

NORTH CAROLINA DEPARTMENT OF INSURANCE

RALEIGH, NORTH CAROLINA

IN THE MATTER OF THE FILING  
DATED FEBRUARY 1, 2023 BY THE  
NORTH CAROLINA RATE BUREAU FOR  
REVISED AUTOMOBILE INSURANCE  
RATES – PRIVATE PASSENGER CARS  
AND MOTORCYCLES

BEFORE THE COMMISSIONER  
OF INSURANCE

Docket No. 2111

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SETTLEMENT AGREEMENT  
AND CONSENT ORDER  
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It appearing to the Commissioner of Insurance (“Commissioner”) that the North Carolina Rate Bureau (“Rate Bureau”) and the North Carolina Department of Insurance (“Department”) have, after consultation with their respective legal, actuarial and economic advisors and subject to approval by the Commissioner and to the conditions hereinafter set forth, entered into a settlement of all matters and things in dispute in connection with the Rate Bureau’s filing for private passenger automobile insurance rates dated February 1, 2023 (the “2023 Filing”); and it further appearing that the proposed settlement would provide for rate level changes over two years; and it further appearing to the Commissioner that such settlement is fair and reasonable and should be approved;

NOW, THEREFORE, IT IS ORDERED AND AGREED as follows:

1. The 2023 Filing is approved subject to the modifications set forth in Paragraph 2 below.

2. The approved rate level changes shall take place over a two-year period and are as follows:

(a) A 4.5% overall statewide rate level increase over current rates for private passenger cars, distributed by coverage as shown below, and a 2.3% overall statewide rate level increase over current rates for motorcycle liability shall be applicable to all new and renewal policies becoming effective on and after December 1, 2023.

	EARNED PREMIUMS*	12/01/2023 EFFECTIVE RATE LEVEL CHANGE
	<u>AT PRESENT MANUAL RATES</u>	
Auto Liability:		
Bodily Injury	\$1,813,614	5.7% (A)
Property Damage	\$1,837,752	11.1% (A)
Medical Payments	\$175,750	-9.7%
Uninsured Motorists	\$188,354	9.5% (B)
Underinsured Motorists	\$209,726	13.4% (B)
Auto Liability Total	\$4,225,196	8.0%
Auto Physical Damage:		
Comprehensive	\$1,167,970	1.1%
Collision	\$3,064,602	1.0%
Auto Physical Damage Total	\$4,232,572	1.0%
Auto GRAND TOTAL	\$8,457,768	4.5%
 MOTORCYCLE LIABILITY	 \$57,018	 2.3% (C)

\* In thousands.

(A) THE EFFECTIVE RATE LEVEL CHANGES FOR BODILY INJURY AND PROPERTY DAMAGE REFLECT THE COMBINED INDICATIONS FOR BASIC AND HIGHER LIMITS AS FOLLOWS:

	BI	PD
Basic Limit Change =	0.8%	10.3%
Higher Limit Change =	4.9%	0.7%
Total Limit Change=	5.7%	11.1%

(B) Effective Changes after whole dollar rounding of rates.

(C) Represents change required to achieve filed rate level over two equal implementations.

The base rates approved for private passenger cars as a result of these approved changes are set forth on the attached Exhibit A, which is attached hereto and incorporated herein by reference. The motorcycle relativities approved as a result of these approved changes are set forth on the attached Exhibit B, which is attached hereto and incorporated herein by reference.

(b) A 4.5% overall statewide rate level increase over rates in effect on November 30, 2024 for private passenger cars, distributed by coverage as shown below, and a 2.3% overall statewide rate level increase over rates in effect on November 30, 2024 for motorcycle liability shall be applicable to all new and renewal policies becoming effective on and after December 1, 2024.

	EARNED PREMIUMS*	12/01/2024 EFFECTIVE RATE LEVEL CHANGE
	<u>AT PRESENT MANUAL RATES</u>	<u>CHANGE</u>
Auto Liability:		
Bodily Injury	\$1,916,990	5.2% (A)
Property Damage	\$2,041,742	10.2% (A)
Medical Payments	\$158,702	0.0% (C)

Uninsured Motorists	\$209,073	10.1% (B)
Underinsured Motorists	\$242,024	13.4% (B)
Auto Liability Total	\$4,568,531	7.9%
Auto Physical Damage:		
Comprehensive	\$1,239,859	1.1%
Collision	\$3,250,010	1.0%
Auto Physical Damage Total	\$4,489,869	1.0%
Auto GRAND TOTAL	\$9,058,400	4.5%
MOTORCYCLE LIABILITY	\$58,342	2.3% (C)

\* In thousands.

(A) THE INDICATED RATE LEVEL CHANGES FOR BODILY INJURY AND PROPERTY DAMAGE REFLECT THE COMBINED INDICATIONS FOR BASIC AND HIGHER LIMITS AS FOLLOWS:

	BI	PD
Basic Limit Change =	5.2%	10.2%
Higher Limit Change =	0.0%	0.0%
Total Limit Change=	5.2%	10.2%

(B) Effective Changes after whole dollar rounding of rates.

(C) Remaining change from filed after 12/1/2023 implementation

The base rates approved for private passenger cars as a result of these approved changes are set forth on the attached Exhibit C, which is attached hereto and incorporated herein by reference. The motorcycle relativities approved as a result of these approved changes are set forth on the attached Exhibit D, which is attached hereto and incorporated herein by reference.

3. Subject to the provisions of Paragraph 4 below, the rates resulting from the increase described in Paragraph 2(b) above shall remain in force until October 1, 2025 and thereafter until

revised as provided by law, and neither the Rate Bureau nor the Commissioner nor the Department shall undertake to effect a change in such rates having an effective date prior to October 1, 2025; provided, however, that nothing in this section shall prevent a change in such rates prior to October 1, 2025 if agreed to by the Rate Bureau and the Commissioner.

4. Notwithstanding any other provision of this Settlement Agreement and Consent Order, in the event of legislative or judicial action subsequent to the date of this Settlement Agreement and Consent Order which changes premium taxes, regulatory fees, the statutory ratemaking methodology, rate level need, or loss or expense exposure of insurers, either the Rate Bureau or the Commissioner shall have the right to take such action as is within its or his statutory authority to effect a change in rates prior to October 1, 2025 for the sole purpose of adjusting rates to reflect the effects of such legislative or judicial action. Further, either the Rate Bureau or the Commissioner shall have the right to take such action as is within its or his statutory authority to adjust rate relativities, classifications, and rules in the event of legislative or judicial action subsequent to the date of this Settlement Agreement and Consent Order making such adjustment appropriate. Further, nothing herein shall prevent the Rate Bureau from taking such action as is within its statutory authority to revise or update territory definitions to reflect any ZIP code changes.

5. This Settlement Agreement and Consent Order shall not be construed to condone, validate, accept or agree to the Bureau's, the Department's, or the Commissioner's theories, methodologies, or calculations pertaining to the setting of insurance rates for private passenger cars and motorcycles.

This 3<sup>rd</sup> day of August, 2023.

For Jacqueline R. Obusek  
Mike Causey  
Commissioner of Insurance for  
the State of North Carolina

WE CONSENT:

NORTH CAROLINA RATE BUREAU

BY: Joanna Bilimiro

NORTH CAROLINA DEPARTMENT OF INSURANCE

BY: Paul Full

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