



Frequently Asked Questions

- I just had a rate increase. Why are you increasing my rates again?
 - *Every insurance carrier reviews their rates to ensure they are adequate to pay claims and expenses. In reviewing our homeowner's rates and accounting for loss performance, rising construction costs, weather volatility, and increasing reinsurance costs; Rockingham determined a rate increase was needed in order to keep our company sustainable for the long-term.*
- What can I do to mitigate my customer's rate increase?
 - *Items to review include moving to higher deductibles, reviewing their optional coverages, and making sure that they are receiving all the applicable discounts. It should also be noted that the coverage A inflationary increases were very minimal this year in order to bring some relief to long-time customers. Consider cross selling and Umbrella or auto policy in order to gain an additional discount on their home policy.*
- I have equipment breakdown on my policy. Does it impact my rate with this increase?
 - *The rate on equipment breakdown was increased from \$20 to \$25. Enhancement Endorsements that include Equipment Breakdown were also increased \$5 (RM28, RM2850, RM29, RM2950)*
- I have Service Line coverage on my policy. Does it impact my rate with this increase?
 - *Service Line Coverage was increased from \$15 to \$50*
- My home is getting older. Is it impacting my rate?
 - *There are many factors that go into determining the rate for a policy. One factor is the age of the home and as the home increases in age, it will increase the rate over time. All factors that are used in determining premium are filed with the Virginia Bureau of Insurance and are listed in our Virginia Home Rate/Rule Manual. The factors considered for Age of Home are listed on "Rockingham Insurance Rules – 33" which is actual page 156 in the Rate/Rule Manual that is effective 11/1/2020. The Age of Home Factors were not changed with the 11/1/2020 rate change.*
- Is there still a freeze on insurance scores?
 - *Yes. If you would like additional details of how the renewal insurance score is compared to the existing insurance score, see "Rockingham Insurance Rules – 32" and "Rockingham Insurance Rules – 32a" which are actual pages 153 and 154 in the Manual. Insurance Score Factors that are applied can still change although the score used to determine the factor may not change in many circumstances. For Insurance Score Factors, See page "Rockingham Insurance Rules – 32a" which is Actual Page 155 in the Manual.*

Virginia Homeowners Rate Change 11/1/2020

- Homes classified as unprotected had a higher rate increase. What is the impact?
 - *In determining the rate, the construction of the property (frame or masonry) and its protection class (protected, unprotected, or partially protected) are considered. In reviewing our book of business and our loss results, it was determined that the following factors would be applied based on construction/protection class:*
 - *Protected/Frame +3.8%*
 - *Protected/Masonry -2.2%*
 - *Partially Protected/Frame -3.1%*
 - *Partially Protected/Masonry -2.7%*
 - *Unprotected/Frame +2.3%*
 - *Unprotected/Masonry +2.9%*
- My insured has an umbrella policy. Are they still receiving a discount? How much?
 - *The umbrella discount in effect before this rate change was a flat \$15 credit. The umbrella discount for new or renewal policies 11/1/2020 and after is 3% of the base annual premium subject to a minimum credit of \$15 and a maximum credit of \$50.*
- I have a secondary home with Rockingham. The rate for it is higher than my primary home. Why?
 - *In review of our book of business, secondary homes have a higher loss ratio and higher than average severity. A factor is applied to secondary homes when determining the rate and this factor was increased by 4.5%. Secondary homes are generally occupied less than a primary home so most insurers account for this increased risk with higher pricing. In our book, we found current pricing to be inadequate for these risks, primarily due to higher than average severity.*
- We are in a pandemic. Why are you raising rates?
 - *We originally looked at changing rates effective 9/1/2020 but moved the rate change back to 11/1/2020. The pandemic has the biggest impact on the auto side, where we reduced rates this year. Every insurance carrier reviews their rates to ensure they are adequate to pay claims and expenses. In reviewing our homeowner's rates and accounting for loss performance, rising construction costs, weather volatility, and increasing reinsurance costs; Rockingham determined a rate increase was needed.*
- If I increase my deductible, will it lower my rate?
 - *Yes. One factor that is considered in determining the rate is the deductible amount. We listened to feedback from our agents and reviewed factors of our competitors and Rockingham now has more competitive rates at our highest deductibles. As an example, see the chart on "Rockingham Insurance Rules – 10" which is Actual Page 130 in the manual.*

Agent Use Only

If any discrepancy between this FAQ and filed Rates/Rules, the filed Rates/Rules Prevail

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- HO5's took a big hit on the last rate increase. Why are we increasing them again?
 - *Based on the overall performance of our homeowner's product and the HO5 specifically, it was determined a base rate increase was needed for the HO5 product. Because we increased rates in 2019 on HO5's, we opted to increase HO5 base rates less than those for HO3.*
- What is the loss performance goal that Rockingham is trying to reach? Is the previous rate increase and current rate increase helping to achieve that? Do we think retention will make an impact?
 - *In order to achieve our desired return on equity to keep our company sustainable for the long-term, we target a loss ratio on Homeowners at 50%. Our rate indication was to increase rates +18%. Other carriers have also taken rate increases and we believe we are still competitive. Retention since 9/1/2019 has been relatively unchanged, in fact it's slightly up by a small fraction. We expect there may be long time customers looking to move on, but overall retention is not expected to move too significantly. In reality, many other carriers have put their customers through larger rate changes and a lot earlier than us.*
- What will help mitigate rate increases in the future?
 - *Ensure that customers are taking care of their properties and keeping them free of debris or other hazards that present losses. Ensure that you are viewing and reviewing their risks on a regular basis (every 3 or 5 years).*
- My customer's rate is going up. How can I help reduce the premium for an insured?
 - 1) *Always review deductibles first! We now we have more competitive rates for higher deductibles.*
 - 2) *Review the discounts on a policy. There is a possibility an insured is eligible for a discount they may not be receiving. Consider writing an auto policy if the customer does not currently have auto with Rockingham – customers can receive a 15% discount on both the home and auto policy!*
 - 3) *Review the Coverage A amount on the policy to ensure the dwelling is insured to the proper coverage amount.*
- Who can I contact if I have more questions?
 - *Contact Regional Manager, Tonya Eaton.*