

June 14, 2017

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Private Passenger Automobile and
Motorcycle Insurance Rates – Clean Risks

On June 12, 2017 the North Carolina Reinsurance Facility Board of Governors voted to adopt and file the non-fleet private passenger automobile liability rates and motorcycle relativities as agreed to by the North Carolina Rate Bureau and Commissioner of Insurance by Settlement Agreement and Consent Order dated June 9, 2017. These rates and relativities were previously announced by the Rate Bureau by Circular Letter To All Member Companies A-17-2 dated June 9, 2017. These rates and relativities, which include automobile liability, Uninsured Motorist and Combined Uninsured/Underinsured Motorist Coverages and motorcycle liability relativities apply only to “Clean Risks” ceded to the Reinsurance Facility.

The revision will become 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 pages will be distributed, in the usual fashion, as soon as possible. In the interim, notice of these rates and relativities should be sent as soon as possible to your agents to make them aware of the new rates.

With respect to any 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.

Sincerely,

Andy Montano

Automobile Manager

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