

June 16, 2022

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Personal Auto Policy Program Revisions

The Commissioner of Insurance has recently approved several revisions to the Personal Auto Policy Program, which are filed on behalf of the member companies of the North Carolina Rate Bureau. The changes include revisions to the Personal Automobile Manual rules.

The following Personal Automobile Manual rules have been revised:

- **Rule 3. Premium Determination**

Paragraphs B.1. and B.6. have been revised to reinforce language related to the premium determination for private passenger autos.

- **Rule 4. Classifications**

Paragraph H. Out of State Vehicle has been added to provide information related to rating vehicles garaged out of state for Liability and Medical Payments Coverages.

Paragraph H. Optional Rating Characteristics and Paragraph I. Optional Enhanced Endorsements have been redesignated to *Paragraphs I. and J.*, respectively.

- **Rule 5. Safe Driver Insurance Plan (SDIP)**

Paragraph (8) in the Notes Section of Paragraph B.1.b. was introduced in order to outline when the SDIP surcharge applies to operators with a learner's permit.

Editorial revisions were made to the *Primary Classifications Rating Factors* tables to include reference to the *Use Rating Factor*.

- **Rule 19. Miscellaneous Types**

Paragraph B. Motorcycles, Motorscooters, Motorbikes, Mopeds And Other Similar Motor Vehicles Not Used For Commercial Purposes includes revisions to reinforce language related to the premium determination for motorcycles.

These changes become effective in accordance with the following Rule of Application:

These revisions become effective with respect to all new and renewal policies becoming effective on or after April 1, 2023.

The enclosed exhibits are intended to enable you to implement the approved revisions in accordance with the above Rule of Application. Reprinted manual pages will be distributed in the usual manner as soon as possible.

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

Sincerely,

Andy Montano

Director, Personal Lines

AM:ko
A-22-1
Attachments

North Carolina
Personal Auto Manual

3. PREMIUM DETERMINATION

B. Bodily Injury Liability, Property Damage Liability, Medical Payments, Fire, Theft, Combined Additional Coverage, Comprehensive and Collision premiums are determined as follows:

1. Base Premium Determination

a. Refer to the Classification Rule and Primary Classification Rating Factor tables to determine the applicable Primary Classification, Rating Use Factor and the Single or Multi-Car and Inexperienced Operator Rating Factors and Statistical Codes.

b. Add these rating factors to determine the Combined-Primary Classification Rating Factor applicable to each auto.

c. Multiply the Primary Classification Rating Factor by the increased limits factors/deductible relativities, airbag discount and out of state vehicle surcharge, as applicable, to determine the Combined Rating Factor applicable to each coverage.

d. The base premium for each coverage is determined by multiplying the base rate by the Combined Rating Factor.

6. The premium for each coverage is determined by multiplying the base rate by the Combined Rating Factor to derive the base premium, then adding the Driving Record Surcharge Premium applicable to the coverage for each auto.

North Carolina
Personal Auto Manual

4. CLASSIFICATIONS

H. **Out Of State Vehicle**

A 310% surcharge shall be applied to Liability and Medical Payments Coverages for any "out of state vehicle(s)". For the purpose of this rule, any vehicle which is garaged outside of North Carolina for at least six months in a given year shall be considered an "out of state vehicle". A vehicle shall not be considered an "out of state vehicle" if the principal operator of the vehicle is:

1. A student and resides at an educational institution outside of North Carolina; or
2. An individual in active military service with the armed forces of the United States of America.

H.I. **Optional Rating Characteristics**

I.J. **Optional Enhanced Endorsements**

The remainder of the rule is unchanged.

North Carolina
Personal Auto Manual

5. SAFE DRIVER INSURANCE PLAN (SDIP)

B. Definitions

1. Driving Record Points

b. Accidents

Notes

(8) For a conviction or at-fault accident that occurs while the operator holds only a learner's permit or limited learner's permit, points shall not be assigned until the operator becomes a licensed driver (including limited provisional license or full provisional license) and shall then be assigned for the remainder of the experience period.

PRIMARY CLASSIFICATION RATING FACTORS*

Coverage	<u>Use</u>					
	Pleasure Use	Drive to or from Work		Business Use	TNC Activity**	Farm Use
	(1A)	Less than 10 Miles (1B)	10 or More Miles (1C)	(3)	TNC	(1AF)
B.I., P.D., Med. Pay	1.00	1.05	1.05	1.05	1.20	.75
Collision	1.00	1.15	1.15	1.15	(a)	.75
Comprehensive Fire, Theft, C.A.C.	1.00	1.25	1.25	1.25	(a)	.75

SINGLE OR MULTI-CAR RISKS AND INEXPERIENCED OPERATOR*

Add the following rating factors to the Primary Use Rating Factor:

The remainder of the rule is unchanged.

