

May 13, 2025

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Commercial Auto Manual Rule 20,
Combined Uninsured and Underinsured Motorists Coverages

Summary:

- **Significant updates to the NCRF Commercial Auto Manual, Rule 20, becoming effective on or after July 1, 2025**
- **Updates reflect legislative changes becoming effective July 1, 2025, and the revisions to ISO form CA 21 16 (07 25). Not for CA 21 16 (08 25)**
- **This amendment removes the option for standalone Uninsured Motorist coverage**
- **Please forward this notice to all relevant parties within your organization**

EFFECTIVE DATE – July 1, 2025

To reflect the complex legislative changes effective **July 1, 2025** and ISO's revised CA 21 16 (07 25) endorsement, the North Carolina Reinsurance Facility has filed with the Commissioner of Insurance a revised **Rule 20, COMBINED UNINSURED AND UNDERINSURED MOTORISTS INSURANCE**, in the Commercial Auto Manual. The Facility understands that ISO recently filed another updated CA 21 16 form with an edition date of (08 25). Staff will be working with the Board to determine if this form should be adopted at a future date.

All member companies ceding Commercial Auto business to the NCRF are expected to adopt and implement the new rating rule for **new and renewal ceded business effective on or after July 1, 2025**.

Attached are both the marked-up and clean versions of the rating rule.

While there are numerous changes in the revised Rule 20, please note the following:

- The marked-up version reflects all the changes to the rule (red font indicates deletions and green font captures additions)
- All references to standalone Uninsured Motorists coverage have been removed
- The base rates set forth in this rule will remain at 30/60/25 even after the change to the minimum limits required under North Carolina's Financial Responsibility Act effective for all policies issued or renewed on or after July 1, 2025. Please note that the entire manual is designed to use the current base rates, with mechanisms in place to easily rate higher coverage limits, such as 50/100/50. The Facility's Commercial Auto Manual will be rebased to 50/100/50 limits at a future date, with prior notice and detailed communications sent to member companies well in advance of that change.

Once the updated Rule 20 is added to the electronic manual on our website later this year, the Facility will maintain both the current manual and the updated manual on the website until at least July 2026. By that time, all policies subject to the current version of the rule would have renewed, allowing the Facility to retire the previous version.

The revised rule will become effective July 1, 2025 in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after July 1, 2025. No policy effective prior to July 1, 2025, 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, if applicable, as of the date of such request, but in no event prior to July 1, 2025.

Please ensure this circular letter is brought to the attention of all relevant personnel in your Company.

For any questions regarding this circular letter, please contact Tom Burns at: (919) 719-3033 or tfb@ncrb.org.

Sincerely,

Thomas F. Burns

Director, NCRF Auto Operations

North Carolina Reinsurance Facility

TFB/cch

RF-25-11

Attachments

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Rule 20. COMBINED UNINSURED AND UNDERINSURED MOTORISTS COVERAGE

Use North Carolina Uninsured Motorists Coverage Limits—CA 21 16, which includes, among other things, an exclusion of punitive damages.

For purposes of this Rule, the following definitions apply:

A commercial motor vehicle is defined as (1) any single motor vehicle with a GVWR of at least 26,001 pounds; (2) a combination of motor vehicles that has a combined GVWR of at least 26,001 pounds and includes as part of the combination a towed unit that has a GVWR of at least 10,001 pounds; (3) a combination of motor vehicles that includes a towing unit that has a GVWR of at least 26,001 pounds and a towed unit that has a GVWR of less than 10,001 pounds; (4) a motor vehicle that is designed to transport 16 or more passengers, including the driver; or (5) a motor vehicle transporting hazardous materials and required to be placarded in accordance with 49 C.F.R. Part 172, Subpart F.

A noncommercial motor vehicle is defined as any motor vehicle that is not a commercial motor vehicle as defined above, but that is otherwise subject to the requirements of North Carolina's Motor Vehicle Safety and Financial Responsibility Act of 1953.

