NORTH CAROLINA SEA GRANT
**UNC-Wilmington Center for Marine Science**
**5600 Marvin Moss Lane**
**Wilmington, N.C. 28409**

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**Date**: Sept. 21, 2018
**To**: Coastal Homeowners
**From:** Spencer Rogers, Coastal Construction and Erosion Specialist, rogerssp@uncw.edu
**Subject:** Insurance premium incentives for wind-resistant construction

**As homeowners in North Carolina's coastal region begin making repairs for damages related to Hurricane Florence, they should be aware of incentives to increase wind resistance by selecting construction options.**

***Speak with your insurance agent and adjustor for details regarding your property.***

Since 2011, insurance rate credits have been available for wind-resistance features in coastal buildings, as the North Carolina General Assembly directed through the N.C. Department of Insurance. The goal was to develop discounts to encourage better wind-resistant buildings. These discounts are available in 18 coastal counties, and private insurance companies and the state- mandated wind pools are required to offer them. More recently, the N.C. wind pools have added pilot endorsements that may reduce costs when repairing or replacing roof coverings on certain coastal buildings. This brief describes the general offerings. ***Ask your insurance agent for the full details.***

## Residential Windstorm Mitigation Credits

These credits are available through private insurance companies and through the pools in coastal North Carolina. Two separate discount options are available for common homeowner or dwelling coverage. If you have a qualifying building, when you receive your annual renewal bill it should include the ADVISORY NOTICE TO POLICYHOLDERS RESIDENTIAL WINDSTORM MITIGATION CREDITS AVAILABLE (attachment 1): *https://www.ncjua-nciua.org/DocLib/uw/Mitigation/RN00190717.pdf*

The credits at this time for framed buildings for homeowners, dwelling, and wind-only coverage (attachment 2) are listed under NCJUA/NCIUA MITIGATION CREDITS in the bottom left corner here: *https://www.ncjua-nciua.org/html/uw.htm*

A separate table applies to masonry buildings. The insurance territory numbers vary with time and building type, but the lowest zone numbers and highest discounts are generally closest to the ocean shoreline.

The first type of credit offers a **discount for a hip roof and/or window protection**, either impact glass or certified storm shutters. To qualify, the owner must provide his or her insurance agent a photo of the hip roof. Documentation for window protection should describe that it complies with national test standards and was properly installed. The N.C. Residential Building Code allows plywood shutters, but they do not qualify for the credit. Each option qualifies for about a 4 to 5 percent discount on the wind/hail coverage cost and you can combine them for a 9 to 10 percent discount. Your insurance agent can determine the annual savings.

A second discount option for **Fortified** buildings is based on an existing program developed by the Insurance Institute for Business and Home Safety (IBHS), a non-profit insurance trade group. Three levels of discounts are offered for existing or new houses, identified as Bronze, Silver, and Gold. The higher levels require compliance with lower levels. Each level provides about a 4 to 6 percent discount on the wind and hail premium. Details of the program are here: *http://www.disastersafety.org/fortified*

To qualify, an IBHS Certified Evaluator must inspect the house. A list for N.C. evaluators is included on the same website, along with specific requirements for each level. The Evaluator prepares an inspection report, which IBHS

reviews. There is no cost for the review, but the Evaluator, often a home inspector or claims adjustor, sets prices, typically $150 to $600 depending on the number of re-inspections. IBHS then reviews inspection results and returns a certificate of compliance for Bronze/Silver/Gold or describes what mitigation work is needed to reach each level.

*Bronze* is easiest to accomplish when re-roofing. Additional nailing of the roof deck may be required. A secondary water protection under the roof covering is required. Options include 1) taping the seams of the plywood deck with a self-sealing, sticky-backed tape, 2) applying 3-foot rolls of the same material to the entire roof or 3) a certified high-strength underlayer in place of typical roofing felt. Specific drip edges and wind-certified roof vents are required. Reinforcement of gable end walls may be necessary. A high-wind shingle class is also required, depending on the local wind speed zone. If not re-roofing, it is possible to comply with the requirements working inside the attic using a high-strength foam to attach the rafters and seal all roof deck seams. However, the mitigation costs are likely to be higher and the insurance discount is lower.

