

October 5, 2009

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Personal Automobile Manual Revisions

By Circular Letter To All Member Companies dated September 30, 2009, this Bureau notified member companies of revisions to the Uninsured Motorist Coverage (UM) and Combined Uninsured and Underinsured Motorist Coverage (UM/UIM) manual rule in the Personal Auto Manual. It has come to our attention that the rates for these coverages as published in the September 30, 2009 circular do not agree with the rates included in the Rate Bureau circular dated July 16, 2009 that announced the rate revision that becomes effective November 1, 2009. In that regard, please find attached revisions to the UM and UM/UIM manual rule that reflect the correct rates which become effective November 1, 2009.

It has also come to our attention that there was a typographical error in the Form NC 03 40 02 10. In that regard, also please find attached an amended form.

Please see to it that this circular is brought to the attention of the appropriate personnel within your company.

Very truly yours,

Wayne B. Hinton

Automobile Manager

WBH:dms

Attachments

A-09-12

**14. MISCELLANEOUS COVERAGES**

**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 a named insured has purchased a policy with Bodily Injury Liability Coverage limits greater than \$30,000/\$60,000.

Uninsured Motorist Coverage Only is available only if the insured has purchased Bodily Injury Liability limits of \$30,000/60,000. The limits of Uninsured Motorist Bodily Injury Coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of Uninsured Motorist 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 Motorist Property Damage Coverage shall equal the highest limit of liability for Property Damage Liability Coverage for any one 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 Motorist 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 section C. of this Rule.

~~The insurer shall notify the named insured of his right to purchase Uninsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09 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 the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page. The language of such Notice shall be in at least 10 point type regardless of the manner provided.~~

**a. Rates**

The per policy rates for Uninsured Motorists Coverage are as follows:

**B.I. UM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 30/60	\$ 14	\$ 33
50/100	15	35
100/200	17	40
100/300	18	42
300/300	21	50
250/500	22	52
500/500	23	54
500/1,000	25	59
1,000/1,000	26	61

**P.D. UM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

For limits other than those shown, charge the premium for the next higher limit.

\* For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile or other miscellaneous type vehicle.

\* These rates are not subject to modification under the provisions of any rating plan or other manual rule.

**b. Additional Persons**

Bodily Injury Uninsured Motorists Coverage Only may be extended to an executive officer, partner or employee of the named insured provided such additional person does not own an auto.

The charge for each additional person shall be the single car policy rate shown above.

**2. Non-Owners – (Class Code 990000)**

**a.** A Named Non-Owner Liability Policy may be extended to provide Uninsured Motorists Coverage. The annual charge per policy shall be the single car policy rate shown above for the limits of coverage selected.

**b.** Bodily Injury Uninsured Motorists Coverage Only may be afforded to any person who does not own an auto and who is not otherwise afforded Uninsured Motorists Coverage.

Such coverage shall be written for a period of one year or three years. The charge for each person covered shall be the minimum limits single car policy rate multiplied by the following factor:

Policy Term	Factor
One Year	3.50
Three Years	5.50

**B. Combined Uninsured/Underinsured Motorists Coverage**

**1. 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 motor vehicle registered or principally garaged in North Carolina.

**Exceptions**

This coverage shall not apply when a named insured has purchased a policy with Bodily Injury Liability Coverage limits not greater than \$30,000/\$60,000.

The limits of Uninsured/Underinsured Motorist Bodily Injury Coverage shall equal the highest limits of liability for Bodily Injury Liability Coverage for any one 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 vehicle insured under the policy exceed those limits, (2) unless the a named insured may purchases a higher greater or lesser limits, except that the limits must exceed the bodily injury liability limits required by North Carolina's financial responsibility law, and in no event shall an insurer be required to sell combined uninsured/underinsured motorist 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 motorist bodily injury coverage purchased. of Uninsured/Underinsured Motorist Bodily Injury Coverage. The limit of Uninsured/Underinsured Motorist Property Damage Coverage sold with Combined Uninsured/Underinsured Motorist Bodily Injury Coverage, which is available only on an Uninsured Motorists basis, shall equal the highest limit of liability for Property Damage Liability Coverage for any one 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 Motorist 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 section C. of this Rule.

