

SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION
MEMBER PARTICIPATION AND BORDEREAU MANUAL
INCLUDING
VOLUNTARY WRITINGS
CREDIT PROCEDURES
JUNE 2016

TABLE OF CONTENTS

	Preface	3
I.	Overview	4
II.	General Information	6
III.	Procedure for Submitting Voluntary Writings and Audit Materials	9
IV.	Internet Submission	10
V.	Submission Deadlines	11
VI.	Internet Submission Format	12
VII.	Common Problems with Submissions	12
VIII.	Group Reporting Procedure	13
IX.	Computation of Participation	13
X.	Voluntary Credit Layout	15
XI.	Exhibit 1 – Report of Property Premiums	16
XII.	Exhibit 2 – Statement of Exemption from Membership	17
XIII.	Exhibit 3 – Preliminary Report Statement of Members Participation	18
XIV.	Exhibit 4 – Final Report Statement of Members Participation	20
XV.	Exhibit 5 – Policy Audit Request	21
XVI.	Exhibit 6 –Voluntary Writings Credit Reports	23
XVII.	Frequently Asked Questions	28

Preface

All submissions are made via the Association web site (www.scwind.com). The process for determining Member Company participation is a two step process which begins with the Annual Call for Premium.

The web site has been modified to require companies to post their South Carolina premium data on line. This is the first step in computing an individual company's property writings in the state.

The second step in the process is the submission of individual risks for voluntary credit. That is, a company can reduce their participation in the Association by writing risks in their own portfolios which include the peril of wind. Companies submit their bordereau writings via the web site.

The remainder of this document outlines the specific submission requirements and details the entire procedure for obtaining voluntary credit.

Questions regarding this document should be directed to David Leadbitter, Chief Underwriting Officer (david@scwind.com).

I. Overview

- A. The annual participation of the South Carolina Wind and Hail Underwriting Association is based on total property writings in the state and relative market share. However, companies can elect to voluntarily write property business (with the perils of wind and hail) in the statutorily defined Wind and Hail territory. By doing so, companies can reduce (or in extreme cases write themselves out of) their participation in the Association.

There is a two year time lag in determining membership percentages. For example, Association year 2016 is based on Member Company property writings for 2014 and voluntary credit percentages are based on year-end 2014 in force liability. Association year 2017 is based on Member Company property writings for 2015 and voluntary credit percentages are based on year-end 2015 in force liability.

- B. The procedure for determining participation is a two-step process.
1. Call for Premium - Members report their property writings in the state. The Call for Premium includes two items.
 - a. Report of property premiums in South Carolina for the year (Exhibit 1). This form is completed on-line at www.scwind.com, Member Info, Member Company Login. It is **not** necessary to mail a copy of the annual statement page(s) to the Association.
 - b. The Statement of Exemption from Membership for the Association year. Section 38-75-330 of the South Carolina statutes allows for “excluding insurers whose writings are limited to property wholly owned by parent, subsidiary, or allied organizations, or insurers whose writings are limited to property wholly owned by religious organizations, provided however, as a condition of exemption from membership such insurers providing property insurance for insurable property in the coastal area as defined by this article shall also provide essential property insurance for such risks” (Exhibit 2).

This form is not available online. A member company can complete the form (Exhibit 2) manually and forward to the Association office for consideration of exemption. The form must be received prior to March 31.
 2. Report of Voluntary Writings
 - a. Companies can report coverage and obtain “credit” for writing property in the Association territory
 - b. The credits are based on Zone. Submissions are made through the web site and test submissions are encouraged to verify that addresses and other data are in proper format. Once a company is satisfied with their test submissions, a final submission will be made which will become the basis for all credit.
 3. Preliminary Report – A preliminary report of participation is provided to all member companies (Exhibit 3).
 4. Final Report – The Final Report of Participation is published and used to allocate all expenses and profits resulting from that particular year (Exhibit 4).

C. SCWHUA Participation Process Overview

CALL FOR PREMIUM				VOLUNTARY CREDIT PROCESS			
PROCESS	LOCATION	AVAILABLE	DUE DATE	PROCESS	LOCATION	AVAILABLE	DUE DATE
Report property writings	www.scwind.com Member Info Section	2/27/XX	5/1/XX	Interim bordereau submissionn	www.scwind.com Member Info Section	Anytime	Anytime
Declaration of group affiliation	www.scwind.com Member Info Section	2/27/XX	5/1/XX	Final bordereau submission	www.scwind.com Member Info Section	2/27/XX	3/31/XX
Statement of exemption from membership	www.scwind.com Member Info Section	2/27/XX	5/1/XX	File audit	Mailed to company	4/15/XX	6/1/XX
				Preliminary report of participation	Mailed to company and www.scwind.com Member Info Section	9/1/XX	11/30/XX
				Final report of participation	Mailed to company and www.scwind.com Member Info Section	12/1/XX	

- D. During 2007, the Legislature expanded the geographical area of the South Carolina Wind and Hail Underwriting Association. Two zones were created. The zones were designated Zone 1 and Zone 2, with Zone 1 generally encompassing the territory closer to the Atlantic Ocean. The Board of Directors of the Association has determined that there will be two participations (one for each Zone).
- E. As a result of the numerous changes which occurred during 2007, the Board of Directors changed the method of determining member participation. Voluntary credits are calculated using coverage limits (in lieu of written premium). Companies report writings in each Zone by providing building and contents limits for business in-force as of December 31, 20XX. This information is forwarded to the Association through the Association web site (www.scwind.com - Member Info). Particular details for submissions can be found throughout this document.

