44	14.08
			2016	350,083	113	3,111	0.36	11.14
		Other Physical Damage	2012	366,004	108	3,380	0.35	11.86
			2013	431,700	121	3,572	0.40	14.13
			2014	682,127	149	4,582	0.48	22.19
			2015	707,018	145	4,877	0.47	22.95
			2016	505,862	166	3,051	0.53	16.10
		Liability	2012	679,098	41	16,640	0.13	22.00
			2013	331,601	40	8,374	0.13	10.85
			2014	698,810	41	17,242	0.13	22.73
			2015	243,336	46	5,256	0.15	7.90
			2016	229,731	55	4,214	0.17	7.31
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	25,219	12	2,079	0.04	0.82
2013	21,181		13	1,648	0.04	0.69		
2014	34,099		15	2,324	0.05	1.11		
2015	26,305		15	1,804	0.05	0.85		
2016	22,646		10	2,349	0.03	0.72		
Total	2012	9,908,367	1,193	8,309	3.86	320.95		
	2013	10,456,091	1,210	8,643	3.96	342.23		
	2014	11,706,208	1,191	9,825	3.88	380.81		
	2015	9,040,122	1,167	7,746	3.79	293.40		
	2016	15,834,578	1,472	10,755	4.69	503.98		

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Owners	260	Fire, Lightning and Removal	2012	6,297,369	154	40,961	0.58	239.29
			2013	4,318,790	128	33,643	0.49	165.81
			2014	4,104,906	117	35,013	0.45	158.19
			2015	6,286,091	152	41,440	0.57	236.51
			2016	1,682,034	121	13,871	0.43	60.15
		Wind and Hail	2012	3,948,707	603	6,553	2.29	150.04
			2013	1,528,569	282	5,429	1.08	58.69
			2014	2,252,430	351	6,422	1.35	86.80
			2015	3,826,595	560	6,837	2.11	143.98
			2016	11,055,653	1,358	8,140	4.86	395.37
		Water Damage and Freezing	2012	1,725,782	168	10,292	0.64	65.58
			2013	1,486,747	182	8,173	0.70	57.08
			2014	2,233,749	251	8,888	0.97	86.08
			2015	2,485,812	221	11,269	0.83	93.53
			2016	1,485,467	177	8,408	0.63	53.12
		Theft	2012	589,263	158	3,732	0.60	22.39
			2013	432,103	148	2,928	0.57	16.59
			2014	347,699	93	3,740	0.36	13.40
			2015	560,954	104	5,413	0.39	21.11
			2016	369,343	86	4,290	0.31	13.21
		Other Physical Damage	2012	592,468	80	7,436	0.30	22.51
			2013	269,695	64	4,228	0.24	10.35
			2014	455,368	123	3,715	0.47	17.55
			2015	446,864	81	5,515	0.30	16.81
			2016	446,646	78	5,706	0.28	15.97
		Liability	2012	306,847	42	7,287	0.16	11.66
			2013	150,662	44	3,389	0.17	5.78
			2014	136,672	37	3,664	0.14	5.27
			2015	224,727	28	7,952	0.11	8.46
			2016	388,921	27	14,632	0.10	13.91
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	18,980	10	1,943	0.04	0.72
2013	9,322		9	992	0.04	0.36		
2014	27,557		16	1,724	0.06	1.06		
2015	26,128		12	2,138	0.05	0.98		
2016	21,257		8	2,827	0.03	0.76		
Total	2012	13,479,416	1,213	11,109	4.61	512.19		
	2013	8,195,888	857	9,563	3.29	314.67		
	2014	9,558,381	988	9,673	3.81	368.34		
	2015	13,857,171	1,157	11,976	4.35	521.38		
	2016	15,449,321	1,855	8,330	6.63	552.49		

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Owners	270	Fire, Lightning and Removal	2012	24,506,087	1,036	23,647	0.39	92.88
			2013	21,954,584	659	33,327	0.25	82.28
			2014	26,517,966	718	36,951	0.27	97.98
			2015	26,916,084	785	34,286	0.29	98.80
			2016	24,150,262	848	28,489	0.31	88.02
		Wind and Hail	2012	38,562,986	5,424	7,110	2.06	146.16
			2013	23,309,634	3,389	6,878	1.27	87.36
			2014	25,273,980	3,798	6,654	1.40	93.38
			2015	19,551,063	2,985	6,550	1.10	71.77
			2016	86,233,693	9,594	8,988	3.50	314.29
		Water Damage and Freezing	2012	32,667,482	3,271	9,986	1.24	123.82
			2013	31,025,098	3,478	8,920	1.30	116.28
			2014	41,313,371	4,056	10,186	1.50	152.64
			2015	47,128,014	4,370	10,785	1.60	173.00
			2016	45,667,695	4,253	10,738	1.55	166.44
		Theft	2012	4,232,289	1,258	3,364	0.48	16.04
			2013	4,463,931	1,307	3,416	0.49	16.73
			2014	3,969,140	1,106	3,588	0.41	14.66
			2015	3,576,382	989	3,617	0.36	13.13
			2016	2,351,732	648	3,627	0.24	8.57
		Other Physical Damage	2012	3,803,270	717	5,308	0.27	14.42
			2013	3,862,579	823	4,695	0.31	14.48
			2014	5,365,672	927	5,787	0.34	19.82
			2015	5,562,067	987	5,638	0.36	20.42
			2016	5,312,656	869	6,113	0.32	19.36
		Liability	2012	3,275,538	274	11,959	0.10	12.41
			2013	2,342,093	282	8,293	0.11	8.78
			2014	3,056,198	275	11,111	0.10	11.29
			2015	2,817,240	292	9,664	0.11	10.34
			2016	3,287,329	373	8,815	0.14	11.98
		Credit Card	2012	470	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	114,163	73	1,565	0.03	0.43
2013	119,780		64	1,882	0.02	0.45		
2014	120,628		64	1,879	0.02	0.45		
2015	88,615		65	1,362	0.02	0.33		
2016	105,014		54	1,960	0.02	0.38		
Total	2012	107,162,285	12,053	8,891	4.57	406.16		
	2013	87,077,699	10,002	8,706	3.75	326.36		
	2014	105,616,955	10,945	9,650	4.04	390.22		
	2015	105,639,465	10,471	10,088	3.84	387.78		
	2016	167,108,381	16,639	10,043	6.06	609.06		

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Owners	280	Fire, Lightning and Removal	2012	8,823,437	185	47,813	0.47	226.57
			2013	2,566,074	99	25,795	0.25	65.51
			2014	4,393,008	110	39,770	0.28	111.54
			2015	6,249,076	146	42,943	0.36	155.86
			2016	4,161,539	134	31,056	0.32	100.21
		Wind and Hail	2012	4,656,518	537	8,674	1.38	119.57
			2013	1,942,745	302	6,433	0.77	49.60
			2014	1,678,444	294	5,709	0.75	42.62
			2015	2,250,863	312	7,221	0.78	56.14
			2016	6,459,735	725	8,915	1.74	155.54
		Water Damage and Freezing	2012	3,236,547	307	10,553	0.79	83.11
			2013	2,854,881	343	8,317	0.88	72.89
			2014	4,625,922	505	9,164	1.28	117.45
			2015	5,406,178	429	12,609	1.07	134.84
			2016	4,254,990	376	11,331	0.90	102.46
		Theft	2012	657,977	196	3,351	0.50	16.90
			2013	836,737	183	4,561	0.47	21.36
			2014	433,413	140	3,103	0.35	11.00
			2015	736,943	154	4,779	0.38	18.38
			2016	408,570	100	4,066	0.24	9.84
		Other Physical Damage	2012	593,698	116	5,119	0.30	15.24
			2013	566,854	112	5,071	0.29	14.47
			2014	1,362,900	392	3,475	1.00	34.60
			2015	643,638	120	5,348	0.30	16.05
			2016	1,026,936	96	10,657	0.23	24.73
		Liability	2012	388,462	45	8,690	0.11	9.97
			2013	725,928	50	14,423	0.13	18.53
			2014	523,631	45	11,521	0.12	13.29
			2015	606,655	38	15,802	0.10	15.13
			2016	396,651	59	6,777	0.14	9.55
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	23,044	17	1,333	0.04	0.59
2013	20,619		14	1,435	0.04	0.53		
2014	37,546		13	2,913	0.03	0.95		
2015	9,654		5	1,778	0.01	0.24		
2016	13,475		7	2,048	0.02	0.32		
Total	2012	18,379,683	1,402	13,106	3.60	471.95		
	2013	9,513,838	1,105	8,612	2.82	242.89		
	2014	13,054,864	1,500	8,706	3.81	331.46		
	2015	15,903,007	1,204	13,204	3.00	396.65		
	2016	16,721,896	1,496	11,177	3.60	402.65		

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Owners	290	Fire, Lightning and Removal	2012	4,096,379	175	23,399	0.56	130.42
			2013	3,756,757	122	30,851	0.39	120.33
			2014	4,181,552	133	31,384	0.43	133.92
			2015	5,912,965	141	42,046	0.45	187.41
			2016	5,260,651	156	33,765	0.49	164.22
		Wind and Hail	2012	16,767,331	1,448	11,578	4.61	533.82
			2013	3,221,239	459	7,023	1.47	103.18
			2014	2,717,856	371	7,335	1.19	87.04
			2015	1,866,115	250	7,473	0.79	59.15
			2016	2,250,051	276	8,141	0.86	70.24
		Water Damage and Freezing	2012	2,813,354	232	12,137	0.74	89.57
			2013	2,251,007	253	8,912	0.81	72.10
			2014	2,565,274	315	8,143	1.01	82.16
			2015	2,932,749	302	9,724	0.96	92.95
			2016	2,689,882	278	9,679	0.87	83.97
		Theft	2012	436,644	137	3,181	0.44	13.90
			2013	400,803	102	3,937	0.33	12.84
			2014	435,508	111	3,934	0.35	13.95
			2015	200,548	64	3,143	0.20	6.36
			2016	190,086	56	3,399	0.17	5.93
		Other Physical Damage	2012	486,814	87	5,564	0.28	15.50
			2013	511,014	120	4,249	0.39	16.37
			2014	637,538	112	5,679	0.36	20.42
			2015	495,321	104	4,751	0.33	15.70
			2016	463,144	98	4,715	0.31	14.46
		Liability	2012	197,391	36	5,526	0.11	6.28
			2013	372,906	33	11,366	0.11	11.94
			2014	509,764	35	14,737	0.11	16.33
			2015	45,049	23	1,935	0.07	1.43
			2016	368,956	28	13,084	0.09	11.52
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	15,998	11	1,480	0.03	0.51
			2013	16,768	9	1,803	0.03	0.54
			2014	15,989	11	1,468	0.03	0.51
			2015	5,958	6	998	0.02	0.19
			2016	10,188	7	1,409	0.02	0.32
		Total	2012	24,813,911	2,126	11,670	6.77	790.00
			2013	10,530,494	1,097	9,598	3.51	337.30
2014	11,063,481		1,087	10,176	3.48	354.33		
2015	11,458,705		889	12,886	2.82	363.18		
2016	11,232,958		900	12,485	2.81	350.66		

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Owners	300	Fire, Lightning and Removal	2012	1,497,994	97	15,501	0.67	104.33
			2013	1,141,584	73	15,638	0.52	82.00
			2014	1,964,519	69	28,438	0.51	143.84
			2015	2,274,446	73	30,991	0.55	169.25
			2016	1,773,917	69	25,594	0.51	130.77
		Wind and Hail	2012	2,533,741	384	6,598	2.67	176.47
			2013	3,217,483	494	6,508	3.55	231.11
			2014	739,678	150	4,933	1.10	54.16
			2015	751,676	144	5,211	1.07	55.94
			2016	1,498,495	229	6,555	1.69	110.47
		Water Damage and Freezing	2012	574,195	82	7,015	0.57	39.99
			2013	1,103,798	106	10,416	0.76	79.28
			2014	1,018,218	127	8,040	0.93	74.55
			2015	1,032,904	122	8,491	0.91	76.86
			2016	951,611	111	8,537	0.82	70.15
		Theft	2012	330,224	93	3,546	0.65	23.00
			2013	236,375	70	3,353	0.51	16.98
			2014	318,490	72	4,410	0.53	23.32
			2015	173,214	54	3,217	0.40	12.89
			2016	234,200	58	4,046	0.43	17.27
		Other Physical Damage	2012	214,260	37	5,797	0.26	14.92
			2013	273,068	53	5,115	0.38	19.61
			2014	265,968	71	3,759	0.52	19.47
			2015	235,641	36	6,470	0.27	17.54
			2016	125,979	35	3,649	0.25	9.29
		Liability	2012	35,711	17	2,111	0.12	2.49
			2013	195,447	27	7,170	0.20	14.04
			2014	370,766	20	18,782	0.14	27.15
			2015	73,994	28	2,624	0.21	5.51
			2016	93,462	27	3,429	0.20	6.89
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	4,327	4	1,151	0.03	0.30
2013	3,294		4	876	0.03	0.24		
2014	14,632		7	2,224	0.05	1.07		
2015	5,919		4	1,574	0.03	0.44		
2016	4,328		4	1,151	0.03	0.32		
Total	2012	5,190,452	713	7,277	4.97	361.50		
	2013	6,171,049	828	7,451	5.95	443.26		
	2014	4,692,271	515	9,112	3.77	343.55		
	2015	4,547,794	462	9,854	3.43	338.43		
	2016	4,681,992	533	8,787	3.93	345.15		

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Owners	310	Fire, Lightning and Removal	2012	26,924,859	1,206	22,320	0.46	102.67
			2013	28,250,974	883	31,998	0.34	109.31
			2014	28,249,967	764	36,967	0.30	110.09
			2015	27,551,375	828	33,271	0.33	108.49
			2016	32,115,181	914	35,120	0.35	124.59
		Wind and Hail	2012	28,898,138	4,771	6,057	1.82	110.19
			2013	28,234,675	4,755	5,938	1.84	109.24
			2014	17,601,590	3,522	4,998	1.37	68.59
			2015	16,111,153	3,178	5,069	1.25	63.44
			2016	33,483,306	5,759	5,814	2.23	129.90
		Water Damage and Freezing	2012	18,926,703	2,468	7,668	0.94	72.17
			2013	19,738,884	2,503	7,885	0.97	76.37
			2014	31,465,868	4,131	7,617	1.61	122.62
			2015	27,579,499	3,084	8,943	1.21	108.60
			2016	24,202,038	2,787	8,683	1.08	93.89
		Theft	2012	4,564,141	1,512	3,019	0.58	17.40
			2013	3,854,537	1,228	3,139	0.48	14.91
			2014	3,495,118	1,103	3,169	0.43	13.62
			2015	3,133,435	915	3,426	0.36	12.34
			2016	2,581,409	762	3,386	0.30	10.01
		Other Physical Damage	2012	3,097,488	702	4,412	0.27	11.81
			2013	4,350,904	804	5,413	0.31	16.83
			2014	13,051,610	3,464	3,768	1.35	50.86
			2015	4,011,872	728	5,508	0.29	15.80
			2016	4,939,206	719	6,874	0.28	19.16
		Liability	2012	2,449,202	429	5,705	0.16	9.34
			2013	3,189,862	482	6,622	0.19	12.34
			2014	3,786,939	364	10,415	0.14	14.76
			2015	2,113,935	425	4,971	0.17	8.32
			2016	3,107,157	350	8,884	0.14	12.05
		Credit Card	2012	886	2	471	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	134,504	107	1,261	0.04	0.51
			2013	148,727	105	1,417	0.04	0.58
			2014	152,025	92	1,653	0.04	0.59
			2015	110,206	80	1,385	0.03	0.43
			2016	116,171	71	1,639	0.03	0.45
		Total	2012	84,995,921	11,197	7,591	4.27	324.11
			2013	87,768,563	10,759	8,157	4.16	339.58
2014	97,803,117		13,439	7,277	5.24	381.14		
2015	80,611,475		9,238	8,726	3.64	317.43		
2016	100,544,468		11,363	8,849	4.41	390.07		

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Owners	320	Fire, Lightning and Removal	2012	11,075,675	585	18,928	0.43	82.09
			2013	17,146,135	590	29,078	0.44	126.56
			2014	14,412,856	478	30,178	0.36	107.22
			2015	16,363,671	446	36,719	0.34	124.81
			2016	18,983,109	544	34,875	0.43	148.29
		Wind and Hail	2012	18,149,496	2,611	6,950	1.94	134.52
			2013	16,651,060	2,672	6,231	1.97	122.91
			2014	9,377,571	1,655	5,666	1.23	69.76
			2015	13,101,568	2,118	6,185	1.62	99.93
			2016	15,977,563	2,293	6,966	1.79	124.81
		Water Damage and Freezing	2012	9,091,505	1,183	7,682	0.88	67.38
			2013	9,937,309	1,287	7,721	0.95	73.35
			2014	14,138,803	1,841	7,679	1.37	105.18
			2015	11,632,764	1,381	8,421	1.05	88.72
			2016	10,672,261	1,204	8,861	0.94	83.37
		Theft	2012	2,131,716	677	3,147	0.50	15.80
			2013	1,724,414	546	3,157	0.40	12.73
			2014	1,391,128	438	3,179	0.33	10.35
			2015	1,307,119	371	3,524	0.28	9.97
			2016	1,125,077	312	3,602	0.24	8.79
		Other Physical Damage	2012	1,546,175	339	4,567	0.25	11.46
			2013	2,012,013	387	5,202	0.29	14.85
			2014	5,322,929	1,406	3,787	1.05	39.60
			2015	2,493,108	348	7,173	0.27	19.02
			2016	2,594,245	345	7,511	0.27	20.27
		Liability	2012	2,420,958	226	10,690	0.17	17.94
			2013	1,805,671	235	7,679	0.17	13.33
			2014	2,026,879	202	10,028	0.15	15.08
			2015	1,338,605	212	6,300	0.16	10.21
			2016	1,520,626	171	8,918	0.13	11.88
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	7,351	1	7,351	0.00	0.06
		Medical Payments	2012	103,030	64	1,622	0.05	0.76
			2013	84,958	52	1,643	0.04	0.63
			2014	74,736	51	1,474	0.04	0.56
			2015	84,683	52	1,619	0.04	0.65
			2016	51,221	39	1,330	0.03	0.40
		Total	2012	44,518,555	5,686	7,830	4.21	329.95
			2013	49,361,560	5,769	8,557	4.26	364.36
2014	46,744,902		6,070	7,701	4.52	347.76		
2015	46,321,518		4,928	9,399	3.76	353.30		
2016	50,931,453		4,910	10,373	3.84	397.86		

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Owners	330	Fire, Lightning and Removal	2012	1,110,041	45	24,867	0.64	158.65
			2013	348,787	38	9,232	0.55	50.33
			2014	1,673,839	21	78,658	0.31	245.36
			2015	551,025	32	17,236	0.47	80.41
			2016	999,090	34	29,153	0.48	139.67
		Wind and Hail	2012	594,405	106	5,593	1.52	84.95
			2013	1,194,948	176	6,801	2.54	172.43
			2014	472,570	106	4,447	1.56	69.27
			2015	278,834	52	5,375	0.76	40.69
			2016	1,265,313	263	4,811	3.68	176.89
		Water Damage and Freezing	2012	328,853	46	7,110	0.66	47.00
			2013	268,699	46	5,868	0.66	38.77
			2014	555,222	75	7,399	1.10	81.39
			2015	343,377	57	6,046	0.83	50.11
			2016	431,922	58	7,478	0.81	60.38
		Theft	2012	74,488	29	2,596	0.41	10.65
			2013	110,551	32	3,440	0.46	15.95
			2014	84,106	24	3,473	0.36	12.33
			2015	79,590	21	3,777	0.31	11.61
			2016	31,955	9	3,429	0.13	4.47
		Other Physical Damage	2012	53,643	17	3,169	0.24	7.67
			2013	68,293	21	3,223	0.31	9.85
			2014	285,404	41	6,944	0.60	41.84
			2015	62,454	23	2,682	0.34	9.11
			2016	68,884	23	3,032	0.32	9.63
		Liability	2012	25,999	10	2,478	0.15	3.72
			2013	201,143	26	7,869	0.37	29.02
			2014	318,140	15	20,944	0.22	46.63
			2015	126,739	9	14,720	0.13	18.49
			2016	19,302	8	2,567	0.11	2.70
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	9,056	5	1,903	0.07	1.29
2013	2,803		2	1,468	0.03	0.40		
2014	3,772		4	995	0.06	0.55		
2015	5,247		5	1,109	0.07	0.77		
2016	12,512		5	2,662	0.07	1.75		
Total	2012	2,196,485	258	8,512	3.69	313.92		
	2013	2,195,224	340	6,455	4.91	316.77		
	2014	3,393,053	287	11,827	4.21	497.37		
	2015	1,447,266	198	7,297	2.89	211.19		
	2016	2,828,978	399	7,084	5.58	395.50		

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Owners	340	Fire, Lightning and Removal	2012	34,566,451	1,386	24,934	0.45	113.29
			2013	36,356,766	1,028	35,365	0.34	120.88
			2014	36,059,761	1,047	34,439	0.35	119.18
			2015	39,186,173	1,016	38,571	0.34	132.25
			2016	42,709,057	1,163	36,735	0.39	144.22
		Wind and Hail	2012	81,671,448	10,166	8,034	3.33	267.67
			2013	55,099,312	7,836	7,031	2.61	183.20
			2014	79,355,379	7,872	10,081	2.60	262.27
			2015	33,351,578	4,413	7,557	1.49	112.56
			2016	43,803,089	6,174	7,095	2.08	147.92
		Water Damage and Freezing	2012	29,779,469	3,535	8,424	1.16	97.60
			2013	31,035,812	3,796	8,175	1.26	103.19
			2014	40,431,276	4,395	9,200	1.45	133.63
			2015	41,363,432	4,413	9,372	1.49	139.60
			2016	41,405,784	4,177	9,913	1.41	139.82
		Theft	2012	4,963,085	1,449	3,425	0.47	16.27
			2013	4,090,454	1,198	3,416	0.40	13.60
			2014	3,114,113	935	3,331	0.31	10.29
			2015	3,460,840	945	3,662	0.32	11.68
			2016	3,354,690	865	3,879	0.29	11.33
		Other Physical Damage	2012	5,291,977	966	5,479	0.32	17.34
			2013	5,415,080	1,060	5,110	0.35	18.00
			2014	7,777,679	1,201	6,478	0.40	25.71
			2015	7,586,109	1,046	7,254	0.35	25.60
			2016	7,020,624	1,086	6,466	0.37	23.71
		Liability	2012	3,502,314	454	7,715	0.15	11.48
			2013	3,741,033	478	7,833	0.16	12.44
			2014	4,189,973	419	10,006	0.14	13.85
			2015	2,919,618	469	6,230	0.16	9.85
			2016	3,577,903	425	8,426	0.14	12.08
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	3,582	1	3,582	0.00	0.01
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	174,802	125	1,399	0.04	0.57
			2013	194,540	107	1,816	0.04	0.65
			2014	130,891	93	1,405	0.03	0.43
			2015	131,144	69	1,907	0.02	0.44
			2016	189,079	82	2,296	0.03	0.64
		Total	2012	159,949,546	18,081	8,846	5.93	524.22
			2013	135,932,997	15,503	8,768	5.15	451.97
2014	171,062,654		15,962	10,717	5.28	565.37		
2015	127,998,894		12,371	10,347	4.18	431.99		
2016	142,060,226		13,971	10,168	4.72	479.72		

