



May 29, 2026

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: North Carolina Personal Automobile Program Revisions

Summary

- The Commissioner of Insurance (“COI”) approved miscellaneous **rule and form revisions** to the Personal Auto Policy Program that become **effective October 1, 2026**. Key program changes include:
 - The general delivery-of-goods liability exclusion A.5.b. (e.g., newspapers, pizza, magazines) was revised to apply only to policy limits above North Carolina’s minimum financial responsibility limits.
 - Editorial changes
 - Definition updates to align with recent statutory changes
- These rule and form revisions are identical to the liability rule and form revisions announced by the North Carolina Rate Bureau in its [Circular A-26-2](#) on April 1, 2026.

Please forward this notice to all interested parties within your organization.

Purpose of This Circular

This circular provides notice of certain rule and form revisions to the Personal Automobile Policy Program. These revisions apply to all new and renewal policies **becoming effective on or after October 1, 2026**.

Background

The North Carolina Reinsurance Facility (“Facility”) filed miscellaneous rule and form revisions to the Personal Auto Program, which the COI approved. The approved revisions to the Facility’s Personal Auto Program include liability exclusion revisions, editorial changes, and definition updates. The approved revisions are identical to the liability exclusion revisions, editorial changes, and definition updates included in the miscellaneous rule and form revisions announced by the North Carolina Rate Bureau to its Personal Auto Program in its [Circular A-26-2](#) on April 1, 2026. These changes do not generate any rate level adjustments.

Overview of Approved Rule and Form Changes

As a result of ongoing review of the Personal Auto Policy Program, the Facility has revised several rules and forms.

Revised Rules

- Personal Auto Manual Index
- Rule 9 – Changes
- Rule 19 – Miscellaneous Types

Revised Forms

- NC 00 13 07 25 – Amendatory Endorsement
- NC 03 24 07 25 – Low Speed Vehicle and Modified Utility Vehicle Endorsement

Refer to **Exhibit A** for a summary of these changes.

Effective Date and Rule of Application

The Rule of Application for these changes to the North Carolina Personal Automobile Policy Program is as follows:

These changes are applicable to all new and renewal policies becoming effective on or after October 1, 2026.

Enclosures

See the enclosed exhibits in connection with the approved revisions:

- **Exhibit A** – Summary of Personal Automobile Policy Program Rule and Form Changes Applicable to the Facility
- **Exhibit B** – Redlined Personal Automobile Forms Applicable to the Facility
- **Exhibit C** – Redlined Personal Automobile Rules Applicable to the Facility

Reprinted manual pages will be distributed in the usual manner as soon as possible.

Company Responsibilities

Each member company should:

- Review the enclosed revised rules and forms
- Identify any required system or programming changes
- Complete implementation prior to the **October 1, 2026** effective date

Distribution

Please ensure that this circular letter and enclosures are shared with all relevant personnel within your organization.

Sincerely,

Andy Montano

Personal Lines Manager

AM:lad

RF-26-7

Attachments

Auto Rule/Form Summary – Exhibit A

Effective 10/01/2026

Minor Editorial Updates

- Table of Contents
- Rule 9. - Clarification on return premium

Low Speed Vehicles

- Rule 19 – Miscellaneous Types and NC 03 24 07 25 – Low Speed Vehicle and Modified Utility Vehicle Endorsement
- Updated to reflect *N.C.G.S. 20-4.01(27)g*

Auto Repairs Provision

- NC 00 13 07 25 – Amendatory Endorsement
- Updated to reflect N.C.G.S. 58-1-180

Food Delivery Exclusion

- NC 00 13 07 25 – Amendatory Endorsement
- Revised in response to court case
- Policy will allow for liability claim payment up to NC minimum FR limits for delivery of goods

AMENDATORY ENDORSEMENT

This endorsement is a part of your policy. Except for the changes it makes, all other terms of the policy remain the same and apply to this endorsement.

1. DEFINITIONS

A. The definition of **"newly acquired auto"** is amended as follows:

"Newly acquired auto" means any of the following types of vehicles you become the owner of during the policy period:

1. a private passenger auto or station wagon type; or
2. a pickup truck or van that:
 - a. has a Gross Vehicle Weight as specified by the manufacturer of less than 14,000 pounds; and
 - b. is not used for the delivery or transportation of goods and materials unless such use is:
 - (1) incidental to your **business** of installing, maintaining or repairing furnishings or equipment; or
 - (2) for farming or ranching.