II. General Information

- A. The Association requires electronic submission of bordereaux submissions. Paper (manual) submissions are NOT acceptable.
- B. In accordance with the South Carolina Wind and Hail Underwriting Association (Association) Plan of Operation, member companies participate in the writings, expenses, profits, and losses of the Association. A computation is completed annually to determine the proportion that the net direct premiums of the member company bears to the aggregate net direct written premiums written in the state by all members of the Association. However, a member may receive credit for **Essential Property Insurance** written voluntarily in the **coastal area**. The method of determination is established by the Board of Directors and this document outlines the current requirements for voluntary submission of writings.
- C. The **coastal area** is statutorily defined as follows:

Zone 1 is defined as follows:
 - 1. All areas in Beaufort County east of the west bank of the Intracoastal Waterway with the exception of Lady's Island, Coosaw Island, and Morgan Island.
 - 2. All areas of Colleton County which are east of the west bank of the Intracoastal Waterway.
 - 3. The following areas in Charleston County: the portion of Edisto Island which is east of Peters Point Road and Point of Pines Road, Edingsville Beach, Kiawah Island, Botany Bay Island, Folly Island, Seabrook Island, Morris Island, and all areas north of the city of Charleston which are east of the west bank of the Intracoastal Waterway.
 - 4. The following areas in Georgetown County: all areas between the Harrell Siau Bridge and the Georgetown – Horry County border which are east of U.S. Highway No. 17 or By-Pass 17, whichever is further west, and all areas south of the Harrell Siau Bridge which are east of the west bank of the Intracoastal Waterway.
 - 5. The following areas in Horry County:

- (a) beginning at the northern border of Horry County, all areas east of the west bank of the Intracoastal Waterway to the point where the where U.S. Highway 17 crosses the Intracoastal Waterway
- (b) from the point where U.S. Highway 17 crosses the Intracoastal Waterway, south to the Georgetown – Horry County border, all areas which are east of U.S. Highway 17 or By-Pass 17, whichever is farther west

Zone 2 is defined as follows:

1. The following areas in Beaufort County: Lady's Island, Coosaw Island, and Morgan Island.
 2. The following areas in Charleston County:
 - (a) the portion of Edisto Island which is west of Peters Point Rd and Point of Pines Rd.
 - (b) the portion of James Island which is east of the west bank of the James Island Creek.
 - (c) the portion of John's Island which is east of Exchange Road which becomes Plow Ground Road to Hoopstick Island Road to Church Creek.
 - (d) the portion of Wadmalaw Island which is east of Roseville Road to west of Cherry Point Road to Maybank Highway to Brigger Hill Road.
 - (e) all areas north of the City of Charleston which are east of U.S. Highway 17 and west of the Intracoastal Waterway.
 3. The following areas in Georgetown County:
 - (a) all areas between the Harrell Siau Bridge and the Georgetown – Horry County border which are east of the west bank of the Intracoastal Waterway and west of U.S. Highway 17 or By-Pass 17, whichever is farther west.
 - (b) all areas south of the Harrell Siau Bridge which are east of U.S. Highway 17 and west of the Intracoastal Waterway
 4. The following areas in Horry County:
 - (a) beginning at the northern border of Horry County, an area bounded on the west by a line defined as follows: SC Highway 57 (Wampee Road) to the point where it meets SC Highway 9, then following SC Highway 9 east to SC Highway 31 (Carolina Bays Parkway), then following SC 31 west to River Oaks Drive, then following River Oaks Drive to US Highway 501, across US Highway 501, where the road becomes George Bishop Parkway, then following George Bishop Parkway and turning right onto Claypond Road, following Claypond Road to Burcale Road, then following Burcale Road until it ends at Riverside Drive. The line then continues in a straight line from the end of Burcale Road to the Intracoastal Waterway, where it then follows the waterway to the Georgetown – Horry County border.
 - (b) the eastern boundary of Zone 2 in Horry County is the western boundary of Horry County Zone 1 as defined above.
- D. For assistance on determining whether a particular risk is in Zone 1 or Zone 2, refer to the Association web site (www.scwind.com) and use the "Check Eligibility" tool.

- E. List of Zip Codes – The following zip codes are in the South Carolina Wind and Hail territory. Properties within these zips may be eligible for voluntary credit. **If a zip is not in the list, the property is not in the eligible territory.**

A word of caution is in order. Not all properties within a listed zip are in the territory.

