

June 29, 2018

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: (NEW) COMMERCIAL AUTO - CERTIFICATION OF OWNERSHIP FORM (CORP. AND LLC'S)

Please find attached form NCRF-47 that was created to satisfy revisions to G.S. 58-2-164(c2) in HB 382 that recently became law in North Carolina.

Below are the specific sections of G.S. 58-2-164(c2) that apply to form NCRF-47:

- (5) The valid North Carolina driver's license of an owner of an applicant that is a corporation or an LLC, provided that the person holds at least twenty (20%) percent ownership interest in the applicant corporation or LLC.
- (6) If the principal place of business of a corporation or LLC is the primary residence of the sole owner, any of the documents identified in subdivisions (1) through (5) of this subsection, whether in the name of the corporation or LLC or in the name of the sole owner. For purposes of this subsection, "sole owner" shall mean an individual or a husband and wife.

For purposes of subdivisions (5) and (6) of this subsection, on policies to be ceded to the North Carolina Reinsurance Facility, proof of ownership is established through the execution by the owner of the corporation or LLC, of a form promulgated by the North Carolina Reinsurance Facility. The execution of this form shall constitute a written statement in support of an application for insurance or amendment to a policy of auto insurance under subsections (b) and (b1) of this section."

NCRF-47 is meant to provide a written certification of ownership of a corporation or LLC **for policies ceded to the Facility** in accordance with G.S. 58-2-164(c2).

Form NCRF-47 should be used **effective immediately** on applicable policies ceded to the Facility. The signed form or a copy thereof should be retained in the ceding company's file. This obligation does not alter the document retention requirements of G.S. 58-2-164(c). Appropriate changes to the Standard Practice Manual will be distributed at a future date.

Questions regarding this circular letter should be directed to Thomas Burns at 919-719-3033 or email at: tfb@ncrb.org.

Sincerely,

Terry F. Collins

Chief Operating Officer

North Carolina Reinsurance Facility

RF-18-8

Attachment

NORTH CAROLINA REINSURANCE FACILITY
CERTIFICATION OF OWNERSHIP OF CORPORATION OR LLC

North Carolina General Statute (“N.C.G.S.”) § 58-2-164(c2) lists certain documents as “reliable proof,” as that term is used in N.C.G.S. § 58-2-164, of North Carolina residency or eligible risk status to the extent relevant to a particular criterion for eligible risk status and for the purpose of obtaining other than nonfleet private passenger motor vehicle insurance.

N.C.G.S. § 58-2-164(c2)(5) provides that one such item of “reliable proof” is “[t]he valid North Carolina driver’s license of an owner of an applicant that is a corporation or an LLC, provided that the person holds at least twenty percent (20%) ownership interest in the applicant corporation or LLC.”

N.C.G.S. § 58-2-164(c2)(6) provides with respect to “reliable proof” that “[i]f the principal place of business of a corporation or LLC is the primary residence of the sole owner, any of the documents identified in subdivisions (1) through (5) of this subsection, whether in the name of the corporation or LLC or in the name of the sole owner. For purposes of this subsection, “sole owner” shall mean an individual or a husband and wife.”

N.C.G.S. § 58-2-164(c2) further provides that, for purposes of subdivisions (c2)(5) and (c2)(6) described above, proof of ownership is established through execution by the owner of the corporation or LLC of this form.

NAME OF CORPORATION OR LLC: _____
(Please print)

ADDRESS OF CORPORATION OR LLC: _____

- a. I hereby represent that I hold at least a 20% ownership interest in the corporation or LLC listed above, and that I presently hold a valid North Carolina driver’s license.

- b. I hereby represent that I am the sole owner of the corporation or LLC listed above, that the principal place of business of that corporation or LLC is the address shown above, and that the address shown above is the address of my primary residence. (Where the “sole owner” is husband and wife, either spouse may execute this form.)

I HEREBY CERTIFY THAT THE STATEMENTS SET FORTH ON THIS FORM ARE TRUE AND ACCURATE, AND I UNDERSTAND THAT ANY INTENTIONAL MISSTATEMENT ON THIS FORM MAY RESULT IN CRIMINAL PROSECUTION PURSUANT TO N.C.G.S. § 58-2-164(b) AND/OR N.C.G.S. § 58-2-164(b1).

Owner’s name (Print)

Signature

Date

NOTE: This signed form, or a copy thereof, must be retained by the ceding company. This obligation does not alter the document retention requirements of G.S. 58-2-164(c).