

# NORTH CAROLINA RATE BUREAU

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April 24, 1996

## CIRCULAR LETTER TO ALL MEMBER COMPANIES

**IMPORTANT  
MATERIAL  
ENCLOSED**

### **Re: April 1, 1996 Filing of Automobile Insurance Rates**

On April 1, 1996, the Rate Bureau submitted a filing proposing revised private passenger automobile insurance rates to be implemented effective October 1, 1996.

Included as a part of the April 1 filing, the Rate Bureau submitted proposals for non-fleet private passenger automobile insurance involving (1) revisions to territorial definitions and statistical codes; (2) revisions to the classification plan rating factors; and (3) changes in the method for rating uninsured and combined uninsured/underinsured motorists coverages. These proposals will apply to coverages written on a voluntary basis as well as to coverages ceded to the North Carolina Reinsurance Facility.

It is our understanding that implementing these changes may require extensive programming and system changes. Normally, when the Rate Bureau submits a filing proposing changes in the territorial definitions and statistical codes or changes in classification plan rating factors, the filing proposes that the changes become effective six months after approval of the changes. However, with respect to the above mentioned changes, member companies will not have the normal six months lead time following approval to program and implement the changes.

In order to afford member companies an opportunity to begin taking appropriate steps to be prepared to implement revised territorial definitions, rating factors and uninsured and combined uninsured/underinsured motorists coverage rates once you are advised to do so by the Rate Bureau, we are providing member companies with copies of the enclosed memoranda which set forth the proposals.

The Rate Bureau proposes to implement revised rates and the other proposals included in the April 1, 1996 filing effective October 1, 1996 in accordance with the following Rule of Application:

These changes are applicable to all new policies effective on or after October 1, 1996, and to all renewal policies effective on or after November 15, 1996. No policy effective prior to October 1, 1996, shall be endorsed or cancelled and rewritten to take advantage of or to

avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to October 1, 1996.

It should be emphasized that it is possible that the October 1, 1996 effective date may be changed. Any developments in connection with the Rate Bureau's April 1, 1996 filing which affect the proposed October 1, 1996 effective date will be communicated by circular letter to our member companies as they occur.

Please bear in mind that the enclosed information is for your advanced planning and to enable you to begin taking appropriate steps to implement revised classification plan rating factors, territorial definitions and uninsured motorists coverage rates if and when they are approved. You should not actually implement these changes until you are instructed to do so by the Rate Bureau.

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

Very truly yours,

John W. Watkins

General Manager

JWW:lg

Enclosures

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