



NORTH CAROLINA
Rate Bureau

October 30, 2025

Honorable Mike Causey
Commissioner of Insurance
North Carolina Department of Insurance
Raleigh, North Carolina

Re: Revision of Dwelling Insurance Rates

Dear Commissioner Causey:

Enclosed herewith for filing on behalf of all member companies of the North Carolina Rate Bureau are revised premium rates and relativities for dwelling insurance subject to the jurisdiction of the North Carolina Rate Bureau.

The enclosed memoranda and exhibits set forth and explain the calculations for needed rate level changes to produce an overall filed statewide average rate level change of +68.3% for dwelling insurance, proposed to be implemented over a two year period by an overall statewide average rate level change of +28.3% effective 7/1/2026 (-1.0% for Fire, and +35.9% for Extended Coverage) and an overall statewide rate level change of +28.3% for dwelling insurance effective 7/1/2027 (-1.0% for Fire, and +35.9% for Extended Coverage). The filing shows revised rate levels varying by territory, revised windstorm and hail exclusion credits, and revised wind mitigation credits. In addition, we have proposed a new relativity factor for Mobile Homes in extended coverage.

The foregoing changes were calculated based on rates currently in force and reflect consideration, duly given, to data for the experience period set forth herein. In preparing this filing, due consideration has been given to the factors specified in G.S. 58-36-10(2).

Information and statistical data required pursuant to G.S. 58-36-15 and 11 NCAC 10.1105 are shown and referenced in Section E. Additionally, the prefiled testimony of (a) Joanna Biliouris, General Manager; (b) Paul Ericksen, ISO; (c) Minchong Mao, Aon; (d) Paul Anderson, Milliman; and (e) Dr. George Zanjani, University of Alabama are submitted herewith.

We propose that the revised rates and territory definitions become effective over a two year period according to the following rule of application:

The Year 1 changes are applicable to all new and renewal policies becoming effective on or after July 1, 2026.

The Year 2 changes are applicable to all new and renewal policies becoming effective on or after July 1, 2027.

Your approval of these changes is respectfully requested.

Sincerely,

Joanna Biliouris
General Manager

JB:ko
Enclosure



NORTH CAROLINA
Rate Bureau

2025
DWELLING RATE FILING

**DWELLING FIRE
AND
EXTENDED COVERAGE**

October 30, 2025

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

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NORTH CAROLINA

DWELLING PROPERTY INSURANCE

STATEWIDE RATE LEVEL CHANGES

<u>Coverage</u>	<u>Latest-Year Earned Premium</u> ^(a)	<u>Indicated Change</u>	<u>Year 1 Rate Level Change: Effective 7/1/2026</u> ^(b)	<u>Year 2 Rate Level Change: Effective 7/1/2027</u> ^(b)
Fire	\$88,018,118	-2.0%	-1.1%	-0.9%
Extended Coverage	\$373,994,531	+84.8%	+35.5%	+36.4%
Combined	\$462,012,649	+68.3%	+28.5%	+30.9%

^(a) Year-ended 12/31/2023 Aggregate Calculated Earned Premiums at Current Level. These values also appear on pages A-3-4.

^(b) The indicated rate level changes are being implemented in two stages: Year 1 and Year 2. The proposed effective date for Year 1 is 7/1/2026 and 7/1/2027 for Year 2. The statewide changes are the result of weighting the territory changes shown on pages A-3-4.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

RATE LEVEL CHANGES BY TERRITORY

FIRE

<u>Territory</u>	Latest-Year Earned <u>Premium</u>	Indicated Rate Level Change		Year 1 Rate Level Change ^(b)		Year 2 Rate Level Change ^(b)	
		<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>
110	2,492,971	+3.1%	-12.9%	+1.5%	-6.7%	+1.5%	-6.7%
120	2,476,699	+4.5%	-11.7%	+2.2%	-6.0%	+2.2%	-6.0%
130	1,034,211	-5.2%	-19.9%	-2.6%	-10.5%	-2.6%	-10.5%
140	5,308,066	-12.3%	-25.9%	-6.4%	-13.9%	-6.4%	-13.9%
150	3,335,645	+4.1%	-12.1%	+2.0%	-6.2%	+2.0%	-6.2%
160	3,404,685	+4.3%	-11.9%	+2.1%	-6.1%	+2.1%	-6.1%
170	604,474	-2.5%	-17.6%	-1.3%	-9.2%	-1.3%	-9.2%
180	4,262,866	-9.8%	-23.8%	-5.0%	-12.7%	-5.0%	-12.7%
190	1,686,557	+8.3%	-8.5%	+4.1%	-4.3%	+4.1%	-4.3%
200	1,233,984	+3.8%	-12.3%	+1.9%	-6.4%	+1.9%	-6.4%
210	1,439,643	+11.4%	-5.9%	+5.5%	-3.0%	+5.5%	-3.0%
220	5,043,021	-2.8%	-17.9%	-1.4%	-9.4%	-1.4%	-9.4%
230	2,827,938	+2.1%	-13.7%	+1.0%	-7.1%	+1.0%	-7.1%
240	4,399,750	-3.4%	-18.4%	-1.7%	-9.7%	-1.7%	-9.7%
250	2,435,631	-1.4%	-16.7%	-0.7%	-8.7%	-0.7%	-8.7%
260	1,881,316	-0.7%	-16.1%	-0.4%	-8.4%	-0.4%	-8.4%
270	7,371,382	-15.2%	-28.3%	-7.9%	-15.3%	-7.9%	-15.3%
280	1,079,358	+7.4%	-9.2%	+3.6%	-4.7%	+3.6%	-4.7%
290	1,427,262	-3.0%	-18.1%	-1.5%	-9.5%	-1.5%	-9.5%
300	1,417,290	+1.7%	-14.0%	+0.8%	-7.3%	+0.8%	-7.3%
310	7,845,321	+2.2%	-13.6%	+1.1%	-7.0%	+1.1%	-7.0%
320	3,785,097	+10.1%	-7.0%	+4.9%	-3.6%	+4.9%	-3.6%
330	257,187	+3.3%	-12.7%	+1.6%	-6.6%	+1.6%	-6.6%
340	8,273,653	-1.9%	-17.1%	-1.0%	-9.0%	-1.0%	-9.0%
350	3,538,161	+10.2%	-6.9%	+5.0%	-3.5%	+5.0%	-3.5%
360	6,178,417	+7.4%	-9.2%	+3.6%	-4.7%	+3.6%	-4.7%
370	453,346	-4.2%	-19.0%	-2.1%	-10.0%	-2.1%	-10.0%
380	1,292,726	-2.1%	-17.3%	-1.1%	-9.1%	-1.1%	-9.1%
390	1,231,461	-0.4%	-15.8%	-0.2%	-8.2%	-0.2%	-8.2%
Statewide ^(a)	88,018,118	-0.5%	-16.0%	-0.4%	-8.4%	-0.2%	-8.3%

^(a) The statewide change is the result of weighting the territory changes. The territory weights are the year-ending 12/31/2023 Aggregate Calculated Earned Premiums at Current Level. The weights underlying the statewide changes for Year 2 reflect the changes in Year 1.

^(b) For Fire, the rate level changes for Year 1 and Year 2 were calculated by taking the square root of the indicated rate level change in factor form.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

RATE LEVEL CHANGES BY TERRITORY EXTENDED COVERAGE

<u>Territory</u>	Latest-Year Earned <u>Premium</u>	Indicated Rate Level Change		Year 1 Rate Level Change ^(b)		Year 2 Rate Level Change ^(b)	
		<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>
110	45,499,473	+97.8%	+65.2%	+40.6%	+28.5%	+40.6%	+28.5%
120	54,255,612	+123.2%	+86.5%	+49.4%	+36.6%	+49.4%	+36.6%
130	6,993,980	+88.7%	+57.7%	+37.4%	+25.6%	+37.4%	+25.6%
140	56,033,903	+122.0%	+85.5%	+49.0%	+36.2%	+49.0%	+36.2%
150	20,840,930	+58.1%	+32.1%	+25.7%	+14.9%	+25.7%	+14.9%
160	22,497,793	+67.5%	+39.9%	+29.4%	+18.3%	+29.4%	+18.3%
170	1,495,751	+66.1%	+38.7%	+28.9%	+17.8%	+28.9%	+17.8%
180	13,872,816	+94.1%	+62.2%	+39.3%	+27.4%	+39.3%	+27.4%
190	5,288,764	+139.5%	+100.1%	+54.8%	+41.5%	+54.8%	+41.5%
200	3,159,883	+123.8%	+87.0%	+49.6%	+36.7%	+49.6%	+36.7%
210	4,000,051	+89.3%	+58.2%	+37.6%	+25.8%	+37.6%	+25.8%
220	15,265,458	+77.8%	+48.5%	+33.3%	+21.9%	+33.3%	+21.9%
230	6,560,332	+101.3%	+68.2%	+41.9%	+29.7%	+41.9%	+29.7%
240	10,884,342	+82.8%	+52.7%	+35.2%	+23.6%	+35.2%	+23.6%
250	7,148,808	+69.4%	+41.5%	+30.2%	+19.0%	+30.2%	+19.0%
260	3,557,561	+58.3%	+32.3%	+25.8%	+15.0%	+25.8%	+15.0%
270	22,255,551	+53.1%	+27.9%	+23.7%	+13.1%	+23.7%	+13.1%
280	3,200,307	+57.8%	+31.9%	+25.6%	+14.8%	+25.6%	+14.8%
290	3,967,425	+49.1%	+24.5%	+22.1%	+11.6%	+22.1%	+11.6%
300	2,294,704	+71.7%	+43.5%	+31.0%	+19.8%	+31.0%	+19.8%
310	15,410,938	+47.4%	+23.1%	+21.4%	+11.0%	+21.4%	+11.0%
320	7,820,597	+51.5%	+26.6%	+23.1%	+12.5%	+23.1%	+12.5%
330	488,219	+47.7%	+23.4%	+21.5%	+11.1%	+21.5%	+11.1%
340	17,712,469	+45.0%	+21.1%	+20.4%	+10.0%	+20.4%	+10.0%
350	6,161,914	+38.9%	+16.1%	+17.9%	+7.7%	+17.9%	+7.7%
360	12,446,749	+28.5%	+7.3%	+13.4%	+3.6%	+13.4%	+3.6%
370	775,295	+36.1%	+13.7%	+16.7%	+6.6%	+16.7%	+6.6%
380	2,156,875	+38.8%	+16.0%	+17.8%	+7.7%	+17.8%	+7.7%
390	1,948,031	+37.7%	+15.0%	+17.3%	+7.2%	+17.3%	+7.2%
Statewide ^(a)	373,994,531	+85.9%	+55.3%	+35.8%	+24.2%	+36.8%	+25.1%

^(a) The statewide change is the result of weighting the territory changes. The territory weights are the year-ending 12/31/2023 Aggregate Calculated Earned Premiums at Current Level. The weights underlying the statewide changes for Year 2 reflect the changes in Year 1.

^(b) For Extended Coverage, the rate level changes for Year 1 and Year 2 were calculated by taking the square root of the indicated rate level change in factor form.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CURRENT AND FILED BASE RATES

FIRE

Territory	(1) Current Manual Base Rate ^(a)		(2) Year 1 Rate Level Change ^(b)		(3) = (1) x (2) Year 1 Filed Base Rate ^(c)		(4) Year 2 Rate Level Change ^(b)		(5) = (3) x (4) Year 2 Filed Base Rate ^(c)	
	Buildings	Contents	Buildings	Contents	Buildings	Contents	Buildings	Contents	Buildings	Contents
110	\$17	\$4	1.015	0.933	\$17.26	\$3.73	1.015	0.933	\$17.52	\$3.48
120	\$17	\$4	1.022	0.940	\$17.37	\$3.76	1.022	0.940	\$17.75	\$3.53
130	\$32	\$9	0.974	0.895	\$31.17	\$8.06	0.974	0.895	\$30.36	\$7.21
140	\$29	\$9	0.936	0.861	\$27.14	\$7.75	0.936	0.861	\$25.40	\$6.67
150	\$31	\$9	1.020	0.938	\$31.62	\$8.44	1.020	0.938	\$32.25	\$7.92
160	\$34	\$11	1.021	0.939	\$34.71	\$10.33	1.021	0.939	\$35.44	\$9.70
170	\$45	\$13	0.987	0.908	\$44.42	\$11.80	0.987	0.908	\$43.84	\$10.71
180	\$45	\$14	0.950	0.873	\$42.75	\$12.22	0.950	0.873	\$40.61	\$10.67
190	\$49	\$14	1.041	0.957	\$51.01	\$13.40	1.041	0.957	\$53.10	\$12.82
200	\$64	\$16	1.019	0.936	\$65.22	\$14.98	1.019	0.936	\$66.46	\$14.02
210	\$45	\$13	1.055	0.970	\$47.48	\$12.61	1.055	0.970	\$50.09	\$12.23
220	\$42	\$12	0.986	0.906	\$41.41	\$10.87	0.986	0.906	\$40.83	\$9.85
230	\$68	\$17	1.010	0.929	\$68.68	\$15.79	1.010	0.929	\$69.37	\$14.67
240	\$45	\$13	0.983	0.903	\$44.24	\$11.74	0.983	0.903	\$43.49	\$10.60
250	\$39	\$12	0.993	0.913	\$38.73	\$10.96	0.993	0.913	\$38.46	\$10.01
260	\$48	\$13	0.996	0.916	\$47.81	\$11.91	0.996	0.916	\$47.62	\$10.91
270	\$30	\$10	0.921	0.847	\$27.63	\$8.47	0.921	0.847	\$25.45	\$7.17
280	\$28	\$9	1.036	0.953	\$29.01	\$8.58	1.036	0.953	\$30.05	\$8.18
290	\$36	\$11	0.985	0.905	\$35.46	\$9.96	0.985	0.905	\$34.93	\$9.01
300	\$49	\$15	1.008	0.927	\$49.39	\$13.91	1.008	0.927	\$49.79	\$12.89
310	\$35	\$11	1.011	0.930	\$35.39	\$10.23	1.011	0.930	\$35.78	\$9.51
320	\$36	\$11	1.049	0.964	\$37.76	\$10.60	1.049	0.964	\$39.61	\$10.22
330	\$38	\$12	1.016	0.934	\$38.61	\$11.21	1.016	0.934	\$39.23	\$10.47
340	\$32	\$9	0.990	0.910	\$31.68	\$8.19	0.990	0.910	\$31.36	\$7.45
350	\$37	\$11	1.050	0.965	\$38.85	\$10.62	1.050	0.965	\$40.79	\$10.25
360	\$30	\$9	1.036	0.953	\$31.08	\$8.58	1.036	0.953	\$32.20	\$8.18
370	\$33	\$10	0.979	0.900	\$32.31	\$9.00	0.979	0.900	\$31.63	\$8.10
380	\$30	\$9	0.989	0.909	\$29.67	\$8.18	0.989	0.909	\$29.34	\$7.44
390	\$31	\$10	0.998	0.918	\$30.94	\$9.18	0.998	0.918	\$30.88	\$8.43
Statewide	\$36.01	\$10.44	0.996	0.916	\$35.87	\$9.56	0.998	0.917	\$35.80	\$8.77

^(a) The current Base Class is Protection Class 5 with Frame construction; \$15,000 Coverage A, \$6,000 Coverage C.

^(b) For Fire, the rate level changes for Year 1 and Year 2 were calculated by taking the square root of the indicated rate level change in factor form.

^(c) Beginning with this filing, filed rates will be rounded to dollars and cents instead of whole dollars.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CURRENT AND FILED BASE RATES
EXTENDED COVERAGE

Territory	(1) Current Manual Base Rate ^(a)		(2) Year 1 Rate Level Change ^(b)		(3) Off-Balance Factor ^(c)		(4) = [(1) x (2)] / (3) Year 1 Filed Base Rate ^(d)		(5) Year 2 Rate Level Change ^(b)		(6) = (4) x (5) Year 2 Filed Base Rate ^(d)	
	Buildings	Contents	Buildings	Contents	Buildings	Contents	Buildings	Contents	Buildings	Contents	Buildings	Contents
110	\$247	\$29	1.406	1.285	1.002	1.003	\$346.59	\$37.15	1.406	1.285	\$487.31	\$47.74
120	\$277	\$37	1.494	1.366	1.011	1.018	\$409.34	\$49.65	1.494	1.366	\$611.55	\$67.82
130	\$183	\$26	1.374	1.256	1.041	1.077	\$241.54	\$30.32	1.374	1.256	\$331.88	\$38.08
140	\$216	\$30	1.490	1.362	1.046	1.091	\$307.69	\$37.45	1.490	1.362	\$458.46	\$51.01
150	\$161	\$12	1.257	1.149	1.043	1.088	\$194.03	\$12.67	1.257	1.149	\$243.90	\$14.56
160	\$169	\$15	1.294	1.183	1.038	1.101	\$210.68	\$16.12	1.294	1.183	\$272.62	\$19.07
170	\$84	\$6	1.289	1.178	1.055	1.081	\$102.63	\$6.54	1.289	1.178	\$132.29	\$7.70
180	\$94	\$7	1.393	1.274	1.034	1.072	\$126.64	\$8.32	1.393	1.274	\$176.41	\$10.60
190	\$100	\$12	1.548	1.415	1.049	1.077	\$147.57	\$15.77	1.548	1.415	\$228.44	\$22.31
200	\$125	\$14	1.496	1.367	1.064	1.084	\$175.75	\$17.65	1.496	1.367	\$262.92	\$24.13
210	\$81	\$4	1.376	1.258	1.032	1.073	\$108.00	\$4.69	1.376	1.258	\$148.61	\$5.90
220	\$69	\$3	1.333	1.219	1.014	1.040	\$90.71	\$3.52	1.333	1.219	\$120.92	\$4.29
230	\$115	\$12	1.419	1.297	1.079	1.099	\$151.24	\$14.16	1.419	1.297	\$214.61	\$18.37
240	\$73	\$3	1.352	1.236	1.040	1.081	\$94.90	\$3.43	1.352	1.236	\$128.30	\$4.24
250	\$69	\$3	1.302	1.190	1.027	1.079	\$87.48	\$3.31	1.302	1.190	\$113.90	\$3.94
260	\$64	\$2	1.258	1.150	1.059	1.110	\$76.03	\$2.07	1.258	1.150	\$95.65	\$2.38
270	\$49	\$2	1.237	1.131	1.002	1.012	\$60.49	\$2.24	1.237	1.131	\$74.83	\$2.53
280	\$49	\$2	1.256	1.148	1.016	1.051	\$60.57	\$2.18	1.256	1.148	\$76.08	\$2.50
290	\$59	\$2	1.221	1.116	1.017	1.058	\$70.83	\$2.11	1.221	1.116	\$86.48	\$2.35
300	\$58	\$4	1.310	1.198	1.049	1.075	\$72.43	\$4.46	1.310	1.198	\$94.88	\$5.34
310	\$41	\$1	1.214	1.110	1.013	1.029	\$49.14	\$1.08	1.214	1.110	\$59.66	\$1.20
320	\$45	\$1	1.231	1.125	1.021	1.044	\$54.26	\$1.08	1.231	1.125	\$66.79	\$1.22
330	\$50	\$1	1.215	1.111	1.042	1.075	\$58.30	\$1.03	1.215	1.111	\$70.83	\$1.14
340	\$38	\$1	1.204	1.100	1.009	1.019	\$45.34	\$1.08	1.204	1.100	\$54.59	\$1.19
350	\$39	\$1	1.179	1.077	1.022	1.042	\$44.99	\$1.03	1.179	1.077	\$53.04	\$1.11
360	\$38	\$2	1.134	1.036	1.027	1.063	\$41.96	\$1.95	1.134	1.036	\$47.58	\$2.02
370	\$41	\$2	1.167	1.066	1.030	1.057	\$46.45	\$2.02	1.167	1.066	\$54.21	\$2.15
380	\$37	\$1	1.178	1.077	1.025	1.042	\$42.52	\$1.03	1.178	1.077	\$50.09	\$1.11
390	\$37	\$1	1.173	1.072	1.023	1.035	\$42.43	\$1.04	1.173	1.072	\$49.77	\$1.11
Statewide	\$93.53	\$9.96	1.358	1.242	1.025	1.053	\$123.92	\$11.75	1.368	1.251	\$169.52	\$14.70

^(a) The current Base Class is Form DP-001; \$15,000 Coverage A, \$6,000 Coverage C.

^(b) For Extended Coverage, the rate level changes for Year 1 and Year 2 were calculated by taking the square root of the indicated rate level change in factor form.

^(c) The off-balance factors are applied to implement the proposed Extended Coverage mobile home construction rating factors on a revenue-neutral basis.

^(d) Beginning with this filing, filed rates will be rounded to dollars and cents instead of whole dollars.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DETERMINATION OF RATES TO BE CHARGED INDIVIDUAL INSUREDS

The filed base rates by territory are shown on pages A-5 and A-6. These are the filed manual rates for the classification carrying a unity differential. The revised rates for the remaining classifications are determined by applying the established classification rate differentials to the base rates by territory. The derivation of the revised wind exclusion and windstorm loss mitigation credits can be found on pages C-20-26.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

SECTION B - MATERIAL TO BE IMPLEMENTED

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NORTH CAROLINA
DWELLING PROPERTY INSURANCE
REVISED RULES

1. The base rates underlying the Rule 301 Key Premium tables have been revised to reflect the filed rate level changes. The base rates have also been rounded to dollars and cents instead of whole dollars. See pages B-3-4 for the filed base rates.
2. The Windstorm or Hail Exclusion Credits have been revised to reflect the filed rates. Similar to the filed base rates, the credits have been rounded to dollars and cents instead of whole dollars. See pages B-5-6 for the Windstorm or Hail Exclusion Credits.
3. The Windstorm Loss Mitigation Credits have been revised to reflect the filed rates. Similar to the filed base rates, the credits have been rounded to dollars and cents instead of whole dollars. See pages B-7-10 for the Windstorm Loss Mitigation Credits.
4. Rule A9. Windstorm Mitigation Program of the State Exception Pages has been revised to remove references to previous IBHS designations that are no longer in effect. See pages B-11-13 for the revised rule.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

FILED TERRITORY BASE RATES

<u>Territory</u>	Year 1 Filed Base Rate			
	<u>Fire</u> ^(a)		<u>Extended Coverage</u> ^(b)	
	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>
110	\$17.26	\$3.73	\$346.59	\$37.15
120	\$17.37	\$3.76	\$409.34	\$49.65
130	\$31.17	\$8.06	\$241.54	\$30.32
140	\$27.14	\$7.75	\$307.69	\$37.45
150	\$31.62	\$8.44	\$194.03	\$12.67
160	\$34.71	\$10.33	\$210.68	\$16.12
170	\$44.42	\$11.80	\$102.63	\$6.54
180	\$42.75	\$12.22	\$126.64	\$8.32
190	\$51.01	\$13.40	\$147.57	\$15.77
200	\$65.22	\$14.98	\$175.75	\$17.65
210	\$47.48	\$12.61	\$108.00	\$4.69
220	\$41.41	\$10.87	\$90.71	\$3.52
230	\$68.68	\$15.79	\$151.24	\$14.16
240	\$44.24	\$11.74	\$94.90	\$3.43
250	\$38.73	\$10.96	\$87.48	\$3.31
260	\$47.81	\$11.91	\$76.03	\$2.07
270	\$27.63	\$8.47	\$60.49	\$2.24
280	\$29.01	\$8.58	\$60.57	\$2.18
290	\$35.46	\$9.96	\$70.83	\$2.11
300	\$49.39	\$13.91	\$72.43	\$4.46
310	\$35.39	\$10.23	\$49.14	\$1.08
320	\$37.76	\$10.60	\$54.26	\$1.08
330	\$38.61	\$11.21	\$58.30	\$1.03
340	\$31.68	\$8.19	\$45.34	\$1.08
350	\$38.85	\$10.62	\$44.99	\$1.03
360	\$31.08	\$8.58	\$41.96	\$1.95
370	\$32.31	\$9.00	\$46.45	\$2.02
380	\$29.67	\$8.18	\$42.52	\$1.03
390	\$30.94	\$9.18	\$42.43	\$1.04

^(a) The Base Class is Protection Class 5 with Frame construction; \$15,000 Coverage A, \$6,000 Coverage C.

^(b) The Base Class is Form DP-001; \$15,000 Coverage A, \$6,000 Coverage C.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

FILED TERRITORY BASE RATES

<u>Territory</u>	Year 2 Filed Base Rate			
	<u>Fire</u> ^(a)		<u>Extended Coverage</u> ^(b)	
	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>
110	\$17.52	\$3.48	\$487.31	\$47.74
120	\$17.75	\$3.53	\$611.55	\$67.82
130	\$30.36	\$7.21	\$331.88	\$38.08
140	\$25.40	\$6.67	\$458.46	\$51.01
150	\$32.25	\$7.92	\$243.90	\$14.56
160	\$35.44	\$9.70	\$272.62	\$19.07
170	\$43.84	\$10.71	\$132.29	\$7.70
180	\$40.61	\$10.67	\$176.41	\$10.60
190	\$53.10	\$12.82	\$228.44	\$22.31
200	\$66.46	\$14.02	\$262.92	\$24.13
210	\$50.09	\$12.23	\$148.61	\$5.90
220	\$40.83	\$9.85	\$120.92	\$4.29
230	\$69.37	\$14.67	\$214.61	\$18.37
240	\$43.49	\$10.60	\$128.30	\$4.24
250	\$38.46	\$10.01	\$113.90	\$3.94
260	\$47.62	\$10.91	\$95.65	\$2.38
270	\$25.45	\$7.17	\$74.83	\$2.53
280	\$30.05	\$8.18	\$76.08	\$2.50
290	\$34.93	\$9.01	\$86.48	\$2.35
300	\$49.79	\$12.89	\$94.88	\$5.34
310	\$35.78	\$9.51	\$59.66	\$1.20
320	\$39.61	\$10.22	\$66.79	\$1.22
330	\$39.23	\$10.47	\$70.83	\$1.14
340	\$31.36	\$7.45	\$54.59	\$1.19
350	\$40.79	\$10.25	\$53.04	\$1.11
360	\$32.20	\$8.18	\$47.58	\$2.02
370	\$31.63	\$8.10	\$54.21	\$2.15
380	\$29.34	\$7.44	\$50.09	\$1.11
390	\$30.88	\$8.43	\$49.77	\$1.11

^(a) The Base Class is Protection Class 5 with Frame construction; \$15,000 Coverage A, \$6,000 Coverage C.

^(b) The Base Class is Form DP-001; \$15,000 Coverage A, \$6,000 Coverage C.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DWELLING POLICY PROGRAM MANUAL CHANGES WINDSTORM OR HAIL EXCLUSION CREDITS

Year 1:

RULE A3.

WINDSTORM OR HAIL EXCLUSION – TERRITORIES 110, 120, 130, 140, 150 AND 160 ONLY

Territory	Const.*	Building Credit	Contents Credit
110	M	\$ 301.05	\$ 31.47
	F	316.89	33.13
	MH	475.34	49.70
120	M	363.19	44.79
	F	382.31	47.15
	MH	573.47	70.73
130	M	202.11	26.42
	F	212.75	27.81
	MH	319.13	41.72
140	M	261.76	31.34
	F	275.54	32.99
	MH	413.31	49.49
150	M	154.18	10.38
	F	162.29	10.93
	MH	243.44	16.40
160	M	166.53	13.47
	F	175.29	14.18
	MH	262.94	21.27
* M = Masonry, F = Frame. MH = Mobile Homes. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.			

Table A3.B.2.(R) Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 and 160 Only

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DWELLING POLICY PROGRAM MANUAL CHANGES WINDSTORM OR HAIL EXCLUSION CREDITS

Year 2:

RULE A3.

WINDSTORM OR HAIL EXCLUSION – TERRITORIES 110, 120, 130, 140, 150 AND 160 ONLY

Territory	Const.*	Building Credit	Contents Credit
110	M	\$ 434.73	\$ 41.53
	F	457.61	43.72
	MH	686.42	65.58
120	M	555.29	62.05
	F	584.52	65.32
	MH	876.78	97.98
130	M	287.94	33.79
	F	303.09	35.57
	MH	454.64	53.36
140	M	404.99	44.22
	F	426.31	46.55
	MH	639.47	69.83
150	M	201.55	12.18
	F	212.16	12.82
	MH	318.24	19.23
160	M	225.37	16.27
	F	237.23	17.13
	MH	355.85	25.70
* M = Masonry, F = Frame. MH = Mobile Homes. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.			

Table A3.B.2.(R) Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 and 160 Only

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DWELLING POLICY PROGRAM MANUAL CHANGES WINDSTORM LOSS MITIGATION CREDITS

Year 1:

RULE A9. WINDSTORM MITIGATION PROGRAM

Mitigation Feature	Const.	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	M	\$ 16.55	\$ 18.54	\$ 12.07	\$ 12.46	\$ 7.58	\$ 5.28
	F	17.42	19.52	12.70	13.12	7.98	5.56
Opening Protection	M	16.55	18.54	12.07	12.46	7.58	5.28
	F	17.42	19.52	12.70	13.12	7.98	5.56
Total Hip Roof and Opening Protection	M	34.61	37.10	19.61	21.81	15.16	15.86
	F	36.43	39.05	20.64	22.96	15.96	16.69
IBHS Designation: <i>FORTIFIED for Safer Living®</i>	M	54.17	66.46	21.12	45.18	20.22	27.75
	F	57.02	69.96	22.23	47.56	21.28	29.21
FORTIFIED Roof – Hurricane – Existing Roof	M	12.04	13.91	4.52	6.23	5.05	3.96
	F	12.67	14.64	4.76	6.56	5.32	4.17
FORTIFIED Roof – Hurricane – New Roof	M	19.56	21.64	12.07	17.14	7.58	9.25
	F	20.59	22.78	12.70	18.04	7.98	9.74
FORTIFIED Home – Hurricane – Silver – Existing Roof	M	34.61	41.73	15.09	28.04	8.84	17.18
	F	36.43	43.93	15.88	29.52	9.31	18.08
FORTIFIED Home – Hurricane – Silver – New Roof	M	40.63	47.92	16.60	34.28	12.64	19.83
	F	42.77	50.44	17.47	36.08	13.30	20.87
FORTIFIED Home – Hurricane – Gold – Existing Roof	M	40.63	47.92	19.61	34.28	15.16	19.83
	F	42.77	50.44	20.64	36.08	15.96	20.87
FORTIFIED Home – Hurricane – Gold – New Roof	M	45.14	57.19	21.12	43.62	16.43	26.43
	F	47.52	60.20	22.23	45.92	17.29	27.82

Table A9.E.#1(R) – Windstorm Loss Mitigation Credit – Coverage A – Dwelling

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DWELLING POLICY PROGRAM MANUAL CHANGES WINDSTORM LOSS MITIGATION CREDITS

Year 1:

RULE A9. WINDSTORM MITIGATION PROGRAM

Mitigation Feature	Const.	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	M	\$ 1.58	\$ 3.09	\$ 2.40	\$ 1.36	\$ 1.15	\$ 1.12
	F	1.66	3.25	2.53	1.43	1.21	1.18
Opening Protection	M	1.58	3.09	2.40	1.36	1.15	1.12
	F	1.66	3.25	2.53	1.43	1.21	1.18
Total Hip Roof and Opening Protection	M	1.58	4.64	2.40	1.36	1.15	1.12
	F	1.66	4.88	2.53	1.43	1.21	1.18
IBHS Designation:							
<i>FORTIFIED for Safer Living®</i>	M	6.30	9.27	3.60	6.81	2.31	3.37
	F	6.63	9.76	3.79	7.17	2.43	3.55
FORTIFIED Roof – Hurricane – Existing Roof	M	1.58	3.09	2.40	1.36	1.15	1.12
	F	1.66	3.25	2.53	1.43	1.21	1.18
FORTIFIED Roof – Hurricane – New Roof	M	1.58	4.64	2.40	1.36	1.15	1.12
	F	1.66	4.88	2.53	1.43	1.21	1.18
FORTIFIED Home – Hurricane – Silver – Existing Roof	M	3.14	4.64	2.40	5.45	1.15	2.24
	F	3.31	4.88	2.53	5.74	1.21	2.36
FORTIFIED Home – Hurricane – Silver – New Roof	M	3.14	7.72	2.40	5.45	1.15	2.24
	F	3.31	8.13	2.53	5.74	1.21	2.36
FORTIFIED Home – Hurricane – Gold – Existing Roof	M	4.72	7.72	2.40	5.45	1.15	2.24
	F	4.97	8.13	2.53	5.74	1.21	2.36
FORTIFIED Home – Hurricane – Gold – New Roof	M	4.72	7.72	3.60	5.45	2.31	2.24
	F	4.97	8.13	3.79	5.74	2.43	2.36

Table A9.E.#2(R) – Windstorm Loss Mitigation Credit – Coverage C – Personal Property

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DWELLING POLICY PROGRAM MANUAL CHANGES WINDSTORM LOSS MITIGATION CREDITS

Year 2:

RULE A9. WINDSTORM MITIGATION PROGRAM

Mitigation Feature	Const.	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	M	\$ 23.89	\$ 28.36	\$ 17.20	\$ 19.29	\$ 9.91	\$ 7.14
	F	25.15	29.85	18.10	20.30	10.43	7.52
Opening Protection	M	23.89	28.36	17.20	19.29	9.91	7.14
	F	25.15	29.85	18.10	20.30	10.43	7.52
Total Hip Roof and Opening Protection	M	49.97	56.72	27.94	33.74	19.82	21.45
	F	52.60	59.71	29.41	35.52	20.86	22.58
IBHS Designation: <i>FORTIFIED for Safer Living®</i>	M	78.22	101.62	30.10	69.90	26.42	37.54
	F	82.34	106.97	31.68	73.58	27.81	39.52
FORTIFIED Roof – Hurricane – Existing Roof	M	17.39	21.26	6.44	9.64	6.60	5.36
	F	18.30	22.38	6.78	10.15	6.95	5.64
FORTIFIED Roof – Hurricane – New Roof	M	28.24	33.09	17.20	26.51	9.91	12.52
	F	29.73	34.83	18.10	27.91	10.43	13.18
FORTIFIED Home – Hurricane – Silver – Existing Roof	M	49.97	63.81	21.50	43.39	11.56	23.24
	F	52.60	67.17	22.63	45.67	12.17	24.46
FORTIFIED Home – Hurricane – Silver – New Roof	M	58.67	73.26	23.65	53.03	16.51	26.83
	F	61.76	77.12	24.89	55.82	17.38	28.24
FORTIFIED Home – Hurricane – Gold – Existing Roof	M	58.67	73.26	27.94	53.03	19.82	26.83
	F	61.76	77.12	29.41	55.82	20.86	28.24
FORTIFIED Home – Hurricane – Gold – New Roof	M	65.19	87.45	30.10	67.49	21.47	35.76
	F	68.62	92.05	31.68	71.04	22.60	37.64

Table A9.E.#1(R) – Windstorm Loss Mitigation Credit – Coverage A – Dwelling

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DWELLING POLICY PROGRAM MANUAL CHANGES WINDSTORM LOSS MITIGATION CREDITS

Year 2:

RULE A9. WINDSTORM MITIGATION PROGRAM

Mitigation Feature	Const.	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	M	\$ 2.08	\$ 4.28	\$ 3.08	\$ 1.92	\$ 1.35	\$ 1.36
	F	2.19	4.50	3.24	2.02	1.42	1.43
Opening Protection	M	2.08	4.28	3.08	1.92	1.35	1.36
	F	2.19	4.50	3.24	2.02	1.42	1.43
Total Hip Roof and Opening Protection	M	2.08	6.42	3.08	1.92	1.35	1.36
	F	2.19	6.76	3.24	2.02	1.42	1.43
IBHS Designation: <i>FORTIFIED for Safer Living®</i>	M	8.31	12.84	4.61	9.61	2.71	4.08
	F	8.75	13.52	4.85	10.12	2.85	4.29
FORTIFIED Roof – Hurricane – Existing Roof	M	2.08	4.28	3.08	1.92	1.35	1.36
	F	2.19	4.50	3.24	2.02	1.42	1.43
FORTIFIED Roof – Hurricane – New Roof	M	2.08	6.42	3.08	1.92	1.35	1.36
	F	2.19	6.76	3.24	2.02	1.42	1.43
FORTIFIED Home – Hurricane – Silver – Existing Roof	M	4.15	6.42	3.08	7.70	1.35	2.71
	F	4.37	6.76	3.24	8.10	1.42	2.85
FORTIFIED Home – Hurricane – Silver – New Roof	M	4.15	10.70	3.08	7.70	1.35	2.71
	F	4.37	11.26	3.24	8.10	1.42	2.85
FORTIFIED Home – Hurricane – Gold – Existing Roof	M	6.23	10.70	3.08	7.70	1.35	2.71
	F	6.56	11.26	3.24	8.10	1.42	2.85
FORTIFIED Home – Hurricane – Gold – New Roof	M	6.23	10.70	4.61	7.70	2.71	2.71
	F	6.56	11.26	4.85	8.10	2.85	2.85

Table A9.E.#2(R) – Windstorm Loss Mitigation Credit – Coverage C – Personal Property

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DWELLING POLICY PROGRAM MANUAL CHANGES WINDSTORM MITIGATION PROGRAM

A9. WINDSTORM MITIGATION PROGRAM

A. Introduction

With respect to risks located in Territories 110, 120, 130, 140, 150 and 160, premium credits shall be made available for insureds who build, rebuild or retrofit certain residential dwellings, in accordance with specified standards, to better resist hurricanes and other catastrophic windstorm events.

B. Eligibility

1. A dwelling may be eligible for a premium credit if:
 - a. The dwelling has been designed and constructed in conformity with, and has been certified as meeting, the Hurricane, Tornado and Hail and High Wind requirements of the FORTIFIED for Safer Living™ program promulgated by the Insurance Institute for Business and Home Safety® (IBHS);
 - b. The dwelling has been certified as meeting either the Roof, Silver or Gold hurricane mitigation measures in the FORTIFIED Home™ program promulgated by the IBHS;
 - c. The dwelling contains Opening Protection in accordance with the qualification requirements set forth in Paragraph D.2.; or
 - d. The dwelling contains a Total Hip Roof.
2. The provisions of this rule do not apply:
 - a. To condominiums or tenant policies.
 - b. If the policy excludes the peril of Windstorm or Hail.
 - c. To dwellings under construction.
 - d. To Coverage C – Personal Property unless the policy also provides Coverage A – Dwelling.
3. To be eligible for a premium credit, mitigation features are not required for adjacent structures including, but not limited to, detached garages, storage sheds, barns, apartments, etc. located on the insured premises.

C. Proof of Compliance

The named insured must submit proof that the windstorm loss mitigation features and/or construction techniques have been implemented for each of the following:

1. IBHS FORTIFIED for Safer Living™

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling.

2. IBHS FORTIFIED Home™

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling. The credit will apply for five years from the date of designation. In order to continue receiving the mitigation credit after five years, the dwelling must be re-inspected and re-designated by the IBHS. If the IBHS designation expires, the applicable mitigation credit will expire upon renewal.

3. Opening Protection

The existence of Opening Protection may be verified by proof of installation.

4. Total Hip Roof

The existence of a hip roof may be verified through photographs of the roof.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DWELLING POLICY PROGRAM MANUAL CHANGES WINDSTORM MITIGATION PROGRAM

A9. WINDSTORM MITIGATION PROGRAM

D. Description of Mitigation Credit Tables

With respect to dwellings to which this rule applies and subject to all other provisions of this Windstorm Mitigation Program, the following approved and properly maintained windstorm mitigation features shall be recognized for a premium credit:

1. IBHS FORTIFIED programs:

- a. A home designated by the IBHS as FORTIFIED for Safer Living™.
- b. A home designated by the IBHS as FORTIFIED Home™, including:
 - (1) FORTIFIED Roof – Hurricane – Existing Roof
 - (2) FORTIFIED Roof – Hurricane – New Roof
 - (3) FORTIFIED Home – Hurricane – Silver – Existing Roof
 - (4) FORTIFIED Home – Hurricane – Silver – New Roof
 - (5) FORTIFIED Home – Hurricane – Gold – Existing Roof
 - (6) FORTIFIED Home – Hurricane – Gold – New Roof

2. Opening Protection

- a. Building opening protective features must have been certified as having met the Large Missile Test (Missile D) of the American Society for Testing and Materials ASTM E 1886 (standard test method) and ASTM E 1996 (standard specification) or other standards that are determined to be equivalent, including the American Architectural Manufacturers Association (AAMA), AAMA 506 or the Florida Building Code Testing Application Standards TAS 201 and 203. Such opening protective features shall be considered qualified.
- b. Qualifying opening protection must be present at all exterior envelope openings (such as windows, garage doors, sliding doors, swinging doors, glass block, door sidelights, and skylights) on the dwelling structure. For the credit to apply, the following conditions must be met:
 - (1) In accordance with the qualification requirements set forth in Paragraph **D.2.a.:**
 - (a) All exterior building envelope openings with glazing (e.g. glass) shall have qualified impact-resistant and wind pressure-resistant opening protection;
 - (b) All exterior building envelope openings without glazing shall have qualified wind pressure-resistant opening protection; and
 - (c) All garage doors (with and without glazing) shall meet or exceed a qualified minimum pressure resistance.
 - (2) Opening protection must be installed by a qualified contractor, according to the manufacturer's specifications.
 - (3) Impact-resistant protective devices must not be made of wood structural panels, such as OSB or plywood, or be homemade.

3. Total Hip Roof

A Total Hip Roof is a roof that slopes in four directions such that the end formed by the intersection of slopes is a triangle.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DWELLING POLICY PROGRAM MANUAL CHANGES WINDSTORM MITIGATION PROGRAM

A9. WINDSTORM MITIGATION PROGRAM

E. Premium Determination

1. To compute the Extended Coverage Non-seasonal or Seasonal Base Premium or the Broad or Special Form Non-seasonal Base Premium:
 - a. Determine the Extended Coverage, Broad or Special Form Key Premium as described in Rule **301**.
 - b. Subtract the Coverage **A** Windstorm Loss Mitigation Credit shown on the state rates from the Coverage **A** Extended Coverage, Broad or Special Form Key Premium. If applicable, also subtract the Coverage **C** Windstorm Loss Mitigation Credit, shown on the state rates from the Coverage **C** Extended Coverage, Broad or Special Form Key Premium.
 - c. Multiply the Extended Coverage, Broad or Special Form Key Premium excluding Windstorm Loss Mitigation Coverage developed in Paragraph **E.1.b.** by the Key Factor for the desired limit of liability.
2. To compute the Seasonal Broad or Special Form Base Premium:
 - a. Determine the **DP 00 01** Extended Coverage Key Premium as described in Rule **301**.
 - b. Multiply the **DP 00 01** Extended Coverage Key Premium by the appropriate Seasonal factor shown in Table **301.A.#42(R)** or Table **301.A.#45(R)** to determine the Seasonal Broad or Special Form Key Premium.
 - c. Subtract the Coverage **A** Windstorm Loss Mitigation Credit shown in the state rates from the Coverage **A** Seasonal Broad or Special Form Key Premium determined in Paragraph **E.2.b.** If applicable, also subtract the Coverage **C** Windstorm Loss Mitigation Credit, shown on the state rates from the Coverage **C** Seasonal Broad or Special Form Key Premium.
 - d. Multiply the Seasonal Broad or Special Form Key Premium excluding Windstorm Loss Mitigation Coverage developed in Paragraph **E.2.c.** by the Key Factor for the desired limit of liability.
3. Mitigation Feature credits cannot be combined, except for Total Hip Roof and Opening Protection.
4. If mitigation measures are installed midterm, premium adjustment is required on a pro rata basis.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

SECTION C - SUPPORTING MATERIAL

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NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED STATEWIDE RATE LEVEL CHANGE

FIRE

Year	(1) Adjusted Incurred Losses ^(a)	(2) Adjusted Incurred Losses Including LAE ^(b)	(3) Loss Trend Factor ^(c)	(4) Earned House Years	(5) Premium Trend Factor ^(d)
2019	46,345,896	50,702,410	1.421	633,316	1.429
2020	40,385,388	44,181,614	1.340	634,614	1.410
2021	46,859,393	51,264,176	1.264	645,798	1.375
2022	49,739,461	54,414,970	1.193	662,781	1.292
2023	56,110,222	61,384,583	1.125	683,411	1.178

Year	(6) Trended Loss Cost [(2)×(3)] / [(4)×(5)]	(7) Average Rating Factor ^(e)	(8) Trended Base Class Loss Cost (6) / (7)	(9) Accident Year Weights
2019	79.61	4.308	18.48	0.10
2020	66.16	4.335	15.26	0.15
2021	72.97	4.397	16.60	0.20
2022	75.81	4.608	16.45	0.25
2023	85.78	4.984	17.21	0.30

(10)	Weighted Trended Base Class Loss Cost ^(f)	16.73
(11)	Credibility (3,259,920 House Years) ^(g)	1.00
(12)	Trended Fixed Expense per Policy ^(h)	2.51
(13)	Base Class Loss Cost with Fixed Expense, (10) + (12)	19.24
(14)	Expected Loss and Fixed Expense Ratio ⁽ⁱ⁾	0.764
(15)	Base Class Rate Excluding Comp. for Assess. Risk & Deviations, (13) / (14)	25.18
(16)	Compensation for Assessment Risk per Policy ^(j)	0.64
(17)	Base Class Rate Excluding Deviations, (15) + (16)	25.82
(18)	Selected Net Deviation ^(k)	0.000
(19)	Deviation Amount per Policy, [(17) / (1.0 - (18))] - (17)	0.00
(20)	Required Base Class Rate per Policy, (17) + (19)	25.82
(21)	Current Average Base Class Rate	26.35
(22)	Indicated Rate Level Change ^(l) , (20) / (21) - 1	-2.0%

NORTH CAROLINA
DWELLING PROPERTY INSURANCE
CALCULATION OF INDICATED STATEWIDE RATE LEVEL CHANGE
FIRE

- (a) Incurred losses have been adjusted by the following loss development factors:

<u>Accident Year Ending</u>	<u>Loss Development Factor</u>
12/31/2019	1.000
12/31/2020	1.000
12/31/2021	1.000
12/31/2022	0.997
12/31/2023	0.988

- (b) The trended loss adjustment expenses have been calculated to be 9.4% of the incurred losses for Fire. This factor is developed on pages D-26 and D-30.
- (c) The development of the Loss Trend Factors is shown on page D-18.
- (d) The development of the Premium Trend Factors is shown on page D-20.
- (e) The calculation of the Average Rating Factors is shown on pages D-34-43.
- (f) The Weighted Trended Base Class Loss Cost is the sum of the products, by year, of the Trended Base Class Loss Costs and the accident year weights.
- (g) The standard for full credibility is 500,000 house years for Fire. This review is fully credible. The statewide credibility procedure is based on the "frequency with severity modification" model discussed in "Credibility of the Pure Premium" by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 10% maximum departure from the expected value, translated to house year standards. Partial credibility (Z_p) is calculated as follows:
- $$Z_p = \sqrt{\frac{\text{Five-Year House Years}}{\text{Full Credibility Standard}}} \text{ (truncated to the nearest tenth)}$$
- (h) The development of the Trended Fixed Expense per Policy is shown on page D-30.
- (i) The development of the Expected Loss and Fixed Expense Ratio is shown on page D-24.
- (j) The Compensation for Assessment Risk loading is 2.1% of premium and is based on an analysis done by Aon. The provision per policy is calculated as $(0.021 \times \text{Current Average Base Class Rate}) / (1 - \text{Provisions for Commission \& Taxes})$. The commission and tax provisions are those shown on page D-24 for Fire.
- (k) A 0% net deviation loading was selected by the North Carolina Rate Bureau.
- (l) The cumulative rate level change over Years 1 and 2 is equal to the indicated rate level change.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED STATEWIDE RATE LEVEL CHANGE
EXTENDED COVERAGE

Year	(1) Non-Modeled Adjusted Incurred Losses ^(a) *	(2) Non-Modeled Adjusted Excess Losses ^(b)	(3) Losses Including LAE Adjusted for Excess [(1)-(2)] × LAE × Excess Factor ^(c) (d)	(4) Loss Trend Factor ^(e)	(5) Earned House Years
2019	60,738,450	0	70,602,739	2.141	624,514
2020	84,203,391	0	97,878,527	1.911	622,110
2021	66,234,439	0	76,991,309	1.707	630,050
2022	105,519,857	0	122,656,915	1.524	646,240
2023	104,162,264	0	121,078,841	1.360	666,145

Year	(6) Premium Trend Factor ^(f)	(7) Trended Loss Cost [(3)×(4)] / [(5)×(6)]	(8) Average Rating Factor ^(g)	(9) Trended Base Class Loss Cost (7) / (8)	(10) Accident Year Weights
2019	1.425	169.86	7.683	22.11	0.20
2020	1.410	213.24	7.728	27.59	0.20
2021	1.377	151.48	7.878	19.23	0.20
2022	1.292	223.88	8.343	26.83	0.20
2023	1.175	210.38	9.172	22.94	0.20

(11)	Weighted Trended Non-Hurricane Base Class Loss Cost ^(h)	23.74
(12)	Credibility (3,189,059 House Years) ⁽ⁱ⁾	1.00
(13)	Trended Modeled Hurricane Base Class Loss Cost ⁽ⁱ⁾	17.90
(14)	Total Base Class Loss Cost (11) + (13)	41.64
(15)	Trended Fixed Expense per Policy ^(k)	4.53
(16)	Net Cost of Reinsurance per Policy ^(l)	43.73
(17)	Base Class Loss Cost with Fixed Expense & Net Reins., (14) + (15) + (16)	89.90
(18)	Expected Loss and Fixed Expense Ratio ^(m)	0.786
(19)	Base Class Rate Excluding Comp. for Assess. Risk & Deviations, (17) / (18)	114.38
(20)	Compensation for Assessment Risk per Policy ⁽ⁿ⁾	1.49
(21)	Base Class Rate Excluding Deviations, (19) + (20)	115.87
(22)	Selected Net Deviation ^(o)	0.000
(23)	Deviation Amount per Policy, [(21) / (1.0 - (22))] - (21)	0.00
(24)	Required Base Class Rate per Policy, (21) + (23)	115.87
(25)	Current Average Base Class Rate	62.69
(26)	Indicated Rate Level Change ^(p) , (24) / (25) - 1	+84.8%

* Actual Hurricane losses of \$26,815,525 were removed from 2019, \$30,827,382 were removed from 2020, \$2,706,769 were removed from 2021, \$13,697,365 were removed from 2022, and \$2,533,227 were removed from 2023.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED STATEWIDE RATE LEVEL CHANGE EXTENDED COVERAGE

- (a) Incurred losses excluding hurricanes have been adjusted by the following loss development factors:

<u>Accident Year Ending</u>	<u>Loss Development Factor</u>
12/31/2019	1.000
12/31/2020	1.000
12/31/2021	1.001
12/31/2022	1.007
12/31/2023	1.052

The excluded hurricane losses can be found on pages D-56-60.

- (b) Excess losses are calculated on pages D-49-50.
- (c) The trended loss adjustment expenses have been calculated to be 10.6% of the non-hurricane incurred losses for Extended Coverage. This factor is developed on pages D-29 and D-30.
- (d) The excess factor is calculated on page D-49.
- (e) The development of the Loss Trend Factors is shown on page D-18.
- (f) The development of the Premium Trend Factors is shown on page D-20.
- (g) The calculation of the Average Rating Factors is shown on pages D-65-74.
- (h) The Weighted Trended Non-Hurricane Base Class Loss Cost is the sum of the products, by year, of the Trended Base Class Loss Costs and the accident year weights.
- (i) The standard for full credibility is 330,000 house years for Extended Coverage. This review is fully credible. The statewide credibility procedure is based on the "frequency with severity modification" model discussed in "Credibility of the Pure Premium" by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 10% maximum departure from the expected value, translated to house year standards. Partial credibility (Z_p) is calculated as follows:
- $$Z_p = \sqrt{\frac{\text{Five-Year House Years}}{\text{Full Credibility Standard}}} \text{ (truncated to the nearest tenth)}$$
- (j) The modeled hurricane base-class loss cost is calculated by dividing modeled losses of \$128,451,657 by the product of the trended Average Rating Factor and Earned House Years for the latest year. Using the trended latest-year exposures, Aon developed modeled losses by blending the results of the AIR and RMS hurricane models. The resulting losses were adjusted by Aon to include a loading for LAE of 6.0%. The development of the Modeled Hurricane Base Class Loss Cost is shown on page D-81.
- (k) The development of the Trended Fixed Expense per Policy is shown on page D-30.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED STATEWIDE RATE LEVEL CHANGE **EXTENDED COVERAGE**

- (l) The derivation of the statewide Net Cost of Reinsurance per Policy provision is provided on page D-82. This loading is based on an analysis done by Aon.
- (m) The development of the Expected Loss and Fixed Expense Ratio is shown on page D-27.
- (n) The Compensation for Assessment Risk loading is 2.1% of premium and is based on an analysis done by Aon. The provision per policy is calculated as $(0.021 \times \text{Current Average Base Class Rate}) / (1 - \text{Provisions for Commission \& Taxes})$. The commission and tax provisions are those shown on page D-27 for Extended Coverage.
- (o) A 0% net deviation loading was selected by the North Carolina Rate Bureau.
- (p) The cumulative rate level change over Years 1 and 2 is equal to the indicated rate level change.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED CLASS RATE LEVEL CHANGES

FIRE

	(1)	(2)	(3)	(4)	(5)	(6)
	Trended	Five-Year	Trended	Base Class		Credibility-
	Adjusted	Earned	Average	Loss Cost		Weighted
<u>Class</u>	<u>Incurred Losses</u>	<u>House Years</u>	<u>Rating Factor</u>	<u>(1) / [(2) × (3)]</u>	<u>Credibility</u>	<u>Loss Cost</u>
Buildings	305,601,919	2,027,839	6.450	23.36	1.00	23.36
Contents	24,422,204	1,232,081	3.575	5.54	1.00	5.54
Total	330,024,123	3,259,920	6.018	16.82		16.82
	(7)	(8)	(9)	(10)	(11)	(12)
	Indicated	Current Latest-	Expected	Indicated	Compensation	Base Class
	Base Class	Year Average	Loss and	Base Class	for	Rate Excluding
	Loss Cost ^(a)	Base Class Rate	Fixed	Rate ^(b)	Assessment	Deviations
<u>Class</u>	<u>Loss Cost ^(a)</u>	<u>Base Class Rate</u>	<u>Expense Ratio</u>	<u>Rate ^(b)</u>	<u>Risk per Policy</u>	<u>(10) + (11)</u>
Buildings	23.24	35.98	0.764	34.99	0.88	35.87
Contents	5.51	10.45	0.764	8.54	0.25	8.79
Total	16.73	25.84	0.764	25.18	0.64	25.82
	(13)	(14)	(15)	(16)	(17)	(18)
	Selected	Deviation	Required	Current Five-	Indicated	Indicated
	Net	Amount	Base Class	Year Average	Base Class	Rate Change
	Deviation	per Policy	Rate	Base Class Rate	Rate Change	Balanced to
<u>Class</u>	<u>Deviation</u>	<u>(12) / [1.0 - (13)] - (12)</u>	<u>(12) + (14)</u>	<u>Base Class Rate</u>	<u>(15) / (16) - 1</u>	<u>Statewide Level ^(c)</u>
Buildings	0.000	0.00	35.87	36.01	-0.4%	-0.6%
Contents	0.000	0.00	8.79	10.44	-15.8%	-16.0%
Total	0.000	0.00		26.35	-1.8%	-2.0%

^(a) Column (7) = (6) / Total (6) × Statewide Indication page row (10)

^(b) Column (10) = [(7) + (8) × Trended fixed expense ratio] / (9). The trended fixed expense ratio is shown in on page D-30.

^(c) Column (18) = [1 + (17)] / [1 + (17) total] × (1 + Statewide indicated rate level change) - 1

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED CLASS RATE LEVEL CHANGES
EXTENDED COVERAGE

<u>Class</u>	(1) Trended Adjusted Incurred <u>Non-Modeled Losses</u>	(2) Five-Year Earned House Years	(3) Trended Average Rating Factor	(4) Base Class Loss Cost $(1) / [(2) \times (3)]$	(5) <u>Credibility</u>	(6) Credibility- Weighted Loss Cost
Buildings	766,543,815	2,012,065	11.120	34.26	1.00	34.26
Contents	14,832,832	1,176,994	6.400	1.97	1.00	1.97
Total	781,376,647	3,189,059	10.843	22.60		22.60
<u>Class</u>	(7) Modeled Base Class Loss Cost	(8) Total Base Class Loss Cost	(9) Indicated Base Class Loss Cost ^(a)	(10) Current Latest- Year Average Base Class Rate	(11) Trended Fixed Expense per Policy ^(b)	(12) Net Cost of Reinsurance per Policy
Buildings	27.42	61.68	62.73	93.62	6.93	67.02
Contents	2.74	4.71	4.79	9.79	0.72	6.62
Total	17.90	40.94	41.64	61.21	4.53	43.73
<u>Class</u>	(13) Indicated Net Base Class Loss Cost $(9) + (11) + (12)$	(14) Expected Loss and Fixed Expense Ratio	(15) Indicated Net Base Class Rate $(13) / (14)$	(16) Compensation for Assessment Risk per Policy	(17) Base Class Rate Excluding Deviations $(15) + (16)$	(18) Selected Net Deviation
Buildings	136.68	0.786	173.89	2.22	176.11	0.000
Contents	12.13	0.786	15.43	0.24	15.67	0.000
Total	89.90	0.786	114.38	1.49	115.87	0.000
<u>Class</u>	(19) Deviation Amount per Policy $(17) / [1.0 - (18)] - (17)$	(20) Required Base Class Rate $(17) + (19)$	(21) Current Five- Year Average Base Class Rate	(22) Indicated Base Class Rate Change $(20) / (21) - 1$	(23) Indicated Rate Change Balanced to Statewide Level ^(c)	
Buildings	0.00	176.11	93.53	+88.3%	+85.9%	
Contents	0.00	15.67	9.96	+57.3%	+55.3%	
Total	0.00		62.69	+87.2%	+84.8%	

^(a) Column (9) = (8) / Total (8) × Statewide Indication page row (14).

^(b) Column (11) = (10) × Trended fixed expense ratio. The trended fixed expense ratio is shown on page D-30.

^(c) Column (23) = $[1 + (22)] / [1 + (22) \text{ total}] \times (1 + \text{Statewide indicated rate level change}) - 1$

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED BASE CLASS LOSS COSTS

FIRE

<u>Territory</u>	(1) Current Average Base Class Rate	(2) Five-Year Experience Base Class Loss Cost	(3) Five-Year Earned House Years	(4) Credibility	(5) Five-Year Average Rating Factor	(6) Credibility- Weighted Base Class Loss Cost ^(a)	(7) Indicated Relativity (6) / SW (6)	(8) Indicated Base Class Loss Cost (7) × 16.73 ^(b)
110	10.91	7.37	101,540	0.40	13.530	7.13	0.426	7.13
120	10.99	6.92	132,025	0.50	10.505	6.97	0.417	6.98
130	22.63	9.33	40,848	0.20	6.649	13.42	0.803	13.43
140	20.66	9.40	262,862	0.70	5.579	10.54	0.630	10.54
150	22.42	14.33	161,018	0.50	5.599	14.32	0.856	14.32
160	24.81	16.72	140,784	0.50	5.804	16.28	0.974	16.30
170	32.06	17.40	21,071	0.20	5.174	19.85	1.187	19.86
180	33.28	16.24	159,122	0.50	4.844	18.74	1.121	18.75
190	35.50	28.64	68,373	0.30	4.124	24.45	1.462	24.46
200	43.63	36.84	39,789	0.20	4.430	29.65	1.773	29.66
210	34.01	30.74	53,835	0.30	4.360	24.42	1.461	24.44
220	30.73	19.44	159,441	0.50	6.754	19.53	1.168	19.54
230	46.98	32.09	101,361	0.40	3.569	30.83	1.844	30.85
240	33.41	19.73	152,735	0.50	4.757	20.53	1.228	20.54
250	28.89	18.34	85,248	0.40	6.437	18.40	1.100	18.40
260	36.83	23.78	68,200	0.30	5.046	23.59	1.411	23.61
270	21.99	10.58	197,969	0.60	8.691	11.96	0.715	11.96
280	20.71	18.84	41,504	0.20	7.385	14.34	0.858	14.35
290	26.35	15.28	44,769	0.20	6.750	16.51	0.987	16.51
300	36.80	24.57	58,796	0.30	4.472	23.81	1.424	23.82
310	27.30	18.14	293,640	0.70	6.004	17.93	1.072	17.93
320	28.24	22.33	136,581	0.50	5.753	20.18	1.207	20.19
330	28.66	16.60	12,741	0.10	4.515	18.13	1.084	18.14
340	23.70	15.07	255,625	0.70	7.616	15.09	0.903	15.11
350	29.23	23.25	126,648	0.50	5.588	20.95	1.253	20.96
360	22.03	15.87	241,511	0.60	6.543	15.15	0.906	15.16
370	23.86	8.20	16,306	0.10	6.605	14.53	0.869	14.54
380	21.77	12.93	43,696	0.20	7.524	13.70	0.819	13.70
390	22.57	14.70	41,882	0.20	7.360	14.47	0.865	14.47
Statewide	26.35	16.82	3,259,920	1.00	6.018	16.72	1.000	16.73

^(a) Column (6) = (4) × (2) + [1.00 - (4)] × Statewide (2) × (1) / Statewide (1)

^(b) Column (8) = (7) × Indicated Statewide Base Class Loss Cost

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED BASE CLASS RATES

FIRE

<u>Territory</u>	(1) <u>Indicated Base Class Loss Cost</u>	(2) <u>Trended Fixed Expense per Policy</u> ^(a)	(3) <u>Expected Loss and Fixed Expense Ratio</u>	(4) <u>Indicated Net Base Class Rate [(1)+(2)] / (3)</u>	(5) <u>Compensation for Assessment Risk per Policy</u> ^(b)	(6) <u>Base Class Rate Excluding Deviations (4) + (5)</u>	(7) <u>Deviation Amount per Policy [(6)/(1.0- Dev. %)] - (6)</u>	(8) <u>Indicated Required Base Class Rate (6) + (7)</u>
110	7.13	1.11	0.764	10.79	0.27	11.06	0.00	11.06
120	6.98	1.45	0.764	11.03	0.27	11.30	0.00	11.30
130	13.43	2.28	0.764	20.56	0.55	21.11	0.00	21.11
140	10.54	2.70	0.764	17.33	0.50	17.83	0.00	17.83
150	14.32	2.79	0.764	22.40	0.55	22.95	0.00	22.95
160	16.30	2.68	0.764	24.84	0.61	25.45	0.00	25.45
170	19.86	3.03	0.764	29.96	0.78	30.74	0.00	30.74
180	18.75	3.19	0.764	28.72	0.81	29.53	0.00	29.53
190	24.46	3.80	0.764	36.99	0.87	37.86	0.00	37.86
200	29.66	3.57	0.764	43.49	1.06	44.55	0.00	44.55
210	24.44	3.41	0.764	36.45	0.83	37.28	0.00	37.28
220	19.54	2.33	0.764	28.63	0.75	29.38	0.00	29.38
230	30.85	4.35	0.764	46.07	1.15	47.22	0.00	47.22
240	20.54	3.08	0.764	30.92	0.81	31.73	0.00	31.73
250	18.40	2.48	0.764	27.33	0.70	28.03	0.00	28.03
260	23.61	3.18	0.764	35.07	0.90	35.97	0.00	35.97
270	11.96	1.63	0.764	17.79	0.54	18.33	0.00	18.33
280	14.35	1.99	0.764	21.39	0.51	21.90	0.00	21.90
290	16.51	2.21	0.764	24.50	0.64	25.14	0.00	25.14
300	23.82	3.63	0.764	35.93	0.90	36.83	0.00	36.83
310	17.93	2.54	0.764	26.79	0.67	27.46	0.00	27.46
320	20.19	2.64	0.764	29.88	0.69	30.57	0.00	30.57
330	18.14	3.58	0.764	28.43	0.70	29.13	0.00	29.13
340	15.11	1.92	0.764	22.29	0.58	22.87	0.00	22.87
350	20.96	2.70	0.764	30.97	0.71	31.68	0.00	31.68
360	15.16	2.21	0.764	22.74	0.54	23.28	0.00	23.28
370	14.54	2.20	0.764	21.91	0.58	22.49	0.00	22.49
380	13.70	1.91	0.764	20.43	0.53	20.96	0.00	20.96
390	14.47	2.00	0.764	21.56	0.55	22.11	0.00	22.11
Statewide	16.73	2.51	0.764	25.18	0.64	25.82	0.00	25.82

^(a) The derivation of the territory Trended Fixed Expense per Policy is on page D-31.

^(b) Column (5) = (Compensation for Assessment Loading × Current Average Base Class Rate)/(1- Provisions for Commissions & Taxes)

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED TERRITORY RATE LEVEL CHANGES

FIRE

<u>Territory</u>	(1) Latest-Year Aggregate Calculated Earned Premium at <u>Current Level</u>	(2) Current Average Base <u>Class Rate</u>	(3) Indicated Required Base <u>Class Rate</u>	(4) Indicated Rate Level Change <u>(3) / (2) - 1</u>	(5) Indicated Rate Level Change Balanced to Statewide <u>Indicated Level</u> ^(a)	(6) Indicated Buildings Rate Level Change ^(b)	(7) Indicated Contents Rate Level Change ^(c)
110	2,492,971	10.91	11.06	+1.4%	+1.6%	+3.1%	-12.9%
120	2,476,699	10.99	11.30	+2.8%	+3.0%	+4.5%	-11.7%
130	1,034,211	22.63	21.11	-6.7%	-6.5%	-5.2%	-19.9%
140	5,308,066	20.66	17.83	-13.7%	-13.5%	-12.3%	-25.9%
150	3,335,645	22.42	22.95	+2.4%	+2.6%	+4.1%	-12.1%
160	3,404,685	24.81	25.45	+2.6%	+2.8%	+4.3%	-11.9%
170	604,474	32.06	30.74	-4.1%	-3.9%	-2.5%	-17.6%
180	4,262,866	33.28	29.53	-11.3%	-11.1%	-9.8%	-23.8%
190	1,686,557	35.50	37.86	+6.6%	+6.8%	+8.3%	-8.5%
200	1,233,984	43.63	44.55	+2.1%	+2.3%	+3.8%	-12.3%
210	1,439,643	34.01	37.28	+9.6%	+9.8%	+11.4%	-5.9%
220	5,043,021	30.73	29.38	-4.4%	-4.2%	-2.8%	-17.9%
230	2,827,938	46.98	47.22	+0.5%	+0.7%	+2.1%	-13.7%
240	4,399,750	33.41	31.73	-5.0%	-4.8%	-3.4%	-18.4%
250	2,435,631	28.89	28.03	-3.0%	-2.8%	-1.4%	-16.7%
260	1,881,316	36.83	35.97	-2.3%	-2.1%	-0.7%	-16.1%
270	7,371,382	21.99	18.33	-16.6%	-16.4%	-15.2%	-28.3%
280	1,079,358	20.71	21.90	+5.7%	+5.9%	+7.4%	-9.2%
290	1,427,262	26.35	25.14	-4.6%	-4.4%	-3.0%	-18.1%
300	1,417,290	36.80	36.83	+0.1%	+0.3%	+1.7%	-14.0%
310	7,845,321	27.30	27.46	+0.6%	+0.8%	+2.2%	-13.6%
320	3,785,097	28.24	30.57	+8.3%	+8.5%	+10.1%	-7.0%
330	257,187	28.66	29.13	+1.6%	+1.8%	+3.3%	-12.7%
340	8,273,653	23.70	22.87	-3.5%	-3.3%	-1.9%	-17.1%
350	3,538,161	29.23	31.68	+8.4%	+8.6%	+10.2%	-6.9%
360	6,178,417	22.03	23.28	+5.7%	+5.9%	+7.4%	-9.2%
370	453,346	23.86	22.49	-5.7%	-5.5%	-4.2%	-19.0%
380	1,292,726	21.77	20.96	-3.7%	-3.5%	-2.1%	-17.3%
390	1,231,461	22.57	22.11	-2.0%	-1.8%	-0.4%	-15.8%
Statewide	88,018,118	26.35	25.82	-2.2%	-2.0%	-0.5%	-16.0%

^(a) Column (5) = [1 + (4)] / [1 + Statewide (4)] × (1 + Statewide indicated rate level change) - 1

^(b) Column (6) = [1 + (5)] × [1 + Class page Buildings (18)] / [1 + Class page Total (18)] - 1

^(c) Column (7) = [1 + (5)] × [1 + Class page Contents (18)] / [1 + Class page Total (18)] - 1

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED BASE CLASS LOSS COSTS
EXTENDED COVERAGE

<u>Territory</u>	(1) Five-Year Non-Hurricane Experience Base Class Loss Cost	(2) Five-Year Earned House Years	(3) <u>Credibility</u>	(4) Five-Year Average Rating Factor	(5) Credibility- Weighted Base Class Loss Cost ^(a)	(6) Modeled Hurricane Base Class Loss Cost	(7) Total Base Class Loss Cost (5) + (6)	(8) Indicated Relativity (7) / SW (7)	(9) Indicated Base Class Loss Cost (8) × 41.64 ^(b)
110	13.05	99,938	0.50	18.878	16.50	66.03	82.53	2.162	90.03
120	12.31	131,372	0.60	14.910	15.37	72.07	87.44	2.291	95.40
130	16.43	40,231	0.30	8.465	18.89	45.52	64.41	1.687	70.25
140	20.52	261,554	0.80	8.548	20.41	58.71	79.12	2.073	86.32
150	33.45	158,951	0.60	7.522	28.05	25.27	53.32	1.397	58.17
160	19.93	140,068	0.60	8.505	19.94	29.06	49.00	1.284	53.47
170	25.27	20,993	0.20	7.384	21.01	11.07	32.08	0.840	34.98
180	29.06	158,128	0.60	8.465	25.42	15.56	40.98	1.074	44.72
190	22.85	68,115	0.40	6.720	21.11	24.26	45.37	1.189	49.51
200	19.85	39,578	0.30	6.038	19.92	27.55	47.47	1.244	51.80
210	29.84	53,504	0.40	7.373	23.91	12.56	36.47	0.955	39.77
220	23.55	156,845	0.60	14.226	22.11	8.56	30.67	0.804	33.48
230	22.02	100,696	0.50	5.192	20.99	21.73	42.72	1.119	46.60
240	26.29	150,874	0.60	7.974	23.75	9.47	33.22	0.870	36.23
250	24.25	84,360	0.50	12.259	22.10	7.81	29.91	0.784	32.65
260	23.90	66,706	0.40	7.985	21.53	6.52	28.05	0.735	30.61
270	18.22	194,059	0.70	19.163	18.74	3.31	22.05	0.578	24.07
280	18.47	40,643	0.30	14.572	19.51	3.55	23.06	0.604	25.15
290	16.13	43,927	0.30	13.120	18.80	4.92	23.72	0.621	25.86
300	18.59	58,363	0.40	7.250	19.41	6.39	25.80	0.676	28.15
310	17.73	279,819	0.90	11.581	17.95	2.52	20.47	0.536	22.32
320	20.35	128,087	0.60	10.837	20.19	3.35	23.54	0.617	25.69
330	18.84	12,282	0.10	7.114	19.84	2.84	22.68	0.594	24.73
340	16.39	244,097	0.80	15.772	17.10	2.14	19.24	0.504	20.99
350	17.33	119,217	0.60	10.230	18.38	2.26	20.64	0.541	22.53
360	14.33	237,835	0.80	11.900	15.45	1.25	16.70	0.438	18.24
370	11.52	15,996	0.20	10.345	18.26	0.89	19.15	0.502	20.90
380	13.47	42,304	0.30	11.925	18.01	0.76	18.77	0.492	20.49
390	11.82	40,517	0.30	11.903	17.51	0.67	18.18	0.476	19.82
Statewide	19.95	3,189,059	1.00	10.843	20.12	17.90	38.17	1.000	41.64

^(a) Column (5) = (3) × (1) + [1.00 - (3)] × Statewide (1)

^(b) Column (9) = (8) × Indicated Statewide Base Class Loss Cost

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED BASE CLASS RATES

EXTENDED COVERAGE

<u>Territory</u>	(1) <u>Indicated Base Class Loss Cost</u>	(2) <u>Trended Fixed Expense per Policy</u> ^(a)	(3) <u>Net Cost of Reinsurance per Policy</u>	(4) <u>Indicated Net Base Class Loss Cost (1) + (2) + (3)</u>	(5) <u>Expected Loss and Fixed Expense Ratio</u>	(6) <u>Indicated Net Base Class Rate (4) / (5)</u>	(7) <u>Compensation for Assessment Risk per Policy</u> ^(b)	(8) <u>Base Class Rate Excluding Deviations (6) + (7)</u>	(9) <u>Deviation Amount per Policy [(8)/(1.0- Dev. %)] - (8)</u>	(10) <u>Indicated Required Base Class Rate (8) + (9)</u>
110	90.03	2.59	128.56	221.18	0.786	281.40	3.42	284.82	0.00	284.82
120	95.40	3.26	188.25	286.91	0.786	365.03	3.93	368.96	0.00	368.96
130	70.25	5.73	97.25	173.23	0.786	220.39	2.81	223.20	0.00	223.20
140	86.32	5.66	146.22	238.20	0.786	303.05	3.28	306.33	0.00	306.33
150	58.17	6.65	60.34	125.16	0.786	159.24	2.43	161.67	0.00	161.67
160	53.47	5.74	79.80	139.01	0.786	176.86	2.55	179.41	0.00	179.41
170	34.98	6.63	25.78	67.39	0.786	85.74	1.25	86.99	0.00	86.99
180	44.72	5.94	41.30	91.96	0.786	117.00	1.45	118.45	0.00	118.45
190	49.51	7.44	66.01	122.96	0.786	156.44	1.57	158.01	0.00	158.01
200	51.80	8.22	75.12	135.14	0.786	171.93	1.85	173.78	0.00	173.78
210	39.77	6.50	33.89	80.16	0.786	101.98	1.30	103.28	0.00	103.28
220	33.48	3.64	24.31	61.43	0.786	78.16	1.06	79.22	0.00	79.22
230	46.60	9.59	56.86	113.05	0.786	143.83	1.72	145.55	0.00	145.55
240	36.23	5.84	25.42	67.49	0.786	85.87	1.13	87.00	0.00	87.00
250	32.65	4.26	21.22	58.13	0.786	73.96	1.05	75.01	0.00	75.01
260	30.61	6.48	17.03	54.12	0.786	68.85	1.05	69.90	0.00	69.90
270	24.07	2.45	9.54	36.06	0.786	45.88	0.72	46.60	0.00	46.60
280	25.15	3.27	9.78	38.20	0.786	48.60	0.74	49.34	0.00	49.34
290	25.86	3.67	13.47	43.00	0.786	54.71	0.89	55.60	0.00	55.60
300	28.15	7.60	15.59	51.34	0.786	65.32	0.92	66.24	0.00	66.24
310	22.32	4.32	6.67	33.31	0.786	42.38	0.70	43.08	0.00	43.08
320	25.69	4.55	8.18	38.42	0.786	48.88	0.78	49.66	0.00	49.66
330	24.73	6.98	6.35	38.06	0.786	48.42	0.79	49.21	0.00	49.21
340	20.99	3.01	4.69	28.69	0.786	36.50	0.61	37.11	0.00	37.11
350	22.53	4.71	3.88	31.12	0.786	39.59	0.69	40.28	0.00	40.28
360	18.24	3.96	1.97	24.17	0.786	30.75	0.58	31.33	0.00	31.33
370	20.90	4.48	1.35	26.73	0.786	34.01	0.60	34.61	0.00	34.61
380	20.49	3.95	0.68	25.12	0.786	31.96	0.56	32.52	0.00	32.52
390	19.82	4.09	0.46	24.37	0.786	31.01	0.54	31.55	0.00	31.55
Statewide	41.64	4.53	43.73	89.90	0.786	114.38	1.49	115.87	0.00	115.87

^(a) The derivation of the territory Trended Fixed Expense per Policy is on page D-32.

^(b) Column (7) = (Compensation for Assessment Loading × Current Average Base Class Rate)/(1- Provisions for Commissions & Taxes)

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF INDICATED TERRITORY RATE LEVEL CHANGES
EXTENDED COVERAGE

<u>Territory</u>	(1) Latest-Year Aggregate Calculated Earned Premium at <u>Current Level</u>	(2) Current Average Base <u>Class Rate</u>	(3) Indicated Required Base <u>Class Rate</u>	(4) Indicated Rate Level Change <u>(3) / (2) - 1</u>	(5) Indicated Rate Level Change Balanced to Statewide <u>Indicated Level</u> ^(a)	(6) Indicated Buildings Rate Level Change ^(b)	(7) Indicated Contents Rate Level Change ^(c)
110	45,499,473	144.50	284.82	+97.1%	+96.6%	+97.8%	+65.2%
120	54,255,612	165.85	368.96	+122.5%	+121.9%	+123.2%	+86.5%
130	6,993,980	118.68	223.20	+88.1%	+87.6%	+88.7%	+57.7%
140	56,033,903	138.42	306.33	+121.3%	+120.7%	+122.0%	+85.5%
150	20,840,930	102.54	161.67	+57.7%	+57.2%	+58.1%	+32.1%
160	22,497,793	107.48	179.41	+66.9%	+66.5%	+67.5%	+39.9%
170	1,495,751	52.56	86.99	+65.5%	+65.1%	+66.1%	+38.7%
180	13,872,816	61.20	118.45	+93.5%	+93.0%	+94.1%	+62.2%
190	5,288,764	66.18	158.01	+138.8%	+138.1%	+139.5%	+100.1%
200	3,159,883	77.91	173.78	+123.1%	+122.5%	+123.8%	+87.0%
210	4,000,051	54.73	103.28	+88.7%	+88.2%	+89.3%	+58.2%
220	15,265,458	44.72	79.22	+77.1%	+76.7%	+77.8%	+48.5%
230	6,560,332	72.54	145.55	+100.6%	+100.1%	+101.3%	+68.2%
240	10,884,342	47.76	87.00	+82.2%	+81.7%	+82.8%	+52.7%
250	7,148,808	44.42	75.01	+68.9%	+68.4%	+69.4%	+41.5%
260	3,557,561	44.30	69.90	+57.8%	+57.4%	+58.3%	+32.3%
270	22,255,551	30.53	46.60	+52.6%	+52.2%	+53.1%	+27.9%
280	3,200,307	31.36	49.34	+57.3%	+56.9%	+57.8%	+31.9%
290	3,967,425	37.41	55.60	+48.6%	+48.2%	+49.1%	+24.5%
300	2,294,704	38.70	66.24	+71.2%	+70.7%	+71.7%	+43.5%
310	15,410,938	29.33	43.08	+46.9%	+46.5%	+47.4%	+23.1%
320	7,820,597	32.89	49.66	+51.0%	+50.6%	+51.5%	+26.6%
330	488,219	33.42	49.21	+47.2%	+46.8%	+47.7%	+23.4%
340	17,712,469	25.69	37.11	+44.5%	+44.1%	+45.0%	+21.1%
350	6,161,914	29.09	40.28	+38.5%	+38.1%	+38.9%	+16.1%
360	12,446,749	24.47	31.33	+28.0%	+27.7%	+28.5%	+7.3%
370	775,295	25.52	34.61	+35.6%	+35.3%	+36.1%	+13.7%
380	2,156,875	23.50	32.52	+38.4%	+38.0%	+38.8%	+16.0%
390	1,948,031	22.98	31.55	+37.3%	+36.9%	+37.7%	+15.0%
Statewide	373,994,531	62.69	115.87	+85.3%	+84.8%	+85.9%	+55.3%

^(a) Column (5) = [1 + (4)] / [1 + Statewide (4)] × (1 + Statewide indicated rate level change) - 1

^(b) Column (6) = [1 + (5)] × [1 + Class page Buildings (23)] / [1 + Class page Total (23)] - 1

^(c) Column (7) = [1 + (5)] × [1 + Class page Contents (23)] / [1 + Class page Total (23)] - 1

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF FILED TERRITORY BASE CLASS RATES

In order to mitigate the effects of large rate changes on policyholders, the Governing Committee selected to spread the indicated rate level changes over a two-year period, for both Fire and Extended Coverage. Filed rate level changes are as follows:

- For Fire, the indicated rate level change of -2.0% is being spread over two years, resulting in filed changes of -1.1% in Year 1 and -0.9% in Year 2.
- For Extended Coverage, the indicated rate level change of +84.8% is being spread over two years, resulting in filed changes of +35.5% in Year 1 and +36.4% in Year 2.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF FILED TERRITORY BASE CLASS RATES
BUILDINGS - YEAR 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Fire					Extended Coverage					Combined	
	Latest-Year Aggregate Calculated Earned Premium at	Current Base	Indicated Buildings Rate Level	Year 1 Selected Rate Level	Year 1 Filed Base Class Rate	Latest-Year Aggregate Calculated Earned Premium at	Current Base	Indicated Buildings Rate Level	Year 1 Selected Rate Level	Off-Balance Factors ^(a)	Year 1 Filed Base Class Rate	Year 1 Filed Rate Level Change ^(b)
Territory	Current Level	Class Rate	Change	Change	Class Rate	Current Level	Class Rate	Change	Change		Class Rate	
110	2,492,971	\$17	+3.1%	+1.5%	\$17.26	45,499,473	\$247	+97.8%	+40.6%	1.002	\$346.59	+38.6%
120	2,476,699	\$17	+4.5%	+2.2%	\$17.37	54,255,612	\$277	+123.2%	+49.4%	1.011	\$409.34	+47.3%
130	1,034,211	\$32	-5.2%	-2.6%	\$31.17	6,993,980	\$183	+88.7%	+37.4%	1.041	\$241.54	+32.2%
140	5,308,066	\$29	-12.3%	-6.4%	\$27.14	56,033,903	\$216	+122.0%	+49.0%	1.046	\$307.69	+44.2%
150	3,335,645	\$31	+4.1%	+2.0%	\$31.62	20,840,930	\$161	+58.1%	+25.7%	1.043	\$194.03	+22.4%
160	3,404,685	\$34	+4.3%	+2.1%	\$34.71	22,497,793	\$169	+67.5%	+29.4%	1.038	\$210.68	+25.8%
170	604,474	\$45	-2.5%	-1.3%	\$44.42	1,495,751	\$84	+66.1%	+28.9%	1.055	\$102.63	+20.2%
180	4,262,866	\$45	-9.8%	-5.0%	\$42.75	13,872,816	\$94	+94.1%	+39.3%	1.034	\$126.64	+28.9%
190	1,686,557	\$49	+8.3%	+4.1%	\$51.01	5,288,764	\$100	+139.5%	+54.8%	1.049	\$147.57	+42.5%
200	1,233,984	\$64	+3.8%	+1.9%	\$65.22	3,159,883	\$125	+123.8%	+49.6%	1.064	\$175.75	+36.2%
210	1,439,643	\$45	+11.4%	+5.5%	\$47.48	4,000,051	\$81	+89.3%	+37.6%	1.032	\$108.00	+29.1%
220	5,043,021	\$42	-2.8%	-1.4%	\$41.41	15,265,458	\$69	+77.8%	+33.3%	1.014	\$90.71	+24.7%
230	2,827,938	\$68	+2.1%	+1.0%	\$68.68	6,560,332	\$115	+101.3%	+41.9%	1.079	\$151.24	+29.6%
240	4,399,750	\$45	-3.4%	-1.7%	\$44.24	10,884,342	\$73	+82.8%	+35.2%	1.040	\$94.90	+24.6%
250	2,435,631	\$39	-1.4%	-0.7%	\$38.73	7,148,808	\$69	+69.4%	+30.2%	1.027	\$87.48	+22.3%
260	1,881,316	\$48	-0.7%	-0.4%	\$47.81	3,557,561	\$64	+58.3%	+25.8%	1.059	\$76.03	+16.7%
270	7,371,382	\$30	-15.2%	-7.9%	\$27.63	22,255,551	\$49	+53.1%	+23.7%	1.002	\$60.49	+15.8%
280	1,079,358	\$28	+7.4%	+3.6%	\$29.01	3,200,307	\$49	+57.8%	+25.6%	1.016	\$60.57	+20.1%
290	1,427,262	\$36	-3.0%	-1.5%	\$35.46	3,967,425	\$59	+49.1%	+22.1%	1.017	\$70.83	+15.9%
300	1,417,290	\$49	+1.7%	+0.8%	\$49.39	2,294,704	\$58	+71.7%	+31.0%	1.049	\$72.43	+19.5%
310	7,845,321	\$35	+2.2%	+1.1%	\$35.39	15,410,938	\$41	+47.4%	+21.4%	1.013	\$49.14	+14.6%
320	3,785,097	\$36	+10.1%	+4.9%	\$37.76	7,820,597	\$45	+51.5%	+23.1%	1.021	\$54.26	+17.2%
330	257,187	\$38	+3.3%	+1.6%	\$38.61	488,219	\$50	+47.7%	+21.5%	1.042	\$58.30	+14.6%
340	8,273,653	\$32	-1.9%	-1.0%	\$31.68	17,712,469	\$38	+45.0%	+20.4%	1.009	\$45.34	+13.6%
350	3,538,161	\$37	+10.2%	+5.0%	\$38.85	6,161,914	\$39	+38.9%	+17.9%	1.022	\$44.99	+13.2%
360	6,178,417	\$30	+7.4%	+3.6%	\$31.08	12,446,749	\$38	+28.5%	+13.4%	1.027	\$41.96	+10.1%
370	453,346	\$33	-4.2%	-2.1%	\$32.31	775,295	\$41	+36.1%	+16.7%	1.030	\$46.45	+9.8%
380	1,292,726	\$30	-2.1%	-1.1%	\$29.67	2,156,875	\$37	+38.8%	+17.8%	1.025	\$42.52	+10.7%
390	1,231,461	\$31	-0.4%	-0.2%	\$30.94	1,948,031	\$37	+37.7%	+17.3%	1.023	\$42.43	+10.5%
Statewide	88,018,118	\$36.01	-0.5%	-0.4%	\$35.87	373,994,531	\$93.53	+85.9%	+35.8%	1.025	\$123.92	+28.9%

^(a) The off-balance factors are applied to implement the proposed Extended Coverage mobile home construction rating factors on a revenue-neutral basis.

^(b) Column (12) = [(1) × (4) + (6) × (9)] / [(1) + (6)]

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF FILED TERRITORY BASE CLASS RATES

CONTENTS - YEAR 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Fire					Extended Coverage					Combined	
	Latest-Year Aggregate Calculated Earned Premium at	Current Base	Indicated Contents Rate Level	Year 1 Selected Rate Level	Year 1 Filed Base Class Rate	Latest-Year Aggregate Calculated Earned Premium at	Current Base	Indicated Contents Rate Level	Year 1 Selected Rate Level	Off-Balance Factors ^(a)	Year 1 Filed Base Class Rate	Year 1 Filed Rate Level Change ^(b)
<u>Territory</u>	<u>Current Level</u>	<u>Class Rate</u>	<u>Change</u>	<u>Change</u>	<u>Class Rate</u>	<u>Current Level</u>	<u>Class Rate</u>	<u>Change</u>	<u>Change</u>		<u>Class Rate</u>	
110	2,492,971	\$4	-12.9%	-6.7%	\$3.73	45,499,473	\$29	+65.2%	+28.5%	1.003	\$37.15	+26.7%
120	2,476,699	\$4	-11.7%	-6.0%	\$3.76	54,255,612	\$37	+86.5%	+36.6%	1.018	\$49.65	+34.7%
130	1,034,211	\$9	-19.9%	-10.5%	\$8.06	6,993,980	\$26	+57.7%	+25.6%	1.077	\$30.32	+20.9%
140	5,308,066	\$9	-25.9%	-13.9%	\$7.75	56,033,903	\$30	+85.5%	+36.2%	1.091	\$37.45	+31.9%
150	3,335,645	\$9	-12.1%	-6.2%	\$8.44	20,840,930	\$12	+32.1%	+14.9%	1.088	\$12.67	+12.0%
160	3,404,685	\$11	-11.9%	-6.1%	\$10.33	22,497,793	\$15	+39.9%	+18.3%	1.101	\$16.12	+15.1%
170	604,474	\$13	-17.6%	-9.2%	\$11.80	1,495,751	\$6	+38.7%	+17.8%	1.081	\$6.54	+10.0%
180	4,262,866	\$14	-23.8%	-12.7%	\$12.22	13,872,816	\$7	+62.2%	+27.4%	1.072	\$8.32	+18.0%
190	1,686,557	\$14	-8.5%	-4.3%	\$13.40	5,288,764	\$12	+100.1%	+41.5%	1.077	\$15.77	+30.4%
200	1,233,984	\$16	-12.3%	-6.4%	\$14.98	3,159,883	\$14	+87.0%	+36.7%	1.084	\$17.65	+24.6%
210	1,439,643	\$13	-5.9%	-3.0%	\$12.61	4,000,051	\$4	+58.2%	+25.8%	1.073	\$4.69	+18.2%
220	5,043,021	\$12	-17.9%	-9.4%	\$10.87	15,265,458	\$3	+48.5%	+21.9%	1.040	\$3.52	+14.1%
230	2,827,938	\$17	-13.7%	-7.1%	\$15.79	6,560,332	\$12	+68.2%	+29.7%	1.099	\$14.16	+18.6%
240	4,399,750	\$13	-18.4%	-9.7%	\$11.74	10,884,342	\$3	+52.7%	+23.6%	1.081	\$3.43	+14.0%
250	2,435,631	\$12	-16.7%	-8.7%	\$10.96	7,148,808	\$3	+41.5%	+19.0%	1.079	\$3.31	+12.0%
260	1,881,316	\$13	-16.1%	-8.4%	\$11.91	3,557,561	\$2	+32.3%	+15.0%	1.110	\$2.07	+6.9%
270	7,371,382	\$10	-28.3%	-15.3%	\$8.47	22,255,551	\$2	+27.9%	+13.1%	1.012	\$2.24	+6.0%
280	1,079,358	\$9	-9.2%	-4.7%	\$8.58	3,200,307	\$2	+31.9%	+14.8%	1.051	\$2.18	+9.9%
290	1,427,262	\$11	-18.1%	-9.5%	\$9.96	3,967,425	\$2	+24.5%	+11.6%	1.058	\$2.11	+6.0%
300	1,417,290	\$15	-14.0%	-7.3%	\$13.91	2,294,704	\$4	+43.5%	+19.8%	1.075	\$4.46	+9.5%
310	7,845,321	\$11	-13.6%	-7.0%	\$10.23	15,410,938	\$1	+23.1%	+11.0%	1.029	\$1.08	+4.9%
320	3,785,097	\$11	-7.0%	-3.6%	\$10.60	7,820,597	\$1	+26.6%	+12.5%	1.044	\$1.08	+7.2%
330	257,187	\$12	-12.7%	-6.6%	\$11.21	488,219	\$1	+23.4%	+11.1%	1.075	\$1.03	+5.0%
340	8,273,653	\$9	-17.1%	-9.0%	\$8.19	17,712,469	\$1	+21.1%	+10.0%	1.019	\$1.08	+4.0%
350	3,538,161	\$11	-6.9%	-3.5%	\$10.62	6,161,914	\$1	+16.1%	+7.7%	1.042	\$1.03	+3.6%
360	6,178,417	\$9	-9.2%	-4.7%	\$8.58	12,446,749	\$2	+7.3%	+3.6%	1.063	\$1.95	+0.8%
370	453,346	\$10	-19.0%	-10.0%	\$9.00	775,295	\$2	+13.7%	+6.6%	1.057	\$2.02	+0.5%
380	1,292,726	\$9	-17.3%	-9.1%	\$8.18	2,156,875	\$1	+16.0%	+7.7%	1.042	\$1.03	+1.4%
390	1,231,461	\$10	-15.8%	-8.2%	\$9.18	1,948,031	\$1	+15.0%	+7.2%	1.035	\$1.04	+1.2%
Statewide	88,018,118	\$10.44	-16.0%	-8.4%	\$9.56	373,994,531	\$9.96	+55.3%	+24.2%	1.053	\$11.75	+18.0%

^(a) The off-balance factors are applied to implement the proposed Extended Coverage mobile home construction rating factors on a revenue-neutral basis.

^(b) Column (12) = [(1) × (4) + (6) × (9)] / [(1) + (6)]

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF FILED TERRITORY BASE CLASS RATES
BUILDINGS - YEAR 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Fire					Extended Coverage					Combined
	Year 1 Aggregate Calculated Earned Premium at	Year 1 Base Class Rate	Indicated Residual Buildings Rate Level	Year 2 Selected Rate Level	Year 2 Filed Base Class Rate	Year 1 Aggregate Calculated Earned Premium at	Year 1 Base Class Rate	Indicated Residual Buildings Rate Level	Year 2 Selected Rate Level	Year 2 Filed Base Class Rate	Year 2 Filed Rate Level Change ^(a)
<u>Territory</u>	<u>Current Level</u>	<u>Class Rate</u>	<u>Change</u>	<u>Change</u>	<u>Class Rate</u>	<u>Current Level</u>	<u>Class Rate</u>	<u>Change</u>	<u>Change</u>	<u>Class Rate</u>	
110	2,512,915	\$17.26	+1.5%	+1.5%	\$17.52	63,790,261	\$346.59	+40.6%	+40.6%	\$487.31	+39.1%
120	2,513,849	\$17.37	+2.2%	+2.2%	\$17.75	80,840,862	\$409.34	+49.4%	+49.4%	\$611.55	+48.0%
130	1,000,082	\$31.17	-2.6%	-2.6%	\$30.36	9,581,753	\$241.54	+37.4%	+37.4%	\$331.88	+33.6%
140	4,936,501	\$27.14	-6.4%	-6.4%	\$25.40	83,266,380	\$307.69	+49.0%	+49.0%	\$458.46	+45.9%
150	3,379,008	\$31.62	+2.0%	+2.0%	\$32.25	26,134,526	\$194.03	+25.7%	+25.7%	\$243.90	+23.0%
160	3,452,351	\$34.71	+2.1%	+2.1%	\$35.44	29,022,153	\$210.68	+29.4%	+29.4%	\$272.62	+26.5%
170	592,385	\$44.42	-1.3%	-1.3%	\$43.84	1,922,040	\$102.63	+28.9%	+28.9%	\$132.29	+21.8%
180	4,019,883	\$42.75	-5.0%	-5.0%	\$40.61	19,269,341	\$126.64	+39.3%	+39.3%	\$176.41	+31.7%
190	1,742,213	\$51.01	+4.1%	+4.1%	\$53.10	8,160,563	\$147.57	+54.8%	+54.8%	\$228.44	+45.9%
200	1,247,558	\$65.22	+1.9%	+1.9%	\$66.46	4,714,545	\$175.75	+49.6%	+49.6%	\$262.92	+39.6%
210	1,508,746	\$47.48	+5.5%	+5.5%	\$50.09	5,488,070	\$108.00	+37.6%	+37.6%	\$148.61	+30.7%
220	4,937,118	\$41.41	-1.4%	-1.4%	\$40.83	20,287,794	\$90.71	+33.3%	+33.3%	\$120.92	+26.5%
230	2,836,422	\$68.68	+1.0%	+1.0%	\$69.37	9,282,870	\$151.24	+41.9%	+41.9%	\$214.61	+32.3%
240	4,294,156	\$44.24	-1.7%	-1.7%	\$43.49	14,672,093	\$94.90	+35.2%	+35.2%	\$128.30	+26.8%
250	2,401,532	\$38.73	-0.7%	-0.7%	\$38.46	9,279,153	\$87.48	+30.2%	+30.2%	\$113.90	+23.8%
260	1,860,622	\$47.81	-0.4%	-0.4%	\$47.62	4,464,739	\$76.03	+25.8%	+25.8%	\$95.65	+18.1%
270	6,737,443	\$27.63	-7.9%	-7.9%	\$25.45	27,463,350	\$60.49	+23.7%	+23.7%	\$74.83	+17.5%
280	1,110,659	\$29.01	+3.6%	+3.6%	\$30.05	4,009,985	\$60.57	+25.6%	+25.6%	\$76.08	+20.8%
290	1,395,862	\$35.46	-1.5%	-1.5%	\$34.93	4,828,356	\$70.83	+22.1%	+22.1%	\$86.48	+16.8%
300	1,418,707	\$49.39	+0.8%	+0.8%	\$49.79	2,999,178	\$72.43	+31.0%	+31.0%	\$94.88	+21.3%
310	7,876,702	\$35.39	+1.1%	+1.1%	\$35.78	18,647,235	\$49.14	+21.4%	+21.4%	\$59.66	+15.4%
320	3,944,071	\$37.76	+4.9%	+4.9%	\$39.61	9,595,873	\$54.26	+23.1%	+23.1%	\$66.79	+17.8%
330	259,502	\$38.61	+1.6%	+1.6%	\$39.23	591,721	\$58.30	+21.5%	+21.5%	\$70.83	+15.4%
340	8,133,001	\$31.68	-1.0%	-1.0%	\$31.36	21,254,963	\$45.34	+20.4%	+20.4%	\$54.59	+14.5%
350	3,686,764	\$38.85	+5.0%	+5.0%	\$40.79	7,240,249	\$44.99	+17.9%	+17.9%	\$53.04	+13.5%
360	6,357,591	\$31.08	+3.6%	+3.6%	\$32.20	14,064,826	\$41.96	+13.4%	+13.4%	\$47.58	+10.3%
370	440,652	\$32.31	-2.1%	-2.1%	\$31.63	901,668	\$46.45	+16.7%	+16.7%	\$54.21	+10.5%
380	1,269,457	\$29.67	-1.1%	-1.1%	\$29.34	2,534,328	\$42.52	+17.8%	+17.8%	\$50.09	+11.5%
390	1,220,378	\$30.94	-0.2%	-0.2%	\$30.88	2,279,196	\$42.43	+17.3%	+17.3%	\$49.77	+11.2%
Statewide	87,086,130	\$35.87	-0.2%	-0.2%	\$35.80	506,588,071	\$123.92	+36.8%	+36.8%	\$169.52	+31.4%

^(a) Column (11) = [(1) × (4) + (6) × (9)] / [(1) + (6)]

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF FILED TERRITORY BASE CLASS RATES

CONTENTS - YEAR 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Fire					Extended Coverage					Combined
	Year 1 Aggregate Calculated Earned Premium at Current Level	Year 1 Base Class Rate	Indicated Residual Contents Rate Level Change	Year 2 Selected Rate Level Change	Year 2 Filed Base Class Rate	Year 1 Aggregate Calculated Earned Premium at Current Level	Year 1 Base Class Rate	Indicated Residual Contents Rate Level Change	Year 2 Selected Rate Level Change	Year 2 Filed Base Class Rate	Year 2 Filed Rate Level Change ^(a)
Territory											
110	2,512,915	\$3.73	-6.7%	-6.7%	\$3.48	63,790,261	\$37.15	+28.5%	+28.5%	\$47.74	+27.2%
120	2,513,849	\$3.76	-6.0%	-6.0%	\$3.53	80,840,862	\$49.65	+36.6%	+36.6%	\$67.82	+35.3%
130	1,000,082	\$8.06	-10.5%	-10.5%	\$7.21	9,581,753	\$30.32	+25.6%	+25.6%	\$38.08	+22.2%
140	4,936,501	\$7.75	-13.9%	-13.9%	\$6.67	83,266,380	\$37.45	+36.2%	+36.2%	\$51.01	+33.4%
150	3,379,008	\$8.44	-6.2%	-6.2%	\$7.92	26,134,526	\$12.67	+14.9%	+14.9%	\$14.56	+12.5%
160	3,452,351	\$10.33	-6.1%	-6.1%	\$9.70	29,022,153	\$16.12	+18.3%	+18.3%	\$19.07	+15.7%
170	592,385	\$11.80	-9.2%	-9.2%	\$10.71	1,922,040	\$6.54	+17.8%	+17.8%	\$7.70	+11.4%
180	4,019,883	\$12.22	-12.7%	-12.7%	\$10.67	19,269,341	\$8.32	+27.4%	+27.4%	\$10.60	+20.5%
190	1,742,213	\$13.40	-4.3%	-4.3%	\$12.82	8,160,563	\$15.77	+41.5%	+41.5%	\$22.31	+33.4%
200	1,247,558	\$14.98	-6.4%	-6.4%	\$14.02	4,714,545	\$17.65	+36.7%	+36.7%	\$24.13	+27.7%
210	1,508,746	\$12.61	-3.0%	-3.0%	\$12.23	5,488,070	\$4.69	+25.8%	+25.8%	\$5.90	+19.6%
220	4,937,118	\$10.87	-9.4%	-9.4%	\$9.85	20,287,794	\$3.52	+21.9%	+21.9%	\$4.29	+15.8%
230	2,836,422	\$15.79	-7.1%	-7.1%	\$14.67	9,282,870	\$14.16	+29.7%	+29.7%	\$18.37	+21.1%
240	4,294,156	\$11.74	-9.7%	-9.7%	\$10.60	14,672,093	\$3.43	+23.6%	+23.6%	\$4.24	+16.1%
250	2,401,532	\$10.96	-8.7%	-8.7%	\$10.01	9,279,153	\$3.31	+19.0%	+19.0%	\$3.94	+13.3%
260	1,860,622	\$11.91	-8.4%	-8.4%	\$10.91	4,464,739	\$2.07	+15.0%	+15.0%	\$2.38	+8.1%
270	6,737,443	\$8.47	-15.3%	-15.3%	\$7.17	27,463,350	\$2.24	+13.1%	+13.1%	\$2.53	+7.5%
280	1,110,659	\$8.58	-4.7%	-4.7%	\$8.18	4,009,985	\$2.18	+14.8%	+14.8%	\$2.50	+10.6%
290	1,395,862	\$9.96	-9.5%	-9.5%	\$9.01	4,828,356	\$2.11	+11.6%	+11.6%	\$2.35	+6.9%
300	1,418,707	\$13.91	-7.3%	-7.3%	\$12.89	2,999,178	\$4.46	+19.8%	+19.8%	\$5.34	+11.1%
310	7,876,702	\$10.23	-7.0%	-7.0%	\$9.51	18,647,235	\$1.08	+11.0%	+11.0%	\$1.20	+5.7%
320	3,944,071	\$10.60	-3.6%	-3.6%	\$10.22	9,595,873	\$1.08	+12.5%	+12.5%	\$1.22	+7.8%
330	259,502	\$11.21	-6.6%	-6.6%	\$10.47	591,721	\$1.03	+11.1%	+11.1%	\$1.14	+5.7%
340	8,133,001	\$8.19	-9.0%	-9.0%	\$7.45	21,254,963	\$1.08	+10.0%	+10.0%	\$1.19	+4.7%
350	3,686,764	\$10.62	-3.5%	-3.5%	\$10.25	7,240,249	\$1.03	+7.7%	+7.7%	\$1.11	+3.9%
360	6,357,591	\$8.58	-4.7%	-4.7%	\$8.18	14,064,826	\$1.95	+3.6%	+3.6%	\$2.02	+1.0%
370	440,652	\$9.00	-10.0%	-10.0%	\$8.10	901,668	\$2.02	+6.6%	+6.6%	\$2.15	+1.2%
380	1,269,457	\$8.18	-9.1%	-9.1%	\$7.44	2,534,328	\$1.03	+7.7%	+7.7%	\$1.11	+2.1%
390	1,220,378	\$9.18	-8.2%	-8.2%	\$8.43	2,279,196	\$1.04	+7.2%	+7.2%	\$1.11	+1.8%
Statewide	87,086,130	\$9.56	-8.3%	-8.3%	\$8.77	506,588,071	\$11.75	+25.1%	+25.1%	\$14.70	+20.2%

^(a) Column (11) = [(1) × (4) + (6) × (9)] / [(1) + (6)]

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF WIND EXCLUSION CREDITS

The filed wind exclusion credits on pages B-5-6 are based on the following formula:

$$C_X = \left[I - \frac{\frac{Ldi' + Fi}{(1-V)} + d'R + dB}{(1-D)} \right] * r_x$$

C_X = Indicated credit for construction type x (Frame, Masonry or Mobile Home)

I = Indicated rate

F = Provision in filed rates for fixed expenses (territory trended fixed expense ratio divided by the filed territory buildings or contents rate level change)

V = Provision in filed rates for variable expenses

L = Provision in filed rates for losses and loss adjustment expenses = 1.0-V-F

d = Percentage of losses remaining after wind losses are excluded

i = Indicated rate excluding compensation for assessment risk and deviations

i' = Indicated rate excluding compensation for assessment risk, deviations and the net cost of reinsurance

B = Compensation for assessment risk provision

D = Deviation provision

d' = The portion of the net cost of reinsurance attributable to non-wind related perils

R = Net cost of reinsurance provision

r_x = The construction relativity (Frame = 1.00, Masonry = 0.95, Mobile Homes = 1.25)

The d value is calculated as:

$$\frac{N}{N + X + Y}$$

Where N = 5-year average annual non-wind losses; X = latest-year modeled hurricane losses and Y = 5-year average annual non-hurricane wind losses.

The d' value is calculated as:

$$\frac{W}{W + O + H}$$

Where each variable represents the net cost of reinsurance attributable to a particular peril (W = Winter Storm, O = Other Wind, and H = Hurricane Wind).

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF WIND EXCLUSION CREDITS FOR EXTENDED COVERAGE

The following displays the variables described above and the indicated credit, C:

	Territory 110		Territory 120		Territory 130		Territory 140		Territory 150		Territory 160	
	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>
C	\$458.87	\$43.89	\$591.23	\$66.51	\$316.53	\$38.49	\$447.37	\$51.19	\$222.80	\$14.11	\$247.69	\$19.05
I	\$488.57	\$47.91	\$618.26	\$69.01	\$345.32	\$41.00	\$479.52	\$55.65	\$254.54	\$15.85	\$283.08	\$20.99
F	0.009	0.011	0.009	0.011	0.026	0.031	0.019	0.023	0.042	0.050	0.033	0.039
V	0.214	0.214	0.214	0.214	0.214	0.214	0.214	0.214	0.214	0.214	0.214	0.214
L	0.777	0.775	0.777	0.775	0.760	0.755	0.767	0.763	0.744	0.736	0.753	0.747
d	0.117	0.185	0.093	0.072	0.117	0.058	0.112	0.149	0.144	0.106	0.200	0.117
i	\$482.89	\$47.21	\$611.89	\$68.08	\$341.11	\$40.35	\$474.77	\$54.93	\$251.00	\$15.59	\$279.19	\$20.64
i'	\$203.03	\$17.72	\$211.07	\$20.94	\$150.24	\$15.86	\$183.82	\$18.96	\$130.41	\$7.22	\$119.31	\$7.86
B	\$5.85	\$0.69	\$6.57	\$0.88	\$4.34	\$0.62	\$5.12	\$0.71	\$3.82	\$0.28	\$4.01	\$0.36
D	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
d'	0.000023	0.000023	0.000010	0.000010	0.000026	0.000026	0.000017	0.000017	0.000034	0.000034	0.000025	0.000025
R	\$279.86	\$29.49	\$400.82	\$47.14	\$190.87	\$24.49	\$290.95	\$35.97	\$120.59	\$8.37	\$159.88	\$12.78
N	3,316,836	179,620	2,959,593	93,900	488,511	7,671	4,052,522	230,461	1,973,912	28,562	2,347,061	31,804
X	23,748,116	781,477	27,041,982	1,175,601	3,083,477	121,254	27,449,633	1,286,803	5,942,494	194,257	7,118,175	228,364
Y	1,346,642	7,896	1,671,048	27,725	595,110	2,297	4,655,268	32,551	5,768,923	46,939	2,250,291	12,655
W	1,043	37	742	26	171	6	1,154	41	479	17	488	17
O	226,184	7,961	184,858	6,506	4,956	174	149,478	5,261	103,708	3,650	107,019	3,767
H	45,905,573	1,615,724	71,013,439	2,499,438	6,608,299	232,590	68,980,231	2,427,876	14,051,644	494,571	19,381,700	682,172

The following calculation adjusts the indicated credit to reflect the filed rate:

	Territory 110		Territory 120		Territory 130		Territory 140		Territory 150		Territory 160	
	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>	<u>Buildings</u>	<u>Contents</u>
(1) Indicated Frame Credit	\$458.87	\$43.89	\$591.23	\$66.51	\$316.53	\$38.49	\$447.37	\$51.19	\$222.80	\$14.11	\$247.69	\$19.05
(2) Indicated Frame Base Rate	\$488.57	\$47.91	\$618.26	\$69.01	\$345.32	\$41.00	\$479.52	\$55.65	\$254.54	\$15.85	\$283.08	\$20.99
(3) Indicated Non-Wind Frame Base Rate = (2) - (1)	\$29.70	\$4.02	\$27.03	\$2.50	\$28.79	\$2.51	\$32.15	\$4.46	\$31.74	\$1.74	\$35.39	\$1.94
Year 1:												
(4) Filed Frame Base Rate	\$346.59	\$37.15	\$409.34	\$49.65	\$241.54	\$30.32	\$307.69	\$37.45	\$194.03	\$12.67	\$210.68	\$16.12
(5) Filed Frame Credit = (4) - (3)	\$316.89	\$33.13	\$382.31	\$47.15	\$212.75	\$27.81	\$275.54	\$32.99	\$162.29	\$10.93	\$175.29	\$14.18
(6) Filed Masonry Credit = (5) * 0.95	\$301.05	\$31.47	\$363.19	\$44.79	\$202.11	\$26.42	\$261.76	\$31.34	\$154.18	\$10.38	\$166.53	\$13.47
(7) Filed Mobile Home Credit = (5) * 1.50	\$475.34	\$49.70	\$573.47	\$70.73	\$319.13	\$41.72	\$413.31	\$49.49	\$243.44	\$16.40	\$262.94	\$21.27
Year 2:												
(8) Filed Frame Base Rate	\$487.31	\$47.74	\$611.55	\$67.82	\$331.88	\$38.08	\$458.46	\$51.01	\$243.90	\$14.56	\$272.62	\$19.07
(9) Filed Frame Credit = (8) - (3)	\$457.61	\$43.72	\$584.52	\$65.32	\$303.09	\$35.57	\$426.31	\$46.55	\$212.16	\$12.82	\$237.23	\$17.13
(10) Filed Masonry Credit = (9) * 0.95	\$434.73	\$41.53	\$555.29	\$62.05	\$287.94	\$33.79	\$404.99	\$44.22	\$201.55	\$12.18	\$225.37	\$16.27
(11) Filed Mobile Home Credit = (9) * 1.50	\$686.42	\$65.58	\$876.78	\$97.98	\$454.64	\$53.36	\$639.47	\$69.83	\$318.24	\$19.23	\$355.85	\$25.70

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF WINDSTORM LOSS MITIGATION CREDITS

BUILDINGS - YEAR 1

	Territory					
	110	120	130	140	150	160
(1) Current Frame Wind Exclusion Credit	200	235	134	168	122	126
(2) Year 1 Filed Frame Wind Exclusion Credit	316.89	382.31	212.75	275.54	162.29	175.29
(3) Ratio of Year 1 and Current Wind Credits = (2)/(1)	1.584	1.627	1.588	1.640	1.330	1.391
(4) Current Windstorm Loss Mitigation Credits - Frame						
Total Hip Roof	11	12	8	8	6	4
Opening Protection	11	12	8	8	6	4
Total Hip Roof and Opening Protection	23	24	13	14	12	12
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	36	43	14	29	16	21
FORTIFIED Roof - Hurricane - Existing Roof	8	9	3	4	4	3
FORTIFIED Roof - Hurricane - New Roof	13	14	8	11	6	7
FORTIFIED Home - Hurricane - Silver - Existing Roof	23	27	10	18	7	13
FORTIFIED Home - Hurricane - Silver - New Roof	27	31	11	22	10	15
FORTIFIED Home - Hurricane - Gold - Existing Roof	27	31	13	22	12	15
FORTIFIED Home - Hurricane - Gold - New Roof	30	37	14	28	13	20
(5) Year 1 Revised Windstorm Loss Mitigation Credits - Frame = (4)×(3)						
Total Hip Roof	17.42	19.52	12.70	13.12	7.98	5.56
Opening Protection	17.42	19.52	12.70	13.12	7.98	5.56
Total Hip Roof and Opening Protection	36.43	39.05	20.64	22.96	15.96	16.69
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	57.02	69.96	22.23	47.56	21.28	29.21
FORTIFIED Roof - Hurricane - Existing Roof	12.67	14.64	4.76	6.56	5.32	4.17
FORTIFIED Roof - Hurricane - New Roof	20.59	22.78	12.70	18.04	7.98	9.74
FORTIFIED Home - Hurricane - Silver - Existing Roof	36.43	43.93	15.88	29.52	9.31	18.08
FORTIFIED Home - Hurricane - Silver - New Roof	42.77	50.44	17.47	36.08	13.30	20.87
FORTIFIED Home - Hurricane - Gold - Existing Roof	42.77	50.44	20.64	36.08	15.96	20.87
FORTIFIED Home - Hurricane - Gold - New Roof	47.52	60.20	22.23	45.92	17.29	27.82
(6) Year 1 Revised Windstorm Loss Mitigation Credits - Masonry = (5)×0.95						
Total Hip Roof	16.55	18.54	12.07	12.46	7.58	5.28
Opening Protection	16.55	18.54	12.07	12.46	7.58	5.28
Total Hip Roof and Opening Protection	34.61	37.10	19.61	21.81	15.16	15.86
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	54.17	66.46	21.12	45.18	20.22	27.75
FORTIFIED Roof - Hurricane - Existing Roof	12.04	13.91	4.52	6.23	5.05	3.96
FORTIFIED Roof - Hurricane - New Roof	19.56	21.64	12.07	17.14	7.58	9.25
FORTIFIED Home - Hurricane - Silver - Existing Roof	34.61	41.73	15.09	28.04	8.84	17.18
FORTIFIED Home - Hurricane - Silver - New Roof	40.63	47.92	16.60	34.28	12.64	19.83
FORTIFIED Home - Hurricane - Gold - Existing Roof	40.63	47.92	19.61	34.28	15.16	19.83
FORTIFIED Home - Hurricane - Gold - New Roof	45.14	57.19	21.12	43.62	16.43	26.43

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF WINDSTORM LOSS MITIGATION CREDITS

CONTENTS - YEAR 1

	Territory					
	110	120	130	140	150	160
(1) Current Frame Wind Exclusion Credit	20	29	22	23	9	12
(2) Year 1 Filed Frame Wind Exclusion Credit	33.13	47.15	27.81	32.99	10.93	14.18
(3) Ratio of Year 1 and Current Wind Credits = (2)/(1)	1.657	1.626	1.264	1.434	1.214	1.182
(4) Current Windstorm Loss Mitigation Credits - Frame						
Total Hip Roof	1	2	2	1	1	1
Opening Protection	1	2	2	1	1	1
Total Hip Roof and Opening Protection	1	3	2	1	1	1
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	4	6	3	5	2	3
FORTIFIED Roof - Hurricane - Existing Roof	1	2	2	1	1	1
FORTIFIED Roof - Hurricane - New Roof	1	3	2	1	1	1
FORTIFIED Home - Hurricane - Silver - Existing Roof	2	3	2	4	1	2
FORTIFIED Home - Hurricane - Silver - New Roof	2	5	2	4	1	2
FORTIFIED Home - Hurricane - Gold - Existing Roof	3	5	2	4	1	2
FORTIFIED Home - Hurricane - Gold - New Roof	3	5	3	4	2	2
(5) Year 1 Revised Windstorm Loss Mitigation Credits - Frame = (4)×(3)						
Total Hip Roof	1.66	3.25	2.53	1.43	1.21	1.18
Opening Protection	1.66	3.25	2.53	1.43	1.21	1.18
Total Hip Roof and Opening Protection	1.66	4.88	2.53	1.43	1.21	1.18
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	6.63	9.76	3.79	7.17	2.43	3.55
FORTIFIED Roof - Hurricane - Existing Roof	1.66	3.25	2.53	1.43	1.21	1.18
FORTIFIED Roof - Hurricane - New Roof	1.66	4.88	2.53	1.43	1.21	1.18
FORTIFIED Home - Hurricane - Silver - Existing Roof	3.31	4.88	2.53	5.74	1.21	2.36
FORTIFIED Home - Hurricane - Silver - New Roof	3.31	8.13	2.53	5.74	1.21	2.36
FORTIFIED Home - Hurricane - Gold - Existing Roof	4.97	8.13	2.53	5.74	1.21	2.36
FORTIFIED Home - Hurricane - Gold - New Roof	4.97	8.13	3.79	5.74	2.43	2.36
(6) Year 1 Revised Windstorm Loss Mitigation Credits - Masonry = (5)×0.95						
Total Hip Roof	1.58	3.09	2.40	1.36	1.15	1.12
Opening Protection	1.58	3.09	2.40	1.36	1.15	1.12
Total Hip Roof and Opening Protection	1.58	4.64	2.40	1.36	1.15	1.12
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	6.30	9.27	3.60	6.81	2.31	3.37
FORTIFIED Roof - Hurricane - Existing Roof	1.58	3.09	2.40	1.36	1.15	1.12
FORTIFIED Roof - Hurricane - New Roof	1.58	4.64	2.40	1.36	1.15	1.12
FORTIFIED Home - Hurricane - Silver - Existing Roof	3.14	4.64	2.40	5.45	1.15	2.24
FORTIFIED Home - Hurricane - Silver - New Roof	3.14	7.72	2.40	5.45	1.15	2.24
FORTIFIED Home - Hurricane - Gold - Existing Roof	4.72	7.72	2.40	5.45	1.15	2.24
FORTIFIED Home - Hurricane - Gold - New Roof	4.72	7.72	3.60	5.45	2.31	2.24

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF WINDSTORM LOSS MITIGATION CREDITS

BUILDINGS - YEAR 2

	Territory					
	110	120	130	140	150	160
(1) Year 1 Frame Wind Exclusion Credit	316.89	382.31	212.75	275.54	162.29	175.29
(2) Year 2 Filed Frame Wind Exclusion Credit	457.61	584.52	303.09	426.31	212.16	237.23
(3) Ratio of Year 2 and Year 1 Wind Credits = (2)/(1)	1.444	1.529	1.425	1.547	1.307	1.353
(4) Year 1 Windstorm Loss Mitigation Credits - Frame						
Total Hip Roof	17.42	19.52	12.70	13.12	7.98	5.56
Opening Protection	17.42	19.52	12.70	13.12	7.98	5.56
Total Hip Roof and Opening Protection	36.43	39.05	20.64	22.96	15.96	16.69
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	57.02	69.96	22.23	47.56	21.28	29.21
FORTIFIED Roof - Hurricane - Existing Roof	12.67	14.64	4.76	6.56	5.32	4.17
FORTIFIED Roof - Hurricane - New Roof	20.59	22.78	12.70	18.04	7.98	9.74
FORTIFIED Home - Hurricane - Silver - Existing Roof	36.43	43.93	15.88	29.52	9.31	18.08
FORTIFIED Home - Hurricane - Silver - New Roof	42.77	50.44	17.47	36.08	13.30	20.87
FORTIFIED Home - Hurricane - Gold - Existing Roof	42.77	50.44	20.64	36.08	15.96	20.87
FORTIFIED Home - Hurricane - Gold - New Roof	47.52	60.20	22.23	45.92	17.29	27.82
(5) Year 2 Revised Windstorm Loss Mitigation Credits - Frame = (4)×(3)						
Total Hip Roof	25.15	29.85	18.10	20.30	10.43	7.52
Opening Protection	25.15	29.85	18.10	20.30	10.43	7.52
Total Hip Roof and Opening Protection	52.60	59.71	29.41	35.52	20.86	22.58
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	82.34	106.97	31.68	73.58	27.81	39.52
FORTIFIED Roof - Hurricane - Existing Roof	18.30	22.38	6.78	10.15	6.95	5.64
FORTIFIED Roof - Hurricane - New Roof	29.73	34.83	18.10	27.91	10.43	13.18
FORTIFIED Home - Hurricane - Silver - Existing Roof	52.60	67.17	22.63	45.67	12.17	24.46
FORTIFIED Home - Hurricane - Silver - New Roof	61.76	77.12	24.89	55.82	17.38	28.24
FORTIFIED Home - Hurricane - Gold - Existing Roof	61.76	77.12	29.41	55.82	20.86	28.24
FORTIFIED Home - Hurricane - Gold - New Roof	68.62	92.05	31.68	71.04	22.60	37.64
(6) Year 2 Revised Windstorm Loss Mitigation Credits - Masonry = (5)×0.95						
Total Hip Roof	23.89	28.36	17.20	19.29	9.91	7.14
Opening Protection	23.89	28.36	17.20	19.29	9.91	7.14
Total Hip Roof and Opening Protection	49.97	56.72	27.94	33.74	19.82	21.45
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	78.22	101.62	30.10	69.90	26.42	37.54
FORTIFIED Roof - Hurricane - Existing Roof	17.39	21.26	6.44	9.64	6.60	5.36
FORTIFIED Roof - Hurricane - New Roof	28.24	33.09	17.20	26.51	9.91	12.52
FORTIFIED Home - Hurricane - Silver - Existing Roof	49.97	63.81	21.50	43.39	11.56	23.24
FORTIFIED Home - Hurricane - Silver - New Roof	58.67	73.26	23.65	53.03	16.51	26.83
FORTIFIED Home - Hurricane - Gold - Existing Roof	58.67	73.26	27.94	53.03	19.82	26.83
FORTIFIED Home - Hurricane - Gold - New Roof	65.19	87.45	30.10	67.49	21.47	35.76

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF WINDSTORM LOSS MITIGATION CREDITS

CONTENTS - YEAR 2

	Territory					
	110	120	130	140	150	160
(1) Year 1 Frame Wind Exclusion Credit	33.13	47.15	27.81	32.99	10.93	14.18
(2) Year 2 Filed Frame Wind Exclusion Credit	43.72	65.32	35.57	46.55	12.82	17.13
(3) Ratio of Year 2 and Year 1 Wind Credits = (2)/(1)	1.320	1.385	1.279	1.411	1.173	1.208
(4) Year 1 Windstorm Loss Mitigation Credits - Frame						
Total Hip Roof	1.66	3.25	2.53	1.43	1.21	1.18
Opening Protection	1.66	3.25	2.53	1.43	1.21	1.18
Total Hip Roof and Opening Protection	1.66	4.88	2.53	1.43	1.21	1.18
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	6.63	9.76	3.79	7.17	2.43	3.55
FORTIFIED Roof - Hurricane - Existing Roof	1.66	3.25	2.53	1.43	1.21	1.18
FORTIFIED Roof - Hurricane - New Roof	1.66	4.88	2.53	1.43	1.21	1.18
FORTIFIED Home - Hurricane - Silver - Existing Roof	3.31	4.88	2.53	5.74	1.21	2.36
FORTIFIED Home - Hurricane - Silver - New Roof	3.31	8.13	2.53	5.74	1.21	2.36
FORTIFIED Home - Hurricane - Gold - Existing Roof	4.97	8.13	2.53	5.74	1.21	2.36
FORTIFIED Home - Hurricane - Gold - New Roof	4.97	8.13	3.79	5.74	2.43	2.36
(5) Year 2 Revised Windstorm Loss Mitigation Credits - Frame = (4)×(3)						
Total Hip Roof	2.19	4.50	3.24	2.02	1.42	1.43
Opening Protection	2.19	4.50	3.24	2.02	1.42	1.43
Total Hip Roof and Opening Protection	2.19	6.76	3.24	2.02	1.42	1.43
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	8.75	13.52	4.85	10.12	2.85	4.29
FORTIFIED Roof - Hurricane - Existing Roof	2.19	4.50	3.24	2.02	1.42	1.43
FORTIFIED Roof - Hurricane - New Roof	2.19	6.76	3.24	2.02	1.42	1.43
FORTIFIED Home - Hurricane - Silver - Existing Roof	4.37	6.76	3.24	8.10	1.42	2.85
FORTIFIED Home - Hurricane - Silver - New Roof	4.37	11.26	3.24	8.10	1.42	2.85
FORTIFIED Home - Hurricane - Gold - Existing Roof	6.56	11.26	3.24	8.10	1.42	2.85
FORTIFIED Home - Hurricane - Gold - New Roof	6.56	11.26	4.85	8.10	2.85	2.85
(6) Year 2 Revised Windstorm Loss Mitigation Credits - Masonry = (5)×0.95						
Total Hip Roof	2.08	4.28	3.08	1.92	1.35	1.36
Opening Protection	2.08	4.28	3.08	1.92	1.35	1.36
Total Hip Roof and Opening Protection	2.08	6.42	3.08	1.92	1.35	1.36
<u>IBHS Designation:</u>						
FORTIFIED for Safer Living®	8.31	12.84	4.61	9.61	2.71	4.08
FORTIFIED Roof - Hurricane - Existing Roof	2.08	4.28	3.08	1.92	1.35	1.36
FORTIFIED Roof - Hurricane - New Roof	2.08	6.42	3.08	1.92	1.35	1.36
FORTIFIED Home - Hurricane - Silver - Existing Roof	4.15	6.42	3.08	7.70	1.35	2.71
FORTIFIED Home - Hurricane - Silver - New Roof	4.15	10.70	3.08	7.70	1.35	2.71
FORTIFIED Home - Hurricane - Gold - Existing Roof	6.23	10.70	3.08	7.70	1.35	2.71
FORTIFIED Home - Hurricane - Gold - New Roof	6.23	10.70	4.61	7.70	2.71	2.71

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF WINDSTORM LOSS MITIGATION CREDITS

The filed credits displayed on pages C-22-25 apply to the current IBHS designations effective on or after March 31, 2019. The same filed credits apply to the previous IBHS designations according to the following mappings:

Current IBHS Designation:

FORTIFIED for Safer Living®
FORTIFIED Roof - Hurricane - Existing Roof
FORTIFIED Roof - Hurricane - New Roof
FORTIFIED Home - Hurricane - Silver - Existing Roof
FORTIFIED Home - Hurricane - Silver - New Roof
FORTIFIED Home - Hurricane - Gold - Existing Roof
FORTIFIED Home - Hurricane - Gold - New Roof

Previous IBHS Designation:

Hurricane Fortified for Safer Living®
Hurricane Fortified for Existing Homes® Bronze Option 1
Hurricane Fortified for Existing Homes® Bronze Option 2
Hurricane Fortified for Existing Homes® Silver Option 1
Hurricane Fortified for Existing Homes® Silver Option 2
Hurricane Fortified for Existing Homes® Gold Option 1
Hurricane Fortified for Existing Homes® Gold Option 2

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

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NORTH CAROLINA
DWELLING PROPERTY INSURANCE
EXPLANATORY MEMORANDUM

This memorandum supplements the filing letter and supporting exhibits setting forth a revision of dwelling insurance rates in the State of North Carolina. It is the purpose of this memorandum to describe the source data used and to set forth in detail the insurance ratemaking procedures reflected in the filing. Certain pages in the filing and accompanying material contain a notation “all carriers” or other similar wording. This indicates that the data are combined ISO and ISS data. Data for certain companies are not included, as noted in Section E.

Premium and Loss Experience

This revision is based upon the combined premium and loss experience of all licensed companies writing residential dwelling insurance in this State, except as noted in Section E. In order to have this experience available in all detail necessary for rate review and ratemaking in accordance with accepted standards, all such companies are required to file each year their total dwelling insurance experience with the official statistical agents. Experience is recorded pursuant to the officially approved statistical plans and reported by the companies in accordance with instructions issued by the statistical agents under the Official Calls for Experience.

The Commissioner appointed the following statistical agents for the collection of dwelling insurance experience in North Carolina: Insurance Services Office (ISO), Independent Statistical Service, Inc. (ISS), American Association of Insurance Services, Inc. (AAIS), and National Independent Statistical Service (NISS). At the direction of the North Carolina Rate Bureau, tabulations of experience reported to ISS, AAIS and NISS are provided to ISO so that ISO may aggregate the experience and develop the analysis included in this filing.

Experience utilized in the filing was collected under the Personal Lines Statistical Plan (Other Than Automobile), Personal Lines Statistical Agent Plan (Other Than Automobile) and the Official Statistical Programs of ISO, and the Personal Lines Statistical Plan and the Statistical Programs of ISS. In substance, the statistical plans of all statistical agents are similar in North Carolina and provide for the recording and reporting of the experience in the detail required for ratemaking and in such form that the experience of all companies can be combined. The experience collected by AAIS and in the ISO Statistical Agent Plan is collected in lesser detail and has not been used in this review. The experience collected by NISS was also excluded from this review because over 98% of its reported premium is not written using the Rate Bureau's policy program.

The licensing of an organization and its appointment as a statistical agent in North Carolina are predicated upon demonstration by the organization of its ability to perform this function. Moreover, the performance of the statistical agents is reviewed periodically through examination by personnel of state insurance departments under the convention examinations of the National Association of Insurance Commissioners. From time to time, such organizations are called upon by Insurance Department examiners to verify, and do verify, the data they consolidate as statistical agents.

The insurance companies likewise are subject to a variety of checks and controls. Effective controls are maintained within the company over the activities of company employees connected with the company's statistics. Companies are required by statute to submit directly to the Insurance Department statistical and accounting information to be found in the Annual Statement and the Insurance Expense Exhibit. These documents are scrutinized by experienced Insurance Department personnel throughout the country. The insurance companies are also subject to examination by the Insurance Department, which examinations include the statistical records of the companies.

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Statewide Rate Level Exhibits (pages C-2-6)

1. Experience

Dwelling insurance experience was compiled on a calendar accident year basis for the years ended December 31, 2023, 2022, 2021, 2020, and 2019. For any twelve-month period, the accident year experience compiles the losses resulting from accidents occurring during that period with the premiums and number of dwellings “earned” during the same period. Since this filing utilizes catastrophe models to estimate the average annual losses attributable to hurricanes, actual hurricane losses have been removed from the ratemaking experience.

2. Average Rating Factors

The earned premiums at present manual rates for the dwelling insurance coverages are calculated by multiplying the number of insured exposures earned during the experience period by the base rates and rating factors in effect at the time of review. The earned premiums at present rates are then used to determine average rating factors. The average rating factor is the ratio of the average rate (earned premium at manual level divided by corresponding house-years) and the current manual base rate. The average rating factor is used to convert the pure-premiums incurred during the experience period to the base-class level. This calculation is shown on pages D-34-43 for Fire and pages D-65-74 for Extended Coverage.

3. Losses

Losses compiled for any accident year include paid losses as well as loss reserves. The amounts that will ultimately be required as payments of claims on open cases are carefully determined by the claim departments of the companies, and experience has shown that these determinations are highly accurate in the aggregate. Since, however, there are differences between the total incurred losses so determined and the amounts ultimately paid, the ratemaking procedure provides for a “development” of the incurred losses to a basis which, for all practical purposes, can be considered as the ultimate basis. This development is accomplished as follows:

Each year the experience is compiled for the latest five years, all valued as of three months after the close of the latest accident year period. Thus, the experience is reported for the latest year as of 15 months, the preceding year as of 27 months, the next preceding year as of 39 months, the third preceding year as of 51 months and the fourth preceding year as of 63 months all measured from the beginning of each accident year respectively.

From reports of prior years, similarly aged experience was obtained so that there are available five successive reports for the earliest year, four successive reports for the next earliest year, three successive reports for the middle year and two successive reports for the second most recent year.

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Dwelling claims generally are settled, and are therefore sufficiently matured, as of 87 months, by which time nearly all incurred losses have been paid. From a comparison of the incurred losses for each year at successive valuation dates, it is determined what the rate of development has been in the past in order to calculate the development of less mature losses. This development is reflected in the incurred losses for the less mature years by the application of loss development factors. In this filing, loss development factors have been calculated based on the statewide experience of companies reporting to ISO (including the NCJUA and NCIUA), and are as follows:

<u>Accident Year Ending</u>	<u>Factor to Develop to 87 Months</u>	
	<u>Fire</u>	<u>Extended Coverage</u>
December 31, 2019	1.000	1.000
December 31, 2020	1.000	1.000
December 31, 2021	1.000	1.001
December 31, 2022	0.997	1.007
December 31, 2023	0.988	1.052

The derivation of the factors shown above is shown on pages D-12 and D-13. By applying these factors, the reported incurred losses have been adjusted to the amounts at which it is believed they will ultimately be settled.

In order to increase stability in rate levels while maintaining adequacy in the event of wide swings in hurricane and other losses, an excess procedure and hurricane loss models have been utilized for Extended Coverage. Hence, inordinate shifts in rate level (both upward and downward), which might result from reflecting large hurricane and other losses only in the year in which they occur will be reduced. The incurred non-modeled excess losses are those losses which result from unusually severe loss activity (other than hurricane). They are removed from the experience used in developing rates. In order to reflect the impact of excess losses (that are not related to hurricanes and not accounted for in the hurricane models) on a long-term basis, the non-modeled losses are multiplied by an excess factor of 1.051. The derivation of the excess factor is shown on page D-49. The derivation of the excess non-modeled losses is shown on page D-50. The modeled losses used in this filing are based on analysis performed by Aon on behalf of the North Carolina Rate Bureau and are displayed on page D-81.

4. Loss Adjustment Expense

The dwelling loss adjustment expenses, prior to trend considerations, are determined as an average percentage of the North Carolina incurred losses for calendar accident years 2020-2024 for Fire and Extended Coverage, based on a North Carolina expense call. The high and low years are excluded from the average. See pages D-26 and D-29.

A separate Loss Adjustment Expense factor was used for modeled hurricane losses.

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5. Fixed Expense

The fixed expense (general expenses and other acquisition expenses) loading is determined as an average percentage of North Carolina earned premiums for calendar accident years 2022-2024, based on a North Carolina expense call. See pages D-24 and D-27. The development of trended fixed expense per policy is shown on page D-30.

6. Loss Trend

The loss trend procedure consists of three steps: historical trend, “to current” trend, and prospective trend. Historical loss trends are selected to translate all losses in the review to the cost level of the latest year in the experience, “to current” trends are selected to estimate changes in cost levels following the experience period using more recent external data, and prospective trends are selected to reflect anticipated changes in cost level beyond the available external data. This procedure is displayed on pages D-14-18.

First, the frequencies, severities, and pure premiums are calculated by subline group, cause-of-loss group (i.e., wind-related, water-related, etc.) for each year in the experience. Hurricane losses are excluded from the loss experience. Then average annual rates of change are calculated by fitting exponential curves to the data for three time periods: the latest five years, the latest four years, and the latest three years. To supplement the historical experience, average annual rates of change for severity are calculated using the following external indices: the CoreLogic Residential Index (CRI) and the Modified Consumer Price Index (MCPI). The CRI estimates changes in building costs while the MCPI estimates changes in the costs of personal property. The two indices are weighed together to arrive at the Current Cost Index (CCI), and then two-year and one-year exponential fits are calculated.

The selected historical annual rates of change, based on the average rates of change indicated in the loss experience, are used to trend the historical loss experience to the average occurrence date of the latest year (July 1, 2023). “To current” annual rates of change were then selected to trend the losses from the latest year of the experience to the end of the available external data (June 30, 2025), based on the historical average annual rates as well as the average annual rates of change for the CCI. Finally, prospective annual rates of change are selected to trend the losses from the end of the external data to one year beyond the assumed effective date (July 1, 2027). The selected historical and prospective annual pure premium rates of change are used to trend the losses and are based on the selections for frequency and severity. The selected annual pure premium changes are:

	<u>Fire</u>	<u>Extended Coverage</u>
Historical	+6.0%	+12.0%
To Current	+2.0%	+8.0%
Prospective	+4.0%	+8.0%

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7. Premium Trend

The premium trend procedure is based on the observed growth in yearly average policy amount relativities. This procedure is displayed on pages D-19-20.

First, the Current Amount Factors are calculated by subline group, class and year. The Current Amount Factor trends the average policy amount relativity (and, therefore, the Average Rating Factor used in the derivation of the statewide, class and territory rate level indications) from a given historical year to the average date of writing for the latest year of the review (January 1, 2023). Then, a least-squares fitted annual change is calculated for the historical average relativities. Based on the calculated value, a selection for the annual change is made. (The selected annual changes reflect consideration of the calculated value and the overall pattern in average relativity growth observed during the experience period.) The selected annual changes are used to trend the average policy amount relativity from the latest year to six months beyond the assumed effective date (January 1, 2027). The selected annual changes are:

	<u>Fire</u>	<u>Extended Coverage</u>
Buildings	+4.0%	+4.0%
Contents	+6.0%	+7.0%

8. Exposure Trend

The exposure trend procedure is based on the observed growth in yearly average policy amounts for Extended Coverage. This procedure is displayed on page D-21.

First, the average policy amounts are calculated by class and year. Then average annual rates of change are calculated by fitting exponential curves to the data for three time periods: the latest five years, the latest four years, and the latest three years. Based on these average annual rates of change, annual rates of change are selected to trend the latest-year exposures used to calculate the modeled hurricane losses to six months beyond the assumed effective date (January 1, 2027). The selected annual changes are +4.5% for Buildings and +7.0% for Contents.

9. Expense Trend

The selected annual change to be applied to general expense, other acquisition expense and loss adjustment expense costs is based on the observed growth in the All Items Consumer Price Index and the Compensation Cost Index. The selected annual change is +4.0% based on analysis and review of the index data, which are displayed on pages D-22-23.

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10. Trend Periods

The effective date assumed in this filing is July 1, 2026¹ for new and renewal policies. Given this effective date, the trend periods for premiums, losses and expenses are as follows:

- premiums are trended from January 1 of the given year to January 1, 2027.
- losses are trended from July 1 of the given year to July 1, 2027.
- general expense and other acquisition expense percentages, since they are based on 2022-2024 data, are trended from July 1, 2023 to January 1, 2027.
- loss adjustment expense percentages, since they are based on 2020-2024 data, are trended from July 1, 2022 to July 1, 2027.

11. Expected Loss and Fixed Expense Ratio

These quantities represent the portion of the premium income available for losses, loss adjustment expenses, general expenses and other acquisition expenses. They are determined from special calls for North Carolina expense experience and reflect the 2022, 2023, and 2024 results as reported by all companies licensed in North Carolina during those years. The breakdown of the expected loss and fixed expense ratios is set forth on page D-24 for Fire and page D-27 for Extended Coverage.

12. Net Cost of Reinsurance per Policy

The provision for the net cost of reinsurance is based on an analysis provided by Aon. This analysis generates the total dollars required by territory based on latest-year house years. The conversion to the required base-class level is shown on page D-82.

Class Rate Level Exhibits - Fire and Extended Coverage (pages C-7 and C-8)

1. Trended Adjusted Incurred Losses (column 1)

Incurred losses for the latest five years, trended and loaded for LAE. For Extended Coverage, the excess loss procedure is incorporated into the indication through column (23).

2. Trended Average Rating Factor (column 3)

The calculation of the Trended Average Rating Factors is shown on pages D-34-43 for Fire and D-65-74 for Extended Coverage.

¹ The effective date of implementation of these rates may differ from the trend effective date.

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3. Credibility (column 5)

The five-year loss cost by class is assigned a credibility value based on the number of house years underlying this loss cost. The standard for full credibility is 500,000 house years for Fire and 330,000 house years for Extended Coverage, with partial credibility equal to

$$\sqrt{\text{five-year house years} / \text{full credibility standard}}$$

truncated to the nearest tenth. The complement of credibility is assigned to the statewide five-year base loss cost adjusted by the ratio of the class' current base rate and the statewide average current base rate.

4. Modeled Base Class Loss Cost (column 7 - Extended Coverage)

The modeled hurricane base-class loss cost is derived by dividing the modeled hurricane losses by the product of the latest-year trended average rating factor and latest-year house-years.

5. Indicated Base Class Loss Cost (column 7 - Fire, column 9 - Extended Coverage)

The indicated base-class loss cost by class is the statewide base-class loss cost (computed on the statewide indications pages) adjusted by the class relativity indicated by the credibility-weighted loss cost (ratio of class to statewide of column 6 for Fire or column 8 for Extended Coverage).

6. Net Cost of Reinsurance per Policy (column 12 - Extended Coverage)

The net cost of reinsurance was allocated to class in proportion to modeled hurricane losses.

7. Indicated Net Base Class Rate (column 10 - Fire, column 15 - Extended Coverage)

The indicated net base-class rate is the sum of the loss cost, trended fixed expense per policy, and net cost of reinsurance per policy (only for Extended Coverage) divided by the expected loss and fixed expense ratio derived on page D-24 for Fire and page D-27 for Extended Coverage. The trended fixed expense per policy is calculated as the average current base-class rate multiplied by the fixed expense ratio developed on page D-30.

8. Compensation for Assessment Risk per Policy (column 11 - Fire, column 16 - Extended Coverage)

The compensation for assessment risk is reflected as a percentage of the base-class rate by class and is loaded for the effects of taxes and commission.

9. Indicated Base Class Rate Change (column 17 - Fire, column 22 - Extended Coverage)

The indicated base-class rate level change is the ratio of required base-class rate and current base-class rate, minus 1.

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10. Indicated Rate Change Balanced to Statewide (column 18 - Fire, column 23 - Extended Coverage)

These are indicated base-class rate level changes adjusted to balance to the statewide indicated change.

Territory Indicated Base Class Loss Costs - Fire and Extended Coverage (pages C-9 and C-12)

1. Five-Year Experience Base Class Loss Cost (column 2 – Fire, column 1 – Extended Coverage)

A five-year experience base-class loss cost by territory is derived by dividing five-year trended territory losses and LAE by the product of the five-year trended average rating factor and five-year house years. For Extended Coverage, the territory losses exclude hurricane losses and include an excess loss provision. This calculation is shown on pages D-44-48 for Fire, and on pages D-75-80 for Extended Coverage.

2. Credibility (column 4 – Fire, column 3 – Extended Coverage)

The five-year loss cost is assigned a credibility value based upon the number of house years underlying this loss cost. The standard for full credibility is 500,000 house years for Fire and 330,000 house years for Extended Coverage, with partial credibility equal to

$$\sqrt{\text{five-year house years} / \text{full credibility standard}}$$

truncated to the nearest tenth. For Fire, the complement of credibility is assigned to the statewide five-year experience base-class loss cost adjusted by the ratio of the territory's current base-class rate and the statewide average current base-class rate. For Extended Coverage, the complement of credibility is assigned to the statewide five-year non-modeled experience base-class loss cost.

