

April 22, 2019

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Private Passenger Automobile and Motorcycle
Insurance Rates – Other Than Clean Risks

On behalf of its member companies, the North Carolina Reinsurance Facility filed with the Commissioner of Insurance on April 18, 2019 revised rates, extended non-owned coverage manual rules, classification plan factors, and motorcycle relativities for bodily injury, property damage liability and medical payments insurance for non-fleet private passenger automobiles and motorcycles ceded to the Reinsurance Facility. The filed rates apply only to ceded risks other than “clean risks” as defined in G.S. 58-37-35(1).

The Facility’s filing includes average rate level changes of -6.4% for bodily injury, -12.7% for property damage, and -17.2% for medical payments coverages, averaging an overall -9.9% change from rates presently in effect.

In that regard, please find attached the revised base rates along with revised motorcycle relativities, classification plan factors, and manual rules for extended non-owned coverage. Note that the rates for uninsured and combined uninsured/underinsured motorists coverages are unaffected by these changes. However, those rates, which are the same for all North Carolina risks, were changed as a result of other filings this year. (See Circular Letter RF-19-4 and North Carolina Rate Bureau Circular Letter A-19-1.) Exhibits showing the changes to those rates becoming effective October 1, 2019 are attached here for your information.

These revisions will become effective October 1, 2019, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2019. No policy effective prior to October 1, 2019 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to October 1, 2019.

With respect to the rate differential for ceded business, your attention is directed to G.S. 58-37-25(b) which provides in part as follows:

Each insurer will provide the same type of service to ceded business that it provides for its voluntary market. Records provided to agents and brokers will include an indication that the business is ceded. When an insurer cedes a policy

or renewal thereof to the Facility and the Facility premium for such policy is higher than the premium that the insurer would normally charge for such policy if retained by the insurer, the policyholder will be informed that (i) his policy is ceded, (ii) the coverages are written at the Facility rate, which rate differential must be specified, (iii) the reason or reasons for the cession to the Facility, (iv) the specific reason or reasons for the cession to the Facility will be provided upon the written request of the policyholder to the insurer, and (v) the policyholder may seek insurance through other insurers who may elect not to cede his policy.

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

Sincerely,

Andy Montano

Automobile Manager

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Attachment

RF-19-3

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

REVISED BASE RATES - OTHER-THAN-CLEAN RISKS CEDED LIABILITY

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	250/500	\$25,000	\$50,000	\$100,000	\$500	\$750	\$1000	\$2000	\$5000
110	\$183	\$216	\$256	\$304	\$243	\$245	\$250	\$20	\$27	\$32	\$47	\$68
120	229	270	321	380	230	232	237	25	33	40	59	85
130	259	306	363	430	239	241	246	27	36	43	63	91
140	335	395	469	556	281	284	289	43	57	69	101	145
150	256	302	358	425	298	301	307	30	40	48	70	101
170	207	244	290	344	256	259	264	23	31	37	54	78
180	244	288	342	405	303	306	312	30	40	48	70	101
190	237	280	332	393	313	316	322	26	35	42	61	88
200	267	315	374	443	288	291	297	33	44	53	77	112
210	226	267	316	375	230	232	237	24	32	38	56	81
220	312	368	437	518	245	247	252	31	41	50	73	105
230	365	431	511	606	243	245	250	34	45	54	80	115
240	331	391	463	549	248	250	255	32	43	51	75	108
250	313	369	438	520	331	334	341	39	52	62	91	132
260	259	306	363	430	278	281	286	28	37	45	66	95
270	206	243	288	342	304	307	313	23	31	37	54	78
280	299	353	419	496	343	346	353	39	52	62	91	132
290	277	327	388	460	325	328	335	31	41	50	73	105
300	191	225	267	317	295	298	304	21	28	34	49	71
310	175	207	245	291	256	259	264	17	23	27	40	57
320	201	237	281	334	237	239	244	19	25	30	44	64
340	283	334	396	470	315	318	324	35	47	56	82	118
350	203	240	284	337	264	267	272	22	29	35	51	74
360	239	282	335	397	261	264	269	27	36	43	63	91
370	277	327	388	460	313	316	322	31	41	50	73	105
380	305	360	427	506	320	323	330	29	39	46	68	98
390	237	280	332	393	331	334	341	23	31	37	54	78
420	426	503	596	707	401	405	413	62	82	99	145	210
440	291	343	407	483	331	334	341	34	45	54	80	115
450	343	405	480	569	337	340	347	31	41	50	73	105
460	229	270	321	380	286	289	295	23	31	37	54	78
470	262	309	367	435	265	268	273	24	32	38	56	81
480	177	209	248	294	227	229	234	18	24	29	42	61
490	170	201	238	282	239	241	246	19	25	30	44	64

19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes Liability Coverages Only.

