

March 31, 2017

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 March 31, 2017 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 +11.3% for bodily injury, +15.0% for property damage, and +8.9% for medical payments coverages, averaging +13.0% over rates presently in effect. The motorcycle relativities have been adjusted to reflect the change in the private passenger automobile base rates.

In that regard, please find attached base rates that reflect changes in the overall rate level.

The revised rates are to be implemented effective October 1, 2017, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2017. No policy effective prior to October 1, 2017 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, 2017.

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-17-2

Attachments

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

FILED BASE RATES - CEDED OTHER-THAN-CLEAN RISK LIABILITY

<u>Terr Code</u>	<u>\$30,000/60,000 Bodily Injury</u>	<u>\$25,000 Property Damage</u>	<u>\$500 Medical Payments</u>
110	\$203	\$266	\$ 24
120	238	239	30
130	265	253	32
140	353	287	53
150	266	317	34
170	209	270	26
180	270	356	33
190	254	336	31
200	293	313	39
210	234	235	29
220	348	255	36
230	379	254	38
240	355	252	36
250	328	382	42
260	270	297	33
270	204	325	26
280	321	375	44
290	302	345	39
300	204	314	23
310	170	270	21
320	209	246	23
340	299	331	41
350	212	274	24
360	241	265	29
370	285	330	34
380	297	333	33
390	247	363	26
420	463	440	71
440	291	349	38
450	346	345	34
460	242	300	26
470	278	274	27
480	186	236	21
490	180	247	22

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	[15%]11%
500-1249	[23%]17%
1250-1499	[33%]24%
1500-up	[42%]31%