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Owners	350	Fire, Lightning and Removal	2012	9,067,146	439	20,635	0.48	99.17
			2013	10,890,419	397	27,409	0.44	119.97
			2014	10,701,696	373	28,662	0.41	118.09
			2015	12,477,041	315	39,649	0.35	136.92
			2016	15,930,204	385	41,341	0.41	171.09
		Wind and Hail	2012	10,775,126	1,445	7,457	1.58	117.86
			2013	6,600,444	1,044	6,322	1.15	72.71
			2014	3,962,012	683	5,799	0.75	43.72
			2015	5,092,130	891	5,712	0.98	55.88
			2016	8,493,920	1,264	6,719	1.36	91.22
		Water Damage and Freezing	2012	5,600,439	721	7,769	0.79	61.26
			2013	5,844,007	776	7,532	0.85	64.38
			2014	7,863,245	945	8,321	1.04	86.77
			2015	8,918,174	1,030	8,661	1.13	97.87
			2016	7,659,861	875	8,759	0.94	82.27
		Theft	2012	1,486,531	414	3,586	0.45	16.26
			2013	985,600	280	3,524	0.31	10.86
			2014	824,260	224	3,683	0.25	9.10
			2015	932,085	235	3,970	0.26	10.23
			2016	842,133	225	3,746	0.24	9.04
		Other Physical Damage	2012	1,269,991	209	6,083	0.23	13.89
			2013	1,312,088	234	5,606	0.26	14.45
			2014	1,717,920	316	5,444	0.35	18.96
			2015	1,957,003	269	7,265	0.30	21.48
			2016	1,635,054	260	6,301	0.28	17.56
		Liability	2012	927,692	147	6,322	0.16	10.15
			2013	716,992	127	5,639	0.14	7.90
			2014	1,301,416	109	11,963	0.12	14.36
			2015	1,235,460	121	10,195	0.13	13.56
			2016	1,635,524	122	13,446	0.13	17.57
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	61,687	42	1,471	0.05	0.67
2013	48,605		30	1,617	0.03	0.54		
2014	63,290		47	1,349	0.05	0.70		
2015	46,885		24	1,930	0.03	0.51		
2016	49,636		32	1,557	0.03	0.53		
Total	2012	29,188,612	3,417	8,542	3.74	319.26		
	2013	26,398,155	2,888	9,140	3.18	290.80		
	2014	26,433,839	2,697	9,803	2.98	291.69		
	2015	30,658,778	2,885	10,625	3.17	336.45		
	2016	36,246,332	3,162	11,464	3.40	389.28		

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Owners	360	Fire, Lightning and Removal	2012	22,370,160	945	23,666	0.49	114.90
			2013	19,443,999	781	24,906	0.41	101.06
			2014	20,781,619	684	30,386	0.36	109.08
			2015	25,451,841	648	39,250	0.33	131.40
			2016	24,358,981	760	32,069	0.37	120.04
		Wind and Hail	2012	41,444,495	6,035	6,867	3.10	212.87
			2013	16,825,295	3,015	5,580	1.57	87.45
			2014	10,932,410	1,949	5,610	1.02	57.38
			2015	11,404,806	1,650	6,913	0.85	58.88
			2016	15,413,929	2,557	6,028	1.26	75.96
		Water Damage and Freezing	2012	13,264,527	1,578	8,409	0.81	68.13
			2013	12,687,830	1,616	7,851	0.84	65.95
			2014	24,980,274	2,210	11,302	1.16	131.12
			2015	20,702,871	2,080	9,953	1.07	106.88
			2016	14,514,514	1,600	9,072	0.79	71.53
		Theft	2012	2,606,614	749	3,480	0.38	13.39
			2013	1,989,360	599	3,319	0.31	10.34
			2014	1,748,104	497	3,520	0.26	9.18
			2015	1,682,767	422	3,988	0.22	8.69
			2016	1,642,647	418	3,930	0.21	8.09
		Other Physical Damage	2012	2,501,987	532	4,702	0.27	12.85
			2013	2,963,460	556	5,332	0.29	15.40
			2014	3,398,281	594	5,724	0.31	17.84
			2015	3,185,718	547	5,819	0.28	16.45
			2016	4,016,803	508	7,901	0.25	19.79
		Liability	2012	2,404,865	346	6,943	0.18	12.35
			2013	2,744,653	301	9,123	0.16	14.27
			2014	3,185,653	277	11,515	0.15	16.72
			2015	2,527,127	256	9,861	0.13	13.05
			2016	2,048,406	249	8,234	0.12	10.09
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	161,866	97	1,669	0.05	0.83
2013	127,389		77	1,644	0.04	0.66		
2014	126,042		66	1,903	0.03	0.66		
2015	102,155		58	1,767	0.03	0.53		
2016	130,789		64	2,044	0.03	0.64		
Total	2012	84,754,514	10,282	8,243	5.28	435.32		
	2013	56,781,986	6,946	8,175	3.61	295.14		
	2014	65,152,383	6,276	10,381	3.29	341.98		
	2015	65,057,285	5,662	11,491	2.92	335.86		
	2016	62,126,069	6,156	10,092	3.03	306.15		

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Owners	370	Fire, Lightning and Removal	2012	1,457,768	56	26,139	0.62	162.73
			2013	1,253,477	37	33,560	0.43	142.81
			2014	2,300,287	32	72,404	0.37	264.40
			2015	1,873,765	28	66,849	0.29	195.10
			2016	2,524,352	31	82,630	0.28	234.95
		Wind and Hail	2012	1,371,976	195	7,020	2.18	153.16
			2013	526,629	108	4,868	1.23	60.00
			2014	325,988	69	4,757	0.79	37.47
			2015	174,986	36	4,807	0.38	18.22
			2016	480,049	83	5,809	0.77	44.68
		Water Damage and Freezing	2012	840,143	80	10,494	0.89	93.79
			2013	615,866	74	8,377	0.84	70.17
			2014	1,802,329	116	15,473	1.34	207.16
			2015	1,609,626	137	11,716	1.43	167.60
			2016	1,850,980	68	27,248	0.63	172.28
		Theft	2012	109,751	20	5,433	0.23	12.25
			2013	38,716	12	3,107	0.14	4.41
			2014	48,941	12	4,226	0.13	5.63
			2015	199,162	17	11,667	0.18	20.74
			2016	255,355	11	23,151	0.10	23.77
		Other Physical Damage	2012	123,475	24	5,052	0.27	13.78
			2013	72,004	21	3,416	0.24	8.20
			2014	180,164	23	7,916	0.26	20.71
			2015	208,758	37	5,589	0.39	21.74
			2016	109,631	19	5,816	0.18	10.20
		Liability	2012	68,679	14	4,864	0.16	7.67
			2013	97,220	9	11,060	0.10	11.08
			2014	5,656	5	1,124	0.06	0.65
			2015	56,320	13	4,397	0.13	5.86
			2016	75,105	16	4,605	0.15	6.99
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	7,890	4	1,943	0.05	0.88
2013	5,753		3	1,738	0.04	0.66		
2014	1,065		1	986	0.01	0.12		
2015	9,944		6	1,735	0.06	1.04		
2016	9,083		7	1,380	0.06	0.85		
Total	2012	3,979,682	394	10,098	4.40	444.26		
	2013	2,609,665	265	9,859	3.02	297.33		
	2014	4,664,430	257	18,133	2.96	536.14		
	2015	4,132,561	275	15,040	2.86	430.30		
	2016	5,304,555	234	22,680	2.18	493.72		

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Owners	380	Fire, Lightning and Removal	2012	6,238,778	187	33,398	0.57	189.31
			2013	3,059,844	138	22,150	0.43	94.28
			2014	6,154,462	139	44,172	0.43	191.63
			2015	7,846,291	127	61,992	0.38	236.29
			2016	7,691,336	143	53,658	0.40	217.26
		Wind and Hail	2012	5,404,778	737	7,330	2.24	164.00
			2013	1,616,449	309	5,226	0.95	49.81
			2014	1,224,665	216	5,679	0.67	38.13
			2015	1,526,906	259	5,889	0.78	45.98
			2016	1,618,111	239	6,778	0.67	45.71
		Water Damage and Freezing	2012	2,464,957	253	9,729	0.77	74.80
			2013	1,899,333	251	7,573	0.77	58.52
			2014	3,654,487	377	9,688	1.17	113.79
			2015	5,210,081	388	13,424	1.17	156.90
			2016	3,639,993	255	14,248	0.72	102.82
		Theft	2012	292,669	86	3,391	0.26	8.88
			2013	404,025	96	4,215	0.30	12.45
			2014	379,510	87	4,353	0.27	11.82
			2015	205,642	57	3,607	0.17	6.19
			2016	346,389	68	5,084	0.19	9.78
		Other Physical Damage	2012	476,709	86	5,564	0.26	14.47
			2013	692,743	101	6,841	0.31	21.34
			2014	584,826	95	6,131	0.30	18.21
			2015	596,731	107	5,561	0.32	17.97
			2016	584,662	93	6,287	0.26	16.52
		Liability	2012	190,949	43	4,415	0.13	5.79
			2013	476,933	29	16,514	0.09	14.70
			2014	431,929	34	12,626	0.11	13.45
			2015	307,001	39	7,862	0.12	9.25
			2016	179,394	30	5,966	0.08	5.07
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	99	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	14,476	13	1,099	0.04	0.44
			2013	33,927	18	1,878	0.06	1.05
			2014	13,315	6	2,288	0.02	0.41
			2015	28,310	15	1,908	0.04	0.85
			2016	33,546	14	2,379	0.04	0.95
		Total	2012	15,083,316	1,406	10,728	4.27	457.69
			2013	8,183,254	942	8,684	2.90	252.14
2014	12,443,293		955	13,033	2.97	387.44		
2015	15,720,962		992	15,845	2.99	473.44		
2016	14,093,431		843	16,721	2.38	398.11		

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Owners	390	Fire, Lightning and Removal	2012	4,888,659	190	25,680	0.55	140.35
			2013	7,719,663	156	49,526	0.44	216.52
			2014	6,161,940	161	38,323	0.45	174.25
			2015	10,658,067	194	54,933	0.52	287.70
			2016	8,386,753	152	55,158	0.39	215.02
		Wind and Hail	2012	7,177,693	638	11,249	1.83	206.07
			2013	2,391,661	313	7,646	0.88	67.08
			2014	1,308,207	158	8,258	0.45	36.99
			2015	1,416,943	208	6,807	0.56	38.25
			2016	1,374,308	199	6,895	0.51	35.24
		Water Damage and Freezing	2012	2,513,185	242	10,365	0.70	72.15
			2013	2,649,472	252	10,501	0.71	74.31
			2014	5,544,489	415	13,345	1.17	156.79
			2015	5,708,141	429	13,295	1.16	154.08
			2016	2,772,719	237	11,713	0.61	71.09
		Theft	2012	432,020	98	4,412	0.28	12.40
			2013	383,475	98	3,905	0.28	10.76
			2014	483,021	92	5,224	0.26	13.66
			2015	638,611	93	6,845	0.25	17.24
			2016	416,425	95	4,376	0.24	10.68
		Other Physical Damage	2012	303,614	78	3,915	0.22	8.72
			2013	544,465	81	6,691	0.23	15.27
			2014	923,142	95	9,693	0.27	26.10
			2015	846,284	106	7,947	0.29	22.84
			2016	1,063,525	77	13,853	0.20	27.27
		Liability	2012	171,890	26	6,629	0.07	4.93
			2013	210,744	37	5,738	0.10	5.91
			2014	539,752	23	23,175	0.07	15.26
			2015	205,537	29	7,112	0.08	5.55
			2016	266,657	28	9,456	0.07	6.84
		Credit Card	2012	0	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	30,484	12	2,441	0.04	0.88
2013	26,119		11	2,289	0.03	0.73		
2014	20,711		10	2,162	0.03	0.59		
2015	24,618		12	1,976	0.03	0.66		
2016	19,566		10	1,892	0.03	0.50		
Total	2012	15,517,545	1,285	12,078	3.69	445.51		
	2013	13,925,599	949	14,679	2.66	390.59		
	2014	14,981,262	955	15,683	2.70	423.64		
	2015	19,498,201	1,073	18,177	2.90	526.32		
	2016	14,299,953	799	17,907	2.05	366.63		

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Owners	SW	Fire, Lightning and Removal	2012	222,974,422	8,966	24,869	0.47	116.32
			2013	224,093,911	7,007	31,981	0.37	117.88
			2014	234,190,634	6,822	34,327	0.36	123.23
			2015	256,513,052	6,872	37,329	0.36	135.12
			2016	271,852,061	7,653	35,521	0.40	141.28
		Wind and Hail	2012	322,349,975	44,034	7,321	2.30	168.16
			2013	190,043,752	30,306	6,271	1.59	99.97
			2014	203,551,847	27,914	7,292	1.47	107.11
			2015	165,818,762	23,678	7,003	1.25	87.35
			2016	269,093,859	37,431	7,189	1.95	139.85
		Water Damage and Freezing	2012	153,766,626	17,978	8,553	0.94	80.21
			2013	154,985,301	18,872	8,212	0.99	81.53
			2014	223,099,440	24,358	9,159	1.28	117.40
			2015	230,377,469	23,371	9,857	1.23	121.35
			2016	201,415,486	20,789	9,688	1.08	104.68
		Theft	2012	30,786,081	9,173	3,356	0.48	16.06
			2013	27,166,471	7,955	3,415	0.42	14.29
			2014	22,909,252	6,564	3,490	0.35	12.05
			2015	22,409,451	5,923	3,784	0.31	11.80
			2016	18,683,396	4,945	3,778	0.26	9.71
		Other Physical Damage	2012	25,939,387	5,302	4,892	0.28	13.53
			2013	28,993,595	5,640	5,141	0.30	15.25
			2014	50,468,713	10,546	4,786	0.55	26.56
			2015	36,750,444	6,043	6,082	0.32	19.36
			2016	37,904,328	5,592	6,778	0.29	19.70
		Liability	2012	22,373,307	2,664	8,400	0.14	11.67
			2013	22,549,051	2,703	8,343	0.14	11.86
			2014	25,740,316	2,360	10,907	0.12	13.54
			2015	20,847,601	2,603	8,008	0.14	10.98
			2016	23,568,766	2,665	8,845	0.14	12.25
		Credit Card	2012	1,356	2	721	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	3,681	1	3,681	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	7,351	1	7,351	0.00	0.00
		Medical Payments	2012	1,234,560	788	1,567	0.04	0.64
			2013	1,179,129	686	1,719	0.04	0.62
			2014	1,089,904	637	1,711	0.03	0.57
			2015	999,298	570	1,752	0.03	0.53
			2016	1,093,356	547	1,999	0.03	0.57
		Total	2012	779,425,714	88,905	8,767	4.64	406.59
			2013	649,011,210	73,170	8,870	3.85	341.41
2014	761,053,787		79,203	9,609	4.17	400.47		
2015	733,716,077		69,060	10,624	3.64	386.50		
2016	823,618,603		79,624	10,344	4.14	428.03		

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Tenants	SW	Fire, Lightning and Removal	2012	5,357,424	756	7,091	0.26	18.15
			2013	6,036,096	660	9,149	0.21	19.30
			2014	4,558,404	696	6,550	0.21	13.75
			2015	6,033,088	762	7,914	0.21	16.59
			2016	6,390,184	1,015	6,296	0.26	16.61
		Wind and Hail	2012	198,750	71	2,794	0.02	0.67
			2013	255,007	91	2,804	0.03	0.82
			2014	185,272	89	2,090	0.03	0.56
			2015	141,898	63	2,247	0.02	0.39
			2016	269,180	107	2,517	0.03	0.70
		Water Damage and Freezing	2012	1,625,810	509	3,197	0.17	5.51
			2013	1,756,072	516	3,404	0.16	5.61
			2014	3,161,070	860	3,675	0.26	9.53
			2015	3,460,562	916	3,776	0.25	9.52
			2016	2,249,075	641	3,507	0.17	5.84
		Theft	2012	7,482,619	3,076	2,433	1.04	25.35
			2013	7,348,021	3,032	2,424	0.97	23.49
			2014	6,056,882	2,573	2,354	0.78	18.27
			2015	6,238,847	2,607	2,394	0.72	17.16
			2016	6,784,930	2,717	2,497	0.71	17.63
		Other Physical Damage	2012	1,159,569	463	2,503	0.16	3.93
			2013	1,268,886	493	2,574	0.16	4.06
			2014	1,619,083	1,025	1,580	0.31	4.88
			2015	1,537,595	627	2,454	0.17	4.23
			2016	1,491,094	615	2,423	0.16	3.87
		Liability	2012	3,880,499	466	8,320	0.16	13.15
			2013	4,857,714	516	9,418	0.16	15.53
			2014	4,365,784	521	8,383	0.16	13.17
			2015	5,648,304	570	9,905	0.16	15.53
			2016	4,992,856	545	9,169	0.14	12.97
		Credit Card	2012	21	0	0	0.00	0.00
			2013	0	0	0	0.00	0.00
			2014	0	0	0	0.00	0.00
			2015	0	0	0	0.00	0.00
			2016	0	0	0	0.00	0.00
		Medical Payments	2012	74,247	61	1,210	0.02	0.25
2013	104,433		73	1,426	0.02	0.33		
2014	81,400		55	1,468	0.02	0.25		
2015	92,894		64	1,443	0.02	0.26		
2016	82,025		55	1,480	0.01	0.21		
Total	2012	19,778,939	5,402	3,661	1.83	67.00		
	2013	21,626,229	5,380	4,019	1.72	69.14		
	2014	20,027,895	5,819	3,442	1.75	60.40		
	2015	23,153,188	5,610	4,127	1.54	63.68		
	2016	22,259,344	5,696	3,908	1.48	57.84		

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Condominium Unit Owners	SW	Fire, Lightning and Removal	2012	1,720,103	215	7,992	0.30	23.63
			2013	1,330,378	159	8,382	0.22	18.04
			2014	1,525,648	186	8,198	0.25	20.34
			2015	1,722,607	188	9,155	0.25	22.81
			2016	1,196,445	174	6,880	0.22	15.23
		Wind and Hail	2012	72,651	33	2,205	0.05	1.00
			2013	211,407	63	3,359	0.09	2.87
			2014	145,217	63	2,310	0.08	1.94
			2015	317,624	45	6,987	0.06	4.21
			2016	241,505	53	4,595	0.07	3.07
		Water Damage and Freezing	2012	5,884,834	1,218	4,831	1.67	80.85
			2013	6,149,714	1,283	4,793	1.74	83.41
			2014	8,827,295	1,649	5,352	2.20	117.67
			2015	9,894,325	1,733	5,711	2.29	131.03
			2016	8,972,479	1,513	5,929	1.93	114.19
		Theft	2012	830,367	324	2,566	0.44	11.41
			2013	705,341	279	2,528	0.38	9.57
			2014	525,520	202	2,599	0.27	7.01
			2015	422,307	199	2,123	0.26	5.59
			2016	531,412	187	2,847	0.24	6.76
		Other Physical Damage	2012	804,656	207	3,896	0.28	11.06
			2013	644,195	187	3,438	0.25	8.74
			2014	1,060,950	274	3,868	0.37	14.14
			2015	1,058,817	273	3,883	0.36	14.02
			2016	1,008,069	223	4,515	0.28	12.83
		Liability	2012	887,609	173	5,123	0.24	12.20
			2013	642,351	156	4,107	0.21	8.71
2014	873,257		157	5,550	0.21	11.64		
2015	1,117,856		178	6,273	0.24	14.80		
2016	578,307		173	3,338	0.22	7.36		
Credit Card	2012	0	0	0	0.00	0.00		
	2013	0	0	0	0.00	0.00		
	2014	0	0	0	0.00	0.00		
	2015	0	0	0	0.00	0.00		
	2016	0	0	0	0.00	0.00		
Medical Payments	2012	12,130	9	1,363	0.01	0.17		
	2013	12,024	6	2,024	0.01	0.16		
	2014	12,186	8	1,539	0.01	0.16		
	2015	8,856	5	1,789	0.01	0.12		
	2016	16,501	5	3,334	0.01	0.21		
Total	2012	10,212,350	2,179	4,688	2.99	140.31		
	2013	9,695,410	2,134	4,544	2.89	131.50		
	2014	12,970,073	2,540	5,106	3.39	172.89		
	2015	14,542,392	2,621	5,548	3.47	192.58		
	2016	12,544,718	2,328	5,389	2.96	159.65		

NORTH CAROLINA

HOMEOWNERS INSURANCE

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

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 (Z_p) is calculated using the square root rule:

$$Z_p = \sqrt{\frac{\text{Five Year House Years}}{\text{Full Credibility Standard}}} \quad (\text{truncated to one decimal place})$$

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 (Z_p) is calculated using the square root rule:

$$Z_p = \sqrt{\frac{\text{Five Year House Years}}{\text{Full Credibility Standard}}} \quad (\text{truncated to one decimal place})$$

The Rate Bureau has not considered alternative credibility procedures in the last three years.

See Section D and prefiled testimony of P. Anderson, M. Berry and Y. Yao.

NORTH CAROLINA
HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
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3. LOSS DEVELOPMENT FACTOR DERIVATION AND APPLICATION ON BOTH PAID AND INCURRED BASES AND IN BOTH NUMBERS AND DOLLARS OF CLAIMS
- (a) See pages D-3-4, pages D-12-14, and prefiled testimony of P. Anderson, M. Berry and Y. Yao. The methodology used to calculate loss development factors has been changed to calculate separate factors by policy form group. In previous years, the loss development factors were calculated for all forms combined.
 - (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).

