

RULES – IMPLEMENTATION

MARCH 2, 2021

COMMERCIAL LINES

LI-CL-2021-009

## SOUTH CAROLINA REVISED RULES TO BE IMPLEMENTED

---

### KEY MESSAGE

This circular announces the submission and acknowledgement of revised South Carolina rules exceptions to reflect revisions to the disclaimer statement in various South Carolina-specific windstorm or hail percentage deductible endorsements.

**Applicable Lines of Business:** AG, BP, CF, FR, OP

**Filing ID:** CL-2021-OWH2

**Edition Date:** 8/2021

---

### UPGRADE TO WORD AND EXCEL DOCUMENTS

ISO is currently implementing changes to our authoring and delivery systems so that **newly created** documents will be delivered in Office 365 .docx/.xlsx format. These changes will be phased in by product/service tentatively beginning in second quarter 2021. We are providing advance notification so that you may prepare your internal systems. Products impacted include, but are not limited to, documents delivered/accessed via Circulars, CLM, EFD, ERC, Filings, FIRST, Forms Library (including PolicyWriting Support Forms Instructional Supplement), IntegRater, PRM, Statistical Plans and Suite +.

---

### BACKGROUND

In referenced circular [LI-CL-2021-008](#), we are announcing the submission and implementation of companion forms filing CL-2021-OWH1, based on South Carolina Regulation 69-56. We revised various commercial lines windstorm or hail percentage deductible endorsements to specifically reference hurricane in the disclaimer statement which must be included on the face of any policy that contains a separate hurricane, named storm or wind/hail deductible.

---

### ISO ACTION

To complement these revisions, we are revising the rules exceptions for the applicable lines of business to reference hurricane in the disclaimer statement that must appear on the Declarations page of all new and renewal policies.

Refer to the attached explanatory material for complete details about the filing.

---

### INSURANCE DEPARTMENT ACTION

The South Carolina Insurance Department has acknowledged this revision as submitted.

---

### EFFECTIVE DATE

We do not establish an effective date for rules revisions in this state. Each insurer that elects to utilize this revision is responsible for determining its own effective date.

---

## COMPANY ACTION

ISO has not filed this revision on behalf of insurers.

You must independently determine what revision to make and when to make any revision effective. If you decide to use all or any part of our revision, you are NOT required to file anything with the South Carolina Department of Insurance.

You must document your files in case the Insurance Department wishes to review the information at a later date. In all internal correspondence on this revision, you should refer to ISO Revision Designation Number CL-2021-OWH2, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

---

## RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

---

## POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2021-004](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

---

## REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 8-21 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

---

## RELATED FORMS REVISION

We are announcing in a separate circular the filing of a corresponding forms revision. Please refer to the Reference(s) block for identification of that circular.

---

## REFERENCE(S)

- [LI-CL-2021-008](#) (03/02/2021) South Carolina Revised Deductible Endorsements To Be Implemented
- [LI-CL-2021-004](#) (02/17/2021) Revised Lead Time Requirements Listing

---

## ATTACHMENT(S)

Filing [CL-2021-OWH2](#)

---

## COPYRIGHT EXPLANATION

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file, or use same in any manner without the written permission of the copyright owner. Permission is hereby granted to members, subscribers, and service purchasers to reprint, copy, or otherwise use the enclosed material for purposes of their own business use relating to that territory or line or kind of insurance, or subdivision thereof, for which they participate, provided that:

- (A) Where ISO copyrighted material is reprinted, copied, or otherwise used **as a whole**, it must reflect the copyright notice actually shown on such material.
- (B) Where ISO copyrighted material is reprinted, copied, or otherwise used **in part**, the following credit legend must appear at the bottom of each page so used:  
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

---

## CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:  
Daniel Holt  
Compliance & Product Services – Property  
(201) 469-2557  
[Daniel.Holt@verisk.com](mailto:Daniel.Holt@verisk.com)
- Other issues for this circular, please contact Customer Support:  
E-mail: [info@verisk.com](mailto:info@verisk.com)  
Phone: 800-888-4476

Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489). For information on all ISO products, visit us at [www.verisk.com/iso](http://www.verisk.com/iso). To keep abreast of the latest Insurance Lines Services updates, view [www.verisk.com/ils](http://www.verisk.com/ils).

