

NORTH CAROLINA DEPARTMENT OF INSURANCE

RALEIGH, NORTH CAROLINA

BEFORE THE COMMISSIONER

IN THE MATTER OF THE FILING  
DATED DECEMBER 20, 2018 BY THE  
NORTH CAROLINA RATE BUREAU  
FOR REVISED HOMEOWNERS'  
INSURANCE RATES

DOCKET NO. 1919

\*\*\*\*\*

SETTLEMENT AGREEMENT  
AND CONSENT ORDER

\*\*\*\*\*

On December 20, 2018, the North Carolina Rate Bureau ("Rate Bureau") filed with the North Carolina Department of Insurance ("Department") a proposal for revised homeowners insurance rates (owners, tenants and condominiums) (the "2018 Rate Filing"). This 2018 Rate Filing was assigned Docket No. 1919 and proposed a statewide overall increase in homeowners insurance rates of 17.4%, with changes varying by form and territory.

In a Notice of Hearing dated February 5, 2019, the Department set a hearing on the 2018 Rate Filing to begin on September 4, 2019, which date was subsequently continued to October 2, 2019. The Department and the Rate Bureau engaged in extensive discovery during the spring and summer of 2019 in preparation for the hearing.

The Rate Bureau and the Department have agreed to settle the 2018 Rate Filing. The proposed settlement would provide for an overall statewide rate increase of 4.0%, with changes varying by form and territory as set forth on Exhibit A.

It appearing to the Commissioner that the Rate Bureau and the Department have, after consultation with their respective legal, actuarial and economic advisors and subject to approval by the Commissioner and to the conditions hereinafter set forth, entered into a settlement of all matters and things in dispute in connection with the 2018 Rate Filing; and it further appearing to the Commissioner that a settlement under the circumstances set forth herein results in rates that are neither excessive, inadequate, unreasonable, or unfairly discriminatory, that such settlement is in the public interest, that such settlement is fair and reasonable and should be approved and that, to the extent that the current rates and/or the filed rates differ from the rates approved by this order, the current rates and/or the filed rates are either excessive, inadequate, unreasonable or unfairly discriminatory;

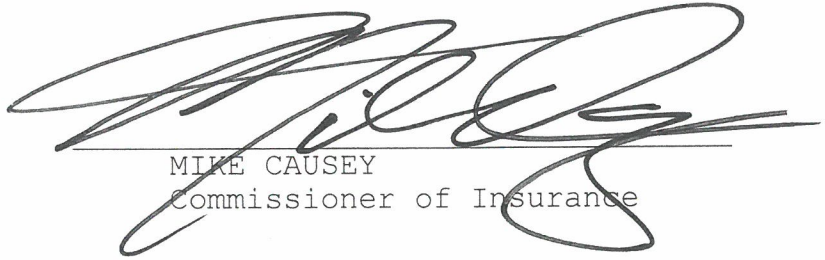
NOW, THEREFORE, IT IS ORDERED AND AGREED as follows:

1. The 2018 Rate Filing is approved subject to the modifications set forth in paragraph 2, below.

2. The approved overall statewide rate level increase, considering all forms and territories, is 4.0%. The approved territory rate level changes by form are set forth on the attached Exhibit A. The resulting approved territory base class premiums by form are set forth on the attached Exhibit B. The approved windstorm or hail exclusion credits by form and territory are set forth on the attached Exhibit C. The approved wind mitigation credits by territory are set forth on the attached Exhibits D and E. The approved base class premiums by territory for the Windstorm and Hail Policy Program are set forth on the attached Exhibit F. Exhibits A through F are incorporated herein by reference.
3. The revised rates and other approved changes are to become effective in accordance with the following Rule of Application:

These changes are applicable to all new and renewal policies becoming effective on or after May 1, 2020.
4. The parties acknowledge that, by entering into this Consent Order, neither is condoning, validating, accepting or agreeing to the other's theories, methodologies or calculations regarding or pertaining to profit, dividends and deviations, computer models, catastrophe loadings, and/or any other theory, methodology or calculation not specifically enumerated herein. The parties further acknowledge that by entering into this Consent Order neither is bound or limited in filing, reviewing or contesting any future rate filings in any line of insurance subject to the Bureau's jurisdiction by the theories, methodologies or calculations contained in the 2018 Rate Filing.

This 26 day of September, 2019.



