



NORTH CAROLINA

INSURANCE UNDERWRITING ASSOCIATION

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BEACH PLAN

NORTH CAROLINA

JOINT UNDERWRITING ASSOCIATION

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FAIR PLAN

September 1, 2006

**IMPORTANT NOTICE-BEACH PLAN  
RESIDENTIAL WINDSTORM AND HAIL CONTINUATION INFLATION FACTOR**

The North Carolina Insurance Underwriting Association will implement the following change to Residential Windstorm and Hail policies beginning with continuations effective October 15, 2006.

We currently use a factor to inflate our Windstorm and Hail policies with the replacement cost provision that is based off the Consumer Price Index, which is currently at 4%. This is one of the approved methods for use in North Carolina of determining an inflationary factor.

We now have received approval to apply the underlying Essential Carrier inflation factor to our Residential Windstorm and Hail policies. We have contacted the Member Companies in North Carolina and have requested that this information be provided by zip code. We have received many replies to this request and have updated our system to reflect the various inflationary factors.

You will see a slight variation to the inflation wording now printing on the declaration of the policy. It indicates we use either the Essential Carrier inflation factor, or the Consumer Price Index in determining the inflation factor used by the Association. We believe this change in process should improve the concurrency issue you have experienced in the past.

Several companies did not respond to our correspondence and the policies written over those companies will remain at the currently approved 4% factor. A few companies actually had lower percentages or did not inflate at all, and those factors will now apply.

The factors will be modified in the future as advised by the Member Company. If you would have any questions, please contact your Association Underwriter.

We thank you for your continued support of the North Carolina Insurance Underwriting Association.

Sincerely,  
Bruce D. Lee  
Underwriting Manager

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