Zip Code	City	County
29412	James Island	Charleston
29412	Charleston	Charleston
29429	Awendaw	Charleston
29438	Edingsville Beach	Charleston
29438	Edisto Beach	Charleston
29438	Edisto Beach	Colleton
29439	Folly Beach	Charleston
29440	Debordieu Beach	Georgetown
29440	Prince George	Georgetown
29440	South Island	Georgetown
29440	Georgetown	Georgetown
29451	Botany Bay Island	Charleston
29451	Deweese Island	Charleston
29451	Isle of Palms	Charleston
29455	Kiawah Island	Charleston
29455	Seabrook Island	Charleston
29455	Johns Island	Charleston
29458	Mc Clellanville	Charleston
29464	Mount Pleasant	Charleston
29466	Mount Pleasant	Charleston
29482	Sullivans Island	Charleston
29487	Wadmalaw Island	Charleston
29566	Little River	Horry
29568	Longs	Horry
29572	Myrtle Beach	Horry
29575	Myrtle Beach	Horry
29575	Surfside Beach	Horry
29576	Garden City	Horry
29576	Murrells Inlet	Horry
29576	Garden City	Georgetown
29576	Murrells Inlet	Georgetown
29577	Myrtle Beach	Horry
29579	Myrtle Beach	Horry
29582	North Myrtle Beach	Horry
29582	Atlantic Beach	Horry
29585	Litchfield Beach	Georgetown
29585	North Litchfield Beach	Georgetown
29585	Pawleys Island	Georgetown
29585	South Litchfield Beach	Georgetown
29588	Myrtle Beach	Horry
29907	Cat Island	Beaufort
29907	Coosaw Island	Beaufort
29907	Ladys Island	Beaufort
29907	Saint Helena Island	Beaufort
29915	Daufuskie Island	Beaufort
29920	Dataw Island	Beaufort
29920	Fripp Island	Beaufort
29920	Frogmore	Beaufort
29920	Harbor Island	Beaufort
29920	Hunting Island	Beaufort
29920	Saint Helena Island	Beaufort
29920	Saint Phillips Island	Beaufort
29926	Hilton Head Island	Beaufort
29928	Hilton Head Island	Beaufort

- F. **“Essential Property Insurance”** means insurance against direct wind and hail loss to property as defined and limited in the wind and hail insurance policy and forms as approved by the South Carolina Department of Insurance.
- G. Automated reporting
1. All bordereau submissions are to be made via the Internet.
 2. Company personnel should follow the instructions at the Association web site (www.scwind.com). Company members will obtain a user name and password by reviewing the Member Info section on the left hand side of the main page.
 3. Reporting is done on an annual basis only. However, companies may submit test data for address verification throughout the year.

Member companies should submit interim addresses prior to March 1, 20XX in an attempt to limit the number of “no hits” and to clean up their data prior to final submission.

The Association processes the addresses and returns a report that indicates whether a property is in Zone 1, Zone 2, out of the territory, or unable to determine based on the address provided. Model results are final. No credit will be given for locations which did not geocode or for those which are outside either of the Zones.

Final submissions should be made February 27, 20XX – March 31, 20XX.

NO SUBMISSIONS WILL BE ACCEPTED AFTER 11:59 P.M. ON MARCH 31, 20XX. THIS DEADLINE IS SET BY SOUTH CAROLINA STATUTE.

III. **Procedure for Submitting Voluntary Writings and Audit Materials**

- A. A submission schedule can be found in Section V of this manual.
- B. All voluntary writings must be submitted via the Internet at www.scwind.com.
- C. The Association will acknowledge receipt of the submission online and an indicator will be available to review the current status of the submission.
- D. The submission will be downloaded and reviewed for acceptability. If any records are found which are not eligible for credit (i.e. incorrect line of business, ineligible location or addresses which cannot be CASS certified and geo-coded), they will be removed and the liability figures adjusted accordingly.
- E. A statistical sampling of the “acceptable” policies will be made and a request for audit files (see Exhibit 5 and 5.1) will be sent to the insurer. A request will also be made to include the Company’s wind exclusion form for each line of business. The sample form must include the form number and edition date. The forms are necessary to validate policy acceptability for voluntary credit.

- F. The following procedure will be used when the audit files are received by the Association:
1. The policy number will be compared to the electronic submission to make sure the correct file was furnished.
 2. The property address will be reviewed.
 3. The limit of liability and term will be compared with the original transmission. Additionally, forms will be reviewed for the windstorm exclusion endorsement. Any policy not accepted will be deemed an error.
 4. If a requested daily report or declarations page is not sent in, it will be recorded as an error.
 5. An error percentage will be determined based on the audit results. The percentage will be used to reduce the total liability reported.

For example, total liability reported for Zone 1 is 1,000,000 and Zone 2 is 2,000,000. The error percentage was determined to be 10%. The credit allowed will be 900,000 for Zone 1 and 1,800,000 for Zone 2.
 6. The Association will summarize the audit results (see Exhibits 6, 6.1 and 6.2) based on the auditor's findings.
 6. Under no circumstance will audit file materials be returned to the insurer.
- G. Failure of the insurer to supply any audit policies will result in closure of the submission and no voluntary credit will be allowed. Failure to submit one or more requested policies will result in an error for those transactions.
- H. By state law, all submissions must be received by March 31 of the following year. **NO EXCEPTIONS ARE PERMITTED.**

IV. **Internet Submission**

- A. Voluntary writings must be submitted to the Association through the Association's web site (www.scwind.com).
- B. Submissions must be on an annual basis. Report Building Limits of coverage and Contents Limits of coverage for business in effect as of December 31, 20XX.

