



THE OUTER BANKS CHAMBER OF COMMERCE

Serving Currituck and Dare Counties, Ocracoke Island

January 26, 2011

LOCATED ON THE CORNER OF
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North Carolina Department of Insurance
Attention: Bob Mack, Property & Casualty Division
1201 Mail Service Center
Raleigh, NC 27699-1201

VIA FACSIMILE & U.S. MAIL

RE: Proposed Dwelling Policy Rate Increase

Dear Mr. Mack:

The Outer Banks Chamber of Commerce strongly opposes the North Carolina Rate Bureau's proposal to increase dwelling policy rates. An increase in dwelling policy rates is certain to increase the overall cost of housing, not only in northeastern North Carolina but across the State. At a time when home values are low and foreclosures are abundant, the effects of an increase in dwelling policy rates could prove devastating.

In Dare and Currituck Counties in particular, seasonal vacationers are crucial to our economic success. The proposed increase in dwelling policy rates is sure to increase the cost of vacation rental homes because the increased rates to homeowners will be passed along to their renters.

In addition, we question the actuarial soundness of increasing the rates to our coastal homeowners as the proposed increase in dwelling policy rates does not appear to be consistent with documented loss trends. Rates on the coast are already well above those in the central and western parts of the state despite a long history of losses significantly lower than these other regions. While we understand the role that modeling plays in the process to determine rates, it would seem logical that past losses should be the basis for future predictions.

We appreciate the opportunity to comment on the Rate Bureau's proposal, and we hope that the Department of Insurance will strongly consider our position.

Sincerely yours,

Robin Mann, Chair
Outer Banks Chamber of Commerce
Board of Directors