*Silver* requires compliance with Bronze and a variety of wind-load path connections that can be visually inspected, as well as either impact-resistant windows or storm shutters for all glazing. The window protection must be certified by the manufacturer and installed to those specifications. Plywood shutters do not qualify. Most of the other structural requirements are included in the recent building codes.

*Gold* requires Bronze and Silver standards *plus* an engineering analysis of the load paths in the building, which, if not visible, may require some demolition for the engineer to inspect. Most of the requirements are included in recent building codes.

Any mitigation work must be documented with photos and inspected by the Evaluator. IBHS provides a certificate, which is submitted to the insurance agent to receive the discount. The certificate is good for five years, and an Evaluator can re-inspect the house to extend the discounts for another 5 years.

A separate discount is available for new construction: **Hurricane Fortified for Safer Living**. In hurricane areas, the design requirements are for the local building code wind speed plus 20 mph. There are also code-plus flood standards, if located in the floodplain. An engineer is required to prepare the plans in advance, which IBHS then reviews. Hurricane Fortified for Safer Living offers the highest discounts: 10 to 17 percent on wind-only coverage.

**NCIUA and NCJUA Pilot Policy Endorsements**

Many coastal buildings are insured by the N.C. Insurance Underwriting Association (NCIUA) and the N.C. Joint Underwriting Association (NCJUA), the state's mandated wind pools, when not available from private insurers. They have recently added pilot endorsements available in some coastal territories that may help pay for Fortified Evaluations. ***Again, ask your insurance agent for specific details.***

The first pilot endorsement is only available in the beachfront territories, generally the N.C. barrier islands. If the **roof covering on an insured building is *damaged* more than 50 percent**, the free policy endorsement offers to pay for the claim, plus the added labor cost of a Fortified Evaluation *and* the added construction cost to qualify for Fortified Bronze. (See attachment 3.) Restrictions apply. ***Ask your agent and your adjustor for details.***

A second pilot endorsement is now being offered in 18 coastal counties. If an insured building is **reroofing, with or without a damage claim**, the building may qualify for reimbursement of up to $600 for the cost of the Fortified Evaluator that results in a Fortified Bronze certification. (See attachment 4.) ***Ask your agent for details.***

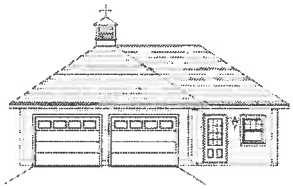
**Conclusion**

Installing wind-resistant features can protect buildings and potentially save homeowners money. Options to receive insurance rate credits for these protections are available through private insurance companies and state mandated wind pools. The wind pools are presently offering free policy endorsements that may reduce costs when repairing or replacing roof coverings on certain buildings. The resources mentioned here provide more information for each option. See also: *https://www.ncjua-nciua.org/DocLib/uw/Mitigation/RN00190717.pdf* and *https://disastersafety.org/hurricane/*

# ADVISORY NOTICE TO POLICYHOLDERS
# RESIDENTIAL WINDSTORM MITIGATION CREDITS AVAILABLE

The Association now has three main categories of credits available for certain wind mitigation features of a dwelling for policies effective May 1, 2011 or later.

**Hip Roof**: This is a roof style and construction that forms a triangle and is slanted on all sides. Proof of roof type is verified by multiple photographs submitted to the Association by your Producer (Agent) for the credit to apply.



**Opening Protection Features**: Building opening protective features, such as storm shutters, must have been tested and/or certified as having met standards of the American Society for Testing and Material ASTM E 1886 and ASTM E 1996. Such protective features shall be considered qualified and verified by proof of installation submitted to the Association by your Producer (Agent) and must have been installed on all openings of the structure.

