

NORTH CAROLINA RATE BUREAU

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February 7, 2002

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Guidelines for the Establishment of Escrow

The Bureau is advised by the Department of Insurance that the Department has issued Bulletin Number 02-B-1 dated January 31, 2002 directed to Presidents of member companies. The Bulletin deals with the Bureau's implementation of private passenger automobile rates effective April 1, 2002 over the disapproval of the Commissioner. A copy of that Bulletin is attached as Exhibit A. The purpose of this circular letter is to provide to the companies the Bureau's concerns with this Bulletin and the Bureau's understanding, based on representations by the Department, concerning the Department's intent in issuing this Bulletin.

On January 17, 2002, the Department of Insurance forwarded to the Bureau and requested comment on a "draft" of the Bulletin. The Bureau's review of the Department's draft Bulletin indicated to the Bureau that the Department had exceeded its statutory authority because the authority for establishing rules and regulations on implementation and escrow rests exclusively with the Bureau under N.C.G.S. §58-36-25(b) and further that the Department had not followed administrative procedures necessary to create the requirements set forth in the draft Bulletin.

The Bureau furnished to the Department its comments on the draft Bulletin by letter dated January 22, 2002, a copy of which is attached hereto as Exhibit B. The Governing Committee of the Bureau also established a subcommittee to review further the draft Bulletin. The members of that subcommittee spent many hours investigating the practical effects of the Bulletin's requirements. Representatives of the Bureau met with the Department on January 29, 2002 to further apprise the Department of the subcommittee's findings. Throughout its communications with the Department, the Bureau reiterated that:

- _ The authority for establishing rules and regulations dealing with implementation and escrow rests exclusively with the Bureau under N.C.G.S. §58-36-25(b).
- _ Any requirements that companies double rate policies and establish escrow accounts on a per coverage, per policy basis were in excess of the Department's authority.
- _ Any requirements that companies double rate policies and establish escrow accounts on a per coverage, per policy basis were prohibitively expensive to implement, would serve no useful purpose, and were impossible to effect prior to the April 1, 2002 effective date.

In response, the Department advised the Bureau that the Bulletin was never intended to set forth procedures that companies were required to follow in implementing rates and establishing escrows. The Department advised the Bureau that, as set forth in the lead-in paragraphs of the Bulletin, the Bulletin was intended to set forth guidelines that the companies could follow if they wished to avoid any problems with the Department should a refund later be required. Since the substantive portions of the Bulletin employed terms that implied that they were orders and directives that the companies were required to follow, the Bureau requested that the Department clarify its draft Bulletin so that its intent would be clear to the member companies. The Department did not clarify its Bulletin and issued its Bulletin with virtually no substantive changes.

The Bureau does not believe that the guidelines set forth in the Bulletin can rise to the level of rules or regulations since they were not enacted in accordance with statutory provisions. Further, the Bureau believes that the Department's Bulletin, by identifying one method (out of many) by which to maintain records and establish escrows, could create significant confusion among the companies in the implementation of rates over the Commissioner's disapproval and in the establishing of escrows.

As set forth in the Bureau's Rules and Regulations on Implementation and Escrow Procedures (Exhibit C attached hereto), companies are required to place into an escrow account the purportedly excessive or unfairly discriminatory portion of the premium collected on all policies to which the disapproved rates apply. Companies must maintain records necessary for each company to determine by policy the difference, if any, between the rates collected by each company and the rates ultimately determined to be the approved rates. The methods by which each company accomplishes this directive are left to each company.

For those companies that can and desire to double rate policies, attached hereto as Exhibit D are the Commissioner's ordered rates by territory. If a company needs further information to maintain its records, please advise us and we will attempt to assist you with those records.

With respect to those portions of the Bulletin dealing with Accounting and Financial Statement Reporting Requirements, the Bureau suggests that any company whose internal accounting may be adversely affected by the guidelines set forth in the Department's Bulletin advise the Department in advance as to the problems the guidelines may cause and the methods by which that company will address the issues in its financial reporting.