For the purpose of determining whether a policy is applicable solely to fleet vehicles, an insurer may rely upon the number of vehicles reported by the insured at the time of issuance of the policy for the policy term in question. In the event of a renewal of the policy, when determining whether a policy is applicable solely to fleet vehicles, the insurer may rely upon the number of vehicles reported by the insured at the time of renewal of the policy for the policy term in question.

NOTE: The minimum limits required by North Carolina's financial responsibility law changed for policies issued or renewed on or after July 1, 2025. The basic limits set forth by this rule do not correspond to the minimum limits required by North Carolina's financial responsibility law for policies issued or renewed on or after July 1, 2025.

~~A. Uninsured Motorists Coverage Only~~

~~1. Owners (Class Code Refer to statistical plan.)~~

~~Bodily injury and property damage uninsured motorists coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.~~

~~EXCEPTIONS:~~

- ~~• This coverage shall not apply when the insured has purchased bodily injury liability limits greater than \$30,000/\$60,000.~~

- ~~• For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, uninsured motorists coverage is not mandatory and will apply only if purchased by the insured.~~

~~Note: For any fleet or nonfleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits not greater than \$30,000/\$60,000, uninsured motorists coverage only is mandatory and shall be afforded.~~

~~a. Basic Limits~~

~~The limits of uninsured motorists bodily injury coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of uninsured motorists bodily injury coverage but in no event shall an insurer be required to sell uninsured motorists bodily injury coverage at limits that exceed \$1,000,000/1,000,000. The limit of uninsured motorists property damage coverage shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000 regardless of whether the highest limits of property damage liability coverage for any one vehicle insured under the policy exceed those limits, and (2) a named insured may purchase lesser limits of uninsured motorists property damage coverage but not less than the property damage liability limits required by North Carolina's financial responsibility law.~~

~~Each time a policy is issued or renewed, the insurer shall notify the named insured as provided in paragraph C of this Rule.~~

~~Basic limits of uninsured motorists coverage are \$30,000/\$60,000 bodily injury and \$25,000 property damage. Uninsured motorists property damage coverage is subject to an exclusion of the first \$100 of damage.~~

~~If provided, this coverage must apply to all autos insured under the policy at the limits determined in this Rule.~~

~~Rate Charge the following for each auto insured under the policy.~~

- ~~(1) Individual or Married Couple (Other than Garage Risks) Per Auto~~

~~Private Passenger Types \$15~~

~~Other than Private Passenger Types 8~~

- ~~(2) Garage Risks~~

~~\$6 for each set of dealer or transporter plates in addition to the premium charged for any separately registered autos~~

- ~~(3) All Others Per Auto~~

~~Private Passenger Types \$13~~

~~Other than Private Passenger Types 6~~

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~~This rate is not subject to modification under the provisions of any rating plan or other Manual rule.~~

~~Punitive damages must be excluded from all policies providing uninsured and/or underinsured motorists coverage. Use Endorsement CA-21-71~~

~~Use North Carolina Uninsured Motorist Coverage Limits CA-21-16.~~

b. Increased Limits

~~Increased limits of uninsured motorists bodily injury coverage may be afforded. Uninsured motorists property damage limits may not exceed the property damage liability limit afforded by the policy.~~

(1) Bodily Injury Liability

~~(a) To compute the premium for limits higher than the basic limits for uninsured motorists coverage only, add the appropriate rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:~~

Additional Charge

BI Limit	PP Types	Other than PP Types
\$ 50/100	\$2	\$1
85/85	3	2
100/200	4	2
100/300	5	2
250/500	7	3
300/300	8	3
500/500	9	4
500/1,000	10	4
1000/1000	11	5
1500/1500	12	6
2000/2000	13	7
2500/2500	14	8
5000/5000	15	9
7500/7500	16	10
10000/10000	17	11
15000/15000	18	12

~~(b) Compute the charges for limits not shown by interpolation.~~

(2) Property Damage Liability

~~(a) To compute the premium for limits higher than the basic limits for uninsured motorists coverage only, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:~~