Any coverage for a **newly acquired auto** is subject to the following:

1. If a **newly acquired auto** replaces a vehicle shown in the Declarations, it will have the same coverage as the vehicle it replaced except that coverage, if any, under Part D – Coverage For Damage To Your Auto applies only if you ask us to insure it within 30 days after you become the owner.
2. If a **newly acquired auto** is in addition to any shown in the Declarations, it will have the broadest coverage we now provide for any vehicle shown in the Declarations if you ask us to insure it within 30 days after you become the owner.
3. Coverage under this policy terminates for any **newly acquired auto** on the effective date and time of a policy (other than this policy) issued by us or any other company that describes such vehicle on its declarations page.

4. If you ask us to insure a **newly acquired auto** within the applicable specified time period described in 1. or 2. above, any coverage we provide for the **newly acquired auto** begins on the date you become the owner. If you ask us to insure a **newly acquired auto** after the applicable specified time period described above has elapsed, any coverage we provide for the **newly acquired auto** will begin at the time you request the coverage. You must pay us any added amount due for any coverage we provide for a **newly acquired auto**.

B. The definition of **"transportation network platform"** is added:

"Transportation network platform" means an online-enabled application or digital network used to connect passengers with drivers using vehicles for the purpose of providing prearranged transportation services for compensation.

C. The definition of **"delivery network platform"** is added:

"Delivery network platform" means an online-enabled application or digital network, used to connect customers:

1. With drivers; or
2. With local vendors using drivers;

for the purpose of providing prearranged delivery services, including courier services, for compensation. A **delivery network platform** does not include a **transportation network platform**.

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2. Part A – LIABILITY COVERAGE

Part A is amended as follows:

- A. Exclusion A.2. is deleted and replaced by the following:

We do not provide Liability Coverage for any **insured**:

2. For **property damage** to property:

- a. owned in whole or in part by that **insured**; or
- b. being transported by that **insured**;

- B. Exclusion A.5. is deleted and replaced by the following:

We do not provide Liability Coverage for any **insured**:

5. For that **insured's** liability arising out of the ownership or operation of a vehicle while it is being used:

- a. As a public or livery conveyance. This includes but is not limited to any period of time a vehicle is being used by any **insured** who is logged into a:

(1) **Transportation network platform** as a driver, whether or not a passenger is occupying the vehicle.

(2) **Transportation network platform** or **delivery network platform** as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

- b. For the delivery of food, goods, items or products, including but not limited to newspapers and magazines, except as provided in Paragraph a.(2). [This exclusion \(A.5.b.\) 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.](#)

This exclusion (A.5.) does not apply to:

- a. A share-the-expense car pool; or
- b. The ownership or operation of a vehicle while it is being used for volunteer or charitable purposes.

- C. The following Exclusion A.10. is added:

We do not provide Liability Coverage for any **insured**:

10. For the ownership, maintenance or use of **your covered auto** while being used by anyone other than you or any **family member** in exchange for compensation.

- D. The following Exclusion B.3. is added:

We do not provide Liability Coverage for the ownership, maintenance or use of:

3. Any vehicle while participating in any prearranged, organized, or spontaneous:

a. racing contest, speed contest, demolition, stunt activity, or competitive driving event, or in practice or preparation for any such contest or use of this type; or

b. use of a vehicle at a facility designed for racing or high performance driving unless such use is for an activity other than high performance driving, high speed driving, and other than those activities listed in 3.a. above.

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.

- E. The following provision is added following the **Other Insurance** provision:

Appraisal – Diminution in Value

If there is no dispute between the claimant and us regarding the **insured's** liability for the property damage to the claimant's vehicle, but:

a. the claimant and we fail to agree as to the difference in fair market value of the vehicle immediately before the accident and immediately after the accident; and

b. the difference in the claimant's and our estimate of the diminution in fair market value is greater than two thousand dollars (\$2,000) or twenty-five percent (25%) of the fair market retail value of the vehicle prior to the accident as determined by the latest edition of the National Automobile Dealers Association Pricing Guide Book or other publications approved by the Commissioner of Insurance, whichever is less; then

on the written demand of either the claimant or us, the dispute regarding the amount of the diminution in value shall be determined by appraisal in accordance with G.S. 20-279.21(d1).

