



August 7, 2006

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Inexperienced Operator Rule
Personal Automobile Policy Program

The Commissioner of Insurance has recently approved the attached revised inexperienced operator rule for the North Carolina Personal Auto Manual. This new rule replaces the current manual rule.

Under this revised rule, which is to be applied prospectively in accordance with the Rule of Application set forth below, (1) there is no longer a presumption that a driver is inexperienced; (2) the insurer must determine the number of years of driving experience from a verifiable motor vehicle record obtained from the Division of Motor Vehicles or from the governmental entity responsible for maintaining drivers license records; and (3) only driving experience in the United States, Canada or Puerto Rico counts toward the years of driving experience.

This revised rule is effective in accordance with the following Rule of Application.

This rule applies to all new business written to become effective on or after October 1, 2006 and to all new drivers added to new, renewal and existing policies on or after October 1, 2006.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

Attachment

A-06-9

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. The number of years driving experience is determined by the insurer from a verifiable motor vehicle record obtained from the Division of Motor Vehicles or from the governmental entity responsible for maintaining drivers license records.

Only driving experience in the United States of America, Canada or Puerto Rico may be used to determine the number of years of driving experience as a licensed driver.

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

Note

A driver who holds a learner's permit only shall not be deemed a licensed driver for the purpose of determining the inexperienced operator premium surcharge.

2. If there are two or more autos in the same household as the applicant, the inexperienced operator rates shall be applied separately to the number of autos equal to the number of inexperienced operators. Inexperienced operator rates shall not be used in rating such autos in excess of the number of inexperienced operators.

The inexperienced operator surcharge(s) shall be applied to the auto(s) which the inexperienced operator principally operates. In the case of an occasional operator, the surcharge shall be applied to the auto most frequently operated by the inexperienced operator.