Additional Charge

PD Limit	PP Types	Other than PP Types
\$ 50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1500	1.08	1.08
2000	1.09	1.09
2500	1.10	1.10
5000	1.11	1.11
7500	1.12	1.12
10000	1.13	1.13
15000	1.14	1.14

~~(b) Compute the charges for limits not shown by interpolation~~

C. Additional Persons

~~Bodily injury uninsured motorists coverage only may be extended to an executive officer, partner, or employee of the named insured at a charge of \$3.08, provided such additional person does not own an automobile.~~

~~The charge for each additional person shall not be subject to modification under the provisions of any rating plan or other Manual rule.~~

2. Uninsured Motorists Insurance for Nonowners (Bodily Injury Only) (Class Code 9900)

~~Uninsured motorists insurance for a limit of \$30,000/\$60,000 bodily injury may be afforded to any person who does not own an auto and who is not afforded such coverage as a named individual under paragraph A.1 of this Rule. Such coverage shall be written for a period of one year or three years at the following rates:~~

RATES

~~The following rates apply to each individual, including the spouse and relatives of either, resident in the same household as the named insured:~~

~~1 Year Policy \$39
3 Year Policy \$61~~

3. Trailers

~~Do not charge an uninsured motorists premium for trailers when power units designed to tow such trailers are insured for uninsured motorists insurance on the same coverage form.~~

B. A. Combined Uninsured/Underinsured Motorists Coverage

Owners—(Class Code—Refer to statistical plan.)

~~Bodily injury and property damage~~ Combined uninsured/underinsured motorists coverage shall be afforded;

- Under every auto liability policy insuring the owner of a **nonfleet, noncommercial motor vehicle** registered or principally garaged in North Carolina.
- Under every fleet or nonfleet auto liability policy insuring both commercial and noncommercial motor vehicles on which a **noncommercial motor vehicle** is registered or principally garaged in North Carolina.

EXCEPTIONS

- ~~This coverage shall not apply when the insured has purchased bodily injury liability limits not greater than \$30,000/\$60,000.~~
- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, combined uninsured/underinsured motorists coverage is not mandatory and will apply only if purchased by the insured.

~~For the purpose of determining whether a policy is applicable solely to fleet vehicles, an insurer may rely upon the number of vehicles reported by the insured at the time of issuance of the policy for the policy term in question. In the event of a renewal of the policy, when determining whether a policy is applicable solely to fleet vehicles, the insurer may rely upon the number of vehicles reported by the insured at the time of renewal of the policy for the policy term in question.~~

Note: ~~For any fleet or nonfleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits greater than 30,000/\$60,000, combined uninsured/underinsured motorists bodily injury coverage and uninsured motorists property damage coverage are mandatory and shall be afforded.~~

1. Limits

The limits of combined uninsured/underinsured motorists bodily injury coverage shall equal the highest limits of liability for bodily injury liability coverage for any one noncommercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000/1,000,000 regardless of whether the highest limits of bodily injury liability coverage for any one motor vehicle insured under the policy exceed those limits; (2) a named insured may purchase greater or lesser limits, ~~except that the limits must exceed~~ but not less than the bodily injury limits

required by North Carolina's financial responsibility law, and in no event shall an insurer be required to sell combined uninsured/underinsured motorists bodily injury coverage at limits that exceed \$1,000,000/1,000,000; and (3) the limits shall be equal to the limits of uninsured motorists bodily injury coverage purchased.

The limit of uninsured motorists property damage coverage sold with combined uninsured/underinsured motorists bodily injury coverage shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000 regardless of whether the highest limits of property damage liability coverage for any one vehicle insured under the policy exceed those limits; and (2) a named insured may purchase lesser limits of uninsured motorists property damage coverage but not less than the property damage liability limits required by North Carolina's financial responsibility law.

The property damage coverage applies only on an uninsured motorists basis and is subject to an exclusion of the first \$100 of damage.

If provided, **combined uninsured/underinsured motorists** coverage must apply to all autos insured under the policy at the limits determined in this Rule.

