

NORTH CAROLINA DEPARTMENT OF INSURANCE
RALEIGH, NORTH CAROLINA

BEFORE THE COMMISSIONER

IN THE MATTER OF THE FILING
DATED NOVEMBER 17, 2017 BY THE
NORTH CAROLINA RATE BUREAU
FOR REVISED HOMEOWNERS
INSURANCE RATES.

DOCKET NO. 1886

SETTLEMENT AGREEMENT
AND CONSENT ORDER

On November 17, 2017, the North Carolina Rate Bureau ("Rate Bureau") filed with the North Carolina Department of Insurance ("Department") a proposal for revised homeowners insurance rates (owners, tenants and condominiums) (the "2017 Rate Filing"). This 2017 Rate Filing was assigned Docket No. 1886 and, as originally filed, proposed a statewide overall increase in homeowners insurance rates of 18.7%, with changes varying by form and territory.

The Rate Bureau and the Department have agreed to settle the 2017 Rate Filing. The proposed settlement would provide for an overall statewide rate increase of 4.8%, with changes varying by form and territory as set forth on Exhibit A.

It appearing to the Commissioner that the Rate Bureau and the Department have, after consultation with their respective legal, actuarial and economic advisors and subject to approval by the Commissioner and to the conditions hereinafter set forth, entered into a settlement of all matters and things in dispute in connection with the 2017 Rate Filing; and it further appearing to the Commissioner that a settlement under the circumstances set forth herein results in rates that are neither excessive, inadequate, unreasonable, or unfairly discriminatory, that such settlement is in the public interest, that such settlement is fair and reasonable and should be approved and that, to the extent that the current rates and/or the filed rates differ from the rates approved by this order, the current rates and/or the filed rates are either excessive, inadequate, unreasonable or unfairly discriminatory;

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

1. The 2017 Rate Filing is approved subject to the modifications set forth in paragraph 2, below.
2. The approved overall statewide rate level increase, considering all forms and territories, is 4.8%. The approved territory rate level changes by form are set forth on the attached Exhibit A. The resulting approved territory base class premiums by form are set forth on the attached Exhibit B. The approved windstorm or hail exclusion credits by form are set forth on the attached Exhibit C. The approved wind mitigation credits by form are set forth on the attached Exhibit D. The approved territory base class

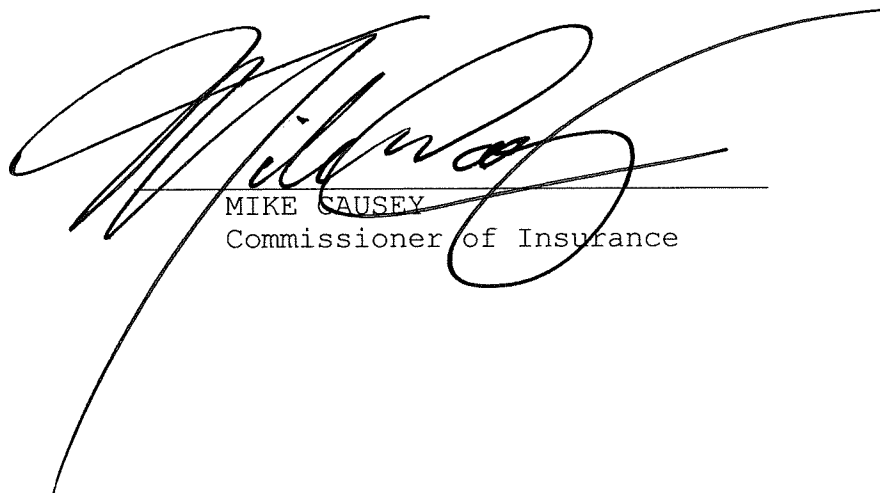
premiums by form for the Windstorm and Hail Policy Program are set forth on the attached Exhibit E. Exhibits A through E are incorporated herein by reference.

3. The revised rates and other approved changes are to become effective in accordance with the following Rule of Application:

These changes are applicable to all new and renewal policies becoming effective on or after October 1, 2018.

