

June 21, 2004

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Uninsured and Uninsured/Underinsured Motorists
Coverages
Selection/Rejection Form NC 01 87 (Ed. 06-04)

The Commissioner of Insurance has approved for use by all member companies of the North Carolina Rate Bureau and the North Carolina Reinsurance Facility a new Uninsured and Uninsured/Underinsured Motorists Coverages Selection/Rejection Form NC 01 87 (Ed. 06-04). This new Form is intended for use as an alternative to the current approved forms, NC 01 85 (Ed. 7-91) and NC 01 86 (Ed. 7-91). These previously approved forms continue to be approved for use in North Carolina. However, attention should be given to the manner in which these forms are used in light of the decision by the North Carolina Court of Appeals in Erie Insurance Exchange v. Miller, 160 N.C. App. 217, 584 S.E.2d 857 (2003).

The language of this new Form NC 01 87, a copy of which is attached, is identical to the language of the current approved form NC 01 85 (Ed. 7-91). The purpose of this new Form is to introduce a form that can be readily reproduced by member companies using current technologies and to provide the companies the flexibility to reproduce the Form in a manner that is consistent with their normal business practices. The language set forth below pertains to the use of this Form but is not required to be printed as part of the form. This language is an explicit part of the approved filing, relative portions of which are attached hereto.

Companies may reproduce or electronically generate this form in a style, manner and format adapted to and for their business operations, so long as the form is printed in a typeface that complies with the Readable Insurance Policies Act (N.C.G.S. §§58-38-1 et seq.). So long as companies comply with these typeface requirements, companies shall be permitted to make changes in font, font style, font size, paper size, paper color and text color. The language of the form shall not be changed or substantively amended by the North Carolina Rate Bureau, without prior approval, except that companies shall be permitted to (1) add explanations of the uninsured and/or combined

uninsured/underinsured motorists coverages, (2) add identification or explanatory information, such as information identifying the company, the agent, the policy or application, the insured or applicant, and/or specific vehicles to which the policy or selection applies, and (3) in lieu of the "Policy/App. Number" entry, insert any other wording consistent with the company's method of operation.

Please note that the Commissioner's approval expressly states that "[t]he approval of this Form has been granted with the understanding that this Form can only be utilized as a stand alone form. Its incorporation into any other form(s) is prohibited."

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

This change becomes effective with respect to policies written on or after June 17, 2004.

Please see to it that this information is brought to the attention all appropriate personnel in your company.

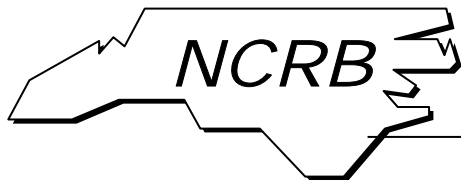
Very Truly Yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

A-04-5



June 10, 2004

Honorable James E. Long
Commissioner of Insurance
North Carolina Department of Insurance
P. O. Box 26387
Raleigh, North Carolina 27611

Attention: Mr. Charles Swindell
Deputy Commissioner
Property & Casualty Division

Re: Uninsured and Uninsured/Underinsured Motorists Coverages
Selection/Rejection Form NC 01 87 (Ed. 06-04)

Dear Sir:

Enclosed herewith for filing on behalf of all member companies of the North Carolina Rate Bureau and the North Carolina Reinsurance Facility is a proposed Uninsured and Uninsured/Underinsured Motorists Coverage Selection/Rejection Form NC 01 87 (Ed. 06-04). This new Form is filed for use on an optional basis in North Carolina and is intended for use as an alternative to the current approved forms, NC 01 85 (Ed. 7-91) and NC 01 86 (Ed. 7-91).

The language of this proposed Form is identical to the language of the current approved form NC 01 85 (Ed. 7-91). The purpose of this filing is to introduce a form that can be readily reproduced by member companies using current technologies and to provide the companies the flexibility to reproduce the Form in a manner that is consistent with their normal business practices. The following language pertains to the use of this Form but is not required to be printed as part of the form:

Companies may reproduce or electronically generate this form in a style, manner and format adapted to and for their business operations, so long as the form is printed in a typeface that complies with the Readable Insurance Policies Act (N.C.G.S. §§58-38-1 et seq.). So long as companies comply with these typeface requirements, companies shall be permitted to make changes in font, font style, font size, paper size, paper color and text color. The language of the form shall not be changed or substantively amended by the North Carolina Rate Bureau, without prior approval, except that companies shall be permitted to (1) add explanations of the uninsured and/or combined uninsured/underinsured motorists coverages, (2) add identification or explanatory information, such as information identifying the company, the agent, the policy or

application, the insured or applicant, and/or specific vehicles to which the policy or selection applies, and (3) in lieu of the "Policy/App. Number" entry, insert any other wording consistent with the company's method of operation.

It is not the purpose or intent of this filing to suggest in any way that the current approved forms or member companies' use of the current approved forms are in any manner unlawful. It has always been our understanding that member companies were allowed to make the types of changes described in the above language when reproducing, generating or otherwise using forms promulgated by the North Carolina Rate Bureau.

It is proposed that this filing become effective immediately upon approval by the Commissioner of Insurance.

Very Truly Yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

Enclosures

SELECTION/REJECTION FORM
UNINSURED MOTORISTS COVERAGE
COMBINED UNINSURED/UNDERINSURED MOTORISTS COVERAGE

Uninsured Motorists Coverage (UM) and Combined Uninsured/Underinsured Motorists Coverage (UM/UIM) and coverage options are available to me. I understand that:

1. the UM and UM/UIM limits shown for vehicles on this policy may not be added together to determine the total amount of coverage provided.
2. UM and UM/UIM bodily injury limits up to \$1,000,000 per person and \$1,000,000 per accident are available.
3. UM property damage limits up to the highest policy property damage liability limits are available. Coverage for property damage is applicable only to damages caused by uninsured motor vehicles.
4. my selection or rejection of coverage below will apply to any renewal, reinstatement, substitute, amended, altered, modified, transfer or replacement policy with this company, or affiliated company, unless a named insured makes a written request to the company to exercise a different option.
5. my selection or rejection of coverage below is valid and binding on all insureds and vehicles under the policy, unless a named insured makes a written request to the company to exercise a different option.

(CHOOSE ONLY ONE OF THE FOLLOWING)

_____ I choose to reject Combined Uninsured/Underinsured Motorists Coverage and select Uninsured Motorists Coverage at limits of:

Bodily Injury _____; Property Damage _____

_____ I choose Combined Uninsured/Underinsured Motorists Coverage at limits of:

Bodily Injury _____; Property Damage _____

_____ I choose to reject both Uninsured and Combined Uninsured/Underinsured Motorists Coverages.

A Named Insured _____ [Policy/
App. Number] _____

Signature _____ Agent _____

Date _____