

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE CEDED INSURANCE
REVISION OF RATES

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SECTION A
SUMMARY OF REVISION

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGES

SUMMARY OF STATEWIDE RATE LEVEL INDICATIONS

<u>COVERAGE</u>	<u>TOTAL LIMITS PREMIUM WEIGHT</u>	<u>FILED CHANGE</u>
Ceded Liability:		
Bodily Injury (A)	\$331,300	11.6%
Property Damage (A)	260,498	5.9%
Medical Payments	31,948	26.1%
Ceded Total	623,746	10.0%

In Thousands.

(A) Indications are combined for basic and higher limits.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGES

SUMMARY OF STATEWIDE RATE LEVEL INDICATIONS

<u>COVERAGE</u>	<u>TOTAL LIMITS PREMIUM WEIGHT</u>	<u>FILED CHANGE</u>
Ceded Liability:		
Bodily Injury (A)	\$331,300	11.5%
Property Damage (A)	260,498	5.8%
Medical Payments	31,948	26.2%
Ceded Total	623,746	9.9%

In Thousands.

(A) Indications are combined for basic and higher limits.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
TERRITORY RATE LEVEL CHANGES BY COVERAGE

<u>Terr. Code</u>	<u>Description</u>	<u>30/60 B.I.</u>	<u>\$25,000 P.D.</u>	<u>30/60/25 Combined</u>
11	Asheville	11.1%	8.7%	9.8%
13	Durham	12.6%	7.4%	10.2%
14	Greensboro	11.5%	6.6%	9.1%
15	High Point	14.7%	7.0%	11.1%
16	Raleigh	11.7%	5.9%	8.7%
17	Wilmington	11.8%	6.1%	9.3%
18	Winston-Salem	14.9%	7.9%	11.4%
24	Remainder-West	10.0%	5.5%	7.8%
25	Gaston County	11.0%	3.0%	7.0%
26	Remainder-South	13.4%	5.7%	10.5%
31	Small City-East	12.7%	6.4%	9.8%
32	Small City-West	9.3%	4.7%	7.1%
33	Remainder-East	12.3%	6.0%	9.8%
40	Fayetteville	12.8%	7.2%	10.5%
41	Onslow County	9.5%	6.5%	8.1%
43	Craven County	5.0%	2.3%	3.9%
47	Wayne County	8.8%	5.5%	7.4%
51	Mecklenburg County -Remainder	14.6%	10.8%	12.6%
52	Charlotte	13.5%	5.9%	9.8%
	STATEWIDE	11.6%	5.9%	9.0%

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
TERRITORY RATE LEVEL CHANGES BY COVERAGE

<u>Terr. Code</u>	<u>Description</u>	<u>30/60 B.I.</u>	<u>\$25,000 P.D.</u>	<u>30/60/25 Combined</u>
11	Asheville	8.6%	8.2%	8.4%
13	Durham	10.3%	7.4%	8.9%
14	Greensboro	9.1%	6.6%	7.8%
15	High Point	12.0%	6.6%	9.5%
16	Raleigh	9.4%	5.9%	7.6%
17	Wilmington	9.3%	5.7%	7.7%
18	Winston-Salem	12.4%	7.9%	10.1%
24	Remainder-West	7.5%	5.5%	6.5%
25	Gaston County	8.1%	3.0%	5.6%
26	Remainder-South	10.9%	5.7%	8.9%
31	Small City-East	10.2%	5.9%	8.3%
32	Small City-West	6.3%	4.7%	5.5%
33	Remainder-East	9.5%	6.0%	8.1%
40	Fayetteville	10.3%	6.8%	8.8%
41	Onslow County	6.8%	6.0%	6.5%
43	Craven County	2.9%	2.3%	2.7%
47	Wayne County	6.4%	4.9%	5.8%
51	Mecklenburg County -Remainder	12.0%	10.8%	11.4%
52	Charlotte	10.9%	5.9%	8.5%
	STATEWIDE	9.0%	5.8%	7.5%

The displayed Bodily Injury rate level changes by territory are basic limits changes.

SECTION B
MATERIAL TO BE IMPLEMENTED

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

PROPOSED BASE RATES - CEDED LIABILITY

Terr Code	\$30,000/60,000 <u>Bodily Injury</u>	\$25,000 <u>Property Damage</u>	\$500 <u>Medical Payments</u>
11	\$180	\$200	\$21
13	285	246	33
14	271	244	31
15	305	244	35
16	249	250	29
17	312	243	36
18	232	219	27
24	221	192	26
25	273	244	32
26	365	205	42
31	275	216	32
32	224	201	26
33	273	176	32
40	352	237	41
41	289	229	33
43	252	177	29
47	272	193	31
51	220	226	25
52	302	268	35

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

PROPOSED BASE RATES - CEDED LIABILITY

<u>Terr</u> <u>Code</u>	<u>\$30,000/60,000</u> <u>Bodily Injury</u>	<u>\$25,000</u> <u>Property Damage</u>	<u>\$500</u> <u>Medical Payments</u>
11	\$176	\$199	\$21
13	279	246	33
14	265	244	31
15	298	243	35
16	244	250	29
17	305	242	36
18	227	219	27
24	216	192	26
25	266	244	32
26	357	205	42
31	269	215	32
32	218	201	26
33	266	176	32
40	344	236	41
41	282	228	33
43	247	177	29
47	266	192	32
51	215	226	25
52	295	268	35

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

DETERMINATION OF RATES TO BE CHARGED INDIVIDUAL INSUREDS

Liability and Medical Payments Rates

Page B-1 shows the liability and medical payments base rates by territory, given the filed rate level changes. These pages set forth the filed manual rates, for their respective sets of territories, for the classification carrying unity differential. The revised rates for the remaining classifications are determined by applying the appropriate classification rate differentials to the base rates by territory. This filing does not include a revision to classifications or to classification rate differentials.

SECTION C
SUPPORTING EXPERIENCE

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2002

Ceded Business

All Carriers

	25/50	\$15,000	Total Limits
	<u>Bodily Injury</u>	<u>Property Dam.</u>	<u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	198,865,341	179,877,365	23,348,467
(2) Loss Development Factor (b)	1.071	1.016	1.081
(3) Developed Losses and ALAE (1)x(2)	212,984,780	182,755,403	25,239,693
(4) Unallocated Loss Adjustment Expense Factor (See page D-17)	0.133	0.115	0.133
(5) Unallocated Loss Adjustment Expense (3)x(4)	28,326,976	21,016,871	3,356,879
(6) General and Other Acquisition Expenses (c)	30,400,991	29,316,904	3,542,790
(7) Earned Exposures (a)	1,269,885	1,269,885	733,199
(8) Incurred Claims (a)	39,271	80,090	21,129
(9) Claim Development Factor (d)	0.955	1.008	1.027
(10) Developed Claims (9)x(10)	37,504	80,731	21,699
(11) Average Annual Change in Losses and ALAE (See page D-7)	1.7%	1.5%	5.0%
(12) Average Annual Change in Expenses (See page D-6)	3.3%	3.3%	3.3%
(13) Years of Trend - Losses and ALAE (e)	3.03	3.03	3.03
(14) Years of Trend - ULAE (f)	3.03	3.03	3.03
(15) Years of Trend - G & OA Expenses (g)	2.75	2.75	2.75
(16) Projected Losses and ALAE (e)	224,059,989	191,162,152	29,252,804
(17) Projected ULAE (f)	31,244,655	23,181,609	3,702,638
(18) Projected Losses and LAE per exposure $[(16)+(17)]/(7)$	201.05	168.79	44.95
(19) Projected G & OA Expenses (g)	33,228,283	32,043,376	3,872,269
(20) Projected Fixed Expenses per exposure $[(19)/(7)]$	26.17	25.23	5.28
(21) Projected Loss, LAE and Expenses Per Exposure $[(18)+(20)]$	227.22	194.02	50.23
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio (See page D-17)	0.875	0.875	0.875
(24) Investment Income (i)	3.0%	3.0%	3.0%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure $[(21)/((23)+(24)+(25))-(25)]$	248.33	212.04	54.90
(27) Distributional Adjustment Factor (j)	1.026	1.031	1.786
(28) Required 25/50/15 Base Class Premium $[(26)/(27)]$	242.04	205.66	30.74
(29) Increased Limits Factor from 25/50/15 to 30/60/25	1.050	1.015	
(30) Indicated Total Limits Change (See Section E)	9.0%	0.6%	
(31) Selected Total Limits Change (See Section E)	4.2%	0.6%	
(32) Required 30/60/25 Base Class Premium $[(28)x(29)x(1.0+(31))]$	264.82	210.00	30.74

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2002

Ceded Business

All Carriers

	25/50 <u>Bodily Injury</u>	\$15,000 <u>Property Dam.</u>	Total Limits <u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	198,865,341	179,877,365	23,348,467
(2) Loss Development Factor (b)	1.071	1.016	1.081
(3) Developed Losses and ALAE (1)x(2)	212,984,780	182,755,403	25,239,693
(4) Unallocated Loss Adjustment Expense Factor (See page D-17)	0.133	0.115	0.133
(5) Unallocated Loss Adjustment Expense (3)x(4)	28,326,976	21,016,871	3,356,879
(6) General and Other Acquisition Expenses (c)	30,174,118	29,098,122	3,516,351
(7) Earned Exposures (a)	1,269,885	1,269,885	733,199
(8) Incurred Claims (a)	39,271	80,090	21,129
(9) Claim Development Factor (d)	0.955	1.008	1.027
(10) Developed Claims (9)x(10)	37,504	80,731	21,699
(11) Average Annual Change in Losses and ALAE (See page D-7)	1.7%	1.5%	5.0%
(12) Average Annual Change in Expenses (See page D-6)	3.3%	3.3%	3.3%
(13) Years of Trend - Losses and ALAE (e)	3.03	3.03	3.03
(14) Years of Trend - ULAE (f)	3.03	3.03	3.03
(15) Years of Trend - G & OA Expenses (g)	2.75	2.75	2.75
(16) Projected Losses and ALAE (e)	224,059,989	191,162,152	29,252,804
(17) Projected ULAE (f)	31,244,655	23,181,609	3,702,638
(18) Projected Losses and LAE per exposure $[(16)+(17)]/(7)$	201.05	168.79	44.95
(19) Projected G & OA Expenses (g)	32,980,311	31,804,247	3,843,372
(20) Projected Fixed Expenses per exposure $[(19)/(7)]$	25.97	25.04	5.24
(21) Projected Loss, LAE and Expenses Per Exposure $[(18)+(20)]$	227.02	193.83	50.19
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio (See page D-17)	0.875	0.875	0.875
(24) Investment Income (i)	3.0%	3.0%	3.0%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure $[(21)/((23)+(24)+(25)-(22))]$	248.11	211.84	54.85
(27) Distributional Adjustment Factor (j)	1.026	1.031	1.786
(28) Required 25/50/15 Base Class Premium $[(26)/(27)]$	241.82	205.47	30.71
(29) Increased Limits Factor from 25/50/15 to 30/60/25	1.070	1.015	
(30) Indicated Total Limits Change (See Section E)		0.6%	
(31) Required 30/60/25 Base Class Premium $[(28)x(29)x(1.0+(30))]$	258.75	209.80	30.71

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2002

- (a) Based on the statistical plan data reported by member companies.
- (b) Loss development factors are based on three-year averages through 63 months of development for Bodily Injury, Property Damage and Medical Payments. See pages D-11-13.
- (c) The general expenses and other acquisition expenses have been calculated to be 6.0% and 7.3%, respectively, of the combined Voluntary and Ceded manual earned premium. These expenses are allocated between the Voluntary and Ceded business based on the Voluntary and Ceded premium distribution. See RF-4 and F-156.
- (d) Claim development factors are to 63 months for Bodily Injury, Property Damage and Medical Payments. See pages D-14-16.
- (e) Projected losses and allocated loss adjustment expenses =
(13)
[(3) x (1 + (11))⁽¹³⁾], where (13) = the number of years of projection from the average date of accident to 7/09/2005.
- (f) Projected unallocated loss adjustment expenses =
(14)
[(5) x (1 + (12))⁽¹⁴⁾], where (14) = the number of years of projection from 7/1/2002 to 7/09/2005.
- (g) Projected general and other acquisition expenses =
(15)
[(6) x (1 + (12))⁽¹⁵⁾], where (15) = the number of years of projection from 7/1/2002 to 4/1/2005.
- (h) Selected value.
- (i) Investment income, (24), is the average rate of investment return as a percent of direct market earned premium as calculated on page F-172 and Installment Income, (25), is the latest five year average installment income as a percent of direct earned premium. (See Exhibit RF-5).
- (j) Distributional adjustment factor = Average Rate / Base Rate. See page C-11.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2001

Ceded Business

All Carriers

	25/50	\$15,000	Total Limits
	<u>Bodily Injury</u>	<u>Property Dam.</u>	<u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	197,171,918	173,094,053	21,241,915
(2) Loss Development Factor (b)	1.028	1.001	1.025
(3) Developed Losses and ALAE (1)x(2)	202,692,732	173,267,147	21,772,963
(4) Unallocated Loss Adjustment Expense Factor (See page D-18)	0.128	0.116	0.128
(5) Unallocated Loss Adjustment Expense (3)x(4)	25,944,670	20,098,989	2,786,939
(6) General and Other Acquisition Expenses (c)	28,351,377	23,867,161	3,280,342
(7) Earned Exposures (a)	1,216,923	1,216,923	691,501
(8) Incurred Claims (a)	35,587	77,309	19,602
(9) Claim Development Factor (d)	0.986	0.998	1.007
(10) Developed Claims (9)x(10)	35,089	77,154	19,739
(11) Average Annual Change in Losses and ALAE (See page D-7)	2.0%	1.5%	5.7%
(12) Average Annual Change in Expenses (See page D-6)	3.3%	3.3%	3.3%
(13) Years of Trend - Losses and ALAE (e)	4.03	4.03	4.03
(14) Years of Trend - ULAE (f)	4.03	4.03	4.03
(15) Years of Trend - G & OA Expenses (g)	3.75	3.75	3.75
(16) Projected Losses and ALAE (e)	219,516,229	184,009,710	27,216,204
(17) Projected ULAE (f)	29,576,924	22,912,847	3,177,110
(18) Projected Losses and LAE per exposure $[(16)+(17)]/(7)$	204.69	170.04	43.95
(19) Projected G & OA Expenses (g)	32,008,705	26,946,025	3,703,506
(20) Projected Fixed Expenses per exposure $[(19)/(7)]$	26.30	22.14	5.36
(21) Projected Loss, LAE and Expenses Per Exposure $[(18)+(20)]$	230.99	192.18	49.31
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio (See page D-18)	0.876	0.876	0.876
(24) Investment Income (i)	3.0%	3.0%	3.0%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure $[(21)/((23)+(24)+(25)-(22))]$	252.17	209.80	53.83

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2001

- (a) Based on the statistical plan data reported by member companies.
- (b) Loss development factors are based on three-year averages through 63 months of development for Bodily Injury, Property Damage and Medical Payments. See pages D-11-13.
- (c) The general expenses and other acquisition expenses have been calculated to be 5.8% and 6.6%, respectively, of the combined Voluntary and Ceded manual earned premium. These expenses are allocated between the Voluntary and Ceded business based on the Voluntary and Ceded premium distribution. See RF-4 and F-156.
- (d) Claim development factors are to 63 months for Bodily Injury, Property Damage and Medical Payments. See pages D-14-16.
- (e) Projected losses and allocated loss adjustment expenses =
(13)
[(3) x (1 + (11))⁽¹³⁾], where (13) = the number of years of projection from the average date of accident to 7/09/2005.
- (f) Projected unallocated loss adjustment expenses =
(14)
[(5) x (1 + (12))⁽¹⁴⁾], where (14) = the number of years of projection from 7/1/2001 to 7/09/2005.
- (g) Projected general and other acquisition expenses =
(15)
[(6) x (1 + (12))⁽¹⁵⁾], where (15) = the number of years of projection from 7/1/2001 to 4/1/2005.
- (h) Selected value.
- (i) Investment income, (24), is the average rate of investment return as a percent of direct market earned premium as calculated on page F-172 and Installment Income, (25), is the latest five year average installment income as a percent of direct earned premium. (See Exhibit RF-5).

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED-12/31/2000

Ceded Business

All Carriers

	25/50 <u>Bodily Injury</u>	\$15,000 <u>Property Dam.</u>	Total Limits <u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	203,757,832	173,124,372	21,543,420
(2) Loss Development Factor (b)	1.011	1.001	1.010
(3) Developed Losses and ALAE (1)x(2)	205,999,168	173,297,496	21,758,854
(4) Unallocated Loss Adjustment Expense Factor (See page D-19)	0.132	0.108	0.132
(5) Unallocated Loss Adjustment Expense (3)x(4)	27,191,890	18,716,130	2,872,169
(6) General and Other Acquisition Expenses (c)	27,793,240	21,806,455	3,186,607
(7) Earned Exposures (a)	1,140,393	1,140,393	641,877
(8) Incurred Claims (a)	37,070	77,755	20,431
(9) Claim Development Factor (d)	0.992	1.000	1.002
(10) Developed Claims (9)x(10)	36,773	77,755	20,472
(11) Average Annual Change in Losses and ALAE (See page D-7)	1.2%	0.9%	4.3%
(12) Average Annual Change in Expenses (See page D-6)	3.3%	3.3%	3.3%
(13) Years of Trend - Losses and ALAE (e)	5.03	5.03	5.03
(14) Years of Trend - ULAE (f)	5.03	5.03	5.03
(15) Years of Trend - G & OA Expenses (g)	4.75	4.75	4.75
(16) Projected Losses and ALAE (e)	218,771,116	181,269,181	26,893,944
(17) Projected ULAE (f)	32,004,855	22,028,885	3,380,543
(18) Projected Losses and LAE per exposure $[(16)+(17)]/(7)$	219.90	178.27	47.17
(19) Projected G & OA Expenses (g)	32,434,711	25,448,133	3,718,770
(20) Projected Fixed Expenses per exposure $[(19)/(7)]$	28.44	22.32	5.79
(21) Projected Loss, LAE and Expenses Per Exposure $[(18)+(20)]$	248.34	200.59	52.96
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio (See page D-19)	0.878	0.878	0.878
(24) Investment Income (i)	3.0%	3.0%	3.0%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure $[(21)/((23)+(24)+(25)-(22))]$	270.52	218.51	57.69

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2000

- (a) Based on the statistical plan data reported by member companies.
- (b) Loss development factors are based on three-year averages through 63 months of development for Bodily Injury, Property Damage and Medical Payments. See pages D-11-13.
- (c) The general expenses and other acquisition expenses have been calculated to be 5.4% and 7.0%, respectively, of the combined Voluntary and Ceded manual earned premium. These expenses are allocated between the Voluntary and Ceded business based on the Voluntary and Ceded premium distribution. See RF-4 and F-156.
- (d) Claim development factors are to 63 months for Bodily Injury, Property Damage and Medical Payments. See pages D-14-16.
- (e) Projected losses and allocated loss adjustment expenses =
(13)
[(3) x (1 + (11))], where (13) = the number of years of projection from the average date of accident to 7/09/2005.
- (f) Projected unallocated loss adjustment expenses =
(14)
[(5) x (1 + (12))], where (14) = the number of years of projection from 7/1/2000 to 7/09/2005.
- (g) Projected general and other acquisition expenses =
(15)
[(6) x (1 + (12))], where (15) = the number of years of projection from 7/1/2000 to 4/1/2005.
- (h) Selected value.
- (i) Investment income, (24), is the average rate of investment return as a percent of direct market earned premium as calculated on page F-172 and Installment Income, (25), is the latest five year average installment income as a percent of direct earned premium. (See Exhibit RF-5).

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
BODILY INJURY LIABILITY
CALCULATION OF REVISED BASE RATES BY TERRITORY

T E R R I T O R Y	(1) EARNED CAR YEARS YR. ENDED 12/31/2002	(2) 25/50 LOSS COST 3 YRS ENDED 12/31/2002	(3) DISTRIB. ADJUST. FACTOR	(4) BASE CLASS LOSS COST (2)/(3)	(5) CRED	(6) FORM. BASE CLASS LOSS COST	(7) INDEX (6) TO STATE	(8) 30/60 BASE CLASS RATE PRES.	(9) IND.
11	17,518	60.36	0.711	84.89	1.0	84.89	0.642	162	180
13	32,515	106.11	0.738	143.78	1.0	143.78	1.087	253	285
14	35,331	99.43	0.733	135.65	1.0	135.65	1.025	243	271
15	11,438	111.68	0.718	155.54	0.9	154.81	1.170	266	305
16	65,293	86.80	0.702	123.65	1.0	123.65	0.935	223	249
17	24,169	110.93	0.698	158.93	1.0	158.93	1.201	279	312
18	33,353	79.46	0.696	114.17	1.0	114.17	0.863	202	232
24	356,669	71.51	0.663	107.86	1.0	107.86	0.815	201	221
25	28,612	91.74	0.671	136.72	1.0	136.72	1.033	246	273
26	114,132	121.15	0.643	188.41	1.0	188.41	1.424	322	365
31	56,652	96.87	0.701	138.19	1.0	138.19	1.045	244	275
32	108,349	73.61	0.674	109.21	1.0	109.21	0.826	205	224
33	178,664	94.96	0.695	136.63	1.0	136.63	1.033	243	273
40	44,034	129.77	0.718	180.74	1.0	180.74	1.366	312	352
41	26,657	111.58	0.766	145.67	1.0	145.67	1.101	264	289
43	15,401	86.44	0.695	124.37	0.9	125.35	0.948	240	252
47	20,856	94.88	0.696	136.32	1.0	136.32	1.030	250	272
51	7,346	75.42	0.702	107.44	0.7	107.37	0.812	192	220
52	92,096	110.66	0.724	152.85	1.0	152.85	1.155	266	302
SW	1,269,085	90.95	0.687	132.29		132.29			

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
BODILY INJURY LIABILITY
CALCULATION OF REVISED BASE RATES BY TERRITORY

T E R R	(1) EARNED CAR YEARS YR. ENDED 12/31/2002	(2) 25/50 LOSS COST 3 YRS ENDED 12/31/2002	(3) DISTRIB. ADJUST. FACTOR	(4) BASE CLASS LOSS COST (2)/(3)	(5) CRED	(6) FORM. BASE CLASS LOSS COST	(7) INDEX (6) TO STATE	(8) 30/60 BASE CLASS RATE PRES.	(9) IND.
11	17,518	60.36	0.711	84.89	1.0	84.89	0.642	162	176
13	32,515	106.11	0.738	143.78	1.0	143.78	1.087	253	279
14	35,331	99.43	0.733	135.65	1.0	135.65	1.025	243	265
15	11,438	111.68	0.718	155.54	0.9	154.81	1.170	266	298
16	65,293	86.80	0.702	123.65	1.0	123.65	0.935	223	244
17	24,169	110.93	0.698	158.93	1.0	158.93	1.201	279	305
18	33,353	79.46	0.696	114.17	1.0	114.17	0.863	202	227
24	356,669	71.51	0.663	107.86	1.0	107.86	0.815	201	216
25	28,612	91.74	0.671	136.72	1.0	136.72	1.033	246	266
26	114,132	121.15	0.643	188.41	1.0	188.41	1.424	322	357
31	56,652	96.87	0.701	138.19	1.0	138.19	1.045	244	269
32	108,349	73.61	0.674	109.21	1.0	109.21	0.826	205	218
33	178,664	94.96	0.695	136.63	1.0	136.63	1.033	243	266
40	44,034	129.77	0.718	180.74	1.0	180.74	1.366	312	344
41	26,657	111.58	0.766	145.67	1.0	145.67	1.101	264	282
43	15,401	86.44	0.695	124.37	0.9	125.35	0.948	240	247
47	20,856	94.88	0.696	136.32	1.0	136.32	1.030	250	266
51	7,346	75.42	0.702	107.44	0.7	107.37	0.812	192	215
52	92,096	110.66	0.724	152.85	1.0	152.85	1.155	266	295
SW	1,269,085	90.95	0.687	132.29		132.29			

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
PROPERTY DAMAGE LIABILITY
CALCULATION OF REVISED BASE RATES BY TERRITORY

T E R R I T O R Y	(1) EARNED CAR YEARS YR. ENDED 12/31/2002	(2) \$15,000 LOSS COST 3 YRS ENDED 12/31/2002	(3) DISTRIB. ADJUST. FACTOR	(4) BASE CLASS LOSS COST (2)/(3)	(5) CRED	(6) FORM. BASE CLASS LOSS COST	(7) INDEX (6) TO STATE	(8) \$25,000 BASE CLASS RATE PRES.	(9) IND.
11	17,518	86.38	0.793	108.93	1.0	108.93	0.944	184	199
13	32,515	112.15	0.813	137.95	1.0	137.95	1.195	229	246
14	35,331	110.15	0.806	136.66	1.0	136.66	1.184	229	244
15	11,438	105.65	0.774	136.50	1.0	136.50	1.182	228	243
16	65,293	109.27	0.778	140.45	1.0	140.45	1.217	236	250
17	24,169	103.98	0.766	135.74	1.0	135.74	1.176	229	242
18	33,353	93.05	0.769	121.00	1.0	121.00	1.048	203	219
24	356,669	77.77	0.744	104.53	1.0	104.53	0.905	182	192
25	28,612	97.95	0.716	136.80	1.0	136.80	1.185	237	244
26	114,132	82.13	0.732	112.20	1.0	112.20	0.972	194	205
31	56,652	91.65	0.771	118.87	1.0	118.87	1.030	203	215
32	108,349	83.21	0.756	110.07	1.0	110.07	0.953	192	201
33	178,664	71.82	0.761	94.38	1.0	94.38	0.817	166	176
40	44,034	106.04	0.803	132.05	1.0	132.05	1.144	221	236
41	26,657	105.49	0.830	127.10	1.0	127.10	1.101	215	228
43	15,401	72.83	0.767	94.95	1.0	94.95	0.822	173	177
47	20,856	80.96	0.774	104.60	1.0	104.60	0.906	183	192
51	7,346	98.55	0.785	125.54	1.0	125.54	1.087	204	226
52	92,096	118.88	0.785	151.44	1.0	151.44	1.312	253	268
SW	1,269,085	88.20	0.764	115.45		115.45			

NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE
 NOTES TO CALCULATION OF REVISED BASE RATES BY TERRITORY

Liability data shown in column (1) is ceded only. Data shown in column (2) is voluntary and ceded combined.

Column

- (1) Earned exposures for the year ended 12/31/2002.
- (2) Pure premium (losses divided by exposures) for the three years ended 12/31/2002. Liability data are developed to ultimate.
- (3) Distributional adjustment factor = Present average rate for year ended 12/31/2002 divided by the current base class base rate. The average rate is for voluntary and ceded data combined. See pages C-12-13.
- (4) Base Class Loss Cost = Col.(2) / Col.(3)
- (5) Credibility is determined by each territory's three year number of claims using the credibility tables shown on page D-21.
- (6) Formula base class loss cost = [Col.(4) x Col.(5)] + [Statewide Col.(4)x{1-Col.(5)} x where HAF is the historical adjustment factor and is equal to the ratio of the current base class base rate to the statewide average base class base rate. See pages C-12-1
- (7) Index to state = Col.(6) / Statewide Col.(6)
- (8) Present base rates currently in effect as of the date of this filing.
- (9) The revised base rate is calculated by the following formula:

$$\{ [RBCP \times VR \times \text{Col. (7)}] + FE \} \times \text{offset}$$

RBCP = Required base class premium, as shown on page C-1.

VR = variable ratio FE = flattened expense amount

The variable ratio and flattened expense amount account for the flattening of 100% of general and other acquisition expenses by territory and are calculated below:

	BI	PD
(1) Projected general and other acquisition expenses per exposure (from page C-1, line (20))	26.17	25.23
(2) Required average premium per exposure (from page C-1, line (26))	248.33	212.04
(3) Fixed ratio = (1) / (2)	0.105	0.119
(4) Variable ratio 1 - (3)	0.895	0.881
(5) Required Base Class Premium (from page C-1, line (31))	264.82	210.00
(6) Flattened expenses (2) x (3)	27.81	24.99

Offsets are as follows:

- 1) No offsets are applied.

NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE
 NOTES TO CALCULATION OF REVISED BASE RATES BY TERRITORY

Liability data shown in column (1) is ceded only. Data shown in column (2) is voluntary and ceded combined.

Column

- (1) Earned exposures for the year ended 12/31/2002.
- (2) Pure premium (losses divided by exposures) for the three years ended 12/31/2002. Liability data are developed to ultimate.
- (3) Distributional adjustment factor = Present average rate for year ended 12/31/2002 divided by the current base class base rate. The average rate is for voluntary and ceded data combined. See pages C-12-13.
- (4) Base Class Loss Cost = Col.(2) / Col.(3)
- (5) Credibility is determined by each territory's three year number of claims using the credibility tables shown on page D-21.
- (6) Formula base class loss cost = [Col.(4) x Col.(5)] + [Statewide Col.(4)x(1-Col.(5)) x HAF] where HAF is the historical adjustment factor and is equal to the ratio of the current base class base rate to the statewide average base class base rate. See pages C-12-13.
- (7) Index to state = Col.(6) / Statewide Col.(6)
- (8) Present base rates currently in effect as of the date of this filing.
- (9) The revised base rate is calculated by the following formula:

$$\{ [RBCP \times VR \times \text{Col.}(7)] + FE \} \times \text{offset}$$

RBCP = Required base class premium, as shown on page C-1.

VR = variable ratio FE = flattened expense amount

The variable ratio and flattened expense amount account for the flattening of 100% of general and other acquisition expenses by territory and are calculated below:

	BI	PD
(1) Projected general and other acquisition expenses per exposure (from page C-1, line (20))	25.97	25.04
(2) Required average premium per exposure (from page C-1, line (26))	248.11	211.84
(3) Fixed ratio = (1) / (2)	0.105	0.118
(4) Variable ratio 1 - (3)	0.895	0.882
(5) Required Base Class Premium (from page C-1, line (31))	258.75	209.80
(6) Flattened expenses (2) x (3)	27.17	24.76

Offsets are as follows:

- 1) No offsets are applied.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
MEDICAL PAYMENTS

CALCULATION OF REVISED BASE RATES BY TERRITORY

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Ave MP	% of BI	Revised Base Class Rate	Target Base class rate	Terr	MP Exp	Pres. MP Rate	Rev BI Rate	BI CP Offset	Rev MP Rate	Rev. Base Class Premium	Rev. T/L MP Rate	Pres. T/L MP Rate	Terr % Change
	1.81	11.54%	\$30.75	\$30.74	11	6,297	17	180	1.000	21	132,237	38.01	30.77	23.5%
					13	15,276	26	285	1.000	33	504,108	59.73	47.06	26.9%
					14	16,044	25	271	1.000	31	497,364	56.11	45.25	24.0%
					15	4,955	27	305	1.000	35	173,425	63.35	48.87	29.6%
					16	36,438	23	249	1.000	29	1,056,702	52.49	41.63	26.1%
					17	10,590	28	312	1.000	36	381,240	65.16	50.68	28.6%
					18	14,426	21	232	1.000	27	389,502	48.87	38.01	28.6%
					24	216,338	21	221	1.000	26	5,624,788	47.06	38.01	23.8%
					25	11,049	25	273	1.000	32	353,568	57.92	45.25	28.0%
					26	73,436	33	365	1.000	42	3,084,312	76.02	59.73	27.3%
					31	38,105	25	275	1.000	32	1,219,360	57.92	45.25	28.0%
					32	59,111	21	224	1.000	26	1,536,886	47.06	38.01	23.8%
					33	140,324	25	273	1.000	32	4,490,368	57.92	45.25	28.0%
					40	16,599	32	352	1.000	41	680,559	74.21	57.92	28.1%
					41	8,957	27	289	1.000	33	295,581	59.73	48.87	22.2%
					43	9,520	24	252	1.000	29	276,080	52.49	43.44	20.8%
					47	14,439	26	272	1.000	31	447,609	56.11	47.06	19.2%
					51	4,101	20	220	1.000	25	102,525	45.25	36.20	25.0%
					52	36,607	27	302	1.000	35	1,281,245	63.35	48.87	29.6%
						732,612					22,527,459			26.1%

- (1) Average Medical Payments Increased Limits Factor
- (2) % Medical Payments loss costs of Bodily Injury loss costs. Used to iteratively determine statewide base class rate.
- (3) Revised base class Medical Payments rate. Sum of column (11) / Sum of column (6).
- (4) Target base class rate. Derived on page C-1.
- (5) Territory.
- (6) Medical Payments exposures by territory.
- (7) Present \$500 Medical Payments rate.
- (8) Revised 30/60 Bodily Injury rate as determined on page C-7.
- (9) BI Class Plan Offset.
- (10) Revised \$500 Medical Payments rate. (8) x (2).
- (11) Revised base class Medical Payments Premium. (6) x (10) / (9).
- (12) Revised total limits Medical Payments rate. (10) x (1).
- (13) Present total limits Medical Payments rate. (7) x (1).
- (14) Territory percent change (12) / (13) / (9).

**NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
MEDICAL PAYMENTS**

CALCULATION OF REVISED BASE RATES BY TERRITORY

- (1) Ave MP ILF 1.81
- (2) % of BI: 11.85%
- (3) Revised Base Class Rate: \$30.77
- (4) Target Base class rate: \$30.71

(5) Terr	(6) MP Exp	(7) Pres. MP Rate	(8) Rev BI Rate	(9) BI CP Offset	(10) Rev MP Rate	(11) Rev. Base Class Premium	(12) Rev. T/L MP Rate	(13) Pres. T/L MP Rate	(14) Terr % Change
11	6,297	17	176	1.000	21	132,237	38.01	30.77	23.5%
13	15,276	26	279	1.000	33	504,108	59.73	47.06	26.9%
14	16,044	25	265	1.000	31	497,364	56.11	45.25	24.0%
15	4,955	27	298	1.000	35	173,425	63.35	48.87	29.6%
16	36,438	23	244	1.000	29	1,056,702	52.49	41.63	26.1%
17	10,590	28	305	1.000	36	381,240	65.16	50.68	28.6%
18	14,426	21	227	1.000	27	389,502	48.87	38.01	28.6%
24	216,338	21	216	1.000	26	5,624,788	47.06	38.01	23.8%
25	11,049	25	266	1.000	32	353,568	57.92	45.25	28.0%
26	73,436	33	357	1.000	42	3,084,312	76.02	59.73	27.3%
31	38,105	25	269	1.000	32	1,219,360	57.92	45.25	28.0%
32	59,111	21	218	1.000	26	1,536,886	47.06	38.01	23.8%
33	140,324	25	266	1.000	32	4,490,368	57.92	45.25	28.0%
40	16,599	32	344	1.000	41	680,559	74.21	57.92	28.1%
41	8,957	27	282	1.000	33	295,581	59.73	48.87	22.2%
43	9,520	24	247	1.000	29	276,080	52.49	43.44	20.8%
47	14,439	26	266	1.000	32	462,048	57.92	47.06	23.1%
51	4,101	20	215	1.000	25	102,525	45.25	36.20	25.0%
52	36,607	27	295	1.000	35	1,281,245	63.35	48.87	29.6%
	732,612					22,541,898			26.2%

- (1) Average Medical Payments Increased Limits Factor
- (2) % Medical Payments loss costs of Bodily Injury loss costs. Used to iteratively determine statewide base class rate.
- (3) Revised base class Medical Payments rate. Sum of column (11) / Sum of column (6).
- (4) Target base class rate. Derived on page C-1.
- (5) Territory.
- (6) Medical Payments exposures by territory.
- (7) Present \$500 Medical Payments rate.
- (8) Revised 30/60 Bodily Injury rate as determined on page C-7.
- (9) BI Class Plan Offset.
- (10) Revised \$500 Medical Payments rate. (8) x (2).
- (11) Revised base class Medical Payments Premium. (6) x (10) / (9).
- (12) Revised total limits Medical Payments rate. (10) x (1).
- (13) Present total limits Medical Payments rate. (7) x (1).
- (14) Territory percent change (12) / (13) / (9).

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

CALCULATION OF STATEWIDE DISTRIBUTIONAL ADJUSTMENT FACTORS

	BODILY INJURY LIABILITY				PROPERTY DAMAGE LIABILITY		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
T E R R	EARNED CAR YEARS YR. ENDED 12/31/2002	25/50 PRES. AVG. PREM	25/50 BASE CLASS RATE	(2)/(3) DISTRIB. ADJUST. FACTOR	\$15,000 PRES. AVG. PREM	\$15,000 BASE CLASS RATE	(5)/(6) DISTRIB. ADJUST. FACTOR
11	17,518	169.11	154	1.098	198.76	181	1.098
13	32,515	256.15	241	1.063	240.21	226	1.063
14	35,331	244.54	231	1.059	239.25	226	1.059
15	11,438	256.64	253	1.014	228.24	225	1.014
16	65,293	228.24	212	1.077	250.85	233	1.077
17	24,169	279.02	266	1.049	237.06	226	1.049
18	33,353	200.79	192	1.046	209.16	200	1.046
24	356,669	195.45	191	1.023	183.17	179	1.023
25	28,612	238.22	234	1.018	237.20	233	1.018
26	114,132	289.63	307	0.943	180.19	191	0.943
31	56,652	239.41	232	1.032	206.39	200	1.032
32	108,349	202.10	195	1.036	195.88	189	1.036
33	178,664	230.59	231	0.998	163.71	164	0.998
40	44,034	316.86	297	1.067	232.58	218	1.067
41	26,657	292.45	251	1.165	247.01	212	1.165
43	15,401	250.18	229	1.092	185.73	170	1.093
47	20,856	244.76	238	1.028	185.11	180	1.028
51	7,346	200.98	183	1.098	220.75	201	1.098
52	92,096	265.02	253	1.048	260.83	249	1.048
SW	1,269,085	231.70	225.81	1.026	201.31	195.32	1.031

	MEDICAL PAYMENTS					
	(1)	(2)	(3)	(4)		
T E R R	EARNED CAR YEARS YR. ENDED 12/31/2002	\$500 PRES. AVG. PREM	\$500 BASE CLASS RATE	(2)/(3) DISTRIB. ADJUST. FACTOR		
11	6,297	18.28	17	1.075		
13	15,276	27.10	26	1.042		
14	16,044	26.01	25	1.040		
15	4,955	26.41	27	0.978		
16	36,438	24.03	23	1.045		
17	10,590	28.13	28	1.005		
18	14,426	21.29	21	1.014		
24	216,338	20.92	21	0.996		
25	11,049	24.57	25	0.983		
26	73,436	29.78	33	0.902		
31	38,105	24.91	25	0.996		
32	59,111	21.25	21	1.012		
33	140,324	24.34	25	0.974		
40	16,599	31.07	32	0.971		
41	8,957	27.48	27	1.018		
43	9,520	24.53	24	1.022		
47	14,439	25.41	26	0.977		
51	4,101	21.98	20	1.099		
52	36,607	27.91	27	1.034	AVERAGE ILF	TOTAL
SW	732,612	24.07	24.39	0.987	1.81	1.786

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
BODILY INJURY LIABILITY

CALCULATION OF TERRITORY DISTRIBUTIONAL ADJUSTMENT FACTORS
AND HISTORICAL ADJUSTMENT FACTORS

T E R R I T O R Y	(1) EARNED CAR YEARS YR. ENDED 12/31/2002	(2) 25/50 PRES. AVG. PREM (A)	(3) 25/50 BASE CLASS RATE	(4) (2)/(3) DISTRIB. ADJUST. FACTOR	(5) (3)/SW(3) HISTORICAL ADJUST. FACTOR
11	17,518	109.46	154	0.711	0.682
13	32,515	177.85	241	0.738	1.067
14	35,331	169.32	231	0.733	1.023
15	11,438	181.54	253	0.718	1.120
16	65,293	148.75	212	0.702	0.939
17	24,169	185.71	266	0.698	1.178
18	33,353	133.67	192	0.696	0.850
24	356,669	126.64	191	0.663	0.846
25	28,612	157.00	234	0.671	1.036
26	114,132	197.34	307	0.643	1.360
31	56,652	162.57	232	0.701	1.027
32	108,349	131.40	195	0.674	0.864
33	178,664	160.44	231	0.695	1.023
40	44,034	213.21	297	0.718	1.315
41	26,657	192.15	251	0.766	1.112
43	15,401	159.08	229	0.695	1.014
47	20,856	165.76	238	0.696	1.054
51	7,346	128.54	183	0.702	0.810
52	92,096	183.05	253	0.724	1.120
SW	1,269,085	155.18	225.81	0.687	

(A) Voluntary and ceded combined.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
PROPERTY DAMAGE LIABILITY

CALCULATION OF TERRITORY DISTRIBUTIONAL ADJUSTMENT FACTORS
AND HISTORICAL ADJUSTMENT FACTORS

T E R R I T O R Y	(1) EARNED CAR YEARS YR. ENDED 12/31/2002	(2) \$15000 PRES. AVG. PREM (A)	(3) \$15000 BASE CLASS RATE	(4) (2)/(3) DISTRIB. ADJUST. FACTOR	(5) (3)/SW(3) HISTORICAL ADJUST. FACTOR
11	17,518	143.53	181	0.793	0.927
13	32,515	183.81	226	0.813	1.157
14	35,331	182.25	226	0.806	1.157
15	11,438	174.11	225	0.774	1.152
16	65,293	181.26	233	0.778	1.193
17	24,169	173.11	226	0.766	1.157
18	33,353	153.85	200	0.769	1.024
24	356,669	133.17	179	0.744	0.916
25	28,612	166.81	233	0.716	1.193
26	114,132	139.79	191	0.732	0.978
31	56,652	154.17	200	0.771	1.024
32	108,349	142.83	189	0.756	0.968
33	178,664	124.78	164	0.761	0.840
40	44,034	174.98	218	0.803	1.116
41	26,657	175.88	212	0.830	1.085
43	15,401	130.43	170	0.767	0.870
47	20,856	139.38	180	0.774	0.922
51	7,346	157.71	201	0.785	1.029
52	92,096	195.38	249	0.785	1.275
SW	1,269,085	149.13	195.32	0.764	

(A) Voluntary and ceded combined.

SECTION D
EXPLANATORY MATERIAL

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Explanatory Memorandum

This memorandum supplements the filing letter and supporting exhibits setting forth a revision of private passenger automobile insurance rates in the State of North Carolina. It is the purpose of this memorandum to describe the source data used and to set forth in detail the insurance ratemaking procedures reflected in the filing. Certain pages in the filing and accompanying material contain a notation "all carriers" or other similar wording. This indicates that the data are combined ISO, NAII and NISS data. Data for certain companies are not included, as noted on page F-6.

Premium and Loss Experience

This revision is based upon the combined loss and expense experience of all licensed companies writing private passenger automobile insurance in this State, except as noted in Section F. In order to have this experience available in all detail necessary for rate review and ratemaking in accordance with accepted standards, all such companies are required to file each year their total private passenger automobile insurance experience with the official statistical agents recorded pursuant to the official statistical plans and reported by the companies in accordance with instructions issued by the statistical agents under the Official Calls for Experience.

The Commissioner appointed the following statistical agents to act on his behalf for the collection of private passenger automobile insurance experience in North Carolina; Insurance Services Office (ISO) and National Association of Independent Insurers (NAII), and National Independent Statistical Service (NISS).

Experience utilized in the filing was collected under the Automobile Statistical Plan and the 2002 Official Statistical Programs of ISO, the Automobile Statistical Plan - All Coverages and the 2002 Statistical Programs of NAII, and the Automobile Statistical Plan - All Coverages - Part IV, North Carolina and the 2002 Statistical Programs of NISS. In substance, the statistical plans of all statistical agents are alike in North Carolina, and provide for the recording and reporting of the experience in the detail required for ratemaking and in such form that the experience of all companies can be combined.

The filing of experience is accompanied by an affidavit executed by an officer of the statistical agent responsible for and acquainted with the statistical procedures employed for the production of this end product. Further, the licensing of an organization and its appointment as a statistical agent in the various states is predicated upon demonstration by the organization of its ability to perform this function. Moreover, the performance of the statistical agents is reviewed periodically through examination by personnel of state insurance departments under the convention examinations of the National Association of Insurance Commissioners. From time to time such organizations are called upon by Insurance Department examiners to verify, and do verify the data consolidated by them as statistical agents.

The insurance companies likewise are subject to a variety of checks and controls. Effective controls are maintained within the company over the activities of company employees connected with the company's statistics. Companies are required by statute to submit directly to the Insurance Department statistical and accounting information to be found in the Annual Statement and the Insurance Expense Exhibit. These documents are scrutinized by experienced Insurance Department personnel throughout the country. The insurance companies are also subject to examination by the Insurance Department, which examinations extend into the statistical records of the companies.

Statewide Rate Level Exhibits

1. Experience

Private passenger automobile liability insurance on ceded business was compiled on a calendar/accident year basis for the years ended December 31, 2002, 2001 and 2000. For any twelve-month period, the accident year experience brings together the losses resulting from accidents occurring during that period with the premiums and number of cars "earned" during the same period.

Based on credibility considerations, the overall rate level change for Bodily Injury, Property Damage and Medical Payments is based on the premium, loss and expense experience of the year ended December 31, 2002. However, the experience of the earlier two years was also considered and evaluated. Indications for all three years were reviewed to make sure that there were no anomalies or abnormalities associated with the latest year.

2. Losses

Losses compiled for any accident year include paid losses as well as loss reserves. The amounts that will ultimately be required as payments of claims on open cases are carefully determined by the claim departments of the companies, and experience has shown that these determinations are highly accurate in the aggregate. Since, however, there are differences between the total incurred losses so determined and the amounts ultimately paid, the ratemaking procedure provides for a "development" of the incurred losses to a basis which, for all practical purposes, can be considered as the ultimate basis. This development is accomplished as follows:

Each year the experience is compiled for the latest three years, all valued as of three months after the close of the latest accident year period. Thus, the experience is reported for the latest year as of 15 months, the preceding year as of 27 months and the next preceding year as of 39 months, all measured from the beginning of each accident year respectively. From reports of prior years, similarly aged experience was obtained so that there are available 3 successive reports for each year except the current and the preceding year. For the latter, 2 successive reports are available.

Further aged data are obtained on each year's incurred losses in the aggregate as of 51 months and as of 63 months. As of 63 months, nearly all incurred losses are paid. From a comparison of the incurred losses for each year at its successive valuation dates, it is determined what the rate of development has been in the past. An average of these developments gives an indication of the future development of the incurred losses for those years which have not yet sufficiently matured. This development is reflected in the incurred losses for the less matured years by the application of loss development factors. In the present filing, these loss development factors to develop to 63 months are as follows:

<u>Accident Year Ended</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Medical Payments</u>
12/31/2002 (reported as of 15 months)	1.071	1.016	1.081
12/31/2001 (reported as of 27 months)	1.028	1.001	1.025
12/31/2000 (reported as of 39 months)	1.011	1.001	1.010

The derivation of the factors shown above is presented on pages D-11, D-12, and D-13. By applying these factors, the reported incurred losses have been changed to the amounts at which it is believed they will ultimately be settled.

3. Loss Adjustment Expense

The liability unallocated loss adjustment expenses are determined as a percentage of the North Carolina incurred losses and allocated loss adjustment expenses based on a North Carolina expense call. The expense call data and the percentages derived from them are shown on page F-156.

4. General Expenses and Other Acquisition Expenses

The general expenses and other acquisition expenses are determined as a percentage of North Carolina earned premiums based on a North Carolina expense call. The expense call data and the percentages determined from them are shown on page F-156.

5. Prospective Annual Change in Losses

A. Private Passenger Automobile Liability

The prospective annual changes in liability losses are determined by coverage for the Bodily Injury, Property Damage and Medical Payments coverages. The average annual changes in losses are based upon the available North Carolina average claim cost and claim frequency data, both from collected statistical plan experience and ISO-NAII Fast Track data. The claim cost data are used as a measure of the inflationary trend in the cost of claims. The claim frequency data are used as a measure of the expected trend in claim occurrence. Exponential and linear curves of best fit are developed from the claim cost and claim frequency data. The prospective average annual changes in losses used in the determination of the needed rate level change are also based upon consideration of changes in the number of miles driven, the changing cost of gasoline, and the impact of recent legislation. The expected average annual changes in losses have been selected based upon analysis and review of these data.

B. Annual Changes in Loss for Earlier Years

Since the average annual change in losses determined for each coverage is the appropriate rate of change to apply to losses to project them from average date of accident in the most recent year to the average date of accident for the prospective period, it is necessary to recognize known changes from earlier years to the most recent year. These changes are reflected by means of a current cost factor which reflects the changes in pure premiums for the years ended 12/31/2000 and 12/31/2001 to the year ended 12/31/2002 pure premiums. For the purposes of display and calculation of the indicated change by coverage, these actual changes are compounded with the prospective annual change in losses by means of equivalent annual percentage changes. These calculations are shown on pages D-7 and D-8.

6. Prospective Annual Change in Expenses

The average annual change in expenses is based on the change in the All Items Consumer Price Index and the Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service, as shown on pages D-9-10. The expected average annual change in expenses is then selected based on analysis and review of this data.

7. Trend Period

The number of years of projection is the number of years from the average date of accident in the experience period to the average date of coverage under the filed rates. The average date of accident for accident year ended December 31, 2002 is July 1, 2002.

The changes proposed in this filing are applicable to all new and renewal policies written on or after October 1, 2004. The losses and loss adjustment expenses are projected to July 9, 2005. For 6 month policies, the average date of loss is 9 months after the effective date, since losses will occur under these policies throughout the 18 month period commencing with the anticipated effective date. Similarly, for 12 month policies, the average date of loss is 12 months after the anticipated effective date, since losses will occur under these policies throughout the 24 month period commencing with the assumed effective date for annual policies. The average dates of loss during these periods anticipated are weighted based on the distribution of 6 and 12 month policies.

The most recent distribution of policies by term is:

6 month policies	90%
12 month policies	10%

Other acquisition expenses and general expenses are projected six months beyond the anticipated effective date (April 1, 2005) to reflect expense incurred in writing policies throughout the 12 month period commencing with the anticipated effective date.

8. Expected Loss and Loss Adjustment Ratios

These quantities represent the portion of the present premium income available for losses, loss adjustment expenses, general expenses and other acquisition expenses. They are determined from special calls for North Carolina expense experience and reflect the 2002, 2001 and 2000 results as reported by all companies licensed in North Carolina during those years. The breakdowns of the expected loss and loss adjustment ratios are set forth on Pages D-17, D-18, and D-19.

Territory Rate Exhibits

1. Base Class Loss Cost

For each coverage, a base class loss cost by territory is derived by dividing the latest three year average pure premium by the latest year distributional adjustment factor. The distributional adjustment factor is determined for each territory by dividing the latest year average rate by the base class rate (see pages C-12-C-13). The average rates reflect the most recent distribution of risks by class in each territory. The pure premium or loss cost (losses / exposures) is based on three years of experience for purposes of stability.

2. Credibility

The base class loss cost for each territory is assigned a credibility value on the basis of the number of claims underlying the three year pure premium. The complement of the credibility assigned to the territory base class loss cost is assigned to the statewide base class loss cost. The credibility table utilized is shown on page D-21.

3. Formula Base Class Loss Cost

The formula base class loss cost by territory is calculated by multiplying the territory base class loss cost by its credibility value and adding this amount to the statewide base class loss cost multiplied by the complement of the territory credibility and the historical adjustment factor. The historical adjustment factor is calculated as the ratio of the current territory base class rate to the current statewide average base class rate. See pages C-12-C-13.

4. Index to State

Territory indices to state are calculated by dividing each territory's credibility-weighted formula base class loss cost with the statewide formula base class loss cost.

5. Filed Base Rate

Filed base rates by territory were developed so as to achieve the statewide required base class premium. The rate change has been distributed in such a way that 100% of the general and other acquisition expenses have been flattened by territory. The calculation of the flattened general and other acquisition expenses and the application of the offsets are described on page C-9.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
SUMMARY OF SELECTED TREND FACTORS

<u>Loss Trends</u>	<u>Cost</u>	<u>Frequency</u>	<u>Total</u>
Bodily Injury (B/L)	1.2%	0.5%	1.7%
Bodily Injury (T/L)	2.5%		
Property Damage	1.5%	0.0%	1.5%
Medical Payments	5.0%	0.0%	5.0%
<u>Expense Trend</u>			3.3%

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Development of Annualized Trend
for 2000 and 2001

	(1) Calendar Year	(2) Claim Cost Change (a)	(3) Claim Frequency Change (b)	(4) Current Cost Factor (c)	(5) 2002 Trend Factor	(6) Annualized Trend (d)
Bodily	2000	1.033	0.975	1.007	1.017	1.012
Injury	2001	1.002	1.026	1.028	1.017	1.020
	2002	1.000	1.000	1.000	1.017	1.017
Property	2000	1.034	0.965	0.998	1.015	1.009
Damage	2001	1.020	0.997	1.017	1.015	1.015
	2002	1.000	1.000	1.000	1.015	1.015
Medical	2000	1.103	0.966	1.065	1.050	1.043
Payments	2001	1.064	1.014	1.079	1.050	1.057
	2002	1.000	1.000	1.000	1.050	1.050

(a) 2000 Claim Cost Change = (2002 Claim Cost) / (2000 Claim Cost).
2001 Claim Cost Change = (2002 Claim Cost) / (2001 Claim Cost).

(b) 2000 Claim Frequency Change = (2002 Claim Frequency) / (2000 Claim Frequency). 2001 Claim Frequency Change = (2002 Claim Frequency) / (2001 Claim Frequency).

(c) Current Cost Factor = Column (2) * Column (3)

(d) Annualized Trend for 2000 and 2001

$$= [(COL(5))^m \times (COL(4))^{(1/n)}]$$

where m is the number of years of projection of the 2001 trend factor from 7/1/2002 to 7/09/2005, 3.03, Col (4) represents the Current Cost Factor to 7/1/2002, and n represents the number of years of projection for a given prior year, 4.03 for 2001 and 5.03 for 2000.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Development of Annualized Trend
for 2000 and 2001

Coverage	(1) Year Ended	(2) Paid Claim Cost (a)	(3) Claim Frequency (b)
Bodily Injury	2000	\$ 5,985	1.60
	2001	6,170	1.52
	2002	6,180	1.56
Property Damage	2000	\$ 2,541	3.97
	2001	2,576	3.84
	2002	2,628	3.83
Medical Payments	2000	\$ 1,464	1.45
	2001	1,518	1.38
	2002	1,615	1.40

- (a) Paid Claim Cost for all liability coverages is All Carrier trend data, as shown on pages F-128 and F-130.
- (b) Incurred Claim Frequency for all liability coverages is based on All Carrier developed statistical plan data.

**NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES**

	<u>ALL ITEMS CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Jan-00	168.8	
Feb-00	169.8	149.9
Mar-00	171.2	
Apr-00	171.3	
May-00	171.5	151.3
Jun-00	172.4	
Jul-00	172.8	
Aug-00	172.8	154.8
Sep-00	173.7	
Oct-00	174.0	
Nov-00	174.1	155.2
Dec-00	174.0	
Jan-01	175.1	
Feb-01	175.8	157.6
Mar-01	176.2	
Apr-01	176.9	
May-01	177.7	159.3
Jun-01	178.0	
Jul-01	177.5	
Aug-01	177.5	159.9
Sep-01	178.3	
Oct-01	177.7	
Nov-01	177.4	161.3
Dec-01	176.7	
Jan-02	177.1	
Feb-02	177.8	164.0
Mar-02	178.8	
Apr-02	179.8	
May-02	179.8	166.1
Jun-02	179.9	
Jul-02	180.1	
Aug-02	180.7	167.1
Sep-02	181.0	
Oct-02	181.3	
Nov-02	181.3	167.9
Dec-02	180.9	
Jan-03	181.7	
Feb-03	183.1	172.1
Mar-03	184.2	
Apr-03	183.8	
May-03	183.5	173.9
Jun-03	183.7	
Jul-03	183.9	
Aug-03	184.6	175.1
Sep-03	185.2	
Oct-03	185.0	
Nov-03	184.5	176.2
Dec-03	184.3	

**NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES**

	<u>All Items (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.15%	4.42%	3.29%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	1.89%	4.38%	3.14%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.16%	4.43%	3.30%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	1.32%	3.15%	2.23%
(5) Average Annual Index (D)			
Year Ended 6/30/2001	175.09	156.73	
Year Ended 12/31/2001	177.07	159.53	
Year Ended 6/30/2002	178.19	162.83	
Year Ended 12/31/2002	179.88	166.28	
Year Ended 6/30/2003	182.11	170.25	
Year Ended 12/31/2003	183.96	174.33	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 6/30/2001	1.05	1.12	1.09
Year Ended 12/31/2001	1.04	1.10	1.07
Year Ended 6/30/2002	1.03	1.08	1.06
Year Ended 12/31/2002	1.02	1.06	1.04
Year Ended 6/30/2003	1.01	1.03	1.02
Year Ended 12/31/2003	1.00	1.01	1.01

Notes: (A) All items CPI index (urban). Source: Bureau of Labor Statistics.

(B) Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service.
Source: Bureau of Labor Statistics.

(C) Weighted Average determined as .50 (All items) + .50 (CCI).

(D) Average year ended index for period shown.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Bodily Injury Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					325,482,129
1990				372,059,316	372,563,566
1991			386,890,273	386,775,293	383,862,164
1992		426,228,961	433,557,119	430,255,281	428,685,804
1993	425,729,363	451,465,755	456,135,578	459,352,242	459,179,969
1994	466,713,441	487,698,498	496,119,137	499,778,973	497,362,994
1995	480,109,432	499,805,208	508,281,001	510,695,093	507,711,940
1996	484,666,683	507,084,121	507,244,864	507,972,820	508,379,926
1997	499,433,785	506,416,147	510,093,020	513,062,431	515,054,841
1998	475,282,363	489,118,175	494,730,117	499,079,295	500,235,007
1999	484,067,233	497,444,285	506,104,335	511,660,823	
2000	467,248,204	494,966,053	505,863,721		
2001	468,576,304	486,718,769			
2002	502,055,673				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.001
1991			1.000	0.992
1992		1.017	0.992	0.996
1993	1.060	1.010	1.007	1.000
1994	1.045	1.017	1.007	0.995
1995	1.041	1.017	1.005	0.994
1996	1.046	1.000	1.001	1.001
1997	1.014	1.007	1.006	1.004
1998	1.029	1.011	1.009	1.002
1999	1.028	1.017	1.011	
2000	1.059	1.022		
2001	1.039			

Five Year Average	1.034	1.011	1.006	0.999
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Three Year Average	1.042	1.017	1.009	1.002
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	Five Year	Three Year
39 to 63 months:	1.005	1.011
27 to 63 months:	1.016	1.028
15 to 63 months:	1.051	1.071

(a) Losses are on a 25/50 level for 1989 - 2001.
Losses are on a 30/60 level for 2002.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					240,051,564
1990				236,218,310	235,883,536
1991			231,619,920	231,220,066	230,755,291
1992		251,521,946	251,499,279	250,683,767	250,587,858
1993	292,789,429	291,887,630	290,341,927	290,526,361	290,374,126
1994	342,388,902	341,109,620	341,881,402	342,544,827	342,489,519
1995	384,825,188	385,156,651	386,974,758	387,215,933	387,183,990
1996	429,257,284	434,360,545	434,632,796	434,999,549	434,974,174
1997	437,020,628	440,459,398	441,423,147	441,741,292	441,578,911
1998	448,660,733	452,317,568	452,935,631	452,975,900	453,159,687
1999	478,925,504	483,717,639	485,252,017	485,572,450	
2000	499,816,464	510,105,451	508,023,076		
2001	494,139,577	501,761,686			
2002	521,387,936				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991			0.998	0.998
1992		1.000	0.997	1.000
1993	0.997	0.995	1.001	0.999
1994	0.996	1.002	1.002	1.000
1995	1.001	1.005	1.001	1.000
1996	1.012	1.001	1.001	1.000
1997	1.008	1.002	1.001	1.000
1998	1.008	1.001	1.000	1.000
1999	1.010	1.003	1.001	
2000	1.021	0.996		
2001	1.015			
Five Year Average	1.012	1.001	1.001	1.000
Three Year Average	1.015	1.000	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.002	1.001	
15 to 63 months:		1.014	1.016	

(a) Losses are on a \$25,000 level for 2002.
Losses are on a \$15,000 level for 1991 - 2001.
Losses are on a \$10,000 level for 1989 - 1990.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					53,361,126
1990				61,707,769	61,649,872
1991			64,792,666	65,116,409	65,195,317
1992		70,770,429	71,464,723	71,794,144	71,812,761
1993	70,847,263	73,834,531	74,606,952	75,142,975	75,141,528
1994	75,360,257	78,009,228	78,792,900	79,141,305	79,248,603
1995	77,988,625	81,871,581	82,590,616	83,077,081	83,224,393
1996	78,004,666	81,079,429	81,935,144	82,511,325	82,792,510
1997	76,476,955	79,759,255	81,147,852	81,794,233	81,862,986
1998	72,417,261	76,331,709	77,410,266	77,964,001	78,054,472
1999	74,292,734	78,073,695	79,055,962	79,796,175	
2000	74,828,822	78,803,485	80,270,062		
2001	77,445,610	82,072,374			
2002	84,407,330				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991			1.005	1.001
1992		1.010	1.005	1.000
1993	1.042	1.010	1.007	1.000
1994	1.035	1.010	1.004	1.001
1995	1.050	1.009	1.006	1.002
1996	1.039	1.011	1.007	1.003
1997	1.043	1.017	1.008	1.001
1998	1.054	1.014	1.007	1.001
1999	1.051	1.013	1.009	
2000	1.053	1.019		
2001	1.060			
Five Year Average	1.052	1.015	1.007	1.002
Three Year Average	1.055	1.015	1.008	1.002
		Five Year	Three Year	
39 to 63 months:		1.009	1.010	
27 to 63 months:		1.024	1.025	
15 to 63 months:		1.077	1.081	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Bodily Injury Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					58,090
1990				59,978	59,844
1991			60,551	60,479	60,225
1992		67,690	67,694	67,605	67,312
1993	75,995	73,974	73,092	72,624	72,128
1994	88,006	85,579	84,589	84,346	83,857
1995	93,636	91,352	90,615	90,309	89,961
1996	96,404	94,473	94,022	93,916	93,519
1997	96,535	94,256	93,811	93,427	93,082
1998	93,726	91,239	90,712	90,465	89,985
1999	96,503	93,415	93,145	92,547	
2000	94,009	92,101	91,137		
2001	92,965	89,243			
2002	96,845				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.998
1991			0.999	0.996
1992		1.000	0.999	0.996
1993	0.973	0.988	0.994	0.993
1994	0.972	0.988	0.997	0.994
1995	0.976	0.992	0.997	0.996
1996	0.980	0.995	0.999	0.996
1997	0.976	0.995	0.996	0.996
1998	0.973	0.994	0.997	0.995
1999	0.968	0.997	0.994	
2000	0.980	0.990		
2001	0.960			
Five Year Average				
	0.971	0.994	0.997	0.995
Three Year Average				
	0.969	0.994	0.996	0.996
Five Year Three Year				
39 to 63 months:		0.992	0.992	
27 to 63 months:		0.986	0.986	
15 to 63 months:		0.957	0.955	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Property Damage Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					144,019
1990				139,800	139,719
1991			142,121	142,095	142,080
1992		155,475	155,597	155,579	155,534
1993	166,420	167,509	167,607	167,625	167,569
1994	189,760	190,932	191,119	191,123	191,119
1995	202,092	203,290	203,409	203,482	203,511
1996	213,802	214,611	215,087	215,218	215,208
1997	213,462	215,052	215,487	215,587	215,600
1998	215,050	216,238	216,588	216,617	216,601
1999	221,998	223,310	223,277	223,319	
2000	221,905	225,602	223,938		
2001	221,341	222,619			
2002	225,129				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991			1.000	1.000
1992		1.001	1.000	1.000
1993	1.007	1.001	1.000	1.000
1994	1.006	1.001	1.000	1.000
1995	1.006	1.001	1.000	1.000
1996	1.004	1.002	1.001	1.000
1997	1.007	1.002	1.000	1.000
1998	1.006	1.002	1.000	1.000
1999	1.006	1.000	1.000	
2000	1.017	0.993		
2001	1.006			

Five Year Average	1.008	1.000	1.000	1.000
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Three Year Average	1.010	0.998	1.000	1.000
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Five Year Three Year

39 to 63 months:	1.000	1.000
27 to 63 months:	1.000	0.998
15 to 63 months:	1.008	1.008

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					51,347
1990				54,004	53,955
1991			53,714	53,826	53,787
1992		57,007	57,337	57,422	57,389
1993	58,510	60,084	60,280	60,423	60,391
1994	65,048	66,188	66,510	66,604	66,592
1995	66,742	68,541	68,876	69,056	69,057
1996	66,485	68,189	68,540	68,706	68,723
1997	64,007	65,861	66,352	66,463	66,475
1998	60,062	61,536	61,751	61,932	61,904
1999	59,632	60,882	61,170	61,296	
2000	58,978	60,351	60,685		
2001	58,107	59,050			
2002	60,999				

Accident Year	Claim Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991			1.002	0.999
1992		1.006	1.001	0.999
1993	1.027	1.003	1.002	0.999
1994	1.018	1.005	1.001	1.000
1995	1.027	1.005	1.003	1.000
1996	1.026	1.005	1.002	1.000
1997	1.029	1.007	1.002	1.000
1998	1.025	1.003	1.003	1.000
1999	1.021	1.005	1.002	
2000	1.023	1.006		
2001	1.016			
Five Year Average				
	1.023	1.005	1.002	1.000
Three Year Average				
	1.020	1.005	1.002	1.000
Five Year Three Year				
39 to 63 months:		1.002	1.002	
27 to 63 months:		1.007	1.007	
15 to 63 months:		1.030	1.027	

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

SUMMARY OF 2002 EXPENSE PROVISIONS

	Ceded Liability (a)
Commission + Brokerage	10.0%
Taxes, Licenses and Fees	2.5
Underwriting Profit	-
Contingencies	0.0
Total	12.5
Losses, Loss Adj. Expenses, Gen. Admin. Expenses and Other Acquis. Expenses	87.5
Loss Adjustment Expense	
Bodily Injury & Medical Payments	13.3
Property Damage	11.5
General Administration	6.0
Other Acquisition Expenses	7.3

(a) For use with 12/31/2002 Liability data.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

SUMMARY OF 2001 EXPENSE PROVISIONS

	Ceded Liability (a)
Commission + Brokerage	10.0%
Taxes, Licenses and Fees	2.4
Underwriting Profit	-
Contingencies	0.0
Total	12.4
Losses, Loss Adj. Expenses, Gen. Admin. Expenses and Other Acquis. Expenses	87.6
Loss Adjustment Expense	
Bodily Injury & Medical Payments	12.8
Property Damage	11.6
General Administration	5.8
Other Acquisition Expenses	6.6

(a) For use with 12/31/2001 Liability data.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
SUMMARY OF 2000 EXPENSE PROVISIONS

	Ceded Liability (a)
Commission + Brokerage	10.0%
Taxes, Licenses and Fees	2.2
Underwriting Profit	-
Contingencies	0.0
Total	12.2
Losses, Loss Adj. Expenses, Gen. Admin. Expenses and Other Acquis. Expenses	87.8
Loss Adjustment Expense	
Bodily Injury & Medical Payments	13.2
Property Damage	10.8
General Administration	5.4
Other Acquisition Expenses	7.0

(a) For use with 12/31/2000 Liability data.

Credibility Factor Determination

Credibility considerations enter into the private passenger ratemaking formula in three areas:

- 1) statewide rate level in the determination of accident year weights.
- 2) territory rate level in the determination of the individual territory's formula loss ratio.
- 3) trend factor determination in the determination to base the average annual change on North Carolina data or a combination of North Carolina and countrywide data.

The first two areas full credibility standard is based on an application of the credibility formula contained in the paper "On The Credibility of The Pure Premium" by Mayerson, Jones and Bowers (PCAS LV, 1968). The full credibility standards contemplate P and K values of 95% and 5% for statewide and 90% and 5% for territory.

The trend credibility procedure is based on the first model discussed in "An Introduction to Credibility Theory" by L. H. Longley-Cook. The full credibility standard is based on P and K values of 99% and 2 1/2%.

CREDIBILITY TABLES BASED
UPON NUMBER OF CLAIMS

The projected loss ratios are weighted in accordance with the following:

<u>Average Number of Claim for the Latest Two Years (A)</u>	<u>Weight to Earlier Year</u>	<u>Weight to Later Year</u>
4000 and over	0%	100%
3600 - 3999	10	90
3200 - 3599	20	80
2800 - 3199	30	70
2400 - 2799	40	60
under 2400	50	50

(A) Applied separately by coverage.

<u>Credibility</u>	<u>Determination of Territory Credibility (B)</u>	<u>Credibility</u>	<u>Determination of Trend Factor Credibility (C)</u>
0	0 - 29	0	0 - 26
.10	30 - 119	.05	27 - 105
.20	120 - 269	.10	106 - 238
.30	270 - 479	.15	239 - 424
.40	480 - 749	.20	425 - 663
.50	750 - 1,079	.25	664 - 955
.60	1,080 - 1,469	.30	956 - 1,300
.70	1,470 - 1,919	.35	1,301 - 1,699
.80	1,920 - 2,429	.40	1,700 - 2,150
.90	2,430 - 2,999	.45	2,151 - 2,655
1.00	3,000 or more	.50	2,656 - 3,212
		.55	3,213 - 3,823
		.60	3,824 - 4,487
		.65	4,488 - 5,204
		.70	5,205 - 5,974
		.75	5,975 - 6,798
		.80	6,799 - 7,674
		.85	7,675 - 8,604
		.90	8,605 - 9,586
		.95	9,587 - 10,622
		1.00	10,623 or more

(B) Territory credibility is based on the number of claims underlying the three year pure premium.

(C) Trend factor credibility is based on the number of claims underlying the latest year's experience appearing in the trend exhibits.

SECTION E
INCREASED LIMITS REVIEW

NORTH CAROLINA

Increased limits Revision

In order to maintain the same increased limits factors for Bodily Injury Liability on voluntary and ceded business, and because the Rate Bureau's February 2, 2004 filing was settled in such a manner that the Bodily Injury Liability increased limits factors remain unchanged, this filing as amended does not propose changes to the increased limits factors for Bodily Injury Liability. However, a portion of the Bodily Injury total limits indication of 9.0% is applied to the basic limits rates.

Pages E-4-5 display the calculation of the average increased limits factors for Bodily Injury and Property Damage on a 25/50/15 basis. The average increased limits factors for Bodily Injury and Property Damage derived on these pages are used for the determination of the uniform indications as shown on pages E-2-3.

Pages E-6-7 display the calculation of the average increased limits factors for Bodily Injury and Property Damage on a 30/60/25 basis for use in the determination of the premium weights shown on page A-1.

The Bodily Injury total limits indication of +9.0% is determined on page E-2. Given the size of this indication and the fact that the original filing proposed adoption of the changes to the Bodily Injury increased limits factors, the effect of which would have been an increase in the Bodily Injury total limits rate level of 4.2%, the Facility has chosen in this amended filing to cap its proposed increase in the Bodily Injury total limits indication at 4.2%.

The Property Damage total limits indication of +0.6%, determined on page E-3, is applied to the basic limits rates.

Amended July 27, 2004

NORTH CAROLINA

Increased limits Revision

This filing adopts the selected changes to the increased limits factors for Bodily Injury Liability, as proposed in the Rate Bureau's February 2, 2004 filing. The overall effect of these changes for Bodily Injury Liability is shown on page E-2.

Pages E-4-5 display the calculation of the average increased limits factors for Bodily Injury and Property Damage on a 25/50/15 basis. The average increased limits factors for Property Damage derived on page E-5 are used for the determination of the uniform indication for Property Damage shown on page E-3.

Pages E-6-7 display the calculation of the average increased limits factors for Bodily Injury and Property Damage on a 30/60/25 basis for use in the determination of the premium weights shown on page A-1.

The Property Damage total limits indication of +0.6%, determined on page E-3 is applied to the basic limits rates.

NORTH CAROLINA
REVIEW OF BODILY INJURY INCREASED LIMITS

Ceded Business	12/31/2000	12/31/2001	12/31/2002	3 Years Combined
(1) Basic limits losses (a) (b)	203,747,832	197,171,918	198,865,341	599,785,091
(2) Basic limits loss dev. factor (See page D-11)	1.011	1.028	1.071	
(3) Basic limits claim cost trend (See page D-6)	1.2%	1.2%	1.2%	
(4) Years of trend (See page C-2)	5.03	4.03	3.03	
(5) Basic limits trend factor [1+(3)]^(4)	1.062	1.049	1.037	
(6) Basic limits losses, trended and developed	218,760,380	212,624,676	220,865,217	652,250,273
(1)x(2)x(5)				
(7) Total limits losses (b)	220,573,828	218,365,886	215,691,762	654,631,476
(8) Total limits loss dev. factor (See page F-45)	1.014	1.049	1.141	
(9) Total limits claim cost trend (See page D-6)	2.5%	2.5%	2.5%	
(10) Years of trend (See page C-2)	5.03	4.03	3.03	
(11) Total limits trend factor [1+(9)]^(10)	1.132	1.105	1.078	
(12) Total limits losses, trended and developed	253,185,227	253,117,725	265,300,436	771,603,388
(7)x(8)x(11)				
(13) Indicated average ilf (12)/(6)	1.157	1.190	1.201	1.183
(14) Average increased limits factor (See page E-4)	1.078	1.086	1.092	1.085 (c)
(15) Indicated change to excess limits increments {[(13) - 1] / [(14) - 1] } - 1				115.3%
(16) Indicated total limits change { (13) / (14) } - 1				9.0%
(17) Selected total limits change				4.2%

- (a) Basic limits are 25/50.
 (b) Based on the statistical plan data reported by member companies.
 (c) Three Year Average

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF TOTAL LIMITS CHANGES

North Carolina Year Ending 12/31/2002

Ceded Bodily Injury

Limit Of Liability	(1) Written Premium	(2) 30/60 Current ILF	(3) (1)/(2) 25/50 Premium	(4) 30/60 Revised ILF	(5) (3)x(4) T/L Premium	(6) (5)/(1) Percent Change
30/60	147,940,030	1.00	147,940,030	1.00	147,940,030	0.0%
50/100	45,681,467	1.14	40,071,462	1.19	47,685,040	4.4%
100/300	38,651,236	1.32	29,281,239	1.43	41,872,172	8.3%
Over 100/300	757,974	1.52	498,667	1.70	847,734	11.8%
All Other	4,734,475	1.070	4,424,743	1.094	4,840,669	2.2%
	237,765,182		222,216,141		243,185,645	2.3%

NORTH CAROLINA
REVIEW OF PROPERTY DAMAGE INCREASED LIMITS

Ceded Business	12/31/2000	12/31/2001	12/31/2002	3 Years Combined
(1) Basic limits losses (a)(b)	173,124,372	173,094,053	179,877,365	526,095,790
(2) Basic limits loss dev. factor (See page D-12)	1.001	1.001	1.016	
(3) Basic limits losses, developed (1)x(2)	173,297,496	173,267,147	182,755,403	529,320,046
(4) Total limits losses (b)	176,011,216	177,953,170	184,753,407	538,717,793
(5) Total limits loss dev. factor (See page F-46)	1.000	1.000	1.014	
(6) Total limits losses, developed (4)x(5)	176,011,216	177,953,170	187,339,955	541,304,341
(7) Indicated average increased limits factor (6) / (3)	1.016	1.027	1.025	1.023
(8) Average increased limits factor (See page E-5)	1.015	1.018	1.019	1.017 (c)
(9) Indicated change to excess limits increments {[(7)-1]/[(8)-1]}-1				35.3%
(10) Indicated total limits change {(7)/(8)}-1				0.6%

(a) Basic limits are \$15,000.

(b) Based on the statistical plan data reported by member companies.

(c) Three Year Average

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CALCULATION OF AVERAGE INCREASED LIMITS FACTORS

Year Ending 12/31/2002
Ceded Bodily Injury - 25/50 base

Limit Of Liability	(1)	(2)	(3)	(4)	(5)
	Written Premium	25/50 Prior ILF	25/50 Premium	25/50 Current ILF	(3)x(4) T/L Premium
30/60	147,940,030	1.04	142,250,029	1.00	142,250,029
50/100	45,681,467	1.16	39,380,575	1.20	47,256,690
100/300	38,651,236	1.33	29,061,080	1.39	40,394,901
Over 100/300	757,974	1.44	526,371	1.60	842,194
All Other	4,734,475	1.103	4,292,362	1.092	4,687,259
	237,765,182	1.103	215,510,417	1.092	235,431,073

Year Ending 12/31/2001
Ceded Bodily Injury - 25/50 base

Limit Of Liability	(1)	(2)	(3)	(4)	(5)
	Written Premium	25/50 Prior ILF	25/50 Premium	25/50 Current ILF	(3)x(4) T/L Premium
30/60	159,746,176	1.04	153,602,092	1.00	153,602,092
50/100	43,969,821	1.16	37,905,018	1.20	45,486,022
100/300	38,763,766	1.33	29,145,689	1.39	40,512,508
Over 100/300	173,595	1.44	120,552	1.60	192,883
All Other	5,661,040	1.099	5,151,083	1.086	5,594,076
	248,314,398	1.099	225,924,434	1.086	245,387,581

Year Ending 12/31/2000
Ceded Bodily Injury - 25/50 base

Limit Of Liability	(1)	(2)	(3)	(4)	(5)
	Written Premium	25/50 Prior ILF	25/50 Premium	25/50 Current ILF	(3)x(4) T/L Premium
25/50	166,734,377	1.00	166,734,377	1.00	166,734,377
50/100	42,013,748	1.22	34,437,498	1.20	41,324,998
100/300	40,114,286	1.44	27,857,143	1.39	38,721,429
Over 100/300	61,095	1.64	37,253	1.60	59,605
All Other	2,599,407	1.087	2,391,359	1.078	2,577,885
	251,522,913	1.087	231,457,630	1.078	249,418,294

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CALCULATION OF AVERAGE INCREASED LIMITS FACTORS

Year Ending 12/31/2002

Ceded Property Damage - \$15,000 base

Limit Of Liability	(1) Written Premium	(2) \$15,000 Prior ILF	(3) \$15,000 Premium	(4) \$15,000 Current ILF	(5) (3)x(4) T/L Premium
15,000	(23,925)	1.00	(23,925)	1.000	(23,925)
25,000	141,683,397	1.02	138,905,291	1.015	140,988,870
50,000	74,027,934	1.04	71,180,706	1.025	72,960,224
100,000	1,139,726	1.06	1,075,213	1.045	1,123,598
250,000	1,910	1.09	1,752	1.075	1,883
300,000	3,706	1.10	3,369	1.085	3,655
All Other	995,455	1.027	969,284	1.019	987,700
	217,828,203	1.027	212,111,690	1.019	216,042,005

Year Ending 12/31/2001

Ceded Property Damage - \$15,000 base

Limit Of Liability	(1) Written Premium	(2) \$15,000 Prior ILF	(3) \$15,000 Premium	(4) \$15,000 Current ILF	(5) (3)x(4) T/L Premium
15,000	43,462	1.00	43,462	1.000	43,462
25,000	136,186,667	1.02	133,516,340	1.015	135,519,085
50,000	60,606,285	1.04	58,275,274	1.025	59,732,156
100,000	287,728	1.06	271,442	1.045	283,657
250,000	1,980	1.09	1,817	1.075	1,953
300,000	1,389	1.10	1,263	1.085	1,370
All Other	1,519,766	1.026	1,481,253	1.018	1,507,916
	198,647,277	1.026	193,590,851	1.018	197,089,599

Year Ending 12/31/2000

Ceded Property Damage - \$15,000 base

Limit Of Liability	(1) Written Premium	(2) \$15,000 Prior ILF	(3) \$15,000 Premium	(4) \$15,000 Current ILF	(5) (3)x(4) T/L Premium
15,000	26,560,734	1.00	26,560,734	1.000	26,560,734
25,000	106,051,937	1.02	103,972,487	1.015	105,532,074
50,000	49,175,850	1.04	47,284,471	1.025	48,466,583
100,000	75,147	1.06	70,893	1.045	74,083
250,000	768	1.09	705	1.075	758
300,000	3,056	1.10	2,778	1.085	3,014
All Other	2,754,270	1.022	2,694,980	1.015	2,735,405
	184,621,762	1.022	180,587,048	1.015	183,372,651

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CALCULATION OF AVERAGE INCREASED LIMITS FACTORS

Year Ending 12/31/2002
Ceded Bodily Injury - 30/60 base

Limit Of Liability	(1) Written Premium	(2) 25/50 Prior ILF	(3) 25/50 Premium	(4) 25/50 Current ILF	(5) (3)x(4) T/L Premium
30/60	147,940,030	1.04	142,250,029	1.05	149,362,530
50/100	45,681,467	1.16	39,380,575	1.20	47,256,690
100/300	38,651,236	1.33	29,061,080	1.39	40,394,901
Over 100/300	757,974	1.44	526,371	1.60	842,194
All Other	4,734,475	1.103	4,292,362	1.126	4,833,200
	237,765,182	1.103	215,510,417	1.126	242,689,515

Year Ending 12/31/2001
Ceded Bodily Injury - 30/60 base

Limit Of Liability	(1) Written Premium	(2) 25/50 Prior ILF	(3) 25/50 Premium	(4) 25/50 Current ILF	(5) (3)x(4) T/L Premium
30/60	159,746,176	1.04	153,602,092	1.05	161,282,197
50/100	43,969,821	1.16	37,905,018	1.20	45,486,022
100/300	38,763,766	1.33	29,145,689	1.39	40,512,508
Over 100/300	173,595	1.44	120,552	1.60	192,883
All Other	5,661,040	1.099	5,151,083	1.121	5,774,364
	248,314,398	1.099	225,924,434	1.121	253,247,974

Year Ending 12/31/2000
Ceded Bodily Injury - 30/60 base

Limit Of Liability	(1) Written Premium	(2) 25/50 Prior ILF	(3) 25/50 Premium	(4) 25/50 Current ILF	(5) (3)x(4) T/L Premium
25/50	166,734,377	1.00	166,734,377	1.05	175,071,096
50/100	42,013,748	1.22	34,437,498	1.20	41,324,998
100/300	40,114,286	1.44	27,857,143	1.39	38,721,429
Over 100/300	61,095	1.64	37,253	1.60	59,605
All Other	2,599,407	1.087	2,391,359	1.114	2,663,974
	251,522,913	1.087	231,457,630	1.114	257,841,102

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CALCULATION OF AVERAGE INCREASED LIMITS FACTORS

Year Ending 12/31/2002

Ceded Property Damage - \$25,000 base

Limit Of Liability	(1)	(2)	(3)	(4)	(5)
	Written Premium	\$15,000 Prior ILF	\$15,000 Premium	\$15,000 Current ILF	(3)x(4) T/L Premium
15,000	(23,925)	1.00	(23,925)	1.015	(24,284)
25,000	141,683,397	1.02	138,905,291	1.015	140,988,870
50,000	74,027,934	1.04	71,180,706	1.025	72,960,224
100,000	1,139,726	1.06	1,075,213	1.045	1,123,598
250,000	1,910	1.09	1,752	1.075	1,883
300,000	3,706	1.10	3,369	1.085	3,655
All Other	995,455	1.027	969,284	1.019	987,700
	217,828,203	1.027	212,111,690	1.019	216,041,646

Year Ending 12/31/2001

Ceded Property Damage - \$25,000 base

Limit Of Liability	(1)	(2)	(3)	(4)	(5)
	Written Premium	\$15,000 Prior ILF	\$15,000 Premium	\$15,000 Current ILF	(3)x(4) T/L Premium
15,000	43,462	1.00	43,462	1.015	44,114
25,000	136,186,667	1.02	133,516,340	1.015	135,519,085
50,000	60,606,285	1.04	58,275,274	1.025	59,732,156
100,000	287,728	1.06	271,442	1.045	283,657
250,000	1,980	1.09	1,817	1.075	1,953
300,000	1,389	1.10	1,263	1.085	1,370
All Other	1,519,766	1.026	1,481,253	1.018	1,507,916
	198,647,277	1.026	193,590,851	1.018	197,090,251

Year Ending 12/31/2000

Ceded Property Damage - \$25,000 base

Limit Of Liability	(1)	(2)	(3)	(4)	(5)
	Written Premium	\$15,000 Prior ILF	\$15,000 Premium	\$15,000 Current ILF	(3)x(4) T/L Premium
15,000	26,560,734	1.00	26,560,734	1.015	26,959,145
25,000	106,051,937	1.02	103,972,487	1.015	105,532,074
50,000	49,175,850	1.04	47,284,471	1.025	48,466,583
100,000	75,147	1.06	70,893	1.045	74,083
250,000	768	1.09	705	1.075	758
300,000	3,056	1.10	2,778	1.085	3,014
All Other	2,754,270	1.022	2,694,980	1.018	2,743,490
	184,621,762	1.022	180,587,048	1.018	183,779,147

SECTION F
SUPPLEMENTAL MATERIAL

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
SUPPLEMENTAL MATERIAL

North Carolina G.S. 58-36-15(h) specifies that the following information must be included in certain policy form, rule and rate filings filed under Articles 36 and 37. 11 NCAC 10.1104 specifies that additional detail be provided under each of these items. These materials are contained on the pages indicated.

