



**NORTH CAROLINA
INSURANCE UNDERWRITING ASSOCIATION**

BEACH PLAN

**NORTH CAROLINA
JOINT UNDERWRITING ASSOCIATION**

FAIR PLAN

August 27, 2009

**IMPORTANT NOTICE – EFFECTIVE AUGUST 26, 2009
IMMEDIATE IMPACT OF HOUSE BILL 1305 ON THE NCIUA - Coastal Property Insurance
Pool (Beach Plan)**

There are many changes outlined in House Bill (HB) 1305, but we have outlined the **immediate** impact on the business you write with the Association due to this legislation.

All Coastal Property Insurance Pool (Beach Plan) residential property shall not be issued for Coverage A (building) limits greater than \$750,000, unless the applicant has purchased excess coverage. The primary coverage written at the Association will be rated on a primary insurance basis according to the rules outlined in the ISO Dwelling Manual Rule, A7; or the ISO Homeowner Manual, Rule A11.

Existing business that will continue (renew) at limits that are \$750,000 or greater will be refused continuation (non-renewed) without proof of the excess coverage or documentation that the coverage does not exceed the \$750,000 Coverage A limitation.

All Coastal Property Insurance Pool (Beach Plan) residential property shall not be issued for Coverage C (contents) greater than 40% of the Coverage A (building) limit. This now presents a problem because the ISO Homeowner Manual requires Coverage C to be increased to 70% of Coverage A when replacement cost on contents is provided. The Association cannot violate the Manual Rule and to be in compliance with the provisions of the new law, replacement cost on contents will no longer be offered on Homeowner or Homeowner Windstorm and Hail policies.

Existing business will continue (renew) at limits that are in compliance with the Coverage C 40% limitation. If replacement cost on contents is provided on a Homeowner or Homeowner Windstorm and Hail policy it must be removed as it is no longer eligible for this coverage.

Our Dynamic Web is being modified to comply with these requirements and the affected applications should be available within the next few days. In the meantime paper applications are available on our website at www.ncjua-nciua.org in the Underwriting Section; or you may use the appropriate ACORD application as outlined in our Manual of Rules and Procedures. We will update the Homeowner Quick Raters and they will be published with an effective date of August 26, 2009.

We are holding all Coastal Property Insurance Pool (Beach Plan) personal lines continuations (renewals) at this time until the necessary programming is complete and is in compliance with this legislation. We hope to have them released early next week.

We will be mailing a listing to all Producers their policies that are currently above the \$750,000 Coverage A limitation within the next week, so that you can plan in advance for those continuations (renewals).

Please continue to monitor our website for updated information.

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