



November 20, 2008

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Uninsured Motorists (UM) and Underinsured Motorists (UIM) Coverage Manual Rule and Introduction of New Form for Commercial Automobile

By circular RF-08-19 dated November 12, 2008, the Facility announced revisions to Rule 26 Uninsured and Combined Uninsured/Underinsured Motorists in the Commercial Auto manual rule. It has come to our attention there is a typographical error in the Combined UM/UIM rule. The typo is in the Note section at the beginning of the rule.

The rule as announced on November 12 reads "NOTE: For any fleet or non-fleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits not greater than \$30,000/\$60,000, Combined Uninsured/Underinsured Motorists Coverage is mandatory and shall be afforded." The word "not" should be eliminated in the Note.

In that regard, please find attached a revised Rule 26 with the correction.

Very truly yours,

F. Timothy Lucas

Automobile Manager

FTL:dms

Attachment

RF-08-21

Rule 26 UNINSURED AND UNDERINSURED MOTORISTS INSURANCE

For purposes of this rule, the following definitions apply:

A commercial motor vehicle is defined as: (1) any single motor vehicle with a GVWR of at least 26,001 pounds; (2) a combination of motor vehicles that has a combined GVWR of at least 26,001 pounds and includes as part of the combination a towed unit that has a GVWR of at least 10,001 pounds; (3) a combination of motor vehicles that includes a towing unit that has a GVWR of at least 26,001 pounds and a towed unit that has a GVWR of less than 10,001 pounds; (4) a motor vehicle that is designed to transport 16 or more passengers, including the driver; or (5) a motor vehicle transporting hazardous materials and required to be placarded in accordance with 49 C.F.R. Part 172, Subpart F.

A noncommercial motor vehicle is defined as any motor vehicle that is not a commercial motor vehicle as defined above, but that is otherwise subject to the requirements of North Carolina's Motor Vehicle Safety and Financial Responsibility Act of 1953.

A. Uninsured Motorists Coverage Only

1. Owners—(Class Code—Refer to Statistical Plan)

Bodily injury and property damage uninsured motorists coverage shall be afforded under every automobile liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

~~EXCEPTIONS—This coverage shall not apply when the insured has either~~

- ~~This coverage shall not apply when the insured has elected to purchase combined uninsured and underinsured motorists coverage bodily injury liability limits greater than \$30,000/\$60,000, or~~
- ~~specifically rejected in writing both uninsured motorists and combined uninsured and underinsured motorists coverages. For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, uninsured motorist coverage is not mandatory and will apply only if purchased by the insured.~~

NOTE: For any fleet or non-fleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits not greater than \$30,000/\$60,000, Uninsured Motorists Coverage Only is mandatory and shall be afforded.

a. Basic Limits

The limits of uninsured motorist bodily injury coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of uninsured motorist bodily injury coverage. The limit of uninsured motorist property damage coverage shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy.

Basic limits of uninsured motorists coverage are \$30,000/60,000 bodily injury and \$25,000 property damage. ~~Property damage—U~~uninsured motorists property damage coverage is subject to an exclusion of the first \$100 of damage.

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this rule.

Rate—Charge the following for each auto insured under the policy per registered auto.

(1) Individual or Married Couple (Other than Garage Risks)—Per Auto

Private Passenger Types	\$15
Other than Private Passenger Types	8

(2) Garage Risks

\$6 for each set of dealer or transporter plates in addition to the premium charged for any separately registered autos.

(3) All Others—Per Auto

Private Passenger Types	\$13
Other than Private Passenger Types	6

This rate is not subject to modification under the provisions of any rating plan or other Manual rule.

b. Increased Limits

Increased limits of uninsured motorists bodily injury coverage may be afforded. Uninsured motorists pProperty damage limits may not exceed the property damage liability limit afforded by the policy.

(1) Bodily Injury Liability

- (a) To compute the premium for limits higher than the basic limits for Uninsured Motorists Coverage Only, add the appropriate rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

BI Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50/100	\$ 2	\$1
85/85	3	2
100/200	4	2
100/300	5	2
250/500	7	3
300/300	8	3
500/500	9	4
500/1,000	10	4
1,000/1,000	11	5

- (b) Compute the charges for limits not shown by interpolation.

