



South Carolina Department of Insurance

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BULLETIN 2007-16

TO: Insurers Writing Property Insurance in South Carolina

FROM: Scott H. Richardson, CPCU
Director

A handwritten signature in black ink that reads "Scott H. Richardson". The signature is written in a cursive style and is positioned to the right of the printed name and title.

SUBJECT: Notice Forms—Mitigation Discounts and Credits

DATE: September 27, 2007

Section 38-75-755 of the Omnibus Coastal Property Insurance Act of 2007 requires insurers to provide notice of available premium discounts for residential and commercial property insurance coverage. This section applies to policies issued or renewed after December 31, 2007. Specifically, § 38-75-755 provides:

(A) All insurers, at the issuance of a new policy and at each renewal, clearly shall notify the applicant or policyholder of a personal lines residential property insurance policy of the availability and the range of each premium discount, credit, other rate differential, or reduction in deductibles for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm have been installed or implemented. The notice must describe generally what measures the policyholders may take to reduce their windstorm premium.

(B) All insurers, at the issuance of a new policy and at each renewal of a commercial property insurance policy, shall include a notice that advises the policyholder that a reduction in premium may be available if the policyholder has taken steps to prevent or reduce damage from windstorm and that the policyholder may contact its agent, broker, or insurer for additional information.

To expedite the review process, the South Carolina Department of Insurance has developed a generic form that may be used by insurers to provide this notice. Attached as Exhibits 1 through 4 are samples of the notice forms. These forms should be submitted with the rate filing 60 days in advance of the anticipated effective date.

Please direct any questions that you may have regarding this bulletin or Bulletin 2007-15 to the attention of Carla Griffin, Manager, Office of Product Regulation at cgriffin@doi.sc.gov or (803) 737-6230.

IMPORTANT NOTICE OF PREMIUM DISCOUNTS

Site-Built Residential Property Insurance Coverage

Section 38-75-755 requires insurance companies to notify you of the availability and range of each premium discount, credit, other rate differential or reduction in deductibles for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm have been installed or implemented. Securing your roof so it doesn't blow off and protecting your windows from flying debris are the two most cost effective measures you can take to safeguard your home and reduce your premium.

Description of Mitigation Measure	Estimated Premium Discount Percent or Range	Other Credit or Rate Differential
<p><u>South Carolina Building Code Compliance</u></p> <ul style="list-style-type: none"> Homes built in compliance with the current edition of the International Residential Code as adopted by the South Carolina Building Codes Council. 		
<p><u>Roof covering (shingles, tiles, etc.)</u></p> <ul style="list-style-type: none"> Covering attached in compliance with the current edition of the International Residential Code as adopted by the South Carolina Building Codes Council or the manufacturer's installation requirements for the wind speed for the site on which the home is located. 		
<p><u>Roof Attachment</u></p> <ul style="list-style-type: none"> Sheathing attached in compliance with the current edition of the International Residential Code as adopted by the South Carolina Building Codes Council or an engineered design for the wind speed for the site on which the home is located. <p><u>Roof-to-Wall Connection</u></p> <ul style="list-style-type: none"> Toe nails, clips, single straps and double straps installed in compliance with the current edition of the International Residential Code as adopted by the South Carolina Building Codes Council or an engineered design for the wind speed for the site on which the home is located. 		
<p><u>Roof Shape and Pitch</u></p> <ul style="list-style-type: none"> High Slope (greater than 4:12) [] Hip [] Gable [] Gambrel Other _____ Low Slope (less than 4:12) [] Hip [] Gable [] Gambrel [] Shed [] Flat Other _____ 		
<p><u>Secondary Water Resistance</u></p> <ul style="list-style-type: none"> Roofing felt or other approved layer of protection between the shingles and the roof sheathing below. No secondary water resistance. 		
<p><u>Opening Protection</u></p> <ul style="list-style-type: none"> None Storm shutters on all windows meeting the minimum requirements of the International Residential Code. Impact resistant glass meeting the minimum requirements of the International Residential Code. Garage doors _____ <ul style="list-style-type: none"> Type _____ 		
<p><u>For Companies Offering Flood Insurance On a Direct Basis</u></p>		
<ul style="list-style-type: none"> Home Located in Flood Zone [] Yes [] No Flood Zone Designation [] N/A First Floor _____ ft / inches [] Above [] Below BFE Flood Insurance [] Yes / [] No 		