With respect to those portions of the Bulletin dealing with Refunds, the Department's Bulletin is clearly premature. The Bulletin sets forth the Department's position on issues that the Bureau understands are currently the subject of dispute between the Department and individual companies on prior refunds. The Bureau is not a party to those disputes but will advise member companies when and if it learns that such issues are resolved. If a refund is ultimately necessary on the 2001 Filing, appropriate orders and instructions will be issued at that time.

Companies are required to adhere to the rules and regulations adopted by the Bureau as set forth in Exhibit C attached hereto. Companies should consult with their own legal counsel with respect to the methods adopted for compliance with the Bureau's rules and regulations and with respect to the Department's Bulletin of January 31, 2002. If you or your counsel have any questions, please feel free to contact the Bureau.

Very truly yours,

Raymond F. Evans, Jr., CPCU

General Manager

RFE:dp

A-02-4

North Carolina Department of Insurance
Jim Long, Commissioner

BULLETIN

Number 02-B-1

TO: All North Carolina Rate Bureau Member Companies

SUBJECT: Guidelines for the Establishment of Escrow Subject to Future Refunds for the North Carolina Private Passenger Automobile Filing dated May 1, 2001

DATE: January 31, 2002

ATTENTION: PRESIDENT

On January 3, 2002 the Governing Committee of the North Carolina Rate Bureau (“the Bureau”) voted to appeal the December 14, 2001 Order in the 2001 automobile rate case by the North Carolina Commissioner of Insurance disapproving the Bureau’s filed rates and ordering an overall rate level decrease of –13.0% for non-fleet private passenger cars and –15.9% for motorcycles. Moreover, the Governing Committee voted to implement overall rate level changes of +5.0% and –4.9%, respectively. This decision was announced by the Circular Letter To All Member Companies, dated January 9, 2001 [sic].

The January 9, 2001 [sic] Circular Letter provides as follows:

“As a result of the implementation of revised non-fleet private passenger automobile and motorcycle insurance rates over the disapproval of the Commissioner, in accordance with G.S. §58-36-25(b) . . . each individual company writing affected automobile or motorcycle insurance will be responsible for the establishment of and accounting for an escrow account in which to maintain ‘the purportedly unfairly discriminatory or excessive portion of the premium collected . . .’ (i.e. the difference between the –13.0% average reduction which has been ordered by the Commissioner and the +5.0% average increase for non-fleet private passenger automobile adopted by the Governing Committee and the difference between the –15.2% average reduction which has been ordered by the Commissioner for motorcycle liability insurance and the –4.9% average reduction adopted by the Governing Committee) pending judicial review.

. . .

In the event a refund becomes necessary, G.S. 58-36-25(b) quoted above provides that the Commissioner shall order escrowed funds to be distributed appropriately. Companies should consult legal counsel with respect to the mechanics of the escrow account.”

The following guidelines will be utilized by the Commissioner in financial examinations and, in the event that the escrowed funds are ultimately distributed to policyholders, in refund examinations. These guidelines are provided to you at this time so that you may use them to avoid the many problems found during the recent examinations conducted for compliance with the refund order in the 1994 case. These examinations have demonstrated a wide range of serious difficulties encountered by the great majority of companies in performing the 1994 rate case refund. In order to avoid compliance problems in the escrow for, and potential refund in, the 2001 rate case, companies should adhere to the following guidelines:

1. Establishment of an Escrow Account:

- (a) An escrow account supporting the escrow liability must be established pursuant to N.C. Gen. Stat. §58-7-26(c) or the funds will be non-admitted. An escrow account is required, unless there is a deviation that equals or exceeds the difference between the rates as ordered by the Commissioner and the rates as implemented by the Bureau, on a per coverage, per policy basis. An escrow account as defined by Black’s Law Dictionary is “a bank account generally held in the name of the depositor and an escrow agent which is returnable to the depositor or paid to a third person on fulfillment of escrow condition” An escrow account should, therefore, be established with a third party financial institution so that “real” funds are available in the event that a refund is ordered. Standard bank forms are acceptable to establish the terms and conditions of an escrow account.
- (b) For purposes of escrowing and for calculating refunds in the future, **policy** is herein defined by term of coverage. Each six-month or one year term of coverage is, therefore, a separate policy. The amount to be escrowed and potentially refunded should be calculated for each individual policy, as herein defined, and records should be maintained accordingly.
- (c) Unless there is an offsetting deviation as described in (a) above, the amount placed in an escrow account for each policy must be based on the actual difference between the premiums collected by coverage and those that would have been collected using the Commissioner’s ordered rates. This means each policy must be rated twice, and, where the premiums collected exceed the premiums that would have been collected using the Commissioner’s ordered rates, the difference must be placed in escrow. Calculations based on general formulae will not be acceptable.

- (d) Premiums collected for private passenger type exposures subject to these rates when written on commercial policies are also subject to escrow and refund procedures.
- (e) Policies subject to premium finance arrangements and the premium finance company utilized in each instance must be identifiable.
- (f) Companies are not required to escrow for “clean” risk ceded policies. The North Carolina Reinsurance Facility will escrow for these policies, but the companies shall maintain the records.
- (g) The escrow established for the 2001 rate case, as described herein, must be separate from any pending or future escrows.
- (h) Pooled escrow from subsidiaries held in a single account by a parent or pooled among subsidiaries is not acceptable.

2. **Accounting and Financial Statement Reporting Requirements:** Pursuant to N.C. Gen. Stat. §58-2-165(c), the following accounting and reporting requirements are prescribed for all funds subject to escrow:

- (a) **Statutory Statements:** All funds subject to escrow collected or to be received must be reported in a consistent manner in each statutory financial statement filed with this Department including the annual statement, quarterly statement, semi-annual statement and any monthly statement that may be specifically required.
- (b) **Accounting and Reporting:** The escrowed premium amounts will be charged to an expense account and reported as a separate write-in entitled “2002 Private Passenger Auto Escrow” under *Aggregate Write-Ins for Underwriting Deductions* in the Statement of Income. The corresponding liability will be recorded and reported as a separate write-in entitled “2002 Private Passenger Auto Escrow” under *Aggregate Write-Ins for Liabilities* in the Liabilities, Surplus and Other Funds section of the Balance Sheet.
- (c) **Escrowed Asset:** An escrow account supporting the escrow liability must be established pursuant to N.C. Gen. Stat. §58-7-26(c) or the funds will be non-admitted. The escrowed assets must be disclosed in the Notes to Financial Statements under *Other Items* as segregated funds. The escrowed asset will not be required to be shown as a write-in under *Aggregate Write-Ins for Invested Assets* in the Assets section of the Balance Sheet. Interest earned on the escrowed account is not required to be escrowed.

- (d) Interest Payable on Potential Refund of Escrowed Amount: The potential interest payable to policyholders for the escrowed amount pursuant to N.C. Gen. Stat. §58-36-25 is not required to be accrued/reported as a liability or escrowed. The interest payable must be disclosed in the Notes to Financial Statements under *Contingencies*.
- (e) Separate Escrow Account: Escrow accounts must be held and reported by the direct writer and not the reinsurer. Pooled escrow from subsidiaries held in a single account by a parent or pooled among subsidiaries is not acceptable.
- (f) Accounting Records: Each insurer is to maintain records in accordance with N.C. Gen. Stat. §58-2-185. The records are to be in sufficient detail to support the escrow balance on a per policy basis. These records shall be maintained until released from obligation to do so by Order of the Commissioner.

