



## **North Carolina Insurance Underwriting Association**

**Coastal Property Insurance Pool**

**TO:** All Member Insurers

**IMPORTANT:** Please Submit to Executive Officer  
Please Submit to Other Personnel Who Submits Voluntary Writings  
Edition Date of Notice – June 2015

### **Procedures for Submission of Voluntary Premiums Written in Areas Eligible for Insurance Through the NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION {NCIUA}**

The North Carolina Insurance Underwriting Association (Association) provides Residential and Commercial policies. The Association also provides Windstorm & Hail only policies. The policies offered by the Coastal Property Insurance Pool are for “Essential Property Insurance” which means the Fire, Extended Coverage and Vandalism & Malicious Mischief components of property insurance policies. As of July 1, 2003 the Plan was authorized to offer a Homeowners policy for the principle residence in the eighteen (18) coastal counties. The Association does not provide motor vehicles and other non-essential property insurance.

Member Insurers should report the residential premiums (Essential Property Insurance and Homeowners Insurance) and commercial premiums (Essential Property Insurance, and Property portions of Commercial Multi-Peril Insurance) they have written in the Beach Areas with or without the Windstorm & Hail Exclusion endorsement attached.

Member Insurers should report the residential premiums (Essential Property Insurance and Homeowners Insurance) and commercial premiums (Essential Property Insurance, Farm Insurance, Farmowners Insurance and Property Commercial Multi-Peril Insurance) they have written in the Coastal Areas with or without the Windstorm Exclusion endorsement attached.

These premiums are reported to the Association on a quarterly bordereau.

## **I. General Information**

### **1. Beach Area**

“Beach Area” is defined as “all of that area of the State south and east of the inland waterway from the South Carolina line to the Fort Macon (Beaufort Inlet); thence, south and east of Core, Pamlico, Roanoke and Currituck sounds to the Virginia line, being those portions of land generally known as the Outer Banks.”

Prior to June 1, 2015

“Beach Area” is defined by the North Carolina Rate Bureau and in ISO-PLSP Territory Codes 07 and 08 for Residential polices, and in ISO-CSP as Territory Codes 105, 165, 275, 285, 485, 655, 675 and 715 for Commercial policies.

Effective June 1, 2015

“Beach Area” is defined by the North Carolina Rate Bureau and in ISO-PLSP Territory Codes 07 and 08 for Dwelling polices and Territory Codes 110 and 120 for Homeowners policies and in ISO-CSP as Territory Codes 105, 165, 275, 285, 485, 655, 675 and 715 for Commercial policies.

Member Insurers shall receive credit for Essential Property Insurance (Fire, Extended Coverage and Vandalism & Malicious Mischief components of property Insurance Policies; Homeowners Insurance and Property Portion of Commercial Multi-Peril Policies) written voluntarily in the Beach Areas. Since wind coverage is classified as Extended Coverage any Member Insurer that voluntarily writes a Wind Only Policy in the Beach Area shall receive credit for those policies.

Liability, manufacturing and other non-essential property premiums are not eligible for voluntary writings.

Premiums must be divisible (or allocated) to be reported as voluntary writings (i.e. property portion of commercial multi-peril, BOPs).

To encourage each Member Insurer to write voluntarily in the Beach Areas, each insurer shall receive a premium credit based upon its achieved voluntary beach and coastal market share as follows:

A credit factor of 2 if its voluntary beach market share is 70% or more than its non-beach and non-coastal market share

A credit factor of 1.5 if voluntary beach market share is at least 35% of its non-beach and non-coastal market share

A credit factor of 1.00 if voluntary beach market share is less than 35% of its non-beach and non-coastal market share

However, no credit shall be given for such insurance voluntarily written in the beach areas where coverage for the peril of wind has been excluded.

## 2. Coastal Area

“Coastal Area” is defined as all of that area of the State of North Carolina comprising the following counties Beaufort, Brunswick, Camden, Carteret, Chowan, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell and Washington. “Coastal Area” does not include the portions of these counties that lie within the Beach area.

### Prior to June 1, 2015

“Coastal Area” is defined by the North Carolina Rate Bureau and in ISO-PLSP as Territory Codes 48, 49 and 52 for Residential policies and in ISO-CSP as Territory Codes 070, 100, 150, 160, 210, 250, 270, 280, 480, 520, 650, 670, 690, 700, 710, 720, 890 and 940 for Commercial policies.

### Effective June 1, 2015

“Coastal Area” is defined by the North Carolina Rate Bureau and in ISO-PLSP as Territory Codes 48, 49 and 52 for Dwelling policies and Territory Codes 130, 140, 150 and 160 for Homeowners policies and in ISO-CSP as Territory Codes 070, 100, 150, 160, 210, 250, 270, 280, 480, 520, 650, 670, 690, 700, 710, 720, 890 and 940 for Commercial policies.