<u>Item</u>	<u>Page</u>
1. North Carolina earned premiums at actual and current rate levels; losses and loss adjustment expenses, each on a paid and incurred basis; the loss ratio anticipated at the time rates were promulgated for the experience period.	F-2-34
2. Credibility factor development and application.	F-35-37
3. Loss development factor derivation and application on both paid and incurred bases and in both dollars and numbers of claims.	F-38-115
4. Trending factor development and application.	F-116-152
5. Changes in premium base resulting from rating exposure trends.	F-153
6. Limiting factor development and application.	F-154
7. Overhead expense development and application of commission and brokerage, other acquisition expenses, general expenses, taxes, licenses and fees.	F-155-156
8. Percent rate change.	F-157
9. Final proposed rates.	F-158
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	F-159-178
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	F-179-184
12. Investment earnings on capital and surplus.	F-185
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	F-186
14. Additional supplemental information (as per 11 NCAC 10.1104)	F-187- 228

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

1. NORTH CAROLINA EARNED PREMIUMS AT THE ACTUAL AND CURRENT RATE LEVEL
LOSSES AND LOSS ADJUSTMENT EXPENSES, EACH ON PAID AND INCURRED BASES
WITHOUT TRENDING OR OTHER MODIFICATION FOR THE EXPERIENCE PERIOD
LOSS RATIOS ANTICIPATED AT THE TIME THE RATES WERE PROMULGATED FOR THE
EXPERIENCE PERIOD
- | | |
|--|--|
| (1) Earned premiums at collected and current levels. | F-3 |
| (1) Paid/incurred losses and loss adjustment expense. | F-4 |
| (1) Anticipated loss ratios. | F-5 |
| (a) Companies excluded - rate level, trend, loss development, investment income and expenses. | F-6 |
| (b) Increased limits factors and deductible credits. | F-7 |
| (c) Adjustments to premium, losses, loss adjustment expenses and exposures. | F-8 |
| (d) Calculation of earned premium at present rates. | F-9 |
| (e) Written and earned premiums and market shares for the ten largest writers. | F-10 |
| (f) Composite loss and premium information from each of the latest two annual statements for the 50 largest writers.
Part 2, line 19
Part 3, line 19
Page 15, lines 19.1 and 19.2 | See response (1)(f) and Exhibit (1)(f) in the Rate Bureau filing |
| (g) Deviations. | Not applicable |
| (h) Dividends. | Not applicable |
| (i) Loss and loss adjustment expenses. | F-16-18 |
| (j) Excess losses (Comprehensive) | Not applicable |
| (k) Territory data. | F-19-34 |

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED EARNED PREMIUM

I. EARNED PREMIUM AT COLLECTED LEVEL (a)

<u>Coverage</u>	<u>12/31/2000</u>	<u>12/31/2001</u>	<u>12/31/2002</u>
Bodily Injury	\$274,462,620	\$288,241,108	\$286,460,087
Property Damage	210,452,889	223,193,833	266,607,806
Medical Payments	31,345,067	33,137,037	31,174,991

II. EARNED PREMIUM AT CURRENT LEVEL (a)

<u>Coverage</u>	<u>12/31/2000</u>	<u>12/31/2001</u>	<u>12/31/2002</u>
Bodily Injury	\$269,081,000	\$283,869,517	\$294,227,698
Property Damage	234,749,458	246,813,926	255,640,815
Medical Payments	28,643,943	30,546,679	31,948,136

(a) Ceded Liability premiums are at 25/50 level for Bodily Injury, \$15,000 for Property Damage, and Total Limits for Medical Payments.

NORTH CAROLINA
CEDED
PAID/INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE

<u>Year</u>	<u>Paid Losses (a)</u>	<u>Incurred Losses (a)</u>
		Bodily Injury
12/31/2000	198,819,669	220,496,608
12/31/2001	172,524,286	217,907,631
12/31/2002	102,441,964	215,630,126
		Property Damage
12/31/2000	175,428,598	175,936,828
12/31/2001	176,918,010	177,777,669
12/31/2002	179,348,525	184,652,818
		Medical Payments
12/31/2000	21,370,052	21,537,381
12/31/2001	20,904,556	21,210,482
12/31/2002	20,702,858	23,333,207

(a) Paid and incurred losses are undeveloped and on a total limits basis, and do not include unallocated loss adjustment expense. These expenses are reflected via a factor. For Bodily Injury and Medical Payments, these factors are 13.2%, 12.8%, and 13.3% for year ended 12/31/2000, 12/31/2001 and 12/31/2002 respectively. For Property Damage, these factors for each year are 10.8%, 11.6% and 11.5% respectively. See page F-156.

NORTH CAROLINA
ANTICIPATED LOSS AND LOSS ADJUSTMENT EXPENSE RATIOS
CEDED

PRIVATE PASSENGER AUTO

<u>Coverage</u>	<u>12/31/2000</u>	<u>12/31/2001</u>	<u>12/31/2002</u>
Bodily Injury	.798	.797	.787
Property Damage	.839	.837	.808
Medical Payments	.810	.806	.756

NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE

EXCLUDED COMPANIES

(The marketshare for each company mentioned, based on the total 2002 page 15 private passenger automobile written premium unless otherwise indicated, is found in parentheses after the company name.)

Universal Insurance Co. (1.07%) has been excluded from loss development for 1989 and subsequent years. Their data were inaccurately reported to their statistical agent.

Interstate Casualty Insurance Co., which comprised 2.7% of page 14 written premium in 1988, has been excluded from all loss development due to their insolvency.

Atlantic Casualty Insurance Co. (0.00%) and Atlantic Indemnity Co. (1.35%) have been excluded from loss development for 1989 accident year. They did not report data to either statistical agent prior to this date.

ISO Minimum Plan companies have been excluded from trend and loss development. Data reported under this plan is not available in sufficient detail to allow its inclusion. The companies which reported data under this plan for 2002 are American Southern Insurance Co. (0.20%), Builders Mutual Insurance Company (0.00%), Church Mutual Insurance Company (0.00%), and Merastar Insurance Co. (0.05%).

Ohio Casualty Insurance Co. (0.26%) has been excluded from the loss development split between voluntary and ceded business for the 1993, 1994, and 1995 accident years. They did not properly distinguish between voluntary and ceded business in their reporting of the 1993, 1994, and 1995 accident years.

Great American Insurance Co. (0.09%), American Alliance Insurance Co. (0.00%), American Spirit Insurance Co. (0.04%), Eagle American Insurance Co. (0.01%), American National Fire Insurance Co. (0.04%), Worldwide Insurance Company (0.0%), and Agricultural Insurance Co. (0.04%) have been excluded from loss development for 1989 through 2000. Their data were inaccurately reported to their statistical agent, and corrected data were not provided.

American International Group (0.23%), Cincinnati Insurance Co. (0.07%), Insurance Corporation of Hanover (0.18%) and Interstate Indemnity (0.08%) have been deleted for all rate levels. Their data were inaccurately reported to their statistical agent for 2000-2002.

The increased limits review is contained in Section E.
See also prefiled testimony of P. Woods.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
ADJUSTMENTS TO PREMIUMS AND LOSSES

The losses were adjusted by loss development factors to place them on an ultimate settlement basis. The factors used and their application are shown on pages C-1, C-3, and C-5.

PREMIUM AT PRESENT RATES CALCULATION

The liability earned premium at manual rates by coverage is calculated by the following formula within each class, by territory:

$EPMR = \text{Exposures by Class} \times \text{Territory Base Rate} \times [\text{Class Rating Factor} + \text{Safe Driver Insurance Plan Factor}]$

These EPMR's are then summed over all classes and territories to generate the statewide earned premium at manual rates shown on page F-3.

A sample calculation of the earned premium at manual rates for a single class and territory combination is shown below for Bodily Injury in Territory 11 for Work less than 10 miles and one SDIP point (Class 116101)

Bodily Injury

(1) Earned exposures	329
(2) Bodily Injury territory 11 25/50 base rate	154
(3) Class rating factor	1.050
(4) SDIP factor	0.250
(5) Combined rating factor (3)+(4)	1.300
(6) Premium at manual rates (1)x(2)x(5)	\$65,866

NORTH CAROLINA
 PERSONAL AUTO LIABILITY INSURANCE
 AGGREGATE ANNUAL STATEMENT DATA
 TOP 50 AUTO INSURERS BASED ON 2002 WRITTEN PREMIUM

2001 UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - PREMIUMS EARNED

	Net Premiums Written	Unearned Premiums Previous Year	Unearned Premiums Current Year	Net Earned Premiums
1 Fire	640,973	289,428	335,375	594,440
2 Allied lines	408,439	184,115	192,313	400,249
3 Farmowners	182,612	82,370	89,048	175,933
4 Homeowners	11,254,151	5,401,542	5,968,457	10,686,801
5 Comm multi peril	3,603,024	1,508,980	1,723,219	3,391,664
6 Mortgage guaranty	0	0	0	0
8 Ocean marine	122,430	45,762	64,920	102,584
9 Inland marine	972,097	407,280	463,791	915,158
10 Financial guaranty	49	0	0	49
11 Medical malpractice	93,111	22,616	32,739	82,987
12 Earthquake	148,832	77,611	78,371	148,074
13 Group A & H	948,840	13,063	16,216	945,491
14 Credit A & H	28,831	27,054	21,295	34,589
15 Other A & H	729,450	218,362	242,665	704,557
16 Worker's comp	3,490,912	599,875	630,768	3,490,704
17 Other liability	1,592,874	608,659	729,692	1,471,172
18 Products liability	285,197	58,208	132,667	210,601
19 Auto liability	42,389,693	11,358,260	12,293,029	41,453,216
21 Auto phys. damage	30,108,482	8,094,602	8,805,815	29,396,448
22 Aircraft	46,531	15,175	20,477	41,211
23 Fidelity	25,272	10,717	13,581	22,341
24 Surety	173,911	127,702	144,905	156,706
26 Burglary + theft	5,375	2,443	3,039	4,771
27 Boiler and machinery	44,103	16,746	22,999	37,847
28 Credit	5,165	24	1,131	4,057
29 International	17,386	4,712	6,210	15,888
30 Reinsurance	603,131	36,845	24,922	615,054
31 Miscellaneous	17,273	57,170	42,464	31,978
32 TOTALS	97,938,141	29,269,320	32,100,107	95,134,573

NORTH CAROLINA
PERSONAL AUTO LIABILITY INSURANCE
AGGREGATE ANNUAL STATEMENT DATA
TOP 50 AUTO INSURERS BASED ON 2002 WRITTEN PREMIUM

2002 UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - PREMIUMS EARNED

	Net Premiums Written	Unearned Premiums Previous Year	Unearned Premiums Current Year	Net Earned Premiums
1 Fire	736,309	336,073	385,093	687,290
2 Allied lines	471,744	192,313	227,342	436,715
3 Farmowners	202,649	89,048	88,495	203,202
4 Homeowners	12,466,341	5,968,650	6,649,260	11,785,730
5 Comm multi peril	3,975,900	1,719,253	1,886,208	3,808,945
6 Mortgage guaranty	0	0	0	0
8 Ocean marine	144,443	65,089	80,033	129,499
9 Inland marine	861,102	463,842	438,039	886,905
10 Financial guaranty	0	0	-0	0
11 Medical malpractice	90,274	32,742	18,809	104,207
12 Earthquake	149,517	78,370	81,101	146,787
13 Group A & H	979,987	16,260	6,568	989,679
14 Credit A & H	9,309	21,295	13,577	17,028
15 Other A & H	789,888	242,790	283,204	749,474
16 Worker's comp	3,305,586	618,822	478,056	3,446,352
17 Other liability	1,821,770	811,344	860,509	1,772,604
18 Products liability	143,125	132,965	79,464	196,627
19 Auto liability	46,124,506	12,293,459	13,336,333	45,081,631
21 Auto phys. damage	32,117,370	8,806,001	9,264,376	31,658,995
22 Aircraft	66,166	20,482	18,738	67,909
23 Fidelity	14,412	13,328	10,401	17,339
24 Surety	105,022	146,104	107,393	143,734
26 Burglary + theft	5,763	3,041	3,128	5,676
27 Boiler and machinery	55,901	23,000	26,457	52,444
28 Credit	2,009	1,131	384	2,757
29 International	29,463	6,210	12,310	23,363
30 Reinsurance	744,370	24,919	44,284	725,005
31 Miscellaneous	10,692	42,464	30,552	22,604
32 TOTALS	105,423,619	32,168,995	34,430,112	103,162,501

NORTH CAROLINA
PERSONAL AUTO LIABILITY INSURANCE
AGGREGATE ANNUAL STATEMENT DATA
TOP 50 AUTO INSURERS BASED ON 2002 WRITTEN PREMIUM

2001 UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - LOSSES PAID AND INCURRED

	Losses Paid Less Salvage			Net Losses		Net Losses		Losses	
	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Payments	Unpaid Current Year	Unpaid Previous Year	Incurred Current Year	Unpaid Previous Year	Incurred Current Year
1 Fire	270,870	354,394	292,708	332,556	178,998	152,443	359,477	152,443	359,477
2 Allied lines	481,778	468,642	662,861	287,559	123,523	100,890	310,112	100,890	310,112
3 Farmowners	103,207	83,359	69,964	116,603	66,970	59,265	124,308	59,265	124,308
4 Homeowners	5,337,523	7,417,692	4,940,001	7,815,214	2,673,225	2,254,647	8,234,045	2,254,647	8,234,045
5 Comm multi peril	1,654,896	3,045,192	2,631,652	2,068,436	3,019,538	2,851,558	2,236,185	2,851,558	2,236,185
6 Mortgage guaranty	0	0	0	0	0	0	0	0	0
8 Ocean marine	26,919	73,337	51,964	48,293	50,568	56,393	42,971	56,393	42,971
9 Inland marine	586,788	443,332	619,905	410,215	137,346	125,318	422,408	125,318	422,408
10 Financial guaranty	-103	0	-58	-44	1,120	1,120	-44	1,120	-44
11 Medical malpractice	29	127,965	78,734	49,260	155,161	133,883	70,538	133,883	70,538
12 Earthquake	72,069	14,196	12,251	74,014	63,518	42,771	94,796	42,771	94,796
13 Group A & H	552,675	424,027	166,308	810,395	557,494	472,123	896,906	472,123	896,906
14 Credit A & H	17,969	0	8,314	9,656	10,233	12,397	7,492	12,397	7,492
15 Other A & H	474,817	68,615	25,379	518,053	362,540	341,151	539,614	341,151	539,614
16 Worker's comp	1,978,238	4,812,180	4,103,222	2,687,196	10,330,674	10,127,675	2,886,182	10,127,675	2,886,182
17 Other liability	1,117,682	1,563,001	1,469,535	1,211,148	4,398,534	4,383,508	1,227,013	4,383,508	1,227,013
18 Products liability	142,076	275,213	259,755	157,535	1,740,284	1,729,829	168,539	1,729,829	168,539
19 Auto liability	25,383,436	13,126,570	8,986,320	29,523,686	34,731,695	32,908,881	31,352,293	32,908,881	31,352,293
21 Auto phys. damage	17,595,461	8,054,491	5,334,851	20,315,101	1,657,409	1,597,243	20,375,371	1,597,243	20,375,371
22 Aircraft	58,580	39,021	72,589	25,012	46,039	50,419	20,673	50,419	20,673
23 Fidelity	8,263	-820	4,288	3,155	20,187	13,474	9,914	13,474	9,914
24 Surety	159,325	48,925	141,355	66,894	35,286	50,604	51,588	50,604	51,588
26 Burglary + theft	2,122	809	1,055	1,876	3,709	2,726	2,876	2,726	2,876
27 Boiler and machinery	5,218	52,475	44,890	12,803	23,441	9,858	26,388	9,858	26,388
28 Credit	3,843	286	3,148	981	160	30	1,112	30	1,112
29 International	6,610	18,994	7,802	17,802	45,123	51,084	11,841	51,084	11,841
30 Reinsurance	0	492,646	134,723	357,924	1,133,579	675,426	816,077	675,426	816,077
31 Miscellaneous	31,180	23,002	10,299	43,883	3,343	3,824	43,401	3,824	43,401
32 TOTALS	56,071,472	41,027,545	30,133,815	66,965,202	61,569,697	58,208,538	70,332,076	58,208,538	70,332,076

NORTH CAROLINA
PERSONAL AUTO LIABILITY INSURANCE
AGGREGATE ANNUAL STATEMENT DATA
TOP 50 AUTO INSURERS BASED ON 2002 WRITTEN PREMIUM

2002 UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - LOSSES PAID AND INCURRED

	Losses Paid Less Salvage			Net Losses		Net Losses		Losses Incurred Current Year
	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Unpaid Current Year	Unpaid Previous Year	Unpaid Current Year		
1 Fire	280,962	314,499	276,051	225,391	179,783	225,391	365,018	
2 Allied lines	450,123	406,045	599,896	145,276	123,572	145,276	277,975	
3 Farmowners	105,964	83,676	79,006	55,379	67,828	55,379	98,186	
4 Homeowners	5,295,491	6,977,193	4,824,590	3,085,336	2,674,063	3,085,336	7,859,367	
5 Comm multi peril	1,706,852	2,851,903	2,577,266	3,100,978	3,030,599	3,100,978	2,051,868	
6 Mortgage guaranty	0	0	0	0	0	0	0	
8 Ocean marine	39,864	89,128	73,349	69,693	46,549	69,693	78,785	
9 Inland marine	329,446	332,477	329,853	159,563	137,758	159,563	353,875	
10 Financial guaranty	-2	0	-1	1,120	1,120	1,120	-1	
11 Medical malpractice	1,696	170,918	96,288	184,736	155,162	184,736	105,900	
12 Earthquake	53,974	21,797	11,222	43,966	63,344	43,966	45,171	
13 Group A & H	601,119	443,383	176,396	590,619	557,880	590,619	900,844	
14 Credit A & H	16,380	0	7,765	8,051	10,233	8,051	6,434	
15 Other A & H	499,468	58,590	25,226	373,158	362,609	373,158	543,380	
16 Worker's comp	1,992,562	4,734,339	3,946,709	2,780,191	10,633,208	10,033,923	2,180,906	
17 Other liability	1,216,593	1,740,708	1,627,261	5,049,398	4,484,179	5,049,398	1,895,260	
18 Products liability	153,295	255,709	246,558	162,447	1,795,139	2,222,543	589,850	
19 Auto liability	25,926,566	13,509,031	8,631,544	30,804,052	34,739,987	36,753,026	32,817,092	
21 Auto phys. damage	17,222,573	7,910,088	5,119,555	20,013,107	1,656,996	1,823,967	20,180,077	
22 Aircraft	39,857	42,902	52,145	55,214	46,076	55,214	39,753	
23 Fidelity	10,941	26,934	25,920	20,907	19,963	20,907	12,899	
24 Surety	242,501	60,271	185,168	45,624	67,567	45,624	95,662	
26 Burglary + theft	1,942	115	475	4,249	3,716	4,249	2,114	
27 Boiler and machinery	11,959	47,865	45,553	14,271	23,019	27,617	18,869	
28 Credit	6,369	7,163	9,297	4,235	160	-2,586	1,489	
29 International	8,468	14,252	4,830	17,889	45,123	52,687	25,453	
30 Reinsurance	0	718,406	195,469	522,937	1,133,576	1,254,862	644,223	
31 Miscellaneous	21,346	22,182	19,507	7,804	3,343	7,804	28,482	
32 TOTALS	56,236,309	40,839,574	29,186,898	67,888,984	62,062,551	65,392,500	71,218,933	

2002 NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE (a)			
	Liability (19.1)	Liability (19.2)	Physical Damage (21.1)
Written Premium	\$ -91,498	\$ 1,850,899,354	\$ 1,593,855,657
Earned Premium	-90,171	1,821,554,412	1,546,241,444
Dividends	0	2,954,393	2,523,539
Unearned Prem Reserves	44	506,203,371	454,080,450
Losses Paid	1,516,452	1,276,186,598	849,009,065
Losses Incurred	1,265,204	1,297,567,581	870,031,708
Losses Unpaid	699,688	1,161,840,892	90,668,803
Alloc. Adj. Exp. Paid	128,302	32,391,284	2,415,169
Alloc Adj. Exp. Incurred	120,856	12,357,412	2,739,317
Alloc. Adj. Exp. Unpaid	131,206	117,941,514	4,322,568
Commissions	1,528	180,753,763	163,651,137
Taxes	-8,061	45,437,556	37,702,139

2001 NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE (a)			
	Liability (19.1)	Liability (19.2)	Physical Damage (21.1)
Written Premium	\$ 566,941	\$ 1,758,615,751	\$ 1,433,964,121
Earned Premium	535,641	1,759,420,425	1,410,826,217
Dividends	-0-	4,511,340	3,478,726
Unearned Prem Reserves	31,589	475,507,088	411,216,020
Losses Paid	33,660	1,250,643,527	811,454,891
Losses Incurred	47,260	1,298,702,789	814,113,901
Losses Unpaid	14,870	1,147,186,893	70,768,315
Alloc. Adj. Exp. Paid	2,615	32,274,827	3,324,186
Alloc Adj. Exp. Incurred	3,081	34,626,201	3,328,133
Alloc. Adj. Exp. Unpaid	624	138,657,483	4,167,821
Commissions	2766	169,502,861	149,843,226
Taxes	19,581	42,209,815	33,342,112

(a) Top 50 Writers

NORTH CAROLINA
COMPARISON OF ANNUAL STATEMENT AND FILING INFORMATION

LIABILITY

<u>Year</u>	<u>Annual Statement</u>		<u>Filing</u>	
	<u>Losses</u>	<u>Premium</u>	<u>Losses</u>	<u>Premium</u>
2000	1,315,651,113	1,766,109,101	401,055,518	532,474,401
2001	1,410,205,014	1,895,563,770	397,732,842	561,230,122
2002	1,388,594,207	1,957,059,172	420,979,876	581,816,649

The data are not comparable for the following reasons:

- Annual Statement losses and premiums include Voluntary and Facility data. Filing data are Facility only for Bodily Injury, Property Damage and Medical Payments.
- Annual Statement premium is at total limits collected level. Filing premium is at basic limits current level.
- Annual Statement losses are on a total limits basis and do not include any loss adjustment expenses. Filing losses are on a basic limits basis and include allocated loss adjustment expense only.
- Annual statement losses include reserves for incurred but not reported claims. Filing losses are developed to an ultimate basis and therefore reflect reserves for incurred but not reported claims.

NORTH CAROLINA
CEDED FILING
EXPECTED LOSS RATIOS

	10/1/2001 Implementation	10/1/2002 Implementation	10/1/2003 Implementation
Bodily Injury	.797	.776	.789
Property Damage	.805	.824	.791
Medical Payments	.750	.787	.761

Bodily Injury

<u>Accident Year</u>	<u>Total Limits Paid Losses (a)</u>	<u>Total Limits Reserves (a)</u>	<u>Total Limits Loss Dev. (b)</u>	<u>Total Limits Dev. Losses</u>
12/31/2000	198,819,669	21,676,939	1.014	223,583,561
12/31/2001	172,524,286	45,383,345	1.049	228,585,105
12/31/2002	102,441,964	113,188,162	1.141	246,033,974

<u>Accident Year</u>	<u>Unallocated Loss Adj. Exp. (c)</u>	<u>Loss Trend Factors (d)</u>	<u>LAE Trend Factors (d)</u>	<u>Trended Incurred Losses and LAE</u>
12/31/2000	27,191,890	1.062	1.177	269,450,596
12/31/2001	25,944,670	1.083	1.140	277,134,593
12/31/2002	28,326,976	1.052	1.103	290,072,395

Property Damage

<u>Accident Year</u>	<u>Total Limits Paid Losses (a)</u>	<u>Total Limits Reserves (a)</u>	<u>Total Limits Loss Dev. (b)</u>	<u>Total Limits Dev. Losses</u>
12/31/2000	175,428,598	508,230	1.000	175,936,828
12/31/2001	176,918,010	859,659	1.000	177,777,669
12/31/2002	179,348,525	5,304,293	1.014	187,237,957

<u>Accident Year</u>	<u>Unallocated Loss Adj. Exp. (c)</u>	<u>Loss Trend Factors (d)</u>	<u>LAE Trend Factors (d)</u>	<u>Trended Incurred Losses and LAE</u>
12/31/2000	18,716,130	1.046	1.177	206,058,807
12/31/2001	20,098,989	1.062	1.140	211,712,732
12/31/2002	21,016,871	1.046	1.103	219,032,512

Medical Payments

<u>Accident Year</u>	<u>Total Limits Paid Losses (a)</u>	<u>Total Limits Reserves (a)</u>	<u>Total Limits Loss Dev. (b)</u>	<u>Total Limits Dev. Losses</u>
12/31/2000	21,370,052	167,329	1.010	21,752,755
12/31/2001	20,904,556	305,926	1.025	21,740,744
12/31/2002	20,702,858	2,630,349	1.081	25,223,197

<u>Accident Year</u>	<u>Unallocated Loss Adj. Exp. (c)</u>	<u>Loss Trend Factors (d)</u>	<u>LAE Trend Factors (d)</u>	<u>Trended Incurred Losses and LAE</u>
12/31/2000	2,872,169	1.236	1.177	30,266,948
12/31/2001	2,786,939	1.250	1.140	30,353,040
12/31/2002	3,356,879	1.159	1.103	32,936,323

(a) Data on a paid/reserve basis is available only for total limits. See page F-4.

(b) See pages F-45, F-46, and F-47.

(c) See pages C-1, C-3, and C-5 for the unallocated loss adjustment expense factors.

(d) Using selected trends on page D-6.

The following pages F-20-34 contain North Carolina private passenger data by territory for years ended December 31, 2000, 2001, and 2002.

Liability data is for voluntary and ceded risks. Losses are not developed and include allocated loss adjustment expense only. Excess is calculated on a 25/50/15 basis.

See also pages C-7-8.

AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 BODILY INJURY

ACC YR	EARNED CAR YEARS	COLLECTED EARNED 2 PREMIUM	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)		
			ASHEVILLE TERRITORY (11)	DURHAM TERRITORY (13)	GREENSBORO-HAMIL LK TERR (14)	HIGH POINT TERRITORY (15)	3 CLAIM FREQ.	4 PURE PREM	AVG 4 CLAIM COST
			BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	INCURRED LOSSES --5---			
2000	93019	11914287	5593978	1664910	1136	4924	1.22	60.14	
2001	94317	10873669	5325884	1414518	1130	4713	1.20	56.47	
2002	97289	10742881	5647394	1103962	1270	4447	1.31	58.05	
TOT	284625	33530837	16567256	4183390	3536	4685	1.24	58.21	
DURHAM TERRITORY (13)									
2000	124271	24369205	12457351	2719877	2353	5294	1.89	100.24	
2001	125679	23095414	13322696	2406863	2322	5738	1.85	106.01	
2002	127983	22406104	12895549	1524117	2676	4819	2.09	100.76	
TOT	377933	69870723	38675596	6650857	7351	5261	1.95	102.33	
GREENSBORO-HAMIL LK TERR (14)									
2000	139905	23899050	14004348	2165048	2658	5269	1.90	100.10	
2001	141354	22787285	14158503	2524903	2599	5448	1.84	100.16	
2002	143666	22460108	12640488	1525643	2690	4699	1.87	87.99	
TOT	424925	69146443	40803339	6215594	7947	5134	1.87	96.02	
HIGH POINT TERRITORY (15)									
2000	45493	8159139	4956475	1008144	922	5376	2.03	108.95	
2001	46510	7950093	5038104	742996	983	5125	2.11	108.32	
2002	48119	8147250	5097192	462349	1061	4804	2.20	105.93	
TOT	140122	24256482	15091771	2213489	2966	5088	2.12	107.70	

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
(FOR BODILY INJURY THEY ALSO INCLUDE PREMIUMS FOR MEDICAL PAYMENTS AND U.M. COVERAGES)
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 BODILY INJURY

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS				AVG 4 CLAIM COST	NORTH CAROLINA (32)	
			----- INCURRED LOSSES	EXCESS LIMITS	NO. OF CLAIMS	3 CLAIM FREQ.		4 PURE PREM	
RALEIGH TERRITORY (16)									
2000	320409	58347788	27442926	7087698	4876	5628	1.52	85.65	
2001	327820	53677543	27940780	7057884	5062	5520	1.54	85.23	
2002	337575	52822898	27173868	4677810	5335	5094	1.58	80.50	
TOT	985804	164848229	82557574	18823392	15273	5405	1.55	83.75	
WILMINGTON TERRITORY (17)									
2000	115361	24105992	13151272	2063063	2226	5908	1.93	114.00	
2001	116788	23271851	12255811	1839477	2117	5789	1.81	104.94	
2002	121354	22579600	12435260	1093335	2401	5179	1.98	102.47	
TOT	353503	69957443	37842343	4995875	6744	5611	1.91	107.05	
WINSTON-SALEM TERRITORY (18)									
2000	145313	19992862	11470732	3001320	2206	5200	1.52	78.94	
2001	147439	19062341	10552581	2268057	2142	4927	1.45	71.57	
2002	149491	19059932	11852037	2542255	2482	4775	1.66	79.28	
TOT	442243	58115135	33875350	7811632	6830	4960	1.54	76.60	
WESTERN TERRITORIES (24)									
2000	1874966	246547961	137065885	33406590	24855	5515	1.33	73.10	
2001	1888351	230998547	131484630	32802418	24484	5370	1.30	69.63	
2002	1935634	234955895	124920141	28493530	25089	4979	1.30	64.54	
TOT	5698951	712502403	393470656	94702538	74428	5287	1.31	69.04	

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 - 3 CLAIM FREQUENCY IS PER 100 CARS
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AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 BODILY INJURY

ACC YR	EARNED CAR YEARS	COLLECTED EARNED 2 PREMIUM	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)	
			GASTON CO. (25)	SOUTHERN TERRS (26)	WILSON ROCKY MOUNT, ETC. (31)	GUILFORD, BUNCOMBE, ETC. (32)	3 CLAIM FREQ.	4 PURE PREM
			----- BASIC LIMITS	----- EXCESS LIMITS	----- INCURRED LOSSES NO. OF CLAIMS	AVG 4 CLAIM COST		
2000	125867	22117455	11786188	1476310	2532	4655	2.01	93.64
2001	126775	19849466	10880789	1731883	2244	4849	1.77	85.83
2002	127881	19283275	11023513	1009843	2440	4518	1.91	86.20
TOT	380523	61250196	33690490	4218036	7216	4669	1.90	88.54
SOUTHERN TERRS (26)								
2000	376091	73998550	48000963	7963180	7626	6294	2.03	127.63
2001	391265	71279749	44336147	8536249	7080	6262	1.81	113.31
2002	404817	71924268	44729868	7167193	7866	5686	1.94	110.49
TOT	1172173	217202567	137066978	236666622	22572	6072	1.93	116.93
WILSON ROCKY MOUNT, ETC. (31)								
2000	244836	47089310	24173088	4920464	4225	5721	1.73	98.73
2001	253757	45653176	23064865	5735307	4096	5631	1.61	90.89
2002	265819	45995774	24182151	3727145	4463	5418	1.68	90.97
TOT	764412	138738260	71420104	14382916	12784	5587	1.67	93.43
GUILFORD, BUNCOMBE, ETC. (32)								
2000	577745	79075627	43113412	8755951	8067	5344	1.40	74.62
2001	594040	77400420	42053751	10172556	8062	5216	1.36	70.79
2002	609121	78517926	41343431	7034990	8798	4699	1.44	67.87
TOT	1780906	234993973	126510594	25963497	24927	5075	1.40	71.04

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 (FOR BODILY INJURY THEY ALSO INCLUDE PREMIUMS FOR
 MEDICAL PAYMENTS AND U.M. COVERAGES)
 - 3 CLAIM FREQUENCY IS PER 100 CARS
 - 4 BASIC LIMITS
 - 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 BODILY INJURY

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)	
			BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
			----- INCURRED LOSSES --5----					
EASTERN TERRITORIES (33)								
2000	653539	110274721	64185151	12424214	10431	6153	1.60 98.21	
2001	677518	106997824	60486285	13530236	9980	6061	1.47 89.28	
2002	699658	107402974	61406173	10416263	11234	5466	1.61 87.77	
TOT	2030715	324675519	186077609	36370713	31645	5880	1.56 91.63	
FAYETTEVILLE TERRITORY (40)								
2000	163908	32726919	20974478	28292229	3865	5427	2.36 127.96	
2001	166742	31333287	19594636	3383359	3814	5138	2.29 117.51	
2002	173533	32569714	22482664	1802074	4608	4879	2.66 129.56	
TOT	504183	96629920	63051778	8014662	12287	5132	2.44 125.06	
ONSLOW CO. (41)								
2000	89970	16040325	10506296	1254582	1683	6243	1.87 116.78	
2001	90855	16608512	9200709	1372380	1536	5990	1.69 101.27	
2002	92505	16700677	9727487	1549798	1711	5685	1.85 105.16	
TOT	273330	49349514	29434492	4176760	4930	5970	1.80 107.69	
CRAVEN CO. (43)								
2000	63690	10052103	5373024	987605	928	5790	1.46 84.36	
2001	65090	9701865	5212658	866691	898	5805	1.38 80.08	
2002	67979	10376619	5804258	531830	1082	5364	1.59 85.38	
TOT	196759	30130587	16389940	2386126	2908	5636	1.48 83.30	

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(FOR BODILY INJURY THEY ALSO INCLUDE PREMIUMS FOR MEDICAL PAYMENTS AND U.M. COVERAGES)
 - 3 CLAIM FREQUENCY IS PER 100 CARS
 - 4 BASIC LIMITS
 - 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 BODILY INJURY

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)	
			----- INCURRED LOSSES	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
WAYNE CO. (47)			BASIC LIMITS					
2000	76435	12039099	7998821	1001779	1356	5899	1.77	104.65
2001	77755	12701476	6659136	1052778	1270	5243	1.63	85.64
2002	79419	12641390	6751899	1137840	1342	5031	1.69	85.02
TOT	233609	37381965	21409856	3192397	3968	5396	1.70	91.65
MECKLENBURG CO. REMAINDER (51)								
2000	40845	6546172	2897183	861681	559	5183	1.37	70.93
2001	44290	6530982	3084304	990916	591	5219	1.33	69.64
2002	48165	6907465	3691891	1085158	750	4923	1.56	76.65
TOT	133300	19984619	9673378	2937755	1900	5091	1.43	72.57
CHARLOTTE TERRITORY (52)								
2000	382766	88431102	41418578	6638293	8880	4664	2.32	108.21
2001	395031	81042133	41769455	6195029	8844	4723	2.24	105.74
2002	406326	77055561	43158939	5133484	9407	4588	2.32	106.22
TOT	1184123	246528796	126346972	17966806	27131	4657	2.29	106.70
STATEWIDE TOTALS								
2000	5654429	915727667	506570149	102229938	91384	5543	1.62	89.59
2001	5771376	870815633	486421724	104624500	89254	5450	1.55	84.28
2002	5936334	872550311	486964203	82018619	96705	5036	1.63	82.03
TOT	17362139	2659093611	1479956076	288873057	277343	5336	1.60	85.24

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- 3 CLAIM FREQUENCY IS PER 100 CARS
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- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 PROPERTY DAMAGE

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS	INCURRED LOSSES		AVG 4 CLAIM COST	NORTH CAROLINA (32)	
				BASIC LIMITS	EXCESS LIMITS		NO. OF CLAIMS	CLAIM FREQ.
ASHEVILLE TERRITORY (11)								
2000	93019	10074289	8322714	68510	4141	2010	4.45	89.47
2001	94317	10783043	7758163	124460	3837	2022	4.07	82.26
2002	97289	11848431	8354344	267806	3905	2139	4.01	85.87
TOT	284625	32705763	24435221	460776	11883	2056	4.17	85.85
DURHAM TERRITORY (13)								
2000	124271	15467380	14166203	253793	6195	2287	4.99	113.99
2001	125679	16998077	13946256	339867	6054	2304	4.82	110.97
2002	127983	18999436	14021115	307137	6267	2237	4.90	109.55
TOT	377933	51464893	42133574	900797	18516	2276	4.90	111.48
GREENSBORO-HAMIL LK TERR (14)								
2000	139905	17895110	15555587	216309	7279	2137	5.20	111.19
2001	141354	19428243	15761403	423924	7353	2144	5.20	111.50
2002	143666	21228813	15212469	426151	7134	2132	4.97	105.89
TOT	424925	58552166	46529459	1066384	21766	2138	5.12	109.50
HIGH POINT TERRITORY (15)								
2000	45493	5356917	4712525	165088	2164	2178	4.76	103.59
2001	46510	6065731	4979108	187531	2220	2243	4.77	107.05
2002	48119	6854545	5021876	176741	2313	2171	4.81	104.36
TOT	140122	18277193	14713509	529360	6697	2197	4.78	105.00

- NOTES:
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AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 PROPERTY DAMAGE

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)	
			----- BASIC LIMITS	----- EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
GASTON CO. (25)								
2000	125867	16109744	13246015	223774	5590	2370	4.44	105.24
2001	126775	16885140	11800632	267055	5243	2251	4.14	93.08
2002	127881	17924774	12007034	281214	5313	2260	4.15	93.89
TOT	380523	50919658	37053681	772043	16146	2295	4.24	97.38
SOUTHERN TERRS (26)								
2000	376091	38051431	31493656	907008	13203	2385	3.51	83.74
2001	391265	41889673	31512482	1073022	13063	2412	3.34	80.54
2002	404817	47100781	32680074	960727	13665	2392	3.38	80.73
TOT	1172173	127041885	95686212	2940757	39931	2396	3.41	81.63
WILSON ROCKY MOUNT, ETC. (31)								
2000	244836	27251195	22722053	639313	10008	2270	4.09	92.81
2001	253757	30830943	22885083	811711	9873	2318	3.89	90.19
2002	265819	35137958	24023690	597409	10329	2326	3.89	90.38
TOT	764412	93220096	69630826	2048433	30210	2305	3.95	91.09
GUILFORD, BUNCOMBE, ETC. (32)								
2000	577745	58636391	49416009	1159104	22015	2245	3.81	85.53
2001	594040	66132462	48719325	1454577	21950	2220	3.70	82.01
2002	609121	73073795	49160718	1408218	22263	2208	3.65	80.71
TOT	1780906	197842648	147296052	4021899	66228	2224	3.72	82.71

NOTES:

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AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 PROPERTY DAMAGE

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	EASTERN TERRITORIES (33)	FAYETTEVILLE TERRITORY (40)	BASIC LIMITS	EXCESS LIMITS	INCURRED LOSSES --5---	NO. OF CLAIMS	AVG 4 CLAIM COST	NORTH CAROLINA (32)	
										3 CLAIM FREQ.	4 PURE PREM
2000	653539	60832766	48144671	1587149	21327	2257	3.26	73.67			
2001	677518	67276994	47195021	1609393	20981	2249	3.10	69.66			
2002	699658	75651722	49612763	1494256	21805	2275	3.12	70.91			
TOT	2030715	203761482	144952455	4690798	64113	2261	3.16	71.38			
FAYETTEVILLE TERRITORY (40)											
2000	163908	20565809	17211316	432934	7909	2176	4.83	105.01			
2001	166742	21968452	17557784	368686	7988	2198	4.79	105.30			
2002	173533	25315594	18363513	397296	8290	2215	4.78	105.82			
TOT	504183	67849855	53132613	1198916	24187	2197	4.80	105.38			
ONSLOW CO. (41)											
2000	89970	11014847	9660251	256661	4195	2303	4.66	107.37			
2001	90855	12041768	9260867	247257	4123	2246	4.54	101.93			
2002	92505	13811282	9737391	232843	4195	2321	4.53	105.26			
TOT	273330	36867897	28658509	736761	12513	2290	4.58	104.85			
CRAVEN CO. (43)											
2000	63690	6097005	4389403	86943	2139	2052	3.36	68.92			
2001	65090	6500890	4655455	117522	2175	2140	3.34	71.52			
2002	67979	7584976	5193864	190430	2392	2171	3.52	76.40			
TOT	196759	20182871	14238722	394895	6706	2123	3.41	72.37			

- NOTES:
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AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 PROPERTY DAMAGE

ACC YR	EARNED CAR YEARS	WAYNE CO. (47)	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)					
			COLLECTED	EARNED 2	PREMIUM	EXCESS LIMITS	BASIC LIMITS	INCURRED LOSSES --5---	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
2000	76435	7674452	6613997	105039	2992	2211	3.91	86.53				
2001	77755	8376204	5918148	104376	2816	2102	3.62	76.11				
2002	79419	9417970	6267408	191557	2837	2209	3.57	78.92				
TOT	233609	25468626	18799553	400972	8645	2175	3.70	80.47				
MECKLENBURG CO. REMAINDER (51)												
2000	40845	4581414	4130015	109054	1697	2434	4.15	101.11				
2001	44290	5388705	4275361	186660	1828	2339	4.13	96.53				
2002	48165	6360429	4648787	112088	1973	2356	4.10	96.52				
TOT	133300	16330548	13054163	407802	5498	2374	4.12	97.93				
CHARLOTTE TERRITORY (52)												
2000	382766	54107212	4722982	1013347	20585	2294	5.38	123.39				
2001	395031	59712327	46674812	1528559	20323	2297	5.14	118.15				
2002	406326	66063224	46034668	1394021	20373	2260	5.01	113.29				
TOT	1184123	179882763	139939462	3935927	61281	2284	5.18	118.18				
STATEWIDE TOTALS												
2000	5654429	606777504	508194780	12126032	224734	2261	3.97	89.88				
2001	5771376	665160257	499811621	14690885	222362	2248	3.85	86.60				
2002	5936334	740108141	507376556	14575083	225314	2252	3.80	85.47				
TOT	17362139	2012045902	1515382957	41392000	672410	2254	3.87	87.28				

NOTES:

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AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 MEDICAL PAYMENTS

ACC YR	EARNED CAR YEARS	COLLECTED EARNED 2 PREMIUM	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)	
			ASHEVILLE TERRITORY (11)	DURHAM TERRITORY (13)	GREENSBORO-HAMIL LK TERR (14)	HIGH POINT TERRITORY (15)	3 CLAIM FREQ.	4 PURE PREM
			----- INCURRED LOSSES --5----	BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	
2000	59313	1144419	481575	221049	511	942	0.86	8.12
2001	60139	1062590	501007	241811	511	980	0.85	8.33
2002	62085	1069844	498523	364781	530	941	0.85	8.03
TOT	181537	3276853	1481105	827641	1552	954	0.85	8.16
DURHAM TERRITORY (13)								
2000	79550	2158731	1106764	380630	1071	1033	1.35	13.91
2001	81588	2198630	1133265	426257	1085	1044	1.33	13.89
2002	84857	2216060	1057622	560868	1253	844	1.48	12.46
TOT	245995	6573421	3297651	1367755	3409	967	1.39	13.41
GREENSBORO-HAMIL LK TERR (14)								
2000	96696	2398111	1400350	608847	1437	974	1.49	14.48
2001	97916	2390583	1632271	577699	1483	1101	1.51	16.67
2002	100031	2373475	1462705	707260	1451	1008	1.45	14.62
TOT	294643	7162169	4495326	1893806	4371	1028	1.48	15.26
HIGH POINT TERRITORY (15)								
2000	32860	8392296	571469	277975	602	949	1.83	17.39
2001	33441	842767	559031	239337	582	961	1.74	16.72
2002	34562	875301	551830	277172	621	889	1.80	15.97
TOT	100863	2557364	1682330	794484	1805	932	1.79	16.68

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AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 MEDICAL PAYMENTS

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS	INCURRED LOSSES				NORTH CAROLINA (32)	
				BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
RALEIGH TERRITORY (16)									
2000	234131	5954454	2921564	1079255	2604	1122	1.11	12.48	
2001	240484	6039360	3365160	1297152	2826	1191	1.18	13.99	
2002	249086	6036518	3246085	1517571	2986	1087	1.20	13.03	
TOT	723701	18030332	9532809	3893978	8416	1133	1.16	13.17	
WILMINGTON TERRITORY (17)									
2000	79158	2288635	1586035	568157	1397	1135	1.76	20.04	
2001	80498	2397667	1477574	494017	1217	1214	1.51	18.36	
2002	83465	2351016	1335799	498351	1254	1065	1.50	16.00	
TOT	243121	7037318	4399408	1560525	3868	1137	1.59	18.10	
WINSTON-SALEM TERRITORY (18)									
2000	96212	1779959	1086775	360907	1163	934	1.21	11.30	
2001	97593	1779877	1195315	362216	1158	1032	1.19	12.25	
2002	100003	1825535	1135910	408578	1163	977	1.16	11.36	
TOT	293808	5385371	3418000	1131701	3484	981	1.19	11.63	
WESTERN TERRITORIES (24)									
2000	1418942	26692020	15597856	5791748	16810	928	1.18	10.99	
2001	1435001	25199300	15604431	5605056	16288	958	1.14	10.87	
2002	1475119	25854939	15392342	5957805	16135	954	1.09	10.43	
TOT	4329062	77746259	46594629	17354609	49233	946	1.14	10.76	

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AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 MEDICAL PAYMENTS

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS ----- INCURRED LOSSES --5----	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	NORTH CAROLINA (32)	
							3 CLAIM FREQ.	4 PURE PREM
GASTON CO. (25)								
2000	87302	1964963	1119154	394298	1275	878	1.46	12.82
2001	87423	1850060	1040678	407093	1161	896	1.33	11.90
2002	88715	1880120	1089204	434078	1160	939	1.31	12.28
TOT	263440	5695143	3249036	1235469	3596	904	1.37	12.33
SOUTHERN TERRS (26)								
2000	293326	7947027	6118662	1470517	5992	1021	2.04	20.86
2001	303955	7818485	6068049	1508670	5798	1047	1.91	19.96
2002	315742	8061029	6294434	1688075	6270	1004	1.99	19.94
TOT	913023	23826541	18481145	4667262	18060	1023	1.98	20.24
WILSON ROCKY MOUNT, ETC. (31)								
2000	192048	5195921	3350548	1000101	3412	982	1.78	17.45
2001	198043	5252089	3404683	964395	3226	1055	1.63	17.19
2002	206418	5303390	3326953	1115248	3262	1020	1.58	16.12
TOT	596509	15751400	10082184	3079744	9900	1018	1.66	16.90
GUILFORD, BUNCOMBE, ETC. (32)								
2000	434264	8571539	5091558	2059796	5219	976	1.20	11.72
2001	446338	8667987	5132258	2075760	5064	1013	1.13	11.50
2002	459948	9032187	4900399	2253965	5148	952	1.12	10.65
TOT	1340550	26271713	15124215	6389521	15431	980	1.15	11.28

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AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 MEDICAL PAYMENTS

ACC YR	EARNED CAR YEARS	COLLECTED EARNED 2 PREMIUM	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS	----- INCURRED LOSSES --5----			AVG 4 CLAIM COST	NORTH CAROLINA (32)	
				BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS		3 CLAIM FREQ.	4 PURE PREM
EASTERN TERRITORIES (33)									
2000	562341	13632777	9337364	2608144	9935	940	1.77	16.60	
2001	583004	13999523	9150866	2517395	9461	967	1.62	15.70	
2002	602832	14012891	9481638	2759018	9652	982	1.60	15.73	
TOT	1748177	41645191	27969868	7884557	29048	963	1.66	16.00	
FAYETTEVILLE TERRITORY (40)									
2000	96230	2909494	2127696	802990	1922	1107	2.00	22.11	
2001	98248	2850973	2082147	797293	1909	1091	1.94	21.19	
2002	101708	2988471	1990923	1040585	2071	961	2.04	19.57	
TOT	296186	8748938	6200766	2640868	5902	1051	1.99	20.94	
ONSLOW CO. (41)									
2000	53371	1411155	926171	389152	820	1129	1.54	17.35	
2001	53714	1482891	881794	388518	775	1138	1.44	16.42	
2002	55194	1537908	847566	428844	782	1084	1.42	15.36	
TOT	162279	4431954	2655531	1206514	2377	1117	1.46	16.36	
CRAVEN CO. (43)									
2000	50343	1140869	712177	343423	777	917	1.54	14.15	
2001	51248	1146062	729450	303805	727	1003	1.42	14.23	
2002	53257	1236410	850046	320561	849	1001	1.59	15.96	
TOT	154848	3523341	2291673	967789	2353	974	1.52	14.80	

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AUTOMOBILE LIABILITY EXPERIENCE
 ACCIDENT YEARS ENDED DECEMBER 31, 2000, 2001, 2002
 MEDICAL PAYMENTS

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	WAYNE CO. (47)	VOLUNTARY AND CEDED RISKS			NORTH CAROLINA (32)			
				BASIC LIMITS	EXCESS LIMITS	INCURRED LOSSES --5---	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM	
2000	60807	1400031		954277	308477	1026	930	1.69	15.69	
2001	61997	1546520		945684	334886	1034	915	1.67	15.25	
2002	63422	1525184		959777	402043	1081	888	1.70	15.13	
TOT	186226	4471735		2859738	1045406	3141	910	1.69	15.36	
MECKLENBURG CO. REMAINDER (51)										
2000	31261	676119		292061	124524	293	997	0.94	9.34	
2001	33482	725001		323845	170522	300	1079	0.90	9.67	
2002	36422	778610		398988	261013	441	905	1.21	10.95	
TOT	101165	2179730		1014894	556059	1034	982	1.02	10.03	
CHARLOTTE TERRITORY (52)										
2000	249046	8235257		4789962	1617871	4634	1034	1.86	19.23	
2001	254315	7728498		4709203	2017228	4324	1089	1.70	18.52	
2002	264289	7435683		4649569	2127320	4427	1050	1.68	17.59	
TOT	767650	23399438		14148734	5762419	13385	1057	1.74	18.43	
STATEWIDE TOTALS										
2000	4207201	96340777		59572018	20407861	60900	978	1.45	14.16	
2001	4298427	94978863		59936711	20729110	58929	1017	1.37	13.94	
2002	4437155	96394571		59470313	23123136	60536	982	1.36	13.40	
TOT	12942783	287714211		178979042	64260107	180365	992	1.39	13.83	

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STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

2. CREDIBILITY FACTOR DEVELOPMENT AND APPLICATION

See attached exhibits, Section D and prefiled testimony of P. Woods.

Credibility Factor Determination

Credibility considerations enter into the private passenger ratemaking formula in three areas:

- 1) statewide rate level in the determination of accident year weights.
- 2) territory rate level in the determination of the individual territory's formula loss ratio.
- 3) trend factor determination in the determination to base the average annual change on North Carolina data or a combination of North Carolina and countrywide data.

The first two areas full credibility standard is based on an application of the credibility formula contained in the paper "On The Credibility of The Pure Premium" by Mayerson, Jones and Bowers (PCAS LV, 1968). The full credibility standards contemplate P and K values of 95% and 5% for statewide and 90% and 5% for territory.

The trend credibility procedure is based on the first model discussed in "An Introduction to Credibility Theory" by L. H. Longley-Cook. The full credibility standard is based on P and K values of 99% and 2 1/2%.

CREDIBILITY TABLES BASED
UPON NUMBER OF CLAIMS

The projected loss ratios are weighted in accordance with the following:

<u>Average Number of Claim for the Latest Two Years (A)</u>	<u>Weight to Earlier Year</u>	<u>Weight to Later Year</u>
4000 and over	0%	100%
3600 - 3999	10	90
3200 - 3599	20	80
2800 - 3199	30	70
2400 - 2799	40	60
under 2400	50	50

(A) Applied separately by coverage.

<u>Credibility</u>	<u>Determination of Territory Credibility (B)</u>	<u>Credibility</u>	<u>Determination of Trend Factor Credibility (C)</u>
0	0 - 29	0	0 - 26
.10	30 - 119	.05	27 - 105
.20	120 - 269	.10	106 - 238
.30	270 - 479	.15	239 - 424
.40	480 - 749	.20	425 - 663
.50	750 - 1,079	.25	664 - 955
.60	1,080 - 1,469	.30	956 - 1,300
.70	1,470 - 1,919	.35	1,301 - 1,699
.80	1,920 - 2,429	.40	1,700 - 2,150
.90	2,430 - 2,999	.45	2,151 - 2,655
1.00	3,000 or more	.50	2,656 - 3,212
		.55	3,213 - 3,823
		.60	3,824 - 4,487
		.65	4,488 - 5,204
		.70	5,205 - 5,974
		.75	5,975 - 6,798
		.80	6,799 - 7,674
		.85	7,675 - 8,604
		.90	8,605 - 9,586
		.95	9,587 - 10,622
		1.00	10,623 or more

(B) Territory credibility is based on the number of claims underlying the three year pure premium.

(C) Trend factor credibility is based on the number of claims underlying the latest year's experience appearing in the trend exhibits.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

3. LOSS DEVELOPMENT FACTOR DERIVATION AND APPLICATION ON BOTH PAID AND
INCURRED BASES AND IN BOTH NUMBERS AND DOLLARS OF CLAIMS

3(a) Loss development factor derivation is contained on the following pages
F-39-98. In selecting the loss development factor, three and five year
straight averages were considered, with the three year factor being
selected as the best blend of responsiveness and stability for Bodily
Injury, Property Damage and Medical Payments.

Development for all coverages is to 63 months.

Additional information regarding loss development is contained in the
prefiled testimony of P. Woods.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

EARNED EXPOSURES BY COVERAGE

VOLUNTARY AND CEDED COMBINED

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1998	5,301,239	5,301,239	3,989,066
1999	5,530,189	5,530,189	4,116,282
2000	5,654,429	5,654,429	4,207,201
2001	5,771,376	5,771,376	4,298,427
2002	5,936,334	5,936,334	4,437,155

ESTIMATED EARNED PREMIUM BY COVERAGE

VOLUNTARY AND CEDED COMBINED

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1998	887,127,105	673,083,191	136,429,580
1999	892,758,151	703,884,532	137,415,207
2000	878,362,071	702,030,236	133,852,336
2001	859,695,334	753,482,682	131,086,411
2002	862,558,446	853,028,867	132,781,371

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Bodily Injury Total Limits Paid Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					383,555,999
1990				416,743,719	435,858,575
1991			399,675,112	439,428,980	457,904,019
1992		363,855,488	444,571,012	487,711,481	508,423,434
1993	197,968,417	382,050,072	467,261,629	516,904,328	535,813,299
1994	221,823,140	416,288,360	505,291,267	553,835,285	575,785,047
1995	228,156,334	427,992,668	519,919,728	571,835,213	592,222,495
1996	228,444,260	426,029,526	517,700,097	572,219,289	595,630,897
1997	229,644,143	431,616,003	522,274,331	575,363,333	598,211,754
1998	228,601,621	419,173,460	509,047,219	560,022,842	584,627,204
1999	231,875,451	430,590,663	526,829,968	580,273,861	
2000	238,267,007	437,442,957	529,910,268		
2001	229,462,179	436,717,674			
2002	246,948,525				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.046
1991			1.099	1.042
1992		1.222	1.097	1.042
1993	1.930	1.223	1.106	1.037
1994	1.877	1.214	1.096	1.040
1995	1.876	1.215	1.100	1.036
1996	1.865	1.215	1.105	1.041
1997	1.879	1.210	1.102	1.040
1998	1.834	1.214	1.100	1.044
1999	1.857	1.224	1.101	
2000	1.836	1.211		
2001	1.903			

Five Year Average	1.862	1.215	1.102	1.040
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Three Year Average	1.865	1.216	1.101	1.042
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	Five Year	Three Year
39 to 63 months:	1.146	1.147
27 to 63 months:	1.392	1.395
15 to 63 months:	2.592	2.602

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					245,080,996
1990					242,854,320
1991				242,770,540	241,874,529
1992			240,859,382	241,518,556	265,932,284
1993	286,314,736	263,262,151	264,976,410	265,612,727	297,338,063
1994	332,497,682	294,444,185	296,165,174	297,022,508	345,929,741
1995	376,417,737	342,582,968	344,744,859	345,687,706	392,500,763
1996	423,875,486	388,868,480	391,482,358	392,231,532	442,374,585
1997	431,213,377	438,350,488	441,000,989	442,165,389	449,941,321
1998	443,376,912	446,053,289	448,742,218	449,706,036	463,273,676
1999	473,099,750	459,294,282	462,141,524	463,004,806	
2000	496,862,761	491,607,819	495,153,281	496,272,202	
2001	493,946,588	518,966,482	518,878,432		
2002	509,903,937	513,666,485			

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Months	51-63 Months
1990				1.000
1991				1.001
1992			1.003	1.001
1993	1.028	1.007	1.002	1.001
1994	1.030	1.006	1.003	1.001
1995	1.033	1.006	1.003	1.001
1996	1.034	1.007	1.002	1.001
1997	1.034	1.006	1.003	1.000
1998	1.036	1.006	1.002	1.001
1999	1.039	1.006	1.002	1.001
2000	1.044	1.007	1.002	
2001	1.040	1.000		
Five Year Average	1.039	1.005	1.002	1.001
Three Year Average	1.041	1.004	1.002	1.001

	Five Year	Three Year
39 to 63 months:	1.003	1.003
27 to 63 months:	1.008	1.007
15 to 63 months:	1.047	1.048

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					53,221,479
1990				61,284,178	61,511,940
1991			63,990,467	64,897,765	65,093,384
1992		68,776,395	70,800,214	71,547,364	71,714,031
1993	58,651,148	71,850,055	73,993,644	74,818,424	75,037,868
1994	63,295,030	76,055,741	78,099,746	78,926,420	79,169,009
1995	65,641,492	79,685,372	81,939,737	82,850,110	83,099,064
1996	64,932,556	79,099,984	81,252,411	82,270,818	82,662,642
1997	64,233,803	77,624,152	80,362,354	81,475,584	81,744,979
1998	61,315,057	74,200,833	76,699,175	77,650,349	77,955,069
1999	61,899,560	75,847,264	78,196,726	79,445,330	
2000	63,973,747	76,775,187	79,442,173		
2001	66,363,192	79,778,901			
2002	72,832,848				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Months	51-63 Months
1990				1.004
1991			1.014	1.003
1992		1.029	1.011	1.002
1993	1.225	1.030	1.011	1.003
1994	1.202	1.027	1.011	1.003
1995	1.214	1.028	1.011	1.003
1996	1.218	1.027	1.013	1.005
1997	1.208	1.035	1.014	1.003
1998	1.210	1.034	1.012	1.004
1999	1.225	1.031	1.016	
2000	1.200	1.035		
2001	1.202			

Five Year Average	1.209	1.032	1.013	1.004
Three Year Average	1.209	1.033	1.014	1.004

	Five Year	Three Year
39 to 63 months:	1.017	1.018
27 to 63 months:	1.050	1.052
15 to 63 months:	1.269	1.272

Losses exclude unallocated loss adjustment expense.

The Reinsurance Facility is advised by ISO that the data described in Subparagraph (3)(c) are not available.

See attached Exhibit (3)(d).

To the extent that such data are available, the corresponding earned premium and exposures are shown on page F-39.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Bodily Injury Total Limits Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					397,297,064
1990				453,280,379	453,792,451
1991			468,748,617	471,628,730	470,429,626
1992		503,381,510	517,907,120	522,845,868	521,907,273
1993	486,001,842	530,582,891	546,789,836	552,138,819	548,063,931
1994	522,228,125	565,499,299	588,774,887	590,820,124	587,515,438
1995	542,838,956	588,888,002	602,956,881	608,845,680	604,190,862
1996	553,644,769	595,465,814	606,937,587	607,877,793	607,527,453
1997	561,266,762	591,973,459	600,807,278	607,377,686	609,373,618
1998	535,782,655	571,090,594	585,827,205	594,262,071	595,538,970
1999	547,858,022	584,450,486	607,315,095	616,343,115	
2000	528,771,428	584,171,819	607,343,649		
2001	540,606,810	590,573,084			
2002	568,917,216				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.001
1991			1.006	0.997
1992		1.029	1.010	0.998
1993	1.092	1.031	1.010	0.993
1994	1.083	1.041	1.003	0.994
1995	1.085	1.024	1.010	0.992
1996	1.076	1.019	1.002	0.999
1997	1.055	1.015	1.011	1.003
1998	1.066	1.026	1.014	1.002
1999	1.067	1.039	1.015	
2000	1.105	1.040		
2001	1.092			

Five Year Average	1.077	1.028	1.010	0.998
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Three Year Average	1.088	1.035	1.013	1.001
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	Five Year	Three Year
39 to 63 months:	1.008	1.014
27 to 63 months:	1.036	1.049
15 to 63 months:	1.116	1.141

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					245,535,672
1990					243,362,099
1991				243,835,075	242,181,779
1992			243,001,049	242,535,115	266,335,799
1993	297,791,750	266,732,597	266,710,249	266,479,633	297,635,265
1994	345,544,543	298,308,389	297,871,948	297,959,120	346,114,290
1995	390,455,030	346,000,194	346,367,649	346,354,513	392,734,006
1996	440,351,973	392,459,681	392,719,031	392,780,992	442,611,518
1997	445,134,254	441,454,775	442,330,336	442,801,982	450,139,184
1998	459,158,210	449,027,076	450,122,589	450,323,753	463,353,715
1999	491,215,772	462,733,971	463,368,820	463,408,859	
2000	512,061,856	495,074,602	496,620,194	496,760,747	
2001	509,607,662	522,380,676	520,124,759		
2002	523,908,951	516,507,961			

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.998
1991				0.999
1992			0.998	0.999
1993	1.002	1.000	0.999	0.999
1994	1.001	0.999	1.000	0.999
1995	1.005	1.001	1.000	0.999
1996	1.003	1.001	1.000	1.000
1997	1.009	1.002	1.001	1.000
1998	1.008	1.002	1.000	1.000
1999	1.008	1.001	1.000	1.000
2000	1.020	1.003	1.000	
2001	1.014	0.996		

Five Year Average	1.012	1.001	1.000	1.000
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Three Year Average	1.014	1.000	1.000	1.000
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	Five Year	Three Year
39 to 63 months:	1.000	1.000
27 to 63 months:	1.001	1.000
15 to 63 months:	1.013	1.014

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					53,361,126
1990				61,707,769	61,649,872
1991			64,792,666	65,116,409	65,195,317
1992		70,770,429	71,464,723	71,794,144	71,812,761
1993	70,847,263	73,834,531	74,606,952	75,142,975	75,141,528
1994	75,360,257	78,009,228	78,792,900	79,141,305	79,248,603
1995	77,988,625	81,871,581	82,590,616	83,077,081	83,224,393
1996	78,004,666	81,079,429	81,935,144	82,511,325	82,792,510
1997	76,476,955	79,759,255	81,147,852	81,794,233	81,862,986
1998	72,417,261	76,331,709	77,410,266	77,964,001	78,054,472
1999	74,292,734	78,073,695	79,055,962	79,796,175	
2000	74,828,822	78,803,485	80,270,062		
2001	77,445,610	82,072,374			
2002	84,407,330				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991			1.005	1.001
1992		1.010	1.005	1.000
1993	1.042	1.010	1.007	1.000
1994	1.035	1.010	1.004	1.001
1995	1.050	1.009	1.006	1.002
1996	1.039	1.011	1.007	1.003
1997	1.043	1.017	1.008	1.001
1998	1.054	1.014	1.007	1.001
1999	1.051	1.013	1.009	
2000	1.053	1.019		
2001	1.060			

Five Year Average	1.052	1.015	1.007	1.002
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Three Year Average	1.055	1.015	1.008	1.002
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	Five Year	Three Year
39 to 63 months:	1.009	1.010
27 to 63 months:	1.024	1.025
15 to 63 months:	1.077	1.081

Losses exclude unallocated loss adjustment expense.

See attached Exhibit (3)(e).

To the extent that such data are available, the corresponding earned premium and exposures are shown on page F-39.

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Bodily Injury Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					325,482,129
1990					372,563,566
1991			386,890,273	372,059,316	383,862,164
1992		426,228,961	433,557,119	386,775,293	428,685,804
1993	425,729,363	451,465,755	456,135,578	430,255,281	459,179,969
1994	466,713,441	487,698,498	496,119,137	459,352,242	497,362,994
1995	480,109,432	499,805,208	508,281,001	499,778,973	507,711,940
1996	484,666,683	507,084,121	507,244,864	510,695,093	508,379,926
1997	499,433,785	506,416,147	510,093,020	507,972,820	515,054,841
1998	475,282,363	489,118,175	494,730,117	513,062,431	500,235,007
1999	484,067,233	497,444,285	506,104,335	499,079,295	
2000	467,248,204	494,966,053	505,863,721	511,660,823	
2001	468,576,304	486,718,769			
2002	502,055,673				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.001
1991				0.992
1992		1.017	1.000	0.996
1993	1.060	1.010	0.992	1.000
1994	1.045	1.017	1.007	0.995
1995	1.041	1.017	1.005	0.994
1996	1.046	1.000	1.001	1.001
1997	1.014	1.007	1.006	1.004
1998	1.029	1.011	1.009	1.002
1999	1.028	1.017	1.011	
2000	1.059	1.022		
2001	1.039			

Five Year Average	1.034	1.011	1.006	0.999
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Three Year Average	1.042	1.017	1.009	1.002
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	Five Year	Three Year
39 to 63 months:	1.005	1.011
27 to 63 months:	1.016	1.028
15 to 63 months:	1.051	1.071

(a) Losses are on a 25/50 level for 1989 - 2001.
 Losses are on a 30/60 level for 2002.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					240,051,564
1990				236,218,310	235,883,536
1991			231,619,920	231,220,066	230,755,291
1992		251,521,946	251,499,279	250,683,767	250,587,858
1993	292,789,429	291,887,630	290,341,927	290,526,361	290,374,126
1994	342,388,902	341,109,620	341,881,402	342,544,827	342,489,519
1995	384,825,188	385,156,651	386,974,758	387,215,933	387,183,990
1996	429,257,284	434,360,545	434,632,796	434,999,549	434,974,174
1997	437,020,628	440,459,398	441,423,147	441,741,292	441,578,911
1998	448,660,733	452,317,568	452,935,631	452,975,900	453,159,687
1999	478,925,504	483,717,639	485,252,017	485,572,450	
2000	499,816,464	510,105,451	508,023,076		
2001	494,139,577	501,761,686			
2002	521,387,936				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991			0.998	0.998
1992		1.000	0.997	1.000
1993	0.997	0.995	1.001	0.999
1994	0.996	1.002	1.002	1.000
1995	1.001	1.005	1.001	1.000
1996	1.012	1.001	1.001	1.000
1997	1.008	1.002	1.001	1.000
1998	1.008	1.001	1.000	1.000
1999	1.010	1.003	1.001	
2000	1.021	0.996		
2001	1.015			

Five Year Average	1.012	1.001	1.001	1.000
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Three Year Average	1.015	1.000	1.001	1.000
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	Five Year	Three Year
39 to 63 months:	1.001	1.001
27 to 63 months:	1.002	1.001
15 to 63 months:	1.014	1.016

(a) Losses are on a \$25,000 level for 2002.
Losses are on a \$15,000 level for 1991 - 2001.
Losses are on a \$10,000 level for 1989 - 1990.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Bodily Injury Excess Limits(a) Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					71,814,935
1990				81,221,063	81,228,885
1991			81,858,344	84,853,437	86,567,462
1992		77,152,549	84,350,001	92,590,587	93,221,469
1993	60,272,479	79,117,136	90,654,258	92,786,577	88,883,962
1994	55,514,684	77,800,801	92,655,750	91,041,151	90,152,444
1995	62,729,524	89,082,794	94,675,880	98,150,587	96,478,922
1996	68,978,086	88,381,693	99,692,723	99,904,973	99,147,527
1997	61,832,977	85,557,312	90,714,258	94,315,255	94,318,777
1998	60,500,292	81,972,419	91,097,088	95,182,776	95,303,963
1999	63,790,789	87,006,201	101,210,760	104,682,292	
2000	61,523,224	89,205,766	101,479,928		
2001	72,030,506	103,854,315			
2002	66,861,543				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.000
1991			1.037	1.020
1992		1.093	1.098	1.007
1993	1.313	1.146	1.024	0.958
1994	1.401	1.191	0.983	0.990
1995	1.420	1.063	1.037	0.983
1996	1.281	1.128	1.002	0.992
1997	1.384	1.060	1.040	1.000
1998	1.355	1.111	1.045	1.001
1999	1.364	1.163	1.034	
2000	1.450	1.138		
2001	1.442			

Five Year Average	1.399	1.120	1.032	0.993
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Three Year Average	1.419	1.137	1.040	0.998
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	Five Year	Three Year
39 to 63 months:	1.025	1.038
27 to 63 months:	1.148	1.180
15 to 63 months:	1.606	1.674

(a) Losses are excess of 25/50 for 1989 - 2001.
 Losses are excess of 30/60 for 2002.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Property Damage Excess Limits(a) Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					5,484,108
1990				7,616,765	7,478,563
1991			11,381,129	11,315,049	11,426,488
1992		15,210,651	15,210,970	15,795,866	15,747,941
1993	5,002,321	6,420,759	7,530,021	7,432,759	7,261,139
1994	3,155,641	4,890,574	4,486,247	3,809,686	3,624,771
1995	5,629,842	7,303,030	5,744,273	5,565,059	5,550,016
1996	11,094,689	7,094,230	7,697,540	7,802,433	7,637,344
1997	8,113,626	8,567,678	8,699,442	8,582,461	8,560,273
1998	10,497,477	10,416,403	10,433,189	10,432,959	10,194,028
1999	12,290,268	11,356,963	11,368,177	11,188,297	
2000	12,245,392	12,275,225	12,101,683		
2001	15,468,085	14,746,275			
2002	2,521,015				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.982
1991			0.994	1.010
1992		1.000	1.038	0.997
1993	1.284	1.173	0.987	0.977
1994	1.550	0.917	0.849	0.951
1995	1.297	0.787	0.969	0.997
1996	0.639	1.085	1.014	0.979
1997	1.056	1.015	0.987	0.997
1998	0.992	1.002	1.000	0.977
1999	0.924	1.001	0.984	
2000	1.002	0.986		
2001	0.953			

Five Year Average	0.985	1.018	0.991	0.980
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Three Year Average	0.960	0.996	0.990	0.984
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	Five Year	Three Year
39 to 63 months:	0.971	0.974
27 to 63 months:	0.988	0.970
15 to 63 months:	0.973	0.931

(a) Losses are excess of \$25,000 for 2002.
Losses are excess of \$15,000 for 1991-2001.
Losses are excess of \$10,000 for 1989-1990.

Losses exclude unallocated loss adjustment expense.

See attached Exhibit (3)(f).

To the extent that such data are available, the corresponding earned premium and exposures are shown on page F-39.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Bodily Injury Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					57,480
1990				58,321	59,110
1991			56,849	58,901	59,647
1992		58,736	63,471	65,822	66,715
1993	45,263	63,321	68,263	70,726	71,532
1994	54,546	74,334	79,659	82,174	83,184
1995	58,762	79,570	85,550	88,337	89,284
1996	60,777	82,708	88,901	91,807	92,819
1997	61,107	82,622	88,449	91,253	92,277
1998	59,043	79,605	85,451	88,361	89,314
1999	59,845	81,377	87,482	90,444	
2000	59,539	80,064	85,793		
2001	57,221	77,647			
2002	60,245				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.014
1991			1.036	1.013
1992		1.081	1.037	1.014
1993	1.399	1.078	1.036	1.011
1994	1.363	1.072	1.032	1.012
1995	1.354	1.075	1.033	1.011
1996	1.361	1.075	1.033	1.011
1997	1.352	1.071	1.032	1.011
1998	1.348	1.073	1.034	1.011
1999	1.360	1.075	1.034	
2000	1.345	1.072		
2001	1.357			
Five Year Average				
	1.352	1.073	1.033	1.011
Three Year Average				
	1.354	1.073	1.033	1.011
Five Year Three Year				
39 to 63 months:		1.044	1.044	
27 to 63 months:		1.120	1.120	
15 to 63 months:		1.514	1.516	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Property Damage Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					143,912
1990				139,542	139,615
1991			141,724	141,933	142,018
1992		154,566	155,183	155,412	155,474
1993	162,337	166,623	167,219	167,448	167,514
1994	185,582	190,103	190,762	190,993	191,071
1995	197,501	202,382	203,110	203,377	203,471
1996	208,525	213,750	214,766	215,084	215,157
1997	208,858	214,316	215,181	215,479	215,548
1998	210,147	215,295	216,291	216,497	216,571
1999	216,348	222,135	222,961	223,195	
2000	217,097	224,702	223,537		
2001	216,633	221,788			
2002	219,946				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.001
1991			1.001	1.001
1992		1.004	1.001	1.000
1993	1.026	1.004	1.001	1.000
1994	1.024	1.003	1.001	1.000
1995	1.025	1.004	1.001	1.000
1996	1.025	1.005	1.001	1.000
1997	1.026	1.004	1.001	1.000
1998	1.024	1.005	1.001	1.000
1999	1.027	1.004	1.001	
2000	1.035	0.995		
2001	1.024			
Five Year Average	1.027	1.003	1.001	1.000
Three Year Average	1.029	1.001	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.004	1.002	
15 to 63 months:		1.031	1.031	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Paid Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					51,263
1990					53,860
1991				53,739	53,722
1992			53,233	53,669	53,722
1993		55,770	56,921	57,277	57,334
1994	49,778	58,681	59,889	60,266	60,348
1995	56,100	64,930	66,053	66,461	66,539
1996	57,759	67,255	68,490	68,932	69,016
1997	57,210	66,856	68,087	68,546	68,658
1998	55,345	64,573	65,830	66,314	66,404
1999	51,556	60,079	61,326	61,768	61,856
2000	50,559	59,461	60,641	61,102	
2001	50,952	59,085	60,271		
2002	50,543	57,939			
2002	52,732				

Accident Year	Claim Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.002
1991			1.008	1.001
1992		1.021	1.006	1.001
1993	1.179	1.021	1.006	1.001
1994	1.157	1.017	1.006	1.001
1995	1.164	1.018	1.006	1.001
1996	1.169	1.018	1.007	1.001
1997	1.167	1.019	1.007	1.001
1998	1.165	1.021	1.007	1.001
1999	1.176	1.020	1.008	
2000	1.160	1.020		
2001	1.146			
Five Year Average				
	1.163	1.020	1.007	1.001
Three Year Average				
	1.161	1.020	1.007	1.001
Five Year Three Year				
39 to 63 months:		1.008	1.008	
27 to 63 months:		1.028	1.028	
15 to 63 months:		1.196	1.194	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Bodily Injury Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					58,090
1990				59,978	59,844
1991			60,551	60,479	60,225
1992		67,690	67,694	67,605	67,312
1993	75,995	73,974	73,092	72,624	72,128
1994	88,006	85,579	84,589	84,346	83,857
1995	93,636	91,352	90,615	90,309	89,961
1996	96,404	94,473	94,022	93,916	93,519
1997	96,535	94,256	93,811	93,427	93,082
1998	93,726	91,239	90,712	90,465	89,985
1999	96,503	93,415	93,145	92,547	
2000	94,009	92,101	91,137		
2001	92,965	89,243			
2002	96,845				

Accident Year	Claim Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.998
1991			0.999	0.996
1992		1.000	0.999	0.996
1993	0.973	0.988	0.994	0.993
1994	0.972	0.988	0.997	0.994
1995	0.976	0.992	0.997	0.996
1996	0.980	0.995	0.999	0.996
1997	0.976	0.995	0.996	0.996
1998	0.973	0.994	0.997	0.995
1999	0.968	0.997	0.994	
2000	0.980	0.990		
2001	0.960			

Five Year Average	0.971	0.994	0.997	0.995
Three Year Average	0.969	0.994	0.996	0.996

	Five Year	Three Year
39 to 63 months:	0.992	0.992
27 to 63 months:	0.986	0.986
15 to 63 months:	0.957	0.955

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Property Damage Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					144,019
1990				139,800	139,719
1991			142,121	142,095	142,080
1992		155,475	155,597	155,579	155,534
1993	166,420	167,509	167,607	167,625	167,569
1994	189,760	190,932	191,119	191,123	191,119
1995	202,092	203,290	203,409	203,482	203,511
1996	213,802	214,611	215,087	215,218	215,208
1997	213,462	215,052	215,487	215,587	215,600
1998	215,050	216,238	216,588	216,617	216,601
1999	221,998	223,310	223,277	223,319	
2000	221,905	225,602	223,938		
2001	221,341	222,619			
2002	225,129				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991			1.000	1.000
1992		1.001	1.000	1.000
1993	1.007	1.001	1.000	1.000
1994	1.006	1.001	1.000	1.000
1995	1.006	1.001	1.000	1.000
1996	1.004	1.002	1.001	1.000
1997	1.007	1.002	1.000	1.000
1998	1.006	1.002	1.000	1.000
1999	1.006	1.000	1.000	
2000	1.017	0.993		
2001	1.006			
Five Year Average	1.008	1.000	1.000	1.000
Three Year Average	1.010	0.998	1.000	1.000
		Five Year	Three Year	
39 to 63 months:		1.000	1.000	
27 to 63 months:		1.000	0.998	
15 to 63 months:		1.008	1.008	

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					51,347
1990					53,955
1991				54,004	53,787
1992		57,007	53,714	53,826	57,389
1993	58,510	60,084	57,337	57,422	60,391
1994	65,048	66,188	60,280	60,423	66,592
1995	66,742	68,541	66,510	66,604	69,057
1996	66,485	68,189	68,876	69,056	68,723
1997	64,007	65,861	68,540	68,706	66,475
1998	60,062	61,536	66,352	66,463	61,904
1999	59,632	60,882	61,751	61,932	
2000	58,978	60,351	61,170	61,296	
2001	58,107	59,050	60,685		
2002	60,999				

Accident Year	Claim Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991				0.999
1992			1.002	0.999
1993		1.006	1.001	0.999
1994	1.027	1.003	1.002	0.999
1995	1.018	1.005	1.001	1.000
1996	1.027	1.005	1.003	1.000
1997	1.026	1.005	1.002	1.000
1998	1.029	1.007	1.002	1.000
1999	1.025	1.003	1.002	1.000
2000	1.021	1.005	1.003	1.000
2001	1.023	1.006	1.002	
2002	1.016			
Five Year Average	1.023	1.005	1.002	1.000
Three Year Average	1.020	1.005	1.002	1.000
		Five Year	Three Year	
39 to 63 months:		1.002	1.002	
27 to 63 months:		1.007	1.007	
15 to 63 months:		1.030	1.027	

See attached Exhibit (3)(g).

To the extent that such data are available, the corresponding earned premium and exposures are shown on page F-39.