With respect to other than "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable ceded private passenger bodily injury and property damage rates. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14. Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage
0-499	[13%] <u>12%</u>
500-1249	[21%] <u>19%</u>
1250-1499	[30%] <u>28%</u>
1500-up	[39%] <u>36%</u>

14. MISCELLANEOUS COVERAGES

A. Uninsured Motorists Coverage ONLY

1.
 - a. Rates

The per policy rates for Uninsured Motorists Coverage are as follows:

	B.I. UM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 30/60	\$ [13] <u>16</u>	\$ [32] <u>40</u>
50/100	[14] <u>17</u>	[35] <u>42</u>
100/200	[16] <u>20</u>	[40] <u>49</u>
100/300	[17] <u>21</u>	[42] <u>52</u>
300/300	[20] <u>26</u>	[49] <u>64</u>
250/500	[21] <u>27</u>	[52] <u>67</u>
500/500	[22] <u>28</u>	[54] <u>69</u>
500/1,000	[24] <u>31</u>	[59] <u>77</u>
1,000/1,000	[25] <u>32</u>	[62] <u>79</u>

	P.D. UM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	10
250,000	6	15
500,000	8	20
750,000	10	25
1,000,000	11	27

For limits other than those shown, charge the premium for the next higher limit.

- * For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile, or other miscellaneous type vehicle.

These rates are not subject to modification under the provisions of any rating plan or other manual rule.

14. MISCELLANEOUS COVERAGES(Cont'd)

B. Combined Uninsured/Underinsured Motorists Coverage

1.

2. Rates

The per policy rates for Combined Uninsured/Underinsured Motorists Coverage are as follows:

	B.I. UM/UIM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50/100	\$ [24] <u>27</u>	\$ [60] <u>67</u>
100/200	[43] <u>48</u>	[107] <u>118</u>
100/300	[53] <u>59</u>	[131] <u>146</u>
300/300	[73] <u>81</u>	[180] <u>200</u>
250/500	[86] <u>95</u>	[213] <u>235</u>
500/500	[120] <u>130</u>	[296] <u>321</u>
500/1,000	[135] <u>147</u>	[333] <u>364</u>
1,000/1,000	[152] <u>164</u>	[376] <u>405</u>

	P.D. UM/UIM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	10
250,000	6	15
500,000	8	20
750,000	10	25
1,000,000	11	27

For limits other than those shown, charge the premium for the next higher limit.

* For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile, or other miscellaneous type vehicle.

These rates are not subject to modification under the provisions of any rating plan or other manual rule.

Matter underlined is new; matter in brackets [] is deleted.

PERSONAL AUTO MANUAL

NORTH CAROLINA

PRIMARY CLASSIFICATION RATING FACTORS

Coverage	Pleasure Use	Drive to or From Work		Business Use	<u>TNC Activity*</u>	Farm Use
	(1A)	Less Than 10 Miles (1B)	10 or More Miles (1C)	(3)	TNC	(1AF)
BI, PD and Med. Pay.	1.00	1.05	1.05	1.05	1.20	[.80].75
Collision	1.00	[1.10] <u>1.15</u>	[1.10] <u>1.15</u>	[1.10] <u>1.15</u>	(a)	[.80].75
Comprehensive, Fire, Theft and C.A.C.	1.00	[1.20] <u>1.25</u>	[1.20] <u>1.25</u>	[1.20] <u>1.25</u>	(a)	[.80].75

Add the following rating factors to the Primary Rating Factor

No Inexperienced Operator			
Single or Multi-Car Risk	BI, PD and Med. Pay	Collision	Comprehensive, Fire, Theft and CAC
Single Car	Factor 0.00	Factor 0.00	Factor 0.00
Multi-Car	Factor -0.35	Factor [-0.30] <u>-0.35</u>	Factor -0.10

* Applies only to those vehicles on policies ceded to the North Carolina Reinsurance Facility affording coverage for TNC activity under Endorsement PP 55 45.

(a) For rating a policy that affords this coverage, please refer to the individual company writing the coverage.

Matter underlined is new; matter in brackets [] is deleted.

INEXPERIENCED OPERATOR				
Single or Multi-Car Risks		BI, PD and Med. Pay.	Collision	Comprehensive Fire, Theft & CAC
Single Car	Principal Operator Licensed For:			
	Less Than One Year	Factor [+2.85] <u>+2.60</u>	Factor [+2.55] <u>+2.30</u>	Factor [+0.15] <u>+0.20</u>
	Less Than Two Years	Factor [+1.65] <u>+1.60</u>	Factor [+1.65] <u>+1.50</u>	Factor [+0.15] <u>+0.20</u>
	Less Than Three Years	Factor [+1.30] <u>+1.25</u>	Factor [+1.40] <u>+1.35</u>	Factor [+0.15] <u>+0.20</u>
	Occasional Operator Licensed For:			
	Less Than One Year	Factor +1.75	Factor [+1.65] <u>+1.40</u>	Factor +0.10
	Less Than Two Years	Factor +0.85	Factor [+0.90] <u>+0.80</u>	Factor 0.00
Less Than Three Years	Factor [+0.55] <u>+0.65</u>	Factor [+0.70] <u>+0.60</u>	Factor 0.00	
Multi-Car	Principal Operator Licensed For:			
	Less Than One Year	Factor [+2.50] <u>+2.25</u>	Factor [+2.25] <u>+1.95</u>	Factor [+0.05] <u>+0.10</u>
	Less Than Two Years	Factor [+1.30] <u>+1.25</u>	Factor [+1.35] <u>+1.15</u>	Factor [+0.05] <u>+0.10</u>
	Less Than Three Years	Factor [+0.95] <u>+0.90</u>	Factor [+1.10] <u>+1.00</u>	Factor [+0.05] <u>+0.10</u>
	Occasional Operator Licensed For:			
	Less Than One Year	Factor +1.40	Factor [+1.35] <u>+1.05</u>	Factor 0.00
	Less Than Two Years	Factor +0.50	Factor [+0.60] <u>+0.45</u>	Factor -0.10
Less Than Three Years	Factor [+0.20] <u>+0.30</u>	Factor [+0.40] <u>+0.25</u>	Factor -0.10	

