



June 3, 2021

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revision of NCRF Commercial Automobile Territory Definitions
(Conversion to Zip Code Rating)

On behalf of all member companies, the North Carolina Reinsurance Facility filed with the Commissioner of Insurance revised territory definitions for Commercial Auto, adopting zip code rating for such coverages rated under the Facility's Commercial Automobile Manual.

Enclosed is an exhibit which sets forth the revised territory definitions to be implemented by member companies in accordance with the effective date rule set forth below. The exhibit, which has been *tentatively marked with page numbers*, is designed to replace the similar rules or pages included in the current North Carolina Reinsurance Facility Commercial Automobile Manual.

The revised definitions **will become effective October 1, 2022** in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2022. No policy effective prior to October 1, 2022 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, 2022.

Reprinted North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates pages will be distributed closer to the effective date. In the meantime, notice of the revised territory definitions should be sent to your Company's North Carolina agents to make them aware of the upcoming changes.

In connection with the implementation of these revised rates, your attention is directed to G. S. 58-37-35(l) which provides, in part, as follows:

The classifications, rules, rates, rating plans, and policy forms used on motor vehicle insurance policies reinsured by the Facility may be made by the Facility or by a licensed or statutory rating organization or bureau on its behalf and shall be filed with the Commissioner..... If the Commissioner finds, after a hearing, that a rate is either excessive, inadequate or unfairly discriminatory, the Commissioner shall issue an order specifying in what respect it is deficient and stating when, within a reasonable period thereafter, the rate is no longer effective. The order is subject to judicial review as set out in Article 2 of this Chapter. Pending judicial review of said order, the filed classification plan and the filed rates may be used, charged and collected in the same

manner as set out in G.S. 58-40-45 of this Chapter. The order shall not affect any contract or policy made or issued before the expiration of the period set forth in the order.....

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

Any questions regarding these changes should be directed to Tom Burns at (919) 719-3033 or email tfb@ncrb.org.

Sincerely,

Thomas F. Burns

Director, Auto Operations

North Carolina Reinsurance Facility

TFB/lad

Attachment

RF-21-5