



March 5, 2013

CIRCULAR LETTER TO ALL MEMBER COMPANIES

<p>IMMEDIATE ATTENTION REQUIRED</p>

Re: Revised Homeowners Insurance Rates

On October 1, 2012, the Rate Bureau filed with the Commissioner of Insurance proposed revised homeowners insurance rates for homeowners coverages subject to the Rate Bureau's jurisdiction. The Rate Bureau's rate filing proposed (1) a statewide average rate level change of +17.7% for all homeowner forms, with changes varying by form and by territory, and (2) revised windstorm or hail exclusion credits.

The Bureau and the Department of Insurance have negotiated an agreement as to the rate level revision, and on March 5, 2013, the Commissioner signed a Consent Order approving settlement of this filing. The Consent Order approves the rate filing, subject to several modifications which include (1) an approved overall statewide average rate level increase of +7.0% for all homeowner forms and (2) modified windstorm or hail exclusion credits.

Enclosed are final exhibits which set forth (1) the approved rate level changes and revised base rates by territory and form and (2) the revised windstorm or hail exclusion credits.

Since these changes have been approved by the Commissioner, no portion of the premiums on applicable policies is required to be escrowed. The approved changes are to be implemented in accordance with the following Rule of Application:

These changes are applicable to all new and renewal policies becoming effective on or after July 1, 2013.

The enclosed exhibits are intended to enable you to implement the approved revisions in accordance with the above Rule of Application. Reprinted manual pages will be distributed in the usual manner as soon as possible. In the meantime, notice of the changes should be sent as soon as possible to your company's North Carolina agents to make them aware of the revisions.

In connection with the implementation of the revised rates, your attention is further directed to G.S. 58-36-30(a) which provides in part as follows:

. . . no insurer and no officer, agent or representative of an insurer shall knowingly issue or deliver or knowingly permit the issuance or delivery of any policy of insurance in this State that does not conform to the rates, rating plans, classifications, schedules, rules and standards made and filed by the Bureau. An insurer may deviate from the rates promulgated by the Bureau if the insurer has filed the proposed deviation with the Bureau and the Commissioner, if the proposed deviation is based on sound actuarial principles and if the deviation is approved by the Commissioner. ...

Your attention is also directed to G.S. 58-36-45 which provides in part as follows:

Whenever an insurer changes the coverage other than at the request of the insured or changes the premium rate, it shall give the insured written notice of such coverage change or premium rate change at least 15 days in advance of the effective date of such change or changes with a copy of such notice to the agent. This section shall apply to all policies and coverages subject to the provisions of this Article. ...

In the past, some insurers have given notice of premium rate changes by providing to an insured and agent, at least 15 days in advance of the effective date, a renewal policy, renewal certificate, billing or endorsement showing revised rates, together with a written notice substantially as follows:

NOTICE OF RATE CHANGE - NORTH CAROLINA

The premium for this policy reflects changes in rates applicable to North Carolina placed into effect under the provisions of Article 36, Chapter 58 of the North Carolina General Statutes.

The form of this notice has varied at the option of the insurer (printed notice, stamp, stick-on label, etc.). Companies should consult legal counsel with respect to the appropriateness of their own procedures under this statute. It is important that each Company establish procedures that will insure continued compliance with the 15 day advance notice requirement.

For your additional information, the Rate Bureau has today filed with the Commissioner of Insurance revised wind mitigation credits for homeowners insurance (owners forms only). The proposed rule of application for those proposed changes is the same as the rule of application for the revised homeowners insurance rates described above. It is anticipated that new, approved wind mitigation credits as a result of that filing will be announced very soon by separate circular letter so that they can be implemented along with the new, approved homeowners insurance rates, etc. described above.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachments

P-13-3

EXHIBIT A

NORTH CAROLINA
HOMEOWNERS INSURANCE
STATEWIDE AND TERRITORY RATE LEVEL CHANGES

<u>Territory</u>	<u>Forms 2, 3, 5, 7, 8</u>	<u>Form 4</u>	<u>Form 6</u>
7	17.0%	1.9%	5.0%
8	19.8%	6.7%	11.9%
32	2.8%	11.9%	11.4%
34	8.5%	3.2%	6.1%
36	1.1%	22.2%	14.7%
38	8.4%	25.6%	23.5%
39	9.3%	24.2%	16.7%
41	9.7%	7.7%	15.6%
44	9.6%	8.7%	10.8%
45	7.4%	17.4%	19.5%
46	4.5%	9.5%	10.0%
47	6.8%	18.6%	13.5%
48	3.4%	7.0%	9.2%
49	1.0%	1.4%	2.6%
52	8.6%	6.3%	9.2%
53	2.7%	8.1%	7.1%
57	5.2%	22.2%	21.9%
60	7.7%	15.6%	21.4%
Statewide	6.8%	15.6%	15.6%
Combined Statewide Change for all Forms:			7.0%

Windstorm or Hail Exclusion Credits

	<u>Territory 07</u>	<u>Territory 08</u>	<u>Territory 48</u>	<u>Territory 49</u>	<u>Territory 52</u>
Forms 2, 3, 5, 7, 8	1357	1562	777	633	892
Form 4	48	49	40	38	48
Form 6	62	67	44	41	44

NORTH CAROLINA
 HOMEOWNERS INSURANCE
APPROVED BASE-CLASS PREMIUMS

<u>Territory</u>	<u>Form 3</u>	<u>Form 4</u>	<u>Form 6</u>
7	\$1,613	\$107	\$106
8	\$1,823	\$112	\$113
32	\$443	\$47	\$49
34	\$599	\$65	\$52
36	\$369	\$44	\$39
38	\$373	\$49	\$42
39	\$354	\$41	\$35
41	\$755	\$56	\$52
44	\$481	\$50	\$41
45	\$595	\$54	\$49
46	\$398	\$46	\$44
47	\$486	\$51	\$42
48	\$1,021	\$76	\$83
49	\$871	\$72	\$78
52	\$1,140	\$85	\$83
53	\$417	\$40	\$45
57	\$383	\$44	\$39
60	\$336	\$37	\$34

Approved base-class premiums for Forms 2, 5, 7 and 8 are determined by applying the approved form relativities to the Form 3 base-class premium.