

NORTH CAROLINA RATE BUREAU

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November 6, 2001

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Senate Bill 729

The General Assembly recently passed Senate Bill 729 (copy attached) amending Article 36 of Chapter 58 of the North Carolina General Statutes to remove motorcycle theft and physical damage insurance from the Rate Bureau's jurisdiction. Motorcycle liability insurance rates and policy forms were not affected and continue to be under the jurisdiction of the Rate Bureau.

Effective January 1, 2002, individual member companies may file rates and policy forms for motorcycle theft and physical damage insurance. Individual company filings are governed by the provisions of Article 40 of Chapter 58 of the North Carolina General Statutes. An individual company policy form may be incorporated as an endorsement to a motorcycle liability policy form issued by the Rate Bureau (see Section 3 of Senate Bill 279).

Rates, rating systems, territories, classifications, and policy forms lawfully in use on January 1, 2002 may continue to be used by member companies thereafter (see Section 6 of Senate Bill 729). Please see to it that this circular is brought to the attention of all interested personnel.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

Enclosures

A-01-5

covering business activities as the primary insurable interest; and marine, general liability, burglary and theft, glass, and animal collision insurance, except when such coverages are written as an integral part of a multiple line insurance policy for which there is an indivisible premium.

(6) Insurance against theft of or physical damage to motorcycles, as defined in G.S. 20-4.01(27)d.

(7) Personal excess liability or personal "umbrella" insurance.

(b) Member companies writing motorcycle liability insurance under this Article and writing insurance against theft of or physical damage to motorcycles under Article 40 of this Chapter may incorporate motorcycle theft and physical damage coverage as an endorsement to the liability policy issued under this Article."

SECTION 4. G.S. 58-37-1(6) reads as rewritten:

"(6) "Motor vehicle" means every self-propelled vehicle that is designed for use upon a highway, including trailers and semitrailers designed for use with such vehicles (except traction engines, road rollers, farm tractors, tractor cranes, power shovels, and well drillers). "Motor vehicle" also means a motorcycle, as defined in G.S. 20-4.01(27)d."

SECTION 5. G.S. 58-40-15 reads as rewritten:

"§ 58-40-15. Scope of application.

The provisions of this Article shall apply to all insurance on risks or on operations in this State, except:

- (1) Reinsurance, other than joint reinsurance to the extent stated in G.S. 58-40-60;
- (2) Any policy of insurance against loss or damage to or legal liability in connection with property located outside this State, or any motor vehicle or aircraft principally garaged and used outside of this State, or any activity wholly carried on outside this State;
- (3) Insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance policies;
- (4) Accident, health, or life insurance;
- (5) Annuities;
- (6) Repealed by Session Laws 1985, c. 666, s. 43.
- (7) Mortgage guaranty insurance;
- (8) Workers' compensation and employers' liability insurance written in connection therewith;
- (9) For private passenger (nonfleet) motor vehicle liability insurance, automobile medical payments insurance, uninsured motorists' coverage and other insurance coverages written in connection with the sale of such liability insurance;
- (10) Theft of or physical damage to ~~nonfleet private passenger (nonfleet)~~ motor vehicles; except this Article applies to insurance against theft of or physical damage to motorcycles, as defined in G.S. 20-4.01(27)d.; and
- (11) Insurance against loss to residential real property with not more than four housing units located in this State or any contents thereof or valuable

loss costs and residual market rate filings for workers' compensation and employers' liability insurance written in connection therewith. This subdivision does not apply to motor vehicles operated under certificates of authority from the Utilities Commission, the Interstate Commerce Commission, or their successor agencies, where insurance or other proof of financial responsibility is required by law or by regulations specifically applicable to such certificated vehicles. ~~The Bureau shall have no jurisdiction over excess workers' compensation insurance for employers qualifying as self-insurers as provided in Article 47 of this Chapter or Article 5 of Chapter 97 of the General Statutes, nor shall the Bureau's jurisdiction include farm buildings, farm dwellings and their appurtenant structures, farm personal property or other coverages written in connection with farm real or personal property, travel or camper trailers designed to be pulled by private passenger motor vehicles, unless insured under policies covering nonfleet private passenger motor vehicles, personal excess liability or personal "umbrella" insurance, mechanical breakdown insurance covering nonfleet private passenger motor vehicles and other incidental coverages written in connection with this insurance, including emergency road service assistance, trip interruption reimbursement, rental car reimbursement, and tire coverage, residential real and personal property insured in multiple line insurance policies covering business activities as the primary insurable interest, and marine, general liability, burglary and theft, glass, and animal collision insurance, except when such coverages are written as an integral part of a multiple line insurance policy for which there is an indivisible premium."~~

SECTION 3. Article 36 of Chapter 58 of the General Statutes is amended by adding a new section to read:
"§ 58-36-3. Limitation of scope; motorcycle endorsements allowed.