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3. Part B – MEDICAL PAYMENTS COVERAGE

A. Exclusion 1. is deleted and replaced by the following:

We do not provide Medical Payments Coverage for any **insured** for **bodily injury**:

1. Sustained while occupying **your covered auto** when it is being used:

a. As a public or livery conveyance. This includes but is not limited to any period of time your **covered auto** is being used by any **insured** who is logged into a:

(1) **Transportation network platform** as a driver, whether or not a passenger is occupying the vehicle.

(2) **Transportation network platform or delivery network platform** as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

b. For the delivery of food, goods, items or products, including but not limited to newspapers and magazines, except as provided in Paragraph a.(2).

This exclusion (1.) does not apply:

a. To a share-the-expense car pool; or

b. While **your covered auto** is being used for volunteer or charitable purposes.

B. The following Exclusions 12. and 13. are added:

We do not provide Medical Payments Coverage for any **insured** for **bodily injury**:

12. Sustained while **occupying** any vehicle participating in any prearranged, organized, or spontaneous:

a. racing contest, speed contest, demolition, stunt activity, or competitive driving event, or in practice or preparation for any such contest or use of this type; or

b. use of a vehicle at a facility designed for racing or high performance driving unless such use is for an activity other than high performance driving, high speed driving, and other than those activities listed in 12.a. above.

13. Sustained while **occupying**, or when struck by, **your covered auto** while being used by anyone other than you or any **family member** in exchange for compensation.

4. Part C1 – UNINSURED MOTORISTS COVERAGE

Part C1 is deleted.

5. Part C2 – COMBINED UNINSURED/UNDER-INSURED MOTORISTS COVERAGE

Part C2 is amended as follows:

For purposes of this Policy, Combined Uninsured/Underinsured Motorists Coverage refers to Combined Uninsured/Underinsured Motorists Bodily Injury Coverage and Uninsured Motorists Property Damage Coverage.

A. The definition of **underinsured motor vehicle** is replaced by the following:

Underinsured motor vehicle means a land motor vehicle or trailer of any type:

1. The ownership, maintenance or use of which is insured or bonded for liability at the time of accident; and

2. The sum of the limits of liability under all **bodily injury** liability bonds and insurance policies applicable at the time of the accident is equal to or greater than the minimum limit specified by the financial responsibility law of North Carolina and:

a. is less than the total damages sustained by an individual seeking payment of benefits under this coverage; or

b. the total limit of liability available has been exhausted by payment to more than one individual and the total amount actually paid to an individual seeking payment of benefits under this coverage from the exhaustion of the total limit of liability available is less than the total damages sustained by that individual.

However, **underinsured motor vehicle** does not include any vehicle or equipment:

1. Operated on rails or crawler treads.

2. Which is a farm-type tractor or other vehicle designed for use principally off public roads and while not upon public roads.

3. While located for use as a residence or premises.

4. Which is an **uninsured motor vehicle**.

5. Which is insured under Liability Coverage of this policy if such policy's limit of liability for Combined Uninsured/Underinsured Motorists Bodily Injury Coverage is equal to or less than its limit of liability for Liability Coverage.

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B. Exclusion A.2. Is deleted and replaced by the following:

We do not provide coverage for **property damage** or **bodily injury** caused by an uninsured motor vehicle and sustained by any **insured**:

2. When **your covered auto** is being used:

a. As a public or livery conveyance. This includes but is not limited to any period of time **your covered auto** is being used by any **insured** who is logged into a:

(1) **Transportation network platform** as a driver, whether or not a passenger is occupying the vehicle.

(2) **Transportation network platform** or **delivery network platform** as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

b. For the delivery of food, goods, items or products, including but not limited to newspapers and magazines, except as provided in Paragraph a.(2).

This exclusion (A.2.) does not apply:

a. To a share-the-expense car pool; or

b. When **your covered auto** is being used for volunteer or charitable purposes.

C. The following Exclusion A.8. is added:

We do not provide coverage for **property damage** or **bodily injury** caused by an uninsured motor vehicle and sustained by any **insured**:

8. When **your covered auto** is being used by anyone other than you or any **family member** in exchange for compensation.