NORTH CAROLINA
HOMEOWNERS INSURANCE

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

LOSS DEVELOPMENT
ISO-Only Paid Losses, All Forms Combined

Accident <u>Year</u>	Paid Losses as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2005	175,355,799	194,368,267	198,473,893	199,003,709	199,877,291
2006	204,261,184	224,598,249	227,517,957	228,741,034	229,047,610
2007	232,745,365	253,233,060	257,438,517	259,202,770	260,237,423
2008	320,717,570	361,954,791	368,368,660	370,811,569	371,771,526
2009	329,017,946	359,188,645	363,584,144	365,857,614	366,177,409
2010	388,923,763	426,250,842	431,398,639	432,813,801	433,804,128
2011	777,565,967	826,094,169	832,802,895	835,514,551	835,672,353
2012	384,329,513	429,874,057	437,867,900	440,845,382	440,722,549
2013	316,802,568	347,831,271	352,021,690	353,559,029	
2014	360,309,570	395,617,557	401,835,883		
2015	341,900,670	370,416,159			
2016	467,702,795				

Accident <u>Year</u>	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2005	1.108	1.021	1.003	1.004
2006	1.100	1.013	1.005	1.001
2007	1.088	1.017	1.007	1.004
2008	1.129	1.018	1.007	1.003
2009	1.092	1.012	1.006	1.001
2010	1.096	1.012	1.003	1.002
2011	1.062	1.008	1.003	1.000
2012	1.119	1.019	1.007	1.000
2013	1.098	1.012	1.004	
2014	1.098	1.016		
2015	1.083			
Average	<u>27:15</u> 1.098	<u>39:27</u> 1.015	<u>51:39</u> 1.005	<u>63:51</u> 1.002

Loss Development Factors

<u>15:63</u> 1.122	<u>27:63</u> 1.022	<u>39:63</u> 1.007	<u>51:63</u> 1.002	<u>63:63</u> 1.000
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NORTH CAROLINA
HOMEOWNERS INSURANCE

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

LOSS DEVELOPMENT
ISO-Only Paid Losses, All Forms Combined

Accident <u>Year</u>	Paid Losses as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2008	320,717,570	361,954,791	368,368,660	370,811,569	371,771,526
2009	329,017,946	359,188,645	363,584,144	365,857,614	366,177,409
2010	388,923,763	426,250,842	431,398,639	432,813,801	433,804,128
2011	777,565,967	826,094,169	832,802,895	835,514,551	835,672,353
2012	384,329,513	429,874,057	437,867,900	440,845,382	440,722,549
2013	316,802,568	347,831,271	352,021,690	353,559,029	
2014	360,309,570	395,617,557	401,835,883		
2015	341,900,670	370,416,159			
2016	467,702,795				

Accident <u>Year</u>	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2008	1.129	1.018	1.007	1.003
2009	1.092	1.012	1.006	1.001
2010	1.096	1.012	1.003	1.002
2011	1.062	1.008	1.003	1.000
2012	1.119	1.019	1.007	1.000
2013	1.098	1.012	1.004	
2014	1.098	1.016		
2015	1.083			
5-Year Average	<u>27:15</u> 1.092	<u>39:27</u> 1.013	<u>51:39</u> 1.005	<u>63:51</u> 1.001

Loss Development Factors

<u>15:63</u> 1.113	<u>27:63</u> 1.019	<u>39:63</u> 1.006	<u>51:63</u> 1.001	<u>63:63</u> 1.000
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NORTH CAROLINA
HOMEOWNERS INSURANCE

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

LOSS DEVELOPMENT

ISO-Only Incurred Losses, All Forms Combined

Accident <u>Year</u>	Incurred Losses as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2005	199,883,474	200,214,201	200,673,728	200,319,957	200,066,142
2006	230,344,301	230,831,949	230,212,567	229,671,398	229,709,170
2007	261,953,469	262,853,852	261,837,987	261,133,859	260,778,083
2008	354,191,687	373,576,309	373,792,493	372,466,013	372,265,609
2009	366,030,555	369,796,791	369,317,765	369,359,546	368,690,015
2010	435,367,197	436,585,256	435,846,943	435,098,022	434,215,301
2011	826,758,354	839,116,424	839,392,212	836,930,544	836,172,835
2012	418,698,738	438,815,280	442,159,423	442,623,895	441,347,422
2013	351,616,835	357,858,232	356,135,734	354,651,524	
2014	395,185,988	404,785,793	405,315,311		
2015	376,882,088	383,184,349			
2016	520,841,018				

Accident <u>Year</u>	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2005	1.002	1.002	0.998	0.999
2006	1.002	0.997	0.998	1.000
2007	1.003	0.996	0.997	0.999
2008	1.055	1.001	0.996	0.999
2009	1.010	0.999	1.000	0.998
2010	1.003	0.998	0.998	0.998
2011	1.015	1.000	0.997	0.999
2012	1.048	1.008	1.001	0.997
2013	1.018	0.995	0.996	
2014	1.024	1.001		
2015	1.017			
Average	<u>27:15</u> 1.018	<u>39:27</u> 1.000	<u>51:39</u> 0.998	<u>63:51</u> 0.999

Loss Development Factors

<u>15:63</u> 1.015	<u>27:63</u> 0.997	<u>39:63</u> 0.997	<u>51:63</u> 0.999	<u>63:63</u> 1.000
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NORTH CAROLINA
HOMEOWNERS INSURANCE

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

LOSS DEVELOPMENT

ISO-Only Incurred Losses, All Forms Combined

Accident <u>Year</u>	Incurred Losses as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2008	354,191,687	373,576,309	373,792,493	372,466,013	372,265,609
2009	366,030,555	369,796,791	369,317,765	369,359,546	368,690,015
2010	435,367,197	436,585,256	435,846,943	435,098,022	434,215,301
2011	826,758,354	839,116,424	839,392,212	836,930,544	836,172,835
2012	418,698,738	438,815,280	442,159,423	442,623,895	441,347,422
2013	351,616,835	357,858,232	356,135,734	354,651,524	
2014	395,185,988	404,785,793	405,315,311		
2015	376,882,088	383,184,349			
2016	520,841,018				

Accident <u>Year</u>	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2008	1.055	1.001	0.996	0.999
2009	1.010	0.999	1.000	0.998
2010	1.003	0.998	0.998	0.998
2011	1.015	1.000	0.997	0.999
2012	1.048	1.008	1.001	0.997
2013	1.018	0.995	0.996	
2014	1.024	1.001		
2015	1.017			
5-Year Average	<u>27:15</u> 1.024	<u>39:27</u> 1.000	<u>51:39</u> 0.998	<u>63:51</u> 0.998

Loss Development Factors

<u>15:63</u> 1.020	<u>27:63</u> 0.996	<u>39:63</u> 0.996	<u>51:63</u> 0.998	<u>63:63</u> 1.000
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NORTH CAROLINA
HOMEOWNERS INSURANCE

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

LOSS DEVELOPMENT
ISO-Only Paid Claims, All Forms Combined

Accident <u>Year</u>	Paid Claims as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2005	39,627	40,762	40,971	41,033	41,051
2006	46,237	47,888	48,094	48,176	48,201
2007	44,200	45,636	45,910	46,019	46,043
2008	58,893	63,143	63,613	63,726	63,748
2009	56,124	59,274	60,002	60,084	60,104
2010	64,515	68,320	68,642	68,718	68,752
2011	116,491	122,281	122,890	123,110	123,156
2012	57,297	63,272	64,204	64,448	64,481
2013	50,437	54,082	54,548	54,679	
2014	53,643	57,314	57,717		
2015	45,954	48,527			
2016	73,057				

Accident <u>Year</u>	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2005	1.029	1.005	1.002	1.000
2006	1.036	1.004	1.002	1.001
2007	1.032	1.006	1.002	1.001
2008	1.072	1.007	1.002	1.000
2009	1.056	1.012	1.001	1.000
2010	1.059	1.005	1.001	1.000
2011	1.050	1.005	1.002	1.000
2012	1.104	1.015	1.004	1.001
2013	1.072	1.009	1.002	
2014	1.068	1.007		
2015	1.056			
Average	<u>27:15</u> 1.058	<u>39:27</u> 1.008	<u>51:39</u> 1.002	<u>63:51</u> 1.000

Claim Development Factors

<u>15:63</u> 1.069	<u>27:63</u> 1.010	<u>39:63</u> 1.002	<u>51:63</u> 1.000	<u>63:63</u> 1.000
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NORTH CAROLINA
HOMEOWNERS INSURANCE

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

LOSS DEVELOPMENT
ISO-Only Paid Claims, All Forms Combined

Accident Year	Paid Claims as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2008	58,893	63,143	63,613	63,726	63,748
2009	56,124	59,274	60,002	60,084	60,104
2010	64,515	68,320	68,642	68,718	68,752
2011	116,491	122,281	122,890	123,110	123,156
2012	57,297	63,272	64,204	64,448	64,481
2013	50,437	54,082	54,548	54,679	
2014	53,643	57,314	57,717		
2015	45,954	48,527			
2016	73,057				

Accident Year	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2008	1.072	1.007	1.002	1.000
2009	1.056	1.012	1.001	1.000
2010	1.059	1.005	1.001	1.000
2011	1.050	1.005	1.002	1.000
2012	1.104	1.015	1.004	1.001
2013	1.072	1.009	1.002	
2014	1.068	1.007		
2015	1.056			
5-Year Average	<u>27:15</u> 1.070	<u>39:27</u> 1.008	<u>51:39</u> 1.002	<u>63:51</u> 1.000

Claim Development Factors

<u>15:63</u> 1.081	<u>27:63</u> 1.010	<u>39:63</u> 1.002	<u>51:63</u> 1.000	<u>63:63</u> 1.000
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NORTH CAROLINA
HOMEOWNERS INSURANCE

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

LOSS DEVELOPMENT

ISO-Only Outstanding Claims, All Forms Combined

Accident <u>Year</u>	Outstanding Claims as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2005	828	149	57	35	15
2006	1,180	179	66	23	14
2007	1,118	251	153	86	63
2008	1,939	292	104	25	5
2009	2,548	748	84	22	9
2010	3,147	215	77	33	14
2011	3,747	368	146	31	10
2012	2,712	396	137	40	11
2013	2,329	339	107	25	
2014	2,198	304	99		
2015	2,141	333			
2016	3,861				

Accident <u>Year</u>	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2005	0.180	0.383	0.614	0.429
2006	0.152	0.369	0.348	0.609
2007	0.225	0.610	0.562	0.733
2008	0.151	0.356	0.240	0.200
2009	0.294	0.112	0.262	0.409
2010	0.068	0.358	0.429	0.424
2011	0.098	0.397	0.212	0.323
2012	0.146	0.346	0.292	0.275
2013	0.146	0.316	0.234	
2014	0.138	0.326		
2015	0.156			
Average	<u>27:15</u> 0.159	<u>39:27</u> 0.357	<u>51:39</u> 0.355	<u>63:51</u> 0.425

Claim Development Factors

<u>15:63</u> 0.009	<u>27:63</u> 0.054	<u>39:63</u> 0.151	<u>51:63</u> 0.425	<u>63:63</u> 1.000
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NORTH CAROLINA
HOMEOWNERS INSURANCE

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

LOSS DEVELOPMENT

ISO-Only Outstanding Claims, All Forms Combined

Accident <u>Year</u>	Outstanding Claims as of:				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
2008	1,939	292	104	25	5
2009	2,548	748	84	22	9
2010	3,147	215	77	33	14
2011	3,747	368	146	31	10
2012	2,712	396	137	40	11
2013	2,329	339	107	25	
2014	2,198	304	99		
2015	2,141	333			
2016	3,861				

Accident <u>Year</u>	Link Ratios			
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
2008	0.151	0.356	0.240	0.200
2009	0.294	0.112	0.262	0.409
2010	0.068	0.358	0.429	0.424
2011	0.098	0.397	0.212	0.323
2012	0.146	0.346	0.292	0.275
2013	0.146	0.316	0.234	
2014	0.138	0.326		
2015	0.156			
5-Year Average	<u>27:15</u> 0.137	<u>39:27</u> 0.349	<u>51:39</u> 0.286	<u>63:51</u> 0.326

Claim Development Factors

<u>15:63</u> 0.004	<u>27:63</u> 0.033	<u>39:63</u> 0.093	<u>51:63</u> 0.326	<u>63:63</u> 1.000
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NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
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The Rate Bureau is advised by ISO that loss and claim development information by cause of loss is not available.

NORTH CAROLINA

HOMEOWNERS INSURANCE

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

Responses provided in connection with items (3)(g) and (7)(c) are enclosed herewith.

HOMEOWNERS 2018

Reserve Strengthening and Expense Cutting Activities

**Karen Ott
12/4/18**



November 15, 2018

Mr. Andy Montano
Personal Lines Director
2910 Sumner Boulevard
Raleigh, NC 27616

Corporate Headquarters
One State Farm Plaza, D-4
Bloomington, IL 61710
Fax 309 766 0225

IN REPLY PLEASE REFER TO: HO-MISC-11152018

RE: Insurance Department Regulations
Reserve Strengthening and Expense Cutting Activities

Your letter of November 2, 2018 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 continues to review every aspect of our company's operation in an effort to further streamline workflow and processes and to invest in technological advances where appropriate while striving to improve the service provided to our customers. We believe 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 to:

Adam Swope	(309) 766-2471	adam.swope.hdbi@statefarm.com
Marty Wietfeldt	(309) 763-4063	marty.wietfeldt.no5q@statefarm.com

Please send paper correspondence to the attention of the State Filings Unit at the address shown above.

Sincerely,

A handwritten signature in black ink that reads "Adam Swope".

Adam Swope
Assistant Vice President and Actuary

MS/bp
Attachment



North Carolina Farm Bureau Insurance Group

Telephone 919.782.1705 - Post Office Box 27427 - Raleigh, NC 27611

November 2, 2018

Mrs. Karen Ott
N.C. Rate Bureau
2910 Sumner Boulevard
Raleigh, NC 27616

RE: North Carolina Farm Bureau Mutual Insurance Company, Inc.
Insurance Department Regulations
North Carolina Homeowners Reserve Strengthening
Expense Cutting Activities

Karen:

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
Senior Executive/AR&R

RB/kb



Reserve Strengthening and Expense Cutting Activities

North Carolina Personal Lines Field Product

Per the request of Andy Montano with the North Carolina Rate Bureau:

Reserve Strengthening: With regards to reserve strengthening within the state of North Carolina, there is little discuss with regards to changes in process. Nothing has changed materially with regards to our internal process for establishing case reserves within the past five years.

Expense Cutting Activities: The biggest point to be made with regards to expense cutting for Personal Lines in North Carolina would be a reduction in the commission rate. The personal lines base commission for renewals decreased from 12% to 10% around the beginning of 2017. There are also minor changes in cost synergies and workforce reductions, but these are much more difficult to quantify. As far as putting a best estimate of the change in overall expense levels, we would expect the commission expenses to decrease by 10% or so, but we have seen no material difference in expense ratios thus far.

The notes above apply to Nationwide Mutual Insurance Company, Nationwide Mutual Fire Insurance Company, and Nationwide General Insurance Company.

Thanks,



Nationwide
is on your side

Nicholas Sizemore

Product Manager

Field Product – North Carolina

W 614-435-8485 | C 765-993-8577

sizemn1@nationwide.com

December 4, 2018



December 4, 2018

Matthew Berry
Assistant Actuary

Andy Montano
Personal Lines Director
North Carolina Rate Bureau

Dear Andy,

Included below are Allstate Insurance Company's response 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 for 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 or service levels in North Carolina.

Please contact me if you have any questions or require further details.

Sincerely,

Matthew Berry, FCAS CSPA MAAA
Manager, Southeast Region (NC) – Auto & Home Pricing
Allstate Insurance Company
matthew.berry@allstate.com
847-402-0301



Home Office • 100 Erie Insurance Place • Erie, Pennsylvania 16530 • 814.870.2000
Toll free 1.800.458.0811 • Fax 814.870.3126 • www.erieinsurance.com

Kevin L. Russell
Director
Corporate Actuarial Department
Erie Insurance Group
100 Erie Insurance Place
Erie, Pennsylvania 16530
Telephone: (814)870-3395
Fax: (814)870-4383
kevin.russell@erieinsurance.com

November 19, 2018

To: Karen Ott
Executive Assistant
North Carolina Rate Bureau
2910 Sumner Boulevard
Raleigh NC 27619-6010
Telephone: (919) 582-1025

RE: RESERVE STRENGTHENING & EXPENSE CUTTING ACTIVITIES

1. RESERVE STRENGTHENING

The Erie Insurance Group implemented a new claims management system for homeowners in December, 2017. We have not observed any significant change in the relative adequacy of the case reserves to date. We conclude the criteria used in North Carolina for establishing case basis reserves for the accident year ending December 31, 2017 has not changed materially from the criteria used over the latest five years.

2. EXPENSE CUTTING ACTIVITIES

We are not aware of any expense cutting activities over the last five years on Homeowners coverages that would materially impact the anticipated expense levels in North Carolina. Some expense allocations were changed in the past. Homeowners is now allocated a slightly higher share of company overhead for adjusting and other loss adjustment expense as well as general expense. The data in the most recent annual statements (2013 through 2017) is most representative of what to expect in the future. Please note that the adjusting and other loss adjustment expense ratio in the 2011 annual statement is unusually high; ERIE recorded the largest volume of catastrophe claims and greatest utilization of independent adjusters in company history in 2011.

Sincerely,

Kevin L. Russell, FCAS, MAAA



We know what it means to serve.SM

INSURANCE • BANKING • INVESTMENTS • RETIREMENT • ADVICE

November 9, 2018

Karen Ott
North Carolina Rate Bureau
Fax: (919) 719-7402

RE: United Services Automobile Association
Insurance Department Regulations
North Carolina Homeowners
Reserve Strengthening and Expense Cutting

Ms. Ott:

United Services Automobile Association and USAA Casualty Insurance Company have not materially changed their procedures for establishing case loss reserves over the last 5 years.

In addition, United Services Automobile Association has not undertaken any expense cutting activities over the last 5 years that would materially affect the expense levels in North Carolina.

If I can be of further assistance, let me know. I can be reached at (210) 544-7001.

Matt Veibell, FCAS
Director, P&C Property Pricing



AUTO | HOME | LIFE

Liberty Mutual Insurance

Global Retail Markets
Product Compliance
c/o Presidential Service Team
175 Berkeley Street
Boston, MA 02116
Phone: (617) 357-9500
Fax: (857) 224-8832

November 19, 2018

Karen Ott
North Carolina Rate Bureau
2910 Sumner Boulevard
Raleigh, NC 27616

Dear Ms. Ott,

This letter is in response to your November 2, 2018 request for statements regarding Liberty Mutual Fire Insurance Company's reserve strengthening and expense cutting activities.

Reserve Strengthening

In 2017, Liberty changed its reserve philosophy countrywide. We started estimating reserves at the beginning of the claim process instead of stair-stepping reserve. This resulted in reserves that are more adequate at the time of settlement. We have not engaged in any specific initiatives for North Carolina over the past five years.

Expense Cutting

As part of our ongoing strategic initiatives, Liberty seeks to reduce its cost base through organizational efficiencies and productivity gains. We are actively managing our expenses holistically and have not engaged in any specific initiatives for North Carolina over the past five years.

If you have any questions or need any additional information, please feel free to contact me directly. I'll be more than happy to assist you.

Sincerely,

Danielle Rice
Compliance Analyst
425-519-5092
Danielle.Rice@LibertyMutual.com

NORTH CAROLINA

HOMEOWNERS INSURANCE

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

4. TRENDING FACTOR DEVELOPMENT AND APPLICATION

- (a) See Section D and pre-filed testimony of P. Anderson, M. Berry and Y. Yao. The Rate Bureau has not considered alternative loss trend methodologies in the last three years.
- (b) See prefiled testimony of P. Anderson, M. Berry and Y. Yao.
- (c) This information, based on companies reporting to ISO, ISS and NISS, is provided in the response to 11 NCAC 10.1105 (1)(1).

NORTH CAROLINA

HOMEOWNERS INSURANCE

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 P. Anderson, M. Berry and Y. Yao. 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.

NORTH CAROLINA

HOMEOWNERS INSURANCE

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

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.

NORTH CAROLINA

HOMEOWNERS INSURANCE

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) Page D-29 shows earned premium for 2014-2016 and page D-30 shows loss adjustment expense for 2012-2016. The earned premium figures for 2012 and 2013 are as follows:

	2012	2013
Earned Premium	\$ 1,927,490,417	\$ 1,969,119,220

(c) See the response to 11 NCAC 10.1105 (3)(g).

NORTH CAROLINA
HOMEOWNERS INSURANCE
STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
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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-29-30.

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 of premium or losses, are subject to the effects of trend.

The filed provision for commission and brokerage expenses, 12.0% of written premium, and the provision for taxes, licenses, and fees, 2.7% of written premium, are based on the historical data shown on page D-29 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-31-33 and the pre-filed testimony of P. Anderson, M. Berry and Y. Yao.

General Expense and Other Acquisition Expense - Based on the 2014-2016 experience on page D-29, general expense averages 4.4% of earned premium and other acquisition expense averages 6.6% of earned premium. The average date of payment of the 2014-2016 expenses is 7/1/2015. Similarly, the average date represented in the 2014-2016 premiums is 7/1/2015. 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 10/1/2019, or 4/1/2020, the historical general and other acquisition expense ratios need to be trended to the 4/1/2020 level.

The trend factor for the expenses represented in the numerator is based on the indices displayed on pages D-27-28. 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 2.5% is selected. This average annual change is projected 57.0 months (from 7/1/2015 to 4/1/2020).

To trend the premiums in the denominator, two multiplicative factors are applied. The first is the 2015 Current Amount Factor shown on pages D-21, D-23, and D-25. The second is the Premium Projection Factor shown on pages D-21, D-23 and D-25.

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 Unit Owner forms. These values by form reflect the judgment that the premium for a single Tenant or Condominium Unit Owner policy requires a dollar loading that is 50% of the dollar loading required by the premium for a single Owners policy.

NORTH CAROLINA
HOMEOWNERS INSURANCE
STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
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Loss Adjustment Expense - Based on the 2012-2016 experience shown on page D-30, loss adjustment expenses (both allocated and unallocated) average 14.8% of incurred losses, after excluding the high- and low-valued years. The average date of loss represented in these data is 7/1/2014. Both the numerator and denominator are therefore trended 75 months, from 7/1/2014 to 10/1/2020 (12 months beyond the anticipated effective date of 10/1/2019).

The trend factor used for expenses in the numerator is determined in a similar way as for general and other acquisition expenses. The 2.5% selected average annual change is projected 75 months (from 7/1/2014 to 10/1/2020).

To trend the losses in the denominator, quantities that are calculated in the loss trend procedure are used. To adjust losses from the 7/1/2014 (average) level to 5/15/2018, the 2014 Current Cost Factors shown on pages D-15 and D-17 are applied. To adjust losses from 5/15/2018 to 10/1/2020 (12 months beyond the anticipated effective date of 10/1/2019) the product of the Loss Projection, First Dollar and Loss Trend Adjustment factors (pages D-21, D-23 and D-25) are applied.

No alternate expense trend methodology has been considered within the last three years.

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
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8. PERCENT RATE CHANGE

The overall statewide rate change and the rate changes by territory are shown on pages A-2-3.

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 10/1/2019.

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.

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A HOMEOWNERS RATE FILING
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9. FINAL PROPOSED RATES

The proposed rates are shown in Section A.

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
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AS PER 11 NCAC 10.1105

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 Y. Yao 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 12/31/16	2,380,556,917
2.	Mean Unearned Premium Reserve, $(1) \times 0.517$	1,230,747,926
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	11.89%
	Taxes, Licenses and Fees	2.24%
	1/2 General Expenses	2.19%
	1/2 Other Acquisition	3.59%
	Total	19.91%
4.	$(2) \times (3)$	245,041,912
5.	Net Subject to Investment $(2) - (4)$	985,706,014
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	2,380,556,917
2.	Average Agents' Balances	0.163
3.	Delayed Remission $(1) \times (2)$	387,554,666
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	2,380,556,917
2.	Expected Incurred Losses and Loss Adjustment Expense, $(1) \times 0.6192$	1,474,040,843
3.	Expected Mean Loss Reserves $(2) \times 0.317$	467,270,947
D.	Net Subject to Investment $(A-5)-(B-3)+(C-3)$	1,065,422,295
E.	Average Rate of Return	3.01%
F.	Investment Earnings on Net Subject to Investment $(D) \times (E)$	32,069,211
G.	Average Rate of Return as a Percent of Direct Earned Premium $(F) / (A-1)$	1.35%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes $(G) \times 0.779$	1.05%

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 12/31/16 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 12/31/16	2,380,556,917
2. Unearned Premium Reserve as of 12/31/15	1,209,132,555
3. Unearned Premium Reserve as of 12/31/16	1,252,262,384
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	1,230,697,470
5. Ratio (4) \div (1)	0.5170

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 12/31/16.

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)	15.95%
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)	1.021
3. Factor for agents' balances (1) \times (2)	0.163

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 12/31/16.

