

May 5, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Correction - Commercial Auto Policy Program
Rule 42. Public Transportation

By Circular Letter to All Member Companies RF-16-4 dated April 20, 2016, the Reinsurance Facility announced revisions to the Commercial Auto Manual Rule 32. and Rule 42. It has been brought to our attention that Rule 42.C.1. under the Public Transportation Section, should read "*operated the greatest percentage of the time*" in lieu of "*principally garaged*".

In that regard, please find attached a copy of revised Rule 42. for your convenience.

This change becomes effective in accordance with the following Rule of Application:

These revisions are applicable to all new and renewal policies written to become effective on or after October 1, 2016.

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

Automobile Manager

FTL:dms

Attachment

RF-16-6

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
PUBLIC TRANSPORTATION SECTION

Material Underlined is new

Rule 42. PREMIUM DEVELOPMENT—OTHER THAN ZONE RATED AUTOS

C. Premium Computation

1. Determine the rating territory for each public auto from the territory definitions based on the territory where the public auto is operated the greatest percentage of the time. If the vehicle is principally garaged If the public auto is operated the greatest percentage of the time in a state other than North Carolina, use the residual market rates in that state. For states that have residual markets, refer to AIPSO for those rates. For states that do not have residual markets, use the rules, rates, minimum premiums, classifications, and rating plans applicable to the insurer for voluntary business in the state and territory where the vehicle is principally garaged operated the greatest percentage of the time; otherwise all other provisions of this manual apply.