



**NORTH CAROLINA  
INSURANCE UNDERWRITING ASSOCIATION**

**BEACH PLAN**

**NORTH CAROLINA  
JOINT UNDERWRITING ASSOCIATION**

**FAIR PLAN**

**-----IMPORTANT INFORMATION – PLEASE RETAIN IN YOUR OFFICE-----  
(Please route this to all persons who handle FAIR and Beach Plan Business)**

2001

June 22, 2001

To: *All Producers*

**Index:           Covered In This Mailing**

- Automation Enhancements – Declaration Pages
- Commercial Property Wind Driven Rain Coverage – Beach Plan Only
- Commercial Loss Cost Revisions
- Commercial Farm Loss Cost Revisions
- Commercial Property Class Rates
- Dwelling Policy Program – Primary Insurance Coverage
- Dwelling Windstorm and Hail Concurrency with H03220
- Hot Tubs – Rating
- Windstorm and Hail Deductible Concurrency
- Overpayment Checks
- Office Hours/Web Site Access
- Holiday Schedule

**AUTOMATION ENHANCEMENTS – DECLARATION PAGES**

The Associations have installed new laser printing machines with folding and mailing capabilities. Due to currently used NCR paper not being compatible with the new printers, there will be changes to the look and number of copies for printed declarations. The Association will make the change over to this procedure on August 1, 2001. The changes are:

1. Printing will be on the front and back of each page.
2. New Business, Continuation and Amended Declarations will be generated with the same number of copies you currently receive.
3. **Only one copy of the Application for Continuation and Interim Adjustment Notice will be released by the Association. The original signed copy for these two items must be returned to the Association. Your office should handle the copy management process as deemed appropriate.**

## **COMMERCIAL PROPERTY WIND DRIVEN RAIN COVERAGE – BEACH PLAN ONLY**

The North Carolina Commissioner of Insurance has approved changes on how the Association provides Wind Driven Rain Coverage on Commercial Property. Wind Driven Rain must now be purchased. The rates are .10/\$100 coverage when requested limits are the same as the other perils and .50/\$100 coverage for sub limits. Wind Driven Rain will be reflected as a separate coverage on the declarations. Wind Driven Rain coverage cannot be written as stand alone coverage. This coverage applies only to the Building. Also, use of this coverage reduces the Building limit of liability for the same loss. Included with this Producer Mailing is a copy of the new Wind Driven Rain Coverage Endorsement, BP0401 (see separate website on Wind Driven Rain). These changes are effective 5/01/01 for new and endorsed policies. Policies currently written with the Wind Driven Rain Coverage will be converted to the new rating as they are continued or at their anniversary rating.

## **COMMERCIAL LOSS COST REVISIONS:**

The Association has received notice that NC Department of Insurance has approved ISO to implement Commercial Loss Cost Revisions effective November 1, 2001.

The Associations will adopt the Loss Cost Revisions effective the November 1, 2001 approval date. The Associations' loss cost expense multipliers have **not** been changed.

## **COMMERCIAL FARM LOSS COST REVISIONS**

The NCJUA has received notice of an ISO Commercial Farm Loss Cost Revision effective August 1, 2001. The NCJUA will be filing to adopt this filing along with our current loss cost expense multiplier.

We anticipate using November 1, 2001 as the effective date for our adoption to coincide with the other Commercial changes. If a different date is approved by the Department of Insurance, we will inform via our website.

## **COMMERCIAL PROPERTY CLASS RATES**

NCIUA (Beach Plan) and NCJUA (FAIR Plan) have enhanced our website to make available both the Group I and Group II Commercial Property Class Rates applicable on Commercial Business written through the Plans. NCIUA and NCJUA rates are different, therefore, you must access the applicable Plan to see the desired rates. You can order printed copies of this rating information for \$10.00 (\$5.00 for each Plan) if you do not have access to our website. As an additional service, the deductible credit pages for North Carolina that are provided within ISO's Commercial Lines Manual, Fire and Allied Lines-Division Five, are also shown on our website.

