

November 15, 2010

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Personal Automobile Manual Revisions

The Commissioner of Insurance has approved on behalf of all members companies of the North Carolina Rate Bureau, a revision to Rule 15 - Certified Risks – Financial Responsibility Laws in the Personal Automobile Manual. This revision is designed to provide member companies a simpler way of rating these types of risks.

Attached is a copy of the revised Rule 15 - Certified Risks – Financial Responsibility Laws.

This change becomes effective in accordance with the following Rule of Application:

This change becomes effective with respect to all new and renewal policies written to become effective on or after April 1, 2011.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachments

A-10-3

Personal Auto Manual

Material ~~struck through~~ is deleted, material underlined is new.

15. CERTIFIED RISKS – FINANCIAL RESPONSIBILITY LAWS

~~For risks not eligible for rating under the Safe Driver Insurance Plan, a surcharge of 35% shall be applied in addition to the surcharge of 50%, 25% or 5% applicable under this Rule.~~

~~For risks rated under the Safe Driver Insurance Plan, the additional charge for each risk shall be \$4 for the period of coverage. The \$4 charge shall not be subject to modification under the provisions of any rating plan or other manual rate.~~

~~A. Surcharges~~

- ~~1. Surcharges apply to Liability coverages only.~~
- ~~2. The appropriate charges shown below shall be applied to the final premium for the affected coverages for the period of time the certificate is required but not more than three years (after 3 years of 5% surcharge applies) as follows:~~
 - ~~a. 50% for driving a motor vehicle while intoxicated, or failing to stop and report when involved in an accident, or homicide or assault arising out of the operation of a motor vehicle.~~
 - ~~b. 25% for driving a motor vehicle at an excessive rate of speed or in a reckless manner, where an injury to person or damage to property actually results there from.~~
 - ~~c. 5% for any reason requiring filing.~~

~~B. Owners~~

- ~~1. If an owner is required to file evidence of financial responsibility for owned autos and for the operation of autos which he does not own, the additional premium shall be computed by applying the proper surcharge to the sum of the premium for the highest rated auto owned by the insured and the total nonownership liability premium, modified in accordance with any applicable rating plan.~~
- ~~2. In all other cases, the additional premium shall be computed by applying the proper surcharge to the premium for the highest rated auto owned by the insured modified in accordance with any applicable rating plan.~~

~~C. Non-Owners~~

- ~~1. If a policy is written to insure a named individual, the additional premium shall be computed by applying the proper surcharge to the premium for the policy.~~
- ~~2. If coverage is provided under a policy which has been extended to cover a named individual in accordance with Rule 17, Extended Non-Owned Liability Coverage, the additional premium shall be computed by applying the proper surcharge to:~~
 - ~~a. The rates for the highest rated auto insured under the policy for the rating territory in which the named individual is located, or~~
 - ~~b. If there is no auto at such location, 170% of the private passenger Base Rates for the territory in which the named individual is located.~~

For risks rated in accordance with the Personal Auto Manual for which the insured requests the company to certify the policy in accordance with financial responsibility laws, a fee of \$25 will be added to the total liability premium. This fee applies per driver and shall be applied each time the company provides such certification. The fee is non-refundable.