North Carolina
Personal Auto Manual

19. MISCELLANEOUS TYPES

B. Motorcycles, Motorscooters, Motorbikes, Mopeds And Other Similar Motor Vehicles Not Used For Commercial Purposes

1. With respect to voluntary risks and "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by:

a. ~~Applying the following factors to the applicable voluntary private passenger~~ ~~Bodily Injury, Property Damage and Medical Payments* Coverage rates base premiums to determine the motorcycle base premium for each coverage. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.~~

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage	Medical Payments*
0 – 499	0.12	0.30
500 – 1249	0.19	0.30
1250 – 1499	0.28	0.30
1500 – up	0.36	0.30

b. ~~Determining the Driving Record Surcharge Premium for each coverage by multiplying the motorcycle base premium by the SDIP rating factor, as described in Rule 5.~~

c. ~~Adding the motorcycle base premium and Driving Record Surcharge Premium applicable to each coverage for the motorcycle.~~

~~For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.~~

* **Note:** Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility

2. With respect to other than "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by:

a. ~~Applying the following factors to the applicable ceded private passenger~~ ~~Bodily Injury and Property Damage rates base premiums to determine the motorcycle base premium for each coverage. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14. Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.~~

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage
0 – 499	0.12
500 – 1249	0.19
1250 – 1499	0.28
1500 – up	0.36

b. ~~Determining the Driving Record Surcharge Premium for each coverage by multiplying the motorcycle base premium by the SDIP rating factor, as described in Rule 5.~~

c. ~~Adding the motorcycle base premium and Driving Record Surcharge Premium applicable to each coverage for the motorcycle.~~

~~For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.~~

Note

NORTH CAROLINA
PERSONAL AUTOMOBILE POLICY PROGRAM

Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

The remainder of the rule is unchanged.

**North Carolina
Personal Auto Manual**

3. PREMIUM DETERMINATION

B. Bodily Injury Liability, Property Damage Liability, Medical Payments, Fire, Theft, Combined Additional Coverage, Comprehensive and Collision premiums are determined as follows:

1. Base Premium Determination

- a.** Refer to the Classification Rule and Primary Classification Rating Factor tables to determine the Use Factor and the Single or Multi-Car and Inexperienced Operator Rating Factors.
- b.** Add these rating factors to determine the Primary Classification Rating Factor.
- c.** Multiply the Primary Classification Rating Factor by the increased limits factors/deductible relativities, airbag discount and out of state vehicle surcharge, as applicable, to determine the Combined Rating Factor applicable to each coverage.
- d.** The base premium for each coverage is determined by multiplying the base rate by the Combined Rating Factor.

6. The premium for each coverage is determined by multiplying the base rate by the Combined Rating Factor to derive the base premium, then adding the Driving Record Surcharge Premium applicable to the coverage for each auto.

**North Carolina
Personal Auto Manual**

4. CLASSIFICATIONS

H. Out Of State Vehicle

A 310% surcharge shall be applied to Liability and Medical Payments Coverages for any "out of state vehicle(s)". For the purpose of this rule, any vehicle which is garaged outside of North Carolina for at least six months in a given year shall be considered an "out of state vehicle". A vehicle shall not be considered an "out of state vehicle" if the principal operator of the vehicle is:

1. A student and resides at an educational institution outside of North Carolina; or
2. An individual in active military service with the armed forces of the United States of America.

I. Optional Rating Characteristics

J. Optional Enhanced Endorsements

The remainder of the rule is unchanged.

**North Carolina
Personal Auto Manual**

5. SAFE DRIVER INSURANCE PLAN (SDIP)

B. Definitions

1. Driving Record Points

b. Accidents

Notes

- (8)** For a conviction or at-fault accident that occurs while the operator holds only a learner's permit or limited learner's permit, points shall not be assigned until the operator becomes a licensed driver (including limited provisional license or full provisional license) and shall then be assigned for the remainder of the experience period.

PRIMARY CLASSIFICATION RATING FACTORS*

Coverage	Use					
	Pleasure Use	Drive to or from Work		Business Use	TNC Activity**	Farm Use
	(1A)	Less than 10 Miles (1B)	10 or More Miles (1C)	(3)	TNC	(1AF)
B.I., P.D., Med. Pay	1.00	1.05	1.05	1.05	1.20	.75
Collision	1.00	1.15	1.15	1.15	(a)	.75
Comprehensive Fire, Theft, C.A.C.	1.00	1.25	1.25	1.25	(a)	.75

SINGLE OR MULTI-CAR RISKS AND INEXPERIENCED OPERATOR*

Add the following rating factors to the Use Rating Factor:

The remainder of the rule is unchanged.

**North Carolina
Personal Auto Manual**

19. MISCELLANEOUS TYPES

B. Motorcycles, Motorscooters, Motorbikes, Mopeds And Other Similar Motor Vehicles Not Used For Commercial Purposes

1. With respect to voluntary risks and "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by:
 - a. Applying the following factors to the applicable voluntary private passenger Bodily Injury, Property Damage and Medical Payments* Coverage base premiums to determine the motorcycle base premium for each coverage.

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage	Medical Payments*
0 – 499	0.12	0.30
500 – 1249	0.19	0.30
1250 – 1499	0.28	0.30
1500 – up	0.36	0.30

- b. Determining the Driving Record Surcharge Premium for each coverage by multiplying the motorcycle base premium by the SDIP rating factor, as described in Rule 5.
- c. Adding the motorcycle base premium and Driving Record Surcharge Premium applicable to each coverage for the motorcycle.

For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.

* **Note:** Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility

2. With respect to other than "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by:
 - a. Applying the following factors to the applicable ceded private passenger Bodily Injury and Property Damage base premiums to determine the motorcycle base premium for each coverage.

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage
0 – 499	0.12
500 – 1249	0.19
1250 – 1499	0.28
1500 – up	0.36

- b. Determining the Driving Record Surcharge Premium for each coverage by multiplying the motorcycle base premium by the SDIP rating factor, as described in Rule 5.
- c. Adding the motorcycle base premium and Driving Record Surcharge Premium applicable to each coverage for the motorcycle.

For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.

Note

Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

The remainder of the rule is unchanged.