## **DWELLING POLICY PROGRAM – PRIMARY INSURANCE COVERAGE (Wind and Hail Only)**

The NC Rate Bureau has received NC Department of Insurance approval to implement Dwelling Policy Program, Primary Insurance Coverage effective 6-1-01. The Association has filed with the NC Commissioner of Insurance to provide primary coverage only for Dwellings valued above the Association's available limit of 1.5 million with the Association providing the full primary limit of 1.5 million. A parallel Beach Plan Windstorm and Hail Primary Coverage and endorsement filing has also been made to the North Carolina Department of Insurance. You will be updated on the approval of these filings by our website and subsequent producer mailing.

## **DWELLING WINDSTORM AND HAIL CONCURRENCY WITH H03220**

The NCIUA previously advised Producers of intent to make a parallel filing for approval by the NC Department of Insurance allowing usage of an endorsement similar to Dwelling Form H03220. The H03220 Endorsement allows for either a 25% or 50% increase in Coverage A limit only when loss to Dwelling-Coverage A (Building) exceeds the Coverage A limit of liability provided in the Policy. The 1.5 million combined building and contents maximum limit restriction required that staff readdress providing coverage which parallel the H03220. Association Staff have received approval from the NCIUA Board of Directors to make filing to the NC Department of Insurance for approval of the following procedure changes:

1. File to revise the \$1.5 million combined building and contents maximum limit restrictions to only a \$1.5 million Coverage A (Building) maximum limit. There will be no limit restriction on Coverage C (Contents). This is for Windstorm and Hail policies only and was acknowledged by the Department of Insurance and received 6-4-01.
2. To file a Windstorm and Hail specified additional amount of insurance for Coverage A – Dwelling, similar to the Homeowners H03220, which allows for either a 25% or 50% increase in Coverage A limit only when loss to dwelling building exceeds the Coverage A Limit of Liability provided in the policy. The endorsement can only be purchased if the essential Property policy includes the H03220.
3. File for the Windstorm and Hail Endorsement which parallels the H03220 to be priced at, +25% = 2% of the windstorm and hail premium and +50% = 3% of the Windstorm and Hail premium. Producers will be updated by website and subsequent producer mailing on this system.

## **HOT TUB – RATING**

The Association will handle the rating of hot tubs as follows:

- If the hot tub is built into the decking or is attached to the dwelling in any way it should be considered in the dwelling (building) limit. If the hot tub can be physically picked up and moved it should be considered miscellaneous property with the rates for bath houses being applied. It is the responsibility of the producer and applicant or insured to properly include the limit applicable to the hot tub so that the appropriate coverages and premiums apply.

## **WINDSTORM AND HAIL DEDUCTIBLE CONCURRENCY**

The various deductible strategies being followed by Association Member Companies makes it virtually impossible for the NCIUA to continue with the deductible concurrency requirement between the Windstorm and Hail Policy provided by the Association and the Essential Property Carrier's Policy. The Association staff will base applicable deductibles based on underwriting description subject to minimum deductible requirements. This change in procedure has been approved by the NC Commissioner of Insurance.

## **OVERPAYMENT CHECKS**

Overpayment of premium being returned to Producers will now be returned weekly by one check accompanied with a computer printed reconciliation report. This process was discussed during the Association's March 2001 Managers/Advisory Council meeting. This revised check releasing procedure is similar to the account current money reconciliation processes used by many insurance companies. This new return premium process will be operating within the next thirty (30) days.

## **OFFICE HOURS/WEBSITE ACCESS**

The Association's normal operating hours are 8:00am to 4:15pm. The Underwriting Department has customer service representatives available between 8:00am and 10:00am to handle general customer service items. Otherwise, Producers will be transferred to their normal underwriting unit for service. For more efficient service, most office employees will take lunch between 12:15pm and 1:00pm. Many inquiries can be resolved by Producers accessing the Associations website address, [www.ncjua-nciua.org](http://www.ncjua-nciua.org). Please assist us as we continue to strive for quicker and better service to all Producers and Policyholders.

## **HOLIDAY SCHEDULE**

Provided below is a listing of the Association's remaining observed holidays for 2001.

Independence Day	Wednesday	July 4, 2001
Labor Day	Monday	September 3, 2001
Thanksgiving Day	Thursday	November 22, 2001
Day After Thanksgiving	Friday	November 23, 2001
Christmas Eve	Monday	December 24, 2001
Christmas Day	Tuesday	December 25, 2001

If there are any questions concerning any of the items discussed within this producer mailing please contact your Underwriter.

Sincerely,

Lee E. Dunn, Jr.  
Underwriting Manager