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 2016 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 2016	1,356,857,801
2. Loss Reserves as of 12/31/15	345,437,165
3. Loss Reserves as of 12/31/16	444,413,633
4. Mean Loss Reserve 2016: 1/2 [(2) + (3)]	394,925,399
5. Ratio (4) ÷ (1)	0.291
6. Ratio of LAE Reserves to Loss Reserves (a)	0.261
7. Ratio of Incurred LAE to Incurred Losses (a)	0.158
8. Loss and LAE Reserve [(5)×(1.0+(6))]/(1.0+(7))]	0.317

(a) Based on 2016 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. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2016	48,019,546	1,597,666,208	3.01%

NORTH CAROLINA
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

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.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.01%	0.221

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 2016 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	22,730,939	0.350
	Non-Taxable	10,564,051	
	Sub-Total	33,294,990	0.239
Stocks	Taxable (a)	7,489,366	0.105
	Non-Taxable	1,972,096	
	Sub-Total	9,461,462	0.083
Mortgage Loans		665,613	
Real Estate		1,810,152	
Contract Loans		780	
Cash on Deposit		378,097	
Short Term Investments		(17,642)	
All Other		7,536,112	
Sub-Total		10,373,112	0.350
Total		53,129,564	0.233
Investment Deductions		5,107,215	0.350
Net Investment Income Earned		48,022,349	0.221

(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% ($.35 \times .3 = 10.5\%$)

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 12/31/15	2,294,237,985
2.	Mean Unearned Premium Reserve, $(1) \times 0.5177$	1,187,727,005
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	12.05%
	Taxes, Licenses and Fees	2.30%
	1/2 General Expenses	2.43%
	1/2 Other Acquisition	3.53%
	Total	20.31%
4.	$(2) \times (3)$	241,227,355
5.	Net Subject to Investment $(2) - (4)$	946,499,650
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	2,294,237,985
2.	Average Agents' Balances	0.158
3.	Delayed Remission $(1) \times (2)$	361,342,483
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	2,294,237,985
2.	Expected Incurred Losses and Loss Adjustment Expense, $(1) \times 0.613$	1,406,367,885
3.	Expected Mean Loss Reserves $(2) \times 0.366$	514,730,646
D.	Net Subject to Investment $(A-5)-(B-3)+(C-3)$	1,099,887,813
E.	Average Rate of Return	3.15%
F.	Investment Earnings on Net Subject to Investment $(D) \times (E)$	34,646,466
G.	Average Rate of Return as a Percent of Direct Earned Premium $(F) / (A-1)$	1.51%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes $(G) \times 0.777$	1.17%

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 12/31/15 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 12/31/15	2,294,237,985
2. Unearned Premium Reserve as of 12/31/14	1,166,168,203
3. Unearned Premium Reserve as of 12/31/15	1,209,132,555
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	1,187,650,379
5. Ratio (4) \div (1)	0.5177

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 12/31/15.

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)	15.43%
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)	1.021
3. Factor for agents' balances (1) \times (2)	0.158

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 12/31/15.

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 2015 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 2015	1,000,022,353
2. Loss Reserves as of 12/31/14	329,397,212
3. Loss Reserves as of 12/31/15	345,437,165
4. Mean Loss Reserve 2015: 1/2 [(2) + (3)]	337,417,189
5. Ratio (4) ÷ (1)	0.337
6. Ratio of LAE Reserves to Loss Reserves (a)	0.269
7. Ratio of Incurred LAE to Incurred Losses (a)	0.167
8. Loss and LAE Reserve [(5)×(1.0+(6))]/(1.0+(7))]	0.366

(a) Based on 2015 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. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2015	49,322,923	1,567,857,478	3.15%

NORTH CAROLINA
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

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.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.15%	0.223

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 2015 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	22,250,842	0.350
	Non-Taxable	11,053,799	
	Sub-Total	33,304,641	0.234
Stocks	Taxable (a)	7,417,666	0.105
	Non-Taxable	1,536,107	
	Sub-Total	8,953,773	0.087
Mortgage Loans		559,969	
Real Estate		1,696,990	
Contract Loans		730	
Cash on Deposit		176,196	
Short Term Investments		80,094	
All Other		9,524,324	
Sub-Total		12,038,303	0.350
Total		54,296,717	0.235
Investment Deductions		4,970,931	0.350
Net Investment Income Earned		49,325,786	0.223

(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% ($.35 \times .3 = 10.5\%$)

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 12/31/14	2,222,938,350
2.	Mean Unearned Premium Reserve, (1) × 0.5131	1,140,589,667
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	12.13%
	Taxes, Licenses and Fees	2.25%
	1/2 General Expenses	2.45%
	1/2 Other Acquisition	3.53%
	Total	20.36%
4.	(2) × (3)	232,224,056
5.	Net Subject to Investment (2) - (4)	908,365,611
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	2,222,938,350
2.	Average Agents' Balances	0.166
3.	Delayed Remission (1) × (2)	369,674,648
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	2,222,938,350
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) × 0.6125	1,361,549,739
3.	Expected Mean Loss Reserves (2) × 0.363	494,242,555
D.	Net Subject to Investment (A-5)-(B-3)+(C-3)	1,032,933,518
E.	Average Rate of Return	3.57%
F.	Investment Earnings on Net Subject to Investment (D) × (E)	36,875,727
G.	Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	1.66%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes (G) × 0.806	1.34%

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 12/31/14 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 12/31/14	2,222,938,350
2. Unearned Premium Reserve as of 12/31/13	1,114,932,263
3. Unearned Premium Reserve as of 12/31/14	1,166,168,203
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	1,140,550,233
5. Ratio (4) \div (1)	0.5131

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 12/31/14.

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)	16.29%
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)	1.021
3. Factor for agents' balances (1) \times (2)	0.166

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 12/31/14.

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 2014 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 2014	1,010,474,078
2. Loss Reserves as of 12/31/13	343,770,197
3. Loss Reserves as of 12/31/14	329,397,212
4. Mean Loss Reserve 2014: $1/2 [(2) + (3)]$	336,583,705
5. Ratio (4) \div (1)	0.333
6. Ratio of LAE Reserves to Loss Reserves (a)	0.272
7. Ratio of Incurred LAE to Incurred Losses (a)	0.166
8. Loss and LAE Reserve $[(5) \times (1.0 + (6)) / (1.0 + (7))]$	0.363

(a) Based on 2014 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. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2014	55,183,053	1,544,247,308	3.57%

NORTH CAROLINA
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

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.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.57%	0.194

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 2014 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	22,519,990	0.350
	Non-Taxable	11,525,764	
	Sub-Total	34,045,754	0.232
Stocks	Taxable (a)	6,953,405	0.105
	Non-Taxable	8,144,461	
	Sub-Total	15,097,866	0.048
Mortgage Loans		443,946	
Real Estate		1,666,885	
Contract Loans		546	
Cash on Deposit		128,144	
Short Term Investments		(94,467)	
All Other		8,802,986	
Sub-Total		10,948,040	0.350
Total		60,091,660	0.207
Investment Deductions		4,905,839	0.350
Net Investment Income Earned		55,185,821	0.194

(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% ($.35 \times .3 = 10.5\%$)

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 12/31/13	2,061,461,224
2.	Mean Unearned Premium Reserve, $(1) \times 0.521$	1,074,021,298
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	12.20%
	Taxes, Licenses and Fees	2.24%
	1/2 General Expenses	2.47%
	1/2 Other Acquisition	3.70%
	Total	20.61%
4.	$(2) \times (3)$	221,355,790
5.	Net Subject to Investment $(2) - (4)$	852,665,508
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	2,061,461,224
2.	Average Agents' Balances	0.164
3.	Delayed Remission $(1) \times (2)$	337,048,910
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	2,061,461,224
2.	Expected Incurred Losses and Loss Adjustment Expense, $(1) \times 0.608$	1,253,368,424
3.	Expected Mean Loss Reserves $(2) \times 0.411$	515,134,422
D.	Net Subject to Investment $(A-5)-(B-3)+(C-3)$	1,030,751,020
E.	Average Rate of Return	3.36%
F.	Investment Earnings on Net Subject to Investment $(D) \times (E)$	34,633,234
G.	Average Rate of Return as a Percent of Direct Earned Premium $(F) / (A-1)$	1.68%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes $(G) \times 0.781$	1.31%

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 12/31/13 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 12/31/13	2,061,461,224
2. Unearned Premium Reserve as of 12/31/12	1,032,968,637
3. Unearned Premium Reserve as of 12/31/13	1,114,932,263
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	1,073,950,450
5. Ratio (4) \div (1)	0.5210

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 12/31/13.

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)	16.01%
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)	1.021
3. Factor for agents' balances (1) \times (2)	0.164

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 12/31/13.

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 2013 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 2013	923,815,924
2. Loss Reserves as of 12/31/12	365,163,276
3. Loss Reserves as of 12/31/13	343,770,197
4. Mean Loss Reserve 2013: 1/2 [(2) + (3)]	354,466,737
5. Ratio (4) ÷ (1)	0.384
6. Ratio of LAE Reserves to Loss Reserves (a)	0.262
7. Ratio of Incurred LAE to Incurred Losses (a)	0.178
8. Loss and LAE Reserve [(5)×(1.0+(6))]/(1.0+(7))]	0.411

(a) Based on 2013 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. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2013	49,505,066	1,473,714,329	3.36%

NORTH CAROLINA
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

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.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.36%	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 2013 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.		
Bonds		
Taxable	23,173,274	0.350
Non-Taxable	12,013,292	
Sub-Total	35,186,566	0.231
Stocks		
Taxable (a)	5,966,410	0.105
Non-Taxable	2,281,398	
Sub-Total	8,247,808	0.076
Mortgage Loans	361,347	
Real Estate	1,747,559	
Contract Loans	1,277	
Cash on Deposit	150,173	
Short Term Investments	(46,327)	
All Other	8,675,240	
Sub-Total	10,889,269	0.350
Total	54,323,643	0.231
Investment Deductions	4,818,514	0.350
Net Investment Income Earned	49,505,129	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% ($.35 \times .3 = 10.5\%$)

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 12/31/12	1,941,165,945
2.	Mean Unearned Premium Reserve, (1) \times 0.5239	1,016,976,839
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	12.57%
	Taxes, Licenses and Fees	2.16%
	1/2 General Expenses	2.57%
	1/2 Other Acquisition	3.59%
	Total	20.89%
4.	(2) \times (3)	212,446,462
5.	Net Subject to Investment (2) - (4)	804,530,377
B. Delayed Remission of Premium (Agents' Balances)		
1.	Direct Earned Premium (A-1)	1,941,165,945
2.	Average Agents' Balances	0.157
3.	Delayed Remission (1) \times (2)	305,345,403
C. Loss Reserve		
1.	Direct Earned Premium (A-1)	1,941,165,945
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) \times 0.6056	1,175,570,096
3.	Expected Mean Loss Reserves (2) \times 0.45	529,006,543
D.	Net Subject to Investment (A-5)-(B-3)+(C-3)	1,028,191,517
E.	Average Rate of Return	3.57%
F.	Investment Earnings on Net Subject to Investment (D) \times (E)	36,706,437
G.	Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	1.89%
H.	Average Rate of Return as a Percent of Direct Earned Premium after Federal Income Taxes (G) \times 0.775	1.47%

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 12/31/12 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 12/31/12	1,941,165,945
2. Unearned Premium Reserve as of 12/31/11	1,001,111,981
3. Unearned Premium Reserve as of 12/31/12	1,032,968,637
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	1,017,040,309
5. Ratio (4) \div (1)	0.5239

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 12/31/12.

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)	15.39%
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)	1.022
3. Factor for agents' balances (1) \times (2)	0.157

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 12/31/12.

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 2012 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 2012	1,014,159,928
2. Loss Reserves as of 12/31/11	487,833,721
3. Loss Reserves as of 12/31/12	365,163,276
4. Mean Loss Reserve 2012: 1/2 [(2) + (3)]	426,498,499
5. Ratio (4) ÷ (1)	0.421
6. Ratio of LAE Reserves to Loss Reserves (a)	0.237
7. Ratio of Incurred LAE to Incurred Losses (a)	0.158
8. Loss and LAE Reserve [(5)×(1.0+(6))]/(1.0+(7))]	0.450

(a) Based on 2012 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. Net investment income is computed for all companies writing Homeowners insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2012	50,037,747	1,400,853,503	3.57%

NORTH CAROLINA
HOMEOWNERS INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

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.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.57%	0.225
<p>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 2012 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.</p>		
Bonds		
Taxable	24,977,541	0.350
Non-Taxable	12,612,195	
Sub-Total	37,589,736	0.233
Stocks		
Taxable (a)	5,584,401	0.105
Non-Taxable	1,362,545	
Sub-Total	6,946,946	0.084
Mortgage Loans	307,795	
Real Estate	1,782,002	
Contract Loans	1,080	
Cash on Deposit	176,119	
Short Term Investments	(18,711)	
All Other	8,213,612	
Sub-Total	10,461,897	0.350
Total	54,998,579	0.236
Investment Deductions	4,960,809	0.350
Net Investment Income Earned	50,037,770	0.225

(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% ($.35 \times .3 = 10.5\%$)

NORTH CAROLINA

HOMEOWNERS INSURANCE

AVERAGE NUMBER OF MONTHS FROM OCCURRENCE TO CLAIM SETTLEMENT

(Based on ISO North Carolina experience for accident years 2008-2010)

(1)	(2)	(3)
Average Payment Month	Losses Paid	Portion of All Losses Paid <u>= (2) / Total (2)</u>
1.5	483,219,514	0.402
4.5	403,186,453	0.335
7.5	123,414,243	0.103
10.5	69,690,064	0.058
13.5	46,641,069	0.039
16.5	24,338,699	0.020
19.5	12,723,564	0.011
22.5	8,249,955	0.007
25.5	7,875,809	0.007
28.5	3,909,372	0.003
31.5	3,579,126	0.003
34.5	4,016,652	0.003
37.5	3,582,166	0.003
40.5	1,510,368	0.001
43.5	912,607	0.001
46.5	1,527,800	0.001
49.5	606,625	0.001
52.5	924,840	0.001
55.5	155,447	0.000
58.5	1,675,226	0.001
61.5	113,287	0.000
64.5	120,858	0.000
67.5	305,978	0.000
70.5	238,414	0.000
73.5	52,367	0.000
76.5	56,367	0.000
	1,202,626,870	

The average number of months to payment from the beginning of the accident year is 5.64, i.e., the sum of [Column (1) × Column (3)].

The average number of months to payment from the average date of occurrence is 4.14.

NORTH CAROLINA
HOMEOWNERS MULTIPLE PERIL
2016 AGGREGATE ANNUAL STATEMENT DATA
2016 TOP 50 HOMEOWNERS INSURERS

	Net Admitted Assets
1 Bonds (Schedule D)	145,973,584,000
2 Stocks (Schedule D):	
2.1 Preferred stocks	782,435,000
2.2 Common stocks	66,975,898,000
3 Mortgage loans on real estate (Schedule B):	
3.1 First liens	2,332,837,000
3.2 Other than first liens	0
4 Real estate (Schedule A):	
4.1 Properties occupied by the company (less \$15,087,000 encumbrances)	2,377,485,000
4.2 Properties held for the production of income (less \$660,000 encumbrances)	250,557,000
4.3 Properties held for sale (less \$0 encumbrances)	20,085,000
5 Cash (-\$1,015,211,000, Schedule E-Part 1), cash equivalents (\$1,196,921,000, Schedule E-Part 2) and short-term investments (\$4,777,788,000, Schedule DA)	4,959,502,000
6 Contract loans (including \$0 premium notes)	0
7 Derivatives (Schedule DB)	40,326,000
8 Other invested assets (Schedule BA)	12,985,728,000
9 Receivables for securities	212,035,000
10 Securities lending reinvested collateral assets (Schedule DL)	297,507,000
11 Aggregate write-ins for invested assets	79,948,000
12 Subtotals, cash and invested assets (Lines 1 to 11)	237,287,930,000
13 Title plants less \$0 charged off (for Title insurers only)	0
14 Investment income due and accrued	1,388,737,000
15 Premiums and considerations:	
15.1 Uncollected premiums and agents' balances in the course of collection	7,312,111,000
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$71,373,000 earned but unbilled premiums)	22,070,430,000
15.3 Accrued retrospective premiums	160,403,000
16 Reinsurance:	
16.1 Amounts recoverable from reinsurers	1,927,612,000
16.2 Funds held by or deposited with reinsured companies	385,093,000
16.3 Other amounts receivable under reinsurance contracts	23,963,000
17 Amounts receivable relating to uninsured plans	9,000
18.1 Current federal and foreign income tax recoverable and interest thereon	429,465,000
18.2 Net deferred tax asset	7,057,172,000
19 Guaranty funds receivable or on deposit	14,328,000
20 Electronic data processing equipment and software	1,593,286,000
21 Furniture and equipment, including health care delivery assets (\$0)	656,588,000
22 Net adjustment in assets and liabilities due to foreign exchange rates	1,000
23 Receivables from parent, subsidiaries and affiliates	2,325,234,000
24 Health care (\$0) and other amounts receivable	341,000
25 Aggregate write-ins for other than invested assets	5,648,043,000
26 Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	288,280,737,000
27 From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0
28 Total (Lines 26 and 27)	288,280,737,000

NORTH CAROLINA
HOMEOWNERS MULTIPLE PERIL
2017 AGGREGATE ANNUAL STATEMENT DATA
2017 TOP 50 HOMEOWNERS INSURERS

	Net Admitted Assets
1 Bonds (Schedule D)	148,849,968,000
2 Stocks (Schedule D):	
2.1 Preferred stocks	785,396,000
2.2 Common stocks	72,333,145,000
3 Mortgage loans on real estate (Schedule B):	
3.1 First liens	2,673,298,000
3.2 Other than first liens	0
4 Real estate (Schedule A):	
4.1 Properties occupied by the company (less \$11,915,000 encumbrances)	2,352,972,000
4.2 Properties held for the production of income (less \$495,000 encumbrances)	258,644,000
4.3 Properties held for sale (less \$0 encumbrances)	25,249,000
5 Cash (-\$1,472,909,000, Schedule E-Part 1), cash equivalents (\$2,941,128,000, Schedule E-Part 2) and short-term investments (\$2,610,159,000, Schedule DA)	4,078,381,000
6 Contract loans (including \$0 premium notes)	0
7 Derivatives (Schedule DB)	26,972,000
8 Other invested assets (Schedule BA)	14,934,140,000
9 Receivables for securities	195,265,000
10 Securities lending reinvested collateral assets (Schedule DL)	1,014,003,000
11 Aggregate write-ins for invested assets	44,520,000
12 Subtotals, cash and invested assets (Lines 1 to 11)	247,571,954,000
13 Title plants less \$0 charged off (for Title insurers only)	0
14 Investment income due and accrued	1,367,156,000
15 Premiums and considerations:	
15.1 Uncollected premiums and agents' balances in the course of collection	7,479,971,000
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$73,415,000 earned but unbilled premiums)	23,283,077,000
15.3 Accrued retrospective premiums	75,650,000
16 Reinsurance:	
16.1 Amounts recoverable from reinsurers	2,276,078,000
16.2 Funds held by or deposited with reinsured companies	151,552,000
16.3 Other amounts receivable under reinsurance contracts	35,030,000
17 Amounts receivable relating to uninsured plans	7,000
18.1 Current federal and foreign income tax recoverable and interest thereon	903,415,000
18.2 Net deferred tax asset	4,085,622,000
19 Guaranty funds receivable or on deposit	15,763,000
20 Electronic data processing equipment and software	1,755,015,000
21 Furniture and equipment, including health care delivery assets (\$0)	674,578,000
22 Net adjustment in assets and liabilities due to foreign exchange rates	239,000
23 Receivables from parent, subsidiaries and affiliates	2,773,994,000
24 Health care (\$0) and other amounts receivable	361,000
25 Aggregate write-ins for other than invested assets	6,005,526,000
26 Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	298,454,984,000
27 From Separate Accounts, Segregated Accounts and Protected Cell Accounts	0
28 Total (Lines 26 and 27)	298,454,984,000

NORTH CAROLINA
HOMEOWNERS MULTIPLE PERIL
2016 AGGREGATE ANNUAL STATEMENT DATA
2016 TOP 50 HOMEOWNERS INSURERS

	Liabilities
1 Losses (Part 2A, Line 35, Column 8)	61,844,825,000
2 Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	1,871,869,000
3 Loss adjustment expenses (Part 2A, Line 35, Column 9)	14,615,197,000
4 Commissions payable, contingent commissions and other similar charges	1,384,221,000
5 Other expenses (excluding taxes, licenses and fees)	7,372,162,000
6 Taxes, licenses and fees (excluding federal and foreign income taxes)	754,842,000
7.1 Current federal and foreign income taxes (including \$881,000) on realized capital gains (losses)	953,517,000
7.2 Net deferred tax liability	443,559,000
8 Borrowed money \$250,500,000 and interest thereon \$1,494,000	251,994,000
9 Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$23,053,691,000 and including warranty reserves of \$1,011,983,000 and accrued accident and health experience rating including \$0 for medical loss ratio rebate per the Public Health Service Act)	49,036,350,000
10 Advance premium	1,042,848,000
11 Dividends declared and unpaid:	
11.1 Stockholders	100,649,000
11.2 Policyholders	54,803,000
12 Ceded reinsurance premiums payable (net of ceding commissions)	5,651,301,000
13 Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	604,920,000
14 Amounts withheld or retained by company for account of others	1,672,090,000
15 Remittances and items not allocated	340,132,000
16 Provision for reinsurance (Schedule F, Part 7)	118,202,000
17 Net adjustments in assets and liabilities due to foreign exchange rates	16,833,000
18 Drafts outstanding	899,464,000
19 Payable to parent, subsidiaries and affiliates	1,660,528,000
20 Derivatives	65,743,000
21 Payable for securities	721,906,000
22 Payable for securities lending	880,431,000
23 Liability for amounts held under uninsured plans	0
24 Capital notes \$0 and interest thereon \$0	0
25 Aggregate write-ins for liabilities	3,508,339,000
26 Total liabilities excluding protected cell liabilities (Lines 1 through 25)	155,866,729,000
27 Protected cell liabilities	0
28 Total liabilities (Lines 26 and 27)	155,866,729,000
29 Aggregate write-ins for special surplus funds	3,191,765,000
30 Common capital stock	173,791,000
31 Preferred capital stock	315,000,000
32 Aggregate write-ins for other than special surplus funds	18,500,000
33 Surplus notes	2,589,181,000
34 Gross paid in and contributed surplus	15,603,773,000
35 Unassigned funds (surplus)	103,252,528,000
36 Less treasury stock, at cost:	
36.1 0 Shares common (value included in Line 30 \$0)	0
36.2 0 Shares preferred (value included in Line 31 \$0)	0
37 Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	125,144,537,000
38 Totals (Page 2, Line 28, Col. 3)	281,011,267,000

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HOMEOWNERS MULTIPLE PERIL
2017 AGGREGATE ANNUAL STATEMENT DATA
2017 TOP 50 HOMEOWNERS INSURERS

	Liabilities
1 Losses (Part 2A, Line 35, Column 8)	63,095,896,000
2 Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6)	2,070,185,000
3 Loss adjustment expenses (Part 2A, Line 35, Column 9)	14,844,468,000
4 Commissions payable, contingent commissions and other similar charges	1,380,813,000
5 Other expenses (excluding taxes, licenses and fees)	7,888,717,000
6 Taxes, licenses and fees (excluding federal and foreign income taxes)	767,860,000
7.1 Current federal and foreign income taxes (including \$-82,518,000) on realized capital gains (losses)	261,378,000
7.2 Net deferred tax liability	564,891,000
8 Borrowed money \$552,189,000 and interest thereon \$1,705,000	553,894,000
9 Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$23,962,020,000 and including warranty reserves of \$129,948,000 and accrued accident and health experience rating refunds including \$0 for medical loss ratio rebate per the Public Health Service Act)	50,488,607,000
10 Advance premium	1,135,974,000
11 Dividends declared and unpaid:	
11.1 Stockholders	100,824,000
11.2 Policyholders	55,208,000
12 Ceded reinsurance premiums payable (net of ceding commissions)	6,104,837,000
13 Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 19)	345,355,000
14 Amounts withheld or retained by company for account of others	2,122,487,000
15 Remittances and items not allocated	185,526,000
16 Provision for reinsurance (Schedule F, Part 7)	106,184,000
17 Net adjustments in assets and liabilities due to foreign exchange rates	28,000
18 Drafts outstanding	1,021,739,000
19 Payable to parent, subsidiaries and affiliates	1,523,200,000
20 Derivatives	60,218,000
21 Payable for securities	506,218,000
22 Payable for securities lending	1,638,733,000
23 Liability for amounts held under uninsured plans	0
24 Capital notes \$0 and interest thereon \$0	0
25 Aggregate write-ins for liabilities	3,622,368,000
26 Total liabilities excluding protected cell liabilities (Lines 1 through 25)	160,445,621,000
27 Protected cell liabilities	0
28 Total liabilities (Lines 26 and 27)	160,445,621,000
29 Aggregate write-ins for special surplus funds	4,419,675,000
30 Common capital stock	171,291,000
31 Preferred capital stock	321,000,000
32 Aggregate write-ins for other than special surplus funds	18,500,000
33 Surplus notes	2,598,395,000
34 Gross paid in and contributed surplus	15,027,394,000
35 Unassigned funds (surplus)	108,468,779,000
36 Less treasury stock, at cost:	
36.1 0 Shares common (value included in Line 30 \$0)	0
36.2 0 Shares preferred (value included in Line 31 \$0)	0
37 Surplus as regards policyholders (Lines 29 to 35, less 36) (Page 4, Line 39)	131,025,033,000
38 Totals (Page 2, Line 28, Col. 3)	291,470,655,000

