

August 22, 2018

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Personal Auto Manual Revision
Safe Driver Insurance Plan (SDIP)

The Commissioner of Insurance has recently approved revisions to the Personal Auto Manual Rule 5. – Safe Driver Insurance Plan (SDIP) for use by member companies of the North Carolina Reinsurance Facility.

This revision was filed to comply with the provisions of House Bill 382 which requires companies to obtain records of convictions for moving traffic violations prior to the sale of a new automobile insurance policy.

Please find attached a copy of the revised manual Rule 5.B1.a. - Safe Driver Insurance Plan.

For your reference we have also provided you the updated law:

Section 4.9.(a) of G.S. 58-36-65(e) is written as follows:

"(e) Records of convictions for moving traffic violations to be considered under this section shall be obtained at least annually from the Division of Motor Vehicles and applied by the Bureau's member companies in accordance with rules to be established by the Bureau. Prior to the sale of a new policy of motor vehicle insurance, records of convictions for moving traffic violations shall be obtained in accordance with rules established by the Bureau. Such rules shall permit a reasonable period for underwriting review following the binding of coverage in the event access to such records of convictions are unavailable at the time of sale or the applicant has provided incorrect or incomplete data necessary to access such records of convictions."

Section 4.9.(b) This section becomes effective January 1, 2019, and applies to policies issued, renewed, or amended on or after that date.

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

This revision is applicable to all new and renewal policies written to become effective on or after January 1, 2019.

The enclosed exhibit is 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. In the meantime, notice of the changes should be sent as soon as possible to your company's North Carolina agents to make them aware of the revisions.

The descriptions in this circular of the statutory changes in House Bill 382 are not intended as legal advice. Please consult your legal counsel regarding these changes.

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

Sincerely,

Andy Montana

Automobile Manager

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Attachment
RF-18-13

5. SAFE DRIVER INSURANCE PLAN (SDIP) (Cont'd)

B. Definitions

1. Driving Record Points

a. Convictions

Records of convictions for moving traffic violations to be considered under this Plan shall be obtained at least annually from the Division of Motor Vehicles (or other governmental entity responsible for maintaining such records) for the applicant and any currently resident operator. For a policy of new business, records of such convictions shall be obtained prior to the sale of the policy.

Exception:

If the records required by this rule for a policy of new business are not available at the time of sale of the policy, or if the applicant for the policy has provided incorrect or incomplete data necessary to access such records, the insurer shall obtain such records and perform an underwriting review within a reasonable period following the binding of coverage.

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