D. Exclusion C.2. is deleted and replaced by the following:

We do not provide coverage for **bodily injury** caused by an **underinsured motor vehicle** and sustained by any **insured**:

2. When **your covered auto** is being used:

a. As a public or livery conveyance. This includes but is not limited to any period of time **your covered auto** is being used by any **insured** who is logged into a:

(1) **Transportation network platform** as a driver, whether or not a passenger is occupying the vehicle.

(2) **Transportation network platform** or **delivery network platform** as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.

This exclusion (2.a.) does not apply to a share-the-expense car pool.

b. For the delivery of food, goods, items or products, including but not limited to newspapers and magazines, except as provided in Paragraph a.(2).

This exclusion (C.2.) does not apply:

a. To a share-the-expense car pool; or

b. When **your covered auto** is being used for volunteer or charitable purposes.

E. The following Exclusion C.6. is added:

We do not provide coverage for **bodily injury** caused by an **underinsured motor vehicle** and sustained by any **insured**:

6. While **occupying**, or when struck by, **your covered auto** while being used by anyone other than you or any **family member** in exchange for compensation.

F. The **Limit of Liability** is deleted and replaced by the following:

LIMIT OF LIABILITY

1. The limit of bodily injury liability shown in the [Schedule or] Declarations for each person for Combined Uninsured/Underinsured Motorists Bodily Injury Coverage is our maximum limit of liability for all damages for **bodily injury**, including damages for care, loss of services or death, sustained by any one person in any one auto accident.

Subject to this limit for each person, the limit of bodily injury liability shown in the [Schedule or] Declarations for each accident for Combined Uninsured/Underinsured Motorists Bodily Injury Coverage is our maximum limit of liability for all damages for **bodily injury** resulting from any one accident. The limit of property damage liability shown in the [Schedule or] Declarations for each accident for Uninsured Motorists Property Damage Coverage is our maximum limit of liability for all damages for **property damage** caused by an **uninsured motor vehicle** and resulting from any one accident.

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This is the most we will pay for **bodily injury** and **property damage** regardless of the number of:

- a. **Insureds**;
 - b. Claims made;
 - c. Vehicles or premiums shown in the Declarations; or
 - d. Vehicles involved in the accident.
2. The most we will pay for **bodily injury** damages to an **insured** under this coverage is the lesser of:
- a. the limit of bodily injury liability shown in the [Schedule or] Declarations for each person for this coverage; or
 - b. the damages sustained by the **insured** for **bodily injury** reduced by all sums paid or payable because of the **bodily injury** under any workers' compensation law. However, this reduction does not apply to the extent that an employer's lien is required to be paid under North Carolina's workers' compensation law.
- However, if the underinsured motor vehicle is insured under Liability Coverage of this policy, the most we will pay for bodily injury damages to an insured under this coverage is that amount of underinsured motorists bodily injury coverage under this policy which exceeds this policy's bodily injury liability limits.
3. No payment will be made under this coverage for loss paid or payable to the **insured** under Part D or any policy of property insurance.
 4. Any payment to any person under this coverage will reduce any amount that person is entitled to recover for the same elements of loss under Part A.
 5. This coverage is excess over and shall not duplicate any amount paid or payable under Part B.
 6. No individual will be entitled to receive duplicate payments for the same elements of loss under this coverage and Part A. of this Policy.

7. We will not make a duplicate payment under this coverage for any element of loss for which payment has been made by or on behalf of persons or organizations who may be legally responsible.
8. We will not pay for any element of loss if a person is entitled to receive payment for the same element of loss under any disability benefits or similar law.

G. The **Arbitration** provision is deleted and replaced by the following:

ARBITRATION

1. If we and an **insured** do not agree:
 - a. Whether that **insured** is legally entitled to recover compensatory damages from the owner or operator of an **uninsured motor vehicle** or **underinsured motor vehicle**; or
 - b. As to the amount of such compensatory damages;then the matter may be arbitrated. Both parties must agree to arbitration.

For purposes of an:

- (1) Uninsured Motorists Coverage claim, if an **insured** files a lawsuit against us or an owner or operator of an **uninsured motor vehicle** seeking damages that are the subject of the claim for Uninsured Motorists Coverage under this policy, the **insured** shall have the right to request arbitration only if such lawsuit is filed within the time limit required by the laws of the state where the accident occurred for filing a lawsuit against the owner or operator of the **uninsured motor vehicle** for the damages arising out of the accident and only if the **insured** gives us a written request for arbitration within thirty (30) days after the filing of such lawsuit.