NORTH CAROLINA
HOMEOWNERS MULTIPLE PERIL
2016 AGGREGATE ANNUAL STATEMENT DATA
2016 TOP 50 HOMEOWNERS INSURERS

2016 STATEMENT OF INCOME

UNDERWRITING INCOME	
1 Premiums earned (Part 1, Line 35, Column 4)	115,258,604,000
DEDUCTIONS:	
2 Losses incurred (Part 2, Line 35, Column 7)	72,314,738,000
3 Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	11,875,650,000
4 Other underwriting expenses incurred (Part 3, Line 25, Column 2)	30,247,070,000
5 Aggregate write-ins for underwriting deductions	109,000
6 Total underwriting deductions (Lines 2 through 5)	114,437,567,000
7 Net income of protected cells	0
8 Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	821,037,000
INVESTMENT INCOME	
9 Net investment income earned (Exhibit of Net Investment Income, Line 17)	6,705,696,000
10 Net realized capital gains (losses) less capital gains tax of \$746,275,000 (Exhibit of Capital Gains (Losses))	646,891,000
11 Net investment gain (loss) (Lines 9 + 10)	7,352,586,000
OTHER INCOME	
12 Net gain (loss) from agents' or premium balances charged off (amount recovered \$46,019,000 amount charged off \$364,885,000)	(318,869,000)
13 Finance and service charges not included in premiums	609,817,000
14 Aggregate write-ins for miscellaneous income	84,302,000
15 Total other income (Lines 12 through 14)	375,253,000
16 Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8+11+15)	8,548,876,000
17 Dividends to policyholders	986,984,000
18 Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	7,561,894,000
19 Federal and foreign income taxes incurred	1,267,506,000
20 Net income (Line 18 minus Line 19) (to Line 22)	6,294,384,000
CAPITAL AND SURPLUS ACCOUNT	
21 Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	118,929,886,000
22 Net income (from Line 20)	6,294,384,000
23 Net transfers (to) from Protected Cell accounts	0
24 Change in net unrealized capital gains or (losses) less capital gains tax of \$410,656,000	2,826,172,000
25 Change in net unrealized foreign exchange capital gain (loss)	(26,910,000)
26 Change in net deferred income tax	367,921,000
27 Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	(224,813,000)
28 Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	1,789,000
29 Change in surplus notes	21,414,000
30 Surplus (contributed to) withdrawn from protected cells	0
31 Cumulative effect of changes in accounting principles	(44,526,000)
32 Capital changes:	
32.1 Paid in	0
32.2 Transferred from surplus (Stock dividend)	0
32.3 Transferred to surplus	0
33 Surplus adjustments:	
33.1 Paid in	478,269,000
33.2 Transferred to capital (Stock dividend)	0
33.3 Transferred from capital	0
34 Net remittances from or (to) Home office	0
35 Dividends to stockholders	(3,486,419,000)
36 Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0
37 Aggregate write-ins for gains and losses in surplus	7,365,000
38 Change in surplus as regards policyholders for the year (Lines 22 through 37)	6,214,647,000
39 Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	125,144,537,000

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2017 AGGREGATE ANNUAL STATEMENT DATA
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2017 STATEMENT OF INCOME

UNDERWRITING INCOME	
1 Premiums earned (Part 1, Line 35, Column 4)	118,392,332,000
DEDUCTIONS:	
2 Losses incurred (Part 2, Line 35, Column 7)	76,394,870,000
3 Loss adjustment expenses incurred (Part 3, Line 25, Column 1)	12,246,415,000
4 Other underwriting expenses incurred (Part 3, Line 25, Column 2)	30,961,379,000
5 Aggregate write-ins for underwriting deductions	1,900,000
6 Total underwriting deductions (Lines 2 through 5)	119,604,568,000
7 Net income of protected cells	0
8 Net underwriting gain (loss) (Line 1 minus Line 6 plus Line 7)	(1,212,234,000)
INVESTMENT INCOME	
9 Net investment income earned (Exhibit of Net Investment Income, Line 17)	7,635,703,000
10 Net realized capital gains (losses) less capital gains tax of \$636,822,000 (Exhibit of Capital Gains (Losses))	787,491,000
11 Net investment gain (loss) (Lines 9 + 10)	8,423,195,000
OTHER INCOME	
12 Net gain (loss) from agents' or premium balances charged off (amount recovered \$48,708,000 amount charged off \$398,707,000)	(349,999,000)
13 Finance and service charges not included in premiums	595,224,000
14 Aggregate write-ins for miscellaneous income	204,189,000
15 Total other income (Lines 12 through 14)	449,412,000
16 Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 8+11+15)	7,660,370,000
17 Dividends to policyholders	1,087,115,000
18 Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Line 16 minus Line 17)	6,573,256,000
19 Federal and foreign income taxes incurred	198,853,000
20 Net income (Line 18 minus Line 19) (to Line 22)	6,374,405,000
CAPITAL AND SURPLUS ACCOUNT	
21 Surplus as regards policyholders, December 31 prior year (Page 4, Line 39, Column 2)	124,215,787,000
22 Net income (from Line 20)	6,374,405,000
23 Net transfers (to) from Protected Cell accounts	0
24 Change in net unrealized capital gains or (losses) less capital gains tax of -\$740,958,000	6,556,158,000
25 Change in net unrealized foreign exchange capital gain (loss)	280,596,000
26 Change in net deferred income tax	(3,888,842,000)
27 Change in nonadmitted assets (Exhibit of Nonadmitted Assets, Line 28, Col. 3)	263,240,000
28 Change in provision for reinsurance (Page 3, Line 16, Column 2 minus Column 1)	7,258,000
29 Change in surplus notes	5,414,000
30 Surplus (contributed to) withdrawn from protected cells	0
31 Cumulative effect of changes in accounting principles	(15,560,000)
32 Capital changes:	
32.1 Paid in	4,000,000
32.2 Transferred from surplus (Stock dividend)	0
32.3 Transferred to surplus	0
33 Surplus adjustments:	
33.1 Paid in	337,704,000
33.2 Transferred to capital (Stock dividend)	0
33.3 Transferred from capital	0
34 Net remittances from or (to) Home office	0
35 Dividends to stockholders	(2,815,362,000)
36 Change in treasury stock (Page 3, Lines 36.1 and 36.2, Column 2 minus Column 1)	0
37 Aggregate write-ins for gains and losses in surplus	(299,765,000)
38 Change in surplus as regards policyholders for the year (Lines 22 through 37)	6,809,249,000
39 Surplus as regards policyholders, December 31 current year (Line 21 plus Line 38) (Page 3, Line 37)	131,025,033,000

NORTH CAROLINA
HOMEOWNERS MULTIPLE PERIL
2016 AGGREGATE ANNUAL STATEMENT DATA
2016 TOP 50 HOMEOWNERS INSURERS

PART II - 2016 ALLOCATION TO LINES OF BUSINESS NET OF REINSURANCE

Homeowners Multiple Peril

1 Premiums Written	38,056,503,000
2 Premiums Earned	37,811,171,000
3 Dividends to Policyholders	327,535,000
4 Incurred Loss	21,737,816,000
5 Defense and Cost Containment Expenses Incurred	500,005,000
6 Adjusting and Other Expenses Incurred	2,999,774,000
7 Unpaid Losses	7,727,018,000
8 Defense and Cost Containment Expenses Unpaid	775,640,000
9 Adjusting and Other Expenses Unpaid	1,617,190,000
10 Unearned Premium Reserves	19,912,394,000
11 Agents' Balances	6,481,870,000
12 Commission and Brokerage Expenses Incurred	4,040,552,000
13 Taxes, Licenses & Fees Incurred	1,052,325,000
14 Other Acquisitions, Field Supervision, and Collection Expenses Incurred	3,327,744,000
15 General Expenses Incurred	1,584,926,000
16 Other Income Less Other Expenses	114,922,000
17 Pre-Tax Profit or Loss Excluding All Investment Gain	2,355,418,000
18 Investment Gain on Funds Attributable to Insurance Transactions	662,900,000
19 Profit or Loss Excluding Investment Gain Attributable to Capital and Surplus	3,018,314,000
20 Investment Gain Attributable to Capital and Surplus	1,405,745,000
21 Total Profit or Loss	4,424,059,000

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PART II - 2017 ALLOCATION TO LINES OF BUSINESS NET OF REINSURANCE

Homeowners Multiple Peril

1 Premiums Written	39,215,965,000
2 Premiums Earned	38,486,334,000
3 Dividends to Policyholders	345,442,000
4 Incurred Loss	25,845,379,000
5 Defense and Cost Containment Expenses Incurred	540,718,000
6 Adjusting and Other Expenses Incurred	3,014,483,000
7 Unpaid Losses	8,516,682,000
8 Defense and Cost Containment Expenses Unpaid	821,566,000
9 Adjusting and Other Expenses Unpaid	1,662,471,000
10 Unearned Premium Reserves	20,633,219,000
11 Agents' Balances	6,946,870,000
12 Commission and Brokerage Expenses Incurred	4,066,440,000
13 Taxes, Licenses & Fees Incurred	1,075,284,000
14 Other Acquisitions, Field Supervision, and Collection Expenses Incurred	3,509,408,000
15 General Expenses Incurred	1,643,431,000
16 Other Income Less Other Expenses	159,596,000
17 Pre-Tax Profit or Loss Excluding All Investment Gain	(1,394,656,000)
18 Investment Gain on Funds Attributable to Insurance Transactions	772,005,000
19 Profit or Loss Excluding Investment Gain Attributable to Capital and Surplus	(622,650,000)
20 Investment Gain Attributable to Capital and Surplus	1,588,843,000
21 Total Profit or Loss	966,193,000

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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 2016 Call for Homeowners Statistics
ISO 2016 Call for Homeowners Statistical Agent Plan Statistics
ISS Personal Lines Statistical Plans - All Coverages
ISS 2016 Homeowners Call
AAIS Personal Lines Statistical Plan
AAIS 2016 Call for Homeowners Statistics
NISS Statistical Plan - All Coverages - Part IV, North Carolina
NISS 2016 Quarterly Call
NISS 2016 Calendar Year Annual Statement
NISS 2016 Financial Reconciliation Call
Annual Statement for Calendar Year 2016
Insurance Expense Exhibit for Calendar Year 2016
RB Calls for 2016 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 P. Anderson, Y. Yao and M. Berry.
- (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.

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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.

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

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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.

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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.

4. 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

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 AS PER 11 NCAC 10.1105

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.

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. 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.
3. The data collection procedure begins with the company uploading their data file into the AAIS secure online Statistical Data Management Application (SDMA). The SDMA verifies certain key fields, calculates transmittal totals for verification, and houses the edit program. 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 the data proceeds to the next step. Once all key fields have been validated, the data moves on to the edit program.
4. The edit program has several functions and reports. They are:
 - a. Data is balanced to transmittal totals and submitting companies are verifying this upon submission of their data using our Statistical Data Management Application (SDMA).
 - 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.
 - d. Data distributions are monitored by the Statistical Reporting staff in conjunction with AAIS Actuaries. Material quality problems are logged by the Data Governance Steering Committee and the offending affiliate is notified of the error.
 - 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 its importance to the validity of the reported data.
 - f. The Statistical Data Management Application (SDMA) performs analysis of a company's data and provides the company with a customized letter stating that their data was accepted by AAIS. Throughout the submission and editing process, the SDMA provides a status for the submission

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indicating the type of action required. Depending on the severity of errors, companies are requested to make corrections or resubmit data.

5. 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.

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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 1.14. Accordingly, the corresponding return on statutory capital and surplus would be 7.81% 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 .422. Accordingly, the corresponding return on assets would be 2.89% for homeowners insurance.

See also pre-filed testimony of D. Appel and J. Vander Weide.

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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 2008-2017 for the company groups which have written North Carolina homeowners insurance during that entire period are as follows:

<u>Year</u>	<u>Homeowners Insurance</u>
2017	0.91
2016	0.88
2015	0.90
2014	0.89
2013	0.90
2012	0.97
2011	1.02
2010	0.93
2009	0.97
2008	1.04

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, 2017	786,896,032
STATUTORY CAPITAL AND SURPLUS, 2016	734,973,294
AVERAGE STATUTORY CAPITAL AND SURPLUS	760,934,663
NET PREMIUMS EARNED, 2017	550,118,322
PREMIUM:SURPLUS RATIO	0.723

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.

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- (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.

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14. OTHER INFORMATION REQUIRED BY THE COMMISSIONER.

14 (a) See pre-filed testimony of P. Anderson, D. Appel, Y. Yao, M. Berry, E. Henderson, S. Fiete 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).

Governing Committee

Meeting Agenda

Date: July 24, 2018

Time: 10:00 AM (ET)

Type: In-Person Meeting

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1 – 3)
4. Report of Staff
 - a. Organization Update
 - b. Operations Update
5. Report of Counsel
6. Report of Committees
 - a. Workers Compensation Committee
 - i. NCCI will present the 2018 Workers Compensation Rate/Loss Cost Review (Exhibit 4)
The committee will be asked to consider a recommendation from the Workers Compensation Committee related to the Workers Compensation rate review.
 - b. Property Committee
 - i. Clarification regarding Mobile Home rates written on Dwelling Forms (Exhibit 5)
The committee will be asked to consider a recommendation from Staff to file an amendment to the recent Dwelling filing to clarify rating rules on Mobile Homes.
 - ii. Status of 2018 Homeowner Review
 - iii. Status of Mobile Home Review
 - iv. Status of Flood Program

c. Automobile Committee

i. HB 382 (Exhibit 6)

The committee will be asked to consider a recommendation from the Auto Committee related to updated language for the Auto Manual as required by HB 382.

ii. Actuarial Consultant for 2019 Auto Rate Review

7. Appointment of Nominating Committee

a. There are four companies whose terms expire this year:

- National General Insurance Corporation
- Liberty Mutual Insurance Company
- Unitrin Auto & Home Insurance Company
- United Services Automobile Association

Of these companies, Unitrin Auto & Home Insurance Company and United Services Automobile Association are not eligible for re-election.

8. Upcoming Meetings

October 10, 2018	8:30 am	Annual Meeting at the Grandover Hotel
December 4, 2018	10:00 am	2019 Budget Discussion

9. Other Business

10. Adjournment

The meeting will commence at 10:00 am at the office of the North Carolina Rate Bureau
2910 Sumner Boulevard, Raleigh, NC
Lunch will be served.



MINUTES OF THE MEETING OF THE GOVERNING COMMITTEE
OF THE NORTH CAROLINA RATE BUREAU HELD JULY 24, 2018

MEMBERS PRESENT

Allstate Insurance Company
 American Home Assurance Company
 Erie Insurance Exchange
 Hartford First Insurance Company
 Liberty Mutual Insurance Company
 National General Insurance
 Nationwide Mutual Insurance Company
 NC Farm Bureau Mutual Insurance Company
 State Farm Mutual Automobile Insurance Company
 Travelers Indemnity Company
 Unitrin Auto and Home Insurance Company
 United Services Automobile Association

Public Members

John Wei*

Others Present

Young Moore and Henderson, P.A.

National Council on Compensation Insurance, Inc.
 Staff

REPRESENTED BY

Jennifer Jabben*
 Ira Feuerlicht
 Jon Bloom*
 Eric Mize*
 Mark Ford
 Art Lyon
 Tom Souder*
 Roger Batdorff
 Alan Bentley
 Bob Aaron*
 Kimberly Flint*
 Lisa Sukow*

Mickey Spivey
 Glenn Raynor
 Brett Foster
 Joanna Biliouris
 Brittany Blackwell
 Jarred Chappell
 Terry Collins
 Ray Evans
 Edith Davis
 Keri Johnson
 Andy Montano
 Rebecca Williams

*Participated by phone

The meeting convened as scheduled, Ms. Jennifer Jabben of Allstate Insurance Company, Chair of the Governing Committee, presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest and Code of Ethics and Standards of Conduct Statements.

1. Report of Staff

Mr. Evans provided an overview of strategies that the Bureau is focused on this year. He advised (1) progress has been made toward achieving adequate rates in the homeowner

and dwelling programs through settlements of 4.8% rate increases for both of these lines; (2) there is continued emphasis on creating a customer friendly environment through technology offerings; (3) efforts concentrated on effective operations, vendor and committee management, and succession planning are also ongoing.

Ms. Biliouris reported that (1) Jarred Chappell was hired as the Workers Compensation Director on May 1, 2018 and is supporting operational activities; (2) Betty Hurst, Regulatory Manager for the Rate Bureau, will retire in January 2019 after 37 years of service; (3) Betty's replacement has been hired and will join the Bureau in September to allow for cross training prior to Betty's retirement; (4) the Bureau is launching a refreshed website in the fourth quarter; (5) enhancements to our ManageOwnership application were completed in May; and (6) an automated payment platform for assigned risk applications will roll out in fourth quarter.

2. Report of Counsel

Mr. Spivey stated that (1) settlements were finalized on the Dwelling and Homeowner filings with the Department of Insurance; (2) the Automobile filing made on February 1, 2018 was a review only, and that an Other than Clean rate filing was made by the NC Reinsurance Facility for a 7.6% rate increase; (3) HB 382 was enacted in June 2018 and includes provisions regarding consent to rate procedures for private passenger auto and residential property insurance and with certain exceptions, companies must obtain records of convictions for moving traffic violations prior to the sale of a new policy; (4) HB 382 has ambiguous language related to consent to rate applicability to auto liability coverage which the Department of Insurance addressed in recent bulletins; and (5) the work of the Department of Insurance Task Force on statute modernization will likely result in proposed legislation in 2019.

3. 2017 Workers Compensation Prospective Loss Cost and Residual Market Rate Review

Ms. Biliouris introduced Brett Foster as NCCI's lead Actuary assigned to North Carolina and noted that Sean Cooper has taken on a new role at NCCI and will no longer be supporting North Carolina. Attention was directed to Exhibit 4 distributed with the agenda, which summarized the components of the loss cost and assigned risk rate level review prepared by the Workers Compensation Committee and showed a comparison to the filed components in 2017.

Mr. Foster summarized the selections and recommendations of the Workers Compensation Committee for both the prospective loss cost review and the assigned risk rate review. He reported that (1) the Committee recommended continuing the methodology used in the previous filings of using an average of paid and paid plus case indications; (2) revisions were last effective April 1, 2018; (3) three years of experience were reviewed and the Committee recommends using the experience of the two most recent policy years to develop the indications; and (4) based on the experience and various selections by the Committee, the overall indication for the voluntary market loss costs is -15.9% and for the residual market rates is -17.2%, with both to be effective April 1, 2019.

Following discussion, a motion was made, seconded and passed unanimously to adopt the recommendation of the Workers Compensation Committee and instruct staff to prepare filings to be submitted on or before September 1, 2018.

4. Property Committee Report

Mr. Montano directed the committee to Exhibit 5 which outlined a rule clarification proposal on the Dwelling Program Rule 103, Rule 404 and Rule 301 to more clearly identify how mobile homes are to be rated when insured on a Dwelling policy.

Following discussion, a motion was made, seconded and passed to approve the rule revisions as presented and to file the revisions with the Commissioner of Insurance.

Mr. Montano provided an update on the 2018 Homeowner rate review noting that (1) the Governing Committee directed staff to prepare a Homeowner rate review after the 2017 Homeowner rate filing was settled in April; (2) staff has started the review, working with the Bureau's consultants and subcommittees; (3) ISO is in the data processing phase of the review, including coordinating and validating data from the various stat agents; (4) the Bureau has provided ISO with expense data for review by the Property Rating Subcommittee in mid-August; and (5) the goal is to have indications in late Fall and be prepared to file with the Commissioner of Insurance, if so directed, in December with a 10/1/19 effective date.

Mr. Montano provided an update on the 2018 Mobile Home rate review noting that (1) the Governing Committee directed staff to complete a full review of the two Mobile Home programs; (2) many mobile home writers encouraged staff to "modernize" the mobile home program; (3) the Property Rating Subcommittee has suggested changes to the AOI curve and deductibles and the possibility of adding new rating variables to better price the risk; and (4) staff has engaged Milliman in place of ISO to prepare this review to meet our goal for a filing in December 2018.

Mr. Montano provided an update on the status on the Flood Program noting that (1) private flood is within the jurisdiction of the Rate Bureau; (2) the current National Flood Insurance Program (NFIP) does not segment well or match price to risk; (3) Milliman had conducted a feasibility study concluding that flood can be priced more accurately in certain NFIP areas; (4) the Flood Subcommittee has identified coverage gaps in the current NFIP program that they believe are critical options that would be needed in a new flood program; (5) NFIP plans to release a new flood rating program in April 2019 with an April 2020 effective date that better matches risk with price; (6) the Bureau has sent letters to our NC representatives and the FEMA leadership requesting NC flood data; and (7) the Flood Subcommittee has decided to move forward with a forms review to review the current gaps in coverage.

5. Automobile Committee Report

Mr. Montano directed the committee to Exhibit 6 which outlined a proposed revision to the Automobile Manual to comply with HB 382 requiring companies to obtain records of convictions for moving traffic violations before the sale of a new automobile insurance policy.

Following discussion, a motion was made, seconded and passed to approve the Automobile Manual revisions as presented and to file the revisions with the Department of Insurance.

Ms. Williams reported that (1) the Bureau's automobile consultant, Claudine Modlin with Towers Watson, has moved to a job with an insurance company; (2) staff recommends engaging Paul Anderson with Milliman as our actuarial consultant for the 2019 automobile rate review; and (3) the Bureau's experience with Mr. Anderson has been positive and he could fill this role with a smooth transition.

Following discussion, the committee agreed to engage Paul Anderson with Milliman as the actuarial consultant for the next automobile rate review.

6. Appointment of Nominating Committee

Ms. Jabben reported that a Nominating Committee is needed for the Governing Committee elections that will be held at the Annual Meeting. Nationwide Mutual Insurance Company, American Home Assurance Company, National General Insurance Corporation and State Farm Mutual Automobile Insurance Company volunteered to serve on the committee.

7. 2018 Meeting Schedule

The scheduled Governing Committee meetings for 2018 were noted. It was noted that the next meetings are the Annual Meeting scheduled for October 10, 2018 and a budget meeting in early December.

8. Other Business

Attention was directed to an exhibit that was distributed during the meeting. Mr. Evans stated that (1) with regard to the year-to-date expenses, the Bureau is overall slightly below budget; (2) there are budget deficiencies in legal and advisory expenses due to the complexity of some activities year to date; (3) the Governing Committee had directed staff to perform a full Mobile Home review and to prepare a Homeowner rate review; (4) neither of these activities were budgeted in 2018; and (5) based on this information, it is staff's recommendation that an amendment be made to increase the budget by \$2,000,000 which would be included in the fourth quarter assessment to Bureau members.

Following discussion, a motion was made, seconded and passed unanimously to adopt an amendment to the 2018 budget of an additional \$2,000,000.

9. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,



Joanna Biliouris
Chief Operating Officer
North Carolina Rate Bureau

JB:ko

9/11/18

GC-18-11

Property Rating Subcommittee

Agenda

Date: August 16, 2018 **Time: 9:00 AM (ET)** **Type: Meeting**

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (**Exhibits 1, 2, 3**)
4. Assumptions for Catastrophe Model Runs (**Exhibit 4**)
Staff will review the Assumptions document from AON Benfield which provides the assumptions for running exposures through the two catastrophe models.
5. Net Cost of Reinsurance
Staff will present a proposal for the Net Cost of Reinsurance analysis for the 2018 Homeowners Rate Review.
6. Profit Review
Counsel will present a proposal related to the Profit analysis for the 2018 Homeowners Rate Review.
7. 2018 Homeowners Rate Review (**Exhibit 5, 6**)
ISO will present the first package relevant to the 2018 Homeowners Rate Review. The Committee will be called upon to take action regarding various selections, including:
Data
Trend
Loss Development
Expense
Deviation
Dividend
8. Report of Staff and Counsel
9. Other Business
10. Adjournment

Lunch will be served.

MINUTES OF THE MEETING OF THE PROPERTY RATING SUBCOMMITTEE OF THE
NORTH CAROLINA RATE BUREAU HELD AUGUST 16, 2018

MEMBERS PRESENT

Allstate Insurance Company
American Bankers Insurance Company of Florida

American Modern Home Insurance Company
Foremost Insurance Company
Horace Mann Insurance Company
Nationwide Mutual Insurance Company
NC Farm Bureau Mutual Insurance Company
State Farm Mutual Automobile Insurance Company
Travelers Indemnity Company
United Services Automobile Association

REPRESENTED BY

Matthew Berry
Elena Ageeb*
Jonathan Deutsch*
Diana Matalka
Julie McAuliffe*
Brad Melton
Sarah Behrend*
Roger Batdorff
Marty Weitfeldt*
Lois Cappellano*
Matt Veibell

OTHERS PRESENT

Insurance Services Office

Milliman
Young Moore and Henderson, P.A.

Staff

REPRESENTED BY

Steve Conover
Yan Jun Yao
Paul Anderson
Brian Beverly
Mickey Spivey
Joanna Biliouris
Keri Johnson
Andy Montano
Rebecca Williams

*Participated by telephone.

The telephone conference commenced at approximately 9:00 A.M., Mr. Berry presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Assumptions for Catastrophe Model Runs

Attention was directed to an exhibit prepared by Aon Benfield (Aon) and previously distributed with the agenda regarding the assumptions for catastrophe model runs. Ms. Williams opened the discussion and reviewed the assumptions used in the models, as well as the perils that were included.

During discussion, the Subcommittee raised several questions and requested the Rate Bureau staff to research and present their findings on those questions at a future meeting.

2. Net Cost of Reinsurance

Ms. Williams opened the discussion of the Net Cost of Reinsurance (NCOR), giving the Subcommittee a brief history of its role in past filings, including the use of Milliman's analysis in older filings and the use of Aon's current market analysis in recent filings and this rate review. In addition, Ms. Williams noted that the most recent filings included both Milliman's and Aon's analyses and that staff recommends moving forward with just the NCOR analysis presented by Aon.

Following discussion, the Subcommittee came to a consensus to proceed with the NCOR analysis presented by Aon.

3. Profit Review

Mr. Spivey advised that Dr. David Appel, who has historically provided the underwriting profit analysis for property rate filings, is retiring. Mr. Spivey also advised that the Rate Bureau is considering working with Dr. George Zanjani, who has excellent credentials and is a highly recommended economist. Mr. Spivey advised that he would continue discussions with Dr. Appel and Dr. Zanjani and advise the Subcommittee of the next steps.

4. 2018 Homeowners Rate Review Trend Selections

Attention was directed to trend exhibits prepared by ISO and distributed with the agenda regarding the 2018 Homeowners rate review. Mr. Conover reviewed the exhibit in detail including a summary of the underlying methodology, pointing out that there has been an increase in loss trend over the past year primarily related to severity. Mr. Conover further stated that the rate review assumes an effective date of October 1, 2019.

Following discussion, the Subcommittee made preliminary loss and expense trend selections for the homeowners rate review. The Subcommittee also agreed to delay discussions regarding compensation for assessment risk, profit, contingencies, policyholder dividends, and deviations until a future meeting.

5. Report of Staff

Mr. Montano reported that the Rate Bureau will begin performing homeowners rate reviews on an annual basis as directed by the Governing Committee. He also noted that Milliman will provide the actuarial services for a mobile home rate review, which will be performed along a similar schedule with the homeowners rate review, with any resulting filings to be ready by the end of the year. Rate Bureau staff also scheduled meetings for the Subcommittee for the remainder of the year.

6. Report of Counsel

Mr. Spivey reported that the (1) Rate Bureau did not make an automobile filing this year due to the 2017 settlement agreement with the Department of Insurance (Department): (2) the Rate Bureau had settled the 2017 Homeowners filing in the spring at +4.8%, to be effective October 1, 2018; and (3) after working through Department concerns about potential inclusion of commercial dwelling data in the 2018 Dwelling filing, the Rate Bureau had settled that filing at +4.8%, to be effective February 1, 2019.

Mr. Spivey further reported that the legislature met this year for its short session and that House Bill 382, the Department's agency bill, was enacted. He stated that, among other things, that bill requires that a motor vehicle report be obtained at the point of sale for new auto business and that it changed the consent to rate laws for both auto and property business. He summarized the changes, including the elimination of the signature requirement, and noted that these changes are to be effective January 1, 2019.

7. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko
PRS-18-3
11/30/18

Property Rating Subcommittee

Agenda

Date: September 25, 2018

Time: 10:00 AM (ET)

Web/Teleconference

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1, 2, 3)
4. 2018 Homeowners Rate Review
The Committee will continue with the 2018 Homeowners rate review. The remaining indications to be reviewed are as follows:
 - Excess Wind Factor (Exhibit 4)
 - Contingencies
 - Net Cost of Reinsurance – Tower*
 - Compensation for Assessment Risk*
 - Profit Selection
5. 2018 Mobile Home Rate Review
The Committee will continue with the 2018 Mobile Home rate review. The following items are included in the review:
 - Rate Review Assumptions (Exhibit 5)
 - Catastrophe Model Assumptions*
6. Report of Staff and Counsel
Rate Bureau Staff and Counsel will update the Committee on any pertinent items
7. Other Business
8. Adjournment

*The Exhibit for these items will be provided separately.

PRS-18-4 Agenda
9/20/18



MINUTES OF THE TELECONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE OF THE
NORTH CAROLINA RATE BUREAU HELD SEPTEMBER 25, 2018

MEMBERS PRESENT

Allstate Insurance Company
 American Bankers Insurance Company of Florida
 American Modern Home Insurance Company

 Farmers Insurance Exchange
 Horace Mann Insurance Company
 Nationwide Mutual Insurance Company
 NC Farm Bureau Mutual Insurance Company
 State Farm Mutual Automobile Insurance Company
 Travelers Indemnity Company
 United Services Automobile Association

OTHERS PRESENT

AON Benfield

 Insurance Services Office

 Milliman

 Consultant
 Young Moore and Henderson, P.A.

 Staff

REPRESENTED BY

Matthew Berry
 Mabel Morrison
 Brianne Lisena
 Diana Matalka
 Chris Perry
 Pam Burrell
 Brad Melton
 Sarah Behrend
 Roger Batdorff
 Marty Weitfeldt
 Lois Cappellano
 Matt Veibell

REPRESENTED BY

Steve Fiete
 Elizabeth Henderson
 Eric Nuss
 Katie Shukla
 Steve Conover
 Anna Levkova
 Yanjun Yao
 Paul Anderson
 Dave Appel
 Eric Krafcheck
 George Zanjani
 Glenn Raynor
 Mickey Spivey
 Joanna Biliouris
 Ray Evans
 Keri Johnson
 Andy Montano
 Rebecca Williams

The telephone conference commenced at approximately 10:00 A.M., Mr. Berry presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. 2018 Homeowners Rate Review

Mr. Spivey introduced Dr. George Zanjani, who would be taking over portions of the profit analysis as a result of Dr. Appel's retirement.

Attention was then directed to the excess wind losses exhibit prepared by ISO and previously distributed with the agenda. Mr. Conover reviewed the exhibit in detail, indicating that the updated exhibit includes 2016 data, which did not move the overall excess factor. Mr. Conover advised the Subcommittee that data for the exhibit begins in 1950, but is split by territory as far back as 1966. The Subcommittee directed ISO to prepare the excess wind exhibit narrowing the data set to 30 years at both statewide and territory levels for review at a future meeting.

Ms. Williams opened the discussion regarding contingencies, indicating that the Subcommittee has included a 1% provision in prior years. Following discussion, it was agreed to use a 1% contingency provision as a placeholder and that staff would work with consultants to provide more documentation to the Subcommittee on the potential contingency provision at a future meeting.

Attention was then directed to an exhibit prepared by Aon Benfield (Aon) and previously distributed with respect to the proposed reinsurance tower to be used in the calculation of the net cost of reinsurance (NCOR). Ms. Henderson reviewed the exhibit in detail, indicating that the exhibit was based on a 50/50 blend of the AIR and RMS models, and describing Aon's reinsurance design process and treaty layering details. Ms. Henderson summarized the year-to-year changes for both the data and the modeling results and Aon's suggested reinsurance treaty, including the attachment point decreasing to \$.6 Billion and the exhaustion point increasing to \$11 Billion and the proposed total reinsurance limit increasing to \$10.4 Billion. Following discussion, the Subcommittee selected the tower as presented.

Attention was then directed to an exhibit prepared by Milliman regarding compensation for assessment risk (CAR). Mr. Anderson opened the discussion with a brief summary of the provision and the purpose of the CAR calculation. Mr. Anderson then reviewed the exhibit in detail, including the use of the Beach Plan's and Fair Plan's reinsurance structures, the blended results of the AIR and RMS models, and catastrophe bond profit multiples. Mr. Anderson advised that the resulting CAR was 2.8% of manual premium, a decline from 3.8% last year. Following discussion, the Committee selected the CAR as presented.

Attention was then directed to the underwriting profit array as prepared by Dr. Appel. Dr. Appel reviewed some history of the analysis with the Subcommittee, and reported the cost of capital range developed by Dr. Vander Weide. Following a review and discussion of the returns generated by a variety of different underwriting profit provisions, the Subcommittee selected an underwriting profit provision of 9% as a placeholder until Dr. Appel completes the remaining updates to his analysis.

2. 2018 Mobile Home Rate Review

The Subcommittee agreed to defer this topic to a future meeting due to lack of time.

3. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko
PRS-18-4
11/30/18

Property Rating Subcommittee

Agenda

Date: October 3, 2018

Time: 2:00 PM (ET)

Web/Teleconference

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1, 2, 3)
4. 2018 Mobile Home Rate Review
The Committee will continue with the 2018 Mobile Home rate review. The following items are included in the review:
 - Rate Review Assumptions (Exhibit 4)
 - Catastrophe Model Assumptions* (Exhibit 5)
5. Report of Staff and Counsel
Rate Bureau Staff and Counsel will update the Committee on any pertinent items
6. Other Business
7. Adjournment

*The Exhibit for this item will be provided separately.

AM:ko

PRS-18-5 Agenda

9/27/18

MINUTES OF THE TELECONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE OF
THE NORTH CAROLINA RATE BUREAU HELD OCTOBER 3, 2018

MEMBERS PRESENT

Allstate Insurance Company
American Bankers Insurance Company of Florida

American Modern Home Insurance Company

Horace Mann Insurance Company
Nationwide Mutual Insurance Company
NC Farm Bureau Mutual Insurance Company
State Farm Mutual Automobile Insurance Company
Travelers Indemnity Company
United Services Automobile Association

REPRESENTED BY

Matthew Berry
Jonathan Deutsch
Jason Powell
Brianna Lisena
Diana Matalka
Chris Perry
Brad Melton
Sarah Behrend
Roger Batdorff
Marty Weitfeldt
Lois Cappellano
Matt Veibell

OTHERS PRESENT

Aon Benfield

Milliman

Young Moore and Henderson, P.A.

Staff

REPRESENTED BY

Steve Fiete
Elizabeth Henderson
Katie Shukla
Paul Anderson
Eric Krafcheck
Glenn Raynor
Mickey Spivey
Joanna Biliouris
Keri Johnson
Andy Montano
Rebecca Williams

The telephone conference commenced at approximately 2:00 P.M., Mr. Berry presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. 2018 Mobile Home Rate Review

Attention was directed to an exhibit prepared by Milliman and previously distributed with the agenda regarding the Mobile Home rate review. Mr. Anderson reviewed the exhibit in detail, indicating that it would allow the Subcommittee to compare industry based trends to the index based trends before a trend selection is made. Mr. Anderson next reviewed the mobile home details by various rating variables, including amount of insurance and tie downs. Ms.

Williams advised that the current Mobile Home program has underlying data based on twenty territories that are grouped into three different groups for ratemaking, but that Staff and consultants are exploring an option to modify the current territories to more closely align with territories currently used for other property programs. Mr. Anderson then reviewed the deductible distributions for both the MH(C) and the MH(F), noting that the distribution for MH(C) reflects the fact that it is a cafeteria program.

Mr. Anderson then reviewed both the index and industry methodologies for trend. The index based trends use a similar methodology to the Homeowners program. Mr. Anderson then reviewed trend based upon industry data, indicating that the data reflects adjustments for catastrophes, but it may not capture all of the data for Hurricane Matthew.

Upon discussion, it was agreed that Milliman will present both index and industry based trend methods, along with expense and premium trends, for consideration by the Subcommittee at a future meeting.

Mr. Anderson reviewed the additional exhibits in the filing package and indicated that selections were needed from the Subcommittee. A motion was seconded and passed to select: Five years of data for loss development excluding high and low values, 3 year average for underwriting expenses, average loss adjustment expense excluding high and low values, 6% loss adjustment expense for catastrophes, 5% for deviations and 0.4% on dividends.

Attention was then directed to an exhibit prepared by AON Benfield (AON) and previously distributed with the agenda regarding the catastrophe model assumptions for Mobile Home. Ms. Shukla reviewed the exhibit in detail, indicating that the results will be provided on a blended basis, using RMS and AIR models both including and excluding demand surge/ loss amplification, and that the models contemplate an insurance to value provision of 100% and a flat \$500 deductible. Ms. Williams advised that Rate Bureau staff is still working with consultants to determine how the mobile home program should include rating for flood. Following discussion, the Subcommittee agreed to move forward with the model assumptions as presented by AON.

2. Other Business - Homeowners Excess Wind

Attention was then directed to exhibits previously distributed with the agenda regarding the excess wind provision for the Homeowners rate review. It was noted that, in response to the Subcommittee's request, ISO had prepared exhibits showing the excess wind analysis with a 30-year data set and with the longer-term data set (1950 to present). The Subcommittee reviewed and discussed the exhibits. Following discussion, a motion was seconded and passed to move forward with no changes to the current number of years used in the excess procedure, resulting in an excess wind provision of 1.068. The Committee noted that it would do a further review of the excess wind procedure at the next property rate review.

3. Report of Counsel and Staff

No report at this time.

4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko
PRS-18-5
11/30/18

Property Rating Subcommittee

Agenda

Date: October 18, 2018 Time: 9:00 AM (ET) In Person Meeting

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct (Exhibits 1, 2, 3)
4. 2018 Homeowners Rate Review
The Committee will continue discussion on the 2018 Homeowner Rate Review, including finalizing selections for Net Cost of Reinsurance, Profit, and Contingencies (Exhibit 4). The Committee will be called upon to make a recommendation to the Property Committee.
5. 2018 Mobile Home Rate Review
The Committee will continue with the 2018 Mobile Home rate review discussion, including making various selections relevant to the assumptions to be included in the rate filing (Exhibit 5). In addition, the Committee will be called upon to review various ways to modernize the program, including review of the following items. The Committee will also need to revisit the effective date for any changes (previously, 10/1/2019 was discussed).
 - Loss, Premium, and Expense Trend Selections
 - Amount of Insurance Analysis
 - Deductible Analysis
 - Age of Home Analysis
 - Summary of Current and Proposed Territories
 - Other Items
6. 2018 Homeowners Review – Rule Changes
The Committee will review a proposal for making changes to contents related rules in the Homeowners program. In addition to the full homeowners policy, these changes will impact policies excluding wind, and wind only policies. See Exhibit 6 for the complete proposal. The Committee will be called upon to make a recommendation to the Property Committee.

7. Report of Staff and Counsel

Rate Bureau Staff and Counsel will update the Committee on any pertinent items.

8. Other Business

9. Adjournment

PRS-18-6 Agenda
10/15/18

MINUTES OF THE MEETING OF THE PROPERTY RATING SUBCOMMITTEE OF THE
NORTH CAROLINA RATE BUREAU HELD OCTOBER 18, 2018

MEMBERS PRESENT

Allstate Insurance Company
American Bankers Insurance Company of Florida
American Modern Home Insurance Company
Farmers Insurance Exchange
Foremost Insurance Company
Horace Mann Insurance Company
NC Farm Bureau Mutual Insurance Company
State Farm Mutual Automobile Insurance Company
Travelers Indemnity Company
United Services Automobile Association

OTHERS PRESENT

Aon Benfield

ISO

Milliman

Consultant

Young Moore and Henderson, P.A.

Staff

REPRESENTED BY

Matthew Berry
Jonathan Deutsch *
Diana Matalka *
Pam Burrel
Julie McAuliffe
Brad Melton *
Roger Batdorff
Marty Weitfeldt
Lois Cappellano *
Aaron Cornett *

REPRESENTED BY

Steve Fiete
Elizabeth Henderson
Katie Shukla*
YanJun Yao
Steve Conover
Dave Appel
Paul Anderson
Eric Krafcheck
George Zanjani
Bill Trott
Mickey Spivey
Joanna Biliouris
Ray Evans
Andy Montano
Rebecca Williams
Ellen Holloway

*Participated by phone.

The meeting commenced at approximately 9:00 A.M., Mr. Berry presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. 2018 Homeowners Rate Review

Attention was directed to an exhibit prepared by Insurance Services Office and previously distributed with the agenda regarding the 2018 Homeowners Rate Review. Mr. Conover reviewed the exhibit in detail, indicating that they include the previous selections of 9% for profit, 1% contingency factor and the net cost of reinsurance as presented by AON Benfield (AON). There was discussion of the catastrophe models and the increase in the net cost of reinsurance. It was noted that the allocation of reinsurance costs to form was performed by Aon this year, and that overall that change has a minimal impact but that there is a significant decrease to the amount allocated to tenants and condos and an increase for owners. Ms. Henderson also pointed out the growth in exposures and PML and the small changes in the attachment and exhaustion points as contributing to the increase.

On the profit provision, Dr. Appel confirmed that he had completed his updates and that the selected placeholder provision of 9.0% continued to generate returns comparable to those discussed previously and that there was no reason to change the selection. Mr. Anderson described some work he had done regarding delay in the ratemaking process as potential support for the contingency provision.

Following discussion, a motion was seconded and passed to recommend the homeowner's indications as presented to the Property Committee.

2. 2018 Mobile Home Rate and Rating Plan Review

Attention was directed to an exhibit prepared by Milliman and previously sent with the agenda with respect the 2018 Mobile Home rate review. Mr. Anderson and Mr. Krafcheck reviewed the exhibit in detail, including many potential rating variable changes, such as adding a variable for age of home. The committee also discussed and provided direction to Milliman on how to consider potential changes in territory definitions. Milliman and Staff agreed to send a survey to member companies to help prioritize which items would be included in the upcoming rate review.

The committee then reviewed numerous exhibits with regard to trend, loss development, and expenses. Following discussion, a motion was seconded and passed with regard to selected premium, loss, and expense trends and trend periods for use in the Mobile Home rate review. It was noted that modeled losses, profit, and reinsurance costs would be reviewed in a future meeting.

3. 2018 Homeowners Review – Rule Changes

Ms. Yao opened the discussion on proposed Homeowners rule changes, advising that a question had been raised by a member company regarding the Coverage C limit reduction calculation related to Rule 515 of the Homeowners Manual and the potential for a double charge or double credit when an insured purchases both a homeowners ex-wind policy and a separate wind only policy. Attention was then directed to an exhibit prepared by ISO and previously distributed with the agenda regarding rules that are potentially affected.

Following discussion, a motion was seconded and passed to propose changes to clarify rules 501, 502, 507 and 513 and to remove rule 522 on landlord furnishings (which is also

addressed in rule 15.I) and to revisit rules identified in “Issue type” 2A, 2B, and 3 as part of a future homeowners review.

4. Report of Staff and Counsel

No report at this time.

5. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko
PRS-18-6
11/30/18

Property Committee

Agenda

Date: November 12, 2018

Time: 2:00 PM (ET)

Web/Teleconference

1. Welcome/Roll Call/Review of the Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1, 2, 3)
2. 2018 Homeowner Rate Review Indication
The Committee will review the 2018 Homeowner indications as recommended by the Property Rating subcommittee (Exhibit 4).

The Property Committee will be asked to make a recommendation to the Governing Committee.

3. Homeowner Manual Clarification
 - a. 500 Rules (Exhibit 5) – The Property Rating Subcommittee recommends proposed changes to clarify rules 501, 502, 507 and 513 and to remove rule 522 on Landlord Furnishings (because Landlord Furnishings are currently also located in rule 515.I)
 - b. Beach Plan (Exhibit 6) – The Property Forms Subcommittee has recommended proposed changes to rules A1 and A3 to properly reference the Beach Plan.
4. 2014 ISO Multi-State Dwelling Program
ISO will present their 2014 multi-state Dwelling program.
The Property committee will be asked to determine if this committee would like to send this to the Property Forms subcommittee for more detailed review and recommendation.
5. Report of Staff and Counsel
Staff and Counsel will update the Subcommittee on relevant topics.
6. Other Business
The Subcommittee will schedule the next meeting and discuss any other business
7. Adjournment

AM:ko
11/6/18
PC-18-2 Agenda



MINUTES OF THE TELEPHONE CONFERENCE OF THE PROPERTY COMMITTEE
OF THE NORTH CAROLINA RATE BUREAU HELD NOVEMBER 12, 2018

MEMBERS PRESENT

Allstate Insurance Company
 Amica Mutual Insurance Company
 Erie Insurance
 Hartford Fire Insurance Company
 NC Farm Bureau Mutual Ins Co
 Nationwide Mutual Insurance Company
 Penn National Mutual Casualty Ins Co
 State Farm Fire & Casualty
 The Members Insurance Company
 Travelers Indemnity Company
 Unitrin Auto and Home Insurance Co
 United Services Automobile Association

REPRESENTED BY

Matthew Berry
 Jim Sherring
 Darren Birtciel
 Eric Mize
 Holly Reston
 Nick Sizemore
 Justin Hays
 Bob Messier
 Jason Ivers
 Lois Cappellano
 Robert Zarter
 Albert Soto

OTHERS PRESENT

Milliman
 ISO

Young Moore and Henderson, P.A.

Staff

REPRESENTED BY

Paul Anderson
 Stephen Conover
 Rob Curry
 Anna Levkova
 Chuck Schlager
 Mickey Spivey
 Bill Trott
 Joanna Biliouris
 Keri Johnson
 Andy Montano
 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. 2018 Homeowners Rate Review Indication

Attention was directed to an exhibit prepared by Insurance Services Office (ISO) and previously distributed with the agenda regarding the 2018 Homeowners rate level

indication. Mr. Conover reviewed the exhibit in detail, stating that the overall indication is a +26.2% and uses five years of accident data. Mr. Conover noted that, in this review, loss development had been calculated separately by policy form and net cost of reinsurance had been allocated separately to policy form by AON Benfield. Mr. Conover then compared summaries of the 2017 and 2018 rate filings, including a comparison of selections made for each year, and he described the primary drivers of the changes in the indications from the 2017 filing. Mr. Conover also noted that the indications did not contain claims from Hurricanes Florence or Harvey.