3. **Refunds:**

- (a) If refunds are ordered under N.C. Gen. Stat. §58-36-25, the only offsets against the refund amount that shall be allowed are deviations (which are to be considered when calculating the amount for escrow) and unpaid premiums specifically attributable to each policy subject to refund. Neither dividends nor unpaid premiums attributable to policies not subject to refund may be used to offset the refund amount.
- (b) If refunds are ordered under N.C. Gen. Stat. §58-36-25, companies' refund calculations and procedures may be examined by the Department of Insurance pursuant to N.C. Gen. Stat. §58-2-131. Such examination shall be made electronically and all records should be maintained in order to facilitate the examination. Companies that do not properly maintain records or follow established regulations and statutes may be subject to penalties pursuant to N.C. Gen. Stat. §58-2-70.
- (c) If refunds are ordered under N.C. Gen. Stat. §58-36-25, the amounts refunded from escrow shall bear an interest rate to be computed by the Bureau pursuant to N.C. Gen. Stat. §58-36-25. The Bureau shall provide to the Department its calculation of the initial interest rate within 30 days from the effective date of the Bureau's implemented rates, which date is deemed to be April 1, 2002. The Bureau shall further provide updated interest rate calculations on each anniversary date as specified in N.C. Gen. Stat. §58-36-25.

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January 31, 2002

4. **Maintenance of Records:**

- (a) Each insurer is to maintain records in accordance with 11 NCAC 19.0102, 19.0104, 19.0106, and 19.0107. Said records shall be maintained in sufficient detail such that, in the event of a refund, each policy can be re-rated upon examination. These records shall be retained until released from obligation to do so by order of the Commissioner.

Any questions concerning these requirements should be directed to Mr. Charles Swindell, Deputy Commissioner of Property & Casualty Division, at (919) 733-3368.

cc: North Carolina Rate Bureau

Exhibit B

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January 22, 2002

Tricia S. Ford
Paralegal, Special Counsel
North Carolina Department of Insurance
Dobbs Building, Room 4002G
Raleigh, NC 27603

Dear Ms. Ford:

We appreciate your forwarding to us for comment the draft of a bulletin you are sending to senior staff concerning implementation and escrow procedures, accounting procedures and refund procedures. We have reviewed the draft and have a number of comments based on our own review. We have also forwarded the draft bulletin to the Rate Bureau and requested input from the Governing Committee members. The Governing Committee appointed a subcommittee to review and comment on the requirements set forth therein. Set forth below are our comments based on our review. We will forward to you any additional input of the subcommittee as soon as that input is available. We are certain you recognize that it is impossible to get the draft bulletin to all affected parts of companies by today. We request that the Department not send out any such bulletin until there has been an opportunity to gather the appropriate information, to demonstrate the far reaching and costly effects of the bulletin as currently drafted, and to work with the Department to make sure that there is a minimum of confusion resulting from implementing and escrowing rates here in North Carolina.

Implementation and Escrow Requirements

(1) Statutory authority

As noted in the draft bulletin, the Rate Bureau has exercised its statutory option to appeal the Commissioner's order in the 2001 Automobile filing and to implement a rate higher than the rate approved by the Commissioner. Pursuant to N.C.G.S. §58-36-25, the Governing Committee has established and adopted rules and regulations to be followed by its member companies in implementing those higher rates and in escrowing the

difference between the rates ordered by the Commissioner and the implemented rates. A copy of those rules and regulations is attached as Exhibit A. The statutory authority and jurisdiction for establishing such rules and regulations rests exclusively with the Rate Bureau. The statutes do not give the Department the authority to impose its own rules and regulations on the companies in the implementation of higher rates over the disapproval of the Commissioner or in the establishment of escrow accounts. Therefore, the draft bulletin, if issued by the Department, would have no validity with respect to the implementation of rates over the disapproval by the Commissioner or over the establishment of escrow accounts.

Implementation and escrow over the disapproval by the Commissioner are rights granted by statute to enable the companies to contest on appeal what they consider to be an erroneous rate level ordered by the Commissioner. We do not believe that the legislature intended for the Commissioner to be allowed to constrain those rights by imposing rules and regulations creating unreasonable costs to the companies.