(2) Property Damage Liability

- (a) To compute the premium for limits higher than the basic limits for Uninsured Motorists Coverage Only, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
	PP Types	Other than PP Types
<u>\$50</u>	\$1.00	\$1.00
<u>85</u>	1.01	1.01
<u>100</u>	1.02	1.02
<u>300</u>	1.03	1.03
<u>400</u>	1.04	1.04
<u>500</u>	1.05	1.05
<u>750</u>	1.06	1.06
<u>1,000</u>	1.07	1.07
<u>1,500</u>	1.08	1.08
<u>2,000</u>	1.09	1.09
<u>2,500</u>	1.10	1.10
<u>5,000</u>	1.11	1.11

- (b) Compute the charges for limits not shown by interpolation.

c. Additional Persons

Bodily injury uninsured motorists coverage only may be extended to an executive officer, partner, or employee of the named insured at a charge of \$3.08, provided such additional person does not own an automobile.

The charge for each additional person shall not be subject to modification under the provisions of any rating plan or other Manual rule.

2. Uninsured Motorists Insurance for Nonowners (Bodily Injury Only) (Class Code 9900)

Uninsured motorists insurance for a limit of \$30,000/60,000 bodily injury may be afforded to any person who does not own an automobile and who is not afforded such coverage as a named individual under section 1 of this Rule. Such coverage shall be written for a period of one year or three years at the following rates:

RATES

The following rates apply to each individual, including the spouse and relatives of either, resident in the same household as the named insured:

- 1 Year Policy\$39
- 3 Year Policy\$61

B. Combined Uninsured ~~and~~ Underinsured Motorists Coverage

Owners—(Class Code—Refer to Statistical Plan)

~~Combined b~~Bodily injury and property damage ~~Combined U~~uninsured/~~U and u~~nderinsured ~~M~~motorists ~~e~~Coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

EXCEPTIONS—~~This coverage shall not apply when the insured has either~~

- ~~This coverage shall not apply when the insured has purchased bodily injury liability limits not greater than \$30,000/\$60,000, specifically rejected this coverage in writing and elected to purchase uninsured motorists coverage only; or~~
- ~~For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, combined uninsured/underinsured motorist coverage is not mandatory and will apply only if purchased by the insured.~~

NOTE: For any fleet or non-fleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits greater than \$30,000/\$60,000, Combined Uninsured/Underinsured Motorists Coverage is mandatory and shall be afforded.

- ~~specifically rejected in writing both uninsured motorists and combined uninsured and underinsured motorists coverages.~~

(a) Limits

The limits of combined uninsured/underinsured motorist bodily injury coverage shall equal the highest limits of liability for bodily injury liability coverage for any one noncommercial motor vehicle insured under the policy unless the insured purchases a higher limit of combined uninsured/underinsured motorist bodily injury coverage. The limit of combined uninsured/underinsured motorist property damage coverage, which is available only on an uninsured motorists basis, shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy.

~~Combined uninsured and underinsured motorists coverage limits are available only at bodily injury limits higher than \$30,000/60,000 and with property damage limits at \$25,000 or with a limit not to exceed the property damage liability limit afforded by the policy. The property damage coverage applies only on an uninsured motorists basis and is subject to an exclusion of the first \$100 of damage.~~

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this rule.

~~Refer to uninsured motorists coverage only for \$30/60/25 limits.~~

b. Rates

~~Combined bodily injury and property damage uninsured and underinsured motorists coverage is available at the following limits with rates per registered auto shown. Add the rates shown below to the basic limits rates for Uninsured Motorists Coverage Only for each auto insured under the policy.:~~

(1) Bodily Injury Liability

- (a) To compute the premium for limits higher than the basic limits, add the rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

		Additional Charge	
		Other than	
BI Limits	PP Types	PP Types	PP Types
\$ 50/100	\$ 8	\$ 6	

85/85	17	13
100/200	24	18
100/300	26	19
250/500	55	41
300/300	59	44
500/500	73	55
500/1,000	77	58
1,000/1,000	89	67

(b) Compute the charges for limits not shown by interpolation.

(2) Property Damage Liability

(a) To compute the premium for limits higher than the basic limits, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
	PP Types	Other than PP Types
\$50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10
5,000	1.11	1.11

(b) Compute the charges for limits not shown by interpolation.

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

Attach the applicable endorsement.