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Bodily Injury Outstanding Claims as of		
	15 Months	27 Months	39 Months
1991			3,702
1992		8,954	4,223
1993	30,732	10,653	4,829
1994	33,460	11,245	4,930
1995	34,874	11,782	5,065
1996	35,627	11,765	5,121
1997	35,428	11,634	5,362
1998	34,683	11,634	5,261
1999	36,658	12,038	5,663
2000	34,470	12,037	5,344
2001	35,744	11,596	
2002	36,600		

Claim Development Factors

Accident Year	Claim Development Factors	
	15-27 Mo.	27-39 Mo.
1992		0.472
1993	0.347	0.453
1994	0.336	0.438
1995	0.338	0.430
1996	0.330	0.435
1997	0.328	0.461
1998	0.335	0.452
1999	0.328	0.470
2000	0.349	0.444
2001	0.324	
Five Year Average	0.333	0.452
Three Year Average	0.334	0.455
	Five Year	Three Year
27 to 39 months:	0.452	0.455
15 to 39 months:	0.151	0.152

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Property Damage Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1991			397
1992		909	414
1993	4,083	886	388
1994	4,178	829	357
1995	4,591	908	299
1996	5,277	861	321
1997	4,604	736	306
1998	4,903	943	297
1999	5,650	1,175	316
2000	4,808	900	401
2001	4,708	831	
2002	5,183		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1992		0.455
1993	0.217	0.438
1994	0.198	0.431
1995	0.198	0.329
1996	0.163	0.373
1997	0.160	0.416
1998	0.192	0.315
1999	0.208	0.269
2000	0.187	0.446
2001	0.177	
Five Year Average	0.185	0.364
Three Year Average	0.191	0.343
	Five Year	Three Year
27 to 39 months:	0.364	0.343
15 to 39 months:	0.067	0.066

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Medical Payments Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1991			481
1992		1,237	416
1993	8,732	1,403	391
1994	8,948	1,258	457
1995	8,983	1,286	386
1996	9,275	1,333	453
1997	8,662	1,288	522
1998	8,506	1,457	425
1999	9,073	1,421	529
2000	8,026	1,266	414
2001	7,564	1,111	
2002	8,267		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1992		0.336
1993	0.161	0.279
1994	0.141	0.363
1995	0.143	0.300
1996	0.144	0.340
1997	0.149	0.405
1998	0.171	0.292
1999	0.157	0.372
2000	0.158	0.327
2001	0.147	
Five Year Average	0.156	0.347
Three Year Average	0.154	0.330
	Five Year	Three Year
27 to 39 months:	0.347	0.330
15 to 39 months:	0.054	0.051

PRIVATE PASSENGER AUTOMOBILE INSURANCE

EARNED EXPOSURES BY COVERAGE

VOLUNTARY ONLY

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1998	4,087,394	4,087,394	3,290,949
1999	4,303,071	4,303,071	3,428,242
2000	4,514,197	4,514,197	3,565,423
2001	4,555,445	4,555,445	3,607,633
2002	4,667,249	4,667,249	3,704,543

CEDED ONLY

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1998	1,213,845	1,213,845	698,117
1999	1,227,118	1,227,118	688,040
2000	1,140,232	1,140,232	641,778
2001	1,215,931	1,215,931	690,794
2002	1,269,085	1,269,085	732,612

ESTIMATED EARNED PREMIUM BY COVERAGE

VOLUNTARY ONLY

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1998	565,320,952	446,183,791	95,204,961
1999	583,228,874	467,680,342	97,482,031
2000	603,938,199	491,607,059	102,512,105
2001	571,689,194	530,470,791	97,983,260
2002	576,278,826	586,589,018	101,631,334

CEDED ONLY

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1998	321,806,153	226,899,400	41,224,619
1999	309,529,277	236,204,190	39,933,176
2000	274,423,872	210,423,177	31,340,231
2001	288,006,140	223,011,891	33,103,151
2002	286,279,620	266,439,849	31,150,037

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Bodily Injury Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990				257,305,595	270,962,128
1991			240,445,380	267,473,626	280,303,499
1992		215,402,982	267,839,757	296,568,438	311,745,028
1993	115,158,228	225,076,314	281,463,841	316,030,295	329,451,280
1994	124,909,446	238,200,314	296,163,099	327,817,063	343,556,805
1995	130,991,018	251,257,511	311,681,282	347,496,187	363,133,994
1996	129,465,129	247,712,374	307,405,624	346,429,686	364,158,644
1997	131,716,874	251,103,010	312,051,907	349,688,161	366,319,867
1998	131,954,580	249,502,212	310,492,979	345,198,499	363,799,178
1999	136,928,680	262,289,392	327,202,535	364,470,808	
2000	145,341,494	268,448,618	331,605,380		
2001	135,919,115	264,105,448			
2002	144,659,219				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.053
1991			1.112	1.048
1992		1.243	1.107	1.051
1993	1.954	1.251	1.123	1.042
1994	1.907	1.243	1.107	1.048
1995	1.918	1.240	1.115	1.045
1996	1.913	1.241	1.127	1.051
1997	1.906	1.243	1.121	1.048
1998	1.891	1.244	1.112	1.054
1999	1.916	1.247	1.114	
2000	1.847	1.235		
2001	1.943			
Five Year Average	1.901	1.242	1.118	1.049
Three Year Average	1.902	1.242	1.116	1.051

	Five Year	Three Year
39 to 63 months:	1.173	1.173
27 to 63 months:	1.457	1.457
15 to 63 months:	2.770	2.771

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Property Damage Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990				155,060,852	155,028,366
1991			149,405,455	149,744,047	150,047,455
1992		164,998,104	165,983,480	166,344,486	166,489,638
1993	180,676,226	185,344,143	186,508,431	187,003,802	187,142,154
1994	208,853,974	214,330,544	215,578,679	216,029,312	216,165,173
1995	239,409,452	246,358,664	247,827,442	248,286,260	248,442,721
1996	267,348,373	274,988,971	276,481,658	277,172,158	277,283,992
1997	272,232,851	280,249,239	281,952,172	282,533,615	282,721,197
1998	287,051,856	295,893,318	297,624,497	298,142,455	298,255,646
1999	311,224,865	319,543,751	321,709,041	322,118,970	
2000	330,726,703	345,020,813	343,267,588		
2001	324,681,232	336,106,138			
2002	330,325,524				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.000
1991			1.002	1.002
1992		1.006	1.002	1.001
1993	1.026	1.006	1.003	1.001
1994	1.026	1.006	1.002	1.001
1995	1.029	1.006	1.002	1.001
1996	1.029	1.005	1.002	1.000
1997	1.029	1.006	1.002	1.001
1998	1.031	1.006	1.002	1.000
1999	1.027	1.007	1.001	
2000	1.043	0.995		
2001	1.035			
Five Year Average	1.033	1.004	1.002	1.001
Three Year Average	1.035	1.003	1.002	1.000

	Five Year	Three Year
39 to 63 months:	1.003	1.002
27 to 63 months:	1.007	1.005
15 to 63 months:	1.040	1.040

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Medical Payments Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990				41,872,290	42,050,482
1991			42,973,795	43,676,862	43,855,454
1992		46,304,793	47,910,040	48,538,961	48,669,383
1993	39,246,894	48,486,328	50,220,650	50,891,176	51,090,326
1994	42,368,745	51,218,167	52,848,771	53,507,780	53,716,208
1995	44,328,662	54,327,371	56,077,515	56,849,656	57,077,554
1996	43,815,406	53,922,770	55,603,417	56,470,917	56,811,251
1997	43,443,931	52,934,543	55,142,839	56,099,297	56,383,066
1998	42,515,001	51,981,434	54,064,403	54,900,325	55,169,555
1999	43,858,526	54,378,026	56,378,034	57,412,858	
2000	46,002,305	55,806,584	57,959,165		
2001	48,384,631	58,718,043			
2002	51,922,666				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.004
1991			1.016	1.004
1992		1.035	1.013	1.003
1993	1.235	1.036	1.013	1.004
1994	1.209	1.032	1.012	1.004
1995	1.226	1.032	1.014	1.004
1996	1.231	1.031	1.016	1.006
1997	1.218	1.042	1.017	1.005
1998	1.223	1.040	1.015	1.005
1999	1.240	1.037	1.018	
2000	1.213	1.039		
2001	1.214			

Five Year Average	1.222	1.038	1.016	1.005
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Three Year Average	1.222	1.039	1.017	1.005
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	Five Year	Three Year
39 to 63 months:	1.021	1.022
27 to 63 months:	1.060	1.062
15 to 63 months:	1.295	1.298

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Bodily Injury Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					250,257,731
1990				281,429,345	282,561,140
1991			285,748,849	289,171,770	288,677,575
1992		304,398,644	315,968,358	320,563,129	321,126,705
1993	294,455,657	324,528,254	336,252,958	340,762,907	338,244,071
1994	307,546,782	335,405,608	352,142,906	353,841,908	352,363,980
1995	328,948,315	359,215,804	371,290,988	375,756,132	372,286,476
1996	331,171,423	362,097,993	371,475,392	371,745,045	372,325,990
1997	338,235,350	358,534,649	364,924,210	371,778,989	373,561,529
1998	329,217,076	351,445,425	363,364,191	369,619,589	370,853,319
1999	341,970,362	366,026,255	384,335,134	391,183,332	
2000	332,390,379	368,908,257	387,134,717		
2001	339,217,710	372,371,262			
2002	353,667,044				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.004
1991			1.012	0.998
1992		1.038	1.015	1.002
1993	1.102	1.036	1.013	0.993
1994	1.091	1.050	1.005	0.996
1995	1.092	1.034	1.012	0.991
1996	1.093	1.026	1.001	1.002
1997	1.060	1.018	1.019	1.005
1998	1.068	1.034	1.017	1.003
1999	1.070	1.050	1.018	
2000	1.110	1.049		
2001	1.098			
Five Year Average	1.081	1.035	1.013	0.999
Three Year Average	1.093	1.044	1.018	1.003
		Five Year	Three Year	
39 to 63 months:		1.012	1.021	
27 to 63 months:		1.047	1.066	
15 to 63 months:		1.132	1.165	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Property Damage Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					158,386,956
1990					155,305,889
1991			150,615,987	150,314,900	150,192,782
1992		166,788,287	166,884,142	166,750,601	166,652,641
1993	186,652,805	187,658,163	187,565,217	187,432,571	187,222,148
1994	215,580,652	216,191,459	216,381,905	216,423,305	216,276,852
1995	246,940,787	248,579,299	248,574,801	248,651,994	248,616,262
1996	276,267,426	276,886,275	277,164,367	277,526,896	277,431,035
1997	280,399,045	282,022,894	282,816,409	283,027,208	282,865,304
1998	296,849,433	298,005,358	298,510,484	298,469,768	298,306,952
1999	321,836,464	321,832,900	322,569,675	322,410,874	
2000	340,096,434	347,224,747	343,980,168		
2001	334,870,040	338,075,600			
2002	338,996,505				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991			0.998	0.999
1992		1.001	0.999	0.999
1993	1.005	1.000	0.999	0.999
1994	1.003	1.001	1.000	0.999
1995	1.007	1.000	1.000	1.000
1996	1.002	1.001	1.001	1.000
1997	1.006	1.003	1.001	0.999
1998	1.004	1.002	1.000	0.999
1999	1.000	1.002	1.000	
2000	1.021	0.991		
2001	1.010			
Five Year Average	1.008	1.000	1.000	0.999
Three Year Average	1.010	0.998	1.000	0.999

	Five Year	Three Year
39 to 63 months:	0.999	0.999
27 to 63 months:	0.999	0.997
15 to 63 months:	1.007	1.007

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Medical Payments Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					36,445,327
1990				42,119,582	42,139,158
1991			43,452,777	43,815,972	43,911,545
1992		47,607,835	48,352,847	48,683,681	48,715,791
1993	47,418,717	49,795,031	50,631,038	51,132,691	51,167,927
1994	50,308,351	52,480,345	53,315,956	53,658,630	53,775,408
1995	52,213,324	55,858,728	56,528,216	57,004,741	57,154,627
1996	52,573,003	55,392,698	56,153,565	56,648,821	56,924,833
1997	51,928,488	54,625,154	55,777,610	56,382,846	56,488,286
1998	50,493,680	53,591,274	54,668,107	55,173,400	55,244,596
1999	53,062,938	56,115,237	57,082,950	57,729,545	
2000	54,099,493	57,472,357	58,604,710		
2001	56,794,753	60,510,986			
2002	60,543,949				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.000
1991			1.008	1.002
1992		1.016	1.007	1.001
1993	1.050	1.017	1.010	1.001
1994	1.043	1.016	1.006	1.002
1995	1.070	1.012	1.008	1.003
1996	1.054	1.014	1.009	1.005
1997	1.052	1.021	1.011	1.002
1998	1.061	1.020	1.009	1.001
1999	1.058	1.017	1.011	
2000	1.062	1.020		
2001	1.065			
Five Year Average	1.060	1.018	1.010	1.003
Three Year Average	1.062	1.019	1.010	1.003
		Five Year	Three Year	
39 to 63 months:		1.013	1.013	
27 to 63 months:		1.031	1.032	
15 to 63 months:		1.093	1.096	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Bodily Injury Basic Limits (a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					196,100,230
1990				219,299,819	220,838,051
1991			220,345,677	220,828,657	219,961,241
1992		242,242,117	248,034,030	247,394,048	247,614,863
1993	244,085,206	257,974,446	260,872,946	263,488,539	264,719,945
1994	263,371,753	273,691,532	279,656,754	282,437,524	281,983,940
1995	277,278,031	286,329,745	294,934,944	296,364,163	294,571,781
1996	274,596,872	289,872,311	290,277,242	290,370,189	291,170,689
1997	287,806,243	288,003,810	289,753,370	293,417,186	294,710,485
1998	279,631,461	283,443,817	287,122,200	290,335,486	291,518,174
1999	287,757,237	291,278,162	297,711,334	301,975,729	
2000	280,701,710	294,453,525	302,382,187		
2001	281,350,691	289,660,333			
2002	297,658,702				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.007
1991			1.002	0.996
1992		1.024	0.997	1.001
1993	1.057	1.011	1.010	1.005
1994	1.039	1.022	1.010	0.998
1995	1.033	1.030	1.005	0.994
1996	1.056	1.001	1.000	1.003
1997	1.001	1.006	1.013	1.004
1998	1.014	1.013	1.011	1.004
1999	1.012	1.022	1.014	
2000	1.049	1.027		
2001	1.030			
Five Year Average	1.021	1.014	1.009	1.001
Three Year Average	1.030	1.021	1.013	1.004

	Five Year	Three Year
39 to 63 months:	1.010	1.017
27 to 63 months:	1.024	1.038
15 to 63 months:	1.046	1.069

(a) Losses are on a 30/60 level for 2002.
Losses are on a 25/50 level for 1989-2001.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Property Damage Basic Limits (a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					154,602,396
1990				151,173,955	151,127,628
1991			141,601,371	141,355,574	141,177,009
1992		154,134,000	154,129,613	153,765,981	153,699,913
1993	182,645,272	182,459,513	181,470,505	181,513,053	181,409,030
1994	213,369,073	212,646,687	212,908,260	213,555,881	213,535,132
1995	243,317,459	242,927,095	244,554,516	244,741,870	244,723,257
1996	267,813,166	271,814,464	271,696,402	272,012,743	271,996,501
1997	274,485,578	275,941,421	276,685,201	276,967,434	276,813,730
1998	288,938,904	290,584,122	290,817,272	290,825,415	290,891,530
1999	313,167,518	313,788,027	314,571,078	314,556,690	
2000	330,730,795	337,810,703	334,749,005		
2001	324,263,934	328,208,148			
2002	337,116,430				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.000
1991			0.998	0.999
1992		1.000	0.998	1.000
1993	0.999	0.995	1.000	0.999
1994	0.997	1.001	1.003	1.000
1995	0.998	1.007	1.001	1.000
1996	1.015	1.000	1.001	1.000
1997	1.005	1.003	1.001	0.999
1998	1.006	1.001	1.000	1.000
1999	1.002	1.002	1.000	
2000	1.021	0.991		
2001	1.012			
Five Year Average	1.009	0.999	1.001	1.000
Three Year Average	1.012	0.998	1.000	1.000

	Five Year	Three Year
39 to 63 months:	1.001	1.000
27 to 63 months:	1.000	0.998
15 to 63 months:	1.009	1.010

- (a) Losses are on a \$25,000 level for 2002.
Losses are on a \$15,000 level for 1991-2001.
Losses are on a \$10,000 level for 1989-1990.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Bodily Injury Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990				36,425	36,906
1991			35,023	36,219	36,661
1992		36,544	39,254	40,616	41,187
1993	28,241	38,185	41,056	42,498	42,971
1994	31,301	41,893	44,983	46,413	47,020
1995	33,627	45,092	48,533	50,192	50,828
1996	34,069	45,814	49,242	50,971	51,601
1997	34,165	45,678	49,060	50,677	51,312
1998	33,659	45,185	48,526	50,236	50,789
1999	34,948	46,816	50,282	51,998	
2000	35,764	47,333	50,617		
2001	34,241	46,028			
2002	35,848				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.013
1991			1.034	1.012
1992		1.074	1.035	1.014
1993	1.352	1.075	1.035	1.011
1994	1.338	1.074	1.032	1.013
1995	1.341	1.076	1.034	1.013
1996	1.345	1.075	1.035	1.012
1997	1.337	1.074	1.033	1.013
1998	1.342	1.074	1.035	1.011
1999	1.340	1.074	1.034	
2000	1.323	1.069		
2001	1.344			

Five Year Average	1.337	1.073	1.034	1.012
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Three Year Average	1.336	1.072	1.034	1.012
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Five Year Three Year

39 to 63 months:	1.046	1.046
27 to 63 months:	1.122	1.121
15 to 63 months:	1.500	1.498

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Property Damage Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990				91,684	91,732
1991			90,533	90,633	90,690
1992		100,410	100,761	100,921	100,951
1993	105,318	107,710	108,048	108,183	108,219
1994	116,385	118,834	119,170	119,278	119,329
1995	124,064	126,722	127,128	127,315	127,384
1996	129,357	132,110	132,768	132,933	132,981
1997	129,914	132,984	133,550	133,747	133,800
1998	133,638	136,492	137,115	137,235	137,263
1999	139,595	142,084	142,552	142,589	
2000	142,423	147,633	145,909		
2001	142,114	144,690			
2002	142,112				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.001
1991			1.001	1.001
1992		1.003	1.002	1.000
1993	1.023	1.003	1.001	1.000
1994	1.021	1.003	1.001	1.000
1995	1.021	1.003	1.001	1.001
1996	1.021	1.005	1.001	1.000
1997	1.024	1.004	1.001	1.000
1998	1.021	1.005	1.001	1.000
1999	1.018	1.003	1.000	
2000	1.037	0.988		
2001	1.018			
Five Year Average	1.024	1.001	1.001	1.000
Three Year Average	1.024	0.999	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.002	1.000	
15 to 63 months:		1.026	1.024	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Medical Payments Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990				35,448	35,538
1991			34,528	34,825	34,883
1992		36,698	37,480	37,736	37,777
1993	32,602	38,006	38,812	39,057	39,119
1994	34,973	40,300	41,013	41,282	41,347
1995	35,943	41,594	42,381	42,696	42,761
1996	34,816	40,555	41,382	41,708	41,776
1997	33,743	39,271	40,123	40,486	40,559
1998	32,118	37,416	38,317	38,667	38,731
1999	32,298	38,069	38,882	39,163	
2000	33,650	39,160	39,932		
2001	33,696	38,638			
2002	34,276				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.003
1991			1.009	1.002
1992		1.021	1.007	1.001
1993	1.166	1.021	1.006	1.002
1994	1.152	1.018	1.007	1.002
1995	1.157	1.019	1.007	1.002
1996	1.165	1.020	1.008	1.002
1997	1.164	1.022	1.009	1.002
1998	1.165	1.024	1.009	1.002
1999	1.179	1.021	1.007	
2000	1.164	1.020		
2001	1.147			
Five Year Average	1.164	1.021	1.008	1.002
Three Year Average	1.163	1.022	1.008	1.002
		Five Year	Three Year	
39 to 63 months:		1.010	1.010	
27 to 63 months:		1.031	1.032	
15 to 63 months:		1.200	1.200	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Bodily Injury Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					36,497
1990				37,420	37,331
1991			37,182	37,158	36,996
1992		41,735	41,739	41,708	41,542
1993	46,137	44,574	43,975	43,611	43,339
1994	50,819	48,743	47,953	47,831	47,488
1995	54,645	52,590	51,948	51,632	51,346
1996	55,300	53,207	52,654	52,386	52,069
1997	55,275	53,118	52,492	52,135	51,832
1998	54,721	52,464	51,915	51,551	51,207
1999	57,517	54,562	53,863	53,342	
2000	57,171	54,901	54,115		
2001	55,746	53,390			
2002	57,489				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.998
1991			0.999	0.996
1992		1.000	0.999	0.996
1993	0.966	0.987	0.992	0.994
1994	0.959	0.984	0.997	0.993
1995	0.962	0.988	0.994	0.994
1996	0.962	0.990	0.995	0.994
1997	0.961	0.988	0.993	0.994
1998	0.959	0.990	0.993	0.993
1999	0.949	0.987	0.990	
2000	0.960	0.986		
2001	0.958			
Five Year Average	0.957	0.988	0.993	0.994
Three Year Average	0.956	0.988	0.992	0.994
		Five Year	Three Year	
39 to 63 months:		0.987	0.986	
27 to 63 months:		0.975	0.974	
15 to 63 months:		0.933	0.931	

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Property Damage Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					96,128
1990				91,794	91,781
1991			90,734	90,706	90,717
1992		100,918	100,980	101,010	100,980
1993	107,560	108,223	108,279	108,262	108,244
1994	118,730	119,329	119,372	119,348	119,361
1995	126,717	127,321	127,327	127,392	127,415
1996	132,697	132,699	132,991	133,026	133,020
1997	132,831	133,485	133,761	133,826	133,837
1998	136,734	137,101	137,319	137,320	137,283
1999	142,944	142,633	142,749	142,663	
2000	145,422	148,156	146,101		
2001	145,005	145,139			
2002	145,234				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.000
1991			1.000	1.000
1992		1.001	1.000	1.000
1993	1.006	1.001	1.000	1.000
1994	1.005	1.000	1.000	1.000
1995	1.005	1.000	1.001	1.000
1996	1.000	1.002	1.000	1.000
1997	1.005	1.002	1.000	1.000
1998	1.003	1.002	1.000	1.000
1999	0.998	1.001	0.999	
2000	1.019	0.986		
2001	1.001			
Five Year Average	1.005	0.999	1.000	1.000
Three Year Average	1.006	0.996	1.000	1.000
		Five Year	Three Year	
39 to 63 months:		1.000	1.000	
27 to 63 months:		0.999	0.996	
15 to 63 months:		1.004	1.002	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Medical Payments Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					34,254
1990				35,594	35,590
1991			34,786	34,921	34,913
1992		37,459	37,730	37,807	37,803
1993	38,028	38,874	39,044	39,142	39,139
1994	40,538	41,006	41,261	41,363	41,377
1995	41,343	42,437	42,642	42,791	42,790
1996	40,669	41,503	41,711	41,817	41,827
1997	39,262	40,211	40,493	40,604	40,618
1998	37,677	38,369	38,652	38,786	38,764
1999	38,340	39,056	39,267	39,319	
2000	39,174	40,060	40,237		
2001	38,773	39,399			
2002	39,568				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.000
1991			1.004	1.000
1992		1.007	1.002	1.000
1993	1.022	1.004	1.003	1.000
1994	1.012	1.006	1.002	1.000
1995	1.026	1.005	1.003	1.000
1996	1.021	1.005	1.003	1.000
1997	1.024	1.007	1.003	1.000
1998	1.018	1.007	1.003	0.999
1999	1.019	1.005	1.001	
2000	1.023	1.004		
2001	1.016			
Five Year Average	1.020	1.006	1.003	1.000
Three Year Average	1.019	1.005	1.002	1.000
		Five Year	Three Year	
39 to 63 months:		1.003	1.002	
27 to 63 months:		1.009	1.007	
15 to 63 months:		1.029	1.026	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Bodily Injury Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1991			2,159
1992		5,191	2,485
1993	17,896	6,389	2,919
1994	19,518	6,850	2,970
1995	21,018	7,498	3,415
1996	21,231	7,393	3,412
1997	21,110	7,440	3,432
1998	21,062	7,279	3,389
1999	22,569	7,746	3,581
2000	21,407	7,568	3,498
2001	21,505	7,362	
2002	21,641		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1992		0.479
1993	0.357	0.457
1994	0.351	0.434
1995	0.357	0.455
1996	0.348	0.462
1997	0.352	0.461
1998	0.346	0.466
1999	0.343	0.462
2000	0.354	0.462
2001	0.342	
Five Year Average	0.347	0.463
Three Year Average	0.346	0.463
	Five Year	Three Year
27 to 39 months:	0.463	0.463
15 to 39 months:	0.161	0.160

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Property Damage Outstanding Claims as of		
	15 Months	27 Months	39 Months
1991			201
1992		508	219
1993	2,242	513	231
1994	2,345	495	202
1995	2,653	599	199
1996	3,340	589	223
1997	2,917	501	211
1998	3,096	609	204
1999	3,349	549	197
2000	2,999	523	192
2001	2,891	449	
2002	3,122		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1992		0.431
1993	0.229	0.450
1994	0.211	0.408
1995	0.226	0.332
1996	0.176	0.379
1997	0.172	0.421
1998	0.197	0.335
1999	0.164	0.359
2000	0.174	0.367
2001	0.155	
Five Year Average	0.172	0.372
Three Year Average	0.164	0.354
	Five Year	Three Year
27 to 39 months:	0.372	0.354
15 to 39 months:	0.064	0.058

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Medical Payments Outstanding Claims as of		
	15 Months	27 Months	39 Months
1991			258
1992		761	250
1993	5,426	868	232
1994	5,565	706	248
1995	5,400	843	261
1996	5,853	948	329
1997	5,519	940	370
1998	5,559	953	335
1999	6,042	987	385
2000	5,524	900	305
2001	5,077	761	
2002	5,292		

Accident Year	Claim Development Factors	
	15-27 Mo.	27-39 Mo.
1992		0.329
1993	0.160	0.267
1994	0.127	0.351
1995	0.156	0.310
1996	0.162	0.347
1997	0.170	0.394
1998	0.171	0.352
1999	0.163	0.390
2000	0.163	0.339
2001	0.150	
Five Year Average	0.163	0.364
Three Year Average	0.159	0.360
	Five Year	Three Year
27 to 39 months:	0.364	0.360
15 to 39 months:	0.059	0.057

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Ceded Only

Bodily Injury Total Limits Paid Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990				159,438,124	164,896,447
1991			159,229,732	171,955,354	177,600,520
1992		148,452,506	176,731,255	191,143,043	196,678,406
1993	81,615,227	154,592,810	183,103,082	198,049,423	203,458,369
1994	95,674,504	175,548,231	205,915,950	222,465,506	228,576,147
1995	95,985,226	174,336,112	205,414,915	221,303,468	225,944,484
1996	98,979,131	178,317,152	210,294,473	225,789,603	231,472,253
1997	97,927,269	180,512,993	210,222,424	225,675,172	231,891,887
1998	96,647,041	169,671,248	198,554,240	214,824,343	220,828,026
1999	94,946,771	168,301,271	199,627,433	215,803,053	
2000	92,925,513	168,994,339	198,304,888		
2001	93,543,064	172,612,226			
2002	102,289,306				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.034
1991			1.080	1.033
1992		1.190	1.082	1.029
1993	1.894	1.184	1.082	1.027
1994	1.835	1.173	1.080	1.027
1995	1.816	1.178	1.077	1.021
1996	1.802	1.179	1.074	1.025
1997	1.843	1.165	1.074	1.028
1998	1.756	1.170	1.082	1.028
1999	1.773	1.186	1.081	
2000	1.819	1.173		
2001	1.845			
Five Year Average	1.807	1.175	1.078	1.026
Three Year Average	1.812	1.176	1.079	1.027

	Five Year	Three Year
39 to 63 months:	1.106	1.108
27 to 63 months:	1.300	1.303
15 to 63 months:	2.349	2.361

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Property Damage Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990				87,709,688	87,825,954
1991			91,453,927	91,774,509	91,827,074
1992		98,264,047	98,992,930	99,268,241	99,442,646
1993	104,115,382	107,534,537	108,087,180	108,436,324	108,610,292
1994	121,960,914	126,539,247	127,446,652	127,936,707	128,042,881
1995	135,086,610	140,546,052	141,650,662	141,940,120	142,048,456
1996	156,527,113	163,361,517	164,519,331	164,993,231	165,090,593
1997	158,980,526	165,804,050	166,790,046	167,172,421	167,220,124
1998	156,325,056	163,400,964	164,517,027	164,862,351	165,018,030
1999	161,874,885	172,064,068	173,444,240	174,153,232	
2000	166,136,058	173,945,669	175,610,844		
2001	169,265,356	177,560,347			
2002	179,578,413				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.001
1991			1.004	1.001
1992		1.007	1.003	1.002
1993	1.033	1.005	1.003	1.002
1994	1.038	1.007	1.004	1.001
1995	1.040	1.008	1.002	1.001
1996	1.044	1.007	1.003	1.001
1997	1.043	1.006	1.002	1.000
1998	1.045	1.007	1.002	1.001
1999	1.063	1.008	1.004	
2000	1.047	1.010		
2001	1.049			

Five Year Average	1.049	1.008	1.003	1.001
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Three Year Average	1.053	1.008	1.003	1.001
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	Five Year	Three Year
39 to 63 months:	1.004	1.004
27 to 63 months:	1.012	1.012
15 to 63 months:	1.062	1.066

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Medical Payments Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990				19,411,888	19,461,458
1991			21,016,672	21,220,903	21,237,930
1992		22,471,602	22,890,174	23,008,403	23,044,648
1993	19,142,701	23,039,957	23,443,277	23,586,488	23,604,567
1994	20,613,923	24,472,746	24,870,253	25,028,212	25,054,150
1995	21,020,960	24,977,571	25,454,679	25,591,758	25,606,118
1996	21,117,150	25,177,214	25,648,994	25,799,901	25,851,391
1997	20,789,872	24,689,609	25,219,515	25,376,287	25,361,913
1998	18,800,056	22,219,399	22,634,772	22,750,024	22,785,514
1999	18,041,034	21,469,238	21,818,692	22,032,472	
2000	17,971,442	20,968,603	21,483,008		
2001	17,978,561	21,060,858			
2002	20,910,182				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.003
1991			1.010	1.001
1992		1.019	1.005	1.002
1993	1.204	1.018	1.006	1.001
1994	1.187	1.016	1.006	1.001
1995	1.188	1.019	1.005	1.001
1996	1.192	1.019	1.006	1.002
1997	1.188	1.021	1.006	0.999
1998	1.182	1.019	1.005	1.002
1999	1.190	1.016	1.010	
2000	1.167	1.025		
2001	1.171			

Five Year Average	1.180	1.020	1.006	1.001
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Three Year Average	1.176	1.020	1.007	1.001
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	Five Year	Three Year
39 to 63 months:	1.007	1.008
27 to 63 months:	1.027	1.028
15 to 63 months:	1.212	1.209

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Bodily Injury Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					147,039,333
1990				171,851,034	171,231,311
1991			182,999,768	182,456,960	181,752,051
1992		198,982,866	201,938,762	202,282,739	200,780,568
1993	189,352,250	203,240,639	207,699,572	208,487,802	206,916,210
1994	212,113,286	226,615,836	233,088,200	233,331,500	231,454,363
1995	211,291,368	226,665,473	228,518,512	229,930,990	228,709,369
1996	222,473,346	233,367,821	235,462,195	236,132,748	235,201,463
1997	223,031,412	233,438,810	235,883,068	235,598,697	235,812,089
1998	206,565,579	219,645,169	222,463,014	224,642,482	224,685,651
1999	205,887,660	218,424,231	222,979,961	225,159,783	
2000	196,381,049	215,263,562	220,208,932		
2001	201,389,100	218,201,822			
2002	215,250,172				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.996
1991			0.997	0.996
1992		1.015	1.002	0.993
1993	1.073	1.022	1.004	0.992
1994	1.068	1.029	1.001	0.992
1995	1.073	1.008	1.006	0.995
1996	1.049	1.009	1.003	0.996
1997	1.047	1.010	0.999	1.001
1998	1.063	1.013	1.010	1.000
1999	1.061	1.021	1.010	
2000	1.096	1.023		
2001	1.083			
Five Year Average	1.070	1.015	1.006	0.997
Three Year Average	1.080	1.019	1.006	0.999

	Five Year	Three Year
39 to 63 months:	1.003	1.005
27 to 63 months:	1.018	1.024
15 to 63 months:	1.089	1.106

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Property Damage Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					87,148,716
1990				88,326,203	88,056,210
1991			92,385,062	92,220,215	91,988,997
1992		99,944,310	99,826,107	99,729,032	99,683,158
1993	109,539,264	109,066,310	108,720,068	108,939,067	108,825,115
1994	128,206,307	128,082,658	128,266,216	128,209,521	128,115,751
1995	141,503,780	141,878,888	142,135,035	142,123,346	142,108,158
1996	164,084,547	164,568,500	165,165,969	165,275,086	165,180,483
1997	164,735,209	167,004,182	167,306,180	167,296,545	167,273,880
1998	162,308,777	164,728,613	164,858,336	164,939,091	165,046,763
1999	169,379,308	173,241,702	174,050,519	174,349,873	
2000	171,965,422	175,155,929	176,144,591		
2001	174,737,622	178,432,361			
2002	184,912,446				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.997
1991			0.998	0.997
1992		0.999	0.999	1.000
1993	0.996	0.997	1.002	0.999
1994	0.999	1.001	1.000	0.999
1995	1.003	1.002	1.000	1.000
1996	1.003	1.004	1.001	0.999
1997	1.014	1.002	1.000	1.000
1998	1.015	1.001	1.000	1.001
1999	1.023	1.005	1.002	
2000	1.019	1.006		
2001	1.021			
Five Year Average	1.018	1.004	1.001	1.000
Three Year Average	1.021	1.004	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.005	1.005	
15 to 63 months:		1.023	1.026	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Medical Payments Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					16,915,799
1990				19,588,187	19,510,714
1991			21,339,889	21,300,437	21,283,772
1992		23,162,594	23,111,876	23,110,463	23,096,970
1993	23,131,026	23,706,384	23,640,022	23,668,349	23,630,626
1994	24,682,467	25,148,709	25,087,010	25,086,747	25,074,544
1995	25,403,543	25,613,125	25,648,559	25,661,644	25,652,374
1996	25,431,663	25,686,731	25,781,579	25,862,504	25,867,677
1997	24,548,467	25,134,101	25,370,242	25,411,387	25,374,700
1998	21,923,581	22,740,435	22,742,159	22,790,601	22,809,876
1999	21,229,796	21,958,458	21,973,012	22,066,630	
2000	20,729,329	21,331,128	21,665,352		
2001	20,650,857	21,561,388			
2002	23,863,381				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.996
1991			0.998	0.999
1992		0.998	1.000	0.999
1993	1.025	0.997	1.001	0.998
1994	1.019	0.998	1.000	1.000
1995	1.008	1.001	1.001	1.000
1996	1.010	1.004	1.003	1.000
1997	1.024	1.009	1.002	0.999
1998	1.037	1.000	1.002	1.001
1999	1.034	1.001	1.004	
2000	1.029	1.016		
2001	1.044			
Five Year Average	1.034	1.006	1.002	1.000
Three Year Average	1.036	1.006	1.003	1.000
		Five Year	Three Year	
39 to 63 months:		1.002	1.003	
27 to 63 months:		1.008	1.009	
15 to 63 months:		1.042	1.045	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Bodily Injury Basic Limits (a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					129,381,899
1990				152,759,497	151,725,515
1991			166,544,596	165,946,636	163,900,923
1992		183,986,844	185,523,089	182,861,233	181,070,941
1993	179,937,722	191,313,559	193,060,772	193,651,039	192,223,320
1994	201,275,583	211,643,234	213,987,391	214,862,522	212,876,748
1995	200,834,911	211,076,172	210,810,908	211,795,604	210,556,254
1996	210,069,811	217,211,810	216,967,622	217,602,631	217,209,237
1997	211,627,542	218,412,337	220,339,650	219,645,245	220,344,356
1998	195,650,902	205,674,358	207,607,917	208,743,809	208,716,833
1999	196,309,996	206,166,123	208,393,001	209,685,094	
2000	186,546,494	200,512,528	203,481,534		
2001	187,225,613	197,058,436			
2002	204,396,971				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.993
1991			0.996	0.988
1992		1.008	0.986	0.990
1993	1.063	1.009	1.003	0.993
1994	1.052	1.011	1.004	0.991
1995	1.051	0.999	1.005	0.994
1996	1.034	0.999	1.003	0.998
1997	1.032	1.009	0.997	1.003
1998	1.051	1.009	1.005	1.000
1999	1.050	1.011	1.006	
2000	1.075	1.015		
2001	1.053			
Five Year Average	1.052	1.009	1.003	0.997
Three Year Average	1.059	1.012	1.003	1.000

	Five Year	Three Year
39 to 63 months:	1.000	1.003
27 to 63 months:	1.009	1.015
15 to 63 months:	1.061	1.075

(a) Losses are on a 30/60 level for 2002.
Losses are on a 25/50 level for 1989-2001.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Property Damage Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					85,449,168
1990				85,044,355	84,755,908
1991			90,018,549	89,864,492	89,578,282
1992		97,387,946	97,369,666	96,917,786	96,887,945
1993	108,547,587	107,847,852	107,288,410	107,429,477	107,380,745
1994	127,266,865	126,741,476	127,258,234	127,271,879	127,237,320
1995	139,502,806	140,237,454	140,420,439	140,477,803	140,460,539
1996	161,444,118	162,546,081	162,936,394	162,986,806	162,977,673
1997	162,535,050	164,517,977	164,737,946	164,773,858	164,765,181
1998	159,721,829	161,733,446	162,118,359	162,150,485	162,268,157
1999	165,757,986	169,929,612	170,680,939	171,015,760	
2000	169,085,669	172,294,748	173,274,071		
2001	169,875,643	173,553,538			
2002	184,271,506				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.997
1991			0.998	0.997
1992		1.000	0.995	1.000
1993	0.994	0.995	1.001	1.000
1994	0.996	1.004	1.000	1.000
1995	1.005	1.001	1.000	1.000
1996	1.007	1.002	1.000	1.000
1997	1.012	1.001	1.000	1.000
1998	1.013	1.002	1.000	1.001
1999	1.025	1.004	1.002	
2000	1.019	1.006		
2001	1.022			

Five Year Average	1.018	1.003	1.000	1.000
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Three Year Average	1.022	1.004	1.001	1.000
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	Five Year	Three Year
39 to 63 months:	1.000	1.001
27 to 63 months:	1.003	1.005
15 to 63 months:	1.021	1.027

(a) Losses are on a \$25,000 level for 2002.
Losses are on a \$15,000 level for 1991-2001.
Losses are on a \$10,000 level for 1989-1990.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Bodily Injury Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990				21,896	22,204
1991			21,826	22,682	22,986
1992		22,192	24,217	25,206	25,528
1993	16,796	24,838	26,895	27,910	28,240
1994	23,001	32,141	34,358	35,440	35,841
1995	24,913	34,193	36,716	37,835	38,143
1996	26,708	36,894	39,659	40,836	41,218
1997	26,942	36,944	39,389	40,576	40,965
1998	25,384	34,420	36,925	38,125	38,525
1999	24,897	34,561	37,200	38,446	
2000	23,775	32,731	35,176		
2001	22,980	31,619			
2002	24,397				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.014
1991			1.039	1.013
1992		1.091	1.041	1.013
1993	1.479	1.083	1.038	1.012
1994	1.397	1.069	1.031	1.011
1995	1.372	1.074	1.030	1.008
1996	1.381	1.075	1.030	1.009
1997	1.371	1.066	1.030	1.010
1998	1.356	1.073	1.032	1.010
1999	1.388	1.076	1.033	
2000	1.377	1.075		
2001	1.376			
Five Year Average	1.374	1.073	1.031	1.010
Three Year Average	1.380	1.075	1.032	1.010
		Five Year	Three Year	
39 to 63 months:		1.041	1.042	
27 to 63 months:		1.117	1.120	
15 to 63 months:		1.535	1.546	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Property Damage Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990				47,858	47,883
1991			51,191	51,300	51,328
1992		54,156	54,422	54,491	54,523
1993	56,206	58,084	58,340	58,433	58,463
1994	68,368	70,431	70,752	70,874	70,901
1995	72,562	74,773	75,089	75,169	75,194
1996	79,168	81,640	81,998	82,151	82,176
1997	78,944	81,332	81,631	81,732	81,748
1998	76,509	78,803	79,176	79,262	79,308
1999	76,753	80,051	80,409	80,606	
2000	74,674	77,069	77,628		
2001	74,519	77,098			
2002	77,834				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.001
1991			1.002	1.001
1992		1.005	1.001	1.001
1993	1.033	1.004	1.002	1.001
1994	1.030	1.005	1.002	1.000
1995	1.030	1.004	1.001	1.000
1996	1.031	1.004	1.002	1.000
1997	1.030	1.004	1.001	1.000
1998	1.030	1.005	1.001	1.001
1999	1.043	1.004	1.002	
2000	1.032	1.007		
2001	1.035			
Five Year Average	1.034	1.005	1.001	1.000
Three Year Average	1.037	1.005	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.006	1.006	
15 to 63 months:		1.040	1.043	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers						Ceded Only
Medical Payments Paid Claims as of						
Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months	
1990				18,291	18,322	
1991			18,705	18,844	18,839	
1992		19,072	19,441	19,541	19,557	
1993	16,949	20,420	20,819	20,949	20,969	
1994	20,868	24,342	24,745	24,879	24,890	
1995	21,556	25,375	25,815	25,942	25,959	
1996	22,394	26,301	26,705	26,838	26,882	
1997	21,602	25,302	25,707	25,828	25,845	
1998	19,438	22,663	23,009	23,101	23,125	
1999	18,261	21,392	21,759	21,939		
2000	17,302	19,925	20,339			
2001	16,847	19,301				
2002	18,456					

Claim Development Factors						
Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.		
1990				1.002		
1991			1.007	1.000		
1992		1.019	1.005	1.001		
1993	1.205	1.020	1.006	1.001		
1994	1.166	1.017	1.005	1.000		
1995	1.177	1.017	1.005	1.001		
1996	1.174	1.015	1.005	1.002		
1997	1.171	1.016	1.005	1.001		
1998	1.166	1.015	1.004	1.001		
1999	1.171	1.017	1.008			
2000	1.152	1.021				
2001	1.146					
Five Year Average	1.161	1.017	1.005	1.001		
Three Year Average	1.156	1.018	1.006	1.001		
		Five Year	Three Year			
39 to 63 months:		1.006	1.007			
27 to 63 months:		1.023	1.025			
15 to 63 months:		1.188	1.185			

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Bodily Injury Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					21,593
1990				22,558	22,513
1991			23,369	23,321	23,229
1992		25,955	25,955	25,897	25,770
1993	29,531	29,078	28,796	28,692	28,468
1994	36,852	36,513	36,311	36,189	36,045
1995	38,665	38,448	38,351	38,363	38,301
1996	41,104	41,266	41,368	41,530	41,450
1997	41,260	41,138	41,319	41,292	41,250
1998	39,005	38,775	38,797	38,914	38,778
1999	38,986	38,853	39,282	39,205	
2000	36,838	37,200	37,022		
2001	37,219	35,853			
2002	39,356				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.998
1991			0.998	0.996
1992		1.000	0.998	0.995
1993	0.985	0.990	0.996	0.992
1994	0.991	0.994	0.997	0.996
1995	0.994	0.997	1.000	0.998
1996	1.004	1.002	1.004	0.998
1997	0.997	1.004	0.999	0.999
1998	0.994	1.001	1.003	0.997
1999	0.997	1.011	0.998	
2000	1.010	0.995		
2001	0.963			
Five Year Average	0.992	1.003	1.001	0.998
Three Year Average	0.990	1.002	1.000	0.998
		Five Year	Three Year	
39 to 63 months:		0.999	0.998	
27 to 63 months:		1.002	1.000	
15 to 63 months:		0.994	0.990	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Property Damage Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					47,891
1990				48,006	47,938
1991			51,387	51,389	51,363
1992		54,557	54,617	54,569	54,554
1993	58,013	58,449	58,493	58,530	58,493
1994	70,168	70,761	70,907	70,934	70,917
1995	74,464	75,077	75,189	75,196	75,203
1996	81,105	81,912	82,096	82,192	82,188
1997	80,631	81,567	81,726	81,761	81,763
1998	78,316	79,137	79,269	79,297	79,318
1999	79,054	80,677	80,528	80,656	
2000	76,483	77,446	77,837		
2001	76,336	77,480			
2002	79,895				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.999
1991			1.000	0.999
1992		1.001	0.999	1.000
1993	1.008	1.001	1.001	0.999
1994	1.008	1.002	1.000	1.000
1995	1.008	1.001	1.000	1.000
1996	1.010	1.002	1.001	1.000
1997	1.012	1.002	1.000	1.000
1998	1.010	1.002	1.000	1.000
1999	1.021	0.998	1.002	
2000	1.013	1.005		
2001	1.015			
Five Year Average	1.014	1.002	1.001	1.000
Three Year Average	1.016	1.002	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.003	1.003	
15 to 63 months:		1.017	1.019	

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Medical Payments Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1989					17,093
1990				18,410	18,365
1991			18,928	18,905	18,874
1992		19,548	19,607	19,615	19,586
1993	20,240	20,953	20,977	21,021	20,992
1994	24,227	24,888	24,950	24,938	24,913
1995	25,117	25,810	25,938	25,970	25,970
1996	25,816	26,686	26,829	26,889	26,896
1997	24,745	25,650	25,859	25,859	25,857
1998	22,385	23,167	23,099	23,146	23,140
1999	21,292	21,826	21,903	21,977	
2000	19,804	20,291	20,448		
2001	19,334	19,651			
2002	21,431				

Accident Year	Claim Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				0.998
1991			0.999	0.998
1992		1.003	1.000	0.999
1993	1.035	1.001	1.002	0.999
1994	1.027	1.002	1.000	0.999
1995	1.028	1.005	1.001	1.000
1996	1.034	1.005	1.002	1.000
1997	1.037	1.008	1.000	1.000
1998	1.035	0.997	1.002	1.000
1999	1.025	1.004	1.003	
2000	1.025	1.008		
2001	1.016			

Five Year Average	1.028	1.004	1.002	1.000
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Three Year Average	1.022	1.003	1.002	1.000
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	Five Year	Three Year
39 to 63 months:	1.002	1.002
27 to 63 months:	1.006	1.005
15 to 63 months:	1.034	1.027

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 CLAIM DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Bodily Injury Outstanding Claims as of		
	15 Months	27 Months	39 Months
1991			1,543
1992		3,763	1,738
1993	12,735	4,240	1,901
1994	13,851	4,372	1,953
1995	13,752	4,255	1,635
1996	14,396	4,372	1,709
1997	14,318	4,194	1,930
1998	13,621	4,355	1,872
1999	14,089	4,292	2,082
2000	13,063	4,469	1,846
2001	14,239	4,234	
2002	14,959		

Claim Development Factors

Accident Year	Claim Development Factors	
	15-27 Mo.	27-39 Mo.
1992		0.462
1993	0.333	0.448
1994	0.316	0.447
1995	0.309	0.384
1996	0.304	0.391
1997	0.293	0.460
1998	0.320	0.430
1999	0.305	0.485
2000	0.342	0.413
2001	0.297	
Five Year Average	0.311	0.436
Three Year Average	0.315	0.443
	Five Year	Three Year
27 to 39 months:	0.436	0.443
15 to 39 months:	0.136	0.140

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Property Damage Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1991			196
1992		401	195
1993	1,807	365	153
1994	1,800	330	155
1995	1,902	304	100
1996	1,937	272	98
1997	1,687	235	95
1998	1,807	334	93
1999	2,301	626	119
2000	1,809	377	209
2001	1,817	382	
2002	2,061		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1992		0.486
1993	0.202	0.419
1994	0.183	0.470
1995	0.160	0.329
1996	0.140	0.360
1997	0.139	0.404
1998	0.185	0.278
1999	0.272	0.190
2000	0.208	0.554
2001	0.210	
Five Year Average	0.203	0.357
Three Year Average	0.230	0.341
	Five Year	Three Year
27 to 39 months:	0.357	0.341
15 to 39 months:	0.072	0.078

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
CLAIM DEVELOPMENT

All Carriers

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Medical Payments Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1991			223
1992		476	166
1993	3,291	533	158
1994	3,359	546	205
1995	3,561	435	123
1996	3,422	385	124
1997	3,143	348	152
1998	2,947	504	90
1999	3,031	434	144
2000	2,502	366	109
2001	2,487	350	
2002	2,975		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1992		0.349
1993	0.162	0.296
1994	0.163	0.375
1995	0.122	0.283
1996	0.113	0.322
1997	0.111	0.437
1998	0.171	0.179
1999	0.143	0.332
2000	0.146	0.298
2001	0.141	
Five Year Average	0.142	0.314
Three Year Average	0.143	0.270
	Five Year	Three Year
27 to 39 months:	0.314	0.270
15 to 39 months:	0.045	0.039

Exhibit (3) (i)
Exhibit (7) (c)

Responses provided in connection with items (3) (i) and (7) (c) in the Rate Bureau's February 2, 2004 filing are enclosed herewith.



Allstate.
You're in good hands.

Steven D. Armstrong
Senior Actuary, F.C.A.S.,
M.A.A.A.

December 5, 2003

F. Timothy Lucas
Personal Lines Manager
North Carolina Rate Bureau

Dear Tim,

Included below are Allstate Insurance Company's responses to issues regarding reserve strengthening and expense cutting initiatives for the Allstate Insurance Company and Allstate Indemnity Company Private Passenger Non-Fleet Auto Programs in North Carolina. Because there have been no changes in practice since the time this request was completed last year, the responses below are identical to those submitted in last year's memorandum.

With respect to 11 N.C.A.C. 10.1104 (3) (i), which states,

For each of the fifteen largest writers of private passenger automobile insurance in North Carolina, a statement regarding any reserve strengthening or weakening that has occurred in the last five years shall be included.

Allstate's response to this is that there have been no material changes with regard to Allstate's reserving practices of private passenger automobile insurance in the state of North Carolina over the past five years.

With respect to 11 N.C.A.C. 10.1104 (7) (c), which states,

For each of the ten largest writers of private passenger automobile insurance in North Carolina, statements regarding any expense cutting activities undertaken in the last five years shall be provided.

Allstate's response to this is that there have been some structural changes in North Carolina, and indeed around the country, to close claims offices. The result of the closing of these claims offices is a reduction in unallocated loss adjustment expenses due to the reduction of staff and elimination of operational expenses incurred at these claims offices. For purposes of ratemaking, Allstate uses a countrywide provision to account for unallocated loss adjustment expenses. Given this, the unallocated loss adjustment expense provision from last year may be slightly overstated. These measures in closing claims offices was more intended to increase efficiency rather than cut costs. For these reasons, Allstate wants to make the North Carolina Rate Bureau aware of its actions with the understanding that Allstate does not think that it will have any measurable impact on the ratemaking data submitted by Allstate.

Please contact me if you have any questions or require further details.

Sincerely,

Steven D. Armstrong, F.C.A.S., M.A.A.A.
sarm2@allstate.com
1-800-366-2958 x23994

Allstate Insurance Company
2775 Sanders Road, D6 Northbrook, IL 60062-0000 T 847-402-3994 F 847-402-0017 E sarm2@allstate.com

F-100



A member of Royal & SunAlliance

Atlantic Indemnity Company

1224 Deming Way
Madison, WI 53717

Phone
608-826-3129
Fax
608 836-8931

www.orionauto.com

November 24, 2003

F. Timothy Lucas
Personal Lines Manager
North Carolina Rate Bureau
5401 Six Forks Road
Raleigh NC 27603

Re: Insurance Department Regulations

Mr. Lucas,

Atlantic Indemnity Company did not change the criteria for setting case reserves for the accident year ended December 31, 2002.

If you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Eric J. Schauer".

Eric J. Schauer
Regional Field Directory
Eric_Schauer@rsausa.com

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DEC 01 2003

N.C. RATE BUREAU

F-101



ERIE INSURANCE GROUP

Home Office • 100 Erie Insurance Place • Erie, Pennsylvania 16530 • (814) 870-2000
Toll Free 1-800-458-0811 • Fax (814) 870-3126 • <http://www.erie-insurance.com>

Kevin L. Russell,
Supervisor, Commercial Pricing II and Reserving
Erie Insurance Group
100 Erie insurance Place
Erie, Pennsylvania 16530
Telephone (814) 870 – 3395
Fax (814) 870 – 4383
kevin.russell@erieinsurance.com

December 29, 2003

Mr. Tim Lucas
Personal Lines Manager
North Carolina Rate Bureau
5401 Six Forks Road
Raleigh, North Carolina 27609

Re: Personal Auto Liability Rate Adequacy

I am responsible for the IBNR reserve adequacy analysis at The ERIE. We perform our analysis of auto reserves on a countrywide basis, and so commentary specific to North Carolina is difficult. Even if we examined North Carolina separately, the volatility in the data for North Carolina would make examination and commentary difficult.

This is what we have observed on a countrywide basis for personal auto liability case reserve adequacy:

There has been a very long-term, gradual decline in case reserve adequacy (i.e., case reserves today are not as adequate as fifteen to twenty years ago). In addition, The ERIE implemented a system to assist claims personnel in the monetary evaluation of injury claims in 1998. There was an additional decline in the adequacy of case reserves from 1999 through 2001. Case reserve adequacy appears to have stabilized in the last two years.

Please let me know if you require further elaboration.

Sincerely,

Kevin L. Russell, FCAS MAAA

cc: Gene Connell Dan Barnett
Chris Wampole Yi Luo

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N.C. RATE BUREAU



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

One GEICO Plaza ■ Washington, DC 20076-0001

December 18, 2003

VIA FACSIMILE AND REGULAR MAIL

Mr. Tim Lucas
North Carolina Rate Bureau
5401 Six Forks Road
Raleigh, North Carolina 27609

RE: Bureau Letter Asking for Reserve Strengthening and Expense Cutting Data

Dear Mr. Lucas:

The GEICO Companies did not implement any changes that would have a dramatic impact on the expense factors. Expense control is a continuing effort at GEICO and for that reason it believes that its historical experience is an appropriate basis for determining the expense provisions in your rate calculations and that no special adjustments are necessary.

As for reserve strengthening, the company has not materially changed the criteria used to establish case reserves in North Carolina over the last five years.

I hope that this information is what you need.

Very truly yours,

Bonny Gordon
Senior Counsel
301-986-2653

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N.C. RATE BUREAU

December 29, 2003

Mr. Tim Lucas
Personal Lines Manager
North Carolina Rate Bureau
PO Box 176010
Raleigh, NC 27619

Re: NCRB request regarding Insurance Department Regulations for Integon National Insurance Company

Dear Tim:

Per your request, we are responding as follows:

Statement Concerning Reserve Strengthening Activities Over The Past Five Years:

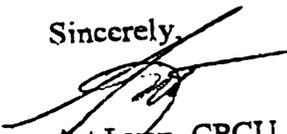
All of the Integon companies, including Integon National Insurance Company, use a formula-based reserving system to establish reserves for claims with expected settlements under \$50,000. For claims with expected settlements in excess of \$50,000, the companies establish individual case reserves setup by knowledgeable claims personnel.

The formula reserve amounts have changed slightly over the past 5 years as trends have changed, but the amount of change has not been material. The criteria used for establishing both formula and case reserves have not changed materially over the past 5 years.

Statement Concerning Expense Cutting Activities Over The Past Five Years:

There has not been any recent expense cutting activities for Integon National that would indicate a material change in future expense ratios. GMAC Insurance, including the Integon companies, remains expense competitive, and operates with an ongoing priority on spending controls.

Sincerely,


Art Lyon, CPCU
Executive Consultant

Date 12/2/03

VIA FAX

Mr. F. Timothy Lucas
Personal Lines Manager
North Carolina Rate Bureau
5401 Six Forks Road
P.O. Box 176010
Raleigh, NC 27619-6010

Re: Insurance Department Regulations

Dear Mr. Lucas:

In response to your letter of November 10, 2003, I am providing the following information concerning expense cutting activities and reserve strengthening for Nationwide Mutual Insurance Company and Nationwide Mutual Fire Insurance Company.

We know of no significant changes in the criteria we use to establish case-based reserves that would affect the North Carolina Rate Bureau's analysis of our incurred losses. However, there was a systems anomaly, beginning February, 1999 and ending in June of 2000 that affected our formula reserves for Bodily Injury. The Rate Bureau and ISO are aware of this problem from previous filings. We worked with ISO in 2000 to provide the adjustments necessary to remove the effects of the inaccurate formula reserves.

With respect to our expenses, Nationwide adopted a new expense allocation method beginning with the expenses for 1999, which we reported in this letter in 2001. As a result, more expenses were allocated to physical damage and less to liability than had been allocated in the past.

In 2002, we changed our methodology regarding our loss reserve analysis. Specifically, we began to track North Carolina Bodily Injury reserves separately from all other states' experience. This change resulted in the release of a significant amount of IBNR and its associated variable expenses. This one time allocation change created a calendar year distortion that was the subject of some recent discussions with the Reinsurance Facility.

In connection with the latest disputed Rate Bureau filing, we considered the escrowed premium to be written premium as well as an expense in accordance with the Commissioner's directives. Because our true expenses are overstated by the amount of the escrowed premium, our raw expense numbers may need to be adjusted in order to be used for ratemaking purposes.

If you have any questions about the Bodily Injury adjustment or the expenses, please contact Dwayne Rader at (614-249-5751) or raderd @ nationwide.com.

Sincerely,



Bruce R. Gifford
Vice President -
Personal Lines Pricing

BRG/dm

F-106

** TOTAL PAGE.03 **

VIA FAX

December 29, 2003

Mr. F. Timothy Lucas
Personal Lines Manager
North Carolina Rate Bureau
5401 Six Forks Road
P.O. Box 176010
Raleigh, NC 27619-6010

Re: Insurance Department Regulations

Dear Mr. Lucas:

In response to your letter of November 10, 2003 concerning expense cutting activities and reserve strengthening for Nationwide Mutual Insurance Company and Nationwide Mutual Fire Insurance Company, Nationwide responded in a letter dated December 2, 2003. Since that letter was sent, we realized that we could have been clearer in our response. Please accept this letter as a replacement of the December 2 letter.

We know of no significant changes in the criteria we use to establish case-based reserves that would affect the North Carolina Rate Bureau's analysis of our incurred losses. However, there was a systems anomaly, beginning February, 1999 and ending in June of 2000 that affected our formula reserves for Bodily Injury. The Rate Bureau and ISO are aware of this problem from previous filings. We worked with ISO in 2000 to provide the adjustments necessary to remove the effects of the inaccurate formula reserves.

With respect to our expenses, Nationwide adopted a new expense allocation method beginning with the expenses for 1999, which we reported in this letter in 2001. As a result, more expenses were allocated to physical damage and less to liability than had been allocated in the past.

In 2002, we changed our methodology regarding our loss reserve analysis. Specifically, we began to track North Carolina Bodily Injury reserves separately from all other states' experience. This change resulted in the release of a significant amount of IBNR and its associated variable expenses. This one time allocation change created a calendar year distortion that was the subject of some recent discussions with the Reinsurance Facility.

In connection with the disputed Rate Bureau filing, the Commissioner's directive instructed companies to treat the escrowed premium as written premium as well as an expense. Nationwide has entered the escrowed amounts as an aggregate write-in for underwriting deduction on page 4 of the annual statement. As a result, the expenses as reported to the Rate Bureau in the expense call are unaffected and are appropriate for ratemaking.

If you have any questions, please contact Dwayne Rader at (614-249-5751) or raderd @ nationwide.com.

Sincerely,



Bruce R. Gifford
Vice President -
Personal Lines Pricing

BRG/dm



North Carolina Farm Bureau Insurance Group

Telephone 919.782.1705 • Post Office Box 27427 • Raleigh, NC 27611

November 14, 2003

Mr. Tim Lucas
N.C. Rate Bureau
PO Box 176010
Raleigh, NC 27619-6010

RE: North Carolina Farm Bureau Mutual Insurance Company
Farm Bureau Insurance of N.C., Inc.
Insurance Department Regulations
North Carolina Private Passenger Insurance
Reserve Strengthening
Expense Cutting Activities

Tim:

Our company has not changed its procedures for setting case loss reserves over the last 5 years. We also have not taken on any expense cutting activities that would impact the expense levels in North Carolina.

If I can be of further assistance, let me know.

A handwritten signature in cursive script, appearing to read "Roger".

Roger Baldorff
Actuarial & Research Manager

RB/cww

F-109

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N.C. RATE BUREAU

North Carolina Farm Bureau Mutual Insurance Company, Inc.
Farm Bureau Insurance of N.C., Inc.
Visit Us On The Web At: www.ncfbins.com

December 23, 2003

North Carolina Rate Bureau
Post Office Box 176010
Raleigh, North Carolina 27619-6010

Attention: F. Timothy Lucas

The Progressive Companies have not changed the criteria for establishing case basis reserves for the accident year ended December 31, 2002 in North Carolina.

The carried case reserves set by The Progressive Companies are average reserves unless the adjuster's estimate is greater to or equal to a predetermined threshold (\$75,000 for BI & UMBI claims and \$25,000 for other coverages) then we carry their estimate. The average reserves vary by product, age of feature, and limit for Bodily Injury and UMBI claims and they are adjusted each month based on an inflation factor that is built into the case table.

The IBNR reserves are maintained between reviews utilizing an algorithm that establishes balances based on a factor applied to the past Earned Premium varying by 3 month intervals and varying by product and coverage.

Progressive's actuarial area develops an indication of the needed reserves for North Carolina Bodily Injury (BI) coverage three times each year. During 2003 the North Carolina BI reviews have been completed on the Direct, Ceded, and Net business separately. The last review completed in 2003 included data evaluated through October 31, 2003. As a result of this last review the carried balance of \$30.1 million of direct loss reserves (\$24.1 million ceded & \$6.0 million net) were decreased by approximately \$200,000 (\$100,000 ceded & \$100,000 net) which we do not consider unusual or out of the norm.

Loss Adjusting Expense (LAE) reserves for BI are reviewed two times a year. North Carolina was included a combined review of 9 states in the Mid Atlantic region. This review included data evaluated through September 30, 2003. As a result of this review North Carolina direct LAE reserves (both DCC and Adjusting Expense combined) of \$1.8 million were decreased by \$93,000. Again, not considered unusual or out of the norm.

Generally, there has not been a change to Progressive's Objective regarding reserving and the process has been very consistent for the past five years.

For a discussion of Progressive's process in reviewing and changing reserve levels please review the "Report on Reserving Practices" available under investor relations section on Progressive's Web site, Progressive.com

Progressive has not undertaken any expense cutting activities over the last five years on our private passenger non-fleet motor vehicle coverages that would materially impact our anticipated expense levels in North Carolina.

If you have any more questions please Contact Al Neis, Corporate Actuary at (440) 446-7601.

Sincerely;

Allan R Neis, FCAS, MAAA
Corporate Actuary

State Farm Mutual Automobile Insurance Company



Kathy Popejoy, FCAS, MAAA
Actuary and Assistant Secretary-Treasurer

One State Farm Plaza, D4
Bloomington, Illinois 61710
Phone: 309.766.2325
Fax: 309.766.5021
E-mail: Kathy.Popejoy.A0GQ@STATEFARM.com

December 8, 2003

VIA FACSIMILE

Mr. F. Timothy Lucas
Personal Lines Manger
North Carolina Rate Bureau
5401 Six Forks Road
Raleigh, NC 27609-4435

Dear Mr. Lucas:

RE: Reserve Strengthening and Expense Cutting Activities

Your letter dated November 10, 2003 requested two items required from the largest writers of liability and physical damage private passenger automobile insurance in North Carolina.

The first item concerned reserves. In response to your question, State Farm did make some changes in 1997 to the procedures used to establish case basis reserves. However, we do not believe that these changes have a material impact on the reserves established in North Carolina with the one exception noted later. Details of the change are explained below.

Previously for the auto liability coverages, initial case reserves were used to establish the outstanding reserve for individual claims. That is, when a claim was reported for the liability coverages, the claim system would automatically assign an initial reserve to the claim which would remain on the file until sufficient information was available to adjust it to a specific case reserve. The initial reserve was an average closed cost that was periodically updated.

For the auto physical damage and other first party coverages, a companywide factor reserve approach was used to establish the outstanding reserve. When a claim was reported for these coverages, the claims system would automatically assign a companywide factor reserve and only under certain conditions was a claim file adjusted to a specific case reserve.

During 1997, a new system to establish the outstanding reserve was introduced in two phases using a new, state-specific table reserve approach. In phase one, for the auto liability coverages, state-specific table reserves replaced the initial reserves for new claims reported after October 1, 1997. Like the initial reserve, this table reserve is a calculated average closed cost. However, the calculation is now updated at more uniform intervals and uses state-specific data. Also, this table reserve is not overridden unless the claim exceeds \$25,000.

In phase two, for the auto physical damage and other first party coverages, state-specific table reserves replaced the companywide factor reserves for new claims reported after January 1, 1998. The claim file will be adjusted to a specific case reserve if the claim exceeds \$25,000.

F-112

HOME OFFICE: BLOOMINGTON, ILLINOIS 61710-0001

r. F. Timothy Lucas
December 8, 2003
Page 2

Also effective January 1, 1998, State Farm Insurance Companies implemented a new claim processing system to capture claim data by claimant. As part of this major redesign, there have been numerous enhancements to streamline and automate the previous system, however, there have been no philosophical changes by State Farm as to how claims are reported or paid. A conversion process took place over the first six months of 1998 to convert the old data to the new format. The paid amounts and paid pure premiums are not believed to be affected by this processing change. The paid claim counts for BI liability and to a lesser extent PD liability are affected by this conversion and will be lower throughout 1998, as the new process does not recognize these counts as quickly as the old process did. This situation has caused the claim frequency for these coverages to decline and the claim severity to increase. After this transition year, the counts should stabilize and reflect a more normal trending.

We believe that the changes outlined above will enhance the accuracy of aggregate outstanding reserves by state. We have reviewed our loss development and believe that the change to the state-specific table reserve approach in combination with the new claim processing system to capture claim data by claimant may have impacted the field incurred loss development beginning January 1, 1998 for bodily injury coverage. We will continue to carefully monitor these changes and keep you informed if our opinion changes.

The second item concerned expenses. State Farm has long recognized that expense control is a key to remaining competitive in the insurance marketplace. It is important to note that expense control does not necessarily imply expense reduction. Attracting and retaining quality personnel, providing top-notch services, and investing in technology may be just as important to a company's competitive position as a low price for the insurance product. In the end, it is through consumer forces in the marketplace that a balance is stricken between quality of service and price for those services.

would be virtually impossible to fully describe all "expense cutting activities" (i.e., pre-sorting mail, recycling paper, organizing jobs, automating jobs, consolidating jobs, ordering supplies from a different vendor, providing new software to an underwriter, streamlining a claims procedure, redesigning a code sheet, improving the training courses, etc.). Expense control is a continuous and evolving function of managing our business. It is also difficult to describe the many investments we've made in our business that have put upward pressure on our expenses (i.e., preparing our computer systems for the year 2000, establishing an Internet presence, updating our systems as new technology becomes available, etc.).

We are continuing our extensive review of every aspect of our company's operation in an effort to further streamline workflow and processes and to invest in technological advances where appropriate while striving to improve the service provided to our customers.

Because expense review is a continuing effort, we feel that no special adjustments are necessary for your rate calculation.

Sincerely,



Kathy Popejoy
Actuary and Assistant Secretary-Treasurer

KP:kw



9800 Fredericksburg Road
San Antonio, Texas 78288

December 8, 2003

North Carolina Rate Bureau
P. O. Box 176010
Raleigh, North Carolina 27619-6010

ATTENTION: F. Timothy Lucas
Personal Lines Manager

REGARDING: United Services Automobile Association
USAA Casualty Insurance Company

Insurance Department Regulations
Reserve Strengthening and Expense Cutting Activities

Dear Mr. Lucas:

We are furnishing the following statements with respect to reserve strengthening and expense cutting activities at USAA over the past five years.

RESERVE STRENGTHENING
11 N.C.A.C. 10.1104(3)(i)

The criteria used by USAA in North Carolina for establishing case basis reserves for the accident year ended December 31, 2002 have not changed materially from those used over the latest five years.

EXPENSE CUTTING ACTIVITIES
11 N.C.A.C. 10.1104(7)(c)

The following programs have been implemented over the past five years to contain or reduce expenses and to maintain or improve customer service levels:

- STARS – Auto and Property (Direct Repair Facilities)
- STARS EFT
- Subrogation EDI/EFT
- Glass EDI
- Auto Rental and Salvage EDI
- Automated Medical Payment Process
- Electronic Medical Bills Processing
- Electronic Estimate Audit
- Legal Fee Bill Audit Program
- Centralized Court Reporting

December 8, 2003

Page 2

EXPENSE CUTTING ACTIVITIES

11 N.C.A.C. 10.1104(7)(c)

(Continued)

- Legal Expense Study
- Expanded use of Legal PPO (Preferred Providers)
- Claims Assignment and Digital Photo
- Claims Operational System
- Claims Image
- Claims Documentation/On-line Procedures
- Common Hardware Platform (Auto, Property & Casualty)
- Emergency Roadside Assist (ASI Alliance Partner)
- 24 Hour Contact
- Grow Your Own Program (training Appraisers to conduct Adjusting functions)

While these programs have helped to contain costs, they would not distort historical expense levels for use in projecting expenses for the year beginning January 1, 2004.

To facilitate our timely response, please address requests for future statements to me at:

2100 ATTN Regulatory Compliance E3W C2
USAA
9800 Fredericksburg Road
San Antonio, Texas 78284-8496

If there are any questions, please contact me by telephone at (800) 531-8722, extension 82575, or by e-mail to kathy.blair@usaa.com. Our facsimile number is (210) 498-6675.

Sincerely,



KATHY BLAIR, CPCU
Compliance Analyst
Regulatory Compliance

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

4. TRENDING FACTOR DEVELOPMENT AND APPLICATION

See attached exhibits, Section D of RF-1 and pre-filed testimony of P. Woods.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
SUMMARY OF SELECTED TREND FACTORS

<u>Loss Trends</u>	<u>Cost</u>	<u>Frequency</u>	<u>Total</u>
Bodily Injury (B/L)	1.2%	0.5%	1.7%
Bodily Injury (T/L)	2.5%		
Property Damage	1.5%	0.0%	1.5%
Medical Payments	5.0%	0.0%	5.0%
<u>Expense Trend</u>			3.3%

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Development of Annualized Trend
for 2000 and 2001

	(1) Calendar Year	(2) Claim Cost Change (a)	(3) Claim Frequency Change (b)	(4) Current Cost Factor (c)	(5) 2002 Trend Factor	(6) Annualized Trend (d)
Bodily Injury	2000	1.033	0.975	1.007	1.017	1.012
	2001	1.002	1.026	1.028	1.017	1.020
	2002	1.000	1.000	1.000	1.017	1.017
Property Damage	2000	1.034	0.965	0.998	1.015	1.009
	2001	1.020	0.997	1.017	1.015	1.015
	2002	1.000	1.000	1.000	1.015	1.015
Medical Payments	2000	1.103	0.966	1.065	1.050	1.043
	2001	1.064	1.014	1.079	1.050	1.057
	2002	1.000	1.000	1.000	1.050	1.050

(a) 2000 Claim Cost Change = (2002 Claim Cost) / (2000 Claim Cost).
2001 Claim Cost Change = (2002 Claim Cost) / (2001 Claim Cost).

(b) 2000 Claim Frequency Change = (2002 Claim Frequency) / (2000 Claim Frequency). 2001 Claim Frequency Change = (2002 Claim Frequency) / (2001 Claim Frequency).

(c) Current Cost Factor = Column (2) * Column (3)

(d) Annualized Trend for 2000 and 2001

$$= [(COL(5))^m \times (COL(4))^{(1/n)}]$$

where m is the number of years of projection of the 2001 trend factor from 7/1/2002 to 7/09/2005, 3.03, Col (4) represents the Current Cost Factor to 7/1/2002, and n represents the number of years of projection for a given prior year, 4.03 for 2001 and 5.03 for 2000.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Development of Annualized Trend
for 2000 and 2001

Coverage	(1) Year Ended	(2) Paid Claim Cost (a)	(3) Claim Frequency (b)
Bodily Injury	2000	\$ 5,985	1.60
	2001	6,170	1.52
	2002	6,180	1.56
Property Damage	2000	\$ 2,541	3.97
	2001	2,576	3.84
	2002	2,628	3.83
Medical Payments	2000	\$ 1,464	1.45
	2001	1,518	1.38
	2002	1,615	1.40

(a) Paid Claim Cost for all liability coverages is All Carrier trend data, as shown on pages F-128 and F-130.

(b) Incurred Claim Frequency for all liability coverages is based on All Carrier developed statistical plan data.

QTR YEAR	EARNED CAR YEARS	NO. OF PAID CLAIMS	NO. OF CLAIMS ARISING	PAID LOSSES	PAID CLAIMS FREQ.	PCT. CHANGE FROM SAME QTR PRIOR YEAR	AVERAGE LOSS	PCT. CHANGE FROM SAME QTR PRIOR YEAR	PURE PREMIUM	PCT. CHANGE FROM SAME QTR PRIOR YEAR	ARISING CLAIM FREQ.	PCT. CHANGE FROM SAME QTR PRIOR YEAR
3/1999	731,500	9,021	12,747	60,593,012	1.23		6,717		82.83		1.74	
6/1999	722,178	9,062	13,669	61,880,539	1.25		6,829		85.69		1.89	
9/1999	751,786	9,196	14,063	64,109,136	1.22		6,971		85.28		1.87	
12/1999	742,720	10,152	15,609	69,060,974	1.37		6,803		92.98		2.10	
3/2000	778,669	9,658	13,893	66,301,303	1.24	0.8	6,865	2.2	85.15	2.8	1.78	2.3
6/2000	764,915	9,505	15,082	63,157,338	1.24	-0.8	6,645	-2.7	82.57	-3.6	1.97	4.2
9/2000	787,862	9,234	14,321	67,553,372	1.17	-4.1	7,316	4.9	85.74	0.5	1.82	-2.7
12/2000	783,344	9,418	13,523	72,414,712	1.20	-12.4	7,689	13.0	92.44	-0.6	1.73	-17.6
3/2001	816,694	9,584	14,160	70,524,342	1.17	-5.6	7,359	7.2	86.35	1.4	1.73	-2.8
6/2001	805,947	9,159	14,055	64,354,718	1.14	-8.1	7,026	5.7	79.85	-3.3	1.74	-11.7
9/2001	820,172	8,944	13,805	66,573,946	1.09	-6.8	7,443	1.7	81.17	-5.3	1.68	-7.7
12/2001	810,531	10,125	15,630	74,535,696	1.25	4.2	7,362	-4.3	91.96	-0.5	1.93	11.6
3/2002	835,410	9,465	14,105	69,086,740	1.13	-3.4	7,299	-0.8	82.70	-4.2	1.69	-2.3
6/2002	821,066	9,720	14,532	68,957,656	1.18	3.5	7,094	1.0	83.99	5.2	1.77	1.7
9/2002	847,153	9,747	15,110	71,363,750	1.15	5.5	7,322	-1.6	84.24	3.8	1.78	6.0
12/2002	827,544	10,182	15,888	73,854,834	1.23	-1.6	7,253	-1.5	89.25	-2.9	1.92	-0.5
3/2003	882,461	10,414	15,477	74,781,932	1.18	4.4	7,181	-1.6	84.74	2.5	1.75	3.6
6/2003	864,089	10,526	17,096	79,187,721	1.22	3.4	7,523	6.0	91.64	9.1	1.98	11.9
9/2003	895,221	10,622	16,961	79,300,434	1.19	3.5	7,466	2.0	88.58	5.2	1.89	6.2
12/2003	886,940	11,461	17,531	86,243,940	1.29	4.9	7,525	3.8	97.24	9.0	1.98	3.1
4 QTRS ENDING												
12/1999	2,948,184	37,431	56,088	255,643,661	1.27		6,830		86.71		1.90	
3/2000	2,995,353	38,068	57,234	261,351,952	1.27		6,865		87.25		1.91	
6/2000	3,038,090	38,511	58,647	262,628,751	1.27		6,820		86.45		1.93	
9/2000	3,074,166	38,549	58,905	266,072,987	1.25		6,902		86.55		1.92	
12/2000	3,114,790	37,815	56,819	269,426,725	1.21	-4.7	7,125	4.3	86.50	-0.2	1.82	-4.2
3/2001	3,152,815	37,741	57,086	273,649,764	1.20	-5.5	7,251	5.6	86.80	-0.5	1.81	-5.2
6/2001	3,193,847	37,395	56,059	274,847,144	1.17	-7.9	7,350	7.8	86.06	-0.5	1.76	-8.8
9/2001	3,226,157	37,105	55,543	273,867,718	1.15	-8.0	7,381	6.9	84.89	-1.9	1.72	-10.4
12/2001	3,253,344	37,812	57,650	275,988,702	1.16	-4.1	7,299	2.4	84.83	-1.9	1.77	-2.7
3/2002	3,272,060	37,693	57,595	274,551,100	1.15	-4.2	7,284	0.5	83.91	-3.3	1.76	-2.8
6/2002	3,287,179	38,254	58,072	279,154,038	1.16	-0.9	7,297	-0.7	84.92	-1.3	1.77	0.6
9/2002	3,314,160	39,057	59,377	283,943,842	1.18	2.6	7,270	-1.5	85.68	0.9	1.79	4.1
12/2002	3,331,173	39,114	59,635	283,262,980	1.17	0.9	7,242	-0.8	85.03	0.2	1.79	1.1
3/2003	3,378,224	40,063	61,007	288,958,172	1.19	3.5	7,213	-1.0	85.54	1.9	1.81	2.8
6/2003	3,421,247	40,869	63,571	299,188,237	1.19	2.6	7,321	0.3	87.45	3.0	1.86	5.1
9/2003	3,469,315	41,744	65,422	307,124,921	1.20	1.7	7,357	1.2	88.53	3.3	1.89	5.6
12/2003	3,528,711	43,023	67,065	319,514,027	1.22	4.3	7,427	2.6	90.55	6.5	1.90	6.1
ANNUAL RATE OF CHANGE (17 PT.)					-1.5		1.8		0.3		-0.6	
ANNUAL RATE OF CHANGE (12 PT.)					1.2		0.2		1.4		2.7	
ANNUAL RATE OF CHANGE (9 PT.)					2.6		0.7		3.2		4.1	
ANNUAL RATE OF CHANGE (6 PT.)					2.8		1.9		4.9		5.7	

QTR YEAR	EARNED CAR YEARS	NO. OF PAID CLAIMS	PAID LOSSES	PAID CLAIM FREQ.	PCT. CHANGE FROM SAME QTR PRIOR YEAR	AVERAGE LOSS	PCT. CHANGE FROM SAME QTR PRIOR YEAR	PURE PREMIUM	PCT. CHANGE FROM SAME QTR PRIOR YEAR
3/1999	731,500	25,056	58,602,352	3.43		2,339		80.11	
6/1999	722,178	25,517	57,946,756	3.53		2,271		80.24	
9/1999	751,786	25,316	58,778,394	3.37		2,322		78.19	
12/1999	742,720	28,459	69,024,542	3.83		2,425		92.93	
3/2000	778,669	28,206	69,058,557	3.62	5.5	2,448	4.7	88.69	10.7
6/2000	764,915	27,700	66,247,393	3.62	2.5	2,392	5.3	86.61	7.9
9/2000	787,862	27,145	66,821,672	3.45	2.4	2,462	6.0	84.81	8.5
12/2000	783,344	25,125	64,251,417	3.21	-16.2	2,557	5.4	82.02	-11.7
3/2001	816,694	28,654	70,147,567	3.51	-3.0	2,448	0.0	85.89	-3.2
6/2001	805,947	27,458	66,163,837	3.41	-5.8	2,410	0.8	82.09	-5.2
9/2001	820,172	26,542	65,052,528	3.24	-6.1	2,451	-0.4	79.32	-6.5
12/2001	810,531	28,959	71,966,734	3.57	11.2	2,485	-2.8	88.79	8.3
3/2002	835,410	28,673	70,074,010	3.43	-2.3	2,444	-0.2	83.88	-2.3
6/2002	821,066	27,870	68,661,138	3.39	-0.6	2,464	2.2	83.62	1.9
9/2002	847,153	28,600	70,670,702	3.38	4.3	2,471	0.8	83.42	5.2
12/2002	827,544	28,584	71,270,589	3.45	-3.4	2,493	0.3	86.12	-3.0
3/2003	882,461	30,483	76,241,332	3.45	0.6	2,501	2.3	86.40	3.0
6/2003	864,089	30,699	75,728,077	3.55	4.7	2,467	0.1	87.64	4.8
9/2003	895,221	31,707	80,240,002	3.54	4.7	2,531	2.4	89.63	7.4
12/2003	886,940	31,842	79,227,934	3.59	4.1	2,488	-0.2	89.33	3.7
4 QTRS ENDING									
12/1999	2,948,184	104,348	244,352,044	3.54		2,342		82.88	
3/2000	2,995,353	107,498	254,808,249	3.59		2,370		85.07	
6/2000	3,038,090	109,681	263,108,886	3.61		2,399		86.60	
9/2000	3,074,166	111,510	271,152,164	3.63		2,432		88.20	
12/2000	3,114,790	108,176	266,379,039	3.47	-2.0	2,462	5.1	85.52	3.2
3/2001	3,152,815	108,624	267,468,049	3.45	-3.9	2,462	3.9	84.83	-0.3
6/2001	3,193,847	108,382	267,384,493	3.39	-6.1	2,467	2.8	83.72	-3.3
9/2001	3,226,157	107,779	265,615,349	3.34	-8.0	2,464	1.3	82.33	-6.7
12/2001	3,253,344	111,613	273,330,666	3.43	-1.2	2,449	-0.5	84.02	-1.8
3/2002	3,272,060	111,632	273,257,109	3.41	-1.2	2,448	-0.6	83.51	-1.6
6/2002	3,287,179	112,044	275,754,410	3.41	0.6	2,461	-0.2	83.89	0.2
9/2002	3,314,160	114,102	281,372,584	3.44	3.0	2,466	0.1	84.90	3.1
12/2002	3,331,173	113,727	280,676,439	3.41	-0.6	2,468	0.8	84.26	0.3
3/2003	3,378,224	115,537	286,843,761	3.42	0.3	2,483	1.4	84.91	1.7
6/2003	3,421,247	118,366	293,910,700	3.46	1.5	2,483	0.9	85.91	2.4
9/2003	3,469,315	121,473	303,480,000	3.50	1.7	2,498	1.3	87.48	3.0
12/2003	3,528,711	124,731	311,437,345	3.53	3.5	2,497	1.2	88.26	4.7
ANNUAL RATE OF CHANGE(17 FT.)				-0.8		1.2		0.4	
ANNUAL RATE OF CHANGE(12 FT.)				1.1		0.6		1.7	
ANNUAL RATE OF CHANGE(9 FT.)				1.5		1.1		2.6	
ANNUAL RATE OF CHANGE(6 FT.)				2.5		1.1		3.7	

NORTH CAROLINA
 FAST TRACK TREND SUMMARY
 DATA ENDED DECEMBER 2003

NORTH CAROLINA BODILY INJURY

STRAIGHT LINE			
COST	END POINT	MID POINT	EXPONENTIAL
15 points	1.4%	1.4%	1.5%
12 points	0.2%	0.2%	0.2%
9 points	0.7%	0.7%	0.7%
6 points	1.9%	1.9%	1.9%

STRAIGHT LINE			
FREQ	END POINT	MID POINT	EXPONENTIAL
15 points	-0.9%	-0.9%	-0.8%
12 points	1.2%	1.2%	1.2%
9 points	2.5%	2.6%	2.6%
6 points	2.7%	2.8%	2.8%

NORTH CAROLINA PROPERTY DAMAGE

STRAIGHT LINE			
COST	END POINT	MID POINT	EXPONENTIAL
15 points	0.7%	0.7%	0.8%
12 points	0.6%	0.6%	0.6%
9 points	1.1%	1.1%	1.1%
6 points	1.1%	1.1%	1.1%

STRAIGHT LINE			
FREQ	END POINT	MID POINT	EXPONENTIAL
15 points	-0.5%	-0.5%	-0.5%
12 points	1.1%	1.1%	1.1%
9 points	1.4%	1.5%	1.5%
6 points	2.5%	2.5%	2.5%

NORTH CAROLINA
 FAST TRACK TREND SUMMARY
 CORRELATION COEFFICIENTS
 DATA ENDED DECEMBER 2003

NORTH CAROLINA BODILY INJURY

	STRAIGHT LINE	EXPONENTIAL
COST		
15 points	0.69	0.69
12 points	0.21	0.20
9 points	0.53	0.53
6 points	0.84	0.84
FREQ		
15 points	-0.33	-0.32
12 points	0.57	0.57
9 points	0.94	0.94
6 points	0.90	0.90

NORTH CAROLINA PROPERTY DAMAGE

	STRAIGHT LINE	EXPONENTIAL
COST		
15 points	0.83	0.82
12 points	0.79	0.79
9 points	0.98	0.98
6 points	0.96	0.96
FREQ		
15 points	-0.26	-0.25
12 points	0.68	0.68
9 points	0.79	0.79
6 points	0.87	0.87

ISO-NAI-NISS FAST TRACK

PRIVATE PASSENGER AUTOMOBILE - BI TOTAL LIMITS

STATE, MULTI

QTR YEAR	EARNED CAR YEARS	NO. OF PAID CLAIMS	NO. OF CLAIMS ARISING	PAID LOSSES	PAID CLAIM FREQ.	PCT. CHANGE FROM SAME QTR PRIOR YEAR	AVERAGE LOSS	PCT. CHANGE FROM SAME QTR PRIOR YEAR	PURE PREMIUM	PCT. CHANGE FROM SAME QTR PRIOR YEAR	ARISING CLAIM FREQ.	PCT. CHANGE FROM SAME QTR PRIOR YEAR
3/1999	16,929,046	221,124	299,155	1,725,315,504	1.31	-1.5	7,802	1.7	101.91	0.5	1.77	1.7
6/1999	17,144,346	227,055	313,694	1,797,091,993	1.32	-5.3	7,914	4.7	104.82	-1.1	1.83	-1.1
9/1999	17,427,970	223,033	315,851	1,791,295,454	1.28	-5.5	8,032	4.9	102.78	-1.1	1.81	-3.9
12/1999	17,439,870	230,321	327,703	1,856,550,162	1.32	-4.5	8,061	7.1	106.45	2.5	1.88	-5.9
3/2000	17,617,555	227,509	317,271	1,804,607,664	1.29	-5.4	7,932	4.6	102.43	-0.4	1.80	-2.8
6/2000	17,739,300	221,585	320,999	1,836,044,868	1.25	-4.8	8,286	3.2	103.50	-0.6	1.81	-5.0
9/2000	17,941,815	216,453	312,820	1,823,026,797	1.21	-2.4	8,422	2.0	101.61	-1.7	1.74	1.7
12/2000	17,888,960	225,923	316,661	1,951,274,483	1.22	-4.9	8,637	3.4	109.08	2.0	1.77	0.6
3/2001	18,025,023	220,452	315,227	1,828,569,207	1.19	-2.5	8,295	3.8	101.45	2.0	1.75	0.0
6/2001	18,126,971	215,468	312,594	1,868,867,459	1.15	-4.9	8,674	4.1	99.10	-0.8	1.72	-3.3
9/2001	18,300,454	209,805	308,360	1,824,107,659	1.15	-1.7	8,694	4.7	103.68	2.6	1.68	-3.0
12/2001	18,314,121	225,349	330,126	1,986,136,297	1.23	-1.7	8,814	5.0	108.45	3.4	1.80	-4.6
3/2002	18,427,085	214,105	311,628	1,837,158,609	1.16	-1.8	8,581	4.5	99.70	2.0	1.69	-1.8
6/2002	18,520,603	214,886	320,123	1,927,791,132	1.16	0.0	8,971	2.2	104.09	2.8	1.73	-3.4
9/2002	18,635,666	209,792	313,987	1,894,086,954	1.13	-2.5	9,028	3.4	101.64	1.0	1.68	0.6
12/2002	18,466,025	216,633	320,410	1,987,105,544	1.17	-4.9	9,173	3.8	107.61	2.0	1.74	0.0
3/2003	18,492,159	210,507	302,952	1,891,895,441	1.14	-4.6	8,987	4.1	102.31	-0.8	1.74	-3.3
6/2003	18,532,999	211,709	305,479	1,993,861,453	1.14	-5.4	9,418	4.7	107.58	2.6	1.64	-3.0
9/2003	18,665,380	208,049	307,226	1,962,176,718	1.11	-4.6	9,431	5.0	105.12	3.4	1.65	-4.6
12/2003	18,605,663	217,868	313,447	2,042,125,803	1.17	-1.7	9,373	4.5	109.76	3.4	1.65	-1.8
4 QTRS ENDING						0.0		2.2		2.0	1.68	-3.4
12/1999	68,941,232	901,543	1256403	7,170,253,113	1.31	-4.6	7,953	4.6	104.01	0.1	1.82	-2.2
3/2000	69,629,741	907,928	1274519	7,249,545,273	1.30	-4.6	7,985	5.3	104.12	-0.2	1.83	-3.3
6/2000	70,224,695	902,448	1281824	7,288,498,148	1.29	-5.4	8,076	5.3	103.79	0.0	1.83	-4.4
9/2000	70,738,540	895,868	1278793	7,320,229,491	1.27	-5.5	8,171	4.9	103.48	-0.2	1.81	-4.4
12/2000	71,187,630	891,470	1267751	7,414,953,812	1.25	-4.8	8,318	3.6	104.16	-1.0	1.78	-2.2
3/2001	71,595,098	884,413	1265707	7,438,915,355	1.24	-4.8	8,411	3.3	103.90	-0.8	1.77	-2.3
6/2001	71,982,769	878,296	1257302	7,471,737,946	1.22	-4.1	8,507	3.0	103.80	-0.2	1.75	-1.1
9/2001	72,341,408	871,074	1252842	7,472,818,808	1.20	-4.1	8,573	3.2	103.30	-0.8	1.74	0.0
12/2001	72,766,569	871,074	1266307	7,507,680,622	1.20	-2.5	8,619	3.7	103.17	0.2	1.73	-1.7
3/2002	73,168,631	864,727	1262708	7,516,270,024	1.18	-3.3	8,692	4.0	102.73	0.1	1.73	-1.7
6/2002	73,562,263	864,145	1270237	7,575,193,697	1.17	-2.5	8,766	3.7	102.98	0.1	1.71	-1.7
9/2002	73,897,475	864,132	1275864	7,645,172,892	1.16	-2.5	8,847	4.0	103.26	1.1	1.70	-2.9
12/2002	74,049,379	855,416	1265148	7,645,142,239	1.15	-2.6	8,939	4.4	103.91	1.7	1.68	-3.5
3/2003	74,114,453	851,818	1257472	7,700,879,071	1.15	-2.6	9,041	4.6	104.78	2.1	1.68	-3.5
6/2003	74,126,849	848,641	1242828	7,766,949,392	1.14	-1.7	9,152	4.1	104.78	2.1	1.67	-3.5
9/2003	74,157,563	846,898	1236067	7,835,039,156	1.14	-1.7	9,251	4.1	105.65	2.8	1.65	-3.5
12/2003	74,297,201	848,133	1229104	7,890,059,415	1.14	-3.7	9,303	4.1	106.20	2.8	1.65	-3.5
ANNUAL RATE OF CHANGE(17 PT.)					-3.7		4.1		0.3		-2.4	
ANNUAL RATE OF CHANGE(12 PT.)					-3.0		3.8		0.8		-2.1	
ANNUAL RATE OF CHANGE(9 PT.)					-2.5		4.1		1.6		-2.6	
ANNUAL RATE OF CHANGE(6 PT.)					-2.2		4.3		2.4		-3.6	

ISO-NAII-NISS FAST TRACK

STATE: MULTI

PRIVATE PASSENGER AUTOMOBILE - PROPERTY DAMAGE

QTR YEAR	EARNED CAR YEARS	NO. OF PAID CLAIMS	PAID LOSSES	PAID CLAIM FREQ.	PCT. CHANGE FROM SAME QTR PRIOR YEAR	AVERAGE LOSS	PCT. CHANGE FROM SAME QTR PRIOR YEAR	PURE PREMIUM	PCT. CHANGE FROM SAME QTR PRIOR YEAR
3/1999	24,885,309	1020369	2,138,742,197	4.10		2,096		85.94	
6/1999	25,261,382	995,396	2,099,846,589	3.94		2,110		83.12	
9/1999	25,619,983	1005363	2,158,804,296	3.92		2,147		84.26	
12/1999	25,614,164	1029732	2,267,308,174	4.02		2,202		88.52	
3/2000	25,843,573	1082280	2,416,884,326	4.19	2.2	2,233	6.5	93.52	8.8
6/2000	26,080,098	1013339	2,268,831,101	3.89	-1.3	2,239	6.1	86.99	4.7
9/2000	26,353,079	1008192	2,307,338,026	3.83	-2.3	2,289	6.6	87.55	3.9
12/2000	26,266,390	1012699	2,369,679,712	3.86	-4.0	2,340	6.3	90.22	1.9
3/2001	26,433,904	1118660	2,594,499,878	4.23	1.0	2,319	3.9	98.15	5.0
6/2001	26,663,156	1025772	2,395,896,935	3.85	-1.0	2,336	4.3	89.86	3.3
9/2001	26,912,326	1008837	2,409,229,755	3.75	-2.1	2,388	4.3	89.52	2.3
12/2001	26,933,113	1051325	2,543,485,254	3.90	1.0	2,419	3.4	94.44	4.7
3/2002	27,080,906	1076530	2,617,773,545	3.98	-5.9	2,432	4.9	96.66	-1.5
6/2002	27,275,063	1040392	2,507,611,915	3.81	-1.0	2,410	3.2	91.94	2.3
9/2002	27,415,954	1043653	2,552,132,506	3.81	1.6	2,445	2.4	93.09	4.0
12/2002	27,148,342	1035789	2,577,520,026	3.82	-2.1	2,488	2.9	94.94	0.5
3/2003	27,124,897	1066022	2,656,016,071	3.93	-1.3	2,492	2.5	97.92	1.3
6/2003	27,240,425	1008877	2,512,332,410	3.70	-2.9	2,490	3.3	92.23	0.3
9/2003	27,385,018	1013499	2,550,340,478	3.70	-2.9	2,516	2.9	93.13	0.0
12/2003	27,257,183	1011823	2,550,812,634	3.71	-2.9	2,521	1.3	93.58	-1.4
4 QTRS ENDING									
12/1999	101380838	4050860	8,664,701,256	4.00		2,139		85.47	
3/2000	102339102	4112771	8,942,843,385	4.02		2,174		87.38	
6/2000	103157818	4130714	9,111,827,897	4.00		2,206		88.33	
9/2000	103890914	4133543	9,260,361,627	3.98		2,240		89.14	
12/2000	104543140	4116510	9,362,733,165	3.94	-1.5	2,274	6.3	89.56	4.8
3/2001	105133471	4152890	9,540,348,717	3.95	-1.7	2,297	5.7	90.75	3.9
6/2001	105716529	4165323	9,667,414,551	3.94	-1.5	2,321	5.2	91.45	3.5
9/2001	106275776	4165968	9,769,306,280	3.92	-1.5	2,345	4.7	91.92	3.1
12/2001	106942499	4204594	9,943,111,822	3.93	-0.3	2,365	4.0	92.98	3.8
3/2002	107589501	4162464	9,966,385,489	3.87	-2.0	2,394	4.2	92.63	2.1
6/2002	108201408	4177084	10,078,100,469	3.86	-2.0	2,413	4.0	93.14	1.8
9/2002	108705036	4211900	10,221,003,220	3.87	-1.3	2,427	3.5	94.03	2.3
12/2002	108920265	4196364	10,255,037,992	3.85	-2.0	2,444	3.3	94.15	1.3
3/2003	108964256	4185856	10,293,280,518	3.84	-0.8	2,459	2.7	94.46	2.0
6/2003	108929618	4154341	10,298,001,013	3.81	-1.3	2,479	2.7	94.54	1.5
9/2003	108898682	4124187	10,296,208,985	3.79	-2.1	2,497	2.9	94.55	0.6
12/2003	109007523	4100221	10,269,501,593	3.76	-2.3	2,505	2.5	94.21	0.1
ANNUAL RATE OF CHANGE(17 PT.)				-1.5		4.0		2.4	
ANNUAL RATE OF CHANGE(12 PT.)				-1.7		3.2		1.5	
ANNUAL RATE OF CHANGE(9 PT.)				-1.8		2.9		1.0	
ANNUAL RATE OF CHANGE(6 PT.)				-2.3		2.7		0.3	

NORTH CAROLINA
FAST TRACK TREND SUMMARY
DATA ENDED DECEMBER 2003

MULTISTATE BODILY INJURY

STRAIGHT LINE			
COST	END POINT	MID POINT	EXPONENTIAL
15 points	3.6%	3.9%	4.0%
12 points	3.5%	3.7%	3.8%
9 points	3.8%	4.0%	4.1%
6 points	4.1%	4.2%	4.3%

STRAIGHT LINE			
FREQ	END POINT	MID POINT	EXPONENTIAL
15 points	-3.8%	-3.6%	-3.5%
12 points	-3.2%	-3.0%	-3.0%
9 points	-2.6%	-2.5%	-2.5%
6 points	-2.2%	-2.2%	-2.2%

MULTISTATE PROPERTY DAMAGE

STRAIGHT LINE			
COST	END POINT	MID POINT	EXPONENTIAL
15 points	3.3%	3.6%	3.6%
12 points	3.0%	3.2%	3.2%
9 points	2.7%	2.8%	2.9%
6 points	2.6%	2.6%	2.7%

STRAIGHT LINE			
FREQ	END POINT	MID POINT	EXPONENTIAL
15 points	-1.6%	-1.6%	-1.6%
12 points	-1.7%	-1.7%	-1.7%
9 points	-1.9%	-1.8%	-1.8%
6 points	-2.3%	-2.3%	-2.3%

NORTH CAROLINA
 FAST TRACK TREND SUMMARY
 CORRELATION COEFFICIENTS
 DATA ENDED DECEMBER 2003

MULTISTATE BODILY INJURY

COST	STRAIGHT LINE	EXPONENTIAL
15 points	1.00	1.00
12 points	1.00	1.00
9 points	1.00	1.00
6 points	1.00	1.00

FREQ	STRAIGHT LINE	EXPONENTIAL
15 points	-0.97	-0.98
12 points	-0.97	-0.97
9 points	-0.96	-0.96
6 points	-0.93	-0.93

MULTISTATE PROPERTY DAMAGE

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.99	0.99
12 points	0.99	0.99
9 points	1.00	0.99
6 points	1.00	1.00

FREQ	STRAIGHT LINE	EXPONENTIAL
15 points	-0.98	-0.98
12 points	-0.98	-0.98
9 points	-0.95	-0.96
6 points	-0.99	-0.99

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF AVERAGE ANNUAL CHANGE
IN CLAIM COST

ALL CARRIERS

(1) YEAR ENDED	(2) PAID LOSSES (A)	(3) PAID CLAIMS	AVERAGE PAID CLAIM COST (A)		(6) PAID LOSSES (A)	(7) PAID CLAIMS	AVERAGE PAID CLAIM COST (A)	
			(4) ACTUAL (2)/(3)	(5) EXPONENTIAL CURVE OF BEST FIT (B)			(8) ACTUAL (6)/(7)	(9) EXPONENTIAL CURVE OF BEST FIT (B)
<u>BODILY INJURY (25/50 LIMIT)</u>			<u>PROPERTY DAMAGE (TOTAL LIMITS)</u>					
Dec-97	\$543,748,610	93,615	\$5,808	\$5,912.95	\$500,731,558	216,671	\$2,311	\$2,501.52
Mar-98	543,306,759	92,883	5,849	5,932.99	500,119,422	216,079	2,315	2,509.29
Jun-98	543,114,755	91,836	5,914	5,953.10	495,076,400	214,059	2,313	2,517.08
Sep-98	542,251,520	90,750	5,975	5,973.28	498,405,545	214,072	2,328	2,524.90
Dec-98	547,095,344	90,879	6,020	5,993.53	508,309,856	216,582	2,347	2,532.74
Mar-99	543,754,762	90,861	5,984	6,013.84	510,480,141	216,350	2,360	2,540.60
Jun-99	540,647,320	90,857	5,951	6,034.23	518,439,443	218,170	2,376	2,548.49
Sep-99	536,107,998	90,902	5,898	6,054.68	525,443,576	220,078	2,388	2,556.41
Dec-99	529,211,226	89,375	5,921	6,075.20	534,547,982	219,882	2,431	2,564.35
Mar-00	531,854,011	89,523	5,941	6,095.79	548,702,249	222,602	2,465	2,572.31
Jun-00	529,626,582	89,365	5,927	6,116.46	558,865,037	224,278	2,492	2,580.30
Sep-00	537,976,551	89,894	5,985	6,137.19	568,810,285	225,558	2,522	2,588.31
Dec-00	543,795,923	90,855	5,985	6,157.99	570,709,652	224,565	2,541	2,596.35
Mar-01	556,401,605	92,498	6,015	6,178.86	574,239,628	224,974	2,552	2,604.42
Jun-01	559,376,705	91,594	6,107	6,199.80	572,788,811	223,086	2,568	2,612.50
Sep-01	547,927,867	89,664	6,111	6,220.82	565,470,995	219,248	2,579	2,620.62
Dec-01	553,775,752	89,747	6,170	6,241.90	570,018,803	221,254	2,576	2,628.76
Mar-02	537,241,488	87,034	6,173	6,263.06	566,333,376	219,500	2,580	2,636.92
Jun-02	537,338,027	87,330	6,153	6,284.29	570,152,156	219,290	2,600	2,645.11
Sep-02	552,429,502	88,959	6,210	6,305.59	582,070,273	222,762	2,613	2,653.33
Dec-02	549,086,784	88,851	6,180	6,326.96	581,754,394	221,362	2,628	2,661.57
Mar-03	556,858,489	89,856	6,197	6,348.41	583,376,502	221,571	2,633	2,669.83
Jun-03	565,807,801	91,178	6,206	6,369.92	594,838,851	226,315	2,628	2,678.12
Sep-03	573,160,330	91,409	6,270	6,391.51	605,254,251	231,678	2,612	2,686.44

(10) RATE OF CHANGE IN PAID CLAIM COSTS FOR
ANY 12 MONTH INTERVAL ON THE EXPONENTIAL
CURVE OF BEST FIT:

	BODILY <u>INJURY</u>	PROPERTY <u>DAMAGE</u>
6-points	1.1%	0.5%
9-points	0.9%	1.1%
12-points	1.4%	1.2%
15-points	1.5%	1.7%

(A) FACTORS OF 1.129 WERE APPLIED TO BODILY INJURY AND 1.116 TO PROPERTY DAMAGE PAID
LOSSES TO INCLUDE ALL LOSS ADJUSTMENT.

