

August 19, 2024

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: NCRF Compliance Audits

On April 1, 2023, several revisions to the Personal Auto Policy Program that had been approved by the Commissioner of Insurance became effective. The NCRF circular letter [RF-22-8](#), published on June 16, 2022, provided details on the approved revisions to the Personal Automobile Manual rules. (The NCRB circular letter [A-22-1](#) issued on the same date likewise published those revisions.)

Based on preliminary audit results from the NCRF compliance team, it appears that some member companies may not be correctly rating private passenger auto policies in accordance with the revisions that were published in the above-referenced Facility circular, specifically with respect to *Rule 3. Premium Determination*. Member companies are directed by the Board of Governors to review the rule changes published in NCRF circular letter RF-22-8, including specifically the changes to *Rule 3. Premium Determination* (reprinted below) to ensure compliance. Further, member companies are directed by the Board of Governors to make any necessary updates to their rate order calculation, bearing in mind that these rule revisions were applicable to all new and renewal policies becoming effective on or after April 1, 2023.

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.

Please see to it that this Circular is brought to the attention of all interested personnel in your company. Any questions regarding this circular letter should be directed to Andy Montano at (919) 582-1021 or email afm@ncrb.org.

Sincerely,

Andy Montano

Automobile Manager