



MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION

Underwriting Division
Two Center Plaza
Boston, Massachusetts 02108-1904
(617) 723-3800, MA Only (800) 392-6108, FAX (617) 557-5678

October 31, 2007

To: All Massachusetts Producers

RE: Dwelling Policy Program
Mandatory Windstorm or Hail Deductible Requirement Rule
Effective 12/15/2007

The Massachusetts Property Insurance Underwriting Association has received approval from the Massachusetts Division of Insurance to implement a revised Dwelling Deductible Rule. The revised rule applies to all dwelling new and renewal policies with an inception date of **December 15, 2007, or later.**

Enclosed are Dwelling Policy Program Manual MPIUA Exception Pages (MPIUA-DP-EXC-1) thru (MPIUA-DP-EXC-3) and our Quick Reference Sheet, which detail the revised rule.

The revised rule introduces a Minimum Windstorm or Hail Deductible Requirement to Dwelling policies that include a Coverage "A" Dwelling Limit provided that the dollar amount of the minimum deductible according to this rule exceeds the amount of the applicable All Other Perils deductible. The required Minimum Windstorm or Hail Deductible amount varies by Coverage A limit and distance of the property from the coast as shown in Rule 406.D.3. (Table A and Table B). The Named Insured may select a higher fixed-dollar deductible or percentage deductible with a dollar amount that exceeds the applicable Minimum Windstorm or Hail Deductible amount (see Rule 406.D.).

The revised rule also provides that the Minimum Windstorm or Hail Deductible Requirement as shown in Rule 406.D.3. (Table A and Table B) may be removed or reduced as shown in Rule 406.D.5. (Table C) if the insured has taken all or some of the required mitigation measures as shown in Rule 406.D.7. If the Windstorm or Hail Deductible is removed or reduced due to mitigation steps taken by the insured, the deductible factor used in the calculation of the policy premium will be based on the original Minimum Windstorm or Hail Deductible applicable in Rule 406.D.3.. Thus, mitigation efforts in addition to eliminating or reducing the Windstorm Or Hail Deductible also provide premium relief. Examples 1 and 2 on MPIUA Exception Page MPIUA-HO-EXC-2 provide details on premium computation when the Minimum Windstorm or Hail Deductible is removed or reduced.

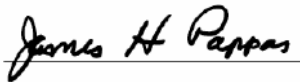
Did you check your smoke detectors today!

To assist producers in determining if a coastal address is located within a mandatory percentage deductible area, the Association provides the ability to determine the distance to the coast through its website located at www.mpiua.com. This functionality, along with instructions for its use, can be viewed on the "Producer Home Page" which is accessed through the "Producer Login" link and requires a user name and password. Producers must utilize this system, as the Association's Customer Service Department will not provide information regarding proximity to the coast for specific locations.

We have also enclosed "Dwelling Policyholder Notice – Windstorm or Hail Percentage Deductibles," and Dwelling Policyholder Notice – Windstorm or Hail Fixed Dollar Deductibles," that explain the application of a windstorm or hail deductible.

Following your review of this material, should you have any questions, please contact our Customer Service Department.

Very truly yours,

A handwritten signature in cursive script that reads "James H. Pappas". The signature is written in black ink and is positioned above the typed name.

James H. Pappas
Vice President – Underwriting

JHP:pd

Enclosures

DWELLING POLICY PROGRAM MANUAL
MPIUA EXCEPTION PAGE

ADDITIONAL EXCEPTIONS (S) TO GENERAL RULES

406. DEDUCTIBLES

Under Windstorm or Hail Higher Fixed-Dollar Deductibles rule, deductible amount of \$500 is also available with the following deductible factors:

All Other Perils Ded. Amount	Windstorm or Hail Deductible Amount \$500
\$ 100	1.03
\$ 250	.95

The following paragraph is added:

D. **Minimum Windstorm or Hail Deductible Requirement - All Policies That Include Coverage A**

1. For a reduced premium, a minimum Windstorm or Hail deductible applies to all policies that include Coverage A provided that the dollar amount of the minimum deductible according to this rule exceeds the amount of the applicable All Other Perils deductible. This minimum deductible varies by Coverage A limit and distance of the property from the coast as shown in Table A and Table B. The Named Insured may select a higher fixed-dollar deductible or a percentage deductible with a dollar amount that exceeds the applicable Minimum Windstorm or Hail Deductible amount.
2. To compute the premium for this provision, use the Coverage A limit and location of the risk to determine the applicable Minimum Windstorm or Hail Deductible and then follow the instructions given in B.2.a. (4) and B.2. a. (5) for a percentage deductible and in B.2.b. (4) and B.2.b. (5) for a higher fixed-dollar deductible.

