



September 10, 2013

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Commercial Auto Policy Program – Manual Revision

The Commissioner of Insurance has approved the attached revision to the North Carolina Reinsurance Facility Commercial Auto Manual. This change was filed as a result of a revision to the General Statutes amending the weight requirement for private passenger automobiles from 10,000 lbs. to 14,000 lbs.

In that regard, please find attached a copy of revised Rule 12 – Private Passenger Types which includes this revision.

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

This change is applicable to all new and renewal policies written to become effective on or after January 1, 2014.

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

Personal Lines Manager

FTL:dms

Attachments

RF-13-8

Material Underlined is new; Material ~~struck through~~ is deleted.

North Carolina Reinsurance Facility

Commercial Auto Manual

Common Coverages Section

Rule 12. PRIVATE PASSENGER TYPES

Fleet-Class Code 7398

A. A private passenger auto is

1. a motor vehicle of the private passenger or station wagon type; or
2. a pickup truck or van that
 - a. is owned by an individual or by a husband and wife or individuals who are residents of the same household;
 - b. has a gross vehicle weight as specified by the manufacturer of less than ~~104~~104,000 pounds; and
 - c. is not used for the delivery or transportation of goods and materials unless such use is
 - (1) incidental to your business of installing, maintaining, or repairing furnishings or equipment; or
 - (2) for farming or ranching.

B. The rates displayed on the rate schedules for private passenger types apply to all private passenger autos which are rated as part of a fleet or which are eligible to be experience rated for liability coverages.

A fleet is any risk with five or more motor vehicles owned or hired under a long term contract.

EXCEPTIONS:

Five or more four-wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household which are not used for business use, other than farming or ranching, and which are covered under a Personal Auto Policy shall not be considered a fleet.

C. Private passenger nonfleet motor vehicles must be written on a Personal Auto Policy and rated out of the Personal Auto Manual.

EXCEPTIONS:

A private passenger nonfleet auto may be written on a commercial auto policy if

1. the vehicle is owned by an individual, husband and wife resident of the same household, or jointly by two or more individuals other than husband and wife, and the vehicle is written in conjunction with at least one commercial risk; or
2. the vehicle is not owned by a natural person.

However, these vehicles must be rated out of the Personal Auto Manual and coded as private passenger nonfleet for statistical purposes.

D. Premium Determination

1. Determine the rating territory from the territory definitions based on the street address of principle garaging.
2. Premiums for private passenger types are displayed on the rate schedules for the following:
 - a. Bodily injury liability
 - b. Property damage liability
 - c. Medical payments
3. The Private Passenger Types rates displayed on the rate schedules apply to all private passenger autos which are rated as part of a fleet or which are eligible to be experience rated for liability coverages.
4. For uninsured and underinsured motorist insurance, refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20).

E. Classifications and Codes

1. Fleet Classification—Use code 7398.
2. Nonfleet—Use North Carolina Rate Bureau/ Reinsurance Facility Endorsement CA 01 99 when insuring nonfleet private passenger autos on a commercial auto policy. Code as private passenger nonfleet for statistical purposes.