

NORTH CAROLINA RATE BUREAU

**POST OFFICE BOX 176010
RALEIGH, NORTH CAROLINA 27619-6010**

JOHN W WATKINS
General Manager

3401 SIXFORKS ROAD
RALEIGH, NORTH CAROLINA 27609-4433

TELEPHONE (919) 783-9790
FAC SIMILE (919) 783-0333

JERRY G HAMRICK
Workers Compensation Manager

DAVID E SIMK, JR
Accounting Manager

CHARLES B TAYLOR
Personal Lines Manager

April 18, 1997

CIRCULAR LETTER TO ALL MEMBER COMPANIES

EXTREMELY

IMPORTANT MATERIAL

**Re: Settlement of 1997 Private Passenger
Automobile Insurance Rate Filing Case**

Following negotiations, the Rate Bureau and the Commissioner of Insurance agreed to settle the Rate Bureau's 1997 private passenger automobile insurance rate filing which was submitted to the Insurance Department on February 28, 1997.

Enclosed herewith is a copy of the Consent Order which has been signed by the Commissioner. Under the terms of the Consent Order, effective May 1, 1997, the Commissioner has approved an overall rate level change of 0.0% over the rates implemented December 1, 1996 as a result of the private passenger automobile insurance rate filing submitted by the Rate Bureau on April 1, 1996. For additional information regarding the details of the April 1, 1996 rate filing, please refer to the Rate Bureau's Circular Letters to All Member Companies A-96-6 dated October 31, 1996 and A-97-1 dated January 16, 1997.

Under the terms of the Consent Order, the current Rate Bureau manual rates implemented December 1, 1996 have been approved by the Commissioner for all policies effective on or after May 1, 1997. Thus, no escrow is required for policies effective on or after May 1, 1997 using those approved rates.

However, the consent Order does not affect the escrow requirements involved in the rates implemented following the 1994 and 1996 filings. Thus, member companies are reminded that they must continue to maintain escrow accounts for those policies affected by (1) the implementation of revised private passenger automobile insurance rates during the period from December 1, 1996 up to May 1, 1997 as a result of the Rate Bureau's filing submitted on April 1, 1996, and (2) the implementation of revised private passenger automobile insurance rates during the period from January 1, 1995 up to December 1, 1996 as a result of the Rate Bureau's filing submitted on February 1, 1994. For additional information regarding the 1994 filing, please refer to the Rate Bureau's Circular Letters to All Member Companies A-94-17 and A-94-24 dated October 26 and December 16, 1994.

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

Very truly yours,

John W. Watkins

General Manager

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Enclosure

A-97-5