C. Notice Requirements

The insurer shall notify the named insured of his right to purchase Uninsured Motorist Bodily Injury Coverage and, if applicable, Combined Uninsured/Underinsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page in at least 10 point type.

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1. Owners—(Class Code—Refer to Statistical Plan)

Bodily injury and property damage uninsured motorists coverage shall be afforded under every automobile liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

EXCEPTIONS—

- This coverage shall not apply when the insured has purchased bodily injury liability limits greater than \$30,000/\$60,000.
- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, uninsured motorist coverage is not mandatory and will apply only if purchased by the insured.

NOTE: For any fleet or non-fleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits not greater than \$30,000/\$60,000, Uninsured Motorists Coverage Only is mandatory and shall be afforded.

a. Basic Limits

The limits of uninsured motorist bodily injury coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of uninsured motorist bodily injury coverage. The limit of uninsured motorist property damage coverage shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy.

Basic limits of uninsured motorists coverage are \$30,000/60,000 bodily injury and \$25,000 property damage. Uninsured motorists property damage coverage is subject to an exclusion of the first \$100 of damage.

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this rule.

Rate—Charge the following for each auto insured under the policy.

(1) Individual or Married Couple (Other than Garage Risks)—Per Auto

Private Passenger Types	\$15
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(2) Garage Risks

\$6 for each set of dealer or transporter plates in addition to the premium charged for any separately registered autos.

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Increased limits of uninsured motorists bodily injury coverage may be afforded. Uninsured motorists property damage limits may not exceed the property damage liability limit afforded by the policy.

(1) Bodily Injury Liability

- (a) To compute the premium for limits higher than the basic limits for Uninsured Motorists Coverage Only, add the appropriate rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

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500/1,000	10	4
1,000/1,000	11	5

- (b) Compute the charges for limits not shown by interpolation.

(2) Property Damage Liability

- (a) To compute the premium for limits higher than the basic limits for Uninsured Motorists Coverage Only, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
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\$50	\$1.00	\$1.00
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RATES

The following rates apply to each individual, including the spouse and relatives of either, resident in the same household as the named insured:

1 Year Policy	\$39
3 Year Policy	\$61

B. Combined Uninsured/Underinsured Motorists Coverage

Owners—(Class Code—Refer to Statistical Plan)

Bodily injury and property damage Combined Uninsured/Underinsured Motorists Coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

EXCEPTIONS—

- This coverage shall not apply when the insured has purchased bodily injury liability limits not greater than \$30,000/\$60,000;
- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, combined uninsured/underinsured motorist coverage is not mandatory and will apply only if purchased by the insured.

NOTE: For any fleet or non-fleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits greater than \$30,000/\$60,000, Combined Uninsured/Underinsured Motorists Coverage is mandatory and shall be afforded.

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The limits of combined uninsured/underinsured motorist bodily injury coverage shall equal the highest limits of liability for bodily injury liability coverage for any one noncommercial motor vehicle insured under the policy unless the insured purchases a higher limit of combined uninsured/underinsured motorist bodily injury coverage. The limit of combined uninsured/underinsured motorist property damage coverage, which is available only on an uninsured motorists basis, shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy.

The property damage coverage applies only on an uninsured motorists basis and is subject to an exclusion of the first \$100 of damage.

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this rule.

b. Rates

Add the rates shown below to the basic limits rates for Uninsured Motorists Coverage Only for each auto insured under the policy.

(1) Bodily Injury Liability

- (a) To compute the premium for limits higher than the basic limits, add the rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

	Additional Charge	
	PP Types	Other than PP Types
\$ BI Limits	\$	\$
50/100	8	6
85/85	17	13
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250/500	55	41
300/300	59	44
500/500	73	55
500/1,000	77	58
1,000/1,000	89	67

- (b) Compute the charges for limits not shown by interpolation.
- (2) Property Damage Liability
- (a) To compute the premium for limits higher than the basic limits, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
	PP Types	Other than PP Types
\$50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10
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- (b) Compute the charges for limits not shown by interpolation.

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

Attach the applicable endorsement.

C. Notice Requirements

The insurer shall notify the named insured of his right to purchase Uninsured Motorist Bodily Injury Coverage and, if applicable, Combined Uninsured/Underinsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page in at least 10 point type.