

June 9, 2025

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Private Passenger Automobile and Motorcycle Insurance Rates – Clean Risks

Summary:

- **Revised Clean Risk Private Passenger Automobile and Motorcycle Insurance Rates effective 10/1/25 in connection with the Rate Bureau’s February 3, 2025, automobile insurance rate filing**
- **Revised Class Plan Factors, including expansion of the Inexperienced Operator Surcharge Period to 8 years**
- **Revised Rule 4.F for Inexperienced Operators based on legislative changes provided by S.L. 2023-133 and S.L. 2024-29**
- **Note: Revisions to Rule 5. SDIP reflecting legislative changes required by S.L. 2023-133 and S.L. 2024-29 are forthcoming after further anticipated legislative action**
- **Please forward this notice to all interested parties within your organization**

The North Carolina Reinsurance Facility has adopted and filed rate level changes for non-fleet private passenger automobiles and motorcycles for clean risks ceded to the Facility. The Facility’s filing includes (1) revised clean risk rates; (2) revised class plan factors; (3) miscellaneous rate, rule, and coverage changes; and (4) rule revisions necessitated by S.L 2023-133 and S.L 2024-29, all as a result of the approval of those items by the Commissioner of Insurance in a Settlement Agreement and Consent Order dated June 6, 2025 in connection with the North Carolina Rate Bureau’s February 3, 2025, automobile insurance rate filing. (Note that the items approved in that Settlement Agreement and Consent Order were announced for the voluntary market by the North Carolina Rate Bureau by Circular Letter To All Member Companies A-25-3 dated June 6, 2025.)

For “clean risks” ceded to the Reinsurance Facility (as defined in G.S. 58-37-35(l)), the filing includes (1) an overall +9.0% average rate level change for liability insurance for non-fleet private passenger automobiles, with +1.8% for bodily injury, +14.0% for property damage, +0.0% for medical payments, +20.3 % for uninsured motorists, and +14.7% for underinsured motorists coverages; (2) an average rate level change for motorcycle liability coverages of -16.3%; (3) revised class plan factors; (4) miscellaneous rate, rule, and coverage changes; and (5) rule revisions necessitated by S.L 2023-133 and S.L 2024-29. The revised rates, rating factors, and rules are set forth on the attached exhibits and become effective on October 1, 2025.

- Exhibit 1 (2 pages) –Revised base rates for liability by territory, and revised per policy rates for combined uninsured/underinsured motorists coverage.

- Exhibit 2 (1 page) – Revised motorcycle relativities in Rule 19.B.
- Exhibit 3 (1 page) – Revised inexperienced operator class factors, including the expansion of the inexperienced operator surcharge period to 8 years as provided by S.L. 2023-133 and S.L. 2024-29.
- Exhibit 4 (1 page) – Revised Rule 4.F for Inexperienced Operators, as a result of S.L. 2023-133 and S.L. 2024-29.

CHANGES TO BE IMPLEMENTED OCTOBER 1, 2025

These revisions will become effective October 1, 2025, in accordance with the following Rule of Application:

These changes are applicable to all new and renewal policies becoming effective on or after October 1, 2025. No policy effective prior to October 1, 2025, shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to October 1, 2025.

With respect to any rate differential for ceded business, your attention is directed to G.S. 58-37-25(b) which provides in part as follows:

Each insurer will provide the same type of service to ceded business that it provides for its voluntary market. Records provided to agents and brokers will include an indication that the business is ceded. When an insurer cedes a policy or renewal thereof to the Facility and the Facility premium for such policy is higher than the premium that the insurer would normally charge for such policy if retained by the insurer, the policyholder will be informed that (i) his policy is ceded, (ii) the coverages are written at the Facility rate, which rate differential must be specified, (iii) the reason or reasons for the cession to the Facility, (iv) the specific reason or reasons for the cession to the Facility will be provided upon the written request of the policyholder to the insurer, and (v) the policyholder may seek insurance through other insurers who may elect not to cede his policy.

Please note that there remain pending revisions to Rule 5. SDIP necessitated by S.L. 2023-133 and S.L. 2024-29. These forthcoming revisions include (1) revised language pertaining to the experience period and the surcharge period for certain convictions for which four or more SDIP points are assigned; (2) revised language on operation of the waiver provision for convictions of speeding 10 mph or less over the posted speed limit; and (3) revised language on operation of the waiver provision for prayers for judgment continued (PJC)s. These revisions are dependent on further legislative action, which is anticipated soon. Note further that these remaining Rule 5. SDIP revisions are anticipated to become effective on July 1, 2025, and they will be distributed as soon as they are available.