(2) Procedure for adopting rules and regulations

Even if the Department had the authority to issue rules and regulations governing implementation and escrowing of premium under N.C.G.S. §58-36-25, it is clear from the statutes and case law that the Department cannot create such rules and regulations by merely issuing a “Bulletin.” The Administrative Procedures Act provides specific procedures by which such rules and regulations must be adopted if such rules and regulations are to have any force and effect. While we recognize that the draft bulletin is couched in the form of “guidelines,” it is clear that the “guidelines” set forth therein are intended to be requirements and set forth formal standards by which the companies’ actions will later be judged by the Department. The inclusion of the threat of penalties for failure to comply makes that perfectly clear.

(3) Substantive issues

Even if the Department had the authority to issue rules and regulations concerning implementation and escrow and even if the Department had complied with the procedural steps necessary to establish such rules and regulations, the requirements set forth in the draft bulletin far exceed statutory escrow requirements and will be unnecessarily expensive to the companies.

(a) The statutes require only that the companies place in escrow an amount sufficient to cover the difference between the amount they collect on North Carolina policies affected by the rates and the rates ordered by the Commissioner. The Bureau’s implementation and escrow procedures already require the companies to “place into an escrow account the purportedly excessive or unfairly discriminatory portion of the premium collected on all policies of the type to which the disapproved rate applies” (See paragraph 4(b) of Exhibit A). Different companies will undoubtedly have different methods to comply with the requirement. So long as a member company complies with

this requirement, the method by which it computes the amount in escrow is left to the individual company.

Further, the requirement in the draft bulletin that companies “double rate” each policy based on the Commissioner’s ordered rate levels would require the companies to incur significant costs in reprogramming their billing systems to create and maintain two “rates” for each policy. While we know that you believe that a refund will eventually result from the Bureau’s appeal of the Commissioner’s order, we also know that you understand that that is not a certainty. It is clearly not a certainty that the Commissioner’s ordered rates will emerge in toto as the ultimately approved rates in North Carolina. Until there is certainty as to the measure of any difference between the collected premiums and the ultimately approved premiums, there is no sense in incurring excessive programming costs to calculate the difference between the collected rates and the Commissioner’s ordered rates.

Further, while we have not heard yet from many of the companies, we are advised that the costs of reprogramming billing systems at the front end to comply with your draft bulletin would involve thousands of man hours and hundreds of thousands of dollars in programming costs and, in many cases, may be impossible to accomplish. We are advised that these costs would not be offset by reduced costs in the event that refunds are ordered in the future since the programming for refund procedures are generally separate and apart from billing programming. Upon final resolution, refund programming procedures will have to be created by the companies even if you require double rating at the outset. Double rating appears to have no valid purpose and would impede the rights of the companies to appeal the Commissioner’s order.

We also note that the methods you have purported to establish in your bulletin to require that escrow accounts be calculated on a “per coverage, per policy basis” conflict with the statutory requirements for calculating refunds. N.C.G.S. 58-36-25 provides that:

If refunds are to be made to policyholders, the Commissioner shall order that the members of the Bureau refund the difference between the total premium per policy using the rate levels finally determined and the total premium per policy collected during the interim period.”

Since any refunds are to be calculated on a “per policy” basis, it is not logical or appropriate to require that amounts be placed in escrow on a “by coverage” basis. The guidelines in the draft bulletin could require companies to escrow funds in excess of those required to be refunded even if the Commissioner’s ordered rates are upheld in their entirety. Because of the possibility of refunds, companies should maintain records sufficient for them to determine at such time the difference between the total premium per policy using the rate levels finally determined and the total premium per policy collected. Any requirements that go beyond those necessary to satisfy this obligation are likely to impose unnecessary burdens on the companies. As we are sure you can determine from your review of the Bureau’s circular letter to which you refer, the Bureau has not furnished to the companies the Commissioner’s ordered rates in sufficient detail

to permit double rating. If an individual company desires to double rate its policies, the Rate Bureau will furnish the necessary detail to them.