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- (2) Underinsured Motorists Coverage claim, if an **insured** files a lawsuit against an owner or operator of an **underinsured motor vehicle** seeking damages that are the subject of the claim for Underinsured Motorists Coverage under this policy, the **insured** shall have the right to request arbitration only if the **insured** gives us a written request for arbitration within thirty (30) days after the later of:
 - (a) The date we advance payment to the **insured** in an amount equal to a tentative settlement between the **insured** and the owner or operator of the **underinsured motor vehicle**;
 - (b) The date any applicable liability bonds or policies have been exhausted by payments of judgments or settlements; or
 - (c) The date the **insured** files a lawsuit against an owner or operator of an **underinsured motor vehicle** seeking damages that are the subject of the claim for Underinsured Motorists Coverage under this policy, provided that such lawsuit is filed within the time limit required by the laws of the state where the accident occurred for filing a lawsuit against the owner or operator of the **underinsured motor vehicle** for the damages arising out of the accident.
 - 2. The following procedures will be used:
 - a. Each party will select a competent arbitrator. The two so selected will select a third competent and disinterested arbitrator.
 - b. If the third arbitrator is not selected within 30 days, the **insured** or we may request a judge of a court of record to name one. The court must be in the county and state in which arbitration is pending.
 - c. Each party will pay its chosen arbitrator. Each will pay half of all other expenses of arbitration. Fees to lawyers and expert witnesses are not considered arbitration expenses and are to be paid by the party hiring these persons.
 - d. Unless the **insured** and we agree otherwise, arbitration will take place in the county and state in which the **insured** lives. Arbitration will be subject to the usual rules of procedure and evidence in such county and state. The arbitrators will resolve the issues. A written decision on which two arbitrators agree will be binding on the **insured** and us.
 - e. Judgment upon award may be entered in any proper court.
 - f. As an alternative, the **insured** and we may agree to arbitrate by rules other than stated above.
- 6. PART D – COVERAGE FOR DAMAGE TO YOUR AUTO**
- Part D is amended as follows:
- A. The lead-in paragraph of the **Transportation Expenses** provision is replaced by the following:

In addition, we will pay, without application of a deductible, up to \$30 per day, to a maximum of a \$900, for:
 - B. Exclusion 1. Is replaced by the following:

We will not pay for:

 - 1. Loss to **your covered auto** or any **non-owned auto** which occurs while it is being used:
 - a. As a public or livery conveyance. This includes but is not limited to any period of time **your covered auto** or any **non-owned auto** is being used by any person who is logged into a:
 - (1) **Transportation network platform** as a driver, whether or not a passenger is occupying the vehicle.
 - (2) **Transportation network platform** or **delivery network platform** as a driver to provide delivery services, including courier services, whether or not the food, goods, items or products to be delivered are in the vehicle.
 - b. For the delivery of food, goods, items or products, including but not limited to newspapers and magazines, except as provided in Paragraph a.(2).

This exclusion (1.) does not apply:

 - a. To a share-the-expense car pool; or
 - b. While **your covered auto** or any **non-owned auto** is being used for volunteer or charitable purposes.

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C. Exclusion 9. is changed by deleting the following:

This exclusion does not apply to the interests of Loss Payees in **your covered auto**.

D. The following Exclusions 14, 15, and 16 are added:

We will not pay for:

14. Loss to **your covered auto** or any **non-owned auto** while participating in any prearranged, organized, or spontaneous:

a. racing contest, speed contest, demolition, stunt activity, or competitive driving event, or in practice or preparation for any such contest or use of this type; or

b. use of a vehicle at a facility designed for racing or high performance driving unless such use is for an activity other than high performance driving, high speed driving, and other than those activities listed in 14.a. above.

15. Loss to **your covered auto** which occurs while being used by anyone other than you or any **family member** in exchange for compensation.

16. Loss arising out of any act committed:

a. by or at the direction of you or any **family member**; and

b. with the intent to cause a loss.

7. Part E – DUTIES AFTER AN ACCIDENT OR LOSS – FILING A CLAIM

Part E is amended as follows:

A. The lead-in paragraph of the **Additional Duties For Uninsured And Combined Uninsured/Underinsured Motorists Coverage** provision is replaced by the following:

A person seeking Combined Uninsured/Underinsured Motorists Bodily Injury Coverage or Uninsured Motorists Property Damage Coverage must also:

B. Paragraph 3. of the **Additional Duties For Coverage For Damage To Your Auto** provision is replaced by the following:

3. Permit us to inspect and appraise the damaged property, including but not limited to any damaged glass or windshield, before its repair, replacement or disposal.

