



January 21, 2021

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Windstorm and Hail Policy Program
Deductibles Revisions

The Commissioner of Insurance has recently approved the addition of new deductible options for the Windstorm and Hail Policy Program which were filed on behalf of all member companies of the North Carolina Rate Bureau.

The following rule has been revised:

- **Rule 406. Deductibles** - various optional windstorm and hail percentage and fix dollar deductibles are added. See revised rules and table factors attached.
- **Rule 406. B.1.b. Endorsement** – it has come to our attention that the endorsement number for the Windstorm Or Hail Percentage Deductible Endorsement should read HO 03 12 in lieu of HO 32 12.

These changes become effective in accordance with the following Rule of Application:

These revisions become effective with respect to all new and renewal policies becoming effective on or after August 1, 2021.

For your convenience, attached is a clean copy of Manual Rule 406 - Deductibles. Reprinted manual pages will be distributed in the usual manner as soon as possible.

Please see to it that this Circular is brought to the attention of all interested personnel in your company.

Sincerely,

Andy Montano

Personal Lines Director

AM:ko
P-21-2
Attachments

WINDSTORM AND HAIL POLICY PROGRAM

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

A Base Deductible of \$1,000 applies to all forms except **HS 00 04** and **HS 00 06**.

A Base Deductible of \$500 applies to Forms

HS 00 04 and **HS 00 06**.

B. Optional Windstorm Or Hail Deductibles – All Forms Except HS 00 04 And HS 00 06

The following deductible options may be used:

1. Percentage Deductibles

a. Deductible Amounts

This option provides for percentage deductibles of 1%, 2%, ~~and 3%~~, 4%, 5%, ~~7.5%~~ and 10% of the Coverage A limit of liability.

b. Endorsement

Use Windstorm Or Hail Percentage Deductible Endorsement **HO 3203 12**.

c. Declarations Instructions

Enter, on the policy Declarations, the percentage amount that applies to Windstorm or Hail. For example:

(i) Deductible – Windstorm or Hail 1% of Coverage A limit.

(ii) Deductible – Windstorm or Hail 2% of Coverage A limit.

d. 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.

Percentage Windstorm Or Hail Deductible						
Deductible Percentage	Coverage A Limit					
	Up To \$59,999	\$60,000 To \$99,999	\$100,000 To \$200,000	\$200,001 To \$250,000	\$250,001 To \$350,000	\$350,001 And Over
1 %	0.99	0.99	0.99	1.11	1.11	1.11
2	0.96	0.96	0.96	1.08	1.08	1.08
3	0.94	0.94	0.95	1.07	1.07	1.07
4	0.93	0.93	0.93	1.06	1.06	1.06
5	0.91	0.91	0.92	1.05	1.05	1.05
7.5	0.90	0.90	0.91	1.03	1.03	1.03
10	0.89	0.89	0.90	1.02	1.02	1.02

Table 406.B.1.d. Percentage Deductible

2. Fixed-dollar Deductibles

a. Deductible Amounts

This option provides for fixed-dollar deductible amounts of \$250, \$500, \$1,000, \$2,000, ~~and \$5,000~~, ~~\$7,500~~ and ~~\$10,000~~.

b. Endorsement

An endorsement is not required.

c. Declarations Instruction

Separately enter, on the policy Declarations, the deductible amount that applies. For example: \$1,000 for Windstorm or Hail.

d. 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.

Fixed-dollar Windstorm Or Hail Deductible						
Deductible Amount	Coverage A Limit					
	Up To \$59,999	\$60,000 To \$99,999	\$100,000 To \$200,000	<u>\$200,001 To \$250,000</u>	<u>\$250,001 To \$350,000</u>	<u>\$350,001 And Over</u>
\$ 250	1.27	1.27	1.27	<u>1.27</u>	<u>1.27</u>	<u>1.27</u>
500	1.15	1.15	1.16	<u>1.22</u>	<u>1.22</u>	<u>1.22</u>
1,000	1.00	1.00	1.00	<u>1.13</u>	<u>1.13</u>	<u>1.13</u>
2,000	0.95	0.95	0.97	<u>1.11</u>	<u>1.11</u>	<u>1.11</u>
5,000	0.91	0.91	0.95	<u>1.09</u>	<u>1.09</u>	<u>1.09</u>
<u>7,500</u>	<u>0.90</u>	<u>0.90</u>	<u>0.93</u>	<u>1.06</u>	<u>1.06</u>	<u>1.06</u>
<u>10,000</u>	<u>0.89</u>	<u>0.89</u>	<u>0.91</u>	<u>1.04</u>	<u>1.04</u>	<u>1.04</u>

Table 406.B.2.d. Fixed-dollar Deductible

C. Named Storm Percentage Deductible

1. Deductible Amounts

The Named Storm Percentage Deductible option may be used, when an Optional Windstorm Or Hail Deductible is not selected.

A percentage amount of 1%, 2% or 5% of the Coverage **A** or **C** limit of liability, whichever is greater, is available.

2. Endorsement

Use Named Storm Percentage Deductible – North Carolina Endorsement **HO 03 63**.

3. Schedule Instructions

Enter on the Endorsement **HO 03 63** or the policy Declarations the percentage amount that applies to Named Storm.

4. Loss By Windstorm That Is A Named Storm

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

Named Storm Deductible Percentage	HS 00 02, HS 00 03 And HS 00 08	HS 00 04	HS 00 06
1%	1.13	1.01	1.01
2%	1.09	1.00	1.00
5%	1.06	.99	.99

Table 406.C.4. Named Storm Percentage Deductible

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The following deductible options may be used:

1. Percentage Deductibles

a. Deductible Amounts

This option provides for percentage deductibles of 1%, 2%, 3%, 4%, 5%, 7.5% and 10% of the Coverage A limit of liability.

b. Endorsement

Use Windstorm Or Hail Percentage Deductible Endorsement **HO 03 12**.

c. Declarations Instructions

Enter, on the policy Declarations, the percentage amount that applies to Windstorm or Hail. For example:

(i) Deductible – Windstorm or Hail 1% of Coverage A limit.

(ii) Deductible – Windstorm or Hail 2% of Coverage A limit.

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2. Endorsement

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