



**NORTH CAROLINA RATE BUREAU**  
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May 24, 2002

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Policy Program  
Absolute Wind or Hail Exclusion -  
North Carolina

The Commissioner of Insurance has approved a new Absolute Windstorm or Hail Exclusion - North Carolina Endorsement designed for use in North Carolina with the Homeowners Policy Program.

The new Endorsement HO 32 94 08 02 - Absolute Windstorm or Hail Exclusion - North Carolina replaces the current HO 04 94 Windstorm or Hail Exclusion which is used with a homeowners policy when the Windstorm or Hail Coverage is excluded from the policy. The new HO 32 94 eliminates the exception to the exclusion regarding Coverage D - Loss of Use.

In addition, please find enclosed a copy of the revised Homeowners Manual rule.

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

These changes become effective with respect to all new and renewal policies effective on or after August 15, 2002.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

P-02-11

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ABSOLUTE WINDSTORM OR HAIL EXCLUSION - NORTH CAROLINA**

For a premium credit, we do not insure for loss caused directly or indirectly by windstorm or hail. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

Direct loss by fire or explosion resulting from windstorm or hail damage is covered.

All other provisions of this policy apply.

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**INSTALLMENT PAYMENT PLAN**


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**Annual Policy**

When a policy is issued on an installment basis, the following rules apply:

- A. The first installment shall be due on the effective date of the policy and the due date of the last installment shall be no later than one month prior to the policy anniversary date.
- B. The premium calculated for the first installment payment, exclusive of installment charges, shall not be less than the pro rata charge for the period from the inception date of the policy to the due date of the next installment.
- C. The additional charge shown on the state rate pages shall be made for each installment.

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**WINDSTORM OR HAIL EXCLUSION – TERRITORIES 05, 06, 42 AND 43 ONLY**


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Exception Code 3.

Paragraph A. is replaced by the following:

- A. The peril of Windstorm or Hail may be excluded if:
  1. The property is located in an area eligible for such coverage from the North Carolina Underwriting Association; and
  2. A Windstorm or Hail Rejection Form is secured and maintained by the company.

Use Endorsement [HO 32 94 HO-04-94 Absolute](#) Windstorm or Hail Exclusion

**B. To compute the BASE PREMIUM:**

1. Determine the appropriate Key Premium as described in Rule 301.
2. Subtract the Windstorm or Hail Exclusion credit shown on the state rate pages from the Key Premium.
3. Multiply the Key Premium excluding Windstorm or Hail Coverage developed in Step 2. by the Key Factor for the desired limit of liability.
4. Example

Form **HO 00 02** Key Premium = \$640  
 Windstorm or Hail Exclusion Credit = \$427  
 Key Factor for \$100,000 = 1.109

Step 1. Determine the Key Premium  
 Key Premium = \$640

Step 2. Subtract Windstorm or Hail Exclusion Credit from Key Premium  
 \$640 - \$427 = \$213

Step 3. Multiply Key Factor for desired limit by amount in Step 2. \$213 x 1.109 = \$236.22, round to \$236 = BASE PREMIUM

- C. When Endorsement [HO 32 94 HO-04-94](#) is attached to the policy, enter the following on the Declarations page:

"This policy does not provide coverage for the peril of Windstorm or Hail".

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**THEFT COVERAGE – NEWLY CONSTRUCTED DWELLINGS**


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Does not affect coding.

- A. The policy may be endorsed to provide theft coverage in or to a newly constructed, unoccupied dwelling.
- B. Charge the rate shown on the state rate pages. This rate will not be refunded if the endorsement is cancelled.

Use Endorsement **HO 32 26** Theft Endorsement – Newly Constructed Unoccupied Dwelling.

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**WATERBED LIABILITY – FORMS HO 00 04 AND HO 00 06**


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- A. The policy may be endorsed to provide coverage for property damage caused by waterbeds to non-owned property on the residence premises.
  - B. Charge the rate shown on the state rate pages.
- Use Endorsement **HO 32 40** Waterbed Liability – Forms **HO 00 04** and **HO 00 06**.

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**YEAR OF CONSTRUCTION – NEWLY CONSTRUCTED DWELLINGS – ALL FORMS EXCEPT HO 00 04 AND HO 00 06**


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- A. A Dwelling is eligible for a discount depending on the calendar year that the dwelling was completed and first occupied. If the year first occupied is different than the year completed, the later year would apply.
- B. To compute the premium for this provision, multiply the BASE PREMIUM by the appropriate credit factor listed below:

Age of Dwelling (in years)	Credit
up to 1	.82
1 up to 2	.85
2 up to 3	.88
3 up to 4	.91
4 up to 5	.94
5 up to 6	.97
6 and over	No Credit Applies

Note: A dwelling under construction shall be considered to be completed and occupied during the current calendar year.

- C. To develop a premium for this option, multiply the BASE PREMIUM by the appropriate credit factor.