

NORTH CAROLINA RATE BUREAU

POST OFFICE BOX 176010
RALEIGH, NORTH CAROLINA 27619-6010

JOHN W. WATKINS
General Manager

5401 SIX FORKS ROAD
RALEIGH, NORTH CAROLINA 27609-4435

TELEPHONE (919) 783-9790
FACSIMILE (919) 783-0355

JERRY G. HAMRICK
Workers Compensation Manager

F. TIMOTHY LUCAS
Personal Lines Manager

DAVID E. SINK, JR.
Accounting Manager

May 17, 1999

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Withdrawal of Mechanical Breakdown
Insurance Program

When the Rate Bureau was established in September 1977, the jurisdiction over mechanical breakdown insurance was transferred from the North Carolina Fire Insurance Rating Bureau to the Rate Bureau. Since 1977, the Rate Bureau has maintained a Mechanical Breakdown Insurance Program which was available for use by all of our member companies.

Recently the question of whether mechanical breakdown insurance coverages should be subject to the jurisdiction of the Rate Bureau was reconsidered and General Counsel for the North Carolina Department of Insurance has issued an Opinion indicating that such coverages are not subject to the jurisdiction of the Rate Bureau. As a result of the Department's Opinion and a request that the Rate Bureau withdraw its Program, the Governing Committee authorized the Rate Bureau to request that the filed Mechanical Breakdown Insurance Program be withdrawn. The Insurance Department has approved the Rate Bureau's request to withdraw the Program effective August 1, 1999.

Any member company that might be interested in writing mechanical breakdown insurance after August 1, 1999 should submit its individual company proposal directly to the Department of Insurance for approval in accordance with Article 41 of Chapter 58 of the North Carolina General Statutes.

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

A-99-5