NCRB-NCRF-NCIGA
north carolina
RATE BUREAU
REINSURANCE FACILITY
INSURANCE GUARANTY ASSOCIATION



June 9, 2014

Honorable Wayne Goodwin
Commissioner of Insurance
North Carolina Department of Insurance
P. O. Box 26387
Raleigh, North Carolina 27611

Re: Revision of Homeowners Insurance Rates and
Homeowners Insurance Territory Definitions (1-3-14)
June, 2014 Amendments

Dear Sir:

As part of its review of the 2014 Homeowners Insurance Rate Filing ("Filing"), the Department of Insurance provided certain comments/objections regarding the proposed revisions to the current territory definitions contained in Section F of Exhibit RB-1 of the Filing. In response, the Bureau has amended Section F to address those comments/objections. New filing pages F-A-1 through F-A-27 are enclosed as additions to Section F.

The revised territory definitions in Section F of this amendment to the Filing resulted in minor changes to the data and calculations in Sections A through E of Exhibit RB-1. Further, during the process of preparing these revised pages, the Bureau discovered two minor errors in the original Filing. One involved the calculation of the wind loss provisions by territory for the owners forms. This had no effect on the indicated statewide rate level changes but caused some of the indicated territory rate level changes to change in very small amounts. The second was a labeling error on pages E-258 through E-286 where the "Medical Payments" and "Credit Card" labels were reversed.

The result of the above-described changes to the Filing is that the indicated statewide rate level changes are unchanged. However, the application of the same capping procedure used in the original Filing (35% for owners forms and 55% for tenants and condos forms) to the rate level changes by territory for the revised territories results in slight increases to the filed statewide rate level changes. Also enclosed hereto are amended pages to Sections A through E of the Filing reflecting the above-described changes. These pages should be substituted for the corresponding pages in the original Filing. Also enclosed are amended Exhibits RB-6A, 6B, 15 and 16 and amended pages to Exhibits RB-3, 4, 5 and 12 reflecting revisions necessitated by the above-described changes. These should be also be substituted for the corresponding exhibits and pages in the original Filing.

Please note that the changes in Section F of Exhibit RB-1 to the revised territory definitions include a new numbering system for territories. These new territory numbers are used throughout the rest of the Filing, as reflected in the enclosed amended pages.

Sincerely,

Sent for Ray Evans

Raymond F. Evans, Jr. CPCU
General Manager

RFE: dms
Attachments

# Amended Pages for

# Exhibit RB-1

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATEWIDE RATE LEVEL CHANGES

| FORM | PREMIUM WEIGHT [(A)] | INDICATED CHANGE | FILED CHANGE |
|---|---|---|---|
| OWNERS | $2,257,970,589 | 39.3% | 24.8% |
| TENANT | $45,065,871 | 89.0% | 54.9% |
| CONDOMINIUMS | $22,629,842 | 74.1% | 50.0% |
| ALL FORMS | $2,325,666,301 | 40.6% | 25.6% |

(A) Year-ended 12/31/2011 aggregate premium at current level

NORTH CAROLINA

HOMEOWNERS INSURANCE

STATEWIDE AND TERRITORY RATE LEVEL CHANGES

| New Territory | Current Territory | INDICATED RATE LEVEL CHANGE | | | FILED RATE LEVEL CHANGE | | |
|---|---|---|---|---|---|---|---|
| | | Owners | Tenant | Condominiums | Owners | Tenant | Condominiums |
| 110 | 07 | 120.7% | 194.4% | 156.6% | 35.0% | 55.0% | 55.0% |
| 120 | 08 | 133.4% | 211.6% | 177.9% | 35.0% | 55.0% | 55.0% |
| 130 | 48 | 10.0% | 73.7% | 57.8% | 10.0% | 55.0% | 55.0% |
| 140 | 52 | 138.7% | 194.1% | 166.3% | 35.0% | 55.0% | 55.0% |
| 150 | 49 | 8.7% | 52.8% | 30.8% | 8.7% | 52.8% | 30.8% |
| 160 | 52 | -1.9% | 60.0% | 34.9% | -1.9% | 55.0% | 34.9% |
| 170 | 45 | 16.0% | 74.1% | 67.3% | 16.0% | 55.0% | 55.0% |
| 180 | 45 | 26.2% | 85.2% | 69.4% | 26.2% | 55.0% | 55.0% |
| 190 | 45 | 56.3% | 100.0% | 85.7% | 35.0% | 55.0% | 55.0% |
| 200 | 41 | 44.1% | 94.6% | 92.3% | 35.0% | 55.0% | 55.0% |
| 210 | 47 | 39.1% | 92.2% | 81.0% | 35.0% | 55.0% | 55.0% |
| 220 | 34 | 33.6% | 112.3% | 55.8% | 33.6% | 55.0% | 55.0% |
| 220 | 45 | 34.5% | 155.6% | 65.3% | 34.5% | 55.0% | 55.0% |
| 230 | 41 | 22.6% | 76.8% | 69.2% | 22.6% | 55.0% | 55.0% |
| 240 | 47 | 36.6% | 94.1% | 73.8% | 35.0% | 55.0% | 55.0% |
| 250 | 47 | 53.1% | 84.3% | 71.4% | 35.0% | 55.0% | 55.0% |
| 260 | 46 | 24.4% | 113.0% | 70.5% | 24.4% | 55.0% | 55.0% |
| 270 | 32 | 24.8% | 83.0% | 71.4% | 24.8% | 55.0% | 55.0% |
| 270 | 53 | 32.6% | 115.0% | 86.7% | 32.6% | 55.0% | 55.0% |
| 280 | 53 | 17.7% | 95.0% | 37.8% | 17.7% | 55.0% | 37.8% |
| 290 | 47 | 25.9% | 70.6% | 76.2% | 25.9% | 55.0% | 55.0% |
| 300 | 44 | 48.6% | 86.0% | 73.2% | 35.0% | 55.0% | 55.0% |
| 310 | 36 | 20.6% | 72.7% | 43.6% | 20.6% | 55.0% | 43.6% |
| 310 | 46 | 11.8% | 65.2% | 27.3% | 11.8% | 55.0% | 27.3% |
| 310 | 57 | 16.2% | 72.7% | 43.6% | 16.2% | 55.0% | 43.6% |
| 310 | 60 | 32.4% | 105.4% | 64.7% | 32.4% | 55.0% | 55.0% |
| 320 | 57 | 22.5% | 65.9% | 48.7% | 22.5% | 55.0% | 48.7% |
| 320 | 60 | 39.6% | 97.3% | 70.6% | 35.0% | 55.0% | 55.0% |
| 330 | 57 | 3.1% | 61.4% | 56.4% | 3.1% | 55.0% | 55.0% |
| 340 | 38 | 14.5% | 69.4% | 45.2% | 14.5% | 55.0% | 45.2% |
| 340 | 39 | 20.6% | 102.4% | 74.3% | 20.6% | 55.0% | 55.0% |
| 340 | 60 | 27.1% | 124.3% | 79.4% | 27.1% | 55.0% | 55.0% |
| 350 | 39 | 26.6% | 87.8% | 71.4% | 26.6% | 55.0% | 55.0% |
| 350 | 60 | 33.3% | 108.1% | 76.5% | 33.3% | 55.0% | 55.0% |
| 360 | 60 | 21.1% | 54.1% | 61.8% | 21.1% | 54.1% | 55.0% |
| 370 | 60 | 33.6% | 81.1% | 79.4% | 33.6% | 55.0% | 55.0% |
| 380 | 60 | 28.3% | 75.7% | 73.5% | 28.3% | 55.0% | 55.0% |
| 390 | 60 | 25.9% | 67.6% | 67.6% | 25.9% | 55.0% | 55.0% |
| Statewide | | 39.3% | 89.0% | 74.1% | 24.8% | 54.9% | 50.0% |

NORTH CAROLINA

HOMEOWNERS INSURANCE

CURRENT AND FILED BASE RATES [A]

| | | Current | | | Filed | | |
|---|---|---|---|---|---|---|---|
| New Territory | Current Territory | Owners [B] | Tenant [C] | Condominiums [C] | Owners [B] | Tenant [C] | Condominiums [C] |
| 110 | 07 | 1,613 | $107 | $106 | $2,178 | $166 | $164 |
| 120 | 08 | 1,823 | $112 | $113 | $2,461 | $174 | $175 |
| 130 | 48 | 1,021 | $76 | $83 | $1,123 | $118 | $129 |
| 140 | 52 | 1,140 | $85 | $83 | $1,539 | $132 | $129 |
| 150 | 49 | 871 | $72 | $78 | $947 | $110 | $102 |
| 160 | 52 | 1,140 | $85 | $83 | $1,118 | $132 | $112 |
| 170 | 45 | 595 | $54 | $49 | $690 | $84 | $76 |
| 180 | 45 | 595 | $54 | $49 | $751 | $84 | $76 |
| 190 | 45 | 595 | $54 | $49 | $803 | $84 | $76 |
| 200 | 41 | 755 | $56 | $52 | $1,019 | $87 | $81 |
| 210 | 47 | 486 | $51 | $42 | $656 | $79 | $65 |
| 220 | 34 | 599 | $65 | $52 | $800 | $101 | $81 |
| 220 | 45 | 595 | $54 | $49 | $800 | $84 | $76 |
| 230 | 41 | 755 | $56 | $52 | $926 | $87 | $81 |
| 240 | 47 | 486 | $51 | $42 | $656 | $79 | $65 |
| 250 | 47 | 486 | $51 | $42 | $656 | $79 | $65 |
| 260 | 46 | 398 | $46 | $44 | $495 | $71 | $68 |
| 270 | 32 | 443 | $47 | $49 | $553 | $73 | $76 |
| 270 | 53 | 417 | $40 | $45 | $553 | $62 | $70 |
| 280 | 53 | 417 | $40 | $45 | $491 | $62 | $62 |
| 290 | 47 | 486 | $51 | $42 | $612 | $79 | $65 |
| 300 | 44 | 481 | $50 | $41 | $649 | $78 | $64 |
| 310 | 36 | 369 | $44 | $39 | $445 | $68 | $56 |
| 310 | 46 | 398 | $46 | $44 | $445 | $71 | $56 |
| 310 | 57 | 383 | $44 | $39 | $445 | $68 | $56 |
| 310 | 60 | 336 | $37 | $34 | $445 | $57 | $53 |
| 320 | 57 | 383 | $44 | $39 | $469 | $68 | $58 |
| 320 | 60 | 336 | $37 | $34 | $454 | $57 | $53 |
| 330 | 57 | 383 | $44 | $39 | $395 | $68 | $60 |
| 340 | 38 | 373 | $49 | $42 | $427 | $76 | $61 |
| 340 | 39 | 354 | $41 | $35 | $427 | $64 | $54 |
| 340 | 60 | 336 | $37 | $34 | $427 | $57 | $53 |
| 350 | 39 | 354 | $41 | $35 | $448 | $64 | $54 |
| 350 | 60 | 336 | $37 | $34 | $448 | $57 | $53 |
| 360 | 60 | 336 | $37 | $34 | $407 | $57 | $53 |
| 370 | 60 | 336 | $37 | $34 | $449 | $57 | $53 |
| 380 | 60 | 336 | $37 | $34 | $431 | $57 | $53 |
| 390 | 60 | 336 | $37 | $34 | $423 | $57 | $53 |

(A) Base Class is Protection Class 5, Frame

(B) Rates are for $75,000 Coverage A

(C) Rates are for $10,000 Coverage C

## ADDITIONAL RULE(S)

### RULE A3.
### WINDSTORM OR HAIL EXCLUSION - TERRITORIES 110, 120, 130, 140, 150 AND 160 ONLY

| | Territory | | | | | |
|---|---|---|---|---|---|---|
| | **110** | **120** | **130** | **140** | **150** | **160** |
| **All Forms Except HO 00 04 AND HO 00 06** | $1,885 | $2,174 | $1,004 | $1,272 | $668 | $827 |
| **HO 00 04** | 102 | 103 | 61 | 66 | 52 | 59 |
| **HO 00 06** | 103 | 114 | 75 | 75 | 50 | 53 |

**Table A3. Wind or Hail Exclusion Credit**

### RULE A9.
### WINDSTORM MITIGATION PROGRAM – ALL FORMS EXCEPT HO 00 04 AND HO 00 06

| Mitigation Feature | Territory 110 | Territory 120 | Territory 130 | Territory 140 | Territory 150 | Territory 160 |
|---|---|---|---|---|---|---|
| Total Hip Roof | 131 | 148 | 70 | 87 | 45 | 57 |
| Opening Protection | 133 | 152 | 70 | 88 | 43 | 57 |
| Total Hip Roof and Opening Protection | 264 | 299 | 140 | 175 | 89 | 114 |
| IBHS Designation: | | | | | | |
| *Hurricane Fortified for Safer Living®* | 428 | 522 | 200 | 291 | 97 | 189 |
| *Hurricane Fortified for Existing Homes®* Bronze | 103 | 118 | 56 | 68 | 35 | 44 |
| *Hurricane Fortified for Existing Homes®* Bronze | 160 | 187 | 79 | 108 | 43 | 70 |
| *Hurricane Fortified for Existing Homes®* Silver | 257 | 315 | 112 | 177 | 46 | 115 |
| *Hurricane Fortified for Existing Homes®* Silver | 308 | 380 | 134 | 217 | 54 | 141 |
| *Hurricane Fortified for Existing Homes®* Gold | 328 | 401 | 150 | 221 | 69 | 144 |
| *Hurricane Fortified for Existing Homes®* Gold | 381 | 468 | 172 | 261 | 76 | 170 |

**Table A9. Windstorm Loss Mitigation Credit**

NORTH CAROLINA

HOMEOWNERS INSURANCE- OWNERS FORMS

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

| | (1) INCURRED LOSSES EXCL. HURRICANE [A] | (2) EXCESS LOSSES [B] | (3) [(1)-(2)] × EXCESS FACTOR [B] | (4) LOSSES WITH LAE (3)×LAE [C] | (5) CURRENT COST/AMOUNT FACTOR [D] |
|---|---|---|---|---|---|
| 2007 | 620,092,701 | 6,141,287 | 651,402,451 | 729,570,745 | 0.953 |
| 2008 | 861,409,227 | 186,130,219 | 716,471,027 | 802,447,550 | 0.969 |
| 2009 | 875,653,805 | 120,097,799 | 801,644,922 | 897,842,313 | 0.982 |
| 2010 | 1,059,155,159 | 199,756,546 | 911,821,928 | 1,021,240,559 | 0.994 |
| 2011 | 1,811,110,590 | 1,004,031,464 | 856,310,952 | 959,068,266 | 0.987 |

| | (6) HOUSE-YEARS | (7) TRENDED AVG. LOSS COST (4)×(5)×CPF/(6) [E] | (8) AVERAGE RATING FACTOR [F] | (9) TRENDED BASE-CLASS LOSS COST [G] | (10) YEARLY WEIGHTS |
|---|---|---|---|---|---|
| 2007 | 1,918,536 | 392.12 | 2.202 | 178.07 | 0.10 |
| 2008 | 1,906,487 | 441.30 | 2.266 | 194.75 | 0.15 |
| 2009 | 1,920,740 | 496.67 | 2.335 | 212.71 | 0.20 |
| 2010 | 1,954,722 | 561.90 | 2.403 | 233.83 | 0.25 |
| 2011 | 1,947,574 | 525.90 | 2.427 | 216.69 | 0.30 |

| | |
|---|---|
| (11) WEIGHTED TRENDED NON-HURRICANE BASE-CLASS LOSS COST | 213.03 |
| (12) CREDIBILITY (9,648,059 HOUSE-YEARS) [I] | 1.00 |
| (13) TRENDED MODELED HURRICANE BASE-CLASS LOSS COST [J] | 78.73 |
| (14) FIXED EXPENSE PER POLICY [K] | 44.20 |
| (15) (11) + (13) + (14) | 335.96 |
| (16) 1 - (VARIABLE EXPENSE + PROFIT + CONTINGENCIES) [L] | 0.7310 |
| (17) BASE RATE EXCLUDING COMP. FOR ASSESS. RISK, NET REINSURANCE COST, DEVIATIONS (15) / (16) | 459.59 |
| (18) COMPENSATION FOR ASSESSMENT RISK PER POLICY [M] | 24.80 |
| (19) NET REINSURANCE COST PER POLICY [N] | 146.64 |
| (20) (17) + (18) + (19) | 631.03 |
| (21) SELECTED DEVIATION [O] | 0.05 |
| (22) DEVIATION AMOUNT PER POLICY ((20) / (1.0 - (21)) - (20) | 33.21 |
| (23) REQUIRED BASE RATE, (20) + (22) | 664.24 |
| (24) CURRENT AVERAGE BASE RATE | 476.80 |
| (25) INDICATED RATE-LEVEL CHANGE, (23) / (24) | 1.393 |

NORTH CAROLINA

HOMEOWNERS INSURANCE - TENANT FORM

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

| | (1) INCURRED LOSSES EXCL. HURRICANE [A] | (2) LOSSES WITH LAE (1)×LAE [C] | (3) CURRENT COST/AMOUNT FACTOR [D] | (4) HOUSE-YEARS |
|---|---|---|---|---|
| 2007 | 11,770,104 | 13,300,218 | 1.136 | 167,156 |
| 2008 | 14,387,052 | 16,257,369 | 1.117 | 183,642 |
| 2009 | 17,627,284 | 19,918,831 | 1.090 | 206,064 |
| 2010 | 19,501,973 | 22,037,229 | 1.068 | 233,329 |
| 2011 | 23,816,473 | 26,912,614 | 1.038 | 265,991 |

| | (5) TRENDED AVG. LOSS COST (2)×(3)×CPF/(4) [E] | (6) AVERAGE RATING FACTOR [F] | (7) TRENDED BASE-CLASS LOSS COST [G] | (8) YEARLY WEIGHTS |
|---|---|---|---|---|
| 2007 | 98.52 | 3.957 | 24.90 | 0.10 |
| 2008 | 107.78 | 3.860 | 27.92 | 0.15 |
| 2009 | 114.85 | 3.770 | 30.46 | 0.20 |
| 2010 | 109.95 | 3.693 | 29.77 | 0.25 |
| 2011 | 114.48 | 3.616 | 31.66 | 0.30 |

| | | |
|---|---|---|
| (9) | WEIGHTED TRENDED NON-HURRICANE BASE-CLASS LOSS COST [H] | 29.71 |
| (10) | CREDIBILITY (1,056,182 HOUSE-YEARS) [I] | 1.000 |
| (11) | TRENDED MODELED HURRICANE BASE-CLASS LOSS COST [J] | 3.64 |
| (12) | FIXED EXPENSE PER POLICY [K] | 16.93 |
| (13) | (9) + (11) + (12) | 50.28 |
| (14) | 1 - (VARIABLE EXPENSE + PROFIT + CONTINGENCIES) [L] | 0.7310 |
| (15) | BASE RATE EXCLUDING COMP. FOR ASSESS. RISK, NET REINSURANCE COST, DEVIATIONS (13) / (14) | 68.78 |
| (16) | COMPENSATION FOR ASSESSMENT RISK PER POLICY [M] | 2.43 |
| (17) | NET REINSURANCE COST PER POLICY [N] | 12.64 |
| (18) | (15) + (16) + (17) | 83.85 |
| (19) | SELECTED DEVIATION [O] | 0.05 |
| (20) | DEVIATION AMOUNT PER POLICY, ((18) / (1.0 - (19)) - (18) | 4.41 |
| (21) | REQUIRED BASE RATE, (18) + (20) | 88.26 |
| (22) | CURRENT AVERAGE BASE RATE | 46.69 |
| (23) | INDICATED RATE-LEVEL CHANGE, (21) / (22) | 1.890 |

NORTH CAROLINA

HOMEOWNERS INSURANCE - CONDOMINIUM UNIT OWNERS FORM

DETERMINATION OF STATEWIDE RATE LEVEL CHANGE

| | (1) INCURRED LOSSES EXCL. HURRICANE [A] | (2) LOSSES WITH LAE (1)×LAE [C] | (3) CURRENT COST/AMOUNT FACTOR [D] | (4) HOUSE-YEARS |
|---|---|---|---|---|
| 2007 | 6,834,860 | 7,675,548 | 0.995 | 64,159 |
| 2008 | 7,636,476 | 8,575,763 | 1.011 | 65,241 |
| 2009 | 9,759,345 | 10,959,744 | 1.022 | 67,729 |
| 2010 | 11,242,319 | 12,625,124 | 1.026 | 72,539 |
| 2011 | 12,185,776 | 13,684,626 | 1.016 | 74,424 |

| | (5) TRENDED AVG. LOSS COST (2)×(3)×CPF/(4) [E] | (6) AVERAGE RATING FACTOR [F] | (7) TRENDED BASE-CLASS LOSS COST [G] | (8) YEARLY WEIGHTS |
|---|---|---|---|---|
| 2007 | 134.87 | 6.255 | 21.56 | 0.10 |
| 2008 | 150.57 | 6.311 | 23.86 | 0.15 |
| 2009 | 187.37 | 6.364 | 29.44 | 0.20 |
| 2010 | 202.32 | 6.520 | 31.03 | 0.25 |
| 2011 | 211.66 | 6.576 | 32.19 | 0.30 |

| | | |
|---|---|---|
| (9) | WEIGHTED TRENDED NON-HURRICANE BASE-CLASS LOSS CO: | 29.04 |
| (10) | CREDIBILITY (344,093 HOUSE-YEARS) [I] | 1.000 |
| (11) | TRENDED MODELED HURRICANE BASE-CLASS LOSS COST [J] | 5.16 |
| (12) | FIXED EXPENSE PER POLICY [K] | 8.94 |
| (13) | (9) + (11) + (12) | 43.14 |
| (14) | 1 - (VARIABLE EXPENSE + PROFIT + CONTINGENCIES) [L] | 0.731 |
| (15) | BASE RATE EXCLUDING COMP. FOR ASSESS. RISK, NET REINSURANCE COST, DEVIATIONS (13) / (14) | 59.02 |
| (16) | COMPENSATION FOR ASSESSMENT RISK PER POLICY [M] | 2.40 |
| (17) | NET REINSURANCE COST PER POLICY [N] | 14.93 |
| (18) | (15) + (16) + (17) | 76.35 |
| (19) | SELECTED DEVIATION [O] | 0.05 |
| (20) | DEVIATION AMOUNT PER POLICY, ((18) / (1.0 - (19)) - (18) | 4.02 |
| (21) | REQUIRED BASE RATE, (18) + (20) | 80.37 |
| (22) | CURRENT AVERAGE BASE RATE | 46.15 |
| (23) | INDICATED RATE-LEVEL CHANGE, (21) / (22) | 1.741 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE-CLASS LOSS COST BY TERRITORY - OWNERS

| TERR. | (1) NON-HURRICANE BASE-CLASS LOSS COST [A] | (2) FIVE-YEAR HOUSE-YEARS | (3) CREDI-BILITY [B] | (4) CREDI-BILITY WEIGHTED BASE LOSS COST | (5) MODELED HURRICANE BASE LOSS COST [C] | (6) TOTAL LOSS COST (4) + (5) | (7) INDICATED RELATIVITY TERR (6) / SW (6) | (8) INDICATED STATEWIDE BASE LOSS COST | (9) INDICATED BASE LOSS COST TERR (7) / SW (7) × (8) |
|---|---|---|---|---|---|---|---|---|---|
| 110 | 154.14 | 38,395 | 0.70 | 159.94 | 668.81 | 828.75 | 3.467 | 291.76 | 1011.53 |
| 120 | 142.83 | 51,948 | 0.90 | 145.90 | 910.16 | 1,056.06 | 4.418 | 291.76 | 1289.00 |
| 130 | 143.47 | 58,293 | 0.90 | 146.47 | 216.37 | 362.84 | 1.518 | 291.76 | 442.89 |
| 140 | 148.02 | 405,126 | 1.00 | 148.02 | 530.52 | 678.54 | 2.839 | 291.76 | 828.31 |
| 150 | 151.45 | 242,646 | 1.00 | 151.45 | 138.99 | 290.44 | 1.215 | 291.76 | 354.49 |
| 160 | 154.28 | 174,662 | 1.00 | 154.28 | 166.73 | 321.01 | 1.343 | 291.76 | 391.83 |
| 170 | 205.06 | 25,803 | 0.60 | 192.43 | 45.09 | 237.52 | 0.994 | 291.76 | 290.01 |
| 180 | 177.75 | 273,749 | 1.00 | 177.75 | 95.11 | 272.86 | 1.141 | 291.76 | 332.90 |
| 190 | 216.37 | 76,946 | 1.00 | 216.37 | 122.04 | 338.41 | 1.416 | 291.76 | 413.13 |
| 200 | 297.01 | 36,239 | 0.70 | 259.95 | 132.89 | 392.84 | 1.643 | 291.76 | 479.36 |
| 210 | 177.62 | 106,590 | 1.00 | 177.62 | 71.77 | 249.39 | 1.043 | 291.76 | 304.31 |
| 220 | 226.93 | 308,459 | 1.00 | 226.93 | 69.37 | 296.30 | 1.240 | 291.76 | 361.78 |
| 230 | 247.78 | 80,924 | 1.00 | 247.78 | 91.38 | 339.16 | 1.419 | 291.76 | 414.01 |
| 240 | 191.36 | 365,755 | 1.00 | 191.36 | 53.45 | 244.81 | 1.024 | 291.76 | 298.76 |
| 250 | 234.60 | 147,702 | 1.00 | 234.60 | 54.59 | 289.19 | 1.210 | 291.76 | 353.03 |
| 260 | 147.21 | 128,293 | 1.00 | 147.21 | 25.23 | 172.44 | 0.721 | 291.76 | 210.36 |
| 270 | 156.89 | 1,289,152 | 1.00 | 156.89 | 42.97 | 199.86 | 0.836 | 291.76 | 243.91 |
| 280 | 139.80 | 190,384 | 1.00 | 139.80 | 32.16 | 171.96 | 0.719 | 291.76 | 209.78 |
| 290 | 181.27 | 157,541 | 1.00 | 181.27 | 40.64 | 221.91 | 0.928 | 291.76 | 270.75 |
| 300 | 240.27 | 74,026 | 1.00 | 240.27 | 32.43 | 272.70 | 1.141 | 291.76 | 332.90 |
| 310 | 169.65 | 1,373,515 | 1.00 | 169.65 | 21.40 | 191.05 | 0.799 | 291.76 | 233.12 |
| 320 | 184.18 | 677,794 | 1.00 | 184.18 | 21.99 | 206.17 | 0.862 | 291.76 | 251.50 |
| 330 | 136.79 | 36,436 | 0.70 | 147.80 | 13.73 | 161.53 | 0.676 | 291.76 | 197.23 |
| 340 | 164.02 | 1,506,216 | 1.00 | 164.02 | 21.97 | 185.99 | 0.778 | 291.76 | 226.99 |
| 350 | 180.59 | 457,851 | 1.00 | 180.59 | 15.32 | 195.91 | 0.820 | 291.76 | 239.24 |
| 360 | 166.42 | 979,018 | 1.00 | 166.42 | 9.41 | 175.83 | 0.736 | 291.76 | 214.74 |
| 370 | 204.35 | 46,970 | 0.80 | 198.18 | 6.89 | 205.07 | 0.858 | 291.76 | 250.33 |
| 380 | 188.38 | 163,800 | 1.00 | 188.38 | 5.90 | 194.28 | 0.813 | 291.76 | 237.20 |
| 390 | 187.97 | 173,827 | 1.00 | 187.97 | 4.92 | 192.89 | 0.807 | 291.76 | 235.45 |
| Statewide | 173.48 | 9,648,060 | | | | 239.04 | 1.0000 | | |

Column (4) = (1 ) × (3) + (1.0-(3)) × Statewide (1)
Column (8) = Line (11) + Line (13), Page C-1

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE - OWNERS

| TERR. | (1) INDICATED BASE CLASS LOSS COST | (2) TRENDED FIXED EXPENSE [D] | (3) VARIABLE EXPENSE, PROFIT, CONTG. | (4) CURRENT BASE CLASS RATE | (5) INDICATED NET BASE-CLASS RATE [(1)+(2)×(4)]/[1.0-(3)] | (6) COMP. FOR ASMT. RISK [E] | (7) NET REINS. COST [F] | (8) (5) + (6) + (7) | (9) SELECTED DEVIATION [G] | (10) DOLLAR DEVIATION PER EXPOSURE [(8) / (1.0- (9))] - (8) | (11) INDICATED REQUIRED BASE-CLASS RATE (8) + (10) | (12) INDICATED RATE LEVEL CHANGE (11) / (4) | (13) BALANCED INDICATED RATE LEVEL CHANGE [H] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 110 | 1,011.53 | 0.025 | 0.343 | 1613.00 | 1,601.00 | 83.89 | 1,689.30 | 3,374.19 | 0.05 | 177.59 | 3,551.78 | 2.202 | 2.207 |
| 120 | 1,289.00 | 0.024 | 0.343 | 1823.00 | 2,028.54 | 94.81 | 1,909.77 | 4,033.12 | 0.05 | 212.27 | 4,245.39 | 2.329 | 2.334 |
| 130 | 442.89 | 0.036 | 0.292 | 1021.00 | 677.47 | 53.10 | 334.76 | 1,065.33 | 0.05 | 56.07 | 1,121.40 | 1.098 | 1.100 |
| 140 | 828.31 | 0.038 | 0.343 | 1140.00 | 1,326.68 | 59.29 | 1,193.99 | 2,579.96 | 0.05 | 135.79 | 2,715.75 | 2.382 | 2.387 |
| 150 | 354.49 | 0.054 | 0.292 | 871.00 | 567.12 | 45.30 | 285.53 | 897.95 | 0.05 | 47.26 | 945.21 | 1.085 | 1.087 |
| 160 | 391.83 | 0.046 | 0.292 | 1140.00 | 627.50 | 59.29 | 373.85 | 1,060.64 | 0.05 | 55.82 | 1,116.46 | 0.979 | 0.981 |
| 170 | 290.01 | 0.085 | 0.260 | 595.00 | 460.25 | 30.95 | 163.26 | 654.46 | 0.05 | 34.45 | 688.91 | 1.158 | 1.160 |
| 180 | 332.90 | 0.084 | 0.260 | 595.00 | 517.41 | 30.95 | 163.26 | 711.62 | 0.05 | 37.45 | 749.07 | 1.259 | 1.262 |
| 190 | 413.13 | 0.086 | 0.292 | 595.00 | 655.79 | 30.95 | 195.06 | 881.80 | 0.05 | 46.41 | 928.21 | 1.560 | 1.563 |
| 200 | 479.36 | 0.063 | 0.292 | 755.00 | 744.24 | 39.27 | 247.56 | 1,031.07 | 0.05 | 54.27 | 1,085.34 | 1.438 | 1.441 |
| 210 | 304.31 | 0.108 | 0.260 | 486.00 | 482.16 | 25.28 | 133.33 | 640.77 | 0.05 | 33.72 | 674.49 | 1.388 | 1.391 |
| 220 | 361.78 | 0.091 | 0.260 | 598.54 | 562.50 | 31.13 | 164.22 | 757.85 | 0.05 | 39.89 | 797.74 | 1.333 | 1.336 |
| 230 | 414.01 | 0.070 | 0.260 | 755.00 | 630.89 | 39.27 | 207.17 | 877.33 | 0.05 | 46.18 | 923.51 | 1.223 | 1.226 |
| 240 | 298.76 | 0.102 | 0.260 | 486.00 | 470.72 | 25.28 | 133.36 | 629.36 | 0.05 | 33.12 | 662.48 | 1.363 | 1.366 |
| 250 | 353.03 | 0.106 | 0.260 | 486.00 | 546.68 | 25.28 | 133.33 | 705.29 | 0.05 | 37.12 | 742.41 | 1.528 | 1.531 |
| 260 | 210.36 | 0.102 | 0.260 | 398.00 | 339.13 | 20.70 | 109.23 | 469.06 | 0.05 | 24.69 | 493.75 | 1.241 | 1.244 |
| 270 | 243.91 | 0.095 | 0.260 | 428.05 | 384.56 | 22.26 | 117.49 | 524.31 | 0.05 | 27.60 | 551.91 | 1.289 | 1.292 |
| 280 | 209.78 | 0.081 | 0.260 | 417.00 | 329.13 | 21.69 | 114.44 | 465.26 | 0.05 | 24.49 | 489.75 | 1.174 | 1.177 |
| 290 | 270.75 | 0.085 | 0.260 | 486.00 | 421.70 | 25.28 | 133.37 | 580.35 | 0.05 | 30.54 | 610.89 | 1.257 | 1.260 |
| 300 | 332.90 | 0.109 | 0.260 | 481.00 | 520.71 | 25.02 | 131.98 | 677.71 | 0.05 | 35.67 | 713.38 | 1.483 | 1.486 |
| 310 | 233.12 | 0.125 | 0.223 | 369.54 | 359.48 | 19.22 | 42.65 | 421.35 | 0.05 | 22.18 | 443.53 | 1.200 | 1.203 |
| 320 | 251.50 | 0.133 | 0.223 | 358.04 | 384.97 | 18.62 | 41.32 | 444.91 | 0.05 | 23.42 | 468.33 | 1.308 | 1.311 |
| 330 | 197.23 | 0.115 | 0.223 | 383.00 | 310.52 | 19.92 | 44.21 | 374.65 | 0.05 | 19.72 | 394.37 | 1.030 | 1.032 |
| 340 | 226.99 | 0.114 | 0.223 | 357.73 | 344.62 | 18.61 | 41.31 | 404.54 | 0.05 | 21.29 | 425.83 | 1.190 | 1.193 |
| 350 | 239.24 | 0.133 | 0.223 | 344.31 | 366.84 | 17.91 | 39.75 | 424.50 | 0.05 | 22.34 | 446.84 | 1.298 | 1.301 |
| 360 | 214.74 | 0.122 | 0.223 | 336.00 | 329.13 | 17.48 | 38.78 | 385.39 | 0.05 | 20.28 | 405.67 | 1.207 | 1.210 |
| 370 | 250.33 | 0.108 | 0.223 | 336.00 | 368.88 | 17.48 | 38.78 | 425.14 | 0.05 | 22.38 | 447.52 | 1.332 | 1.335 |
| 380 | 237.20 | 0.109 | 0.223 | 336.00 | 352.41 | 17.48 | 38.78 | 408.67 | 0.05 | 21.51 | 430.18 | 1.280 | 1.283 |
| 390 | 235.45 | 0.096 | 0.223 | 336.00 | 344.54 | 17.48 | 38.79 | 400.81 | 0.05 | 21.10 | 421.91 | 1.256 | 1.259 |
| Statewide | | | | | | | | | | | | 1.390 | 1.393 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED RATE LEVEL CHANGE AND FILED BASE CLASS RATE - OWNERS FORMS

| NEW TERRITORY | CURRENT TERR | (1) * INDICATED RATE CHANGE, NEW TERR | (2) CURRENT AVERAGE RATE, NEW TERR | (3) CURRENT RATE, CURRENT TERR | (4) RATE CHANGE, CURRENT TERR =[1+(1)]×[(2)/(3)] | (5) 2011 HSE-YRS IN NEW TERR FROM CURR TERR | (6) 2011 HSE-YRS IN NEW TERR | (7) 2011 PREMIUM AT PRESENT RATE | (8) FILED RATE CHANGE [1] | (9) FILED BASE RATE = [1+(8)]×(3) |
|---|---|---|---|---|---|---|---|---|---|---|
| 110 | 07 | 120.7% | 1613.00 | 1613.00 | 120.7% | 7,189 | 7,189 | 29,718,478 | 35.0% | 2,178 |
| 120 | 08 | 133.4% | 1823.00 | 1823.00 | 133.4% | 10,527 | 10,527 | 47,123,668 | 35.0% | 2,461 |
| 130 | 48 | 10.0% | 1021.00 | 1021.00 | 10.0% | 12,270 | 12,270 | 35,840,449 | 10.0% | 1,123 |
| 140 | 52 | 138.7% | 1140.00 | 1140.00 | 138.7% | 83,517 | 120,314 | 232,776,905 | 35.0% | 1,539 |
| 150 | 49 | 8.7% | 871.00 | 871.00 | 8.7% | 49,846 | 49,846 | 100,270,222 | 8.7% | 947 |
| 160 | 52 | -1.9% | 1140.00 | 1140.00 | -1.9% | 36,797 | 120,314 | 84,286,580 | -1.9% | 1,118 |
| 170 | 45 | 16.0% | 595.00 | 595.00 | 16.0% | 5,030 | 5,030 | 6,414,052 | 16.0% | 690 |
| 180 | 45 | 26.2% | 595.00 | 595.00 | 26.2% | 54,721 | 54,721 | 69,347,961 | 26.2% | 751 |
| 190 | 45 | 56.3% | 595.00 | 595.00 | 56.3% | 14,932 | 14,932 | 18,503,479 | 35.0% | 803 |
| 200 | 41 | 44.1% | 755.00 | 755.00 | 44.1% | 7,084 | 7,084 | 12,125,010 | 35.0% | 1,019 |
| 210 | 47 | 39.1% | 486.00 | 486.00 | 39.1% | 20,968 | 20,968 | 20,631,127 | 35.0% | 656 |
| 220 | 34 | 33.6% | 598.54 | 599.00 | 33.6% | 52,405 | 59,533 | 61,281,513 | 33.6% | 800 |
| 220 | 45 | 33.6% | 598.54 | 595.00 | 34.5% | 7,128 | 59,533 | 9,512,694 | 34.5% | 800 |
| 230 | 41 | 22.6% | 755.00 | 755.00 | 22.6% | 15,652 | 15,652 | 23,658,304 | 22.6% | 926 |
| 240 | 47 | 36.6% | 486.00 | 486.00 | 36.6% | 73,958 | 73,958 | 77,458,219 | 35.0% | 656 |
| 250 | 47 | 53.1% | 486.00 | 486.00 | 53.1% | 31,024 | 31,024 | 31,490,548 | 35.0% | 656 |
| 260 | 46 | 24.4% | 398.00 | 398.00 | 24.4% | 26,507 | 26,507 | 28,173,390 | 24.4% | 495 |
| 270 | 32 | 29.2% | 428.05 | 443.00 | 24.8% | 113,341 | 264,099 | 126,194,416 | 24.8% | 553 |
| 270 | 53 | 29.2% | 428.05 | 417.00 | 32.6% | 150,758 | 264,099 | 172,213,603 | 32.6% | 553 |
| 280 | 53 | 17.7% | 417.00 | 417.00 | 17.7% | 39,412 | 39,412 | 52,155,934 | 17.7% | 491 |
| 290 | 47 | 26.0% | 486.00 | 486.00 | 25.9% | 31,938 | 31,938 | 39,988,392 | 25.9% | 612 |
| 300 | 44 | 48.6% | 481.00 | 481.00 | 48.6% | 14,794 | 14,794 | 14,736,955 | 35.0% | 649 |
| 310 | 36 | 20.3% | 369.54 | 369.00 | 20.6% | 80,221 | 267,313 | 68,451,388 | 20.6% | 445 |
| 310 | 46 | 20.3% | 369.54 | 398.00 | 11.8% | 3,591 | 267,313 | 3,814,900 | 11.8% | 445 |
| 310 | 57 | 20.3% | 369.54 | 383.00 | 16.2% | 129,778 | 267,313 | 112,011,555 | 16.2% | 445 |
| 310 | 60 | 20.3% | 369.54 | 336.00 | 32.4% | 53,718 | 267,313 | 42,807,863 | 32.4% | 445 |
| 320 | 57 | 31.1% | 358.04 | 383.00 | 22.5% | 62,787 | 134,448 | 50,109,634 | 22.5% | 469 |
| 320 | 60 | 31.1% | 358.04 | 336.00 | 39.6% | 71,850 | 134,448 | 58,055,295 | 35.0% | 454 |
| 330 | 57 | 3.2% | 383.00 | 383.00 | 3.1% | 7,212 | 7,212 | 6,726,746 | 3.1% | 395 |
| 340 | 38 | 19.3% | 357.73 | 373.00 | 14.5% | 132,946 | 310,606 | 127,156,247 | 14.5% | 427 |
| 340 | 39 | 19.3% | 357.73 | 354.00 | 20.6% | 104,219 | 310,606 | 102,102,925 | 20.6% | 427 |
| 340 | 60 | 19.3% | 357.73 | 336.00 | 27.1% | 73,246 | 310,606 | 63,978,482 | 27.1% | 427 |
| 350 | 39 | 30.1% | 344.31 | 354.00 | 26.6% | 42,991 | 92,792 | 33,226,593 | 26.6% | 448 |
| 350 | 60 | 30.1% | 344.31 | 336.00 | 33.3% | 49,801 | 92,792 | 41,324,407 | 33.3% | 448 |
| 360 | 60 | 21.0% | 336.00 | 336.00 | 21.1% | 197,618 | 197,608 | 173,363,198 | 21.1% | 407 |
| 370 | 60 | 33.5% | 336.00 | 336.00 | 33.6% | 9,588 | 9,588 | 9,234,828 | 33.6% | 449 |
| 380 | 60 | 28.3% | 336.00 | 336.00 | 28.3% | 33,379 | 33,379 | 32,767,597 | 28.3% | 431 |
| 390 | 60 | 25.9% | 336.00 | 336.00 | 25.9% | 34,828 | 34,828 | 38,937,036 | 25.9% | 423 |
| Statewide | | | | | | | | | 24.8% | |

* from previous page

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE-CLASS LOSS COST BY TERRITORY - TENANT FORM

| TERR. | (1) NON-HURRICANE BASE-CLASS LOSS COST [A] | (2) FIVE-YEAR HOUSE-YEARS | (3) CREDI-BILITY [B] | (4) CREDI-BILITY WEIGHTED BASE LOSS COST | (5) MODELED HURRICANE BASE LOSS COST [C] | (6) TOTAL LOSS COST (4) + (5) | (7) INDICATED RELATIVITY TERR (6) / SW (6) | (8) INDICATED STATEWIDE BASE LOSS COST | (9) INDICATED BASE LOSS COST TERR (7) / SW (7) × (8) |
|---|---|---|---|---|---|---|---|---|---|
| 110 | 5.28 | 770 | 0.10 | 21.15 | 45.81 | 66.96 | 2.628 | 33.35 | 87.65 |
| 120 | 21.64 | 1,952 | 0.10 | 22.78 | 56.10 | 78.88 | 3.096 | 33.35 | 103.26 |
| 130 | 13.89 | 1,483 | 0.10 | 22.01 | 15.65 | 37.66 | 1.478 | 33.35 | 49.30 |
| 140 | 18.51 | 28,101 | 0.60 | 20.27 | 29.65 | 49.92 | 1.959 | 33.35 | 65.34 |
| 150 | 10.39 | 12,575 | 0.40 | 17.90 | 8.49 | 26.39 | 1.036 | 33.35 | 34.55 |
| 160 | 27.44 | 11,231 | 0.30 | 24.27 | 11.22 | 35.49 | 1.393 | 33.35 | 46.46 |
| 170 | 24.98 | 1,390 | 0.10 | 23.12 | 2.69 | 25.81 | 1.013 | 33.35 | 33.79 |
| 180 | 20.74 | 31,281 | 0.60 | 21.61 | 5.61 | 27.22 | 1.068 | 33.35 | 35.62 |
| 190 | 23.13 | 5,273 | 0.20 | 22.95 | 6.77 | 29.72 | 1.166 | 33.35 | 38.89 |
| 200 | 30.20 | 1,514 | 0.10 | 23.64 | 7.31 | 30.95 | 1.215 | 33.35 | 40.52 |
| 210 | 26.07 | 9,906 | 0.30 | 23.86 | 4.12 | 27.98 | 1.098 | 33.35 | 36.62 |
| 220 | 54.82 | 28,187 | 0.60 | 42.06 | 3.73 | 45.79 | 1.797 | 33.35 | 59.94 |
| 230 | 21.74 | 4,541 | 0.20 | 22.68 | 5.10 | 27.78 | 1.090 | 33.35 | 36.36 |
| 240 | 28.77 | 23,030 | 0.50 | 25.84 | 3.24 | 29.08 | 1.141 | 33.35 | 38.06 |
| 250 | 25.43 | 8,804 | 0.30 | 23.67 | 3.27 | 26.94 | 1.057 | 33.35 | 35.25 |
| 260 | 41.45 | 8,735 | 0.30 | 28.47 | 1.60 | 30.07 | 1.180 | 33.35 | 39.36 |
| 270 | 19.84 | 241,056 | 1.00 | 19.84 | 2.31 | 22.15 | 0.869 | 33.35 | 28.98 |
| 280 | 16.37 | 39,844 | 0.70 | 18.33 | 1.75 | 20.08 | 0.788 | 33.35 | 26.28 |
| 290 | 18.82 | 11,630 | 0.30 | 21.68 | 2.24 | 23.92 | 0.939 | 33.35 | 31.32 |
| 300 | 33.94 | 3,678 | 0.20 | 25.12 | 1.83 | 26.95 | 1.058 | 33.35 | 35.29 |
| 310 | 22.68 | 167,099 | 1.00 | 22.68 | 1.21 | 23.89 | 0.938 | 33.35 | 31.29 |
| 320 | 22.50 | 48,134 | 0.80 | 22.58 | 1.25 | 23.83 | 0.935 | 33.35 | 31.19 |
| 330 | 18.03 | 1,920 | 0.10 | 22.42 | 0.79 | 23.21 | 0.911 | 33.35 | 30.38 |
| 340 | 26.17 | 234,600 | 1.00 | 26.17 | 1.21 | 27.38 | 1.074 | 33.35 | 35.82 |
| 350 | 26.48 | 31,017 | 0.60 | 25.05 | 0.91 | 25.96 | 1.019 | 33.35 | 33.99 |
| 360 | 15.71 | 83,212 | 1.00 | 15.71 | 0.52 | 16.23 | 0.637 | 33.35 | 21.25 |
| 370 | 10.72 | 1,540 | 0.10 | 21.69 | 0.39 | 22.08 | 0.866 | 33.35 | 28.88 |
| 380 | 17.95 | 7,971 | 0.30 | 21.42 | 0.35 | 21.77 | 0.854 | 33.35 | 28.48 |
| 390 | 12.68 | 5,709 | 0.20 | 20.86 | 0.29 | 21.15 | 0.830 | 33.35 | 27.68 |
| Statewide | 22.91 | 1,056,183 | | | | 25.48 | 0.9999 | | |

Column (4) = (1) × (3) + (1.0-(3)) × Statewide (1)
Column (8) = Line (9) + Line (11), Page C-2

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE - TENANT FORM

| TERR. | (1) INDICATED BASE CLASS LOSS COST | (2) TRENDED FIXED EXPENSE [D] | (3) VARIABLE EXPENSE, PROFIT, CONTG. | (4) CURRENT BASE CLASS RATE | (5) INDICATED NET BASE-CLASS RATE [(1)+(2)×(4)]/[1.0-(3)] | (6) COMP. FOR ASMT. RISK [E] | (7) NET REINS. COST [F] | (8) (5) + (6) + (7) | (9) SELECTED DEVIATION [G] | (10) DOLLAR DEVIATION PER EXPOSURE [(8) / (1.0- (9))] - (8) | (11) INDICATED REQUIRED BASE-CLASS RATE (8) + (10) | (12) INDICATED RATE LEVEL CHANGE (11) / (4) | (13) INDICATED BALANCED RATE LEVEL CHANGE [H] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 110 | 87.65 | 0.156 | 0.343 | 107.00 | 158.82 | 5.57 | 127.92 | 292.31 | 0.05 | 15.38 | 307.69 | 2.876 | 2.945 |
| 120 | 103.26 | 0.160 | 0.343 | 112.00 | 184.44 | 5.83 | 133.90 | 324.17 | 0.05 | 17.06 | 341.23 | 3.047 | 3.120 |
| 130 | 49.3 | 0.189 | 0.292 | 76.00 | 89.92 | 3.95 | 28.44 | 122.31 | 0.05 | 6.44 | 128.75 | 1.694 | 1.734 |
| 140 | 65.34 | 0.206 | 0.343 | 85.00 | 126.10 | 4.42 | 101.61 | 232.13 | 0.05 | 12.22 | 244.35 | 2.875 | 2.944 |
| 150 | 34.55 | 0.221 | 0.292 | 72.00 | 71.27 | 3.74 | 26.94 | 101.95 | 0.05 | 5.37 | 107.32 | 1.491 | 1.527 |
| 160 | 46.46 | 0.205 | 0.292 | 85.00 | 90.23 | 4.42 | 31.81 | 126.46 | 0.05 | 6.66 | 133.12 | 1.566 | 1.603 |
| 170 | 33.79 | 0.295 | 0.260 | 54.00 | 67.19 | 2.81 | 16.91 | 86.91 | 0.05 | 4.57 | 91.48 | 1.694 | 1.734 |
| 180 | 35.62 | 0.343 | 0.260 | 54.00 | 73.16 | 2.81 | 16.92 | 92.89 | 0.05 | 4.89 | 97.78 | 1.811 | 1.854 |
| 190 | 38.89 | 0.296 | 0.292 | 54.00 | 77.51 | 2.81 | 20.21 | 100.53 | 0.05 | 5.29 | 105.82 | 1.960 | 2.007 |
| 200 | 40.52 | 0.257 | 0.292 | 56.00 | 77.56 | 2.91 | 20.96 | 101.43 | 0.05 | 5.34 | 106.77 | 1.907 | 1.952 |
| 210 | 36.62 | 0.327 | 0.260 | 51.00 | 72.02 | 2.65 | 15.97 | 90.64 | 0.05 | 4.77 | 95.41 | 1.871 | 1.916 |
| 220 | 59.94 | 0.275 | 0.260 | 64.12 | 104.83 | 3.33 | 20.10 | 128.26 | 0.05 | 6.75 | 135.01 | 2.106 | 2.156 |
| 230 | 36.36 | 0.290 | 0.260 | 56.00 | 71.08 | 2.91 | 17.54 | 91.53 | 0.05 | 4.82 | 96.35 | 1.721 | 1.762 |
| 240 | 38.06 | 0.313 | 0.260 | 51.00 | 73.00 | 2.65 | 15.97 | 91.62 | 0.05 | 4.82 | 96.44 | 1.891 | 1.936 |
| 250 | 35.25 | 0.301 | 0.260 | 51.00 | 68.38 | 2.65 | 15.97 | 87.00 | 0.05 | 4.58 | 91.58 | 1.796 | 1.839 |
| 260 | 39.36 | 0.338 | 0.260 | 46.00 | 74.20 | 2.39 | 14.41 | 91.00 | 0.05 | 4.79 | 95.79 | 2.082 | 2.132 |
| 270 | 28.98 | 0.407 | 0.260 | 44.06 | 63.40 | 2.29 | 13.85 | 79.54 | 0.05 | 4.19 | 83.73 | 1.900 | 1.945 |
| 280 | 26.28 | 0.412 | 0.260 | 40.00 | 57.78 | 2.08 | 12.53 | 72.39 | 0.05 | 3.81 | 76.20 | 1.905 | 1.950 |
| 290 | 31.32 | 0.283 | 0.260 | 51.00 | 61.83 | 2.65 | 15.97 | 80.45 | 0.05 | 4.23 | 84.68 | 1.660 | 1.700 |
| 300 | 35.29 | 0.307 | 0.260 | 50.00 | 68.43 | 2.60 | 15.66 | 86.69 | 0.05 | 4.56 | 91.25 | 1.825 | 1.868 |
| 310 | 31.29 | 0.396 | 0.223 | 43.36 | 62.37 | 2.26 | 5.72 | 70.35 | 0.05 | 3.70 | 74.05 | 1.708 | 1.749 |
| 320 | 31.19 | 0.395 | 0.223 | 39.98 | 60.47 | 2.08 | 5.27 | 67.82 | 0.05 | 3.57 | 71.39 | 1.786 | 1.829 |
| 330 | 30.38 | 0.337 | 0.223 | 44.00 | 58.18 | 2.29 | 5.80 | 66.27 | 0.05 | 3.49 | 69.76 | 1.585 | 1.623 |
| 340 | 35.82 | 0.375 | 0.223 | 46.12 | 68.36 | 2.40 | 6.10 | 76.86 | 0.05 | 4.05 | 80.91 | 1.754 | 1.796 |
| 350 | 33.99 | 0.399 | 0.223 | 39.31 | 63.93 | 2.04 | 5.18 | 71.15 | 0.05 | 3.74 | 74.89 | 1.905 | 1.950 |
| 360 | 21.25 | 0.389 | 0.223 | 37.00 | 45.87 | 1.92 | 4.87 | 52.66 | 0.05 | 2.77 | 55.43 | 1.498 | 1.534 |
| 370 | 28.88 | 0.377 | 0.223 | 37.00 | 55.12 | 1.92 | 4.87 | 61.91 | 0.05 | 3.26 | 65.17 | 1.761 | 1.803 |
| 380 | 28.48 | 0.358 | 0.223 | 37.00 | 53.70 | 1.92 | 4.87 | 60.49 | 0.05 | 3.18 | 63.67 | 1.721 | 1.762 |
| 390 | 27.68 | 0.325 | 0.223 | 37.00 | 51.10 | 1.92 | 4.87 | 57.89 | 0.05 | 3.05 | 60.94 | 1.647 | 1.686 |
| SW | | | | | | | | | | | | 1.846 | 1.890 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED RATE LEVEL CHANGE AND FILED BASE CLASS RATE - TENANT FORM

| NEW TERRITORY | CURRENT TERR | (1) * INDICATED RATE CHANGE, NEW TERR | (2) CURRENT AVERAGE RATE, NEW TERR | (3) CURRENT RATE, CURRENT TERR | (4) RATE CHANGE, CURRENT TERR =[1+(1)]×[(2)/(3)] | (5) 2011 HSE-YRS IN NEW TERR FROM CURR TERR | (6) 2011 HSE-YRS IN NEW TERR | (7) 2011 PREMIUM AT PRESENT RATE | (8) FILED RATE CHANGE [1] | (9) FILED BASE RATE = [1+(8)]×(3) |
|---|---|---|---|---|---|---|---|---|---|---|
| 110 | 07 | 194.5% | 107.00 | 107.00 | 194.4% | 221 | 221 | 90,517 | 55.0% | 166 |
| 120 | 08 | 212.0% | 112.00 | 112.00 | 211.6% | 594 | 594 | 223,623 | 55.0% | 174 |
| 130 | 48 | 73.4% | 76.00 | 76.00 | 73.7% | 325 | 325 | 103,797 | 55.0% | 118 |
| 140 | 52 | 194.4% | 85.00 | 85.00 | 194.1% | 7,550 | 10,385 | 2,178,133 | 55.0% | 132 |
| 150 | 49 | 52.7% | 72.00 | 72.00 | 52.8% | 2,921 | 2,921 | 786,588 | 52.8% | 110 |
| 160 | 52 | 60.3% | 85.00 | 85.00 | 60.0% | 2,835 | 10,385 | 818,448 | 55.0% | 132 |
| 170 | 45 | 73.4% | 54.00 | 54.00 | 74.1% | 298 | 298 | 63,436 | 55.0% | 84 |
| 180 | 45 | 85.4% | 54.00 | 54.00 | 85.2% | 7,475 | 7,475 | 1,339,098 | 55.0% | 84 |
| 190 | 45 | 100.7% | 54.00 | 54.00 | 100.0% | 1,223 | 1,223 | 256,997 | 55.0% | 84 |
| 200 | 41 | 95.2% | 56.00 | 56.00 | 94.6% | 350 | 350 | 84,712 | 55.0% | 87 |
| 210 | 47 | 91.6% | 51.00 | 51.00 | 92.2% | 2,299 | 2,299 | 436,939 | 55.0% | 79 |
| 220 | 34 | 115.6% | 64.12 | 65.00 | 112.3% | 6,164 | 6,654 | 1,351,823 | 55.0% | 101 |
| 220 | 45 | 115.6% | 64.12 | 54.00 | 155.6% | 490 | 6,654 | 109,789 | 55.0% | 84 |
| 230 | 41 | 76.2% | 56.00 | 56.00 | 76.8% | 1,101 | 1,101 | 231,695 | 55.0% | 87 |
| 240 | 47 | 93.6% | 51.00 | 51.00 | 94.1% | 5,445 | 5,445 | 1,076,354 | 55.0% | 79 |
| 250 | 47 | 83.9% | 51.00 | 51.00 | 84.3% | 2,103 | 2,103 | 429,585 | 55.0% | 79 |
| 260 | 46 | 113.2% | 46.00 | 46.00 | 113.0% | 2,282 | 2,282 | 407,197 | 55.0% | 71 |
| 270 | 32 | 94.5% | 44.06 | 47.00 | 83.0% | 38,636 | 64,219 | 5,936,074 | 55.0% | 73 |
| 270 | 53 | 94.5% | 44.06 | 40.00 | 115.0% | 25,582 | 64,219 | 3,713,828 | 55.0% | 62 |
| 280 | 53 | 95.0% | 40.00 | 40.00 | 95.0% | 9,560 | 9,560 | 1,426,729 | 55.0% | 62 |
| 290 | 47 | 70.0% | 51.00 | 51.00 | 70.6% | 2,651 | 2,651 | 595,145 | 55.0% | 79 |
| 300 | 44 | 86.8% | 50.00 | 50.00 | 86.0% | 833 | 833 | 168,404 | 55.0% | 78 |
| 310 | 36 | 74.9% | 43.36 | 44.00 | 72.7% | 20,274 | 40,492 | 3,039,305 | 55.0% | 68 |
| 310 | 46 | 74.9% | 43.36 | 46.00 | 65.2% | 202 | 40,492 | 39,649 | 55.0% | 71 |
| 310 | 57 | 74.9% | 43.36 | 44.00 | 72.7% | 16,467 | 40,492 | 2,652,953 | 55.0% | 68 |
| 310 | 60 | 74.9% | 43.36 | 37.00 | 105.4% | 3,548 | 40,492 | 553,819 | 55.0% | 57 |
| 320 | 57 | 82.9% | 39.98 | 44.00 | 65.9% | 4,993 | 11,638 | 816,263 | 55.0% | 68 |
| 320 | 60 | 82.9% | 39.98 | 37.00 | 97.3% | 6,655 | 11,638 | 1,022,949 | 55.0% | 57 |
| 330 | 57 | 62.3% | 44.00 | 44.00 | 61.4% | 410 | 410 | 75,662 | 55.0% | 68 |
| 340 | 38 | 79.6% | 46.12 | 49.00 | 69.4% | 44,071 | 62,163 | 7,207,984 | 55.0% | 76 |
| 340 | 39 | 79.6% | 46.12 | 41.00 | 102.4% | 11,946 | 62,163 | 1,989,620 | 55.0% | 64 |
| 340 | 60 | 79.6% | 46.12 | 37.00 | 124.3% | 6,136 | 62,163 | 947,561 | 55.0% | 57 |
| 350 | 39 | 95.0% | 39.31 | 41.00 | 87.8% | 4,235 | 7,364 | 661,804 | 55.0% | 64 |
| 350 | 60 | 95.0% | 39.31 | 37.00 | 108.1% | 3,129 | 7,364 | 493,406 | 55.0% | 57 |
| 360 | 60 | 53.4% | 37.00 | 37.00 | 54.1% | 19,554 | 19,554 | 3,116,193 | 54.1% | 57 |
| 370 | 60 | 80.3% | 37.00 | 37.00 | 81.1% | 353 | 353 | 58,872 | 55.0% | 57 |
| 380 | 60 | 76.2% | 37.00 | 37.00 | 75.7% | 1,819 | 1,819 | 312,557 | 55.0% | 57 |
| 390 | 60 | 68.6% | 37.00 | 37.00 | 67.6% | 1,259 | 1,259 | 248,365 | 55.0% | 57 |
| Statewide | | | | | | | | | 54.9% | |

* from previous page

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE-CLASS LOSS COST BY TERRITORY - CONDOMINIUM FORM

| TERR. | (1) NON-HURRICANE BASE-CLASS LOSS COST [A] | (2) FIVE-YEAR HOUSE-YEARS | (3) CREDI-BILITY [B] | (4) CREDI-BILITY WEIGHTED BASE LOSS COST | (5) MODELED HURRICANE BASE LOSS COST [C] | (6) TOTAL LOSS COST (4) + (5) | (7) INDICATED RELATIVITY TERR (6) / SW (6) | (8) INDICATED STATEWIDE BASE LOSS COST | (9) INDICATED BASE LOSS COST TERR (7) / SW (7) × (8) |
|---|---|---|---|---|---|---|---|---|---|
| 110 | 17.86 | 1,217 | 0.10 | 21.19 | 34.31 | 55.50 | 2.143 | 34.20 | 73.30 |
| 120 | 22.58 | 6,761 | 0.30 | 21.87 | 49.73 | 71.60 | 2.765 | 34.20 | 94.57 |
| 130 | 14.61 | 947 | 0.10 | 20.87 | 20.00 | 40.87 | 1.578 | 34.20 | 53.97 |
| 140 | 18.18 | 24,918 | 0.70 | 19.19 | 27.29 | 46.48 | 1.795 | 34.20 | 61.40 |
| 150 | 12.86 | 2,919 | 0.20 | 19.82 | 8.10 | 27.92 | 1.078 | 34.20 | 36.87 |
| 160 | 11.30 | 4,043 | 0.20 | 19.51 | 10.74 | 30.25 | 1.168 | 34.20 | 39.95 |
| 170 | 28.74 | 6 | 0.00 | 21.56 | 2.71 | 24.27 | 0.937 | 34.20 | 32.05 |
| 180 | 20.37 | 5,021 | 0.30 | 21.20 | 5.05 | 26.25 | 1.014 | 34.20 | 34.68 |
| 190 | 9.83 | 91 | 0.00 | 21.56 | 7.08 | 28.64 | 1.106 | 34.20 | 37.83 |
| 200 | 32.89 | 17 | 0.00 | 21.56 | 8.32 | 29.88 | 1.154 | 34.20 | 39.47 |
| 210 | 28.62 | 308 | 0.00 | 21.56 | 4.27 | 25.83 | 0.998 | 34.20 | 34.14 |
| 220 | 26.28 | 6,479 | 0.30 | 22.98 | 2.82 | 25.80 | 0.996 | 34.20 | 34.07 |
| 230 | 50.42 | 363 | 0.00 | 21.56 | 5.44 | 27.00 | 1.043 | 34.20 | 35.67 |
| 240 | 19.81 | 1,214 | 0.10 | 21.39 | 3.06 | 24.45 | 0.944 | 34.20 | 32.29 |
| 250 | 11.16 | 316 | 0.00 | 21.56 | 2.52 | 24.08 | 0.930 | 34.20 | 31.81 |
| 260 | 22.66 | 102 | 0.00 | 21.56 | 1.63 | 23.19 | 0.896 | 34.20 | 30.65 |
| 270 | 26.60 | 46,757 | 0.90 | 26.10 | 2.10 | 28.20 | 1.089 | 34.20 | 37.25 |
| 280 | 11.28 | 13,065 | 0.50 | 16.42 | 1.71 | 18.13 | 0.700 | 34.20 | 23.94 |
| 290 | 21.89 | 5,151 | 0.30 | 21.66 | 2.15 | 23.81 | 0.920 | 34.20 | 31.47 |
| 300 | 21.10 | 147 | 0.00 | 21.56 | 1.94 | 23.50 | 0.908 | 34.20 | 31.06 |
| 310 | 18.51 | 47,599 | 0.90 | 18.82 | 1.14 | 19.96 | 0.771 | 34.20 | 26.37 |
| 320 | 18.05 | 9,889 | 0.40 | 20.16 | 1.20 | 21.36 | 0.825 | 34.20 | 28.22 |
| 330 | 8.59 | 173 | 0.00 | 21.56 | 0.90 | 22.46 | 0.867 | 34.20 | 29.65 |
| 340 | 21.88 | 112,901 | 1.00 | 21.88 | 1.10 | 22.98 | 0.887 | 34.20 | 30.34 |
| 350 | 21.86 | 6,295 | 0.30 | 21.65 | 0.89 | 22.54 | 0.870 | 34.20 | 29.76 |
| 360 | 20.08 | 37,994 | 0.80 | 20.38 | 0.44 | 20.82 | 0.804 | 34.20 | 27.50 |
| 370 | 31.76 | 3,032 | 0.20 | 23.60 | 0.36 | 23.96 | 0.925 | 34.20 | 31.64 |
| 380 | 25.28 | 3,682 | 0.20 | 22.30 | 0.35 | 22.65 | 0.875 | 34.20 | 29.93 |
| 390 | 26.87 | 2,685 | 0.20 | 22.62 | 0.30 | 22.92 | 0.885 | 34.20 | 30.27 |
| Statewide | 21.56 | 344,092 | | | | 25.89 | 0.9999 | | |

Column (4) = (1) × (3) + (1.0-(3)) × Statewide (1)
Column (8) = Line (9) + Line (11), Page C-3