(4) Facility escrow guidelines

We note that the draft bulletin requires the North Carolina Reinsurance Facility to establish and maintain escrow accounts on clean risk policies ceded to the Facility. We are certain that you are aware that the Facility maintains such escrow accounts and that the amounts placed in escrow are based on the percentage difference between the Commissioner's ordered rates and the implemented rates. The Facility does not collect or maintain records that would permit it to determine escrow amounts on a per policy, per coverage basis and the cost of implementing such a system would be prohibitive. The companies forward to the Facility the entire premium charged based on implemented rates. The Facility places in an escrow account the difference between the implemented rates and the Commissioner's ordered rates. We are unaware of any concerns by the Department about the Facility's ability (and therefore the companies' ability) to make refunds if they are ultimately required on policies ceded to the Facility.

(5) Premium finance company requirements

We also note that the draft bulletin would require that "policies subject to premium finance arrangements and the premium finance company utilized in each instance must be identifiable." It is our understanding that, if a refund is required on a policy and if that refund is payable to a premium finance company pursuant to a premium financing arrangement, companies' records reflect that fact and, if refunds are ultimately determined to be due arising out the 2001 Automobile filing, such refunds would be payable to the appropriate premium finance company. If the Department intends to require anything differently, this is a topic that would require further discussion. We do not believe that companies' statistical data systems carry any identifiers such that data can be compiled or aggregated based on whether a premium finance company is involved. We are certain that the Facility does not maintain any records showing whether a premium finance company is involved in the financing of an automobile policy.

Accounting and Financial Statement Reporting Requirements

We do not fully understand how companies would be impacted by your requirements as to accounting and financial statement reporting. However, it appears to us that the model NAIC reporting requirements have been sufficient for a number of years to account for escrowed funds and we see no reason that different requirements should be established. We also note that this bulletin seems to be in conflict with the reporting requirements in the Department's legal directive issued several years ago. We do know that the companies are directly impacted by any changes in a state's reporting requirements that differ from countrywide requirements and the Rate Bureau will be happy to work with the Department to accumulate comments from member companies on this issue and forward them to you as soon as they are available to us.

Refund Procedures

With respect to that portion of the draft bulletin dealing with how refunds are to be calculated, we believe that the Department is premature in attempting to establish refund procedures and requirements. If refunds become necessary, we will be glad to work with the Department to provide to companies the information necessary to calculate refunds efficiently and accurately. To the extent that the Department has information that companies had difficulties in specific areas, we can address those areas specifically. We are aware that there are differences of opinion between the Department and individual companies on the refunds arising out of the 1994 Automobile filing with respect to unpaid premium on multiple policies subject to refund requirements and that hearings are scheduled by the Department on those differences of opinion. If the Department wishes to establish a rule or regulation on the amounts that companies can offset against premium refunds, it is required to follow the established procedures for establishing such a rule or regulation.

There are numerous other issues raised by your draft bulletin, but in the interest of time we are writing now to bring some of these issues to your attention. We will forward to you additional comments received from our member companies as soon as they become available to us. We have always maintained the view that there is no single answer that will apply to every company and situation. We clearly have an interest in making the process as accurate and free from confusion as possible. We would be happy to meet with the Department and bring such company expertise as is necessary to address any issues the Department might have on the issues addressed in the draft bulletin. We request that you give us and our member companies time to respond and comment further before issuing any such bulletin.

Sincerely yours,

YOUNG MOORE AND HENDERSON P.A.

By:

R. Michael Strickland

RMS/ccb/bp

RULES AND REGULATIONS
NORTH CAROLINA RATE BUREAU
Implementation and Escrow Procedures

Pursuant to G.S. 58-36-25(b) the following rules and regulations are hereby established and adopted by the Governing Committee of the North Carolina Rate Bureau and will apply in all cases in which a Bureau rate is held to be unfairly discriminatory or excessive and no longer effective by order of the Commissioner of Insurance under G.S. 58-36-20 or G.S. 58-36-70(d):

1. After receiving notice that a Bureau rate has been held by the Commissioner of Insurance pursuant to such statute to be excessive or unfairly discriminatory and no longer effective, the Governing Committee of the Bureau shall consider and determine whether all or any portion of such disapproved rate shall be used, charged and collected by its member companies pending judicial review of the Commissioner's order.