(B) THE FITS GIVEN USE THE 12-POINT AVERAGE ANNUAL RATE OF CHANGE.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF AVERAGE ANNUAL CHANGE
IN CLAIM COST

ALL CARRIERS

(1) YEAR ENDED	AVERAGE PAID CLAIM COST (A)				AVERAGE PAID CLAIM COST (A)			
	(2) PAID LOSSES(A)	(3) PAID CLAIMS	(4) ACTUAL (2)/(3)	(5) EXPONENTIAL CURVE OF BEST FIT (B)	(6) PAID LOSSES(A)	(7) PAID CLAIMS	(8) ACTUAL (6)/(7)	(9) EXPONENTIAL CURVE OF BEST FIT (B)
<u>BODILY INJURY (25/50 EXCESS)</u>				<u>BODILY INJURY (TOTAL LIMITS)</u>				
Dec-97	\$105,862,667	93,615	\$1,131	\$1,079.83	\$649,611,277	93,615	\$6,939	\$6,985.33
Mar-98	105,556,350	92,883	1,136	1,097.21	648,863,109	92,883	6,986	7,024.26
Jun-98	104,973,817	91,836	1,143	1,114.86	648,088,572	91,836	7,057	7,063.40
Sep-98	104,668,617	90,750	1,153	1,132.80	646,920,137	90,750	7,129	7,102.76
Dec-98	107,841,579	90,879	1,187	1,151.02	654,936,923	90,879	7,207	7,142.34
Mar-99	109,047,307	90,861	1,200	1,169.54	652,802,069	90,861	7,185	7,182.15
Jun-99	111,231,636	90,857	1,224	1,188.36	651,878,956	90,857	7,175	7,222.17
Sep-99	108,692,527	90,902	1,196	1,207.48	644,800,525	90,902	7,093	7,262.41
Dec-99	105,114,976	89,375	1,176	1,226.91	634,326,202	89,375	7,097	7,302.88
Mar-00	102,588,631	89,523	1,146	1,246.65	634,442,642	89,523	7,087	7,343.58
Jun-00	98,332,600	89,365	1,100	1,266.71	627,959,182	89,365	7,027	7,384.50
Sep-00	99,681,479	89,894	1,109	1,287.09	637,658,030	89,894	7,093	7,425.65
Dec-00	103,539,409	90,855	1,140	1,307.80	647,335,332	90,855	7,125	7,467.03
Mar-01	112,194,327	92,498	1,213	1,328.84	668,595,932	92,498	7,228	7,508.64
Jun-01	113,795,357	91,594	1,242	1,350.22	673,172,062	91,594	7,350	7,550.49
Sep-01	113,422,624	89,664	1,265	1,371.95	661,350,491	89,664	7,376	7,592.56
Dec-01	113,752,139	89,747	1,267	1,394.02	667,527,891	89,747	7,438	7,634.87
Mar-02	111,201,699	87,034	1,278	1,416.45	648,443,187	87,034	7,450	7,677.42
Jun-02	115,461,285	87,330	1,322	1,439.24	652,799,312	87,330	7,475	7,720.20
Sep-02	121,248,724	88,959	1,363	1,462.40	673,678,226	88,959	7,573	7,763.22
Dec-02	122,087,515	88,851	1,374	1,485.93	671,174,299	88,851	7,554	7,806.48
Mar-03	122,746,363	89,856	1,366	1,509.83	679,604,852	89,856	7,563	7,849.98
Jun-03	130,455,288	91,178	1,431	1,534.13	696,263,089	91,178	7,636	7,893.73
Sep-03	122,119,898	91,409	1,336	1,558.81	695,280,228	91,409	7,606	7,937.72

(10) RATE OF CHANGE IN PAID CLAIM COSTS FOR ANY 12 MONTH INTERVAL ON THE EXPONENTIAL CURVE OF BEST FIT:	25/50 EXCESS	TOTAL LIMITS
6-points	2.2%	1.3%
9-points	5.2%	1.6%
12-points	6.6%	2.2%
15-points	7.3%	2.5%

(A) INCLUDES A FACTOR OF 1.129 TO INCLUDE ALL LOSS ADJUSTMENT.

(B) THE FITS GIVEN USE THE 12-POINT AVERAGE ANNUAL RATE OF CHANGE.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF AVERAGE ANNUAL CHANGE
IN MEDICAL PAYMENTS CLAIM COSTS

ALL CARRIERS

(1) YEAR ENDED	(2) PAID LOSSES (A)	(3) PAID CLAIMS	AVERAGE PAID CLAIM COST (A)	
			(4) ACTUAL (2)/(3)	(5) EXPONENTIAL CURVE OF BEST FIT (B)
Dec-97	\$93,522,502	68,618	\$1,363	\$1,356.82
Mar-98	91,027,513	66,323	1,372	1,373.08
Jun-98	89,911,870	65,168	1,380	1,389.53
Sep-98	88,630,582	63,462	1,397	1,406.17
Dec-98	88,256,167	62,736	1,407	1,423.02
Mar-99	87,810,763	62,411	1,407	1,440.07
Jun-99	87,088,909	61,659	1,412	1,457.32
Sep-99	86,921,062	61,441	1,415	1,474.78
Dec-99	86,506,097	60,440	1,431	1,492.45
Mar-00	87,613,247	60,607	1,446	1,510.33
Jun-00	88,251,850	60,956	1,448	1,528.43
Sep-00	89,462,464	61,352	1,458	1,546.74
Dec-00	91,001,531	62,175	1,464	1,565.27
Mar-01	92,606,651	62,747	1,476	1,584.02
Jun-01	92,817,346	62,445	1,486	1,603.00
Sep-01	92,034,344	61,258	1,502	1,622.20
Dec-01	92,522,950	60,967	1,518	1,641.64
Mar-02	92,024,834	59,920	1,536	1,661.31
Jun-02	93,614,307	59,481	1,574	1,681.21
Sep-02	96,676,407	60,296	1,603	1,701.35
Dec-02	98,274,814	60,868	1,615	1,721.73
Mar-03	100,033,392	61,163	1,636	1,742.36
Jun-03	102,254,115	62,320	1,641	1,763.24
Sep-03	102,265,931	62,471	1,637	1,784.36

(10) RATE OF CHANGE IN PAID CLAIM COSTS FOR
ANY 12 MONTH INTERVAL ON THE EXPONENTIAL
CURVE OF BEST FIT:

MEDICAL
PAYMENTS

6-points	3.2%
9-points	5.0%
12-points	4.9%
15-points	4.3%

(A) INCLUDES A FACTOR OF 1.129 TO INCLUDE ALL LOSS ADJUSTMENT.

(B) THE FITS GIVEN USE THE 12-POINT AVERAGE ANNUAL RATE OF CHANGE.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF AVERAGE ANNUAL CHANGE
IN CLAIM FREQUENCIES (A)

ALL CARRIERS

(1)	(2)	(3)	(4)	(5)	(6)
YEAR	EARNED	PAID	PAID CLAIM	PAID	PAID
<u>ENDED</u>	<u>EXPOSURES</u>	<u>CLAIMS</u>	FREQ <u>(2)/(3)</u>	<u>CLAIMS</u>	FREQ <u>(5)/(3)</u>
		<u>BODILY INJURY</u>		<u>PROPERTY DAMAGE</u>	
Dec-97	5,227,274	93,615	1.7909	216,671	4.1450
Mar-98	5,264,682	92,883	1.7643	216,079	4.1043
Jun-98	5,299,443	91,836	1.7329	214,059	4.0393
Sep-98	5,332,978	90,750	1.7017	214,072	4.0141
Dec-98	5,365,842	90,879	1.6937	216,582	4.0363
Mar-99	5,397,932	90,861	1.6833	216,350	4.0080
Jun-99	5,426,212	90,857	1.6744	218,170	4.0207
Sep-99	5,453,187	90,902	1.6670	220,078	4.0358
Dec-99	5,493,414	89,375	1.6269	219,882	4.0026
Mar-00	5,533,181	89,523	1.6179	222,602	4.0230
Jun-00	5,570,061	89,365	1.6044	224,278	4.0265
Sep-00	5,608,460	89,894	1.6028	225,558	4.0217
Dec-00	5,627,389	90,855	1.6145	224,565	3.9906
Mar-01	5,634,304	92,498	1.6417	224,974	3.9929
Jun-01	5,653,968	91,594	1.6200	223,086	3.9457
Sep-01	5,680,319	89,664	1.5785	219,248	3.8598
Dec-01	5,714,033	89,747	1.5706	221,254	3.8721
Mar-02	5,763,499	87,034	1.5101	219,500	3.8085
Jun-02	5,810,266	87,330	1.5030	219,290	3.7742
Sep-02	5,852,172	88,959	1.5201	222,762	3.8065
Dec-02	5,894,644	88,851	1.5073	221,362	3.7553
Mar-03	5,931,768	89,856	1.5148	221,571	3.7353
Jun-03	5,965,767	91,178	1.5284	226,315	3.7936
Sep-03	6,000,526	91,409	1.5233	231,678	3.8610

(5) RATE OF CHANGE IN PAID
CLAIM FREQS FOR ANY 12 MONTH
INTERVAL ON THE EXPONENTIAL
CURVE OF BEST FIT:

	<u>B.I.</u>	<u>P.D.</u>
6-points	1.0%	1.1%
9-points	-1.4%	-0.7%
12-points	-2.9%	-1.9%
15-points	-2.4%	-2.1%
24-points	-2.8%	-1.5%

(A) AVERAGE PAID CLAIM FREQUENCY PER 100 CARS.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF AVERAGE ANNUAL CHANGE
IN CLAIM FREQUENCIES (A)

ALL CARRIERS

(1)	(2)	(3)	(4)
YEAR	EARNED	PAID	PAID
<u>ENDED</u>	<u>EXPOSURES</u>	<u>CLAIMS</u>	<u>CLAIM</u>
			<u>FREQ</u>
			<u>(2)/(3)</u>

MEDICAL PAYMENTS

Dec-97	3,953,434	68,618	1.7357
Mar-98	3,966,246	66,323	1.6722
Jun-98	3,981,525	65,168	1.6368
Sep-98	3,997,380	63,462	1.5876
Dec-98	4,013,478	62,736	1.5631
Mar-99	4,030,993	62,411	1.5483
Jun-99	4,046,365	61,659	1.5238
Sep-99	4,062,073	61,441	1.5126
Dec-99	4,087,128	60,440	1.4788
Mar-00	4,110,975	60,607	1.4743
Jun-00	4,133,750	60,956	1.4746
Sep-00	4,156,127	61,352	1.4762
Dec-00	4,162,762	62,175	1.4936
Mar-01	4,164,590	62,747	1.5067
Jun-01	4,181,891	62,445	1.4932
Sep-01	4,212,050	61,258	1.4544
Dec-01	4,251,753	60,967	1.4339
Mar-02	4,298,011	59,920	1.3941
Jun-02	4,336,702	59,481	1.3716
Sep-02	4,367,585	60,296	1.3805
Dec-02	4,397,520	60,868	1.3841
Mar-03	4,425,980	61,163	1.3819
Jun-03	4,452,424	62,320	1.3997
Sep-03	4,477,556	62,471	1.3952

(5) RATE OF CHANGE IN PAID
CLAIM FREQS FOR ANY 12 MONTH
INTERVAL ON THE EXPONENTIAL
CURVE OF BEST FIT:

	<u>MEDICAL</u> <u>PAYMENTS</u>
6-points	1.4%
9-points	-1.6%
12-points	-3.2%
15-points	-2.5%
24-points	-3.3%

(A) AVERAGE PAID CLAIM FREQUENCY PER 100 CARS.

NORTH CAROLINA
TREND SUMMARY
DATA ENDED SEPTEMBER 2003

ALL CARRIERS

BODILY INJURY 25/50 BASIC

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	1.5%	1.5%	1.5%
12 points	1.3%	1.3%	1.4%
9 points	0.9%	0.9%	0.9%
6 points	1.1%	1.1%	1.1%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
24 points	-3.1%	-2.8%	-2.8%
15 points	-2.5%	-2.4%	-2.4%
12 points	-3.1%	-2.9%	-2.9%
9 points	-1.5%	-1.5%	-1.4%
6 points	1.0%	1.0%	1.0%

PROPERTY DAMAGE TOTAL LIMITS

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	1.6%	1.7%	1.7%
12 points	1.2%	1.2%	1.2%
9 points	1.1%	1.1%	1.1%
6 points	0.5%	0.5%	0.5%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
24 points	-1.6%	-1.5%	-1.5%
15 points	-2.2%	-2.1%	-2.1%
12 points	-2.0%	-2.0%	-1.9%
9 points	-0.7%	-0.7%	-0.7%
6 points	1.1%	1.1%	1.1%

MEDICAL PAYMENTS TOTAL LIMITS

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	4.0%	4.3%	4.3%
12 points	4.5%	4.8%	4.9%
9 points	4.6%	4.9%	5.0%
6 points	3.1%	3.2%	3.2%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
24 points	-3.7%	-3.4%	-3.3%
15 points	-2.7%	-2.6%	-2.5%
12 points	-3.5%	-3.3%	-3.2%
9 points	-1.7%	-1.7%	-1.6%
6 points	1.4%	1.4%	1.4%

NORTH CAROLINA
TREND SUMMARY
DATA ENDED SEPTEMBER 2003

ALL CARRIERS

BODILY INJURY 25/50 EXCESS

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	6.2%	7.0%	7.3%
12 points	5.8%	6.3%	6.6%
9 points	4.8%	5.1%	5.2%
6 points	2.2%	2.2%	2.2%

BODILY INJURY TOTAL LIMITS

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	2.4%	2.5%	2.5%
12 points	2.1%	2.2%	2.2%
9 points	1.6%	1.6%	1.6%
6 points	1.3%	1.3%	1.3%

NORTH CAROLINA
CORRELATION COEFFICIENTS
DATA ENDED SEPTEMBER 2003

ALL CARRIERS

BODILY INJURY 25/50 BASIC

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.95	0.95
12 points	0.91	0.91
9 points	0.85	0.85
6 points	0.81	0.81

FREQ	STRAIGHT LINE	EXPONENTIAL
24 points	-0.95	-0.96
15 points	-0.85	-0.85
12 points	-0.82	-0.82
9 points	-0.56	-0.55
6 points	0.74	0.74

PROPERTY DAMAGE TOTAL LIMITS

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.94	0.94
12 points	0.94	0.94
9 points	0.85	0.85
6 points	0.46	0.46

FREQ	STRAIGHT LINE	EXPONENTIAL
24 points	-0.91	-0.91
15 points	-0.88	-0.88
12 points	-0.78	-0.78
9 points	-0.37	-0.37
6 points	0.45	0.45

MEDICAL PAYMENTS TOTAL LIMITS

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.98	0.98
12 points	0.98	0.98
9 points	0.97	0.97
6 points	0.92	0.92

FREQ	STRAIGHT LINE	EXPONENTIAL
24 points	-0.92	-0.93
15 points	-0.84	-0.84
12 points	-0.84	-0.84
9 points	-0.59	-0.59
6 points	0.90	0.90

NORTH CAROLINA
CORRELATION COEFFICIENTS
DATA ENDED SEPTEMBER 2003

ALL CARRIERS

BODILY INJURY 25/50 EXCESS

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.94	0.94
12 points	0.91	0.91
9 points	0.81	0.82
6 points	0.38	0.38

BODILY INJURY TOTAL LIMITS

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.97	0.97
12 points	0.95	0.95
9 points	0.95	0.95
6 points	0.83	0.83

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

	<u>ALL ITEMS CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Jan-00	168.8	
Feb-00	169.8	149.9
Mar-00	171.2	
Apr-00	171.3	
May-00	171.5	151.3
Jun-00	172.4	
Jul-00	172.8	
Aug-00	172.8	154.8
Sep-00	173.7	
Oct-00	174.0	
Nov-00	174.1	155.2
Dec-00	174.0	
Jan-01	175.1	
Feb-01	175.8	157.6
Mar-01	176.2	
Apr-01	176.9	
May-01	177.7	159.3
Jun-01	178.0	
Jul-01	177.5	
Aug-01	177.5	159.9
Sep-01	178.3	
Oct-01	177.7	
Nov-01	177.4	161.3
Dec-01	176.7	
Jan-02	177.1	
Feb-02	177.8	164.0
Mar-02	178.8	
Apr-02	179.8	
May-02	179.8	166.1
Jun-02	179.9	
Jul-02	180.1	
Aug-02	180.7	167.1
Sep-02	181.0	
Oct-02	181.3	
Nov-02	181.3	167.9
Dec-02	180.9	
Jan-03	181.7	
Feb-03	183.1	172.1
Mar-03	184.2	
Apr-03	183.8	
May-03	183.5	173.9
Jun-03	183.7	
Jul-03	183.9	
Aug-03	184.6	175.1
Sep-03	185.2	
Oct-03	185.0	
Nov-03	184.5	176.2
Dec-03	184.3	

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

	<u>All Items (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.15%	4.42%	3.29%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	1.89%	4.38%	3.14%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.16%	4.43%	3.30%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	1.32%	3.15%	2.23%
(5) Average Annual Index (D)			
Year Ended 6/30/2001	175.09	156.73	
Year Ended 12/31/2001	177.07	159.53	
Year Ended 6/30/2002	178.19	162.83	
Year Ended 12/31/2002	179.88	166.28	
Year Ended 6/30/2003	182.11	170.25	
Year Ended 12/31/2003	183.96	174.33	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 6/30/2001	1.05	1.12	1.09
Year Ended 12/31/2001	1.04	1.10	1.07
Year Ended 6/30/2002	1.03	1.08	1.06
Year Ended 12/31/2002	1.02	1.06	1.04
Year Ended 6/30/2003	1.01	1.03	1.02
Year Ended 12/31/2003	1.00	1.01	1.01

Notes: (A) All items CPI index (urban). Source: Bureau of Labor Statistics.

(B) Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service.
Source: Bureau of Labor Statistics.

(C) Weighted Average determined as .50 (All items) + .50 (CCI).

(D) Average year ended index for period shown.

NORTH CAROLINA

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED DECEMBER 2003

CONSUMER PRICE INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
48 points	2.04%	2.13%	2.15%
36 points	1.83%	1.88%	1.89%
24 points	2.09%	2.14%	2.16%
12 points	1.30%	1.31%	1.32%

COMPENSATION COST INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
16 points	4.00%	4.32%	4.42%
12 points	4.05%	4.29%	4.38%
8 points	4.18%	4.33%	4.43%
4 points	3.06%	3.10%	3.15%

NORTH CAROLINA

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED DECEMBER 2003

CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.98	0.98
36 points	0.97	0.97
24 points	0.96	0.96
12 points	0.77	0.77

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	1.00	1.00
12 points	0.99	0.99
8 points	0.99	0.99
4 points	0.99	0.99

Countrywide External Expense Trend

	Consumer Price Index (a)	Compensation Cost Index (b)		Consumer Price Index (a)	Compensation Cost Index (b)
10/98	164.0		6/01	178.0	
11/98	164.0	141.7	7/01	177.5	
12/98	163.9		8/01	177.5	159.9
1/99	164.3		9/01	178.3	
2/99	164.5	141.7	10/01	177.7	
3/99	165.0		11/01	177.4	161.3
4/99	166.2		12/01	176.7	
5/99	166.2	144.0	1/02	177.1	
6/99	166.2		2/02	177.8	164.0
7/99	166.7		3/02	178.8	
8/99	167.1	144.5	4/02	179.8	
9/99	167.9		5/02	179.8	166.1
10/99	168.2		6/02	179.9	
11/99	168.3	145.8	7/02	180.1	
12/99	168.3		8/02	180.7	167.1
1/00	168.8		9/02	181.0	
2/00	169.8	149.9	10/02	181.3	
3/00	171.2		11/02	181.3	167.9
4/00	171.3		12/02	180.9	
5/00	171.5	151.3	1/03	181.7	
6/00	172.4		2/03	183.1	172.1
7/00	172.8		3/03	184.2	
8/00	172.8	154.8	4/03	183.8	
9/00	173.7		5/03	183.5	173.9
10/00	174.0		6/03	183.7	
11/00	174.1	155.2	7/03	183.9	
12/00	174.0		8/03	184.6	175.1
1/01	175.1		9/03	185.2	
2/01	175.8	157.6	10/03	185.0	
3/01	176.2		11/03	184.5	176.2
4/01	176.9		12/03	184.3	
5/01	177.7	159.3			

(a) Consumer Price Index for all items, all urban consumers.

Source: Bureau of Labor Statistics, Monthly Labor Review, Table 30.

(b) Total Compensation Cost Index - Insurance Carriers, Agents Brokers, and Service.

Source: Bureau of Labor Statistics.

The data collected under the North Carolina Rate Bureau Special Call for Expense Experience for the latest five years is shown on page F-156.

See the attached Exhibit (4)(d), Section D of RF-1 and the pre-filed testimony of P. Woods.

**CPI GASOLINE INDEX
ANNUAL PERCENT CHANGE**

<u>Quarter</u>	<u>Index</u>	<u>Annual Percentage Change</u>	<u>Quarter</u>	<u>Index</u>	<u>Annual Percentage Change</u>
82:1	1.047		93:1	0.978	4.7%
82:2	0.994		93:2	0.991	0.1%
82:3	1.050		93:3	0.969	-5.1%
82:4	1.021		93:4	0.971	-4.1%
83:1	0.951	-9.2%	94:1	0.926	-5.3%
83:2	0.999	0.5%	94:2	0.959	-3.2%
83:3	1.026	-2.3%	94:3	1.027	5.9%
83:4	1.000	-2.1%	94:4	1.015	4.6%
84:1	0.975	2.6%	95:1	0.978	5.6%
84:2	0.991	-0.8%	95:2	1.033	7.6%
84:3	0.971	-5.4%	95:3	1.015	-1.2%
84:4	0.973	-2.7%	95:4	0.967	-4.8%
85:1	0.941	-3.6%	96:1	0.990	1.3%
85:2	1.003	1.2%	96:2	1.108	7.3%
85:3	1.008	3.7%	96:3	1.069	5.3%
85:4	0.992	2.0%	96:4	1.067	10.4%
86:1	0.908	-3.5%	97:1	1.070	8.1%
86:2	0.763	-24.0%	97:2	1.053	-5.0%
86:3	0.718	-28.7%	97:3	1.067	-0.2%
86:4	0.690	-30.4%	97:4	1.040	-2.6%
87:1	0.750	-17.4%	98:1	0.937	-12.5%
87:2	0.794	4.0%	98:2	0.932	-11.5%
87:3	0.835	16.2%	98:3	0.913	-14.5%
87:4	0.827	19.7%	98:4	0.884	-15.0%
88:1	0.783	4.4%	99:1	0.845	-9.8%
88:2	0.806	1.6%	99:2	0.999	7.2%
88:3	0.832	-0.3%	99:3	1.063	16.4%
88:4	0.811	-1.9%	99:4	1.099	24.3%
89:1	0.803	2.5%	00:1	1.200	42.1%
89:2	0.950	17.9%	00:2	1.313	31.4%
89:3	0.915	10.0%	00:3	1.325	24.7%
89:4	0.871	7.4%	00:4	1.305	18.8%
90:1	0.900	12.1%	01:1	1.253	4.4%
90:2	0.927	-2.5%	01:2	1.400	6.7%
90:3	1.031	12.7%	01:3	1.256	-5.2%
90:4	1.182	35.7%	01:4	1.049	-19.6%
91:1	1.005	11.7%	02:1	1.006	-19.7%
91:2	0.989	6.7%	02:2	1.204	-14.0%
91:3	0.991	-3.9%	02:3	1.208	-3.8%
91:4	0.985	-16.7%	02:4	1.223	16.6%
92:1	0.934	-7.1%	03:1	1.376	36.8%
92:2	0.991	0.2%	03:2	1.333	10.7%
92:3	1.022	3.1%	03:3	1.383	14.5%
92:4	1.013	2.8%			

NORTH CAROLINA
PERSONAL AUTO INSURANCE

RETAIL PRICES OF MOTOR FUEL

<u>Date</u>	<u>Regular Gasoline</u>	<u>Midgrade Gasoline</u>	<u>Premium Gasoline</u>
Jan-00	1.230	1.330	1.415
Feb-00	1.319	1.416	1.504
Mar-00	1.455	1.550	1.639
Apr-00	1.392	1.494	1.580
May-00	1.413	1.512	1.669
Jun-00	1.486	1.584	1.669
Jul-00	1.474	1.576	1.657
Aug-00	1.388	1.487	1.574
Sep-00	1.442	1.540	1.628
Oct-00	1.436	1.535	1.622
Nov-00	1.423	1.523	1.610
Dec-00	1.362	1.463	1.544
Jan-01	1.388	1.490	1.575
Feb-01	1.407	1.509	1.594
Mar-01	1.347	1.441	1.525
Apr-01	1.468	1.565	1.650
May-01	1.534	1.631	1.713
Jun-01	1.417	1.520	1.591
Jul-01	1.269	1.369	1.450
Aug-01	1.287	1.384	1.469
Sep-01	1.377	1.478	1.563
Oct-01	1.217	1.317	1.396
Nov-01	1.080	1.181	1.266
Dec-01	1.035	1.132	1.217
Jan-02	1.069	1.170	1.253
Feb-02	1.076	1.175	1.259
Mar-02	1.205	1.304	1.387
Apr-02	1.343	1.445	1.530
May-02	1.328	1.432	1.518
Jun-02	1.300	1.403	1.490
Jul-02	1.295	1.395	1.485
Aug-02	1.295	1.397	1.486
Sep-02	1.306	1.406	1.497
Oct-02	1.399	1.470	1.551
Nov-02	1.356	1.463	1.548
Dec-02	1.750	1.854	1.945

Source: U.S. Dept. of Transportation, Federal Highway Administration

Monthly Gasoline Sales (in thousands of gallons)

Note: These data are taken from state taxation reports at the wholesale level and thus retail sales may reflect time lags of as long as 6 weeks. In addition, the data include highway use, non-highway use, and losses.

	Monthly Gasoline Sales for <u>North Carolina</u>	% change from month one year prior	Year Ending Gasoline Sales for <u>North Carolina</u>	% change from one year prior
Jan 1996	278,995	1.7%	3,695,978	1.9%
Feb 1996	272,311	-0.2%	3,695,356	2.3%
Mar 1996	317,360	2.8%	3,703,936	2.6%
Apr 1996	316,018	2.9%	3,712,844	2.6%
May 1996	332,513	3.8%	3,725,140	2.7%
Jun 1996	315,200	-1.2%	3,721,218	2.2%
Jul 1996	337,281	5.8%	3,739,647	2.4%
Aug 1996	341,495	3.0%	3,749,478	2.3%
Sep 1996	309,284	2.8%	3,758,039	2.6%
Oct 1996	332,980	6.1%	3,777,094	2.6%
Nov 1996	316,389	2.7%	3,785,358	2.4%
Dec 1996	318,480	0.9%	3,788,306	2.6%
Jan 1997	311,632	11.7%	3,820,943	3.4%
Feb 1997	281,850	3.5%	3,830,482	3.7%
Mar 1997	325,401	2.5%	3,838,523	3.6%
Apr 1997	323,871	2.5%	3,846,376	3.6%
May 1997	341,846	2.8%	3,855,709	3.5%
Jun 1997	317,877	0.8%	3,858,386	3.7%
Jul 1997	348,463	3.3%	3,869,568	3.5%
Aug 1997	344,574	0.9%	3,872,647	3.3%
Sep 1997	320,139	3.5%	3,883,502	3.3%
Oct 1997	341,846	2.7%	3,892,368	3.1%
Nov 1997	309,903	-2.1%	3,885,882	2.7%
Dec 1997	336,606	5.7%	3,904,008	3.1%
Jan 1998	310,477	-0.4%	3,902,853	2.1%
Feb 1998	290,762	3.2%	3,911,765	2.1%
Mar 1998	332,393	2.1%	3,918,757	2.1%
Apr 1998	339,288	4.8%	3,934,174	2.3%
May 1998	341,225	-0.2%	3,933,553	2.0%
Jun 1998	345,148	8.6%	3,960,824	2.7%
Jul 1998	362,250	4.0%	3,974,611	2.7%
Aug 1998	349,411	1.4%	3,979,448	2.8%
Sep 1998	337,580	5.4%	3,996,889	2.9%
Oct 1998	353,589	3.4%	4,008,632	3.0%
Nov 1998	327,307	5.6%	4,026,036	3.6%
Dec 1998	346,381	2.9%	4,035,811	3.4%
Jan 1999	303,896	-2.1%	4,029,230	3.2%
Feb 1999	295,246	1.5%	4,033,714	3.1%
Mar 1999	342,543	3.1%	4,043,864	3.2%
Apr 1999	339,125	0.0%	4,043,701	2.8%
May 1999	349,012	2.3%	4,051,488	3.0%
Jun 1999	353,821	2.5%	4,060,161	2.5%

Monthly Gasoline Sales (in thousands of gallons)

Note: These data are taken from state taxation reports at the wholesale level and thus retail sales may reflect time lags of as long as 6 weeks. In addition, the data include highway use, non-highway use, and losses.

	Monthly Gasoline Sales for <u>North Carolina</u>	% change from month <u>one year prior</u>	Year Ending Gasoline Sales for <u>North Carolina</u>	% change from one <u>year prior</u>
Jul 1999	357,973	-1.2%	4,055,884	2.0%
Aug 1999	389,071	11.4%	4,095,544	2.9%
Sep 1999	352,327	4.4%	4,110,291	2.8%
Oct 1999	349,249	-1.2%	4,105,951	2.4%
Nov 1999	356,112	8.8%	4,134,756	2.7%
Dec 1999	420,568	21.4%	4,208,943	4.3%
Jan 2000	246,533	-18.9%	4,151,580	3.0%
Feb 2000	322,212	9.1%	4,178,546	3.6%
Mar 2000	353,117	3.1%	4,189,120	3.6%
Apr 2000	338,465	-0.2%	4,188,460	3.6%
May 2000	365,442	4.7%	4,204,890	3.8%
Jun 2000	362,849	2.6%	4,213,918	3.8%
Jul 2000	353,474	-1.3%	4,209,419	3.8%
Aug 2000	376,075	-3.3%	4,196,423	2.5%
Sep 2000	340,185	-3.4%	4,184,281	1.8%
Oct 2000	360,400	3.2%	4,195,432	2.2%
Nov 2000	344,452	-3.3%	4,183,772	1.2%
Dec 2000	351,636	-16.4%	4,114,840	-2.2%
Jan 2001	337,065	36.7%	4,205,372	1.3%
Feb 2001	313,281	-2.8%	4,196,441	0.4%
Mar 2001	352,485	-0.2%	4,195,809	0.2%
Apr 2001	349,404	3.2%	4,206,748	0.4%
May 2001	362,668	-0.8%	4,203,974	0.0%
Jun 2001	359,808	-0.8%	4,200,933	-0.3%
Jul 2001	365,105	3.3%	4,212,564	0.1%
Aug 2001	386,702	2.8%	4,223,191	0.6%
Sep 2001	345,463	1.6%	4,228,469	1.1%
Oct 2001	356,981	-0.9%	4,225,050	0.7%
Nov 2001	364,974	6.0%	4,245,572	1.5%
Dec 2001	349,756	-0.5%	4,243,692	3.1%
Jan 2002	324,599	-3.7%	4,231,226	0.6%
Feb 2002	314,049	0.2%	4,231,994	0.8%
Mar 2002	373,224	5.9%	4,252,733	1.4%
Apr 2002	362,307	3.7%	4,265,636	1.4%
May 2002	385,935	6.4%	4,288,903	2.0%
Jun 2002	353,515	-1.7%	4,282,610	1.9%
Jul 2002	381,819	4.6%	4,299,324	2.1%
Aug 2002	388,322	0.4%	4,300,944	1.8%
Sep 2002	348,880	1.0%	4,304,361	1.8%
Oct 2002	369,854	3.6%	4,317,234	2.2%
Nov 2002	360,420	-1.2%	4,312,680	1.6%
Dec 2002	358,955	2.6%	4,321,879	1.8%

MILES DRIVEN AND GASOLINE CONSUMPTION - U.S. TOTAL

	Miles Driven (billions of miles)	Year ending Miles Driven (billions of miles)	% Change from Year Prior	Gasoline Consumption (millions of gallons)	Year ending Gasoline Consumption (millions of gallons)	% Change from Year Prior
1/97	188.5	2,487.5	2.6%	9,740.3	123,656.0	1.8%
2/97	182.4	2,493.3	2.7%	9,242.7	123,503.9	1.4%
3/97	210.8	2,499.9	2.9%	10,210.1	123,638.3	1.5%
4/97	208.1	2,502.7	2.7%	10,537.0	123,966.3	1.4%
5/97	221.7	2,505.7	2.6%	10,934.9	124,184.6	1.5%
6/97	219.8	2,509.9	2.7%	10,870.9	124,681.3	1.9%
7/97	230.6	2,515.4	2.6%	11,110.0	124,799.7	1.7%
8/97	231.3	2,517.6	2.3%	10,895.7	124,706.5	1.5%
9/97	210.6	2,520.6	2.3%	10,392.1	125,170.0	2.0%
10/97	218.6	2,523.5	2.1%	10,534.5	125,156.0	1.7%
11/97	201.4	2,525.3	2.0%	10,089.9	125,071.3	1.3%
12/97	207.8	2,531.6	2.0%	10,821.0	125,379.1	1.6%
1/98	198.2	2,541.3	2.2%	9,844.7	125,483.5	1.5%
2/98	187.0	2,545.9	2.1%	9,640.1	125,880.9	1.9%
3/98	211.5	2,546.6	1.9%	10,504.9	126,175.7	2.1%
4/98	218.6	2,557.1	2.2%	10,609.2	126,247.9	1.8%
5/98	229.9	2,565.3	2.4%	11,164.0	126,477.0	1.8%
6/98	227.2	2,572.7	2.5%	11,056.6	126,662.7	1.6%
7/98	243.6	2,585.7	2.8%	11,501.4	127,054.1	1.8%
8/98	236.6	2,591.0	2.9%	11,113.1	127,271.5	2.1%
9/98	219.3	2,599.7	3.1%	10,900.0	127,779.4	2.1%
10/98	225.5	2,606.6	3.3%	10,714.0	127,958.9	2.2%
11/98	208.8	2,614.0	3.5%	10,544.4	128,413.4	2.7%
12/98	212.7	2,618.9	3.4%	11,073.5	128,665.9	2.6%
1/99	193.6	2,614.3	2.9%	9,741.3	128,562.5	2.5%
2/99	191.5	2,618.8	2.9%	9,975.6	128,898.0	2.4%
3/99	220.8	2,628.1	3.2%	10,832.4	129,225.5	2.4%
4/99	221.0	2,630.5	2.9%	10,939.8	129,556.1	2.6%
5/99	230.8	2,631.4	2.6%	11,492.9	129,885.0	2.7%
6/99	236.0	2,640.2	2.6%	11,515.1	130,343.5	2.9%
7/99	243.1	2,639.7	2.1%	11,641.3	130,483.4	2.7%
8/99	241.5	2,644.6	2.1%	11,875.1	131,245.4	3.1%
9/99	224.3	2,649.6	1.9%	11,026.5	131,371.9	2.8%
10/99	233.6	2,657.7	2.0%	11,028.6	131,686.5	2.9%
11/99	221.9	2,670.8	2.2%	11,116.0	132,258.1	3.0%
12/99	221.5	2,679.6	2.3%	11,539.8	132,724.4	3.2%
1/00	199.3	2,685.3	2.7%	9,953.3	132,936.4	3.4%
2/00	195.2	2,689.0	2.7%	10,324.4	133,285.2	3.4%
3/00	227.8	2,696.0	2.6%	10,644.3	133,097.1	3.0%
4/00	223.2	2,698.2	2.6%	11,108.9	133,266.2	2.9%
5/00	237.6	2,705.0	2.8%	11,646.8	133,420.1	2.7%
6/00	238.3	2,707.3	2.5%	11,311.1	133,216.1	2.2%
7/00	240.3	2,704.5	2.5%	11,539.6	133,114.4	2.0%

Source: U. S. Department of Transportation, Federal Highway Administration

MILES DRIVEN AND GASOLINE CONSUMPTION - U.S. TOTAL

	Miles Driven (billions of miles)	Year ending Miles Driven (billions of miles)	% Change from Year Prior	Gasoline Consumption (millions of gallons)	Year ending Gasoline Consumption (millions of gallons)	% Change from Year Prior
8/00	242.9	2,705.9	2.3%	11,674.0	132,913.3	1.3%
9/00	222.6	2,704.2	2.1%	10,982.0	132,868.8	1.1%
10/00	231.8	2,702.4	1.7%	11,252.4	133,092.6	1.1%
11/00	218.4	2,698.9	1.1%	10,863.9	132,840.5	0.4%
12/00	214.2	2,691.6	0.4%	11,323.1	132,623.8	-0.1%
1/01	209.3	2,701.6	0.6%	10,422.2	133,092.7	0.1%
2/01	199.9	2,706.3	0.6%	10,207.4	132,975.7	-0.2%
3/01	231.5	2,710.0	0.5%	10,916.8	133,248.2	0.1%
4/01	231.4	2,718.2	0.7%	11,134.2	133,273.5	0.0%
5/01	244.3	2,724.9	0.7%	11,536.2	133,162.9	-0.2%
6/01	242.6	2,729.2	0.8%	11,705.6	133,557.4	0.3%
7/01	248.8	2,737.7	1.2%	11,691.1	133,708.9	0.4%
8/01	251.7	2,746.5	1.5%	11,894.2	133,929.1	0.8%
9/01	224.6	2,748.5	1.6%	10,978.4	133,925.5	0.8%
10/01	240.0	2,756.7	2.0%	11,281.5	133,954.6	0.6%
11/01	229.5	2,767.8	2.6%	11,093.0	134,183.7	1.0%
12/01	228.1	2,781.7	3.3%	11,360.1	134,220.7	1.2%
1/02	213.7	2,786.1	3.1%	10,762.5	134,561.0	1.1%
2/02	206.4	2,792.6	3.2%	10,242.1	134,595.7	1.2%
3/02	234.0	2,795.1	3.1%	11,280.1	134,959.0	1.3%
4/02	234.7	2,798.4	3.0%	11,477.2	135,302.0	1.5%
5/02	249.7	2,803.8	2.9%	12,185.2	135,951.0	2.1%
6/02	246.3	2,807.5	2.9%	11,676.0	135,921.4	1.8%
7/02	253.9	2,812.6	2.7%	12,098.1	136,328.4	2.0%
8/02	256.0	2,816.9	2.6%	12,197.6	136,631.8	2.0%
9/02	230.9	2,823.2	2.7%	11,508.9	137,162.3	2.4%
10/02	243.3	2,826.5	2.5%	11,661.3	137,542.1	2.7%
11/02	228.5	2,825.5	2.1%	11,413.3	137,862.4	2.7%
12/02	231.4	2,828.8	1.7%	11,463.9	137,966.2	2.8%
1/03	215.6	2,830.7	1.6%			
2/03	200.7	2,825.0	1.2%			
3/03	233.6	2,824.6	1.1%			
4/03	236.0	2,825.9	1.0%			
5/03	249.8	2,826.0	0.8%			
6/03	249.3	2,829.0	0.8%			
7/03	258.8	2,833.9	0.8%			

Source: U. S. Department of Transportation, Federal Highway Administration

**COMPONENTS OF THE CPI INDEX
MONTHLY PERCENT CHANGES**

	CPI-U: All Items CUSA0NS	CPI-U: Med. Care CUSAMNS	CPI-U: Phys-Serv CUSEMC01NS	CPI-U: Hospital & Other Related Services CUSEMDNS	Weekly Income AWEEAP	CPI-U: Automobile Bodywork CUSETD01NS	PPI: All Items WPINS	PPI: Metal/MPR WPI10NS
98:7	0.1%	0.3%	0.1%	0.8%	0.2%	-0.2%	0.1%	-0.6%
98:8	0.1%	0.3%	0.3%	0.5%	0.5%	0.0%	-0.6%	-0.5%
98:9	0.1%	0.2%	0.2%	-0.1%	-0.1%	0.6%	-0.3%	-0.4%
98:10	0.2%	0.2%	0.0%	0.3%	0.6%	-0.1%	0.2%	-0.9%
98:11	0.0%	0.2%	0.1%	0.2%	0.3%	0.5%	-0.3%	-0.6%
98:12	-0.1%	0.2%	0.1%	0.2%	0.3%	0.3%	-0.6%	-0.6%
99:1	0.2%	0.6%	0.4%	1.0%	0.1%	0.4%	0.1%	-0.4%
99:2	0.1%	0.4%	0.4%	0.6%	0.4%	-0.7%	-0.5%	-0.1%
99:3	0.3%	0.2%	0.2%	0.1%	0.0%	-0.1%	0.2%	-0.4%
99:4	0.7%	0.3%	0.4%	-0.1%	0.3%	0.4%	0.8%	0.2%
99:5	0.0%	0.2%	0.0%	0.2%	0.4%	-0.4%	0.9%	0.6%
99:6	0.0%	0.3%	0.4%	0.2%	0.3%	-0.1%	0.4%	0.0%
99:7	0.3%	0.4%	0.3%	0.6%	0.3%	0.7%	0.4%	0.5%
99:8	0.2%	0.3%	0.0%	0.7%	0.2%	0.5%	1.0%	0.4%
99:9	0.5%	0.2%	0.0%	0.3%	0.4%	-0.3%	0.9%	0.5%
99:10	0.2%	0.2%	0.3%	0.3%	0.2%	0.3%	-0.2%	0.6%
99:11	0.1%	0.2%	0.1%	0.3%	0.2%	0.7%	0.5%	0.2%
99:12	0.0%	0.4%	0.0%	0.8%	0.2%	0.0%	-0.4%	0.6%
00:1	0.3%	0.5%	0.7%	0.7%	0.4%	-0.1%	0.4%	0.8%
00:2	0.6%	0.6%	0.9%	0.7%	0.4%	0.2%	1.2%	0.4%
00:3	0.8%	0.4%	0.7%	0.3%	0.3%	0.8%	0.8%	-0.1%
00:4	0.1%	0.3%	0.2%	0.4%	0.3%	0.3%	-0.1%	-0.1%
00:5	0.1%	0.2%	0.0%	0.3%	0.0%	0.3%	0.7%	-0.3%
00:6	0.5%	0.4%	0.5%	0.7%	0.7%	0.2%	1.7%	-0.2%
00:7	0.2%	0.3%	0.1%	0.8%	-0.1%	0.3%	-0.1%	0.1%
00:8	0.0%	0.5%	0.2%	1.0%	0.1%	0.7%	-0.6%	0.0%
00:9	0.5%	0.2%	0.2%	0.4%	0.6%	0.7%	1.4%	0.3%
00:10	0.2%	0.2%	0.1%	0.3%	0.4%	0.4%	0.5%	-0.4%
00:11	0.1%	0.2%	0.0%	0.3%	0.2%	0.1%	-0.3%	-0.9%
00:12	-0.1%	0.3%	0.2%	0.2%	0.1%	0.0%	0.9%	0.1%
01:1	0.6%	0.9%	1.2%	1.0%	0.6%	0.4%	2.8%	0.0%
01:2	0.4%	0.7%	0.6%	0.8%	0.3%	0.1%	-1.9%	-0.2%
01:3	0.2%	0.4%	0.1%	0.5%	0.4%	-0.1%	-1.1%	0.0%
01:4	0.4%	0.3%	0.4%	0.2%	0.0%	0.3%	0.4%	-0.5%
01:5	0.5%	0.2%	0.0%	0.4%	0.2%	0.7%	0.3%	0.1%
01:6	0.2%	0.4%	0.3%	0.4%	0.5%	0.5%	-1.0%	-0.2%
01:7	-0.3%	0.2%	0.0%	0.4%	0.2%	0.0%	-1.2%	-0.3%
01:8	0.0%	0.5%	0.6%	1.0%	-0.2%	0.4%	-0.3%	-0.4%
01:9	0.5%	0.2%	0.0%	0.4%	0.6%	0.9%	-0.1%	-0.1%
01:10	-0.3%	0.3%	0.3%	0.6%	-0.1%	0.3%	-2.3%	-0.6%
01:11	-0.2%	0.3%	0.0%	0.7%	0.7%	-0.3%	-0.4%	-0.4%
01:12	-0.4%	0.2%	0.0%	0.3%	0.3%	0.1%	-1.3%	0.0%
02:1	0.2%	0.8%	0.9%	1.4%	0.2%	-0.1%	0.3%	0.1%
02:2	0.4%	0.5%	0.0%	0.9%	0.5%	-0.1%	-0.1%	0.2%
02:3	0.6%	0.4%	0.1%	0.8%	0.2%	0.4%	1.1%	0.4%
02:4	0.6%	0.4%	0.0%	0.8%	0.2%	0.0%	0.8%	0.4%
02:5	0.0%	0.3%	0.2%	0.6%	0.1%	0.1%	0.0%	0.5%
02:6	0.1%	0.2%	0.2%	0.2%	0.6%	0.6%	0.2%	0.8%
02:7	0.1%	0.7%	1.1%	0.6%	-0.7%	0.6%	0.1%	0.2%
02:8	0.3%	0.2%	0.0%	1.0%	0.6%	0.2%	0.2%	0.1%
02:9	0.2%	0.1%	-0.1%	0.5%	0.5%	0.1%	0.4%	0.2%
02:10	0.2%	0.5%	0.6%	0.9%	0.0%	0.0%	0.7%	-0.1%
02:11	0.0%	0.4%	0.3%	1.1%	0.3%	0.3%	-0.1%	0.2%
02:12	-0.2%	0.3%	0.1%	0.4%	0.4%	-0.3%	-0.2%	-0.1%
03:1	0.4%	0.4%	0.3%	0.9%	0.1%	-0.1%	1.8%	0.3%
03:2	0.8%	0.4%	0.4%	0.6%	0.2%	0.3%	1.7%	0.5%
03:3	0.6%	0.2%	0.0%	0.1%	0.3%	0.3%	2.6%	0.2%
03:4	-0.2%	0.1%	0.3%	0.0%	-0.2%	0.0%	-3.1%	-0.2%
03:5	-0.2%	0.3%	0.3%	0.1%	0.3%	0.0%	-0.1%	0.1%
03:6	0.1%	0.3%	-0.1%	0.7%	0.2%	0.2%	1.0%	0.0%
03:7	0.1%	0.4%	0.3%	0.7%	0.0%	0.2%	-0.1%	0.0%
03:8	0.4%	0.3%	0.0%	0.8%	0.4%	0.1%	0.1%	0.7%
03:9	0.3%	0.3%	0.1%	0.4%	0.0%	-0.1%	0.4%	0.3%

COMPONENTS OF THE CPI INDEX
ANNUAL PERCENT CHANGES

Year	CPI-U: All Items CUSA0NS	CPI-U: Med. Care CUSAMNS	CPI-U: Phys-Serv CUSEMC01NS	CPI-U: Hospital & Other Related Services CUSEMDNS	Weekly Income AWEEAP	CPI-U: Automobile Bodywork CUSETD01NS	PPI: All Items WPINS	PPI: Metal/MPR WPI10NS
98:7	1.7%	3.4%	3.0%	3.6%	4.2%	3.2%	-1.6%	-3.1%
98:8	1.6%	3.5%	3.2%	3.8%	3.9%	3.1%	-2.4%	-3.8%
98:9	1.5%	3.6%	3.4%	3.5%	3.7%	3.4%	-2.9%	-4.0%
98:10	1.5%	3.6%	3.3%	3.6%	3.9%	2.9%	-3.0%	-4.7%
98:11	1.5%	3.5%	3.4%	3.4%	3.8%	3.1%	-3.4%	-5.0%
98:12	1.6%	3.4%	3.3%	3.2%	3.8%	3.0%	-3.2%	-5.1%
99:1	1.7%	3.6%	3.4%	3.8%	3.4%	3.3%	-2.0%	-5.1%
99:2	1.6%	3.5%	3.1%	3.9%	3.4%	1.6%	-2.2%	-5.1%
99:3	1.7%	3.5%	3.0%	4.0%	3.3%	1.3%	-1.7%	-5.1%
99:4	2.3%	3.5%	3.2%	3.7%	3.2%	1.1%	-1.0%	-5.0%
99:5	2.1%	3.4%	2.9%	4.0%	3.0%	0.4%	-0.3%	-4.2%
99:6	2.0%	3.4%	2.7%	4.1%	3.4%	0.7%	0.3%	-3.8%
99:7	2.1%	3.5%	3.0%	3.9%	3.5%	1.6%	0.6%	-2.7%
99:8	2.3%	3.4%	2.6%	4.1%	3.2%	2.1%	2.2%	-1.8%
99:9	2.6%	3.4%	2.5%	4.5%	3.7%	1.2%	3.4%	-0.9%
99:10	2.6%	3.5%	2.7%	4.4%	3.3%	1.7%	3.0%	0.6%
99:11	2.6%	3.5%	2.7%	4.5%	3.3%	1.8%	3.8%	1.4%
99:12	2.7%	3.7%	2.6%	5.1%	3.2%	1.5%	4.1%	2.7%
00:1	2.7%	3.6%	2.9%	4.8%	3.5%	0.9%	4.4%	3.9%
00:2	3.2%	3.8%	3.4%	4.8%	3.8%	1.8%	6.1%	4.4%
00:3	3.8%	3.9%	3.8%	5.0%	4.0%	2.7%	6.7%	4.7%
00:4	3.1%	3.9%	3.7%	5.5%	3.7%	2.5%	5.7%	4.5%
00:5	3.2%	4.0%	3.8%	5.6%	3.4%	3.2%	5.5%	3.6%
00:6	3.7%	4.1%	3.9%	6.0%	3.7%	3.4%	6.9%	3.3%
00:7	3.7%	4.1%	3.6%	6.3%	3.2%	3.0%	6.4%	2.9%
00:8	3.4%	4.2%	3.7%	6.6%	3.2%	3.2%	4.7%	2.5%
00:9	3.5%	4.3%	3.9%	6.8%	3.7%	4.2%	5.2%	2.3%
00:10	3.4%	4.3%	3.7%	6.8%	3.6%	4.3%	6.0%	1.3%
00:11	3.4%	4.3%	3.6%	6.8%	3.6%	3.7%	5.2%	0.2%
00:12	3.4%	4.2%	3.9%	6.2%	3.4%	3.7%	6.6%	-0.3%
01:1	3.7%	4.5%	4.4%	6.5%	3.6%	4.3%	9.1%	-1.1%
01:2	3.5%	4.6%	4.0%	6.6%	3.5%	4.2%	5.9%	-1.7%
01:3	2.9%	4.6%	3.5%	6.8%	3.7%	3.4%	3.9%	-1.6%
01:4	3.3%	4.6%	3.6%	6.7%	3.3%	3.4%	4.4%	-2.0%
01:5	3.6%	4.6%	3.6%	6.9%	3.6%	3.9%	4.0%	-1.6%
01:6	3.2%	4.6%	3.4%	6.7%	3.4%	4.2%	1.3%	-1.6%
01:7	2.7%	4.5%	3.3%	6.2%	3.7%	3.9%	0.1%	-2.0%
01:8	2.7%	4.5%	3.7%	6.2%	3.4%	3.6%	0.5%	-2.4%
01:9	2.6%	4.5%	3.6%	6.2%	3.5%	3.8%	-1.0%	-2.8%
01:10	2.1%	4.6%	3.7%	6.6%	2.6%	3.7%	-3.8%	-3.0%
01:11	1.9%	4.8%	3.8%	6.9%	3.0%	3.3%	-3.9%	-2.5%
01:12	1.6%	4.7%	3.5%	7.1%	3.5%	3.4%	-5.9%	-2.6%
02:1	1.1%	4.7%	3.2%	7.5%	2.9%	2.9%	-8.2%	-2.5%
02:2	1.1%	4.5%	2.6%	7.7%	3.5%	2.7%	-6.6%	-2.1%
02:3	1.5%	4.4%	2.6%	8.0%	3.4%	3.2%	-4.5%	-1.7%
02:4	1.6%	4.6%	2.1%	8.6%	3.3%	2.9%	-4.1%	-0.8%
02:5	1.2%	4.7%	2.3%	8.8%	3.2%	2.2%	-4.4%	-0.4%
02:6	1.1%	4.5%	2.2%	8.5%	3.5%	2.3%	-3.2%	0.6%
02:7	1.5%	4.9%	3.4%	8.8%	2.5%	2.8%	-1.6%	1.0%
02:8	1.8%	4.7%	2.7%	8.8%	3.1%	2.7%	-1.4%	1.5%
02:9	1.5%	4.6%	2.6%	9.0%	3.3%	2.0%	-1.0%	1.8%
02:10	2.0%	4.8%	2.9%	9.3%	3.4%	1.7%	2.2%	2.3%
02:11	2.2%	5.0%	3.1%	9.7%	3.0%	2.2%	2.5%	3.0%
02:12	2.4%	5.0%	3.2%	9.8%	2.9%	1.8%	3.7%	2.9%
03:1	2.6%	4.6%	2.7%	9.2%	3.3%	1.8%	5.3%	3.2%
03:2	3.0%	4.5%	3.1%	8.9%	2.9%	2.2%	7.2%	3.5%
03:3	3.0%	4.3%	3.0%	8.2%	3.0%	2.2%	8.8%	3.2%
03:4	2.2%	4.0%	3.3%	7.3%	2.7%	2.2%	4.6%	2.6%
03:5	2.1%	4.0%	3.4%	6.7%	2.7%	2.2%	4.5%	2.1%
03:6	2.1%	4.1%	3.1%	7.3%	2.1%	1.8%	5.4%	1.5%
03:7	2.1%	3.8%	2.3%	7.4%	2.5%	1.4%	5.0%	1.2%
03:8	2.2%	3.9%	2.4%	7.2%	2.3%	1.3%	4.9%	2.1%
03:9	2.3%	4.0%	2.6%	7.0%	2.1%	1.0%	4.7%	2.0%

CPI ALL ITEMS (URBAN) - LESS ENERGY
CUSAOLENS

<u>Month</u>	<u>Index</u>	<u>Annual Percentage Change</u>
99:1	1.729	
99:2	1.732	2.3%
99:3	1.737	2.1%
99:4	1.742	2.1%
99:5	1.741	2.2%
99:6	1.740	2.1%
99:7	1.743	2.1%
99:8	1.745	2.0%
99:9	1.751	1.9%
99:10	1.757	2.0%
99:11	1.758	2.0%
99:12	1.757	2.0%
00:1	1.763	2.0%
00:2	1.769	2.0%
00:3	1.778	2.1%
00:4	1.781	2.4%
00:5	1.782	2.2%
00:6	1.783	2.4%
00:7	1.787	2.5%
00:8	1.791	2.5%
00:9	1.796	2.6%
00:10	1.801	2.6%
00:11	1.803	2.5%
00:12	1.802	2.6%
01:1	1.810	2.6%
01:2	1.818	2.7%
01:3	1.826	2.8%
01:4	1.829	2.7%
01:5	1.829	2.7%
01:6	1.833	2.6%
01:7	1.836	2.8%
01:8	1.841	2.7%
01:9	1.845	2.8%
01:10	1.851	2.7%
01:11	1.854	2.8%
01:12	1.852	2.8%
02:1	1.857	2.8%
02:2	1.865	2.6%
02:3	1.871	2.6%
02:4	1.875	2.5%
02:5	1.874	2.5%
02:6	1.873	2.5%
02:7	1.875	2.2%
02:8	1.881	2.1%
02:9	1.884	2.2%
02:10	1.888	2.1%
02:11	1.889	2.0%
02:12	1.886	1.9%
03:1	1.890	1.8%
03:2	1.897	1.8%
03:3	1.902	1.7%
03:4	1.902	1.7%
03:5	1.903	1.4%
03:6	1.903	1.5%
03:7	1.905	1.6%
03:8	1.908	1.6%
03:9	1.910	1.4%

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

5. CHANGES IN PREMIUM BASE RESULTING FROM RATING EXPOSURE TRENDS

(a) Exposure distributions by policy term:

<u>Year Ended</u>	<u>6 Month</u>	<u>12 Month</u>
12/1996	92%	8%
12/1997	91	9
12/1998	90	10
12/1999	90	10
12/2000	83	17
12/2001	85	15
12/2002	90	10

These exposure distributions are the best estimates of the corresponding premium distributions.

The distribution for the most recent year is the best estimate of the distribution during the time the proposed rates will be in effect.

(b) No premium trend is applicable to the liability coverages.

See also pre-filed testimony of P. Woods.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

6. LIMITING FACTOR DEVELOPMENT AND APPLICATION

No limitations were applied.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

7. OVERHEAD EXPENSE DEVELOPMENT AND APPLICATION OF COMMISSION AND BROKERAGE,
OTHER ACQUISITION EXPENSES, GENERAL EXPENSES, TAXES, LICENSES, AND FEES
- (a) (b) The derivation of expense factors is shown on the following
page F-156. See also pre-filed testimony of P. Woods.
- (c) Pages F-100-115 contain information on expenses for the top 10
writers.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
SUMMARY OF LIABILITY EXPENSE EXPERIENCE - VOLUNTARY AND CEDED BUSINESS

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Premiums Written at Manual Level	\$2,051,575,949	\$2,092,133,109	\$2,130,805,450	\$2,088,218,369	\$2,187,951,673
Premiums Earned at Manual Level	2,032,923,325	2,083,515,030	2,143,742,891	2,090,430,365	2,158,951,031
Premium Written (Collected Level)	1,884,141,257	1,872,270,058	1,931,613,561	1,887,303,222	1,966,486,164
Premium Earned (Collected Level)	1,866,724,508	1,868,677,035	1,939,239,000	1,897,802,072	1,939,187,608
Commission & Brokerage	184,933,287	186,306,553	184,638,340	189,078,142	196,758,521
Other Acquisition	149,639,304	166,737,937	150,011,919	138,898,741	158,491,203
General Expenses	85,864,317	99,783,393	115,123,637	121,344,299	129,861,415
Taxes, Licenses, and Fees	42,636,953	41,778,371	43,306,666	45,064,435	48,885,392
Bodily Injury Losses Incurred	740,092,816	747,946,476	779,777,822	876,481,923	797,908,662
BI Allocated Loss Adjustment	38,815,685	38,785,464	33,979,502	38,066,636	11,029,181
BI Unallocated Loss Adjustment	102,212,034	104,243,920	107,502,974	116,743,366	107,897,517
Property Damage Losses Incurred	472,661,893	505,712,234	539,273,166	537,030,087	583,087,084
PD Allocated Loss Adjustment	4,655,244	4,667,211	3,062,127	1,738,292	4,491,936
PD Unallocated Loss Adjustment	59,137,881	57,114,934	58,826,778	62,402,493	67,329,603
<u>COMBINED RATIOS</u>					
Commission & Brokerage to Written Premium (a) (b)	.098	.100	.096	.100	.100
Other Acquisition to Earned Premium (c)	.074	.080	.070	.066	.073
General Expenses to Earned Premium (c)	.042	.048	.054	.058	.060
Taxes, Licenses, etc. to Written Premium (b)	.023	.022	.022	.024	.025
Unallocated Loss Adjustment Expenses to Losses + Allocated	.131*	.133	.132	.128	.133
		<u>PD</u>	<u>BI</u>	<u>PD</u>	<u>PD</u>
		.124	.112	.108	.116
			.132	.108	.115

Notes:

- (a) Ceded business has a commission and brokerage provision set at 10%.
- (b) Ratios are to premiums at collected level.
- (c) Ratios are to premiums at manual level.

Source: North Carolina Rate Bureau Expense Call

* Due to changes in the NAIC definition, and the classification of expense items into Defense & Cost Containment and Adjusting & Other instead of the previous categories of allocated and unallocated loss adjustment expenses, .125 has been selected as the appropriate ratio of unallocated loss adjustment expense to losses and allocated loss adjustment expense for Bodily Injury for 1998.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

8. PERCENT RATE CHANGE

The overall statewide rate change by coverage is shown on page A-1.

The proposed rate changes are dependent on the actual implementation date of the new rates, because any such change will affect all of the trending periods used in the filing. Any change in the trending periods will affect all of the losses and fixed expenses used in the calculation of the rate level indication.

If the effective date were to be changed, advance notice of seventy-five (75) days is required for an orderly implementation of the change in rates. This is the amount of time required to calculate the new rates based on the new effective date, and distribute the necessary information to member companies.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

9. FINAL PROPOSED RATES

The proposed rates are shown in Section B.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

10. INVESTMENT EARNINGS, CONSISTING OF INVESTMENT INCOME AND REALIZED PLUS UNREALIZED CAPITAL GAINS, FROM LOSS, LOSS EXPENSE AND UNEARNED PREMIUM RESERVES

See the attached Exhibits (10)(a) and (10)(b) and the pre-filed testimony of P. Woods. The experience provides the best estimate of the future.

The response to item (10)(c) is contained in the Rate Bureau's February 2, 2004 filing.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1. Direct Earned Premium for Accident Year Ended 12/31/98		\$604,300,782
2. Mean Unearned Premium Reserve	0.283 x (1)	171,017,121
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		1.92%
50% of Other Acquisition Expense		3.95%
50% of Company Operating Expense		2.15%
Total		18.02%
4. (2) x (3)		30,817,285
5. Net Subject to Investment (2) - (4)		140,199,836

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)		\$604,300,782
2. Average Agents' Balances		0.153
3. Delayed Remission (1) x (2)		92,458,020

C. Loss Reserve

1. Direct Earned Premium (A-1)		\$604,300,782
2. Expected Incurred Losses and Loss Adjustment		490,692,235
0.812 x (1)		
3. Expected Mean Loss Reserves	0.991 x (2)	486,276,005

D. Net Subject to Investment (A-5) - (B-3) + (C-3) 534,017,821

E. Average Rate of Return 6.43%

F. Investment Earnings on Net Subject to Investment (D) x (E) 34,337,346

G. Average Rate of Return as a Percent of Direct Earned Premium
(F) / (A-1) 5.68%

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/98 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/98	\$1,862,359,494
2. Unearned Premium Reserve as of 12/31/97	518,378,382
3. Unearned Premium Reserve as of 12/31/98	534,680,630
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	526,529,506
5. Ratio (4) ÷ (1)	0.283

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Private Passenger Automobile Liability insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 1998 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 14.8% of net written premiums. The 14.8% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .153 (.148 x 1.031 = .153).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 1997 and 1998 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 1997	\$1,260,328,673
2. Incurred Losses for Calendar Year 1998	1,226,732,343
3. Loss Reserves as of 12/31/96	1,265,086,720
4. Loss Reserves as of 12/31/97	1,274,329,618
5. Loss Reserves as of 12/31/98	1,236,988,706
6. Mean Loss Reserve 1997: 1/2 [(3) + (4)]	1,269,708,169
7. Mean Loss Reserve 1998: 1/2 [(4) + (5)]	1,255,659,162
8. Ratio (6) ÷ (1)	1.007
9. Ratio (7) ÷ (2)	1.024
10. Loss Reserve: 1/2 [(8) + (9)]	1.016
11. Ratio of LAE Reserves to Loss Reserves (a)	0.198
12. Ratio of Incurred LAE to Incurred Losses (a)	0.228
13. Loss and LAE Reserve [(10)x(1.0+(11))]/(1.0+(12))	0.991

(a) Based on 1998 All-Industry Insurance Expense Exhibit (source: A.M. Best)

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES
AND ON LOSS RESERVES

A. Unearned Premium Reserve		
1. Direct Earned Premium for Accident Year Ended 12/31/99		\$599,356,086
2. Mean Unearned Premium Reserve	0.287 x (1)	172,015,197
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		1.83%
50% of Other Acquisition Expense		4.25%
50% of Company Operating Expense		2.45%
Total		18.53%
4. (2) x (3)		31,874,416
5. Net Subject to Investment (2) - (4)		140,140,781
B. Delayed Remission of Premium (Agents' Balances)		
1. Direct Earned Premium (A-1)		\$599,356,086
2. Average Agents' Balances		0.159
3. Delayed Remission (1) x (2)		95,297,618
C. Loss Reserve		
1. Direct Earned Premium (A-1)		\$599,356,086
2. Expected Incurred Losses and Loss Adjustment		473,491,308
0.790 x (1)		
3. Expected Mean Loss Reserves	0.998 x (2)	472,544,325
D. Net Subject to Investment (A-5) - (B-3) + (C-3)		517,387,488
E. Average Rate of Return		5.30%
F. Investment Earnings on Net Subject to Investment (D) x (E)		27,421,537
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)		4.58%

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/99 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/99	\$1,869,895,058
2. Unearned Premium Reserve as of 12/31/98	534,680,630
3. Unearned Premium Reserve as of 12/31/99	539,271,751
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	536,976,191
5. Ratio (4) \div (1)	0.287

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Private Passenger Automobile Liability insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 1999 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 15.4% of net written premiums. The 15.4% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .159 (.154 x 1.031 = .159).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 1998 and 1999 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 1998	
2. Incurred Losses for Calendar Year 1999	\$1,226,732,343
3. Loss Reserves as of 12/31/97	1,252,963,753
4. Loss Reserves as of 12/31/98	1,274,329,618
5. Loss Reserves as of 12/31/99	1,236,988,706
6. Mean Loss Reserve 1998: 1/2 [(3) + (4)]	1,221,595,169
7. Mean Loss Reserve 1999: 1/2 [(4) + (5)]	1,255,659,162
8. Ratio (6) ÷ (1)	1,229,291,938
9. Ratio (7) ÷ (2)	1.024
10. Loss Reserve: 1/2 [(8) + (9)]	0.981
11. Ratio of LAE Reserves to Loss Reserves (a)	1.003
12. Ratio of Incurred LAE to Incurred Losses (a)	0.207
13. Loss and LAE Reserve [(10)x(1.0+(11)))/(1.0+(12))]	0.213
	0.998

(a) Based on 1999 All-Industry Insurance Expense Exhibit (source: A.M. Best)

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1. Direct Earned Premium for Accident Year Ended 12/31/2000		\$578,208,060
2. Mean Unearned Premium Reserve	0.303 x (1)	175,197,042
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		1.83%
50% of Other Acquisition Expense		3.60%
50% of Company Operating Expense		2.75%
Total		18.18%
4. (2) x (3)		31,850,822
5. Net Subject to Investment (2) - (4)		143,346,220

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)		\$578,208,060
2. Average Agents' Balances		0.184
3. Delayed Remission (1) x (2)		106,390,283

C. Loss Reserve

1. Direct Earned Premium (A-1)		\$578,208,060
2. Expected Incurred Losses and Loss Adjustment		461,988,240
0.799 x (1)		
3. Expected Mean Loss Reserves	0.963 x (2)	444,894,675

D. Net Subject to Investment (A-5) - (B-3) + (C-3) 481,850,612

E. Average Rate of Return 5.38%

F. Investment Earnings on Net Subject to Investment (D) x (E) 25,923,563

G. Average Rate of Return as a Percent of Direct Earned Premium
(F) / (A-1) 4.48%

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/2000 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/2000	\$1,766,109,101
2. Unearned Premium Reserve as of 12/31/1999	539,271,751
3. Unearned Premium Reserve as of 12/31/2000	531,040,694
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	535,156,223
5. Ratio (4) ÷ (1)	0.303

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Private Passenger Automobile Liability insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 2000 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 17.8% of net written premiums. The 17.8% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .184 (.178 x 1.031 = .184).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 1999 and 2000 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 1999	\$1,252,963,753
2. Incurred Losses for Calendar Year 2000	1,315,651,113
3. Loss Reserves as of 12/31/1998	1,236,988,706
4. Loss Reserves as of 12/31/1999	1,221,595,169
5. Loss Reserves as of 12/31/2000	1,213,324,628
6. Mean Loss Reserve 1999: 1/2 [(3) + (4)]	1,229,291,938
7. Mean Loss Reserve 2000: 1/2 [(4) + (5)]	1,217,459,899
8. Ratio (6) ÷ (1)	0.981
9. Ratio (7) ÷ (2)	0.925
10. Loss Reserve: 1/2 [(8) + (9)]	0.953
11. Ratio of LAE Reserves to Loss Reserves (a)	0.207
12. Ratio of Incurred LAE to Incurred Losses (a)	0.195
13. Loss and LAE Reserve [(10)x(1.0+(11))]/(1.0+(12))]	0.963

(a) Based on 2000 All-Industry Insurance Expense Exhibit (source: A.M. Best)

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1. Direct Earned Premium for Accident Year Ended 12/31/2001		\$665,179,578
2. Mean Unearned Premium Reserve	0.280 x (1)	186,250,282
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		2.00%
50% of Other Acquisition Expense		3.40%
50% of Company Operating Expense		2.95%
Total		18.35%
4. (2) x (3)		34,176,927
5. Net Subject to Investment (2) - (4)		152,073,355

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)		\$665,179,578
2. Average Agents' Balances		0.184
3. Delayed Remission (1) x (2)		122,393,042

C. Loss Reserve

1. Direct Earned Premium (A-1)		\$665,179,578
2. Expected Incurred Losses and Loss Adjustment		520,170,430
0.782 x (1)		
3. Expected Mean Loss Reserves	0.911 x (2)	473,875,262

D. Net Subject to Investment (A-5) - (B-3) + (C-3) 503,555,575

E. Average Rate of Return 4.32%

F. Investment Earnings on Net Subject to Investment (D) x (E) 21,753,601

G. Average Rate of Return as a Percent of Direct Earned Premium
(F) / (A-1) 3.27%

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/2001 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/2001	\$1,895,563,770
2. Unearned Premium Reserve as of 12/31/2000	531,040,694
3. Unearned Premium Reserve as of 12/31/2001	529,221,396
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	530,131,045
5. Ratio (4) ÷ (1)	0.280

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Private Passenger Automobile Liability insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 2001 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 17.8% of net written premiums. The 17.8% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .184 ($.178 \times 1.031 = .184$).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 2000 and 2001 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2000	\$1,315,651,113
2. Incurred Losses for Calendar Year 2001	1,410,205,014
3. Loss Reserves as of 12/31/1999	1,221,595,169
4. Loss Reserves as of 12/31/2000	1,213,324,628
5. Loss Reserves as of 12/31/2001	1,269,542,424
6. Mean Loss Reserve 2000: $1/2 [(3) + (4)]$	1,217,459,899
7. Mean Loss Reserve 2001: $1/2 [(4) + (5)]$	1,241,433,526
8. Ratio (6) \div (1)	0.925
9. Ratio (7) \div (2)	0.880
10. Loss Reserve: $1/2 [(8) + (9)]$	0.903
11. Ratio of LAE Reserves to Loss Reserves (a)	0.199
12. Ratio of Incurred LAE to Incurred Losses (a)	0.188
13. Loss and LAE Reserve $[(10) \times (1.0 + (11)) / (1.0 + (12))]$	0.911

(a) Based on 2001 All-Industry Insurance Expense Exhibit (source: A.M. Best)

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1. Direct Earned Premium for Accident Year Ended 12/31/2002		\$623,746,514
2. Mean Unearned Premium Reserve	0.278 x (1)	173,401,531
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		2.08%
50% of Other Acquisition Expense		3.65%
50% of Company Operating Expense		3.00%
Total		18.73%
4. (2) x (3)		32,478,107
5. Net Subject to Investment (2) - (4)		140,923,424

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)		\$623,746,514
2. Average Agents' Balances		0.149
3. Delayed Remission (1) x (2)		92,938,231

C. Loss Reserve

1. Direct Earned Premium (A-1)		\$623,746,514
2. Expected Incurred Losses and Loss Adjustment		481,532,309
0.772 x (1)		
3. Expected Mean Loss Reserves	0.902 x (2)	434,342,143

D. Net Subject to Investment (A-5) - (B-3) + (C-3) 482,327,336

E. Average Rate of Return 3.93%

F. Investment Earnings on Net Subject to Investment (D) x (E) 18,955,464

G. Average Rate of Return as a Percent of Direct Earned Premium 3.04%
(F) / (A-1)

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/2002 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/2002	\$1,957,059,172
2. Unearned Premium Reserve as of 12/31/2001	529,221,396
3. Unearned Premium Reserve as of 12/31/2002	557,203,755
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	543,212,576
5. Ratio (4) ÷ (1)	0.278

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Private Passenger Automobile Liability insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 2002 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 14.5% of net written premiums. The 14.5% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .149 (.145 x 1.031 = .149).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 2001 and 2002 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2001	\$1,410,205,014
2. Incurred Losses for Calendar Year 2002	1,388,594,207
3. Loss Reserves as of 12/31/2000	1,213,324,628
4. Loss Reserves as of 12/31/2001	1,269,542,424
5. Loss Reserves as of 12/31/2002	1,276,839,223
6. Mean Loss Reserve 2001: 1/2 [(3) + (4)]	1,241,433,526
7. Mean Loss Reserve 2002: 1/2 [(4) + (5)]	1,273,190,824
8. Ratio (6) ÷ (1)	0.880
9. Ratio (7) ÷ (2)	0.917
10. Loss Reserve: 1/2 [(8) + (9)]	0.899
11. Ratio of LAE Reserves to Loss Reserves (a)	0.204
12. Ratio of Incurred LAE to Incurred Losses (a)	0.2
13. Loss and LAE Reserve [(10)x(1.0+(11)))/(1.0+(12))]	0.902

(a) Based on 2002 All-Industry Insurance Expense Exhibit (source: A.M. Best)

The data available to the Rate Bureau to estimate the requested length of time is the yearly paid and incurred total limits loss development data contained on pages F-40-42 and F-45-47. The data on a paid and incurred basis is shown on pages F-177 and F-178. Page F-176 shows the incurred losses for immature accident years on an ultimate basis using the latest three-year average loss development factor.

The accident year data for any given year 19XX (or 20YY) has an average date of accident of July 1, 19XX (or 20YY). By taking the ratio of paid losses to ultimate incurred losses as shown on the following pages, the percentage of losses paid in each year is estimated.

It is next necessary to determine an estimate for the average payment date (months) of the losses paid in each interval. Such data are not available for North Carolina. Such data are available for Massachusetts and are set forth below for the purpose of showing how this analysis would be completed for North Carolina if North Carolina data were available. The following data is personal auto data for the state of Massachusetts as contained in the Massachusetts Automobile Rate Bureau's 1990 filing. Since the Rate Bureau is advised by ISO that Massachusetts payment patterns are longer than North Carolina's, the results of this analysis (based on Massachusetts payment patterns) overstate the average length of time between occurrence and payment.

The result of this analysis is shown below:

Period Month-to-Month	Percentage Paid in Period		Massachusetts
	(a)	(b)	Average Payment Date (months)
0-15	60.7%	65.1%	9.3
15-27	20.8%	19.1%	20.3
27-39	9.2%	8.1%	32.4
39-51	4.9%	4.5%	44.3
51-63	2.3%	2.2%	56.5
63-ult.	2.1%	1.0%	73.4
		(a)	(b)
(1) Average Payment Date		17.9 months	16.5 months
(2) Average Date of Accident		6.0 months	6.0 months
(3) Average Length of Time between Occurrence and Payment [(1)-(2)]		11.9 months	10.5 months

(a) Based on the average of the three earliest accident year points.

(b) Based on the average of the three latest accident year points.

Based on this analysis the average length of time between occurrence and payment has decreased by one and four-tenths months over this period.

NORTH CAROLINA

ULTIMATE INCURRED LOSSES

Accident Year	Losses (a)
1989	696,193,862
1990	758,804,422
1991	777,806,722
1992	860,055,833
1993	920,840,724
1994	1,012,878,331
1995	1,080,149,261
1996	1,132,931,481
1997	1,141,375,788
1998	1,136,947,157
1999	1,194,092,937
2000	1,218,608,116
2001	1,222,449,715
2002	1,272,589,410

(a) Total limits Bodily Injury, Property Damage and Medical Payments combined. 63 months is considered ultimate.

NORTH CAROLINA
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
 LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

B.I., P.D., Med.Pay. Combined Total Limits Paid Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					681,858,474
1990				720,798,437	740,224,835
1991			704,524,961	745,845,301	764,871,932
1992		695,894,034	780,347,636	824,871,572	846,069,749
1993	542,934,301	748,344,312	837,420,447	888,745,260	908,189,230
1994	617,615,852	834,927,069	928,135,872	978,449,411	1,000,883,797
1995	670,215,563	896,546,520	993,341,823	1,046,916,855	1,067,822,322
1996	717,252,302	943,479,998	1,039,953,497	1,096,655,496	1,120,668,124
1997	725,091,323	955,293,444	1,051,378,903	1,106,544,953	1,129,898,054
1998	733,293,590	952,668,575	1,047,887,918	1,100,677,997	1,125,855,949
1999	766,874,761	998,045,746	1,100,179,975	1,155,991,393	
2000	799,103,515	1,033,184,626	1,128,230,873		
2001	789,771,959	1,030,163,060			
2002	829,685,310				

Ratio of Paid to Ultimate Incurred

Accident Year	0-15 Mo.	15-27 Mo.	27-39 Months	39-51 Months	51-63 Months
1989					0.979
1990				0.950	0.976
1991			0.906	0.959	0.983
1992		0.809	0.907	0.959	0.984
1993	0.590	0.813	0.909	0.965	0.986
1994	0.610	0.824	0.916	0.966	0.988
1995	0.620	0.830	0.920	0.969	0.989
1996	0.633	0.833	0.918	0.968	0.989
1997	0.635	0.837	0.921	0.969	0.990
1998	0.645	0.838	0.922	0.968	0.990
1999	0.642	0.836	0.921	0.968	
2000	0.656	0.848	0.926		
2001	0.646	0.843			
2002	0.652				
Earliest Three Year Avg	0.607	0.815	0.907	0.956	0.979
Latest Three Year Avg	0.651	0.842	0.923	0.968	0.990

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

B.I., P.D., Med.Pay. Combined Total Limits Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1989					696,193,862
1990				758,823,223	758,804,422
1991			776,542,332	779,280,254	777,806,722
1992		840,884,536	856,082,092	861,119,645	860,055,833
1993	854,640,855	902,725,811	919,268,736	925,240,914	920,840,724
1994	943,132,925	989,508,721	1,013,935,436	1,016,315,942	1,012,878,331
1995	1,011,282,611	1,063,219,264	1,078,266,528	1,084,703,753	1,080,149,261
1996	1,072,001,408	1,118,000,018	1,131,203,067	1,133,191,100	1,132,931,481
1997	1,082,877,971	1,120,759,790	1,132,077,719	1,139,495,672	1,141,375,788
1998	1,067,358,126	1,110,156,274	1,126,606,291	1,135,634,931	1,136,947,157
1999	1,113,366,528	1,157,598,783	1,182,991,251	1,192,900,037	
2000	1,115,662,106	1,185,355,980	1,207,738,470		
2001	1,127,660,082	1,189,153,419			
2002	1,177,233,497				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1990				1.000
1991			1.004	0.998
1992		1.018	1.006	0.999
1993	1.056	1.018	1.006	0.995
1994	1.049	1.025	1.002	0.997
1995	1.051	1.014	1.006	0.996
1996	1.043	1.012	1.002	1.000
1997	1.035	1.010	1.007	1.002
1998	1.040	1.015	1.008	1.001
1999	1.040	1.022	1.008	
2000	1.062	1.019		
2001	1.055			
Five Year Average	1.046	1.016	1.006	0.999
Three Year Average	1.052	1.019	1.008	1.001

Five Year Three Year

39 to 63 months:	1.005	1.009
27 to 63 months:	1.021	1.028
15 to 63 months:	1.068	1.081

Losses exclude unallocated loss adjustment expense.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

11. IDENTIFICATION OF APPLICABLE STATISTICAL PLANS AND PROGRAMS AND A
CERTIFICATION OF COMPLIANCE WITH THEM

(a) ISO Personal Auto Statistical Plan

ISO Minimum Personal Auto Statistical Plan

ISO 2002 Call for Personal Auto Bodily Injury and Property Damage
Liability and No-Fault Statistics

ISO 2002 Call for Personal Auto Minimum Statistical Plan Liability
and No-Fault Statistics

NAAI Automobile Statistical Plans - All Coverages

NAAI 2002 quarterly Automobile Liability Call

NAAI Voluntary Automobile Excess Loss Call

Annual Statement for Calendar Year 2002

Insurance Expense Exhibit for Calendar Year 2002

RB Calls for 2002 North Carolina Automobile Expense Experience

NISS Automobile Statistical Plan - All Coverages - Part IV, North
Carolina

NISS 2002 Quarterly Automobile Call

NISS 2002 Quarterly Automobile Excess Loss Call

NISS 2002 Calendar Year Annual Statement

NISS 2003 Financial Reconciliation Call

(b) The North Carolina Rate Bureau and North Carolina Reinsurance
Facility certify that there is no evidence known to them or, insofar
as they are aware following reasonable inquiry, to the statistical
agencies involved that the data which were collected under the
statistical plans identified in response (11)(a) above and used in
the filing are not materially true and accurate representations of
the experience of the companies whose data underlie such experience.
While the Rate Bureau and Reinsurance Facility are aware that the
collected data sometimes require corrections or adjustments, their
review of the data, the data collection process, and the ratemaking
process indicates that the aggregate data are reasonable and
reliable for ratemaking purposes. See also the pre-filed testimony
of P. Woods.