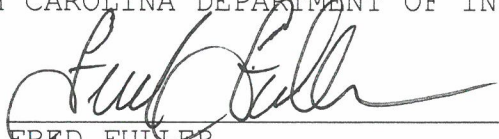
MIKE CAUSEY  
Commissioner of Insurance

WE CONSENT TO THE SIGNING AND ENTRY OF THIS ORDER:

NORTH CAROLINA RATE BUREAU

BY:   
RAYMOND F. EVANS  
General Manager

NORTH CAROLINA DEPARTMENT OF INSURANCE

BY:   
FRED FULLER  
Deputy Commissioner, Property and Casualty

4809039

## EXHIBIT A

NORTH CAROLINA  
HOMEOWNERS INSURANCE

STATEWIDE AND TERRITORY RATE LEVEL CHANGES

<u>Territory</u>	<u>Forms 2, 3, 5, 7, 8</u>	<u>Form 4</u>	<u>Form 6</u>
110	+9.8%	+5.0%	+5.0%
120	+9.8%	+5.0%	+5.0%
130	+4.5%	+5.0%	+5.0%
140	+9.8%	+5.0%	+5.0%
150	+2.5%	+5.0%	+5.0%
160	+3.5%	+5.0%	+5.0%
170	+1.5%	+2.2%	+1.8%
180	+4.5%	+5.0%	+5.0%
190	+9.8%	+5.0%	+5.0%
200	+4.5%	+5.0%	+5.0%
210	+4.5%	+5.0%	+5.0%
220	+3.5%	-9.9%	+5.0%
230	+3.5%	+5.0%	+5.0%
240	+3.5%	-0.3%	+4.9%
250	+2.5%	+5.0%	+5.0%
260	+2.5%	-7.0%	+0.3%
270	+3.5%	+5.0%	+2.4%
280	+2.5%	+5.0%	+5.0%
290	+2.5%	+1.4%	+5.0%
300	+1.5%	-4.0%	+5.0%
310	+3.5%	+5.0%	+5.0%
320	+1.5%	+5.0%	+5.0%
330	+1.5%	-5.6%	+1.9%
340	+3.5%	+4.5%	+5.0%
350	+1.5%	-7.3%	+5.0%
360	+1.5%	+5.0%	-9.3%
370	+1.5%	-3.7%	+0.9%
380	+1.5%	-1.2%	+3.1%
390	-0.1%	-1.0%	+4.5%
Statewide	+4.0%	+3.5%	+3.0%
Combined Statewide Change for all Forms:			+4.0%

## EXHIBIT B

NORTH CAROLINA  
HOMEOWNERS INSURANCEAPPROVED BASE-CLASS PREMIUMS

<u>Territory</u>	<u>Form 3</u>	<u>Form 4</u>	<u>Form 6</u>
110	\$2,617	\$124	\$102
120	\$3,068	\$141	\$125
130	\$1,584	\$79	\$79
140	\$2,138	\$96	\$86
150	\$1,310	\$60	\$59
160	\$1,423	\$76	\$64
170	\$803	\$56	\$52
180	\$939	\$60	\$55
190	\$1,166	\$63	\$58
200	\$1,273	\$67	\$64
210	\$868	\$60	\$53
220	\$1,012	\$79	\$54
230	\$1,135	\$61	\$57
240	\$836	\$60	\$50
250	\$947	\$58	\$49
260	\$627	\$59	\$49
270	\$708	\$50	\$55
280	\$622	\$45	\$41
290	\$772	\$51	\$50
300	\$827	\$53	\$49
310	\$637	\$54	\$43
320	\$711	\$51	\$44
330	\$594	\$48	\$48
340	\$621	\$57	\$47
350	\$660	\$50	\$46
360	\$571	\$39	\$37
370	\$621	\$45	\$48
380	\$577	\$45	\$46
390	\$588	\$46	\$47

Approved base-class premiums for Forms 2, 5, 7 and 8 are determined by applying the approved form relativities to the Form 3 base-class premium.

NORTH CAROLINA  
HOMEOWNERS INSURANCE

WINDSTORM OR HAIL EXCLUSION CREDITS

**Frame Construction**

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$1,903	\$2,634	\$1,204	\$1,659	\$891	\$966
Form 4	\$76	\$92	\$36	\$46	\$13	\$22
Form 6	\$53	\$80	\$34	\$36	\$17	\$17

**Masonry Construction**

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$1,715	\$2,372	\$1,111	\$1,479	\$791	\$867
Form 4	\$68	\$83	\$34	\$42	\$12	\$20
Form 6	\$47	\$71	\$30	\$33	\$15	\$15



NORTH CAROLINA  
HOMEOWNERS INSURANCE

WINDSTORM MITIGATION CREDITS

**Frame Construction**

	Territory					
	110	120	130	140	150	160
Total Hip Roof	\$133	\$180	\$84	\$113	\$60	\$65
Opening Protection	\$137	\$184	\$84	\$114	\$59	\$68
Total Hip Roof and Opening Protection	\$270	\$362	\$166	\$228	\$117	\$133
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified, for Safer Living®</i>	\$437	\$634	\$241	\$380	\$128	\$222
<i>Hurricane Fortified, for Existing Homes® Bronze Option 1</i>	\$105	\$143	\$67	\$90	\$47	\$53
<i>Hurricane Fortified, for Existing Homes® Bronze Option 2</i>	\$164	\$225	\$94	\$142	\$59	\$82
<i>Hurricane Fortified, for Existing Homes® Silver Option 1</i>	\$262	\$382	\$135	\$231	\$62	\$133
<i>Hurricane Fortified, for Existing Homes® Silver Option 2</i>	\$315	\$461	\$161	\$283	\$70	\$165
<i>Hurricane Fortified, for Existing Homes® Gold Option 1</i>	\$335	\$485	\$180	\$288	\$92	\$168
<i>Hurricane Fortified, for Existing Homes® Gold Option 2</i>	\$389	\$567	\$205	\$341	\$100	\$198