3. Modeled Hurricane Base Class Loss Cost (column 6 – Extended Coverage)

The modeled hurricane base-class loss cost is derived by dividing modeled hurricane territory losses by the product of the trended average rating factor and house years for the latest year. The development of these costs is presented on page D-81.

4. Indicated Base Class Loss Cost (column 8 – Fire, column 9 – Extended Coverage)

The Indicated Base Class loss cost for each territory is the indicated statewide base-class loss cost (row 10 from the Fire statewide indication, row 14 from the Extended Coverage statewide indication) multiplied by each territory's indicated relativity (column 7 for Fire or column 8 for Extended Coverage).

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Territory Indicated Base Class Rates - Fire and Extended Coverage (pages C-10 and C-13)

1. Trended Fixed Expense per Policy (column 2)

The trended fixed expense per policy by territory is calculated by first distributing the statewide trended fixed expense ratio to territory. This is accomplished by multiplying the statewide trended fixed expense ratio by the ratio of the statewide latest-year average rate to the territory latest-year average rate. Finally, the trended fixed expense per policy by territory is calculated as the product of the territory trended fixed expense ratio and the latest-year average territory base rate. This calculation can be found on pages D-31-32.

2. Net Cost of Reinsurance per Policy (column 3 – Extended Coverage)

The provisions for the net cost of reinsurance are based on analysis provided by Aon. The development of these provisions is presented on page D-82.

3. Expected Loss and Fixed Expense Ratio (column 3 – Fire, column 5 – Extended Coverage)

These quantities represent the portion of the premium income available for losses, loss adjustment expenses, general expenses and other acquisition expenses.

4. Compensation for Assessment Risk Cost per Policy (column 5 – Fire, column 7 – Extended Coverage)

The compensation for assessment risk is reflected as a percentage of the base-class rate by class and is loaded for the effects of taxes and commission.

Territory Indicated Rate Level Changes - Fire and Extended Coverage (pages C-11 and C-14)

1. Latest-Year Aggregate Calculated Earned Premium at Current Level (column 1)

Earned premium for the latest year (2023), adjusted to the manual rate level currently in effect.

2. Indicated Rate Level Change (column 4)

The indicated rate level change is the ratio of required base-class rate and current base-class rate, minus 1.

3. Indicated Rate Level Change Balanced to Statewide Indicated Level (column 5)

These are indicated base-class rate level changes adjusted to balance to the statewide indicated change.

4. Indicated Buildings Rate Level Change (column 6)

The indicated buildings rate level change is the product of the indicated rate level change balanced to statewide and the class relativity embedded in the indicated buildings base rate change balanced to statewide (column 18 for Fire or column 23 for Extended Coverage) on the class indications page.

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5. Indicated Contents Rate Level Change (column 7)

The indicated contents rate level change is the product of the indicated rate level change balanced to statewide and the class relativity embedded in the indicated contents base rate change balanced to statewide (column 18 for Fire or column 23 for Extended Coverage) on the class indications page.

Credibility Factor Determination

Credibility considerations enter into the dwelling insurance ratemaking formulas.

The credibility procedure is based on the ‘frequency with severity modification’ model discussed in “Credibility of the Pure Premium” by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 10% maximum departure from the expected value, translated to house year standards. Partial credibility (Z_p) is calculated as follows:

$$Z_p = \sqrt{\text{five-year house years} / \text{full credibility standard}} \text{ (truncated to the nearest tenth)}$$

The full credibility standards are 500,000 house years for Fire and 330,000 house years for Extended Coverage.

On a statewide and class basis, both Fire and Extended Coverage are fully credible. On a territory basis, partial credibility may be employed. In that case, the calculation of the rate level indication incorporates credibility as follows: credibility is applied to the five-year (non-hurricane for Extended Coverage) territory loss costs and (1 - credibility) to the complement of credibility.

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DWELLING PROPERTY INSURANCE

DERIVATION OF LOSS DEVELOPMENT FACTORS

FIRE

Incurred Losses as of:							
Accident							
<u>Year</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>
2012	22,481,952	22,152,865	21,925,662	21,930,309	21,930,192	21,930,192	21,930,192
2013	24,174,825	23,809,636	23,790,225	23,781,511	23,795,715	23,795,715	23,795,715
2014	27,744,701	27,412,412	27,336,817	27,339,025	27,341,025	27,341,025	27,341,025
2015	29,358,517	29,253,030	29,245,669	29,015,097	29,015,097	29,015,097	29,015,097
2016	34,726,802	34,480,034	34,330,711	34,292,620	34,284,584	34,284,584	34,284,584
2017	28,637,474	28,639,295	28,432,101	28,623,710	28,622,736	28,622,736	28,622,736
2018	31,775,713	31,404,396	31,291,729	31,283,898	31,283,898	31,283,898	
2019	36,611,052	36,227,142	36,403,041	36,451,951	36,451,546		
2020	33,063,347	32,734,326	32,621,530	32,607,919			
2021	39,038,791	38,882,775	38,671,015				
2022	41,888,582	41,701,887					
2023	47,201,478						

Link Ratios						
Accident						
<u>Year</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>	<u>75:63</u>	<u>87:75</u>
2012	0.985	0.990	1.000	1.000	1.000	1.000
2013	0.985	0.999	1.000	1.001	1.000	1.000
2014	0.988	0.997	1.000	1.000	1.000	1.000
2015	0.996	1.000	0.992	1.000	1.000	1.000
2016	0.993	0.996	0.999	1.000	1.000	1.000
2017	1.000	0.993	1.007	1.000	1.000	1.000
2018	0.988	0.996	1.000	1.000	1.000	
2019	0.990	1.005	1.001	1.000		
2020	0.990	0.997	1.000			
2021	0.996	0.995				
2022	0.996					
Average	<u>27:15</u> 0.992	<u>39:27</u> 0.997	<u>51:39</u> 1.000	<u>63:51</u> 1.000	<u>75:63</u> 1.000	<u>87:75</u> 1.000
Selected Link Ratio	0.992	0.997	1.000	1.000	1.000	1.000

Selected Loss Development Factors				
<u>Fire</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	1.000	1.000	1.000	0.997
				0.988

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DWELLING PROPERTY INSURANCE

DERIVATION OF LOSS DEVELOPMENT FACTORS

EXTENDED COVERAGE

Incurred Losses as of:							
Accident							
<u>Year</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>
2012	23,995,708	24,921,453	25,152,659	25,197,496	25,200,589	25,200,589	25,200,589
2013	22,949,650	23,389,866	23,445,238	23,439,166	23,453,909	23,453,909	23,453,909
2014	34,915,782	35,531,463	35,694,357	35,702,439	35,686,333	35,686,333	35,686,333
2015	33,926,486	34,544,527	34,657,031	34,654,116	34,664,441	34,664,441	34,664,441
2016	86,532,763	90,462,319	91,062,887	91,199,174	91,117,162	91,117,162	91,117,162
2017	39,626,049	40,991,508	41,023,662	41,155,212	41,160,980	41,160,980	41,160,980
2018	470,832,399	529,803,591	538,662,535	541,133,876	540,963,748	540,963,748	
2019	67,445,314	69,892,292	70,485,794	70,290,082	70,158,137		
2020	87,626,419	91,878,956	91,909,646	92,266,416			
2021	52,083,106	54,638,807	55,102,341				
2022	89,287,449	94,775,681					
2023	82,237,140						

Link Ratios						
Accident						
<u>Year</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>	<u>75:63</u>	<u>87:75</u>
2012	1.039	1.009	1.002	1.000	1.000	1.000
2013	1.019	1.002	1.000	1.001	1.000	1.000
2014	1.018	1.005	1.000	1.000	1.000	1.000
2015	1.018	1.003	1.000	1.000	1.000	1.000
2016	1.045	1.007	1.001	0.999	1.000	1.000
2017	1.034	1.001	1.003	1.000	1.000	1.000
2018	1.125	1.017	1.005	1.000	1.000	
2019	1.036	1.008	0.997	0.998		
2020	1.049	1.000	1.004			
2021	1.049	1.008				
2022	1.061					
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>	<u>75:63</u>	<u>87:75</u>
Average	1.045	1.006	1.001	1.000	1.000	1.000
Selected	1.045	1.006	1.001	1.000	1.000	1.000
Link Ratio						

Selected Loss Development Factors					
<u>EC</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	1.000	1.000	1.001	1.007	1.052

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL FREQUENCY, SEVERITY, AND PURE PREMIUM RATES OF CHANGE

FIRE

<u>Year</u>	<u>Frequency</u>	<u>Severity</u>	<u>Pure Premium</u>
2019	0.2867%	25,521	73.18
2020	0.2698%	23,590	63.64
2021	0.2660%	27,276	72.56
2022	0.2861%	26,234	75.05
2023	0.2632%	31,190	82.10
Annual Rate of Change			
5-Year Average (2019 - 2023)	-1.1%	+5.2%	+4.0%
4-Year Average (2020 - 2023)	-0.0%	+8.3%	+8.3%
3-Year Average (2021 - 2023)	-0.5%	+6.9%	+6.4%

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DWELLING PROPERTY INSURANCE

HISTORICAL FREQUENCY, SEVERITY, AND PURE PREMIUM RATES OF CHANGE
EXTENDED COVERAGE

FREQUENCY

<u>Year</u>	<u>Wind</u>	<u>Water</u>	Other Physical <u>Damage</u>	<u>V&MM</u>	<u>Non-Wind</u>	<u>Total</u>
2019	0.8041%	0.3111%	0.2168%	0.0344%	0.5623%	1.3664%
2020	1.3004%	0.3692%	0.2340%	0.0333%	0.6365%	1.9369%
2021	0.7012%	0.3270%	0.1987%	0.0317%	0.5574%	1.2586%
2022	1.1392%	0.3828%	0.2333%	0.0348%	0.6509%	1.7901%
2023	1.0645%	0.3223%	0.2322%	0.0291%	0.5836%	1.6481%
Annual Rate of Change						
5-Year Average (2019 - 2023)	+4.4%	+1.1%	+1.4%	-2.9%	+1.0%	+3.0%
4-Year Average (2020 - 2023)	-1.1%	-2.5%	+1.4%	-3.1%	-1.0%	-1.3%
3-Year Average (2021 - 2023)	+23.2%	-0.7%	+8.1%	-4.2%	+2.3%	+14.4%

SEVERITY

<u>Year</u>	<u>Wind</u>	<u>Water</u>	Other Physical <u>Damage</u>	<u>V&MM</u>	<u>Non-Wind</u>	<u>Total</u>
2019	6,776	8,092	7,131	6,186	7,605	7,117
2020	6,616	8,552	6,465	7,818	7,747	6,988
2021	8,290	8,960	7,726	7,395	8,431	8,352
2022	8,224	11,765	9,487	6,931	10,690	9,121
2023	8,524	12,254	10,194	8,436	11,244	9,487
Annual Rate of Change						
5-Year Average (2019 - 2023)	+7.0%	+12.2%	+11.6%	+5.1%	+11.7%	+8.8%
4-Year Average (2020 - 2023)	+7.8%	+14.5%	+17.0%	+1.6%	+14.5%	+10.6%
3-Year Average (2021 - 2023)	+1.4%	+16.9%	+14.9%	+6.8%	+15.5%	+6.6%

PURE PREMIUM

<u>Year</u>	<u>Wind</u>	<u>Water</u>	Other Physical <u>Damage</u>	<u>V&MM</u>	<u>Non-Wind</u>	<u>Total</u>
2019	54.49	25.18	15.46	2.13	42.77	97.26
2020	86.04	31.58	15.13	2.60	49.31	135.35
2021	58.13	29.30	15.35	2.35	47.00	105.13
2022	93.69	45.04	22.14	2.41	69.59	163.28
2023	90.74	39.49	23.67	2.46	65.62	156.36
Annual Rate of Change						
5-Year Average (2019 - 2023)	+11.7%	+13.4%	+13.1%	+2.1%	+12.8%	+12.0%
4-Year Average (2020 - 2023)	+6.6%	+11.6%	+18.6%	-1.4%	+13.3%	+9.1%
3-Year Average (2021 - 2023)	+24.9%	+16.1%	+24.2%	+2.3%	+18.2%	+22.0%

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

TO CURRENT SEVERITY RATE OF CHANGE

(1)	(2)	(3)	(4)
Quarter	Average	Average	Average
<u>Ending</u>	<u>CoreLogic Residential Index for N.C.</u> ^(a)	<u>Modified Consumer Price Index</u> ^(b)	<u>Current Cost Index</u> ^(c)
3/31/2023	101.3	102.6	101.4
6/30/2023	100.0	101.7	100.1
9/30/2023	99.5	99.5	99.5
12/31/2023	99.1	96.2	99.0
3/31/2024	99.9	95.6	99.7
6/30/2024	101.2	94.2	100.9
9/30/2024	102.0	92.6	101.5
12/31/2024	102.5	91.8	102.0
3/31/2025	102.9	91.6	102.3
6/30/2025	103.6	93.3	103.1

Annual Rate of Change

(5) From quarter-ending 9/30/23 to quarter-ending 6/30/25	+2.3%
(6) From quarter-ending 9/30/24 to quarter-ending 6/30/25	+2.0%

^(a) The average CoreLogic Residential Index (CRI) is based on a weighted average of frame and brick indices, with 95% weight assigned to frame and 5% weight assigned to brick. Both the frame and brick indices have been rebased to 2023 cost levels.

^(b) The average Modified Consumer Price Index (MCPI) is based on a weighted average of components of the Consumer Price Index from the Bureau of Labor Statistics, rebased to 2023 cost levels. The components and their weights are:

Household Furnishings	70%
Apparel	20%
Recreation Commodities	10%

^(c) The average Current Cost Index is a weighted average of the CRI and the MCPI, with 95% weight assigned to the CRI and 5% weight assigned to the MCPI.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

SELECTED RATES OF CHANGE FOR LOSS TREND

FIRE

	<u>Frequency</u>	<u>Severity</u>	<u>Pure Premium</u>
Annual Loss Experience			
5-Year Average (2019 - 2023)	-1.1%	+5.2%	+4.0%
4-Year Average (2020 - 2023)	-0.0%	+8.3%	+8.3%
3-Year Average (2021 - 2023)	-0.5%	+6.9%	+6.4%
To Current Annual Trends			
2-Year Average	--	+2.3%	--
1-Year Average	--	+2.0%	--
Selected Historical Annual Loss Trend	0.0%	+6.0%	+6.0%
Selected To Current Annual Loss Trend	0.0%	+2.0%	+2.0%
Selected Prospective Annual Loss Trend	0.0%	+4.0%	+4.0%

EXTENDED COVERAGE

	<u>Frequency</u>	<u>Severity</u>	<u>Pure Premium</u>
Annual Non-Wind Loss Experience			
5-Year Average (2019 - 2023)	+1.0%	+11.7%	+12.8%
4-Year Average (2020 - 2023)	-1.0%	+14.5%	+13.3%
3-Year Average (2021 - 2023)	+2.3%	+15.5%	+18.2%
Annual Non-Hurricane Loss Experience			
5-Year Average (2019 - 2023)	+3.0%	+8.8%	+12.0%
4-Year Average (2020 - 2023)	-1.3%	+10.6%	+9.1%
3-Year Average (2021 - 2023)	+14.4%	+6.6%	+22.0%
To Current Annual Trends			
2-Year Average	--	+2.3%	--
1-Year Average	--	+2.0%	--
Selected Historical Annual Loss Trend	+2.0%	+10.0%	+12.0%
Selected To Current Annual Loss Trend	+2.0%	+6.0%	+8.0%
Selected Prospective Annual Loss Trend	+2.0%	+6.0%	+8.0%

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF LOSS TREND FACTORS

FIRE								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>Year</u>	<u>Average Date of Occurrence</u> ^(a)	<u>Number of Years of Historical Loss Trend</u> ^(b)	<u>Historical Annual Loss Trend</u>	<u>Number of Years of To Current Loss Trend</u> ^(c)	<u>To Current Annual Loss Trend</u>	<u>Number of Years of Prospective Loss Trend</u> ^(d)	<u>Prospective Annual Loss Trend</u>	<u>Loss Trend Factors</u> ^(e)
2019	7/1/2019	4.0	+6.0%	2.0000	+2.0%	2.0000	+4.0%	1.421
2020	7/1/2020	3.0	+6.0%	2.0000	+2.0%	2.0000	+4.0%	1.340
2021	7/1/2021	2.0	+6.0%	2.0000	+2.0%	2.0000	+4.0%	1.264
2022	7/1/2022	1.0	+6.0%	2.0000	+2.0%	2.0000	+4.0%	1.193
2023	7/1/2023	0.0	+6.0%	2.0000	+2.0%	2.0000	+4.0%	1.125

EXTENDED COVERAGE								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>Year</u>	<u>Average Date of Occurrence</u> ^(a)	<u>Number of Years of Historical Loss Trend</u> ^(b)	<u>Historical Annual Loss Trend</u>	<u>Number of Years of To Current Loss Trend</u> ^(c)	<u>To Current Annual Loss Trend</u>	<u>Number of Years of Prospective Loss Trend</u> ^(d)	<u>Prospective Annual Loss Trend</u>	<u>Loss Trend Factors</u> ^(e)
2019	7/1/2019	4.0	+12.0%	2.0000	+8.0%	2.0000	+8.0%	2.141
2020	7/1/2020	3.0	+12.0%	2.0000	+8.0%	2.0000	+8.0%	1.911
2021	7/1/2021	2.0	+12.0%	2.0000	+8.0%	2.0000	+8.0%	1.707
2022	7/1/2022	1.0	+12.0%	2.0000	+8.0%	2.0000	+8.0%	1.524
2023	7/1/2023	0.0	+12.0%	2.0000	+8.0%	2.0000	+8.0%	1.360

^(a) Average date of occurrence for the accident year shown in Column (1).

^(b) Number of years between Column (2) and 7/1/2023, the average date of occurrence for the latest year.

^(c) Number of years between 7/1/2023 and 6/30/2025, the end of the supplemental trend information.

^(d) Number of years between 7/1/2025 and 7/1/2027, one year beyond the assumed effective date of 7/1/2026.

^(e) Column (9) = $[1 + (4)]^{(3)} \times [1 + (6)]^{(5)} \times [1 + (8)]^{(7)}$

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

AVERAGE POLICY AMOUNT RELATIVITY ANNUAL RATE OF CHANGE

FIRE

<u>Average Policy Amount Relativity</u>		
<u>Year</u>	<u>Buildings</u>	<u>Contents</u>
2019	5.239	2.342
2020	5.291	2.423
2021	5.412	2.548
2022	5.748	2.749
2023	6.305	3.022
Fitted Annual Rate of Change	+4.6%	+6.6%
Selected Annual Rate of Change	+4.0%	+6.0%

EXTENDED COVERAGE

<u>Average Policy Amount Relativity</u>		
<u>Year</u>	<u>Buildings</u>	<u>Contents</u>
2019	6.356	2.800
2020	6.408	2.928
2021	6.556	3.131
2022	6.975	3.410
2023	7.675	3.783
Fitted Annual Rate of Change	+4.7%	+7.8%
Selected Annual Rate of Change	+4.0%	+7.0%

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF PREMIUM TREND FACTORS

FIRE						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Average Policy Amount Relativity	Current Amount Factor ^(a)	Number of Years of Prospective Premium Trend ^(b)	Prospective Annual Premium Trend	Premium Trend Factors ^{(c)(d)}	Latest-Year Premium Distribution
Buildings						
2019	5.239	1.204	4.0000	+4.0%	1.409	0.9108
2020	5.291	1.192	4.0000	+4.0%	1.394	0.9108
2021	5.412	1.165	4.0000	+4.0%	1.363	0.9108
2022	5.748	1.097	4.0000	+4.0%	1.283	0.9108
2023	6.305	1.000	4.0000	+4.0%	1.170	0.9108
Contents						
2019	2.342	1.291	4.0000	+6.0%	1.630	0.0892
2020	2.423	1.247	4.0000	+6.0%	1.574	0.0892
2021	2.548	1.186	4.0000	+6.0%	1.497	0.0892
2022	2.749	1.099	4.0000	+6.0%	1.387	0.0892
2023	3.022	1.000	4.0000	+6.0%	1.262	0.0892
Total						
2019					1.429	
2020					1.410	
2021					1.375	
2022					1.292	
2023					1.178	
EXTENDED COVERAGE						
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Year	Average Policy Amount Relativity	Current Amount Factor ^(a)	Number of Years of Prospective Premium Trend ^(b)	Prospective Annual Premium Trend	Premium Trend Factors ^{(c)(d)}	Latest-Year Premium Distribution
Buildings						
2019	6.356	1.208	4.0000	+4.0%	1.413	0.9678
2020	6.408	1.198	4.0000	+4.0%	1.401	0.9678
2021	6.556	1.171	4.0000	+4.0%	1.370	0.9678
2022	6.975	1.100	4.0000	+4.0%	1.287	0.9678
2023	7.675	1.000	4.0000	+4.0%	1.170	0.9678
Contents						
2019	2.800	1.351	4.0000	+7.0%	1.771	0.0322
2020	2.928	1.292	4.0000	+7.0%	1.694	0.0322
2021	3.131	1.208	4.0000	+7.0%	1.583	0.0322
2022	3.410	1.110	4.0000	+7.0%	1.455	0.0322
2023	3.783	1.000	4.0000	+7.0%	1.311	0.0322
Total						
2019					1.425	
2020					1.410	
2021					1.377	
2022					1.292	
2023					1.175	

^(a) Column (3) = Latest Year Column (2) / Column (2)

^(b) Number of years between 1/1/2023 and 1/1/2027, six months beyond the assumed effective date of 7/1/2026.

^(c) Column (6) = (3) × [1 + (5)]⁽⁴⁾

^(d) Total Column (6) = [Buildings (6) × Buildings (7)] + [Contents (6) × Contents (7)]

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF EXPOSURE TREND
EXTENDED COVERAGE

	<u>Average Exposure Per Policy</u>	
<u>Year</u>	<u>Buildings</u> <u>(Coverage A)</u>	<u>Contents</u> <u>(Coverage C)</u>
2019	121,464	16,689
2020	122,488	17,447
2021	125,441	18,648
2022	133,835	20,297
2023	147,827	22,501
Annual Rate of Change		
5-Year Average (2019 - 2023)	+4.9%	+7.8%
4-Year Average (2020 - 2023)	+6.5%	+8.8%
3-Year Average (2021 - 2023)	+8.6%	+9.8%
Selected Annual Rate of Change	+4.5%	+7.0%

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DETERMINATION OF TREND FOR EXPENSES

<u>Month</u>	<u>All Items CPI Index</u> ^(a)	<u>All Items (Less Energy) CPI Index</u> ^(b)	<u>Compensation Cost Index</u> ^(c)
Jul-21	273.0	278.2	
Aug-21	273.6	278.7	146.4
Sep-21	274.3	279.4	
Oct-21	276.6	281.2	
Nov-21	277.9	282.4	147.1
Dec-21	278.8	283.6	
Jan-22	281.1	285.8	
Feb-22	283.7	288.0	150.1
Mar-22	287.5	289.5	
Apr-22	289.1	291.2	
May-22	292.3	293.1	153.4
Jun-22	296.3	295.4	
Jul-22	296.3	296.7	
Aug-22	296.2	298.3	154.4
Sep-22	296.8	299.7	
Oct-22	298.0	300.8	
Nov-22	297.7	301.1	155.1
Dec-22	296.8	301.7	
Jan-23	299.2	303.6	
Feb-23	300.8	305.6	157.8
Mar-23	301.8	306.9	
Apr-23	303.4	308.2	
May-23	304.1	309.3	160.0
Jun-23	305.1	310.1	
Jul-23	305.7	310.6	
Aug-23	307.0	311.3	160.6
Sep-23	307.8	312.0	
Oct-23	307.7	312.6	
Nov-23	307.1	312.7	159.9
Dec-23	306.7	313.0	
Jan-24	308.4	314.8	
Feb-24	310.3	316.4	162.1
Mar-24	312.3	317.8	
Apr-24	313.5	318.7	
May-24	314.1	319.3	165.0
Jun-24	314.2	319.7	
Jul-24	314.5	320.0	
Aug-24	314.8	320.7	164.0
Sep-24	315.3	321.9	
Oct-24	315.7	322.5	
Nov-24	315.5	322.7	164.6
Dec-24	315.6	322.8	
Jan-25	317.7	324.7	
Feb-25	319.1	326.0	168.3
Mar-25	319.8	326.8	
Apr-25	320.8	327.5	
May-25	321.5	328.2	170.7
Jun-25	322.6	329.1	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DETERMINATION OF TREND FOR EXPENSES

	All Items <u>CPI Index</u> ^(a)	All Items (Less Energy) <u>CPI Index</u> ^(b)	Compensation <u>Cost Index</u> ^(c)	<u>Combined</u> ^(d)
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	4.03%	4.31%	3.84%	4.01%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	3.00%	3.44%	3.35%	3.29%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.75%	3.09%	3.50%	3.21%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	2.96%	3.15%	5.86%	4.46%

(5) Average Annual Index ^(e)

	All Items <u>CPI Index</u> ^(a)	All Items (Less Energy) <u>CPI Index</u> ^(b)	Compensation <u>Cost Index</u> ^(c)
<u>Year Ended</u>			
12/31/2022	292.7	295.1	153.3
06/30/2023	299.7	303.5	156.8
12/31/2023	304.7	309.7	159.6
06/30/2024	309.6	314.9	161.9
12/31/2024	313.7	319.8	163.9
06/30/2025	317.7	324.4	166.9

(6) Current Cost Factor (Latest Index Value Divided by Average Annual Index)

	All Items <u>CPI Index</u> ^(a)	All Items (Less Energy) <u>CPI Index</u> ^(b)	Compensation <u>Cost Index</u> ^(c)	<u>Combined</u> ^(d)
<u>Year Ended</u>				
12/31/2022	1.102	1.115	1.114	1.111
06/30/2023	1.076	1.084	1.089	1.085
12/31/2023	1.059	1.063	1.070	1.066
06/30/2024	1.042	1.045	1.054	1.049
12/31/2024	1.028	1.029	1.041	1.035
06/30/2025	1.015	1.014	1.023	1.019

(7) Selected Annual Change = **+4.0%** (based on Comp. Cost Index and CPI with and without energy)

^(a) CPI - All Urban Consumers - All Items. Source: Bureau of Labor Statistics (Series ID: CUUR0000SA0).

^(b) CPI - All Urban Consumers - All Items Less Energy. Source: Bureau of Labor Statistics (Series ID: CUUR0000SA0LE).

^(c) Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service. Source: Bureau of Labor Statistics (Series ID: CIU2015240000000I).

^(d) Weighted average determined as .25 (All Items) + .25 (All Items - Less Energy) + .50 (CCI).

^(e) Average year ended index for period shown.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

UNDERWRITING EXPENSES, DIVIDENDS, PROFIT AND CONTINGENCIES

FIRE

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>3-Year Average</u>	<u>Selected</u>
Commission and Brokerage	3,312,773	3,095,015	3,035,849	3,509,607	4,234,243		
Written Premium Including Deviations	30,587,905	30,207,331	28,062,816	31,815,130	36,155,382		
Ratio	0.108	0.102	0.108	0.110	0.117	0.112	0.112
Other Acquisition Expense	2,086,384	2,284,962	1,536,726	1,759,831	2,042,328		
Earned Premium at Current Manual Level ^(a)	31,477,990	29,831,510	30,786,653	31,474,722	34,863,810		
Ratio	0.066	0.077	0.050	0.056	0.059	0.055	0.055
General Expense	1,676,853	1,412,720	1,574,137	1,256,963	1,520,810		
Earned Premium at Current Manual Level ^(a)	31,477,990	29,831,510	30,786,653	31,474,722	34,863,810		
Ratio	0.053	0.047	0.051	0.040	0.044	0.045	0.045
Taxes, Licenses and Fees	913,627	866,334	770,477	859,667	979,735		
Written Premium Including Deviations	30,587,905	30,207,331	28,062,816	31,815,130	36,155,382		
Ratio	0.030	0.029	0.027	0.027	0.027	0.027	0.027
<u>Fire (AS Line 1) Data</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>5-Year Average</u>	<u>Selected</u>
Direct Written Premium (Statutory Page 14)	252,840,202	285,923,387	314,696,799	376,109,680	406,937,642		
Total Dividends	858,765	631,193	573,815	364,846	423,443		
Ratio of Dividends to Direct Written Premium	0.3%	0.2%	0.2%	0.1%	0.1%	0.2%	0.2%

Expected Loss and Fixed Expense Ratio

Commission and Brokerage	11.2%
Taxes, Licenses and Fees	2.7%
Dividends	0.2%
Contingencies	1.0%
Profit	8.5%
Total Variable Expense Ratio	23.6%
1 - Variable Expense Ratio	76.4%

^(a) The calculation of the on-leveling factors used to adjust the Earned Premium to the current manual level is found on page D-25.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF EARNED PREMIUM AT CURRENT MANUAL LEVEL

FIRE

(A) Calculation of On-leveling Factors

Rate Filing Effective Date	Implemented Overall Rate Change	Cumulative Overall Rate Change	Portion of Earned Premium Based on Implemented Rates				
			<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
4/1/2015	1.000	1.000	0.003472				
2/1/2019	0.792	0.792	0.871528	0.125000			
7/1/2020	1.000	0.792	0.125000	0.861111	0.347222		
11/1/2021	1.000	0.792		0.013889	0.652778	0.829861	0.086806
6/1/2023	1.022	0.809				0.170139	0.899306
11/1/2024	1.000	0.809					0.013889
Average Cumulative Rate Change			0.7927	0.7920	0.7920	0.7949	0.8075
On-leveling Factor ^(a)			1.0206	1.0215	1.0215	1.0177	1.0019

(B) Calculation of Earned Premium at Current Level

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
(1) Earned Premium Excluding Deviations	30,842,632	29,203,632	30,138,672	30,927,309	34,797,694
(2) On-leveling Factor	1.0206	1.0215	1.0215	1.0177	1.0019
(3) Earned Premium at Current Manual Level ^(b)	31,477,990	29,831,510	30,786,653	31,474,722	34,863,810

^(a) The On-leveling Factor is calculated as the Total Cumulative Overall Rate Change divided by the Average Cumulative Rate Change for the accident year.

^(b) (3) = (1) x (2)

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSS ADJUSTMENT EXPENSE

FIRE

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>5-Year Average</u>
Allocated LAE	180,257	213,977	226,672	226,802	103,695	
Unallocated LAE	1,120,210	1,048,988	1,745,096	1,623,640	2,334,112	
Total LAE	1,300,467	1,262,965	1,971,768	1,850,442	2,437,807	
Incurred Losses	15,349,800	16,570,798	18,126,547	22,501,144	16,560,039	
Ratio: LAE/I.L.	0.085	0.076	0.109	0.082	0.147	0.100
Selected LAE Ratio ^(a) :						0.092

^(a) The selection of 0.092 is based on the average LAE ratio excluding the high and low years (2021 and 2024).

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

UNDERWRITING EXPENSES, DIVIDENDS, PROFIT AND CONTINGENCIES

EXTENDED COVERAGE

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>3-Year Average</u>	<u>Selected</u>
Commission and Brokerage	5,905,081	6,173,927	7,462,106	8,128,699	6,815,815		
Written Premium Including Deviations	68,277,277	68,576,561	73,701,343	87,105,674	87,059,670		
Ratio	0.086	0.090	0.101	0.093	0.078	0.091	0.091
Other Acquisition Expense	5,964,738	5,940,019	4,575,175	5,239,138	5,287,231		
Earned Premium at Current Manual Level ^(a)	95,446,151	92,301,616	95,712,207	103,463,116	99,781,516		
Ratio	0.062	0.064	0.048	0.051	0.053	0.051	0.051
General Expense	3,599,511	3,501,783	2,474,686	2,623,841	2,303,502		
Earned Premium at Current Manual Level ^(a)	95,446,151	92,301,616	95,712,207	103,463,116	99,781,516		
Ratio	0.038	0.038	0.026	0.025	0.023	0.025	0.025
Taxes, Licenses and Fees	1,830,844	1,807,470	1,742,351	2,007,415	1,921,367		
Written Premium Including Deviations	68,277,277	68,576,561	73,701,343	87,105,674	87,059,670		
Ratio	0.027	0.026	0.024	0.023	0.022	0.023	0.023
<u>Allied Lines (AS Line 2) Data</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>5-Year Average</u>	<u>Selected</u>
Direct Written Premium (Statutory Page 14)	330,404,765	357,352,571	401,635,205	450,247,229	482,279,219		
Total Dividends	2,402,443	2,206,978	1,961,430	1,505,585	1,682,621		
Ratio of Dividends to Direct Written Premium	0.7%	0.6%	0.5%	0.3%	0.3%	0.5%	0.5%
<u>Expected Loss and Fixed Expense Ratio</u>							
Commission and Brokerage	9.1%						
Taxes, Licenses and Fees	2.3%						
Dividends	0.5%						
Contingencies	1.0%						
Profit	8.5%						
Total Variable Expense Ratio	21.4%						
1 - Variable Expense Ratio	78.6%						

^(a) The calculation of the on-leveling factors used to adjust the Earned Premium to the current manual level is found on page D-28.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF EARNED PREMIUM AT CURRENT MANUAL LEVEL EXTENDED COVERAGE

(A) Calculation of On-leveling Factors

Rate Filing Effective Date	Implemented Overall Rate Change	Cumulative Overall Rate Change	Portion of Earned Premium Based on Implemented Rates				
			<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
4/1/2015	1.034	1.034	0.003472				
2/1/2019	1.187	1.227	0.871528	0.125000			
7/1/2020	1.053	1.292	0.125000	0.861111	0.347222		
11/1/2021	1.100	1.422		0.013889	0.652778	0.829861	0.086806
6/1/2023	1.122	1.595				0.170139	0.899306
11/1/2024	1.101	1.756					0.013889
Average Cumulative Rate Change			1.2345	1.2857	1.3769	1.4514	1.5822
On-leveling Factor ^(a)			1.4224	1.3658	1.2753	1.2099	1.1098

(B) Calculation of Earned Premium at Current Level

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
(1) Earned Premium Excluding Deviations	67,102,187	67,580,624	75,050,739	85,513,775	89,909,458
(2) On-leveling Factor	1.4224	1.3658	1.2753	1.2099	1.1098
(3) Earned Premium at Current Manual Level ^(b)	95,446,151	92,301,616	95,712,207	103,463,116	99,781,516

^(a) The On-leveling Factor is calculated as the Total Cumulative Overall Rate Change divided by the Average Cumulative Rate Change for the accident year.

^(b) (3) = (1) x (2)

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSS ADJUSTMENT EXPENSE **EXTENDED COVERAGE**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>5-Year Average</u>
Allocated LAE	654,510	561,817	633,430	618,386	641,630	
Unallocated LAE	5,852,059	4,582,640	6,705,865	4,510,280	6,088,809	
Total LAE	6,506,569	5,144,457	7,339,295	5,128,666	6,730,439	
Incurred Losses	46,310,588	35,382,778	48,549,536	45,051,681	67,569,379	
Ratio: LAE/I.L.	0.140	0.145	0.151	0.114	0.100	0.130
Selected LAE Ratio ^(a) :						0.133

^(a) The selection of 0.133 is based on the average LAE ratio excluding the high and low years (2022 and 2024).

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDING EXPENSE PROVISIONS

Trended Loss Adjustment Expense Factor

	<u>Fire</u>	<u>EC</u>
(1) Selected Loss Adjustment Expense Ratio	0.092	0.133
(2) Expense Trend Factor, 1.040 ^{(60/12) (a)}	1.217	1.217
(3) 2022 Loss Trend Factor	1.193	1.524
(4) Trended Loss Adjustment Expense Factor, $1.0 + \{(1) \times [(2) / (3)]\}$	1.094	1.106

Trended Fixed Expense per Policy

	<u>Fire</u>	<u>EC</u>
(5) Selected Other Acquisition Expense Ratio	0.055	0.051
(6) Selected General Expense Ratio	0.045	0.025
(7) Expense Trend Factor, 1.040 ^{(42/12) (b)}	1.147	1.147
(8) 2023 Premium Trend Factor	1.178	1.175
(9) Trended Fixed Expense Ratio, $[(5) + (6)] \times [(7) / (8)]$	0.097	0.074
(10) Latest-Year Average Base Class Rate	25.84	61.21
(11) Trended Fixed Expense per Policy, $(9) \times (10)$	2.51	4.53

^(a) Loss adjustment expense percentages, since they are based on 2020-2024 data, are trended from July 1, 2022 to July 1, 2027 (60 months).

^(b) General expense and other acquisition expense percentages, since they are based on 2022-2024 data, are trended from July 1, 2023 to January 1, 2027 (42 months).

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF TERRITORY FIXED EXPENSE PER POLICY

FIRE

<u>Territory</u>	(1) Latest-Year Aggregate Calculated Earned Premium at Current Level	(2) Latest-Year Earned House Years	(3) Statewide Average Relativity to Territory ={Statewide[(1)/(2)]/(1)/(2)}	(4) Statewide Trended Fixed Expense Ratio	(5) Territory Trended Fixed Expense Ratio =(3) x (4)	(6) Latest-Year Average Base Class Rate	(7) Trended Fixed Expense per Policy =(5) x (6)
110	2,492,971	20,439	1.056	0.097	0.102	10.88	1.11
120	2,476,699	26,493	1.378	0.097	0.134	10.84	1.45
130	1,034,211	8,424	1.049	0.097	0.102	22.38	2.28
140	5,308,066	56,513	1.371	0.097	0.133	20.27	2.70
150	3,335,645	33,572	1.296	0.097	0.126	22.15	2.79
160	3,404,685	29,839	1.129	0.097	0.110	24.36	2.68
170	604,474	4,592	0.978	0.097	0.095	31.90	3.03
180	4,262,866	33,157	1.002	0.097	0.097	32.86	3.19
190	1,686,557	14,527	1.109	0.097	0.108	35.15	3.80
200	1,233,984	8,134	0.849	0.097	0.082	43.51	3.57
210	1,439,643	11,691	1.046	0.097	0.101	33.74	3.41
220	5,043,021	31,073	0.794	0.097	0.077	30.25	2.33
230	2,827,938	21,124	0.962	0.097	0.093	46.79	4.35
240	4,399,750	32,844	0.961	0.097	0.093	33.09	3.08
250	2,435,631	16,995	0.899	0.097	0.087	28.47	2.48
260	1,881,316	13,411	0.918	0.097	0.089	35.72	3.18
270	7,371,382	44,432	0.776	0.097	0.075	21.79	1.63
280	1,079,358	8,472	1.011	0.097	0.098	20.34	1.99
290	1,427,262	9,762	0.881	0.097	0.085	26.03	2.21
300	1,417,290	11,531	1.048	0.097	0.102	35.55	3.63
310	7,845,321	60,406	0.992	0.097	0.096	26.45	2.54
320	3,785,097	28,946	0.985	0.097	0.096	27.49	2.64
330	257,187	2,606	1.305	0.097	0.127	28.22	3.58
340	8,273,653	55,527	0.864	0.097	0.084	22.90	1.92
350	3,538,161	26,814	0.976	0.097	0.095	28.38	2.70
360	6,178,417	50,625	1.055	0.097	0.102	21.67	2.21
370	453,346	3,365	0.956	0.097	0.093	23.64	2.20
380	1,292,726	9,252	0.922	0.097	0.089	21.47	1.91
390	1,231,461	8,845	0.925	0.097	0.090	22.27	2.00
Statewide	88,018,118	683,411			0.097	25.84	2.51

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF TERRITORY FIXED EXPENSE PER POLICY
EXTENDED COVERAGE

<u>Territory</u>	(1) Latest-Year Aggregate Calculated Earned Premium at Current Level	(2) Latest-Year Earned House Years	(3) Statewide Average Relativity to Territory = $\{ \text{Statewide}[(1)/(2)] \} / (1)/(2)$	(4) Statewide Trended Fixed Expense Ratio	(5) Territory Trended Fixed Expense Ratio = $(3) \times (4)$	(6) Latest-Year Average Base Class Rate	(7) Trended Fixed Expense per Policy = $(5) \times (6)$
110	45,499,473	20,138	0.248	0.074	0.018	144.06	2.59
120	54,255,612	26,364	0.273	0.074	0.020	163.20	3.26
130	6,993,980	8,288	0.665	0.074	0.049	117.04	5.73
140	56,033,903	56,159	0.563	0.074	0.042	134.75	5.66
150	20,840,930	33,088	0.891	0.074	0.066	100.76	6.65
160	22,497,793	29,678	0.741	0.074	0.055	104.43	5.74
170	1,495,751	4,568	1.715	0.074	0.127	52.24	6.63
180	13,872,816	32,932	1.333	0.074	0.099	59.95	5.94
190	5,288,764	14,450	1.534	0.074	0.114	65.24	7.44
200	3,159,883	8,084	1.436	0.074	0.106	77.57	8.22
210	4,000,051	11,598	1.628	0.074	0.120	54.13	6.50
220	15,265,458	30,822	1.134	0.074	0.084	43.34	3.64
230	6,560,332	20,995	1.797	0.074	0.133	72.14	9.59
240	10,884,342	32,471	1.675	0.074	0.124	47.09	5.84
250	7,148,808	16,779	1.318	0.074	0.098	43.43	4.26
260	3,557,561	13,119	2.070	0.074	0.153	42.34	6.48
270	22,255,551	43,804	1.105	0.074	0.082	29.86	2.45
280	3,200,307	8,348	1.464	0.074	0.108	30.29	3.27
290	3,967,425	9,561	1.353	0.074	0.100	36.72	3.67
300	2,294,704	11,436	2.798	0.074	0.207	36.72	7.60
310	15,410,938	56,680	2.065	0.074	0.153	28.26	4.32
320	7,820,597	26,690	1.916	0.074	0.142	32.04	4.55
330	488,219	2,476	2.847	0.074	0.211	33.08	6.98
340	17,712,469	52,446	1.662	0.074	0.123	24.49	3.01
350	6,161,914	24,674	2.248	0.074	0.166	28.37	4.71
360	12,446,749	49,845	2.248	0.074	0.166	23.85	3.96
370	775,295	3,318	2.403	0.074	0.178	25.17	4.48
380	2,156,875	8,845	2.302	0.074	0.170	23.25	3.95
390	1,948,031	8,489	2.447	0.074	0.181	22.61	4.09
Statewide	373,994,531	666,145			0.074	61.21	4.53

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

NET DEVIATIONS

FIRE

<u>Year</u>	<u>FPBP Written Premium Adjusted to Manual</u>	<u>Written Premium Adjusted to Manual</u>	<u>FPBP Direct Written Premium</u>	<u>Direct Written Premium</u>	<u>Average Net Deviation</u>
2020	35,852,102	34,116,764	35,852,102	34,111,573	0.0%
2021	39,091,568	34,063,233	39,091,568	33,525,919	+0.7%
2022	43,354,723	33,338,714	43,354,723	31,417,048	+2.5%
2023	50,109,699	36,653,615	50,109,699	35,895,669	+0.9%
2024	64,578,058	41,386,465	64,578,058	41,308,961	+0.1%
5-Year Average					+0.8%
Selection					0.0%

EXTENDED COVERAGE

<u>Year</u>	<u>FPBP Written Premium Adjusted to Manual</u>	<u>Written Premium Adjusted to Manual</u>	<u>FPBP Direct Written Premium</u>	<u>Direct Written Premium</u>	<u>Average Net Deviation</u>
2020	135,093,248	74,243,897	136,097,837	75,360,794	-1.0%
2021	151,627,669	76,951,769	152,713,350	75,595,823	+0.1%
2022	178,706,280	87,334,839	179,912,081	81,932,465	+1.6%
2023	218,683,051	99,602,278	220,125,204	97,805,185	+0.1%
2024	287,472,301	99,650,346	289,232,313	101,317,937	-0.9%
5-Year Average					0.0%
Selection					0.0%

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate	Average Rating Factor	Premium Trend	Trended Aggregate Calculated Earned Premium at Current Level	Trended Average Rating Factor
						(3) / (1)	(3) / [(1)x(2)]	Factor	(3) x (6)	(7) / [(1)x(2)]
110	Buildings	2019	11,104	17	2,070,191	186.44	10.967	1.409	2,916,899	15.452
		2020	10,802	17	1,977,135	183.03	10.767	1.394	2,756,126	15.009
		2021	10,625	17	1,956,774	184.17	10.833	1.363	2,667,083	14.766
		2022	10,602	17	2,061,828	194.48	11.440	1.283	2,645,325	14.677
		<u>2023</u>	<u>10,810</u>	<u>17</u>	<u>2,281,315</u>	<u>211.04</u>	<u>12.414</u>	<u>1.170</u>	<u>2,669,139</u>	<u>14.524</u>
		Total	53,943	17	10,347,243	191.82	11.283		13,654,572	14.890
	Contents	2019	9,808	4	171,985	17.54	4.384	1.630	280,336	7.146
		2020	9,500	4	169,759	17.87	4.467	1.574	267,201	7.032
		2021	9,349	4	174,255	18.64	4.660	1.497	260,860	6.976
		2022	9,311	4	186,532	20.03	5.008	1.387	258,720	6.947
		<u>2023</u>	<u>9,629</u>	<u>4</u>	<u>211,656</u>	<u>21.98</u>	<u>5.495</u>	<u>1.262</u>	<u>267,110</u>	<u>6.935</u>
		Total	47,597	4	914,187	19.21	4.802		1,334,227	7.008
	Total	2019	20,912	10.90	2,242,176	107.22	9.837		3,197,235	14.027
		2020	20,302	10.92	2,146,894	105.75	9.684		3,023,327	13.637
		2021	19,974	10.92	2,131,029	106.69	9.770		2,927,943	13.424
		2022	19,913	10.92	2,248,360	112.91	10.340		2,904,045	13.355
		<u>2023</u>	<u>20,439</u>	<u>10.88</u>	<u>2,492,971</u>	<u>121.97</u>	<u>11.211</u>		<u>2,936,249</u>	<u>13.204</u>
		Total	101,540	10.91	11,261,430	110.91	10.166		14,988,799	13.530
120	Buildings	2019	14,872	17	2,113,425	142.11	8.359	1.409	2,977,816	11.778
		2020	14,395	17	2,040,175	141.73	8.337	1.394	2,844,004	11.622
		2021	13,987	17	2,000,426	143.02	8.413	1.363	2,726,581	11.467
		2022	13,800	17	2,059,610	149.25	8.779	1.283	2,642,480	11.264
		<u>2023</u>	<u>13,942</u>	<u>17</u>	<u>2,242,739</u>	<u>160.86</u>	<u>9.462</u>	<u>1.170</u>	<u>2,624,005</u>	<u>11.071</u>
		Total	70,996	17	10,456,375	147.28	8.664		13,814,886	11.446
	Contents	2019	12,645	4	185,740	14.69	3.672	1.630	302,756	5.986
		2020	12,096	4	181,319	14.99	3.747	1.574	285,396	5.899
		2021	11,868	4	182,579	15.38	3.846	1.497	273,321	5.758
		2022	11,869	4	195,327	16.46	4.114	1.387	270,919	5.706
		<u>2023</u>	<u>12,551</u>	<u>4</u>	<u>233,960</u>	<u>18.64</u>	<u>4.660</u>	<u>1.262</u>	<u>295,258</u>	<u>5.881</u>
		Total	61,029	4	978,925	16.04	4.010		1,427,650	5.848
	Total	2019	27,517	11.03	2,299,165	83.55	7.575		3,280,572	10.809
		2020	26,491	11.06	2,221,494	83.86	7.582		3,129,400	10.681
		2021	25,855	11.03	2,183,005	84.43	7.655		2,999,902	10.519
		2022	25,669	10.99	2,254,937	87.85	7.993		2,913,399	10.327
		<u>2023</u>	<u>26,493</u>	<u>10.84</u>	<u>2,476,699</u>	<u>93.49</u>	<u>8.624</u>		<u>2,919,263</u>	<u>10.165</u>
		Total	132,025	10.99	11,435,300	86.61	7.881		15,242,536	10.505
130	Buildings	2019	4,869	32	794,277	163.13	5.098	1.409	1,119,136	7.183
		2020	4,781	32	776,747	162.47	5.077	1.394	1,082,785	7.077
		2021	4,795	32	794,707	165.74	5.179	1.363	1,083,186	7.059
		2022	4,862	32	849,316	174.68	5.459	1.283	1,089,672	7.004
		<u>2023</u>	<u>4,902</u>	<u>32</u>	<u>921,927</u>	<u>188.07</u>	<u>5.877</u>	<u>1.170</u>	<u>1,078,655</u>	<u>6.876</u>
		Total	24,209	32	4,136,974	170.89	5.340		5,453,434	7.040
	Contents	2019	3,244	9	85,288	26.29	2.921	1.630	139,019	4.762
		2020	3,233	9	86,758	26.84	2.982	1.574	136,557	4.693
		2021	3,261	9	90,702	27.81	3.090	1.497	135,781	4.626
		2022	3,379	9	100,855	29.85	3.316	1.387	139,886	4.600
		<u>2023</u>	<u>3,522</u>	<u>9</u>	<u>112,284</u>	<u>31.88</u>	<u>3.542</u>	<u>1.262</u>	<u>141,702</u>	<u>4.470</u>
		Total	16,639	9	475,887	28.60	3.178		692,945	4.627
	Total	2019	8,113	22.80	879,565	108.41	4.755		1,258,155	6.802
		2020	8,014	22.72	863,505	107.75	4.742		1,219,342	6.697
		2021	8,056	22.69	885,409	109.91	4.844		1,218,967	6.669
		2022	8,241	22.57	950,171	115.30	5.108		1,229,558	6.611
		<u>2023</u>	<u>8,424</u>	<u>22.38</u>	<u>1,034,211</u>	<u>122.77</u>	<u>5.486</u>		<u>1,220,357</u>	<u>6.473</u>
		Total	40,848	22.63	4,612,861	112.93	4.990		6,146,379	6.649

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3) / [(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7) / [(1)x(2)]
140	Buildings	2019	30,394	29	3,869,404	127.31	4.390	1.409	5,451,990	6.185
		2020	29,985	29	3,795,421	126.58	4.365	1.394	5,290,817	6.084
		2021	30,042	29	3,856,382	128.37	4.426	1.363	5,256,249	6.033
		2022	30,943	29	4,211,652	136.11	4.693	1.283	5,403,550	6.022
		<u>2023</u>	<u>31,831</u>	<u>29</u>	<u>4,740,249</u>	<u>148.92</u>	<u>5.135</u>	<u>1.170</u>	<u>5,546,091</u>	<u>6.008</u>
		Total	153,195	29	20,473,108	133.64	4.608		26,948,697	6.066
	Contents	2019	20,333	9	398,745	19.61	2.179	1.630	649,954	3.552
		2020	20,368	9	407,868	20.02	2.225	1.574	641,984	3.502
		2021	21,222	9	434,431	20.47	2.275	1.497	650,343	3.405
		2022	23,062	9	496,186	21.52	2.391	1.387	688,210	3.316
		<u>2023</u>	<u>24,682</u>	<u>9</u>	<u>567,817</u>	<u>23.01</u>	<u>2.556</u>	<u>1.262</u>	<u>716,585</u>	<u>3.226</u>
		Total	109,667	9	2,305,047	21.02	2.335		3,347,076	3.391
	Total	2019	50,727	20.98	4,268,149	84.14	4.010		6,101,944	5.734
		2020	50,353	20.91	4,203,289	83.48	3.992		5,932,801	5.635
		2021	51,264	20.72	4,290,813	83.70	4.040		5,906,592	5.561
		2022	54,005	20.46	4,707,838	87.17	4.261		6,091,760	5.513
		<u>2023</u>	<u>56,513</u>	<u>20.27</u>	<u>5,308,066</u>	<u>93.93</u>	<u>4.634</u>		<u>6,262,676</u>	<u>5.467</u>
		Total	262,862	20.66	22,778,155	86.65	4.194		30,295,773	5.579
150	Buildings	2019	19,502	31	2,628,763	134.79	4.348	1.409	3,703,927	6.127
		2020	19,341	31	2,592,447	134.04	4.324	1.394	3,613,871	6.027
		2021	19,532	31	2,644,057	135.37	4.367	1.363	3,603,850	5.952
		2022	19,776	31	2,771,484	140.14	4.521	1.283	3,555,814	5.800
		<u>2023</u>	<u>20,062</u>	<u>31</u>	<u>2,976,777</u>	<u>148.38</u>	<u>4.786</u>	<u>1.170</u>	<u>3,482,829</u>	<u>5.600</u>
		Total	98,213	31	13,613,528	138.61	4.471		17,960,291	5.899
	Contents	2019	11,828	9	269,182	22.76	2.529	1.630	438,767	4.122
		2020	11,936	9	279,130	23.39	2.598	1.574	439,351	4.090
		2021	12,440	9	303,746	24.42	2.713	1.497	454,708	4.061
		2022	13,091	9	335,559	25.63	2.848	1.387	465,420	3.950
		<u>2023</u>	<u>13,510</u>	<u>9</u>	<u>358,868</u>	<u>26.56</u>	<u>2.951</u>	<u>1.262</u>	<u>452,891</u>	<u>3.725</u>
		Total	62,805	9	1,546,485	24.62	2.736		2,251,137	3.983
	Total	2019	31,330	22.69	2,897,945	92.50	4.077		4,142,694	5.828
		2020	31,277	22.60	2,871,577	91.81	4.062		4,053,222	5.734
		2021	31,972	22.44	2,947,803	92.20	4.109		4,058,558	5.657
		2022	32,867	22.24	3,107,043	94.53	4.251		4,021,234	5.501
		<u>2023</u>	<u>33,572</u>	<u>22.15</u>	<u>3,335,645</u>	<u>99.36</u>	<u>4.486</u>		<u>3,935,720</u>	<u>5.293</u>
		Total	161,018	22.42	15,160,013	94.15	4.199		20,211,428	5.599
160	Buildings	2019	16,921	34	2,716,782	160.56	4.722	1.409	3,827,946	6.654
		2020	16,363	34	2,601,385	158.98	4.676	1.394	3,626,331	6.518
		2021	16,856	34	2,698,856	160.11	4.709	1.363	3,678,541	6.419
		2022	17,065	34	2,841,474	166.51	4.897	1.283	3,645,611	6.283
		<u>2023</u>	<u>17,327</u>	<u>34</u>	<u>3,106,097</u>	<u>179.26</u>	<u>5.272</u>	<u>1.170</u>	<u>3,634,133</u>	<u>6.169</u>
		Total	84,532	34	13,964,594	165.20	4.859		18,412,562	6.406
	Contents	2019	10,362	11	224,792	21.69	1.972	1.630	366,411	3.215
		2020	10,327	11	230,035	22.28	2.025	1.574	362,075	3.187
		2021	11,122	11	249,482	22.43	2.039	1.497	373,475	3.053
		2022	11,929	11	274,346	23.00	2.091	1.387	380,518	2.900
		<u>2023</u>	<u>12,512</u>	<u>11</u>	<u>298,588</u>	<u>23.86</u>	<u>2.169</u>	<u>1.262</u>	<u>376,818</u>	<u>2.738</u>
		Total	56,252	11	1,277,243	22.71	2.064		1,859,297	3.005
	Total	2019	27,283	25.26	2,941,574	107.82	4.268		4,194,357	6.086
		2020	26,690	25.10	2,831,420	106.09	4.227		3,988,406	5.954
		2021	27,978	24.86	2,948,338	105.38	4.239		4,052,016	5.826
		2022	28,994	24.54	3,115,820	107.46	4.379		4,026,129	5.659
		<u>2023</u>	<u>29,839</u>	<u>24.36</u>	<u>3,404,685</u>	<u>114.10</u>	<u>4.684</u>		<u>4,010,951</u>	<u>5.518</u>
		Total	140,784	24.81	15,241,837	108.26	4.364		20,271,859	5.804

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3) / [(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7) / [(1)x(2)]
170	Buildings	2019	2,295	45	391,756	170.70	3.793	1.409	551,984	5.345
		2020	2,384	45	409,127	171.61	3.814	1.394	570,323	5.316
		2021	2,527	45	443,980	175.69	3.904	1.363	605,145	5.322
		2022	2,635	45	477,254	181.12	4.025	1.283	612,317	5.164
		<u>2023</u>	<u>2,712</u>	<u>45</u>	<u>514,995</u>	<u>189.89</u>	<u>4.220</u>	1.170	<u>602,544</u>	<u>4.937</u>
		Total	12,553	45	2,237,112	178.21	3.960		2,942,313	5.209
	Contents	2019	1,488	13	61,337	41.22	3.171	1.630	99,979	5.168
		2020	1,603	13	68,630	42.81	3.293	1.574	108,024	5.184
		2021	1,725	13	77,101	44.70	3.438	1.497	115,420	5.147
		2022	1,822	13	84,007	46.11	3.547	1.387	116,518	4.919
		<u>2023</u>	<u>1,880</u>	<u>13</u>	<u>89,479</u>	<u>47.60</u>	<u>3.661</u>	1.262	<u>112,922</u>	<u>4.620</u>
		Total	8,518	13	380,554	44.68	3.437		552,863	4.993
	Total	2019	3,783	32.41	453,093	119.77	3.695		651,963	5.318
		2020	3,987	32.13	477,757	119.83	3.729		678,347	5.295
		2021	4,252	32.02	521,081	122.55	3.827		720,565	5.292
		2022	4,457	31.92	561,261	125.93	3.945		728,835	5.123
		<u>2023</u>	<u>4,592</u>	<u>31.90</u>	<u>604,474</u>	<u>131.64</u>	<u>4.127</u>		<u>715,466</u>	<u>4.884</u>
		Total	21,071	32.06	2,617,666	124.23	3.875		3,495,176	5.174
180	Buildings	2019	19,330	45	3,283,993	169.89	3.775	1.409	4,627,146	5.319
		2020	19,677	45	3,331,654	169.32	3.763	1.394	4,644,326	5.245
		2021	19,859	45	3,396,779	171.04	3.801	1.363	4,629,810	5.181
		2022	19,912	45	3,531,768	177.37	3.942	1.283	4,531,258	5.057
		<u>2023</u>	<u>20,170</u>	<u>45</u>	<u>3,810,894</u>	<u>188.94</u>	<u>4.199</u>	1.170	<u>4,458,746</u>	<u>4.912</u>
		Total	98,948	45	17,355,088	175.40	3.898		22,891,286	5.141
	Contents	2019	11,281	14	324,701	28.78	2.056	1.630	529,263	3.351
		2020	11,484	14	338,291	29.46	2.104	1.574	532,470	3.312
		2021	11,965	14	372,571	31.14	2.224	1.497	557,739	3.330
		2022	12,457	14	409,517	32.87	2.348	1.387	568,000	3.257
		<u>2023</u>	<u>12,987</u>	<u>14</u>	<u>451,972</u>	<u>34.80</u>	<u>2.486</u>	1.262	<u>570,389</u>	<u>3.137</u>
		Total	60,174	14	1,897,052	31.53	2.252		2,757,861	3.274
	Total	2019	30,611	33.58	3,608,694	117.89	3.511		5,156,409	5.016
		2020	31,161	33.58	3,669,945	117.77	3.507		5,176,796	4.947
		2021	31,824	33.34	3,769,350	118.44	3.553		5,187,549	4.889
		2022	32,369	33.07	3,941,285	121.76	3.682		5,099,258	4.764
		<u>2023</u>	<u>33,157</u>	<u>32.86</u>	<u>4,262,866</u>	<u>128.57</u>	<u>3.913</u>		<u>5,029,135</u>	<u>4.616</u>
		Total	159,122	33.28	19,252,140	120.99	3.636		25,649,147	4.844
190	Buildings	2019	8,101	49	1,247,080	153.94	3.142	1.409	1,757,136	4.427
		2020	8,210	49	1,240,848	151.14	3.084	1.394	1,729,742	4.300
		2021	8,400	49	1,283,367	152.78	3.118	1.363	1,749,229	4.250
		2022	8,514	49	1,343,470	157.80	3.220	1.283	1,723,672	4.132
		<u>2023</u>	<u>8,779</u>	<u>49</u>	<u>1,473,044</u>	<u>167.79</u>	<u>3.424</u>	1.170	<u>1,723,461</u>	<u>4.006</u>
		Total	42,004	49	6,587,809	156.84	3.201		8,683,240	4.219
	Contents	2019	4,799	14	157,984	32.92	2.351	1.630	257,514	3.833
		2020	5,017	14	165,831	33.05	2.361	1.574	261,018	3.716
		2021	5,307	14	180,307	33.98	2.427	1.497	269,920	3.633
		2022	5,498	14	193,683	35.23	2.516	1.387	268,638	3.490
		<u>2023</u>	<u>5,748</u>	<u>14</u>	<u>213,513</u>	<u>37.15</u>	<u>2.653</u>	1.262	<u>269,453</u>	<u>3.348</u>
		Total	26,369	14	911,318	34.56	2.469		1,326,543	3.593
	Total	2019	12,900	35.98	1,405,064	108.92	3.027		2,014,650	4.341
		2020	13,227	35.72	1,406,679	106.35	2.977		1,990,760	4.214
		2021	13,707	35.45	1,463,674	106.78	3.012		2,019,149	4.155
		2022	14,012	35.27	1,537,153	109.70	3.110		1,992,310	4.031
		<u>2023</u>	<u>14,527</u>	<u>35.15</u>	<u>1,686,557</u>	<u>116.10</u>	<u>3.303</u>		<u>1,992,914</u>	<u>3.903</u>
		Total	68,373	35.50	7,499,127	109.68	3.090		10,009,783	4.124

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
200	Buildings	2019	4,504	64	951,630	211.29	3.301	1.409	1,340,847	4.652
		2020	4,514	64	954,436	211.44	3.304	1.394	1,330,484	4.605
		2021	4,618	64	986,206	213.56	3.337	1.363	1,344,199	4.548
		2022	4,604	64	1,007,733	218.88	3.420	1.283	1,292,921	4.388
		<u>2023</u>	<u>4,661</u>	<u>64</u>	<u>1,065,972</u>	<u>228.70</u>	<u>3.573</u>	1.170	<u>1,247,187</u>	<u>4.181</u>
		Total	22,901	64	4,965,977	216.85	3.388		6,555,638	4.473
	Contents	2019	3,262	16	142,939	43.82	2.739	1.630	232,991	4.464
		2020	3,309	16	148,861	44.99	2.812	1.574	234,307	4.426
		2021	3,406	16	155,805	45.74	2.859	1.497	233,240	4.280
		2022	3,438	16	160,807	46.77	2.923	1.387	223,039	4.055
		<u>2023</u>	<u>3,473</u>	<u>16</u>	<u>168,012</u>	<u>48.38</u>	<u>3.024</u>	1.262	<u>212,031</u>	<u>3.816</u>
		Total	16,888	16	776,424	45.97	2.873		1,135,608	4.203
	Total	2019	7,766	43.84	1,094,569	140.94	3.215		1,573,838	4.623
		2020	7,823	43.70	1,103,297	141.03	3.227		1,564,791	4.577
		2021	8,024	43.63	1,142,011	142.32	3.262		1,577,439	4.506
		2022	8,042	43.48	1,168,540	145.30	3.342		1,515,960	4.335
		<u>2023</u>	<u>8,134</u>	<u>43.51</u>	<u>1,233,984</u>	<u>151.71</u>	<u>3.487</u>		<u>1,459,218</u>	<u>4.123</u>
		Total	39,789	43.63	5,742,401	144.32	3.308		7,691,246	4.430
210	Buildings	2019	6,615	45	961,078	145.29	3.229	1.409	1,354,159	4.549
		2020	6,763	45	992,564	146.76	3.261	1.394	1,383,634	4.546
		2021	7,034	45	1,053,481	149.77	3.328	1.363	1,435,895	4.536
		2022	7,356	45	1,159,304	157.60	3.502	1.283	1,487,387	4.493
		<u>2023</u>	<u>7,576</u>	<u>45</u>	<u>1,298,743</u>	<u>171.43</u>	<u>3.810</u>	1.170	<u>1,519,529</u>	<u>4.457</u>
		Total	35,344	45	5,465,170	154.63	3.436		7,180,604	4.515
	Contents	2019	3,211	13	83,369	25.96	1.997	1.630	135,891	3.255
		2020	3,402	13	94,144	27.67	2.129	1.574	148,183	3.351
		2021	3,721	13	109,756	29.50	2.269	1.497	164,305	3.397
		2022	4,042	13	126,417	31.28	2.406	1.387	175,340	3.337
		<u>2023</u>	<u>4,115</u>	<u>13</u>	<u>140,900</u>	<u>34.24</u>	<u>2.634</u>	1.262	<u>177,816</u>	<u>3.324</u>
		Total	18,491	13	554,586	29.99	2.307		801,535	3.334
	Total	2019	9,826	34.54	1,044,447	106.29	3.077		1,490,050	4.390
		2020	10,165	34.29	1,086,708	106.91	3.118		1,531,817	4.395
		2021	10,755	33.93	1,163,237	108.16	3.188		1,600,200	4.385
		2022	11,398	33.65	1,285,721	112.80	3.352		1,662,727	4.335
		<u>2023</u>	<u>11,691</u>	<u>33.74</u>	<u>1,439,643</u>	<u>123.14</u>	<u>3.650</u>		<u>1,697,345</u>	<u>4.303</u>
		Total	53,835	34.01	6,019,756	111.82	3.288		7,982,139	4.360
220	Buildings	2019	21,296	42	4,868,000	228.59	5.443	1.409	6,859,012	7.669
		2020	20,656	42	4,760,954	230.49	5.488	1.394	6,636,770	7.650
		2021	19,873	42	4,576,986	230.31	5.484	1.363	6,238,432	7.474
		2022	18,824	42	4,386,607	233.03	5.548	1.283	5,628,017	7.119
		<u>2023</u>	<u>18,904</u>	<u>42</u>	<u>4,684,406</u>	<u>247.80</u>	<u>5.900</u>	1.170	<u>5,480,755</u>	<u>6.903</u>
		Total	99,553	42	23,276,953	233.81	5.567		30,842,986	7.377
	Contents	2019	12,004	12	272,114	22.67	1.889	1.630	443,546	3.079
		2020	11,959	12	286,580	23.96	1.997	1.574	451,077	3.143
		2021	11,964	12	302,170	25.26	2.105	1.497	452,348	3.151
		2022	11,792	12	322,378	27.34	2.278	1.387	447,138	3.160
		<u>2023</u>	<u>12,169</u>	<u>12</u>	<u>358,615</u>	<u>29.47</u>	<u>2.456</u>	1.262	<u>452,572</u>	<u>3.099</u>
		Total	59,888	12	1,541,857	25.75	2.145		2,246,681	3.126
	Total	2019	33,300	31.19	5,140,114	154.36	4.949		7,302,558	7.031
		2020	32,615	31.00	5,047,534	154.76	4.992		7,087,847	7.010
		2021	31,837	30.73	4,879,156	153.25	4.987		6,690,780	6.839
		2022	30,616	30.45	4,708,985	153.81	5.051		6,075,155	6.517
		<u>2023</u>	<u>31,073</u>	<u>30.25</u>	<u>5,043,021</u>	<u>162.30</u>	<u>5.365</u>		<u>5,933,327</u>	<u>6.312</u>
		Total	159,441	30.73	24,818,810	155.66	5.065		33,089,667	6.754

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3) / [(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7) / [(1)x(2)]
230	Buildings	2019	11,703	68	2,120,341	181.18	2.664	1.409	2,987,560	3.754
		2020	11,688	68	2,116,931	181.12	2.664	1.394	2,951,002	3.713
		2021	11,864	68	2,155,497	181.68	2.672	1.363	2,937,942	3.642
		2022	11,993	68	2,253,330	187.89	2.763	1.283	2,891,022	3.545
		<u>2023</u>	<u>12,338</u>	<u>68</u>	<u>2,468,815</u>	<u>200.10</u>	<u>2.943</u>	1.170	<u>2,888,514</u>	<u>3.443</u>
		Total	59,586	68	11,114,914	186.54	2.743		14,656,040	3.617
	Contents	2019	7,948	17	290,138	36.50	2.147	1.630	472,925	3.500
		2020	8,048	17	297,642	36.98	2.175	1.574	468,489	3.424
		2021	8,391	17	318,918	38.01	2.236	1.497	477,420	3.347
		2022	8,602	17	337,884	39.28	2.311	1.387	468,645	3.205
		<u>2023</u>	<u>8,786</u>	<u>17</u>	<u>359,123</u>	<u>40.87</u>	<u>2.404</u>	1.262	<u>453,213</u>	<u>3.034</u>
		Total	41,775	17	1,603,705	38.39	2.258		2,340,692	3.296
	Total	2019	19,651	47.37	2,410,479	122.66	2.589		3,460,485	3.717
		2020	19,736	47.20	2,414,573	122.34	2.592		3,419,491	3.671
		2021	20,255	46.87	2,474,415	122.16	2.606		3,415,362	3.598
		2022	20,595	46.70	2,591,214	125.82	2.694		3,359,667	3.493
		<u>2023</u>	<u>21,124</u>	<u>46.79</u>	<u>2,827,938</u>	<u>133.87</u>	<u>2.861</u>		<u>3,341,727</u>	<u>3.381</u>
		Total	101,361	46.98	12,718,619	125.48	2.671		16,996,732	3.569
	Buildings	2019	18,696	45	2,924,461	156.42	3.476	1.409	4,120,566	4.898
		2020	18,838	45	2,966,849	157.49	3.500	1.394	4,135,788	4.879
		2021	19,303	45	3,155,750	163.48	3.633	1.363	4,301,287	4.952
		2022	19,952	45	3,512,890	176.07	3.913	1.283	4,507,038	5.020
		<u>2023</u>	<u>20,619</u>	<u>45</u>	<u>3,961,032</u>	<u>192.11</u>	<u>4.269</u>	1.170	<u>4,634,407</u>	<u>4.995</u>
		Total	97,408	45	16,520,982	169.61	3.769		21,699,086	4.950
	Contents	2019	9,880	13	283,650	28.71	2.208	1.630	462,350	3.600
		2020	10,297	13	307,708	29.88	2.299	1.574	484,332	3.618
		2021	11,057	13	349,076	31.57	2.429	1.497	522,567	3.635
		2022	11,868	13	396,833	33.44	2.572	1.387	550,407	3.567
		<u>2023</u>	<u>12,225</u>	<u>13</u>	<u>438,718</u>	<u>35.89</u>	<u>2.761</u>	1.262	<u>553,662</u>	<u>3.484</u>
		Total	55,327	13	1,775,985	32.10	2.469		2,573,318	3.578
	Total	2019	28,576	33.94	3,208,111	112.27	3.308		4,582,916	4.725
		2020	29,135	33.69	3,274,557	112.39	3.336		4,620,120	4.707
		2021	30,360	33.35	3,504,826	115.44	3.462		4,823,854	4.764
		2022	31,820	33.06	3,909,723	122.87	3.717		5,057,445	4.808
		<u>2023</u>	<u>32,844</u>	<u>33.09</u>	<u>4,399,750</u>	<u>133.96</u>	<u>4.048</u>		<u>5,188,069</u>	<u>4.774</u>
		Total	152,735	33.41	18,296,967	119.80	3.586		24,272,404	4.757
250	Buildings	2019	11,015	39	2,290,354	207.93	5.332	1.409	3,227,109	7.512
		2020	11,069	39	2,318,666	209.47	5.371	1.394	3,232,220	7.487
		2021	10,661	39	2,180,558	204.54	5.245	1.363	2,972,101	7.148
		2022	10,201	39	2,098,538	205.72	5.275	1.283	2,692,424	6.768
		<u>2023</u>	<u>10,366</u>	<u>39</u>	<u>2,253,800</u>	<u>217.42</u>	<u>5.575</u>	1.170	<u>2,636,946</u>	<u>6.523</u>
		Total	53,312	39	11,141,916	208.99	5.359		14,760,800	7.099
	Contents	2019	6,175	12	125,421	20.31	1.693	1.630	204,436	2.759
		2020	6,371	12	135,684	21.30	1.775	1.574	213,567	2.793
		2021	6,365	12	147,451	23.17	1.930	1.497	220,734	2.890
		2022	6,396	12	162,061	25.34	2.111	1.387	224,779	2.929
		<u>2023</u>	<u>6,629</u>	<u>12</u>	<u>181,831</u>	<u>27.43</u>	<u>2.286</u>	1.262	<u>229,471</u>	<u>2.885</u>
		Total	31,936	12	752,448	23.56	1.963		1,092,987	2.852
	Total	2019	17,190	29.30	2,415,775	140.53	4.796		3,431,545	6.813
		2020	17,440	29.14	2,454,350	140.73	4.829		3,445,787	6.780
		2021	17,026	28.91	2,328,009	136.73	4.730		3,192,835	6.487
		2022	16,597	28.59	2,260,599	136.21	4.764		2,917,203	6.148
		<u>2023</u>	<u>16,995</u>	<u>28.47</u>	<u>2,435,631</u>	<u>143.31</u>	<u>5.034</u>		<u>2,866,417</u>	<u>5.924</u>
		Total	85,248	28.89	11,894,364	139.53	4.830		15,853,787	6.437

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
260	Buildings	2019	10,276	48	1,988,520	193.51	4.031	1.409	2,801,825	5.680
		2020	10,210	48	1,975,807	193.52	4.032	1.394	2,754,275	5.620
		2021	8,593	48	1,482,278	172.50	3.594	1.363	2,020,345	4.898
		2022	8,644	48	1,556,045	180.01	3.750	1.283	1,996,406	4.812
		<u>2023</u>	<u>8,705</u>	<u>48</u>	<u>1,695,625</u>	<u>194.79</u>	<u>4.058</u>	1.170	<u>1,983,881</u>	<u>4.748</u>
		Total	46,428	48	8,698,275	187.35	3.903		11,556,732	5.186
	Contents	2019	4,017	13	128,461	31.98	2.460	1.630	209,391	4.010
		2020	4,116	13	135,303	32.87	2.529	1.574	212,967	3.980
		2021	4,371	13	150,695	34.48	2.652	1.497	225,590	3.970
		2022	4,562	13	169,649	37.19	2.861	1.387	235,303	3.968
		<u>2023</u>	<u>4,706</u>	<u>13</u>	<u>185,691</u>	<u>39.46</u>	<u>3.035</u>	1.262	<u>234,342</u>	<u>3.830</u>
		Total	21,772	13	769,799	35.36	2.720		1,117,593	3.949
	Total	2019	14,293	38.16	2,116,981	148.11	3.881		3,011,216	5.521
		2020	14,326	37.94	2,111,110	147.36	3.884		2,967,242	5.459
		2021	12,964	36.20	1,632,973	125.96	3.480		2,245,935	4.786
		2022	13,206	35.91	1,725,694	130.67	3.639		2,231,709	4.706
		<u>2023</u>	<u>13,411</u>	<u>35.72</u>	<u>1,881,316</u>	<u>140.28</u>	<u>3.927</u>		<u>2,218,223</u>	<u>4.631</u>
		Total	68,200	36.83	9,468,074	138.83	3.769		12,674,325	5.046
270	Buildings	2019	22,409	30	4,552,498	203.15	6.772	1.409	6,414,470	9.542
		2020	21,951	30	4,616,963	210.33	7.011	1.394	6,436,046	9.773
		2021	23,025	30	5,035,449	218.69	7.290	1.363	6,863,317	9.936
		2022	25,092	30	6,011,885	239.59	7.986	1.283	7,713,248	10.247
		<u>2023</u>	<u>26,184</u>	<u>30</u>	<u>6,953,886</u>	<u>265.58</u>	<u>8.853</u>	1.170	<u>8,136,047</u>	<u>10.358</u>
		Total	118,661	30	27,170,681	228.98	7.633		35,563,128	9.990
	Contents	2019	14,077	10	252,024	17.90	1.790	1.630	410,799	2.918
		2020	14,071	10	258,845	18.40	1.840	1.574	407,422	2.895
		2021	15,208	10	289,551	19.04	1.904	1.497	433,458	2.850
		2022	17,704	10	355,359	20.07	2.007	1.387	492,883	2.784
		<u>2023</u>	<u>18,248</u>	<u>10</u>	<u>417,496</u>	<u>22.88</u>	<u>2.288</u>	1.262	<u>526,880</u>	<u>2.887</u>
		Total	79,308	10	1,573,275	19.84	1.984		2,271,442	2.864
	Total	2019	36,486	22.28	4,804,522	131.68	5.910		6,825,269	8.396
		2020	36,022	22.19	4,875,808	135.36	6.100		6,843,468	8.562
		2021	38,233	22.04	5,325,000	139.28	6.319		7,296,775	8.659
		2022	42,796	21.73	6,367,244	148.78	6.847		8,206,131	8.824
		<u>2023</u>	<u>44,432</u>	<u>21.79</u>	<u>7,371,382</u>	<u>165.90</u>	<u>7.614</u>		<u>8,662,927</u>	<u>8.948</u>
		Total	197,969	21.99	28,743,956	145.19	6.603		37,834,570	8.691
280	Buildings	2019	4,676	28	776,269	166.01	5.929	1.409	1,093,763	8.354
		2020	4,732	28	781,489	165.15	5.898	1.394	1,089,396	8.222
		2021	5,484	28	900,547	164.21	5.865	1.363	1,227,446	7.994
		2022	5,633	28	981,395	174.22	6.222	1.283	1,259,130	7.983
		<u>2023</u>	<u>5,055</u>	<u>28</u>	<u>991,292</u>	<u>196.10</u>	<u>7.004</u>	1.170	<u>1,159,812</u>	<u>8.194</u>
		Total	25,580	28	4,430,992	173.22	6.186		5,829,547	8.139
	Contents	2019	2,936	9	59,890	20.40	2.267	1.630	97,621	3.694
		2020	3,072	9	63,943	20.81	2.313	1.574	100,646	3.640
		2021	3,184	9	68,794	21.61	2.401	1.497	102,985	3.594
		2022	3,315	9	76,374	23.04	2.560	1.387	105,931	3.551
		<u>2023</u>	<u>3,417</u>	<u>9</u>	<u>88,066</u>	<u>25.77</u>	<u>2.864</u>	1.262	<u>111,139</u>	<u>3.614</u>
		Total	15,924	9	357,067	22.42	2.491		518,322	3.617
	Total	2019	7,612	20.67	836,159	109.85	5.314		1,191,384	7.572
		2020	7,804	20.52	845,432	108.33	5.279		1,190,042	7.431
		2021	8,668	21.02	969,341	111.83	5.320		1,330,431	7.302
		2022	8,948	20.96	1,057,769	118.21	5.640		1,365,061	7.278
		<u>2023</u>	<u>8,472</u>	<u>20.34</u>	<u>1,079,358</u>	<u>127.40</u>	<u>6.264</u>		<u>1,270,951</u>	<u>7.376</u>
		Total	41,504	20.71	4,788,059	115.36	5.570		6,347,869	7.385

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3) / [(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7) / [(1)x(2)]
290	Buildings	2019	5,605	36	1,105,409	197.22	5.478	1.409	1,557,521	7.719
		2020	5,220	36	1,007,877	193.08	5.363	1.394	1,404,981	7.476
		2021	5,293	36	1,050,274	198.43	5.512	1.363	1,431,523	7.513
		2022	5,504	36	1,121,635	203.79	5.661	1.283	1,439,058	7.263
		<u>2023</u>	<u>5,868</u>	<u>36</u>	<u>1,324,200</u>	<u>225.66</u>	<u>6.268</u>	1.170	<u>1,549,314</u>	<u>7.334</u>
		Total	27,490	36	5,609,395	204.05	5.668		7,382,397	7.460
	Contents	2019	3,237	11	63,534	19.63	1.784	1.630	103,560	2.908
		2020	3,165	11	67,987	21.48	1.953	1.574	107,012	3.074
		2021	3,376	11	78,110	23.14	2.103	1.497	116,931	3.149
		2022	3,607	11	88,746	24.60	2.237	1.387	123,091	3.102
		<u>2023</u>	<u>3,894</u>	<u>11</u>	<u>103,062</u>	<u>26.47</u>	<u>2.406</u>	1.262	<u>130,064</u>	<u>3.036</u>
		Total	17,279	11	401,439	23.23	2.112		580,658	3.055
	Total	2019	8,842	26.85	1,168,943	132.20	4.924		1,661,081	6.997
		2020	8,385	26.56	1,075,864	128.31	4.831		1,511,993	6.789
		2021	8,669	26.26	1,128,384	130.16	4.957		1,548,454	6.802
		2022	9,111	26.10	1,210,381	132.85	5.090		1,562,149	6.569
		<u>2023</u>	<u>9,762</u>	<u>26.03</u>	<u>1,427,262</u>	<u>146.21</u>	<u>5.617</u>		<u>1,679,378</u>	<u>6.609</u>
		Total	44,769	26.35	6,010,834	134.26	5.095		7,963,055	6.750
300	Buildings	2019	7,244	49	1,164,125	160.70	3.280	1.409	1,640,252	4.621
		2020	7,964	49	1,359,115	170.66	3.483	1.394	1,894,606	4.855
		2021	8,043	49	1,383,365	172.00	3.510	1.363	1,885,526	4.784
		2022	7,483	49	1,284,730	171.69	3.504	1.283	1,648,309	4.495
		<u>2023</u>	<u>6,971</u>	<u>49</u>	<u>1,222,772</u>	<u>175.41</u>	<u>3.580</u>	1.170	<u>1,430,643</u>	<u>4.188</u>
		Total	37,705	49	6,414,107	170.11	3.472		8,499,336	4.600
	Contents	2019	3,829	15	134,451	35.11	2.341	1.630	219,155	3.816
		2020	3,988	15	144,868	36.33	2.422	1.574	228,022	3.812
		2021	4,235	15	158,478	37.42	2.495	1.497	237,242	3.735
		2022	4,479	15	177,160	39.55	2.637	1.387	245,721	3.657
		<u>2023</u>	<u>4,560</u>	<u>15</u>	<u>194,518</u>	<u>42.66</u>	<u>2.844</u>	1.262	<u>245,482</u>	<u>3.589</u>
		Total	21,091	15	809,475	38.38	2.559		1,175,622	3.716
	Total	2019	11,073	37.24	1,298,576	117.27	3.149		1,859,407	4.509
		2020	11,952	37.66	1,503,983	125.84	3.341		2,122,628	4.716
		2021	12,278	37.27	1,541,843	125.58	3.369		2,122,768	4.639
		2022	11,962	36.27	1,461,890	122.21	3.369		1,894,030	4.366
		<u>2023</u>	<u>11,531</u>	<u>35.55</u>	<u>1,417,290</u>	<u>122.91</u>	<u>3.457</u>		<u>1,676,125</u>	<u>4.089</u>
		Total	58,796	36.80	7,223,582	122.86	3.339		9,674,958	4.472
310	Buildings	2019	39,083	35	6,184,696	158.25	4.521	1.409	8,714,237	6.370
		2020	40,280	35	6,570,101	163.11	4.660	1.394	9,158,721	6.496
		2021	41,393	35	6,947,064	167.83	4.795	1.363	9,468,848	6.536
		2022	39,766	35	6,868,384	172.72	4.935	1.283	8,812,137	6.331
		<u>2023</u>	<u>38,891</u>	<u>35</u>	<u>7,187,098</u>	<u>184.80</u>	<u>5.280</u>	1.170	<u>8,408,905</u>	<u>6.178</u>
		Total	199,413	35	33,757,343	169.28	4.837		44,562,848	6.385
	Contents	2019	17,123	11	391,873	22.89	2.081	1.630	638,753	3.391
		2020	17,272	11	411,123	23.80	2.164	1.574	647,108	3.406
		2021	18,281	11	459,145	25.12	2.283	1.497	687,340	3.418
		2022	20,036	11	548,883	27.39	2.490	1.387	761,301	3.454
		<u>2023</u>	<u>21,515</u>	<u>11</u>	<u>658,223</u>	<u>30.59</u>	<u>2.781</u>	1.262	<u>830,677</u>	<u>3.510</u>
		Total	94,227	11	2,469,247	26.21	2.382		3,565,179	3.440
	Total	2019	56,206	27.69	6,576,569	117.01	4.226		9,352,990	6.010
		2020	57,552	27.80	6,981,224	121.30	4.363		9,805,829	6.129
		2021	59,674	27.65	7,406,209	124.11	4.489		10,156,188	6.155
		2022	59,802	26.96	7,417,267	124.03	4.601		9,573,438	5.938
		<u>2023</u>	<u>60,406</u>	<u>26.45</u>	<u>7,845,321</u>	<u>129.88</u>	<u>4.910</u>		<u>9,239,582</u>	<u>5.783</u>
		Total	293,640	27.30	36,226,590	123.37	4.519		48,128,027	6.004

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3) / [(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7) / [(1)x(2)]
320	Buildings	2019	19,106	36	3,026,202	158.39	4.400	1.409	4,263,919	6.199
		2020	18,497	36	2,930,413	158.43	4.401	1.394	4,084,996	6.135
		2021	18,651	36	3,032,466	162.59	4.516	1.363	4,133,251	6.156
		2022	18,816	36	3,204,247	170.29	4.730	1.283	4,111,049	6.069
		<u>2023</u>	<u>19,090</u>	<u>36</u>	<u>3,502,925</u>	<u>183.50</u>	<u>5.097</u>	<u>1.170</u>	<u>4,098,422</u>	<u>5.964</u>
		Total	94,160	36	15,696,253	166.70	4.630		20,691,637	6.104
	Contents	2019	7,621	11	162,235	21.29	1.935	1.630	264,443	3.154
		2020	7,810	11	169,962	21.76	1.978	1.574	267,520	3.114
		2021	8,225	11	190,417	23.15	2.105	1.497	285,054	3.151
		2022	8,909	11	234,462	26.32	2.392	1.387	325,199	3.318
		<u>2023</u>	<u>9,856</u>	<u>11</u>	<u>282,172</u>	<u>28.63</u>	<u>2.603</u>	<u>1.262</u>	<u>356,101</u>	<u>3.285</u>
		Total	42,421	11	1,039,248	24.50	2.227		1,498,317	3.211
	Total	2019	26,727	28.87	3,188,437	119.30	4.132		4,528,362	5.869
		2020	26,307	28.58	3,100,375	117.85	4.124		4,352,516	5.789
		2021	26,876	28.35	3,222,883	119.92	4.230		4,418,305	5.799
		2022	27,725	27.97	3,438,709	124.03	4.434		4,436,248	5.721
		<u>2023</u>	<u>28,946</u>	<u>27.49</u>	<u>3,785,097</u>	<u>130.76</u>	<u>4.757</u>		<u>4,454,523</u>	<u>5.598</u>
		Total	136,581	28.24	16,735,501	122.53	4.339		22,189,954	5.753
330	Buildings	2019	1,641	38	229,623	139.93	3.682	1.409	323,539	5.188
		2020	1,672	38	225,766	135.03	3.553	1.394	314,718	4.953
		2021	1,631	38	212,571	130.33	3.430	1.363	289,734	4.675
		2022	1,593	38	213,628	134.10	3.529	1.283	274,085	4.528
		<u>2023</u>	<u>1,626</u>	<u>38</u>	<u>230,270</u>	<u>141.62</u>	<u>3.727</u>	<u>1.170</u>	<u>269,416</u>	<u>4.360</u>
		Total	8,163	38	1,111,858	136.21	3.584		1,471,492	4.744
	Contents	2019	867	12	23,087	26.63	2.219	1.630	37,632	3.617
		2020	895	12	23,232	25.96	2.163	1.574	36,567	3.405
		2021	898	12	23,081	25.70	2.142	1.497	34,552	3.206
		2022	938	12	24,824	26.46	2.205	1.387	34,431	3.059
		<u>2023</u>	<u>980</u>	<u>12</u>	<u>26,917</u>	<u>27.47</u>	<u>2.289</u>	<u>1.262</u>	<u>33,969</u>	<u>2.889</u>
		Total	4,578	12	121,141	26.46	2.205		177,151	3.225
	Total	2019	2,508	29.01	252,710	100.76	3.473		361,171	4.964
		2020	2,567	28.93	248,998	97.00	3.353		351,285	4.730
		2021	2,529	28.77	235,652	93.18	3.239		324,286	4.457
		2022	2,531	28.36	238,452	94.21	3.322		308,516	4.298
		<u>2023</u>	<u>2,606</u>	<u>28.22</u>	<u>257,187</u>	<u>98.69</u>	<u>3.497</u>		<u>303,385</u>	<u>4.125</u>
		Total	12,741	28.66	1,232,999	96.77	3.377		1,648,643	4.515
340	Buildings	2019	32,423	32	6,032,406	186.05	5.814	1.409	8,499,660	8.192
		2020	32,417	32	6,117,094	188.70	5.897	1.394	8,527,229	8.220
		2021	32,481	32	6,254,501	192.56	6.017	1.363	8,524,885	8.202
		2022	32,532	32	6,780,717	208.43	6.514	1.283	8,699,660	8.357
		<u>2023</u>	<u>33,562</u>	<u>32</u>	<u>7,719,429</u>	<u>230.01</u>	<u>7.188</u>	<u>1.170</u>	<u>9,031,732</u>	<u>8.410</u>
		Total	163,415	32	32,904,147	201.35	6.292		43,283,166	8.277
	Contents	2019	16,497	9	303,634	18.41	2.045	1.630	494,923	3.333
		2020	16,651	9	321,958	19.34	2.148	1.574	506,762	3.382
		2021	17,369	9	355,890	20.49	2.277	1.497	532,767	3.408
		2022	19,728	9	448,232	22.72	2.525	1.387	621,698	3.501
		<u>2023</u>	<u>21,965</u>	<u>9</u>	<u>554,224</u>	<u>25.23</u>	<u>2.804</u>	<u>1.262</u>	<u>699,431</u>	<u>3.538</u>
		Total	92,210	9	1,983,938	21.52	2.391		2,855,581	3.441
	Total	2019	48,920	24.24	6,336,040	129.52	5.343		8,994,583	7.585
		2020	49,068	24.20	6,439,052	131.23	5.423		9,033,991	7.608
		2021	49,850	23.99	6,610,391	132.61	5.528		9,057,652	7.574
		2022	52,260	23.32	7,228,949	138.33	5.932		9,321,358	7.649
		<u>2023</u>	<u>55,527</u>	<u>22.90</u>	<u>8,273,653</u>	<u>149.00</u>	<u>6.507</u>		<u>9,731,163</u>	<u>7.653</u>
		Total	255,625	23.70	34,888,085	136.48	5.759		46,138,747	7.616

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate	Average Rating Factor	Premium Trend	Trended Aggregate Calculated Earned Premium at Current Level	Trended Average Rating Factor
						(3) / (1)	(3) / [(1)x(2)]	Factor	(3) x (6)	(7) / [(1)x(2)]
350	Buildings	2019	17,551	37	2,690,543	153.30	4.143	1.409	3,790,975	5.838
		2020	17,586	37	2,757,034	156.77	4.237	1.394	3,843,305	5.907
		2021	17,919	37	2,908,184	162.30	4.386	1.363	3,963,855	5.979
		2022	17,823	37	3,010,884	168.93	4.566	1.283	3,862,964	5.858
		<u>2023</u>	<u>17,924</u>	<u>37</u>	<u>3,268,841</u>	<u>182.37</u>	<u>4.929</u>	1.170	<u>3,824,544</u>	<u>5.767</u>
		Total	88,803	37	14,635,486	164.81	4.454		19,285,643	5.870
	Contents	2019	6,624	11	147,229	22.23	2.021	1.630	239,983	3.294
		2020	6,874	11	155,868	22.68	2.061	1.574	245,336	3.245
		2021	7,354	11	177,862	24.19	2.199	1.497	266,259	3.291
		2022	8,103	11	221,962	27.39	2.490	1.387	307,861	3.454
		<u>2023</u>	<u>8,890</u>	<u>11</u>	<u>269,320</u>	<u>30.29</u>	<u>2.754</u>	1.262	<u>339,882</u>	<u>3.476</u>
		Total	37,845	11	972,241	25.69	2.335		1,399,321	3.361
	Total	2019	24,175	29.88	2,837,772	117.38	3.929		4,030,958	5.580
		2020	24,460	29.69	2,912,902	119.09	4.011		4,088,641	5.630
		2021	25,273	29.43	3,086,046	122.11	4.149		4,230,114	5.687
		2022	25,926	28.87	3,232,846	124.70	4.319		4,170,825	5.572
		<u>2023</u>	<u>26,814</u>	<u>28.38</u>	<u>3,538,161</u>	<u>131.95</u>	<u>4.649</u>		<u>4,164,426</u>	<u>5.472</u>
		Total	126,648	29.23	15,607,727	123.24	4.216		20,684,964	5.588
	Buildings	2019	30,252	30	4,454,907	147.26	4.909	1.409	6,276,964	6.916
		2020	30,042	30	4,499,413	149.77	4.992	1.394	6,272,182	6.959
		2021	29,409	30	4,533,288	154.15	5.138	1.363	6,178,872	7.003
		2022	29,605	30	4,902,815	165.61	5.520	1.283	6,290,312	7.082
		<u>2023</u>	<u>30,547</u>	<u>30</u>	<u>5,611,894</u>	<u>183.71</u>	<u>6.124</u>	1.170	<u>6,565,916</u>	<u>7.165</u>
		Total	149,855	30	24,002,317	160.17	5.339		31,584,246	7.026
	Contents	2019	16,982	9	357,700	21.06	2.340	1.630	583,051	3.815
		2020	17,640	9	387,391	21.96	2.440	1.574	609,753	3.841
		2021	18,145	9	428,148	23.60	2.622	1.497	640,938	3.925
		2022	18,811	9	489,995	26.05	2.894	1.387	679,623	4.014
		<u>2023</u>	<u>20,078</u>	<u>9</u>	<u>566,523</u>	<u>28.22</u>	<u>3.135</u>	1.262	<u>714,952</u>	<u>3.957</u>
		Total	91,656	9	2,229,757	24.33	2.703		3,228,317	3.914
	Total	2019	47,234	22.45	4,812,607	101.89	4.538		6,860,015	6.469
		2020	47,682	22.23	4,886,804	102.49	4.610		6,881,935	6.493
		2021	47,554	21.99	4,961,436	104.33	4.745		6,819,810	6.522
		2022	48,416	21.84	5,392,810	111.38	5.100		6,969,935	6.592
		<u>2023</u>	<u>50,625</u>	<u>21.67</u>	<u>6,178,417</u>	<u>122.04</u>	<u>5.632</u>		<u>7,280,868</u>	<u>6.637</u>
		Total	241,511	22.03	26,232,074	108.62	4.930		34,812,563	6.543
370	Buildings	2019	1,929	33	303,306	157.23	4.765	1.409	427,358	6.713
		2020	1,988	33	319,288	160.61	4.867	1.394	445,087	6.784
		2021	1,957	33	331,423	169.35	5.132	1.363	451,730	6.995
		2022	1,955	33	355,164	181.67	5.505	1.283	455,675	7.063
		<u>2023</u>	<u>1,995</u>	<u>33</u>	<u>402,004</u>	<u>201.51</u>	<u>6.106</u>	1.170	<u>470,345</u>	<u>7.144</u>
		Total	9,824	33	1,711,185	174.18	5.278		2,250,195	6.941
	Contents	2019	1,217	10	35,702	29.34	2.934	1.630	58,194	4.782
		2020	1,282	10	39,787	31.04	3.104	1.574	62,625	4.885
		2021	1,295	10	45,075	34.81	3.481	1.497	67,477	5.211
		2022	1,318	10	48,006	36.42	3.642	1.387	66,584	5.052
		<u>2023</u>	<u>1,370</u>	<u>10</u>	<u>51,342</u>	<u>37.48</u>	<u>3.748</u>	1.262	<u>64,794</u>	<u>4.729</u>
		Total	6,482	10	219,912	33.93	3.393		319,674	4.932
	Total	2019	3,146	24.10	339,008	107.76	4.471		485,552	6.404
		2020	3,270	23.98	359,075	109.81	4.579		507,712	6.475
		2021	3,252	23.84	376,498	115.77	4.856		519,207	6.697
		2022	3,273	23.74	403,170	123.18	5.189		522,259	6.721
		<u>2023</u>	<u>3,365</u>	<u>23.64</u>	<u>453,346</u>	<u>134.72</u>	<u>5.699</u>		<u>535,139</u>	<u>6.727</u>
		Total	16,306	23.86	1,931,097	118.43	4.963		2,569,869	6.605

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS

FIRE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate ^(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate	Average Rating Factor	Premium Trend	Trended Aggregate Calculated Earned Premium at Current Level	Trended Average Rating Factor
						(3) / (1)	(5) / [(1)x(2)]		(3) x (6)	(7) / [(1)x(2)]
380	Buildings	2019	5,270	30	885,152	167.96	5.599	1.409	1,247,179	7.889
		2020	5,304	30	902,566	170.17	5.672	1.394	1,258,177	7.907
		2021	5,195	30	915,670	176.26	5.875	1.363	1,248,058	8.008
		2022	5,307	30	1,011,128	190.53	6.351	1.283	1,297,277	8.148
		<u>2023</u>	<u>5,495</u>	<u>30</u>	<u>1,163,356</u>	<u>211.71</u>	<u>7.057</u>	<u>1.170</u>	<u>1,361,127</u>	<u>8.257</u>
		Total	26,571	30	4,877,872	183.58	6.119		6,411,818	8.044
	Contents	2019	3,122	9	80,872	25.90	2.878	1.630	131,821	4.691
		2020	3,283	9	89,299	27.20	3.022	1.574	140,557	4.757
		2021	3,408	9	100,299	29.43	3.270	1.497	150,148	4.895
		2022	3,555	9	114,860	32.31	3.590	1.387	159,311	4.979
		<u>2023</u>	<u>3,757</u>	<u>9</u>	<u>129,370</u>	<u>34.43</u>	<u>3.826</u>	<u>1.262</u>	<u>163,265</u>	<u>4.828</u>
		Total	17,125	9	514,700	30.06	3.339		745,102	4.834
	Total	2019	8,392	22.19	966,024	115.11	5.188		1,379,000	7.405
		2020	8,587	21.97	991,865	115.51	5.258		1,398,734	7.414
		2021	8,603	21.68	1,015,969	118.09	5.447		1,398,206	7.497
		2022	8,862	21.58	1,125,988	127.06	5.888		1,456,588	7.616
		<u>2023</u>	<u>9,252</u>	<u>21.47</u>	<u>1,292,726</u>	<u>139.72</u>	<u>6.508</u>		<u>1,524,392</u>	<u>7.674</u>
		Total	43,696	21.77	5,392,572	123.41	5.669		7,156,920	7.524
390	Buildings	2019	5,074	31	893,488	176.09	5.680	1.409	1,258,925	8.004
		2020	4,981	31	871,296	174.92	5.643	1.394	1,214,587	7.866
		2021	4,908	31	881,371	179.58	5.793	1.363	1,201,309	7.896
		2022	4,944	31	951,418	192.44	6.208	1.283	1,220,669	7.964
		<u>2023</u>	<u>5,167</u>	<u>31</u>	<u>1,088,392</u>	<u>210.64</u>	<u>6.795</u>	<u>1.170</u>	<u>1,273,419</u>	<u>7.950</u>
		Total	25,074	31	4,685,965	186.89	6.029		6,168,909	7.936
	Contents	2019	3,143	10	89,647	28.52	2.852	1.630	146,125	4.649
		2020	3,235	10	91,569	28.31	2.831	1.574	144,130	4.455
		2021	3,328	10	102,919	30.93	3.093	1.497	154,070	4.630
		2022	3,424	10	117,853	34.42	3.442	1.387	163,462	4.774
		<u>2023</u>	<u>3,678</u>	<u>10</u>	<u>143,069</u>	<u>38.90</u>	<u>3.890</u>	<u>1.262</u>	<u>180,553</u>	<u>4.909</u>
		Total	16,808	10	545,057	32.43	3.243		788,340	4.690
	Total	2019	8,217	22.97	983,135	119.65	5.209		1,405,050	7.444
		2020	8,216	22.73	962,865	117.19	5.156		1,358,717	7.276
		2021	8,236	22.51	984,290	119.51	5.309		1,355,379	7.311
		2022	8,368	22.41	1,069,271	127.78	5.702		1,384,131	7.381
		<u>2023</u>	<u>8,845</u>	<u>22.27</u>	<u>1,231,461</u>	<u>139.23</u>	<u>6.252</u>		<u>1,453,972</u>	<u>7.381</u>
		Total	41,882	22.57	5,231,022	124.90	5.534		6,957,249	7.360
Statewide	Buildings	2019	403,756	35.96	67,518,679	167.23	4.650		95,133,820	6.552
		2020	402,310	36.05	67,809,561	168.55	4.675		94,526,529	6.518
		2021	403,958	36.04	69,052,257	170.94	4.743		94,118,229	6.465
		2022	405,736	36.00	72,820,333	179.48	4.985		93,428,487	6.396
		<u>2023</u>	<u>412,079</u>	<u>35.98</u>	<u>80,162,789</u>	<u>194.53</u>	<u>5.407</u>		<u>93,790,464</u>	<u>6.326</u>
		Total	2,027,839	36.01	357,363,619	176.23	4.894		470,997,529	6.450
	Contents	2019	229,560	10.38	5,307,724	23.12	2.227		8,651,589	3.631
		2020	232,304	10.42	5,559,375	23.93	2.297		8,750,458	3.615
		2021	241,840	10.47	6,076,814	25.13	2.400		9,096,992	3.593
		2022	257,045	10.47	6,898,757	26.84	2.563		9,568,576	3.555
		<u>2023</u>	<u>271,332</u>	<u>10.45</u>	<u>7,855,329</u>	<u>28.95</u>	<u>2.770</u>		<u>9,913,424</u>	<u>3.496</u>
		Total	1,232,081	10.44	31,697,999	25.73	2.464		45,981,039	3.575
	Total	2019	633,316	26.69	72,826,403	114.99	4.308		103,785,409	6.140
		2020	634,614	26.67	73,368,936	115.61	4.335		103,276,987	6.102
		2021	645,798	26.46	75,129,071	116.34	4.397		103,215,221	6.040
		2022	662,781	26.10	79,719,090	120.28	4.608		102,997,063	5.954
		<u>2023</u>	<u>683,411</u>	<u>25.84</u>	<u>88,018,118</u>	<u>128.79</u>	<u>4.984</u>		<u>103,703,888</u>	<u>5.872</u>
		Total	3,259,920	26.35	389,061,618	119.35	4.529		516,978,568	6.018

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF EXPERIENCE BASE CLASS LOSS COST

FIRE

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Earned	Trended	Total	Loss	Trended	Trended	Experience
		House	Average	Adjusted	Trend	LAE	Adjusted	Base Class
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Rating</u>	<u>Incurred</u>	<u>Factor</u>	<u>Factor</u>	<u>Incurred</u>	<u>Loss Cost</u>
			<u>Factor</u>	<u>Losses</u>			<u>(3)x(4)x(5)</u>	<u>(6)/[(1)x(2)]</u>
110	2019	20,912	14.027	797,053	1.421	1.094	1,239,078	
	2020	20,302	13.637	1,569,598	1.340	1.094	2,300,968	
	2021	19,974	13.424	1,063,332	1.264	1.094	1,470,393	
	2022	19,913	13.355	1,305,370	1.193	1.094	1,703,693	
	<u>2023</u>	<u>20,439</u>	<u>13.204</u>	<u>2,774,691</u>	<u>1.125</u>	<u>1.094</u>	<u>3,414,951</u>	
	Total	101,540	13.530	7,510,044			10,129,083	7.37
120	2019	27,517	10.809	249,158	1.421	1.094	387,335	
	2020	26,491	10.681	2,626,085	1.340	1.094	3,849,736	
	2021	25,855	10.519	2,199,420	1.264	1.094	3,041,393	
	2022	25,669	10.327	671,462	1.193	1.094	876,353	
	<u>2023</u>	<u>26,493</u>	<u>10.165</u>	<u>1,167,736</u>	<u>1.125</u>	<u>1.094</u>	<u>1,437,191</u>	
	Total	132,025	10.505	6,913,861			9,592,008	6.92
130	2019	8,113	6.802	524,943	1.421	1.094	816,063	
	2020	8,014	6.697	485,468	1.340	1.094	711,677	
	2021	8,056	6.669	458,870	1.264	1.094	634,533	
	2022	8,241	6.611	205,251	1.193	1.094	267,882	
	<u>2023</u>	<u>8,424</u>	<u>6.473</u>	<u>83,590</u>	<u>1.125</u>	<u>1.094</u>	<u>102,878</u>	
	Total	40,848	6.649	1,758,122			2,533,033	9.33
140	2019	50,727	5.734	2,622,182	1.421	1.094	4,076,376	
	2020	50,353	5.635	1,370,261	1.340	1.094	2,008,748	
	2021	51,264	5.561	1,859,700	1.264	1.094	2,571,623	
	2022	54,005	5.513	2,098,927	1.193	1.094	2,739,398	
	<u>2023</u>	<u>56,513</u>	<u>5.467</u>	<u>1,944,241</u>	<u>1.125</u>	<u>1.094</u>	<u>2,392,875</u>	
	Total	262,862	5.579	9,895,311			13,789,020	9.40
150	2019	31,330	5.828	2,512,971	1.421	1.094	3,906,599	
	2020	31,277	5.734	1,164,370	1.340	1.094	1,706,920	
	2021	31,972	5.657	1,955,460	1.264	1.094	2,704,041	
	2022	32,867	5.501	2,044,038	1.193	1.094	2,667,760	
	<u>2023</u>	<u>33,572</u>	<u>5.293</u>	<u>1,567,804</u>	<u>1.125</u>	<u>1.094</u>	<u>1,929,575</u>	
	Total	161,018	5.599	9,244,643			12,914,895	14.33
160	2019	27,283	6.086	1,883,775	1.421	1.094	2,928,468	
	2020	26,690	5.954	1,921,702	1.340	1.094	2,817,138	
	2021	27,978	5.826	1,699,124	1.264	1.094	2,349,576	
	2022	28,994	5.659	2,982,583	1.193	1.094	3,892,694	
	<u>2023</u>	<u>29,839</u>	<u>5.518</u>	<u>1,362,623</u>	<u>1.125</u>	<u>1.094</u>	<u>1,677,048</u>	
	Total	140,784	5.804	9,849,807			13,664,924	16.72

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF EXPERIENCE BASE CLASS LOSS COST

FIRE

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Earned	Trended	Total	Loss	Trended	Trended	Experience
		House	Average	Adjusted	Trend	LAE	Adjusted	Base Class
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Rating</u>	<u>Incurred</u>	<u>Factor</u>	<u>Factor</u>	<u>Incurred</u>	<u>Loss Cost</u>
			<u>Factor</u>	<u>Losses</u>			<u>(3)x(4)x(5)</u>	<u>(6)/[(1)x(2)]</u>
170	2019	3,783	5.318	243,913	1.421	1.094	379,181	
	2020	3,987	5.295	208,623	1.340	1.094	305,833	
	2021	4,252	5.292	385,801	1.264	1.094	533,492	
	2022	4,457	5.123	118,025	1.193	1.094	154,039	
	<u>2023</u>	<u>4,592</u>	<u>4.884</u>	<u>426,116</u>	<u>1.125</u>	<u>1.094</u>	<u>524,442</u>	
	Total	21,071	5.174	1,382,478			1,896,987	17.40
180	2019	30,611	5.016	2,388,571	1.421	1.094	3,713,210	
	2020	31,161	4.947	1,113,729	1.340	1.094	1,632,682	
	2021	31,824	4.889	2,023,200	1.264	1.094	2,797,713	
	2022	32,369	4.764	1,706,028	1.193	1.094	2,226,609	
	<u>2023</u>	<u>33,157</u>	<u>4.616</u>	<u>1,744,832</u>	<u>1.125</u>	<u>1.094</u>	<u>2,147,452</u>	
	Total	159,122	4.844	8,976,360			12,517,666	16.24
190	2019	12,900	4.341	907,643	1.421	1.094	1,410,998	
	2020	13,227	4.214	1,150,481	1.340	1.094	1,686,559	
	2021	13,707	4.155	1,179,218	1.264	1.094	1,630,642	
	2022	14,012	4.031	1,175,942	1.193	1.094	1,534,771	
	<u>2023</u>	<u>14,527</u>	<u>3.903</u>	<u>1,473,159</u>	<u>1.125</u>	<u>1.094</u>	<u>1,813,090</u>	
	Total	68,373	4.124	5,886,443			8,076,060	28.64
200	2019	7,766	4.623	1,254,929	1.421	1.094	1,950,880	
	2020	7,823	4.577	433,611	1.340	1.094	635,656	
	2021	8,024	4.506	1,289,742	1.264	1.094	1,783,476	
	2022	8,042	4.335	601,390	1.193	1.094	784,899	
	<u>2023</u>	<u>8,134</u>	<u>4.123</u>	<u>1,087,874</u>	<u>1.125</u>	<u>1.094</u>	<u>1,338,901</u>	
	Total	39,789	4.430	4,667,546			6,493,812	36.84
210	2019	9,826	4.390	1,244,311	1.421	1.094	1,934,374	
	2020	10,165	4.395	815,124	1.340	1.094	1,194,939	
	2021	10,755	4.385	715,812	1.264	1.094	989,836	
	2022	11,398	4.335	969,560	1.193	1.094	1,265,413	
	<u>2023</u>	<u>11,691</u>	<u>4.303</u>	<u>1,487,661</u>	<u>1.125</u>	<u>1.094</u>	<u>1,830,939</u>	
	Total	53,835	4.360	5,232,468			7,215,501	30.74
220	2019	33,300	7.031	3,232,115	1.421	1.094	5,024,562	
	2020	32,615	7.010	2,800,171	1.340	1.094	4,104,939	
	2021	31,837	6.839	3,173,882	1.264	1.094	4,388,895	
	2022	30,616	6.517	3,003,703	1.193	1.094	3,920,259	
	<u>2023</u>	<u>31,073</u>	<u>6.312</u>	<u>2,839,461</u>	<u>1.125</u>	<u>1.094</u>	<u>3,494,667</u>	
	Total	159,441	6.754	15,049,332			20,933,322	19.44

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF EXPERIENCE BASE CLASS LOSS COST

FIRE

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Earned	Trended	Total	Loss	Trended	Trended	Experience
		House	Average	Adjusted	Trend	LAE	Adjusted	Base Class
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Rating</u>	<u>Incurred</u>	<u>Factor</u>	<u>Factor</u>	<u>Incurred</u>	<u>Loss Cost</u>
			<u>Factor</u>	<u>Losses</u>			<u>(3)x(4)x(5)</u>	<u>(6)/[(1)x(2)]</u>
230	2019	19,651	3.717	1,980,027	1.421	1.094	3,078,098	
	2020	19,736	3.671	1,004,475	1.340	1.094	1,472,520	
	2021	20,255	3.598	1,737,018	1.264	1.094	2,401,976	
	2022	20,595	3.493	1,287,949	1.193	1.094	1,680,956	
	<u>2023</u>	<u>21,124</u>	<u>3.381</u>	<u>2,416,831</u>	<u>1.125</u>	<u>1.094</u>	<u>2,974,515</u>	
	Total	101,361	3.569	8,426,300			11,608,065	32.09
240	2019	28,576	4.725	1,837,039	1.421	1.094	2,855,813	
	2020	29,135	4.707	2,080,206	1.340	1.094	3,049,499	
	2021	30,360	4.764	2,033,095	1.264	1.094	2,811,396	
	2022	31,820	4.808	2,455,810	1.193	1.094	3,205,181	
	<u>2023</u>	<u>32,844</u>	<u>4.774</u>	<u>1,960,711</u>	<u>1.125</u>	<u>1.094</u>	<u>2,413,145</u>	
	Total	152,735	4.757	10,366,861			14,335,034	19.73
250	2019	17,190	6.813	1,266,236	1.421	1.094	1,968,458	
	2020	17,440	6.780	952,660	1.340	1.094	1,396,561	
	2021	17,026	6.487	928,833	1.264	1.094	1,284,405	
	2022	16,597	6.148	1,730,780	1.193	1.094	2,258,914	
	<u>2023</u>	<u>16,995</u>	<u>5.924</u>	<u>2,566,042</u>	<u>1.125</u>	<u>1.094</u>	<u>3,158,156</u>	
	Total	85,248	6.437	7,444,551			10,066,494	18.34
260	2019	14,293	5.521	1,077,261	1.421	1.094	1,674,682	
	2020	14,326	5.459	868,145	1.340	1.094	1,272,666	
	2021	12,964	4.786	1,200,417	1.264	1.094	1,659,956	
	2022	13,206	4.706	1,143,289	1.193	1.094	1,492,154	
	<u>2023</u>	<u>13,411</u>	<u>4.631</u>	<u>1,692,226</u>	<u>1.125</u>	<u>1.094</u>	<u>2,082,707</u>	
	Total	68,200	5.046	5,981,338			8,182,165	23.78
270	2019	36,486	8.396	1,581,333	1.421	1.094	2,458,299	
	2020	36,022	8.562	3,059,316	1.340	1.094	4,484,835	
	2021	38,233	8.659	2,939,137	1.264	1.094	4,064,286	
	2022	42,796	8.824	2,833,580	1.193	1.094	3,698,224	
	<u>2023</u>	<u>44,432</u>	<u>8.948</u>	<u>2,845,371</u>	<u>1.125</u>	<u>1.094</u>	<u>3,501,940</u>	
	Total	197,969	8.691	13,258,737			18,207,584	10.58
280	2019	7,612	7.572	239,610	1.421	1.094	372,491	
	2020	7,804	7.431	505,364	1.340	1.094	740,843	
	2021	8,668	7.302	1,164,507	1.264	1.094	1,610,299	
	2022	8,948	7.278	688,684	1.193	1.094	898,830	
	<u>2023</u>	<u>8,472</u>	<u>7.376</u>	<u>1,748,866</u>	<u>1.125</u>	<u>1.094</u>	<u>2,152,417</u>	
	Total	41,504	7.385	4,347,031			5,774,880	18.84

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF EXPERIENCE BASE CLASS LOSS COST

FIRE

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Earned	Trended	Total	Loss	Trended	Trended	Experience
		House	Average	Adjusted	Trend	LAE	Adjusted	Base Class
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Rating</u>	<u>Incurred</u>	<u>Factor</u>	<u>Factor</u>	<u>Incurred</u>	<u>Loss Cost</u>
			<u>Factor</u>	<u>Losses</u>			<u>(3)x(4)x(5)</u>	<u>(6)/[(1)x(2)]</u>
290	2019	8,842	6.997	251,582	1.421	1.094	391,103	
	2020	8,385	6.789	935,332	1.340	1.094	1,371,159	
	2021	8,669	6.802	869,167	1.264	1.094	1,201,898	
	2022	9,111	6.569	570,409	1.193	1.094	744,465	
	<u>2023</u>	<u>9,762</u>	<u>6.609</u>	<u>738,876</u>	<u>1.125</u>	<u>1.094</u>	<u>909,372</u>	
	Total	44,769	6.750	3,365,366			4,617,997	15.28
300	2019	11,073	4.509	813,435	1.421	1.094	1,264,545	
	2020	11,952	4.716	947,152	1.340	1.094	1,388,487	
	2021	12,278	4.639	1,024,777	1.264	1.094	1,417,078	
	2022	11,962	4.366	1,263,308	1.193	1.094	1,648,796	
	<u>2023</u>	<u>11,531</u>	<u>4.089</u>	<u>602,097</u>	<u>1.125</u>	<u>1.094</u>	<u>741,031</u>	
	Total	58,796	4.472	4,650,769			6,459,937	24.57
310	2019	56,206	6.010	4,594,902	1.421	1.094	7,143,115	
	2020	57,552	6.129	4,004,275	1.340	1.094	5,870,107	
	2021	59,674	6.155	4,549,826	1.264	1.094	6,291,572	
	2022	59,802	5.938	4,887,331	1.193	1.094	6,378,661	
	<u>2023</u>	<u>60,406</u>	<u>5.783</u>	<u>5,109,890</u>	<u>1.125</u>	<u>1.094</u>	<u>6,288,997</u>	
	Total	293,640	6.004	23,146,224			31,972,452	18.14
320	2019	26,727	5.869	2,345,373	1.421	1.094	3,646,056	
	2020	26,307	5.789	2,025,077	1.340	1.094	2,968,682	
	2021	26,876	5.799	2,733,176	1.264	1.094	3,779,480	
	2022	27,725	5.721	2,247,071	1.193	1.094	2,932,747	
	<u>2023</u>	<u>28,946</u>	<u>5.598</u>	<u>3,429,998</u>	<u>1.125</u>	<u>1.094</u>	<u>4,221,470</u>	
	Total	136,581	5.753	12,780,695			17,548,435	22.33
330	2019	2,508	4.964	52,669	1.421	1.094	81,878	
	2020	2,567	4.730	68,853	1.340	1.094	100,936	
	2021	2,529	4.457	90,090	1.264	1.094	124,578	
	2022	2,531	4.298	140,559	1.193	1.094	183,449	
	<u>2023</u>	<u>2,606</u>	<u>4.125</u>	<u>377,297</u>	<u>1.125</u>	<u>1.094</u>	<u>464,358</u>	
	Total	12,741	4.515	729,468			955,199	16.60
340	2019	48,920	7.585	4,270,437	1.421	1.094	6,638,710	
	2020	49,068	7.608	3,532,634	1.340	1.094	5,178,700	
	2021	49,850	7.574	4,040,860	1.264	1.094	5,587,766	
	2022	52,260	7.649	4,763,500	1.193	1.094	6,217,044	
	<u>2023</u>	<u>55,527</u>	<u>7.653</u>	<u>4,645,398</u>	<u>1.125</u>	<u>1.094</u>	<u>5,717,324</u>	
	Total	255,625	7.616	21,252,829			29,339,544	15.07

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF EXPERIENCE BASE CLASS LOSS COST

FIRE

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Earned	Trended	Total	Loss	Trended	Trended	Experience
		House	Average	Adjusted	Trend	LAE	Adjusted	Base Class
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Rating</u>	<u>Incurred</u>	<u>Factor</u>	<u>Factor</u>	<u>Incurred</u>	<u>Loss Cost</u>
			<u>Factor</u>	<u>Losses</u>			<u>(3)x(4)x(5)</u>	<u>(6)/[(1)x(2)]</u>
350	2019	24,175	5.580	2,449,705	1.421	1.094	3,808,248	
	2020	24,460	5.630	1,743,521	1.340	1.094	2,555,932	
	2021	25,273	5.687	2,254,697	1.264	1.094	3,117,831	
	2022	25,926	5.572	3,121,751	1.193	1.094	4,074,328	
	<u>2023</u>	<u>26,814</u>	<u>5.472</u>	<u>2,356,328</u>	<u>1.125</u>	<u>1.094</u>	<u>2,900,051</u>	
	Total	126,648	5.588	11,926,002			16,456,390	23.25
360	2019	47,234	6.469	3,598,085	1.421	1.094	5,593,489	
	2020	47,682	6.493	2,219,568	1.340	1.094	3,253,798	
	2021	47,554	6.522	2,780,700	1.264	1.094	3,845,196	
	2022	48,416	6.592	4,285,667	1.193	1.094	5,593,404	
	<u>2023</u>	<u>50,625</u>	<u>6.637</u>	<u>5,518,341</u>	<u>1.125</u>	<u>1.094</u>	<u>6,791,698</u>	
	Total	241,511	6.543	18,402,361			25,077,585	15.87
370	2019	3,146	6.404	188,609	1.421	1.094	293,207	
	2020	3,270	6.475	84,163	1.340	1.094	123,380	
	2021	3,252	6.697	55,066	1.264	1.094	76,146	
	2022	3,273	6.721	19,255	1.193	1.094	25,131	
	<u>2023</u>	<u>3,365</u>	<u>6.727</u>	<u>296,883</u>	<u>1.125</u>	<u>1.094</u>	<u>365,389</u>	
	Total	16,306	6.605	643,976			883,253	8.20
380	2019	8,392	7.405	873,736	1.421	1.094	1,358,287	
	2020	8,587	7.414	648,220	1.340	1.094	950,265	
	2021	8,603	7.497	86,878	1.264	1.094	120,136	
	2022	8,862	7.616	333,633	1.193	1.094	435,438	
	<u>2023</u>	<u>9,252</u>	<u>7.674</u>	<u>1,127,182</u>	<u>1.125</u>	<u>1.094</u>	<u>1,387,279</u>	
	Total	43,696	7.524	3,069,649			4,251,405	12.93
390	2019	8,217	7.444	1,064,293	1.421	1.094	1,654,522	
	2020	8,216	7.276	47,204	1.340	1.094	69,199	
	2021	8,236	7.311	367,588	1.264	1.094	508,307	
	2022	8,368	7.381	1,084,606	1.193	1.094	1,415,565	
	<u>2023</u>	<u>8,845</u>	<u>7.381</u>	<u>718,097</u>	<u>1.125</u>	<u>1.094</u>	<u>883,798</u>	
	Total	41,882	7.360	3,281,788			4,531,391	14.70
Statewide	2019	633,316	6.140	46,345,896			72,048,125	
	2020	634,614	6.102	40,385,388			59,203,364	
	2021	645,798	6.040	46,859,393			64,797,919	
	2022	662,781	5.954	49,739,461			64,917,057	
	<u>2023</u>	<u>683,411</u>	<u>5.872</u>	<u>56,110,222</u>			<u>69,057,656</u>	
	Total	3,259,920	6.018	239,440,360			330,024,121	16.82

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF EXCESS FACTOR (EXCLUDING HURRICANE LOSSES)
EXTENDED COVERAGE

<u>Year</u>	(1) Reported Earned <u>Premium</u>	(2) Developed Incurred <u>Losses</u>	(3) Loss Ratio <u>(2)/(1)</u>	(4) Normal Loss Ratio <u>Loss Ratio</u>	(5) Excess Loss Ratio <u>(3)-(4)</u>	(6) Total Excess Losses <u>(1)x(5)</u>	(7) Excess Ratio <u>(6)/(2)</u>
1994	34,062,150	8,139,203	0.239	0.239	0.000	0	0.000
1995	36,469,794	7,946,435	0.218	0.218	0.000	0	0.000
1996	39,860,857	10,099,391	0.253	0.253	0.000	0	0.000
1997	45,674,342	7,974,433	0.175	0.175	0.000	0	0.000
1998	49,973,587	19,539,274	0.391	0.391	0.000	0	0.000
1999	57,917,971	26,401,571	0.456	0.456	0.000	0	0.000
2000	64,276,450	14,556,461	0.226	0.226	0.000	0	0.000
2001	58,472,402	9,227,560	0.158	0.158	0.000	0	0.000
2002	62,801,958	15,725,972	0.250	0.250	0.000	0	0.000
2003	70,166,881	19,351,689	0.276	0.276	0.000	0	0.000
2004	77,384,515	15,018,657	0.194	0.194	0.000	0	0.000
2005	86,660,735	15,326,597	0.177	0.177	0.000	0	0.000
2006	93,459,391	16,661,653	0.178	0.178	0.000	0	0.000
2007	107,421,691	18,413,265	0.171	0.171	0.000	0	0.000
2008	88,217,778	13,999,208	0.159	0.159	0.000	0	0.000
2009	111,244,030	29,274,747	0.263	0.263	0.000	0	0.000
2010	112,338,983	36,014,032	0.321	0.321	0.000	0	0.000
2011	111,845,007	106,994,195	0.957	0.500	0.457	51,113,168	0.478
2012	114,730,408	43,404,563	0.378	0.378	0.000	0	0.000
2013	130,312,911	36,515,999	0.280	0.280	0.000	0	0.000
2014	129,484,769	41,392,117	0.320	0.320	0.000	0	0.000
2015	144,645,016	41,215,981	0.285	0.285	0.000	0	0.000
2016	151,098,382	43,539,523	0.288	0.288	0.000	0	0.000
2017	150,970,492	50,631,512	0.335	0.335	0.000	0	0.000
2018	150,499,179	58,969,831	0.392	0.392	0.000	0	0.000
2019	165,480,958	55,876,702	0.338	0.338	0.000	0	0.000
2020	181,488,383	77,155,380	0.425	0.425	0.000	0	0.000
2021	193,546,488	59,964,329	0.310	0.310	0.000	0	0.000
2022	218,235,606	95,618,348	0.438	0.438	0.000	0	0.000
2023	260,682,731	94,284,122	0.362	0.362	0.000	0	0.000
Total	3,299,423,845	1,089,232,750	9.213	8.756	0.457	51,113,168	
Average			0.307	0.292	0.015		
Average Excess Loss Ratio = Avg of column (5) =					0.015		
Average Normal Loss Ratio = Avg of column (4) =					0.292		
Excess Factor = 1.0 + (avg (5)/avg (4)) =							
= 1.0 + (0.015 / 0.292) =					1.051		

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DEVELOPMENT OF EXCESS LOSSES ON A \$500 DEDUCTIBLE LEVEL
EXTENDED COVERAGE

Accident <u>Year</u>	Non-Hurricane Adjusted <u>Incurred Losses</u>	Excess <u>Ratio</u>	Adjusted Incurred <u>Excess Losses</u>
2019	60,738,450	0.000	0
2020	84,203,391	0.000	0
2021	66,234,439	0.000	0
2022	105,519,857	0.000	0
2023	104,162,264	0.000	0

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TERRITORY EXCESS LOSSES
EXTENDED COVERAGE

			(1)	(2)	(3)	(4)	(5)	(6)	(7)
Territory			Reported	Non-Hurricane Developed	Loss Ratio	Normal	Excess	Total Excess	Excess
	Group	Territory	Earned	Incurred					
		Year	Premium	Losses	(2)/(1)	Loss Ratio	(3)-(4)	(1)x(5)	(6)/(2)
Beach	110	2019	20,413,010	1,761,933	0.086	0.086	0.000	0	0.000
		2020	20,701,212	2,405,921	0.116	0.116	0.000	0	0.000
		2021	22,192,084	1,267,941	0.057	0.057	0.000	0	0.000
		2022	25,047,454	2,630,570	0.105	0.105	0.000	0	0.000
		2023	29,261,620	2,745,710	0.094	0.094	0.000	0	0.000
		Total	117,615,380	10,812,075				0	
	120	2019	23,874,831	1,422,642	0.060	0.060	0.000	0	0.000
		2020	24,443,234	1,722,845	0.070	0.070	0.000	0	0.000
		2021	25,861,553	1,357,745	0.053	0.053	0.000	0	0.000
		2022	28,850,137	3,206,248	0.111	0.111	0.000	0	0.000
		2023	33,876,900	2,608,731	0.077	0.077	0.000	0	0.000
		Total	136,906,655	10,318,211				0	
Coast	130	2019	2,431,625	388,442	0.160	0.160	0.000	0	0.000
		2020	2,807,711	584,754	0.208	0.208	0.000	0	0.000
		2021	3,106,268	382,284	0.123	0.123	0.000	0	0.000
		2022	3,565,059	717,947	0.201	0.201	0.000	0	0.000
		2023	4,196,962	478,412	0.114	0.114	0.000	0	0.000
		Total	16,107,625	2,551,839				0	
	140	2019	16,673,921	2,566,916	0.154	0.154	0.000	0	0.000
		2020	18,411,410	2,999,117	0.163	0.163	0.000	0	0.000
		2021	21,056,398	4,038,259	0.192	0.192	0.000	0	0.000
		2022	25,212,377	6,213,997	0.246	0.246	0.000	0	0.000
		2023	30,364,244	4,788,913	0.158	0.158	0.000	0	0.000
		Total	111,718,350	20,607,202				0	
	150	2019	8,489,439	1,449,130	0.171	0.171	0.000	0	0.000
		2020	9,302,363	2,771,497	0.298	0.298	0.000	0	0.000
		2021	9,693,853	4,559,010	0.470	0.470	0.000	0	0.000
		2022	10,856,063	4,647,407	0.428	0.428	0.000	0	0.000
		2023	12,731,387	5,737,968	0.451	0.451	0.000	0	0.000
		Total	51,073,105	19,165,012				0	
	160	2019	8,195,603	1,489,372	0.182	0.182	0.000	0	0.000
		2020	8,486,509	1,983,501	0.234	0.234	0.000	0	0.000
		2021	9,023,384	2,187,764	0.242	0.242	0.000	0	0.000
		2022	10,469,157	2,647,602	0.253	0.253	0.000	0	0.000
		2023	12,604,081	2,722,551	0.216	0.216	0.000	0	0.000
		Total	48,778,734	11,030,790				0	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TERRITORY EXCESS LOSSES
EXTENDED COVERAGE

Territory Group	Territory	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Reported Earned Premium	Non-Hurricane Developed Incurred Losses	Loss Ratio (2)/(1)	Normal Loss Ratio	Excess Loss Ratio (3)-(4)	Total Excess Losses (1)x(5)	Excess Ratio (6)/(2)
Inland	170	2019	652,492	2,158,721	3.308	0.500	2.808	1,832,198	0.849
		2020	785,995	906,556	1.153	0.500	0.653	513,255	0.566
		2021	875,095	228,333	0.261	0.261	0.000	0	0.000
		2022	999,515	422,485	0.423	0.423	0.000	0	0.000
		<u>2023</u>	<u>1,161,768</u>	<u>472,385</u>	0.407	0.407	0.000	<u>0</u>	0.000
		Total	4,474,865	4,188,480				2,345,453	
	180	2019	6,478,054	3,101,977	0.479	0.479	0.000	0	0.000
		2020	7,533,550	3,508,264	0.466	0.466	0.000	0	0.000
		2021	8,152,877	2,396,303	0.294	0.294	0.000	0	0.000
		2022	8,826,552	4,353,804	0.493	0.493	0.000	0	0.000
		<u>2023</u>	<u>10,082,783</u>	<u>4,885,958</u>	0.485	0.485	0.000	<u>0</u>	0.000
		Total	41,073,816	18,246,306				0	
	190	2019	2,159,495	518,254	0.240	0.240	0.000	0	0.000
		2020	2,512,198	1,006,704	0.401	0.401	0.000	0	0.000
		2021	2,910,611	888,468	0.305	0.305	0.000	0	0.000
		2022	3,315,071	1,271,369	0.384	0.384	0.000	0	0.000
		<u>2023</u>	<u>3,901,990</u>	<u>1,389,246</u>	0.356	0.356	0.000	<u>0</u>	0.000
		Total	14,799,365	5,074,041				0	
	200	2019	1,224,311	272,546	0.223	0.223	0.000	0	0.000
		2020	1,539,601	510,476	0.332	0.332	0.000	0	0.000
		2021	1,810,617	216,302	0.119	0.119	0.000	0	0.000
		2022	2,044,324	610,582	0.299	0.299	0.000	0	0.000
		<u>2023</u>	<u>2,320,962</u>	<u>647,075</u>	0.279	0.279	0.000	<u>0</u>	0.000
		Total	8,939,815	2,256,981				0	
	210	2019	1,530,952	919,252	0.600	0.500	0.100	153,095	0.167
		2020	1,835,264	1,572,351	0.857	0.500	0.357	655,189	0.417
		2021	2,117,107	1,206,324	0.570	0.500	0.070	148,197	0.123
		2022	2,473,860	2,237,504	0.904	0.500	0.404	999,439	0.447
		<u>2023</u>	<u>2,955,642</u>	<u>1,909,094</u>	0.646	0.500	0.146	<u>431,524</u>	0.226
		Total	10,912,825	7,844,525				2,387,444	
	220	2019	9,809,078	3,727,710	0.380	0.380	0.000	0	0.000
		2020	10,890,631	5,696,059	0.523	0.500	0.023	250,485	0.044
		2021	11,146,051	4,386,182	0.394	0.394	0.000	0	0.000
		2022	11,021,708	8,186,210	0.743	0.500	0.243	2,678,275	0.327
		<u>2023</u>	<u>12,654,905</u>	<u>5,824,855</u>	0.460	0.460	0.000	<u>0</u>	0.000
		Total	55,522,373	27,821,016				2,928,760	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TERRITORY EXCESS LOSSES
EXTENDED COVERAGE

Territory Group	Territory	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Reported Earned Premium	Non-Hurricane Developed Incurred Losses	Loss Ratio (2)/(1)	Normal Loss Ratio	Excess Loss Ratio (3)-(4)	Total Excess Losses (1)x(5)	Excess Ratio (6)/(2)
Inland	230	2019	2,766,255	524,954	0.190	0.190	0.000	0	0.000
		2020	3,355,407	1,247,714	0.372	0.372	0.000	0	0.000
		2021	3,749,183	1,474,089	0.393	0.393	0.000	0	0.000
		2022	4,210,276	1,003,006	0.238	0.238	0.000	0	0.000
		<u>2023</u>	<u>4,913,157</u>	<u>1,193,584</u>	0.243	0.243	0.000	<u>0</u>	0.000
		Total	18,994,278	5,443,347				0	
	240	2019	4,540,696	2,879,861	0.634	0.500	0.134	608,453	0.211
		2020	5,207,900	3,699,542	0.710	0.500	0.210	1,093,659	0.296
		2021	5,621,177	3,487,619	0.620	0.500	0.120	674,541	0.193
		2022	6,585,073	5,201,906	0.790	0.500	0.290	1,909,671	0.367
		<u>2023</u>	<u>7,996,106</u>	<u>4,615,565</u>	0.577	0.500	0.077	<u>615,700</u>	0.133
		Total	29,950,952	19,884,493				4,902,024	
	250	2019	4,790,172	1,671,412	0.349	0.349	0.000	0	0.000
		2020	5,566,598	3,095,791	0.556	0.500	0.056	311,729	0.101
		2021	5,153,881	2,247,622	0.436	0.436	0.000	0	0.000
		2022	4,717,400	2,375,812	0.504	0.500	0.004	18,870	0.008
		<u>2023</u>	<u>5,281,718</u>	<u>3,049,205</u>	0.577	0.500	0.077	<u>406,692</u>	0.133
		Total	25,509,769	12,439,842				737,291	
	260	2019	2,258,127	910,551	0.403	0.403	0.000	0	0.000
		2020	2,646,667	1,300,886	0.492	0.492	0.000	0	0.000
		2021	2,163,430	1,172,112	0.542	0.500	0.042	90,864	0.078
		2022	2,457,445	1,717,503	0.699	0.500	0.199	489,032	0.285
		<u>2023</u>	<u>2,903,580</u>	<u>1,549,848</u>	0.534	0.500	0.034	<u>98,722</u>	0.064
		Total	12,429,249	6,650,900				678,618	
	270	2019	9,310,604	6,366,516	0.684	0.500	0.184	1,713,151	0.269
		2020	10,267,610	9,617,116	0.937	0.500	0.437	4,486,946	0.467
		2021	11,271,599	4,971,541	0.441	0.441	0.000	0	0.000
		2022	14,305,628	8,885,056	0.621	0.500	0.121	1,730,981	0.195
		<u>2023</u>	<u>19,407,795</u>	<u>10,018,398</u>	0.516	0.500	0.016	<u>310,525</u>	0.031
		Total	64,563,236	39,858,627				8,241,603	
	280	2019	1,538,289	728,028	0.473	0.473	0.000	0	0.000
		2020	1,754,099	1,145,195	0.653	0.500	0.153	268,377	0.234
		2021	2,133,374	989,659	0.464	0.464	0.000	0	0.000
		2022	2,342,995	1,330,844	0.568	0.500	0.068	159,324	0.120
		<u>2023</u>	<u>2,499,992</u>	<u>1,222,647</u>	0.489	0.489	0.000	<u>0</u>	0.000
		Total	10,268,749	5,416,373				427,701	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TERRITORY EXCESS LOSSES
EXTENDED COVERAGE

Territory Group	Territory	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Reported Earned Premium	Non-Hurricane Developed Incurred Losses	Loss Ratio (2)/(1)	Normal Loss Ratio	Excess Loss Ratio (3)-(4)	Total Excess Losses (1)x(5)	Excess Ratio (6)/(2)
Inland	290	2019	2,443,316	570,577	0.234	0.234	0.000	0	0.000
		2020	2,293,489	716,459	0.312	0.312	0.000	0	0.000
		2021	2,303,525	872,321	0.379	0.379	0.000	0	0.000
		2022	2,397,552	1,061,830	0.443	0.443	0.000	0	0.000
		<u>2023</u>	<u>2,959,434</u>	<u>1,190,603</u>	0.402	0.402	0.000	<u>0</u>	0.000
		Total	12,397,316	4,411,790				0	
	300	2019	1,244,319	434,207	0.349	0.349	0.000	0	0.000
		2020	1,622,010	1,875,092	1.156	0.500	0.656	1,064,039	0.567
		2021	1,784,194	628,201	0.352	0.352	0.000	0	0.000
		2022	1,835,125	1,338,341	0.729	0.500	0.229	420,244	0.314
		<u>2023</u>	<u>1,927,587</u>	<u>1,263,315</u>	0.655	0.500	0.155	<u>298,776</u>	0.237
		Total	8,413,235	5,539,156				1,783,059	
	310	2019	8,425,827	5,362,101	0.636	0.500	0.136	1,145,912	0.214
		2020	10,187,802	7,092,658	0.696	0.500	0.196	1,996,809	0.282
		2021	10,911,420	6,300,961	0.577	0.500	0.077	840,179	0.133
		2022	11,347,005	10,063,092	0.887	0.500	0.387	4,391,291	0.436
		<u>2023</u>	<u>12,843,617</u>	<u>8,693,667</u>	0.677	0.500	0.177	<u>2,273,320</u>	0.261
		Total	53,715,671	37,512,479				10,647,511	
	320	2019	4,317,024	3,241,994	0.751	0.500	0.251	1,083,573	0.334
		2020	4,728,687	3,256,327	0.689	0.500	0.189	893,722	0.274
		2021	5,020,953	3,369,591	0.671	0.500	0.171	858,583	0.255
		2022	5,574,311	3,961,613	0.711	0.500	0.211	1,176,180	0.297
		<u>2023</u>	<u>6,542,270</u>	<u>5,182,087</u>	0.792	0.500	0.292	<u>1,910,343</u>	0.369
		Total	26,183,245	19,011,612				5,922,401	
	330	2019	255,685	173,772	0.680	0.500	0.180	46,023	0.265
		2020	314,795	154,963	0.492	0.492	0.000	0	0.000
		2021	313,211	129,345	0.413	0.413	0.000	0	0.000
		2022	336,166	171,325	0.510	0.500	0.010	3,362	0.020
		<u>2023</u>	<u>396,466</u>	<u>378,001</u>	0.953	0.500	0.453	<u>179,599</u>	0.475
		Total	1,616,323	1,007,406				228,984	
	340	2019	8,876,796	7,159,529	0.807	0.500	0.307	2,725,176	0.381
		2020	10,356,984	10,531,804	1.017	0.500	0.517	5,354,561	0.508
		2021	10,723,137	5,754,124	0.537	0.500	0.037	396,756	0.069
		2022	13,057,734	9,165,917	0.702	0.500	0.202	2,637,662	0.288
		<u>2023</u>	<u>17,024,008</u>	<u>9,606,662</u>	0.564	0.500	0.064	<u>1,089,537</u>	0.113
		Total	60,038,659	42,218,036				12,203,692	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TERRITORY EXCESS LOSSES
EXTENDED COVERAGE

Territory Group	Territory	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Reported Earned Premium	Non-Hurricane Developed Incurred Losses	Loss Ratio (2)/(1)	Normal Loss Ratio	Excess Loss Ratio (3)-(4)	Total Excess Losses (1)x(5)	Excess Ratio (6)/(2)
Inland	350	2019	3,220,987	1,690,839	0.525	0.500	0.025	80,525	0.048
		2020	3,732,090	2,791,195	0.748	0.500	0.248	925,558	0.332
		2021	4,024,483	1,641,628	0.408	0.408	0.000	0	0.000
		2022	4,557,118	4,485,712	0.984	0.500	0.484	2,205,645	0.492
		<u>2023</u>	<u>5,410,152</u>	<u>3,976,517</u>	0.735	0.500	0.235	<u>1,271,386</u>	0.320
		Total	20,944,830	14,585,891				4,483,114	
	360	2019	6,866,342	3,278,793	0.478	0.478	0.000	0	0.000
		2020	7,410,905	3,490,971	0.471	0.471	0.000	0	0.000
		2021	7,564,243	2,876,571	0.380	0.380	0.000	0	0.000
		2022	8,550,109	5,641,507	0.660	0.500	0.160	1,368,017	0.242
		<u>2023</u>	<u>10,454,970</u>	<u>5,677,684</u>	0.543	0.500	0.043	<u>449,564</u>	0.079
		Total	40,846,569	20,965,526				1,817,581	
	370	2019	380,879	247,046	0.649	0.500	0.149	56,751	0.230
		2020	432,974	155,996	0.360	0.360	0.000	0	0.000
		2021	457,321	105,242	0.230	0.230	0.000	0	0.000
		2022	515,692	120,964	0.235	0.235	0.000	0	0.000
		<u>2023</u>	<u>619,324</u>	<u>464,381</u>	0.750	0.500	0.250	<u>154,831</u>	0.333
		Total	2,406,190	1,093,629				211,582	
	380	2019	1,164,554	443,765	0.381	0.381	0.000	0	0.000
		2020	1,211,117	803,547	0.663	0.500	0.163	197,412	0.246
		2021	1,244,559	512,340	0.412	0.412	0.000	0	0.000
		2022	1,464,155	1,024,291	0.700	0.500	0.200	292,831	0.286
		<u>2023</u>	<u>1,802,887</u>	<u>1,170,391</u>	0.649	0.500	0.149	<u>268,630</u>	0.230
		Total	6,887,272	3,954,334				758,873	
	390	2019	1,148,275	415,862	0.362	0.362	0.000	0	0.000
		2020	1,149,571	512,079	0.445	0.445	0.000	0	0.000
		2021	1,160,900	316,448	0.273	0.273	0.000	0	0.000
		2022	1,300,545	923,904	0.710	0.500	0.210	273,114	0.296
		<u>2023</u>	<u>1,586,424</u>	<u>820,669</u>	0.517	0.500	0.017	<u>26,969</u>	0.033
		Total	6,345,715	2,988,962				300,083	
Statewide		2019	165,480,958	55,876,702				9,444,857	
		2020	181,488,383	77,155,380				18,011,741	
		2021	193,546,488	59,964,329				3,009,120	
		2022	218,235,606	95,618,348				20,753,938	
		<u>2023</u>	<u>260,682,731</u>	<u>94,284,122</u>				<u>9,786,118</u>	
		Total	1,019,434,166	382,898,881				61,005,774	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DEVELOPMENT OF TERRITORY EXCESS LOSSES ON A \$500 DEDUCTIBLE LEVEL
EXTENDED COVERAGE

