

NORTH CAROLINA RATE BUREAU

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January 16, 1997

CIRCULAR LETTER TO ALL MEMBER COMPANIES

EXTREMELY
IMPORTANT

MATERIAL

Re: Implementation of Revised UM/UIM Rating Methodology

By Circular Letter to All Member Companies A-96-6 dated October 31, 1996, we announced (1) that the Commissioner of Insurance had approved changes in the rating methodology for uninsured motorists and combined uninsured/underinsured motorists coverages effective March 1, 1997; and (2) that the revised rates and rules to be implemented in connection with the revised rating methodology, which provides for a per policy rather than a per vehicle rating basis, would be furnished to member companies at a later date.

Enclosed herewith are amendments to Sections A and B in Rule 14 in the North Carolina Personal Auto Manual which are designed to accommodate implementation of the revised rating methodology. These amendments have been approved by the Commissioner of Insurance and are to become effective March 1, 1997 in accordance with the following Rule of Application:

These changes are applicable to all new policies effective on or after March 1, 1997 and to all renewal policies effective on or after April 15, 1997. No policy effective prior to March 1, 1997 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 March 1, 1997.

With respect to the implementation of this new rating methodology, the Rate Bureau has adopted procedures intended to accommodate the mid-term addition of uninsured or combined uninsured/underinsured motorists coverages on outstanding policies. The Rate Bureau has filed and the Commissioner of Insurance has approved the following provision for handling the implementation of this new rating methodology:

If uninsured or combined uninsured/underinsured motorists coverages are added to a new policy that became effective prior to March 1, 1997 or a renewal policy that became effective prior to April 15, 1997 charge the pro-rata premiums for the applicable coverages using the rules and rates in effect at the time the policy became effective.

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

[Enclosure](#)

A-97-1