3. **Minimum Windstorm Or Hail Deductible By Coverage A Limit And Distance Of The Property From The Coast**

Table A

Cov A Amt In (000)	Entire Dukes & Nantucket Counties	Barnstable County		Rest of State		
		With in ½ mile of Coast	More than ½ mile from Coast	With in ½ mile of Coast	More than ½ mile from Coast	
Up to 99	2%	2%	2%	1%		S
100 – 199	2%	2%	2%	1%		E
200 – 299	5%	2%	2%	1%		E
300 – 399	5%	2%	2%	1%		
400 – 499	5%	2 %	2%	1%		T
500 – 599	5%	2%	2%	2%		A
600 – 699	5%	5%	2%	2%		B
700 – 799	5%	5%	2%	2%		L
800 – 899	5%	5%	2%	2%		E
900 – 999	5%	5%	2%	2%		
1000	5%	5%	2%	2%		B

Table B

All Other Perils Ded. Amount	Coverage A Limit				
	Up to \$59,999	\$60,000 to 124,999	\$125,000 to 249,999	\$250,000 to 599,999	\$600,000 and Over
\$ 100	NONE	\$500	\$1000	\$2000	\$5000
\$ 250	NONE	\$500	\$1000	\$2000	\$5000
\$ 500	NONE	NONE	\$1000	\$2000	\$5000
\$1000	NONE	NONE	NONE	\$2000	\$5000
\$2500	NONE	NONE	NONE	NONE	\$5000

4. The Minimum Windstorm or Hail Deductible as shown in Table A and B may be removed or reduced as shown in Table C below if the Insured has taken all or some of the required measures (See D.7.) to protect their home from wind damage.

DWELLING POLICY PROGRAM MANUAL
MPIUA EXCEPTION PAGE

5. Requirements for Removal or Reduction of Minimum Windstorm or Hail Deductible

Table C

(1) Mitigation Steps Taken	(2) Windstorm or Hail Deductible Requirement As Per Rule (406.D.3.)	(3) Revised Windstorm or Hail Deductible Requirement
All (D.7.i-v)	Any	All Perils Deductible
Roof & Foundation (D.7.v)	5%	1%
	2%	All Perils Deductible
	1%	All Perils Deductible
	5,000	1,000
	2,000	All Perils Deductible
Roof Only (D.7.v)	1,000	All Perils Deductible
	5%	2%
	2%	1%
	1%	All Perils Deductible
	5,000	1,000
All Windows & All Glass Doors (D.7.i-iii)	2,000	500
	1,000	All Perils Deductible
	5%	2%
	2%	1%
	1%	All Perils Deductible
	5,000	1,000
	2,000	500
	1,000	All Perils Deductible

6. If the Windstorm or Hail Deductible is removed or reduced as per column (3), for premium computation use the Windstorm or Hail Deductible Factor corresponding to the applicable Minimum Windstorm or Hail Deductible shown in column (2).

Example (1): Consider a home in Dukes County with Coverage A Amount of \$250,000 and All Perils Deductible of \$500. According to the Rule 406. D. 3. Table A, a Minimum Windstorm or Hail Deductible of

5% will apply to the policy. To compute the EC, Broad or Special Form premium for this provision i.e. All Perils Deductible of \$500 and Windstorm or Hail Deductible of 5% with Coverage A Amount of \$250,000 multiply the EC, Broad or Special Form Base Premium with the Deductible Factor of .71 (i.e. a credit of 29%) according to the Rule 406. B.2.a.(5).

Suppose the insured has taken the required mitigation steps for Roof & Foundation connections (D.7.v.) only. Then the Windstorm or Hail Deductible of 5% is reduced to 1% as per Column (3) of Rule 406. D. 5. Table C. For EC, Broad or Special Form premium computation, in lieu of using Deductible Factor of .88 (i.e. a credit of 12%) corresponding to All Perils Deductible of \$500 and Windstorm or Hail Deductible of 1%, see Rule 406.B.2.a.(5), use the Deductible Factor of .71 (i.e. a credit of 29%) corresponding to the All Perils Deductible of \$500 and Windstorm or Hail Deductible of 5% as provided in Rule 406. D. (6).

Example (2): Consider a home in Barnstable County with a Coverage A Amount of \$250,000 and All Perils Deductible of \$500. According to the Rule 406. D. 3. Table A, a Minimum Windstorm or Hail Deductible of 2% will apply to the policy. To compute the premium for this provision i.e. All Perils Deductible of \$500 and Windstorm or Hail Deductible of 2% with Coverage A Amount of \$250,000 multiply the EC, Broad or Special Form Base Premium with the Deductible Factor of .81 (i.e. a credit of 19%) according to the Rule 406. B.2.a.(5).