			(1)	(2)	(3)	(4)	(5)
			Total	Hurricane	Non-Hurricane		
Territory			Adjusted	Adjusted	Adjusted		Adjusted
Group	Territory	Year	Incurred	Incurred	Incurred Losses	Excess	Incurred
			Losses	Losses	(1) - (2)	Ratio	Excess Losses
							(3) x (4)
Beach	110	2019	11,629,250	9,542,071	2,087,179	0.000	0
		2020	3,092,128	215,302	2,876,826	0.000	0
		2021	1,547,704	44,934	1,502,770	0.000	0
		2022	3,285,797	91,839	3,193,958	0.000	0
		2023	3,378,566	46,749	3,331,817	0.000	0
		Total	22,933,445	9,940,895	12,992,550		0
	120	2019	6,812,029	4,855,881	1,956,148	0.000	0
		2020	10,975,657	8,915,901	2,059,756	0.000	0
		2021	1,855,084	200,099	1,654,985	0.000	0
		2022	5,765,928	1,763,766	4,002,162	0.000	0
		2023	3,435,085	173,782	3,261,303	0.000	0
		Total	28,843,783	15,909,429	12,934,354		0
Coast	130	2019	2,099,283	1,665,514	433,769	0.000	0
		2020	848,876	180,331	668,545	0.000	0
		2021	435,700	0	435,700	0.000	0
		2022	906,113	92,425	813,688	0.000	0
		2023	609,465	55,197	554,268	0.000	0
		Total	4,899,437	1,993,467	2,905,970		0
	140	2019	6,935,944	3,958,941	2,977,003	0.000	0
		2020	8,852,158	5,413,656	3,438,502	0.000	0
		2021	4,968,491	85,010	4,883,481	0.000	0
		2022	9,400,366	1,862,095	7,538,271	0.000	0
		2023	6,126,638	401,647	5,724,991	0.000	0
		Total	36,283,597	11,721,349	24,562,248		0
	150	2019	4,500,805	2,867,944	1,632,861	0.000	0
		2020	5,317,582	2,190,664	3,126,918	0.000	0
		2021	5,400,769	119,617	5,281,152	0.000	0
		2022	5,569,155	283,689	5,285,466	0.000	0
		2023	6,644,786	171,533	6,473,253	0.000	0
		Total	27,433,097	5,633,447	21,799,650		0
	160	2019	2,596,097	922,670	1,673,427	0.000	0
		2020	4,637,302	2,397,715	2,239,587	0.000	0
		2021	2,631,439	126,221	2,505,218	0.000	0
		2022	3,344,368	371,748	2,972,620	0.000	0
		2023	3,385,861	212,820	3,173,041	0.000	0
		Total	16,595,067	4,031,174	12,563,893		0

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DEVELOPMENT OF TERRITORY EXCESS LOSSES ON A \$500 DEDUCTIBLE LEVEL
EXTENDED COVERAGE

			(1)	(2)	(3)	(4)	(5)
			Total	Hurricane	Non-Hurricane		
Territory			Adjusted	Adjusted	Adjusted		Adjusted
Group	Territory	Year	Incurred	Incurred	Incurred Losses	Excess	Excess
			Losses	Losses	(1) - (2)	Ratio	Losses
							(3) x (4)
Inland	170	2019	2,312,901	34,572	2,278,329	0.849	1,934,301
		2020	1,455,731	487,028	968,703	0.566	548,286
		2021	274,153	28,380	245,773	0.000	0
		2022	524,978	76,793	448,185	0.000	0
		<u>2023</u>	<u>511,542</u>	<u>0</u>	<u>511,542</u>	<u>0.000</u>	<u>0</u>
		Total	5,079,305	626,773	4,452,532		2,482,587
	180	2019	4,145,965	866,827	3,279,138	0.000	0
		2020	5,457,673	1,711,727	3,745,946	0.000	0
		2021	2,876,917	256,521	2,620,396	0.000	0
		2022	5,026,534	309,352	4,717,182	0.000	0
		<u>2023</u>	<u>5,527,311</u>	<u>150,526</u>	<u>5,376,785</u>	<u>0.000</u>	<u>0</u>
		Total	23,034,400	3,294,953	19,739,447		0
	190	2019	1,015,273	474,545	540,728	0.000	0
		2020	1,495,110	439,653	1,055,457	0.000	0
		2021	997,562	61,425	936,137	0.000	0
		2022	1,442,061	50,615	1,391,446	0.000	0
		<u>2023</u>	<u>1,576,175</u>	<u>90,555</u>	<u>1,485,620</u>	<u>0.000</u>	<u>0</u>
		Total	6,526,181	1,116,793	5,409,388		0
	200	2019	670,125	380,366	289,759	0.000	0
		2020	847,950	308,031	539,919	0.000	0
		2021	232,126	1,494	230,632	0.000	0
		2022	1,406,866	723,931	682,935	0.000	0
		<u>2023</u>	<u>817,461</u>	<u>114,543</u>	<u>702,918</u>	<u>0.000</u>	<u>0</u>
		Total	3,974,528	1,528,365	2,446,163		0
	210	2019	1,019,989	45,808	974,181	0.167	162,688
		2020	1,845,393	182,685	1,662,708	0.417	693,349
		2021	1,541,550	133,247	1,408,303	0.123	173,221
		2022	2,588,005	123,341	2,464,664	0.447	1,101,705
		<u>2023</u>	<u>2,178,765</u>	<u>35,808</u>	<u>2,142,957</u>	<u>0.226</u>	<u>484,308</u>
		Total	9,173,702	520,889	8,652,813		2,615,271
	220	2019	4,309,964	392,455	3,917,509	0.000	0
		2020	6,677,572	684,093	5,993,479	0.044	263,713
		2021	4,969,080	327,194	4,641,886	0.000	0
		2022	9,569,749	800,515	8,769,234	0.327	2,867,540
		<u>2023</u>	<u>6,483,406</u>	<u>208,979</u>	<u>6,274,427</u>	<u>0.000</u>	<u>0</u>
		Total	32,009,771	2,413,236	29,596,535		3,131,253

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DEVELOPMENT OF TERRITORY EXCESS LOSSES ON A \$500 DEDUCTIBLE LEVEL
EXTENDED COVERAGE

Territory Group	Territory	Year	(1) Total Adjusted Incurred Losses	(2) Hurricane Adjusted Incurred Losses	(3) Non-Hurricane Adjusted Incurred Losses (1) - (2)	(4) Excess Ratio	(5) Adjusted Incurred Excess Losses (3) x (4)
Inland	230	2019	675,219	128,971	546,248	0.000	0
		2020	1,385,962	85,224	1,300,738	0.000	0
		2021	1,715,400	42,218	1,673,182	0.000	0
		2022	1,673,116	621,507	1,051,609	0.000	0
		<u>2023</u>	<u>1,307,010</u>	<u>58,067</u>	<u>1,248,943</u>	0.000	<u>0</u>
		Total	6,756,707	935,987	5,820,720		0
	240	2019	3,315,839	245,420	3,070,419	0.211	647,858
		2020	4,482,911	526,008	3,956,903	0.296	1,171,243
		2021	4,046,601	264,414	3,782,187	0.193	729,962
		2022	6,089,468	505,792	5,583,676	0.367	2,049,209
		<u>2023</u>	<u>5,054,896</u>	<u>96,227</u>	<u>4,958,669</u>	0.133	<u>659,503</u>
		Total	22,989,715	1,637,861	21,351,854		5,257,775
	250	2019	1,922,232	159,252	1,762,980	0.000	0
		2020	3,647,918	341,887	3,306,031	0.101	333,909
		2021	2,529,847	99,404	2,430,443	0.000	0
		2022	3,417,348	839,871	2,577,477	0.008	20,620
		<u>2023</u>	<u>3,322,930</u>	<u>37,035</u>	<u>3,285,895</u>	0.133	<u>437,024</u>
		Total	14,840,275	1,477,449	13,362,826		791,553
	260	2019	981,687	3,795	977,892	0.000	0
		2020	1,536,468	154,947	1,381,521	0.000	0
		2021	1,252,428	20,661	1,231,767	0.078	96,078
		2022	2,098,493	220,470	1,878,023	0.285	535,237
		<u>2023</u>	<u>1,689,037</u>	<u>14,453</u>	<u>1,674,584</u>	0.064	<u>107,173</u>
		Total	7,558,113	414,326	7,143,787		738,488
	270	2019	7,134,564	93,273	7,041,291	0.269	1,894,107
		2020	11,257,741	647,635	10,610,106	0.467	4,954,920
		2021	5,604,832	172,938	5,431,894	0.000	0
		2022	11,241,413	1,431,102	9,810,311	0.195	1,913,011
		<u>2023</u>	<u>11,143,191</u>	<u>49,469</u>	<u>11,093,722</u>	0.031	<u>343,905</u>
		Total	46,381,741	2,394,417	43,987,324		9,105,943
	280	2019	806,780	729	806,051	0.000	0
		2020	1,337,610	71,880	1,265,730	0.234	296,181
		2021	1,192,253	88,214	1,104,039	0.000	0
		2022	1,797,089	298,995	1,498,094	0.120	179,771
		<u>2023</u>	<u>1,359,304</u>	<u>0</u>	<u>1,359,304</u>	0.000	<u>0</u>
		Total	6,493,036	459,818	6,033,218		475,952

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DEVELOPMENT OF TERRITORY EXCESS LOSSES ON A \$500 DEDUCTIBLE LEVEL
EXTENDED COVERAGE

Territory Group	Territory	Year	(1) Total Adjusted Incurred Losses	(2) Hurricane Adjusted Incurred Losses	(3) Non-Hurricane Adjusted Incurred Losses (1) - (2)	(4) Excess Ratio	(5) Adjusted Incurred Excess Losses (3) x (4)
Inland	290	2019	634,338	0	634,338	0.000	0
		2020	812,034	47,806	764,228	0.000	0
		2021	948,270	16,319	931,951	0.000	0
		2022	1,391,092	256,121	1,134,971	0.000	0
		<u>2023</u>	<u>1,329,816</u>	<u>18,151</u>	<u>1,311,665</u>	0.000	<u>0</u>
		Total	5,115,550	338,397	4,777,153		0
	300	2019	470,513	7,355	463,158	0.000	0
		2020	2,160,120	162,875	1,997,245	0.567	1,132,438
		2021	679,475	11,101	668,374	0.000	0
		2022	1,704,869	255,565	1,449,304	0.314	455,081
		<u>2023</u>	<u>1,352,868</u>	<u>0</u>	<u>1,352,868</u>	0.237	<u>320,630</u>
		Total	6,367,845	436,896	5,930,949		1,908,149
	310	2019	5,743,578	32,213	5,711,365	0.214	1,222,232
		2020	9,446,806	1,867,473	7,579,333	0.282	2,137,372
		2021	7,043,150	210,186	6,832,964	0.133	908,784
		2022	12,105,758	1,279,368	10,826,390	0.436	4,720,306
		<u>2023</u>	<u>9,818,871</u>	<u>337,717</u>	<u>9,481,154</u>	0.261	<u>2,474,581</u>
		Total	44,158,163	3,726,957	40,431,206		11,463,275
	320	2019	3,464,119	12,517	3,451,602	0.334	1,152,835
		2020	4,336,587	681,509	3,655,078	0.274	1,001,491
		2021	3,787,025	59,373	3,727,652	0.255	950,551
		2022	4,681,693	466,340	4,215,353	0.297	1,251,960
		<u>2023</u>	<u>5,686,624</u>	<u>71,451</u>	<u>5,615,173</u>	0.369	<u>2,071,999</u>
		Total	21,956,048	1,291,190	20,664,858		6,428,836
	330	2019	179,810	0	179,810	0.265	47,650
		2020	278,604	111,762	166,842	0.000	0
		2021	141,442	0	141,442	0.000	0
		2022	226,351	43,725	182,626	0.020	3,653
		<u>2023</u>	<u>402,037</u>	<u>0</u>	<u>402,037</u>	0.475	<u>190,968</u>
		Total	1,228,244	155,487	1,072,757		242,271
	340	2019	7,689,208	49,600	7,639,608	0.381	2,910,691
		2020	12,821,535	1,313,276	11,508,259	0.508	5,846,196
		2021	6,309,582	204,946	6,104,636	0.069	421,220
		2022	10,525,598	671,884	9,853,714	0.288	2,837,870
		<u>2023</u>	<u>10,490,788</u>	<u>173,577</u>	<u>10,317,211</u>	0.113	<u>1,165,845</u>
		Total	47,836,711	2,413,283	45,423,428		13,181,822

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DEVELOPMENT OF TERRITORY EXCESS LOSSES ON A \$500 DEDUCTIBLE LEVEL
EXTENDED COVERAGE

Territory Group	Territory	Year	(1) Total Adjusted Incurred Losses	(2) Hurricane Adjusted Incurred Losses	(3) Non-Hurricane Adjusted Incurred Losses (1) - (2)	(4) Excess Ratio	(5) Adjusted Incurred Excess Losses (3) x (4)
Inland	350	2019	1,803,903	28,405	1,775,498	0.048	85,224
		2020	3,568,398	626,758	2,941,640	0.332	976,624
		2021	1,790,576	49,065	1,741,511	0.000	0
		2022	4,951,515	156,229	4,795,286	0.492	2,359,281
		<u>2023</u>	<u>4,280,003</u>	<u>5,649</u>	<u>4,274,354</u>	<u>0.320</u>	<u>1,367,793</u>
		Total	16,394,395	866,106	15,528,289		4,788,922
	360	2019	3,496,577	46,401	3,450,176	0.000	0
		2020	4,665,126	911,000	3,754,126	0.000	0
		2021	3,141,963	73,551	3,068,412	0.000	0
		2022	6,255,913	94,087	6,161,826	0.242	1,491,162
		<u>2023</u>	<u>6,106,759</u>	<u>9,292</u>	<u>6,097,467</u>	<u>0.079</u>	<u>481,700</u>
		Total	23,666,338	1,134,331	22,532,007		1,972,862
	370	2019	266,482	0	266,482	0.230	61,291
		2020	170,094	7,802	162,292	0.000	0
		2021	110,637	0	110,637	0.000	0
		2022	131,958	0	131,958	0.000	0
		<u>2023</u>	<u>535,207</u>	<u>0</u>	<u>535,207</u>	<u>0.333</u>	<u>178,224</u>
		Total	1,214,378	7,802	1,206,576		239,515
	380	2019	472,623	0	472,623	0.000	0
		2020	1,017,116	93,857	923,259	0.246	227,122
		2021	569,913	10,237	559,676	0.000	0
		2022	1,089,790	0	1,089,790	0.286	311,680
		<u>2023</u>	<u>1,247,471</u>	<u>0</u>	<u>1,247,471</u>	<u>0.230</u>	<u>286,918</u>
		Total	4,396,913	104,094	4,292,819		825,720
	390	2019	448,878	0	448,878	0.000	0
		2020	602,611	48,897	553,714	0.000	0
		2021	347,239	0	347,239	0.000	0
		2022	1,005,838	6,200	999,638	0.296	295,893
		<u>2023</u>	<u>893,618</u>	<u>0</u>	<u>893,618</u>	<u>0.033</u>	<u>29,489</u>
		Total	3,298,184	55,097	3,243,087		325,382
Statewide		2019	87,553,975	26,815,525	60,738,450		10,118,877
		2020	115,030,773	30,827,382	84,203,391		19,582,844
		2021	68,941,208	2,706,769	66,234,439		3,279,816
		2022	119,217,222	13,697,365	105,519,857		22,393,979
		<u>2023</u>	<u>106,695,491</u>	<u>2,533,227</u>	<u>104,162,264</u>		<u>10,600,060</u>
		Total	497,438,669	76,580,268	420,858,401		65,975,576

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

TERRITORY EXCESS HISTORY EXTENDED COVERAGE

		(1)	(2)	(3)	(4)	(5)
Territory		Reported	Non-Hurricane			Excess
		Earned	Developed	Loss Ratio	Normal	Loss Ratio
<u>Group</u> ^(a)	<u>Year</u>	<u>Premium</u>	<u>Incurred Losses</u>	<u>(2)/(1)</u>	<u>Loss Ratio</u>	<u>(3)-(4)</u>
Beach	1994	12,810,077	908,287	0.071	0.071	0.000
	1995	14,277,092	610,612	0.043	0.043	0.000
	1996	16,284,838	1,368,719	0.084	0.084	0.000
	1997	20,632,874	857,168	0.042	0.042	0.000
	1998	21,926,477	5,178,232	0.236	0.236	0.000
	1999	25,611,849	11,081,702	0.433	0.433	0.000
	2000	28,077,262	1,501,064	0.053	0.053	0.000
	2001	21,673,412	1,149,484	0.053	0.053	0.000
	2002	22,940,351	1,165,195	0.051	0.051	0.000
	2003	26,026,651	3,007,193	0.116	0.116	0.000
	2004	29,879,061	2,228,458	0.075	0.075	0.000
	2005	34,544,227	2,142,282	0.062	0.062	0.000
	2006	37,440,178	2,133,444	0.057	0.057	0.000
	2007	45,036,237	2,439,041	0.054	0.054	0.000
	2008	48,846,340	2,162,126	0.044	0.044	0.000
	2009	45,439,460	2,755,214	0.061	0.061	0.000
	2010	43,461,783	2,770,274	0.064	0.064	0.000
	2011	38,091,605	1,974,297	0.052	0.052	0.000
	2012	36,029,152	2,076,940	0.058	0.058	0.000
	2013	37,644,589	2,369,563	0.063	0.063	0.000
	2014	42,698,055	2,579,285	0.060	0.060	0.000
	2015	46,223,933	3,746,603	0.081	0.081	0.000
	2016	47,013,981	2,595,281	0.055	0.055	0.000
	2017	46,462,933	3,548,381	0.076	0.076	0.000
	2018	44,140,224	5,591,482	0.127	0.127	0.000
	2019	44,287,841	3,184,575	0.072	0.072	0.000
	2020	45,144,446	4,128,766	0.091	0.091	0.000
	2021	48,053,637	2,625,686	0.055	0.055	0.000
	2022	53,897,591	5,836,818	0.108	0.108	0.000
	<u>2023</u>	63,138,520	5,354,441	<u>0.085</u>	<u>0.085</u>	<u>0.000</u>
Average				0.086	0.086	0.000

Selected Excess Distributional Weight = 1.0

^(a) The Beach Territory Group consists of current Territories 110 and 120, as well as past Territories 04, 05, 06, 07, and 08.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

TERRITORY EXCESS HISTORY EXTENDED COVERAGE

Territory Group ^(a)	Year	(1) Reported Earned <u>Premium</u>	(2) Non-Hurricane Developed <u>Incurred Losses</u>	(3) Loss Ratio <u>(2)/(1)</u>	(4) Normal <u>Loss Ratio</u>	(5) Excess Loss Ratio <u>(3)-(4)</u>
Coast	1994	4,136,913	414,178	0.100	0.100	0.000
	1995	4,400,806	614,221	0.140	0.140	0.000
	1996	4,747,317	1,244,955	0.262	0.262	0.000
	1997	5,714,794	731,035	0.128	0.128	0.000
	1998	6,480,779	1,604,853	0.248	0.248	0.000
	1999	8,281,989	4,156,110	0.502	0.500	0.002
	2000	10,595,742	990,675	0.093	0.093	0.000
	2001	9,677,523	810,004	0.084	0.084	0.000
	2002	10,765,695	1,017,967	0.095	0.095	0.000
	2003	12,832,643	1,676,339	0.131	0.131	0.000
	2004	13,658,566	1,199,394	0.088	0.088	0.000
	2005	14,958,786	1,660,690	0.111	0.111	0.000
	2006	16,801,890	1,664,870	0.099	0.099	0.000
	2007	20,873,986	982,392	0.047	0.047	0.000
	2008	20,870,002	1,319,294	0.063	0.063	0.000
	2009	19,385,890	1,616,200	0.083	0.083	0.000
	2010	20,296,410	3,054,900	0.151	0.151	0.000
	2011	21,325,373	3,485,808	0.163	0.163	0.000
	2012	22,134,860	2,910,030	0.131	0.131	0.000
	2013	24,503,099	2,598,727	0.106	0.106	0.000
	2014	28,399,077	6,559,307	0.231	0.231	0.000
	2015	33,058,524	4,350,447	0.132	0.132	0.000
	2016	34,495,367	4,082,156	0.118	0.118	0.000
	2017	33,759,796	5,162,095	0.153	0.153	0.000
	2018	33,149,089	7,486,872	0.226	0.226	0.000
	2019	35,790,588	5,893,860	0.165	0.165	0.000
	2020	39,007,993	8,338,869	0.214	0.214	0.000
	2021	42,879,903	11,167,317	0.260	0.260	0.000
	2022	50,102,656	14,226,953	0.284	0.284	0.000
	<u>2023</u>	<u>59,896,674</u>	<u>13,727,844</u>	<u>0.229</u>	<u>0.229</u>	<u>0.000</u>
	Average			0.161	0.161	0.000

Selected Excess Distributional Weight = 1.5

^(a) The Coast Territory Group consists of current Territories 130-160, as well as past Territories 30, 31, 42, 43, 48, 49, and 52.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

TERRITORY EXCESS HISTORY EXTENDED COVERAGE

		(1)	(2)	(3)	(4)	(5)
Territory		Reported	Non-Hurricane			Excess
		Earned	Developed	Loss Ratio	Normal	Loss Ratio
<u>Group</u> ^(a)	<u>Year</u>	<u>Premium</u>	<u>Incurred Losses</u>	<u>(2)/(1)</u>	<u>Loss Ratio</u>	<u>(3)-(4)</u>
Inland	1994	17,115,160	6,816,738	0.398	0.398	0.000
	1995	17,791,896	6,721,602	0.378	0.378	0.000
	1996	18,828,702	7,485,717	0.398	0.398	0.000
	1997	19,326,674	6,386,230	0.330	0.330	0.000
	1998	21,566,331	12,756,189	0.591	0.500	0.091
	1999	24,024,133	11,163,759	0.465	0.465	0.000
	2000	25,603,446	12,064,722	0.471	0.471	0.000
	2001	27,121,467	7,268,072	0.268	0.268	0.000
	2002	29,095,912	13,542,810	0.465	0.465	0.000
	2003	31,307,587	14,668,157	0.469	0.469	0.000
	2004	33,846,888	11,590,805	0.342	0.342	0.000
	2005	37,157,722	11,523,625	0.310	0.310	0.000
	2006	39,217,323	12,863,339	0.328	0.328	0.000
	2007	41,511,468	14,991,832	0.361	0.361	0.000
	2008	18,501,436	10,517,787	0.568	0.500	0.068
	2009	46,418,680	24,903,333	0.536	0.500	0.036
	2010	48,580,790	30,188,858	0.621	0.500	0.121
	2011	52,428,029	101,534,090	1.937	0.500	1.437
	2012	56,566,396	38,417,593	0.679	0.500	0.179
	2013	68,165,223	31,547,709	0.463	0.463	0.000
	2014	58,387,637	32,253,525	0.552	0.500	0.052
	2015	65,362,559	33,118,931	0.507	0.500	0.007
	2016	69,589,034	36,862,086	0.530	0.500	0.030
	2017	70,747,763	41,921,036	0.593	0.500	0.093
	2018	73,209,866	45,891,477	0.627	0.500	0.127
	2019	85,402,529	46,798,267	0.548	0.500	0.048
	2020	97,335,944	64,687,745	0.665	0.500	0.165
	2021	102,612,948	46,171,326	0.450	0.450	0.000
	2022	114,235,359	75,554,577	0.661	0.500	0.161
	<u>2023</u>	137,647,537	75,201,837	<u>0.546</u>	<u>0.500</u>	<u>0.046</u>
Average				0.535	0.447	0.089

Selected Excess Distributional Weight = 4.0

^(a) The Inland Territory Group consists of current Territories 170-390, as well as past Territories 32-41, 44-47, 53, 57, and 60.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TERRITORY EXCESS FACTORS
EXTENDED COVERAGE

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
		Total	Hurricane	Non-Hurricane	Non-Hurricane	Loss	Trended	Excess	Excess	Statewide	Excess	Territory
		Adjusted	Adjusted	Adjusted	Adjusted	Trend	Non-Hurricane	Distributional	Amount	Excess	Unit	Excess
		Incurred	Incurred	Incurred	Incurred Losses	Factor	Adjusted Incurred	Weight	(6)x(7)	Factor	(6)/(8)x[(9)-1.0]	Factor
Territory	Year	Losses	Losses	Excess Losses	(1) - (2) - (3)		(4)x(5)					1.0+[(7)x(10)]
Beach	2019	18,441,279	14,397,952	0	4,043,327	2.141	8,656,763	1.0	8,656,763			
	2020	14,067,785	9,131,203	0	4,936,582	1.911	9,433,808	1.0	9,433,808			
	2021	3,402,788	245,033	0	3,157,755	1.707	5,390,288	1.0	5,390,288			
	2022	9,051,725	1,855,605	0	7,196,120	1.524	10,966,887	1.0	10,966,887			
	<u>2023</u>	<u>6,813,651</u>	<u>220,531</u>	<u>0</u>	<u>6,593,120</u>	<u>1.360</u>	<u>8,966,643</u>	<u>1.0</u>	<u>8,966,643</u>			
	Total	51,777,228	25,850,324	0	25,926,904		43,414,389	1.0	43,414,389			1.015
Coast	2019	16,132,129	9,415,069	0	6,717,060	2.141	14,381,225	1.5	21,571,838			
	2020	19,655,918	10,182,366	0	9,473,552	1.911	18,103,958	1.5	27,155,937			
	2021	13,436,399	330,848	0	13,105,551	1.707	22,371,176	1.5	33,556,764			
	2022	19,220,002	2,609,957	0	16,610,045	1.524	25,313,709	1.5	37,970,564			
	<u>2023</u>	<u>16,766,750</u>	<u>841,197</u>	<u>0</u>	<u>15,925,553</u>	<u>1.360</u>	<u>21,658,752</u>	<u>1.5</u>	<u>32,488,128</u>			
	Total	85,211,198	23,379,437	0	61,831,761		101,828,820	1.5	152,743,231			1.023
Inland	2019	52,980,567	3,002,504	10,118,877	39,859,186	2.141	85,338,517	4.0	341,354,068			
	2020	81,307,070	11,513,813	19,582,844	50,210,413	1.911	95,952,099	4.0	383,808,396			
	2021	52,102,021	2,130,888	3,279,816	46,691,317	1.707	79,702,078	4.0	318,808,312			
	2022	90,945,495	9,231,803	22,393,979	59,319,713	1.524	90,403,243	4.0	361,612,972			
	<u>2023</u>	<u>83,115,090</u>	<u>1,471,499</u>	<u>10,600,060</u>	<u>71,043,531</u>	<u>1.360</u>	<u>96,619,202</u>	<u>4.0</u>	<u>386,476,808</u>			
	Total	360,450,243	27,350,507	65,975,576	267,124,160		448,015,139	4.0	1,792,060,556			1.061
Statewide		497,438,669	76,580,268	65,975,576	354,882,825		593,258,348		1,988,218,176	1.051	0.015218	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
110	Buildings	2019	10,902	247	38,777,634	3,556.93	14.401	1.413	54,792,797	20.348
		2020	10,591	247	37,465,829	3,537.52	14.322	1.401	52,489,626	20.065
		2021	10,420	247	37,121,745	3,562.55	14.423	1.370	50,856,791	19.760
		2022	10,408	247	39,164,309	3,762.90	15.234	1.287	50,404,466	19.607
		2023	10,629	247	43,527,359	4,095.15	16.580	1.170	50,927,010	19.398
		Total	52,950	247	196,056,876	3,702.68	14.991		259,470,690	19.839
	Contents	2019	9,653	29	1,588,288	164.54	5.674	1.771	2,812,858	10.048
		2020	9,423	29	1,578,142	167.48	5.775	1.694	2,673,373	9.783
		2021	9,211	29	1,616,908	175.54	6.053	1.583	2,559,565	9.582
		2022	9,192	29	1,732,170	188.44	6.498	1.455	2,520,307	9.455
		2023	9,509	29	1,972,114	207.39	7.152	1.311	2,585,441	9.376
		Total	46,988	29	8,487,622	180.63	6.229		13,151,544	9.651
	Total	2019	20,555	144.62	40,365,922	1,963.80	13.579		57,605,655	19.378
		2020	20,014	144.36	39,043,971	1,950.83	13.514		55,162,999	19.093
		2021	19,631	144.71	38,738,653	1,973.34	13.637		53,416,356	18.803
		2022	19,600	144.76	40,896,479	2,086.56	14.414		52,924,773	18.653
		2023	20,138	144.06	45,499,473	2,259.38	15.684		53,512,451	18.446
		Total	99,938	144.50	204,544,498	2,046.71	14.164		272,622,234	18.878
120	Buildings	2019	14,764	277	45,826,399	3,103.93	11.206	1.413	64,752,702	15.833
		2020	14,296	277	44,324,111	3,100.46	11.193	1.401	62,098,080	15.681
		2021	13,898	277	43,822,187	3,153.13	11.383	1.370	60,036,396	15.595
		2022	13,708	277	45,814,889	3,342.20	12.066	1.287	58,963,762	15.529
		2023	13,863	277	51,285,264	3,699.43	13.355	1.170	60,003,759	15.626
		Total	70,529	277	231,072,850	3,276.28	11.828		305,854,699	15.656
	Contents	2019	12,560	37	2,304,465	183.48	4.959	1.771	4,081,208	8.782
		2020	12,134	37	2,267,628	186.88	5.051	1.694	3,841,362	8.556
		2021	11,827	37	2,285,485	193.24	5.223	1.583	3,617,923	8.268
		2022	11,821	37	2,459,808	208.09	5.624	1.455	3,579,021	8.183
		2023	12,501	37	2,970,348	237.61	6.422	1.311	3,894,126	8.419
		Total	60,843	37	12,287,734	201.96	5.458		19,013,640	8.446
	Total	2019	27,324	166.68	48,130,864	1,761.49	10.568		68,833,910	15.114
		2020	26,430	166.82	46,591,739	1,762.84	10.567		65,939,442	14.955
		2021	25,725	166.66	46,107,672	1,792.33	10.754		63,654,319	14.847
		2022	25,529	165.87	48,274,697	1,890.97	11.400		62,542,783	14.770
		2023	26,364	163.20	54,255,612	2,057.94	12.610		63,897,885	14.851
		Total	131,372	165.85	243,360,584	1,852.45	11.169		324,868,339	14.910
130	Buildings	2019	4,790	183	5,291,347	1,104.67	6.036	1.413	7,476,673	8.529
		2020	4,695	183	5,313,033	1,131.64	6.184	1.401	7,443,559	8.664
		2021	4,700	183	5,518,403	1,174.13	6.416	1.370	7,560,212	8.790
		2022	4,759	183	5,974,573	1,255.43	6.860	1.287	7,689,275	8.829
		2023	4,806	183	6,592,249	1,371.67	7.495	1.170	7,712,931	8.770
		Total	23,750	183	28,689,605	1,207.98	6.601		37,882,650	8.716
	Contents	2019	3,206	26	280,559	87.51	3.366	1.771	496,870	5.961
		2020	3,210	26	295,191	91.96	3.537	1.694	500,054	5.992
		2021	3,235	26	314,022	97.07	3.733	1.583	497,097	5.910
		2022	3,348	26	354,663	105.93	4.074	1.455	516,035	5.928
		2023	3,482	26	401,731	115.37	4.437	1.311	526,669	5.817
		Total	16,481	26	1,646,166	99.88	3.842		2,536,725	5.920
	Total	2019	7,996	120.05	5,571,906	696.84	5.805		7,973,543	8.306
		2020	7,905	119.25	5,608,224	709.45	5.949		7,943,613	8.427
		2021	7,935	118.99	5,832,425	735.03	6.177		8,057,309	8.534
		2022	8,107	118.16	6,329,236	780.71	6.607		8,205,310	8.566
		2023	8,288	117.04	6,993,980	843.87	7.210		8,239,600	8.494
		Total	40,231	118.68	30,335,771	754.04	6.354		40,419,375	8.465

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
140	Buildings	2019	30,356	216	40,909,784	1,347.67	6.239	1.413	57,805,525	8.816
		2020	29,719	216	40,021,388	1,346.66	6.235	1.401	56,069,965	8.735
		2021	29,925	216	41,689,177	1,393.12	6.450	1.370	57,114,172	8.836
		2022	30,828	216	46,485,834	1,507.91	6.981	1.287	59,827,268	8.985
		2023	<u>31,626</u>	<u>216</u>	<u>53,281,099</u>	<u>1,684.72</u>	<u>7.800</u>	<u>1.170</u>	<u>62,338,886</u>	<u>9.126</u>
		Total	152,454	216	222,387,282	1,458.72	6.753		293,155,816	8.902
	Contents	2019	20,334	30	1,745,900	85.86	2.862	1.771	3,091,989	5.069
		2020	20,263	30	1,818,268	89.73	2.991	1.694	3,080,146	5.067
		2021	21,092	30	1,991,748	94.43	3.148	1.583	3,152,937	4.983
		2022	22,878	30	2,332,002	101.93	3.398	1.455	3,393,063	4.944
		2023	<u>24,533</u>	<u>30</u>	<u>2,752,804</u>	<u>112.21</u>	<u>3.740</u>	<u>1.311</u>	<u>3,608,926</u>	<u>4.903</u>
		Total	109,100	30	10,640,722	97.53	3.251		16,327,061	4.988
	Total	2019	50,690	141.39	42,655,684	841.50	5.952		60,897,514	8.497
		2020	49,982	140.59	41,839,656	837.09	5.954		59,150,111	8.418
		2021	51,017	139.10	43,680,925	856.20	6.155		60,267,109	8.493
		2022	53,706	136.77	48,817,836	908.98	6.646		63,220,331	8.607
		2023	<u>56,159</u>	<u>134.75</u>	<u>56,033,903</u>	<u>997.77</u>	<u>7.405</u>		<u>65,947,812</u>	<u>8.715</u>
		Total	261,554	138.42	233,028,004	890.94	6.436		309,482,877	8.548
150	Buildings	2019	19,241	161	17,041,881	885.71	5.501	1.413	24,080,178	7.773
		2020	19,007	161	16,835,301	885.74	5.502	1.401	23,586,257	7.708
		2021	19,206	161	17,332,299	902.44	5.605	1.370	23,745,250	7.679
		2022	19,422	161	18,358,209	945.23	5.871	1.287	23,627,015	7.556
		2023	<u>19,710</u>	<u>161</u>	<u>20,221,792</u>	<u>1,025.97</u>	<u>6.372</u>	<u>1.170</u>	<u>23,659,497</u>	<u>7.456</u>
		Total	96,586	161	89,789,482	929.63	5.774		118,698,197	7.633
	Contents	2019	11,787	12	423,872	35.96	2.997	1.771	750,677	5.307
		2020	11,857	12	446,436	37.65	3.138	1.694	756,263	5.315
		2021	12,355	12	492,245	39.84	3.320	1.583	779,224	5.256
		2022	12,988	12	555,861	42.80	3.567	1.455	808,778	5.189
		2023	<u>13,378</u>	<u>12</u>	<u>619,138</u>	<u>46.28</u>	<u>3.857</u>	<u>1.311</u>	<u>811,690</u>	<u>5.056</u>
		Total	62,365	12	2,537,552	40.69	3.391		3,906,632	5.220
	Total	2019	31,028	104.40	17,465,753	562.90	5.392		24,830,855	7.665
		2020	30,864	103.76	17,281,737	559.93	5.396		24,342,520	7.601
		2021	31,561	102.67	17,824,544	564.76	5.501		24,524,474	7.568
		2022	32,410	101.29	18,914,070	583.59	5.762		24,435,793	7.444
		2023	<u>33,088</u>	<u>100.76</u>	<u>20,840,930</u>	<u>629.86</u>	<u>6.251</u>		<u>24,471,187</u>	<u>7.340</u>
		Total	158,951	102.54	92,327,034	580.85	5.665		122,604,829	7.522
160	Buildings	2019	16,960	169	17,771,072	1,047.82	6.200	1.413	25,110,525	8.761
		2020	16,238	169	17,012,873	1,047.72	6.200	1.401	23,835,035	8.686
		2021	16,729	169	18,105,960	1,082.31	6.404	1.370	24,805,165	8.774
		2022	16,956	169	19,568,624	1,154.08	6.829	1.287	25,184,819	8.789
		2023	<u>17,234</u>	<u>169</u>	<u>21,930,188</u>	<u>1,272.50</u>	<u>7.530</u>	<u>1.170</u>	<u>25,658,320</u>	<u>8.810</u>
		Total	84,117	169	94,388,717	1,122.11	6.640		124,593,864	8.764
	Contents	2019	10,376	15	363,037	34.99	2.333	1.771	642,939	4.131
		2020	10,252	15	384,883	37.54	2.503	1.694	651,992	4.240
		2021	11,059	15	434,669	39.30	2.620	1.583	688,081	4.148
		2022	11,820	15	496,609	42.01	2.801	1.455	722,566	4.075
		2023	<u>12,444</u>	<u>15</u>	<u>567,605</u>	<u>45.61</u>	<u>3.041</u>	<u>1.311</u>	<u>744,130</u>	<u>3.987</u>
		Total	55,951	15	2,246,803	40.16	2.677		3,449,708	4.110
	Total	2019	27,336	110.55	18,134,109	663.38	6.001		25,753,464	8.522
		2020	26,490	109.40	17,397,756	656.77	6.003		24,487,027	8.450
		2021	27,788	107.71	18,540,629	667.22	6.195		25,493,246	8.517
		2022	28,776	105.74	20,065,233	697.29	6.594		25,907,385	8.514
		2023	<u>29,678</u>	<u>104.43</u>	<u>22,497,793</u>	<u>758.06</u>	<u>7.259</u>		<u>26,402,450</u>	<u>8.519</u>
		Total	140,068	107.48	96,635,520	689.92	6.419		128,043,572	8.505

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
170	Buildings	2019	2,294	84	975,963	425.44	5.065	1.413	1,379,036	7.157
		2020	2,381	84	1,043,145	438.11	5.216	1.401	1,461,446	7.307
		2021	2,520	84	1,167,789	463.41	5.517	1.370	1,599,871	7.558
		2022	2,627	84	1,290,374	491.20	5.848	1.287	1,660,711	7.526
		2023	2,708	84	1,435,795	530.20	6.312	1.170	1,679,880	7.385
		Total	12,530	84	5,913,066	471.91	5.618		7,780,944	7.393
	Contents	2019	1,486	6	35,498	23.89	3.981	1.771	62,867	7.051
		2020	1,592	6	41,357	25.98	4.330	1.694	70,059	7.334
		2021	1,715	6	48,229	28.12	4.687	1.583	76,347	7.420
		2022	1,810	6	54,375	30.04	5.007	1.455	79,116	7.285
		2023	1,860	6	59,956	32.23	5.372	1.311	78,602	7.043
		Total	8,463	6	239,415	28.29	4.715		366,991	7.227
	Total	2019	3,780	53.34	1,011,461	267.58	5.017		1,441,903	7.151
		2020	3,973	52.75	1,084,502	272.97	5.175		1,531,505	7.308
		2021	4,235	52.41	1,216,018	287.14	5.479		1,676,218	7.552
		2022	4,437	52.18	1,344,749	303.08	5.808		1,739,827	7.515
		2023	4,568	52.24	1,495,751	327.44	6.268		1,758,482	7.369
		Total	20,993	52.56	6,152,481	293.07	5.576		8,147,935	7.384
180	Buildings	2019	19,341	94	11,206,589	579.42	6.164	1.413	15,834,910	8.710
		2020	19,608	94	11,490,663	586.02	6.234	1.401	16,098,419	8.734
		2021	19,714	94	11,760,786	596.57	6.346	1.370	16,112,277	8.695
		2022	19,798	94	12,318,203	622.19	6.619	1.287	15,853,527	8.519
		2023	20,044	94	13,510,591	674.05	7.171	1.170	15,807,391	8.390
		Total	98,505	94	60,286,832	612.02	6.511		79,706,524	8.608
	Contents	2019	11,219	7	232,646	20.74	2.962	1.771	412,016	5.246
		2020	11,297	7	248,693	22.01	3.145	1.694	421,286	5.327
		2021	11,855	7	279,675	23.59	3.370	1.583	442,726	5.335
		2022	12,364	7	316,205	25.57	3.654	1.455	460,078	5.316
		2023	12,888	7	362,225	28.11	4.015	1.311	474,877	5.264
		Total	59,623	7	1,439,444	24.14	3.449		2,210,983	5.298
	Total	2019	30,560	62.06	11,439,235	374.32	6.032		16,246,926	8.567
		2020	30,905	62.20	11,739,356	379.85	6.107		16,519,705	8.594
		2021	31,569	61.33	12,040,461	381.40	6.219		16,555,003	8.551
		2022	32,162	60.55	12,634,408	392.84	6.488		16,313,605	8.377
		2023	32,932	59.95	13,872,816	421.26	7.027		16,282,268	8.247
		Total	158,128	61.20	61,726,276	390.36	6.378		81,917,507	8.465
190	Buildings	2019	8,121	100	3,941,566	485.35	4.854	1.413	5,569,433	6.858
		2020	8,208	100	3,995,509	486.78	4.868	1.401	5,597,708	6.820
		2021	8,380	100	4,191,613	500.19	5.002	1.370	5,742,510	6.853
		2022	8,484	100	4,469,866	526.86	5.269	1.287	5,752,718	6.781
		2023	8,743	100	5,000,375	571.93	5.719	1.170	5,850,439	6.692
		Total	41,936	100	21,598,929	515.05	5.150		28,512,808	6.799
	Contents	2019	4,776	12	184,420	38.61	3.218	1.771	326,608	5.699
		2020	4,957	12	203,329	41.02	3.418	1.694	344,439	5.790
		2021	5,273	12	228,256	43.29	3.607	1.583	361,329	5.710
		2022	5,466	12	253,499	46.38	3.865	1.455	368,841	5.623
		2023	5,707	12	288,389	50.53	4.211	1.311	378,078	5.521
		Total	26,179	12	1,157,893	44.23	3.686		1,779,295	5.664
	Total	2019	12,897	67.41	4,125,986	319.92	4.746		5,896,041	6.782
		2020	13,165	66.87	4,198,838	318.94	4.770		5,942,147	6.750
		2021	13,653	66.01	4,419,869	323.73	4.904		6,103,839	6.773
		2022	13,950	65.52	4,723,365	338.59	5.168		6,121,559	6.698
		2023	14,450	65.24	5,288,764	366.00	5.610		6,228,517	6.607
		Total	68,115	66.18	22,756,822	334.09	5.048		30,292,103	6.720

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
200	Buildings	2019	4,492	125	2,352,482	523.70	4.190	1.413	3,324,057	5.920
		2020	4,491	125	2,405,031	535.52	4.284	1.401	3,369,448	6.002
		2021	4,592	125	2,573,333	560.39	4.483	1.370	3,525,466	6.142
		2022	4,581	125	2,691,078	587.44	4.700	1.287	3,463,417	6.048
		2023	4,630	125	2,932,798	633.43	5.067	1.170	3,431,374	5.929
		Total	22,786	125	12,954,722	568.54	4.548		17,113,762	6.009
	Contents	2019	3,244	14	165,867	51.13	3.652	1.771	293,750	6.468
		2020	3,283	14	178,819	54.47	3.891	1.694	302,919	6.591
		2021	3,390	14	194,531	57.38	4.099	1.583	307,943	6.488
		2022	3,421	14	207,232	60.58	4.327	1.455	301,523	6.296
		2023	3,454	14	227,085	65.75	4.696	1.311	297,708	6.157
		Total	16,792	14	973,534	57.98	4.141		1,503,843	6.397
	Total	2019	7,736	78.45	2,518,349	325.54	4.150		3,617,807	5.961
		2020	7,774	78.12	2,583,850	332.37	4.255		3,672,367	6.047
		2021	7,982	77.86	2,767,864	346.76	4.454		3,833,409	6.168
		2022	8,002	77.55	2,898,310	362.20	4.671		3,764,940	6.067
		2023	8,084	77.57	3,159,883	390.88	5.039		3,729,082	5.947
		Total	39,578	77.91	13,928,256	351.92	4.517		18,617,605	6.038
210	Buildings	2019	6,605	81	2,749,595	416.29	5.139	1.413	3,885,178	7.262
		2020	6,740	81	2,859,691	424.29	5.238	1.401	4,006,427	7.339
		2021	7,005	81	3,074,964	438.97	5.419	1.370	4,212,701	7.425
		2022	7,346	81	3,449,184	469.53	5.797	1.287	4,439,100	7.460
		2023	7,551	81	3,917,265	518.77	6.405	1.170	4,583,200	7.493
		Total	35,247	81	16,050,699	455.38	5.622		21,126,606	7.400
	Contents	2019	3,205	4	42,168	13.16	3.289	1.771	74,680	5.825
		2020	3,342	4	49,303	14.75	3.688	1.694	83,519	6.248
		2021	3,686	4	59,453	16.13	4.032	1.583	94,114	6.383
		2022	3,977	4	71,035	17.86	4.465	1.455	103,356	6.497
		2023	4,047	4	82,786	20.46	5.114	1.311	108,532	6.704
		Total	18,257	4	304,745	16.69	4.173		464,201	6.356
	Total	2019	9,810	55.84	2,791,763	284.58	5.096		3,959,858	7.229
		2020	10,082	55.48	2,908,994	288.53	5.201		4,089,946	7.312
		2021	10,691	54.45	3,134,417	293.18	5.384		4,306,815	7.398
		2022	11,323	53.96	3,520,219	310.89	5.762		4,542,456	7.435
		2023	11,598	54.13	4,000,051	344.89	6.372		4,691,732	7.473
		Total	53,504	54.73	16,355,444	305.69	5.585		21,590,807	7.373
220	Buildings	2019	21,252	69	15,490,203	728.88	10.564	1.413	21,887,657	14.926
		2020	20,550	69	15,083,533	733.99	10.638	1.401	21,132,030	14.903
		2021	19,740	69	14,513,843	735.25	10.656	1.370	19,883,965	14.598
		2022	18,771	69	14,026,277	747.23	10.829	1.287	18,051,818	13.937
		2023	18,837	69	15,080,033	800.55	11.602	1.170	17,643,639	13.575
		Total	99,150	69	74,193,889	748.30	10.845		98,599,109	14.412
	Contents	2019	10,593	3	127,533	12.04	4.013	1.771	225,861	7.107
		2020	11,713	3	140,731	12.01	4.005	1.694	238,398	6.784
		2021	11,797	3	149,825	12.70	4.233	1.583	237,173	6.702
		2022	11,607	3	162,960	14.04	4.680	1.455	237,107	6.809
		2023	11,985	3	185,425	15.47	5.157	1.311	243,092	6.761
		Total	57,695	3	766,474	13.28	4.428		1,181,631	6.827
	Total	2019	31,845	47.05	15,617,736	490.43	10.424		22,113,518	14.759
		2020	32,263	45.04	15,224,264	471.88	10.477		21,370,428	14.707
		2021	31,537	44.31	14,663,668	464.97	10.494		20,121,138	14.399
		2022	30,378	43.78	14,189,237	467.09	10.669		18,288,925	13.752
		2023	30,822	43.34	15,265,458	495.28	11.428		17,886,731	13.390
		Total	156,845	44.72	74,960,363	477.93	10.687		99,780,740	14.226

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NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
230	Buildings	2019	11,643	115	4,958,497	425.88	3.703	1.413	7,006,356	5.233
		2020	11,610	115	5,029,379	433.19	3.767	1.401	7,046,160	5.277
		2021	11,779	115	5,210,424	442.35	3.847	1.370	7,138,281	5.270
		2022	11,899	115	5,513,241	463.34	4.029	1.287	7,095,541	5.185
		2023	12,258	115	6,196,529	505.51	4.396	1.170	7,249,939	5.143
		Total	59,189	115	26,908,070	454.61	3.953		35,536,277	5.221
	Contents	2019	7,914	12	266,008	33.61	2.801	1.771	471,100	4.961
		2020	7,963	12	279,324	35.08	2.923	1.694	473,175	4.952
		2021	8,342	12	306,511	36.74	3.062	1.583	485,207	4.847
		2022	8,551	12	331,218	38.73	3.228	1.455	481,922	4.697
		2023	8,737	12	363,803	41.64	3.470	1.311	476,946	4.549
		Total	41,507	12	1,546,864	37.27	3.106		2,388,350	4.795
	Total	2019	19,557	73.32	5,224,505	267.14	3.644		7,477,456	5.215
		2020	19,573	73.10	5,308,703	271.23	3.710		7,519,335	5.255
		2021	20,121	72.30	5,516,935	274.19	3.792		7,623,488	5.240
		2022	20,450	71.93	5,844,459	285.79	3.973		7,577,463	5.151
		2023	20,995	72.14	6,560,332	312.47	4.331		7,726,885	5.102
		Total	100,696	72.54	28,454,934	282.58	3.896		37,924,627	5.192
240	Buildings	2019	18,520	73	7,323,827	395.46	5.417	1.413	10,348,568	7.654
		2020	18,617	73	7,468,708	401.18	5.496	1.401	10,463,660	7.699
		2021	19,118	73	8,142,211	425.89	5.834	1.370	11,154,829	7.993
		2022	19,770	73	9,273,811	469.09	6.426	1.287	11,935,395	8.270
		2023	20,454	73	10,704,062	523.32	7.169	1.170	12,523,753	8.388
		Total	96,479	73	42,912,619	444.79	6.093		56,426,205	8.012
	Contents	2019	9,805	3	97,971	9.99	3.331	1.771	173,507	5.899
		2020	10,054	3	109,941	10.94	3.645	1.694	186,240	6.175
		2021	10,870	3	131,290	12.08	4.026	1.583	207,832	6.373
		2022	11,649	3	156,364	13.42	4.474	1.455	227,510	6.510
		2023	12,017	3	180,280	15.00	5.001	1.311	236,347	6.556
		Total	54,395	3	675,846	12.42	4.142		1,031,436	6.321
	Total	2019	28,325	48.77	7,421,798	262.02	5.373		10,522,075	7.617
		2020	28,671	48.45	7,578,649	264.33	5.456		10,649,900	7.667
		2021	29,988	47.63	8,273,501	275.89	5.792		11,362,661	7.955
		2022	31,419	47.05	9,430,175	300.14	6.379		12,162,905	8.228
		2023	32,471	47.09	10,884,342	335.20	7.118		12,760,100	8.345
		Total	150,874	47.76	43,588,465	288.91	6.049		57,457,641	7.974
250	Buildings	2019	10,968	69	6,929,785	631.82	9.157	1.413	9,791,786	12.939
		2020	10,984	69	7,061,241	642.87	9.317	1.401	9,892,799	13.053
		2021	10,584	69	6,714,696	634.42	9.194	1.370	9,199,134	12.596
		2022	10,126	69	6,458,297	637.79	9.243	1.287	8,311,828	11.896
		2023	10,279	69	7,068,781	687.69	9.967	1.170	8,270,474	11.661
		Total	52,941	69	34,232,800	646.62	9.371		45,466,021	12.446
	Contents	2019	6,135	3	48,029	7.83	2.610	1.771	85,059	4.622
		2020	6,240	3	53,193	8.52	2.842	1.694	90,109	4.814
		2021	6,282	3	59,311	9.44	3.147	1.583	93,889	4.982
		2022	6,262	3	67,253	10.74	3.580	1.455	97,853	5.209
		2023	6,500	3	80,027	12.31	4.104	1.311	104,915	5.380
		Total	31,419	3	307,813	9.80	3.266		471,825	5.006
	Total	2019	17,103	45.33	6,977,814	407.99	9.000		9,876,845	12.740
		2020	17,224	45.09	7,114,434	413.05	9.161		9,982,908	12.854
		2021	16,866	44.42	6,774,007	401.64	9.042		9,293,023	12.404
		2022	16,388	43.78	6,525,550	398.19	9.095		8,409,681	11.721
		2023	16,779	43.43	7,148,808	426.06	9.810		8,375,389	11.493
		Total	84,360	44.42	34,540,613	409.44	9.218		45,937,846	12.259

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
260	Buildings	2019	10,102	64	4,043,027	400.22	6.253	1.413	5,712,797	8.836
		2020	9,994	64	4,052,242	405.47	6.335	1.401	5,677,191	8.876
		2021	8,403	64	2,816,971	335.23	5.238	1.370	3,859,250	7.176
		2022	8,472	64	3,077,959	363.31	5.677	1.287	3,961,333	7.306
		2023	8,535	64	3,507,128	410.91	6.420	1.170	4,103,340	7.512
		Total	45,506	64	17,497,327	384.51	6.008		23,313,911	8.005
	Contents	2019	3,947	2	27,203	6.89	3.446	1.771	48,177	6.103
		2020	3,978	2	29,798	7.49	3.745	1.694	50,478	6.345
		2021	4,255	2	35,535	8.35	4.176	1.583	56,252	6.610
		2022	4,436	2	42,758	9.64	4.819	1.455	62,213	7.012
		2023	4,584	2	50,433	11.00	5.501	1.311	66,118	7.212
		Total	21,200	2	185,727	8.76	4.380		283,238	6.680
	Total	2019	14,049	46.58	4,070,230	289.72	6.220		5,760,974	8.803
		2020	13,972	46.35	4,082,040	292.16	6.303		5,727,669	8.844
		2021	12,658	43.16	2,852,506	225.35	5.221		3,915,502	7.167
		2022	12,908	42.69	3,120,717	241.77	5.663		4,023,546	7.302
		2023	13,119	42.34	3,557,561	271.18	6.405		4,169,458	7.506
		Total	66,706	44.30	17,683,054	265.09	5.984		23,597,149	7.985
270	Buildings	2019	22,380	49	14,393,391	643.14	13.125	1.413	20,337,861	18.546
		2020	21,792	49	14,481,695	664.54	13.562	1.401	20,288,855	19.000
		2021	22,779	49	15,814,571	694.26	14.169	1.370	21,665,962	19.411
		2022	24,884	49	19,025,359	764.56	15.603	1.287	24,485,637	20.081
		2023	25,969	49	22,092,232	850.72	17.362	1.170	25,847,911	20.313
		Total	117,804	49	85,807,248	728.39	14.865		112,626,226	19.511
	Contents	2019	13,137	2	92,309	7.03	3.513	1.771	163,479	6.222
		2020	13,347	2	96,160	7.20	3.602	1.694	162,895	6.102
		2021	14,678	2	108,975	7.42	3.712	1.583	172,507	5.876
		2022	17,258	2	135,539	7.85	3.927	1.455	197,209	5.714
		2023	17,835	2	163,319	9.16	4.579	1.311	214,111	6.003
		Total	76,255	2	596,302	7.82	3.910		910,201	5.968
	Total	2019	35,517	31.62	14,485,700	407.85	12.899		20,501,340	18.255
		2020	35,139	31.15	14,577,855	414.86	13.318		20,451,750	18.685
		2021	37,457	30.58	15,923,546	425.12	13.902		21,838,469	19.066
		2022	42,142	29.75	19,160,898	454.67	15.283		24,682,846	19.688
		2023	43,804	29.86	22,255,551	508.07	17.015		26,062,022	19.925
		Total	194,059	30.53	86,403,550	445.24	14.584		113,536,427	19.163
280	Buildings	2019	4,647	49	2,370,078	510.02	10.409	1.413	3,348,920	14.707
		2020	4,699	49	2,400,375	510.83	10.425	1.401	3,362,925	14.605
		2021	5,432	49	2,856,150	525.80	10.731	1.370	3,912,926	14.701
		2022	5,582	49	3,128,215	560.41	11.437	1.287	4,026,013	14.719
		2023	5,025	49	3,163,170	629.49	12.847	1.170	3,700,909	15.031
		Total	25,385	49	13,917,988	548.28	11.189		18,351,693	14.754
	Contents	2019	2,767	2	22,908	8.28	4.140	1.771	40,570	7.331
		2020	2,904	2	24,918	8.58	4.290	1.694	42,211	7.268
		2021	3,057	2	27,792	9.09	4.546	1.583	43,995	7.196
		2022	3,207	2	31,495	9.82	4.910	1.455	45,825	7.145
		2023	3,323	2	37,137	11.18	5.588	1.311	48,687	7.326
		Total	15,258	2	144,250	9.45	4.727		221,288	7.252
	Total	2019	7,414	31.46	2,392,986	322.77	10.260		3,389,490	14.532
		2020	7,603	31.05	2,425,293	318.99	10.273		3,405,136	14.424
		2021	8,489	32.07	2,883,942	339.73	10.593		3,956,921	14.535
		2022	8,789	31.85	3,159,710	359.51	11.288		4,071,838	14.546
		2023	8,348	30.29	3,200,307	383.36	12.656		3,749,596	14.829
		Total	40,643	31.36	14,062,238	345.99	11.033		18,572,981	14.572

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
290	Buildings	2019	5,575	59	3,162,325	567.23	9.614	1.413	4,468,365	13.585
		2020	5,186	59	2,857,170	550.94	9.338	1.401	4,002,895	13.082
		2021	5,255	59	3,008,501	572.50	9.703	1.370	4,121,646	13.294
		2022	5,452	59	3,249,027	595.93	10.101	1.287	4,181,498	12.999
		2023	<u>5,824</u>	<u>59</u>	<u>3,935,360</u>	<u>675.71</u>	<u>11.453</u>	<u>1.170</u>	<u>4,604,371</u>	<u>13.400</u>
		Total	27,292	59	16,212,383	594.03	10.068		21,378,775	13.277
	Contents	2019	3,123	2	17,874	5.72	2.862	1.771	31,655	5.068
		2020	2,995	2	19,327	6.45	3.227	1.694	32,740	5.466
		2021	3,294	2	23,051	7.00	3.499	1.583	36,490	5.539
		2022	3,486	2	26,894	7.71	3.857	1.455	39,131	5.613
		2023	<u>3,737</u>	<u>2</u>	<u>32,065</u>	<u>8.58</u>	<u>4.290</u>	<u>1.311</u>	<u>42,037</u>	<u>5.624</u>
		Total	16,635	2	119,211	7.17	3.583		182,053	5.472
	Total	2019	8,698	38.53	3,180,199	365.62	9.489		4,500,020	13.428
		2020	8,181	38.13	2,876,497	351.61	9.221		4,035,635	12.937
		2021	8,549	37.04	3,031,552	354.61	9.574		4,158,136	13.131
		2022	8,938	36.77	3,275,921	366.52	9.968		4,220,629	12.842
		2023	<u>9,561</u>	<u>36.72</u>	<u>3,967,425</u>	<u>414.96</u>	<u>11.301</u>		<u>4,646,408</u>	<u>13.235</u>
		Total	43,927	37.41	16,331,594	371.79	9.938		21,560,828	13.120
300	Buildings	2019	7,223	58	2,116,376	293.01	5.052	1.413	2,990,439	7.138
		2020	7,916	58	2,572,427	324.97	5.603	1.401	3,603,970	7.850
		2021	7,992	58	2,638,172	330.10	5.691	1.370	3,614,296	7.797
		2022	7,445	58	2,376,969	319.27	5.505	1.287	3,059,159	7.085
		2023	<u>6,930</u>	<u>58</u>	<u>2,208,985</u>	<u>318.76</u>	<u>5.496</u>	<u>1.170</u>	<u>2,584,512</u>	<u>6.430</u>
		Total	37,506	58	11,912,929	317.63	5.476		15,852,376	7.287
	Contents	2019	3,799	4	53,491	14.08	3.520	1.771	94,733	6.234
		2020	3,926	4	59,556	15.17	3.792	1.694	100,888	6.424
		2021	4,203	4	66,371	15.79	3.948	1.583	105,065	6.249
		2022	4,423	4	76,093	17.20	4.301	1.455	110,715	6.258
		2023	<u>4,506</u>	<u>4</u>	<u>85,719</u>	<u>19.02</u>	<u>4.756</u>	<u>1.311</u>	<u>112,378</u>	<u>6.235</u>
		Total	20,857	4	341,230	16.36	4.090		523,779	6.278
	Total	2019	11,022	39.39	2,169,867	196.87	4.998		3,085,172	7.106
		2020	11,842	40.10	2,631,983	222.26	5.543		3,704,858	7.802
		2021	12,195	39.39	2,704,543	221.77	5.630		3,719,361	7.743
		2022	11,868	37.88	2,453,062	206.70	5.457		3,169,874	7.051
		2023	<u>11,436</u>	<u>36.72</u>	<u>2,294,704</u>	<u>200.66</u>	<u>5.464</u>		<u>2,696,890</u>	<u>6.422</u>
		Total	58,363	38.70	12,254,159	209.96	5.425		16,376,155	7.250
310	Buildings	2019	38,964	41	12,916,696	331.50	8.085	1.413	18,251,291	11.425
		2020	40,041	41	13,842,916	345.72	8.432	1.401	19,393,925	11.813
		2021	41,068	41	14,749,859	359.16	8.760	1.370	20,207,307	12.001
		2022	39,515	41	14,581,335	369.01	9.000	1.287	18,766,178	11.583
		2023	<u>38,628</u>	<u>41</u>	<u>15,317,891</u>	<u>396.55</u>	<u>9.672</u>	<u>1.170</u>	<u>17,921,932</u>	<u>11.316</u>
		Total	198,216	41	71,408,697	360.26	8.787		94,540,633	11.633
	Contents	2019	16,077	1	50,540	3.14	3.144	1.771	89,506	5.567
		2020	15,436	1	53,257	3.45	3.450	1.694	90,217	5.845
		2021	15,279	1	60,429	3.96	3.955	1.583	95,659	6.261
		2022	16,759	1	75,302	4.49	4.493	1.455	109,564	6.538
		2023	<u>18,052</u>	<u>1</u>	<u>93,047</u>	<u>5.15</u>	<u>5.154</u>	<u>1.311</u>	<u>121,985</u>	<u>6.757</u>
		Total	81,603	1	332,575	4.08	4.076		506,931	6.212
	Total	2019	55,041	29.32	12,967,236	235.59	8.035		18,340,797	11.365
		2020	55,477	29.87	13,896,173	250.49	8.386		19,484,142	11.758
		2021	56,347	30.15	14,810,288	262.84	8.718		20,302,966	11.951
		2022	56,274	29.09	14,656,637	260.45	8.953		18,875,742	11.531
		2023	<u>56,680</u>	<u>28.26</u>	<u>15,410,938</u>	<u>271.89</u>	<u>9.621</u>		<u>18,043,917</u>	<u>11.265</u>
		Total	279,819	29.33	71,741,272	256.38	8.741		95,047,564	11.581

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NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
320	Buildings	2019	18,883	45	6,559,356	347.37	7.719	1.413	9,268,370	10.907
		2020	18,216	45	6,363,662	349.34	7.763	1.401	8,915,490	10.876
		2021	18,361	45	6,632,612	361.23	8.027	1.370	9,086,678	10.998
		2022	18,540	45	7,047,518	380.13	8.447	1.287	9,070,156	10.872
		2023	18,827	45	7,782,234	413.35	9.186	1.170	9,105,214	10.747
		Total	92,827	45	34,385,382	370.42	8.232		45,445,908	10.879
	Contents	2019	7,118	1	20,772	2.92	2.918	1.771	36,787	5.168
		2020	6,698	1	21,361	3.19	3.189	1.694	36,186	5.403
		2021	6,513	1	24,319	3.73	3.734	1.583	38,497	5.911
		2022	7,068	1	31,360	4.44	4.437	1.455	45,629	6.456
		2023	7,863	1	38,363	4.88	4.879	1.311	50,294	6.396
		Total	35,260	1	136,175	3.86	3.862		207,393	5.882
	Total	2019	26,001	32.95	6,580,128	253.07	7.680		9,305,157	10.861
		2020	24,914	33.17	6,385,023	256.28	7.726		8,951,676	10.832
		2021	24,874	33.48	6,656,931	267.63	7.994		9,125,175	10.957
		2022	25,608	32.86	7,078,878	276.43	8.412		9,115,785	10.833
		2023	26,690	32.04	7,820,597	293.02	9.145		9,155,508	10.706
		Total	128,087	32.89	34,521,557	269.52	8.194		45,653,301	10.837
330	Buildings	2019	1,629	50	415,158	254.85	5.097	1.413	586,618	7.202
		2020	1,662	50	434,866	261.65	5.233	1.401	609,247	7.331
		2021	1,629	50	425,208	261.02	5.220	1.370	582,535	7.152
		2022	1,586	50	432,028	272.40	5.448	1.287	556,020	7.012
		2023	1,621	50	485,464	299.48	5.990	1.170	567,993	7.008
		Total	8,127	50	2,192,724	269.81	5.396		2,902,413	7.143
	Contents	2019	847	1	2,006	2.37	2.368	1.771	3,553	4.195
		2020	834	1	2,095	2.51	2.512	1.694	3,549	4.255
		2021	798	1	2,166	2.71	2.714	1.583	3,429	4.297
		2022	821	1	2,419	2.95	2.946	1.455	3,520	4.287
		2023	855	1	2,755	3.22	3.222	1.311	3,612	4.225
		Total	4,155	1	11,441	2.75	2.754		17,663	4.251
	Total	2019	2,476	33.24	417,164	168.48	5.069		590,171	7.171
		2020	2,496	33.63	436,961	175.06	5.206		612,796	7.300
		2021	2,427	33.89	427,374	176.09	5.196		585,964	7.124
		2022	2,407	33.29	434,447	180.49	5.422		559,540	6.983
		2023	2,476	33.08	488,219	197.18	5.961		571,605	6.979
		Total	12,282	33.42	2,204,165	179.46	5.370		2,920,076	7.114
340	Buildings	2019	32,887	38	13,835,195	420.69	11.071	1.413	19,549,131	15.643
		2020	32,366	38	13,758,931	425.10	11.187	1.401	19,276,262	15.673
		2021	32,090	38	13,994,970	436.12	11.477	1.370	19,173,109	15.723
		2022	32,255	38	15,313,373	474.76	12.494	1.287	19,708,311	16.079
		2023	33,291	38	17,595,326	528.53	13.909	1.170	20,586,531	16.273
		Total	162,889	38	74,497,795	457.35	12.036		98,293,344	15.880
	Contents	2019	15,075	1	58,214	3.86	3.862	1.771	103,097	6.839
		2020	14,818	1	62,191	4.20	4.197	1.694	105,352	7.110
		2021	14,991	1	69,785	4.66	4.655	1.583	110,470	7.369
		2022	17,169	1	93,205	5.43	5.429	1.455	135,613	7.899
		2023	19,155	1	117,143	6.12	6.116	1.311	153,574	8.017
		Total	81,208	1	400,538	4.93	4.932		608,106	7.488
	Total	2019	47,962	26.37	13,893,409	289.68	10.985		19,652,228	15.538
		2020	47,184	26.38	13,821,122	292.92	11.104		19,381,614	15.571
		2021	47,081	26.22	14,064,755	298.74	11.393		19,283,579	15.621
		2022	49,424	25.15	15,406,578	311.72	12.395		19,843,924	15.964
		2023	52,446	24.49	17,712,469	337.73	13.790		20,740,105	16.148
		Total	244,097	25.69	74,898,333	306.84	11.944		98,901,450	15.772

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NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
350	Buildings	2019	17,530	39	4,801,444	273.90	7.023	1.413	6,784,440	9.924
		2020	17,445	39	4,958,250	284.22	7.288	1.401	6,946,508	10.210
		2021	17,723	39	5,300,005	299.05	7.668	1.370	7,261,007	10.505
		2022	17,645	39	5,543,608	314.17	8.056	1.287	7,134,623	10.368
		2023	17,771	39	6,125,642	344.70	8.838	1.170	7,167,001	10.341
		Total	88,114	39	26,728,949	303.35	7.778		35,293,579	10.270
	Contents	2019	6,258	1	17,284	2.76	2.762	1.771	30,610	4.891
		2020	5,955	1	18,377	3.09	3.086	1.694	31,131	5.228
		2021	5,717	1	21,452	3.75	3.752	1.583	33,959	5.940
		2022	6,270	1	28,824	4.60	4.597	1.455	41,939	6.689
		2023	6,903	1	36,272	5.25	5.255	1.311	47,553	6.889
		Total	31,103	1	122,209	3.93	3.929		185,192	5.954
	Total	2019	23,788	29.00	4,818,728	202.57	6.985		6,815,050	9.879
		2020	23,400	29.33	4,976,627	212.68	7.251		6,977,639	10.167
		2021	23,440	29.73	5,321,457	227.02	7.636		7,294,966	10.468
		2022	23,915	29.04	5,572,432	233.01	8.024		7,176,562	10.334
		2023	24,674	28.37	6,161,914	249.73	8.803		7,214,554	10.306
		Total	119,217	29.09	26,851,158	225.23	7.742		35,478,771	10.230
360	Buildings	2019	29,998	38	9,435,155	314.53	8.277	1.413	13,331,874	11.695
		2020	29,761	38	9,624,872	323.41	8.511	1.401	13,484,446	11.923
		2021	29,105	38	9,705,482	333.46	8.775	1.370	13,296,510	12.022
		2022	29,310	38	10,535,801	359.46	9.459	1.287	13,559,576	12.174
		2023	30,257	38	12,227,588	404.12	10.635	1.170	14,306,278	12.443
		Total	148,431	38	51,528,898	347.16	9.136		67,978,684	12.052
	Contents	2019	16,537	2	127,814	7.73	3.864	1.771	226,359	6.844
		2020	17,251	2	141,821	8.22	4.111	1.694	240,245	6.963
		2021	17,738	2	159,824	9.01	4.505	1.583	253,001	7.132
		2022	18,290	2	186,096	10.17	5.087	1.455	270,770	7.402
		2023	19,588	2	219,161	11.19	5.594	1.311	287,320	7.334
		Total	89,404	2	834,716	9.34	4.668		1,277,695	7.146
	Total	2019	46,535	25.21	9,562,969	205.50	8.152		13,558,233	11.557
		2020	47,012	24.79	9,766,693	207.75	8.380		13,724,691	11.777
		2021	46,843	24.37	9,865,306	210.60	8.642		13,549,511	11.869
		2022	47,600	24.17	10,721,897	225.25	9.319		13,830,346	12.021
		2023	49,845	23.85	12,446,749	249.71	10.470		14,593,598	12.276
		Total	237,835	24.47	52,363,614	220.17	8.997		69,256,379	11.900
370	Buildings	2019	1,890	41	538,057	284.69	6.944	1.413	760,275	9.811
		2020	1,938	41	570,731	294.49	7.183	1.401	799,594	10.063
		2021	1,919	41	603,265	314.36	7.667	1.370	826,473	10.504
		2022	1,928	41	655,194	339.83	8.289	1.287	843,235	10.667
		2023	1,971	41	758,702	384.93	9.389	1.170	887,681	10.985
		Total	9,646	41	3,125,949	324.07	7.904		4,117,258	10.411
	Contents	2019	1,183	2	10,684	9.03	4.516	1.771	18,921	7.997
		2020	1,248	2	12,059	9.66	4.831	1.694	20,428	8.184
		2021	1,274	2	14,124	11.09	5.543	1.583	22,358	8.775
		2022	1,298	2	15,197	11.71	5.854	1.455	22,112	8.518
		2023	1,347	2	16,593	12.32	6.159	1.311	21,753	8.075
		Total	6,350	2	68,657	10.81	5.406		105,572	8.313
	Total	2019	3,073	25.99	548,741	178.57	6.871		779,196	9.756
		2020	3,186	25.72	582,790	182.92	7.112		820,022	10.007
		2021	3,193	25.44	617,389	193.36	7.601		848,831	10.450
		2022	3,226	25.31	670,391	207.81	8.211		865,347	10.598
		2023	3,318	25.17	775,295	233.66	9.283		909,434	10.890
		Total	15,996	25.52	3,194,606	199.71	7.826		4,222,830	10.345

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF TRENDED AVERAGE RATING FACTORS
EXTENDED COVERAGE

Territory	Class	Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Earned House Years	Current Manual Base Rate(a)	Aggregate Calculated Earned Premium at Current Level	Average Rate (3) / (1)	Average Rating Factor (3)/[(1)x(2)]	Premium Trend Factor	Trended Aggregate Calculated Earned Premium at Current Level (3) x (6)	Trended Average Rating Factor (7)/[(1)x(2)]
380	Buildings	2019	5,258	37	1,610,612	306.32	8.279	1.413	2,275,795	11.698
		2020	5,271	37	1,652,341	313.48	8.472	1.401	2,314,930	11.870
		2021	5,162	37	1,669,676	323.46	8.742	1.370	2,287,456	11.977
		2022	5,279	37	1,838,676	348.30	9.414	1.287	2,366,376	12.115
		2023	5,466	37	2,138,888	391.31	10.576	1.170	2,502,499	12.374
		Total	26,436	37	8,910,193	337.05	9.109		11,747,056	12.010
	Contents	2019	3,049	1	11,062	3.63	3.628	1.771	19,591	6.425
		2020	3,126	1	12,077	3.86	3.863	1.694	20,458	6.544
		2021	3,113	1	13,599	4.37	4.368	1.583	21,527	6.915
		2022	3,201	1	15,718	4.91	4.910	1.455	22,870	7.145
		2023	3,379	1	17,987	5.32	5.323	1.311	23,581	6.979
		Total	15,868	1	70,443	4.44	4.439		108,027	6.808
	Total	2019	8,307	23.79	1,621,674	195.22	8.206		2,295,386	11.615
		2020	8,397	23.60	1,664,418	198.22	8.399		2,335,388	11.785
		2021	8,275	23.46	1,683,275	203.42	8.671		2,308,983	11.894
		2022	8,480	23.41	1,854,394	218.68	9.341		2,389,246	12.035
		2023	8,845	23.25	2,156,875	243.85	10.488		2,526,080	12.284
		Total	42,304	23.50	8,980,636	212.29	9.034		11,855,083	11.925
390	Buildings	2019	5,017	37	1,581,408	315.21	8.519	1.413	2,234,530	12.038
		2020	4,913	37	1,554,526	316.41	8.552	1.401	2,177,891	11.981
		2021	4,837	37	1,563,715	323.28	8.737	1.370	2,142,290	11.970
		2022	4,874	37	1,681,724	345.04	9.325	1.287	2,164,379	12.002
		2023	5,096	37	1,930,056	378.74	10.236	1.170	2,258,166	11.976
		Total	24,737	37	8,311,429	335.99	9.081		10,977,256	11.993
	Contents	2019	3,072	1	11,413	3.72	3.715	1.771	20,212	6.579
		2020	3,079	1	11,494	3.73	3.733	1.694	19,471	6.324
		2021	3,086	1	12,880	4.17	4.174	1.583	20,389	6.607
		2022	3,150	1	14,665	4.66	4.656	1.455	21,338	6.774
		2023	3,393	1	17,975	5.30	5.298	1.311	23,565	6.945
		Total	15,780	1	68,427	4.34	4.336		104,975	6.652
	Total	2019	8,089	23.33	1,592,821	196.91	8.440		2,254,742	11.948
		2020	7,992	23.13	1,566,020	195.95	8.472		2,197,362	11.887
		2021	7,923	22.98	1,576,595	198.99	8.659		2,162,679	11.878
		2022	8,024	22.87	1,696,389	211.41	9.244		2,185,717	11.911
		2023	8,489	22.61	1,948,031	229.48	10.149		2,281,731	11.888
		Total	40,517	22.98	8,379,856	206.82	9.000		11,082,231	11.903
Statewide	Buildings	2019	402,232	93.96	299,324,902	744.16	7.920		422,946,087	11.191
		2020	398,935	93.36	296,534,439	743.32	7.962		415,444,748	11.155
		2021	400,065	93.24	302,718,587	756.67	8.115		414,724,465	11.118
		2022	402,250	93.47	323,343,555	803.84	8.600		416,143,154	11.068
		2023	408,583	93.62	361,952,846	885.87	9.462		423,484,830	11.071
		Total	2,012,065	93.53	1,583,874,329	787.19	8.416		2,092,743,284	11.120
	Contents	2019	222,282	10.17	8,429,835	37.92	3.729		14,929,239	6.604
		2020	223,175	10.06	8,659,729	38.80	3.857		14,669,583	6.534
		2021	229,985	9.98	9,232,460	40.14	4.022		14,614,985	6.367
		2022	243,990	9.82	10,326,819	42.32	4.310		15,025,524	6.271
		2023	257,562	9.79	12,041,685	46.75	4.776		15,786,647	6.261
		Total	1,176,994	9.96	48,690,528	41.37	4.153		75,025,978	6.400
	Total	2019	624,514	64.14	307,754,737	492.79	7.683		437,875,326	10.931
		2020	622,110	63.48	305,194,168	490.58	7.728		430,114,331	10.891
		2021	630,050	62.85	311,951,047	495.12	7.878		429,339,450	10.842
		2022	646,240	61.89	333,670,374	516.33	8.343		431,168,678	10.780
		2023	666,145	61.21	373,994,531	561.43	9.172		439,271,477	10.773
		Total	3,189,059	62.69	1,632,564,857	511.93	8.166		2,167,769,262	10.843

^(a) The Total Class Current Manual Base Rate is the weighted average of the Buildings and Contents Current Manual Base Rates using Earned House Years as weights.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF NON-HURRICANE EXPERIENCE BASE CLASS LOSS COST
EXTENDED COVERAGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Trended	Non-Hurricane				Trended	
		Earned	Average	Adjusted	Adjusted	Loss	Trended	Non-Hurricane	Non-Hurricane
		House	Rating	Incurred	Incurred	Trend	LAE	Losses & LAE	Experience
		Years	Factor	Losses	Excess Losses	Factor	Factor	Adjusted	Base Class
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Factor</u>	<u>Losses</u>	<u>Excess Losses</u>	<u>Factor</u>	<u>Factor</u>	<u>for Excess</u>	<u>Loss Cost</u>
								<u>[(3)-(4)]x(5)x(6)x(7)</u>	<u>(8)/[(1)x(2)]</u>
110	2019	20,555	19.378	2,087,179	0	1.015	2.141	1.106	5,016,462
	2020	20,014	19.093	2,876,826	0	1.015	1.911	1.106	6,171,567
	2021	19,631	18.803	1,502,770	0	1.015	1.707	1.106	2,879,700
	2022	19,600	18.653	3,193,958	0	1.015	1.524	1.106	5,464,310
	<u>2023</u>	<u>20,138</u>	<u>18.446</u>	<u>3,331,817</u>	<u>0</u>	<u>1.015</u>	<u>1.360</u>	<u>1.106</u>	<u>5,086,760</u>
	Total	99,938	18.878	12,992,550	0				24,618,799
									13.05
120	2019	27,324	15.114	1,956,148	0	1.015	2.141	1.106	4,701,534
	2020	26,430	14.955	2,059,756	0	1.015	1.911	1.106	4,418,732
	2021	25,725	14.847	1,654,985	0	1.015	1.707	1.106	3,171,383
	2022	25,529	14.770	4,002,162	0	1.015	1.524	1.106	6,847,007
	<u>2023</u>	<u>26,364</u>	<u>14.851</u>	<u>3,261,303</u>	<u>0</u>	<u>1.015</u>	<u>1.360</u>	<u>1.106</u>	<u>4,979,104</u>
	Total	131,372	14.910	12,934,354	0				24,117,760
									12.31
130	2019	7,996	8.306	433,769	0	1.023	2.141	1.106	1,050,766
	2020	7,905	8.427	668,545	0	1.023	1.911	1.106	1,445,513
	2021	7,935	8.534	435,700	0	1.023	1.707	1.106	841,496
	2022	8,107	8.566	813,688	0	1.023	1.524	1.106	1,403,052
	<u>2023</u>	<u>8,288</u>	<u>8.494</u>	<u>554,268</u>	<u>0</u>	<u>1.023</u>	<u>1.360</u>	<u>1.106</u>	<u>852,883</u>
	Total	40,231	8.465	2,905,970	0				5,593,710
									16.43
140	2019	50,690	8.497	2,977,003	0	1.023	2.141	1.106	7,211,518
	2020	49,982	8.418	3,438,502	0	1.023	1.911	1.106	7,434,653
	2021	51,017	8.493	4,883,481	0	1.023	1.707	1.106	9,431,783
	2022	53,706	8.607	7,538,271	0	1.023	1.524	1.106	12,998,327
	<u>2023</u>	<u>56,159</u>	<u>8.715</u>	<u>5,724,991</u>	<u>0</u>	<u>1.023</u>	<u>1.360</u>	<u>1.106</u>	<u>8,809,362</u>
	Total	261,554	8.548	24,562,248	0				45,885,643
									20.52
150	2019	31,028	7.665	1,632,861	0	1.023	2.141	1.106	3,955,457
	2020	30,864	7.601	3,126,918	0	1.023	1.911	1.106	6,760,953
	2021	31,561	7.568	5,281,152	0	1.023	1.707	1.106	10,199,830
	2022	32,410	7.444	5,285,466	0	1.023	1.524	1.106	9,113,790
	<u>2023</u>	<u>33,088</u>	<u>7.340</u>	<u>6,473,253</u>	<u>0</u>	<u>1.023</u>	<u>1.360</u>	<u>1.106</u>	<u>9,960,755</u>
	Total	158,951	7.522	21,799,650	0				39,990,785
									33.45

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF NON-HURRICANE EXPERIENCE BASE CLASS LOSS COST
EXTENDED COVERAGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Trended	Non-Hurricane				Trended	
		Earned	Average	Adjusted	Adjusted	Loss	Trended	Non-Hurricane	Non-Hurricane
		House	Rating	Incurred	Incurred	Trend	LAE	Losses & LAE	Experience
		Years	Factor	Losses	Excess Losses	Factor	Factor	Adjusted	Base Class
								for Excess	Loss Cost
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Factor</u>	<u>Losses</u>	<u>Excess Losses</u>	<u>Factor</u>	<u>Factor</u>	<u>[(3)-(4)]x(5)x(6)x(7)</u>	<u>(8)/[(1)x(2)]</u>
160	2019	27,336	8.522	1,673,427	0	1.023	2.141	4,053,724	
	2020	26,490	8.450	2,239,587	0	1.023	1.911	4,842,386	
	2021	27,788	8.517	2,505,218	0	1.023	1.707	4,838,490	
	2022	28,776	8.514	2,972,620	0	1.023	1.524	5,125,723	
	<u>2023</u>	<u>29,678</u>	<u>8.519</u>	<u>3,173,041</u>	<u>0</u>	<u>1.023</u>	<u>1.360</u>	<u>4,882,535</u>	
	Total	140,068	8.505	12,563,893	0			23,742,858	19.93
170	2019	3,780	7.151	2,278,329	1,934,301	1.061	2.141	864,333	
	2020	3,973	7.308	968,703	548,286	1.061	1.911	942,782	
	2021	4,235	7.552	245,773	0	1.061	1.707	492,309	
	2022	4,437	7.515	448,185	0	1.061	1.524	801,517	
	<u>2023</u>	<u>4,568</u>	<u>7.369</u>	<u>511,542</u>	<u>0</u>	<u>1.061</u>	<u>1.360</u>	<u>816,377</u>	
	Total	20,993	7.384	4,452,532	2,482,587			3,917,318	25.27
180	2019	30,560	8.567	3,279,138	0	1.061	2.141	8,238,476	
	2020	30,905	8.594	3,745,946	0	1.061	1.911	8,400,260	
	2021	31,569	8.551	2,620,396	0	1.061	1.707	5,248,932	
	2022	32,162	8.377	4,717,182	0	1.061	1.524	8,436,030	
	<u>2023</u>	<u>32,932</u>	<u>8.247</u>	<u>5,376,785</u>	<u>0</u>	<u>1.061</u>	<u>1.360</u>	<u>8,580,885</u>	
	Total	158,128	8.465	19,739,447	0			38,904,583	29.06
190	2019	12,897	6.782	540,728	0	1.061	2.141	1,358,520	
	2020	13,165	6.750	1,055,457	0	1.061	1.911	2,366,855	
	2021	13,653	6.773	936,137	0	1.061	1.707	1,875,182	
	2022	13,950	6.698	1,391,446	0	1.061	1.524	2,488,409	
	<u>2023</u>	<u>14,450</u>	<u>6.607</u>	<u>1,485,620</u>	<u>0</u>	<u>1.061</u>	<u>1.360</u>	<u>2,370,921</u>	
	Total	68,115	6.720	5,409,388	0			10,459,887	22.85
200	2019	7,736	5.961	289,759	0	1.061	2.141	727,988	
	2020	7,774	6.047	539,919	0	1.061	1.911	1,210,765	
	2021	7,982	6.168	230,632	0	1.061	1.707	461,980	
	2022	8,002	6.067	682,935	0	1.061	1.524	1,221,335	
	<u>2023</u>	<u>8,084</u>	<u>5.947</u>	<u>702,918</u>	<u>0</u>	<u>1.061</u>	<u>1.360</u>	<u>1,121,797</u>	
	Total	39,578	6.038	2,446,163	0			4,743,865	19.85

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF NON-HURRICANE EXPERIENCE BASE CLASS LOSS COST
EXTENDED COVERAGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Trended	Non-Hurricane				Trended	
		Earned	Average	Adjusted	Adjusted	Excess	Loss	Non-Hurricane	Non-Hurricane
		House	Rating	Incurred	Incurred	Factor	Trend	Losses & LAE	Experience
		Years	Factor	Losses	Excess Losses		Factor	Adjusted	Base Class
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Factor</u>	<u>Losses</u>	<u>Excess Losses</u>	<u>Factor</u>	<u>Factor</u>	<u>for Excess</u>	<u>Loss Cost</u>
								<u>[(3)-(4)]x(5)x(6)x(7)</u>	<u>(8)/[(1)x(2)]</u>
210	2019	9,810	7.229	974,181	162,688	1.061	2.141	1.106	2,038,787
	2020	10,082	7.312	1,662,708	693,349	1.061	1.911	1.106	2,173,781
	2021	10,691	7.398	1,408,303	173,221	1.061	1.707	1.106	2,474,001
	2022	11,323	7.435	2,464,664	1,101,705	1.061	1.524	1.106	2,437,464
	<u>2023</u>	<u>11,598</u>	<u>7.473</u>	<u>2,142,957</u>	<u>484,308</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>2,647,061</u>
	Total	53,504	7.373	8,652,813	2,615,271				11,771,094
									29.84
220	2019	31,845	14.759	3,917,509	0	1.061	2.141	1.106	9,842,313
	2020	32,263	14.707	5,993,479	263,713	1.061	1.911	1.106	12,848,963
	2021	31,537	14.399	4,641,886	0	1.061	1.707	1.106	9,298,192
	2022	30,378	13.752	8,769,234	2,867,540	1.061	1.524	1.106	10,554,366
	<u>2023</u>	<u>30,822</u>	<u>13.390</u>	<u>6,274,427</u>	<u>0</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>10,013,444</u>
	Total	156,845	14.226	29,596,535	3,131,253				52,557,278
									23.55
230	2019	19,557	5.215	546,248	0	1.061	2.141	1.106	1,372,388
	2020	19,573	5.255	1,300,738	0	1.061	1.911	1.106	2,916,897
	2021	20,121	5.240	1,673,182	0	1.061	1.707	1.106	3,351,562
	2022	20,450	5.151	1,051,609	0	1.061	1.524	1.106	1,880,658
	<u>2023</u>	<u>20,995</u>	<u>5.102</u>	<u>1,248,943</u>	<u>0</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>1,993,205</u>
	Total	100,696	5.192	5,820,720	0				11,514,710
									22.02
240	2019	28,325	7.617	3,070,419	647,858	1.061	2.141	1.106	6,086,420
	2020	28,671	7.667	3,956,903	1,171,243	1.061	1.911	1.106	6,246,825
	2021	29,988	7.955	3,782,187	729,962	1.061	1.707	1.106	6,113,932
	2022	31,419	8.228	5,583,676	2,049,209	1.061	1.524	1.106	6,320,907
	<u>2023</u>	<u>32,471</u>	<u>8.345</u>	<u>4,958,669</u>	<u>659,503</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>6,861,098</u>
	Total	150,874	7.974	21,351,854	5,257,775				31,629,182
									26.29
250	2019	17,103	12.740	1,762,980	0	1.061	2.141	1.106	4,429,295
	2020	17,224	12.854	3,306,031	333,909	1.061	1.911	1.106	6,664,964
	2021	16,866	12.404	2,430,443	0	1.061	1.707	1.106	4,868,436
	2022	16,388	11.721	2,577,477	20,620	1.061	1.524	1.106	4,572,586
	<u>2023</u>	<u>16,779</u>	<u>11.493</u>	<u>3,285,895</u>	<u>437,024</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>4,546,552</u>
	Total	84,360	12.259	13,362,826	791,553				25,081,833
									24.25

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF NON-HURRICANE EXPERIENCE BASE CLASS LOSS COST
EXTENDED COVERAGE

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Trended	Non-Hurricane					Trended	
		Earned	Average	Adjusted	Adjusted	Excess	Loss	Trended	Non-Hurricane	Non-Hurricane
		House	Rating	Incurred	Incurred	Factor	Trend	LAE	Losses & LAE	Experience
		Years	Factor	Losses	Excess Losses		Factor	Factor	Adjusted	Base Class
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Factor</u>	<u>Losses</u>	<u>Excess Losses</u>	<u>Factor</u>	<u>Factor</u>	<u>Factor</u>	<u>for Excess</u>	<u>Loss Cost</u>
									<u>[(3)-(4)]x(5)x(6)x(7)</u>	<u>(8)/[(1)x(2)]</u>
260	2019	14,049	8.803	977,892	0	1.061	2.141	1.106	2,456,847	
	2020	13,972	8.844	1,381,521	0	1.061	1.911	1.106	3,098,052	
	2021	12,658	7.167	1,231,767	96,078	1.061	1.707	1.106	2,274,906	
	2022	12,908	7.302	1,878,023	535,237	1.061	1.524	1.106	2,401,388	
	<u>2023</u>	<u>13,119</u>	<u>7.506</u>	<u>1,674,584</u>	<u>107,173</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>2,501,453</u>	
	Total	66,706	7.985	7,143,787	738,488				12,732,646	23.90
270	2019	35,517	18.255	7,041,291	1,894,107	1.061	2.141	1.106	12,931,737	
	2020	35,139	18.685	10,610,106	4,954,920	1.061	1.911	1.106	12,681,718	
	2021	37,457	19.066	5,431,894	0	1.061	1.707	1.106	10,880,662	
	2022	42,142	19.688	9,810,311	1,913,011	1.061	1.524	1.106	14,123,233	
	<u>2023</u>	<u>43,804</u>	<u>19.925</u>	<u>11,093,722</u>	<u>343,905</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>17,155,781</u>	
	Total	194,059	19.163	43,987,324	9,105,943				67,773,131	18.22
280	2019	7,414	14.532	806,051	0	1.061	2.141	1.106	2,025,115	
	2020	7,603	14.424	1,265,730	296,181	1.061	1.911	1.106	2,174,207	
	2021	8,489	14.535	1,104,039	0	1.061	1.707	1.106	2,211,508	
	2022	8,789	14.546	1,498,094	179,771	1.061	1.524	1.106	2,357,639	
	<u>2023</u>	<u>8,348</u>	<u>14.829</u>	<u>1,359,304</u>	<u>0</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>2,169,332</u>	
	Total	40,643	14.572	6,033,218	475,952				10,937,801	18.47
290	2019	8,698	13.428	634,338	0	1.061	2.141	1.106	1,593,705	
	2020	8,181	12.937	764,228	0	1.061	1.911	1.106	1,713,776	
	2021	8,549	13.131	931,951	0	1.061	1.707	1.106	1,866,797	
	2022	8,938	12.842	1,134,971	0	1.061	1.524	1.106	2,029,739	
	<u>2023</u>	<u>9,561</u>	<u>13.235</u>	<u>1,311,665</u>	<u>0</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>2,093,304</u>	
	Total	43,927	13.120	4,777,153	0				9,297,321	16.13
300	2019	11,022	7.106	463,158	0	1.061	2.141	1.106	1,163,634	
	2020	11,842	7.802	1,997,245	1,132,438	1.061	1.911	1.106	1,939,324	
	2021	12,195	7.743	668,374	0	1.061	1.707	1.106	1,338,824	
	2022	11,868	7.051	1,449,304	455,081	1.061	1.524	1.106	1,778,031	
	<u>2023</u>	<u>11,436</u>	<u>6.422</u>	<u>1,352,868</u>	<u>320,630</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>1,647,363</u>	
	Total	58,363	7.250	5,930,949	1,908,149				7,867,176	18.59

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF NON-HURRICANE EXPERIENCE BASE CLASS LOSS COST
EXTENDED COVERAGE

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Trended	Non-Hurricane			Loss	Trended	Trended	Non-Hurricane
		Earned	Average	Adjusted	Adjusted	Excess	Trend	LAE	Non-Hurricane	Experience
		House	Rating	Incurred	Incurred	Factor	Factor	Factor	Losses & LAE	Base Class
		Years	Factor	Losses	Excess Losses				Adjusted	Loss Cost
									for Excess	
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Factor</u>	<u>Losses</u>	<u>Excess Losses</u>	<u>Factor</u>	<u>Factor</u>	<u>Factor</u>	<u>[(3)-(4)]x(5)x(6)x(7)</u>	<u>(8)/[(1)x(2)]</u>
310	2019	55,041	11.365	5,711,365	1,222,232	1.061	2.141	1.106	11,278,456	
	2020	55,477	11.758	7,579,333	2,137,372	1.061	1.911	1.106	12,203,562	
	2021	56,347	11.951	6,832,964	908,784	1.061	1.707	1.106	11,866,763	
	2022	56,274	11.531	10,826,390	4,720,306	1.061	1.524	1.106	10,919,890	
	<u>2023</u>	<u>56,680</u>	<u>11.265</u>	<u>9,481,154</u>	<u>2,474,581</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>11,181,886</u>	
	Total	279,819	11.581	40,431,206	11,463,275				57,450,557	17.73
320	2019	26,001	10.861	3,451,602	1,152,835	1.061	2.141	1.106	5,775,401	
	2020	24,914	10.832	3,655,078	1,001,491	1.061	1.911	1.106	5,950,652	
	2021	24,874	10.957	3,727,652	950,551	1.061	1.707	1.106	5,562,829	
	2022	25,608	10.833	4,215,353	1,251,960	1.061	1.524	1.106	5,299,620	
	<u>2023</u>	<u>26,690</u>	<u>10.706</u>	<u>5,615,173</u>	<u>2,071,999</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>5,654,600</u>	
	Total	128,087	10.837	20,664,858	6,428,836				28,243,102	20.35
330	2019	2,476	7.171	179,810	47,650	1.061	2.141	1.106	332,038	
	2020	2,496	7.300	166,842	0	1.061	1.911	1.106	374,142	
	2021	2,427	7.124	141,442	0	1.061	1.707	1.106	283,323	
	2022	2,407	6.983	182,626	3,653	1.061	1.524	1.106	320,069	
	<u>2023</u>	<u>2,476</u>	<u>6.979</u>	<u>402,037</u>	<u>190,968</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>336,848</u>	
	Total	12,282	7.114	1,072,757	242,271				1,646,420	18.84
340	2019	47,962	15.538	7,639,608	2,910,691	1.061	2.141	1.106	11,880,887	
	2020	47,184	15.571	11,508,259	5,846,196	1.061	1.911	1.106	12,697,140	
	2021	47,081	15.621	6,104,636	421,220	1.061	1.707	1.106	11,384,487	
	2022	49,424	15.964	9,853,714	2,837,870	1.061	1.524	1.106	12,546,870	
	<u>2023</u>	<u>52,446</u>	<u>16.148</u>	<u>10,317,211</u>	<u>1,165,845</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>14,604,791</u>	
	Total	244,097	15.772	45,423,428	13,181,822				63,114,175	16.39
350	2019	23,788	9.879	1,775,498	85,224	1.061	2.141	1.106	4,246,629	
	2020	23,400	10.167	2,941,640	976,624	1.061	1.911	1.106	4,406,536	
	2021	23,440	10.468	1,741,511	0	1.061	1.707	1.106	3,488,432	
	2022	23,915	10.334	4,795,286	2,359,281	1.061	1.524	1.106	4,356,459	
	<u>2023</u>	<u>24,674</u>	<u>10.306</u>	<u>4,274,354</u>	<u>1,367,793</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>4,638,621</u>	
	Total	119,217	10.230	15,528,289	4,788,922				21,136,677	17.33

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

CALCULATION OF NON-HURRICANE EXPERIENCE BASE CLASS LOSS COST
EXTENDED COVERAGE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			Trended	Non-Hurricane				Trended	Non-Hurricane
		Earned	Average	Adjusted	Adjusted	Loss	Trended	Non-Hurricane	Experience
		House	Rating	Incurred	Incurred	Trend	LAE	Losses & LAE	Base Class
		Years	Factor	Losses	Excess Losses	Factor	Factor	Adjusted	Loss Cost
<u>Territory</u>	<u>Year</u>	<u>Years</u>	<u>Factor</u>	<u>Losses</u>	<u>Excess Losses</u>	<u>Factor</u>	<u>Factor</u>	<u>for Excess</u>	<u>Loss Cost</u>
								<u>[(3)-(4)]x(5)x(6)x(7)</u>	<u>(8)/[(1)x(2)]</u>
360	2019	46,535	11.557	3,450,176	0	1.061	2.141	1.106	8,668,190
	2020	47,012	11.777	3,754,126	0	1.061	1.911	1.106	8,418,603
	2021	46,843	11.869	3,068,412	0	1.061	1.707	1.106	6,146,356
	2022	47,600	12.021	6,161,826	1,491,162	1.061	1.524	1.106	8,352,839
	<u>2023</u>	<u>49,845</u>	<u>12.276</u>	<u>6,097,467</u>	<u>481,700</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>8,962,280</u>
	Total	237,835	11.900	22,532,007	1,972,862				40,548,268
370	2019	3,073	9.756	266,482	61,291	1.061	2.141	1.106	515,520
	2020	3,186	10.007	162,292	0	1.061	1.911	1.106	363,939
	2021	3,193	10.450	110,637	0	1.061	1.707	1.106	221,618
	2022	3,226	10.598	131,958	0	1.061	1.524	1.106	235,989
	<u>2023</u>	<u>3,318</u>	<u>10.890</u>	<u>535,207</u>	<u>178,224</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>569,714</u>
	Total	15,996	10.345	1,206,576	239,515				1,906,780
380	2019	8,307	11.615	472,623	0	1.061	2.141	1.106	1,187,414
	2020	8,397	11.785	923,259	227,122	1.061	1.911	1.106	1,561,083
	2021	8,275	11.894	559,676	0	1.061	1.707	1.106	1,121,091
	2022	8,480	12.035	1,089,790	311,680	1.061	1.524	1.106	1,391,542
	<u>2023</u>	<u>8,845</u>	<u>12.284</u>	<u>1,247,471</u>	<u>286,918</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>1,532,960</u>
	Total	42,304	11.925	4,292,819	825,720				6,794,090
390	2019	8,089	11.948	448,878	0	1.061	2.141	1.106	1,127,757
	2020	7,992	11.887	553,714	0	1.061	1.911	1.106	1,241,700
	2021	7,923	11.878	347,239	0	1.061	1.707	1.106	695,557
	2022	8,024	11.911	999,638	295,893	1.061	1.524	1.106	1,258,551
	<u>2023</u>	<u>8,489</u>	<u>11.888</u>	<u>893,618</u>	<u>29,489</u>	<u>1.061</u>	<u>1.360</u>	<u>1.106</u>	<u>1,379,075</u>
	Total	40,517	11.903	3,243,087	325,382				5,702,640
Statewide	2019	624,514	10.931	60,738,450	10,118,877				126,131,311
	2020	622,110	10.891	84,203,391	19,582,844				143,670,330
	2021	630,050	10.842	66,234,439	3,279,816				124,890,361
	2022	646,240	10.780	105,519,857	22,393,979				147,037,340
	<u>2023</u>	<u>666,145</u>	<u>10.773</u>	<u>104,162,264</u>	<u>10,600,060</u>				<u>147,950,747</u>
	Total	3,189,059	10.843	420,858,401	65,975,576				689,680,089
									19.95

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF MODELED HURRICANE BASE CLASS LOSS COST

<u>Territory</u>	(1) Modeled Hurricane Losses ^(a)	(2) Latest-Year Earned House Years	(3) Latest-Year Trended Average Rating Factor	(4) Modeled Hurricane Base Class Loss Cost = (1) / [(2)x(3)]
110	24,529,593	20,138	18.446	66.03
120	28,217,582	26,364	14.851	72.07
130	3,204,732	8,288	8.494	45.52
140	28,736,436	56,159	8.715	58.71
150	6,136,751	33,088	7.340	25.27
160	7,346,539	29,678	8.519	29.06
170	372,545	4,568	7.369	11.07
180	4,225,301	32,932	8.247	15.56
190	2,315,771	14,450	6.607	24.26
200	1,324,532	8,084	5.947	27.55
210	1,088,493	11,598	7.473	12.56
220	3,532,634	30,822	13.390	8.56
230	2,328,010	20,995	5.102	21.73
240	2,565,721	32,471	8.345	9.47
250	1,507,051	16,779	11.493	7.81
260	642,399	13,119	7.506	6.52
270	2,892,720	43,804	19.925	3.31
280	439,838	8,348	14.829	3.55
290	623,093	9,561	13.235	4.92
300	469,576	11,436	6.422	6.39
310	1,606,904	56,680	11.265	2.52
320	956,974	26,690	10.706	3.35
330	49,121	2,476	6.979	2.84
340	1,813,712	52,446	16.148	2.14
350	575,274	24,674	10.306	2.26
360	767,420	49,845	12.276	1.25
370	32,279	3,318	10.890	0.89
380	82,971	8,845	12.284	0.76
390	67,684	8,489	11.888	0.67
Statewide	128,451,657	666,145	10.773	17.90

^(a) The modeled hurricane losses include a loading for LAE of 6.0%.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

DERIVATION OF NET COST OF REINSURANCE PER POLICY

Territory	(1) Net Cost of Reinsurance	(2) Latest-Year Earned House Years	(3) Latest-Year Trended Average Rating Factor	(4) Net Cost of Reinsurance per Policy ^(a) = (1) / [(2)x(3)]
110	47,756,521	20,138	18.446	128.56
120	73,705,009	26,364	14.851	188.25
130	6,846,197	8,288	8.494	97.25
140	71,564,040	56,159	8.715	146.22
150	14,654,069	33,088	7.340	60.34
160	20,175,162	29,678	8.519	79.80
170	867,744	4,568	7.369	25.78
180	11,217,015	32,932	8.247	41.30
190	6,301,800	14,450	6.607	66.01
200	3,611,209	8,084	5.947	75.12
210	2,936,898	11,598	7.473	33.89
220	10,034,408	30,822	13.390	24.31
230	6,090,722	20,995	5.102	56.86
240	6,887,687	32,471	8.345	25.42
250	4,092,301	16,779	11.493	21.22
260	1,676,581	13,119	7.506	17.03
270	8,330,367	43,804	19.925	9.54
280	1,211,059	8,348	14.829	9.78
290	1,704,848	9,561	13.235	13.47
300	1,144,736	11,436	6.422	15.59
310	4,261,226	56,680	11.265	6.67
320	2,337,363	26,690	10.706	8.18
330	109,694	2,476	6.979	6.35
340	3,974,302	52,446	16.148	4.69
350	987,283	24,674	10.306	3.88
360	1,202,630	49,845	12.276	1.97
370	48,692	3,318	10.890	1.35
380	73,758	8,845	12.284	0.68
390	46,520	8,489	11.888	0.46
Statewide	313,849,841	666,145	10.773	43.73

^(a) For use on page C-13, Column (3).

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

SECTION E - SUPPLEMENTAL MATERIAL

North Carolina G.S. 58-36-15(h) specifies that the following information must be included in all policy form, rule and rate filings filed under Article 36. 11 NCAC 10.1105 specifies that additional detail be provided under each of these items. These materials are contained on the pages indicated.

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NORTH CAROLINA

DWELLING PROPERTY INSURANCE

EARNED PREMIUMS AT ACTUAL AND CURRENT RATE LEVELS

I. Earned Premium at Collected Rate Level

<u>Year</u>	<u>Fire</u>	<u>Extended Coverage</u>
2019	\$ 76,375,965	\$ 186,648,464
2020	67,725,600	202,252,985
2021	69,516,593	215,375,386
2022	71,931,515	241,579,696
2023	78,835,792	287,098,877

II. Earned Premium at Current Rate Level

<u>Year</u>	<u>Fire</u>	<u>Extended Coverage</u>
2019	\$ 72,826,403	\$ 307,754,737
2020	73,368,936	305,194,168
2021	75,129,071	311,951,047
2022	79,719,090	333,670,374
2023	88,018,118	373,994,531

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

PAID/INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE

I. Paid Losses

The Rate Bureau is advised by ISO that paid loss and loss adjustment expenses are not available for the experience period of this filing.

II. Incurred Losses ^(a)

<u>Year</u>	<u>Fire</u>	<u>Extended Coverage</u>
2019	\$ 46,345,896	\$ 87,553,975
2020	40,385,388	115,030,773
2021	46,859,393	68,941,208
2022	49,739,461	119,217,222
2023	56,110,222	106,695,491

^(a) Incurred losses are developed, adjusted to a common deductible of \$500, include actual hurricane losses and do not include loss adjustment expense.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

ANTICIPATED LOSS AND LOSS ADJUSTMENT EXPENSE RATIOS

Loss and LAE ratios that were anticipated at the time the rates were promulgated for the experience period:

<u>Rate Filing</u>	<u>Years in Experience Period Affected</u>	<u>Anticipated Loss and LAE Ratios</u>	
		<u>Fire</u>	<u>Extended Coverage</u>
2011	2019 – 2020	0.539	0.166
2018	2019 – 2021	0.606	0.280
2019	2020 – 2022	0.578	0.283
2020	2021 – 2023	0.581	0.321
2022	2023	0.606	0.300

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

EXCLUDED COMPANIES

(The market shares shown are based on 2023 Dwelling Fire and Extended Coverage written premium.)

The historical experience used to develop the statewide rate-level indications, territory rate-level indications and class indications is based on the experience of companies and residual market entities reporting to the Insurance Services Office (full statistical plan) and the Independent Statistical Service. The historical premium and loss experience utilized in this filing, after accounting for the premium and loss experience of reporting companies whose data were not included (as described below), accounts for 99.47% of the total North Carolina Residential Dwelling insurance market.

The experience reported to the National Insurance Statistical Service is not considered in this review as over 98% of its reported premium is not written using the Rate Bureau's policy program. The experience reported to the American Association of Insurance Services and to Insurance Services Office under the Statistical Agent Plan is excluded because it is not available in sufficient detail. This experience, including the portion reported to the National Insurance Statistical Service which was written using the Rate Bureau's policy program, accounts for approximately 0.37% of the total North Carolina Dwelling insurance market.

Premium and loss experience for the following insurers is not included in the filed experience: Bankers Standard Insurance Company, Federal Insurance Company, Hanover Insurance Company, Lighthouse Property Insurance Corporation, Massachusetts Bay Insurance Company, Pacific Indemnity Company, and Vigilant Insurance Company. The experience for these companies was not included pending resolution of data anomalies.

The loss development factors used in the calculation of the statewide rate level indications are based on North Carolina experience reported to ISO. This experience represents 90.22% of the market. See also the prefiled testimony of P. Anderson and P. Ericksen.

The expense data for the following insurers is not included in the 2019 - 2023 expense calculations: American Family Home Insurance Company, American Modern Home Insurance Company, American Modern Property and Casualty Insurance Company, American Modern Select Insurance Company, and United Casualty Insurance Company of America. The expense data for these companies was not included pending resolution of data anomalies.

Earned House Years by year are as follows:

<u>Year</u>	<u>Fire</u>	<u>Extended Coverage</u>
2019	633,316	624,514
2020	634,614	622,110
2021	645,798	630,050
2022	662,781	646,240
2023	683,411	666,145

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

**ADJUSTMENTS TO PREMIUMS, LOSSES, LOSS ADJUSTMENT EXPENSES,
EXPENSES AND EXPOSURES**

Adjustments made to premiums, losses, loss adjustment expenses, and expenses are set forth below and in the prefiled testimony of P. Anderson, M. Mao and P. Ericksen.

Losses are adjusted to the \$500 base deductible level by application of loss elimination ratios. These factors are applied on a record-by-record basis and vary by cause of loss.

Losses were developed to an ultimate basis through the application of loss development factors.

Non-hurricane losses for Extended Coverage have been smoothed using an excess procedure.

Additionally, due to the volatile nature and the catastrophic potential of hurricane losses, they have been removed from the actual data. A separate provision for hurricane losses was included based on modeled hurricane losses developed by Aon.

NORTH CAROLINA**DWELLING PROPERTY INSURANCE****EARNED PREMIUM AT PRESENT RATES CALCULATION**

Earned premium at present rates by coverage is calculated by the following formula for each exposure:

Fire Premium = Territory Base Rate × Amount of Insurance Factor × Optional Coverage Factor

Extended Coverage Premium = Territory Base Rate × Amount of Insurance Factor × Optional Coverage Factor

The results are then summed to generate the aggregate earned premium at present rates used in the rate review.

A sample calculation for a single insured is shown below. This sample insured is in Territory 230, Coverage A, \$30,000 amount of insurance, protection class 8, masonry construction, Extended Coverage policy form 1.

Fire:

(1)	Territory 230, Coverage A, protection class 8, masonry construction base rate	\$65
(2)	Amount of insurance factor for \$30,000	1.60
(3)	Optional Coverage Factor	1.00
(4)	Earned premium at present rates (1)×(2)×(3)	\$104.00

Extended Coverage:

(1)	Territory 230, Coverage A, masonry construction, policy form 1 base rate	\$108
(2)	Amount of insurance factor for \$30,000	1.79
(3)	Optional Coverage Factor	1.00
(4)	Earned premium at present rates (1)×(2)×(3)	\$193.32

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

TOP TEN DWELLING FIRE INSURANCE WRITERS

<u>Company Name</u>	2024 Written Premium <u>Premium</u> ^(a)	2024 Written Premium <u>Market Share</u>	2024 Earned Premium <u>Premium</u> ^(a)	2024 Earned Premium <u>Market Share</u>
North Carolina Joint Underwriting Association (FAIR Plan)	57,762,222	55.32%	52,586,581	54.44%
North Carolina Farm Bureau Mutual Insurance Company	8,389,564	8.03%	8,333,641	8.63%
SureChoice Underwriters Reciprocal Exchange	6,528,096	6.25%	4,122,946	4.27%
North Carolina Insurance Underwriting Association (Beach Plan)	5,189,363	4.97%	4,965,159	5.14%
American Modern Property and Casualty Insurance Company	5,153,579	4.94%	4,648,902	4.81%
United Services Automobile Association	4,670,260	4.47%	4,535,033	4.70%
SAFECO Insurance Company of America	2,538,376	2.43%	1,980,783	2.05%
Nationwide Mutual Insurance Company	2,390,616	2.29%	2,867,147	2.97%
USAA Casualty Insurance Company	1,887,624	1.81%	1,765,763	1.83%
American Strategic Insurance Company	1,700,616	1.63%	1,782,443	1.85%
Total	96,210,316	92.14%	87,588,398	90.68%
Grand Total	104,416,679		96,586,870	

^(a) The premium amounts for the Beach and FAIR Plans were taken from their December 2024 statutory financial statements. For all other writers, the premium amounts were taken from the NCRB Expense Experience data call, based on 2024 Annual Statement, Statutory Page 14, Line 1.0 (Residential Only).

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

TOP TEN DWELLING EXTENDED COVERAGE INSURANCE WRITERS

<u>Company Name</u>	2024 Written Premium ^(a)	2024 Written Premium Market Share	2024 Earned Premium ^(a)	2024 Earned Premium Market Share
North Carolina Joint Underwriting Association (FAIR Plan)	162,554,274	42.51%	153,092,602	41.92%
North Carolina Insurance Underwriting Association (Beach Plan)	118,443,318	30.97%	112,192,938	30.72%
United Services Automobile Association	20,163,802	5.27%	19,443,493	5.32%
North Carolina Farm Bureau Mutual Insurance Company	16,323,841	4.27%	15,848,437	4.34%
American Modern Property and Casualty Insurance Company	14,258,267	3.73%	12,599,156	3.45%
USAA Casualty Insurance Company	6,972,245	1.82%	6,489,411	1.78%
Nationwide Mutual Insurance Company	6,045,831	1.58%	7,203,197	1.97%
SAFECO Insurance Company of America	5,873,880	1.54%	4,506,088	1.23%
Tower Hill Prime Insurance Company	5,083,785	1.33%	5,225,564	1.43%
American Strategic Insurance Company	4,701,114	1.23%	5,020,630	1.37%
Total	360,420,357	94.25%	341,621,516	93.55%
Grand Total	382,396,841		365,176,509	

^(a) The premium amounts for the Beach and FAIR Plans were taken from their December 2024 statutory financial statements. For all other writers, the premium amounts were taken from the NCRB Expense Experience data call, based on 2024 Annual Statement, Statutory Page 14, Line 2.1 (Residential Only).

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSSES AND LOSS ADJUSTMENT EXPENSE

The data requested by 11 NCAC 10.1105(1)(i)(i,ii) were not being collected or reported in the experience period. The response to 11 NCAC 10.1105(1), page E-4, provides incurred loss and loss adjustment expense information. The response to 11 NCAC 10.1105(1)(l) provides incurred data by cause of loss. Additional information concerning loss adjustment expenses is provided in the response to 11 NCAC 10.1105(7). Additional information concerning loss trend is provided in Section D and in the prefiled testimony of P. Anderson and P. Ericksen.

(iii) Applied Loss Development Factor

<u>Year</u>	<u>Fire</u>	<u>Extended Coverage</u>
2019	1.000	1.000
2020	1.000	1.000
2021	1.000	1.001
2022	0.997	1.007
2023	0.988	1.052

(iv) Loss Adjustment Expense Factor

	<u>Fire</u>	<u>Extended Coverage</u>
Non-Hurricane	1.094	1.106
Hurricane	-	1.060

(v) Applied Loss Trend Factor

<u>Year</u>	<u>Fire</u>	<u>Extended Coverage</u>
2019	1.421	2.141
2020	1.340	1.911
2021	1.264	1.707
2022	1.193	1.524
2023	1.125	1.360

(vi) Trended Incurred Losses and LAE

<u>Year</u>	<u>Fire</u>	<u>Extended Coverage</u>
2019	\$ 72,048,125	\$ 204,682,131
2020	59,203,363	240,415,219
2021	64,797,918	129,944,461
2022	64,917,060	199,985,633
2023	69,057,656	160,328,611

(vii) This information is given in the response to 11 NCAC 10.1105(1), page E-5.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE
EXCESS LOSS PROCEDURE

See Section D and prefiled testimony of P. Anderson, P. Ericksen, and M. Mao.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE
CAUSE OF LOSS DATA

Loss experience by cause of loss is provided on the attached Exhibit (1)(l).

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSSES BY CAUSE
EXTENDED COVERAGE

<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
110	Wind and Hail	2019	10,176,594	1,116	9,119	5.4293	495.09
		2020	1,285,053	122	10,533	0.6096	64.21
		2021	367,791	40	9,195	0.2038	18.74
		2022	764,473	49	15,601	0.2500	39.00
		2023	731,362	50	14,627	0.2483	36.32
	Water Damage and Freezing	2019	1,157,126	96	12,053	0.4670	56.29
		2020	1,604,269	123	13,043	0.6146	80.16
		2021	1,081,035	105	10,296	0.5349	55.07
		2022	2,462,374	126	19,543	0.6429	125.63
		2023	2,493,793	102	24,449	0.5065	123.84
	All Other Physical Damage	2019	230,731	16	14,421	0.0778	11.23
		2020	100,682	13	7,745	0.0650	5.03
		2021	88,662	10	8,866	0.0509	4.52
		2022	58,950	14	4,211	0.0714	3.01
		2023	106,932	7	15,276	0.0348	5.31
	Vandalism & Malicious Mischief	2019	64,799	8	8,100	0.0389	3.15
		2020	102,124	5	20,425	0.0250	5.10
		2021	10,216	1	10,216	0.0051	0.52
		2022	0	0	0	0.0000	0.00
		2023	46,479	6	7,747	0.0298	2.31
	Total	2019	11,629,250	1,236	9,409	6.0131	565.76
		2020	3,092,128	263	11,757	1.3141	154.50
		2021	1,547,704	156	9,921	0.7947	78.84
		2022	3,285,797	189	17,385	0.9643	167.64
		2023	3,378,566	165	20,476	0.8193	167.77
120	Wind and Hail	2019	5,556,593	403	13,788	1.4749	203.36
		2020	9,548,963	870	10,976	3.2917	361.29
		2021	836,061	60	13,934	0.2332	32.50
		2022	2,949,600	261	11,301	1.0224	115.54
		2023	1,128,715	114	9,901	0.4324	42.81
	Water Damage and Freezing	2019	1,173,174	106	11,068	0.3879	42.94
		2020	1,310,849	120	10,924	0.4540	49.60
		2021	948,759	99	9,583	0.3848	36.88
		2022	2,584,418	121	21,359	0.4740	101.23
		2023	2,165,663	124	17,465	0.4703	82.14
	All Other Physical Damage	2019	78,695	17	4,629	0.0622	2.88
		2020	110,598	16	6,912	0.0605	4.18
		2021	40,077	10	4,008	0.0389	1.56
		2022	226,637	21	10,792	0.0823	8.88
		2023	138,972	22	6,317	0.0834	5.27
	Vandalism & Malicious Mischief	2019	3,567	2	1,784	0.0073	0.13
		2020	5,247	2	2,624	0.0076	0.20
		2021	30,187	6	5,031	0.0233	1.17
		2022	5,273	1	5,273	0.0039	0.21
		2023	1,735	1	1,735	0.0038	0.07
	Total	2019	6,812,029	528	12,902	1.9324	249.31
		2020	10,975,657	1,008	10,889	3.8138	415.27
		2021	1,855,084	175	10,600	0.6803	72.11
		2022	5,765,928	404	14,272	1.5825	225.86
		2023	3,435,085	261	13,161	0.9900	130.29

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSSES BY CAUSE
EXTENDED COVERAGE

<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
130	Wind and Hail	2019	1,844,467	258	7,149	3.2266	230.67
		2020	720,582	110	6,551	1.3915	91.16
		2021	147,843	25	5,914	0.3151	18.63
		2022	422,156	60	7,036	0.7401	52.07
		2023	413,294	39	10,597	0.4706	49.87
	Water Damage and Freezing	2019	229,123	19	12,059	0.2376	28.65
		2020	113,518	19	5,975	0.2404	14.36
		2021	269,462	32	8,421	0.4033	33.96
		2022	365,113	29	12,590	0.3577	45.04
		2023	179,580	28	6,414	0.3378	21.67
	All Other Physical Damage	2019	25,139	6	4,190	0.0750	3.14
		2020	14,776	4	3,694	0.0506	1.87
		2021	18,395	2	9,198	0.0252	2.32
		2022	83,839	12	6,987	0.1480	10.34
		2023	16,591	4	4,148	0.0483	2.00
	Vandalism & Malicious Mischief	2019	554	1	554	0.0125	0.07
		2020	0	0	0	0.0000	0.00
		2021	0	0	0	0.0000	0.00
		2022	35,005	2	17,503	0.0247	4.32
		2023	0	0	0	0.0000	0.00
	Total	2019	2,099,283	284	7,392	3.5518	262.54
		2020	848,876	133	6,383	1.6825	107.38
		2021	435,700	59	7,385	0.7435	54.91
		2022	906,113	103	8,797	1.2705	111.77
		2023	609,465	71	8,584	0.8567	73.54
140	Wind and Hail	2019	4,967,849	655	7,585	1.2922	98.00
		2020	6,924,293	919	7,535	1.8387	138.54
		2021	3,024,838	204	14,828	0.3999	59.29
		2022	6,135,790	594	10,330	1.1060	114.25
		2023	3,587,970	405	8,859	0.7212	63.89
	Water Damage and Freezing	2019	1,407,212	155	9,079	0.3058	27.76
		2020	1,541,820	172	8,964	0.3441	30.85
		2021	1,338,313	138	9,698	0.2705	26.23
		2022	2,591,979	203	12,768	0.3780	48.26
		2023	2,067,471	181	11,422	0.3223	36.81
	All Other Physical Damage	2019	522,454	55	9,499	0.1085	10.31
		2020	328,262	52	6,313	0.1040	6.57
		2021	582,688	57	10,223	0.1117	11.42
		2022	446,423	55	8,117	0.1024	8.31
		2023	447,433	53	8,442	0.0944	7.97
	Vandalism & Malicious Mischief	2019	38,429	9	4,270	0.0178	0.76
		2020	57,783	10	5,778	0.0200	1.16
		2021	22,652	4	5,663	0.0078	0.44
		2022	226,174	9	25,130	0.0168	4.21
		2023	23,764	3	7,921	0.0053	0.42
	Total	2019	6,935,944	874	7,936	1.7242	136.83
		2020	8,852,158	1,153	7,678	2.3068	177.11
		2021	4,968,491	403	12,329	0.7899	97.39
		2022	9,400,366	861	10,918	1.6032	175.03
		2023	6,126,638	642	9,543	1.1432	109.09

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSSES BY CAUSE
EXTENDED COVERAGE

<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
150	Wind and Hail	2019	3,815,784	659	5,790	2.1239	122.98
		2020	4,512,093	763	5,914	2.4721	146.19
		2021	4,432,830	320	13,853	1.0139	140.45
		2022	3,782,142	455	8,312	1.4039	116.70
		2023	5,192,655	594	8,742	1.7952	156.93
	Water Damage and Freezing	2019	521,471	72	7,243	0.2320	16.81
		2020	651,470	99	6,581	0.3208	21.11
		2021	637,212	97	6,569	0.3073	20.19
		2022	906,757	91	9,964	0.2808	27.98
		2023	909,347	113	8,047	0.3415	27.48
	All Other Physical Damage	2019	153,681	35	4,391	0.1128	4.95
		2020	140,568	29	4,847	0.0940	4.55
		2021	317,881	35	9,082	0.1109	10.07
		2022	857,980	37	23,189	0.1142	26.47
		2023	469,652	47	9,993	0.1420	14.19
	Vandalism & Malicious Mischief	2019	9,869	3	3,290	0.0097	0.32
		2020	13,451	1	13,451	0.0032	0.44
		2021	12,846	4	3,212	0.0127	0.41
		2022	22,276	5	4,455	0.0154	0.69
		2023	73,132	9	8,126	0.0272	2.21
	Total	2019	4,500,805	769	5,853	2.4784	145.06
		2020	5,317,582	892	5,961	2.8901	172.29
		2021	5,400,769	456	11,844	1.4448	171.12
		2022	5,569,155	588	9,471	1.8143	171.83
		2023	6,644,786	763	8,709	2.3060	200.82
160	Wind and Hail	2019	1,380,639	218	6,333	0.7975	50.51
		2020	3,621,167	551	6,572	2.0800	136.70
		2021	1,233,308	133	9,273	0.4786	44.38
		2022	1,845,669	248	7,442	0.8618	64.14
		2023	2,152,156	260	8,278	0.8761	72.52
	Water Damage and Freezing	2019	749,507	93	8,059	0.3402	27.42
		2020	653,201	85	7,685	0.3209	24.66
		2021	1,185,655	109	10,878	0.3923	42.67
		2022	1,147,677	88	13,042	0.3058	39.88
		2023	714,774	74	9,659	0.2493	24.08
	All Other Physical Damage	2019	427,746	41	10,433	0.1500	15.65
		2020	299,474	44	6,806	0.1661	11.31
		2021	194,122	31	6,262	0.1116	6.99
		2022	319,161	36	8,866	0.1251	11.09
		2023	485,323	51	9,516	0.1718	16.35
	Vandalism & Malicious Mischief	2019	38,205	9	4,245	0.0329	1.40
		2020	63,460	5	12,692	0.0189	2.40
		2021	18,354	6	3,059	0.0216	0.66
		2022	31,861	7	4,552	0.0243	1.11
		2023	33,608	4	8,402	0.0135	1.13
	Total	2019	2,596,097	361	7,191	1.3206	94.97
		2020	4,637,302	685	6,770	2.5859	175.06
		2021	2,631,439	279	9,432	1.0040	94.70
		2022	3,344,368	379	8,824	1.3171	116.22
		2023	3,385,861	389	8,704	1.3107	114.09

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSSES BY CAUSE
EXTENDED COVERAGE

<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
170	Wind and Hail	2019	2,195,772	252	8,713	6.6667	580.89
		2020	1,379,371	231	5,971	5.8142	347.19
		2021	220,624	40	5,516	0.9445	52.10
		2022	452,768	69	6,562	1.5551	102.04
		2023	298,259	39	7,648	0.8538	65.29
	Water Damage and Freezing	2019	58,069	16	3,629	0.4233	15.36
		2020	12,784	5	2,557	0.1258	3.22
		2021	18,669	6	3,112	0.1417	4.41
		2022	39,093	8	4,887	0.1803	8.81
		2023	131,686	16	8,230	0.3503	28.83
	All Other Physical Damage	2019	59,060	10	5,906	0.2646	15.62
		2020	56,707	15	3,780	0.3775	14.27
		2021	19,515	6	3,253	0.1417	4.61
		2022	8,771	2	4,386	0.0451	1.98
		2023	59,222	9	6,580	0.1970	12.96
	Vandalism & Malicious Mischief	2019	0	0	0	0.0000	0.00
		2020	6,869	1	6,869	0.0252	1.73
		2021	15,345	2	7,673	0.0472	3.62
		2022	24,346	3	8,115	0.0676	5.49
		2023	22,375	3	7,458	0.0657	4.90
	Total	2019	2,312,901	278	8,320	7.3545	611.88
		2020	1,455,731	252	5,777	6.3428	366.41
		2021	274,153	54	5,077	1.2751	64.74
		2022	524,978	82	6,402	1.8481	118.32
		2023	511,542	67	7,635	1.4667	111.98
180	Wind and Hail	2019	3,291,389	472	6,973	1.5445	107.70
		2020	4,490,554	833	5,391	2.6954	145.30
		2021	1,899,547	288	6,596	0.9123	60.17
		2022	3,815,898	528	7,227	1.6417	118.65
		2023	4,535,654	523	8,672	1.5881	137.73
	Water Damage and Freezing	2019	530,018	91	5,824	0.2978	17.34
		2020	625,908	120	5,216	0.3883	20.25
		2021	691,528	109	6,344	0.3453	21.91
		2022	853,258	99	8,619	0.3078	26.53
		2023	768,977	106	7,255	0.3219	23.35
	All Other Physical Damage	2019	300,887	51	5,900	0.1669	9.85
		2020	312,366	60	5,206	0.1941	10.11
		2021	260,529	34	7,663	0.1077	8.25
		2022	306,049	48	6,376	0.1492	9.52
		2023	203,823	50	4,076	0.1518	6.19
	Vandalism & Malicious Mischief	2019	23,671	14	1,691	0.0458	0.77
		2020	28,845	8	3,606	0.0259	0.93
		2021	25,313	3	8,438	0.0095	0.80
		2022	51,329	11	4,666	0.0342	1.60
		2023	18,857	9	2,095	0.0273	0.57
	Total	2019	4,145,965	628	6,602	2.0550	135.67
		2020	5,457,673	1,021	5,345	3.3037	176.60
		2021	2,876,917	434	6,629	1.3748	91.13
		2022	5,026,534	686	7,327	2.1330	156.29
		2023	5,527,311	688	8,034	2.0892	167.84

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

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<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
190	Wind and Hail	2019	750,043	139	5,396	1.0778	58.16
		2020	1,246,494	231	5,396	1.7547	94.68
		2021	646,128	86	7,513	0.6299	47.32
		2022	935,324	143	6,541	1.0251	67.05
		2023	1,001,359	161	6,220	1.1142	69.30
	Water Damage and Freezing	2019	141,712	26	5,450	0.2016	10.99
		2020	197,674	42	4,707	0.3190	15.02
		2021	181,750	26	6,990	0.1904	13.31
		2022	278,026	44	6,319	0.3154	19.93
		2023	276,005	48	5,750	0.3322	19.10
	All Other Physical Damage	2019	91,473	15	6,098	0.1163	7.09
		2020	47,430	13	3,648	0.0987	3.60
		2021	169,684	22	7,713	0.1611	12.43
		2022	204,867	16	12,804	0.1147	14.69
		2023	276,973	26	10,653	0.1799	19.17
	Vandalism & Malicious Mischief	2019	32,045	3	10,682	0.0233	2.48
		2020	3,512	3	1,171	0.0228	0.27
		2021	0	0	0	0.0000	0.00
		2022	23,844	6	3,974	0.0430	1.71
		2023	21,838	5	4,368	0.0346	1.51
	Total	2019	1,015,273	183	5,548	1.4189	78.72
		2020	1,495,110	289	5,173	2.1952	113.57
		2021	997,562	134	7,444	0.9815	73.07
		2022	1,442,061	209	6,900	1.4982	103.37
		2023	1,576,175	240	6,567	1.6609	109.08
200	Wind and Hail	2019	584,185	76	7,687	0.9824	75.52
		2020	676,150	96	7,043	1.2349	86.98
		2021	149,818	25	5,993	0.3132	18.77
		2022	1,264,081	161	7,851	2.0120	157.97
		2023	641,039	87	7,368	1.0762	79.30
	Water Damage and Freezing	2019	32,598	7	4,657	0.0905	4.21
		2020	98,103	19	5,163	0.2444	12.62
		2021	32,705	8	4,088	0.1002	4.10
		2022	54,115	10	5,412	0.1250	6.76
		2023	63,523	8	7,940	0.0990	7.86
	All Other Physical Damage	2019	49,678	10	4,968	0.1293	6.42
		2020	63,479	6	10,580	0.0772	8.17
		2021	17,585	5	3,517	0.0626	2.20
		2022	81,932	15	5,462	0.1875	10.24
		2023	97,895	7	13,985	0.0866	12.11
	Vandalism & Malicious Mischief	2019	3,664	3	1,221	0.0388	0.47
		2020	10,218	2	5,109	0.0257	1.31
		2021	32,018	4	8,005	0.0501	4.01
		2022	6,738	2	3,369	0.0250	0.84
		2023	15,004	3	5,001	0.0371	1.86
	Total	2019	670,125	96	6,980	1.2410	86.62
		2020	847,950	123	6,894	1.5822	109.08
		2021	232,126	42	5,527	0.5262	29.08
		2022	1,406,866	188	7,483	2.3494	175.81
		2023	817,461	105	7,785	1.2989	101.12

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

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<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
210	Wind and Hail	2019	827,369	130	6,364	1.3252	84.34
		2020	1,568,297	244	6,427	2.4202	155.55
		2021	1,245,672	139	8,962	1.3002	116.52
		2022	2,157,469	298	7,240	2.6318	190.54
		2023	1,786,067	180	9,923	1.5520	154.00
	Water Damage and Freezing	2019	113,258	23	4,924	0.2345	11.55
		2020	162,522	34	4,780	0.3372	16.12
		2021	247,116	35	7,060	0.3274	23.11
		2022	215,004	40	5,375	0.3533	18.99
		2023	221,809	36	6,161	0.3104	19.12
	All Other Physical Damage	2019	61,023	18	3,390	0.1835	6.22
		2020	100,709	19	5,300	0.1885	9.99
		2021	35,738	15	2,383	0.1403	3.34
		2022	194,113	31	6,262	0.2738	17.14
		2023	157,677	23	6,856	0.1983	13.60
	Vandalism & Malicious Mischief	2019	18,339	6	3,057	0.0612	1.87
		2020	13,865	5	2,773	0.0496	1.38
		2021	13,024	3	4,341	0.0281	1.22
		2022	21,419	7	3,060	0.0618	1.89
		2023	13,212	4	3,303	0.0345	1.14
	Total	2019	1,019,989	177	5,763	1.8043	103.97
		2020	1,845,393	302	6,111	2.9954	183.04
		2021	1,541,550	192	8,029	1.7959	144.19
		2022	2,588,005	376	6,883	3.3207	228.56
		2023	2,178,765	243	8,966	2.0952	187.86
220	Wind and Hail	2019	1,830,248	306	5,981	0.9609	57.47
		2020	4,218,857	653	6,461	2.0240	130.76
		2021	2,206,070	311	7,093	0.9861	69.95
		2022	6,201,884	733	8,461	2.4129	204.16
		2023	3,280,183	384	8,542	1.2459	106.42
	Water Damage and Freezing	2019	1,769,166	252	7,021	0.7913	55.56
		2020	1,546,003	231	6,693	0.7160	47.92
		2021	1,910,912	203	9,413	0.6437	60.59
		2022	2,166,463	202	10,725	0.6650	71.32
		2023	2,130,913	154	13,837	0.4996	69.14
	All Other Physical Damage	2019	567,340	96	5,910	0.3015	17.82
		2020	605,510	117	5,175	0.3626	18.77
		2021	644,174	89	7,238	0.2822	20.43
		2022	1,014,621	107	9,482	0.3522	33.40
		2023	899,218	80	11,240	0.2596	29.17
	Vandalism & Malicious Mischief	2019	143,210	38	3,769	0.1193	4.50
		2020	307,202	35	8,777	0.1085	9.52
		2021	207,924	31	6,707	0.0983	6.59
		2022	186,781	33	5,660	0.1086	6.15
		2023	173,092	17	10,182	0.0552	5.62
	Total	2019	4,309,964	692	6,228	2.1730	135.34
		2020	6,677,572	1,036	6,446	3.2111	206.97
		2021	4,969,080	634	7,838	2.0103	157.56
		2022	9,569,749	1,075	8,902	3.5387	315.02
		2023	6,483,406	635	10,210	2.0602	210.35

NORTH CAROLINA

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<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
230	Wind and Hail	2019	400,445	106	3,778	0.5420	20.48
		2020	1,071,318	221	4,848	1.1291	54.73
		2021	1,319,866	198	6,666	0.9840	65.60
		2022	1,302,350	266	4,896	1.3007	63.68
		2023	858,055	156	5,500	0.7430	40.87
	Water Damage and Freezing	2019	57,845	14	4,132	0.0716	2.96
		2020	136,655	23	5,942	0.1175	6.98
		2021	157,451	27	5,832	0.1342	7.83
		2022	146,157	23	6,355	0.1125	7.15
		2023	233,222	30	7,774	0.1429	11.11
	All Other Physical Damage	2019	178,344	31	5,753	0.1585	9.12
		2020	142,743	37	3,858	0.1890	7.29
		2021	192,645	33	5,838	0.1640	9.57
		2022	214,165	34	6,299	0.1663	10.47
		2023	172,785	24	7,199	0.1143	8.23
	Vandalism & Malicious Mischief	2019	38,585	7	5,512	0.0358	1.97
		2020	35,246	12	2,937	0.0613	1.80
		2021	45,438	9	5,049	0.0447	2.26
		2022	10,444	3	3,481	0.0147	0.51
		2023	42,948	4	10,737	0.0191	2.05
	Total	2019	675,219	158	4,274	0.8079	34.53
		2020	1,385,962	293	4,730	1.4970	70.81
		2021	1,715,400	267	6,425	1.3270	85.25
		2022	1,673,116	326	5,132	1.5941	81.81
		2023	1,307,010	214	6,108	1.0193	62.25
240	Wind and Hail	2019	2,838,748	440	6,452	1.5534	100.22
		2020	3,376,712	583	5,792	2.0334	117.77
		2021	2,805,303	369	7,602	1.2305	93.55
		2022	4,640,808	578	8,029	1.8397	147.71
		2023	3,875,416	439	8,828	1.3520	119.35
	Water Damage and Freezing	2019	228,408	56	4,079	0.1977	8.06
		2020	749,703	111	6,754	0.3872	26.15
		2021	571,771	71	8,053	0.2368	19.07
		2022	828,092	98	8,450	0.3119	26.36
		2023	470,260	76	6,188	0.2341	14.48
	All Other Physical Damage	2019	222,137	44	5,049	0.1553	7.84
		2020	336,187	78	4,310	0.2721	11.73
		2021	483,195	56	8,628	0.1867	16.11
		2022	587,909	70	8,399	0.2228	18.71
		2023	616,846	43	14,345	0.1324	19.00
	Vandalism & Malicious Mischief	2019	26,546	7	3,792	0.0247	0.94
		2020	20,309	8	2,539	0.0279	0.71
		2021	186,332	10	18,633	0.0333	6.21
		2022	32,659	6	5,443	0.0191	1.04
		2023	92,374	17	5,434	0.0524	2.84
	Total	2019	3,315,839	547	6,062	1.9312	117.06
		2020	4,482,911	780	5,747	2.7205	156.36
		2021	4,046,601	506	7,997	1.6873	134.94
		2022	6,089,468	752	8,098	2.3935	193.81
		2023	5,054,896	575	8,791	1.7708	155.67

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<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
250	Wind and Hail	2019	1,058,334	159	6,656	0.9297	61.88
		2020	2,201,285	346	6,362	2.0088	127.80
		2021	1,536,499	218	7,048	1.2925	91.10
		2022	2,372,391	335	7,082	2.0442	144.76
		2023	2,017,880	230	8,773	1.3708	120.26
	Water Damage and Freezing	2019	711,887	96	7,415	0.5613	41.62
		2020	990,141	98	10,103	0.5690	57.49
		2021	807,359	95	8,499	0.5633	47.87
		2022	834,107	80	10,426	0.4882	50.90
		2023	725,322	57	12,725	0.3397	43.23
	All Other Physical Damage	2019	123,924	39	3,178	0.2280	7.25
		2020	98,523	31	3,178	0.1800	5.72
		2021	140,187	26	5,392	0.1542	8.31
		2022	145,060	32	4,533	0.1953	8.85
		2023	513,820	36	14,273	0.2146	30.62
	Vandalism & Malicious Mischief	2019	28,087	3	9,362	0.0175	1.64
		2020	357,969	17	21,057	0.0987	20.78
		2021	45,802	9	5,089	0.0534	2.72
		2022	65,790	8	8,224	0.0488	4.01
		2023	65,908	6	10,985	0.0358	3.93
	Total	2019	1,922,232	297	6,472	1.7365	112.39
		2020	3,647,918	492	7,414	2.8565	211.79
		2021	2,529,847	348	7,270	2.0633	150.00
		2022	3,417,348	455	7,511	2.7764	208.53
		2023	3,322,930	329	10,100	1.9608	198.04
260	Wind and Hail	2019	533,462	99	5,389	0.7047	37.97
		2020	1,151,552	228	5,051	1.6318	82.42
		2021	782,967	131	5,977	1.0349	61.86
		2022	1,739,438	225	7,731	1.7431	134.76
		2023	1,188,983	160	7,431	1.2196	90.63
	Water Damage and Freezing	2019	269,168	27	9,969	0.1922	19.16
		2020	162,901	35	4,654	0.2505	11.66
		2021	233,475	32	7,296	0.2528	18.44
		2022	172,117	32	5,379	0.2479	13.33
		2023	378,187	56	6,753	0.4269	28.83
	All Other Physical Damage	2019	169,261	29	5,837	0.2064	12.05
		2020	203,108	26	7,812	0.1861	14.54
		2021	226,864	37	6,131	0.2923	17.92
		2022	145,050	23	6,307	0.1782	11.24
		2023	97,287	11	8,844	0.0838	7.42
	Vandalism & Malicious Mischief	2019	9,796	2	4,898	0.0142	0.70
		2020	18,907	3	6,302	0.0215	1.35
		2021	9,122	3	3,041	0.0237	0.72
		2022	41,888	5	8,378	0.0387	3.25
		2023	24,580	5	4,916	0.0381	1.87
	Total	2019	981,687	157	6,253	1.1175	69.88
		2020	1,536,468	292	5,262	2.0899	109.97
		2021	1,252,428	203	6,170	1.6037	98.94
		2022	2,098,493	285	7,363	2.2079	162.57
		2023	1,689,037	232	7,280	1.7684	128.75

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EXTENDED COVERAGE

<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
270	Wind and Hail	2019	4,038,232	505	7,996	1.4219	113.70
		2020	6,424,444	785	8,184	2.2340	182.83
		2021	2,464,465	280	8,802	0.7475	65.79
		2022	5,862,755	566	10,358	1.3431	139.12
		2023	5,356,508	504	10,628	1.1506	122.28
	Water Damage and Freezing	2019	2,042,187	227	8,996	0.6391	57.50
		2020	3,011,547	274	10,991	0.7798	85.70
		2021	2,464,124	241	10,225	0.6434	65.79
		2022	3,503,647	279	12,558	0.6620	83.14
		2023	3,330,165	224	14,867	0.5114	76.02
	All Other Physical Damage	2019	924,135	128	7,220	0.3604	26.02
		2020	1,749,406	176	9,940	0.5009	49.79
		2021	596,260	97	6,147	0.2590	15.92
		2022	1,797,188	174	10,329	0.4129	42.65
		2023	2,075,532	201	10,326	0.4589	47.38
	Vandalism & Malicious Mischief	2019	130,010	15	8,667	0.0422	3.66
		2020	72,344	10	7,234	0.0285	2.06
		2021	79,983	11	7,271	0.0294	2.14
		2022	77,823	14	5,559	0.0332	1.85
		2023	380,986	12	31,749	0.0274	8.70
	Total	2019	7,134,564	875	8,154	2.4636	200.88
		2020	11,257,741	1,245	9,042	3.5431	320.38
		2021	5,604,832	629	8,911	1.6793	149.63
		2022	11,241,413	1,033	10,882	2.4512	266.75
		2023	11,143,191	941	11,842	2.1482	254.39
280	Wind and Hail	2019	436,400	54	8,081	0.7284	58.86
		2020	905,004	82	11,037	1.0785	119.03
		2021	746,838	98	7,621	1.1544	87.98
		2022	1,181,052	116	10,181	1.3198	134.38
		2023	784,691	67	11,712	0.8026	94.00
	Water Damage and Freezing	2019	187,390	30	6,246	0.4046	25.28
		2020	297,674	35	8,505	0.4603	39.15
		2021	246,549	28	8,805	0.3298	29.04
		2022	334,867	36	9,302	0.4096	38.10
		2023	361,479	28	12,910	0.3354	43.30
	All Other Physical Damage	2019	182,990	18	10,166	0.2428	24.68
		2020	127,290	22	5,786	0.2894	16.74
		2021	180,240	28	6,437	0.3298	21.23
		2022	281,170	17	16,539	0.1934	31.99
		2023	213,134	23	9,267	0.2755	25.53
	Vandalism & Malicious Mischief	2019	0	0	0	0.0000	0.00
		2020	7,642	2	3,821	0.0263	1.01
		2021	18,626	6	3,104	0.0707	2.19
		2022	0	0	0	0.0000	0.00
		2023	0	0	0	0.0000	0.00
	Total	2019	806,780	102	7,910	1.3758	108.82
		2020	1,337,610	141	9,487	1.8545	175.93
		2021	1,192,253	160	7,452	1.8848	140.45
		2022	1,797,089	169	10,634	1.9229	204.47
		2023	1,359,304	118	11,520	1.4135	162.83

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSSES BY CAUSE
EXTENDED COVERAGE

<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
290	Wind and Hail	2019	360,555	38	9,488	0.4369	41.45
		2020	498,634	75	6,648	0.9168	60.95
		2021	512,696	66	7,768	0.7720	59.97
		2022	788,524	86	9,169	0.9622	88.22
		2023	617,405	68	9,079	0.7112	64.58
	Water Damage and Freezing	2019	198,462	29	6,844	0.3334	22.82
		2020	182,888	23	7,952	0.2811	22.36
		2021	329,916	25	13,197	0.2924	38.59
		2022	443,863	35	12,682	0.3916	49.66
		2023	500,031	29	17,242	0.3033	52.30
	All Other Physical Damage	2019	56,408	10	5,641	0.1150	6.49
		2020	130,512	18	7,251	0.2200	15.95
		2021	105,658	11	9,605	0.1287	12.36
		2022	158,064	20	7,903	0.2238	17.68
		2023	107,068	12	8,922	0.1255	11.20
	Vandalism & Malicious Mischief	2019	18,913	2	9,457	0.0230	2.17
		2020	0	0	0	0.0000	0.00
		2021	0	0	0	0.0000	0.00
		2022	641	1	641	0.0112	0.07
		2023	105,312	3	35,104	0.0314	11.01
	Total	2019	634,338	79	8,030	0.9083	72.93
		2020	812,034	116	7,000	1.4179	99.26
		2021	948,270	102	9,297	1.1931	110.92
		2022	1,391,092	142	9,796	1.5887	155.64
		2023	1,329,816	112	11,873	1.1714	139.09
300	Wind and Hail	2019	288,132	63	4,574	0.5716	26.14
		2020	1,786,474	292	6,118	2.4658	150.86
		2021	454,833	86	5,289	0.7052	37.30
		2022	1,348,375	190	7,097	1.6009	113.61
		2023	812,758	110	7,389	0.9619	71.07
	Water Damage and Freezing	2019	53,134	9	5,904	0.0817	4.82
		2020	174,470	15	11,631	0.1267	14.73
		2021	65,685	14	4,692	0.1148	5.39
		2022	119,092	17	7,005	0.1432	10.03
		2023	183,123	15	12,208	0.1312	16.01
	All Other Physical Damage	2019	119,337	22	5,424	0.1996	10.83
		2020	183,983	31	5,935	0.2618	15.54
		2021	109,082	22	4,958	0.1804	8.94
		2022	230,421	27	8,534	0.2275	19.42
		2023	356,600	17	20,976	0.1487	31.18
	Vandalism & Malicious Mischief	2019	9,910	4	2,478	0.0363	0.90
		2020	15,193	5	3,039	0.0422	1.28
		2021	49,875	2	24,938	0.0164	4.09
		2022	6,981	2	3,491	0.0169	0.59
		2023	387	1	387	0.0087	0.03
	Total	2019	470,513	98	4,801	0.8891	42.69
		2020	2,160,120	343	6,298	2.8965	182.41
		2021	679,475	124	5,480	1.0168	55.72
		2022	1,704,869	236	7,224	1.9885	143.65
		2023	1,352,868	143	9,461	1.2504	118.30

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSSES BY CAUSE
EXTENDED COVERAGE

<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
310	Wind and Hail	2019	3,878,738	598	6,486	1.0865	70.47
		2020	6,299,263	1,069	5,893	1.9269	113.55
		2021	3,601,267	521	6,912	0.9246	63.91
		2022	8,118,284	1,050	7,732	1.8659	144.26
		2023	5,651,811	719	7,861	1.2685	99.71
	Water Damage and Freezing	2019	775,677	113	6,864	0.2053	14.09
		2020	1,419,335	185	7,672	0.3335	25.58
		2021	1,395,257	170	8,207	0.3017	24.76
		2022	2,153,664	222	9,701	0.3945	38.27
		2023	2,159,565	178	12,132	0.3140	38.10
	All Other Physical Damage	2019	1,005,732	203	4,954	0.3688	18.27
		2020	1,569,287	238	6,594	0.4290	28.29
		2021	1,782,048	192	9,282	0.3407	31.63
		2022	1,651,438	197	8,383	0.3501	29.35
		2023	1,868,670	182	10,267	0.3211	32.97
	Vandalism & Malicious Mischief	2019	83,431	23	3,627	0.0418	1.52
		2020	158,921	25	6,357	0.0451	2.86
		2021	264,578	30	8,819	0.0532	4.70
		2022	182,372	36	5,066	0.0640	3.24
		2023	138,825	26	5,339	0.0459	2.45
	Total	2019	5,743,578	937	6,130	1.7024	104.35
		2020	9,446,806	1,517	6,227	2.7345	170.28
		2021	7,043,150	913	7,714	1.6203	125.00
		2022	12,105,758	1,505	8,044	2.6744	215.12
		2023	9,818,871	1,105	8,886	1.9495	173.23
320	Wind and Hail	2019	2,180,098	328	6,647	1.2615	83.85
		2020	3,312,724	495	6,692	1.9868	132.97
		2021	2,482,049	304	8,165	1.2222	99.78
		2022	3,007,224	422	7,126	1.6479	117.43
		2023	3,885,484	496	7,834	1.8584	145.58
	Water Damage and Freezing	2019	394,309	52	7,583	0.2000	15.17
		2020	420,453	61	6,893	0.2448	16.88
		2021	463,821	51	9,095	0.2050	18.65
		2022	677,157	75	9,029	0.2929	26.44
		2023	553,209	59	9,376	0.2211	20.73
	All Other Physical Damage	2019	603,108	68	8,869	0.2615	23.20
		2020	591,448	95	6,226	0.3813	23.74
		2021	755,600	93	8,125	0.3739	30.38
		2022	886,915	108	8,212	0.4217	34.63
		2023	1,189,326	107	11,115	0.4009	44.56
	Vandalism & Malicious Mischief	2019	286,604	9	31,845	0.0346	11.02
		2020	11,962	6	1,994	0.0241	0.48
		2021	85,555	8	10,694	0.0322	3.44
		2022	110,397	14	7,886	0.0547	4.31
		2023	58,605	6	9,768	0.0225	2.20
	Total	2019	3,464,119	457	7,580	1.7576	133.23
		2020	4,336,587	657	6,601	2.6371	174.06
		2021	3,787,025	456	8,305	1.8332	152.25
		2022	4,681,693	619	7,563	2.4172	182.82
		2023	5,686,624	668	8,513	2.5028	213.06

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

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<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
330	Wind and Hail	2019	126,804	26	4,877	1.0501	51.21
		2020	232,828	47	4,954	1.8830	93.28
		2021	125,023	12	10,419	0.4944	51.51
		2022	186,079	24	7,753	0.9971	77.31
		2023	338,421	54	6,267	2.1809	136.68
	Water Damage and Freezing	2019	18,891	2	9,446	0.0808	7.63
		2020	36,108	5	7,222	0.2003	14.47
		2021	588	1	588	0.0412	0.24
		2022	26,817	3	8,939	0.1246	11.14
		2023	16,342	4	4,086	0.1616	6.60
	All Other Physical Damage	2019	33,767	6	5,628	0.2423	13.64
		2020	9,668	4	2,417	0.1603	3.87
		2021	15,831	3	5,277	0.1236	6.52
		2022	13,007	3	4,336	0.1246	5.40
		2023	45,583	4	11,396	0.1616	18.41
	Vandalism & Malicious Mischief	2019	348	0	0	0.0000	0.14
		2020	0	0	0	0.0000	0.00
		2021	0	0	0	0.0000	0.00
		2022	448	1	448	0.0415	0.19
		2023	1,691	1	1,691	0.0404	0.68
	Total	2019	179,810	34	5,289	1.3732	72.62
		2020	278,604	56	4,975	2.2436	111.62
		2021	141,442	16	8,840	0.6593	58.28
		2022	226,351	31	7,302	1.2879	94.04
		2023	402,037	63	6,382	2.5444	162.37
340	Wind and Hail	2019	3,736,744	513	7,284	1.0696	77.91
		2020	8,568,659	1,063	8,061	2.2529	181.60
		2021	2,465,536	363	6,792	0.7710	52.37
		2022	5,255,976	640	8,212	1.2949	106.34
		2023	4,603,252	556	8,279	1.0601	87.77
	Water Damage and Freezing	2019	1,603,370	190	8,439	0.3961	33.43
		2020	2,439,187	231	10,559	0.4896	51.70
		2021	2,139,110	191	11,200	0.4057	45.43
		2022	2,916,597	248	11,760	0.5018	59.01
		2023	1,975,518	177	11,161	0.3375	37.67
	All Other Physical Damage	2019	2,112,344	214	9,871	0.4462	44.04
		2020	1,634,973	257	6,362	0.5447	34.65
		2021	1,506,573	184	8,188	0.3908	32.00
		2022	2,075,461	237	8,757	0.4795	41.99
		2023	3,797,356	310	12,250	0.5911	72.41
	Vandalism & Malicious Mischief	2019	236,750	21	11,274	0.0438	4.94
		2020	178,716	18	9,929	0.0381	3.79
		2021	198,363	24	8,265	0.0510	4.21
		2022	277,564	29	9,571	0.0587	5.62
		2023	114,662	19	6,035	0.0362	2.19
	Total	2019	7,689,208	938	8,197	1.9557	160.32
		2020	12,821,535	1,569	8,172	3.3253	271.73
		2021	6,309,582	762	8,280	1.6185	134.02
		2022	10,525,598	1,154	9,121	2.3349	212.97
		2023	10,490,788	1,062	9,878	2.0249	200.03

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

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EXTENDED COVERAGE

<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
350	Wind and Hail	2019	824,823	155	5,321	0.6516	34.67
		2020	2,437,315	421	5,789	1.7991	104.16
		2021	878,991	111	7,919	0.4735	37.50
		2022	3,387,534	426	7,952	1.7813	141.65
		2023	2,889,984	336	8,601	1.3618	117.13
	Water Damage and Freezing	2019	492,435	60	8,207	0.2522	20.70
		2020	609,780	65	9,381	0.2778	26.06
		2021	427,002	52	8,212	0.2218	18.22
		2022	734,544	75	9,794	0.3136	30.71
		2023	653,808	67	9,758	0.2715	26.50
	All Other Physical Damage	2019	459,530	52	8,837	0.2186	19.32
		2020	496,650	58	8,563	0.2479	21.22
		2021	413,011	50	8,260	0.2133	17.62
		2022	819,712	77	10,646	0.3220	34.28
		2023	617,016	86	7,175	0.3485	25.01
	Vandalism & Malicious Mischief	2019	27,115	8	3,389	0.0336	1.14
		2020	24,653	8	3,082	0.0342	1.05
		2021	71,572	14	5,112	0.0597	3.05
		2022	9,725	1	9,725	0.0042	0.41
		2023	119,195	15	7,946	0.0608	4.83
	Total	2019	1,803,903	275	6,560	1.1560	75.83
		2020	3,568,398	552	6,464	2.3590	152.50
		2021	1,790,576	227	7,888	0.9684	76.39
		2022	4,951,515	579	8,552	2.4211	207.05
		2023	4,280,003	504	8,492	2.0426	173.46
360	Wind and Hail	2019	1,876,546	335	5,602	0.7199	40.33
		2020	3,005,682	484	6,210	1.0295	63.93
		2021	1,540,843	204	7,553	0.4355	32.89
		2022	2,172,308	316	6,874	0.6639	45.64
		2023	3,461,573	468	7,397	0.9389	69.45
	Water Damage and Freezing	2019	759,598	85	8,936	0.1827	16.32
		2020	1,010,968	118	8,568	0.2510	21.50
		2021	794,147	108	7,353	0.2306	16.95
		2022	2,196,750	176	12,482	0.3697	46.15
		2023	1,800,577	147	12,249	0.2949	36.12
	All Other Physical Damage	2019	820,256	116	7,071	0.2493	17.63
		2020	575,118	93	6,184	0.1978	12.23
		2021	778,099	100	7,781	0.2135	16.61
		2022	1,844,078	121	15,240	0.2542	38.74
		2023	803,699	105	7,654	0.2107	16.12
	Vandalism & Malicious Mischief	2019	40,177	10	4,018	0.0215	0.86
		2020	73,358	14	5,240	0.0298	1.56
		2021	28,874	6	4,812	0.0128	0.62
		2022	42,777	9	4,753	0.0189	0.90
		2023	40,910	14	2,922	0.0281	0.82
	Total	2019	3,496,577	546	6,404	1.1733	75.14
		2020	4,665,126	709	6,580	1.5081	99.23
		2021	3,141,963	418	7,517	0.8923	67.07
		2022	6,255,913	622	10,058	1.3067	131.43
		2023	6,106,759	734	8,320	1.4726	122.51

NORTH CAROLINA

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<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
370	Wind and Hail	2019	118,884	21	5,661	0.6834	38.69
		2020	79,715	14	5,694	0.4394	25.02
		2021	65,721	9	7,302	0.2819	20.58
		2022	49,943	11	4,540	0.3410	15.48
		2023	110,135	17	6,479	0.5124	33.19
	Water Damage and Freezing	2019	103,741	6	17,290	0.1952	33.76
		2020	49,923	6	8,321	0.1883	15.67
		2021	43,236	4	10,809	0.1253	13.54
		2022	60,930	9	6,770	0.2790	18.89
		2023	408,346	10	40,835	0.3014	123.07
	All Other Physical Damage	2019	42,821	4	10,705	0.1302	13.93
		2020	40,456	4	10,114	0.1255	12.70
		2021	1,680	1	1,680	0.0313	0.53
		2022	21,085	2	10,543	0.0620	6.54
		2023	9,657	1	9,657	0.0301	2.91
	Vandalism & Malicious Mischief	2019	1,036	1	1,036	0.0325	0.34
		2020	0	0	0	0.0000	0.00
		2021	0	0	0	0.0000	0.00
		2022	0	0	0	0.0000	0.00
		2023	7,069	1	7,069	0.0301	2.13
	Total	2019	266,482	32	8,328	1.0413	86.72
		2020	170,094	24	7,087	0.7533	53.39
		2021	110,637	14	7,903	0.4385	34.65
		2022	131,958	22	5,998	0.6820	40.90
		2023	535,207	29	18,455	0.8740	161.30
380	Wind and Hail	2019	275,569	51	5,403	0.6139	33.17
		2020	841,865	65	12,952	0.7741	100.26
		2021	283,892	32	8,872	0.3867	34.31
		2022	617,512	74	8,345	0.8726	72.82
		2023	658,122	82	8,026	0.9271	74.41
	Water Damage and Freezing	2019	91,717	14	6,551	0.1685	11.04
		2020	80,456	12	6,705	0.1429	9.58
		2021	206,541	21	9,835	0.2538	24.96
		2022	318,429	22	14,474	0.2594	37.55
		2023	260,373	17	15,316	0.1922	29.44
	All Other Physical Damage	2019	94,271	12	7,856	0.1445	11.35
		2020	75,769	9	8,419	0.1072	9.02
		2021	75,248	15	5,017	0.1813	9.09
		2022	130,199	22	5,918	0.2594	15.35
		2023	328,976	22	14,953	0.2487	37.19
	Vandalism & Malicious Mischief	2019	11,066	4	2,767	0.0482	1.33
		2020	19,026	1	19,026	0.0119	2.27
		2021	4,232	1	4,232	0.0121	0.51
		2022	23,650	3	7,883	0.0354	2.79
		2023	0	0	0	0.0000	0.00
	Total	2019	472,623	81	5,835	0.9751	56.89
		2020	1,017,116	87	11,691	1.0361	121.13
		2021	569,913	69	8,260	0.8338	68.87
		2022	1,089,790	121	9,007	1.4269	128.51
		2023	1,247,471	121	10,310	1.3680	141.04

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

LOSSES BY CAUSE
EXTENDED COVERAGE

<u>Territory</u>	<u>Cause of Loss</u>	<u>Year</u>	<u>Incurred Losses</u>	<u>Incurred Claims</u>	<u>Average Loss</u>	<u>Frequency per-100</u>	<u>Pure Premium</u>
390	Wind and Hail	2019	232,282	40	5,807	0.4945	28.72
		2020	429,622	66	6,509	0.8258	53.76
		2021	197,797	20	9,890	0.2524	24.96
		2022	481,423	55	8,753	0.6854	60.00
		2023	417,801	47	8,889	0.5537	49.22
	Water Damage and Freezing	2019	107,323	13	8,256	0.1607	13.27
		2020	64,147	14	4,582	0.1752	8.03
		2021	72,745	12	6,062	0.1515	9.18
		2022	291,527	20	14,576	0.2493	36.33
		2023	405,509	21	19,310	0.2474	47.77
	All Other Physical Damage	2019	103,922	15	6,928	0.1854	12.85
		2020	97,244	18	5,402	0.2252	12.17
		2021	73,888	12	6,157	0.1515	9.33
		2022	191,511	15	12,767	0.1869	23.87
		2023	70,308	8	8,789	0.0942	8.28
	Vandalism & Malicious Mischief	2019	5,351	3	1,784	0.0371	0.66
		2020	11,598	1	11,598	0.0125	1.45
		2021	2,809	3	936	0.0379	0.35
		2022	41,377	7	5,911	0.0872	5.16
		2023	0	0	0	0.0000	0.00
	Total	2019	448,878	71	6,322	0.8777	55.49
		2020	602,611	99	6,087	1.2387	75.40
		2021	347,239	47	7,388	0.5932	43.83
		2022	1,005,838	97	10,369	1.2089	125.35
		2023	893,618	76	11,758	0.8953	105.27
Statewide	Wind and Hail	2019	60,425,728	8,215	7,356	1.3154	96.76
		2020	82,814,970	11,959	6,925	1.9223	133.12
		2021	38,675,116	4,693	8,241	0.7449	61.38
		2022	73,239,230	8,979	8,157	1.3894	113.33
		2023	62,276,992	7,345	8,479	1.1026	93.49
	Water Damage and Freezing	2019	15,977,976	1,979	8,074	0.3169	25.58
		2020	20,354,457	2,380	8,552	0.3826	32.72
		2021	18,961,893	2,110	8,987	0.3349	30.10
		2022	29,422,634	2,511	11,717	0.3886	45.53
		2023	26,538,577	2,185	12,146	0.3280	39.84
	All Other Physical Damage	2019	9,820,194	1,381	7,111	0.2211	15.72
		2020	10,242,926	1,583	6,471	0.2545	16.46
		2021	9,825,159	1,276	7,700	0.2025	15.59
		2022	14,995,776	1,573	9,533	0.2434	23.20
		2023	16,243,374	1,571	10,340	0.2358	24.38
	Vandalism & Malicious Mischief	2019	1,330,077	215	6,186	0.0344	2.13
		2020	1,618,420	207	7,818	0.0333	2.60
		2021	1,479,040	200	7,395	0.0317	2.35
		2022	1,559,582	225	6,931	0.0348	2.41
		2023	1,636,548	194	8,436	0.0291	2.46
	Total	2019	87,553,975	11,790	7,426	1.8879	140.20
		2020	115,030,773	16,129	7,132	2.5926	184.90
		2021	68,941,208	8,279	8,327	1.3140	109.42
		2022	119,217,222	13,288	8,972	2.0562	184.48
		2023	106,695,491	11,295	9,446	1.6956	160.17

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

2. CREDIBILITY FACTOR DEVELOPMENT AND APPLICATION

The volume of North Carolina data is sufficiently large that it is fully credible in both the statewide and class rate level reviews.

