

NC Beach Inlet and
Waterway Association

Property Insurance Update

Outer Banks Association of REALTORS®
Willo Kelly, CEO

NC G.S. 58-36-10 : Method of Rate Making, Factors Considered

- Rates or loss costs **shall not be excessive, inadequate or unfairly discriminatory.**
- Consideration may be given to the experience of property insurance business during the most recent five-year period for which that experience is available.
- Modeled hurricane losses from more than one hurricane model is required.
- Due consideration shall be given to a reasonable margin for underwriting profit and to contingencies.

Property Insurance Facts....

“Myth” Dismissed!

Joe - \$9,000 total premium; will have to move

BW-12: Flood Insurance premiums - \$15,000, \$30,000

14 years – Primary resident, dwelling policy

Closing stalled, Zillow pictures?

Inflation Rate Factor impact - \$284,000



The cost of property insurance not only affects the ability to qualify for a mortgage, but also impacts one's ability to maintain their mortgage.

HOUSING AFFORDABILITY!



*NC Rate Bureau submitted a filing
on Homeowners Insurance rates
on December 20, 2018 with
effective date of October 1, 2019*

*Filing on Mobile Home rates
submitted February 19, 2019
(19% statewide average increase)*



*New Homeowner
Insurance Rates Became
Effective
OCTOBER 1, 2018*

*Maximum increase
approved for Coastal
areas was 5.5%*

Potential
Impact
to NC
Policyholders:
(based on \$200,000
dwelling rebuild
value/coverage A, \$1,000
deductible)

Territory	Territory Definition	% Filed Homeowner Rate Change	2018 Current Rate	10/1/2019 Effective Filed Rate
110	Beach areas of Currituck, Dare & Hyde Counties	+30%	\$2,383	\$3,098
120	Beach areas of Brunswick, Carteret, New Hanover, Onslow & Pender Counties	+30%	\$2,794	\$3,632
130	Coastal areas of Currituck, Dare, Hyde & Pamlico Counties	+25%	\$1,516	\$1,895
140	Eastern areas of Brunswick, Carteret, New Hanover, Onslow & Pender Counties	+30%	\$1,947	\$2,531
270	Cities of Raleigh & Durham; Durham and Wake Counties	+20%	\$684	\$821
340	City of Charlotte; Alexander, Iredell, Mecklenburg, Stanly, Union and Wilkes Counties	+20%	\$600	\$720

2018 Homeowner
Insurance Rate Filing
Indicated Rate
Change VS. Filed
Rate Change

The Indicated Rate Change is based on the data included in the filing and the result of a complicated formula which includes base loss cost, hurricane modeled loss cost, profit, contingencies, dividends and variable expenses.

The FILED RATE CHANGE has been capped to 30% in the 2018 Homeowner Rate Filing.

**THE INDICATED RATE LEVEL CHANGE IS
+97.8% FOR BEACH AREAS/+34.1% FOR
COASTAL AREAS!**



*Public Comment period ended
Feb. 26th. 19,000+ Comments!!!!*

NC DOI

Commissioner

***Mike Causey called
for Hearing to begin
September 4, 2019.***

What Happens When a Hearing is Ordered?

NC Rate Bureau and the NC Department of Insurance can negotiate a settlement prior to the filing.

If the hearing is held, the Commissioner cannot order a decrease!

The Commissioner can only order a rate between the current rate and the filed rate.

My premium has increased much more than 5.5% - WHY?

Consent to Rate – Allows the underwriter to go up to 250% above the manual rate approved by NCDOL at any renewal in the future.

Legislation passed in 2018

YOUR SIGNATURE IS NO LONGER REQUIRED TO CONSENT!

Escrowed insurance payments – Mortgage company pays – you've consented

DUE DILIGENCE OF THE POLICYHOLDER

- TALK TO YOUR AGENT
- Know your renewal date
- Track your dwelling value, inflation rate
- Understand deductible amount, coverages
- The private market is writing policies with full coverage
- NCDOTI Town Hall Meetings on the Coast
- Private flood insurance is very competitive





NCIUA - Coastal Property Insurance Pool

- 2009 - “Ticking time bomb”
- Reduced reliance on reinsurance = strong reserves, leverage
- Reserves and premium = Ability to pay after disaster
- Private market is reducing exposure, depopulating the program
- April 2019: Strengthen Your Roof – 2,400 grants, up to \$6,000 for roof replacement

Flood Insurance RISK RATING 2.0

New Rates Effective October 2020

- Closer to a body of water
- More expensive to build
- “.....help customers better understand their flood risk and provide them with more accurate rates based on their **unique** risk.”
- www.fema.gov/nfiptransformation



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