



August 9, 2004

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Private Passenger Automobile Manual Revision  
Inexperienced Operator Manual Rule - Clarification

By Circular Letter To All Member Companies A-04-4 dated March 10, 2004, the Rate Bureau announced revisions to the inexperienced operator manual rule in the Personal Auto Manual. The revised rule became effective July 1, 2004. Since the implementation of this rule, there have been a number of questions regarding the intent and application of this rule. This Circular will attempt to clarify the intent of the change in the inexperienced operator manual rule.

The intent of this rule is to eliminate the use of fictitious drivers licenses to improperly obtain experienced operator rates. The new rule means that a driver's license alone is not sufficient to determine the number of years driving experience.

The revised rule presumes a person to be inexperienced unless the number of years driving experience can be determined from an MVR (motor vehicle record) or by verifiable documentation from a governmental agency responsible for maintaining driver's license records or from a previous automobile insurance company.

In the vast majority of cases, ordering motor vehicle records will provide the requisite evidence of years of experience. However, in those cases where motor vehicle records cannot be obtained, the revised rule provides for other methods for insureds to prove their years of driving experience.

Please note that the rating procedures affected by this revised rule may be subject to audit by the Market Conduct Division of the Department of Insurance and, with respect to coverages ceded to and surcharges ordered by the North Carolina Reinsurance Facility, by the Reinsurance Facility.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

A-04-10