



July 2, 2004

CIRCULAR LETTER TO ALL MEMBER COMPANIES
VIA-E-MAIL

Re: Revised Private Passenger Automobile
Insurance Rates - North Carolina

On behalf of its member companies, the North Carolina Reinsurance Facility on July 1, 2004 filed with the Commissioner of Insurance rate level changes for bodily injury and property damage liability and medical payments insurance for nonfleet private passenger automobiles ceded to the Reinsurance Facility. The filed rates apply only to ceded risks other than "clean risks" as defined in G. S. 58-37-35(1).

The Facility's filing includes average rate level changes of +11.6% for bodily injury, +5.9% for property damage, and +26.1% for medical payments coverages, averaging +10.0% over rates presently in effect. The revised rates are to be implemented effective October 1, 2004, in accordance with the following Rule of Application:

These changes are applicable to all policies effective on or after October 1, 2004. No policy effective prior to October 1, 2004 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, 2004.

The enclosed exhibit sets forth the revised rates for ceded risks other than "clean risks" effective October 1, 2004. A reprinted Personal Auto Manual Rate Page will be distributed in the usual fashion, as soon as possible. In the meantime, notice of these changes should be sent to your Company's North Carolina agents to make them aware of the changes.

With respect to the 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.

Sincerely,

F. Timothy Lucas

Automobile Manager

FTL:dp

Enclosure

RF-04-5

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

PROPOSED BASE RATES - CEDED LIABILITY

<u>Terr Code</u>	<u>\$30,000/60,000 Bodily Injury</u>	<u>\$25,000 Property Damage</u>	<u>\$500 Medical Payments</u>
11	\$176	\$200	\$21
13	279	246	33
14	265	244	31
15	298	244	35
16	244	250	29
17	306	243	36
18	227	219	27
24	216	192	26
25	267	244	32
26	357	205	42
31	269	216	32
32	219	201	26
33	267	176	32
40	344	237	41
41	282	229	33
43	247	177	29
47	266	193	31
51	215	226	25
52	295	268	35