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED BASE CLASS RATE AND RATE LEVEL CHANGE - CONDOMINIUM FORM

| TERR. | (1) INDICATED BASE CLASS LOSS COST | (2) TRENDED FIXED EXPENSE [D] | (3) VARIABLE EXPENSE, PROFIT, CONTG. | (4) CURRENT BASE CLASS RATE | (5) INDICATED NET BASE-CLASS RATE [(1)+(2)×(4)]/[1.0-(3)] | (6) COMP. FOR ASMT. RISK [E] | (7) NET REINS. COST [F] | (8) (5) + (6) + (7) | (9) SELECTED DEVIATION [G] | (10) DOLLAR DEVIATION PER EXPOSURE [(8) / (1.0- (9))] - (8) | (11) INDICATED REQUIRED BASE-CLASS RATE (8) + (10) | (12) INDICATED RATE LEVEL CHANGE (11) / (4) | (13) INDICATED BALANCED RATE LEVEL CHANGE [H] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 110 | 73.30 | 0.110 | 0.343 | 106.00 | 129.32 | 5.51 | 121.70 | 256.53 | 0.05 | 13.50 | 270.03 | 2.547 | 2.566 |
| 120 | 94.57 | 0.095 | 0.343 | 113.00 | 160.28 | 5.88 | 129.74 | 295.90 | 0.05 | 15.57 | 311.47 | 2.756 | 2.777 |
| 130 | 53.97 | 0.112 | 0.292 | 83.00 | 89.36 | 4.32 | 29.83 | 123.51 | 0.05 | 6.50 | 130.01 | 1.566 | 1.578 |
| 140 | 61.40 | 0.124 | 0.343 | 83.00 | 109.12 | 4.32 | 95.30 | 208.74 | 0.05 | 10.99 | 219.73 | 2.647 | 2.667 |
| 150 | 36.87 | 0.106 | 0.292 | 78.00 | 63.75 | 4.06 | 28.03 | 95.84 | 0.05 | 5.04 | 100.88 | 1.293 | 1.303 |
| 160 | 39.95 | 0.130 | 0.292 | 83.00 | 71.67 | 4.32 | 29.83 | 105.82 | 0.05 | 5.57 | 111.39 | 1.342 | 1.352 |
| 170 | 32.05 | 0.254 | 0.260 | 49.00 | 60.13 | 2.55 | 14.74 | 77.42 | 0.05 | 4.07 | 81.49 | 1.663 | 1.676 |
| 180 | 34.68 | 0.215 | 0.260 | 49.00 | 61.10 | 2.55 | 14.74 | 78.39 | 0.05 | 4.13 | 82.52 | 1.684 | 1.697 |
| 190 | 37.83 | 0.182 | 0.292 | 49.00 | 66.03 | 2.55 | 17.61 | 86.19 | 0.05 | 4.54 | 90.73 | 1.852 | 1.866 |
| 200 | 39.47 | 0.234 | 0.292 | 52.00 | 72.94 | 2.70 | 18.69 | 94.33 | 0.05 | 4.96 | 99.29 | 1.909 | 1.923 |
| 210 | 34.14 | 0.194 | 0.260 | 42.00 | 57.15 | 2.18 | 12.63 | 71.96 | 0.05 | 3.79 | 75.75 | 1.804 | 1.818 |
| 220 | 34.07 | 0.166 | 0.260 | 52.00 | 57.71 | 2.70 | 15.64 | 76.05 | 0.05 | 4.00 | 80.05 | 1.539 | 1.551 |
| 230 | 35.67 | 0.240 | 0.260 | 52.00 | 65.07 | 2.70 | 15.64 | 83.41 | 0.05 | 4.39 | 87.80 | 1.688 | 1.701 |
| 240 | 32.29 | 0.180 | 0.260 | 42.00 | 53.85 | 2.18 | 12.63 | 68.66 | 0.05 | 3.61 | 72.27 | 1.721 | 1.734 |
| 250 | 31.81 | 0.179 | 0.260 | 42.00 | 53.15 | 2.18 | 12.63 | 67.96 | 0.05 | 3.58 | 71.54 | 1.703 | 1.716 |
| 260 | 30.65 | 0.235 | 0.260 | 44.00 | 55.39 | 2.29 | 13.24 | 70.92 | 0.05 | 3.73 | 74.65 | 1.697 | 1.710 |
| 270 | 37.25 | 0.183 | 0.260 | 47.46 | 62.07 | 2.47 | 14.30 | 78.84 | 0.05 | 4.15 | 82.99 | 1.749 | 1.762 |
| 280 | 23.94 | 0.174 | 0.260 | 45.00 | 42.93 | 2.34 | 13.54 | 58.81 | 0.05 | 3.10 | 61.91 | 1.376 | 1.386 |
| 290 | 31.47 | 0.222 | 0.260 | 42.00 | 55.13 | 2.18 | 12.63 | 69.94 | 0.05 | 3.68 | 73.62 | 1.753 | 1.766 |
| 300 | 31.06 | 0.198 | 0.260 | 41.00 | 52.94 | 2.13 | 12.33 | 67.40 | 0.05 | 3.55 | 70.95 | 1.730 | 1.743 |
| 310 | 26.37 | 0.235 | 0.223 | 38.69 | 45.64 | 2.01 | 4.89 | 52.54 | 0.05 | 2.77 | 55.31 | 1.430 | 1.441 |
| 320 | 28.22 | 0.258 | 0.223 | 35.33 | 48.05 | 1.84 | 4.47 | 54.36 | 0.05 | 2.86 | 57.22 | 1.620 | 1.632 |
| 330 | 29.65 | 0.245 | 0.223 | 39.00 | 50.46 | 2.03 | 4.93 | 57.42 | 0.05 | 3.02 | 60.44 | 1.550 | 1.562 |
| 340 | 30.34 | 0.213 | 0.223 | 40.13 | 50.05 | 2.09 | 5.08 | 57.22 | 0.05 | 3.01 | 60.23 | 1.501 | 1.512 |
| 350 | 29.76 | 0.262 | 0.223 | 34.71 | 50.01 | 1.81 | 4.39 | 56.21 | 0.05 | 2.96 | 59.17 | 1.705 | 1.718 |
| 360 | 27.50 | 0.232 | 0.223 | 34.00 | 45.54 | 1.77 | 4.30 | 51.61 | 0.05 | 2.72 | 54.33 | 1.598 | 1.610 |
| 370 | 31.64 | 0.242 | 0.223 | 34.00 | 51.31 | 1.77 | 4.30 | 57.38 | 0.05 | 3.02 | 60.40 | 1.776 | 1.789 |
| 380 | 29.93 | 0.249 | 0.223 | 34.00 | 49.42 | 1.77 | 4.30 | 55.49 | 0.05 | 2.92 | 58.41 | 1.718 | 1.731 |
| 390 | 30.27 | 0.207 | 0.223 | 34.00 | 48.02 | 1.77 | 4.30 | 54.09 | 0.05 | 2.85 | 56.94 | 1.675 | 1.688 |
| SW | | | | | | | | | | | | 1.728 | 1.741 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

INDICATED RATE LEVEL CHANGE AND FILED BASE CLASS RATE - CONDOMINIUM FORM

| NEW TERRITORY | CURRENT TERR | (1) * INDICATED RATE CHANGE, NEW TERR | (2) CURRENT AVERAGE RATE, NEW TERR | (3) CURRENT RATE, CURRENT TERR | (4) RATE CHANGE, CURRENT TERR =[1+(1)]×[(2)/(3)] | (5) 2011 HSE-YRS IN NEW TERR FROM CURR TERR | (6) 2011 HSE-YRS IN NEW TERR | (7) 2011 PREMIUM AT PRESENT RATE | (8) FILED RATE CHANGE [1] | (9) FILED BASE RATE = [1+(8)]×(3) |
|---|---|---|---|---|---|---|---|---|---|---|
| 110 | 07 | 156.6% | 106.00 | 106.00 | 156.6% | 221 | 221 | 124,396 | 55.0% | 164 |
| 120 | 08 | 177.7% | 113.00 | 113.00 | 177.9% | 1,559 | 1,559 | 959,511 | 55.0% | 175 |
| 130 | 48 | 57.8% | 83.00 | 83.00 | 57.8% | 196 | 196 | 102,714 | 55.0% | 129 |
| 140 | 52 | 166.7% | 83.00 | 83.00 | 166.3% | 5,217 | 6,139 | 2,403,360 | 55.0% | 129 |
| 150 | 49 | 30.3% | 78.00 | 78.00 | 30.8% | 614 | 614 | 336,569 | 30.8% | 102 |
| 160 | 52 | 35.2% | 83.00 | 83.00 | 34.9% | 922 | 6,139 | 412,277 | 34.9% | 112 |
| 170 | 45 | 67.6% | 49.00 | 49.00 | 67.3% | 1 | 1 | 167 | 55.0% | 76 |
| 180 | 45 | 69.7% | 49.00 | 49.00 | 69.4% | 1,086 | 1,086 | 303,264 | 55.0% | 76 |
| 190 | 45 | 86.6% | 49.00 | 49.00 | 85.7% | 13 | 13 | 4,597 | 55.0% | 76 |
| 200 | 41 | 92.3% | 52.00 | 52.00 | 92.3% | 5 | 5 | 1,089 | 55.0% | 81 |
| 210 | 47 | 81.8% | 42.00 | 42.00 | 81.0% | 67 | 67 | 21,039 | 55.0% | 65 |
| 220 | 34 | 55.1% | 52.00 | 52.00 | 55.8% | 1,435 | 1,436 | 502,006 | 55.0% | 81 |
| 220 | 45 | 55.1% | 52.00 | 49.00 | 65.3% | 2 | 1,436 | 356 | 55.0% | 76 |
| 230 | 41 | 70.1% | 52.00 | 52.00 | 69.2% | 74 | 74 | 18,050 | 55.0% | 81 |
| 240 | 47 | 73.4% | 42.00 | 42.00 | 73.8% | 251 | 251 | 86,077 | 55.0% | 65 |
| 250 | 47 | 71.6% | 42.00 | 42.00 | 71.4% | 75 | 75 | 24,431 | 55.0% | 65 |
| 260 | 46 | 71.0% | 44.00 | 44.00 | 70.5% | 17 | 17 | 4,200 | 55.0% | 68 |
| 270 | 32 | 76.2% | 47.46 | 49.00 | 71.4% | 6,684 | 10,556 | 2,318,444 | 55.0% | 76 |
| 270 | 53 | 76.2% | 47.46 | 45.00 | 86.7% | 3,872 | 10,556 | 1,086,715 | 55.0% | 70 |
| 280 | 53 | 38.6% | 45.00 | 45.00 | 37.8% | 2,809 | 2,809 | 930,848 | 37.8% | 62 |
| 290 | 47 | 76.6% | 42.00 | 42.00 | 76.2% | 1,056 | 1,056 | 284,556 | 55.0% | 65 |
| 300 | 44 | 74.3% | 41.00 | 41.00 | 73.2% | 25 | 25 | 8,022 | 55.0% | 64 |
| 310 | 36 | 44.1% | 38.69 | 39.00 | 43.6% | 4,853 | 9,081 | 1,283,452 | 43.6% | 56 |
| 310 | 46 | 44.1% | 38.69 | 44.00 | 27.3% | 0 | 9,081 | 70 | 27.3% | 56 |
| 310 | 57 | 44.1% | 38.69 | 39.00 | 43.6% | 3,654 | 9,081 | 852,371 | 43.6% | 56 |
| 310 | 60 | 44.1% | 38.69 | 34.00 | 64.7% | 574 | 9,081 | 142,729 | 55.0% | 53 |
| 320 | 57 | 63.2% | 35.33 | 39.00 | 48.7% | 543 | 2,017 | 119,260 | 48.7% | 58 |
| 320 | 60 | 63.2% | 35.33 | 34.00 | 70.6% | 1,474 | 2,017 | 343,007 | 55.0% | 53 |
| 330 | 57 | 56.2% | 39.00 | 39.00 | 56.4% | 32 | 32 | 7,929 | 55.0% | 60 |
| 340 | 38 | 51.2% | 40.13 | 42.00 | 45.2% | 19,153 | 25,751 | 5,569,459 | 45.2% | 61 |
| 340 | 39 | 51.2% | 40.13 | 35.00 | 74.3% | 5,664 | 25,751 | 1,349,393 | 55.0% | 54 |
| 340 | 60 | 51.2% | 40.13 | 34.00 | 79.4% | 935 | 25,751 | 212,730 | 55.0% | 53 |
| 350 | 39 | 71.8% | 34.71 | 35.00 | 71.4% | 971 | 1,354 | 226,209 | 55.0% | 54 |
| 350 | 60 | 71.8% | 34.71 | 34.00 | 76.5% | 383 | 1,354 | 82,439 | 55.0% | 53 |
| 360 | 60 | 61.0% | 34.00 | 34.00 | 61.8% | 8,069 | 8,069 | 2,023,966 | 55.0% | 53 |
| 370 | 60 | 78.9% | 34.00 | 34.00 | 79.4% | 637 | 637 | 150,289 | 55.0% | 53 |
| 380 | 60 | 73.1% | 34.00 | 34.00 | 73.5% | 747 | 747 | 175,259 | 55.0% | 53 |
| 390 | 60 | 68.8% | 34.00 | 34.00 | 67.6% | 534 | 534 | 158,596 | 55.0% | 53 |
| Statewide | | | | | | | | | 50.0% | |

* from previous page

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF WIND EXCLUSION CREDIT

| Territory | $L$ [(A)] | $d$ | $F$ [(B)] | $(1\text{-}V)$ [(C)] | $k$ | $B$ [(D)] | $D$ | $I$ | $p$ | $r$ | $C$ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | OWNERS | | | | | | |
| 110 | 1,011.53 | 0.159 | 40.33 | 0.7310 | 0.191 | 83.89 | 0.05 | 2,178 | 1.006 | 1.001 | 1,885 |
| 120 | 1,289.00 | 0.112 | 43.75 | 0.7310 | 0.141 | 94.81 | 0.05 | 2,461 | 0.997 | 1.002 | 2,174 |
| 130 | 442.89 | 0.354 | 36.76 | 0.7310 | 0.403 | 53.10 | 0.05 | 1,123 | 1.223 | 0.999 | 1,004 |
| 140 | 828.31 | 0.190 | 43.32 | 0.7310 | 0.230 | 59.29 | 0.05 | 1,539 | 1.026 | 1.003 | 1,272 |
| 150 | 354.49 | 0.452 | 47.03 | 0.7310 | 0.516 | 45.30 | 0.05 | 947 | 1.070 | 1.001 | 668 |
| 160 | 391.83 | 0.409 | 52.44 | 0.7310 | 0.479 | 59.29 | 0.05 | 1,118 | 1.057 | 1.001 | 827 |
| | | | | | TENANT | | | | | | |
| 110 | 87.65 | 0.306 | 16.69 | 0.7310 | 0.417 | 5.57 | 0.05 | 166 | 1.012 | 1.000 | 102 |
| 120 | 103.26 | 0.280 | 17.92 | 0.7310 | 0.386 | 5.83 | 0.05 | 174 | 0.988 | 1.000 | 103 |
| 130 | 49.30 | 0.566 | 14.36 | 0.7310 | 0.664 | 3.95 | 0.05 | 118 | 1.125 | 1.000 | 61 |
| 140 | 65.34 | 0.398 | 17.51 | 0.7310 | 0.525 | 4.42 | 0.05 | 132 | 0.987 | 1.000 | 66 |
| 150 | 34.55 | 0.650 | 15.91 | 0.7310 | 0.760 | 3.74 | 0.05 | 110 | 1.003 | 1.000 | 52 |
| 160 | 46.46 | 0.660 | 17.43 | 0.7310 | 0.753 | 4.42 | 0.05 | 132 | 0.993 | 1.000 | 59 |
| | | | | | CONDOMINIUM | | | | | | |
| 110 | 73.30 | 0.374 | 11.66 | 0.7310 | 0.460 | 5.51 | 0.05 | 164 | 0.979 | 1.000 | 103 |
| 120 | 94.57 | 0.301 | 10.74 | 0.7310 | 0.372 | 5.88 | 0.05 | 175 | 0.982 | 1.000 | 114 |
| 130 | 53.97 | 0.499 | 9.30 | 0.7310 | 0.573 | 4.32 | 0.05 | 129 | 1.015 | 1.000 | 75 |
| 140 | 61.40 | 0.403 | 10.29 | 0.7310 | 0.489 | 4.32 | 0.05 | 129 | 0.978 | 1.000 | 75 |
| 150 | 36.87 | 0.694 | 8.27 | 0.7310 | 0.750 | 4.06 | 0.05 | 102 | 1.006 | 1.000 | 50 |
| 160 | 39.95 | 0.633 | 10.79 | 0.7310 | 0.711 | 4.32 | 0.05 | 112 | 0.930 | 1.000 | 53 |

(A) equals column (9) on pages C-5, 8, 11
(B) equals product of columns (2) and (4) on pages C-6, 9, 12
(C) equals (1.0 - statewide provisions for profit, contingencies, commission,taxes on page D-28)
(D) equals column (6) on pages C-6, 9, 12

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF WIND MITIGATION CREDITS

| | Territory | | | | | |
|---|---|---|---|---|---|---|
| | 110 | 120 | 130 | 140 | 150 | 160 |
| (1) Current Wind Exclusion Credit | 1,357 | 1,562 | 777 | 892 | 633 | 892 |
| (2) Filed Wind Exclusion Credit | 1,885 | 2,174 | 1,004 | 1,272 | 668 | 827 |
| (3) Ratio of Filed and Current Wind Credits = (2)/(1) | 1.389 | 1.392 | 1.292 | 1.426 | 1.055 | 0.927 |
| (4) **Current Wind Mitigation Credits** | | | | | | |
| Total Hip Roof | 94 | 106 | 54 | 61 | 43 | 61 |
| Opening Protection | 96 | 109 | 54 | 62 | 41 | 62 |
| Total Hip Roof and Opening Protection | 190 | 215 | 108 | 123 | 84 | 123 |
| IBHS Designation: | | | | | | |
| Hurricane Fortified for Safer Living® | 308 | 375 | 155 | 204 | 92 | 204 |
| Hurricane Fortified for Existing Homes® Bronze Option 1 | 74 | 85 | 43 | 48 | 33 | 48 |
| Hurricane Fortified for Existing Homes® Bronze Option 2 | 115 | 134 | 61 | 76 | 41 | 76 |
| Hurricane Fortified for Existing Homes® Silver Option 1 | 185 | 226 | 87 | 124 | 44 | 124 |
| Hurricane Fortified for Existing Homes® Silver Option 2 | 222 | 273 | 104 | 152 | 51 | 152 |
| Hurricane Fortified for Existing Homes® Gold Option 1 | 236 | 288 | 116 | 155 | 65 | 155 |
| Hurricane Fortified for Existing Homes® Gold Option 2 | 274 | 336 | 133 | 183 | 72 | 183 |
| (5) **Revised Wind Mitigation Credits = (4)×(3)** | | | | | | |
| Total Hip Roof | 131 | 148 | 70 | 87 | 45 | 57 |
| Opening Protection | 133 | 152 | 70 | 88 | 43 | 57 |
| Total Hip Roof and Opening Protection | 264 | 299 | 140 | 175 | 89 | 114 |
| IBHS Designation: | | | | | | |
| Hurricane Fortified for Safer Living® | 428 | 522 | 200 | 291 | 97 | 189 |
| Hurricane Fortified for Existing Homes® Bronze Option 1 | 103 | 118 | 56 | 68 | 35 | 44 |
| Hurricane Fortified for Existing Homes® Bronze Option 2 | 160 | 187 | 79 | 108 | 43 | 70 |
| Hurricane Fortified for Existing Homes® Silver Option 1 | 257 | 315 | 112 | 177 | 46 | 115 |
| Hurricane Fortified for Existing Homes® Silver Option 2 | 308 | 380 | 134 | 217 | 54 | 141 |
| Hurricane Fortified for Existing Homes® Gold Option 1 | 328 | 401 | 150 | 221 | 69 | 144 |
| Hurricane Fortified for Existing Homes® Gold Option 2 | 381 | 468 | 172 | 261 | 76 | 170 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

EXPENSE, PROFIT AND CONTINGENCIES

| | 2010 | 2011 | 2012 | Average |
|---|---|---|---|---|
| Commission & Brokerage | 227,648,735 | 222,869,584 | 225,107,387 | |
| Written Premium including deviations | 1,724,341,759 | 1,767,724,707 | 1,791,670,152 | |
| Ratio: | 0.132 | 0.126 | 0.126 | 0.128 |
| Other Acquisition Expense | 121,568,295 | 118,846,200 | 126,796,960 | |
| Earned Premium excluding deviations | 1,927,440,496 | 1,957,706,391 | 1,927,846,262 | |
| Earned Premium at current manual level | 2,066,671,039 | 2,094,745,838 | 2,062,795,500 | |
| Ratio: | 0.059 | 0.057 | 0.061 | 0.059 |
| General Expense | 80,255,121 | 84,016,909 | 90,595,044 | |
| Earned Premium excluding deviations | 1,927,440,496 | 1,957,706,391 | 1,927,846,262 | |
| Earned Premium at current manual level | 2,066,671,039 | 2,094,745,838 | 2,062,795,500 | |
| Ratio: | 0.039 | 0.040 | 0.044 | 0.041 |
| Taxes, Licenses & Fees | 46,909,335 | 46,454,578 | 46,421,539 | |
| Written Premium including deviations | 1,724,341,759 | 1,767,724,707 | 1,791,670,152 | |
| Ratio: | 0.027 | 0.026 | 0.026 | 0.026 |

| | ZONE 1A | ZONE 1B | ZONE 2 | ZONE 3 | Statewide |
|---|---|---|---|---|---|
| Profit & Contingencies | 18.9% | 13.8% | 10.6% | 6.9% | 11.5% |
| 1.0 - (commission,tax,profit,conting.) | 0.657 | 0.708 | 0.740 | 0.777 | 0.731 |
| Compensation for Assessment Risk | 4.40% | 4.40% | 4.40% | 4.40% | 4.40% |

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF LOADINGS FOR GENERAL AND OTHER ACQUISITION EXPENSES (GE,OA)

Calculation of Trend factor for GE, OA Dollars:

| | |
|---|---|
| A. Selected Annual Expense Trend Factor | 1.020 |
| B. Midpoint of Historical GE, OA Experience (2010-2012) | July 1,2011 |
| C. GE, OA Expenses Projected to | January 1, 2015 * |
| D. Number of months between midpoint and projection dates | 42 |
| E. Trend Factor for GE, OA expense dollars = $A^{(D/12)}$ | 1.072 |

* six months past assumed effective date

Calculation of Trend Factor for Premiums and Average All-Forms GE, OA Dollar Loading

| | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|---|---|---|---|---|
| | 2011 Earned Premium | 2011 Current Amount Factor | Premium Projection Factor | Trended Premium = (1) × (2) × (3) | 2011 House-Years | Trended Avg. Rate = (4) / (5) |
| Owners | 2,257,970,589 | 1.050 | 1.044 | 2,475,187,360 | 1,947,574 | $1,270.91 |
| Tenant | 45,065,871 | 0.979 | 0.981 | 43,281,217 | 265,991 | $162.72 |
| Condominium | 22,629,842 | 1.000 | 1.000 | 22,629,842 | 74,424 | $304.07 |
| Total | 2,325,666,302 | | | 2,541,098,419 | 2,287,989 | $1,110.63 |

| | | |
|---|---|---|
| F. All-Forms Premium Trend Factor = Total (4) / Total (1) | = | 1.093 |
| G. Historical Average GE OA ratio (2010-2012) | = | 0.100 |
| H. Trended GE OA ratio = G × E / F | = | 0.098 |
| I. All-Forms Dollar loading for GE, OA = H × Total (6) | = | $108.84 |

Calculation of Base-Class GE, OA Dollar Dollar Loading by Form

| | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
|---|---|---|---|---|---|---|---|
| | 2011 House-Years | Selected Relativity for GE, OA Dollars per policy * | Average GE,OA Loading = (8) × I / Total (8) | 2011 Average Rating Factor | 2011 Current Amount Factor | Premium Projection Factor | GE,OA Loading at Base-Class Level = (9)/((10)×(11)×(12)) |
| Owners | 1,947,574 | 1.00 | $117.59 | 2.427 | 1.050 | 1.044 | $44.20 |
| Tenant | 265,991 | 0.50 | $58.80 | 3.616 | 0.979 | 0.981 | $16.93 |
| Condominium | 74,424 | 0.50 | $58.80 | 6.576 | 1.000 | 1.000 | $8.94 |
| Total | 2,287,989 | 0.9256 | | | | | |

* Total (8) calculated as weighted average of the column (8) relativities by form using column (7) as weights

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF EXCESS FACTOR (EXCLUDES HURRICANE LOSSES)

| Year | (1)* REPORTED WIND LOSSES | (2)** REPORTED TOTAL LOSSES | (3)*** TOTAL MINUS WIND (2) - (1) | (4) WIND / TOTAL MINUS WIND | (5) CAPPED WIND RATIO ≤ (5 × MED) | (6) CAPPED EXCESS WIND RATIO (5)-AVG(5) | (7) CAPPED EXCESS WIND LOSSES (3) × (6) | (8) EXCESS WIND RATIO ABOVE THE CAP | (9) EXCESS WIND LOSSES ABOVE THE CAP (8) × (3) | (10) TOTAL EXCESS WIND LOSSES (7) + (9) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1950 | 1,388,467 | 312,200 | 312,200 | 0.092 | 0.092 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1951 | 1,422,207 | 290,780 | 290,780 | 0.083 | 0.083 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1952 | 1,440,159 | 792,365 | 792,365 | 0.225 | 0.225 | 0.040 | 31,695 | 0.000 | 0 | 31,695 |
| 1956 | 2,297,877 | 1,928,925 | 1,928,925 | 0.343 | 0.343 | 0.158 | 304,770 | 0.000 | 0 | 304,770 |
| 1957 | 2,117,102 | 839,255 | 839,255 | 0.162 | 0.162 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1961 | 301,538 | 2,663,173 | 2,361,635 | 0.128 | 0.128 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1962 | 272,921 | 3,126,852 | 2,853,931 | 0.096 | 0.096 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1963 | 694,065 | 5,638,155 | 4,944,090 | 0.140 | 0.140 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1964 | 607,512 | 6,064,576 | 5,457,064 | 0.111 | 0.111 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1965 | 671,048 | 6,901,947 | 6,230,899 | 0.108 | 0.108 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1966 | 719,568 | 8,005,594 | 7,286,026 | 0.099 | 0.099 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1967 | 915,862 | 8,050,817 | 7,134,955 | 0.128 | 0.128 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1968 | 498,227 | 10,627,905 | 10,129,678 | 0.049 | 0.049 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1969 | 563,307 | 13,143,012 | 12,579,705 | 0.045 | 0.045 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1970 | 2,479,513 | 17,038,702 | 14,559,189 | 0.170 | 0.170 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1971 | 2,627,662 | 21,885,664 | 19,258,002 | 0.136 | 0.136 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1972 | 1,260,381 | 21,914,689 | 20,654,308 | 0.061 | 0.061 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1973 | 2,266,976 | 30,436,168 | 28,169,192 | 0.080 | 0.080 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1974 | 9,401,408 | 43,362,415 | 33,961,007 | 0.277 | 0.277 | 0.092 | 3,124,413 | 0.000 | 0 | 3,124,413 |
| 1975 | 5,485,456 | 53,538,527 | 48,053,071 | 0.114 | 0.114 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1976 | 2,972,442 | 52,540,898 | 49,568,456 | 0.060 | 0.060 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1977 | 3,476,744 | 60,315,936 | 56,839,192 | 0.061 | 0.061 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1978 | 10,628,669 | 70,467,546 | 59,838,877 | 0.178 | 0.178 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1979 | 3,105,986 | 71,072,268 | 67,966,282 | 0.046 | 0.046 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1980 | 6,474,397 | 106,691,350 | 100,216,953 | 0.065 | 0.065 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1981 | 4,950,144 | 109,000,823 | 104,050,679 | 0.048 | 0.048 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1982 | 9,654,141 | 118,487,782 | 108,833,641 | 0.089 | 0.089 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1983 | 9,722,115 | 123,552,849 | 113,830,734 | 0.085 | 0.085 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1984 | 21,436,988 | 140,713,231 | 119,276,243 | 0.180 | 0.180 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1985 | 30,960,043 | 179,473,338 | 148,513,295 | 0.208 | 0.208 | 0.023 | 3,415,806 | 0.000 | 0 | 3,415,806 |
| 1986 | 16,262,975 | 157,609,675 | 141,346,700 | 0.115 | 0.115 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1987 | 23,190,753 | 185,616,181 | 162,425,428 | 0.143 | 0.143 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1988 | 66,411,702 | 243,501,978 | 177,090,276 | 0.375 | 0.375 | 0.190 | 33,647,152 | 0.000 | 0 | 33,647,152 |
| 1989 | 83,498,398 | 278,467,229 | 194,968,831 | 0.428 | 0.428 | 0.243 | 47,377,426 | 0.000 | 0 | 47,377,426 |
| 1990 | 37,671,988 | 220,252,894 | 182,580,906 | 0.206 | 0.206 | 0.021 | 3,834,199 | 0.000 | 0 | 3,834,199 |
| 1991 | 18,151,400 | 219,353,728 | 201,202,328 | 0.090 | 0.090 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1992 | 26,654,935 | 222,532,035 | 195,877,100 | 0.136 | 0.136 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1993 | 97,830,965 | 321,921,890 | 224,090,925 | 0.437 | 0.437 | 0.252 | 56,470,913 | 0.000 | 0 | 56,470,913 |
| 1994 | 28,862,821 | 278,066,775 | 249,203,954 | 0.116 | 0.116 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1995 | 52,370,482 | 291,974,195 | 239,603,713 | 0.219 | 0.219 | 0.034 | 8,146,526 | 0.000 | 0 | 8,146,526 |
| 1996 | 40,901,941 | 332,747,529 | 291,845,588 | 0.140 | 0.140 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1997 | 37,382,138 | 303,669,980 | 266,287,842 | 0.140 | 0.140 | 0.000 | 0 | 0.000 | 0 | 0 |
| 1998 | 120,075,356 | 394,840,091 | 274,764,735 | 0.437 | 0.437 | 0.252 | 69,240,713 | 0.000 | 0 | 69,240,713 |
| 1999 | 58,232,430 | 350,186,938 | 291,954,508 | 0.199 | 0.199 | 0.014 | 4,087,363 | 0.000 | 0 | 4,087,363 |
| 2000 | 86,652,848 | 447,040,839 | 360,387,991 | 0.240 | 0.240 | 0.055 | 19,821,340 | 0.000 | 0 | 19,821,340 |
| 2001 | 29,726,203 | 371,449,659 | 341,723,456 | 0.087 | 0.087 | 0.000 | 0 | 0.000 | 0 | 0 |
| 2002 | 46,670,010 | 511,786,136 | 465,116,126 | 0.100 | 0.100 | 0.000 | 0 | 0.000 | 0 | 0 |
| 2003 | 112,051,939 | 466,385,684 | 354,333,745 | 0.316 | 0.316 | 0.131 | 46,417,721 | 0.000 | 0 | 46,417,721 |
| 2004 | 61,608,200 | 394,284,296 | 332,676,096 | 0.185 | 0.185 | 0.000 | 0 | 0.000 | 0 | 0 |
| 2005 | 48,759,994 | 427,428,940 | 378,668,946 | 0.129 | 0.129 | 0.000 | 0 | 0.000 | 0 | 0 |
| 2006 | 94,077,678 | 496,085,897 | 402,008,219 | 0.234 | 0.234 | 0.049 | 19,698,403 | 0.000 | 0 | 19,698,403 |
| 2007 | 90,878,475 | 552,538,866 | 461,660,391 | 0.197 | 0.197 | 0.012 | 5,539,925 | 0.000 | 0 | 5,539,925 |
| 2008 | 256,718,100 | 756,466,619 | 499,748,519 | 0.514 | 0.514 | 0.329 | 164,417,263 | 0.000 | 0 | 164,417,263 |
| 2009 | 208,743,189 | 761,556,251 | 552,813,062 | 0.378 | 0.378 | 0.193 | 106,692,921 | 0.000 | 0 | 106,692,921 |
| 2010 | 289,177,645 | 909,422,572 | 620,244,927 | 0.466 | 0.466 | 0.281 | 174,288,824 | 0.000 | 0 | 174,288,824 |
| 2011 | 955,549,316 | 1,521,901,600 | 566,352,284 | 1.687 | 0.690 | 0.505 | 286,007,904 | 0.997 | 564,653,227 | 850,661,131 |
| Total | 3,128,924,805 | 12,705,966,219 | 9,585,707,226 | 11.381 | 10.384 | 2.874 | 1,052,565,276 | 0.997 | 564,653,227 | 1,617,218,503 |
| Avg. | | | | 0.203 | 0.185 | 0.051 | | 0.018 | | |

Average of Column (5) = 0.185

Median value of Column (4) 0.138

Median * 5 = 0.690

EXCESS FACTOR = 1.0 + [(AVG(6) + AVG(8)) / (1.0 + AVG (5) - AVG(6))] = 1.061

* Dwelling E.C. Premiums for 1950,1951,1952,1956,1957

** Dwelling E.C. Losses for 1950,1951,1952,1956,1957.

*** All Dwelling E.C. Losses for 1950-57 are assumed to be Wind Losses.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DEVELOPMENT OF EXCESS LOSSES ON $250 DEDUCTIBLE LEVEL (OWNERS)

| YEAR | (1) EXCESS RATIO* | (2) WIND LOSSES AT $250 DED. | (3) (1)×(2) EXCESS LOSSES AT $250 DED. |
|---|---|---|---|
| 2007 | 0.061 | 100,676,833 | 6,141,287 |
| 2008 | 0.640 | 290,828,467 | 186,130,219 |
| 2009 | 0.511 | 235,025,046 | 120,097,799 |
| 2010 | 0.603 | 331,271,221 | 199,756,546 |
| 2011 | 0.890 | 1,128,125,241 | 1,004,031,464 |

* From calculation of excess factor; ratio of excess losses to reported wind losses.

NORTH CAROLINA

HOMEOWNERS INSURANCE

MODELED HURRICANE LOSSES

OWNERS FORMS

| TERRITORY | AIR LOSS COST PER $1,000 | TOTAL LIMITS FACTOR | 2011 TOTAL LIMIT INSURANCE-YEARS (000) | MODELED HURRICANE LOSSES |
|---|---|---|---|---|
| 110 | 3.3702 | 1.857 | 3,656,612 | 12,323,513 |
| 120 | 4.4767 | 1.900 | 5,254,501 | 23,522,825 |
| 130 | 1.2839 | 1.857 | 5,916,211 | 7,595,816 |
| 140 | 2.6873 | 1.880 | 40,312,563 | 108,331,863 |
| 150 | 0.7559 | 1.868 | 21,172,431 | 16,004,227 |
| 160 | 0.9128 | 1.889 | 13,502,598 | 12,325,177 |
| 170 | 0.2843 | 1.890 | 1,709,765 | 486,089 |
| 180 | 0.5298 | 1.911 | 20,924,733 | 11,085,948 |
| 190 | 0.7078 | 1.898 | 5,363,080 | 3,795,975 |
| 200 | 0.8069 | 1.933 | 2,644,797 | 2,134,090 |
| 210 | 0.4019 | 1.897 | 7,581,967 | 3,047,176 |
| 220 | 0.3651 | 1.937 | 22,475,415 | 8,205,789 |
| 230 | 0.5243 | 1.891 | 5,461,618 | 2,863,523 |
| 240 | 0.2970 | 1.906 | 28,682,259 | 8,518,601 |
| 250 | 0.2956 | 1.954 | 11,968,489 | 3,537,871 |
| 260 | 0.1672 | 1.898 | 10,679,729 | 1,785,675 |
| 270 | 0.2171 | 1.927 | 137,933,763 | 29,945,298 |
| 280 | 0.1705 | 1.923 | 23,584,841 | 4,021,197 |
| 290 | 0.2055 | 1.943 | 16,271,826 | 3,343,890 |
| 300 | 0.1823 | 1.918 | 5,450,510 | 993,624 |
| 310 | 0.1149 | 1.902 | 114,470,602 | 13,152,684 |
| 320 | 0.1202 | 1.900 | 55,204,887 | 6,635,627 |
| 330 | 0.0877 | 1.910 | 2,748,465 | 241,045 |
| 340 | 0.1141 | 1.908 | 157,847,302 | 18,010,145 |
| 350 | 0.0869 | 1.909 | 38,169,800 | 3,316,914 |
| 360 | 0.0534 | 1.904 | 90,890,903 | 4,853,402 |
| 370 | 0.0412 | 1.928 | 4,599,874 | 189,506 |
| 380 | 0.0360 | 1.916 | 15,993,815 | 575,811 |
| 390 | 0.0321 | 1.920 | 17,766,226 | 570,277 |
| STATEWIDE | | | | 311,413,578 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

MODELED HURRICANE LOSSES

TENANT FORM

| TERRITORY | AIR LOSS COST PER $1,000 | 2011 TOTAL LIMIT INSURANCE-YEARS (000) [A] | MODELED HURRICANE LOSSES |
|---|---|---|---|
| 110 | 4.4773 | 8,655 | 38,749 |
| 120 | 5.4460 | 20,566 | 112,002 |
| 130 | 1.7106 | 12,495 | 21,374 |
| 140 | 3.0052 | 252,820 | 759,775 |
| 150 | 0.8635 | 107,393 | 92,734 |
| 160 | 1.1558 | 93,517 | 108,087 |
| 170 | 0.2891 | 10,941 | 3,163 |
| 180 | 0.5678 | 245,032 | 139,129 |
| 190 | 0.6985 | 46,107 | 32,205 |
| 200 | 0.8177 | 13,518 | 11,054 |
| 210 | 0.4121 | 85,599 | 35,275 |
| 220 | 0.3709 | 229,000 | 84,936 |
| 230 | 0.5236 | 40,283 | 21,092 |
| 240 | 0.3299 | 207,012 | 68,293 |
| 250 | 0.3292 | 83,796 | 27,586 |
| 260 | 0.1771 | 79,904 | 14,151 |
| 270 | 0.2322 | 2,167,291 | 503,245 |
| 280 | 0.1784 | 350,442 | 62,519 |
| 290 | 0.2204 | 118,685 | 26,158 |
| 300 | 0.1881 | 32,841 | 6,177 |
| 310 | 0.1200 | 1,455,711 | 174,685 |
| 320 | 0.1244 | 463,059 | 57,605 |
| 330 | 0.0895 | 15,244 | 1,364 |
| 340 | 0.1195 | 2,221,789 | 265,504 |
| 350 | 0.0910 | 292,641 | 26,630 |
| 360 | 0.0526 | 829,083 | 43,610 |
| 370 | 0.0423 | 14,691 | 621 |
| 380 | 0.0368 | 79,358 | 2,920 |
| 390 | 0.0328 | 58,650 | 1,924 |
| STATEWIDE | | | 2,742,567 |

(A) Includes a factor of 1.2 to reflect total limits coverage

NORTH CAROLINA

HOMEOWNERS INSURANCE

MODELED HURRICANE LOSSES

CONDOMINIUM FORM

| TERRITORY | AIR LOSS COST PER $1,000 | 2011 TOTAL LIMIT INSURANCE-YEARS (000) [A] | MODELED HURRICANE LOSSES |
|---|---|---|---|
| 110 | 3.5906 | 11,214 | 40,266 |
| 120 | 5.1559 | 81,898 | 422,257 |
| 130 | 1.9622 | 12,614 | 24,751 |
| 140 | 2.4707 | 319,822 | 790,185 |
| 150 | 0.7371 | 47,436 | 34,965 |
| 160 | 0.9213 | 57,893 | 53,337 |
| 170 | 0.2300* | 40 | 9* |
| 180 | 0.5047 | 61,927 | 31,255 |
| 190 | 0.5751 | 1,156 | 665 |
| 200 | 0.7697 | 226 | 174 |
| 210 | 0.3655 | 5,857 | 2,141 |
| 220 | 0.2935 | 92,784 | 27,232 |
| 230 | 0.4852 | 3,893 | 1,889 |
| 240 | 0.2793 | 22,439 | 6,267 |
| 250 | 0.2761 | 5,316 | 1,468 |
| 260 | 0.1646 | 943 | 155 |
| 270 | 0.1951 | 771,967 | 150,611 |
| 280 | 0.1531 | 230,824 | 35,339 |
| 290 | 0.1930 | 75,346 | 14,542 |
| 300 | 0.1769 | 2,146 | 380 |
| 310 | 0.1013 | 660,620 | 66,921 |
| 320 | 0.1031 | 152,125 | 15,684 |
| 330 | 0.0814 | 2,237 | 182 |
| 340 | 0.0995 | 1,966,770 | 195,694 |
| 350 | 0.0805 | 98,817 | 7,955 |
| 360 | 0.0409 | 647,171 | 26,469 |
| 370 | 0.0365 | 43,492 | 1,587 |
| 380 | 0.0336 | 53,634 | 1,802 |
| 390 | 0.0312 | 45,154 | 1,409 |
| STATEWIDE | | | 1,955,590 |

(A) Includes a factor of 1.4 to reflect total limits coverage

* Because of limited exposures, AIR did not compute a loss cost for territory 170. The values shown are calculated based on the percentage relationship between the tenant loss costs for territory 170 and its surrounding territories (i.e., Territories 150, 180 and 240) and the condominium loss costs for the surrounding territories. This calculation is provided below.

| Territory | (1) Tenant Loss Cost /$1000 | (2) =((1), Territory 170) / (1) | (3) Condominium Loss Cost /$1000 | (4) Proportionate Territory 170 Loss Cost /$1000 = (2) × (3) |
|---|---|---|---|---|
| 150 | 0.8635 | 0.33484 | 0.7371 | 0.2468 |
| 180 | 0.5678 | 0.50923 | 0.5047 | 0.2570 |
| 240 | 0.3299 | 0.87629 | 0.2793 | 0.2448 |
| 170 | 0.2891 | | | |

Based on the column (4) values, a loss cost/$1000 of 0.230 was used for Territory 170.

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF MODELED BASE-CLASS LOSS COST

OWNERS

| Territory | (1) Modeled Losses | (2) Latest-Year House-Years | (3) Latest-Year Avg. Rating Factor | (4) Modeled BCLC |
|---|---|---|---|---|
| 110 | 12,323,513 | 7,189.26 | 2.563 | 668.81 |
| 120 | 23,522,825 | 10,527.39 | 2.455 | 910.16 |
| 130 | 7,595,816 | 12,270.18 | 2.861 | 216.37 |
| 140 | 108,331,863 | 83,517.15 | 2.445 | 530.52 |
| 150 | 16,004,227 | 49,845.99 | 2.310 | 138.99 |
| 160 | 12,325,177 | 36,796.80 | 2.009 | 166.73 |
| 170 | 486,089 | 5,030.47 | 2.143 | 45.09 |
| 180 | 11,085,948 | 54,720.97 | 2.130 | 95.11 |
| 190 | 3,795,975 | 14,932.10 | 2.083 | 122.04 |
| 200 | 2,134,090 | 7,083.88 | 2.267 | 132.89 |
| 210 | 3,047,176 | 20,967.85 | 2.025 | 71.77 |
| 220 | 8,205,789 | 59,533.31 | 1.987 | 69.37 |
| 230 | 2,863,523 | 15,652.24 | 2.002 | 91.38 |
| 240 | 8,518,601 | 73,958.19 | 2.155 | 53.45 |
| 250 | 3,537,871 | 31,024.09 | 2.089 | 54.59 |
| 260 | 1,785,675 | 26,507.22 | 2.670 | 25.23 |
| 270 | 29,945,298 | 264,099.24 | 2.639 | 42.97 |
| 280 | 4,021,197 | 39,412.23 | 3.173 | 32.16 |
| 290 | 3,343,890 | 31,938.17 | 2.576 | 40.64 |
| 300 | 993,624 | 14,794.48 | 2.071 | 32.43 |
| 310 | 13,152,684 | 267,312.89 | 2.299 | 21.40 |
| 320 | 6,635,627 | 134,447.88 | 2.244 | 21.99 |
| 330 | 241,045 | 7,212.22 | 2.435 | 13.73 |
| 340 | 18,010,145 | 310,605.58 | 2.639 | 21.97 |
| 350 | 3,316,914 | 92,791.52 | 2.333 | 15.32 |
| 360 | 4,853,402 | 197,608.45 | 2.611 | 9.41 |
| 370 | 189,506 | 9,587.69 | 2.867 | 6.89 |
| 380 | 575,811 | 33,378.93 | 2.922 | 5.90 |
| 390 | 570,277 | 34,827.96 | 3.327 | 4.92 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF MODELED BASE-CLASS LOSS COST

TENANTS

| Territory | (1) Modeled Losses | (2) Latest-Yr House Years | (3) Latest-Yr Avg. Rating Factor | (4) Modeled BCLC |
|---|---|---|---|---|
| 110 | 38,749 | 221.39 | 3.821 | 45.81 |
| 120 | 112,002 | 594.03 | 3.361 | 56.10 |
| 130 | 21,374 | 324.57 | 4.208 | 15.65 |
| 140 | 759,775 | 7,550.36 | 3.394 | 29.65 |
| 150 | 92,734 | 2,921.21 | 3.740 | 8.49 |
| 160 | 108,087 | 2,834.67 | 3.397 | 11.22 |
| 170 | 3,163 | 298.04 | 3.942 | 2.69 |
| 180 | 139,129 | 7,475.07 | 3.317 | 5.61 |
| 190 | 32,205 | 1,222.55 | 3.893 | 6.77 |
| 200 | 11,054 | 349.99 | 4.322 | 7.31 |
| 210 | 35,275 | 2,299.45 | 3.726 | 4.12 |
| 220 | 84,936 | 6,654.42 | 3.422 | 3.73 |
| 230 | 21,092 | 1,100.87 | 3.758 | 5.10 |
| 240 | 68,293 | 5,445.39 | 3.876 | 3.24 |
| 250 | 27,586 | 2,102.91 | 4.006 | 3.27 |
| 260 | 14,151 | 2,281.95 | 3.879 | 1.60 |
| 270 | 503,245 | 64,218.60 | 3.399 | 2.31 |
| 280 | 62,519 | 9,559.58 | 3.731 | 1.75 |
| 290 | 26,158 | 2,651.44 | 4.401 | 2.24 |
| 300 | 6,177 | 832.80 | 4.044 | 1.83 |
| 310 | 174,685 | 40,491.71 | 3.577 | 1.21 |
| 320 | 57,605 | 11,638.26 | 3.947 | 1.25 |
| 330 | 1,364 | 410.22 | 4.192 | 0.79 |
| 340 | 265,504 | 62,162.93 | 3.527 | 1.21 |
| 350 | 26,630 | 7,363.61 | 3.992 | 0.91 |
| 360 | 43,610 | 19,553.79 | 4.307 | 0.52 |
| 370 | 621 | 352.79 | 4.510 | 0.39 |
| 380 | 2,920 | 1,818.68 | 4.645 | 0.35 |
| 390 | 1,924 | 1,259.31 | 5.330 | 0.29 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF MODELED BASE-CLASS LOSS COST

CONDOMINIUM UNIT OWNERS

| Territory | (1) Modeled Losses | (2) Latest-Yr House Years | (3) Latest-Yr Avg. Rating Factor | (4) Modeled BCLC |
|---|---|---|---|---|
| 110 | 40,266 | 220.93 | 5.312 | 34.31 |
| 120 | 422,257 | 1,559.14 | 5.446 | 49.73 |
| 130 | 24,751 | 196.35 | 6.303 | 20.00 |
| 140 | 790,185 | 5,216.52 | 5.551 | 27.29 |
| 150 | 34,965 | 614.18 | 7.026 | 8.10 |
| 160 | 53,337 | 922.31 | 5.386 | 10.74 |
| 170 | 9 | 0.84 | 4.045 | 2.71 |
| 180 | 31,255 | 1,085.86 | 5.700 | 5.05 |
| 190 | 665 | 13.49 | 6.952 | 7.08 |
| 200 | 174 | 5.13 | 4.082 | 8.32 |
| 210 | 2,141 | 67.30 | 7.443 | 4.27 |
| 220 | 27,232 | 1,436.27 | 6.726 | 2.82 |
| 230 | 1,889 | 74.50 | 4.659 | 5.44 |
| 240 | 6,267 | 250.95 | 8.167 | 3.06 |
| 250 | 1,468 | 75.30 | 7.725 | 2.52 |
| 260 | 155 | 16.73 | 5.707 | 1.63 |
| 270 | 150,611 | 10,556.28 | 6.787 | 2.10 |
| 280 | 35,339 | 2,809.47 | 7.363 | 1.71 |
| 290 | 14,542 | 1,055.86 | 6.417 | 2.15 |
| 300 | 380 | 25.42 | 7.698 | 1.94 |
| 310 | 66,921 | 9,080.78 | 6.487 | 1.14 |
| 320 | 15,684 | 2,016.88 | 6.484 | 1.20 |
| 330 | 182 | 31.60 | 6.433 | 0.90 |
| 340 | 195,694 | 25,751.38 | 6.894 | 1.10 |
| 350 | 7,955 | 1,353.65 | 6.567 | 0.89 |
| 360 | 26,469 | 8,069.09 | 7.377 | 0.44 |
| 370 | 1,587 | 636.91 | 6.940 | 0.36 |
| 380 | 1,802 | 746.94 | 6.901 | 0.35 |
| 390 | 1,409 | 534.27 | 8.731 | 0.30 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

DERIVATION OF STATEWIDE MODELED HURRICANE BASE-CLASS LOSS COST

| | OWNERS | TENANT | CONDOMINIUM |
|---|---|---|---|
| a. Modeled Hurricane Losses | 311,413,578 | 2,742,567 | 1,955,590 |
| b. Latest-Year Current Cost Factor | 1.036 | 1.016 | 1.016 |
| c. Loss Projection Factor | 1.129 | 1.068 | 1.132 |
| d. Loss Adjustment Expense Factor | 1.120 | 1.130 | 1.123 |
| e. Latest-Year House-Years | 1,947,574 | 265,991 | 74,424 |
| f. Latest-Year Average Rating Factor | 2.427 | 3.616 | 6.576 |
| g. Latest-Year Current Amount Factor | 1.050 | 0.979 | 1.000 |
| h. Premium Projection Factor | 1.044 | 0.981 | 1.000 |
| Modeled Base-Class Loss Cost = (abcd) / (efgh) = | 78.73 | 3.64 | 5.16 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

ACTUAL HURRICANE LOSSES (Excluded from Experience)*

| TERRITORY | YEAR | OWNERS | TENANT | CONDOMINIUM |
|---|---|---|---|---|
| 110 | 2009 | 22,867 | 0 | 0 |
| 110 | 2010 | 917,766 | 0 | 0 |
| 110 | 2011 | 12,216,866 | 12,853 | 10,356 |
| 120 | 2009 | 8,062 | 0 | 0 |
| 120 | 2010 | 120,036 | 0 | 448 |
| 120 | 2011 | 7,963,760 | 13,135 | 72,469 |
| 130 | 2009 | 0 | 0 | 0 |
| 130 | 2010 | 492,674 | 0 | 0 |
| 130 | 2011 | 22,214,472 | 20,747 | 13,395 |
| 140 | 2009 | 80,799 | 222 | 54,620 |
| 140 | 2010 | 306,805 | 5,315 | 0 |
| 140 | 2011 | 30,878,896 | 26,017 | 54,729 |
| 150 | 2009 | 32,287 | 0 | 0 |
| 150 | 2010 | 277,018 | 887 | 0 |
| 150 | 2011 | 100,669,014 | 155,323 | 277,382 |
| 160 | 2009 | 77,149 | 0 | 0 |
| 160 | 2010 | 213,521 | 0 | 0 |
| 160 | 2011 | 33,988,807 | 56,595 | 6,603 |
| 170 | 2009 | 8,974 | 57 | 0 |
| 170 | 2010 | 28,360 | 85 | 0 |
| 170 | 2011 | 5,642,513 | 18,053 | 279 |
| 180 | 2009 | 89,870 | 2,898 | 3,302 |
| 180 | 2010 | 225,251 | 5,695 | 500 |
| 180 | 2011 | 120,753,219 | 341,534 | 96,337 |
| 190 | 2009 | 37,996 | 215 | 0 |
| 190 | 2010 | 49,714 | 320 | 1 |
| 190 | 2011 | 37,842,355 | 121,254 | 4,066 |
| 200 | 2009 | 852 | 0 | 0 |
| 200 | 2010 | 60,756 | 0 | 0 |
| 200 | 2011 | 640,023 | 1,195 | 0 |
| 210 | 2009 | 15,879 | 0 | 0 |
| 210 | 2010 | 48,831 | 5 | 0 |
| 210 | 2011 | 31,501,465 | 157,508 | 2,754 |
| 220 | 2009 | 168,107 | 91 | 0 |
| 220 | 2010 | 368,435 | 717 | 1,287 |
| 220 | 2011 | 3,787,014 | 5,175 | 13,660 |
| 230 | 2009 | 29,343 | 0 | 0 |
| 230 | 2010 | 29,176 | 0 | 0 |
| 230 | 2011 | 805,763 | 10,179 | 0 |
| 240 | 2009 | 74,723 | 0 | 0 |
| 240 | 2010 | 272,661 | 3,987 | 0 |
| 240 | 2011 | 45,756,488 | 167,476 | 13,904 |
| 250 | 2009 | 41,259 | 0 | 0 |
| 250 | 2010 | 197,849 | 202 | 0 |
| 250 | 2011 | 1,512,080 | 2,005 | 1,177 |

NORTH CAROLINA

HOMEOWNERS INSURANCE

ACTUAL HURRICANE LOSSES (Excluded from Experience)*

| TERRITORY | YEAR | OWNERS | TENANT | CONDOMINIUM |
|---|---|---|---|---|
| 260 | 2009 | 46,999 | 0 | 0 |
| 260 | 2010 | 21,672 | 0 | 0 |
| 260 | 2011 | 2,358,238 | 33,477 | 0 |
| 270 | 2009 | 356,845 | 599 | 0 |
| 270 | 2010 | 1,704,518 | 10,963 | 38,352 |
| 270 | 2011 | 6,193,754 | 28,251 | 47,351 |
| 280 | 2009 | 109,609 | 0 | 0 |
| 280 | 2010 | 91,473 | 9 | 4,754 |
| 280 | 2011 | 803,024 | 2,980 | 1,190 |
| 290 | 2009 | 68,454 | 0 | 0 |
| 290 | 2010 | 149,209 | 6 | 0 |
| 290 | 2011 | 899,142 | 3,119 | 4,634 |
| 300 | 2009 | 116,221 | 0 | 0 |
| 300 | 2010 | 37,038 | 0 | 0 |
| 300 | 2011 | 184,772 | 0 | 0 |
| 310 | 2009 | 471,658 | 11,638 | 19,413 |
| 310 | 2010 | 1,614,371 | 4,467 | 26,107 |
| 310 | 2011 | 3,880,797 | 14,247 | 63,194 |
| 320 | 2009 | 149,371 | 539 | 298 |
| 320 | 2010 | 672,015 | 109 | 1,205 |
| 320 | 2011 | 1,647,499 | 6,895 | 1,547 |
| 330 | 2009 | 16,226 | 1 | 0 |
| 330 | 2010 | 20,128 | 0 | 0 |
| 330 | 2011 | 45,741 | 0 | 0 |
| 340 | 2009 | 572,950 | 1,420 | 24,616 |
| 340 | 2010 | 2,435,441 | 28,111 | 67,887 |
| 340 | 2011 | 7,643,519 | 66,703 | 154,724 |
| 350 | 2009 | 208,392 | 2 | 73 |
| 350 | 2010 | 659,658 | 5,558 | 78 |
| 350 | 2011 | 1,860,797 | 1,940 | 5,397 |
| 360 | 2009 | 349,572 | 2,019 | 11,869 |
| 360 | 2010 | 1,138,124 | 90 | 8,897 |
| 360 | 2011 | 1,856,674 | 2,687 | 10,064 |
| 370 | 2009 | 8,035 | 0 | 126 |
| 370 | 2010 | 36,029 | 2 | 127 |
| 370 | 2011 | 61,027 | 16 | 2,888 |
| 380 | 2009 | 70,694 | 1 | 152 |
| 380 | 2010 | 131,897 | 9 | 153 |
| 380 | 2011 | 174,727 | 65 | 115 |
| 390 | 2009 | 62,947 | 1 | 110 |
| 390 | 2010 | 248,344 | 6 | 111 |
| 390 | 2011 | 346,098 | 62 | 83 |
| Statewide | 2009 | 3,296,140 | 19,703 | 114,579 |
| | 2010 | 12,568,770 | 66,543 | 149,907 |
| | 2011 | 484,128,544 | 1,269,491 | 858,298 |

* There are no actual hurricane losses for years 2007,2008

DERIVATION OF NET REINSURANCE COST AT BASE-CLASS LEVEL

OWNERS

| Territory | (1)* All-Forms Reinsurance Cost by Zone | (2) Latest-Year Earned Premium | (3) All-Forms Zone Earned Premium | (4) Est'd Reins. Dollars =(1)×(2)/(3) | (5) Latest-Yr House Years | (6) Latest-Yr Avg. Rating Factor | (7) Latest-Yr CAF | (8) Prem. Proj. Factor | (9)** Variable Expense | (10) Reinsurance Cost, Base Class =[(4)/(5)]/[(6)×(7)×(8)]/[1-(9)] |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Zone 1A | | | | | |
| 110 | 238,069,737 | 29,718,478 | 315,598,590 | 22,417,940 | 7,189 | 2.563 | 1.050 | 1.044 | 0.343 | 1,689.30 |
| 120 | 238,069,737 | 47,123,668 | 315,598,590 | 35,547,431 | 10,527 | 2.455 | 1.050 | 1.044 | 0.343 | 1,909.77 |
| 140 | 238,069,737 | 232,776,905 | 315,598,590 | 175,593,740 | 83,517 | 2.445 | 1.050 | 1.044 | 0.343 | 1,193.99 |
| | | | | | Zone 1B | | | | | |
| 130 | 64,620,424 | 35,840,449 | 253,933,526 | 9,120,596 | 12,270 | 2.861 | 1.050 | 1.044 | 0.292 | 334.76 |
| 150 | 64,620,424 | 100,270,222 | 253,933,526 | 25,516,537 | 49,846 | 2.310 | 1.050 | 1.044 | 0.292 | 285.53 |
| 160 | 64,620,424 | 84,286,580 | 253,933,526 | 21,449,056 | 36,797 | 2.009 | 1.050 | 1.044 | 0.292 | 373.85 |
| 190 | 64,620,424 | 18,503,479 | 253,933,526 | 4,708,723 | 14,932 | 2.083 | 1.050 | 1.044 | 0.292 | 195.06 |
| 200 | 64,620,424 | 12,125,010 | 253,933,526 | 3,085,545 | 7,084 | 2.267 | 1.050 | 1.044 | 0.292 | 247.56 |
| | | | | | Zone 2 | | | | | |
| 170 | 168,309,606 | 6,414,052 | 756,131,374 | 1,427,724 | 5,030 | 2.143 | 1.050 | 1.044 | 0.260 | 163.26 |
| 180 | 168,309,606 | 69,347,961 | 756,131,374 | 15,436,376 | 54,721 | 2.130 | 1.050 | 1.044 | 0.260 | 163.26 |
| 210 | 168,309,606 | 20,631,127 | 756,131,374 | 4,592,346 | 20,968 | 2.025 | 1.050 | 1.044 | 0.260 | 133.33 |
| 220 | 168,309,606 | 70,794,207 | 756,131,374 | 15,758,300 | 59,533 | 1.987 | 1.050 | 1.044 | 0.260 | 164.22 |
| 230 | 168,309,606 | 23,658,304 | 756,131,374 | 5,266,174 | 15,652 | 2.002 | 1.050 | 1.044 | 0.260 | 207.17 |
| 240 | 168,309,606 | 77,458,219 | 756,131,374 | 17,241,663 | 73,958 | 2.155 | 1.050 | 1.044 | 0.260 | 133.36 |
| 250 | 168,309,606 | 31,490,548 | 756,131,374 | 7,009,578 | 31,024 | 2.089 | 1.050 | 1.044 | 0.260 | 133.33 |
| 260 | 168,309,606 | 28,173,390 | 756,131,374 | 6,271,201 | 26,507 | 2.670 | 1.050 | 1.044 | 0.260 | 109.23 |
| 270 | 168,309,606 | 298,408,018 | 756,131,374 | 66,423,558 | 264,099 | 2.639 | 1.050 | 1.044 | 0.260 | 117.49 |
| 280 | 168,309,606 | 52,155,934 | 756,131,374 | 11,609,550 | 39,412 | 3.173 | 1.050 | 1.044 | 0.260 | 114.44 |
| 290 | 168,309,606 | 39,988,392 | 756,131,374 | 8,901,139 | 31,938 | 2.576 | 1.050 | 1.044 | 0.260 | 133.37 |
| 300 | 168,309,606 | 14,736,955 | 756,131,374 | 3,280,344 | 14,794 | 2.071 | 1.050 | 1.044 | 0.260 | 131.98 |
| | | | | | Zone 3 | | | | | |
| 310 | 98,312,349 | 227,089,510 | 1,000,002,811 | 22,325,640 | 267,313 | 2.299 | 1.050 | 1.044 | 0.223 | 42.65 |
| 320 | 98,312,349 | 108,007,558 | 1,000,002,811 | 10,618,447 | 134,448 | 2.244 | 1.050 | 1.044 | 0.223 | 41.32 |
| 330 | 98,312,349 | 6,726,746 | 1,000,002,811 | 661,320 | 7,212 | 2.435 | 1.050 | 1.044 | 0.223 | 44.21 |
| 340 | 98,312,349 | 293,399,915 | 1,000,002,811 | 28,844,754 | 310,606 | 2.639 | 1.050 | 1.044 | 0.223 | 41.31 |
| 350 | 98,312,349 | 74,551,001 | 1,000,002,811 | 7,329,263 | 92,792 | 2.333 | 1.050 | 1.044 | 0.223 | 39.75 |
| 360 | 98,312,349 | 173,354,504 | 1,000,002,811 | 17,042,841 | 197,608 | 2.611 | 1.050 | 1.044 | 0.223 | 38.78 |
| 370 | 98,312,349 | 9,234,828 | 1,000,002,811 | 907,895 | 9,588 | 2.867 | 1.050 | 1.044 | 0.223 | 38.78 |
| 380 | 98,312,349 | 32,767,597 | 1,000,002,811 | 3,221,450 | 33,379 | 2.922 | 1.050 | 1.044 | 0.223 | 38.78 |
| 390 | 98,312,349 | 38,937,036 | 1,000,002,811 | 3,827,981 | 34,828 | 3.327 | 1.050 | 1.044 | 0.223 | 38.79 |
| SW | 569,312,117 | 2,257,970,589 | 2,325,666,302 | 555,437,112 | 1,947,574 | 2.427 | 1.050 | 1.044 | 0.269 | 146.64 |

* From D. Appel analysis

** Column (9), Variable Expense, represents the combined loading for Taxes, Commissions, Profit and Contingencies

DERIVATION OF NET REINSURANCE COST AT BASE-CLASS LEVEL

TENANTS

| Territory | (1)* All-Forms Reinsurance Cost by Zone | (2) Latest-Year Earned Premium | (3) All-Forms Zone Earned Premium | (4) Est'd Reins. Dollars =(1)×(2)/(3) | (5) Latest-Yr House Years | (6) Latest-Yr Avg. Rating Factor | (7) Latest-Yr CAF | (8) Prem. Proj. Factor | (9)** Variable Expense | (10) Reinsurance Cost, Base Class =[(4)/(5)]/[(6)×(7)×(8)]/[1-(9)] |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Zone 1A | | | | | |
| 110 | 238,069,737 | 90,517 | 315,598,590 | 68,281 | 221 | 3.821 | 0.979 | 0.981 | 0.343 | 127.92 |
| 120 | 238,069,737 | 223,623 | 315,598,590 | 168,688 | 594 | 3.361 | 0.979 | 0.981 | 0.343 | 133.90 |
| 140 | 238,069,737 | 2,178,133 | 315,598,590 | 1,643,060 | 7,550 | 3.394 | 0.979 | 0.981 | 0.343 | 101.61 |
| | | | | | Zone 1B | | | | | |
| 130 | 64,620,424 | 103,797 | 253,933,526 | 26,414 | 325 | 4.208 | 0.979 | 0.981 | 0.292 | 28.44 |
| 150 | 64,620,424 | 786,588 | 253,933,526 | 200,169 | 2,921 | 3.740 | 0.979 | 0.981 | 0.292 | 26.94 |
| 160 | 64,620,424 | 818,448 | 253,933,526 | 208,277 | 2,835 | 3.397 | 0.979 | 0.981 | 0.292 | 31.81 |
| 190 | 64,620,424 | 256,997 | 253,933,526 | 65,400 | 1,223 | 3.893 | 0.979 | 0.981 | 0.292 | 20.21 |
| 200 | 64,620,424 | 84,712 | 253,933,526 | 21,557 | 350 | 4.322 | 0.979 | 0.981 | 0.292 | 20.96 |
| | | | | | Zone 2 | | | | | |
| 170 | 168,309,606 | 63,436 | 756,131,374 | 14,120 | 298 | 3.942 | 0.979 | 0.981 | 0.260 | 16.91 |
| 180 | 168,309,606 | 1,339,098 | 756,131,374 | 298,074 | 7,475 | 3.317 | 0.979 | 0.981 | 0.260 | 16.92 |
| 210 | 168,309,606 | 436,939 | 756,131,374 | 97,260 | 2,299 | 3.726 | 0.979 | 0.981 | 0.260 | 15.97 |
| 220 | 168,309,606 | 1,461,612 | 756,131,374 | 325,345 | 6,654 | 3.422 | 0.979 | 0.981 | 0.260 | 20.10 |
| 230 | 168,309,606 | 231,695 | 756,131,374 | 51,574 | 1,101 | 3.758 | 0.979 | 0.981 | 0.260 | 17.54 |
| 240 | 168,309,606 | 1,076,354 | 756,131,374 | 239,589 | 5,445 | 3.876 | 0.979 | 0.981 | 0.260 | 15.97 |
| 250 | 168,309,606 | 429,585 | 756,131,374 | 95,623 | 2,103 | 4.006 | 0.979 | 0.981 | 0.260 | 15.97 |
| 260 | 168,309,606 | 407,197 | 756,131,374 | 90,639 | 2,282 | 3.879 | 0.979 | 0.981 | 0.260 | 14.41 |
| 270 | 168,309,606 | 9,649,902 | 756,131,374 | 2,148,001 | 64,219 | 3.399 | 0.979 | 0.981 | 0.260 | 13.85 |
| 280 | 168,309,606 | 1,426,729 | 756,131,374 | 317,580 | 9,560 | 3.731 | 0.979 | 0.981 | 0.260 | 12.53 |
| 290 | 168,309,606 | 595,145 | 756,131,374 | 132,475 | 2,651 | 4.401 | 0.979 | 0.981 | 0.260 | 15.97 |
| 300 | 168,309,606 | 168,404 | 756,131,374 | 37,485 | 833 | 4.044 | 0.979 | 0.981 | 0.260 | 15.66 |
| | | | | | Zone 3 | | | | | |
| 310 | 98,312,349 | 6,285,764 | 1,000,002,811 | 617,967 | 40,492 | 3.577 | 0.979 | 0.981 | 0.223 | 5.72 |
| 320 | 98,312,349 | 1,837,358 | 1,000,002,811 | 180,635 | 11,638 | 3.947 | 0.979 | 0.981 | 0.223 | 5.27 |
| 330 | 98,312,349 | 75,662 | 1,000,002,811 | 7,438 | 410 | 4.192 | 0.979 | 0.981 | 0.223 | 5.80 |
| 340 | 98,312,349 | 10,147,067 | 1,000,002,811 | 997,579 | 62,163 | 3.527 | 0.979 | 0.981 | 0.223 | 6.10 |
| 350 | 98,312,349 | 1,155,210 | 1,000,002,811 | 113,571 | 7,364 | 3.992 | 0.979 | 0.981 | 0.223 | 5.18 |
| 360 | 98,312,349 | 3,116,105 | 1,000,002,811 | 306,351 | 19,554 | 4.307 | 0.979 | 0.981 | 0.223 | 4.87 |
| 370 | 98,312,349 | 58,872 | 1,000,002,811 | 5,788 | 353 | 4.510 | 0.979 | 0.981 | 0.223 | 4.87 |
| 380 | 98,312,349 | 312,557 | 1,000,002,811 | 30,728 | 1,819 | 4.645 | 0.979 | 0.981 | 0.223 | 4.87 |
| 390 | 98,312,349 | 248,365 | 1,000,002,811 | 24,417 | 1,259 | 5.330 | 0.979 | 0.981 | 0.223 | 4.87 |
| SW | 569,312,117 | 45,065,871 | 2,325,666,302 | 8,534,085 | 265,991 | 3.616 | 0.979 | 0.981 | 0.269 | 12.64 |

* From D. Appel analysis

** Column (9), Variable Expense, represents the combined loading for Taxes, Commissions, Profit and Contingencies

DERIVATION OF NET REINSURANCE COST AT BASE-CLASS LEVEL

CONDOMINIUM UNIT OWNERS

| Territory | (1)* All-Forms Reinsurance Cost by Zone | (2) Latest-Year Earned Premium | (3) All-Forms Zone Earned Premium | (4) Est'd Reins. Dollars =(1)×(2)/(3) | (5) Latest-Yr House Years | (6) Latest-Yr Avg. Rating Factor | (7) Latest-Yr CAF | (8) Prem. Proj. Factor | (9)** Variable Expense | (10) Reinsurance Cost, Base Class =[(4)/(5)]/[(6)×(7)×(8)]/[1-(9)] |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Zone 1A | | | | | |
| 110 | 238,069,737 | 124,396 | 315,598,590 | 93,838 | 221 | 5.312 | 1.000 | 1.000 | 0.343 | 121.70 |
| 120 | 238,069,737 | 959,511 | 315,598,590 | 723,801 | 1,559 | 5.446 | 1.000 | 1.000 | 0.343 | 129.74 |
| 140 | 238,069,737 | 2,403,360 | 315,598,590 | 1,812,959 | 5,217 | 5.551 | 1.000 | 1.000 | 0.343 | 95.30 |
| | | | | | Zone 1B | | | | | |
| 130 | 64,620,424 | 102,714 | 253,933,526 | 26,138 | 196 | 6.303 | 1.000 | 1.000 | 0.292 | 29.83 |
| 150 | 64,620,424 | 336,569 | 253,933,526 | 85,649 | 614 | 7.026 | 1.000 | 1.000 | 0.292 | 28.03 |
| 160 | 64,620,424 | 412,277 | 253,933,526 | 104,915 | 922 | 5.386 | 1.000 | 1.000 | 0.292 | 29.83 |
| 190 | 64,620,424 | 4,597 | 253,933,526 | 1,170 | 13 | 6.952 | 1.000 | 1.000 | 0.292 | 17.61 |
| 200 | 64,620,424 | 1,089 | 253,933,526 | 277 | 5 | 4.082 | 1.000 | 1.000 | 0.292 | 18.69 |
| | | | | | Zone 2 | | | | | |
| 170 | 168,309,606 | 167 | 756,131,374 | 37 | 1 | 4.045 | 1.000 | 1.000 | 0.260 | 14.74 |
| 180 | 168,309,606 | 303,264 | 756,131,374 | 67,504 | 1,086 | 5.700 | 1.000 | 1.000 | 0.260 | 14.74 |
| 210 | 168,309,606 | 21,039 | 756,131,374 | 4,683 | 67 | 7.443 | 1.000 | 1.000 | 0.260 | 12.63 |
| 220 | 168,309,606 | 502,362 | 756,131,374 | 111,822 | 1,436 | 6.726 | 1.000 | 1.000 | 0.260 | 15.64 |
| 230 | 168,309,606 | 18,050 | 756,131,374 | 4,018 | 74 | 4.659 | 1.000 | 1.000 | 0.260 | 15.64 |
| 240 | 168,309,606 | 86,077 | 756,131,374 | 19,160 | 251 | 8.167 | 1.000 | 1.000 | 0.260 | 12.63 |
| 250 | 168,309,606 | 24,431 | 756,131,374 | 5,438 | 75 | 7.725 | 1.000 | 1.000 | 0.260 | 12.63 |
| 260 | 168,309,606 | 4,200 | 756,131,374 | 935 | 17 | 5.707 | 1.000 | 1.000 | 0.260 | 13.24 |
| 270 | 168,309,606 | 3,405,159 | 756,131,374 | 757,965 | 10,556 | 6.787 | 1.000 | 1.000 | 0.260 | 14.30 |
| 280 | 168,309,606 | 930,848 | 756,131,374 | 207,200 | 2,809 | 7.363 | 1.000 | 1.000 | 0.260 | 13.54 |
| 290 | 168,309,606 | 284,556 | 756,131,374 | 63,340 | 1,056 | 6.417 | 1.000 | 1.000 | 0.260 | 12.63 |
| 300 | 168,309,606 | 8,022 | 756,131,374 | 1,786 | 25 | 7.698 | 1.000 | 1.000 | 0.260 | 12.33 |
| | | | | | Zone 3 | | | | | |
| 310 | 98,312,349 | 2,278,622 | 1,000,002,811 | 224,016 | 9,081 | 6.487 | 1.000 | 1.000 | 0.223 | 4.89 |
| 320 | 98,312,349 | 462,267 | 1,000,002,811 | 45,446 | 2,017 | 6.484 | 1.000 | 1.000 | 0.223 | 4.47 |
| 330 | 98,312,349 | 7,929 | 1,000,002,811 | 780 | 32 | 6.433 | 1.000 | 1.000 | 0.223 | 4.93 |
| 340 | 98,312,349 | 7,131,581 | 1,000,002,811 | 701,120 | 25,751 | 6.894 | 1.000 | 1.000 | 0.223 | 5.08 |
| 350 | 98,312,349 | 308,647 | 1,000,002,811 | 30,344 | 1,354 | 6.567 | 1.000 | 1.000 | 0.223 | 4.39 |
| 360 | 98,312,349 | 2,023,966 | 1,000,002,811 | 198,980 | 8,069 | 7.377 | 1.000 | 1.000 | 0.223 | 4.30 |
| 370 | 98,312,349 | 150,289 | 1,000,002,811 | 14,775 | 637 | 6.940 | 1.000 | 1.000 | 0.223 | 4.30 |
| 380 | 98,312,349 | 175,259 | 1,000,002,811 | 17,230 | 747 | 6.901 | 1.000 | 1.000 | 0.223 | 4.30 |
| 390 | 98,312,349 | 158,596 | 1,000,002,811 | 15,592 | 534 | 8.731 | 1.000 | 1.000 | 0.223 | 4.30 |
| SW | 569,312,117 | 22,629,842 | 2,325,666,302 | 5,340,920 | 74,424 | 6.576 | 1.000 | 1.000 | 0.269 | 14.93 |

* From D. Appel analysis

** Column (9), Variable Expense, represents the combined loading for Taxes, Commissions, Profit and Contingencies

NORTH CAROLINA
HOMEOWNERS INSURANCE

EARNED PREMIUMS AT ACTUAL AND CURRENT RATE LEVEL

I. EARNED PREMIUM AT COLLECTED LEVEL

| YEAR | OWNER'S FORMS | TENANT FORM | CONDO UNIT FORM |
|---|---|---|---|
| | | | |
| 2007 | 1,281,755,980 | 23,667,665 | 14,827,117 |
| 2008 | 1,303,650,947 | 24,544,569 | 15,037,418 |
| 2009 | 1,367,052,691 | 27,098,009 | 16,036,116 |
| 2010 | 1,482,591,763 | 31,137,140 | 17,676,973 |
| 2011 | 1,522,642,086 | 36,367,048 | 18,974,807 |

II. EARNED PREMIUM AT CURRENT LEVEL

| YEAR | OWNER'S FORMS | TENANT FORM | CONDO UNIT FORM |
|---|---|---|---|
| | | | |
| 2007 | 2,014,936,758 | 30,938,955 | 18,565,527 |
| 2008 | 2,059,142,598 | 33,031,637 | 19,002,074 |
| 2009 | 2,140,628,113 | 36,104,876 | 19,845,938 |
| 2010 | 2,232,221,652 | 40,241,998 | 21,788,549 |
| 2011 | 2,257,970,589 | 45,065,871 | 22,629,842 |

NORTH CAROLINA
HOMEOWNERS 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)

| YEAR | OWNERS' FORMS | TENANT FORM | CONDO UNIT FORM |
|---|---|---|---|
| | | | |
| 2007 | 620,092,701 | 11,770,104 | 6,834,860 |
| 2008 | 861,409,227 | 14,387,052 | 7,636,476 |
| 2009 | 878,949,943 | 17,646,988 | 9,873,924 |
| 2010 | 1,071,723,927 | 19,568,515 | 11,392,226 |
| 2011 | 2,295,239,131 | 25,085,963 | 13,044,073 |

(a) Incurred losses are developed, include actual wind losses and do not include loss adjustment expenses. These expenses are reflected via a factor. For the owners', tenant and condominium-unit owners forms these factors are 12.0%, 13.0% and 12.3%, respectively. These losses are adjusted to the $250 base deductible.