Do not include other structures, dwelling extensions, ordinance and law coverage, loss of use coverage or other similar extensions/additions to coverage as part of the building limit.

Do not include adjustments for replacement cost/guaranteed replacement cost coverage. The only credit allowed is for the building limit of liability as shown on the Declarations page of the policy.

Do not include inland marine coverages or other endorsements (jewelry, fine arts, guns, home computers, etc.) as a part of the contents limit.
- C. Blanket policies are eligible for reporting, if and only if, a specific amount of coverage is applicable to a particular building and/or contents. The deductible must be less than 10% of the amount of insurance for credit to apply. Additionally, audit materials must clearly show the location address, coverage limit and deductible.

Do not report blanket locations in the following instance.

A blanket policy is written with fifty locations with a total limit of liability of \$100,000,000. Three buildings are within the eligible territory and can be submitted for credit.

Location 1 - \$2,500,000 limit

Location 2 - \$5,000,000 limit

Location 3 - \$1,000,000 limit

The policy deductible is \$1,000,000 per occurrence. Since the deductible exceeds the 10% limitation for deductible to amount of insurance limit, no credit will be allowed.

- D. Liability limits should be separated by Line of Business.
 - 1. Personal - Homeowners, Dwelling Fire, Personal Fire and Mobile Homeowners
 - 2. Commercial (All other)
- E. Do not report liability limits on any policies which exclude the perils of wind and hail.
- F. Do not report policies that are excess wind policies that are above the limits of the Association or another carrier.
- G. Credit will be given for liability limits which fall within the maximum limits available through the Association.
 - 1. Personal – Companies should report total liability for the location. The Association will adjust the limits to reflect the maximum coverage allowed. Combined coverage for building and contents will not exceed \$1,300,000.
 - 2. Commercial – Companies should report total liability for the location. The Association will adjust the limits to reflect the maximum coverage allowed. Combined coverage for building and contents will not exceed \$2,500,000.

V. **Submission Deadlines**

- A. **MARCH 31**- The final annual report must be received by the Association before March 31 via the Internet. No submissions will be permitted via the website after March 31, 20XX.
- B. **JUNE 15**- All submissions are audited. Audit file copies (Xerox, image, etc.) must be received by June 15. If the Association does not receive the audit file copies as requested, the submission will be returned and no voluntary credits applied. If the Association receives the audit files after June 15, 20XX, the submission will be returned and no voluntary credits applied.
- C. **SEPTEMBER 1**- The preliminary report of participation (see Exhibit 3) will be mailed to the member companies by September 1 or as soon as the final written premium reports are verified by the South Carolina Department of Insurance. Each insurer will have the opportunity to review the initial calculations and must inform the Association staff if any discrepancies are noted.
- D. **DECEMBER 1 (or 60 days after the mailing of the preliminary report)**– The final report of participation will be mailed to the member companies (see Exhibit 4).

- E. Under no circumstance will file audit materials used in the preparation of the participation percentages be returned to the insurer.

VI. **Internet Submission Format**

- A. The following fields must be included:
 - 1. Policy Number
 - 2. Location number (Default to 1 if only location at the address)
 - 3. Building number (Default to 1 if only building at this location)
 - 4. Location Street Address
 - 5. Location City
 - 6. Location Zip
 - 7. Policy Effective Date – mm/dd/yyyy
 - 8. Transaction Type – Code this field as P or C as follows:
 - (a) **(P)**ersonal Policy – Dwelling Fire, Personal Fire, Homeowners, Mobile Homeowners
 - (b) **(C)**ommercial (Any risk not otherwise classified as Personal)
 - 9. Coverage – Building (Whole dollars). Do not truncate. Full coverage limit should be entered (not per 1,000 of coverage).
 - 10. Coverage – Contents (Whole dollars). Do not truncate. Full coverage limit should be entered (not per 1,000 of coverage).
 - 11. Building Deductible (Whole dollars) - Report named storm deductible or all other perils deductible if there is no separate wind deductible.

If the policy has a percentage of loss deductible, report the maximum deductible applicable to the policy in dollars.
 - 12. Contents Deductible (Whole dollars) - Report named storm deductible or all other perils deductible if there is no separate wind deductible in dollars.

If the policy has a percentage of loss deductible, report the maximum deductible applicable to the policy in dollars.

VII. **Common Problems with Submissions**

- A. The insured property is not within the statutorily defined beach territory. The territory definition can be found in Section II.
- B. The property address is not valid and cannot be CASS-certified through the USPS database. Common address problems include the following:
 - 1. The legal address is provided. Lot and Block number addresses cannot be used for USPS CASS certification.

