



August 20, 2015

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Personal Auto Policy Revisions
Foster Child Named Driver Exclusion

The Commissioner of Insurance has recently approved for optional use by member companies of the North Carolina Rate Bureau, the attached Foster Child Named Driver Exclusion Endorsement NC 03 25 10 15 and corresponding manual rule for the Personal Auto Policy Program.

These changes were filed as a result of Senate Bill 423 which requires the Rate Bureau to develop an optional endorsement which excludes coverage for one or more foster children residing in a foster parent household provided that each foster child excluded, is insured under some other owner's policy or a named non-owner's policy in an amount equal to or greater than the minimum financial responsibility limits.

For your convenience, please find attached, a copy of Foster Child Named Driver Exclusion Endorsement NC 03 25 10 15 and a new Personal Auto Manual Rule 14.M.

These changes are to become effective in accordance with the following Rule of application:

These changes are applicable to all new and renewal policies written to become effective on or after October 1, 2015.

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

Attachment

A-15-5

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FOSTER CHILD NAMED DRIVER EXCLUSION ENDORSEMENT

With respect to the coverage(s) for which the Schedule or Declarations indicate that the Foster Child Named Driver Exclusion applies, the provisions of the policy apply unless modified by the endorsement.

SCHEDULE

The Foster Child Named Driver Exclusion Endorsement applies with respect to the "named excluded driver" and the coverages indicated below or in the Declarations.	
Name of "Named Excluded Driver":	
Coverages To Which This Endorsement Applies:	
This endorsement applies only to those coverages indicated below:	
<input type="checkbox"/>	Liability
<input type="checkbox"/>	Medical Payments
<input type="checkbox"/>	Other than Collision
<input type="checkbox"/>	Collision
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

I. Definitions

The following definition is added:

"Named excluded driver" means your foster child who is shown in the Schedule or in the Declarations as a named excluded driver who is excluded from the coverages indicated in this endorsement.

For Liability Coverage, this Exclusion applies only to the extent that the limit of liability of this policy exceeds the minimum limit required by the financial responsibility law of North Carolina if the "Named Excluded Driver" does not have in force a policy of insurance that provides Liability Coverage in an amount equal to or greater than the minimum limit required by the financial responsibility law of North Carolina.

II. Named Driver Exclusion

With respect to the coverages to which this endorsement applies, we will not pay damages, expenses or loss arising out of the maintenance or use of any auto or trailer by the "named excluded driver" whether or not such maintenance or use was with the express or implied permission of an "insured".

If a Loss Payee is shown in the Declarations, we will provide Collision Coverage or Other Than Collision Coverage for the Loss Payee's interest until 10 days after the date we mail or electronically transmit a notice that this endorsement has been attached to the policy.

PRIVATE PASSENGER AUTO MANUAL

14. MISCELLANEOUS COVERAGES

The following section is added to this rule:

M. Foster Child Named Driver Exclusion

1. Requirements

An insurer may, at the request of the named insured, exclude under a policy of motor vehicle insurance a specific individual from certain coverages when a motor vehicle is operated by the specifically excluded individual. The excluded driver must be a foster child and a resident of the named insured's household and must be in the custody of the named insured. In addition, the foster child must be insured under an in-force policy of automobile insurance which, at a minimum, must provide liability coverage at limits equal to or greater than the minimum limits required by G. S. 20-279.21. This policy of insurance requirement may be satisfied by purchasing a Named Non-Owner Policy or a Personal Auto Policy.

2. Additional Requirements

a. The Foster Child Named Driver Exclusion Endorsement shall remain in effect:

- (1) For the term of the policy; and
- (2) For each renewal, reinstatement, substitute, modified, replacement or amended policy; unless discontinued by the insurer or insured.

b. If a Foster Child Named Driver Exclusion Endorsement is attached to the policy:

- (1) The premiums charged shall not reflect the claim experience, driving record or rating classification of the named excluded driver with respect to the excluded coverage(s).
- (2) The named excluded driver shall not be listed as an operator of any auto covered under the policy.

c. If a loss payee is shown in the policy and Collision Coverage or Other Than Collision Coverage is excluded under the Foster Child Named Driver Exclusion Endorsement, the loss payee shall be sent a notice indicating that the policy contains a named driver exclusion which excludes Collision Coverage or Other Than Collision Coverage.

3. Endorsement

Attach the Foster Child Named Driver Exclusion Endorsement to the policy.