- (a) The Bureau has no jurisdiction over:
- (1) Excess workers' compensation insurance for employers qualifying as self-insurers as provided in Article 47 of this Chapter or Article 5 of Chapter 97 of the General Statutes.
 - (2) Farm buildings, farm dwellings, and their appurtenant structures; farm personal property or other coverages written in connection with farm real or personal property.
 - (3) Travel or camper trailers designed to be pulled by private passenger motor vehicles, unless insured under policies covering nonfleet private passenger motor vehicles.
 - (4) Mechanical breakdown insurance covering nonfleet private passenger motor vehicles and other incidental coverages written in connection with this insurance, including emergency road service assistance, trip interruption reimbursement, rental car reimbursement, and tire coverage.
 - (5) Residential real and personal property insured in multiple line insurance policies

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

SESSION LAW 2001-389
SENATE BILL 729

AN ACT TO PROVIDE THAT RATES AND CLASSIFICATIONS FOR MOTORCYCLE THEFT AND PHYSICAL DAMAGE INSURANCE ARE TO BE ESTABLISHED BY THE CARRIERS THAT WRITE THOSE COVERAGES AND NOT BY THE NORTH CAROLINA RATE BUREAU; TO PROVIDE THAT THE RATE BUREAU RETAINS JURISDICTION OVER RATES AND CLASSIFICATIONS FOR MOTORCYCLE LIABILITY INSURANCE; AND TO PROVIDE THAT MOTORCYCLE LIABILITY INSURANCE IS STILL CEDABLE TO THE NORTH CAROLINA MOTOR VEHICLE REINSURANCE FACILITY.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 58-36-1(1) reads as rewritten:

"(1) To assume the functions formerly performed by the North Carolina Fire Insurance Rating Bureau, the North Carolina Automobile Rate Administrative Office, and the Compensation Rating and Inspection Bureau of North Carolina, with regard to the promulgation of rates, for insurance against loss to residential real property with not more than four housing units located in this State and any contents thereof and valuable interest therein and other insurance coverages written in connection with the sale of such property insurance; ~~except as provided in G.S. 58-36-3(a)(6), for theft of and physical damage to nonfleet private passenger (nonfleet) motor vehicles as the same are defined under Article 40 of this Chapter, motor vehicles; for~~ liability insurance for such motor vehicles, automobile medical payments insurance, uninsured motorists coverage and other insurance coverages written in connection with the sale of such liability insurance; and for workers' compensation and employers' liability insurance written in connection therewith except for insurance excluded from the Bureau's jurisdiction in G.S. 58-36-1(3)."

SECTION 2. G.S. 58-36-1(3), as amended by S.L. 2001-236, reads as rewritten:

"(3) The Bureau shall promulgate and propose rates for insurance against loss to residential real property with not more than four housing units located in this State and any contents thereof or valuable interest therein and other insurance coverages written in connection with the sale of such property insurance; for insurance against theft of or physical damage to nonfleet private passenger motor vehicles; for liability insurance for such motor vehicles, automobile medical payments insurance, uninsured and underinsured motorists coverage and other insurance coverages written in connection with the sale of such liability insurance; and, as provided in G.S. 58-36-100, for

interest therein and other insurance coverages written in connection with the sale of such property insurance. Provided, however, that this Article shall apply to insurance against loss to farm dwellings, farm buildings and their appurtenant structures, farm personal property and other coverages written in connection with farm real or personal property; travel or camper trailers designed to be pulled by private passenger motor vehicles unless insured under policies covering nonfleet private passenger motor vehicles; residential real and personal property insured in multiple line insurance policies covering business activities as the primary insurable interest; and marine, general liability, burglary and theft, glass, and animal collision insurance except when such coverages are written as an integral part of a multiple line insurance policy for which there is an indivisible premium.

The provisions of this Article shall not apply to hospital service or medical service corporations, investment companies, mutual benefit associations, or fraternal beneficiary associations."

SECTION 5.1. Beginning on February 1, 2003, and annually thereafter, the Department of Insurance shall report to the President Pro Tempore of the Senate and the Speaker of the House of Representatives on the effectiveness of this act in assuring the provision of insurance coverage to motorcyclists at fair and economical rates.

SECTION 6. This act becomes effective January 1, 2002. Rates, rating systems, territories, classifications, and policy forms lawfully in use on January 1, 2002, may continue to be used thereafter.

In the General Assembly read three times and ratified this the 15th day of August, 2001.

s/ Beverly E. Perdue
President of the Senate

s/ James B. Black
Speaker of the House of

Representatives

s/ Michael F. Easley
Governor

Approved 5:38 p.m. this 26th day of August, 2001