

December 15, 2008

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Bodily Injury and Property Damage  
Liability and Uninsured Motorists (UM) and  
Underinsured Motorist (UIM) Increased Limits -  
Commercial Auto Policy Program

The Commissioner of Insurance has approved revisions to the bodily injury and property damage liability increased limits and the increased limits of the Uninsured and Underinsured Motorist Coverage in the Commercial Auto Manual which was filed on behalf of member companies of the North Carolina Reinsurance Facility. These revisions provide expansion of the liability increased limits table as well as comply with House Bill 738 which amends N.C. Gen. Stat. § 20-279.21 to make UM/UIM mandatory coverages on certain policies.

In that regard, please find attached new bodily injury and property damage liability increased limits and increased limits of the Uninsured and Underinsured Motorist Coverage.

These changes become effective in accordance with the following Rule of Application:

These changes become effective with respect to all new and renewal policies effective on or after January 1, 2009.

Please see to it that these changes are brought to the attention to all interested personnel in your Company.

Very truly yours,

F. Timothy Lucas

Automobile Manager

FTL:dms

RF-08-24

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

A. Bodily Injury

BODILY INJURY FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
100/500	55	1.62	1.78	1.86	1.94	1.65
300/300	64	1.79	1.98	2.12	2.21	1.81
250/500	61	1.86	2.09	2.24	2.34	1.88
400/400	68	1.94	2.20	2.36	2.49	1.97
500/500	68	2.07	2.37	2.58	2.72	2.10
750/750	73	2.35	2.74	3.01	3.20	2.39
1000/1000	73	2.56	3.04	3.39	3.61	2.62
1500/1500	74	2.90	3.54	3.99	4.25	2.96
2000/2000	75	3.19	3.95	4.50	4.80	3.25
2500/2500	76	3.40	4.30	4.94	5.27	3.50
5000/5000	79	4.26	5.60	6.59	7.07	4.38
<u>7500/7500</u>		<u>4.82</u>	<u>6.51</u>	<u>7.75</u>	<u>8.33</u>	<u>4.95</u>
<u>10000/10000</u>		<u>5.15</u>	<u>7.10</u>	<u>8.50</u>	<u>9.15</u>	<u>5.30</u>
<u>12500/12500</u>		<u>5.34</u>	<u>7.46</u>	<u>8.95</u>	<u>9.64</u>	<u>5.48</u>
<u>15000/15000</u>		<u>5.43</u>	<u>7.65</u>	<u>9.19</u>	<u>9.91</u>	<u>5.58</u>

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

B. Property Damage

PROPERTY DAMAGE FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
65	9	1.05	1.05	1.05	1.06	1.05
100	10	1.06	1.06	1.06	1.07	1.06
300	14	1.08	1.09	1.10	1.11	1.08
400	15	1.09	1.10	1.11	1.13	1.09
500	16	1.10	1.11	1.12	1.14	1.10
750	17	1.11	1.13	1.14	1.16	1.12
1000	18	1.12	1.14	1.15	1.17	1.13
1500	19	1.13	1.15	1.16	1.19	1.14
2000	20	1.14	1.16	1.17	1.20	1.15
2500	21	1.15	1.17	1.18	1.21	1.16
5000	23	1.16	1.18	1.20	1.24	1.17
<u>7500</u>		<u>1.17</u>	<u>1.19</u>	<u>1.22</u>	<u>1.26</u>	<u>1.18</u>
<u>10000</u>		<u>1.18</u>	<u>1.20</u>	<u>1.23</u>	<u>1.27</u>	<u>1.19</u>
<u>12500</u>		<u>1.19</u>	<u>1.21</u>	<u>1.24</u>	<u>1.28</u>	<u>1.20</u>
<u>15000</u>		<u>1.20</u>	<u>1.22</u>	<u>1.25</u>	<u>1.29</u>	<u>1.21</u>