Member Insurers shall receive credit for Essential Property Insurance (Fire, Extended Coverage and Vandalism & Malicious Mischief components of property Insurance Policies and Farm Insurance; Farmowners Insurance, Homeowners Insurance and Property Portion of Commercial Multi-Peril Policies) written voluntarily in the Coastal Areas. Since wind coverage is classified as Extended Coverage any Member Insurer that voluntarily writes a Wind Only Policy in the Coastal Area shall receive credit for those policies.

Liability, manufacturing and other non-essential property premiums are not eligible for voluntary writings.

Premiums must be divisible (or allocated) to be reported as voluntary writings (i.e. property portion of commercial multi-peril, BOPs).

To encourage each Member Insurer to write voluntarily in the Coastal Areas, each insurer shall receive a 1.00 credit factor for its voluntary writings in the Coastal Areas. However, no credit shall be given for such insurance voluntarily written in the coastal areas where coverage for the peril of wind has been excluded.

## **II. Bordereau Submissions**

### **1. Must Contain:**

- A.** Certification Sheet which includes (see form VBCERT-1 for Beach Area and form VBCERT-2 for Coastal Area. The certification sheets can be obtained from our website [www.ncjua-nciua.org](http://www.ncjua-nciua.org))
  1. Insurer/Group Name
  2. NAIC Group and Insurer Code
  3. Report Year-Calendar Year for Bordereau
  4. Report Period-Quarter for Bordereau
  5. Subtotals-By Line of Insurance and By Full Coverage or Wrap-Around Policies
  6. Signature from a insurer representative, date, title, mailing address, telephone number and fax number.
  7. Statement certifying there are no return premiums processed, if applicable (see Section II, 3)
  8. Total number of Policies
- B.** Bordereau are reported to the Association on CD or by email ([voluntarywritings@ncjua.com](mailto:voluntarywritings@ncjua.com)). The following are the specifications for the Bordereau:

#### **General:**

1. Files are to be submitted on CD or by email ([voluntarywritings@ncjua.com](mailto:voluntarywritings@ncjua.com)).
2. All files are ASCII text Files.
3. Multiple files can exist on a CD or by email ([voluntarywritings@ncjua.com](mailto:voluntarywritings@ncjua.com)).
4. The record length is 80 bytes with blank space compression. Each file name can occur once per series of CDs with the exception of the CD Identity File which must occur on each CD. The CD Identity File will be used to verify the NAIC code, Quarter, Year and CD Number while processing the CDs.

**File Names:**

IDENTITY.FLE

CD Identity File

(BEACH AREA)

RESSFULL.BCH  
 RESSWRAP.BCH  
 HOMEFULL.BCH  
 HOMEWRAP.BCH  
 CESSFULL.BCH  
 CESSWRAP.BCH  
 CMPLFULL.BCH  
 CMPLWRAP.BCH

Residential Essential Full Coverage  
 Residential Essential Wrap-Around  
 Homeowners Full Coverage  
 Homeowners Wrap-Around  
 Commercial Essential Full Coverage  
 Commercial Essential Wrap-Around  
 Commercial Multi-Peril Full Coverage  
 Commercial Multi-Peril Wrap-Around

(COASTAL AREA)

RESSFULL.CST  
 RESSWRAP.CST  
 HOMEFULL.CST  
 HOMEWRAP.CST  
 CESSFULL.CST  
 CESSWRAP.CST  
 CMPLFULL.CST  
 CMPLWRAP.CST  
 FARMFULL.CST  
 FARMWRAP.CST

Residential Essential Full Coverage  
 Residential Essential Wrap-Around  
 Homeowners Full Coverage  
 Homeowners Wrap-Around  
 Commercial Essential Full Coverage  
 Commercial Essential Wrap-Around  
 Commercial Multi-Peril Full Coverage  
 Commercial Multi-Peril Wrap-Around  
 Farmowners Full Coverage  
 Farmowners Wrap-Around

**CD Identify File Layout:**

<u>Position</u>	<u>Attribute</u>	<u>Field</u>	<u>Example</u>
1-7	Numeric	NAIC Code	“0000001”, “0109393”
8-37	Alpha	Member Co. Name	American Insurance
38-38	Numeric	Quarter	“1” for March 31 “2” for June 30 “3” for September 30 “4” for December 31
39-42	Numeric	Year	“1997”, “1998”
43-43	Numeric	Disk Number	“1”, “2”
44-80	Blank		

Note: There is one CD Identity File per CD. The CD Number identifies the sequence. Always start CD number sequences at “1” and increment by “1” for subsequent CDs.