(c) Pages F-180-184 contain general descriptions of the editing
procedures used to ensure data were collected in accordance with the
applicable statistical plans.

North Carolina Private Passenger Automobile Insurance Statistical Data

ISO Editing Procedures

1. Upon receipt of the data from each reporting company, checks are made to ensure that each record (i.e., the data reported for each exposure) has valid and readable information. This includes a check that the appropriate alpha-numeric codes have been utilized.
2. The records are then checked to ensure that each of the fields has a valid code in it (e.g., company numbers must be entered as four-digit numerals).
3. Relationship edits which evaluate the interrelationship between codes are then performed. For example, if a record indicates North Carolina, Private Passenger, Bodily Injury, checks are made to ascertain that applicable interrelationships are maintained.
4. Distributional edits are performed to make sure that the reporting company has not erred in miscoding its data into a single class, territory, or other rating criteria due a systems problem or other error.
5. The resulting combined data from all the company records are reconciled with Page 15 Annual Statement data for that company.
6. After all of the ISO data are aggregated, a consolidated review of the data is conducted to determine overall reasonableness and accuracy. In this procedure the data are compared with previous statewide and territory figures. Areas of concern are identified and results are verified by checking back to the source data.

ISO's edit procedure for Private Passenger Automobile data is in compliance with the requirements of the Statistical Data Monitoring System (SDMS) which is mandated for use in several states and was developed by the New York Insurance Department in conjunction with the Arthur Andersen Company. SDMS was developed to provide procedures for the companies that report, and stat agents that collect, data in order to put controls into the reporting system to generate valid results. ISO employs the procedures detailed by SDMS throughout the country.

North Carolina Private Passenger Automobile Insurance Statistical Data
NAII Editing Procedures

The following narrative sets forth a general description of the editing procedures utilized by NAII to review North Carolina statistical data. All North Carolina experience submitted to the NAII by affiliated companies undergoes standard procedures to ensure that the data is reported in accordance with the NAII's approved statistical plans.

NAII's review of the data takes place on two levels: analysis of individual company data and analysis of the aggregate data of all the companies combined. These two separate functions will be treated in that order.

Analysis of Company Data

Analysis of company data includes: completeness checks, editing for valid coding and checking the distribution of data among the various data elements.

1. Completeness Checks (Balancing and Reconciliation):

Balancing and reconciliation procedures are used to determine completeness of reporting. Completeness means that the NAII has received and processed all of the data due to be filed with the NAII. First, totals of each company's processed data are compared to separate transmittal totals supplied by the company. This step ensures that NAII has processed completely the experience included in the company's submission of data and that no errors occur during this processing. As a second check for completeness, the reported statistical data is reconciled to Page 15 totals from the company's Annual Statement. It is a useful procedure in determining completeness because the annual statement represents an independent source of information.

2. Editing of Codes:

Format and Readability

Statistical data reported by affiliated companies must be filed in accordance with NAII's approved statistical plans. This includes the requirement that the data must conform to the specific formats and technical specifications in order for NAII to properly read and process these submissions. The initial edit is a test of each company's submission to ensure it has been reported using the proper record format and that it meets certain technical requirements for the line of insurance being reported. Key fields are tested to ensure that only numeric information has been reported in fields defined as numeric, and that the fields have been reported in the proper position in the record.

Relational Edits

The data items of information filed with the insurance company's experience are reported by using codes defined under NAII's statistical plans. For example, the various types of Policy Forms written on Homeowners policies in North Carolina are defined in the Personal Lines Statistical Plan. Similarly, the various coverages written on private passenger automobile policies in North Carolina are defined in the Automobile Statistical Plan. Each definition for each data element has a unique code assigned to it which distinguishes it from other definitions. All data items applicable to North Carolina are defined in a similar manner in each of NAII's statistical plans and have codes assigned to properly identify each definition.

All records reported to NAII are subjected to validation of the reported codes. This validation, called editing, is performed to assure that companies are reporting properly defined NAII Statistical Plan codes for North Carolina experience.

The purpose of the edit is to validate the statistical codes reported in each record. This validation is called a Relation Edit. A relational edit verifies that a reported code is valid in combination with one or more related data items. Relational edit tests are accomplished primarily through the use of specific edit tables applicable to each line of insurance.

In most cases, the experience data in the record is used in conjunction with the related codes and compared to an establishment or discontinued date for the code being validated. This ensures that specific codes are not being utilized beyond the range of time during which they are valid.

An example of a relational edit involves territory coding. Many territory code numbers are available under each statistical plan for various states, with various effective dates. However, only codes defined for North Carolina for the specific line being processed are valid in combination with North Carolina reported experience. Further, if a new code is erected, that code will be considered valid only if the date reported in the statistical record is equal or subsequent to the establishment date of the code.

3. Distributional Analysis:

The validation of the codes is not by itself sufficient to assure the credibility of company data. Having assured the reporting of valid codes, the statistical agent must verify that valid entries are indeed reliable. Therefore, the data is also reviewed for reasonable distributions. The primary focus of this review is to establish that the statistical data reported by the company is a credible reflection of the company's experience.

The distribution of company experience by specific data elements such as state, territory, policy form, and construction, for example, for the current reporting period is compared to company profiles of prior periods. In addition, ratios relevant to the line of insurance such as average premium, average loss, volume, loss ratio and loss frequency are compared to industry averages. This historical comparison can highlight changes in the pattern of reporting.

The distributional analysis serves as an additional verification that systematic errors are not introduced during the production of data files submitted to NAII by our affiliated companies. Disproportionate amounts of premiums and/or losses in a particular class or territory, for example, can be detected using this technique.

Validation of Aggregate Data

After the individual company has been reviewed, the data for all reporting companies is compiled to produce aggregate reports. The aggregate data represents the combined experience of many companies. This data is also subjected to similar review procedures. To ensure completeness, run to run control techniques are applied. This initials balancing the totals of the aggregate runs to previously verified control totals. In this manner the aggregate data is monitored to ensure the inclusion of the appropriate company data.

The aggregate data is also reviewed for credibility through distributional analysis similar to that performed on the individual company data. Earned exposures (where applicable) and premiums and incurred losses and claims are used to calculate pure premiums, claim frequencies and claim costs for comparison to past averages. The analysis of the aggregate data centers on determining consistency over time by comparing several years of experience, by coverage and class, or territory, for example. Through the application of these techniques, NAII is able to provide reliable insurance statistical data in North Carolina.

North Carolina Private Passenger Automobile Insurance Statistical Data

NISS Editing Procedures

- a. Every report received is checked for completeness. Every submission must include (1) an affidavit; (2) a letter of transmittal setting forth company control totals for the data being sent; (3) the data being reported on tape, cartridge, diskette or form to be keyed.
- b. Individual company submissions are balanced to the company letter of transmittals to ensure that all data have been received and processed. After all four quarters of data have been received, the company reports are reconciled to the Annual Statement Page 15 amounts. The NISS Financial Reconciliation identifies any amounts needed to reconcile any differences between the company reported data and Annual Statement amounts.
- c. Every company record submitted to NISS is verified through NISS edit software for its coding accuracy and conformance with NISS record layouts and instructions. NISS edits verify the accuracy of each code for each data element. Where possible, each data element is subjected to a relational edit whereby it will be checked for accuracy in conjunction with another field.
- d. Individual company submissions are also subjected to a series of reasonability tests to determine that the current submission is consistent with previous company submissions, known changes in this line of business and statewide trends. NISS compares current quarter data to the previous quarter. This comparison is performed and analyzed by grouping data.
- e. After all of the NISS data are combined, a review of this consolidated data is also performed. The aggregate data is compared on a year to year basis to again verify its reasonableness, similar to those checks employed on an individual company submission.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

12. INVESTMENT EARNINGS ON CAPITAL AND SURPLUS

Not applicable.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

13. LEVEL OF CAPITAL AND SURPLUS NEEDED TO SUPPORT PREMIUM WRITINGS WITHOUT
ENDANGERING THE SOLVENCY OF MEMBER COMPANIES

Not applicable.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

14. OTHER INFORMATION REQUIRED BY THE COMMISSIONER.

- (a) See pre-filed testimony of P. Woods.
- (b) See the attached Exhibit (14)(b).
- (c) Not applicable.
- (d) The following changes in methodology from those used in the July 11, 2003 filing have been incorporated into this filing:
 - Used a pure premium approach in determining the indicated statewide required average premium per exposure. These indicated premiums were put on a base class level and then distributed among the territories using each territory's index to state of its three year pure premiums. See Section C. Previously, a loss ratio method was used to determine both the statewide rate level change and the territory index to state used to distribute the statewide change to the territories.
 - Used collected level (not adjusted to manual level) expense dollars to determine the ratios used in the determination of the amount of General Administration and Other Acquisition expenses, and to determine the provision for Taxes, Licenses, and Fees in the calculation of the Permissible Losses, Loss Adjustment Expenses, General Administration and Other Acquisition Expenses Ratio. The premium base used to determine these ratios was the actual premium for Taxes, Licenses, and Fees, and the premium on a manual level for General and Other Acquisition Expenses. To derive the actual dollars of expense for General and Other Acquisition Expenses, the aforementioned ratios were applied to premiums at present voluntary rates for clean risk ceded business and premiums at present facility rates for non-clean ceded business. Previously, data adjusted to a manual level was utilized in these calculations, and these ratios were applied to premiums at present facility rates for all ceded business. See pages D-17-19, F-156, and RF-4.

See also pre-filed testimony of P. Woods.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING
AS PER 11 NCAC 10.1104

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 - Amended Bodily Injury increased limits factors. See Section E.

See also pre-filed testimony of P. Woods.

With respect to copies of minutes of meetings of the Rate Bureau and the Reinsurance Facility affecting this filing, along with lists of attendees, their titles and their affiliations, included in this filing is a copy of the agenda materials for the Automobile Committee meeting held April 21, 2004 and a copy of the Minutes for that meeting. Also included is a draft of the Minutes of the telephone conference of the Automobile Committee held May 3, 2004. The minutes of the Board of Governors held on June 10, 2004 were not complete at the time of the filing and therefore have not been included.



April 15, 2004

CIRCULAR LETTER TO THE AUTOMOBILE COMMITTEE

Re: Agenda - Automobile Committee Meeting
April 21, 2004

As previously announced, a meeting of the Automobile Committee has been scheduled to be held on Wednesday, April 21, 2004 beginning at 8:30 A.M. in the Rate Bureau Board Room. The dress for the meeting will be business casual.

For those interested, a golf outing has been scheduled for the afternoon of Tuesday, April 20, 2004. Tee times will be scheduled according to participation. If you wish to participate, please contact me as soon as possible.

We will have dinner at 6:30 p.m. The location will be determined at a later date and you will be notified by e-mail as soon as possible.

The following constitutes the agenda.

1. Report of Counsel

The Automobile Committee will receive a report from counsel regarding items of interest.

2. Report of Staff

The Automobile Committee will receive a report from Staff regarding items of interest.

3. Private Passenger Automobile Insurance Rates - Other Than "Clean Risks" Ceded To The Facility

Please find attached (Exhibit A) a copy of exhibits related to the review of the Reinsurance Facility base rate level indications for Other than "Clean Risks" as prepared by Insurance Services Office.

The Committee will be called upon to discuss and/or take appropriate action as necessary.

4. Motorcycle Medical Payments Coverage

Please find attached (Exhibit B) a copy of the Medical Payments Coverage portion of the Personal Auto Policy, a copy of the Miscellaneous Type Vehicle Endorsement and a copy of the Personal Auto Manual related to motorcycles.

Based upon the language in the Policy and in the Miscellaneous Type Vehicle Endorsement, it appears that Medical Payments Coverage is available for motorcycles. However, there is no rate shown in the manual for this coverage for motorcycles. In addition, Medical Payments Coverage for motorcycles is not eligible for cession in the Facility.

The Automobile Committee will be called upon to discuss and/or take appropriate action with regard to this item.

5. Inexperienced Operator Manual Rule

Please find attached (Exhibit C) copy of the revised inexperienced operator manual rule that becomes effective July 1, 2004. Questions have arisen regarding the intent of this rule.

The Automobile Committee will be called upon to discuss and/or take appropriate action with regard to this item.

6. Review of Extended Transportation Coverage Rate Level

The Automobile Committee will be called upon to discuss and/or take appropriate action with regard to the adequacy of the rate level of the Extended Transportation Coverage (Exhibit D).

7. Reorganization of the Automobile Committee

For years, the Automobile Committee has consisted primarily of actuaries. This has eliminated the need for a separate subcommittee to address rating issues. However, because of changes in the Automobile Committee make-up and the increase in "turnover" in representation, it is the recommendation of Rate Bureau Staff to form a Rating Subcommittee. The purpose of the Subcommittee would be to review and to make recommendations to the Automobile Committee regarding rating issues. It is also recommended that the Subcommittee be made up primarily of actuaries and that the Automobile Committee be made up primarily of underwriting and operations representatives.

The Automobile Committee will be called upon to discuss and/or take appropriate action with regard to this item.

8. Any other business which might properly come before the Automobile Committee.

Attached for your review are copies of Anti-trust Guidelines, Conflict of Interest Statement and guidelines to be considered by the Automobile Committee in deciding whether to recommend adoption and filing of individual company proposals (Exhibits E, F and G).

It is important that each member of the Automobile Committee have a representative participate in this meeting. If a member will not be represented, please contact the undersigned as soon as possible.

Very truly yours,

Wayne B. Hinton

Personal Lines Manager

WBH:dp

Enclosures

AC-04-4

2004 Facility Review

<u>Page</u>	
1	Cover Sheet
2-7	Statewide Rate Levels and Notes
8-12	Territory Rate Exhibits
13	Trend Summary
14-15	Annualized Trend
16-18	Summary of Expense Provisions
19-21	Increased Limits Review
22-24	Investment Income
25	Installment Income

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGES

SUMMARY OF STATEWIDE RATE LEVEL INDICATIONS

<u>COVERAGE</u>	<u>TOTAL LIMITS</u> <u>PREMIUM WEIGHT</u>	<u>INDICATED</u> <u>CHANGE</u>
Ceded Liability:		
Bodily Injury (A)	\$331,300	15.1%
Property Damage(A)	260,498	7.6%
Medical Payments	31,948	28.1%
Ceded Total	623,746	12.6%

In Thousands.

(A) Indications are combined for basic and higher limits.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2002

<u>Ceded Business</u>	<u>All Carriers</u>		
	25/50 <u>Bodily Injury</u>	\$15,000 <u>Property Dam.</u>	Total Limits <u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	198,865,341	179,877,365	23,348,467
(2) Loss Development Factor (b)	1.071	1.016	1.081
(3) Developed Losses and ALAE (1)x(2)	212,984,780	182,755,403	25,239,693
(4) Unallocated Loss Adjustment Expense Factor	0.134	0.115	0.134
(5) Unallocated Loss Adjustment Expense (3)x(4)	28,539,961	21,016,871	3,382,119
(6) General and Other Acquisition Expenses (c)	37,526,271	34,925,623	4,083,924
(7) Earned Exposures (a)	1,269,885	1,269,885	733,199
(8) Incurred Claims (a)	39,271	80,090	21,129
(9) Claim Development Factor (d)	0.955	1.008	1.027
(10) Developed Claims (9)x(10)	37,504	80,731	21,699
(11) Average Annual Change in Losses and ALAE	1.7%	1.0%	5.0%
(12) Average Annual Change in Expenses	3.7%	3.7%	3.7%
(13) Years of Trend - Losses and ALAE (e)	3.03	3.03	3.03
(14) Years of Trend - ULAE (f)	3.03	3.03	3.03
(15) Years of Trend - G & OA Expenses (g)	2.75	2.75	2.75
(16) Projected Losses and ALAE (e)	224,059,989	188,420,820	29,252,804
(17) Projected ULAE (f)	31,850,596	23,454,828	3,774,445
(18) Projected Losses and LAE per exposure $[(16)+(17)]/(7)$	201.52	166.85	45.05
(19) Projected G & OA Expenses (g)	41,466,529	38,592,813	4,512,736
(20) Projected Fixed Expenses per exposure $[(19)/(7)]$	32.65	30.39	6.15
(21) Projected Loss, LAE and Expenses Per Exposure $[(18)+(20)]$	234.17	197.24	51.20
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio	0.875	0.875	0.875
(24) Investment Income (i)	3.0%	3.0%	3.0%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure $[(21)/((23)+(24)+(25)-(22))]$	255.92	215.56	55.96
(27) Distributional Adjustment Factor (j)	1.026	1.031	1.786
(28) Required 25/50/15 Base Class Premium $[(26)/(27)]$	249.43	209.08	31.33
(29) Increased Limits Factor from 25/50/15 to 30/60/25	1.070	1.015	
(30) Indicated Total Limits Change		0.6%	
(31) Required 30/60/25 Base Class Premium $[(28)x(29)x(1.0+(30))]$	266.89	213.49	31.33

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2002

- (a) Based on the statistical plan data reported by member companies.
- (b) Loss development factors are based on three-year averages through 63 months of development for Bodily Injury, Property Damage and Medical Payments.
- (c) The general expenses and other acquisition expenses have been calculated to be 5.9% and 7.2%, respectively, of the combined Voluntary and Ceded manual earned premium. These expenses are allocated between the Voluntary and Ceded business based on the Voluntary and Ceded premium distribution.
- (d) Claim development factors are to 63 months for Bodily Injury, Property Damage and Medical Payments.
- (e) Projected losses and allocated loss adjustment expenses =
(13)
 $[(3) \times (1 + (11))^{(13)}]$, where (13) = the number of years of projection from the average date of accident to 7/09/2005.
- (f) Projected unallocated loss adjustment expenses =
(14)
 $[(5) \times (1 + (12))^{(14)}]$, where (14) = the number of years of projection from 7/1/2002 to 7/09/2005.
- (g) Projected general and other acquisition expenses =
(15)
 $[(6) \times (1 + (12))^{(15)}]$, where (15) = the number of years of projection from 7/1/2002 to 4/1/2005.
- (h) Selected value.
- (i) Investment income, (24), is the average rate of investment return as a percent of direct market earned premium Installment Income, (25), is the latest five year average installment income as a percent of direct earned premium.
- (j) Distributional adjustment factor = Average Rate / Base Rate.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2001

<u>Voluntary Business</u>	<u>All Carriers</u>		
	25/50 <u>Bodily Injury</u>	\$15,000 <u>Property Dam.</u>	Total Limits <u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	197,171,918	173,094,053	21,241,915
(2) Loss Development Factor (b)	1.028	1.001	1.025
(3) Developed Losses and ALAE (1)x(2)	202,692,732	173,267,147	21,772,963
(4) Unallocated Loss Adjustment Expense Factor	0.118	0.108	0.118
(5) Unallocated Loss Adjustment Expense (3)x(4)	23,917,742	18,712,852	2,569,210
(6) General and Other Acquisition Expenses (c)	36,030,138	27,899,229	4,142,130
(7) Earned Exposures (a)	1,216,923	1,216,923	691,501
(8) Incurred Claims (a)	35,587	77,309	19,602
(9) Claim Development Factor (d)	0.986	0.998	1.007
(10) Developed Claims (9)x(10)	35,089	77,154	19,739
(11) Average Annual Change in Losses and ALAE	2.0%	1.2%	5.7%
(12) Average Annual Change in Expenses	3.7%	3.7%	3.7%
(13) Years of Trend - Losses and ALAE (e)	4.03	4.03	4.03
(14) Years of Trend - ULAE (f)	4.03	4.03	4.03
(15) Years of Trend - G & OA Expenses (g)	3.75	3.75	3.75
(16) Projected Losses and ALAE (e)	219,516,229	181,757,237	27,216,204
(17) Projected ULAE (f)	27,696,745	21,669,483	2,975,145
(18) Projected Losses and LAE per exposure [((16)+(17))/(7)]	203.15	167.16	43.66
(19) Projected G & OA Expenses (g)	41,290,538	31,972,516	4,746,881
(20) Projected Fixed Expenses per exposure [(19)/(7)]	33.93	26.27	6.86
(21) Projected Loss, LAE and Expenses Per Exposure [(18)+(20)]	237.08	193.43	50.52
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio	0.876	0.876	0.876
(24) Investment Income (i)	3.0%	3.0%	3.0%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure [(21)/((23)+(24)+(25)-(22))]	258.82	211.17	55.15

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2001

- (a) Based on the statistical plan data reported by member companies.
- (b) Loss development factors are based on three-year averages through 63 months of development for Bodily Injury, Property Damage and Medical Payments.
- (c) The general expenses and other acquisition expenses have been calculated to be 5.8% and 6.7%, respectively, of the combined Voluntary and Ceded manual earned premium. These expenses are allocated between the Voluntary and Ceded business based on the Voluntary and Ceded premium distribution.
- (d) Claim development factors are to 63 months for Bodily Injury, Property Damage and Medical Payments.
- (e) Projected losses and allocated loss adjustment expenses =
(13)
 $[(3) \times (1 + (11))^{(13)}]$, where (13) = the number of years of projection from the average date of accident to 7/09/2005.
- (f) Projected unallocated loss adjustment expenses =
(14)
 $[(5) \times (1 + (12))^{(14)}]$, where (14) = the number of years of projection from 7/1/2001 to 7/09/2005.
- (g) Projected general and other acquisition expenses =
(15)
 $[(6) \times (1 + (12))^{(15)}]$, where (15) = the number of years of projection from 7/1/2001 to 4/1/2005.
- (h) Selected value.
- (i) Investment income, (24), is the average rate of investment return as a percent of direct market earned premium. Installment Income, (25), is the latest five year average installment income as a percent of direct earned premium.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2000

<u>Voluntary Business</u>	<u>All Carriers</u>		
	25/50 <u>Bodily Injury</u>	\$15,000 <u>Property Dam.</u>	Total Limits <u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	203,757,832	173,124,372	21,543,420
(2) Loss Development Factor (b)	1.011	1.001	1.010
(3) Developed Losses and ALAE (1)x(2)	205,999,168	173,297,496	21,758,854
(4) Unallocated Loss Adjustment Expense Factor	0.132	0.108	0.132
(5) Unallocated Loss Adjustment Expense (3)x(4)	27,191,890	18,716,130	2,872,169
(6) General and Other Acquisition Expenses (c)	34,033,365	26,096,158	3,886,788
(7) Earned Exposures (a)	1,140,393	1,140,393	641,877
(8) Incurred Claims (a)	37,070	77,755	20,431
(9) Claim Development Factor (d)	0.992	1.000	1.002
(10) Developed Claims (9)x(10)	36,773	77,755	20,472
(11) Average Annual Change in Losses and ALAE	1.2%	0.5%	4.3%
(12) Average Annual Change in Expenses	3.7%	3.7%	3.7%
(13) Years of Trend - Losses and ALAE (e)	5.03	5.03	5.03
(14) Years of Trend - ULAE (f)	5.03	5.03	5.03
(15) Years of Trend - G & OA Expenses (g)	4.75	4.75	4.75
(16) Projected Losses and ALAE (e)	218,771,116	177,629,933	26,893,944
(17) Projected ULAE (f)	32,657,460	22,478,072	3,449,475
(18) Projected Losses and LAE per exposure $[(16)+(17)]/(7)$	220.48	175.47	47.27
(19) Projected G & OA Expenses (g)	40,431,638	31,002,236	4,617,504
(20) Projected Fixed Expenses per exposure $[(19)/(7)]$	35.45	27.19	7.19
(21) Projected Loss, LAE and Expenses Per Exposure $[(18)+(20)]$	255.93	202.66	54.46
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio	0.878	0.878	0.878
(24) Investment Income (i)	3.0%	3.0%	3.0%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure $[(21)/((23)+(24)+(25)-(22))]$	278.79	220.76	59.32

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

STATEWIDE RATE REVIEW
ACCIDENT YEAR ENDED 12/31/2000

- (a) Based on the statistical plan data reported by member companies.
- (b) Loss development factors are based on three-year averages through 63 months of development for Bodily Injury, Property Damage and Medical Payments.
- (c) The general expenses and other acquisition expenses have been calculated to be 5.4% and 7.0%, respectively, of the combined Voluntary and Ceded manual earned premium. These expenses are allocated between the Voluntary and Ceded business based on the Voluntary and Ceded premium distribution.
- (d) Claim development factors are to 63 months for Bodily Injury, Property Damage and Medical Payments.
- (e) Projected losses and allocated loss adjustment expenses =
(13)
 $[(3) \times (1 + (11))^{(13)}]$, where (13) = the number of years of projection from the average date of accident to 7/09/2005.
- (f) Projected unallocated loss adjustment expenses =
(14)
 $[(5) \times (1 + (12))^{(14)}]$, where (14) = the number of years of projection from 7/1/2000 to 7/09/2005.
- (g) Projected general and other acquisition expenses =
(15)
 $[(6) \times (1 + (12))^{(15)}]$, where (15) = the number of years of projection from 7/1/2000 to 4/1/2005.
- (h) Selected value.
- (i) Investment income, (24), is the average rate of investment return as a percent of direct market earned premium Installment Income, (25), is the latest five year average installment income as a percent of direct earned premium.

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	\$184	\$203	\$22
13	287	249	34
14	273	247	32
15	306	247	36
16	252	253	30
17	314	246	37
18	235	222	28
24	224	196	26
25	275	247	32
26	366	208	43
31	277	219	33
32	226	205	27
33	275	180	32
40	352	240	42
41	290	232	34
43	255	181	30
47	274	196	32
51	223	229	26
52	303	271	36

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
TERRITORY RATE LEVEL CHANGES BY COVERAGE

<u>Terr. Code</u>	<u>Description</u>	30/60 <u>B.I.</u>	\$25,000 <u>P.D.</u>	30/60/25 <u>Combined</u>
11	Asheville	13.6%	10.3%	11.8%
13	Durham	13.4%	8.7%	11.2%
14	Greensboro	12.3%	7.9%	10.2%
15	High Point	15.0%	8.3%	11.9%
16	Raleigh	13.0%	7.2%	10.0%
17	Wilmington	12.5%	7.4%	10.2%
18	Winston-Salem	16.3%	9.4%	12.8%
24	Remainder-West	11.4%	7.7%	9.7%
25	Gaston County	11.8%	4.2%	8.1%
26	Remainder-South	13.7%	7.2%	11.2%
31	Small City-East	13.5%	7.9%	11.0%
32	Small City-West	10.2%	6.8%	8.6%
33	Remainder-East	13.2%	8.4%	11.2%
40	Fayetteville	12.8%	8.6%	11.1%
41	Onslow County	9.8%	7.9%	9.0%
43	Craven County	6.3%	4.6%	5.6%
47	Wayne County	9.6%	7.1%	8.5%
51	Mecklenburg County -Remainder	16.1%	12.3%	14.1%
52	Charlotte	13.9%	7.1%	10.6%
	STATEWIDE	12.5%	7.6%	10.3%

The displayed Bodily Injury rate level changes by territory are basic limits changes.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
BODILY INJURY LIABILITY
CALCULATION OF REVISED BASE RATES BY TERRITORY

T E R R I T O R Y	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	EARNED CAR YEARS YR. ENDED 12/31/2002	25/50 LOSS COST 3 YRS ENDED 12/31/2002	DISTRIB. ADJUST. FACTOR	BASE CLASS LOSS COST (2)/(3)	CRED	FORM. BASE CLASS LOSS COST	INDEX (6) TO STATE	30/60 BASE CLASS RATE PRES.	IND.
11	17,518	60.36	0.711	84.89	1.0	84.89	0.642	162	184
13	32,515	106.11	0.738	143.78	1.0	143.78	1.087	253	287
14	35,331	99.43	0.733	135.65	1.0	135.65	1.025	243	273
15	11,438	111.68	0.718	155.54	0.9	154.81	1.170	266	306
16	65,293	86.80	0.702	123.65	1.0	123.65	0.935	223	252
17	24,169	110.93	0.698	158.93	1.0	158.93	1.201	279	314
18	33,353	79.46	0.696	114.17	1.0	114.17	0.863	202	235
24	356,669	71.51	0.663	107.86	1.0	107.86	0.815	201	224
25	28,612	91.74	0.671	136.72	1.0	136.72	1.033	246	275
26	114,132	121.15	0.643	188.41	1.0	188.41	1.424	322	366
31	56,652	96.87	0.701	138.19	1.0	138.19	1.045	244	277
32	108,349	73.61	0.674	109.21	1.0	109.21	0.826	205	226
33	178,664	94.96	0.695	136.63	1.0	136.63	1.033	243	275
40	44,034	129.77	0.718	180.74	1.0	180.74	1.366	312	352
41	26,657	111.58	0.766	145.67	1.0	145.67	1.101	264	290
43	15,401	86.44	0.695	124.37	0.9	125.35	0.948	240	255
47	20,856	94.88	0.696	136.32	1.0	136.32	1.030	250	274
51	7,346	75.42	0.702	107.44	0.7	107.37	0.812	192	223
52	92,096	110.66	0.724	152.85	1.0	152.85	1.155	266	303
SW	1,269,085	90.95	0.687	132.29		132.29			

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
PROPERTY DAMAGE LIABILITY
CALCULATION OF REVISED BASE RATES BY TERRITORY

T E R R I T O R Y	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	EARNED CAR YEARS YR. ENDED 12/31/2002	\$15,000 LOSS COST 3 YRS ENDED 12/31/2002	DISTRIB. ADJUST. FACTOR	BASE CLASS LOSS COST (2) / (3)	CRED	FORM. BASE CLASS LOSS COST	INDEX (6) TO STATE	\$25,000 BASE CLASS RATE PRES.	IND.
11	17,518	86.38	0.793	108.93	1.0	108.93	0.944	184	203
13	32,515	112.15	0.813	137.95	1.0	137.95	1.195	229	249
14	35,331	110.15	0.806	136.66	1.0	136.66	1.184	229	247
15	11,438	105.65	0.774	136.50	1.0	136.50	1.182	228	247
16	65,293	109.27	0.778	140.45	1.0	140.45	1.217	236	253
17	24,169	103.98	0.766	135.74	1.0	135.74	1.176	229	246
18	33,353	93.05	0.769	121.00	1.0	121.00	1.048	203	222
24	356,669	77.77	0.744	104.53	1.0	104.53	0.905	182	196
25	28,612	97.95	0.716	136.80	1.0	136.80	1.185	237	247
26	114,132	82.13	0.732	112.20	1.0	112.20	0.972	194	208
31	56,652	91.65	0.771	118.87	1.0	118.87	1.030	203	219
32	108,349	83.21	0.756	110.07	1.0	110.07	0.953	192	205
33	178,664	71.82	0.761	94.38	1.0	94.38	0.817	166	180
40	44,034	106.04	0.803	132.05	1.0	132.05	1.144	221	240
41	26,657	105.49	0.830	127.10	1.0	127.10	1.101	215	232
43	15,401	72.83	0.767	94.95	1.0	94.95	0.822	173	181
47	20,856	80.96	0.774	104.60	1.0	104.60	0.906	183	196
51	7,346	98.55	0.785	125.54	1.0	125.54	1.087	204	229
52	92,096	118.88	0.785	151.44	1.0	151.44	1.312	253	271
SW	1,269,085	88.20	0.764	115.45		115.45			

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NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
MEDICAL PAYMENTS

CALCULATION OF REVISED BASE RATES BY TERRITORY

(5) Terr	(6) MP Exp	(7) Pres. MP Rate	(8) Rev BI Rate	(9) BI CP Offset	(10) Rev MP Rate	(11) Rev. Base Class Premium	(12) Rev. T/L MP Rate	(13) Pres. T/L MP Rate	(14) Terr % Change
11	6,297	17	184	1,000	22	138,534	39.82	30.77	29.4%
13	15,276	26	287	1,000	34	519,384	61.54	47.06	30.8%
14	16,044	25	273	1,000	32	513,408	57.92	45.25	28.0%
15	4,955	27	306	1,000	36	178,380	65.16	48.87	33.3%
16	36,438	23	252	1,000	30	1,093,140	54.30	41.63	30.4%
17	10,590	28	314	1,000	37	391,830	66.97	50.68	32.1%
18	14,426	21	235	1,000	28	403,928	50.68	38.01	33.3%
24	216,338	21	224	1,000	26	5,624,788	47.06	38.01	23.8%
25	11,049	25	275	1,000	32	353,568	57.92	45.25	28.0%
26	73,436	33	366	1,000	43	3,157,748	77.83	59.73	30.3%
31	38,105	25	277	1,000	33	1,257,465	59.73	45.25	32.0%
32	59,111	21	226	1,000	27	1,595,997	48.87	38.01	28.6%
33	140,324	25	275	1,000	32	4,490,368	57.92	45.25	28.0%
40	16,599	32	352	1,000	42	697,158	76.02	57.92	31.3%
41	8,957	27	290	1,000	34	304,538	61.54	48.87	25.9%
43	9,520	24	255	1,000	30	285,600	54.30	43.44	25.0%
47	14,439	26	274	1,000	32	462,048	57.92	47.06	23.1%
51	4,101	20	223	1,000	26	106,626	47.06	36.20	30.0%
52	36,607	27	303	1,000	36	1,317,852	65.16	48.87	33.3%
	732,612					22,892,360			28.1%

- (1) Average Medical Payments Increased Limits Factor
- (2) % Medical Payments loss costs of Bodily Injury loss costs. Used to iteratively determine statewide base class rate.
- (3) Revised base class Medical Payments rate. Sum of column (11) / Sum of column (6).
- (4) Target base class rate.
- (5) Territory.
- (6) Medical Payments exposures by territory.
- (7) Present \$500 Medical Payments rate.
- (8) Revised 30/60 Bodily Injury rate.
- (9) BI Class Plan Offset.
- (10) Revised \$500 Medical Payments rate. (8) x (2).
- (11) Revised base class Medical Payments Premium. (6) x (10) / (9).
- (12) Revised total limits Medical Payments rate. (10) x (1).
- (13) Present total limits Medical Payments rate. (7) x (1).
- (14) Territory percent change (12) / (13) / (9).

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
Development of Annualized Trend
for 2000 and 2001

	(1) Calendar Year	(2) Claim Cost Change (a)	(3) Claim Frequency Change (b)	(4) Current Cost Factor (c)	(5) 2002 Trend Factor	(6) Annualized Trend (d)
Bodily Injury	2000	1.033	0.975	1.007	1.017	1.012
	2001	1.002	1.026	1.028	1.017	1.020
	2002	1.000	1.000	1.000	1.017	1.017
Property Damage	2000	1.034	0.961	0.994	1.010	1.005
	2001	1.020	1.000	1.020	1.010	1.012
	2002	1.000	1.000	1.000	1.010	1.010
Medical Payments	2000	1.103	0.966	1.065	1.050	1.043
	2001	1.064	1.014	1.079	1.050	1.057
	2002	1.000	1.000	1.000	1.050	1.050

(a) 2000 Claim Cost Change = (2002 Claim Cost) / (2000 Claim Cost).
2001 Claim Cost Change = (2002 Claim Cost) / (2001 Claim Cost).

(b) 2000 Claim Frequency Change = (2002 Claim Frequency) / (2000 Claim Frequency). 2001 Claim Frequency Change = (2002 Claim Frequency) / (2001 Claim Frequency).

(c) Current Cost Factor = Column (2) * Column (3)

(d) Annualized Trend for 2000 and 2001

$$= [(COL(5))^m \times (COL(4))^{(1/n)}]$$

where m is the number of years of projection of the 2001 trend factor from 7/1/2002 to 7/09/2005, 3.03, Col (4) represents the Current Cost Factor to 7/1/2002, and n represents the number of years of projection for a given prior year, 4.03 for 2001 and 5.03 for 2000.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
Development of Annualized Trend
for 2000 and 2001

Coverage	(1) Year Ended	(2) Paid Claim Cost (a)	(3) Claim Frequency (b)
Bodily Injury	2000	\$ 5,985	1.60
	2001	6,170	1.52
	2002	6,180	1.56
Property Damage	2000	\$ 2,541	3.89
	2001	2,576	3.74
	2002	2,628	3.74
Medical Payments	2000	\$ 1,464	1.45
	2001	1,518	1.38
	2002	1,615	1.40

(a) Paid Claim Cost for all liability coverages is All Carrier trend data.

(b) Incurred Claim Frequency for all liability coverages is based on All Carrier developed statistical plan data.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
SUMMARY OF 2002 EXPENSE PROVISIONS

	Ceded Liability (a)
Commission + Brokerage	10.0%
Taxes, Licenses and Fees	2.5
Underwriting Profit	-
Contingencies	0.0
Total	12.5
Losses, Loss Adj. Expenses, Gen. Admin. Expenses and Other Acquis. Expenses	87.5
Loss Adjustment Expense	
Bodily Injury & Medical Payments	13.4
Property Damage	11.5
General Administration	5.9
Other Acquisition Expenses	7.2

(a) For use with 12/31/2002 Liability data.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
SUMMARY OF 2001 EXPENSE PROVISIONS

	Ceded Liability (a)
Commission + Brokerage	10.0%
Taxes, Licenses and Fees	2.4
Underwriting Profit	-
Contingencies	0.0
Total	12.4
Losses, Loss Adj. Expenses, Gen. Admin. Expenses and Other Acquis. Expenses	87.6
Loss Adjustment Expense	
Bodily Injury & Medical Payments	11.8
Property Damage	10.8
General Administration	5.8
Other Acquisition Expenses	6.7

(a) For use with 12/31/2001 Liability data.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
SUMMARY OF 2000 EXPENSE PROVISIONS

	Ceded Liability (a)
Commission + Brokerage	10.0%
Taxes, Licenses and Fees	2.2
Underwriting Profit	-
Contingencies	0.0
Total	12.2
Losses, Loss Adj. Expenses, Gen. Admin. Expenses and Other Acquis. Expenses	87.8
Loss Adjustment Expense	
Bodily Injury & Medical Payments	13.2
Property Damage	10.8
General Administration	5.4
Other Acquisition Expenses	7.0

(a) For use with 12/31/2000 Liability data.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE

SUMMARY OF INCREASED LIMITS FACTORS

Bodily Injury Increased Limits Factors

<u>Policy Limit</u>	(1)	(2)	(3)	(4)
	Current ILF <u>25/50 Base</u>	Current ILF <u>30/60 Base</u>	Indicated Increased <u>Limits Factor</u>	Indicated Increased Limits Factor on <u>a 30/60 base</u>
25/50	1.000		1.00	
30/60	1.050	1.00	1.07	1.00
50/100	1.200	1.14	1.27	1.19
100/100	1.310	1.25	1.42	1.33
100/200	1.370	1.30	1.51	1.41
100/300	1.390	1.32	1.53	1.43
300/300	1.580	1.50	1.79	1.67
250/500	1.600	1.52	1.82	1.70
500/1000	1.750	1.67	2.03	1.90
1000/1000	1.850	1.76	2.16	2.02
1000/2000	1.900	1.81	2.23	2.08

(3) = $[(1) - 1.00] \times 1.369 + 1.00$ where +36.9 is the indicated change to excess increments.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF TOTAL LIMITS CHANGES

North Carolina Year Ending 12/31/2002
Ceded Bodily Injury

Limit Of Liability	(1) Written Premium	(2) 30/60 Current ILF	(3) (1)/(2) 25/50 Premium	(4) 30/60 Revised ILF	(5) (3)x(4) T/L Premium	(6) (5)/(1) Percent Change
30/60	147,940,030	1.00	147,940,030	1.00	147,940,030	0.0%
50/100	45,681,467	1.14	40,071,462	1.19	47,685,040	4.4%
100/300	38,651,236	1.32	29,281,239	1.43	41,872,172	8.3%
Over 100/300	757,974	1.52	498,667	1.70	847,734	11.8%
All Other	4,734,475	1.070	4,424,743	1.094	4,840,669	2.2%
	237,765,182		222,216,141		243,185,645	2.3%

NORTH CAROLINA
REVIEW OF PROPERTY DAMAGE INCREASED LIMITS

Ceded Business	12/31/2000	12/31/2001	12/31/2002	3 Years Combined
(1) Basic limits losses (a) (b)	173,124,372	173,094,053	179,877,365	526,095,790
(2) Basic limits loss dev. Factor	1.001	1.001	1.016	
(3) Basic limits losses, developed (1)x(2)	173,297,496	173,267,147	182,755,403	529,320,046
(4) Total limits losses (b)	176,011,216	177,953,170	184,753,407	538,717,793
(5) Total limits loss dev. factor	1.000	1.000	1.014	
(6) Total limits losses, developed (4)x(5)	176,011,216	177,953,170	187,339,955	541,304,341
(7) Indicated average increased limits factor (6) / (3)	1.016	1.027	1.025	1.023
(8) Average increased limits factor	1.015	1.018	1.019	1.017 (c)
(9) Indicated change to excess limits increments {[(7)-1]/[(8)-1]}-1				35.3%
(10) Indicated total limits change {(7)/(8)}-1				0.6%

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- (a) Basic limits are \$15,000.
- (b) Based on the statistical plan data reported by member companies.
- (c) Three Year Average

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1.	Direct Earned Premium for Accident Year Ended 12/31/2002	\$623,746,514
2.	Mean Unearned Premium Reserve 0.278 x (1)	173,401,531
3.	Deduction for Prepaid Expenses	
	Commission and Brokerage Expense	10.00%
	Taxes, Licenses and Fees	2.08%
	50% of Other Acquisition Expense	3.60%
	50% of Company Operating Expense	2.95%
	Total	18.63%
4.	(2) x (3)	32,304,705
5.	Net Subject to Investment (2) - (4)	141,096,826

B. Delayed Remission of Premium (Agents' Balances)

1.	Direct Earned Premium (A-1)	\$623,746,514
2.	Average Agents' Balances	0.149
3.	Delayed Remission (1) x (2)	92,938,231

C. Loss Reserve

1.	Direct Earned Premium (A-1)	\$623,746,514
2.	Expected Incurred Losses and Loss Adjustment	482,779,802
	0.774 x (1)	
3.	Expected Mean Loss Reserves 0.902 x (2)	435,467,381
D.	Net Subject to Investment (A-5) - (B-3) + (C-3)	483,625,976

E. Average Rate of Return 3.93%

F. Investment Earnings on Net Subject to Investment (D) x (E) 18,991,992

G. Average Rate of Return as a Percent of Direct Earned Premium 3.04%
(F) / (A-1)

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NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/2002 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/2002	\$1,957,059,172
2. Unearned Premium Reserve as of 12/31/2001	529,221,396
3. Unearned Premium Reserve as of 12/31/2002	557,203,755
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	543,212,576
5. Ratio (4) ÷ (1)	0.278

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of Private Passenger Automobile Liability insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 2002 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 14.5% of net written premiums. The 14.5% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .149 (.145 x 1.031 = .149).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 2001 and 2002 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2001	\$1,410,205,014
2. Incurred Losses for Calendar Year 2002	1,388,594,207
3. Loss Reserves as of 12/31/2000	1,213,324,628
4. Loss Reserves as of 12/31/2001	1,269,542,424
5. Loss Reserves as of 12/31/2002	1,276,839,223
6. Mean Loss Reserve 2001: 1/2 [(3) + (4)]	1,241,433,526
7. Mean Loss Reserve 2002: 1/2 [(4) + (5)]	1,273,190,824
8. Ratio (6) ÷ (1)	0.880
9. Ratio (7) ÷ (2)	0.917
10. Loss Reserve: 1/2 [(8) + (9)]	0.899
11. Ratio of LAE Reserves to Loss Reserves (a)	0.204
12. Ratio of Incurred LAE to Incurred Losses (a)	0.2
13. Loss and LAE Reserve [(10)x(1.0+(11))]/(1.0+(12))]	0.902

(a) Based on 2002 All-Industry Insurance Expense Exhibit (source: A.M. Best)

NORTH CAROLINA

PRIVATE PASSENGER INSTALLMENT PAYMENT INCOME

Year	Inst. Charges	Liability Written Premium	Phy. Dam. Written Premium	Total Premium	Inst. Charges as a % of Prem.
1993	9,952	1,464,281	687,127	2,151,408	0.5%
1994	9,623	1,553,393	786,552	2,339,945	0.4%
1995	16,428	1,761,893	803,003	2,564,896	0.6%
1996	23,552	1,823,594	920,020	2,743,614	0.9%
1997	25,670	1,850,184	1,213,426	3,063,610	0.8%
1998	26,860	1,880,844	1,330,395	3,211,239	0.8%
1999	32,058	1,873,493	1,427,542	3,301,035	1.0%
2000	32,936	1,758,477	1,484,735	3,243,212	1.0%
2001	38,858	1,893,769	1,571,089	3,464,858	1.1%
2002	36,805	1,985,194	1,743,154	3,728,348	1.0%
Latest 5 years:	167,517	9,391,777	7,556,915	16,948,692	1.0%

(in thousands)

Installment fees increased from \$2 to \$3 effective 1/1/95.

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MEMBERS PRESENT DURING THE APRIL 21, 2004
MEETING OF THE AUTOMOBILE COMMITTEE

Automobile Committee Members Present

Allstate Insurance Company
Steve Armstrong - Senior Actuary

GEICO Indemnity Corporation
Tom McNicholas - GEICO Direct Military Center Manager

Integon Indemnity Corporation
Robert Solomonic - Actuary

Kemper Auto and Home Insurance
Amy Brown, Regional Product Manager

Liberty Mutual Insurance Company
Jeff Woodcock - Actuary

Nationwide Mutual Insurance Company
Doug Eland, Sr. Actuary

N. C. Farm Bureau Mutual Insurance Company
Roger Batdorff - Manager, Actuarial & Research

Progressive Casualty Company
Jerry Rett - Senior Product Manager
Andrew Rose - Product Manager

Royal & Sun Alliance
Eric Schauer - Regional Field Director - Consumer Division

State Farm Mutual Automobile Insurance
Kathy Popejoy - Actuary, Pricing Director

United Services Automobile Association
Tim Ungashick - AVP Auto Pricing

Others Present

Insurance Services Office
Dave DeNicola - Actuarial Associate Sr.
Pat Woods - Assistant Vice President

Milliman USA
Dave Appel, Ph.D - Director, Economics Consulting

Young, Moore & Henderson
Mickey Spivey - Counsel
Mike Strickland - Counsel

North Carolina Rate Bureau
Ray Evans - General Manager
Wayne Hinton - Automobile Manager
Tim Lucas - Personal Lines Manager



MINUTES OF THE MEETING OF THE AUTOMOBILE COMMITTEE OF THE NORTH
CAROLINA RATE BUREAU HELD ON APRIL 21, 2004

MEMBERS PRESENT

Allstate Insurance Company
GEICO Indemnity Company
Hartford Fire Insurance Company
Integon Indemnity Corporation
Liberty Mutual Insurance Company
Kemper Auto and Home
Nationwide Mutual Insurance Company
N. C. Farm Bureau Mutual Insurance Company
Progressive Casualty Company

Royal & Sun Alliance
State Farm Mutual Automobile Ins Company
Travelers Indemnity Company
United Services Automobile Association

REPRESENTED BY

Steve Armstrong
Tom McNicholas
Jamie Mathews
Robert Solomonick
Jeff Woodcock*
Amy Brown
Doug Eland
Roger Batdorff
Jerry Rett
Andrew Rose
Eric Schauer
Kathy Popejoy
Mike Fitzgerald
Tim Ungaschick

OTHERS PRESENT

Insurance Services Office

Miller, Herbers, Lehmann & Assoc., Inc.
Young, Moore & Henderson

Staff

REPRESENTED BY

Dave DeNicola*
Pat Woods*
Dave Appel
Mickey Spivey
Mike Strickland
Wayne Hinton
Tim Lucas

* Participated by telephone

The meeting convened as scheduled, Mr. Steve Armstrong presiding.

Attention was directed to the Anti-Trust Guidelines and Conflict of Interest Statement.

1. Report of Counsel

A. 2001 Private Passenger Automobile Rate Filing

Mr. Spivey reported on the status of the Rate Bureau's 2001 non-fleet private passenger auto insurance rate filing case, stating that the briefs have been filed with

the Supreme Court and that oral arguments are scheduled for May 10, 2004.

B. 2002 Private Passenger Automobile Rate Filing

Mr. Spivey reported on the status of the Rate Bureau's 2002 non-fleet private passenger auto insurance filing case stating (1) that the briefs have been prepared and filed with the North Carolina Court of Appeals; (2) that the primary issues are the same as the 2001 case; and (3) that there is an additional issue regarding the lack of an effective date in the Commissioner's Order; (4) that oral arguments could be scheduled for early summer.

C. 2004 Private Passenger Automobile Rate Filing and Territory Definition Filing

Mr. Spivey reported that the Commissioner of Insurance has scheduled a public hearing to begin on July 26, 2004 regarding the Rate Bureau's 2004 non-fleet private passenger auto insurance rate filing and the Rate Bureau's territory definition filing. Mr. Spivey stated that the Commissioner of Insurance has indicated that the two filings would be heard together but would be subject to separate orders.

D. Safe Driver Insurance Plan - Class Action

Mr. Spivey briefed the Committee on the developments of the pending class action suit that challenges certain aspects of the North Carolina Safe Driver Insurance plan. He stated that among the defendants named are the Rate Bureau, the Commissioner of Insurance and 750 John Does that are purported to represent the companies writing automobile insurance in North Carolina. Mr. Spivey stated that the defendants had moved to dismiss the action as to John Doe defendants and the motion was pending in the Wake County Superior Court. He also noted that there was a motion pending to have the case designated as a special case and have a single judge assigned to the case.

2. Report of Staff

A. Homeowner 2000 Policy Program

Mr. Lucas stated that the HO 2000 Policy Program filing has been disapproved by the Department of Insurance and that there are no indications as to when the filing may be approved in the future.

B. 2004 Homeowner Rate Review

Mr. Lucas stated that, following discussions with the Department of Insurance regarding a possible settlement of various issues in a proposed Homeowners rate filing, the Department of Insurance has indicated that they are not interested in such a settlement at this time. He also indicated that the Governing Committee had expressed some reluctance to make the filing given the uncertainty of the Department's position, and therefore the Bureau has not made the filing.

3. Private Passenger Automobile Insurance Rates - Other Than "Clean Risks" Ceded To The Facility

Attention was directed to exhibits that were prepared by Insurance Services Office Staff which included (1) preliminary rate level indications for private passenger automobile insurance for other than "clean risks" ceded to the Reinsurance Facility; (2) a summary of expense provisions; (3) trend information; and (4) investment income information.

Mr. DeNicola reviewed the exhibits stating (1) that a number of inputs in the calculations were the same as those used in the voluntary filing made on February 2, 2004 with the Department of Insurance, including the loss and expense trends, the expense provisions and the increased limits factors; (2) that the review includes experience for both "clean risks" and other than "clean risks" ceded to the Facility; (3) that the preliminary indications assume an effective date of October 1, 2004; and (4) that the data used in the calculations include data through calendar year 2002. He noted that the investment yield used in the State X calculation was 3.93% and that it had been obtained from the Facility's portfolio manager.

During the discussion, Mr. Woods noted with respect to the expense provisions that past reviews assumed that member companies, when adjusting their premium to the manual level on the Bureau's expense call, adjusted all of their ceded premium to the Facility other than "clean risk" base rate. However, while preparing this review, a question has been raised as to whether that assumption was correct. There was considerable discussion regarding this matter and it was agreed to schedule a telephone conference to continue the discussions.

There was considerable discussion regarding the loss and expense trends. Since there is another quarter of trend data available this week and since the Committee would be continuing discussions on another matter related to the

filing, it was agreed to review the trend selections in light of the additional quarter of data. Mr. DeNicola agreed to send the trend data to the Committee.

There was also discussion regarding the timing of the filing. It was noted that, given an effective date of October 1, the revised rates should be distributed to the companies no later than July 1.

4. Motorcycle Medical Payments

Attention was directed to a copy of the Personal Auto Policy, NC 00 01, the Amendatory Endorsement, NC 03 23 and a copy of the Personal Auto Manual rule regarding motorcycles.

Mr. Lucas stated (1) that according to the Amendatory Endorsement, medical payments coverage is available for a motorcycle but that there appears to be no rate published in the manual; and (2) that the only medical payments rate published in the manual was that for a private passenger auto.

During the discussion, counsel reviewed the applicable statutes and indicated that there is a question as to whether medical payments coverage for motorcycles is under the Rate Bureau jurisdiction.

Following discussion, it was agreed that counsel would continue their research and report their findings during the next meeting.

5. Inexperienced Operator Manual Rule

Attention was directed to the revised inexperienced operator manual rule which becomes effective July 1, 2004.

Mr. Lucas stated (1) that a company recently questioned how the change in the inexperienced operator manual rule affects the way the company handles inexperienced operators and what the intent of the Rate Bureau was when changing this rule; and (2) that Rate Bureau staff is seeking guidance from the Committee on those issues.

During the discussion, it was noted (1) that the reason for the change was to close potential loopholes which allowed policyholders to present fictitious drivers licenses as proof of the number of years of driving experience; and (2) that it was not the intent that companies would have to modify their current procedures for obtaining or maintaining documentation of the number of years of driving experience but rather that this change would put any additional burden on the

policyholder to provide verifiable proof of the number of years driving experience.

6. Extended Transportation Coverage Rate Level

Mr. Lucas stated (1) that a member company has requested that the Rate Bureau review the adequacy of the Extended Transportation Coverage rate level; (2) that he requested Insurance Services Office (ISO) to review the statistical data and report their findings; and (3) that ISO is in the process of reviewing the data and would report back to the Committee with their findings.

7. UM/UIM Selection/Rejection Form

Mr. Lucas reported on the status of attempts to address the issue with the UM/UIM selection/rejection form created by the Erie v. Miller Court of Appeals opinion. Following discussion, the consensus was that withdrawing the current forms is not a good option for any company and that the goal is to get a new, additional form in place and leave the existing forms in place as well. Mr. Lucas was requested to continue working with the Department on this matter.

8. Reorganization of the Automobile Committee

Mr. Lucas reviewed the Automobile Committee structure and stated that Rate Bureau staff suggests that the Committee consider reorganizing its structure to track that of the Property Committee, where the Property Committee consists primarily of underwriters and operations representatives and there is a Rating Subcommittee that is made up of actuaries.

Following discussion, it was agreed to leave the structure as it is and that Rate Bureau staff begin sending a more detailed agenda to the Committee so that the representatives can discuss the items with others within the company before discussing with the Committee.

9. Next Meeting

Mr. Armstrong reviewed the issues remaining to be discussed in the next meeting, and the Commissioner agreed to hold a telephone conference on Monday, May 3, 2004 at 1:00 EDT.

10. Adjournment

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Wayne B. Hinton

Automobile Manager

WBH:dp

6/15/04

AC-04-8

MEMBERS PARTICIPATING DURING THE MAY 3, 2004
TELEPHONE CONFERENCE OF THE AUTOMOBILE COMMITTEE

Automobile Committee Members Participating

Allstate Insurance Company

Steve Armstrong - Senior Actuary

GEICO Indemnity Corporation

Tom McNicholas - GEICO Direct Military Center Manager

Integon Indemnity Corporation

Art Lyon - Executive Consultant

Kemper Auto and Home Insurance

Amy Brown, Regional Product Manager

Nationwide Mutual Insurance Company

Doug Eland, Sr. Actuary

N. C. Farm Bureau Mutual Insurance Company

Roger Batdorff - Manager, Actuarial & Research

Progressive Casualty Company

Jerry Rett - Senior Product Manager

Royal & Sun Alliance

Eric Schauer - Regional Field Director - Consumer Division

State Farm Mutual Automobile Insurance

Kathy Popejoy - Actuary, Pricing Director

Travelers Indemnity Company

David Johnson - Personal Lines

United Services Automobile Association

Tim Ungashick - AVP Auto Pricing

Others Participating

Insurance Services Office

Dave DeNicola - Actuarial Associate Sr.

Pat Woods - Assistant Vice President

Young, Moore & Henderson

Mickey Spivey - Counsel

Mike Strickland - Counsel

North Carolina Rate Bureau

Jannet Barnes - Manager - Compliance

Edith Davis - Director, Operations

Ray Evans - General Manager

Wayne Hinton - Automobile Manager

Tim Lucas - Personal Lines Manager



D R A F T

MINUTES OF THE TELEPHONE CONFERENCE OF THE AUTOMOBILE COMMITTEE OF
THE NORTH CAROLINA RATE BUREAU HELD MAY 3, 2004

MEMBERS PARTICIPATING

Allstate Insurance Company
GEICO Indemnity Company
Integon Indemnity Corporation
Liberty Mutual Insurance Company
Kemper Auto and Home
Nationwide Mutual Insurance Company
N. C. Farm Bureau Mutual Insurance Company
Progressive Casualty Company
Royal & Sun Alliance
State Farm Mutual Automobile Ins Company
Travelers Indemnity Company
United Services Automobile Association

REPRESENTED BY

Steve Armstrong
Tom McNicholas
Art Lyon
Jeff Woodcock
Amy Brown
Doug Eland
Roger Batdorff
Jerry Rett
Eric Schauer
Kathy Popejoy
David Johnson
Tim Ungaschick

OTHERS PARTICIPATING

Insurance Services Office

Young, Moore & Henderson

Staff

REPRESENTED BY

Dave DeNicola
Pat Woods
Mickey Spivey
Mike Strickland
Jannet Barnes
Edith Davis
Wayne Hinton
Tim Lucas

The meeting convened as scheduled, Mr. Armstrong presiding.

Attention was directed to the Anti-Trust Guidelines and Conflict of Interest Statement.

1. Revised Facility Indications/Trends

Mr. Armstrong stated that, during the last meeting, the Committee had (1) reviewed preliminary rate level indications for other than "clean risks" ceded to the Reinsurance Facility; (2) discussed how member companies report their ceded clean risk premium on the Rate Bureau's expense call; and (3) requested that Mr. Woods re-calculate the indications

using the revised calculation of expenses discussed during the meeting.

Mr. Woods reviewed the calculations and explained the revisions to the expense provisions. Following discussion, the Committee agreed that the revised calculations were appropriate.

Attention was directed to the latest loss and expense trend data. There was lengthy discussion regarding the new quarter of trend data. Following discussion, the Committee selected a property damage frequency trend factor of 0.0% and an expense trend factor of 3.3% and, for the remaining trend factors, agreed to use the factors selected and used in the voluntary filing.

Following discussion, a motion was made, seconded and passed unanimously to recommend to the Board of Governors that a filing be made for Other Than "Clean Risks" ceded to the Facility using the data reviewed and various factors selected by the Committee.

2. Motorcycle Medical Payment

It was noted that, during the last meeting of the Automobile Committee, counsel was requested to review the Statutes and advise if medical payment coverage for motorcycle is under the Rate Bureau's jurisdiction. Mr. Strickland stated that it appears that medical payments coverage may not be under the Rate Bureau's jurisdiction but that additional research is needed before counsel would be in a position to make a recommendation.

3. Extended Transportation Coverage

Mr. Lucas requested that members of the Committee contact the Rate Bureau individually if they were writing Extended Transportation coverage.

4. UM/UIM Selection Rejection Form

Mr. Lucas stated (1) that the Personal Automobile Policy Subcommittee met to form a recommendation as to how to proceed in filing a new UM/UIM Selection/Rejection Form; (2) that following discussion, the Subcommittee suggested several changes to the proposed draft filing letter; and (3) that it was the recommendation of the Subcommittee to continue to negotiate with the Department of Insurance but that the Rate Bureau should not withdraw the current Selection/Rejection Forms.

Following discussion, the Committee accepted the report of the Subcommittee and agreed that the current forms should not be withdrawn.

5. Report of Counsel

Mr. Spivey stated that the oral arguments before the Court of Appeals on the 2002 Private Passenger Automobile rate filing would be held on June 8, 2004.

6. 2003 Territory Definition Filing

Counsel reported to the Committee that exhibits in the Territory Definition Filing may need to be amended due to an error in the exposure counts. Counsel reported that Mr. Miller advised that the error did not materially affect the selected territory definitions and that no changes in the filed territory definitions were recommended.

7. Adjournment

There being no further business, the telephone conference was adjourned.

Respectfully Submitted,

Wayne B. Hinton

Automobile Manager

WBH:dp

6/28/04

AC-04-9

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**NORTH CAROLINA STATISTICAL
CODING SHEET**

PRIMARY CLASSIFICATION CODES*

No Inexperienced Operators

Vehicle Use	Single Car Risk or Multi-Car Risk With No Discount	Multi-Car Discount
Pleasure	1141	1142
Work – Less Than 10	1161	1162
Work – 10 or More	1171	1172
Business	1181	1182
Farm	1191	1192

Inexperienced Operators

Years of Driving Experience	Vehicle Use	Principal Operator		Occasional Operator	
		Single Car Risk or Multi-Car Risk With No Discount	Multi-Car Discount	Single Car Risk or Multi-Car Risk With No Discount	Multi-Car Discount
Less Than 1 Year	Pleasure	1241	1242	1341	1342
	Work – Less Than 10	1261	1262	1361	1362
	Work – 10 or More	1271	1272	1371	1372
	Business	1281	1282	1381	1382
	Farm	1291	1292	1391	1392
Less Than 2 Year	Pleasure	1441	1442	1541	1542
	Work – Less Than 10	1461	1462	1561	1562
	Work – 10 or More	1471	1472	1571	1572
	Business	1481	1482	1581	1582
	Farm	1491	1492	1591	1592
Less Than 3 Years	Pleasure	1641	1642	1741	1742
	Work – Less Than 10	1661	1662	1761	1762
	Work – 10 or More	1671	1672	1771	1772
	Business	1681	1682	1781	1782
	Farm	1691	1692	1791	1792

* Each code must have as the fifth and sixth digits the applicable Safe Driver Insurance Plan code.
For complete coding requirements, refer to the Statistical Plan.

1. DEFINITIONS

- A. 1.** A private passenger auto is a four wheel motor vehicle, other than a truck type or van, owned or leased under contract for a continuous period of at least six months, and
- Not used as a public or livery conveyance for passengers.
 - Not rented to others.
- 2.** A motor vehicle that is a pickup truck or van shall be considered a private passenger auto, if it:
- Is owned by an individual or by a husband and wife or individuals who are residents of the same household,
 - Has a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 lbs.; and
 - Is not used for the delivery or transportation of goods or materials unless such use is:
 - Incidental to the insured's business of installing, maintaining or repairing furnishings or equipment; or
 - For farming or ranching.
- A pickup truck or van used in the business of the United States Government, by an employee of the Government, shall be considered a private passenger auto only if:
- It meets the conditions in **a.**, **b.** and **c.** above; and
 - Coverage is limited in accordance with the federal employees using autos in government business endorsement.
- 3.** A motor vehicle owned by a farm family co-partnership, or farm family corporation shall be considered a private passenger auto owned by an individual, if:
- It is principally garaged on a farm or ranch, and
 - It otherwise meets the definitions in Paragraphs 1. and 2. above.
- B.** AUTO as used in this manual refers to a private passenger auto or a vehicle considered as a private passenger auto.
- C.** LIABILITY as used in this manual refers only to Bodily Injury and Property Damage Coverages.
- D.** COMPREHENSIVE COVERAGE as used in this manual refers to other than collision damage to a motor vehicle.
- E.** OWNED as used in this manual includes an auto leased under contract for a continuous period of at least six months. If an auto lease contract requires the lessee to provide primary insurance for the lessor, attach the applicable endorsement.
- F.** REFER TO COMPANY means that North Carolina Risks shall be referred by the company to the North Carolina Rate Bureau.

2. PERSONAL AUTO POLICY – ELIGIBILITY

- A.** A Personal Auto Policy shall be used to afford coverage to private passenger autos and motor vehicles considered as private passenger autos in Rule 1., if:
- They are written on a specified auto basis, and
 - They are owned by an individual or by a husband and wife who are residents in the same household.
- B.** A Personal Auto Policy shall be used to afford coverage to private passenger autos that are owned jointly by two or more individuals other than husband and wife, if:
- They are written on a specified auto basis, and
 - Coverage is limited in accordance with the applicable endorsement.
- C.** A Personal Auto Policy shall be used to afford coverage to motorcycles, golfcarts or other similar type vehicles and snowmobiles not used for commercial purposes, if:
- They are written on a specified vehicle basis, and
 - Coverage is limited in accordance with the applicable endorsement.
- D.** A Personal Auto Policy shall be used to afford coverage to a named individual who does not own an auto. The applicable endorsement must be attached.
- E.** A Personal Auto Policy shall be used to afford coverage to private passenger autos not owned by a natural person and not rated as part of a fleet. The applicable endorsement must be attached.
- F.** A Personal Auto Policy may be used to afford coverage to five or more four-wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household if the autos are not used for business use, other than farming or ranching.

Exceptions

Exposures in **A.**, **B.**, **C.**, or **E.** above may be written under a commercial auto policy when combined with a commercial risk.

Exposures in **F.** above may be written under a commercial auto policy.

3. PREMIUM DETERMINATION

- A.** For 1971-1982 model year sports cars identified in the Symbol Section as "s", the applicable symbol shall be one less than that shown.
- B.** Bodily Injury Liability, Property Damage Liability, Medical Payments, Fire, Theft, Combined Additional Coverage, Comprehensive and Collision premiums are determined as follows:

3. PREMIUM DETERMINATION (Cont'd)

1. Refer to the Classification Rule to determine the applicable Primary Classification, Rating Factor and the Single or Multi-Car and Inexperienced Operator Rating Factor and Statistical Codes.

Add these rating factors to determine the Combined Rating Factor applicable to each auto.

2. Refer to the Safe Driver Insurance Plan Rule to determine the Driving Record Surcharge Premium applicable to each coverage for each auto.

For autos not eligible for SDIP:

Add +0.10 to the Combined Rating Factor determined above.

Use statistical code 95.

3. Model Year and Symbol Determination

- a. Refer to the Model Year Rule and Symbol and Identification (S&I) Section for the appropriate model year and symbol.

If the rates for a model year are not displayed in the rate pages, use the rates shown for the latest model year.

- b. If no Rating Symbol is shown in the Symbol and Identification (S&I) Section, use the following procedure to determine an interim rating symbol.

- (1) If the S&I Section displays a rating symbol for the PRIOR MODEL YEAR version of the same vehicle, use the prior model year's Rating Symbol for the new model year vehicle.

- (2) If the S&I Section does NOT display a rating symbol for the PRIOR MODEL YEAR version of the same vehicle, assign a symbol based on the cost new of the auto, using the Price/Symbol Chart located in the reference pages of the S&I Section.

4. Refer to Territory Definitions to determine the territorial schedule code number for the location where the auto is principally garaged.

5. Refer to the state rate pages to determine base rates for the desired coverage for the appropriate territory.

Note

Clean Risks Ceded to the North Carolina Reinsurance Facility (Statistical Code 02).

The rates charged for "clean risks" ceded to the North Carolina Reinsurance Facility shall not exceed the rates charged "clean risks" not ceded to the Reinsurance Facility. The rates for "clean risks" ceded to the North Carolina Reinsurance Facility are set forth on the state rate page showing rates for Voluntary Business and "Clean Risks" Ceded to the North Carolina Reinsurance Facility.

For the purpose of this rule, a "clean risk" shall be any owner of a motor vehicle that is classified as a private passenger auto if the owner and the principal operator and each licensed operator in the owner's household:

- a. Have two years driving experience as a licensed driver, which experience is determined in the manner provided in Rule 4.G.1., and
- b. Have not been assigned any Safe Driver Insurance Plan points during the three year period immediately preceding the date of application for motor vehicle insurance or the date of preparation for a renewal motor vehicle insurance policy.

6. The premium for each coverage is determined by multiplying the base rate by the Combined Rating Factor, then adding the Driving Record Surcharge Premium applicable to the coverage for each auto.

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.

- A. Autos owned by an individual or owned jointly by two or more individuals are classified as follows:

Refer to Section C. below for definitions of terms used in this rule.

Code	Class	Definitions
114	1A	There is no BUSINESS USE of the auto and the auto is not DRIVEN TO OR FROM WORK OR SCHOOL.
116	1B	There is no BUSINESS USE of the auto but the auto is DRIVEN TO OR FROM WORK OR SCHOOL a distance of less than 10 road miles one way.
117	1C	There is no BUSINESS USE of the auto but the auto is DRIVEN TO OR FROM WORK OR SCHOOL a distance of 10 or more road miles one way.
118	3	The auto is used for BUSINESS USE.
119	1AF	The auto is a FARM AUTO.

- B. Private passenger autos owned by corporations, co-partnerships, or unincorporated associations shall be rated as Class 3.

4. CLASSIFICATIONS (Cont'd)**Exceptions**

1. For corporations, co-partnerships or unincorporated associations owning less than five motor vehicles:

An owned private passenger auto principally furnished to a specified individual shall be classified and rated as if owned by that individual, in accordance with Rule 4.A., provided the auto is not used for business purposes.

2. For Farm family co-partnerships or Farm family corporations:

An owned private passenger auto principally garaged on a farm or ranch shall be rated as Class 1AF provided the vehicle is:

- a. Not used in any occupation other than farming or ranching, or
- b. Not customarily used in going to or from work other than farming or ranching.

C. Definitions

1. **BUSINESS USE** means that the use of the auto is required by or customarily involved in the duties of the applicant or any other person customarily operating the auto, in an occupation, profession or business, other than going to or from the principal place of occupation, profession or business.
2. **FARM AUTO** means the auto is principally garaged on a farm or ranch, and
 - a. It is not customarily used in going to or from work other than farming or ranching, or driving to or from school, and
 - b. It is not customarily used in any occupation other than farming or ranching.
3. **DRIVEN TO OR FROM WORK OR SCHOOL** means the auto is customarily used in the course of driving to or from work or school and shall include:
 - a. The use of the auto in a car pool or other share the ride arrangement.
 - b. Driving part way to or from work or school whether or not the auto is parked at a depot during the day.

Note

If an auto is driven to or from work or school on less than a daily basis and the applicant provides the carrier with a completed "Car Pool Certification" form certifying that the auto usage is so limited, the classification used in rating the auto shall be subject to the following:

- (1) If otherwise in Class 1B, the auto shall be classified as 1A if the total usage of the car in driving to or from work or school is not more than 2 days per week or not more than 2 weeks per 5 week period.

- (2) If otherwise in Class 1C the auto shall be classified as 1B if the total usage of the car in driving to or from work or school is not more than 2 days per week or not more than 2 weeks per 5 week period.

Refer to company for certification form.

4. **RESIDENT** means anyone residing in the same household as the applicant and shall include an individual absent from the household while attending school. An individual in active military service with the armed forces of the United States of America shall **not** be included as resident in the same household unless such individual customarily operates the auto.

D. Single and Multi-Car Risks

The applicable Multi-Car Rating Factor shall apply if two or more four wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household are insured in the same policy.

Exception

If a company's procedure does not permit insuring all vehicles in the same policy, the applicable Multi-Car Rating Factor shall apply only if the company insures two or more four-wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household.

This discount does not apply to antique autos as defined in the Miscellaneous Types Rule.

LIABILITY COVERAGES ONLY

- E. An auto subject to Class 3 rates because of use in the business of the United States Government by one of its employees may be classified and rated as Class 1A, 1B, or 1C when the applicable endorsement is used to limit coverage.

F. Pickup Trucks and Vans**1. LIABILITY COVERAGES ONLY**

Rate as a private passenger auto.

2. PHYSICAL DAMAGE COVERAGES ONLY

- a. 1991 and Subsequent Model Year Vehicles

- (1) Customized Vehicles – pickup trucks and vans installed with custom furnishings or equipment.

Note

For the purpose of this rule, a Cap, a Cover, or a Bed Liner installed on a pickup truck shall not be considered custom furnishings or equipment. No additional charge shall be made for such equipment.

Refer to the customizing equipment coverage endorsement for a detailed description of the coverage.

- (a) Determine the original cost new of the vehicle, including the value of the customized equipment.

4. CLASSIFICATIONS (Cont'd)

- (b) Determine a symbol based on the amount developed in (a) from the table in the Symbol and Identification Section corresponding to the model year of the vehicle.
- (c) Develop a premium according to the Premium Determination Rule, using the symbol determined in (b).
- (d) Attach the customizing equipment coverage endorsement.
- (2) All Other Vehicles
Rate as a private passenger auto.
- b. 1990 and prior Model Year Vehicles (Including Customized Vehicles)
 - (1) For symbolled vehicles, rate as a private passenger auto.
 - (2) For non-symbolled vehicles, determine a symbol based on original cost new of the vehicle (excluding the value of the customizing) from the table in the Symbol and Identification Section corresponding to the model year of the vehicle. Rate as follows:
 - (a) Comprehensive
Charge 100% of the applicable private passenger rate.
 - (b) Collision
Charge 58% of the applicable private passenger rate.

Note

Pickup trucks used to transport a portable camper body or similar living quarters should be rated according to the otherwise regular classification of the vehicle. To rate camper bodies, refer to Rule 19., Miscellaneous Types.

G. 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. It shall be presumed that each owner or resident operator has no experience as a licensed driver unless:
 - a. The number of years driving experience can be determined from a valid motor vehicle record obtained in accordance with Rule 5.B.1.a.; or
 - b. The owner or resident operator provides verifiable documentation of the years of driving experience from a governmental agency responsible for maintaining driver license records and/or motor vehicle records or a previous automobile insurance company.

The surcharge shall not be applied for more than three years regardless of policy term or effective date.

Note

A driver who holds a learner's permit only shall not be deemed a licensed driver for the purpose of determining the inexperienced operator premium surcharge.

Exception

For any operator licensed prior to May 15, 1987 the Inexperienced Operator Surcharge shall not apply.

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.

H. Airbag Discount

The following discounts apply to Medical Payments Coverage Only. To qualify, the private passenger auto must be equipped with a factory installed airbag(s) which conforms to the federal crash protection requirements, and meets the criteria of either Paragraph 1. or 2. below:

1. 20% discount shall be afforded when the airbag is installed in the driver-side-only position.
2. 30% discount shall be afforded when the airbags are installed in both front outboard seat positions.

5. SAFE DRIVER INSURANCE PLAN (SDIP)

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

A. Eligibility

The Plan shall be applied in rating all eligible autos.

An auto is eligible for rating under this Plan if it is owned by an individual or owned jointly by two or more individuals resident in the same household provided such auto is:

1. A four wheel auto of the private passenger or station wagon type, or
2. A motor vehicle that is a pickup truck or van, if it:
 - a. Has a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 lbs.; and
 - b. Is not used for the delivery or transportation of goods or materials unless such use is:

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

- (1) Incidental to the insured's business of installing, maintaining or repairing furnishings or equipment; or
 - (2) For farming or ranching, or
3. A motorcycle, motorized scooter, auto glide or other similar motorized vehicle of the private passenger type.

Exception

The SDIP applies to policies written for a term in excess of 12 months. Such policy must provide for an annual adjustment of premium.

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 for the applicant and any currently resident operator.

Points shall be assigned for convictions during the experience period for moving traffic violations of the applicant or any currently resident operator, based on date of conviction, as follows:

- (1) Twelve points shall be assigned for a conviction for:
 - (a) Manslaughter (or negligent homicide) resulting from the operation of a motor vehicle;
 - (b) Prearranged highway racing or knowingly lending a motor vehicle to be used in a prearranged highway race; or
 - (c) Failing to stop and render aid when involved in an accident resulting in bodily injury or death (hit-and-run driving);
 - (d) Impaired driving, including driving a vehicle while under the influence of an impairing substance; driving a vehicle with an alcohol concentration of 0.08 or more; and driving a commercial vehicle with an alcohol concentration of 0.04 or more; and

Note

There shall be no premium surcharge or assessment of points against an insured where (i) the insured's driver's license has been revoked under G.S.20-16.5; and (ii) the insured is subsequently acquitted of the offense involving impaired driving, as defined in G.S.20-4.01(24a), that is related to the revocation, or the charge for that offense is dismissed.

- (e) Transportation for the purpose of sale of illegal intoxicating liquors by motor vehicle.
- (2) Ten points shall be assigned for a conviction for:
 - (a) Highway racing or knowingly lending a motor vehicle to be used in a highway race; or
 - (b) Speeding to elude arrest.
 - (3) Eight points shall be assigned for a conviction for operating during a period of revocation or suspension of license or registration.
 - (4) Four points shall be assigned for a conviction for:
 - (a) Failing to stop and report when involved in a motor vehicle accident resulting in property damage only (hit-and-run-driving);
 - (b) Driving a motor vehicle in a reckless manner;
 - (c) Passing a stopped school bus;
 - (d) Speeding in excess of 75 miles per hour when the posted speed limit is less than 70 miles per hour;
 - (e) Speeding in excess of 80 miles per hour when the posted speed limit is 70 miles per hour or greater; or
 - (f) Driving by a person less than 21 years old after consuming alcohol or drugs.
 - (5) Two points shall be assigned for a conviction for:
 - (a) Illegal passing;
 - (b) Speeding more than 10 miles per hour over the posted speed limit, provided the total speed was in excess of 55 miles per hour but less than 76 miles per hour;
 - (c) Speeding 10 miles per hour, or less, in excess of the posted speed limit in a speed zone of 55 miles per hour or greater;
- Waiver**
- These points shall **NOT** apply unless the same driver has also been convicted of at least one other moving traffic violation during the experience period.
- (d) Following too closely; or
 - (e) Driving on wrong side of road.

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

- (6) One point shall be assigned for a violation resulting in a conviction for speeding 10 miles per hour, or less, in excess of the posted speed limit of less than 55 miles per hour.

Waiver

This point shall **NOT** apply unless the same driver has also been convicted of at least one other moving traffic violation during the experience period.

Exceptions

This **WAIVER** does **NOT** apply to convictions of speeding in a school zone in excess of posted school zone speed.

- (7) With respect to any other conviction for a moving traffic violation, one point shall be assigned for each such conviction.

Exception

Convictions for the following shall not be regarded as moving traffic violations:

- (a) Inadequate muffler or excess escape of exhaust products;
- (b) Improper lights or other equipment except brakes;
- (c) Failure to sign or display registration card;
- (d) Failure to display license plates;
- (e) Failure to have in possession driver's license provided there is a valid one in existence; or
- (f) Failure to display current inspection certificate.

b. Accidents

Points shall be assigned for each accident that occurred during the experience period, involving the applicant or any current resident operator, while operating a private passenger auto.

If an accident results both in bodily injury or death and in damage to property, points shall be assigned on the basis of the element of loss (bodily injury, death, or property damage) which generates the greatest number of points for the accident.

ACCIDENTS RESULTING IN BODILY INJURY OR DEATH THAT OCCURRED BEFORE JANUARY 1, 2004

- (1) One point shall be assigned for each at-fault auto accident that results in total bodily injuries to all persons of \$1,500 or less.
- (2) Three points shall be assigned for each at-fault auto accident that results in:
 - (i) Death or
 - (ii) Total bodily injury to all persons in excess of \$1,500.

ACCIDENTS RESULTING IN BODILY INJURY OR DEATH THAT OCCURRED ON OR AFTER JANUARY 1, 2004

- (1) One point shall be assigned for each at-fault auto accident that results in total bodily injuries to all persons of \$1,800 or less.
- (2) Three points shall be assigned for each at-fault auto accident that results in:
 - (i) Death or
 - (ii) Total bodily injury to all persons in excess of \$1,800.

Exception

If the insured furnishes adequate proof that incurred medical costs related to the accident were solely for diagnostic purposes and that the accident did not result in any bodily injury, no SDIP points for bodily injury will be assigned, or points for bodily injury assigned as a result of the accident will be removed as of the most recent policy effective date.

ACCIDENTS RESULTING IN PROPERTY DAMAGE THAT OCCURRED BEFORE JANUARY 1, 2004

- (1) Three points shall be assigned for each at-fault auto accident that results in total damage to all property, including the insured's own, of \$2,500 or more.
- (2) Two points shall be assigned for each at-fault auto accident that results in total damage to all property, including the insured's own, in excess of \$1,500 but less than \$2,500.
- (3) One point shall be assigned for each at-fault auto accident that results in total damage to all property including the insured's own, of \$1,500 or less.

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

ACCIDENTS RESULTING IN PROPERTY DAMAGE THAT OCCURRED ON OR AFTER JANUARY 1, 2004

- (1) Three points shall be assigned for each at-fault auto accident that results in total damage to all property, including the insured's own, of \$3,000 or more.
- (2) Two points shall be assigned for each at-fault auto accident that results in total damage to all property, including the insured's own, in excess of \$1,800 but less than \$3,000.
- (3) One point shall be assigned for each at-fault auto accident that results in total damage to all property including the insured's own, of \$1,800 or less.

Exception

No points are assigned for accidents occurring under the following circumstances:

- (a) Auto lawfully parked (if the parked vehicle rolls from the parked position then any such accident is charged to the person who parked the auto); or
- (b) The applicant, owner or other resident operator reimbursed by, or on behalf of, a person who is responsible for the accident or has judgment against such person; or
- (c) Auto is struck in the rear by another vehicle and the applicant or other resident operator has not been convicted of a moving traffic violation in connection with this accident; or
- (d) Auto operated by the applicant or any resident operator is struck by a "hit-and-run" vehicle, if the accident is reported to the proper authority within 24 hours by the applicant or resident operator; or
- (e) Accidents involving damage by contact with animals or fowl; or
- (f) Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, or falling objects.

- (g) Accidents occurring as a result of the operation of a firefighting, rescue squad, or law enforcement vehicle in response to an emergency if the operator of the vehicle at the time of the accident was a paid or volunteer member of any fire department, rescue squad, or any law enforcement agency. This exception does not include an accident occurring after the vehicle ceases to be used in response to the emergency and the emergency ceases to exist.

Notes

- (1) For the purpose of this Plan a "conviction" shall mean a plea of guilty, or of nolo contendere or the determination of guilt by a jury or by a court though no sentence has been imposed (prayer for judgment continued) or, if imposed, has been suspended (unless it is the first prayer for judgment continued for all licensed operators in the household); and it includes a forfeiture of bail or collateral deposited to secure appearance in court of the defendant, unless the forfeiture has been vacated.
- (2) For the purpose of this Plan, a "moving traffic violation" shall include an infraction as described in **G.S. 14-3.1**.
- (3) The phrase "at-fault" means "negligent". No points shall be assigned for accidents when the operator of an insured vehicle is free of negligence.
- (4) References to other operators residing in the applicant's household shall also include a principal operator who is not a resident in the applicant's household.
- (5) In the event the applicant or any current resident operator has an at-fault accident and is convicted of a moving traffic violation in connection with the accident, only the higher surcharge points between the accident and the violation shall be assigned.
- (6) For accidents that occur on or after January 1, 1992, the One Point accident surcharge in Section **B.1.b.(3)** of this rule does not apply if both of the following conditions are met:
 - (a) The operator was not convicted of a moving traffic violation in connection with the accident; and

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

(b) The vehicle owner, principal operator, and all licensed operators in the owner's household have had no convictions for moving traffic violations and no other at-fault accidents during the three-year period immediately preceding the date of the application or the date of preparation of the renewal.

2. Experience Period

The experience period shall be the three years immediately preceding the date of application or the preparation of the renewal. SDIP points shall be applied to a policy for a period of not less nor more than three policy years.

C. Driving Record Sub-Classification

The driving record sub-classification shall be determined from the number of Driving Record Points accumulated during the experience period as follows:

Number of Driving Record Points	Driving Record Sub-Classification
0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12 Or More	12
Not Eligible For Plan	NE

D. Driving Record Surcharge Premium

1. Single Car Risks

- a. Determine the Driving Record Sub-Classification for the policy and the applicable SDIP Rating Factor.
- b. Multiply the base premium for each coverage applicable to the auto by the SDIP Rating Factor to determine the SDIP Surcharge for each coverage. Round each coverage surcharge to the nearest whole dollar.
- c. The Driving Record Surcharge Premium for each coverage of the auto equals the SDIP Surcharge for that coverage.
- d. Add the applicable Driving Record Surcharge Premium for each coverage to the otherwise applicable premium for each coverage of the auto.

2. Multi-Car Risks

- a. Determine the Driving Record Sub-Classification for the policy and the applicable SDIP Rating Factor.
- b. Select the auto with the highest Total Base Premium for all coverages combined.

TOTAL BASE PREMIUM is the sum of the base premiums for Bodily Injury and Property Damage Liability, Medical Payments, Comprehensive (or Fire, Theft and Combined Additional Coverage) and Collision coverages that apply to the auto.

- c. For each coverage applicable to the auto with the highest Total Base Premium for all coverages combined.

Multiply the base premium for each coverage by the SDIP Rating Factor to determine the SDIP Surcharge for each coverage. Round each coverage surcharge to the nearest whole dollar.

- d. The Driving Record Surcharge Premium is determined separately by coverage for each auto that is insured for that coverage and eligible for SDIP rating.

(1) Determine the number of eligible autos insured for each coverage.

(2) The Driving Record Surcharge Premium for each coverage of each auto equals the SDIP Surcharge for that coverage divided by the number of eligible autos insured for that coverage.

(3) If the above calculation results in a fractional dollar amount for each auto then:

determine the remainder dollar amount and add it to the Driving Record Surcharge Premium for one of the insured autos and disregard the fractional dollar amounts.

Note

The Whole Dollar Premium Rule does not apply in this instance.

(4) If an auto is insured for a coverage not applicable to the auto with the highest Total Base Premium for all coverages combined, then no surcharge applies to that coverage.

- e. Add the applicable Driving Record Surcharge Premium for each coverage of each auto to the otherwise applicable premium for each coverage of each auto.

3. Statistical Coding

- a. Single Car Risks – Assign the Driving Record Sub-Classification Statistical Code, reflecting the number of points, to the auto.

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

b. Multi-Car Risks – Assign the Driving Record Sub-Classification Statistical Code reflecting:

- (1) The number of driving record points, to the auto with the highest Total Base Premium.
- (2) Zero driving record points, to each other auto insured on the policy.

E. Cancellations and Changes**1. Policies for Terms Not Exceeding One Year**

No policy shall be endorsed in term to effect a change of Driving Record Sub-Classification except to recognize the addition or deletion of an operator.

2. Policies for Terms Exceeding One Year

No policy shall be endorsed to effect a change of Driving Record Sub-Classification until the next annual anniversary of the inception of the policy except to recognize the addition or deletion of an operator.