Matter underlined is new; matter in brackets [] is deleted.

**PERSONAL AUTO MANUAL
NORTH CAROLINA
PRIMARY CLASSIFICATION RATING FACTORS
(CONT'D)**

SAFE DRIVER INSURANCE PLAN FACTORS AND CODES

Use the following rating factors to determine the Driving Record Surcharge Premium as explained in the Safe Driver Insurance Plan Rule.

Use the statistical code indicated for the Driving Record Sub-Classification.

Number of Driving Record Points	Driving Record Sub-Classification	Statistical Code	SDIP Rating Factor
0	0	00	0.00
1	1	01	[0.30] <u>0.40</u>
2	2	02	[0.45] <u>0.55</u>
3	3	03	[0.60] <u>0.70</u>
4	4	04	[0.80] <u>0.90</u>
5	5	05	1.10
6	6	06	[1.35] <u>1.40</u>
7	7	07	[1.65] <u>1.70</u>
8	8	08	[1.95] <u>2.00</u>
9	9	09	[2.25] <u>2.30</u>
10	10	10	2.60
11	11	11	3.00
12 or more	12	12	3.40
Vehicles Not Eligible for SDIP – Add the following rating factor to the otherwise applicable Combined Rating Factor. Use the statistical code shown below.			
Not Eligible	NE	95	+0.10

17. EXTENDED NON-OWNED LIABILITY COVERAGE (PERSONAL AUTO POLICY ONLY)

A. Liability Coverage

If Liability Coverage is extended under the Extended Non-owned Coverage For Named Individual Endorsement, Medical Payments Coverage may also be similarly extended. Medical Payments shall be provided at the same limits as the Medical Payments limit of policy to which this endorsement is attached.

Liability/Medical Payments Coverage may be extended to an individual described below:

- 1A.** The insured named in the policy, including the spouse if a resident of the same household, or a resident relative who is furnished an auto for regular use but is NOT employed by a garage:
 - ~~a.~~ When no Primary Liability insurance is in effect on the auto, charge 50% of the liability premium which would apply if the furnished auto were being specifically insured as an owned auto by the individual.
 - ~~b.~~ When there is Primary Liability insurance in effect on the auto or if the auto is used in the business of the United States Government, charge the premiums per person shown in the table below:

Primary Liability/Medical Payments Insurance In Effect	
Person(s) Named	Percentage Charge
Named Individual And Spouse	18%
Named Individual And Resident Relatives (Including Named Individual's Spouse)	20%

- 2.** If there is no primary Liability/Medical Payments Insurance in effect, charge the following percentage of the applicable premium(s) that would apply as if the insured owned the auto being covered.

No Primary Liability/Medical Payments Insurance In Effect	
Person(s) Named	Percentage Charge
Named Individual And Spouse	90%
Named Individual And Resident Relatives (Including Named Individual's Spouse)	100%

Person Named	Bodily Injury \$30/60	Property Damage \$25,000
Insured Named and Spouse	\$3	\$1
Relative	6	2

- 2B.** The insured named in the policy, including the spouse if a resident of the same household, or a resident relative who is furnished an auto for regular use and is employed by a garage:
 - a1.** When garage has no Liability/Medical Payments Insurance charge 170% of Base Rate for Liability/Medical Payments Coverage.
 - b2.** When garage has Liability/Medical Payments Insurance, refer to Company.
- 3.** In all other situations, charge the premiums per person shown in the table below:

Person Named	Bodily Injury \$30/60	Property Damage \$25,000
Insured Named and Spouse	\$3	\$1
Relative	6	2

Memorandum - North Carolina Personal Auto Manual
Matter underlined is new; matter ~~struck through~~ is deleted.

17. EXTENDED NON-OWNED LIABILITY COVERAGE (PERSONAL AUTO POLICY ONLY)(Cont'd)

B. Medical Payments

~~Medical Payments coverage is available only if Bodily Injury and Property Damage coverages are extended. Medical Payments shall be provided at the same limits as the Medical Payments limit of policy to which attached. Premiums per person are displayed below.~~

Medical Payments Limits of Policy to Which Attached	Auto Furnished for Regular Use	Auto Not Furnished For Regular Use
\$ 500	\$4	\$2

~~Use the factors in Rule 18.D. to determine premiums for Medical Payments limits above \$500.~~