2. The house number is not within the valid USPS range for a particular street.
 3. There are several similar street types for a particular street name. For example, in Myrtle Beach (zip code 29588), there is a Thornwood Ct and a Thornwood Dr. A CASS certification cannot be made if the address provided is simply Thornwood. Similarly, if the address provided is Thornwood Rd, the CASS certification cannot be made.
 4. The pre-direction or post-direction indicator is not supplied. For example, in Myrtle Beach (zip code 29577), there is a 4th Ave S and a 4th Ave N. A CASS certification cannot be made if the address lacks the direction indicator.
- C. Reported policies have a windstorm exclusion endorsement. The Association reviews all policy forms during audit to make sure that reported writings include the wind peril.
 - D. Requested audit policies are not forwarded to the Association for the year applicable. The Association must be able to validate the property address, coverage and forms. The Association disallows all reported writings when requested audit files are not submitted.
 - E. Audit documentation must match the transactions that were reported in the electronic submission. If there are discrepancies between the internet submission and the hard copy audit materials, the entire submission will be considered in error and the transaction(s) disallowed.

VIII. **Group Reporting Procedure**

- A. Members within an insurance group may elect to report their voluntary writings, and have them applied, on a group basis.
- B. If a group elects to file a group report of voluntary writings, its Members must report statewide premium writings on a group basis. However, a statutory Page 14 (South Carolina State Page) for each company in the group must also be submitted. The Association will combine the individual company reports for computational purposes.

IX. **Computation of Participation**

- A. As provided in the Plan of Operation, each Member Company shall participate in the Association's writings, expenses, profits and losses in proportion that its net direct premiums in the entire State bears to the aggregate net premiums written in the State by all Members of the Association, subject to adjustments prescribed by the Board through this document.
- B. On March 1, The Association makes a "Call for Premium" and Members report their property writings in the state.
 1. The "Call for Premium" includes three items.
 - a. Report of property writings in South Carolina for the previous year (Exhibit 1).
 - b. The Statement of Exemption from Membership for the Association year (Exhibit 2). (If the company is authorized to write property insurance in South Carolina on a direct basis, but the company's documents of organization do not permit the writing of insurance on a statewide basis or if the company's writings are limited to property wholly owned by

parent, subsidiary or allied organizations, the company may be exempt from membership in the Association.

2. The premium report and Statement of Exemption from Membership form are required to be completed no later than May 1, 20XX.
- C. Once the Member Companies have reported their writings, The Association verifies the reported premiums by comparing the premiums to the annual statement filed at the South Carolina Department of Insurance.
- D. The Director of Insurance shall annually certify to the Association the total aggregate net direct premiums written in the State by all Members.
- E. The Association shall compute the Member's percentage of participation according to the formula contained in Exhibit 3.
- F. On September 1 (or as soon as practicable), the Association shall determine and notify each Member of its percentage of participation.
- G. The Member has 60 days in which to appeal the computation of its percentage computation. Appeals must be in writing to the Association office and will be heard by the Board of Directors or a committee appointed by the Board of Directors. Any appeals after the sixty day period will be denied.
- H. On December 1 (or as soon as practicable), the Association will mail each Member its final percentage of participation based upon any adjustments resulting from item E. above (see Exhibit 4).

X. Voluntary Credit Layout

Following is the record layout for the voluntary credit file that will be uploaded via the web site. This file must be in the following fixed length record layout (ASCII text file). Each record must be terminated with a carriage return and line feed. The file should be submitted with the fields shown under the section labeled "Insurer Supplied". No header record is necessary.

<u>Insurer Supplied</u>	<u>Format</u>	<u>FieldSize</u>	<u>Field Position</u>	<u>Notes</u>
Policy Number	A/N	20	1-20	
Location Number	N	3	21-23	Use with multiple location policies. For single location, use "1"
Building Number	N	3	24-26	Use with multiple building policies at a single location. For a single building, use "1"
Street Address	A/N	40	27-66	
City	A	25	67-91	
State	A	2	92-93	SC only
ZIP Code ****	NNNNN- NNNN	10	94-103	Five digit or nine digit Zip Code. Do Not use NNNNN-0000. If you only report a five digit zip, left justify and fill the right with spaces.
Effective Date	mm/dd/yyyy	10	104-113	
Expiration Date	mm/dd/yyyy	10	114-123	
Commercial / Personal	A	1	124-124	P for dwellings, townhouses, condo units, manufactured homes; C for all other
Building Coverage Limit	N (zero fill on left)	9	125-133	Building coverage, no commas or \$
Building Deductible	N (zero fill on left)	6	134-139	Dollar Amount of deductible, no commas or \$. If % deductible, convert to dollars
Contents Coverage Limit	N (zero fill on left)	9	140-148	Contents coverage, no commas or \$. If % deductible, convert to dollars
Contents Deductible	N (zero fill on left)	6	149-154	Dollar Amount of deductible, no commas or \$; if combined deductible with building, use "0"/ If % deductible, convert to dollars
<u>SCWHUA Supplied</u>				
Combined Limits	N (zero fill on left)	7	155-161	Building limit plus contents limit subject to SC wind maximum limits
Scrubbed Address	A/N	75	162-236	Street, City, State, Zip+4
Geocoder Result	A/N	15	237-251	Geocoder result
Status	A/N	8	252-259	Zone 1, Zone 2, Out, Did Not Geo Code

