



# MASSACHUSETTS PROPERTY INSURANCE UNDERWRITING ASSOCIATION

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October 31, 2007

To: All Massachusetts Producers

RE: Homeowners Program  
Revision to the Minimum Windstorm or Hail Deductible Requirement Rule  
Effective Date: December 15, 2007

The Massachusetts Property Insurance Underwriting Association has received approval from the Massachusetts Division of Insurance to revise the current Minimum Windstorm or Hail Deductible Requirement Rule which is applicable to all Homeowners HO 02, 03 and 05 policies.

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

The revised rule amends the Minimum Percentage Windstorm or Hail Deductible in Barnstable, Dukes and Nantucket Counties as follows:

- In Barnstable County, for risks located within ½ mile from the coast, the current Minimum Percentage Windstorm or Hail Deductible of 1% applicable when the Coverage A Limit is up to \$199,000 has been revised to 2%. For risks located more than a ½ mile from the coast, the current Minimum Percentage Windstorm or Hail Deductible of 1% applicable when the Coverage A Limit is up to \$499,000 has been revised to 2%. (See Rule 406.D.3. Table A)
- In Dukes and Nantucket Counties the current Minimum Windstorm or Hail Deductible of 2% applicable when the Coverage A limit is \$200,000 to \$599,000 has been revised to a Minimum Windstorm or Hail Deductible of 5%. (See Rule 406.D.3. Table A)

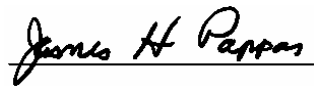
The revised rule also provides that the applicable Minimum Windstorm or Hail Deductible as shown in Rule 406.D.3. (Table A and Table B) may be removed or reduced as shown in Rule 406.D.5. (Table C) if the insured has taken all or some of the required mitigation measures as shown in Rule 406.D.7. If the 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 as shown 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](http://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.

These changes will be effective for all new and renewal policies with an inception date of **December 15, 2007 or later**. If you have any questions regarding this letter, please contact the Association's Customer Service Department.

Very truly yours,



James H. Pappas  
Vice President – Underwriting

JHP:pd

Enclosures

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**ADDITIONAL EXCEPTIONS (S) TO GENERAL RULES**

**406. DEDUCTIBLES**

The following is added to paragraph C.3.b. Higher Fixed-Dollar Deductibles:  
Deductible amount of \$500 is also available with the following deductible factors:

All Other Perils Ded. Amount	<u>\$500 Windstorm or Hail Deductible Coverage A Limit</u>			
	Up to \$59,999	\$60,000 to 99,999	\$100,000 to 200,000	\$200,001 and over
\$ 100	1.06	1.07	1.08	1.08
\$ 250	.98	.98	.99	.99

The following paragraph is added:

**D. Minimum Windstorm or Hail Deductible Requirement -  
All Forms Except HO 00 04 and HO 00 06**

- For a reduced premium, a minimum Windstorm or Hail deductible applies to all policies provided that the dollar amount of the minimum deductible according to this rule exceeds the amount of the deductible applicable to All Other Section I perils. 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.
- 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 C.3.a. (5) and C.3. a. (6) for a percentage deductible and in C.3.b. (4) and C.3.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

- 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.

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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 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 Base Premium with the Deductible Factor of .89 (i.e. a credit of 11%) according to the Rule 406. C.3.a. (6). See Table 406.C.3.a.(6)#3.

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 premium computation, in lieu of using Deductible Factor of .93 (i.e. a credit of 7%) corresponding to All Perils Deductible of \$500 and Windstorm or Hail Deductible of 1%, see Table 406.C.3.a.(6)#1, use the Deductible Factor of .89 (i.e. a credit of 11%) 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 Base Premium with the Deductible Factor of .91 (i.e. a credit of 9%) according to the Rule 406. C.3.a. (6). See Table 406.C.3.a.(6)#2.

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 premium computation, in lieu of using Deductible Factor of .96 (i.e. a credit of 4%) corresponding to All Perils Deductible of \$500 with Coverage A Amount of \$250,000, see Table 406.C.1, use the Deductible Factor of .91 (i.e. a credit of 9%) corresponding to the All Perils Deductible of \$500 and Windstorm or Hail Deductible of 2% as provided in Rule 406. D.(6).

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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 ¼" 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 ¼" bolts that have contact with the wall anchor of at least 1¼" on frame or masonry walls. Larger sheets of plywood require 3/8" bolts that have contact with the wall anchor of at least 1¾" on frame walls and 1½" 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 2½" 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.

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**SPECIAL STATE REQUIREMENTS**

## ADDITIONAL RULE

## Rule A2

**LEAD POISONING EXCLUSION AND COVERAGE OPTION**

Paragraph F.1. is replaced by the following:

## 1. Reduced Premium Development

When Lead Poisoning Exclusion Endorsement **HO 24 41** is attached to the policy, calculate reduced premiums as follows:

## a. Primary Location

If the primary location is a 2 or more family dwelling or a condominium unit multiply the BASE PREMIUM plus any additional premium for Coverage E increased limits by a factor of .97.

## b. Additional Locations

For each additional location, multiply the coverage E basic limits premium, or, if applicable, the increased limits premium by a factor of .97.

## Rule A5

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

The following paragraph is added:

## F. MPIUA Requirement

Use appropriate Limited Fungi, Wet or Dry Rot or Bacteria Coverage Endorsement with all Homeowners 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	\$60,000 to	\$125,000 to	\$250,000 to	\$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