Following discussion, during which it was noted that it is typically left to the Governing Committee to decide whether any capping will be applied to the indications, a motion was seconded and passed to recommend that the Governing Committee adopt and file the indications as presented.

2. Homeowners Manual Changes

Attention was directed to an exhibit prepared by staff regarding clarifications to various rules in the Homeowners Manual. Ms. Williams advised that several manual rules need to be revised to clarify what key premiums to use with a policy which excludes wind. Ms. Williams further advised that the Property Rating Subcommittee will continue to look at all rules for possible changes in the future.

Ms. Johnson then reported that additional rules needed to be modified to correctly cite the North Carolina Joint Underwriting Association (FAIR Plan) rather than the North Carolina Insurance Underwriting Association (Beach Plan). In addition, the language in the rules regarding cancellation has been updated to match the most current Plan of Operations for the Beach Plan.

Following discussion, a motion was seconded and passed to recommend that the Governing Committee adopt the changes as presented.

3. 2014 ISO Multi-State Dwelling Program

Mr. Schlager reviewed a presentation with regard to changes contained in the ISO 2014 Multi State Dwelling Program, advising that many of the changes align with the 2011 Multi-State Homeowners changes. Mr. Montano noted that the Rate Bureau may want to consider these changes as part of its next Dwelling review.

Following discussion, the Committee agreed to send this topic to the Property Forms Subcommittee for further review and recommendation.

4. Report of Staff and Counsel

Mr. Spivey reported that the 2017 Homeowner and 2018 Dwelling rate filings had been settled earlier this year, both for 4.8% increases, and that new homeowner and mobile home rate reviews are currently underway. He also described the various statute changes resulting from the enactment of the DOI agency bill, HB 382, earlier this year, including changes to the consent to rate process. Finally, he reported on various potential legislative proposals that the DOI is preparing for next year's legislative session as a

result of the work of the DOI's task force that is considering possible ways to modernize the Rate Bureau and Reinsurance Facility statutes.

Mr. Montano reported that this Committee has asked the Property Forms Subcommittee to review a definition of actual cash value (ACV) for property. He provided an update on the Subcommittee's work, reporting that: (1) at the Subcommittee's request, staff had surveyed the committee members on possible options for such language; (2) the results were split; (3) a favorable North Carolina Business Court opinion had been published recently; and (4) that case is being monitored to see if an appeal is filed.

5. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko
PC-18-2
11/30/18

Governing Committee

Meeting Agenda

Date: November 15, 2018

Time: 10:00 AM (ET)

Type: Web Teleconference

-
1. Welcome
 2. Roll Call
 3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1 – 3)
 4. Homeowner Rate Level Review (Exhibit 4 on page 5)

The committee will be asked to consider a recommendation from the Property Committee related to the Homeowner rate level review.
 5. Homeowner Manual Changes
 - a. 500 Rules (Exhibit 5 on page 34) – The Property Committee recommends proposed changes to clarify rules 501, 502, 507 and 513 and to remove rule 522 on Landlord Furnishings (because Landlord Furnishings are currently also located in rule 515.I)
 - b. Beach Plan (Exhibit 6 on page 40) – The Property Committee recommends proposed changes to rules A1 and A3 to properly reference the Beach Plan.
 6. Report of Staff
 7. Report of Counsel
 8. Upcoming Meetings

December 4, 2018	10:00 am	2019 Budget Discussion and Mobile Home program review
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 9. Other Business
 10. Adjournment

11/12/18
GC-18-16

MINUTES OF THE WEB TELECONFERENCE OF THE GOVERNING COMMITTEE
 OF THE NORTH CAROLINA RATE BUREAU HELD NOVEMBER 15, 2018

MEMBERS PRESENT

Allstate Insurance Company
 American Home Assurance Company
 Erie Insurance Exchange
 Builders Mutual Insurance Company
 National General Insurance
 Liberty Mutual Insurance Company
 Travelers Indemnity Company
 Nationwide Mutual Insurance Company
 Progressive Casualty Insurance Company
 Hartford Fire Insurance Company
 NC Farm Bureau Mutual Insurance Company
 State Farm Mutual Automobile Insurance Company

Public Member

Others Present

Insurance Services Organization

Young Moore and Henderson, P.A.

Milliman Inc.
 Staff

REPRESENTED BY

Jennifer Jabben
 Wavel Howell
 Jon Bloom
 Chris Wetzel
 Art Lyon
 Mark Ford
 Bob Aaron
 Tom Souder
 Kevin McGee
 Eric Mize
 Roger Batdorff
 Alan Bentley

John Wei

Jared Smollik
 Yanjun Yao
 Steve Conover
 Mickey Spivey
 Bill Trott
 Paul Anderson
 Joanna Biliouris
 Ray Evans
 Keri Johnson
 Andy Montano
 Rebecca Williams

The meeting convened as scheduled, Ms. Jabben of Allstate Insurance Company, Chair of the Governing Committee, presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest and Code of Ethics and Standards of Conduct Statements.

1. Homeowner Rate Level Review

Attention was directed to an exhibit prepared by ISO and previously distributed reflecting the homeowner rate indications. Mr. Conover reviewed the indication exhibit in detail advising among other things that (1) this review is based on 5 accident-years of data ending 12/31/2016; (2) loss development was calculated separately by policy form; and (3) net cost of reinsurance was allocated to policy form by AON Benfield. He also pointed out the primary drivers of the changes in the indications from last year's filing.

Ms. Williams then presented the committee with options for capping the indications to limit policyholder impact by territory.

Following discussion, a motion was made, seconded and passed to prepare a filing based on the indications as presented; to include varying caps on the filed changes by territory, in the manner discussed today, to achieve an overall indication of between 17%-18%; and to instruct staff to prepare the final capping information and present it at the next Governing Committee meeting on December 4, 2018 before submitting the filing later in December.

2. Homeowner Manual Changes

Ms. Williams referred the committee to the homeowner manual changes set forth in Exhibits 5 and 6 in the agenda. She described the reasons for the proposed changes and reported that the Property Committee recommends the proposed changes.

Following brief discussion, a motion was made, seconded and passed to approve and file the proposed homeowner manual changes.

3. Report of Staff

Mr. Evans reported that (1) an in-depth update of activity was presented at last month's Governing Committee; and (2) the 2019 budget is being finalized for presentation to the Governing Committee on December 4, 2018.

4. Report of Counsel

Mr. Spivey reported briefly that (1) the Department of Insurance and its rate modernization task force are continuing work on potential proposed legislative changes for 2019 and (2) staff and counsel are working to finalize the Homeowner rate filing and the Mobile Home rate review in December.

5. 2018-2019 Meeting Schedule

Ms. Jabben noted that the next scheduled Governing Committee meeting will be an in-person meeting on December 4, 2018 to review the Mobile Home indications and the 2019 proposed NCRB budget.

6. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,



Joanna Biliouris
Chief Operating Officer
North Carolina Rate Bureau

JB:ko
GC-18-16
11/30/18

Governing Committee

Meeting Agenda

Date: December 4, 2018

Time: 10:00 AM (ET)

In-Person Meeting

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1, 2, 3)
4. Report of Staff
5. Report of Counsel
6. Compensation Committee - Executive Session
The Compensation Committee will present a recommendation regarding 2019 compensation and benefits during an executive session. The committee will be called upon to take action with respect to the recommendation.
7. 2019 Budget Discussion
The 2019 NCRB Budget recommendation will be presented. A budget package will be sent under separate cover for review prior to the meeting. The committee will be called upon to take action with respect to the recommendation.
8. Homeowner Rate Filing (Exhibit 4 will be sent under separate cover from counsel)
The committee will be asked to approve the final capping methodology to be included with the 2018 Homeowner Rate Filing.
9. Property Committee Update
The committee will be provided with an update on the filing status of the Homeowner Rate Filing and the status of the Mobile Home Program review.

10. 2019 Meeting Schedule:

January 16, 2019	10:00 am	Private Passenger Automobile Rate Review
April 9, 2019	10:00 am	Miscellaneous Matters
July 23, 2019	10:00 am	Workers Compensation Rate Review
October 2019 (TBD)	8:30 am	Annual Meeting
December 3, 2019	10:00 am	2020 Budget Discussion

Note: Teleconferences may be called on an as-needed basis

11. Other Business

12. Adjournment

The meeting will commence at 10:00 am at the office of the North Carolina Rate Bureau
2910 Sumner Boulevard, Raleigh, NC

Lunch will be served

MINUTES OF THE MEETING OF THE GOVERNING COMMITTEE
OF THE NORTH CAROLINA RATE BUREAU HELD DECEMBER 4, 2018

MEMBERS PRESENT

Allstate Insurance Company
American Home Assurance Company
National General Insurance
Liberty Mutual Insurance Company
Travelers Indemnity Company
Erie Insurance Exchange
Builder Mutual Insurance Company
Hartford Fire Insurance Company
NC Farm Bureau Mutual Insurance Company
Progressive Casualty Insurance Company
State Farm Mutual Automobile Insurance Company

Others Present

Young Moore and Henderson, P.A.

Staff

REPRESENTED BY

Jennifer Jabben*
Ira Feuerlicht
Art Lyon*
Cara Mazzuco*
Bob Aaron*
Jon Bloom
Chris Wetzel
John Bergen*
Roger Batdorff
Kevin McGee*
Alan Bentley*

Mickey Spivey
Bill Trott^
Joanna Biliouris
Brittany Blackwell
Shelley Chandler
Jarred Chappell
Terry Collins
Edith Davis
Ray Evans
Vicki Godbold
Andy Montano
Rebecca Williams^

*Attended via web conference

^Attended a portion of the meeting

The meeting convened as scheduled, Ms. Jabben of Allstate Insurance Company, Chair of the Governing Committee, presiding. Attention was directed to the Rate Bureau's Antitrust, Conflict of Interest and Code of Ethics and Standards of Conduct Statements.

1. Report of Staff

Mr. Evans reported that (1) the Bureau has made 22 filings with the Department of Insurance this year; (2) the Homeowner Rate filing was settled for an overall rate increase of 4.8% effective October 1, 2018; (3) the Dwelling Rate filing was settled for an overall rate increase of 4.8% effective February 1, 2019; (4) there were two filings in Workers Compensation for rate decreases; and (5) staff is working on the Private Passenger Automobile review and Mobile Home Program review to be presented to the Governing Committee in January. Mr. Evans also recognized the contributions of several staff members.

2. Report of Counsel

Mr. Spivey stated that (1) the Automobile rate review is in progress; (2) there are several new expert witnesses providing testimony on the upcoming Homeowner filing; (3) the long session of the legislature will convene in January; (4) various legislative proposals are being considered for the coming year by the Department's task force on modernizing the Bureau statutes.

3. Executive Session

The Governing Committee went into executive session to discuss Bureau staff compensation matters. Following the executive session, the meeting reconvened in general session.

4. 2019 Budget Discussion

Mr. Evans summarized the process to prepare the 2019 budget, historical expense information and major costs for the upcoming year. He noted that the 2019 expenses will be approximately 4.86% more than the 2018 Rate Bureau projected expenses and the 2019 proposed budget for the Rate Bureau is \$16,942,048.

Ms. Biliouris stated that (1) based on projected 2018 expenses, the Bureau will be under budget by \$546,394 (3.3%); (2) goals and objectives for 2019 centered around ensuring adequate rates and effective programs, supporting regulatory changes and cooperating with legislative activity, increasing efficiencies using new technology and advanced metrics, making it easier for customers to work with the Bureau, and working with vendors, including advisory, for more favorable terms; and (3) major drivers to the proposed budget increase in 2019 were advisory, legal, associate, and IT expenses which were due to increased filing activity and several large IT projects in 2019.

Ms. Biliouris also outlined key activities planned in 2019 to support the Bureau's goals and objectives including (1) five filings anticipated in 2019 (Homeowners, Dwelling, Automobile, Workers Compensation, Flood Program); (2) support and monitoring of the long session of the legislature with several insurance changes being proposed; (3) implementation of a new online data reporting tool allowing real time processing of workers compensation data; (4) improved KPI monitoring through real time automated reporting; (5) roll out e-payment platform for Workers Compensation Assigned Risk applications; and (6) contract negotiations with ISO and Workers Compensation Servicing Carriers for renewal in January 2020.

Attention was directed to the 2019 proposed budget details. Ms. Davis reviewed the proposed 2019 NC Rate Bureau budget in detail as well as highlighted allocation of shared services. It was noted that only half of the projected property filing expenses are included in the budget due to some uncertainty on timing of all the filings, and that, if additional budget funds are needed to complete all the anticipated filings, a budget amendment will be proposed at that time. After discussion, a motion was made, seconded and passed unanimously to approve the 2019 Rate Bureau budget as presented.

5. Homeowner Rate Filing

Ms. Williams presented the committee with a capping scenario to be included with the 2018 Homeowner rate filing as requested by the Governing Committee at the November 15, 2018 web conference. After discussion, a motion was made, seconded and passed unanimously to approve the capping scenario as presented.

6. Property Committee Update

Mr. Montano reported on activities of the Property Committee noting that 1) the 2018 Homeowner rate filing is expected to be filed on December 14, 2018 and a meeting with the

Department of Insurance to present an overview of the filing is scheduled for December 6, 2018; (2) the Property Rating Subcommittee requested more time to review the initial Mobile Home indications and the Mobile Home Program review will be presented to the Governing Committee at the January 16, 2019 meeting; and (3) the Flood Subcommittee has finalized a recommendation on policy forms and is now focused on developing a rating strategy.

7. 2019 Meeting Schedule

The schedule of Governing Committee meetings for 2019 was noted and the next in-person meeting will be on January 16, 2019.

8. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,



Joanna Biliouris

Chief Operating Officer
North Carolina Rate Bureau

DRAFT

Property Rating Subcommittee

Agenda

Date: December 11, 2018

Time: 10:00 AM (ET)

Web/Teleconference

1. Welcome
2. Roll Call
3. Antitrust, Conflict of Interest, Code of Ethics and Standards of Conduct Statements (Exhibits 1, 2, 3)
4. 2018 Mobile Home Review
The committee will continue to review the Mobile Home Indication package (Exhibit 4).
5. Report of Staff and Counsel
6. Other Business
7. Adjournment

AM:ko

PRS-18-9 Agenda

12/5/18

MINUTES OF THE TELECONFERENCE OF THE PROPERTY RATING SUBCOMMITTEE OF
THE NORTH CAROLINA RATE BUREAU HELD DECEMBER 11, 2018

MEMBERS PRESENT

Allstate Insurance Company
American Modern Home Insurance Company

Farmers Insurance Exchange
Foremost Insurance Company
Horace Mann Insurance Company
NC Farm Bureau Mutual Insurance Company
State Farm Mutual Automobile Insurance Company
Travelers Indemnity Company
United Services Automobile Association

OTHERS PRESENT

Milliman
Insurance Services Office
Young Moore and Henderson, P.A.
Staff

*Attended a portion of the teleconference

REPRESENTED BY

Matthew Berry
Brienne Lisena
Diana Matalka
Chris Perry
Pam Burrell
Julie McAuliffe
Chris Skorcz
Roger Batdorff
Marty Weitfeldt
Lois Cappellano
Matt Veibell

REPRESENTED BY

Paul Anderson
Eric Krafcheck
Yanjun Yao*
Stephen Conover*
Mickey Spivey
Bill Trott
Joanna Biliouris
Keri Johnson
Andy Montano
Rebecca Williams

The telephone conference commenced at approximately 10:00 A.M., Mr. Berry presiding.

Attention was directed to Antitrust Guidelines, Conflict of Interest Statement and Code of Ethics and Standards of Conduct which were previously distributed.

1. Update on 2018 Homeowners Rate Filing

Attention was directed to an exhibit prepared by Insurance Services Office regarding an update to the Homeowners rate filing that is in progress. Mr. Conover advised that in preparation for the filing, ISO discovered minor changes that need to be made to the

trending of loss adjustment expenses and fixed expenses. Mr. Conover further advised that the adjustment results in a slight decrease in the indicated rate changes, while the changes to loss adjustment expense factors result in slight increases for tenants and condos.

Following discussion, a motion was seconded and passed to recommend to the Property Committee that the revised indications be adopted and filed as presented.

2. 2018 Mobile Home Rate Review

Attention was directed to an exhibit prepared by Milliman and previously distributed with the agenda with respect to the 2018 Mobile Home Rate Review. Mr. Anderson reviewed the exhibit in detail, indicating that the indications were recalculated using the selected profit factor of 6.5% rather than the original placeholder of 9%, which resulted in an overall decrease. Mr. Anderson further stated that the base class loss cost did not change with the new calculation.

Mr. Montano noted that there had been significant discussion regarding the number of territory groupings in the previous meeting. He noted that Milliman had prepared additional exhibits, including a solution using six territory groupings.. The Subcommittee discussed strategies to mitigate market disruption while working towards the actuarially sound rates.

Following discussion, there was a consensus to select the solution using six territory groupings. In addition, the Subcommittee requested that Milliman flatten the AOI curves for MH(C) adjacent structures and personal effects, and for MH(F) owners forms. The Subcommittee noted that, due to the complexity of the proposed filings, it might be appropriate for the Subcommittee to deviate from its normal practice of not engaging in capping recommendations, and it requested Milliman to prepare one and two year analyses, with an overall +35% for one year or 17.5% per year for two years on MH(C) and an overall +45% for one year or 22.5% per year for two years on MH(F). The Subcommittee agreed to review these possible capping scenarios in a future meeting. Finally, the Subcommittee recommended that the Rate Bureau perform rate reviews more frequently on the mobile home line of business.

3. Report of Counsel and Staff

No report at this time.

4. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Andy Montano

Director, Personal Lines

AM:ko
PRS-18-9
12/20/18

With regard to the information requested under Item (14) (c) the Rate Bureau submits the following:

2018 Homeowners Rate Filing

Insurance Services Office:

ISO has billed the Rate Bureau approximately \$422,479 for services rendered directly in connection with preparation of the 2018 homeowners rate filing.

Young Moore and Henderson, P.A.:

The firm has billed the Rate Bureau approximately \$77,060 for services rendered directly in connection with preparation of the 2018 homeowners rate filing.

Milliman USA:

The firm has billed the Rate Bureau approximately \$109,697 for services rendered in connection with preparation of the 2018 homeowners rate filing.

Aon:

The firm has billed the Rate Bureau \$275,000 for services rendered in connection with preparation of the 2018 homeowners rate filing.

Financial Strategy Associates:

The firm has billed the Rate Bureau \$9,338 in connection with preparation of the 2018 homeowners rate filing.

2017 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 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 2017, ISO billed the Rate Bureau approximately \$1,454,732 for charges relating to homeowners insurance services, including forms, rules, public protection grading and other services unrelated to this homeowners rate filing.

Young Moore and Henderson, P.A.:

The firm has billed the Rate Bureau approximately \$192,597 for services rendered directly in connection with preparation of the 2017 homeowners rate filing.

Milliman USA:

The firm has billed the Rate Bureau approximately \$146,640 for services rendered in connection with preparation of the 2017 homeowners rate filing.

Aon:

The firm has billed the Rate Bureau \$275,000 for services rendered in connection with preparation of the 2017 homeowners rate filing.

Financial Strategy Associates:

The firm has billed the Rate Bureau \$4,930 in connection with preparation of the 2017 homeowners rate filing.

The following are changes in methodology or presentation used in this filing as compared to the methodologies or presentation used in the November 17, 2017 filing:

1. In this filing, the loss development factors were calculated separately by policy form group. In the previous filing, the loss development factors were calculated for all forms combined.
2. In this filing, the net cost of reinsurance was determined by Aon using its loss-on-line method. In the previous filing, Aon determined the net cost of reinsurance using the blended results of its loss-on-line and technical pricing models.
3. In this filing, the net cost of reinsurance provisions by territory were provided by policy form group by Aon. In the previous filing, Aon provided the reinsurance provisions by territory for all forms combined, and then the territory provisions were allocated to individual policy form groups using latest-year earned premium at manual level as weights.

See also the prefiled testimony of P. Anderson, D. Appel, M. Berry, S. Fiete, E. Henderson and Y. Yao.



Notice to Manualholders

PERSONAL LINES

HOMEOWNERS POLICY PROGRAM MANUAL – MULTISTATE RULES

NOTICE HO-MU-2011-RU-001

CAUTION

Refer to state Notices for announcement of the use of this revision in individual jurisdictions.

INSTRUCTIONS TO MANUALHOLDERS

Revised manual pages are enclosed. If your company has adopted this revision, you should insert these pages into your manual.

EFFECTIVE DATE

Refer to individual state Notices for effective date language.

CHANGE(S)

This notice presents the 2011 revisions to the Homeowners Policy Program Manual – General Rules. The following rules were revised:

- Rule **102**. Description Of Coverages has been revised to more closely reflect coverages provided by the individual Homeowners policy forms.
- Rule **104**. Eligibility, Paragraph **H**. Residence Held In Trust has been revised to provide that a Homeowners policy may be issued to an occupant of a one-, two-, three- or four-family dwelling or condominium unit when legal title to the dwelling or unit is held in trust and one of the occupants is the grantor/settlor of the trust.
- Rule **106**. Protection Classification Information has been revised to refer manual users to the ISO Community Mitigation Classification (CMC) Manual when determining the ISO public protection classification information.
- Rule **210**. Refer To Company has been revised to introduce a facultative reinsurance rule.
- Rule **409**. Replacement Cost Loss Settlement For Certain Non-building Structures has been revised to indicate that replacement cost loss settlement applies to certain inground or semi-inground swimming pools, therapeutic baths and hot tubs, and to introduce a new rating factor for this option.
- Rule **410**. Building Code Effectiveness Grading has been revised to include references to the Community Mitigation Classification Manual.
- Rule **503**. Business Property – Increased Limit, Paragraph **B**. Off-premises, has been revised to reflect an increase in coverage for property away from the residence premises used primarily for business purposes from \$500 to \$1,500.
- Rule **511**. Supplemental Loss Assessment Coverage has been revised to add "supplemental" to the title of the rule.
- Rule **515**. Personal Property has been revised to reflect the introduction of Paragraph **C**. Increased Limit – Self-storage Facilities and the new description of limits for Electronic Apparatus in Paragraph **E**. Increased Special Limits Of Liability.
- Rule **521**. Limited Water Back-up And Sump Discharge Or Overflow Coverage has been revised to reflect that increased limits of coverage are now available.
- Rule **526**. Residence Held In Trust has been revised to reflect changes as a result of the introduction of new Trust Endorsement **HO 06 15**.

- Rule **610**. Personal Injury Coverage has been revised to accommodate a new Personal Injury Coverage (Aggregate Limit Of Liability) Endorsement **HO 24 10** and to specify that Personal Injury Coverage Endorsement **HO 24 82** provides coverage with a limit of liability on an "any one offense" basis.
- Rule **611**. Incidental Low Power Recreational Motor Vehicles has been revised to delete text in Paragraph **A.** that is reflected in the policy and recognize the newly added reference to coverage not applying to motorized scooters in Incidental Low Power Recreational Motor Vehicle Endorsement **HO 24 13**.
- Rule **616**. Optional Property Remediation For Escaped Liquid Fuel And Limited Lead And Escaped Liquid Fuel Liability Coverages has been revised to reflect changes in the standards for lead safe level and remove reference to Rating Information For Property Remediation For Escaped Liquid Fuel And Limited Lead And Escaped Liquid Fuel Liability Endorsement **HO 05 83**.

