

Outer Banks Association of Realtors® Outer Banks Home Builders Association
CALL FOR ACTION
COMMENT ON PROPOSED RATE INCREASES FOR
DWELLING FIRE AND WIND POLICIES
COMMENT PERIOD ENDS FRIDAY, MARCH 23rd

The NC Rate Bureau submitted a Filing to the NC Department of Insurance (NCDOI) last month to increase DWELLING Insurance rates for fire and extended (wind) coverage 18.9% overall statewide. Dwelling policies are different from Homeowner policies. Dwelling policies typically cover second homes, vacation rental homes or year-round rental homes.

While the Filing reflects decreases in the fire rate, the extended (wind) coverage rates are proposed to increase over 58% in the mainland portions of Dare and Currituck Counties; 38.% in the barrier island areas of Dare and Currituck Counties. Fire rates are typically much lower than wind rates - sometimes as little as 7% of the total rate - and this filing will have tremendous impact on Dwelling and Dwelling Wind Only policies written through the NC Insurance Underwriters Association (NCIUA), commonly referred to as the Coastal Property Insurance Pool. NCIUA policies are surcharged over and above the maximum rate approved by the Department of Insurance.

The Rate Bureau is requesting the following Dwelling policy rate changes based on \$15,000 Coverage, Base Class is Form DP-001, to become effective on October 1, 2018:

| Territory | Territory Definition | % Rate Change Request Fire/Wind | \$ Current Dwelling Fire/Wind Rate | \$ Proposed Dwelling Fire/Wind Rate |
|------------------|---|--|---|--|
| 110 | Beach areas of Currituck, Dare & Hyde Counties | -0.1/+38.5 | \$17/\$143 | \$17/\$198 |
| 120 | Beach areas of Brunswick, Carteret, New Hanover, Onslow & Pender Counties | -12.5/+39.6 | 19/157 | 17/219 |
| 130 | Coastal areas of Currituck, Dare, Hyde & Pamlico Counties | -25.7/+58.3 | 42/105 | 31/166 |
| 140 | Eastern areas of Brunswick, Carteret, New Hanover, Onslow & Pender Counties | -21.3/+48.3 | 35/116 | 28/172 |
| 150 | Coastal areas of Beaufort, Camden, Chowan, Craven, Jones, Pasquotank, Perquimans, Tyrrell & Washington Counties | -20.4/+20.8 | 37/107 | 29/129 |
| 160 | Western Coastal areas of Brunswick, Carteret, New Hanover, Onslow and Pender Counties | -7.6/+26.8 | 35/116 | 32/147 |
| 170 | Gates and Hertford Counties | -20.7/+29.9 | 55/48 | 44/62 |
| 180 | Bertie, Greene, Martin, Pitt, & Wayne Counties | -18.2/+77.6 | 55/48 | 45/85 |
| 190 | Duplin and Lenoir Counties | -16.5/+79.5 | 55/48 | 46/86 |