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 via email to afm@ncrb.org.

Sincerely,

Andy Montano

Automobile Manager

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Attachment

RF-25-14

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

APPROVED BASE RATES - LIABILITY

<u>Terr</u> <u>Code</u>	<u>\$50,000/100,000</u> <u>Bodily Injury</u>	<u>\$50,000</u> <u>Property Damage</u>	<u>\$500</u> <u>Medical Payments</u>
110	\$213	\$302	\$13
120	256	297	17
130	286	316	19
140	400	358	26
150	342	392	21
170	212	314	17
180	260	367	21
190	231	375	15
200	303	381	22
210	226	268	18
220	330	309	22
230	408	336	25
240	347	329	21
250	365	434	27
260	286	371	21
270	219	370	15
280	332	448	24
290	295	400	19
300	202	358	14
310	182	314	12
320	215	307	13
340	340	426	23
350	243	337	16
360	273	344	19
370	303	399	21
380	339	427	22
390	264	407	17
420	471	515	38
440	333	429	26
450	382	445	25
460	236	370	17
470	287	372	18
480	176	285	12
490	175	315	14

14. MISCELLANEOUS COVERAGES(Cont'd)

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

1.a.

1.b. Rates

The per policy rates for Combined Uninsured/Underinsured Motorists Bodily Injury Coverage are as follows:

	B.I. UM/UIM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50/100	\$ [55] <u>64</u>	\$ [136] <u>158</u>
100/200	[84] <u>97</u>	[207] <u>240</u>
100/300	[87] <u>101</u>	[215] <u>249</u>
250/500	[142] <u>164</u>	[351] <u>405</u>
300/300	[150] <u>174</u>	[371] <u>430</u>
500/500	[175] <u>202</u>	[432] <u>499</u>
500/1,000	[181] <u>209</u>	[447] <u>516</u>
1,000/1,000	[226] <u>261</u>	[558] <u>645</u>

The per policy rates for Uninsured Motorists Property Damage Coverage sold with Combined Uninsured/Underinsured Motorist Bodily Injury Coverage are as follows:

	P.D. UM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50,000	[3] <u>4</u>	[7] <u>10</u>
100,000	[4] <u>5</u>	[10] <u>12</u>
250,000	[6] <u>7</u>	[15] <u>17</u>
500,000	[8] <u>9</u>	[20] <u>22</u>
750,000	[10] <u>12</u>	[25] <u>30</u>
1,000,000	[11] <u>13</u>	[27] <u>32</u>

For limits other than those shown, charge the premium for the next higher limit.

*For the purposes of this rule, the term vehicle includes a private passenger auto, low speed vehicle, modified utility vehicle, motorcycle, golf cart, or other miscellaneous type vehicle.

These rates are not subject to modification under the provisions of any rating plan or other manual rule.

19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes.

Liability Coverages Only.

With respect to voluntary risks and "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable voluntary private passenger bodily injury, property damage, and medical payments rates. For Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage	Medical Payments*
0-499	[0.10]0.08	[0.35]0.29
500-1249	[0.17]0.13	[0.35]0.29
1250-1499	[0.25]0.19	[0.35]0.29
1500-up	[0.32]0.25	[0.35]0.29

*Note: Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

(Remainder of rule is unchanged.)

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE

INEXPERIENCED OPERATOR SURCHARGES
INCLUDING NEW CATEGORIES UP TO 8 YEARS DRIVING EXPERIENCE

Approved Surcharges - Single Car

<u>Operator*</u>	<u>Liability Coverages</u>	<u>Collision Coverage</u>	<u>Comprehensive Coverage</u>
Principal < 1 year driving	2.50	2.10	0.20
Occasional <1 year driving	1.50	1.00	0.10
Principal < 2 years driving	1.40	1.20	0.20
Occasional <2 years driving	0.75	0.60	0.00
Principal < 3 years driving	1.05	0.90	0.20
Occasional < 3 years driving	0.60	0.40	0.00
Principal < 4 years driving	0.85	0.70	0.15
Occasional < 4 years driving	0.50	0.30	0.00
Principal < 5 years driving	0.65	0.50	0.15
Occasional < 5 years driving	0.40	0.20	0.00
Principal < 6 years driving	0.50	0.30	0.10
Occasional < 6 years driving	0.30	0.10	0.00
Principal < 7 years driving	0.30	0.20	0.10
Occasional < 7 years driving	0.20	0.00	0.00
Principal < 8 years driving	0.20	0.10	0.00
Occasional < 8 years driving	0.10	0.00	0.00

