



**NORTH CAROLINA
INSURANCE UNDERWRITING ASSOCIATION**

COASTAL PROPERTY INSURANCE POOL

**NORTH CAROLINA
JOINT UNDERWRITING ASSOCIATION**

FAIR PLAN

OPERATIONAL AND PROCEDURAL CHANGES

May 5, 2016

The Associations are implementing several operational and procedural changes:

Deductible Options for Homeowners Windstorm or Hail (Rule 406) – Currently, a policyholder with Windstorm or Hail only coverage written in the NCIUA (Coastal Property Insurance Pool) may select from several deductible options within four deductible plans. Effective June 1, 2016 for new business and August 1, 2016 for renewal business, two of the deductible plans are being eliminated. Therefore, the Coastal Property Insurance Pool will only have two deductible plans for residential Windstorm or Hail only policies: Flat Dollar All Peril Deductible and Named Storm Deductible.

The Coastal Property Insurance Pool has policies written with the two deductible plans that are being eliminated. At renewal, policyholders with a deductible option in one of the two deductible plans being eliminated will transition to an available deductible option. The policyholder will receive a Notice of Deductible Change with the renewal policy:

**IMPORTANT NOTICE TO POLICYHOLDERS
NOTICE OF DEDUCTIBLE CHANGE**

Your expiring policy contained a deductible option no longer available from the Association. The deductible option now reflected in the declaration page for this policy is one of the currently available deductible options.

If you would like to consider other available deductible options, please contact your Agent. Please note that your policy may be required to meet the minimum named storm wind and hail deductible requirement of North Carolina General Statute 58-45-45 (a2) or as established by the Association, and the minimum \$500 all other perils deductible requirement established by the Association.

Minimum Residential Deductible Requirements – The NCJUA (FAIR Plan) and NCIUA (Coastal Property Insurance Pool) have amended the residential minimum deductible requirements effective June 1, 2016 for new business and August 1, 2016 for renewal business:

- Coastal and Beach Areas (18 coastal counties) – \$500 all other perils deductible with a minimum 1% named storm deductible
- Inland Areas (all remaining counties) – \$500 all perils deductible

The tier deductibles based on building value have been withdrawn.

Additional Amounts of Insurance (Rule 407) - Effective June 1, 2016 for new business and August 1, 2016 for renewal business, the Coastal Property Insurance Pool will eliminate the 50% Additional Amounts of Insurance option for Homeowner Wind or Hail Policies. Currently, the Coastal Property Insurance Pool has 3,270 policyholders with this option. Therefore, the renewal of these policies will be issued with a 25% Additional Amounts of Insurance option, and a letter explaining this change will be sent to the producer and policyholder. The Coastal Property Insurance Pool has 117,318 policies with a 25% Additional Amounts of Insurance option which will remain as a coverage selection.

Real Estate Closings – The Coastal Property Insurance Pool and the FAIR Plan have implemented an option on the Dynamic Web to allow Producers to indicate a policy is being written for a real estate closing. When this option is selected, the policy will be processed the next business day, and a bill will be generated with full premium due in 30 days. Installment plans are not available for policies processed through the real estate closing option.

Homeowner Protective Devices (Rule 404) - Previously, the Coastal Property Insurance Pool allowed credit for three protective devices (local fire alarm, local burglar and both). The Coastal Property Insurance Pool has implemented credits for the eleven protective devices shown in Rule 404 in the Homeowners Manual.

Maximum Limits for Contents Coverage for HO 4 (Homeowners 4 – Contents Form) - Previously, the Coastal Property Insurance Pool allowed a maximum limit of \$100,000. Effective immediately, the maximum limit has been increased to \$300,000.

Business Income – Previously, the Coastal Property Insurance Pool allowed Business Income on commercial policies to be written with a monthly limitation of 1/4 or 1/6. Effective immediately, the Coastal Property Insurance Pool will allow Business Income to be written with a monthly limitation of 1/3, 1/4 or 1/6.

Electronic Check – Effective immediately, policyholders can make payments with electronic checks using the online portal on our website (<http://www.ncjua-nciua.org/>).

Storm Readiness Meetings – The schedule and registration for Storm Readiness 2016 is available on our website (<http://www.ncjua-nciua.org/>). These meetings will review storm procedures, application of coverage, frequently asked questions, and will provide a preview of the new policy administration system under development by the Associations. The new system has features which will benefit all of our Stakeholders. The Storm Readiness meetings will offer three hours of continuing education and producer certification credit.

If you have any questions about the operational and procedural changes or Storm Readiness meetings, please contact your Underwriter.