

July 5, 2012

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Personal Auto Manual Revision
Rule 5 – Safe Driver Insurance Plan

The Commissioner of Insurance has recently approved a revision to Rule 5 - Safe Driver Insurance Plan (SDIP) in the Personal Auto Manual. This revision is to the accident threshold portion of the SDIP and is designed to clarify what types of damages should be used in the calculation of the threshold.

This revision becomes effective in accordance with the following Rule of Application:

This revision becomes effective with respect to at-fault accidents occurring on or after October 1, 2012.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachment

A-12-6

Material ~~Struck Through~~ is deleted; Material Underlined is new

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.~~

**ACCIDENTS RESULTING IN PROPERTY DAMAGE ONLY 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, t~~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
 - (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.

Material ~~Struck Through~~ is deleted; Material Underlined is new

- (7) With respect to at-fault accidents occurring on or after October 1, 2012, the phrase “total damage to all property” shall be determined based on the following:
- (a) For damage to property not owned by the insured, amounts paid or payable to third parties for damage to property, rental reimbursement, loss of use, towing and labor and storage shall be included in the calculation of the accident threshold.
 - (b) For damage to property owned by the insured, amounts paid or payable for damage to owned property, towing and labor and storage shall be included in the calculation of the accident threshold. Amounts paid for rental reimbursement and loss of use shall not be included in the calculation of the accident threshold.