Description of Mitigation Measure	Estimated Premium Discount Percent or Range	Other Credit or Rate Differential
<ul style="list-style-type: none"> Elevation Distance From Water 		
Other _____		

Wind and Hail Deductible Options (if offered as a separate deductible)				
Deductible Options	HOMEOWNERS	CONDOMINIUMS	DWELLING FIRE	RENTERS
\$ _____				
\$ _____				
\$ _____				
\$ _____				
\$ _____				
\$ _____				
\$ _____				
1%				
2%				
5%				
Other _____				

Estimated Total Maximum Discount

The estimate is general in nature and based on information currently on file. The actual amount may vary depending on the specific circumstances of the insured or applicant.

Your deductible represents your share of the damages in the event of a covered loss. The higher your deductible, the more money you save on your premiums – but the greater your out-of-pocket cost will be in the event of a covered claim.

The deductible(s) available to you depends on your policy type, property location and amount of insurance. Some combinations are not available. See your policy Declarations for your current deductible(s) or contact your insurance agent or the company for more information.

All Other Perils Deductible Options				
Deductible Options	HOMEOWNERS	CONDOMINIUMS	DWELLING FIRE	RENTERS
\$ _____			X	X
\$ _____		X	X	X
\$ _____		X	X	X
\$ _____		X	X	X
\$ _____		X		
\$ _____			X	
1%		X		
2%		X		
Other _____				

Please do not hesitate to contact your agent if you have questions about the mitigation techniques included in this form or other mitigation techniques that could result in a discount.

IMPORTANT NOTICE OF PREMIUM DISCOUNTS

Commercial Property Insurance Coverage

Section 38-75-755 requires insurance companies to notify you of the availability and range of each premium discount, credit, other rate differential or reduction in deductibles for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm have been installed or implemented. Listed below is general information about available discounts. Please contact your agent for more specific information.

Description of Mitigation Measure	Estimated Premium Discount Percent or Range	Other Credit or Rate Differential
<p>South Carolina Building Code Compliance</p> <ul style="list-style-type: none"> Structures built in compliance with the current edition of the International Building Code as adopted by the South Carolina Building Codes Council. 		
<p>Roof covering (shingles, tiles, ballast, etc.)</p> <ul style="list-style-type: none"> Covering attached in compliance with the current edition of the International Building Code as adopted by the South Carolina Building Codes Council or the manufacturer's installation requirements for the wind speed for the site on which the building is located. 		
<p>Roof Attachment</p> <ul style="list-style-type: none"> Sheathing attached in compliance with the current edition of the International Building Code as adopted by the South Carolina Building Codes Council or an engineered design for the wind speed for the site on which the building is located. <p>Roof-to-Wall Connection</p> <ul style="list-style-type: none"> Toe nails, bolts, clips, single straps, double straps, welds or other connection installed in compliance with the current edition of the International Building Code as adopted by the South Carolina Building Codes Council or an engineered design for the wind speed for the site on which the building is located. 		
<p>Roof Shape and Pitch</p> <ul style="list-style-type: none"> High Slope (greater than 4:12) [] Hip [] Gable [] Gambrel Other _____ Low Slope (less than 4:12) [] Hip [] Gable [] Gambrel [] Shed [] Flat Other _____ 		
<p>Secondary Water Resistance</p> <ul style="list-style-type: none"> Roofing felt or other approved layer of protection between the shingles and the roof sheathing below. No secondary water resistance. 		
<p>Construction Type (frame)</p> <ul style="list-style-type: none"> [] Wood [] Masonry [] Concrete [] Metal Other _____ Number of Stories _____ 		
<p>Opening Protection</p> <ul style="list-style-type: none"> None Storm shutters on all windows meeting the minimum requirements of the International Building Code as adopted by the South Carolina Building Codes Council. Impact resistant glass meeting the minimum requirements of the International Building Code as adopted by the South Carolina Building Codes Council . Garage doors _____ Type _____ 		
<p>For Companies Offering Flood Insurance</p>		