Suppose the insured has taken the required mitigation steps for Roof & Foundation connections (D.7.v.) only. Then the Windstorm or Hail Deductible of 2% is removed and the policy is then subject to All Perils Deductible of \$500 as per Column (3) of Rule 406. D. 5. Table C. For EC, Broad or Special Form premium computation, in lieu of using Deductible Factor of .91 (i.e. a credit

**DWELLING POLICY PROGRAM MANUAL
MPIUA EXCEPTION PAGE**

of 9%) corresponding to All Perils Deductible of \$500 with Coverage A Amount of \$250,000, see Rule 406.B.1, use the Deductible Factor of .81 (i.e. a credit of 19%) corresponding to the All Perils Deductible of \$500 and Windstorm or Hail Deductible of 2% as provided in Rule 406. D.(6).

7. The measures required to protect a home from major wind damage and to remove or reduce the minimum windstorm or hail deductible include installation of:

- i. **Windows:** Installation of impact resistant glass or impact resistant shutters that close over window openings to prevent flying debris from breaking window panes. If Plywood Shutters are being used, the following guidelines must be followed:
 - Minimum 5/8" thickness
 - Must not be used on openings greater than 8'x4'. The plywood must overlap the opening by 4" on each side.
 - Must be pressure treated to resist moisture damage and stored inside.
 - All panels must be pre-cut, pre-drilled and labeled for ease of installation. Four 1/4" holes must be drilled in the center area of each panel to relieve pressure during a hurricane.
 - Plywood panels up to 3' x 4' must use 1/4" bolts that have contact with the wall anchor of at least 1 1/4" on frame or masonry walls. Larger sheets of plywood require 3/8" bolts that have contact with the wall anchor of at least 1 3/4" on frame walls and 1 1/2" on masonry walls.
 - The building must be pre-drilled for wall anchors. The anchors and corresponding bolts must be kept in the wall at all times. The holes for the bolts must be 2 1/2" from the edge of the plywood at intervals of not greater than 12".
 - All bolts and wall anchors must be corrosion resistant.
- ii. **Entry Doors:** Installation of at least 3 hinges and a dead bolt security lock with a bolt at least one inch long.
- iii. **Patio Doors:** Sliding glass doors are more vulnerable to wind damage than most other doors. Installation of impact resistant door systems made of laminated glass or plastic glazing is necessary to prevent flying debris from breaking the glass.
- iv. **Garage Doors:** Because of their size, garage doors are highly susceptible to wind damage. Install a garage door and track system that is labeled and rated for high wind pressures and debris impact. One such label is SBCC1 (Standard Building Code Congress International). Or, proof that a qualified inspector has determined your garage door and track system can resist high winds and has installed permanent metal stiffeners.
- v. **Roof and Foundation Connections:** The points where the roof and the foundation meet the walls of the home are extremely important if it is to resist high winds and pressures they place on the entire structure.
 - a. The roof must be anchored to the walls with metal clips and straps.
 - b. The walls must be properly anchored to the foundation.
 - c. If the house is more than one story, the upper story wall framing must be firmly connected to the lower framing.

Required Documentation:

1. Proof that these measures have been made is required for the wind deductible to be removed or reduced. Proof may be obtained by the receipt of a signed statement from a qualified contractor certifying these measures are in place. A copy of the certificate must be submitted with the application.

**DWELLING POLICY PROGRAM MANUAL
MPIUA EXCEPTION PAGE**

EXCEPTIONS (S) TO ADDITIONAL RULES

**LIMITED FUNGI, WET OR DRY ROT OR
BACTERIA COVERAGE**

The following paragraph is added:

F. MPIUA Requirement

Use Limited Fungi, Wet or Dry Rot or Bacteria Coverage Endorsement DP 04 22 with all Dwelling Program policies. Increased limits as shown in paragraph B. are available.

Quick Reference Sheet - % Windstorm or Hail Deductible

I. Windstorm or Hail Deductible Rule for Properties located in Barnstable, Dukes and Nantucket Counties or located within ½ mile of the coast in rest of the state:

MINIMUM WINDSTORM OR HAIL DEDUCTIBLE					
Cov. A Limit In (000)	Entire Dukes & Nantucket Counties	Barnstable County		Rest of State	
		With in ½ mile of the Coast	More than ½ mile from the Coast	With in ½ mile of the Coast	More than ½ mile from the Coast
Up to 99	2%	2%	2%	1%	AS PER CURRENT
100 – 199	2%	2%	2%	1%	MINIMUM WINDSTORM or HAIL DEDUCTIBLE
200 – 299	5%	2%	2%	1%	
300 – 399	5%	2%	2%	1%	REQUIREMENT
400 – 499	5%	2%	2%	1%	
500 – 599	5%	2%	2%	2%	AS SHOWN
600 – 699	5%	5%	2%	2%	
700 – 799	5%	5%	2%	2%	BELOW
800 – 899	5%	5%	2%	2%	
900 – 999	5%	5%	2%	2%	
1000	5%	5%	2%	2%	