Approved Surcharges - Multi-Car

<u>Operator*</u>	<u>Liability Coverages</u>	<u>Collision Coverage</u>	<u>Comprehensive Coverage</u>
Principal < 1 year driving	2.15	1.75	0.10
Occasional <1 year driving	1.15	0.65	0.00
Principal < 2 years driving	1.05	0.85	0.10
Occasional <2 years driving	0.40	0.25	-0.10
Principal < 3 years driving	0.70	0.55	0.10
Occasional < 3 years driving	0.25	0.05	-0.10
Principal < 4 years driving	0.50	0.35	0.05
Occasional < 4 years driving	0.15	-0.05	-0.10
Principal < 5 years driving	0.30	0.15	0.05
Occasional < 5 years driving	0.05	-0.15	-0.10
Principal < 6 years driving	0.15	-0.05	0.00
Occasional < 6 years driving	-0.05	-0.25	-0.10
Principal < 7 years driving	-0.05	-0.15	0.00
Occasional < 7 years driving	-0.15	-0.35	-0.10
Principal < 8 years driving	-0.15	-0.25	-0.10
Occasional < 8 years driving	-0.25	-0.35	-0.10

* Shaded Categories are new.

4. CLASSIFICATIONS

The provisions of this rule apply separately to the premiums for Bodily Injury and Property Damage Liability, Medical Payments, Fire, Theft, Combined Additional Coverage, Comprehensive and Collision Coverages.

F. Inexperienced Operator

~~LIABILITY, MEDICAL PAYMENTS AND COLLISION~~

1. The appropriate Inexperienced Operator Surcharge shall be applied for each owner or resident operator of the auto who has less than three years driving experience as a licensed driver. However, for insureds receiving a drivers license for the first time on or after July 1, 2025, the appropriate Inexperienced Operator Surcharge shall be applied for each owner or resident operator of the auto who has less than eight years' driving experience as a licensed driver. ~~Such~~ The appropriate Inexperienced Operator sSurcharge applies regardless of whether the owner or resident operator is a licensed driver; however, such surcharge does not apply to one who holds a learner's permit.

Note: The relevant experience is "driving experience as a licensed driver". An owner or resident operator does not accumulate any driving experience as a licensed driver while that person does not have a driver's license or while that person holds a learner's permit.

- a. The insurer shall obtain a verifiable motor vehicle record on each owner or resident operator from the Division of Motor Vehicles or from the governmental entity responsible for maintaining drivers' license records and shall determine the number of years of driving experience as a licensed driver for each owner or resident operator of the auto from such motor vehicle records to the extent possible.
- b. If a verifiable motor vehicle record obtained by the insurer does not show conclusively the number of years of driving experience for each owner or resident operator of the auto, the insurer may determine the number of years of driving experience as a licensed driver based upon information provided by the applicant.
- c. If a verifiable motor vehicle record cannot be obtained from the Division of Motor Vehicles or from the governmental entity responsible for maintaining drivers' license records, then the owner or resident operator shall be rated as inexperienced.

Exception: If the insurer is unable to obtain a verifiable motor vehicle record because such records are no longer available and the owner or resident operator has a drivers' license that continues to be valid by virtue of a military extension, then the insurer may determine the number of years of driving experience as a licensed driver based upon information provided by the applicant.

Insurers shall maintain in their files ~~for at least three years from the inception of the policy~~ the information upon which the number of years driving experience was determined.

Only driving experience in the United States of America, Canada or Puerto Rico may be used to determine the number of years of driving experience as a licensed driver.

The appropriate Inexperienced Operator sSurcharge shall not be applied for more than three years for drivers licensed for the first time prior to July 1, 2025; however, for drivers licensed for the first time on or after July 1, 2025, such surcharge shall not be applied for more than eight years ~~regardless of policy term or effective date.~~

INEXPERIENCED OPERATOR SCENARIOS		
<u>Date First Licensed</u>	<u>Surcharge Trigger</u>	<u>Period of Inexperienced Operator Surcharge</u>
<u>Prior to July 1, 2025</u>	<u>Inexperienced Operator</u>	<u>Three years beginning on the date first licensed</u>
<u>July 1, 2025, and after</u>	<u>Inexperienced Operator</u>	<u>Eight years beginning on the date first licensed</u>

Table 4.F.1.

2. If there are two or more autos in the same household as the applicant, the inexperienced operator rates shall be applied separately to the number of autos equal to the number of inexperienced operators. Inexperienced operator rates shall not be used in rating such autos in excess of the number of inexperienced operators.

The inexperienced operator surcharge(s) shall be applied to the auto(s) which the inexperienced operator principally operates. In the case of an occasional operator, the surcharge shall be applied to the auto most frequently operated by the inexperienced operator.
