



May 15, 2009

TO: CHIEF EXECUTIVE OFFICER

**Membership in the South Carolina Wind and Hail Underwriting Association**

The recent Call for Premium request has resulted in a number of companies requesting exemption from membership. This memo will attempt to clarify the status of Member Company participation.

***Which insurance companies are members of the Association?***

Section 38-75-330 (B) states that "The Association consists of all private insurers authorized to write and engage in writing property insurance within this State on a direct and statewide basis . . . ."

If your company is licensed as a property insurance company by the South Carolina Department of Insurance, then your company is a member of the South Carolina Wind and Hail Underwriting Association. You may not withdraw or resign from the Association.

***What if our company does not write any property insurance in South Carolina?***

If you are licensed as a property insurance company by the State of South Carolina, your company is a member. At the same time, your participation will be zero if you do not write any property insurance within the state.

Companies with zero participation do not share in the profits or losses of the Association.

***Our company has no intention of writing property insurance. How do we get off the mailing list?***

If your company is licensed to write property insurance by the South Carolina Department of Insurance, you are a member company and we are, therefore, required to send you the information. As long as your participation is zero, you do not have to submit any reports or data to the Association.

We do not delete companies from the mailing list because we do not know who will start to write property insurance next year or write some incidental property coverage this year. Either case could result in the establishment of a participation rate.

***Isn't there a provision for exemption from the Association?***

Section 38-75-330 (B) also states ". . . 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."

If you feel that your company meets either of these requirements, you can petition the Association for exemption from membership. There are no other exceptions.

However, companies who are exempt from membership in the Association are required to provide wind and hail insurance for the risks they insure.

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***In summary*** . . . If your company does not write any property insurance in South Carolina, you do not need to file any reports or data with the Association. You will not have a participation rate.

Should you ever start writing property insurance within the state, you will generate a participation rate. It is important that you familiarize yourself with the operation of the Association.

If you have any questions concerning the Association, please do not hesitate to contact:

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Sincerely,

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Executive Director

JSH/sb