Qualifications Include:

- All exterior building envelope openings (doors, windows, etc.) with glazing (glass) shall have qualified impact-resistant and wind pressure-resistant opening protection
- All exterior building envelope openings (doors, windows, etc.) without glazing (glass) shall have qualified wind pressure-resistant opening protection
- All garage doors (with or without glass) shall meet or exceed a qualified minimum pressure resistance

Opening protection must be installed by a qualified contractor, according to the manufacturer's specifications, and impact-resistant protective devices must not be made of wood structural panels, such as OSG or plywood, or be homemade.

**IBHS Hurricane Fortified for Safer Living and IBHS Hurricane Fortified for Existing Homes**: The Institute for Business and Home Safety (IBHS) has promulgated four main discounts:

- Safer Living Original Construction
- Bronze Certification 1 or 2
- Silver Certification 1 or 2
- Gold Certification 1 or 2

The Policyholder must submit a copy of the proper designation certificate from IBHS in order to qualify for the applicable credit. Certain certifications require reinspection by IBHS every five years in order for the designation and credit to continue. Your Producer (Agent) can assist you with the contact information for the inspection and submission of the IBHS Certification to the Association for approval of the credit.

End

Windstorm Mitigation Credits will vary by the type of feature present on the dwelling. The Hip Roof and Opening Protection credit may be combined for additional credit, but no other type credits may be taken in combination, such as IBHS and Hip Roof. The credit, if applicable, would be reflected in your final policy premium determined on the policy declaration, and shown in the endorsement section of the policy.

These discounts are not available to Condominium Unit Owners Policies, Renters Policies, Dwellings Under Construction, and Mobile Homes.

If you would have any questions, please contact your Producer (Agent) of the policy with the Association as shown on your policy declaration.

## WINDSTORM MITIGATION CREDITS – FRAME CONSTRUCTION

## EFFECTIVE October 1, 2018

| NCIUA Homeowner HO 00 02, HO 00 03 and HO 00 08 – Frame Construction<br>Coverage A Mitigation Rate Credit - Effective October 1, 2018 | | | | | | |
|---|---|---|---|---|---|---|
| **Mitigation Feature** | Territory 110 | Territory 120 | Territory 130 | Territory 140 | Territory 150 | Territory 160 |
| Total Hip Roof | 5.0% | 5.8% | 5.1% | 5.3% | 4.7% | 4.6% |
| Opening Protection | 5.1% | 6.0% | 5.1% | 5.3% | 4.6% | 4.7% |
| Combined Hip/Open | 10.1% | 11.7% | 10.2% | 10.6% | 9.2% | 9.3% |
| **IBHS® Designation** | | | | | | |
| Hurricane Fortified for Safer Living | 16.4% | 20.6% | 14.7% | 17.7% | 10.1% | 15.6% |
| Hurricane Fortified for Existing Homes Bronze 1 | 3.9% | 4.7% | 4.1% | 4.2% | 3.7% | 3.7% |
| Hurricane Fortified for Existing Homes Bronze 2 | 6.1% | 7.3% | 5.7% | 6.6% | 4.6% | 5.7% |
| Hurricane Fortified for Existing Homes Silver 1 | 9.8% | 12.4% | 8.2% | 10.8% | 4.9% | 9.3% |
| Hurricane Fortified for Existing Homes Silver 2 | 11.8% | 15.0% | 9.8% | 13.2% | 5.6% | 11.6% |
| Hurricane Fortified for Existing Homes Gold 1 | 12.5% | 15.7% | 11.0% | 13.5% | 7.3% | 11.8% |
| Hurricane Fortified for Existing Homes Gold 2 | 14.6% | 18.4% | 12.5% | 15.9% | 7.9% | 13.9% |

