

May 2, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Private Passenger Automobile
Insurance Rates – North Carolina

On behalf of its member companies, the North Carolina Reinsurance Facility on April 6, 2016 filed with the Commissioner of Insurance rate level changes for bodily injury and property damage liability and medical payments insurance for non-fleet private passenger automobiles 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 rates for uninsured and combined uninsured/underinsured motorists coverages are unaffected by these changes.

The Facility’s filing includes average rate level changes of -0.5% for bodily injury, +14.6% for property damage, and -3.0% for medical payments coverages, averaging +6.2% over rates presently in effect. The base rates were also adjusted to reflect changes in the classification plan and territory relativities as announced by the Rate Bureau in a Circular Letter To All Member Companies A-16-6 dated May 2, 2016 to reflect these changes on an overall revenue-neutral basis. The motorcycle relativities have been adjusted to reflect the change in the private passenger automobile base rates.

In that regard, please find attached revised classification plan factors (inexperienced operator surcharges only) as well as revised base rates that reflect changes in the overall rate level as well as off-sets to the base rates for the revised classification plan factors and revised territory relativities.

The revised rates are to be implemented effective October 1, 2016, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2016. No policy effective prior to October 1, 2016 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, 2016.

Reprinted Personal Auto Manual rate pages will be distributed in the usual fashion, as soon as possible. In the meantime, notice of these changes should be sent to your Company's North Carolina agents to make them aware of the changes.

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.

Very truly yours,

F. Timothy Lucas

Automobile Manager

FTL:dms

RF-16-5

Attachments

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 [+3.25] <u>+2.85</u>	Factor [+3.10] <u>+2.55</u>	Factor [+0.50] <u>+0.15</u>
	Less Than Two Years	Factor [+1.75] <u>+1.65</u>	Factor [+1.90] <u>+1.65</u>	Factor [+0.50] <u>+0.15</u>
	Less Than Three Years	Factor [+1.35] <u>+1.30</u>	Factor [+1.65] <u>+1.40</u>	Factor [+0.50] <u>+0.15</u>
	Occasional Operator Licensed For:			
	Less Than One Year	Factor [+1.90] <u>+1.75</u>	Factor [+1.95] <u>+1.65</u>	Factor [+0.25] <u>+0.10</u>
Multi-Car	Less Than Two Years	Factor [+0.80] <u>+0.85</u>	Factor [+1.00] <u>+0.90</u>	Factor 0.00
	Less Than Three Years	Factor [+0.40] <u>+0.55</u>	Factor [+0.65] <u>+0.70</u>	Factor 0.00
	Principal Operator Licensed For:			
	Less Than One Year	Factor [+2.90] <u>+2.50</u>	Factor [+2.80] <u>+2.25</u>	Factor [+0.40] <u>+0.05</u>
	Less Than Two Years	Factor [+1.40] <u>+1.30</u>	Factor [+1.60] <u>+1.35</u>	Factor [+0.40] <u>+0.05</u>
	Less Than Three Years	Factor [+1.00] <u>+0.95</u>	Factor [+1.35] <u>+1.10</u>	Factor [+0.40] <u>+0.05</u>
Multi-Car	Occasional Operator Licensed For:			
	Less Than One Year	Factor [+1.55] <u>+1.40</u>	Factor [+1.65] <u>+1.35</u>	Factor [+0.15] <u>0.00</u>
	Less Than Two Years	Factor [+0.45] <u>+0.50</u>	Factor [+0.70] <u>+0.60</u>	Factor -0.10
	Less Than Three Years	Factor [+0.05] <u>+0.20</u>	Factor [+0.35] <u>+0.40</u>	Factor -0.10

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	\$230	\$232	\$237	\$23	\$31	\$37	\$54	\$78
120	219	258	307	364	207	209	213	27	36	43	63	91
130	237	280	332	393	220	222	227	30	40	48	70	101
140	322	380	451	535	254	257	262	47	63	75	110	159
150	250	295	350	415	282	285	290	31	41	50	73	105
170	192	227	269	319	240	242	247	24	32	38	56	81
180	249	294	349	413	329	332	339	30	40	48	70	101
190	229	270	321	380	292	295	301	26	35	42	61	88
200	266	314	372	442	269	272	277	35	47	56	82	118
210	222	262	311	369	210	212	216	28	37	45	66	95
220	306	361	428	508	217	219	224	34	45	54	80	115
230	347	409	486	576	224	226	231	37	49	59	87	125
240	282	333	395	468	216	218	222	31	41	50	73	105
250	290	342	406	481	344	347	354	37	49	59	87	125
260	245	289	343	407	257	260	265	31	41	50	73	105
270	180	212	252	299	283	286	291	24	32	38	56	81
280	286	337	400	475	326	329	336	41	55	66	96	139
290	279	329	391	463	300	303	309	36	48	58	84	122
300	182	215	255	302	276	279	284	21	28	34	49	71
310	156	184	218	259	241	243	248	19	25	30	44	64
320	191	225	267	317	215	217	221	22	29	35	51	74
340	272	321	381	452	284	287	293	37	49	59	87	125
350	195	230	273	324	242	244	249	22	29	35	51	74
360	222	262	311	369	234	236	241	27	36	43	63	91
370	253	299	354	420	282	285	290	31	41	50	73	105
380	268	316	375	445	279	282	287	30	40	48	70	101
390	219	258	307	364	315	318	324	24	32	38	56	81
420	401	473	561	666	369	373	380	63	84	101	147	213
440	255	301	357	423	298	301	307	33	44	53	77	112
450	290	342	406	481	289	292	298	30	40	48	70	101
460	215	254	301	357	256	259	264	24	32	38	56	81
470	248	293	347	412	239	241	246	25	33	40	59	85
480	171	202	239	284	206	208	212	20	27	32	47	68
490	164	194	230	272	220	222	227	20	27	32	47	68

Memorandum - North Carolina Personal Auto Manual
Matter underlined is new; matter in brackets [] is deleted.

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	[16%] 15%
500-1249	[25%] 23%
1250-1499	[35%] 33%
1500-up	[45%] 42%