To distribute the statewide change by territory, a credibility procedure was used on the five-year (non-hurricane for Extended Coverage) loss costs. The credibility standard used was based on the 'frequency with severity modification' model discussed in "Credibility of the Pure Premium" by Mayerson, Bowers and Jones. The full credibility standard is based on a normal distribution with a 90% probability of meeting the test and a 10% maximum departure from the expected value, translated to house years. The full credibility standards are 500,000 house years for Fire and 330,000 house years for Extended Coverage. Partial credibility (Z_p) is calculated using the square root rule:

$$Z_p = \sqrt{\frac{\text{Five Year House Years}}{\text{Full Credibility Standard}}} \quad (\text{truncated to one decimal place})$$

The Rate Bureau has used the same credibility procedure in all dwelling insurance rate filings made in the last three years.

See Section D and prefiled testimony of P. Anderson and P. Ericksen.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

3. LOSS DEVELOPMENT FACTOR DERIVATION AND APPLICATION ON BOTH PAID AND INCURRED BASES AND IN BOTH NUMBERS AND DOLLARS OF CLAIMS

See Section D and prefiled testimony of P. Ericksen.

Paragraphs (3)(a) through (3)(g) are not applicable to dwelling insurance.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

4. TRENDING FACTOR DEVELOPMENT AND APPLICATION

- (a) In this filing, loss trends were selected for three time periods: historical, “to current”, and prospective. The selection of historical loss trends follows the same methodology as previous filings. The selected “to current” loss trends reflect trends observed in economic indices for the time period immediately following the historical experience period. Prospective loss trends were then selected for the time period from the end of the available economic indices to one year beyond the assumed effective date. In previous filings, the “to current” and prospective time periods were treated as a single time period. See Section D and prefiled testimony of P. Anderson and P. Ericksen.
- (b) See prefiled testimony of P. Anderson and P. Ericksen.
- (c) Not applicable for dwelling insurance.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

5. CHANGES IN PREMIUM BASE RESULTING FROM RATING EXPOSURE TRENDS
 - (a) See Section D and prefiled testimony of P. Anderson and P. Ericksen. The Rate Bureau has used the same exposure trend procedure in all dwelling insurance rate filings made in the last three years.
 - (b) Not applicable to dwelling insurance.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

6. LIMITING FACTOR DEVELOPMENT AND APPLICATION

- (a) There were no limitations.
- (b) There were no limitations.
- (c) There were no limitations.
- (d) There were no limitations.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

7. OVERHEAD EXPENSE DEVELOPMENT AND APPLICATION OF COMMISSION AND BROKERAGE, OTHER ACQUISITION EXPENSES, GENERAL EXPENSES, TAXES, LICENSES, AND FEES
 - (a) Exhibit (7)(a) provides all information relating to expense provisions contained in the filing. The Rate Bureau has used the same procedure for overhead expense development and application of commission and brokerage, other acquisition expense, general expenses, taxes, licenses and fees in all dwelling insurance rate filings made in the last three years.
 - (b) Not applicable to dwelling insurance.
 - (c) Not applicable to dwelling insurance.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

The following provides a description of the derivation of dwelling insurance expense provisions. The underlying expense data are provided by the North Carolina Rate Bureau and are displayed on pages D-24-29.

The filed expense provision methodology makes a distinction between those provisions that require trending and those that do not. For example, since commission and brokerage, and taxes, licenses and fees vary directly with premium, no additional trend is required. In contrast, general expense, other acquisition expense, and loss adjustment expense do not vary directly with premium and are subject to trend.

The provisions for commission and brokerage expenses, 11.2% of written premium for Fire and 9.1% of written premium for Extended Coverage, and the provisions for taxes, licenses, and fees, 2.7% of written premium for Fire and 2.3% of written premium for Extended Coverage, are based on the data shown on pages D-24 and D-27 for the latest three years.

Since general expenses and other acquisition expenses are relative to earned premiums and loss adjustment expenses are relative to losses, separate trend factors are required for premiums, losses, and expenses.

General Expense and Other Acquisition Expense - Based on the 2022-2024 experience on pages D-24 and D-27, the selected loadings for general expenses are 4.5% of earned premium for Fire and 2.5% of earned premium for Extended Coverage, and the selected loadings for other acquisition expenses are 5.5% of earned premium for Fire and 5.1% of earned premium for Extended Coverage. Since these expenses are incurred throughout the twelve-month effective period, both the numerator and denominator of these factors are trended to 1/1/2027 (six months beyond the 7/1/2026 trend effective date).

The average date of payment of the 2022-2024 expenses used to calculate the provisions is 7/1/2023. Similarly, the average date of earning of the 2022-2024 premiums is 7/1/2023. Assuming policies are written with an effective period of one year, the average date of writing is therefore six months earlier, or 1/1/2023. The average date of writing of policies under the proposed rates, and the average date of payment of the expenses on these policies, is six months after the assumed effective date of 7/1/2026, or 1/1/2027. Therefore, the expenses in the numerator are projected 42 months (from 7/1/2023 to 1/1/2027) and the premiums in the denominator are projected 48 months (from 1/1/2023 to 1/1/2027).

The trend factor for expenses in the numerator is based on the rates of change inherent in the Consumer Price Index - All Items, the Consumer Price Index - All Items less Energy and the Compensation Cost Index, displayed on pages D-22-23. Based on a weighted average of the rates of change in these indices, an average annual change of 4.0% was selected. This average annual change is projected 42 months (from 7/1/2023 to 1/1/2027).

To trend the premiums in the denominator, the 2023 Premium Trend Factor is applied. The Premium Trend Factors are shown on page D-20.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

Loss Adjustment Expense

Fire: Based on the 2020-2024 experience shown on page D-26, loss adjustment expenses (both allocated and unallocated) average 9.2% of incurred losses, after excluding the highest- and lowest-valued years. The average date of loss in these data is 7/1/2022. Both the numerator and denominator are trended 60 months, from 7/1/2022 to 7/1/2027 (12 months beyond the trend effective date of 7/1/2026).

Extended Coverage: Based on the 2020-2024 experience shown on page D-29, loss adjustment expenses (both allocated and unallocated) average 13.3% of incurred losses, after excluding the highest- and lowest-valued years. The average date of loss in these data is 7/1/2022. Both the numerator and denominator are trended 60 months, from 7/1/2022 to 7/1/2027 (12 months beyond the trend effective date of 7/1/2026).

Please note that a separate loss adjustment expense factor is used for modeled hurricane losses. (See prefiled testimony of M. Mao.)

The trend factor used for expenses in the numerator is determined in a similar way as for general and other acquisition expenses. The 4.0% selected average annual change is projected 60 months for Fire and Extended Coverage (from 7/1/2022 to 7/1/2027).

To trend the losses in the denominator, the 2022 Loss Trend Factor is applied. The Loss Trend Factors are shown on page D-18.

No alternate expense trend methodology has been considered within the last three years.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

8. PERCENT RATE CHANGE

The overall statewide rate change by coverage is shown on page A-2. The statewide rate changes are applied uniformly by coverage amount, protection class, construction and deductible.

The proposed rate changes are dependent on the actual implementation date of the new rates, because any such change will affect all of the trending periods used in the filing. Any change in the trending periods will affect all of the losses, fixed expenses, and premiums used in the calculation of the rate level indication.

If the effective date were to be changed, advance notice of one hundred twenty (120) days is required for an orderly implementation of the change in rates. This is the amount of time required to calculate the new rates based on the new effective date and distribute the necessary information to member companies.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

9. FINAL PROPOSED RATES

The proposed rates are shown in Section B.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

10. INVESTMENT EARNINGS, CONSISTING OF INVESTMENT INCOME AND REALIZED PLUS UNREALIZED CAPITAL GAINS, FROM LOSS, LOSS EXPENSE AND UNEARNED PREMIUM RESERVES

(a) See attached Exhibit (10)(a) and the prefiled testimony of P. Anderson, P. Ericksen and G. Zanjani.

(b) Not applicable to dwelling insurance.

(c) Not applicable to dwelling insurance.

NORTH CAROLINA**DWELLING FIRE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/24	\$34,229,773
2.	Mean Unearned Premium Reserve, (1) x 0.4812	\$16,471,367
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	11.71%
	Taxes, Licenses and Fees	2.26%
	1/2 General Expenses	2.22%
	1/2 Other Acquisition	2.99%
	Total	19.18%
4.	(2) x (3)	\$3,159,208
5.	Net Subject to Investment, (2) - (4)	\$13,312,159

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$34,229,773
2.	Average Agents' Balances	0.182
3.	Delayed Remission, (1) x (2)	\$6,229,819

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$34,229,773
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.6492	\$22,221,969
3.	Expected Mean Loss Reserves, (2) x 0.583	\$12,955,408

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$20,037,748**E. Average Rate of Return** 3.61%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$723,363**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 2.11%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.180)** 1.73%

NORTH CAROLINA**DWELLING EXTENDED COVERAGE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/24	\$87,210,364
2.	Mean Unearned Premium Reserve, (1) x 0.4771	\$41,608,065
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	7.83%
	Taxes, Licenses and Fees	1.84%
	1/2 General Expenses	1.32%
	1/2 Other Acquisition	3.03%
	Total	14.02%
4.	(2) x (3)	\$5,833,451
5.	Net Subject to Investment, (2) - (4)	\$35,774,614

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$87,210,364
2.	Average Agents' Balances	0.184
3.	Delayed Remission, (1) x (2)	\$16,046,707

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$87,210,364
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.3561	\$31,055,611
3.	Expected Mean Loss Reserves, (2) x 0.402	\$12,484,356

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$32,212,263**E. Average Rate of Return** 3.61%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$1,162,863**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 1.33%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.180)** 1.09%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for dwelling insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/24 for all companies writing Dwelling insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

	<u>Fire</u>	<u>EC</u>
1. Collected Earned Premium for Calendar Year ended 12/31/24	\$384,024,306	\$470,442,260
2. Unearned Premium Reserve as of 12/31/23	\$173,409,728	\$218,597,541
3. Unearned Premium Reserve as of 12/31/24	\$196,183,802	\$230,308,551
4. Mean Unearned Premium Reserve, $1/2 [(2) + (3)]$	\$184,796,765	\$224,453,046
5. Ratio, $(4) \div (1)$	0.4812	0.4771

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of dwelling policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/24.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing dwelling insurance in North Carolina)	0.179	0.1802
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.019	1.019
3. Factor for agents' balances, $(1) \times (2)$	0.182	0.184

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/24.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2024 for dwelling insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

	<u>Fire</u>	<u>EC</u>
1. Incurred Losses for Calendar Year 2024	\$332,607,579	\$783,301,946
2. Loss Reserves as of 12/31/23	\$102,796,647	\$95,763,921
3. Loss Reserves as of 12/31/24	\$276,215,859	\$520,072,796
4. Mean Loss Reserve 2024, $1/2 [(2) + (3)]$	\$189,506,253	\$307,918,359
5. Ratio, $(4) \div (1)$	0.570	0.393
6. Ratio of LAE Reserves to Loss Reserves (a)	0.149	0.149
7. Ratio of Incurred LAE to Incurred Losses (a)	0.124	0.124
8. Loss and LAE Reserve, $[(5) \times (1.0 + (6)) / (1.0 + (7))]$	0.583	0.402

(a) Based on 2024 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing dwelling insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2024	\$88,964,736	\$2,463,533,881	3.61%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.61%	0.180

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2024 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	\$51,235,270	0.210
	Non-Taxable	\$4,734,785	-
	Sub-Total	\$55,970,055	0.192
Stocks	Taxable (a)	\$9,376,150	0.105
	Non-Taxable	\$3,396,135	-
	Sub-Total	\$12,772,285	0.077
Mortgage Loans		\$2,017,674	
Real Estate		\$1,837,148	
Collateral Loans		\$6,054	
Cash on Deposit		\$14,642,033	
Short Term Investments		(\$35,705)	
All Other		\$9,294,993	
Sub-Total		\$27,762,197	0.210
Total		\$96,504,537	0.182
Investment Deductions		\$7,539,799	0.210
Net Investment Income Earned		\$88,964,738	0.180

(a) Only 50% of dividend income on stock is subject to the full corporate income tax rate of 21%. The applicable tax rate is thus 10.5% (.21 x .5 = 10.5%)

NORTH CAROLINA**DWELLING FIRE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/23	\$29,637,287
2.	Mean Unearned Premium Reserve, (1) x 0.4565	\$13,529,422
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	11.03%
	Taxes, Licenses and Fees	2.25%
	1/2 General Expenses	2.12%
	1/2 Other Acquisition	2.97%
	Total	18.37%
4.	(2) x (3)	\$2,485,355
5.	Net Subject to Investment, (2) - (4)	\$11,044,067

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$29,637,287
2.	Average Agents' Balances	0.203
3.	Delayed Remission, (1) x (2)	\$6,016,369

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$29,637,287
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.6404	\$18,979,719
3.	Expected Mean Loss Reserves, (2) x 1.340	\$25,432,823

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$30,460,521**E. Average Rate of Return** 3.21%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$977,783**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 3.30%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.172)** 2.73%

NORTH CAROLINA**DWELLING EXTENDED COVERAGE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/23	\$80,025,306
2.	Mean Unearned Premium Reserve, (1) x 0.4847	\$38,788,266
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	9.33%
	Taxes, Licenses and Fees	1.92%
	1/2 General Expenses	1.64%
	1/2 Other Acquisition	3.28%
	Total	16.17%
4.	(2) x (3)	\$6,272,063
5.	Net Subject to Investment, (2) - (4)	\$32,516,203

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$80,025,306
2.	Average Agents' Balances	0.173
3.	Delayed Remission, (1) x (2)	\$13,844,378

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$80,025,306
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.3465	\$27,728,769
3.	Expected Mean Loss Reserves, (2) x 0.695	\$19,271,494

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$37,943,319**E. Average Rate of Return** 3.21%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$1,217,981**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 1.52%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.172)** 1.26%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for dwelling insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/23 for all companies writing Dwelling insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

	<u>Fire</u>	<u>EC</u>
1. Collected Earned Premium for Calendar Year ended 12/31/23	\$349,326,429	\$427,312,370
2. Unearned Premium Reserve as of 12/31/22	\$145,517,208	\$195,649,181
3. Unearned Premium Reserve as of 12/31/23	\$173,409,728	\$218,597,541
4. Mean Unearned Premium Reserve, $1/2 [(2) + (3)]$	\$159,463,468	\$207,123,361
5. Ratio, $(4) \div (1)$	0.4565	0.4847

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of dwelling policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/23.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing dwelling insurance in North Carolina)	0.199	0.1694
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.019	1.019
3. Factor for agents' balances, $(1) \times (2)$	0.203	0.173

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/23.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2023 for dwelling insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

	<u>Fire</u>	<u>EC</u>
1. Incurred Losses for Calendar Year 2023	\$170,645,536	\$154,364,342
2. Loss Reserves as of 12/31/22	\$338,501,386	\$111,185,329
3. Loss Reserves as of 12/31/23	\$102,796,647	\$95,763,921
4. Mean Loss Reserve 2023, 1/2 [(2) + (3)]	\$220,649,017	\$103,474,625
5. Ratio, (4) ÷ (1)	1.293	0.670
6. Ratio of LAE Reserves to Loss Reserves (a)	0.159	0.159
7. Ratio of Incurred LAE to Incurred Losses (a)	0.118	0.118
8. Loss and LAE Reserve, [(5)x(1.0+(6))]/(1.0+(7))]	1.340	0.695

(a) Based on 2023 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing dwelling insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2023	\$74,043,876	\$2,309,638,131	3.21%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.21%	0.172

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2023 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	\$41,860,776	0.210
	Non-Taxable	\$5,253,258	-
	Sub-Total	\$47,114,034	0.187
Stocks	Taxable (a)	\$9,387,280	0.105
	Non-Taxable	\$3,585,207	-
	Sub-Total	\$12,972,487	0.076
Mortgage Loans		\$1,874,692	
Real Estate		\$1,839,683	
Collateral Loans		\$3,099	
Cash on Deposit		\$8,614,479	
Short Term Investments		(\$329,254)	
All Other		\$8,936,507	
Sub-Total		\$20,939,206	0.210
Total		\$81,025,727	0.175
Investment Deductions		\$6,981,851	0.210
Net Investment Income Earned		\$74,043,876	0.172

(a) Only 50% of dividend income on stock is subject to the full corporate income tax rate of 21%. The applicable tax rate is thus 10.5% (.21 x .5 = 10.5%)

NORTH CAROLINA**DWELLING FIRE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/22	\$28,943,403
2.	Mean Unearned Premium Reserve, (1) x 0.4620	\$13,371,852
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	10.82%
	Taxes, Licenses and Fees	2.29%
	1/2 General Expenses	2.72%
	1/2 Other Acquisition	2.66%
	Total	18.49%
4.	(2) x (3)	\$2,472,455
5.	Net Subject to Investment, (2) - (4)	\$10,899,397

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$28,943,403
2.	Average Agents' Balances	0.194
3.	Delayed Remission, (1) x (2)	\$5,615,020

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$28,943,403
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.6356	\$18,396,427
3.	Expected Mean Loss Reserves, (2) x 3.534	\$65,012,973

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$70,297,350**E. Average Rate of Return** 3.24%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$2,277,634**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 7.87%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.168)** 6.55%

NORTH CAROLINA**DWELLING EXTENDED COVERAGE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/22	\$70,633,462
2.	Mean Unearned Premium Reserve, (1) x 0.4866	\$34,370,243
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	10.12%
	Taxes, Licenses and Fees	1.97%
	1/2 General Expenses	1.75%
	1/2 Other Acquisition	3.24%
	Total	17.08%
4.	(2) x (3)	\$5,870,438
5.	Net Subject to Investment, (2) - (4)	\$28,499,805

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$70,633,462
2.	Average Agents' Balances	0.161
3.	Delayed Remission, (1) x (2)	\$11,371,987

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$70,633,462
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.3350	\$23,662,210
3.	Expected Mean Loss Reserves, (2) x 0.636	\$15,049,166

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$32,176,984**E. Average Rate of Return** 3.24%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$1,042,534**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 1.48%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.168)** 1.23%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for dwelling insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/22 for all companies writing Dwelling insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

	<u>Fire</u>	<u>EC</u>
1. Collected Earned Premium for Calendar Year ended 12/31/22	\$303,683,473	\$380,165,103
2. Unearned Premium Reserve as of 12/31/21	\$135,060,657	\$174,314,994
3. Unearned Premium Reserve as of 12/31/22	\$145,517,208	\$195,649,181
4. Mean Unearned Premium Reserve, $1/2 [(2) + (3)]$	\$140,288,933	\$184,982,088
5. Ratio, $(4) \div (1)$	0.4620	0.4866

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of dwelling policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/22.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing dwelling insurance in North Carolina)	0.1904	0.1579
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.020	1.020
3. Factor for agents' balances, $(1) \times (2)$	0.194	0.161

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/22.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2022 for dwelling insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

	<u>Fire</u>	<u>EC</u>
1. Incurred Losses for Calendar Year 2022	\$149,939,371	\$167,505,638
2. Loss Reserves as of 12/31/21	\$683,476,545	\$94,123,057
3. Loss Reserves as of 12/31/22	\$338,501,386	\$111,185,329
4. Mean Loss Reserve 2022, 1/2 [(2) + (3)]	\$510,988,966	\$102,654,193
5. Ratio, (4) ÷ (1)	3.408	0.613
6. Ratio of LAE Reserves to Loss Reserves (a)	0.176	0.176
7. Ratio of Incurred LAE to Incurred Losses (a)	0.134	0.134
8. Loss and LAE Reserve, [(5)x(1.0+(6))]/(1.0+(7))]	3.534	0.636

(a) Based on 2022 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing dwelling insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2022	\$72,872,064	\$2,252,292,862	3.24%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	3.24%	0.168

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2022 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	\$31,344,421	0.210
	Non-Taxable	\$6,002,744	-
	Sub-Total	\$37,347,165	0.176
Stocks	Taxable (a)	\$10,535,170	0.105
	Non-Taxable	\$3,239,275	-
	Sub-Total	\$13,774,445	0.080
Mortgage Loans		\$1,409,516	
Real Estate		\$1,933,525	
Collateral Loans		\$202	
Cash on Deposit		\$1,969,112	
Short Term Investments		\$112,071	
All Other		\$22,739,061	
Sub-Total		\$28,163,487	0.210
Total		\$79,285,097	0.171
Investment Deductions		\$6,413,248	0.210
Net Investment Income Earned		\$72,871,849	0.168

(a) Only 50% of dividend income on stock is subject to the full corporate income tax rate of 21%. The applicable tax rate is thus 10.5% (.21 x .5 = 10.5%)

NORTH CAROLINA**DWELLING FIRE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/21	\$29,365,288
2.	Mean Unearned Premium Reserve, (1) x 0.4734	\$13,901,527
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	10.25%
	Taxes, Licenses and Fees	2.39%
	1/2 General Expenses	2.41%
	1/2 Other Acquisition	3.89%
	Total	18.94%
4.	(2) x (3)	\$2,632,949
5.	Net Subject to Investment, (2) - (4)	\$11,268,578

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$29,365,288
2.	Average Agents' Balances	0.189
3.	Delayed Remission, (1) x (2)	\$5,550,039

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$29,365,288
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.6165	\$18,103,700
3.	Expected Mean Loss Reserves, (2) x 0.539	\$9,757,894

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$15,476,433**E. Average Rate of Return** 2.63%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$407,030**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 1.39%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.156)** 1.17%

NORTH CAROLINA**DWELLING EXTENDED COVERAGE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/21	\$68,317,513
2.	Mean Unearned Premium Reserve, (1) x 0.4869	\$33,263,797
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	9.00%
	Taxes, Licenses and Fees	2.20%
	1/2 General Expenses	2.57%
	1/2 Other Acquisition	4.35%
	Total	18.12%
4.	(2) x (3)	\$6,027,400
5.	Net Subject to Investment, (2) - (4)	\$27,236,397

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$68,317,513
2.	Average Agents' Balances	0.169
3.	Delayed Remission, (1) x (2)	\$11,545,660

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$68,317,513
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.2571	\$17,564,433
3.	Expected Mean Loss Reserves, (2) x 1.059	\$18,600,735

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$34,291,472**E. Average Rate of Return** 2.63%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$901,866**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 1.32%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.156)** 1.11%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for dwelling insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/21 for all companies writing Dwelling insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

	<u>Fire</u>	<u>EC</u>
1. Collected Earned Premium for Calendar Year ended 12/31/21	\$271,086,817	\$342,884,781
2. Unearned Premium Reserve as of 12/31/20	\$121,594,938	\$159,573,973
3. Unearned Premium Reserve as of 12/31/21	\$135,060,657	\$174,314,994
4. Mean Unearned Premium Reserve, $1/2 [(2) + (3)]$	\$128,327,798	\$166,944,484
5. Ratio, $(4) \div (1)$	0.4734	0.4869

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of dwelling policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/21.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing dwelling insurance in North Carolina)	0.1851	0.1651
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.021	1.021
3. Factor for agents' balances, $(1) \times (2)$	0.189	0.169

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/21.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2021 for dwelling insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

	<u>Fire</u>	<u>EC</u>
1. Incurred Losses for Calendar Year 2021	\$712,873,576	\$99,395,485
2. Loss Reserves as of 12/31/20	\$61,323,461	\$109,778,079
3. Loss Reserves as of 12/31/21	\$683,476,545	\$94,123,057
4. Mean Loss Reserve 2021, 1/2 [(2) + (3)]	\$372,400,003	\$101,950,568
5. Ratio, (4) ÷ (1)	0.522	1.026
6. Ratio of LAE Reserves to Loss Reserves (a)	0.172	0.172
7. Ratio of Incurred LAE to Incurred Losses (a)	0.135	0.135
8. Loss and LAE Reserve, [(5)x(1.0+(6))]/(1.0+(7))]	0.539	1.059

(a) Based on 2021 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing dwelling insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2021	\$56,623,774	\$2,156,816,944	2.63%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	2.63%	0.156

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2021 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	\$27,544,890	0.210
	Non-Taxable	\$6,758,330	-
	Sub-Total	\$34,303,220	0.169
Stocks	Taxable (a)	\$9,209,605	0.105
	Non-Taxable	\$3,215,338	-
	Sub-Total	\$12,424,943	0.078
Mortgage Loans		\$1,149,755	
Real Estate		\$1,995,897	
Collateral Loans		\$91	
Cash on Deposit		\$139,788	
Short Term Investments		\$46,945	
All Other		\$12,669,731	
Sub-Total		\$16,002,207	0.210
Total		\$62,730,370	0.161
Investment Deductions		\$6,106,693	0.210
Net Investment Income Earned		\$56,623,677	0.156

(a) Only 50% of dividend income on stock is subject to the full corporate income tax rate of 21%. The applicable tax rate is thus 10.5% (.21 x .5 = 10.5%)

NORTH CAROLINA**DWELLING FIRE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/20	\$30,948,880
2.	Mean Unearned Premium Reserve, (1) x 0.4803	\$14,864,747
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	10.83%
	Taxes, Licenses and Fees	2.49%
	1/2 General Expenses	2.71%
	1/2 Other Acquisition	3.37%
	Total	19.40%
4.	(2) x (3)	\$2,883,761
5.	Net Subject to Investment, (2) - (4)	\$11,980,986

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$30,948,880
2.	Average Agents' Balances	0.196
3.	Delayed Remission, (1) x (2)	\$6,065,980

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$30,948,880
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.6088	\$18,841,678
3.	Expected Mean Loss Reserves, (2) x 0.561	\$10,570,181

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$16,485,187**E. Average Rate of Return** 2.75%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$453,343**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 1.46%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.156)** 1.23%

NORTH CAROLINA**DWELLING EXTENDED COVERAGE INSURANCE****ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES****A. Unearned Premium Reserve**

1.	Direct Earned Premium for Accident Year Ended 12/31/20	\$68,061,181
2.	Mean Unearned Premium Reserve, (1) x 0.4826	\$32,846,326
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage	8.65%
	Taxes, Licenses and Fees	2.23%
	1/2 General Expenses	2.65%
	1/2 Other Acquisition	4.38%
	Total	17.91%
4.	(2) x (3)	\$5,882,777
5.	Net Subject to Investment, (2) - (4)	\$26,963,549

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$68,061,181
2.	Average Agents' Balances	0.175
3.	Delayed Remission, (1) x (2)	\$11,910,707

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$68,061,181
2.	Expected Incurred Losses and Loss Adjustment Expense, (1) x 0.2586	\$17,600,621
3.	Expected Mean Loss Reserves, (2) x 0.998	\$17,565,420

D. Net Subject to Investment, (A-5) - (B-3) + (C-3) \$32,618,262**E. Average Rate of Return** 2.75%**F. Investment Earnings on Net Subject to
Investment, (D) x (E)** \$897,002**G. Average Rate of Return as a Percent of Direct
Earned Premium, (F) / (A-1)** 1.32%**H. Average Rate of Return as a Percent of Direct Earned
Premium after Federal Income Taxes, (G) x (1 - 0.156)** 1.11%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the earned premiums for dwelling insurance in North Carolina from Statutory Page 14 of the Annual Statement.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/20 for all companies writing Dwelling insurance in North Carolina. These data are from Statutory Page 14 of the Annual Statement.

	<u>Fire</u>	<u>EC</u>
1. Collected Earned Premium for Calendar Year ended 12/31/20	\$243,038,711	\$319,147,476
2. Unearned Premium Reserve as of 12/31/19	\$111,854,920	\$148,478,317
3. Unearned Premium Reserve as of 12/31/20	\$121,594,938	\$159,573,973
4. Mean Unearned Premium Reserve, $1/2 [(2) + (3)]$	\$116,724,929	\$154,026,145
5. Ratio, $(4) \div (1)$	0.4803	0.4826

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of dwelling policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. The deduction for these expenses is determined from data provided by the NCRB for the year ended 12/31/20.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in remission and collection of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

1. Agents' balances for premiums due less than 90 days as a ratio to net written premium (based on data for all companies writing dwelling insurance in North Carolina)	0.1922	0.1712
2. Factor to include effect of agents' balances or uncollected premiums overdue for more than 90 days (based on data provided by A. M. Best)	1.021	1.021
3. Factor for agents' balances, $(1) \times (2)$	0.196	0.175

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line C-2

The expected loss and loss adjustment expense ratio reflects the expense provisions for the year ended 12/31/20.

Line C-3

The mean loss reserve is determined by multiplying the incurred losses in line (2) by the North Carolina ratio of the mean loss reserves to the incurred losses in 2020 for dwelling insurance. This ratio is based on North Carolina companies' Statutory Page 14 annual statement data and has been adjusted to include loss adjustment expense reserves.

	<u>Fire</u>	<u>EC</u>
1. Incurred Losses for Calendar Year 2020	\$104,935,680	\$130,492,323
2. Loss Reserves as of 12/31/19	\$51,559,349	\$140,237,573
3. Loss Reserves as of 12/31/20	\$61,323,461	\$109,778,079
4. Mean Loss Reserve 2020, 1/2 [(2) + (3)]	\$56,441,405	\$125,007,826
5. Ratio, (4) ÷ (1)	0.538	0.958
6. Ratio of LAE Reserves to Loss Reserves (a)	0.188	0.188
7. Ratio of Incurred LAE to Incurred Losses (a)	0.140	0.140
8. Loss and LAE Reserve, [(5)x(1.0+(6))]/(1.0+(7))]	0.561	0.998

(a) Based on 2020 All-Industry Insurance Expense Exhibit (source: A.M. Best)

Line E

The rate of return is the ratio of net investment income earned to mean cash and invested assets. Net investment income is computed for all companies writing dwelling insurance in North Carolina as follows:

<u>Year</u>	<u>Net Investment Income Earned</u>	<u>Mean Cash and Invested Assets</u>	<u>Rate of Return</u>
2020	\$54,400,619	\$1,976,949,891	2.75%

NORTH CAROLINA

DWELLING FIRE AND EXTENDED COVERAGE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line H

The average rate of Federal income tax was determined by applying the average tax rate for net investment income and the current tax rate applicable to realized capital gains (or losses) to the rates of return as calculated above.

	<u>Rate of Return</u>	<u>Federal Income Tax Rate</u>
Net Investment Income Earned	2.75%	0.156

The average rate of Federal income tax was determined by applying current tax rates to the distribution of investment income earned for all companies. These data are for 2020 from Best's Aggregates and Averages, Underwriting and Investment Exhibit, Part 1, Column 8.

Bonds	Taxable	\$28,339,436	0.210
	Non-Taxable	\$7,246,012	-
	Sub-Total	\$35,585,448	0.167
Stocks	Taxable (a)	\$8,494,491	0.105
	Non-Taxable	\$2,429,550	-
	Sub-Total	\$10,924,041	0.082
Mortgage Loans		\$1,029,624	
Real Estate		\$1,999,576	
Collateral Loans		\$17,597	
Cash on Deposit		\$820,107	
Short Term Investments		(\$183,091)	
All Other		\$10,043,526	
Sub-Total		\$13,727,339	0.210
Total		\$60,236,828	0.161
Investment Deductions		\$5,836,159	0.210
Net Investment Income Earned		\$54,400,669	0.156

(a) Only 50% of dividend income on stock is subject to the full corporate income tax rate of 21%. The applicable tax rate is thus 10.5% (.21 x .5 = 10.5%)

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

11. IDENTIFICATION OF APPLICABLE STATISTICAL PLANS AND PROGRAMS AND A CERTIFICATION OF COMPLIANCE WITH THEM
- (a) ISO Personal Lines Statistical Plan (Other Than Automobile)
ISO Personal Lines Statistical Agent Plan (Other Than Automobile)
ISO Call(s) for Dwelling Fire and Extended Coverage Statistics
ISO Call(s) for Dwelling Fire and Extended Coverage Statistical Agent Plan Statistics
ISS Personal Lines Statistical Plans - All Coverages
ISS Dwelling Fire and Extended Coverage Call(s)
AAIS Personal Lines Statistical Plan
AAIS Call(s) for Dwelling Fire and Extended Coverage Statistics
NISS Statistical Plan - All Coverages - Part IV, North Carolina
NISS Quarterly Call(s)
NISS Financial Reconciliation Call(s)
NAIC Annual Statements
NAIC Insurance Expense Exhibits
NCRB Call(s) for North Carolina Expense Experience
 - (b) The North Carolina Rate Bureau certifies that there is no evidence known to it or, insofar as it is aware following reasonable inquiry, to the statistical agencies involved that the data which were collected under the statistical plans identified in response (11) (a) above and used in the filing are not materially true and accurate representations of the experience of the companies whose data underlie such experience. While the Rate Bureau is aware that the collected data sometimes require corrections or adjustments, the Rate Bureau's review of the data, the data collection process, and the ratemaking process indicates that the aggregate data are reasonable and reliable for ratemaking purposes. See also the prefiled testimony of P. Ericksen.
 - (c) The attached Exhibit (11) (c) contains general descriptions of the editing procedures used to ensure data were collected in accordance with the applicable statistical plans.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

ISO Editing Procedures

1. Upon receipt of the data from each reporting company, checks are made to ensure that each record (i.e., the data reported for each exposure) has valid and readable information. This includes a check that the appropriate alpha-numeric codes have been utilized.
2. The records are then checked to ensure that each of the fields has a valid code in it (e.g., company numbers must be entered as four-digit numerals).
3. Relationship edits which evaluate the interrelationship between codes are then performed. For example, if a record indicates North Carolina, Homeowners, Form 3, checks are made to ascertain that applicable interrelationships are maintained.
4. Distributional edits are performed to make sure that the reporting company has not erred by miscoding its data into a single class, territory, or other rating criteria due a systems problem or other error.
5. The resulting combined data from all the company records are reconciled with Statutory Page 14 Annual Statement data for that company.
6. After all of the ISO data are aggregated, a consolidated review of the data is conducted to determine overall reasonableness and accuracy. In this procedure the data are compared with previous statewide and territory figures. Areas of concern are identified, and results are verified by checking back to the source data.

ISS Editing Procedures

The following narrative sets forth a general description of the editing procedures utilized by ISS to review North Carolina statistical data. All North Carolina experience submitted to the ISS by affiliated companies undergoes standard procedures to ensure that the data is reported in accordance with the ISS's approved statistical plans.

ISS's review of the data takes place on two levels: analysis of individual company data and analysis of the aggregate data of all the companies combined. These two separate functions will be treated in that order.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

ISS Editing Procedures (continued)

Analysis of Company Data

Analysis of company data includes: completeness checks, editing for valid coding and checking the distribution of data among the various data elements.

1. Completeness Checks (Balancing and Reconciliation):

Balancing and reconciliation procedures are used to determine completeness of reporting. Completeness means that the ISS has received and processed all of the data due to be filed with the ISS. First, totals of each company's processed data are compared to separate transmittal totals supplied by the company. This step ensures that ISS has processed completely the experience included in the company's submission of data and that no errors occur during this processing. As a second check for completeness, the reported statistical data is reconciled to Statutory Page 14 totals from the company's Annual Statement. It is a useful procedure in determining completeness because the annual statement represents an independent source of information.

2. Editing of Codes:

Format and Readability

Statistical data reported by affiliated companies must be filed in accordance with ISS's approved statistical plans. This includes the requirement that the data must conform to the specific formats and technical specifications in order for ISS to properly read and process these submissions. The initial edit is a test of each company's submission to ensure it has been reported using the proper record format and that it meets certain technical requirements for the line of insurance being reported. Key fields are tested to ensure that only numeric information has been reported in fields defined as numeric, and that the fields have been reported in the proper position in the record.

Relational Edits

The data items of information filed with the insurance company's experience are reported by using codes defined under ISS's statistical plans. For example, the various types of Policy Forms written on Homeowners policies in North Carolina are defined in the Personal Lines Statistical Plan. Each definition for each data element has a unique code assigned to it which distinguishes it from other definitions. All data items applicable to North Carolina are defined in a similar manner in each of ISS's statistical plans and have codes assigned to properly identify each definition.

All records reported to ISS are subjected to validation of the reported codes. This validation, called editing, is performed to ensure that companies are reporting properly defined ISS Statistical Plan codes for North Carolina experience.

The purpose of the edit is to validate the statistical codes reported in each record. This validation is called a Relation Edit. A relational edit verifies that a reported code is valid in combination with one or more related data items. Relational edit tests are accomplished primarily through the use of specific edit tables applicable to each line of insurance.

NORTH CAROLINA**DWELLING PROPERTY INSURANCE**ISS Editing Procedures (continued)

In most cases, the experience data in the record is used in conjunction with the related codes and compared to an establishment or discontinued date for the code being validated. This ensures that specific codes are not being utilized beyond the range of time during which they are valid.

An example of a relational edit involves territory coding. Many territory code numbers are available under each statistical plan for various states, with various effective dates. However, only codes defined for North Carolina for the specific line being processed are valid in combination with North Carolina reported experience. Further, if a new code is erected, that code will be considered valid only if the date reported in the statistical record is equal or subsequent to the establishment date of the code.

3. Distributional Analysis:

The validation of the codes is not by itself sufficient to ensure the credibility of company data. Having ensured the reporting of valid codes, the statistical agent must verify that valid entries are indeed reliable. Therefore, the data is also reviewed for reasonable distributions. The primary focus of this review is to establish that the statistical data reported by the company is a credible reflection of the company's experience.

The distribution of company experience by specific data elements such as state, territory, policy form, and construction, for example, for the current reporting period is compared to company profiles of prior periods. In addition, ratios relevant to the line of insurance such as average premium, average loss, volume, loss ratio and loss frequency are compared to industry averages. This historical comparison can highlight changes in the pattern of reporting.

The distributional analysis serves as an additional verification that systematic errors are not introduced during the production of data files submitted to ISS by our affiliated companies. Disproportionate amounts of premiums and/or losses in a particular class or territory, for example, can be detected using this technique.

4. Validation of Aggregate Data

After the individual company has been reviewed, the data for all reporting companies is compiled to produce aggregate reports. The aggregate data represents the combined experience of many companies. This data is also subjected to similar review procedures. To ensure completeness, run-to-run control techniques are applied. This involves balancing the totals of the aggregate runs to previously verified control totals. In this manner the aggregate data is monitored to ensure the inclusion of the appropriate company data.

The aggregate data is also reviewed for credibility through distributional analysis similar to that performed on the individual company data. Earned exposures (where applicable) and premiums and incurred losses and claims are used to calculate pure premiums, claim frequencies and claim costs for comparison to past averages. The analysis of the aggregate data centers on determining consistency over time by comparing several years of experience, by coverage and class, or territory, for example. Through the application of these techniques, ISS is able to provide reliable insurance statistical data in North Carolina.

NORTH CAROLINA**DWELLING PROPERTY INSURANCE**NISS Editing Procedures

- a. Every report received is checked for completeness. Every submission must include (1) an affidavit; (2) a letter of transmittal setting forth company control totals for the data being sent; (3) the data submitted via the NISS website.
- b. Individual company submissions are balanced to the company letter of transmittal to ensure that all data have been received and processed. After all data has been received, the company reports are reconciled to the Annual Statement Statutory Page 14 amounts. The NISS Financial Reconciliation identifies any amounts needed to reconcile any differences between the company reported data and Annual Statement amounts.
- c. Every company record submitted to NISS is verified through NISS edit software for its coding accuracy and conformance with NISS record layouts and instructions. NISS edits verify the accuracy of each code for each data element. Where possible, each data element is subjected to a relational edit whereby it will be checked for accuracy in conjunction with another field.
- d. Individual company submissions are also subjected to a series of reasonability tests to determine that the current submission is consistent with previous company submissions, known changes in this line of business and statewide trends. NISS compares current year data to the previous year. This comparison is performed and analyzed by grouping data.
- e. After all of the NISS data are combined, a review of this consolidated data is also performed. The aggregate data is compared on a year-to-year basis to again verify its reasonableness, similar to those checks employed on an individual company submission.

AAIS Editing Procedures

The American Association of Insurance Services functions as an official statistical agent in the State of North Carolina for a number of lines of insurance. In this capacity, it provides for the administration of statistical programs in accordance with approved statistical plans on behalf of the Commissioner of Insurance. These statistical plans, which are provided to the State of North Carolina and the North Carolina Rating Bureau (NCRB), serve to ensure a high quality of data reliability.

1. All statistical plans constitute permanent calls for data, which is due to AAIS within 60 days following the close of the fiscal quarter.
2. The AAIS data collection procedure consists of several consecutive steps in order to further verify receipt of accurate and complete data from each company and ultimately aggregate the data into the final experience format.

NORTH CAROLINA**DWELLING PROPERTY INSURANCE**AAIS Editing Procedures (continued)

3. The data collection procedure begins with the company uploading their data file into the AAIS secure online Statistical Data Management Application (SDMA). The SDMA verifies certain key fields, calculates transmittal totals for verification, and houses the edit program. The key fields are company number, line of insurance, transaction code and report period (quarter and year). All invalid key fields must be corrected before the data proceeds to the next step. Once all key fields have been validated, the data moves on to the edit program.
4. The edit program has several functions and reports. Examples are listed below:
 - a. Data is balanced to transmittal totals and submitting companies verify this upon submission of their data via the SDMA.
 - b. Each statistical field is edited to the valid codes in the statistical plan for the line being processed. Many fields are also cross edited to ensure the accuracy of the reported data and test the validity of data elements in conjunction with relational fields.
 - c. Edit reports consist of a listing of invalid records, an error summary report, a state report and field error detail report.
 - d. Analysis of the distribution of industry ratios, trends and company experience by specific data elements such as cause of loss, class, and coverage ensure reasonableness. Data distributions are monitored both by AAIS statistical reporting and actuarial staff to ensure data integrity. Along with the edit and distribution reports, there are additional review procedures in place to identify procedural reporting errors that may exist (e.g., cancellations and coverage changes). AAIS also supports the annual reconciliation of statistically reported data versus Statutory page 14 financial information. A great deal of time is spent on these items because of their importance to the validity of reported data.
 - e. The SDMA performs analysis of a company's data and provides the company with automated email notification stating that their data was accepted by AAIS. Throughout the submission and editing process, the SDMA provides a status for the submission indicating the type of action required. Depending on the severity of errors, companies are requested to make corrections or resubmit data.
5. AAIS provides onboarding assistance to all of its affiliated companies to ensure a continued high level of data quality by working directly with member company staff to implement the process for creating statistical reporting files. In addition to the formal onboarding process, AAIS has developed a Statistical Data Management Application Training Manual available on our AAISdirect member portal.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

12. INVESTMENT EARNINGS ON CAPITAL AND SURPLUS

Not applicable to dwelling insurance.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

13. LEVEL OF CAPITAL AND SURPLUS NEEDED TO SUPPORT PREMIUM WRITINGS WITHOUT ENDANGERING THE SOLVENCY OF MEMBER COMPANIES

- (a) The premium to surplus ratios for the calendar years 2015-2024 for the company groups which wrote Dwelling Fire and Dwelling Extended Coverage in each of those years are presented in the table below. The figures for each year are calculated as a weighted average of group-level surplus-to-premium ratios, with the weights based on North Carolina Dwelling Fire and Dwelling Extended Coverage direct premiums written in each year, with the results being inverted to obtain the premium-to-surplus ratios in the table:

	Fire		Extended Coverage	
Year	Direct	Net	Direct	Net
2024	1.26	0.77	1.13	1.04
2023	1.12	1.13	1.15	1.13
2022	1.06	1.05	1.04	1.02
2021	0.90	0.87	0.86	0.84
2020	0.86	0.87	0.82	0.84
2019	0.92	0.93	0.88	0.91
2018	0.90	0.82	1.05	0.82
2017	0.85	0.86	0.85	0.87
2016	0.82	0.80	0.78	0.80
2015	0.82	0.78	0.78	0.78
Average	0.95	0.89	0.93	0.91

Note: These data are based on statutory filings as compiled by the NAIC.

- (b) The estimate of the future premium to surplus ratio is based on the 10-year average of the past premium to surplus ratios. See the pre-filed testimony of G. Zanjani.
- (c) The necessary level of capital and surplus to support particular coverages varies by line, and the Rate Bureau regards the ratios shown in (a) as indicative of levels typical within the industry for the lines of business covered by this filing. The actual level of capital and surplus needed to support premium writings without endangering the solvency of a company is dependent upon (among others) the financial structure and investments unique to each company, the relationship of the company with affiliated companies as a group (and the experience of the affiliated companies), the mix of business of each company, and the conditions of the economy as they affect each company's individual circumstances. The Rate Bureau is advised that the National Association of Insurance Commissioners, as one of several criteria, generally considers that a premium to surplus ratio for an individual company of 3 to 1 warrants close regulatory attention and monitoring with respect to the company's solvency position.
- (d) The Rate Bureau has determined the premium to surplus ratio for Dwelling insurance in North Carolina based on the weighted average across groups writing Dwelling insurance in North Carolina as described above in (a), where the weights are the actual premiums written for Dwelling insurance. The premium to surplus ratios of the insurers actually writing this business in North Carolina are believed by the Rate Bureau to be representative of the leverage relevant for this line and state. The Rate Bureau has not further allocated surplus within these insurers across lines and states in this or other filings in North Carolina. See the pre-filed testimony of G. Zanjani.

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14. OTHER INFORMATION REQUIRED BY THE COMMISSIONER

- (a) See the pre-filed testimony of P. Ericksen, M. Mao, P. Anderson, and G. Zanjani.
- (b) Not applicable to dwelling insurance.
- (c) Not applicable to dwelling insurance.
- (d) See attached Exhibit 14(d).

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

The following are changes in methodology or presentation used in this filing as compared to the methodologies or presentation used in the July 13, 2023 filing:

1. In this filing, loss trends were selected for three time periods: historical, “to current”, and prospective. The selection of historical loss trends follows the same methodology as the previous filing. The selected “to current” loss trends reflect trends observed in economic indices for the time period immediately following the historical experience period. Prospective loss trends were then selected for the time period from the end of the available economic indices to one year beyond the assumed effective date. In the previous filing, the “to current” and prospective time periods were treated as a single time period.
2. In this filing, the loading for net cost of reinsurance was moved to an earlier step in the calculation of the indicated rate level changes. The net cost of reinsurance per policy is now added to the base class loss costs and fixed expenses prior to the application of the expected loss and fixed expense ratio. In the previous filing, the net cost of reinsurance was presented separately from the losses and fixed expenses.
3. In this filing, the filed rates have been rounded to dollars and cents. In the previous filing, the filed rates were rounded to whole dollars.

See also the pre-filed testimony of J. Biliouris, P. Ericksen, M. Mao, P. Anderson, and G. Zanjani.

NORTH CAROLINA
DWELLING PROPERTY INSURANCE

SECTION F - NEW RATING FACTORS

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NORTH CAROLINA
DWELLING PROPERTY INSURANCE
OVERVIEW

This filing proposes a new mobile home construction rating factor for Extended Coverage. The proposed rating factor is being implemented on a revenue-neutral basis through the application of territorial off-balance factors.

Data Used

The non-hurricane Extended Coverage mobile home construction analysis is based upon five accident years of North Carolina data ending 12/31/2023. Only data reported to Insurance Services Office (ISO) and Independent Statistical Services (ISS) was used in the analysis. Data reported to National Independent Statistical Services (NISS) and American Association of Insurance Services, Inc. (AAIS) was excluded because the loss records lacked sufficient detail.

The modeled hurricane losses used in this analysis are a byproduct of the analysis performed by Aon on behalf of the North Carolina Rate Bureau for the current rate review. For the rate review, the models were run using trended exposures and the modeled losses were loaded for loss adjustment expenses. However, since the data used for the non-hurricane construction relativity analysis was not trended or loaded for loss adjustment expenses, the trend and loss adjustment factors needed to be backed out of the modeled losses in order to bring the hurricane analysis to the same basis as the non-hurricane analysis.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

MOBILE HOME CONSTRUCTION ANALYSIS

Methodology

The indicated non-hurricane mobile home construction relativity is the result of applying a one-way pure premium methodology to the five years of North Carolina experience ending 12/31/2023. The reported non-hurricane losses used were developed to ultimate and adjusted to the base value for all rating variables except for construction type. Average non-hurricane pure premiums were then calculated by dividing the adjusted losses by earned house years. A similar analysis was performed for the hurricane peril using modeled losses which were derived from exposures which earned into accident year ending 12/31/2023. The calculation of the non-hurricane and hurricane pure premiums by construction type is shown below:

Calculation of Adjusted Non-Hurricane Pure Premiums

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Construction Type	Five-Year Earned House Years	Five-Year Adjusted Aggregate Calculated Earned Premium at Current Level ^(a)	Five-Year Non-Hurricane Adjusted Incurred Losses	Five-Year Base Premium ^(b)	Average Partial Rating Factor (2) / (4)	Adjusted Non-Hurricane Losses (3) / (5)	Adjusted Non-Hurricane Pure Premium (6) / (1)
Frame	1,786,902	1,178,453,519	275,128,757	115,054,584	10.243	26,860,173	15.03
Mobile Home	858,864	144,532,717	51,633,521	56,799,634	2.545	20,288,220	23.62

Calculation of Adjusted Hurricane Pure Premiums

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Construction Type	2023 Earned House Years	2023 Adjusted Aggregate Calculated Earned Premium at Current Level ^(a)	2023 Modeled Hurricane Adjusted Incurred Losses	2023 Base Premium ^(b)	Average Partial Rating Factor (2) / (4)	Adjusted Modeled Hurricane Losses (3) / (5)	Adjusted Modeled Hurricane Pure Premium (6) / (1)
Frame	364,443	264,807,912	62,663,241	22,772,032	11.629	5,388,532	14.79
Mobile Home	190,016	38,941,162	28,572,316	12,398,015	3.141	9,096,567	47.87

- ^(a) The Aggregate Calculated Earned Premium at Current Level was calculated as the product of the earned house years, the current manual base rate, and all applicable rating factors for every premium record included the analysis, and then summed to statewide. The statewide total was then adjusted by removing the current mobile home construction rating factor of 1.250.
- ^(b) The Base Premium was calculated for each territory as the product of the earned house years and the current manual base rate, and then the territory values are summed to statewide.

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DWELLING PROPERTY INSURANCE

MOBILE HOME CONSTRUCTION ANALYSIS

The non-hurricane and hurricane pure premiums were then converted to relativities and weighed together to arrive at the total indicated construction relativities. The hurricane weight represents the portion of the indicated Extended Coverage base rates which is attributable to the hurricane peril.

Calculation of Indicated Construction Relativities

	(1)	(2)	(3)	(4)	(5)	(6)
Construction Type	Adjusted Non-Hurricane Pure Premium	Indicated Non-Hurricane Construction Relativity ^(a)	Adjusted Modeled Hurricane Pure Premium	Indicated Modeled Hurricane Construction Relativity ^(a)	Hurricane Weight	Total Indicated Construction Relativity ^{(a) (b)}
Frame	15.03	1.000	14.79	1.000	70.19%	1.000
Mobile Home	23.62	1.572	47.87	3.237	70.19%	2.741

^(a) The base class is frame construction, so the relativities are calculated by dividing the pure premiums for each construction type by the frame pure premium.

^(b) $(6) = (2) \times [1 - (5)] + (4) \times (5)$

Summary of Extended Coverage Mobile Home Construction Analysis

Current Mobile Home Rating Factor:	1.250
Indicated Mobile Home Construction Relativity:	2.741
Proposed Mobile Home Rating Factor:	1.500 (+20%)

NORTH CAROLINA
DWELLING PROPERTY INSURANCE
OFF-BALANCE FACTORS

In order to implement the revised Extended Coverage mobile home construction rating factor on a revenue-neutral basis, it is necessary to incorporate an "off-balance" factor in the calculation of the revised base class rates by class and territory.

The off-balance factor represents the rate level effect that would result if the revised factor was to be implemented without any adjustment to the current base class rates. Hence, by dividing out the off-balance factor in the calculation of the revised base class rates, the revised rating factor will have no effect on the average rate for all insureds. The off-balance factor by class and territory is calculated by re-rating the underlying policies using the revised factors and taking the ratio of the revised premium-at-present-rate to the original premium-at-present-rate.

The rate impacts for policyholders by construction type were also calculated by class and territory. The rate impacts reflect the revised factor as well as the application of the off-balance factor.

The data used in the calculation of the off-balance factors and the rate impacts is based upon the combined accident year ending 12/31/2023 data of companies writing dwelling insurance in North Carolina and reporting their data to Insurance Services Office (ISO) or Independent Statistical Service, Inc. (ISS).

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DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

EXTENDED COVERAGE

Summary of Impacts - Buildings

Territory	Off-Balance Factor	Frame/Masonry Rate Impact	Mobile Home Rate Impact
110	1.002	-0.2%	+19.8%
120	1.011	-1.1%	+18.7%
130	1.041	-3.9%	+15.3%
140	1.046	-4.4%	+14.7%
150	1.043	-4.1%	+15.1%
160	1.038	-3.7%	+15.6%
170	1.055	-5.2%	+13.7%
180	1.034	-3.3%	+16.1%
190	1.049	-4.7%	+14.4%
200	1.064	-6.0%	+12.8%
210	1.032	-3.1%	+16.3%
220	1.014	-1.4%	+18.3%
230	1.079	-7.3%	+11.2%
240	1.040	-3.8%	+15.4%
250	1.027	-2.6%	+16.8%
260	1.059	-5.6%	+13.3%
270	1.002	-0.2%	+19.8%
280	1.016	-1.6%	+18.1%
290	1.017	-1.7%	+18.0%
300	1.049	-4.7%	+14.4%
310	1.013	-1.3%	+18.5%
320	1.021	-2.1%	+17.5%
330	1.042	-4.0%	+15.2%
340	1.009	-0.9%	+18.9%
350	1.022	-2.2%	+17.4%
360	1.027	-2.6%	+16.8%
370	1.030	-2.9%	+16.5%
380	1.025	-2.4%	+17.1%
390	1.023	-2.2%	+17.3%
Statewide	1.025	-2.4%	+17.1%

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

EXTENDED COVERAGE

Summary of Impacts - Contents

Territory	Off-Balance Factor	Frame/Masonry Rate Impact	Mobile Home Rate Impact
110	1.003	-0.3%	+19.6%
120	1.018	-1.8%	+17.9%
130	1.077	-7.1%	+11.4%
140	1.091	-8.3%	+10.0%
150	1.088	-8.1%	+10.3%
160	1.101	-9.2%	+9.0%
170	1.081	-7.5%	+11.0%
180	1.072	-6.7%	+11.9%
190	1.077	-7.1%	+11.4%
200	1.084	-7.7%	+10.7%
210	1.073	-6.8%	+11.8%
220	1.040	-3.8%	+15.4%
230	1.099	-9.0%	+9.2%
240	1.081	-7.5%	+11.0%
250	1.079	-7.3%	+11.2%
260	1.110	-9.9%	+8.1%
270	1.012	-1.2%	+18.6%
280	1.051	-4.9%	+14.2%
290	1.058	-5.5%	+13.4%
300	1.075	-7.0%	+11.6%
310	1.029	-2.8%	+16.6%
320	1.044	-4.2%	+14.9%
330	1.075	-7.0%	+11.6%
340	1.019	-1.9%	+17.8%
350	1.042	-4.0%	+15.2%
360	1.063	-5.9%	+12.9%
370	1.057	-5.4%	+13.5%
380	1.042	-4.0%	+15.2%
390	1.035	-3.4%	+15.9%
Statewide	1.053	-5.0%	+14.0%

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

DERIVATION OF RATE IMPACTS - EXTENDED COVERAGE

BUILDINGS

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Original Aggregate Calculated Earned			Revised Aggregate Calculated Earned Premium at Current Level		
<u>Territory</u>	<u>Type of Construction</u>	<u>Latest-Year Earned House Years</u>	<u>Premium at Current Level</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>[(2)/(3)]x(4)</u>	<u>Off-Balance Factor (5)/(2)</u>	<u>Rate Impact [(4)/(3)]/(6)</u>
110	Frame	10,044	42,677,863	1.000	1.000	42,677,863		-0.2%
	Masonry	192	507,859	0.950	0.950	507,859		-0.2%
	<u>Mobilehome</u>	<u>393</u>	<u>341,637</u>	1.250	1.500	<u>409,964</u>		+19.8%
	Total	10,629	43,527,359			43,595,686	1.002	
120	Frame	10,170	46,863,462	1.000	1.000	46,863,462		-1.1%
	Masonry	532	1,523,435	0.950	0.950	1,523,435		-1.1%
	<u>Mobilehome</u>	<u>3,161</u>	<u>2,898,368</u>	1.250	1.500	<u>3,478,041</u>		+18.7%
	Total	13,863	51,285,264			51,864,937	1.011	
130	Frame	2,617	4,519,710	1.000	1.000	4,519,710		-3.9%
	Masonry	409	705,159	0.950	0.950	705,159		-3.9%
	<u>Mobilehome</u>	<u>1,779</u>	<u>1,367,379</u>	1.250	1.500	<u>1,640,855</u>		+15.3%
	Total	4,806	6,592,249			6,865,725	1.041	
140	Frame	14,162	32,506,256	1.000	1.000	32,506,256		-4.4%
	Masonry	3,395	8,514,356	0.950	0.950	8,514,356		-4.4%
	<u>Mobilehome</u>	<u>14,069</u>	<u>12,260,486</u>	1.250	1.500	<u>14,712,583</u>		+14.7%
	Total	31,626	53,281,099			55,733,196	1.046	
150	Frame	10,119	12,381,187	1.000	1.000	12,381,187		-4.1%
	Masonry	2,625	3,509,939	0.950	0.950	3,509,939		-4.1%
	<u>Mobilehome</u>	<u>6,966</u>	<u>4,330,666</u>	1.250	1.500	<u>5,196,799</u>		+15.1%
	Total	19,710	20,221,792			21,087,925	1.043	
160	Frame	9,635	14,918,754	1.000	1.000	14,918,754		-3.7%
	Masonry	1,838	2,831,768	0.950	0.950	2,831,768		-3.7%
	<u>Mobilehome</u>	<u>5,760</u>	<u>4,179,666</u>	1.250	1.500	<u>5,015,599</u>		+15.6%
	Total	17,234	21,930,188			22,766,122	1.038	
170	Frame	1,265	707,530	1.000	1.000	707,530		-5.2%
	Masonry	539	333,464	0.950	0.950	333,464		-5.2%
	<u>Mobilehome</u>	<u>904</u>	<u>394,801</u>	1.250	1.500	<u>473,761</u>		+13.7%
	Total	2,708	1,435,795			1,514,756	1.055	
180	Frame	8,920	7,038,908	1.000	1.000	7,038,908		-3.3%
	Masonry	4,773	4,194,654	0.950	0.950	4,194,654		-3.3%
	<u>Mobilehome</u>	<u>6,351</u>	<u>2,277,028</u>	1.250	1.500	<u>2,732,434</u>		+16.1%
	Total	20,044	13,510,591			13,965,996	1.034	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

DERIVATION OF RATE IMPACTS - EXTENDED COVERAGE
BUILDINGS

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Original Aggregate Calculated Earned			Revised Aggregate Calculated Earned Premium at Current Level		
<u>Territory</u>	<u>Type of Construction</u>	<u>Latest-Year Earned House Years</u>	<u>Premium at Current Level</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>[(2)/(3)]x(4)</u>	<u>Off-Balance Factor (5)/(2)</u>	<u>Rate Impact [(4)/(3)]/(6)</u>
190	Frame	3,597	2,185,636	1.000	1.000	2,185,636		-4.7%
	Masonry	1,959	1,582,041	0.950	0.950	1,582,041		-4.7%
	<u>Mobilehome</u>	<u>3,187</u>	<u>1,232,698</u>	1.250	1.500	<u>1,479,238</u>		+14.4%
	Total	8,743	5,000,375			5,246,914	1.049	
200	Frame	1,694	1,240,236	1.000	1.000	1,240,236		-6.0%
	Masonry	839	749,299	0.950	0.950	749,299		-6.0%
	<u>Mobilehome</u>	<u>2,098</u>	<u>943,263</u>	1.250	1.500	<u>1,131,915</u>		+12.8%
	Total	4,630	2,932,798			3,121,451	1.064	
210	Frame	3,740	2,009,783	1.000	1.000	2,009,783		-3.1%
	Masonry	1,985	1,276,393	0.950	0.950	1,276,393		-3.1%
	<u>Mobilehome</u>	<u>1,826</u>	<u>631,089</u>	1.250	1.500	<u>757,307</u>		+16.3%
	Total	7,551	3,917,265			4,043,482	1.032	
220	Frame	9,157	8,607,307	1.000	1.000	8,607,307		-1.4%
	Masonry	5,603	5,424,032	0.950	0.950	5,424,032		-1.4%
	<u>Mobilehome</u>	<u>4,077</u>	<u>1,048,694</u>	1.250	1.500	<u>1,258,433</u>		+18.3%
	Total	18,837	15,080,033			15,289,772	1.014	
230	Frame	3,811	2,284,466	1.000	1.000	2,284,466		-7.3%
	Masonry	1,949	1,479,308	0.950	0.950	1,479,308		-7.3%
	<u>Mobilehome</u>	<u>6,498</u>	<u>2,432,755</u>	1.250	1.500	<u>2,919,306</u>		+11.2%
	Total	12,258	6,196,529			6,683,080	1.079	
240	Frame	9,856	6,331,814	1.000	1.000	6,331,814		-3.8%
	Masonry	3,413	2,246,037	0.950	0.950	2,246,037		-3.8%
	<u>Mobilehome</u>	<u>7,186</u>	<u>2,126,211</u>	1.250	1.500	<u>2,551,453</u>		+15.4%
	Total	20,454	10,704,062			11,129,304	1.040	
250	Frame	5,430	5,046,917	1.000	1.000	5,046,917		-2.6%
	Masonry	1,384	1,059,653	0.950	0.950	1,059,653		-2.6%
	<u>Mobilehome</u>	<u>3,465</u>	<u>962,212</u>	1.250	1.500	<u>1,154,654</u>		+16.8%
	Total	10,279	7,068,781			7,261,223	1.027	
260	Frame	3,987	1,759,012	1.000	1.000	1,759,012		-5.6%
	Masonry	1,159	711,277	0.950	0.950	711,277		-5.6%
	<u>Mobilehome</u>	<u>3,389</u>	<u>1,036,840</u>	1.250	1.500	<u>1,244,207</u>		+13.3%
	Total	8,535	3,507,128			3,714,496	1.059	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

DERIVATION OF RATE IMPACTS - EXTENDED COVERAGE

BUILDINGS

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Original Aggregate Calculated Earned			Revised Aggregate Calculated Earned Premium at Current Level	Off-Balance	Rate
<u>Territory</u>	<u>Type of Construction</u>	<u>Latest-Year Earned House Years</u>	<u>Premium at Current Level</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>[(2)/(3)]x(4)</u>	<u>(5)/(2)</u>	<u>[(4)/(3)]/(6)</u>
270	Frame	20,514	18,265,340	1.000	1.000	18,265,340		-0.2%
	Masonry	4,357	3,564,294	0.950	0.950	3,564,294		-0.2%
	<u>Mobilehome</u>	<u>1,098</u>	<u>262,598</u>	1.250	1.500	<u>315,118</u>		+19.8%
	Total	25,969	22,092,232			22,144,752	1.002	
280	Frame	2,906	2,206,553	1.000	1.000	2,206,553		-1.6%
	Masonry	902	696,156	0.950	0.950	696,156		-1.6%
	<u>Mobilehome</u>	<u>1,217</u>	<u>260,462</u>	1.250	1.500	<u>312,554</u>		+18.1%
	Total	5,025	3,163,170			3,215,262	1.016	
290	Frame	3,187	2,642,241	1.000	1.000	2,642,241		-1.7%
	Masonry	1,039	954,678	0.950	0.950	954,678		-1.7%
	<u>Mobilehome</u>	<u>1,598</u>	<u>338,441</u>	1.250	1.500	<u>406,129</u>		+18.0%
	Total	5,824	3,935,360			4,003,048	1.017	
300	Frame	3,123	1,094,033	1.000	1.000	1,094,033		-4.7%
	Masonry	1,236	575,825	0.950	0.950	575,825		-4.7%
	<u>Mobilehome</u>	<u>2,570</u>	<u>539,127</u>	1.250	1.500	<u>646,953</u>		+14.4%
	Total	6,930	2,208,985			2,316,811	1.049	
310	Frame	23,764	9,704,609	1.000	1.000	9,704,609		-1.3%
	Masonry	9,031	4,621,421	0.950	0.950	4,621,421		-1.3%
	<u>Mobilehome</u>	<u>5,833</u>	<u>991,861</u>	1.250	1.500	<u>1,190,233</u>		+18.5%
	Total	38,628	15,317,891			15,516,263	1.013	
320	Frame	10,505	4,826,373	1.000	1.000	4,826,373		-2.1%
	Masonry	3,755	2,122,579	0.950	0.950	2,122,579		-2.1%
	<u>Mobilehome</u>	<u>4,567</u>	<u>833,282</u>	1.250	1.500	<u>999,939</u>		+17.5%
	Total	18,827	7,782,234			7,948,891	1.021	
330	Frame	710	253,415	1.000	1.000	253,415		-4.0%
	Masonry	247	129,058	0.950	0.950	129,058		-4.0%
	<u>Mobilehome</u>	<u>664</u>	<u>102,991</u>	1.250	1.500	<u>123,589</u>		+15.2%
	Total	1,621	485,464			506,062	1.042	
340	Frame	19,914	11,579,572	1.000	1.000	11,579,572		-0.9%
	Masonry	8,539	5,234,223	0.950	0.950	5,234,223		-0.9%
	<u>Mobilehome</u>	<u>4,838</u>	<u>781,531</u>	1.250	1.500	<u>937,837</u>		+18.9%
	Total	33,291	17,595,326			17,751,632	1.009	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

DERIVATION OF RATE IMPACTS - EXTENDED COVERAGE
BUILDINGS

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Original Aggregate Calculated Earned			Revised Aggregate Calculated Earned Premium at Current Level		
<u>Territory</u>	<u>Type of Construction</u>	<u>Latest-Year Earned House Years</u>	<u>Premium at Current Level</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>[(2)/(3)]x(4)</u>	<u>Off-Balance Factor (5)/(2)</u>	<u>Rate Impact [(4)/(3)]/(6)</u>
350	Frame	9,643	3,582,228	1.000	1.000	3,582,228		-2.2%
	Masonry	4,010	1,877,263	0.950	0.950	1,877,263		-2.2%
	<u>Mobilehome</u>	<u>4,117</u>	<u>666,151</u>	1.250	1.500	<u>799,381</u>		+17.4%
	Total	17,771	6,125,642			6,258,872	1.022	
360	Frame	16,171	8,162,022	1.000	1.000	8,162,022		-2.6%
	Masonry	4,320	2,411,540	0.950	0.950	2,411,540		-2.6%
	<u>Mobilehome</u>	<u>9,766</u>	<u>1,654,027</u>	1.250	1.500	<u>1,984,832</u>		+16.8%
	Total	30,257	12,227,588			12,558,394	1.027	
370	Frame	1,141	563,836	1.000	1.000	563,836		-2.9%
	Masonry	172	82,769	0.950	0.950	82,769		-2.9%
	<u>Mobilehome</u>	<u>657</u>	<u>112,097</u>	1.250	1.500	<u>134,517</u>		+16.5%
	Total	1,971	758,702			781,122	1.030	
380	Frame	3,333	1,630,872	1.000	1.000	1,630,872		-2.4%
	Masonry	432	245,235	0.950	0.950	245,235		-2.4%
	<u>Mobilehome</u>	<u>1,701</u>	<u>262,781</u>	1.250	1.500	<u>315,337</u>		+17.1%
	Total	5,466	2,138,888			2,191,444	1.025	
390	Frame	3,204	1,522,632	1.000	1.000	1,522,632		-2.2%
	Masonry	351	181,189	0.950	0.950	181,189		-2.2%
	<u>Mobilehome</u>	<u>1,541</u>	<u>226,235</u>	1.250	1.500	<u>271,482</u>		+17.3%
	Total	5,096	1,930,056			1,975,303	1.023	
Statewide	Frame	226,318	257,112,569	1.000	1.000	257,112,569		-2.4%
	Masonry	70,987	59,344,903	0.950	0.950	59,344,903		-2.4%
	<u>Mobilehome</u>	<u>111,278</u>	<u>45,495,375</u>	1.250	1.500	<u>54,594,450</u>		+17.1%
	Total	408,583	361,952,847			371,051,922	1.025	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

DERIVATION OF RATE IMPACTS - EXTENDED COVERAGE

CONTENTS

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Original Aggregate Calculated Earned			Revised Aggregate Calculated Earned Premium at Current Level		
<u>Territory</u>	<u>Type of Construction</u>	<u>Latest-Year Earned House Years</u>	<u>Premium at Current Level</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>[(2)/(3)]x(4)</u>	<u>Off-Balance Factor (5)/(2)</u>	<u>Rate Impact [(4)/(3)]/(6)</u>
110	Frame	9,009	1,919,385	1.000	1.000	1,919,385		-0.3%
	Masonry	164	24,264	0.950	0.950	24,264		-0.3%
	<u>Mobilehome</u>	<u>336</u>	<u>28,465</u>	1.250	1.500	<u>34,158</u>		+19.6%
	Total	9,509	1,972,114			1,977,807	1.003	
120	Frame	9,233	2,601,472	1.000	1.000	2,601,472		-1.8%
	Masonry	490	107,546	0.950	0.950	107,546		-1.8%
	<u>Mobilehome</u>	<u>2,779</u>	<u>261,330</u>	1.250	1.500	<u>313,596</u>		+17.9%
	Total	12,501	2,970,348			3,022,614	1.018	
130	Frame	1,793	214,913	1.000	1.000	214,913		-7.1%
	Masonry	285	31,724	0.950	0.950	31,724		-7.1%
	<u>Mobilehome</u>	<u>1,404</u>	<u>155,095</u>	1.250	1.500	<u>186,114</u>		+11.4%
	Total	3,482	401,731			432,750	1.077	
140	Frame	10,488	1,225,176	1.000	1.000	1,225,176		-8.3%
	Masonry	2,444	275,572	0.950	0.950	275,572		-8.3%
	<u>Mobilehome</u>	<u>11,601</u>	<u>1,252,056</u>	1.250	1.500	<u>1,502,467</u>		+10.0%
	Total	24,533	2,752,804			3,003,215	1.091	
150	Frame	6,333	273,743	1.000	1.000	273,743		-8.1%
	Masonry	1,659	72,025	0.950	0.950	72,025		-8.1%
	<u>Mobilehome</u>	<u>5,386</u>	<u>273,370</u>	1.250	1.500	<u>328,044</u>		+10.3%
	Total	13,378	619,138			673,812	1.088	
160	Frame	6,522	222,955	1.000	1.000	222,955		-9.2%
	Masonry	1,318	58,605	0.950	0.950	58,605		-9.2%
	<u>Mobilehome</u>	<u>4,604</u>	<u>286,046</u>	1.250	1.500	<u>343,255</u>		+9.0%
	Total	12,444	567,605			624,814	1.101	
170	Frame	779	24,720	1.000	1.000	24,720		-7.5%
	Masonry	334	10,816	0.950	0.950	10,816		-7.5%
	<u>Mobilehome</u>	<u>747</u>	<u>24,421</u>	1.250	1.500	<u>29,305</u>		+11.0%
	Total	1,860	59,956			64,840	1.081	
180	Frame	5,287	145,566	1.000	1.000	145,566		-6.7%
	Masonry	3,018	86,171	0.950	0.950	86,171		-6.7%
	<u>Mobilehome</u>	<u>4,584</u>	<u>130,488</u>	1.250	1.500	<u>156,586</u>		+11.9%
	Total	12,888	362,225			388,322	1.072	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

DERIVATION OF RATE IMPACTS - EXTENDED COVERAGE

CONTENTS

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Original Aggregate Calculated Earned			Revised Aggregate Calculated Earned Premium at Current Level	Off-Balance	Rate
<u>Territory</u>	<u>Type of Construction</u>	<u>Latest-Year Earned House Years</u>	<u>Premium at Current Level</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>[(2)/(3)]x(4)</u>	<u>(5)/(2)</u>	<u>[(4)/(3)]/(6)</u>
190	Frame	2,061	102,706	1.000	1.000	102,706		-7.1%
	Masonry	1,212	74,139	0.950	0.950	74,139		-7.1%
	<u>Mobilehome</u>	<u>2,434</u>	<u>111,543</u>	1.250	1.500	<u>133,852</u>		+11.4%
	Total	5,707	288,389			310,698	1.077	
200	Frame	1,183	82,808	1.000	1.000	82,808		-7.7%
	Masonry	639	48,413	0.950	0.950	48,413		-7.7%
	<u>Mobilehome</u>	<u>1,632</u>	<u>95,864</u>	1.250	1.500	<u>115,037</u>		+10.7%
	Total	3,454	227,085			246,258	1.084	
210	Frame	1,716	30,467	1.000	1.000	30,467		-6.8%
	Masonry	1,090	22,042	0.950	0.950	22,042		-6.8%
	<u>Mobilehome</u>	<u>1,241</u>	<u>30,276</u>	1.250	1.500	<u>36,332</u>		+11.8%
	Total	4,047	82,786			88,841	1.073	
220	Frame	5,902	95,088	1.000	1.000	95,088		-3.8%
	Masonry	3,394	52,882	0.950	0.950	52,882		-3.8%
	<u>Mobilehome</u>	<u>2,689</u>	<u>37,456</u>	1.250	1.500	<u>44,947</u>		+15.4%
	Total	11,985	185,425			192,917	1.040	
230	Frame	2,531	114,823	1.000	1.000	114,823		-9.0%
	Masonry	1,304	69,784	0.950	0.950	69,784		-9.0%
	<u>Mobilehome</u>	<u>4,902</u>	<u>179,197</u>	1.250	1.500	<u>215,036</u>		+9.2%
	Total	8,737	363,803			399,643	1.099	
240	Frame	5,335	75,833	1.000	1.000	75,833		-7.5%
	Masonry	1,986	31,104	0.950	0.950	31,104		-7.5%
	<u>Mobilehome</u>	<u>4,697</u>	<u>73,343</u>	1.250	1.500	<u>88,012</u>		+11.0%
	Total	12,017	180,280			194,948	1.081	
250	Frame	3,287	36,855	1.000	1.000	36,855		-7.3%
	Masonry	824	11,580	0.950	0.950	11,580		-7.3%
	<u>Mobilehome</u>	<u>2,389</u>	<u>31,592</u>	1.250	1.500	<u>37,910</u>		+11.2%
	Total	6,500	80,027			86,345	1.079	
260	Frame	1,764	16,626	1.000	1.000	16,626		-9.9%
	Masonry	565	6,035	0.950	0.950	6,035		-9.9%
	<u>Mobilehome</u>	<u>2,254</u>	<u>27,772</u>	1.250	1.500	<u>33,326</u>		+8.1%
	Total	4,584	50,433			55,988	1.110	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

DERIVATION OF RATE IMPACTS - EXTENDED COVERAGE

CONTENTS

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Original Aggregate Calculated Earned			Revised Aggregate Calculated Earned Premium at Current Level	Off-Balance Factor	Rate Impact
<u>Territory</u>	<u>Type of Construction</u>	<u>Latest-Year Earned House Years</u>	<u>Premium at Current Level</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>[(2)/(3)]x(4)</u>	<u>(5)/(2)</u>	<u>[(4)/(3)]/(6)</u>
270	Frame	14,523	124,131	1.000	1.000	124,131		-1.2%
	Masonry	2,608	29,790	0.950	0.950	29,790		-1.2%
	<u>Mobilehome</u>	<u>704</u>	<u>9,398</u>	1.250	1.500	<u>11,277</u>		+18.6%
	Total	17,835	163,319			165,198	1.012	
280	Frame	1,849	20,039	1.000	1.000	20,039		-4.9%
	Masonry	584	7,641	0.950	0.950	7,641		-4.9%
	<u>Mobilehome</u>	<u>891</u>	<u>9,458</u>	1.250	1.500	<u>11,349</u>		+14.2%
	Total	3,323	37,137			39,028	1.051	
290	Frame	1,936	16,546	1.000	1.000	16,546		-5.5%
	Masonry	649	6,227	0.950	0.950	6,227		-5.5%
	<u>Mobilehome</u>	<u>1,152</u>	<u>9,292</u>	1.250	1.500	<u>11,151</u>		+13.4%
	Total	3,737	32,065			33,924	1.058	
300	Frame	1,910	34,868	1.000	1.000	34,868		-7.0%
	Masonry	759	18,662	0.950	0.950	18,662		-7.0%
	<u>Mobilehome</u>	<u>1,837</u>	<u>32,189</u>	1.250	1.500	<u>38,626</u>		+11.6%
	Total	4,506	85,719			92,157	1.075	
310	Frame	10,372	53,078	1.000	1.000	53,078		-2.8%
	Masonry	4,143	26,627	0.950	0.950	26,627		-2.8%
	<u>Mobilehome</u>	<u>3,537</u>	<u>13,341</u>	1.250	1.500	<u>16,010</u>		+16.6%
	Total	18,052	93,047			95,715	1.029	
320	Frame	4,081	19,323	1.000	1.000	19,323		-4.2%
	Masonry	1,621	10,671	0.950	0.950	10,671		-4.2%
	<u>Mobilehome</u>	<u>2,162</u>	<u>8,368</u>	1.250	1.500	<u>10,042</u>		+14.9%
	Total	7,863	38,363			40,036	1.044	
330	Frame	336	1,203	1.000	1.000	1,203		-7.0%
	Masonry	145	522	0.950	0.950	522		-7.0%
	<u>Mobilehome</u>	<u>373</u>	<u>1,031</u>	1.250	1.500	<u>1,237</u>		+11.6%
	Total	855	2,755			2,962	1.075	
340	Frame	11,562	70,963	1.000	1.000	70,963		-1.9%
	Masonry	4,695	35,311	0.950	0.950	35,311		-1.9%
	<u>Mobilehome</u>	<u>2,898</u>	<u>10,869</u>	1.250	1.500	<u>13,043</u>		+17.8%
	Total	19,155	117,143			119,317	1.019	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

OFF-BALANCE FACTORS

DERIVATION OF RATE IMPACTS - EXTENDED COVERAGE

CONTENTS

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Original Aggregate Calculated Earned			Revised Aggregate Calculated Earned Premium at Current Level	Off-Balance	Rate
<u>Territory</u>	<u>Type of Construction</u>	<u>Latest-Year Earned House Years</u>	<u>Premium at Current Level</u>	<u>Current Factor</u>	<u>Proposed Factor</u>	<u>[(2)/(3)]x(4)</u>	<u>(5)/(2)</u>	<u>[(4)/(3)]/(6)</u>
350	Frame	3,516	18,823	1.000	1.000	18,823		-4.0%
	Masonry	1,528	9,754	0.950	0.950	9,754		-4.0%
	<u>Mobilehome</u>	<u>1,860</u>	<u>7,694</u>	1.250	1.500	<u>9,233</u>		+15.2%
	Total	6,903	36,272			37,811	1.042	
360	Frame	10,011	116,434	1.000	1.000	116,434		-5.9%
	Masonry	2,667	33,360	0.950	0.950	33,360		-5.9%
	<u>Mobilehome</u>	<u>6,910</u>	<u>69,367</u>	1.250	1.500	<u>83,241</u>		+12.9%
	Total	19,588	219,161			233,034	1.063	
370	Frame	749	10,282	1.000	1.000	10,282		-5.4%
	Masonry	92	1,559	0.950	0.950	1,559		-5.4%
	<u>Mobilehome</u>	<u>505</u>	<u>4,752</u>	1.250	1.500	<u>5,703</u>		+13.5%
	Total	1,347	16,593			17,544	1.057	
380	Frame	1,957	12,948	1.000	1.000	12,948		-4.0%
	Masonry	249	1,217	0.950	0.950	1,217		-4.0%
	<u>Mobilehome</u>	<u>1,173</u>	<u>3,821</u>	1.250	1.500	<u>4,586</u>		+15.2%
	Total	3,379	17,987			18,751	1.042	
390	Frame	2,100	13,570	1.000	1.000	13,570		-3.4%
	Masonry	235	1,223	0.950	0.950	1,223		-3.4%
	<u>Mobilehome</u>	<u>1,059</u>	<u>3,181</u>	1.250	1.500	<u>3,817</u>		+15.9%
	Total	3,393	17,975			18,611	1.035	
Statewide	Frame	138,125	7,695,343	1.000	1.000	7,695,343		-5.0%
	Masonry	40,701	1,165,265	0.950	0.950	1,165,265		-5.0%
	<u>Mobilehome</u>	<u>78,739</u>	<u>3,181,077</u>	1.250	1.500	<u>3,817,292</u>		+14.0%
	Total	257,564	12,041,685			12,677,900	1.053	

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

SECTION G - INFORMATION REQUIRED BY N.C. GENERAL STATUTE 58-36-15 (d2) and (d3)

Portion of Rates Attributable to Wind and Non-Wind (G.S. 58-36-15 (d3)).....	G-2-3
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NORTH CAROLINA

DWELLING PROPERTY INSURANCE

PORTION OF DWELLING RATES ATTRIBUTABLE TO WIND AND NON-WIND

Year 1:

Territory	Filed All-Peril Rate ^(a)	Buildings		Filed All-Peril Rate ^(a)	Contents	
		Wind/Hail %	Non-Wind/Hail %		Wind/Hail %	Non-Wind/Hail %
110	\$363.85	87%	13%	\$40.88	81%	19%
120	\$426.71	90%	10%	\$53.41	88%	12%
130	\$272.71	78%	22%	\$38.38	73%	27%
140	\$334.83	83%	17%	\$45.20	74%	26%
150	\$225.65	73%	27%	\$21.11	52%	48%
160	\$245.39	72%	28%	\$26.45	54%	46%
170	\$147.05	57%	43%	\$18.34	27%	73%
180	\$169.39	60%	40%	\$20.54	29%	71%
190	\$198.58	59%	41%	\$29.17	46%	54%
200	\$240.97	62%	38%	\$32.63	47%	53%
210	\$155.48	55%	45%	\$17.30	21%	79%
220	\$132.12	45%	55%	\$14.39	11%	89%
230	\$219.92	54%	46%	\$29.95	34%	66%
240	\$139.14	50%	50%	\$15.17	15%	85%
250	\$126.21	46%	54%	\$14.27	18%	82%
260	\$123.84	40%	60%	\$13.98	10%	90%
270	\$88.12	39%	61%	\$10.71	7%	93%
280	\$89.58	42%	58%	\$10.76	7%	93%
290	\$106.29	42%	58%	\$12.07	8%	92%
300	\$121.82	37%	63%	\$18.37	12%	88%
310	\$84.53	32%	68%	\$11.31	3%	97%
320	\$92.02	35%	65%	\$11.68	5%	95%
330	\$96.91	38%	62%	\$12.24	6%	94%
340	\$77.02	28%	72%	\$9.27	3%	97%
350	\$83.84	28%	72%	\$11.65	3%	97%
360	\$73.04	24%	76%	\$10.53	6%	94%
370	\$78.76	17%	83%	\$11.02	2%	98%
380	\$72.19	27%	73%	\$9.21	6%	94%
390	\$73.37	22%	78%	\$10.22	3%	97%

^(a) The filed Base Class for Fire is Protection Class 5 with Frame construction; \$15,000 Coverage A, \$6,000 Coverage C.
The filed Base Class for Extended Coverage is Form DP-001; \$15,000 Coverage A, \$6,000 Coverage C.

Note: This chart furnishes information required by N.C. Gen. Stat. 58-36-15 (d3). The Wind and Hail Percentages include losses from hurricanes, tornadoes, straight line wind storms, hail storms, and other such events.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

PORTION OF DWELLING RATES ATTRIBUTABLE TO WIND AND NON-WIND

Year 2:

Territory	Filed All-Peril Rate ^(a)	Buildings		Filed All-Peril Rate ^(a)	Contents	
		Wind/Hail %	Non-Wind/Hail %		Wind/Hail %	Non-Wind/Hail %
110	\$504.83	91%	9%	\$51.22	85%	15%
120	\$629.30	93%	7%	\$71.35	92%	8%
130	\$362.24	84%	16%	\$45.29	79%	21%
140	\$483.86	88%	12%	\$57.68	81%	19%
150	\$276.15	77%	23%	\$22.48	58%	42%
160	\$308.06	77%	23%	\$28.77	60%	40%
170	\$176.13	64%	36%	\$18.41	33%	67%
180	\$217.02	69%	31%	\$21.27	39%	61%
190	\$281.54	71%	29%	\$35.13	57%	43%
200	\$329.38	71%	29%	\$38.15	58%	42%
210	\$198.70	63%	37%	\$18.13	27%	73%
220	\$161.75	55%	45%	\$14.14	16%	84%
230	\$283.98	64%	36%	\$33.04	43%	57%
240	\$171.79	60%	40%	\$14.84	21%	79%
250	\$152.36	55%	45%	\$13.95	23%	77%
260	\$143.27	49%	51%	\$13.29	12%	88%
270	\$100.28	49%	51%	\$9.70	10%	90%
280	\$106.13	50%	50%	\$10.68	10%	90%
290	\$121.41	49%	51%	\$11.36	10%	90%
300	\$144.67	47%	53%	\$18.23	17%	83%
310	\$95.44	39%	61%	\$10.71	5%	95%
320	\$106.40	42%	58%	\$11.44	6%	94%
330	\$110.06	45%	55%	\$11.61	7%	93%
340	\$85.95	36%	64%	\$8.64	4%	96%
350	\$93.83	33%	67%	\$11.36	4%	96%
360	\$79.78	29%	71%	\$10.20	6%	94%
370	\$85.84	24%	76%	\$10.25	3%	97%
380	\$79.43	34%	66%	\$8.55	7%	93%
390	\$80.65	29%	71%	\$9.54	4%	96%

^(a) The filed Base Class for Fire is Protection Class 5 with Frame construction; \$15,000 Coverage A, \$6,000 Coverage C.
The filed Base Class for Extended Coverage is Form DP-001; \$15,000 Coverage A, \$6,000 Coverage C.

Note: This chart furnishes information required by N.C. Gen. Stat. 58-36-15 (d3). The Wind and Hail Percentages include losses from hurricanes, tornadoes, straight line wind storms, hail storms, and other such events.

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
5	2003	2,233	188,247	364,231	34,981		19,276,083
6	2003	1,655	130,616	51,441	21,930		657,212
32	2003	14,655	1,079,574	218,764	2,187		14,603
33	2003	0	0	0	1,509		19,443
34	2003	18,368	1,145,643	138,812	4,365		17,959
35	2003	0	0	0	25,803		2,150,372
36	2003	13,524	899,261	0	2,188		0
37	2003	0	0	0	3,365		2,642
38	2003	15,343	1,230,142	0	1,557		0
39	2003	17,218	1,144,791	0	2,336		0
40	2003	0	0	0	13,286	N/A	7,529
41	2003	11,398	360,196	63,306	15,944		110,950
42	2003	16,025	754,395	219,456	33,310		701,285
43	2003	18,039	747,466	9,764,749	16,916		6,040,582
44	2003	5,715	246,975	5,887	19		0
45	2003	32,284	1,389,848	3,181,984	102		0
46	2003	11,419	507,596	1,072,862	17		0
47	2003	49,942	2,221,071	4,710,763	101		0
53	2003	19,260	1,294,483	656,320	36		0
57	2003	37,414	2,056,090	973,565	62		0
60	2003	128,589	6,434,803	162,538	91		0
5	2004	1,771	145,083	76,696	33,862		1,998,385
6	2004	1,566	130,405	213,692	20,571		3,960,145
32	2004	14,583	1,123,961	0	1,801		0
33	2004	0	0	0	646		0
34	2004	17,651	1,146,566	10,819	4,406		0
35	2004	0	0	0	10,477		12,476
36	2004	13,469	938,158	3,722	1,603		0
37	2004	0	0	0	1,445		0
38	2004	15,275	1,266,740	68,694	1,201		0
39	2004	18,032	1,269,870	12,366	2,641		785
40	2004	0	0	0	5,508	N/A	13,406
41	2004	11,320	374,404	71,046	15,771		207,251
42	2004	15,054	729,585	517,486	33,557		1,771,473
43	2004	16,823	721,541	177,803	17,976		199,498
44	2004	5,863	240,149	31,522	1,549		792
45	2004	28,965	1,254,508	69,897	6,924		31,154
46	2004	10,366	468,444	40,483	1,216		1,059
47	2004	44,704	2,096,787	83,838	7,025		5,447
53	2004	18,028	1,294,735	14,670	1,611		2,479
57	2004	33,644	2,026,888	69,969	2,993		5,617
60	2004	118,508	6,401,442	2,359,359	6,133		35,714

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
5	2005	1,580	140,160	67,901	33,429		3,361,009
6	2005	1,408	127,246	111,313	20,045		4,503,879
32	2005	13,872	1,215,782	0	2,150		0
33	2005	0	0	0	0		0
34	2005	17,200	1,217,651	0	4,751		0
36	2005	13,112	1,021,486	0	2,136		0
38	2005	14,708	1,361,928	0	1,468		0
39	2005	19,170	1,505,329	0	2,393		0
40	2005	0	0	0	0		0
41	2005	11,068	392,041	9,549	16,723	N/A	45,129
42	2005	13,654	735,191	251,437	35,692		1,274,010
43	2005	15,117	715,143	401,399	20,992		1,847,305
44	2005	5,936	231,893	0	3,054		0
45	2005	26,141	1,193,253	6,807	12,846		8,234
46	2005	9,545	444,153	0	2,269		0
47	2005	40,073	2,052,509	0	12,528		0
53	2005	17,876	1,450,587	0	1,986		0
57	2005	30,830	2,080,268	0	4,304		0
60	2005	114,894	6,863,779	0	11,118		0
5	2006	1,938	201,399	22,808	33,267		146,229
6	2006	1,402	141,696	52,757	20,513		763,916
32	2006	13,960	1,333,659	0	1,934		0
34	2006	16,968	1,277,789	0	4,636		0
36	2006	13,379	1,111,941	0	1,976		0
38	2006	15,188	1,506,761	0	1,216		0
39	2006	19,690	1,682,504	0	2,195		0
41	2006	11,493	425,084	10,778	16,775		19,831
42	2006	13,146	779,815	51,392	38,950	N/A	238,875
43	2006	14,292	732,437	85,729	24,127		142,895
44	2006	6,067	246,162	0	3,023		0
45	2006	27,005	1,276,274	171,610	13,244		147,850
46	2006	9,487	455,017	0	2,336		0
47	2006	40,442	2,149,865	146,037	12,588		40,088
53	2006	18,503	1,629,409	0	1,756		0
57	2006	30,812	2,207,182	0	3,963		0
60	2006	115,941	7,506,286	0	10,772		0

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
5	2007	2,123	232,592	0	33,024		0
6	2007	1,437	152,461	0	21,007		0
32	2007	13,903	1,414,157	0	1,662		0
34	2007	16,983	1,346,591	0	4,418		0
36	2007	13,768	1,203,554	0	1,876		0
38	2007	16,271	1,689,691	0	994		0
39	2007	19,639	1,745,638	0	2,008		0
41	2007	11,545	449,928	0	16,480		0
42	2007	11,277	761,737	0	42,996	N/A	0
43	2007	12,626	737,332	0	27,328		0
44	2007	6,119	255,276	0	2,933		0
45	2007	27,198	1,339,547	0	13,096		0
46	2007	9,478	473,245	0	2,326		0
47	2007	40,470	2,266,688	0	12,401		0
53	2007	18,493	1,695,487	0	1,584		0
57	2007	30,865	2,270,390	0	3,663		0
60	2007	117,722	8,089,453	0	10,303		0
110	2009	3,269	448,386	0	22,486		13,923
120	2009	2,866	337,587	876	26,407		110,340
130	2009	2,822	185,691	0	3,343		0
140	2009	12,237	1,034,354	2,609	23,871		0
150	2009	13,612	873,559	6,972	10,000		0
160	2009	10,337	746,073	287	11,027		0
170	2009	2,082	104,689	0	696		0
180	2009	15,851	918,273	5,152	6,479		1,511
190	2009	6,499	339,338	0	3,564		0
200	2009	3,276	133,910	0	4,769		0
210	2009	5,606	324,758	317	2,035		4,430
220	2009	19,629	1,632,729	19,249	5,697		0
230	2009	8,340	359,453	157	10,691		4,255
240	2009	20,063	1,146,256	7,201	5,115		0
250	2009	9,316	597,322	3,136	3,028	N/A	0
260	2009	8,578	468,229	191	1,878		2,050
270	2009	26,538	2,912,322	14,922	2,115		0
280	2009	6,704	623,573	0	468		0
290	2009	5,554	427,564	0	887		0
300	2009	6,388	284,080	313	2,721		2,641
310	2009	50,985	4,133,329	12,914	4,836		0
320	2009	22,654	1,897,722	15,734	2,595		0
330	2009	2,490	137,776	2,068	169		0
340	2009	46,929	4,734,399	20,571	2,786		0
350	2009	20,596	1,599,156	5,854	2,486		0
360	2009	47,418	3,689,223	3,890	3,105		0
370	2009	2,972	203,204	0	169		0
380	2009	8,494	634,112	8,071	356		0
390	2009	7,575	564,085	6,935	323		0

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

<u>Territory</u>	<u>Year</u>	<u>Voluntary Market</u>			<u>NCIUA/NCJUA (FPBP)</u>		
		<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>	<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>
110	2010	3,211	433,570	3,626	22,089		656,868
120	2010	3,040	348,183	17,398	26,282		42,590
130	2010	2,864	194,497	3,085	3,356		34,069
140	2010	13,075	1,168,930	20,899	24,193		13,613
150	2010	13,747	913,278	19,199	10,122		8,650
160	2010	10,760	837,739	4,671	11,222		0
170	2010	2,029	106,583	0	692		0
180	2010	16,491	974,481	1,930	6,244		2,410
190	2010	6,519	352,576	0	3,544		0
200	2010	3,313	138,680	3,629	4,468		334
210	2010	5,703	332,362	8,571	1,958		1,292
220	2010	20,261	1,772,344	23,397	5,602		1,422
230	2010	8,547	372,740	3,169	10,141		830
240	2010	20,304	1,186,851	9,599	4,929		702
250	2010	9,665	648,760	0	2,833	N/A	0
260	2010	8,757	489,830	7,184	1,865		0
270	2010	26,803	3,016,795	55,175	2,067		0
280	2010	6,789	644,170	26,231	439		0
290	2010	5,723	459,208	1,962	861		0
300	2010	6,494	295,307	4,160	2,770		0
310	2010	51,514	4,236,889	168,857	4,816		0
320	2010	22,532	1,902,101	92,607	2,509		0
330	2010	2,546	145,619	974	169		0
340	2010	48,331	5,020,757	111,560	2,810		0
350	2010	21,031	1,656,304	12,519	2,407		0
360	2010	48,203	3,801,167	31,391	3,076		0
370	2010	3,082	208,289	0	186		0
380	2010	8,635	653,095	0	352		0
390	2010	7,547	574,772	0	315		0

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
110	2011	3,230	437,385	159,830	21,866	3,072,314	9,553,528
120	2011	3,275	360,095	182,677	26,878	2,912,410	3,265,699
130	2011	2,974	211,495	660,150	3,478	174,857	2,868,792
140	2011	14,435	1,356,250	810,191	25,424	1,188,134	4,029,292
150	2011	14,110	970,966	5,250,208	10,464	428,458	12,104,266
160	2011	11,563	952,997	1,054,770	11,508	519,834	4,761,474
170	2011	2,075	115,065	940,690	665	22,299	196,767
180	2011	17,533	1,061,088	13,410,727	6,279	182,239	2,500,864
190	2011	6,781	380,358	5,379,737	3,495	97,099	1,758,761
200	2011	3,399	149,307	90,233	4,205	120,822	161,360
210	2011	6,043	356,277	2,897,652	1,932	58,257	696,665
220	2011	21,656	1,993,335	595,457	5,693	176,592	138,422
230	2011	9,090	402,989	110,677	9,916	248,910	99,678
240	2011	20,817	1,244,252	4,835,308	4,796	141,741	1,179,729
250	2011	10,472	759,779	236,213	2,894	87,894	38,298
260	2011	8,975	510,391	149,770	1,912	53,005	12,714
270	2011	28,148	3,273,826	405,515	2,049	103,512	6,837
280	2011	6,975	674,460	40,063	425	16,677	0
290	2011	6,348	529,532	94,783	898	27,566	12,013
300	2011	6,641	314,134	24,696	2,764	72,634	12,214
310	2011	53,261	4,474,166	322,246	4,814	166,634	3,346
320	2011	23,412	2,024,607	126,577	2,501	87,525	3,274
330	2011	2,617	149,104	2,086	185	5,706	87
340	2011	50,831	5,438,406	521,154	2,894	104,281	3,147
350	2011	22,239	1,793,114	182,212	2,395	75,786	4,138
360	2011	49,781	3,979,177	117,630	3,087	101,991	7,715
370	2011	3,280	222,640	1,953	209	7,704	57
380	2011	8,861	689,672	16,231	365	11,782	5,640
390	2011	7,739	600,305	25,485	325	9,906	136

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DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
110	2012	2,970	413,656	166,620	21,132	3,023,959	412,278
120	2012	2,989	334,136	4,212	27,867	3,050,087	112,963
130	2012	2,722	201,615	12,258	3,658	195,229	59,400
140	2012	14,170	1,422,613	56,177	27,371	1,346,162	125,823
150	2012	12,596	944,931	7,390	10,804	482,204	8,898
160	2012	11,338	1,000,849	37	11,761	556,983	36,799
170	2012	1,646	99,984	15,209	1,023	37,642	1,191
180	2012	14,668	990,027	35,174	9,003	318,680	17,792
190	2012	5,469	340,106	7,358	4,530	143,359	20,840
200	2012	2,600	124,803	2,184	4,641	140,468	1,195
210	2012	5,129	326,950	18,303	2,738	96,951	94
220	2012	21,207	2,154,837	154,770	7,091	243,864	114
230	2012	7,075	344,183	6,758	11,501	306,912	4,588
240	2012	17,593	1,131,780	46,491	7,029	249,126	12,695
250	2012	9,828	832,178	84,736	3,891	131,165	168
260	2012	8,587	510,280	3,387	2,186	65,952	0
270	2012	28,852	3,455,119	93,074	2,874	168,122	16,978
280	2012	6,738	674,339	16,433	580	28,255	220
290	2012	6,623	596,408	6,779	1,237	44,143	93
300	2012	6,323	308,375	442	3,118	86,609	8,106
310	2012	52,679	4,573,764	78,705	6,231	265,894	35,257
320	2012	23,222	2,090,343	56,346	3,194	131,277	186
330	2012	2,564	148,410	4,361	242	8,970	2,064
340	2012	51,976	5,735,426	59,886	3,947	184,933	7,272
350	2012	21,949	1,827,696	27,584	3,302	128,484	197
360	2012	48,933	4,002,167	118,883	4,163	166,520	2,912
370	2012	3,249	224,478	8,329	303	13,323	47
380	2012	8,647	692,442	748	584	25,272	120
390	2012	7,769	621,163	71	555	27,030	112

NORTH CAROLINA

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HISTORICAL HURRICANE LOSSES

<u>Territory</u>	<u>Year</u>	<u>Voluntary Market</u>			<u>NCIUA/NCJUA (FPBP)</u>		
		<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>	<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>
110	2013	2,594	372,600	0	20,330	3,001,031	0
120	2013	2,637	303,916	0	29,358	3,236,422	0
130	2013	2,799	204,782	0	4,108	231,539	0
140	2013	14,333	1,420,590	0	30,615	1,609,527	0
150	2013	12,702	990,765	0	11,422	583,927	0
160	2013	11,628	1,045,491	0	12,819	642,324	0
170	2013	918	68,244	0	2,145	91,728	0
180	2013	9,606	808,810	0	17,624	746,461	0
190	2013	3,280	259,421	0	8,003	297,106	0
200	2013	1,346	83,850	0	6,364	211,425	0
210	2013	3,677	276,420	0	5,314	229,933	0
220	2013	21,605	2,390,670	0	11,726	476,739	0
230	2013	3,833	239,094	0	16,121	485,213	0
240	2013	13,154	988,055	0	14,552	618,169	0
250	2013	8,812	908,029	0	7,334	273,918	0
260	2013	8,684	553,644	0	3,282	119,402	0
270	2013	32,224	3,794,473	0	5,047	343,057	0
280	2013	6,584	675,615	0	1,197	72,416	0
290	2013	6,621	651,180	0	2,300	97,434	0
300	2013	5,827	293,514	0	4,371	145,177	0
310	2013	55,477	4,881,041	0	11,234	581,821	0
320	2013	24,763	2,302,071	0	5,594	291,889	0
330	2013	2,545	155,329	0	414	17,935	0
340	2013	56,330	6,074,665	0	7,216	422,148	0
350	2013	22,471	1,915,435	0	6,241	310,564	0
360	2013	49,283	4,170,184	0	8,181	415,687	0
370	2013	3,281	235,583	0	627	35,297	0
380	2013	8,506	697,110	0	1,321	80,838	0
390	2013	8,293	711,681	0	1,412	84,901	0

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DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

<u>Territory</u>	<u>Year</u>	<u>Voluntary Market</u>			<u>NCIUA/NCJUA (FPBP)</u>		
		<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>	<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>
110	2014	2,597	385,353	0	20,403	3,063,564	1,657,955
120	2014	2,813	337,752	0	29,867	3,390,973	316,852
130	2014	3,152	230,105	1,419	4,426	270,975	101,536
140	2014	15,871	1,595,137	11,941	32,656	1,820,482	583,777
150	2014	13,962	1,059,377	0	13,042	719,183	76,309
160	2014	13,201	1,182,224	0	13,631	728,103	44,942
170	2014	406	33,119	2,055	2,532	116,501	1,491
180	2014	5,717	568,175	8,944	20,237	905,503	48,953
190	2014	1,553	148,537	5,186	9,242	371,936	65,371
200	2014	542	40,634	0	6,771	243,596	0
210	2014	1,898	142,997	0	6,133	278,929	11,249
220	2014	15,784	2,018,915	70,729	12,996	562,454	6,059
230	2014	1,795	131,077	0	17,258	550,626	7,691
240	2014	7,783	602,364	0	16,682	755,223	13,955
250	2014	6,490	783,812	12,176	8,275	323,653	615
260	2014	6,589	402,201	971	4,208	169,601	0
270	2014	24,374	2,893,477	8,565	6,418	473,731	0
280	2014	5,219	530,376	2,371	1,591	103,180	0
290	2014	5,443	580,338	4,787	2,886	130,375	1,997
300	2014	5,044	255,444	0	5,230	194,355	1,641
310	2014	39,016	3,451,302	6,411	14,852	840,448	10,587
320	2014	18,134	1,703,198	4,415	7,338	421,754	0
330	2014	1,943	106,451	4,543	562	24,975	0
340	2014	38,816	4,300,162	66,719	9,446	594,016	0
350	2014	16,004	1,302,831	3,851	7,888	423,510	5,779
360	2014	35,472	2,912,086	12,304	11,400	633,358	0
370	2014	2,302	147,161	0	841	51,887	0
380	2014	6,071	474,422	27,808	1,958	134,207	5,945
390	2014	5,985	497,674	421	1,959	123,724	0

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
110	2015	2,554	387,967	0	20,444	3,133,093	57,219
120	2015	2,841	357,732	11,275	30,011	3,506,730	270,730
130	2015	3,211	251,044	0	4,687	299,409	32,658
140	2015	16,493	1,691,894	28,872	34,581	2,024,172	460,487
150	2015	14,374	1,109,743	12,447	14,388	831,880	86,742
160	2015	13,797	1,273,925	35,286	14,424	813,569	206,598
170	2015	412	32,921	0	2,787	136,169	4,869
180	2015	5,853	607,310	19,151	21,785	1,006,993	76,616
190	2015	1,541	152,565	2,373	9,781	414,375	33,481
200	2015	518	42,613	6,227	6,960	265,461	118,970
210	2015	1,922	150,556	7,417	6,599	310,677	16,017
220	2015	16,843	2,204,335	183,945	13,818	626,213	44,640
230	2015	1,706	132,677	10,123	17,941	591,666	90,139
240	2015	7,804	621,805	8,971	18,075	861,560	79,843
250	2015	7,131	886,376	66,951	8,926	361,113	25,154
260	2015	6,023	362,815	23,072	5,144	222,743	4,544
270	2015	25,211	3,026,608	139,114	7,601	591,331	5,655
280	2015	5,153	533,352	22,264	1,871	126,653	0
290	2015	5,644	626,385	28,042	3,253	151,935	26,740
300	2015	4,887	260,152	25,615	5,726	226,101	34,851
310	2015	38,536	3,541,393	195,644	17,945	1,063,418	58,629
320	2015	17,636	1,710,483	60,092	8,868	531,173	75,926
330	2015	1,858	103,487	8,306	671	30,378	157
340	2015	39,655	4,515,553	375,752	11,091	722,124	185,167
350	2015	15,724	1,329,327	60,564	9,117	509,139	31,597
360	2015	33,999	2,888,595	251,309	14,045	806,382	44,621
370	2015	2,179	146,594	5,345	1,035	66,508	66
380	2015	5,749	466,021	11,088	2,580	180,579	173
390	2015	5,787	495,651	5,117	2,476	160,281	172

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HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
110	2016	2,680	402,597	170,683	19,864	3,119,726	5,063,456
120	2016	2,834	360,363	65,663	27,659	3,481,427	2,936,668
130	2016	2,985	232,049	40,709	4,805	321,147	1,473,239
140	2016	16,467	1,681,096	314,023	34,174	2,106,794	4,770,099
150	2016	14,458	1,117,049	107,930	15,281	900,714	2,746,984
160	2016	13,751	1,261,438	233,030	14,791	856,739	3,819,332
170	2016	408	32,188	27,725	2,998	149,140	210,347
180	2016	6,065	646,668	1,102,696	22,741	1,083,799	3,506,247
190	2016	1,554	155,141	339,078	10,282	444,966	2,654,104
200	2016	504	42,279	241,290	6,993	274,946	3,849,013
210	2016	1,972	159,589	116,536	7,063	346,122	673,715
220	2016	16,098	2,275,712	7,241,314	14,305	672,137	3,501,772
230	2016	1,572	124,152	797,542	18,312	613,545	8,365,421
240	2016	7,645	622,940	1,137,720	19,461	942,620	1,246,412
250	2016	7,488	936,347	1,417,289	9,216	382,512	1,349,391
260	2016	5,629	357,119	83,400	6,015	271,139	98,302
270	2016	25,382	3,140,684	1,282,094	8,153	689,995	356,529
280	2016	4,930	516,862	56,233	2,177	150,986	25,630
290	2016	5,804	653,545	700,511	3,456	163,469	263,262
300	2016	4,572	248,126	221,715	6,137	251,733	267,548
310	2016	37,424	3,555,198	374,817	19,707	1,200,991	163,156
320	2016	16,959	1,701,749	74,401	10,233	623,838	35,374
330	2016	1,767	99,178	604	772	35,002	1,012
340	2016	38,586	4,499,525	679,704	12,087	820,034	83,298
350	2016	15,215	1,338,235	13,368	10,136	574,252	15,150
360	2016	32,458	2,846,980	41,510	16,087	949,438	16,027
370	2016	2,079	143,534	90	1,150	73,544	82
380	2016	5,390	451,822	240	2,974	207,974	4,602
390	2016	5,507	483,980	22,224	2,882	186,286	218

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HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
110	2017	2,526	383,437	4,829	19,421	3,061,990	6,000
120	2017	2,715	339,544	0	27,190	3,449,614	28,945
130	2017	2,912	226,412	0	4,982	339,323	15,303
140	2017	16,052	1,629,478	0	35,159	2,213,578	4,720
150	2017	14,253	1,108,244	0	16,250	958,595	16,534
160	2017	13,489	1,226,724	0	15,308	901,138	0
170	2017	382	31,473	0	3,142	156,451	0
180	2017	5,741	636,756	3,738	23,786	1,165,539	5,417
190	2017	1,490	153,799	0	10,668	471,621	0
200	2017	457	39,021	0	7,125	291,271	0
210	2017	1,785	146,290	0	7,432	374,357	1,826
220	2017	15,727	2,376,495	29,517	14,846	717,601	6,742
230	2017	1,401	113,835	0	18,593	632,844	892
240	2017	6,695	572,521	0	20,850	1,026,997	10,172
250	2017	7,226	964,011	9,869	9,764	419,922	3,266
260	2017	5,214	353,384	0	6,951	320,104	0
270	2017	24,783	3,171,309	7,736	8,920	784,101	0
280	2017	4,675	501,657	0	2,508	181,042	0
290	2017	5,597	657,137	9,197	3,667	174,357	0
300	2017	4,167	231,071	0	6,409	269,087	0
310	2017	34,744	3,384,512	0	21,771	1,334,009	0
320	2017	15,502	1,593,611	0	11,445	700,100	0
330	2017	1,644	92,398	0	844	38,673	0
340	2017	35,911	4,309,582	92,033	13,731	940,976	0
350	2017	13,637	1,235,760	7,986	11,122	638,301	0
360	2017	28,959	2,603,811	254	18,376	1,095,640	0
370	2017	1,815	129,086	0	1,294	81,239	0
380	2017	4,918	417,157	0	3,341	232,997	0
390	2017	4,908	447,668	0	3,252	210,950	0

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
110	2018	2,408	371,224	5,770	18,832	2,966,630	725,431
120	2018	2,602	331,495	1,224,126	25,861	3,217,912	186,557,008
130	2018	2,872	223,502	58,627	5,140	352,786	4,004,492
140	2018	15,528	1,574,440	6,093,585	35,817	2,238,772	160,226,802
150	2018	13,935	1,090,965	4,047,535	17,025	989,946	20,506,424
160	2018	13,032	1,197,574	6,191,791	15,683	919,025	86,086,014
170	2018	346	29,406	924	3,327	168,996	65,902
180	2018	5,375	628,676	1,091,252	24,711	1,237,884	5,263,563
190	2018	1,356	148,235	869,247	11,259	510,874	9,923,176
200	2018	427	37,357	677,987	7,273	306,147	10,140,595
210	2018	1,593	135,539	51,561	8,010	414,027	636,942
220	2018	15,399	2,452,389	14,603,337	15,332	760,321	9,285,267
230	2018	1,261	106,055	1,051,477	18,607	652,779	15,379,193
240	2018	5,738	524,116	450,902	22,137	1,108,262	2,641,502
250	2018	6,743	971,688	5,712,246	10,215	452,729	4,446,604
260	2018	4,728	328,798	399,144	7,639	359,857	489,168
270	2018	24,903	3,262,455	1,443,510	9,801	883,576	507,624
280	2018	4,514	505,174	351,525	2,793	208,680	177,128
290	2018	5,313	663,765	1,033,265	3,946	189,118	810,159
300	2018	3,797	214,663	1,115,202	6,744	290,887	1,961,401
310	2018	32,093	3,237,542	3,129,853	23,581	1,467,241	1,403,846
320	2018	13,979	1,483,401	1,312,889	12,528	778,746	845,958
330	2018	1,516	84,944	6,500	922	42,917	7,454
340	2018	33,459	4,213,641	3,267,484	15,238	1,064,838	683,736
350	2018	12,134	1,151,861	653,016	11,984	696,835	227,139
360	2018	25,644	2,404,402	775,187	20,308	1,231,351	279,673
370	2018	1,550	115,422	30,745	1,425	87,835	36,185
380	2018	4,511	395,470	84,926	3,649	256,815	10,298
390	2018	4,399	416,110	81,017	3,642	237,388	2,546

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

<u>Territory</u>	<u>Year</u>	<u>Voluntary Market</u>			<u>NCIUA/NCJUA (FPBP)</u>		
		<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>	<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>
110	2019	2,259	355,229	55,966	18,296	2,863,481	9,486,105
120	2019	2,542	337,919	0	24,782	3,035,568	4,855,881
130	2019	2,782	216,001	67,396	5,214	359,490	1,598,118
140	2019	14,673	1,454,259	94,046	36,017	2,240,056	3,864,895
150	2019	13,258	1,039,675	221,125	17,770	1,025,243	2,646,819
160	2019	11,631	1,079,766	17,111	15,705	918,180	905,559
170	2019	304	26,347	0	3,476	180,136	34,572
180	2019	4,942	602,598	74,149	25,618	1,312,601	792,678
190	2019	1,091	122,589	8,081	11,806	553,659	466,464
200	2019	362	33,146	0	7,374	315,604	380,366
210	2019	1,340	117,561	9,418	8,470	452,388	36,390
220	2019	15,704	2,430,238	239,009	16,141	816,715	153,446
230	2019	1,101	96,743	34,883	18,456	677,653	94,088
240	2019	5,161	483,555	38,748	23,164	1,170,410	206,672
250	2019	6,454	982,766	96,170	10,649	483,356	63,082
260	2019	5,780	549,341	0	8,269	405,684	3,795
270	2019	24,981	3,262,898	57,743	10,536	992,444	35,530
280	2019	4,353	491,685	729	3,061	230,703	0
290	2019	4,584	586,096	0	4,114	203,974	0
300	2019	3,995	273,896	3,877	7,027	313,160	3,478
310	2019	29,938	3,119,192	19,838	25,103	1,606,047	12,375
320	2019	12,570	1,365,173	4,301	13,431	862,238	8,216
330	2019	1,448	85,633	0	1,028	49,250	0
340	2019	31,419	4,042,351	36,329	16,543	1,190,964	13,271
350	2019	11,070	1,082,327	20,870	12,718	757,273	7,535
360	2019	24,490	2,381,088	32,081	22,045	1,386,860	14,320
370	2019	1,499	112,923	0	1,574	99,249	0
380	2019	4,337	390,149	0	3,970	284,834	0
390	2019	4,210	406,509	0	3,879	251,602	0

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
110	2020	2,128	334,530	0	17,886	2,777,442	215,302
120	2020	2,500	338,613	185,626	23,930	2,922,152	8,730,275
130	2020	2,673	214,688	1,670	5,232	364,055	178,661
140	2020	13,841	1,354,289	136,353	36,141	2,250,152	5,277,303
150	2020	12,599	982,367	126,757	18,265	1,057,512	2,063,907
160	2020	10,670	980,773	60,724	15,820	930,369	2,336,991
170	2020	252	21,817	8,516	3,721	198,670	478,512
180	2020	4,451	562,941	178,365	26,454	1,398,975	1,533,362
190	2020	841	94,931	47,742	12,324	593,199	391,911
200	2020	331	28,396	39,976	7,443	328,219	268,055
210	2020	1,129	99,501	0	8,953	495,265	182,685
220	2020	15,831	2,304,551	470,645	16,432	868,904	213,448
230	2020	964	87,622	3,069	18,609	697,935	82,155
240	2020	4,680	445,706	53,752	23,991	1,247,584	472,256
250	2020	6,065	967,761	160,670	11,159	524,628	181,217
260	2020	5,399	522,975	46,295	8,573	436,337	108,652
270	2020	24,065	3,180,854	483,670	11,074	1,111,810	163,965
280	2020	4,226	476,827	47,894	3,377	259,200	23,986
290	2020	3,986	497,923	27,807	4,195	226,889	19,999
300	2020	4,386	349,945	123,332	7,456	342,538	39,543
310	2020	29,522	3,258,385	1,007,749	25,955	1,769,228	859,724
320	2020	11,308	1,236,845	364,636	13,606	932,666	316,873
330	2020	1,407	86,352	88,018	1,089	54,198	23,744
340	2020	30,104	3,897,027	803,561	17,080	1,320,643	509,715
350	2020	10,407	1,059,016	260,228	12,993	835,954	366,530
360	2020	23,407	2,308,251	420,773	23,605	1,550,632	490,227
370	2020	1,484	112,167	7,802	1,702	114,206	0
380	2020	4,141	372,789	28,299	4,256	323,428	65,558
390	2020	3,937	382,619	15,522	4,055	265,281	33,375

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

<u>Territory</u>	<u>Year</u>	<u>Voluntary Market</u>			<u>NCIUA/NCJUA (FPBP)</u>		
		<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>	<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>
110	2021	1,972	318,660	0	17,659	2,776,242	44,934
120	2021	2,467	340,486	6,767	23,258	2,890,103	193,332
130	2021	2,604	216,420	0	5,331	385,898	0
140	2021	13,907	1,390,555	0	37,110	2,364,624	85,010
150	2021	12,420	976,413	14,070	19,141	1,128,609	105,547
160	2021	11,594	1,070,679	0	16,194	962,302	126,221
170	2021	270	25,766	0	3,965	220,044	28,380
180	2021	4,186	537,807	64,604	27,383	1,483,946	191,917
190	2021	773	86,206	2,355	12,880	637,404	59,070
200	2021	399	35,287	0	7,583	343,831	1,494
210	2021	1,131	98,950	0	9,560	543,430	133,247
220	2021	14,376	2,148,834	135,223	17,161	921,880	191,971
230	2021	886	79,206	10,701	19,235	740,395	31,517
240	2021	4,805	481,695	21,020	25,183	1,366,965	243,394
250	2021	5,275	861,266	37,756	11,591	570,914	61,648
260	2021	3,562	238,898	1,831	9,096	477,337	18,830
270	2021	25,718	3,495,585	99,320	11,739	1,224,053	73,618
280	2021	4,887	582,748	88,214	3,602	282,965	0
290	2021	3,872	507,069	12,528	4,677	263,324	3,791
300	2021	4,138	338,067	4,723	8,057	377,403	6,378
310	2021	29,567	3,385,630	98,394	26,780	1,968,232	111,792
320	2021	10,806	1,231,738	38,757	14,068	1,035,480	20,616
330	2021	1,312	78,705	0	1,115	60,379	0
340	2021	29,536	3,870,788	150,378	17,545	1,477,256	54,568
350	2021	10,220	1,086,521	27,486	13,220	942,135	21,579
360	2021	21,512	2,188,153	52,834	25,331	1,744,074	20,717
370	2021	1,351	110,541	0	1,842	131,906	0
380	2021	3,822	354,172	10,237	4,453	356,435	0
390	2021	3,586	356,658	0	4,337	302,518	0

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

<u>Territory</u>	<u>Year</u>	<u>Voluntary Market</u>			<u>NCIUA/NCJUA (FPBP)</u>		
		<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>	<u>Earned House Years</u>	<u>Earned Insurance Years</u>	<u>Hurricane Losses</u>
110	2022	1,909	327,186	0	17,691	2,947,685	91,839
120	2022	2,471	365,529	10,847	23,058	3,023,597	1,752,919
130	2022	2,572	224,573	0	5,535	431,379	92,425
140	2022	15,363	1,608,411	23,108	38,343	2,598,913	1,838,987
150	2022	12,175	988,185	34,589	20,235	1,249,863	249,100
160	2022	12,315	1,174,220	3,737	16,461	1,027,195	368,011
170	2022	303	33,379	7,337	4,134	237,978	69,456
180	2022	4,202	554,313	50,534	27,960	1,573,739	258,818
190	2022	812	91,924	9,060	13,138	680,580	41,555
200	2022	424	37,676	51,358	7,578	358,373	672,573
210	2022	1,256	112,777	11,864	10,067	607,727	111,477
220	2022	12,859	2,003,859	535,927	17,519	994,411	264,588
230	2022	913	82,219	27,731	19,537	786,288	593,776
240	2022	5,329	586,211	50,972	26,090	1,519,984	454,820
250	2022	4,557	764,301	371,778	11,831	629,939	468,093
260	2022	3,431	246,246	40,455	9,477	536,241	180,015
270	2022	29,444	4,269,542	943,845	12,698	1,440,527	487,257
280	2022	4,970	632,163	198,584	3,819	319,402	100,411
290	2022	3,828	534,167	152,520	5,110	301,031	103,601
300	2022	3,402	252,874	44,656	8,466	422,012	210,909
310	2022	27,709	3,191,454	543,272	28,565	2,227,345	736,096
320	2022	10,583	1,268,730	204,108	15,025	1,175,657	262,232
330	2022	1,220	74,169	39,088	1,187	69,298	4,637
340	2022	30,940	4,285,592	445,580	18,484	1,676,199	226,304
350	2022	9,929	1,076,034	32,967	13,986	1,092,342	123,262
360	2022	20,715	2,297,564	10,176	26,885	2,005,454	83,911
370	2022	1,272	112,310	0	1,954	151,513	0
380	2022	3,719	381,805	0	4,761	407,248	0
390	2022	3,383	366,535	0	4,641	351,457	6,200

NORTH CAROLINA

DWELLING PROPERTY INSURANCE

HISTORICAL HURRICANE LOSSES

Territory	Year	Voluntary Market			NCIUA/NCJUA (FPBP)		
		Earned House Years	Earned Insurance Years	Hurricane Losses	Earned House Years	Earned Insurance Years	Hurricane Losses
110	2023	1,920	361,262	0	18,218	3,290,351	46,749
120	2023	2,660	443,866	0	23,704	3,382,214	173,782
130	2023	2,564	238,366	0	5,724	484,922	55,197
140	2023	15,955	1,808,821	20,357	40,204	3,022,558	381,290
150	2023	11,898	1,042,077	0	21,190	1,422,869	171,533
160	2023	12,440	1,269,624	7,863	17,238	1,193,079	204,957
170	2023	274	33,893	0	4,294	265,705	0
180	2023	4,077	596,373	8,436	28,855	1,740,687	142,090
190	2023	777	98,487	16,635	13,673	762,512	73,920
200	2023	357	36,504	0	7,727	392,200	114,543
210	2023	1,154	129,399	5,509	10,444	684,092	30,299
220	2023	12,675	2,098,340	114,039	18,147	1,147,107	94,940
230	2023	848	90,873	0	20,147	876,696	58,067
240	2023	5,163	675,028	17,829	27,308	1,745,412	78,398
250	2023	4,522	813,690	8,961	12,257	717,334	28,074
260	2023	3,172	263,157	0	9,947	622,301	14,453
270	2023	29,632	4,879,981	26,391	14,172	1,787,469	23,078
280	2023	4,247	598,579	0	4,101	381,579	0
290	2023	4,114	651,528	8,463	5,447	356,497	9,688
300	2023	2,735	185,706	0	8,701	468,035	0
310	2023	25,928	3,188,660	322,856	30,752	2,618,801	14,861
320	2023	10,205	1,318,464	71,451	16,485	1,418,183	0
330	2023	1,131	75,815	0	1,345	85,680	0
340	2023	31,887	4,900,116	173,577	20,559	2,037,160	0
350	2023	9,762	1,137,837	0	14,912	1,295,486	5,649
360	2023	20,811	2,607,081	6,106	29,034	2,399,227	3,186
370	2023	1,239	128,993	0	2,079	174,419	0
380	2023	3,812	451,534	0	5,033	465,074	0
390	2023	3,458	416,220	0	5,031	417,066	0

Glossary

Model Parameters

	RMS/Moody's	AIR/Verisk
Model Version	RiskLink v23	Touchstone v12 (a.k.a Touchstone
Event Set	2023 Historical	v2024) 100k Standard
Demand Surge	Included/Excluded	Included/Excluded
Storm Surge	Excluded	Excluded

RMS Fields

Code	Name	Definition
EventID	Event Identifier	Event identification code, which represents a specific event.
RATE	Rate	Frequency at which a given event occurs according to the model. Also known as primary uncertainty, or the likelihood that an event will occur.