# South Carolina State Exceptions Revised

## Applicable Lines of Business

---

This filing applies to the following lines of business:

- ◆ Agricultural Capital Assets (Output Policy)
- ◆ Businessowners
- ◆ Capital Assets Program (Output Policy)
- ◆ Commercial Fire and Allied Lines
- ◆ Farm

## About This Filing

---

This filing revises the South Carolina state exceptions for the following Divisions of the Commercial Lines Manual to reflect revisions to South Carolina Windstorm or Hail Percentage Deductible endorsements.

## Revised Rules

We are revising the following state exceptions:

- ◆ Division Four - Farm
  - **Rule 31.** Windstorm Or Hail Percentage Deductibles
- ◆ Division Five – Fire and Allied Lines
  - **Rule 82.** Windstorm Or Hail Percentage Deductibles
- ◆ Division Ten – Businessowners
  - **Rule 24.** Deductibles
- ◆ Division Fourteen – Capital Assets - Agricultural Capital Assets (Output Policy)
- ◆ Division Fourteen – Capital Assets Program (Output Policy)
  - **Rule 79.** Windstorm Or Hail Percentage Deductibles

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes. For the purposes of

this filing, asterisks (\*\*\*) indicate undisplayed text that remains unchanged with this filing.

## **Related Filing(s)**

---

Companion forms filing CL-2021-OWH1 is being filed and will be implemented with an effective date that coincides with the effective date of this filing.

## **Background**

---

In response to the requirements of Regulation 69-56, the disclaimer statement in endorsements AG 03 09, BP 03 16, CP 03 39, FP 03 11 and OP 03 08 is revised to also specifically reference hurricane.

## **Explanation of Changes**

---

To complement the revisions to South Carolina Windstorm or Hail Percentage Deductible endorsements for several lines of business, we are revising the state exceptions for the applicable lines of business to reference hurricane in the disclaimer statement that must appear on the Declarations page of all new and renewal policies that include a hurricane, named storm or wind/hail deductible.

## **Copyright Explanation**

---

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

## **Important Note**

---

Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO rules and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of rules intent nor opinions expressed by members of ISO's staff necessarily reflect every insurer's view or control any insurer's application of manual rules.

## DIVISION FOUR – FARM

---

### 31. WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES

---

\*\*\*

The following paragraph is added:

#### **E. Requirements**

S.C. INS. REGS. 69-56 (2000) requires that:

1. The following statement must appear on the Declarations page of all new and renewal policies that include a windstorm or hail percentage deductible:

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLES ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU. THE EXAMPLES ARE PART OF ENDORSEMENT **FP 03 11**.

This statement also appears in South Carolina Changes – Windstorm Or Hail Percentage Deductible Endorsement **FP 03 11**. Its inclusion in the endorsement does not relieve the insurer of the obligation to include the statement on the Declarations page.

2. Whenever a change is made to a policy at renewal, by implementing a named storm percentage deductible or by increasing the size of such deductible, the named insured must sign or initial a disclosure that acknowledges that the named insured has read the example which illustrates how the deductible functions for a policy valued at \$100,000.

South Carolina Changes – Windstorm Or Hail Percentage Deductible Endorsement **FP 03 11** does not explicitly address or exclusively pertain to named storms; however, the provisions of the endorsement encompass named storms because such storms qualify as windstorms.

## DIVISION FIVE – FIRE AND ALLIED LINES

---

### 82. WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES

---

\*\*\*

The following is added to Rule 82.:

#### F. Requirements

S.C. INS. REGS. 69-56 (2000) requires that:

1. The following statement must appear on the Declarations page of all new and renewal policies that include a windstorm or hail percentage deductible:

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLES ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU. THE EXAMPLES ARE PART OF ENDORSEMENT **CP 03 39**.

This statement also appears in Endorsement **CP 03 39**. Its inclusion in the endorsement does not relieve the insurer of the obligation to include the statement on the Declarations page.

2. Whenever a change is made to a policy at renewal, by implementing a named storm percentage deductible or increasing the size of such deductible, the named insured must sign or initial a disclosure that acknowledges that the named insured has read the example which illustrates how the deductible functions for a policy valued at \$100,000.

