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## MEMORANDUM

**TO:** Calvin Peck, Village Manager

**FROM:** Douglas Hanna

**DATE:** November 23, 2009

**RE:** Cancellation Notices issued by the North Carolina Joint Underwriting Association

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Recently, the North Carolina Joint Underwriting Association has issued a number of cancellation notices to property owners on Bald Head Island. The reason for each respective cancellation has to do with the legislative changes made to essential property insurance for beach area property and the general statutes that control the North Carolina Joint Underwriting Association.

First, the new legislation (House Bill 1305) places coverage limits on residential property. N.C.G.S. §58-45-41(a) provides: "The Association shall cause to be issued insurance up to the reasonable value of the insurable property, subject to a maximum of seven hundred fifty thousand dollars (\$750,000) on habitational property."

Second, the new legislation requires excess coverage in order for the North Carolina Joint Underwriting Association to issue coverage. N.C.G.S. §58-45-41(c) provides: "If the value of the property exceeds the maximum coverage limits as described in this section, the Association shall not issue coverage without the insured's purchase of excess coverage to the full value of the property insured."

We have confirmed with representatives of the North Carolina Joint Underwriting Association that the solution to the cancellation notice is to purchase excess coverage for the value of the property that exceeds \$750,000. Each respective property owner will need to contact its insurance company, secure excess coverage, and provide confirmation of the purchase of excess coverage to the North Carolina Joint Underwriting Association.

If you have any questions regarding the excess coverage issues, please contact the Association's underwriting manager, Bruce Lee, at [bruce.lee@ncjua.com](mailto:bruce.lee@ncjua.com) or by telephone at 1-800-662-7048, ext. 4200.