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June 4, 2001

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Replacement Cost Coverage for
New Autos
Personal Auto Policy Program

The Commissioner of Insurance has approved a new Replacement Cost Coverage Endorsement NC 03 12 03 01 which is designed for use on an optional basis in North Carolina with the Personal Auto Policy Program.

Endorsement NC 03 12 is designed to provide Replacement Cost Coverage for autos purchased new by the policyholder or applicant with less than 150 miles on the odometer and provides coverage until one year from the date of purchase of the new auto or an odometer reading of 15,000 miles, whichever comes first. Endorsement NC 03 12 is an option that is available in addition to the current Repair or Replacement Coverage Endorsement NC 03 11 which provides coverage for new autos for a five-year period.

Also, please find attached a copy of the approved Personal Auto Policy Manual Rule and Rating Factor that complement the new Optional Replacement Cost Coverage Endorsement NC 03 12.

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

Enclosure

A-01-2