~~The insurer shall notify the named insured of his right to purchase Combined Uninsured/Underinsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09 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 the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page. The language of such Notice shall be in at least 10 point type regardless of the manner provided.~~

**2. Rates**

The per policy rates for Combined Uninsured/Underinsured Motorists Coverage are as follows:

**B.I. UM/UIM Coverage**

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50/100	\$ 25	\$ 59
100/200	44	104
100/300	54	127
300/300	74	175
250/500	87	205
500/500	121	285
500/1,000	136	321
1,000/1,000	153	361

**P.D. UM/UIM Coverage**

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

For limits other than those shown, charge the premium for the next higher limit.

\* For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile or other miscellaneous type vehicle.

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

### C. Notice

Every insurer that sells motor vehicle liability policies shall, when issuing and renewing a policy, give reasonable notice to the named insured of all of the following:

- (1) The named insured is required to purchase uninsured motorist bodily injury coverage, uninsured motorist property damage coverage, and, if applicable, underinsured motorist bodily injury coverage.
- (2) The named insured's uninsured motorist 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 motorist bodily injury coverage.
- (3) The named insured's uninsured motorist 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 motorist property damage coverage.
- (4) The named insured's underinsured motorist 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 motorist bodily injury coverage.
- (5) The named insured may purchase uninsured motorist bodily injury coverage and, if applicable, underinsured motorist 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 notify the named insured of his right to purchase Uninsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed.~~ 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. ~~The language of such Notice shall be in at least 1012 point type regardless of the manner provided.~~

## NOTICE OF RIGHT TO PURCHASE HIGHER LIMITS OF UM/UIM

NOTICE: YOU ARE REQUIRED TO PURCHASE UNINSURED MOTORISTS BODILY INJURY COVERAGE, UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE AND, IN SOME CASES, UNDERINSURED MOTORIST BODILY INJURY COVERAGE. THIS INSURANCE PROTECTS YOU AND YOUR FAMILY AGAINST INJURIES AND PROPERTY DAMAGE CAUSED BY THE NEGLIGENCE OF OTHER DRIVERS WHO MAY HAVE LIMITED OR ONLY MINIMUM COVERAGE OR EVEN NO LIABILITY INSURANCE. YOU MAY PURCHASE UNINSURED MOTORIST 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 OR AT SUCH LESSER LIMITS YOU CHOOSE. YOU CANNOT PURCHASE COVERAGE FOR LESS THAN THE MINIMUM LIMITS FOR THE BODILY INJURY AND PROPERTY DAMAGE COVERAGE THAT ARE REQUIRED FOR YOUR OWN VEHICLE. IF YOU DO NOT CHOOSE A GREATER OR LESSER LIMIT FOR UNINSURED MOTORIST BODILY INJURY COVERAGE, A LESSER LIMIT FOR UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE, AND/OR A GREATER OR LESSER LIMIT FOR UNDERINSURED MOTORIST BODILY INJURY COVERAGE, THEN THE LIMITS FOR THE UNINSURED MOTORISTS BODILY INJURY COVERAGE AND, IF APPLICABLE, THE UNDERINSURED MOTORIST BODILY INJURY COVERAGE WILL BE THE SAME AS THE HIGHEST LIMITS FOR BODILY INJURY LIABILITY COVERAGE FOR ANY ONE OF YOUR OWN VEHICLES INSURED UNDER THE POLICY AND THE LIMITS FOR THE UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE WILL BE THE SAME AS THE HIGHEST LIMITS FOR PROPERTY DAMAGE LIABILITY COVERAGE FOR ANY ONE OF YOUR OWN VEHICLES INSURED UNDER THE POLICY. IF YOU WISH TO PURCHASE UNINSURED MOTORIST AND, IF APPLICABLE, UNDERINSURED MOTORIST COVERAGE AT DIFFERENT LIMITS THAN THE LIMITS FOR YOUR OWN VEHICLE INSURED UNDER THE POLICY, THEN YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING DIFFERENT COVERAGE LIMITS. YOU SHOULD ALSO READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED UNDER UNINSURED AND UNDERINSURED MOTORIST COVERAGES.