

**NORTH CAROLINA UNDERWRITING ASSOCIATION
(NCIUA)
CATASTROPHE RECOVERY CHARGE
GUIDELINES**

The Catastrophe Recovery Charge is established and authorized by North Carolina General Statute 58-45-47 and is defined in North Carolina General Statute 58-45-5(2b).

Application of Catastrophe Recovery Charge

1. The Catastrophe Recovery Charge applies to all property (residential and commercial) policies in the state of North Carolina. Member insurers will be provided notice of the implementation of the Catastrophe Recovery Charge six (6) months prior to the effective date of policies to which the Charge will apply.
2. The Catastrophe Recovery Charge applies to the Annual Statement Lines as outlined below:
 - a. Line 1 (Fire)
 - b. Line 2.1 (Allied Lines)
 - c. Line 3 (Farmowners)
 - d. Line 4 (Homeowners)
 - e. Line 5.1 (Commercial Multi-Peril – Non-Liability Portion Only)
 - f. All mobile home programs regardless to which line the mobile home business is allocated on Statutory Page 14
 - g. All builders risk programs regardless to which line the builders risk business is allocated on Statutory Page 14
3. To the extent that a member insurer requires guidance as to whether an insurance program is to be included as a subject line of business, the member insurer shall be guided by the instruction for allocating the program's premium to the lines of business delineated on Statutory Page 14 of the Annual Statement.
4. Each Catastrophe Recovery Charge amount shall be calculated separately and clearly identified to the policyholders on the premium statement, declarations page or by other appropriate electronic or written method. The Catastrophe Recovery Charge for the subject lines of business will be applied to all policies with an effective date of MM/DD/YYYY through MM/DD/YYYY.

The Catastrophe Recovery Charge must also clearly identify the post catastrophic loss for which the charge was imposed.

Based on statute the Commissioner (North Carolina Department of Insurance) will prescribe explanatory language concerning the Charge. The language for the additional policyholder notice will be provided by NCIUA to member insurers with the instructions/authorization for implementing the Catastrophe Recovery Charge.

5. Catastrophe Recovery Charges are levied at the time a policy is issued or renewed. Catastrophe Recovery Charges are to be adjusted for subsequent premium changes resulting from endorsement, audit and cancellation activity.
6. Pursuant to North Carolina law, amounts that policyholders remit in payment of the Catastrophe Recovery Charge shall not be considered premium for any purpose, including premium taxes and commissions.
7. If a second event occurs that creates an additional Catastrophe Recovery Charge these guidelines will apply to the implementation of the second surcharge.
8. Non-Payment of the Catastrophe Recovery Charge by the policyholder shall be grounds to terminate insurance coverage.

Reporting and Remittance

1. On a monthly basis each member insurer shall prepare and provide NCIUA an aggregate report showing premium written by line of business for policies subject to the Catastrophe Recovery Charge. See Exhibit 1 for monthly report layout. Member insurers shall remit the percentage of said written premium equal to the Catastrophe Recovery Charge.

The aggregate report should be emailed to NCIUACRC@ncjua.com and the subject line should contain the name of the member insurer.

Members who do not have premium written during a month still have a reporting requirement even though the report will reflect no activity.

2. Member insurers will remit the Catastrophe Recovery Charge to NCIUA by the 25th of every month (for prior month collection). Member insurers shall wire their remittances to NCIUA rather than issue checks (wire information will be provided to member insurers when authorization notice for the Charge is given).

Aggregate reports and wires may be sent on behalf of a group instead of reports and wires from individual member insurers. Specifically included in the report and wire should be information indicating from which member insurer or group the report and wire is coming.

3. The aggregate monthly report and remittance of all Catastrophe Recovery Charge amounts that are not received by the 25th of every month will be considered delinquent.
4. NCIUA is not requiring the direct submission of policy-level reports. However, NCIUA or the North Carolina Department of Insurance may choose at any time to audit the details supporting the aggregate reports. Accordingly, member insurers should maintain detailed reports for a period of three years beyond each aggregate report's submission date. Detailed reports should include policy number, policy effective date, premium written at inception of the policy, premium allocated to subject lines of business if different than the premium at inception of the policy, Catastrophe Recovery Charge collected and date of collection.
5. NCIUA will report quarterly to the Commissioner providing all financial information for each Catastrophe Recovery Charge.

The North Carolina Department of Insurance will provide the reporting format when it grants authorization for the imposition a Catastrophe Recovery Charge.

6. The Catastrophe Recovery Charge amount shall continue until financing of the deficit event has been paid in full.
7. NCIUA shall recalculate the Catastrophe Recovery Charge amount annually. This procedure must be approved by Commissioner (North Carolina Department of Insurance).

CATASTROPHE RECOVERY CHARGE FOR
NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION

CATASTROPHE RECOVERY CHARGE PERIOD: MM/YYYY

COMPANY NAME:
NAIC CODE:
MAILING ADDRESS:
CITY, STATE, ZIP:
CONTACT PERSON:
TELEPHONE NUMBER:
E-MAIL ADDRESS:

ANNUAL STATEMENT LINES	WRITTEN PREMIUM SUBJECT TO RECOVERY CHARGE	CATASTROPHE RECOVERY CHARGE PERCENT	TOTAL CATASTROPHE CHARGE
Fire			
Allied Lines			
Farmowners			
Homeowners			
Commercial Multiple Peril (non - liability)			
Mobile Home (not already reported above)			
Builders Risk (not already reported above)			
TOTAL	\$ -	\$ -	\$ -