PRIMARY CLASSIFICATION RATING FACTORS*

Coverage	Pleasure Use	Drive to or from Work		Business Use	Farm Use
	(1A)	Less than 10 Miles (1B)	10 or More Miles (1C)	(3)	(1AF)
B.I., P.D., Med. Pay	1.00	1.05	1.05	1.05	.80
Collision	1.00	1.10	1.10	1.10	.80
Comprehensive Fire, Theft, C.A.C.	1.00	1.20	1.25	1.30	.85

SINGLE OR MULTI-CAR RISKS AND INEXPERIENCED OPERATOR*
 Add the following rating factors to the Primary Rating Factor:

No Inexperienced Operator			
Single or Multi-Car Risks	BI, PD, and Med. Pay.	Collision	Comprehensive, Fire, Theft, and CAC
Single Car	Factor 0.00	Factor 0.00	Factor 0.00
Multi-Car	Factor -0.35	Factor -0.30	Factor -0.10

Inexperienced Operator				
Single or Multi-Car Risks		BI, PD, and Med. Pay.	Collision	Comprehensive, Fire, Theft, and CAC
Single Car	Principal Operator Licensed For:			
	Less than One Year	Factor +3.25	Factor +3.25	Factor +0.55
	Less than Two Years	Factor +1.60	Factor +1.75	Factor +0.55
	Less than Three Years	Factor +1.25	Factor +1.50	Factor +0.55
	Occasional Operator Licensed For:			
	Less than One Year	Factor +2.00	Factor +2.25	Factor +0.20
Multi-Car	Principal Operator Licensed For:			
	Less than One Year	Factor +2.90	Factor +2.95	Factor +0.45
	Less than Two Years	Factor +1.25	Factor +1.45	Factor +0.45
	Less than Three Years	Factor +0.90	Factor +1.20	Factor +0.45
	Occasional Operator Licensed For:			
	Less than One Year	Factor +1.65	Factor +1.95	Factor +0.10
	Less than Two Years	Factor +0.70	Factor +0.80	Factor +0.10
	Less than Three Years	Factor +0.50	Factor +0.60	Factor +0.10

* For Statistical Coding Requirements – Refer to page NC-E-Coding.

PRIMARY CLASSIFICATION RATING FACTORS
(Cont'd)

SAFE DRIVER INSURANCE PLAN FACTORS AND CODES

Use the following rating factors to determine the Driving Record Surcharge Premium as explained in the Safe Driver Insurance Plan Rule.
Use the statistical code indicated for the Driving Record Sub-Classification.

Number of Driving Record Points	Driving Record Sub-Classification	Statistical Code	SDIP Rating Factor
0	0	00	0.00
1	1	01	0.25
2	2	02	0.45
3	3	03	0.60
4	4	04	0.80
5	5	05	1.05
6	6	06	1.30
7	7	07	1.60
8	8	08	1.90
9	9	09	2.25
10	10	10	2.60
11	11	11	3.00
12 or more	12	12	3.40
Vehicles Not Eligible For SDIP – Add the following rating factor to the otherwise applicable Combined Rating Factor. Use the statistical code shown below.			
Not Eligible	NE	95	+0.10

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**6. MODEL YEAR FOR FIRE, THEFT, COMBINED
ADDITIONAL COVERAGE, COMPREHENSIVE
AND COLLISION COVERAGES**

A. Model Year Rating

1. The model year of the auto is the year assigned by the auto manufacturer.
2. Rebuilt or Structurally Altered Autos – the model year of the chassis determines the model year of the auto.
3. If the rates for a model year are not displayed in the rate pages, use the rates shown for the latest model year.

B. Coding

Policies effective July 1, 1982 and subsequent:

Code the two digits of the model year, for example, code 1982 vehicles as 82, 1983 as 83, etc.

7. MINIMUM PREMIUM RULE

The minimum annual premium charge is \$10 for each policy, certificate, declaration or binder covering one or more of the following perils:

Comprehensive

Fire, Theft, Windstorm, Combined Additional Coverage, Collision

Bodily Injury Liability, or

Property Damage Liability

Premium for other coverages which may also be included in the policy shall be in addition to the minimum annual premium.

The minimum annual premium charge is not subject to reduction except – in the event of cancellation or short term policy, the minimum annual premium charge shall be adjusted on a pro rata or short rate basis, as the conditions require.

8. POLICY PERIOD

A. No policy may be written for a period longer than 12 months for Liability Coverage or 48 months for Physical Damage Coverage.

B. Premium charged for policy terms not exceeding 12 months is as follows:

1. Twelve Month Policies –

Charge the annual premium or minimum premium whichever applies.

2. Three and Six Month Policies –

a. For a specified 3 or 6 month period the premium charge is 25% or 50% respectively, of the annual or minimum annual premium whichever applies.

b. Policies issued for a 3 or 6 month period with an effective date on the 29th, 30th, and 31st of any month.

The first policy can be extended from the effective date to the first day of the calendar month following the expiration of the policy.

Premium for this extended coverage of 1 to 3 days may be waived.

3. Other Short Policies written for less than 12 months and other than 3 or 6 months.

Such policies shall be written short rate with premiums computed in accordance with the One Year Short Rate Table in the Cancellation Rule.

Exceptions:

The premium is computed Pro Rata:

1. When coverage is written to secure a common policy date with other coverages or lines of insurance.

2. When a policy is issued on a short term basis to replace an outstanding policy of a company in liquidation, provided the new policy is based upon the rules and rates in effect at the time replacement is made and shall be in effect for a period equal to the unexpired term of the outstanding policy.

3. When a statutory policy is required by a state or municipality to expire on a fixed date and the policy is written to expire on such date.

C. Long Term Physical Damage Policies written for a term in excess of 12 months – Determine premium as follows:

1. 1st 12 months:

Charge the first year premium or minimum premium, whichever applies.

2. 2nd 12 months:

In addition to the above, charge the second year premium or minimum whichever applies.

If the term is more than 12 months but less than 24 months, charge pro rata of such second year premium or minimum whichever is larger for the period in excess of 12 months.

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8. POLICY PERIOD (Cont'd)

3. 3rd 12 months:

In addition to the premium for the 1st and 2nd 12 month periods, charge the third year premium or minimum premium whichever applies.

If the term is more than 24 months but less than 36 months charge the pro rata of such third year premium or minimum premium, whichever is larger, for the period in excess of 24 months.

4. 4th 12 months:

In addition to the premium for the 1st, 2nd and 3rd 12 month periods, charge the fourth year premium or minimum premium whichever applies.

If the term is more than 36 months but less than 48 months, charge pro rata of such fourth year premium or minimum premium, whichever is larger, for the period in excess of 36 months.

Note:

Calculation of the premium for the 2nd, 3rd and 4th 12 month periods, or pro rata part thereof shall recognize:

1. Any change in the model year of the insured auto, during a previous 12 month period;
2. Any change in sub-classification under the Safe Driver Insurance Plan.
3. A change in symbol assignment based on a review of loss experience.

9. CHANGES

- A.** If an auto or form of coverage is added during the term of a policy and the additional insurance is written to expire concurrently with the original insurance, the premium for such additional insurance shall be computed pro-rata, at the rates in effect at the time the addition is made.

If the policy has been written for less than one year on a short rate basis, the premium for the additional insurance shall be pro rata of the short rate charge for the policy period.

If an auto or a form of coverage that was cancelled from a policy at the request of the insured is reinstated within 30 days, the premium shall be the same as the amount that was returned at the time of cancellation.

PHYSICAL DAMAGE COVERAGES ONLY

- B.** If coverage is transferred during the policy term from one auto to another, the premium shall be computed pro rata on the basis of the rates and rules in effect at the inception of the policy or at the time the change is made.

LIABILITY COVERAGES ONLY

- C.** If coverage is transferred during the policy term from one auto to another, premium shall be computed pro rata on the basis of the rules and rates in effect at the inception of the policy.
- D.** If an auto is transferred from one rating territory to another or if an auto is temporarily transferred from one rating territory to another for a period of not less than 30 consecutive days, the premium for the balance of the policy period may be adjusted by endorsement at the time the change is made. The company shall charge on a pro rata basis the rate or rates for the territories in which the auto is garaged during the remainder of the policy period. The premium adjustment shall be made on the basis of the rates and rules in effect at the inception of the policy or at the time the change is made.
- E.** If the liability limits or deductible amounts are changed during the policy period, the premium adjustment for such change shall be made on the basis of the rates in effect at the inception date of the policy.
- F. Premium Adjustment**

1. As respects A, B, C and D above, if an outstanding policy is amended and results in a premium adjustment of \$2 or less, the amount:
 - a. may be waived, or
 - b. may be made subject to a minimum of \$2. except that the actual return premium shall be returned at the request of the insured.
2. Minimum premium of \$2 applies if an insured requests the following during the policy period.
 - a. additional coverage,
 - b. an increase in the limits of liability,
 - c. a reduced deductible.
3. Companies need not refund a return premium of less than \$2 if the insured requests the following:
 - a. cancellation of coverage,
 - b. reduction in limits of liability,
 - c. increase in deductible,except that the actual return premium shall be returned at the request of the insured.

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9. CHANGES (Cont'd)

4. If the limits of liability are increased because of a change in the limits prescribed under any financial responsibility law, the additional premium charge shall be the actual difference in premium charges. If \$2 or less, it may be charged or waived.
5. As respects A, B, C and D above, if an outstanding policy is amended and results in a premium adjustment
 - a. within 30 days prior to the expiration of a 6-month policy period, or
 - b. within 60 days prior to the expiration of a policy period longer than 6 months,
companies need not charge or refund a premium, except that actual refunds shall be made at the request of the insured.

10. CANCELLATION

- A. Cancellation of a policy, vehicle or form of coverage:**
1. If the insured requests cancellation, compute return premium on a Short Rate Basis.

Exceptions

Compute return premium on a Pro Rata basis in the following cases:

1. If the insured has disposed of a vehicle then takes out a new policy in the same company on another vehicle, to become effective within thirty days of the date of cancellation.
2. If the insured vehicle is repossessed under terms of a financing agreement.
3. In a multi-car situation:
 - a. If one vehicle is cancelled from the policy and the policy remains in force on other vehicles, or
 - b. If a policy is cancelled but there remains in force with the same company and in the name of insured or spouse, if resident in the same household, a concurrent policy covering another vehicle.
4. If the insured enters the armed forces of the United States of America.

5. If the insured vehicle is stolen or destroyed (total or constructive loss) and cancellation is requested by the insured (a) within 30 days following the date the auto is stolen or destroyed, or (b) within 15 days of the time the auto was determined by the company (1) to be unrecoverable or stolen, or (2) to be a total or constructive loss. The return premium for all coverages (including the premium for the coverage under which the loss was paid) shall be calculated from the day following the date of the loss.
6. If an insured who has been ceded to the Reinsurance Facility at rates higher than the insurer's voluntary rates obtains insurance through another insurer who elects not to cede the policy to the Facility and the insured cancels the ceded policy within 45 days of the effective date of the ceded policy.

Exception:

This pro rata cancellation shall not apply to a cancellation by any insurance premium finance company.

2. If the company cancels, the return premium is computed pro rata.
3. If a policy written at short rate is cancelled, the earned premium for the time the policy has been in force shall be computed pro rata of the original short rate premium.
4. The following provisions apply to policies exceeding 12 months:
 - a. If a policy has been in force less than 1 year, the earned premium is computed in accordance with the provisions of this Rule for the first year's premium.
 - b. If a policy has been in force more than 12 months but less than 24 months, the earned premium shall be the first 12 months premium plus pro rata of the annual premium for the second 12 months.
 - c. If a policy has been in force for more than 24 months but less than 36 months, the earned premium shall be the first 24 months' premium plus pro rata of the annual premium for the third 12 months.
 - d. If a policy has been in force more than 36 months but less than 48 months, the earned premium shall be the first 36 months' premium plus pro rata of the annual premium for the fourth 12 months.

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10. CANCELLATION (Cont'd)

B. Instructions for Use of Short Rate Tables.

1. The "Three Month Short Rate Table" shall apply only to a policy written for a specified period of 3 months.
2. The "Six Month Short Rate Table" shall apply only to a policy written for a specified period of 6 months.
3. The "One Year Short Rate Table" shall apply to:
 - a. a policy written for a specified period of less than one year, other than a policy written for a specified period of 3 months or 6 months.
 - b. a policy written for a specified period of one year or more.

C. Instructions for Use of PRO RATA TABLES

1. Express the date of cancellation by year and decimal part of a year by combining the calendar year with the decimal appearing opposite the month and day in the Pro Rata Table, e.g. March 7, 1976 is designated as 1976.181.
2. In like manner, express the effective date of the policy year and decimal part of a year and subject from the cancellation date.
3. The difference in the case of 1 year policies, represents the percentage of the annual premium which is to be retained by the carrier.

4. For 6 Month Term Policies, the difference between cancellation date and effective date multiplied by two represents the percentage of the semi-annual term premium which is to be retained by the carrier.
5. For 3 Month Term Policies, the difference between cancellation date and effective date multiplied by four represents the percentage of the quarter-annual term premium which is to be retained by the carrier.

Example:

Cancellation date May 19, 1976.....	1976.381
Effective date March 2, 1976.....	<u>1976.167</u>
	.214

Earned premium for a 1 Year Term Policy will therefore be .214 times the annual premium.

For a 6 Month Term Policy: Multiply .214 by 2. (.214 x 2 = .428). Earned premium will be .428 times the semi-annual term premium.

For a 3 Month Term Policy: Multiply .214 by 4. (.214 x 4 = .856). Earned premium will be .856 times the quarter-annual term premium.

Note:

As it is not customary to charge for the extra day (February 29th) which occurs one year in every four years this table shall also be used for each such year.

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PRO RATA TABLE

January			February			March			April			May			June		
Day of	Day of	Ratio															
Month	Year	Ratio															
1	1	.003	1	32	.088	1	60	.164	1	91	.249	1	121	.332	1	152	.416
2	2	.005	2	33	.090	2	61	.167	2	92	.252	2	122	.334	2	153	.419
3	3	.008	3	34	.093	3	62	.170	3	93	.255	3	123	.337	3	154	.422
4	4	.011	4	35	.096	4	63	.173	4	94	.258	4	124	.340	4	155	.425
5	5	.014	5	36	.099	5	64	.175	5	95	.260	5	125	.342	5	156	.427
6	6	.016	6	37	.101	6	65	.178	6	96	.263	6	126	.345	6	157	.430
7	7	.019	7	38	.104	7	66	.181	7	97	.266	7	127	.348	7	158	.433
8	8	.022	8	39	.107	8	67	.184	8	98	.268	8	128	.351	8	159	.436
9	9	.025	9	40	.110	9	68	.186	9	99	.271	9	129	.353	9	160	.438
10	10	.027	10	41	.112	10	69	.189	10	100	.274	10	130	.356	10	161	.441
11	11	.030	11	42	.115	11	70	.192	11	101	.277	11	131	.359	11	162	.444
12	12	.033	12	43	.118	12	71	.195	12	102	.279	12	132	.362	12	163	.447
13	13	.036	13	44	.121	13	72	.197	13	103	.282	13	133	.364	13	164	.449
14	14	.038	14	45	.123	14	73	.200	14	104	.285	14	134	.367	14	165	.452
15	15	.041	15	46	.126	15	74	.203	15	105	.288	15	135	.370	15	166	.455
16	16	.044	16	47	.129	16	75	.205	16	106	.290	16	136	.373	16	167	.458
17	17	.047	17	48	.132	17	76	.208	17	107	.293	17	137	.375	17	168	.460
18	18	.049	18	49	.134	18	77	.211	18	108	.296	18	138	.378	18	169	.463
19	19	.052	19	50	.137	19	78	.214	19	109	.299	19	139	.381	19	170	.466
20	20	.055	20	51	.140	20	79	.216	20	110	.301	20	140	.384	20	171	.468
21	21	.058	21	52	.142	21	80	.219	21	111	.304	21	141	.386	21	172	.471
22	22	.060	22	53	.145	22	81	.222	22	112	.307	22	142	.389	22	173	.474
23	23	.063	23	54	.148	23	82	.225	23	113	.310	23	143	.392	23	174	.477
24	24	.066	24	55	.151	24	83	.227	24	114	.312	24	144	.395	24	175	.479
25	25	.068	25	56	.153	25	84	.230	25	115	.315	25	145	.397	25	176	.482
26	26	.071	26	57	.156	26	85	.233	26	116	.318	26	146	.400	26	177	.485
27	27	.074	27	58	.159	27	86	.236	27	117	.321	27	147	.403	27	178	.488
28	28	.077	28	59	.162	28	87	.238	28	118	.323	28	148	.405	28	179	.490
29	29	.079				29	88	.241	29	119	.326	29	149	.408	29	180	.493
30	30	.082				30	89	.244	30	120	.329	30	150	.411	30	181	.496
31	31	.085				31	90	.247				31	151	.414			

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PRO RATA TABLE

July			August			September			October			November			December		
Day of	Day of	Ratio															
1	182	.499	1	213	.584	1	244	.668	1	274	.751	1	305	.836	1	335	.918
2	183	.501	2	214	.586	2	245	.671	2	275	.753	2	306	.838	2	336	.921
3	184	.504	3	215	.589	3	246	.674	3	276	.756	3	307	.841	3	337	.923
4	185	.507	4	216	.592	4	247	.677	4	277	.759	4	308	.844	4	338	.926
5	186	.510	5	217	.595	5	248	.679	5	278	.762	5	309	.847	5	339	.929
6	187	.512	6	218	.597	6	249	.682	6	279	.764	6	310	.849	6	340	.932
7	188	.515	7	219	.600	7	250	.685	7	280	.767	7	311	.852	7	341	.934
8	189	.518	8	220	.603	8	251	.688	8	281	.770	8	312	.855	8	342	.937
9	190	.521	9	221	.605	9	252	.690	9	282	.773	9	313	.858	9	343	.940
10	191	.523	10	222	.608	10	253	.693	10	283	.775	10	314	.860	10	344	.942
11	192	.526	11	223	.611	11	254	.696	11	284	.778	11	315	.863	11	345	.945
12	193	.529	12	224	.614	12	255	.699	12	285	.781	12	316	.866	12	346	.948
13	194	.532	13	225	.616	13	256	.701	13	286	.784	13	317	.868	13	347	.951
14	195	.534	14	226	.619	14	257	.704	14	287	.786	14	318	.871	14	348	.953
15	196	.537	15	227	.622	15	258	.707	15	288	.789	15	319	.874	15	349	.956
16	197	.540	16	228	.625	16	259	.710	16	289	.792	16	320	.877	16	350	.959
17	198	.542	17	229	.627	17	260	.712	17	290	.795	17	321	.879	17	351	.962
18	199	.545	18	230	.630	18	261	.715	18	291	.797	18	322	.882	18	352	.964
19	200	.548	19	231	.633	19	262	.718	19	292	.800	19	323	.885	19	353	.967
20	201	.551	20	232	.636	20	263	.721	20	293	.803	20	324	.888	20	354	.970
21	202	.553	21	233	.638	21	264	.723	21	294	.805	21	325	.890	21	355	.973
22	203	.556	22	234	.641	22	265	.726	22	295	.808	22	326	.893	22	356	.975
23	204	.559	23	235	.644	23	266	.729	23	296	.811	23	327	.896	23	357	.978
24	205	.562	24	236	.647	24	267	.732	24	297	.814	24	328	.899	24	358	.981
25	206	.564	25	237	.649	25	268	.734	25	298	.816	25	329	.901	25	359	.984
26	207	.567	26	238	.652	26	269	.737	26	299	.819	26	330	.904	26	360	.986
27	208	.570	27	239	.655	27	270	.740	27	300	.822	27	331	.907	27	361	.989
28	209	.573	28	240	.658	28	271	.742	28	301	.825	28	332	.910	28	362	.992
29	210	.575	29	241	.660	29	272	.745	29	302	.827	29	333	.912	29	363	.995
30	211	.578	30	242	.663	30	273	.748	30	303	.830	30	334	.915	30	364	.997
31	212	.581	31	243	.666				31	304	.833				31	365	1.000

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ONE YEAR SHORT RATE TABLE

Days Policy in Force	Per Cent of One Year Premium	Days Policy in Force	Per Cent of One Year Premium	Days Policy in Force	Per Cent of One Year Premium
1	5%	95 - 98	37%	219 - 223	69%
2	6	99 - 102	38	224 - 228	70
3 - 4	7	103 - 105	39	229 - 232	71
5 - 6	8	106 - 109	40	233 - 237	72
7 - 8	9	110 - 113	41	238 - 241	73
9 - 10	1	114 - 116	42	242 - 246	74
	0				
11 - 12	1	117 - 120	43	247 - 250	75
	1				
13 - 14	1	121 - 124	44	251 - 255	76
	2				
15 - 16	1	125 - 127	45	256 - 260	77
	3				
17 - 18	1	128 - 131	46	261 - 264	78
	4				
19 - 20	1	132 - 135	47	265 - 269	79
	5				
21 - 22	1	136 - 138	48	270 - 273	80
	6				
23 - 25	1	139 - 142	49	274 - 278	81
	7				
26 - 29	1	143 - 146	50	279 - 282	82
	8				
30 - 32	1	147 - 149	51	283 - 287	83
	9				
33 - 36	2	150 - 153	52	288 - 291	84
	0				
37 - 40	2	154 - 156	53	292 - 296	85
	1				
41 - 43	2	157 - 160	54	297 - 301	86
	2				
44 - 47	2	161 - 164	55	302 - 305	87
	3				
48 - 51	2	165 - 167	56	306 - 310	88
	4				
52 - 54	2	168 - 171	57	311 - 314	89
	5				
55 - 58	2	172 - 175	58	315 - 319	90
	6				
59 - 62	2	176 - 178	59	320 - 323	91
	7				
63 - 65	2	179 - 182	60	324 - 328	92
	8				
66 - 69	2	183 - 187	61	329 - 332	93
	9				
70 - 73	3	188 - 191	62	333 - 337	94
	0				
74 - 76	3	192 - 196	63	338 - 342	95
	1				
77 - 80	3	197 - 200	64	343 - 346	96
	2				
81 - 83	3	201 - 205	65	347 - 351	97
	3				
84 - 87	3	206 - 209	66	352 - 355	98
	4				
88 - 91	3	210 - 214	67	356 - 360	99
	5				
92 - 94	3	215 - 218	68	361 - 365	10
	6				0

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NORTH CAROLINA**

THREE MONTH SHORT RATE TABLE

Days Policy in Force	Per Cent of 3 Mos. Premium	Days Policy in Force	Per Cent of 3 Mos. Premium	Days Policy in Force	Per Cent of 3 Mos. Premium
1	6%	28	41%	58	71%
2	7	29	4	59	73
3	9	30	2	60 - 61	74
4	12	31	4	62	75
5	16	32	4	63	76
6	17	33	6	64	77
7	18	34	4	65 - 66	78
8	19	35	8	67	79
9	20	36	4	68	81
10	21	37	9	69 - 70	82
11	22	38	5	71	83
12	23	39	2	72	84
13	24	40	5	73	85
14	26	41	3	74 - 75	86
15	27	42	5	76	87
16	28	43	7	77	89
17	29	44	5	78 - 79	90
18	30	45	9	80	91
19	31	46	6	81	92
20	32	47 - 48	1	82	93
21	33	49	6	83 - 84	94
22	34	50	2	85	95
23	36	51 - 52	6	86	97
24	37	53	6	87 - 88	98
25	38	54	7	89	99
26	39	55	6	90 - 92	100
27	40	56 - 57	9		
			7		
			0		

**PERSONAL AUTO MANUAL
NORTH CAROLINA**

SIX MONTH SHORT RATE TABLE

Days Policy in Force	Per Cent of 6 Mos. Premium	Days Policy in Force	Per Cent of 6 Mos. Premium	Days Policy in Force	Per Cent of 6 Mos. Premium
1	6%	50 - 51	38%	112 - 114	70%
2	7	52	39	115 - 116	71
3	8	53 - 54	40	117 - 118	72
4	9	55 - 56	41	119 - 120	73
5	10	57 - 58	42	121 - 123	74
6	11	59 - 60	43	124 - 125	75
7	12	61 - 62	44	126 - 127	76
8	13	63	45	128 - 130	77
9	14	64 - 65	46	131 - 132	78
10	15	66 - 67	47	133 - 134	79
11	16	68 - 69	48	135 - 136	80
12	17	70 - 71	49	137 - 139	81
13 - 14	18	72 - 73	50	140 - 141	82
15 - 16	19	74	51	142 - 143	83
17 - 18	20	75 - 76	52	144 - 145	84
19 - 20	21	77 - 78	53	146 - 148	85
21	22	79 - 80	54	149 - 150	86
22 - 23	23	81 - 82	55	151 - 152	87
24 - 25	24	83	56	153 - 155	88
26 - 27	25	84 - 85	57	156 - 157	89
28 - 29	26	86 - 87	58	158 - 159	90
30 - 31	27	88 - 89	59	160 - 161	91
32	28	90 - 91	60	162 - 164	92
33 - 34	29	92 - 93	61	165 - 166	93
35 - 36	30	94 - 95	62	167 - 168	94
37 - 38	31	96 - 98	63	169 - 171	95
39 - 40	32	99 - 100	64	172 - 173	96
41	33	101 - 102	65	174 - 175	97
42 - 43	34	103 - 104	66	176 - 177	98
44 - 45	35	105 - 107	67	178 - 180	99
46 - 47	36	108 - 109	68	181 - 184	100
48 - 49	37	110 - 111	69		

11. WHOLE DOLLAR PREMIUM

This rule applies only to Fire, Theft, Combined Additional Coverage, Comprehensive and Collision coverages.

The premium for each exposure shall be rounded to the nearest whole dollar, separately for each coverage provided by the policy.

A premium involving \$.50 or more shall be rounded to the next higher whole dollar.

This procedure shall apply to all interim premium adjustments, including endorsements or cancellations at the request of the insured. In the case of cancellations by the company, the return premium may be carried to the next higher whole dollar.

The phrase "each exposure" as used herein shall mean each premium developed (after the application of all applicable adjustments) for (1) each auto, if written on a per car basis, and (2) for all other business.

12. RULES FOR DETERMINING PHYSICAL DAMAGE BASE RATES FOR SYMBOLS NOT DISPLAYED ON STATE RATE PAGES

A. Other Than Collision

1. 1990 and Subsequent Model Year Vehicles

~~Apply the following factors to the Symbol 2 Base Rate on the state rate pages for the applicable Model Year:~~

Symbol	Code	1990 and Subsequent Model Years
1	01	0.72
19	19	4.46
20	20	4.94
21	21	5.49
22	22	6.19
23	23	6.93
24	24	8.03
25	25	9.88
26	26	12.13
27	27	+

+ Develop the Comprehensive Base Rates for Symbol 27 vehicles by:

- a. Increasing the factor for Symbol 26 by +2.00 for each \$10,000 or fraction of \$10,000 above \$80,000 of Original Cost, and
- b. Applying this factor to the Symbol 2 Base Rate on the state rate pages for the applicable Model Year.

2. 1989 and Prior Model Year Vehicles

~~Apply the following factors to the Symbol 7 Base Rate on the state rate pages for the applicable Model Year:~~

Symbol	Code	1989 & Prior* Model Years
1	01	0.28
2	02	0.31
3	03	0.44
4	04	0.53
5	05	0.63
6	06	0.81
15	15	3.56
16	16	4.31
17	17	5.19
18	18	6.19
19	19	7.38
20	20	8.75
21	21	12.13

1982 and Prior Model Years

a. 1976-1982 Symbol 14 Vehicles

Apply the factor 3.19 to the Symbol 7 Base Rate.

b. 1975 and Prior Vehicles above \$10,000

Increase the Symbol 7 Base Rate by 20% for each \$1,000 or fraction of \$1,000 above \$10,000 of Original Cost.

B. Collision

1. 1990 and Subsequent Model Year Vehicles

~~Apply the following factors to the Symbol 2 Base Rate on the state rate pages for the applicable Model Year:~~

Symbol	Code	1990 and Subsequent Model Years
1	01	0.88
19	19	2.43
20	20	2.51
21	21	2.61
22	22	2.75
23	23	2.86
24	24	2.99
25	25	3.23
26	26	3.50
27	27	+

+ Develop the Collision Base Rates for Symbol 27 vehicles by:

- a. Increasing the factor for Symbol 26 by +.15 for each \$10,000 or fraction of \$10,000 above \$80,000 of Original Cost, and
- b. Applying this factor to the Symbol 2 Base Rate on the state rate pages for the applicable Model Year.

Note: Struck through material will be deleted at a later date. As of July 1, 2003 the rates for the struck through factors are now displayed on the physical damage rate pages.

12. RULES FOR DETERMINING PHYSICAL DAMAGE BASE RATES FOR SYMBOLS NOT DISPLAYED ON STATE RATE PAGES (Cont'd)

2. 1989 and Prior Model Year Vehicles

Apply the following factors to the Symbol 7 Base Rate on the state rate pages for the applicable Model Year:

Symbol	Code	1989 & Prior Model Years
1	01	0.42
2	02	0.50
3	03	0.63
4	04	0.71
5	05	0.83
6	06	0.92
15	15	2.17
16	16	2.38
17	17	2.54
18	18	2.75
19	19	2.92
20	20	3.08
21	21	3.50

1982 and Prior Model Years

a. 1976-1982 Symbol 14 Vehicles

Apply the factor 2.29 to the Symbol 7 Base Rate.

b. 1975 and Prior Vehicles above \$10,000

Increase the Symbol 7 Base Rate by 5% for each \$1,000 or fraction of \$1,000 above \$10,000 of Original Cost.

Note: Struck through material will be deleted at a later date. As of July 1, 2003 the rates for the struck through factors are now displayed on the physical damage rate pages.

C. Original Cost means:

1. Original F.O.B. List Price for autos built in U.S.
2. Original Cost New in U.S. for specially built autos.
3. Original Cost New in U.S. for imported autos.

13. SUSPENSION

- A. Under any policy providing just Physical Damage Coverage, only Collision may be suspended.
- B. Liability Coverages may not be suspended for risks for which a financial responsibility filing is in effect.
- C. Insurance may be suspended by endorsement in accordance with the following provisions provided the period of suspension is at least thirty (30) consecutive days.

1. Insurance may be reinstated upon the named insured's request effective not earlier than receipt of such request by the company or any of its authorized representatives.
2. The reinstatement endorsement shall not extend the policy beyond its original expiration date.

LIABILITY AND COLLISION COVERAGES ONLY

3. Pro rata premium credit for the period of suspension shall be granted upon reinstatement subject to a minimum retention by the company of sixty days premium calculated on a short rate basis. The minimum premium retention by the company shall not apply to suspensions under Section F. of this rule.
4. If the policy expires during the period of suspension, the named insured shall be entitled to a pro rata return premium in accordance with the foregoing provisions of this rule.
5. If a policy written for less than one year is suspended but subsequently reinstated and extended for the remainder of such year, or any part thereof, or if such policy expires during the suspension period, pro rata premium credit shall be granted for the period of suspension in accordance with the foregoing provisions of the Policy Period Rule for extension of a short term policy.
- D. If collision or liability coverages are suspended on all owned autos, coverage for which separate premiums apply – including Uninsured Motorists Coverage, Underinsured Motorists Coverage, auto death indemnity, total disability, and specific disability benefits coverage, medical payments coverage, non-owned auto or extended liability coverage provided under the use of other autos provisions – may be continued in force without premium adjustment for these coverages.

13. SUSPENSION (Cont'd)

- E. If liability or collision is suspended on all private passenger autos owned by an individual or husband and wife, use of other autos coverage for liability only, afforded without separate premium charge may be continued in force. 80% pro rata of the owned auto premium calculated in accordance with the provisions of this rule shall be returned to the insured upon reinstatement of the coverages.
- F. Insurance covering a private passenger auto which is withdrawn from service for a period of at least thirty (30) consecutive days because of a strike, may be suspended. Pro rata return premium on such vehicles shall be granted in accordance with Section (C) provided the insured furnishes the company with a letter requesting the return premium. The letter shall be written on the insured's letterhead, signed by an executive of the company and shall include the following:
1. A description of each auto.
 2. The dates between which it was laid up because of the strike.
 3. A statement by the insured that he agrees to reimburse the company for any payment made by the company on account of any accident, claim or suit involving a coverage for an auto described in the letter for which return premium has been allowed by the company.

14. MISCELLANEOUS COVERAGES

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 auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

Exceptions

This coverage shall not apply when a named insured has either:

- Elected to purchase Combined Uninsured/Underinsured Motorists Coverage; or
- Specifically rejected in writing both Uninsured Motorists and Combined Uninsured/Underinsured Motorists Coverages.

a. Basic Limits

Basic Limits of Uninsured Motorists Coverage are \$30,000/60,000 Bodily Injury and \$25,000 Property Damage. Property Damage Uninsured Motorists Coverage is subject to an exclusion of the first \$100 of damage.

Rate – Single Vehicle* Policy	\$17
Multi-Vehicle* Policy	\$40

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

b. Increased Limits

Increased limits of Uninsured Motorists Coverage may be afforded. Property Damage limits may not exceed the Property Damage Liability limit afforded by the policy.

Uninsured Motorists Coverage is available at the following limits with rates per policy shown:

B.I. UM Coverage

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 30/60	\$ 15	\$ 35
50/100	16	38
100/200	17	40
100/300	18	42
300/300	20	47
250/500	21	50
500/500	22	52
500/1,000	23	54
1,000/1,000	24	57

P.D. UM Coverage

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

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, motorcycle, golfmobile or other miscellaneous type vehicle.

14. MISCELLANEOUS COVERAGES (Cont'd)

c. Additional Persons

Bodily Injury Uninsured Motorists Coverage Only may be extended to an executive officer, partner or employee of the named insured provided such additional person does not own an auto.

The charge for each additional person shall be the single car policy rate shown above.

2. Non-Owners – (Class Code 990000)

a. A Named Non-Owner Liability Policy may be extended to provide Uninsured Motorists Coverage. The annual charge per policy shall be the single car policy rate shown above for the limits of coverage selected.

b. Bodily Injury Uninsured Motorists Coverage Only may be afforded to any person who does not own an auto and who is not otherwise afforded Uninsured Motorists Coverage.

Such coverage shall be written for a period of one year or three years. The charge for each person covered shall be the minimum limits single car policy rate multiplied by the following factor:

Policy Term	Factor
One Year	3.50
Three Years	5.50

B.1. Combined Uninsured/Underinsured Motorists Coverage

1. Owners – (Class Code – Refer to Statistical Plan)

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 a named insured has:

- Purchased a policy with Bodily Injury limits not greater than \$30,000/\$60,000; or
- Specifically rejected this coverage in writing and elected to purchase Uninsured Motorists Coverage ONLY; or
- Specifically rejected in writing both Uninsured Motorists and Combined Uninsured/Underinsured Motorists Coverages.

a. Limits

Combined Uninsured/Underinsured Motorists Coverage limits are available only at Bodily Injury limits higher than \$30,000/60,000 and with Property Damage limits at \$25,000 or with a limit not to exceed the Property Damage Liability limit afforded by 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.

Refer to Uninsured Motorists Coverage ONLY for \$30/60/25 limits.

b. Rates

Combined Uninsured/Underinsured Motorists Coverage is available at the following limits with rates per policy shown:

B.I. UM/UIM Coverage

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50/100	\$ 19	\$ 45
100/200	32	75
100/300	38	89
300/300	50	118
250/500	59	140
500/500	81	191
500/1,000	92	217
1,000/1,000	104	246

P.D. UM/UIM Coverage

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

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, motorcycle, golfmobile or other miscellaneous type vehicle.

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

Attach the applicable endorsement.

14. MISCELLANEOUS COVERAGES (Cont'd)

2. Non-Owners – (Class Code 990000)

A Named Non-Owner Liability Policy may be extended to provide Combined Uninsured and Underinsured Motorists Coverage. The annual charge per policy shall be the single car policy rate shown above for the limits of coverage selected.

Attach the applicable endorsement.

B.2. Alternative Economic Loss Coverage

An insurer may, at its option, make available Alternative Economic Loss Coverage to cover economic loss only. Coverage is **not** provided for non-economic loss.

Economic loss consists of medical care, compensation for lost earnings and replacement services, and payment of a death benefit when bodily injury results from an automobile accident caused by an uninsured or underinsured motorist.

If made available by the insurer, Alternative Economic Loss Coverage may only be made available on policies where both Uninsured Motorists and Combined Uninsured/Underinsured Motorists Coverage have been rejected in writing.

Alternative Economic Loss Coverage may be made available at the following limits with rates per policy shown:

	B.I. Limits	
	Single Car Policy	Multi-Car Policy
\$ 30/60	\$ 5	\$ 12
50/100	9	21
100/200	15	36
100/300	18	43
300/300	25	59
250/500	31	74
500/500	39	92
500/1,000	46	108
1,000/1,000	50	118

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

Attach the applicable endorsement.

C. Deductible Insurance

1. Deductible Liability Insurance is not available for vehicles classified and rated in accordance with the rules of this Manual.

2. Collision Deductibles for Which No Premiums Are Shown

\$ 25 Deduct. (071)	– Charge 150% of the \$50 Deduct. Collision Premium
\$ 50 Deduct. (072)	– Charge 102% of the \$100 Deduct. Collision Premium
\$ 200 Deduct. (073)	– Charge 97% of the \$100 Deduct. Collision Premium
\$ 250 Deduct. (076)	– Charge 95% of the \$100 Deduct. Collision Premium
\$ 500 Deduct. (077)	– Charge 88% of the \$100 Deduct. Collision Premium

\$1,000 Deduct. (078) – Charge 75% of the \$100 Deduct. Collision Premium

3. Comprehensive Deductibles for Which No Premiums Are Shown

\$ 50 Deduct. (003) – Charge 95% of the Full Coverage Comprehensive Premium

\$ 100 Deduct. (010) – Charge 90% of the Full Coverage Comprehensive Premium

\$ 250 Deduct. (055) – Charge 77% of the Full Coverage Comprehensive Premium

\$ 500 Deduct. (726) – Charge 60% of the Full Coverage Comprehensive Premium

\$1,000 Deduct. (727) – Charge 50% of the Full Coverage Comprehensive Premium

4. Theft – \$50 Deductible – Charge 75% of the Full Coverage Theft Rate.

D. Extended Transportation Expenses Coverage

1. Eligibility

Only policies providing Comprehensive Coverage may be afforded either Extended Transportation Expenses Coverage or Increased Limits Transportation Expenses Coverage.

2. Rating

The rates for this coverage are not subject to classification rating or modification by any rating plan.

Coverage	Annual Rate Per Auto
\$15/\$450 Extended Transportation Expenses Coverage (Cov. Code 704)	\$10
\$30/\$900 Increased Limits Transportation Expenses Coverage (Cov. Code 706)	\$20
\$50/\$1,500 Additional Increased Limits Transportation Expenses Coverage (Cov. Code 768)	\$32

3. Endorsement

Attach the extended transportation expenses coverage endorsement to the policy.

E. Towing and Labor Costs

1. This coverage may be written only for Private Passenger Autos.

2. The available limit and rates are:

Limit Per Disablement	Rate – Per Car, Per Year
\$ 25	\$2
50	4
100	6
None (subject to coverage provisions)	13

3. Attach applicable endorsement.

14. MISCELLANEOUS COVERAGES (Cont'd)

F. Audio, Visual and Data Electronic Equipment and Tapes, Records, Discs and Other Media Coverage (Cov. Code 014)

1. Coverage is available for loss to any of the following, if at the time of loss they are contained in a vehicle described in the policy for which this coverage is provided:

- a. Tapes, records, discs and other media used with audio, visual or data reproduction, receiving or transmitting equipment permanently installed in the auto.
- b. Any electronic equipment not designed solely for the reproduction of sound, that receives or transmits audio, visual or data signals.

This coverage applies only if the equipment is:

- (1) Permanently installed in the auto at the time of loss;
- (2) **Not** necessary for the normal operation of the auto or monitoring of the auto's operating systems; and
- (3) **Not** an integral part of the same unit housing any sound reproducing equipment permanently installed in the opening of the dash or console of the auto. This opening must be normally used by the manufacturer for installation of a radio.

Types of electronic equipment not specifically designed solely for the reproduction of sound for which coverage may be purchased include:

- (1) Citizens band radios;
- (2) Telephones;
- (3) Two-way mobile radios;
- (4) Scanning monitor receivers;
- (5) Television monitor receivers;
- (6) Video cassette recorders;
- (7) Audio cassette recorders; and
- (8) Personal computers.

Note

Electronic equipment which is specifically designed solely for the reproduction of sound and permanently installed in the auto at the time of loss, along with accessories used with such equipment, is automatically covered under the policy without additional premium charge.

- c. Accessories used with electronic equipment permanently installed in the auto, and not designed solely for the reproduction of sound.

Refer to the Coverage For Audio, Visual and Data Electronic Equipment and Tapes, Records, Discs and Other Media Endorsement for extent of coverage.

2. Coverage is **not** available for radar detectors.

3. Develop the premium independently for each covered auto as follows:

- a. Audio, visual and data electronic equipment including its accessories (Cov. Code 014).

(1) Determine the limit of liability based upon the total cost new of the electronic equipment permanently installed in the auto and the cost new of its accessories. Do not include the cost of tapes, records, discs and other media in determining this limit.

Additional coverage for \$200 worth of tapes, records, discs and other media applies at no additional charge when coverage is provided for audio, visual and data electronic equipment.

(2) Select the premium from the table below:

Total Cost New of Equipment and Accessories	Premium
\$ 0 – 500	\$ 30
501 – 1,000	60
1,001 – 1,500	90
1,501 – 2,000	120
2,001 – 2,500	150
2,501 – 3,000	180
3,001 – 3,500	210
3,501 – 4,000	240
4,001 – 4,500	270
4,501 – 5,000	300
5,001 and over	Refer to Company

- b. Tapes, records, discs and other media only (Cov. Code 064)

When coverage is **not** purchased for audio, visual and data electronic equipment, coverage for \$200 worth of tapes, records, discs and other media is available for an additional premium charge of \$15 per auto, per year.

4. Attach the coverage for audio, visual, and data electronic equipment and tapes, records, discs and other media endorsement to the policy.

G. Auto Death Indemnity Or Benefits, Specific Disability Benefits And Total Disability Benefits Rates

1. Automobile Death Indemnity or Benefit, Specific Disability Benefits and Total Disability Benefits are available to any person under a policy affording auto bodily injury liability insurance with respect to an auto classified or rated as a private passenger auto.

2. Annual rates per person insured:

- a. Coverage A – Auto Death Indemnity or Benefit (Class Code 904000)

Principal Sum	Annual Rate
\$ 5,000	\$2
10,000	4

14. MISCELLANEOUS COVERAGES (Cont'd)

b. Coverages A and B – Auto Death Indemnity or Benefit and Specific Disability Benefits

Dismemberment and Loss of Sight and Fractures and Dislocations. (Class Code 907000)

Principal Sum	Annual Rate
\$ 5,000	\$3
10,000	5

c. Coverage C – Total Disability Benefits – (Class Code 903000)

Weekly Indemnity	Annual Rate
\$25	\$3
35	3
50	6

d. Coverage D – Total Disability Benefits – Maximum 200 weeks. (Class Code 905000)

Weekly Indemnity	Annual Rate
\$25	\$2
35	3
50	5

3. For the addition of one or more of the coverages to outstanding policies, charges per month, or fraction thereof, of 10% of the applicable annual rates shall be made. These charges shall be subject to a minimum total charge of \$2 per policy or endorsement, and to a maximum total charge of the total of the annual rates for the coverages afforded.

H. Repair or Replacement Coverages

1. Five Year Coverage

a. Coverage for Damage to Your Auto can be changed from ACTUAL CASH VALUE to REPLACEMENT COST for losses caused by other than fire, theft, larceny, malicious mischief or vandalism.

b. Repair or Replacement Coverage is available:

- (1) Only for autos purchased new.
- (2) Only if this coverage is added within 60 days after purchase of the new auto. If the coverage is added after the date of purchase of the new auto, coverage does not become effective until the date of purchase of this coverage.
- (3) Only if this coverage is maintained continuously on the auto.
- (4) If the auto is not more than 5 years old. The age of the auto shall be determined by subtracting the year the endorsement was first added to the policy for that auto from the year of inception of the current annual period of the policy.
- (5) Only if the collision and other than collision coverages are carried for the auto.

c. Rates

Charge 15% of the combined collision and other than collision premiums.

d. Attach Endorsement **NC 03 11**.

2. One Year Coverage

a. Coverage for Damage to Your Auto can be changed from ACTUAL CASH VALUE to REPLACEMENT COST.

b. Replacement Cost Coverage is available:

- (1) Only for autos purchased new by the policyholder or applicant with less than 150 miles on the odometer.
- (2) Only if this coverage is added within 60 days after the purchase of the new auto. If the coverage is added after the date of purchase of the new auto coverage does not become effective until the date of purchase of this coverage.
- (3) Only if this coverage is maintained continuously on the auto.
- (4) Only if collision and other than collision coverages are carried for the auto.

c. Rates

Charge 10% of the combined collision and other than collision premiums.

d. Duration of Coverage

This coverage will apply until one year from the date of purchase of the new auto or an odometer reading of 15,000 miles, whichever comes first.

e. Attach Endorsement **NC 03 12**.

I. Coverage for Rented Vehicles

1. Insurers may offer coverage for rented vehicles with every motor vehicle policy covering a motor vehicle registered in North Carolina. Attach the Coverage for Rented Vehicles endorsement to the policy.

2. Rating

- a. To add Coverage for Rented Vehicles, charge an annual premium of \$4 for personal auto liability policies which provide both comprehensive and collision coverages.
- b. To add Coverage for Rented Vehicles, charge an annual premium of \$16 for personal auto liability policies which do not provide both comprehensive and collision coverages.
- c. The premium for Coverage for Rented Vehicles is not subject to classification or modification by any rating plan.

3. Cancellation

If Coverage for Rented Vehicles is cancelled by the insured, the entire annual premium shall be fully earned by the company.

14. MISCELLANEOUS COVERAGES (Cont'd)**J. Original Equipment Manufacturer (OEM) Parts Loss Settlement****1. Coverage**

A loss settlement Original Equipment Manufacturer (OEM) Parts coverage option may be made available when physical damage coverage is afforded under a policy. The OEM parts loss settlement option is subject to the following:

- a. If a repair results in the replacement of exterior sheet metal and/or exterior plastic parts, OEM parts shall be used if such parts are available.

If OEM parts are not available, non-OEM parts may be used.

- b. If a repair results in the replacement of any damaged parts other than exterior sheet metal and/or exterior plastic parts, the insurer may require or specify the use of non-OEM parts.

2. Rating

Charge 5% of the otherwise applicable premium for Comprehensive and 5% of the otherwise applicable premium for Collision coverages.

3. Endorsement

Attach the Loss Settlement – Original Equipment Manufacturer Parts Endorsement to the policy.

- b. 25% for driving a motor vehicle at an excessive rate of speed or in a reckless manner, where an injury to person or damage to property actually results therefrom.

- c. 5% for any reason requiring filing.

B. Owners

1. If an owner is required to file evidence of financial responsibility for owned autos and for the operation of autos which he does not own, the additional premium shall be computed by applying the proper surcharge to the sum of the premium for the highest rated auto owned by the insured and the total nonownership liability premium, modified in accordance with any applicable rating plan.
2. In all other cases, the additional premium shall be computed by applying the proper surcharge to the premium for the highest rated auto owned by the insured modified in accordance with any applicable rating plan.

C. Non-Owners

1. If a policy is written to insure a named individual, the additional premium shall be computed by applying the proper surcharge to the premium for the policy.
2. If coverage is provided under a policy which has been extended to cover a named individual in accordance with Rule 17. – Extended Non-Owned Liability Coverage, the additional premium shall be computed by applying the proper surcharge to:
 - a. The rates for the highest rated auto insured under the policy for the rating territory in which the named individual is located, or
 - b. If there is no auto at such location, 170% of the private passenger Base Rates for the territory in which the named individual is located.

15. CERTIFIED RISKS – FINANCIAL RESPONSIBILITY LAWS

For risks not eligible for rating under the Safe Driver Insurance Plan, a surcharge of 35% shall be applied in addition to the surcharge of 50%, 25% or 5% applicable under this Rule.

For risks rated under the Safe Driver Insurance Plan, the additional charge for each risk shall be \$4 for the period of coverage. The \$4 charge shall not be subject to modification under the provisions of any rating plan or other manual rate.

A. Surcharges

1. Surcharges apply to Liability coverages only.
2. The appropriate charges shown below shall be applied to the final premium for the affected coverages for the period of time the certificate is required but not more than three years (after 3 years of 5% surcharge applies) as follows:
 - a. 50% for driving a motor vehicle while intoxicated, or failing to stop and report when involved in an accident, or homicide or assault arising out of the operation of a motor vehicle.

16. NAMED NON-OWNER POLICY

(For individuals who do not own an auto)

- A. Liability and Medical Payments Coverage

Charge 90% of the premium that would apply if such individual owned an auto.
- B. Uninsured Motorists Insurance and Underinsured Motorists Insurance

Refer to Rule 14.
- C. Attach the named non-owner coverage endorsement.

17. EXTENDED NON-OWNED LIABILITY COVERAGE (PERSONAL AUTO POLICY ONLY)

A. Liability Coverage

Liability coverage may be extended to an individual described below:

1. The insured named in the policy, including the spouse if a resident of the same household, or a resident relative who is furnished an auto for regular use but is NOT employed by a garage:
 - a. When no Primary Liability insurance is in effect on the auto, charge 50% of the liability premium which would apply if the furnished auto were being specifically insured as an owned auto by the individual.
 - b. When there is Primary Liability insurance in effect on the auto or if the auto is used in the business of the United States Government, charge the premiums per person shown in the table below:

Person Named	Bodily Injury \$30/60	Property Damage \$25,000
Insured Named and Spouse	\$3	\$1
Relative	6	2

2. The insured named in the policy, including the spouse if a resident of the same household, or a resident relative who is furnished an auto for regular use and is employed by a garage:
 - a. When garage has no liability insurance charge 170% of Base Rate for Liability
 - b. When garage has liability insurance, refer to Company.
3. In all other situations, charge the premiums per person shown in the table below:

Person Named	Bodily Injury \$30/60	Property Damage \$25,000
Insured Named and Spouse	\$3	\$1
Relative	6	2

B. Medical Payments

Medical Payments coverage is available only if Bodily Injury and Property Damage coverages are extended. Medical Payments shall be provided at the same limits as the Medical Payments limit of policy to which attached. Premiums per person are displayed below.

Medical Payments Limits of Policy to Which Attached	Auto Furnished for Regular Use	Auto Not Furnished For Regular Use
\$ 500	\$ 4	\$ 2

Use the factors in Rule 18.D. to determine premiums for Medical Payments limits above \$500.

18. INCREASED LIMITS

- A. The tables in Sections B. and C. below contain the factors to be applied to the appropriate basic limits rates for Bodily Injury or Property Damage Liability. Refer to company for limits not displayed in these tables.

B. 30/60 Split Limit Bodily Injury Liability Increased Limits Table

Applicable to 30/60 Split Limit Bodily Injury Liability Rates Only:

Total Limits	Factor
\$ 30/60	1.00
50/100	1.14
100/100	1.25
100/200	1.30
100/300	1.32
300/300	1.50
250/500	1.52
500/1,000	1.67
1,000/1,000	1.76
1,000/2,000	1.81

C. \$25,000 Property Damage Liability Increased Limits Table

Applicable to \$25,000 Property Damage Liability Rates Only:

Limit	Factor	Limit	Factor
25,000	1.000	250,000	1.059
35,000	1.005	500,000	1.113
50,000	1.010	750,000	1.153
100,000	1.030	1,000,000	1.202

D. Medical Payments Increased Limits

Applicable to \$500 Medical Payments Rates Only:

Total Medical Payments Limits	Factor
\$ 750	1.33
1,000	1.60
2,000	2.34
5,000	3.38
10,000	3.86
25,000	4.53
50,000	5.13
75,000	5.39
100,000	5.50

E. Single Limit Coverages

The premium for single limit liability coverages shall be calculated as follows:

1. Apply a single discount of 3% to both the Bodily Injury and the Property Damage normal factors for separate limits equal to the desired single limit.
2. Calculate the separate Bodily Injury and Property Damage premiums, the sum of which is the combined premium.

19. MISCELLANEOUS TYPES**A. Trailers Designed for Use with Private Passenger Autos**

Coverage may be provided for:

1. Recreational Trailers

Non-self-propelled units equipped as living quarters (including cooking, dining, plumbing or refrigeration facilities).

To be eligible for coverage, insured must maintain a separate and permanent residence other than the recreational trailer.

Note

1. Camper trailers shall be rated as Recreational Trailers.

2. A portable camper body used with a pickup truck shall be rated as a Recreational Trailer. The pickup truck shall be rated in accordance with Rule 4.F.

2. Other Trailers

All non-self-propelled units not included above.

Liability and Medical Payments Coverages

A Personal Auto Policy affording Liability and Medical Payments Coverage also covers trailers as described above for these coverages without additional premium charge and without specific description of the trailers when used with a private passenger auto.

Other Policies affording Liability and Medical Payments Coverage will also provide this coverage for trailers without additional premium charge and without specific description of the trailer except when the trailer is used with any auto owned or hired by the insured and not covered by like insurance in the company.

Refer to company for rates applicable to a trailer described above if:

1. Used with any auto owned or hired by the insured and not covered by like insurance in the company, or
2. No auto is owned by the insured.

Medical Payments Insurance

Medical payments insurance is available for a home trailer, office trailer, store trailer or display trailer, if used with a private passenger auto.

The rate shall be three times the medical payments rate for the applicable private passenger classification for the territory in which the risk is located.

Farm Wagons and Farm Implements:

Coverage is afforded without additional charge for farm wagons or farm implements when attached to private passenger type autos.

Physical Damage Coverages Only

Trailers are to be insured as separate items with separate premiums shown for each unit. If deductible coverage is written, the deductible shall apply separately to each unit.

1. Recreational Trailers – All Classes – Entire State**a. Contents**

- (1) Auto Home Contents Coverage for Fire and Lightning and Combined Additional Coverage (including or excluding malicious mischief and vandalism) may be added.

Fire – Charge fire rate applicable to Mobilehome Insured.

Combined Additional Coverage Including Malicious Mischief and Vandalism – 25 cents per \$100.

Combined Additional Coverage Excluding Malicious Mischief and Vandalism – 20 cents per \$100.

Apply to company for endorsement.

- (2) Auto Home Coverage for TV antennas, awnings, and cabanas or equipment designed to create additional living facilities may be added.

Covered Property Coverage – \$50 Deductible – (Coverage Code 069) Charge \$1.45.

Coverage Property Coverage – \$100 Deductible – (Coverage Code 069) Charge \$1.15.

Attach Applicable Endorsement.

- b. Fire Rate – (new & old) – \$0.45
- c. Theft Rate – (new & old) – \$0.10
- d. Windstorm Rate – (new & old) – \$0.05
- e. Combined Additional Coverage without Malicious Mischief and Vandalism Rate – (new & old) – \$0.10
- f. Combined Additional Coverage with Malicious Mischief and Vandalism Rate – (new & old) – \$0.15
- g. Comprehensive

Full Coverage	(Cov. Code 01)	– \$1.45
\$ 50 Deductible	(Cov. Code 03)	– 1.25
\$ 100 Deductible	(Cov. Code 10)	– 1.10
\$ 250 Deductible	(Cov. Code 055)	– 0.95
\$ 500 Deductible	(Cov. Code 726)	– 0.75
\$1,000 Deductible	(Cov. Code 727)	– 0.50

19. MISCELLANEOUS TYPES (Cont'd)

h. Collision Premiums – All Classes – Entire State

Original Cost	Deductibles											
	\$50		\$100		\$200		\$250		\$500		\$1000	
	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old
0 – 600	\$24	\$19	\$10	\$8	\$9	\$7	\$7	\$6	\$6	\$5	\$5	\$4
601 – 800	26	21	12	9	11	9	8	6	7	6	6	5
801 – 1,050	29	23	13	10	12	10	9	7	8	6	7	6
1,051 – 1,300	31	25	15	12	14	11	10	8	9	7	8	6
1,301 – 1,600	34	27	18	14	16	13	13	10	11	9	9	7
1,601 – 1,900	37	30	20	16	18	14	15	12	12	10	10	8
1,901 – 2,400	42	34	23	18	21	17	18	14	14	11	12	10
2,401 – 3,000	47	38	28	22	25	20	21	17	17	14	14	11
3,001 – 4,000	56	45	34	27	31	25	25	20	20	16	17	14
4,001 – 5,000	66	53	42	34	38	30	30	24	25	20	21	17
5,001 – 6,000	77	62	50	40	45	36	35	28	30	24	25	20
6,001 – 7,000	87	70	58	46	52	42	41	33	35	28	29	23
7,001 – 8,000	98	78	66	53	59	47	46	37	40	32	33	26
8,001 – 9,000	108	86	74	59	67	54	52	42	44	35	37	30
9,001 – 10,000	119	95	82	66	74	59	57	46	49	39	41	33

(1) "New" means purchased new not more than 18 months prior to date insurance attaches.
"Old" – All Others

(2) For Recreational Trailers having a cost exceeding \$10,000, the indicated premiums for the \$9,001 to \$10,000 group shall be increased 10% per \$1,000 or fractions thereof in excess of \$10,000.

(3) The premiums shown above are subject to a retained Minimum Premium equal to 25% of the annual premium applicable.

2. All Other Trailers – All Classes – Entire State

All Non-Self-Propelled Units Not Included in Paragraph 1. Above.

Rates Per \$100 of Insurance

Coverage	Rates
Fire	\$0.10
Theft	0.05
Windstorm	0.05
Combined Additional Coverage without Malicious Mischief & Vandalism	0.10
Combined Additional Coverage with Malicious Mischief & Vandalism	0.15
Comprehensive – Full Coverage – (Cov. Code 01)	0.55
Comprehensive – \$50 Deductible – (Cov. Code 03)	0.37

COLLISION PREMIUMS – ALL CLASSES – ENTIRE STATE

Original Cost New at Factory	\$25 Deduct.	\$50 Deduct.	\$100 Deduct.
\$ 0 – \$ 400	\$ 7	\$ 4	\$ 3
401 – 600	9	6	5
601 – 800	12	8	6
801 – 1,000	15	10	8
1,001 – 1,500	23	15	12
1,501 – 2,000	29	19	15
2,001 – 2,500	35	23	18
2,501 – 3,000	41	27	22
Each Additional \$500 Over \$3,000	5	4	3

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

Liability Coverages Only

- Such vehicles with engine size of 324 cubic centimeters or less shall be rated at 20% of the applicable private passenger rate. (Class Code – Motorcycles 951000; Others 960000)
- Such vehicles with engine size of 325 cubic centimeters or more shall be rated at 36% of the applicable private passenger rate. (Class Code – Motorcycles 952000; Others 961000)

19. MISCELLANEOUS TYPES (Cont'd)

Physical Damage Coverages Only

All Motorcycles and Motorscooters with three wheel chassis shall be rated as Commercial Types. Motorcycles with side-car attachment used for transportation or delivery of goods or merchandise shall be rated as Commercial Types.

MOTOR-CYCLES (Except COMMERCIAL TYPES)	MOTOR-SCOOTERS (Except COMMERCIAL TYPES)	COMMERCIAL TYPES (Motorcycles and Motorscooters)
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RATES PER \$100 OF INSURANCE

Fire Rates –	\$.50	\$.50	\$.50
Theft Rates –	1.14	.88	.50

Combined Additional Coverage without Malicious Mischief & Vandalism – 17 cents per \$100 of insurance.

Combined Additional Coverage with Malicious Mischief & Vandalism – 22 cents per \$100 of insurance.

Collision – MOTORCYCLES AND MOTORSCOOTERS (Except Commercial Types):

1989 and Prior Model Years

Charge the following Percentages of the Symbol 7 Private Passenger Collision Rate for the applicable model year:

1990 and Subsequent Model Years

Charge the following Percentages of the Symbol 2 Private Passenger Collision Rate for the applicable model year:

Engine Size Cubic Centimeters (cc)	Percentage
0 – 100	29%
101 – 200	48%
201 – 300	66%
301 – 450	106%
451 – 600	115%
601 – 750	161%
751 – 900	220%
901 – 1,000	286%
Over 1,000	353%

Collision – COMMERCIAL TYPES (Motorcycles and Motorscooters):

Charge 75% of the Collision premiums for symbols determined in accordance with the table above.

Note

The Classification and Sub-Classification Rating Plans are applicable in rating all vehicles under this rule for all coverages. (See Rule 4. and Rule 5.)

C. SNOWMOBILES and similar vehicles equipped for travel over ice and snow, used principally off public roads, shall be rated as follows:

Liability Coverages Only

(Class Code 967000) – Excluding Passenger Hazard

(Class Code 959000) – Including Passenger Hazard

1. Bodily Injury (excluding the passenger hazard) – \$20, \$30,000/60,000 limits.

Bodily Injury (including the passenger hazard) – \$60, \$30,000/60,000 limits.

2. Property Damage – \$10, \$25,000 limits

3. Medical Payments – \$10, \$500 per person (no other limits).

4. Uninsured Motorists Coverage

Charge rates shown in Rule 14.

5. All rates apply for the period of coverage.

6. The applicable endorsement shall be attached to the policy.

Physical Damage Coverages Only

(Class Code 959000)

7. Comprehensive

\$100 Deductible – \$2.00 per \$100.

8. Collision

\$100 Deductible – \$2.00 per \$100.

Note

a. Only Stated Amount Coverage is available.

b. A snowmobile and trailer designed to be towed by the snowmobile shall be considered one unit for determining the deductible amount to any loss, provided said trailer is described in the schedule on the endorsement.

9. The applicable endorsement shall be attached to the policy.

10. All rates apply for the period of coverage.

D. Golfmobiles

Vehicles commonly known as Golfmobiles, used principally off public roads, not used for commercial purposes, with capacity to carry one or more persons.

Note

Vehicles of this type not meeting the above qualifications, rate as a motorcycle.

Liability Coverages Only

1. Charge 25% of the applicable private passenger Base Premiums. (Class Code 943500)

2. All rates apply for the period of coverage.

Physical Damage Coverages Only

Fire – \$.60 per \$100 of Insurance.

Theft – \$.20 per \$100 of Insurance.

Collision –

Original Cost New	\$25 Ded.	\$50 Ded.	\$100 Ded.
\$ 0 – 750	\$16	\$10	\$ 8
751 & Over	24	15	10

19. MISCELLANEOUS TYPES (Cont'd)**E. Antique Autos**

An antique auto is a motor vehicle of the private passenger type which is 25 or more years old that is maintained solely for use in exhibitions, club activities, parades and other functions of public interest, and occasionally used for other purposes.

Liability Coverages Only

Charge 40% of the private passenger base premiums. (Class Code 962000)

Physical Damage Coverages Only

These vehicles are to be insured on Stated Amount basis only. The rates are as shown below (Class Code 962000).

Rate Per \$100 of Insurance

Deductible	Comprehensive	Collision	Fire	Theft
\$ 50	\$1.25	\$1.50	\$.35	\$.35
100	1.10	1.25	.31	.31
250	.96	1.00	.27	.27
500	.74	.75	.21	.21

F. Classic Autos

A classic auto is a motor vehicle of the private passenger type which is 10 or more years old and may be used on a regular basis. Its value is significantly higher than the average value of other autos of the same make and model year.

Liability, Medical Payments, Uninsured and Underinsured Motorists

Classify and rate as a private passenger auto.

Physical Damage

Attach the coverage for damage to your auto (stated amount maximum limit of liability) endorsement.

1. Determine the stated amount of coverage applicable to the vehicle.
2. Assign a symbol based on the stated amount, from the table for 1990 and subsequent model years on Page 1. of the Symbol and Identification Section.

Note

Prior to October 1, 1989, the table for 1981-1989 model years in the Symbol and Identification Section should be used for symbol assignment.

3. Classify and rate as a private passenger auto using the base rate for the current model year.

20. FINANCED AUTOS

Financed autos shall be written at manual rates and minimum charges except for single interest coverages.

For single interest rates, rules and forms, refer to company.

21. STATE RATE, TERRITORY SHEETS

A. The state rate sheets show rates by territory.

B. The territory sheets contain the definitions of the territorial divisions into which the state is divided and show for each territory the statistical code and the number of the rate schedule on the state rate sheets to be used.

1. Each territory as defined embraces a certain area, usually a city and its surroundings. In many cases the area so defined includes several smaller cities, towns, and villages. The following provisions are applicable in this connection:
 - a. Any city, town, or village not specifically mentioned as included within a defined territory but which is inside of the boundary of the area so defined, shall take the territory schedule for that defined territory.
 - b. If a city, town, or village extends into more than one defined territory, the territory schedule for the higher rated territory applies to the entire city, town, or village.
 - c. Unless otherwise indicated, if a street, avenue or other public way serves as a dividing line between two territories, except when the public way serves as a boundary line of any political subdivision (state, county, township, city, town, village, etc.), the rates applicable to the lower rated of the two territories shall apply to autos principally garaged on either side of such street or avenue.

2. The territory sheets also contain a list of Important Cities and Towns in a state indicating the counties in which such towns are located and the territories to which they are assigned. The rate territory for a town not listed should be determined as follows:
 - a. Ascertain the county in which the town is located.

21. STATE RATE, TERRITORY SHEETS (Cont'd)

- b. if the name of the county is included in the list of territory definitions for the state as divided into two or more rate territories, it will be necessary to refer to a map to determine in which of the rate territories the town belongs.
- c. If the county is not so listed, then the entire county and all towns in it take the rates for the Remainder of State schedule.

22. INSTALLMENT PAYMENTS

The total premium for an auto policy is due and payable at the beginning of the policy period, unless the policy is issued on an installment payment basis in accordance with the following rules:

- A. The first installment shall be due on the effective date of the policy and the due date of the last installment shall be no later than one month prior to the policy anniversary date.
- B. An additional charge of \$3.00 shall be made for each installment.
- C. The premium paid to the company exclusive of the total installment payment charge shall never be less than the pro rata charge from the effective date of the policy to the due date of the next installment, where additional installments are to be paid, or to expiration of the policy where no further installments are due.

- D. Flat cancellation shall be accepted on business written on an installment basis only if there has been no coverage under the policy and the policy is returned to the company within thirty days. In all other cases, a pro rata earned premium shall be due to the company.
- E. This rule does not preclude the use of an installment payment plan which provides for deferring the due date of installment if the insurance is under suspension on the original due date.

23. EXCESS INDEMNITY POLICY

Bodily injury and property damage liability limits over primary limits may be afforded under an Excess Indemnity Policy with respect to an automobile classified and rated as a private passenger automobile. Primary insurance must be in force with respect to the automobile and the risk unable to obtain higher limits. If the company providing the excess limits coverage also provides the primary coverage to a risk, a letter of consent, signed by the insured, shall be secured and retained in the company's files. Refer to company for rating.

Bodily injury and property damage excess limits may be afforded separately or in conjunction with Medical Payments Insurance, Medical Payments Coverage is available on a \$100 deductible basis only. Refer to company for rating.

**PERSONAL AUTO MANUAL
RATE PAGES**

NORTH CAROLINA (32)

VOLUNTARY BUSINESS*

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	300/300	25,000	50,000	100,000	500	750	1,000	2,000	5,000
	LIMIT CODE				LIMIT CODE			LIMIT CODE				
	6	6	8	1	4	5	6	1	2	3	4	6
11	\$115	\$131	\$152	\$173	\$152	\$154	\$157	\$12	\$16	\$19	\$28	\$41
13	177	202	234	266	187	189	193	19	25	30	44	64
14	169	193	223	254	185	187	191	18	24	29	42	61
15	188	214	248	282	181	183	186	20	27	32	47	68
16	152	173	201	228	187	189	193	16	21	26	37	54
17	193	220	255	290	181	183	186	21	28	34	49	71
18	138	157	182	207	160	162	165	15	20	24	35	51
24	141	161	186	212	149	150	153	15	20	24	35	51
25	163	186	215	245	173	175	178	18	24	29	42	61
26	205	234	271	308	152	154	157	22	29	35	51	74
31	172	196	227	258	164	166	169	18	24	29	42	61
32	144	164	190	216	157	159	162	15	20	24	35	51
33	172	196	227	258	136	137	140	18	24	29	42	61
40	215	245	284	323	182	184	187	23	31	37	54	78
41	179	204	236	269	167	169	172	19	25	30	44	64
43	161	184	213	242	134	135	138	17	23	27	40	57
47	169	193	223	254	146	147	150	18	24	29	42	61
51	138	157	182	207	168	170	173	15	20	24	35	51
52	185	211	244	278	198	200	204	20	27	32	47	68

* Including "clean risks" ceded to the North Carolina Reinsurance Facility.
See Premium Determination Rule for the definition of "clean risks".

CEDED BUSINESS*

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	250/500	25,000	50,000	100,000	500	750	1,000	2,000	5,000
	LIMIT CODE				LIMIT CODE			LIMIT CODE				
	6	6	8	7	4	5	6	1	2	3	4	6
11	\$162	\$185	\$214	\$246	\$184	\$186	\$190	\$17	\$23	\$27	\$40	\$57
13	253	288	334	385	229	231	236	26	35	42	61	88
14	243	277	321	369	229	231	236	25	33	40	59	85
15	266	303	351	404	228	230	235	27	36	43	63	91
16	223	254	294	339	236	238	243	23	31	37	54	78
17	279	318	368	424	229	231	236	28	37	45	66	95
18	202	230	267	307	203	205	209	21	28	34	49	71
24	201	229	265	306	182	184	187	21	28	34	49	71
25	246	280	325	374	237	239	244	25	33	40	59	85
26	322	367	425	489	194	196	200	33	44	53	77	112
31	244	278	322	371	203	205	209	25	33	40	59	85
32	205	234	271	312	192	194	198	21	28	34	49	71
33	243	277	321	369	166	168	171	25	33	40	59	85
40	312	356	412	474	221	223	228	32	43	51	75	108
41	264	301	348	401	215	217	221	27	36	43	63	91
43	240	274	317	365	173	175	178	24	32	38	56	81
47	250	285	330	380	183	185	188	26	35	42	61	88
51	192	219	253	292	204	206	210	20	27	32	47	68
52	266	303	351	404	253	256	261	27	36	43	63	91

* Excluding "clean risks" as defined under the Premium Determination Rule.