NORTH CAROLINA
HOMEOWNERS INSURANCE

EXCLUDED COMPANIES

(The market shares shown are based on 2011 Statutory Page 14 Homeowners premium for licensed companies and residual market Homeowners premium reported to ISO.)

The historical experience used to develop the statewide rate-level indications, territory rate-level indications, premium trend factors, loss trend factors and wind exclusion credits is based on the experience of companies and residual market entities reporting to the Insurance Services Office (full statistical plan), the Independent Statistical Service, and the National Insurance 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 95.2% of the total North Carolina Homeowners market. (The trend-related experience utilized in this filing, which excludes the experience of an additional company, accounts for 93.2% of the total North Carolina Homeowners market. 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 accounts for approximately 0.5% of the total North Carolina Homeowners market.

Premium/loss and trend experience for the following insurers is not included in the filed experience: American Automobile Insurance Company, American Fire & Casualty Company, American Insurance Company, Associated Indemnity Corporation, Balboa Insurance Company, Centennial Insurance Company, Chubb Insurance Company, Cincinnati Insurance Company, Firemans Fund Insurance Company, Graphic Arts Mutual Insurance Company, Harleysville Preferred Insurance Company, Lititz Mutual Insurance Company, Markel American Insurance Company, National Surety Corporation, Ohio Casualty Insurance Company, Republic-Franklin Insurance Company, Southern Guaranty Insurance Company, State Auto Mutual Insurance Company, State Auto P&C Insurance Company, Universal North America Insurance Company, Utica Mutual Insurance Company and West American Insurance Company. The premium and loss experience for Unitrin Insurance Company was excluded for years 2008 and 2009 only and trend experience for this company was excluded for all years. (Note that the exclusion of this company for the 2009 year contributes to the difference that is observed when comparing the by-territory distributions shown on pages D-35-37 to the corresponding pages in the 2012 filing.) The experience for these companies (excluding Chubb Insurance) was not included pending resolution of data anomalies. Experience for Chubb Insurance Company was not included because sufficient detail was not available. Based on 2011 written premium, the premium/loss data for these companies represents 4.3% of the total North Carolina Homeowners market and the trend-related data for these companies represents 6.3% of the total North Carolina Homeowners market.

The loss development factors used in the calculation of the rate level indications are based on ISO North Carolina experience and on the North Carolina experience of three major companies reporting to the ISS. Based on 2011 written premium, this combined experience represents 75.6% of the total North Carolina Homeowners market

See also the prefiled testimony of R. Curry and B. Donlan.

House-years by year are as follows:

| YEAR | OWNERS' FORMS | TENANT FORM | CONDO UNIT FORM |
|---|---|---|---|
| | | | |
| 2007 | 1,918,536 | 167,156 | 64,159 |
| 2008 | 1,906,487 | 183,642 | 65,241 |
| 2009 | 1,920,740 | 206,064 | 67,729 |
| 2010 | 1,954,722 | 233,329 | 72,539 |
| 2011 | 1,947,574 | 265,991 | 74,424 |

NORTH CAROLINA
HOMEOWNERS INSURANCE

The data required 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 for property and liability losses. The response to 11 NCAC 10.1105(1)(l) provides non-hurricane incurred loss data by cause-of-loss. Additional information concerning loss development is provided in the response to 11 NCAC 10.1105(3). 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 pre-filed testimony of R. Curry and B. Donlan.

(iii) to (vi)

| YEAR | APPLIED LOSS DEVELOPMENT FACTOR | LOSS ADJUSTMENT EXPENSE PERCENTAGE |
|---|---|---|
| 2007 | 1.000 | 11.5% |
| 2008 | 0.999 | 13.5% |
| 2009 | 0.999 | 12.7% |
| 2010 | 1.000 | 12.5% |
| 2011 | 1.017 | 9.4% |

| YEAR | APPLIED LOSS TREND FACTOR OWNERS' FORMS | APPLIED LOSS TREND FACTOR TENANT FORM | APPLIED LOSS TREND FACTOR CONDO UNIT FORM |
|---|---|---|---|
| 2007 | 1.236 | 1.099 | 1.165 |
| 2008 | 1.214 | 1.095 | 1.160 |
| 2009 | 1.197 | 1.088 | 1.154 |
| 2010 | 1.189 | 1.095 | 1.160 |
| 2011 | 1.171 | 1.086 | 1.151 |

| YEAR | TRENDED INCURRED LOSSES AND LAE OWNERS' FORMS | TRENDED INCURRED LOSSES AND LAE TENANT FORM | TRENDED INCURRED LOSSES AND LAE CONDO UNIT FORM |
|---|---|---|---|
| 2007 | $1,276,982,616 | $16,952,159 | $11,062,018 |
| 2008 | 1,355,785,772 | 20,297,355 | 12,094,921 |
| 2009 | 1,468,675,519 | 24,395,595 | 14,904,344 |
| 2010 | 1,626,104,139 | 27,175,238 | 17,127,267 |
| 2011 | 1,531,494,076 | 32,592,722 | 18,278,747 |

