

February 3, 2020

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Personal Automobile Policy Program
Various Revisions - North Carolina

The Commissioner of Insurance has recently approved the attached revisions to the North Carolina Personal Auto Policy Program which were filed on behalf of all member companies of the North Carolina Rate Bureau. This revision changes Extended Non-Owned Coverage for Named Individual Endorsement NC 03 06 and page NC GR 2 of the Personal Auto Manual.

The revised endorsement NC 03 06 removes the exception to the exclusion for livery and conveyance, which clarifies that this coverage is not available under the endorsement. In addition, page NC GR 2 has been amended to include the correct reference to Rule 4.F.1.

For your convenience, please find attached a copy of the revised NC GR 2 Personal Auto Manual Page, along with the revised Extended Non-Owned Coverage for Named Individual Endorsement NC 03 06.

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

These changes are applicable to all new and renewal policies becoming effective on or after October 1, 2020.

Please see to it that this circular is brought to the attention of all interested personnel in your company.

Sincerely,

Andy Montano

Director, Personal Lines

AM:ko
A-20-1
Attachments

EXTENDED NON-OWNED COVERAGE FOR NAMED INDIVIDUAL

SCHEDULE

Name of Individual		Premium
_____	Liability	\$ _____
	Medical Payments	\$ _____
	Total Premium	\$ _____

I. LIABILITY COVERAGE
 Part A is amended as follows with respect to the individual named in the Schedule and the spouse if a resident of the same household:
 Exclusions ~~A.5.,~~ A.7., B.1. and B.2. do not apply.

Schedule and the spouse if a resident of the same household:

Exclusions 4. and 5. do not apply.

II. MEDICAL PAYMENTS COVERAGE
 Part B is amended as follows if a premium is shown in the Schedule for Medical Payments with respect to the individual named in the

III. This endorsement does not afford coverage under Part A or Part B of the policy for any accident involving a vehicle owned by the individual named in the Schedule or by a member of the same household, or any accident involving a temporary substitute vehicle for such owned vehicle.

2. PERSONAL AUTO POLICY – ELIGIBILITY (Cont'd)

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.** or **C.** above may be written under a commercial auto policy when combined with a commercial risk.

Exposures in **E.** or **F.** above may be written under a commercial auto policy.

Note

Non-fleet private passenger motor vehicles must be rated out of the Personal Auto Manual and must be coded as non-fleet private passenger for statistical reporting purposes whether written on a personal auto policy or 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:

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 Manual 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) Manual, use the following procedure to determine an interim rating symbol.

(1) If the S&I Manual 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 Manual 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 Manual.

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.GF.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.