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March 23, 1999

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Policy Program Residence Rental Coverage

The North Carolina Commissioner of Insurance has approved a new Residence Rental Coverage Endorsement which is designed for use on an optional basis in North Carolina with the Homeowners Policy Program. Enclosed is a copy of Endorsement HO 32 12 02 99 - Residence Rental Coverage Endorsement and the approved manual rule and rate.

The Residence Rental Coverage Endorsement will be attached to a homeowners policy when the owner has rented the residence premises to others, if used as a residence or in part to a roomer or boarder, in conjunction with the 1999 United States Open Championship. This coverage begins ten days prior to the opening round of the 1999 U.S. Open Championship and ends 21 days after the closing round.

The Residence Rental Coverage Endorsement becomes effective with respect to policies written on or after March 23, 1999.

Since the Endorsement becomes obsolete 21 days after the closing round of the 1999 U.S. Open Championship, the manual rule and rate will not be published by Insurance Services Office.

Please see to it that this circular letter is brought to the attention of all interested personnel in your Company.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

Enclosures