



NORTH CAROLINA REINSURANCE FACILITY  
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July 3, 2002

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 July 27, 2002 filed with the Commissioner of Insurance rate level increases for bodily injury and property damage liability and medical payments insurance for nonfleet 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 Facility's filing includes average rate level changes of +10.6% for bodily injury, +5.8% for property damage, and +11.0% for medical payments coverages, averaging +8.5% over rates presently in effect. The revised rates are to be implemented effective October 1, 2002, in accordance with the following Rule of Application:

These changes are applicable to all policies effective on or after October 1, 2002. No policy effective prior to October 1, 2002 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, 2002.

The enclosed exhibit sets forth the revised rates for ceded risks other than clean risks effective October 1, 2002. A reprinted Personal Auto Manual Rate Page 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.

Please be aware that the Facility's rate filing adopted by reference certain changes to classification, subclassification and increased limits factors which were filed by the North Carolina Rate Bureau in its private passenger automobile

insurance rate filing dated February 1, 2002. It does not currently appear that these changes will be approved effective October 1, 2002, and the revised rates enclosed herewith do not incorporate the effects of these changes. If and when these changes are approved and implemented, we will provide you revised rates which incorporate those 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.

Sincerely,

F. Timothy Lucas

Automobile Manager

FTL:dp

Enclosure

RF-02-5

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

REVISED BASE RATES - 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
11	\$161	\$180	\$206	\$222	\$200	\$204	\$208	\$17	\$23	\$27	\$40	\$57
13	252	282	323	348	242	247	252	26	35	42	61	88
14	230	258	294	317	246	251	256	24	32	38	56	81
15	265	297	339	366	245	250	255	28	37	45	66	95
16	224	251	287	309	258	263	268	23	31	37	54	78
17	274	307	351	378	248	253	258	29	39	46	68	98
18	203	227	260	280	217	221	226	21	28	34	49	71
24	200	224	256	276	196	200	204	21	28	34	49	71
25	252	282	323	348	263	268	274	26	35	42	61	88
26	335	375	429	462	211	215	219	35	47	56	82	118
31	254	284	325	351	222	226	231	27	36	43	63	91
32	207	232	265	286	209	213	217	22	29	35	51	74
33	247	277	316	341	181	185	188	26	35	42	61	88
40	322	361	412	444	244	249	254	34	45	54	80	115
41	271	304	347	374	239	244	249	28	37	45	66	95
43	251	281	321	346	192	196	200	26	35	42	61	88
47	268	300	343	370	205	209	213	28	37	45	66	95
51	190	213	243	262	222	226	231	20	27	32	47	68
52	267	299	342	368	278	284	289	28	37	45	66	95

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Revised rates excluding effects of changes to classification, subclassification and increased limits factored adopted by reference to North Carolina Rate Bureau Private Passenger Automobile Insurance Rate Filing d