**PERSONAL AUTO MANUAL
RATE PAGES
TERRITORY 11**

NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	27	26	24	23	22	21	19	18	17	15	14	1	5
2	38	36	34	32	31	29	27	25	23	21	19	2	6
3	43	41	39	37	35	32	31	28	26	24	22	3	9
4	47	45	43	41	38	36	34	31	29	27	24	4	10
5	53	51	48	46	43	41	38	35	32	30	27	5	12
6	60	57	54	51	49	46	43	40	37	34	31	6	16
7	66	63	59	57	53	50	47	43	40	37	34	7	19
8	71	68	65	61	58	54	51	47	44	40	37	8	23
10	77	73	70	66	62	59	55	51	47	43	40	10	29
11	84	80	76	72	68	64	60	55	51	47	43	11	35
12	91	87	82	78	74	69	65	60	55	51	47	12	41
13	98	93	89	84	79	75	70	64	60	55	50	13	49
14	106	101	96	91	86	81	76	69	64	59	54	14	57
15	116	111	105	100	94	89	83	77	71	66	60	15	69
16	128	122	116	110	104	98	91	84	78	72	66	16	84
17	141	135	128	121	114	108	101	93	86	80	73	17	101
18	154	147	140	132	125	118	111	102	94	87	80	18	120
19	168	161	153	144	136	129	121	111	103	95	87	19	144
20	187	178	169	160	151	142	134	123	114	105	96	20	170
21	207	198	188	178	168	158	148	136	126	117	107	21	236
22	234	223	212	201	189	178	167	154	143	131	120		
23	262	249	237	225	212	199	187	172	160	147	135		
24	303	289	275	260	246	231	217	199	185	171	156		
25	373	356	338	320	302	284	267	246	228	210	192		
26	459	437	415	393	371	349	328	301	279	258	236		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	185	177	169	159	151	141	127	117	107	96	86	1	42
2	211	201	191	181	171	159	145	133	121	109	98	2	50
3	245	233	221	209	199	185	169	155	141	127	115	3	62
4	265	253	241	227	215	201	183	167	153	137	125	4	70
5	283	269	255	243	229	213	193	177	161	145	133	5	82
6	297	283	269	255	241	223	205	187	171	153	139	6	90
7	310	295	281	265	251	233	213	195	177	159	145	7	98
8	324	308	291	277	261	243	221	203	185	167	151	8	119
10	344	328	312	295	279	259	235	217	197	177	161	10	137
11	362	344	326	310	291	271	247	227	207	185	169	11	149
12	372	354	336	318	302	279	255	233	213	191	173	12	165
13	386	368	350	332	314	291	265	243	221	199	181	13	177
14	412	392	372	354	334	310	281	259	235	211	193	14	197
15	432	412	392	372	350	326	297	271	247	223	201	15	213
16	450	428	406	386	364	338	308	283	257	231	209	16	235
17	466	444	422	400	378	352	320	293	267	239	217	17	249
18	492	468	444	422	398	370	338	310	281	253	229	18	271
19	513	488	464	440	416	386	352	322	293	263	239	19	287
20	531	505	478	454	428	398	364	334	304	273	247	20	304
21	551	525	498	472	446	414	378	346	316	283	257	21	346
22	581	553	525	498	470	436	398	366	332	299	271		
23	603	575	547	517	488	454	414	380	346	310	281		
24	631	601	571	541	511	474	432	396	360	324	295		
25	681	649	617	585	553	513	468	428	390	350	318		
26	740	704	669	633	599	557	507	464	422	380	346		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	40	38	36	34	32	31	29	27	24	22	21	1	8
2	56	53	50	48	45	42	40	37	34	31	29	2	9
3	63	60	57	54	51	48	45	41	38	36	32	3	13
4	69	66	63	60	56	53	50	46	42	39	36	4	15
5	78	75	71	67	64	60	56	51	48	44	40	5	18
6	89	84	80	76	72	67	63	58	54	50	46	6	23
7	97	92	87	83	78	74	69	64	59	55	50	7	29
8	105	100	95	90	85	80	75	69	64	59	54	8	34
10	113	108	103	98	92	86	81	75	69	64	58	10	43
11	123	117	111	105	100	94	88	81	75	69	63	11	52
12	134	128	121	115	109	102	96	88	82	75	69	12	61
13	144	137	130	123	117	110	103	95	88	81	74	13	72
14	156	148	141	134	126	119	111	102	95	87	80	14	84
15	171	163	155	147	139	130	122	113	104	96	88	15	102
16	189	180	171	162	153	144	135	124	115	106	97	16	123
17	208	198	188	179	169	158	149	137	127	117	107	17	148
18	227	217	206	195	184	173	163	149	139	128	117	18	177
19	248	236	225	213	201	189	178	163	151	139	128	19	211
20	275	262	249	236	223	209	197	181	167	154	142	20	251
21	305	291	277	262	248	233	218	201	186	172	157	21	347
22	345	328	312	295	279	262	246	226	210	193	177		
23	386	367	349	331	312	294	276	253	235	217	198		
24	447	426	404	383	362	340	319	294	272	251	230		
25	550	524	498	471	445	419	393	361	335	309	283		
26	675	643	611	579	546	514	482	444	411	379	347		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	204	195	186	175	167	155	140	129	118	107	95	1	47
2	233	222	211	200	189	175	160	147	133	120	109	2	56
3	271	258	244	231	220	204	186	171	155	140	127	3	69
4	293	280	266	251	238	222	202	184	169	151	138	4	78
5	313	297	282	269	253	235	213	195	178	160	147	5	91
6	329	313	297	282	266	246	226	206	189	169	153	6	100
7	342	326	311	293	278	258	235	215	195	175	160	7	109
8	357	340	322	306	289	269	244	224	204	184	167	8	131
10	380	362	344	326	309	286	260	240	218	195	178	10	151
11	400	380	360	342	322	300	273	251	229	204	186	11	164
12	411	391	371	351	333	309	282	258	235	211	191	12	182
13	426	406	386	366	346	322	293	269	244	220	200	13	195
14	455	433	411	391	369	342	311	286	260	233	213	14	218
15	477	455	433	411	386	360	329	300	273	246	222	15	235
16	497	473	448	426	402	373	340	313	284	255	231	16	260
17	515	491	466	442	417	389	353	324	295	264	240	17	275
18	544	517	491	466	440	408	373	342	311	280	253	18	300
19	566	539	513	486	460	426	389	355	324	291	264	19	317
20	586	557	528	502	473	440	402	369	335	302	273	20	335
21	608	579	551	522	493	457	417	382	349	313	284	21	382
22	642	611	579	551	519	482	440	404	366	331	300		
23	666	635	604	571	539	502	457	420	382	342	311		
24	697	664	630	597	564	524	477	437	397	357	326		
25	753	717	682	646	611	566	517	473	431	386	351		
26	817	777	739	699	662	615	559	513	466	420	382		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	38	36	34	33	31	29	27	25	23	21	20	1	8
2	53	50	48	45	43	40	38	35	32	30	27	2	9
3	60	57	54	51	48	45	43	39	36	34	31	3	12
4	66	63	60	57	53	50	47	43	40	37	34	4	15
5	74	71	67	64	60	57	53	49	45	42	38	5	17
6	84	80	76	72	68	64	60	55	51	47	43	6	22
7	92	87	83	79	74	70	66	60	56	52	47	7	27
8	99	95	90	85	81	76	71	65	61	56	51	8	32
10	107	102	97	92	87	82	77	71	66	60	55	10	41
11	116	111	105	100	94	89	83	76	71	65	60	11	49
12	127	121	115	109	103	97	91	83	77	71	65	12	58
13	136	130	123	117	110	104	97	90	83	77	70	13	68
14	147	140	133	126	119	112	105	97	90	83	76	14	80
15	162	154	147	139	131	123	116	107	99	91	83	15	96
16	178	170	161	153	144	136	127	117	109	100	92	16	117
17	197	187	178	169	159	150	141	129	120	111	101	17	140
18	215	205	195	184	174	164	154	141	131	121	111	18	167
19	234	223	212	201	190	179	168	154	143	132	121	19	200
20	260	247	235	223	210	198	186	171	158	146	134	20	237
21	288	275	261	247	234	220	206	190	176	162	148	21	328
22	325	310	294	279	263	248	232	214	198	183	167		
23	364	347	329	312	295	277	260	239	222	205	187		
24	422	402	382	362	342	321	301	277	257	237	217		
25	519	494	470	445	420	395	371	341	316	292	267		
26	637	607	576	546	516	485	455	419	388	358	328		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	206	197	188	177	168	157	141	130	119	108	96	1	47
2	235	224	213	202	190	177	161	148	134	121	110	2	56
3	273	260	246	233	222	206	188	172	157	141	128	3	69
4	296	282	269	253	240	224	204	186	170	152	139	4	78
5	316	300	284	271	255	237	215	197	179	161	148	5	92
6	332	316	300	284	269	249	228	208	190	170	155	6	101
7	345	329	314	296	280	260	237	217	197	177	161	7	110
8	361	343	325	309	291	271	246	226	206	186	168	8	132
10	383	365	347	329	311	289	262	242	220	197	179	10	152
11	403	383	363	345	325	302	276	253	231	206	188	11	166
12	414	394	374	354	336	311	284	260	237	213	193	12	184
13	430	410	390	370	349	325	296	271	246	222	202	13	197
14	459	437	414	394	372	345	314	289	262	235	215	14	220
15	482	459	437	414	390	363	332	302	276	249	224	15	237
16	502	477	452	430	405	376	343	316	287	258	233	16	262
17	520	495	470	446	421	392	356	327	298	267	242	17	278
18	549	522	495	470	444	412	376	345	314	282	255	18	302
19	571	544	517	491	464	430	392	358	327	293	267	19	320
20	591	562	533	506	477	444	405	372	338	305	276	20	338
21	614	585	556	526	497	461	421	385	352	316	287	21	385
22	647	616	585	556	524	486	444	408	370	334	302		
23	672	641	609	576	544	506	461	423	385	345	314		
24	703	670	636	603	569	529	482	441	401	361	329		
25	759	724	688	652	616	571	522	477	435	390	354		
26	824	784	746	706	668	620	564	517	470	423	385		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	32	30	29	27	26	24	23	21	19	18	16	1	6
2	44	42	40	38	36	34	32	29	27	25	23	2	7
3	50	47	45	43	40	38	36	33	30	28	26	3	10
4	55	53	50	47	45	42	39	36	34	31	29	4	12
5	62	59	56	53	50	47	45	41	38	35	32	5	14
6	70	67	63	60	57	53	50	46	43	39	36	6	18
7	77	73	69	66	62	58	55	50	47	43	39	7	23
8	83	79	76	71	68	63	60	55	51	47	43	8	27
10	90	86	81	77	73	68	64	59	55	50	46	10	34
11	97	93	88	84	79	74	70	64	59	55	50	11	41
12	106	101	96	91	86	81	76	70	65	60	55	12	48
13	114	109	103	98	92	87	81	75	70	64	59	13	57
14	123	118	112	106	100	94	88	81	75	69	63	14	67
15	136	129	123	116	110	103	97	89	83	76	70	15	81
16	150	142	135	128	121	114	107	98	91	84	77	16	98
17	165	157	149	142	134	126	118	108	100	93	85	17	118
18	180	172	163	155	146	137	129	118	110	101	93	18	140
19	197	187	178	168	159	150	141	129	120	110	101	19	168
20	218	207	197	187	176	166	156	143	133	122	112	20	199
21	242	231	219	207	196	184	173	159	147	136	124	21	275
22	273	260	247	234	221	208	195	179	166	153	140		
23	306	291	276	262	247	233	218	201	186	172	157		
24	354	337	320	304	287	270	253	233	216	199	182		
25	436	415	394	373	353	332	311	286	265	245	224		
26	535	509	484	459	433	407	382	352	326	301	275		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	197	188	180	169	161	150	135	124	113	103	92	1	45
2	225	214	203	193	182	169	154	141	128	116	105	2	54
3	261	248	235	223	212	197	180	165	150	135	122	3	66
4	282	270	257	242	229	214	195	178	163	146	133	4	75
5	302	287	272	259	244	227	205	188	171	154	141	5	88
6	317	302	287	272	257	238	218	199	182	163	148	6	96
7	330	315	300	282	268	248	227	208	188	169	154	7	105
8	345	327	310	295	278	259	235	216	197	178	161	8	126
10	366	349	332	315	297	276	250	231	210	188	171	10	146
11	385	366	347	330	310	289	263	242	220	197	180	11	158
12	396	377	357	338	321	297	272	248	227	203	184	12	175
13	411	392	372	353	334	310	282	259	235	212	193	13	188
14	439	417	396	377	355	330	300	276	250	225	205	14	210
15	460	439	417	396	372	347	317	289	263	238	214	15	227
16	479	456	432	411	387	360	327	302	274	246	223	16	250
17	496	473	449	426	402	375	340	312	285	255	231	17	265
18	524	499	473	449	424	394	360	330	300	270	244	18	289
19	546	520	494	469	443	411	375	342	312	280	255	19	306
20	565	537	509	484	456	424	387	355	323	291	263	20	323
21	586	559	531	503	475	441	402	368	336	302	274	21	368
22	618	589	559	531	501	464	424	389	353	319	289		
23	642	612	582	550	520	484	441	404	368	330	300		
24	672	640	608	576	544	505	460	422	383	345	315		
25	725	691	657	623	589	546	499	456	415	372	338		
26	788	749	713	674	638	593	539	494	449	404	368		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	33	32	30	29	27	26	24	22	20	18	17	1	7
2	46	44	42	40	37	35	33	30	28	26	24	2	7
3	52	50	47	45	42	40	37	34	32	29	27	3	11
4	58	55	52	50	47	44	41	38	35	33	30	4	13
5	65	62	59	56	53	50	47	43	40	37	33	5	15
6	73	70	66	63	59	56	52	48	45	41	38	6	19
7	81	77	73	69	65	61	58	53	49	45	41	7	24
8	87	83	79	75	71	66	62	57	53	49	45	8	28
10	94	90	85	81	76	72	67	62	58	53	48	10	36
11	102	97	92	88	83	78	73	67	62	57	52	11	43
12	111	106	101	95	90	85	80	73	68	62	57	12	51
13	120	114	108	103	97	91	85	79	73	67	62	13	59
14	129	123	117	111	105	99	92	85	79	73	66	14	70
15	142	136	129	122	115	108	102	94	87	80	73	15	84
16	157	149	142	134	127	119	112	103	95	88	81	16	103
17	173	165	156	148	140	132	124	114	105	97	89	17	123
18	189	180	171	162	153	144	135	124	115	106	97	18	147
19	206	196	187	176	167	157	147	136	125	116	106	19	176
20	228	217	206	196	185	174	163	150	139	128	117	20	208
21	253	242	230	217	205	193	181	167	154	143	130	21	288
22	286	272	259	245	231	218	204	188	174	161	147		
23	320	305	290	275	259	244	229	210	195	180	165		
24	371	353	336	318	301	282	265	244	226	209	191		
25	456	435	413	391	370	348	326	300	278	257	235		
26	561	534	507	480	454	427	400	368	341	315	288		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	191	183	175	164	156	146	131	121	110	100	89	1	44
2	218	208	198	187	177	164	150	137	125	112	102	2	52
3	254	241	229	216	206	191	175	160	146	131	119	3	64
4	275	262	250	235	223	208	189	173	158	141	129	4	73
5	293	279	264	252	237	220	200	183	166	150	137	5	85
6	308	293	279	264	250	231	212	193	177	158	144	6	94
7	320	306	291	275	260	241	220	202	183	164	150	7	102
8	335	318	302	287	270	252	229	210	191	173	156	8	123
10	356	339	322	306	289	268	243	225	204	183	166	10	141
11	374	356	337	320	302	281	256	235	214	191	175	11	154
12	385	366	347	329	312	289	264	241	220	198	179	12	171
13	399	381	362	343	324	302	275	252	229	206	187	13	183
14	426	406	385	366	345	320	291	268	243	218	200	14	204
15	447	426	406	385	362	337	308	281	256	231	208	15	220
16	466	443	420	399	376	349	318	293	266	239	216	16	243
17	483	460	437	414	391	364	331	304	277	248	225	17	258
18	510	485	460	437	412	383	349	320	291	262	237	18	281
19	530	505	480	456	431	399	364	333	304	272	248	19	297
20	549	522	495	470	443	412	376	345	314	283	256	20	314
21	570	543	516	489	462	428	391	358	327	293	266	21	358
22	601	572	543	516	487	451	412	379	343	310	281		
23	624	595	566	535	505	470	428	393	358	320	291		
24	653	622	591	560	528	491	447	410	372	335	306		
25	705	672	639	605	572	530	485	443	404	362	329		
26	765	728	693	655	620	576	524	480	437	393	358		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	33	32	30	29	27	26	24	22	20	18	17	1	7
2	46	44	42	40	37	35	33	30	28	26	24	2	7
3	52	50	47	45	42	40	37	34	32	29	27	3	11
4	58	55	52	50	47	44	41	38	35	33	30	4	13
5	65	62	59	56	53	50	47	43	40	37	33	5	15
6	73	70	66	63	59	56	52	48	45	41	38	6	19
7	81	77	73	69	65	61	58	53	49	45	41	7	24
8	87	83	79	75	71	66	62	57	53	49	45	8	28
10	94	90	85	81	76	72	67	62	58	53	48	10	36
11	102	97	92	88	83	78	73	67	62	57	52	11	43
12	111	106	101	95	90	85	80	73	68	62	57	12	51
13	120	114	108	103	97	91	85	79	73	67	62	13	59
14	129	123	117	111	105	99	92	85	79	73	66	14	70
15	142	136	129	122	115	108	102	94	87	80	73	15	84
16	157	149	142	134	127	119	112	103	95	88	81	16	103
17	173	165	156	148	140	132	124	114	105	97	89	17	123
18	189	180	171	162	153	144	135	124	115	106	97	18	147
19	206	196	187	176	167	157	147	136	125	116	106	19	176
20	228	217	206	196	185	174	163	150	139	128	117	20	208
21	253	242	230	217	205	193	181	167	154	143	130	21	288
22	286	272	259	245	231	218	204	188	174	161	147		
23	320	305	290	275	259	244	229	210	195	180	165		
24	371	353	336	318	301	282	265	244	226	209	191		
25	456	435	413	391	370	348	326	300	278	257	235		
26	561	534	507	480	454	427	400	368	341	315	288		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	186	178	170	160	152	141	127	117	107	97	87	1	42
2	212	202	192	182	172	160	145	133	121	109	99	2	51
3	246	234	222	210	200	186	170	156	141	127	115	3	63
4	267	255	242	228	216	202	184	168	154	137	125	4	71
5	285	271	257	244	230	214	194	178	162	145	133	5	83
6	299	285	271	257	242	224	206	188	172	154	139	6	91
7	311	297	283	267	253	234	214	196	178	160	145	7	99
8	325	309	293	279	263	244	222	204	186	168	152	8	119
10	345	329	313	297	281	261	236	218	198	178	162	10	137
11	364	345	327	311	293	273	248	228	208	186	170	11	149
12	374	356	337	319	303	281	257	234	214	192	174	12	166
13	388	370	351	333	315	293	267	244	222	200	182	13	178
14	414	394	374	356	335	311	283	261	236	212	194	14	198
15	434	414	394	374	351	327	299	273	248	224	202	15	214
16	452	430	408	388	366	339	309	285	259	232	210	16	236
17	469	446	424	402	380	354	321	295	269	240	218	17	250
18	495	471	446	424	400	372	339	311	283	255	230	18	273
19	515	491	467	442	418	388	354	323	295	265	240	19	289
20	533	507	481	457	430	400	366	335	305	275	248	20	305
21	553	527	501	475	448	416	380	347	317	285	259	21	347
22	584	556	527	501	473	438	400	368	333	301	273		
23	606	578	549	519	491	457	416	382	347	311	283		
24	634	604	574	543	513	477	434	398	362	325	297		
25	685	652	620	588	556	515	471	430	392	351	319		
26	743	707	673	636	602	560	509	467	424	382	347		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	31	30	28	27	25	24	22	21	19	17	16	1	6
2	43	41	39	37	35	33	31	28	26	24	22	2	7
3	49	46	44	42	39	37	35	32	30	27	25	3	10
4	54	51	49	46	43	41	39	35	33	30	28	4	12
5	61	58	55	52	49	46	43	40	37	34	31	5	14
6	68	65	62	59	55	52	49	45	42	39	35	6	18
7	75	71	68	64	61	57	54	49	46	42	39	7	22
8	81	77	74	70	66	62	58	53	50	46	42	8	26
10	88	84	80	75	71	67	63	58	54	49	45	10	33
11	95	91	86	82	77	73	68	62	58	53	49	11	40
12	104	99	94	89	84	79	74	68	63	58	53	12	47
13	112	106	101	96	90	85	80	73	68	63	57	13	55
14	121	115	109	103	98	92	86	79	73	68	62	14	65
15	132	126	120	114	107	101	95	87	81	75	68	15	79
16	146	139	132	125	118	111	104	96	89	82	75	16	96
17	161	153	146	138	130	123	115	106	98	91	83	17	115
18	176	168	159	151	143	134	126	116	107	99	91	18	137
19	192	183	174	164	155	146	137	126	117	108	99	19	164
20	213	203	192	182	172	162	152	140	130	119	109	20	194
21	236	225	214	203	191	180	169	155	144	133	121	21	269
22	267	254	241	228	216	203	190	175	162	150	137		
23	298	284	270	256	241	227	213	196	182	168	153		
24	346	329	313	296	280	263	247	227	211	194	178		
25	425	405	385	364	344	324	304	280	259	239	219		
26	522	497	472	448	423	398	373	343	318	294	269		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
 (b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	181	173	165	156	148	138	124	114	104	95	85	1	41
2	207	197	187	177	167	156	142	130	118	106	97	2	49
3	240	229	217	205	195	181	165	152	138	124	112	3	61
4	260	248	236	223	211	197	179	164	150	134	122	4	69
5	278	264	250	238	225	209	189	173	158	142	130	5	81
6	292	278	264	250	236	219	201	183	167	150	136	6	89
7	303	290	276	260	246	229	209	191	173	156	142	7	97
8	317	301	286	272	256	238	217	199	181	164	148	8	116
10	337	321	305	290	274	254	230	213	193	173	158	10	134
11	355	337	319	303	286	266	242	223	203	181	165	11	146
12	364	347	329	311	296	274	250	229	209	187	169	12	162
13	378	361	343	325	307	286	260	238	217	195	177	13	173
14	404	384	364	347	327	303	276	254	230	207	189	14	193
15	424	404	384	364	343	319	292	266	242	219	197	15	209
16	441	420	398	378	357	331	301	278	252	227	205	16	230
17	457	435	414	392	370	345	313	288	262	234	213	17	244
18	483	459	435	414	390	362	331	303	276	248	225	18	266
19	502	479	455	431	408	378	345	315	288	258	234	19	282
20	520	494	469	445	420	390	357	327	297	268	242	20	297
21	540	514	489	463	437	406	370	339	309	278	252	21	339
22	569	542	514	489	461	427	390	359	325	294	266		
23	591	563	536	506	479	445	406	372	339	303	276		
24	619	589	559	530	500	465	424	388	353	317	290		
25	668	636	605	573	542	502	459	420	382	343	311		
26	725	690	656	621	587	546	496	455	414	372	339		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
 (b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	44	42	39	38	35	34	31	29	27	24	23	1	9
2	61	58	55	52	49	46	44	40	37	34	31	2	10
3	69	66	62	59	56	52	49	45	42	39	35	3	14
4	76	73	69	66	61	58	55	50	46	43	39	4	17
5	86	82	78	74	70	66	61	56	52	48	44	5	20
6	97	92	88	83	78	74	69	64	59	55	50	6	26
7	106	101	96	91	86	81	76	70	64	60	55	7	31
8	115	110	104	99	93	88	82	75	70	65	59	8	37
10	124	118	113	107	100	95	89	82	76	70	64	10	47
11	135	128	122	115	109	103	96	88	82	75	69	11	57
12	147	140	133	126	119	112	105	96	89	82	75	12	67
13	158	150	143	135	128	120	113	104	96	89	81	13	78
14	171	162	154	146	138	130	122	112	104	96	88	14	92
15	187	179	170	161	152	143	134	124	114	106	96	15	111
16	206	197	187	177	167	157	147	136	126	116	106	16	135
17	228	217	206	195	184	173	163	150	139	128	117	17	162
18	249	237	226	213	202	190	178	164	152	140	128	18	194
19	271	259	246	233	220	207	194	179	165	153	140	19	231
20	301	287	272	258	244	229	215	198	183	169	155	20	274
21	334	318	303	287	271	255	239	220	204	188	172	21	380
22	377	359	341	323	305	287	269	248	230	212	194		
23	422	402	382	362	342	321	302	277	258	237	217		
24	489	466	443	419	396	372	349	321	298	275	252		
25	601	573	545	516	487	458	430	396	367	338	310		
26	739	704	668	633	598	563	528	485	450	415	380		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	201	192	183	172	164	153	137	126	116	105	94	1	46
2	229	218	207	196	185	172	157	144	131	118	107	2	55
3	266	253	240	227	216	201	183	168	153	137	124	3	68
4	288	275	262	246	233	218	198	181	166	148	135	4	76
5	307	292	277	264	249	231	209	192	174	157	144	5	89
6	323	307	292	277	262	242	222	203	185	166	150	6	98
7	336	320	305	288	273	253	231	211	192	172	157	7	107
8	351	334	316	301	283	264	240	220	201	181	164	8	129
10	373	355	338	320	303	281	255	235	214	192	174	10	148
11	392	373	353	336	316	294	268	246	225	201	183	11	161
12	403	384	364	344	327	303	277	253	231	207	187	12	179
13	419	399	379	360	340	316	288	264	240	216	196	13	192
14	447	425	403	384	362	336	305	281	255	229	209	14	214
15	469	447	425	403	379	353	323	294	268	242	218	15	231
16	488	464	440	419	395	366	334	307	279	251	227	16	255
17	506	482	458	434	410	382	347	318	290	259	235	17	270
18	534	508	482	458	432	401	366	336	305	275	249	18	294
19	556	530	504	477	451	419	382	349	318	286	259	19	312
20	576	547	519	493	464	432	395	362	329	296	268	20	329
21	597	569	541	512	484	449	410	375	342	307	279	21	375
22	630	600	569	541	510	473	432	397	360	325	294		
23	654	623	593	560	530	493	449	412	375	336	305		
24	685	652	619	586	554	514	469	429	390	351	320		
25	739	704	669	634	600	556	508	464	423	379	344		
26	802	763	726	687	650	604	549	504	458	412	375		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	32	30	29	27	26	24	23	21	19	18	16	1	6
2	44	42	40	38	36	34	32	29	27	25	23	2	7
3	50	47	45	43	40	38	36	33	30	28	26	3	10
4	55	53	50	47	45	42	39	36	34	31	29	4	12
5	62	59	56	53	50	47	45	41	38	35	32	5	14
6	70	67	63	60	57	53	50	46	43	39	36	6	18
7	77	73	69	66	62	58	55	50	47	43	39	7	23
8	83	79	76	71	68	63	60	55	51	47	43	8	27
10	90	86	81	77	73	68	64	59	55	50	46	10	34
11	97	93	88	84	79	74	70	64	59	55	50	11	41
12	106	101	96	91	86	81	76	70	65	60	55	12	48
13	114	109	103	98	92	87	81	75	70	64	59	13	57
14	123	118	112	106	100	94	88	81	75	69	63	14	67
15	136	129	123	116	110	103	97	89	83	76	70	15	81
16	150	142	135	128	121	114	107	98	91	84	77	16	98
17	165	157	149	142	134	126	118	108	100	93	85	17	118
18	180	172	163	155	146	137	129	118	110	101	93	18	140
19	197	187	178	168	159	150	141	129	120	110	101	19	168
20	218	207	197	187	176	166	156	143	133	122	112	20	199
21	242	231	219	207	196	184	173	159	147	136	124	21	275
22	273	260	247	234	221	208	195	179	166	153	140		
23	306	291	276	262	247	233	218	201	186	172	157		
24	354	337	320	304	287	270	253	233	216	199	182		
25	436	415	394	373	353	332	311	286	265	245	224		
26	535	509	484	459	433	407	382	352	326	301	275		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	209	200	191	179	170	159	143	132	120	109	98	1	48
2	238	227	216	204	193	179	163	150	136	123	111	2	57
3	277	263	250	236	225	209	191	175	159	143	129	3	70
4	300	286	272	257	243	227	207	188	173	154	141	4	79
5	320	304	288	275	259	241	218	200	182	163	150	5	93
6	336	320	304	288	272	252	232	211	193	173	157	6	102
7	350	334	318	300	284	263	241	220	200	179	163	7	111
8	365	347	329	313	295	275	250	229	209	188	170	8	134
10	388	370	352	334	316	293	266	245	222	200	182	10	154
11	409	388	368	350	329	306	279	257	234	209	191	11	168
12	420	400	379	359	341	316	288	263	241	216	195	12	186
13	436	415	395	375	354	329	300	275	250	225	204	13	200
14	465	443	420	400	377	350	318	293	266	238	218	14	222
15	488	465	443	420	395	368	336	306	279	252	227	15	241
16	508	484	459	436	411	381	347	320	291	261	236	16	266
17	527	502	477	452	427	397	361	331	302	270	245	17	281
18	556	529	502	477	449	418	381	350	318	286	259	18	306
19	579	552	524	497	470	436	397	363	331	297	270	19	325
20	599	570	540	513	484	449	411	377	343	309	279	20	343
21	622	592	563	533	504	468	427	390	356	320	291	21	390
22	656	624	592	563	531	493	449	413	375	338	306		
23	681	649	617	583	552	513	468	429	390	350	318		
24	713	679	645	611	577	536	488	447	406	365	334		
25	770	733	697	661	624	579	529	484	440	395	359		
26	835	795	756	715	676	629	572	524	477	429	390		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	55	52	49	47	44	42	39	36	33	30	28	1	11
2	76	72	68	65	61	58	54	50	46	42	39	2	12
3	86	81	77	73	69	65	61	56	52	48	44	3	17
4	94	90	86	81	76	72	68	62	58	53	49	4	21
5	107	102	96	91	86	81	76	70	65	60	55	5	24
6	120	114	109	103	97	91	86	79	73	68	62	6	32
7	132	125	119	113	107	100	94	86	80	74	68	7	39
8	143	136	130	122	116	109	102	94	87	81	73	8	46
10	154	147	140	132	125	117	110	102	94	86	79	10	58
11	167	159	151	143	135	127	120	109	102	94	86	11	71
12	182	174	165	156	148	139	130	120	111	102	94	12	83
13	196	186	177	168	158	149	140	129	120	110	101	13	97
14	212	202	192	181	171	161	151	139	129	119	109	14	114
15	233	222	211	199	189	177	166	153	142	131	120	15	138
16	256	244	232	220	207	195	183	168	156	144	132	16	168
17	283	269	256	243	229	215	202	186	172	159	145	17	202
18	309	294	280	265	251	235	221	203	189	174	159	18	240
19	337	321	305	289	273	257	241	222	205	189	174	19	287
20	374	356	338	320	302	284	267	246	228	210	192	20	341
21	415	395	376	356	336	316	297	273	253	233	213	21	472
22	468	446	423	401	379	356	334	307	285	263	240		
23	524	499	474	449	424	399	374	344	320	294	269		
24	607	578	549	521	492	462	433	399	370	341	312		
25	747	711	676	640	605	569	534	491	455	420	384		
26	917	873	829	786	742	698	655	603	559	516	472		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	207	198	189	178	169	158	142	131	119	108	97	1	47
2	236	225	214	203	191	178	162	149	135	122	110	2	56
3	275	261	248	234	223	207	189	173	158	142	128	3	70
4	297	284	270	254	241	225	205	187	171	153	140	4	79
5	317	302	286	272	257	239	216	198	180	162	149	5	92
6	333	317	302	286	270	250	230	209	191	171	155	6	101
7	347	331	315	297	281	261	239	218	198	178	162	7	110
8	362	344	326	311	293	272	248	227	207	187	169	8	133
10	385	367	349	331	313	290	263	243	221	198	180	10	153
11	405	385	365	347	326	304	277	254	232	207	189	11	167
12	416	396	376	356	338	313	286	261	239	214	194	12	185
13	432	412	392	371	351	326	297	272	248	223	203	13	198
14	461	439	416	396	374	347	315	290	263	236	216	14	221
15	484	461	439	416	392	365	333	304	277	250	225	15	239
16	504	479	455	432	407	378	344	317	288	259	234	16	263
17	522	497	473	448	423	394	358	329	299	268	243	17	279
18	551	524	497	473	446	414	378	347	315	284	257	18	304
19	574	547	520	493	466	432	394	360	329	295	268	19	322
20	594	565	536	509	479	446	407	374	340	306	277	20	340
21	617	587	558	529	500	464	423	387	353	317	288	21	387
22	650	619	587	558	527	488	446	410	371	335	304		
23	675	644	612	578	547	509	464	425	387	347	315		
24	707	673	639	605	572	531	484	443	403	362	331		
25	763	727	691	655	619	574	524	479	437	392	356		
26	828	788	749	709	671	623	567	520	473	425	387		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	43	40	38	36	34	32	30	28	26	24	22	1	8
2	59	56	53	50	48	45	42	39	36	33	30	2	10
3	67	63	60	57	54	50	48	44	40	38	34	3	13
4	73	70	67	63	59	56	53	48	45	41	38	4	16
5	83	79	75	71	67	63	59	54	50	46	43	5	19
6	94	89	85	80	76	71	67	62	57	53	48	6	25
7	102	97	92	88	83	78	73	67	62	58	53	7	30
8	111	106	101	95	90	85	80	73	68	63	57	8	36
10	120	114	109	103	97	91	86	79	73	67	62	10	45
11	130	124	118	111	105	99	93	85	79	73	67	11	55
12	142	135	128	122	115	108	101	93	86	80	73	12	64
13	152	145	138	130	123	116	109	100	93	86	78	13	76
14	165	157	149	141	133	125	118	108	100	92	85	14	89
15	181	172	164	155	147	138	129	119	110	102	93	15	108
16	199	190	180	171	161	152	142	131	122	112	102	16	130
17	220	209	199	189	178	167	157	144	134	124	113	17	157
18	240	229	218	206	195	183	172	158	147	135	124	18	187
19	262	250	237	225	212	200	188	172	160	147	135	19	223
20	291	277	263	249	235	221	208	191	177	163	150	20	265
21	323	307	292	277	262	246	231	212	197	181	166	21	367
22	364	347	329	312	295	277	260	239	222	204	187		
23	408	388	368	349	330	310	291	268	249	229	209		
24	472	450	427	405	382	360	337	310	288	265	243		
25	581	553	526	498	470	442	415	382	354	326	299		
26	713	679	645	612	577	543	510	469	435	401	367		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	181	173	165	156	148	138	124	114	104	95	85	1	41
2	207	197	187	177	167	156	142	130	118	106	97	2	49
3	240	229	217	205	195	181	165	152	138	124	112	3	61
4	260	248	236	223	211	197	179	164	150	134	122	4	69
5	278	264	250	238	225	209	189	173	158	142	130	5	81
6	292	278	264	250	236	219	201	183	167	150	136	6	89
7	303	290	276	260	246	229	209	191	173	156	142	7	97
8	317	301	286	272	256	238	217	199	181	164	148	8	116
10	337	321	305	290	274	254	230	213	193	173	158	10	134
11	355	337	319	303	286	266	242	223	203	181	165	11	146
12	364	347	329	311	296	274	250	229	209	187	169	12	162
13	378	361	343	325	307	286	260	238	217	195	177	13	173
14	404	384	364	347	327	303	276	254	230	207	189	14	193
15	424	404	384	364	343	319	292	266	242	219	197	15	209
16	441	420	398	378	357	331	301	278	252	227	205	16	230
17	457	435	414	392	370	345	313	288	262	234	213	17	244
18	483	459	435	414	390	362	331	303	276	248	225	18	266
19	502	479	455	431	408	378	345	315	288	258	234	19	282
20	520	494	469	445	420	390	357	327	297	268	242	20	297
21	540	514	489	463	437	406	370	339	309	278	252	21	339
22	569	542	514	489	461	427	390	359	325	294	266		
23	591	563	536	506	479	445	406	372	339	303	276		
24	619	589	559	530	500	465	424	388	353	317	290		
25	668	636	605	573	542	502	459	420	382	343	311		
26	725	690	656	621	587	546	496	455	414	372	339		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	37	35	33	32	30	28	26	25	23	21	19	1	7
2	51	49	47	44	42	39	37	34	31	29	26	2	8
3	58	55	52	50	47	44	42	38	35	33	30	3	12
4	64	61	58	55	52	49	46	42	39	36	33	4	14
5	73	69	66	62	59	55	52	48	44	41	37	5	17
6	82	78	74	70	66	62	58	54	50	46	42	6	22
7	90	85	81	77	73	68	64	59	54	50	46	7	26
8	97	93	88	83	79	74	70	64	59	55	50	8	31
10	105	100	95	90	85	80	75	69	64	59	54	10	40
11	114	108	103	98	92	87	81	74	69	64	58	11	48
12	124	118	112	106	100	95	89	81	75	70	64	12	56
13	133	127	121	114	108	101	95	88	81	75	69	13	66
14	144	137	130	123	117	110	103	95	88	81	74	14	78
15	158	151	144	136	128	121	113	104	97	89	81	15	94
16	174	166	158	149	141	133	124	115	106	98	90	16	114
17	193	183	174	165	156	147	138	126	117	108	99	17	137
18	210	200	191	180	171	160	150	138	128	118	108	18	164
19	229	219	208	196	186	175	164	151	140	129	118	19	196
20	254	242	230	218	206	194	182	167	155	143	131	20	232
21	282	269	256	242	229	215	202	186	172	159	145	21	321
22	319	303	288	273	258	243	227	209	194	179	164		
23	357	340	322	306	289	271	255	234	218	200	183		
24	413	393	374	354	335	315	295	271	252	232	213		
25	508	484	460	436	412	387	363	334	310	286	262		
26	624	594	564	535	505	475	446	410	380	351	321		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	190	181	173	163	155	144	130	119	109	99	89	1	43
2	216	206	196	185	175	163	148	136	124	111	101	2	52
3	251	239	227	214	204	190	173	159	144	130	117	3	64
4	272	260	247	233	220	206	187	171	157	140	128	4	72
5	290	276	262	249	235	218	198	181	165	148	136	5	84
6	305	290	276	262	247	229	210	192	175	157	142	6	93
7	317	303	288	272	258	239	218	200	181	163	148	7	101
8	332	315	299	284	268	249	227	208	190	171	155	8	122
10	352	336	319	303	286	266	241	222	202	181	165	10	140
11	371	352	334	317	299	278	253	233	212	190	173	11	152
12	381	363	344	325	309	286	262	239	218	196	177	12	169
13	396	377	358	340	321	299	272	249	227	204	185	13	181
14	422	402	381	363	342	317	288	266	241	216	198	14	202
15	443	422	402	381	358	334	305	278	253	229	206	15	218
16	461	439	416	396	373	346	315	290	264	237	214	16	241
17	478	455	433	410	387	361	328	301	274	245	222	17	255
18	505	480	455	433	408	379	346	317	288	260	235	18	278
19	525	501	476	451	426	396	361	330	301	270	245	19	295
20	544	517	490	466	439	408	373	342	311	280	253	20	311
21	564	538	511	484	457	424	387	354	323	290	264	21	354
22	595	567	538	511	482	447	408	375	340	307	278		
23	618	589	560	529	501	466	424	389	354	317	288		
24	647	616	585	554	523	486	443	406	369	332	303		
25	698	665	632	599	567	525	480	439	400	358	325		
26	758	721	686	649	614	571	519	476	433	389	354		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	60	57	54	51	48	46	43	40	36	33	31	1	12
2	83	79	75	71	67	63	59	55	51	47	43	2	13
3	94	89	85	81	76	71	67	62	57	53	48	3	19
4	103	99	94	89	84	79	74	68	63	58	54	4	23
5	117	111	106	100	95	89	84	77	71	66	60	5	27
6	132	126	119	113	107	100	94	87	81	74	68	6	35
7	145	137	130	124	117	110	103	95	88	81	74	7	43
8	156	149	142	134	127	119	112	103	96	88	81	8	51
10	169	161	153	145	137	129	121	111	103	95	87	10	64
11	183	175	166	157	149	140	131	120	111	103	94	11	77
12	200	190	181	171	162	152	143	131	122	112	103	12	91
13	215	205	194	184	174	164	153	141	131	121	111	13	107
14	232	221	210	199	188	177	166	152	141	130	119	14	126
15	255	243	231	219	207	194	182	168	156	144	131	15	152
16	281	268	254	241	228	214	201	185	171	158	145	16	184
17	310	295	280	266	251	236	222	204	189	175	160	17	221
18	339	323	307	291	275	258	243	223	207	190	175	18	264
19	370	352	335	317	299	282	265	243	225	208	190	19	315
20	410	390	371	352	332	312	293	269	250	230	211	20	374
21	455	434	412	390	369	347	325	299	277	256	234	21	517
22	514	489	465	440	416	391	367	337	313	288	264		
23	575	547	520	493	465	438	411	378	351	323	295		
24	666	634	603	571	540	507	476	438	406	374	343		
25	819	781	742	702	664	624	585	539	499	461	422		
26	1006	958	910	863	814	766	719	661	613	566	517		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	189	180	172	162	154	144	129	119	109	98	88	1	43
2	215	205	195	185	174	162	148	135	123	111	100	2	51
3	250	238	226	213	203	189	172	158	144	129	117	3	64
4	271	258	246	232	219	205	187	170	156	139	127	4	72
5	289	275	260	248	234	217	197	180	164	148	135	5	84
6	303	289	275	260	246	228	209	191	174	156	141	6	92
7	316	301	287	271	256	238	217	199	180	162	148	7	100
8	330	314	297	283	267	248	226	207	189	170	154	8	121
10	351	334	318	301	285	264	240	221	201	180	164	10	139
11	369	351	332	316	297	277	252	232	211	189	172	11	152
12	379	361	342	324	308	285	260	238	217	195	176	12	168
13	394	375	357	338	320	297	271	248	226	203	185	13	180
14	420	400	379	361	340	316	287	264	240	215	197	14	201
15	441	420	400	379	357	332	303	277	252	228	205	15	217
16	459	437	414	394	371	344	314	289	262	236	213	16	240
17	476	453	431	408	385	359	326	299	273	244	221	17	254
18	502	478	453	431	406	377	344	316	287	258	234	18	277
19	523	498	474	449	424	394	359	328	299	269	244	19	293
20	541	515	488	463	437	406	371	340	310	279	252	20	310
21	562	535	508	482	455	422	385	353	322	289	262	21	353
22	592	564	535	508	480	445	406	373	338	305	277		
23	615	586	558	527	498	463	422	387	353	316	287		
24	644	613	582	551	521	484	441	404	367	330	301		
25	695	662	629	597	564	523	478	437	398	357	324		
26	754	718	683	646	611	568	517	474	431	387	353		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	45	42	40	38	36	34	32	30	27	25	23	1	9
2	62	59	56	53	50	47	44	41	38	35	32	2	10
3	70	67	63	60	57	53	50	46	42	40	36	3	14
4	77	74	70	67	63	59	55	51	47	44	40	4	17
5	87	83	79	75	71	67	63	57	53	49	45	5	20
6	99	94	89	84	80	75	70	65	60	55	51	6	26
7	108	103	97	93	87	82	77	71	65	61	55	7	32
8	117	112	106	100	95	89	84	77	71	66	60	8	38
10	126	120	114	109	102	96	90	83	77	71	65	10	48
11	137	130	124	117	111	104	98	90	83	77	70	11	58
12	149	142	135	128	121	114	107	98	91	84	77	12	68
13	160	153	145	137	130	122	114	106	98	90	83	13	80
14	173	165	157	149	140	132	124	114	106	97	89	14	94
15	191	182	173	163	155	145	136	126	116	107	98	15	113
16	210	200	190	180	170	160	150	138	128	118	108	16	137
17	232	221	209	199	188	176	166	152	141	130	119	17	165
18	253	241	230	217	205	193	181	166	155	142	130	18	197
19	276	263	250	237	224	211	198	182	168	155	142	19	235
20	306	291	277	263	248	233	219	201	186	172	158	20	279
21	340	324	308	291	276	259	243	224	207	191	175	21	386
22	384	365	347	329	310	292	274	252	234	215	197		
23	430	409	388	368	348	327	307	282	262	241	221		
24	497	474	450	427	403	379	355	327	303	280	256		
25	612	583	554	525	496	466	437	402	373	344	315		
26	752	716	680	644	608	572	537	494	458	422	386		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	230	220	210	198	188	175	158	145	133	120	108	1	53
2	263	250	238	225	213	198	180	165	150	135	123	2	63
3	305	290	275	260	248	230	210	193	175	158	143	3	78
4	330	315	300	283	268	250	228	208	190	170	155	4	88
5	353	335	318	303	285	265	240	220	200	180	165	5	103
6	370	353	335	318	300	278	255	233	213	190	173	6	113
7	385	368	350	330	313	290	265	243	220	198	180	7	123
8	403	383	363	345	325	303	275	253	230	208	188	8	148
10	428	408	388	368	348	323	293	270	245	220	200	10	170
11	450	428	405	385	363	338	308	283	258	230	210	11	185
12	463	440	418	395	375	348	318	290	265	238	215	12	205
13	480	458	435	413	390	363	330	303	275	248	225	13	220
14	513	488	463	440	415	385	350	323	293	263	240	14	245
15	538	513	488	463	435	405	370	338	308	278	250	15	265
16	560	533	505	480	453	420	383	353	320	288	260	16	293
17	580	553	525	498	470	438	398	365	333	298	270	17	310
18	613	583	553	525	495	460	420	385	350	315	285	18	338
19	638	608	578	548	518	480	438	400	365	328	298	19	358
20	660	628	595	565	533	495	453	415	378	340	308	20	378
21	685	653	620	588	555	515	470	430	393	353	320	21	430
22	723	688	653	620	585	543	495	455	413	373	338		
23	750	715	680	643	608	565	515	473	430	385	350		
24	785	748	710	673	635	590	538	493	448	403	368		
25	848	808	768	728	688	638	583	533	485	435	395		
26	920	875	833	788	745	693	630	578	525	473	430		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	46	44	41	40	37	35	33	31	28	26	24	1	9
2	64	61	58	55	52	49	46	42	39	36	33	2	10
3	73	69	65	62	59	55	52	48	44	41	37	3	15
4	80	76	73	69	65	61	57	52	49	45	41	4	18
5	90	86	82	77	73	69	65	59	55	51	46	5	21
6	102	97	92	87	82	77	73	67	62	57	52	6	27
7	112	106	101	96	90	85	80	73	68	63	57	7	33
8	121	115	110	104	98	92	87	79	74	68	62	8	39
10	131	124	118	112	106	99	93	86	80	73	67	10	49
11	142	135	128	121	115	108	101	93	86	79	73	11	60
12	154	147	140	132	125	118	110	101	94	87	79	12	70
13	166	158	150	142	134	126	118	109	101	93	85	13	82
14	179	171	162	154	145	137	128	118	109	101	92	14	97
15	197	188	179	169	160	150	141	130	120	111	101	15	117
16	217	207	196	186	176	165	155	143	132	122	112	16	142
17	240	228	217	206	194	182	171	157	146	135	123	17	171
18	262	249	237	224	212	199	187	172	160	147	135	18	204
19	285	272	259	245	231	218	204	188	174	160	147	19	243
20	317	301	286	271	256	241	226	208	193	178	163	20	289
21	351	335	318	301	285	268	251	231	214	198	181	21	400
22	397	378	359	340	321	302	283	260	242	223	204		
23	444	423	401	381	359	338	317	292	271	249	228		
24	514	490	465	441	417	392	367	338	314	289	265		
25	633	603	573	542	512	482	452	416	386	356	326		
26	777	740	703	666	629	592	555	511	473	437	400		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	280	268	255	240	228	213	192	176	161	146	131	1	64
2	319	304	289	274	258	240	219	201	182	164	149	2	76
3	371	353	334	316	301	280	255	234	213	192	173	3	94
4	401	383	365	344	325	304	277	252	231	207	188	4	106
5	429	407	386	368	347	322	292	268	243	219	201	5	125
6	450	429	407	386	365	337	310	283	258	231	210	6	137
7	468	447	426	401	380	353	322	295	268	240	219	7	149
8	489	465	441	420	395	368	334	307	280	252	228	8	179
10	520	496	471	447	423	392	356	328	298	268	243	10	207
11	547	520	492	468	441	410	374	344	313	280	255	11	225
12	562	535	508	480	456	423	386	353	322	289	261	12	249
13	584	556	529	502	474	441	401	368	334	301	274	13	268
14	623	593	562	535	505	468	426	392	356	319	292	14	298
15	654	623	593	562	529	492	450	410	374	337	304	15	322
16	681	648	614	584	550	511	465	429	389	350	316	16	356
17	705	672	638	605	572	532	483	444	404	362	328	17	377
18	745	708	672	638	602	559	511	468	426	383	347	18	410
19	775	739	702	666	629	584	532	486	444	398	362	19	435
20	803	763	724	687	648	602	550	505	459	413	374	20	459
21	833	793	754	714	675	626	572	523	477	429	389	21	523
22	879	836	793	754	711	660	602	553	502	453	410		
23	912	869	827	781	739	687	626	575	523	468	426		
24	955	909	863	818	772	717	654	599	544	489	447		
25	1031	982	933	885	836	775	708	648	590	529	480		
26	1119	1064	1012	958	906	842	766	702	638	575	523		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.
(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	43	41	39	37	35	33	31	29	26	24	22	1	9
2	60	57	54	51	48	46	43	39	36	34	31	2	10
3	68	64	61	58	55	51	48	44	41	38	35	3	14
4	75	71	68	64	60	57	54	49	46	42	39	4	17
5	84	80	76	72	68	64	60	55	51	47	43	5	19
6	95	91	86	82	77	72	68	63	58	54	49	6	25
7	104	99	94	89	84	79	75	68	63	59	54	7	31
8	113	108	103	97	92	86	81	74	69	64	58	8	36
10	122	116	111	105	99	93	87	80	75	68	63	10	46
11	132	126	120	113	107	101	95	87	80	74	68	11	56
12	144	137	131	124	117	110	103	95	88	81	74	12	66
13	155	148	140	133	125	118	111	102	95	87	80	13	77
14	168	160	152	144	136	128	120	110	102	94	86	14	91
15	184	176	167	158	149	140	132	121	112	104	95	15	109
16	203	193	184	174	164	154	145	133	124	114	104	16	133
17	224	213	202	192	181	170	160	147	136	126	115	17	160
18	245	233	222	210	198	186	175	161	149	137	126	18	190
19	267	254	242	229	216	203	191	176	162	150	137	19	227
20	296	282	267	254	239	225	211	194	180	166	152	20	270
21	328	313	298	282	266	250	235	216	200	185	169	21	373
22	371	353	335	317	300	282	264	243	226	208	190		
23	415	395	375	356	336	316	296	272	253	233	213		
24	481	458	435	412	389	366	343	316	293	270	247		
25	591	563	535	507	479	450	422	389	360	332	304		
26	726	691	657	622	588	553	519	477	442	408	373		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	176	168	160	151	143	134	120	111	101	92	82	1	40
2	201	191	181	172	162	151	138	126	115	103	94	2	48
3	233	222	210	199	189	176	160	147	134	120	109	3	59
4	252	241	229	216	204	191	174	159	145	130	118	4	67
5	269	256	243	231	218	202	183	168	153	138	126	5	78
6	283	269	256	243	229	212	195	178	162	145	132	6	86
7	294	281	267	252	239	222	202	185	168	151	138	7	94
8	308	292	277	264	248	231	210	193	176	159	143	8	113
10	327	311	296	281	265	246	223	206	187	168	153	10	130
11	344	327	309	294	277	258	235	216	197	176	160	11	141
12	353	336	319	302	287	265	243	222	202	181	164	12	157
13	367	350	332	315	298	277	252	231	210	189	172	13	168
14	392	372	353	336	317	294	267	246	223	201	183	14	187
15	411	392	372	353	332	309	283	258	235	212	191	15	202
16	428	407	386	367	346	321	292	269	244	220	199	16	223
17	443	422	401	380	359	334	304	279	254	227	206	17	237
18	468	445	422	401	378	351	321	294	267	241	218	18	258
19	487	464	441	418	395	367	334	306	279	250	227	19	273
20	504	479	455	432	407	378	346	317	288	260	235	20	288
21	523	499	474	449	424	393	359	329	300	269	244	21	329
22	552	525	499	474	447	414	378	348	315	285	258		
23	573	546	520	491	464	432	393	361	329	294	267		
24	600	571	542	514	485	451	411	376	342	308	281		
25	647	617	586	556	525	487	445	407	371	332	302		
26	703	669	636	602	569	529	481	441	401	361	329		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

**PERSONAL AUTO MANUAL
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TERRITORY 47**

NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	42	40	37	36	34	32	30	28	25	23	21	1	8
2	58	55	52	50	47	44	41	38	35	32	30	2	9
3	65	62	59	56	53	50	47	43	40	37	34	3	13
4	72	69	65	62	58	55	52	47	44	41	37	4	16
5	81	78	74	70	66	62	58	53	50	46	42	5	19
6	92	87	83	79	74	70	65	61	56	52	47	6	24
7	101	96	91	86	81	76	72	66	61	57	52	7	30
8	109	104	99	94	89	83	78	72	67	62	56	8	35
10	118	112	107	101	95	90	84	78	72	66	61	10	45
11	128	122	116	109	103	97	91	84	78	72	65	11	54
12	139	133	126	119	113	106	100	91	85	78	72	12	63
13	150	142	135	128	121	114	107	98	91	84	77	13	74
14	162	154	146	139	131	123	116	106	98	91	83	14	87
15	178	169	161	152	144	135	127	117	108	100	91	15	106
16	196	186	177	168	158	149	140	129	119	110	101	16	128
17	216	206	195	185	175	164	155	142	131	122	111	17	154
18	236	225	214	202	191	180	169	155	144	133	122	18	184
19	257	245	233	221	208	196	184	169	157	145	133	19	219
20	285	272	258	245	231	217	204	188	174	160	147	20	260
21	317	302	287	272	257	241	227	208	193	178	163	21	360
22	358	340	323	306	289	272	255	235	218	201	184		
23	400	381	362	343	324	305	286	263	244	225	206		
24	464	442	420	398	376	353	331	305	283	261	239		
25	570	543	516	489	462	435	408	375	348	321	294		
26	701	667	634	601	567	534	501	460	427	394	360		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	192	184	176	165	157	146	132	121	111	100	90	1	44
2	219	209	199	188	178	165	150	138	125	113	102	2	52
3	255	242	230	217	207	192	176	161	146	132	119	3	65
4	276	263	251	236	224	209	190	173	159	142	130	4	73
5	295	280	265	253	238	222	201	184	167	150	138	5	86
6	309	295	280	265	251	232	213	194	178	159	144	6	94
7	322	307	293	276	261	242	222	203	184	165	150	7	102
8	336	320	303	288	272	253	230	211	192	173	157	8	123
10	357	341	324	307	291	270	245	226	205	184	167	10	142
11	376	357	339	322	303	282	257	236	215	192	176	11	155
12	387	368	349	330	314	291	265	242	222	199	180	12	171
13	401	382	364	345	326	303	276	253	230	207	188	13	184
14	428	408	387	368	347	322	293	270	245	219	201	14	205
15	449	428	408	387	364	339	309	282	257	232	209	15	222
16	468	445	422	401	378	351	320	295	268	240	217	16	245
17	485	462	439	416	393	366	332	305	278	249	226	17	259
18	512	487	462	439	414	385	351	322	293	263	238	18	282
19	533	508	483	458	433	401	366	334	305	274	249	19	299
20	552	525	497	472	445	414	378	347	316	284	257	20	316
21	573	545	518	491	464	431	393	359	328	295	268	21	359
22	604	575	545	518	489	454	414	380	345	311	282		
23	627	598	568	537	508	472	431	395	359	322	293		
24	656	625	594	562	531	493	449	412	374	336	307		
25	709	675	642	608	575	533	487	445	405	364	330		
26	769	732	696	658	623	579	527	483	439	395	359		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	30	29	27	26	24	23	22	20	18	17	16	1	6
2	42	40	38	36	34	32	30	28	26	24	22	2	7
3	48	45	43	41	38	36	34	31	29	27	24	3	10
4	52	50	48	45	42	40	38	34	32	30	27	4	12
5	59	56	54	51	48	45	42	39	36	33	30	5	14
6	67	64	60	57	54	51	48	44	41	38	34	6	18
7	73	70	66	63	59	56	52	48	44	41	38	7	22
8	79	76	72	68	64	60	57	52	48	45	41	8	26
10	86	82	78	74	69	65	61	56	52	48	44	10	32
11	93	88	84	80	75	71	66	61	56	52	48	11	39
12	101	96	92	87	82	77	72	66	62	57	52	12	46
13	109	104	98	93	88	83	78	72	66	61	56	13	54
14	118	112	106	101	95	90	84	77	72	66	60	14	64
15	129	123	117	111	105	98	92	85	79	73	66	15	77
16	142	136	129	122	115	108	102	94	87	80	73	16	93
17	157	150	142	135	127	120	112	103	96	88	81	17	112
18	172	164	156	147	139	131	123	113	105	96	88	18	134
19	187	178	170	160	152	143	134	123	114	105	96	19	160
20	208	198	188	178	168	158	148	136	126	116	107	20	189
21	230	220	209	198	187	176	165	152	140	130	118	21	262
22	260	248	235	223	210	198	186	171	158	146	134		
23	291	277	263	250	236	222	208	191	178	164	150		
24	337	321	305	289	273	257	241	222	206	190	174		
25	415	395	376	356	336	316	296	273	253	233	214		
26	510	485	461	437	412	388	364	335	310	286	262		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990-1995	Symbol (b)	1989 & prior
1	191	183	175	164	156	146	131	121	110	100	89	1	44
2	218	208	198	187	177	164	150	137	125	112	102	2	52
3	254	241	229	216	206	191	175	160	146	131	119	3	64
4	275	262	250	235	223	208	189	173	158	141	129	4	73
5	293	279	264	252	237	220	200	183	166	150	137	5	85
6	308	293	279	264	250	231	212	193	177	158	144	6	94
7	320	306	291	275	260	241	220	202	183	164	150	7	102
8	335	318	302	287	270	252	229	210	191	173	156	8	123
10	356	339	322	306	289	268	243	225	204	183	166	10	141
11	374	356	337	320	302	281	256	235	214	191	175	11	154
12	385	366	347	329	312	289	264	241	220	198	179	12	171
13	399	381	362	343	324	302	275	252	229	206	187	13	183
14	426	406	385	366	345	320	291	268	243	218	200	14	204
15	447	426	406	385	362	337	308	281	256	231	208	15	220
16	466	443	420	399	376	349	318	293	266	239	216	16	243
17	483	460	437	414	391	364	331	304	277	248	225	17	258
18	510	485	460	437	412	383	349	320	291	262	237	18	281
19	530	505	480	456	431	399	364	333	304	272	248	19	297
20	549	522	495	470	443	412	376	345	314	283	256	20	314
21	570	543	516	489	462	428	391	358	327	293	266	21	358
22	601	572	543	516	487	451	412	379	343	310	281		
23	624	595	566	535	505	470	428	393	358	320	291		
24	653	622	591	560	528	491	447	410	372	335	306		
25	705	672	639	605	572	530	485	443	404	362	329		
26	765	728	693	655	620	576	524	480	437	393	358		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	32	30	29	27	26	24	23	21	19	18	16	1	6
2	44	42	40	38	36	34	32	29	27	25	23	2	7
3	50	47	45	43	40	38	36	33	30	28	26	3	10
4	55	53	50	47	45	42	39	36	34	31	29	4	12
5	62	59	56	53	50	47	45	41	38	35	32	5	14
6	70	67	63	60	57	53	50	46	43	39	36	6	18
7	77	73	69	66	62	58	55	50	47	43	39	7	23
8	83	79	76	71	68	63	60	55	51	47	43	8	27
10	90	86	81	77	73	68	64	59	55	50	46	10	34
11	97	93	88	84	79	74	70	64	59	55	50	11	41
12	106	101	96	91	86	81	76	70	65	60	55	12	48
13	114	109	103	98	92	87	81	75	70	64	59	13	57
14	123	118	112	106	100	94	88	81	75	69	63	14	67
15	136	129	123	116	110	103	97	89	83	76	70	15	81
16	150	142	135	128	121	114	107	98	91	84	77	16	98
17	165	157	149	142	134	126	118	108	100	93	85	17	118
18	180	172	163	155	146	137	129	118	110	101	93	18	140
19	197	187	178	168	159	150	141	129	120	110	101	19	168
20	218	207	197	187	176	166	156	143	133	122	112	20	199
21	242	231	219	207	196	184	173	159	147	136	124	21	275
22	273	260	247	234	221	208	195	179	166	153	140		
23	306	291	276	262	247	233	218	201	186	172	157		
24	354	337	320	304	287	270	253	233	216	199	182		
25	436	415	394	373	353	332	311	286	265	245	224		
26	535	509	484	459	433	407	382	352	326	301	275		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1990- 1995	Symbol (b)	1989 & prior
1	207	198	189	178	169	158	142	131	119	108	97	1	47
2	236	225	214	203	191	178	162	149	135	122	110	2	56
3	275	261	248	234	223	207	189	173	158	142	128	3	70
4	297	284	270	254	241	225	205	187	171	153	140	4	79
5	317	302	286	272	257	239	216	198	180	162	149	5	92
6	333	317	302	286	270	250	230	209	191	171	155	6	101
7	347	331	315	297	281	261	239	218	198	178	162	7	110
8	362	344	326	311	293	272	248	227	207	187	169	8	133
10	385	367	349	331	313	290	263	243	221	198	180	10	153
11	405	385	365	347	326	304	277	254	232	207	189	11	167
12	416	396	376	356	338	313	286	261	239	214	194	12	185
13	432	412	392	371	351	326	297	272	248	223	203	13	198
14	461	439	416	396	374	347	315	290	263	236	216	14	221
15	484	461	439	416	392	365	333	304	277	250	225	15	239
16	504	479	455	432	407	378	344	317	288	259	234	16	263
17	522	497	473	448	423	394	358	329	299	268	243	17	279
18	551	524	497	473	446	414	378	347	315	284	257	18	304
19	574	547	520	493	466	432	394	360	329	295	268	19	322
20	594	565	536	509	479	446	407	374	340	306	277	20	340
21	617	587	558	529	500	464	423	387	353	317	288	21	387
22	650	619	587	558	527	488	446	410	371	335	304		
23	675	644	612	578	547	509	464	425	387	347	315		
24	707	673	639	605	572	531	484	443	403	362	331		
25	763	727	691	655	619	574	524	479	437	392	356		
26	828	788	749	709	671	623	567	520	473	425	387		

(a) Refer to Personal Auto Manual Rule 12 for rating Symbol 27 vehicles.

(b) Refer to Rule 12 to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

Territory	Territory
ALAMANCE COUNTY – See Burlington-Graham and Remainder of State.	CHOWAN COUNTY territory comprises all territory in Chowan County..... 33
ASHEVILLE territory comprises the entire city of Asheville and all territory in Buncombe County included in the townships of Asheville, Limestone and Lower Hominy, including all of the following towns, cities or places.....11	COLUMBUS COUNTY territory comprises all territory in Columbus County..... 26
Acton Buena Vista Luthers	CONCORD-KANNAPOLIS-SALISBURY territory comprises the entire cities of Concord, Kannapolis and Salisbury, all territory in Cabarrus County included in Townships 1 (Rocky River), 2 (Poplar Tent), 4 (Kannapolis), 5 (Mount Gilead), 11 (Baptist Church) and 12 (Concord), and all territory in Rowan County included in the townships of China Grove, Franklin, Litaka and Salisbury, including all of the following towns, cities or places..... 32
Arden Busbee New Bridge	Brown- Franklin Roberta Mills
Asheville Craggy Oakley	Norcott Mills Glass Rocky Ridge
School Emma Oteen	China Grove Harrisburg Rocky River
Biltmore Enka Shiloh	Cooks Jackson Park South River
Forest Haw Creek Skyland	Crossing Landis Spencer
Boswell Hominy Woodfin	East Spencer Majolica Yadkin
BEAUFORT COUNTY territory comprises all territory in Beaufort County.....33	Faggarts Mount Gilead Junction
BERTIE COUNTY territory comprises all territory in Bertie County.....33	Crossroads Pharrs Mills Yost
BLADEN COUNTY territory comprises all territory in Bladen County.....33	Faith Pioneer Mills
BRUNSWICK COUNTY territory comprises all territory in Brunswick County not included in Wilmington territory.....26	Craven County territory comprises all territory in Craven County..... 43
BUNCOMBE COUNTY territory comprises all territory in Buncombe County not included in Asheville territory.....32	CUMBERLAND COUNTY territory comprises all territory in Cumberland County not included in Fayetteville territory..... 26
BURLINGTON-GRAHAM territory comprises the entire city of Burlington, the entire town of Graham, all territory in Alamance County included in Townships 3 (Boon Station), 6 (Graham), 10 (Melville), 12 (Burlington) and 13 (Haw River), the entire town of Mebane in Alamance and Orange Counties, and including all of the following towns, cities or places.....32	CURRITUCK COUNTY territory comprises all territory in Currituck County..... 33
Elon College Kirkpatrick Richmond	DARE COUNTY territory comprises all territory in Dare County..... 33
Gibsonville Heights Hill	DAVIDSON COUNTY – see Lexington-Thomasville and Remainder of State.
Glen Raven Lake Latham	DUPLIN COUNTY territory comprises all territory in Duplin County..... 33
Haw River Ossipee	DURHAM territory comprises the entire city of Durham and all territory in Durham County included in the townships of Durham, Oak Grove and Patterson, including all of the following towns, cities, or places..... 13
CABARRUS COUNTY – see Concord-Kannapolis-Salisbury and Remainder of State.	Bethesda Gorman North Durham
CAMDEN COUNTY territory comprises all territory in Camden County.....33	Bilboa Hope Valley Oak Grove
CARTERET COUNTY territory comprises all territory in Carteret County.....33	Few Joyland Redwood
CHARLOTTE territory comprises the entire city of Charlotte and all areas in Mecklenburg County except those areas with U.S. Postal Zip Codes 28025, 28026, 28031, 28036, 28075, 28078 and 28115.....52	DURHAM COUNTY territory comprises all territory in Durham County not included in Durham territory..... 32
	EDGECOMBE COUNTY territory comprises all territory in Edgecombe County not included in Rocky Mount territory..... 33

NOTE: Refer to an atlas or map for places not listed.

	Territory	Territory		
FAYETTEVILLE territory comprises the entire city of Fayetteville, all territory in the Fort Bragg and Pope Air Force Base Military Reservations in Cumberland County, and all territory in Cumberland County included in the townships of Carvers Creek, Cross Creek, Eastover, Manchester, Pearces Mill, Rockfish and Seventy First, including all of the following towns, cities or places	40	HERTFORD COUNTY territory comprises all territory in Hertford County	33	
Beard	Hope Mills	Roslin	HIGH POINT territory comprises the entire city of High Point, the town of Westend, and all territory in Guilford County included in High Point township	15
Bonnie Doone	Lakedale	Shaws	HOKE COUNTY territory comprises all territory in Hoke County	26
Cliffdale	Linden	Slocomb	HYDE COUNTY territory comprises all territory in Hyde County	33
Cumberland	Manchester	South	JOHNSTON COUNTY territory comprises all territory in Johnston County	26
Fenix	Milan	Fayetteville	JONES COUNTY territory comprises all territory in Jones County	33
Gardners	Myrtle Hill	Spring Lake	KINSTON territory comprises the entire city of Kinston and all territory in Lenoir County included in Kinston townships, including the following towns, cities or places	31
Chapel	Owens	Tokay	Georgetown	Hines
		Victory		Junction
		Wade	LEE COUNTY territory comprises all territory in Lee County	26
FORSYTH COUNTY territory comprises all territory in Forsyth County not included in Winston-Salem territory	32	LENOIR COUNTY territory comprises all territory in Lenoir County not included in Kinston territory	33	
FRANKLIN COUNTY territory comprises all territory in Franklin County	33	LEXINGTON-THOMASVILLE territory comprises the entire cities of Lexington and Thomasville, all territory in Davidson County included in the townships of Lexington and Thomasville, and all territory in Randolph County included in Trinity township, including all of the following towns, cities or places	32	
GASTON COUNTY territory comprises all territory in Gaston County	25	Archdale	Fraziers	Trinity
GATES COUNTY territory comprises all territory in Gates County	33	Arnold	Glen Anna	Welcome
GREENE COUNTY territory comprises all territory in Greene County	33	Cedar Lodge	Lake	
GREENSBORO-HAMILTON LAKES territory comprises the entire city of Greensboro, the entire town of Hamilton Lakes and all territory in Guilford County included in the townships of Morehead and Gilmer, including all of the following towns, cities and places	14	MARTIN COUNTY territory comprises all territory in Martin County	33	
Battle Ground	Four Mile	Hill Top	MECKLENBURG COUNTY territory comprises all territory in Mecklenburg County not included in Charlotte territory	51
Bessemer	Hamtown	Pomona	NASH COUNTY territory comprises all territory in Nash County not included in Rocky Mount territory	33
GREENVILLE territory comprises the entire town of Greenville and all territory in Pitt County included in Greenville townships, including the following towns, cities or places	31	NEW HANOVER COUNTY – see Wilmington.		
House	James Mill	Staton	NORTHAMPTON COUNTY territory comprises all territory in Northampton County	33
GUILFORD COUNTY territory comprises all territory in Guilford County not included in either Greensboro-Hamilton Lakes territory or High Point territory	32			
HALIFAX COUNTY territory comprises all territory in Halifax County	33			
HARNETT COUNTY territory comprises all territory in Harnett County	26			

NOTE: Refer to an atlas or map for places not listed.

Territory	Territory
ONCLO COUNTY territory comprises all territory in Onslow County.....41	ROWAN COUNTY – see Concord-Kannapolis-Salisbury and Remainder of State.
ORANGE COUNTY – see Burlington-Graham and Remainder of State.	SAMPSON COUNTY territory comprises all territory in Sampson County..... 33
PAMLICO COUNTY territory comprises all territory in Pamlico County.....33	SCOTLAND COUNTY territory comprises all territory in Scotland County..... 26
PASQUOTANK COUNTY territory comprises all territory in Pasquotank County.....33	TYRRELL COUNTY territory comprises all territory in Tyrrell County..... 33
PENDER COUNTY territory comprises all territory in Pender County.....33	VANCE COUNTY territory comprises all territory in Vance County..... 33
PERQUIMANS COUNTY territory comprises all territory in Perquimans County.....33	WAKE COUNTY territory comprises all territory in Wake County not included in Raleigh territory..... 31
PITT COUNTY territory comprises all territory in Pitt County not included in Greenville territory.....33	WARREN COUNTY territory comprises all territory in Warren County..... 33
RALEIGH territory comprises the entire city of Raleigh, all territory in Wake County included in the townships of Cary, House Creek, Meredith, Neuse River, Raleigh, St. Mary's, St. Matthews and Swift Creek and the entire town of Knightdale in St. Matthews and Marks Creek townships, including all of the following towns, cities or places..... 16	WASHINGTON COUNTY territory comprises all territory in Washington County..... 33
Asbury College View Milbrook	WAYNE COUNTY territory comprises all territory in Wayne County..... 47
Auburn Edgeton Neuse	WILMINGTON territory comprises all of New Hanover County and in addition the following towns, cities or places..... 17
Boushell Fetner Oakdale	Belville Lanvale Navassa
Camp Polk Garner South	Clairmont Leland Woodburn
Caraleigh Macedonia Raleigh	El Paso
Carolina McCullers Westover	WILSON territory comprises the entire town of Wilson and all territory in Wilson County included in the township of Wilson..... 31
Pines Method Wilders	WILSON COUNTY territory comprises all territory in Wilson County not included in the Rocky Mount or Wilson territories..... 33
Cary Milburnie Grove	WINSTON-SALEM territory comprises the entire city of Winston-Salem and all territory in Forsyth County included in the townships of Broadbay, Middle Fork, Old Town, South Fork and Winston, including all of the following towns, cities or places..... 18
RANDOLPH COUNTY – see Lexington-Thomasville and Remainder of State.	Alspaugh Frontis Reynolda
ROBESON COUNTY territory comprises all territory in Robeson County.....26	Atwood Hanes Tiretown
ROCKY MOUNT territory comprises the entire city of Rocky Mount, all territory in Nash County included in Rocky Mount and Stony Creek townships, all territory in Edgecombe County included in Township 12 (Rocky Mount), and the entire town of Sharpsburg in Edgecombe, Nash and Wilson Counties, including all of the following towns, cities or places.....31	Daisy Ogburntown Walkertown
Armstrong Dortches Winsteads	Fisherville Oldtown
Brake Chapel	REMAINDER OF STATE 24

NOTE: Refer to an atlas or map for places not listed.

PERSONAL VEHICLE MANUAL
TERRITORY DEFINITIONS

LIST OF IMPORTANT CITIES AND TOWNS

The following list contains all the more important cities, towns, boroughs, and villages in the state, together with their counties and territory and code assignments.

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
A		B		B	
Abbey, Gaston.....	25	Bakersville, Mitchell.....	24	Brown-Norcott Mills, Cabarrus.....	32
Aberdeen, Moore.....	24	Balfours, Randolph.....	24	Bryson City, Swain.....	24
Acton, Buncombe.....	11	Bannertown, Surry.....	24	Buena Vista, Buncombe.....	11
Ahoskie, Hertford.....	33	Barker Heights, Henderson.....	24	Burgaw, Pender.....	33
Alamance, Alamance.....	24	Barnardsville, Buncombe.....	32	Burlington, Alamance.....	32
Albermarie, Stanly.....	24	Battle Ground, Guilford.....	14	Burnsville, Yancey.....	24
Alexander, Buncombe.....	32	Bayboro, Pamlico.....	33	Busbee, Buncombe.....	11
Alexanders Store, Mecklenburg.....	52	Beard, Cumberland.....	40	C	
Alexis, Gaston.....	25	Beattie, Gaston.....	25	Camden, Camden.....	33
Alspaugh, Forsyth.....	18	Beaufort, Carteret.....	33	Camp LeJeune, Onslow.....	41
Altamahaw, Alamance.....	24	Beaufort, Beaufort.....	33	Camp Polk, Wake.....	16
Andrews, Cherokee.....	24	Belhaven, Beaufort.....	25	Candler, Buncombe.....	32
Angier, Harnett.....	26	Belmont, Gaston.....	33	Canton, Haywood.....	24
Apex, Wake.....	31	Belmont, Halifax.....	17	Caraleigh, Wake.....	16
Archdale, Randolph.....	32	Belville, Brunswick.....	26	Caroleen, Rutherford.....	24
Arden, Buncombe.....	11	Benson, Johnston.....	14	Carolina Beach, New Hanover.....	17
Arlington, Gaston.....	25	Bessemer, Guilford.....	25	Carolina Pines, Wake.....	24
Armstrong, Edgecombe.....	31	Bessemer City, Gaston.....	33	Carrboro, Orange.....	52
Arnold, Davidson.....	32	Bethel, Pitt.....	13	Carson, Mecklenburg.....	24
Asbury, Wake.....	16	Bethesda, Durham.....	13	Carthage, Moore.....	16
Asheboro, Randolph.....	24	Bilboa, Durham.....	11	Cary, Wake.....	33
Asheville, Buncombe.....	11	Biltmore Forest, Buncombe.....	24	Castalia, Nash.....	24
Asheville School, Buncombe.....	11	Biscoe, Montgomery.....	32	Cedar Falls, Randolph.....	32
Atwood, Forsyth.....	18	Black Mountain, Buncombe.....	24	Cedar Lodge, Davidson.....	26
Auburn, Wake.....	16	Boger City, Lincoln.....	40	Chadbourne, Columbus.....	52
Aulander, Bertie.....	33	Boiling Springs, Cleveland.....	25	Chadwick-Hoskins Mills, Mecklenburg.....	24
Ayden, Pitt.....	33	Bonnie Doone, Cumberland.....	24	Chapel Hill, Orange.....	52
B		Boogertown, Gaston.....	24	Charlotte, Mecklenburg.....	43
Badin, Stanly.....	24	Boone, Watauga.....	11	Cherry Point, Craven.....	
Bailey, Nash.....	33	Boswell, Buncombe.....	16		
		Boushell, Wake.....	31		
		Brake, Edgecombe.....	24		
		Brevard, Transylvania.....			

NOTE: Refer to an atlas or map for places not listed.

**PERSONAL VEHICLE MANUAL
TERRITORY DEFINITIONS**

NORTH CAROLINA (32)

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
C		D		F	
Cherryville, Gaston.....	25	Dellview, Gaston	25	Faith, Rowan	32
China Grove, Rowan	32	Denton, Davidson	24	Farmville, Pitt.....	33
Clairmont, Brunswick.....	17	Derita, Mecklenburg.....	52	Fayetteville, Cumberland	40
Clayton, Johnston	26	Dobson, Surry	24	Fenix, Cumberland	40
Cleveland, Rowan.....	24	Dortches, Nash.....	31	Fetner, Wake	16
Clifdale, Cumberland.....	40	Draper, Rockingham	24	Few, Durham.....	13
Cliffside, Rutherford.....	24	Duke Power Village, Gaston.....	25	Fisherville, Forsyth.....	18
Clinchfield, McDowell	24	Dunn, Harnett	26	Forest City, Rutherford	24
Clinton, Sampson	33	Durham, Durham	13	Fort Bragg, Cumberland.....	40
Coats, Harnett.....	26	E		Fountain, Pitt.....	33
Coleridge, Randolph.....	24	East Gastonia, Gaston.....	25	Four Mile, Guilford.....	14
College View, Wake.....	16	East Spencer, Rowan	32	Franklin, Macon	24
Columbia, Tyrrell	33	East Wilmington, New Hanover	17	Franklin, Rowan	32
Columbus, Polk	24	Edenton, Chowan.....	33	Franklinton, Franklin.....	33
Concord, Cabarrus.....	32	Edgeton, Wake.....	16	Franklinville, Randolph.....	24
Conover, Catawba	24	Elizabeth City, Pasquotank	33	Fraziers, Randolph	32
Convent, Gaston	25	Elizabethtown, Bladen	33	Freeland, Brunswick.....	26
Cooks Crossing, Cabarrus	32	Elkin, Surry.....	24	Fremont, Wayne.....	47
Cooleemee, Davie.....	24	Eller, Davidson	24	Frontis, Forsyth	18
Cornelius, Mecklenburg	51	Elm City, Wilson	33	Fuquay Springs, Wake	31
Craggy, Buncombe	11	Elon College, Alamance	32	G	
Cramerton, Gaston.....	25	El Paso, Brunswick	17	Gardners Chapel, Cumberland	40
Croft, Mecklenburg	52	Emma, Buncombe.....	11	Garner, Wake	16
Cross Road, Surry.....	24	Enfield, Halifax.....	33	Gaston, Northampton	33
Crowders, Gaston	25	Enka, Buncombe.....	11	Gastonia, Gaston	25
Cumberland, Cumberland.....	40	Erwin, Harnett.....	26	Gatesville, Gates	33
Currituck, Currituck.....	33	F		Georgetown, Lenoir	31
D		Faggarts Crossroads, Cabarrus.....	32	Gibsonville, Guilford & Alamance	32
Daisy, Forsyth.....	18	Fair Bluff, Columbus	26	Glass, Cabarrus	32
Dallas, Gaston	25	Fairmont, Robeson.....	26		
Danbury, Stokes	24				
Davidson, Mecklenburg.....	51				

NOTE: Refer to an atlas or map for places not listed.

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
G					
Glen Anna, Davidson	32	Hertford, Perquimans.....	33	Kings Mountain, Cleveland.....	24
Glen Raven, Alamance	32	Hickory, Catawba	24	Kinston, Lenoir	31
Goldsboro, Wayne.....	47	Hickory Grove, Mecklenburg.....	52	Kirkpatrick Heights, Alamance.....	32
Gorman, Durham	13	High Point, Guilford	15	Knightdale, Wake.....	16
Goshen, Gaston	25	High Shoals, Gaston	25	L	
Graham, Alamance	32	Hillsboro, Orange	24	La Grange, Lenoir	33
Granite Falls, Caldwell.....	24	Hill Top, Guilford.....	14	Lake, Davidson	32
Granite Quarry, Rowan.....	24	Hines Junction, Lenoir.....	31	Lakedale, Cumberland	40
Greenleaf, Wayne.....	47	Holly Ridge, Onslow	41	Lake Latham Alamance.....	32
Greensboro, Guilford.....	14	Holly Springs, Wake.....	31	Landis, Rowan.....	32
Greenville, Pitt.....	31	Homestead, Mecklenburg	52	Lanvale, Brunswick.....	17
Griffith, Mecklenburg.....	52	Hominy, Buncombe	11	Laurinburg, Scotland.....	26
Grifton, Pitt.....	33	Hope Mills, Cumberland.....	40	Leaksville, Rockingham.....	24
Grimesland, Pitt.....	33	Hope Valley, Durham	13	Leicester, Buncombe.....	32
Grovemont, Buncombe.....	32	House, Pitt	31	Leland, Brunswick	17
Groves, Gaston	25	Huntersville, Mecklenburg.....	51	Lenoir, Caldwell.....	24
Guilford, Guilford	32	Hutchinson, Mecklenburg.....	52	Lewisville, Forsyth.....	32
Guilford College, Guilford	32	J			
H					
Hahn, Mecklenburg	52	Jackson, Northampton	33	Lexington, Davidson	32
Halifax, Halifax	33	Jackson Park, Cabarrus.....	32	Liberty, Randolph	24
Hamilton Lakes, Guilford.....	14	Jacksons Creek, Randolph	24	Lillington, Harnett.....	26
Hamlet, Richmond.....	24	Jacksonville, Onslow	41	Lincolnton, Lincoln.....	24
Hamtown, Guilford.....	14	James Mill, Pitt.....	31	Linden, Cumberland.....	40
Hanes, Forsyth.....	18	Jamestown, Guilford.....	32	Littleton, Halifax & Warren.....	33
Hardins, Gaston.....	25	Jefferson, Ashe.....	24	Longhurst, Person	24
Harkers Island, Carteret.....	33	Jonesville, Yadkin.....	24	Longview, Catawba.....	24
Harrisburg, Cabarrus	32	Joyland, Durham.....	13	Longwood Park, Richmond.....	24
Haw Creek, Buncombe.....	11	Juno, Buncombe	32	Louisburg, Franklin.....	33
Haw River, Alamance.....	32	Jupiter, Buncombe	32	Lowell, Gaston	25
Hayesville, Clay.....	24	K			
Hazelwood, Haywood	24	Kannapolis, Cabarrus & Rowan.....	32	Lucama, Wilson	33
Henderson, Vance	33	Kenly, Johnston	26	Lucia, Gaston	25
Hendersonville, Henderson	24	Kernersville, Forsyth.....	32	Lumberton, Robeson	26
				Luthers, Buncombe	11

NOTE: Refer to an atlas or map for places not listed.

**PERSONAL VEHICLE MANUAL
TERRITORY DEFINITIONS**

NORTH CAROLINA (32)

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
M		M		P	
McAdenville, Gaston.....	25	Mount Olive, Wayne.....	47	Paw Creek, Mecklenburg.....	52
McCullers, Wake.....	16	Mount Pleasant, Cabarrus.....	24	Pembroke, Robeson.....	26
Maccliesfield, Edgecombe.....	33	Mount View, Gaston.....	25	Pharrs Mill, Cabarrus.....	32
Macedonia, Wake.....	16	Murfreesboro, Hertford.....	33	Phillipsville, Haywood.....	24
Madison, Rockingham.....	24	Murphy, Cherokee.....	24	Pikeville, Wayne.....	47
Maiden, Catawba.....	24	Myrtle Hill, Cumberland.....	40	Pilot Mountain, Surry.....	24
Majolica, Rowan.....	32	N		Pinehurst, Moore.....	24
Manchester, Cumberland.....	40	Nashville, Nash.....	33	Pinetops, Edgecombe.....	33
Marion, McDowell.....	24	Navassa, Brunswick.....	17	Pineville, Mecklenburg.....	52
Marshall, Madison.....	24	Neuse, Wake.....	16	Pinkney, Gaston.....	25
Mars Hill, Madison.....	24	New Bern, Craven.....	43	Pinoca, Mecklenburg.....	52
Marshville, Union.....	24	New Bridge, Buncombe.....	11	Pioneer Mills, Cabarrus.....	32
Matthews, Mecklenburg.....	52	Newel, Mecklenburg.....	52	Pittsboro, Chatham.....	24
Maxton, Robeson.....	26	Newfound, Buncombe.....	32	Pleasant Garden, Guilford.....	32
Mayodan, Rockingham.....	24	Newland, Avery.....	24	Plymouth, Washington.....	33
Mebane, Alamance & Orange.....	32	New Leaksville, Rockingham.....	24	Pomona, Guilford.....	14
Method, Wake.....	16	Newton, Catawba.....	24	Pope Air Force Base, Cumberland.....	40
Middlesex, Nash.....	33	North Belmont, Gaston.....	25	R	
Midway Park, Onslow.....	41	North Durham, Durham.....	13	Raeford, Hoke.....	26
Milan, Cumberland.....	40	North Wilkesboro, Wilkes.....	24	Ragan, Gaston.....	25
Milburnie, Wake.....	16	Norwood, Stanly.....	24	Raleigh, Wake.....	16
Millbrook, Wake.....	16	O		Ramseur, Randolph.....	24
Mocksville, Davie.....	24	Oakdale, Wake.....	16	Randleman, Randolph.....	24
Monroe, Union.....	24	Oak Grove, Durham.....	13	Ranlo, Gaston.....	25
Montreat, Buncombe.....	32	Oakhurst, Mecklenburg.....	52	Red Springs, Robeson.....	26
Mooresville, Iredell.....	24	Oakley, Buncombe.....	11	Redwood, Durham.....	13
Morehead City, Carteret.....	33	Oak Ridge, Guilford.....	32	Reidsville, Rockingham.....	24
Morganton, Burke.....	24	Ogburntown, Forsyth.....	18	Reynolda, Forsyth.....	18
Morrisville, Wake.....	31	Oldtown, Forsyth.....	18	Richmond Hill, Alamance.....	32
Mountain Island, Gaston.....	25	Ossiipee, Alamance.....	32	Ridge, Gaston.....	25
Mount Airy, Surry.....	24	Oteen, Buncombe.....	11	Ridgecrest, Buncombe.....	32
Mount Gilead, Cabarrus.....	32	Owens, Cumberland.....	40	Ridgeview, Mecklenburg.....	52
Mount Gilead, Montgomery.....	24	Oxford, Grantville.....	24	Roanoke Rapids, Halifax.....	33
Mount Holly, Gaston.....	25			Robbins, Moore.....	24
				Robbinsville, Graham.....	24

NOTE: Refer to an atlas or map for places not listed.

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
R		S		T	
Robersonville, Martin	33	Slocomb, Cumberland	40	Tabor City, Columbus	26
Roberta Mills, Cabarrus	32	Smithfield, Johnston	26	Tarboro, Edgecombe	33
Rockingham, Richmond	24	Smyre, Gaston	25	Taylorsville, Alexander	24
Rockwell, Rowan	24	Snow Hill, Greene	33	Terra Cotta, Guilford	32
Rocky Mount, Edgecombe & Nash	31	Southern Pines, Moore	24	Thomasville, Davidson	32
Rocky Ridge, Cabarrus	32	South Fayetteville, Cumberland	40	Thrift, Mecklenburg	52
Rocky River, Cabarrus	32	South Gastonia, Gaston	25	Tiretown, Forsyth	18
Robesville, Wake	31	Southmont, Davidson	24	Toast, Surry	24
Roseboro, Sampson	33	Southport, Brunswick	26	Tokay, Cumberland	40
Roslin, Cumberland	40	South Raleigh, Wake	16	Trenton, Jones	33
Rougemont, Durham	32	South River, Rowan	32	Trinity, Randolph	32
Rowland, Robeson	26	South Rosemary, Halifax	33	Troy, Montgomery	24
Roxboro, Person	24	Sparta, Alleghany	24	Tryon, Polk	24
Rural Hall, Forsyth	32	Spencer, Rowan	32	V	
Rutherfordton, Rutherford	24	Spencer Mountain, Gaston	25	Valdese, Burke	24
S		Spindale, Rutherford	24	Valmead, Caldwell	24
Saint Pauls, Robeson	26	Spray, Rockingham	24	Victory, Cumberland	40
Salisbury, Rowan	32	Spring Hope, Nash	33	Victory, Gaston	25
Sanford, Lee	26	Spring Lake, Cumberland	40	W	
Saratoga, Wilson	33	Spruce Pine, Mitchell	24	Wade, Cumberland	40
Saxapahaw, Alamance	24	Stanley, Gaston	25	Wadesboro, Anson	24
Scotland Neck, Halifax	33	Stantonsburg, Wilson	33	Wake Forest, Wake	31
Selma, Johnston	26	Statesville, Iredell	24	Walkertown, Forsyth	18
Selwyn Park, Mecklenburg	52	Staton, Pitt	31	Wallace, Duplin	33
Seymour Johnson A.F.B., Wayne	47	Stedman, Cumberland	26	Walnut Cove, Stokes	24
Shallotte, Brunswick	26	Stokesdale, Guilford	32	Warrenton, Warren	33
Sharpsburg, Edgecombe, Nash & Wilson	31	Stony Point, Alexander	24	Warsaw, Duplin	33
Shaws, Cumberland	40	Summerfield, Guilford	32	Washington, Beaufort	33
Shelby, Cleveland	24	Sunnyside, Gaston	25	Waynesville, Haywood	24
Shiloh, Buncombe	11	Swannanoa, Buncombe	32	Weaverville, Buncombe	32
Siler City, Chatham	24	Swanquarter, Hyde	33	Welcome, Davidson	32
Skyland, Buncombe	11	Sweepsonville, Alamance	24	Weldon, Halifax	33
		Sylva, Jackson	24	Wendell, Wake	31
				Wentworth, Rockingham	24
				Westend, Guilford	15
				Westover, Wake	16

NOTE: Refer to an atlas or map for places not listed.

**PERSONAL VEHICLE MANUAL
TERRITORY DEFINITIONS**

NORTH CAROLINA (32)

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
W		W		Y	
Whitakers, Edgecombe & Nash.....	33	Windsor, Bertie.....	33	Yadkin Junction, Rowan	32
Whiteville, Columbus.....	26	Winnabow, Brunswick.....	26	Yadkinville, Yadkin	24
Whitnel, Caldwell.....	24	Windsteads Chapel, Nash	31	Yanceyville, Caswell.....	24
Wilders Grove, Wake.....	16	Winston-Salem, Forsyth.....	18	Yost, Rowan.....	32
Wilkesboro, Wilkes.....	24	Winterville, Pitt.....	33	Youngs Springs, Wilson.....	31
Williamston, Martin	33	Woodburn, Brunswick	17	Z	
Wilmington, New Hanover.....	17	Woodfin, Buncombe.....	11	Zebulon, Wake.....	31
Wilson, Wilson.....	31	Worthville, Randolph.....	24		

NOTE: Refer to an atlas or map for places not listed.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
AVERAGE NUMBER OF CLAIMS FOR LATEST TWO ACCIDENT YEARS

CEDED LIABILITY

Year Ended	Bodily Injury	Property Damage	Medical Payments
12/31/2001	35,089	77,154	19,739
12/31/2002	37,504	80,731	21,699
Average	36,297	78,943	20,719

Claims are developed.

NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE
CALCULATION OF GENERAL AND OTHER ACQUISITION EXPENSES

"CLEAN RISK" CEDED BUSINESS ONLY

	(1) Earned Premiums at Vol. Manual Rates	(2) Current to Collected Factor	(3) Expense Factor	(4) General and Other Acquisition Expenses
Year ending 12/31/2002				
BI	119,440,668	0.9524	13.3%	15,129,454
PD	120,265,881	0.9366	13.3%	14,981,256
MP	17,868,723	0.8500	13.3%	2,020,059
Year ending 12/31/2001				
BI	117,557,252	0.9650	12.4%	14,066,901
PD	118,492,410	0.8648	12.4%	12,706,557
MP	17,108,187	0.8362	12.4%	1,773,927
Year ending 12/31/2000				
BI	110,546,840	1.0231	12.4%	14,024,459
PD	111,667,539	0.8044	12.4%	11,138,346
MP	16,289,427	0.8572	12.4%	1,731,449

"NON-CLEAN RISK" CEDED BUSINESS ONLY

	(5) Earned Premiums at Facility Rates	(6) Current to Collected Factor	(7) Expense Factor	(8) General and Other Acquisition Expenses	(9) Total G & OA Expenses (4) + (8)
Year ending 12/31/02					
BI	116,185,063	0.9736	13.3%	15,044,664	30,174,118
PD	101,775,669	1.0429	13.3%	14,116,865	29,098,122
MP	11,529,327	0.9758	13.3%	1,496,292	3,516,351
Year ending 12/31/01					
BI	113,450,254	1.0154	12.4%	14,284,476	28,351,377
PD	99,529,878	0.9043	12.4%	11,160,604	23,867,161
MP	11,198,842	1.0848	12.4%	1,506,414	3,280,342
Year ending 12/31/00					
BI	108,861,334	1.0200	12.4%	13,768,782	27,793,240
PD	95,965,577	0.8965	12.4%	10,668,109	21,806,455
MP	10,723,882	1.0943	12.4%	1,455,158	3,186,607

Notes:

- (1), (5) "Clean risk" ceded business at present voluntary manual rates. Non-clean risk ceded bu at present facility rates.
- (2), (6) Factor to adjust the earned premium at manual rates to the rate level in effect at the time the premium was written.
- (3), (7) Sum of the general expense and other acquisition expense percentages shown on page F-156.
- (4) = (1) x (2) x (3), (8) = (5) x (6) x (7).

NORTH CAROLINA

PRIVATE PASSENGER INSTALLMENT PAYMENT INCOME

Year	Inst. Charges	Liability Written Premium	Phy. Dam. Written Premium	Total Premium	Inst. Charges as a % of Prem.
1993	9,952	1,464,281	687,127	2,151,408	0.5%
1994	9,623	1,553,393	786,552	2,339,945	0.4%
1995	16,428	1,761,893	803,003	2,564,896	0.6%
1996	23,552	1,823,594	920,020	2,743,614	0.9%
1997	25,670	1,850,184	1,213,426	3,063,610	0.8%
1998	26,860	1,880,844	1,330,395	3,211,239	0.8%
1999	32,058	1,873,493	1,427,542	3,301,035	1.0%
2000	32,936	1,758,477	1,484,735	3,243,212	1.0%
2001	38,858	1,893,769	1,571,089	3,464,858	1.1%
2002	36,805	1,985,194	1,743,154	3,728,348	1.0%
Latest 5 years:	167,517	9,391,777	7,556,915	16,948,692	1.0%

(in thousands)

Installment fees increased from \$2 to \$3 effective 1/1/95.

PRE-FILED TESTIMONY
OF
RAYMOND F. EVANS, JR., CPCU

NONFLEET PRIVATE PASSENGER MOTOR VEHICLE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

June, 2004

- Q. Would you state your full name and address?
- A. Raymond F. Evans, Jr., CPCU. My business address is 5401 Six Forks Road, Raleigh, North Carolina 27609.
- Q. Are you employed by the North Carolina Reinsurance Facility ("Facility")?
- A. Yes.
- Q. In what capacity?
- A. I am the General Manager.
- Q. How long have you been employed by the Facility?
- A. Since September, 2000.
- Q. What is the Facility's function with respect to rates for automobile insurance?
- A. The Facility makes rates for private passenger nonfleet automobile liability insurance written in North Carolina that is ceded to the Facility.
- Q. Would you summarize your educational background?
- A. I graduated from Ohio State University with a Bachelor of Science Degree in Accounting. I am also a Chartered Property and Casualty Underwriter.
- Q. What was your work experience after graduation and prior to beginning work for the predecessor organization to the Facility?
- A. From March 1966 to August 2000, I worked in various capacities with the State Automobile Insurance Companies.

- Q. Can you identify Exhibits RF-1 through RF-8?
- A. Yes. This is the 2004 filing (the "Filing") submitted by the Facility to the Honorable James E. Long, Commissioner of Insurance, with respect to revised nonfleet private passenger motor vehicle insurance rates in North Carolina for ceded business.
- Q. Do you know how the expense data underlying the Filing was compiled?
- A. Yes. The underwriting expense provisions included in the Filing were derived on the basis of a special call for expense experience that is issued on an annual basis by the North Carolina Rate Bureau ("Bureau") to all member companies of the Bureau and the Facility. The responses received from that special call were compiled, checked by the Bureau and the Facility and furnished to Insurance Services Office ("ISO") for incorporation into the Filing. The expense data were checked, reconciled and edited by the Bureau and the Facility before they were sent to ISO for use in the Filing.
- Q. Can you identify the document (Exhibit RF-2) entitled the North Carolina Personal Auto Manual?
- A. Yes. The North Carolina Personal Auto Manual is a manual of the rules, rates and classifications used to write nonfleet private passenger automobile insurance in North Carolina. It covers both ceded and voluntary business. This manual and any approved amendments are on file with the North Carolina Department of Insurance and a copy is maintained at the offices of the Facility.
- Q. Has the Facility furnished to ISO, for use in this Filing, information appearing in the annual statements and the Insurance Expense Exhibits of its member companies?
- A. Yes.
- Q. How was that information obtained by the Facility?
- A. Information from the Annual Statements and the Insurance Expense Exhibits was obtained by Bureau Staff from Annual Statements and Insurance Expense Exhibits provided by the companies to the Bureau. The Annual Statements and the Insurance Expense Exhibits are part of the official records maintained at the Department of Insurance.
- Q. Was the special call, annual statement and insurance expense exhibit information which was furnished to ISO in connection with

the Filing correct and accurate to the best of your knowledge, information and belief?

A. Yes.

Q. Does the Facility have actuaries on its staff?

A. No.

Q. To the extent that actuarial expertise was necessary in the preparation of this Filing, where did the Facility obtain that expertise?

A. Actuarial expertise was obtained from ISO and from the members of the Bureau's Automobile Committee. The Automobile Committee reviews the data underlying the Filing and makes recommendations to the Board of Governors of the Facility as to the items contained in the Filing, and the majority of the company representatives on the Automobile Committee are actuaries. ISO is retained by the Facility to provide actuarial services to the Facility for, among numerous other things, preparation of this Filing.

Q. What is the proposed effective date of the rates in the Filing?

A. The proposed rule of application provides that the new rates will apply to all policies effective on or after October 1, 2004.

Q. Does the Filing include, to the extent available, the information to be furnished in connection with filings under Article 37 of Chapter 58 of the General Statutes?

A. Yes. Those data that were available have been submitted to the Commissioner as part of the Filing. As shown and explained in that submission, some data were not collected or, if collected, were not retrievable from the statistical data in the form requested. The individual circumstances with respect to such data are explained in the submission.

Q. Does that conclude your prefiled testimony?

A. Yes.

**PREFILED TESTIMONY
OF
PATRICK B. WOODS**

**2004 PRIVATE PASSENGER NONFLEET
AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY**

- Q. Please state your name and business address.
- A. My name is Patrick B. Woods. My business address is Insurance Services Office, 545 Washington Boulevard, Jersey City, New Jersey.
- Q. By whom are you employed?
- A. I am employed by Insurance Services Office ("ISO") and have been employed by ISO since May 10, 1976.
- Q. What are your responsibilities at ISO?
- A. I am generally responsible for managing and overseeing the operations of the Personal Automobile Actuarial Division at ISO. The Personal Automobile Actuarial Division is responsible for ISO's total ratemaking operation as it pertains to private passenger automobile insurance. We are generally responsible for doing everything that pertains to ratemaking for the personal automobile coverages including reviewing experience, making filings, analysis of classification plans, etc. ISO is involved in ratemaking for the personal automobile coverages in general in 49 of the 50 states plus the District of Columbia and Puerto Rico, as well as ISO's ongoing work for the Government of Israel for the Compulsory Auto Coverages.
- Q. What is your employment background?
- A. I have been employed by ISO for over twenty-eight years in various actuarial positions in the Personal Lines area. I was hired as an Actuarial Assistant in the Personal Property Actuarial Division in 1976. I was promoted to Assistant Actuarial Supervisor in Personal Property. I was later transferred to Private Passenger Actuarial and promoted to Actuarial Supervisor. At my next promotion I was named as Assistant Actuary in ISO's Data Quality Division. While in this area, I worked exclusively on New York's Special Examination of ISO and NAI in their role as statistical agents for personal automobile insurance. Upon completion of this assignment, I joined the Personal Lines Actuarial Division. In January of 1987, I was named Actuary and Manager of the Personal Lines Actuarial Division. In 2003, because of the growth of our international commitment, ISO split the Personal Lines Actuarial Division into two Divisions—Personal Automobile Actuarial and Personal

Property Actuarial. I am presently Assistant Vice President and Actuary in charge of the Personal Automobile Actuarial Division.

Q. What is your background in actuarial science and your educational background?

A. I have a Bachelor of Science degree and a Master of Arts degree in mathematics from St. John's University. I am a Fellow of the Casualty Actuarial Society ("CAS") and a member of the American Academy of Actuaries. I am currently chair of the CAS Program Planning Committee. I have served on the CAS Committee on Principles, on the CAS Examination Committee, on the CAS Risk Classification Committee and on the CAS Editorial Committee. I have also served as a member of the American Academy of Actuaries Committee on Property and Liability Issues. I am currently a member of the Casualty Committee of the Actuarial Standards Board, and I am chairman of the Ratemaking Subcommittee of the Casualty Committee of the Actuarial Standards Board.

Q. Are you familiar with automobile ratemaking in other states?

A. As part of my duties at ISO, I know the data collection and ratemaking procedures in use in states other than North Carolina. I have worked on rate filings for virtually every state in which ISO has jurisdiction. I am responsible at the present time for either preparing or supervising the preparation of filings for all of the states and the District of Columbia and Puerto Rico.

Q. What work have you performed with respect to the Reinsurance Facility's 2004 automobile rate filing in North Carolina?

A. Through ISO I have been involved in the preparation of the 2004 automobile rate filing for the Reinsurance Facility in two respects. First, ISO is one of three statistical organizations that collect rate-related statistical data from the companies writing automobile insurance in North Carolina. The National Association of Independent Insurers ("NAII") and the National Independent Statistical Service ("NISS") are the other statistical organizations that collect such data. The three statistical organizations subject the data that are reported to them to a series of verification edits and then consolidate the data. The data which NAII and NISS collect are sent to ISO and consolidated with the ISO-collected data in the proper format so that they can be reviewed to determine whether rates are adequate or inadequate. ISO then produces the hard-copy exhibits of the combined data in a format and detail necessary for ratemaking.

Second, ISO provides consulting actuarial services directly to the Reinsurance Facility. I have been directly involved in this aspect of the Reinsurance Facility's private passenger automobile insurance rate filings for a number of years. As in the past, my staff and I compiled the ratemaking data to be reviewed by the Automobile Committee in preparation of the filing.

Under my direction, my staff put together the vast majority of the data and information contained in Exhibit RF-1.

Finally, I have reviewed the filed rates to determine if they are calculated in accordance with the Casualty Actuarial Society's (CAS) Statement of Principles Regarding Property and Casualty Insurance Ratemaking. In accordance with Actuarial Standard of Practice No. 17 Expert Testimony by Actuaries, I conducted my review in terms of reasonableness rather than solely in terms of whether there is precise agreement on each issue. In addition, I applied the rate standards set forth in North Carolina General Statute 58-36-10(2), i.e., that rates must be adequate, not excessive and not unfairly discriminatory.

Q. Mr. Woods, could you describe generally the steps taken to ensure that the statistical data contained in this filing are reasonable and reliable for ratemaking purposes?

A. Yes. The data received from the companies are subject to various edits which check for the validity of the coded information and the appropriateness of the relationship of the codes to each other on each record. After the data have been edited at the transaction level, they are subject to a set of distributional edits which check that the distribution of the data is consistent with a company's prior submissions. The data are also balanced on a company-by-company basis to page 15 of the Annual Statement. After all these checks and reviews have been made on a company basis, the aggregate data are reviewed for overall reasonableness. This includes checking to see that the changes observed in various summary totals are consistent with known activities and other compiled information, as well as previous years' statistics.