**** Companies should not submit risks outside of the list of eligible ZIP Codes (see Page 8).

EXHIBIT 1

Report of Premiums

5.1 and 5.2 combined

Reporting for SC Wind Test Group / SC Wind Test Company (99999)

Report all dollar amounts to the nearest whole dollar

	Fire	Allied Lines	Homeowners Multi-Peril	Commercial Multi-Peril	Mobile Home	Total
A. Direct 2015 Premiums Written - Column 2, State Page / South Carolina	2,222	0	0	0	0	2,222
B. Less:						
1. Farm Property (if included in A.)	0	0				0
2. Manufacturing Risks	0	0		0		0
3. Dividends Paid or Credited to Policyholders on Direct Business	0	0	0	0	0	0
4. Automobile Premiums Included on Homeowners Multi-Peril, Commercial Multi-Peril, or Mobile Home			0	0	0	0
5. The following if included in Line A above						
a. Flood		0				0
b. Earthquake		0				0
c. Rain and Hail on Growing Crops		0				0
d. Other - Explain on Separate Page		0				0
C. Total of B.1 thru B.5	0	0	0	0	0	0
D. Subtotal of Line A less Line C	2,222	0	0	0	0	2,222
E. Less 25% of Homeowner Multi-Peril (Line D)			0			0
F. Less 35% of Commercial Multi-Peril (Line E)				0		0
G. Less 10% of Mobile Home (Line D)					0	0
H. Total - Line D minus (Line E + Line F + Line G)	2,222	0	0	0	0	2,222

[Return to Members Menu](#)

EXHIBIT 2

**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 – 20____ ASSOCIATION YEAR

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

Signature Title Date

EXHIBIT 3



**THE SOUTH CAROLINA WIND AND
HAIL UNDERWRITING ASSOCIATION**

240 Stoneridge Dr, Suite 101
Columbia SC 29210

Phone: (803) 779-8373

Email: info@scwind.com

**STATEMENT OF MEMBERS PARTICIPATION IN THE
SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION
2016 ASSOCIATION YEAR
PRELIMINARY REPORT**

SAMPLE INSURANCE COMPANY

THIS IS THE COMPUTATION OF YOUR PARTICIPATION BASED
ON VOLUNTARY PREMIUMS WRITTEN BY YOUR COMPANY(S).

ITEM

1. Net Direct Premiums Written By Your Company(s) In The State*	15,000,000	
2. Net Direct Premiums Written By All Companies In The State*	1,602,273,041	
3. Your Percentage Of Total Net Direct Premiums Written In The State* (Item No.1 Divided By Item No. 2)	0.9362%	
4. Total Limits Written By The Association - 2014 Association Year (Policy Transactions Through December 31, 2014)	Zone 1 9,619,343,730	Zone 2 2,542,567,861
5. Total Voluntary Limits Written By All Companies**	9,902,361,215	11,528,853,341
6. Total Limits Written By The Association And Written Voluntarily By All Companies (Item No. 4 Plus Item No. 5)	19,521,704,945	14,071,421,202
7. Your Company's (Group's) Maximum Required Share Of Policy Limits (Item No. 3 Times Item No. 6)	182,762,202	131,736,645
8. Voluntary Credit Limits Written by Company (Group):	75,000,000	70,000,000
9. Your Maximum Possible Allocation From The Association (Item No. 7 Less Item No.8)	107,762,202	61,736,645
10. Total Item 9 For All Companies	15,662,855,982	6,153,809,840
11. Your Final Percentage Participation (Item No. 9 For Your Company (Group) Divided By Total Item No. 9 For All Companies (Item 9 Divided By Item 10)	0.6880%	1.0032%

* Based On 2014 Reports Of Premium Submitted By Member Companies

** Voluntary Limits Written Are Those Applicable To Calendar Year 2014

EXHIBIT 3

STATEMENT OF MEMBER PARTICIPATION

NOTES ON PARTICIPATION SHEET

1. On March 1, the Association makes a “Call for Premium.” And Members report their property writings in the state. Using a set of industry-wide factors, property premiums in package policies are determined. Item 1. is the total written premium for the member company.
2. When the Call for Premium process has been completed, the Association verifies the reported premiums by comparing the premiums to the annual statement filed at the South Carolina Department of Insurance. An aggregate report for all companies is then submitted to the Insurance Department for certification. Item 2. reflects the total property premiums written and certified as determined by this process.
3. Item 3. is the percentage of written premium in the state for your company.
4. Item 4. indicates the wind coverage written by this Association.
5. This line is the total of all voluntary wind coverage written and reported by the member companies. Companies submit lists of policies (bordereau) in the coastal area which they have written and which include the wind peril. The Association samples and tests each bordereau. Item 5. represents the coverage reported to the Association through the bordereau process.
6. Item 6. combines the wind coverage written by the Association and the voluntary coverage reported by the member companies.
7. The member company’s initial participation rate is applied to the total wind coverage (voluntary and Association) in Item 7.
8. The voluntary credit section recognizes the actual amount of credit that a member company receives through participation in the bordereau process. In addition, the member company is allowed to transfer voluntary credits between subsidiary companies. However, voluntary credits may not be bartered or sold to other member companies.
9. The voluntary credit is then subtracted from the required maximum share of liability coverage.
10. The final participation percentage is determined by adding the possible allocation from the Association in Item 9. for all companies.
11. Item 11. is the member company’s participation percentage and is calculated by dividing the company’s possible allocation (Item 9.) into the total companies’ allocation in Item 10.

