**NCRF Frequently Asked Questions**

**Ceded Policies**

|  |  |
| --- | --- |
|  |  |

|  |  |
| --- | --- |
| |  | | --- | | **Close**  **Q1.** When can my company terminate or non-renew a policy ceded to the Facility and how much notice is required?  **Answer:**  Pages 1-10 of Section 1 of the NCRF Standard Practice Manual quotes Section 58-37-50 of Article 37 of the NC General Statute, which specifically defines the conditions under which you can terminate LIABILITY coverage.  Please refer to the manual for these details or go to [http://www.ncrb/ncrf/general%20rules.pdf.](http://www.ncrb/ncrf/general%20rules.pdf. ) Non-renewal and legal notice issues are both defined in the personal Auto Policy, which is a contract between the carrier and the insured.  There are different periods of notice required for different circumstances.  The Facility has no jurisdiction over the Personal Auto Policy. | |
| |  | | --- | | **Close**  **Q2.** Do we have to offer liability coverage when a title owner and named insured currently has a North Carolina driver’s license that is suspended indefinitely?  **Answer:**  If a person does not have a valid NC drivers license but satisfies any of the other criteria for being an "eligible risk" as defined in [NCGS 58-37-1](http://www.ncrb.org/NCRF/LinkClick.aspx?fileticket=Cxvd3UbBFHw%3d&tabid=267), then a company is required to offer liability coverage up to the limits cedable to the facility. | |
| |  | | --- | | **Close**  **Q3.** Is there any Facility rule against ceding a personal automobile policy with an annual term?  **Answer:**  No.  The same rules apply for personal auto policies and for commercial auto policies.  Please also note that a notice of cession for a policy period of more than one year will not be accepted, except that where the policy effective date is on the 29th, 30th or 31st day of month (26th through 29th of February), and the policy expiration date is on the first day of the following month of the following year a notice of cession for such policy term will be accepted.  Annual notices of cession are required for three-year policies if coverage for the entire policy period is to be ceded to the Facility.  **Q4.** We have a policy that has been voluntary for multiple terms. We will be ceding it for the first time at renewal. Is this considered new or renewal business?  **Answer:**  This would be considered renewal business, because it is renewal business to your company.  **Q5.** We renewed a policy with Physical Damage only. Later in the term we added Liability coverage. Would the cession be submitted as new or renewal business?  **Answer:**  This would be considered new business. Your cession would be submitted with the liability term and not the full term. For example, if the full term ran 07/01/14 – 01/01/15 and liability was added 10/01/14, your cession would be submitted with term 10/01/14 – 01/01/15. | |
| |  | | --- | | **Close**  **Q6.** I am an agent.   How do I reinsure an auto liability policy with the Facility?  **Answer:**  You will need to work through a licensed carrier to obtain coverage for your insured.  The Reinsurance Facility is available to all carriers licensed to write auto liability in North Carolina for cession of policies to be reinsured.  This is an underwriting decision on the part of the carrier to cede a policy to the Facility and is solely at the carrier's option.  Unlike an assigned risk plan, the Facility has no direct relationship with the agents or insureds and operates completely through the carriers.  **Q7.** I am a licensed carrier. How do I reinsure an auto liability policy with the Facility?  **Answer:**  In order to cede an eligible risk to the Facility, a cession notice must be submitted through one of the following methods:   1. Telecommunication via File Transfer Protocol (FTP). 2. Data entry via online access to the Facility information system, EDGE. | |

**Q8.** How can I confirm that my cessions have been accepted?

**Answer:**

The Facility will provide the ceding company with an email acknowledgement of the receipt of the file and the record count the same day the file is transmitted. The cessions will be validated overnight and a **Cession Acknowledgement Summary** will be available online the next day. This report will give the details of the cessions received, as well as any cessions that were suspended or changed to mid-term. The report will also include any cessions that were created online for the same day. It is confirmation that the cessions were received and can be presented to the Facility by a company as proof to verify ceded coverage for any policy in question.

**Q9.** What is the difference between cancelling a ceded policy and withdrawing it?

**Answer:**

**Cancellation** – Where a new policy or a renewal policy which has been ceded to the Facility is not taken (flat cancelled) and you will not be retaining the business on a voluntary basis, you would do one of the following:

1. **No premium has been reported** – You would submit a trans code 4 cancellation cession to the Facility through FTP or online in the EDGE system. (If the policy then reinstates, you would reinstate the cession online.)
2. **Premium has been reported** – You would submit cancellation premium through your monthly Accounting Report. (If the policy then reinstates, you would report reinstatement premium.)

**Withdrawal** – In order to “uncede” a policy in term, the risk to be retained by the company for the remainder of the policy term as voluntary business, a member company submits an online request for the withdrawal of a cession by entering a “withdrawal date” for the appropriate record in the EDGE system. **Please keep in mind that a withdrawn cession cannot be reinstated.**