AIR Fields

Code	Name	Definition
EventID	Event Identifier	Combination of model code, which represents event type, and event identification code which represents a specific event.
Year	Catalog Year	AIR uses a stochastic catalog containing potential scenarios of events in a year. The "year" field represents the simulated year in the catalog.

Loss Fields

Code	Name	Definition
GU_Loss	Ground Up Loss	Pure modeled loss that does not take into account limits or deductibles. These losses exclude LAE.
GR_Loss	Gross Loss	Modeled loss taking into account limits and deductibles. These losses exclude LAE.
wDS	Demand Surge	Includes amplification of losses to account for the fact that after a catastrophe occurs, demand for building materials and/or labor increases, causing the cost of those to increase as well.
xDS	without Demand Surge	Demand Surge excluded.

Windfall Parameter Fields

Code	Description
Landfall State	State in which storm made first US landfall or bypass. For events that have no landfall/bypass in the US, this field contains the country/region of first landfall/bypass.
Landfall County	US County in which storm made first US landfall or bypass. For events that have no landfall/bypass in the US, this field is blank.
SS_Intensity	Saffir-Simpson storm intensity of the storm, based on wind speed at the point wind speed is assigned (below).
WindSpeed	Wind speed in MPH. RMS landfalling: Maximum wind speed at the 6 hourly point before landfall. RMS bypassing: maximum wind speed at the bypass gate center. AIR: Maximum wind speed at point 1 hour prior to landfall/bypass.



Notice to Manualholders

PERSONAL LINES

DWELLING POLICY PROGRAM MANUAL – MULTISTATE RULES

NOTICE DP-MU-2014-RU-001

CAUTION

Refer to state Notices for announcement of the use of this revision in individual jurisdictions.

INSTRUCTIONS TO MANUALHOLDERS

If your company has adopted this revision, you should insert the enclosed page(s) into your manual.

EFFECTIVE DATE

Refer to individual state Notices for effective date language.

CHANGE(S)

This notice presents the 2014 revisions to the Dwelling Policy Program Manual – General Rules. The following rules were revised:

- Rule **102**. Perils Insured Against has been revised to more closely reflect coverages provided by the individual Dwelling Policy forms.
- Rule **104**. Protection Classification Information has been revised to refer manual users to the ISO Community Mitigation Classification (CMC) Manual when determining the ISO Public Protection Classification information.
- Rule **210**. Refer To Company has been revised to introduce a facultative reinsurance rule.
- Rule **402**. Coverage **C** – Personal Property In Buildings Subject To Commercial Class Rates Or Specific Rates has been revised to complement changes made in Division Five of the Commercial Lines Manual (CLM).
- Rule **501**. Coverage **B** – Other Structures has been revised to add instructions which advise that no entry is needed in the policy Declarations for Coverage **B** since this coverage is automatically provided on a blanket basis for up to 10% of the Coverage **A** limit in all Dwelling policy forms.
- Rule **502**. Coverage **D** – Fair Rental Value and Coverage **E** – Additional Living Expense has been revised to add instructions which advise that no entry is needed in the policy Declarations for Coverage **D** in Form **DP 00 01** and for Coverages **D** and **E** in Forms **DP 00 02** and **DP 00 03** since these coverages are automatically provided for up to 20% of the Coverage **A** limit available. In addition, we have made changes to complement the companion forms filing.
- Rule **505**. Building Items Condo Unit-owner – **DP 00 01** Or **DP 00 02** has been revised to delete Paragraph **B**. to complement a change in the companion forms filing.
- Rule **510**. Theft Coverage has been revised to change the base deductible for Theft Coverage to \$500 and introduce a new deductible factor for the \$250 option. In addition, the factors for \$1,000 and \$2,500 have been revised to correspond with this change.
- Rule **513**. Limited Water Back-up And Sump Discharge Or Overflow Coverage has been revised to reflect that increased limits of coverage are now available.
- Rule **515**. Motorized Golf Cart – Physical Loss Coverage has been revised to delete text referencing the separate deductible for each involved golf cart.
- Rule **517**. Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage has been revised to reinforce that the limits provided are on an aggregate basis and to delete text to condense and streamline the rule.

Rule **211**. Additional Insured has been introduced to complement Additional Insured Described Location Endorsement **DP 04 41**.

Exceptions to the General Rules were previously filed and implemented on an individual state basis for eventual multistate application. Now that the exceptions apply in most states, the following exceptions are being relocated to the General Rules:

- Rule **303**. Ordinance Or Law Coverage – All Forms (Table **303.B.3.a.(1)(a)** and Table **303.B.3.a.(2)**)
- Rule **406**. Deductibles, multistate text in Paragraphs **A.** and **B.**
- Rule **503**. Ordinance Or Law Coverage For Coverage **B** – Specific Structures, Building Items And Improvements, Alterations And Additions (Paragraph **C.2.**)
- Rule **509**. Earthquake Coverage (Paragraphs **E.3.**, **E.4.**, **E.5.** and **F.**)

The following rules have been revised to make minor editorial revisions:

- Rule **204**. Multiple Locations
- Rule **205**. Multiple Policies
- Rule **304**. Permitted Incidental Occupancies
- Rule **404**. Mobile Or Trailer Homes – **DP 00 01** Only
- Rule **407**. Automatic Increase In Insurance
- Rule **408**. Protective Devices
- Rule **409**. Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing – **DP 00 02**, **DP 00 03** And **DP 00 01** With **DP 00 08**
- Rule **410**. Building Code Effectiveness Grading
- Rule **504**. Improvements, Alterations And Additions Tenant And Co-op Unit-owner – **DP 00 01** Or **DP 00 02**
- Rule **511**. Sinkhole Collapse Coverage

COMPANION REVISION

We are simultaneously revising our forms, which are being distributed under separate Notices.

REVISED PAGE(S)

DP-i thru DP-viii

DP-1 thru DP-23

PAGE CHECKLIST

Included in this distribution is a page checklist displaying the latest page numbers and edition dates.

REFERENCE INFORMATION (FOR COMPANY USE ONLY)

Circular Reference(s):

- Refer to individual state Notices for the approval/implementation circular references.
- LI-DP-2013-097 (07/01/2013) Dwelling Policy Program 2014 Multistate Loss Costs Revision To Be Submitted
- LI-DP-2013-096 (07/01/2013) Dwelling Policy Program 2014 Multistate Rules Revision To Be Submitted

Filing Reference(s):

- DP-2013-RRU13
- DP-2013-RLC13

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DWELLING POLICY PROGRAM MANUAL
PAGE CHECKLIST – MULTISTATE

THIS MANUAL PAGE CHECKLIST DISPLAYS THE LATEST PAGE INFORMATION AS OF **7-14**.

NOTE: ALWAYS USE THE EDITION NUMBER TO DETERMINE THE LATEST PAGE.

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	NUMBER	DATE		NUMBER	DATE
DP-MU-2014-RU-001	–	7-14	DP-1 thru DP-23	2nd	7-14
DP-i thru DP-viii	2nd	7-14			

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DWELLING POLICY PROGRAM MANUAL

GENERAL RULES

PART I COVERAGE AND DEFINITION TYPE RULES

RULE 100. INTRODUCTION

A. About The Dwelling Manual

The Dwelling Policy Program provides property and related coverages using the forms and endorsements referred to in this Manual. The rates, rules, forms and endorsements of the company shall apply in all cases not provided for in this Manual. This program does not apply to Farm Property. Refer to the company for its method of insuring farm property.

B. Manual Structure

1. Contents

The Dwelling Policy Program Manual contains the rules, classifications and rating provisions for the issuance of the Dwelling Policy. The Manual is divided into two sections, multistate general rules and state rules and rates.

The multistate general rules section contains rules common to most states. Any departures, additions, etc. to these rules, unique to individual jurisdictions, are contained in the state rules and rates section.

The general rules do **not** contain premiums, rates, charges or credits expressed in dollars and cents. They do, however, contain rating factors that are applied to state premiums.

2. General Rules

These rules are grouped into the following categories:

- a. Part I – Coverage And Definition Type Rules,
- b. Part II – Servicing Type Rules,
- c. Part III – Base Premium Computation Rules,
- d. Part IV – Adjusted Base Premium Computation Rules, and
- e. Part V – Additional Coverages And Increased Limits Rules.

3. State Rules And Rates/ISO Loss Costs

These rules are grouped into the following categories:

- a. Exceptions and Additional Rules,
- b. Special State Requirements,
- c. Territory Definitions,
- d. Key Premium/Key Factor Tables, and
- e. Premiums, Rates, Charges and Credits.

C. Company Rates/ISO Loss Costs

1. Definition

This Manual contains either ISO loss costs or individual company rates. A loss cost is that portion of the premium which covers only losses and the costs associated with settling losses.

2. Company Rates

All rules in this Manual are designed to be utilized with rates. All references in the rules and examples to rates and/or premiums (including base premiums) shall be interpreted to mean those established by the individual insurance company.

3. Loss Cost Conversion

Each insurance company must provide manualholders with either its own rates or with procedures to convert ISO loss costs to rates and/or premiums. If an insurer provides its own rates, use them in place of the ISO loss costs in this Manual. If an insurer does not provide its own rates, manualholders must convert ISO loss costs in this Manual to rates and/or premiums before applying any of the rules. Refer to the company for special instructions – including rounding procedures – on how to do this.

RULE 101. FORMS, COVERAGES, MINIMUM LIMITS OF LIABILITY

A. Forms

The Dwelling Policy Program makes available the following policy forms:

1. Dwelling Property 1 Basic Form **DP 00 01**,
2. Dwelling Property 2 Broad Form **DP 00 02**, and
3. Dwelling Property 3 Special Form **DP 00 03**.

B. Coverages

1. Forms **DP 00 02** and **DP 00 03** provide the following coverages. These coverages are written as separate items in the policy or in separate policies:

- a. Coverage **A** – Dwelling
- b. Coverage **B** – Other Structures
- c. Coverage **C** – Personal Property
- d. Coverage **D** – Fair Rental Value
- e. Coverage **E** – Additional Living Expense

2. Form **DP 00 01** provides Coverages **A** through **D**; Coverage **E** is available by endorsement.

**DWELLING POLICY PROGRAM MANUAL
GENERAL RULES**

**RULE 101.
FORMS, COVERAGES, MINIMUM LIMITS OF LIABILITY
(Cont'd)**

C. Minimum Limits Of Liability

The following coverages are subject to a minimum limit of liability:

Coverages	Minimum Limit
Coverage A – Dwelling	\$12,000 (Form DP 00 02) \$15,000 (Form DP 00 03)
Coverage C – Personal Property	\$4,000 without Coverage A (Forms DP 00 02 and DP 00 03)
There are no minimum limits for Form DP 00 01	

Table 101.C. Minimum Limits Of Liability

**RULE 102.
PERILS INSURED AGAINST**

The following is a general description of the coverages provided by the individual Dwelling Policy Forms. The policy should be consulted for exact contract conditions.

Perils	DP 00 01 Basic Form	DP 00 02 Broad Form	DP 00 03 Special Form
Fire or Lightning, Internal Explosion	Yes	Yes	Yes
Extended Coverage meaning Windstorm or Hail, Explosion, Riot or Civil Commotion, Aircraft, Vehicles, Smoke, Volcanic Eruption	Optional*	Yes	Yes
Vandalism or Malicious Mischief	Optional**	Yes	Yes
Damage by burglars, Falling objects, Weight of ice, snow or sleet, Accidental discharge or overflow of water or steam, Sudden and accidental tearing apart of a heating system or appliance for heating water, Freezing, Sudden and accidental damage from artificially generated electrical current.	No	Yes	Yes
Additional risks with certain exceptions	No	No	Yes***
* May only be written with the perils of Fire or Lightning, Internal Explosion ** May only be written with Extended Coverage *** Special Coverage (Coverages A and B)			

Table 102. Perils Insured Against

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RULE 103. ELIGIBILITY

A Dwelling Policy may be issued to provide insurance under:

- A. Coverage A – on a dwelling building:**
 - 1. Used solely for residential purposes except that certain incidental occupancies or up to 5 roomers or boarders are permitted;
 - 2. Containing not more than four apartments; and
 - 3. Which may be in a townhouse or rowhouse structure; or
 - 4. In course of construction.
- B. Coverage A – on a mobile or trailer home:**
 - 1. Using Form **DP 00 01** only;
 - 2. Used solely for residential purposes except that certain incidental occupancies or up to 5 roomers or boarders are permitted;
 - 3. Containing not more than one apartment;
 - 4. For a policy period of not longer than one year; and
 - 5. At the permanent location described in the policy.
- C. Coverage B:**
 - 1. At the same location as the dwelling eligible for insurance under Coverage **A**;
 - 2. Not used for business purposes except a permitted incidental occupancy or when rented for use as a private garage;
 - 3. At a separate location when used in connection with the insured location but not for business purposes.
- D. Coverage C in:**
 - 1. A dwelling, mobile or trailer home eligible under Coverage **A**; or
 - 2. A dwelling with rental apartments including furnishings, equipment and appliances in halls or utility rooms; or
 - 3. Any apartment, cooperative or condominium unit used as private living quarters of the insured or rented to others.

- E. Coverage D for the loss of the fair rental value of:**
 - 1. A building eligible for insurance under Coverage **A** or **B**; or
 - 2. Private living quarters eligible under Coverage **C**.
- F. Coverage E for the additional living expenses incurred to maintain the insured's household.**

RULE 104. PROTECTION CLASSIFICATION INFORMATION

Determine the ISO Public Protection Classification; refer to ISO's Community Mitigation Classifications (CMC) Manual, applicable to the municipality or classified area where the insured property is located.

RULE 105. SEASONAL DWELLING DEFINITION

A seasonal dwelling is a dwelling with continuous unoccupancy of three or more consecutive months during any one year period.

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RULE 106.
CONSTRUCTION DEFINITIONS

A. Frame

Exterior wall of wood or other combustible construction, including wood iron-clad, stucco on wood or plaster on combustible supports or aluminum or plastic siding over frame.

B. Masonry Veneer

Exterior walls of combustible construction veneered with brick or stone.

C. Masonry

Exterior walls constructed of masonry materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or similar materials and floors and roof of combustible construction. (Disregarding floors resting directly on the ground).

D. Superior Construction

1. Non-Combustible

Exterior walls and floors and roof constructed of, and supported by metal, asbestos, gypsum, or other noncombustible materials.

2. Masonry Non-Combustible

Exterior walls constructed of masonry materials (as described in Paragraph C.) and floors and roof of metal or other non-combustible materials.

3. Fire Resistive

Exterior walls and floors and roof constructed of masonry or other fire resistive materials.

E. Mixed (Masonry/Frame)

A combination of both frame and masonry construction shall be classed and coded as frame when the exterior walls of frame construction (including gables) exceed 33 1/3% of the total exterior wall area; otherwise class as masonry.

RULE 107.
SINGLE AND SEPARATE BUILDINGS DEFINITION

A. Single Building

All buildings or sections of buildings which are accessible through unprotected openings shall be considered as a single building.

B. Separate Building

1. Buildings which are separated by space shall be considered separate buildings.

2. Buildings or sections of buildings which are separated by:

a. A 6 inch reinforced concrete or an 8 inch masonry party wall; or

b. A documented minimum two hour non-combustible wall which has been laboratory tested for independent structural integrity under fire conditions;

which pierces or rises to the underside of the roof and which pierces or extends to the innerside of the exterior wall shall be considered separate buildings. Accessibility between buildings with independent walls or through masonry party walls described above shall be protected by at least a Class A Fire Door installed in a masonry wall section.

RULE 108. – 200.
RESERVED FOR FUTURE USE

DWELLING POLICY PROGRAM MANUAL

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PART II SERVICING TYPE RULES

RULE 201. POLICY PERIOD

The policy may be written for a period of:

- A. One year and may be extended for successive policy periods by extension certificate based upon the forms, premiums and endorsements then in effect for the company.
- B. Three years prepaid at three times the annual premium.
- C. Three years in annual installments. Each annual installment shall be the annual premium then in effect for the company. Use Deferred Premium Payment Endorsement **DP 04 32**.

For maintaining common anniversary dates, a policy may be written for a period less than one year or less than three years on a pro rata basis.

RULE 202. CHANGES OR CANCELLATIONS

If insurance is increased, cancelled or reduced, the additional or return premium shall be computed on a pro rata basis, subject to the minimum premium.

RULE 203. MANUAL PREMIUM REVISION

A manual premium revision shall be made in accordance with the following procedures:

- A. The effective date of such revision shall be as announced.
- B. The revision shall apply to any policy or endorsement in the manner outlined in the announcement of the revision.
- C. Unless otherwise provided at the time of the announcement of the premium revision, the revision shall not affect:
 - 1. In-force policy forms, endorsements or premiums, until the policy is renewed; or
 - 2. In the case of a Deferred Premium Payment Plan, in-force policy premiums, until the anniversary following the effective date of the revision.

RULE 204. MULTIPLE LOCATIONS

A policy may be issued to provide insurance at more than one Described Location in the same state provided:

- A. The same form and deductible applies at each location;
- B. A separate policy Declarations page is completed for each location; or
- C. The policy Declarations page is completed by:
 - 1. Showing the total policy premium for all locations in the premium payments section.
 - 2. Showing the deductible by entry of the deductible amount and adding "at each location".
 - 3. Inserting the form number that applies.
 - 4. Adding an appropriate reference to the Additional Dwelling Declarations or company equivalent.

RULE 205. MULTIPLE POLICIES

A. Application

Insurance may be provided on the same property under two or more Dwelling policies in one or more companies as follows:

- 1. The same form and endorsements must apply to all policies.
- 2. The same deductible amount must apply to all policies.

B. Endorsement

Use Premium Sharing – Two Or More Policies Endorsement **DP 04 30**.

C. Premium

The premium for each policy is developed as follows:

- 1. Compute the premium for the total limits of liability from the manual of the company issuing each policy.
- 2. Allocate the premium determined in Paragraph 1. based on the ratio of each policy's limit of liability to the total limits of liability for all policies.

**DWELLING POLICY PROGRAM MANUAL
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**RULE 205.
MULTIPLE POLICIES (Cont'd)**

D. Example

The following example is a premium computation between two companies using a \$50,000 Coverage A Limit. The premiums shown are only for illustration.

Each Company's	Company A	Company B
Percentage share	70%	30%
Premium for \$50,000 Cov. A	\$240	\$200
Each Company's Policy Premium	168 (70% of 240)	60 (30% of 200)
Total Premium	(168 + 60) = 228	

Table 205.D. Example

**RULE 206.
MINIMUM PREMIUM**

- A. For prepaid policies a minimum **annual** premium shall be charged for each policy.
- B. When policies are written under a premium payment plan, no payment shall be less than the minimum premium for each annual period.
- C. The minimum premium may include all chargeable endorsements or coverages for Fire or Fire and Allied Lines if written at inception of the policy.
- D. The minimum annual premium shall **not** include charges for Theft or Earthquake Coverage, except when Earthquake is the only peril covered under the policy.
- E. Refer to company for minimum premium.

**RULE 207.
TRANSFER OR ASSIGNMENT**

Subject to the consent of the company, all rules of this Manual and any necessary adjustments of premium, a policy may be endorsed to effect:

- A. Transfer to another location within the same state; or
- B. Assignment from one insured to another in the event of transfer of title of the dwelling.

**RULE 208.
WAIVER OF PREMIUM**

- A. When a policy is endorsed after the inception date, an amount of additional or return premium may be waived.
- B. Refer to company for amount that may be waived.

**RULE 209.
WHOLE DOLLAR PREMIUM RULE**

Each premium shown on the policy and endorsements shall be rounded to the nearest whole dollar. A premium of fifty cents (\$.50) or more shall be rounded to the next higher whole dollar.

In the event of cancellation by the company, the return premium may be carried to the next higher whole dollar.

**RULE 210.
REFER TO COMPANY**

Refer to company for:

- A. Rating or classifying any risk for which there is no manual rate.
- B. Situations where a portion of the property coverage is reinsured on a facultative basis.

The following rating procedure is available for the determination of the applicable premium:

1. Manual rules and rates shall apply to the portion of the property limit of liability retained by the company.
2. For any portion of the limit(s) of liability obtained by means of facultative reinsurance, the premium shall be the facultative cost for such insurance increased by a charge up to but not exceeding 50% of the facultative cost.

With respect to premium developed in accordance with this Paragraph 2., the company is responsible for maintaining complete files, including all details relating to selection of the premium charge.

Whenever a risk is rated on a refer-to-company basis each company is responsible for complying with regulatory or statutory rate filing or disclosure requirements.

Note

Rates shall not be inadequate, excessive or unfairly discriminatory.

**RULE 211.
ADDITIONAL INSURED**

A. Coverage Description

1. In addition to the named insured shown in the Declarations, another person or organization may be considered an insured in this policy with respect to Coverage A – Dwelling and Coverage B – Other Structure at the Described Location listed in the Schedule, or elsewhere in the policy. The interest of such persons or organization and the Described Location to which it applies may be acknowledged by naming them in the endorsement referenced in Paragraph C.
2. Such persons or organizations are entitled to receive notification if the policy is canceled or nonrenewed by the insurer.

**DWELLING POLICY PROGRAM MANUAL
GENERAL RULES**

**RULE 211.
ADDITIONAL INSURED (Cont'd)**

B. Premium Computation

No additional charge is made for use of this endorsement.

C. Endorsement

Use Additional Insured Endorsement **DP 04 41**.

**RULES 212. – 300.
RESERVED FOR FUTURE USE**

**PART III
BASE PREMIUM COMPUTATION RULES**

**RULE 301.
BASE PREMIUM COMPUTATION**

To compute the Base Premium, use the Key Premiums and Key Factors that are displayed in Rule **301**. Refer to state company rates/ISO loss costs.

A. Fire (All Forms), Extended Coverage (DP 00 01), Broad Form (DP 00 02), Or Special Form (DP 00 03) For Coverage A – Dwelling/Coverage C – Personal Property

1. From the Key Premium Table in this Manual, select the Key Premium for the classifications or coverages that apply to the risk.
2. From the Key Factor Table in this Manual, determine the Key Factor for the desired limit of liability. If the desired limit of liability is not shown in the table, **interpolate** as illustrated in Paragraph **B**. of this rule.
3. Multiply the Key Premium by the Key Factor and round to the nearest whole dollar to develop the Base Premium (\$.50 or more rounded to the next higher whole dollar).

B. Interpolation Example

1. When the desired limit of liability is **less** than the highest limit shown, interpolate the Key Factors using the nearest limit above and below the desired limit, for example:
 - a. \$25,500 desired limit; the nearest limits are \$25,000 and \$26,000.
 - b. For \$25,000 the Key Factor is 1.082; for \$26,000 the Key Factor is 1.098. Figure the difference between the two Key Factors and divide by 10. This provides a factor per \$100.

$$\begin{array}{r} 1.098 \\ - 1.082 \\ \hline .016 \div 10 = .0016 \end{array}$$

- c. Multiply the factor per \$100 times five, and add 1.082: the Key Factor for \$25,000:

$$\begin{array}{r} .0016 \\ \times 5 \\ \hline .0080 + 1.082 = 1.090 \end{array}$$

- d. The result, 1.090, is the Key Factor for this example.
2. The factors shown in the interpolation example are for illustration only and are not necessarily the factors shown in the Key Factor Table of this Manual.

**RULE 302.
VANDALISM AND MALICIOUS MISCHIEF – DP 00 01**

Develop the Base Premium by multiplying the same limit of liability selected for Extended Coverage by the Vandalism and Malicious Mischief rate. Refer to state company rates/ISO loss costs.

**RULE 303.
ORDINANCE OR LAW COVERAGE – ALL FORMS**

A. Applicability By Form

1. DP 00 01

Coverage is **not** automatically included in this form but may be added by endorsement. See Paragraph **B**. for rating instructions.

2. DP 00 02 And DP 00 03

A limited amount of coverage is automatically included at each Described Location to pay for the increased costs necessary to comply with the enforcement of an ordinance or law. This amount is equal to 10% of the limit of liability that applies to:

- a. Coverage **A** or Unit-owner Building Items if the insured is an owner of a Described Location; or
- b. Coverage **B** if the insured is an owner of a Described Location which is not insured for Coverage **A** or Unit-owner Building Items; or
- c. Improvements, Alterations and Additions if the insured is a tenant of a Described Location.

This amount may be increased by endorsement. See Paragraph **B**. for rating instructions.

**DWELLING POLICY PROGRAM MANUAL
GENERAL RULES**

**RULE 303.
ORDINANCE OR LAW COVERAGE – ALL FORMS
(Cont'd)**

B. New Or Increased Coverage

1. Ordinance Or Law Coverage

The policy may be endorsed to add (Form **DP 00 01**) or increase (Form **DP 00 02/DP 00 03**) basic Ordinance or Law Coverage to accommodate the increased costs known or estimated by the insured for material and labor to repair or replace the damaged property and to demolish the undamaged portion of damaged property and clear the site of resulting debris according to the ordinance or law.

2. Endorsement

For Form **DP 00 01**, use Ordinance Or Law Coverage Endorsement **DP 04 74**. For Form **DP 00 02** or **DP 00 03**, use Ordinance Or Law – Increased Amount Of Coverage Endorsement **DP 04 71**.

3. Premium Determination

a. Described Location Including Coverage A

(1) Form DP 00 01

(a) Fire And Extended Coverage

The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Percentage Of Coverage A	
Total Amount	Factors
10%	1.03
25%	1.08
50%	1.15
75%	1.23
100%	1.30
For each add'l 25% increment, add:	.08

Table 303.B.3.a.(1)(a) Factors

(b) Vandalism And Malicious Mischief

Multiply the rate per \$1,000 used to determine the Vandalism and Malicious Mischief Base Premium by the dollar amount of coverage added. Then multiply the result by .30.

(2) DP 00 02 Or DP 00 03 – Fire, Broad Or Special Forms

The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Percentage Of Coverage A		
Increase In Amount	Total Amount	Factors
15%	25%	1.05
40%	50%	1.12
65%	75%	1.20
90%	100%	1.27
For each add'l 25% increment, add:		.08

Table 303.B.3.a.(2) Factors

b. Described Location Not Including Coverage A, But Including Coverage B – Specific Structures, Unit-owner Building Items, And/Or Improvements, Alterations And Additions

See Rule 503. for rating instructions.

**RULE 304.
PERMITTED INCIDENTAL OCCUPANCIES**

A. Coverage Description

- One of the incidental occupancies described in Paragraph **B.** is permitted in a premises eligible for coverage under a Dwelling Policy, if:
 - The policy provides insurance under Coverage **A, B** or **C**;
 - The incidental occupancy is operated by the insured who is the owner or a resident of the premises; and
 - There are no more than two persons at work in the incidental occupancy.
- Use Permitted Incidental Occupancies Endorsement **DP 04 20**.

B. Permitted Incidental Occupancies

- Offices, Schools or Studios meaning offices for business or professional purposes, and private schools or studios for music, dance, photography and other instructional purposes.
- Small Service Occupancies meaning occupancies primarily for service rather than sales. For example: barber or beauty shop, tailor or dressmaker, telephone exchanges or shoe repair shops using handwork only.
- Storage of merchandise if the value of the merchandise does not exceed \$10,000.

**DWELLING POLICY PROGRAM MANUAL
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**RULE 304.
PERMITTED INCIDENTAL OCCUPANCIES (Cont'd)**

C. Amount Of Insurance

The amounts of insurance for the contents of the incidental occupancy and merchandise in storage shall be stated as separate contents items in the policy Declarations.

D. Premium Computation

Determine the Coverage C Base Premium under Rule 301., using the single Key Factor for the total amount of insurance for:

1. Household personal property,
2. Contents of the incidental occupancy, and
3. Merchandise in storage.

**RULE 305.
LOSS SETTLEMENT OPTIONS**

**A. Functional Replacement Cost Loss Settlement –
Forms DP 00 02 And DP 00 03 Only**

1. Introduction

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

2. Coverage Description

The policy may be endorsed to provide building loss settlement exclusively on a functional replacement cost basis if, at the time of loss, the amount of insurance on the damaged building is 80% or more of the functional replacement cost of the building immediately before the loss. Functional Replacement Cost means the amount which it would cost to repair or replace the damaged building with less costly common construction materials and methods which are functionally equivalent to obsolete, antique or custom construction materials and methods.

3. Premium Computation

Develop the Base Premium in accordance with Rule 301. for the amount of insurance selected for this option.

4. Endorsement

Use Functional Replacement Cost Loss Settlement Endorsement **DP 05 30.**

**B. Actual Cash Value Loss Settlement – Forms
DP 00 02 And DP 00 03 Only**

1. Introduction

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

2. Coverage Description

The policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date of the policy, the Coverage A limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling.

3. Premium Computation

The premium is computed by multiplying the Base Premium by the appropriate factor from the following table:

Coverage A Limit Of Liability Equals Less Than _____ % Of Replacement Value	Factor
80%, but not less than 50%	1.05
Less than 50%	1.10

Table 305.B.3. Factors

4. Endorsement

Use Actual Cash Value Loss Settlement Endorsement **DP 04 76.**

**RULES 306. – 400.
RESERVED FOR FUTURE USE**

**DWELLING POLICY PROGRAM MANUAL
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**PART IV
ADJUSTED BASE PREMIUM COMPUTATION RULES**

**RULE 401.
SUPERIOR CONSTRUCTION**

A. Introduction

Refer to the Construction Definition rule in this Manual for details.

B. Extended Coverage Rating Classification

For Extended Coverage rating purposes a dwelling classified as:

1. Fire Resistive is considered Wind Resistive.
2. Masonry Non-Combustible is considered Semi-Wind Resistive.

C. Premium Computation

Multiply the Masonry Base Premium by the appropriate factor selected from the following table:

Classifications	Fire	E.C., Broad & Special Forms
Fire Resistive & Masonry Non-Combustible	.50	.50
Non-Combustible	.50	1.00

Table 401.C. Superior Construction Factors

**RULE 402.
COVERAGE C – PERSONAL PROPERTY IN BUILDINGS
SUBJECT TO COMMERCIAL CLASS RATES OR
SPECIFIC RATES**

A. Fire

If the building is classified in Division Five of the Commercial Lines Manual – Fire And Allied Lines, Rule 85., Paragraph B.1., B.2., B.3. or B.4., use the appropriate factor selected from the following table:

Types Of Construction	B.1. Or B.2.*	All Other B.2. Classifications, B.3., B.4. Or Is Rated Specifically
1. Fire Resistive, Masonry Non-Comb. & Non-Comb. Multiply the Masonry Coverage C Base Premium by:	.50	1.00
2. All Other Construction Multiply the Masonry Coverage C or Frame Base Premium by:	1.00	2.00
* Hotels and Motels Without Restaurant Only		

Table 402.A. Coverage C – Personal Property In Buildings

B. Extended Coverage, Vandalism And Malicious Mischief, Broad Or Special Form

Multiply the Coverage C Base Premium by 1.00.

**RULE 403.
DWELLING UNDER CONSTRUCTION**

A. Coverage Description

Two methods are provided for insuring this exposure.

1. Named Insured Is The Intended Occupant

A builder (contractor) may be designated as an additional insured. The policy may be cancelled upon completion of the dwelling. Use Dwelling Under Construction Endorsement **DP 11 43**.

2. Named Insured Is Not The Intended Occupant

The policy shall specify building is in course of construction and permission is granted to complete.

For other coverage bases, refer to the Commercial Lines Manual.

B. Premium Computation

1. Multiply the Coverage A Owner Occupied Base Premium by .65.
2. Multiply the Coverage A Non-Owner Occupied Base Premium by 1.00.

**RULE 404.
MOBILE OR TRAILER HOMES – DP 00 01 ONLY**

Refer to the state company rates/ISO loss costs.

Rule 410. does not apply to Mobile or Trailer homes.

**RULE 405.
TOWNHOUSE OR ROWHOUSE**

A. Individual Family Units

Determine the total number of individual family units within a Fire Division. For example, a two family dwelling attached to a one family dwelling is considered **three** individual family units within a Fire Division if both dwellings are not separated by a fire wall. Four attached two family dwellings are considered **eight** individual family units within a Fire Division if they are not separated by fire walls. A policy may be issued for:

1. Coverage A when the dwelling contains one, two, three or four individual family units within a Fire Division.
2. Coverage C in a dwelling with one or more individual family units within a Fire Division.

**DWELLING POLICY PROGRAM MANUAL
GENERAL RULES**

**RULE 405.
TOWNHOUSE OR ROWHOUSE (Cont'd)**

B. Premium Computation

Number Of Individual Family Units	Use Coverage A* Or C Base Premium
1, 2, 3 or 4	1, 2, 3 or 4 families
5 or more	5 or more families
* Refer to Commercial Lines Manual for Building Coverage when it contains five or more individual family units within a Fire Division	

Table 405.B. Townhouse Or Rowhouse

**RULE 406.
DEDUCTIBLES**

All policies are subject to a deductible that applies to loss from all perils except Earthquake. A separate deductible type applies to Earthquake Coverage as described in Rule 509.

For Theft Coverage, the deductible amount may differ from the deductible amount that applies to Fire and Allied Lines perils.

Refer to the Earthquake and Theft Coverage rules for the applicable deductible provision.

A. Base Deductible

\$500 Deductible.

B. Optional Deductibles

1. All Perils Deductibles

To compute the premium for these options, multiply the Base Premium for the Base Deductible by the factors selected from the state exception pages.

2. Windstorm Or Hail Deductibles

When the policy covers the peril of Windstorm or Hail, the following deductible options may be used in conjunction with a deductible applicable to all other perils covered under Extended Coverage, Broad or Special Forms.

a. Percentage Deductibles

(1) Deductible Amounts

This option provides for higher Windstorm or Hail percentage deductibles of 1%, 2%, 5%, 7.5% and 10% of the limit of liability that applies to Coverage A, B, D or E, whichever is greatest, when the dollar amount of the percentage deductible selected exceeds the amount of the All Other Perils deductible. This option is not available for policies covering only personal property.

(2) Endorsement

Use Windstorm Or Hail Percentage Deductible Endorsement **DP 03 12**.

(3) Declarations Instructions

Enter, on the policy Declarations, the percentage amount that applies to Windstorm or Hail and the dollar amount that applies to All Other Perils. For example:

Deductible – Windstorm or Hail 2% of the Coverage A limit and \$500 for All Other Perils.

(4) Deductible Application

In the event of a Windstorm or Hail loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

(5) Coverage Options

The deductible factors for Coverage A, B, D or E and coverage options for buildings and non-building structures differ by the deductible percentage amounts that apply to Windstorm or Hail, deductible amounts that apply to other perils, and the Coverage A, B, D or E limit.

The deductible factors for Coverage C and other personal property coverage options differ by the deductible percentage amounts that apply to Windstorm or Hail and the deductible amounts that apply to other perils.

(6) Use Of Factors

The factors for the Windstorm or Hail Deductibles incorporate the factors for the All Perils Deductibles. Do not use the factors for the All Perils Deductibles when rating a policy with a higher Windstorm or Hail deductible.

(7) Deductible Factors

To compute the premium for this provision, multiply the Extended Coverage, Broad or Special Form Base Premium for the Base Deductible for each coverage insured under the policy by the factor selected from the state exception pages.

**DWELLING POLICY PROGRAM MANUAL
GENERAL RULES**

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

b. Higher Fixed-dollar Deductibles

(1) Deductible Amounts

This option provides for higher Windstorm or Hail fixed-dollar deductible amounts of \$1,000, \$2,000, \$5,000, \$7,500 and \$10,000 when the dollar amount of the higher fixed-dollar deductible selected exceeds the amount of the All Other Perils deductible. This option is not available for policies covering only personal property.

(2) Endorsement

An endorsement is not required.

(3) Declarations Instructions

Separately enter, on the policy Declarations, the deductible amounts that apply to Windstorm or Hail and All Other Perils. For example: \$1,000 for Windstorm or Hail and \$500 for All Other Perils.

(4) Deductible Application

In the event of a Windstorm or Hail loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

(5) Coverage Options

The deductible factors for Coverage **A**, **B**, **D** or **E** and coverage options for buildings and non-building structures differ by the deductible amounts that apply to Windstorm or Hail and to other perils and the Coverage **A**, **B**, **D** or **E** limit.

The deductible factors for Coverage **C** and other personal property coverage options differ by the deductible amounts that apply to Windstorm or Hail and other perils.

(6) Use Of Factors

The factors for the Windstorm or Hail Deductibles incorporate the factors for the All Perils Deductibles. Do not use the factors for the All Perils Deductibles when rating a policy with a higher Windstorm or Hail deductible.

(7) Deductible Factors

To compute the premium for this provision, multiply the Extended Coverage, Broad or Special Form Base Premium for the Base Deductible for each coverage insured under the policy by the factor selected from the state exception pages.

**RULE 407.
AUTOMATIC INCREASE IN INSURANCE**

A. Coverage Description

The policy may be endorsed to provide automatic annual increases in the Coverage **A** and **B** limits of liability.

B. Premium Computation

1. The premium is computed by multiplying the Base Premium by the appropriate factors selected from the following table as follows:

Amount Of Annual Increase	Factor
4%	1.02
6%	1.03
8%	1.04
Each Add'l 4% over 8% add:	.02

Table 407.B.1. Factors

2. The premium for a three-year policy is 3.2 times the annual policy premium.

C. Endorsement

Use Automatic Increase In Insurance Endorsement **DP 04 11**.

DWELLING POLICY PROGRAM MANUAL

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RULE 408. PROTECTIVE DEVICES

A. Protective Devices Factors

Approved and properly maintained installations of fire alarms and automatic sprinklers in the dwelling may be recognized for a reduced premium – computed by multiplying the Fire Base Premium by the selected factors below:

Protective Devices Factors

Type Of Installation*	Dwelling Factor	Mobile Or Trailer Home Factor
Central Station Reporting Fire Alarm	.90 to 1.00	.92 to 1.00
Fire Department Reporting Fire Alarm	.93 to 1.00	.95 to 1.00
Local Fire Alarm	.95	.97
Automatic Sprinklers In All Areas Including Attics, Bathrooms, Closets, Attached Structures	.80 to .90	.90 to .95
Automatic Sprinklers In All Areas Except Attic, Bathroom, Closet And Attached Structure Areas That Are Protected By A Fire Detector	.90 to 1.00	.95 to 1.00
* Refer to company for eligibility, types of systems and devices, installations, and available credits		

Table 408.A. Protective Devices Factors

B. Endorsement

Use Premises Alarm Or Fire Protection System Endorsement **DP 04 70.**

RULE 409. ACTUAL CASH VALUE LOSS SETTLEMENT WINDSTORM OR HAIL LOSSES TO ROOF SURFACING – DP 00 02, DP 00 03 AND DP 00 01 WITH DP 00 08

A. Introduction

The policy provides settlement for building losses on a repair or replacement cost basis, subject to certain conditions.

B. Coverage Description

The policy may be endorsed to provide loss settlement exclusively on an Actual Cash Value basis for roof surfacing when damage is caused by the peril of Windstorm or Hail.

C. Premium Determination

To develop a premium for this option, multiply the Extended Coverage, if applicable, and Broad or Special Form Base Premium by a factor of .98.

D. Endorsement

Use Actual Cash Value Loss Settlement Windstorm Or Hail Losses To Roof Surfacing Endorsement **DP 04 75.**

RULE 410. BUILDING CODE EFFECTIVENESS GRADING

This rule does not apply to Mobile or Trailer homes.

A. General Information

1. The Building Code Effectiveness Grading Schedule (BCEGS) develops a grade of 1 to 10 for a community based on the adequacy of its building code and the effectiveness of its enforcement of that code. Policies which cover the perils of Windstorm or Hail or Earthquake may be eligible for special rating treatment, subject to the criteria in the following paragraphs. The BCEGS factor applies, where applicable, in addition to the Public Protection Classification factors.
2. In some communities, two BCEGS classifications may be assigned. One classification for personal lines indicated next to "PERS" will apply to one- and two-family dwelling buildings and/or personal property contained in such buildings. The other classification indicated next to "COML" will apply to all other buildings occupied for residential, commercial and/or manufacturing purposes, including personal and business property contained therein. The ISO Community Mitigation Classifications will indicate the application of each grade.
3. Refer to the ISO Community Mitigation Classifications (CMC) Manual for the BCEGS classifications for a community and their effective dates.

B. Community Grading

1. The BCEGS classification applies to any building that has an original certificate of occupancy dated the year of the effective date of the community grading, or later. A rating factor has been developed for each community classification.
2. If a community is regraded subsequent to its initial grading, the factor for the revised grade applies to buildings that have an original certificate of occupancy dated the year of the effective date of the revised grading, or later.
3. Where certificates of occupancy are not issued, equivalent documentation acceptable to the company may be used.
4. If, due to an addition or alteration, the original building is changed to comply with the latest building code, the factor for the community classification applicable at the time the reconstruction is completed will apply to such building.

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RULE 410.
BUILDING CODE EFFECTIVENESS GRADING (Cont'd)

5. The BCEGS classification may apply to Windstorm or Hail or Earthquake, or to both. Specific information is provided in the ISO Community Mitigation Classifications (CMC) Manual. If the grade in the manual does not apply to one of the perils, the factor should not be applied for that peril.

C. Individual Grading

Where buildings have been built in full conformance with the natural hazard mitigation elements of one of the nationally recognized building codes even though the community grade is greater than one, exception rating procedures may apply.

1. Any building may be classified as a 1 for Windstorm or Hail upon certification by a registered or licensed design professional, based on an on-site inspection, that such building is in compliance with one of the three nationally recognized building codes with respect to mitigation of the windstorm or hail hazard. This classification is effective only from the date of the certification.
2. Any building may be classified as a 1 for Earthquake upon certification by a registered or licensed design professional, based on an on-site inspection, that such building is in compliance with the earthquake mitigation elements of one of the three nationally recognized building codes. This classification is effective only from the date of the certification.

D. Ungraded Risks

Buildings which do **not** meet the criteria in Paragraph **B.** or **C.** for classification assignment are rated and coded as ungraded risks. Do not classify as a 10.

E. Premium Credit Computation

1. Community Grading

a. Windstorm Or Hail

Compute the premium credit as follows:

- (1) For buildings which are eligible under Paragraph **B.** of this rule, and for personal property inside such buildings, multiply the Key Premium for Extended Coverage (**DP 00 01**) by the applicable factor in Paragraph **E.1.c.(1)**; and
- (2) Multiply the result from Paragraph (1) by the Key Factor for the desired amount of insurance.

b. Earthquake

When Earthquake Endorsement **DP 04 69** is attached to the policy, multiply the Earthquake Base Premium by the appropriate factor in Paragraph **E.1.c.(2)** located in the state exceptions.

c. Credit Factors

Refer to state exceptions for state-specific factors.

2. Individual Grading

For any building classified as a 1 based upon certification as set forth in Paragraph **C.**, use the appropriate factor listed under Paragraph **E.1.c.** located in the state exceptions.

RULES 411. – 499.
RESERVED FOR FUTURE USE

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PART V ADDITIONAL COVERAGES AND INCREASED LIMITS RULES

RULE 500. MISCELLANEOUS LOSS COSTS

This rule is reserved to provide rates for various rating rules in this Manual. Refer to state company rates/ISO loss costs.

RULE 501. COVERAGE B – OTHER STRUCTURES

A. Coverage Description

Coverage for other structures described as covered under Coverage **B** is automatically provided on a blanket basis for up to 10% of the Coverage **A** limit.

1. Under Form **DP 00 01**, use of this option reduces the Coverage **A** limit for the same loss.
2. Under Form **DP 00 02** or **DP 00 03**, this limit is additional insurance.

The blanket limit may not be increased.

No entry is needed in the policy Declarations for this coverage to apply.

B. Specific Structures Coverage

Coverage may be purchased for specific structures. Enter the limit of liability and description of each structure in the policy Declarations. Refer to Paragraph **C.** for premium computation instructions.

C. Premium Computation

1. **Structure Rented To Others For Dwelling Purposes**

Rate each structure separately as a Coverage **A** Dwelling, Non-Owner-Occupied under Rule **301**.

2. **Structure Not Rented To Others For Dwelling Purposes**

- a. Policy includes Coverage **A** or structure does not have permitted incidental occupancy or is at same Described Location as the dwelling:

- (1) **Fire, Extended Coverage, Broad And Special Forms**

Refer to the state company rates/ISO loss costs Rule **500**. Miscellaneous Rates.

- (2) **Vandalism And Malicious Mischief (DP 00 01)**

Refer to the state company rates/ISO loss costs Rule **302**. Vandalism And Malicious Mischief.

- b. Policy does not include Coverage **A** or structure has permitted incidental occupancy or is not at same Described Location as the dwelling:

- (1) **Fire, Extended Coverage, Broad And Special Forms**

Rate each structure separately as a Coverage **A** item under Rule **301**. using the one Family Key Premium.

- (2) **Vandalism And Malicious Mischief (DP 00 01)**

Refer to the state company rates/ISO loss costs Rule **302**. Vandalism And Malicious Mischief.

RULE 502. COVERAGE D – FAIR RENTAL VALUE COVERAGE E – ADDITIONAL LIVING EXPENSE

A. Introduction

Coverage is automatically provided in the forms on a limited basis as follows:

1. **Form DP 00 01**

a. Coverage D

Up to 20% of the Coverage **A** limit is available. Use of this option reduces the Coverage **A** limit for the same loss. No entry is needed in the policy Declarations for this coverage to apply.

b. Coverage E

Not automatically included in form. It may be added as noted in Paragraph **B**.

2. **Form DP 00 02 Or DP 00 03**

Coverage **D** and **E** combined – Up to 20% of the Coverage **A** limit is available for Coverage **D** and Coverage **E** combined as additional insurance. No entry is needed in the policy Declarations for this coverage to apply.

B. Coverage Description

Coverage may be increased or added as follows for all forms:

1. **Coverage D**

- a. The amount recoverable each month under this coverage shall be based on the lost rental income less any expenses that do not continue during untenability.

- b. Enter amount of increase in the policy Declarations.

- c. For **DP 00 01**, the amount recoverable each month is limited to a fraction of the total rental value amount insured under the policy. This fraction is equal to one divided by the number of months dwelling is rented per year.

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**RULE 502.
COVERAGE D – FAIR RENTAL VALUE
COVERAGE E – ADDITIONAL LIVING EXPENSE (Cont'd)**

DP 00 01 Example

Factors
\$10,000 = Rental Value Coverage in Form (20% of Coverage A limit of \$50,000)
+2,000 = Additional Insurance (Shown under Coverage D in policy Declarations)
\$12,000 = Total Rental Value Amount Insured
Scenario A
If dwelling is rented for entire year, then fraction = 1/12. \$12,000 X 1/12 = Up to \$1,000 available each month.
Scenario B
If dwelling is rented 8 months per year, then fraction = 1/8. \$12,000 X 1/8 = Up to \$1,500 available each month.

Table 502.B.1.c. DP 00 01 Example

2. Coverage E

- a. Enter initial limit (**DP 00 01**) or amount of increase (**DP 00 02** or **DP 00 03**) in policy Declarations.
- b. For **DP 00 01**, the amount recoverable each month is limited to no more than 25% per month of the total additional living expense amount insured under the policy.
- c. For **DP 00 01**, use Additional Living Expense Endorsement **DP 04 14**.

C. Premium Computation

1. Policy Includes Coverage A Or Coverage C

a. Fire, Extended Coverage, Broad And Special Forms

Refer to the state company rates/ISO loss costs Rule **500**. Miscellaneous Rates.

b. Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302**. Vandalism And Malicious Mischief.

2. Policy Does Not Include Coverage A Or Coverage C

a. Fire, Extended Coverage, Broad And Special Forms

(1) One To Four Family Dwelling

Multiply the Coverage A Key Premium by the Coverage A Key Factor, for:

- (a) The Coverage D limit, times .53; or
- (b) The Coverage E limit, times 1.00

(2) Five Or More Family Dwelling

Calculate the premium as instructed above using the Four Family Key Premium.

b. Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302**. Vandalism And Malicious Mischief.

**RULE 503.
ORDINANCE OR LAW COVERAGE FOR COVERAGE B –
SPECIFIC STRUCTURES, BUILDING ITEMS AND
IMPROVEMENTS, ALTERATIONS AND ADDITIONS**

A. Coverage Description

1. DP 00 01

The policy may be endorsed to add an amount of Ordinance or Law Coverage equal to the amounts noted in Paragraphs **1.** and **2.**

2. DP 00 02 Or DP 00 03

The basic 10% of coverage may be initially increased to the amounts noted in Paragraphs **A.2.a.** and **b.**

- a. 50% of the total Coverage B or Unit-owner Building Items limit; or
- b. 100% of the Improvements, Alterations and Additions limit.

B. Increased Limits

These amounts may be further increased in 25% increments.

C. Premium Determination

1. The premium for this additional coverage is determined based on the dollar amount of coverage added for **DP 00 01**, or the dollar amount of increase, represented by the increased percentage selected above the basic limit for **DP 00 02** or **DP 00 03**.
2. Multiply state company rates/ISO loss costs Rule **500**. Miscellaneous Rates by .30.

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RULE 504.
IMPROVEMENTS, ALTERATIONS AND ADDITIONS
TENANT AND CO-OP UNIT-OWNER – DP 00 01 OR
DP 00 02

A. Introduction

Named perils coverage is automatically provided in the forms for up to 10% of the Coverage **C** limit.

1. DP 00 01

Use of this option reduces the Coverage **C** limit for the same loss.

2. DP 00 02

This limit is additional insurance.

This limit may be increased for an additional premium.

B. Special Coverage

For Form **DP 00 02**, coverage may be extended to Special Coverage for an additional premium.

C. Stand Alone Coverage

Coverage may be written without Coverage **A, B, C, D** or **E**.

D. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

a. If the policy includes Coverage **A, B, C, D** or **E**, refer to the state company rates/ISO loss costs Rule **500**. Miscellaneous Rates.

b. If the policy does not include Coverage **A, B, C, D** or **E**, multiply the Coverage **A**, Four Family, Owner-occupied Key Premium (for the territory, protection and construction applying to the Described Location) by the Coverage **A** Key Factor for the amount of insurance desired.

2. Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302**. Vandalism And Malicious Mischief.

E. Endorsement

1. To provide Named Perils Coverage, use Improvements, Alterations And Additions Endorsement **DP 04 31**.

2. To provide Special Coverage, use Improvements, Alterations And Additions Endorsement **DP 04 31** and Special Coverage Endorsement **DP 04 65**.

RULE 505.
BUILDING ITEMS CONDO UNIT-OWNER – DP 00 01 OR
DP 00 02

A. Coverage Description

Unit-owners building items are not covered in the forms.

However, for an additional premium, coverage is available on a Named Perils or Special Coverage basis.

B. Stand Alone Coverage

Coverage may be written without Coverage **A, B, C, D** or **E**.

C. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

a. If the policy includes Coverage **A, B, C, D** or **E**, refer to the state company rates/ISO loss costs Rule **500**. Miscellaneous Rates.

b. If the policy does not include Coverage **A, B, C, D** or **E**, multiply the Coverage **A**, Four Family, Owner-occupied Key Premium (for the territory, protection and construction applying to the Described Location) by the Coverage **A** Key Factor for the amount of insurance desired.

2. Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302**. Vandalism And Malicious Mischief.

D. Endorsement

1. To provide Named Perils Coverage, use Form **DP 00 01** or **DP 00 02** and Unit-owners Coverage Endorsement **DP 17 66**.

2. To provide Special Coverage, use Form **DP 00 02** and Unit-owners Coverage Endorsement **DP 17 66** and Special Coverage Endorsement **DP 04 65**.

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**RULE 506.
LOSS ASSESSMENT PROPERTY COVERAGE CO-OP
OR CONDO UNIT-OWNER OR TENANT – DP 00 01 OR
DP 00 02 DWELLING BUILDING OWNER – ALL FORMS**

A. Coverage Description

1. Coverage for property loss assessment, for which the insured may be liable, is not included in the forms.
2. Coverage is available for an additional premium for all insured perils.
3. When coverage is desired for the peril of Earthquake, refer to Rule **509.C.** for policy writing and rating instructions.

B. Stand Alone Coverage

Coverage may be written without Coverage **A, B, C, D** or **E**.

C. Endorsement

Use Loss Assessment Property Coverage Endorsement **DP 04 63**.

D. Premium Computation

1. **Fire, Extended Coverage, Broad And Special Forms**
 - a. If the policy includes Coverage **A, B, C, D** or **E**, refer to the state company rates/ISO loss costs Rule **500**. Miscellaneous Rates.
 - b. If the policy does not include Coverage **A, B, C, D**, or **E**, multiply the Coverage **A**, Four Family, Owner-Occupied Key Premium (for the territory, protection and construction applying to the described location) by the Coverage **A** Key Factor for the amount of insurance desired.
2. **Vandalism And Malicious Mischief (DP 00 01)**

Refer to the state company rates/ISO loss costs Rule **302**. Vandalism And Malicious Mischief.

**RULE 507.
FIRE DEPARTMENT SERVICE CHARGE**

The limit of \$500 may be increased subject to the rules and rates of the company.

**RULE 508.
TREES, SHRUBS AND OTHER PLANTS**

A. Form DP 00 01

1. Coverage Description

Coverage for trees, shrubs and other plants is not provided in this form. However, for an additional premium, coverage is available for specified perils on two bases, with and without the peril of windstorm or hail. Coverage is limited to a \$500 per item maximum.

Declare on the endorsement or elsewhere in the policy, as directed by the company, whether the peril of windstorm or hail applies.

2. Stand Alone Coverage

This coverage may be written without Coverage **A, B, C, D** or **E**.

3. Endorsement

Use Trees, Shrubs And Other Plants Endorsement **DP 04 17**.

B. Forms DP 00 02 Or DP 00 03

1. Coverage Description

Up to 5% of the Coverage **A** limit is available in the form (subject to a \$500 per item maximum) for specified perils as additional insurance.

2. Windstorm Or Hail Coverage

Coverage for Windstorm or Hail is available up to 5% of Coverage **A** limit (subject to a \$500 per item maximum) for an additional premium.

3. Endorsement

Use Windstorm Or Hail Endorsement **DP 04 18**.

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RULE 508.
TREES, SHRUBS AND OTHER PLANTS (Cont'd)

C. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

Refer to state company rates/ISO loss costs Rule **508**.

2. Vandalism And Malicious Mischief (DP 00 01)

Refer to state company rates/ISO loss costs Rule **302**. Vandalism And Malicious Mischief.

RULE 509.
EARTHQUAKE COVERAGE

A. Coverage Description

The policy may be endorsed to provide coverage against a loss resulting from the peril of Earthquake. This peril shall apply to all Property Coverages for the same limits provided in the policy. When added to the Fire policy, this peril shall apply to the same coverages and for the same limits that apply to the peril of Fire. Use Earthquake Endorsement **DP 04 69**.

B. Earthquake Only Coverage

When a policy is written to cover only the peril of Earthquake:

1. Use Form **DP 00 01** for Actual Cash Value Loss Settlement or **DP 00 02** for Replacement Cost;
2. Use Earthquake And Volcanic Eruption Endorsement **DP 16 13**; and
3. Multiply the rates in this rule by a **factor** of 1.10.

C. Loss Assessment Coverage

When the policy is extended to cover loss assessment resulting from loss by this peril, the limit of liability shall be based on the insured's proportionate interest in total value of all collectively owned buildings and structures of the corporation or association of property owners. Refer to company for rates. Use Loss Assessment Coverage For Earthquake Endorsement **DP 04 68**.

D. Deductible

Deductible percentage amounts of 5%, 10%, 15%, 20% and 25% of the limit of liability for Coverage **A** and Coverage **C** are included in this rule.

In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages **A**, **B** and **C**.

Earthquake rates/loss costs are displayed for the 5% and 10% deductible in the state company rates/ISO loss costs Rule **509**. Credit factors for deductible percentage amounts of 15%, 20% and 25% are provided in Paragraph **F. Premium For Higher Deductibles** of this rule.

E. Premium For Base Deductible

Develop the Base Premium as follows:

1. Determine whether Construction Table **A**, **B**, and/or **C** applies for the appropriate deductible. Refer to state company rates/ISO loss costs.
2. Determine the Earthquake territory according to the ZIP code of the residence premises from the State Territory Definitions section in this manual.
3. Add the results of the following three steps:
 - a. Multiply the Coverage **A** limit by the state company rates/ISO loss costs for Coverage **A** in the table;
 - b. Multiply the Coverage **C** limit by the state company rates/ISO loss costs for Coverage **C** in the table; and
 - c. Multiply the sum of the Additional Coverage **D** and **E** limits by the state company rates/ISO loss costs for Coverages **D** and **E** in the table.
4. For Building or Non-building Structure Items – All Forms:

Multiply the state company rates/ISO loss costs for Coverage **B** in the table by the appropriate limit of liability for the following Other Building Coverage options, as applicable, and add to the applicable premium determined in Paragraph **E.3**.

 - a. Coverage **B** – Specific Structures;
 - b. Improvements, Alterations and Additions – Increased Limits;
 - c. Building Items Coverage;
5. For Ordinance or Law – Basic and Increased Limit – All Forms:

When the basic Ordinance or Law Coverage limit is added or increased, the earthquake premium is developed based on the added or increased limit of insurance.

- a. For Forms **DP 00 01**, **DP 00 02** and **DP 00 03**, multiply the rate determined in Paragraph **E.3.a.** by the appropriate factor selected from Rule **303.B.3.a.**
- b. For Coverage **B** – Specific Structures, Improvements, Alterations and Additions and Building Items Coverage, the premium for this additional coverage is determined based on the dollar amount of added or increased coverage, represented by the increased percentage amount selected above the basic limit. The rate for each additional \$1,000 of insurance is determined as follows: multiply the state company rates/ISO loss costs for Coverage **B** in the table by .30 and add to the applicable premium determined in Paragraph **E**.

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**RULE 509.
EARTHQUAKE COVERAGE (Cont'd)**

F. Premium For Higher Deductibles

Multiply the Earthquake base premium determined in Paragraph E. for the 10% deductible by the appropriate factor from the following table:

Deductible Percentage	Frame	Masonry	Superior
15%	.80	.85	.75
20%	.65	.70	.60
25%	.50	.60	.45

Table 509.F. Higher Deductibles Factors

G. Building Code Effectiveness Grading

Refer to General Rule 410. Building Code Effectiveness Grading for information which may affect Earthquake rating.

**RULE 510.
THEFT COVERAGE**

A. Introduction

A Fire policy insuring Coverage A or C may be extended, for an additional premium, to provide On and Off-Premises Coverage for the perils of Theft and Vandalism and Malicious Mischief (V.&M.M.) resulting from theft.

1. Owner-Occupied Dwellings, Co-Op Or Condo Units; And Apartments Occupied By Tenant (Named Insured)

a. Coverage Description

The policy may be extended to provide On or Off-Premises Coverage.

b. Minimum Limit Of Liability

The minimum limit of liability is \$1,000 each for On and Off-Premises Coverage.

c. Off-Premises Coverage

Off-Premises Coverage is **only** available when On-Premises Coverage is purchased.

The limit of liability shall not be greater than that selected for On-Premises Coverage.

d. Endorsement

Use Broad Theft Coverage Endorsement DP 04 72.

2. Non-Owner-Occupied Dwellings, Co-op Or Condo Units; And Apartments Occupied By Tenant (Other Than Named Insured)

a. Coverage Description

The policy may be extended to provide On-Premises Coverage **only**.

b. Limit Of Liability

The minimum limit of liability is \$1,000.

c. Endorsement

Use Limited Theft Coverage Endorsement DP 04 73.

B. Premium Computation

Refer to state company rates/ISO loss costs for the Base Deductible.

Compute the premiums separately for each premises in the manner and sequence that follows:

1. Theft And Vandalism And Malicious Mischief

a. Owner-Occupied Dwellings

Compute the premiums for the desired limit of liability separately for On and Off-Premises Coverage.

b. Non-Owner-Occupied Dwellings, (On-Premises Only)

Multiply the On-Premises premium computed above by a factor of 1.50.

2. Burglar Alarm Discount (On-Premises Only)

a. Approved and properly maintained installations of burglar alarms in the dwelling may be recognized for a reduced premium – developed by applying the selected factors to the premiums computed in Paragraph B.1.a. or B.1.b.

Type Of Installation*	Factor
Central Station Reporting Burglar Alarm	.95 to 1.00
Police Station Reporting Burglar Alarm	.97 to 1.00
Local Burglar Alarm	.98
* Refer to company for eligibility, types of systems and devices, installations and available credits.	

Table 510.B.2.a. Factors

b. Use Premises Alarm Or Fire Protection System Endorsement DP 04 70.

C. Deductibles

1. Base Deductible

\$500 Deductible.

**DWELLING POLICY PROGRAM MANUAL
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**RULE 510.
THEFT COVERAGE (Cont'd)**

2. Optional Deductibles

To compute the premium for this provision, multiply the premium for the Base Deductible computed in Paragraph **B.1.** by the factor listed in the following table:

Deductible*	Factor
\$ 100	1.26
\$ 250	1.05
\$ 1,000	.84
\$ 2,500	.68
* Refer to the state company rates pages for the minimum annual additional premium charge that applies per policy.	

Table 510.C.2 Factors

**RULE 511.
SINKHOLE COLLAPSE COVERAGE**

A. Coverage Description

The policy may be endorsed to provide Sinkhole Collapse Coverage.

B. Premium Computation

1. Refer to state company rates/ISO loss costs; and
2. Multiply the rate per \$1,000 by:
 - a. Coverage **A**, **B** and/or **C** amounts of insurance;
 - b. Improvements, Alterations and Additions – Increased Limits;
 - c. Other Building or Structure Options (for example, Bldg. Items Coverage);
 - d. Other Personal Property Coverage Options (for example, Merchandise in Storage); or
 - e. Ordinance or Law Coverage, basic amount and, if applicable, increased amount of coverage.

C. Endorsement

Use Sinkhole Collapse Endorsement **DP 04 99**.

**RULE 512.
WINDSTORM OR HAIL COVERAGE – AWNINGS, SIGNS
AND OUTDOOR RADIO AND TELEVISION EQUIPMENT**

A. Coverage Description

The peril of Windstorm or Hail does **not** cover:

1. Awnings, Signs and Outdoor Radio and Television Equipment in **DP 00 01** or **DP 00 02**;
2. Outdoor Radio and Television Equipment in **DP 00 03**;

whether or not attached to a Dwelling Building or Other Structure.

B. Premium Computation

Coverage may be provided for an additional premium. Refer to the state company rates/ISO loss costs.

C. Endorsement

Use Windstorm Or Hail – Radio And Television Antennas, Awnings And Signs Endorsement **DP 04 19**.

**RULE 513.
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR
OVERFLOW COVERAGE**

A. Coverage Description

The policy forms exclude coverage for loss resulting from water or waterborne material which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment.

When the optional Limited Water Back-up And Sump Discharge Or Overflow Coverage endorsement is attached to the policy, coverage is provided with respect to direct physical loss, not caused by the negligence of an insured, to property covered, caused by water or waterborne material which originates from within the dwelling on the Described Location and backs up through sewers or drains or which overflows or is discharged from a sump, sump pump or related equipment. The basic limit is \$5,000. Unless increased limits are selected, the basic limit must be entered on the coverage endorsement or the policy Declarations.

B. Increased Limits

The limit may be increased to \$10,000, \$15,000, \$20,000 or \$25,000. The limit selected is entered on the coverage endorsement or the policy Declarations.

C. Premium Computation

Refer to state company rates/ISO loss costs.

D. Endorsement

Use Limited Water Back-up And Sump Discharge Or Overflow Coverage Endorsement **DP 04 95**.

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RULE 514.
ASSISTED LIVING CARE COVERAGE

A. Introduction

The policy provides coverage to named insureds and resident relatives who are members of the insured's household.

B. Coverage Description

1. The policy may be endorsed to provide personal property and additional living expense coverage to a person regularly residing in an Assisted Living Care facility, provided such person:
 - a. Is related to an insured by blood, marriage or adoption; and
 - b. Is not a member of that insured's household.
2. An assisted living care facility is a facility that provides assisted living services such as dining, therapy, medical supervision, housekeeping and social activities. It is **not** a hospice, prison or rehabilitation facility.
3. The endorsement provides the following basic limits of coverage:
 - a. \$10,000 for Coverage C – Personal Property with limitations ranging from \$100 to \$500 for certain items of property; and
 - b. \$6,000, at \$500 per month, for Additional Living Expenses.

C. Premium

Refer to state company rates/ISO loss costs.

D. Endorsement

Use Assisted Living Care Coverage Endorsement **DP 04 59**.

RULE 515.
MOTORIZED GOLF CART – PHYSICAL LOSS COVERAGE

A. Coverage Description

The policy may be endorsed to provide coverage for physical loss to a motorized golf cart, including permanently installed accessories, equipment and parts, owned by an insured.

Also covered, for an amount equal to 10% of the limit of the highest scheduled cart, are accessories, equipment or parts designed or made solely for the cart that are **not** permanently installed provided such property is at the Described Location or in or upon the cart off the Described Location at the time of loss.

Coverage for loss caused by collision is optional and only applies if declared on the schedule of the endorsement.

B. Eligibility

To be eligible for coverage, the motorized golf cart shall be of the type designed to carry up to four people on a golf course for the purpose of playing golf and shall not have been built, or modified after manufacture, to exceed a speed of 25 m.p.h. on level ground.

Read the endorsement for all conditions of coverage.

C. Limit Of Liability

The limit of liability shall be selected by the insured. However, that limit should be representative of the actual cash value of the motorized golf cart including any permanently installed accessories, etc.

D. Deductible

A \$500 deductible replaces any other deductible in the policy with respect to any one loss covered under the endorsement.

E. Premium Computation

Rate each cart separately using the rate per \$500 of insurance. Refer to state company rates/ISO loss costs.

F. Endorsement

Use Owned Motorized Golf Cart – Physical Loss Coverage Endorsement **DP 05 28**.

RULE 516.
GRAVEMARKERS

A. Coverage Description

Coverage for gravemarkers, including mausoleums, is not included in the forms. The policy may be endorsed to provide \$5,000 in coverage for gravemarkers, including mausoleums, on the Described Location.

B. Premium Computation

1. Fire, Extended Coverage, Broad And Special Forms

Refer to the state company rates/ISO loss costs Rule **500**. Miscellaneous Rates.

2. Vandalism And Malicious Mischief (DP 00 01)

Refer to the state company rates/ISO loss costs Rule **302**. Vandalism And Malicious Mischief.

C. Endorsement

Use Gravemarkers Endorsement **DP 04 58**.

DWELLING POLICY PROGRAM MANUAL
GENERAL RULES

RULE 517.
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA
COVERAGE

A. Coverage Description

When the optional Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage Endorsement is attached to the policy, limited amounts of insurance are automatically provided as follows:

\$10,000, on an aggregate basis, to pay for loss and associated costs to covered real or personal property, owned by an insured, that is damaged by fungi, wet or dry rot, or bacteria on the Described Location as defined in the coverage endorsement. If the basic limit is selected, it is entered on the coverage endorsement or the policy Declarations.

This Coverage applies only for the policy period in which the loss or costs occur.

If more than one location is insured under this policy, enter the address of such locations on this endorsement or the policy Declarations.

B. Increased Limits

Limits may be increased to \$25,000 or \$50,000. The limit selected is entered on the coverage endorsement or the policy Declarations.

C. Premium Computation

1. Basic Limits

There is no premium adjustment.

2. Increased Limits

Refer to state company rates/ISO loss costs for an additional charge.

D. Endorsement

Use Limited Fungi, Wet Or Dry Rot, Or Bacteria Coverage Endorsement **DP 04 22**.

RULES 518. – 600.
RESERVED FOR FUTURE USE



Notice to Manualholders

PERSONAL LINES

DWELLING POLICY PROGRAM MANUAL – NORTH CAROLINA RULES

NOTICE DP-NC-2024-RU-001

REFERENCE INFORMATION (FOR COMPANY USE ONLY)

Circular Reference(s):

- P-24-2 (05/30/2024) Revised Dwelling Fire And Extended Coverage Insurance Rates – North Carolina

Filing Reference(s):

- DP-2023-RLA1

ADDITIONAL RULE(S)

**RULE A1.
SPECIAL STATE REQUIREMENTS**

A. Special Provisions Endorsement DP 32 32

Use this endorsement with all Dwelling Policies.

B. Windstorm Exterior Paint And Waterproofing Exclusion Endorsement DP 32 61

Use this endorsement with **all** Dwelling Policies covering Extended Coverage in Territories 110 and 120.

C. Company Rates/State Rates

References in the manual to "state company rates" means "state rates" in North Carolina.

D. Flood, Earthquake, Mudslide, Mudflow, Landslide, Or Windstorm Or Hail Insurance Notice

North Carolina law provides that an insurer selling property insurance that does not provide coverage for the perils of flood, earthquake, mudslide, mudflow, landslide, or windstorm or hail shall provide a specific notice (a "warning" set forth in the related statute) to the policyholder as to which of the listed perils are not covered under the policy.

The required notice must be:

1. Provided upon issuance and renewal of each policy;
2. In Times New Roman 16-point font or another equivalent font; and
3. Must be included in the policy on a separate page immediately before the Declarations page.

The following warning, citing which peril is not covered, must be furnished with each new policy and upon each renewal:

"WARNING: THIS PROPERTY INSURANCE POLICY DOES NOT PROTECT YOU AGAINST LOSSES FROM [FLOODS], [EARTHQUAKES], [MUDSLIDES], [MUDFLOWS], [LANDSLIDES], [WINDSTORM OR HAIL]. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING COVERAGE FOR THESE LOSSES. THIS IS NOT A COMPLETE LISTING OF ALL OF THE CAUSES OF LOSSES NOT COVERED UNDER YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED AND WHAT IS NOT COVERED."

E. North Carolina Endorsement DP 32 46

Use this endorsement with all Dwelling Policies.

**RULE A2.
RESTRICTION OF INDIVIDUAL POLICIES**

If a Dwelling Policy would not be issued because of unusual circumstances or exposures, the named insured may request a restriction of the policy provided no reduction in premium is allowed. Such request shall be referred to the company.

**RULE A3.
WINDSTORM OR HAIL EXCLUSION – TERRITORIES
110, 120, 130, 140, 150 AND 160 ONLY**

A. Introduction

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 Insurance Underwriting Association; and
2. A Windstorm or Hail Rejection Form is secured and maintained by the company.

B. Premium Computation

1. To compute the Extended Coverage Non-seasonal or Seasonal Base Premium or the Broad or Special Form Non-seasonal Base Premium:

- (a) Determine the Extended Coverage, Broad or Special Form Key Premium as described in Rule **301**.
- (b) Subtract the Windstorm Or Hail Exclusion Credit shown on the state rates from the Extended Coverage, Broad or Special Form Key Premium.
- (c) Multiply the Extended Coverage, Broad or Special Form Key Premium excluding Windstorm or Hail Coverage developed in Paragraph **B.1.(b)** by the Key Factor for the desired limit of liability.

2. To compute the Seasonal Broad or Special Form Base Premium:

- (a) Determine the **DP 00 01** Extended Coverage Key Premium as described in Rule **301**.
- (b) Multiply the **DP 00 01** Extended Coverage Key Premium by the appropriate Seasonal factor shown in Table **301.A.#42(R)** or Table **301.A.#45(R)** to determine the Seasonal Broad or Special Form Key Premium.
- (c) Subtract the Windstorm Or Hail Exclusion Base Credit shown on the state rates from the Seasonal Broad or Special Form Key Premium determined in Paragraph **B.2.(b)**.
- (d) Multiply the Seasonal Broad or Special Form Key Premium excluding Windstorm Or Hail Coverage developed in Paragraph **B.2.(c)** by the Key Factor for the desired limit of liability.

**RULE A3.
WINDSTORM OR HAIL EXCLUSION – TERRITORIES
110, 120, 130, 140, 150 AND 160 ONLY (Cont'd)****C. Endorsement**

Use Windstorm Or Hail Exclusion – North Carolina Endorsement **DP 32 87**.

When Windstorm Or Hail Exclusion – North Carolina Endorsement **DP 32 87** is attached to the policy, enter the following in Declarations:

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

**RULE A4.
REPLACEMENT COST COVERAGE – DP 00 01 ONLY**

A. The policy may be endorsed to provide replacement cost coverage on buildings without deduction for depreciation.

B. This rule is intended to have limited application. Use it **only** on those **DP 00 01** policies that currently use it. Do **not** use it on any new policies.

Use Replacement Cost – North Carolina Endorsement **DP 32 62**.

**RULE A5.
INSTALLMENT PAYMENT PLAN**

When an annual 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. Refer to the state rates for the additional charge that shall be made for each installment.

**RULE A6.
UNPROTECTED DWELLINGS – PROTECTION CLASS 9,
9E, 9S OR 10****A. Unprotected Dwellings**

Unprotected dwellings are dwellings located in areas:

1. With no fire protection, in which case, Class 10 premiums apply; or
2. Designated as protection Class 9, 9E, 9S or 10, in which case, the premiums shown for these classifications apply.

B. Seasonal Dwelling

1. When the heating, plumbing and telephone facilities are suspended during the period of seasonal unoccupancy, attach Seasonal Dwelling – North Carolina Endorsement **DP 32 47** to the policy.
2. To determine the premium, multiply the premium developed in Paragraph **A.** by a factor of 1.10.

C. Vacancy Period Extension

The policy provides coverage for a vacant dwelling only if the period of vacancy does not exceed 60 consecutive days. This period may be extended by use of one of the two following options:

1. Vacancy And/Or Unoccupancy Permit Unprotected Dwellings – North Carolina Endorsement **DP 32 52**

The additional premium for this option shall be the lower of the following calculations:

- a. Multiply the limits of liability shown in the policy for Coverages **A**, **B** and **C** and for other coverages by the rate displayed on the state rates Table **A6.C.1.a.(R)**.
- b. Multiply the policy premium for all perils and coverages by a factor of .10 for each additional 30 consecutive day period (or fraction thereof) of vacancy.

2. Two Thirds Vacancy Clause Unprotected Dwellings – North Carolina Endorsement **DP 32 53**

There is no additional premium for this option, but, during the additional period of vacancy, policy limits are reduced by 33 1/3%.

D. Unoccupancy Period Extension

The policy provides coverage for an unoccupied dwelling only if the period of unoccupancy does not exceed 90 consecutive days. This period may be extended – at no additional charge – for successive periods of up to:

1. 90 consecutive days each, for non-seasonal dwellings, or
2. 10 months each, for seasonal dwellings.

Use Vacancy And/Or Unoccupancy Permit – Unprotected Dwellings – North Carolina Endorsement **DP 32 52**.

**RULE A7.
PRIMARY INSURANCE NOTICE**

A. Endorsement

Coverage	DP 00 01	DP 00 02 And DP 00 03
A	DP 32 80	DP 32 83
B	DP 32 81	DP 32 84
C	DP 32 82	DP 32 85

Table A7.A. Primary Insurance Notice

Use the appropriate Primary Insurance Endorsement(s), specified in Table **A7.A.**, only with a North Carolina Joint Underwriting Association (NCJUA) or North Carolina Insurance Underwriting Association (NCIUA) policy insuring a dwelling building covered under Coverage **A**, structures covered under Coverage **B** or personal property covered under Coverage **C**.

These endorsements replace the Other Insurance Condition in the policy form and make the NCJUA or NCIUA policy primary insurance for the insured property specified on the endorsement. Primary Insurance may be written for Coverages **A**, **B** and/or **C**. When a Primary Insurance Endorsement is not attached to the policy, the Other Insurance Condition in the policy form is unchanged.

B. Rating

1. Primary Insurance

- a. When the Coverage **A**, **B** or **C** Limit of Liability is less than 100% of actual cash value or replacement value, divide the selected limit by the ACV or replacement value, whichever applies. The result is the "Percent of Total Value".
- b. Go to the First Loss Table and select the factor that corresponds to the "Percent of Total Value" computed in Paragraph **1.a**.
- c. Multiply the total value of the dwelling (actual or replacement) by the factor selected in Paragraph **1.b**.
- d. Use the resulting product as the limit for computing the Coverage **A**, **B** or **C** premium.

2. Coverage A Example

Replacement Value of Dwelling: \$6,000,000

Primary Policy – Coverage **A** Limit: \$1,500,000

- a. Divide Coverage **A** Limit by Replacement Value limit ($\$1,500,000/\$6,000,000 = 25\%$ or 25.00 Percent of Total Value).
- b. Find Factor that corresponds to Percent of Total Value.
- c. Multiply Replacement Value by Factor from Column **2** ($\$6,000,000)(.712) = \$4,272,000$.
- d. Use resulting product to compute Coverage **A** premium. (Rate the policy as if \$4,272,000 is the Coverage **A** limit to be insured.)

Note

This procedure is used to determine the appropriate exposure basis for primary insurance. It does not increase the amount of coverage available.

RULE A7.
PRIMARY INSURANCE NOTICE Cont'd)

FIRST LOSS TABLE

(Used When Primary Coverage Provided)

% Of Total Value	Factor
1.00	.224
1.10	.229
1.20	.235
1.30	.241
1.40	.247
1.50	.252
1.60	.258
1.70	.264
1.80	.270
1.90	.275
2.00	.281
2.10	.284
2.20	.287
2.30	.290
2.40	.293
2.50	.296
2.60	.298
2.70	.301
2.80	.304
2.90	.307
3.00	.310
3.10	.316
3.20	.321
3.30	.327
3.40	.333
3.50	.339
3.60	.344
3.70	.350
3.80	.356
3.90	.362
4.00	.367
4.10	.373
4.20	.379
4.30	.385
4.40	.390
4.50	.396
4.60	.402
4.70	.408
4.80	.413
4.90	.419
5.00	.425
6.00	.448
7.00	.471
7.50	.482
8.00	.494
9.00	.517

% Of Total Value	Factor
10.00	.540
11.00	.551
12.00	.563
13.00	.574
14.00	.586
15.00	.597
16.00	.609
17.00	.620
18.00	.632
19.00	.643
20.00	.655
21.00	.660
22.00	.678
23.00	.689
24.00	.701
25.00	.712
26.00	.720
27.00	.721
28.00	.734
29.00	.741
30.00	.748
31.00	.756
32.00	.763
33.00	.770
34.00	.773
35.00	.776
36.00	.780
37.00	.784
38.00	.788
39.00	.792
40.00	.795
41.00	.799
42.00	.802
43.00	.804
44.00	.808
45.00	.811
46.00	.815
47.00	.818
48.00	.821
49.00	.824
50.00	.827
51.00	.830
52.00	.832
53.00	.834
54.00	.837
55.00	.839

% Of Total Value	Factor
56.00	.841
57.00	.844
58.00	.846
59.00	.848
60.00	.850
61.00	.853
62.00	.855
63.00	.857
64.00	.860
65.00	.862
66.00	.864
67.00	.867
68.00	.869
69.00	.871
70.00	.873
71.00	.876
72.00	.878
73.00	.880
74.00	.883
75.00	.885
76.00	.890
77.00	.894
78.00	.899
79.00	.903
80.00	.908
81.00	.913
82.00	.917
83.00	.922
84.00	.926
85.00	.931
86.00	.936
87.00	.940
88.00	.945
89.00	.949
90.00	.954
91.00	.959
92.00	.963
93.00	.968
94.00	.972
95.00	.977
96.00	.982
97.00	.986
98.00	.991
99.00	.995
100.00	1.000

**RULE A8.
OPTIONAL RATING CHARACTERISTICS**

Companies may use the following optional rating characteristics or any combination of such optional rating characteristics and Bureau filed characteristics to determine rates, as long as applicable legal requirements are satisfied. The resulting premium shall not exceed the premium that would have been determined using the rates, rating plans, classifications, schedules, rules and standards promulgated by the Bureau, except as provided by statute. The rating factor for any combination of the following optional risk characteristics cannot exceed 1.00, unless the resulting premium does not exceed the Bureau premium.

- A.** Policy characteristics not otherwise recognized in this manual. Examples include: account or multi-policy credit; tiers; continuity of coverage; coverages purchased; intra-agency transfers; payment history; payment options; prior insurance; and new and renewal status.
- B.** Policyholder/Insured personal characteristics not otherwise recognized in this manual. Examples include: smoker/non-smoker status; credit information; loss history; loss prevention training/education; age; work status; marital status; number of years owned; household composition; and good student/education.
- C.** Dwelling characteristics not otherwise recognized in this manual. Examples include: gated community; retirement community; limited access community; revitalized/renovated home; security, safety or loss deterrent systems or devices; age of home; and construction type and quality.
- D.** Affinity group or other group not otherwise recognized in this manual.
- E.** Any other rating characteristics or combination of characteristics if filed by a company and approved by the Commissioner.

**RULE A9.
WINDSTORM MITIGATION PROGRAM**

A. Introduction

With respect to risks located in Territories 110, 120, 130, 140, 150 and 160, premium credits shall be made available for insureds who build, rebuild or retrofit certain residential dwellings, in accordance with specified standards, to better resist hurricanes and other catastrophic windstorm events.

B. Eligibility

- 1.** A dwelling may be eligible for a premium credit if:
 - a.** The dwelling has been designed and constructed in conformity with, and has been certified as meeting, the Hurricane, Tornado and Hail and High Wind requirements of the Hurricane Fortified for Safer Living® (Fortified) program promulgated by the Institute for Business and Home Safety® (IBHS) prior to March 31, 2019;
 - b.** The dwelling has been certified as meeting, either the Bronze, Silver or Gold hurricane mitigation measures in the Hurricane Fortified for Existing Homes® program promulgated by the IBHS prior to March 31, 2019;
 - c.** The dwelling has been designed and constructed in conformity with, and has been certified as meeting, the Hurricane, Tornado and Hail and High Wind requirements of the FORTIFIED for Safer Living® program promulgated by the IBHS for use on or after March 31, 2019;
 - d.** The dwelling has been certified as meeting either the Roof, Silver or Gold hurricane mitigation measures in the FORTIFIED Home™ program promulgated by the IBHS for use on or after March 31, 2019;
 - e.** The dwelling contains Opening Protection in accordance with the qualification requirements set forth in Paragraph **D.1.c.**; or
 - f.** The dwelling contains a Total Hip Roof.
- 2.** The provisions of this rule do not apply:
 - a.** To condominiums or tenant policies.
 - b.** If the policy excludes the peril of Windstorm or Hail.
 - c.** To dwellings under construction.
 - d.** To Coverage **C** – Personal Property unless the policy also provides Coverage **A** – Dwelling.
 - e.** To mobile homes certified under the Hurricane Fortified for Safer Living® or Hurricane Fortified for Existing Homes® programs promulgated by the IBHS prior to March 31, 2019.

RULE A9.**WINDSTORM MITIGATION PROGRAM (Cont'd)**

3. To be eligible for a premium credit, mitigation features are not required for adjacent structures including, but not limited to, detached garages, storage sheds, barns, apartments, etc. located on the insured premises.

C. Proof of Compliance

The named insured must submit proof that the windstorm loss mitigation features and/or construction techniques have been implemented for each of the following:

1. IBHS Hurricane Fortified for Safer Living®

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling.

2. IBHS Hurricane Fortified for Existing Homes®

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling. The credit will apply for five years from the date of designation. In order to continue receiving the mitigation credit after five years, the dwelling must be re-inspected and re-designated by the IBHS. If the IBHS designation expires, the applicable mitigation credit will expire upon renewal.

3. IBHS FORTIFIED for Safer Living®

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling.

4. IBHS FORTIFIED Home™

The named insured shall provide a copy of the proper designation certificate from the IBHS issued for the dwelling. The credit will apply for five years from the date of designation. In order to continue receiving the mitigation credit after five years, the dwelling must be re-inspected and re-designated by the IBHS. If the IBHS designation expires, the applicable mitigation credit will expire upon renewal.

5. Opening Protection

The existence of Opening Protection may be verified by proof of installation.

6. Total Hip Roof

The existence of a hip roof may be verified through photographs of the roof.

D. Description of Mitigation Credit Tables

With respect to dwellings to which this rule applies and subject to all other provisions of this Windstorm Mitigation Program, the following approved and properly maintained windstorm mitigation features shall be recognized for a premium credit.

1. Mitigation Features

- a. IBHS Hurricane Fortified Homes (designations prior to March 31, 2019):

- (1) A home designated by the IBHS as Hurricane Fortified for Safer Living®.
- (2) A home designated by the IBHS as Hurricane Fortified for Existing Homes®, including:
 - (i) Hurricane Fortified for Existing Homes Bronze, Option 1
 - (ii) Hurricane Fortified for Existing Homes Bronze, Option 2
 - (iii) Hurricane Fortified for Existing Homes Silver, Option 1
 - (iv) Hurricane Fortified for Existing Homes Silver, Option 2
 - (v) Hurricane Fortified for Existing Homes Gold, Option 1
 - (vi) Hurricane Fortified for Existing Homes Gold, Option 2

- b. IBHS FORTIFIED programs (designations on or after March 31, 2019):

- (1) A home designated by the IBHS as FORTIFIED for Safer Living®.
- (2) A home designated by the IBHS as FORTIFIED Home™, including:
 - (i) FORTIFIED Roof – Hurricane – Existing Roof
 - (ii) FORTIFIED Roof – Hurricane – New Roof
 - (iii) FORTIFIED Home – Hurricane – Silver – Existing Roof
 - (iv) FORTIFIED Home – Hurricane – Silver – New Roof
 - (v) FORTIFIED Home – Hurricane – Gold – Existing Roof
 - (vi) FORTIFIED Home – Hurricane – Gold – New Roof

- c. Opening Protection

- (1) Building opening protective features must have been certified as having met the Large Missile Test (Missile D) of the American Society for Testing and Materials ASTM E 1886 (standard test method) and ASTM E 1996 (standard specification) or other standards that are determined to be equivalent, including the American Architectural Manufacturers Association (AAMA), AAMA 506 or the Florida Building Code Testing Application Standards TAS 201 and 203. Such opening protective features shall be considered qualified.

**RULE A9.
WINDSTORM MITIGATION PROGRAM (Cont'd)**

(2) Qualifying opening protection must be present at all exterior envelope openings (such as windows, garage doors, sliding doors, swinging doors, glass block, door sidelights, and skylights) on the dwelling structure. For the credit to apply, the following conditions must be met:

(i) In accordance with the qualification requirements set forth in Paragraph **D.1.c.(1)**:

(a) All exterior building envelope openings with glazing (e.g. glass) shall have qualified impact-resistant and wind pressure-resistant opening protection;

(b) All exterior building envelope openings without glazing shall have qualified wind pressure-resistant opening protection; and

(c) All garage doors (with and without glazing) shall meet or exceed a qualified minimum pressure resistance.

(ii) Opening protection must be installed by a qualified contractor, according to the manufacturer's specifications.

(iii) Impact-resistant protective devices must not be made of wood structural panels, such as OSB or plywood, or be homemade.

d. Total Hip Roof

A Total Hip Roof is a roof that slopes in four directions such that the end formed by the intersection of slopes is a triangle.

E. Premium Determination

1. To compute the Extended Coverage Non-seasonal or Seasonal Base Premium or the Broad or Special Form Non-seasonal Base Premium:

a. Determine the Extended Coverage, Broad or Special Form Key Premium as described in Rule **301**.

b. Subtract the Coverage **A** Windstorm Loss Mitigation Credit shown on the state rates from the Coverage **A** Extended Coverage, Broad or Special Form Key Premium. If applicable, also subtract the Coverage **C** Windstorm Loss Mitigation Credit, shown on the state rates from the Coverage **C** Extended Coverage, Broad or Special Form Key Premium.

c. Multiply the Extended Coverage, Broad or Special Form Key Premium excluding Windstorm Loss Mitigation Coverage developed in Paragraph **E.1.b.** by the Key Factor for the desired limit of liability.

2. To compute the Seasonal Broad or Special Form Base Premium:

a. Determine the **DP 00 01** Extended Coverage Key Premium as described in Rule **301**.

b. Multiply the **DP 00 01** Extended Coverage Key Premium by the appropriate Seasonal factor shown in Table **301.A.#42(R)** or Table **301.A.#45(R)** to determine the Seasonal Broad or Special Form Key Premium.

c. Subtract the Coverage **A** Windstorm Loss Mitigation Credit shown in the state rates from the Coverage **A** Seasonal Broad or Special Form Key Premium determined in Paragraph **E.2.b.** If applicable, also subtract the Coverage **C** Windstorm Loss Mitigation Credit, shown on the state rates from the Coverage **C** Seasonal Broad or Special Form Key Premium.

d. Multiply the Seasonal Broad or Special Form Key Premium excluding Windstorm Loss Mitigation Coverage developed in Paragraph **E.2.c.** by the Key Factor for the desired limit of liability.

3. Mitigation Feature credits cannot be combined, except for Total Hip Roof and Opening Protection.

4. If mitigation measures are installed midterm, premium adjustment is required on a pro rata basis.

**RULE A10.
FORTIFIED ROOF – HURRICANE – NEW ROOF
EXPENSE COVERAGES****A. Coverage Description**

FORTIFIED Home™ is an engineering and building standard developed by the Insurance Institute for Business & Home Safety (IBHS) to mitigate wind-related hurricane damage. The program also includes evaluation and inspection requirements to ensure the technical standards are properly implemented, resulting in the designation of a home as meeting the FORTIFIED Home requirements.

With respect to a risk located in Territory **110, 120, 130, 140, 150 or 160**, a policy may be endorsed to provide the following optional coverages:

1. FORTIFIED Roof – Hurricane – New Roof Expense Coverage

This coverage will pay up to \$5,000, without application of a deductible, for certain expenses necessary to obtain the **FORTIFIED Roof – Hurricane – New Roof** designation from the IBHS for the roof of the insured dwelling damaged by a covered peril, which requires the roof to be fully replaced. This coverage applies only if:

- a. The amount of the covered loss to the roof covering of the insured dwelling is greater than 50% of the replacement cost value of the entire roof covering;
- b. The roof sheathing on that dwelling is (or was immediately prior to the loss) a minimum of 7/16-inch Oriented Strand Board (OSB) or plywood; and
- c. That dwelling is not (or was not immediately prior to the loss) on an unreinforced dry stacked foundation or is otherwise ineligible for FORTIFIED Home Review as defined by the IBHS.

2. IBHS Certified Evaluator Expense Coverage

If the **FORTIFIED Roof – Hurricane – New Roof** Expense Coverage described in Paragraph **A.1.** does not apply, this coverage will pay up to \$600, without application of a deductible, for the direct expenses incurred by the named insured for the services of an IBHS certified evaluator. This coverage applies only if:

- a. The entire roof covering of the insured dwelling is replaced to the **FORTIFIED Roof – Hurricane – New Roof** standard as recognized by the IBHS during the policy period;
- b. The named insured obtains the IBHS designation **FORTIFIED Roof – Hurricane – New Roof** from the IBHS; and
- c. Satisfactory proof of the IBHS designation **FORTIFIED Roof – Hurricane – New Roof** for the insured dwelling is submitted to the insurer.

The insured will be responsible for arranging and coordinating the roof replacement work, as well as the inspections, assessments and verifications required by the IBHS. Nothing in Rule **A10.** is intended to change the applicable loss settlement provisions of the policy, other than to pay the IBHS costs as referenced previously in Rule **A10.**, subject to the maximum coverage limits of the endorsement.

C. Premium

1. Multiply the Fire Coverage **A** Base Premium by .006.
2. For policies with Extended Coverage, including Windstorm or Hail Coverage, multiply the Extended Coverage **A** Base Premium by .042.
3. For policies with Extended Coverage, excluding Windstorm or Hail Coverage, multiply the Extended Coverage **A** Base Premium by .019.

D. Endorsement

Use **FORTIFIED Roof – Hurricane – New Roof** Expense Coverages – North Carolina Endorsement **DP 32 04.**

**RULE A11.
AGE OF CONSTRUCTION**

- A.** Determine the age of construction based 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.** Multiply the Coverage **A** Base Premium by the appropriate factor selected from the following table:

Age Of Construction	Fire	E.C., Broad & Special Forms
0*	0.860	0.860
1	0.869	0.869
2	0.878	0.878
3	0.886	0.886
4	0.895	0.895
5	0.904	0.904
6	0.914	0.914
7	0.923	0.923
8	0.932	0.932
9	0.941	0.941
10	0.951	0.951
11	0.961	0.961
12	0.970	0.970
13	0.980	0.980
14	0.990	0.990
15+	1.000	1.000
* Age 0 applies to homes built within the last year as well as homes under construction.		
+ Applies to dwellings built at least 15 years ago.		

Table A11.B. Age Of Construction Factors

**PART I
COVERAGE AND DEFINITION TYPE RULES****RULE 100.
INTRODUCTION**

Paragraph **C.** does not apply.

**RULE 103.
ELIGIBILITY**

Paragraphs **B.1** and **B.4.** are replaced by the following:

1. Using Form **DP 00 01** only or **DP 00 02** in conjunction with Actual Cash Value Loss Settlement Endorsement **DP 04 76**;
4. For a policy period of not longer than three years; and

**PART II
SERVICING TYPE RULES****RULE 201.
POLICY PERIOD**

Paragraph **C.** is replaced by the following:

- C.** Three years in annual installments. Each annual installment shall be the annual premium then in effect for the company.

**RULE 206.
MINIMUM PREMIUM**

Paragraphs **D.** and **E.** are replaced by the following:

- D.** Refer to state company rates for the minimum premium.

**RULE 208.
WAIVER OF PREMIUM**

Paragraph **B.** is replaced by the following:

- B.** Refer to state company rates for amount that may be waived.

**RULE 210.
REFER TO COMPANY**

Rule **210.** is replaced by the following:

Whenever a risk is rated on a refer to company basis each company is responsible for complying with regulatory or statutory rate filing requirements.

**PART III
BASE PREMIUM COMPUTATION RULES****RULE 302.
VANDALISM AND MALICIOUS MISCHIEF – DP 00 01**

The following is added to Rule **302.:**

The 60 day limit of vacancy may be extended. The charge for the additional period of vacancy shall be based on the difference between the premiums for vacant and non-vacant buildings, and shall be figured pro rata for the period allowed in the endorsement.

Use Vandalism And Malicious Mischief Vacancy Endorsement **DP 04 40.**

**RULE 303.
ORDINANCE OR LAW COVERAGE – ALL FORMS**

Paragraph **B.3.a.** is replaced by the following:

B. New Or Increased Coverage**3. Premium Determination****a. Described Location Including Coverage A****(1) Form DP 00 01****(a) Fire And Extended Coverage**

The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Percentage Of Coverage A	
Total Amount	Factors
10%	1.10
25%	1.25
50%	1.45
75%	1.70
100%	1.90
For each add'l 25% increment, add:	.20

Table 303.B.3.a.(1)(a) Factors

(b) Vandalism And Malicious Mischief

Multiply the rate per \$1,000 used to determine the Vandalism and Malicious Mischief Base Premium, by the dollar amount of coverage added.

**RULE 303.
ORDINANCE OR LAW COVERAGE – ALL FORMS
(Cont'd)**

(2) DP 00 02 Or DP 00 03 – Fire, Broad Or Special Forms

The premium is computed by multiplying the Base Premium by the appropriate factor selected from the following table:

Percentage Of Coverage A		
Increase In Amount	Total Amount	Factors
15%	25%	1.15
40%	50%	1.35
65%	75%	1.60
90%	100%	1.80
For each add'l 25% increment, add		.20

Table 303.B.3.a.(2) Factors

**RULE 305.
LOSS SETTLEMENT OPTIONS**

Paragraph **A.4.** is replaced by the following:

A. Functional Replacement Cost Loss Settlement – Forms DP 00 02 And DP 00 03 Only

4. Endorsement

Use Functional Replacement Cost Loss Settlement – North Carolina Endorsement **DP 32 63.**

Paragraph **B.** is replaced by the following:

B. Actual Cash Value Loss Settlement – Forms DP 00 02 And DP 00 03 Only

1. Introduction

The policy provides building loss settlement on a replacement cost basis if, at the time of loss, the amount of insurance on the damaged building represents at least 80% of the full replacement cost of the building immediately before the loss.

2. Coverage Description

The policy may be endorsed to provide building loss settlement exclusively on an actual cash value basis if, on the inception date of the policy, the Coverage **A** limit of liability selected by the insured is less than 80% of the full replacement cost of the dwelling.

3. Mobile Or Trailer Home

When written in conjunction with this endorsement, Form **DP 00 02** may be used to insure a mobile or trailer home.

To develop the Base Premium, multiply the premium developed in Rule **301.** by a factor of .98.

4. Dwelling Building Other Than Mobile Or Trailer Home

The premium is computed as follows:

- a. Multiply the Coverage **A** limit of liability by the appropriate factor from the following table and round to the nearest \$1,000:

% Of Replacement Value*	Factor
20%	4.00
30%	2.67
40%	2.00
50%	1.60
60%	1.33
70%	1.14

Table 305.B.4.a. Factors

- b. Develop a Base Premium in accordance with Rule **301.** for the amount of insurance computed in Paragraph **B.4.a.**

- c. Multiply the premium determined in Paragraph **B.4.b.** by the appropriate factor from the following table:

% Of Replacement Value*	Factor
20%	.73
30%	.74
40%	.75
50%	.76
60%	.77
70%	.78
80%	.80

Table 305.B.4.c. Factors

5. Endorsement

Use Actual Cash Value Loss Settlement Endorsement **DP 04 76.**

**PART IV
ADJUSTED BASE PREMIUM COMPUTATION RULES**

**RULE 401.
SUPERIOR CONSTRUCTION**

Table **401.C.** is replaced by the following:

Classifications	Fire	E.C., Broad & Special Forms
Fire Resistive & Masonry		
Non-combustible	.50	.75
Non-combustible	.50	1.00

Table 401.C. Superior Construction Factors

RULE 404.
MOBILE OR TRAILER HOMES – DP 00 01 ONLY OR
DP 00 02 WITH DP 04 76

The title of Rule **404.**, Mobile Or Trailer Homes – **DP 00 01**, is replaced by the preceding title.

RULE 406.
DEDUCTIBLES

The introductory text in Rule **406.** is replaced by the following:

All policies are subject to a deductible that applies to loss from all perils, except Earthquake. A separate deductible type applies to Earthquake Coverage as described in Rule **509.**

Refer to the Earthquake Coverage rule for the applicable deductible provision.

The following is added to Paragraph **B.1.:**

Fire				
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures				
Deductible Amount	Coverage A, B, D Or E Limit			
	Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
\$ 100*	1.080	1.070	1.060	1.050
250*	1.040	1.035	1.030	1.025
1,000	0.981	0.987	0.988	0.992
1,500	0.965	0.976	0.978	0.986
2,000	0.949	0.964	0.969	0.979
2,500	0.933	0.953	0.959	0.973
3,000	0.919	0.944	0.951	0.967
4,000	0.892	0.925	0.935	0.956
5,000	0.865	0.906	0.919	0.945
7,500	0.809	0.866	0.884	0.922
10,000	0.759	0.829	0.854	0.901
1%	1.016	0.976	0.967	0.959
* Refer to state rates for the minimum annual additional premium charge that applies per location for all \$100 and \$250 Fire Deductibles.				

Table 406.B.1.#1 Fire Coverage A, B, D Or E Deductibles

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

Fire	
Coverage C And Other Personal Property Coverage Options	
Deductible Amount	Factor
\$ 100*	1.070
250*	1.035
1,000	0.989
1,500	0.980
2,000	0.970
2,500	0.961
3,000	0.953
4,000	0.938
5,000	0.923
7,500	0.891
10,000	0.862
1%	1.057
* Refer to state rates for the minimum annual additional premium charge that applies per location for all \$100 and \$250 Fire Deductibles.	

Table 406.B.1.#2 Fire Coverage C Deductibles

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)				
E.C., V. & M.M., Broad And Special Forms				
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures				
Deductible Amount	Coverage A, B, D Or E Limit			
	Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
\$ 100*	1.072	1.047	1.035	1.022
250*	1.040	1.027	1.021	1.011
1,000	0.935	0.957	0.967	0.980
1,500	0.890	0.924	0.941	0.965
2,000	0.845	0.890	0.914	0.950
2,500	0.800	0.857	0.888	0.935
3,000	0.773	0.834	0.869	0.923
4,000	0.719	0.787	0.830	0.898
5,000	0.665	0.741	0.791	0.874
7,500	0.582	0.660	0.719	0.825
10,000	0.530	0.599	0.662	0.784
1%	0.997	0.924	0.910	0.901
* Refer to state rates for the minimum annual additional premium charge that applies per location for all \$100 and \$250 E.C., V. & M.M., Broad And Special Forms Deductibles.				

**Table 406.B.1.#3 E.C., V. & M.M., Broad And Special
Forms Coverage A, B, D Or E Deductibles**

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)	
E.C., V. & M.M., Broad And Special Forms	
Coverage C And Other Personal Property Coverage Options	
Deductible Amount	Factor
\$ 100*	1.030
250*	1.016
1,000	0.973
1,500	0.952
2,000	0.931
2,500	0.910
3,000	0.895
4,000	0.864
5,000	0.833
7,500	0.775
10,000	0.728
1%	1.021
* Refer to state rates for the minimum annual additional premium charge that applies per location for all \$100 and \$250 E.C., V. & M.M., Broad And Special Forms Deductibles.	

**Table 406.B.1.#4 E.C., V. & M.M., Broad And Special
Forms Coverage C Deductibles**

Territories 170 – 390 (Inland)				
E.C., V. & M.M., Broad And Special Forms				
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures				
Deductible Amount	Coverage A, B, D Or E Limit			
	Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
\$ 100*	1.108	1.083	1.073	1.056
250*	1.060	1.047	1.044	1.034
1,000	0.910	0.928	0.939	0.948
1,500	0.849	0.876	0.893	0.911
2,000	0.788	0.825	0.848	0.875
2,500	0.727	0.773	0.802	0.838
3,000	0.691	0.739	0.771	0.813
4,000	0.620	0.671	0.708	0.762
5,000	0.548	0.603	0.645	0.711
7,500	0.451	0.500	0.541	0.621
10,000	0.393	0.436	0.472	0.555
1%	0.997	0.877	0.840	0.780
* Refer to state rates for the minimum annual additional premium charge that applies per location for all \$100 and \$250 E.C., V. & M.M., Broad And Special Forms Deductibles.				

**Table 406.B.1.#5 E.C., V. & M.M., Broad And Special
Forms Coverage A, B, D Or E Deductibles**

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

Territories 170 – 390 (Inland)	
E.C., V. & M.M., Broad And Special Forms	
Coverage C And Other Personal Property Coverage Options	
Deductible Amount	Factor
\$ 100*	1.077
250*	1.045
1,000	0.936
1,500	0.891
2,000	0.845
2,500	0.800
3,000	0.770
4,000	0.711
5,000	0.651
7,500	0.555
10,000	0.489
1%	1.067
* Refer to state rates for the minimum annual additional premium charge that applies per location for all \$100 and \$250 E.C., V. & M.M., Broad And Special Forms Deductibles.	

Table 406.B.1.#6 E.C., V. & M.M., Broad And Special Forms Coverage C Deductibles

The introductory text in Paragraph **B.2.** is replaced by the following:

B. Optional Deductibles

2. Windstorm Or Hail Deductibles

When the policy covers the peril of Windstorm or Hail, the following deductible options may be used in conjunction with a deductible applicable to all other perils covered under Extended Coverage, Broad or Special Forms. They may not be used on a policy in conjunction with a Named Storm deductible as described in Paragraph 3.

Paragraph **B.2.a.(1)** is replaced by the following:

a. Percentage Deductibles

(1) Deductible Amounts

This option provides for higher Windstorm or Hail percentage deductibles of 1%, 2%, 3%, 4%, 5%, 7.5% and 10% of the limit of liability that applies to Coverage **A, B, D** or **E**, whichever is greatest, when the dollar amount of the percentage deductible selected exceeds the amount of the All Other Perils deductible. This option is not available for policies covering only personal property.

RULE 406.
DEDUCTIBLES (Cont'd)

Paragraph **B.2.a.(7)** is replaced by the following:

(7) Deductible Factors

When the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA – Territories 110, 120, 130, 140, 150 and 160), additional calculations must be performed to ensure that the premium credit applied to the deductible is **not** greater than the premium credit that would be applied if the peril of Windstorm or Hail were excluded from the policy.

(a) Property **Not Located in Area Serviced by the NCIUA**

To compute the premium for this provision, multiply the Extended Coverage, Broad or Special Form Base Premium for the Base Deductible for each coverage insured under the policy by the factor selected for the desired windstorm or hail deductible options from the following tables.

(b) Property **Is Located in Area Serviced by the NCIUA**

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step 1. Multiply the windstorm or hail exclusion credit shown in the state rates, under Additional Rule **A3. Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160** Only, by the Key Factor for the same amount of insurance used to determine the Extended Coverage, Broad or Special Form Base Premium.

Step 2. Multiply the result determined in Step 1. by .9 to determine the "adjusted deductible credit".

Step 3. Select the factor for the desired windstorm or hail deductible option from the following tables and subtract the factor from unity (1.00).

Step 4. Multiply the factor determined in Step 3. by the Extended Coverage, Broad or Special Form Base Premium. The result is the windstorm or hail deductible credit.

Step 5. Compare the results in Steps 2. and 4. If the result in:

Step 2. is **less than** the result in Step 4., to compute the premium, subtract the "adjusted deductible credit" from the Extended Coverage, Broad or Special Form Base Premium.

Step 2. is **greater than or equal to** Step 4., multiply the Extended Coverage, Broad or Special Form Base Premium by the factor for the desired windstorm or hail deductible option.

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

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
1%	\$ 100	0.956	0.926	0.916	0.899
	250	0.952	0.925	0.915	0.898
	500	0.946	0.924	0.913	0.897
	1,000	0.933	0.921	0.911	0.895
	1,500	—	0.918	0.909	0.890
	2,000	—	—	0.907	0.884
	2,500	—	—	—	0.879
	3,000	—	—	—	0.879
	4,000	—	—	—	0.878
	5,000	—	—	—	0.878
	7,500	—	—	—	0.872
	10,000	—	—	—	0.855
2%	1%	—	—	—	—
	\$ 100	0.868	0.841	0.832	0.818
	250	0.866	0.840	0.832	0.817
	500	0.863	0.838	0.830	0.816
	1,000	0.856	0.836	0.828	0.815
	1,500	0.849	0.834	0.826	0.813
	2,000	0.842	0.832	0.825	0.812
	2,500	—	0.830	0.823	0.810
	3,000	—	0.828	0.821	0.809
	4,000	—	—	0.818	0.807
	5,000	—	—	—	0.805
	7,500	—	—	—	0.797
3%	10,000	—	—	—	0.792
	1%	0.862	0.834	0.824	0.807
	\$ 100	0.814	0.787	0.780	0.767
	250	0.812	0.786	0.779	0.766
	500	0.809	0.785	0.778	0.765
	1,000	0.803	0.782	0.775	0.764
	1,500	0.797	0.780	0.774	0.762
	2,000	0.791	0.778	0.772	0.761
	2,500	0.785	0.776	0.770	0.759
	3,000	0.779	0.775	0.769	0.758
	4,000	—	0.771	0.766	0.756
	5,000	—	0.768	0.763	0.754
3%	7,500	—	—	—	0.747
	10,000	—	—	—	0.743
	1%	0.808	0.780	0.772	0.756

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
4%	\$ 100	0.759	0.734	0.727	0.716
	250	0.758	0.733	0.727	0.715
	500	0.755	0.731	0.725	0.714
	1,000	0.750	0.729	0.723	0.712
	1,500	0.745	0.727	0.721	0.711
	2,000	0.740	0.725	0.719	0.709
	2,500	0.736	0.723	0.718	0.708
	3,000	0.731	0.721	0.716	0.707
	4,000	0.721	0.718	0.714	0.705
	5,000	—	0.715	0.711	0.703
	7,500	—	—	0.704	0.698
	10,000	—	—	—	0.695
5%	1%	0.754	0.727	0.719	0.705
	\$ 100	0.705	0.680	0.675	0.665
	250	0.704	0.679	0.674	0.664
	500	0.701	0.678	0.673	0.663
	1,000	0.697	0.675	0.670	0.661
	1,500	0.693	0.673	0.668	0.660
	2,000	0.690	0.671	0.667	0.658
	2,500	0.686	0.669	0.665	0.657
	3,000	0.683	0.668	0.664	0.656
	4,000	0.677	0.665	0.661	0.654
	5,000	0.671	0.663	0.659	0.652
	7,500	—	0.657	0.655	0.648
7.5%	10,000	—	—	0.651	0.646
	1%	0.701	0.673	0.666	0.654
	\$ 100	0.622	0.599	0.594	0.585
	250	0.620	0.598	0.593	0.585
	500	0.618	0.596	0.592	0.584
	1,000	0.615	0.594	0.590	0.582
	1,500	0.612	0.592	0.588	0.580
	2,000	0.609	0.590	0.587	0.579
	2,500	0.606	0.588	0.585	0.577
	3,000	0.604	0.587	0.584	0.576
	4,000	0.599	0.584	0.581	0.574
	5,000	0.594	0.581	0.578	0.572
	7,500	0.585	0.578	0.574	0.569
	10,000	—	0.574	0.572	0.566
	1%	0.618	0.592	0.586	0.574

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

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
10%	\$ 100	0.557	0.535	0.531	0.522
	250	0.555	0.534	0.530	0.522
	500	0.553	0.533	0.529	0.521
	1,000	0.550	0.530	0.527	0.519
	1,500	0.547	0.528	0.525	0.518
	2,000	0.545	0.526	0.523	0.516
	2,500	0.542	0.524	0.521	0.515
	3,000	0.540	0.523	0.520	0.514
	4,000	0.536	0.520	0.517	0.512
	5,000	0.532	0.518	0.515	0.510
	7,500	0.524	0.514	0.511	0.506
	10,000	0.518	0.511	0.509	0.504
	1%	0.553	0.528	0.523	0.512

**Table 406.B.2.a.(7)#1 Coverage A, B, D Or E Windstorm
Or Hail Percentage Deductibles**

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)													
Coverage C And Other Personal Property Coverage Options*													
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount												
	\$100	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$4,000	\$5,000	\$7,500	\$10,000	1%
1 %	0.909	0.908	0.906	0.902	0.898	0.894	0.890	0.887	0.882	0.876	0.870	0.853	—
2	0.827	0.826	0.825	0.822	0.820	0.817	0.815	0.813	0.808	0.804	0.795	0.791	0.826
3	0.775	0.774	0.773	0.770	0.768	0.766	0.764	0.762	0.758	0.754	0.747	0.742	0.774
4	0.723	0.722	0.721	0.719	0.717	0.715	0.713	0.711	0.708	0.705	0.698	0.694	0.722
5	0.671	0.670	0.669	0.667	0.665	0.664	0.662	0.661	0.658	0.655	0.650	0.645	0.670
7.5	0.591	0.590	0.589	0.587	0.585	0.584	0.582	0.581	0.578	0.575	0.571	0.568	0.590
10	0.528	0.527	0.526	0.523	0.521	0.520	0.518	0.517	0.515	0.513	0.508	0.505	0.527

* Only use when policy also covers building or non-building structures.

**Table 406.B.2.a.(7)#2 Coverage C And Other Personal
Property Windstorm Or Hail Percentage Deductibles**

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
1%	\$ 100	0.990	0.947	0.926	0.885
	250	0.975	0.937	0.917	0.878
	500	0.949	0.921	0.902	0.867
	1,000	0.903	0.893	0.878	0.848
	1,500	–	0.865	0.854	0.833
	2,000	–	–	0.830	0.817
	2,500	–	–	–	0.802
	3,000	–	–	–	0.784
	4,000	–	–	–	0.747
	5,000	–	–	–	0.711
	7,500	–	–	–	0.654
	10,000	–	–	–	0.608
	1%	–	–	–	–
2%	\$ 100	0.916	0.866	0.843	0.802
	250	0.902	0.855	0.833	0.795
	500	0.879	0.840	0.819	0.784
	1,000	0.841	0.812	0.794	0.765
	1,500	0.803	0.791	0.775	0.749
	2,000	0.765	0.769	0.756	0.734
	2,500	–	0.748	0.737	0.718
	3,000	–	0.727	0.718	0.707
	4,000	–	–	0.680	0.686
	5,000	–	–	–	0.664
	7,500	–	–	–	0.605
	10,000	–	–	–	0.567
	1%	0.874	0.791	0.753	0.693
3%	\$ 100	0.872	0.821	0.799	0.764
	250	0.858	0.810	0.789	0.757
	500	0.836	0.795	0.775	0.746
	1,000	0.799	0.767	0.750	0.727
	1,500	0.765	0.745	0.731	0.711
	2,000	0.730	0.724	0.712	0.696
	2,500	0.696	0.703	0.693	0.680
	3,000	0.662	0.684	0.676	0.669
	4,000	–	0.646	0.642	0.647
	5,000	–	0.608	0.608	0.626
	7,500	–	–	–	0.574
	10,000	–	–	–	0.539
	1%	0.831	0.746	0.709	0.655

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

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
4%	\$ 100	0.829	0.775	0.755	0.726
	250	0.815	0.765	0.745	0.719
	500	0.792	0.750	0.731	0.707
	1,000	0.757	0.721	0.707	0.688
	1,500	0.726	0.700	0.687	0.673
	2,000	0.696	0.679	0.668	0.657
	2,500	0.665	0.657	0.649	0.642
	3,000	0.634	0.641	0.634	0.631
	4,000	0.573	0.608	0.604	0.609
	5,000	–	0.575	0.573	0.587
	7,500	–	–	0.498	0.542
	10,000	–	–	–	0.511
5%	1%	0.788	0.700	0.665	0.617
	\$ 100	0.785	0.730	0.711	0.688
	250	0.771	0.720	0.701	0.681
	500	0.749	0.705	0.687	0.669
	1,000	0.715	0.676	0.663	0.650
	1,500	0.688	0.655	0.644	0.635
	2,500	0.634	0.612	0.605	0.604
	3,000	0.615	0.598	0.592	0.593
	4,000	0.578	0.570	0.565	0.571
	5,000	0.540	0.542	0.539	0.549
	7,500	–	0.495	0.496	0.511
	10,000	–	–	0.464	0.483
7.5%	1%	0.745	0.655	0.621	0.579
	\$ 100	0.729	0.681	0.667	0.650
	250	0.715	0.670	0.658	0.643
	500	0.693	0.655	0.643	0.632
	1,000	0.659	0.626	0.619	0.613
	1,500	0.633	0.605	0.600	0.597
	2,000	0.608	0.584	0.580	0.582
	2,500	0.582	0.563	0.561	0.566
	3,000	0.565	0.549	0.548	0.555
	4,000	0.532	0.520	0.521	0.534
	5,000	0.498	0.492	0.495	0.512
	7,500	0.444	0.449	0.453	0.474
7.5%	10,000	–	0.421	0.423	0.446
	1%	0.689	0.605	0.577	0.541

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
10%	\$ 100	0.692	0.650	0.640	0.626
	250	0.678	0.639	0.630	0.619
	500	0.656	0.624	0.616	0.608
	1,000	0.623	0.596	0.591	0.589
	1,500	0.598	0.575	0.572	0.573
	2,000	0.573	0.553	0.553	0.558
	2,500	0.548	0.532	0.534	0.542
	3,000	0.532	0.518	0.521	0.531
	4,000	0.499	0.489	0.494	0.509
	5,000	0.466	0.461	0.468	0.487
	7,500	0.417	0.419	0.425	0.449
	10,000	0.384	0.391	0.396	0.422
	1%	0.652	0.575	0.550	0.517

Table 406.B.2.a.(7)#3 Coverage A, B, D Or E Windstorm
Or Hail Percentage Deductibles

Territories 170 – 390 (Inland)													
Coverage C And Other Personal Property Coverage Options*													
Windstorm Or Hail Deductible Percentage	All Other Perils Deductible Amount												
	\$100	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$4,000	\$5,000	\$7,500	\$10,000	1%
1 %	0.927	0.917	0.901	0.873	0.845	0.817	0.789	0.770	0.731	0.693	0.634	0.587	—
2	0.845	0.836	0.821	0.796	0.775	0.754	0.733	0.716	0.681	0.646	0.585	0.548	0.842
3	0.803	0.794	0.779	0.754	0.734	0.714	0.694	0.678	0.646	0.614	0.558	0.522	0.800
4	0.761	0.751	0.737	0.713	0.693	0.674	0.655	0.640	0.611	0.582	0.531	0.495	0.758
5	0.719	0.709	0.695	0.671	0.653	0.634	0.616	0.603	0.576	0.550	0.504	0.469	0.716
7.5	0.674	0.665	0.650	0.626	0.608	0.591	0.573	0.560	0.535	0.510	0.467	0.436	0.671
10	0.646	0.636	0.621	0.598	0.580	0.563	0.545	0.533	0.508	0.483	0.441	0.412	0.643

* Only use when policy also covers building or non-building structures.

Table 406.B.2.a.(7)#4 Coverage C And Other Personal
Property Windstorm Or Hail Percentage Deductibles

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

Paragraph **B.2.b.(7)** is replaced by the following:

b. Higher Fixed-dollar Deductibles

(7) Deductible Factors

When the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA – Territories 110, 120, 130, 140, 150 and 160), additional calculations must be performed to ensure that the premium credit applied to the deductible is **not** greater than the premium credit that would be applied if the peril of Windstorm or Hail were excluded from the policy.

(a) Property **Not Located in Area Serviced by the NCIUA**

Multiply the Extended Coverage, Broad or Special Form Base Premium for the Base Deductible for each coverage insured under the policy by the factor selected for the desired windstorm or hail deductible options from the following tables.

(b) Property **Is Located in Area Serviced by the NCIUA**

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step 1. Multiply the windstorm or hail exclusion credit shown in the state rates under Additional Rule **A3**. Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140 150 And 160 Only, by the Key Factor, for the same amount of insurance used to determine the Extended Coverage, Broad or Special Form Base Premium.

Step 2. Multiply the result determined in Step 1. by .9 to determine the "adjusted deductible credit".

Step 3. Select the factor for the desired windstorm or hail deductible option from the following tables and subtract the factor from unity (1.00).

Step 4. Multiply the factor determined in Step 3. by the Extended Coverage, Broad or Special Form Base Premium. The result is the windstorm or hail deductible credit.

Step 5. Compare the results in Steps 2. and 4. If the result in:

Step 2. is **less than** the result in Step 4., to compute the premium, subtract the "adjusted deductible credit" from the Extended Coverage, Broad or Special Form Base Premium.

Step 2. is **greater than or equal to** Step 4., multiply the Extended Coverage, Broad or Special Form Base Premium by the factor for the desired windstorm or hail deductible option.

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Amount	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
\$ 1,000	\$ 100	0.942	0.962	0.972	0.984
	250	0.940	0.961	0.971	0.983
	500	0.938	0.959	0.970	0.982
2,000	\$ 100	0.850	0.896	0.921	0.955
	250	0.849	0.895	0.920	0.954
	500	0.847	0.893	0.918	0.953
	1,000	0.843	0.891	0.916	0.952
	1,500	0.839	0.889	0.914	0.951
5,000	\$ 100	0.685	0.758	0.807	0.887
	250	0.683	0.757	0.806	0.886
	500	0.681	0.756	0.805	0.885
	1,000	0.678	0.753	0.803	0.883
	1,500	0.676	0.751	0.801	0.882
	2,000	0.674	0.749	0.799	0.880
	2,500	0.672	0.747	0.797	0.879
	3,000	0.670	0.745	0.795	0.878
	4,000	0.666	0.741	0.791	0.875
7,500	\$ 100	0.606	0.681	0.738	0.841
	250	0.605	0.680	0.738	0.841
	500	0.603	0.679	0.736	0.840
	1,000	0.600	0.676	0.734	0.838
	1,500	0.598	0.674	0.732	0.836
	2,000	0.595	0.672	0.731	0.835
	2,500	0.593	0.670	0.729	0.833
	3,000	0.592	0.669	0.728	0.832
	4,000	0.589	0.666	0.725	0.830
10,000	\$ 100	0.556	0.623	0.684	0.803
	250	0.555	0.622	0.684	0.802
	500	0.553	0.621	0.682	0.801
	1,000	0.550	0.618	0.680	0.799
	1,500	0.548	0.616	0.678	0.798
	2,000	0.545	0.614	0.677	0.796
	2,500	0.543	0.612	0.675	0.795
	3,000	0.542	0.611	0.674	0.794
	4,000	0.539	0.608	0.671	0.792
	5,000	0.536	0.606	0.669	0.790
	7,500	0.532	0.602	0.665	0.786

**Table 406.B.2.b.(7)#1 Coverage A, B, D Or E Windstorm
Or Hail Fixed-dollar Deductibles**

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

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)											
Coverage C And Other Personal Property Coverage Options*											
Windstorm Or Hail Deductible Amount	All Other Perils Deductible Amount										
	\$100	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$4,000	\$5,000	\$7,500
\$ 1,000	0.977	0.977	0.975	—	—	—	—	—	—	—	—
2,000	0.937	0.936	0.935	0.933	0.931	—	—	—	—	—	—
5,000	0.848	0.847	0.846	0.844	0.842	0.841	0.839	0.837	0.834	—	—
7,500	0.793	0.792	0.791	0.789	0.787	0.786	0.784	0.783	0.780	0.778	—
10,000	0.750	0.749	0.747	0.745	0.743	0.742	0.740	0.739	0.737	0.735	0.731

* Only use when policy also covers building or non-building structures.

**Table 406.B.2.b.(7)#2 Coverage C And Other Personal
Property Windstorm Or Hail Fixed-dollar Deductibles**

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Amount	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
\$ 1,000	\$ 100	0.979	0.983	0.987	0.985
	250	0.965	0.972	0.978	0.978
	500	0.943	0.957	0.963	0.967
2,000	\$ 100	0.900	0.917	0.930	0.940
	250	0.886	0.907	0.921	0.933
	500	0.864	0.892	0.906	0.922
	1,000	0.831	0.863	0.882	0.903
	1,500	0.798	0.834	0.858	0.884
5,000	\$ 100	0.766	0.791	0.817	0.849
	250	0.752	0.781	0.808	0.842
	500	0.730	0.766	0.793	0.831
	1,000	0.697	0.737	0.769	0.812
	1,500	0.673	0.716	0.750	0.796
	2,000	0.648	0.694	0.730	0.781
	2,500	0.624	0.673	0.711	0.765
	3,000	0.600	0.652	0.692	0.749
	4,000	0.551	0.609	0.653	0.718

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 170 – 390 (Inland)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Windstorm Or Hail Deductible Amount	All Other Perils Deductible Amount	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
7,500	\$ 100	0.712	0.731	0.756	0.797
	250	0.698	0.721	0.747	0.790
	500	0.676	0.706	0.732	0.779
	1,000	0.643	0.677	0.708	0.760
	1,500	0.618	0.656	0.689	0.744
	2,000	0.594	0.634	0.669	0.729
	2,500	0.569	0.613	0.650	0.713
	3,000	0.554	0.599	0.637	0.702
	4,000	0.524	0.571	0.610	0.681
10,000	5,000	0.494	0.543	0.584	0.659
	\$ 100	0.681	0.695	0.716	0.759
	250	0.666	0.684	0.706	0.752
	500	0.645	0.669	0.692	0.741
	1,000	0.611	0.640	0.668	0.722
	1,500	0.587	0.619	0.649	0.706
	2,000	0.562	0.598	0.629	0.691
	2,500	0.538	0.577	0.610	0.675
	3,000	0.523	0.563	0.597	0.664
	4,000	0.492	0.534	0.570	0.642
	5,000	0.462	0.506	0.544	0.620
	7,500	0.420	0.463	0.501	0.582

Table 406.B.2.b.(7)#3 Coverage A, B, D Or E Windstorm
Or Hail Fixed-dollar Deductibles

Territories 170 – 390 (Inland)											
Coverage C And Other Personal Property Coverage Options*											
Windstorm Or Hail Deductible Amounts	All Other Perils Deductible Amount										
	\$100	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$4,000	\$5,000	\$7,500
\$ 1,000	0.983	0.974	0.959	–	–	–	–	–	–	–	–
2,000	0.924	0.915	0.900	0.877	0.854	–	–	–	–	–	–
5,000	0.813	0.803	0.789	0.765	0.747	0.730	0.712	0.694	0.659	–	–
7,500	0.756	0.747	0.732	0.708	0.690	0.673	0.655	0.643	0.619	0.595	–
10,000	0.718	0.709	0.694	0.671	0.653	0.636	0.618	0.606	0.581	0.557	0.517

* Only use when policy also covers building or non-building structures.

Table 406.B.2.b.(7)#4 Coverage C And Other Personal
Property Windstorm Or Hail Fixed-dollar Deductibles

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

The following is added to Paragraph **B.**:

3. Named Storm Deductibles – Territories 110, 120, 130, 140, 150 And 160

When the policy covers the peril of Windstorm or Hail, the following deductible options may be used in the listed territories in conjunction with the deductible applicable to all other Perils under Extended Coverage, Broad or Special Forms. They may not be used on a policy in conjunction with a Windstorm or Hail deductible as described in Paragraph 2.

a. Percentage Deductibles – Territories 110, 120, 130, 140, 150 And 160 Only

(1) Deductible Amounts

This option provides for higher Named Storm percentage deductibles of 1%, 2%, 5%, 7.5% and 10% of the limit of liability that applies to Coverage **A, B, D** or **E**, whichever is greatest, when the dollar amount of the percentage deductible selected exceeds the amount of the All Other Perils deductible. This option is not available for policies covering only personal property.

(2) Endorsement

Use Named Storm Deductible – North Carolina Endorsement **DP 32 18**.

(3) Declarations Instructions

Enter, on the policy Declarations, the percentage amount that applies to Named Storm and the dollar amount that applies to All Other Section I Perils. For example:

Deductible – Named Storm 2% of Coverage **A** limit and \$500 for all other perils.

(4) Deductible Application

In the event of a Named Storm loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

(5) Coverage Options

The deductible factors for Coverage **A, B, D** or **E** and Coverage Options For Buildings and Non-building Structures differ by the deductible percentage amounts that apply to Named Storm, deductible amounts that apply to other perils and the Coverage **A, B, D** or **E** limit.

The deductible factors for Coverage **C** and Other Personal Property Coverage Options differ by the deductible percentage amounts that apply to Named Storm and the deductible amounts that apply to other perils.

(6) Use Of Factors

The factors displayed in Paragraph **B.3.a.(7)** incorporate the factors for the All Perils Deductibles. Do not use the factors for the All Perils Deductibles when rating a policy with a higher Named Storm deductible.

(7) Deductible Factors

When the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA – Territories 110, 120, 130, 140, 150 and 160), additional calculations must be performed to ensure that the premium credit applied for the deductible is **not** greater than the premium credit that would be applied if the peril of Windstorm or Hail were excluded from the policy.

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step 1. Multiply the windstorm or hail exclusion credit shown in the state rate pages, under Additional Rule **A3**, Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 and 160 Only, by the Key Factor for the same amount of insurance used to determine the Extended Coverage, Broad or Special Form Base Premium.

Step 2. Multiply the result determined in Step 1. by .9 to determine the "adjusted deductible credit".

Step 3. Select the factor for the desired named storm deductible option from the following table and subtract that factor from unity (1.00).

Step 4. Multiply the factor determined in Step 3. by the Extended Coverage, Broad or Special Form Base Premium. The result is the named storm deductible credit.

Step 5. Compare the results in Steps 2. and 4. If the result in:

Step 2. is **less** than the result in Step 4., to compute the premium, subtract the "adjusted deductible credit" from the Extended Coverage, Broad or Special Form Base Premium.

Step 2. is **greater than or equal to** the result in Step 4., multiply the Extended Coverage, Broad or Special Form Base Premium by the factor for the desired named storm deductible option.

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Named Storm Deductible Percentage	All Other Perils Deductible Amounts	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
1%	\$ 100	0.958	0.928	0.918	0.902
	250	0.954	0.927	0.917	0.901
	500	0.947	0.925	0.915	0.900
	1,000	0.933	0.922	0.912	0.897
	1,500	—	0.919	0.910	0.893
	2,000	—	—	0.908	0.889
	2,500	—	—	—	0.886
	3,000	—	—	—	0.884
	4,000	—	—	—	0.881
	5,000	—	—	—	0.878
	7,500	—	—	—	0.872
	10,000	—	—	—	0.855
2%	1%	—	—	—	—
	\$ 100	0.872	0.845	0.837	0.824
	250	0.869	0.844	0.836	0.823
	500	0.865	0.842	0.834	0.821
	1,000	0.857	0.838	0.831	0.819
	1,500	0.850	0.835	0.828	0.817
	2,000	0.843	0.833	0.826	0.815
	2,500	—	0.831	0.824	0.813
	3,000	—	0.829	0.822	0.811
	4,000	—	—	0.819	0.809
	5,000	—	—	—	0.806
	7,500	—	—	—	0.798
5%	10,000	—	—	—	0.792
	1%	0.866	0.835	0.826	0.809
	\$ 100	0.711	0.688	0.683	0.673
	250	0.709	0.687	0.682	0.672
	500	0.707	0.685	0.680	0.671
	1,000	0.702	0.681	0.677	0.668
	1,500	0.697	0.678	0.674	0.666
	2,000	0.693	0.676	0.672	0.664
	2,500	0.689	0.674	0.670	0.663
	3,000	0.685	0.672	0.668	0.662
	4,000	0.678	0.668	0.665	0.659
	5,000	0.671	0.665	0.662	0.656
	7,500	—	0.657	0.656	0.651
	10,000	—	—	0.652	0.647
	1%	0.708	0.678	0.672	0.659

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

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Named Storm Deductible Percentage	All Other Perils Deductible Amounts	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
7.5%	\$ 100	0.629	0.608	0.603	0.594
	250	0.628	0.606	0.602	0.594
	500	0.625	0.605	0.600	0.592
	1,000	0.621	0.601	0.597	0.590
	1,500	0.617	0.598	0.594	0.588
	2,000	0.613	0.595	0.592	0.586
	2,500	0.609	0.593	0.590	0.584
	3,000	0.606	0.591	0.588	0.582
	4,000	0.600	0.587	0.585	0.579
	5,000	0.595	0.584	0.582	0.577
	7,500	0.585	0.579	0.577	0.572
	10,000	—	0.575	0.573	0.569
10%	1%	0.625	0.598	0.592	0.579
	\$ 100	0.565	0.545	0.541	0.532
	250	0.563	0.543	0.539	0.531
	500	0.561	0.541	0.538	0.530
	1,000	0.557	0.538	0.535	0.527
	1,500	0.553	0.535	0.532	0.525
	2,000	0.549	0.532	0.530	0.523
	2,500	0.546	0.530	0.528	0.521
	3,000	0.543	0.528	0.526	0.519
	4,000	0.538	0.524	0.522	0.517
	5,000	0.534	0.521	0.519	0.515
	7,500	0.525	0.516	0.514	0.510
	10,000	0.519	0.512	0.510	0.506
	1%	0.561	0.535	0.530	0.517

Table 406.B.3.a.(7)#1 Coverage A, B, D Or E Named Storm Percentage Deductibles

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)													
Coverage C And Other Personal Property Coverage Options*													
Named Storm Deductible Percentage	All Other Perils Deductible Amount												
	\$100	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$4,000	\$5,000	\$7,500	\$10,000	1%
1 %	0.912	0.910	0.908	0.904	0.899	0.894	0.890	0.887	0.882	0.876	0.869	0.852	—
2	0.832	0.831	0.829	0.825	0.822	0.819	0.817	0.814	0.809	0.804	0.795	0.790	0.831
5	0.679	0.678	0.676	0.673	0.670	0.668	0.666	0.664	0.661	0.658	0.651	0.646	0.678
7.5	0.600	0.599	0.597	0.594	0.591	0.589	0.587	0.585	0.582	0.579	0.573	0.569	0.599
10	0.537	0.536	0.534	0.531	0.529	0.527	0.525	0.523	0.519	0.516	0.511	0.507	0.536

* Only use when policy also covers building or non-building structures.

Table 406.B.3.a.(7)#2 Coverage C And Other Personal Property Named Storm Percentage Deductibles

RULE 406.
DEDUCTIBLES (Cont'd)**b. Higher Fixed-dollar Deductibles – Territories 110, 120, 130, 140, 150 and 160 Only****(1) Deductible Amounts**

This option provides for higher Named Storm Fixed-dollar deductible amounts of \$1,000, \$2,000, \$5,000, \$7,500 and \$10,000 when the dollar amount of the higher fixed-dollar deductible selected exceeds the amount of the All Other Perils deductible. This option is not available for policies covering only personal property.

(2) Endorsement

Use Named Storm Deductible – North Carolina Endorsement **DP 32 18**.

(3) Declarations Instructions

Enter, on the policy Declarations, the deductible amounts that apply to Named Storm and All Other Perils. For example: \$1,000 for Named Storm and \$500 for All Other Perils.

(4) Deductible Application

In the event of a Named Storm loss to covered property, the dollar amount is deducted from the total of the loss for all coverages.

(5) Coverage Options

The deductible factors for Coverage **A**, **B**, **D** or **E** and Coverage Options For Buildings And Non-building Structures differ by the deductible amounts that apply to Named Storm and to other perils and the Coverage **A**, **B**, **D** or **E** limit.

The deductible factors for Coverage **C** and Other Personal Property Coverage Options differ by the deductible amounts that apply to Named Storm and to other perils.

(6) Use Of Factors

The factors displayed in Paragraph **B.3.b.(7)** incorporate the factors for the All Perils Deductibles. Do not use the factors for the All Perils Deductibles when rating a policy with a higher Named Storm deductible.

(7) Deductible Factors

When the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA – Territories 110, 120, 130, 140, 150 and 160), additional calculations must be performed to ensure that the premium credit applied for the deductible is not greater than the premium credit that would be applied if the peril of Windstorm or Hail were excluded from the policy.

To determine if an "adjusted deductible credit" or the calculated deductible credit applies, complete each of the following steps:

Step 1. Multiply the windstorm or hail exclusion credit shown in the state rate pages, under Additional Rule **A3**, Windstorm Or Hail Exclusion – Territories 110, 120, 130, 140, 150 And 160 Only, by the Key Factor for the same amount of insurance used to determine the Extended Coverage, Broad or Special Form Base Premium.

Step 2. Multiply the result determined in Step 1. by .9 to determine the "adjusted deductible credit".

Step 3. Select the factor for the desired named storm deductible option from the following table and subtract that factor from unity (1.00).

Step 4. Multiply the factor determined in Step 3. by the Extended Coverage, Broad or Special Form Base Premium. The result is the named storm deductible credit.

Step 5. Compare the results in Steps 2. and 4. If the result in:

Step 2. is **less** than the result in Step 4., to compute the premium, subtract the "adjusted deductible credit" from the Extended Coverage, Broad or Special Form Base Premium.

Step 2. is **greater than or equal to** the result in Step 4., multiply the Extended Coverage, Broad or Special Form Base Premium by the factor for the desired named storm deductible option.

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

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)					
Coverage A, B, D Or E And Coverage Options For Buildings And Non-building Structures					
Named Storm Deductible Amount	All Other Perils Deductible Amounts	Coverage A, B, D Or E Limit			
		Up To \$125,000	\$125,001 To \$175,000	\$175,001 To \$250,000	\$250,001 And Above
\$ 1,000	\$ 100	0.943	0.963	0.973	0.985
	250	0.942	0.962	0.972	0.984
	500	0.939	0.960	0.970	0.983
2,000	\$ 100	0.853	0.899	0.923	0.957
	250	0.852	0.897	0.922	0.956
	500	0.849	0.895	0.920	0.955
	1,000	0.845	0.892	0.917	0.953
	1,500	0.841	0.890	0.915	0.952
5,000	\$ 100	0.692	0.764	0.812	0.891
	250	0.690	0.763	0.811	0.890
	500	0.687	0.761	0.810	0.889
	1,000	0.683	0.757	0.807	0.887
	1,500	0.680	0.754	0.804	0.885
	2,000	0.677	0.752	0.802	0.883
	2,500	0.674	0.750	0.800	0.881
	3,000	0.671	0.748	0.798	0.879
	4,000	0.667	0.744	0.794	0.876
7,500	\$ 100	0.614	0.689	0.745	0.847
	250	0.613	0.687	0.744	0.846
	500	0.610	0.686	0.743	0.845
	1,000	0.606	0.682	0.740	0.842
	1,500	0.603	0.679	0.737	0.840
	2,000	0.600	0.676	0.735	0.838
	2,500	0.597	0.674	0.733	0.837
	3,000	0.595	0.672	0.731	0.836
	4,000	0.591	0.668	0.727	0.833
10,000	\$ 5,000	0.587	0.665	0.724	0.830
	\$ 100	0.565	0.631	0.692	0.809
	250	0.563	0.630	0.691	0.809
	500	0.561	0.628	0.690	0.807
	1,000	0.557	0.625	0.687	0.805
	1,500	0.554	0.622	0.684	0.803
	2,000	0.551	0.619	0.682	0.801
	2,500	0.548	0.617	0.680	0.799
	3,000	0.546	0.615	0.678	0.797
	4,000	0.542	0.611	0.674	0.794
10,000	5,000	0.538	0.608	0.671	0.792
	7,500	0.533	0.602	0.666	0.787

**Table 406.B.3.b.(7)#1 Coverage A, B, D Or E Named
Storm Higher Fixed-dollar Deductibles**

RULE 406.
DEDUCTIBLES (Cont'd)

Territories 110, 120, 130, 140, 150 And 160 (Beach & Coastal)											
Coverage C And Other Personal Property Coverage Options*											
Named Storm Deductible Amount	All Other Perils Deductible Amount										
	\$100	\$250	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$4,000	\$5,000	\$7,500
\$ 1,000	0.979	0.978	0.976	—	—	—	—	—	—	—	—
2,000	0.940	0.939	0.937	0.934	0.932	—	—	—	—	—	—
5,000	0.853	0.852	0.850	0.848	0.845	0.843	0.841	0.839	0.835	—	—
7,500	0.800	0.799	0.797	0.794	0.792	0.790	0.788	0.786	0.783	0.780	—
10,000	0.757	0.756	0.754	0.752	0.749	0.747	0.745	0.743	0.740	0.737	0.732
* Only use when policy also covers building or non-building structures.											

**Table 406.B.3.b.(7)#2 Coverage C And Other Personal
Property Named Storm Higher Fixed-dollar Deductibles**

**RULE 407.
AUTOMATIC INCREASE IN INSURANCE**

Rule 407. is replaced by the following:

A. Automatic Increase In Insurance Endorsement – DP 32 11

1. The policy may be endorsed to provide automatic annual increases in the Coverage **A**, **B** and **C** limits of liability. Apply a factor to the Base Premium as follows:

Amount Of Annual Increase	Factor
4%	1.02
6%	1.03
8%	1.04
Each Additional 4% over 8% add:	.02

Table 407.A.1. Factors

2. The premium for a 3 year policy is 3.2 times the annual policy premium.
3. Use Automatic Increase In Insurance Endorsement **DP 32 11**.

B. Inflation Guard Endorsement – DP 32 70

1. The policy may be extended to automatically adjust the limit of liability applicable to Coverage **A** under the Dwelling Policy. This limit will be adjusted at the same rate as the change in the Index shown on the Declarations, billing notice or named on the form.
2. There is no additional charge for this endorsement. Companies electing to use this endorsement must use it exclusively and are required to notify the North Carolina Rate Bureau of their election.
3. The following Indexes have been approved by the Department of Insurance and may be used with the approved Inflation Guard Endorsement:
 - (a) Marshall & Swift Boeckh (MS/B) Residential Cost Index published by the American Appraisal Company, Inc.;
 - (b) Composite Construction Cost Index published by the U.S. Department of Commerce;
 - (c) Consumer Price Index published by the U.S. Department of Labor;
 - (d) Marshall & Swift Boeckh (MS/B) Construction Cost Index published Marshall & Swift Boeckh (MS/B);
 - (e) RSMeans CostWorks Valuator published by RSMeans.
 - (f) Xactware Inflation Index published by Xactware Solutions, Inc.
4. Use Inflation Guard Endorsement **DP 32 70**.

**RULE 408.
ALARMS, SMOKE DETECTORS, FIRE EXTINGUISHERS
AND AUTOMATIC SPRINKLERS**

The title of Rule 408. Protective Devices is replaced by the preceding title.

Rule 408. is replaced by the following:

- A. Approved and properly maintained installations of fire alarms, smoke detectors, automatic sprinklers and fire extinguishers in the dwelling may be recognized for a reduced premium – computed by multiplying the fire Base Premium by the selected factors as follows.

Type Of Installation*	Dwelling Factor	Mobile Or Trailer Home Factor
Central Station Reporting Fire Alarm	.90	.92
Fire Department Reporting Fire Alarm	.93	.95
Local Fire Alarm Smoke Detectors	.95	.97
Automatic Sprinklers in all areas including attics, bathrooms, closets, attached structures	.80	.90
Automatic Sprinklers in all areas except attic, bathroom, closet and attached structure areas that are protected by a fire detector	.90	.95
Fire Extinguishers	.95	.95
* Refer to Company for eligibility, types of systems and devices, installation, and available credits.		

Table 408.A. Protective Devices Factors

- B. A premium credit for Fire Extinguishers shall be allowed if the dwelling has, installed on each floor and basement in a readily accessible place, at least:
 1. One fire extinguisher classified and labeled as 2-A (classified as A-1 prior to July 1, 1956), or
 2. Two fire extinguishers classified and labeled as 1-A (classified as A-2 prior to July, 1956).

The extinguishers must be maintained in good, working order.
- C. Use Premises Alarm Or Fire Protection System Endorsement **DP 32 50**.