II. Windstorm or Hail Deductible Rule for Properties located more than ½ mile from the coast anywhere in the state except properties in Barnstable, Dukes and Nantucket Counties:

All Other Perils Ded. Limit	MINIMUM WINDSTORM OR HAIL DEDUCTIBLE				
	Coverage A Limit				
	Up to \$59,999	\$60,000 to 124,999	\$125,000 to 249,999	\$250,000 to 599,999	\$600,000 and Over
\$ 100	NONE	\$500	\$1000	\$2000	\$5000
\$ 250	NONE	\$500	\$1000	\$2000	\$5000
\$ 500	NONE	NONE	\$1000	\$2000	\$5000
\$1000	NONE	NONE	NONE	\$2000	\$5000
\$2500	NONE	NONE	NONE	NONE	\$5000

DWELLING POLICYHOLDER NOTICE

WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATION PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS SUMMARY, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

This policy is subject to a special higher deductible when windstorm or hail directly or indirectly causes damage to property, covered under Section I of this policy.

You have received a premium credit for this higher windstorm or hail deductible. For this credit, you will be responsible for the portion of any windstorm or hail loss, which is less than or equal to your windstorm or hail deductible as shown on your Policy Declarations page.

The deductible amount is subtracted from the total of the loss caused by windstorm or hail. It is determined by multiplying the percentage amount stated on Endorsement DP 03 12, or elsewhere in the policy, by the limit of liability applying to Coverage A, B, D, or E, whichever is greatest. These limits are stated on the Policy Declarations page. If these limits change, this windstorm or hail deductible amount may also change.

. For example, assume the percentage amount is 2% and the limits covered under the policy are:

- . Coverage A - \$100,000
- . Coverage B - \$ 15,000 (total of blanket limit and limit for specific structures)
- . Coverage C - \$ 40,000
- . Coverage D - \$ 20,000
- . Coverage E - \$ 10,000

Since, in this example, Coverage A has the greatest limit of liability when compared with the limits for Coverages B, D and E, you would be responsible for the first \$2,000 of any loss, caused directly or indirectly by windstorm or hail, to property covered under your policy. (2% of \$100,000 is equal to \$2,000).

This deductible is then applied to the total of the loss for all property coverages.

Loss due to windstorm or hail

\$21,250	dwelling building (Coverage A)
1,585	detached garage (Coverage B)
775	personal property (Coverage C)
1,800	fair rental value (Coverage D)
<u>+ 3,000</u>	additional living expense (Coverage E)
\$28,410	
<u>- 2,000</u>	deductible
\$26,410	amount we will pay for the loss

THERE MAY BE OTHER FIXED OR PERCENTAGE DEDUCTIBLE OPTIONS AVAILABLE TO YOU. CONTACT YOUR AGENT OR MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION FOR MORE INFORMATION REGARDING THESE OPTIONS.

Massachusetts Property Insurance Underwriting Association
Two Center Plaza, Boston, MA 02108-1904
800-392-6108 617-723-3800

DWELLING POLICYHOLDER NOTICE

WINDSTORM OR HAIL FIXED-DOLLAR DEDUCTIBLES

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATION PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED. IF THERE IS ANY CONFLICT BETWEEN THE POLICY AND THIS SUMMARY, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

This policy is subject to a special higher deductible when windstorm or hail directly or indirectly causes damage to property, covered under Section I of this policy.

You have received a premium credit for this higher windstorm or hail deductible. For this credit, you will be responsible for the portion of any windstorm or hail loss, which is less than or equal to your windstorm or hail deductible as shown on your Policy Declarations page.

The deductible amount, shown on the Policy Declarations page in the section captioned "Deductible", is subtracted from the total of the loss caused by windstorm or hail.

For example:

Assume the deductible amount is \$2,000. You would be responsible for the first \$2,000 of any loss, caused directly or indirectly by windstorm or hail, to property covered under your policy.

Loss due to windstorm or hail

\$21,250	dwelling building (Coverage A)
1,585	detached garage (Coverage B)
775	personal property (Coverage C)
1,800	fair rental value (Coverage D)
<u>+ 3,000</u>	additional living expense (Coverage E)
\$28,410	
<u>- 2,000</u>	deductible
\$26,410	amount we will pay for the loss

THERE MAY BE OTHER FIXED OR PERCENTAGE DEDUCTIBLE OPTIONS AVAILABLE TO YOU. CONTACT YOUR AGENT OR MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION FOR MORE INFORMATION REGARDING THESE OPTIONS.