The following rules are being introduced :

- Rule **531**. Limited Coverage For Theft Of Personal Property Located In A Dwelling Under Construction is being introduced to accommodate new Limited Coverage For Theft Of Personal Property Located In A Dwelling Under Construction Endorsement **HO 06 07**.
- Rule **617**. Canine Liability Exclusion is being introduced to accommodate new Canine Liability Exclusion Endorsement **HO 24 77**.

The following rule was withdrawn:

- Rule **529**. Modified Other Insurance And Service Agreement Condition was withdrawn to complement the withdrawal of Unit-owners Modified Other Insurance And Service Agreement Condition Endorsement **HO 17 34**.

Additional Rules were previously filed and implemented on an individual state basis for eventual multistate application. Now that the Additional Rules apply in most states, they are being relocated to the following General Rules:

- Rule **305**. Loss History Rating Plan
- Rule **529**. Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage
- Rule **530**. Identity Fraud Expense Coverage

Exceptions to the General Rules were previously filed and implemented on an individual state basis for eventual multistate application. Now that the exceptions apply in most states, they are being relocated to the following General Rules:

- Rule **303**. Ordinance Or Law Coverage, Paragraph **2**.
- Rule **406**. Deductibles, multistate text in Paragraphs **A.** through **C.3**.
- Rule **505**. Earthquake Coverage, Paragraphs **D.6.** and **D.7**.
- Rule **513**. Ordinance Or Law Increased Amount Of Coverage, Paragraph **B**.

The following rules have been revised to make minor editorial revisions:

- Rule **101**. Limits Of Liability And Coverage Relationships
- Rule **204**. Multiple Company Insurance
- Rule **407**. Additional Amount Of Insurance
- Rule **518**. Sinkhole Collapse Coverage
- Rule **527**. Student Away From Home
- Rule **528**. Home Business Insurance Coverage
- Rule **605**. Other Structures Rented To Others – Residence Premises

COMPANION REVISION

We are simultaneously revising our forms, which are being distributed under a separate Notice.

REVISED PAGE(S)

HO-i thru HO-xii

HO-1 thru HO-43

PAGE CHECKLIST

Included in this distribution is a page checklist displaying the latest page numbers and edition dates.

REFERENCE INFORMATION (FOR COMPANY USE ONLY)

Circular Reference(s):

- Refer to individual state notices for the approval/implementation circular references.
- LI-HO-2010-076 (04/16/2010) Homeowners 2011 Multistate Rules Revision To Be Submitted

Filing Reference(s):

- HO-2010-RRU10

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**HOMEOWNERS POLICY PROGRAM MANUAL
PAGE CHECKLIST – MULTISTATE**

THIS MANUAL PAGE CHECKLIST DISPLAYS THE LATEST PAGE INFORMATION AS OF 5-11.

NOTE: ALWAYS USE THE EDITION NUMBER TO DETERMINE THE LATEST PAGE.

IF YOUR MANUAL PAGES DO NOT COINCIDE WITH THIS LISTING, CONTACT THE CUSTOMER SUPPORT CENTER FOR THE NECESSARY MATERIAL TO UPDATE YOUR 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 HO 00 04 or HO 00 06	Refer to Rule 301. in the state classification pages. 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 HO 00 04 or HO 00 06	50% of A (One- and two-family dwelling) 30% of A (Three-family dwelling) 25% of A (Four-family dwelling) Refer to Rule 301. in the state classification pages.
Coverage D – Loss Of Use	
HO 00 02, HO 00 03 or HO 00 05 HO 00 04 HO 00 06 HO 00 08	30% of A 30% of C 50% of C 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 **I** 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	HO 00 02	HO 00 03	HO 00 04 And HO 00 06	HO 00 05	HO 00 08
Fire or Lightning	Yes	Yes*	Yes	Yes**	Yes
Windstorm or Hail, Explosion, Riot or civil commotion, Aircraft, Vehicles or Smoke	Yes	Yes*	Yes	Yes**	Yes
Vandalism or malicious mischief	Yes	Yes*	Yes	Yes**	Yes
Theft	Yes	Yes*	Yes	Yes**	Yes
Volcanic eruption	Yes	Yes*	Yes	Yes**	Yes
Falling objects, Weight of ice, snow or sleet, Accidental discharge or overflow of water or steam, Sudden and accidental tearing apart of a heating system or appliance for heating water, Freezing, Sudden and accidental damage from artificially generated electrical current.	Yes	Yes*	Yes	Yes**	No
Additional risks with certain exceptions	No	Yes***	No	Yes****	No
* Special Coverage (Coverages A and B), Named Peril (Coverage C)					
** Special Coverage (Coverages A, B and C)					
*** Special Coverage (Coverages A, B and D)					
**** Special Coverage (Coverages A, B, C and D)					

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 one-, two-, three- or four-family dwelling which is used exclusively for private residential purposes (except as provided in Paragraphs F. and H.). A one-family dwelling may not be occupied by more than one additional family or two roomers or boarders. In a two-, three- or four-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 two-, three- or four-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 to an occupant of a one-, two-, three- or four-family dwelling or a condominium unit when legal title to the dwelling or unit is held in trust and:

1. One of the occupants of the dwelling or condominium unit is the grantor/settlor of the trust;
2. The residence held in trust is used exclusively for residential purposes, except as provided in Paragraph **F.**; and
3. No trustee of the trust is:
 - a. A partnership or joint venture;
 - b. A corporation;
 - c. A limited liability company;

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**RULE 104.
ELIGIBILITY (Cont'd)**

- d. An organization other than a partnership or joint venture, a corporation or a limited liability company; or
- e. A licensed professional who provides ongoing professional services with respect to the profession for which that individual is licensed, in connection with the administration of the trust. However, this Paragraph e. does not apply to an individual who is a relative of the grantor/settlor of the trust.

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.

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**

Determine the ISO Public Protection classification; refer to ISO's Community Mitigation Classifications (CMC) Manual, applicable to the municipality or classified area where the insured property is located.

**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.

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**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 innerside 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.
RESERVED FOR FUTURE USE**

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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 04 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**

Refer to company for:

- A. Rating or classifying any risk for which there is no manual rate.
- B. Situations where a portion of the property and/or liability coverage is reinsured on a facultative basis.

The following rating procedure is available for the determination of the applicable premium:

1. Manual rules and rates shall apply to the portion of the property and/or liability limit(s) of liability retained by the company.
2. For any portion of the limit(s) of liability obtained by means of facultative reinsurance, the premium shall be the facultative cost for such insurance increased by a charge up to but not exceeding 50% of the facultative cost.

With respect to premium developed in accordance with this Paragraph 2., the company is responsible for maintaining complete files, including all details relating to selection of the premium charge.

Whenever a risk is rated on a refer-to-company basis, each company is responsible for complying with regulatory or statutory rate filing or disclosure requirements.

Note

Rates shall not be inadequate, excessive or unfairly discriminatory.

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**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.
RESERVED FOR FUTURE USE**

**HOMEOWNERS POLICY PROGRAM MANUAL
GENERAL RULES**

**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.

$$\begin{array}{r} 2.937 \\ - 2.837 \\ \hline .100 \div 5 = .02 \end{array}$$

- c. Multiply the factor per \$1,000 times 3, and add 2.837; the Key Factor for \$200,000.

$$\begin{array}{r} .02 \\ \times 3 \\ \hline .06 + 2.837 = 2.897 \end{array}$$

- 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
Increase In Amount	Total Amount	
15%	25%	1.03
40%	50%	1.07
65%	75%	1.11
90%	100%	1.15
For each add'l 25% increment, add:		.04

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.

**RULE 305.
LOSS HISTORY RATING PLAN**

A. Introduction

The Loss History Rating Plan recognizes the loss history of an insured or applicant, for both property and liability coverages, in determining the appropriate premium for a new or renewal policy.

B. Eligibility

A loss shall be considered eligible for rating under this Plan if:

1. The loss occurred during the three years immediately preceding the date of application for a new policy or the preparation of the renewal policy;
2. The loss occurred with respect to a risk eligible for coverage under the Homeowners Policy Program or Mobilehome Supplement to the Homeowners Policy Program;
3. The loss was sustained with respect to the property or liability of an insured under the policy being rated; and
4. The combined claim payments generated for the loss equal or exceed \$500.

C. Exceptions

The following shall not be considered eligible for rating under the Plan:

1. A loss resulting from windstorm or hail.
2. A loss resulting from earthquake, mine subsidence or sinkhole collapse.
3. A loss for which payment occurred only with respect to Medical Payments To Others or similar coverage.
4. A loss to a dwelling currently owned by an insured or applicant which occurred prior to ownership.

D. Refund Of Increased Premium

If, after an increased premium is generated based on the requirements of this Plan, it is determined that a loss does not meet the requirements of this Plan, the insurer shall refund the increased portion of the premium attributable to such loss as generated by the Plan.

E. Administration Of Loss History Rating Plan

Information necessary to determine the loss history of the named insured or applicant shall be obtained from any one or combination of the following:

1. An application signed by the applicant.
2. A loss history or claims history database.
3. A company's internal records.

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**RULE 305.
LOSS HISTORY RATING PLAN (Cont'd)**

F. Premium Computation

Multiply the Base Premium by the appropriate factor from the following table:

Number Of Eligible Losses	Factor
0	1.000
1	1.200
2	1.300
3	1.400
4 or More	1.500

Table 305.F. Premium Computation

**RULES 306. – 400.
RESERVED FOR FUTURE USE**

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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	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

\$500 Deductible.

B. Optional Lower 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 And \$250 All Perils Deductibles

To compute the premium for these options, multiply the Base Premium by the factor selected from the state exception pages.

3. \$100 All Perils/\$250 Theft Deductible

This option applies to all forms except **HO 00 05**, **HO 00 04** with Special Personal Property Coverage Endorsement and **HO 00 06** with Unit-owners Coverage **C** (Special Coverage) Endorsement.

- a. The \$250 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 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 the factor selected from the state exception pages.

- c. When a higher Windstorm or Hail and \$100 All Other Perils deductible applies, subtract a factor of .01 from the factors in the state exception pages for the Windstorm or Hail Deductibles.

C. Optional Higher Deductibles

1. All Perils Deductible

To compute the premium for this deductible type, multiply the Base Premium by the factor selected from the state exception pages.

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. Endorsement

An endorsement is not required.

c. Declarations Instructions

Separately enter, on the policy Declarations, the deductible amounts that apply to Theft and All Other Section I Perils.

d. Deductible Application

In the event of a theft loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

e. Use Of Factors

The factors for Form HO 00 04 and Form HO 00 06 Theft Deductibles incorporate the factors for the All Perils Deductibles. Do not use the factors for the All Perils Deductibles when rating a policy with a higher Theft Deductible.

f. Deductible Factors

(1) Form HO 00 04

To compute the premium for the deductible amounts selected, multiply the Base Premium by the factor selected from the state exception pages.

(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

To compute the premium for the deductible amounts selected, multiply the Base Premium by the factor selected from the state exception pages.

3. Windstorm Or Hail Deductibles (All Forms Except HO 00 04 And HO 00 06)

When the policy covers the peril of Windstorm or Hail, the following deductible options may be 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%, 5%, 7.5% and 10% 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:

(a) Deductible – Windstorm or Hail 1% of Coverage A limit and \$500 for All Other Perils.

(b) Deductible – Windstorm or Hail 2% of the Coverage A limit, \$500 for Theft of Personal Property and \$100 for All Other Perils.

(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.

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**RULE 406.
DEDUCTIBLES (Cont'd)**

(5) Use Of Factors

The factors for the Windstorm or Hail Deductibles incorporate the factors for the All Peril Deductibles. 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 state exception pages.

b. Higher Fixed-dollar Deductibles

(1) Deductible Amounts

This option provides for higher Windstorm or Hail fixed-dollar deductible amounts of \$1,000, \$2,000, \$5,000, \$7,500 and \$10,000 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 Instructions

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 \$500 for All Other Perils.

(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.

(5) Use Of Factors

The factors for the Windstorm or Hail Deductibles incorporate the factors for the All Perils Deductibles. 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 state exception pages.

**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**.

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**RULE 407.
ADDITIONAL AMOUNTS OF INSURANCE – FORMS
HO 00 02, HO 00 03 AND HO 00 05 (Cont'd)**

**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.

**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. Reinforced 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);
5. Driveways; or
6. Inground or semi-inground:
 - a. Swimming pools;
 - b. Therapeutic baths; or
 - c. Hot tubs;

with walls and floors made of reinforced masonry, cement, metal or fiberglass. However, replacement cost loss settlement does not apply to equipment and accessories attached to or made to be attached to the superstructure of the pool, therapeutic bath or hot tub.

C. Premium Computation

The premium is computed by multiplying the Base Premium by a factor from the following table:

Types Of Non-building Structures	Factors
Inground or semi-inground swimming pools, therapeutic baths or hot tubs	1.05
All Other	1.02

Table 409.C. Types Of Non-building Structures

D. Endorsement

Use Replacement Cost Loss Settlement For Certain Non-building Structures On The Residence 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.

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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 (BCEGS) 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 BCEGS factor applies, where applicable, in addition to the Public Protection Classification factors.
2. In some communities, two BCEGS classifications may be assigned. One classification for personal lines indicated next to "PERS" will apply to personal lines properties. The other classification indicated next to "COML" will apply to commercial lines properties. The ISO Community Mitigation Classifications will indicate the application of each classification.
3. Refer to the ISO Community Mitigation Classifications (CMC) Manual for the BCEGS classifications for a community, and their effective dates.

B. Community Grading

1. The BCEGS classification 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 classification.
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 classification applicable at the time the reconstruction is completed will apply to such building.
5. The BCEGS classification may apply to Windstorm Or Hail or Earthquake, or to both. Specific information is provided in the ISO Community Mitigation Classifications (CMC) Manual. If the grade in the manual does not apply to one of the perils, the factor should not be applied for that peril.

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 a 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 a 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 classification assignment are rated and coded as ungraded risks. Do **not** classify as a 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 a 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.
RESERVED FOR FUTURE USE**

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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 \$1,500 is automatically increased, at no additional charge, to an amount that is 60% 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 G of the table by the appropriate limit of liability for the following Building or Non-building Structure items, as applicable, and add to the applicable premium determined in Paragraph **3.**, **4.** or **5.**:

- a. Other Structures – Structures Rented To Others Residence Premises;
 - b. Other Structures On The Residence Premises – Increased Limits;
 - c. Specific Structures Away From The Residence Premises;
 - d. Building Additions And Alterations – Other Residence; and
 - e. Building Additions And Alterations Increased Limit Form **HO 00 04**.
7. Ordinance Or Law – Basic And Increased Limit – All Forms:

When the basic Ordinance or Law Coverage limit is increased the earthquake premium is developed based on the increased limit of insurance.

- a. For Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, multiply the rate determined in Paragraph **3.a.** by the appropriate factor selected from Rule **303.B.2.a.**
- b. For Forms **HO 00 04** and **HO 00 06**, 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. The rate for each additional \$1,000 of insurance is determined as follows:
 - (1) For Form **HO 00 04**, multiply the rate in Column G of the table by .30.
 - (2) For Form **HO 00 06**, multiply the rate in Column E of the table by .30.and add to the applicable premium determined in Paragraph **4.** or **5.**

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**RULE 505.
EARTHQUAKE COVERAGE (Cont'd)**

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.

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.**

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**RULE 509.
HOME DAY CARE COVERAGE (Cont'd)**

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**.

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.
SUPPLEMENTAL 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 two 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 Supplemental Loss Assessment Coverage Endorsement **HO 04 35**.

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**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 **HO 00 04** or **HO 00 06**, whichever is appropriate, Key Factor for "Each Add'l \$1,000" by .30 and then multiplying that amount 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**.

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.

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**RULE 515.
PERSONAL PROPERTY (Cont'd)**

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. 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.
3. Refer to state company rates for the additional charge.
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. Refer to state company rates for credit.

E. 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:

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. Portable Electronic Equipment in or upon a motor vehicle	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.E.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**.

F. 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**.

G. 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.

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**RULE 516.
PERSONAL PROPERTY – SCHEDULED (Cont'd)**

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; or
 - 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**; and Building Additions And Alterations (Other Residence) Endorsement **HO 04 49**.

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**.

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**RULE 521.
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR
OVERFLOW COVERAGE**

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.

When the optional Limited Water Back-up And Sump Discharge Or Overflow Coverage endorsement is attached to the policy, coverage is provided with respect to direct physical loss, not caused by the negligence of an "insured", to property covered under Section I, caused by water or waterborne material which originates from within the dwelling where the named insured resides and backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment. The basic limit is \$5,000. Unless increased limits are selected, the basic limit must be entered on the coverage endorsement or the policy Declarations.

B. Increased Limits

The limit may be increased to \$10,000, \$15,000, \$20,000 or \$25,000. The limit selected is entered on the coverage endorsement or the policy Declarations.

C. Premium

Refer to state company rates for the additional charge.

D. Endorsement

Use Limited Water Back-up And Sump Discharge Or Overflow Coverage 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 apply 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.

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**.

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**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.

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. Coverage

A Homeowners Policy may be endorsed to insure a trustee, and if applicable, a trust:

1. Under Section I – Property Coverages, for any insurable interest in the dwelling or other structure held in trust; and
2. Under Section II – Liability Coverages, for bodily injury or property damage liability arising out of the ownership, maintenance or use of an insured location held in trust.

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**RULE 526.
RESIDENCE HELD IN TRUST – ALL FORMS EXCEPT
HO 00 04 (Cont'd)**

B. Endorsement

1. Use Trust Endorsement **HO 06 15**.
2. The following must be shown in the endorsement:
 - a. The name and address of the Trust; and
 - b. The name and address of the trustee(s).
3. The Trust may also be listed as an Insured if the Trust can be recognized under applicable state law as a legal entity with the capacity to sue or be sued in a court having jurisdiction.

C. Premium

Refer to state company rates for the additional charge.

**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 24 or older.

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 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.

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**RULE 528.
HOME BUSINESS INSURANCE COVERAGE (Cont'd)**

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.

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 C 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 Endorsement **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

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HOME BUSINESS INSURANCE COVERAGE (Cont'd)**

(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.

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 2. and 3. that follow, to arrive at the Home Business premium.

2. Section I – Property

a. From the state company rates, 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 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 nine or more individual family units within a fire division, apply the factor for the five through eight 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. 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 Paragraph 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	In-creased 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

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**RULE 528.
HOME BUSINESS INSURANCE COVERAGE (Cont'd)**

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 (2) to the premium developed in Paragraph a. or b. to compute the Section II premium component.

E. Endorsement

Use Home Business Insurance Coverage Endorsement **HO 07 01**.

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**.

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**RULE 528.
HOME BUSINESS INSURANCE COVERAGE (Cont'd)**

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**.

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.
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA
COVERAGE**

A. Coverage Description – Basic Limits

When the optional Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage endorsement is attached to the policy, limited amounts of insurance are automatically provided as follows:

1. Section I – Fungi, Wet Or Dry Rot, Or Bacteria

\$10,000, on an aggregate basis, to pay for loss and associated costs to covered real or personal property, owned by an insured, that is damaged by fungi or wet or dry rot, or bacteria on the "residence premises" as defined in the coverage endorsements. If the basic limit is selected, it is entered on the coverage endorsements or the policy Declarations.

This coverage applies only to the policy period in which the loss or costs occur.

2. Section II – Fungi, Wet Or Dry Rot, Or Bacteria

\$50,000, on an aggregate basis, to pay for damages because of bodily injury or property damage involving the inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any fungi, wet or dry rot, or bacteria. If the basic limit is selected, it is entered on the coverage endorsements or the policy Declarations.

B. Increased Limits

1. Section I – Fungi, Wet Or Dry Rot, Or Bacteria

a. Limits may be increased to \$25,000 or \$50,000. The limit selected is entered on the coverage endorsements or the policy Declarations.

b. Refer to Paragraph **C.** for premium computation instructions.

2. Section II – Fungi, Wet Or Dry Rot, Or Bacteria

a. Limits may be increased to \$100,000. The limit selected is entered on the coverage endorsements or the policy Declarations.

b. Refer to Paragraph **C.** for premium computation instructions.

C. Premium Computation

1. Basic Limits

There is no premium adjustment.

2. Increased Limits

Refer to state company rates for an additional charge.

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**RULE 529.
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA
COVERAGE (Cont'd)**

D. Endorsements

Use Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage Endorsement:

1. **HO 04 26** – For use with Forms **HO 00 02**, **HO 00 04** and **HO 00 06**.
2. **HO 04 27** – For use with Forms **HO 00 03** and **HO 00 05**.
3. **HO 04 28** – For use with Form **HO 00 04** with Special Personal Property Endorsement and Form **HO 00 06** with Unit-owners Coverage **C** Special Coverage Endorsement or Unit-owners Coverage **A** Special Coverage Endorsement.

**RULE 530.
IDENTITY FRAUD EXPENSE COVERAGE**

A. Coverage Description

When the optional Identity Fraud Expense Coverage endorsement is attached to the policy, \$15,000 of coverage is available to pay for expenses incurred by an insured as a direct result of any one identity fraud first discovered or learned of during the policy period. Such expenses include the costs for notarizing fraud affidavits or similar documents; certified mail sent to law enforcement, financial institutions and credit agencies; lost income resulting from time taken off work to meet with or talk to law enforcement or credit agencies; loan application fees for reapplying for a loan when the application is rejected solely because the lender received incorrect credit information and reasonable attorney's fees incurred to defend lawsuits brought against the insured and to remove criminal or civil judgments.

B. Limits Of Liability

Up to \$15,000 coverage will be provided for the identity fraud of an insured discovered or first learned of during the policy period.

C. Premium Computation

Refer to state company rates for additional charge.

D. Endorsement

Use Identity Fraud Expense Coverage Endorsement **HO 04 55**.

**RULE 531.
LIMITED COVERAGE FOR THEFT OF PERSONAL
PROPERTY LOCATED IN A DWELLING UNDER
CONSTRUCTION**

A. Introduction

The policy does not cover theft of personal property in or to a dwelling under construction, or of materials and supplies for use in the construction, until the dwelling is finished and occupied.

B. Coverage Description

The policy may be endorsed to provide theft coverage for personal property in a dwelling that is under construction but not occupied provided the dwelling is fully enclosed with windows and doors and has operational locks.

The time period for which coverage will be provided should be specified in the endorsement.

C. Premium Computation

Refer to state company rates for the charge applicable per 30-day period of coverage. The premium for this coverage shall be fully earned.

D. Endorsement

Use Limited Coverage For Theft Of Personal Property Located In A Dwelling Under Construction Endorsement **HO 06 07**.

**RULES 532. – 600.
RESERVED FOR FUTURE USE**

**HOMEOWNERS POLICY PROGRAM MANUAL
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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.A.2. 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.

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 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.

**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 COVERAGE**

A. Introduction

Liability coverage for personal injury arising out of specified offenses, such as false arrest, malicious prosecution, wrongful eviction, slander or libel may be added to the policy. The limit of liability for this coverage may be provided on either an "any one offense" basis or on an annual aggregate limit basis.

B. Premium

Refer to state company rates.

C. Endorsement

Use Personal Injury Coverage Endorsement **HO 24 82** for providing coverage with the limit of liability on an "any one offense" basis.

Use Personal Injury Coverage (Aggregate Limit Of Liability) Endorsement **HO 24 10** for providing coverage with the limit of liability on an annual aggregate limit basis.

**RULE 611.
INCIDENTAL LOW POWER RECREATIONAL MOTOR VEHICLES**

A. Coverage Description

1. The policy may be endorsed to provide liability coverage with respect to certain types of recreational motor vehicles.
2. Coverage does not apply with respect to the following vehicles owned by a named insured if the occurrence takes place off the insured location:
 - a. Motorized bicycles;
 - b. Motorized golf carts;
 - c. Mopeds; or
 - d. Motorized scooters.

B. Premium

Refer to state company rates.

C. Endorsement

Use Incidental Low Power Recreational Motor Vehicle Liability Coverage 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**.