**Masonry Construction**

	Territory					
	110	120	130	140	150	160
Total Hip Roof	\$121	\$161	\$77	\$101	\$54	\$59
Opening Protection	\$123	\$165	\$77	\$103	\$52	\$60
Total Hip Roof and Opening Protection	\$243	\$326	\$154	\$205	\$104	\$120
IBHS Designation prior to March 31, 2019:						
<i>Hurricane Fortified, for Safer Living®</i>	\$394	\$570	\$222	\$338	\$114	\$199
<i>Hurricane Fortified, for Existing Homes® Bronze Option 1</i>	\$94	\$130	\$60	\$79	\$42	\$47
<i>Hurricane Fortified, for Existing Homes® Bronze Option 2</i>	\$146	\$203	\$87	\$127	\$52	\$74
<i>Hurricane Fortified, for Existing Homes® Silver Option 1</i>	\$236	\$345	\$125	\$207	\$55	\$120
<i>Hurricane Fortified, for Existing Homes® Silver Option 2</i>	\$283	\$415	\$148	\$252	\$62	\$147
<i>Hurricane Fortified, for Existing Homes® Gold Option 1</i>	\$301	\$438	\$166	\$256	\$80	\$151
<i>Hurricane Fortified, for Existing Homes® Gold Option 2</i>	\$348	\$511	\$190	\$304	\$89	\$177

NORTH CAROLINA  
HOMEOWNERS INSURANCE

WINDSTORM MITIGATION CREDITS

**Frame Construction**

<u>Mitigation Feature</u>	<u>Territory</u>					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Total Hip Roof	\$133	\$180	\$84	\$113	\$60	\$65
Opening Protection	\$137	\$184	\$84	\$114	\$59	\$68
Total Hip Roof and Opening Protection	\$270	\$362	\$166	\$228	\$117	\$133
IBHS Designation on or after March 31, 2019:						
<i>FORTIFIED for Safer Living</i> ®						
FORTIFIED Roof - Hurricane - Existing Roof	\$437	\$634	\$241	\$380	\$128	\$222
FORTIFIED Roof - Hurricane - New Roof	\$105	\$143	\$67	\$90	\$47	\$53
FORTIFIED Home - Hurricane - Silver - Existing Roof	\$164	\$225	\$94	\$142	\$59	\$82
FORTIFIED Home - Hurricane - Silver - New Roof	\$262	\$382	\$135	\$231	\$62	\$133
FORTIFIED Home - Hurricane - Gold - Existing Roof	\$315	\$461	\$161	\$283	\$70	\$165
FORTIFIED Home - Hurricane - Gold - New Roof	\$335	\$485	\$180	\$288	\$92	\$168
FORTIFIED Home - Hurricane - Gold - New Roof	\$389	\$567	\$205	\$341	\$100	\$198

**Masonry Construction**

<u>Mitigation Feature</u>	<u>Territory</u>					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Total Hip Roof	\$121	\$161	\$77	\$101	\$54	\$59
Opening Protection	\$123	\$165	\$77	\$103	\$52	\$60
Total Hip Roof and Opening Protection	\$243	\$326	\$154	\$205	\$104	\$120
IBHS Designation on or after March 31, 2019:						
<i>FORTIFIED for Safer Living</i> ®						
FORTIFIED Roof - Hurricane - Existing Roof	\$394	\$570	\$222	\$338	\$114	\$199
FORTIFIED Roof - Hurricane - New Roof	\$94	\$130	\$60	\$79	\$42	\$47
FORTIFIED Home - Hurricane - Silver - Existing Roof	\$146	\$203	\$87	\$127	\$52	\$74
FORTIFIED Home - Hurricane - Silver - New Roof	\$236	\$345	\$125	\$207	\$55	\$120
FORTIFIED Home - Hurricane - Gold - Existing Roof	\$283	\$415	\$148	\$252	\$62	\$147
FORTIFIED Home - Hurricane - Gold - Existing Roof	\$301	\$438	\$166	\$256	\$80	\$151
FORTIFIED Home - Hurricane - Gold - New Roof	\$348	\$511	\$190	\$304	\$89	\$177

NORTH CAROLINA  
HOMEOWNERS INSURANCE

APPROVED BASE-CLASS PREMIUMS  
FOR WINDSTORM AND HAIL POLICY PROGRAM

**Frame Construction**

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$2,008	\$2,750	\$1,311	\$1,779	\$1,017	\$1,104
Form 4	\$98	\$116	\$55	\$71	\$35	\$47
Form 6	\$66	\$93	\$45	\$49	\$27	\$29

**Masonry Construction**

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$1,820	\$2,488	\$1,218	\$1,599	\$917	\$1,005
Form 4	\$90	\$107	\$53	\$67	\$34	\$45
Form 6	\$60	\$84	\$41	\$46	\$25	\$27