The final percentage participation is used for sharing all profits and losses due to Association operations.

EXHIBIT 4



**THE SOUTH CAROLINA WIND AND
HAIL UNDERWRITING ASSOCIATION**

240 Stoneridge Dr, Suite 101
Columbia SC 29210

Phone: (803) 779-8373

Email: info@scwind.com

**STATEMENT OF MEMBERS PARTICIPATION IN THE
SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION
2016 ASSOCIATION YEAR
FINAL REPORT**

SAMPLE INSURANCE COMPANY

THIS IS THE COMPUTATION OF YOUR PARTICIPATION BASED
ON VOLUNTARY PREMIUMS WRITTEN BY YOUR COMPANY(S).

ITEM

1. Net Direct Premiums Written By Your Company(s) In The State*	15,000,000	
2. Net Direct Premiums Written By All Companies In The State*	1,602,273,041	
3. Your Percentage Of Total Net Direct Premiums Written In The State* (Item No.1 Divided By Item No. 2)	0.9362%	
4. Total Limits Written By The Association - 2014 Association Year (Policy Transactions Through December 31, 2014)	Zone 1 9,619,343,730	Zone 2 2,542,567,861
5. Total Voluntary Limits Written By All Companies**	9,902,361,215	11,528,853,341
6. Total Limits Written By The Association And Written Voluntarily By All Companies (Item No. 4 Plus Item No. 5)	19,521,704,945	14,071,421,202
7. Your Company's (Group's) Maximum Required Share Of Policy Limits (Item No. 3 Times Item No. 6)	182,762,202	131,736,645
8. Voluntary Credit Limits Written by Company (Group):	75,000,000	70,000,000
9. Your Maximum Possible Allocation From The Association (Item No. 7 Less Item No.8)	107,762,202	61,736,645
10. Total Item 9 For All Companies	15,662,855,982	6,153,809,840
11. Your Final Percentage Participation (Item No. 9 For Your Company (Group) Divided By Total Item No. 9 For All Companies (Item 9 Divided By Item 10)	0.6880%	1.0032%

* Based On 2014 Reports Of Premium Submitted By Member Companies

** Voluntary Limits Written Are Those Applicable To Calendar Year 2014

EXHIBIT 5



SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION
PO BOX 407 COLUMBIA SC 29202
(803) 779-8373

6/29/2015

Sample Insurance Company

Attn: John Doe
PO BOX 1234
Sometown, NY 12345

**RE: POLICY AUDIT REQUEST
FOR THE BORDEREAU YEAR 2014**

We have reviewed your electronic submission of bordereau. An audit of your submission is required, and a list of policies is attached. Please send us a PAPER copy of the daily report or declarations page so that we can verify the property location, policy dates, policy exclusions, and limits of liability.

We will not accept electronic submissions of declarations. documentation. All audit materials must be PAPER COPIES.

The Declarations Page(s) should only be submitted for policies which were in effect at December 31, 2014.

Declarations pages which do not reflect a 2014/2015 policy period will be considered errors.

All audit materials must be returned to SCWHUA by June 15. Copies of material will not be returned. Please mail to:

SC Wind and Hail Underwriting Association
Attn: David Leadbitter, Chief Operating Officer
PO Box 407
Columbia, SC 29202

Sincerely,

David Leadbitter, MBA, CPCU, ARM, AIC, AIM, AU, AAI, AIT, AIS, API

99999

EXHIBIT 5.1

South Carolina Wind and Hail Underwriting Association
 Policy Audit Request
 For the Bordereau Year 2014

99999 Sample Insurance Company

Policy Number	Loc	Bld	Eff Dt	Exp Dt	LOB	Building Limit	Contents Limit	SCWHUA Use
XYZ14372	0	1	3/11/2014	3/11/2015	P	46000	30000	
XYZ16074	0	1	5/19/2014	5/19/2015	P	169000	5000	
XYZ12596	0	1	1/20/2014	1/20/2015	P	265000	132500	
XYZ14357	0	1	3/27/2014	3/27/2015	P	618000	123600	
XYZ16347	0	1	5/17/2014	5/17/2015	P	31000	30000	
XYZ17193	0	1	4/24/2014	4/24/2015	P	401000	200500	
XYZ18951	0	1	5/22/2014	5/22/2015	P	264000	132000	
XYZ10541	0	1	6/25/2014	6/25/2015	P	57000	5000	
XYZ17431	0	1	1/13/2014	1/13/2015	P	70000	75000	
XYZ18884	0	1	3/1/2014	3/1/2015	P	0	25000	
XYZ10053	0	1	3/28/2014	3/28/2015	P	20000	40000	
XYZ11490	0	1	5/1/2014	5/1/2015	P	60000	55000	
XYZ13110	0	1	6/6/2014	6/6/2015	P	80000	20000	
XYZ1724	0	1	4/27/2014	4/27/2015	P	196000	8000	

EXHIBIT 6



SOUTH CAROLINA WIND AND HAIL UNDERWRITING ASSOCIATION
PO BOX 407 COLUMBIA SC 29202
(803) 779-8373

6/29/2015

Sample Insurance Company

Attn: John Doe

PO BOX 1234

Sometown, NY 12345

RE: VOLUNTARY WRITINGS CREDIT
FOR THE BORDEREAU YEAR 2014

The attached reports show the development of the voluntary writings credit. These reports include specific transactions which were disallowed or adjusted as a result of the audit, as well as the computation procedure.

