

MISSISSIPPI
WINDSTORM UNDERWRITING ASSOCIATION

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BULLETIN 23-01

DATE: 1-24-2023

TO ALL LICENSED MS RESIDENT AGENTS –
MISSISSIPPI WINDSTORM UNDERWRITING
ASSOCIATION (MWUA)

MWUA Dwelling & Mobile Home
Policy Inflation Guard Implemented on
new and renewal policies effective 4-1-
2023

MWUA will be implementing a new Inflation Guard adjustment (for material and labor cost increases), effective 4-1-2023 to all new and renewal dwelling form policies.

Dwelling form policies (dwelling & mobile/manufactured home), on policy renewal quotations effective 4-1-2023 & subsequent will receive a +8.5% (1.085 modification factor) limit increase adjustment. The increase will apply to policy scheduled coverage A building limits before the rate algorithm is applied to determine renewal premium quotes. Renewal quotes release approximately 60 days ahead of policy expirations and will display the new Coverage A building limits for each scheduled building to determine the renewal premium quote. A policyholder notice will accompany impacted renewal quotes to explain this change for the first full year of implementation. Renewal policies will also include an MWUA inflation guard endorsement that provides notice that Inflation Guard factors will be determined once annually by MWUA.

This change also impacts new business policies (dwelling & mobile/manufactured home) issued effective 4-1-2023 and subsequent. New policies issued will add the Inflation Guard endorsement providing notice that an Inflation Guard adjustment will apply to the next year renewal quote.

The policy system is programmed to apply this change to new and renewal policy quotes issued for 4-1-2023 effective, and subsequent. This is a coverage change to address the escalating inflationary impact on policy limits to help insured policyholders maintain adequate coverage against loss. Associated with this change is a revision to the MWUA Manual of Rules and Procedures effective 4-1-2023 to add Section III item 6 E. Inflation Guard Factor.

A copy of the Policyholder Notice, the Inflation Guard endorsement, and the MWUA Inflation Guard Factor Rule 6E is attached to this bulletin. Any questions on this change can be directed to the MWUA underwriting unit or office management 601-981-2915.

Mississippi Windstorm Underwriting Association Management

Mississippi Windstorm Underwriting Association
INFLATION GUARD ENDORSEMENT

The Wind and Hall Declaration "Section 1" Coverage Limit that applies to **Coverage A Building** will be adjusted by an inflation adjustment percentage factor. The resulting adjusted **Coverage A** building limit will apply to the next renewal premium calculation accordingly.

If the **Coverage A** limit shown in the Wind and Hall Declaration "Section 1" is endorsed to a revised limit during the policy term, the **Coverage A** Building Inflation adjustment percentage factor will apply to the revised limit for the next renewal premium calculation accordingly. Inflation guard factors are determined once annually.

All other provisions of this policy apply.

Mississippi Windstorm Underwriting Association
POLICYHOLDER NOTIFICATION OF CHANGES IN
LIMIT AND PRICE - INFLATION GUARD

This is notice that MWUA renewal policy premium quotes that are issued on dwelling or mobile homes with coverage issued on a Dwelling Form (MWUA RCV 001 07 19 or MWUA ACV 001 07 19) will reflect an inflation guard adjustment to the Coverage A Building limit for the renewal premium calculation and quotation.

Your renewal policy premium quotation was adjusted using a % factor applied to the expiring policy Coverage A building limit.

Example – expiring policy scheduled coverage A building limit \$200,000

\$200,000 multiplied by an 8.5% factor = new building limit \$217,000 for calculation of renewal policy premium.

MWUA Inflation Guard Endorsement 01 2023 will be added to the policy declarations page on the renewal policy (if renewed/ issued) for those scheduled buildings issued with coverage A limits on MWUA Dwelling Form policies. Future renewal quotations will reflect an inflation guard percentage adjustment factor that is determined once annually.

6. Renewals

A. Policies Will Not Be Automatically Renewed. For policies that MWUA wishes to renew, MWUA will provide a Renewal Quotation, which contains the date of expiration of the existing policy, the quoted premium for the renewal of the policy, and a renewal notice form. Renewal notice forms and corresponding required premiums received by MWUA on or before the expiration date will result in the policies being renewed without a lapse in coverage. Renewal notice forms and the corresponding required premiums received after the date of expiration will result in the policies being reinstated effective 12:01 A.M., Central Time, on the day following the date that the renewal notice forms and the corresponding required premiums are received by MWUA (provided there is not a named storm in the Gulf of Mexico as outlined in this Manual). So long as the renewal notice forms and the corresponding required premiums are received by MWUA within thirty (30) days after the expiration, the submission of a new application is not required (provided there is not a named storm in the Gulf of Mexico as outlined in this Manual).

B. Named Storm Deductibles Changed Only At Renewal. Named Storm Deductibles (see Section II.5) are selected at the inception of the policy and can only be changed at the renewal of that policy.

C. Thirty Days Advance Notice of Expiration. A minimum of thirty (30) days advance notice of expiration will be given to the insured, the representative, and, if applicable, the mortgagee(s) or other additional insurable interest scheduled.

D. Additional Data May Be Required Prior to Renewal Being Offered. In certain renewal situations, additional information is required to determine if the risk meets MWUA reasonable underwriting standards. This information must be received before MWUA can offer renewal by issuing a Renewal Quotation. Since the process of reviewing the required data and making appropriate underwriting decisions takes time, the required data must be provided at least 60 days before the policy expiration date. If it is not, the policy may expire and no coverage from MWUA will be in place until the renewal process described in Paragraph 6(A) above is completed; and approved for issuance by underwriting.

E. Inflation Guard Factor – Dwellings and Manufactured Modular/Mobile Homes renewal policies will apply a Coverage A Building Inflation guard percentage factor determined annually. The selected Inflation guard percentage factor will adjust the policy scheduled building limit before calculating premium for each renewal quote. The Inflation guard percentage factor will apply to Dwelling and Manufactured/Mobile Home coverage form policies issued on both a Replacement Cost and Actual Cash valuation coverage basis. The Inflation guard does not apply to Commercial coverage form policies. Dwelling and Manufactured/Mobile Home policies are subject to the Inflation guard adjustment and will attach an Inflation guard endorsement that explains that the next policy renewal quotation will be adjusted by an Inflation guard percentage factor. Inflation guard factors are determined once annually.