

Ceded Policies:

Is there a way to file cession notices on line or via email?

At this time neither the Facility nor AIPSO accept cession notices online or via email. However, specifications are available to telecommunicate cessions directly to AIPSO. The North Carolina Reinsurance Facility Standard Practice Manual provides limited information on this in section 3. Please contact Tom Pistone at AIPSO 401-946-2310 for instructions on telecommunications.

How do I order paper Cession notices?

You need to contact AIPSO's Mail Order Management Department at 401-942-9799. Please note: As of January 2006, AIPSO will only have limited stock of these on hand. You can also download a Form NCRF-1 Cession notice at <http://www.ncrb.org/ncrf/forms/sec3pg3-6.pdf>.

Is there any Facility rule against ceding a personal automobile policy with an annual term?

No. However, you are required to obtain a Motor Vehicle Report at least annually to be sure the correct SDIP points are assigned.

Do we have to offer liability coverage when a title owner and named insured currently has a North Carolina driver's license that is suspended indefinitely?

The following except from the Facility Standard Practice Manual, Section 1 page 1 (NCGS 58-37-1) defines Eligible Risk for cession to the Facility:

"Eligible Risk" means a person who is a resident of this State who owns a motor vehicle registered or principally garaged in this State or who has a valid driver's license in this State or who is required to file proof of financial responsibility pursuant to Article 9A or 13 of the North Carolina Motor Vehicle Code in order to register his motor vehicle or obtain a driver's license in this State; or a non-resident of this State who owns a motor vehicle registered or principally garaged in this State, or the State and its agencies and cities, counties, towns and municipal corporations in this State and their agencies, provided, however, that no person shall be deemed an eligible risk if timely payment of premium is not tendered or if

there is a valid unsatisfied judgment of record against such person for recovery of amounts due for motor vehicle insurance premiums and such person has not been discharged from paying said judgment, or if such person does not furnish the information necessary to effect insurance.

Please note it says "or" has a valid driver's license, not "and". Since having a valid license is not a requirement, having a suspended license would not exclude someone for coverage, assuming they meet the other criteria. The coverage is actually on the vehicle, not the driver; coverage is also available for policies for vehicles owned by insured's that have never been licensed.

When can my company terminate or non-renew a policy ceded to the Facility and how much notice is required?

Page 3-11 of Section 3, General Rules of the NCRF Standard Practice Manual quotes Section 58-37-50 of Article 37 of the NC General Statute, which specifically defines the conditions under which you can terminate LIABILITY coverage. Please refer to the manual for these details or go to:

<http://www.ncrb.org/ncrf/general%20rules.pdf>

Non-renewal and legal notice issues are both defined in the Personal Auto Policy, which is a contract between the carrier and the insured. There are different periods of notice required for different circumstances. The Facility has no jurisdiction over the Personal Auto Policy.

Can my company cancel a voluntary policy for non-payment and then cede the policy to the Facility?

The Facility Standard Practice Manual, Section 2 states:
"Eligible Risk" means a person who is a resident of North Carolina and who owns a motor vehicle registered or principally garaged in this State or who has a valid driver's license in this State or who is required to file proof of financial responsibility pursuant to Article 9A or 13 of the North Carolina Motor Vehicle Code in order to register his motor vehicle or obtain a driver's license in this State; or a person who is a non-resident of this State and who owns a motor vehicle registered or principally garaged in this State; or the State and its agencies and cities, counties, towns and municipal corporations in this State and their agencies; provided, however, that no person shall be deemed an eligible risk if timely payment of premium is not tendered or if there is a valid unsatisfied judgment of record against such person for recovery of amounts due for motor vehicle insurance premiums and such person has not been discharged from paying such judgment, or if such person does not furnish the information necessary to effect insurance."

If you terminate an insured for non-payment, they are not eligible for cession to the Facility while they have past due premium outstanding.

I am an agent, how do I place an auto liability policy the Facility?

You will need to work through a licensed carrier to obtain coverage for your insured. The Reinsurance Facility is available to all carriers licensed to write Auto Liability in North Carolina for cession of policies to be reinsured. This is an underwriting decision on the part of the carrier to cede a policy to the Facility and is solely at the carrier's option. Unlike an Assigned Risk plan, the Facility has no direct relationship with the agents or insureds and operates completely through the carriers.