**RULE 409.
ACTUAL CASH VALUE LOSS SETTLEMENT
WINDSTORM OR HAIL LOSSES TO ROOF SURFACING
– DP 00 02, DP 00 03 AND DP 00 01 WITH DP 00 08**

Rule 409. does not apply.

**RULE 410.
BUILDING CODE EFFECTIVENESS GRADING**

Rule 410. does not apply.

**PART V
ADDITIONAL COVERAGES AND INCREASED LIMITS
RULES****RULE 502.
COVERAGE D – FAIR RENTAL VALUE COVERAGE E –
ADDITIONAL LIVING EXPENSE**

Paragraph A. is replaced by the following:

A. Introduction

Coverage is automatically provided in the forms on a limited basis as follows:

1. Form DP 00 01**a. Coverage D**

Up to 10% of the Coverage A limit is available. Use of this option reduces the Coverage A limit for the same loss. No entry is needed in the policy Declarations for this coverage to apply.

b. Coverage E

Not automatically included in form. It may be added as noted in Paragraph B.

2. Form DP 00 02 Or DP 00 03

Coverage D and E combined – Up to 10% of the Coverage A limit is available for Coverage D and Coverage E combined as additional insurance. No entry is needed in the policy Declarations for this coverage to apply.

Table 502.B.1.c. is replaced by the following:

DP 00 01 Example

Factors
\$5,200 = Rental Value Coverage in Form (10% of Coverage A limit of \$52,000)
+2,000 = Additional Insurance (Shown under Coverage D in policy Declarations)
\$7,200 = Total Rental Value Amount Insured
Scenario A
If dwelling is rented for entire year, then fraction = 1/12. \$7,200 X 1/12 = Up to \$600 available each month.
Scenario B
If dwelling is rented 8 months per year, then fraction = 1/8. \$7,200 X 1/8 = Up to \$900 available each month.

Table 502.B.1.c. DP 00 01 Example**RULE 503.
ORDINANCE OR LAW COVERAGE FOR COVERAGE B –
SPECIFIC STRUCTURES, BUILDING ITEMS AND
IMPROVEMENTS, ALTERATIONS AND ADDITIONS**

Paragraph C.2. is replaced by the following:

C. Premium Determination

2. Refer to the state company rates/ISO loss costs Rule 500. Miscellaneous Rates.

**RULE 507.
FIRE DEPARTMENT SERVICE CHARGE**

Rule 507. is replaced by the following:

The limit of \$500 provided under the policy may be increased. Refer to the state rates.

**RULE 509.
EARTHQUAKE COVERAGE**

Rule 509. is replaced by the following:

A. Coverage Description

When added to the Fire policy, this peril shall apply to the same coverages and for the same limits that apply to the peril of Fire.

Use Earthquake Coverage Endorsement DP 04 69.

B. Loss Assessment Coverage

When the policy is extended to cover loss assessment resulting from loss by this peril, the limit of liability shall be based on the insured's proportionate interest in total value of all collectively owned buildings and structures of the corporation or association of property owners. Refer to company for rates.

Use Loss Assessment Coverage For Earthquake Endorsement DP 04 68.

C. Deductible

The base deductible is 5% of the limit of liability for Coverage A, B or C, whichever is greatest and is subject to a \$500 minimum.

This deductible may be increased for a premium credit. In the event of an Earthquake loss to covered property, the dollar amount is deducted from the total of the loss for Coverages A, B and C.

D. Premium For Base Deductible

Develop the premium as follows:

1. From the state rates:
 - a. Determine the Earthquake Zone;
 - b. Determine if Rate Table A, and/or B applies;
 - c. Select the rate according to construction from the Rate Table; and

**RULE 509.
EARTHQUAKE COVERAGE (Cont'd)**

2. Multiply the rate determined in Paragraph **D.1.c.** by the amounts of insurance for:
 - a. Coverages **A, B, C, D** and **E**;
 - b. Improvements, Alterations and Additions – Increased Limits;
 - c. Other Building Coverage options (i.e. Bldg. Items Coverage);
 - d. Other Personal Property Coverage (i.e. Merchandise in Storage);
 - e. Ordinance or Law total amount of insurance (includes basic, and if applicable, increased amounts).

E. Premium For Higher Deductibles

Multiply the Base Premium determined in Paragraph **D.** by a factor from the following table:

Deductible Percentage	Frame And Superior	Masonry
10%	.89	.95
15%	.78	.89
20%	.67	.84
25%	.56	.79

Table 509.E. Higher Deductibles Factors

**RULE 510.
THEFT COVERAGE**

This rule is deleted.

Refer to the Theft Insurance program filed by or on behalf of the company insuring the risk.

**RULE 512.
WINDSTORM OR HAIL COVERAGE – MISCELLANEOUS PROPERTIES**

The title of Rule **512.** Windstorm Or Hail Coverage - Awnings, Signs And Outdoor Radio And Television Equipment is replaced by the preceding title.

Rule **512.** is replaced by the following:

A. Property Not Covered

The peril of Windstorm or Hail does **not** cover damage to the following properties whether attached to or separated from a dwelling or other structure on the Described Location:

1. Signs or cloth awnings, including their supports;
2. Radio or television antennas or aerials, including their lead-in wiring, masts or towers;
3. Swimming pools;

4. Screens, including their supports, around a swimming pool, patio or other areas;
5. Fences, property line and similar walls, including seawalls;
6. Bathhouses, cabanas, greenhouses, hothouses, pergolas, slathouses, trellises;
7. Outdoor equipment used to service the Described Location; or
8. Structures located over water, whether or not permanently attached to the ground, including the property in or on the structure.

B. Endorsement

Damage to these properties may be covered for an additional premium. Separately describe each property item and corresponding limit of liability on Windstorm Or Hail – Miscellaneous Properties Endorsement **DP 32 19** or the Declarations.

C. Greenhouses And/Or Hothouses

1. When the structure, greenhouse (hothouse) glass and any flowers and plants contained in the structure are insured as a single item:
 - a. Include, in the limit of liability for each structure, the value of all glass, as computed in Paragraph **1.c.**, and the value of any flowers and plants in that structure;
 - b. Add the "Glass Condition of Insurance", in Paragraph **3.a.** of this rule, to Windstorm Or Hail – Miscellaneous Properties Endorsement **DP 32 19** or the Declarations; and
 - c. Specify, in the "Glass Condition of Insurance", the dollar amount of all glass being insured. This amount is determined by multiplying the agreed value per square foot of glass by the number of square feet of all insured glass.
2. When the structure, greenhouse (hothouse) glass or the flowers and plants contained in the structure are **separately** insured, specify the limit of liability **separately** for each structure, all glass and the flowers and plants in that structure.

When glass is separately insured:

- a. Add the "Glass Condition of Insurance", in Paragraph **3.b.** of this rule, to Windstorm Or Hail – Miscellaneous Properties Endorsement **DP 32 19** or the Declarations; and
- b. Specify, in the "Glass Condition of Insurance", the agreed value per square foot of glass and the number of square feet of all glass. The limit of liability of all glass being insured is determined by multiplying these two amounts.

RULE 512.
WINDSTORM OR HAIL COVERAGE – MISCELLANEOUS
PROPERTIES (Cont'd)**3. Glass Condition of Insurance**

- a.** Use this Condition when glass is **not** separately insured:

"Windstorm or Hail Coverage for Greenhouse (Hothouse) Glass

It is understood by you and us that, in the event greenhouse (hothouse) glass is broken or destroyed by the peril of Windstorm or Hail, we will pay no more than the least of the following amounts:

- A.** \$____. This dollar amount for greenhouse (hothouse) glass is determined by multiplying:

1. The agreed value per square foot of greenhouse (hothouse) glass, \$____, by
2. The number of square feet of all insured greenhouse (hothouse) glass, ____;

- B.** An amount computed by:

1. Dividing the number of square feet of all broken or destroyed greenhouse (hothouse) glass by the total number of square feet of insured greenhouse (hothouse) glass, and
2. Multiplying the amount computed in **B.1.** above by the dollar amount for greenhouse (hothouse) glass stated in **A.** above; or

- C.** The actual cost to repair or replace the broken or destroyed greenhouse (hothouse) glass.

Also, if greenhouse (hothouse) glass is covered by other insurance, we will pay no more than the proportion of a loss that the dollar amount for such greenhouse (hothouse) glass stated in **A.** above bears to the total amount of insurance covering that glass".

- b.** Use this Condition when glass **is** separately insured:

"Windstorm or Hail Coverage for Greenhouse (Hothouse) Glass

It is understood by you and us that, in the event greenhouse (hothouse) glass is broken or destroyed by the peril of Windstorm or Hail, we will pay no more than the least of the following amounts:

- A.** The limit of liability declared above for greenhouse (hothouse) glass, which is determined by multiplying:

1. The agreed value per square foot of greenhouse (hothouse) glass, \$____, by
2. The number of square feet of all insured greenhouse (hothouse) glass, ____;

- B.** An amount computed by:

1. Dividing the number of square feet of all broken or destroyed greenhouse (hothouse) glass by the total number of square feet of insured greenhouse (hothouse) glass, and
2. Multiplying the amount computed in **B.1.** above by the limit of liability for greenhouse (hothouse) glass declared above; or

- C.** The actual cost to repair or replace the broken or destroyed greenhouse (hothouse) glass.

Also, if greenhouse (hothouse) glass is covered by other insurance, we will pay no more than the proportion of loss that our limit of liability for such greenhouse (hothouse) glass bears to the total amount of insurance covering that glass".

D. Premium

Refer to the state rates.

**RULE 515.
MOTORIZED GOLF CART – PHYSICAL LOSS
COVERAGE**

Rule **515.** does not apply.

**RULE 517.
LIMITED FUNGI, WET OR DRY ROT, OR BACTERIA
COVERAGE**

Rule **517.** does not apply.

ADDITIONAL RULE(S)

**RULE A3.
WINDSTORM OR HAIL EXCLUSION – TERRITORIES
110, 120, 130, 140, 150 AND 160 ONLY**

Territory	Const.*	Building Credit	Contents Credit
110	M	\$ 190	\$ 19
	F	200	20
	MH	250	25
120	M	223	28
	F	235	29
	MH	294	36
130	M	127	21
	F	134	22
	MH	168	28
140	M	160	22
	F	168	23
	MH	210	29
150	M	116	9
	F	122	9
	MH	153	11
160	M	120	11
	F	126	12
	MH	158	15

* M = Masonry, F = Frame. MH = Mobile Homes.
Masonry Veneer is rated as masonry. Aluminum or
plastic siding over frame is rated as frame.

**Table A3.B.2.(R) Windstorm Or Hail Exclusion –
Territories 110, 120, 130, 140, 150 And 160 Only**

**RULE A5.
INSTALLMENT PAYMENT PLAN**

C. The additional charge per installment is \$3.00.

**RULE A6.
UNPROTECTED DWELLINGS – PROTECTION CLASS 9,
9E, 9S OR 10**

Rates Per \$1,000	
Additional rate of insurance	\$ 1.50

**Table A6.C.1.a.(R) Unprotected Dwellings – Protection
Class 9, 9E, 9S Or 10**

**RULE A9.
WINDSTORM MITIGATION PROGRAM**

Mitigation Feature	Const.	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	M	\$ 10	\$ 11	\$ 8	\$ 8	\$ 6	\$ 4
	F	11	12	8	8	6	4
Opening Protection	M	10	11	8	8	6	4
	F	11	12	8	8	6	4
Total Hip Roof and Opening Protection	M	22	23	12	13	11	11
	F	23	24	13	14	12	12
IBHS Designation prior to March 31, 2019: <i>Hurricane Fortified for Safer Living®</i>	M	34	41	13	28	15	20
	F	36	43	14	29	16	21
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	M	8	9	3	4	4	3
	F	8	9	3	4	4	3
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	M	12	13	8	10	6	7
	F	13	14	8	11	6	7
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	M	22	26	10	17	7	12
	F	23	27	10	18	7	13
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	M	26	29	10	21	10	14
	F	27	31	11	22	10	15
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	M	26	29	12	21	11	14
	F	27	31	13	22	12	15
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	M	29	35	13	27	12	19
	F	30	37	14	28	13	20
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living®</i>	M	34	41	13	28	15	20
	F	36	43	14	29	16	21
FORTIFIED Roof – Hurricane – Existing Roof	M	8	9	3	4	4	3
	F	8	9	3	4	4	3
FORTIFIED Roof – Hurricane – New Roof	M	12	13	8	10	6	7
	F	13	14	8	11	6	7
FORTIFIED Home – Hurricane – Silver – Existing Roof	M	22	26	10	17	7	12
	F	23	27	10	18	7	13
FORTIFIED Home – Hurricane – Silver – New Roof	M	26	29	10	21	10	14
	F	27	31	11	22	10	15
FORTIFIED Home – Hurricane – Gold – Existing Roof	M	26	29	12	21	11	14
	F	27	31	13	22	12	15
FORTIFIED Home – Hurricane – Gold – New Roof	M	29	35	13	27	12	19
	F	30	37	14	28	13	20

**Table A9.E.#1(R) – Windstorm Loss Mitigation Credit –
Coverage A – Dwelling**

**RULE A9.
WINDSTORM MITIGATION PROGRAM (Cont'd)**

Mitigation Feature	Const.	Territory 110	Territory 120	Territory 130	Territory 140	Territory 150	Territory 160
Total Hip Roof	M	\$ 1	\$ 2	\$ 2	\$ 1	\$ 1	\$ 1
	F	1	2	2	1	1	1
Opening Protection	M	1	2	2	1	1	1
	F	1	2	2	1	1	1
Total Hip Roof and Opening Protection	M	1	3	2	1	1	1
	F	1	3	2	1	1	1
IBHS Designation prior to March 31, 2019: <i>Hurricane Fortified for Safer Living®</i>	M	4	6	3	5	2	3
	F	4	6	3	5	2	3
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	M	1	2	2	1	1	1
	F	1	2	2	1	1	1
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	M	1	3	2	1	1	1
	F	1	3	2	1	1	1
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	M	2	3	2	4	1	2
	F	2	3	2	4	1	2
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	M	2	5	2	4	1	2
	F	2	5	2	4	1	2
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	M	3	5	2	4	1	2
	F	3	5	2	4	1	2
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	M	3	5	3	4	2	2
	F	3	5	3	4	2	2
IBHS Designation on or after March 31, 2019: <i>FORTIFIED for Safer Living®</i>	M	4	6	3	5	2	3
	F	4	6	3	5	2	3
FORTIFIED Roof – Hurricane – Existing Roof	M	1	2	2	1	1	1
	F	1	2	2	1	1	1
FORTIFIED Roof – Hurricane – New Roof	M	1	3	2	1	1	1
	F	1	3	2	1	1	1
FORTIFIED Home – Hurricane – Silver – Existing Roof	M	2	3	2	4	1	2
	F	2	3	2	4	1	2
FORTIFIED Home – Hurricane – Silver – New Roof	M	2	5	2	4	1	2
	F	2	5	2	4	1	2
FORTIFIED Home – Hurricane – Gold – Existing Roof	M	3	5	2	4	1	2
	F	3	5	2	4	1	2
FORTIFIED Home – Hurricane – Gold – New Roof	M	3	5	3	4	2	2
	F	3	5	3	4	2	2

**Table A9.E.#2(R) – Windstorm Loss Mitigation Credit –
Coverage C – Personal Property**

**RULE 206.
MINIMUM PREMIUM**

D. Minimum Premium – \$50.

**RULE 208.
WAIVER OF PREMIUM**

B. Amount that may be waived – \$3 or less.

**RULE 301.
BASE PREMIUM COMPUTATION**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 110, 120, 130				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 110	Territory 120	Territory 130
1	M	\$ 11	\$ 11	\$ 21
	F	16	16	29
2	M	12	12	21
	F	16	16	29
3	M	12	12	22
	F	16	16	30
4	M	12	12	22
	F	17	17	30
5	M	12	12	23
	F	17	17	32
6	M	13	13	24
	F	18	18	34
7	M	14	14	26
	F	19	19	36
8	M	16	16	30
	F	22	22	41
8B, 9, 9E, 9S	M	18	18	34
	F	24	24	45
10	M	22	22	41
	F	30	30	55

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#1(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Additional \$1,000	.04
26	1.44		

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#2(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 140, 150, 160				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 140	Territory 150	Territory 160
1	M	\$ 19	\$ 21	\$ 23
	F	26	29	31
2	M	19	21	23
	F	26	29	32
3	M	20	21	24
	F	27	30	33
4	M	20	22	24
	F	27	30	33
5	M	21	22	24
	F	29	31	34
6	M	22	25	26
	F	31	33	36
7	M	23	26	28
	F	33	35	38
8	M	27	30	33
	F	37	41	44
8B, 9, 9E, 9S	M	30	33	36
	F	41	45	48
10	M	37	40	43
	F	50	56	59

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#3(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Addi-	
26	1.44	tional \$1,000	.04

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#4(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 170, 180, 190				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 170	Territory 180	Territory 190
1	M	\$ 31	\$ 30	\$ 33
	F	41	41	45
2	M	31	31	34
	F	42	42	46
3	M	32	32	34
	F	43	43	47
4	M	33	32	35
	F	44	44	48
5	M	33	33	36
	F	45	45	49
6	M	36	36	38
	F	48	48	52
7	M	38	37	40
	F	51	51	55
8	M	43	43	47
	F	58	60	64
8B, 9, 9E, 9S	M	47	47	51
	F	64	65	70
10	M	58	59	63
	F	79	80	86

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#5(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Addi-	
26	1.44	tional \$1,000	.04

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#6(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 200, 210, 220				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 200	Territory 210	Territory 220
1	M	\$ 43	\$ 31	\$ 29
	F	59	42	39
2	M	44	31	29
	F	60	43	40
3	M	45	32	30
	F	62	43	40
4	M	46	32	30
	F	63	44	41
5	M	47	33	31
	F	64	45	42
6	M	51	35	33
	F	69	48	45
7	M	54	37	35
	F	72	52	49
8	M	61	43	40
	F	84	58	55
8B, 9, 9E, 9S	M	67	47	44
	F	92	65	61
10	M	83	58	55
	F	112	79	75

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#7(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Addi-	
26	1.44	tional \$1,000	.04

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#8(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 230, 240, 250				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 230	Territory 240	Territory 250
1	M	\$ 46	\$ 30	\$ 27
	F	63	42	36
2	M	47	31	27
	F	64	42	37
3	M	48	32	28
	F	65	43	37
4	M	49	32	28
	F	67	44	38
5	M	50	33	29
	F	68	45	39
6	M	54	35	31
	F	73	48	42
7	M	56	37	33
	F	78	51	44
8	M	65	43	37
	F	89	59	50
8B, 9, 9E, 9S	M	71	47	41
	F	99	64	56
10	M	87	58	50
	F	120	80	69

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#9(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Addi-	
26	1.44	tional \$1,000	.04

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#10(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 260, 270, 280				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 260	Territory 270	Territory 280
1	M	\$ 33	\$ 19	\$ 19
	F	44	28	26
2	M	33	20	19
	F	45	28	26
3	M	34	20	20
	F	46	29	27
4	M	35	21	20
	F	47	29	27
5	M	35	21	21
	F	48	30	28
6	M	38	24	22
	F	52	32	30
7	M	40	25	23
	F	54	34	32
8	M	46	29	27
	F	62	39	36
8B, 9, 9E, 9S	M	50	32	29
	F	68	43	40
10	M	61	39	36
	F	84	52	50

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#11(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Addi-	
26	1.44	tional \$1,000	.04

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#12(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 290, 300, 310				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 290	Territory 300	Territory 310
1	M	\$ 25	\$ 33	\$ 24
	F	33	45	32
2	M	25	33	24
	F	34	46	33
3	M	26	34	25
	F	35	47	34
4	M	26	35	25
	F	35	48	34
5	M	27	35	26
	F	36	49	35
6	M	29	39	28
	F	39	53	38
7	M	30	41	29
	F	41	55	40
8	M	34	47	33
	F	47	64	46
8B, 9, 9E, 9S	M	38	51	37
	F	51	70	50
10	M	46	63	45
	F	62	86	61

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#13(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Addi-	
26	1.44	tional \$1,000	.04

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#14(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 320, 330, 340				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 320	Territory 330	Territory 340
1	M	\$ 24	\$ 25	\$ 22
	F	33	35	30
2	M	24	26	22
	F	34	36	30
3	M	25	26	23
	F	35	37	31
4	M	25	27	23
	F	35	37	31
5	M	26	27	24
	F	36	38	32
6	M	29	30	25
	F	39	41	34
7	M	30	32	27
	F	41	43	36
8	M	34	36	31
	F	47	50	41
8B, 9, 9E, 9S	M	38	40	34
	F	52	55	45
10	M	47	49	41
	F	64	67	57

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

**Table 301.A.#15(R) Fire – Coverage A – All Forms –
Non-seasonal And Seasonal Owner-occupied And Non-
owner-occupied Key Premiums**

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Addi- tional \$1,000	.04
26	1.44		

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

**Table 301.A.#16(R) Fire – Coverage A – All Forms
Owner And Non-owner-occupied – Non-seasonal And
Seasonal Key Factors**

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 350, 360, 370				
Fire – Coverage A – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 350	Territory 360	Territory 370
1	M	\$ 25	\$ 21	\$ 23
	F	34	28	30
2	M	25	21	23
	F	35	28	31
3	M	26	21	24
	F	36	29	32
4	M	26	22	24
	F	36	29	32
5	M	27	22	24
	F	37	30	33
6	M	30	24	26
	F	40	32	35
7	M	31	25	28
	F	42	34	37
8	M	35	29	32
	F	49	39	43
8B, 9, 9E, 9S	M	39	32	35
	F	53	43	47
10	M	48	38	42
	F	64	53	58

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#17(R) Fire – Coverage A – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Addi-	
26	1.44	tional \$1,000	.04

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#18(R) Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 380, 390			
Fire – Coverage A – All Forms – Non-seasonal And Seasonal			
Protection Class	Const.*	1 – 5 Families	
		Territory 380	Territory 390
1	M	\$ 21	\$ 21
	F	28	29
2	M	21	22
	F	28	29
3	M	21	22
	F	29	30
4	M	22	23
	F	29	30
5	M	22	23
	F	30	31
6	M	24	25
	F	32	33
7	M	25	26
	F	34	35
8	M	29	30
	F	39	40
8B, 9, 9E, 9S	M	32	33
	F	44	44
10	M	38	40
	F	54	55

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

**Table 301.A.#19(R) Fire – Coverage A – All Forms –
Non-seasonal And Seasonal Owner-occupied And Non-
owner-occupied Key Premiums**

Fire – Coverage A – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.38	\$ 27	1.48
2	.42	28	1.52
3	.47	29	1.56
4	.51	30	1.60
5	.56	31	1.64
6	.60	32	1.68
7	.65	33	1.72
8	.69	34	1.76
9	.74	35	1.80
10	.78	36	1.84
11	.82	37	1.88
12	.87	38	1.92
13	.92	39	1.96
14	.96	40	2.00
15	1.00	41	2.04
16	1.04	42	2.08
17	1.08	43	2.12
18	1.12	44	2.16
19	1.16	45	2.20
20	1.20	46	2.24
21	1.24	47	2.28
22	1.28	48	2.32
23	1.32	49	2.36
24	1.36	50	2.40
25	1.40	Each Addi- tional \$1,000	.04
26	1.44		

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

**Table 301.A.#20(R) Fire – Coverage A – All Forms
Owner And Non-owner-occupied – Non-seasonal And
Seasonal Key Factors**

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 110, 120, 130				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 110	Territory 120	Territory 130
1	M F	\$ 3 4	\$ 3 4	\$ 6 8
2	M F	3 4	3 4	6 8
3	M F	3 4	3 4	6 9
4	M F	3 4	3 4	6 9
5	M F	3 4	3 4	7 9
6	M F	3 4	3 4	7 10
7	M F	3 5	3 5	7 10
8	M F	4 5	4 5	9 12
8B, 9, 9E, 9S	M F	4 6	4 6	9 13
10	M F	5 7	5 7	12 16
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#21(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13
* Use this limit of liability to develop premiums for policy amounts less than \$1,000.			

Table 301.A.#22(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 140, 150, 160				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 140	Territory 150	Territory 160
1	M F	\$ 6 8	\$ 6 8	\$ 7 10
2	M F	6 8	6 8	8 10
3	M F	6 9	6 9	8 11
4	M F	6 9	6 9	8 11
5	M F	7 9	7 9	8 11
6	M F	7 10	7 10	9 12
7	M F	7 10	7 10	9 12
8	M F	9 12	9 12	10 14
8B, 9, 9E, 9S	M F	9 13	9 13	12 16
10	M F	12 16	12 16	14 19
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#23(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13
* Use this limit of liability to develop premiums for policy amounts less than \$1,000.			

Table 301.A.#24(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Owner-occupied And Non-owner-occupied Key Premiums – Territories 170, 180, 190				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 170	Territory 180	Territory 190
1	M F	\$ 9 12	\$ 9 13	\$ 9 13
2	M F	9 12	10 13	10 13
3	M F	9 12	10 13	10 13
4	M F	9 13	10 14	10 14
5	M F	10 13	10 14	10 14
6	M F	10 14	11 15	11 15
7	M F	11 15	12 16	12 16
8	M F	12 17	13 18	13 18
8B, 9, 9E, 9S	M F	14 19	15 20	15 20
10	M F	17 23	18 25	18 25
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#25(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13
* Use this limit of liability to develop premiums for policy amounts less than \$1,000.			

Table 301.A.#26(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 200, 210, 220				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 200	Territory 210	Territory 220
1	M F	\$ 11 15	\$ 9 12	\$ 8 11
2	M F	11 15	9 12	8 11
3	M F	11 15	9 12	8 12
4	M F	12 16	9 13	9 12
5	M F	12 16	10 13	9 12
6	M F	13 17	10 14	9 13
7	M F	13 18	11 15	10 14
8	M F	15 21	12 17	11 16
8B, 9, 9E, 9S	M F	17 23	14 19	13 17
10	M F	21 28	17 23	15 21
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#27(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13
* Use this limit of liability to develop premiums for policy amounts less than \$1,000.			

Table 301.A.#28(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 230, 240, 250				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 230	Territory 240	Territory 250
1	M F	\$ 11 16	\$ 9 12	\$ 8 11
2	M F	12 16	9 12	8 11
3	M F	12 16	9 12	8 12
4	M F	12 17	9 13	9 12
5	M F	12 17	10 13	9 12
6	M F	13 18	10 14	9 13
7	M F	14 19	11 15	10 14
8	M F	16 22	12 17	11 16
8B, 9, 9E, 9S	M F	18 24	14 19	13 17
10	M F	22 30	17 23	15 21
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#29(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13
* Use this limit of liability to develop premiums for policy amounts less than \$1,000.			

Table 301.A.#30(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 260, 270, 280				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 260	Territory 270	Territory 280
1	M F	\$ 9 12	\$ 7 9	\$ 6 8
2	M F	9 12	7 9	6 8
3	M F	9 12	7 10	6 9
4	M F	9 13	7 10	6 9
5	M F	10 13	7 10	7 9
6	M F	10 14	8 11	7 10
7	M F	11 15	8 11	7 10
8	M F	12 17	10 13	9 12
8B, 9, 9E, 9S	M F	14 19	11 14	9 13
10	M F	17 23	13 18	12 16
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#31(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13
* Use this limit of liability to develop premiums for policy amounts less than \$1,000.			

Table 301.A.#32(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 290, 300, 310				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 290	Territory 300	Territory 310
1	M F	\$ 7 10	\$ 10 14	\$ 7 10
2	M F	8 10	10 14	8 10
3	M F	8 11	11 14	8 11
4	M F	8 11	11 15	8 11
5	M F	8 11	11 15	8 11
6	M F	9 12	12 16	9 12
7	M F	9 12	12 17	9 12
8	M F	10 14	14 20	10 14
8B, 9, 9E, 9S	M F	12 16	16 21	12 16
10	M F	14 19	19 26	14 19
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#33(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13
* Use this limit of liability to develop premiums for policy amounts less than \$1,000.			

Table 301.A.#34(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 320, 330, 340				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 320	Territory 330	Territory 340
1	M F	\$ 7 10	\$ 8 11	\$ 6 8
2	M F	8 10	8 11	6 8
3	M F	8 11	8 12	6 9
4	M F	8 11	9 12	6 9
5	M F	8 11	9 12	7 9
6	M F	9 12	9 13	7 10
7	M F	9 12	10 14	7 10
8	M F	10 14	11 16	9 12
8B, 9, 9E, 9S	M F	12 16	13 17	9 13
10	M F	14 19	15 21	12 16
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#35(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13
* Use this limit of liability to develop premiums for policy amounts less than \$1,000.			

Table 301.A.#36(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 350, 360, 370				
Fire – Coverage C – All Forms – Non-seasonal And Seasonal				
Protection Class	Const.*	1 – 5 Families		
		Territory 350	Territory 360	Territory 370
1	M F	\$ 7 10	\$ 6 8	\$ 7 9
2	M F	8 10	6 8	7 9
3	M F	8 11	6 9	7 10
4	M F	8 11	6 9	7 10
5	M F	8 11	7 9	7 10
6	M F	9 12	7 10	8 11
7	M F	9 12	7 10	8 11
8	M F	10 14	9 12	10 13
8B, 9, 9E, 9S	M F	12 16	9 13	11 14
10	M F	14 19	12 16	13 18
* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.				

Table 301.A.#37(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13
* Use this limit of liability to develop premiums for policy amounts less than \$1,000.			

Table 301.A.#38(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

**RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)**

Owner-occupied And Non-owner-occupied Key Premiums – Territories 380, 390			
Fire – Coverage C – All Forms – Non-seasonal And Seasonal			
Protection Class	Const.*	1 – 5 Families	
		Territory 380	Territory 390
1	M	\$ 6	7
	F	8	9
2	M	6	7
	F	8	9
3	M	6	7
	F	9	10
4	M	6	7
	F	9	10
5	M	7	7
	F	9	10
6	M	7	8
	F	10	11
7	M	7	8
	F	10	11
8	M	9	10
	F	12	13
8B, 9, 9E, 9S	M	9	11
	F	13	14
10	M	12	13
	F	16	18

* M = Masonry, F = Frame. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame.

Table 301.A.#39(R) Fire – Coverage C – All Forms – Non-seasonal And Seasonal Owner-occupied And Non-owner-occupied Key Premiums

Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.35	\$ 27	3.73
2	.48	28	3.86
3	.61	29	3.99
4	.74	30	4.12
5	.87	31	4.25
6	1.00	32	4.38
7	1.13	33	4.51
8	1.26	34	4.64
9	1.39	35	4.77
10	1.52	36	4.90
11	1.65	37	5.03
12	1.78	38	5.16
13	1.91	39	5.29
14	2.04	40	5.42
15	2.17	41	5.55
16	2.30	42	5.68
17	2.43	43	5.81
18	2.56	44	5.94
19	2.69	45	6.07
20	2.82	46	6.20
21	2.95	47	6.33
22	3.08	48	6.46
23	3.21	49	6.59
24	3.34	50	6.72
25	3.47	Each Addi-	
26	3.60	tional \$1,000	.13

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#40(R) Fire – Coverage C – All Forms Owner And Non-owner-occupied – Non-seasonal And Seasonal Key Factors

RULE 301.
BASE PREMIUM COMPUTATION (Cont'd)

Extended Coverage, Broad And Special Forms – Coverage A Key Premiums*				
Territory	Const.*	Forms		
		DP 00 01	DP 00 02	DP 00 03
110	M	234	248	259
	F	247	261	273
	MH	309	329	n/a
120	M	263	279	290
	F	277	294	306
	MH	347	369	n/a
130	M	174	184	191
	F	183	194	202
	MH	229	243	n/a
140	M	205	217	225
	F	216	229	237
	MH	269	287	n/a
150	M	153	162	169
	F	161	171	178
	MH	202	214	n/a
160	M	162	171	177
	F	169	179	187
	MH	213	226	n/a
170	M	80	107	119
	F	84	113	125
	MH	105	141	n/a
180	M	90	122	135
	F	94	128	140
	MH	117	159	n/a
190	M	94	129	144
	F	100	137	151
	MH	126	169	n/a
200	M	118	161	178
	F	125	167	188
	MH	156	211	n/a
210	M	78	103	115
	F	81	108	121
	MH	100	136	n/a
220	M	66	88	99
	F	69	94	104
	MH	87	117	n/a
230	M	108	146	164
	F	115	156	174
	MH	144	192	n/a
240	M	68	92	103
	F	73	98	108
	MH	91	122	n/a

Extended Coverage, Broad And Special Forms – Coverage A Key Premiums*				
Territory	Const.*	Forms		
		DP 00 01	DP 00 02	DP 00 03
250	M	66	88	98
	F	69	92	105
	MH	87	117	n/a
260	M	62	84	93
	F	64	87	97
	MH	82	109	n/a
270	M	46	62	70
	F	49	66	74
	MH	60	81	n/a
280	M	47	62	70
	F	49	67	75
	MH	61	82	n/a
290	M	56	75	84
	F	59	80	89
	MH	73	99	n/a
300	M	56	77	84
	F	58	80	90
	MH	75	101	n/a
310	M	39	52	59
	F	41	55	63
	MH	52	71	n/a
320	M	42	57	63
	F	45	60	66
	MH	57	76	n/a
330	M	48	63	71
	F	50	67	76
	MH	62	83	n/a
340	M	37	50	56
	F	38	51	58
	MH	48	64	n/a
350	M	38	51	58
	F	39	53	59
	MH	50	66	n/a
360	M	37	50	56
	F	38	51	58
	MH	48	64	n/a
370	M	39	52	59
	F	41	57	63
	MH	52	71	n/a
380	M	36	48	53
	F	37	49	57
	MH	47	63	n/a

**RULE 301.
PREMIUM COMPUTATION (Cont'd)**

Extended Coverage, Broad And Special Forms – Coverage A Key Premiums*				
Territory	Const.*	Forms		
		DP 00 01	DP 00 02	DP 00 03
390	M	36	48	53
	F	37	49	56
	MH	47	63	n/a

* **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 Extended Coverage and Vandalism and Malicious Mischief perils. M = Masonry, F = Frame, MH = Mobile Home. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame. **DP 00 02** Key Premiums for MH should be used in conjunction with Actual Cash Value Loss Settlement Endorsement **DP 04 76** Only; see Rule **305**.

Table 301.A.#41(R) Extended Coverage, Broad And Special Forms – Coverage A Key Premiums

To develop the Seasonal Base Premiums, multiply the following factors by the **DP 00 01** Extended Coverage Base Premiums:

Territories	DP 00 02	DP 00 03
110-160	1.10	1.20
170-390	1.50	1.55

Table 301.A.#42(R) Extended Coverage, Broad And Special Forms – Coverage A Seasonal Key Premiums Forms DP 00 02 And DP 00 03

Extended Coverage, Broad And Special Forms – Coverage A			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
\$ 1*	.24	\$ 27	1.64
2	.29	28	1.69
3	.34	29	1.74
4	.40	30	1.79
5	.45	31	1.84
6	.51	32	1.89
7	.56	33	1.94
8	.62	34	1.99
9	.67	35	2.04
10	.72	36	2.09
11	.78	37	2.14
12	.83	38	2.19
13	.89	39	2.24
14	.94	40	2.29

Extended Coverage, Broad And Special Forms – Coverage A			
Key Factors			
Limit Of Liability (000's)	Coverage A	Limit Of Liability (000's)	Coverage A
15	1.00	41	2.34
16	1.05	42	2.39
17	1.10	43	2.44
18	1.16	44	2.49
19	1.21	45	2.54
20	1.27	46	2.59
21	1.32	47	2.64
22	1.37	48	2.69
23	1.43	49	2.74
24	1.48	50	2.79
25	1.54	Each Addi-	
26	1.59	tional \$1,000	.05

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#43(R) Extended Coverage, Broad And Special Forms – Coverage A Key Factors

Extended Coverage, Broad And Special Forms – Coverage C Key Premiums*				
Territory	Const.*	Forms		
		DP 00 01	DP 00 02	DP 00 03
110	M	28	29	31
	F	29	31	32
	MH	38	40	n/a
120	M	36	39	40
	F	37	40	42
	MH	48	50	n/a
130	M	25	26	27
	F	26	27	28
	MH	33	34	n/a
140	M	29	30	31
	F	30	31	32
	MH	38	39	n/a
150	M	11	12	12
	F	12	13	13
	MH	15	16	n/a
160	M	14	15	15
	F	15	16	16
	MH	19	20	n/a
170	M	6	8	9
	F	6	8	9
	MH	7	9	n/a

**RULE 301.
PREMIUM COMPUTATION (Cont'd)**

Extended Coverage, Broad And Special Forms – Coverage C Key Premiums*				
Territory	Const.*	Forms		
		DP 00 01	DP 00 02	DP 00 03
180	M	7	9	10
	F	7	9	10
	MH	9	12	n/a
190	M	12	14	19
	F	12	14	19
	MH	14	20	n/a
200	M	14	22	23
	F	14	22	23
	MH	19	27	n/a
210	M	4	6	7
	F	4	6	7
	MH	6	8	n/a
220	M	3	4	6
	F	3	4	6
	MH	4	6	n/a
230	M	12	15	19
	F	12	15	19
	MH	14	21	n/a
240	M	3	4	6
	F	3	4	6
	MH	4	6	n/a
250	M	3	4	6
	F	3	4	6
	MH	4	6	n/a
260	M	2	3	3
	F	2	3	3
	MH	3	4	n/a
270	M	2	3	3
	F	2	3	3
	MH	3	4	n/a
280	M	2	3	3
	F	2	3	3
	MH	3	4	n/a
290	M	2	3	3
	F	2	3	3
	MH	3	3	n/a
300	M	4	6	7
	F	4	6	7
	MH	6	8	n/a

Extended Coverage, Broad And Special Forms – Coverage C Key Premiums*				
Territory	Const.*	Forms		
		DP 00 01	DP 00 02	DP 00 03
310	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
320	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
330	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
340	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
350	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
360	M	2	3	3
	F	2	3	3
	MH	3	3	n/a
370	M	2	3	3
	F	2	3	3
	MH	3	3	n/a
380	M	1	1	2
	F	1	1	2
	MH	1	1	n/a
390	M	1	1	2
	F	1	1	2
	MH	1	1	n/a

* **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 Extended Coverage and Vandalism and Malicious Mischief perils. M = Masonry, F = Frame, MH = Mobile Home. Masonry Veneer is rated as masonry. Aluminum or plastic siding over frame is rated as frame. **DP 00 02** Key Premiums for MH should be used in conjunction with Actual Cash Value Loss Settlement Endorsement **DP 04 76** Only; see Rule **305**.

Table 301.A.#44(R) Extended Coverage, Broad And Special Forms – Coverage C Key Premiums

**RULE 301.
PREMIUM COMPUTATION (Cont'd)**

To develop the Seasonal Base Premiums, multiply the following factors by the **DP 00 01** Extended Coverage Base Premiums:

Territories	DP 00 02	DP 00 03
110-160	1.10	1.20
170-390	1.50	1.55

**Table 301.A.#45(R) Extended Coverage, Broad And Special Forms – Coverage C Seasonal Key Premiums
Forms DP 00 02 And DP 00 03**

Extended Coverage, Broad And Special Forms – Coverage C			
Key Factors			
Limit Of Liability (000's)	Coverage C	Limit Of Liability (000's)	Coverage C
\$ 1*	.17	\$ 27	4.51
2	.33	28	4.68
3	.50	29	4.85
4	.67	30	5.02
5	.83	31	5.19
6	1.00	32	5.36
7	1.17	33	5.53
8	1.34	34	5.70
9	1.50	35	5.87
10	1.67	36	6.04
11	1.84	37	6.21
12	2.00	38	6.38
13	2.17	39	6.55
14	2.33	40	6.72
15	2.50	41	6.89
16	2.67	42	7.06
17	2.84	43	7.23
18	3.00	44	7.40
19	3.17	45	7.57
20	3.34	46	7.74
21	3.51	47	7.91
22	3.67	48	8.08
23	3.84	49	8.25
24	4.00	50	8.42
25	4.17	Each Addi-	
26	4.34	tional \$1,000	.17

* Use this limit of liability to develop premiums for policy amounts less than \$1,000.

Table 301.A.#46(R) Extended Coverage, Broad And Special Forms – Coverage C Key Factors

**RULE 302.
VANDALISM AND MALICIOUS MISCHIEF – (DP 00 01)**

Rates Per \$1,000	
Not Seasonal or Vacant	\$.17
Seasonal and Not Vacant	1.40
Vacant	9.30
In Course of Construction	.19

**Table 302.(R) Vandalism And Malicious Mischief
(DP 00 01)****RULE 404.
MOBILE OR TRAILER HOMES – (DP 00 01 ONLY OR
DP 00 02 WITH DP 04 76)**

Multiply the Frame Construction, Coverage **A** or **C** Base Premium by .9 for Fire and multiply the Mobile Home Construction, Coverage **A** or **C** Base Premium by 1.00 for Extended Coverage.

**RULE 406.
DEDUCTIBLES****B. Optional Deductibles**

The Minimum Additional Charge is \$25.00.

**RULE 500.
MISCELLANEOUS LOSS COSTS**

Rates Per \$1,000*	
Exposure	Rates
A. Fire: Protection Class 1 – 8	\$ 2.50
Fire: Protection Class 8B, 9, 9E, 9S & 10	4.50
B. Extended Coverage (DP 00 01)	1.00
C. Broad Form (DP 00 02)	1.50
D. Special Form (DP 00 03)	2.00
E. Broad Form (DP 00 02) with Endorsement DP 04 65	2.00
* These rates apply to all occupancies, territories, construction and protection classifications, unless otherwise specified. Rates for A. are cumulative with either B. , C. , D. , or E.	

Table 500.(R) Miscellaneous Rates**RULE 507.
FIRE DEPARTMENT SERVICE CHARGE**

The Additional Rate per \$1,000 of insurance is \$15.00.

**RULE 508.
TREES, SHRUBS AND OTHER PLANTS****C. Premium Computation****1. Fire, Extended Coverage, Broad And Special
Forms**

The rates in the following table apply to all occupancies, territories, construction and protection classifications, unless otherwise specified:

Fire (DP 00 01)		
Protection Class		Rates Per \$1,000
1 – 8		\$ 2.50
8B, 9, 9E, 9S & 10		4.50
Extended Coverage (DP 00 01) – All Specified Perils		
Territory	Rates Per \$1,000	
	Including Wind Or Hail	Excluding Wind Or Hail
110-120	\$ 57.00	\$ 1.00
130-160	29.00	1.00
170-290	15.00	1.00
300-390	13.10	1.00
Windstorm Or Hail (DP 00 02 And DP 00 03)		
Territory	Rates Per \$1,000	
110-120	\$ 56.00	
130-160	28.00	
170-290	14.00	
300-390	12.10	

Table 508.C.1.(R) Premium Computation

**RULE 509.
EARTHQUAKE COVERAGE**

D. Premium For Base Deductible

Rate per \$1000				
	Zone	Frame*	Masonry*	Superior
Table A				
Coverages A, B, D				
Or E	3	\$.36	\$ 1.72	\$.68
Improvements, etc.	4	.23	1.05	.39
& Other Building	5	.18	.57	.27
Options				
Table B				
Coverage C &				
Other	3	\$.36	\$ 1.43	\$.36
Personal Property	4	.23	.82	.23
Options	5	.18	.57	.18
* If exterior Masonry Veneer is covered, rate as Masonry; if not covered – rate as Frame.				
Zone Definitions				
Zone 3				
Anson	Davie	Richmond		
Brunswick	Gaston	Robeson		
Cabarrus	Iredell	Rowan		
Catawba	Lincoln	Scotland		
Cleveland	Mecklenburg	Stanly		
Columbus	Montgomery	Union		
Zone 4				
Alexander	Forsyth	Pender		
Alleghany	Graham	Polk		
Ashe	Haywood	Randolph		
Avery	Henderson	Rutherford		
Bladen	Hoke	Surry		
Buncombe	Jackson	Swain		
Burke	Macon	Transylvania		
Caldwell	Madison	Watauga		
Cherokee	McDowell	Wilkes		
Clay	Mitchell	Yadkin		
Cumberland	Moore	Yancey		
Davidson	New Hanover			
Zone 5				
Balance of State				

Table 509.D.1.(R) Premium For Base Deductible 5% Deductible

**RULE 511.
SINKHOLE COLLAPSE COVERAGE**

Rates Per \$1,000	
Cov. A or B and Other Bldg. Options	\$.30
Cov. C or Personal Property Options	.10

Table 511.B.1.(R) Premium Computation

RULE 512.
WINDSTORM OR HAIL COVERAGE – MISCELLANEOUS
PROPERTIES

Rates Per \$1,000				
	Territories			
	110-120	130-160	170-290	300-390
1. Signs				
All Metal	\$ 33.60	\$ 16.80	\$ 12.10	\$ 11.20
Other Construction	112.00	56.00	44.30	38.70
2. Cloth Awnings	56.00	28.00	14.00	12.10
3. Radio Or Television Equipment	112.00	56.00	44.30	32.70
4. Swimming Pools – Construction Of Pool And Related Structures*				
Masonry, Uncovered	.94	.47	.37	.28
Masonry, With Combustible Superstructures (Including Roof) And/Or Fencing – Pool Only	.94	.47	.37	.28
Masonry, With Combustible Superstructures (Including Roof) And/Or Fencing – Superstructure And/Or Fencing	32.60	16.30	11.20	8.40
Other Construction With Or Without Roof	32.60	16.30	11.20	8.40
Inflated Enclosure Or Covering Of Plastic Material	168.00	84.00	65.30	56.00
5. Screens (Including Supports)	32.60	16.30	11.20	8.40
6. Fences And Walls				
Masonry, Iron Or Reinforced Concrete	2.80	1.40	1.12	1.03
Other Construction	56.00	28.00	14.00	12.10
7. Bathhouses, Cabanas, Pergolas, Slathouses, Trellises; Structures Over Water				
Masonry	4.67	2.33	1.49	1.31
Other Construction – Fully Enclosed	6.53	3.27	1.96	1.68
Other Construction – Not Fully Enclosed	17.72	8.86	7.00	6.53
8. Outdoor Equipment	4.80	2.40	2.12	2.03
9. Greenhouses Or Hothouses				
Structures Including Glass, Flowers And Plants	130.60	65.30	61.10	60.60
If insured separately: Structure	11.56	5.78	4.67	4.48
Glass	66.20	33.10	31.30	30.80
Flowers And Plants	87.80	43.90	40.60	40.10
* If any part of a pool's enclosure or roof is made of plastic film or cloth, supported on wood framing, the entire pool is subject to the rates displayed for Inflated Enclosure or Covering of Plastic Material.				

Table 512.D.(R) Premium Windstorm Or Hail Coverage –
Miscellaneous Properties

RULE 513.
LIMITED WATER BACK-UP AND SUMP DISCHARGE OR
OVERFLOW COVERAGE

C. Premium Computation

Charge per location is:

Limit	Rate
\$ 5,000	\$ 8.00
10,000	15.00
15,000	19.00
20,000	22.00
25,000	24.00

Table 513.C.(R) Premium Computation

RULE 514.
ASSISTED LIVING CARE

C. Premium

For Basic Limits, the rate per unit is \$55.38.

For increased Coverage C Limit, the rate per \$1,000 is \$6.38.

1. TERRITORY ASSIGNMENTS

If a territory shown is defined in terms of United States Postal Service (USPS) ZIP code:

- A.** Determine the applicable rating territory based on the location of the dwelling.
- B.** An insured's rates shall not be changed solely because the USPS changed his or her ZIP code and the physical boundaries of a rating territory shall be determined by the ZIP code boundaries in effect at the time of the latest rate filing defining the territory.

Territory boundaries in North Carolina are concurrent with USPS ZIP code boundaries in effect as of **July 1, 2013**. If the USPS introduces a new ZIP code or realigns a ZIP code boundary after **July 1, 2013**, the new ZIP code may not yet be listed in Rule 2.C. If this is the case, assign the rating territory based on the ZIP code boundary that formerly applied to the dwelling before the USPS changed the ZIP code.

2. TERRITORY DEFINITIONS – (For all Coverages and Perils Other than Earthquake).

Assign the applicable territory using the following order of priority:

A. Counties

County of	Code
Alamance	310
Alexander	340
Alleghany	360
Anson	300
Ashe	360
Avery	370
Beaufort	150
Bertie	180
Bladen	230
Buncombe	360
Burke	360
Cabarrus	320
Caldwell	360
Camden	150
Caswell	310
Catawba	360
Chatham	280
Cherokee	390
Chowan	150
Clay	390
Cleveland	350
Columbus	200
Craven	150
Cumberland	220

County of	Code
Currituck (other than Beach Areas)	130
Dare (other than Beach Areas)	130
Davidson	320
Davie	310
Duplin	190
Durham	270
Edgecombe	210
Forsyth	310
Franklin	240
Gaston	350
Gates	170
Graham	390
Granville	260
Greene	180
Guilford	310
Halifax	240
Harnett	250
Haywood	380
Henderson	360
Hertford	170
Hoke	250
Hyde (other than Beach Areas)	130
Iredell	340
Jackson	390
Johnston	240
Jones	150
Lee	290
Lenoir	190
Lincoln	350
Macon	390
Madison	380
Martin	180
McDowell	360
Mecklenburg	340
Mitchell	370
Montgomery	300
Moore	290

County of	Code
Nash	240
Northampton	240
Orange	280
Pamlico	130
Pasquotank	150
Perquimans	150
Person	260
Pitt	180
Polk	360
Randolph	320
Richmond	300
Robeson	230
Rockingham	310
Rowan	320
Rutherford	350
Sampson	220
Scotland	250
Stanly	340
Stokes	310
Surry	310
Swain	380
Transylvania	380
Tyrrell	150
Union	340
Vance	260
Wake	270
Warren	260
Washington	150
Watauga	360
Wayne	180
Wilkes	340
Wilson	210
Yadkin	330
Yancey	360

B. Beach Areas

Beach Area – Localities south and east of the Inland Waterway from the South Carolina Line to Fort Macon (Beaufort Inlet), thence south and east of Core, Pamlico, Roanoke and Currituck Sounds to the Virginia Line, being those portions of land generally known as the "Outer Banks".

Beach Areas in Currituck, Dare and Hyde Counties: 110

Beach Areas in Brunswick, Carteret, New Hanover, Onslow and Pender Counties: 120

C. Other Than Beach Areas of Brunswick, Carteret, New Hanover, Onslow and Pender Counties

For areas of Brunswick, Carteret, New Hanover, Onslow and Pender Counties, other than the Beach Areas, refer to the following ZIP codes. If portions of these ZIP codes fall in Counties other than Brunswick, Carteret, New Hanover, Onslow and Pender Counties use the territory code for those counties.

1. Eastern Coastal Territory

ZIP Code	USPS ZIP Code Name	Code
28403	Wilmington	140
28404	Wilmington	140
28405	Wilmington	140
28406	Wilmington	140
28407	Wilmington	140
28408	Wilmington	140
28409	Wilmington	140
28410	Wilmington	140
28411	Wilmington	140
28412	Wilmington	140
28422	Bolivia	140
28428	Carolina Beach	140
28443	Hampstead	140
28445	Holly Ridge	140
28459	Shallotte	140
28460	Sneads Ferry	140
28461	Southport	140
28462	Supply	140
28467	Calabash	140
28468	Sunset Beach	140
28469	Ocean Isle Beach	140
28470	Shallotte	140
28480	Wrightsville Beach	140
28511	Atlantic	140
28516	Beaufort	140
28520	Cedar Island	140
28524	Davis	140
28528	Gloucester	140
28531	Harkers Island	140
28532	Havelock	140
28533	Cherry Point	140
28539	Hubert	140
28553	Marshallberg	140
28557	Morehead City	140
28570	Newport	140
28577	Sealevel	140
28579	Smyrna	140
28581	Stacy	140
28584	Swansboro	140
28589	Williston	140

2. Western Coastal Territory

ZIP Code	USPS ZIP Code Name	Code
28401	Wilmington	160
28402	Wilmington	160
28420	Ash	160
28421	Atkinson	160
28425	Burgaw	160
28429	Castle Hayne	160
28435	Currie	160
28436	Delco	160
28447	Ivanhoe	160
28448	Kelly	160
28451	Leland	160
28452	Longwood	160
28454	Maple Hill	160
28456	Riegelwood	160
28457	Rocky Point	160
28466	Wallace	160
28478	Willard	160
28479	Winnabow	160
28518	Beulaville	160
28521	Chinquapin	160
28540	Jacksonville	160
28541	Jacksonville	160
28542	Camp Lejeune	160
28543	Tarawa Terrace	160
28544	Midway Park	160
28545	McCutcheon Field	160
28546	Jacksonville	160
28547	Camp Lejeune	160
28555	Maysville	160
28574	Richlands	160
28582	Stella	160

**PRE-FILED TESTIMONY
OF
JOANNA BILIOURIS**

OCTOBER 2025

**2025 NORTH CAROLINA DWELLING INSURANCE RATE FILING
BY THE NORTH CAROLINA RATE BUREAU**

Q. Would you state your full name and business address?

A. My name is Joanna Biliouris. My business address is 4140 Parklake Ave, Raleigh, NC 27612.

Q. Are you employed by the North Carolina Rate Bureau ("Bureau")?

A. Yes.

Q. In what capacity?

A. I am the General Manager.

Q. What is the Bureau's function with respect to rates for residential Dwelling insurance?

A. The Bureau promulgates rates for residential dwelling insurance in North Carolina.

Q. Can you identify Exhibits RB-1 through RB-27?

A. Yes. Exhibit RB-1 sets forth the filed rates for the residential dwelling market in North Carolina, as well as the data and calculations underlying those rates and the dwelling rate manual changes that accompany the filed rate changes. RB-1 also includes the supplemental data and exhibits required by statute and by regulation for this filing. Exhibit RB-2 is the current residential dwelling rate manual. Exhibits RB-3 through RB-27 contain the required accompanying pre-filed testimony and exhibits. Together, these materials constitute a filing (the "Filing") that is dated October 30, 2025 submitted by the Bureau to the Honorable Mike Causey, Commissioner of Insurance, with respect to residential dwelling rates in North Carolina.

Q. Do you know how the expense data underlying the Filing were compiled?

A. Yes. The underwriting expense provisions included in the Filing were derived from the results of a special call for expense experience that is issued on an annual basis to all member companies of the Bureau. The responses received from that special call were compiled, reviewed, and furnished to Insurance Services Office ("ISO") for incorporation into the Filing.

- Q. Was the information from the special call for expense experience that was furnished to ISO and utilized in the Filing correct and accurate to the best of your knowledge, information, and belief?
- A. Yes.
- Q. To the extent that actuarial expertise was necessary in the preparation of this Filing, where did the Bureau obtain that expertise?
- A. Actuarial expertise was obtained from ISO and Milliman. ISO is retained by the Bureau to provide actuarial services for, among numerous other tasks, preparation of this Filing. The individual company representatives serving on the Bureau's Property Rating Subcommittee are mostly actuaries. The Bureau's Property Rating Subcommittee reviewed the data underlying the Filing and made recommendations to the Property Committee, which then made recommendations to the Bureau's Governing Committee as to the items contained in the Filing. In addition, the Bureau has an actuary on its staff who assisted in the review and the preparation of the Filing.
- Q. Can you identify Exhibit RB-2 entitled the North Carolina Dwelling Policy Program Manual?
- A. Yes. The North Carolina Dwelling Policy Program Manual marked Exhibit RB-2 is the current manual of the rules, rates, and classifications used to write residential dwelling insurance in North Carolina. The manual and any approved amendments are on file with the North Carolina Department of Insurance and a copy is maintained at the offices of the Bureau.
- Q. Was a change made in this Filing to the presentation of the base rates?
- A. Yes. In this Filing, we have presented the base rates in dollars and cents rather than rounding them to whole dollars. This change improves our rating precision.
- Q. What is the proposed effective date of the rates in the Filing?
- A. The rate review was prepared with the assumption that the effective date of any rate changes would be July 1, 2026, and therefore that is the "assumed effective date" in the Filing materials. However, because the Bureau proposes that the indicated rate change be implemented in two phases over a two year period, the Bureau proposes that the new rates for Year 1 apply to all policies becoming effective on or after July 1, 2026 and the new rates for Year 2 apply to all policies becoming effective on or after July 1, 2027.
- Q. Does the Filing submitted to the Commissioner include, to the extent available, the information to be furnished in connection with filings under Article 36 of Chapter 58 of the General Statutes?
- A. Yes. Those data that were available have been submitted to the Commissioner as part of the Filing. As shown and explained in that submission, some data were not collected or, if collected, were not retrievable from the statistical data in the form

requested. The individual circumstances with respect to such data are explained in the submission.

Q. Does that conclude your pre-filed testimony?

A. Yes.

**PREFILED TESTIMONY
OF
PAUL ERICKSEN

2025 DWELLING INSURANCE
RATE FILING BY THE
NORTH CAROLINA RATE BUREAU**

Q: Please state your name and business address.

A: My name is Paul Ericksen. My business address is Insurance Services Office, 545 Washington Boulevard, Jersey City, New Jersey.

Q: Please describe your educational background and your background in actuarial science.

A: I graduated from Princeton University in 1992 with a B.A. in mathematics.

I became a Fellow of the Casualty Actuarial Society (CAS) in 1995 and am a member of the American Academy of Actuaries (AAA). I am in good standing with those organizations.

I served as a member of the CAS Examination Committee from 1996 through 2009, and I have given multiple presentations at CAS meetings.

Q: By whom are you employed?

A: I am employed by Insurance Services Office (ISO) and started employment at ISO in 1992.

Q: What are your current responsibilities at ISO?

A: I lead the Actuarial Consulting unit at ISO. ISO's Actuarial Consulting unit specializes in providing a wide array of consulting services to individual companies. I have been responsible for managing, overseeing, and developing customized actuarial analyses including ratemaking, reserving, and other miscellaneous studies. I have provided services to insurers, captives, managing general agents, law firms, and insurance departments.

Q: What is your employment background?

A: I started my career in 1992 as an actuarial assistant in the increased limits division of ISO. In 1993, I left ISO and spent a year as a consulting actuary in the New York office of Milliman, working primarily on medical malpractice projects. I returned to ISO in 1994 as an actuarial associate in the Financial Analysis division. In 1999, I

transferred to ISO's Actuarial Consulting unit and assisted clients as a consulting actuary. In 2007, I was promoted to Principal of the Actuarial Consulting unit.

During the past 24 years that I have provided actuarial consulting services, I have worked on a wide range of projects involving several different lines of insurance within the property/casualty insurance industry. I have prepared rate analyses for homeowners, dwelling, personal auto, and other lines of insurance. I have also conducted reserve analyses as the Appointed Actuary for several insurers.

A large part of my consulting experience has dealt with property insurance in areas of the country that have exposure to hurricane losses. For example, I was the Appointed Actuary for Citizens Property Insurance Corporation of Florida ("Citizens") for four years (2004, 2005, 2007 and 2009), and I was also responsible for preparing rate analyses for Citizens' homeowners, mobile home, dwelling, and commercial property programs. Citizens is the insurer of last resort in Florida and has been one of the largest property insurers in the state. In addition to work performed on behalf of Citizens, I have also conducted ratemaking and reserving projects for several voluntary insurers that write homeowners and dwelling business in Florida. I have developed indicated rates for both multi-peril policies and wind-only policies. I have extensive experience working with multiple hurricane models (including both AIR and RMS) and developing provisions for the cost of reinsurance.

In North Carolina, I have provided actuarial consulting services to both the North Carolina Insurance Underwriting Association ("NCIUA") and the North Carolina Joint Underwriting Association ("NCJUA"). Those organizations rely upon the rates set in filings by the North Carolina Rate Bureau ("Bureau").

Q: Are you familiar with dwelling insurance ratemaking in North Carolina and other states?

A: Yes. ISO has provided actuarial consulting services to the Bureau on North Carolina dwelling rate filings since the Bureau was created. I have extensive knowledge of the methodologies employed by ISO and the Bureau in this filing as well as in past Bureau dwelling filings. I provided written testimony in support of the Bureau's 2019, 2020, 2022, and 2023 dwelling rate filings.

As part of a consulting assignment that I performed for the NCIUA and NCJUA, I have also reviewed prior filings by the Bureau on which ISO provided actuarial consulting and filing preparation assistance. I have prepared many dwelling rate analyses in several different states. In addition, I have testified as an expert witness in support of my clients' dwelling rate filings in various hearings that were held in Florida and Massachusetts. In Florida, I have testified in support of rate filings submitted by Citizens. In 2024, I provided both written and oral testimony in support of the Bureau's 2024 Homeowners rate filing.

Q. Based on your experience with other states, from the standpoint of individual companies, how does ratemaking in North Carolina differ from other states?

A. In almost every other state, each company files its own dwelling rates independently. However, in North Carolina, the Bureau has the responsibility to file rates on behalf of the entire industry. The filing process in North Carolina establishes a system of "Bureau rates" (often called "manual" rates) for use on all dwelling policies written in the state.

In essence, the Bureau makes rates based on the aggregate policyholder attributes and loss experience of all the dwelling policies written in the state. Those policies include characteristics such as the dollar amount of insurance written on each home, the geographic location of the home, the protection class of the area in which the house is located, the type of construction, the deductible amount, etc.

Once the Bureau rate has been set through the filing and approval process, Bureau companies must charge that rate unless they file their own deviations with the Commissioner or engage in the consent to rate process. A company's proposed premium may exceed the Bureau rate through the consent to rate process only if that higher premium is charged in accordance with rules adopted by the Commissioner.

Q: What work has ISO performed with respect to the Bureau's 2025 dwelling rate filing in North Carolina?

A: First, ISO, as a licensed statistical agent in North Carolina, collects dwelling insurance data from a significant number of the companies writing that line in North Carolina, as well as from the North Carolina Insurance Underwriting Association (commonly called the "NCIUA" or the "Beach Plan") and the North Carolina Joint Underwriting Association (commonly called the "NCJUA" or the "Fair Plan") which are the residual market mechanisms.

Second, ISO collects, reviews and compiles data from three other statistical organizations licensed in North Carolina that collect residential dwelling data from Bureau member companies. All companies writing dwelling insurance in North Carolina must report to one of these four organizations. The other three organizations are: the Independent Statistical Service (ISS), the American Association of Insurance Services (AAIS) and the National Independent Statistical Service (NISS).

Third, ISO provides actuarial consulting services directly to the Bureau. As in the past, ISO staff compiled the ratemaking data to be reviewed by the Bureau's Property Rating Subcommittee, Property Committee, and Governing Committee in preparation of rate reviews and filings.

Fourth, ISO staff put together much of the data, information and calculations contained in Exhibit RB-1. This lengthy process was performed under the direction of the Bureau committees. ISO staff attended meetings of those Bureau committees.

Finally, I have reviewed the filed rates to determine if they are calculated in accordance with the CAS guidance, including the Statement of Principles Regarding Property and Casualty Insurance Ratemaking and the Actuarial Standards of Practice. In accordance with Actuarial Standard of Practice No. 17 Expert Testimony by Actuaries, I conducted my review in terms of reasonableness rather than solely in terms of whether there is precise agreement on each issue. In addition, I applied the applicable rate standards set forth in Article 36 of Chapter 58 of the North Carolina General Statutes, including but not limited to N.C.G.S. 58-36-10, i.e., that rates must not be excessive, inadequate or unfairly discriminatory and that certain statutory rating factors must be considered. With regard to the legal interpretation of applicable statutes as they pertain to the Bureau, I have relied on guidance provided by the Bureau's legal counsel.

Q: Please describe the overall ratemaking equation in the filing.

A: The approach in this filing is consistent with prior property filings of the Bureau. Premiums should equal expected losses, plus expected expenses, plus a margin for a fair and reasonable profit. This is the fundamental insurance ratemaking equation to comply with the statutory ratemaking standard. In this filing, the required base rate per policy is developed by adding the appropriate profit and contingencies to the estimated costs associated with the policy. The required base rate is then compared to the current base rate to determine the "indicated" rate change. For residential dwelling filings, this is done separately for the two types of coverage afforded by the policy, the fire portion and the extended coverage portion.

The indicated rate change is the actuarially sound percentage change necessary to make the rates comply with the statutory standards that they not be excessive, inadequate, or unfairly discriminatory.

Q: What is the source of the data utilized in Exhibit RB-1?

A: The Bureau has the statutory responsibility of filing forms and making rates for all residential dwelling insurance policies written in North Carolina (with the exception of such policies that may be written by county farm mutuals pursuant to N.C.G.S. 58-36-50). For purposes of Bureau rate filings for residential dwelling, all dwelling loss and exposure data written on NCRB policy forms in the state is consolidated to essentially assume a single insurance entity (often called the "hypothetical one company"). ISO, on behalf of the Bureau, combines the data as to those policies in its filings as if there were a single company with the aggregate loss experience of all those policies. Rates are then analyzed in rate filings as if those rates were

being made for this hypothetical one company. The ratemaking data reflected in Exhibit RB-1 is, in general, based on the aggregate dwelling experience of the individual insurance companies that write residential dwelling policies in North Carolina, together with the experience written on dwelling insurance policies in the residual market as described below. Those entities submit their data to one of the four statistical agents described above. The four statistical agents subject each entity's data to a series of verification edits and then consolidate the individual company data. The non-ISO statistical agents then transmit their consolidated data to ISO for final review and consolidation with the ISO data. After consolidating the data, ISO produces exhibits of the combined data in a format and detail necessary for review by the Bureau committees and ultimately for use in rate filings.

The latest year of statistical data available for use in the filing is 2023. In 2023, the total earned premium (at current rate level) for the fire portion of dwelling policies was approximately \$88 million. In 2023, the total earned premium (at current rate level) for the extended coverage portion of dwelling policies was approximately \$374 million. These dollar amounts include both residual market mechanisms that write residential dwelling policies.

The statistical agents are licensed by the Commissioner of Insurance in North Carolina. They have collected, reviewed, compiled and submitted the data underlying this filing in the regular course of their business responsibilities. Note that the statistical data provided by NISS has been excluded from the NCRB's dwelling rate analysis since over 98% of its reported premium is not written using the Rate Bureau's policy program.

Also, let me note that, any time I reference dwelling insurance, dwelling policies, or dwelling experience in this testimony, I am referring to residential dwelling insurance written using the Bureau's program.

Q. Please describe what are commonly called the "Beach Plan" and the "FAIR Plan" and the role of their loss data in this filing?

A. They are both residual market organizations that write policies for those policyholders who cannot obtain insurance in the voluntary market.

The term "Beach Plan" is a commonly used name for the North Carolina Insurance Underwriting Association. It is a residual market organization created by the North Carolina legislature in Article 45 of Chapter 58. It writes dwelling, homeowners, and other types of insurance for policyholders in the 18 coastal counties. It uses forms, rules and rates filed by the Bureau. Although voluntary insurers have chosen not to accept the risk of writing policies that have been written by the Beach Plan, North Carolina law requires voluntary insurers to pay any losses that exceed the Beach Plan's resources, up to an aggregate statutory cap of \$1 billion annually. The significance of such non-recoupable assessments on the companies is discussed later in my testimony.

The Beach Plan uses the same dwelling forms that are used by voluntary companies. Those forms have been prepared and filed by the Bureau on behalf of all member companies. The Beach Plan writes policies in its own name. The Beach Plan receives and retains premiums, adjusts losses, reports statistics and operates in a manner similar to voluntary insurance companies in many respects. It uses dwelling forms and rates filed by the Bureau, except that it applies a 5% statutory surcharge on the wind and hail rate where it writes only the wind and hail coverage on dwelling policies. When the Beach Plan reports its statistical data to ISO, ISO reviews those statistical data in the same manner that it does for voluntary companies.

The second residual market mechanism in North Carolina is the called the North Carolina Joint Underwriting Association or Fair Access to Insurance Requirements organization (commonly called the “FAIR Plan.”) It writes in all areas of the state except the beach. It writes dwelling fire and extended coverage policies but does not write homeowners policies. No surcharge is applied to FAIR Plan policies. Full residential dwelling policies written by the Beach Plan and FAIR Plan are written at the Bureau rate.

When a prospective policyholder seeks dwelling insurance, it is not predetermined whether the policyholder will be written by the Beach Plan or FAIR Plan, or instead by a voluntary company. Policyholders can switch back and forth between the residual market and a voluntary company depending on which option works best for them and depending on whether a voluntary company will write them. In computing the exposures and the loss experience of the hypothetical one company in North Carolina for which rates are being made in this filing, the exposures and loss experience of the Beach Plan and the FAIR Plan must be combined with the rest of the data as if the Beach Plan and FAIR Plan were private insurance companies.

North Carolina statutes distinguish between the “beach” and “coastal” areas under the Beach Plan’s jurisdiction. In the 18 beach and coastal counties, the residual market is the largest writer of dwelling policies. Approximately 96% of dwelling premium in the “beach” territories (territories 110 and 120) was written by the Beach Plan in 2023. In the “coastal” territories (territories 130, 140, 150 and 160), approximately 80% of the dwelling premium was written in either the Beach Plan or the FAIR Plan. Also, dwelling policies have increasingly been written by the FAIR Plan in the rest of the state. In the inland territories making up the rest of the state, approximately 50% of the dwelling premium was written by the FAIR Plan. This means that the residual market is also the largest writer of dwelling policies in the inland territories. On a statewide basis, approximately 67% of dwelling premium was written in either the Beach Plan or FAIR Plan in 2023. This represents an increase from the 65% statewide market share observed in 2022.

Individual companies can charge more or less than the approved Bureau rates through consent to rate and deviations, respectively. Such actions by individual companies are outside of the Bureau's jurisdiction. In recent years, there has also been growth in the use of consent to rate, by which companies may charge higher premiums on individual policies through compliance with the consent to rate procedures.

Over the years, the Beach Plan's and FAIR Plan's large market shares reflect the fact that voluntary companies are unwilling to write in areas of the state where the manual rate level is inadequate. This inadequacy has generally been more pronounced in the beach and coastal areas. However, the increasing market share of the FAIR Plan in the inland territories reflects a growing inadequacy of the manual rates there as well. But for this significant and growing manual rate level inadequacy, with numerous companies competing in the state, normal competitive market forces would prevail, and companies would write more dwelling insurance voluntarily. In the beach and coastal areas, this high market share has occurred even though the legislature intended the Beach Plan to be the "market of last resort" in those areas.

Loss and exposure data from these two residual market organizations have always been included in Bureau property filings for the line of insurance (the homeowners line of insurance or the dwelling fire and extended coverage line of insurance) under review, in the same manner as loss and exposure data from voluntary insurance companies that write that line of insurance. It is actuarially appropriate and necessary to include the residual market data with the voluntary data to ensure that the rates developed are representative of the entire market, since every policy has the potential to be written in the voluntary market.

The inadequacy of dwelling rates creates a dilemma for the Beach Plan and FAIR Plan. On the one hand, the inadequate rates diminish their ability to build up sufficient surplus in the "good" years when there are no hurricanes to provide a cushion to pay losses in the "bad" years when severe hurricanes occur. Even in the good years, they must pay claims for higher frequency insured events such as fires, etc.

The Beach Plan's and FAIR Plan's approach has been to purchase both reinsurance and catastrophe bonds. Whatever amounts they spend in the reinsurance and catastrophe bond markets is at the expense of building up their surplus in those years when hurricanes do not affect North Carolina.

Q. What are some of the other consequences of the inadequacy of Bureau manual rates, both at the coast and in the rest of the state?

A. The prospect of Beach Plan and FAIR Plan assessments affects the willingness of a company to write property insurance in North Carolina. A company knows that, following a powerful hurricane, it will be subject to residual market assessments for

huge losses on business that the company did not choose to write in the first place, and those assessments are based on the company's market share throughout the state. Therefore, companies that elect to write in the state must consider the extent that they will do so in various areas of the state, particularly in the beach and coastal territories where the risk of hurricane losses is greater.

Q: What statistical data supporting the filing are contained in Exhibit RB-1?

A: In general, the supporting data for the rate level changes are contained in Section C. The most recent five years of experience are displayed in Section C. Using five years is consistent with prior filings, North Carolina statutes, and generally accepted ratemaking practices.

The loss experience used in the filing is what we call "accident year" experience for the years ended December 31, 2019 through December 31, 2023. This is the most recent five years of data available. I can explain what is meant by accident year experience by providing an example. The losses for the accident year ended December 31, 2023 consist of all losses caused by accidents which occurred during the one-year period ended December 31, 2023. If an accident occurred on December 29, 2023 and resulted in either a loss being paid or a reserve being established after January 1, 2024, that loss would be a part of the accident year losses for the period ended December 31, 2023. The basis for assigning losses to individual accident years is the date the accident occurred. The term "accident year" is an insurance accounting term that includes the various incidents that give rise to a dwelling insurance claim, including fires, hurricanes, tornados, etc. during a 12-month period.

Q: What is the reason for using five years of data to determine the indicated rate level change?

A: Ratemaking is prospective in nature. The objective is to set rates at the level that is sufficient to pay expected losses, expected expenses, and to allow insurance companies to earn a reasonable margin for profit. This is the fundamental equation in insurance ratemaking for determining an adequate rate level; i.e., a rate level that is not "excessive, inadequate or unfairly discriminatory" as required by law.

Rates are set for the period when they will be in effect, which is often the year after the effective date of the filing. The assumed effective date for this filing is July 1, 2027. Historical loss data are generally used for the purpose of projecting expected losses. The North Carolina statutes allow the Bureau to review five years of experience in its rate level filings in addition to other factors that are to be considered. For non-catastrophic types of loss, the use of five years of data balances the stability of the rates with responsiveness to more recent conditions. For catastrophic hurricane losses, the average of modeled losses from two hurricane models is used. For non-hurricane catastrophic losses, a separate

excess smoothing procedure is employed to reduce large swings in the indications due to irregular events in the experience period.

Traditional ratemaking for the fire coverage of a dwelling policy has relied on five years of experience with weights of 0.10, 0.15, 0.20, 0.25 and 0.30 being given to each year respectively. For the fire portion of the policy, accident year 2023, the most recent year for which data is available, receives a weight of 30%. Accident year 2022 receives a weight of 25%. Accident year 2021 receives a weight of 20%. Accident year 2020 receives a weight of 15%. Accident year 2019 receives a weight of 10%. Those weights are used in this filing as in past Bureau dwelling filings. The weights used by the Bureau are identical to those used by ISO in all other states for dwelling fire insurance. These weights are generally accepted in all jurisdictions in which ISO makes dwelling filings. For the extended coverage portion of the dwelling policy, which by nature is more likely to be unstable because of weather events, equal weights are given to each year to help promote stability. This treatment is a common and accepted ratemaking practice used countrywide.

Q. How is the Bureau proposing to implement the indicated rate changes?

A. The Bureau's Governing Committee has decided to phase in the indicated rate changes over a two-year period. Page A-3 shows the indicated rate changes for fire, along with the proposed rate changes that will go into effect on 7/1/2026 (Year 1) and on 7/1/2027 (Year 2). Within each territory, the targeted percentage rate change will be the same in Year 1 and Year 2.

Page A-4 shows the corresponding indicated and filed rate changes for extended coverage. As with fire, the percentage rate change targeted within each territory will be the same in Year 1 and Year 2.

Spreading the indicated rate change over a two-year time period will reduce the immediate effect of rate changes on policyholders.

Q: Please turn to page C-2 of Exhibit RB-1. Would you explain what that page shows?

A: Page C-2 is what is called a statewide rate level calculation for the fire portion of a dwelling policy in North Carolina. Page C-2 determines the actuarially indicated rate level change for dwelling fire. The data shown are for business written in the voluntary market and business written by the North Carolina Beach and FAIR Plans.

The overall dwelling program to which this filing applies consists of both a fire and an extended coverage ("EC") component. Page C-2 shows the calculation of the indicated rate change for the fire component, and Page C-4 shows the corresponding indicated rate change for the EC component. I will first focus on

describing Page C-2. However, later parts of my testimony will refer to the EC calculations on Page C-4.

Q: Referring to column 1 on page C-2, what are “Adjusted Incurred Losses”?

A: The incurred losses in column 1 are the losses from insured events that occurred during each of the five respective accident years. The figure includes losses which have already been paid, losses which are not yet paid and are represented by outstanding claim reserves, and losses which have been incurred but for which no individual reserve yet exists because they have not yet been reported.

Q: Have the losses as shown in column (1) been adjusted in any way?

A: Yes, as explained below, there are two adjustments. First, these losses have been adjusted to a common \$500 deductible level. Second, these losses have been developed to ultimate by applying loss development factors.

Q: Please explain what is done to adjust losses to a common deductible level.

A: In order to properly analyze losses for ratemaking, it is necessary to adjust losses from all policies to some common deductible level. The common deductible level that is assumed for dwelling is the base deductible of \$500. Loss elimination ratios (LERs) are applied to the reported losses in order to account for the difference between the reported deductible and the assumed common deductible.

Q: What is the purpose of adjusting the reported losses by applying loss development factors?

A: The losses in column 1 of page C-2 include losses from events which have happened but which have not yet been reported. Such events are included by what is known as an adjustment for IBNR (incurred but not reported) losses.

In addition, adjustments must be made to reflect that loss payments occur over time. The losses, as they are reported to statistical agents, cover all accidents which occur during the respective accident years ended December 31. When they are reported to the statistical agent, they are evaluated as of March 31 of the next year. As of March 31, some of the losses have already been paid and some have not. Those that have not are represented by loss reserves. Loss reserves are estimates of what will ultimately be paid on these outstanding claims.

Since we want the losses used in the filing to be as accurate as possible, we look at history to see how losses have changed, or “developed,” from the time they were initially reported to the time they were ultimately paid. For example, if we want to evaluate how losses reported in 2023 will eventually turn out, we look back and see what has happened in the past. If historically there has been a 5% increase in the dollar amount of losses from the time they were initially reported as reserves until

the time they were ultimately paid, we would logically assume that the same development will hold true for losses incurred during the accident year ended December 31, 2023. Accordingly, we would make an adjustment by increasing the losses as they are initially reported to us by 5%.

Q: What causes losses to change or develop as you have described?

A: Changes to the reserve portion of the losses typically result from the fact that the ultimate loss payments turn out to be more or less than estimated at the time of the initial report that led to the reserve. Another factor that could lead to changes in losses is the late reporting of claims. For example, if a loss event occurred in late December of any given year and for some reason was not timely reported to the company by the end of the year, it might very well be that the losses as initially reported would not include any provision for that particular claim. By next year's evaluation, however, the claim would have worked its way into the system and the total loss would include either the paid amount or the reserved amount for that particular claim. This would cause an upward development in the losses as initially reported.

Q: Please refer to page D-12 of RB-1 and explain how the loss development factors used in the filing were calculated.

A: Page D-12 shows the calculation of loss development factors for the fire portion of a dwelling policy. The top section of that page shows the incurred losses evaluated as of 15, 27, 39, 51, 63, 75 and 87 months for the accident years for which available data are shown. In calculating loss development factors, we have used the data of companies reporting to ISO. For instance, the 15-month entry for the accident year ended December 31, 2018 is \$31,775,713. This is the first evaluation of the losses caused by loss events which occurred during the year which ended December 31, 2018. The evaluation was made as of March 31, 2019, 15 months after the beginning of the accident year. Twelve months later (March 31, 2020) the losses caused by accidents which occurred during the year ended December 31, 2018 had decreased to \$31,404,396. This is the evaluation as of 27 months after the beginning of the accident year. This decrease represents a reduction in losses, or negative development, of -1.2% (or 0.988) as shown in the column under Link Ratios located lower on that page labeled "27:15." As shown on page D-12, we have looked at the development from 15 months to 27 months for eleven different years. The average development for those years was 0.992, or -0.8%.

Q: Does page D-12 also show development figures for periods longer than 27 months?

A: Yes. We also calculate loss development factors for the periods from 27 months to 39 months, 39 months to 51 months, 51 months to 63 months, 63 months to 75 months, and 75 months to 87 months. Studies have shown that for dwelling fire virtually all losses have been paid by the time of the evaluation at 87 months after

the beginning of an accident year. For example, by the time of the 75-month evaluation, the losses for the accident year ended December 31, 2018 had become \$31,283,898. This amount is the same as the value of the losses for the same accident year evaluated as of 63 months. The average development over the period 63 months to 75 months for the years for which the data are available was 1.000, or 0.0%.

Q: Please explain how the loss development factor used to determine the ultimate payment value of the accident year ended December 31, 2023 losses was determined.

A: For dwelling fire, the loss development factors for each of the applicable periods, as shown on page D-12, are:

<u>Development Period</u>	<u>Factor</u>
15 to 27	0.992
27 to 39	0.997
39 to 51	1.000
51 to 63	1.000
63 to 75	1.000
75 to 87	1.000

If you multiply all of these factors together, you will get a factor of 0.988 to apply to the year ended December 31, 2023 losses.

Q: Please refer to column (2) of page C-2. With reference to the column headed "Adjusted Incurred Losses Including LAE," please tell us what the figure 61,384,583 represents.

A: These are the losses and loss adjustment expenses associated with claims that occurred in the accident year ended December 31, 2023. It is equal to the adjusted incurred losses found in Column (1), multiplied by a trended loss adjustment expense factor of 1.094.

Q: How is the trended loss adjustment expense factor of 1.094 developed?

A: Each year the Bureau sends a call to its member companies for expense-related data. These calls showed that loss adjustment expenses for the calendar years December 31, 2020, December 31, 2021, December 31, 2022, December 31, 2023 and December 31, 2024, after dropping the high and low values, averaged 9.2% for the period, as shown on page D-26.

This factor of 9.2% must be adjusted for the change in cost levels of the items that go into loss adjustment expenses. These expenses include items such as

adjusters' salaries, rents and overhead items related to claims settlement. In essence, these items will vary as general economic trends vary.

Q: Please explain how the expense trend used to adjust the loss adjustment expense factor is developed.

A: The expense trend used to adjust the loss adjustment expense factor is based on an analysis of the Current Expense Index, which is an index based on a 50% weighting to the Compensation Cost Index, a 25% weight to the all items CPI (less energy) and a 25% weight to the all items CPI (including energy). The latest available information for marine, fire and casualty insurance was used. The data for this index are shown on pages D-22-23. Based on an analysis of these data, an annual rate of change of 4.0% was selected by the Property Rating Subcommittee of the Bureau.

Q: Please explain the development and application of the expense trend factor in arriving at the loss adjustment expense factor.

A: The loss adjustment expense factor of 9.2% is equal to the five-year average (excluding the high and low values). As such, the factor is representative of the time period corresponding to July 1, 2022.

Since the Loss Adjustment Expense ratio is at the cost level corresponding to July 1, 2022, it is necessary to project this cost to the average date of accident for the period during which our rates are assumed to be effective, July 1, 2027 (one year beyond our assumed effective date of July 1, 2026). This calculation is displayed on page D-30.

Q: What other adjustments must be made to the Loss Adjustment Expense factor in order to use it?

A: The Loss Adjustment Expense Factor is determined as the ratio of loss adjustment expenses to losses. Having adjusted the expense portion of the factor in the numerator, we also need to adjust the losses in the denominator by the relevant loss trend. This calculation is performed on page D-30.

Q: Please explain the purpose of trending losses.

A: Since ratemaking is prospective in nature, historical losses need to be adjusted to reflect the cost levels anticipated to prevail during the period that the proposed rates are expected to be in effect. This adjustment to historical losses is made by applying loss trend factors. For the calculations in this filing, the assumed effective date is July 1, 2026. Historical losses are trended to reflect an average accident date of July 1, 2027 (which is one year after the assumed effective date of July 1, 2026). The loss trend factors are shown in Column (3) of page C-2 of Exhibit RB-1.

Q: Please describe how the loss trend factors are calculated for non-hurricane losses.

A: For non-hurricane losses, loss trend factors are calculated on pages D-14 to D-18 of Exhibit RB-1.

For each accident year, loss trend factors account for anticipated changes in cost levels from the midpoint of the accident year to one year after the assumed effective date of the rate filing. This period of time for which losses are being trended is split into three distinct time periods for purposes of selecting annual rates of change in losses. Trend for the first time period is referred to as the “historical” trend, trend for the second time period is referred to as the “to current” trend, and trend for the third time period is referred to as the “prospective” trend. The following explains how these time periods are defined in this analysis:

- Historical: Reflects the time between the average date of occurrence for each accident year and 7/1/2023, where 7/1/2023 is the average date of occurrence for the most recent accident year in the experience period.
- To Current: Reflects the time between 7/1/2023 and 6/30/2025, where 6/30/2025 is the most recent date through which economic indices were available at the time the analysis was prepared.
- Prospective: Reflects the time between 6/30/2025 and 7/1/2027, where 7/1/2027 is one year after the assumed effective date of the rate filing.

Page D-14 shows historical growth in claim frequencies, loss severities, and pure premiums that occurred during the historical experience period for fire. Page D-16 shows the average rate of change in economic indices that took place during the “to current” time period. Based on the information in Pages D-14 and D-16, the Bureau’s Property Rating Subcommittee selected annual rates of change in frequencies, severities, and pure premiums for fire. Separate annual rates of change were selected for each of the three different time periods, and the selected values are summarized in Page D-17.

Page D-18 shows how the selected annual change in losses was converted to loss trend factors that can be applied to the losses for each of the accident years. The loss trend factors shown in Column (9) reflect the combined impact of loss trend over the historical, to current, and prospective time periods. These loss trend factors also appear in Column (3) of page C-2.

Q: Compared to the Bureau’s previous dwelling rate filing, have there been any changes to the way non-hurricane loss trend was calculated?

A: Both the current and the previous dwelling rate filing reflect the effect of loss trend from the midpoint of an accident year to one year after the assumed effective date of the rate filing. In the current rate filing, this total trend period is split into three

distinct periods of time for purposes of selecting the average annual rate of change in losses. As described above, these three time periods are referred to as “historical”, “to current”, and “prospective”.

Although the total trend period was defined in a similar manner in the previous dwelling rate filing, it was split into only two distinct time periods for purposes of selecting the average annual rate of change in losses. The “historical” time period was defined in a similar manner. However, what was referred to as the “prospective” time period in the previous filing represents the merging of the “to current” and “prospective” time periods as defined in the current rate filing.

The transition from a 2-period loss trend (as used in the prior rate filing) to a 3-period loss trend (as used in the current rate filing) is not expected to result in a systematic increase or decrease to the resulting loss trend factors or indicated rate changes. However, use of a 3-period loss trend allows for greater precision in the selection of annual loss trends that are applicable to different periods of time.

Q: Please explain the purpose of premium trend factors in Column (5) of page C-2.

A: Since ratemaking is prospective in nature, it is important to adjust historical experience so that it will be reflective of future conditions. Due to the impact of inflation, insureds generally purchase higher policy limits over time. Premium trend factors are used to adjust historical experience to reflect subsequent changes in average policy limits over time.

Q: Please describe the calculation of the premium trend factors in Column (5) of page C-2.

A: The premium trend procedure is based on the annual growth in average policy amount relativities during the experience period. This procedure is displayed on pages D-19 and D-20.

The premium trend factors are calculated in a two-step process. The first step involves calculating Current Amount Factors for each year. The Current Amount Factors trend the average policy amount relativity from a given historical year to the average date of writing for the latest accident year of the review (January 1, 2023).

The Current Amount Factors are calculated by taking the ratio of the average policy size relativity for the most recent year to the average policy size relativity for each of the five years in the experience period. For a given year, the average policy size relativity is calculated by taking a weighted average of the policy size relativity factor for each amount of insurance, using the exposures for each amount of insurance as weights.

The second step involves accounting for the trend in average policy size relativities from January 1, 2023 (which is the average date of writing for accident year 2023)

to January 1, 2027 (which is six months beyond the assumed effective date of July 1, 2026). The prospective annual change in policy size relativities was selected by the Bureau's Property Rating Subcommittee after reviewing the fitted annual rate of change in policy size relativities during the historical experience period.

Q: Could you please explain the average rating factor in Column (7) on page C-2?

A: Column (7) is the average rating factor for the policies purchased in each year. The average rating factor is the ratio of the average rate at manual level to the average current base rate. For example, let's assume that the current territory base rate for frame construction with \$75,000 buildings coverage is \$100, that the rating factor for masonry is 0.9 and that the rating factor to purchase an additional \$25,000 of coverage A is 1.2. Then the average rating factor for a \$100,000 masonry policy is calculated as:

$$(100 * 1.2 * 0.9) / 100 = 1.08$$

This factor is needed to adjust the average trended loss costs in Column (6) to a base class level. Since most policyholders do not purchase exactly the base amount of coverage, the average trended loss cost is divided by the average rating factor to convert this average trended loss cost into a trended base class loss cost which is shown in Column (8). The derivation of the average rating factors for fire is shown on pages D-34 to D-43.

Q: Please explain the Weighted Trended Base Class Loss Cost, page C-2 Line 10.

A: Line 10 is the resulting Weighted Trended Base Class Loss Cost obtained by applying the accident year weights shown in Column (9) to the Trended Base Class Loss Cost for each year shown in Column (8). This Weighted Trended Base Class Loss Cost is the forecasted Base Class Loss Cost for policies written during the one-year period after the assumed effective date of July 1, 2026.

Q: Please explain credibility on Line 11, page C-2.

A: Line 11 is the credibility of the experience based on the number of house years during the 5-year period. The full credibility standard is based on a procedure that considers the frequency of claims and the variability of the size of those claims. The procedure is explained in a CAS Proceedings Paper "Credibility of the Pure Premium" by Mayerson, Jones and Bowers. The full credibility standard is based on a normal distribution with a 90% probability of the pure premium being within 10% of the expected value. The full credibility standard for fire is 500,000 house years and 330,000 house years for extended coverage.

Q: Please explain what Line 12 entitled "trended fixed expense per policy" on page C-2 refers to and what it represents.

A: Line 12 “trended fixed expense per policy” refers to the amount of the prospective premium dollar needed to cover general and other acquisition expenses on policies written during the prospective period. General expenses along with other acquisition expenses constitute the so-called fixed expenses. They are fixed in that they do not vary as a direct function of the premium dollar. For example, the cost of office equipment, rent and other overhead-type expenses are fixed expenses. Expenses such as commissions and premium taxes, on the other hand, are examples of expenses that rise or fall directly with premium.

The number shown on Line 12, \$2.51, represents the dollars of general and other acquisition expenses trended to the levels anticipated to prevail during the prospective period. This is appropriate because general and other acquisition expenses are normally incurred at the time a policy is written.

Q: Please explain how the figure \$2.51 on Line 12 of page C-2 was derived.

A: The derivation of the figure \$2.51 is shown on page D-30. Based on reviewing the 2022 to 2024 experience on page D-24, the Bureau’s Property Rating Subcommittee selected an untrended general expense ratio of 0.045 and an untrended other acquisition expense ratio of 0.055.

In order to trend these to the cost levels anticipated to prevail, we project these forward to the prospective period. The average selected expense trend of 4.0% is applied over the time period from July 1, 2023 (the average date of the experience on which the general expense ratio is based) to January 1, 2027 (the average date of writing under the proposed rates). Since this ratio is relative to premium, we must also project the amount of insurance from 2023 levels to the level anticipated to be in effect on business written between July 1, 2026 and June 30, 2027. This is done by using the Premium Trend Factor for 2023 of 1.178, which I have previously discussed.

This trended fixed expense ratio is then multiplied by the latest year current base rate of \$25.84. The result is a statewide dwelling fire fixed expense loading of \$2.51.

Q: What does Line 13 show on page C-2?

A: Line 13 is a combination of the Trended Base Class Loss Cost and the Trended General Expense and Other Acquisition expenses. The figure \$19.24 is the dollar amount that is required to cover the portion of the base rate that is needed to cover anticipated losses, loss adjustment expenses, general expenses and other acquisition expenses.

Q: What does Line 14 on page C-2 show?

A: Line 14 takes into account the variable expenses, which include commission and brokerage, taxes, licenses and fees, profit, contingencies and dividends. From page D-24, we see that the commission and brokerage ratio is 11.2% and the taxes, licenses and fees ratio is 2.7%. The provision for dividends is 0.2%. The provision for underwriting profit is 8.5%. The contingency provision is 1.0%.

As in past dwelling filings, Bureau committees reviewed the latest available policyholder dividends payment data as well as the multi-year history of companies consistently paying dividends to policyholders. The Bureau's subcommittee concluded that a factor for expected dividends is appropriate to include in this filing. The data contained on page D-24 show that the dividends, though constituting a small percentage of premium, have been paid consistently and in material amounts over the years. Based on these facts, the Bureau has included a provision of 0.2% of premium to reflect anticipated dividends during the experience period. Given the consistency of the historical data as to the payment of dividends, this is a reasonable assumption. Reflecting dividends in a filing by a rating bureau is an actuarially sound methodology, and doing so is consistent with the Statement of Principles Regarding Property and Casualty Insurance Company Ratemaking and the Actuarial Standards of Practice, which provide that rates should contemplate the cost of policyholder dividends. Policyholder dividends are returns of premium to a company's policyholders and are not the same as dividends that publicly traded stock companies (owned by shareholders) pay to their shareholders. If dividends were not reflected in the Bureau's rates, the profit level in the filing would not be achieved because of dividends paid to policyholders.

The 8.5% underwriting profit provision was selected by the Bureau's committees based on reviewing the analysis by Dr. George Zanjani. This filing also contains a 1% provision for contingencies. The profit and contingency factors are applied equally across the state.

The items known as variable expenses are reflected in Line 14 on page C-2. They vary in direct proportion with the premium dollar.

Combining variable expenses, profit, contingencies, and dividends results in 23.6 cents of every premium dollar being paid for these expenses. The remaining 76.4 cents pays for losses, loss adjustment expenses, general expenses and other acquisition expenses.

Q: What is the source of the percentages on page D-24 with respect to commissions and brokerage and taxes, licenses, and fees?

A: The Bureau conducts special expense data calls annually. Companies individually complete the special expense call, which includes reporting expense dollars as well as premiums at collected level and adjusted to manual level. The Bureau checks and compiles this information for all companies and sends it to ISO for use in the rate review and the filing. The percentages on page D-24 were calculated from the

2020, 2021, 2022, 2023 and 2024 North Carolina expense calls for data undertaken by the Bureau.

The percentages for Commissions and Brokerage, and Taxes, Licenses, and Fees are a function of written premium. The determination of whether to select expenses as a percentage of written premium or as a percentage of earned premium is influenced by which premium best matches the time at which the expenses are incurred. For commissions & brokerage, the selection was 11.2% for fire and 9.1% for extended coverage (see pages D-24 and D-27). For taxes, licenses and fees, the selection was 2.7% for fire and 2.3% for extended coverage (see pages D-24 and D-27). General and other acquisition expenses are determined based on a ratio to earned premium at manual level. The North Carolina special calls for 2020, 2021, 2022, 2023, and 2024 were used for these as well. The selected general expense provision was 4.5% for fire and 2.5% for extended coverage (see pages D-24 and D-27). The selected other acquisition expense provision was 5.5% for fire and 5.1% for extended coverage (see pages D-24 and D-27). These selections are then adjusted by ISO to reflect trend.

Q: What is the source of the percentage on page D-24 for contingencies?

A: The Bureau committees selected that factor, and I agree with it. A 1% factor has been consistently employed in past Bureau property insurance rate filings. A 1% contingency factor is a standard factor that has been used for many years across the country in property insurance ratemaking, and I am advised that N.C.G.S. 58-36-10(2) expressly provides that due consideration shall be given to contingencies in the making of rates. The 1% factor was selected by the Bureau committees based upon recognition of the systematic bias that causes actual underwriting results, analyzed over time, to be worse than the provision assumed in the rates. Reasons for this bias are many.

One reason is that property insurance involves many risks, but not all of them are observable in the experience or adequately recognized in normal ratemaking.

In addition, the writing of property insurance in North Carolina is subject to law changes, court interpretations, jury verdicts, and judicial decisions that expand losses beyond what was contemplated when the policies were written. In addition, major unexpected losses can and do come from large and infrequent events of a type and magnitude that are not reflected in the experience period. One historical example is the sudden surge of mold claims around the early 2000's that far exceeded the amounts seen in experience periods.

Additional considerations justifying a contingency factor include the delay, uncertainty, and difficulty in obtaining needed rate increases in North Carolina. In North Carolina, insurance companies writing dwelling insurance are required to go through the Bureau in order to achieve needed rate increases. North Carolina differs from states that rely more on competition to set rates. The system in this

state requires that data be collected from many companies writing dwelling insurance and then aggregated and analyzed prior to making a filing for adequate rates on behalf of all companies. As the physical size of this 2025 filing demonstrates, the amount of information required to be submitted is massive, and it takes significant time to compile that information. Mr. Anderson of Milliman (see his pre-filed testimony and exhibits) has concluded that a 1% contingency provision is fully supported by this single issue regarding the delay in obtaining needed rate increases in North Carolina.

Q: Would you explain Line 15 on page C-2 entitled “Base Class Rate Excluding Comp. for Assess. Risk & Deviations”?

A: The net base rate per policy is calculated by dividing the Loss and Fixed Expenses in Line 13 by the expected loss and expense ratio in line 14. This is the net base rate before incorporating the factors for deviations and the compensation for assessment risk per policy.

Q: Would you explain Line 16 on page C-2 entitled “Compensation for Assessment Risk per Policy”?

A: Compensation for assessment risk is a provision that is calculated by Ms. Mao of Aon (see her prefiled testimony and exhibits) to reflect the cost to voluntary market insurers of maintaining sufficient capital to pay the assessments for residual market losses, to the extent required by law. If the two residual market mechanisms (the Beach Plan and the FAIR Plan) do not have sufficient capital, reinsurance, and reserves to pay losses for a catastrophic hurricane event or series of events, then companies writing homeowners, dwelling and other lines of property insurance in the voluntary market will be assessed for such losses even if they had chosen not to write in the coastal or beach areas where the losses occurred. In effect, the voluntary market companies are being required to provide free reinsurance to the residual market and its policyholders who can only find coverage in the residual market. The voluntary market companies must therefore maintain capital sufficient to cover such losses, in addition to their own losses, even though those companies have elected not to write the policies that generate those losses. The compensation for assessment risk factor is the provision that must be included in the rates in order to compensate voluntary market insurers for bearing this risk of assessments from the Beach/FAIR Plans.

As a result of legislative action in 2009, some of the exposure of the voluntary market companies to residual market assessments has been capped at one billion dollars per year. Aon’s analysis of the necessary compensation for the risk of residual market assessments incorporates this cap.

It should be noted that the \$1 billion cap only applies to assessments by the Beach Plan (which writes business in the beach and coastal areas) and does not apply to assessments to pay for losses in the FAIR Plan (which writes business

in all areas of the state except the beach areas). In recent years, the FAIR Plan has rapidly increased its writings statewide. As the number of policies and amount of uncapped exposure in the FAIR Plan grows, that growth could impact the compensation for assessment risk. Those policies are vulnerable to losses from catastrophic hurricanes, and companies are subject to unlimited assessments from these losses.

The compensation for assessment risk amount of 0.64 per policy is calculated by first multiplying the 2.1% provision by the current average statewide base rate of 26.35, resulting in a value of 0.55. To be incorporated in the rates, however, this provision must be adjusted to account for the commissions and taxes, licenses and fees that the companies will need to pay on this additional premium. That is done by dividing the 0.55 by 1 minus the sum of commission and brokerage expense and taxes, licenses and fees expense as shown below.

$$\frac{0.55}{1 - 0.112 - 0.027} = 0.64$$

Q: What is the source of the percentages used on Line 18 for anticipated deviations?

A: As in past dwelling filings, the Bureau committees reviewed deviations. Deviations are a cost of doing business in North Carolina for the insurers that have them approved by the Department. They are a cost of risk transfer and therefore need to be contemplated in the rates according to the Statement of Principles Regarding Property and Casualty Insurance Ratemaking. They constitute “savings” that must be considered pursuant to statute. Companies are required to report their approved deviations. If rates were set without contemplating deviations, the industry would not achieve the profit provision included in the rates. The Bureau reviewed deviations in conjunction with consent to rate data and surcharges on dwelling policies written in the Beach Plan. The Bureau and ISO are of the opinion that it is actuarially appropriate for filings made by rating bureaus to contain a factor to reflect expected deviations and other variations from the manual rate that would result in the filed profit level not being achieved. The Bureau also recognizes that the reflection of expected deviations has been a contentious issue in previous rate filings. However, in this filing the Bureau elected to file a provision of zero for deviations.

Q: Would you explain Line 20 on page C-2 entitled “Required Base Class Rate per Policy”?

A: Line 20 is the required base rate that is needed to ensure that sufficient revenue is collected to cover the losses and expenses that are expected to result from the policies written during the year following the effective date of this filing.

Q: Would you explain line 21 on page C-2 entitled “Current Average Base Class Rate”?

A: Line 21 is the current average base class rate for fire on all dwelling policies included in the review. This rate assumes that each policyholder is buying only the base coverage.

Q: Would you explain Line 22 on page C-2 entitled "Indicated Rate Level Change"?

A: Line 22 is the percentage change in the current rates that will be necessary to make the rates adequate for the cost levels that are expected to prevail in the one-year period following the effective date of the filing. The percentage change is determined by taking the required base rate per policy on Line 20 and dividing it by the current base rate from Line 21 and then subtracting one. This results in an indicated rate level change of -2.0% for the fire portion of dwelling policies.

Q. How are these changes distributed by class?

A. On page C-7, the calculations of the indicated change for fire buildings and contents classes are shown. Column (1) displays the Trended Adjusted Incurred Losses for each of the two classes - buildings and contents. The losses shown are for the latest five years. Column (2) gives the Five-Year Earned House Years total, which is the sum of the exposures by class for the five-year period. Column (3) provides the Trended Average Rating Factor. Column (4) gives the Base Class Loss Cost for each class and total. This loss cost is obtained by dividing the five-year total trended adjusted incurred losses by the product of the five-year total house years and the trended average rating factor. Column (5) is the credibility assigned to each class's experience, based on the full credibility standard of 500,000 house years for fire. Column (6) is the Credibility Weighted Loss Cost for each class. The complement of credibility for use in this calculation is the Total Base Class Loss Cost multiplied by the ratio of the current base rate for each class to the total current base rate.

The statewide credibility weighted loss cost is obtained by weighing the class credibility weighted loss cost by the individual class house years. Column (7) provides the Indicated Base Loss Cost by class.

This is the statewide base loss cost adjusted by the class relativity indicated by the credibility weighted loss cost. Column (8) shows the Current Base Rate by class. Column (9) displays the Expected Loss and Fixed Expense Ratio. The Indicated Base Rate is shown in Column (10). The indicated base rate is the sum of the loss cost and fixed expenses divided by the expected loss and fixed expense ratio. Column (11) is the Compensation for Assessment Risk Per Policy. Column (12) is the Base Rate Excluding Deviations. Column (14) is the deviation amount per policy that is needed to be reflected in the required base rate. Column (15) is the sum of the indicated base rate before deviations in Column (12) and the deviation amount in Column (14). Column (17) shows the Indicated Base Rate Change by class. Column (18) shows the Indicated Rate Change Balanced to Statewide Level. This rate change balances to the indicated statewide change of -2.0%.

Q: Does the filing contain a revision to the present territory rate levels?

A: Yes. In connection with the statewide rate level change we have been discussing, territory rate changes are displayed on page A-3 for the fire portion of dwelling.

The development of the indicated relative change by territory is completed in such a way that the overall effect is to balance to the indicated statewide change. The allocation of the statewide rate change to individual territories is done on pages C-9 and C-10 for the fire portion of dwelling.

Q: How has the Bureau treated general and other acquisition expense by territory?

A: General and other acquisition expenses are treated as fixed expenses. The trended fixed expense per policy by territory is calculated by first distributing the statewide trended fixed expense ratio to each territory. This is accomplished by multiplying the statewide trended fixed expense ratio by the ratio of the statewide latest-year average rate to the territory latest-year average rate. Finally, the trended fixed expense per policy by territory is calculated as the product of the territory trended fixed expense ratio and the latest-year average territory base rate. This calculation is shown on pages D-31 and D-32 of the filing.

Q: Please turn to page C-4 of Exhibit RB-1. Would you explain what that page shows?

A: Page C-4 shows the statewide rate level calculation for the extended coverage portion on a dwelling policy in North Carolina. As page C-2 did for fire, Page C-4 determines the actuarially indicated rate level change for dwelling extended coverage.

Q: Is the indicated statewide rate change for extended coverage calculated in the same general manner as for fire?

A: Although the statewide methodology for extended coverage is similar to that used for fire, there are three main areas where the methodology differs for these two coverages. First, actual hurricane losses for extended coverage, while reviewed and considered, have been excluded from the losses shown in Column (1) and are later replaced by the "Trended Modeled Hurricane Base Class Loss Cost", which is displayed in Line 13 of page C-4. Second, the actual excess non-modeled losses in Column (2) have been replaced by an excess factor loading included in Column (3) of page C-4. The excess loss factor is shown on page D-49. Third, a provision for the net cost of reinsurance is included in Line 16 of page C-4.

Q: Other than on page C-4, have actual hurricane losses been excluded anywhere else in the filing?

A. Yes, they have been excluded in the development of the indications for extended coverage by class and by territory, and in the calculation of the non-hurricane excess factor.

Q. How have these hurricane losses been identified in order to be excluded?

A. The method to remove hurricane losses from the derivation of the excess factor depends on the detail of the available data during different periods of time.

For the beginning of the period through 1995, territory losses by month are available for ISO data only. The territory non-hurricane losses for this period are calculated as follows: first, the average losses for the month in which the hurricane occurred are calculated based on the non-hurricane years. The average monthly losses are then added to the eleven remaining months of the hurricane year and divided by the hurricane year annual losses resulting in a non-hurricane adjustment factor. This factor is then applied to either reported losses or adjusted losses by territory for all statistical agents to obtain non-hurricane losses. For hurricanes, wind losses are sometimes reported as water losses or “all other” property damage losses. To accurately estimate the non-hurricane losses, the above non-hurricane factors are calculated for water and all other property damage and then applied to the water losses and the all other property damage losses.

For the period 1996 to 2002, based on information from NOAA and other sources, the specific dates on which a given hurricane was active in North Carolina are determined. The loss experience for ISO is then examined by date and cause-of-loss. Wind losses and losses for other weather-related perils which occurred on these dates are assumed to be hurricane losses. For ISO data, the percentage of hurricane losses to total losses is calculated. To estimate the hurricane losses for statistical agents other than ISO, the percentage of hurricane losses in the ISO data (relative to the ISO yearly total) is applied to the total loss amounts for the other statistical agents.

For the period 2003 to 2023, the data described above (for the period from 1996 to 2002) is also available from ISS and has been examined together with the ISO data. For the combined ISO and ISS data, the percentage of hurricane losses to total losses is calculated. To estimate the hurricane losses for statistical agents other than ISO and ISS, the combined percentage of hurricane losses from ISO and ISS data (relative to the ISO and ISS by territory and by yearly total) is applied to the total loss amounts for the other statistical agents.

Actual hurricane losses of \$26,815,525 were removed from 2019; \$30,827,382 were removed from 2020; \$2,706,769 were removed from 2021; \$13,697,365 were removed from 2022; and \$2,533,227 were removed from 2023. This information is shown in a footnote on page C-4.

- Q. Do you have an opinion as to whether the incurred losses excluding hurricanes shown in Column (1) on page C-4 of Exhibit RB-1 accurately represent the developed-to-ultimate value of dwelling extended coverage incurred losses, excluding actual hurricane losses, that resulted from claims that took place during each of the years ended December 31 in North Carolina?
- A. Yes, I do.
- Q. What is that opinion?
- A. I believe that the losses excluding actual hurricane losses shown in Column (1) do accurately represent the expected ultimate value of those losses.
- Q: Please explain the figure contained on Line 13 of page C-4 labeled "Trended Modeled Hurricane Base Class Loss Cost".
- A: That figure is the expected hurricane losses for a base risk written during the prospective time period. Aon provided the average modeled hurricane losses from running two hurricane simulation models -- one developed by AIR Worldwide (AIR) and one developed by Risk Management Solutions (RMS). The average modeled hurricane losses were then loaded with catastrophe loss adjustment expenses (LAE). To obtain an average loss cost value, the modeled loss amounts are divided by earned house years for calendar year 2023. To convert the average trended modeled hurricane losses with LAE to base class level, it is divided by the latest year trended average rating factor. The trended average rating factor is calculated as the product of the 2023 average rating factor and the premium trend factor for calendar year 2023. The derivation of the modeled hurricane base class loss cost is shown on page D-81.
- Q: How were the modeled hurricane losses calibrated so they would be applicable to the prospective time period that the proposed rates will be in effect?
- A: The exposures that were used in the hurricane model runs were trended to six months beyond the assumed effective date of July 1, 2026. Page D-21 shows the calculation of the annual rate of change that was used to trend the exposures that were used as inputs to the hurricane models.
- Q: Did the Bureau consider actual hurricane losses?
- A: Yes. The actual hurricane losses during the five years of experience were reviewed and considered; however, as has been done in prior Bureau filings, those losses have been excluded from the historical losses used in the filing and have been replaced by modeled losses.
- Q. Why were models used to develop the projected hurricane losses instead of using actual hurricane losses?

- A. The catastrophic nature of the hurricane peril makes it a very volatile peril in terms of loss severity, frequency, and location of occurrence. Catastrophe losses in general tend to be high severity, low frequency events. Since we use five years of loss experience data in dwelling ratemaking calculations, it is likely that there will be scenarios ranging from no hurricane losses to extremely severe hurricane losses during the experience period. Also, if a hurricane were to hit a particular area of the state, the losses might be reflected only in that area of the state, with little or no reflection in other areas of the state. Therefore, if we analyze actual hurricane losses without any adjustment, the indicated rate level need will be subject to large yearly fluctuations resulting in rates beyond the actuarially sound level.

Devastating hurricanes are relatively uncommon events compared to other causes of loss. The occurrence or non-occurrence of actual hurricane events is not predictive of the range of hurricane events that can occur or the probability of their occurrence. In addition, there is not enough experience with hurricanes since accurate insurance loss records began to be maintained for actuaries to employ actual losses as opposed to models. For the older years, much of the past insurance data is outdated for the purpose of examining hurricane exposure and is of limited utility in projecting future hurricane losses. It includes losses from hurricanes that occurred when housing patterns were different, population density was lower, houses were built differently, building codes were different, construction prices were different, houses had fewer and less expensive contents, and labor costs and practices were different, etc.

The hurricane models are based on publicly available scientific data, mathematical and empirical models, and the experience of engineering, geological, meteorological, economic, and insurance experts. Actual hurricane loss experience is used to calibrate the models. The models are run for a large number of simulated events (e.g. 100K years) to estimate what would be the expected long-term average hurricane losses for a given risk profile. The modeled hurricane losses are more reasonable and stable, and they represent projections of the long-term average annual hurricane losses. There are several advantages of using models to project hurricane losses over using actual hurricane losses. First, the models improve the accuracy of hurricane loss projection in a long-term average view as described above. Second, replacing the volatile actual hurricane losses with modeled hurricane losses will smooth out the periodic spikes in the indications following hurricanes. Hurricane modeling is the widely accepted and most accurate way of considering the hurricane exposure. Modeling has become the standard practice in the insurance industry for insurers to estimate long term expected hurricane losses for ratemaking purposes, and has been widely accepted by the regulatory bodies in the United States. Modeling is also uniformly employed in the reinsurance industry, financial markets, and meteorological field to determine expected prospective hurricane losses. Scientists who work on the models update those models frequently to reflect the latest understanding of meteorological science.

An example of the need and value of models in producing stable loss costs can be seen from the hurricane season of 2018. In 2018, North Carolina was significantly impacted by Hurricane Florence. If the current rate analysis included losses from a hurricane that was similar to Hurricane Florence, rather than losses generated by hurricane models, rates for dwelling insurance would spike. Conversely, if the rates were based on there being no major hurricane strikes during the preceding five-year experience period, it would not be actuarially appropriate to assume that the absence of hurricane losses would be the expectation for a future prospective rating period.

From a practical and public policy standpoint, raising rates significantly following a devastating hurricane producing tragic consequences is the worst time for the policyholder. The use of simulation models produces a stable and actuarially sound projection of the true loss potential both in terms of statewide exposure values and in terms of territorial distribution of that exposure. Modeling is far preferable to any analysis based on the happenstance nature of historical hurricane loss data.

The Property Rating Subcommittee and ISO Staff have examined actual hurricane losses in North Carolina and have excluded those losses from the incurred losses in filings for a number of years. As done for the 2023 dwelling filing, we have replaced the actual hurricane losses with the average modeled hurricane losses from two hurricane models for the rate review underlying this filing, which I deem to be the actuarially sound practice for the hurricane peril.

- Q. Does the filing in any manner require policyholders in North Carolina to pay the losses or subsidize the rates of policyholders in other states, particularly hurricane prone states such as the Gulf Coast states?
- A. No, it would be actuarially inappropriate to do so. Each state is evaluated separately, and rates in North Carolina are based only on North Carolina's loss potential. Imposing such a subsidy would not be fair to North Carolina policyholders and would not be permitted by North Carolina regulators. There is a greater risk of hurricane losses in Florida and some other Gulf states than in North Carolina, and it would not be fair or actuarially sound for North Carolina policyholders to pay for those losses or subsidize the insurance costs for persons in those areas. For the same reason, it would not be fair or actuarially sound for the Bureau to attempt to spread the hurricane exposure of the hypothetical one company in North Carolina to persons in other states such as in the Midwest where there is little hurricane exposure. Policyholders and regulators in Iowa, for example, would not be willing to share that risk. To summarize, using other states' losses to determine North Carolina rates is unfair and inequitable, and the Bureau does not do this for these reasons.

Q: As an actuary, how have you determined that it is reasonable to rely on output from the hurricane models for purposes of the Bureau's dwelling rate filing?

A. Hurricane models incorporate specialized knowledge (including meteorology and engineering) that is outside the area of expertise of most actuaries, including myself. Actuarial Standard of Practice ("ASOP") 38 titled "Using Models Outside the Actuary's Area of Expertise (Property Casualty)" provides guidance to actuaries in this situation.

I have reviewed the pre-filed testimony of Minchong Mao, including her statement of compliance with ASOP 38 for both the RMS and AIR hurricane models for purposes of the Bureau's dwelling rate filing. Ms. Mao is employed by Aon and is an FCAS with extensive experience using catastrophe models. As documented in her testimony, Ms. Mao has conducted an evaluation of the RMS and AIR hurricane models and has concluded that the modeled hurricane losses are reasonable and appropriate projections of expected hurricane losses for use by the Bureau in its dwelling rate filing.

In addition to relying on the work conducted by Ms. Mao, I have independently evaluated the RMS and AIR hurricane models for purposes of compliance with ASOP 38 with respect to including output from the RMS and AIR hurricane models as part of the Bureau's dwelling rate filing. Some of the conclusions of my ASOP 38 investigation include the following:

- Both the RMS and AIR models were developed and maintained by experts in a wide range of disciplines. This is illustrated by the numerous employees with expertise in key aspects of the models, including meteorology, vulnerability, actuarial science, statistics, and computer science.
- Both the RMS and AIR models have gone through rigorous external review, including being found acceptable by the Florida Commission on Hurricane Loss Projection Methodology.
- Results from the RMS and AIR models yield projected hurricane frequencies and severities that are reasonable when compared to actual hurricane experience observed in North Carolina.

Q. Who performed the hurricane modeling for the Bureau?

A. Aon.

Q. What did the Bureau furnish to Aon to enable Aon to perform its analysis?

A. At the direction of the Bureau, ISO furnished to Aon the North Carolina extended coverage insurance exposure data on the total number of earned house years and

earned insurance years by territory for the most recent year in the experience period. The data provided to Aon are correct to the best of my knowledge, information, and belief.

ISO provided both actual (un-trended) and trended coverage limits to Aon. As discussed earlier in my testimony, the trended exposures were used as inputs when Aon ran the hurricane models.

Q. How were modeled hurricane losses derived?

A. Aon ran two hurricane models, one from RMS and one from AIR. These two models are the most widely used and relied upon hurricane models. The use of multiple models is required by statute starting with filings made on or after October 1, 2017, though I understand that the Bureau started using two models with its dwelling filing in 2016.

The hurricane models simulate many years of hurricanes and resulting losses for the portfolio of North Carolina exposures. The results of the two models were averaged by Aon. The Property Rating Subcommittee reviewed the blended model results provided by Aon and found them to be actuarially sound. By averaging the two models, the Bureau has elected to give each model equal weight. Given the legislature's mandate to use more than one model when models are used, it would be inappropriate to employ the results of just a single model. Using an average of the two models also produces an unbiased estimate for future hurricane losses.

Aon accounted for loss adjustment expenses (LAE). Aon's data shows that LAE, as a percentage of hurricane losses, is lower than the LAE percentage for non-hurricane losses. Therefore, after review of Aon's data, the Property Rating Subcommittee selected a 6% LAE provision to be applied to the modeled hurricane losses.

The modeled hurricane losses (including LAE) are shown on page D-81.

Q. How is the amount of insurance in effect determined?

A. For the purpose of developing the hurricane loss cost, the amount of insurance that is in effect is determined as the sum of the various internal limits found in the extended coverage portion of a dwelling policy. There are four coverages involved: Coverage A (building), Coverage B (other structures), Coverage C (contents) and Coverage D (loss of use). The total amount of coverage can vary by policy form. For DP form 1 (Basic Form), the total limit for buildings is the Coverage A amount, and neither Coverage B nor Coverage D provides additional limits because any Coverage B or D losses are applied against the Coverage A limit. The coverage C limit is as reported on the individual policy record.

For DP form 2 (Broad Form) and DP form 3 (Special Form), the total limit for buildings is the sum of Coverage A, Coverage B, and Coverage D limits. The Coverage B limit is 10% of Coverage A, and the Coverage D limit is also 10% of Coverage A. The coverage C limit is as reported on the individual policy record.

Q: You referred earlier to a separate procedure for dealing with non-hurricane excess losses. Please describe that procedure.

A: At a high level, the excess procedure involves removing actual excess non-hurricane losses during the 5-year experience period and replacing these values with a provision that is based on reviewing a much longer 30-year time period.

An adjustment was made to the non-hurricane losses in the years in which there were very severe storms such as tornadoes, thunderstorms and other damaging windstorms. The adjustment caps average losses by territory in years where abnormally high losses coincide with severe non-hurricane storm activity. The adjustment relies on a factor developed by using a statewide average. As a result of this procedure, a long-term excess factor of 1.051 was calculated and applied to the losses. This calculation is shown on page D-49. This general procedure has been employed in past dwelling filings and is customarily employed to smooth out and appropriately reflect prospective non-hurricane wind losses.

Q: Was it necessary to exclude hurricane losses in calculating the excess factor?

A: Yes, it is necessary to exclude hurricane losses when calculating the excess factor because the provision for hurricane losses is developed separately by way of hurricane models. Hurricane losses have been excluded in the calculation of the excess factor as derived on page D-49.

Q: What is the source of the \$43.73 for net cost of reinsurance in Line 16 of page C-4?

A: The source of the \$43.73 for net cost of reinsurance is an analysis performed for the Bureau by Aon. In that analysis, Aon determined the expected net cost of reinsurance for the composite one company writing dwelling insurance in North Carolina. Companies buy catastrophe reinsurance due to North Carolina's significant hurricane exposure. The net cost of that reinsurance is the expense and profit component of the reinsurance premium paid by insurers (the loss component is in the direct losses used in the overall rate determination). More details of the analysis are included in the testimony of other witnesses.

The Bureau relies upon the data that Aon has accumulated as to the actual cost of purchasing reinsurance in the current reinsurance market. Aon is one of the largest reinsurance brokers in the world.

To calculate the net cost of reinsurance per policy, the amount of total dollars of reinsurance is divided by the number of house years for 2023 times the 2023

trended average rating factor. For extended coverage, the calculation is performed on page D-82.

Q: Is there a change in how the net cost of reinsurance is presented on page C-4?

A: Yes. For presentation purposes, we moved the loading for the net cost of reinsurance to an earlier step in the calculation of the indicated rate level change. However, this change in presentation does not impact the numerical value of the resulting indicated rate change.

In the current filing, the provision for the net cost of reinsurance is added to the provision for base class loss costs and fixed expenses. In my opinion, this is a better way to present the calculations since it now treats the net cost of reinsurance similar to other fixed expenses incurred by an insurer.

In the previous filing, the net cost of reinsurance was presented later in the sequence of calculations (separate from the provision for losses and fixed expenses), where its derivation included the application of the expected loss and fixed expense ratio. On Page D-82 of the current filing, we no longer need to apply the expected loss and fixed expense ratio when deriving the provision for the net cost of reinsurance.

Q. Why are actual reinsurance payments made by each company writing dwelling insurance in North Carolina not used as a starting point and aggregated for use in this filing?

A. There are several drawbacks to relying on actual reinsurance payments to develop the net cost of reinsurance for companies that write dwelling business in North Carolina. Some of the drawbacks include the following:

- Insurers typically do not purchase reinsurance coverage for only one line of insurance. The approximately 40 individual insurance companies writing dwelling insurance in North Carolina have hundreds of different treaties that cover many different lines of insurance (automobile, commercial property, other residential property, etc.) as well as dwelling. Individual reinsurance treaties would not identify how much of the total reinsurance premium is due to dwelling insurance.
- Reinsurance treaties often are not exclusive to just North Carolina. Insurers negotiate reinsurance treaties in many different geographic areas (portion of a state, single state, multiple states, Atlantic Basin areas, countrywide, international, etc.). Individual reinsurance treaties wouldn't identify how much of the total reinsurance premium is due to exposures that are located in North Carolina.

- Since ratemaking is prospective in nature, the goal is to include the expected net cost of reinsurance that insurers will incur during the future time period that the proposed rates will be in effect. The cost of reinsurance can fluctuate upwards and downwards over time, sometimes dramatically. For example, it is not uncommon for the cost of reinsurance to rise after a major catastrophe event. As a result, reliance on actual reinsurance payments that have been made in the past is not necessarily a good predictor of what future reinsurance payments will be.
- The amount of reinsurance that has been purchased in the past might not be indicative of amounts of reinsurance that will be purchased in the future. As inflation causes insured values and coverage limits to increase for dwelling policies, insurers will be exposed to greater amounts of catastrophe losses in the future when compared to the past. To mitigate the increased exposure to catastrophes, future reinsurance coverage will likely have different limits and attachment points when compared to reinsurance coverage that has been purchased in the past. Such differences in reinsurance coverages will impact the cost of reinsurance. As a result actual reinsurance payments that an insurer made in the past would not necessarily be indicative of what reinsurance payments will be in the future.

The net cost of reinsurance used in this rate filing is based on an analysis performed by Aon. The methodology used by Aon is not susceptible to the above list of problems associated with historical reinsurance payments. The following are advantages of the methodology used by Aon:

- Net cost of reinsurance is calculated for just the dwelling line of insurance.
- Net cost of reinsurance is calibrated to be reflective of properties that are located solely in North Carolina.
- Net cost of reinsurance reflects current pricing information for reinsurance coverage by leveraging data that Aon has accumulated for recent reinsurance transactions.
- Net cost of reinsurance reflects reinsurance limits and attachment points that have been calibrated to reflect dwelling insured values and coverage limits that are expected to prevail during time that the indicated rates are assumed to be in effect.

It is important to note that the calculation of the net cost of reinsurance in this filing relates exclusively to the residential dwelling rates in North Carolina. It would not be appropriate for North Carolina insureds to assume the reinsurance

costs of exposures in other states and vice-versa. Aon's database is based on actual reinsurance transactions and on conditions in the current reinsurance market and is updated regularly to reflect changes in actual market conditions. Aon's database and expertise are a great source of information for actual reinsurance practices and costs for the hypothetical one company writing residential dwelling insurance in North Carolina.

Q. Are the remaining portions of the rate level calculation for extended coverage similar to that for fire insurance?

A. Yes, they are.

Q. Does the filing revise the credits for the Windstorm or Hail Exclusion and for Wind Mitigation?

A. Yes. The filing revises the credits for the Windstorm or Hail Exclusion and for Wind Mitigation that are available in Territories 110, 120, 130, 140, 150 and 160. The derivation of these credits is shown on pages C-20 to C-26. Since the Bureau's Governing Committee has decided to phase in the indicated rate changes over a two-year period, we have likewise calculated separate credits that would be used in each of the two years.

Q. What other changes does the filing make for dwelling insurance?

A. The filing proposes a revised mobile home construction rating factor for extended coverage. The proposed rating factor is being implemented on a revenue-neutral basis through the application of territorial off-balance factors.

Q. What is the purpose of the mobile home construction factor for extended coverage?

A. The base rates for extended coverage assume that a structure is built with frame construction. When a mobile home is insured under a dwelling policy, the mobile home construction rating factor is applied so that the resulting premiums will be appropriately calibrated to reflect the exposure associated with a mobile home.

Q. How will the revised mobile home construction factor impact the extended coverage premiums that are charged?

A. Because of the off-balance factors that are applied, there will be no impact on the total extended coverage premiums that are charged for all policies located within a given territory. However, mobile homes will see an increase in their extended coverage premiums, while frame and masonry buildings will see an offsetting reduction to their extended coverage premiums. Adjusting the premiums in this manner promotes the actuarial fairness of the dwelling rating structure.

Q. Was consideration given to how the revised mobile home construction factor would impact policyholders?

- A. Yes. In order to mitigate the impact of the increased premiums for mobile homes, the Bureau's Governing Committee is proposing a mobile home construction factor of only 1.500, even though the analysis that ISO prepared resulted in an indicated value of 2.741. The selection reflects an implicit 20% cap since the proposed mobile home construction factor of 1.500 is 20% greater than the current mobile home construction factor of 1.250.

Pages F-1 to F-4 show the derivation of the indicated mobile home construction factor for extended coverage.

- Q. You made reference to off-balance factors when discussing the mobile home construction factors. What are off-balance factors, and why are they used?

- A. Off-balance factors represent the rate level effect that would result if the newly introduced rating factors are implemented without any adjustments to the base rates. Off-balance factors are used in the calculation of revised base rates to remove the rate impact associated with changes that are made to other rating factors. In other words, use of off-balance factors will ensure that revisions to other rating factors will be implemented on a revenue-neutral basis.

Note that separate off-balance factors are applied to the base rates for each territory. As such, the revised mobile home construction factors will be revenue-neutral for each territory. However, individual policyholders may see either a premium reduction or increase as a result of implementing the new rating factors. Pages F-6 and F-7 show the estimated impact to extended coverage premiums as a result of changing the mobile home construction factors.

- Q: Please turn to page A-2 of Exhibit RB-1 and explain what is shown on that page.

- A: Page A-2 of Exhibit RB-1 shows the indicated and filed statewide rate level changes. As previously mentioned, the Bureau's Governing Committee decided to phase in the indicated rate changes over a two-year period. As a result, Page A-2 shows separate sets of proposed rate changes that are proposed to be implemented on 7/1/2026 (Year 1) and on 7/1/2027 (Year 2).

- Q: What is shown on Pages A-3 and A-4 of Exhibit RB-1?

- A: Page A-3 shows the indicated and filed rate level change for each territory for fire, and Page A-4 shows the corresponding information for extended coverage. Separate rate changes are shown for buildings and for contents. The filed rate level changes are shown separately for Year 1 and for Year 2.

- Q: Do you have an opinion as to whether the data utilized and the methods of calculating the indicated rate level changes and other changes contained in the filing are actuarially sound and reliable and if so, what is that opinion?

- A: Yes, I have an opinion. In my opinion, the data utilized and the ratemaking methodologies used by the Bureau are based on and consistent with generally accepted actuarial principles and procedures, and the indicated rates are actuarially sound and reliable. In my opinion, the ratemaking methodology is actuarially sound and produces indicated rates that meet the statutory standard of being not excessive, inadequate, or unfairly discriminatory.
- Q: Do you have an opinion as to whether the indicated rate level changes contained in Exhibit RB-1 are fully justified and, if so, what is that opinion?
- A: In my opinion, the indicated rate level changes are fully justified and are not excessive, or unfairly discriminatory in any respect.
- Q: Are there any qualifications you wish to attach to your opinion?
- A: Yes. In reaching my opinion, I have relied on the accuracy of the data supplied by the Bureau, by the various statistical agents, by the individual companies that reported their data to ISO and the other statistical agents, and by the Beach Plan and FAIR Plan. I have relied on Dr. Zanjani for the profit analysis. I have relied on Mr. Anderson as to the regulatory delay support he provides for the contingency provision. I have relied on Ms. Minchong Mao for her review of the AIR and RMS hurricane models, the blended output of those models (including the modeled hurricane losses), the net cost of reinsurance component of the rates, and for the compensation for assessment risk component of the rates. I have also relied upon and concur with the decisions and the actuarial judgments of the persons on the Bureau's committees, who in many cases are actuaries. I have also reviewed, approved, and rely on the work conducted by ISO staff with regard to the preparation of the ISO portions of the rate filing. I have applied appropriate actuarial standards when reviewing these various data sources.
- Q: Does that conclude your testimony?
- A: Yes, it does.

PAUL ERICKSEN, FCAS, MAAA
PRINCIPAL, ACTUARIAL CONSULTING
INSURANCE SERVICES OFFICE

CURRENT RESPONSIBILITIES

Leads actuarial consulting at Insurance Services Office, Inc. Responsible for providing actuarial consulting services to a wide array of clients including property/casualty insurers, residual market insurers, captives, managing general agents, law firms, and insurance departments. He has 33 years of actuarial experience in the insurance industry.

Responsible for a wide array of customized actuarial analyses prepared for individual clients, including ratemaking, reserving, program development, and other miscellaneous studies. Testified at several venues on behalf of his clients.

PROFESSIONAL EXPERIENCE

2007 to 2025: Principal of Actuarial Consulting at ISO
1999 to 2006: Consulting Actuary in the Actuarial Consulting unit of ISO
1994 to 1998: Senior Actuarial Associate in the Financial Analysis unit of ISO
1993: Consulting Actuary in the New York office of Milliman
1992: Actuarial Assistant in the Increased Limits unit of ISO

PROFESSIONAL DESIGNATIONS AND ACTIVITIES

Became a Fellow of the Casualty Actuarial Society in 1995, and is a Member of the American Academy of Actuaries.

Member of the CAS Examination Committee from 1996 through 2009.

Gave multiple presentations at CAS Meetings, including a presentation titled “The Actuary as an Expert Witness” at the following venues:

- CAS Ratemaking and Project Management Seminar in March of 2013
- Casualty Actuaries of New England in September of 2011
- CAS Ratemaking and Project Management Seminar in March of 2011

EDUCATION

Graduated from Princeton University in 1992 with a B.A. in mathematics.

EXPERT WITNESS TESTIFYING

Cases involving expert witness testimony regarding insurance ratemaking:

- Prepared written testimony in support of the NCRB’s 2018, 2020, and 2024

Exhibit RB-5

Homeowners rate filings and the 2019, 2020, 2022, and 2023 Dwelling rate filings.
Prepared written testimony in support of the NCRB's 2025 Personal Auto rate filing.

- In 2024, provided oral testimony in support of Bureau's Homeowners rate filing.
- In 2008, provided expert witness testimony to the insurance subcommittee of the Florida House of Representatives regarding the adequacy of rates charged by Citizens Property Insurance Corporation. Citizens is the residual market insurer in Florida for property insurance and has been the largest writer of Homeowners insurance in the state.
- Testified at several rate hearings in support of filings submitted by Citizens Property Insurance Corporation.
- From 2005 through the present, provided extensive expert witness testimony on behalf of the Massachusetts Fair Plan regarding their Homeowners, Dwelling and Commercial Property rate filings. The Massachusetts Fair Plan is the insurer of last resort for property insurance in Massachusetts with a large coastal exposure.
- In 2007, provided expert witness testimony during a wind-only voluntary insurer's successful rate arbitration case where they were awarded a 75.4% rate increase to their hurricane rates.
- Provided expert witness testimony involving a civil litigation case.

SELECT WORK EXPERIENCES

Preparation of Homeowners, Dwelling, and Personal Auto Rate Analyses:

- Developed comprehensive actuarial rate analyses that his clients have filed with regulatory authorities.
- Experience with using output from multiple hurricane models (including AIR, RMS, and other models).
- Developed actuarial support for the provision for the cost of catastrophe reinsurance.
- Developed indicated underwriting profit provisions.

Preparation of New Homeowners and Personal Auto Programs:

- Developed the rating structure and actuarial support for new Homeowners and Personal Auto programs. This work involved companies expanding into new states, along with established insurers that wanted to replace their existing program.

Reserve Analyses:

- Prepared loss reserve analyses for both Property/Casualty insurers and self-insured entities.
- Appointed Actuary for Citizens for four years (2004, 2005, 2007, 2009)
- Appointed Actuary for Heritage Property & Casualty Insurance Company (a large publicly traded Homeowners insurer that concentrates in the Florida market) from 2012 through 2019.
- Appointed Actuary for a personal auto insurance company (2023 and 2024).
- Responsible for annual reserve analysis for a large national Commercial Auto trucking company.

PRE-FILED DIRECT TESTIMONY OF MINCHONG MAO

2025 DWELLING INSURANCE RATE FILING

by the

NORTH CAROLINA RATE BUREAU

Q. Please state your full name and business address for the record.

A. My name is Minchong Mao. My business address is Aon, 200 East Randolph Street, 11th Floor, Chicago, Illinois 60601.

Q. What is your involvement in this matter?

A. My employer, Aon, has been retained by the North Carolina Rate Bureau (NCRB) to provide catastrophe modeling and reinsurance analytics with respect to the expected hurricane losses utilized in the NCRB 2025 Dwelling Insurance rate filing. I am part of the catastrophe analytics team at Aon that performed these services.

Q. What is Aon?

A. Aon is a leading global professional services firm that provides advice and solutions to clients focused on risk, retirement, and health. Aon is one of the world's largest reinsurance brokers and has extensive experience in catastrophe modeling.

1 **Q. What are your primary responsibilities for Aon?**

2

3 A. I am a Senior Managing Director and a Catastrophe Actuary at Aon's
4 Reinsurance Solutions - Catastrophe Risk Analytics group. I manage an analytics
5 group within the Catastrophe Management area that focuses on catastrophe
6 actuarial and predictive analytics as it relates to ratemaking and underwriting.

7 I advise clients on catastrophe actuarial services, such as rate indications, rate
8 filing strategy, underwriting strategy, and use of catastrophe models in risk
9 management. I am responsible for Aon's compliance with ASOP 38 regarding
10 use of catastrophe models. I am a consulting actuary for Aon's in-house model,
11 Impact Forecasting, LLC. I work with a group of catastrophe modelers to provide
12 catastrophe modeling support for reinsurance placements. Our client services
13 include but are not limited to support for multi-model analytics, customized view
14 of risks, catastrophe pricing, catastrophe risk selections, data augmentation,
15 model evaluation, real-time event response, portfolio optimization, actuarial
16 support, reinsurance cost allocations, and rating agency questionnaire support.

17

18 **Q. Describe your professional and educational background.**

19

20 A. I have been with Aon since September 2018. Prior to joining Aon, I worked at
21 State Farm Insurance Companies for over 17 years from 2001 to 2018 where I
22 led the catastrophe modeling functions since 2005. During my tenure at State
23 Farm, I was responsible for State Farm's use of catastrophe models in pricing,

1 underwriting, claims, reinsurance, securitization, enterprise risk management,
2 and rating agency reporting.

3

4 I had 2 years of ratemaking experience as a pricing actuary for Homeowner lines
5 at State Farm. I am familiar with the development and implementation of
6 property insurance rates and rules. I understand the challenges for an insurer to
7 balance rate adequacy and competitiveness and to meet financial objectives at
8 the same time.

9

10 I have a Bachelor's degree in Biochemical Engineering from Beijing University of
11 Chemical Technology, a Master's degree in Chemistry from Eastern Illinois
12 University, and a Master's degree in Computer Science from the University of
13 Missouri - Columbia.

14

15 **Q. Are you a member of any professional actuarial organizations?**

16

17 A. Yes. I am a Fellow of the Casualty Actuarial Society (FCAS) and a Member of
18 the American Academy of Actuaries (MAAA). I am a Certified Catastrophe Risk
19 Management Professional (CCRMP), a new designation created by the CAS
20 Institute (iCAS) and International Society of Catastrophe Managers (ISCM). I am
21 currently serving on the Casualty Actuarial Society's Climate Change Committee,
22 the American Academy of Actuaries' Extreme Event Risk Committee, and on the

1 advisory board for CCRMP designation. I am in good standing with the
2 requirements of all of these organizations.

3
4 I am part of a working group that authored the following monographs for the
5 American Academy of Actuaries:

- 6 • The National Flood Insurance Program: Challenges and Solutions (2017)
- 7 • Uses of Catastrophe Model Output (2018)
- 8 • Wildfire: An Issue Paper - Lessons Learned from the 2017–2018
9 California Events (2019)

10 I am one of the recipients of the Casualty Actuarial Society's Above and Beyond
11 Achievement Award in 2019 to recognize my leadership and contributions to
12 establish the CCRMP designation for the insurance industry.

13
14 **Q. Please describe your relevant experience and qualifications for this**
15 **proceeding.**

16
17 A. My CV is included in the filing as Exhibit RB-7. I started practicing in the
18 catastrophe risk management field in 2005. During my tenure at State Farm, I
19 managed State Farm's catastrophe modeling function from 2005 to 2018. I
20 managed vendor relationships with AIR (now Verisk), EQECAT (now Cotality),
21 ARA, and RMS (now Moody's). I provided filing support and helped my employer
22 through many regulatory challenges related to the use of models in insurance
23 operations. I provided actuarial opinions on State Farm's use of catastrophe

1 models. I established the due diligence and model validation framework to
2 ensure catastrophe modeling practices at State Farm met the actuarial standards
3 and complied with laws and regulatory requirements. My team provided various
4 catastrophe risk measures and analytics for State Farm Fire and affiliates for
5 ratemaking, exposure management, claims, ERM, rating agency reporting,
6 reinsurance, and securitization purposes.

7
8 From 2010 to 2013, I was a member of an advisory group to the Insurance
9 Bureau of Canada (IBC) and the Office of the Superintendent of Financial
10 Institutions (OSFI) to provide expert opinions on insurance and the economic
11 impact of major earthquakes in Canada. From 2011 to 2013, I was a member of
12 an advisory group for IBC and OSFI to revise OSFI Guideline B-9 (Earthquake
13 Exposure Management Sound Practice Guideline for insurance companies). I
14 led a State Farm team to establish the compliance framework to meet OSFI B-9
15 regulation requirements.

16
17 In January 2015, I was appointed by Florida CFO Jeff Atwater to serve on the
18 Florida Commission on Hurricane Loss Projection Methodology (FCHLPM) as
19 the industry actuary. From January 2015 to September 2018, I represented the
20 property insurance industry on the FCHLPM to review and accept hurricane
21 models for use in ratemaking in the State of Florida. My term on the FCHLPM
22 ended in September 2018 due to my job change.

1 The hurricane models used for this rate filing, Verisk (also known as and
2 hereinafter referred to as “AIR”) Touchstone V12 (a.k.a Touchstone 2024) and
3 Moody’s (also known as and hereinafter referred to as “RMS”) RiskLink V23, are
4 both certified by FCHLPM.

5
6 **Q. What does the FCHLPM do?**

7
8 A. FCHLPM scrutinizes hurricane models and authorizes their use in Florida rate
9 filings and has done so over many years. FCHLPM retains experts in relevant
10 fields who review the meteorological, wind engineering, damageability, claims,
11 statistical, computer programming, economic and other aspects of modeling in
12 great detail. Over the years, FCHLPM has recognized advancements in various
13 scientific disciplines related to hurricane modeling and has required modelers to
14 incorporate such advancements. FCHLPM approves only those models that
15 meet its rigorous standards.

16
17 **Q. Please describe how ASOP 38 is applicable in this rate filing?**

18
19 A. The Actuarial Standard of Practice No. 38 (ASOP 38) has been in effect since
20 December 2000. ASOP 38 was created, to some extent, to address the use of
21 stochastic computer hurricane simulation models in the insurance ratemaking
22 process. ASOP 38 established certain requirements for actuaries who use
23 output from a model that is outside of that actuary’s area of expertise. Hurricane

1 models are developed by groups of experts including meteorologists, structural
2 engineers, actuaries, statisticians, and computer scientists. Some model
3 components are outside of the area of expertise of actuaries. Due to the models'
4 complexity and reliance on different science disciplines, as well as the relative
5 newness of their use in establishing property insurance rates, many actuaries
6 are not as knowledgeable about these models as they are about the traditional
7 ratemaking methodologies.

8
9 Hurricane models are utilized to establish the hurricane loss costs and
10 reinsurance cost allocation for this NCRB filing. Therefore, compliance with
11 ASOP 38 is relevant to the filing.

12
13 **Q. Is Aon's use of catastrophe models in compliance with ASOP 38?**

14
15 A. Yes, Aon's catastrophe modeling practice in general and as it relates to this
16 NCRB filing is in compliance with ASOP 38. ASOP 38 provides guidance to the
17 actuary in using models that incorporate specialized knowledge outside the
18 actuary's own area of expertise when developing an actuarial work product and
19 has been included as Exhibit RB-9. When using such a model, the standard
20 requires that the actuary perform five specific tasks:

- 21
22 a. Determine the appropriate level of reliance on experts;
23 b. Have a basic understanding of the catastrophe model;

- 1 c. Evaluate whether the catastrophe model is appropriate for the intended
2 purpose;
3 d. Determine that appropriate validation of the catastrophe model and output has
4 occurred; and
5 e. Determine the appropriate use of the catastrophe model and output.
6

7 In addition to relying on vendors' experts, Aon has an in-house model evaluation
8 team. This team consists of members with advanced degrees in meteorology,
9 structural engineering, and statistics. Soon after models are released, the model
10 evaluation team performs sensitivity testing to identify key drivers of model
11 changes and potential anomalies. I work closely with the model evaluation team
12 at Aon to ensure the sensitivity testing covers all aspects of ASOP 38
13 requirements. I review the testing results through an analytics dashboard. I
14 document my reviews for each peril model. Upon completion of the review, I sign
15 an ASOP 38 attestation. Copies of the current ASOP 38 attestations for the AIR
16 and RMS models are included in the filing as Exhibits RB-10 and RB-11,
17 respectively.
18

19 **Q. Describe the role of Aon Reinsurance Solutions Analytics and**
20 **Catastrophe Risk Analytics.**
21

22 A. Aon Reinsurance Solutions Analytics (a.k.a Reinsurance Analytics) provides
23 consultative services to Aon's clients who place catastrophe reinsurance through

1 Aon. These clients are primary insurers selling property insurance products in
2 catastrophe prone areas. Aon Reinsurance Analytics provides value added
3 service that is above and beyond reinsurance brokering transactions. Our client
4 services include but are not limited to support for multi-model analytics,
5 customized view of risks, catastrophe pricing, catastrophe risk selections, data
6 augmentation, model evaluation, real-time event response, portfolio optimization,
7 reinsurance cost allocations, actuarial support, and rating agency questionnaire
8 support.