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

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 110 | Fire, Lightning and Removal | 2007 | 2,687,864 | 54 | 49,821 | 0.65 | 325.05 |
| | | | 2008 | 528,070 | 52 | 10,248 | 0.65 | 66.46 |
| | | | 2009 | 761,969 | 45 | 16,884 | 0.60 | 100.50 |
| | | | 2010 | 1,228,872 | 41 | 30,201 | 0.55 | 165.88 |
| | | | 2011 | 1,362,396 | 56 | 24,190 | 0.78 | 189.50 |
| | | Wind and Hail | 2007 | 106,234 | 41 | 2,609 | 0.49 | 12.85 |
| | | | 2008 | 276,729 | 79 | 3,516 | 0.99 | 34.83 |
| | | | 2009 | 1,164,483 | 204 | 5,707 | 2.69 | 153.59 |
| | | | 2010 | 308,445 | 86 | 3,602 | 1.16 | 41.64 |
| | | | 2011 | 2,501,758 | 221 | 11,322 | 3.07 | 347.99 |
| | | Water Damage and Freezing | 2007 | 814,920 | 106 | 7,660 | 1.29 | 98.55 |
| | | | 2008 | 798,655 | 85 | 9,396 | 1.07 | 100.51 |
| | | | 2009 | 1,180,720 | 113 | 10,431 | 1.49 | 155.73 |
| | | | 2010 | 1,237,861 | 94 | 13,231 | 1.26 | 167.09 |
| | | | 2011 | 679,827 | 84 | 8,063 | 1.17 | 94.56 |
| | | Theft | 2007 | 26,046 | 14 | 1,834 | 0.17 | 3.15 |
| | | | 2008 | 67,647 | 25 | 2,665 | 0.32 | 8.51 |
| | | | 2009 | 10,062 | 13 | 766 | 0.17 | 1.33 |
| | | | 2010 | 81,836 | 46 | 1,790 | 0.62 | 11.05 |
| | | | 2011 | 55,379 | 19 | 2,925 | 0.26 | 7.70 |
| | | Other Physical Damage | 2007 | 84,439 | 33 | 2,578 | 0.40 | 10.21 |
| | | | 2008 | 78,602 | 37 | 2,151 | 0.46 | 9.89 |
| | | | 2009 | 137,348 | 32 | 4,310 | 0.42 | 18.12 |
| | | | 2010 | 129,151 | 41 | 3,180 | 0.55 | 17.43 |
| | | | 2011 | 185,159 | 38 | 4,864 | 0.53 | 25.76 |
| | | Liability | 2007 | 83,228 | 7 | 11,890 | 0.08 | 10.07 |
| | | | 2008 | 12,544 | 5 | 2,509 | 0.06 | 1.58 |
| | | | 2009 | 31,174 | 3 | 10,391 | 0.04 | 4.11 |
| | | | 2010 | 206,018 | 9 | 22,891 | 0.12 | 27.81 |
| | | | 2011 | 4,936 | 4 | 1,234 | 0.06 | 0.69 |
| | | Medical Payments | 2007 | 7,953 | 4 | 1,988 | 0.05 | 0.96 |
| | | | 2008 | 5,002 | 3 | 1,667 | 0.04 | 0.63 |
| | | | 2009 | 10,881 | 6 | 1,814 | 0.08 | 1.44 |
| | | | 2010 | 6,989 | 2 | 3,495 | 0.03 | 0.94 |
| | | | 2011 | 7,786 | 3 | 2,595 | 0.04 | 1.08 |
| | | Total | 2007 | 3,810,684 | 259 | 14,712 | 3.13 | 460.83 |
| | | | 2008 | 1,767,249 | 285 | 6,197 | 3.59 | 222.40 |
| | | | 2009 | 3,296,637 | 416 | 7,918 | 5.49 | 434.80 |
| | | | 2010 | 3,199,172 | 317 | 10,086 | 4.28 | 431.83 |
| | | | 2011 | 4,797,241 | 426 | 11,272 | 5.92 | 667.28 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 120 | Fire, Lightning and Removal | 2007 | 1,967,212 | 56 | 35,337 | 0.50 | 175.39 |
| | | | 2008 | 1,232,451 | 47 | 26,001 | 0.46 | 119.52 |
| | | | 2009 | 1,040,384 | 39 | 26,953 | 0.40 | 108.33 |
| | | | 2010 | 1,295,615 | 79 | 16,452 | 0.77 | 125.93 |
| | | | 2011 | 1,714,351 | 48 | 35,805 | 0.45 | 162.85 |
| | | Wind and Hail | 2007 | 215,291 | 58 | 3,718 | 0.52 | 19.19 |
| | | | 2008 | 827,141 | 174 | 4,741 | 1.69 | 80.22 |
| | | | 2009 | 131,945 | 50 | 2,622 | 0.52 | 13.74 |
| | | | 2010 | 1,180,678 | 198 | 5,970 | 1.92 | 114.76 |
| | | | 2011 | 176,920 | 55 | 3,218 | 0.52 | 16.81 |
| | | Water Damage and Freezing | 2007 | 877,536 | 120 | 7,289 | 1.07 | 78.24 |
| | | | 2008 | 957,605 | 103 | 9,293 | 1.00 | 92.87 |
| | | | 2009 | 845,185 | 100 | 8,449 | 1.04 | 88.00 |
| | | | 2010 | 1,622,731 | 134 | 12,071 | 1.31 | 157.73 |
| | | | 2011 | 828,422 | 108 | 7,650 | 1.03 | 78.69 |
| | | Theft | 2007 | 99,244 | 46 | 2,136 | 0.41 | 8.85 |
| | | | 2008 | 124,081 | 41 | 3,018 | 0.40 | 12.03 |
| | | | 2009 | 131,669 | 22 | 5,961 | 0.23 | 13.71 |
| | | | 2010 | 160,704 | 33 | 4,800 | 0.33 | 15.62 |
| | | | 2011 | 108,635 | 32 | 3,420 | 0.30 | 10.32 |
| | | Other Physical Damage | 2007 | 166,543 | 37 | 4,544 | 0.33 | 14.85 |
| | | | 2008 | 186,967 | 32 | 5,756 | 0.31 | 18.13 |
| | | | 2009 | 203,622 | 27 | 7,589 | 0.28 | 21.20 |
| | | | 2010 | 239,747 | 44 | 5,492 | 0.42 | 23.30 |
| | | | 2011 | 198,921 | 35 | 5,608 | 0.34 | 18.90 |
| | | Liability | 2007 | 341,352 | 12 | 28,446 | 0.11 | 30.43 |
| | | | 2008 | 29,432 | 6 | 4,905 | 0.06 | 2.85 |
| | | | 2009 | 11,133 | 7 | 1,590 | 0.07 | 1.16 |
| | | | 2010 | 18,419 | 4 | 4,605 | 0.04 | 1.79 |
| | | | 2011 | 146,307 | 14 | 10,450 | 0.13 | 13.90 |
| | | Medical Payments | 2007 | 10,381 | 8 | 1,298 | 0.07 | 0.93 |
| | | | 2008 | 3,996 | 4 | 999 | 0.04 | 0.39 |
| | | | 2009 | 999 | 1 | 999 | 0.01 | 0.10 |
| | | | 2010 | 6,048 | 3 | 2,016 | 0.03 | 0.59 |
| | | | 2011 | 5,006 | 5 | 1,001 | 0.05 | 0.48 |
| | | Total | 2007 | 3,677,559 | 337 | 10,909 | 3.01 | 327.87 |
| | | | 2008 | 3,361,672 | 409 | 8,229 | 3.96 | 326.01 |
| | | | 2009 | 2,364,937 | 246 | 9,619 | 2.56 | 246.24 |
| | | | 2010 | 4,523,941 | 495 | 9,138 | 4.81 | 439.72 |
| | | | 2011 | 3,178,561 | 297 | 10,689 | 2.82 | 301.93 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 130 | Fire, Lightning and Removal | 2007 | 2,447,550 | 114 | 21,538 | 1.03 | 220.92 |
| | | | 2008 | 1,560,052 | 123 | 12,678 | 1.11 | 140.94 |
| | | | 2009 | 3,517,541 | 156 | 22,479 | 1.33 | 298.40 |
| | | | 2010 | 1,835,925 | 151 | 12,196 | 1.25 | 151.89 |
| | | | 2011 | 3,410,764 | 154 | 22,098 | 1.26 | 277.97 |
| | | Wind and Hail | 2007 | 139,740 | 56 | 2,504 | 0.50 | 12.61 |
| | | | 2008 | 387,103 | 116 | 3,335 | 1.05 | 34.97 |
| | | | 2009 | 706,502 | 180 | 3,924 | 1.53 | 59.93 |
| | | | 2010 | 357,504 | 124 | 2,894 | 1.02 | 29.58 |
| | | | 2011 | 489,205 | 98 | 4,977 | 0.80 | 39.87 |
| | | Water Damage and Freezing | 2007 | 783,102 | 99 | 7,910 | 0.89 | 70.68 |
| | | | 2008 | 819,035 | 119 | 6,906 | 1.07 | 74.00 |
| | | | 2009 | 1,099,866 | 155 | 7,104 | 1.31 | 93.30 |
| | | | 2010 | 1,182,173 | 132 | 8,931 | 1.10 | 97.80 |
| | | | 2011 | 1,372,634 | 143 | 9,603 | 1.16 | 111.87 |
| | | Theft | 2007 | 91,463 | 41 | 2,207 | 0.37 | 8.26 |
| | | | 2008 | 103,951 | 40 | 2,583 | 0.36 | 9.39 |
| | | | 2009 | 204,285 | 50 | 4,061 | 0.43 | 17.33 |
| | | | 2010 | 174,387 | 64 | 2,733 | 0.53 | 14.43 |
| | | | 2011 | 163,719 | 54 | 3,028 | 0.44 | 13.34 |
| | | Other Physical Damage | 2007 | 153,922 | 57 | 2,719 | 0.51 | 13.89 |
| | | | 2008 | 162,746 | 56 | 2,901 | 0.51 | 14.70 |
| | | | 2009 | 223,893 | 63 | 3,569 | 0.53 | 18.99 |
| | | | 2010 | 205,380 | 59 | 3,495 | 0.49 | 16.99 |
| | | | 2011 | 176,383 | 49 | 3,597 | 0.40 | 14.38 |
| | | Liability | 2007 | 195,724 | 12 | 16,587 | 0.11 | 17.67 |
| | | | 2008 | 420,307 | 15 | 28,690 | 0.13 | 37.97 |
| | | | 2009 | 133,979 | 16 | 8,616 | 0.13 | 11.37 |
| | | | 2010 | 270,819 | 19 | 14,291 | 0.16 | 22.41 |
| | | | 2011 | 49,348 | 18 | 2,749 | 0.15 | 4.02 |
| | | Medical Payments | 2007 | 4,259 | 3 | 1,291 | 0.03 | 0.38 |
| | | | 2008 | 10,764 | 5 | 2,153 | 0.05 | 0.97 |
| | | | 2009 | 9,928 | 4 | 2,482 | 0.03 | 0.84 |
| | | | 2010 | 12,745 | 10 | 1,256 | 0.08 | 1.05 |
| | | | 2011 | 11,583 | 8 | 1,395 | 0.07 | 0.94 |
| | | Total | 2007 | 3,815,761 | 382 | 9,999 | 3.44 | 344.41 |
| | | | 2008 | 3,463,958 | 474 | 7,312 | 4.28 | 312.95 |
| | | | 2009 | 5,895,994 | 624 | 9,449 | 5.29 | 500.17 |
| | | | 2010 | 4,038,932 | 558 | 7,237 | 4.62 | 334.14 |
| | | | 2011 | 5,673,636 | 525 | 10,808 | 4.28 | 462.39 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 140 | Fire, Lightning and Removal | 2007 | 11,364,062 | 676 | 16,817 | 0.85 | 142.51 |
| | | | 2008 | 7,593,624 | 680 | 11,169 | 0.86 | 95.70 |
| | | | 2009 | 12,308,230 | 614 | 20,059 | 0.75 | 150.16 |
| | | | 2010 | 19,574,021 | 666 | 29,374 | 0.83 | 243.01 |
| | | | 2011 | 18,537,602 | 655 | 28,305 | 0.78 | 221.96 |
| | | Wind and Hail | 2007 | 316,765 | 131 | 2,420 | 0.16 | 3.97 |
| | | | 2008 | 2,067,773 | 622 | 3,324 | 0.78 | 26.06 |
| | | | 2009 | 1,049,538 | 283 | 3,706 | 0.35 | 12.80 |
| | | | 2010 | 2,960,806 | 724 | 4,088 | 0.90 | 36.76 |
| | | | 2011 | 1,238,884 | 290 | 4,277 | 0.35 | 14.83 |
| | | Water Damage and Freezing | 2007 | 5,946,378 | 857 | 6,936 | 1.08 | 74.57 |
| | | | 2008 | 6,729,275 | 911 | 7,388 | 1.15 | 84.81 |
| | | | 2009 | 7,843,633 | 992 | 7,903 | 1.21 | 95.69 |
| | | | 2010 | 8,163,693 | 1,131 | 7,217 | 1.40 | 101.35 |
| | | | 2011 | 9,040,172 | 1,110 | 8,144 | 1.33 | 108.24 |
| | | Theft | 2007 | 907,860 | 413 | 2,196 | 0.52 | 11.39 |
| | | | 2008 | 1,663,912 | 508 | 3,278 | 0.64 | 20.97 |
| | | | 2009 | 1,289,490 | 477 | 2,705 | 0.58 | 15.73 |
| | | | 2010 | 1,148,914 | 436 | 2,633 | 0.54 | 14.26 |
| | | | 2011 | 1,365,513 | 454 | 3,009 | 0.54 | 16.35 |
| | | Other Physical Damage | 2007 | 989,572 | 270 | 3,671 | 0.34 | 12.41 |
| | | | 2008 | 889,711 | 290 | 3,066 | 0.37 | 11.21 |
| | | | 2009 | 1,309,304 | 321 | 4,075 | 0.39 | 15.97 |
| | | | 2010 | 1,593,009 | 376 | 4,236 | 0.47 | 19.78 |
| | | | 2011 | 1,572,672 | 278 | 5,647 | 0.33 | 18.83 |
| | | Liability | 2007 | 920,425 | 72 | 12,818 | 0.09 | 11.54 |
| | | | 2008 | 848,148 | 97 | 8,758 | 0.12 | 10.69 |
| | | | 2009 | 708,860 | 80 | 8,822 | 0.10 | 8.65 |
| | | | 2010 | 1,029,351 | 91 | 11,361 | 0.11 | 12.78 |
| | | | 2011 | 886,804 | 88 | 10,075 | 0.11 | 10.62 |
| | | Medical Payments | 2007 | 53,340 | 35 | 1,513 | 0.04 | 0.67 |
| | | | 2008 | 41,290 | 36 | 1,147 | 0.05 | 0.52 |
| | | | 2009 | 52,718 | 33 | 1,598 | 0.04 | 0.64 |
| | | | 2010 | 62,484 | 41 | 1,519 | 0.05 | 0.78 |
| | | | 2011 | 48,496 | 32 | 1,498 | 0.04 | 0.58 |
| | | Total | 2007 | 20,498,403 | 2,454 | 8,353 | 3.08 | 257.05 |
| | | | 2008 | 19,833,733 | 3,143 | 6,310 | 3.96 | 249.96 |
| | | | 2009 | 24,561,772 | 2,801 | 8,770 | 3.42 | 299.65 |
| | | | 2010 | 34,532,280 | 3,466 | 9,964 | 4.30 | 428.72 |
| | | | 2011 | 32,690,143 | 2,907 | 11,244 | 3.48 | 391.42 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 150 | Fire, Lightning and Removal | 2007 | 6,141,075 | 522 | 11,754 | 1.09 | 127.90 |
| | | | 2008 | 11,554,499 | 539 | 21,452 | 1.14 | 245.18 |
| | | | 2009 | 7,246,880 | 575 | 12,599 | 1.18 | 148.69 |
| | | | 2010 | 7,431,445 | 599 | 12,400 | 1.23 | 151.91 |
| | | | 2011 | 8,076,724 | 549 | 14,710 | 1.10 | 162.03 |
| | | Wind and Hail | 2007 | 752,786 | 272 | 2,773 | 0.57 | 15.68 |
| | | | 2008 | 2,088,596 | 616 | 3,388 | 1.31 | 44.32 |
| | | | 2009 | 2,386,985 | 721 | 3,310 | 1.48 | 48.98 |
| | | | 2010 | 3,083,107 | 971 | 3,176 | 1.98 | 63.02 |
| | | | 2011 | 5,524,467 | 722 | 7,653 | 1.45 | 110.83 |
| | | Water Damage and Freezing | 2007 | 3,155,021 | 543 | 5,812 | 1.13 | 65.71 |
| | | | 2008 | 3,640,654 | 563 | 6,465 | 1.19 | 77.25 |
| | | | 2009 | 4,664,368 | 702 | 6,646 | 1.44 | 95.70 |
| | | | 2010 | 4,652,089 | 822 | 5,656 | 1.68 | 95.10 |
| | | | 2011 | 4,153,531 | 663 | 6,263 | 1.33 | 83.33 |
| | | Theft | 2007 | 454,652 | 190 | 2,389 | 0.40 | 9.47 |
| | | | 2008 | 604,531 | 281 | 2,153 | 0.60 | 12.83 |
| | | | 2009 | 783,468 | 347 | 2,261 | 0.71 | 16.08 |
| | | | 2010 | 741,794 | 251 | 2,958 | 0.51 | 15.16 |
| | | | 2011 | 808,323 | 289 | 2,796 | 0.58 | 16.22 |
| | | Other Physical Damage | 2007 | 515,047 | 213 | 2,422 | 0.44 | 10.73 |
| | | | 2008 | 653,724 | 234 | 2,799 | 0.50 | 13.87 |
| | | | 2009 | 581,150 | 248 | 2,347 | 0.51 | 11.92 |
| | | | 2010 | 834,295 | 345 | 2,419 | 0.70 | 17.05 |
| | | | 2011 | 1,256,720 | 321 | 3,918 | 0.64 | 25.21 |
| | | Liability | 2007 | 425,336 | 43 | 9,910 | 0.09 | 8.86 |
| | | | 2008 | 712,318 | 49 | 14,460 | 0.10 | 15.12 |
| | | | 2009 | 572,982 | 50 | 11,412 | 0.10 | 11.76 |
| | | | 2010 | 554,304 | 77 | 7,238 | 0.16 | 11.33 |
| | | | 2011 | 226,146 | 88 | 2,582 | 0.18 | 4.54 |
| | | Medical Payments | 2007 | 30,207 | 28 | 1,067 | 0.06 | 0.63 |
| | | | 2008 | 38,515 | 21 | 1,834 | 0.04 | 0.82 |
| | | | 2009 | 19,222 | 21 | 915 | 0.04 | 0.39 |
| | | | 2010 | 32,639 | 24 | 1,379 | 0.05 | 0.67 |
| | | | 2011 | 40,860 | 28 | 1,443 | 0.06 | 0.82 |
| | | Total | 2007 | 11,474,125 | 1,811 | 6,336 | 3.77 | 238.97 |
| | | | 2008 | 19,292,837 | 2,303 | 8,378 | 4.89 | 409.39 |
| | | | 2009 | 16,255,054 | 2,664 | 6,103 | 5.47 | 333.52 |
| | | | 2010 | 17,329,673 | 3,088 | 5,611 | 6.31 | 354.24 |
| | | | 2011 | 20,086,771 | 2,660 | 7,552 | 5.34 | 402.98 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 160 | Fire, Lightning and Removal | 2007 | 4,422,727 | 331 | 13,370 | 0.98 | 131.24 |
| | | | 2008 | 3,537,617 | 322 | 11,002 | 0.95 | 104.35 |
| | | | 2009 | 4,777,510 | 319 | 14,995 | 0.90 | 134.90 |
| | | | 2010 | 4,783,270 | 312 | 15,351 | 0.89 | 137.26 |
| | | | 2011 | 7,061,936 | 349 | 20,227 | 0.95 | 191.92 |
| | | Wind and Hail | 2007 | 388,548 | 147 | 2,640 | 0.44 | 11.53 |
| | | | 2008 | 1,024,701 | 320 | 3,205 | 0.94 | 30.23 |
| | | | 2009 | 718,367 | 207 | 3,474 | 0.58 | 20.29 |
| | | | 2010 | 1,877,827 | 556 | 3,378 | 1.60 | 53.88 |
| | | | 2011 | 13,398,071 | 728 | 18,409 | 1.98 | 364.11 |
| | | Water Damage and Freezing | 2007 | 1,870,043 | 363 | 5,153 | 1.08 | 55.49 |
| | | | 2008 | 2,089,857 | 353 | 5,929 | 1.04 | 61.64 |
| | | | 2009 | 3,051,985 | 367 | 8,311 | 1.04 | 86.18 |
| | | | 2010 | 2,862,500 | 508 | 5,639 | 1.46 | 82.14 |
| | | | 2011 | 2,171,481 | 359 | 6,049 | 0.98 | 59.01 |
| | | Theft | 2007 | 365,286 | 181 | 2,018 | 0.54 | 10.84 |
| | | | 2008 | 481,504 | 238 | 2,024 | 0.70 | 14.20 |
| | | | 2009 | 813,893 | 346 | 2,351 | 0.98 | 22.98 |
| | | | 2010 | 795,215 | 271 | 2,934 | 0.78 | 22.82 |
| | | | 2011 | 719,313 | 244 | 2,942 | 0.66 | 19.55 |
| | | Other Physical Damage | 2007 | 462,635 | 131 | 3,545 | 0.39 | 13.73 |
| | | | 2008 | 443,408 | 167 | 2,663 | 0.49 | 13.08 |
| | | | 2009 | 544,526 | 140 | 3,886 | 0.40 | 15.38 |
| | | | 2010 | 613,765 | 170 | 3,613 | 0.49 | 17.61 |
| | | | 2011 | 836,809 | 169 | 4,962 | 0.46 | 22.74 |
| | | Liability | 2007 | 261,119 | 28 | 9,172 | 0.08 | 7.75 |
| | | | 2008 | 228,054 | 24 | 9,404 | 0.07 | 6.73 |
| | | | 2009 | 667,692 | 39 | 17,173 | 0.11 | 18.85 |
| | | | 2010 | 777,645 | 65 | 11,988 | 0.19 | 22.31 |
| | | | 2011 | 486,365 | 35 | 13,720 | 0.10 | 13.22 |
| | | Medical Payments | 2007 | 19,867 | 17 | 1,160 | 0.05 | 0.59 |
| | | | 2008 | 18,845 | 17 | 1,109 | 0.05 | 0.56 |
| | | | 2009 | 18,362 | 16 | 1,148 | 0.05 | 0.52 |
| | | | 2010 | 22,127 | 14 | 1,574 | 0.04 | 0.64 |
| | | | 2011 | 17,078 | 16 | 1,067 | 0.04 | 0.46 |
| | | Total | 2007 | 7,790,224 | 1,198 | 6,503 | 3.55 | 231.17 |
| | | | 2008 | 7,823,986 | 1,439 | 5,436 | 4.25 | 230.78 |
| | | | 2009 | 10,592,334 | 1,434 | 7,387 | 4.05 | 299.10 |
| | | | 2010 | 11,732,349 | 1,895 | 6,191 | 5.44 | 336.66 |
| | | | 2011 | 24,691,055 | 1,900 | 12,992 | 5.16 | 671.01 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 170 | Fire, Lightning and Removal | 2007 | 1,327,248 | 78 | 17,080 | 1.50 | 256.80 |
| | | | 2008 | 590,799 | 72 | 8,227 | 1.37 | 112.89 |
| | | | 2009 | 1,046,900 | 57 | 18,373 | 1.09 | 199.56 |
| | | | 2010 | 1,488,108 | 77 | 19,231 | 1.51 | 290.38 |
| | | | 2011 | 929,684 | 68 | 13,636 | 1.36 | 184.81 |
| | | Wind and Hail | 2007 | 176,423 | 67 | 2,647 | 1.29 | 34.14 |
| | | | 2008 | 666,312 | 214 | 3,111 | 4.09 | 127.32 |
| | | | 2009 | 637,857 | 195 | 3,267 | 3.72 | 121.59 |
| | | | 2010 | 705,218 | 215 | 3,283 | 4.19 | 137.61 |
| | | | 2011 | 1,206,224 | 136 | 8,849 | 2.71 | 239.78 |
| | | Water Damage and Freezing | 2007 | 276,218 | 73 | 3,809 | 1.40 | 53.44 |
| | | | 2008 | 262,755 | 62 | 4,246 | 1.18 | 50.21 |
| | | | 2009 | 251,424 | 63 | 3,997 | 1.20 | 47.93 |
| | | | 2010 | 421,270 | 110 | 3,833 | 2.14 | 82.20 |
| | | | 2011 | 256,496 | 58 | 4,415 | 1.15 | 50.99 |
| | | Theft | 2007 | 88,535 | 35 | 2,532 | 0.68 | 17.13 |
| | | | 2008 | 141,417 | 64 | 2,226 | 1.21 | 27.02 |
| | | | 2009 | 151,777 | 65 | 2,351 | 1.23 | 28.93 |
| | | | 2010 | 177,560 | 42 | 4,206 | 0.82 | 34.65 |
| | | | 2011 | 107,677 | 38 | 2,798 | 0.77 | 21.41 |
| | | Other Physical Damage | 2007 | 126,991 | 36 | 3,496 | 0.70 | 24.57 |
| | | | 2008 | 49,252 | 36 | 1,386 | 0.68 | 9.41 |
| | | | 2009 | 131,001 | 49 | 2,698 | 0.93 | 24.97 |
| | | | 2010 | 101,366 | 37 | 2,750 | 0.72 | 19.78 |
| | | | 2011 | 92,277 | 37 | 2,466 | 0.74 | 18.34 |
| | | Liability | 2007 | 19,439 | 12 | 1,601 | 0.23 | 3.76 |
| | | | 2008 | 38,578 | 7 | 5,328 | 0.14 | 7.37 |
| | | | 2009 | 33,508 | 17 | 1,921 | 0.33 | 6.39 |
| | | | 2010 | 309,454 | 9 | 34,422 | 0.18 | 60.38 |
| | | | 2011 | 111,978 | 11 | 10,070 | 0.22 | 22.26 |
| | | Medical Payments | 2007 | 6,294 | 6 | 1,104 | 0.11 | 1.22 |
| | | | 2008 | 1,963 | 2 | 876 | 0.04 | 0.38 |
| | | | 2009 | 4,777 | 4 | 1,111 | 0.08 | 0.91 |
| | | | 2010 | 6,367 | 6 | 1,131 | 0.11 | 1.24 |
| | | | 2011 | 12,899 | 6 | 2,216 | 0.12 | 2.56 |
| | | Total | 2007 | 2,021,147 | 306 | 6,605 | 5.92 | 391.06 |
| | | | 2008 | 1,751,075 | 456 | 3,837 | 8.72 | 334.59 |
| | | | 2009 | 2,257,244 | 450 | 5,016 | 8.58 | 430.28 |
| | | | 2010 | 3,209,343 | 496 | 6,473 | 9.68 | 626.25 |
| | | | 2011 | 2,717,236 | 355 | 7,645 | 7.07 | 540.16 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 180 | Fire, Lightning and Removal | 2007 | 9,518,840 | 667 | 14,263 | 1.24 | 177.51 |
| | | | 2008 | 7,127,471 | 607 | 11,734 | 1.11 | 129.75 |
| | | | 2009 | 7,406,290 | 583 | 12,700 | 1.05 | 133.86 |
| | | | 2010 | 8,832,797 | 571 | 15,477 | 1.04 | 160.19 |
| | | | 2011 | 9,507,381 | 714 | 13,315 | 1.30 | 173.74 |
| | | Wind and Hail | 2007 | 3,215,506 | 929 | 3,461 | 1.73 | 59.96 |
| | | | 2008 | 5,263,506 | 1,515 | 3,475 | 2.76 | 95.81 |
| | | | 2009 | 5,450,246 | 1,268 | 4,300 | 2.29 | 98.50 |
| | | | 2010 | 4,542,153 | 1,311 | 3,466 | 2.38 | 82.38 |
| | | | 2011 | 21,351,369 | 2,086 | 10,236 | 3.81 | 390.19 |
| | | Water Damage and Freezing | 2007 | 2,287,468 | 652 | 3,510 | 1.22 | 42.66 |
| | | | 2008 | 2,821,577 | 722 | 3,910 | 1.31 | 51.36 |
| | | | 2009 | 4,659,767 | 966 | 4,825 | 1.75 | 84.22 |
| | | | 2010 | 4,922,146 | 1,182 | 4,163 | 2.14 | 89.27 |
| | | | 2011 | 4,202,240 | 870 | 4,831 | 1.59 | 76.79 |
| | | Theft | 2007 | 1,102,310 | 518 | 2,130 | 0.97 | 20.56 |
| | | | 2008 | 1,515,910 | 630 | 2,406 | 1.15 | 27.60 |
| | | | 2009 | 1,632,943 | 725 | 2,253 | 1.31 | 29.51 |
| | | | 2010 | 1,576,866 | 657 | 2,402 | 1.19 | 28.60 |
| | | | 2011 | 1,237,021 | 478 | 2,586 | 0.87 | 22.61 |
| | | Other Physical Damage | 2007 | 1,095,343 | 311 | 3,518 | 0.58 | 20.43 |
| | | | 2008 | 831,760 | 345 | 2,408 | 0.63 | 15.14 |
| | | | 2009 | 1,164,383 | 434 | 2,680 | 0.79 | 21.04 |
| | | | 2010 | 1,119,665 | 414 | 2,704 | 0.75 | 20.31 |
| | | | 2011 | 1,147,405 | 342 | 3,350 | 0.63 | 20.97 |
| | | Liability | 2007 | 970,293 | 75 | 13,019 | 0.14 | 18.09 |
| | | | 2008 | 696,885 | 112 | 6,226 | 0.20 | 12.69 |
| | | | 2009 | 637,302 | 88 | 7,279 | 0.16 | 11.52 |
| | | | 2010 | 596,764 | 100 | 5,957 | 0.18 | 10.82 |
| | | | 2011 | 684,488 | 101 | 6,793 | 0.18 | 12.51 |
| | | Medical Payments | 2007 | 69,967 | 49 | 1,431 | 0.09 | 1.31 |
| | | | 2008 | 50,262 | 42 | 1,188 | 0.08 | 0.92 |
| | | | 2009 | 30,761 | 20 | 1,528 | 0.04 | 0.56 |
| | | | 2010 | 45,415 | 34 | 1,350 | 0.06 | 0.82 |
| | | | 2011 | 73,057 | 39 | 1,871 | 0.07 | 1.34 |
| | | Total | 2007 | 18,259,725 | 3,200 | 5,705 | 5.97 | 340.51 |
| | | | 2008 | 18,307,371 | 3,973 | 4,608 | 7.23 | 333.26 |
| | | | 2009 | 20,981,690 | 4,083 | 5,138 | 7.38 | 379.21 |
| | | | 2010 | 21,635,805 | 4,268 | 5,069 | 7.74 | 392.39 |
| | | | 2011 | 38,202,960 | 4,630 | 8,251 | 8.46 | 698.14 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 190 | Fire, Lightning and Removal | 2007 | 2,145,207 | 204 | 10,517 | 1.30 | 137.05 |
| | | | 2008 | 3,722,887 | 206 | 18,052 | 1.31 | 236.34 |
| | | | 2009 | 2,787,333 | 179 | 15,583 | 1.15 | 179.68 |
| | | | 2010 | 3,030,987 | 202 | 15,042 | 1.33 | 200.78 |
| | | | 2011 | 5,425,570 | 267 | 20,301 | 1.79 | 363.35 |
| | | Wind and Hail | 2007 | 742,634 | 251 | 2,956 | 1.60 | 47.45 |
| | | | 2008 | 1,681,990 | 476 | 3,533 | 3.02 | 106.78 |
| | | | 2009 | 1,323,120 | 346 | 3,824 | 2.23 | 85.29 |
| | | | 2010 | 1,509,465 | 436 | 3,462 | 2.89 | 99.99 |
| | | | 2011 | 3,441,526 | 480 | 7,172 | 3.21 | 230.48 |
| | | Water Damage and Freezing | 2007 | 673,253 | 170 | 3,970 | 1.08 | 43.01 |
| | | | 2008 | 793,870 | 201 | 3,942 | 1.28 | 50.40 |
| | | | 2009 | 1,267,697 | 253 | 5,006 | 1.63 | 81.72 |
| | | | 2010 | 1,414,880 | 345 | 4,101 | 2.29 | 93.73 |
| | | | 2011 | 1,275,609 | 285 | 4,472 | 1.91 | 85.43 |
| | | Theft | 2007 | 329,176 | 134 | 2,460 | 0.86 | 21.03 |
| | | | 2008 | 221,418 | 129 | 1,721 | 0.82 | 14.06 |
| | | | 2009 | 340,027 | 174 | 1,958 | 1.12 | 21.92 |
| | | | 2010 | 361,200 | 136 | 2,655 | 0.90 | 23.93 |
| | | | 2011 | 421,356 | 156 | 2,693 | 1.05 | 28.22 |
| | | Other Physical Damage | 2007 | 286,915 | 108 | 2,660 | 0.69 | 18.33 |
| | | | 2008 | 313,095 | 101 | 3,090 | 0.64 | 19.88 |
| | | | 2009 | 208,903 | 122 | 1,707 | 0.79 | 13.47 |
| | | | 2010 | 330,954 | 134 | 2,472 | 0.89 | 21.92 |
| | | | 2011 | 352,481 | 104 | 3,403 | 0.69 | 23.61 |
| | | Liability | 2007 | 372,254 | 26 | 14,235 | 0.17 | 23.78 |
| | | | 2008 | 246,438 | 29 | 8,527 | 0.18 | 15.65 |
| | | | 2009 | 132,853 | 30 | 4,386 | 0.20 | 8.56 |
| | | | 2010 | 280,131 | 31 | 9,069 | 0.20 | 18.56 |
| | | | 2011 | 327,425 | 37 | 8,878 | 0.25 | 21.93 |
| | | Medical Payments | 2007 | 45,936 | 13 | 3,488 | 0.08 | 2.94 |
| | | | 2008 | 27,092 | 20 | 1,377 | 0.12 | 1.72 |
| | | | 2009 | 27,160 | 18 | 1,486 | 0.12 | 1.75 |
| | | | 2010 | 16,896 | 11 | 1,586 | 0.07 | 1.12 |
| | | | 2011 | 15,747 | 9 | 1,723 | 0.06 | 1.06 |
| | | Total | 2007 | 4,595,375 | 906 | 5,073 | 5.79 | 293.59 |
| | | | 2008 | 7,006,789 | 1,162 | 6,028 | 7.38 | 444.82 |
| | | | 2009 | 6,087,095 | 1,123 | 5,422 | 7.24 | 392.38 |
| | | | 2010 | 6,944,511 | 1,294 | 5,367 | 8.57 | 460.02 |
| | | | 2011 | 11,259,714 | 1,338 | 8,413 | 8.96 | 754.06 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 200 | Fire, Lightning and Removal | 2007 | 4,025,195 | 167 | 24,037 | 2.28 | 547.92 |
| | | | 2008 | 3,088,166 | 182 | 16,934 | 2.48 | 419.25 |
| | | | 2009 | 3,299,224 | 145 | 22,677 | 2.00 | 452.78 |
| | | | 2010 | 2,955,296 | 141 | 20,974 | 1.97 | 412.97 |
| | | | 2011 | 2,735,088 | 173 | 15,836 | 2.44 | 386.10 |
| | | Wind and Hail | 2007 | 219,327 | 87 | 2,531 | 1.18 | 29.86 |
| | | | 2008 | 873,883 | 187 | 4,668 | 2.54 | 118.64 |
| | | | 2009 | 617,901 | 123 | 5,013 | 1.69 | 84.80 |
| | | | 2010 | 388,641 | 111 | 3,500 | 1.55 | 54.31 |
| | | | 2011 | 1,381,553 | 225 | 6,143 | 3.17 | 195.03 |
| | | Water Damage and Freezing | 2007 | 349,741 | 62 | 5,647 | 0.84 | 47.61 |
| | | | 2008 | 198,692 | 55 | 3,624 | 0.74 | 26.98 |
| | | | 2009 | 255,456 | 74 | 3,475 | 1.01 | 35.06 |
| | | | 2010 | 406,137 | 72 | 5,653 | 1.00 | 56.75 |
| | | | 2011 | 462,686 | 50 | 9,311 | 0.70 | 65.32 |
| | | Theft | 2007 | 172,627 | 78 | 2,212 | 1.06 | 23.50 |
| | | | 2008 | 218,421 | 79 | 2,779 | 1.07 | 29.65 |
| | | | 2009 | 352,421 | 104 | 3,378 | 1.43 | 48.37 |
| | | | 2010 | 305,731 | 97 | 3,163 | 1.35 | 42.72 |
| | | | 2011 | 285,423 | 100 | 2,843 | 1.42 | 40.29 |
| | | Other Physical Damage | 2007 | 105,934 | 46 | 2,309 | 0.62 | 14.42 |
| | | | 2008 | 218,756 | 43 | 5,125 | 0.58 | 29.70 |
| | | | 2009 | 142,962 | 34 | 4,201 | 0.47 | 19.62 |
| | | | 2010 | 156,241 | 40 | 3,952 | 0.55 | 21.83 |
| | | | 2011 | 178,361 | 49 | 3,619 | 0.70 | 25.18 |
| | | Liability | 2007 | 80,016 | 8 | 10,612 | 0.10 | 10.89 |
| | | | 2008 | 23,756 | 9 | 2,703 | 0.12 | 3.23 |
| | | | 2009 | 89,446 | 10 | 8,692 | 0.14 | 12.28 |
| | | | 2010 | 6,422 | 6 | 1,083 | 0.08 | 0.90 |
| | | | 2011 | 129,432 | 7 | 18,951 | 0.10 | 18.27 |
| | | Medical Payments | 2007 | 8,214 | 5 | 1,556 | 0.07 | 1.12 |
| | | | 2008 | 16,662 | 6 | 2,670 | 0.08 | 2.26 |
| | | | 2009 | 17,813 | 11 | 1,581 | 0.15 | 2.45 |
| | | | 2010 | 8,012 | 5 | 1,632 | 0.07 | 1.12 |
| | | | 2011 | 4,613 | 4 | 1,162 | 0.06 | 0.65 |
| | | Total | 2007 | 4,961,054 | 453 | 10,956 | 6.16 | 675.32 |
| | | | 2008 | 4,638,335 | 561 | 8,272 | 7.61 | 629.70 |
| | | | 2009 | 4,775,222 | 502 | 9,509 | 6.89 | 655.34 |
| | | | 2010 | 4,226,481 | 471 | 8,977 | 6.58 | 590.60 |
| | | | 2011 | 5,177,156 | 608 | 8,518 | 8.58 | 730.84 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 210 | Fire, Lightning and Removal | 2007 | 2,399,725 | 296 | 8,103 | 1.37 | 110.99 |
| | | | 2008 | 3,567,273 | 276 | 12,946 | 1.29 | 166.86 |
| | | | 2009 | 3,104,179 | 231 | 13,438 | 1.08 | 145.55 |
| | | | 2010 | 3,039,648 | 284 | 10,686 | 1.34 | 142.74 |
| | | | 2011 | 3,116,455 | 323 | 9,660 | 1.54 | 148.63 |
| | | Wind and Hail | 2007 | 792,802 | 276 | 2,869 | 1.28 | 36.67 |
| | | | 2008 | 2,816,697 | 641 | 4,395 | 3.00 | 131.75 |
| | | | 2009 | 2,479,915 | 557 | 4,455 | 2.61 | 116.28 |
| | | | 2010 | 1,266,168 | 395 | 3,208 | 1.85 | 59.46 |
| | | | 2011 | 9,002,774 | 972 | 9,259 | 4.64 | 429.36 |
| | | Water Damage and Freezing | 2007 | 852,724 | 274 | 3,111 | 1.27 | 39.44 |
| | | | 2008 | 999,635 | 279 | 3,581 | 1.31 | 46.76 |
| | | | 2009 | 1,189,527 | 311 | 3,827 | 1.46 | 55.78 |
| | | | 2010 | 1,186,117 | 320 | 3,712 | 1.50 | 55.70 |
| | | | 2011 | 1,531,827 | 278 | 5,508 | 1.33 | 73.06 |
| | | Theft | 2007 | 638,434 | 269 | 2,371 | 1.25 | 29.53 |
| | | | 2008 | 786,147 | 318 | 2,471 | 1.49 | 36.77 |
| | | | 2009 | 793,891 | 378 | 2,103 | 1.77 | 37.23 |
| | | | 2010 | 716,579 | 321 | 2,232 | 1.51 | 33.65 |
| | | | 2011 | 786,188 | 345 | 2,279 | 1.65 | 37.50 |
| | | Other Physical Damage | 2007 | 144,138 | 120 | 1,199 | 0.56 | 6.67 |
| | | | 2008 | 412,500 | 153 | 2,699 | 0.71 | 19.29 |
| | | | 2009 | 313,982 | 156 | 2,008 | 0.73 | 14.72 |
| | | | 2010 | 347,385 | 155 | 2,238 | 0.73 | 16.31 |
| | | | 2011 | 523,004 | 137 | 3,818 | 0.65 | 24.94 |
| | | Liability | 2007 | 306,734 | 33 | 9,397 | 0.15 | 14.19 |
| | | | 2008 | 127,474 | 34 | 3,796 | 0.16 | 5.96 |
| | | | 2009 | 66,784 | 31 | 2,135 | 0.15 | 3.13 |
| | | | 2010 | 287,147 | 29 | 9,891 | 0.14 | 13.48 |
| | | | 2011 | 831,978 | 44 | 19,047 | 0.21 | 39.68 |
| | | Medical Payments | 2007 | 7,830 | 6 | 1,376 | 0.03 | 0.36 |
| | | | 2008 | 19,389 | 19 | 1,019 | 0.09 | 0.91 |
| | | | 2009 | 24,091 | 19 | 1,253 | 0.09 | 1.13 |
| | | | 2010 | 17,027 | 16 | 1,067 | 0.07 | 0.80 |
| | | | 2011 | 26,421 | 17 | 1,548 | 0.08 | 1.26 |
| | | Credit Card | 2009 | 138 | 0 | 0 | 0.00 | 0.01 |
| | | Total | 2007 | 5,142,386 | 1,274 | 4,035 | 5.89 | 237.84 |
| | | | 2008 | 8,729,116 | 1,719 | 5,078 | 8.04 | 408.29 |
| | | | 2009 | 7,972,507 | 1,683 | 4,738 | 7.89 | 373.83 |
| | | | 2010 | 6,860,071 | 1,520 | 4,513 | 7.14 | 322.15 |
| | | | 2011 | 15,818,647 | 2,116 | 7,476 | 10.09 | 754.42 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 220 | Fire, Lightning and Removal | 2007 | 9,299,108 | 629 | 14,783 | 1.00 | 147.70 |
| | | | 2008 | 12,969,702 | 916 | 14,163 | 1.44 | 204.27 |
| | | | 2009 | 8,745,355 | 725 | 12,055 | 1.17 | 140.94 |
| | | | 2010 | 11,449,080 | 721 | 15,869 | 1.19 | 189.49 |
| | | | 2011 | 9,752,975 | 791 | 12,329 | 1.33 | 163.82 |
| | | Wind and Hail | 2007 | 1,068,699 | 491 | 2,175 | 0.78 | 16.97 |
| | | | 2008 | 6,200,978 | 1,728 | 3,589 | 2.72 | 97.66 |
| | | | 2009 | 3,950,354 | 936 | 4,220 | 1.51 | 63.66 |
| | | | 2010 | 2,906,393 | 877 | 3,314 | 1.45 | 48.10 |
| | | | 2011 | 69,820,659 | 4,199 | 16,630 | 7.05 | 1,172.80 |
| | | Water Damage and Freezing | 2007 | 4,137,813 | 817 | 5,066 | 1.30 | 65.72 |
| | | | 2008 | 4,664,737 | 905 | 5,152 | 1.43 | 73.47 |
| | | | 2009 | 6,400,765 | 996 | 6,425 | 1.61 | 103.15 |
| | | | 2010 | 5,879,214 | 974 | 6,039 | 1.61 | 97.31 |
| | | | 2011 | 6,025,328 | 976 | 6,177 | 1.64 | 101.21 |
| | | Theft | 2007 | 2,375,348 | 934 | 2,544 | 1.48 | 37.73 |
| | | | 2008 | 2,604,211 | 1,077 | 2,418 | 1.70 | 41.02 |
| | | | 2009 | 3,095,055 | 1,173 | 2,639 | 1.89 | 49.88 |
| | | | 2010 | 3,357,035 | 1,161 | 2,892 | 1.92 | 55.56 |
| | | | 2011 | 3,775,077 | 1,274 | 2,962 | 2.14 | 63.41 |
| | | Other Physical Damage | 2007 | 1,338,734 | 452 | 2,965 | 0.72 | 21.26 |
| | | | 2008 | 1,867,780 | 612 | 3,051 | 0.96 | 29.42 |
| | | | 2009 | 1,543,236 | 530 | 2,913 | 0.85 | 24.87 |
| | | | 2010 | 1,372,683 | 527 | 2,604 | 0.87 | 22.72 |
| | | | 2011 | 2,594,703 | 798 | 3,252 | 1.34 | 43.58 |
| | | Liability | 2007 | 321,363 | 90 | 3,568 | 0.14 | 5.10 |
| | | | 2008 | 868,906 | 118 | 7,380 | 0.19 | 13.69 |
| | | | 2009 | 551,285 | 115 | 4,812 | 0.18 | 8.88 |
| | | | 2010 | 933,867 | 101 | 9,268 | 0.17 | 15.46 |
| | | | 2011 | 261,337 | 57 | 4,575 | 0.10 | 4.39 |
| | | Medical Payments | 2007 | 27,135 | 24 | 1,120 | 0.04 | 0.43 |
| | | | 2008 | 34,180 | 28 | 1,233 | 0.04 | 0.54 |
| | | | 2009 | 33,362 | 22 | 1,498 | 0.04 | 0.54 |
| | | | 2010 | 37,778 | 25 | 1,506 | 0.04 | 0.63 |
| | | | 2011 | 14,449 | 12 | 1,204 | 0.02 | 0.24 |
| | | Total | 2007 | 18,568,200 | 3,437 | 5,402 | 5.46 | 294.91 |
| | | | 2008 | 29,210,495 | 5,384 | 5,426 | 8.48 | 460.06 |
| | | | 2009 | 24,319,412 | 4,497 | 5,408 | 7.25 | 391.93 |
| | | | 2010 | 25,936,049 | 4,386 | 5,913 | 7.26 | 429.27 |
| | | | 2011 | 92,244,529 | 8,107 | 11,379 | 13.62 | 1,549.46 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 230 | Fire, Lightning and Removal | 2007 | 4,087,214 | 230 | 17,808 | 1.37 | 243.81 |
| | | | 2008 | 6,085,334 | 305 | 19,956 | 1.85 | 368.45 |
| | | | 2009 | 3,035,917 | 202 | 15,045 | 1.25 | 187.46 |
| | | | 2010 | 5,638,667 | 253 | 22,282 | 1.60 | 356.96 |
| | | | 2011 | 3,389,613 | 242 | 14,007 | 1.55 | 216.56 |
| | | Wind and Hail | 2007 | 368,715 | 167 | 2,210 | 1.00 | 21.99 |
| | | | 2008 | 1,380,405 | 438 | 3,154 | 2.65 | 83.58 |
| | | | 2009 | 1,518,620 | 249 | 6,109 | 1.53 | 93.77 |
| | | | 2010 | 847,759 | 191 | 4,448 | 1.21 | 53.67 |
| | | | 2011 | 16,690,656 | 1,714 | 9,736 | 10.95 | 1,066.34 |
| | | Water Damage and Freezing | 2007 | 773,741 | 145 | 5,318 | 0.87 | 46.15 |
| | | | 2008 | 832,121 | 134 | 6,201 | 0.81 | 50.38 |
| | | | 2009 | 858,994 | 158 | 5,433 | 0.98 | 53.04 |
| | | | 2010 | 816,185 | 178 | 4,585 | 1.13 | 51.67 |
| | | | 2011 | 900,445 | 136 | 6,623 | 0.87 | 57.53 |
| | | Theft | 2007 | 576,908 | 228 | 2,533 | 1.36 | 34.41 |
| | | | 2008 | 623,885 | 257 | 2,432 | 1.55 | 37.78 |
| | | | 2009 | 927,741 | 368 | 2,524 | 2.27 | 57.29 |
| | | | 2010 | 736,442 | 276 | 2,668 | 1.75 | 46.62 |
| | | | 2011 | 684,160 | 276 | 2,483 | 1.76 | 43.71 |
| | | Other Physical Damage | 2007 | 282,943 | 86 | 3,283 | 0.51 | 16.88 |
| | | | 2008 | 285,441 | 115 | 2,474 | 0.70 | 17.28 |
| | | | 2009 | 133,220 | 74 | 1,811 | 0.45 | 8.23 |
| | | | 2010 | 333,089 | 85 | 3,935 | 0.54 | 21.09 |
| | | | 2011 | 342,021 | 96 | 3,569 | 0.61 | 21.85 |
| | | Liability | 2007 | 197,960 | 18 | 10,724 | 0.11 | 11.81 |
| | | | 2008 | 61,834 | 24 | 2,554 | 0.15 | 3.74 |
| | | | 2009 | 176,554 | 26 | 6,867 | 0.16 | 10.90 |
| | | | 2010 | 260,092 | 23 | 11,274 | 0.15 | 16.47 |
| | | | 2011 | 114,589 | 21 | 5,413 | 0.14 | 7.32 |
| | | Medical Payments | 2007 | 11,378 | 11 | 1,061 | 0.06 | 0.68 |
| | | | 2008 | 10,386 | 10 | 1,064 | 0.06 | 0.63 |
| | | | 2009 | 16,805 | 15 | 1,141 | 0.09 | 1.04 |
| | | | 2010 | 15,434 | 10 | 1,530 | 0.06 | 0.98 |
| | | | 2011 | 11,190 | 12 | 930 | 0.08 | 0.72 |
| | | Total | 2007 | 6,298,859 | 885 | 7,118 | 5.28 | 375.73 |
| | | | 2008 | 9,279,406 | 1,283 | 7,234 | 7.77 | 561.85 |
| | | | 2009 | 6,667,850 | 1,090 | 6,117 | 6.73 | 411.72 |
| | | | 2010 | 8,647,667 | 1,015 | 8,516 | 6.43 | 547.44 |
| | | | 2011 | 22,132,672 | 2,497 | 8,864 | 15.95 | 1,414.03 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 240 | Fire, Lightning and Removal | 2007 | 11,439,563 | 893 | 12,806 | 1.25 | 159.66 |
| | | | 2008 | 9,145,566 | 886 | 10,323 | 1.22 | 125.79 |
| | | | 2009 | 12,926,919 | 767 | 16,848 | 1.05 | 176.53 |
| | | | 2010 | 12,431,283 | 924 | 13,459 | 1.24 | 167.51 |
| | | | 2011 | 21,385,888 | 1,082 | 19,768 | 1.46 | 289.16 |
| | | Wind and Hail | 2007 | 1,881,497 | 665 | 2,831 | 0.93 | 26.26 |
| | | | 2008 | 6,021,690 | 1,644 | 3,664 | 2.26 | 82.82 |
| | | | 2009 | 5,809,826 | 1,183 | 4,909 | 1.62 | 79.34 |
| | | | 2010 | 3,664,826 | 1,066 | 3,437 | 1.44 | 49.38 |
| | | | 2011 | 18,777,794 | 2,372 | 7,916 | 3.21 | 253.90 |
| | | Water Damage and Freezing | 2007 | 3,516,555 | 775 | 4,540 | 1.08 | 49.08 |
| | | | 2008 | 4,367,657 | 800 | 5,461 | 1.10 | 60.07 |
| | | | 2009 | 5,638,901 | 949 | 5,943 | 1.30 | 77.01 |
| | | | 2010 | 5,782,854 | 1,037 | 5,577 | 1.40 | 77.92 |
| | | | 2011 | 6,139,284 | 927 | 6,623 | 1.25 | 83.01 |
| | | Theft | 2007 | 1,336,714 | 570 | 2,347 | 0.79 | 18.66 |
| | | | 2008 | 2,390,252 | 893 | 2,676 | 1.23 | 32.88 |
| | | | 2009 | 1,938,992 | 822 | 2,358 | 1.12 | 26.48 |
| | | | 2010 | 2,038,097 | 767 | 2,657 | 1.03 | 27.46 |
| | | | 2011 | 2,516,227 | 855 | 2,943 | 1.16 | 34.02 |
| | | Other Physical Damage | 2007 | 1,237,932 | 333 | 3,713 | 0.47 | 17.28 |
| | | | 2008 | 1,344,284 | 417 | 3,221 | 0.57 | 18.49 |
| | | | 2009 | 1,440,578 | 409 | 3,519 | 0.56 | 19.67 |
| | | | 2010 | 1,152,696 | 410 | 2,810 | 0.55 | 15.53 |
| | | | 2011 | 1,845,224 | 411 | 4,493 | 0.56 | 24.95 |
| | | Liability | 2007 | 1,931,735 | 92 | 20,981 | 0.13 | 26.96 |
| | | | 2008 | 607,604 | 136 | 4,461 | 0.19 | 8.36 |
| | | | 2009 | 973,984 | 141 | 6,927 | 0.19 | 13.30 |
| | | | 2010 | 604,350 | 115 | 5,249 | 0.16 | 8.14 |
| | | | 2011 | 1,119,886 | 141 | 7,919 | 0.19 | 15.14 |
| | | Medical Payments | 2007 | 52,499 | 45 | 1,176 | 0.06 | 0.73 |
| | | | 2008 | 37,750 | 34 | 1,098 | 0.05 | 0.52 |
| | | | 2009 | 59,865 | 44 | 1,352 | 0.06 | 0.82 |
| | | | 2010 | 64,286 | 45 | 1,419 | 0.06 | 0.87 |
| | | | 2011 | 71,325 | 44 | 1,639 | 0.06 | 0.96 |
| | | Credit Card | 2009 | 469 | 0 | 0 | 0.00 | 0.01 |
| | | Total | 2007 | 21,396,495 | 3,372 | 6,345 | 4.71 | 298.63 |
| | | | 2008 | 23,914,802 | 4,810 | 4,971 | 6.62 | 328.92 |
| | | | 2009 | 28,789,535 | 4,316 | 6,670 | 5.89 | 393.16 |
| | | | 2010 | 25,738,392 | 4,365 | 5,897 | 5.88 | 346.81 |
| | | | 2011 | 51,855,628 | 5,832 | 8,892 | 7.89 | 701.15 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 250 | Fire, Lightning and Removal | 2007 | 4,424,981 | 305 | 14,492 | 1.10 | 158.81 |
| | | | 2008 | 7,154,861 | 466 | 15,345 | 1.64 | 251.02 |
| | | | 2009 | 5,624,975 | 397 | 14,174 | 1.34 | 190.61 |
| | | | 2010 | 6,688,117 | 416 | 16,070 | 1.35 | 217.14 |
| | | | 2011 | 9,497,843 | 476 | 19,952 | 1.53 | 306.14 |
| | | Wind and Hail | 2007 | 712,727 | 243 | 2,932 | 0.87 | 25.58 |
| | | | 2008 | 5,221,970 | 1,190 | 4,387 | 4.18 | 183.20 |
| | | | 2009 | 3,100,994 | 571 | 5,427 | 1.94 | 105.08 |
| | | | 2010 | 1,533,852 | 399 | 3,849 | 1.29 | 49.80 |
| | | | 2011 | 15,403,544 | 1,654 | 9,316 | 5.33 | 496.50 |
| | | Water Damage and Freezing | 2007 | 1,791,570 | 305 | 5,867 | 1.10 | 64.30 |
| | | | 2008 | 2,277,576 | 351 | 6,491 | 1.23 | 79.91 |
| | | | 2009 | 2,980,817 | 411 | 7,253 | 1.39 | 101.01 |
| | | | 2010 | 3,042,768 | 460 | 6,618 | 1.49 | 98.79 |
| | | | 2011 | 2,785,167 | 429 | 6,491 | 1.38 | 89.77 |
| | | Theft | 2007 | 729,651 | 293 | 2,490 | 1.05 | 26.19 |
| | | | 2008 | 1,232,414 | 426 | 2,895 | 1.49 | 43.24 |
| | | | 2009 | 1,254,063 | 419 | 2,995 | 1.42 | 42.50 |
| | | | 2010 | 1,501,187 | 522 | 2,874 | 1.70 | 48.74 |
| | | | 2011 | 1,348,426 | 471 | 2,861 | 1.52 | 43.46 |
| | | Other Physical Damage | 2007 | 478,465 | 171 | 2,793 | 0.61 | 17.17 |
| | | | 2008 | 475,417 | 213 | 2,236 | 0.75 | 16.68 |
| | | | 2009 | 586,605 | 181 | 3,235 | 0.61 | 19.88 |
| | | | 2010 | 571,967 | 214 | 2,671 | 0.70 | 18.57 |
| | | | 2011 | 825,455 | 304 | 2,717 | 0.98 | 26.61 |
| | | Liability | 2007 | 464,194 | 29 | 15,848 | 0.11 | 16.66 |
| | | | 2008 | 321,035 | 41 | 7,880 | 0.14 | 11.26 |
| | | | 2009 | 333,606 | 59 | 5,624 | 0.20 | 11.31 |
| | | | 2010 | 313,110 | 59 | 5,286 | 0.19 | 10.17 |
| | | | 2011 | 356,307 | 52 | 6,836 | 0.17 | 11.49 |
| | | Medical Payments | 2007 | 25,593 | 20 | 1,301 | 0.07 | 0.92 |
| | | | 2008 | 15,611 | 17 | 935 | 0.06 | 0.55 |
| | | | 2009 | 21,024 | 14 | 1,499 | 0.05 | 0.71 |
| | | | 2010 | 29,615 | 21 | 1,440 | 0.07 | 0.96 |
| | | | 2011 | 22,632 | 20 | 1,136 | 0.06 | 0.73 |
| | | Credit Card | 2009 | 190 | 0 | 0 | 0.00 | 0.01 |
| | | Total | 2007 | 8,627,181 | 1,367 | 6,311 | 4.91 | 309.63 |
| | | | 2008 | 16,698,885 | 2,703 | 6,178 | 9.48 | 585.85 |
| | | | 2009 | 13,902,276 | 2,053 | 6,773 | 6.96 | 471.09 |
| | | | 2010 | 13,680,615 | 2,091 | 6,543 | 6.79 | 444.16 |
| | | | 2011 | 30,239,372 | 3,406 | 8,879 | 10.98 | 974.71 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 260 | Fire, Lightning and Removal | 2007 | 4,670,690 | 277 | 16,874 | 1.10 | 186.44 |
| | | | 2008 | 3,718,345 | 304 | 12,245 | 1.22 | 149.46 |
| | | | 2009 | 3,897,581 | 283 | 13,795 | 1.11 | 153.76 |
| | | | 2010 | 5,589,036 | 357 | 15,643 | 1.35 | 210.86 |
| | | | 2011 | 4,313,054 | 302 | 14,287 | 1.14 | 162.71 |
| | | Wind and Hail | 2007 | 1,351,929 | 450 | 3,006 | 1.80 | 53.97 |
| | | | 2008 | 2,005,697 | 674 | 2,976 | 2.71 | 80.62 |
| | | | 2009 | 1,661,332 | 447 | 3,720 | 1.76 | 65.54 |
| | | | 2010 | 1,318,867 | 359 | 3,679 | 1.35 | 49.76 |
| | | | 2011 | 3,496,035 | 524 | 6,672 | 1.98 | 131.89 |
| | | Water Damage and Freezing | 2007 | 978,243 | 252 | 3,885 | 1.01 | 39.05 |
| | | | 2008 | 1,505,799 | 286 | 5,265 | 1.15 | 60.53 |
| | | | 2009 | 1,696,867 | 308 | 5,503 | 1.22 | 66.94 |
| | | | 2010 | 1,771,805 | 327 | 5,424 | 1.23 | 66.84 |
| | | | 2011 | 1,411,825 | 286 | 4,944 | 1.08 | 53.26 |
| | | Theft | 2007 | 599,251 | 261 | 2,299 | 1.04 | 23.92 |
| | | | 2008 | 691,708 | 270 | 2,563 | 1.08 | 27.80 |
| | | | 2009 | 702,794 | 308 | 2,279 | 1.22 | 27.73 |
| | | | 2010 | 938,544 | 356 | 2,633 | 1.34 | 35.41 |
| | | | 2011 | 966,521 | 368 | 2,626 | 1.39 | 36.46 |
| | | Other Physical Damage | 2007 | 318,268 | 112 | 2,833 | 0.45 | 12.71 |
| | | | 2008 | 425,670 | 144 | 2,957 | 0.58 | 17.11 |
| | | | 2009 | 607,299 | 155 | 3,925 | 0.61 | 23.96 |
| | | | 2010 | 487,067 | 176 | 2,771 | 0.66 | 18.38 |
| | | | 2011 | 311,136 | 151 | 2,059 | 0.57 | 11.74 |
| | | Liability | 2007 | 326,693 | 45 | 7,260 | 0.18 | 13.04 |
| | | | 2008 | 300,324 | 45 | 6,608 | 0.18 | 12.07 |
| | | | 2009 | 238,865 | 53 | 4,492 | 0.21 | 9.42 |
| | | | 2010 | 327,929 | 62 | 5,317 | 0.23 | 12.37 |
| | | | 2011 | 110,661 | 59 | 1,878 | 0.22 | 4.18 |
| | | Medical Payments | 2007 | 39,116 | 21 | 1,863 | 0.08 | 1.56 |
| | | | 2008 | 35,363 | 17 | 2,080 | 0.07 | 1.42 |
| | | | 2009 | 29,791 | 17 | 1,746 | 0.07 | 1.18 |
| | | | 2010 | 26,529 | 17 | 1,572 | 0.06 | 1.00 |
| | | | 2011 | 16,771 | 18 | 923 | 0.07 | 0.63 |
| | | Total | 2007 | 8,284,189 | 1,417 | 5,845 | 5.66 | 330.69 |
| | | | 2008 | 8,682,905 | 1,740 | 4,990 | 6.99 | 349.01 |
| | | | 2009 | 8,834,529 | 1,571 | 5,624 | 6.20 | 348.52 |
| | | | 2010 | 10,459,777 | 1,653 | 6,327 | 6.24 | 394.61 |
| | | | 2011 | 10,626,002 | 1,708 | 6,223 | 6.44 | 400.87 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 270 | Fire, Lightning and Removal | 2007 | 32,961,468 | 1,911 | 17,251 | 0.76 | 130.88 |
| | | | 2008 | 22,556,583 | 1,804 | 12,501 | 0.71 | 89.25 |
| | | | 2009 | 24,813,128 | 1,441 | 17,221 | 0.56 | 96.64 |
| | | | 2010 | 40,736,963 | 2,259 | 18,033 | 0.86 | 154.47 |
| | | | 2011 | 35,694,682 | 2,111 | 16,908 | 0.80 | 135.16 |
| | | Wind and Hail | 2007 | 7,208,589 | 1,892 | 3,810 | 0.75 | 28.62 |
| | | | 2008 | 7,829,322 | 2,288 | 3,421 | 0.91 | 30.98 |
| | | | 2009 | 8,031,478 | 2,238 | 3,588 | 0.87 | 31.28 |
| | | | 2010 | 5,274,332 | 1,634 | 3,227 | 0.62 | 20.00 |
| | | | 2011 | 96,163,806 | 9,850 | 9,762 | 3.73 | 364.12 |
| | | Water Damage and Freezing | 2007 | 25,272,220 | 3,861 | 6,546 | 1.53 | 100.35 |
| | | | 2008 | 31,247,460 | 4,492 | 6,956 | 1.78 | 123.64 |
| | | | 2009 | 39,080,441 | 4,988 | 7,834 | 1.94 | 152.21 |
| | | | 2010 | 38,124,410 | 5,129 | 7,432 | 1.95 | 144.57 |
| | | | 2011 | 44,052,650 | 5,277 | 8,348 | 2.00 | 166.80 |
| | | Theft | 2007 | 4,192,802 | 1,870 | 2,242 | 0.74 | 16.65 |
| | | | 2008 | 5,648,147 | 2,286 | 2,471 | 0.90 | 22.35 |
| | | | 2009 | 6,705,880 | 2,712 | 2,472 | 1.06 | 26.12 |
| | | | 2010 | 8,145,511 | 3,012 | 2,705 | 1.14 | 30.89 |
| | | | 2011 | 7,248,488 | 2,721 | 2,664 | 1.03 | 27.45 |
| | | Other Physical Damage | 2007 | 4,727,295 | 1,318 | 3,588 | 0.52 | 18.77 |
| | | | 2008 | 4,721,795 | 1,425 | 3,314 | 0.56 | 18.68 |
| | | | 2009 | 5,057,838 | 1,581 | 3,199 | 0.62 | 19.70 |
| | | | 2010 | 5,887,161 | 1,659 | 3,549 | 0.63 | 22.32 |
| | | | 2011 | 7,631,165 | 2,106 | 3,624 | 0.80 | 28.90 |
| | | Liability | 2007 | 1,557,625 | 287 | 5,419 | 0.11 | 6.19 |
| | | | 2008 | 2,759,730 | 329 | 8,381 | 0.13 | 10.92 |
| | | | 2009 | 1,704,391 | 310 | 5,505 | 0.12 | 6.64 |
| | | | 2010 | 1,872,622 | 300 | 6,235 | 0.11 | 7.10 |
| | | | 2011 | 2,144,922 | 268 | 8,015 | 0.10 | 8.12 |
| | | Medical Payments | 2007 | 111,476 | 82 | 1,351 | 0.03 | 0.44 |
| | | | 2008 | 103,118 | 84 | 1,231 | 0.03 | 0.41 |
| | | | 2009 | 116,587 | 86 | 1,354 | 0.03 | 0.45 |
| | | | 2010 | 91,757 | 66 | 1,401 | 0.02 | 0.35 |
| | | | 2011 | 118,414 | 92 | 1,290 | 0.03 | 0.45 |
| | | Total | 2007 | 76,031,476 | 11,221 | 6,776 | 4.46 | 301.90 |
| | | | 2008 | 74,866,156 | 12,709 | 5,891 | 5.03 | 296.22 |
| | | | 2009 | 85,509,743 | 13,357 | 6,402 | 5.20 | 333.04 |
| | | | 2010 | 100,132,756 | 14,059 | 7,122 | 5.33 | 379.70 |
| | | | 2011 | 193,054,128 | 22,424 | 8,609 | 8.49 | 730.99 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 280 | Fire, Lightning and Removal | 2007 | 6,472,260 | 240 | 26,951 | 0.64 | 171.81 |
| | | | 2008 | 10,824,457 | 283 | 38,246 | 0.77 | 296.38 |
| | | | 2009 | 4,614,679 | 237 | 19,451 | 0.64 | 123.66 |
| | | | 2010 | 5,410,466 | 324 | 16,674 | 0.82 | 137.11 |
| | | | 2011 | 7,809,624 | 333 | 23,442 | 0.85 | 198.15 |
| | | Wind and Hail | 2007 | 1,584,451 | 364 | 4,349 | 0.97 | 42.06 |
| | | | 2008 | 1,915,150 | 496 | 3,865 | 1.36 | 52.44 |
| | | | 2009 | 1,041,642 | 300 | 3,475 | 0.80 | 27.91 |
| | | | 2010 | 1,032,759 | 268 | 3,850 | 0.68 | 26.17 |
| | | | 2011 | 1,993,552 | 383 | 5,207 | 0.97 | 50.58 |
| | | Water Damage and Freezing | 2007 | 2,291,654 | 367 | 6,242 | 0.97 | 60.83 |
| | | | 2008 | 2,868,724 | 477 | 6,019 | 1.30 | 78.55 |
| | | | 2009 | 4,740,429 | 466 | 10,174 | 1.25 | 127.03 |
| | | | 2010 | 4,284,733 | 552 | 7,766 | 1.40 | 108.58 |
| | | | 2011 | 4,302,936 | 479 | 8,976 | 1.22 | 109.18 |
| | | Theft | 2007 | 961,068 | 397 | 2,423 | 1.05 | 25.51 |
| | | | 2008 | 1,092,643 | 447 | 2,444 | 1.22 | 29.92 |
| | | | 2009 | 1,120,633 | 418 | 2,682 | 1.12 | 30.03 |
| | | | 2010 | 1,539,948 | 511 | 3,016 | 1.29 | 39.03 |
| | | | 2011 | 1,127,669 | 464 | 2,428 | 1.18 | 28.61 |
| | | Other Physical Damage | 2007 | 666,711 | 172 | 3,885 | 0.46 | 17.70 |
| | | | 2008 | 987,525 | 199 | 4,961 | 0.55 | 27.04 |
| | | | 2009 | 708,321 | 195 | 3,626 | 0.52 | 18.98 |
| | | | 2010 | 691,065 | 227 | 3,050 | 0.57 | 17.51 |
| | | | 2011 | 800,113 | 232 | 3,455 | 0.59 | 20.30 |
| | | Liability | 2007 | 357,356 | 54 | 6,670 | 0.14 | 9.49 |
| | | | 2008 | 523,810 | 61 | 8,625 | 0.17 | 14.34 |
| | | | 2009 | 636,406 | 46 | 13,710 | 0.12 | 17.05 |
| | | | 2010 | 132,296 | 40 | 3,337 | 0.10 | 3.35 |
| | | | 2011 | 595,890 | 52 | 11,381 | 0.13 | 15.12 |
| | | Medical Payments | 2007 | 14,661 | 11 | 1,395 | 0.03 | 0.39 |
| | | | 2008 | 13,694 | 12 | 1,122 | 0.03 | 0.38 |
| | | | 2009 | 27,822 | 23 | 1,214 | 0.06 | 0.75 |
| | | | 2010 | 10,478 | 12 | 911 | 0.03 | 0.27 |
| | | | 2011 | 17,130 | 16 | 1,055 | 0.04 | 0.44 |
| | | Total | 2007 | 12,348,162 | 1,604 | 7,699 | 4.26 | 327.78 |
| | | | 2008 | 18,226,003 | 1,974 | 9,232 | 5.41 | 499.04 |
| | | | 2009 | 12,889,931 | 1,686 | 7,647 | 4.52 | 345.42 |
| | | | 2010 | 13,101,746 | 1,933 | 6,779 | 4.90 | 332.03 |
| | | | 2011 | 16,646,915 | 1,960 | 8,493 | 4.97 | 422.38 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 290 | Fire, Lightning and Removal | 2007 | 4,990,600 | 345 | 14,481 | 1.09 | 157.42 |
| | | | 2008 | 4,599,013 | 489 | 9,403 | 1.59 | 149.18 |
| | | | 2009 | 5,643,775 | 515 | 10,963 | 1.66 | 182.27 |
| | | | 2010 | 10,340,630 | 453 | 22,818 | 1.41 | 322.05 |
| | | | 2011 | 6,973,886 | 596 | 11,709 | 1.86 | 218.36 |
| | | Wind and Hail | 2007 | 426,141 | 129 | 3,314 | 0.41 | 13.44 |
| | | | 2008 | 1,775,030 | 484 | 3,669 | 1.57 | 57.58 |
| | | | 2009 | 847,939 | 209 | 4,061 | 0.67 | 27.39 |
| | | | 2010 | 835,211 | 230 | 3,635 | 0.72 | 26.01 |
| | | | 2011 | 18,704,143 | 820 | 22,806 | 2.57 | 585.64 |
| | | Water Damage and Freezing | 2007 | 2,761,828 | 387 | 7,139 | 1.22 | 87.12 |
| | | | 2008 | 3,370,667 | 357 | 9,442 | 1.16 | 109.34 |
| | | | 2009 | 3,129,857 | 447 | 6,997 | 1.44 | 101.08 |
| | | | 2010 | 4,407,991 | 514 | 8,582 | 1.60 | 137.29 |
| | | | 2011 | 3,191,753 | 446 | 7,157 | 1.40 | 99.94 |
| | | Theft | 2007 | 556,375 | 199 | 2,800 | 0.63 | 17.55 |
| | | | 2008 | 724,718 | 266 | 2,728 | 0.86 | 23.51 |
| | | | 2009 | 680,261 | 264 | 2,573 | 0.85 | 21.97 |
| | | | 2010 | 774,556 | 288 | 2,689 | 0.90 | 24.12 |
| | | | 2011 | 618,350 | 254 | 2,432 | 0.80 | 19.36 |
| | | Other Physical Damage | 2007 | 450,225 | 190 | 2,366 | 0.60 | 14.20 |
| | | | 2008 | 650,121 | 206 | 3,153 | 0.67 | 21.09 |
| | | | 2009 | 912,404 | 202 | 4,511 | 0.65 | 29.47 |
| | | | 2010 | 510,038 | 221 | 2,308 | 0.69 | 15.89 |
| | | | 2011 | 843,132 | 263 | 3,206 | 0.82 | 26.40 |
| | | Liability | 2007 | 269,743 | 35 | 7,722 | 0.11 | 8.51 |
| | | | 2008 | 432,198 | 55 | 7,803 | 0.18 | 14.02 |
| | | | 2009 | 207,862 | 54 | 3,873 | 0.17 | 6.71 |
| | | | 2010 | 202,791 | 61 | 3,347 | 0.19 | 6.32 |
| | | | 2011 | 398,623 | 61 | 6,562 | 0.19 | 12.48 |
| | | Medical Payments | 2007 | 12,504 | 10 | 1,253 | 0.03 | 0.39 |
| | | | 2008 | 18,872 | 14 | 1,358 | 0.05 | 0.61 |
| | | | 2009 | 32,308 | 20 | 1,578 | 0.07 | 1.04 |
| | | | 2010 | 20,190 | 16 | 1,249 | 0.05 | 0.63 |
| | | | 2011 | 21,008 | 17 | 1,201 | 0.05 | 0.66 |
| | | Credit Card | 2009 | 203 | 0 | 0 | 0.00 | 0.01 |
| | | Total | 2007 | 9,467,415 | 1,294 | 7,316 | 4.08 | 298.63 |
| | | | 2008 | 11,570,620 | 1,871 | 6,184 | 6.07 | 375.33 |
| | | | 2009 | 11,454,609 | 1,712 | 6,692 | 5.53 | 369.94 |
| | | | 2010 | 17,091,407 | 1,782 | 9,589 | 5.55 | 532.30 |
| | | | 2011 | 30,750,894 | 2,457 | 12,514 | 7.69 | 962.83 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 300 | Fire, Lightning and Removal | 2007 | 4,813,238 | 219 | 22,019 | 1.44 | 317.48 |
| | | | 2008 | 3,468,866 | 234 | 14,853 | 1.59 | 236.70 |
| | | | 2009 | 2,681,791 | 263 | 10,200 | 1.81 | 185.09 |
| | | | 2010 | 4,364,656 | 246 | 17,754 | 1.65 | 292.42 |
| | | | 2011 | 2,891,832 | 290 | 9,966 | 1.96 | 195.47 |
| | | Wind and Hail | 2007 | 415,770 | 169 | 2,461 | 1.11 | 27.42 |
| | | | 2008 | 1,495,229 | 446 | 3,356 | 3.04 | 102.03 |
| | | | 2009 | 1,395,456 | 344 | 4,057 | 2.37 | 96.31 |
| | | | 2010 | 1,116,227 | 290 | 3,850 | 1.94 | 74.78 |
| | | | 2011 | 3,460,215 | 711 | 4,870 | 4.80 | 233.89 |
| | | Water Damage and Freezing | 2007 | 693,549 | 170 | 4,077 | 1.12 | 45.75 |
| | | | 2008 | 1,044,989 | 192 | 5,436 | 1.31 | 71.31 |
| | | | 2009 | 1,195,333 | 183 | 6,542 | 1.26 | 82.50 |
| | | | 2010 | 1,830,765 | 238 | 7,701 | 1.59 | 122.65 |
| | | | 2011 | 972,122 | 202 | 4,810 | 1.37 | 65.71 |
| | | Theft | 2007 | 175,364 | 98 | 1,783 | 0.65 | 11.57 |
| | | | 2008 | 463,232 | 176 | 2,634 | 1.20 | 31.61 |
| | | | 2009 | 492,125 | 216 | 2,279 | 1.49 | 33.96 |
| | | | 2010 | 503,101 | 171 | 2,941 | 1.15 | 33.71 |
| | | | 2011 | 591,714 | 201 | 2,940 | 1.36 | 40.00 |
| | | Other Physical Damage | 2007 | 352,132 | 102 | 3,462 | 0.67 | 23.23 |
| | | | 2008 | 243,455 | 87 | 2,785 | 0.60 | 16.61 |
| | | | 2009 | 276,887 | 107 | 2,583 | 0.74 | 19.11 |
| | | | 2010 | 548,416 | 124 | 4,437 | 0.83 | 36.74 |
| | | | 2011 | 204,139 | 71 | 2,894 | 0.48 | 13.80 |
| | | Liability | 2007 | 33,659 | 19 | 1,772 | 0.13 | 2.22 |
| | | | 2008 | 38,333 | 29 | 1,322 | 0.20 | 2.62 |
| | | | 2009 | 132,454 | 33 | 4,015 | 0.23 | 9.14 |
| | | | 2010 | 584,965 | 32 | 18,286 | 0.21 | 39.19 |
| | | | 2011 | 163,721 | 33 | 4,961 | 0.22 | 11.07 |
| | | Medical Payments | 2007 | 16,508 | 13 | 1,270 | 0.09 | 1.09 |
| | | | 2008 | 11,494 | 11 | 1,045 | 0.08 | 0.78 |
| | | | 2009 | 13,972 | 10 | 1,397 | 0.07 | 0.96 |
| | | | 2010 | 15,496 | 12 | 1,291 | 0.08 | 1.04 |
| | | | 2011 | 12,784 | 12 | 1,065 | 0.08 | 0.86 |
| | | Total | 2007 | 6,500,219 | 790 | 8,231 | 5.21 | 428.75 |
| | | | 2008 | 6,765,597 | 1,175 | 5,760 | 8.02 | 461.66 |
| | | | 2009 | 6,188,020 | 1,156 | 5,354 | 7.98 | 427.07 |
| | | | 2010 | 8,963,625 | 1,112 | 8,060 | 7.45 | 600.53 |
| | | | 2011 | 8,296,528 | 1,520 | 5,460 | 10.27 | 560.79 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 310 | Fire, Lightning and Removal | 2007 | 39,812,785 | 2,611 | 15,250 | 0.92 | 140.16 |
| | | | 2008 | 34,110,753 | 2,683 | 12,714 | 0.96 | 121.71 |
| | | | 2009 | 40,272,668 | 2,095 | 19,226 | 0.77 | 148.26 |
| | | | 2010 | 39,107,481 | 3,278 | 11,932 | 1.21 | 144.70 |
| | | | 2011 | 34,391,628 | 2,912 | 11,812 | 1.09 | 128.66 |
| | | Wind and Hail | 2007 | 13,844,818 | 4,765 | 2,906 | 1.68 | 48.74 |
| | | | 2008 | 72,089,657 | 13,373 | 5,391 | 4.77 | 257.22 |
| | | | 2009 | 23,639,810 | 5,535 | 4,271 | 2.04 | 87.03 |
| | | | 2010 | 39,090,823 | 7,756 | 5,040 | 2.87 | 144.64 |
| | | | 2011 | 42,786,152 | 9,034 | 4,736 | 3.38 | 160.06 |
| | | Water Damage and Freezing | 2007 | 18,897,717 | 3,809 | 4,962 | 1.34 | 66.53 |
| | | | 2008 | 23,596,102 | 4,343 | 5,433 | 1.55 | 84.19 |
| | | | 2009 | 26,365,921 | 4,904 | 5,377 | 1.81 | 97.07 |
| | | | 2010 | 30,378,672 | 5,107 | 5,948 | 1.89 | 112.40 |
| | | | 2011 | 27,557,902 | 4,464 | 6,173 | 1.67 | 103.09 |
| | | Theft | 2007 | 7,540,580 | 3,170 | 2,379 | 1.12 | 26.55 |
| | | | 2008 | 9,738,186 | 3,608 | 2,699 | 1.29 | 34.75 |
| | | | 2009 | 8,148,185 | 3,480 | 2,342 | 1.28 | 30.00 |
| | | | 2010 | 8,439,404 | 3,391 | 2,489 | 1.25 | 31.23 |
| | | | 2011 | 8,844,023 | 3,435 | 2,575 | 1.28 | 33.09 |
| | | Other Physical Damage | 2007 | 5,610,596 | 1,891 | 2,967 | 0.67 | 19.75 |
| | | | 2008 | 5,766,395 | 1,947 | 2,962 | 0.69 | 20.58 |
| | | | 2009 | 6,660,271 | 2,071 | 3,216 | 0.76 | 24.52 |
| | | | 2010 | 6,933,220 | 2,238 | 3,098 | 0.83 | 25.65 |
| | | | 2011 | 5,917,645 | 1,709 | 3,463 | 0.64 | 22.14 |
| | | Liability | 2007 | 3,577,586 | 469 | 7,626 | 0.17 | 12.60 |
| | | | 2008 | 3,662,834 | 543 | 6,747 | 0.19 | 13.07 |
| | | | 2009 | 3,089,590 | 550 | 5,614 | 0.20 | 11.37 |
| | | | 2010 | 2,539,215 | 611 | 4,154 | 0.23 | 9.40 |
| | | | 2011 | 3,154,869 | 492 | 6,411 | 0.18 | 11.80 |
| | | Medical Payments | 2007 | 168,756 | 150 | 1,124 | 0.05 | 0.59 |
| | | | 2008 | 178,998 | 144 | 1,245 | 0.05 | 0.64 |
| | | | 2009 | 225,875 | 175 | 1,289 | 0.06 | 0.83 |
| | | | 2010 | 158,790 | 147 | 1,082 | 0.05 | 0.59 |
| | | | 2011 | 169,547 | 134 | 1,265 | 0.05 | 0.63 |
| | | Credit Card | 2009 | 28 | 0 | 278 | 0.00 | 0.00 |
| | | Total | 2007 | 89,452,839 | 16,865 | 5,304 | 5.94 | 314.92 |
| | | | 2008 | 149,142,924 | 26,640 | 5,598 | 9.51 | 532.16 |
| | | | 2009 | 108,402,347 | 18,810 | 5,763 | 6.92 | 399.08 |
| | | | 2010 | 126,647,604 | 22,528 | 5,622 | 8.34 | 468.61 |
| | | | 2011 | 122,821,765 | 22,180 | 5,538 | 8.30 | 459.47 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 320 | Fire, Lightning and Removal | 2007 | 19,968,786 | 1,376 | 14,510 | 1.02 | 147.71 |
| | | | 2008 | 20,216,483 | 1,554 | 13,009 | 1.15 | 150.10 |
| | | | 2009 | 22,545,827 | 1,398 | 16,129 | 1.02 | 164.79 |
| | | | 2010 | 26,222,091 | 1,705 | 15,382 | 1.25 | 191.88 |
| | | | 2011 | 17,734,148 | 1,763 | 10,060 | 1.31 | 131.90 |
| | | Wind and Hail | 2007 | 6,981,392 | 2,099 | 3,326 | 1.55 | 51.64 |
| | | | 2008 | 78,171,556 | 12,814 | 6,101 | 9.51 | 580.41 |
| | | | 2009 | 31,025,186 | 5,742 | 5,403 | 4.20 | 226.76 |
| | | | 2010 | 23,620,883 | 4,265 | 5,538 | 3.12 | 172.85 |
| | | | 2011 | 60,568,354 | 9,851 | 6,148 | 7.33 | 450.50 |
| | | Water Damage and Freezing | 2007 | 8,173,511 | 1,668 | 4,900 | 1.23 | 60.46 |
| | | | 2008 | 11,826,910 | 1,966 | 6,016 | 1.46 | 87.81 |
| | | | 2009 | 14,567,937 | 2,349 | 6,203 | 1.72 | 106.48 |
| | | | 2010 | 16,049,016 | 2,284 | 7,026 | 1.67 | 117.44 |
| | | | 2011 | 13,879,814 | 2,080 | 6,673 | 1.55 | 103.24 |
| | | Theft | 2007 | 3,046,418 | 1,336 | 2,280 | 0.99 | 22.54 |
| | | | 2008 | 3,250,736 | 1,408 | 2,308 | 1.05 | 24.14 |
| | | | 2009 | 3,185,591 | 1,299 | 2,453 | 0.95 | 23.28 |
| | | | 2010 | 3,479,386 | 1,350 | 2,577 | 0.99 | 25.46 |
| | | | 2011 | 4,455,033 | 1,537 | 2,899 | 1.14 | 33.14 |
| | | Other Physical Damage | 2007 | 2,671,637 | 857 | 3,119 | 0.63 | 19.76 |
| | | | 2008 | 2,784,327 | 897 | 3,105 | 0.67 | 20.67 |
| | | | 2009 | 3,723,372 | 1,034 | 3,599 | 0.76 | 27.21 |
| | | | 2010 | 3,493,762 | 939 | 3,721 | 0.69 | 25.57 |
| | | | 2011 | 3,065,961 | 874 | 3,508 | 0.65 | 22.80 |
| | | Liability | 2007 | 1,135,130 | 203 | 5,595 | 0.15 | 8.40 |
| | | | 2008 | 2,138,943 | 339 | 6,308 | 0.25 | 15.88 |
| | | | 2009 | 1,700,181 | 322 | 5,287 | 0.24 | 12.43 |
| | | | 2010 | 2,468,002 | 289 | 8,542 | 0.21 | 18.06 |
| | | | 2011 | 1,162,357 | 261 | 4,449 | 0.19 | 8.65 |
| | | Medical Payments | 2007 | 101,886 | 79 | 1,294 | 0.06 | 0.75 |
| | | | 2008 | 112,957 | 81 | 1,389 | 0.06 | 0.84 |
| | | | 2009 | 116,487 | 86 | 1,361 | 0.06 | 0.85 |
| | | | 2010 | 103,752 | 88 | 1,180 | 0.06 | 0.76 |
| | | | 2011 | 109,807 | 84 | 1,315 | 0.06 | 0.82 |
| | | Credit Card | 2007 | 262 | 0 | 0 | 0.00 | 0.00 |
| | | | 2009 | 37 | 0 | 266 | 0.00 | 0.00 |
| | | Total | 2007 | 42,079,023 | 7,618 | 5,524 | 5.63 | 311.26 |
| | | | 2008 | 118,501,911 | 19,059 | 6,218 | 14.15 | 879.86 |
| | | | 2009 | 76,864,618 | 12,229 | 6,286 | 8.94 | 561.80 |
| | | | 2010 | 75,436,892 | 10,920 | 6,908 | 7.99 | 552.02 |
| | | | 2011 | 100,975,473 | 16,450 | 6,138 | 12.24 | 751.04 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 330 | Fire, Lightning and Removal | 2007 | 1,043,837 | 130 | 8,026 | 1.74 | 139.44 |
| | | | 2008 | 623,761 | 123 | 5,064 | 1.69 | 85.78 |
| | | | 2009 | 476,446 | 97 | 4,889 | 1.35 | 65.97 |
| | | | 2010 | 1,819,700 | 118 | 15,447 | 1.63 | 251.21 |
| | | | 2011 | 822,783 | 133 | 6,202 | 1.84 | 114.08 |
| | | Wind and Hail | 2007 | 760,866 | 272 | 2,798 | 3.63 | 101.64 |
| | | | 2008 | 646,740 | 192 | 3,375 | 2.64 | 88.94 |
| | | | 2009 | 359,011 | 107 | 3,365 | 1.48 | 49.71 |
| | | | 2010 | 606,914 | 163 | 3,721 | 2.25 | 83.79 |
| | | | 2011 | 1,301,230 | 308 | 4,221 | 4.27 | 180.42 |
| | | Water Damage and Freezing | 2007 | 246,736 | 84 | 2,926 | 1.13 | 32.96 |
| | | | 2008 | 474,422 | 95 | 5,007 | 1.30 | 65.24 |
| | | | 2009 | 296,513 | 100 | 2,964 | 1.39 | 41.05 |
| | | | 2010 | 422,058 | 100 | 4,238 | 1.37 | 58.27 |
| | | | 2011 | 448,247 | 97 | 4,634 | 1.34 | 62.15 |
| | | Theft | 2007 | 200,648 | 61 | 3,316 | 0.81 | 26.80 |
| | | | 2008 | 109,746 | 49 | 2,254 | 0.67 | 15.09 |
| | | | 2009 | 138,882 | 53 | 2,600 | 0.74 | 19.23 |
| | | | 2010 | 176,245 | 67 | 2,636 | 0.92 | 24.33 |
| | | | 2011 | 156,367 | 71 | 2,213 | 0.98 | 21.68 |
| | | Other Physical Damage | 2007 | 97,429 | 53 | 1,843 | 0.71 | 13.02 |
| | | | 2008 | 101,875 | 39 | 2,600 | 0.54 | 14.01 |
| | | | 2009 | 285,741 | 81 | 3,522 | 1.12 | 39.56 |
| | | | 2010 | 154,894 | 62 | 2,509 | 0.85 | 21.38 |
| | | | 2011 | 85,600 | 53 | 1,609 | 0.74 | 11.87 |
| | | Liability | 2007 | 52,243 | 14 | 3,628 | 0.19 | 6.98 |
| | | | 2008 | 94,534 | 28 | 3,324 | 0.39 | 13.00 |
| | | | 2009 | 125,750 | 22 | 5,594 | 0.31 | 17.41 |
| | | | 2010 | 86,133 | 14 | 5,965 | 0.20 | 11.89 |
| | | | 2011 | 43,942 | 16 | 2,835 | 0.21 | 6.09 |
| | | Medical Payments | 2007 | 11,413 | 8 | 1,420 | 0.11 | 1.53 |
| | | | 2008 | 5,149 | 5 | 985 | 0.07 | 0.71 |
| | | | 2009 | 7,088 | 6 | 1,173 | 0.08 | 0.98 |
| | | | 2010 | 4,434 | 5 | 873 | 0.07 | 0.61 |
| | | | 2011 | 7,775 | 6 | 1,287 | 0.08 | 1.08 |
| | | Total | 2007 | 2,413,171 | 622 | 3,879 | 8.31 | 322.37 |
| | | | 2008 | 2,056,227 | 531 | 3,872 | 7.30 | 282.77 |
| | | | 2009 | 1,689,429 | 467 | 3,616 | 6.47 | 233.91 |
| | | | 2010 | 3,270,378 | 529 | 6,186 | 7.30 | 451.48 |
| | | | 2011 | 2,865,943 | 683 | 4,196 | 9.47 | 397.37 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 340 | Fire, Lightning and Removal | 2007 | 39,825,485 | 3,050 | 13,059 | 1.04 | 135.82 |
| | | | 2008 | 39,920,983 | 3,108 | 12,845 | 1.07 | 137.36 |
| | | | 2009 | 33,574,588 | 2,603 | 12,898 | 0.87 | 112.66 |
| | | | 2010 | 50,237,481 | 3,552 | 14,144 | 1.13 | 160.13 |
| | | | 2011 | 42,583,227 | 4,007 | 10,626 | 1.29 | 137.10 |
| | | Wind and Hail | 2007 | 13,604,114 | 3,652 | 3,725 | 1.25 | 46.39 |
| | | | 2008 | 45,096,139 | 8,510 | 5,299 | 2.93 | 155.16 |
| | | | 2009 | 80,842,732 | 14,670 | 5,511 | 4.92 | 271.28 |
| | | | 2010 | 197,539,052 | 34,504 | 5,725 | 11.00 | 629.63 |
| | | | 2011 | 338,552,561 | 48,328 | 7,005 | 15.56 | 1,089.98 |
| | | Water Damage and Freezing | 2007 | 22,626,542 | 4,385 | 5,160 | 1.50 | 77.16 |
| | | | 2008 | 30,054,539 | 4,961 | 6,058 | 1.71 | 103.41 |
| | | | 2009 | 41,342,338 | 6,401 | 6,459 | 2.15 | 138.73 |
| | | | 2010 | 46,676,755 | 7,014 | 6,655 | 2.24 | 148.78 |
| | | | 2011 | 42,412,566 | 6,521 | 6,504 | 2.10 | 136.55 |
| | | Theft | 2007 | 9,951,511 | 4,089 | 2,434 | 1.39 | 33.94 |
| | | | 2008 | 11,881,160 | 4,395 | 2,703 | 1.51 | 40.88 |
| | | | 2009 | 10,268,430 | 4,033 | 2,546 | 1.35 | 34.46 |
| | | | 2010 | 10,528,014 | 3,995 | 2,635 | 1.27 | 33.56 |
| | | | 2011 | 9,057,084 | 3,386 | 2,675 | 1.09 | 29.16 |
| | | Other Physical Damage | 2007 | 5,666,883 | 1,909 | 2,968 | 0.65 | 19.33 |
| | | | 2008 | 6,373,348 | 2,080 | 3,065 | 0.72 | 21.93 |
| | | | 2009 | 7,617,841 | 2,293 | 3,322 | 0.77 | 25.56 |
| | | | 2010 | 8,933,102 | 2,524 | 3,540 | 0.80 | 28.47 |
| | | | 2011 | 8,442,279 | 2,294 | 3,679 | 0.74 | 27.18 |
| | | Liability | 2007 | 3,375,816 | 446 | 7,566 | 0.15 | 11.51 |
| | | | 2008 | 3,329,918 | 654 | 5,090 | 0.23 | 11.46 |
| | | | 2009 | 3,917,982 | 670 | 5,848 | 0.22 | 13.15 |
| | | | 2010 | 4,313,641 | 655 | 6,587 | 0.21 | 13.75 |
| | | | 2011 | 3,849,674 | 607 | 6,338 | 0.20 | 12.39 |
| | | Medical Payments | 2007 | 180,822 | 138 | 1,309 | 0.05 | 0.62 |
| | | | 2008 | 167,887 | 126 | 1,334 | 0.04 | 0.58 |
| | | | 2009 | 196,228 | 146 | 1,348 | 0.05 | 0.66 |
| | | | 2010 | 199,607 | 142 | 1,403 | 0.05 | 0.64 |
| | | | 2011 | 181,407 | 129 | 1,407 | 0.04 | 0.58 |
| | | Credit Card | 2007 | 500 | 1 | 500 | 0.00 | 0.00 |
| | | | 2009 | 38 | 0 | 269 | 0.00 | 0.00 |
| | | | 2010 | 84 | 1 | 84 | 0.00 | 0.00 |
| | | Total | 2007 | 95,231,673 | 17,670 | 5,389 | 6.03 | 324.77 |
| | | | 2008 | 136,823,972 | 23,834 | 5,741 | 8.20 | 470.77 |
| | | | 2009 | 177,760,176 | 30,816 | 5,769 | 10.34 | 596.49 |
| | | | 2010 | 318,427,736 | 52,386 | 6,078 | 16.70 | 1,014.95 |
| | | | 2011 | 445,078,798 | 65,273 | 6,819 | 21.01 | 1,432.94 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 350 | Fire, Lightning and Removal | 2007 | 11,167,616 | 982 | 11,370 | 1.09 | 123.38 |
| | | | 2008 | 12,483,324 | 1,064 | 11,730 | 1.18 | 138.34 |
| | | | 2009 | 18,298,230 | 948 | 19,307 | 1.04 | 201.23 |
| | | | 2010 | 16,627,952 | 1,274 | 13,056 | 1.36 | 178.08 |
| | | | 2011 | 14,533,672 | 1,374 | 10,579 | 1.48 | 156.63 |
| | | Wind and Hail | 2007 | 8,147,100 | 2,312 | 3,523 | 2.55 | 90.01 |
| | | | 2008 | 17,853,905 | 3,525 | 5,065 | 3.91 | 197.86 |
| | | | 2009 | 34,467,073 | 5,052 | 6,823 | 5.56 | 379.03 |
| | | | 2010 | 16,358,820 | 3,036 | 5,388 | 3.25 | 175.20 |
| | | | 2011 | 292,547,982 | 40,576 | 7,210 | 43.73 | 3,152.75 |
| | | Water Damage and Freezing | 2007 | 5,890,518 | 1,180 | 4,991 | 1.30 | 65.08 |
| | | | 2008 | 7,701,787 | 1,413 | 5,450 | 1.57 | 85.35 |
| | | | 2009 | 11,478,493 | 1,798 | 6,384 | 1.98 | 126.23 |
| | | | 2010 | 10,190,287 | 1,692 | 6,023 | 1.81 | 109.14 |
| | | | 2011 | 9,817,310 | 1,611 | 6,094 | 1.74 | 105.80 |
| | | Theft | 2007 | 1,995,420 | 829 | 2,407 | 0.92 | 22.05 |
| | | | 2008 | 2,523,931 | 958 | 2,634 | 1.06 | 27.97 |
| | | | 2009 | 2,382,507 | 933 | 2,553 | 1.03 | 26.20 |
| | | | 2010 | 2,447,507 | 887 | 2,761 | 0.95 | 26.21 |
| | | | 2011 | 2,542,784 | 891 | 2,854 | 0.96 | 27.40 |
| | | Other Physical Damage | 2007 | 1,662,324 | 535 | 3,105 | 0.59 | 18.37 |
| | | | 2008 | 1,792,809 | 593 | 3,021 | 0.66 | 19.87 |
| | | | 2009 | 2,542,916 | 835 | 3,045 | 0.92 | 27.96 |
| | | | 2010 | 2,068,862 | 619 | 3,344 | 0.66 | 22.16 |
| | | | 2011 | 2,809,998 | 851 | 3,303 | 0.92 | 30.28 |
| | | Liability | 2007 | 1,222,940 | 141 | 8,659 | 0.16 | 13.51 |
| | | | 2008 | 1,009,778 | 162 | 6,247 | 0.18 | 11.19 |
| | | | 2009 | 1,392,897 | 175 | 7,951 | 0.19 | 15.32 |
| | | | 2010 | 1,166,907 | 187 | 6,234 | 0.20 | 12.50 |
| | | | 2011 | 1,619,356 | 236 | 6,871 | 0.25 | 17.45 |
| | | Medical Payments | 2007 | 57,665 | 40 | 1,437 | 0.04 | 0.64 |
| | | | 2008 | 46,296 | 44 | 1,051 | 0.05 | 0.51 |
| | | | 2009 | 66,612 | 52 | 1,276 | 0.06 | 0.73 |
| | | | 2010 | 73,163 | 54 | 1,359 | 0.06 | 0.78 |
| | | | 2011 | 85,858 | 62 | 1,387 | 0.07 | 0.93 |
| | | Credit Card | 2009 | 25 | 0 | 282 | 0.00 | 0.00 |
| | | Total | 2007 | 30,143,582 | 6,021 | 5,007 | 6.65 | 333.02 |
| | | | 2008 | 43,411,830 | 7,760 | 5,594 | 8.60 | 481.09 |
| | | | 2009 | 70,628,755 | 9,793 | 7,212 | 10.77 | 776.70 |
| | | | 2010 | 48,933,498 | 7,748 | 6,316 | 8.30 | 524.07 |
| | | | 2011 | 323,956,961 | 45,600 | 7,104 | 49.14 | 3,491.23 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 360 | Fire, Lightning and Removal | 2007 | 22,821,433 | 1,956 | 11,669 | 1.00 | 116.86 |
| | | | 2008 | 27,449,988 | 2,024 | 13,561 | 1.05 | 142.56 |
| | | | 2009 | 36,424,978 | 2,016 | 18,072 | 1.04 | 187.45 |
| | | | 2010 | 31,192,595 | 2,461 | 12,674 | 1.24 | 156.55 |
| | | | 2011 | 35,065,593 | 2,443 | 14,352 | 1.24 | 177.45 |
| | | Wind and Hail | 2007 | 28,800,729 | 8,284 | 3,476 | 4.24 | 147.47 |
| | | | 2008 | 18,932,306 | 4,517 | 4,191 | 2.35 | 98.32 |
| | | | 2009 | 14,385,872 | 3,474 | 4,142 | 1.79 | 74.03 |
| | | | 2010 | 13,714,979 | 3,197 | 4,289 | 1.60 | 68.84 |
| | | | 2011 | 71,602,696 | 12,817 | 5,586 | 6.49 | 362.35 |
| | | Water Damage and Freezing | 2007 | 14,042,190 | 2,304 | 6,095 | 1.18 | 71.90 |
| | | | 2008 | 19,231,061 | 2,690 | 7,150 | 1.40 | 99.88 |
| | | | 2009 | 28,475,068 | 4,130 | 6,895 | 2.13 | 146.54 |
| | | | 2010 | 30,042,860 | 3,690 | 8,141 | 1.85 | 150.78 |
| | | | 2011 | 20,662,338 | 2,896 | 7,134 | 1.47 | 104.56 |
| | | Theft | 2007 | 3,109,388 | 1,354 | 2,297 | 0.69 | 15.92 |
| | | | 2008 | 3,458,914 | 1,429 | 2,420 | 0.74 | 17.96 |
| | | | 2009 | 4,364,257 | 1,621 | 2,693 | 0.83 | 22.46 |
| | | | 2010 | 3,817,649 | 1,564 | 2,441 | 0.79 | 19.16 |
| | | | 2011 | 5,373,408 | 1,775 | 3,027 | 0.90 | 27.19 |
| | | Other Physical Damage | 2007 | 3,826,063 | 1,485 | 2,577 | 0.76 | 19.59 |
| | | | 2008 | 3,919,424 | 1,258 | 3,116 | 0.65 | 20.36 |
| | | | 2009 | 9,808,622 | 2,971 | 3,301 | 1.53 | 50.48 |
| | | | 2010 | 7,506,852 | 1,990 | 3,773 | 1.00 | 37.68 |
| | | | 2011 | 4,969,557 | 1,316 | 3,777 | 0.67 | 25.15 |
| | | Liability | 2007 | 1,803,652 | 307 | 5,869 | 0.16 | 9.24 |
| | | | 2008 | 2,417,253 | 359 | 6,725 | 0.19 | 12.55 |
| | | | 2009 | 1,975,925 | 431 | 4,588 | 0.22 | 10.17 |
| | | | 2010 | 3,082,964 | 429 | 7,186 | 0.22 | 15.47 |
| | | | 2011 | 1,681,752 | 393 | 4,284 | 0.20 | 8.51 |
| | | Medical Payments | 2007 | 164,226 | 130 | 1,261 | 0.07 | 0.84 |
| | | | 2008 | 167,764 | 136 | 1,231 | 0.07 | 0.87 |
| | | | 2009 | 155,053 | 119 | 1,299 | 0.06 | 0.80 |
| | | | 2010 | 153,038 | 112 | 1,372 | 0.06 | 0.77 |
| | | | 2011 | 153,862 | 109 | 1,416 | 0.05 | 0.78 |
| | | Credit Card | 2009 | 101 | 0 | 266 | 0.00 | 0.00 |
| | | Total | 2007 | 74,567,682 | 15,820 | 4,714 | 8.10 | 381.82 |
| | | | 2008 | 75,576,710 | 12,414 | 6,088 | 6.45 | 392.50 |
| | | | 2009 | 95,589,875 | 14,761 | 6,476 | 7.60 | 491.92 |
| | | | 2010 | 89,510,937 | 13,443 | 6,658 | 6.75 | 449.25 |
| | | | 2011 | 139,509,206 | 21,749 | 6,414 | 11.01 | 705.99 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 370 | Fire, Lightning and Removal | 2007 | 2,215,709 | 104 | 21,332 | 1.13 | 240.18 |
| | | | 2008 | 2,364,129 | 102 | 23,089 | 1.11 | 257.17 |
| | | | 2009 | 2,132,044 | 90 | 23,582 | 0.97 | 228.26 |
| | | | 2010 | 4,495,139 | 131 | 34,243 | 1.36 | 467.07 |
| | | | 2011 | 1,449,819 | 108 | 13,397 | 1.13 | 151.22 |
| | | Wind and Hail | 2007 | 807,160 | 226 | 3,570 | 2.45 | 87.50 |
| | | | 2008 | 1,330,342 | 243 | 5,486 | 2.64 | 144.71 |
| | | | 2009 | 686,357 | 197 | 3,490 | 2.11 | 73.48 |
| | | | 2010 | 474,582 | 94 | 5,061 | 0.97 | 49.31 |
| | | | 2011 | 1,052,793 | 234 | 4,502 | 2.44 | 109.81 |
| | | Water Damage and Freezing | 2007 | 812,630 | 114 | 7,103 | 1.24 | 88.09 |
| | | | 2008 | 1,109,230 | 136 | 8,140 | 1.48 | 120.66 |
| | | | 2009 | 1,908,380 | 313 | 6,101 | 3.35 | 204.31 |
| | | | 2010 | 1,984,509 | 240 | 8,276 | 2.49 | 206.20 |
| | | | 2011 | 1,425,508 | 156 | 9,136 | 1.63 | 148.68 |
| | | Theft | 2007 | 176,941 | 29 | 6,093 | 0.31 | 19.18 |
| | | | 2008 | 113,483 | 44 | 2,584 | 0.48 | 12.35 |
| | | | 2009 | 119,101 | 34 | 3,514 | 0.36 | 12.75 |
| | | | 2010 | 242,684 | 46 | 5,254 | 0.48 | 25.22 |
| | | | 2011 | 137,441 | 45 | 3,027 | 0.47 | 14.34 |
| | | Other Physical Damage | 2007 | 263,821 | 69 | 3,819 | 0.75 | 28.60 |
| | | | 2008 | 295,331 | 71 | 4,158 | 0.77 | 32.13 |
| | | | 2009 | 639,505 | 197 | 3,246 | 2.11 | 68.47 |
| | | | 2010 | 710,126 | 110 | 6,436 | 1.15 | 73.79 |
| | | | 2011 | 299,642 | 85 | 3,539 | 0.88 | 31.25 |
| | | Liability | 2007 | 47,097 | 8 | 6,023 | 0.08 | 5.11 |
| | | | 2008 | 98,756 | 16 | 6,126 | 0.18 | 10.74 |
| | | | 2009 | 35,791 | 12 | 3,088 | 0.12 | 3.83 |
| | | | 2010 | 155,856 | 34 | 4,614 | 0.35 | 16.19 |
| | | | 2011 | 35,824 | 16 | 2,240 | 0.17 | 3.74 |
| | | Medical Payments | 2007 | 7,663 | 6 | 1,373 | 0.06 | 0.83 |
| | | | 2008 | 9,231 | 9 | 1,009 | 0.10 | 1.00 |
| | | | 2009 | 13,969 | 8 | 1,779 | 0.08 | 1.50 |
| | | | 2010 | 7,267 | 9 | 828 | 0.09 | 0.76 |
| | | | 2011 | 18,919 | 16 | 1,211 | 0.16 | 1.97 |
| | | Credit Card | 2009 | 5 | 0 | 243 | 0.00 | 0.00 |
| | | Total | 2007 | 4,331,022 | 556 | 7,791 | 6.03 | 469.48 |
| | | | 2008 | 5,320,501 | 621 | 8,562 | 6.76 | 578.76 |
| | | | 2009 | 5,535,151 | 850 | 6,510 | 9.10 | 592.60 |
| | | | 2010 | 8,070,163 | 664 | 12,155 | 6.90 | 838.53 |
| | | | 2011 | 4,419,945 | 660 | 6,699 | 6.88 | 461.00 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 380 | Fire, Lightning and Removal | 2007 | 7,590,789 | 433 | 17,537 | 1.32 | 232.24 |
| | | | 2008 | 13,287,084 | 334 | 39,733 | 1.05 | 415.45 |
| | | | 2009 | 4,301,752 | 353 | 12,202 | 1.10 | 133.63 |
| | | | 2010 | 4,720,937 | 375 | 12,600 | 1.12 | 140.67 |
| | | | 2011 | 5,795,368 | 499 | 11,619 | 1.49 | 173.62 |
| | | Wind and Hail | 2007 | 3,366,896 | 887 | 3,796 | 2.71 | 103.01 |
| | | | 2008 | 2,725,058 | 643 | 4,240 | 2.01 | 85.21 |
| | | | 2009 | 3,303,384 | 775 | 4,263 | 2.41 | 102.62 |
| | | | 2010 | 1,746,417 | 417 | 4,190 | 1.24 | 52.04 |
| | | | 2011 | 8,258,440 | 1,523 | 5,422 | 4.56 | 247.42 |
| | | Water Damage and Freezing | 2007 | 2,474,514 | 391 | 6,325 | 1.20 | 75.71 |
| | | | 2008 | 3,201,362 | 427 | 7,504 | 1.33 | 100.10 |
| | | | 2009 | 7,031,831 | 815 | 8,632 | 2.53 | 218.44 |
| | | | 2010 | 8,541,306 | 734 | 11,633 | 2.19 | 254.50 |
| | | | 2011 | 4,706,917 | 557 | 8,448 | 1.67 | 141.02 |
| | | Theft | 2007 | 413,792 | 179 | 2,306 | 0.55 | 12.66 |
| | | | 2008 | 405,437 | 196 | 2,064 | 0.61 | 12.68 |
| | | | 2009 | 611,255 | 216 | 2,829 | 0.67 | 18.99 |
| | | | 2010 | 511,797 | 215 | 2,383 | 0.64 | 15.25 |
| | | | 2011 | 556,027 | 184 | 3,025 | 0.55 | 16.66 |
| | | Other Physical Damage | 2007 | 664,574 | 214 | 3,111 | 0.65 | 20.33 |
| | | | 2008 | 1,489,055 | 235 | 6,340 | 0.73 | 46.56 |
| | | | 2009 | 1,699,237 | 518 | 3,279 | 1.61 | 52.79 |
| | | | 2010 | 1,454,598 | 399 | 3,641 | 1.19 | 43.34 |
| | | | 2011 | 888,807 | 232 | 3,837 | 0.69 | 26.63 |
| | | Liability | 2007 | 182,366 | 51 | 3,574 | 0.16 | 5.58 |
| | | | 2008 | 579,803 | 53 | 10,890 | 0.17 | 18.13 |
| | | | 2009 | 703,892 | 74 | 9,474 | 0.23 | 21.87 |
| | | | 2010 | 447,474 | 72 | 6,219 | 0.21 | 13.33 |
| | | | 2011 | 352,380 | 66 | 5,337 | 0.20 | 10.56 |
| | | Medical Payments | 2007 | 35,380 | 27 | 1,311 | 0.08 | 1.08 |
| | | | 2008 | 19,951 | 21 | 967 | 0.06 | 0.62 |
| | | | 2009 | 19,061 | 16 | 1,170 | 0.05 | 0.59 |
| | | | 2010 | 25,002 | 22 | 1,141 | 0.07 | 0.75 |
| | | | 2011 | 24,087 | 15 | 1,652 | 0.04 | 0.72 |
| | | Credit Card | 2008 | 4 | 1 | 4 | 0.00 | 0.00 |
| | | | 2009 | 17 | 0 | 283 | 0.00 | 0.00 |
| | | Total | 2007 | 14,728,310 | 2,182 | 6,749 | 6.68 | 450.60 |
| | | | 2008 | 21,707,753 | 1,910 | 11,365 | 5.97 | 678.74 |
| | | | 2009 | 17,670,429 | 2,767 | 6,386 | 8.60 | 548.91 |
| | | | 2010 | 17,447,531 | 2,234 | 7,810 | 6.66 | 519.87 |
| | | | 2011 | 20,582,026 | 3,075 | 6,693 | 9.21 | 616.62 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | 390 | Fire, Lightning and Removal | 2007 | 7,442,437 | 444 | 16,747 | 1.28 | 214.12 |
| | | | 2008 | 5,536,821 | 331 | 16,704 | 0.96 | 160.67 |
| | | | 2009 | 5,760,416 | 382 | 15,084 | 1.10 | 166.40 |
| | | | 2010 | 16,920,755 | 483 | 35,055 | 1.37 | 481.22 |
| | | | 2011 | 15,473,780 | 506 | 30,582 | 1.45 | 444.29 |
| | | Wind and Hail | 2007 | 2,279,183 | 483 | 4,715 | 1.39 | 65.57 |
| | | | 2008 | 2,162,864 | 421 | 5,141 | 1.22 | 62.76 |
| | | | 2009 | 2,291,123 | 509 | 4,506 | 1.47 | 66.18 |
| | | | 2010 | 1,408,513 | 321 | 4,390 | 0.91 | 40.06 |
| | | | 2011 | 7,231,880 | 1,205 | 6,003 | 3.46 | 207.65 |
| | | Water Damage and Freezing | 2007 | 2,585,170 | 407 | 6,345 | 1.17 | 74.38 |
| | | | 2008 | 4,216,385 | 456 | 9,253 | 1.32 | 122.35 |
| | | | 2009 | 7,380,218 | 723 | 10,214 | 2.09 | 213.19 |
| | | | 2010 | 8,505,840 | 749 | 11,350 | 2.13 | 241.90 |
| | | | 2011 | 5,882,741 | 566 | 10,385 | 1.63 | 168.91 |
| | | Theft | 2007 | 326,441 | 153 | 2,134 | 0.44 | 9.39 |
| | | | 2008 | 616,183 | 186 | 3,319 | 0.54 | 17.88 |
| | | | 2009 | 716,055 | 271 | 2,640 | 0.78 | 20.68 |
| | | | 2010 | 772,128 | 237 | 3,255 | 0.67 | 21.96 |
| | | | 2011 | 872,787 | 225 | 3,885 | 0.65 | 25.06 |
| | | Other Physical Damage | 2007 | 677,869 | 146 | 4,641 | 0.42 | 19.50 |
| | | | 2008 | 725,451 | 176 | 4,123 | 0.51 | 21.05 |
| | | | 2009 | 1,391,486 | 295 | 4,721 | 0.85 | 40.20 |
| | | | 2010 | 1,208,714 | 301 | 4,015 | 0.86 | 34.38 |
| | | | 2011 | 1,009,104 | 254 | 3,975 | 0.73 | 28.97 |
| | | Liability | 2007 | 241,987 | 38 | 6,378 | 0.11 | 6.96 |
| | | | 2008 | 375,618 | 39 | 9,531 | 0.11 | 10.90 |
| | | | 2009 | 350,990 | 46 | 7,677 | 0.13 | 10.14 |
| | | | 2010 | 584,426 | 64 | 9,152 | 0.18 | 16.62 |
| | | | 2011 | 264,547 | 47 | 5,572 | 0.14 | 7.60 |
| | | Medical Payments | 2007 | 23,675 | 17 | 1,392 | 0.05 | 0.68 |
| | | | 2008 | 43,086 | 25 | 1,747 | 0.07 | 1.25 |
| | | | 2009 | 26,328 | 23 | 1,158 | 0.07 | 0.76 |
| | | | 2010 | 25,450 | 22 | 1,153 | 0.06 | 0.72 |
| | | | 2011 | 25,849 | 15 | 1,783 | 0.04 | 0.74 |
| | | Credit Card | 2009 | 18 | 0 | 258 | 0.00 | 0.00 |
| | | Total | 2007 | 13,576,762 | 1,689 | 8,037 | 4.86 | 390.61 |
| | | | 2008 | 13,676,408 | 1,634 | 8,372 | 4.74 | 396.87 |
| | | | 2009 | 17,916,632 | 2,247 | 7,972 | 6.49 | 517.55 |
| | | | 2010 | 29,425,827 | 2,177 | 13,516 | 6.19 | 836.86 |
| | | | 2011 | 30,760,687 | 2,818 | 10,917 | 8.09 | 883.22 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Owners | Statewide | Fire, Lightning and Removal | 2007 | 283,494,703 | 19,299 | 14,690 | 1.01 | 147.77 |
| | | | 2008 | 280,618,961 | 20,117 | 13,949 | 1.06 | 147.19 |
| | | | 2009 | 283,067,507 | 17,754 | 15,944 | 0.92 | 147.37 |
| | | | 2010 | 349,489,011 | 22,452 | 15,566 | 1.15 | 178.79 |
| | | | 2011 | 331,437,365 | 23,324 | 14,210 | 1.20 | 170.18 |
| | | Wind and Hail | 2007 | 100,676,833 | 29,864 | 3,371 | 1.56 | 52.48 |
| | | | 2008 | 290,828,467 | 58,584 | 4,964 | 3.07 | 152.55 |
| | | | 2009 | 235,025,046 | 46,670 | 5,036 | 2.43 | 122.36 |
| | | | 2010 | 331,271,221 | 64,192 | 5,161 | 3.28 | 169.47 |
| | | | 2011 | 1,128,125,241 | 152,116 | 7,416 | 7.81 | 579.25 |
| | | Water Damage and Freezing | 2007 | 135,853,104 | 24,741 | 5,491 | 1.29 | 70.81 |
| | | | 2008 | 173,703,136 | 27,933 | 6,219 | 1.47 | 91.11 |
| | | | 2009 | 230,878,732 | 34,533 | 6,686 | 1.80 | 120.20 |
| | | | 2010 | 246,803,623 | 35,868 | 6,881 | 1.83 | 126.26 |
| | | | 2011 | 222,549,779 | 32,115 | 6,930 | 1.65 | 114.27 |
| | | Theft | 2007 | 42,540,250 | 17,969 | 2,367 | 0.94 | 22.17 |
| | | | 2008 | 53,497,925 | 20,722 | 2,582 | 1.09 | 28.06 |
| | | | 2009 | 53,355,733 | 21,340 | 2,500 | 1.11 | 27.78 |
| | | | 2010 | 56,190,021 | 21,169 | 2,654 | 1.08 | 28.75 |
| | | | 2011 | 56,930,131 | 20,644 | 2,758 | 1.06 | 29.23 |
| | | Other Physical Damage | 2007 | 35,125,380 | 11,455 | 3,066 | 0.60 | 18.31 |
| | | | 2008 | 38,490,024 | 12,208 | 3,153 | 0.64 | 20.19 |
| | | | 2009 | 50,596,455 | 15,357 | 3,295 | 0.80 | 26.34 |
| | | | 2010 | 49,689,270 | 14,637 | 3,395 | 0.75 | 25.42 |
| | | | 2011 | 49,405,873 | 13,657 | 3,618 | 0.70 | 25.37 |
| | | Liability | 2007 | 21,075,065 | 2,675 | 7,879 | 0.14 | 10.99 |
| | | | 2008 | 23,005,142 | 3,420 | 6,727 | 0.18 | 12.07 |
| | | | 2009 | 21,334,117 | 3,510 | 6,079 | 0.18 | 11.11 |
| | | | 2010 | 24,413,115 | 3,587 | 6,806 | 0.18 | 12.49 |
| | | | 2011 | 21,315,843 | 3,325 | 6,411 | 0.17 | 10.95 |
| | | Medical Payments | 2007 | 1,326,604 | 1,006 | 1,319 | 0.05 | 0.69 |
| | | | 2008 | 1,265,567 | 993 | 1,275 | 0.05 | 0.66 |
| | | | 2009 | 1,394,946 | 1,037 | 1,345 | 0.05 | 0.73 |
| | | | 2010 | 1,298,813 | 988 | 1,315 | 0.05 | 0.66 |
| | | | 2011 | 1,346,359 | 979 | 1,375 | 0.05 | 0.69 |
| | | Credit Card | 2007 | 762 | 1 | 762 | 0.00 | 0.00 |
| | | | 2008 | 4 | 1 | 4 | 0.00 | 0.00 |
| | | | 2009 | 1,268 | 1 | 1,268 | 0.00 | 0.00 |
| | | | 2010 | 84 | 1 | 84 | 0.00 | 0.00 |
| | | Total | 2007 | 620,092,701 | 107,011 | 5,795 | 5.58 | 323.21 |
| | | | 2008 | 861,409,227 | 143,977 | 5,983 | 7.55 | 451.83 |
| | | | 2009 | 875,653,805 | 140,203 | 6,246 | 7.30 | 455.89 |
| | | | 2010 | 1,059,155,159 | 162,894 | 6,502 | 8.33 | 541.84 |
| | | | 2011 | 1,811,110,590 | 246,160 | 7,357 | 12.64 | 929.93 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Tenant | Statewide | Fire, Lightning and Removal | 2007 | 3,887,864 | 617 | 6,303 | 0.37 | 23.26 |
| | | | 2008 | 3,690,632 | 686 | 5,379 | 0.37 | 20.10 |
| | | | 2009 | 4,422,733 | 701 | 6,308 | 0.34 | 21.46 |
| | | | 2010 | 5,241,513 | 846 | 6,194 | 0.36 | 22.46 |
| | | | 2011 | 6,255,124 | 1,140 | 5,489 | 0.43 | 23.52 |
| | | Wind and Hail | 2007 | 109,499 | 66 | 1,664 | 0.04 | 0.66 |
| | | | 2008 | 215,732 | 87 | 2,493 | 0.05 | 1.18 |
| | | | 2009 | 142,602 | 72 | 1,990 | 0.03 | 0.69 |
| | | | 2010 | 172,186 | 104 | 1,649 | 0.04 | 0.74 |
| | | | 2011 | 2,130,466 | 513 | 4,151 | 0.19 | 8.01 |
| | | Water Damage and Freezing | 2007 | 832,000 | 243 | 3,422 | 0.15 | 4.98 |
| | | | 2008 | 1,008,230 | 300 | 3,358 | 0.16 | 5.49 |
| | | | 2009 | 1,695,693 | 474 | 3,575 | 0.23 | 8.23 |
| | | | 2010 | 1,599,454 | 460 | 3,477 | 0.20 | 6.86 |
| | | | 2011 | 1,684,392 | 542 | 3,109 | 0.20 | 6.33 |
| | | Theft | 2007 | 4,406,023 | 1,969 | 2,237 | 1.18 | 26.36 |
| | | | 2008 | 6,344,678 | 2,615 | 2,426 | 1.42 | 34.55 |
| | | | 2009 | 6,891,915 | 3,111 | 2,215 | 1.51 | 33.45 |
| | | | 2010 | 7,454,328 | 3,247 | 2,296 | 1.39 | 31.95 |
| | | | 2011 | 8,399,439 | 3,639 | 2,308 | 1.37 | 31.58 |
| | | Other Physical Damage | 2007 | 691,068 | 352 | 1,965 | 0.21 | 4.13 |
| | | | 2008 | 782,073 | 393 | 1,988 | 0.21 | 4.26 |
| | | | 2009 | 998,322 | 453 | 2,204 | 0.22 | 4.85 |
| | | | 2010 | 984,733 | 473 | 2,083 | 0.20 | 4.22 |
| | | | 2011 | 1,538,105 | 718 | 2,143 | 0.27 | 5.78 |
| | | Liability | 2007 | 1,797,833 | 163 | 11,030 | 0.10 | 10.76 |
| | | | 2008 | 2,274,488 | 230 | 9,890 | 0.13 | 12.39 |
| | | | 2009 | 3,429,985 | 267 | 12,847 | 0.13 | 16.65 |
| | | | 2010 | 3,978,903 | 336 | 11,842 | 0.14 | 17.05 |
| | | | 2011 | 3,753,419 | 429 | 8,750 | 0.16 | 14.11 |
| | | Medical Payments | 2007 | 45,816 | 37 | 1,238 | 0.02 | 0.27 |
| | | | 2008 | 71,220 | 53 | 1,344 | 0.03 | 0.39 |
| | | | 2009 | 46,034 | 43 | 1,071 | 0.02 | 0.22 |
| | | | 2010 | 70,356 | 56 | 1,256 | 0.02 | 0.30 |
| | | | 2011 | 55,527 | 44 | 1,262 | 0.02 | 0.21 |
| | | Credit Card | 2010 | 500 | 1 | 500 | 0.00 | 0.00 |
| | | Total | 2007 | 11,770,104 | 3,447 | 3,415 | 2.06 | 70.41 |
| | | | 2008 | 14,387,052 | 4,364 | 3,296 | 2.38 | 78.34 |
| | | | 2009 | 17,627,284 | 5,121 | 3,442 | 2.49 | 85.54 |
| | | | 2010 | 19,501,973 | 5,524 | 3,531 | 2.37 | 83.58 |
| | | | 2011 | 23,816,473 | 7,024 | 3,391 | 2.64 | 89.54 |

