

January 28, 2015

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**IMMEDIATE
ATTENTION REQUIRED**

Re: Revised Homeowners Theft Deductible Factors

The Commissioner of Insurance has approved a revision to Rule 406. Deductibles in the North Carolina exception pages of the Homeowners Manual. This revision is being made as a result of the revised territory definitions which will be implemented on June 1, 2015.

With this revision, the factors for the "City" territory are being eliminated to track the revised territory definitions. With the revised territory definitions there will be no separation between "city" and "other than city" definitions.

In that regard, please find attached a revised Rule 406.2.f. Deductible Factors in the North Carolina exception pages.

This change is to be implemented in accordance with the following Rule of Application:

This change is applicable to all new and renewal policies becoming effective on or after June 1, 2015.

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-15-3

RULE 406.
DEDUCTIBLES (Cont'd)

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 following table:

Theft Deductible		All Other Perils Deductible Amount	Coverage C Limit	
Territory	Amount		Up To \$25,000	\$25,001 And over
City	\$ 1,000	\$ 100	.87	.92
		250	.84	.90
		500	.81	.87
	2,500	100	.74	.83
		250	.72	.81
		500	.69	.78
Other Than City	\$ 1,000	\$ 100	.93	.95
		250	.88	.92
		500	.84	.89
	2,500	100	.83	.88
		250	.80	.85
		500	.75	.82
	1000	.69	.77	

Table 406.C.2.f.(1) Theft Deductible Factors

(2) City And Other Than City Territories (Form HO 00 04 Only)

Refer to state Territory Pages, Paragraph 1.A. for a listing of City Territories and 1.B. for Other Than City Territories.

(3 2) Form HO 00 06

To compute the premium for the deductible amounts selected, multiply the Base Premium by the factor selected from the following table:

Theft Deductible Amount	All Other Perils Deductible Amount	Coverage C Limit	
		Up To \$40,000	\$40,001 And over
\$ 1,000	\$ 100	1.01	1.00
	250	.95	.96
	500	.87	.90
2,500	100	.97	.97
	250	.91	.92
	500	.83	.86
	1000	.72	.77

Table 406.C.2.f.(3-2) Theft Deductible Factors

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%, and 5% of the Coverage A limit of liability when the dollar amount of the percentage deductible selected exceeds the amount of the deductible applicable to All Other Section I Perils.