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| NCIUA Homeowner Windstorm or Hail HW 00 02, HW 00 03 and HW 00 08 – Frame Construction<br>Coverage A Mitigation Rate Credit - Effective October 1, 2018 | | | | | | |
|---|---|---|---|---|---|---|
| **Mitigation Feature** | Territory 110 | Territory 120 | Territory 130 | Territory 140 | Territory 150 | Territory 160 |
| Total Hip Roof | 6.5% | 6.5% | 6.4% | 6.3% | 5.9% | 5.9% |
| Opening Protection | 6.7% | 6.7% | 6.4% | 6.4% | 5.8% | 6.1% |
| Combined Hip/Open | 13.2% | 13.1% | 12.6% | 12.7% | 11.6% | 11.9% |
| **IBHS® Designation** | | | | | | |
| Hurricane Fortified for Safer Living | 21.4% | 22.9% | 18.2% | 21.2% | 12.7% | 19.9% |
| Hurricane Fortified for Existing Homes Bronze 1 | 5.1% | 5.2% | 5.1% | 5.0% | 4.6% | 4.8% |
| Hurricane Fortified for Existing Homes Bronze 2 | 8.0% | 8.1% | 7.1% | 7.9% | 5.8% | 7.4% |
| Hurricane Fortified for Existing Homes Silver 1 | 12.8% | 13.8% | 10.2% | 12.9% | 6.1% | 11.9% |
| Hurricane Fortified for Existing Homes Silver 2 | 15.4% | 16.7% | 12.2% | 15.8% | 7.0% | 14.8% |
| Hurricane Fortified for Existing Homes Gold 1 | 16.4% | 17.6% | 13.7% | 16.1% | 9.2% | 15.1% |
| Hurricane Fortified for Existing Homes Gold 2 | 19.0% | 20.5% | 15.5% | 19.0% | 10.0% | 17.8% |

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NORTH CAROLINA
INSURANCE UNDERWRITING ASSOCIATION
COASTAL PROPERTY INSURANCE POOL
NORTH CAROLINA
JOINT UNDERWRITING ASSOCIATION
FAIR PLAN

**SPECIAL ROOF COVERAGE, IBHS FORTIFIED HOME™ BRONZE LEVEL ROOF REPLACEMENT (OPTION TWO), TERRITORIES 110 & 120 ONLY**
**Endorsement PF 01 00 11 16**

Dear Policyholder:

We are pleased to advise you that the Association has included your policy in a pilot program providing special roof mitigation coverages at no additional cost to you. The goal of this program is to reduce hurricane loss vulnerability in hurricane prone areas. The coverage provided under this pilot program is described in **"SPECIAL ROOF COVERAGE, IBHS FORTIFIED HOME™ BRONZE LEVEL ROOF REPLACEMENT (OPTION TWO), TERRITORIES 110 & 120 ONLY"** - Endorsement **PF 01 00 11 16**.

FORTIFIED Home™ is an engineering and building standard developed by the Insurance Institute for Business & Home Safety (IBHS) to mitigate wind-related hurricane damage. The program also includes evaluation and inspection requirements to ensure that the technical standards are properly implemented. Assuming that all applicable procedures are properly completed, the end result will be the designation of a home as meeting the FORTIFIED Home requirements.

This endorsement is being provided to you at no additional cost. The endorsement is attached so you can review the additional coverage being given to you. For additional information regarding this pilot program, please contact the Association by phone at (919) 821-1299 or 1-800-662-7048.

**This letter is only a summary for your general information. As always, the provisions of your policy and any attached endorsements, including PF 01 00 11 16 where applicable, govern coverage in the event of a loss.**

**PO Box 8009 Cary, North Carolina, 27512**
**5520 Dillard Drive, Suite 180, Cary, North Carolina 27518**
**(919) 821-1299 Toll Free: (800) 662-7048 Fax: (919) 829-1793**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

# SPECIAL ROOF COVERAGE, IBHS FORTIFIED HOME™ BRONZE LEVEL ROOF REPLACEMENT (OPTION TWO), TERRITORIES 110 & 120 ONLY

## INTRODUCTION

FORTIFIED Home™ is an engineering and building standard developed by the Insurance Institute for Business & Home Safety (IBHS) to mitigate wind-related hurricane damage. The program also includes evaluation and inspection requirements to ensure the technical standards are properly implemented, resulting in the designation of a home as meeting the FORTIFIED Home requirements.

