81. DEDUCTIBLE INSURANCE PLAN

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

A. Description Of Plan

This Plan provides a method for writing direct property damage coverages with higher deductibles ($1,000 minimum – $1,000,000 maximum) on eligible covered property.

Paragraphs **E.2.** and **E.4.** are replaced by the following:

E. Rate Modification

2. Rate Modification

**a.** Multiply the rates contemplating a base deductible of not more than $500 by the factors in Table **81.E.4.**

**b.** Do not apply the factors to the rates for any form contemplating a base deductible equal to or exceeding the amount of the deductible desired under this Plan.

**c.** When the base deductible amount exceeds $500, unless otherwise provided, increase the deductible factor from Table **81.E.4.** by one half of the difference between 1.00 and the factor.

4. Factors For Deductible Coverage



|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | | | | | | | | | | | | | |  | | Deductible Credit Factors | | |
|  | Total Amount Of Insurance At Each Location | | | | | | | | | | | | | | Deductible | | Basic Group I | Basic Group II | Other Causes Of Loss |
|  |  | More than $500,000 | | | | | | | | | | | | | $ | 1,000 | 0.99 | 0.99 | 0.99 |
|  | $ | | | | | 175,001 – | | 500,000 | | | | | | |  | | 0.99 | 0.99 | 0.98 |
|  | 50,001 – | | | | | | | 175,000 | | | | | | |  | | 0.98 | 0.98 | 0.97 |
|  |  | | | | | | 50,000 or Less | | | | | | | |  | | 0.96 | 0.96 | 0.96 |
|  |  | More than $500,000 | | | | | | | | | | | | | 2,500 | | 0.99 | 0.98 | 0.96 |
|  | $ | | | | | 175,001 – | | 500,000 | | | | | | |  | | 0.96 | 0.95 | 0.92 |
|  | 50,001 – | | | | | | | 175,000 | | | | | | |  | | 0.94 | 0.92 | 0.89 |
|  |  | | 50,000 or Less | | | | | | | | | | | |  | | 0.89 | 0.84 | 0.84 |
|  |  | More than $1,000,000 | | | | | | | | | | | | | 5,000 | | 0.98 | 0.97 | 0.92 |
|  | $ | | | | | 500,001 – | | 1,000,000 | | | | | | |  | | 0.94 | 0.93 | 0.87 |
|  | 175,001 – | | | | | | |  | | | 500,000 | | | |  | | 0.92 | 0.89 | 0.83 |
|  |  | 175,000 or Less | | | | | | | | | | | | |  | | 0.88 | 0.81 | 0.77 |
|  |  | More than $2,000,000 | | | | | | | | | | | | | 10,000 | | 0.96 | 0.95 | 0.88 |
|  | $ | | | | 1,000,001 – | | | | | 2,000,000 | | | | |  | | 0.93 | 0.90 | 0.81 |
|  | 500,001 – | | | | | | | | 1,000,000 | | | | | |  | | 0.90 | 0.86 | 0.77 |
|  | 175,001 – | | | | | | | |  | | | 500,000 | | |  | | 0.87 | 0.79 | 0.71 |
|  |  | | | | | 175,000 or Less | | | | | | | | |  | | 0.81 | 0.68 | 0.63 |
|  |  | More than $2,000,000 | | | | | | | | | | | | | 25,000 | | 0.92 | 0.90 | 0.77 |
|  | $ | | | | 1,000,001 – | | | | | 2,000,000 | | | | |  | | 0.85 | 0.79 | 0.64 |
|  | 500,001 – | | | | | | | | 1,000,000 | | | | | |  | | 0.82 | 0.70 | 0.58 |
|  | 175,001 – | | | | | | | |  | | | 500,000 | | |  | | 0.76 | 0.59 | 0.50 |
|  |  | | | | | 175,000 or Less | | | | | | | | |  | | 0.71 | 0.47 | 0.43 |
|  |  | More than $3,500,000 | | | | | | | | | | | | | 50,000 | | 0.88 | 0.86 | 0.68 |
|  | $ | | | | 2,000,001 – | | | | | 3,500,000 | | | | |  | | 0.82 | 0.74 | 0.55 |
|  | 1,000,001 – | | | | | | | | 2,000,000 | | | | | |  | | 0.77 | 0.65 | 0.49 |
|  | 500,001 – | | | | | | | | 1,000,000 | | | | | |  | | 0.72 | 0.54 | 0.42 |