9
10 Within the Reinsurance Analytics division, there is a team specialized in
11 catastrophe risk analytics. I am part of the catastrophe risk analytics team that
12 provides clients with catastrophe risk management information and assists
13 clients with their reinsurance purchasing decisions.

14
15 **Q. Describe your experience with catastrophe models.**

16
17 A. From 2005 to 2006, I performed the catastrophe modeling analyst's role at
18 State Farm, which includes hands-on experience with multiple models - from
19 data preparation to running the models to post-model aggregation. My daily work
20 involved data preparation and converting exposure data into model input files. I
21 gained knowledge about how different models handle building characteristics and
22 insurance terms. I used RMS RiskLink, AIR, and EQECAT models on a daily
23 basis. I developed an understanding of the models' back end database and
24 output. I performed post-model analysis and wrote computer programs to

1 develop risk metrics such as probable maximum loss (PMLs), average annual
2 losses (AALs), and total value at risk (TVaR) to help State Farm assess and
3 manage catastrophe risks. Later in my career, I assembled a team and
4 supervised many modeling tasks delegated to my colleagues. I continued to
5 provide guidance and managed the day-to-day work of the catastrophe modeling
6 unit.

7

8 **Q. Describe your experience with catastrophe reinsurance.**

9

10 A. My experience with reinsurance started in 2005 at State Farm. State Farm is
11 a reinsurance buyer, and I was a part of the company's reinsurance buying team.
12 I supported the reinsurance function at multiple levels. My work included using
13 catastrophe model output and financial information to help my employer in
14 structuring reinsurance, conducting technical pricing, drafting and reviewing
15 reinsurance contracts, and participating in reinsurance buying trips. I evaluated
16 catastrophe risks and cost of capital from both ceding and assuming parties. I
17 worked closely with our reinsurance broker to validate our view of risks using
18 external benchmarks. At Aon, I work directly with our clients who are seeking to
19 purchase catastrophe reinsurance. Output from models is used by our brokers,
20 clients, and capital markets to determine the reinsurance structure and pricing.
21 We customize reinsurance solutions based on clients' risk appetite and risk
22 profile.

23

1 **Q. Do you speak on topics pertaining to catastrophe modeling?**

2

3 A. Yes. I have presented at CAS Ratemaking, Product, and Modeling
4 Conferences. I am a frequent speaker at Reinsurance Association of America's
5 annual catastrophe modeling conference. My topics have included model
6 blending, model regulation, and wildfire modeling, among others. From 2012 to
7 present, I am a visiting instructor for the Illinois State University Math Department
8 Actuarial Science program. I presented catastrophe modeling and regulatory
9 topics to actuarial students. From 2016 to 2018, I was a member of the planning
10 committee for the Reinsurance Association of America's annual catastrophe
11 modeling conference. I organized and moderated panels and engaged speakers
12 to cover a variety of catastrophe topics.

13

14 **Q. Would you please explain why you are providing this testimony?**

15

16 A. I manage Aon's Catastrophe Actuarial and Predictive Analytics team that
17 developed the provisions for the modeled hurricane losses, the net cost of
18 reinsurance, and the compensation for assessment risk used in this filing. I am
19 responsible for the work product provided to NCRB on those items for this filing.

20

21 **Q. What was Aon's role in this filing with respect to expected hurricane**
22 **losses?**

23

1 A. Aon performed data validation and shared control totals with NCRB; Aon's
2 catastrophe modelers ran AIR Touchstone V12 (a.k.a Touchstone V2024) and
3 RMS RiskLink V23 models based on exposure data provided by NCRB; Aon
4 blended the model results for NCRB based on well-established methodology and
5 provided the modeled average annual loss to NCRB; Aon conducted industry
6 research, recommended, and applied catastrophe loss adjustment factors for
7 NCRB.

8
9 **Q. Are catastrophe simulation models commonly used by insurers for**
10 **ratemaking in catastrophe-exposed lines and jurisdictions?**

11
12 A. Yes, catastrophe models have become the standard method of estimating
13 catastrophe risk in rate filings and reinsurance. Hurricane losses are so extreme
14 and volatile that, for many years now, the accepted actuarial procedure for
15 estimating catastrophe risk in rate filings and in the reinsurance market has been
16 through the use of catastrophe models rather than actual hurricane losses. Such
17 volatility is greatly compounded in hurricane prone states such as North Carolina.
18 In North Carolina and other hurricane prone states, a significant percentage of
19 the prospective long-term average annual losses in certain territories of the state
20 are caused by intense hurricanes, which are relatively infrequent but are
21 devastating when they do occur. It would be actuarially unsound to rely on a few
22 years of actual hurricane losses to estimate prospective hurricane losses
23 because of the volatility of these losses driven by low frequency and high

1 severity. We have provided data and analysis from the use of catastrophe
2 models for Aon clients to use in their rate filings in multiple states.

3

4 **Q. Did the NCRB ask Aon to run the AIR and RMS models?**

5

6 A. Yes. Aon ran AIR Touchstone and RMS RiskLink for the NCRB under the
7 NCRB's direction. AIR and RMS are the most commonly used catastrophe
8 models in the insurance and reinsurance industries. Aon runs these two models
9 on all of Aon clients' exposure data pertinent to reinsurance transactions. The
10 majority of Aon's clients use either one or both models when evaluating their
11 catastrophe risk.

12

13 **Q. Why did the NCRB ask Aon to run two models?**

14

15 A. My understanding is that the NCRB has been using two models since 2016
16 and also that running two models complies with N.C.G.S. 58-36-10(3), which
17 became effective in 2017 and requires the NCRB to present data from more than
18 one model if modeled hurricane losses are based upon a commercial hurricane
19 simulation model.

20

21 **Q. How are losses from the two models blended?**

22

23 A. We run the individual models independently and determine the appropriate
24 loss costs and reinsurance cost allocation for each model. The blended results

1 from the two models are derived by taking the straight average, thus weighting
2 the models equally.

3

4 **Q. Is it common that modeled losses will differ between the various model**
5 **vendors?**

6

7 A. Yes. Catastrophe models are complex. When modeling vendors develop a
8 hurricane model, they start with similar underlying information, such as the
9 National Hurricane Center's historical hurricane dataset, land use/land cover
10 database, similar wind engineering principles, and statistical theories. However,
11 there are differences between modeling vendors in their approaches to
12 interpreting and supplementing the data to build a robust model. Different
13 assumptions and judgments are made by model developers. Vendors may also
14 use claims data from different data sources to calibrate their model. These
15 varying assumptions, judgments, and methodologies will result in different model
16 results. Model results deviate more at location level than at the state level.
17 When models generate different results, it does not necessarily mean any model
18 is wrong. The spread among different views of the same risk reflects the
19 inherent uncertainties of catastrophe modeling.

20

21 Given the number of variables involved in the development of a catastrophe
22 model and the degree of uncertainty associated with each variable, we would not
23 expect that two independently developed models would result in the same output
24 or conclusions on a given set of data.

1 **Q. Does the use of catastrophe models produce artificially high rate levels?**

2

3 A. No. Models help stabilize rate levels. Without modeling, rate levels would
4 fluctuate wildly following the occurrence or non-occurrence of significant
5 hurricanes. Modeling is relied upon by all stakeholders in insurance,
6 reinsurance, catastrophe bond, and other financial transactions to give the best
7 and most unbiased projection of future hurricane losses. Different parties to
8 those transactions often have opposing economic interests, but they all rely on
9 models in their negotiations with each other.

10

11 **Q. How do the models change over time?**

12

13 A. Catastrophe models are built based on state of the art science and
14 technology. As science continues to evolve and computing powers continue to
15 advance, modeling technology is updated and improved. In addition, research
16 into historical and recent events, updates to building practices and building
17 codes, and data from engineering experiments also provide insights to enable
18 model developers to enhance their models. Each modeling vendor takes a
19 different approach on how frequently it updates its models and which perils and
20 regions will be updated. As noted above, because different assumptions and
21 judgements are made when information is applied, the impact of an update could
22 vary greatly between models. Changes due to model updates are to be
23 expected.

24

1 **Q. Is using multiple models to determine catastrophe risk actuarially**
2 **sound?**

3
4 A. Yes. Using multiple models allows users to incorporate different views of risk
5 into their exposure management. Using multiple models can effectively mitigate
6 modeling volatility and smooth out significant model changes. Using multiple
7 models is a practice endorsed by major rating agencies such as AM Best and
8 S&P.

9
10 **Q. How does the NCRB exposure data impact model output?**

11
12 A. The following data factors would impact model output:

- 13 • Changes in coverage and/or policy conditions such as deductible and
14 limits, and the underlying policies-in-force
- 15 • Changes in an insurer's portfolio composition, such as geographic
16 concentration
- 17 • Changes in building characteristics, such as loss mitigation features and
18 age of roof
- 19 • Changes in data quality, such as replacing unknown building
20 characteristics with known building characteristics

21
22 **Q. Please describe the client data that was employed as input for the model**
23 **runs?**

1 A. The underlying exposure data was provided to Aon by the NCRB. The NCRB
2 advised me that the data was compiled on behalf of the NCRB by Insurance
3 Services Office (ISO). NCRB's exposure data sent to Aon consisted of the
4 trended aggregate exposure information for all residential Dwelling risks in North
5 Carolina, including those written voluntarily by insurance companies and those
6 written by the residual market (NCIUA and NCJUA). NCRB instructed Aon to run
7 the models using the aggregate data at zip code and territory level for the entire
8 North Carolina portfolio in a single model run. Model results were aggregated by
9 territory, policy form, and coverage.

10
11 **Q. Please describe what Aon Reinsurance Solutions then did with the data**
12 **provided by the NCRB.**

13
14 A. We reviewed the data received from the NCRB for completeness and
15 reasonableness before we input it into the AIR and RMS models. Since the two
16 models have different formats for inputting data, we worked with the NCRB to
17 assure that the exposure data was properly and consistently mapped in the
18 required format for each model. NCRB provided earned insurance years (EIY),
19 which is the sum of primary coverage amount expressed in thousands, and
20 earned house years (EHY), which is the number of risks. Limit by coverage is
21 calculated from EIY and EHY as instructed by the NCRB. A comparison of this
22 year's data with last year's data was conducted. Any anomalies were
23 investigated.

1 The next step was to input the data and run the models. We ran the AIR
2 Standard model using the 100K event catalogue and the RMS Historical model
3 (both are long term views of the hurricane risk) to determine the modeled
4 hurricane loss cost. We also ran the AIR Warm Sea Surface Temperature
5 (WSST) model using the 10K event catalogue and the RMS Medium Term Rate
6 model (both are near term views of hurricane risk) to analyze the cost of
7 reinsurance. It is a standard practice throughout the reinsurance industry to rely
8 upon the models we used to determine modeled hurricane loss cost and
9 reinsurance placements, and this has been true since the 1990s.

10
11 After the models were run, we reviewed each model's output separately to
12 ensure data integrity. We then blended the results of the two models by taking a
13 straight average of the results. Additional reviews were conducted of the
14 blended results to ensure that the blending procedures were correctly performed
15 and that the blended results were reasonable. The blended modeled hurricane
16 loss results were provided to the NCRB for use in its Dwelling rate review.
17 Exhibits RB-8A and RB-8B set forth the blended modeled hurricane losses
18 resulting from the work I have described. Based on my knowledge and
19 experience, and the input data provided by the NCRB, these modeled hurricane
20 losses are reasonable and appropriate projections of expected hurricane losses
21 for use by the NCRB in its Dwelling rate review and rate filing.

22

1 Also, we employed the modeled hurricane losses as part of our work in
2 determining and allocating the cost of reinsurance.

3
4 **Q. What are the differences and similarities between using the AIR
5 Touchstone's 10K event set and the 100K event set?**

6
7 AIR Touchstone's 10K hurricane event set is a subset of the 100K event set.
8 These two event sets are designed to have the same theoretical frequency and
9 intensity distributions in coastal segments, and to produce similar results with
10 minimal variabilities. Using the 10K event set provides benefits in performance
11 and storage. AIR Touchstone's 10K event set is standard for use in a majority of
12 catastrophe modeling exercises – including reinsurance renewal data distribution
13 for quoting and placement purposes. The 100K event set is used to determine
14 hurricane loss costs for ratemaking purposes.

15
16 **Q. Did Aon make adjustments to the modeled results?**

17
18 Yes. A 6% loss adjustment expense (LAE) factor was applied to modeled
19 losses. This factor was recommended by Aon based on a broad industry study
20 at the state level. The results of that study are shown in Exhibit RB-14. The
21 application of the LAE factor was reviewed and approved by the NCRB, and the
22 6% catastrophe LAE factor was selected by the NCRB.

1 **Q. What is demand surge?**

2

3 A. Demand surge is a social economic phenomenon defined by the Actuarial
4 Standards Board as 'a sudden and usually temporary increase in the cost of
5 materials, services, and labor due to the increased demand for them following a
6 catastrophe.' Demand surge usually occurs after large-scale disasters such as
7 earthquakes, tsunamis, cyclones, or flooding. The models incorporate demand
8 surge into their loss estimates.

9

10 **Q. Should model output include demand surge?**

11

12 A. All applications of catastrophe model output should reflect demand surge.
13 Demand surge is a real social economic phenomenon. Insurance companies'
14 claims experience includes the effect of demand surge. Excluding demand surge
15 would underestimate catastrophe losses.

16

17 **Q. Does the model output used in this filing include demand surge?**

18 A. Yes. As is the customary and accepted practice in the insurance, reinsurance,
19 and catastrophe bond industries, the models were run with aggregate demand
20 surge (AIR) and loss amplification (RMS) included. The FCHLPM has approved
21 the use of aggregate demand surge and loss amplification for the AIR and RMS
22 models, respectively. These aspects of the models account for the expected
23 additional cost for supplies and labor if a very large hurricane event or series of

1 events occurs. Experience demonstrates that when such catastrophic events
2 have occurred, there is significant increase in demand for the limited supply of
3 plywood, shingles, labor, hotel rooms and other necessities. The high demand
4 for specialized labor often requires contractors to come in from out of state.
5 Fundamental economic principles dictate that such a spike in demand increases
6 prices and consequently results in larger than normal claims payments in the
7 aggregate. Additionally, there are delays in repairing properties, which can
8 directly lead to longer stays in hotels, and there are other increased costs beyond
9 those that occur after smaller hurricanes. Loss amplification also factors in
10 claims inflation. Claims adjusters may not investigate every claim individually if it
11 is under a certain threshold, given the volume of claims they have to settle post-
12 event in a limited amount of time.

13
14 **Q. Does any state prohibit the inclusion of demand surge in modeled**
15 **losses for rate filings?**

16
17 A. I am not aware of any prohibitions against the use of demand surge in rate
18 filings in any jurisdiction. The South Carolina Department of Insurance Bulletin
19 2014-03 states "Demand surge may be included in the modeled results as long
20 as the company provides the impact it has on the modeled losses." The Florida
21 Commission on Hurricane Loss Projection Methodologies' actuarial standards
22 require hurricane models to incorporate demand surge based on relevant data
23 and actuarially sound methods and assumptions.

1

2 **Q. North Carolina has laws prohibiting “price gouging” following a**
3 **hurricane. Does that eliminate demand surge?**

4

5 A. No. Florida has a similar law (Title XXXIII 501.160). Demand surge can and
6 does occur due to supply and demand economics in situations that would not be
7 considered price gouging and/or that would not be prevented by statutes
8 prohibiting price gouging.

9

10 **Q. Does it make sense for North Carolina hurricane losses to include**
11 **demand surge for very large events impacting other states even if those**
12 **events were less significant in North Carolina?**

13

14 A. Yes, the intent of the model is to reflect economic conditions that will influence
15 construction prices and other aspects of insured loss (such as, for example, the
16 increased period of time a carrier has to pay for hotel rooms for insureds while
17 their damaged homes are repaired) in the time period shortly after a catastrophe
18 event occurs. Since labor and materials resources are exchanged by people
19 across state lines, we believe the demand surge effect on prices in other states
20 will have an effect in North Carolina.

21

22 **Q. You noted earlier that you and your team developed the provision in the**
23 **filing for the net cost of reinsurance. First, what is reinsurance?**

24

1 A. Put simply, reinsurance is insurance for insurers. When insurers are aware of
2 scenarios in which the potential losses are greater than the company is willing or
3 able to tolerate, they will frequently purchase reinsurance to mitigate the risk in
4 those situations. For similar reasons, insurers may issue catastrophe bonds to
5 protect themselves in those situations. Essentially the insurers will use a portion
6 of the premium to purchase reinsurance. This is common across the industry.

7

8 **Q. What is catastrophe reinsurance, who buys it, and why do they buy it?**

9

10 A. Catastrophe reinsurance is a contract purchased by a primary insurance
11 company and sold by a reinsurer, or a group of reinsurers, to transfer risk from
12 loss due to large catastrophic events. Large catastrophe losses present a very
13 real risk to the long-term viability of Dwelling insurers and their ability to follow
14 through on their promise to policyholders to pay losses when they occur. There
15 are numerous scenarios where the potential losses due to a single hurricane are
16 far greater than the entire premium collected by all the companies for the entire
17 state of North Carolina. To remain viable long-term and protect against
18 insolvency, the industry must purchase reinsurance to help cover this risk.

19

20 The most common type of contract used for catastrophe risk is called "Portfolio
21 Excess of Loss", a.k.a. "Portfolio XOL", or just "XOL". A single XOL contract has
22 an "attachment" and a "limit". An XOL covers the amount of portfolio loss caused
23 by a single event in the amount that exceeds the XOL attachment with a

1 maximum equal to the XOL limit. In some instances, there is co-participation,
2 which means that only a percentage of the amount of loss in the XOL layer is
3 covered. Portfolio XOL contracts (a.k.a. "treaties" since there are typically
4 multiple reinsurers involved) cover the first event within a year of coverage. It is
5 standard practice to write into the treaty a provision for the primary carrier to
6 automatically purchase a "reinstatement" if they have a loss that triggers a
7 reinsurance payment. The reinstatement premium allows for the full limit to be
8 reinstated after the first event uses up the limit provided. There are cases where
9 a limit is provided and if an event exhausts that limit, then there is no coverage
10 available for the remainder of the contract period. It is typical of primary carriers
11 to buy multiple treaties that stack on top of each other. In other words, a treaty
12 will have an attachment equal to the attachment plus limit of another treaty.
13 Primary carriers buy reinsurance to ensure the company is financially viable after
14 very large and uncommon to rare events.

15
16 The costs associated with this catastrophe reinsurance are costs of doing
17 business in the state. To reflect the portion of those costs that is not already
18 covered in the filing, a provision for the net cost of reinsurance is included in the
19 filing.

20 **Q. What was your role in this filing with respect to net cost of reinsurance?**

21 A. I worked with my colleagues within the Aon Catastrophe Actuarial team to
22 determine a suitable provision for the net cost of reinsurance for the state overall
23 and an allocation of that cost by territory and policy form. The provision used

1 exposure data from all the Dwelling risks in the state so that a cost provision
2 would be appropriate to use in a uniform rate schedule applicable to all insurers
3 in the state.

4

5 **Q. Please describe how the reinsurance program was designed and priced**
6 **for purposes of NCRB's Dwelling rate filing? Do you think it is reasonable?**

7

8 A. Yes, I think the reinsurance program is reasonable. The Aon Catastrophe
9 Actuarial team designed the reinsurance program for this rate filing. I manage
10 this team and I am responsible for its work product. The basis of the reinsurance
11 program structure and pricing is determined by an analysis of reinsurance
12 programs placed by Aon for its reinsurance clients. Three components of the
13 analysis are described here.

14

15 **Program attachment and total limit** describes the total amount of reinsurance
16 coverage. Since companies vary substantially in size, so does their limit
17 purchase and attachment for their bottom layers. To normalize for company size,
18 we looked at the frequency with which a single event would trigger a recovery
19 and the frequency with which a single event would exhaust the limit of the entire
20 program for each company. This was calculated separately for the AIR and the
21 RMS models. We then calculated the median attachment and exhaustion
22 (exhaustion = bottom layer attachment + total program limit) frequencies by
23 model and by region (Southeast and Nationwide). The frequencies for
24 attachment and exhaustion were averaged across the regions, which resulted in

1 attachment and exhaustion frequency by model. Using portfolio loss distributions
2 by model for the portfolio in the filing, we calculated the dollar amount of
3 attachment and exhaustion (and therefore limit) by model. The attachment of the
4 reinsurance program in the filing is the average of the AIR indicated attachment
5 and RMS indicated attachment. The exhaustion of the reinsurance program in
6 the filing is the average of the AIR indicated exhaustion and the RMS indicated
7 exhaustion.

8 **Reinsurance Market Pricing Model** For AIR and RMS, a log-linear regression
9 model was built to calculate fitted reinsurance price based on modeled expected
10 ceded loss. Using these regression models, an indicated price for any layer can
11 be calculated based on each catastrophe model (AIR and RMS). The selected
12 prices by layer used in this rate filing are the averages of the AIR indicated prices
13 and the RMS indicated prices.

14
15 Note: Because insight into reinsurance market pricing is an important proprietary
16 asset for Aon, the log-linear models are considered a trade secret and therefore
17 not disclosed in this public filing.

18
19 **Program Structure.** After the market pricing model is determined along with the
20 program's attachment and limit, the program is then broken into layers. We run
21 an optimization analysis to find the five-layer catastrophe program that has the
22 lowest deposit premium. The method is designed to calculate an indicated

1 reinsurance premium that is as low as possible, subject to the market pricing
2 model and program attachment and limit specifications.

3

4 The reinsurance structure determined by the method described above is shown
5 in Exhibit RB-12. The pricing with loss analysis is shown in Exhibit RB-13.

6

7 **Q. Have you seen reinsurance costs going up in recent years?**

8

9 A. The global reinsurance market has experienced some extraordinary volatilities
10 since 2019. Reinsurance prices have increased significantly in the U.S. during
11 2019 to 2024. This increase was initially driven by Florida in the Southeast
12 region, but the significant increase has been seen countrywide since 2021.
13 Reinsurance prices peaked in early 2024 and have started to stabilize since then.

14

15 **Q. How was the net cost of reinsurance calculated?**

16

17 Net cost of reinsurance is Deposit Premium + Expected Reinstatement Premium
18 - Expected Ceded Loss & LAE. The reinsurance program, the loss distribution
19 from the portfolio as determined by event loss tables (ELTs) from catastrophe
20 models, and the LAE assumptions are input into a DFA (Dynamic Financial
21 Analysis) program to calculate the average ceded loss and LAE and average
22 reinstatement premium over a specified number of simulated years. The loss
23 distribution that is produced by the AIR model is already in the form of simulated
24 loss experience for 100,000 years. The DFA program calculates for each year

1 the total reinsurance recoveries and reinstatement premium paid. The program
2 then calculates the average annual ceded loss & LAE and the average
3 reinstatement premium. The loss distribution from RMS models is a list of
4 possible catastrophic events. Instead of providing specific year and amount of
5 loss from each event, each event has a parametric distribution for frequency and
6 severity. The DFA program creates a simulation of 1,000,000 years of loss
7 experience to make a table containing year, event id, and specific amount of
8 loss. From that point, the calculation works the same as for the AIR model.

9
10 For the NCRB filing, our analysis shows that expected reinsurance premium is
11 \$391,144,273, expected ceded loss & LAE is \$77,294,432, and the net cost of
12 reinsurance is \$313,849,841, as shown on Exhibit RB-16 and the summary on
13 Exhibit RB-13. Allocation by territory is done using the method described above.

14
15 **Q. How was the reinsurance premium allocated?**

16
17 A. Reinsurance premium by layer is allocated to a territory based on that
18 territory's share of expected ceded loss and loss adjustment expense (LAE) by
19 layer. Exhibit RB-13 shows the total expected ceded loss and LAE by layer and
20 Exhibit RB-15 shows the proportion of hurricane peril reinsurance premium,
21 ceded average annual loss, and reinsurance margin (a.k.a. "net cost of
22 reinsurance") allocated to each territory segment for each layer. Other perils
23 were used in the calculation, but because they contributed such a small amount
24 of expected ceded loss they were not shown on the exhibits. Exhibit RB-16

1 shows the dollar amount of reinsurance margin allocated by territory and policy
2 form.

3

4 **Q. Given your experience in catastrophe reinsurance, do you find this**
5 **approach to be reasonable?**

6 A. Yes. Aon's approach is based on detailed information on current reinsurance
7 market rates and underlying model output.

8

9 **Q. Do you know whether the Rate Bureau has used in its 2025 Dwelling**
10 **filing the Aon net cost of reinsurance results you provided?**

11

12 A. Yes, I am advised that the Rate Bureau has used in the filing both our
13 statewide net cost of reinsurance results and those results allocated to the
14 territory level.

15

16 **Q. Are you aware of the following provisions in the North Carolina statutes,**
17 **in N.C.G.S. 58-36-10(7):**

18 *Property insurance rates established under this Article may include a provision to*
19 *reflect the cost of reinsurance to protect against catastrophic exposure within this*
20 *State. Amounts to be paid to reinsurers, ceding commissions paid or to be paid*
21 *to insurers by reinsurers, expected reinsurance recoveries, North Carolina*
22 *exposure to catastrophic events relative to other states' exposure, and any other*
23 *relevant information may be considered when determining the provision to reflect*
24 *the cost of reinsurance.*

25

26 A. Yes, I am. This NC statute provision is consistent with ASOP 53, Estimating
27 Future Costs of Prospective Property/Casualty Risk Transfer and Risk Retention,

1 which “applies to actuaries when performing actuarial services with respect to
2 developing or reviewing future cost estimates (commonly known as actuarial
3 indications) for prospective property/casualty risk transfer and risk retention. For
4 example, this standard applies when actuaries are developing future cost
5 estimates underlying product prices, estimating funding requirements for self-
6 insured programs and captives, and developing reinsurance prices.”

7

8 **Q. Do you have an opinion whether the analysis you and Aon have**
9 **performed on behalf of the Rate Bureau on the net cost of reinsurance for**
10 **this filing has taken into consideration the provisions of that statute?**

11

12 A. Based on my experience with hurricane models and using modeled hurricane
13 losses along with my experience with catastrophe reinsurance and determining
14 catastrophe reinsurance costs for rate filings, it is my opinion that the net cost of
15 reinsurance analysis for this filing properly considers all of the items set forth by
16 the statute. Further, based on my experience in the actual marketplace, it is my
17 opinion that a reasonable and appropriate provision for the net cost of
18 reinsurance must be incorporated into Dwelling insurance rates in North Carolina
19 for those rates to properly reflect and protect against the catastrophe exposure in
20 this state.

21

22 **Q. Do you have an opinion regarding the appropriateness of the net cost of**
23 **reinsurance provision incorporated into this Dwelling filing?**

24

1 A. Yes. Based on my experience with hurricane models and using modeled
2 hurricane losses along with my experience with catastrophe reinsurance and
3 determining catastrophe reinsurance costs for rate filings, it is my opinion that the
4 provision for the net cost of reinsurance in the filing, at the statewide and territory
5 levels, is reasonable and appropriate.

6
7 **Q. Can you please describe the issues related to the compensation for**
8 **assessment risk?**

9
10 A. Property insurance written in the residual market in North Carolina presents
11 considerable risk for primary insurers that write property insurance. The North
12 Carolina Insurance Underwriting Association (i.e., the Coastal Property Insurance
13 Pool, or "Beach Plan") and the North Carolina Joint Underwriting Association
14 (i.e., the FAIR Plan) together serve as that residual market. The Beach Plan and
15 FAIR Plan provide property insurance when policyholders are unable to purchase
16 insurance coverage from companies in the voluntary market. In states like North
17 Carolina with significant exposure to catastrophic events and/or where the
18 availability of insurance is limited in the voluntary market, property insurance
19 residual markets may grow to represent a sizable portion of the total insured risk.
20 In North Carolina, the Beach Plan and FAIR Plan have become the predominant
21 writers of dwelling insurance in both the 18 coastal counties and the rest of the
22 state.

1 Similar to insurance companies writing voluntary business, the Beach and FAIR
2 Plans use the premiums collected from policies they issue to fund the losses and
3 expenses attributable to the coverages they insure. When premiums are greater
4 than losses and expenses during a given year, the Beach Plan and the FAIR
5 Plan accumulate surplus. That surplus is available to pay losses in the event that
6 future losses and expenses exceed collected premiums plus investment income.
7 However, if the surplus of either the Beach Plan or FAIR Plan is exhausted, then
8 additional losses of that entity are passed through to property insurers in North
9 Carolina in the form of an assessment. The potential overall industry
10 assessment from the Beach Plan for any single year is capped at \$1 billion, but
11 the potential assessment from the FAIR Plan is unlimited. If losses in the Beach
12 Plan exceed the retained surplus, the \$1 billion industry assessment, and any
13 other resources of the Beach Plan (such as reinsurance), any additional losses
14 are passed through directly to residential property insurance policyholders in
15 North Carolina.

16
17 This risk of potential assessment by the Beach Plan and/or FAIR Plan on
18 property insurers in North Carolina requires that those companies be
19 compensated for the additional risk to their capital. To quantify this risk, Aon has
20 applied a procedure previously developed by Milliman and adopted by NCRB to
21 incorporate a provision in property insurance rates (homeowners insurance,
22 dwelling insurance, and mobile home insurance) that compensates insurers for
23 that risk.

1

2 **Q. Can you please explain the procedure you used to determine the needed**
3 **compensation for assessment risk?**

4

5 A. Yes. There are two steps in the methodology to quantify the compensation for
6 assessment risk (sometimes "CAR"). The first step is to calculate the magnitude
7 of the exposure itself, and the second step is to determine the fair compensation
8 to be paid to insurers for being required to bear that risk.

9

10 To quantify the magnitude of the exposure, it is necessary to estimate the
11 expected value of the assessments on insurers arising from catastrophic losses
12 incurred by the Beach Plan and/or FAIR Plan. Because an assessment on
13 insurers results only after either the Beach Plan or FAIR Plan has exhausted
14 other resources available to pay losses, we needed to determine the likelihood of
15 that occurring as well as the amount by which the losses exceed those other
16 resources.

17

18 Aon quantified the risk of assessment by the Beach Plan and FAIR Plan using a
19 methodology similar to that developed by Milliman and presented in previous
20 filings. First, Aon collected the Beach Plan's and FAIR Plan's exposure at county
21 level from the Beach Plan's and FAIR Plan's websites for the 2025-2026 storm
22 season. Then we reviewed the Beach Plan's and FAIR Plan's reinsurance
23 programs in place for the 2025-2026 storm season, along with assumptions of

1 the Beach Plan's and FAIR Plan's accumulated surplus available for the season.
2 The accumulated surplus and available reinsurance are the "other resources"
3 that are available to pay for hurricane losses during the 2025-2026 storm season.
4 Aon then ran the AIR and RMS hurricane models on the Beach Plan's and FAIR
5 Plan's exposures for the 2025-2026 storm season, calibrated modeled event
6 losses based on the published PML information available on the Beach Plan's
7 and FAIR Plan's websites, and evaluated the impact of reinsurance on each
8 modeled event. Aon utilized its in-house dynamic simulation model ReMetrica to
9 calculate the Beach Plan and FAIR Plan deficits after applying their reinsurance
10 and surplus. For each adjusted modeled loss, ReMetrica determined the amount
11 of loss that would be covered by reinsurance and the remaining losses that
12 would be funded either from the Beach Plan's or FAIR Plan's accumulated
13 surplus, through assessments on property insurers in the state, or ultimately
14 through assessments on North Carolina property insurance policyholders. We
15 subtracted the accumulated surplus of the Beach Plan and FAIR Plan from the
16 losses remaining after reinsurance, limited the assessable losses due to the
17 Beach Plan exposures to \$1 billion, and calculated the average assessment on
18 property insurers across all events simulated by the models. This average
19 assessment on property insurers is equal to the expected value of the losses that
20 would be funded through assessments on North Carolina property insurers.

21
22 As I mentioned earlier, this calculation produces a measure of the magnitude of
23 the assessment exposure. That is, it represents the risk to insurers' capital that

1 is associated with the exposure to Beach Plan or FAIR Plan assessments. The
2 next step is to use the method previously developed by Milliman to measure the
3 fair compensation to insurers for bearing this risk.

4
5 **Q. Can you please explain how you measured the compensation needed for**
6 **bearing this risk?**

7
8 A. Yes. To measure the fair compensation for bearing this risk, we relied on
9 publicly available data that quantifies the market price of catastrophe risk, taken
10 from recently-issued insurance linked securities. Insurance linked securities
11 (ILS) are securities, such as catastrophe bonds, that have conditional payoffs
12 that are very similar to reinsurance. Investors purchase these securities at
13 significant yield premiums compared to risk-free bonds because the investors are
14 exposed to loss of principal and interest if certain “insured events” occur.

15
16 **Q. What kind of ILS data are available and how is this information used to**
17 **determine the compensation for assessment risk?**

18
19 A. We relied on insurance linked security yield information to price the
20 compensation for assessment risk. Lane Financial, LLC is a firm that has
21 specialized in the analysis of insurance linked securities. In the past, Lane
22 published a table of data each year that summarized a variety of information that
23 can be used to evaluate the fair compensation for bearing catastrophe risk. For

1 each ILS in the table, Lane published the following data: the yield on the
2 security; the excess return over the risk-free rate; the probability that the security
3 will suffer a loss; and the expected value of loss anticipated on the security.

4 These data elements provide the foundation for the analysis of the proper
5 compensation for bearing the risk of Beach Plan or FAIR Plan assessments.

6 However, Lane has not published the insurance linked securities table since
7 March 2022.

8
9 Aon also collects and aggregates insurance linked securities information similar
10 to the information published by Lane. For each insurance linked security in Aon's
11 table, the following data are available: the peril and region the insurance linked
12 security covers; the yield on the security; the excess return over the risk-free
13 rate; the probability that the security will be attaching; and the expected value of
14 loss anticipated on the security. For the 2025 CAR study, the 2016 – 2021
15 information utilized was from Lane Financial and the 2022 and later data utilized
16 was from Aon.

17
18 There are a number of defined terms that are useful in describing the mechanics
19 of the compensation for assessment risk analysis.

- 20 ▪ The "*yield spread*" is the difference between the yield on a particular ILS and
21 the risk-free rate. If a \$100 million bond is issued with a yield spread of 10%,
22 this implies that the insurer issuing the bond would pay \$10 million in interest

1 in excess of the interest at the risk-free rate to encourage investors to
2 purchase such a security.

3 ■ Continuing with the example of the \$100 million bond above, now assume
4 that the distribution of hurricane losses is such that, based on the probability
5 and amount of potential hurricane losses, an investor would anticipate having
6 an average loss of \$2 million per year. This amount is identified as the
7 “expected loss.”

8 ■ Since the investor in this example receives compensation of \$10 million in
9 excess of the risk-free rate for bearing the risk of loss, the “expected profit” to
10 the investor is \$8 million (i.e., \$10 million in interest in excess of the interest at
11 the risk-free rate minus \$2 million of expected losses).

12 ■ Finally, the “profit multiple” is the ratio of expected profit to expected loss. In
13 the above example, the profit multiple would be \$8 million of expected profit
14 divided by \$2 million of expected loss, or a profit multiple of 4.0.

15 The profit multiples derived from insurance linked securities provide an estimate
16 of the compensation that investors require to bear catastrophe risk. This
17 information tells us what investment returns are required by capital providers in
18 order to take on the risk of loss from a catastrophic event. One particularly
19 important feature of this metric is that it is a measure of compensation per dollar
20 of expected loss. As a result, because the first step of our analysis determines
21 the expected value of losses that would be funded through assessments, the
22 profit multiple can be applied to those expected values to develop an estimate of
23 the fair compensation for bearing such risk. This is the measure of risk we relied

1 upon in evaluating the fair compensation for property insurers whose capital is
2 exposed to Beach Plan and/or FAIR Plan assessments.

3

4 **Q. Generally speaking, which insurance linked securities have larger risk**
5 **premiums and higher profit multiples?**

6

7 A. For exposures such as catastrophic events, securities that have a lower
8 probability of incurring a loss have greater volatility and, as a result, have larger
9 risk premiums. Securities with larger risk premiums have a larger ratio of
10 expected profit to expected loss and, as such, have higher profit multiples.

11

12 **Q. Have you developed any exhibits that summarize the calculations used**
13 **to develop the fair compensation to insurers for bearing the risk of Beach**
14 **Plan and/or FAIR Plan assessments?**

15

16 A. Yes. Exhibit RB-17 contains ten pages of information required to develop the
17 fair compensation for bearing Beach Plan and FAIR Plan assessment risk.

18 ▪ Page 1 of Exhibit RB-17 shows the curve fit to the ILS profit multiples
19 based on all catastrophe-related securities issued in the last ten years. As
20 I explained earlier, some of the ILS data came from Lane and some came
21 from Aon. This exhibit also includes the equation of the fitted curve, which
22 can be used to determine the profit multiple for any layer to which insurer
23 capital is exposed.

- 1 ▪ Page 2 of Exhibit RB-17 shows a summary of the Beach Plan's
2 reinsurance program, and Page 6 shows a similar summary of the FAIR
3 Plan's reinsurance program, both for 2025. These summaries include the
4 various layers of reinsurance purchased and the coverage levels within
5 those layers.
- 6 ▪ Pages 3 and 7 display the profit multiples calculated for each layer of the
7 Beach Plan's and FAIR Plan's loss distributions, based on the equation
8 shown on Page 1. In order to determine the fair compensation to
9 voluntary insurers for bearing the risk of assessments, we need to
10 determine which layers contain losses that will be funded by assessments,
11 as well as the corresponding expected losses within those layers. The
12 profit multiples can then be applied to the expected losses to determine
13 the appropriate compensation per dollar of expected loss in each layer.
- 14 ▪ Pages 4 and 8 illustrate how potential losses for the Beach Plan
15 Residential Account and FAIR Plan are funded. (The Beach Plan
16 determines losses and assesses voluntary insurers separately for each
17 account, while the FAIR Plan has only one account.) Because of the \$1
18 billion annual cap on Beach Plan assessments, any amounts needed to
19 pay claims in excess of the assessable amounts are to be collected
20 through surcharges on property insurance policyholders statewide. For
21 each event simulated by the hurricane models, losses are separated by
22 account (Beach Plan Residential, Beach Plan Commercial, FAIR Plan
23 Residential, and FAIR Plan Commercial). The losses for each account

1 are then divided into layers based on the source of funding for those
2 losses – Beach Plan or FAIR Plan surplus, assessments on voluntary
3 insurers, private reinsurance, and ultimately any additional amounts in the
4 Beach Plan to be covered by policyholder surcharges. Finally, the losses
5 associated with each event are accumulated in each of the loss layers to
6 determine expected values.

- 7 ▪ Pages 4 and 8 illustrate the funding of potential losses within each layer.
8 Since the purpose of this analysis is to determine the fair compensation
9 for the risk of assessments on private insurers, the analysis must take into
10 account the probability of losses occurring within each layer and the
11 expected value of the losses that will be borne by private insurers. Pages
12 5 and 9 of Exhibit RB-17 provide that analysis. Those pages show the
13 expected value of the losses that would be covered by the Beach Plan
14 Residential and FAIR Plan accounts, and the average annual amount of
15 those losses that would be assessed to private insurers. Pages 5 and 9
16 also display the average profit multiples associated with each layer of the
17 loss distribution, and the product of the indicated profit multiples times the
18 expected losses within each layer. The sum of those values is the
19 indicated compensation for assessment risk for each account.
- 20 ▪ The final step in the calculation is to determine the appropriate provision to
21 be included in the dwelling insurance rates to compensate insurers for the
22 risk of Beach Plan and/or FAIR Plan assessments. This provision is
23 expressed as a percent of premium and is developed on Page 10 of

1 Exhibit RB-17. Since assessments for Beach Plan and/or FAIR Plan
2 losses are applied to all property insurance lines in the state, the table on
3 Exhibit RB-17, Page 10 shows the development of a provision that will
4 produce an amount of revenue equal to the total required compensation of
5 \$233.83 million when incorporated into the rates for homeowners, dwelling
6 and mobile home insurance in North Carolina. As shown on this exhibit,
7 that provision is 4.2% of total property insurance premium in the state.

8 **Q. Did you make any adjustments to the 4.2% compensation for**
9 **assessment risk provision for North Carolina property insurance?**

10

11 A. Yes. The Rate Bureau has become aware that some reinsurance contracts
12 provide coverage for residual market assessments, including the potential non-
13 recoupable assessments from the Beach Plan and FAIR Plan. As a result, it is
14 possible that the reinsurance contracts purchased by North Carolina property
15 insurance companies may include some coverage for assessments such that the
16 exposure to Beach Plan and/or FAIR Plan assessments is no longer fully
17 retained by the primary carrier. Given this information and the information that
18 not all companies buy reinsurance that includes coverage for residual market
19 assessments, the Rate Bureau made the assumption that 50% of the North
20 Carolina property insurance companies' exposure to assessments from the
21 Beach Plan and/or FAIR Plan is retained by the companies.

22

1 As a result, we multiplied this expected 50% market share by the 4.2% full
2 compensation for assessment risk provision to determine an overall
3 compensation for assessment risk provision of 2.1%.

4
5 **Q. In your opinion, is it appropriate to include a 2.1% provision for the**
6 **compensation for assessment risk in dwelling insurance rates in North**
7 **Carolina?**

8
9 A. Yes. Insurance companies writing dwelling policies in North Carolina are
10 exposed to the risk of Beach Plan and FAIR Plan assessments as a result of
11 writing voluntary market property insurance in the state. Those insurance
12 companies are entitled to receive fair compensation for bearing that risk, and it is
13 appropriate to include that compensation in the dwelling rates. The
14 compensation for assessment risk methodology we used here relies on a widely
15 accepted measure of compensation to determine a provision that will fairly
16 compensate insurers for bearing this additional risk to their capital. Moreover,
17 the North Carolina statutes provide that prospective exposure to non-recoupable
18 assessments shall be considered as an appropriate factor in the making of rates
19 by the Rate Bureau.

20
21 **Q. Are you aware that the North Carolina statutes increased the Beach**
22 **Plan's coverage limits in late 2023?**

1 A. Yes, I am aware that the Beach Plan's coverage limits were increased then
2 from \$750,000 to \$1 million on habitational property, from \$3 million to \$4 million
3 on commercial property, and from \$6 million to \$10 million on structures with
4 multiple firewall divisions.

5

6 **Q. Do you have an opinion on how these new coverage limits on Beach**
7 **Plan policies would impact the hurricane, net cost of reinsurance, and**
8 **compensation for assessment risk provisions in this Dwelling filing?**

9

10 A. The new coverage limits on Beach Plan policies could potentially increase the
11 exposure in the Beach Plan and increase the compensation for assessment risk
12 provision. This stems from two potential exposure changes: 1) more policies will
13 be eligible for coverage in the Beach Plan and these policies may move from the
14 voluntary market to the Beach Plan; and 2) some Beach Plan existing policies
15 that were capped at the previous limits are now eligible for a higher coverage
16 limit. The magnitude of the potential increases of the filing's hurricane loss
17 provision and net cost of reinsurance provision depends on how policies shift
18 from the voluntary market to the Beach Plan and the number of limit policies in
19 the Beach Plan.

20

21 **Q. Do you have an opinion on whether NCRB should make any**
22 **adjustments to this filing to account for the increase in the Beach Plan**
23 **coverage limits?**

24

1 A. It is unclear how many policies in the Beach Plan will be subject to the new
2 limits, and it is likewise unclear whether and how many additional policies would
3 be written by the Beach Plan due to the higher coverage limits. It is also unclear
4 how the Beach Plan's PML and reinsurance program will be impacted by the
5 higher coverage limits. Therefore, the impact of the higher coverage limits is not
6 quantifiable at this time. Currently, I don't recommend any adjustments to this
7 filing to account for the higher coverage limits in the Beach Plan.

8

9 **Q. Does that conclude your testimony?**

10

11 A. Yes.

Minchong Mao, FCAS, CCRMP, MAAA, Actuary

Reinsurance Solutions, Aon plc

200 E Randolph Street

Chicago, IL 60601

Phone: 312-381-2009(O) 312-581-7425 (C)

Email: minchong.mao@aon.com**Summary**

- Over twenty years of experience with insurance, reinsurance, catastrophe risk management, actuarial pricing and management at State Farm Insurance Companies and Aon plc
- Commission Member, actuary representing the property insurance industry on the Florida Commission on Hurricane Loss Projection Methodology (FCHLPM) 2015-2018
- Strong leadership, work ethic, communication and teamwork skills
- Deep knowledge and experience in Insurance operations, including Actuary, Underwriting, and Claims.
- Extensive experience and understanding with catastrophe models, underlying science and methodologies

Experience**Senior Managing Director, Actuary****Aon Reinsurance Solutions**

April 2021– Present

Managing Director, Actuary**Aon Reinsurance Solutions**

September 2018– April 2021

Major Responsibilities include:

- Manage the catastrophe actuarial and predictive analytics group within Aon Reinsurance Solutions which focuses on supporting Aon clients' ratemaking and underwriting needs.
- Implement and sign off Aon's ASOP 38 compliance framework.
- Provide rate filing support for Aon's clients through regulatory challenges.
- Serve on Impact Forecasting leadership steering committee to oversee Impact Forecasting's product strategies and priorities.
- Serve as Aon Impact Forecasting's signatory actuary during Florida Commission on Hurricane Loss Projection Methodology submissions.
- Manage Homeowner Return on Equity (ROE) Outlook study. Aon's Homeowners ROE Outlook calculates risk-adjusted returns for the US homeowners industry, provides the insurance industry with market reality diagnostics and profitability insights.
- Manage Residual Market Industry study. This product provides a holistic view of the residual market's impact on the property insurance industry and the individual company's risk profile.
- Serve as Aon's key corporate contact for China business development and expansion.

**Catastrophe Modeling Manager, Actuary
State Farm Insurance Companies**

Feb. 2005– Sept. 2018

Major Responsibilities included:

- Manage State Farm’s catastrophe modeling unit. State Farm’s catastrophe modeling practice grew into the industry’s leading practice with high quality and productivity under my leadership.
- Manage vendor relationships with AIR, EQECAT, ARA, and RMS. Negotiate contract terms and conditions, engage vendors’ support through regulatory challenges.
- Provide Actuarial opinions on State Farm’s use of catastrophe models. Oversee the due diligence and model validation work to ensure catastrophe modeling practices at State Farm meet the Actuarial Standards and comply with laws and regulatory requirements.
- Serve as a resource to the Corporate Law department for litigation and legislative issues.
- Provide various catastrophe risk measures and analytics (PML, TVaR, Standard Deviations, etc.) for State Farm Fire and Affiliates for exposure management and reinsurance purposes.
- Provide catastrophe information to rating agencies such as AM Best, S&P and Moody’s.
- Develop and deploy hazard analysis tools across the Enterprise for exposure underwriting and management.
- Utilize catastrophe data in Dynamic Financial Analysis projects to analyze capital adequacy and capital allocation; develop simulation tools to incorporate catastrophe risk into Enterprise Risk Management.
- Provide exposure information, technical support, risk analysis and documentation reviews for all State Farm’s issuances of catastrophe bonds.
- Lead State Farm’s compliance work to meet Office of the Superintendent of Financial Institutions (OSFI) B-9 - Earthquake Sound Practice requirements.
- Monitor modeling regulations in several jurisdictions (FL, LA, SC, HI, MD, etc.). Work with State Farm counsel to provide revisions to bills related to coastal issues and catastrophe risk management during legislative sessions.
- Represent the Actuarial department on State Farm Enterprise Catastrophe Response Team. Provide real time analysis for actual catastrophe events to assist Catastrophe Claims’ resources deployment, Catastrophe Reserving and communicate with Senior Management about the potential impact.
- Serve as a homeowner pricing manager for Mississippi for two years, with major responsibilities including:
 - Manage the development and implementation of rates and rules for several personal lines which satisfy the financial objectives of the enterprise.
 - Coordinate the analyses of actuarial ratemaking process
 - Review rate proposals.
 - Serve as a key Actuarial resource for Market Areas and regulators.

Actuarial/Statistics/Modeling Analyst

Jan 2001– Feb. 2005

- Conducted homeowner rate revisions for Maine, Kansas, and Mississippi.
- Developed and maintained State Farm’s rate revision tool for property lines.

Other Professional Activities

- 2015 – 2018, Commission Member, Industry Actuary, Florida Commission on

Hurricane Loss Projection Methodology (FCHLPM). I was appointed by Florida CFO Jeff Atwater to this position in Jan. 2015.

- 2010 – 2013, advisory group member to the Insurance Bureau of Canada (IBC) and Office of the Superintendent of Financial Institutions (OSFI) to provide expert opinions on a study for insurance and economic impact of major earthquakes in Canada.
- 2011- 2013, advisory group member for the Insurance Bureau of Canada (IBC) and Office of the Superintendent of Financial Institutions (OSFI) to revise OSFI Guideline B-9 (Earthquake Exposure Management Sound Practice Guideline for insurance companies).
- 2012-2016, organized nine State Farm senior executives delegation (including State Farm's CEO, COO, CFO, CMO, General Counsel, CTO, CSO) visits to China. Established relationship and set up meetings with Chinese regulators and senior executives of top Chinese insurance companies. Participated in discussions, served as advisor and interpreter for State Farm delegations.
- 2012-2018, visiting instructor for Illinois State University Math Department Actuarial Science program. Present catastrophe modeling and regularity topics to actuarial graduate students.
- 2014- 2018, board member of the International Society of Catastrophe Managers (ISCM). Promote education and career development for Catastrophe Modeling professionals.
- 2016- Present, co-chair of a taskforce to create a credential and certificate program for catastrophe risk management professionals on behalf of Institute of Casualty Actuarial Society (iCAS) and International Society of Catastrophe Managers (ISCM).
- 2016- 2023, Member of Property /Casualty Extreme Events Committee, American Academy of Actuaries. This committee identifies issues relevant to the treatment of extreme catastrophe risks including sizing, insurability, pricing, funding, reserving, capital management, and loss mitigation. The committee also monitors federal and state catastrophe legislation and interacts with NAIC on these issues.
- 2016 – 2018, member of planning committee for the Reinsurance Association of America's annual catastrophe modeling conference.
- 2016 – Present, member of CAS Climate Change Committee. This committee recommends, supports and performs research on climate change and assesses the potential risk management implications for the insurance industry.
- 2023, I was invited to participate in the Insurance, Climate and AI forum at the Kennedy School of Government, Harvard University. The forum was initiated by President Obama's advisor on Science and Technology, Dr. Daniel Schrag. I provided key insights from insurance perspectives during the forum.

Designations

- Fellow of Casualty Actuarial Society (FCAS, 2007)
- Certified Catastrophe Risk Management Professional (CCRMP, 2019)
- Associate of Society of Actuaries (ASA, 2010) Currently, I am not an active member at SOA.
- Member of American Academy of Actuaries (MAAA, 2005)
- Microsoft Certified Solution Developer (MCS D)
- Microsoft Certified Professional (MCP)

Education

- Master's degree in Computer Science, University of Missouri-Columbia, 2000
- Master's degree in Chemistry, Eastern Illinois University, 1997

- Bachelor's degree in Chemical Engineering, Beijing University of Chemical Technology, 1993

Award

- Special Achievement awards for excellent performance and exceptional business achievements, Property and Casualty Actuarial Department, State Farm Insurance in 2002, 2009, 2011, 2012, 2014, 2015, and 2016.
- Casualty Actuarial Society (CAS) Above and Beyond Achievement Award in 2019 to recognize my leadership role to establish Certified Catastrophe Risk Management Professional (CCRMP) designation for CAS Institute. The "Above & Beyond Achievement Award" is made annually, to one or more members of the CAS, who have made extraordinary contributions to the society.

Publications

- As a member of the American Academy of Actuaries Flood Working Group, I am one of the authors for the **Monograph on Issues Surrounding National Flood Insurance Program - The National Flood Insurance Program: Challenges and Solutions**. *American Academy of Actuaries*, April, 2017
- Akram Hazeen, Yan Zhang, **Minchong Mao**, Kraig A. Wheeler, a and Mark E. McGuire, 6-[(4-Hydroxy-phen-yl)diazonyl]-1,10-phenanthroline-1-ium chloride monohydrate, *US National Library of Medicine, National Institutes of Health (NIH)*, Dec. 1, 2011.
- As a member of the American Academy of Actuaries Flood Working Group, I am one of the authors of the following Monographs:

The National Flood Insurance Program: Challenges and Solutions (2017)
American Academy of Actuaries, April, 2017

Uses of Catastrophe Model Output (2018). American Academy of Actuaries, July, 2018

Wildfire: An Issue Paper - Lessons Learned from the 2017–2018 California Events (2019), American Academy of Actuaries, June, 2019

Reference

- Available upon request.

North Carolina Rate Bureau
Gross Modeled Hurricane Expected Losses including Cat LAE

Territory	Total Hurricane Loss
110	24,529,593
120	28,217,582
130	3,204,732
140	28,736,436
150	6,136,751
160	7,346,539
170	372,545
180	4,225,301
190	2,315,771
200	1,324,532
210	1,088,493
220	3,532,634
230	2,328,010
240	2,565,721
250	1,507,051
260	642,399
270	2,892,720
280	439,838
290	623,093
300	469,576
310	1,606,904
320	956,974
330	49,121
340	1,813,712
350	575,274
360	767,420
370	32,279
380	82,971
390	67,684
Total	128,451,657

Modeled hurricane expected losses for North Carolina Rate Bureau, net of limits and deductibles. Results include demand surge and exclude storm surge. Losses represent 50/50 blend of AIRv12 100k Standard event set and RMSv23 Historical event set. Results also include provisions for LAE.

North Carolina Rate Bureau
Gross Modeled Hurricane Expected Losses including Cat LAE

Territory	Policy Form 1	Policy Form 2	Total Hurricane Losses
110	1,516,972	23,012,621	24,529,593
120	4,807,913	23,409,669	28,217,582
130	1,094,205	2,110,527	3,204,732
140	9,100,733	19,635,703	28,736,436
150	2,344,145	3,792,606	6,136,751
160	2,154,691	5,191,848	7,346,539
170	180,654	191,891	372,545
180	1,851,652	2,373,649	4,225,301
190	1,197,341	1,118,430	2,315,771
200	848,445	476,088	1,324,532
210	481,290	607,204	1,088,493
220	1,123,974	2,408,660	3,532,634
230	1,708,893	619,117	2,328,010
240	1,173,382	1,392,338	2,565,721
250	636,799	870,252	1,507,051
260	324,986	317,413	642,399
270	304,762	2,587,958	2,892,720
280	131,643	308,195	439,838
290	208,153	414,940	623,093
300	301,358	168,218	469,576
310	468,342	1,138,563	1,606,904
320	343,994	612,980	956,974
330	28,214	20,907	49,121
340	383,418	1,430,294	1,813,712
350	203,437	371,837	575,274
360	304,831	462,589	767,420
370	16,352	15,927	32,279
380	33,666	49,305	82,971
390	28,614	39,070	67,684
Total	33,302,858	95,148,799	128,451,657

Modeled hurricane expected losses for North Carolina Rate Bureau, net of limits and deductibles. Results include demand surge and exclude storm surge. Losses represent 50/50 blend of AIRv12 100k Standard event set and RMSv23 Historical event set. Results also include provisions for LAE.



ACTUARIAL STANDARDS BOARD

**Actuarial Standard
of Practice
No. 38**

Revised Edition

**Catastrophe Modeling
(for All Practice Areas)**

**Developed by the
Catastrophe Modeling Task Force of the
General Committee of the
Actuarial Standards Board**

**Adopted by the
Actuarial Standards Board
July 2021**

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July 2021

TO: Members of Actuarial Organizations Governed by the Standards of Practice of the Actuarial Standards Board and Other Persons Interested in Catastrophe Modeling (for All Practice Areas)

FROM: Actuarial Standards Board (ASB)

SUBJ: Actuarial Standard of Practice (ASOP) No. 38

This document contains the revision of ASOP No. 38, *Catastrophe Modeling (for All Practice Areas)*.

History of the Standard

The ASB first began work on a standard for modeling in the late 1990s. Motivated primarily to address the role catastrophe modeling of earthquakes and hurricanes played in casualty ratemaking, this work was focused on the use of specialized models where the actuary would have to rely on a model that was developed by professionals other than actuaries. As a result of this work, the ASB approved ASOP No. 38, *Using Models Outside the Actuary's Area of Expertise*, in June 2000 with the scope of the standard limited to the Property/Casualty area of practice. At the time, this was the only ASOP that specifically addresses modeling.

Over the ensuing years, the number and importance of modeling applications in actuarial science has increased, with the results of actuarial models often entering financial statements directly. Recognizing this trend, the ASB asked the Life Committee in 2010 to begin work on an ASOP focused on modeling. The Life Committee formed a task force to address this issue and, in February 2012, a discussion draft titled *Modeling in Life Insurance and Annuities* was released. Nineteen comment letters were received.

Based upon this feedback and numerous other discussions on the topic of modeling, in December 2012 the ASB created two multidisciplinary task forces under the direction of the General Committee: i) a general Modeling Task Force, charged with developing an ASOP to address modeling applications in all practice areas, and ii) a Task Force to consider expanding ASOP No. 38 to all practice areas while focusing exclusively on using catastrophe models.

An exposure draft titled *Modeling* was released in June 2013 with a scope that provides guidance to actuaries when selecting, designing, building, modifying, developing, or using models when performing actuarial services. ASOP No. 56, *Modeling*, was adopted by the ASB in December 2019. Changes have been made to this exposure draft of ASOP No. 38 to be consistent with ASOP No. 56 and other recent ASOPs.

The exposure draft of this revision of ASOP No. 38 was the work of the Catastrophe Modeling Task Force, whose membership has experience in life insurance, health insurance, property/casualty insurance, and enterprise risk management.

At the direction of the ASB, this standard was developed to apply to all practice areas and all forms of catastrophe models, including natural catastrophes such as hurricanes, earthquakes, and severe convective storms, and other catastrophes such as terrorist acts and pandemics.

Exposure Draft

The exposure draft was approved in September 2020 with a comment deadline of January 15, 2021. Four comment letters were received and considered in making changes that were reflected in the final ASOP.

Notable Changes from the Exposure Draft

Notable changes made to the exposure draft are summarized below. Additional changes were made to improve readability, clarity, or consistency.

1. Section 1.2, Scope, was revised to provide additional guidance to actuaries whose actuarial services involve reviewing or evaluating models.
2. In section 2, Definitions, the definition of “catastrophe model” was expanded to include a definition of model.
3. Section 3.2, Appropriate Reliance on Experts (now titled Catastrophe Models Developed by Experts), was revised to adopt language from ASOP No. 56, section 3.5(b).
4. An existing ASOP No. 38 example regarding validation to evaluate results derived from other models was reinserted into section 3.5.
5. A disclosure requirement for the extent of reliance on experts was added to section 4.1(b) and (c).

Notable Changes from the Existing ASOP

A cumulative summary of the notable changes from the existing ASOP are summarized below. Notable changes do not include additional changes made to improve readability, clarity, or consistency.

1. The ASOP was revised to apply to catastrophe models only and to all practice areas.
2. The scope was expanded to include the activities “selecting, reviewing, and evaluating” models in addition to the existing activity of “using” a model when performing actuarial services.
3. The scope was expanded to clarify that if the actuary determines that the guidance in the ASOP conflicts with the guidance in ASOP No. 56, the guidance of this ASOP will govern.

4. A new section specifically addressing reliance on data or other information supplied by others (section 3.8) was added.
5. The guidance on documentation (section 3.9) was updated and expanded to be consistent with current ASOPs.

The ASB thanks everyone who took the time to contribute comments and suggestions on the exposure draft.

The ASB would like to posthumously thank Martin M. Simons for his contribution to the ASOP No. 38 task force.

The ASB voted in July 2021 to adopt this standard.

Catastrophe Modeling Task Force

Shawna S. Ackerman, Chairperson
David A. Brentlinger Bradley J. Davis

General Committee of the ASB

Susan E. Pantely, Chairperson
Geoff Bridges Brian J. Mullen
Andrew M. Erman Keith A. Passwater
Julianne H. Fried Hal Tepfer
Robert S. Miccolis Christian J. Wolfe

Actuarial Standards Board

Darrell D. Knapp, Chairperson
Elizabeth K. Brill Cande J. Olsen
Robert M. Damler Kathleen A. Riley
Kevin M. Dyke Judy K. Stromback
David E. Neve Patrick B. Woods

The Actuarial Standards Board (ASB) sets standards for appropriate actuarial practice in the United States through the development and promulgation of Actuarial Standards of Practice (ASOPs). These ASOPs describe the procedures an actuary should follow when performing actuarial services and identify what the actuary should disclose when communicating the results of those services.

ACTUARIAL STANDARD OF PRACTICE NO. 38

**CATASTROPHE MODELING
(FOR ALL PRACTICE AREAS)**

STANDARD OF PRACTICE

Section 1. Purpose, Scope, Cross References, and Effective Date

- 1.1 Purpose—This actuarial standard of practice (ASOP or standard) provides guidance to actuaries when performing actuarial services with respect to selecting, using, reviewing, or evaluating **catastrophe models**.
- 1.2 Scope—This ASOP applies to actuaries in any practice area when performing actuarial services with respect to selecting, using, reviewing, or evaluating **catastrophe models** to assess risk, including but not limited to **models** of hurricanes, earthquakes, severe convective storms, terrorist acts, and pandemics. This standard applies to the selection, use, review, or evaluation of **catastrophe models**, whether or not they are proprietary in nature.

If the actuary's actuarial services involve reviewing or evaluating **catastrophe models**, the reviewing or evaluating actuary should apply the guidance in this standard to the extent practicable within the scope of the actuary's assignment.

In addition to this standard, the actuary should follow the guidance in ASOP No. 56, *Modeling*, when selecting, using, reviewing, or evaluating **catastrophe models**. If the actuary determines that the guidance in this ASOP conflicts with the guidance in ASOP No. 56, the guidance of this ASOP will govern.

This standard does not apply to **models** of operational risks. This standard also does not apply to **models** of economic risks that deal with instances of extreme events such as hyperinflation or a stock market collapse.

This standard also does not apply when the actuary is only designing, developing, or modifying a **catastrophe model** (or a portion of a **catastrophe model**).

If the actuary departs from the guidance set forth in this ASOP in order to comply with applicable law (statutes, regulations, and other legally binding authority), or for any other reason, the actuary should refer to section 4. If a conflict exists between this standard and applicable law, the actuary should comply with applicable law.

- 1.3 Cross References—When this ASOP refers to the provisions of other documents, the reference includes the referenced documents as they may be amended or restated in the future, and any successor to them, by whatever name called. If any amended or restated document differs materially from the originally referenced document, the actuary should consider the guidance in this ASOP to the extent it is applicable and appropriate.
- 1.4 Effective Date—This standard is effective for work performed on or after December 1, 2021.

Section 2. Definitions

The terms below are defined for use in this actuarial standard of practice and appear in bold throughout the ASOP.

- 2.1 Assumption—A type of explicit **input** to a **catastrophe model** that is derived from **data**, represents possibilities based on professional judgment, or may be prescribed by law or others. When derived from **data**, an **assumption** may be statistical, financial, economic, mathematical, or scientific in nature, and may be described as a **parameter**.
- 2.2 Catastrophe Model—A **model** of low-frequency events with high-severity or widespread potential effects. **Catastrophe models** may be used to explain a system, to study effects of different components, or to derive estimates.
- 2.3 Data—Facts or information that are either direct **input** to a **catastrophe model** or inform the selection of **input**. **Data** may be collected from sources such as records, experience, experiments, surveys, observations, benefit plan or policy provisions, or **output** from other **models**.
- 2.4 Expert—One who is qualified by knowledge, skill, experience, training, or education to render an opinion concerning the matter at hand.
- 2.5 Input—**Data** or **assumptions** used in a **catastrophe model** to produce **output**.
- 2.6 Intended Purpose—The goal or question, whether generalized or specific, addressed by the **catastrophe model** within the context of the assignment.
- 2.7 Model—A simplified representation of relationships among real world variables, entities, or events using statistical, financial, economic, mathematical, non-quantitative, or scientific concepts and equations. A **model** consists of three components: an information **input** component, which delivers **data** and **assumptions** to the **model**; a processing

component, which transforms **input** into **output**; and a results component, which translates the **output** into useful business information.

- 2.8 Output—The results of the **catastrophe model** including, but not limited to, point estimates, likely or possible ranges, and **data** or **assumptions** (as **input** for other **models**), behavioral expectations, or qualitative criteria on which decisions could be based.
- 2.9 Parameter—A type of statistical, financial, economic, mathematical, or scientific value that is used as **input** to **catastrophe models**. Examples of **parameters** include expected values in probability distributions and coefficients of formula variables.

Section 3. Analysis of Issues and Recommended Practices

- 3.1 Introduction—In performing actuarial services, the actuary may find it appropriate to select, use, review, or evaluate **catastrophe models**. When selecting, using, reviewing or evaluating a **catastrophe model**, the actuary should do the following:
- a. determine the appropriate level of reliance on **experts**;
 - b. have a basic understanding of the **catastrophe model**;
 - c. evaluate whether the **catastrophe model** is appropriate for the **intended purpose**;
 - d. determine that appropriate validation of the **catastrophe model** and **output** has occurred; and
 - e. determine the appropriate use of the **catastrophe model** and **output**.

The actuary's level of effort in understanding and evaluating a **catastrophe model** should be consistent with the **intended purpose** and the **catastrophe model output's** materiality to the results of the actuarial analysis.

- 3.2 Catastrophe Models Developed by Experts—When selecting, using, reviewing, or evaluating a **catastrophe model** developed by **experts**, the actuary should take into account the following:
- a. whether the individual or individuals who developed the **catastrophe model** are **experts** in the applicable field;
 - b. the extent to which the **catastrophe model** has been reviewed or validated by **experts** in the applicable field, including known differences of opinion among

experts concerning aspects of the **catastrophe model** that could be material to the actuary's use of the **catastrophe model**; and

- c. whether there are industry or regulatory standards that apply to the **catastrophe model** or to the testing or validation of the **catastrophe model**, and whether the **catastrophe model** has been certified as having met such standards.

The actuary may rely on **experts** in the applicable field in the evaluation of items in section 3.2(a)-(c) and should disclose the extent of such reliance.

- 3.3 Understanding of the Catastrophe Model—The actuary should be familiar with the basic components of the **catastrophe model** and understand both the user **input** and the **catastrophe model output**, as discussed below.

- 3.3.1 Catastrophe Model Components—The actuary should be familiar with the basic components of the **catastrophe model** and have an understanding of how such components interrelate within the **catastrophe model**. In addition, the actuary should identify which fields of expertise were used in developing or updating the **catastrophe model** and should make a reasonable effort to determine if the **catastrophe model** is based on generally accepted practices within the applicable fields of expertise. The actuary should also be familiar with how the **catastrophe model** was tested or validated and the level of independent **expert** review and testing.

- 3.3.2 User Input—The actuary should take reasonable steps to confirm that the precision and accuracy of the user **input** are consistent with the **intended purpose** and should refer, as applicable, to ASOP No. 23, *Data Quality*, when selecting, using, or evaluating **data** used in the **catastrophe model**. Certain user **input** may be required to produce **catastrophe model output** for the specific application. User **input** can include **assumptions** or **data**. If the **catastrophe model** requires user **input**, the actuary should evaluate the reasonableness of the user **input** and should have an understanding of the relationship between the user **input** and **catastrophe model output**.

- 3.3.3 Catastrophe Model Output—The actuary should determine that the **catastrophe model output** is consistent with the **intended purpose**.

- 3.4 Appropriateness of the Catastrophe Model for the Intended Purpose—The actuary should evaluate whether the **catastrophe model** is appropriate for the **intended purpose** and take into account the following:

- 3.4.1. Applicability of Historical Data—To the extent historical **data** are used in the development of the **catastrophe model** or the establishment of **catastrophe model parameters**, the actuary should take into account the adequacy of the historical **data** in representing the range of reasonably expected outcomes consistent with current knowledge about the phenomena being analyzed.
- 3.4.2. Developments in Relevant Fields—The actuary should make a reasonable effort to be aware of significant developments in relevant fields of expertise that are likely to materially affect the **catastrophe model**.
- 3.5 Output Validation— The actuary should validate that the **output** reasonably represents that which is being modeled. Depending on the **intended purpose**, **output** validation may include the following:
- a. comparing **output** to those of an alternative **model(s)**, where appropriate;
 - b. comparing the **output** produced by the **catastrophe model** with historical observations, if applicable;
 - c. comparing the consistency and reasonableness of relationships within the **output**; and
 - d. evaluating the reasonableness of changes in the **output** due to variations in the user **input**.
- 3.6 Appropriate Use of the Catastrophe Model and Output—The actuary should evaluate the reasonableness of the **catastrophe model output**, considering the **input** and the **intended purpose**. The actuary should take into account the limitations of the **catastrophe model** and use professional judgment to determine whether it is appropriate to use the **catastrophe model output**. The actuary should also use professional judgment to determine whether any adjustments to the **catastrophe model output** are needed to meet the **intended purpose**. The actuary should disclose any such adjustments in accordance with section 4.1.
- 3.7 Reliance on Another Actuary—The actuary may rely on another actuary who has selected, used, reviewed, or evaluated the **catastrophe model**. However, the relying actuary should be reasonably satisfied that the other actuary is qualified to select, use, review, or evaluate the **catastrophe model** in accordance with applicable ASOPs, and the **catastrophe model** is appropriate for the **intended purpose**. The actuary should disclose the extent of any such reliance.

- 3.8 Reliance on Data or Other Information Supplied by Others—When relying on **data** or other information supplied by others, the actuary should refer to ASOP No. 23 and ASOP No. 41, *Actuarial Communications*, for guidance.
- 3.9 Documentation—The actuary should consider preparing and retaining documentation to support compliance with the requirements of section 3 and the disclosure requirements of section 4. If preparing documentation, the actuary should prepare such documentation in a form such that another actuary qualified in the same practice area could assess the reasonableness of the actuary's work and should document the steps taken to comply with this standard in light of proprietary aspects of the **catastrophe model**, if any. The degree of such documentation should be based on the professional judgment of the actuary and may vary with the complexity and purpose of the actuarial services. In addition, the actuary should refer to ASOP No. 41 for guidance related to the retention of file material other than that which is to be disclosed under section 4.

Section 4. Communications and Disclosures

- 4.1 Required Disclosures in an Actuarial Report—When issuing an actuarial report to which this standard applies, the actuary should refer to ASOP Nos. 23, 41, and 56. In addition, the actuary should disclose the following in such actuarial reports, as appropriate:
- a. the **catastrophe model** used and the **intended purpose**;
 - b. the methodology used to validate the **catastrophe model** developed by **experts** (see section 3.2);
 - c. the extent of reliance on **experts** (see section 3.2);
 - d. a description of the user **input** that was incorporated into the **catastrophe model** (see section 3.3.2);
 - e. a description of adjustments made to the **catastrophe model output** (see section 3.6); and
 - f. the extent of any reliance placed upon the work of another actuary (see section 3.7).
- 4.2 Additional Disclosures in an Actuarial Report—The actuary also should include disclosures in accordance with ASOP No. 41 in an actuarial report for the following circumstances:
- a. if any material **assumption** or method was prescribed by applicable law;

- b. if the actuary states reliance on other sources and thereby disclaims responsibility for any material **assumption** or method selected by a party other than the actuary; and
 - c. if in the actuary's professional judgment, the actuary has deviated materially from the guidance of this ASOP.
- 4.3 Confidential Information—Nothing in this ASOP is intended to require the actuary to disclose confidential information.

Appendix 8

Background and Current Practices

Note: This appendix is provided for informational purposes and is not part of the standard of practice.

Background

Hurricane Andrew in 1992 and the Northridge Earthquake in 1994 led actuaries involved in evaluating hurricane and earthquake exposures to recognize the severe inadequacy of the traditional, empirical actuarial methods used for ratemaking for these exposures. Recognizing the need to replace these methods, many actuaries began using stochastic computer simulation models for their actuarial analysis of hurricane and earthquake exposure. Computer simulation models had been commonly used for some time by actuaries and others for the purpose of evaluating probable maximum loss but had not been widely used for ratemaking.

Over time, the output from catastrophe models became commonly used by property/casualty actuaries in developing rates for catastrophic perils as well as many other risk management purposes.

Current Practices

Catastrophe models are now widely used by actuaries in all practice areas for risk management analyses and calculating expected losses due to hurricanes, earthquakes, and terrorist acts. More recently, catastrophe models have also been developed to simulate wildfires, severe convective storms, tsunamis, and pandemics.

In addition, due to changes in regulations and financial reporting requirements, the number and importance of modeling applications in actuarial science has increased, with the results of actuarial models often entering financial statements directly.

Lastly, due to the evolution of enterprise risk management (ERM) practices and regulations, there has been increased use of catastrophe modeling as part of insurer stress testing and risk management across all practice areas. This trend is likely to continue to evolve and heighten in light of the emergence of the novel coronavirus and the COVID-19 pandemic.

Appendix 2

Comments on the Exposure Draft and Responses

The exposure draft of the proposed revision of ASOP No. 38, *Catastrophe Modeling (for All Practice Areas)*, was issued in September 2020 with a comment deadline of January 15, 2021. Four comment letters were received, some of which were submitted on behalf of multiple commentators, such as by firms or committees. For purposes of this appendix, the term “commentator” may refer to more than one person associated with a particular comment letter. The ASOP No. 38 Task Force carefully considered all comments received, and the ASB reviewed (and modified, where appropriate) the changes proposed by the ASOP No. 38 Task Force and the ASB General Committee.

Summarized below are the significant issues and questions contained in the comment letters and the responses. Minor wording or punctuation changes that were suggested but not significant are not reflected in the appendix, although they may have been adopted.

The term “reviewers” in appendix 2 includes the ASOP No. 38 Task Force, the ASB General Committee, and the ASB. Also, the section numbers and titles used in appendix 2 refer to those in the exposure draft, which are then cross referenced with those in the final ASOP.

SECTION 1. PURPOSE, SCOPE, CROSS REFERENCES, AND EFFECTIVE DATE	
Section 1.2, Scope	
Comment	One commentator requested a clearer definition of what is excluded from the scope of ASOP No. 38, noting that catastrophe models can be used to infer economic impacts beyond direct claims and that novel catastrophic perils may fall into a gray area in which ASOP No. 38 may or may not apply.
Response	The reviewers believe the guidance is appropriate and made no change in response to this comment. The reviewers note that section 1.2 does not limit the reason why a catastrophe model is used to perform actuarial services or whether the catastrophe model is a mature or novel catastrophe model.
Comment	One commentator suggested that section 1.2 should state that the guidance in the standard applies to the extent practicable within the scope of the actuary’s assignment when the actuary is reviewing or evaluating a catastrophe model.
Response	The reviewers agree and made the change.
Comment	One commentator suggested that “review or evaluation” be removed from the scope of the standard or alternatively that the scope be changed to exclude an actuary performing a regulatory review.
Response	The reviewers believe the revised guidance is appropriate and made no change in response to this comment.

Comment	One commentator recommended that section 1.2 should state that the application of the standard be based on the actuary's professional judgement as to the materiality of the model output for the intended user.
Response	The reviewers believe the guidance is appropriate and made no change in response to this comment. The reviewers note that section 3.1 addresses materiality.
Comment	One commentator recommended that section 1.2 should state that the guidance in the standard applies only to the extent of the actuary's responsibilities and adopt the language from ASOP No. 56 section 1.2.
Response	The reviewers believe the guidance is appropriate and made no change in response to this comment.
Comment	One commentator suggested that the scope of the standard be expanded to include elements similar to ASOP No. 56.
Response	The reviewers believe the revised guidance is appropriate and made no change in response to this comment.
Comment	Several commentators questioned what constituted a conflict between ASOP No. 38 and ASOP No. 56 versus what constituted a difference and asked how potential conflicts are meant to be resolved.
Response	The reviewers believe the revised guidance is appropriate and made no change in response to this comment. The reviewers note that ASOP No. 1, <i>Introductory Standard of Practice</i> , section 4.4, states, "When an actuary believes that multiple ASOPs have conflicting provisions when applied to a specific situation and none provide explicit guidance concerning which governs, the actuary should apply professional judgment and may wish to contact the ABCD for confidential guidance on appropriate practice."
SECTION 2. DEFINITIONS	
Section 2.2, Catastrophe Model	
Comment	Two commentators suggested clarifying the definition of catastrophe model.
Response	The reviewers agree and made changes similar to those suggested by the commentators to improve clarity.
Comment	One commentator suggested a definition for "model" be added to ASOP No. 38.
Response	The reviewers agree and made the change.
SECTION 3. ANALYSIS OF ISSUES AND RECOMMENDED PRACTICES	
Section 3.1, Introduction	
Comment	One commentator suggested that the use of the term "validation" used in sections 3.1(d) and 3.5 be clarified to distinguish if the terms are being used differently.
Response	The reviewers believe the guidance is appropriate and made no change in response to this comment. The reviewers note section 3.1 introduces validation and section 3.5 provides details on the validation of catastrophe model output.

Section 3.2, Appropriate Reliance on Experts (now titled Catastrophe Models Developed by Experts)	
Comment	One commentator recommended changing “should consider” to “may consider” regarding the appropriate level of reliance on experts to be consistent with the corresponding language in ASOP No. 56, section 3.5.
Response	The reviewers believe the guidance is appropriate and made no change in response to this comment.
Comment	One commentator recommended changing the language in section 3.2(b) to mirror ASOP No. 56, section 3.5(b).
Response	The reviewers agree and made the change.
Comment	One commentator noted that this section, does not include the language of ASOP No. 56, section 3.5(d), which considers whether the science underlying the expertise is likely to produce useful models for the intended purpose.
Response	The reviewers believe the guidance is appropriate and made no change in response to this comment.
Comment	One commentator recommended that ASOP No. 38 be expanded to require disclosure of reliance on experts.
Response	The reviewers agree and made the change.
Comment	One commentator suggested that the ASOP be expanded to explicitly allow reliance on an expert to select, use, review, or evaluate the catastrophe model.
Response	The reviewers believe the guidance is appropriate and consistent with the suggestion, and made no change in response to this comment.
Section 3.5, Appropriate Validation (now titled Output Validation)	
Comment	One commentator requested that results derived from alternate models or methods, where available and appropriate, which is part of current ASOP No. 38, be added.
Response	The reviewers partially agree and modified the language.
Section 3.7, Reliance on Another Actuary	
Comment	One commentator suggested that ASOP No. 56 be added to the requirements for reliance on another actuary.
Response	The reviewers believe the revised guidance is appropriate and made no change in response to this comment.



Statement of Compliance with Actuarial Standard of Practice 38

Minchong Mao, FCAS, MAAA

Background

Actuarial Standard of Practice 38 provides guidance to the actuary in using models that incorporate specialized knowledge outside the actuary's own area of expertise when developing an actuarial work product. When using such a model, the standard requires that the actuary perform five specific tasks, as described below using the numbering system of the standard. This document certifies that Minchong Mao, FCAS, MAAA, has performed these tasks for the catastrophe loss model(s) relied upon in the actuarial work product to which it is attached. It is intended that actuaries utilizing the actuarial work product in their insurance ratemaking efforts can rely on my model evaluation in accordance with Section 3.7 of the standard of practice. In July 2021, Actuarial Standards Board(ASB) adopted revision of ASOP No. 38. This document reflected the most current requirements in the 2021 revision.

Model Versions Covered by this document

- AIR Hurricane model for the United States implemented in Touchstone versions 2023(a.k.a. TS V11.5) and Touchstone Version 2024 (a.k.a. TS V12)
- AIR Severe Thunderstorm Model for the United States implemented in Touchstone version 10, released in 2022, and Touchstone V11, V11.5 and V12
- AIR Winter Storm Model for the United States v1.5 implemented in Touchstone version 5, 6, 7, 8, 9,10, 11,11.5,12 and later
- AIR Wildfire Model for the United States v4 implemented in Touchstone version 12
- AIR Earthquake and Fire Following Model for the United States v10.1 implemented in Touchstone version 6, 7, 8, 9,10,11,11.5, 12 and later and later. This version included Time Dependent Earthquake Hazard Adjustment.

3.2 Appropriate Reliance on Experts

Catastrophe Models Developed by Experts—When selecting, using, reviewing, or evaluating a catastrophe model developed by experts, the actuary should take into account the following:

a. whether the individual or individuals who developed the catastrophe model are experts in the applicable field;

b. the extent to which the catastrophe model has been reviewed or validated by experts concerning aspects of the catastrophe model that could be material to the actuary's use of the catastrophe model; and



c. whether there are industry or regulatory standards that apply to the catastrophe model or to the testing or validation of the catastrophe model, and whether the catastrophe model has been certified as having met such standards.

For those aspects of the model that are outside my area of expertise, I have relied on the list of experts provided by the modeler. Please see the modeler's ASOP 38 document and supporting documentation for additional information.

a. Verisk employs a large, full-time professional staff in actuarial science, computer science, insurance and reinsurance, geology, mathematics, meteorology, hydrology and other physical sciences, software engineering, statistics, and structural engineering, among other disciplines. Most have advanced degrees with approximately 100 holding Ph.Ds. Verisk scientists and researchers apply general accepted practice in their specific discipline in model creation and validation.

b. Verisk uses internal resources to develop models and review models. For particular areas of inquiry or less well-studied regions of the world that lack ample historical data, model development requires the use of expert scientific judgment. In some situations, Verisk supplements in-house knowledge with external expertise using consultants or peer reviewers. For example, Verisk has solicited external expertise on such topics as the impact of climate change on tropical cyclone activity, frequency estimates for assessing terrorism risk, and pandemic flu, among others. For ongoing areas of research where there is no clear scientific consensus, Verisk seeks to provide clients with guidance and modeling best practices in the form of white papers, briefs and, in some cases, alternate credible views of the risk.

Credentials and background of experts who have contributed to the development of Verisk models can be made available upon request to Verisk.

c. Standards for catastrophe loss models have been promulgated by a few states. Most notably, the Florida Commission on Hurricane Loss Projection Methodology was created to review catastrophe loss models. The model(s) used in this work product, or derivatives thereof, have been certified by the Florida Commission on Hurricane Loss Projection Methodology.

3.3 Understanding of the Model

The actuary should be familiar with the basic components of the catastrophe model and understand both the user input and the catastrophe model output, as discussed below.

I have reviewed the modeler's ASOP 38 document and supporting documentation describing the model's components, input, and output, as well as other documentation, to comply with this requirement. In addition, I have specialized in actuarial applications of catastrophe model output since 2005.

3.3.1 Catastrophe Model Components—The actuary should be familiar with the basic components of the catastrophe model and have an understanding of how such components interrelate within the catastrophe model. In addition, the actuary should identify which fields of expertise were used in developing or updating the catastrophe model and should make a reasonable effort to determine if the catastrophe model is based on generally accepted practices within the applicable fields of expertise. The actuary should also be familiar with how the catastrophe model was tested or validated and the level of independent expert review and testing.



I am reasonably familiar with the basic components of the model and have a basic understanding of how such components interrelate within the model. I have identified the fields of expertise used in developing and updating the model and have determined that the model is based on generally accepted practices within the applicable fields of expertise. I am reasonably familiar with how the model was validated and have reviewed the documentation of reviews by outside experts.

3.3.2 User Input—The actuary should take reasonable steps to confirm that the precision and accuracy of the user input are consistent with the intended purpose and should refer, as applicable, to ASOP No. 23, Data Quality, when selecting, using, or evaluating data used in the catastrophe model. Certain user input may be required to produce catastrophe model output for the specific application. User input can include assumptions or data. If the catastrophe model requires user input, the actuary should evaluate the reasonableness of the user input and should have an understanding of the relationship between the user input and catastrophe model output.

I understand the user input required to produce model output, including the level of detail required to produce results that are consistent with insurance ratemaking and risk management applications.

3.3.3 Catastrophe Model Output—The actuary should determine that the catastrophe model output is consistent with the intended purpose.

I have determined that the model output is consistent with the insurance ratemaking applications for which it was used. We most often use event loss detail in our work, so we are always careful that our results balance to the model's prepared exhibits.

3.4 Appropriateness of the Model for the Intended Application

The actuary should evaluate whether the catastrophe model is appropriate for the intended purpose and take into account the following:

3.4.1. Applicability of Historical Data—To the extent historical data are used in the development of the catastrophe model or the establishment of catastrophe model parameters, the actuary should take into account the adequacy of the historical data in representing the range of reasonably expected outcomes consistent with current knowledge about the phenomena being analyzed.

3.4.2. Developments in Relevant Fields—The actuary should make a reasonable effort to be aware of significant developments in relevant fields of expertise that are likely to materially affect the catastrophe model.

The catastrophe model(s) we have relied upon were developed for purposes related to the management of risk. I have evaluated the model(s) in light of available alternatives and determined that the catastrophe loss model is the most appropriate method of estimating expected catastrophe loss distributions for insurance ratemaking.

Some additional considerations include the following:

3.4.1. Applicability of Historical Data: Historical data is relied upon extensively in the development and validation of catastrophe loss models. Smoothing procedures are applied in cases where reasonably foreseeable events are underrepresented in the historical data.



3.4.2. Developments in Relevant Fields: Catastrophe loss models are typically updated on an annual basis in order to incorporate the most current scientific research and information from recent catastrophe events.

I have made a reasonable effort to be aware of significant developments in the relevant fields of expertise. In particular, meteorological studies related to the current period of elevated hurricane activity are important in determining which of a model's frequency assumptions should be utilized in insurance ratemaking applications involving hurricane-exposed risk portfolios. Aon maintains a documentation library containing current research in the science of catastrophe perils.

3.5 Output Validation

The actuary should validate that the output reasonably represents that which is being modeled. Depending on the intended purpose, output validation may include the following:

- a. comparing output to those of an alternative model(s), where appropriate;*
- b. comparing the output produced by the catastrophe model with historical observations, if applicable;*
- c. comparing the consistency and reasonableness of relationships within the output; and*
- d. evaluating the reasonableness of changes in the output due to variations in the user input.*

a. Aon conducts extensive testing of each model that we license whenever a new model is released. Output from Model output is checked for reasonability against other models and for consistency with the modeler's representations as to changes incorporated in the current version. I have reviewed the results of these tests and found the model used in this analysis to provide reasonable output.

b. Catastrophes, by their nature, involve significant uncertainty in the amount of insured losses they produce. In light of this uncertainty, the model has been shown to produce reasonable estimates of losses incurred from historical events.

I have reviewed the modeler's ASOP 38 document and supporting documentation describing comparisons of model output to historical observations and found that the model produces reasonable estimates.

c. I have reviewed the relationships among output results and found them to be consistent and reasonable.

d. Aon conducts extensive testing of each model that we license with respect to the sensitivity of model output to variations in the user input and model assumptions. I have reviewed the results of these tests and obtained an understanding of the model's sensitivity.



3.6 Appropriate Use of the Model

The actuary should evaluate the reasonableness of the catastrophe model output, considering the input and the intended purpose. The actuary should take into account the limitations of the catastrophe model and use professional judgment to determine whether it is appropriate to use the catastrophe model output. The actuary should also use professional judgment to determine whether any adjustments to the catastrophe model output are needed to meet the intended purpose. The actuary should disclose any such adjustments in accordance with section 4.1.

In my professional judgment, it is appropriate to use the model results, without adjustment, for the purposes of the actuarial work product to which this document is attached.

3.7 Reliance on Another Actuary

The actuary may rely on another actuary who has selected, used, reviewed, or evaluated the catastrophe model. However, the relying actuary should be reasonably satisfied that the other actuary is qualified to select, use, review, or evaluate the catastrophe model in accordance with applicable ASOPs, and the catastrophe model is appropriate for the intended purpose. The actuary should disclose the extent of any such reliance.

Actuaries utilizing the actuarial work product to which this document is attached can rely on my complete evaluation of the model(s) used as described above. In doing so, they should document the extent of such reliance in their work.



3.8 Reliance on Data or Other Information Supplied by Others

When relying on data or other information supplied by others, the actuary should refer to ASOP No. 23 and ASOP No. 41, Actuarial Communications, for guidance.

We have discussed the treatment of exposure data in 3.3.2, we have reviewed the cat modelers' data quality and investigation procedures and can attest to their procedures being in compliance with ASOP No. 23, Data Quality. We have properly communicated ASOP reviews with internal and external stakeholders, we can attest that we are in compliance with ASOP No. 41.

3.9 Documentation

The actuary should consider preparing and retaining documentation to support compliance with the requirements of section 3 and the disclosure requirements of section 4. If preparing documentation, the actuary should prepare such documentation in a form such that another actuary qualified in the same practice area could assess the reasonableness of the actuary's work and should document the steps taken to comply with this standard in light of proprietary aspects of the catastrophe model, if any.

The degree of such documentation should be based on the professional judgment of the actuary and may vary with the complexity and purpose of the actuarial services. In addition, the actuary should refer to ASOP No. 41 for guidance related to the retention of file material other than that which is to be disclosed under section 4.

We have retained documentation to support compliance with the requirements of section 3 and the disclosure requirements of section 4 in separate trade secret documents. The sensitivity testing to support section 3 involves detailed model results from several commercial vendors. Aon is required by our license agreements to protect modeling vendors' intellectual properties. The steps of Aon's ASOP 38 compliance work follow the ASOP 38 outline. I can attest that we are in compliance with ASOP No. 41.

Minchong Mao FCAS, MAAA

A handwritten signature in black ink, appearing to read "Minchong Mao".

April 2025



Statement of Compliance with Actuarial Standard of Practice 38

Minchong Mao, FCAS, MAAA

Background

Actuarial Standard of Practice 38 provides guidance to the actuary in using models that incorporate specialized knowledge outside the actuary's own area of expertise when developing an actuarial work product. When using such a model, the standard requires that the actuary perform five specific tasks, as described below using the numbering system of the standard. This document certifies that Minchong Mao, FCAS, MAAA, has performed these tasks for the catastrophe loss model(s) relied upon in the actuarial work product to which it is attached. It is intended that actuaries utilizing the actuarial work product in their insurance ratemaking efforts can rely on my model evaluation in accordance with Section 3.7 of the standard of practice.

Model Versions Covered by this document

- RMS North Atlantic Hurricane Model v23, released in 2023, implemented in RiskLink V23
- RMS North America Earthquake Model v17.0, released in 2017, implemented in RiskLink V17, V18, V18.1, V21, V23
- RMS Sever Convective Strom Model for the United States, released in 2014, implemented in RiskLink V17, V18, V18.1, V21, V23
- RMS Winter Storm Model for the United States, release in 2022, implemented in RiskLink V22, V23

3.2 Appropriate Reliance on Experts

An actuary may rely on experts concerning those aspects of a model that are outside of the actuary's own area of expertise. The experts relied upon may either be the experts who provided the model or other experts.

For those aspects of the model that are outside my area of expertise, I have relied on the list of experts provided by the modeler. Please see the modeler's ASOP 38 document and supporting documentation for additional information.

In determining the appropriate level of reliance, the actuary should consider the following:

a. whether the individual or individuals upon whom the actuary is relying are experts in the applicable field;

The individuals listed as employees of the modeler appear to be experts in their respective fields.

b. the extent to which the model has been reviewed or opined on by experts in the applicable field, including any known significant differences of opinion among experts concerning aspects of the model that could be material to the actuary's use of the model; and



The modeler has provided documentation of reviews by outside experts. Many of these reviewers are well-recognized experts in their fields. I have reviewed the findings of the outside experts and found no significant differences of opinion with respect to the validity of the model.

c. whether there are standards that apply to the model or to the testing or validation of the model, and whether the model has been certified as having met such standards.

Standards for catastrophe loss models have been promulgated by a few states. Most notably, the Florida Commission on Hurricane Loss Projection Methodology was created to review catastrophe loss models. The model(s) used in this work product, or derivatives thereof, have been certified by the Florida Commission on Hurricane Loss Projection Methodology.

3.3 Understanding of the Model

The actuary should be reasonably familiar with the basic components of the model and understand both the user input and the model output, as discussed below.

I have reviewed the modeler's ASOP 38 document and supporting documentation describing the model's components, input, and output, as well as other documentation, to comply with this requirement. In addition, I have specialized in actuarial applications of catastrophe model output since 2005.

3.3.1 Model Components—The actuary should be reasonably familiar with the basic components of the model and have a basic understanding of how such components interrelate within the model. In addition, the actuary should identify which fields of expertise were used in developing or updating the model, and should make a reasonable effort to determine if the model is based on generally accepted practices within the applicable fields of expertise. The actuary should also be reasonably familiar with how the model was tested or validated and the level of independent expert review and testing.

I am reasonably familiar with the basic components of the model and have a basic understanding of how such components interrelate within the model. I have identified the fields of expertise used in developing and updating the model and have determined that the model is based on generally accepted practices within the applicable fields of expertise. I am reasonably familiar with how the model was validated and have reviewed the documentation of reviews by outside experts.

3.3.2 User Input—Certain user input may be required to produce model output for the specific application. The actuary should understand the user input that is required to produce the model output. This understanding includes the level of detail required in the user input to produce results that are consistent with the intended use of the model.

I understand the user input required to produce model output, including the level of detail required to produce results that are consistent with insurance ratemaking and risk management applications.

3.3.3 Model Output—The actuary should determine that the model output is consistent with the actuary's intended use of the model.

I have determined that the model output is consistent with the insurance ratemaking applications for which it was used. We most often use event loss detail in our work, so we are always careful that our results balance to the model's prepared exhibits.



3.4 Appropriateness of the Model for the Intended Application

The actuary should evaluate whether the model is appropriate for the particular actuarial analysis, and consider limitations of the model, modifications to the model, and the assumptions needed in order to apply the model output.

The catastrophe model(s) we have relied upon were developed for purposes related to the management of risk. I have evaluated the model(s) in light of available alternatives and determined that the catastrophe loss model is the most appropriate method of estimating expected catastrophe loss distributions for insurance ratemaking.

Some additional considerations include the following:

a. Applicability of Historical Data—To the extent historical data are used in the development of the model or the establishment of model parameters, the actuary should consider the adequacy of the historical data in representing the range of reasonably expected outcomes consistent with current knowledge about the phenomena being analyzed.

Historical data is relied upon extensively in the development and validation of catastrophe loss models. Smoothing procedures are applied in cases where reasonably foreseeable events are underrepresented in the historical data.

b. Developments in Relevant Fields—The actuary should make a reasonable effort to be aware of significant developments in relevant fields of expertise. The actuary should evaluate whether such developments are likely to materially affect the current actuarial analysis.

Catastrophe loss models are typically updated on an annual basis in order to incorporate the most current scientific research and information from recent catastrophe events.

I have made a reasonable effort to be aware of significant developments in the relevant fields of expertise. In particular, meteorological studies related to the current period of elevated hurricane activity are important in determining which of a model's frequency assumptions should be utilized in insurance ratemaking applications involving hurricane-exposed risk portfolios. Aon maintains a documentation library containing current research in the science of catastrophe perils.

3.5 Appropriate Validation

The actuary should evaluate the user input and the reasonableness of the model output, as discussed below.

3.5.1 User Input—With respect to the quality and availability of the user input data to be used in the model, the actuary should refer to ASOP No. 23, Data Quality.

The model input data for this analysis was supplied by the client. The data was reviewed for reasonableness in accordance with ASOP 23.

3.5.2 Model Output—In view of the intended use of the model, the actuary should examine the model output for reasonableness, considering factors such as the following:

a. the results derived from alternate models or methods, where available and appropriate;



In addition, Aon conducts extensive testing of each model that we license whenever a new model is released. Output from Model output is checked for reasonability against other models and for consistency with the modeler's representations as to changes incorporated in the current version. I have reviewed the results of these tests and found the model used in this analysis to provide reasonable output.

b. how historical observations, if applicable, compare to results produced by the model;

Catastrophes, by their nature, involve significant uncertainty in the amount of insured losses they produce. In light of this uncertainty, the model has been shown to produce reasonable estimates of losses incurred from historical events.

I have reviewed the modeler's ASOP 38 document and supporting documentation describing comparisons of model output to historical observations and found that the model produces reasonable estimates.

c. the consistency and reasonableness of relationships among various output results; and

I have reviewed the relationships among output results and found them to be consistent and reasonable.

d. the sensitivity of the model output to variations in the user input and model assumptions.

Aon conducts extensive testing of each model that we license with respect to the sensitivity of model output to variations in the user input and model assumptions. I have reviewed the results of these tests and obtained an understanding of the model's sensitivity.

3.6 Appropriate Use of the Model

Having completed the analysis described in sections 3.2–3.5 above, the actuary should use his or her professional judgment to determine whether it is appropriate to use the model results, subject to any appropriate adjustments. The actuary should disclose any such adjustments in accordance with section 4.3.

In my professional judgment, it is appropriate to use the model results, without adjustment, for the purposes of the actuarial work product to which this document is attached.

3.7 Reliance on Model Evaluation by Another Actuary

The actuary may rely on another actuary who has, for a particular model, conducted some or all of the evaluations and processes described in this standard. However, the relying actuary should be satisfied that the other actuary's evaluation was performed in accordance with this standard and is appropriate for the intended application. The actuary should document the extent of such reliance in accordance with section 4.1.

Actuaries utilizing the actuarial work product to which this document is attached can rely on my complete evaluation of the model(s) used as described above. In doing so, they should document the extent of such reliance in their work.



Minchong Mao FCAS, MAAA

Minchong Mao

Dec.1 2023

**North Carolina Rate Bureau
Dwelling Insurance Rate Filing
Support for Selected Reinsurance Structure**

Layer	Return Periods	
	Attachment	Exhaustion
1181M XS 2316M	144	323
800M XS 1516M	71	144
600M XS 916M	34	71
400M XS 516M	17	34
300M XS 216M	8	17

The table above shows the All Peril 50/50 RMSv23/TSv12 blend attachment and exhaustion points which combine modeled loss with Catastrophe LAE for the North Carolina Rate Bureau portfolio, along with the selected reinsurance program.

North Carolina Rate Bureau Dwelling Insurance Rate Filing Reinsurance Program Summary

Reinsurance Layer	Rate-On-Line	Deposit Premium	Reinstatement Premium	Expected Total Premium	Expected Ceded Loss	Net Cost of Reinsurance
1181M XS 2316M	5.90%	70,033	408	70,441	6,933	63,508
800M XS 1516M	9.10%	72,800	884	73,684	9,837	63,847
600M XS 916M	13.00%	77,760	1,826	79,586	14,409	65,177
400M XS 516M	18.80%	75,080	3,342	78,422	18,477	59,945
300M XS 216M	27.30%	81,930	7,082	89,012	27,639	61,373
Total		377,603	13,542	391,145	77,295	313,850

Dollar amounts are in thousands

The table above shows indicated rates-on-line for the filing's reinsurance structure along with analysis of modeled catastrophe losses. Rate-on-Line values have been selected using the current Loss-On-Line approach, which is a benchmarking analysis done using reinsurance treaties placed by Aon.

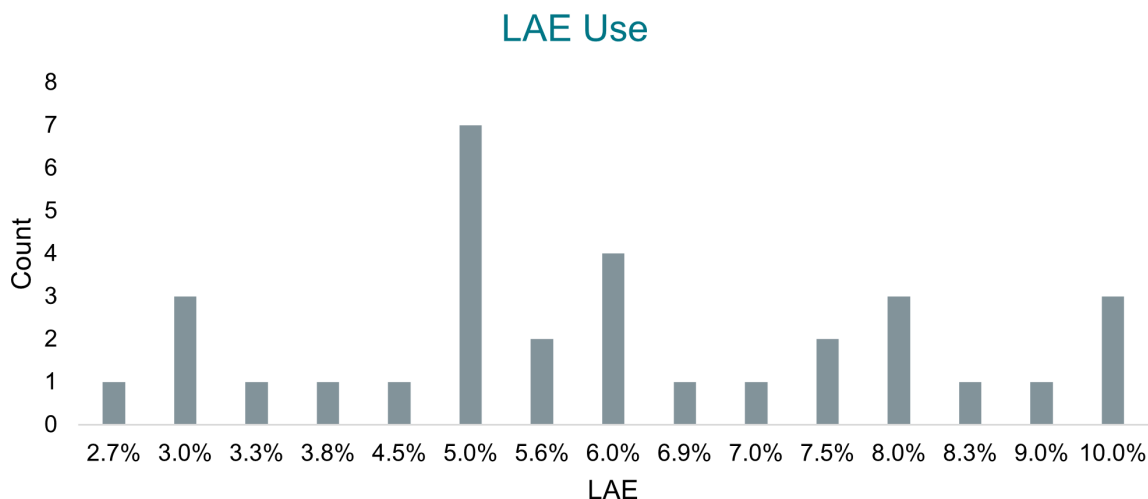
Deposit Premium is Rate-On-Line * Layer Limit

Expected Ceded Loss and Expected Reinstatement premium are the average annual amounts of each based on a simulation of catastrophe losses subject to the reinsurance program.

Expected Total Premium = Deposit Premium + Expected Reinstatement Premium

Net Cost of Reinsurance = Expected Total Premium - Expected Ceded Loss

**North Carolina Rate Bureau
Dwelling Insurance Rate Filing
Support for Selected Catastrophe LAE Factor**



This chart shows Catastrophe LAE factors applied to modeled catastrophe event losses in AM Best SRQ Submissions by Aon clients in 2025

- Factors were rounded to the nearest 0.1
- A weighted average was used where factors varied by peril
- Multiple factors were counted where factors varied by company within a group
- Reflects all clients that included a provision for LAE

The mean factor is 6.05%, the median is 5.81%, and the mode is 5.00%.

North Carolina Rate Bureau
Reinsurance Cost Allocation
CY 2023
RMSv23/TSv12

Layer 1: 300M XS 216M

Peril/Territory	Premium	Ceded AAL	Reins Margin
HU	96.83%	96.43%	97.01%
110	19.39%	18.94%	19.60%
120	20.67%	20.58%	20.71%
130	2.60%	2.56%	2.61%
140	20.92%	21.24%	20.77%
150	4.96%	4.97%	4.95%
160	5.54%	5.50%	5.57%
170	0.31%	0.31%	0.31%
180	3.38%	3.35%	3.39%
190	1.81%	1.78%	1.82%
200	1.03%	1.00%	1.04%
210	0.86%	0.86%	0.87%
220	2.67%	2.61%	2.69%
230	1.75%	1.73%	1.75%
240	2.00%	2.00%	2.01%
250	1.13%	1.12%	1.13%
260	0.49%	0.50%	0.49%
270	2.15%	2.15%	2.15%
280	0.32%	0.32%	0.32%
290	0.46%	0.46%	0.46%
300	0.35%	0.35%	0.35%
310	1.14%	1.16%	1.13%
320	0.68%	0.69%	0.68%
330	0.03%	0.04%	0.03%
340	1.30%	1.31%	1.30%
350	0.38%	0.39%	0.38%
360	0.45%	0.47%	0.44%
370	0.02%	0.02%	0.02%
380	0.03%	0.04%	0.03%
390	0.02%	0.02%	0.02%
OW	2.96%	3.39%	2.78%
WT	0.21%	0.19%	0.22%
Grand Total	100.00%	100.00%	100.00%

North Carolina Rate Bureau
Reinsurance Cost Allocation
CY 2023
RMSv23/TSv12

Layer 2: 400M XS 516M

Peril/Territory	Premium	Ceded AAL	Reins Margin
HU	99.28%	99.12%	99.33%
110	17.04%	16.34%	17.25%
120	22.13%	22.17%	22.12%
130	2.39%	2.33%	2.41%
140	22.13%	22.80%	21.92%
150	4.93%	4.95%	4.93%
160	6.07%	6.06%	6.07%
170	0.30%	0.30%	0.30%
180	3.60%	3.57%	3.61%
190	1.97%	1.95%	1.97%
200	1.12%	1.08%	1.13%
210	0.93%	0.93%	0.94%
220	3.01%	2.93%	3.03%
230	1.91%	1.90%	1.91%
240	2.19%	2.18%	2.19%
250	1.25%	1.24%	1.26%
260	0.54%	0.55%	0.53%
270	2.47%	2.47%	2.47%
280	0.36%	0.37%	0.36%
290	0.52%	0.51%	0.52%
300	0.36%	0.36%	0.37%
310	1.27%	1.29%	1.27%
320	0.72%	0.73%	0.71%
330	0.04%	0.04%	0.03%
340	1.25%	1.25%	1.25%
350	0.34%	0.34%	0.33%
360	0.39%	0.42%	0.38%
370	0.02%	0.02%	0.02%
380	0.02%	0.03%	0.02%
390	0.01%	0.01%	0.01%
OW	0.68%	0.85%	0.63%
WT	0.04%	0.03%	0.05%
Grand Total	100.00%	100.00%	100.00%

North Carolina Rate Bureau
Reinsurance Cost Allocation
CY 2023
RMSv23/TSv12

Layer 3: 600M XS 916M

Peril/Territory	Premium	Ceded AAL	Reins Margin
HU	99.92%	99.89%	99.93%
110	14.70%	13.68%	14.92%
120	23.57%	23.73%	23.53%
130	2.14%	2.04%	2.16%
140	23.06%	24.07%	22.84%
150	4.67%	4.65%	4.68%
160	6.44%	6.47%	6.43%
170	0.28%	0.28%	0.28%
180	3.62%	3.59%	3.63%
190	2.04%	2.04%	2.04%
200	1.18%	1.14%	1.19%
210	0.96%	0.95%	0.96%
220	3.21%	3.14%	3.23%
230	2.00%	2.00%	2.00%
240	2.25%	2.25%	2.25%
250	1.32%	1.31%	1.32%
260	0.55%	0.57%	0.55%
270	2.64%	2.66%	2.64%
280	0.39%	0.40%	0.39%
290	0.55%	0.54%	0.55%
300	0.37%	0.36%	0.37%
310	1.35%	1.36%	1.34%
320	0.73%	0.73%	0.72%
330	0.03%	0.04%	0.03%
340	1.18%	1.17%	1.18%
350	0.29%	0.31%	0.29%
360	0.35%	0.38%	0.34%
370	0.01%	0.02%	0.01%
380	0.02%	0.02%	0.02%
390	0.01%	0.01%	0.01%
OW	0.08%	0.11%	0.07%
WT	0.00%	0.00%	0.00%
Grand Total	100.00%	100.00%	100.00%

North Carolina Rate Bureau
Reinsurance Cost Allocation
CY 2023
RMSv23/TSv12

Layer 4: 800M XS 1516M

Peril/Territory	Premium	Ceded AAL	Reins Margin
HU	100.00%	99.99%	100.00%
110	12.66%	11.26%	12.88%
120	24.92%	25.10%	24.89%
130	1.92%	1.77%	1.95%
140	23.87%	24.98%	23.69%
150	4.42%	4.32%	4.43%
160	6.76%	6.82%	6.75%
170	0.26%	0.25%	0.26%
180	3.57%	3.55%	3.57%
190	2.07%	2.09%	2.06%
200	1.20%	1.17%	1.20%
210	0.95%	0.95%	0.95%
220	3.30%	3.29%	3.30%
230	2.02%	2.07%	2.02%
240	2.25%	2.28%	2.24%
250	1.34%	1.36%	1.34%
260	0.55%	0.57%	0.55%
270	2.73%	2.80%	2.72%
280	0.40%	0.42%	0.40%
290	0.57%	0.57%	0.57%
300	0.36%	0.36%	0.37%
310	1.39%	1.43%	1.38%
320	0.73%	0.75%	0.73%
330	0.03%	0.04%	0.03%
340	1.11%	1.11%	1.10%
350	0.26%	0.27%	0.25%
360	0.32%	0.36%	0.31%
370	0.01%	0.02%	0.01%
380	0.02%	0.02%	0.02%
390	0.01%	0.01%	0.01%
OW	0.00%	0.01%	0.00%
Grand Total	100.00%	100.00%	100.00%

North Carolina Rate Bureau
Reinsurance Cost Allocation
CY 2023
RMSv23/TSv12

Layer 5: 1181M XS 2316M

Peril/Territory	Premium	Ceded AAL	Reins Margin
HU	100.00%	100.00%	100.00%
110	11.11%	9.01%	11.34%
120	25.72%	26.07%	25.69%
130	1.77%	1.52%	1.80%
140	24.55%	25.80%	24.41%
150	4.18%	3.94%	4.21%
160	7.11%	7.22%	7.09%
170	0.23%	0.22%	0.24%
180	3.52%	3.48%	3.53%
190	2.12%	2.17%	2.12%
200	1.18%	1.19%	1.18%
210	0.95%	0.94%	0.95%
220	3.36%	3.49%	3.35%
230	2.02%	2.13%	2.01%
240	2.23%	2.28%	2.23%
250	1.36%	1.43%	1.35%
260	0.55%	0.58%	0.55%
270	2.80%	2.95%	2.78%
280	0.41%	0.45%	0.41%
290	0.58%	0.60%	0.58%
300	0.36%	0.37%	0.36%
310	1.43%	1.53%	1.42%
320	0.75%	0.79%	0.74%
330	0.04%	0.04%	0.03%
340	1.07%	1.12%	1.07%
350	0.24%	0.27%	0.24%
360	0.31%	0.36%	0.30%
370	0.01%	0.02%	0.01%
380	0.02%	0.02%	0.02%
390	0.01%	0.01%	0.01%
Grand Total	100.00%	100.00%	100.00%

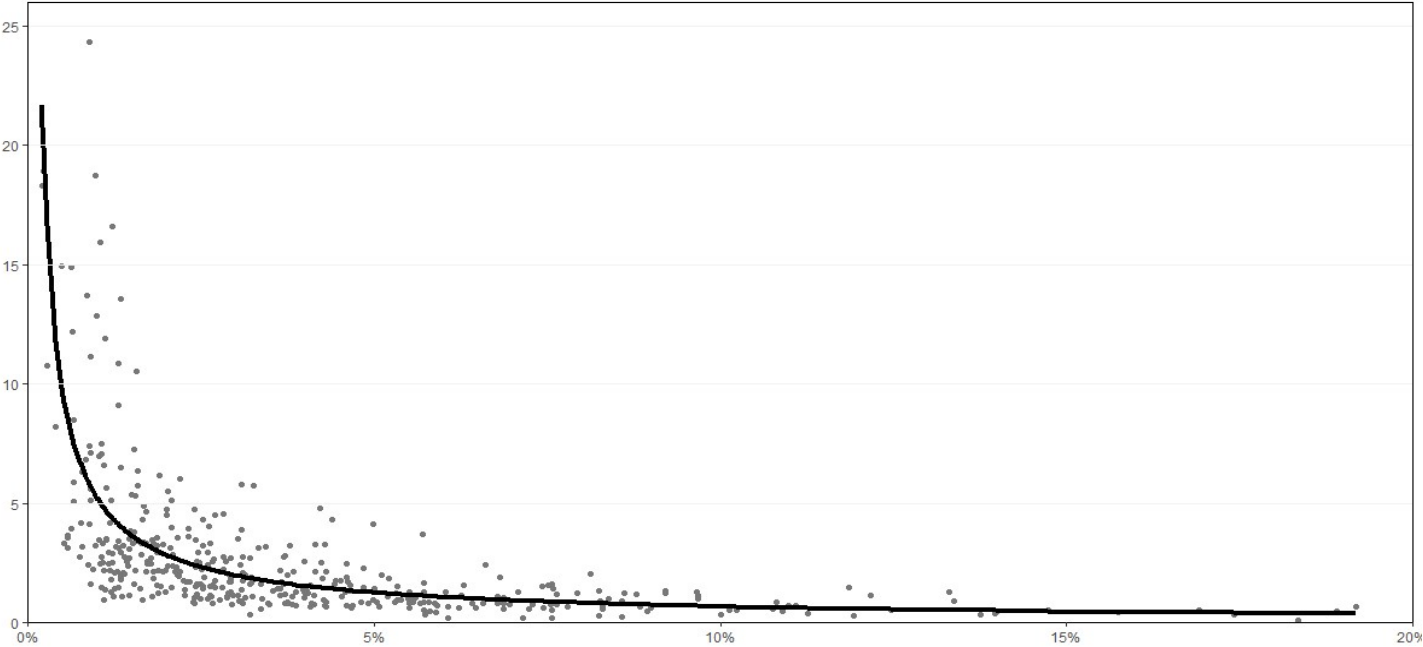
North Carolina Rate Bureau
Reinsurance Margin Allocation
CY 2023
RMSv23/TSv12

Territory	Policy Form 1	Policy Form 2	Total
110	2,667,467	45,089,054	47,756,521
120	10,678,424	63,026,585	73,705,009
130	2,213,111	4,633,086	6,846,197
140	20,798,574	50,765,466	71,564,040
150	5,354,644	9,299,425	14,654,069
160	5,645,817	14,529,345	20,175,162
170	416,745	450,999	867,744
180	4,788,841	6,428,174	11,217,015
190	3,209,495	3,092,305	6,301,800
200	2,285,459	1,325,750	3,611,209
210	1,280,547	1,656,351	2,936,898
220	3,050,986	6,983,422	10,034,408
230	4,422,399	1,668,322	6,090,722
240	3,087,015	3,800,672	6,887,687
250	1,662,332	2,429,970	4,092,301
260	837,435	839,146	1,676,581
270	850,908	7,479,458	8,330,367
280	343,788	867,271	1,211,059
290	547,298	1,157,551	1,704,848
300	720,801	423,935	1,144,736
310	1,190,441	3,070,785	4,261,226
320	810,638	1,526,725	2,337,363
330	61,532	48,162	109,694
340	803,148	3,171,154	3,974,302
350	331,609	655,673	987,283
360	462,100	740,530	1,202,630
370	23,539	25,154	48,692
380	28,623	45,135	73,758
390	17,304	29,216	46,520
Total	78,591,020	235,258,821	313,849,841

North Carolina Insurance Underwriting Association (NCIUA) -- Beach Plan
North Carolina Joint Underwriting Association (NCJUA) -- FAIR Plan

Catastrophe Bond Profit Multiples

Profit Multiples by Probability of Loss



Source: Lane Financial LLC, Annual Securitization Reviews (<http://lanefinancialllc.com>) and Aon ILS Cat bond data.

Notes: Based on near-term cat bonds issued from January 2016 to March 2025.
Includes all U.S. bonds with a probability of first loss between 0.05% and 20.0%; excludes bonds with no stated profit multiples.

Equation of the fitted curve:

$$y = 0.09048604 x^{-0.8817344}$$

Equation to determine average Profit Multiple over specific interval:

$$\text{Avg PM} = \int_a^b 0.09048604 x^{-0.8817344} dx / (b - a)$$

North Carolina Insurance Underwriting Association (NCIUA) -- Beach Plan

Summary of 2025 Reinsurance Structure

Risk Finance Structure ⁽¹⁾	Attachment Point (\$ Millions)	Exhaustion Point (\$ Millions)	Coverage
Reinsurance Layer 1	\$2,350	\$2,800	100.0%
Reinsurance Layer 2	\$2,800	\$3,400	100.0%
Reinsurance Layer 3	\$3,400	\$3,750	100.0%
Reinsurance Layer 4	\$3,750	\$5,000	100.0%
Reinsurance Layer 5	\$5,000	\$5,025	100.0%

Source: https://www.nciua-nciua.org/html/mbr_co.htm

Note: The above reinsurance covers aggregate losses for all Beach Plan accounts combined (Residential & Commercial).

(1) Each layer of reinsurance provides Annual Aggregate coverage, which implies that a reinstatement provision is not applicable.

North Carolina Insurance Underwriting Association (NCIUA) -- Beach Plan

Determination of Average Profit Multiple by Layer of Loss (\$ in Millions)

<u>Annual Aggregate Layer</u>	<u>Source of Funding</u>	<u>Total Beach Plan</u>		<u>Attachment Probability</u>	<u>Exhaustion Probability</u>	<u>Indicated Profit Multiple</u>
		<u>Layer Attachment</u>	<u>Layer Exhaustion</u> ⁽¹⁾			
\$0 to 1,350	Surplus	\$0	\$1,350	46.78%	7.71%	0.34
\$1,350 to 2,350	Company Assessments	\$1,350	\$2,350	7.71%	4.52%	1.08
\$2,350 to 2,800	Reinsurance Layer 1	\$2,350	\$2,800	4.52%	3.73%	1.51
\$2,800 to 3,400	Reinsurance Layer 2	\$2,800	\$3,400	3.73%	2.99%	1.81
\$3,400 to 3,750	Reinsurance Layer 3	\$3,400	\$3,750	2.99%	2.66%	2.10
\$3,750 to 5,000	Reinsurance Layer 4	\$3,750	\$5,000	2.66%	1.85%	2.58
\$5,000 to 5,025	Reinsurance Layer 5	\$5,000	\$5,025	1.85%	1.84%	3.06
\$5,025 & Higher	Policyholder Surcharges	\$5,025	\$63,308	1.84%	0.001%	15.29

(1) The Layer Exhaustion for the highest layer assumes 100K year return period and is consistent with prior year's analysis.

**North Carolina Insurance Underwriting Association (NCIUA) -- Beach Plan
Residential Accounts Only**

Illustration of How Hurricane Losses are Funded

Voluntary Market Assessments Limited to \$1 Billion on All Beach Plan Accounts Combined
(\$ in Millions)

<u>Annual Aggregate Layer</u>	<u>Total Beach Plan</u>			<u>Beach Plan: Residential Share of Layer</u>	<u>Hurricane Losses Funded by:</u>			
	<u>Layer Attachment</u>	<u>Layer Exhaustion</u>	<u>Total Losses in Layer</u>		<u>Beach Plan Surplus</u>	<u>Private Reinsurance</u>	<u>Assessment on Member Companies ⁽¹⁾</u>	<u>Policyholder Surcharges</u>
\$0 to 1,350	\$0	\$1,350	\$1,350	\$1165.1	\$1165.1	-	-	-
\$1,350 to 2,350	\$1,350	\$2,350	\$1,000	\$863.1	-	-	\$863.1	-
\$2,350 to 2,800	\$2,350	\$2,800	\$450	\$388.4	-	\$388.4	-	-
\$2,800 to 3,400	\$2,800	\$3,400	\$600	\$517.8	-	\$517.8	-	-
\$3,400 to 3,750	\$3,400	\$3,750	\$350	\$302.1	-	\$302.1	-	-
\$3,750 to 5,000	\$3,750	\$5,000	\$1,250	\$1078.8	-	\$1078.8	-	-
\$5,000 to 5,025	\$5,000	\$5,025	\$25	\$21.6	-	\$21.6	-	-
\$5,025 & Higher	\$5,025	\$63,308	\$58,283	\$50,302.0	-	-	-	\$50,302.0
Total					\$1165.1	\$2308.7	\$863.1	\$50,302.0

(1) Total losses paid by Member Companies (\$863.1 M) reflects the Residential portion of the \$1 Billion Beach Plan assessment on the total Voluntary Market.

**North Carolina Insurance Underwriting Association (NCIUA) -- Beach Plan
Residential Accounts Only**

Determination of the Cost of Reinsurance Provided to the NCIUA by the Voluntary Market
Voluntary Market Assessments Limited to \$1 Billion on All Beach Plan Accounts Combined
(\$ in Millions)

<u>Annual Aggregate Layer</u>	<u>Beach Plan: Residential Share of Layer</u>	<u>Potential Assessment Paid by Member Companies</u> ⁽¹⁾	<u>Expected Losses</u> ⁽²⁾		<u>Indicated Profit Multiple</u> ⁽⁴⁾	<u>Cost of Funding Assessments</u> ⁽⁵⁾
			<u>Total</u>	<u>Exposed</u> ⁽³⁾		
\$0 to 1,350	\$1,165.1	-	\$165.44	-	0.34	-
\$1,350 to 2,350	\$863.1	\$863.1	\$50.56	\$50.56	1.08	\$54.80
\$2,350 to 2,800	\$388.4	-	\$15.95	-	1.51	-
\$2,800 to 3,400	\$517.8	-	\$17.37	-	1.81	-
\$3,400 to 3,750	\$302.1	-	\$8.49	-	2.10	-
\$3,750 to 5,000	\$1,078.8	-	\$23.85	-	2.58	-
\$5,000 to 5,025	\$21.6	-	\$0.40	-	3.06	-
\$5,025 & Higher	\$50,302.0	-	\$74.49	-	15.29	-
Total		\$863.1	\$356.55	\$50.56		\$54.80

(1) Page 4.

(2) From AIR & RMS hurricane models.

(3) Expected loss subject to Beach Plan assessments of Voluntary Market.

(4) See Page 3.

(5) = Exposed Expected Losses x Profit Multiple (based on Cat Bond data).

North Carolina Joint Underwriting Association (NCJUA) -- FAIR Plan

Summary of 2025 Reinsurance Structure

Risk Structure (1)	Attachment Point (in million)	Exhaustion Point (in million)	Coverage
Reinsurance Layer 1	\$175	\$320	100.0%
Reinsurance Layer 2	\$320	\$358	100.0%

Source: https://www.ncjua-nciua.org/html/mbr_co.htm

Notes: The above reinsurance covers aggregate losses for all FAIR Plan accounts combined (Residential & Commercial).

(1) Each layer of reinsurance provides Annual Aggregate coverage, which implies that a reinstatement provision is not applicable.

North Carolina Joint Underwriting Association (NCJUA) -- FAIR Plan

Determination of Average Profit Multiple by Layer of Loss (\$ in Millions)

<u>Annual Aggregate Layer</u>	<u>Source of Funding</u>	<u>Total FAIR Plan</u>		<u>Attachment Probability</u>	<u>Exhaustion Probability</u>	<u>Indicated Profit Multiple</u>
		<u>Layer Attachment</u>	<u>Layer Exhaustion ⁽¹⁾</u>			
\$0 to 25	Surplus	\$0	\$25	52.25%	23.36%	0.22
\$25 to 175	Company Assessments	\$25	\$175	23.36%	10.36%	0.45
\$175 to 320	Reinsurance	\$175	\$320	10.36%	6.57%	0.81
\$320 to 358	Reinsurance	\$320	\$358	6.57%	5.88%	1.05
\$358 & Higher	Company Assessments	\$358	\$10,176	5.88%	0.001%	5.97

(1) The Layer Exhaustion for the highest layer assumes 100K year return period and is consistent with prior year's analysis.

**North Carolina Joint Underwriting Association (NCJUA) -- FAIR Plan
Residential Accounts Only**

Illustration of How Hurricane Losses are Funded
Reflecting Unlimited Industry Exposure to FAIR Plan Assessments
(\$ in Millions)

<u>Annual Aggregate Layer</u>	<u>Total FAIR Plan</u>			<u>FAIR Plan: Residential Share of Layer</u>	<u>Hurricane Losses Funded by:</u>		
	<u>Layer Attachment</u>	<u>Layer Exhaustion</u>	<u>Total Losses in Layer</u>		<u>FAIR Plan Surplus</u>	<u>Private Reinsurance</u>	<u>Assessment on Member Companies</u>
\$0 to 25	\$0	\$25	\$25	\$19.9	\$19.9	-	-
\$25 to 175	\$25	\$175	\$150	\$119.4	-	-	\$119.4
\$175 to 320	\$175	\$320	\$145	\$115.4	-	\$115.4	-
\$320 to 358	\$320	\$358	\$38	\$30.3		\$30.3	
\$358 & Higher	\$358	\$10,176	\$9,818	\$7816.3	-	-	\$7,816.3
Total					\$19.9	\$145.7	\$7,935.7

**North Carolina Joint Underwriting Association (NCJUA) -- FAIR Plan
Residential Accounts Only**

Determination of the Cost of Reinsurance Provided to the NCJUA by the Voluntary Market

Reflecting Unlimited Industry Exposure to FAIR Plan Assessments

(\$ in Millions)

<u>Annual Aggregate Layer</u>	<u>FAIR Plan: Residential Share of Layer</u>	<u>Potential Assessment Paid by Member Companies ⁽¹⁾</u>	<u>Expected Losses ⁽²⁾</u>		<u>Indicated Profit Multiple ⁽⁴⁾</u>	<u>Cost of Funding Assessments ⁽⁵⁾</u>
			<u>Total</u>	<u>Exposed ⁽³⁾</u>		
\$0 to 25	\$19.9	-	\$5.66	-	0.22	-
\$25 to 175	\$119.4	\$119.4	17.80	\$17.80	0.45	\$8.09
\$175 to 320	\$115.4	-	9.49	-	0.81	-
\$320 to 358	\$30.3	-	1.88	-	1.05	-
\$358 & Higher	\$7816.3	\$7816.3	28.61	28.61	5.97	\$170.95
Total		\$7935.7	\$63.44	\$46.42		\$179.03

(1) See Page 8.

(2) From AIR & RMS hurricane models.

(3) Expected loss subject to FAIR Plan assessments of Voluntary Market.

(4) See Page 7.

(5) = Exposed Expected Losses x Profit Multiple (based on Cat Bond data).

North Carolina Insurance Underwriting Association (NCIUA) -- Beach Plan
North Carolina Joint Underwriting Association (NCJUA) -- FAIR Plan
Residential Accounts Only

Determination of the Compensation for Bearing the Risk of Beach Plan & FAIR Plan Assessments
(\$ in Millions)

(1) Cost of Reinsurance Provided by the Voluntary Market to the Residential Accounts in the NCIUA (Beach Plan):	\$54.80
(2) Cost of Reinsurance Provided by the Voluntary Market to the Residential Accounts in the NCJUA (FAIR Plan):	<u>\$179.03</u>
(3) Total Cost of Reinsurance Provided by the Voluntary Market to the Residential Accounts in the NCIUA & NCJUA:	<u>\$233.83</u>

	(4) Estimated 2025 Industry Written Premium @ <u>Manual Rates</u>	(5) = (4) / Total (4) % of Total Industry <u>Premium</u>	(6) = (3) x (5) Allocated Compensation for Risk of <u>Assessment</u>	(7) = (6) / (4) Compensation for Assessment Risk as % of 2025 <u>Manual Premium</u>
<u>Policy Form</u>				
Homeowners	\$4,931.2	87.7%	\$205.15	4.2%
Dwelling Fire & EC	\$454.0	8.1%	\$18.89	4.2%
MobileHome	\$235.5	4.2%	\$9.80	4.2%
Total	\$5,620.7	100.0%	\$233.83	4.2%

(8) Estimated Market Share of Companies that Retain Assessment Risk

50%

(9) Retained Compensation for Assessment Risk Provision:

2.1%

(1) From Page 5.

(2) From Page 9.

(3) = (1) + (2)

(4) Industry Written Premium includes NCIUA and NCJUA.

(8) NCRB Property Rating Sub-Committee selection

(9) = (7) * (8)

**PREFILED TESTIMONY
OF
PAUL D. ANDERSON**

**2025 DWELLING PROPERTY INSURANCE RATE FILING
BY THE NORTH CAROLINA RATE BUREAU**

Q. Please state your name and business address.

A. My name is Paul D. Anderson. My business address is 17335 Golf Parkway, Brookfield, WI 53045.

Q. By whom are you employed?

A. I am employed by Milliman, Inc. (Milliman) and have been employed by Milliman since February 1, 2007.

Q. What is your educational background?

A. I received a Bachelor of Science in Actuarial Science from Drake University in Des Moines, Iowa in 1993.

Q. Do you have any additional certifications or qualifications?

A. Yes. I have been a Fellow of the Casualty Actuarial Society (CAS) since 2002 and a Certified Specialist in Predictive Analytics of the CAS Institute (iCAS) since 2018. Since 2002, I have served on several committees of the Casualty Actuarial Society, including the following:

- Syllabus & Examination Committee: April 2004 to July 2006;
- Volunteer Support Task Force: February 2012 to April 2013;
- Volunteer Resources Committee: April 2013 to March 2020;
- Vehicle Technology & Impact on Loss Trends Planning Committee: October 2017 to August 2018;
- Participation Survey Task Force: January 2018 to January 2019;
- Crash Course in Vehicle Technology & Driverless Cars Committee (chairperson): February 2020 to November 2021;
- Volunteer Resources Advisory Committee: June 2020 to November 2021;
- Crash Course Seminar Task Force (volunteer chairperson): November 2021 to October 2024; and
- Volunteer Resources Task Force: November 2021 to Present.

I have also been a member of the American Academy of Actuaries since 2002 and meet all of the continuing education requirements of that organization as well as those of the Casualty Actuarial Society.

Q. What is your employment background?

- A. I was employed by Allstate Insurance Company from June 1993 until January 2007. While at Allstate, I held various actuarial roles. I began my career as an Auto Pricing Analyst, and over time, I assumed increasing responsibility in various departments that included Property Pricing, Auto Pricing, Property Research, and Auto Research. On the pricing teams, I assisted in developing rates for property and auto insurance products in most states across the country. On the research teams, I assisted in developing new property and auto risk classification plans to be implemented by Allstate's pricing teams. From 2006 until January 2007, I served as a Senior Manager for Allstate's Eastern region, which included assisting in the oversight of the pricing strategies for approximately half the country, including North Carolina.

In February 2007, I began my career at Milliman. Since 2007, I have completed, managed, or overseen numerous property and auto pricing analyses for a variety of clients. My clients have included small single-state insurance companies, industry-leading national insurance companies, start-up InsurTech insurance companies, government entities, the North Carolina Rate Bureau, and other entities with similar coastal property exposure in states such as Florida, Hawaii, and Texas. These client assignments have included such projects as pricing analyses to evaluate overall rate adequacy, predictive modeling assignments to develop new risk classification plans, and analyses of catastrophe losses to evaluate the adequacy and allocation of property premiums corresponding to catastrophe risk.

Q. What is Milliman?

- A. Milliman is among the world's largest providers of actuarial, risk management, and related technology and data solutions. Milliman was founded in Seattle in 1947 as Milliman & Robertson and today has offices in principal cities worldwide, covering markets in North America, Latin America, Europe, Asia and the Pacific, the Middle East, and Africa. Milliman employs more than 5,100 people, including actuaries and specialists ranging from clinicians to economists. The firm has consulting practices in employee benefits, financial services, healthcare, life insurance, and property and casualty insurance. Milliman serves the full spectrum of business, education, financial, governmental, union, and nonprofit organizations.

Q. What are your current responsibilities at Milliman?

- A. I am responsible for managing and overseeing the personal lines and insurance-related predictive analytics portion of Milliman's Milwaukee Casualty practice. The personal lines and predictive analytics team conducts a variety of property and auto pricing, product development, and predictive modeling assignments, primarily for insurance companies. Over the last five years, we have completed property analyses for nearly every state in the country, including North Carolina.

Q. Were you engaged to provide actuarial services to the North Carolina Rate Bureau (the Rate Bureau) in relation to its 2025 dwelling rate filing?

A. Yes, I was.

Q. What was the scope of that engagement?

A. Milliman was engaged for several aspects of the 2025 dwelling rate filing. My role was to review the contingency provision in this filing. I was also engaged to conduct an independent review and provide feedback on the actuarial analyses underlying the filing. In this role, I participated in many of the discussions in which ISO presented preliminary data and analyses to the Rate Bureau. In addition, my role also included participating in the Rate Bureau's Property Rating Subcommittee meetings in which the 2025 dwelling filing was discussed. During these discussions, I offered feedback and insights to assist in the Subcommittee's selections and decisions related to this filing.

Q. Is your firm being compensated for this engagement?

A. Yes, it is.

Q. Is that compensation in any way contingent on the provision of favorable testimony in support of the proposed filing?

A. No, it is not.

Q. Have you completed your review of the 2025 dwelling rate filing?

A. Yes, I have.

Q. Were there any constraints placed on your review, such as limited or delayed access to data or limited time that may have hindered your complete review?

A. No, I was provided all the data and information that were necessary, and I had adequate time for a complete review. My review was not limited in any way.

Q. What is the overall indicated change in dwelling rates in this filing?

A. This filing shows the need for an overall 68.3% statewide average rate increase. This includes a -2.0% change to fire rates and an 84.8% change to extended coverage rates.

Q. Please describe the overall ratemaking methodology that underlies the filing.

- A. The approach in this filing is generally consistent with prior dwelling filings submitted by the Rate Bureau. Consistent with the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking* as published by the Casualty Actuarial Society, the indicated rates reflect the expected value of future costs associated with insuring residential real property on dwelling policies. These expected costs include claims, claim settlement expenses, operational and administrative expenses, and the cost of capital. I also note that the dwelling insurance addressed in this filing is insurance on residential real property using Rate Bureau forms, rules, and rates, and that is what I am addressing when I refer to dwelling insurance in this testimony.

The statewide rate-level indications for dwelling insurance are developed based on a loss cost methodology (instead of a loss ratio methodology). The indicated rate-level change is calculated for each segment by comparing the required base class rate per policy to the current average base class rate. The required base class rate per policy is calculated by first projecting the losses and loss adjustment expenses for the policy period for which the filed rates are expected to be in effect. For extended coverage, losses are projected excluding historical hurricane losses. In addition to the exclusion of historical hurricane losses, the projected losses for extended coverage are adjusted to remove excess losses and an excess factor is applied based on an average of the excess losses over 30 years of historical experience. Base class loss costs are calculated by dividing the adjusted incurred losses and loss adjustment expenses for each historical accident year by the corresponding earned house years and trended average rating factors. The base class loss costs by year are weighted together to develop a weighted trended base class loss cost for fire and a weighted trended non-hurricane base class loss cost for extended coverage. For the extended coverage portion of the filing, a trended modeled hurricane base class loss cost is also developed and added to the weighted trended non-hurricane base class loss cost to determine the total base class loss cost.

Following the development of the base class loss cost, a per-policy fixed expense provision and other expected underwriting expenses associated with issuing dwelling insurance policies are incorporated to determine the required base class rate per policy. These expected underwriting expenses include provisions for underwriting profit, contingencies, dividends, compensation for assessment risk, net cost of reinsurance, and deviations. As mentioned above, the required base class rate per policy is compared to the current average base class rate to develop the overall statewide indicated rate-level change. This comparison of the required and current base class rates is consistent with the *Statement of Principles* referenced above, is commonly used throughout the industry, and as such, is an actuarially sound method of developing an indicated rate-level change.

Q. Are there any changes in the ratemaking methodology or presentation in the filing as compared to prior filings?

- A. The 2025 dwelling filing is generally consistent with prior filings, but there is one component of this filing that relies on a different approach as compared to the 2023 dwelling filing and one component that is presented differently than in the 2023 dwelling filing.

In this filing, the Rate Bureau developed loss trend factors using a three-step trend procedure that includes historical trend, “to current” trend, and prospective trend. In prior filings, the Rate Bureau used a two-step trend procedure to develop loss trend factors, which included historical and prospective trends. The “to current” trend was added to the calculation of the loss trend factors in this filing to estimate changes in cost levels following the latest year of the experience period to the most recent time period for which additional external data was available. In this filing, the “to current” trend was applied from July 1, 2023, to June 30, 2025, based on the historical average annual rates of change as well as the average annual rates of change for the Current Cost Index (CCI). In previous filings, the prospective trend would have applied to this time period in addition to the time period from the end of the external data to one year beyond the assumed effective date (July 1, 2027).

This change in approach is reasonable, actuarially sound, and, because the differences between the “to current” trends and prospective trends are nominal, this change has a minimal impact on the rate-level indications.

In addition to this change in approach, the Rate Bureau revised the presentation of the net cost of reinsurance component in the calculation of the extended coverage indicated rate level change on page C-4 of Exhibit RB-1. In this filing, the Rate Bureau included the net cost of reinsurance in row (16), before adjusting the base class loss cost and fixed expenses by the expected loss and fixed expense ratio. In previous filings, the net cost of reinsurance was included after the adjustment for the expected loss and fixed expense ratio. However, the net cost of reinsurance component in previous filings was already adjusted by the same expected loss and fixed expense ratio, so there is no impact to the indicated rate level change due to this change in presentation.

Q. How are the expected losses determined?

- A. This filing uses the latest available five years of historical loss experience to determine expected losses other than hurricane losses. These five years include accident years ending December 31, 2019, through December 31, 2023. Using five years of experience is consistent with North Carolina statutes and prior dwelling fire and extended coverage rate filings. It is also consistent with generally accepted ratemaking practices because the use of five years of historical experience balances stability of the overall rate level with responsiveness to the

most recent conditions. Because severe weather-related events can cause volatility in the loss experience, hurricane losses and excess losses (for extended coverage only) have been removed from the historical loss experience. Each year of losses has been developed to ultimate amounts and has been adjusted to a common \$500 deductible level. Losses are developed to ultimate because the final incurred losses for an accident year are often different from initial loss estimates due to the late reporting of claims or as yet unknown settlement amounts on known claims.

After these initial adjustments, a provision for excess losses is applied to each accident year for extended coverage, and a provision for loss adjustment expenses is applied to each accident year for all dwelling forms. The excess factor of 1.051 for the extended coverage section of the filing is determined using ISO's standard excess loss procedure, using a 30-year experience period as noted earlier. This procedure evaluates historical non-hurricane loss experience back to 1994 to develop a ratio of the long-term average excess loss ratio to the long-term average normal loss ratio.

Following these additional adjustments, in order to reflect the expected change in costs, the losses are trended from the midpoint of each experience period to the policy period for which the filed rates are assumed to be in effect. Similar to prior dwelling filings, historical claim frequency, loss severity, and pure premium experience were considered in the evaluation of loss trends. The historical experience is adjusted to the prospective period using selected loss trends that are based on the data described above.

In addition to reflecting a loss trend, a premium trend is also determined by combining current amount factors with premium projection factors for each accident year. The current amount factors are developed by comparing the average policy amount relativity for each accident year to the comparable relativity for the most recent year in the experience period. The premium projection factors are calculated based on the fitted annual change in the average policy amount relativity for each policy form.

In my opinion, the selections and methodologies referenced above, including the excess factor, the loss adjustment expense factors, the loss trend factors, and the premium trend factors, are reasonable and actuarially sound.

After adjusting the losses for each of the items mentioned above, each year's trended losses and loss adjustment expenses are divided by the earned house years to determine the average trended loss cost. The average trended loss costs are converted to trended base class loss costs by dividing by the average rating factor applicable to each accident year. Finally, these base class loss costs are weighted together to develop a weighted trended base class loss cost for fire and a weighted trended non-hurricane base class loss cost for extended coverage. The weights applied to each accident year differ between fire and extended coverage

because there tends to be more variation in the extended coverage loss costs as compared to the fire loss costs. As a result, to avoid giving too much weight to an unusually high or low loss cost, an even distribution of weights is applied to the historical experience for extended coverage. By contrast, a distribution that assigns more weight to the more recent years is used for fire, since that segment typically has more stable base class loss costs.

In my opinion, the methodology used to develop average loss costs and the weights assigned to each of the dwelling policy forms are reasonable and are consistent with widely used actuarial ratemaking practices.

Q. In the previous response, you mentioned a loss adjustment expense provision. How are the dwelling provisions for loss adjustment expense determined?

A. The allocated and unallocated loss adjustment expenses are included with non-hurricane losses by applying a trended loss adjustment expense factor. Using information received from the Rate Bureau's data call for expense experience, loss adjustment expenses are summarized for calendar years 2020 through 2024. Consistent with prior dwelling filings, a three-year average is calculated after removing the highest and lowest ratio of expenses to losses from the five years of historical expense experience referenced above. By excluding the highest and lowest ratios observed in the historical experience period, this methodology reduces the volatility in the average loss adjustment expense ratio that may result from variation in the underlying incurred losses from year to year. After the average loss adjustment expense ratio is calculated, it is adjusted to reflect the difference in the loss adjustment expense trend and the loss trend.

A separate provision for hurricane-related loss adjustment expenses is included in the modeled hurricane losses based on data and a recommendation provided by Aon.

Q. In your opinion, are the provisions for loss adjustment expenses reasonable?

A. Yes, the loss adjustment expense provisions are reasonable. It is common practice in the industry to use an average of historical experience to determine a loss adjustment expense provision, and it is reasonable to adjust that provision for expected differences in the loss adjustment expense trend and the loss trend, as we have done here.

Q. Is credibility considered in the rate-level indication?

A. Yes, credibility is considered. At the statewide level, based on the volume of data supporting the statewide rate-level indications, both fire and extended coverage are considered fully credible. The full credibility standards are 500,000 house years

for fire and 330,000 house years for extended coverage. When the territorial rate-level indications are calculated, partial credibility is determined using the square root rule and rounding the credibility down to the nearest 10%. The use of the square root rule to determine partial credibility is a long-standing actuarial methodology used throughout the industry.

Q. How is hurricane exposure reflected in each policy form's rate-level indication?

- A. Similar to the Rate Bureau's 2023 dwelling filing, this filing reflects hurricane exposure in the extended coverage rate-level indications by using modeled hurricane losses rather than actual hurricane loss experience. Although there are actual hurricane losses in the experience period, the hurricane and excess losses have been removed from the historical loss experience, as noted in my testimony above. Actual hurricane losses have a significant amount of variability even when evaluating twenty or more years of historical loss experience in a state. As such, it is universally accepted by the property and casualty insurance industry that hurricane models provide the most reliable approach to determining anticipated average annual hurricane losses over an extended time period. Hurricane models can be used to simulate 100,000 or more years of events, which provides a broader perspective on potential insured losses as compared to only evaluating the last several decades of losses. This broader perspective provides a more reliable estimate of the average frequency and severity of insured hurricane losses. Similarly, it provides a more reliable estimate of the frequency and severity of rare but very severe events that may not have occurred within the last 100 years of recorded history, but have the potential to occur next year.

Q. How is the provision for expected hurricane losses determined?

- A. The provision for average annual hurricane losses in this filing is consistent with the 2023 dwelling filing in that expected hurricane losses are developed through the use of hurricane models of two independent catastrophe modelers. To facilitate the use of two hurricane models – the AIR model and the RMS model – the Rate Bureau retained Aon to run both models and to develop modeled hurricane losses using the blended results of these two models. I am familiar with the assumptions selected as inputs to each model, and it is my opinion that the assumptions were applied consistently in both the AIR and RMS models such that the resulting output of both models is comparable. However, because Aon ran both models, I am relying on the work and opinion of Minchong Mao of Aon as they relate to specific details about the modeling process. The reliance on Aon to run both models and to develop modeled hurricane losses using the blended results of these two models is consistent with the 2023 dwelling filing.