## COVERAGE

If the amount of a "covered loss" to the roof covering of the dwelling on the "residence premises" shown on the declarations is greater than 50% of the replacement cost value of the entire roof covering and the roof sheathing on the dwelling is (or was immediately prior to the loss) a minimum of 7/16-inch OSB or plywood and the dwelling is not (or was not immediately prior to the loss) on an unreinforced dry stacked foundation or is otherwise ineligible for FORTIFIED Home Review as defined by IBHS, then this endorsement may apply at the option of the insured.

When the coverage provided by this endorsement applies and the insured opts to invoke the coverage provided by this endorsement, the Association will pay the costs of the materials and labor, the costs of the initial inspection and assessment, and the costs of the verification inspection(s) necessary to obtain the IBHS designation "FORTIFIED Home™ Hurricane Bronze with new roof cover." The insured will be responsible for arranging and coordinating the roof replacement work, as well as the inspections, assessments and verifications required by IBHS.

## DEFINITIONS

With respect to the coverage provided by this endorsement, "covered loss" means a loss occurring between January 1, 2017 and June 30, 2017 that is caused by a Peril Insured Against named under **"SECTION I – PERILS INSURED AGAINST, A. Coverage A – Dwelling And Coverage B – Other Structures"** that is not excluded by **"SECTION I – EXCLUSIONS"** or otherwise excluded by any other provision or condition of this policy.

## SPECIAL CONDITIONS

**A.** In addition to the requirements of the Loss Settlement and Replacement Cost provisions of this policy, the insured must submit proof of the IBHS designation "FH Hurricane Bronze with new roof cover" to the Association upon completion of the designation process.

All other provisions of the policy apply, including but not limited to the Loss Settlement and Replacement Cost provisions of the policy.

End

**North Carolina**
**Insurance Underwriting Association**
**COASTAL PROPERTY INSURANCE POOL**

July 2018

Re: **Policy Reference: 50025683**
**IBHS FORTIFIED HOME™ LIMITED CERTIFIED EVALUATOR COST COVERAGE**
**HO 00 02, HO 00 03, HO 00 08, HW 00 02, HW 00 03 AND HW 00 08 – PF 01 07 05 18**

Dear Policyholder:

The North Carolina Insurance Underwriting Association (NCIUA), also known as the Coastal Property Insurance Pool (CPIP), is continuing to collaborate with the Insurance Institute for Business & Home Safety (IBHS) to improve the resilience of our coastal communities. IBHS is an independent, nonprofit, scientific research and communications organization which identifies and promotes the most effective ways to strengthen homes, businesses, and communities against natural disasters and other causes of loss.

Your roof provides the first line of defense against severe weather. With an IBHS FORTIFIED Home Bronze compliant roof, properties should be better protected before, during, and after a severe weather event. FORTIFIED is a nationally recognized building method based on scientific research and real-world testing by IBHS. FORTIFIED standards improve the performance of buildings against severe weather events and reduce the risk of personal property losses.

The NCIUA is providing roof mitigation coverage to create stronger and more resilient communities, one home at a time. The Association pioneered a pilot program to provide a free endorsement to policyholders in rating territories 130,140,150, and 160. If you want to replace your roof, the NCIUA endorsement pays for the cost of a FORTIFIED Evaluator, up to a maximum of $600, to assist you and your chosen contractor in upgrading your roof to FORTIFIED standards, subject to policy terms and conditions.