2. No portion of such disapproved rate shall be used, charged or collected by any member of the Bureau pending judicial review of such order unless the Governing Committee of the Bureau shall have determined by majority vote that such disapproved rate (or portion thereof) shall be used, charged and collected during such period.

3. If the Governing Committee of the Bureau shall determine that all or any portion of the disapproved rate shall be used, charged and collected pending judicial review, the Bureau shall notify its member companies of such determination.

4. Upon notice that the Governing Committee of the Bureau has determined that all or any portion of the disapproved rate shall be used, charged and collected pending judicial review, all members of the Bureau shall:

(a) Use, charge and collect such rate (or portion thereof as may have been determined by the Bureau) for the interim period pending judicial review of the Commissioner's order of disapproval on all policies of the type to which the disapproved rate applies, unless and until the Bureau directs that use of such disapproved rate be discontinued; and

(b) Pursuant to North Carolina General Statute 58-36-25, pending final judicial review, place into an escrow account the purportedly excessive or unfairly discriminatory portion of the premium collected on all policies of the type to which the disapproved rate applies; and

(c) Maintain such records as may be necessary to comply with a final determination by the Court, or a consent agreement or consent order between the Bureau and the Commissioner with respect to disposition of the amounts held in escrow.

5. Upon the entry of any order with respect to distribution of escrowed funds, the Bureau will notify its member companies of such order.

March 14, 2001

North Carolina

Private Passenger Automobile Insurance - 2001

Ordered Territory Base Class Rates - Liability

Territory Description	30/60 Bodily Injury			\$25,000 Property Damage			Medical Payments		
	Present	Ordered	% Change	Present	Ordered	% Change	Present	Ordered	% Change
11 Asheville	109	88	-19.3%	130	123	-5.4%	10	9	-10.0%
13 Durham	171	134	-21.6%	149	146	-2.0%	16	13	-18.8%
14 Greensboro	148	120	-18.9%	151	145	-4.0%	14	12	-14.3%
15 High Point	165	140	-15.2%	147	145	-1.4%	15	14	-6.7%
16 Raleigh	148	119	-19.6%	160	154	-3.8%	14	11	-21.4%
17 Wilmington	191	142	-25.7%	160	149	-6.9%	18	14	-22.2%
18 Winston-Salem	121	104	-14.0%	133	128	-3.8%	11	10	-9.1%
24 Remainder-West	123	107	-13.0%	121	120	-0.8%	11	10	-9.1%
25 Gaston County	153	126	-17.6%	149	140	-6.0%	14	12	-14.3%
26 Remainder-South	185	154	-16.8%	125	124	-0.8%	17	15	-11.8%
31 Small City-East	175	140	-20.0%	139	136	-2.2%	16	14	-12.5%
32 Small City-West	129	110	-14.7%	131	127	-3.1%	12	11	-8.3%
33 Remainder-East	157	130	-17.2%	114	113	-0.9%	15	13	-13.3%
40 Fayetteville	185	158	-14.6%	146	147	0.7%	17	15	-11.8%
41 Onslow County	162	141	-13.0%	132	140	6.1%	15	14	-6.7%
43 Craven County	139	127	-8.6%	109	113	3.7%	13	12	-7.7%
47 Wayne County	157	129	-17.8%	119	120	0.8%	15	12	-20.0%
51 Mecklenberg County - remainder	138	111	-19.6%	142	136	-4.2%	13	11	-15.4%
52 Charlotte	191	140	-26.7%	168	158	-6.0%	18	14	-22.2%