Sincerely,

SCWHUA Auditor

99999

EXHIBIT 6.1

South Carolina Wind and Hail Underwriting Association
 Policy Audit Request
 For the Bordereau Year 2014

99999 Sample Insurance Company

Policy Number	Loc	Bld	Zone	LOB	Building Limit	Contents Limit	Reason.Disallowed/Changed	Adj Bldg Limit	Adj Cnts Limit
H 1138493	0	1	1	P	\$1,507,500.00	\$1,130,650.00	ADJUST PER DEC PAGE	\$739,000.00	\$554,250.00
S 1442899	0	2	1	C	\$0.00	\$70,400.00	WIND EXCLUDED	\$0.00	\$0.00
S 1718460	0	1	2	C	\$173,015.00	\$31,343.00	CANT VERIFY DED, LOC, FORMS, ENDSMT	\$0.00	\$0.00
S 2070504	0	4	1	C	\$200,000.00	\$200,000.00	CANT VERIFY DED, LOC, FORMS, ENDSMT	\$0.00	\$0.00

EXHIBIT 6.2

South Carolina Wind and Hail Underwriting Association
 Policy Audit Request - Summary of Disallowed/Changed Coverage
 For the Bordereau Year 2014

99999 Sample Insurance Company

Zone	Building Limit	Contents Limit	Total Limits
<u>Zone 1</u>			
Total Personal Coverage Limits Reported	\$426,028,623	\$223,451,593	\$649,480,216
Total Commercial Coverage Limits Reported	\$0	\$0	\$0
Total Limits Reported	\$426,028,623	\$223,451,593	\$649,480,216
Total Limits Reported, Audit Submission	\$6,104,600	\$3,244,303	\$9,348,903
Total Adjusted Limits, after Audit	\$5,363,177	\$2,873,591	\$8,236,768
% Acceptable Limits to Reported Audit Limits	87.83%	88.57%	88.10%
Adjust Total Limits by Acceptable %	\$374,286,098	\$197,918,778	\$572,218,779
<u>Zone 2</u>			
Total Personal Coverage Limits Reported	\$131,634,717	\$77,288,221	\$208,922,938
Total Commercial Coverage Limits Reported	\$0	\$0	\$0
Total Limits Reported	\$131,634,717	\$77,288,221	\$208,922,938
Total Limits Reported, Audit Submission	\$1,005,197	\$672,599	\$1,677,796
Total Adjusted Limits, after Audit	\$601,781	\$470,891	\$1,072,672
% Acceptable Limits to Reported Audit Limits	59.87%	70.01%	63.93%
Adjust Total Limits by Acceptable %	\$78,805,718	\$54,109,994	\$133,571,534

XIX. Frequently Asked Questions

A. Why use in force liability instead of premiums in the credit process?

The use of in force liability simplifies the process. Insurers are not asked to remove premium charges for TRIA, inland marine, earthquake, and other non-eligible coverages.

Some insurers have complained that their wind loading is higher than the credit they receive. This approach gives 100% credit up to the Association's maximum limits.

B. Why is the Association's maximum limits a factor?

Either the Association writes the wind or the member company writes the wind. Regardless of who provides the coverage, the same basis is used in the calculations.

C. Why do you not use other coverages such as Loss of Use or Loss of Business Income in the calculations?

One of the goals was to make this process as simple as possible. Some commercial policies use twelve months as the limit for Loss of Business Income. The Association uses a dollar amount. Rather than reconcile differences such as this, only the building and contents limits are used.

D. But we know the address is good. Why will you not accept it?

One of the challenges of processing voluntary credit is determining if the risk in the territory. With the increased development in the coastal area, this is always a challenge. It is also a manual process that is extremely time consuming.

Address software updates are applied at the beginning of each year. This allows all companies to obtain credit using a common database for the period in question. All companies treated similarly when addresses are examined.

E. My company had no property writings in the state for the period ending 20XX? Are we required to submit a Report of Premiums?

No.

F. Why will you not accept our geo-codes?

Some companies set their mapping software to tolerances that force the risks into general areas if the risk cannot be geo-coded. If the risk cannot be properly identified, there is no credit.

We have noticed that insurers have often reported a large number of risks with the same geo code coordinates.

G. Can we obtain geo points for the Zones?

Yes. Please request them from the Association.

H. My file submission returned an error of "Invalid Record Size". Why is this?

The file must be formatted as described by the specifications in section X. It must not contain tab characters. It cannot contain blank lines at the end of the file. Fields should not contain dollar signs or commas or be delimited by quotes.