4. The parties acknowledge that, by entering into this Consent Order, neither is condoning, validating, accepting or agreeing to the other's theories, methodologies or calculations regarding or pertaining to profit, dividends and deviations, computer models, catastrophe loadings, and/or any other theory, methodology or calculation not specifically enumerated herein. The parties further acknowledge that by entering into this Consent Order neither is bound or limited in filing, reviewing or contesting any future rate filings in any line of insurance subject to the Bureau's jurisdiction by the theories, methodologies or calculations contained in the 2017 Rate Filing.

This 18th day of April, 2018.

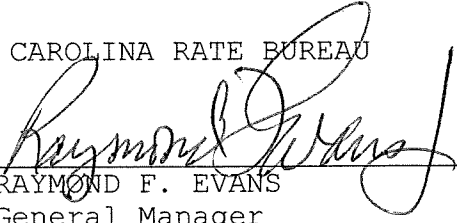


MIKE CAUSEY
Commissioner of Insurance

WE CONSENT TO THE SIGNING AND ENTRY OF THIS ORDER:


NORTH CAROLINA RATE BUREAU

BY:


RAYMOND F. EVANS
General Manager

NORTH CAROLINA DEPARTMENT OF INSURANCE

BY:


FRED FULLER
Deputy Commissioner, Property and Casualty

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EXHIBIT A

NORTH CAROLINA
HOMEOWNERS INSURANCE

STATEWIDE AND TERRITORY RATE LEVEL CHANGES

<u>Territory</u>	<u>Forms 2, 3, 5, 7, 8</u>	<u>Form 4</u>	<u>Form 6</u>
110	5.5%	12.0%	12.0%
120	5.5%	12.0%	12.0%
130	5.5%	12.0%	12.0%
140	5.5%	12.0%	12.0%
150	5.4%	12.0%	12.0%
160	5.5%	12.0%	12.0%
170	1.5%	12.0%	12.0%
180	5.5%	12.0%	12.0%
190	5.5%	12.0%	12.0%
200	5.5%	12.0%	12.0%
210	5.5%	12.0%	12.0%
220	5.5%	12.0%	12.0%
230	5.5%	12.0%	12.0%
240	5.5%	12.0%	12.0%
250	5.5%	12.0%	12.0%
260	5.5%	12.0%	12.0%
270	5.5%	12.0%	12.0%
280	5.5%	12.0%	12.0%
290	5.5%	12.0%	12.0%
300	-3.7%	12.0%	12.0%
310	5.5%	12.0%	12.0%
320	5.5%	12.0%	12.0%
330	5.0%	10.0%	12.0%
340	5.5%	12.0%	12.0%
350	2.1%	12.0%	12.0%
360	1.8%	12.0%	12.0%
370	-6.3%	10.8%	12.0%
380	-9.4%	12.0%	12.0%
390	-6.1%	12.0%	12.0%
Statewide	4.4%	12.0%	12.0%
Combined Statewide Change for all Forms:			4.8%

EXHIBIT B

NORTH CAROLINA
HOMEOWNERS INSURANCE

APPROVED BASE-CLASS PREMIUMS

<u>Territory</u>	<u>Form 3</u>	<u>Form 4</u>	<u>Form 6</u>
110	\$2,383	\$118	\$97
120	\$2,794	\$134	\$119
130	\$1,516	\$75	\$75
140	\$1,947	\$91	\$82
150	\$1,278	\$57	\$56
160	\$1,375	\$72	\$61
170	\$791	\$55	\$51
180	\$899	\$57	\$52
190	\$1,062	\$60	\$55
200	\$1,218	\$64	\$61
210	\$831	\$57	\$50
220	\$978	\$88	\$51
230	\$1,097	\$58	\$54
240	\$808	\$60	\$48
250	\$924	\$55	\$47
260	\$612	\$63	\$49
270	\$684	\$48	\$54
280	\$607	\$43	\$39
290	\$753	\$50	\$48
300	\$815	\$55	\$47
310	\$615	\$51	\$41
320	\$700	\$49	\$42
330	\$585	\$51	\$47
340	\$600	\$55	\$45
350	\$650	\$54	\$44
360	\$563	\$37	\$41
370	\$612	\$47	\$48
380	\$568	\$46	\$45
390	\$589	\$46	\$45

