



May 17, 2006

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Dwelling Fire and Extended
Coverage Insurance Rates - North
Carolina

On March 31, 2006, the Rate Bureau filed with the Commissioner of Insurance proposed revised premium rates for dwelling fire and extended coverage insurance subject to the Rate Bureau's jurisdiction. The Rate Bureau's filing proposed (1) a combined average rate level increase of 32.9%; (2) rate levels varying by territory within the state according to the loss experience within each territory; and (3) revised windstorm or hail exclusion credits.

On May 17, 2006, the Commissioner of Insurance and the Rate Bureau entered a Consent Order which provides for the approval of the filing subject to the following modifications: (1) a combined average rate level increase of 12.1%; (2) rate levels varying by territory, revised to balance to the approved combined average rate level increase; and (3) windstorm or hail exclusion credits revised in accordance with the approved territory rate level changes.

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 effective on or after September 1, 2006.

Since these revised rates have been established by Consent Order and have been approved by the Commissioner of Insurance, no portion of the premiums on policies to which this Consent Order applies is required to be escrowed.

The enclosed exhibits set forth (1) the rate level changes by territory; and (2) new windstorm or hail exclusion credits. These exhibits are intended for your advance information to enable you to make preparations to implement the approved revisions. Reprinted

dwelling 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 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 proposed 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.

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

Enclosures

P-06-6

North Carolina
Fire Key Premiums

Territory 5
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 13 | 6 |
| | F | 21 | 7 |
| 5-6 | M | 17 | 7 |
| | F | 23 | 8 |
| 7 | M | 19 | 8 |
| | F | 25 | 9 |
| 8 | M | 21 | 8 |
| | F | 29 | 11 |
| 9, 9e, 9s | M | 42 | 15 |
| | F | 56 | 18 |
| 10 | M | 69 | 21 |
| | F | 85 | 25 |

Territory 6
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 14 | 6 |
| | F | 23 | 8 |
| 5-6 | M | 17 | 7 |
| | F | 25 | 8 |
| 7 | M | 21 | 8 |
| | F | 28 | 9 |
| 8 | M | 24 | 8 |
| | F | 31 | 11 |
| 9, 9e, 9s | M | 45 | 15 |
| | F | 61 | 18 |
| 10 | M | 74 | 21 |
| | F | 91 | 25 |

Territory 32
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 32 | 16 |
| | F | 50 | 19 |
| 5-6 | M | 40 | 18 |
| | F | 56 | 22 |
| 7 | M | 46 | 20 |
| | F | 63 | 23 |
| 8 | M | 53 | 22 |
| | F | 71 | 28 |
| 9, 9e, 9s | M | 102 | 36 |
| | F | 139 | 46 |
| 10 | M | 168 | 53 |
| | F | 206 | 64 |

North Carolina
Fire Key Premiums

Territory 34
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 32 | 14 |
| | F | 51 | 18 |
| 5-6 | M | 41 | 17 |
| | F | 55 | 20 |
| 7 | M | 46 | 19 |
| | F | 62 | 22 |
| 8 | M | 52 | 20 |
| | F | 72 | 26 |
| 9, 9e, 9s | M | 101 | 35 |
| | F | 138 | 43 |
| 10 | M | 166 | 50 |
| | F | 204 | 61 |

Territory 36
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 32 | 14 |
| | F | 50 | 18 |
| 5-6 | M | 40 | 18 |
| | F | 55 | 20 |
| 7 | M | 45 | 19 |
| | F | 62 | 23 |
| 8 | M | 51 | 20 |
| | F | 70 | 26 |
| 9, 9e, 9s | M | 100 | 35 |
| | F | 137 | 44 |
| 10 | M | 164 | 50 |
| | F | 202 | 61 |

Territory 38
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 32 | 13 |
| | F | 48 | 17 |
| 5-6 | M | 40 | 16 |
| | F | 54 | 18 |
| 7 | M | 45 | 18 |
| | F | 61 | 20 |
| 8 | M | 52 | 18 |
| | F | 68 | 24 |
| 9, 9e, 9s | M | 99 | 31 |
| | F | 134 | 40 |
| 10 | M | 163 | 46 |
| | F | 199 | 55 |

North Carolina
Fire Key Premiums

Territory 39
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 25 | 13 |
| | F | 40 | 16 |
| 5-6 | M | 32 | 15 |
| | F | 43 | 17 |
| 7 | M | 36 | 16 |
| | F | 50 | 20 |
| 8 | M | 41 | 17 |
| | F | 56 | 22 |
| 9, 9e, 9s | M | 81 | 30 |
| | F | 109 | 37 |
| 10 | M | 132 | 43 |
| | F | 161 | 52 |

