



**NORTH CAROLINA RATE BUREAU**  
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September 26, 2005

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Policy Program  
Hurricane Percentage Deductible - \$1,500 All Other Perils  
Deductible Amount

The Commissioner of Insurance has recently approved a revision to Rule 406 - Hurricane Percentage Deductible in Territories 05, 06, 42, and 43 Only (All forms except HO 00 04 and HO 00 06) for use in North Carolina with the Homeowners Policy Program.

When the Rate Bureau adopted the new \$1,500 all perils deductible, the Hurricane Percentage Deductible factors for *\$1,500 All Other Perils Deductible* were omitted.

In that regard, please find attached a copy of the approved deductible factors for the Hurricane Percentage Deductibles when the All Other Perils Deductible amount is \$1,500.

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

This change becomes effective with respect to all new and renewal policies effective on or after September 1, 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

Attachment

P-05-25

**RULE 406.**  
**DEDUCTIBLES (Cont'd)**

1% Hurricane Deductible	
All Other Perils Deductible Amount	Territory – 05, 06, 42, 43
\$ 100	1.06
250	.97
500	.94
1,000	.89
1,500	.85
2,500	.75

Table 406.D.6.#1 1% Hurricane Deductible

2% Hurricane Deductible	
All Other Perils Deductible Amount	Territory – 05, 06, 42, 43
\$ 100	1.03
250	.96
500	.92
1,000	.86
1,500	.81
2,500	.73

Table 406.D.6.#2 2% Hurricane Deductible

5% Hurricane Deductible	
All Other Perils Deductible Amount	Territory – 05, 06, 42, 43
\$ 100	1.01
250	.94
500	.90
1,000	.84
1,500	.79
2,500	.71

Table 406.D.6.#3 5% Hurricane Deductible

**RULE 407.**  
**ADDITIONAL AMOUNTS OF INSURANCE – FORMS  
HO 00 02, HO 00 03 AND HO 00 05**

Paragraphs C.1.b. and C.1.c. are replaced by the following:

**C. Options Available**

1. Specified Additional Amount Of Insurance For Coverage A Only

- b. The premium for this option is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Additional Amount Of Insurance Options	Factor
25%	1.02
50%	1.03

Table 407.C.1.b. Additional Amounts Of Insurance Factors

- c. Use Specified Additional Amount Of Insurance For Coverage A Endorsement HO 32 20.

Paragraphs C.2.b. and C.2.c. are replaced by the following:

**2. Additional Limits Of Liability For Coverages A, B, C, And D**

- b. The premium is computed by multiplying the Base Premium by a factor of 1.06.
- c. Use Additional Limits Of Liability For Coverages A, B, C And D Endorsement HO 32 11.

**RULE 408.**  
**ACTUAL CASH VALUE LOSS SETTLEMENT  
WINDSTORM OR HAIL LOSSES TO ROOF SURFACING  
– ALL FORMS EXCEPT HO 00 04**

Rule 408. does not apply.

**RULE 410.**  
**BUILDING CODE EFFECTIVENESS GRADING**

Rule 410. does not apply.