|  |  | | | 500,000 or Less | | | | | | | | | | |  | | 0.67 | 0.44 | 0.36 |
|  |  | More than $3,500,000 | | | | | | | | | | | | | 75,000 | | 0.84 | 0.82 | 0.60 |
|  | $ | | | | 2,000,001 – | | | | | 3,500,000 | | | | |  | | 0.76 | 0.67 | 0.47 |
|  | 1,000,001 – | | | | | | | | 2,000,000 | | | | | |  | | 0.72 | 0.56 | 0.40 |
|  | 500,001 – | | | | | | | | 1,000,000 | | | | | |  | | 0.66 | 0.45 | 0.34 |
|  |  | | | 500,000 or Less | | | | | | | | | | |  | | 0.61 | 0.34 | 0.28 |
|  |  | | | More than $5,500,000 | | | | | | | | | | | 100,000 | | 0.83 | 0.81 | 0.58 |
|  | $ | | | | 3,500,001 – | | | | | 5,500,000 | | | | |  | | 0.76 | 0.69 | 0.47 |
|  | 2,000,001 – | | | | | | | | 3,500,000 | | | | | |  | | 0.72 | 0.61 | 0.41 |
|  | 1,000,001 – | | | | | | | | 2,000,000 | | | | | |  | | 0.67 | 0.50 | 0.35 |
|  |  | | | 1,000,000 or Less | | | | | | | | | | |  | | 0.61 | 0.38 | 0.29 |
|  |  | | | More than $9,000,000 | | | | | | | | | | | 150,000 | | 0.80 | 0.78 | 0.54 |
|  | $ | | | | 5,500,001 – | | | | | 9,000,000 | | | | |  | | 0.73 | 0.69 | 0.44 |
|  | 3,500,001 – | | | | | | | | 5,500,000 | | | | | |  | | 0.70 | 0.61 | 0.39 |
|  | 2,000,001 – | | | | | | | | 3,500,000 | | | | | |  | | 0.65 | 0.52 | 0.33 |
|  |  | | | 2,000,000 or Less | | | | | | | | | | |  | | 0.59 | 0.38 | 0.26 |
|  |  | | | More than $9,000,000 | | | | | | | | | | | 250,000 | | 0.73 | 0.74 | 0.45 |
|  | $ | | | | 5,500,001 – | | | | | 9,000,000 | | | | |  | | 0.65 | 0.59 | 0.34 |
|  | 3,500,001 – | | | | | | | | 5,500,000 | | | | | |  | | 0.61 | 0.50 | 0.30 |
|  | 2,000,001 – | | | | | | | | 3,500,000 | | | | | |  | | 0.56 | 0.41 | 0.25 |
|  |  | | | 2,000,000 or Less | | | | | | | | | | |  | | 0.51 | 0.31 | 0.20 |
|  |  | | | More than $12,500,000 | | | | | | | | | | | 500,000 | | 0.62 | 0.66 | 0.35 |
|  | $ | | | | 9,000,001 – | | | | | 12,500,000 | | | | |  | | 0.56 | 0.54 | 0.27 |
|  | 5,500,001 – | | | | | | | |  | | | 9,000,000 | | |  | | 0.52 | 0.45 | 0.23 |
|  | 3,500,001 – | | | | | | | |  | | | 5,500,000 | | |  | | 0.48 | 0.36 | 0.20 |
|  |  | | | 3,500,000 or Less | | | | | | | | | | |  | | 0.45 | 0.30 | 0.17 |
|  |  | | | More than $20,000,000 | | | | | | | | | | | 750,000 | | 0.57 | 0.65 | 0.31 |
|  | $ | | | | 12,500,001 – | | | | | | | | 20,000,000 | |  | | 0.52 | 0.54 | 0.25 |
|  | 9,000,001 – | | | | | | | | | | | 12,500,000 | | |  | | 0.48 | 0.46 | 0.21 |
|  | 5,500,001 – | | | | | | | | | | |  | | 9,000,000 |  | | 0.44 | 0.37 | 0.18 |
|  |  | | | 5,500,000 or Less | | | | | | | | | | |  | | 0.41 | 0.29 | 0.15 |
|  |  | | | More than $20,000,000 | | | | | | | | | | | 1,000,000 | | 0.52 | 0.60 | 0.27 |
|  | $ | | | | 12,500,001 – | | | | | | | | 20,000,000 | |  | | 0.46 | 0.48 | 0.21 |
|  | 9,000,001 – | | | | | | | | | | | 12,500,000 | | |  | | 0.43 | 0.40 | 0.18 |
|  | 5,500,001 – | | | | | | | | | | |  | | 9,000,000 |  | | 0.39 | 0.32 | 0.15 |
|  |  | | | 5,500,000 or Less | | | | | | | | | | |  | | 0.37 | 0.28 | 0.14 |

Table 81.E.4. Factors For Deductible Coverage

82. WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES

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

B. Form

Use Windstorm Or Hail Percentage Deductible – South Carolina Endorsement CP 03 39**.** 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.