Q. Would you describe the data utilized in Exhibit RF-1?

A. The ratemaking experience reflected in Exhibit RF-1 is, in general, the data which has been supplied by the individual insurance companies to the statistical organizations and consolidated into the appropriate format and detail for ratemaking as described above. The supporting data for the rate level changes for bodily injury liability, property damage liability, and medical payments coverages are contained in Section C. Three years of exposure, loss and expense experience are displayed for each of the coverages in Section C. The three years are the years ended December 31, 2000, December 31, 2001, and December 31, 2002. As in the past, the Automobile Committee has acted as an advisory committee to the Reinsurance Facility on this filing. After consideration of the three years of data, the Committee concluded, based on standard actuarial credibility considerations, and balancing the issue of stability versus responsiveness, that the exposure distributions and the losses and expenses attributable to these exposures for the year ended December 31, 2002 were fully credible and could be given 100% credibility weighting for calculating anticipated rate level needs. Accordingly, the mathematical calculations underlying the indicated average rate level changes and filed base rate changes are based on the exposure distribution, loss and expense experience for the year ended December 31, 2002. This is the same weighting procedure that has been utilized by the Reinsurance Facility in previous automobile insurance rate filings.

The loss experience used in the filing for the liability and medical payments coverages is what we call "accident year" experience. I can explain that best by giving you an example. The losses for the accident year ended December 31, 2002 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2002. If an accident occurred December 29, 2001 and resulted in either a loss being paid or a reserve being established after January 1, 2002, that loss would be a part of the accident year losses for the period ended December 31, 2001. The test for breaking losses down into accident years is the date the accident occurred.

Q. Does the filing contain an exhibit which shows the criteria for determining the credibility to be assigned to a single year's data?

A. Yes. The credibility table at the top of page D-21 of the filing shows the number of claims which are necessary for assigning full credibility to a single year's data. It also shows the number of claims that would be necessary for assigning partial credibility. These are the criteria which are currently used by ISO on a countrywide basis. These credibility standards are based on a formula described in the paper "On the Credibility of the Pure Premium" by Mayerson, Jones and Bowers. This paper was published in the Proceedings of the Casualty Actuarial Society for 1968, Volume LV. The full standard of 4,000 claims is based on the criterion that the observed (actual) pure premium should be within 5% of the expected pure premium with a probability of 95%. In simpler terms, we are using a P (probability) value of 95%, and a k (tolerance) value of plus or minus 5%.

The chart shows that if the average number of claims is 4,000 or greater, 100% credibility should be assigned to the latest year's data, with zero weight being assigned to data for the earlier years. The average number of claims is the average for the two latest accident years. If the average number of claims for a particular coverage over a two year period were 3,700, that would mean that you should use both years' experience in calculating rates. Ninety (90%) percent weight should be given to the latest year and 10% to the earlier year.

Q. Page D-21 also has a table showing the factors for territorial credibility. Please explain that.

A. Once the statewide rate change is determined, it is necessary to apply the overall change to each of the territories in the state. The territory credibility table is used to determine how much credibility is assigned to the three-year experience for a particular territory. The reason for the difference in the number of claims as between statewide credibility and territorial credibility is that for the development of rates by territory a wider confidence interval is permitted. We use a 90% confidence interval for territory purposes, but a stricter 95% confidence interval for the statewide rate level calculation.

Q. Please explain the trend credibility table in the lower right-hand portion of page D-21.

A. In some states the number of claims is so small that full credibility should not be assigned to the calculated trends. That is clearly not the case in North Carolina. The trend credibility

table shows that 10,623 claims are necessary for full credibility for trends. The number of claims far exceeds that standard. Therefore it is appropriate for the bodily injury, property damage and medical payments coverages to give the trend calculations full credibility. This does not mean that the past trends will necessarily continue into the future. That is something which we have to consider and evaluate carefully. It does mean, however, that we can be confident that the trend calculations are accurate representations of what did in fact occur during the period covered by the trend calculations.

Q. As part of your testimony, have you prepared an exhibit that shows the average number of claims over the last two accident years for each of the coverages in the filing?

A. Yes. Exhibit RF-3 shows the average number of claims for the accident years ended December 31, 2001 and December 31, 2002. It shows that for each of the coverages the number of claims was far in excess of the 4,000 which is the standard for assigning full credibility to the latest year. Accordingly, for the purpose of calculating the statewide rate indication for each of the coverages, it is actuarially sound and reasonable to give 100% credibility weight to the data for the accident year ended December 31, 2002.

Q. Has the Reinsurance Facility made any adjustment in the filing to reflect seat belt usage in North Carolina over the last few years?

A. No, the Reinsurance Facility has not made an explicit adjustment to the otherwise indicated rate levels because the program in North Carolina directed at increasing the awareness of the law regarding the use of seat belts was put in place in late 1993, and its effects are fully reflected in the 2000, 2001 and 2002 data. In addition, the usage percentage subsequent to the experience period is similar to the usage in the experience period.

Q. Has the Reinsurance Facility given any consideration to the impact of the graduated license program?

A. Yes, the Reinsurance Facility has again considered the impact of the graduated license program. The Committee noted that the program was effective in late 1997. This means that all three of the years of experience considered by the Auto Committee were fully reflective of the graduated license program. The Auto Committee concluded that any additional impact of the graduated license program that is not already reflected in the experience and trend selections would be minimal during the period in which the rates proposed in this filing would be in effect and no explicit adjustment was needed.

Q. Mr. Woods, please turn to page C-1 of Exhibit RF-1. Would you explain what that page is.

A. Page C-1 is what we call a statewide indicated average rate level calculation for the liability coverages for North Carolina. Although technically the medical payments coverage is not a liability coverage, for ratemaking purposes we generally treat it as such. Therefore, if I refer in my testimony to the liability coverages, it includes not only bodily injury and property damage but also the medical payments coverage unless I specify otherwise. Page C-1 is a

determination of what the indicated average rate levels are for bodily injury, property damage, and medical payments coverages. The data shown are for ceded business.

- Q. The column on page C-1 for bodily injury contains a reference to "25/50". What does that mean?
- A. These are the minimum bodily injury liability policy limits which were needed to comply with the financial responsibility laws in North Carolina prior to the change of the minimum limits to 30/60. Since the data collected in the earlier years of the three year experience period were written when 25/50 were the minimum limits, the Auto Committee examined the data at those limits to produce the indicated 30/60 rates. Here we are calculating the indicated average rate that is needed for this "basic limits" coverage. We assume that losses are "capped" at these basic limits. What this means is that the indicated average rate we get from the calculation is the actuarially sound average rate assuming everyone in North Carolina purchased basic limits coverage. There is a separate procedure which is followed to determine what the additional premium should be for those people who buy higher limits, and the results of that procedure are incorporated at the end of the calculation on page C-1 in order to get the total limits premium. This use of "basic limits" losses for the purpose of determining the statewide indicated average rate is the proper procedure to be followed. As far as I am aware, the use of basic limits data is universally accepted. To illustrate how it works, assume that a person bought a policy with 100/300 bodily injury policy limits and had an accident which caused his insurance company to make a payment to a claimant of \$75,000. The losses which are shown on line 1 would include only \$25,000 as opposed to the \$75,000 total loss.
- Q. Referring to line 1 on page C-1 under the bodily injury column, what are "reported incurred losses and allocated loss adjustment expense"?
- A. The reported incurred losses on line 1 are the losses resulting from accidents which occurred during the one year period ending December 31, 2002. The figure includes both losses which have already been paid and losses which are not yet paid and are represented by outstanding claim reserves. The figure also includes allocated loss adjustment expenses. Allocated loss adjustment expenses are expenses which relate to a specific claim. For example, the fees which an insurance company pays to attorneys to defend a claim would be classified as allocated loss adjustment expenses. On the other hand, adjustment-related expenses which cannot be identified to a specific claim are called unallocated loss adjustment expenses. An example of this would be the salaries and overhead associated with operating a company's in-house claims department. Allocated loss adjustment expenses are included in line 1; unallocated loss adjustment expenses are not.
- Q. Have the losses and allocated loss adjustment expenses as reported by the companies been adjusted in any way to get to the number in line 1?

- A. Yes. As I mentioned earlier, ratemaking is done on a 25/50 limits basis. For that reason we adjust the reported losses by eliminating those losses which exceed the amount which would have been paid had the policy limits been 25/50.
- Q. Would you please explain lines 2 and 3 on page C-1?
- A. Yes. Those lines reflect the incorporation of loss development into the calculation. Line 2 shows the loss development factor, and line 3 is the result of multiplying the incurred losses and allocated loss adjustment expenses in line 1 by that loss development factor. As I mentioned a moment ago, the losses on line 1 of page C-1 do not include losses which are not yet reported. By definition, since they are not yet reported, we cannot simply take a reported number and add it in. They are included by what is known as an adjustment for IBNR (incurred but not reported) losses. This is accomplished through the use of loss development factors. The losses as they are reported to us cover all accidents which occur during the one year period ended December 31, 2002. When they are reported to us they are evaluated as of March 31, 2003. As of March 31, 2003, some of the losses have already been paid and some have not, i.e., they are represented by loss reserves. The loss reserves, of course, are estimates of what will ultimately be paid on these outstanding claims. Since we want the estimates to be as accurate as possible, we look at history to see how losses have changed, or "developed," in the past from the time they were initially reported to the time they were ultimately paid. For example, if we look back and see that historically there has been a 1% increase in the amount of losses from the time they were initially reported as reserves until the time they were ultimately paid, we would logically assume that the same development pattern will hold true for losses incurred during the year ended December 31, 2002. Accordingly we would make an adjustment by increasing the losses as they are initially reported to us by 1%.
- Q. What causes losses to change or develop as you have described?
- A. The losses which are paid as of the date of the initial reporting, of course, do not change. As to the reserve portion of the losses, however, changes would typically result from the fact that the ultimate loss payments are more or less than estimated at the time of the initial report. Another factor would be the late reporting of claims. For example, if an accident occurred on December 28 of any given year and for some reason was not timely reported to the company, it might very well be that the losses as initially reported would not include any provision for that particular claim. By the time of the next year's evaluation, however, the claim would have worked its way into the system and the total loss would include either the paid amount or the reserved amount for that particular claim. This would cause an upward development in the losses as initially reported.
- Q. Will you please refer to page D-11 of RF-1 and explain how the loss development factor for bodily injury in the filing was calculated?
- A. Yes. In the top section of that page the combined voluntary and ceded losses evaluated as of 15, 27, 39, 51 and 63 months for the accident years for which data are available are

shown. The first entry for the accident year ended December 31, 1999 is \$484,067,233. This is in the column which is labeled "15 Months." This is the first evaluation of the losses caused by accidents which occurred during the year which ended December 31, 1999. The evaluation was made as of March 31, 2000 -- 15 months after the beginning of the accident year. Twelve months later (March 31, 2001), the losses caused by accidents which occurred during the year ended December 31, 1999 had grown to \$497,444,285. This is the evaluation as of 27 months after the beginning of the accident year. This increase from roughly \$484 million to \$497 million represents a growth in losses, or a positive development, of 2.8% (1.028) as shown in the column on the lower portion of the page labeled "15 to 27 Mos." As shown on page D-11, we have looked at the average development from 15 months to 27 months over the latest three years and over the latest five years. The average development for the latest three years was 1.042 or 4.2%, and the average development for the latest five years was 1.034 or 3.4%. As in the past, the Automobile Committee decided to use the factors based on the three year averages. I believe that such factors provide the best balance of stability and responsiveness.

- Q. Does page D-11 also show development figures for periods later than 27 months?
- A. Yes. Studies have shown that for the bodily injury liability coverage virtually all losses have been paid by the time of the evaluation at 63 months after the beginning of an accident year. For that reason we also calculate loss development factors for the periods from 27 months to 39 months, 39 months to 51 months and 51 months to 63 months. For example, by the time of the 39 month evaluation the losses for the accident year ended December 31, 1999 had grown to \$506,104,335. This represents a change of 1.7% in the losses for the same accident year evaluated as of 27 months. The average development over the period 27 months to 39 months for the three most recent years for which the data are available was 1.017 or 1.7%.
- Q. Are the data which were used to determine loss development for later periods also shown on page D-11?
- A. Yes. The figures showing how losses developed from the 39-month evaluation to the 51-month evaluation and then the 63-month evaluation are also shown on that page. The development factors were calculated in the same manner I just described for the "15 to 27" and "27 to 39" development factors. As you can see on the page, we have had to use earlier accident years to get the later evaluations. This is because we do not yet know what the ultimate developments will be on the 2001, 2000, and 1999 accident years.
- Q. Will you explain how the loss development factor used to determine the ultimate payment value of the accident year ended December 31, 2002 losses was determined?

A. Yes. The development factors for each of the applicable periods, as shown on page D-11, are:

<u>Development Period</u>	<u>Factor</u>
15 to 27	1.042
27 to 39	1.017
39 to 51	1.009
51 to 63	1.002

If you multiply all of these factors, you will get the average development from the initial evaluation at 15 months to the ultimate payment value at 63 months. The result of that multiplication is 1.071 or 7.1% total development. Since losses have historically increased or developed by 7.1% from the time they are initially reported to the time they are paid, the assumption is that the losses for the accident year ended December 31, 2002 will do likewise. Accordingly the developed losses shown in the filing for the accident year ended December 31, 2002 include a 7.1% upward adjustment for loss development.

Q. Is this the same loss development procedure that has been employed in previous automobile insurance rate filings in North Carolina?

A. Yes.

Q. Please refer to line 5 of page C-1. With reference to the column headed "Bodily Injury," please tell us what the figure \$28,326,976 represents.

A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2002. As I explained earlier, unallocated loss adjustment expenses are those loss adjustment expenses that cannot be attributed on an accident-by-accident basis. That number is the result of multiplying the developed losses and ALAE in line 3 by the factor of 0.133 in line 4.

Q. Have you reviewed the compilation of the expense data?

A. Yes, I have. When ISO gets the expense information, we routinely review it relative to earlier years for consistency.

Q. Please refer to page C-1, line 6 entitled "General and Other Acquisition Expenses." With reference to the figure \$30,400,991 shown under the column headed "Bodily Injury," what does that figure represent?

A. These are the general and other acquisition expenses associated with the accident year ended December 31, 2002. These are the so-called fixed expenses for that year. They are fixed in that they do not vary as a direct function of the premium dollar. For example, employee salaries (other than claims employees) would be classified as either general expenses or other acquisition expenses. Those salaries are fixed in the sense that they do

not vary directly as a function of premium. Such things as commissions and premium taxes, on the other hand, are examples of expenses which do rise or fall directly with premium. Line 6 of page C-1 represents the expenses (other than claims-related expenses) which are fixed in this sense.

The amounts shown on line 6 for each of the coverages are also derived from the most recent special call responses received by the Rate Bureau. The figures reported in response to the special call are total general expenses and total other acquisition expenses. It would not be appropriate to include the total figures actually reported since some of those expenses should be the "increased limits" portion of the total rates. Since what is calculated on page C-1 is the required premium needed for basic limits, we want to use only those fixed expenses which are attributable to the basic limits premium. As shown on page C-2 at footnote (c), the total limits fixed expenses were 6.0 % for general expenses and 7.4 % for other acquisition expenses, for a total of 13.4 % of combined voluntary and ceded total limits manual earned premium for the period covered by the special call. By multiplying that percentage times the basic limits premium on a collected level for ceded business for policies associated with the year ended December 31, 2002, you get the total fixed expenses that are attributable to the basic limits coverage. This is shown on Exhibit RF-4. Consistent with the Rate Bureau's voluntary filing, these expenses are then distributed between voluntary and ceded business based on premium.

The Facility has made a change with regard to the development of the general expense and other acquisition expense dollar figures. In the past, the Facility used the premiums and expenses on a manual level from the expense call. However, since the premium being developed on C-1 is the premium that the Facility projects its members will need to collect in order to pay the projected losses and expenses, it is more appropriate to calculate the fixed expense portion of the rate using actual collected premiums and actual expenses. Since deviations from the manual rate are prohibited for ceded business, this is achieved by calculating the ratio of actual expenses to manual premiums. The ratio of actual expenses to manual premium is then distributed to the ceded business by separately applying this ratio to the clean risk ceded premium at voluntary rates and to non-clean ceded business at Facility rates.

Q. What is the assumed effective date which was used in the preparation of the present filing?

A. The filing was put together on the assumption that the revised rates will become effective October 1, 2004 for new and renewal business.

Q. Would you please explain line 7?

A. The figure 1,269,885 in line 7 displays the earned exposures for the Bodily Injury coverage for the year 2002. An earned exposure represents one car insured for one year. Thus, the 1,269,885 represents the number of cars that were provided with coverage during the year 2002. The earned exposures will serve as the denominator in the calculation of the projected values that will be used in calculating the required per risk premium.

Q. Would you please explain lines 8 through 10?

A. These lines are shown for general information purposes. The incurred claims in line 8 are multiplied by the claim development factor in line 9 to produce the number of developed claims in line 10.

Q. Referring to page C-1, please explain what is meant by line 11 -- Average Annual Change in Losses and ALAE.

A. What the Reinsurance Facility is doing in the filing is making rates to cover policies issued for new business and for renewals of existing business during the period October 1, 2004 through September 30, 2005. In order to do that, it is necessary to project the amount of losses which will be covered under policies issued during these periods. Since we know that losses change because of such things as changes in accident frequency and changes in injury and damage costs, it would not be appropriate to assume that the losses covered under 2004 and 2005 policies will be the same as the losses which are shown on line 3 for the accident year ended December 31, 2002. The purpose of line 11 is to trend the losses which are shown on line 3 to the anticipated level for 2004 and 2005 policies. Line 11 shows what is generally referred to as the trend factor. It is the anticipated annualized rate of change in losses. For the bodily injury liability coverage, the annual factor is 1.017 or 1.7% per year. These are referred to as "pure premium" trends. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period of 3.03 years, as shown in line 13 on page C-1. Mathematically this is done by raising the factor of 1.017 to the 3.03 power. This gives you the total amount of the trend projection.

Q. How were these trends determined?

A. They were selected by the Automobile Committee based on its review and discussion of a variety of information. Much of the information they reviewed was provided by ISO. The primary data for this analysis are what we refer to as "internal" trend data. These are the cost and frequency data for all companies writing private passenger non-fleet automobile insurance in North Carolina, for which trend lines were determined for several different time intervals both on a linear and on an exponential basis in order to determine what the actual changes for both cost and frequency have been in the recent past. This information is included in the filing at pages F-128 through F-136.

Fasttrack data were also provided. This is data from the so-called Fasttrack Data System, a program administered under the auspices of the National Association of Insurance Commissioners ("NAIC"). This program was developed in the 1970's in response to a concern that the internal trend data were not produced currently enough to indicate the most up-to-date trends in accident frequency or severity. Fasttrack data are collected, as the name implies, on a more expedited basis from among a number of the larger automobile insurance writers. There are a number of problems with Fasttrack data. For instance, they do not include the trend data of all insurers and are not subjected to the verification

procedures which are applied to the internal trend data. Further, the Fasttrack data, which are also compiled on a calendar year basis, are somewhat biased due to the relative growth of participating companies and the share of the market in claims and exposures they represent. Nonetheless, they can be useful on some coverages as a tool to assist in making judgments about likely trends where they are more current than other available data. It should be noted that the Fasttrack data used in this filing are the same Fasttrack data supplied directly to the Commissioners by ISO and NAI. The fasttrack data and trend calculations are included in the filing at pages F-120 through F-127.

Q. Was there any other trend information provided to the Automobile Committee?

A. In addition to the internal trend and the fasttrack trends, various external information was provided. This information included various government indices (such as the Consumer Price Indices for medical care, physician services and auto body work), statistics with respect to gasoline prices, and miles driven.

Q. Is there any one mathematical procedure which can be used to determine the average annual change in pure premium?

A. No, there is not. The determination of an average annual change based on trend curves will give an accurate calculation as to what the past trend has been. However, the trend numbers calculated in that fashion should be used as a prospective trend factor only to the extent that one anticipates that the past trends will continue into the future.

Q. Have you reviewed the trends used in the filing?

A. Yes. The Reinsurance Facility adopted for use in the filing the selections made by the Automobile Committee. Those are set out below:

COVERAGE	COST	FREQUENCY	PURE PREMIUM
Bodily Injury (B/L)	1.2%	0.5%	1.7%
Bodily Injury (T/L)	2.5%	-	-
Property Damage	1.5%	0.0%	1.5%
Medical Payments	5.0%	0.0%	5.0%

Q. Do you have an opinion with respect to the reasonableness of these trends?

A. Yes, based on my own review of the data, I do. I believe that the Automobile Committee and the Reinsurance Facility have been reasonable in their trend selections. By that I mean that they generally selected trends that were within my range of reasonableness.

For the Bodily Injury coverage, the committee selected a cost trend of 1.2% based primarily on the narrow range of the fitted annual rates of change. The 12 point, 9 point and 6 point fits annual rate of change all cluster around 1.2%. The selection of 1.2% is reasonable and is consistent with giving consideration to both the longer term and shorter term trends.

For Bodily Injury claim frequency, the committee selected 0.5%. The committee examined the fitted paid claim frequency data and noted that annual claim frequencies had begun to rise after a lengthy period of decline.

For the Property Damage coverage, the committee selected a cost trend of +1.5%. This selection is based on giving greater weight to the longer-term fits.

For Property Damage frequency, the committee carefully examined the data and selected an annual rate of change of 0.0%. This selection recognizes that the claim frequency has generally stabilized.

For the Medical Payments coverage, the committee selected a cost trend of +5.0%. This selection is also reasonable based on the fact that the rates of change for this coverage have been increasing recently and government forecasts are that the rate of change for medical care will continue to increase at current levels.

For Medical Payments frequency, the committee selected a frequency trend of 0.0%. The annual rates of change over the time period for the data shown have changed from being negative over the long term to slightly positive over the short term.

- Q. In making your evaluation of the Reinsurance Facility's trend selections, have you relied on any other data?
- A. Yes, I have. I relied on the various CPI cost information, information on gasoline prices, and miles driven data. In looking at the trend data, my judgment and interpretation of the trend data were influenced by my awareness and analyses of these external data.
- Q. Please refer to line 12 of page C-1 of Exhibit RF-1 and explain the purpose of that line.
- A. The average annual change in expense cost of 3.3% represents the expected change in general expenses, other acquisition expenses and unallocated loss adjustment expenses. These expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. These expenses represent salaries, overhead, rents and expenses that should vary according to general economic trends and not as a direct function of how premium increases or decreases. For example, commissions are calculated as a percent of premium. If the premium rate goes up, the dollars of commission go up. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses and other acquisition expenses, is not tied to premium. Just because premium may go up 10% does not mean that the employee's salary will go up 10%. The salary will be influenced by general economic trends and not what the premium level is doing. That is

why general expenses and other acquisition expenses are treated differently from those expenses that vary as a function of premium in this filing.

Q. Would you explain how the 3.3% factor in line 12 was determined?

A. The average annual change in expenses is based on analysis of the latest average annual change in the All Items CPI, and the Compensation Cost Index. The data are shown on pages D-9 and D-10 of the filing. Based on an analysis of this data, a selected factor of 3.3% is quite reasonable as both the 24-point and 48-point fits showed an annual rate of change at this value.

Q. How do you apply the average annual change in expenses set forth in line 12?

A. The procedures on how the average annual change in expenses is applied are described in footnotes (f) and (g) on page C-2. The expenses set forth on lines 5 and 6 are multiplied by the prospective trend factor to adjust the expenses for the projected future changes in expenses. The general and other acquisition expenses are trended to six months past the effective date and the unallocated loss adjustment expense is trended to the average date of loss for policies which will be written at the proposed rates.

Q. Will you explain line 16 on page C-1 entitled "Projected Losses and ALAE"?

A. The projected losses and allocated loss adjustment expenses of \$224,059,989 are the losses and allocated loss adjustment expenses set forth on line 3 multiplied by the total trend projection. This gives you the losses that we expect will be incurred under the revised rates.

Q. Line 13 on page C-1 and footnote (e) on page C-2 indicate that losses are trended for a period of 3.03 years. Will you explain how the 3.03 years of projection was calculated?

A. The incurred losses set forth on line 3 are the developed losses for the accident year ended December 31, 2002. These losses actually occurred during that time frame. The average date of loss of those accidents is the mid-point of that accident period or July 1, 2002. In order to adjust these losses to the future level expected to prevail under the proposed rates, you have to adjust them by the trend factor. The proposed effective date for purposes of the calculations in the filing is October 1, 2004. This means that policies will be written, assuming annual revisions, anywhere on average from October 1, 2004 through September 30, 2005. A policy written on the last day of that interval, September 30, 2005, assuming it is an annual policy, will expire on September 30, 2006. The period for which accidents will occur under these policies will be anywhere from October 1, 2004 through September 30, 2006. If you were to assume that all of the policies were annual policies, the average date of accident underlying the proposed rates would be the mid-point of that two-year period or October 1, 2005. If we were only talking about annual policies we would trend from the average date of accident underlying our base experience period, July 1, 2002, to October 1, 2005 - a period of 3.25 years. This would be the amount of the trend you

would have to use in order to take your base losses and adjust them to the appropriate future level.

If you were to assume that all of the policies were six month policies, then a policy written on September 30, 2005 would expire on March 31, 2006. The period for which accidents will occur on these policies will be from October 1, 2004 through March 31, 2006. Thus the average date of accident underlying the proposed rates for 6 month policies would be the midpoint of that 18 month period, July 1, 2005.

In North Carolina, not all policies are annual policies. Most automobile policies in North Carolina are six-month policies (approximately 90% - see page D-4). Based on the "mix" of policy terms being written in North Carolina, the average date of loss will be July 9, 2005. Therefore, in order to adjust the base losses from July 1, 2001 level to July 9, 2005 level, it is necessary to apply the annual trend factors for a total period of 3.03 years.

Q. Will you explain the projected ULAE in line 17 on page C-1 of the filing?

A. These are the unallocated loss adjustment expenses in line 5 projected by the average annual change in expenses in line 12 to the average date of expense for policies issued under the proposed rates. These loss adjustment expenses have to be adjusted for the same 3.03 year period since loss adjustment expenses occur at approximately the same time that losses occur.

Q. Will you explain line 18 entitled "Projected Losses and LAE per exposure"?

A. What line 18 shows is the anticipated average cost per insured vehicle for losses and all loss adjustment expenses. The value is calculated by adding the projected losses and ALAE in line 16 and the projected ULAE in line 17 and then dividing the total by the earned exposures in line 7.

Q. Will you explain line 19 entitled "Projected G & OA Expenses"?

A. As shown in footnote (g) on page C-2, projected general and other acquisition expenses are the general and other acquisition expenses in line 6 projected by the average annual change in expense in line 12. The projected period of 2.75 years is utilized because general and other acquisition expenses are generally incurred at the time a policy is written as opposed to the date that a loss occurs. Therefore, the average date of expense is different from the average date of expense utilized for loss adjustment expenses. The trend period is from the midpoint of the year to April 1, 2005, the average date of expense for policies to be issued under the revised rates.

Q. What does line 20 entitled "Projected Fixed Expenses per exposure" show?

A. Line 20 entitled "Projected Fixed Expenses per exposure" takes the Projected G & OA Expenses shown on line 19 and divides them by the earned exposures in line 7. This figure

represents the amount of expenses that will be incurred for general and other acquisition expenses on a per exposure basis.

Q. What does line 21 entitled "Projected Loss, LAE and G & OA Expenses per Exposure" show?

A. Line 21 is, as indicated, just a combination of lines 18 and 20; it is the sum of projected losses and ALAE, projected ULAE and projected general and other acquisition expenses all stated as an average amount per earned exposure. These are the projected costs that can be expected to be incurred during the experience period and are the major components for which the average rate will need to provide.

Q. What does line 22 entitled "Percentage Dividends" show?

A. Line 22 shows the Reinsurance Facility's selected provision of 0% for anticipated dividends to policyholders. This amount is selected in recognition of the fact that the Reinsurance Facility has not paid any policyholders dividends nor do they anticipate paying any in the upcoming period.

Q. What does line 23 on page C-1 entitled "Permissible Loss, LAE and G & OA Expense Ratio" show?

A. This line takes into account the other expense items, such as commissions and brokerage and taxes, and provides for any contingency provision. It would also typically include underwriting profit, but no underwriting profit provision is included in this filing because, by statute, the Reinsurance facility is to operate on a no profit, no loss basis. If you look at page D-17 of the filing, you can see that, for the liability coverages, the commissions and brokerage are 10.0% of the premium dollar, and taxes, licenses and fees are 2.5% of the premium dollar, and there is a 0% margin for contingencies. These items add up to 12.5%. These items are what are known as variable expenses. They vary in direct proportion with the premium dollar. You know that out of every dollar of premium you write, 12.5 cents will have to go to pay for these expenses and you are left with only 87.5 cents to pay for losses, loss adjustment expenses and general and other acquisition expenses. The permissible loss and fixed expense ratio shows the percentage of the premium dollar you will have available to pay for trended losses, trended loss adjustment expenses and trended general and other acquisition expenses.

Q. What is the source of the percentages on page D-17 with respect to commissions and brokerage and taxes, licenses, and fees?

A. They were calculated from the 2003 North Carolina expense call for 2002 data undertaken by the North Carolina Rate Bureau. The provision for commission and brokerage reflects the commission on private passenger non-fleet business ceded to the Facility.

Q. Would you explain line 26 entitled "Premium Required per Exposure"?

A. This is the required amount of premium that the Reinsurance Facility needs to collect, on average, from each insured in order that in the aggregate sufficient premium will be collected to pay the expected losses and expenses. This amount is calculated by taking the Projected Losses, LAE and Expenses per Exposure and loading them for the variable expenses such as commissions and taxes. However, if that premium amount were collected, the Facility could theoretically make a profit because of the investment income which it will earn on the unearned premium and loss and loss expense reserves and because of installment income. The purpose of line 26 is to determine the rates such that premium, including installment income, plus the investment income will equal the expected losses and expenses. The way this is done mathematically is to add both the expected investment income (line 24) and the expected installment income (line 25) as a percentage of premium to the permissible loss, LAE and G & OA expense ratio shown on line 23. The investment income figure used in the filing is 3.0% of premium, as shown on page F-172 of the filing. That 3.0% is added to the permissible loss, LAE and G & OA expense ratio shown on line 23. In addition, the installment income figure of +1.0% of premium is added to the permissible loss, LAE and G & OA expense ratio shown on line 23. The installment income provision of 1.0% is developed on exhibit RF-5. By dividing the projected loss and expense ratio on line 21 by the total of the permissible loss, LAE and G & OA expense ratio on line 23 plus 3.0% and 1.0%, we get the premiums which, when added to investment income and installment income, will equal the expected losses and expenses. This is the amount that the Facility in the aggregate needs to actually collect, in order pay the expected losses and expenses on ceded business.

Q. What is the Distributional Adjustment Factor as shown on line 27?

A. The distributional adjustment factor as shown on line 27 is the average class factor reflecting the mix of the various use classes, inexperienced operator classes, multi car/single car risks and the average SDIP factor. It provides a measurement of how far from the base class on average the average risk is. For example, the 1.026 distributional adjustment factor for bodily injury liability indicates that, because of the application of these various rating factors, the average risk will pay 102.60% of the otherwise applicable base rate.

Q. Could you please explain line 28 entitled "Required 25/50/15 Base Class Premium"?

A. The figure shown on line 28 is the needed average base class premium statewide. It is determined by dividing the average premium in line 26 by the distributional adjustment factor in line 27. This is the average statewide premium required for a single car, pleasure use, no SDIP and no inexperienced operators risk. This premium will be used in the development of the territory base rates where it will be distributed based on the difference from the statewide average of each territory's three year pure premium.

Q. Could you please explain the adjustments shown in line 29 on page C-1?

A. Those lines reflect an adjustment of the required base class premium from a 25/50 to a 30/60 basis (line 29). These adjustments take the indicated rate from a 25/50 basic limits premium in line 27 to a 30/60 premium, using a factor of 1.050.

Q. Could you explain what is shown on line 30 on page C-1?

A. Line 30 reflects the indicated Total Limits change based on an analysis of the Reinsurance Facility's experience on a total limits basis. For example, the 9.0% for bodily injury represents the additional amount of premium needed because of the inadequacy of the factors for higher limits of coverage.

Q. Could you explain what is shown on line 31 and line 32 on page C-1?

A. Line 31 and line 32 take a portion of the indicated total limits need and applies it to the basic limits base class premium. Because the Rate Bureau's filing for changes to the increased limits factors was settled for no change as part of the settlement of the February 2, 2004 filing and because of the need for company premium rating systems to use identical increased limits factors on voluntary and ceded business, the Reinsurance Facility has chosen not to propose changes to the increased limits factors. Typically, when the total limits indication is not effected through a change to the increased limits factors, it is incorporated into the basic limits change. The failure to apply the change in this manner would result in this case in the overall rate level being significantly inadequate. However, the 9% total limits indications for bodily injury is a larger change than is typically incorporated into the basic limits change. Since this filing originally proposed an overall bodily injury change of only 11.6% (because the changes to the increased limits factors were based on voluntary experience rather than the ceded experience), the Facility chose to cap its requested increase at that level. This amounts to a 4.2% total limits indication.

Q. Are the calculations of the indicated average rate level changes for the property damage and medical payments coverages performed in the same manner as for the bodily injury coverage you just described?

A. Yes, while the inputs are obviously different for the different coverages, the calculations are performed in the same general manner. It should be noted that the property damage coverage required 25,000 base class premium in line 32 includes the overall effect of the increased limits experience in the new 25,000 base premium.

As noted on page C-1, the medical payments indications are performed on a total limits basis. Therefore, there are no adjustments anywhere in the calculation to a basic limits basis and no adjustment in line 27 for the total limits change. However, the distributional adjustment factor for Medical Payments will be that much larger, since as part of the calculation to put the premium at a base class level, the premium must be presented at basic limits, and therefore the medical payments total limits premium is divided by the average increased limits factor in addition to the average class factor.

Q. What are the final indicated rate level changes for bodily injury, property damage and total limits medical payments coverages resulting from the calculations on page C-1?

A. The indicated rate level changes resulting from the calculations on page C-1, which are posted on page A-1, are determined by taking the ratio of the statewide average required base class premium to the current statewide average base class premium. The required base class premiums by territory are determined by distributing the required base class premium, as shown on the statewide rate review (page C-1), using the relative changes by territory found in Column (7) on pages C-7 and C-8 and the appropriate expense flattening adjustment. The statewide average base class premiums are determined by taking the weighted average by territory using the earned car years for the year ended 12/31/02.

As shown on page A-1, the result of all of these calculations is that the indicated average rates will generate indicated rate level changes of 11.6% for bodily injury, 5.9% for property damage and 26.1% for medical payments.

Q. Mr. Woods, please turn to pages F-172 through F-174 of Exhibit RF-1. What do those pages represent?

A. Pages F-172 through F-174 are what are commonly known as "State X" calculations. They are calculations of the estimated investment earnings on unearned premium reserves and loss and loss expense reserves. The sources for the data on these pages are shown on pages F-173 through F-174. Each line is explained, and the appropriate data source is cited.

Q. Would you explain the calculation.

A. Section A on page F-172 is the determination of the average unearned premium reserve for the ceded liability coverages for the State of North Carolina. Line 1 gives the direct earned premium for the accident year ended December 31, 2002. From that earned premium, the mean unearned premium reserve is calculated. The portion of the direct earned premium that is held as unearned premium reserve is determined from the average unearned premium reserve for the years ending 12/31/2001 and 12/31/2002. In this case, the mean unearned premium reserve is 27.8% of the direct earned premium. You must then deduct prepaid expenses since these prepaid dollars would not be available to earn investment income.

For commission and brokerage expense, 100% of the expense provision as set forth on page F-172 is considered pre-paid. For other acquisition expense and company operating expense, one-half is considered pre-paid.

G.S. 105-228.5 as amended in 1986 specifies the procedure by which premium tax is to be paid by insurers. On average, these funds are held by insurers for approximately two months prior to remission to the State. Therefore 2.08% of premium is a pre-paid expense and is not available for investment.

Line A-5 shows the amount of unearned premium reserves that were available for investment.

Part B calculates the impact on funds available for investment of delayed remission associated with deferred payment of premium and the lag in transfer of funds to the companies. The average agents balances for all companies writing private passenger liability insurance in North Carolina is 14.9% of premiums. The explanation of this 14.9% is shown in the explanatory notes.

Part C shows the calculations of the expected mean loss reserves held by the companies. Line C-2 entitled Expected Incurred Losses and Loss Adjustment is based upon the expense provisions utilized in the filing. The derivation of the expected mean loss reserve in line C-3 is shown on page F-174 of the filing.

Part D adds up the unearned premium reserves subject to investment and the loss reserves subject to investment and backs out the amount that is not invested due to delayed remissions. This gives you the total amount of unearned premium reserves and loss and loss expense reserves available for investment.

Once you have determined how much is available for investment, you then apply the average investment return to determine total investment earnings. Line E shows an average yield of 3.93%. The source of that data is Wachovia Bank, N.A..

Applying the yield in line E to the net subject to investment in line D gives you the total investment earnings in North Carolina. Line G merely applies the total earnings to the direct earned premium in line A-1 to show a yield of 3.03% pre-tax as a percent of direct earned premium.

- Q. Were these State X pages prepared by you or under your direct supervision and are they correct to the best of your knowledge and belief?
- A. Yes.
- Q. Does the filing include a revision of the present territorial relativities?
- A. Yes. In connection with the overall changes we have been discussing, new territory rates are displayed; these are shown on page B-1. In these rates, the new territorial relativities are determined in such a way that no overall statewide rate level change is caused. In other words, based on each territory's own indications, the relativities are revised, with some territories receiving increases while others receive decreases. The overall statewide change as a result of these territorial relativity changes is 0%.
- Q. How has the Reinsurance Facility treated general and other acquisition expense by territory?

- A. The Reinsurance Facility has treated 100% of general expense and other acquisition as not varying by territory.
- Q. Please turn to page A-1 of Exhibit RF-1 and explain what is shown on that page?
- A. Page A-1 of Exhibit RF-1 shows the filed rate level changes resulting from the rate calculations contained in the filing. The overall percentages are calculated by multiplying the changes shown for each coverage by the total limits premium for each of the coverages and then dividing by the total premium for all coverages in order to calculate what the average impact is for each category. The premiums that were utilized for these calculations are shown on page A-1.
- Q. Do you have an opinion as to whether the data utilized and the method of calculating the filed rate level changes contained in the filing are sound and actuarially reliable and, if so, what is that opinion?
- A. Yes, I have an opinion. In my opinion, the data utilized and the ratemaking methodologies used by the Reinsurance Facility are consistent with generally accepted actuarial procedures and they are actuarially sound and reliable.
- Q. Do you have an opinion as to whether the filed rate level changes contained in Exhibit RF-1 are fully justified and, if so, what is that opinion?
- A. In my opinion, they are fully justified and are not excessive.

**PREFILED TESTIMONY
OF
PATRICK B. WOODS**

**2004 PRIVATE PASSENGER NONFLEET
AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY**

Q. Please state your name and business address.

A. My name is Patrick B. Woods. My business address is Insurance Services Office, 545 Washington Boulevard, Jersey City, New Jersey.

Q. By whom are you employed?

A. I am employed by Insurance Services Office ("ISO") and have been employed by ISO since May 10, 1976.

Q. What are your responsibilities at ISO?

A. I am generally responsible for managing and overseeing the operations of the Personal Automobile Actuarial Division at ISO. The Personal Automobile Actuarial Division is responsible for ISO's total ratemaking operation as it pertains to private passenger automobile insurance. We are generally responsible for doing everything that pertains to ratemaking for the personal automobile coverages including reviewing experience, making filings, analysis of classification plans, etc. ISO is involved in ratemaking for the personal automobile coverages in general in 49 of the 50 states plus the District of Columbia and Puerto Rico, as well as ISO's ongoing work for the Government of Israel for the Compulsory Auto Coverages.

Q. What is your employment background?

A. I have been employed by ISO for over twenty-eight years in various actuarial positions in the Personal Lines area. I was hired as an Actuarial Assistant in the Personal Property Actuarial Division in 1976. I was promoted to Assistant Actuarial Supervisor in Personal Property. I was later transferred to Private Passenger Actuarial and promoted to Actuarial Supervisor. At my next promotion I was named as Assistant Actuary in ISO's Data Quality Division. While in this area, I worked exclusively on New York's Special Examination of ISO and NAI in their role as statistical agents for personal automobile insurance. Upon completion of this assignment, I joined the Personal Lines Actuarial Division. In January of 1987, I was named Actuary and Manager of the Personal Lines Actuarial Division. In 2003, because of the growth of our international commitment, ISO split the Personal Lines Actuarial Division into two Divisions—Personal Automobile Actuarial and Personal

Property Actuarial. I am presently Assistant Vice President and Actuary in charge of the Personal Automobile Actuarial Division.

Q. What is your background in actuarial science and your educational background?

A. I have a Bachelor of Science degree and a Master of Arts degree in mathematics from St. John's University. I am a Fellow of the Casualty Actuarial Society ("CAS") and a member of the American Academy of Actuaries. I am currently chair of the CAS Program Planning Committee. I have served on the CAS Committee on Principles, on the CAS Examination Committee, on the CAS Risk Classification Committee and on the CAS Editorial Committee. I have also served as a member of the American Academy of Actuaries Committee on Property and Liability Issues. I am currently a member of the Casualty Committee of the Actuarial Standards Board, and I am chairman of the Ratemaking Subcommittee of the Casualty Committee of the Actuarial Standards Board.

Q. Are you familiar with automobile ratemaking in other states?

A. As part of my duties at ISO, I know the data collection and ratemaking procedures in use in states other than North Carolina. I have worked on rate filings for virtually every state in which ISO has jurisdiction. I am responsible at the present time for either preparing or supervising the preparation of filings for all of the states and the District of Columbia and Puerto Rico.

Q. What work have you performed with respect to the Reinsurance Facility's 2004 automobile rate filing in North Carolina?

A. Through ISO I have been involved in the preparation of the 2004 automobile rate filing for the Reinsurance Facility in two respects. First, ISO is one of three statistical organizations that collect rate-related statistical data from the companies writing automobile insurance in North Carolina. The National Association of Independent Insurers ("NAII") and the National Independent Statistical Service ("NISS") are the other statistical organizations that collect such data. The three statistical organizations subject the data that are reported to them to a series of verification edits and then consolidate the data. The data which NAII and NISS collect are sent to ISO and consolidated with the ISO-collected data in the proper format so that they can be reviewed to determine whether rates are adequate or inadequate. ISO then produces the hard-copy exhibits of the combined data in a format and detail necessary for ratemaking.

Second, ISO provides consulting actuarial services directly to the Reinsurance Facility. I have been directly involved in this aspect of the Reinsurance Facility's private passenger automobile insurance rate filings for a number of years. As in the past, my staff and I compiled the ratemaking data to be reviewed by the Automobile Committee in preparation of the filing.

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Second, ISO provides consulting actuarial services directly to the Reinsurance Facility. I have been directly involved in this aspect of the Reinsurance Facility's private passenger automobile insurance rate filings for a number of years. As in the past, my staff and I compiled the ratemaking data to be reviewed by the Automobile Committee in preparation of the filing.

Under my direction, my staff put together the vast majority of the data and information contained in Exhibit RF-1.

Finally, I have reviewed the filed rates to determine if they are calculated in accordance with the Casualty Actuarial Society's (CAS) Statement of Principles Regarding Property and Casualty Insurance Ratemaking. In accordance with Actuarial Standard of Practice No. 17 Expert Testimony by Actuaries, I conducted my review in terms of reasonableness rather than solely in terms of whether there is precise agreement on each issue. In addition, I applied the rate standards set forth in North Carolina General Statute 58-36-10(2), i.e., that rates must be adequate, not excessive and not unfairly discriminatory.

Q. Mr. Woods, could you describe generally the steps taken to ensure that the statistical data contained in this filing are reasonable and reliable for ratemaking purposes?

A. Yes. The data received from the companies are subject to various edits which check for the validity of the coded information and the appropriateness of the relationship of the codes to each other on each record. After the data have been edited at the transaction level, they are subject to a set of distributional edits which check that the distribution of the data is consistent with a company's prior submissions. The data are also balanced on a company-by-company basis to page 15 of the Annual Statement. After all these checks and reviews have been made on a company basis, the aggregate data are reviewed for overall reasonableness. This includes checking to see that the changes observed in various summary totals are consistent with known activities and other compiled information, as well as previous years' statistics.

Q. Would you describe the data utilized in Exhibit RF-1?

A. The ratemaking experience reflected in Exhibit RF-1 is, in general, the data which has been supplied by the individual insurance companies to the statistical organizations and consolidated into the appropriate format and detail for ratemaking as described above. The supporting data for the rate level changes for bodily injury liability, property damage liability, and medical payments coverages are contained in Section C. Three years of exposure, loss and expense experience are displayed for each of the coverages in Section C. The three years are the years ended December 31, 2000, December 31, 2001, and December 31, 2002. As in the past, the Automobile Committee has acted as an advisory committee to the Reinsurance Facility on this filing. After consideration of the three years of data, the Committee concluded, based on standard actuarial credibility considerations, and balancing the issue of stability versus responsiveness, that the exposure distributions and the losses and expenses attributable to these exposures for the year ended December 31, 2002 were fully credible and could be given 100% credibility weighting for calculating anticipated rate level needs. Accordingly, the mathematical calculations underlying the indicated average rate level changes and filed base rate changes are based on the exposure distribution, loss and expense experience for the year ended December 31, 2002. This is the same weighting procedure that has been utilized by the Reinsurance Facility in previous automobile insurance rate filings.

The loss experience used in the filing for the liability and medical payments coverages is what we call "accident year" experience. I can explain that best by giving you an example. The losses for the accident year ended December 31, 2002 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2002. If an accident occurred December 29, 2001 and resulted in either a loss being paid or a reserve being established after January 1, 2002, that loss would be a part of the accident year losses for the period ended December 31, 2001. The test for breaking losses down into accident years is the date the accident occurred.

Q. Does the filing contain an exhibit which shows the criteria for determining the credibility to be assigned to a single year's data?

A. Yes. The credibility table at the top of page D-21 of the filing shows the number of claims which are necessary for assigning full credibility to a single year's data. It also shows the number of claims that would be necessary for assigning partial credibility. These are the criteria which are currently used by ISO on a countrywide basis. These credibility standards are based on a formula described in the paper "On the Credibility of the Pure Premium" by Mayerson, Jones and Bowers. This paper was published in the Proceedings of the Casualty Actuarial Society for 1968, Volume LV. The full standard of 4,000 claims is based on the criterion that the observed (actual) pure premium should be within 5% of the expected pure premium with a probability of 95%. In simpler terms, we are using a P (probability) value of 95%, and a k (tolerance) value of plus or minus 5%.

The chart shows that if the average number of claims is 4,000 or greater, 100% credibility should be assigned to the latest year's data, with zero weight being assigned to data for the earlier years. The average number of claims is the average for the two latest accident years. If the average number of claims for a particular coverage over a two year period were 3,700, that would mean that you should use both years' experience in calculating rates. Ninety (90%) percent weight should be given to the latest year and 10% to the earlier year.

Q. Page D-21 also has a table showing the factors for territorial credibility. Please explain that.

A. Once the statewide rate change is determined, it is necessary to apply the overall change to each of the territories in the state. The territory credibility table is used to determine how much credibility is assigned to the three-year experience for a particular territory. The reason for the difference in the number of claims as between statewide credibility and territorial credibility is that for the development of rates by territory a wider confidence interval is permitted. We use a 90% confidence interval for territory purposes, but a stricter 95% confidence interval for the statewide rate level calculation.

Q. Please explain the trend credibility table in the lower right-hand portion of page D-21.

A. In some states the number of claims is so small that full credibility should not be assigned to the calculated trends. That is clearly not the case in North Carolina. The trend credibility

table shows that 10,623 claims are necessary for full credibility for trends. The number of claims far exceeds that standard. Therefore it is appropriate for the bodily injury, property damage and medical payments coverages to give the trend calculations full credibility. This does not mean that the past trends will necessarily continue into the future. That is something which we have to consider and evaluate carefully. It does mean, however, that we can be confident that the trend calculations are accurate representations of what did in fact occur during the period covered by the trend calculations.

- Q. As part of your testimony, have you prepared an exhibit that shows the average number of claims over the last two accident years for each of the coverages in the filing?
- A. Yes. Exhibit RF-3 shows the average number of claims for the accident years ended December 31, 2001 and December 31, 2002. It shows that for each of the coverages the number of claims was far in excess of the 4,000 which is the standard for assigning full credibility to the latest year. Accordingly, for the purpose of calculating the statewide rate indication for each of the coverages, it is actuarially sound and reasonable to give 100% credibility weight to the data for the accident year ended December 31, 2002.
- Q. Has the Reinsurance Facility made any adjustment in the filing to reflect seat belt usage in North Carolina over the last few years?
- A. No, the Reinsurance Facility has not made an explicit adjustment to the otherwise indicated rate levels because the program in North Carolina directed at increasing the awareness of the law regarding the use of seat belts was put in place in late 1993, and its effects are fully reflected in the 2000, 2001 and 2002 data. In addition, the usage percentage subsequent to the experience period is similar to the usage in the experience period.
- Q. Has the Reinsurance Facility given any consideration to the impact of the graduated license program?
- A. Yes, the Reinsurance Facility has again considered the impact of the graduated license program. The Committee noted that the program was effective in late 1997. This means that all three of the years of experience considered by the Auto Committee were fully reflective of the graduated license program. The Auto Committee concluded that any additional impact of the graduated license program that is not already reflected in the experience and trend selections would be minimal during the period in which the rates proposed in this filing would be in effect and no explicit adjustment was needed.
- Q. Mr. Woods, please turn to page C-1 of Exhibit RF-1. Would you explain what that page is.
- A. Page C-1 is what we call a statewide indicated average rate level calculation for the liability coverages for North Carolina. Although technically the medical payments coverage is not a liability coverage, for ratemaking purposes we generally treat it as such. Therefore, if I refer in my testimony to the liability coverages, it includes not only bodily injury and property damage but also the medical payments coverage unless I specify otherwise. Page C-1 is a

determination of what the indicated average rate levels are for bodily injury, property damage, and medical payments coverages. The data shown are for ceded business.

- Q. The column on page C-1 for bodily injury contains a reference to "25/50". What does that mean?
- A. These are the minimum bodily injury liability policy limits which were needed to comply with the financial responsibility laws in North Carolina prior to the change of the minimum limits to 30/60. Since the data collected in the earlier years of the three year experience period were written when 25/50 were the minimum limits, the Auto Committee examined the data at those limits to produce the indicated 30/60 rates. Here we are calculating the indicated average rate that is needed for this "basic limits" coverage. We assume that losses are "capped" at these basic limits. What this means is that the indicated average rate we get from the calculation is the actuarially sound average rate assuming everyone in North Carolina purchased basic limits coverage. There is a separate procedure which is followed to determine what the additional premium should be for those people who buy higher limits, and the results of that procedure are incorporated at the end of the calculation on page C-1 in order to get the total limits premium. This use of "basic limits" losses for the purpose of determining the statewide indicated average rate is the proper procedure to be followed. As far as I am aware, the use of basic limits data is universally accepted. To illustrate how it works, assume that a person bought a policy with 100/300 bodily injury policy limits and had an accident which caused his insurance company to make a payment to a claimant of \$75,000. The losses which are shown on line 1 would include only \$25,000 as opposed to the \$75,000 total loss.
- Q. Referring to line 1 on page C-1 under the bodily injury column, what are "reported incurred losses and allocated loss adjustment expense"?
- A. The reported incurred losses on line 1 are the losses resulting from accidents which occurred during the one year period ending December 31, 2002. The figure includes both losses which have already been paid and losses which are not yet paid and are represented by outstanding claim reserves. The figure also includes allocated loss adjustment expenses. Allocated loss adjustment expenses are expenses which relate to a specific claim. For example, the fees which an insurance company pays to attorneys to defend a claim would be classified as allocated loss adjustment expenses. On the other hand, adjustment-related expenses which cannot be identified to a specific claim are called unallocated loss adjustment expenses. An example of this would be the salaries and overhead associated with operating a company's in-house claims department. Allocated loss adjustment expenses are included in line 1; unallocated loss adjustment expenses are not.
- Q. Have the losses and allocated loss adjustment expenses as reported by the companies been adjusted in any way to get to the number in line 1?

A. Yes. As I mentioned earlier, ratemaking is done on a 25/50 limits basis. For that reason we adjust the reported losses by eliminating those losses which exceed the amount which would have been paid had the policy limits been 25/50.

Q. Would you please explain lines 2 and 3 on page C-1?

A. Yes. Those lines reflect the incorporation of loss development into the calculation. Line 2 shows the loss development factor, and line 3 is the result of multiplying the incurred losses and allocated loss adjustment expenses in line 1 by that loss development factor. As I mentioned a moment ago, the losses on line 1 of page C-1 do not include losses which are not yet reported. By definition, since they are not yet reported, we cannot simply take a reported number and add it in. They are included by what is known as an adjustment for IBNR (incurred but not reported) losses. This is accomplished through the use of loss development factors. The losses as they are reported to us cover all accidents which occur during the one year period ended December 31, 2002. When they are reported to us they are evaluated as of March 31, 2003. As of March 31, 2003, some of the losses have already been paid and some have not, i.e., they are represented by loss reserves. The loss reserves, of course, are estimates of what will ultimately be paid on these outstanding claims. Since we want the estimates to be as accurate as possible, we look at history to see how losses have changed, or "developed," in the past from the time they were initially reported to the time they were ultimately paid. For example, if we look back and see that historically there has been a 1% increase in the amount of losses from the time they were initially reported as reserves until the time they were ultimately paid, we would logically assume that the same development pattern will hold true for losses incurred during the year ended December 31, 2002. Accordingly we would make an adjustment by increasing the losses as they are initially reported to us by 1%.

Q. What causes losses to change or develop as you have described?

A. The losses which are paid as of the date of the initial reporting, of course, do not change. As to the reserve portion of the losses, however, changes would typically result from the fact that the ultimate loss payments are more or less than estimated at the time of the initial report. Another factor would be the late reporting of claims. For example, if an accident occurred on December 28 of any given year and for some reason was not timely reported to the company, it might very well be that the losses as initially reported would not include any provision for that particular claim. By the time of the next year's evaluation, however, the claim would have worked its way into the system and the total loss would include either the paid amount or the reserved amount for that particular claim. This would cause an upward development in the losses as initially reported.

Q. Will you please refer to page D-11 of RF-1 and explain how the loss development factor for bodily injury in the filing was calculated?

A. Yes. In the top section of that page the combined voluntary and ceded losses evaluated as of 15, 27, 39, 51 and 63 months for the accident years for which data are available are

shown. The first entry for the accident year ended December 31, 1999 is \$484,067,233. This is in the column which is labeled "15 Months." This is the first evaluation of the losses caused by accidents which occurred during the year which ended December 31, 1999. The evaluation was made as of March 31, 2000 -- 15 months after the beginning of the accident year. Twelve months later (March 31, 2001), the losses caused by accidents which occurred during the year ended December 31, 1999 had grown to \$497,444,285. This is the evaluation as of 27 months after the beginning of the accident year. This increase from roughly \$484 million to \$497 million represents a growth in losses, or a positive development, of 2.8% (1.028) as shown in the column on the lower portion of the page labeled "15 to 27 Mos." As shown on page D-11, we have looked at the average development from 15 months to 27 months over the latest three years and over the latest five years. The average development for the latest three years was 1.042 or 4.2%, and the average development for the latest five years was 1.034 or 3.4%. As in the past, the Automobile Committee decided to use the factors based on the three year averages. I believe that such factors provide the best balance of stability and responsiveness.

Q. Does page D-11 also show development figures for periods later than 27 months?

A. Yes. Studies have shown that for the bodily injury liability coverage virtually all losses have been paid by the time of the evaluation at 63 months after the beginning of an accident year. For that reason we also calculate loss development factors for the periods from 27 months to 39 months, 39 months to 51 months and 51 months to 63 months. For example, by the time of the 39 month evaluation the losses for the accident year ended December 31, 1999 had grown to \$506,104,335. This represents a change of 1.7% in the losses for the same accident year evaluated as of 27 months. The average development over the period 27 months to 39 months for the three most recent years for which the data are available was 1.017 or 1.7%.

Q. Are the data which were used to determine loss development for later periods also shown on page D-11?

A. Yes. The figures showing how losses developed from the 39-month evaluation to the 51-month evaluation and then the 63-month evaluation are also shown on that page. The development factors were calculated in the same manner I just described for the "15 to 27" and "27 to 39" development factors. As you can see on the page, we have had to use earlier accident years to get the later evaluations. This is because we do not yet know what the ultimate developments will be on the 2001, 2000, and 1999 accident years.

Q. Will you explain how the loss development factor used to determine the ultimate payment value of the accident year ended December 31, 2002 losses was determined?

- A. Yes. The development factors for each of the applicable periods, as shown on page D-11, are:

<u>Development Period</u>	<u>Factor</u>
15 to 27	1.042
27 to 39	1.017
39 to 51	1.009
51 to 63	1.002

If you multiply all of these factors, you will get the average development from the initial evaluation at 15 months to the ultimate payment value at 63 months. The result of that multiplication is 1.071 or 7.1% total development. Since losses have historically increased or developed by 7.1% from the time they are initially reported to the time they are paid, the assumption is that the losses for the accident year ended December 31, 2002 will do likewise. Accordingly the developed losses shown in the filing for the accident year ended December 31, 2002 include a 7.1% upward adjustment for loss development.

- Q. Is this the same loss development procedure that has been employed in previous automobile insurance rate filings in North Carolina?

A. Yes.

- Q. Please refer to line 5 of page C-1. With reference to the column headed "Bodily Injury," please tell us what the figure \$28,326,976 represents.

A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2002. As I explained earlier, unallocated loss adjustment expenses are those loss adjustment expenses that cannot be attributed on an accident-by-accident basis. That number is the result of multiplying the developed losses and ALAE in line 3 by the factor of 0.133 in line 4.

- Q. Have you reviewed the compilation of the expense data?

A. Yes, I have. When ISO gets the expense information, we routinely review it relative to earlier years for consistency.

- Q. Please refer to page C-1, line 6 entitled "General and Other Acquisition Expenses." With reference to the figure \$30,174,118 shown under the column headed "Bodily Injury," what does that figure represent?

A. These are the general and other acquisition expenses associated with the accident year ended December 31, 2002. These are the so-called fixed expenses for that year. They are fixed in that they do not vary as a direct function of the premium dollar. For example, employee salaries (other than claims employees) would be classified as either general expenses or other acquisition expenses. Those salaries are fixed in the sense that they do

not vary directly as a function of premium. Such things as commissions and premium taxes, on the other hand, are examples of expenses which do rise or fall directly with premium. Line 6 of page C-1 represents the expenses (other than claims-related expenses) which are fixed in this sense.

The amounts shown on line 6 for each of the coverages are also derived from the most recent expense call responses received by the Rate Bureau. The figures reported in response to the expense call are total general expenses and total other acquisition expenses. It would not be appropriate to include the total figures actually reported since some of those expenses should be the "increased limits" portion of the total rates. Since what is calculated on page C-1 is the required premium needed for basic limits, we want to use only those fixed expenses which are attributable to the basic limits premium. As shown on page C-2 at footnote (c), the total limits fixed expenses were 6.0 % for general expenses and 7.3 % for other acquisition expenses, for a total of 13.3 % of combined voluntary and ceded total limits manual earned premium for the period covered by the expense call. By multiplying that percentage times the basic limits premium for ceded business for policies associated with the year ended December 31, 2002, you get the total fixed expenses that are attributable to the basic limits coverage. This is shown on Exhibit RF-4. Consistent with the Rate Bureau's voluntary filing, these expenses are then distributed between voluntary and ceded business based on premium.

The Facility has made a change with regard to the development of the general expense and other acquisition expense dollar figures. In the past, the Facility, and the Bureau in its voluntary filings, used the premiums and expenses on a manual level from the expense call. This was appropriate because the premium on page C-1 was the manual premium. This year, similar to the Bureau's voluntary filing, the premium being developed on C-1 is the premium that the Facility projects its members will need to collect in order to pay the projected losses and expenses. For this reason, it is more appropriate to calculate the fixed expense portion of the rate using actual collected premiums and actual expenses. Since the Facility requires cession of the full manual premium on ceded business, this is best projected by calculating the ratio of actual expenses to manual premiums. This ratio is then separately applied to the clean risk ceded premium at voluntary rates and to non-clean ceded business at Facility rates.

- Q. What is the assumed effective date which was used in the preparation of the present filing?
- A. The filing was put together on the assumption that the revised rates will become effective October 1, 2004 for new and renewal business.
- Q. Would you please explain line 7?
- A. The figure 1,269,885 in line 7 displays the earned exposures for the Bodily Injury coverage for the year 2002. An earned exposure represents one car insured for one year. Thus, the 1,269,885 represents the number of cars that were provided with coverage during the year

2002. The earned exposures will serve as the denominator in the calculation of the projected values that will be used in calculating the required per risk premium.

Q. Would you please explain lines 8 through 10?

A. These lines are shown for general information purposes. The incurred claims in line 8 are multiplied by the claim development factor in line 9 to produce the number of developed claims in line 10.

Q. Referring to page C-1, please explain what is meant by line 11 -- Average Annual Change in Losses and ALAE.

A. What the Reinsurance Facility is doing in the filing is making rates to cover policies issued for new business and for renewals of existing business during the period October 1, 2004 through September 30, 2005. In order to do that, it is necessary to project the amount of losses which will be covered under policies issued during these periods. Since we know that losses change because of such things as changes in accident frequency and changes in injury and damage costs, it would not be appropriate to assume that the losses covered under 2004 and 2005 policies will be the same as the losses which are shown on line 3 for the accident year ended December 31, 2002. The purpose of line 11 is to trend the losses which are shown on line 3 to the anticipated level for 2004 and 2005 policies. Line 11 shows what is generally referred to as the trend factor. It is the anticipated annualized rate of change in losses. For the bodily injury liability coverage, the annual factor is 1.017 or 1.7% per year. These are referred to as "pure premium" trends. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period of 3.03 years, as shown in line 13 on page C-1. Mathematically this is done by raising the factor of 1.017 to the 3.03 power. This gives you the total amount of the trend projection.

Q. How were these trends determined?

A. They were selected by the Automobile Committee based on its review and discussion of a variety of information. Much of the information they reviewed was provided by ISO. The primary data for this analysis are what we refer to as "internal" trend data. These are the cost and frequency data for all companies writing private passenger non-fleet automobile insurance in North Carolina, for which trend lines were determined for several different time intervals both on a linear and on an exponential basis in order to determine what the actual changes for both cost and frequency have been in the recent past. This information is included in the filing at pages F-128 through F-136.

Fasttrack data were also provided. This is data from the so-called Fasttrack Data System, a program administered under the auspices of the National Association of Insurance Commissioners ("NAIC"). This program was developed in the 1970's in response to a concern that the internal trend data were not produced currently enough to indicate the most up-to-date trends in accident frequency or severity. Fasttrack data are collected, as the name implies, on a more expedited basis from among a number of the larger automobile

insurance writers. There are a number of problems with Fasttrack data. For instance, they do not include the trend data of all insurers and are not subjected to the verification procedures which are applied to the internal trend data. Further, the Fasttrack data, which are also compiled on a calendar year basis, are somewhat biased due to the relative growth of participating companies and the share of the market in claims and exposures they represent. Nonetheless, they can be useful on some coverages as a tool to assist in making judgments about likely trends where they are more current than other available data. It should be noted that the Fasttrack data used in this filing are the same Fasttrack data supplied directly to the Commissioners by ISO and NAI. The fasttrack data and trend calculations are included in the filing at pages F-120 through F-127.

Q. Was there any other trend information provided to the Automobile Committee?

A. In addition to the internal trend and the fasttrack trends, various external information was provided. This information included various government indices (such as the Consumer Price Indices for medical care, physician services and auto body work), statistics with respect to gasoline prices, and miles driven.

Q. Is there any one mathematical procedure which can be used to determine the average annual change in pure premium?

A. No, there is not. The determination of an average annual change based on trend curves will give an accurate calculation as to what the past trend has been. However, the trend numbers calculated in that fashion should be used as a prospective trend factor only to the extent that one anticipates that the past trends will continue into the future.

Q. Have you reviewed the trends used in the filing?

A. Yes. The Reinsurance Facility adopted for use in the filing the selections made by the Automobile Committee. Those are set out below:

COVERAGE	COST	FREQUENCY	PURE PREMIUM
Bodily Injury (B/L)	1.2%	0.5%	1.7%
Bodily Injury (T/L)	2.5%	-	-
Property Damage	1.5%	0.0%	1.5%
Medical Payments	5.0%	0.0%	5.0%

Q. Do you have an opinion with respect to the reasonableness of these trends?

A. Yes, based on my own review of the data, I do. I believe that the Automobile Committee and the Reinsurance Facility have been reasonable in their trend selections. By that I mean that they selected trends that were within my range of reasonableness.

For the Bodily Injury coverage, the committee selected a cost trend of 1.2% based primarily on the narrow range of the fitted annual rates of change. The 12 point, 9 point and 6 point fits annual rate of change all cluster around 1.2%. The selection of 1.2% is reasonable and is consistent with giving consideration to both the longer term and shorter term trends.

For Bodily Injury claim frequency, the committee selected 0.5%. The committee examined the fitted paid claim frequency data and noted that annual claim frequencies had begun to rise after a lengthy period of decline.

For the Property Damage coverage, the committee selected a cost trend of +1.5%. This selection is based on giving greater weight to the longer-term fits.

For Property Damage frequency, the committee carefully examined the data and selected an annual rate of change of 0.0%. This selection recognizes that the claim frequency has generally stabilized.

For the Medical Payments coverage, the committee selected a cost trend of +5.0%. This selection is also reasonable based on the fact that the rates of change for this coverage have been increasing recently and government forecasts are that the rate of change for medical care will continue to increase at current levels.

For Medical Payments frequency, the committee selected a frequency trend of 0.0%. The annual rates of change over the time period for the data shown have changed from being negative over the long term to slightly positive over the short term.

- Q. In making your evaluation of the Reinsurance Facility's trend selections, have you relied on any other data?
- A. Yes, I have. I relied on the various CPI cost information, information on gasoline prices, and miles driven data. In looking at the trend data, my judgment and interpretation of the trend data were influenced by my awareness and analyses of these external data.
- Q. Please refer to line 12 of page C-1 of Exhibit RF-1 and explain the purpose of that line.
- A. The average annual change in expense cost of 3.3% represents the expected change in general expenses, other acquisition expenses and unallocated loss adjustment expenses. These expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. These expenses represent salaries, overhead, rents and expenses that should vary according to general economic trends and not as a direct function of how premium increases or decreases. For example, commissions are calculated as a percent of premium. If the premium rate goes up, the dollars of commission go up. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses and other acquisition expenses, is not tied to premium. Just because premium may go up 10% does not mean that the employee's salary will go up 10%. The salary will

be influenced by general economic trends and not what the premium level is doing. That is why general expenses and other acquisition expenses are treated differently from those expenses that vary as a function of premium in this filing.

Q. Would you explain how the 3.3% factor in line 12 was determined?

A. The average annual change in expenses is based on analysis of the latest average annual change in the All Items CPI, and the Compensation Cost Index. The data are shown on pages D-9 and D-10 of the filing. Based on an analysis of this data, a selected factor of 3.3% is quite reasonable as both the 24-point and 48-point fits showed an annual rate of change at this value.

Q. How do you apply the average annual change in expenses set forth in line 12?

A. The procedures on how the average annual change in expenses is applied are described in footnotes (f) and (g) on page C-2. The expenses set forth on lines 5 and 6 are multiplied by the prospective trend factor to adjust the expenses for the projected future changes in expenses. The general and other acquisition expenses are trended to six months past the effective date and the unallocated loss adjustment expense is trended to the average date of loss for policies which will be written at the proposed rates.

Q. Will you explain line 16 on page C-1 entitled "Projected Losses and ALAE"?

A. The projected losses and allocated loss adjustment expenses of \$224,059,989 are the losses and allocated loss adjustment expenses set forth on line 3 multiplied by the total trend projection. This gives you the losses that we expect will be incurred under the revised rates.

Q. Line 13 on page C-1 and footnote (e) on page C-2 indicate that losses are trended for a period of 3.03 years. Will you explain how the 3.03 years of projection was calculated?

A. The incurred losses set forth on line 3 are the developed losses for the accident year ended December 31, 2002. These losses actually occurred during that time frame. The average date of loss of those accidents is the mid-point of that accident period or July 1, 2002. In order to adjust these losses to the future level expected to prevail under the proposed rates, you have to adjust them by the trend factor. The proposed effective date for purposes of the calculations in the filing is October 1, 2004. This means that policies will be written, assuming annual revisions, anywhere on average from October 1, 2004 through September 30, 2005. A policy written on the last day of that interval, September 30, 2005, assuming it is an annual policy, will expire on September 30, 2006. The period for which accidents will occur under these policies will be anywhere from October 1, 2004 through September 30, 2006. If you were to assume that all of the policies were annual policies, the average date of accident underlying the proposed rates would be the mid-point of that two-year period or October 1, 2005. If we were only talking about annual policies we would trend from the average date of accident underlying our base experience period, July 1, 2002, to October 1, 2005 - a period of 3.25 years. This would be the amount of the trend you

would have to use in order to take your base losses and adjust them to the appropriate future level.

If you were to assume that all of the policies were six month policies, then a policy written on September 30, 2005 would expire on March 31, 2006. The period for which accidents will occur on these policies will be from October 1, 2004 through March 31, 2006. Thus the average date of accident underlying the proposed rates for 6 month policies would be the midpoint of that 18 month period, July 1, 2005.

In North Carolina, not all policies are annual policies. Most automobile policies in North Carolina are six-month policies (approximately 90% - see page D-4). Based on the "mix" of policy terms being written in North Carolina, the average date of loss will be July 9, 2005. Therefore, in order to adjust the base losses from July 1, 2001 level to July 9, 2005 level, it is necessary to apply the annual trend factors for a total period of 3.03 years.

Q. Will you explain the projected ULAE in line 17 on page C-1 of the filing?

A. These are the unallocated loss adjustment expenses in line 5 projected by the average annual change in expenses in line 12 to the average date of expense for policies issued under the proposed rates. These loss adjustment expenses have to be adjusted for the same 3.03 year period since loss adjustment expenses occur at approximately the same time that losses occur.

Q. Will you explain line 18 entitled "Projected Losses and LAE per exposure"?

A. What line 18 shows is the anticipated average cost per insured vehicle for losses and all loss adjustment expenses. The value is calculated by adding the projected losses and ALAE in line 16 and the projected ULAE in line 17 and then dividing the total by the earned exposures in line 7.

Q. Will you explain line 19 entitled "Projected G & OA Expenses"?

A. As shown in footnote (g) on page C-2, projected general and other acquisition expenses are the general and other acquisition expenses in line 6 projected by the average annual change in expense in line 12. The projected period of 2.75 years is utilized because general and other acquisition expenses are generally incurred at the time a policy is written as opposed to the date that a loss occurs. Therefore, the average date of expense is different from the average date of expense utilized for loss adjustment expenses. The trend period is from the midpoint of the year to April 1, 2005, the average date of expense for policies to be issued under the revised rates.

Q. What does line 20 entitled "Projected Fixed Expenses per exposure" show?

A. Line 20 entitled "Projected Fixed Expenses per exposure" takes the Projected G & OA Expenses shown on line 19 and divides them by the earned exposures in line 7. This figure

represents the amount of expenses that will be incurred for general and other acquisition expenses on a per exposure basis.

Q. What does line 21 entitled "Projected Loss, LAE and G & OA Expenses per Exposure" show?

A. Line 21 is, as indicated, just a combination of lines 18 and 20; it is the sum of projected losses and ALAE, projected ULAE and projected general and other acquisition expenses all stated as an average amount per earned exposure. These are the projected costs that can be expected to be incurred during the experience period and are the major components for which the average rate will need to provide.

Q. What does line 22 entitled "Percentage Dividends" show?

A. Line 22 reflects that there is no provision for policyholder dividends in the proposed rates.

Q. What does line 23 on page C-1 entitled "Permissible Loss, LAE and G & OA Expense Ratio" show?

A. This line takes into account the other expense items, such as commissions and brokerage and taxes, and provides for any contingency provision. It would also typically include underwriting profit, but no underwriting profit provision is included in this filing because, by statute, the Reinsurance Facility is to operate on a no profit, no loss basis. If you look at page D-17 of the filing, you can see that, for the liability coverages, the commissions and brokerage are 10.0% of the premium dollar, and taxes, licenses and fees are 2.5% of the premium dollar, and there is a 0% margin for contingencies. These items add up to 12.5%. These items are what are known as variable expenses. They vary in direct proportion with the premium dollar. You know that out of every dollar of premium you write, 12.5 cents will have to go to pay for these expenses and you are left with only 87.5 cents to pay for losses, loss adjustment expenses and general and other acquisition expenses. The permissible loss and fixed expense ratio shows the percentage of the premium dollar you will have available to pay for trended losses, trended loss adjustment expenses and trended general and other acquisition expenses.

Q. What is the source of the percentages on page D-17 with respect to commissions and brokerage and taxes, licenses, and fees?

A. They were calculated from the 2003 North Carolina expense call for 2002 data undertaken by the North Carolina Rate Bureau. The provision for commission and brokerage reflects the commission on private passenger non-fleet business ceded to the Facility.

Q. Would you explain line 26 entitled "Premium Required per Exposure"?

A. This is the required amount of premium that the Reinsurance Facility needs to collect, on average, from each insured in order that, in the aggregate, sufficient premium will be

collected to pay the expected losses and expenses. This amount is calculated by taking the Projected Losses, LAE and Expenses per Exposure and loading them for the variable expenses such as commissions and taxes. However, if that premium amount were collected, the Facility could theoretically make a profit because of the investment income which it will earn on the unearned premium and loss and loss expense reserves and because of installment income. The purpose of line 26 is to determine the rates such that premium, including installment income, plus the investment income will equal the expected losses and expenses. The way this is done mathematically is to add both the expected investment income (line 24) and the expected installment income (line 25) as a percentage of premium to the permissible loss, LAE and G & OA expense ratio shown on line 23. The investment income figure used in the filing is 3.0% of premium, as shown on page F-172 of the filing. That 3.0% is added to the permissible loss, LAE and G & OA expense ratio shown on line 23. In addition, the installment income figure of +1.0% of premium is added to the permissible loss, LAE and G & OA expense ratio shown on line 23. The installment income provision of 1.0% is developed on exhibit RF-5. By dividing the projected loss and expense ratio on line 21 by the total of the permissible loss, LAE and G & OA expense ratio on line 23 plus 3.0% and 1.0%, we get the premiums which, when added to investment income and installment income, will equal the expected losses and expenses. This is the amount that the Facility in the aggregate needs to actually collect in order pay the expected losses and expenses on ceded business.

Q. What is the Distributional Adjustment Factor as shown on line 27?

A. The distributional adjustment factor as shown on line 27 is the average class factor reflecting the mix of the various use classes, inexperienced operator classes, multi car/single car risks and the average SDIP factor. It provides a measurement of how far from the base class on average the average risk is. For example, the 1.070 distributional adjustment factor for bodily injury liability indicates that, because of the application of these various rating factors, the average risk will pay 107.0% of the otherwise applicable base rate.

Q. Could you please explain line 28 entitled "Required 25/50/15 Base Class Premium"?

A. The figure shown on line 28 is the needed average base class premium statewide. It is determined by dividing the average premium in line 26 by the distributional adjustment factor in line 27. This is the average statewide premium required for a single car, pleasure use, no SDIP and no inexperienced operators risk. This premium will be used in the development of the territory base rates where it will be distributed based on the difference from the statewide average of each territory's three year pure premium.

Q. Could you please explain the adjustments shown in line 29 on page C-1?

A. Those lines reflect an adjustment of the required base class premium from a 25/50 to a 30/60 basis (line 29). These adjustments take the indicated rate from a 25/50 basic limits premium in line 27 to a 30/60 premium, using a factor of 1.070 which is the revised

relationship of the 30/60 premium to the 25/50 premium developed as part of the change in the increased limits table filed in the Rate Bureau's February 2, 2004 voluntary filing. This results in a basic limits premium of \$258.75.

Q. Are the calculations of the indicated average rate level changes for the property damage and medical payments coverages performed in the same manner as for the bodily injury coverage you just described?

A. Yes, while the inputs are obviously different for the different coverages, the calculations are performed in the same general manner. It should be noted that the property damage coverage required 25,000 base class premium in line 31 includes the overall effect of the increased limits experience in the new 25,000 base premium.

As noted on page C-1, the medical payments indications are performed on a total limits basis. Therefore, there are no adjustments anywhere in the calculation to a basic limits basis and no adjustment in line 27 for the total limits change. However, the distributional adjustment factor for Medical Payments will be that much larger, since as part of the calculation to put the premium at a base class level, the premium must be presented at basic limits, and therefore the medical payments total limits premium is divided by the average increased limits factor in addition to the average class factor.

Q. What are the final indicated rate level changes for bodily injury, property damage and total limits medical payments coverages resulting from the calculations on page C-1?

A. The indicated rate level changes resulting from the calculations on page C-1, which are posted on page A-1, are determined by taking the ratio of the statewide average required base class premium to the current statewide average base class premium. The required base class premiums by territory are determined by distributing the required base class premium, as shown on the statewide rate review (page C-1), using the relative changes by territory found in Column (7) on pages C-7 and C-8 and the appropriate expense flattening adjustment. The statewide average base class premiums are determined by taking the weighted average by territory using the earned car years for the year ended 12/31/02.

As shown on page A-1, the result of all of these calculations is that the indicated average rates will generate indicated rate level changes of 11.5% for bodily injury, 5.8% for property damage and 26.2% for medical payments.

Q. Does this filing propose any changes to the factors for higher limits of liability insurance?

A. Yes, this filing adopts by reference the changes to the bodily injury increased limits factors that were filed by the Rate Bureau February 2, 2004. It is necessary as a practical matter to use the same increased limits factors for both the voluntary and ceded markets. Therefore, when the changes to the increased limits factors are approved for the voluntary market, they will be implemented contemporaneously by the Facility. The result of implementing the

new factors will be a total limits change of +2.3% for bodily injury as determined on page E-2.

Q. Mr. Woods, please turn to pages F-172 through F-174 of Exhibit RF-1. What do those pages represent?

A. Pages F-172 through F-174 are what are commonly known as "State X" calculations. They are calculations of the estimated investment earnings on unearned premium reserves and loss and loss expense reserves. The sources for the data on these pages are shown on pages F-173 through F-174. Each line is explained, and the appropriate data source is cited.

Q. Would you explain the calculation.

A. Section A on page F-172 is the determination of the average unearned premium reserve for the ceded liability coverages for the State of North Carolina. Line 1 gives the direct earned premium for the accident year ended December 31, 2002. From that earned premium, the mean unearned premium reserve is calculated. The portion of the direct earned premium that is held as unearned premium reserve is determined from the average unearned premium reserve for the years ending 12/31/2001 and 12/31/2002. In this case, the mean unearned premium reserve is 27.8% of the direct earned premium. You must then deduct prepaid expenses since these prepaid dollars would not be available to earn investment income.

For commission and brokerage expense, 100% of the expense provision as set forth on page F-172 is considered pre-paid. For other acquisition expense and company operating expense, one-half is considered pre-paid.

G.S. 105-228.5 as amended in 1986 specifies the procedure by which premium tax is to be paid by insurers. On average, these funds are held by insurers for approximately two months prior to remission to the State. Therefore 2.08% of premium is a pre-paid expense and is not available for investment.

Line A-5 shows the amount of unearned premium reserves that were available for investment.

Part B calculates the impact on funds available for investment of delayed remission associated with deferred payment of premium and the lag in transfer of funds to the companies. The average agents balances for all companies writing private passenger liability insurance in North Carolina is 14.9% of premiums. The explanation of this 14.9% is shown in the explanatory notes.

Part C shows the calculations of the expected mean loss reserves held by the companies. Line C-2 entitled Expected Incurred Losses and Loss Adjustment is based upon the expense provisions utilized in the filing. The derivation of the expected mean loss reserve in line C-3 is shown on page F-174 of the filing.

Part D adds up the unearned premium reserves subject to investment and the loss reserves subject to investment and backs out the amount that is not invested due to delayed remissions. This gives you the total amount of unearned premium reserves and loss and loss expense reserves available for investment.

Once you have determined how much is available for investment, you then apply the average investment return to determine total investment earnings. Line E shows an average yield of 3.93%. The source of that data is the Facility's portfolio manager, Wachovia Bank, N.A..

Applying the yield in line E to the net subject to investment in line D gives you the total investment earnings in North Carolina. Line G merely applies the total earnings to the direct earned premium in line A-1 to show a yield of 3.04% pre-tax as a percent of direct earned premium.

Q. Were these State X pages prepared by you or under your direct supervision and are they correct to the best of your knowledge and belief?

A. Yes.

Q. Does the filing include a revision of the present territorial relativities?

A. Yes. In connection with the overall changes we have been discussing, new territory rates are displayed; these are shown on page B-1. In these rates, the new territorial relativities are determined in such a way that no overall statewide rate level change is caused. In other words, based on each territory's own indications, the relativities are revised, with some territories receiving increases while others receive decreases. The overall statewide change as a result of these territorial relativity changes is 0%.

Q. How has the Reinsurance Facility treated general and other acquisition expense by territory?

A. The Reinsurance Facility has treated 100% of general expense and other acquisition as not varying by territory.

Q. Please turn to page A-1 of Exhibit RF-1 and explain what is shown on that page?

A. Page A-1 of Exhibit RF-1 shows the filed rate level changes resulting from the rate calculations contained in the filing. The overall percentages are calculated by multiplying the changes shown for each coverage by the total limits premium for each of the coverages and then dividing by the total premium for all coverages in order to calculate what the average impact is for each category. The premiums that were utilized for these calculations are shown on page A-1.

- Q. Do you have an opinion as to whether the data utilized and the method of calculating the filed rate level changes contained in the filing are sound and actuarially reliable and, if so, what is that opinion?
- A. Yes, I have an opinion. In my opinion, the data utilized and the ratemaking methodologies used by the Reinsurance Facility are consistent with generally accepted actuarial procedures and they are actuarially sound and reliable.
- Q. Do you have an opinion as to whether the filed rate level changes contained in Exhibit RF-1 are fully justified and, if so, what is that opinion?
- A. In my opinion, they are fully justified and are not excessive.

PRE-FILED TESTIMONY
OF
ROBERT C. SCHUMACHER

2004 PRIVATE PASSENGER NONFLEET AUTOMOBILE
INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

- Q. Please state your name and business address for the record.
- A. Robert C. Schumacher, 225 Water Street, Jacksonville, Florida.
- Q. By whom are you employed?
- A. Wachovia Bank, N.A.
- Q. In what capacity?
- A. I am a Director and Senior Portfolio Manager at Evergreen Investment Management Company, LLC, a wholly-owned subsidiary of Wachovia Bank, N.A.
- Q. What are your duties as a Director and Senior Portfolio Manager at Evergreen Investment Management Company, LLC?
- A. I am responsible for managing fixed income assets for institutional clients and for servicing those clients.
- Q. Is it correct that Wachovia is the investment manager handling the investable assets of the North Carolina Reinsurance Facility?

A. Yes.

Q. As investment manager for the Facility, does Wachovia have discretionary investment authority over the Facility's funds?

A. Yes, subject to guidelines established by the Facility as to quality, term, diversification, and so forth of investments.

Q. What is your role personally with respect to the Facility's investment account?

A. I am the portfolio manager for that account. I make the investment decisions within the limitations or parameters specified by the Facility.

Q. How long have you been employed by Evergreen/Wachovia?

A. I have been employed by Evergreen for six years. Evergreen became a wholly-owned subsidiary of Wachovia as a result of a corporate merger that was effective in 2001.

Q. How long have you been employed by Evergreen/Wachovia in the division or department which specializes in fixed-income investments?

A. Six years. I also have approximately 21 years of experience managing fixed income investments prior to joining Evergreen.

Q. How long has Wachovia managed the Facility's investment portfolio?

A. Since June of 1978.

Q. How long have you personally been the portfolio manager for that account?

A. I took over as portfolio manager in March, 2002.

Q. In connection with the Facility's 2003 Private Passenger Nonfleet Automobile Insurance rate filing, has the Facility requested that you make any calculations concerning the investment yield that the Facility could reasonably expect during the two-year period ending September 30, 2006?

A. Yes.

Q. Did you make those calculations, and if so would you please describe them?

A. Yes I have. I was requested to make the calculations in April, 2004. To determine the investment yield that the Facility could reasonably expect during the two-year period ending September 30, 2006, I divided the Facility's portfolio as it stood at the beginning of April 2004 into three segments. The first segment included investments which will mature before October 1, 2004. The second segment consisted of investments which will mature during the period October 1, 2004 through September 30, 2006. The third segment consisted of all investments which will mature after September 30, 2006.

In looking at the third segment, the investments which will not mature until after September 30, 2006, we obviously

know what the yields on those are. I assumed that those assets would continue to earn the same yields throughout the period October 1, 2004 through September 30, 2006.

As to the first segment, i.e., the investments which will mature before October 1, 2004, I assumed that during the two year period in question those assets would earn a yield equal to the yield which was available on 3.5 year U.S. Treasury notes as of mid-April, 2004.

- Q. Why did you use that yield?
- A. I used that yield because the average maturity of the assets in the Facility's account over recent years has been about 3.5 years. I think selection of the 3.5 year term is consistent from the standpoint of maturity with the way the Facility's portfolio has been maintained. I used the Treasury note yield because the assets in the Facility's account are of very high quality and I believe the Treasury note rate is a good estimate of what assets in the account will earn.
- Q. How did you handle the investments which are in the second segment you described?
- A. These are the investments which will mature during the period October 1, 2004 through September 30, 2006. For those assets, I simply applied the current rate up until the maturity date. From the maturity date until September 30, 2006, I applied the 3.5 year Treasury note rate. In other words, I assumed that these investments will continue to earn at their present rate until maturity

and that after maturity they will be re-invested at the 3.5 year Treasury note rate.

Q. What was the estimated yield that you arrived at based on the calculations you performed?

A. Based on the size of the portfolio in April 2004 and the yields at that time, I arrived at an estimate of the yield during the two-year period beginning October 1, 2004 and ending September 30, 2006 of approximately 3.93%.

Q. Do you have an opinion as to whether the 3.93% investment yield estimate that is based on conditions in April 2004 and the other assumptions used in your methodology is still a reasonable estimate of what the Facility's investment yield will be?

A. Yes, I do have an opinion.

Q. What is that opinion?

A. I feel that the estimated yield is still reasonable, even though I would note that, if the calculations described earlier were performed based on market conditions and the portfolio in late June, 2004, the projected yield would be higher than 3.93%.

Q. Does that conclude your pre-filed testimony?

A. Yes.