8. Part F – GENERAL PROVISIONS

Part F is amended as follows:

A. Paragraph A of the **Our Right To Recover Payment** provision is replaced by the following:

A. If we make a payment under this policy and the person to or for whom payment was made has a right to recover damages from another, we shall be subrogated to that right. That person shall do:

1. Whatever is necessary to enable us to exercise our rights; and

2. Nothing after loss to prejudice them.

However, our rights under this paragraph do not apply to:

a. Part B;

b. Part C2, as those parts contain separate provisions which state our right to recover payment under those Parts;

c. Part D, against any person using **your covered auto** with a reasonable belief that that person is entitled to do so.

B. The **Cancellation** provision is amended as follows:

1. Paragraphs 2 and 3 are replaced by the following:

2. We may cancel the Liability, Medical Payments, Combined Uninsured/Underinsured Motorists Bodily Injury and Uninsured Motorists Property Damage Coverages by mailing by first class mail to the named insured shown in the Declarations at the last known address:

a. at least 15 days notice if cancellation is for nonpayment of premium; or

b. at least 60 days notice in all other cases.

3. We may cancel any coverage other than Liability, Medical Payments, Combined Uninsured/Underinsured Motorists Bodily Injury and Uninsured Motorists Property Damage Coverages by mailing to the named insured shown in the Declarations at the last known address 10 days notice.

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2. The lead-in to paragraph 4 is replaced by the following:
 4. We will cancel the Liability, Medical Payments, Combined Uninsured/Underinsured Motorists Bodily Injury and Uninsured Motorists Property Damage Coverages only for the following reasons:
3. The following is added to paragraph 4 of the **Cancellation** provision:
 - g. The named **insured** is no longer an eligible risk under G.S. 58-37-1.
 - h. Any other reason permitted by the North Carolina General Statutes.
- C. **Nonrenewal** provision is deleted and replaced by the following:

Nonrenewal. If we decide not to renew or continue the Liability, Medical Payments, Combined Uninsured/Underinsured Motorists Bodily Injury and Uninsured Motorists Property Damage Coverages of this policy we will mail notice to the named insured shown in the Declarations at the last known address. Notice will be mailed at least 60 days before the end of the policy period. If we decide not to renew or continue any other coverage, we will mail the notice at least 10 days before the end of the policy period. We will refuse to renew or continue this policy only as permitted by the laws of North Carolina.
- D. **Other Termination Provisions** is deleted and replaced by the following:
 1. If the law in effect in North Carolina at the time this policy is issued, renewed or continued:
 - a. requires a longer notice period;
 - b. requires a special form of or procedure for giving notice;
 - c. modifies any of the stated termination reasons; or;
 - d. adds any additional termination reasons; we will comply with those requirements and this policy shall be deemed amended to include any such change in the law.
 2. Proof of mailing of any notice shall be sufficient proof of notice.
3. If the named **insured** or a premium finance company cancels this policy, the premium owed or premium refund due will be calculated according to the short rate provisions contained in our manuals. If we cancel this policy, any premium owed or premium refund will be calculated on a pro-rata basis. However, making or offering to make the refund is not a condition of cancellation.
4. The effective date of cancellation stated in the notice shall become the end of the policy period.
- E. The following is added to the **Transfer Of Your Interest In This Policy** provision:

The benefits of this Policy that may be available to you following a covered loss may not be assigned unless:

 1. All duties listed under the **Additional Duties For Damage To Your Auto** provision in Part E – **Duties After An Accident Or Loss – Filing A Claim** are performed by a person seeking coverage;
 2. An inspection of the damage has been conducted by an adjuster authorized by us, or we give our consent; and
 3. Any Assignee receiving a benefit under this Policy assigned under this provision for damage to **your covered auto** is subject to all duties and conditions under the policy. This includes the Appraisal Clause under Part D - **Coverage For Damage To Your Auto** to resolve disagreements on the amount of loss.
- F. The **Auto Repairs** provision is deleted and replaced by the following:

AUTO REPAIRS

We shall not recommend the use of a particular motor vehicle repair service without clearly informing the claimant that:

 1. the claimant is under no obligation to use the recommended repair service;
 2. the claimant may use the repair service of the claimant's choice;
 3. the amount determined by us to be payable under the policy will be paid regardless of whether or not the claimant uses the recommended repair service; and
 4. we or our representative have, at the time the recommendation is made, a financial interest in the recommended motor vehicle repair service.

