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General Bulletin 2018 – 05
Revised Rate Increase & Coastal Guidelines

To Our Agents,

We are pleased to announce several positive changes to our coastal rates and underwriting guidelines due to recent reductions in our coastal property exposure and the resulting decrease in our catastrophe reinsurance costs.

First, we have revised and limited our coastal rate increase for this year. The resulting premium reductions will vary depending on factors such as product line, year of construction and distance to the coast, but we expect the majority of policies to receive much smaller increases, typically between 0% and 10% in overall premium. Our original filing included increases that were capped at 30% for the most notably CAT-exposed risks so this will result in a significant reduction.

You will notice these changes on our August renewals, which are now being released. We will also be processing return premium endorsements on any affected renewal or new business policy previously issued, back to the original 4/15/2018 effective date.

In addition to this rate revision, some upcoming changes to our coastal portfolio have allowed us to remove the 1995-or-newer construction year requirement for Tier 2 properties between 1 and 5 miles from the coast. We will now write pre-1995 properties located over 1 mile from the coast on all lines of business except Preferred Homeowners. All other company guidelines for these risks remain in place.

Lastly, if you have a pre-1995 coastal property, which has been upgraded with new utilities, windows, roof etc., please contact your underwriter as this may result in a substantial premium savings for the policyholder. We have seen policies that have moved to competing carriers where our premium would have been lower than theirs had we known the property had been renovated.

We understand the competitive pressures you face in today's marketplace. These positive changes should afford you the opportunity to write more quality new business and retain your renewal book with Farmers of Flemington. Please contact your underwriter, marketing representative or me with any questions you may have.

Thank you for your business!

Kind regards,

A handwritten signature in black ink that reads "Richard Hornick".

Richard Hornick
VP, Underwriting
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