



**NORTH CAROLINA RATE BUREAU**  
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June 21, 2005

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Policy Program  
Inflation Cost Index

The Commissioner of Insurance has recently approved RSMeans CostWorks Valuator as an additional Inflation Cost Index to be used with the Homeowners Policy Program in North Carolina.

For your convenience, attached is a revised copy of the Inflation Cost Index Rule A9.B.5. for use with the Homeowners Policy Program.

This change becomes effective in accordance with the following Rule of Application:

This change becomes effective with respect to all new and renewal policies written on or after June 9, 2005.

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

Enclosures

P-05-20

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**RULE A9.**  
**OPTIONAL INFLATION GUARD ENDORSEMENTS**

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Subject to the provisions noted in Paragraphs **B.** and **C.**, the inflation guard endorsements referenced in this rule may be used instead of the endorsement noted in General Rule **405**.

**A. Eligible Forms**

The limits of liability for the following forms and coverages may be adjusted, automatically, to respond to inflation as recognized by the indexes named in Paragraph **B.**:

1. Forms **HO 00 02**, **HO 00 03** and **HO 00 05** – Coverages **A**, **B**, **C** and **D**; and
2. Forms **HO 00 04** and **HO 00 06** – Coverages **C** and **D**.

These limits will be adjusted at the same rate as the change in the Index shown on the Declarations, billing notice or named on the form.

**B. Approved Inflation Cost Indexes**

The following Indexes have been approved by the Department of Insurance and may be used with the Inflation Guard Endorsements listed in Paragraph **C**.

A Company that elects to use one of these indexes must use it exclusively and notify the Rate Bureau of its election.

1. Marshall and Swift Boeckh Residential Cost Index published by the American Appraisal Company, Inc.
2. Composite Construction Cost Index published by the U.S. Department of Commerce.
3. Consumer Price Index published by the U.S. Department of Labor.
4. Marshall and Swift Boeckh Construction Cost Index published by Marshall and Swift Boeckh.
5. RSMeans CostWorks Valuator Published by RS Means

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