

# NORTH CAROLINA REINSURANCE FACILITY

POST OFFICE BOX 176010  
RALEIGH, NORTH CAROLINA 27619-6010

RAYMOND F. EVANS, JR. CPCU  
General Manager

5401 SIX FORKS ROAD  
RALEIGH, NORTH CAROLINA 27609-4435

TELEPHONE (919) 783-9790  
FACSIMILE (919) 783-0355

ROBERT M. GREER  
Audit Manager

F. TIMOTHY LUCAS  
Automobile Manager

ROBERT M. NEWTON  
Claims Manager

DAVID E. SINK, JR.  
Accounting Manager

August 24, 2001

## CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Eligibility for Cession of Higher  
Coverage Limits

The Commissioner of Insurance has approved the attached new Form NCRF-31 - Certification of Higher Coverage Limits. This new Form is a result of the enactment of House Bill 357 which amends the Reinsurance Facility Statutes to allow cession of liability coverage limits up to \$250/\$500/\$100 and medical payments limits up to \$5,000 when the additional ceding privileges above \$100/\$300/\$50 and medical payments limits of \$2,000 are necessary for the purpose of obtaining or continuing a personal excess liability or personal "umbrella" insurance policy.

A completed Form NCRF-31 is required when the higher limits are necessary to obtain or continue a personal excess liability or personal "umbrella" insurance policy. The initial certification remains in effect for subsequent renewals of the policy as long as the insured remains eligible for the higher coverage limits.

In addition, please find attached changes to the Reinsurance Facility Standard Practice Manual. These changes provide for (1) the cession of the higher coverage limits in cases where they are needed to obtain or continue a personal "umbrella" or personal excess liability policy; (2) the requirement for Certification of Higher Coverage Limits; and (3) the introduction of a new Class Code 5 for those risks that are being ceded at the higher coverage limits.

These changes become effective in accordance with the following Rule of Application:

These changes are applicable to all and new and renewal policies effective October 1, 2001.

For the member companies further information, legislation is currently pending in the North Carolina General Assembly which amends the effective date of this change to January 1, 2002 however, the legislation has not passed the General Assembly and until the legislation is passed the effective date remains October 1, 2001. We will keep you advised as to further developments of the pending legislation through future circular letters as well as updating our website ([www.ncrb.org](http://www.ncrb.org)).

Amended Standard Practice Manual pages will be distributed in the near future.

Please see to it that this circular letter is brought to the attention of all interested personnel in your Company.

Very truly yours,

F. Timothy Lucas

Automobile Manager

FTL:dp

RF-01-8

Enclosures