Territory 41
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 37 | 16 |
| | F | 59 | 20 |
| 5-6 | M | 48 | 19 |
| | F | 64 | 22 |
| 7 | M | 53 | 20 |
| | F | 72 | 24 |
| 8 | M | 60 | 22 |
| | F | 82 | 29 |
| 9, 9e, 9s | M | 118 | 37 |
| | F | 160 | 47 |
| 10 | M | 193 | 54 |
| | F | 236 | 66 |

Territory 42
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 22 | 12 |
| | F | 36 | 14 |
| 5-6 | M | 28 | 14 |
| | F | 39 | 15 |
| 7 | M | 33 | 14 |
| | F | 44 | 17 |
| 8 | M | 37 | 15 |
| | F | 51 | 20 |
| 9, 9e, 9s | M | 72 | 26 |
| | F | 97 | 33 |
| 10 | M | 117 | 39 |
| | F | 144 | 46 |

North Carolina
Fire Key Premiums

Territory 43
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 22 | 11 |
| | F | 37 | 14 |
| 5-6 | M | 29 | 14 |
| | F | 39 | 15 |
| 7 | M | 34 | 14 |
| | F | 45 | 17 |
| 8 | M | 37 | 15 |
| | F | 52 | 20 |
| 9, 9e, 9s | M | 73 | 26 |
| | F | 99 | 33 |
| 10 | M | 120 | 38 |
| | F | 147 | 46 |

Territory 44
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 24 | 12 |
| | F | 38 | 15 |
| 5-6 | M | 32 | 14 |
| | F | 42 | 17 |
| 7 | M | 35 | 17 |
| | F | 46 | 19 |
| 8 | M | 40 | 17 |
| | F | 54 | 21 |
| 9, 9e, 9s | M | 77 | 29 |
| | F | 104 | 36 |
| 10 | M | 126 | 41 |
| | F | 154 | 50 |

Territory 45
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 29 | 14 |
| | F | 46 | 17 |
| 5-6 | M | 38 | 16 |
| | F | 50 | 19 |
| 7 | M | 43 | 18 |
| | F | 58 | 21 |
| 8 | M | 48 | 19 |
| | F | 65 | 24 |
| 9, 9e, 9s | M | 95 | 33 |
| | F | 127 | 42 |
| 10 | M | 153 | 47 |
| | F | 189 | 58 |

North Carolina
Fire Key Premiums

Territory 46
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 29 | 13 |
| | F | 46 | 17 |
| 5-6 | M | 38 | 16 |
| | F | 50 | 19 |
| 7 | M | 43 | 18 |
| | F | 58 | 21 |
| 8 | M | 48 | 19 |
| | F | 65 | 24 |
| 9, 9e, 9s | M | 95 | 33 |
| | F | 127 | 41 |
| 10 | M | 153 | 47 |
| | F | 189 | 58 |

Territory 47
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 29 | 14 |
| | F | 46 | 17 |
| 5-6 | M | 38 | 16 |
| | F | 50 | 19 |
| 7 | M | 43 | 18 |
| | F | 58 | 21 |
| 8 | M | 48 | 19 |
| | F | 65 | 24 |
| 9, 9e, 9s | M | 95 | 33 |
| | F | 127 | 42 |
| 10 | M | 153 | 47 |
| | F | 189 | 58 |

Territory 53
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 24 | 12 |
| | F | 37 | 13 |
| 5-6 | M | 30 | 13 |
| | F | 41 | 15 |
| 7 | M | 34 | 14 |
| | F | 45 | 16 |
| 8 | M | 39 | 15 |
| | F | 52 | 20 |
| 9, 9e, 9s | M | 75 | 26 |
| | F | 100 | 32 |
| 10 | M | 122 | 38 |
| | F | 150 | 46 |

North Carolina
Fire Key Premiums

Territory 57
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 28 | 13 |
| | F | 44 | 17 |
| 5-6 | M | 35 | 16 |
| | F | 48 | 18 |
| 7 | M | 41 | 18 |
| | F | 54 | 21 |
| 8 | M | 46 | 18 |
| | F | 62 | 24 |
| 9, 9e, 9s | M | 89 | 32 |
| | F | 121 | 40 |
| 10 | M | 145 | 46 |
| | F | 178 | 56 |

Territory 60
Owner Occupied and Non-Owner-Occupied

| Protection Class | Construction | Coverage A | Coverage C |
|---------------------|--------------|---------------|---------------|
| 1-4 | M | 22 | 10 |
| | F | 35 | 14 |
| 5-6 | M | 28 | 12 |
| | F | 38 | 15 |
| 7 | M | 31 | 15 |
| | F | 42 | 16 |
| 8 | M | 36 | 15 |
| | F | 49 | 19 |
| 9, 9e, 9s | M | 69 | 25 |
| | F | 94 | 32 |
| 10 | M | 114 | 36 |
| | F | 140 | 44 |