CAUSE OF LOSS EXPERIENCE

| Form | Territory | Cause of Loss | Year | Incurred Loss | Incurred Claim | Average Loss | Frequeny per-100 | Pure Premium |
|---|---|---|---|---|---|---|---|---|
| Condo | Statewide | Fire, Lightning and Removal | 2007 | 1,244,409 | 225 | 5,537 | 0.35 | 19.40 |
| | | | 2008 | 634,131 | 213 | 2,984 | 0.33 | 9.72 |
| | | | 2009 | 1,455,591 | 216 | 6,724 | 0.32 | 21.49 |
| | | | 2010 | 1,843,994 | 253 | 7,291 | 0.35 | 25.42 |
| | | | 2011 | 2,492,888 | 339 | 7,353 | 0.46 | 33.50 |
| | | Wind and Hail | 2007 | 119,463 | 69 | 1,728 | 0.11 | 1.86 |
| | | | 2008 | 97,802 | 62 | 1,589 | 0.09 | 1.50 |
| | | | 2009 | 130,108 | 60 | 2,183 | 0.09 | 1.92 |
| | | | 2010 | 188,987 | 63 | 2,985 | 0.09 | 2.61 |
| | | | 2011 | 456,856 | 149 | 3,067 | 0.20 | 6.14 |
| | | Water Damage and Freezing | 2007 | 3,654,430 | 1,013 | 3,607 | 1.58 | 56.96 |
| | | | 2008 | 4,552,104 | 1,146 | 3,972 | 1.76 | 69.77 |
| | | | 2009 | 5,488,332 | 1,283 | 4,277 | 1.89 | 81.03 |
| | | | 2010 | 7,019,088 | 1,472 | 4,769 | 2.03 | 96.76 |
| | | | 2011 | 6,672,393 | 1,395 | 4,784 | 1.87 | 89.65 |
| | | Theft | 2007 | 815,463 | 442 | 1,845 | 0.69 | 12.71 |
| | | | 2008 | 1,127,252 | 588 | 1,918 | 0.90 | 17.28 |
| | | | 2009 | 1,148,522 | 562 | 2,044 | 0.83 | 16.96 |
| | | | 2010 | 825,662 | 406 | 2,034 | 0.56 | 11.38 |
| | | | 2011 | 880,070 | 424 | 2,075 | 0.57 | 11.83 |
| | | Other Physical Damage | 2007 | 530,383 | 250 | 2,124 | 0.39 | 8.27 |
| | | | 2008 | 527,868 | 205 | 2,571 | 0.31 | 8.09 |
| | | | 2009 | 828,374 | 269 | 3,074 | 0.40 | 12.23 |
| | | | 2010 | 972,466 | 313 | 3,107 | 0.43 | 13.41 |
| | | | 2011 | 1,052,779 | 312 | 3,374 | 0.42 | 14.15 |
| | | Liability | 2007 | 465,105 | 117 | 3,975 | 0.18 | 7.25 |
| | | | 2008 | 682,173 | 158 | 4,318 | 0.24 | 10.46 |
| | | | 2009 | 703,261 | 159 | 4,423 | 0.23 | 10.38 |
| | | | 2010 | 381,797 | 139 | 2,747 | 0.19 | 5.26 |
| | | | 2011 | 617,607 | 134 | 4,609 | 0.18 | 8.30 |
| | | Medical Payments | 2007 | 5,607 | 7 | 801 | 0.01 | 0.09 |
| | | | 2008 | 15,147 | 12 | 1,262 | 0.02 | 0.23 |
| | | | 2009 | 5,157 | 5 | 1,031 | 0.01 | 0.08 |
| | | | 2010 | 10,326 | 10 | 1,033 | 0.01 | 0.14 |
| | | | 2011 | 13,183 | 11 | 1,198 | 0.01 | 0.18 |
| | | Total | 2007 | 6,834,860 | 2,123 | 3,220 | 3.31 | 106.53 |
| | | | 2008 | 7,636,476 | 2,383 | 3,205 | 3.65 | 117.05 |
| | | | 2009 | 9,759,345 | 2,555 | 3,820 | 3.77 | 144.09 |
| | | | 2010 | 11,242,319 | 2,656 | 4,233 | 3.66 | 154.98 |
| | | | 2011 | 12,185,776 | 2,764 | 4,409 | 3.71 | 163.73 |

**AMENDMENTS SUBMITTED JUNE, 2014**

As a part of its review of the 2014 Homeowners Insurance Rate Filing, the Department provided the following comments/objections regarding the proposed revisions to the current territory definitions:

- *In the eastern half of the state, where the rate differentials between current territories are relatively large, this filing has too many counties from different current territories being joined into new territories, which could cause larger rate fluctuations. This is especially true in current territories 44, 45, 46 and 47.*
- *It would be better for any new territories to be subdivisions of current territories as much as possible, especially in the eastern half of the state. This was done in all previous HO territorial definition filings. Such a practice would allow future analysis of ratemaking across longer time horizons using older territorial definitions. Again, this is especially true in current territories 45, 46 and 47.*
- *There is a concern that some of the new filed territories have insufficient credibility. The best example of this is proposed new territory 105.*
- *Territory 101 as filed is too large.*
- *It would be better for the filing to display the proposed territory base rates for the new territories based on the current approved statewide rate level. Any changes to such base rates due solely to changes in territory definitions should be revenue-neutral (meaning that any increases are offset by decreases and there is no resulting rate level change on a statewide basis), and such increases and decreases should be minimized to the extent possible.*

The Bureau has considered these comments/objections in great detail, has performed additional analysis and submits these amendments to address the Department's comments/objections. Pages F-A-3 through F-A-6 show the revised manual rule (shown in underline/strikethrough format) for territory assignments and the revised territory definitions. Exhibit A on page F-A-7 shows a map of the new proposed territories. Exhibit B on pages F-A-8 and F-A-9 shows the pure premium by county for the inland counties.

Exhibit C on page F-A-10 shows a map of the revised coastal territories. The modeled hurricane pure premiums by ZIP code are displayed on the map on Exhibit D on page F-A-11 and in Exhibits E and F on pages F-A-12 through F-A-15. No changes have been made in this amendment to the territory definitions for the coastal territories; these exhibits simply reflect the new territory numbers.

It was noted in the original filing that the new territory numbering system in the filing was subject to change before being published to the NCRB member companies. With this amendment, new territory numbers have been determined and assigned. Generally, the new numbers start in the northeast corner of the state with 110 and move north to south across the state in increments of 10, ending with 390 in the southwest corner of the state. Where a territory has multiple base rates due to the Bureau's voluntarily-applied caps by territory, sub-territories will be created and the territory number will be changed in the third digit. For example, in territory 220, the two sub-territories will be numbered 221 and 222.

The amended territory scheme has a homogeneity index of 0.950. This is slightly less than the originally proposed territory scheme (0.968), but still significantly higher than the homogeneity index of the current territory scheme (0.703). This again demonstrates that the amended territory scheme continues to fit the pure premium data significantly better than does the current territory scheme.

In addition, proposed base rates for all of the amended territories are set forth on Exhibit G on page F-A-16. As noted in the report to the Legislature on property territory definitions, changes in territory boundaries logically and necessarily mean some changes in territory base rates; base rates for some territories increase and others decrease. This remains true with the amended territory definitions. However, the changes are revenue-neutral, meaning that the increases and decreases offset each other and there is no resulting rate level change on a statewide basis. Furthermore, in response to the Department's comments/objections, the increases and decreases from the current base rates have been minimized to the extent possible in these proposed base rates, while still moving those rates in the directions indicated by the pure premium data.

**MISCELLANEOUS MANUAL RULES**

Pages F-A-18 through F-A-27 show amended manual rules similar to those shown on pages F-26 through F-34. Page F-A-17 is an additional amended manual rule. The revisions shown here are solely those necessary to reflect the final territory numbers.

**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.

~~1~~2. **TERRITORY DEFINITIONS** – (For all Coverages and Perils Other than Earthquake).

Assign the applicable territory using the following order of priority:

~~**A. Cities**~~

| ~~City of~~ | ~~County of~~ | ~~Code~~ |
|---|---|---|
| ~~Charlotte~~ | ~~Mecklenburg~~ | ~~38~~ |
| ~~Durham~~ | ~~Durham~~ | ~~32~~ |
| ~~Greensboro~~ | ~~Guilford~~ | ~~36~~ |
| ~~Raleigh~~ | ~~Wake~~ | ~~32~~ |
| ~~Winston-Salem~~ | ~~Forsyth~~ | ~~36~~ |

~~B~~A. ~~**Other Than Cities**~~**Counties**

| **County of** | **Code** |
|---|---|
| Alamance | 310~~57~~ |
| Alexander | 340~~60~~ |
| Alleghany | 360~~60~~ |
| Anson | 300~~44~~ |
| Ashe | 360~~60~~ |
| Avery | 370~~60~~ |
| Beaufort | 150~~49~~ |
| Bertie | 180~~45~~ |
| Bladen | 230~~41~~ |
| ~~Brunswick~~ | ~~52~~ |
| Buncombe | 360~~60~~ |
| Burke | 360~~60~~ |
| Cabarrus | 320~~60~~ |
| Caldwell | 360~~60~~ |
| Camden | 150~~49~~ |
| ~~Carteret~~ | ~~52~~ |
| Caswell | 310~~46~~ |
| Catawba | 360~~60~~ |
| Chatham | 280~~53~~ |
| Cherokee | 390~~60~~ |
| Chowan | 150~~49~~ |
| Clay | 390~~60~~ |
| Cleveland | 350~~60~~ |
| Columbus | 200~~41~~ |
| Craven | 150~~49~~ |
| Cumberland | 220~~34~~ |
| Currituck (other than Beach Areas) | 130~~48~~ |
| Dare (other than Beach Areas) | 130~~48~~ |
| Davidson | 320~~57~~ |
| Davie | 310~~60~~ |
| Duplin | 190~~45~~ |
| Durham | 270~~53~~ |
| Edgecombe | 210~~47~~ |
| Forsyth | 310~~57~~ |
| Franklin | 240~~47~~ |
| Gaston | 350~~39~~ |
| Gates | 170~~45~~ |

| | |
|---|---|
| Graham | 39060 |
| Granville | 26046 |
| Greene | 18045 |
| Guilford | 31057 |
| Halifax | 24047 |
| Harnett | 25047 |
| Haywood | 38060 |
| Henderson | 36060 |
| Hertford | 17045 |
| Hoke | 25047 |
| Hyde (other than Beach Areas) | 13048 |
| Iredell | 34060 |
| Jackson | 39060 |
| Johnston | 24047 |
| Jones | 15049 |
| Lee | 29047 |
| Lenoir | 19045 |
| Lincoln | 35060 |
| Macon | 39060 |
| Madison | 38060 |
| Martin | 18045 |
| McDowell | 36060 |
| Mecklenburg | 34039 |
| Mitchell | 37060 |
| Montgomery | 30044 |
| Moore | 29047 |
| Nash | 24047 |
| ~~New Hanover~~ | ~~52~~ |
| Northampton | 24047 |
| ~~Onslow~~ | ~~52~~ |
| Orange | 28053 |
| Pamlico | 13048 |
| Pasquotank | 15049 |
| ~~Pender~~ | ~~52~~ |
| Perquimans | 15049 |
| Person | 26046 |
| Pitt | 18045 |
| Polk | 36060 |
| Randolph | 32057 |
| Richmond | 30044 |
| Robeson | 23041 |
| Rockingham | 31060 |
| Rowan | 32060 |
| Rutherford | 35060 |
| Sampson | 22045 |
| Scotland | 25047 |
| Stanly | 34060 |
| Stokes | 31060 |
| Surry | 31060 |
| Swain | 38060 |
| Transylvania | 38060 |
| Tyrrell | 15049 |
| Union | 34039 |
| Vance | 26046 |
| Wake | 27053 |
| Warren | 26046 |
| Washington | 15049 |
| Watauga | 36060 |
| Wayne | 18045 |
| Wilkes | 34060 |
| Wilson | 21047 |
| Yadkin | 33057 |
| Yancey | 36060 |

**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: 1100~~7~~

Beach areas in Brunswick, Carteret, New Hanover, Onslow and Pender Counties: 1200~~8~~

**C. Other than Beach Areas of Brunswick, Carteret, New Hanover 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.

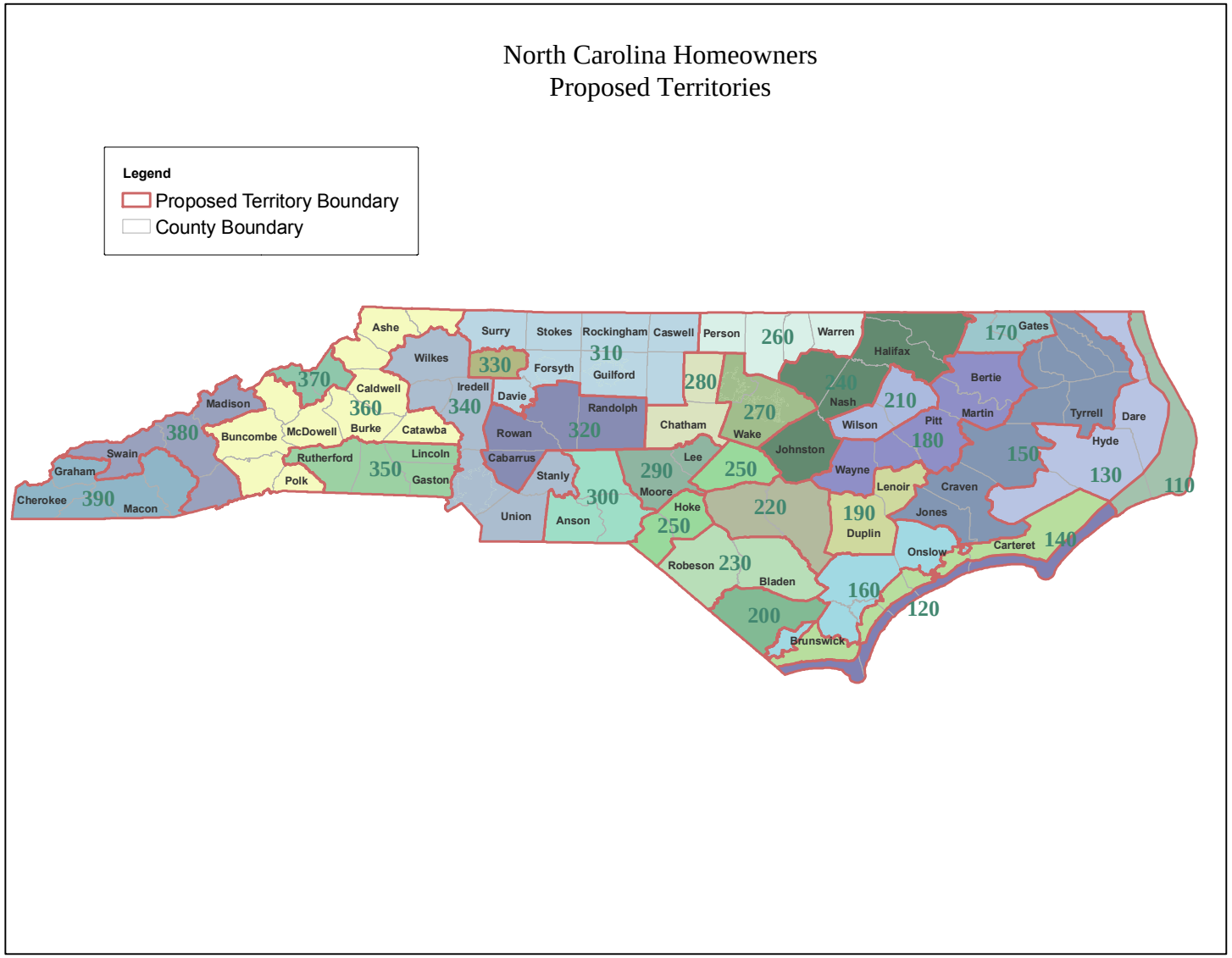
**1. Eastern Coastal Territory**

| 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 |


North Carolina Homeowners
Proposed Territories
Legend
Proposed Territory Boundary
County Boundary
Ashe
Surry
Stokes
Rockingham
Caswell
Person
260
Warren
Halifax
170
Gates
Wilkes
330
Forsyth
310
Guilford
280
Bertie
370
Caldwell
Iredell
Davie
340
Nash
210
Madison
360
Burke
Randolph
Chatham
270
Wilson
Pitt
Martin
Tyrrell
Dare
380
Buncombe
McDowell
Catawba
Rowan
320
Wake
180
Hyde
Swain
Rutherford
Lincoln
Cabarrus
Lee
Johnston
150
Graham
350
Gaston
Stanly
290
250
Wayne
130
Polk
Moore
Lenoir
Craven
110
Cherokee
390
Macon
Union
Anson
300
Hoke
220
190
Jones
250
Duplin
Onslow
Carteret
140
Robeson
230
Bladen
160
120
200
Brunswick

## Pure Premium By County

| County/City | Revised Territory | Current Territory | Smoothed[1] Non-Modeled Pure Premium | Modeled Hurricane Pure Premium | Total Pure Premium |
|---|---|---|---|---|---|
| Alamance County | 310 | 57 | 119.16 | 20.64 | 139.80 |
| Alexander County | 340 | 60 | 145.43 | 10.43 | 155.86 |
| Alleghany County | 360 | 60 | 107.92 | 7.54 | 115.46 |
| Anson County | 300 | 44 | 165.40 | 22.68 | 188.08 |
| Ashe County | 360 | 60 | 123.96 | 6.12 | 130.08 |
| Avery County | 370 | 60 | 150.60 | 5.59 | 156.19 |
| Bertie County | 180 | 45 | 215.47 | 52.14 | 267.61 |
| Bladen County | 230 | 41 | 186.83 | 82.54 | 269.37 |
| Buncombe County | 360 | 60 | 115.71 | 5.63 | 121.34 |
| Burke County | 360 | 60 | 127.52 | 7.94 | 135.46 |
| Cabarrus County | 320 | 60 | 165.90 | 16.28 | 182.18 |
| Caldwell County | 360 | 60 | 126.72 | 8.04 | 134.76 |
| Caswell County | 310 | 46 | 155.73 | 16.90 | 172.63 |
| Catawba County | 360 | 60 | 120.62 | 11.55 | 132.17 |
| Chatham County | 280 | 53 | 90.90 | 24.52 | 115.42 |
| Cherokee County | 390 | 60 | 114.41 | 3.59 | 118.00 |
| Clay County | 390 | 60 | 85.74 | 4.15 | 89.89 |
| Cleveland County | 350 | 60 | 141.36 | 11.46 | 152.82 |
| Columbus County | 200 | 41 | 293.51 | 105.39 | 398.90 |
| Cumberland County | 220 | 34 | 179.14 | 48.44 | 227.58 |
| Davidson County | 320 | 57 | 161.30 | 15.88 | 177.18 |
| Davie County | 310 | 60 | 142.57 | 13.83 | 156.40 |
| Duplin County | 190 | 45 | 190.59 | 99.12 | 289.71 |
| Durham County (Durham City) | 270 | 32 | 111.17 | 24.73 | 135.90 |
| Durham County (Remainder) | 270 | 53 | 111.66 | 24.15 | 135.81 |
| Edgecombe County | 210 | 47 | 156.42 | 51.12 | 207.54 |
| Forsyth County (Winston-Salem) | 310 | 36 | 126.16 | 13.97 | 140.13 |
| Forsyth County (Remainder) | 310 | 57 | 133.22 | 14.04 | 147.26 |
| Franklin County | 240 | 47 | 146.14 | 30.75 | 176.89 |
| Gaston County | 350 | 39 | 146.91 | 12.74 | 159.65 |
| Gates County | 170 | 45 | 151.17 | 38.05 | 189.22 |
| Graham County | 390 | 60 | 74.80 | 3.51 | 78.31 |
| Granville County | 260 | 46 | 107.96 | 23.56 | 131.52 |
| Greene County | 180 | 45 | 187.56 | 76.61 | 264.17 |
| Guilford County (Greensboro) | 310 | 36 | 143.07 | 17.05 | 160.12 |
| Guilford County (Remainder) | 310 | 57 | 130.13 | 17.14 | 147.27 |
| Halifax County | 240 | 47 | 170.57 | 31.03 | 201.60 |
| Harnett County | 250 | 47 | 180.86 | 43.91 | 224.77 |
| Haywood County | 380 | 60 | 139.64 | 4.59 | 144.23 |
| Henderson County | 360 | 60 | 115.85 | 6.42 | 122.27 |
| Hertford County | 170 | 45 | 142.33 | 38.56 | 180.89 |
| Hoke County | 250 | 47 | 158.66 | 43.41 | 202.07 |
| Iredell County | 340 | 60 | 131.42 | 14.47 | 145.89 |
| Jackson County | 390 | 60 | 104.49 | 5.83 | 110.32 |
| Johnston County | 240 | 47 | 117.35 | 46.77 | 164.12 |

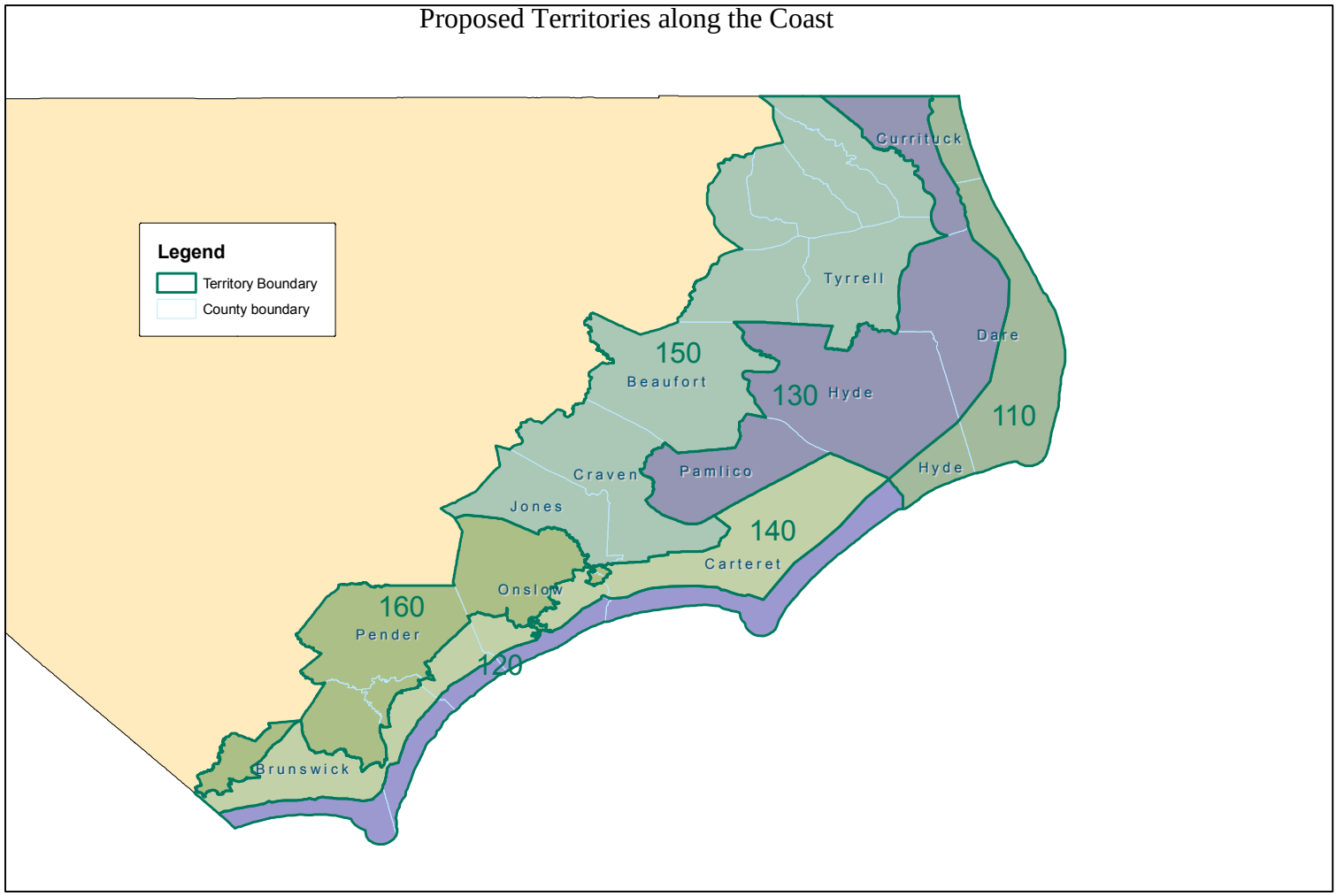
[1] Smoothed non-modeled pure premium is based on removing PCS losses and the year with highest pure premium from the 5 year average for the county.

**Pure Premium By County (continued)**

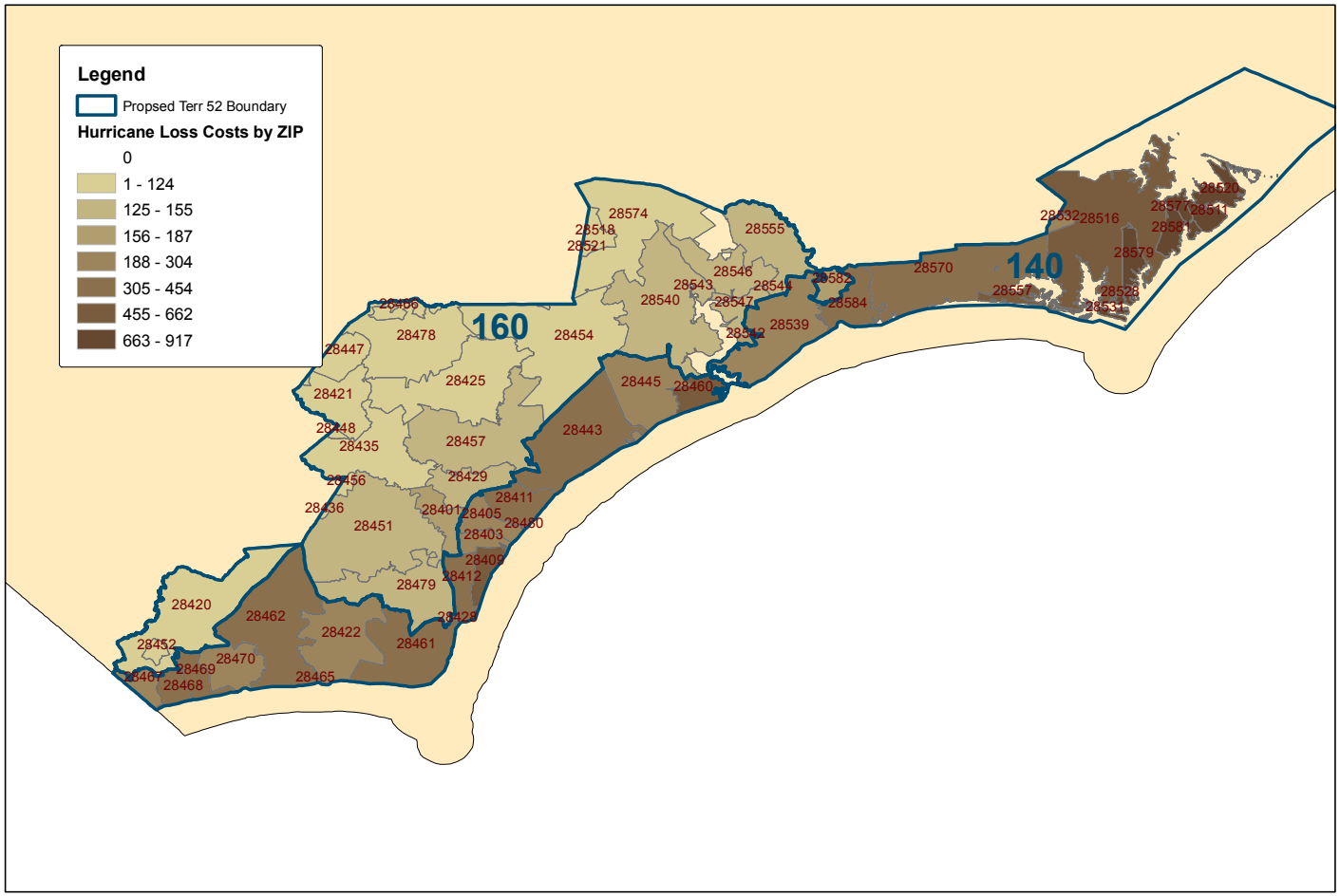
| County/City | Proposed Territory | Current Territory | Smoothed[1] Non-Modeled Pure Premium | Modeled Hurricane Pure Premium | Total Pure Premium |
|---|---|---|---|---|---|
| Lee County | 290 | 47 | 139.22 | 30.08 | 169.30 |
| Lenoir County | 190 | 45 | 177.98 | 89.15 | 267.13 |
| Lincoln County | 350 | 60 | 150.62 | 13.57 | 164.19 |
| McDowell County | 360 | 60 | 114.63 | 6.34 | 120.97 |
| Macon County | 390 | 60 | 112.44 | 4.61 | 117.05 |
| Madison County | 380 | 60 | 139.95 | 4.67 | 144.62 |
| Martin County | 180 | 45 | 136.98 | 61.21 | 198.19 |
| Mecklenburg County (Charlotte) | 340 | 38 | 132.29 | 15.90 | 148.19 |
| Mecklenburg County (Remainder) | 340 | 39 | 120.77 | 15.89 | 136.66 |
| Mitchell County | 370 | 60 | 180.27 | 5.36 | 185.63 |
| Montgomery County | 300 | 44 | 168.13 | 20.57 | 188.70 |
| Moore County | 290 | 47 | 118.36 | 28.89 | 147.25 |
| Nash County | 240 | 47 | 121.31 | 45.41 | 166.72 |
| Northampton County | 240 | 47 | 107.04 | 30.58 | 137.62 |
| Orange County | 280 | 53 | 88.28 | 22.94 | 111.22 |
| Person County | 260 | 46 | 121.88 | 19.48 | 141.36 |
| Pitt County | 180 | 45 | 138.34 | 76.75 | 215.09 |
| Polk County | 360 | 60 | 116.46 | 7.32 | 123.78 |
| Randolph County | 320 | 57 | 154.01 | 19.36 | 173.37 |
| Richmond County | 300 | 44 | 182.55 | 28.37 | 210.92 |
| Robeson County | 230 | 41 | 187.98 | 64.09 | 252.07 |
| Rockingham County | 310 | 60 | 145.70 | 14.18 | 159.88 |
| Rowan County | 320 | 60 | 164.91 | 15.83 | 180.74 |
| Rutherford County | 350 | 60 | 144.94 | 8.19 | 153.13 |
| Sampson County | 220 | 45 | 158.39 | 73.49 | 231.88 |
| Scotland County | 250 | 47 | 226.56 | 43.55 | 270.11 |
| Stanly County | 340 | 60 | 125.91 | 20.42 | 146.33 |
| Stokes County | 310 | 60 | 145.80 | 11.19 | 156.99 |
| Surry County | 310 | 60 | 140.32 | 9.73 | 150.05 |
| Swain County | 380 | 60 | 134.70 | 3.80 | 138.50 |
| Transylvania County | 380 | 60 | 138.67 | 5.51 | 144.18 |
| Union County | 340 | 39 | 124.93 | 19.89 | 144.82 |
| Vance County | 260 | 46 | 136.90 | 24.94 | 161.84 |
| Wake County (Raleigh) | 270 | 32 | 110.21 | 32.25 | 142.46 |
| Wake County (Remainder) | 270 | 53 | 106.17 | 32.48 | 138.65 |
| Warren County | 260 | 46 | 96.01 | 24.87 | 120.88 |
| Watauga County | 360 | 60 | 129.58 | 5.92 | 135.50 |
| Wayne County | 180 | 45 | 131.72 | 73.96 | 205.68 |
| Wilkes County | 340 | 60 | 151.12 | 8.31 | 159.43 |
| Wilson County | 210 | 47 | 133.71 | 55.55 | 189.26 |
| Yadkin County | 330 | 57 | 101.83 | 11.82 | 113.65 |
| Yancey County | 360 | 60 | 96.42 | 5.04 | 101.46 |

[1] Smoothed non-modeled pure premium is based on removing PCS losses and the year with highest pure premium from the 5 year average for the county.

North Carolina Homeowners
Proposed Territories along the Coast



North Carolina Homeowners
Hurricane Loss Costs By ZIP code In Current Territory 52



## Modeled Loss Cost[1] By ZIP code

| ZIP Code | ZIP Name | Modeled Loss Cost | Revised Territory |
|---|---|---|---|
| 28401 | Wilmington | 169.23 | 160 |
| 28403 | Wilmington | 286.83 | 140 |
| 28405 | Wilmington | 263.82 | 140 |
| 28409 | Wilmington | 523.39 | 140 |
| 28411 | Wilmington | 371.67 | 140 |
| 28412 | Wilmington | 380.38 | 140 |
| 28420 | Ash | 122.36 | 160 |
| 28421 | Atkinson | 107.78 | 160 |
| 28422 | Bolivia | 240.31 | 140 |
| 28425 | Burgaw | 122.86 | 160 |
| 28428 | Carolina Beach | 661.77 | 140 |
| 28429 | Castle Hayne | 152.74 | 160 |
| 28435 | Currie | 121.46 | 160 |
| 28436 | Delco | 117.18 | 160 |
| 28443 | Hampstead | 454.12 | 140 |
| 28445 | Holly Ridge | 304.37 | 140 |
| 28447 | Ivanhoe | 100.17 | 160 |
| 28448 | Kelly | 114.49 | 160 |
| 28451 | Leland | 145.74 | 160 |
| 28452 | Longwood | 124.47 | 160 |
| 28454 | Maple Hill | 121.32 | 160 |
| 28456 | Riegelwood | 123.13 | 160 |
| 28457 | Rocky Point | 138.26 | 160 |
| 28460 | Sneads Ferry | 467.28 | 140 |
| 28461 | Southport | 340.64 | 140 |
| 28462 | Supply | 356.96 | 140 |
| 28466 | Wallace | 112.37 | 160 |
| 28467 | Calabash | 232.24 | 140 |
| 28468 | Sunset Beach | 352.88 | 140 |
| 28469 | Ocean Isle Beach | 342.87 | 140 |
| 28470 | Shallotte | 262.61 | 140 |
| 28478 | Willard | 110.35 | 160 |
| 28479 | Winnabow | 155.16 | 160 |
| 28480 | Wrightsville Beach | 610.20 | 140 |
| 28511 | Atlantic | 835.63 | 140 |
| 28516 | Beaufort | 503.94 | 140 |
| 28518 | Beulaville | 112.45 | 160 |
| 28520 | Cedar Island | 916.68 | 140 |
| 28521 | Chinquapin | 108.79 | 160 |
| 28528 | Gloucester | 831.60 | 140 |
| 28531 | Harkers Island | 849.56 | 140 |
| 28532 | Havelock | 234.83 | 140 |
| 28539 | Hubert | 303.59 | 140 |
| 28540 | Jacksonville | 136.52 | 160 |
| 28542 | Camp Lejeune | 187.15 | 160 |
| 28543 | Tarawa Terrace | 140.21 | 160 |
| 28544 | Midway Park | 153.76 | 160 |

[1] Hurricane Loss Cost for HO-3 Base Exposure (Frame with $135,000 total AOI)

## Modeled Loss Cost[1] By ZIP code (continued)

| ZIP Code | ZIP Name | Modeled Loss Cost | Revised Territory |
|---|---|---|---|
| 28546 | Jacksonville | 135.57 | 160 |
| 28547 | Camp Lejeune | 151.08 | 160 |
| 28553 | Marshallberg | 821.12 | 140 |
| 28555 | Maysville | 134.47 | 160 |
| 28557 | Morehead City | 549.98 | 140 |
| 28570 | Newport | 333.93 | 140 |
| 28574 | Richlands | 110.54 | 160 |
| 28577 | Sealevel | 768.26 | 140 |
| 28579 | Smyrna | 752.78 | 140 |
| 28581 | Stacy | 703.82 | 140 |
| 28582 | Stella | 171.15 | 160 |
| 28584 | Swansboro | 380.08 | 140 |

[1] Hurricane Loss Cost for HO-3 Base Exposure (Frame with $135,000 total AOI)

## Modeled Loss Costs in Ascending Order

| ZIP Code | ZIP Name | Modeled Loss Cost | Revised Territory |
|---|---|---|---|
| 28447 | Ivanhoe | 100.17 | 160 |
| 28421 | Atkinson | 107.78 | 160 |
| 28521 | Chinquapin | 108.79 | 160 |
| 28478 | Willard | 110.35 | 160 |
| 28574 | Richlands | 110.54 | 160 |
| 28466 | Wallace | 112.37 | 160 |
| 28518 | Beulaville | 112.45 | 160 |
| 28448 | Kelly | 114.49 | 160 |
| 28436 | Delco | 117.18 | 160 |
| 28454 | Maple Hill | 121.32 | 160 |
| 28435 | Currie | 121.46 | 160 |
| 28420 | Ash | 122.36 | 160 |
| 28425 | Burgaw | 122.86 | 160 |
| 28456 | Riegelwood | 123.13 | 160 |
| 28452 | Longwood | 124.47 | 160 |
| 28555 | Maysville | 134.47 | 160 |
| 28546 | Jacksonville | 135.57 | 160 |
| 28540 | Jacksonville | 136.52 | 160 |
| 28457 | Rocky Point | 138.26 | 160 |
| 28543 | Tarawa Terrace | 140.21 | 160 |
| 28451 | Leland | 145.74 | 160 |
| 28547 | Camp Lejeune | 151.08 | 160 |
| 28429 | Castle Hayne | 152.74 | 160 |
| 28544 | Midway Park | 153.76 | 160 |
| 28479 | Winnabow | 155.16 | 160 |
| 28401 | Wilmington | 169.23 | 160 |
| 28582 | Stella | 171.15 | 160 |
| 28542 | Camp Lejeune | 187.15 | 160 |
| 28467 | Calabash | 232.24 | 140 |
| 28532 | Havelock | 234.83 | 140 |
| 28422 | Bolivia | 240.31 | 140 |
| 28470 | Shallotte | 262.61 | 140 |
| 28405 | Wilmington | 263.82 | 140 |
| 28403 | Wilmington | 286.83 | 140 |
| 28539 | Hubert | 303.59 | 140 |
| 28445 | Holly Ridge | 304.37 | 140 |
| 28570 | Newport | 333.93 | 140 |
| 28461 | Southport | 340.64 | 140 |
| 28469 | Ocean Isle Beach | 342.87 | 140 |
| 28468 | Sunset Beach | 352.88 | 140 |
| 28462 | Supply | 356.96 | 140 |
| 28411 | Wilmington | 371.67 | 140 |
| 28584 | Swansboro | 380.08 | 140 |
| 28412 | Wilmington | 380.38 | 140 |
| 28443 | Hampstead | 454.12 | 140 |

| ZIP Code | ZIP Name | Modeled Loss Cost | Revised Territory |
|---|---|---|---|
| 28460 | Sneads Ferry | 467.28 | 140 |
| 28516 | Beaufort | 503.94 | 140 |
| 28409 | Wilmington | 523.39 | 140 |
| 28557 | Morehead City | 549.98 | 140 |
| 28480 | Wrightsville Beach | 610.20 | 140 |
| 28428 | Carolina Beach | 661.77 | 140 |
| 28581 | Stacy | 703.82 | 140 |
| 28579 | Smyrna | 752.78 | 140 |
| 28577 | Sealevel | 768.26 | 140 |
| 28553 | Marshallberg | 821.12 | 140 |
| 28528 | Gloucester | 831.60 | 140 |
| 28511 | Atlantic | 835.63 | 140 |
| 28531 | Harkers Island | 849.56 | 140 |
| 28520 | Cedar Island | 916.68 | 140 |

# NORTH CAROLINA

## HOMEOWNERS INSURANCE

## REVISED "CURRENT" RATES [A, B]

| Revised Territory | Current Territory | Owners [C] | Tenants [D] | Unit Owners [D] |
|---|---|---|---|---|
| 110 | 7 | 1,613 | 107 | 106 |
| 120 | 8 | 1,823 | 112 | 113 |
| 130 | 48 | 1,021 | 76 | 83 |
| 140 | 52 | 1,187 | 89 | 85 |
| 150 | 49 | 871 | 72 | 78 |
| 160 | 52 | 1,032 | 75 | 71 |
| 170 | 45 | 570 | 54 | 52 |
| 180 | 45 | 587 | 54 | 52 |
| 190 | 45 | 632 | 54 | 54 |
| 200 | 41 | 786 | 56 | 55 |
| 210 | 47 | 489 | 51 | 42 |
| 220 | 34 | 598 | 64 | 52 |
| 220 | 45 | 598 | 64 | 52 |
| 230 | 41 | 741 | 56 | 52 |
| 240 | 47 | 484 | 51 | 42 |
| 250 | 47 | 503 | 51 | 42 |
| 260 | 46 | 398 | 46 | 44 |
| 270 | 32 | 428 | 44 | 48 |
| 270 | 53 | 428 | 44 | 48 |
| 280 | 53 | 417 | 40 | 44 |
| 290 | 47 | 470 | 51 | 42 |
| 300 | 44 | 481 | 50 | 41 |
| 310 | 36 | 369 | 44 | 39 |
| 310 | 46 | 369 | 44 | 39 |
| 310 | 57 | 369 | 44 | 39 |
| 310 | 60 | 369 | 44 | 39 |
| 320 | 57 | 357 | 40 | 34 |
| 320 | 60 | 357 | 40 | 34 |
| 330 | 57 | 383 | 44 | 39 |
| 340 | 38 | 357 | 46 | 40 |
| 340 | 39 | 357 | 46 | 40 |
| 340 | 60 | 357 | 46 | 40 |
| 350 | 39 | 344 | 40 | 34 |
| 350 | 60 | 344 | 40 | 34 |
| 360 | 60 | 336 | 37 | 34 |
| 370 | 60 | 336 | 37 | 34 |
| 380 | 60 | 336 | 37 | 34 |
| 390 | 60 | 336 | 37 | 34 |

(A) Revised "current" rates for newly-defined territories reflect a reallocation of the current approved rate level and do not include the rate changes proposed in other sections of Exhibit RB-1.

(B) Base Class is Protection Class 5, Frame

(C) Rates are for $75,000 Coverage A

(D) Rates are for $10,000 Coverage C

**RULE A1.**
**SPECIAL STATE REQUIREMENTS**

****

**B. Windstorm Exterior Paint And Waterproofing Exclusion Endorsement HO 32 86**

Use this endorsement with all Homeowners policies in Territories 110~~07~~ and 120~~08~~.

**RULE A3.**
**WINDSTORM OR HAIL EXCLUSION – TERRITORIES 11007, 12008, 13048, 140 ,15049 AND 52160 ONLY**

**A.** 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 Underwriting Association; and

**2.** A Windstorm or Hail Rejection Form is secured and maintained by the company.

Use Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94.**

**B.** To compute the Base Premium:

**1.** Determine the appropriate Key Premium as described in Rule **301.**

**2.** Subtract the Windstorm or Hail Exclusion credit shown on the state rate pages from the Key Premium.

**3.** Multiply the Key Premium excluding Windstorm or Hail Coverage developed in Step **2.** by the Key Factor for the desired limit of liability.

**4.** For example:

Form **HO 00 02** Key Premium = $1,310

Windstorm or Hail Exclusion Credit = $1,131

Key Factor for $100,000 = 1.109

Step **1.** Determine the Key Premium
Key Premium = $1,310

Step **2.** Subtract Windstorm or Hail Exclusion Credit from Key Premium
$1,310– $1,131 = $179

Step **3.** Multiply Key Factor for desired limit by amount in Step **2.** $179 x 1.109 = $198.51, round to $199 = Base Premium

C. When Endorsement **HO 32 94** is attached to the policy, enter the following on the Declarations page:

"This policy does not provide coverage for the peril of Windstorm or Hail".

D. When coverage for other specific structures or other structures rented to others is requested, refer to Rules **514.A.1.a.** and **514.A.2.a.(1)** in the state rate pages for the rates excluding windstorm or hail coverage.

**RULE A9.**
**WINDSTORM MITIGATION PROGRAM – ALL FORMS EXCEPT HO 00 04 AND HO 00 06**

**A. Introduction**

With respect to risks located in Territories 1107, 1208, 13048, 140, 15049 and 16052, 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.

****

**RULE 302.**
**LOSS SETTLEMENT OPTIONS**

Rule **302.** is replaced by the following:

**A. Functional Replacement Cost Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

****

**3. Premium Computation**

Develop the Base Premium in accordance with Rule **301.** for the amount of insurance selected for this option. However, if Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** is also made a part of the policy then develop the Base Premium in accordance with Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 11007, 12008, 13048, 140, 15049 And 16052 Only.

****

**B. Actual Cash Value Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

****

**3. Premium Computation**

To develop the Base Premium for the Coverage **A** limit of liability shown in the policy declarations:

****

**d.** If Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** is also made a part of the policy then develop the Base Premium in accordance with Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 11007, 12008, 13048, 140, 15049, And 16052 Only and multiply that Base Premium by the appropriate factor from Table **302.B.3.c.**

****

**C. Special Loss Settlement – HO 00 02, HO 00 03 And HO 00 05 Only**

****

**3. Premium Computation**

To develop the Base Premium for the Coverage **A** limit of liability shown in the policy declarations:

****

**b.** Develop a Base Premium in accordance with Rule **301.** for the amount of insurance computed in preceding Paragraph **a.** However, if Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** is also made a part of the policy then develop the Base Premium in accordance with Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 110~~07~~, 120~~08~~, 130~~48~~, 140, 150~~49~~ And 160~~52~~ Only for the amount of insurance computed in Paragraph **a.**

****

**RULE 303.**
**ORDINANCE OR LAW COVERAGE – ALL FORMS EXCEPT HO 00 08**

Paragraph **B.2.a.** is replaced by the following:

**B. Increased Amount Of Coverage**

**2. Premium Determination**

**a. Forms HO 00 02, HO 00 03 And HO 00 05**

****

**(ii)** If Absolute Windstorm Or Hail Exclusion Endorsement **HO 32 94** applies, multiply the premium computed in accordance with Additional Rule **A3.** Windstorm Or Hail Exclusion – Territories 110~~07~~, 120~~08~~, 130~~48~~, 140, 150~~49~~ And 160~~52~~ Only, by the appropriate factor selected from the following table:

****

**RULE 406.**
**DEDUCTIBLES**

****

**C. Optional Higher Deductibles**

****

**3. Windstorm Or Hail Deductibles (All Forms Except HO 00 04 And HO 00 06)**

When the policy covers the peril of Windstorm or Hail, the following deductible options may be used in conjunction with the deductible applicable to All Other Section **I** Perils.

**a. Percentage Deductibles**

****

**(6) Deductible Factors**

In Territories 11007, 12008, 13048, 140, 15049 and 16052 only, when the property is located in an area serviced by the North Carolina Insurance Underwriting Association (NCIUA), 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.

****

**(b) Property Is Located In Area Serviced by 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 rate pages, under Additional Rule – Windstorm Or Hail Exclusion – Territories 11007, 12008, 13048, 140, 15049 And 16052 Only Base Credit, by the Key Factor, for the same amount of insurance used to determine the Base Premium.

****

**b. Higher Fixed-dollar Deductibles**

****

**(6) Deductible Factors**

In Territories 11007, 12008, 13048, 140, 15049 and 16052 only, when the property is located in an area serviced by the NCIUA, 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.

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

****

**(b) Property Is Located In Area Serviced By 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 rate pages, under Additional Rule – Windstorm Or Hail Exclusion – Territories 110~~07~~, 120~~08~~, 130~~48~~, 140, 150~~49~~ And 160~~52~~ Only Base Credit, by the Key Factor, for the same amount of insurance used to determine the Base Premium.

****

**D. Named Storm Percentage Deductible – Territories 110~~07~~, 120~~08~~, 130~~48~~, 140, 150~~49~~ And 160~~52~~ Only**

****

Step **1.** Multiply the windstorm or hail exclusion credit shown in the state rate pages, under Additional Rule – Windstorm Or Hail Exclusion – Territories 110~~07~~, 120~~08~~, 130~~48~~, 140, 150~~49~~, And 160~~52~~ Only Base Credit, by the Key Factor, for the same amount of insurance used to determine the Base Premium.

****

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

| Territories 11007, 12008, 13048, 140, 15049 And 16052 | | | | |
|---|---|---|---|---|
| **Named Storm Deductible Percentage** | **All Other Perils Deductible Amount** | **HO 00 02, HO 00 03, HO 00 05 And HO 00 08** | **HO 00 04** | **HO 00 06** |
| **1%** | $ 100 | 1.06 | – | – |
| | 250 | .97 | – | – |
| | 500 | .94 | .92 | .91 |
| | 1,000 | .89 | .83 | .80 |
| | 1,500 | .85 | – | – |
| | 2,500 | .75 | .67 | .62 |
| | 5,000 | .64 | – | – |
| | 7,500 | .59 | – | – |
| | 10,000 | .55 | – | – |
| **2%** | 100 | 1.03 | – | – |
| | 250 | .96 | – | – |
| | 500 | .92 | .91 | .90 |
| | 1,000 | .86 | .82 | .79 |
| | 1,500 | .81 | – | – |
| | 2,500 | .73 | .66 | .61 |
| | 5,000 | .62 | – | – |
| | 7,500 | .57 | – | – |
| | 10,000 | .54 | – | – |
| **5%** | 100 | 1.01 | – | – |
| | 250 | .94 | – | – |
| | 500 | .90 | .90 | .89 |
| | 1,000 | .84 | .81 | .78 |
| | 1,500 | .79 | – | – |
| | 2,500 | .71 | .65 | .60 |
| | 5,000 | .60 | – | – |
| | 7,500 | .56 | – | – |
| | 10,000 | .52 | – | – |

**Table 406.D.5. Named Storm Percentage Deductible**

**RULE 514.**
**OTHER STRUCTURES**

**A. On-Premises Structures**

**1. Specific Structure – Increased Limits**

**a. Premium**

Rate per $1,000 for policies with windstorm or hail coverage – $4

Territories 11007, 12008, 13048, 140, 15049 And 16052 Only – Rate per $1,000 for policies excluding windstorm or hail coverage – $2

**2. Structure On The Residence Premises Rented To Others**

**a. Premium**

**(1) Rate per $1,000 for policies with windstorm or hail coverage – $5**

Territories 11007, 12008, 13048, 140, 15049 And 16052 Only – Rate per $1,000 for policies excluding windstorm or hail coverage – $3

****

# Amended Pages for

# Exhibit RB-3

that collect homeowners data from Bureau member companies. All companies writing homeowners insurance in North Carolina report 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 consulting actuarial services directly to the Bureau. I have been directly involved in this aspect of the Bureau's homeowners insurance rate filings for a number of years. As in the past, my staff and I compiled the ratemaking data to be reviewed by the Property Rating Subcommittee, the Property Committee and the Governing Committee in preparation of the filing.

Fourth, under my direction, my staff put together the vast majority of the data, information and calculations contained in Exhibit RB-1. This lengthy process was performed throughout the years 2012, 2013 and 2014 under the ultimate direction of the Bureau committees.

Finally, I have reviewed the filed rates to determine if they are calculated in accordance with the Casualty Actuarial Society's (CAS) Statement of Principles Regarding Property and Casualty Insurance Ratemaking. 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 rate standards set forth in North Carolina General Statute 58-36-10, i.e., that rates must not be excessive, inadequate or unfairly discriminatory and that certain statutory rating factors must be considered.

Q: What is the source of the data utilized in Exhibit RB-1?

A: The ratemaking experience reflected in Exhibit RB-1 is, in general, supplied by the approximately 95 individual insurance companies that write homeowners insurance policies in North Carolina. Those companies submit their data to one of the four statistical organizations described above. The four statistical organizations subject each company’s data to a series of verification edits and then consolidate the data. The 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 Rate Bureau committees and ultimately for use in rate filings.

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 2003-2011, the data described above 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 yearly total) is applied to the total loss amounts for the other statistical agents.

In connection with using the AIR model, actual hurricane losses were examined but their losses were removed from the five years of experience. For the owners forms for year 2009, $3,296,140 in losses were removed; for 2010, $12,568,770 were removed; and for 2011 $484,128,544 were removed. See page D-42 for the actual hurricane losses by territory.

Q. Can you use the year 2011 as an example of how losses have been smoothed and how the smoothing affects the indications?

A. Yes. The year 2011 was a bad year for insurance companies in North Carolina, but the smoothing process reduced its impact significantly. Total losses without any smoothing were $2,295,239,134. We know that there was a relatively weak Cat. 1 hurricane in 2011 (Irene), and we also know that there were a number of non-hurricane wind events that made 2011 a greater than normal year in terms of such losses. As stated above, hurricane losses in the amount of $484,128,544 were removed because we use the long term average hurricane loss costs from the AIR model rather than the actual losses from the five year period. The long term average hurricane losses are $311,413,578. We also analyzed the non-hurricane wind losses and removed a large number of those losses under our excess wind procedure which was described above. By using that excess wind procedure, we removed $1,004,031,464 in losses and spread those losses over the long run by the use of the excess wind factor. If our ratemaking procedure had not removed the actual hurricane losses and substituted the long term average, and if the ratemaking procedure had

Projection Factor and the trend from first dollar to produce the Composite Projection Factor. This Composite Projection Factor is applied in column 7 in the development of the Trended Base Class Loss Cost in column 9 on page C-1.

Q: You mentioned the trend from first dollar. Could you describe what that is and how it is developed and applied?

A: The index is a first dollar index. All of the losses have been adjusted to a $250 deductible level. As such, increases in cost as measured by the current cost index would affect losses below the deductible and cause an additional increase as losses below the deductible increase above it. For example, a loss of $1,000 subject to a $250 deductible results in a payment of $750 to the insured. If there is 10% inflation the $1,000 loss grows to $1,100. This results in a payment to the insured of $850, which is a resulting effective inflation of 13.3%, an incremental trend of 3%. The procedure used in the filing accounts for this effect. The procedure in essence converts all the losses to a first dollar basis before the trend factor is applied. To obtain the resulting trended losses, the deductible portion of the trended losses are subtracted out. The trend from first dollar factor as shown on page D-18 is the incremental difference in the trend factor resulting from the application of our procedure. Using our example from before, and the formula for trend from first dollar on page D-18 results in a trend from first dollar factor of 1 + (((.1)(250))/((1.1)(750))) = 1.03, which matches what was calculated earlier.

Q: Please refer to column 4 of page C-1. With reference to the column headed "losses with LAE," please tell us what the figure $959,068,266 represents.

A: These are the losses and loss adjustment expenses associated with claims or accidents that occurred in the accident year ended December 31, 2011. The losses are the sum of the adjusted incurred losses excluding hurricane losses found in Column 1, minus the non-modeled adjusted excess losses in Column 2, all multiplied by the non-modeled excess factor of 1.061 adjusted by a trended loss adjustment expense factor of 1.120.

Q: How is the trended loss adjustment expense factor of 1.120 developed?

A: Each year the Rate 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,

its loss cost reviews for every other hurricane-prone state. Until recent reviews for the Bureau, territory level data was provided to AIR. AIR then used its industry database to distribute the territory data to individual zip codes. With the last two homeowners filings, zip code level data were available and were provided. The use of more detailed and accurate exposure data results in more accurate modeled hurricane losses for each territory.

An additional improvement in accuracy occurs when a zip code is in both a beach and inland territory. In this situation AIR employs a split zip code procedure to more accurately model the losses. This treatment has been in general use for other states and is now used in North Carolina. The procedure results in a more appropriate reflection of the expected hurricane losses.

Q: How are these modeled hurricane losses derived?

A: The AIR model simulates many years of hurricane losses and develops hurricane losses for the portfolio of North Carolina exposures provided. The development of the modeled hurricane losses is shown on page D-41. Note that the modeled hurricane losses on line A differ by a very slight amount (less than .00009) from the modeled hurricane losses that appear in the AIR reports, due to rounding. The same explanation applies to the slight differences in the modeled hurricane Losses on pages D-35 to D-37 and the latest year house years on pages D-38 to D-40.

Q: Could you please explain what line 14 entitled "fixed expense per policy" on page C-1 refers to and what it represents?

A: Line 14 "fixed expense per policy" refers to the dollars of the prospective premium that the general expenses will be on policies written between July 1, 2014 and June 30, 2015. 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 would be among the items classified as either general expenses or other acquisition expenses. Those expenses are fixed in the sense that they do not vary directly as a function of premium. Such things as commissions and premium taxes, on the other hand, are examples of expenses which do rise or fall directly with premium. The number shown on line 14 - $44.20 - represents the dollars of general expenses trended to the levels anticipated to prevail during the periods from July 1, 2014 to June 30, 2015 (the average date of which is December 1,

2013) and the projected premiums for business written during the same period. This is appropriate because general expenses are generally incurred at the time a policy is written.

Q: Could you explain how the figure $44.20 on line 14 of page C-1 was derived?

A: The derivation of the 44.20 is shown on page D-31. It starts out with an untrended general expense ratio of .041 and other acquisition expenses of .059 which are based on the rounded average of the 2010, 2011 and 2012 ratios. These are shown on page D-28. The averages of these represent the average expense ratio corresponding to 2011. In order to trend these to the cost levels anticipated to prevail between July 1, 2014 and June 30, 2015, we project these by using the Current Expense Index described earlier. This is done by projecting the average annual change of 2.0% over the time period from June 30, 2011 (the average date of the experience on which the general expense ratio is based) to January 1, 2015 (the average data of writing under the proposed rates). Since this ratio is relative to premium, we must project the amount of insurance from 2011 levels to the level anticipated to be in effect on business written between July 1, 2014 and June 30, 2015. This is done by using the current amount factor for 2011 of 1.05 and the premium projection factor of 1.044. The resulting calculation is

$$\frac{(.041 + .059) \times 1.072}{1.05 \times 1.044} = 0.098$$

This trended fixed expense ratio is then multiplied by the average current rate for all forms of 1,110.63. The result is a statewide all forms fixed expense loading of 108.84. It is projected that forms 4 and 6 need 50% of the fixed expenses of Forms 1-3, 5. A calculation is then performed to ensure that the average fixed expense loadings by form balance to the 108.84. The average dollar loading for owners forms is 117.59. This is adjusted to a base policy level by dividing by the average rating factor of 2.427, premium projection factor of 1.044 and a current amount factor of 1.05 which results in a fixed expense loading of 44.20.

Q: What does Line 15 show on page C-1?

A: Line 15 is a combination of the trended base class loss cost and the trended general expense and other acquisition expenses. The figure $335.96 is the dollar amount that is required to cover the portion of the insurance base rate that

amended territory definitions are very similar to the territories contained in the Legislative report provided by the Bureau on June 17, 2013. Based on a review of objections raised by the Department of Insurance after the filing was originally made, the NCRB amended the territory boundary definitions, the corresponding base rates and the territory numbering system, as explained in amended Section F.

To minimize the impact of the new territories the NCRB has capped the rate changes for owners at 35% and for tenants and condos at 55%. Since some new territories are made up of portions of more than one current territory, it was necessary for the Bureau to introduce sub-territories. For example, new territory 350 is made up of portions of current territories 39 and 60. The indicated owners change for the territory 39 portion of new territory 350 is 26.6%. The indicated change for the territory 60 portion of territory 350 is 33.3%. The expectation is that over time the sub-territories will receive the correct rate level that is indicated for the entire territory.

The development of the indicated relative change by territory is completed in such a way that the overall effect of the territory relativities is to balance to no overall change before application of the statewide rate level change. This is shown in Column 8 of page C-5. Because of the different levels of exposure to catastrophic losses by territory, the profit and reinsurance loadings vary by territory group. The profit and contingency loading for zone 1A (territories 110, 120 and 140) is 18.9%; for zone 1B (territories 130, 150, 160, 190 and 200) it is 13.8%; for zone 2 (territories 170, 180, 210, 220, 230, 240, 250, 260, 270, 280, 290 , and 300) it is 10.60%; and for zone 3 (territories 310, 320, 330, 340, 350, 360, 370, 380 and 390) it is 6.90%. These zones were determined by the Bureau upon reviewing the data and in consultation with Dr. Appel. In calculating the indicated rate levels by territory, these indicated changes are then multiplied by the overall statewide rate level change.

Q: How has the Bureau treated general and other acquisition expense by territory?

A: The Bureau has treated general expense and other acquisition expense as not varying by territory.

Q. Thus far in your prefiled testimony, you have been primarily describing the data and calculations for the owners forms. In general, are the calculations for tenants forms (Form 4) and condominium owners forms (Form 6) on pages C-2 and C-3,

respectively, the same or similar to the calculations you have described for the owners forms on Page C-1?

A. Yes they are, with a few exceptions as generally noted. For Forms 4 (tenants) and 6 (condominium owners) there is no non-hurricane excess wind procedure used in determining the statewide rate level change. The external indices used for tenants and condominium owners forms reflect the items insured under those types of policies, and the selected value for premium trend of 0% differs from that of the owners forms. Other parts of the calculations are the same or similar. The NCRB committees discussed the magnitude of the tenants and condominium indications compared to the magnitude of the owners' indication. The main reasons for the differences in the indications are that the changes for both the hurricane model loss costs and the non-hurricane loss cost experience were greater for tenants and condominiums than for owners.

Q: What other changes does the filing make for homeowners insurance?

A: The filing revises the credit for the Windstorm or Hail Exclusion that is available in Territories 110, 120, 130, 140, 150 and 160. The derivation of these credits is shown on pages C-12 and C-13. These credits are used when policies are written “ex. wind;” i.e., referring to those situations where companies voluntarily write policies covering perils other than wind and hail, and the Beach Plan writes the wind and hail coverage. When this is done, there is a 5% statutory surcharge above Bureau rates. The wind mitigation credits for these territories are also being revised in accordance with the data and methodology in the filing.

Q: Please turn to page A-1 of Exhibit RB-1 and explain what is shown on that page?

