



March 10, 2004

Circular Letter to all Member Companies

Re: Private Passenger Automobile Manual Revision
Inexperience Operator Manual Rule

The Commissioner of Insurance has recently approved a revision to the Inexperience Operator Rule in the Personal Auto Manual.

The intent of this revision is to help eliminate the use of fictitious driver licenses to obtain experience operator rates. The revised rule presumes a person to be inexperienced unless the number of years driving experience can be verified by a motor vehicle report, verifiable documentation from governmental agency responsible for maintaining driver license records or a previous automobile insurance company.

In that regard, please find enclosed a copy of the revised manual rule.

This revision is to become effective in accordance with the following Rule of Application:

This revision becomes effective with respect to new drivers added to new, renewal and existing policies on or after July 1, 2004.

Please see to it that this information is brought to the attention of all appropriate personnel in your company.

Very truly yours,

Wayne B. Hinton

Automobile Manager

WBH:dp

A-04-4

4. CLASSIFICATIONS

G. Inexperienced Operator

LIABILITY, MEDICAL PAYMENTS AND COLLISION

(1) The appropriate inexperienced operator surcharge shall be applied for each owner or resident operator of the auto who has less than three years driving experience as a licensed driver. It shall be presumed that each owner or resident operator has no experience as a licensed driver unless:

- (a) the number of years of driving experience can be determined from a valid motor vehicle record obtained in accordance with Rule 5.B.1.a., or
- (b) the owner or resident operator provides verifiable documentation of the years of driving experience from a governmental agency responsible for maintaining driver license records and/or motor vehicle records or a previous automobile insurance company.

The surcharge shall not be applied for more than three years regardless of policy term or effective date.

Material underlined is new.

3. PREMIUM DETERMINATION

B.

5.

Note

Clean Risks Ceded to the North Carolina Reinsurance Facility (Statistical Code 02).

The rates charged for "clean risks" ceded to the North Carolina Reinsurance Facility shall not exceed the rates charged "clean risks" not ceded to the Reinsurance Facility. The rates for "clean risks" ceded to the North Carolina Reinsurance Facility are set forth on the state rate page showing rates for Voluntary Business and "Clean Risks" Ceded to the North Carolina Reinsurance Facility.

For the purpose of this rule, a "clean risk" shall be any owner of a motor vehicle that is classified as a private passenger auto if the owner and the principal operator and each licensed operator in the owner's household:

- a. Have two years driving experience as a licensed driver, which experience is determined in the manner provided in Rule 4.G.(1), and
- b. Have **not** been assigned any Safe Driver Insurance Plan points during the three year period immediately preceding the date of application for motor vehicle insurance or the date of preparation for a renewal motor vehicle insurance policy.