2. Rates

Basic Limits (30,000/60,000/25,000) Rates for Combined Uninsured/Underinsured Motorists Coverage

Charge the following for each auto or set of dealer or transporter plates insured under the policy.

- **Individual or Married Couple (Other than Garage Risks)-Per Auto**

Private Passenger Types	\$15
Other than Private Passenger Types	\$8
- **Garage Risks**

\$6 for each set of dealer or transporter plates in addition to the premium charged for any separately registered autos
- **All Others-Per Auto**

Private Passenger Types	\$13
Other than Private Passenger Types	\$6

Add the rates shown below to the basic limits rates for **Combined Uninsured/Underinsured Motorists** coverage for each auto or set of dealer or transporter plates insured under the policy.

- a. **Combined Uninsured/Underinsured Motorists Bodily Injury Liability**

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- (1) To compute the premium for limits higher than the basic limits, add the rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

5,000	1.11	1.11
7,500	1.12	1.12
10,000	1.13	1.13
15,000	1.14	1.14

Additional Charge

BI Limit	PP Types	Other than PP Types
\$ 50/100	\$8	\$6
85/85	17	13
100/200	24	18
100/300	26	19
250/500	55	41
300/300	59	44
500/500	73	55
500/1,000	77	58
1,000/1,000	89	67
1,500/1,500	97	73
2,000/2,000	103	78
2,500/2,500	109	82
5,000/5,000	128	96
7,500/7,500	137	103
10,000/10,000	143	108
15,000/15,000	151	111

- (2) Compute the charges for limits not shown by interpolation.

b. Uninsured Motorists Property Damage Liability

- (1) To compute the premium for limits higher than the basic limits, add the rates shown below for each auto or set of dealer or transporter plates to the basic limits premium:

Additional Charge

PD Limit	PP Types	Other than PP Types
\$ 50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10

2. Compute the charges for limits not shown by interpolation.

These total rates are not subject to modification under the provisions of any rating plan or other Manual rule.

3. Trailers

Do not charge an uninsured/underinsured motorist premium for trailers when power units designed to tow such trailers are insured for uninsured/underinsured motorist insurance on the same coverage form.

~~Punitive damages must be excluded from all policies providing uninsured and/or underinsured motorists coverage. Use Endorsement CA 21-74~~

BC. Notice Requirements

Every insurer that sells motor vehicle liability policies shall when insuring nonfleet, noncommercial vehicles shall, when issuing and renewing such a policies, give reasonable notice to the named insured as required in N.C.G.S. 20-279.21(m). ~~of all of the following:~~

- ~~1. The named insured is required to purchase uninsured motorists bodily injury coverage, uninsured motorists property damage coverage, and, if applicable, underinsured motorists bodily injury coverage.~~
- ~~2. The named insured's uninsured motorists bodily injury coverage limits shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for uninsured motorists bodily injury coverage.~~
- ~~3. The named insured's uninsured motorists property damage coverage limits shall be equal to the highest limits of property damage liability coverage for any one vehicle insured under the policy unless the insured elects to purchase lesser limits for uninsured motorists property damage coverage.~~
- ~~4. The named insured's underinsured motorists bodily injury coverage limits, if applicable, shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for underinsured motorists bodily injury coverage.~~
- ~~5. The named insured may purchase uninsured motorists bodily injury coverage and, if applicable, underinsured motorists coverage with limits up to one~~

~~million dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per accident.~~

~~The insurer shall be deemed to have given reasonable notice if it includes, in at least 12 point type, Form NC 03 40-02-10 Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal Declarations page or if it includes, in at least 12 point type, the same language as the language in said form, or substantially similar language, on the policy's original and renewal Declarations page.~~

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NOTE: The minimum limits required by North Carolina's financial responsibility law changed for policies issued or renewed on or after July 1, 2025. The basic limits set forth by this rule do not correspond to the minimum limits required by North Carolina's financial responsibility law for policies issued or renewed on or after July 1, 2025.

A. Combined Uninsured/Underinsured Motorists Coverage

Owners—(Class Code—Refer to statistical plan.)