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|-----|--|--------------|-------|--------|
| 200 | Columbus County | -22.1/+114.6 | 80/51 | 62/109 |
| 210 | Edgecombe and Wilson Counties | -15.6/+77.0 | 48/40 | 41/71 |
| 220 | Cumberland and Sampson Counties | -17.6/+73.6 | 50/35 | 41/61 |
| 230 | Bladen and Robeson Counties | -19.8/+102.8 | 80/51 | 64/103 |
| 240 | Franklin, Halifax, Johnston, Nash and Northampton Counties | -13.4/+59.0 | 48/40 | 42/64 |
| 250 | Harnett, Hoke and Scotland Counties | -20.3/+33.6 | 48/40 | 38/53 |
| 260 | Granville, Person, Vance and Warren Counties | -23.3/+55.0 | 61/32 | 47/50 |
| 270 | Cities of Raleigh & Durham; Durham and Wake Counties | -31.4/+30.6 | 44/30 | 30/39 |
| 280 | Chatham and Orange Counties | -19.4/+27.4 | 35/29 | 28/37 |
| 290 | Lee and Moore Counties | -26.9/+14.2 | 48/40 | 35/46 |
| 300 | Anson, Montgomery and Richmond Counties | -7.1/+82.3 | 51/30 | 47/55 |
| 310 | Cities of Greensboro and Winston-Salem; Alamance, Caswell, Davie, Forsyth, Guilford, Rockingham, Stokes and Surry Counties | -25.8/+67.2 | 47/20 | 35/33 |
| 320 | Cabarrus, Davis, Randolph and Rowan Counties | -22.3/+31.5 | 44/26 | 34/34 |
| 330 | Yadkin County | -17.5/+41.5 | 44/26 | 37/37 |
| 340 | City of Charlotte; Alexander, Iredell, Mecklenburg, Stanly, Union and Wilkes Counties | -30.4/+66.6 | 44/18 | 31/30 |
| 350 | Cleveland, Gaston, Lincoln and Rutherford Counties | -14.8/+45.3 | 41/21 | 35/31 |
| 360 | Alleghany, Ashe, Buncombe, Burke, Caldwell, Catawba, Henderson, McDowell, Polk, Watauga and Yancey Counties | -25.8/+10.6 | 39/26 | 29/29 |
| 370 | Avery and Mitchell Counties | -18.0/+17.4 | 39/26 | 32/31 |
| 380 | Haywood, Madison, Swain and Transylvania Counties | -25.8/+5.4 | 39/26 | 29/27 |
| 390 | Cherokee, Clay, Graham, Jackson and Macon Counties | -22.9/+3.6 | 39/26 | 30/27 |

**The public comment period ends this Friday, March 23rd.
IT IS IMPORTANT THAT NCDOT HEAR FROM YOU!
PLEASE EMAIL YOUR COMMENTS ASAP TO 2018DwellingandFire@ncdot.gov.
See Talking Points below.**

When submitting comments, include your name and NC property address. In addition to sharing your personal opinion regarding the impact of the proposed rate change, feel free to include any of the following:

Dear Commissioner Causey,

I/We respectfully request that you DENY the 2018 Dwelling Rate Filing. Based on the data and information included in the Filing, the NC Rate Bureau's proposed rate increase request is unwarranted and unjustified. In addition:

- The proposed extended coverage rate increases in eastern NC are excessive and unfairly discriminatory.
- The NC Rate Bureau submitted a revenue-neutral Dwelling Filing in 2017 causing several thousand dwelling policyholders in eastern NC to see an increase of over 20% in their premiums in 2018. This is not reflected in the 2018 Dwelling Filing.
- Premium/loss ratios for 2011-2015 do not support the high extended coverage rate increases proposed for eastern NC territories.
- The profitability of the NCIUA, which predominately covers eastern NC wind only policyholders, does not support the proposed high dwelling extended coverage rate increases.
- Many dwelling policyholders have signed consent to rate (CTR) forms. The NC Department of Insurance should know exactly how many policyholders are rated through CTR and to what extent before there is any consideration of rate changes.
- Assessment Risk per Policy has been included for years in approved rates. An assessment has never occurred and with approximately \$2 Billion in NCIUA reserves one is highly unlikely. This compensation for risk assessment should not be included in the proposed rates.
- Current dwelling extended coverage rates are adequate to provide fair and reasonable profit.
- Insurance companies have been applying artificially high inflation rate factors to policy dwelling values that in turn increase deductibles when percentage based. This both lessens the insurers' exposure and increases profitability. This has not been considered in this filing.
- Insurers have added fees to policies, adding to their profit, which are not reflected in this filing. NCDOI should know the amount of every insurance company's policy fee revenue.
- NOAA's 2011 to 2015 severe weather map reports show the majority of severe wind events to be in central and western NC.

After the public comment period closes on March 23rd, the Department of Insurance has 50 days to respond to the Rate Bureau. If the Insurance Commissioner does nothing, the new rates will become effective on October 1, 2018. The Commissioner can negotiate a settlement on the filing which in years past has resulted in less than the Rate Bureau's proposed increases. The NC Insurance Commissioner also has the option to deny the filing which would result in a hearing/trial being held on the filing.

Contact Willo Kelly, OBHBA/OBAR Government Affairs Liaison at (252) 202-7927 or willokelly@gmail.com for more information.