Material underlined is new

## **Rule 26 UNINSURED AND UNDERINSURED MOTORISTS INSURANCE**

For purposes of this rule, the following definitions apply:

A commercial motor vehicle is defined as: (1) any single motor vehicle with a GVWR of at least 26,001 pounds; (2) a combination of motor vehicles that has a combined GVWR of at least 26,001 pounds and includes as part of the combination a towed unit that has a GVWR of at least 10,001 pounds; (3) a combination of motor vehicles that includes a towing unit that has a GVWR of at least 26,001 pounds and a towed unit that has a GVWR of less than 10,001 pounds; (4) a motor vehicle that is designed to transport 16 or more passengers, including the driver; or (5) a motor vehicle transporting hazardous materials and required to be placarded in accordance with 49 C.F.R. Part 172, Subpart F.

A noncommercial motor vehicle is defined as any motor vehicle that is not a commercial motor vehicle as defined above, but that is otherwise subject to the requirements of North Carolina's Motor Vehicle Safety and Financial Responsibility Act of 1953.

### **A. Uninsured Motorists Coverage Only**

#### 1. Owners—(Class Code—Refer to Statistical Plan)

Bodily injury and property damage uninsured motorists coverage shall be afforded under every automobile liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

#### EXCEPTIONS—

- This coverage shall not apply when the insured has purchased bodily injury liability limits greater than \$30,000/\$60,000.
- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, uninsured motorist coverage is not mandatory and will apply only if purchased by the insured.

NOTE: For any fleet or non-fleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits not greater than \$30,000/\$60,000, Uninsured Motorists Coverage Only is mandatory and shall be afforded.

#### a. Basic Limits

The limits of uninsured motorist bodily injury coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of uninsured motorist bodily injury coverage. The limit of uninsured motorist property damage coverage shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy.

Basic limits of uninsured motorists coverage are \$30,000/60,000 bodily injury and \$25,000 property damage. Uninsured motorists property damage coverage is subject to an exclusion of the first \$100 of damage.

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this rule.

Rate—Charge the following for each auto insured under the policy.

#### (1) Individual or Married Couple (Other than Garage Risks)—Per Auto

Private Passenger Types	\$15
Other than Private Passenger Types	8

#### (2) Garage Risks

\$6 for each set of dealer or transporter plates in addition to the premium charged for any separately registered autos.

#### (3) All Others—Per Auto

Private Passenger Types	\$13
Other than Private Passenger Types	6

This rate is not subject to modification under the provisions of any rating plan or other Manual rule.

#### b. Increased Limits

Material underlined is new

Increased limits of uninsured motorists bodily injury coverage may be afforded. Uninsured motorists property damage limits may not exceed the property damage liability limit afforded by the policy.

(1) Bodily Injury Liability

- (a) To compute the premium for limits higher than the basic limits for Uninsured Motorists Coverage Only, add the appropriate rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

BI Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50/100	\$ 2	\$1
85/85	3	2
100/200	4	2
100/300	5	2
250/500	7	3
300/300	8	3
500/500	9	4
500/1,000	10	4
1,000/1,000	11	5
<u>1,500/1500</u>	<u>12</u>	<u>6</u>
<u>2,000/2000</u>	<u>13</u>	<u>7</u>
<u>2,500/2500</u>	<u>14</u>	<u>8</u>
<u>5,000/5000</u>	<u>15</u>	<u>9</u>
<u>7,500/7500</u>	<u>16</u>	<u>10</u>
<u>10,000/10000</u>	<u>17</u>	<u>11</u>
<u>15,000/15000</u>	<u>18</u>	<u>12</u>

- (b) Compute the charges for limits not shown by interpolation.