A: Page A-1 of Exhibit RB-1 shows the indicated and filed statewide rate level changes. The differences between these percentages are due to capping.

Q: What is shown on Page A-2 of Exhibit RB-1?

A: Page A-2 shows the indicated and filed rate level change for each territory and subterritory.

Q: Do you have an opinion as to whether the data utilized and the method of calculating the indicated rate level changes contained in the filing are sound and actuarially 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 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 standard of being not excessive, inadequate or unfairly discriminatory. The filed rates differ from the indicated rates because of territory caps of 35% for owners forms and 55% for tenants and condos forms. The filed rates are a reasonable step toward an adequate level.

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, as in the past and as is customary in the general course of my work, relied on the accuracy of the data supplied by the Bureau, by ISS, AAIS, NISS and by the individual companies (and the Beach Plan) that reported their data to ISO and the other statistical agents. I have relied on Dr. Vander Weide and Dr. Appel for the determination of the appropriate profit, reinsurance and compensation for assessment risk components of the rates. Additionally I have relied upon the model output provided by AIR. I have applied appropriate actuarial standards when reviewing these various data sources.

Q: Does that conclude your testimony?

A: Yes, it does.

# Amended Pages for

# Exhibit RB-4

written in the residual market. When the Bureau assembles expense data and furnishes it to ISO, there are checks to determine the data's accuracy. Sometimes, if it is not feasible for a company to correct its data, that company's data is excluded from the filing and that fact is noted in the filing.

An additional check is that the Bureau requested the statistical agents to produce exhibits for the 10 largest writers displaying exposure distributions for key factors (such as territory, amount of insurance and protection class) for the years in the filing. Each such company was asked to review and evaluate the accuracy of its data as reported to its statistical agent. Companies have confirmed that they have performed these reviews and that to the best of their knowledge their data are correct in all material respects.

**Q. Does the filing propose changes in territory definitions?**

A. Exhibit RB-1 presents the territory definition changes. Appropriate territory definitions promote fairness to policyholders and companies. The proposed changes improve the long-term state of the insurance environment throughout North Carolina. They will help limit the disruption in the marketplace that can occur when territorial definitions are not updated.

**Q. Once territory definitions were revised, did the Subcommittee review rate level adequacy by territory?**

A. Yes it did. ISO was asked to prepare the indicated rate level changes by territory. The indicated change for a particular territory was determined by comparing the required base class rate to the existing base class rate.

First, they calculated the indicated base class loss cost by territory. This resulted from calculating the total loss cost by territory and applying the resulting territorial relativity to the indicated statewide base loss cost. The territorial indicated base class loss cost was converted to the required base class rate by performing expense, profit and deviation adjustments at the territorial level, similar to how adjustments were performed at the statewide level. The indicated changes by territory show rate levels by territory that are needed to equitably spread the overall rate level.

As discussed elsewhere in my testimony, the Subcommittee requested Dr. Appel to prepare an analysis allocating both the net cost of reinsurance and the underwriting profit and contingency factor based on the differences in risk between various areas of the state. He developed measures of risk for "zones" of the state. Based on a review of the data, the Subcommittee recommended four zones. The prior filing reflected three zones, but the Subcommittee observed that there is considerable variation in the necessary reinsurance costs and profit in different parts of the coastal area. Therefore the subcommittee determined that it would be actuarially appropriate to divide the coastal areas into two zones: Zone 1A and Zone 1B. With over $250 million in earned premium

and with more than 10% of the earned premium in the state for 2011, the coastal areas are significant. However, they show up as distinctly different based on the measures of risk that Dr. Appel uses to allocate reinsurance costs and profit. The reinsurance loads for Zone 1A are more than 30% higher than the reinsurance loads for zone 1B. Also, the profit and contingency provision for Zone 1A is considerably higher than Zone 1B. Zone 1B also differs significantly from the Zone 2. Based on the significant differences between the zones, the subcommittee concluded that the use of four zones would more appropriately reflect the risk for areas of North Carolina.

The measures of risk that were developed by Dr. Appel provide indicated levels of profit necessary for each zone. There is no overall statewide impact of the methodology. Its effect is to increase the needed premium on the coast (zone 1A and 1B) and to decrease the needed premium in the western part of the state (zone 3) by way of underwriting profit provisions and reinsurance cost allocations that vary by zone. The resulting indicated changes by territory set forth the rate levels by territory that are needed to equitably spread the overall rate level.

**Q: Please describe the difference between the "indicated" rate level and the "filed" rate level?**

A: The indicated rate level is the actuarially sound and correct rate level. It is the rate level necessary in order that rates cover prospective losses and expenses and leave a fair and reasonable profit. The indicated rate level is the one that complies with the statutory standard that the rates be neither excessive, nor inadequate, nor unfairly discriminatory

In the case of the owners forms, the indicated level change is 39.3%. That rate level change is the statewide composite of indications that vary by territory throughout the state. For the western territories, the indicated rate level change is lower than 39.3%, and for certain territories at the beach, the indicated rate level change is much higher than 39.3%. For instance, Territory 120, which consists of the southern beach territory, has an indicated rate increase of 133.4% for the owners forms.

The "filed" rates represent the amount actually proposed by the Bureau. The filed rates reflect a procedure known as "capping." The Bureau elected not to file the full indicated rates in each territory and instead capped the filing at +35% per territory for the owners forms and +55% per territory for the condominium and tenants forms. Thus, for the owners forms +35% is the maximum targeted rate increase in any territory. Capping results in the filed statewide rate level change for the owners forms being reduced from 39.3% to 24.8%.

The Bureau's Governing Committee elected to cap in order to mitigate the impact of this filing on policyholders. This has often been done with large indications where the goal is to have rates eventually reach the full indicated rate level. Since the indicated changes generally were the largest in the beach and coastal territories, the impact of caps was greatest in those areas.

# Amended Pages for

# Exhibit RB-5

41. Q. Turning to basic meteorological concepts, how do hurricanes form?

A. Hurricanes form when warm ocean water evaporates, is further warmed by the sun, and rises to create a high, thick layer of humid air. This rising of warm, dense air creates an area of low pressure, known as a depression, near the ocean's surface. Surface winds converge to the area of low pressure and, due to the earth's Coriolis force, display a clear cyclonic pattern.

The inward rush of peripheral surface winds toward the central area of low pressure, the rise of warm humid air in the center, and the subsequent outflow away from the system at high altitude, combine to create a self-sustaining heat engine. The warmer the water temperature, the faster the air in the center of the system rises. The faster this air rises, the greater will be the difference between the surface air pressures inside and outside the vortex.

Air flows from areas of relative high pressure to areas of relative low pressure. The greater the difference between peripheral and central pressures, the faster the inflow. When sustained wind speeds reach 40 miles per hour, the depression reaches tropical storm status. When sustained wind speeds reach 74 miles per hour, the storm is designated a hurricane.

42. Q. What is meant by sustained wind speed?

A. The term sustained wind speed refers to the wind speed averaged over a given period of time, such as one or ten minutes, or an hour. Generally for the purpose of this testimony as to hurricanes, a one minute sustained wind speed is used, and surface wind speed is defined as the wind speed at 33 feet (10 meters) above ground. The speed of shorter period gusts or lulls may be considerably higher or lower than the sustained wind speed.

43. Q. What are the categories of hurricanes?

A. Under the Saffir-Simpson Hurricane Wind Scale, there are five categories of hurricanes. These categories are useful to the public in describing the general intensity of storms and in issuing warnings to the public, but they are not relevant to AIR's modeling, which generates a continuous distribution of wind speeds rather than placing hurricanes into categories. Under the Saffir-Simpson scale, hurricanes are categorized according to sustained wind speeds as follows:

**Saffir-Simpson Hurricane Wind Scale**

| Category | Wind Speed (mph) |
|---|---|
| 1 | 74-95 |
| 2 | 96-110 |
| 3 | 111-129 |
| 4 | 130-156 |
| 5 | >156 |

These category definitions were changed by the National Hurricane Center prior to the 2012 hurricane season for ease of calculation between different measures of wind speed. Since modeling uses a continuous distribution, it has not been necessary that these changes in category definition be implemented in the event descriptions in AIR's stochastic catalog, and it should be noted again that the category designations have no bearing on the loss results produced by the model. They are used to categorize one parameter of hurricanes and ignore many more parameters that can also greatly impact the damage caused by hurricanes. Since Saffir-Simpson categories are simply a descriptor for the wind speeds of hurricanes, and there is no change to the underlying wind speeds in AIR's model that are modeled on a continuous distribution, there will be no change to estimated loss costs as a result of the NHC's change to the Saffir-Simpson Category definitions.

The name "hurricane" is commonly employed for tropical cyclones of certain strength in the Atlantic basin. Categories 3, 4 and 5 hurricanes are commonly called "major" hurricanes. It should be noted that various other names and labels are given to tropical cyclones of different intensities when they occur in different parts of the world. For instance, the term "typhoon" is often used in the Pacific basin, and the term "super-typhoon" is used for tropical cyclones that reach maximum sustained 1-minute surface winds of at least 249 km/h, which is the equivalent of a strong Category 4 or Category 5 hurricane in the Atlantic basin.

44. Q. How many hurricanes made landfall in the United States in the historical experience period?

A. A total of 183 hurricanes made landfall in the U.S. during the sample period of 111 years of hurricane experience (1900-2010). A single hurricane may comprise several landfalls. For example hurricane Donna in 1960 had three landfall points including one in North Carolina. When accounting for multiple landfalling events, there were 209 hurricane landfalls in the U.S. during the same period, 25 of which are North Carolina

territory. The Beach Split ZIP Code treatment is used to improve the modeled loss estimates for coastal territories in those situations. AIR's determination of prospective loss costs is more accurate as a result of implementing this treatment.

In understanding this treatment, it is important to understand how the model works with respect to the geographic placement of risks. When a risk is analyzed in CLASIC/2, its geocode placement determines the relative severity of each simulated event. Items such as elevation, proximity to the coast and land cover are determined based on the geocode coordinates assigned to the location. If a risk contains only zip code information rather than address information, CLASIC/2 will assign geocode coordinates corresponding to the zip code centroid and will use the average physical characteristics for the zip code to estimate loss.

The information provided to AIR for the Bureau analysis is now at the zip code level, which allows for greater precision in modeling loss costs than could be accomplished in filings prior to the 2011 dwelling filing and the 2012 homeowners filing. The ability to use more detailed data has created a desire to be even more accurate, and it was for this reason that AIR uses the split zip procedure. In several instances coastal area zip codes fall across the boundary between the Beach territory (i.e. Territory 110 or 120) and the inland coastal territories (Territory 130, 140, 150, or 160). In these cases, without refinement, modeled loss costs for the zip code would be the same whether the territory was beach or inland, when in reality, houses located on or closer to the beach have higher loss costs than equivalent exposures inland, and vice versa. The Beach Split ZIP Code treatment improves the modeled loss estimates for these zip codes by distributing the risks to uniform grid points across the area of the zip code falling in each of the territories. In so doing greater accuracy and fairness are promoted.

110. Q. Page 8 of Exhibit RB-6A shows the long term average annual aggregate losses by territory. Please explain what is shown on this page and how it was computed.

A. Page 8 displays the average annual aggregate loss for each territory. This figure is the sum of all losses caused by all simulated events, divided by the number of simulation years for each territory. It represents the long run average annual hurricane loss potential by territory. As can be seen, the territory with the highest average annual aggregate loss is territory 140. This fact is a function of the large number of homeowners policies in that territory as well as the territory's high exposure to hurricanes.

111. Q. What does the table on page 9 of Exhibit RB-6A show?

A. It shows the distribution of exposures and average annual losses by territory. Obviously, coastal territories account for a much higher percentage of losses than

exposures because there is a greater hurricane hazard nearer the coast. For instance, the table on page 9 demonstrates that territory 340 in the western part of the state has 17.83%of the statewide insurance in force, but accounts for only 5.81%of total annual hurricane losses. Territory 120 on the beach, on the other hand, accounts for only 0.59% of the statewide insurance in force, but its average annual hurricane loss is 7.61% of the statewide total annual hurricane losses.

112. Q. What is the source of the insured values, risk count and average annual loss on pages 11 to 14 of Exhibit RB-6A?

A. The source of the insured values and Risk Count shown on pages 11 to 14 is provided on pages 22 to 24 and 33 to 34 of Exhibit RB-6A (the PIAFs), and page 8 is the source of the average annual loss.

113. Q. What do the last two columns on pages 11 to 14 of Exhibit RB-6A show?

A. They show the estimated hurricane pure premiums and loss costs per $100 of exposure by territory, both overall for all lines (Exhibit 3) and individually for each policy form group (Exhibits 4 to 6). As can be seen from these exhibits, loss costs are highest in territories 110 and 120 and are high in territories 130, 140 and 160.

114. Q. On page 11 of Exhibit RB-6A, please explain the significance of the number “1,625.16” for territory 110 in the column entitled "Pure Premium."

A. The number $1,625.16 is the amount, exclusive of expenses and provisions for profit and contingencies, that on average needs to be collected each year to cover the long run average hurricane loss potential on each risk on homeowners policies in territory 110. By comparison, only $15.67 needs to be collected to cover that same potential in territory 390.

115. Q. Do the explanations set forth above for Exhibit RB-6A also follow for similar pages in Exhibit RB-6B?

A. Yes. The exhibits and explanations follow the same format. The loss costs and pure premiums in Exhibit RB-6B reflect those appropriate to the view of risk that incorporates the impact of the current elevated sea surface temperatures (SSTs) in the North Atlantic on hurricane activity.

116. Q. In 2011, Hurricane Irene passed through eastern NC and hence caused losses from Hurricane damage. Has AIR been able to do any detailed validation of Hurricane Irene as yet?

A. No. As of the date of preparation of this prefiled testimony in November of 2013, AIR has not yet been able to perform any validation on Hurricane Irene due the lack of necessary claims data resulting from the storm and due to the fact that the meteorological parameters of this storm were not included in the 2011 HURDAT database at the time the model was being updated. Due to this lack of information, Hurricane Irene is not yet in AIR's Historical Storm Catalog. Loss validation information for Hurricane Irene is only available at an aggregate level, meaning on an industry level. It is anticipated that a more detailed validation can be done when state specific claims and exposure data from the event are available. AIR is in the process of collecting this information, but it is not yet clear when this will be completed. Aside from this, AIR did perform a damage survey along coastal North Carolina and Virginia after Hurricane Irene passed. Findings from this survey will be compared to claims and loss data after it becomes available.

117. Q. The current filing proposes revised territory definitions as well as revised rates. Did AIR perform any assistance in support of the Bureau's analysis of revised territory definitions?

A. Yes. The Bureau set up a task force to review territory definitions and contacted AIR in the Fall of 2012 for consultation and assistance as to the best manner in which to employ modeling of various wind events to review territorial definitions. The latest available data consisted of the data underlying the Bureau's October 1, 2012 homeowners rate filing. It was concluded that the best manner to examine differing wind exposure across the state, while removing the impact of exposure differences across the state, was to create a "notional" dataset and run AIR models based on the assumption of uniform exposures across the state. Doing so enabled a better review and comparison of the varying risk across the state from wind events. Assuming a uniform exposure set across the state permitted the Bureau to examine regional variations in hazard without the analysis being complicated by the distribution of the actual exposures in the state. It is important to isolate these effects, because the exposure distribution can and will change over time, and the territories should reflect regional differences in risk even after exposure distribution changes.

118. Q. How was the analysis adjusted after the North Carolina Department of Insurance raised objections to the revised territory definitions?

A. The Bureau made changes to the filed territory definitions and provided AIR with updated exposure for all records. AIR performed a second analysis for those records which were impacted by the differences in territory definitions using both the standard and WSST catalogs. The losses as presented in RB-6A and RB-6B reflect the losses

based on the combination of results from the unchanged territories as well as the new results for territories with updated definitions.

119. Q. Are the data, information and numbers used in the AIR hurricane model true and accurate to the best of your knowledge, information and belief?

A. Yes. The AIR research team collects the available scientific data pertaining to the meteorological variables critical to the characterization of hurricanes and therefore to the simulation process. Data sources used in the development of the AIR hurricane model include the most complete databases available from various agencies of the National Weather Service, including the National Hurricane Center. All data is cross-verified. If data from different sources conflict, a detailed analysis and the use of expert judgment is applied to prepare the data for modeling purposes. Furthermore, to the extent possible, we cross-check and verify the numbers that go into the AIR model as well as the numbers that come out of the model. To the best of my knowledge, information and belief, the data that we use are the most reliable and accurate data that is publicly available.

120. Q. Are the Exhibits to your pre-filed testimony true and accurate to the best of your knowledge, information and belief?

A. Yes.

121. Q. Do you have an opinion as to whether your model is a reasonable method of projecting the prospective hurricane losses used in the filing to set rates for homeowners insurance in North Carolina that are not excessive, inadequate or unfairly discriminatory, and if so what is that opinion?

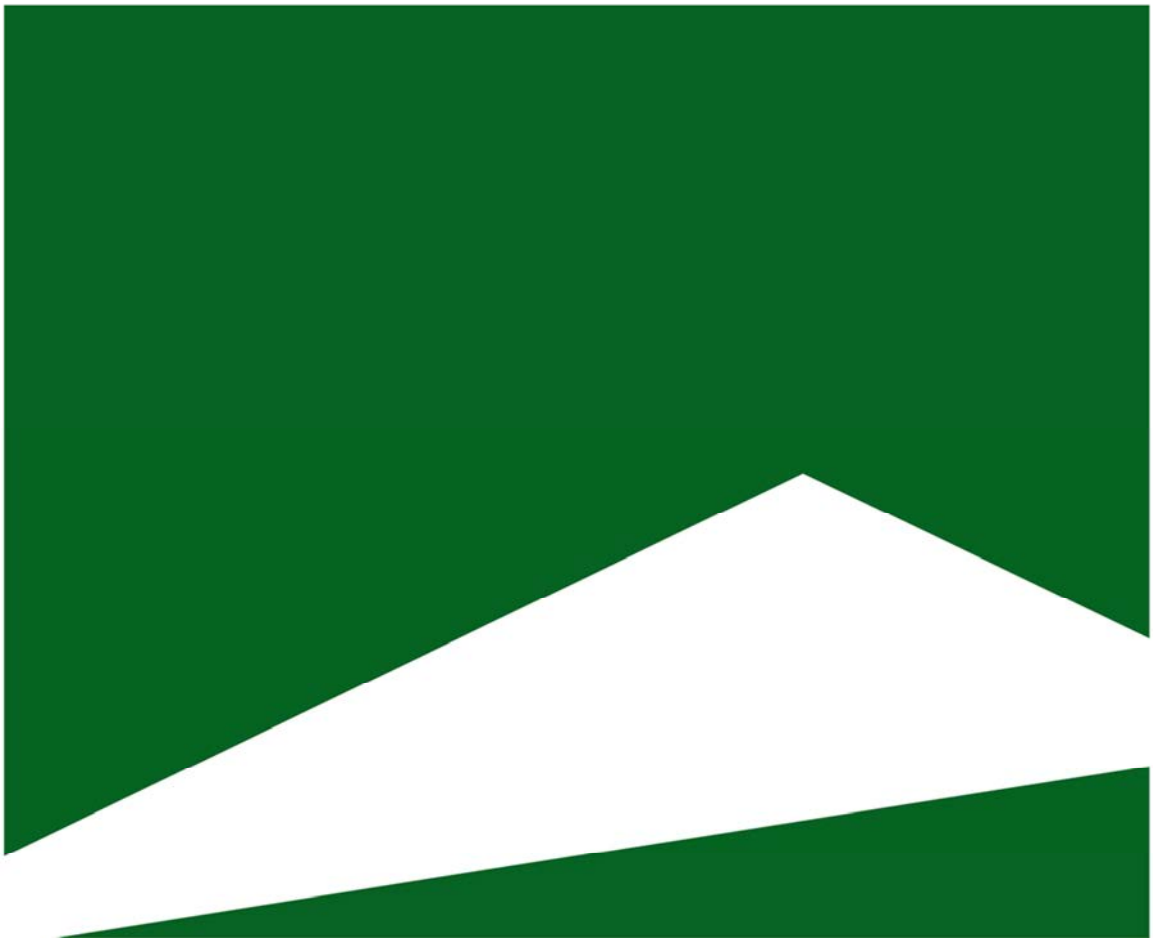
A. Yes, I have an opinion. It is a reasonable, consistent, and reliable method of doing so. The prospective hurricane losses in the AIR reports and used in the filing are reasonable and appropriate projections of insured hurricane losses on the policy forms reviewed.

122. Q. Is AIR willing to allow the Insurance Commissioner and/or any personnel from the North Carolina Department of Insurance to visit your offices in Boston and examine any areas of the model that they wish?

A. Yes, subject only to a non-disclosure agreement that will protect the proprietary and confidential information possessed by AIR Worldwide from being used by our competitors, we welcome the Commissioner and/or any associates or consultants appointed by him to again visit our offices, where they can examine any information

related to the model that they would like. With the encouragement and permission of AIR, we understand that the Bureau offered the Department the opportunity to make such a visit in the summer of 2012. This offer was also extended in connection with the Dwelling hearing in 2011. If the Commissioner or his Department would like to arrange such a visit, we ask that they contact the Bureau to organize a date and time that is convenient for all parties. We strongly encourage the Commissioner and Department to do so to help educate them on the benefits and validity of the use of hurricane modeling in ratemaking for North Carolina.

Exhibit RB-6A



# Catastrophe Loss Analysis Service
# Atlantic Tropical Cyclone

Prepared for: North Carolina Rate Bureau
May, 2014

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# Introduction

This report contains the results of the Catastrophe Loss Analysis Service (CLAS™) for Homeowners, Tenants and Condominiums policies in the state of North Carolina as requested by the North Carolina Rate Bureau (NCRB). Loss estimates are provided using AIR Worldwide's (AIR) Atlantic Tropical Cyclone model.

The NCRB provided AIR with information that represents the exposures analyzed. AIR reviewed and reformatted the exposure data as necessary and used them as input to the AIR hurricane model, which generated the loss estimates that form the core of this analysis. The AIR model is a system of computer programs that incorporate the fundamental physical characteristics, expressed mathematically, of hurricanes. These characteristics are then overlaid on the geographical distribution of the NCRB's exposures. Building, contents, and time element damage are estimated by applying AIR's proprietary damageability relationships. Finally, insured losses are calculated by applying policy conditions to the total damage estimates.

The AIR model simulated 100,000 years of potential hurricane experience. The results of the model are expressed in terms of probability distributions of event losses. These distributions represent a range of possible losses and the relative likelihood of occurrence of various levels of loss.

All aspects of the AIR hurricane model undergo extensive validation tests. The stochastic model variables have been compared to the actual characteristics of historical hurricanes occurring in North Carolina since 1900. The simulated event characteristics parallel patterns seen in the historical record, and resulting loss estimates correspond closely to actual claims data provided by clients.

The model has also undergone extensive internal and external peer review. Internal peer review is a standard part of AIR's operating process and is conducted by AIR's technical staff of over 200 professionals with graduate degrees, over 60 of whom hold Ph.D. credentials in their fields of expertise. The AIR hurricane model has also undergone extensive external review, beginning with Dr. Walter Lyons' systematic review in 1986. Dr. Lyons, a Certified Consulting Meteorologist, was contracted by the E.W. Blanch Company. A further independent review was conducted by engineer Dr. Joseph E. Minor. During 1996 and 1997, Duff & Phelps, Fitch, Moody's and Standard & Poors reviewed all aspects of AIR's hurricane model in conjunction with their rating of the USAA catastrophe bond.

Probably the most extensive peer review of the AIR hurricane model has been conducted by the Florida Commission on Hurricane Loss Projection Methodology (FCHLPM). The FCHLPM was established in 1995 with the mission to "assess the effectiveness of various methodologies that have the potential for improving the accuracy of projecting insured Florida losses resulting from hurricanes and to adopt findings regarding the accuracy or reliability of these methodologies for use in residential rate filings." The FCHLPM has established more than 40 standards that need to be met before a

catastrophe model is acceptable for ratemaking purposes in the state of Florida. The AIR hurricane model has been reviewed and has met the standards of the FCHLPM annually since 1996.

Catastrophe modeling has become widely used and accepted. AIR was the first organization to have its model approved under the rigorous standards of the Florida Hurricane Commission. AIR's simulation methodology is a robust technique for estimating potential hurricane losses. It is based on mathematical/statistical models that represent real-world systems. As with all models, these representations are not intended to represent specific prior or future individual events.

The hurricane model used in this report is Atlantic Tropical Cyclone v.14.0.1, as implemented in CLASIC/2 v15.0.

# Executive Summary

To estimate the hurricane loss potential for NCRB, AIR simulated 100,000 years of potential hurricanes. The simulation included aggregate demand surge, which is demand surge caused by a given event as well as by other events that occur close to the given event in both time and space.

The long-term average annual aggregate hurricane loss for the NCRB Homeowners, Tenants and Condominiums policies is $316.1 million including aggregate demand surge. In the 100,000-year sample, 57,754 hurricanes resulted in losses to North Carolina's insured properties net of deductibles. Given that a hurricane has occurred, the estimated average hurricane loss is $547.3 million.

The largest simulated hurricane loss is $42.3 billion including aggregate demand surge. This loss resulted from a category 4 hurricane with landfall in Brunswick County, North Carolina. Note that higher occurrence losses, that is, losses in excess of $42.3 billion, are possible. They have, however, a very low probability of occurrence. Nevertheless, it should be understood that the largest simulated hurricane losses do not represent the worst possible scenarios.

Hurricane events of specified probabilities of exceedance and estimated return times appear below.

**Annual Maximum Occurrence Loss**

| Hurricane Occurrence Loss ($millions) | Estimated Probability of Exceedance | Estimated Average Return Time (years) |
|---|---|---|
| 538 | 10.0% | 10 |
| 1,443 | 5.0% | 20 |
| 3,462 | 2.0% | 50 |
| 5,741 | 1.0% | 100 |
| 9,888 | 0.4% | 250 |
| 13,492 | 0.2% | 500 |
| 17,753 | 0.1% | 1,000 |

Actual hurricane losses are influenced by a number of characteristics, the most important of which is intensity as measured by wind speed, commonly expressed in terms of Saffir-Simpson (SS) category. Given the same landfall point, storms with higher wind speeds typically result in larger losses than do storms with lower wind speeds. Other characteristics that influence loss amounts include radius of maximum winds, forward speed, and storm track.

Actual losses also depend on the geographical distribution of exposures in relation to the area affected by the storm. That is, a severe hurricane could result in a smaller overall loss than a less severe hurricane if the less severe hurricane strikes an area of higher property value.

## Exposure Information and Assumptions

The NCRB provided exposure information used to generate the loss estimates. The exposure file contained information on insured value and number of risks by Statistical Agent (Stat Agent), category (Voluntary and Beach Plan), policy form group (Owners, Tenants and Condos), ZIP Code, coverage, construction class, year built, and territory, as defined by NCRB.

When a zip code is split between two territories, and one of the territories intersecting the zip code is categorized as a beach territory, the ZIP is considered a 'Beach Split ZIP'. For 'Beach Split ZIP Codes' the exposure is distributed to uniform grid points across the area of the zip code falling in each of the territories.

The information on house-years and insurance-years by category, ZIP Code, line of business, construction class, and territory was provided by the Insurance Services Office (ISO).

In order to be consistent with the level of coverage provided by NCRB forms, the insurance years provided by NCRB were increased by 20% for Tenants, and by 40% for Condominiums to reflect non-primary coverages. Insurance years for Homeowners were increased by a Total Limit Factor according to territory provided by NCRB (See Appendix A, Exhibit III).

Two data sets were provided by ISO and analyzed by AIR in order to yield loss estimates. The original file included exposures across all territories and was first analyzed in July 2013. A second file which utilized revised territory definitions was provided by ISO in April 2014. The loss estimates are based on exposures in territories 7, 8, 48, 49, 102, 104, 107, 108, 109, 110, 116, 117, 118, 120, 52A and 52B from the original data set and exposure in territories 44, 41r, 45r, 46r, 47e, 47n, 47s, 53r, 101n, 101s, 103x, 111x, and 112x from the revised data set. Appendix A, Exhibit IIa and Appendix B, Exhibit IIa show total insured values, number of risks (rounded), original number of risks and average values by territory.

Upon the combining of these two data sets all territories were remapped to final territory definitions. The boundaries were not newly defined, but the naming convention was altered. The remapping was done using a provided mapping file from ISO, which is attached as Appendix C.

# Long-Term Average Losses

Exhibit 1 shows the long run average annual hurricane loss potential by territory including aggregate demand surge.

**Exhibit 1. Average Annual Loss by Territory in North Carolina**

| Territory | HO | Tenants | Condominium | Total |
|---|---|---|---|---|
| 110 | 12,323,530 | 38,749 | 40,267 | 12,402,546 |
| 120 | 23,523,926 | 112,001 | 422,254 | 24,058,180 |
| 130 | 7,596,643 | 21,372 | 24,750 | 7,642,765 |
| 140 | 108,334,510 | 759,999 | 790,191 | 109,884,699 |
| 150 | 16,004,277 | 92,774 | 34,967 | 16,132,017 |
| 160 | 12,325,077 | 108,122 | 53,335 | 12,486,533 |
| 170 | 486,078 | 3,164 | 0 | 489,242 |
| 180 | 10,901,131 | 138,178 | 31,318 | 11,070,627 |
| 190 | 3,802,991 | 32,193 | 668 | 3,835,852 |
| 200 | 2,134,166 | 11,053 | 78 | 2,145,297 |
| 210 | 3,147,654 | 35,959 | 2,119 | 3,185,733 |
| 220 | 8,230,015 | 84,725 | 27,576 | 8,342,316 |
| 230 | 2,816,359 | 20,946 | 1,833 | 2,839,137 |
| 240 | 8,534,547 | 68,160 | 6,247 | 8,608,953 |
| 250 | 3,558,083 | 27,975 | 1,214 | 3,587,273 |
| 260 | 1,736,683 | 14,182 | 181 | 1,751,046 |
| 270 | 30,022,149 | 503,297 | 150,617 | 30,676,063 |
| 280 | 4,021,660 | 62,513 | 35,338 | 4,119,511 |
| 290 | 3,343,854 | 26,163 | 14,538 | 3,384,556 |
| 300 | 985,142 | 6,096 | 334 | 991,573 |
| 310 | 13,264,395 | 177,429 | 70,328 | 13,512,152 |
| 320 | 6,634,457 | 57,625 | 15,700 | 6,707,782 |
| 330 | 240,909 | 1,369 | 182 | 242,460 |
| 340 | 17,908,413 | 262,774 | 192,413 | 18,363,600 |
| 350 | 3,316,750 | 26,621 | 7,954 | 3,351,325 |
| 360 | 4,855,619 | 43,612 | 26,478 | 4,925,708 |
| 370 | 189,425 | 622 | 1,588 | 191,635 |
| 380 | 575,642 | 2,920 | 1,805 | 580,366 |
| 390 | 570,450 | 1,925 | 1,408 | 573,782 |
| **Total** | **311,384,535** | **2,742,516** | **1,955,680** | **316,082,731** |

Currency: US Dollars

Exhibit 2 shows North Carolina's distribution of all lines combined average annual hurricane losses including aggregate demand surge and total insurance in force by territory. The coastal territories account for much higher shares of loss than exposure due to their vulnerability to the hurricane peril.

**Exhibit 2. Distribution of Exposure and Loss by Territory in North Carolina**

| Territory | Insured Value | Percent of Total | Est. Avg. Annual Loss | Percent of Total |
|---|---|---|---|---|
| 110 | 3,676,481,048 | 0.41% | 12,402,546 | 3.92% |
| 120 | 5,357,170,924 | 0.59% | 24,058,180 | 7.61% |
| 130 | 5,941,735,168 | 0.66% | 7,642,765 | 2.42% |
| 140 | 40,885,608,752 | 4.53% | 109,884,699 | 34.76% |
| 150 | 21,327,468,648 | 2.36% | 16,132,017 | 5.10% |
| 160 | 13,654,501,781 | 1.51% | 12,486,533 | 3.95% |
| 170 | 1,720,619,347 | 0.19% | 489,242 | 0.15% |
| 180 | 20,880,575,712 | 2.31% | 11,070,627 | 3.50% |
| 190 | 5,420,050,798 | 0.60% | 3,835,852 | 1.21% |
| 200 | 2,658,453,506 | 0.29% | 2,145,297 | 0.68% |
| 210 | 7,924,205,104 | 0.88% | 3,185,733 | 1.01% |
| 220 | 22,866,180,942 | 2.53% | 8,342,316 | 2.64% |
| 230 | 5,415,811,892 | 0.60% | 2,839,137 | 0.90% |
| 240 | 28,966,368,835 | 3.21% | 8,608,953 | 2.72% |
| 250 | 12,126,186,923 | 1.34% | 3,587,273 | 1.13% |
| 260 | 10,468,596,759 | 1.16% | 1,751,046 | 0.55% |
| 270 | 141,213,228,129 | 15.63% | 30,676,063 | 9.71% |
| 280 | 24,166,196,345 | 2.67% | 4,119,511 | 1.30% |
| 290 | 16,465,874,201 | 1.82% | 3,384,556 | 1.07% |
| 300 | 5,437,883,733 | 0.60% | 991,573 | 0.31% |
| 310 | 117,586,838,517 | 13.02% | 13,512,152 | 4.27% |
| 320 | 55,823,147,986 | 6.18% | 6,707,782 | 2.12% |
| 330 | 2,765,902,666 | 0.31% | 242,460 | 0.08% |
| 340 | 161,087,289,132 | 17.83% | 18,363,600 | 5.81% |
| 350 | 38,561,193,940 | 4.27% | 3,351,325 | 1.06% |
| 360 | 92,366,378,641 | 10.22% | 4,925,708 | 1.56% |
| 370 | 4,657,905,705 | 0.52% | 191,635 | 0.06% |
| 380 | 16,128,262,561 | 1.79% | 580,366 | 0.18% |
| 390 | 17,870,724,280 | 1.98% | 573,782 | 0.18% |
| **Total** | **903,420,841,975** | **100.00%** | **316,082,731** | **100.00%** |

Currency: US Dollars

## Estimated Pure Premiums and Loss Costs

Exhibits 3, 4, 5, and 6 show the estimated hurricane loss costs and pure premiums by territory for all lines combined and for each line separately. The coastal territories are most vulnerable to hurricane losses. The estimated loss costs are highest in coastal territories 110 and 120, as well as territories 130 and 140. These territories form part of the eastern tip of North Carolina, an area of relatively high hurricane frequency.

For all exhibits, the estimated loss costs are per $100 of exposure. The estimated hurricane pure premiums are calculated by dividing the estimated average annual losses by the number of risks. The estimated hurricane pure premiums show the amounts, exclusive of expenses and provisions for profit and contingencies, which need to be collected each year to cover only the long run hurricane loss potential.

**Exhibit 3. North Carolina Loss Costs by Territory – All Lines**

| Territory | Insured Value | Risk Count | Average Annual Loss | Pure Premium | Loss Cost (Per $100) |
|---|---|---|---|---|---|
| 110 | 3,676,481,048 | 7,632 | 12,402,546 | 1,625.16 | 0.3373 |
| 120 | 5,357,170,924 | 12,681 | 24,058,180 | 1,897.19 | 0.4491 |
| 130 | 5,941,735,168 | 12,791 | 7,642,765 | 597.49 | 0.1286 |
| 140 | 40,885,608,752 | 96,287 | 109,884,699 | 1,141.23 | 0.2688 |
| 150 | 21,327,468,648 | 53,384 | 16,132,017 | 302.19 | 0.0756 |
| 160 | 13,654,501,781 | 40,559 | 12,486,533 | 307.86 | 0.0914 |
| 170 | 1,720,619,347 | 5,329 | 489,242 | 91.81 | 0.0284 |
| 180 | 20,880,575,712 | 62,179 | 11,070,627 | 178.04 | 0.0530 |
| 190 | 5,420,050,798 | 16,172 | 3,835,852 | 237.19 | 0.0708 |
| 200 | 2,658,453,506 | 7,437 | 2,145,297 | 288.47 | 0.0807 |
| 210 | 7,924,205,104 | 24,155 | 3,185,733 | 131.89 | 0.0402 |
| 220 | 22,866,180,942 | 67,497 | 8,342,316 | 123.60 | 0.0365 |
| 230 | 5,415,811,892 | 16,580 | 2,839,137 | 171.24 | 0.0524 |
| 240 | 28,966,368,835 | 79,875 | 8,608,953 | 107.78 | 0.0297 |
| 250 | 12,126,186,923 | 33,670 | 3,587,273 | 106.54 | 0.0296 |
| 260 | 10,468,596,759 | 28,095 | 1,751,046 | 62.33 | 0.0167 |
| 270 | 141,213,228,129 | 339,665 | 30,676,063 | 90.31 | 0.0217 |
| 280 | 24,166,196,345 | 51,782 | 4,119,511 | 79.56 | 0.0170 |
| 290 | 16,465,874,201 | 35,645 | 3,384,556 | 94.95 | 0.0206 |
| 300 | 5,437,883,733 | 15,527 | 991,573 | 63.86 | 0.0182 |
| 310 | 117,586,838,517 | 319,926 | 13,512,152 | 42.24 | 0.0115 |
| 320 | 55,823,147,986 | 148,139 | 6,707,782 | 45.28 | 0.0120 |
| 330 | 2,765,902,666 | 7,654 | 242,460 | 31.68 | 0.0088 |
| 340 | 161,087,289,132 | 395,606 | 18,363,600 | 46.42 | 0.0114 |
| 350 | 38,561,193,940 | 101,511 | 3,351,325 | 33.01 | 0.0087 |
| 360 | 92,366,378,641 | 225,232 | 4,925,708 | 21.87 | 0.0053 |
| 370 | 4,657,905,705 | 10,577 | 191,635 | 18.12 | 0.0041 |
| 380 | 16,128,262,561 | 35,946 | 580,366 | 16.15 | 0.0036 |
| 390 | 17,870,724,280 | 36,621 | 573,782 | 15.67 | 0.0032 |
| **Total** | **903,420,841,975** | **2,288,154** | **316,082,731** | **138.14** | **0.0350** |

Currency: US Dollars

**Exhibit 4. North Carolina Loss Costs by Territory – Homeowners**

| Territory | Insured Value | Risk Count | Average Annual Loss | Pure Premium | Loss Cost (Per $100) |
|---|---|---|---|---|---|
| 110 | 3,656,612,100 | 7,189 | 12,323,530 | 1,714.16 | 0.3370 |
| 120 | 5,254,708,007 | 10,528 | 23,523,926 | 2,234.46 | 0.4477 |
| 130 | 5,916,627,534 | 12,271 | 7,596,643 | 619.09 | 0.1284 |
| 140 | 40,312,894,352 | 83,518 | 108,334,510 | 1,297.14 | 0.2687 |
| 150 | 21,172,589,703 | 49,848 | 16,004,277 | 321.06 | 0.0756 |
| 160 | 13,503,063,963 | 36,802 | 12,325,077 | 334.90 | 0.0913 |
| 170 | 1,709,677,411 | 5,030 | 486,078 | 96.63 | 0.0284 |
| 180 | 20,575,145,414 | 53,662 | 10,901,131 | 203.15 | 0.0530 |
| 190 | 5,372,801,889 | 14,936 | 3,802,991 | 254.62 | 0.0708 |
| 200 | 2,644,834,573 | 7,084 | 2,134,166 | 301.28 | 0.0807 |
| 210 | 7,831,139,347 | 21,747 | 3,147,654 | 144.74 | 0.0402 |
| 220 | 22,543,801,969 | 59,443 | 8,230,015 | 138.45 | 0.0365 |
| 230 | 5,372,028,432 | 15,409 | 2,816,359 | 182.77 | 0.0524 |
| 240 | 28,737,420,888 | 74,185 | 8,534,547 | 115.04 | 0.0297 |
| 250 | 12,036,812,337 | 31,438 | 3,558,083 | 113.18 | 0.0296 |
| 260 | 10,387,429,144 | 25,799 | 1,736,683 | 67.32 | 0.0167 |
| 270 | 138,273,670,287 | 264,875 | 30,022,149 | 113.34 | 0.0217 |
| 280 | 23,584,933,436 | 39,413 | 4,021,660 | 102.04 | 0.0171 |
| 290 | 16,271,838,515 | 31,938 | 3,343,854 | 104.70 | 0.0205 |
| 300 | 5,403,585,183 | 14,689 | 985,142 | 67.07 | 0.0182 |
| 310 | 115,413,326,179 | 269,305 | 13,264,395 | 49.25 | 0.0115 |
| 320 | 55,207,595,048 | 134,474 | 6,634,457 | 49.34 | 0.0120 |
| 330 | 2,748,361,467 | 7,212 | 240,909 | 33.40 | 0.0088 |
| 340 | 156,954,660,915 | 308,731 | 17,908,413 | 58.01 | 0.0114 |
| 350 | 38,169,730,767 | 92,793 | 3,316,750 | 35.74 | 0.0087 |
| 360 | 90,890,072,122 | 197,608 | 4,855,619 | 24.57 | 0.0053 |
| 370 | 4,599,724,276 | 9,588 | 189,425 | 19.76 | 0.0041 |
| 380 | 15,995,266,838 | 33,380 | 575,642 | 17.24 | 0.0036 |
| 390 | 17,766,922,746 | 34,828 | 570,450 | 16.38 | 0.0032 |
| **Total** | **888,307,274,842** | **1,947,719** | **311,384,535** | **159.87** | **0.0351** |

Currency: US Dollars

**Exhibit 5. North Carolina Loss Costs by Territory – Tenants**

| Territory | Insured Value | Risk Count | Average Annual Loss | Pure Premium | Loss Cost (Per $100) |
|---|---|---|---|---|---|
| 110 | 8,654,556 | 221 | 38,749 | 175.02 | 0.4477 |
| 120 | 20,565,744 | 594 | 112,001 | 188.55 | 0.5446 |
| 130 | 12,493,872 | 325 | 21,372 | 65.86 | 0.1711 |
| 140 | 252,893,542 | 7,552 | 759,999 | 100.63 | 0.3005 |
| 150 | 107,442,804 | 2,922 | 92,774 | 31.75 | 0.0863 |
| 160 | 93,544,860 | 2,835 | 108,122 | 38.14 | 0.1156 |
| 170 | 10,941,936 | 298 | 3,164 | 10.61 | 0.0289 |
| 180 | 243,373,850 | 7,430 | 138,178 | 18.60 | 0.0568 |
| 190 | 46,088,074 | 1,223 | 32,193 | 26.33 | 0.0699 |
| 200 | 13,517,568 | 350 | 11,053 | 31.58 | 0.0818 |
| 210 | 87,267,001 | 2,342 | 35,959 | 15.35 | 0.0412 |
| 220 | 228,411,662 | 6,602 | 84,725 | 12.83 | 0.0371 |
| 230 | 40,006,220 | 1,098 | 20,946 | 19.08 | 0.0524 |
| 240 | 206,583,765 | 5,440 | 68,160 | 12.53 | 0.0330 |
| 250 | 84,976,925 | 2,171 | 27,975 | 12.89 | 0.0329 |
| 260 | 80,065,901 | 2,277 | 14,182 | 6.23 | 0.0177 |
| 270 | 2,167,645,180 | 64,234 | 503,297 | 7.84 | 0.0232 |
| 280 | 350,440,212 | 9,560 | 62,513 | 6.54 | 0.0178 |
| 290 | 118,689,936 | 2,651 | 26,163 | 9.87 | 0.0220 |
| 300 | 32,409,757 | 814 | 6,096 | 7.49 | 0.0188 |
| 310 | 1,479,166,010 | 41,168 | 177,429 | 4.31 | 0.0120 |
| 320 | 463,319,760 | 11,648 | 57,625 | 4.95 | 0.0124 |
| 330 | 15,305,076 | 411 | 1,369 | 3.34 | 0.0089 |
| 340 | 2,198,613,920 | 61,493 | 262,774 | 4.27 | 0.0120 |
| 350 | 292,651,344 | 7,364 | 26,621 | 3.62 | 0.0091 |
| 360 | 829,139,544 | 19,555 | 43,612 | 2.23 | 0.0053 |
| 370 | 14,689,956 | 353 | 622 | 1.76 | 0.0042 |
| 380 | 79,365,384 | 1,819 | 2,920 | 1.61 | 0.0037 |
| 390 | 58,647,804 | 1,259 | 1,925 | 1.53 | 0.0033 |
| **Total** | **9,636,912,162** | **266,008** | **2,742,516** | **10.31** | **0.0285** |

Currency: US Dollars

**Exhibit 6. North Carolina Loss Costs by Territory – Condominiums**

| Territory | Insured Value | Risk Count | Average Annual Loss | Pure Premium | Loss Cost (Per $100) |
|---|---|---|---|---|---|
| 110 | 11,214,392 | 221 | 40,267 | 182.26 | 0.3591 |
| 120 | 81,897,173 | 1,559 | 422,254 | 270.83 | 0.5156 |
| 130 | 12,613,762 | 196 | 24,750 | 126.05 | 0.1962 |
| 140 | 319,820,858 | 5,217 | 790,191 | 151.48 | 0.2471 |
| 150 | 47,436,141 | 614 | 34,967 | 56.93 | 0.0737 |
| 160 | 57,892,957 | 922 | 53,335 | 57.83 | 0.0921 |
| 170 | 0 | 0 | 0 | 0.00 | 0.0000 |
| 180 | 62,056,449 | 1,088 | 31,318 | 28.80 | 0.0505 |
| 190 | 1,160,835 | 13 | 668 | 50.16 | 0.0575 |
| 200 | 101,366 | 3 | 78 | 24.19 | 0.0770 |
| 210 | 5,798,756 | 66 | 2,119 | 31.88 | 0.0365 |
| 220 | 93,967,311 | 1,452 | 27,576 | 18.99 | 0.0293 |
| 230 | 3,777,240 | 73 | 1,833 | 24.97 | 0.0485 |
| 240 | 22,364,182 | 251 | 6,247 | 24.94 | 0.0279 |
| 250 | 4,397,661 | 61 | 1,214 | 19.76 | 0.0276 |
| 260 | 1,101,714 | 19 | 181 | 9.44 | 0.0165 |
| 270 | 771,912,662 | 10,556 | 150,617 | 14.27 | 0.0195 |
| 280 | 230,822,696 | 2,809 | 35,338 | 12.58 | 0.0153 |
| 290 | 75,345,750 | 1,056 | 14,538 | 13.77 | 0.0193 |
| 300 | 1,888,793 | 24 | 334 | 13.87 | 0.0177 |
| 310 | 694,346,328 | 9,453 | 70,328 | 7.44 | 0.0101 |
| 320 | 152,233,178 | 2,018 | 15,700 | 7.78 | 0.0103 |
| 330 | 2,236,123 | 32 | 182 | 5.76 | 0.0081 |
| 340 | 1,934,014,297 | 25,381 | 192,413 | 7.58 | 0.0099 |
| 350 | 98,811,829 | 1,354 | 7,954 | 5.88 | 0.0080 |
| 360 | 647,166,975 | 8,069 | 26,478 | 3.28 | 0.0041 |
| 370 | 43,491,473 | 637 | 1,588 | 2.49 | 0.0037 |
| 380 | 53,630,339 | 747 | 1,805 | 2.42 | 0.0034 |
| 390 | 45,153,730 | 534 | 1,408 | 2.63 | 0.0031 |
| **Total** | **5,476,654,971** | **74,427** | **1,955,680** | **26.28** | **0.0357** |

Currency: US Dollars

# Appendix A – Project Information & Assumptions Form, Original Data Set

## Project Information & Assumptions Form

Version 2009061919.1.0

**Project Summary & Contact Information**

| | | | |
|---|---|---|---|
| **Subscriber:** | NCRB | **AIR Contact:** | Peter Bingenheimer |
| **Contact:** | Tim Lucas | **Email:** | pbingenheimer@air-worldwide.com |
| **Email:** | ftl@ncrb.org | **Phone:** | (617) 267-6645 |
| **Phone:** | 919-582-1021 | **Fax:** | (617) 267-8284 |
| **Fax:** | | | |

**Contract #:**
**Analysis Type:** Property - Personal
**Exposure Summary Sent:** September 3, 2013
**Report Due:** August 21, 2013

☑ Initial Analysis ☐ Follow-up

**Perils & Models**

| # | Peril | Model | Implementation | Version | Simulation Years |
|---|---|---|---|---|---|
| 1 | Tropical Cyclone | U.S. Hurricane Standard - 100K_Standard_ATL_Hur_10 (15.00.409) | CLASIC/2 | 15.0 | 100,000 |
| 2 | Tropical Cyclone | U.S. Hurricane WSST - 100K_WSST_ATL_Hur_11 (15.01.409) | CLASIC/2 | 15.0 | 100,000 |
| | | | | | |

**Reports & Deliverables**

*Report Options*

Report Format: ☑ PDF ☐ Paper Copy/Bound Report ☐ Flat file ☐ CSV

*Standard Reports*

☑ Distribution of Potential Catastrophe Losses - Exceedance Probability
☑ Portfolio ☐ State ☐ Line of Business

☑ Average Annual Losses
☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
☑ Territory

☑ Loss Costs and Pure Premiums
☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
☑ Territory

☐ Selected Event Scenarios - specific events from a stochastic/historical event set
☐ Rank ☐ Return Period ☐ Line of Business

*Customized Reports*

☐ Company Loss File (CLF) ☐ UNICEDE/2
☐ UPX

9/3/2013
1

AIR WORLDWIDE

| Original Data File Information | | | |
|---|---|---|---|
| **Original file name(s):** | AIR File 2011 Current & New Terr.xlsx | | |
| **Date Received:** | July 22, 2013 | **Data in-force Date:** | December 31, 2011 |
| **Date Logged:** | July 22, 2013 | **Data Media:** | Excel Attachment |

**File Format:** ☐ MS Access ☑ MS Excel ☐ Text

**Level of Location Det:** ☐ Geocode ☐ 9-Digit ZIP ☐ Street ☑ 5-Digit ZIP ☐ City ☐ County ☐ State ☐ Territory

| Original Value Summary | | | | | | |
|---|---|---|---|---|---|---|
| Total Deductible Value | Total Records | Total Risks | Total Replacement Value | Total Insured Value | Max. TIV | Avg. TIV |
| n/a | 52,908 | 2,288,155 | 477,292,531,512 | 477,292,531,512 | 1,768,012 | 208,593 |

| Added/Excluded Records | | | |
|---|---|---|---|
| Reason for Addition/Exclusion | Records | Risks | Insured Value |
| Insured Value increased for modeling due to addition of Time Element (Coverage D) for all exposures. See Exposure Notes and Customized Assumptions for details. | - | - | 96,230,254,063 |
| Insured Value increased for modeling due to addition of Contents (Coverage C) for Homeowners records. See Exposure Notes and Customized Assumptions for details. | - | - | 283,171,531,965 |
| Insured Value increased for modeling due to addition of Appurtenant Structures (Coverage B) for Homeowners records. See Exposure Notes and Customized Assumptions for details. | - | - | 46,540,302,876 |
| Insured Value increased for modeling due to addition of Building Structures (Coverage A) for Condominium records. See Exposure Notes and Customized Assumptions for details. | - | - | 74,426,613 |
| Risks increased due to rounding | - | 24,108 | - |
| Records increased and Value Rounded due to Beach Split treatment | 15,240 | - | -366 |
| | | | |
| | | | |
| **Total Excluded:** | **-** | **-** | **-** |
| **Total Added** | **15,240** | **24,108** | **426,016,515,150** |
| *Reduced Number of Records due to Aggregation:* | **N/A** | **N/A** | **N/A** |
| **Net Exposures to be Modeled:** | **68,148** | **2,312,263** | **903,309,046,662** |

#REF!
2

| Geocode Record Summary | | |
|---|---|---|
| Number of zipcodes remapped prior to geocoding: | 2 | |
| Book Name: | NCRB_HO_2013 | |
| | | |
| Geocoded Level of Location Detail | Records | |
| Matched at Exact Address: | - | |
| Matched at 9-digit Zip: | - | |
| Matched at Relaxed Address: | - | |
| Matched at Postal Code: | 51,501 | |
| Matched at City: | - | |
| Matched at County: | - | |
| Geocoded based on population grid points (Beach Split Zips) | 16,647 | |
| Records already geocoded by client: | - | |
| Total number of records: | **68,148** | |

#REF!
3

| Line of Business & Coverage Summary | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LOB | Limits Apply | A Building | | | B Other Structures | | | C Contents | | | D Loss of Use | | |
| | | Rep | Lim | Ded | Rep | Lim | Ded | Rep | Lim | Ded | Rep/d* | Lim | Ded |
| HO | C | L | P | BA | L | LimA*0.1 | BA | L | LimA*(TLF-1.3) | BA | $150 / day | LimA*0.2 | N/A |
| CO | C | L | $1,000 * Num of Risks | BA | N/A | N/A | N/A | L | P | BA | $150 / day | LimC*0.4 | N/A |
| TN | C | N/A | N/A | N/A | N/A | N/A | N/A | L | P | BA | $150 / day | LimC*0.2 | N/A |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |

** Loss of Use Replacment (Rep/d) is a per diem value.*

**CLASIC/2 Key:**

**Limit Application Code ("Limits Apply"):**
N = None
C = Applies by Coverage
S = Applies to sum of all coverages

**Replacement Value ("Rep"):**
P = As Provided
L = Equal to limit

**Limit Value ("Lim"):**
P = As Provided
TLF = Total Limit Factor (see Exhibit III)

**Deductible Application Code ("Ded"):**
NO = None
AA = Annual Amount
SA = Combined flat
SP = Combined percent of coverage
SL = Combined percent of loss
CA = By coverage flat
CP = By coverage percent
BA = Combined flat, excluding time element loss
BP = Combined percent of coverage, excluding time
MA = Mini-policy flat
MP = Mini-policy percent

| Analysis Options | |
|---|---|
| **Aggregation of Input Data:** | ☐ Modeled as provided ☑ Aggregated by: Stat Agent, PFG Code, New Territory (eff. 5/1/2013), Construction Code, Zip Code, Year Built. |
| **Geographic Resolution of Analysis:** | Postal Code |
| **Analysis Save Results:** | ☐ Contract ☐ Contract/Summary ☐ Layer ☐ Coverage ☐ Injury |
| **Analysis Specifications:** | ☐ Reinsurance Quota Share ☐ Reinsurance Per Risk XOL<br>☐ Reinsurance Surplus Share ☐ Reinsurance Facultative<br>☐ TC Storm Surge (Flooding, default is 10% of separately modeled surge loss)<br>☑ Average Properties ☑ Demand Surge (Aggregate)<br>☐ Uncertainty ☐ Global Overrides |
| **Analysis Notes:** | Base analyses will be run with aggregate demand surge. Exposures treated as Beach Split Zip (see note 5 on Page 6) will not be run with Average Properties.<br>An additional analysis will be run without demand surge, results will be provided at the event level |

9/3/2013
4

AIR WORLDWIDE

| Location Detail Characteristics | | | |
|---|---|---|---|
| *Peril* | *Characteristic* | *# Provided* | *% of Total Provided* |
| | Age | 46,346 | 87.6% |
| | Appurtenant Structures | | |
| | Avg Height of Adjacent Buildings | | |
| | Bldg Foundation Connection | | |
| | Building Condition | | |
| | Building Orientation | | |
| | Building Shape | | |
| | Exterior Doors | | |
| | Floor of Interest | | |
| | Foundation Type | | |
| | Glass Percent | | |
| | Glass Type | | |
| | Height | | |
| | Internal Partition Walls | | |
| | Large Missile Source | | |
| | Proximity Exposure | | |
| | Retrofit Measures | | |
| | Roof Anchorage | | |
| | Roof Attached Structures | | |
| | Roof Covering | | |
| | Roof Covering Attachment | | |
| | Roof Deck | | |
| | Roof Deck Attachment | | |
| | Roof Geometry | | |
| | Roof Pitch | | |
| | Small Debris Source | | |
| | Soft Story | | |
| | Special Earthquake Resistant Systems | | |
| | Structural Irregularity | | |
| | Terrain Roughness | | |
| | Torsion Elements | | |
| | Tree Exposure | | |
| | Wall Attached Structures | | |
| | Wall Siding | | |
| | Wall Type | | |
| | Window Protection | | |
| | Year Roof Built | | |
| | **Total Records** | 52,908 | |

**Notes:** Year Built is provided for Homeowners data only and is divided into the following bands:

- 1994 and prior
- By year for 1995 - 2004
- 2005 and later

| Exposure Notes & Customized Assumptions |
|---|
| 1) Insured value and number of risks were provided to AIR by Statistical Agent (Agent) category (Voluntary and Beach Plan), policy form group(Owners, Tenants and Condos), zipcode, coverage, construction class, year built and territory, as defined by NCRB. |
| 2) The number of risks in each zip code was rounded to the nearest whole number, except where the number of risks was < 1. In these zip codes, the number of risks was rounded up to 1. As a result, the number of risks to be modeled is different from the number of risks provided. This will not have an impact on the results, as the number of risks is not a field used in the analysis. |
| 3) For HO policies, the Coverage B replacement value and limit were assumed to be 10% of Coverage A; the Coverage C replacement value and limit were assumed to be (Total Limit Factor - 1.3) of Coverage A where Total Limit Factor (TLF) varies by Territory (see Exhibit III); the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 20% of Coverage A. For CO policies, the Coverage A replacement value and limit were assumed to be $1,000 per risk; the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 40% of Coverage C. For TN policies, replacement values and limits for Coverages A and B were assumed to be zero. Replacement value and limit for Coverage C was as provided. Replacement Value for Coverage D is assumed to be $150/day and the limit value for Coverage D is assumed to be 20% of Coverage C. |
| 4) For the purposes of modeling, ZIP codes that are not current or do not have geographic boundaries associated with them (i.e. mailing or P.O. Box ZIP codes) are mapped to current, equivalent ZIP codes that are valid for use with CLASIC/2. However, the original zip codes will be retained for reporting purposes. |
| 5) When a zip code is split between two territories, and one of the territories intersecting the zip code is categorized as beach territory by ISO, the ZIP is considered a 'Beach Split ZIP'. For 'Beach Split ZIP Codes' the exposure is distributed to uniform grid points across the area of the zip code falling in each of the territories. |
| 6) A deductible of $250 per risk was used for all lines of business. |

| Attachments & Exhibits |
|---|
| **Construction/Occupancy Information and Data Mapping:** ☑ |
| **Insured Value Summary by LOB:** ☐ State ☐ County ☐ Coverage ☑ Territory |
| **Replacement Value Summary by LOB:** ☐ State ☐ County ☐ Coverage |
| **Deductible Summary by LOB:** ☐ State ☐ County ☐ Coverage |
| **Premium Summary:** ☐ State ☐ County |
| **Deductible by Coverage:** ☐ State ☐ County |
| **Construction Summary:** ☐ |

| Exposure Summary & Modeling Assumption Approval |
|---|
| *Subscriber Signature:* _____ *Date:* _____ |
| *Print Name:* _____ *Title:* _____ |

Exhibit I.a: US

**Construction/Occupancy Information and Data Mapping**

| *LOB* | *Client Construction* | *AIR CC* | *AIR OC* | *AIR Construction* | *AIR Occupancy* | *Risks* | *Insured Value* | *Org. Risks* |
|---|---|---|---|---|---|---|---|---|
| Owners | 1 | 101 | 301 | Wood Frame | General Residential | 1,176,660 | 502,687,046,862 | 1,173,001 |
| Owners | 2 | 103 | 301 | Masonry veneer | General Residential | 554,205 | 270,458,704,244 | 549,555 |
| Owners | 3 | 111 | 301 | Masonry | General Residential | 157,525 | 86,980,653,742 | 151,309 |
| Owners | 4 | 131 | 301 | Reinforced concrete | General Residential | 4,648 | 1,074,439,144 | 1,586 |
| Owners | 5 | 101 | 301 | Wood Frame | General Residential | 75,536 | 26,994,625,361 | 72,269 |
| Tenant | 1 | 101 | 306 | Wood Frame | Apartments/Condos | 174,818 | 6,059,694,766 | 174,504 |
| Tenant | 2 | 103 | 306 | Masonry veneer | Apartments/Condos | 57,801 | 2,278,176,672 | 57,366 |
| Tenant | 3 | 111 | 306 | Masonry | Apartments/Condos | 18,004 | 713,443,080 | 17,496 |
| Tenant | 4 | 131 | 306 | Reinforced concrete | Apartments/Condos | 1,545 | 49,552,200 | 1,220 |
| Tenant | 5 | 101 | 306 | Wood Frame | Apartments/Condos | 15,762 | 536,049,144 | 15,423 |
| Condominium | 1 | 101 | 306 | Wood Frame | Apartments/Condos | 47,713 | 3,267,346,027 | 47,454 |
| Condominium | 2 | 103 | 306 | Masonry veneer | Apartments/Condos | 15,380 | 1,254,169,039 | 15,099 |
| Condominium | 3 | 111 | 306 | Masonry | Apartments/Condos | 8,195 | 673,287,437 | 7,923 |
| Condominium | 4 | 131 | 306 | Reinforced concrete | Apartments/Condos | 1,095 | 73,017,603 | 772 |
| Condominium | 5 | 101 | 306 | Wood Frame | Apartments/Condos | 3,376 | 208,841,342 | 3,179 |
| | | | | | *Total Insured Value to be Modeled:* | **2,312,263** | **903,309,046,662** | **2,288,155** |

Notes:
*Currency: US Dollars*
*Num. Risks are Orig. Risks rounded to whole values*
*Orig. Risks are client provided original risks.*

Exhibit II.a

**Insured Value by Territory - All Coverages**
**Hurricane Peril**

**North Carolina**

| Territory | Homeowners | Condo | Tenants | Total |
|---|---|---|---|---|
| **7** | | | | |
| Value | 3,656,612,100 | 11,214,392 | 8,654,556 | 3,676,481,048 |
| Num. Risks | 7,226 | 225 | 228 | 7,679 |
| Org. Risks | 7,189 | 221 | 221 | 7,632 |
| Avg Value | 508,622 | 50,759 | 39,091 | 481,745 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **8** | | | | |
| Value | 5,254,708,007 | 81,897,173 | 20,565,744 | 5,357,170,924 |
| Num. Risks | 14,510 | 1,954 | 1,143 | 17,607 |
| Org. Risks | 10,528 | 1,559 | 594 | 12,681 |
| Avg Value | 499,127 | 52,528 | 34,621 | 422,458 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **48** | | | | |
| Value | 5,916,627,534 | 12,613,762 | 12,493,872 | 5,941,735,168 |
| Num. Risks | 12,970 | 204 | 394 | 13,568 |
| Org. Risks | 12,271 | 196 | 325 | 12,791 |
| Avg Value | 482,178 | 64,241 | 38,499 | 464,507 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **49** | | | | |
| Value | 21,172,589,703 | 47,436,141 | 107,442,804 | 21,327,468,648 |
| Num. Risks | 50,471 | 632 | 2,980 | 54,083 |
| Org. Risks | 49,848 | 614 | 2,922 | 53,384 |
| Avg Value | 424,745 | 77,235 | 36,768 | 399,510 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **52A** | | | | |
| Value | 40,312,894,352 | 319,820,858 | 252,893,542 | 40,885,608,752 |
| Num. Risks | 88,365 | 5,636 | 7,939 | 101,940 |
| Org. Risks | 83,518 | 5,217 | 7,552 | 96,287 |
| Avg Value | 482,687 | 61,309 | 33,485 | 424,624 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **52B** | | | | |
| Value | 13,503,063,963 | 57,892,957 | 93,544,860 | 13,654,501,781 |
| Num. Risks | 37,186 | 943 | 2,857 | 40,986 |
| Org. Risks | 36,802 | 922 | 2,835 | 40,559 |
| Avg Value | 366,911 | 62,770 | 32,998 | 336,656 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **101** | | | | |
| Value | 272,303,681,575 | 2,628,365,555 | 3,677,781,000 | 278,609,828,130 |
| Num. Risks | 579,866 | 34,932 | 102,817 | 717,615 |
| Org. Risks | 578,037 | 34,835 | 102,661 | 715,533 |
| Avg Value | 471,084 | 75,452 | 35,824 | 389,374 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **102** | | | | |
| Value | 90,890,072,122 | 647,166,975 | 829,139,544 | 92,366,378,641 |
| Num. Risks | 199,080 | 8,138 | 19,646 | 226,864 |
| Org. Risks | 197,608 | 8,069 | 19,555 | 225,232 |
| Avg Value | 459,952 | 80,204 | 42,401 | 410,095 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **103** | | | | |
| Value | 58,283,736,209 | 152,273,122 | 479,452,476 | 58,915,461,808 |
| Num. Risks | 143,233 | 2,071 | 12,131 | 157,435 |
| Org. Risks | 142,331 | 2,018 | 12,064 | 156,413 |
| Avg Value | 409,495 | 75,450 | 39,741 | 376,665 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **104** | | | | |
| Value | 4,599,724,276 | 43,491,473 | 14,689,956 | 4,657,905,705 |
| Num. Risks | 9,769 | 649 | 370 | 10,788 |
| Org. Risks | 9,588 | 637 | 353 | 10,577 |
| Avg Value | 479,762 | 68,286 | 41,641 | 440,373 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |