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

D. Rate Modification

Multiply the Group II rate by the appropriate factor from Table **82.D.**



|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Windstorm Or Hail Deductible | | Amount Of Insurance At Each Location | | | | | Factor |
|  |  | | $ | 3,500,001 and Over | | |  | 0.83 |
|  |  | | 1,000,001 – | | 3,500,000 |  | | 0.87 |
|  | 1 | % | 500,001 – | | 1,000,000 |  | | 0.90 |
|  |  | | 175,001 – | | 500,000 |  | | 0.93 |
|  |  | | 100,000 – | | 175,000 |  | | 0.96 |
|  |  | | 3,500,001 and Over | | | | | 0.73 |
|  |  | | 1,000,001 – | | 3,500,000 |  | | 0.77 |
|  | 2 | | 500,001 – | | 1,000,000 |  | | 0.82 |
|  |  | | 175,001 – | | 500,000 |  | | 0.87 |
|  |  | | 50,000 – | | 175,000 |  | | 0.92 |
|  |  | | 3,500,001 and Over | | | | | 0.57 |
|  |  | | 1,000,001 – | | 3,500,000 |  | | 0.60 |
|  |  | | 500,001 – | | 1,000,000 |  | | 0.66 |
|  | 5 | | 175,001 – | | 500,000 |  | | 0.72 |
|  |  | | 50,001 – | | 175,000 |  | | 0.81 |
|  |  | | 20,000 – | | 50,000 |  | | 0.92 |

Table 82.D. Windstorm Or Hail Rate Modification Factors

No further modification should be made to the Group II rate for deductible purposes, regardless of any deductible applicable to Group II causes of loss other than Windstorm or Hail.

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.

RATING EXAMPLES APPENDIX

RATING EXAMPLES APPENDIX

The following rating examples apply to Rule **81.E.3.:**

1. Example #1. Specific Insurance

Assume CP 10 30 Causes Of Loss – Special Form (Including Theft) applies to all covered property at all locations.

|  |  |  |
| --- | --- | --- |
|  |  | Location #1. (A Mercantile Risk) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Building Limit | = | $150,000 |
|  |  | Your Business Personal Property Limit | = | 15,000 |
|  |  | Stock Limit | = | 35,000 |
|  |  | Total Limit for Location #1. | = | $200,000 |

If a Deductible of $2,500 is desired for all covered causes of loss, modify the rates applicable to Location #1. by the following factors:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Basic Group I | – Use a factor of 0.96 |
|  |  | Basic Group II | – Use a factor of 0.95 |
|  |  | Special Form | – Use a factor of 0.92 |

|  |  |  |
| --- | --- | --- |
|  |  | Location #2. (An Office Risk) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Building Limit | = | $500,000 |
|  |  | Your Business Personal Property Limit | = | 75,000 |
|  |  | Personal Property of Others Limit | = | 10,000 |
|  |  | Tenants Improvements and Betterments | = | 25,000 |
|  |  | Total Limit for Location #2. | = | $610,000 |

If a Deductible of $2,500 is desired for Theft and $1,000 for all remaining covered causes of loss, modify the rates applicable to Location #2. by the following factors:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Basic Group I | – Use a factor of 0.99 |
|  |  | Basic Group II | – Use a factor of 0.99 |
|  |  | Special Form | – Use a factor of 0.96 |

|  |  |  |
| --- | --- | --- |
|  |  | Location #3. (A Mercantile Risk) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Building Limit | = | $250,000 |
|  |  | Your Business Personal Property Limit | = | 85,000 |
|  |  | Personal Property of Others Limit | = | 15,000 |
|  |  | Total Limit for Location #3. | = | $350,000 |

If a Deductible of $5,000 is desired for Windstorm or Hail, $2,500 for Theft, and the standard deductible of $500 is to apply to all remaining covered causes of loss, modify the rates applicable to Location #3. by the following factors:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Basic Group I | – No factor applies |
|  |  | Basic Group II | – Use a factor of 0.89 |
|  |  | Special Form | – Use a factor of 0.92 |

2. Example #2. Blanket Insurance

Assume all property (both building and contents) is written on a blanket basis and the sum of the 100% values of the property at each location is:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Location #1. (Industrial Occupancy) | – | $1,500,000 |
|  |  | Location #2. (Mercantile Occupancy) | – | $450,000 |

Form CP 10 30 applies to all covered property at these locations.

**a.** If a $5,000 deductible is applicable to all causes of loss, multiply the 80% coinsurance rates by the following factors:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Location #1. |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Basic Group I | – Use a factor of 0.98 |
|  |  | Basic Group II | – Use a factor of 0.97 |
|  |  | Special Form | – Use a factor of 0.92 |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Location #2. |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Basic Group I | – Use a factor of 0.92 |
|  |  | Basic Group II | – Use a factor of 0.89 |
|  |  | Special Form | – Use a factor of 0.83 |

**b.** If a $5,000 deductible is applicable to Windstorm or Hail, $2,500 Deductible applicable to Theft, and $1,000 for all remaining causes of loss, multiply the 80% coinsurance rate by the following factors:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Location #1. |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Basic Group I | – Use a factor of 0.99 |
|  |  | Basic Group II | – Use a factor of 0.97 |
|  |  | Special Form | – Use a factor of 0.96 |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Location #2. |  |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Basic Group I | – Use a factor of 0.99 |
|  |  | Basic Group II | – Use a factor of 0.89 |
|  |  | Special Form | – Use a factor of 0.92 |