



March 1, 2006

**TO: ALL MEMBER COMPANIES**

1. Report of 2005 Premiums for Use in Determination of 2006 Participation
2.
  - a. Declaration of Group Company Affiliation  
(For Purposes of Allocating Voluntary Credit)
  - b. Companies Exempt from Membership

Two separate items (each with a separate cover letter) are enclosed for Executive attention and action.

The Report of 2005 Premiums Written for use in the determination of members' participation must be furnished by every individual company licensed to do property and casualty business in the State of South Carolina. Group reports are acceptable. Recommended forms for the reporting of premiums are enclosed.

**Please furnish us a printed copy of Statutory Page 14 (state page) of your Annual Statement as filed with the State of South Carolina Insurance Department – for each of your companies.**

The second item (2. above) refers to two subjects representing simple declarations which have been combined on one form for economy. Every "group" of companies and every company thought to be exempt from membership in the Association should carefully review the enclosed material and submit a completed form if applicable.

Replies must be received in the Association office by **May 1, 2006.** Thank you for your prompt and careful attention. The cut-off date for recording voluntary business is March 31, 2006.

Sincerely,

J. Smith Harrison, Jr., CPCU  
Executive Director

JSH/sb

Enclosure

**\*\*\* PLEASE NOTE REVISED GUIDELINES FOR GROUP REPORTS \*\*\***

March 1, 2006

**TO: ALL MEMBER COMPANIES**

Report of 2005 Premiums for Use in Determining Members Participation  
2006 Association Year

In order to determine your participation in the South Carolina Wind and Hail Underwriting Association for the 2006 Association Year, we need you to report your 2005 written premiums.

Premiums to be used in the determination are defined in the Plan of Operation as follows:

Section II - Definition of Terms

7. "Net Direct Premiums" means gross direct premiums (excluding reinsurance assumed and ceded) written on property other than farm or manufacturing in South Carolina for Fire and Extended Coverage insurance, including the Fire and Extended Coverage components of Homeowners policies and Commercial Multiple Peril Package Policies, less return premiums upon canceled contracts, dividends paid or credited to policyholders or the unused or unabsorbed portion of premium deposits.

**NOTE 1:** With mobile homes as eligible property, all companies writing mobile home coverage, whether under property or casualty forms, are to report mobile home premium for participation purposes. A special column has been provided for use by those companies that write mobile homes at permanent (fixed) location under a modified automobile physical damage policy form. Companies writing mobile homes under property forms are not to use this special column, but are to report such premiums as Fire & Allied Lines or Homeowners.

**NOTE 2:** Line 2.1 (Allied Lines) - This line needs to be reported. Line 2.2 (Multiple Peril - Crop) - Does not need to be reported to the Association.

**NOTE 3:** Line 5 (Commercial Multiple Peril;) is now divided into two lines. Line 5.1 CMP (Fire and Allied Portion). Line 5.2 is CMP (Liability Portion). Your company should report combined total on Line A and take 35% allowable deduction on Line H.

The Director of Insurance of the State of South Carolina has computed the Fire and Extended Coverage components of Homeowners premiums to be 75% and Commercial Multiple Peril Package policy premiums to be 65% . See Lines G and H on the attached form.

If your company issues a combination Homeowners/Automobile or Commercial Multiple Peril/Automobile policy, and if the automobile portion of the premium is reported on the attached form on Line A under the columns headed Homeowners or Commercial, then such premiums applicable to the automobile portion of the total premium may be deducted on Line D.6.

Attached is a suggested form that may be used in reporting 2005 premiums. Please complete and return two copies to the Association. The intent of the form is to in no way limit or restrict premiums to be reported, but to serve as a convenience to companies in reporting premiums. Report all premiums to the nearest **WHOLE DOLLAR.**

Please note that completed reports are to be returned by May 1, 2006. Companies that are delinquent in submitting a completed report of premiums are hereby advised that arrangements have been made with the South Carolina Insurance Department to furnish us with appropriate premiums taken directly from Annual Statements. Under these conditions, delinquent companies will not receive deductions as provided for on the report form - Items D.I. through D.7.d. Please see the bulletin on Alternative Data Collection Procedure that is attached.

Reports may be submitted on group or individual company basis.