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Vehicle	Coverages	Limit Of Liability		Premium
1.	Uninsured/Underinsured Motorists Bodily Injury	\$	Each Person	INCL
		\$	Each Accident	
2.	Uninsured Motorists Property Damage	\$	Each Accident	INCL
		\$	Each Person	
3.	Uninsured/Underinsured Motorists Bodily Injury	\$	Each Person	INCL
		\$	Each Accident	
3.	Uninsured Motorists Property Damage	\$	Each Accident	INCL
		\$	Each Person	
Collision				
1.		\$	Less \$ Deductible	\$
2.		\$	Less \$ Deductible	\$
3.		\$	Less \$ Deductible	\$
Other Than Collision				
1.		\$	Less \$ Deductible	\$
2.		\$	Less \$ Deductible	\$
3.		\$	Less \$ Deductible	\$
Total Premium				\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

With respect to the **low speed vehicle** or **modified utility vehicle** and coverages described in the Schedule or in the Declarations, the provisions of the Policy apply unless modified by this endorsement.

I. Definitions

A. For the purpose of the coverage provided by this endorsement:

1. **Low speed vehicle** means a four-wheeled ~~electric~~ vehicle that is either electrically powered or propelled by a gasoline engine, whose top speed is greater than 20 miles per hour but less than 25 miles per hour.
2. **Modified utility vehicle** means a four-wheeled vehicle that:
 - a. Is manufactured or upfitted by a licensed manufacturer, dealer, or person or business otherwise engaged in vehicle manufacturing or modification for off-road use; and

- b. Has an overall length of 110 inches or greater, an overall width of 58 inches or greater, an overall height of 60 inches or greater, a maximum speed capability of 40 miles per hour or greater, and does not require an operator or passenger to straddle a seat.

B. The definition of **your covered auto** is replaced by the following:

Your covered auto means:

1. Any **low speed vehicle** or **modified utility vehicle** shown in the Schedule or in the Declarations.
2. A **newly acquired auto**.
3. Any **trailer** you own.

4. Any **low speed vehicle, modified utility vehicle, auto or trailer** not owned by you while used as a temporary substitute for any other vehicle described in this definition which is out of normal use because of its:
 - a. breakdown;
 - b. repair;
 - c. servicing;
 - d. loss; or
 - e. destruction.

This provision (4.) does not apply to Coverage for Damage to Your Auto.

- C. The first paragraph of the definition of **newly acquired auto** is replaced by the following:

"Newly acquired auto" means any of the following types of vehicles you become the owner of during the policy period:

1. a private passenger auto or station wagon type;
2. a pickup truck or van that:
 - a. has a Gross Vehicle Weight as specified by the manufacturer of less than 14,000 pounds; and
 - b. is not used for the delivery or transportation of goods and materials unless such use is:
 - (1) incidental to your **business** of installing, maintaining or repairing furnishings or equipment; or
 - (2) for farming or ranching; or
3. any **low speed vehicle** or **modified utility vehicle**.

II. Liability Coverage

- A. The definition of **insured** is replaced by the following:

Insured means:

1. You or any **family member** for the ownership, maintenance or use of **your covered auto**.
2. Any person using **your covered auto**.
3. For **your covered auto**, any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.

III. Part D – Coverage For Damage To Your Auto

The following is added to the definition of **non-owned auto**:

3. Any **low speed vehicle** or **modified utility vehicle** you do not own while used as a temporary substitute for **your covered auto** which is out of normal use because of its:
 - a. breakdown;
 - b. repair;
 - c. servicing;
 - d. loss; or
 - e. destruction.

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9. CHANGES

- A. In the following circumstances the premium shall be computed using the rates and rules in effect at the inception of the policy or at the time the change is made:
1. If an auto or form of coverage is added during the term of a policy and the additional insurance is written to expire concurrently with the original insurance, the premium for such additional insurance shall be computed pro rata;
 2. If coverage is transferred during the policy term from one auto to another, the premium shall be computed pro rata; or
 3. If the liability limits or deductible amounts are changed during the policy period.