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

NORTH CAROLINA
HOMEOWNERS INSURANCE

WINDSTORM OR HAIL EXCLUSION CREDITS

Frame Construction

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$1,717	\$2,389	\$1,115	\$1,508	\$889	\$930
Form 4	\$72	\$84	\$33	\$40	\$12	\$19
Form 6	\$47	\$74	\$29	\$31	\$14	\$14

Masonry Construction

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$1,546	\$2,155	\$1,048	\$1,344	\$790	\$835
Form 4	\$64	\$75	\$30	\$36	\$10	\$17
Form 6	\$42	\$65	\$26	\$28	\$13	\$12

NORTH CAROLINA
HOMEOWNERS INSURANCE

WINDSTORM MITIGATION CREDITS

Frame Construction

Mitigation Feature	Territory					
	110	120	130	140	150	160
Total Hip Roof	\$119	\$163	\$78	\$103	\$60	\$63
Opening Protection	\$122	\$167	\$78	\$104	\$59	\$65
Total Hip Roof and Opening Protection	\$241	\$328	\$154	\$207	\$118	\$128
IBHS Designation:						
<i>Hurricane Fortified for Safer Living®</i>	\$390	\$575	\$223	\$345	\$129	\$214
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	\$94	\$130	\$62	\$82	\$47	\$51
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	\$146	\$204	\$87	\$129	\$59	\$79
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	\$234	\$346	\$125	\$210	\$62	\$128
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	\$281	\$418	\$149	\$257	\$71	\$159
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	\$299	\$440	\$167	\$262	\$93	\$162
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	\$347	\$514	\$190	\$310	\$101	\$191

Masonry Construction

Mitigation Feature	Territory					
	110	120	130	140	150	160
Total Hip Roof	\$108	\$146	\$73	\$92	\$54	\$57
Opening Protection	\$110	\$150	\$73	\$94	\$52	\$58
Total Hip Roof and Opening Protection	\$217	\$296	\$145	\$186	\$105	\$116
IBHS Designation:						
<i>Hurricane Fortified for Safer Living®</i>	\$352	\$518	\$209	\$307	\$115	\$192
<i>Hurricane Fortified for Existing Homes® Bronze Option 1</i>	\$84	\$118	\$57	\$72	\$42	\$45
<i>Hurricane Fortified for Existing Homes® Bronze Option 2</i>	\$131	\$184	\$82	\$115	\$52	\$71
<i>Hurricane Fortified for Existing Homes® Silver Option 1</i>	\$211	\$313	\$118	\$188	\$55	\$116
<i>Hurricane Fortified for Existing Homes® Silver Option 2</i>	\$253	\$377	\$140	\$229	\$62	\$142
<i>Hurricane Fortified for Existing Homes® Gold Option 1</i>	\$269	\$398	\$157	\$233	\$81	\$145
<i>Hurricane Fortified for Existing Homes® Gold Option 2</i>	\$311	\$464	\$179	\$276	\$90	\$171

EXHIBIT E

NORTH CAROLINA
HOMEOWNERS INSURANCE

APPROVED BASE-CLASS PREMIUMS
FOR WINDSTORM AND HAIL POLICY PROGRAM

Frame Construction

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$1,826	\$2,506	\$1,223	\$1,629	\$1,015	\$1,073
Form 4	\$93	\$108	\$52	\$65	\$34	\$44
Form 6	\$61	\$88	\$41	\$45	\$25	\$27

Masonry Construction

	Territory					
	<u>110</u>	<u>120</u>	<u>130</u>	<u>140</u>	<u>150</u>	<u>160</u>
Forms 2, 3, 5, 7, 8	\$1,655	\$2,272	\$1,156	\$1,465	\$916	\$978
Form 4	\$85	\$99	\$49	\$61	\$32	\$42
Form 6	\$56	\$79	\$38	\$42	\$24	\$25