(continued)

| | | | | |
|---|---|---|---|---|
| **105** | | | | |
| Value | 851,919,126 | 134,960 | 3,852,636 | 855,906,722 |
| Num. Risks | 2,741 | 5 | 127 | 2,873 |
| Org. Risks | 2,561 | 3 | 113 | 2,677 |
| Avg Value | 332,623 | 45,690 | 34,238 | 319,763 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **106** | | | | |
| Value | 7,159,713,208 | 6,022,069 | 58,293,168 | 7,224,028,445 |
| Num. Risks | 20,793 | 106 | 1,508 | 22,407 |
| Org. Risks | 20,301 | 100 | 1,470 | 21,871 |
| Avg Value | 352,674 | 59,994 | 39,658 | 330,295 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **107** | | | | |
| Value | 23,584,933,436 | 230,822,696 | 350,440,212 | 24,166,196,345 |
| Num. Risks | 39,716 | 2,822 | 9,579 | 52,117 |
| Org. Risks | 39,413 | 2,809 | 9,560 | 51,782 |
| Avg Value | 598,410 | 82,159 | 36,659 | 466,694 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **108** | | | | |
| Value | 17,766,922,746 | 45,153,730 | 58,647,804 | 17,870,724,280 |
| Num. Risks | 35,287 | 558 | 1,290 | 37,135 |
| Org. Risks | 34,828 | 534 | 1,259 | 36,621 |
| Avg Value | 510,139 | 84,516 | 46,573 | 487,989 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **109** | | | | |
| Value | 38,169,730,767 | 98,811,829 | 292,651,344 | 38,561,193,940 |
| Num. Risks | 93,334 | 1,398 | 7,413 | 102,145 |
| Org. Risks | 92,793 | 1,354 | 7,364 | 101,511 |
| Avg Value | 411,343 | 72,999 | 39,741 | 379,874 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **110** | | | | |
| Value | 2,644,834,573 | 101,366 | 13,517,568 | 2,658,453,506 |
| Num. Risks | 7,343 | 7 | 368 | 7,718 |
| Org. Risks | 7,084 | 3 | 350 | 7,437 |
| Avg Value | 373,369 | 31,425 | 38,624 | 357,467 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **111** | | | | |
| Value | 35,089,775,484 | 97,970,053 | 311,379,792 | 35,499,125,328 |
| Num. Risks | 93,484 | 1,536 | 8,846 | 103,866 |
| Org. Risks | 92,820 | 1,510 | 8,798 | 103,128 |
| Avg Value | 378,042 | 64,880 | 35,391 | 344,224 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **112** | | | | |
| Value | 6,444,990,371 | 1,269,877 | 56,572,740 | 6,502,832,987 |
| Num. Risks | 18,594 | 26 | 1,544 | 20,164 |
| Org. Risks | 18,206 | 16 | 1,498 | 19,719 |
| Avg. Value | 354,009 | 81,755 | 37,774 | 329,777 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **113** | | | | |
| Value | 144,685,235,468 | 772,622,789 | 2,210,655,768 | 147,668,514,025 |
| Num. Risks | 281,443 | 10,595 | 65,406 | 357,444 |
| Org. Risks | 281,120 | 10,569 | 65,378 | 357,066 |
| Avg Value | 514,675 | 73,102 | 33,814 | 413,560 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |

(continued)

| | | | | |
|---|---|---|---|---|
| **114** | | | | |
| Value | 29,464,156,789 | 69,725,644 | 335,406,360 | 29,869,288,793 |
| Num. Risks | 78,443 | 1,192 | 10,003 | 89,638 |
| Org. Risks | 77,775 | 1,178 | 9,934 | 88,887 |
| Avg Value | 378,840 | 59,182 | 33,763 | 336,037 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **115** | | | | |
| Value | 26,809,515,009 | 20,436,937 | 213,046,416 | 27,042,998,362 |
| Num. Risks | 68,753 | 240 | 5,748 | 74,741 |
| Org. Risks | 68,361 | 223 | 5,715 | 74,298 |
| Avg Value | 392,175 | 91,838 | 37,281 | 363,979 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **116** | | | | |
| Value | 1,709,677,411 | - | 10,941,936 | 1,720,619,347 |
| Num. Risks | 5,232 | - | 320 | 5,552 |
| Org. Risks | 5,030 | - | 298 | 5,329 |
| Avg. Value | 339,871 | - | 36,685 | 322,901 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **117** | | | | |
| Value | 15,995,266,838 | 53,630,339 | 79,365,384 | 16,128,262,561 |
| Num. Risks | 33,859 | 785 | 1,863 | 36,507 |
| Org. Risks | 33,380 | 747 | 1,819 | 35,946 |
| Avg Value | 479,180 | 71,803 | 43,636 | 448,678 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **118** | | | | |
| Value | 16,271,838,515 | 75,345,750 | 118,689,936 | 16,465,874,201 |
| Num. Risks | 32,087 | 1,062 | 2,663 | 35,812 |
| Org. Risks | 31,938 | 1,056 | 2,651 | 35,645 |
| Avg Value | 509,477 | 71,364 | 44,771 | 461,938 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **119** | | | | |
| Value | 2,904,888,303 | 204,878 | 11,491,368 | 2,916,584,549 |
| Num. Risks | 7,517 | 9 | 328 | 7,854 |
| Org. Risks | 7,181 | 5 | 310 | 7,496 |
| Avg Value | 404,503 | 43,667 | 37,102 | 389,096 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **120** | | | | |
| Value | 2,748,361,467 | 2,236,123 | 15,305,076 | 2,765,902,666 |
| Num. Risks | 7,272 | 34 | 419 | 7,725 |
| Org. Risks | 7,212 | 32 | 411 | 7,654 |
| Avg. Value | 381,081 | 70,765 | 37,283 | 361,361 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **Total** | | | | |
| Value | 888,195,469,352 | 5,476,661,448 | 9,636,915,862 | 903,309,046,662 |
| Num. Risks | 1,968,574 | 75,759 | 267,930 | 2,312,263 |
| Org. Risks | 1,947,720 | 74,427 | 266,008 | 2,288,155 |
| Avg. Value | 456,018 | 73,585 | 36,228 | 394,776 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |

Notes:
*Currency: US Dollars*
*Num. Risks are Orig. Risks rounded to whole values*
*Orig. Risks are client provided original risks.*

Exhibit III

**Homeowner Total Limit Factors**

| *Territory* | *Total Limits Factor* |
|---|---|
| 007 | 1.857 |
| 008 | 1.900 |
| 048 | 1.857 |
| 049 | 1.868 |
| 101 | 1.905 |
| 102 | 1.904 |
| 103 | 1.900 |
| 104 | 1.928 |
| 105 | 1.870 |
| 106 | 1.895 |
| 107 | 1.923 |
| 108 | 1.920 |
| 109 | 1.909 |
| 110 | 1.933 |
| 111 | 1.943 |
| 112 | 1.896 |
| 113 | 1.925 |
| 114 | 1.908 |
| 115 | 1.909 |
| 116 | 1.890 |
| 117 | 1.916 |
| 118 | 1.943 |
| 119 | 1.899 |
| 120 | 1.910 |
| 52A | 1.880 |
| 52B | 1.889 |

# Appendix B– Project Information & Assumptions Form, Second Data Set

## Project Information & Assumptions Form

Version 2009061919.1.0

**Project Summary & Contact Information**

| | | | |
|---|---|---|---|
| **Subscriber:** | NCRB | **AIR Contact:** | Peter Bingenheimer |
| **Contact:** | Tim Lucas | **Email:** | pbingenheimer@air-worldwide.com |
| **Email:** | ftl@ncrb.org | **Phone:** | (617) 267-6645 |
| **Phone:** | 919-582-1021 | **Fax:** | (617) 267-8284 |
| **Fax:** | | | |

**Contract #:**

**Analysis Type:** Property- Personal

☐ Initial Analysis ☑ Follow-up

**Exposure Summary Sent:** April 17, 2014

**Report Due:** April 29, 2014

**Perils & Models**

| # | Peril | Model | Implementation | Version | Simulation Years |
|---|---|---|---|---|---|
| 1 | Tropical Cyclone | U.S. Hurricane Standard - 100K_Standard_ATL_Hur_10 (15.00.0409) | CLASIC/2 | 15.0 | 100,000 |
| 2 | Tropical Cyclone | U.S. Hurricane WSST - 100K_WSST_ATL_Hur_11 (15.01.0409) | CLASIC/2 | 15.0 | 100,000 |
| | | | | | |

**Reports & Deliverables**

*Report Options*

Report Format: ☑ PDF ☐ Paper Copy/Bound Report ☐ Flat ☐ CSV

*Standard Reports*

☑ Distribution of Potential Catastrophe Losses - Exceedance

☑ Portfolio ☐ State ☐ Line of Business

☑ Average Annual Losses

☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business

☑ Territory

☑ Loss Costs and Pure Premiums

☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business

☑ Territory

☐ Selected Event Scenarios - specific events from a stochastic/historical

☐ Rank ☐ Return Period ☐ Line of Business

*Customized Reports*

☐ Company Loss File (CLF) ☐ UNICEDE/2

☐ UPX

4/17/2014

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| Original Data File Information | | | |
|---|---|---|---|
| **Original file name(s):** | AIR File Revised Territories.xlsx | | |
| **Date Received:** | April 11, 2014 | **Data in-force Date:** | December 31, 2011 |
| **Date Logged:** | April 11, 2014 | **Data Media:** | Excel Attachment |

**File Format:** ☐ MS Access ☐ MS Excel ☐ Text

**Level of Location Detail:** ☐ Geocode ☐ 9-Digit ZIP ☐ Street ☑ 5-Digit ZIP ☐ City ☐ County ☐ State ☐ Territory

| Original Value Summary | | | | | | |
|---|---|---|---|---|---|---|
| **Total Deductible Value** | **Total Records** | **Total Risks** | **Total Replacement Value** | **Total Insured Value** | **Max. TIV** | **Avg. TIV** |
| n/a | 53,998 | 2,288,154 | 477,292,088,086 | 477,292,088,086 | 1,768,012 | 208,593 |

| Added/Excluded Records | | | |
|---|---|---|---|
| **Reason for Addition/Exclusion** | **Records** | **Risks** | **Insured Value** |
| Insured Value decreased for modeling due to exclusion of unchanging revised Territories. See Exposure Notes and Customized Assumptions for details. | 23,813 | 741,067 | 163,032,210,344 |
| Insured Value increased for modeling due to addition of Time Element (Coverage D) for all exposures. See Exposure Notes and Customized Assumptions for details. | - | - | 63,380,341,696 |
| Insured Value increased for modeling due to addition of Contents (Coverage C) for Homeowners records. See Exposure Notes and Customized Assumptions for details. | - | - | 186,977,044,616 |
| Insured Value increased for modeling due to addition of Appurtenant Structures (Coverage B) for Homeowners records. See Exposure Notes and Customized Assumptions for details. | - | - | 30,548,644,032 |
| Insured Value increased for modeling due to addition of Building Structures (CoverageA) for Condominium records. See Exposure Notes and Customized Assumptions for details. | - | - | 50,456,376 |
| Risks increased due to rounding | - | 7,459 | - |
| | | | |
| | | | |
| **Total Excluded:** | **23,813** | **741,067** | **163,032,210,344** |
| **Total Added** | **-** | **7,459** | **280,956,486,719** |
| *Reduced Number of Records due to Aggregation:* | **N/A** | **N/A** | **N/A** |
| **Net Exposures to be Modeled:** | **30,185** | **1,554,546** | **595,216,364,462** |

| Geocode Record Summary | | |
|---|---|---|
| Number of zipcodes remapped prior to geocoding: | - | |
| Book Name: | DOI_Revised_Terr | |
| | | |
| Geocoded Level of Location Detail | Records | |
| Matched at Exact Address: | - | |
| Matched at 9-digit Zip: | - | |
| Matched at Relaxed Address: | - | |
| Matched at Postal Code: | 30,185 | |
| Matched at City: | - | |
| Matched at County: | - | |
| Geocoded based on population grid points (Beach Split Zips) | - | |
| Records already geocoded by client: | - | |
| Total number of records: | 30,185 | |

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AIR WORLDWIDE

| Line of Business & Coverage Summary | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| LOB | Limits Apply | A Building | | | B Other Structures | | | C Contents | | | D Loss of Use | | |
| | | Rep | Lim | Ded | Rep | Lim | Ded | Rep | Lim | Ded | Rep/d* | Lim | Ded |
| HO | C | L | P | BA | L | LimA*0.1 | BA | L | LimA*(TLF-1.3) | BA | $150 / day | LimA*0.2 | N/A |
| CO | C | L | $1000* Num of Risks | BA | N/A | N/A | N/A | L | P | N/A | $150 / day | LimC*0.4 | N/A |
| TN | C | N/A | N/A | N/A | N/A | N/A | N/A | L | P | N/A | $150 / day | LimC*0.2 | N/A |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |

** Loss of Use Replacement (Rep/d) is a per diem value.*

**CLASIC/2 Key:**

**Limit Application Code ("Limits Apply"):**
N = None
C = Applies by Coverage
S = Applies to sum of all coverages

**Replacement Value ("Rep"):**
P = As Provided
L = Equal to limit

**Limit Value ("Lim"):**
P = As Provided
TLF = Total Limit Factor (see Exhibit III)

**Deductible Application Code ("Ded"):**
NO = None
AA = Annual Amount
SA = Combined flat
SP = Combined percent of coverage
SL = Combined percent of loss
CA = By coverage flat
CP = By coverage percent
BA = Combined flat, excluding time element loss
BP = Combined percent of coverage, excluding time
MA = Mini-policy flat
MP = Mini-policy percent

**Analysis Options**

**Aggregation of Input Data:** ☐ Modeled as provided ☑ Aggregated by: Stat Agent, PFG Code, New Territory (eff. 4/1/2014), Construction Code, Zip Code, Year Built.

**Geographic Resolution of Analysis:** Postal Code

**Analysis Save Results:** ☐ Contract ☐ Contract/Summary ☐ Layer ☐ Coverage ☐ Injury

**Analysis Specifications:**
☐ Reinsurance Quota Share ☐ Reinsurance Per Risk XOL
☐ Reinsurance Surplus Share ☐ Reinsurance Facultative
☐ TC Storm Surge (Flooding, default is 10% of separately modeled surge loss)
☑ Average Properties ☑ Demand Surge
☐ Uncertainty ☐ Global Overrides

**Analysis Notes:** Base analyses will be run with aggregate demand surge. Exposures treated as Beach Split Zip (see note 5 on Page 6) will not be run with Average Properties.
An additional analysis will be run without demand surge, results will be provided at the event level

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AIR WORLDWIDE

| Location Detail Characteristics | | | |
|---|---|---|---|
| *Peril* | *Characteristic* | *# Provided* | *% of Total Provided* |
| | Age | 47,254 | 87.5% |
| | Appurtenant Structures | | |
| | Avg Height of Adjacent Buildings | | |
| | Bldg Foundation Connection | | |
| | Building Condition | | |
| | Building Orientation | | |
| | Building Shape | | |
| | Exterior Doors | | |
| | Floor of Interest | | |
| | Foundation Type | | |
| | Glass Percent | | |
| | Glass Type | | |
| | Height | | |
| | Internal Partition Walls | | |
| | Large Missile Source | | |
| | Proximity Exposure | | |
| | Retrofit Measures | | |
| | Roof Anchorage | | |
| | Roof Attached Structures | | |
| | Roof Covering | | |
| | Roof Covering Attachment | | |
| | Roof Deck | | |
| | Roof Deck Attachment | | |
| | Roof Geometry | | |
| | Roof Pitch | | |
| | Small Debris Source | | |
| | Soft Story | | |
| | Special Earthquake Resistant Systems | | |
| | Structural Irregularity | | |
| | Terrain Roughness | | |
| | Torsion Elements | | |
| | Tree Exposure | | |
| | Wall Attached Structures | | |
| | Wall Siding | | |
| | Wall Type | | |
| | Window Protection | | |
| | Year Roof Built | | |

**Total Records** 53,998

**Notes:** Year Built is provided for Homeowners data only and is divided into the following bands:
- 1994 and prior

| Exposure Notes & Customized Assumptions |
|---|
| 1) Insured value and number of risks were provided to AIR by Statistical Agent (Agent) category (Voluntary and Beach Plan), policy form group(Owners, Tenants and Condos), zipcode, coverage, construction class, year built and territory, as defined by NCRB.<br><br>2) For the purpose of this follow-up analysis, AIR only modeled policies in the following territories: 41r, 44, 45r, 46r, 47e, 47n, 47s, 53r, 101n, 101s, 103x, 111x, 112x.<br><br>3) The number of risks in each zip code was rounded to the nearest whole number, except where the number of risks was < 1. In these zip codes, the number of risks was rounded up to 1. As a result, the number of risks to be modeled is different from the number of risks provided. This will not have an impact on the results, as the number of risks is not a field used in the analysis.<br><br>4) For Homeowners policies, the Coverage B replacement value and limit were assumed to be 10% of Coverage A; the Coverage C replacement value and limit were assumed to be (Total Limit Factor - 1.3) of Coverage A where Total Limit Factor (TLF) varies by Territory (see Exhibit III); the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 20% of Coverage A. For Condominium policies, the Coverage A replacement value and limit were assumed to be $1,000 per risk; the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 40% of Coverage C. For Tenant policies, replacement values and limits for Coverages A and B were assumed to be zero. Replacement value and limit for Coverage C was as provided. Replacement Value for Coverage D is assumed to be $150/day and the limit value for Coverage D is assumed to be 20% of Coverage C.<br><br>5) A deductible of $250 per risk was used for all lines of business. |

| Attachments & Exhibits |
|---|
| **Construction/Occupancy Information and Data Mapping:** ☑ |
| **Insured Value Summary by LOB:** ☐ State ☐ Count ☐ Coverage ☑ Territory |
| **Replacement Value Summary by LOB:** ☐ State ☐ County ☐ Coverage |
| **Deductible Summary by LOB:** ☐ State ☐ County ☐ Coverage |
| **Premium Summary:** ☐ State ☐ County |
| **Deductible by Coverage:** ☐ State ☐ County |
| **Construction Summary:** ☐ |

| Exposure Summary & Modeling Assumption Approval | | | |
|---|---|---|---|
| *Subscriber Signature:* | _____ | *Date:* | _____ |
| *Print Name:* | _____ | *Title:* | _____ |

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AIR WORLDWIDE

Exhibit I.a: US

## Construction/Occupancy Information and Data Mapping

| *LOB* | *Client Construction* | *AIR CC* | *AIR OC* | *AIR Construction* | *AIR Occupancy* | *Risks* | *Insured Value* | *Org. Risks* |
|---|---|---|---|---|---|---|---|---|
| Owners | 1 | 101 | 301 | Wood Frame | General Residential | 739,454 | 306,166,632,765 | 738,472 |
| Owners | 2 | 103 | 301 | Masonry veneer | General Residential | 392,212 | 196,202,358,356 | 390,818 |
| Owners | 3 | 111 | 301 | Masonry | General Residential | 105,945 | 60,672,001,437 | 103,724 |
| Owners | 4 | 131 | 301 | Reinforced concrete | General Residential | 2,089 | 642,313,100 | 950 |
| Owners | 5 | 101 | 301 | Wood Frame | General Residential | 55,611 | 20,426,111,373 | 54,726 |
| Tenant | 1 | 101 | 306 | Wood Frame | Apartments/Condos | 136,064 | 4,591,327,519 | 135,993 |
| Tenant | 2 | 103 | 306 | Masonry veneer | Apartments/Condos | 45,238 | 1,773,270,475 | 45,160 |
| Tenant | 3 | 111 | 306 | Masonry | Apartments/Condos | 13,507 | 529,343,234 | 13,380 |
| Tenant | 4 | 131 | 306 | Reinforced concrete | Apartments/Condos | 1,263 | 41,831,077 | 1,077 |
| Tenant | 5 | 101 | 306 | Wood Frame | Apartments/Condos | 12,428 | 422,155,718 | 12,329 |
| Condominium | 1 | 101 | 306 | Wood Frame | Apartments/Condos | 30,118 | 2,032,439,020 | 30,068 |
| Condominium | 2 | 103 | 306 | Masonry veneer | Apartments/Condos | 11,776 | 998,824,027 | 11,721 |
| Condominium | 3 | 111 | 306 | Masonry | Apartments/Condos | 5,697 | 502,690,820 | 5,653 |
| Condominium | 4 | 131 | 306 | Reinforced concrete | Apartments/Condos | 611 | 54,241,253 | 515 |
| Condominium | 5 | 101 | 306 | Wood Frame | Apartments/Condos | 2,533 | 160,824,286 | 2,500 |
| | | | | | *Total Insured Value to be Modeled:* | **1,554,546** | **595,216,364,462** | **1,547,087** |

Notes:
*Currency: US Dollars*
*Num. Risks are Orig. Risks rounded to whole values*
*Orig. Risks are client provided original risks.*

Exhibit II.a

**Insured Value by Territory - All Coverages**
**Hurricane Peril**

**North Carolina**

| Territory | Homeowners | Tenants | Condo | Total |
|---|---|---|---|---|
| **41r** | | | | |
| Value | 5,372,028,432 | 40,006,220 | 3,777,240 | 5,415,811,892 |
| Num. Risks | 15,820 | 1,128 | 79 | 17,027 |
| Org. Risks | 15,409 | 1,098 | 73 | 16,580 |
| Avg Value | 348,630 | 36,439 | 51,463 | 326,642 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **44** | | | | |
| Value | 5,403,585,183 | 32,409,757 | 1,888,793 | 5,437,883,733 |
| Num. Risks | 14,976 | 839 | 30 | 15,845 |
| Org. Risks | 14,689 | 814 | 24 | 15,527 |
| Avg Value | 367,876 | 39,795 | 78,398 | 350,218 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **45r** | | | | |
| Value | 20,575,145,414 | 243,373,850 | 62,056,449 | 20,880,575,712 |
| Num. Risks | 54,234 | 7,488 | 1,098 | 62,820 |
| Org. Risks | 53,662 | 7,430 | 1,088 | 62,179 |
| Avg Value | 383,423 | 32,755 | 57,058 | 335,811 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **46r** | | | | |
| Value | 10,387,429,144 | 80,065,901 | 1,101,714 | 10,468,596,759 |
| Num. Risks | 26,101 | 2,300 | 30 | 28,431 |
| Org. Risks | 25,799 | 2,277 | 19 | 28,095 |
| Avg Value | 402,628 | 35,165 | 57,392 | 372,613 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **47e** | | | | |
| Value | 7,831,139,347 | 87,267,001 | 5,798,756 | 7,924,205,104 |
| Num. Risks | 22,062 | 2,369 | 71 | 24,502 |
| Org. Risks | 21,747 | 2,342 | 66 | 24,155 |
| Avg. Value | 360,110 | 37,259 | 87,218 | 328,054 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **47n** | | | | |
| Value | 28,737,420,888 | 206,583,765 | 22,364,182 | 28,966,368,835 |
| Num. Risks | 74,810 | 5,487 | 272 | 80,569 |
| Org. Risks | 74,185 | 5,440 | 251 | 79,875 |
| Avg Value | 387,376 | 37,974 | 89,273 | 362,644 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **47s** | | | | |
| Value | 12,036,812,337 | 84,976,925 | 4,397,661 | 12,126,186,923 |
| Num. Risks | 31,753 | 2,203 | 71 | 34,027 |
| Org. Risks | 31,438 | 2,171 | 61 | 33,670 |
| Avg Value | 382,877 | 39,149 | 71,586 | 360,150 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **53r** | | | | |
| Value | 138,273,670,287 | 2,167,645,180 | 771,912,662 | 141,213,228,129 |
| Num. Risks | 265,069 | 64,250 | 10,577 | 339,896 |
| Org. Risks | 264,875 | 64,234 | 10,556 | 339,665 |
| Avg Value | 522,033 | 33,746 | 73,127 | 415,742 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **101n** | | | | |
| Value | 115,413,326,179 | 1,479,166,010 | 694,346,328 | 117,586,838,517 |
| Num. Risks | 270,463 | 41,277 | 9,526 | 321,266 |
| Org. Risks | 269,305 | 41,168 | 9,453 | 319,926 |
| Avg. Value | 428,561 | 35,930 | 73,449 | 367,544 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **101s** | | | | |
| Value | 156,954,660,915 | 2,198,613,920 | 1,934,014,297 | 161,087,289,132 |
| Num. Risks | 309,774 | 61,577 | 25,428 | 396,779 |
| Org. Risks | 308,731 | 61,493 | 25,381 | 395,606 |
| Avg. Value | 508,386 | 35,754 | 76,198 | 407,191 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |

(continued)

| | | | | | |
|---|---|---|---|---|---|
| **103x** | | | | | |
| Value | | 55,207,595,048 | 463,319,760 | 152,233,178 | 55,823,147,986 |
| Num. Risks | | 135,218 | 11,704 | 2,067 | 148,989 |
| Org. Risks | | 134,474 | 11,648 | 2,018 | 148,139 |
| Avg Value | | 410,546 | 39,778 | 75,456 | 376,830 |
| Avg. Ded $ | | 250 | 250 | 250 | 250 |
| **111x** | | | | | |
| Value | | 22,543,801,969 | 228,411,662 | 93,967,311 | 22,866,180,942 |
| Num. Risks | | 59,818 | 6,622 | 1,468 | 67,908 |
| Org. Risks | | 59,443 | 6,602 | 1,452 | 67,497 |
| Avg Value | | 379,254 | 34,598 | 64,710 | 338,776 |
| Avg. Ded $ | | 250 | 250 | 250 | 250 |
| **112x** | | | | | |
| Value | | 5,372,801,689 | 46,088,074 | 1,160,835 | 5,420,050,798 |
| Num. Risks | | 15,213 | 1,256 | 18 | 16,487 |
| Org. Risks | | 14,936 | 1,223 | 13 | 16,172 |
| Avg. Value | | 359,727 | 37,693 | 87,229 | 335,154 |
| Avg. Ded $ | | 250 | 250 | 250 | 250 |
| **Total** | | | | | |
| Value | | 584,109,417,032 | 7,357,928,024 | 3,749,019,406 | 595,216,364,462 |
| Num. Risks | | 1,295,311 | 208,500 | 50,735 | 1,554,546 |
| Org. Risks | | 1,288,690 | 207,940 | 50,456 | 1,547,087 |
| Avg. Value | | 453,258 | 35,385 | 74,302 | 384,734 |
| Avg. Ded $ | | 250 | 250 | 250 | 250 |

Notes:
*Currency: US Dollars*
*Num. Risks are Orig. Risks rounded to whole values*
*Orig. Risks are client provided original risks.*

Exhibit III

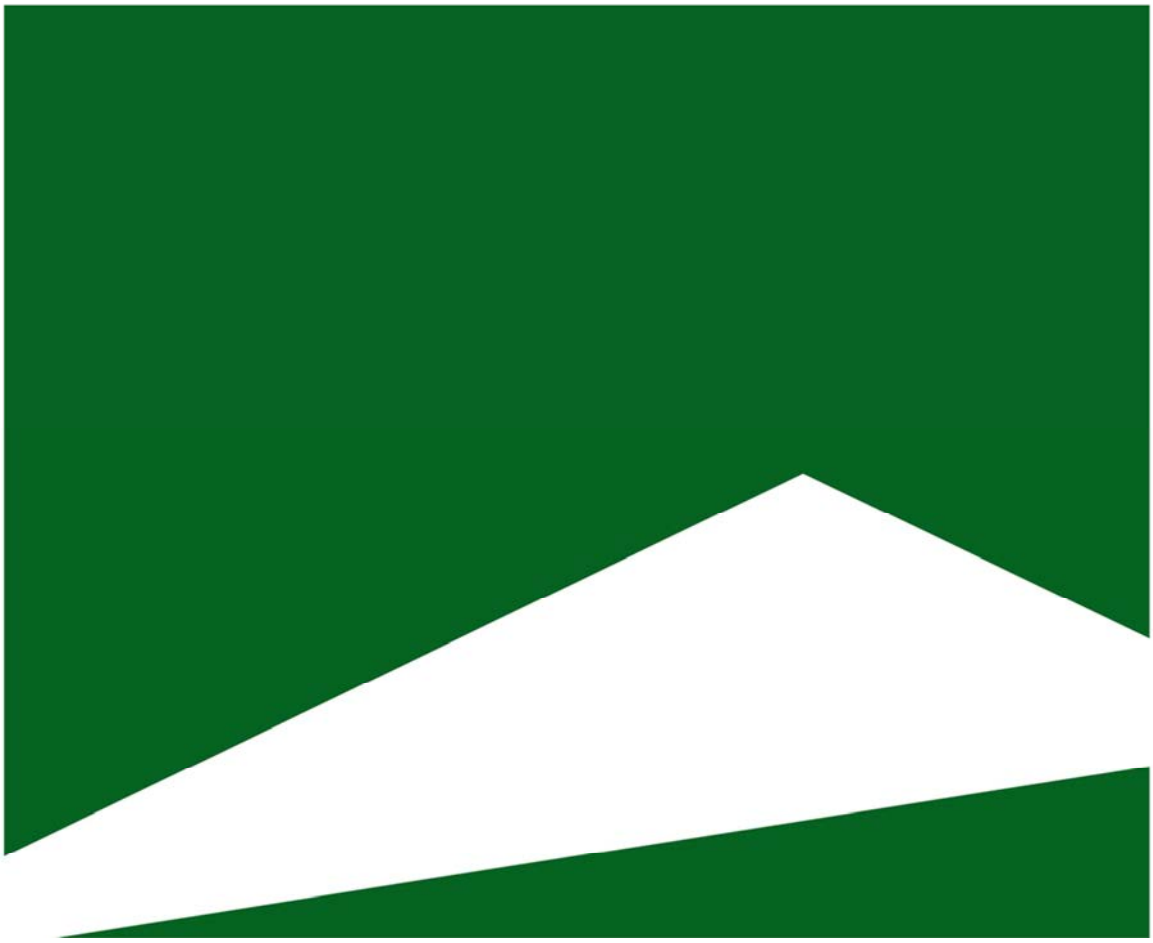
**Homeowner Total Limit Factors**

| *TERRITORY* | *Total Limit Factor* |
|---|---|
| 7 | 1.857 |
| 8 | 1.900 |
| 48 | 1.857 |
| 49 | 1.868 |
| 101n | 1.902 |
| 101s | 1.908 |
| 102 | 1.904 |
| 103x | 1.900 |
| 104 | 1.928 |
| 107 | 1.923 |
| 108 | 1.920 |
| 109 | 1.909 |
| 110 | 1.933 |
| 111x | 1.937 |
| 112x | 1.898 |
| 116 | 1.890 |
| 117 | 1.916 |
| 118 | 1.943 |
| 120 | 1.910 |
| 41r | 1.891 |
| 44 | 1.918 |
| 45r | 1.911 |
| 46r | 1.898 |
| 47e | 1.897 |
| 47n | 1.906 |
| 47s | 1.954 |
| 52A | 1.880 |
| 52B | 1.889 |
| 53r | 1.927 |

## Appendix C– Proposed Territory Name Revisions

| Territory | Final Territory |
|---|---|
| 7 | 110 |
| 8 | 120 |
| 48 | 130 |
| 52A | 140 |
| 49 | 150 |
| 52B | 160 |
| 116 | 170 |
| 45r | 180 |
| 112x | 190 |
| 110 | 200 |
| 47e | 210 |
| 111x | 220 |
| 41r | 230 |
| 47n | 240 |
| 47s | 250 |
| 46r | 260 |
| 53r | 270 |
| 107 | 280 |
| 118 | 290 |
| 44 | 300 |
| 101n | 310 |
| 103x | 320 |
| 120 | 330 |
| 101s | 340 |
| 109 | 350 |
| 102 | 360 |
| 104 | 370 |
| 117 | 380 |
| 108 | 390 |

Exhibit RB-6B



# Catastrophe Loss Analysis Service
# Atlantic Tropical Cyclone
# WSST Catalog

Prepared for: North Carolina Rate Bureau
May, 2014

AIR WORLDWIDE

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# Introduction

This report contains the results of the Catastrophe Loss Analysis Service (CLAS™) for Homeowners, Tenants and Condominiums policies in the state of North Carolina as requested by the North Carolina Rate Bureau (NCRB). Loss estimates are provided using AIR Worldwide's (AIR) Atlantic Tropical Cyclone model and the 100,000-year warm sea surface temperature conditioned (WSST) catalog.

The NCRB provided AIR with information that represents the exposures analyzed. AIR reviewed and reformatted the exposure data as necessary and used them as input to the AIR hurricane model, which generated the loss estimates that form the core of this analysis. The AIR model is a system of computer programs that incorporate the fundamental physical characteristics, expressed mathematically, of hurricanes. These characteristics are then overlaid on the geographical distribution of the NCRB's exposures. Building, contents, and time element damage are estimated by applying AIR's proprietary damageability relationships. Finally, insured losses are calculated by applying policy conditions to the total damage estimates.

All aspects of the AIR hurricane model undergo extensive validation tests. The stochastic model variables have been compared to the actual characteristics of historical hurricanes occurring in North Carolina since 1900. The simulated event characteristics parallel patterns seen in the historical record, and resulting loss estimates correspond closely to actual claims data provided by clients.

The model has also undergone extensive internal and external peer review. Internal peer review is a standard part of AIR's operating process and is conducted by AIR's technical staff of over 200 professionals with graduate degrees, over 60 of whom hold Ph.D. credentials in their fields of expertise. In addition to that performed by reviewers for the Journal of Applied Meteorology and Climatology, AIR's research into hurricane landfall risk under a regime of warm SSTs has been rigorously peer reviewed by several respected scientists in the field, including MIT's Dr. Kerry Emanuel, Dr. James Elsner at Florida State University and Dr. Timothy Hall from NASA/GISS.

Catastrophe models combine the latest scientific and engineering knowledge with computer simulation technology to develop probability distributions of long-run potential losses. They are not forecasting tools.

Forecasting hurricane activity on a short term time horizon, such as a year or a few years ahead, is difficult because of the many climatological factors that influence hurricane activity—and landfall activity in particular—in the North Atlantic. There are several important mechanisms within the earth's environment that are reported to affect hurricane activity. These mechanisms are correlated with a variety of climate signals, which are measurements of the natural feedback systems of the earth in its effort to maintain equilibrium. Climate signals are typically presented as a measurement of anomalies.

For example, the energy source of the hurricane "engine" is heat and moisture from the ocean's surface. The warmer the ocean, the more heat energy is available to tropical storms. Scientists have

observed that sea surface temperatures (SSTs) in the North Atlantic undergo fluctuations above and below their mean values in phases lasting multiple decades. (Some scientists refer to this fluctuation as the Atlantic Multi-Decadal Oscillation, or AMO.)

Other climate signals include the:

- El Niño Southern Oscillation (ENSO), which measures sea surface temperature anomalies in the Pacific Ocean off the coast of Peru. These SSTs alternate over an approximate three- to eight-year cycle with an opposite cold phase known as "La Niña." Certain researchers have concluded that the presence of El Niño has a mitigating effect on the frequency of hurricane activity in the Atlantic and the opposite effect in the Pacific.

- Quasi-Biennial Oscillation (QBO), a signal tracking the direction of the equatorial winds in the stratosphere. One theory hypothesizes that when these winds blow from west to east, they have a positive impact on hurricane formation. The QBO has an approximate two-year cycle.

- North Atlantic Oscillation (NAO), a pressure pattern between the high pressure system near the Azores and the low pressure system near Iceland. Scientists have observed that the large-scale general circulation associated with the NAO steers North Atlantic tropical cyclones in a characteristic pattern to the west and eventually to the north. Informally known as the "Bermuda High," when it is in a more southwesterly position, hurricanes are more likely to make landfall than when it is further north and east, off the northern African Coast. The location of the Bermuda High can change several times during a single hurricane season.

Since 1995, SSTs in the North Atlantic have been in a warm phase characterized by elevated SSTs and above-normal hurricane activity. However, there is significant uncertainty associated with quantifying the time horizon and magnitude of this elevated risk and its impact on insured losses.

While recognizing these challenges, AIR has reviewed current scientific research and conducted extensive internal analyses. Based on this research, AIR has developed an alternative catalog of simulated hurricanes ("warm sea surface temperature conditioned catalog") that incorporates the impact of SST anomalies on hurricane.

Statistical analyses were then performed to assess the impact of warm SST anomalies in the North Atlantic on hurricane landfall frequency and intensity. Although this analysis shows that the correlation between SST anomalies and landfall hurricane frequency is relatively weak, a hurricane index is defined as the ratio of mean frequency of hurricanes under warm SST anomalies relative to mean frequency of hurricanes in all years. The index has been developed by hurricane intensity and for four regions along the U.S. coastline. The final index values are guided by statistical assessment of the impact of SSTs and a physical understanding of the varying regional impact warm SST anomalies have along the coastline. The index values developed by AIR were used to develop a revised landfall frequency distribution by coastal segment, which ultimately results in a warm sea surface temperature conditioned stochastic catalog.

The results presented in this report are provided as one view of the uncertainty in a warm sea surface temperature environment. However, the interaction of other shorter-term climate fluctuations, such as those listed above (ENSO, QBO and NAO), can affect the likelihood that hurricanes will make landfall in any given year. This analysis is limited by a number of other additional factors, including but not limited to:

- Uncertainty in forecasting SST conditions.
- Fewer years of data from periods of warm SST conditions compared to more than 100 years of data used in creating the standard catalog.
- Random events that influence climate (for example, volcanic eruptions) and that cannot be predicted or accounted for.

The AIR model simulated 100,000 years of potential hurricane experience. The results of the model are expressed in terms of probability distributions of event losses. These distributions represent a range of possible losses and the relative likelihood of occurrence of various levels of loss. The hurricane model used in this report is Atlantic Tropical Cyclone v.14.0.1, CLASIC/2 v15.0.

# Executive Summary

To estimate the hurricane loss potential for NCRB, AIR simulated 100,000 years of potential hurricanes using AIR Worldwide's warm sea surface temperature conditioned hurricane catalog. The simulation included aggregate demand surge, which is demand surge caused by a given event, as well as by other events that occur close to the given event in both time and space.

The long-term average annual aggregate hurricane loss for the NCRB Homeowners, Tenants and Condominiums policies is $445.6 million including aggregate demand surge. In the 100,000-year sample, 69,904 hurricanes resulted in losses to North Carolina's insured properties net of deductibles. Given that a hurricane has occurred, the estimated average hurricane loss is $637.5 million.

The largest simulated hurricane loss is $42.3 billion including aggregate demand surge. This loss resulted from a category 4 hurricane with landfall in Brunswick County, North Carolina. Note that higher occurrence losses, that is, losses in excess of $42.3 billion, are possible. They have, however, a very low probability of occurrence. Nevertheless, it should be understood that the largest simulated hurricane losses do not represent the worst possible scenarios.

Hurricane events of specified probabilities of exceedance and estimated return times appear below.

**Annual Maximum Occurrence Loss**

| Hurricane Occurrence Loss ($millions) | Estimated Probability of Exceedance | Estimated Average Return Time (years) |
|---|---|---|
| 934 | 10.0% | 10 |
| 2,158 | 5.0% | 20 |
| 4,658 | 2.0% | 50 |
| 7,343 | 1.0% | 100 |
| 11,818 | 0.4% | 250 |
| 15,841 | 0.2% | 500 |
| 20,091 | 0.1% | 1,000 |

Actual hurricane losses are influenced by a number of characteristics, the most important of which is intensity as measured by wind speed, commonly expressed in terms of Saffir-Simpson (SS) category. Given the same landfall point, storms with higher wind speeds typically result in larger losses than do storms with lower wind speeds. Other characteristics that influence loss amounts include radius of maximum winds, forward speed, and storm track.

Actual losses also depend on the geographical distribution of exposures in relation to the area affected by the storm. That is, a severe hurricane could result in a smaller overall loss than a less severe hurricane if the less severe hurricane strikes an area of higher property value.

## Exposure Information and Assumptions

The NCRB provided exposure information used to generate the loss estimates. The exposure file contained information on insured value and number of risks by Statistical Agent (Stat Agent), category (Voluntary and Beach Plan), policy form group(Owners, Tenants and Condos), ZIP Code, coverage, construction class, year built and territory, as defined by NCRB.

When a zip code is split between two territories, and one of the territories intersecting the zip code is categorized as beach territory by ISO, the ZIP is considered a 'Beach Split ZIP'. For 'Beach Split ZIP Codes' the exposure is distributed to uniform grid points across the area of the zip code falling in each of the territories.

The information on house-years and insurance-years by category, ZIP Code, line of business, construction class, and territory was provided by the Insurance Services Office (ISO).

In order to be consistent with the level of coverage provided by NCRB forms, the insurance years provided by NCRB were increased by 20% for Tenants, and by 40% for Condominiums to reflect non-primary coverages. Insurance years for Homeowners were increased by a Total Limit Factor according to dwelling territory provided by NCRB. The Total Limit Factor was applied prior to remapping of territories (See Appendix A, Exhibit III).

Two data sets were provided by ISO and analyzed by AIR in order to yield loss estimates. The original file included exposures across all territories and was first analyzed in July 2013. A second file which utilized revised territory definitions was provided by ISO in April 2014. The loss estimates contained in this report are based on exposures in territories 7, 8, 48, 49, 102, 104, 107, 108, 109, 110, 116, 117, 118, 120, 52A and 52B from the original data set and exposure in territories 44, 41r, 45r, 46r, 47e, 47n, 47s, 53r, 101n, 101s, 103x, 111x, and 112x from the revised data set. Appendix A, Exhibit IIa and Appendix B, Exhibit IIa show total insured values, number of risks (rounded), original number of risks and average values by territory.

Upon the combining of these two data sets all territories were remapped to final territory definitions. The boundaries were not newly defined, but the naming convention was altered. The remapping was done using a provided mapping file from ISO, which is attached as Appendix C.

# Long-Term Average Losses

Exhibit 1 shows the long run average annual hurricane loss potential by territory including aggregate demand surge.

**Exhibit 1. Average Annual Loss by Territory in North Carolina**

| Territory | HO | Tenants | Condominium | Total |
|---|---|---|---|---|
| 110 | 16,394,877 | 51,897 | 54,028 | 16,500,802 |
| 120 | 32,375,016 | 154,678 | 582,770 | 33,112,464 |
| 130 | 10,286,020 | 29,175 | 33,705 | 10,348,901 |
| 140 | 149,218,155 | 1,051,698 | 1,094,334 | 151,364,186 |
| 150 | 22,345,018 | 129,614 | 49,068 | 22,523,700 |
| 160 | 17,231,859 | 151,172 | 74,461 | 17,457,493 |
| 170 | 667,052 | 4,354 | 0 | 671,406 |
| 180 | 15,658,921 | 198,540 | 44,983 | 15,902,444 |
| 190 | 5,442,464 | 46,096 | 956 | 5,489,516 |
| 200 | 3,002,633 | 15,559 | 110 | 3,018,301 |
| 210 | 4,524,351 | 51,720 | 3,054 | 4,579,126 |
| 220 | 11,899,932 | 122,697 | 39,995 | 12,062,624 |
| 230 | 4,009,848 | 29,822 | 2,609 | 4,042,279 |
| 240 | 12,311,542 | 98,366 | 9,055 | 12,418,963 |
| 250 | 5,151,950 | 40,508 | 1,755 | 5,194,213 |
| 260 | 2,530,986 | 20,748 | 264 | 2,551,999 |
| 270 | 43,730,758 | 733,130 | 219,666 | 44,683,554 |
| 280 | 5,876,520 | 91,362 | 51,691 | 6,019,573 |
| 290 | 4,866,961 | 38,087 | 21,161 | 4,926,209 |
| 300 | 1,431,165 | 8,856 | 485 | 1,440,506 |
| 310 | 19,772,078 | 264,887 | 105,021 | 20,141,986 |
| 320 | 9,782,353 | 84,999 | 23,149 | 9,890,500 |
| 330 | 361,721 | 2,056 | 273 | 364,050 |
| 340 | 26,234,148 | 385,178 | 281,844 | 26,901,171 |
| 350 | 4,854,039 | 38,981 | 11,643 | 4,904,662 |
| 360 | 7,135,226 | 63,839 | 38,523 | 7,237,589 |
| 370 | 284,540 | 934 | 2,408 | 287,882 |
| 380 | 808,302 | 4,112 | 2,518 | 814,932 |
| 390 | 769,976 | 2,608 | 1,904 | 774,488 |
| **Total** | **438,958,411** | **3,915,675** | **2,751,433** | **445,625,520** |

Currency: US Dollars

Exhibit 2 shows North Carolina's distribution of all combined average annual hurricane losses including aggregate demand surge and total insurance in force by territory. The coastal territories account for much higher shares of loss than exposure due to their vulnerability to the hurricane peril.

**Exhibit 2. Distribution of Exposure and Loss by Territory in North Carolina**

| Territory | Insured Value | Percent of Total | Est. Avg. Annual Loss | Percent of Total |
|---|---|---|---|---|
| 110 | 3,676,481,048 | 0.41% | 16,500,802 | 3.70% |
| 120 | 5,357,170,924 | 0.59% | 33,112,464 | 7.43% |
| 130 | 5,941,735,168 | 0.66% | 10,348,901 | 2.32% |
| 140 | 40,885,608,752 | 4.53% | 151,364,186 | 33.97% |
| 150 | 21,327,468,648 | 2.36% | 22,523,700 | 5.05% |
| 160 | 13,654,501,781 | 1.51% | 17,457,493 | 3.92% |
| 170 | 1,720,619,347 | 0.19% | 671,406 | 0.15% |
| 180 | 20,880,575,712 | 2.31% | 15,902,444 | 3.57% |
| 190 | 5,420,050,798 | 0.60% | 5,489,516 | 1.23% |
| 200 | 2,658,453,506 | 0.29% | 3,018,301 | 0.68% |
| 210 | 7,924,205,104 | 0.88% | 4,579,126 | 1.03% |
| 220 | 22,866,180,942 | 2.53% | 12,062,624 | 2.71% |
| 230 | 5,415,811,892 | 0.60% | 4,042,279 | 0.91% |
| 240 | 28,966,368,835 | 3.21% | 12,418,963 | 2.79% |
| 250 | 12,126,186,923 | 1.34% | 5,194,213 | 1.17% |
| 260 | 10,468,596,759 | 1.16% | 2,551,999 | 0.57% |
| 270 | 141,213,228,129 | 15.63% | 44,683,554 | 10.03% |
| 280 | 24,166,196,345 | 2.67% | 6,019,573 | 1.35% |
| 290 | 16,465,874,201 | 1.82% | 4,926,209 | 1.11% |
| 300 | 5,437,883,733 | 0.60% | 1,440,506 | 0.32% |
| 310 | 117,586,838,517 | 13.02% | 20,141,986 | 4.52% |
| 320 | 55,823,147,986 | 6.18% | 9,890,500 | 2.22% |
| 330 | 2,765,902,666 | 0.31% | 364,050 | 0.08% |
| 340 | 161,087,289,132 | 17.83% | 26,901,171 | 6.04% |
| 350 | 38,561,193,940 | 4.27% | 4,904,662 | 1.10% |
| 360 | 92,366,378,641 | 10.22% | 7,237,589 | 1.62% |
| 370 | 4,657,905,705 | 0.52% | 287,882 | 0.06% |
| 380 | 16,128,262,561 | 1.79% | 814,932 | 0.18% |
| 390 | 17,870,724,280 | 1.98% | 774,488 | 0.17% |
| **Total** | **903,420,841,975** | **100.00%** | **445,625,520** | **100.00%** |

Currency: US Dollars

## Estimated Pure Premiums and Loss Costs

Exhibits 3, 4, 5, and 6 show the estimated hurricane loss costs and pure premiums by territory for all lines combined and for each line separately. The coastal territories are most vulnerable to hurricane losses. The estimated loss costs are highest in coastal territories 110 and 120, as well as territories 130 and 140. These territories form part of the eastern tip of North Carolina, an area of relatively high hurricane frequency.

For all exhibits, the estimated loss costs are per $100 of exposure. The estimated hurricane pure premiums are calculated by dividing the estimated average annual losses by the number of risks. The estimated hurricane pure premiums show the amounts, exclusive of expenses and provisions for profit and contingencies, which need to be collected each year to cover only the long run hurricane loss potential.

**Exhibit 3. Loss Costs by Territory - North Carolina – All Lines**

| Territory | Insured Value | Risk Count | Average Annual Loss | Pure Premium | Loss Cost (Per $100) |
|---|---|---|---|---|---|
| 110 | 3,676,481,048 | 7,632 | 16,500,802 | 2,162.17 | 0.4488 |
| 120 | 5,357,170,924 | 12,681 | 33,112,464 | 2,611.20 | 0.6181 |
| 130 | 5,941,735,168 | 12,791 | 10,348,901 | 809.05 | 0.1742 |
| 140 | 40,885,608,752 | 96,287 | 151,364,186 | 1,572.02 | 0.3702 |
| 150 | 21,327,468,648 | 53,384 | 22,523,700 | 421.92 | 0.1056 |
| 160 | 13,654,501,781 | 40,559 | 17,457,493 | 430.42 | 0.1279 |
| 170 | 1,720,619,347 | 5,329 | 671,406 | 126.00 | 0.0390 |
| 180 | 20,880,575,712 | 62,179 | 15,902,444 | 255.75 | 0.0762 |
| 190 | 5,420,050,798 | 16,172 | 5,489,516 | 339.45 | 0.1013 |
| 200 | 2,658,453,506 | 7,437 | 3,018,301 | 405.85 | 0.1135 |
| 210 | 7,924,205,104 | 24,155 | 4,579,126 | 189.57 | 0.0578 |
| 220 | 22,866,180,942 | 67,497 | 12,062,624 | 178.71 | 0.0528 |
| 230 | 5,415,811,892 | 16,580 | 4,042,279 | 243.80 | 0.0746 |
| 240 | 28,966,368,835 | 79,875 | 12,418,963 | 155.48 | 0.0429 |
| 250 | 12,126,186,923 | 33,670 | 5,194,213 | 154.27 | 0.0428 |
| 260 | 10,468,596,759 | 28,095 | 2,551,999 | 90.83 | 0.0244 |
| 270 | 141,213,228,129 | 339,665 | 44,683,554 | 131.55 | 0.0316 |
| 280 | 24,166,196,345 | 51,782 | 6,019,573 | 116.25 | 0.0249 |
| 290 | 16,465,874,201 | 35,645 | 4,926,209 | 138.20 | 0.0299 |
| 300 | 5,437,883,733 | 15,527 | 1,440,506 | 92.77 | 0.0265 |
| 310 | 117,586,838,517 | 319,926 | 20,141,986 | 62.96 | 0.0171 |
| 320 | 55,823,147,986 | 148,139 | 9,890,500 | 66.77 | 0.0177 |
| 330 | 2,765,902,666 | 7,654 | 364,050 | 47.56 | 0.0132 |
| 340 | 161,087,289,132 | 395,606 | 26,901,171 | 68.00 | 0.0167 |
| 350 | 38,561,193,940 | 101,511 | 4,904,662 | 48.32 | 0.0127 |
| 360 | 92,366,378,641 | 225,232 | 7,237,589 | 32.13 | 0.0078 |
| 370 | 4,657,905,705 | 10,577 | 287,882 | 27.22 | 0.0062 |
| 380 | 16,128,262,561 | 35,946 | 814,932 | 22.67 | 0.0051 |
| 390 | 17,870,724,280 | 36,621 | 774,488 | 21.15 | 0.0043 |
| **Total** | **903,420,841,975** | **2,288,154** | **445,625,520** | **194.75** | **0.0493** |

Currency: US Dollars

**Exhibit 4. Loss Costs by Territory - North Carolina - Homeowners**

| Territory | Insured Value | Risk Count | Average Annual Loss | Pure Premium | Loss Cost (Per $100) |
|---|---|---|---|---|---|
| 110 | 3,656,612,100 | 7,189 | 16,394,877 | 2,280.47 | 0.4484 |
| 120 | 5,254,708,007 | 10,528 | 32,375,016 | 3,075.19 | 0.6161 |
| 130 | 5,916,627,534 | 12,271 | 10,286,020 | 838.26 | 0.1738 |
| 140 | 40,312,894,352 | 83,518 | 149,218,155 | 1,786.66 | 0.3701 |
| 150 | 21,172,589,703 | 49,848 | 22,345,018 | 448.27 | 0.1055 |
| 160 | 13,503,063,963 | 36,802 | 17,231,859 | 468.23 | 0.1276 |
| 170 | 1,709,677,411 | 5,030 | 667,052 | 132.61 | 0.0390 |
| 180 | 20,575,145,414 | 53,662 | 15,658,921 | 291.81 | 0.0761 |
| 190 | 5,372,801,889 | 14,936 | 5,442,464 | 364.39 | 0.1013 |
| 200 | 2,644,834,573 | 7,084 | 3,002,633 | 423.88 | 0.1135 |
| 210 | 7,831,139,347 | 21,747 | 4,524,351 | 208.05 | 0.0578 |
| 220 | 22,543,801,969 | 59,443 | 11,899,932 | 200.19 | 0.0528 |
| 230 | 5,372,028,432 | 15,409 | 4,009,848 | 260.23 | 0.0746 |
| 240 | 28,737,420,888 | 74,185 | 12,311,542 | 165.96 | 0.0428 |
| 250 | 12,036,812,337 | 31,438 | 5,151,950 | 163.88 | 0.0428 |
| 260 | 10,387,429,144 | 25,799 | 2,530,986 | 98.10 | 0.0244 |
| 270 | 138,273,670,287 | 264,875 | 43,730,758 | 165.10 | 0.0316 |
| 280 | 23,584,933,436 | 39,413 | 5,876,520 | 149.10 | 0.0249 |
| 290 | 16,271,838,515 | 31,938 | 4,866,961 | 152.39 | 0.0299 |
| 300 | 5,403,585,183 | 14,689 | 1,431,165 | 97.43 | 0.0265 |
| 310 | 115,413,326,179 | 269,305 | 19,772,078 | 73.42 | 0.0171 |
| 320 | 55,207,595,048 | 134,474 | 9,782,353 | 72.75 | 0.0177 |
| 330 | 2,748,361,467 | 7,212 | 361,721 | 50.16 | 0.0132 |
| 340 | 156,954,660,915 | 308,731 | 26,234,148 | 84.97 | 0.0167 |
| 350 | 38,169,730,767 | 92,793 | 4,854,039 | 52.31 | 0.0127 |
| 360 | 90,890,072,122 | 197,608 | 7,135,226 | 36.11 | 0.0079 |
| 370 | 4,599,724,276 | 9,588 | 284,540 | 29.68 | 0.0062 |
| 380 | 15,995,266,838 | 33,380 | 808,302 | 24.21 | 0.0051 |
| 390 | 17,766,922,746 | 34,828 | 769,976 | 22.11 | 0.0043 |
| **Total** | **903,420,841,975** | **1,947,719** | **438,958,411** | **225.37** | **0.0494** |

Currency: US Dollars

**Exhibit 5. Loss Costs by Territory - North Carolina - Tenants**

| Territory | Insured Value | Risk Count | Average Annual Loss | Pure Premium | Loss Cost (Per $100) |
|---|---|---|---|---|---|
| 110 | 8,654,556 | 221 | 51,897 | 234.41 | 0.5997 |
| 120 | 20,565,744 | 594 | 154,678 | 260.39 | 0.7521 |
| 130 | 12,493,872 | 325 | 29,175 | 89.90 | 0.2335 |
| 140 | 252,893,542 | 7,552 | 1,051,698 | 139.25 | 0.4159 |
| 150 | 107,442,804 | 2,922 | 129,614 | 44.36 | 0.1206 |
| 160 | 93,544,860 | 2,835 | 151,172 | 53.33 | 0.1616 |
| 170 | 10,941,936 | 298 | 4,354 | 14.60 | 0.0398 |
| 180 | 243,373,850 | 7,430 | 198,540 | 26.72 | 0.0816 |
| 190 | 46,088,074 | 1,223 | 46,096 | 37.70 | 0.1000 |
| 200 | 13,517,568 | 350 | 15,559 | 44.46 | 0.1151 |
| 210 | 87,267,001 | 2,342 | 51,720 | 22.08 | 0.0593 |
| 220 | 228,411,662 | 6,602 | 122,697 | 18.59 | 0.0537 |
| 230 | 40,006,220 | 1,098 | 29,822 | 27.16 | 0.0745 |
| 240 | 206,583,765 | 5,440 | 98,366 | 18.08 | 0.0476 |
| 250 | 84,976,925 | 2,171 | 40,508 | 18.66 | 0.0477 |
| 260 | 80,065,901 | 2,277 | 20,748 | 9.11 | 0.0259 |
| 270 | 2,167,645,180 | 64,234 | 733,130 | 11.41 | 0.0338 |
| 280 | 350,440,212 | 9,560 | 91,362 | 9.56 | 0.0261 |
| 290 | 118,689,936 | 2,651 | 38,087 | 14.37 | 0.0321 |
| 300 | 32,409,757 | 814 | 8,856 | 10.87 | 0.0273 |
| 310 | 1,479,166,010 | 41,168 | 264,887 | 6.43 | 0.0179 |
| 320 | 463,319,760 | 11,648 | 84,999 | 7.30 | 0.0183 |
| 330 | 15,305,076 | 411 | 2,056 | 5.01 | 0.0134 |
| 340 | 2,198,613,920 | 61,493 | 385,178 | 6.26 | 0.0175 |
| 350 | 292,651,344 | 7,364 | 38,981 | 5.29 | 0.0133 |
| 360 | 829,139,544 | 19,555 | 63,839 | 3.26 | 0.0077 |
| 370 | 14,689,956 | 353 | 934 | 2.65 | 0.0064 |
| 380 | 79,365,384 | 1,819 | 4,112 | 2.26 | 0.0052 |
| 390 | 58,647,804 | 1,259 | 2,608 | 2.07 | 0.0044 |
| **Total** | **9,636,912,162** | **266,008** | **3,915,675** | **14.72** | **0.0406** |

Currency: US Dollars

**Exhibit 6. Loss Costs by Territory - North Carolina – Condominiums**

| Territory | Insured Value | Risk Count | Average Annual Loss | Pure Premium | Loss Cost (Per $100) |
|---|---|---|---|---|---|
| 110 | 11,214,392 | 221 | 54,028 | 244.54 | 0.4818 |
| 120 | 81,897,173 | 1,559 | 582,770 | 373.78 | 0.7116 |
| 130 | 12,613,762 | 196 | 33,705 | 171.66 | 0.2672 |
| 140 | 319,820,858 | 5,217 | 1,094,334 | 209.78 | 0.3422 |
| 150 | 47,436,141 | 614 | 49,068 | 79.89 | 0.1034 |
| 160 | 57,892,957 | 922 | 74,461 | 80.73 | 0.1286 |
| 170 | 0 | 0 | 0 | 0.00 | 0.0000 |
| 180 | 62,056,449 | 1,088 | 44,983 | 41.36 | 0.0725 |
| 190 | 1,160,835 | 13 | 956 | 71.85 | 0.0824 |
| 200 | 101,366 | 3 | 110 | 34.12 | 0.1086 |
| 210 | 5,798,756 | 66 | 3,054 | 45.94 | 0.0527 |
| 220 | 93,967,311 | 1,452 | 39,995 | 27.54 | 0.0426 |
| 230 | 3,777,240 | 73 | 2,609 | 35.55 | 0.0691 |
| 240 | 22,364,182 | 251 | 9,055 | 36.15 | 0.0405 |
| 250 | 4,397,661 | 61 | 1,755 | 28.56 | 0.0399 |
| 260 | 1,101,714 | 19 | 264 | 13.76 | 0.0240 |
| 270 | 771,912,662 | 10,556 | 219,666 | 20.81 | 0.0285 |
| 280 | 230,822,696 | 2,809 | 51,691 | 18.40 | 0.0224 |
| 290 | 75,345,750 | 1,056 | 21,161 | 20.04 | 0.0281 |
| 300 | 1,888,793 | 24 | 485 | 20.12 | 0.0257 |
| 310 | 694,346,328 | 9,453 | 105,021 | 11.11 | 0.0151 |
| 320 | 152,233,178 | 2,018 | 23,149 | 11.47 | 0.0152 |
| 330 | 2,236,123 | 32 | 273 | 8.64 | 0.0122 |
| 340 | 1,934,014,297 | 25,381 | 281,844 | 11.10 | 0.0146 |
| 350 | 98,811,829 | 1,354 | 11,643 | 8.60 | 0.0118 |
| 360 | 647,166,975 | 8,069 | 38,523 | 4.77 | 0.0060 |
| 370 | 43,491,473 | 637 | 2,408 | 3.78 | 0.0055 |
| 380 | 53,630,339 | 747 | 2,518 | 3.37 | 0.0047 |
| 390 | 45,153,730 | 534 | 1,904 | 3.56 | 0.0042 |
| **Total** | **5,476,654,971** | **74,427** | **2,751,433** | **36.97** | **0.0502** |

Currency: US Dollars

# Appendix A – Project Information & Assumptions Form, Original Data Set

## Project Information & Assumptions Form

Version 2009061919.1.0

**Project Summary & Contact Information**

| | | | |
|---|---|---|---|
| **Subscriber:** | NCRB | **AIR Contact:** | Peter Bingenheimer |
| **Contact:** | Tim Lucas | **Email:** | pbingenheimer@air-worldwide.com |
| **Email:** | ftl@ncrb.org | **Phone:** | (617) 267-6645 |
| **Phone:** | 919-582-1021 | **Fax:** | (617) 267-8284 |
| **Fax:** | | | |

**Contract #:**
**Analysis Type:** Property - Personal
**Exposure Summary Sent:** September 3, 2013
**Report Due:** August 21, 2013

☑ Initial Analysis ☐ Follow-up

**Perils & Models**

| # | Peril | Model | Implementation | Version | Simulation Years |
|---|---|---|---|---|---|
| 1 | Tropical Cyclone | U.S. Hurricane Standard - 100K_Standard_ATL_Hur_10 (15.00.409) | CLASIC/2 | 15.0 | 100,000 |
| 2 | Tropical Cyclone | U.S. Hurricane WSST - 100K_WSST_ATL_Hur_11 (15.01.409) | CLASIC/2 | 15.0 | 100,000 |
| | | | | | |

**Reports & Deliverables**

*Report Options*

Report Format: ☑ PDF ☐ Paper Copy/Bound Report ☐ Flat file ☐ CSV

*Standard Reports*

☑ Distribution of Potential Catastrophe Losses - Exceedance Probability
☑ Portfolio ☐ State ☐ Line of Business

☑ Average Annual Losses
☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
☑ Territory

☑ Loss Costs and Pure Premiums
☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
☑ Territory

☐ Selected Event Scenarios - specific events from a stochastic/historical event set
☐ Rank ☐ Return Period ☐ Line of Business

*Customized Reports*

☐ Company Loss File (CLF) ☐ UNICEDE/2
☐ UPX

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AIR WORLDWIDE

| Original Data File Information | | | |
|---|---|---|---|
| **Original file name(s):** | AIR File 2011 Current & New Terr.xlsx | | |
| **Date Received:** | July 22, 2013 | **Data in-force Date:** | December 31, 2011 |
| **Date Logged:** | July 22, 2013 | **Data Media:** | Excel Attachment |
| **File Format:** | ☐ MS Access ☑ MS Excel ☐ Text | | |
| **Level of Location Det:** | ☐ Geocode ☐ 9-Digit ZIP ☐ Street ☑ 5-Digit ZIP<br>☐ City ☐ County ☐ State ☐ Territory | | |

| Original Value Summary | | | | | | |
|---|---|---|---|---|---|---|
| Total Deductible Value | Total Records | Total Risks | Total Replacement Value | Total Insured Value | Max. TIV | Avg. TIV |
| n/a | 52,908 | 2,288,155 | 477,292,531,512 | 477,292,531,512 | 1,768,012 | 208,593 |

| Added/Excluded Records | | | |
|---|---|---|---|
| Reason for Addition/Exclusion | Records | Risks | Insured Value |
| Insured Value increased for modeling due to addition of Time Element (Coverage D) for all exposures. See Exposure Notes and Customized Assumptions for details. | - | - | 96,230,254,063 |
| Insured Value increased for modeling due to addition of Contents (Coverage C) for Homeowners records. See Exposure Notes and Customized Assumptions for details. | - | - | 283,171,531,965 |
| Insured Value increased for modeling due to addition of Appurtenant Structures (Coverage B) for Homeowners records. See Exposure Notes and Customized Assumptions for details. | - | - | 46,540,302,876 |
| Insured Value increased for modeling due to addition of Building Structures (Coverage A) for Condominium records. See Exposure Notes and Customized Assumptions for details. | - | - | 74,426,613 |
| Risks increased due to rounding | - | 24,108 | - |
| Records increased and Value Rounded due to Beach Split treatment | 15,240 | - | -366 |
| | | | |
| | | | |
| **Total Excluded:** | **-** | **-** | **-** |
| **Total Added** | **15,240** | **24,108** | **426,016,515,150** |
| *Reduced Number of Records due to Aggregation:* | **N/A** | **N/A** | **N/A** |
| **Net Exposures to be Modeled:** | **68,148** | **2,312,263** | **903,309,046,662** |

#REF!
2

| Geocode Record Summary | | |
|---|---|---|
| Number of zipcodes remapped prior to geocoding: | 2 | |
| Book Name: | NCRB_HO_2013 | |
| | | |
| Geocoded Level of Location Detail | Records | |
| Matched at Exact Address: | - | |
| Matched at 9-digit Zip: | - | |
| Matched at Relaxed Address: | - | |
| Matched at Postal Code: | 51,501 | |
| Matched at City: | - | |
| Matched at County: | - | |
| Geocoded based on population grid points (Beach Split Zips) | 16,647 | |
| Records already geocoded by client: | - | |
| Total number of records: | **68,148** | |

#REF!
3

| Line of Business & Coverage Summary | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Limits | A Building | | | B Other Structures | | | C Contents | | | D Loss of Use | | |
| LOB | Apply | Rep | Lim | Ded | Rep | Lim | Ded | Rep | Lim | Ded | Rep/d* | Lim | Ded |
| HO | C | L | P | BA | L | LimA*0.1 | BA | L | LimA*(TLF-1.3) | BA | $150 / day | LimA*0.2 | N/A |
| CO | C | L | $1,000 * Num of Risks | BA | N/A | N/A | N/A | L | P | BA | $150 / day | LimC*0.4 | N/A |
| TN | C | N/A | N/A | N/A | N/A | N/A | N/A | L | P | BA | $150 / day | LimC*0.2 | N/A |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |

** Loss of Use Replacment (Rep/d) is a per diem value.*

**CLASIC/2 Key:**

**Limit Application Code ("Limits Apply"):**
N = None
C = Applies by Coverage
S = Applies to sum of all coverages

**Replacement Value ("Rep"):**
P = As Provided
L = Equal to limit

**Limit Value ("Lim"):**
P = As Provided
TLF = Total Limit Factor (see Exhibit III)

**Deductible Application Code ("Ded"):**
NO = None
AA = Annual Amount
SA = Combined flat
SP = Combined percent of coverage
SL = Combined percent of loss
CA = By coverage flat
CP = By coverage percent
BA = Combined flat, excluding time element loss
BP = Combined percent of coverage, excluding time
MA = Mini-policy flat
MP = Mini-policy percent

| Analysis Options | |
|---|---|
| **Aggregation of Input Data:** | ☐ Modeled as provided ☑ Aggregated by: Stat Agent, PFG Code, New Territory (eff. 5/1/2013), Construction Code, Zip Code, Year Built. |
| **Geographic Resolution of Analysis:** | Postal Code |
| **Analysis Save Results:** | ☐ Contract ☐ Contract/Summary ☐ Layer ☐ Coverage ☐ Injury |
| **Analysis Specifications:** | ☐ Reinsurance Quota Share ☐ Reinsurance Per Risk XOL<br>☐ Reinsurance Surplus Share ☐ Reinsurance Facultative<br>☐ TC Storm Surge (Flooding, default is 10% of separately modeled surge loss)<br>☑ Average Properties ☑ Demand Surge (Aggregate)<br>☐ Uncertainty ☐ Global Overrides |
| **Analysis Notes:** | Base analyses will be run with aggregate demand surge. Exposures treated as Beach Split Zip (see note 5 on Page 6) will not be run with Average Properties.<br>An additional analysis will be run without demand surge, results will be provided at the event level |