The Rate Bureau requested that Aon combine the results of the two hurricane models by averaging the results from each model. This approach of giving equal weight to each model is intuitive, easy to understand, and the most reasonable

method of blending two hurricane models. This blending approach (i.e., averaging) is also a common practice among insurance companies that consider multiple hurricane models. Based on my review of the blended model results, it is my opinion that the resulting hurricane losses reflected in this filing are reasonable and can be relied upon for the various purposes for which modeled hurricane losses are used in this filing. Additionally, since both models are equally credible, it is also my opinion that assigning equal weight to each model is the most reliable blending method and the most actuarially sound approach for considering two hurricane models.

Q. What model versions and modeling assumptions were used to develop estimated hurricane losses?

- A. The current AIR model is Touchstone v12 and the current RMS model is RiskLink v23. To develop the expected hurricane losses, Aon relied on AIR's Standard hurricane model and on RMS' Historical hurricane model. These models were used instead of AIR's Warm Sea-Surface Temperature (WSST) hurricane model and RMS' Medium-Term Rate hurricane model. Although many primary insurance companies consider the WSST and Medium-Term Rate hurricane models when developing expected hurricane losses for indicated rates in states other than North Carolina, the hurricane models selected for this filing are reasonable and actuarially sound.

Both the AIR and RMS models were run with aggregate demand surge included, which was identified as loss amplification in the RMS model. This standard procedure accounts for the expected additional cost for labor and materials after a hurricane occurs. Historical experience shows that, when catastrophic events occur, the increased demand for building materials, labor, temporary housing, and other basic necessities can exceed the supply of these same items, which consequently increases their cost. Running models with demand surge is consistent with the Rate Bureau's prior dwelling filings and is the common practice by insurance companies when developing rates based on modeled hurricane losses. Although the demand surge component of each model was used in this filing, the storm surge component of each model was not used to develop hurricane losses.

Q. Were any other calculations applied to the hurricane losses derived from the models?

- A. Yes. Before providing the blended hurricane losses, Aon applied a hurricane-specific provision for loss adjustment expense. After Aon provided the modeled hurricane losses (including LAE), ISO calculated a trended modeled hurricane base class loss cost for the extended coverage segment of the filing. The trended modeled hurricane base class loss cost has been adjusted for LAE and trended such that the resulting amount is evaluated at a point in time consistent with the amount developed for the weighted trended non-hurricane base class loss cost.

Q. How are the provisions for commission and brokerage determined?

- A. The provisions for commission and brokerage are determined based on the latest three-year average of the ratio of each segment's commission and brokerage expense relative to each segment's actual written premium (i.e., written premium including deviations). Deviations are included in the premium amounts underlying this calculation in order to be consistent with the actual calculation of commission and brokerage amounts paid by individual companies within the industry.

Q. In your opinion, are the provisions for commission and brokerage reasonable?

- A. Yes, the commission and brokerage provisions are reasonable. It is common practice in the industry to use a three-year average to determine a commission and brokerage provision.

Q. How are the provisions for taxes, licenses, and fees determined?

- A. The provisions for taxes, licenses, and fees are determined based on the latest three-year average of the ratio of each segment's taxes, licenses, and fees expense relative to each segment's actual written premium (i.e., written premium including deviations). Deviations are included in the premium amounts underlying this calculation in order to be consistent with the actual calculation of taxes, licenses, and fees paid by individual companies within the industry.

Q. In your opinion, are the provisions for taxes, licenses, and fees reasonable?

- A. Yes, the taxes, licenses, and fees provisions are reasonable. As with the commission and brokerage provisions, it is common practice in the industry to use a three-year average to determine a provision for taxes, licenses, and fees.

Q. How are the provisions for other acquisition expense determined?

- A. The provisions for other acquisition expense are determined based on the latest three-year average of the ratio of each segment's other acquisition expense relative to each segment's earned premium at current manual level (i.e., earned premium excluding deviations).

The selected other acquisition expense provisions are then added to the selected general expense provisions and trended from the midpoint of the three-year historical experience period to the midpoint of the trend period based on an expense trend derived from cost indices. Following this, the trended fixed expense provisions are adjusted for premium trend and applied to the latest-year average base class rates to develop a trended fixed expense per policy for fire and for extended coverage.

Q. In your opinion, are the provisions for other acquisition expense reasonable?

A. Yes, the other acquisition expense provisions are reasonable. It is common practice in the industry to use a three-year average to determine a provision for other acquisition expense, and to trend fixed expense provisions to account for inflation.

Q. How are the provisions for general expense determined?

A. The provisions for general expense are determined based on the latest three-year average of the ratio of each segment's general expense relative to each segment's earned premium at current manual level (i.e., earned premium excluding deviations).

As noted above, the selected general expense provisions are then added to the selected other acquisition expense provisions and trended from the midpoint of the three-year historical experience period to the midpoint of the trend period based on an expense trend derived from cost indices. The trended fixed expense provisions are adjusted for premium trend and applied to the latest-year average base class rates to develop a trended fixed expense per policy for fire and for extended coverage.

Q. In your opinion, are the provisions for general expense reasonable?

A. Yes, the general expense provisions are reasonable. It is common practice in the industry to use a three-year average to determine a general expense provision, and to trend fixed expense provisions to account for inflation.

Q. Is a provision for dividends included in the filing?

A. Yes, the Rate Bureau reviewed historical data for fire and extended coverage and developed provisions for expected dividends separately for each segment. The Rate Bureau evaluated five years of historical experience and selected provisions for dividends of 0.2% for fire and 0.5% for extended coverage. These provisions were based on five-year average ratios of the total dividends issued by dwelling insurers in North Carolina to the total direct written premium of those same companies.

The Actuarial Standard of Practice (ASOP) No. 29 regarding *Expense Provisions in Property/Casualty Insurance Ratemaking* states:

The Statement of Principles Regarding Property and Casualty Insurance Ratemaking of the Casualty Actuarial Society (CAS) classifies dividends as an expense to operations. When the actuary determines that dividends are a reasonably expected expense and are associated with the risk transfer,

the actuary may include a provision in the rate for the expected amount of dividends. In making this determination, the actuary should consider the following: the company's dividend payment history, its current dividend policy or practice, whether dividends are related to loss experience, the capitalization of the company, and other considerations affecting the payment of dividends.

As stated in ASOP NO. 29, dividends are classified as an operating expense. In addition to the above excerpt from the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking*, the Statement also provides that indicated rates should reflect the expected costs associated with insuring dwelling policies, including all operating expenses. As such, since dividends are classified as an operating expense, it is consistent with the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking* and ASOP No. 29 to include provisions for dividends in the proposed rates reflected in this filing.

In addition to these actuarial guidelines, in § 58-36-10 of the North Carolina General Statutes, item (2) states that the making and use of rates shall give due consideration "to actual loss and expense experience within this State ...; to dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers; ... to past and prospective expenses specially applicable to this State; and to all other relevant factors within this State." The historical data reviewed by the Rate Bureau and used to develop provisions for expected dividends reflects actual expense experience within the State. The provisions for dividends consider past expenses specially applicable to the State. As a result, from my perspective as an actuary, it appears to be consistent with the North Carolina General Statutes to include provisions for dividends, based on actual historical experience, in the proposed rates reflected in this filing.

Q. In your opinion, are the provisions for dividends reasonable?

- A. Yes, the provisions for dividends are reasonable. It is reasonable and actuarially sound to calculate a five-year average ratio to determine a provision for dividends, and to treat this provision in a similar manner as a variable underwriting expense.

By reviewing five years of historical experience to determine provisions for dividends, the Rate Bureau is complying with the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking* and the North Carolina General Statutes by considering the dividend payment history and ensuring that the selected provisions are reasonably expected expenses.

Q. Is a contingency provision included in the filing?

- A. Yes, the Rate Bureau is including a 1% contingency provision in this filing. This is consistent with the prior dwelling rate filings submitted by the Rate Bureau.

In addition to being consistent with prior Rate Bureau filings, the use of a contingency provision is common within the property and casualty insurance industry. According to the *Actuarial Standard of Practice No. 30: Treatment of Profit and Contingency Provisions and the Cost of Capital in Property/Casualty Insurance Ratemaking*, “the actuary should include a contingency provision if the assumptions used in the ratemaking process produce cost estimates that are not expected to equal average actual costs, and if this difference cannot be eliminated by changes in other components of the ratemaking process.” There are several reasons why expected cost estimates may not be equal to actual costs. Some of these reasons include adverse court decisions, extension of coverage for unforeseen or unintended exposures, regulatory delay or reduction in filed rate changes, and unexpected large losses not sufficiently recognized in the normal ratemaking process. For each of these reasons, their impact cannot be easily quantified or they cannot be included in other components of the filing. As such, a contingency provision is appropriate and necessary in my opinion.

In addition to these actuarial guidelines, in § 58-36-10 of the North Carolina General Statutes, item (2) states that the making and use of rates shall give due consideration “to actual loss and expense experience within this State ...; to a reasonable margin for underwriting profit and to contingencies; ... and to all other relevant factors within this State.” As a result, from my perspective as an actuary, it appears to be consistent with the North Carolina General Statutes to include a contingency provision in the proposed rates reflected in this filing.

Although most of the reasons listed above cannot be easily quantified, I determined that one reason – the impact of regulatory delays on rate filings – could be pragmatically quantified and provide insight into the magnitude of a reasonable contingency provision. Included with this filing as Exhibit RB-20 is an exhibit I prepared that summarizes the estimated impact of delays in the filing process within the State of North Carolina. The delay in obtaining rate changes, whether caused by the regulatory review process or other delays inherent in the filing process, is merely one of several items listed above that supports the use of a contingency provision in a rate-level indication. Exhibit RB-20 lists the 25 property rate filings submitted by the Rate Bureau between 2008 and 2024. For each filing, I compared the effective date assumed in the rate filing to the actual effective date. This difference, which reflects the delay due to the filing process, ranges from 0 months in the 2019 dwelling filing, to 22 months in the 2011 dwelling filing. After determining the length of delay for each filing, I applied the net trend (i.e., the loss trend offset by the premium trend) in that filing for the number of months of delay to determine the estimated impact of the delay in the filing process on the overall rate level. The estimated impact of delay varies across the 25 filings, ranging from -1.9% in the 2021 MH(C) mobile homeowners filing to +5.9% in the 2008 MH(C) mobile homeowners filing, with an average impact of +1.0%.

Based on prior filings submitted by the Rate Bureau, my experience with property filings submitted by insurance companies in other states, and the 1.0% estimated impact of delays in the North Carolina filing process, it is my opinion that a 1% contingency provision is reasonable, consistent with common actuarial practice, consistent with the North Carolina General Statutes, and appropriate based on fundamental actuarial principles. Again, the impact of delays in the filing process is only one of many reasons that justifies a contingency provision.

Q. Are you providing expert testimony concerning the underwriting profit provision?

A. No, I am relying on the work and opinion of Dr. Zanjani as to the underwriting profit provision. The scope of my analysis and testimony relates to other aspects of the proposed rate filing.

Q. Are you providing expert testimony concerning the development of the compensation for assessment risk provision?

A. No, I am relying on the work and opinion of Minchong Mao of Aon as to the development of the compensation for assessment risk provision. However, because Milliman developed this provision in previous property filings submitted by the Rate Bureau, I reviewed Aon's methodology and results to ensure that the compensation for assessment risk provision in this filing is consistent with previous filings. The scope of my analysis and testimony relates to other aspects of the proposed rate filing.

Q. In your opinion, is it appropriate to include a 2.1% provision for the compensation for assessment risk in dwelling rates in North Carolina?

A. Yes. Insurance companies writing dwelling policies in North Carolina are exposed to the risk of Beach Plan or FAIR Plan assessments as a result of writing voluntary market property insurance in the state. As such, for those insurance companies that retain this exposure, they are entitled to receive fair compensation for bearing that risk and it is appropriate to include that compensation in the dwelling rates. The current provision is based on an analysis completed by Aon that relies on a widely accepted measure of compensation that will fairly compensate insurers for bearing this additional risk to their capital. Moreover, the North Carolina statutes provide that prospective exposure to non-recoupable assessments shall be considered as an appropriate factor in the making of rates by the Rate Bureau.

Q. Earlier, when describing the overall ratemaking methodology that underlies this filing, you said that the expected underwriting expenses include a provision for the net cost of reinsurance. Can you please explain this issue?

A. Yes. Dwelling insurance is one of several types of coverages that has exposure to potential catastrophic events. In such coverages (dwelling, homeowners, and

other property coverages), individual catastrophic events can result in significant losses that exceed the amount of liability the typical insurer can reasonably assume for solvency and financial stability considerations and that can jeopardize the insurer's ability to pay claims. As a result, in these lines of business, insurers routinely purchase reinsurance to mitigate their exposure to extreme events. In order to accurately reflect the expected costs associated with insuring property policies, as discussed in the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking*, it is appropriate to include the cost of this reinsurance in the ratemaking process for these lines of insurance.

Q. Please elaborate on why it is appropriate to include a provision for the net cost of reinsurance in dwelling rates in North Carolina?

A. Insurance providers writing extended coverage on dwelling policies in North Carolina incur a significant cost for bearing the risk of properties exposed to catastrophic events. Regardless of whether the risk of catastrophic losses is retained by the primary insurer or transferred to a reinsurer, the market cost of bearing that risk is a legitimate cost of the risk transfer inherent in the purchase of property insurance and must be included in the rates. As I mentioned, this is a foundational actuarial principle included in the *Statement of Principles Regarding Property and Casualty Insurance Ratemaking*. As such, the net cost of reinsurance should be included in the North Carolina dwelling rates and the North Carolina statutes specifically authorize the inclusion of this provision.

Q. How does this filing reflect the net cost of reinsurance?

A. For many years, the Rate Bureau has included a provision for the net cost of reinsurance. For this filing, the Rate Bureau engaged Aon, one of the world's largest reinsurance brokers, to develop the provision for the net cost of reinsurance. It is my understanding that Aon was retained by the Rate Bureau based on their ability to access relevant data and experience from the reinsurance market, their expertise with catastrophe-related issues, and their prominence in the reinsurance industry.

Q. In your opinion, is it appropriate to allocate reinsurance costs within North Carolina in a way that is proportional to risk?

A. Yes. The risk associated with insuring properties exposed to catastrophic events varies geographically within North Carolina. As such, the cost for bearing that risk should be allocated proportionally to the measurement of risk. In its analysis of reinsurance costs for this filing, Aon provides the statewide provision for the net reinsurance cost and allocates the reinsurance costs to each policy form and each territory. This allocation is appropriate and consistent with the objective of producing rates that are not inadequate, not excessive, and not unfairly discriminatory across policyholders.

Q. Are you providing expert testimony concerning the development of the net cost of reinsurance provision?

A. No, I am relying on the work and opinion of Minchong Mao of Aon as to the development of the net cost of reinsurance provision.

Q. Is a provision for net deviations included in the filing?

A. No, the Rate Bureau reviewed historical data and considered whether to apply a provision for net deviations but elected not to include one in this filing.

Q. Does the filing review the rate-level adequacy by class?

A. Yes. With this filing, the Rate Bureau developed indicated rate-level changes by class (i.e., Buildings or Contents) using a similar methodology as the statewide indication. A base class loss cost is calculated for each class using the historical loss experience. In addition, a credibility value is assigned to each class based on the number of house years underlying each loss cost. As mentioned above, the full credibility standards are 500,000 house years for fire and 330,000 house years for extended coverage. Using the credibility for each class, a credibility-weighted loss cost is determined by class. Additional calculations are applied to each class to reflect expenses, dividends, and reinsurance in a similar manner as applied at a statewide level. The result of these calculations is an indicated rate change by class.

In my opinion, the methodology used to develop the indicated rate change by class is reasonable and is consistent with widely used actuarial ratemaking practices.

Q. Does the filing review the rate-level adequacy by territory?

A. Yes. With this filing, the Rate Bureau developed indicated rate-level changes by territory using a similar methodology as the statewide indication. A base class loss cost is calculated for each territory using the historical loss experience. In addition, a credibility value is assigned to each territory based on the number of house years underlying each loss cost. As mentioned above, the full credibility standards are 500,000 house years for fire and 330,000 house years for extended coverage. Using the credibility for each territory, a credibility-weighted base class loss cost is determined by territory. Additional calculations are applied to each territory to reflect expenses, dividends, and reinsurance in a similar manner as applied at a statewide level. The result of these calculations is an indicated rate-level change by territory, which is allocated to each class based on the statewide indicated rate change by class.

In my opinion, the methodology used to develop the indicated rate-level change by territory and by class is reasonable and is consistent with widely used actuarial ratemaking practices.

Q. Does the filing review the wind exclusion credits and windstorm loss mitigation credits?

- A. Yes. Based on the indicated rates by territory (for Territories 110 to 160) and by class that are being proposed with this filing, the wind exclusion credits and windstorm loss mitigation credits are being updated in a corresponding manner. Using the underlying formula for the statewide rate-level indication, an adjustment is made to the appropriate components of the indication formula to reflect the non-wind losses as a percent of the total losses. The indicated non-wind rate is subtracted from the indicated overall rate to determine the indicated wind exclusion credit for each territory. The windstorm loss mitigation credits for Territories 110 to 160 are being revised in a manner proportional to the wind exclusion credits.

In my opinion, the methodology used to develop the revised wind exclusion credits and windstorm loss mitigation credits is reasonable and is consistent with widely used actuarial ratemaking practices.

Q. Does the filing review any other rating factors used in the premium calculation process?

- A. Yes. With this filing, the Rate Bureau proposes a revision to the mobile home construction rating factor for extended coverage. The proposed rating factor is being implemented on a revenue-neutral basis through the application of off-balance factors by class and by territory.

The Rate Bureau's review of the mobile home construction rating factor for extended coverage is discussed and supported in Section F of Exhibit RB-1. In that review, the Rate Bureau evaluated five years of non-hurricane historical loss experience and combined that experience with modeled hurricane losses from the analysis performed by Aon. The non-hurricane loss experience included accident years ending December 31, 2019, through December 31, 2023, which were developed to ultimate and adjusted to the base value for all rating variables except for construction type. A similar analysis was performed for the hurricane peril using modeled losses derived from exposures that were earned during the accident year ending December 31, 2023. Average pure premium relativities by construction type were weighted together to develop an overall indicated mobile home construction relativity.

Based on the Rate Bureau's review of the mobile home construction rating factor for extended coverage, this filing proposes to increase the rating factor from 1.25 to 1.50. The extended coverage rates are being offset by class and by territory for the impact of the revised mobile home construction rating factor to ensure that the combined effect of the base rate changes and rating factor change corresponds to the filed changes shown in Section A of Exhibit RB-1. These offsets are determined separately for each class and each territory and can be found in Section F of Exhibit RB-1 (i.e., pages F-6 and F-7).

In my opinion, the methodology used to develop the filed revision to the mobile home construction rating factor for extended coverage is reasonable and is consistent with widely used actuarial ratemaking practices.

Q. What are the indicated rate levels for this filing?

- A. The indicated rate level is the actuarially sound and correct rate level for each territory, each segment, and each class. It is the indicated rate change by territory that is needed to cover the expected losses and expenses while still providing a fair and reasonable profit. The indicated rate level is also the rate level that complies with the statutory requirement that rates not be excessive, inadequate, or unfairly discriminatory.

For extended coverage, the statewide indicated rate-level change is 84.8%. Due to differences by territory in historical loss experience, modeled hurricane losses, and other expenses, the indicated change by territory varies throughout the state. For all of the western territories, the indicated change is less than 84.8%, but for several of the territories closer to the coast, the indicated change is greater than 84.8%. The indicated rate-level change by territory is further divided into an indicated Buildings rate-level change and an indicated Contents rate-level change based on the indicated rate change by class (discussed above) relative to the total indicated rate change. For extended coverage, the statewide indicated Contents rate-level change is significantly lower than the statewide indicated Buildings rate-level change. As such, the indicated Contents rate-level change for each territory is also significantly lower than the corresponding indicated Buildings rate-level change.

For fire, the statewide indicated rate-level change is -2.0%. Similar to the extended coverage segment, the indicated change by territory varies across the state, but the variation is less significant. Also similar to the extended coverage segment, the indicated rate-level change by territory is further divided by class such that the indicated Contents rate-level changes are lower than the indicated Buildings rate-level changes in each territory. When the indicated rate changes for fire and extended coverage are combined, the total statewide indicated dwelling rate-level change is 68.3% and a few territories have a combined indicated rate-level change in excess of 75%.

In my opinion, the Rate Bureau's indicated rate changes for fire and extended coverage are reasonable, actuarially sound, and appropriately reflect the expected costs for dwelling insurance in North Carolina.

Q. What are the filed rate levels for this filing?

- A. In order to mitigate the impact of these indicated rate changes on policyholders, the Rate Bureau has filed the indicated rates to be implemented over a two-year period rather than a one-year period. For both fire and extended coverage, the Year 1 rate change for each territory and each class is equal to half of the indicated rate change, where half of the indicated rate change is equal to the square root of the sum of 1.00 and the indicated rate change, minus 1.00 (e.g., for buildings coverage in Territory 160, half of a 67.5% indicated rate change = $\sqrt{1 + 0.675} - 1 = 0.294 = 29.4\%$). Similarly, the Year 2 rate changes for fire and extended coverage are equal to the remaining half of the indicated rate changes.

In my opinion, the Rate Bureau's selected two-year rate changes for fire and extended coverage are reasonable and are an effective strategy to mitigate the impact of this filing on policyholders. However, to the extent the loss trends and premium trends are not projected to the time period reflected by the Year 2 change, it should be noted that the filed rates may not keep pace with the net trends during Year 2.

Q. I understand that you are not providing an opinion concerning the underwriting profit (profit) provision, the compensation for assessment risk (CAR) provision, or the net cost of reinsurance (NCOR) provision. If I ask you to assume that the provisions for profit, CAR, and NCOR are reasonable and actuarially sound, then in your opinion, is the overall rate-level indication shown in the dwelling filing by the North Carolina Rate Bureau reasonable and actuarially sound?

- A. Yes, if I assume that the provisions for profit, CAR, and NCOR are reasonable, then in my opinion, the overall dwelling rate-level indication shown by the Rate Bureau, and the rate-level indications for each segment, each class, and each territory, are reasonable and actuarially sound.

Q. Assuming that the provisions for profit, CAR, and NCOR are reasonable, do you have an opinion whether the proposed rates reasonably provide for the expected costs for dwelling insurance in North Carolina?

- A. Yes, if I assume that the provisions for profit, CAR, and NCOR are reasonable, then in my opinion, the proposed rates in this filing reasonably reflect the expected costs for dwelling insurance in North Carolina. However, as mentioned above, to the extent the loss trends and premium trends are not projected to the time period reflected by the Year 2 change, the proposed rates do not reflect all expected costs for Year 2. The expected costs for Year 2 can be quantified by projecting the loss trends and premium trends to dates further in the future that correspond to Year 2 and comparing the resulting indicated rate changes to the rate changes included in this filing.

Q. Assuming that the provisions for profit, CAR, and NCOR are reasonable, what is your opinion on whether the proposed dwelling rates are not excessive, not inadequate, and not unfairly discriminatory?

A. If I assume that the provisions for profit, CAR, and NCOR are reasonable, then in my opinion, the proposed dwelling rates in this filing are not excessive, not inadequate, and not unfairly discriminatory. However, to the extent the loss trends and premium trends are not projected to the time period reflected by the Year 2 change, the proposed rates are at risk of being slightly inadequate at the time the Year 2 change is implemented.

Q. Does this conclude your testimony?

A. Yes, it does.

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SUMMARY

Property & Casualty (P&C) actuary with more than 32 years of experience in actuarial applications and related fields including ratemaking, product development, predictive modeling, state pricing, field proposals, rate filings, actuarial and statistical research, classification analysis, data analytics, and economic modeling. Experienced in Private Passenger Automobile (including preferred, standard, and non-standard), Personal Property (including homeowners, renters, condominium owners, mobile home, and dwelling), other miscellaneous Personal Lines (including boats, motorcycles, recreational vehicles, and personal umbrella), and various Commercial Lines of Business. Has sound knowledge of product development, product pricing, product implementation, and project management for Personal Lines products. Has working knowledge of other key insurance functions including claims, corporate finance, marketing, reinsurance, sales, and underwriting. Has demonstrated the ability to lead and manage teams of employees to achieve desired business results in various capacities. Has unique combination of analytic ability, business intuition, project management, leadership, and communication skills.

EMPLOYMENT HISTORY

Milliman, Inc. Brookfield, Wisconsin	2007 - Present

Principal and Consulting Actuary

Specialize in personal lines insurance company clients and predictive analytics of both personal and commercial lines of insurance. Experience has included ratemaking and pricing analyses for insurance companies, product development and implementation, classification analysis using multivariate statistical techniques, catastrophe reinsurance analysis, loss reserving, segmentation analysis to support sales and marketing initiatives, impact analysis of proposed state and federal legislation, and merger and acquisition analysis. Has also provided expert testimony to support Auto and Property regulatory issues.

Allstate Insurance Company Northbrook, Illinois	1993 - 2007

Senior Manager – Auto & Property Pricing (2006-2007)

Oversaw and directed all personal lines Auto and Property pricing, rate filings, and other actuarial work related to the pricing function for 10 states accounting for over \$4 billion of premium. Assisted in the oversight of all personal lines actuarial work related to the pricing function for an additional 12 states. Served as the primary department expert on all Property pricing initiatives. Directly managed a staff of 10 to 12 employees and participated in the leadership team that oversaw the management of a department with more than 130 employees.

Team Leader – Property & Specialty Lines Research (2005-2006)

Managed all research projects for personal lines Property and for Specialty Lines, all of which were completed using multivariate statistical analyses. Measured the impact of rating algorithm changes as they were implemented in various states. Oversaw the enhancement and improvement of analysis techniques used within the team. Led a team of 8 to 10 staff.

Research Manager (1999-2001, 2003-2005)

At different times, managed research teams for personal lines Auto, Economics & Modeling, and personal lines Property. Oversaw the development of countrywide pricing models based on multivariate statistical techniques, the evaluation of risk characteristics to be used as new rating elements, and the development of implementation tools to be used by pricing teams. Oversaw the development of Auto and Property economic models that measured the lifetime profitability of personal lines insurance customers. Led teams of staff ranging in size from 3 to 6 analysts.

Pricing Manager (1997-1999, 2001-2003)

Managed all personal lines Auto and Property pricing, rate filings, and other actuarial work related to the pricing function for California. Managed all personal lines Property pricing, rate filings, and other actuarial work related to the pricing function for 14 states including Alabama, Florida, Louisiana, and Mississippi. Led teams of staff ranging in size from 3 to 6 analysts.

Pricing Analyst, Research Analyst (1993-1997)

Produced rate proposals, rate filings, and quarterly rate-level indications for various states. Retrieved, manipulated, and analyzed large volumes of data to evaluate countrywide rating plans using multivariate statistical analyses.

EXPERT WITNESS EXPERIENCE

Expert Testimony in Rate Hearing – 2024 Homeowners Insurance Rate Filing submitted by the North Carolina Rate Bureau

Pre-filed Expert Testimony – Various Private Passenger Automobile and Residential Property Insurance Rate Filings submitted by the North Carolina Rate Bureau

- *Private Passenger Automobile Insurance Rate Filings – 2019, 2023, 2025*
- *Homeowners Insurance Rate Filings – 2017, 2018, 2020, 2024*
- *Dwelling Insurance Rate Filings – 2016, 2018, 2019, 2020, 2022, 2023*
- *Mobile Homeowners MH(C) Insurance Rate Filings – 2019, 2021, 2022, 2024*
- *Mobile Homeowners MH(F) Insurance Rate Filings – 2019, 2021, 2022, 2024*

EDUCATION

BS in Actuarial Science from Drake University, Des Moines, Iowa

PROFESSIONAL QUALIFICATIONS

Certified Specialist in Predictive Analytics (CSPA), 2018
Fellow of the Casualty Actuarial Society (FCAS), 2002
Member of the American Academy of Actuaries (MAAA), 2002
Associate of the Casualty Actuarial Society (ACAS), 1998
Member of the Midwest Actuarial Forum, 1998

PROFESSIONAL ACTIVITIES

Member, CAS Volunteer Resources Task Force, 2021 - Present
Volunteer Chairperson, CAS Crash Course Seminar Task Force, 2021 - 2024
Chairperson, CAS Crash Course in Vehicle Technology & Driverless Cars Committee, 2020 - 2021
Member, CAS Volunteer Resources Advisory Committee, 2020 - 2021
Member, CAS Participation Survey Task Force, 2018 - 2019
Member, Vehicle Technology & Impact on Loss Trends Planning Committee, 2017 - 2018
Member, iCAS Predictive Analytics Syllabus Committee, 2017 - 2018
Member, CAS Volunteer Resources Committee, 2013 - 2020
Member, CAS Volunteer Support Task Force, 2012 - 2013
Member, CAS Examination Committee, 2004 - 2006

PUBLICATIONS

"2024 Commercial auto liability statutory financial results", *Milliman Insight*, July 2025.
"2024 Workers' compensation statutory financial results", *Milliman Insight*, July 2025.
"2023 Commercial auto liability statutory financial results", *Milliman Insight*, April 2024.
"Commercial auto liability: Summary of 2022 statutory financial results", *Milliman Insight*, June 2023.
"Commercial auto liability: Summary of 2021 statutory financial results", *Milliman Insight*, August 2022.
"Keep on trucking: COVID-19 and its impact on commercial auto", *Milliman Insight*, April 2020.
"PIP PIP hooray! The changing Michigan auto market", *Milliman Insight*, April 2020.
"Nowhere to drive: The impact of COVID-19 on the auto insurance industry", *Milliman Insight*, March 2020.
"The big one", *Milliman Insight*, November 2009.
"Better Visibility: Predictive modeling helps to steady medical malpractice underwriting", *Best's Review*, February 2008.
"California wildfires: implications for insurers and policyholders", *Milliman Insight*, November 2007.

PRESENTATIONS

Numerous presentations at Casualty Actuarial Society (CAS) and other Property & Casualty insurance industry meetings and seminars from 2007 through the present with a focus on personal lines Auto and Property issues, as well as predictive analytics topics.

**NORTH CAROLINA
DWELLING PROPERTY INSURANCE**

Estimated Impact of Delays in Rate Filing Process

			(1)	(2)	(3)	(4)	(5)	(6)
NCRB Rate Filing	Policy Type / Coverage	Premium Weight	Assumed Effective Date	Actual Effective Date	# of Months of Delay	Selected Loss Trend	Selected Premium Trend	Estimated Impact of Delay in Filing Process
2024 MH(C)	Mobile Home Structures	\$84,347,238	10/1/24	9/1/25	11	8.0%	5.4%	2.3%
	Adjacent Structures	6,844,153	10/1/24	9/1/25	11	14.0%	8.1%	5.0%
	Personal Effects	14,130,305	10/1/24	9/1/25	11	5.0%	7.9%	-2.5%
	Liability	2,848,866	10/1/24	9/1/25	11	9.0%	0.7%	7.5%
	Total	\$108,170,562						2.0%
2024 MH(F)	Owners	\$56,651,185	10/1/24	9/1/25	11	5.0%	4.7%	0.3%
	Tenants	130,709	10/1/24	9/1/25	11	5.0%	2.3%	2.4%
	Total	\$56,781,894						0.3%
2024 HO	Owners	\$2,800,629,255	8/1/24	6/1/25	10	6.5%	5.0%	1.2%
	Tenants	80,339,123	8/1/24	6/1/25	10	4.0%	0.0%	3.3%
	Condos	38,624,005	8/1/24	6/1/25	10	4.5%	2.0%	2.0%
	Total	\$2,919,592,383						1.3%
2023 Dwelling	Fire	\$74,789,801	6/1/24	11/1/24	5	9.0%	5.0%	1.6%
	EC	281,463,075	6/1/24	11/1/24	5	9.0%	5.0%	1.6%
	Total	\$356,252,876						1.6%
2022 MH(C)	Mobile Home Structures	\$64,510,959	7/1/23	10/1/23	3	12.0%	3.2%	2.1%
	Adjacent Structures	5,337,948	7/1/23	10/1/23	3	6.0%	5.0%	0.2%
	Personal Effects	11,872,318	7/1/23	10/1/23	3	2.8%	4.8%	-0.5%
	Liability	2,467,108	7/1/23	10/1/23	3	8.0%	1.0%	1.7%
	Total	\$84,188,333						1.6%
2022 MH(F)	Owners	\$47,454,596	7/1/23	10/1/23	3	9.0%	3.8%	1.2%
	Tenants	114,906	7/1/23	10/1/23	3	2.8%	1.2%	0.4%
	Total	\$47,569,502						1.2%
2022 Dwelling	Fire	\$71,710,360	2/1/23	6/1/23	4	6.5%	5.0%	0.5%
	EC	246,871,993	2/1/23	6/1/23	4	7.0%	5.0%	0.6%
	Total	\$318,582,353						0.6%
2020 HO	Owners	\$2,161,073,789	8/1/21	6/1/22	10	6.0%	1.1%	4.0%
	Tenants	76,318,464	8/1/21	6/1/22	10	0.5%	-2.0%	2.1%
	Condos	31,251,398	8/1/21	6/1/22	10	5.0%	0.0%	4.1%
	Total	\$2,268,643,651						4.0%
2021 MH(C)	Mobile Home Structures	\$55,402,780	11/1/21	5/1/22	6	-2.0%	2.7%	-2.3%
	Adjacent Structures	4,435,898	11/1/21	5/1/22	6	10.2%	4.4%	2.7%
	Personal Effects	10,600,963	11/1/21	5/1/22	6	-2.0%	4.4%	-3.1%
	Liability	2,198,331	11/1/21	5/1/22	6	8.0%	0.7%	3.5%
	Total	\$72,637,972						-1.9%
2021 MH(F)	Owners	\$41,984,133	11/1/21	5/1/22	6	1.0%	2.7%	-0.8%
	Tenants	95,516	11/1/21	5/1/22	6	-2.0%	1.0%	-1.5%
	Total	\$42,079,649						-0.8%
2020 Dwelling	Fire	\$71,555,474	9/1/21	11/1/21	2	0.0%	1.2%	-0.2%
	EC	229,061,439	9/1/21	11/1/21	2	9.0%	1.5%	1.2%
	Total	\$300,616,913						0.9%
2019 Dwelling	Fire	\$83,923,771	7/1/20	7/1/20	0	2.0%	1.1%	0.0%
	EC	241,506,295	7/1/20	7/1/20	0	3.2%	0.8%	0.0%
	Total	\$325,430,066						0.0%
2019 MH(C)	Mobile Home Structures	\$52,069,226	2/1/20	6/1/20	4	3.5%	1.6%	0.6%
	Adjacent Structures	4,212,665	2/1/20	6/1/20	4	4.0%	2.8%	0.4%
	Personal Effects	10,255,303	2/1/20	6/1/20	4	2.0%	4.1%	-0.7%
	Liability	2,410,058	2/1/20	6/1/20	4	5.0%	n/a	1.6%
	Total	\$68,947,252						0.5%
2019 MH(F)	Owners	\$51,661,941	2/1/20	6/1/20	4	0.7%	-0.5%	0.4%
	Tenants	66,881	2/1/20	6/1/20	4	2.0%	2.1%	0.0%
	Total	\$51,728,822						0.4%

**NORTH CAROLINA
DWELLING PROPERTY INSURANCE**

Estimated Impact of Delays in Rate Filing Process

			(1)	(2)	(3)	(4)	(5)	(6)
NCRB Rate Filing	Policy Type / Coverage	Premium Weight	Assumed Effective Date	Actual Effective Date	# of Months of Delay	Selected Loss Trend	Selected Premium Trend	Estimated Impact of Delay in Filing Process
2018 HO	Owners	\$2,017,285,314	10/1/19	5/1/20	7	4.6%	1.0%	2.0%
	Tenants	72,370,871	10/1/19	5/1/20	7	-3.1%	-1.4%	-1.0%
	Condos	29,047,171	10/1/19	5/1/20	7	1.9%	0.2%	1.0%
	Total	\$2,118,703,356						1.9%
2018 Dwelling	Fire	\$102,088,428	6/1/18	2/1/19	8	0.2%	2.3%	-1.3%
	EC	187,663,877	6/1/18	2/1/19	8	0.4%	2.1%	-1.1%
	Total	\$289,752,305						-1.2%
2017 HO	Owners	\$2,010,516,565	6/1/18	10/1/18	4	3.1%	1.1%	0.7%
	Tenants	62,551,401	6/1/18	10/1/18	4	-3.1%	-1.0%	-0.7%
	Condos	24,591,783	6/1/18	10/1/18	4	1.9%	0.5%	0.5%
	Total	\$2,097,659,749						0.6%
2014 HO	Owners	\$2,257,970,589	7/1/14	6/1/15	11	5.3%	2.3%	2.7%
	Tenants	45,065,871	7/1/14	6/1/15	11	2.9%	-1.0%	3.6%
	Condos	22,629,842	7/1/14	6/1/15	11	5.4%	0.0%	5.0%
	Total	\$2,325,666,302						2.7%
2014 MH(C)	Property	\$77,349,418	6/1/15	10/1/15	4	3.0%	2.8%	0.1%
	Liability	1,546,804	6/1/15	10/1/15	4	2.8%	n/a	0.9%
	Total	\$78,896,222						0.1%
2014 MH(F)	Owners	\$44,750,216	6/1/15	10/1/15	4	4.6%	2.2%	0.8%
	Tenants	100,658	6/1/15	10/1/15	4	2.5%	-0.2%	0.9%
	Total	\$44,850,874						0.8%
2012 HO	Owners	\$2,168,814,729	6/1/13	7/1/13	1	5.4%	3.0%	0.2%
	Tenants	32,405,190	6/1/13	7/1/13	1	4.0%	0.0%	0.3%
	Condos	18,252,996	6/1/13	7/1/13	1	4.0%	2.0%	0.2%
	Total	\$2,219,472,915						0.2%
2011 Dwelling	Fire	\$84,664,174	6/1/11	4/1/13	22	3.6%	2.9%	1.3%
	EC	150,823,062	6/1/11	4/1/13	22	4.1%	2.8%	2.3%
	Total	\$235,487,236						2.0%
2008 HO	Owners	\$1,498,766,325	1/1/09	5/1/09	4	4.4%	3.9%	0.2%
	Tenants	24,074,875	1/1/09	5/1/09	4	0.2%	2.7%	-0.8%
	Condos	13,213,524	1/1/09	5/1/09	4	0.2%	2.9%	-0.9%
	Total	\$1,536,054,724						0.1%
2008 MH(C)	Property	\$76,284,985	10/1/07	12/1/08	14	7.5%	2.4%	5.9%
	Liability	1,161,840	10/1/07	12/1/08	14	4.0%	n/a	4.7%
	Total	\$77,446,825						5.9%
2008 MH(F)	Owners	\$43,659,180	10/1/07	12/1/08	14	6.6%	5.8%	0.9%
	Tenants	158,638	10/1/07	12/1/08	14	0.4%	-4.1%	5.5%
	Total	\$43,817,818						0.9%

Average Estimated Impact of Delays in Filing Process: 1.0%

(1), (4), (5) From historical NCRB rate filings

(2) From historical NCRB settlement agreements or circulars

(6) = $\{[1 + (4)] / [1 + (5)]\}^{\{[(2) - (1)]/365\}} - 1$

**PREFILED TESTIMONY
OF
GEORGE ZANJANI

DWELLING INSURANCE RATE FILING

NORTH CAROLINA RATE BUREAU
OCTOBER, 2025**

I. Qualifications and Summary

Q: What is your name, occupation, and business address?

A: My name is George Zanjani. I am Professor of Finance and the holder of the Frank Park Samford Chair of Insurance at the University of Alabama. My business address is 1074 Alderwood Lane NE, Marietta, Georgia 30068.

Q: Please describe your educational and employment background.

A: A complete curriculum vitae is attached as Exhibit RB-22 with this testimony. To summarize, my undergraduate studies were at Stanford University from 1987-1990, where I earned an A.B./B.S in Economics and Biology. I joined the commercial lines actuarial department of Fireman's Fund Insurance Companies in 1990 as an Assistant Actuarial Analyst. Upon leaving in 1994, I was a Senior Actuarial Analyst, an Associate of the Casualty Actuarial Society, and the head of the company's Workers Compensation actuarial unit. I did my graduate studies in Economics at the University of Chicago, earning a Ph.D. in 2000. I joined the Research Department of the Federal Reserve Bank of New York in the Capital Markets Function as a Research Economist in 2000, leaving as a Senior Economist in 2008. I joined the Robinson College of Business of Georgia State University in 2008 as an Associate Professor of Risk Management and Insurance and was honored as the inaugural holder of the AAMGA Distinguished Chair in Risk Management and Insurance in 2011. I started my current position in 2017.

Q: Please elaborate on some of your professional activities.

A: My professional career has been focused on insurance. After four years of actuarial work in commercial lines insurance, my dissertation addressed the economics of insurance pricing. I specialized on insurance issues while at the Federal Reserve Bank of New York. In particular, I served for the Bank on the Presidential Working Group on Financial Markets during its review of the renewal of the Terrorism Risk Insurance Act in 2006 and on the Committee on the Global Financial System Task Force on Institutional Investors, Global Savings, and Asset Allocation.

My academic service activities include 1) service as referee for various academic journals, 2) former service as an associate editor for the *Journal of Insurance Issues* and a senior editor for the *Journal of Risk and Insurance* and 3) current service as a deputy editor-in-chief for the *Journal of Risk and Insurance* and an associate editor for *Insurance: Mathematics and*

Economics. In addition, I have served on the Board of the American Risk and Insurance Association and served as President of that association. I have also served as President of the Risk Theory Society. I currently serve on the International Research Advisory Board of National Chengchi University.

As an academic, I continue to write on insurance pricing, participate in academic conferences on insurance, and engage in various sponsored research and consulting activities related to insurance. The latter activities include two research projects on capital allocation and a third on loss reserving, all sponsored by the Casualty Actuarial Society, and a project on the financial crisis and the insurance industry sponsored by the Society of Actuaries in 2009. In addition, I have taught various courses at the undergraduate and graduate levels over the past decade, including classes on financial risk management, risk modeling, and property-casualty insurance.

Q: Have you published any papers or books?

A: Yes. I have published various articles, book chapters, reviews, and white papers on insurance pricing and other aspects of insurance markets. Published or forthcoming work includes articles on insurance topics in the *American Economic Review*, *Insurance: Mathematics and Economics*, the *Journal of Banking and Finance*, the *Journal of Financial Economics*, the *Journal of Public Economics*, the *Journal of Risk and Insurance*, *Management Science*, the *North American Actuarial Journal*, and *Variance*. My co-authors and I have a chapter in the 2025 edition of the Handbook of Insurance on the theory and practice of insurance pricing. Two papers have won awards for their contributions to the field of actuarial science: I received the 2010 ARIA award from the Casualty Actuarial Society and shared the 2015 Charles A. Hachemeister Prize (also from the Casualty Actuarial Society) with a co-author.

Q: Are you a member of any professional organizations?

A: I am a member of the American Economic Association, the American Finance Association, the American Risk and Insurance Association, and the Risk Theory Society. I am also an Associate of the Casualty Actuarial Society. I served on the Board of Directors of the American Risk and Insurance Association from 2007 to 2014 and served as President in 2012-2013. I served as President of the Risk Theory Society in 2012.

Q: Have you ever testified in insurance rate regulatory proceedings?

A: Yes. I have offered testimony in Workers Compensation insurance rate filings in Florida (2015 and 2017), Massachusetts (2020, and 2022 through 2025), and Virginia (2016). In addition, I have supplied testimony for various rate filings in North Carolina starting in 2019, including Workers Compensation, Private Passenger Auto, Homeowners, Mobile Homeowners, Flood, and Dwelling.

Q: What was the nature of your testimony in those previous cases?

A: In the Florida, Massachusetts, and Virginia cases, I offered testimony on the underwriting profit factors used in the rates. Specifically, I evaluated the suitability of the methods and assumptions used to develop those factors, as well as whether the rate of return on capital implied by those factors was reasonable. For the North Carolina filings, I estimated the rate of

return on capital implied by the selected underwriting profit factors and assessed whether that rate of return was reasonable.

Q: What is the purpose of your testimony?

A: I was asked by the North Carolina Rate Bureau, as a financial economist with expertise in insurance, 1) to assist the Bureau with the underwriting profit factor selection, 2) to determine the expected return on insurance net worth implicit in the filing, and 3) to assess whether the expected return on net worth constitutes a reasonable rate of return and thus whether the selected underwriting profit factor satisfies North Carolina's statutory requirements.

Q: Please summarize the main findings of your testimony.

A: The first task was to determine the range for a reasonable rate of return on capital. I started by creating a set of estimates of the cost of insurance equity relevant for the North Carolina Dwelling Fire and Extended Coverage insurance markets. I consulted various third party estimates of the cost of equity for the property-casualty insurance industry. I also generated my own estimates using a single-factor risk premium approach, where the cost of equity was determined by 1) the historical excess return of the overall stock market over bonds, 2) the historical correlation of the equity prices of the firms serving the North Carolina Dwelling Fire and Extended Coverage markets with the overall stock market, and 3) the current level of bond yields. Finally, I adjusted the cost of equity to account for the significant presence of private companies in the North Carolina market. The cost of equity estimates resulting from this exercise ranged from about 8.9% to 17.7% for the Dwelling Fire market and about 8.8% to 17.7% for the Dwelling Extended Coverage market.

Next, I calculated a weighted average cost of capital (WACC) by estimating the fraction of debt in the typical insurance holding company capital structure and weighting together the cost of equity with the cost of debt based on this fraction. The WACC estimates from this exercise ranged from about 8.2% to 16.2% for the Dwelling Fire and Dwelling Extended Coverage markets.

The next task was to determine the projected rate of return on capital associated with the selected underwriting profit provision. Using a pro forma return model similar to that used in previous filings, I analyzed how the selected underwriting profit provisions used in the filing translate into expected returns on net worth. My calculations, as detailed in Exhibits RB-23 and RB-24, show a total return of 13.54% for Dwelling Fire and 11.03% for Dwelling Extended Coverage.

I next considered adjustments to the model that, in my opinion, produce a more accurate representation of the rates of return produced by the selected underwriting profit factors. Specifically, I adjusted the prospective portfolio yields to reflect current market conditions, as opposed to the average of current market yields and embedded yields, and I also adjusted the portfolio allocation to more closely reflect the assets supporting Dwelling coverages in North Carolina. These changes did not have a significant impact, decreasing the total return for

Dwelling Fire to 13.46% and increasing the total return for Dwelling Extended Coverage to 11.29%.

I then compared the projected returns on capital associated with the selected underwriting factors with the cost of equity and WACC ranges described above. The projected total returns fell comfortably within the range of cost of equity estimates and within the range of WACC estimates. I therefore conclude that the projected total returns in both the Dwelling Fire and Dwelling Extended Coverage markets are reasonable and not excessive. The conclusions still hold after adjusting the prospective yields as described above.

II. Expected Return on Net Worth

Q: In general terms, how did you determine the expected return on net worth implied by the underwriting profit provision used in the filing?

A: I used a *pro forma* return model similar to that used in previous filings in North Carolina. The model accounts for underwriting income, installment payment income, investment income on unearned premium and loss/loss adjustment expense (LAE) reserves and surplus,¹ and taxes as a percentage of premium. Total after-tax income from these sources (as a percentage of premium) is then related to net worth (as a percentage of premium) to obtain an expected return on net worth.

Q: What do you mean by *pro forma*?

A: The model is *pro forma* in the sense that it assumes 1) that the indicated rate change will be implemented and 2) that all loss, expense, and investment return realizations will coincide with their projected expected values.

The results of the model and supporting information are presented in Exhibits RB-23 and RB-24.

Q: Could you state what you mean by “net worth”?

A: Net worth is the book value of equity of a company under Generally Accepted Accounting Principles (GAAP) rather than Statutory Accounting Principles (SAP).

Q: Would you please elaborate on the elements of the return and how they are calculated?

A: The return is composed of underwriting profit (Line 2 of Exhibits RB-23/RB-24, Page 1), installment fee income (Line 3 of Exhibits RB-23/RB-24, Page 1), investment gain on insurance transaction (Line 7 of Exhibits RB-23/RB-24, Page 1), and investment gain on surplus (Line 8 of Exhibits RB-23/RB-24, Page 1). (Please note that, in my exhibits and sometimes in my testimony, I refer to investment income on surplus as a shorthand reference to investment income on

¹ I follow common parlance when referring to investment income on reserves and surplus, but it should be noted that investment income is actually earned on assets, not on liabilities.

capital and surplus.) All of the foregoing income components are adjusted for taxes. The components are discussed in greater detail below:

Underwriting profit - As a matter of arithmetic and definition, the underwriting profit as a percentage of premium matches the underwriting profit provision selected by the NCRB. It is the percentage of premium left over after accounting for the loss and expense provisions, with the projected loss and LAE ratio and fixed expense (Other Acquisition and General) ratios being adjusted to reflect the indicated rate change. Installment fee income is based on the average installment charges as a percentage of premium over the past five years (Exhibits RB-23/RB-24, Page 3). The underwriting profit and installment fee income is assumed to be taxed at the current corporate rate of 21% (Line 4 of Exhibits RB-23/RB-24, Page 1), as revised in the Tax Cut and Jobs Act of 2017. I also account for additional tax liabilities relating to IRS rules regarding the treatment of unearned premium reserves and of loss reserves (Line 5 of Exhibits RB-23/RB-24, Page 1). Details of the calculation of these additional tax liabilities are found on Pages 4 to 6 of Exhibits RB-23/RB-24.

Net Investment Gain on Insurance Transaction – This portion of the return reflects investment income on investible funds generated by the insurance transaction. Specifically, this quantity is estimated as the product of an investment yield and the average loss/LAE and unearned premium reserves. An adjustment is made for investment income on agents' balances (specifically, to account for the fact that agents' balances, which are premiums held by agents and not yet remitted to the company, are not available for investment by the insurance company). In the case of Dwelling Extended Coverage analyzed in Exhibit RB-24, where a provision for reinsurance is included in the rate, I also adjust for investment income on reinsurance balances. This accounts for the additional income that the company receives on funds that have not yet been remitted to the reinsurer, as well as the investment income that it is not able to collect on funds that have not yet been recovered from the reinsurer. The details of the estimation of investible reserves and the pre-tax investment income generated from those reserves are found on Pages 7 to 9 of Exhibits RB-23 and 24. The tax liability is based on a weighted average of estimated tax rates on the different sources of investment income, with the weights based on the composition of the overall North Carolina industry portfolio.

Investment Gain on Surplus – This portion of the return reflects investment income generated from surplus. The pre-tax investment yield is applied to investible surplus, the amount of which is based on the ten-year average premium-to-surplus ratio for groups writing Dwelling insurance in North Carolina from Page 14 of Exhibits RB-23/RB-24. The premium-to-surplus ratio for each year is calculated by taking a premium-weighted average of individual group surplus-to-premium ratios---across all groups writing the coverage in question and using DPW for that coverage for weights---and inverting the result. The individual group surplus-to-premium ratios use written premiums on a net basis for Dwelling Fire and on a direct basis for Dwelling Extended Coverage, in recognition of the accounting for reinsurance costs in the rate in the latter case. The tax liability is again based on a weighted average of estimated tax rates on the different sources of investment income, with the weights based on the composition of the overall North Carolina industry portfolio.

These components of after-tax return, all denominated as a percent of premium, are then summed and related to net worth. This is accomplished by multiplying the returns as percent of premium by the product of the premium-to-surplus ratio from Page 14 of Exhibits RB-23/RB-24 and the inverse of the industry-wide net worth-to-surplus ratio from Page 15 of Exhibits RB-23/RB-24.

Q: Please explain how the investment yield is calculated.

A: My understanding is that the accepted approach in North Carolina, based on a decision by the Commissioner in the 1990's, is to estimate the investment yield as an average of the "embedded yield" based on the industry statutory annual statement reports and a "current yield" based on current market rates. I have followed this convention in the analysis presented in Exhibits RB-23/RB-24, though I contemplate the consequences of this convention in more detail later in my testimony.

For the current yield, I start with the weighted average invested asset portfolio for the North Carolina insurance market (using total North Carolina DPW for weights) and use various sources to estimate the current market yields for those assets. Sources for current market rates, and a summary of the overall calculation, are provided on Page 11 of Exhibit RB-23/RB-24. The distribution across investment categories is based on net admitted assets as reported on Page 2 of the Annual Statement, restricting attention to the categories reported on Page 11.

The allocation to bonds² is further divided among "U.S. Government," "Municipal," and "Industrial" subcategories. These subcategories follow the categorization in the Schedule D summary exhibits, with the "Municipal" category being comprised of the Schedule D categories of obligations relating to "U.S. States, Territories, and Possessions," "U.S. Political Subdivisions," and "U.S. Special Revenue and Special Assessment Obligations." Again, the distribution across these categories is based on premium-weighted averages.

For each of the bond subcategories, I obtain a maturity distribution for the North Carolina industry portfolio in that subcategory from the Schedule D summary exhibits and match each maturity level from the exhibits to a corresponding bond yield of similar maturity, so that the average yield shown on Page 11 is a weighted average across maturities according to the North Carolina industry portfolio. The maturity buckets in Schedule D are 0 to 1 years, 1 to 5 years, 5 to 10 years, 10 to 20 years, and over 20 years. For the first four buckets, the midpoint maturity within the range is used; for the final category a maturity of 25 years is used. The bond yields are based on the sources described on Page 11 of Exhibit RB-23/RB-24, with linear interpolation being used in cases where the available bond yields do not match up with the average maturity from a Schedule D bucket. The bond yield curve averages for the "Municipal" and "Federal Government" categories are based on the averages of the yield curves from the listed sources at three dates: 8/15/25, 7/15/25, and 6/15/25, with the curve from the last available trading day used in cases where the date falls on a weekend or holiday. The average yield for Cash is derived by averaging the same three points for the 3-month Treasury bill. The "Industrial" curve is

² I adjust the allocation between "Cash & Short-Term Investments" and "Bonds" by adding the investments in short-term bonds from Schedule DA and cash-equivalent bonds from Schedule E to the "Bonds" category and subtracting the same from the "Cash & Short-Term Investments" category.

constructed from the monthly HQM 6-month spot rate and the monthly 2-year, 5-year, 10 year, and 30-year HQM par yields, as reported in FRED, for May, June, and July of 2025.

The calculation of the current yields for other investment categories are described in the notes on Page 11 of Exhibit RB-23/24. The overall pre-tax current yield on the industry portfolio as thus determined is 5.56%. The embedded yield calculations, based on the actual investment income reported by the industry, are shown on Pages 12 and 13 of Exhibits RB-23/RB-24; the pre-tax embedded yield is 4.72%. For the pro forma calculations, I average these two figures to obtain 5.14% (shown on Page 10 of Exhibits RB-23/RB-24).

The tax liability for investment income is determined for each asset class, reflecting tax advantages as appropriate on municipal bond interest, preferred and common stock dividends, and capital gains on stock. The expected return on equity is split into a capital gain and dividend component, for tax purposes, based on the experience of the S&P 500 over the 2000-2024 period.

Q: What is the expected return on net worth?

A: To calculate the implied return on insurance company equity, components of after-tax return are summed and related to net worth, which, as a percentage of premium, is calculated based on the product of the premium-to-surplus ratio from Page 14 of Exhibits RB-23/RB-24 and the inverse of the industry-wide net worth-to-surplus ratio from Page 15 of Exhibits RB-23/RB-24. This approach indicates that the selected underwriting profit factor of 8.5%, if achieved, would yield total returns on net worth of 13.54% and 11.03% in the Dwelling Fire market and Dwelling Extended Coverage market, respectively.

Q: Have you considered the impact of any other alternative assumptions on your estimates?

A: Yes, I have considered the impact of basing the investment yield on current yields alone rather than an average of current yields and embedded yields. I have also considered the impact of basing the portfolio allocation on the actual investment portfolios of companies writing Dwelling Fire and Extended Coverage in North Carolina, based on the premiums written in those lines.

The current yield, in my opinion, is the better indicator of investment yields for a prospective ratemaking exercise, where the relevant questions concern the terms on which money will be invested today and in the future. As for the portfolio allocation, I believe the weighted average allocations of the groups writing Dwelling Fire and Extended Coverage in North Carolina, based on their actual North Carolina Dwelling premiums, gives a closer approximation to the allocation supporting North Carolina Dwelling business. The pre-tax current yield, based on this alternative asset allocation, is 5.21% for Dwelling Fire and 5.55% for Dwelling Extended Coverage.

If we calculate the returns on net worth using this current yield alone, rather than the average of the current yield and embedded yield, the total rate of return decreases to 13.46% in the Dwelling Fire market and increases to 11.29% in the Dwelling Extended Coverage market.

Q: How was the underwriting profit factor determined?

A: The Bureau selected the 8.5% provision for both Dwelling Fire and Dwelling Extended Coverage. I participated in the Bureau's Property Rating Subcommittee meeting for the discussion of the profit portion of the rate review. I described for the Subcommittee my pro forma profit analysis and provided an array of underwriting profit provisions and their associated returns on net worth. The returns shown in that array spanned the ranges for the cost of equity and the WACC that I had established and viewed as reasonable, which I will describe in more detail below. Following my presentation and the Subcommittee discussion, the Subcommittee selected the underwriting profit factor.

III. Rate of Return on Capital

Q: What steps did you take in the course of assessing whether the returns described above would produce a reasonable rate of return on capital?

A: I first established ranges for reasonable estimates of the cost of capital. I then compared the estimated statutory and total returns on net worth determined in Section II above to these cost of capital ranges.

Q: How did you establish ranges for reasonable estimates of the cost of capital?

A: The cost of capital for an industry is a difficult figure to pin down, and part of my approach is based on a belief in the wisdom of consulting multiple sources of information. I started by gathering various third-party estimates of the cost of capital for property-casualty firms associated with publicly traded holding companies. I also made an independent set of estimates of the same tailored specifically for the North Carolina Dwelling markets. I then adjusted all of these estimates to account for the presence of private companies in the North Carolina market.

Q: Please describe the third-party estimate sources and methodologies.

A: Kroll (a consultancy that took over the pioneering Ibbotson Cost of Capital franchise) and Damodaran Online (an open-access website maintained by Aswath Damodaran, a valuation expert affiliated with New York University) both publish estimates for the property-casualty industry. Kroll updates the estimates quarterly (the estimates reported below are from 3/31/2025), while Damodaran Online updates the estimates annually (1/1/2025).

Kroll reports estimates from a variety of methodologies. Some estimates use factor models, where the industry's sensitivity to a pricing factor (or sensitivities to a set of factors) are measured and used to generate a cost of capital. For example, single factor models (such as the CAPM) typically mark the overall stock market return in excess of a "base" fixed income return as the pricing factor. The cost of capital is generated in this case by estimating a risk premium for each factor, adjusting that risk premium to account for the sensitivity of the industry in question to that factor, and then adding the adjusted risk premium to the current yield of the "base" fixed income instrument to produce a cost of capital. In addition to CAPM estimates, Kroll also reports a "CAPM + size premium" estimate to recognize the higher cost of capital endured by smaller firms and thus correct for the average size of firms within an industry. The "Buildup Method" employs a related approach, adding a size premium and an industry premium to the standard market risk premium. The Fama-French-5-factor model extends the single risk factor framework of the CAPM to a five-factor risk framework, thus pricing an industry's equity

on the basis of its sensitivity to four additional factors in addition to overall market returns. Kroll also utilizes discounted cash flow (DCF) models, where free cash flow or dividends are forecasted into the future, with the cost of capital estimate being the implied discount rate on the future cash flows that explains the current equity valuation. In general, the two classes of methods---factor models and DCF models---are perhaps the two most widely accepted and widely deployed methods for estimating the cost of equity.

Damodaran reports estimates from a single-factor risk premium model. However, rather than estimating the risk premium associated with the stock market with simple averages of historical excess returns (as is typically done), he modifies the premium to account for the current level of stock market valuation. This distinction is one example of the substantial variation in implementation of factor models, which can have significant effects on the estimates. There is also substantial methodological variation in implementation of the DCF model, which is estimated with different time period stages and with time-varying growth rates. All of this underscores the importance of consulting multiple sources of estimates and testing sensitivities where possible.

The approaches described above all produce estimates of the cost of equity. In the case of Damodaran Online, I updated the 10-year Treasury yield used as the reference point in the calculation to be consistent with 10-year yield used in the other parts of the filing. In each case, the cost of equity is then weighted together with an estimated cost of debt for the industry to produce a WACC for publicly traded firms. The weights are based on the composition of the capital structure (equity versus debt) for the industry.

Q: Please describe how you derived your independent estimates of the cost of equity capital for publicly traded firms.

A: I used a single factor model, also referred to as a “risk premium” approach in previous filings in North Carolina. This approach estimates the cost of equity as

$$r + \beta * (ERP)$$

where r is the current yield on a reference fixed income instrument, ERP is the estimated expected excess return of the stock market over that fixed income yield, and β is the estimated covariation between the equity of the property-casualty industry and the overall stock market (more precisely, the covariance of property-casualty equities with the S&P 500, divided by the variance of the S&P 500).

For the reference interest rate, I tried four different fixed income assets---the 3-month Treasury Bill, the 10-year Treasury Note, the Moody’s Seasoned Aaa Corporate Bond Index, and the Moody’s Seasoned Baa Corporate Bond Index. In each case, I estimated the equity risk premium as the average excess return of the S&P 500 over the return on the reference fixed income asset over the 1928-2024 period. To calculate the average returns, I used the formula from Blume (1974)³ by weighting together the arithmetic average and the geometric average, as in:

³ Blume, M.E. (1974), “Unbiased Estimates of Long-Run Expected Rates of Return,” *Journal of the American Statistical Association* (September), pp. 634-8.

$$\left[\frac{N-T}{N-1} (1 + \pi_A)^T + \frac{T-1}{N-1} (1 + \pi_G)^T \right]^{\frac{1}{T}}$$

where N is the sample size, T is the return horizon (corresponding to the maturity of the fixed income asset), π_A is the arithmetic average return in the sample, and π_G is the geometric average return in the sample. The data used in the analysis to establish the equity risk premia are included in Exhibit RB-25.

For β (beta), I estimated a weighted average beta for the North Carolina Dwelling Fire and Dwelling Extended Coverage markets. For each publicly traded holding company associated with an operating subsidiary underwriting Dwelling insurance in North Carolina in 2024, I pulled the betas provided by S&P Global (based on 1-year and 3-year daily returns) and adjusted them using a Blume correction (a weighted average of the raw beta and one, with the weight on the raw beta being 0.67). I then calculated weighted averages based on 2024 North Carolina Dwelling Fire DPW and 2024 Dwelling Extended Coverage DPW. The company-level data used in this analysis is included in Exhibit RB-26.

Given current yields for the reference fixed income assets and estimates for the equity risk premium and beta, I then calculate a cost of equity according to the formula given above.

Next, I estimated a WACC for the North Carolina market. For the capital structure, I estimated weighted average debt percentages for the North Carolina Dwelling Fire and Extended Coverage markets. For each publicly traded holding company, I calculated the percentage of debt in the capital structure based on the latest fiscal year report. The company-level capital structure details are included in Exhibit RB-26. For the cost of debt, I used the figure for the industry from Damodaran Online of 4.02%, based on a 4.413% 10-year Treasury rate. I again calculated weighted averages separately for the Dwelling Fire and the Dwelling Extended Coverage markets, based on the North Carolina DPW in those respective markets.

Q: What were the results?

A: The following tables list the cost of equity and the WACC for publicly traded companies, including the estimates I produced and those reported by Kroll and Damodaran Online for the property-casualty industry.

Dwelling Fire - Cost of Capital for Publicly Traded Companies								
Source	Method	Current Yield 8/15/2025	Equity Risk Premium	Cost of Equity		Cost of Debt	% Debt	WACC
Kroll	CAPM			7.7%		4.16%	11.3%	7.3%
Kroll	CAPM + Size Premium			7.9%		4.36%	11.3%	7.5%
Kroll	Build-Up			8.8%		4.38%	11.3%	8.3%
Kroll	Fama-French 5-factor			9.6%		4.29%	11.3%	9.0%
Kroll	DCF (1-stage)			14.1%		4.37%	11.3%	13.0%
Kroll	DCF (3-stage)			13.9%		4.17%	11.3%	12.8%
Damodaran Online	Implied Premium			7.04%		4.02%	13.39%	6.63%
				Low	High			Low High
Zanjani	Risk Premium over T-Bill	4.39%	8.44%	10.83%	10.97%	4.02%	8.22%	10.27% 10.40%
Zanjani	Risk Premium over T-Note	4.41%	6.87%	9.65%	9.76%	4.02%	8.22%	9.19% 9.29%
Zanjani	Risk Premium over Aaa Bond	5.46%	6.01%	10.05%	10.14%	4.02%	8.22%	9.55% 9.64%
Zanjani	Risk Premium over Baa Bond	6.13%	4.76%	9.76%	9.84%	4.02%	8.22%	9.29% 9.36%
* After-tax cost of debt for Kroll is not reported but is inferred based on the cost of equity, % of debt, and the WACC.								

Dwelling Extended Coverage - Cost of Capital for Publicly Traded Companies								
Source	Method	Current Yield 8/15/2025	Equity Risk Premium	Cost of Equity		Cost of Debt	% Debt	WACC
Kroll	CAPM			7.7%		4.16%	11.3%	7.3%
Kroll	CAPM + Size Premium			7.9%		4.36%	11.3%	7.5%
Kroll	Build-Up			8.8%		4.38%	11.3%	8.3%
Kroll	Fama-French 5-factor			9.6%		4.29%	11.3%	9.0%
Kroll	DCF (1-stage)			14.1%		4.37%	11.3%	13.0%
Kroll	DCF (3-stage)			13.9%		4.17%	11.3%	12.8%
Damodaran Online	Implied Premium			7.04%		4.02%	13.39%	6.63%
				Low	High			Low High
Zanjani	Risk Premium over T-Bill	4.39%	8.44%	10.90%	11.08%	4.02%	7.52%	10.38% 10.55%
Zanjani	Risk Premium over T-Note	4.41%	6.87%	9.70%	9.85%	4.02%	7.52%	9.28% 9.41%
Zanjani	Risk Premium over Aaa Bond	5.46%	6.01%	10.09%	10.22%	4.02%	7.52%	9.63% 9.75%
Zanjani	Risk Premium over Baa Bond	6.13%	4.76%	9.79%	9.90%	4.02%	7.52%	9.36% 9.45%
* After-tax cost of debt for Kroll is not reported but is inferred based on the cost of equity, % of debt, and the WACC.								

The ranges associated with my own estimates are driven by differences between the 1-year and 3-year betas.

To illustrate a calculation, the lower bound of the cost of equity for my “Risk Premium over T-Bill” method for Dwelling Extended Coverage is:

$$4.39\% + 0.77123 \times 8.44\% = 10.90\%,$$

where 4.39% is the three month average T-Bill rate on 8/15/2025 (measured as the average of the rate on 8/15, 7/15, and 6/15), .77123 is the 3-year weighted average Blume-corrected beta for the North Carolina Dwelling Extended Coverage market, and 8.44% is the average risk premium of the equity market over the T-Bill rate. The lower bound for the WACC is:

$$(1 - .0752) \times 10.90\% + .0752 \times 4.02\% = 10.38\%,$$

where .0752 is the weighted average share of debt in the capital structure for the North Carolina Dwelling Extended Coverage market, 10.90% is the cost of equity as calculated in the previous step, and 4.02% is the after-tax cost of debt as estimated using Damodaran Online.

Note that the estimates for capital structure and the cost of debt differ across sources, so the relationship between the cost of equity and the WACC for Kroll and Damodaran Online will not follow the exact formula listed above.

Q: Do you believe any adjustments are necessary to the estimated cost of equity in the context of this filing?

A: Yes. All of the foregoing estimates are based on the data of publicly traded companies, which have the easiest access to financing and thus the lowest costs of capital. However, I found that operating companies affiliated with publicly traded holding companies only wrote about 22.6% of the 2024 direct premiums written for North Carolina Dwelling Fire insurance; for Dwelling Extended Coverage, the figure was 23.9%. The remainder in both markets was underwritten by companies associated with private, often mutual, ownership---a segment well-known to have more difficulty in accessing the capital markets. The industry average cost of equity needs to be adjusted upward to account for this non-public ownership.

Q: How much higher is the cost of equity for non-public firms?

A: Research dating back at least as far as the 1960's has demonstrated that private equity trades at a substantial discount to public equity. The discount is thought to derive from a variety of factors, most notably the illiquid nature of private equity stakes (also known as a "lack of marketability") as well as information, monitoring, and control issues. The discount translates into a higher cost of equity. For example, if a public firm's cost of equity is estimated at 10% and the equity of a comparable private firm is selling at a 20% discount to that of the public firm, the private firm's cost of equity would be estimated as:

$$12.5\% = 10\% / (1 - 20\%)$$

The discount is difficult to estimate. Exhibit RB-27 summarizes some of the academic research on the private firm discount. Studies have taken a variety of approaches to measurement. "IPO" studies compare the prices of pre-IPO share transactions in a private company with post-IPO share prices after the company is public. "Acquisition" studies compare the valuations of acquired private companies versus the valuations of acquired public companies. "Restricted stock" and "private placement" studies compare the prices of restricted stock issued by public companies with the prices of their traded shares.

All the approaches have their flaws. IPO studies, for example, are thought to have a bias toward overstating the discount because of the differences in timing of transactions. Restricted stock and private placement studies tend to understate the discount: Since they confine their attention to public companies, they do not account for factors other than the discount for lack of marketability (DLOM), and, moreover, the actual restrictions on marketability for private placements have been loosened significantly over the years by the Securities and Exchange Commission.

On balance, however, the studies point to a substantial discount. For purposes of this testimony, I use a discount of 25%, which is slightly below the average of the averages of the

three groups in Exhibit RB-27 (when taking the midpoint of the ranges for the studies with ranges of estimates).

Q: How would this affect the estimated cost of equity for the industry?

A: Assuming a 25% private company discount and an X% market share for non-public companies (where X% is 22.6% in Dwelling Fire and 23.9% in Dwelling Extended Coverage), I calculate the adjusted estimate of the cost of equity as a weighted average of the private cost of equity and the public cost of equity:

$$(1 - X\%) * \left(\frac{COE}{(1 - 0.25)} \right) + (X\%) * (COE),$$

where *COE* is the estimated cost of equity for public companies. The adjusted estimate of the cost of equity is then weighted together with the cost of debt to produce an adjusted WACC. The adjusted estimates are as follows:

Dwelling Fire Cost of Capital, Adjusted for Non-Public Ownership					
Source	Method	Cost of Equity		WACC	
Kroll	CAPM	9.7%		9.1%	
Kroll	CAPM + Size Premium	9.9%		9.3%	
Kroll	Build-Up	11.1%		10.3%	
Kroll	Fama-French 5-factor	12.1%		11.2%	
Kroll	DCF (1-stage)	17.7%		16.2%	
Kroll	DCF (3-stage)	17.5%		16.0%	
Damodaran Online	Implied Premium	8.86%		8.21%	
		Low	High	Low	High
Zanjani	Risk Premium over T-Bill	13.63%	13.80%	12.84%	13.00%
Zanjani	Risk Premium over T-Note	12.14%	12.28%	11.47%	11.60%
Zanjani	Risk Premium over Aaa Bond	12.64%	12.76%	11.93%	12.04%
Zanjani	Risk Premium over Baa Bond	12.27%	12.37%	11.60%	11.68%

Dwelling Extended Coverage Cost of Capital, Adjusted for Non-Public Ownership					
Source	Method	Cost of Equity		WACC	
Kroll	CAPM	9.7%		9.0%	
Kroll	CAPM + Size Premium	9.9%		9.3%	
Kroll	Build-Up	11.0%		10.3%	
Kroll	Fama-French 5-factor	12.0%		11.2%	
Kroll	DCF (1-stage)	17.7%		16.2%	
Kroll	DCF (3-stage)	17.4%		15.9%	
Damodaran Online	Implied Premium	8.83%		8.18%	
		Low	High	Low	High
Zanjani	Risk Premium over T-Bill	13.66%	13.89%	12.94%	13.14%
Zanjani	Risk Premium over T-Note	12.17%	12.35%	11.55%	11.72%
Zanjani	Risk Premium over Aaa Bond	12.65%	12.81%	12.00%	12.15%
Zanjani	Risk Premium over Baa Bond	12.28%	12.40%	11.66%	11.77%

Q: How do these figures speak to the issue of whether or not the pro forma expected return on net worth is reasonable and not excessive?

A: There are at least two schools of thought on this issue.

The first is that the “net worth” in the pro forma return exhibit should be interpreted as an equity investment akin to the equity considered in the cost of equity analysis. Thus, it should be entitled to a similar rate of return. Under this school of thought, the return on net worth calculated in the previous section should be compared directly with the cost of equity figures in the tables above. If one does this, the projected total returns are, in my opinion, reasonable and not excessive. Before making the adjustments to the investment return projections that I believe are appropriate for the North Carolina Dwelling Fire market, the projected total return of 13.54% is within the span of estimates, which range from 8.86% to 17.7%. When adjusting the prospective investment yield to the current yield (rather than the average of current and embedded yields) and accounting for the investment portfolio more closely tailored to the North Carolina Dwelling market, the total return falls to 13.46%. Thus, the previous conclusions are unchanged after considering this adjustment.

For the Dwelling Extended Coverage market, the total return of 11.03% also falls within the span of estimates in the table, which range from 8.83% to 17.7%. Thus, the total return seems reasonable and not excessive. These conclusions also hold after making the prospective adjustments similar to those for the Dwelling Fire market described above.

A second school of thought is that, although the capital of the operating subsidiaries may be fully financed by equity, the holding companies are the source of that equity. Thus, one should

“look through” the operating subsidiaries to the level of the holding companies to determine a cost of capital, which is important because the holding companies---unlike the insurance subsidiaries---typically hold debt in the capital structure. Thus, the cost of capital for the holding company is, under this school of thought, calculated as a weighted average of the cost of equity and the cost of debt, with the weights based on each component’s share of the capital structure. The result is the WACC discussed above, which, as can be seen above, is typically lower than the cost of equity due to the lower cost of debt. On the other hand, the market value of the capital of the holding company will be different from the book value of the capital invested in the insurance subsidiaries. Thus, a particular return on net worth at the level of the operating subsidiary will translate into a lower (higher) return on holding company capital if the market value of the holding company capital exceeds (is less than) the net worth of the insurance subsidiaries.

The market-to-net worth ratio of the public companies underwriting Dwelling Insurance in North Carolina is typically well above 1. However, even if one sets this ratio to 1, the total return of 13.54% for Dwelling Fire falls comfortably within the range of estimates (8.21% to 16.2%) for that market. The same assessment applies to the total return of 11.03% for Dwelling Extended Coverage, which also falls comfortably within the range of estimates (8.18% to 16.2%) for that market. By this standard, the total returns are reasonable and not excessive. The same conclusions apply when making adjustments to account for the asset distribution relevant for this line of business and the current yields in the marketplace (rather than embedded yields).

IV. Conclusion

Q: Based on your knowledge and experience and on the studies and analyses you have performed, have you come to any conclusions regarding the underwriting profit factor selected by the Bureau and used in its indicated rate level calculations in this filing?

A: Yes. When using the pro forma return model with inputs selected in a manner consistent with previous filings, I found that the expected total return on net worth implied by the selected 8.5% underwriting profit factor was 13.54%. For Dwelling Extended Coverage, the corresponding figure was 11.03%. When adjusting the prospective investment yield to reflect current market conditions and a portfolio allocation more tailored to the North Carolina Dwelling market, the expected total returns changed to 13.46% and 11.29%, respectively. After reviewing the cost of capital estimates for the industry produced by third parties and producing my own estimates tailored to the North Carolina markets, and adjusting all estimates for the presence of private companies, I found the expected returns on net worth resulting from the selected underwriting profit factors to be consistent with a reasonable and not excessive return on invested capital.

An important caveat to this analysis, however, is that all conclusions are predicated on the assumption that the indicated rate level is achieved. In the event that a lower rate level is implemented, the expected rate of return could be inadequate.

Q. Does that conclude your testimony?

A. Yes.

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Publications: Refereed Scholarly

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- "Dynamic Capital Allocation in General Insurance," (with Daniel Bauer and Qiheng Guo), working paper, 2025
- "The Impact of Income Smoothing on Accounting Aggregates: The Case of the Property-Casualty Industry," (with Eren Cifci, Qianlong Liu, Steve Mildenhall, Lars Powell, and Kenny Wunder), working paper, 2025
- "Market Discipline and Guaranty Funds in Life Insurance," (with Martin Grace, Shinichi Kamiya, Robert W. Klein, and Kenny Wunder), working paper, 2025
- "An Integrated Approach to Measuring Asset and Liability Risks in Financial Institutions," (with Daniel Bauer), working paper, 2023
- "Optimal Insurance Contracts with Insurer Background Risk," (with Xiaohu Ping), working paper, 2015
- "The Effect of Banking Crises: Evidence from Non-Life Insurance Consumption," (with Shinichi Kamiya and Jackie Li), working paper, 2015
- "Bankruptcy in the Core and Periphery of Financial Groups: The Case of the Property-Casualty Insurance Industry" working paper, 2010
- "The Rise and Fall of the Fraternal Life Insurer: Law and Organizational Form in U.S. Life Insurance, 1870-1920," working paper, (*revise and resubmit, Journal of Law & Economics*), 2007
- "Organizational Form and the Underwriting Cycle: Theory with Evidence from the Pennsylvania Fire Insurance Market, 1873-1909," working paper, 2004
- "Consumption versus Production of Insurance," (with Tomas Philipson), *NBER Working Paper #6225*, 1997

External Research Projects and Consulting

- 2025 Expert Witness, Insurance Rate Filings, North Carolina
- 2025 Expert Witness, Workers' Compensation Rate Filing, Massachusetts
- 2024 Expert Witness, Capstone Associated Services, Ltd. v. United States of America
- 2024 Expert Witness, Insurance Rate Filings, North Carolina
- 2024 Expert Witness, Workers' Compensation Rate Filing, Massachusetts
- 2023 Using Industry Level Experience to Improve Company Loss Reserving, sponsored by CAS
- 2023 Expert Witness, Insurance Rate Filings, North Carolina

2023 Expert Witness, Workers' Compensation Rate Filing, Massachusetts
 2022 Expert Witness, Insurance Rate Filings, North Carolina
 2022 Expert Witness, Workers' Compensation Rate Filing, Massachusetts
 2021 Expert Witness, Golson v. Provident Life, Alabama
 2021 Expert Witness, Insurance Rate Filings, North Carolina
 2020 Expert Witness, Insurance Rate Filings, North Carolina
 2020 Expert Witness, Workers' Compensation Rate Filing, Massachusetts
 2019 NCCI Review of Cost of Capital Methodology
 2019 Expert Witness, Insurance Rate Filings, North Carolina
 2018 NCCI Review of TCJA
 2017 Expert Witness, Workers' Compensation Rate Hearing, Florida
 2016 Expert Witness, Assigned Risk Workers' Compensation Rate Hearing, Virginia
 2015 Expert Witness, Workers' Compensation Rate Hearing, Florida
 2015 NCCI Revision of Underwriting Profit and Contingency Internal Rate of Return Model
 2015 An Extension of the Project on the Costs of Holding Capital, sponsored by the CAS
 2013 Microinsurance Centre Lessons from History Project
 2012 Allocation of the Costs of Holding Capital, sponsored by the CAS,
 2011 CRO Risk Index Project, co-sponsored by SOA and Bloomberg, co-founder
 2009 "The Financial Crisis and Lessons for Insurers," \$50,000 SOA grant, role: report co-author

Papers Presented at Professional Meetings

2023 "Life Insurance and Annuity Pricing During the Financial Crisis, Revisited" EGRIE Annual Seminar, Malaga, Spain
 2023 "Life Insurance and Annuity Pricing During the Financial Crisis, Revisited" IME Annual Conference, Edinburgh, UK
 2023 "Understanding Loss Reserving Errors in the Liability Catastrophe of 1997-2001," IME Annual Conference, Edinburgh, UK
 2023 "Understanding Loss Reserving Errors in the Liability Catastrophe of 1997-2001," Gen Re Seminar, Cologne, Germany
 2022 "Understanding Loss Reserving Errors in the Liability Catastrophe of 1997-2001," Conference in Honor of J.David Cummins and Mary Weiss, Temple University, Philadelphia
 2020 "Life Insurance and Annuity Pricing During the Financial Crisis, Revisited" WRIEC, virtual meeting
 2019 "An Integrated Approach to Measuring Asset and Liability Risks in Financial Institutions," EGRIE Annual Meeting, Rome, Italy
 2019 "An Integrated Approach to Measuring Asset and Liability Risks in Financial Institutions," ARIA Annual Meeting, San Francisco, CA
 2019 "An Integrated Approach to Measuring Asset and Liability Risks in Financial Institutions," RTS Annual Seminar, Tuscaloosa, AL
 2017 "The Effect of Government Guarantees on Market Discipline in the Property-Casualty Insurance Industry," NBER Insurance Project Workshop, Boston, MA
 2015 "The Marginal Cost of Risk in a Multi-Period Model," NBER Insurance Project Workshop, Stanford, CA
 2015 "The Marginal Cost of Risk in a Multi-Period Model," CAS Annual Meeting, Philadelphia, PA
 2015 "Dynamic Capital Allocation," IME Annual Conference, Liverpool UK
 2015 "What Drives Tort Reform Legislation? Economics and Politics of the State Decisions to Restrict Liability Torts," ASSA Annual Meeting, Boston, MA
 2014 "The Marginal Cost of Risk in a Multi-Period Model," CAS Centennial, New York, NY
 2014 "Market Discipline and Guaranty Funds in Life Insurance," EGRIE Annual Seminar, St. Gallen, CH
 2014 "Dynamic Capital Allocation with Irreversible Investments," EGRIE Annual Seminar, St. Gallen, CH
 2014 "What Drives Tort Reform Legislation? Economics and Politics of the State Decisions to Restrict Liability Torts," ARIA Annual Meeting, Seattle, WA
 2014 "The Marginal Cost of Risk in a Multi-Period Model," ARIA Annual Meeting, Seattle, WA
 2014 "Market Discipline and Guaranty Funds in Life Insurance," ARIA Annual Meeting, Seattle, WA

- 2014 “The Marginal Cost of Risk in a Multi-Period Model,” IME Conference, Shanghai, CN
- 2014 “The Effect of Banking Crises: Evidence from Non-Life Insurance Consumption,” Risk Theory Seminar, Munich, Germany
- 2013 “The Effect of Banking Crises: Evidence from Non-Life Insurance Consumption,” ASSA Annual Meeting, Philadelphia, PA
- 2013 “Optimal Insurance Contracts with Insurer Background Risk,” EGRIE Annual Meeting, Paris, FR
- 2013 “The Effect of Banking Crises: Evidence from Non-Life Insurance Consumption,” ARIA Annual Meeting, Washington D.C.
- 2013 “The Marginal Cost of Risk, Risk Measures, and Capital Allocation,” IRFRC Catastrophe Risk Conference, Singapore
- 2013 “Optimal Insurance Contracts with Insurer Background Risk,” ARIA Annual Meeting, Washington D.C.
- 2013 “The Marginal Cost of Risk, Risk Measures, and Capital Allocation,” CEAR/ETH Indices of Risk and New Risk Measures Conference, Zurich, CH
- 2012 “The Marginal Cost of Risk, Risk Measures, and Capital Allocation,” CAS Spring Meeting, Phoenix, AZ
- 2012 “The Marginal Cost of Risk, Risk Measures, and Capital Allocation,” Symposium: Risk and Catastrophic Events, State College, PA
- 2012 “The Marginal Cost of Risk, Risk Measures, and Capital Allocation,” ASSA Annual Meeting, Chicago, IL
- 2011 “The Marginal Cost of Risk, Risk Measures, and Capital Allocation,” NBER Insurance Project Workshop, Cambridge, MA
- 2010 “Bankruptcy in the Core and Periphery of Financial Groups: The Case of the Property-Casualty Insurance Industry,” ASSA Annual Meeting, Atlanta, GA
- 2009 “Bankruptcy in the Core and Periphery of Financial Groups: The Case of the Property-Casualty Insurance Industry,” Risk Management and Corporate Governance Conference, Loyola University of Chicago
- 2009 “Bankruptcy in the Core and Periphery of Financial Groups: The Case of the Property-Casualty Insurance Industry,” ARIA Annual Meeting, Providence, RI
- 2008 “An Economic Approach to Capital Allocation,” Risk Theory Society, Annual Meeting, Fort Collins, CO
- 2007 “Federal Financial Exposure to Catastrophic Risk,” ARIA Annual Meeting, Quebec City, CA
- 2007 “Catastrophe Bonds, Reinsurance, and the Optimal Collateralization of Risk Transfer,” EFMA Annual Meeting, Vienna, AT
- 2007 “Catastrophe Bonds, Reinsurance, and the Optimal Collateralization of Risk Transfer,” 5th Infiniti Conference on International Financial Integration, Dublin, IE
- 2007 “Federal Financial Exposure to Catastrophic Risk,” NBER Conference on Measuring and Managing Federal Financial Risk, Evanston, IL
- 2006 Insuring Catastrophic Losses: The Status of TRIA and Proposed Natural Disaster Backstops, Wash., D.C.
- 2006 “Catastrophe Bonds, Reinsurance, and the Optimal Collateralization of Risk Transfer,” Risk Theory Society, Annual Meeting, Richmond, VA
- 2006 “Public versus Private Underwriting of Catastrophe Risk: Lessons from the California Earthquake Authority,” Berkeley Symposium on Real Estate, Catastrophic Risk, and Public Policy
- 2006 “Catastrophe Bonds, Reinsurance, and the Optimal Collateralization of Risk Transfer,” NBER Insurance Project Workshop, Cambridge, MA
- 2005 “Regulation, Capital, and the Evolution of Organizational Form in U.S. Life Insurance,” NBER Insurance Project Workshop, Cambridge, MA
- 2004 “The Rise and Fall of the Fraternal Life Insurer: Law and Organizational Form in U.S. Life Insurance,” NBER Insurance Project Workshop, Cambridge, MA
- 2004 “Regulation, Capital, and the Evolution of Organizational Form in U.S. Life Insurance,” American Finance Association, Annual Meeting, San Diego, CA
- 2003 “Insurance, Self-Protection, and the Economics of Terrorism,” Risk Theory Society, Annual Meeting, Atlanta, GA
- 2003 “Terrorism Insurance Policy and the Public Good,” St. John’s Journal of Legal Commentary 10th Annual Legal Symposium: Terrorism and its Impact on Insurance: Legislative Responses and Coverage Issues, Queens, NY
- 2003 “Insurance, Self-Protection, and the Economics of Terrorism,” NBER Insurance Project Workshop, Cambridge, MA

- 2002 “Pricing and Capital Allocation in Catastrophe Insurance,” CAS Risk and Capital Management Seminar, Toronto, CA
- 2002 “Market Discipline and Government Guarantees in U.S. Life Insurance,” Risk Theory Society, Annual Meeting, Urbana-Champaign, IL
- 2001 “Pricing and Capital Allocation in Catastrophe Insurance,” Risk Theory Society, Annual Meeting, Montreal

Other Conferences Talks and Panel Participation

- 2018 Surplus Lines Automation Conference, Florida
- 2017 International Conference on Business Sciences, Cairo University, Egypt
- 2016 IIF Insurance Colloquium, Basel, Switzerland
- 2016 Surplus Lines Association of California, California (keynote)
- 2014 Surplus Lines Automation Conference, Florida
- 2011 PRMIA Annual Risk Leadership Conference, Atlanta, GA
- 2011 7th International Microinsurance Conference, Rio de Janeiro, Brazil
- 2010 Property Loss Research Bureau Eastern Adjusters Conference, Atlanta, GA (keynote)
- 2008 NCOIL Annual Meeting, Duck Key, FL
- 2007 Capital Markets Symposium on Securitizing Insurance Risk, New York, NY
- 2006 Insuring Catastrophic Losses: The Status of TRIA and Proposed Natural Disaster Backstops, Wash., D.C.
- 2006 Catastrophe Bonds and Insurance Linked Securities Summit, New York, NY
- 2005 12th Annual International Conference Promoting Business Ethics, New York, NY

Service Activities in Academic and Professional Organizations

Deputy Editor-in-Chief, *Journal of Risk and Insurance* (2024-)
 Associate Editor, *Insurance: Mathematics and Economics* (2022-)
 Senior Editor, *Journal of Risk and Insurance* (2019-2024)
 International Research Advisory Board, Risk and Insurance Research Center, NCCU, Taiwan
 American Risk & Insurance Association President (2012-13)
 Risk Theory Society President (2011-2012)
 American Risk & Insurance Association Board Member (2007-2014)
 Editorial Board, *Journal of Insurance Issues* (2012-2014)
 Huebner Colloquium Panelist (2016-2019)

External Committees

American Risk & Insurance Association Program Committee, various years; ARIA Nominations Committee, 2015, 2016, 2018; Kulp-Wright Book Award Committee, 2005; ARIA Mehr Award Committee, 2019 - 2025

Discussant: *ARIA Annual Meeting, Denver, 2024; EGRIE Annual Seminar, Malaga, 2023; ARIA Annual Meeting, Los Angeles, 2022; WRIEC 2020; EGRIE Annual Meeting, Rome, 2019; ARIA Annual Meeting, San Francisco, 2019; ARIA Annual Meeting, Chicago, 2018; ARIA Annual Meeting, Boston, 2016; SIFR Insurance Conference, Stockholm, 2015; EGRIE Annual Seminar, St. Gallen, 2014; ARIA Annual Meeting, Seattle, 2014; ARIA Annual Meeting, San Diego, 2011; CEAR Workshop on Insurance for the Poor, Atlanta, 2010; CEAR Workshop on Risk Perception and Subjective Beliefs, Atlanta, 2010; Midwest Finance Association Annual Meeting, Chicago, 2009; 5th Infiti Conference, Dublin, 2007; EFMA Annual Meeting, Vienna, 2007; AEA Annual Meeting, San Diego, 2004*

Session Chair: *ARIA Annual Meeting, Chicago, 2018, ARC, Atlanta, 2017; IME, Atlanta, 2017; ARIA Annual Meeting, San Diego, 2011; Midwest Finance Association Annual Meeting, Chicago, 2009; ARIA Annual Meeting, Quebec City, 2007; EFMA Annual Meeting, Vienna, 2007;*

Referee for *Asia-Pacific Journal of Risk and Insurance, Astin Bulletin, Australian Social Monitor, Contemporary Economic Policy, Current Issues in Economics and Finance, Defense and Peace Economics, European Economic Review, Financial Review, Geneva Papers: Issues and Practice, Geneva Risk and Insurance Review, Health Affairs, Insurance: Mathematics and Economics, Journal of Banking and Finance, Journal of Business, Journal of Finance, Journal of Financial Intermediation, Journal of Financial Services Research, Journal of Financial and Quantitative Analysis, Journal of Law and Economics, Journal of Mathematical Economics, Journal of Money, Credit, and Banking, Journal of Political Economy, Journal of Risk and Insurance, Management Science, Mathematical Social Sciences, North American Actuarial Journal, Proceedings of the National Academy of Sciences, Review of Financial Studies, Risk Management and Insurance Review, Scandinavian Actuarial Journal, and Science.*

Working Group Participation

Committee on the Global Financial System, Working Group on Institutional Investors, Global Savings, and Asset Allocation (2006); Presidential Working Group on Financial Markets, Working Group on Terrorism Insurance (2006)

Continuing Education Activities

2004-2007	Central Banking Seminar, Federal Reserve Bank of New York, Topics: Introduction to U.S. Financial Markets; Introduction to Non-bank Financial Institutions
2009	Texas Farm Bureau Program, Georgia State University, Topic: Securitization, the Insurance Industry, and the Panic of 2007
2009-2012	Horst K. Jannott Visiting Fellows Program, Georgia State University, Topics: Securitization, the Insurance Industry, and the Panic of 2007; Introduction to Statistics

NCRB - Pro Forma Statutory Rate of Return Dwelling Fire			
	Pre-Tax	Tax Liability	Post-Tax
1 Premiums	100.00%		
Loss & LAE	65.79%		
Commissions	11.20%		
Other Acquisition & General	9.72%		
Taxes, Licenses, & Fees	2.70%		
Policyholder Dividends	0.20%		
Compensation for Assessment Risk	1.89%		
2 Pro Forma Underwriting Profit	8.50%		
3 Installment Fee Income	0.52%		
4 Regular Tax		1.89%	
5 Additional Tax Due to IRS Treatment of Reserves		-0.03%	
6 Total Return from Underwriting Post-Tax			7.15%
7 Investment Gain on Insurance Transaction	6.46%		
Less Investment Income on Agents Balances	0.99%		
Net Investment Gain on Insurance Transaction	5.46%	0.91%	4.56%
8 Investment Gain on Surplus	6.23%	1.04%	5.20%
9 Total Return as a Percent of Premium (post-tax)			16.91%
10 Premium-to-Net Worth Ratio			0.80
11 Total Return as a Percent of Net Worth (post-tax)			13.54%
<i>Lines (1) to (8) are expressed as a percentage of premium.</i>			

Assumptions and Parameters

(a) Underwriting Income Tax Rate	21.00%
(b) Investment Income Tax Rate	16.62%
(c) Pre-tax Investment Yield	5.14%
(d) Premium-to-Surplus Ratio	0.89
(e) Net Worth-to-Surplus Ratio	1.11
(f) Installment Fee Income	0.52%
(g) Additional Tax Due to IRS Treatment of Loss Reserves and UEPR	-0.03%
(h) Compensation for Assessment Risk	1.89%

Notes to Exhibit RB-23 Page 1

- 1 The expense provisions are those used in the filing, adjusted for the indicated rate change.
- 2 Selected by North Carolina Rate Bureau
- 3 See Exhibit RB-23, Page 3
- 4 $[(2) + (3)] \times (a)$
- 5 See Exhibit RB-23, Pages 4-6
- 6 $(2) + (3) - (4) - (5)$
- 7 Investment income on agents balances is calculated as $0.1891 \times 1.02 \times (c)$, where 0.1891 is the factor for agents balances held for less than 90 days and 1.02 is a factor to correct for overdue balances. The figures are sourced from North Carolina Rate Bureau and ISO.
- 8 $(c) \times [1 / (d) + 0.1831 \times 0.4812]$, where 0.1831 is the prepaid expense ratio from Page 7 and 0.4812 is the UEPR ratio from Page 7.
- 9 $(6) + (7) + (8)$
- 10 $(d) / (e)$
- 11 $(9) \times (10)$

Assumptions

- (a) Current corporate tax rate, based on the Tax Cut and Jobs Act of 2017.
- (b) See Exhibit RB-23, Pages 11-13. Calculated as $1 - \text{average post-tax yield} / \text{average pre-tax yield}$.
- (c) See Exhibit RB-23, Page 10
- (d) See Exhibit RB-23, Page 14
- (e) See Exhibit RB-23, Page 15
- (f) See Exhibit RB-23, Page 3
- (g) See Exhibit RB-23, Pages 4-6
- (h) Compensation for Assessment Risk based on the analysis incorporated in the filing, adjusted for the indicated rate change.

NORTH CAROLINA
Dwelling Fire
INSTALLMENT CHARGES AS A PERCENT OF PREMIUM

Year	Percentage
2024	0.42%
2023	0.44%
2022	0.55%
2021	0.57%
2020	0.63%
Average	0.52%

Source: NCRB

**North Carolina
Dwelling Fire
Calculation of Additional Tax Liability**

1. Collected Earned Premium for Current Year	100.00%
2. Unearned Premium Reserve 12/31/Current	51.09%
3. Unearned Premium Reserve 12/31/Prior	52.26%
4. Increase: (2) - (3)	-1.17%
5. 20% of Increase = Taxable Income	-0.23%
 6. Additional Tax Liability due to Unearned Premium Reserve	 -0.05%
 7. Unpaid Loss Current Year	 40.05%
8. Discounted Unpaid Loss Prior Year	39.03%
 9. Unpaid Loss Prior Year	 40.97%
10. Discounted Unpaid Loss Prior Year	40.05%
 11. Additional Income	 0.10%
12. Additional Tax Liability due to Loss Reserve Discounting	0.02%
 13. Total Additional Tax Liabilities (6) + (12)	 -0.03%

NORTH CAROLINA
Dwelling Fire
Calculation of Taxable Income

Calculation of Unpaid Loss for Current Accident Year (AY)					Calculation of Discounted Unpaid Loss for Current AY			Calculation of Discounted Unpaid Loss for Prior AY			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
AY Avg Acc Date	AY Pay Pattern	Percent Unpaid	Total Losses	Unpaid Losses	AY at 12/31 yr t	Discount Factor	Discounted Unpaid Loss	AY at 12/31/yr t-1	Unpaid Losses	Discount Factor	Discounted Unpaid Loss
0.5	55.61%	44.39%	65.787	29.20	2024	0.973675	28.4310				
1.5	89.33%	10.67%	67.293	7.18	2023	0.971719	6.9753	2023	29.868	0.977793	29.2051
2.5	94.67%	5.33%	68.834	3.67	2022	0.985999	3.6199	2022	7.343	0.971719	7.1350
3.5	100.00%	0.00%	70.411	0.00	2021	0.984834	0.0000	2021	3.755	0.986826	3.7060
4.5	100.00%	0.00%	72.023	0.00	2020	0.984785	0.0000	2020	0.000	0.985999	0.0000
5.5	100.00%	0.00%	73.673	0.00	2019	0.985513	0.0000	2019	0.000	0.984834	0.0000
6.5	100.00%	0.00%	75.360	0.00	2018	0	0.0000	2018	0.000	0.984785	0.0000
7.5	100.00%	0.00%	77.086	0.00	2017	0	0.0000	2017	0.000	0.985513	0.0000
								2016	0.000	0	0.0000
Totals					39.03			40.97			
40.05								40.05			

Notes to Pages 4 and 5Page 4

- 2 Page 8, line (2) divided by Page 8, line (1)
- 3 (2) divided by 1 plus the 10 year average growth rate of Dwelling Fire premiums in North Carolina.
- 4 (2) - (3)
- 5 (4) x 20%
- 6 (5) x current corporate tax rate
- 7 Unpaid current-year losses at year-end as a percent of current year premium.
Sum of Page 5, Column (5)
- 8 Discounted unpaid current-year losses at year-end as a percent of current year premium.
Sum of Page 5, Column (8)
- 9 Unpaid prior-year losses at year-end as a percent of current year premium.
Sum of Page 5, Column (10)
- 10 Discounted unpaid prior-year losses at year-end as a percent of current year premium.
Sum of Page 5, Column (12)
- 11 Change in loss reserve discount: [(7) - (8)] - [(9) - (10)]
- 12 (11) x current corporate tax rate
- 13 (6) + (12)

Page 5

- 1 Midpoint of number of years since end of accident period
- 2 Special Property payout pattern from IRS Rev. Proc 2016-58
- 3 1 - (2)
- 4 Latest period losses are based on projected loss ratio from Page 1. For previous years,
losses are detrended at the 10 year average premium growth rate for Dwelling Fire in North Carolina.
- 5 (3) x (4)
- 6 Accident Year at current year end
- 7 IRS discount factors for Special Property from Rev. Proc 2025-15
- 8 (5) x (7)
- 9 Accident Year at prior year end
- 10 Column (3), previous period x Column (4), current period
- 11 IRS discount factors for Special Property from Rev. Proc 2023-41
- 12 (10) x (11)

NCRB Investment Income Calculation Dwelling Fire		
Projected Investment Earnings on Loss, Loss Adjustment Expense and Unearned Premium Reserves		
A. UNEARNED PREMIUM RESERVES		
1. Direct Earned Premiums		1,000,000
2. Mean Unearned Premium Reserve	48.12%	481,200
3. Deductions for Prepaid Expenses		
Commissions & Brokerage	11.20%	
Taxes, Licenses, & Fees (5/6)	2.25%	
Other Acquisition & General (1/2)	4.86%	
Total	18.31%	
4. Deduction for Prepaid Expense: (2) x (3)		88,108
5. Net Unearned Premium Reserve Subject to Investment (2) - (4)		393,092
B. Loss and Loss Expense Reserves		
1. Direct Earned Premiums		1,000,000
2. Expected Incurred Loss & LAE-to-Premium Ratio	65.79%	657,866
3. Expected Mean Loss and LAE Reserve-to-Incurred Ratio	130.99%	861,741
C. Net Policyholder Funds Subject to Investment (A5 + B3)		1,254,833
D. Average Rate of Return		5.14%
E. Investment Earnings from Net Reserves: (C) x (D)		64,554
F. Average Rate of Return as a Percent of Direct Earned Premiums: (E) / (A1)		6.46%

NORTH CAROLINA
Dwelling Fire

**ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES**

EXPLANATORY NOTES

Line A-1

Calculations displayed are per million of direct earned premiums.

Line A-2

The mean unearned premium reserve (UEPR) is determined by multiplying the direct earned premiums in line A-1 by the ratio of the mean unearned premium reserve to the direct earned premium for the current calendar year ended 12/31. The data are for North Carolina Fire insurance (from statutory Page 14 of the Annual Statement) for all companies which wrote Dwelling Fire in the most recent calendar year.

1 NC Fire Direct Earned Premium for most recent calendar year	384,024,306
2 NC Fire UEPR at end of most recent calendar year	196,183,802
3 NC Fire UEPR at end of previous calendar year	173,409,728
4 Mean NC Fire UEPR	184,796,765
5 Ratio [(4) / (1)]	48.12%

Line A-3

Deduction for prepaid expenses

Certain production expenses, such as commissions and reinsurance, are assumed to be incurred when the policy is written and before the premium is paid. In addition, half of Other Acquisition and General expenses and 5/6 of Taxes, Licenses and Fees are assumed to be prepaid.

**NORTH CAROLINA
Dwelling Fire**

**ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES**

EXPLANATORY NOTES

Line B-2

The expected loss and loss adjustment expense ratio is consistent with the expense provisions used in the filing.

Line B-3

The mean loss reserve is calculated by multiplying the incurred losses in line B-2 by the ratio for mean loss reserves to incurred losses. The latter figures are based on total statutory Page 14 figures for North Carolina Fire direct losses incurred and direct losses unpaid for all companies writing Dwelling Fire in North Carolina in 2024. The adjustment for loss expense reserves is based on nationwide industry aggregates for the Homeowners line.

6 Direct Losses Incurred	2020	104,935,680
7 Direct Losses Incurred	2021	712,873,576
8 Direct Losses Incurred	2022	149,939,371
9 Direct Losses Incurred	2023	170,645,536
10 Direct Losses Incurred	2024	332,607,579
11 Direct Losses Unpaid	2019	51,559,349
12 Direct Losses Unpaid	2020	61,323,461
13 Direct Losses Unpaid	2021	683,476,545
14 Direct Losses Unpaid	2022	338,501,386
15 Direct Losses Unpaid	2023	102,796,647
16 Direct Losses Unpaid	2024	276,215,859
17 Mean Loss Reserve	2020	56,441,405
18 Mean Loss Reserve	2021	372,400,003
19 Mean Loss Reserve	2022	510,988,966
20 Mean Loss Reserve	2023	220,649,017
21 Mean Loss Reserve	2024	189,506,253
22 Ratio	2020	0.538
23 Ratio	2021	0.522
24 Ratio	2022	3.408
25 Ratio	2023	1.293
26 Ratio	2024	0.570
27 Average Loss Reserve		1.266
28 Ratio of LAE Reserves to Loss Reserves		0.169
29 Ratio of Incurred LAE to Incurred Loss		0.130
30 Loss & LAE Reserve [(27) x (1+(28))/(1+(29))]		1.310

**NORTH CAROLINA
Dwelling Fire**

**ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES**

EXPLANATORY NOTES

Line E

The average rate of return is the average of the pretax current yield calculated on Page 11 and the pretax embedded yield. The embedded yield (see Page 12) is the sum of the ratio of investment income to invested assets for the most recent year plus the ten year average ratio of capital gains to invested assets (see Page 13). The current yield is the estimated currently available rate of return (including both income and capital gains) on the industry investment portfolio (see Page 11).

Embedded Yield	4.72%
Current Yield	5.56%
Average	5.14%

Portfolio Yield and Tax Rate - Current Yield					
Investable Asset		Percent of Assets	Estimated Prospective Pre-Tax Return	Tax Rate	Estimated Prospective Post-Tax Return
Bonds					
	US Gov't	13.52%	4.11%	21.00%	3.25%
	Municipal	19.90%	2.75%	5.25%	2.60%
	Industrial	35.77%	4.67%	21.00%	3.69%
Preferred Stock		0.34%	6.53%	13.13%	5.67%
Common Stock		17.38%	12.83%	19.44%	10.34%
Mortgage Loans		1.15%	6.76%	21.00%	5.34%
Real Estate		0.65%	6.47%	21.00%	5.11%
Cash & Short-term Investments		3.79%	4.39%	21.00%	3.47%
Other Long Term Investments		7.51%	7.32%	18.71%	5.95%
Rate of Return Before Expenses		100.00%	5.86%	18.69%	4.77%
Investment Expenses			0.30%	21.00%	0.23%
Portfolio Rate of Return			5.56%	18.57%	4.53%

Sources

Preferred Stock	Current yield on iShares Preferred Stock Index ETF, 8/15/25
Real Estate	REIT Sector WACC; source: Damodaran Online, https://www.stern.nyu.edu/~adamodar/pc/datasets/wacc.xls , using 4.413 for Treasury bond yield
Cash	3 month Treasury rate, averaged over 3 months (source: US Treasury)
Municipal	Maturity weighted avg of 3 month avg MBIS Investment Grade yield curve; linearly interpolated
Industrial	Maturity weighted avg of 3-month average HQM par yields (source: FRED); linearly interpolated
Treasury	Maturity weighted avg of 3 month avg Treasury yields; linearly interpolated (source: US Treasury)
Common Stock	0.0844 equity risk premium (See Exhibit 25) plus 3 month average Treasury Rate
Other LTI	Average of yields on bond portfolio, preferred stock, common stock, mortgages, and real estate.
Investment Expenses	Investment Expenses from statutory Page 12 of the Annual Statement (Exhibit of Net Investment Income) divided by the average of the last two years' Cash and Invested Assets from statutory Page 2 of the Annual Statement (Assets), as compiled in A.M. Best's Aggregates and Averages.

Portfolio Yield and Tax Rate Embedded Yield			
		Income	Tax Rate
Bonds			
	Taxable	51,054,529	21.00%
	Non-Taxable	4,733,898	5.25%
Stocks			
	Taxable	9,375,922	13.13%
	Non-Taxable	3,396,135	5.25%
Mortgage Loans			
		2,017,674	21.00%
Real Estate			
		1,837,148	21.00%
Contract Loans			
		6,054	21.00%
Cash & Short Term Inv			
		14,625,584	21.00%
All Other			
		9,258,862	21.00%
Total			
		96,305,806	18.90%
Inv. Expenses			
		7,532,312	21.00%
Net Inv. Income			
		88,773,494	18.72%
Mean Invested Assets			
		2,456,888,663	
Inv. Inc. Yield Rate			
		3.61%	18.72%
Capital Gains (10 yr. avg.) (% of Inv. Assets)			
		1.11%	0.00%
Invest. Yield Rate (pre-tax)			
		4.72%	14.32%
Invest. Yield Rate (post-tax)			
		4.05%	

Source: A.M. Best's Aggregates and Averages, 2025 Edition, statutory Page 12 of the Annual Statement - Exhibit of Net Investment Income (Column 2 - Earned During Year). For capital gains, see Exhibit RB-23, Page 13.

**Realized Capital Gains or Losses
As a Percentage of Mean Invested Assets
(Amounts in Thousands of Dollars)**

Calendar Year	Mean Invested Assets	Realized Capital Gains Amount	Percent
2015	1,567,611,077	9,887,732	0.63%
2016	1,596,937,470	8,086,268	0.51%
2017	1,676,831,258	15,725,303	0.94%
2018	1,733,729,297	10,825,733	0.62%
2019	1,822,857,949	11,238,484	0.62%
2020	1,975,605,647	10,933,304	0.55%
2021	2,156,355,790	18,153,320	0.84%
2022	2,251,339,204	2,090,986	0.09%
2023	2,305,242,991	50,414,662	2.19%
2024	2,456,888,663	79,755,725	3.25%
Total	19,543,399,342	217,111,517	1.11%

"Mean Invested Assets" is the average of current and prior year values for Cash & Invested Assets from statutory Page 2 of the Annual Statement (Assets). Source for data is 2015-2025 editions of A.M. Best's Aggregates and Averages. Figures are net of capital gains taxes.

North Carolina**Dwelling Fire****Premium-to-Surplus Ratios**

Year	Ratio
2024	0.77
2023	1.13
2022	1.05
2021	0.87
2020	0.87
2019	0.93
2018	0.82
2017	0.86
2016	0.80
2015	0.78
Average	0.89

Data from NAIC Statutory Filings for all groups writing Dwelling Fire insurance in North Carolina. Weighted average is calculated using North Carolina Dwelling Fire insurance premiums.

**North Carolina
Dwelling Fire
Calculation of Ratio of GAAP Net Worth to Statutory Surplus**

	2019	2020	2021	2022	2023
Policyholder Surplus	847,278,658,173	910,066,482,410	1,028,834,642,825	958,964,082,808	1,013,452,561,011
+ Deferred Acquisition Costs	46,002,606,289	48,118,482,109	51,883,319,641	54,714,320,843	60,500,602,221
+ Non-Admitted DTA Provision	6,045,409,090	6,001,020,602	5,674,496,962	6,641,006,360	6,637,837,705
+ Non-admitted Assets (non-tax part)	50,520,441,190	51,971,123,366	62,815,925,708	54,765,183,036	56,459,331,836
+ Provision for Reinsurance	2,944,031,835	3,290,710,172	3,665,749,561	2,962,166,230	3,153,445,256
+ Provision for FASB 115(after-tax)	32,483,869,271	57,249,505,836	30,528,918,187	(69,664,596,475)	(41,952,605,672)
- Surplus Notes	(11,606,263,627)	(13,225,869,920)	(13,699,558,971)	(15,548,449,729)	(16,242,205,955)
GAAP-adjusted Net Worth	973,668,752,221	1,063,471,454,574	1,169,703,493,912	992,833,713,073	1,082,008,966,402
Ratio of Net Worth to Surplus	1.149	1.169	1.137	1.035	1.068
Five Year Average	1.112				

Source: ISO

NCRB - Pro Forma Statutory Rate of Return Dwelling Insurance - Extended Coverage			
	Pre-Tax	Tax Liability	Post-Tax
1 Premiums	100.00%		
Loss & LAE	36.94%		
Commissions	9.10%		
Other Acquisition & General	3.91%		
Taxes, Licenses, & Fees	2.30%		
Policyholder Dividends	0.50%		
Net Cost of Reinsurance	37.74%		
Compensation for Assessment Risk	1.01%		
2 Pro Forma Underwriting Profit	8.50%		
3 Installment Fee Income	0.52%		
4 Regular Tax		1.89%	
5 Additional Tax Due to IRS Treatment of Reserves		0.06%	
6 Total Return from Underwriting Post-Tax			7.06%
7 Investment Gain on Insurance Transaction	2.06%		
Less Investment Income on Agent and Reinsurance Balances	0.61%		
Net Investment Gain on Insurance Transaction	1.45%	0.24%	1.21%
8 Investment Gain on Surplus	5.83%	0.97%	4.86%
9 Total Return as a Percent of Premium (post-tax)			13.13%
10 Premium-to-Net Worth Ratio			0.84
11 Total Return as a Percent of Net Worth (post-tax)			11.03%
<i>Lines (1) to (8) are expressed as a percentage of premium.</i>			

Assumptions and Parameters

(a) Underwriting Income Tax Rate	21.00%
(b) Investment Income Tax Rate	16.62%
(c) Pre-tax Investment Yield	5.14%
(d) Premium-to-Surplus Ratio	0.93
(e) Net Worth-to-Surplus Ratio	1.112
(f) Installment Fee Income	0.52%
(g) Additional Tax Due to IRS Treatment of Loss Reserves and UEPR	0.06%
(h) Net Cost of Reinsurance	37.74%
(i) Compensation for Assessment Risk	1.01%

Notes to Exhibit RB-24 Page 1

- 1 The expense provisions are those used in filing, adjusted for the indicated rate change.
- 2 Selected by North Carolina Rate Bureau
- 3 See Exhibit RB-24, Page 3
- 4 $[(2) + (3)] \times (a)$
- 5 See Exhibit RB-24, Pages 4-6
- 6 $(2) + (3) - (4) - (5)$
- 7 Investment income on agents balances is calculated as $0.1688 \times 1.021 \times (c)$, where 0.1688 is a factor for agents balances held for less than 90 days and 1.021 is a factor to correct for overdue balances. From this figure, we deduct investment income on net reinsurance balances, which we estimate at 0.113 of the total cost of reinsurance times (c). The estimate for net reinsurance balances is based on ceded balances payable plus funds held plus other amounts due reinsurers minus reinsurance recoverables. These amounts are taken from the aggregated Schedule F as reported in the latest available edition of A.M. Best Aggregates & Averages.
- 8 $(c) \times [1 / (d) + 0.1297 \times 0.4771]$, where 0.1297 is the prepaid expense ratio minus the total cost of reinsurance from Page 7 and 0.4771 is the UEPR ratio from Page 7.
- 9 $(6) + (7) + (8)$
- 10 $(d) / (e)$
- 11 $(9) \times (10)$

Assumptions

- (a) Current corporate tax rate, based on the Tax Cut and Jobs Act of 2017.
- (b) See Exhibit RB-24, Pages 11-13. Calculated as $1 - \text{average post-tax yield} / \text{average pre-tax yield}$.
- (c) See Exhibit RB-24, Page 10
- (d) See Exhibit RB-24, Page 14
- (e) See Exhibit RB-24, Page 15
- (f) See Exhibit RB-24, Page 3
- (g) See Exhibit RB-24, Pages 4-6
- (h) Net Cost of Reinsurance based on the analysis incorporated in the filing, adjusted for the indicated rate change.
- (i) Compensation for Assessment Risk based on the analysis incorporated in the filing, adjusted for the indicated rate change.

NORTH CAROLINA
Dwelling Insurance - Extended Coverage
INSTALLMENT CHARGES AS A PERCENT OF PREMIUM

Year	Percentage
2024	0.42%
2023	0.44%
2022	0.55%
2021	0.57%
2020	0.63%
Selected Value	0.52%

Source: NCRB

**North Carolina
Dwelling Insurance - Extended Coverage
Calculation of Additional Tax Liability**

1. Collected Earned Premium for Current Year	100.00%
2. Unearned (Net) Premium Reserve 12/31/Current	25.93%
3. Unearned (Net) Premium Reserve 12/31/Prior	24.75%
4. Increase: (2) - (3)	1.18%
5. 20% of Increase = Taxable Income	0.24%
 6. Additional Tax Liability due to Unearned Premium Reserve	 0.05%
 7. Unpaid (Net) Loss Current Year	 16.42%
8. Discounted Unpaid (Net) Loss Prior Year	16.00%
 9. Unpaid (Net) Loss Prior Year	 15.66%
10. Discounted Unpaid (Net) Loss Prior Year	15.30%
 11. Additional Income	 0.07%
12. Additional Tax Liability due to Loss Reserve Discounting	0.01%
 13. Total Additional Tax Liabilities (6) + (12)	 0.06%

NORTH CAROLINA
Dwelling Insurance - Extended Coverage
Calculation of Taxable Income

Calculation of Unpaid Loss for Current Accident Year (AY)					Calculation of Discounted Unpaid Loss for Current AY			Calculation of Discounted Unpaid Loss for Prior AY			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
AY Avg Acc Date	AY Pay Pattern	Percent Unpaid	Total Losses	Unpaid Losses	AY at 12/31 yr t	Discount Factor	Discounted Unpaid Loss	AY at 12/31/yr t-1	Unpaid Losses	Discount Factor	Discounted Unpaid Loss
0.5	55.61%	44.39%	36.938	16.40	2024	0.973675	15.9635				
1.5	89.33%	10.67%	35.217	3.76	2023	0.971719	3.6505	2023	15.631	0.977793	15.2843
2.5	94.67%	5.33%	33.577	1.79	2022	0.985999	1.7658	2022	3.582	0.971719	3.4804
3.5	100.00%	0.00%	32.013	0.00	2021	0.984834	0.0000	2021	1.707	0.986826	1.6849
4.5	100.00%	0.00%	30.522	0.00	2020	0.984785	0.0000	2020	0.000	0.985999	0.0000
5.5	100.00%	0.00%	29.100	0.00	2019	0.985513	0.0000	2019	0.000	0.984834	0.0000
6.5	100.00%	0.00%	27.745	0.00	2018	0	0.0000	2018	0.000	0.984785	0.0000
7.5	100.00%	0.00%	26.452	0.00	2017	0	0.0000	2017	0.000	0.985513	0.0000
								2016	0.000	0	0.0000
Totals					21.38			20.92			
21.94								20.45			

Notes to Pages 4 and 5

Page 4

- 2 [Page 8, line (2) divided by Page 8, line (1)] times one minus the Cost of Reinsurance from Page 7
- 3 (2) divided by 1 plus the 10 year average growth rate of Dwelling Insurance - Extended Coverage premiums in North Carolina.
- 4 (2) - (3)
- 5 (4) x 20%
- 6 (5) x current corporate tax rate
- 7 Unpaid current-year losses at year-end as a percent of current year premium.
Sum of Page 5, Column (5) x (ratio of the net loss and LAE ratio from Page 7 to the direct loss and LAE ratio from Page 1)
- 8 Discounted unpaid current-year losses at year-end as a percent of current year premium.
Sum of Page 5, Column (8) x (ratio of the net loss and LAE ratio from Page 7 to the direct loss and LAE ratio from Page 1)
- 9 Unpaid prior-year losses at year-end as a percent of current year premium.
Sum of Page 5, Column (10) x (ratio of the net loss and LAE ratio from Page 7 to the direct loss and LAE ratio from Page 1)
- 10 Discounted unpaid prior-year losses at year-end as a percent of current year premium.
Sum of Page 5, Column (12) x (ratio of the net loss and LAE ratio from Page 7 to the direct loss and LAE ratio from Page 1)
- 11 Change in loss reserve discount: [(7) - (8)] - [(9) - (10)]
- 12 (11) x current corporate tax rate
- 13 (6) + (12)

Page 5

- 1 Midpoint of number of years since end of accident period
- 2 Special Property payout pattern from IRS Rev. Proc 2016-58
- 3 1 - (2)
- 4 Latest period losses are based on projected loss ratio from Page 1. For previous years, losses are detrended at the 10 year average premium growth rate for Dwelling Insurance - Extended Coverage in North Carolina.
- 5 (3) x (4)
- 6 Accident Year at current year end
- 7 IRS discount factors for Special Property from Rev. Proc 2025-15
- 8 (5) x (7)
- 9 Accident Year at prior year end
- 10 Column (3), previous period x Column (4), current period
- 11 IRS discount factors for Special Property from Rev. Proc 2023-41
- 12 (10) x (11)

**NCRB Investment Income Calculation
Dwelling Insurance - Extended Coverage**

**Projected Investment Earnings on Loss, Loss
Adjustment Expense and Unearned Premium Reserves**

A. UNEARNED PREMIUM RESERVES

1. Direct Earned Premiums		1,000,000
2. Mean Unearned Premium Reserve	47.71%	477,100
3. Deductions for Prepaid Expenses		
Commissions & Brokerage	9.10%	
Taxes, Licenses, & Fees (5/6)	1.92%	
Other Acquisition & General (1/2)	1.95%	
Cost of Reinsurance	47.04%	
Total	60.01%	
4. Deduction for Prepaid Expense: (2) x (3)		286,308
5. Net Unearned Premium Reserve Subject to Investment (2) - (4)		190,792

B. Loss and Loss Expense Reserves

1. Direct Earned Premiums		1,000,000
2. Expected Net Incurred Loss & LAE-to-Direct Premium Ratio	27.64%	276,429
3. Expected Mean Loss and LAE Reserve-to-Incurred Ratio	75.73%	209,327

C. Net Policyholder Funds Subject to Investment (A5 + B3) 400,119

D. Average Rate of Return 5.14%

E. Investment Earnings from Net Reserves: (C) x (D) 20,584

F. Average Rate of Return as a Percent of Direct Earned Premiums: (E) / (A1) 2.06%

NORTH CAROLINA
Dwelling Insurance - Extended Coverage

**ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES**

EXPLANATORY NOTES

Line A-1

Calculations displayed are per million of direct earned premiums.

Line A-2

The mean unearned premium reserve (UEPR) is determined by multiplying the direct earned premiums in line A-1 by the ratio of the mean unearned premium reserve to the direct earned premium for the current calendar year ended 12/31. The data are for North Carolina Allied Lines insurance (from statutory Page 14 of the Annual Statement) for all companies which wrote Dwelling Insurance - Extended Coverage in the most recent calendar year.

1 NC Allied Lines Direct Earned Premium for most recent calendar year	470,442,260
2 NC Allied Lines UEPR at end of most recent calendar year	230,308,551
3 NC Allied Lines UEPR at end of previous calendar year	218,597,541
4 Mean NC Allied Lines UEPR	224,453,046
5 Ratio [(4) / (1)]	47.71%

Line A-3

Deduction for prepaid expenses

Certain production expenses, such as commissions and reinsurance, are assumed to be incurred when the policy is written and before the premium is paid. In addition, half of Other Acquisition and General expenses and 5/6 of Taxes, Licenses and Fees are assumed to be prepaid.

NORTH CAROLINA
Dwelling Insurance - Extended Coverage

**ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES**

EXPLANATORY NOTES

Line B-2

Ratio is calculated as the expected direct loss and LAE ratio from Page 1 minus the difference between the total cost of reinsurance from Line A-3 and the net cost of reinsurance from Page 1.

Line B-3

The mean loss reserve is calculated by multiplying the incurred losses in line B-2 by the ratio for mean loss reserves to incurred losses. The latter figures are based on total statutory Page 14 figures for NC Allied Lines direct losses incurred and direct losses unpaid for all companies writing Dwelling Insurance - Extended Coverage in North Carolina in 2024. The adjustment for loss expense reserves is based on nationwide industry aggregates for the Homeowners line.

6 Direct Losses Incurred	2020	130,492,323
7 Direct Losses Incurred	2021	99,395,485
8 Direct Losses Incurred	2022	167,505,638
9 Direct Losses Incurred	2023	154,364,342
10 Direct Losses Incurred	2024	783,301,946
11 Direct Losses Unpaid	2019	140,237,570
12 Direct Losses Unpaid	2020	109,778,079
13 Direct Losses Unpaid	2021	94,123,057
14 Direct Losses Unpaid	2022	111,185,329
15 Direct Losses Unpaid	2023	95,763,921
16 Direct Losses Unpaid	2024	520,072,796
17 Mean Loss Reserve	2020	125,007,825
18 Mean Loss Reserve	2021	101,950,568
19 Mean Loss Reserve	2022	102,654,193
20 Mean Loss Reserve	2023	103,474,625
21 Mean Loss Reserve	2024	307,918,359
22 Ratio	2020	0.958
23 Ratio	2021	1.026
24 Ratio	2022	0.613
25 Ratio	2023	0.670
26 Ratio	2024	0.393
27 Average Loss Reserve		0.732
28 Ratio of LAE Reserves to Loss Reserves		0.169
29 Ratio of Incurred LAE to Incurred Loss		0.130
30 Loss & LAE Reserve [(27) x (1+(28))/(1+(29))]		0.757

NORTH CAROLINA
Dwelling Insurance - Extended Coverage

**ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES**

EXPLANATORY NOTES

Line E

The average rate of return is the average of the pretax current yield calculated on Page 11 and the pretax embedded yield. The embedded yield (see Page 12) is the sum of the ratio of investment income to invested assets for the most recent year plus the ten year average ratio of capital gains to invested assets (see Page 13). The current yield is the estimated currently available rate of return (including both income and capital gains) on the industry investment portfolio (see Page 11).

Embedded Yield	4.72%
Current Yield	5.56%
Average	5.14%

Portfolio Yield and Tax Rate - Current Yield					
Investable Asset	Percent of Assets	Estimated Prospective Pre-Tax Return	Tax Rate	Estimated Prospective Post-Tax Return	
Bonds					
US Gov't	13.52%	4.11%	21.00%	3.25%	
Municipal	19.90%	2.75%	5.25%	2.60%	
Industrial	35.77%	4.67%	21.00%	3.69%	
Preferred Stock	0.34%	6.53%	13.13%	5.67%	
Common Stock	17.38%	12.83%	19.44%	10.34%	
Mortgage Loans	1.15%	6.76%	21.00%	5.34%	
Real Estate	0.65%	6.47%	21.00%	5.11%	
Cash & Short-term Investments	3.79%	4.39%	21.00%	3.47%	
Other Long-Term Investments	7.51%	7.32%	18.71%	5.95%	
Rate of Return Before Expenses	100.00%	5.86%	18.69%	4.77%	
Investment Expenses		0.30%	21.00%	0.23%	
Portfolio Rate of Return		5.56%	18.57%	4.53%	

Sources

Preferred Stock	Current yield on iShares Preferred Stock Index ETF, 8/15/25
Real Estate	REIT Sector WACC; source: Damodaran Online, https://www.stern.nyu.edu/~adamodar/pc/datasets/wacc.xls , using 4.413 for Treasury bond yield
Cash	3 month Treasury rate, averaged over 3 months (source: US Treasury)
Municipal	Maturity weighted avg of 3 month avg MBIS Investment Grade yield curve; linearly interpolated
Industrial	Maturity weighted avg of 3-month average HQM par yields (source: FRED); linearly interpolated
Treasury	Maturity weighted avg of 3 month avg Treasury yields; linearly interpolated (source: US Treasury)
Common Stock	0.0844 equity risk premium (source: Exhibit 25) plus 3 month average Treasury Rate
Other LTI	Average of yields on bond portfolio, preferred stock, common stock, mortgages, and real estate.
Investment Expenses	Investment Expenses from statutory Page 12 of the Annual Statement (Exhibit of Net Investment Income) divided by the average of the last two years' Cash and Invested Assets from statutory Page 2 of the Annual Statement (Assets), as compiled in A.M. Best's Aggregates and Averages.

Portfolio Yield and Tax Rate Embedded Yield			
		Income	Tax Rate
Bonds			
	Taxable	51,054,529	21.00%
	Non-Taxable	4,733,898	5.25%
Stocks			
	Taxable	9,375,922	13.13%
	Non-Taxable	3,396,135	5.25%
Mortgage Loans			
		2,017,674	21.00%
Real Estate			
		1,837,148	21.00%
Contract Loans			
		6,054	21.00%
Cash & Short Term Inv			
		14,625,584	21.00%
All Other			
		9,258,862	21.00%
Total			
		96,305,806	18.90%
Inv. Expenses			
		7,532,312	21.00%
Net Inv. Income			
		88,773,494	18.72%
Mean Invested Assets			
		2,456,888,663	
Inv. Inc. Yield Rate			
		3.61%	18.72%
Capital Gains (10 yr. avg.) (% of Inv. Assets)			
		1.11%	0.00%
Invest. Yield Rate (pre-tax)			
		4.72%	14.32%
Invest. Yield Rate (post-tax)			
		4.05%	

Source: A.M. Best's Aggregates and Averages, 2025 Edition, statutory Page 12 of the Annual Statement - Exhibit of Net Investment Income (Column 2 - Earned During Year). For capital gains, see Exhibit RB-24, Page 13.

**Realized Capital Gains or Losses
As a Percentage of Mean Invested Assets
(Amounts in Thousands of Dollars)**

Calendar Year	Mean Invested Assets	Realized Capital Gains Amount	Percent
2015	1,567,611,077	9,887,732	0.63%
2016	1,596,937,470	8,086,268	0.51%
2017	1,676,831,258	15,725,303	0.94%
2018	1,733,729,297	10,825,733	0.62%
2019	1,822,857,949	11,238,484	0.62%
2020	1,975,605,647	10,933,304	0.55%
2021	2,156,355,790	18,153,320	0.84%
2022	2,251,339,204	2,090,986	0.09%
2023	2,305,242,991	50,414,662	2.19%
2024	2,456,888,663	79,755,725	3.25%
Total	19,543,399,342	217,111,517	1.11%

"Mean Invested Assets" is the average of current and prior year values for Cash & Invested Assets from statutory Page 2 of the Annual Statement (Assets). Source for data is 2015-2025 editions of A.M. Best's Aggregates and Averages. Figures are net of capital gains taxes.

North Carolina**Dwelling Insurance - Extended Coverage****Premium-to-Surplus Ratios**

Year	Ratio
2024	1.13
2023	1.15
2022	1.04
2021	0.86
2020	0.82
2019	0.88
2018	1.05
2017	0.85
2016	0.78
2015	0.78
Average	0.93

Data from NAIC Statutory Filings for all groups writing Dwelling Insurance - Extended Coverage insurance in North Carolina. Weighted average is calculated using North Carolina Dwelling Insurance - Extended Coverage insurance premiums.

North Carolina
Dwelling Insurance - Extended Coverage
Calculation of Ratio of GAAP Net Worth to Statutory Surplus

	2019	2020	2021	2022	2023
Policyholder Surplus	847,278,658,173	910,066,482,410	1,028,834,642,825	958,964,082,808	1,013,452,561,011
+ Deferred Acquisition Costs	46,002,606,289	48,118,482,109	51,883,319,641	54,714,320,843	60,500,602,221
+ Non-Admitted DTA Provision	6,045,409,090	6,001,020,602	5,674,496,962	6,641,006,360	6,637,837,705
+ Non-admitted Assets (non-tax part)	50,520,441,190	51,971,123,366	62,815,925,708	54,765,183,036	56,459,331,836
+ Provision for Reinsurance	2,944,031,835	3,290,710,172	3,665,749,561	2,962,166,230	3,153,445,256
+ Provision for FASB 115(after-tax)	32,483,869,271	57,249,505,836	30,528,918,187	(69,664,596,475)	(41,952,605,672)
- Surplus Notes	(11,606,263,627)	(13,225,869,920)	(13,699,558,971)	(15,548,449,729)	(16,242,205,955)
GAAP-adjusted Net Worth	973,668,752,221	1,063,471,454,574	1,169,703,493,912	992,833,713,073	1,082,008,966,402
Ratio of Net Worth to Surplus	1.15	1.17	1.14	1.04	1.07
Five Year Average	1.112				

Source: ISO

Risk Premiums and Market Returns, 1928–2024

Year	Annual Returns on Investments in				
	S&P 500	US 3 mo	US 10 yr	Baa Corp	AAA Corp
1928	43.81%	3.08%	0.84%	3.22%	3.28%
1929	-8.30%	3.16%	4.20%	3.02%	4.14%
1930	-25.12%	4.55%	4.54%	0.54%	5.86%
1931	-43.84%	2.31%	-2.56%	-15.68%	-1.56%
1932	-8.64%	1.07%	8.79%	23.59%	11.07%
1933	49.98%	0.96%	1.86%	12.97%	5.30%
1934	-1.19%	0.28%	7.96%	18.82%	10.15%
1935	46.74%	0.17%	4.47%	13.31%	6.90%
1936	31.94%	0.17%	5.02%	11.38%	6.33%
1937	-35.34%	0.28%	1.38%	-4.42%	2.17%
1938	29.28%	0.07%	4.21%	9.24%	4.31%
1939	-1.10%	0.05%	4.41%	7.98%	4.28%
1940	-10.67%	0.04%	5.40%	8.65%	4.93%
1941	-12.77%	0.13%	-2.02%	5.01%	1.93%
1942	19.17%	0.34%	2.29%	5.18%	2.71%
1943	25.06%	0.38%	2.49%	8.04%	3.42%
1944	19.03%	0.38%	2.58%	6.57%	3.09%
1945	35.82%	0.38%	3.80%	6.80%	3.48%
1946	-8.43%	0.38%	3.13%	2.51%	2.61%
1947	5.20%	0.60%	0.92%	0.26%	0.46%
1948	5.70%	1.05%	1.95%	3.44%	3.46%
1949	18.30%	1.12%	4.66%	5.38%	4.62%
1950	30.81%	1.20%	0.43%	4.24%	1.80%
1951	23.68%	1.52%	-0.30%	-0.19%	-0.23%
1952	18.15%	1.72%	2.27%	4.44%	3.35%
1953	-1.21%	1.89%	4.14%	1.62%	1.61%
1954	52.56%	0.94%	3.29%	6.16%	5.10%
1955	32.60%	1.72%	-1.34%	2.04%	0.78%
1956	7.44%	2.62%	-2.26%	-2.35%	-1.78%
1957	-10.46%	3.22%	6.80%	-0.72%	3.26%
1958	43.72%	1.77%	-2.10%	6.43%	1.63%
1959	12.06%	3.39%	-2.65%	1.57%	0.14%
1960	0.34%	2.87%	11.64%	6.66%	6.41%
1961	26.64%	2.35%	2.06%	5.10%	3.79%
1962	-8.81%	2.77%	5.69%	6.50%	5.86%
1963	22.61%	3.16%	1.68%	5.46%	3.36%
1964	16.42%	3.55%	3.73%	5.16%	3.64%
1965	12.40%	3.95%	0.72%	3.19%	2.56%
1966	-9.97%	4.86%	2.91%	-3.45%	-0.70%
1967	23.80%	4.29%	-1.58%	0.90%	-0.45%
1968	10.81%	5.34%	3.27%	4.85%	4.32%
1969	-8.24%	6.67%	-5.01%	-2.03%	-2.18%
1970	3.56%	6.39%	16.75%	5.65%	8.27%
1971	14.22%	4.33%	9.79%	14.00%	10.35%
1972	18.76%	4.06%	2.82%	11.41%	8.44%
1973	-14.31%	7.04%	3.66%	4.32%	3.00%
1974	-25.90%	7.85%	1.99%	-4.38%	-0.12%
1975	37.00%	5.79%	3.61%	11.05%	9.54%
1976	23.83%	4.98%	15.98%	19.75%	14.23%

Year	Annual Returns on Investments in				
	S&P 500	US 3 mo	US 10 yr	Baa Corp	AAA Corp
1977	-6.98%	5.26%	1.29%	9.95%	6.58%
1978	6.51%	7.18%	-0.78%	3.14%	2.01%
1979	18.52%	10.05%	0.67%	-2.01%	-0.25%
1980	31.74%	11.39%	-2.99%	-3.32%	-2.55%
1981	-4.70%	14.04%	8.20%	8.46%	7.94%
1982	20.42%	10.60%	32.81%	29.05%	27.89%
1983	22.34%	8.62%	3.20%	16.19%	7.85%
1984	6.15%	9.54%	13.73%	15.62%	14.80%
1985	31.24%	7.47%	25.71%	23.86%	25.97%
1986	18.49%	5.97%	24.28%	21.35%	18.95%
1987	5.81%	5.78%	-4.96%	2.81%	-0.85%
1988	16.54%	6.67%	8.22%	14.38%	12.87%
1989	31.48%	8.11%	17.69%	15.95%	14.39%
1990	-3.06%	7.50%	6.24%	6.28%	7.72%
1991	30.23%	5.38%	15.00%	18.93%	14.98%
1992	7.49%	3.43%	9.36%	11.31%	9.84%
1993	9.97%	3.00%	14.21%	15.47%	14.30%
1994	1.33%	4.25%	-8.04%	-0.97%	-2.78%
1995	37.20%	5.49%	23.48%	21.29%	21.16%
1996	22.68%	5.01%	1.43%	3.42%	2.83%
1997	33.10%	5.06%	9.94%	12.75%	11.26%
1998	28.34%	4.78%	14.92%	7.63%	10.20%
1999	20.89%	4.64%	-8.25%	0.91%	-3.39%
2000	-9.03%	5.82%	16.66%	9.39%	10.99%
2001	-11.85%	3.40%	5.57%	8.54%	11.09%
2002	-21.97%	1.61%	15.12%	12.14%	10.42%
2003	28.36%	1.01%	0.38%	12.32%	9.54%
2004	10.74%	1.37%	4.49%	10.35%	7.14%
2005	4.83%	3.15%	2.87%	5.30%	6.73%
2006	15.61%	4.73%	1.96%	5.20%	3.75%
2007	5.48%	4.36%	10.21%	4.84%	5.84%
2008	-36.55%	1.37%	20.10%	-3.54%	10.97%
2009	25.94%	0.15%	-11.12%	20.21%	-0.09%
2010	14.82%	0.14%	8.46%	9.41%	8.83%
2011	2.10%	0.05%	16.04%	12.26%	13.99%
2012	15.89%	0.09%	2.97%	9.33%	4.59%
2013	32.15%	0.06%	-9.10%	-0.98%	-3.43%
2014	13.52%	0.03%	10.75%	10.78%	11.56%
2015	1.38%	0.05%	1.28%	-1.50%	1.13%
2016	11.77%	0.32%	0.69%	11.52%	4.53%
2017	21.61%	0.93%	2.80%	9.23%	8.40%
2018	-4.23%	1.94%	-0.02%	-3.27%	-0.93%
2019	31.21%	2.06%	9.64%	15.25%	12.08%
2020	18.02%	0.35%	11.33%	10.60%	10.23%
2021	28.47%	0.05%	-4.42%	0.93%	-1.93%
2022	-18.04%	2.02%	-17.83%	-15.14%	-12.88%
2023	26.06%	5.07%	3.88%	8.74%	5.09%
2024	24.88%	4.97%	-1.64%	1.74%	-1.03%

Arithmetic Average Historical Return					
1928–2024	11.79%	3.36%	4.79%	6.90%	5.64%

Geometric Average Historical Return					
1928–2024	9.94%	3.31%	4.50%	6.62%	5.46%

Blume-Weighted Average Historical Return (10 yr horizon for stocks)					
1928–2024	11.63%	3.35%	4.76%	6.87%	5.62%

Blume Risk Premium					
	US 3 month	US 10 yr	Baa Bond	Aaa Bond	
1928–2024	8.44%	6.87%	4.76%	6.01%	

Notes: Source is Damodaran Online. Blume Risk Premium calculated as difference between Blume-Weighted Averages except for the US 3 month, which is based on the difference in Arithmetic Averages.

Public Company Level Capital Market Data

Group Name	Ultimate Parent Ticker	2024 NC Dwelling Fire DPW	1-year Beta	3-year Beta	Debt%
Munich Re	MUV2	5,153,579	0.866973	0.828651	7.92%
The Progressive Corporation	PGR	1,700,616	0.614207	0.594284	4.63%
Cincinnati Financial Corporation	CINF	1,005,945	0.815117	0.853408	3.48%
Chubb Limited	CB	529,504	0.536018	0.598803	14.83%
The Travelers Companies, Inc.	TRV	389,017	0.680408	0.666315	11.78%
Horace Mann Educators Corporation	HMN	217,101	0.654397	0.650223	22.62%
Universal Insurance Holdings, Inc.	UVE	193,287	0.693143	0.740395	12.69%
Kemper Corporation	KMPR	156,133	0.863534	0.901631	30.02%
The Travelers Companies, Inc.	TRV	46,656	0.680408	0.666315	11.78%
<i>Dwelling Fire - Premium Weighted Averages</i>			0.779787	0.763648	8.22%
Group Name	Ultimate Parent Ticker	2024 NC Dwelling Extended Coverage DPW	1-year Beta	3-year Beta	Debt%
Munich Re	MUV2	14,258,267	0.866973	0.828651	7.92%
The Progressive Corporation	PGR	4,701,114	0.614207	0.594284	4.63%
Cincinnati Financial Corporation	CINF	2,741,147	0.815117	0.853408	3.48%
The Travelers Companies, Inc.	TRV	1,055,024	0.680408	0.666315	11.78%
Universal Insurance Holdings, Inc.	UVE	695,204	0.693143	0.740395	12.69%
Horace Mann Educators Corporation	HMN	537,203	0.654397	0.650223	22.62%
The Travelers Companies, Inc.	TRV	118,988	0.680408	0.666315	11.78%
Kemper Corporation	KMPR	81,312	0.863534	0.901631	30.02%
Chubb Limited	CB	76,334	0.536018	0.598803	14.83%
The Hartford Insurance Group, Inc.	HIG	251	0.815117	0.853408	3.48%
<i>Dwelling Extended Coverage - Premium Weighted Averages</i>			0.792377	0.77123	7.52%
Betas are based on daily returns over the indicated horizon and are Blume-adjusted (with a weight of 0.67 on the raw beta and a weight of 0.33 on one. Debt percentage is estimated as the Total Debt divided by the sum of Total Debt and the most recent available equity market capitalization. Only publicly traded companies are included. Source is S&P Global					

Sample of Findings on the Private Company Discount

Study	Years	Discount	Type
Emory (1994)	1992-1993	45%	IPO
Willamette Management Associates (various)	1975-1997	29% to 60%	IPO
Garland and Reilly (2004)	1998-2002	35%	IPO
Larcker et al. (2018)	2017	39% to 47%	IPO
Koeplin et al. (2000)	1984-1998	20% to 30%	Acquisitions
Block (2007)	1999-2006	20% to 25%	Acquisitions
Officer (2007)	1979-2003	15% to 30%	Acquisitions
Paglia and Harjoto (2010)	1993-2008	65% to 70%	Acquisitions
Jaffe et al. (2018)	1985-2014	0%	Acquisitions
Lohrey (2020)	2005-2015	48% to 62%	Acquisitions
Goetz (2021)	1997-2014	13%	Acquisitions
Silber (1991)	1981-1988	34%	Restricted Stock
Johnson (1999)	1991-1995	20%	Restricted Stock
Bajaj et al. (2001)	1990-1995	7%	Private placements
Comment (2012)	2004-2010	5% to 6%	Private placements
Finnerty (2013)	1991-1997	21%	Private placements
Finnerty (2013)	1997-2007	15%	Private placements
Chen et al. (2015)	1999-2012	10%	Private placements
Umar et al. (2023)	2002-2016	8%	Private placements

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* The Willamette research studies were unpublished but reported in *Business Valuation Discounts and Premiums*, Chapter 5, by Shannon Pratt (New York: John Wiley & Sons, Inc., p. 85).