Combined uninsured/underinsured motorists coverage shall be afforded:

- Under every auto liability policy insuring the owner of a nonfleet, noncommercial motor vehicle registered or principally garaged in North Carolina.
- Under every fleet or nonfleet auto liability policy insuring both commercial and noncommercial motor vehicles on which a noncommercial motor vehicle is registered or principally garaged in North Carolina.

EXCEPTIONS

- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, combined uninsured/underinsured motorists coverage is not mandatory.

1. Limits

The limits of combined uninsured/underinsured motorists bodily injury coverage shall equal the highest limits of liability for bodily injury liability coverage for any one noncommercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000/1,000,000 regardless of whether the highest limits of bodily injury liability coverage for any one motor vehicle insured under the policy exceed those limits; (2) a named insured may purchase greater or lesser limits, but not less than the bodily injury limits required by North Carolina's financial responsibility law, and in no event shall an insurer be required to sell combined uninsured/underinsured motorists bodily injury coverage at limits that exceed \$1,000,000/1,000,000; and (3) the limits shall be equal to the limits of uninsured motorists bodily injury coverage purchased.

The limit of uninsured motorists property damage coverage sold with combined uninsured/underinsured motorists bodily injury coverage shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000 regardless of whether the highest limits of property damage liability coverage for any one vehicle insured under the policy exceed those limits; and (2) a named insured may purchase lesser limits of uninsured motorists property damage coverage but not less than the property damage liability limits required by North Carolina's financial responsibility law.

The property damage coverage applies only on an uninsured motorists basis and is subject to an exclusion of the first \$100 of damage.

If provided, combined uninsured/underinsured motorists coverage must apply to all autos insured under the policy at the limits determined in this Rule.

2. Rates

Basic Limits (30,000/60,000/25,000) Rates for Combined Uninsured/Underinsured Motorists Coverage

Charge the following for each auto or set of dealer or transporter plates insured under the policy.

- Individual or Married Couple (Other than Garage Risks)-Per Auto
 - Private Passenger Types \$15
 - Other than Private Passenger Types \$8

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- Garage Risks
\$6 for each set of dealer or transporter plates in addition to the premium charged for any separately registered autos
- All Others-Per Auto

Private Passenger Types	\$13
Other than Private Passenger Types	\$6

Add the rates shown below to the basic limits rates for Combined Uninsured/Underinsured Motorists coverage for each auto or set of dealer or transporter plates insured under the policy.

- a. Combined Uninsured/Underinsured Motorists Bodily Injury Liability

- (1) To compute the premium for limits higher than the basic limits, add the rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

Additional Charge

BI Limit	PP Types	Other than PP Types
\$ 50/100	\$8	\$6
85/85	17	13
100/200	24	18
100/300	26	19
250/500	55	41
300/300	59	44
500/500	73	55
500/1,000	77	58
1,000/1,000	89	67
1,500/1,500	97	73
2,000/2,000	103	78
2,500/2,500	109	82
5,000/5,000	128	96
7,500/7,500	137	103
10,000/10,000	143	108
15,000/15,000	151	111

- (2) Compute the charges for limits not shown by interpolation.

- b. Uninsured Motorists Property Damage Liability

- (1) To compute the premium for limits higher than the basic limits, add the rates shown below for each auto or set of dealer or transporter plates to the basic limits premium:

Additional Charge

PD Limit	PP Types	Other than PP Types
\$ 50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10
5,000	1.11	1.11
7,500	1.12	1.12
10,000	1.13	1.13
15,000	1.14	1.14

- (2) Compute the charges for limits not shown by interpolation.

These total rates are not subject to modification under the provisions of any rating plan or other Manual rule.

3. Trailers

Do not charge an uninsured/underinsured motorists premium for trailers when power units designed to tow such trailers are insured for uninsured/underinsured motorists insurance on the same coverage form.

B. Notice Requirements

Every insurer that sells motor vehicle liability policies insuring nonfleet, noncommercial vehicles shall, when issuing and renewing such policies, give reasonable notice to the named insured as required in N.C.G.S 20-279.21(m).