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AIR WORLDWIDE

| Location Detail Characteristics | | | |
|---|---|---|---|
| *Peril* | *Characteristic* | *# Provided* | *% of Total Provided* |
| | Age | 46,346 | 87.6% |
| | Appurtenant Structures | | |
| | Avg Height of Adjacent Buildings | | |
| | Bldg Foundation Connection | | |
| | Building Condition | | |
| | Building Orientation | | |
| | Building Shape | | |
| | Exterior Doors | | |
| | Floor of Interest | | |
| | Foundation Type | | |
| | Glass Percent | | |
| | Glass Type | | |
| | Height | | |
| | Internal Partition Walls | | |
| | Large Missile Source | | |
| | Proximity Exposure | | |
| | Retrofit Measures | | |
| | Roof Anchorage | | |
| | Roof Attached Structures | | |
| | Roof Covering | | |
| | Roof Covering Attachment | | |
| | Roof Deck | | |
| | Roof Deck Attachment | | |
| | Roof Geometry | | |
| | Roof Pitch | | |
| | Small Debris Source | | |
| | Soft Story | | |
| | Special Earthquake Resistant Systems | | |
| | Structural Irregularity | | |
| | Terrain Roughness | | |
| | Torsion Elements | | |
| | Tree Exposure | | |
| | Wall Attached Structures | | |
| | Wall Siding | | |
| | Wall Type | | |
| | Window Protection | | |
| | Year Roof Built | | |
| | **Total Records** | 52,908 | |

**Notes:** Year Built is provided for Homeowners data only and is divided into the following bands:
- 1994 and prior
- By year for 1995 - 2004
- 2005 and later

| Exposure Notes & Customized Assumptions |
|---|
| 1) Insured value and number of risks were provided to AIR by Statistical Agent (Agent) category (Voluntary and Beach Plan), policy form group(Owners, Tenants and Condos), zipcode, coverage, construction class, year built and territory, as defined by NCRB. |
| 2) The number of risks in each zip code was rounded to the nearest whole number, except where the number of risks was < 1. In these zip codes, the number of risks was rounded up to 1. As a result, the number of risks to be modeled is different from the number of risks provided. This will not have an impact on the results, as the number of risks is not a field used in the analysis. |
| 3) For HO policies, the Coverage B replacement value and limit were assumed to be 10% of Coverage A; the Coverage C replacement value and limit were assumed to be (Total Limit Factor - 1.3) of Coverage A where Total Limit Factor (TLF) varies by Territory (see Exhibit III); the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 20% of Coverage A. For CO policies, the Coverage A replacement value and limit were assumed to be $1,000 per risk; the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 40% of Coverage C. For TN policies, replacement values and limits for Coverages A and B were assumed to be zero. Replacement value and limit for Coverage C was as provided. Replacement Value for Coverage D is assumed to be $150/day and the limit value for Coverage D is assumed to be 20% of Coverage C. |
| 4) For the purposes of modeling, ZIP codes that are not current or do not have geographic boundaries associated with them (i.e. mailing or P.O. Box ZIP codes) are mapped to current, equivalent ZIP codes that are valid for use with CLASIC/2. However, the original zip codes will be retained for reporting purposes. |
| 5) When a zip code is split between two territories, and one of the territories intersecting the zip code is categorized as beach territory by ISO, the ZIP is considered a 'Beach Split ZIP'. For 'Beach Split ZIP Codes' the exposure is distributed to uniform grid points across the area of the zip code falling in each of the territories. |
| 6) A deductible of $250 per risk was used for all lines of business. |

| Attachments & Exhibits |
|---|
| **Construction/Occupancy Information and Data Mapping:** ☑ |
| **Insured Value Summary by LOB:** ☐ State ☐ County ☐ Coverage ☑ Territory |
| **Replacement Value Summary by LOB:** ☐ State ☐ County ☐ Coverage |
| **Deductible Summary by LOB:** ☐ State ☐ County ☐ Coverage |
| **Premium Summary:** ☐ State ☐ County |
| **Deductible by Coverage:** ☐ State ☐ County |
| **Construction Summary:** ☐ |

| Exposure Summary & Modeling Assumption Approval |
|---|
| *Subscriber Signature:* _____ *Date:* _____ |
| *Print Name:* _____ *Title:* _____ |

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AIR WORLDWIDE

Exhibit I.a: US

**Construction/Occupancy Information and Data Mapping**

| *LOB* | *Client Construction* | *AIR CC* | *AIR OC* | *AIR Construction* | *AIR Occupancy* | *Risks* | *Insured Value* | *Org. Risks* |
|---|---|---|---|---|---|---|---|---|
| Owners | 1 | 101 | 301 | Wood Frame | General Residential | 1,176,660 | 502,687,046,862 | 1,173,001 |
| Owners | 2 | 103 | 301 | Masonry veneer | General Residential | 554,205 | 270,458,704,244 | 549,555 |
| Owners | 3 | 111 | 301 | Masonry | General Residential | 157,525 | 86,980,653,742 | 151,309 |
| Owners | 4 | 131 | 301 | Reinforced concrete | General Residential | 4,648 | 1,074,439,144 | 1,586 |
| Owners | 5 | 101 | 301 | Wood Frame | General Residential | 75,536 | 26,994,625,361 | 72,269 |
| Tenant | 1 | 101 | 306 | Wood Frame | Apartments/Condos | 174,818 | 6,059,694,766 | 174,504 |
| Tenant | 2 | 103 | 306 | Masonry veneer | Apartments/Condos | 57,801 | 2,278,176,672 | 57,366 |
| Tenant | 3 | 111 | 306 | Masonry | Apartments/Condos | 18,004 | 713,443,080 | 17,496 |
| Tenant | 4 | 131 | 306 | Reinforced concrete | Apartments/Condos | 1,545 | 49,552,200 | 1,220 |
| Tenant | 5 | 101 | 306 | Wood Frame | Apartments/Condos | 15,762 | 536,049,144 | 15,423 |
| Condominium | 1 | 101 | 306 | Wood Frame | Apartments/Condos | 47,713 | 3,267,346,027 | 47,454 |
| Condominium | 2 | 103 | 306 | Masonry veneer | Apartments/Condos | 15,380 | 1,254,169,039 | 15,099 |
| Condominium | 3 | 111 | 306 | Masonry | Apartments/Condos | 8,195 | 673,287,437 | 7,923 |
| Condominium | 4 | 131 | 306 | Reinforced concrete | Apartments/Condos | 1,095 | 73,017,603 | 772 |
| Condominium | 5 | 101 | 306 | Wood Frame | Apartments/Condos | 3,376 | 208,841,342 | 3,179 |
| | | | | | *Total Insured Value to be Modeled:* | **2,312,263** | **903,309,046,662** | **2,288,155** |

Notes:
*Currency: US Dollars*
*Num. Risks are Orig. Risks rounded to whole values*
*Orig. Risks are client provided original risks.*

Exhibit II.a

**Insured Value by Territory - All Coverages**
**Hurricane Peril**

**North Carolina**

| Territory | Homeowners | Condo | Tenants | Total |
|---|---|---|---|---|
| **7** | | | | |
| Value | 3,656,612,100 | 11,214,392 | 8,654,556 | 3,676,481,048 |
| Num. Risks | 7,226 | 225 | 228 | 7,679 |
| Org. Risks | 7,189 | 221 | 221 | 7,632 |
| Avg Value | 508,622 | 50,759 | 39,091 | 481,745 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **8** | | | | |
| Value | 5,254,708,007 | 81,897,173 | 20,565,744 | 5,357,170,924 |
| Num. Risks | 14,510 | 1,954 | 1,143 | 17,607 |
| Org. Risks | 10,528 | 1,559 | 594 | 12,681 |
| Avg Value | 499,127 | 52,528 | 34,621 | 422,458 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **48** | | | | |
| Value | 5,916,627,534 | 12,613,762 | 12,493,872 | 5,941,735,168 |
| Num. Risks | 12,970 | 204 | 394 | 13,568 |
| Org. Risks | 12,271 | 196 | 325 | 12,791 |
| Avg Value | 482,178 | 64,241 | 38,499 | 464,507 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **49** | | | | |
| Value | 21,172,589,703 | 47,436,141 | 107,442,804 | 21,327,468,648 |
| Num. Risks | 50,471 | 632 | 2,980 | 54,083 |
| Org. Risks | 49,848 | 614 | 2,922 | 53,384 |
| Avg Value | 424,745 | 77,235 | 36,768 | 399,510 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **52A** | | | | |
| Value | 40,312,894,352 | 319,820,858 | 252,893,542 | 40,885,608,752 |
| Num. Risks | 88,365 | 5,636 | 7,939 | 101,940 |
| Org. Risks | 83,518 | 5,217 | 7,552 | 96,287 |
| Avg Value | 482,687 | 61,309 | 33,485 | 424,624 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **52B** | | | | |
| Value | 13,503,063,963 | 57,892,957 | 93,544,860 | 13,654,501,781 |
| Num. Risks | 37,186 | 943 | 2,857 | 40,986 |
| Org. Risks | 36,802 | 922 | 2,835 | 40,559 |
| Avg Value | 366,911 | 62,770 | 32,998 | 336,656 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **101** | | | | |
| Value | 272,303,681,575 | 2,628,365,555 | 3,677,781,000 | 278,609,828,130 |
| Num. Risks | 579,866 | 34,932 | 102,817 | 717,615 |
| Org. Risks | 578,037 | 34,835 | 102,661 | 715,533 |
| Avg Value | 471,084 | 75,452 | 35,824 | 389,374 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **102** | | | | |
| Value | 90,890,072,122 | 647,166,975 | 829,139,544 | 92,366,378,641 |
| Num. Risks | 199,080 | 8,138 | 19,646 | 226,864 |
| Org. Risks | 197,608 | 8,069 | 19,555 | 225,232 |
| Avg Value | 459,952 | 80,204 | 42,401 | 410,095 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **103** | | | | |
| Value | 58,283,736,209 | 152,273,122 | 479,452,476 | 58,915,461,808 |
| Num. Risks | 143,233 | 2,071 | 12,131 | 157,435 |
| Org. Risks | 142,331 | 2,018 | 12,064 | 156,413 |
| Avg Value | 409,495 | 75,450 | 39,741 | 376,665 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **104** | | | | |
| Value | 4,599,724,276 | 43,491,473 | 14,689,956 | 4,657,905,705 |
| Num. Risks | 9,769 | 649 | 370 | 10,788 |
| Org. Risks | 9,588 | 637 | 353 | 10,577 |
| Avg Value | 479,762 | 68,286 | 41,641 | 440,373 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |

(continued)

| | | | | |
|---|---|---|---|---|
| **105** | | | | |
| Value | 851,919,126 | 134,960 | 3,852,636 | 855,906,722 |
| Num. Risks | 2,741 | 5 | 127 | 2,873 |
| Org. Risks | 2,561 | 3 | 113 | 2,677 |
| Avg Value | 332,623 | 45,690 | 34,238 | 319,763 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **106** | | | | |
| Value | 7,159,713,208 | 6,022,069 | 58,293,168 | 7,224,028,445 |
| Num. Risks | 20,793 | 106 | 1,508 | 22,407 |
| Org. Risks | 20,301 | 100 | 1,470 | 21,871 |
| Avg Value | 352,674 | 59,994 | 39,658 | 330,295 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **107** | | | | |
| Value | 23,584,933,436 | 230,822,696 | 350,440,212 | 24,166,196,345 |
| Num. Risks | 39,716 | 2,822 | 9,579 | 52,117 |
| Org. Risks | 39,413 | 2,809 | 9,560 | 51,782 |
| Avg Value | 598,410 | 82,159 | 36,659 | 466,694 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **108** | | | | |
| Value | 17,766,922,746 | 45,153,730 | 58,647,804 | 17,870,724,280 |
| Num. Risks | 35,287 | 558 | 1,290 | 37,135 |
| Org. Risks | 34,828 | 534 | 1,259 | 36,621 |
| Avg Value | 510,139 | 84,516 | 46,573 | 487,989 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **109** | | | | |
| Value | 38,169,730,767 | 98,811,829 | 292,651,344 | 38,561,193,940 |
| Num. Risks | 93,334 | 1,398 | 7,413 | 102,145 |
| Org. Risks | 92,793 | 1,354 | 7,364 | 101,511 |
| Avg Value | 411,343 | 72,999 | 39,741 | 379,874 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **110** | | | | |
| Value | 2,644,834,573 | 101,366 | 13,517,568 | 2,658,453,506 |
| Num. Risks | 7,343 | 7 | 368 | 7,718 |
| Org. Risks | 7,084 | 3 | 350 | 7,437 |
| Avg Value | 373,369 | 31,425 | 38,624 | 357,467 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **111** | | | | |
| Value | 35,089,775,484 | 97,970,053 | 311,379,792 | 35,499,125,328 |
| Num. Risks | 93,484 | 1,536 | 8,846 | 103,866 |
| Org. Risks | 92,820 | 1,510 | 8,798 | 103,128 |
| Avg Value | 378,042 | 64,880 | 35,391 | 344,224 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **112** | | | | |
| Value | 6,444,990,371 | 1,269,877 | 56,572,740 | 6,502,832,987 |
| Num. Risks | 18,594 | 26 | 1,544 | 20,164 |
| Org. Risks | 18,206 | 16 | 1,498 | 19,719 |
| Avg. Value | 354,009 | 81,755 | 37,774 | 329,777 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **113** | | | | |
| Value | 144,685,235,468 | 772,622,789 | 2,210,655,768 | 147,668,514,025 |
| Num. Risks | 281,443 | 10,595 | 65,406 | 357,444 |
| Org. Risks | 281,120 | 10,569 | 65,378 | 357,066 |
| Avg Value | 514,675 | 73,102 | 33,814 | 413,560 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |

(continued)

| | | | | |
|---|---|---|---|---|
| **114** | | | | |
| Value | 29,464,156,789 | 69,725,644 | 335,406,360 | 29,869,288,793 |
| Num. Risks | 78,443 | 1,192 | 10,003 | 89,638 |
| Org. Risks | 77,775 | 1,178 | 9,934 | 88,887 |
| Avg Value | 378,840 | 59,182 | 33,763 | 336,037 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **115** | | | | |
| Value | 26,809,515,009 | 20,436,937 | 213,046,416 | 27,042,998,362 |
| Num. Risks | 68,753 | 240 | 5,748 | 74,741 |
| Org. Risks | 68,361 | 223 | 5,715 | 74,298 |
| Avg Value | 392,175 | 91,838 | 37,281 | 363,979 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **116** | | | | |
| Value | 1,709,677,411 | - | 10,941,936 | 1,720,619,347 |
| Num. Risks | 5,232 | - | 320 | 5,552 |
| Org. Risks | 5,030 | - | 298 | 5,329 |
| Avg. Value | 339,871 | - | 36,685 | 322,901 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **117** | | | | |
| Value | 15,995,266,838 | 53,630,339 | 79,365,384 | 16,128,262,561 |
| Num. Risks | 33,859 | 785 | 1,863 | 36,507 |
| Org. Risks | 33,380 | 747 | 1,819 | 35,946 |
| Avg Value | 479,180 | 71,803 | 43,636 | 448,678 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **118** | | | | |
| Value | 16,271,838,515 | 75,345,750 | 118,689,936 | 16,465,874,201 |
| Num. Risks | 32,087 | 1,062 | 2,663 | 35,812 |
| Org. Risks | 31,938 | 1,056 | 2,651 | 35,645 |
| Avg Value | 509,477 | 71,364 | 44,771 | 461,938 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **119** | | | | |
| Value | 2,904,888,303 | 204,878 | 11,491,368 | 2,916,584,549 |
| Num. Risks | 7,517 | 9 | 328 | 7,854 |
| Org. Risks | 7,181 | 5 | 310 | 7,496 |
| Avg Value | 404,503 | 43,667 | 37,102 | 389,096 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **120** | | | | |
| Value | 2,748,361,467 | 2,236,123 | 15,305,076 | 2,765,902,666 |
| Num. Risks | 7,272 | 34 | 419 | 7,725 |
| Org. Risks | 7,212 | 32 | 411 | 7,654 |
| Avg. Value | 381,081 | 70,765 | 37,283 | 361,361 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **Total** | | | | |
| Value | 888,195,469,352 | 5,476,661,448 | 9,636,915,862 | 903,309,046,662 |
| Num. Risks | 1,968,574 | 75,759 | 267,930 | 2,312,263 |
| Org. Risks | 1,947,720 | 74,427 | 266,008 | 2,288,155 |
| Avg. Value | 456,018 | 73,585 | 36,228 | 394,776 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |

Notes:
*Currency: US Dollars*
*Num. Risks are Orig. Risks rounded to whole values*
*Orig. Risks are client provided original risks.*

Exhibit III

**Homeowner Total Limit Factors**

| *Territory* | *Total Limits Factor* |
|---|---|
| 007 | 1.857 |
| 008 | 1.900 |
| 048 | 1.857 |
| 049 | 1.868 |
| 101 | 1.905 |
| 102 | 1.904 |
| 103 | 1.900 |
| 104 | 1.928 |
| 105 | 1.870 |
| 106 | 1.895 |
| 107 | 1.923 |
| 108 | 1.920 |
| 109 | 1.909 |
| 110 | 1.933 |
| 111 | 1.943 |
| 112 | 1.896 |
| 113 | 1.925 |
| 114 | 1.908 |
| 115 | 1.909 |
| 116 | 1.890 |
| 117 | 1.916 |
| 118 | 1.943 |
| 119 | 1.899 |
| 120 | 1.910 |
| 52A | 1.880 |
| 52B | 1.889 |

# Appendix B – Project Information & Assumptions Form, Second Data Set

## Project Information & Assumptions Form

Version 2009061919.1.0

### Project Summary & Contact Information

**Subscriber:** NCRB
**Contact:** Tim Lucas
**Email:** ftl@ncrb.org
**Phone:** 919-582-1021
**Fax:**

**AIR Contact:** Peter Bingenheimer
**Email:** pbingenheimer@air-worldwide.com
**Phone:** (617) 267-6645
**Fax:** (617) 267-8284

**Contract #:**
**Analysis Type:** Property- Personal
☐ Initial Analysis ☑ Follow-up

**Exposure Summary Sent:** April 17, 2014
**Report Due:** April 29, 2014

### Perils & Models

| # | Peril | Model | Implementation | Version | Simulation Years |
|---|---|---|---|---|---|
| 1 | Tropical Cyclone | U.S. Hurricane Standard - 100K_Standard_ATL_Hur_10 (15.00.0409) | CLASIC/2 | 15.0 | 100,000 |
| 2 | Tropical Cyclone | U.S. Hurricane WSST - 100K_WSST_ATL_Hur_11 (15.01.0409) | CLASIC/2 | 15.0 | 100,000 |
| | | | | | |

### Reports & Deliverables

*Report Options*

Report Format: ☑ PDF ☐ Paper Copy/Bound Report ☐ Flat ☐ CSV

*Standard Reports*

☑ Distribution of Potential Catastrophe Losses - Exceedance
☑ Portfolio ☐ State ☐ Line of Business

☑ Average Annual Losses
☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
☑ Territory

☑ Loss Costs and Pure Premiums
☐ State ☐ County ☐ ZIP ☐ Location ☐ Line of Business
☑ Territory

☐ Selected Event Scenarios - specific events from a stochastic/historical
☐ Rank ☐ Return Period ☐ Line of Business

*Customized Reports*

☐ Company Loss File (CLF) ☐ UNICEDE/2
☐ UPX

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AIR WORLDWIDE

| Original Data File Information | | | |
|---|---|---|---|
| **Original file name(s):** | AIR File Revised Territories.xlsx | | |
| **Date Received:** | April 11, 2014 | **Data in-force Date:** | December 31, 2011 |
| **Date Logged:** | April 11, 2014 | **Data Media:** | Excel Attachment |

**File Format:** ☐ MS Access ☐ MS Excel ☐ Text

**Level of Location Detail:** ☐ Geocode ☐ 9-Digit ZIP ☐ Street ☑ 5-Digit ZIP ☐ City ☐ County ☐ State ☐ Territory

| Original Value Summary | | | | | | |
|---|---|---|---|---|---|---|
| **Total Deductible Value** | **Total Records** | **Total Risks** | **Total Replacement Value** | **Total Insured Value** | **Max. TIV** | **Avg. TIV** |
| n/a | 53,998 | 2,288,154 | 477,292,088,086 | 477,292,088,086 | 1,768,012 | 208,593 |

| Added/Excluded Records | | | |
|---|---|---|---|
| **Reason for Addition/Exclusion** | **Records** | **Risks** | **Insured Value** |
| Insured Value decreased for modeling due to exclusion of unchanging revised Territories. See Exposure Notes and Customized Assumptions for details. | 23,813 | 741,067 | 163,032,210,344 |
| Insured Value increased for modeling due to addition of Time Element (Coverage D) for all exposures. See Exposure Notes and Customized Assumptions for details. | - | - | 63,380,341,696 |
| Insured Value increased for modeling due to addition of Contents (Coverage C) for Homeowners records. See Exposure Notes and Customized Assumptions for details. | - | - | 186,977,044,616 |
| Insured Value increased for modeling due to addition of Appurtenant Structures (Coverage B) for Homeowners records. See Exposure Notes and Customized Assumptions for details. | - | - | 30,548,644,032 |
| Insured Value increased for modeling due to addition of Building Structures (CoverageA) for Condominium records. See Exposure Notes and Customized Assumptions for details. | - | - | 50,456,376 |
| Risks increased due to rounding | - | 7,459 | - |
| | | | |
| | | | |
| **Total Excluded:** | **23,813** | **741,067** | **163,032,210,344** |
| **Total Added** | **-** | **7,459** | **280,956,486,719** |
| *Reduced Number of Records due to Aggregation:* | **N/A** | **N/A** | **N/A** |
| **Net Exposures to be Modeled:** | **30,185** | **1,554,546** | **595,216,364,462** |

| Geocode Record Summary | | |
|---|---|---|
| Number of zipcodes remapped prior to geocoding: | - | |
| Book Name: | DOI_Revised_Terr | |
| | | |
| Geocoded Level of Location Detail | Records | |
| Matched at Exact Address: | - | |
| Matched at 9-digit Zip: | - | |
| Matched at Relaxed Address: | - | |
| Matched at Postal Code: | 30,185 | |
| Matched at City: | - | |
| Matched at County: | - | |
| Geocoded based on population grid points (Beach Split Zips) | - | |
| Records already geocoded by client: | - | |
| Total number of records: | 30,185 | |

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AIR WORLDWIDE

| Line of Business & Coverage Summary | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Limits | A Building | | | B Other Structures | | | C Contents | | | D Loss of Use | | |
| LOB | Apply | Rep | Lim | Ded | Rep | Lim | Ded | Rep | Lim | Ded | Rep/d* | Lim | Ded |
| HO | C | L | P | BA | L | LimA*0.1 | BA | L | LimA*(TLF-1.3) | BA | $150 / day | LimA*0.2 | N/A |
| CO | C | L | $1000* Num of Risks | BA | N/A | N/A | N/A | L | P | N/A | $150 / day | LimC*0.4 | N/A |
| TN | C | N/A | N/A | N/A | N/A | N/A | N/A | L | P | N/A | $150 / day | LimC*0.2 | N/A |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |

** Loss of Use Replacement (Rep/d) is a per diem value.*

**CLASIC/2 Key:**

**Limit Application Code ("Limits Apply"):**
N = None
C = Applies by Coverage
S = Applies to sum of all coverages

**Replacement Value ("Rep"):**
P = As Provided
L = Equal to limit

**Limit Value ("Lim"):**
P = As Provided
TLF = Total Limit Factor (see Exhibit III)

**Deductible Application Code ("Ded"):**
NO = None
AA = Annual Amount
SA = Combined flat
SP = Combined percent of coverage
SL = Combined percent of loss
CA = By coverage flat
CP = By coverage percent
BA = Combined flat, excluding time element loss
BP = Combined percent of coverage, excluding time
MA = Mini-policy flat
MP = Mini-policy percent

**Analysis Options**

**Aggregation of Input Data:** ☐ Modeled as provided ☑ Aggregated by: Stat Agent, PFG Code, New Territory (eff. 4/1/2014), Construction Code, Zip Code, Year Built.

**Geographic Resolution of Analysis:** Postal Code

**Analysis Save Results:** ☐ Contract ☐ Contract/Summary ☐ Layer ☐ Coverage ☐ Injury

**Analysis Specifications:**
☐ Reinsurance Quota Share ☐ Reinsurance Per Risk XOL
☐ Reinsurance Surplus Share ☐ Reinsurance Facultative
☐ TC Storm Surge (Flooding, default is 10% of separately modeled surge loss)
☑ Average Properties ☑ Demand Surge
☐ Uncertainty ☐ Global Overrides

**Analysis Notes:** Base analyses will be run with aggregate demand surge. Exposures treated as Beach Split Zip (see note 5 on Page 6) will not be run with Average Properties.
An additional analysis will be run without demand surge, results will be provided at the event level

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AIR WORLDWIDE

| Location Detail Characteristics | | | |
|---|---|---|---|
| *Peril* | *Characteristic* | *# Provided* | *% of Total Provided* |
| | Age | 47,254 | 87.5% |
| | Appurtenant Structures | | |
| | Avg Height of Adjacent Buildings | | |
| | Bldg Foundation Connection | | |
| | Building Condition | | |
| | Building Orientation | | |
| | Building Shape | | |
| | Exterior Doors | | |
| | Floor of Interest | | |
| | Foundation Type | | |
| | Glass Percent | | |
| | Glass Type | | |
| | Height | | |
| | Internal Partition Walls | | |
| | Large Missile Source | | |
| | Proximity Exposure | | |
| | Retrofit Measures | | |
| | Roof Anchorage | | |
| | Roof Attached Structures | | |
| | Roof Covering | | |
| | Roof Covering Attachment | | |
| | Roof Deck | | |
| | Roof Deck Attachment | | |
| | Roof Geometry | | |
| | Roof Pitch | | |
| | Small Debris Source | | |
| | Soft Story | | |
| | Special Earthquake Resistant Systems | | |
| | Structural Irregularity | | |
| | Terrain Roughness | | |
| | Torsion Elements | | |
| | Tree Exposure | | |
| | Wall Attached Structures | | |
| | Wall Siding | | |
| | Wall Type | | |
| | Window Protection | | |
| | Year Roof Built | | |

**Total Records** 53,998

**Notes:** Year Built is provided for Homeowners data only and is divided into the following bands:
- 1994 and prior

| Exposure Notes & Customized Assumptions |
|---|
| 1) Insured value and number of risks were provided to AIR by Statistical Agent (Agent) category (Voluntary and Beach Plan), policy form group(Owners, Tenants and Condos), zipcode, coverage, construction class, year built and territory, as defined by NCRB.<br><br>2) For the purpose of this follow-up analysis, AIR only modeled policies in the following territories: 41r, 44, 45r, 46r, 47e, 47n, 47s, 53r, 101n, 101s, 103x, 111x, 112x.<br><br>3) The number of risks in each zip code was rounded to the nearest whole number, except where the number of risks was < 1. In these zip codes, the number of risks was rounded up to 1. As a result, the number of risks to be modeled is different from the number of risks provided. This will not have an impact on the results, as the number of risks is not a field used in the analysis.<br><br>4) For Homeowners policies, the Coverage B replacement value and limit were assumed to be 10% of Coverage A; the Coverage C replacement value and limit were assumed to be (Total Limit Factor - 1.3) of Coverage A where Total Limit Factor (TLF) varies by Territory (see Exhibit III); the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 20% of Coverage A. For Condominium policies, the Coverage A replacement value and limit were assumed to be $1,000 per risk; the Coverage D replacement value was assumed to be $150/day, and the Coverage D limit was assumed to be 40% of Coverage C. For Tenant policies, replacement values and limits for Coverages A and B were assumed to be zero. Replacement value and limit for Coverage C was as provided. Replacement Value for Coverage D is assumed to be $150/day and the limit value for Coverage D is assumed to be 20% of Coverage C.<br><br>5) A deductible of $250 per risk was used for all lines of business. |

| Attachments & Exhibits |
|---|
| **Construction/Occupancy Information and Data Mapping:** ☑ |
| **Insured Value Summary by LOB:** ☐ State ☐ Count ☐ Coverage ☑ Territory |
| **Replacement Value Summary by LOB:** ☐ State ☐ County ☐ Coverage |
| **Deductible Summary by LOB:** ☐ State ☐ County ☐ Coverage |
| **Premium Summary:** ☐ State ☐ County |
| **Deductible by Coverage:** ☐ State ☐ County |
| **Construction Summary:** ☐ |

| Exposure Summary & Modeling Assumption Approval | | | |
|---|---|---|---|
| *Subscriber Signature:* | _____ | *Date:* | _____ |
| *Print Name:* | _____ | *Title:* | _____ |

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Exhibit I.a: US

## Construction/Occupancy Information and Data Mapping

| *LOB* | *Client Construction* | *AIR CC* | *AIR OC* | *AIR Construction* | *AIR Occupancy* | *Risks* | *Insured Value* | *Org. Risks* |
|---|---|---|---|---|---|---|---|---|
| Owners | 1 | 101 | 301 | Wood Frame | General Residential | 739,454 | 306,166,632,765 | 738,472 |
| Owners | 2 | 103 | 301 | Masonry veneer | General Residential | 392,212 | 196,202,358,356 | 390,818 |
| Owners | 3 | 111 | 301 | Masonry | General Residential | 105,945 | 60,672,001,437 | 103,724 |
| Owners | 4 | 131 | 301 | Reinforced concrete | General Residential | 2,089 | 642,313,100 | 950 |
| Owners | 5 | 101 | 301 | Wood Frame | General Residential | 55,611 | 20,426,111,373 | 54,726 |
| Tenant | 1 | 101 | 306 | Wood Frame | Apartments/Condos | 136,064 | 4,591,327,519 | 135,993 |
| Tenant | 2 | 103 | 306 | Masonry veneer | Apartments/Condos | 45,238 | 1,773,270,475 | 45,160 |
| Tenant | 3 | 111 | 306 | Masonry | Apartments/Condos | 13,507 | 529,343,234 | 13,380 |
| Tenant | 4 | 131 | 306 | Reinforced concrete | Apartments/Condos | 1,263 | 41,831,077 | 1,077 |
| Tenant | 5 | 101 | 306 | Wood Frame | Apartments/Condos | 12,428 | 422,155,718 | 12,329 |
| Condominium | 1 | 101 | 306 | Wood Frame | Apartments/Condos | 30,118 | 2,032,439,020 | 30,068 |
| Condominium | 2 | 103 | 306 | Masonry veneer | Apartments/Condos | 11,776 | 998,824,027 | 11,721 |
| Condominium | 3 | 111 | 306 | Masonry | Apartments/Condos | 5,697 | 502,690,820 | 5,653 |
| Condominium | 4 | 131 | 306 | Reinforced concrete | Apartments/Condos | 611 | 54,241,253 | 515 |
| Condominium | 5 | 101 | 306 | Wood Frame | Apartments/Condos | 2,533 | 160,824,286 | 2,500 |
| | | | | | *Total Insured Value to be Modeled:* | **1,554,546** | **595,216,364,462** | **1,547,087** |

Notes:
*Currency: US Dollars*
*Num. Risks are Orig. Risks rounded to whole values*
*Orig. Risks are client provided original risks.*

Exhibit II.a

**Insured Value by Territory - All Coverages**
**Hurricane Peril**

**North Carolina**

| Territory | Homeowners | Tenants | Condo | Total |
|---|---|---|---|---|
| **41r** | | | | |
| Value | 5,372,028,432 | 40,006,220 | 3,777,240 | 5,415,811,892 |
| Num. Risks | 15,820 | 1,128 | 79 | 17,027 |
| Org. Risks | 15,409 | 1,098 | 73 | 16,580 |
| Avg Value | 348,630 | 36,439 | 51,463 | 326,642 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **44** | | | | |
| Value | 5,403,585,183 | 32,409,757 | 1,888,793 | 5,437,883,733 |
| Num. Risks | 14,976 | 839 | 30 | 15,845 |
| Org. Risks | 14,689 | 814 | 24 | 15,527 |
| Avg Value | 367,876 | 39,795 | 78,398 | 350,218 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **45r** | | | | |
| Value | 20,575,145,414 | 243,373,850 | 62,056,449 | 20,880,575,712 |
| Num. Risks | 54,234 | 7,488 | 1,098 | 62,820 |
| Org. Risks | 53,662 | 7,430 | 1,088 | 62,179 |
| Avg Value | 383,423 | 32,755 | 57,058 | 335,811 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **46r** | | | | |
| Value | 10,387,429,144 | 80,065,901 | 1,101,714 | 10,468,596,759 |
| Num. Risks | 26,101 | 2,300 | 30 | 28,431 |
| Org. Risks | 25,799 | 2,277 | 19 | 28,095 |
| Avg Value | 402,628 | 35,165 | 57,392 | 372,613 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **47e** | | | | |
| Value | 7,831,139,347 | 87,267,001 | 5,798,756 | 7,924,205,104 |
| Num. Risks | 22,062 | 2,369 | 71 | 24,502 |
| Org. Risks | 21,747 | 2,342 | 66 | 24,155 |
| Avg. Value | 360,110 | 37,259 | 87,218 | 328,054 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **47n** | | | | |
| Value | 28,737,420,888 | 206,583,765 | 22,364,182 | 28,966,368,835 |
| Num. Risks | 74,810 | 5,487 | 272 | 80,569 |
| Org. Risks | 74,185 | 5,440 | 251 | 79,875 |
| Avg Value | 387,376 | 37,974 | 89,273 | 362,644 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **47s** | | | | |
| Value | 12,036,812,337 | 84,976,925 | 4,397,661 | 12,126,186,923 |
| Num. Risks | 31,753 | 2,203 | 71 | 34,027 |
| Org. Risks | 31,438 | 2,171 | 61 | 33,670 |
| Avg Value | 382,877 | 39,149 | 71,586 | 360,150 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **53r** | | | | |
| Value | 138,273,670,287 | 2,167,645,180 | 771,912,662 | 141,213,228,129 |
| Num. Risks | 265,069 | 64,250 | 10,577 | 339,896 |
| Org. Risks | 264,875 | 64,234 | 10,556 | 339,665 |
| Avg Value | 522,033 | 33,746 | 73,127 | 415,742 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **101n** | | | | |
| Value | 115,413,326,179 | 1,479,166,010 | 694,346,328 | 117,586,838,517 |
| Num. Risks | 270,463 | 41,277 | 9,526 | 321,266 |
| Org. Risks | 269,305 | 41,168 | 9,453 | 319,926 |
| Avg. Value | 428,561 | 35,930 | 73,449 | 367,544 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **101s** | | | | |
| Value | 156,954,660,915 | 2,198,613,920 | 1,934,014,297 | 161,087,289,132 |
| Num. Risks | 309,774 | 61,577 | 25,428 | 396,779 |
| Org. Risks | 308,731 | 61,493 | 25,381 | 395,606 |
| Avg. Value | 508,386 | 35,754 | 76,198 | 407,191 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |

(continued)

| | | | | |
|---|---|---|---|---|
| **103x** | | | | |
| Value | 55,207,595,048 | 463,319,760 | 152,233,178 | 55,823,147,986 |
| Num. Risks | 135,218 | 11,704 | 2,067 | 148,989 |
| Org. Risks | 134,474 | 11,648 | 2,018 | 148,139 |
| Avg Value | 410,546 | 39,778 | 75,456 | 376,830 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **111x** | | | | |
| Value | 22,543,801,969 | 228,411,662 | 93,967,311 | 22,866,180,942 |
| Num. Risks | 59,818 | 6,622 | 1,468 | 67,908 |
| Org. Risks | 59,443 | 6,602 | 1,452 | 67,497 |
| Avg Value | 379,254 | 34,598 | 64,710 | 338,776 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **112x** | | | | |
| Value | 5,372,801,889 | 46,088,074 | 1,160,835 | 5,420,050,798 |
| Num. Risks | 15,213 | 1,256 | 18 | 16,487 |
| Org. Risks | 14,936 | 1,223 | 13 | 16,172 |
| Avg. Value | 359,727 | 37,693 | 87,229 | 335,154 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |
| **Total** | | | | |
| Value | 584,109,417,032 | 7,357,928,024 | 3,749,019,406 | 595,216,364,462 |
| Num. Risks | 1,295,311 | 208,500 | 50,735 | 1,554,546 |
| Org. Risks | 1,288,690 | 207,940 | 50,456 | 1,547,087 |
| Avg. Value | 453,258 | 35,385 | 74,302 | 384,734 |
| Avg. Ded $ | 250 | 250 | 250 | 250 |

Notes:
*Currency: US Dollars*
*Num. Risks are Orig. Risks rounded to whole values*
*Orig. Risks are client provided original risks.*

Exhibit III

**Homeowner Total Limit Factors**

| *TERRITORY* | *Total Limit Factor* |
|---|---|
| 7 | 1.857 |
| 8 | 1.900 |
| 48 | 1.857 |
| 49 | 1.868 |
| 101n | 1.902 |
| 101s | 1.908 |
| 102 | 1.904 |
| 103x | 1.900 |
| 104 | 1.928 |
| 107 | 1.923 |
| 108 | 1.920 |
| 109 | 1.909 |
| 110 | 1.933 |
| 111x | 1.937 |
| 112x | 1.898 |
| 116 | 1.890 |
| 117 | 1.916 |
| 118 | 1.943 |
| 120 | 1.910 |
| 41r | 1.891 |
| 44 | 1.918 |
| 45r | 1.911 |
| 46r | 1.898 |
| 47e | 1.897 |
| 47n | 1.906 |
| 47s | 1.954 |
| 52A | 1.880 |
| 52B | 1.889 |
| 53r | 1.927 |

## Appendix C– Proposed Territory Name Revisions

| Territory | Final Territory |
|---|---|
| 7 | 110 |
| 8 | 120 |
| 48 | 130 |
| 52A | 140 |
| 49 | 150 |
| 52B | 160 |
| 116 | 170 |
| 45r | 180 |
| 112x | 190 |
| 110 | 200 |
| 47e | 210 |
| 111x | 220 |
| 41r | 230 |
| 47n | 240 |
| 47s | 250 |
| 46r | 260 |
| 53r | 270 |
| 107 | 280 |
| 118 | 290 |
| 44 | 300 |
| 101n | 310 |
| 103x | 320 |
| 120 | 330 |
| 101s | 340 |
| 109 | 350 |
| 102 | 360 |
| 104 | 370 |
| 117 | 380 |
| 108 | 390 |

# Amended Pages for

# Exhibit RB-12

Since it is appropriate to rely on the models used in the reinsurance market in setting the price of reinsurance, and later, in allocating that cost to zone, I relied on the AIR WSST model loss estimates in this portion of my analysis.

Second, I also note that in projecting losses using either model, AIR's estimates reflect the phenomenon of "demand surge." Demand surge refers to the fact that, subsequent to the occurrence of a large natural catastrophe, the prices of labor and materials required to repair or replace damaged property tend to increase because of the surge in demand for such resources. This is exactly what one would expect given the underlying dynamics of supply and demand; with resources (particularly labor) that are relatively fixed in supply in the short run, a rapid increase in demand is expected to increase prices. This phenomenon has been observed following natural disasters such as Hurricane Andrew, the Northridge earthquake, Hurricane Katrina and the like. In estimating the damages attributable to catastrophic events, it is appropriate to include all factors that affect the level of expected losses, including, of course, factors that affect the price of the resources required to respond to those events.

Given the reinsurance program described above and the AIR loss distributions, I then determined the amount of losses that would be subject to reinsurance coverage, as a share of the total hurricane losses in the state. Based on the projected reinsured losses, I then developed a "competitive market" reinsurance premium, as follows:

- I loaded the reinsured loss for LAE, using the Incurred Loss/Incurred LAE ratio from the filing.

- I then loaded the incurred losses and LAE for assumed reinsurer expenses, using an expense factor of 0.70 (which results in a reinsurer expense provision of 19.6% of premium).

- I assumed the reinsurer set an underwriting profit provision that would yield a return on net worth, after consideration of all investment income, of 11.0%. I determined the reinsurer's net worth such that the reinsurer premium to surplus ratio would be .30, a selected value that approximates the historical average ratio for professional reinsurers from Best's Aggregates and Averages over the past several years.

Having determined the reinsurance premium that a competitive reinsurance market would produce under the assumptions described above, I then subtracted expected losses and LAE from the premium to leave the net cost of reinsurance of $569,312,117. In the next step, that amount was added as a fixed expense in the rates. (This value, when divided by projected direct written premium at proposed rates, produces an expected net cost of reinsurance equal to 17.5% of direct premium, comprised of the reinsurance expense cost of 3.4% and the cost of reinsurer capital of 14.1%).

Q. Are the results of your calculations shown in an exhibit?

A. Yes. Exhibit RB-15 shows the calculations giving rise to the estimated net cost of reinsurance of $569,312,117. This exhibit contains two pages; the first page shows the derivation of the reinsurance premium, based on the portion of hurricane losses that are covered by reinsurance, and the reinsurer's capitalization and required return. The end result of that calculation is the net cost of reinsurance, in dollars. (The net cost of reinsurance is the total premium less the primary insurer's loss and LAE recovery, which is equal to the reinsurer's expense cost and the cost of the reinsurer's capital). The second page shows the derivation of the statewide premium given the net cost of reinsurance, along with the net and gross cost of reinsurance displayed as a percent of statewide premium. As can be seen in the second page, the reinsurance premium is 23.9% of statewide direct premium, while the net cost of reinsurance is 17.5% of premium.

Q. Do you believe that your calculations accurately reflect the net cost of reinsurance in North Carolina?

A. Yes. In the past I have compared the estimates based on this methodology to the actual reinsurance costs incurred by insurers, and I have found they are typically consistent with the portions of premium expended by primary insurers in the purchase of reinsurance in catastrophe prone environments. As a consequence I believe that my estimates are reasonable.

Q. In your opinion, it is appropriate to include the net cost of reinsurance in homeowners insurance rates in North Carolina?

A. Yes. Insurers in North Carolina incur a substantial cost for bearing the risk of homeowners insurance in the state. The market cost of bearing that risk (whether the risk is retained by the insurer or transferred to a reinsurer) must be included in the rates. In the analysis described above, I have developed a competitive market reinsurance premium that reasonably reflects the net cost of reinsurance to the primary insurer. Since this is a legitimate cost of the risk transfer inherent in the purchase of homeowners insurance, it should properly be included in the rates.

Q. You said that the next step was to allocate the cost of reinsurance across regions in the state proportional to risk. Can you please discuss your analysis of this issue?

A. Yes. As discussed above, it is widely agreed that homeowners insurance in North Carolina is subject to substantial catastrophe exposure due to the possibility that hurricanes and other serious windstorms may strike the state. However that catastrophe potential differs significantly from region to region within the state; in coastal counties, for example, the hurricane risk is far higher than it is in the interior mountainous regions to the west. As a consequence, the risk to which insurers and reinsurers are exposed differs across the state as well. Since the need for reinsurance arises from the catastrophe exposure, regional differences in relative risk should be taken into account when determining the allocation of reinsurance costs within the state.

Q. How did you analyze the regional differences in risk and allocate reinsurance costs to region?

A. To address this issue, I developed a general simulation model that calculates regional differences in risk within North Carolina. Based on the model results, costs can be allocated to different regions in proportion to the risk each region contributes to the state as a whole. I used this model to allocate the net cost of reinsurance, as well as the underwriting profit and contingency provisions, to the different homeowners territories in the state. As a general rule, since the risk in the coastal areas is far greater than the risk in the interior, the cost of reinsurance and the required profit in those territories is greater, as a percent of premium, than in the less risky territories.

In broad terms, my approach involved the following steps:

(1) Determine appropriate measures of risk;
(2) Build a Monte Carlo simulation model to calculate the risk measures in each territory;
(3) Allocate statewide values proportional to risk.

I describe each of these steps briefly below.

Q. Before discussing these steps, you mentioned allocating costs to different territories in North Carolina, based on measures of relative risk. Was your analysis conducted at the level of the individual territories?

A. No. As in previous years, I did not conduct the analysis at the level of the individual territory, but rather at the "zone" level. That is, I aggregated the territories into four distinct zones for purposes of allocating profit and reinsurance costs: Zone 1a – beach (territories 110, 120 and 140); Zone 1b – coast (territories 130, 150, 160, 190 and 200); Zone 2 - central (territories 170, 180, 210, 220, 230, 240, 250, 260, 270, 280, 290 and 300); and Zone 3 - mountains (territories 310, 320, 330, 340, 350, 360, 370, 380 and 390).

I note that this is a different zone configuration than was previously used in North Carolina property rate filings. In prior filings three zones were used for allocation – where a single Zone 1 included all the beach and coastal territories. However, in reviewing more detailed territory level hurricane loss cost estimates, it became clear that there were significant differences in the expected loss costs between some of the territories in the beach and coastal areas, such that combining them into a single zone seemed inappropriate. Therefore, the Property Rating Subcommittee decided to reconsider and ultimately amend the zone definitions to further partition the beach and coastal territories into two separate zones.

Q. Can you please continue with your explanation of the various steps required to implement your allocation model?

net of expenses, plus investment income and surplus). I then determined the proportion of those losses attributable to each zone, and allocated reinsurance costs and profit according to those percentages.

As I mentioned earlier, it is important to emphasize that the departure point for the risk based allocation process is the total cost of reinsurance and required profit in the state as a whole. That is, only after these amounts are determined are they then allocated to zone. Thus, there is no additional profit or return resulting from our analysis, and the allocation is independent of the methodology used to determine the cost of reinsurance or the overall profit.

Q. Can you please describe the results of your analysis?

A. The details of the analysis are contained in Exhibit RB-16 attached to this testimony. This exhibit, comprised of three pages, shows the allocation of reinsurance costs and statewide profit to zones depending on the selected allocation method. (The total statewide profit and reinsurance cost are displayed in Exhibit RB-15, described above.)

The underwriting profit, cost of reinsurer capital and reinsurer expenses for each zone, based on the three methods just described, are summarized in the table below. As can be seen, those values are expressed in dollars, consistent with the fact that the net cost of reinsurance is included as a fixed dollar expense when making rates.

**Summary: Reinsurance Costs and Profit by Zone**

| | | *Zone 1a* | *Zone 1b* | *Zone 2* | *Zone 3* | *Sum* |
|---|---|---|---|---|---|---|
| Standard Deviation Method | Underwriting Profit and Contingencies | 152,779,739 | 38,433,174 | 98,945,022 | 83,889,381 | 374,047,317 |
| | Reinsurer Profit (Percent) | 178,584,221 | 48,047,210 | 130,215,530 | 100,618,014 | 457,464,975 |
| | Reinsurer Expenses (Percent) | 50,589,370 | 14,373,676 | 29,800,903 | 17,083,192 | 111,847,142 |
| | **Total Profit plus Reinsurance Cost** | **381,953,331** | **100,854,060** | **258,961,455** | **201,590,588** | **943,359,434** |
| Variance/ Covariance Method | Underwriting Profit and Contingencies | 168,781,024 | 37,294,733 | 102,169,407 | 65,802,154 | 374,047,317 |
| | Reinsurer Profit (Percent) | 194,819,635 | 48,240,341 | 136,314,519 | 78,090,480 | 457,464,975 |
| | Reinsurer Expenses (Percent) | 50,589,370 | 14,373,676 | 29,800,903 | 17,083,192 | 111,847,142 |
| | **Total Profit plus Reinsurance Cost** | **414,190,029** | **99,908,750** | **268,284,828** | **160,975,826** | **943,359,434** |
| Probability of Ruin Method | Underwriting Profit and Contingencies | 118,116,231 | 40,308,014 | 111,492,437 | 104,130,636 | 374,047,317 |
| | Reinsurer Profit (Percent) | 189,037,245 | 54,452,693 | 148,996,061 | 64,978,976 | 457,464,975 |
| | Reinsurer Expenses (Percent) | 50,589,370 | 14,373,676 | 29,800,903 | 17,083,192 | 111,847,142 |
| | **Total Profit plus Reinsurance Cost** | **357,742,846** | **109,134,383** | **290,289,400** | **186,192,805** | **943,359,434** |

Because each of the aforementioned methods has support in the risk measurement literature, and the results under the various models are reasonably similar, I averaged the per zone total profit and reinsurance cost factors from the three methods. The final values used in the calculations were then selected by the Rate Bureau.

**NORTH CAROLINA RATING BUREAU**
**EXHIBIT RB-15, Sheet 1**

**Calculation of Reinsurance Cost**
**Statewide Total**
**Reinsurer Amounts**

| | *Total* |
|---|---|
| (1) Hurricane Losses | 520,871,009 |
| (2) Loss Adjustment Expense Factor | 1.120 |
| (3) Hurricane Losses and Loss Expenses (1) x (2) | 583,494,279 |
| (4) Percent Reinsured | 0.447 |
| (5) Reinsured Losses and Loss Expenses [(3) x (4)] | 260,976,664 |
| a. Losses& LAE Included in Base Rate | 207,033,847 |
| b. Additional WSST Losses & LAE | 53,942,817 |
| (6) Reinsurance Expense Factor | 0.70 |
| (7) Reinsurance Loss+Expenses [(5) / (6)] | 372,823,805 |
| (8) Reinsurance Premium to Surplus Ratio | 0.30 |
| (9) Reinsurer Underwriting Return Percent of Surplus | 15.6% |
| (10) Reinsurer Underwriting Return Percent of Premium[(9) / (8)] | 52.0% |
| (11) Reinsurance Premium [(7) / (1.000-(10))] | 776,345,963 |
| (12) Reinsurance Expense Cost [(7)-(5)] | 111,847,142 |
| (13) Cost of Reinsurer Capital [(11) - (5a) -(12)] | 457,464,975 |
| (14) Reinsurer Expenses plus Cost of Reinsurer Capital [(12) + (13)] | 569,312,117 |

**Notes:**
(1), (4), (5) from Simulation.
(2) From ISO.
(4) Assumes hurricane losses reinsured from 1/10 year to 1/100 year event with 95% placement.
(6) Judgment based on Professional Reinsurers Expenses.
(8) Milliman Analysis.
(9) Underwriting return that produces reasonable after-tax return on surplus.

**NORTH CAROLINA RATING BUREAU**
**EXHIBIT RB-15, Sheet 2**

**Calculation of Reinsurance Cost**
**Statewide Total**
**Direct Writer Amounts**

| | *Total* |
|---|---|
| (1) Expected Value of Net Losses | 1,207,127,921 |
| (2) Expected Value of Ceded Losses | 184,814,029 |
| (3) Expected Value of All Losses [(1)+(2)] | 1,391,941,950 |
| | |
| (4) Commission and Brokerage | 12.80% |
| (5) Taxes Licenses and Fees | 2.60% |
| (6) Fixed Expenses (Other Acquisition & General) | 249,035,465 |
| (7) Reinsurer Expenses plus Cost of Reinsurer Capital | 569,312,117 |
| (8) Underwriting Profit | 10.50% |
| (9) Contingencies | 1.00% |
| (10) Loss Adjustment Expense Factor | 1.120 |
| (11) Total Indicated Premium [((3) x (10) + (6) + (7)) / (1.0 - (4) - (5) - (8) - (9))] | 3,252,585,366 |
| | |
| (12) Total Indicated Underwriting Profit [Profit from (8) x (11)] | 341,521,463 |
| (13) Investment Income on Reserves as a Percentage of Losses & LAE | 2.25% |
| (14) Total Indicated Investment Income on Reserves [(1) x (10) x (13)] | 30,398,771 |
| (15) Total Profit excluding Investment Income on Surplus [(12) + (14)] | 371,920,234 |
| | |
| (16) Reinsurance Expense Cost as % of Direct Premium [Exhibit RB-15, Sheet 1, (12) / (11)] | 3.44% |
| (17) Cost of Reinsurer Capital as % of Direct Premium [Exhibit RB-15, Sheet 1, (13) / (11)] | 14.06% |
| | |
| (18) Reinsurance Premium as % of Direct Premium [Exhibit RB-15, Sheet 1, (11)/ (11)] | 23.87% |

**Notes:**

1. (1)-(3) From Simulation
2. (4)-(6), (8), (9), (10) from ISO
3. (7) See Exhibit RB-15, Sheet 1, (14)
4. (13) Milliman Analysis

**NORTH CAROLINA RATING BUREAU**

**EXHIBIT RB-16, Sheet 1**

## Using Standard Deviation to Allocate Profit

| | *Zone 1a* | *Zone 1b* | *Zone 2* | *Zone 3* | *Sum* |
|---|---|---|---|---|---|
| **Allocation of Primary Company Amounts** | | | | | |
| (1) Standard Deviation of Net Losses | 586,613,909 | 147,249,500 | 377,924,591 | 318,431,243 | 1,430,219,243 |
| (2) Allocation Percent [(1) / Sum(1)] | 41.0% | 10.3% | 26.4% | 22.3% | 100.0% |
| (3) Expected Profit to Allocate | 152,545,551 | 38,291,380 | 98,277,102 | 82,806,201 | 371,920,234 |
| (4) Expected Contingencies to Allocate (Allocated with (7)) | 3,581,044 | 2,168,217 | 10,213,366 | 16,563,227 | 32,525,854 |
| (5) Expected Losses | 132,902,832 | 80,468,776 | 379,047,351 | 614,708,962 | 1,207,127,921 |
| (6) Loss Adjustment Expense Factor | 1.120 | 1.120 | 1.120 | 1.120 | 1.120 |
| (7) Expected Losses and Loss Expenses [(5) x (6)] | 148,881,471 | 90,143,374 | 424,619,449 | 688,614,180 | 1,352,258,475 |
| (8) Expected Investment Income on Policy Reserves Percent | 2.2% | 2.2% | 2.2% | 2.2% | 2.2% |
| (9) Underwriting Profit and Contingencies [(3) + (4) - (7) x (8)] | 152,779,739 | 38,433,174 | 98,945,022 | 83,889,381 | 374,047,317 |
| (10) General and Other Acquisition Expense | 27,418,402 | 16,601,040 | 78,199,031 | 126,816,992 | 249,035,465 |
| (11) Variable Expense Percent | 15.40% | 15.40% | 15.40% | 15.40% | 15.40% |
| **Allocation of Reinsurer Amounts** | | | | | |
| (12) Standard Deviation of Ceded Losses | 481,076,438 | 132,259,062 | 344,834,857 | 274,377,236 | 1,232,547,593 |
| (13) Allocation Percent [(12) / Sum(12)] | 39.0% | 10.7% | 28.0% | 22.3% | 100.0% |
| (14) Expected Profit to Allocate | 160,454,443 | 44,112,645 | 115,013,500 | 91,513,621 | 411,094,209 |
| (15) Expected Ceded Loss & LAE | 93,643,090 | 26,606,290 | 55,162,747 | 31,621,720 | 207,033,847 |
| (16) Additional WSST Ceded Losses & LAE | 21,469,693 | 4,847,165 | 17,304,619 | 10,321,341 | 53,942,817 |
| (17) Expected Losses and Loss Expenses [(15) + (16)] | 115,112,783 | 31,453,454 | 72,467,365 | 41,943,061 | 260,976,664 |
| (18) Expected Investment Income on Policy Reserves Percent | 2.9% | 2.9% | 2.9% | 2.9% | 2.9% |
| (19) Cost of Reinsurer Capital [(14) - (17) x (18) + (16)] | 178,584,221 | 48,047,210 | 130,215,530 | 100,618,014 | 457,464,975 |
| (20) Reinsurer Expenses [Total (20) allocated with (15)] | 50,589,370 | 14,373,676 | 29,800,903 | 17,083,192 | 111,847,142 |
| **Summary of Expense Provisions** | | | | | |
| (21) Indicated Premium [((7) + (9) + (10) + (15) + (19) + (20)) / (1.0 - (11))] | 770,562,995 | 276,837,783 | 965,653,288 | 1,239,531,301 | 3,252,585,367 |
| (22) Underwriting Profit and Contingencies (Percent) [(9) / (21)] | 19.8% | 13.9% | 10.2% | 6.8% | 11.5% |
| (23) Cost of Reinsurer Capital (Percent) [(19) / (21)] | 23.2% | 17.4% | 13.5% | 8.1% | 14.1% |
| (24) Reinsurer Expenses (Percent) [(20) / (21)] | 6.6% | 5.2% | 3.1% | 1.4% | 3.4% |

**Notes:**

1. (1), (5), (12), (15), (16) From Simulation.
2. Sum(3) from Exhibit RB-15, Sheet 2, (15). Zone amounts from Sum and Allocation Percentage (2).
3. (4), (6), (8), (10), (11) From Exhibit RB-15, Sheet 2.
4. Sum(14) from Exhibit RB-15, Sheet 1, [(13) - (5b) + (5) x Exhibit RB-16, Sheet 1, (18)]
5. Zone amounts (14) from Sum (14) and Allocation Percentage (13).
6. Sum(20) from Exhibit RB-15, Sheet 1, (12). Zone amounts from Sum and Allocation based on (17).

NORTH CAROLINA RATING BUREAU

EXHIBIT RB-16, Sheet 2

Using Covariance to Allocate Profit

| | *Zone 1a* | *Zone 1b* | *Zone 2* | *Zone 3* | *Sum* |
|---|---|---|---|---|---|
| **Allocation of Primary Company Amounts** | | | | | |
| (1) Covariance of Zone Net Losses with Total Net Losses (in billions) | 597,886,100 | 131,792,600 | 360,056,170 | 229,577,580 | 1,319,312,450 |
| (2) Allocation Percent [(1) / Sum(1)] | 45.3% | 10.0% | 27.3% | 17.4% | 100.0% |
| (3) Expected Profit to Allocate | 168,546,835 | 37,152,939 | 101,501,487 | 64,718,973 | 371,920,234 |
| (4) Expected Contingencies to Allocate (Allocated with (7)) | 3,581,044 | 2,168,217 | 10,213,366 | 16,563,227 | 32,525,854 |
| (5) Expected Losses | 132,902,832 | 80,468,776 | 379,047,351 | 614,708,962 | 1,207,127,921 |
| (6) Loss Adjustment Expense Factor | 1.120 | 1.120 | 1.120 | 1.120 | 1.120 |
| (7) Expected Losses and Loss Expenses [(5) x (6)] | 148,881,471 | 90,143,374 | 424,619,449 | 688,614,180 | 1,352,258,475 |
| (8) Expected Investment Income on Policy Reserves Percent | 2.2% | 2.2% | 2.2% | 2.2% | 2.2% |
| (9) Underwriting Profit and Contingencies [(3) + (4) - (7) x (8)] | 168,781,024 | 37,294,733 | 102,169,407 | 65,802,154 | 374,047,317 |
| (10) General and Other Acquisition Expense | 27,418,402 | 16,601,040 | 78,199,031 | 126,816,992 | 249,035,465 |
| (11) Variable Expense Percent | 15.40% | 15.40% | 15.40% | 15.40% | 15.40% |
| **Allocation of Reinsurer Amounts** | | | | | |
| (11) Covariance of Zone Ceded Losses to Total Ceded Losses (in billions) | 408,946,450 | 102,545,160 | 280,313,330 | 159,667,430 | 951,472,370 |
| (13) Allocation Percent [(12) / Sum(12)] | 43.0% | 10.8% | 29.5% | 16.8% | 100.0% |
| (14) Expected Profit to Allocate | 176,689,858 | 44,305,776 | 121,112,489 | 68,986,087 | 411,094,209 |
| (15) Expected Ceded Loss & LAE | 93,643,090 | 26,606,290 | 55,162,747 | 31,621,720 | 207,033,847 |
| (16) Additional WSST Ceded Losses & LAE | 21,469,693 | 4,847,165 | 17,304,619 | 10,321,341 | 53,942,817 |
| (17) Expected Losses and Loss Expenses [(15) + (16)] | 115,112,783 | 31,453,454 | 72,467,365 | 41,943,061 | 260,976,664 |
| (18) Expected Investment Income on Policy Reserves Percent | 2.9% | 2.9% | 2.9% | 2.9% | 2.9% |
| (19) Cost of Reinsurer Capital [(14) - (17) x (18) + (16)] | 194,819,635 | 48,240,341 | 136,314,519 | 78,090,480 | 457,464,975 |
| (20) Reinsurer Expenses [Total (20) allocated with (15)] | 50,589,370 | 14,373,676 | 29,800,903 | 17,083,192 | 111,847,142 |
| **Summary of Expense Provisions** | | | | | |
| (21) Indicated Premium [((7) + (9) + (10) + (15) + (19) + (20)) / (1.0 - (11))] | 808,667,840 | 275,720,395 | 976,673,823 | 1,191,523,309 | 3,252,585,367 |
| (22) Underwriting Profit and Contingencies (Percent) [(9) / (21)] | 20.9% | 13.5% | 10.5% | 5.5% | 11.5% |
| (23) Cost of Reinsurer Capital (Percent) [(19) / (21)] | 24.1% | 17.5% | 14.0% | 6.6% | 14.1% |
| (24) Reinsurer Expenses (Percent) [(20) / (21)] | 6.3% | 5.2% | 3.1% | 1.4% | 3.4% |

**Notes:**

1. (1), (5), (12), (15), (16) From Simulation.
2. Sum(3) from Exhibit RB-15, Sheet 2, (15). Zone amounts from Sum and Allocation Percentage (2).
3. (4), (6), (8), (10), (11) From Exhibit RB-15, Sheet 2.
4. Sum(14) from Exhibit RB-15, Sheet 1, [(13) - (5b) + (5) x Exhibit RB-16, Sheet 1, (18)]
5. Zone amounts (14) from Sum (14) and Allocation Percentage (13).
6. Sum(20) from Exhibit RB-15, Sheet 1, (12). Zone amounts from Sum and Allocation based on (17).

## NORTH CAROLINA RATING BUREAU

### EXHIBIT RB-16, Sheet 3

### Using Losses at Probability of Ruin to Allocate Profit

| | *Zone 1a* | *Zone 1b* | *Zone 2* | *Zone 3* | *Sum* |
|---|---|---|---|---|---|
| **Allocation of Primary Company Amounts** | | | | | |
| (1) Net Losses at Probability of Ruin | 919,888,750 | 313,435,809 | 864,815,573 | 804,127,533 | 2,902,267,666 |
| (2) Allocation Percent [(1) / Sum(1)] | 31.7% | 10.8% | 29.8% | 27.7% | 100.0% |
| (3) Expected Profit to Allocate | 117,882,042 | 40,166,219 | 110,824,516 | 103,047,456 | 371,920,234 |
| (4) Expected Contingencies to Allocate (Allocated with (7)) | 3,581,044 | 2,168,217 | 10,213,366 | 16,563,227 | 32,525,854 |
| (5) Expected Losses | 132,902,832 | 80,468,776 | 379,047,351 | 614,708,962 | 1,207,127,921 |
| (6) Loss Adjustment Expense Factor | 1.120 | 1.120 | 1.120 | 1.120 | 1.120 |
| (7) Expected Losses and Loss Expenses [(5) x (6)] | 148,881,471 | 90,143,374 | 424,619,449 | 688,614,180 | 1,352,258,475 |
| (8) Expected Investment Income on Policy Reserves Percent | 2.2% | 2.2% | 2.2% | 2.2% | 2.2% |
| (9) Underwriting Profit and Contingencies [(3) + (4) - (7) x (8)] | 118,116,231 | 40,308,014 | 111,492,437 | 104,130,636 | 374,047,317 |
| (10) General and Other Acquisition Expense | 27,418,402 | 16,601,040 | 78,199,031 | 126,816,992 | 249,035,465 |
| (11) Variable Expense Percent | 15.40% | 15.40% | 15.40% | 15.40% | 15.40% |
| **Allocation of Reinsurer Amounts** | | | | | |
| (11) Ceded Losses at Probability of Ruin | 1,724,902,050 | 509,859,660 | 1,350,330,697 | 563,920,256 | 4,149,012,662 |
| (13) Allocation Percent [(12) / Sum(12)] | 41.6% | 12.3% | 32.5% | 13.6% | 100.0% |
| (14) Expected Profit to Allocate | 170,907,467 | 50,518,128 | 133,794,031 | 55,874,583 | 411,094,209 |
| (15) Expected Ceded Loss & LAE | 93,643,090 | 26,606,290 | 55,162,747 | 31,621,720 | 207,033,847 |
| (16) Additional WSST Ceded Losses & LAE | 21,469,693 | 4,847,165 | 17,304,619 | 10,321,341 | 53,942,817 |
| (17) Expected Losses and Loss Expenses [(15) + (16)] | 115,112,783 | 31,453,454 | 72,467,365 | 41,943,061 | 260,976,664 |
| (18) Expected Investment Income on Policy Reserves Percent | 2.9% | 2.9% | 2.9% | 2.9% | 2.9% |
| (19) Cost of Reinsurer Capital [(14) - (17) x (18) + (16)] | 189,037,245 | 54,452,693 | 148,996,061 | 64,978,976 | 457,464,975 |
| (20) Reinsurer Expenses [Total (20) allocated with (15)] | 50,589,370 | 14,373,676 | 29,800,903 | 17,083,192 | 111,847,142 |
| **Summary of Expense Provisions** | | | | | |
| (21) Indicated Premium [((7) + (9) + (10) + (15) + (19) + (20)) / (1.0 - (11))] | 741,945,400 | 286,625,399 | 1,002,683,956 | 1,221,330,612 | 3,252,585,367 |
| (22) Underwriting Profit and Contingencies (Percent) [(9) / (21)] | 15.9% | 14.1% | 11.1% | 8.5% | 11.5% |
| (23) Cost of Reinsurer Capital (Percent) [(19) / (21)] | 25.5% | 19.0% | 14.9% | 5.3% | 14.1% |
| (24) Reinsurer Expenses (Percent) [(20) / (21)] | 6.8% | 5.0% | 3.0% | 1.4% | 3.4% |

**Notes:**

1. (1), (5), (12), (15), (16) From Simulation.
2. Sum(3) from Exhibit RB-15, Sheet 2, (15). Zone amounts from Sum and Allocation Percentage (2).
3. (4), (6), (8), (10), (11) From Exhibit RB-15, Sheet 2.
4. Sum(14) from Exhibit RB-15, Sheet 1, [(13) - (5b) + (5) x Exhibit RB-16, Sheet 1, (18)]
5. Zone amounts (14) from Sum (14) and Allocation Percentage (13).
6. Sum(20) from Exhibit RB-15, Sheet 1, (12). Zone amounts from Sum and Allocation based on (17).