Endorsement **CP 03 39**, Windstorm Or Hail Percentage Deductible – South Carolina, does not explicitly address or exclusively pertain to named storms, however, the provisions of the endorsement encompass named storms because such storms qualify as windstorms.

## DIVISION TEN – BUSINESSOWNERS

---

### 24. DEDUCTIBLES

---

\*\*\*

The following is added to Paragraph C.:

#### 5. Requirements

S.C. INS. REGS. 69-56 (2000) requires that:

- a. The following statement must appear on the Declarations page of all new and renewal policies that include a Windstorm or Hail percentage deductible:

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLES ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU. THE EXAMPLES ARE A PART OF ENDORSEMENT **BP 03 16**.

This statement also appears in Endorsement **BP 03 16**. Its inclusion in the endorsement does not relieve the insurer of the obligation to include the statement on the Declarations page.

- b. Whenever a change is made to a policy at renewal, by implementing a Windstorm or Hail percentage deductible or increasing the size of such deductible, the named insured must sign or initial a disclosure that acknowledges that the named insured has read the example which illustrates how the deductible functions for a policy valued at \$100,000.

South Carolina Windstorm Or Hail Percentage Deductibles Endorsement **BP 03 16** does not explicitly address or exclusively pertain to named storms, however, the provisions of the endorsement encompass named storms because such storms qualify as windstorms.



## **DIVISION FOURTEEN – CAPITAL ASSETS – AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) SECTION**

---

### **79. WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES**

---

Paragraph **B.** is replaced by the following:

#### **B. Form**

Use South Carolina Changes – Windstorm Or Hail Percentage Deductible Endorsement **AG 03 09**. This endorsement includes a statement emphasizing the impact of the deductible and provides examples illustrating how the deductible would apply to policies valued at \$100,000 and other amounts.

The following is added to Rule **79.**:

#### **E. Requirements**

S.C. INS. REGS. 69-56 (2000) requires that:

1. The following statement must appear on the Declarations page of all new and renewal policies that include a windstorm or hail percentage deductible:

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLES ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU. THE EXAMPLES ARE PART OF ENDORSEMENT **AG 03 09**.

This statement also appears in South Carolina Changes – Windstorm Or Hail Percentage Deductible Endorsement **AG 03 09**. Its inclusion in the endorsement does not relieve the insurer of the obligation to include the statement on the Declarations page.

2. Whenever a change is made to a policy at renewal, by implementing a named storm percentage deductible or by increasing the size of such deductible, the named insured must sign or initial a disclosure that acknowledges that the named insured has read the example which illustrates how the deductible functions for a policy valued at \$100,000.

South Carolina Changes – Windstorm Or Hail Percentage Deductible Endorsement **AG 03 09** does not explicitly address or exclusively pertain to named storms; however, the provisions of the endorsement encompass named storms because such storms qualify as windstorms.

## DIVISION FOURTEEN – CAPITAL ASSETS PROGRAM (OUTPUT POLICY)

---

### 79. WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES

---

Paragraph **B.** is replaced by the following:

#### **B. Form**

Use South Carolina Changes – Windstorm Or Hail Percentage Deductible Endorsement **OP 03 08**. This endorsement includes a statement emphasizing the impact of the deductible and provides examples illustrating how the deductible would apply to policies valued at \$100,000 and other amounts.

The following is added to Rule **79.**:

#### **E. Requirements**

In accordance with S.C. Insurance Regulations:

1. The following statement must appear on the Declarations page of all new and renewal policies that include a windstorm or hail percentage deductible:

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLES ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU. THE EXAMPLES ARE PART OF ENDORSEMENT **OP 03 08**.

This statement also appears in Endorsement **OP 03 08**. Its inclusion in the endorsement does not relieve the insurer of the obligation to include the statement on the Declarations page.

2. Whenever a change is made to a policy at renewal, by implementing a named storm percentage deductible or by increasing the size of such deductible, the named insured must sign or initial a disclosure that acknowledges that the named insured has read the example which illustrates how the deductible functions for a policy valued at \$100,000.

Endorsement **OP 03 08** does not explicitly address or exclusively pertain to named storms; however, the provisions of the endorsement encompass named storms because such storms qualify as windstorms.