Return completed forms no later than **May 1, 2006.**

Sincerely,

J. Smith Harrison, Jr., CPCU  
Executive Director

JSH/sb

**VOLUNTARY BUSINESS REPORTS ARE DUE BY MARCH 31, 2006.**

**SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION**  
**ALTERNATIVE DATA COLLECTION PROCEDURE**  
**(GROSS PARTICIPATION STATISTICS)**

At its December 5, 1983 meeting, the Board of Directors of the South Carolina Wind and Hail Underwriting Association adopted the following procedure to be invoked should member companies be delinquent in supplying their statistics as requested on the Association's annual premium call:

**If a particular year's Annual Statement premium call is not received in the Association's office by May 1 of the following calendar year, the Association will request of the Insurance Department that it be provided with the Direct Written Premiums for the delinquent Companies for the recently filed Annual Statement year. These Annual Statement-reported premiums will be used without companies' voluntary deductions, and reduced only to exclude non-fire and allied lines coverage. For the case of mobile home coverage claimed under Annual Statement Statutory Page 14, Line 21, the proportion of mobile home premium to automobile physical damage premium will be determined for the previous Annual Statement year and this factor applied to the present statistic.**

With the introduction of this alternative procedure, it will be possible for the Association to publish a participation list prior to the beginning of the Hurricane season. It is hoped that the membership, noting the obvious penalties which will be invoked if it is necessary to use this procedure, will provide the Association with their Annual Statement premium calls in a timely fashion in the future.

March 1, 2006

**IMPORTANT -- EXECUTIVE OFFICER ATTENTION REQUIRED**

TO: ALL MEMBER COMPANIES

1. Declaration of Group Company Affiliation
2. Companies Exempt from Membership

The Board of Directors has adopted a provision whereby Group Company Reports are acceptable. Group Company Reports are credited with sum total of voluntary writings for all companies within the group. (Declaration of Group Affiliation Form must be completed to list each individual company in the group).

If a group desires to submit individual company premium reports, excess credit can be transferred within a company group. For example, if one company's voluntarily assumed business exceeds its required participation in the Association, the credit for such excess may be applied to the other members of the same group in ascending order of the amount of surplus to policyholders.

The Declaration of Group Affiliation Form must be completed for this procedure. To receive this handling of excess credit, it is necessary for companies to annually declare their current group affiliation. A form is attached for this purpose. Please fully complete the form, including the statement which describes the basis of the group determination and return.

Company reports of 2005 premiums written must be furnished as required by South Carolina law. **Please note revised guidelines for group reports.**

If your company is authorized to write property insurance in South Carolina on a direct basis, but your company's documents of organization do not permit the writing of insurance on a statewide basis or if your company's writings are limited to property wholly owned by parent, subsidiary or allied organizations, your company may be exempt from membership in the Association. If you feel your company should be exempt from membership, please so indicate on the attached form and furnish a written statement to support this determination. This exemption is required annually (each year) for review and approval.

Sincerely,

J. Smith Harrison, Jr., CPCU  
Executive Director

JSH/sb

**DECLARATION OF GROUP AFFILIATION  
2006 ASSOCIATION YEAR**

We wish your records to show that our companies comprise the group of companies known as the \_\_\_\_\_group.

The following individual companies that are members of the South Carolina Wind and Hail Underwriting Association are members of this group:

- |          |          |
|----------|----------|
| 1. _____ | 5. _____ |
| 2. _____ | 6. _____ |
| 3. _____ | 7. _____ |
| 4. _____ | 8. _____ |

The basis for this group affiliation is \_\_\_\_\_

\_\_\_\_\_  
(Indicate common interest such as same management, ownership, subsidiary, etc.)

_____	_____	_____
Signature	Title	Date

**TO: SOUTH CAROLINA WIND & HAIL UNDERWRITING ASSOCIATION  
P. O. BOX 407  
COLUMBIA, SOUTH CAROLINA 29202-0407**

FROM: \_\_\_\_\_ NAME OF COMPANY  
\_\_\_\_\_ ADDRESS

**STATEMENT OF EXEMPTION FROM MEMBERSHIP – 2006 ASSOCIATION YEAR**

We believe that the \_\_\_\_\_  
is exempt from membership in the South Carolina Wind and Hail Underwriting Association because

\_\_\_\_\_

\_\_\_\_\_  
Signature Title Date

Explanation of Items listed on Line D.7.d. - List each item/peril separately. (Do not deduct premiums for coverage against any of the perils insured under Extended Coverage.)

<u>Description/Peril</u>	<u>Amount</u>
_____	_____
_____	_____
_____	_____
_____	_____
Total	

**If Group Report, list below member companies whose premiums are included on Line A.**

March 1, 2006

TO: ALL MEMBER COMPANIES

### **Guidelines for Group Reports**

To assist the South Carolina Department of Insurance with the certification process, it will be necessary for companies making group reports to include supporting documentation. You should submit the following:

1. 2005 Call for Premiums on a group basis.
2. 2005 Call for Premiums for each member company of the group.
3. Statutory Page 14 for each member company of the group.
4. Statutory Page 14 for South Carolina for group.

Thank you.

**PREMIUM CALL CONTACT PERSON**

In the event that there are questions concerning your reports, we would like to have the following information from the individual completing these forms.

Name (Please Print) \_\_\_\_\_

Company \_\_\_\_\_

Tax ID # \_\_\_\_\_

Phone \_\_\_\_\_

Fax \_\_\_\_\_

E-Mail \_\_\_\_\_

**\*\*\* PLEASE RETURN WITH YOUR REPORTS \*\*\***