(2) Property Damage Liability

- (a) To compute the premium for limits higher than the basic limits for Uninsured Motorists Coverage Only, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
	PP Types	Other than PP Types
\$50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10
5,000	1.11	1.11
<u>7,500,000</u>	<u>1.12</u>	<u>1.12</u>
<u>10,000,000</u>	<u>1.13</u>	<u>1.13</u>
<u>15,000,000</u>	<u>1.14</u>	<u>1.14</u>

Material underlined is new

(b) Compute the charges for limits not shown by interpolation.

c. Additional Persons

Bodily injury uninsured motorists coverage only may be extended to an executive officer, partner, or employee of the named insured at a charge of \$3.08, provided such additional person does not own an automobile.

The charge for each additional person shall not be subject to modification under the provisions of any rating plan or other Manual rule.

2. Uninsured Motorists Insurance for Nonowners (Bodily Injury Only) (Class Code 9900)

Uninsured motorists insurance for a limit of \$30,000/60,000 bodily injury may be afforded to any person who does not own an automobile and who is not afforded such coverage as a named individual under section 1 of this Rule. Such coverage shall be written for a period of one year or three years at the following rates:

**RATES**

The following rates apply to each individual, including the spouse and relatives of either, resident in the same household as the named insured:

1 Year Policy .....	\$39
3 Year Policy .....	\$61

**B. Combined Uninsured/Underinsured Motorists Coverage**

Owners—(Class Code—Refer to Statistical Plan)

Bodily injury and property damage Combined Uninsured/Underinsured Motorists Coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

EXCEPTIONS—

- This coverage shall not apply when the insured has purchased bodily injury liability limits not greater than \$30,000/\$60,000;
- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, combined uninsured/underinsured motorist coverage is not mandatory and will apply only if purchased by the insured.

NOTE: For any fleet or non-fleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits greater than \$30,000/\$60,000, Combined Uninsured/Underinsured Motorists Coverage is mandatory and shall be afforded.

(a) Limits

The limits of combined uninsured/underinsured motorist bodily injury coverage shall equal the highest limits of liability for bodily injury liability coverage for any one noncommercial motor vehicle insured under the policy unless the insured purchases a higher limit of combined uninsured/underinsured motorist bodily injury coverage. The limit of combined uninsured/underinsured motorist property damage coverage, which is available only on an uninsured motorists basis, shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy.

The property damage coverage applies only on an uninsured motorists basis and is subject to an exclusion of the first \$100 of damage.

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this rule.

b. Rates

Add the rates shown below to the basic limits rates for Uninsured Motorists Coverage Only for each auto insured under the policy.

(1) Bodily Injury Liability

- (a) To compute the premium for limits higher than the basic limits, add the rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

Material underlined is new

BI Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50/100	\$ 8	\$ 6
85/85	17	13
100/200	24	18
100/300	26	19
250/500	55	41
300/300	59	44
500/500	73	55
500/1,000	77	58
1,000/1,000	89	67
<u>1,500/1500</u>	<u>97</u>	<u>73</u>
<u>2,000/2000</u>	<u>103</u>	<u>78</u>
<u>2,500/2500</u>	<u>109</u>	<u>82</u>
<u>5,000/5000</u>	<u>128</u>	<u>96</u>
<u>7,500/7500</u>	<u>137</u>	<u>103</u>
<u>10,000/10000</u>	<u>143</u>	<u>108</u>
<u>15,000/15000</u>	<u>151</u>	<u>111</u>

(b) Compute the charges for limits not shown by interpolation.

(2) Property Damage Liability

(a) To compute the premium for limits higher than the basic limits, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
	PP Types	Other than PP Types
\$50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10
5,000	1.11	1.11
<u>7,500</u>	<u>1.12</u>	<u>1.12</u>
<u>10,000</u>	<u>1.13</u>	<u>1.13</u>
<u>15,000</u>	<u>1.14</u>	<u>1.14</u>

(b) Compute the charges for limits not shown by interpolation.

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

Attach the applicable endorsement.

**C. Notice Requirements**

Material underlined is new

The insurer shall notify the named insured of his right to purchase Uninsured Motorist Bodily Injury Coverage and, if applicable, Combined Uninsured/Underinsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page in at least 10 point type.