NORTH CAROLINA
EC KEY PREMIUMS

Key Premiums *

| Terr. | Coverage A | | | Coverage C | | |
|--------|-------------|-----|-----|-------------|----|----|
| | Forms DP 00 | | | Forms DP 00 | | |
| | 01 | 02 | 03 | 01 | 02 | 03 |
| 05, 06 | 171 | 182 | 282 | 23 | 25 | 49 |
| 32 | 25 | 31 | 41 | 2 | 3 | 4 |
| 34 | 29 | 36 | 48 | 2 | 3 | 4 |
| 36 | 16 | 23 | 26 | 1 | 2 | 2 |
| 38 | 14 | 20 | 23 | 1 | 2 | 2 |
| 39 | 16 | 23 | 26 | 1 | 2 | 2 |
| 41 | 43 | 54 | 71 | 5 | 7 | 11 |
| 42, 43 | 100 | 112 | 165 | 14 | 16 | 30 |
| 44 | 24 | 34 | 40 | 2 | 3 | 4 |
| 45 | 40 | 50 | 66 | 4 | 5 | 9 |
| 46 | 28 | 35 | 46 | 2 | 3 | 4 |
| 47 | 35 | 44 | 58 | 3 | 4 | 6 |
| 53 | 25 | 31 | 41 | 2 | 3 | 4 |
| 57 | 21 | 29 | 35 | 1 | 2 | 2 |
| 60 | 20 | 28 | 33 | 2 | 3 | 4 |

* Rating Notes

- **DP 00 01**, Key Premiums are Non-Seasonal and Seasonal.
- **DP 00 02** and **DP 00 03**, Key Premiums are Non-Seasonal only and include the charge for E.C. and V.&M.M. perils. To develop the Seasonal BASE PREMIUM, multiply the following factors by the **DP 00 01** E.C. BASE PREMIUM:

| | Territory 42,43 | | Territory 32,34,41,45-47,53 | |
|--------|-----------------|----------|-----------------------------|----------|
| | DP 00 02 | DP 00 03 | DP 00 02 | DP 00 03 |
| Cov. A | 1.495 | 1.65 | 1.60 | 1.65 |
| Cov. C | 1.590 | 2.15 | 2.10 | 2.15 |

| | Territory 36,38,39,44,60 | | Territory 05,06 | |
|--------|--------------------------|----------|-----------------|----------|
| | DP 00 02 | DP 00 03 | DP 00 02 | DP 00 03 |
| Cov. A | 1.60 | 1.65 | 1.263 | 1.65 |
| Cov. C | 2.10 | 2.15 | 1.300 | 2.15 |

| | Territory 57 | |
|--------|--------------|----------|
| | DP 00 02 | DP 00 03 |
| Cov. A | 1.60 | 1.65 |
| Cov. C | 2.10 | 2.15 |

DWELLING POLICY PROGRAM MANUAL
RATE PAGES

NORTH CAROLINA (32)

512. WINDSTORM OR HAIL COVERAGE –
MISCELLANEOUS PROPERTIES (Cont'd)

| | 05 & 06 | Territories | | |
|--|---------|-------------|--------------------------|---------------------------|
| | | 42 & 43 | 32, 34, 41, 45-47, 53 | 36, 38, 39, 44, 57, 60 |
| 8. Outdoor Equipment | \$ 4.80 | \$ 2.40 | \$ 2.12 | \$ 2.03 |
| C. Greenhouses or Hothouses | | | | |
| Rates per \$1,000 | | | | |
| 1. Structures including Glass, Flowers & Plants or | 130.60 | 65.30 | 61.10 | 60.60 |
| 2. If insured separately: | | | | |
| a. Structure | 11.56 | 5.78 | 4.67 | 4.48 |
| b. Glass | 66.20 | 33.10 | 31.30 | 30.80 |
| c. Flowers & Plants | 87.80 | 43.90 | 40.60 | 40.10 |

ADDITIONAL RULE(S)

INSTALLMENT PAYMENT PLAN

C. Additional Charge Per Installment.....\$3.00

**UNPROTECTED DWELLINGS – PROTECTION CLASS
9, 9S OR 10**

D.1. Additional Rate Per \$1,000 of
Insurance \$1.50

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

Territories 05 and 06

B.2. Building Credit[\$124] 149
Contents Credit.....[\$20] 20

Territories 42 and 43

B.2. Building Credit.....[\$59] 78
Contents Credit.....[\$10] 11