



ALBEMARLE PLANTATION PROPERTY OWNERS ASSOCIATION

October 16, 2012

NCDOI
Attn: Bob Mack
430 N. Salisbury St.
Raleigh, NC 27699-1201

RE: North Carolina Rate Bureau Filing of Statewide Homeowners Insurance Rate Increase

Dear Commissioner Goodwin:

The Albemarle Plantation Property Owners Association [located near Hertford, NC] representing over 900 property owners, requests that you disapprove the NC Rate Bureau's recent filing of a homeowners insurance rate increase that would result in a 30% annual increase for coastal county homeowners and **ISSUE A NOTICE OF PUBLIC HEARING ON THE HOMEOWNERS INSURANCE RATE FILING**. It is impossible for us to understand how, in this period of a stagnant economy, such an increase can be justified when homeowners are still struggling and trying to recover from the economic downturn of the last few years. This rate is excessive and unfairly discriminatory.

It is our understanding that this requested rate increase is based on a predictive computer model and does not reflect actuarial data or loss statistics. We can find nothing in the filing that indicates what information has been input into this computer model that would provide a basis for justifying such a large annual rate increase. Historical data indicates that coastal counties have long paid more than their fair share in insurance premiums in relation to insurance companies' losses on the coast. This trend cannot be allowed to continue! Due to the broad statewide disparity in homeowners rates that will become even greater with this Rate Filing, a comprehensive public review of the data and methodologies used by the NC Rate Bureau are fully warranted.

According to NC Statute 58-36-10 some of the factors to be considered when establishing rates include:

- actual loss and expense experience within NC for the most recent 3-year period,
- prospective loss and expense experience,
- hazards of configuration and catastrophe, and
- a reasonable margin for underwriting profit and to contingencies.

The entire State of NC is at risk of severe weather and catastrophes as exhibited in a 2011 NC Severe Weather Map from NOAA. It is unfairly discriminatory that the spread of risk for catastrophic losses has been narrowed to include only the risk of hurricanes in 18 eastern counties. For example, filed rates for eastern NC counties are almost 6 times higher than other areas of the state.

Furthermore, eastern NC policyholders pay a mandatory deductible of 1% per named-storm losses. In order to afford coverage, many policyholders have opted for higher deductibles with their primary carrier. These larger out-of-pocket expenses are not reflected in the Rate Filing. Similarly, this Rate Filing does not take into account the growing surplus and stability of the Beach Plan. Hence, the allowance of compensation for assessment risk in rates is unwarranted and unjustified and results in an increase in rates.

At Albemarle Plantation, the resale of existing housing has been very slow for the past three years, but growth in the resale market is just starting to show some improvement. However, a large homeowners insurance annual rate increase such as the one contained in this filing will have a very negative impact on attracting buyers to the Plantation and other locations within coastal counties. Furthermore, the negative impact of this level of increase on homeowners insurance on attracting new jobs to North Carolina, a critical issue in Northeast NC, must be taken into account when evaluating this filing that is not supported by readily available loss data.

For all these reasons, we request that you issue a Notice of Public Hearing on the NC Rate Bureau's Rate Filing.

Sincerely,

A handwritten signature in blue ink that reads "Terry Facey". The signature is written in a cursive style with a horizontal line underneath the name.

Terry Facey
President
Albemarle Plantation Homeowners Association