**What does a FORTIFIED Home Bronze compliant roof mean to you?**

- Strength: Your roof will perform better in the face of severe weather
- Savings: You will qualify for insurance premium discounts
- Increased value: Your active FORTIFIED designation, and its unique ID number, remains with your property enhancing your home's resale value
- Affordable: The costs to upgrade to a FORTIFIED roof are minimal compared to the benefits
- Security: You will take comfort in the knowledge that your home is built to some of the highest standards available, protecting your loved ones and possessions

A FORTIFIED roof system can be installed by your chosen contractor, working in tandem with trained IBHS Evaluators. The material and installation must be inspected, photographed, and approved at every step to receive your official designation. Some of the enhanced measures taken include:

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AS400-PF0107
AS107

**PO Box 8009 Cary, North Carolina, 27512**
**5520 Dillard Drive, Suite 180, Cary, North Carolina 27518**
**(919) 821-1299 Toll Free: (800) 662-7048 Fax: (919) 829-1793**

- Re-nailing the entire roof deck using 8d ring shank nails, which are stronger than common nails
- Anchoring the roof to the walls using hurricane straps
- Sealing the roof deck with a high tear-strength synthetic membrane, taping all vertical and horizontal seams
- Using high wind-rated and impact-rated asphalt shingles
- Securing attic ventilation against water intrusion
- Strengthening eaves and overhangs

The coverage provided under this endorsement is described in "**IBHS FORTIFIED HOME™ LIMITED CERTIFIED EVALUATOR COST COVERAGE HO 00 02, HO 00 03, HO 00 08, HW 00 02, HW 00 03 AND HW 00 08**". Endorsement **PF 01 07 05 18** is attached for your review.

**NCIUA Partnership: Assistance to Strengthen Your Home When You Replace Your Roof**

- If you decide to replace your roof and you desire a FORTIFIED roof, contact NCIUA
- A FORTIFIED Evaluator will be assigned to you and will assess your roof to determine your eligibility for a FORTIFIED roof
- If you are eligible and select to install a FORTIFIED roof, you may use your own contractor or an IBHS FORTIFIED contractor. A list of IBHS FORTIFIED contractors is available to you upon request
- Your assigned FORTIFIED Evaluator will guide you throughout the entire process to get the desired FORTIFIED designation
- IBHS will review your repair documentation. If compliant, you will receive your property's official designation and NCIUA will pay the FORTIFIED Evaluator, up to a maximum of $600

For additional information regarding this pilot program, please contact NCIUA at (919) 821-1299 or 1-800-662-7048.

**This letter is only a summary of Endorsement PF 01 07 05 18 for your general information. As always, the provisions of your policy and any attached endorsements govern coverage in the event of a loss.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

# IBHS FORTIFIED HOME™ LIMITED IBHS CERTIFIED EVALUATOR COST COVERAGE
## HO 00 02, HO 00 03, HO 00 08, HW 00 02, HW 00 03 AND HW 00 08

### INTRODUCTION

FORTIFIED Home™ is an engineering and building standard developed by the Insurance Institute for Business & Home Safety (IBHS) to mitigate wind-related hurricane damage. The program also includes evaluation and inspection requirements to ensure the technical standards are properly implemented, resulting in the designation of a home as meeting the FORTIFIED Home requirements. The maximum coverage limit provided by this endorsement is $600.

### COVERAGE

If (1) you replace the entire roof covering of the dwelling on the "residence premises" shown on the declarations to the "**FORTIFIED Home™ Hurricane Bronze With New Roof Cover**" standard during the policy period, and (2) you obtain the IBHS designation "**FORTIFIED Home™ Hurricane Bronze with new roof cover**" from IBHS, then upon submittal of proof of that designation to us, we shall pay up to $600 for the direct expense that you incur for the services of an IBHS certified evaluator. This is additional insurance and is the most we will pay for the total of all costs or expenses that you incur associated with obtaining the IBHS designation "**FORTIFIED Home™ Hurricane Bronze with new roof cover**". No deductible applies to this coverage.

All other provisions of the policy apply, including but not limited to the Loss Settlement and Replacement Cost provisions of the policy.