### **Data File Layout:**

<u>Position</u>	<u>Attribute</u>	<u>Field</u>	<u>Example</u>
1-7	Numeric	NAIC Code	“00000001”, “0109393”
8-8	Numeric	Quarter	“1” for March 31 “2” for June 30 “3” for September 30 “4” for December 31
9-12	Numeric	Year	“1997”, “1998”
13-32	Alpha	Policy Number	“HO 183838383”
33-42	Alpha	Transaction Type	“New Bus”, “Renewal”
			This field not edited by NCIUA. Members may use any description.
43-45	Numeric	County Code	“006”, “094”
46-48	Numeric	Territory Code	“042”, “043”, “480”
49-55	Numeric	Premiums	“0012345”, “0783838”
			(in dollars, no cents, must show “+” or “-“ after the premium amount)
56-63	Alpha	Effective Date	“03/27/97”
64-80	Blank		

2. Premiums must be submitted on an individual basis only. Though percentages of participation in the Coastal Property Insurance Pool are computed on a group basis, voluntary writings must be reported on an individual basis (individual bordereau).
3. Member Insurers are required to submit return premiums and cancellations for credit, as well as additional premiums. .
4. Only report the premium applicable to the current year for multi-year policies.
5. Residential and Commercial policies must be reported separately on the bordereau.
6. Full Coverage Policies (written without the windstorm & hail exclusion) and Wrap-Around Policies (written with the windstorm & hail exclusion) must be reported separately on the bordereau.

### **III. Audit Procedures**

1. Any policy may be audited.
2. If a policy is selected for audit, all necessary information should be on the documentation sent in, (i.e. policy number, territory code, premium, inception and expiration dates, endorsements, etc.). Be sure that the documentation sent in corresponds to the transaction recorded on the bordereau.

3. Every effort should be made to send in all policies at one time, and in the order shown on the audit request form(s).
4. Policies covering more than one (1) location must have the proper endorsement or schedule attached showing the premiums and territory codes if the policy is called for audit. If a policy has both eligible and ineligible policies on it, be sure to submit only the premiums for the eligible policies on the bordereau.

5. Audit Process:

- A. Policies suspected to be ineligible will be audited on a Specific Audit Request Form.
- B. All bordereau will have 5% of the total number of policies selected for a random audit. These policies will be listed on the Random Audit Request Form.
- C. After the policies have been audited, an Acceptable Ratio will be developed by giving insurers a proportional credit based on the relativity of premiums selected on audit forms that were found to be eligible.
- D. The Association will complete a Premium Summary Form and send it to the Member Insurer. The Member Insurer should review this form when received, and advise the Association if any discrepancies are noted.
- E. The Member Insurer has the option of accepting the results of the audit or appealing the results of the audit. If appealing the results of the audit, the Member Insurer must provide the Association with further documentation to support their request; or to review, rework and resubmit the bordereau, making sure the revisions extend beyond the errors noted by the Association (see Section IV-Time Schedule)(Also see GS 58-45-50 and Section XV of the Plan of Operation). However, this does not extend the appeal period of the percent of participation beyond the forty-five (45) days as outlined in Section XVI 2(a) of the Plan of Operation.
- F. An original bordereau, once audited, may only be resubmitted once.

<b>IV. Time Schedule</b>	<b><u>1<sup>st</sup>-3<sup>rd</sup> Quarters</u></b>	<b><u>4<sup>th</sup> Quarter</u></b>
1. Bordereau submitted	60 days after close of Quarter	45 days after close of Quarter
2. Audit mailed to Insurer	10 days after bordereau received	5 days after bordereau received
3. Must have policies received in our office	30 days after audit mailed	30 days after audit mailed
4. Summary Sheet returned	10 days after policies received	5 days after policies received
5. Request for Re-Audit must be received	30 days after Summary mailed	15 days after Summary mailed
6. Send revised Audits	10 days after Re-Audit received	5 days after Re-Audit received
7. Must have policies received in our office	15 days after revised audit sent	10 days after revised audit sent
8. Revised Summary mailed	5 days after policies received	5 days after policies received

Please direct all submissions or questions to:

**North Carolina Insurance Underwriting Association  
Accounting Department  
Attention: Voluntary Writings  
PO Box 8009  
Cary, NC 27512  
[voluntarywritings@ncjua.com](mailto:voluntarywritings@ncjua.com)  
(919) 821-1299  
1-800-662-7048**

Your cooperation in following these procedures is greatly appreciated.