If the policy has been written for less than one year on a short rate basis, the premium for the additional insurance shall be pro rata of the short rate charge for the policy period.

If an auto or form of coverage that was cancelled from a policy at the request of the insured is reinstated within 30 days, the premium shall be the same as the amount that was returned at the time of cancellation.

- B. If an auto is transferred from one rating territory to another or if an auto is temporarily transferred from one rating territory to another for a period of not less than 30 consecutive days, the premium for the balance of the policy period may be adjusted by endorsement at the time the change is made. The company shall charge on a pro rata basis the rate or rates for the territories in which the auto is garaged during the remainder of the policy period. The premium adjustment shall be made on the basis of the rates and rules in effect at the inception of the policy or at the time the change is made.
- C. With respect to the above described election of using the rates in effect at the inception of the policy or at the time the change is made in determining adjustments to premiums, a company's election shall be applied consistently by the company and shall not be made on a policy by policy basis.

D. Premium Adjustment:

1. With respect to all of the above except [Paragraph A.3.](#), if an outstanding policy is amended and results in a premium adjustment of \$2 or less, the amount:
 - a. May be waived, or
 - b. May be made subject to a minimum of \$2,
except that the actual return premium shall be returned at the request of the insured.
2. Minimum premium of \$2 applies if an insured requests the following during the policy period:
 - a. Additional coverage,
 - b. An increase in the limits of liability,
 - c. A reduced deductible.
3. Companies need not refund a return premium of less than \$2 if the insured requests the following:
 - a. Cancellation of coverage,
 - b. Reduction in limits of liability,
 - c. Increase in deductible,
except that the actual return premium shall be returned at the request of the insured.
4. If the limits of liability are increased because of a change in the limits prescribed under any financial responsibility law, the additional premium charge shall be the actual difference in premium charges. If \$2 or less, it may be charged or waived.
5. With respect to all of the above except [Paragraph A.3.](#), if an outstanding policy is amended and results in a premium adjustment:
 - a. Within 30 days prior to the expiration of a six-month policy period, or
 - b. Within 60 days prior to the expiration of a policy period longer than six months,
companies need not charge or refund a premium, except that actual refunds shall be made at the request of the insured.

19. MISCELLANEOUS TYPES

G. Low Speed Vehicles And Modified Utility Vehicles

1. Description

a. Low Speed Vehicles

A low speed vehicle is a four-wheel ~~electric~~-vehicle that is either electrically powered or propelled by a gasoline engine, whose top speed is greater than 20 miles per hour but less than 25 miles per hour.

b. Modified Utility Vehicles

Modified Utility Vehicle is a four-wheeled motor vehicle that:

- (1) Is manufactured or upfitted by a licensed manufacturer, dealer, or person or business otherwise engaged in vehicle manufacturing or modification for off-road use with equipment required by G.S. 20-121.1(2a) except a vehicle identification number; and
- (2) Has an overall length of 110 inches or greater, an overall width of 58 inches or greater, an overall height of 60 inches or greater, a maximum speed capability of 40 miles per hour or greater, and does not require an operator or passenger to straddle a seat.

Modified utility vehicle does not include an all-terrain vehicle, golf cart, or utility vehicle, as defined in G.S. 20-4.01, or a riding lawn mower.

2. Rating

a. Liability Coverage

Charge 25% of the premium resulting from classifying and rating as a private passenger auto.

b. Medical Payments/PIP Coverage

Charge 35% of the premium resulting from classifying and rating as a private passenger auto.

c. Combined Uninsured/Underinsured Motorists Bodily Injury Coverage and Uninsured Motorists Property Damage Coverage

Charge the applicable private passenger premium shown in Rule 14.

d. Comprehensive And Collision Coverages

(1) Comprehensive

Charge 65% of the premium resulting from classifying and rating as a private passenger auto using a Symbol derived from the low speed vehicle's or modified utility vehicle's model year and Price New.

(2) Collision

Charge 55% of the premium resulting from classifying and rating as a private passenger auto using a Symbol derived from the low speed vehicle's or modified utility vehicle's model year and Price New.

3. Endorsement

Attach Low Speed Vehicle And Modified Utility Vehicle Endorsement **NC 03 24**.

The remainder of the rule is unchanged.

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