Description of Mitigation Measure	Estimated Premium Discount Percent or Range	Other Credit or Rate Differential
<u>On a Direct Basis</u> <ul style="list-style-type: none"> • Building Located in Flood Zone [<input type="checkbox"/>] Yes [<input type="checkbox"/>] No • Flood Zone Designation [<input type="checkbox"/>] N/A • First Floor ft / inches [<input type="checkbox"/>] Above [<input type="checkbox"/>] Below BFE • Flood Insurance [<input type="checkbox"/>] Yes / [<input type="checkbox"/>] No • Elevation • Distance from Water 		
<u>Other</u> <ul style="list-style-type: none"> • Disaster Recovery/Business Continuity Plan • Adjacent Exposures 		
Estimated Total Maximum Discount		

The estimate is general in nature and based on information currently on file. The actual amount may vary depending on the specific circumstances of the insured or applicant.

Please do not hesitate to contact your agent if you have questions about the mitigation techniques included in this form or other mitigation techniques that could result in a discount. Your agent will also be able to explain how increasing or decreasing your deductible may reduce your insurance premiums.

IMPORTANT NOTICE OF PREMIUM DISCOUNTS

Manufactured Housing Property Insurance Coverage

Section 38-75-755 requires insurance companies to notify you of the availability and range of each premium discount, credit, other rate differential or reduction in deductibles for properties on which fixtures or construction techniques demonstrated to reduce the amount of loss in a windstorm have been installed or implemented. Securing your roof so it doesn't blow off and protecting your windows from flying debris are the two most cost effective measures you can take to safeguard your home and reduce your premium.

Manufactured Housing Discounts

Description of Mitigation Measure	Estimated Premium Discount Percent or Range	Other Credit or Rate Differential
Roof covering (i.e., shingles, metal or tiles)		
Roof Attachment <ul style="list-style-type: none"> • Over the roof tie downs – Installation or addition (if factory installed strapping is existing) of metal strapping and ground anchors to resist the maximum wind speed for the site on which the home is located. The number of straps required must be determined by an engineer or qualified strap/anchor installer. • Diagonal straps attached to the frame – Installation of metal strapping to resist the maximum wind speed for the site on which the home is located. The number of straps required must be determined by an engineer or qualified strap/anchor installer. 		
Secondary Water Resistance <ul style="list-style-type: none"> • Roofing felt or other approved layer of protection between the shingles and the roof sheathing below. • No Secondary Water Resistance. 		
Openings Protection <ul style="list-style-type: none"> • None • Storm shutters on all windows meeting the minimum requirements of the International Residential Code. • Impact Resistant Glass. 		
For Companies Offering Flood Insurance on a Direct Basis <ul style="list-style-type: none"> • Home Located in Flood Zone [<input type="checkbox"/>] Yes [<input type="checkbox"/>] No • Flood Zone Designation [<input type="checkbox"/>] N/A • First Floor ft / inches [<input type="checkbox"/>] Above [<input type="checkbox"/>] Below BFE • Flood Insurance [<input type="checkbox"/>] Yes / [<input type="checkbox"/>] No • Elevation • Distance from water 		
Other		
Estimated Total Maximum Discount		

The estimate is general in nature and based on information currently on file. The actual amount may vary depending on the specific circumstances of the insured or applicant.

Your deductible represents your share of the damages in the event of a covered loss. The higher your deductible, the more money you save on your premiums – but the greater your out-of-pocket cost will be in the event of a covered claim.

The deductible(s) available to you depends on your policy type, property location and amount of insurance. Some combinations are not available. See your policy Declarations for your current deductible(s) or contact your insurance agent or the company for more information.

Wind and Hail Deductible Options (if offered as a separate deductible)			
Deductible Options	HOMEOWNERS	DWELLING FIRE	RENTERS
\$ _____			
\$ _____			
\$ _____			
\$ _____			
\$ _____			
\$ _____			
\$ _____			
1%			
2%			
5%			
Other _____			

The deductible(s) available to you depends on your policy type, property location and amount of insurance. Some combinations are not available.

Deductible Options	HOMEOWNERS	DWELLING FIRE	RENTERS
\$ _____	X	X	X
\$ _____	X	X	X
\$ _____	X	X	X
\$ _____	X	X	X
\$ _____	X		
\$ _____		X	
1%	X		
2%	X		
Other _____	X		

Please do not hesitate to contact your agent if you have questions about the mitigation techniques included in this form or other mitigation techniques that could result in a discount.