North Carolina
Private Passenger Automobile Insurance - 2001

Ordered Statewide Rates - Uninsured Motorists

<u>Limits</u>	<u>Bodily Injury Coverage</u>				<u>Property Damage Coverage</u>			
	<u>(2) Single Car Rates</u>		<u>(4) % Change</u>	<u>(5) Ordered Multi-Car</u>	<u>(6) Single Car Rates</u>		<u>(8) Ordered Multi-Car</u>	
	<u>Present</u>	<u>Ordered</u>			<u>Present</u>	<u>Ordered</u>		
30/60	\$19	\$15	-21.1%	\$35	25	2	2	5
50/100	21	16	-23.8%	38	50	3	3	7
100/200	23	17	-26.1%	40	100	4	4	9
100/300	24	18	-25.0%	42	250	6	6	14
300/300	26	19	-26.9%	45	500	8	8	19
250/500	27	20	-25.9%	47	750	10	10	24
500/500	30	22	-26.7%	52	1000	11	11	26
500/1000	31	23	-25.8%	54				
1000/1000	32	24	-25.0%	57				

North Carolina
Private Passenger Automobile Insurance - 2001
Combined Uninsured/Underinsured Motorists
Ordered Statewide Rates

<u>UM/UIM Bodily Injury Coverage</u>				
	(2)	(3)	(4)	(5)
	<u>Single Car Rates</u>			Ordered
<u>Limits</u>	<u>Present</u>	<u>Ordered</u>	<u>%</u>	<u>Multi-Car</u>
50/100	25	19	-24.0%	45
100/200	38	29	-23.7%	68
100/300	45	34	-24.4%	80
300/300	58	43	-25.9%	102
250/500	68	51	-25.0%	120
500/500	91	69	-24.2%	163
500/1000	103	79	-23.3%	186
1000/1000	114	89	-21.9%	210

<u>Property Damage Coverage</u>			
	(6)	(7)	(8)
	<u>Single Car Rates</u>		Ordered
<u>Limits</u>	<u>Present</u>	<u>Ordered</u>	<u>Multi-Car</u>
25	2	2	5
50	3	3	7
100	4	4	9
250	6	6	14
500	8	8	19
750	10	10	24
1000	11	11	26

North Carolina
Private Passenger Automobile Insurance - 2001

Ordered Territory Base Class Rates - Physical Damage

Model Year 2002, Symbol 2

<u>Territory Description</u>	<u>Full Coverage Comprehensive</u>			<u>\$100 Deductible Collision</u>		
	<u>Present</u>	<u>Ordered</u>	<u>% Change</u>	<u>Present</u>	<u>Ordered</u>	<u>% Change</u>
11 Asheville	48	38	-20.8%	205	179	-12.7%
13 Durham	72	58	-19.4%	223	198	-11.2%
14 Greensboro	61	47	-23.0%	219	192	-12.3%
15 High Point	55	42	-23.6%	217	190	-12.4%
16 Raleigh	62	50	-19.4%	216	194	-10.2%
17 Wilmington	54	45	-16.7%	218	187	-14.2%
18 Winston-Salem	53	45	-15.1%	200	176	-12.0%
24 Remainder-West	67	60	-10.4%	213	191	-10.3%
25 Gaston County	57	44	-22.8%	238	208	-12.6%
26 Remainder-South	84	74	-11.9%	222	200	-9.9%
31 Small City-East	69	59	-14.5%	202	182	-9.9%
32 Small City-West	61	51	-16.4%	206	181	-12.1%
33 Remainder-East	90	79	-12.2%	208	183	-12.0%
40 Fayetteville	70	55	-21.4%	229	208	-9.2%
41 Onslow County	67	59	-11.9%	215	241	12.1%
43 Craven County	54	50	-7.4%	176	168	-4.5%
47 Wayne County	65	57	-12.3%	196	183	-6.6%
51 Mecklenberg County - remainder	56	45	-19.6%	198	183	-7.6%
52 Charlotte	57	44	-22.8%	231	199	-13.9%

North Carolina
Motorcycle Insurance - 2001
Calculation of Liability Rates

Motorcycle Liability Coverage

	<u>Current % of Applicable Private Passenger Rate</u>	<u>Ordered % of Applicable Private Passenger Rate</u>
324cc or Less	23%	22%
324cc or More	43%	41%