



August 10, 2023

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Private Passenger Automobile and Motorcycle Insurance Rates and Relativities– Clean Risks and Other-Than-Clean Risks

The North Carolina Reinsurance Facility has adopted and filed revised non-fleet private passenger automobile liability rates, increased limits factors, and motorcycle liability relativities as a result of the approval by the Commissioner of Insurance of certain rates, increased limits factors, and motorcycle liability relativities in a Settlement Agreement and Consent Order dated August 3, 2023 in connection with the North Carolina Rate Bureau's February 1, 2023 automobile insurance rate filing. (Note that the rates, increased limits factors, and motorcycle liability relativities approved in that settlement agreement and consent order were previously announced for the voluntary market by the Rate Bureau by Circular Letter To All Member Companies A-23-2 dated August 3, 2023.) The non-fleet private passenger automobile liability rates, increased limits factors, and motorcycle liability relativities adopted and filed by the Reinsurance Facility affect both clean risks and other-than-clean risks over a two-year period, and the effective dates and rules of application for the various changes are set forth below.

CLEAN RISKS – CHANGES EFFECTIVE DECEMBER 1, 2023

For "clean risks" ceded to the Reinsurance Facility (as defined in G.S. 58-37-35(l)), average rate level changes of 5.7% for bodily injury, 11.1% for property damage, -9.7% for medical payments, 9.5% for uninsured motorists, and 13.4% for underinsured motorists, along with revised increased limits factors and revised motorcycle liability relativities, will become effective December 1, 2023. Exhibits reflecting revised base rates, increased limits factors, and motorcycle liability relativities are attached hereto (see Clean Risk Exhibit 1).

These revisions will become effective December 1, 2023 in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after December 1, 2023. No policy effective prior to December 1, 2023 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 December 1, 2023.

CLEAN RISKS – CHANGES EFFECTIVE DECEMBER 1, 2024

For “clean risks” ceded to the Reinsurance Facility (as defined in G.S. 58-37-35(l)), average rate level changes of 5.2% for bodily injury, 10.2% for property damage, 0.0% for medical payments, 10.1% for uninsured motorists, and 13.4% for underinsured motorists, along with revised motorcycle liability relativities, will become effective December 1, 2024. Exhibits reflecting revised base rates and motorcycle liability relativities are attached hereto (see Clean Risk Exhibit 2).

These revisions will become effective December 1, 2024 in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after December 1, 2024. No policy effective prior to December 1, 2024 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 December 1, 2024.

OTHER-THAN-CLEAN RISKS – CHANGES EFFECTIVE DECEMBER 1, 2023

For “other-than-clean risks” ceded to the Reinsurance Facility, revised rates for bodily injury, property damage, and medical payments, and revised motorcycle liability relativities, to become effective October 1, 2023, were announced by Circular Letter To All Member Companies RF-23-3 dated April 5, 2023.

Now, in addition to those changes, revised increased limits factors, motorcycle liability relativities, uninsured motorists rates, and underinsured motorists rates will become effective December 1, 2023. Exhibits reflecting revised increased limits factors, rates for uninsured motorists and underinsured motorists coverages, and motorcycle liability relativities are attached hereto (see OTC Exhibit 3).

These revisions will become effective December 1, 2023 in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after December 1, 2023. No policy effective prior to December 1, 2023 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 December 1, 2023.

OTHER-THAN-CLEAN RISKS – CHANGES EFFECTIVE DECEMBER 1, 2024

For “other-than-clean risks” ceded to the Reinsurance Facility, revised rates for uninsured motorists and underinsured motorists coverages and revised motorcycle liability relativities will become effective December 1, 2024. Exhibits reflecting those revised rates for uninsured motorists and underinsured motorists coverages and revised motorcycle liability relativities are attached hereto.

These revisions will become effective December 1, 2024 in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after December 1, 2024. No policy effective prior to December 1, 2024 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 December 1, 2024.

In addition, a rate review for bodily injury, property damage, and medical payments coverages for "other-than-clean risks" ceded to the Reinsurance Facility will be performed in the Spring of 2024. Any changes to the rates for those coverages, and the effective date for any such changes, will be announced following that rate review.

A NOTE ABOUT RECOUPMENT SURCHARGES

A new combined recoupment surcharge for non-fleet private passenger automobile business was announced by Circular Letter To All Member Companies RF-23-5 dated June 7, 2023, to become effective October 1, 2023. As noted in that circular, the implementation period for that combined recoupment surcharge is six months (i.e., through March 31, 2024). That combined recoupment surcharge is NOT revised or impacted by any of the changes described above in this circular.

Reprinted Personal Auto Manual pages for the various changes becoming effective December 1, 2023 will be distributed, in the usual fashion, as soon as possible. Reprinted Personal Auto Manual pages for the various changes becoming effective December 1, 2024 will be distributed in advance of that date in due course. In the interim, notice of these rates, relativities, and rules should be sent as soon as possible to your agents to make them aware of the new rates, relativities and rules.

With respect to any rate differential for ceded business, your attention is directed to G.S. 58-37-25(b) which provides in part as follows:

Each insurer will provide the same type of service to ceded business that it provides for its voluntary market. Records provided to agents and brokers will include an indication that the business is ceded. When an insurer cedes a policy or renewal thereof to the Facility and the Facility premium for such policy is higher than the premium that the insurer would normally charge for such policy if retained by the insurer, the policyholder will be informed that (i) his policy is ceded, (ii) the coverages are written at the Facility rate, which rate differential must be specified, (iii) the reason or reasons for the cession to the Facility, (iv) the specific reason or reasons for the cession to the Facility will be provided upon the written request of the policyholder to the insurer, and (v) the policyholder may seek insurance through other insurers who may elect not to cede his policy.

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

Sincerely,

Andy Montano

Automobile Manager

AM:kj

Attachments

RF-23-10

PRIVATE PASSENGER AUTOMOBILE INSURANCE

SETTLED BASE RATES - LIABILITY EFFECTIVE 12/1/2023

<u>Terr</u> <u>Code</u>	<u>\$30,000/60,000</u> <u>Bodily Injury</u>	<u>\$25,000</u> <u>Property Damage</u>	<u>\$500</u> <u>Medical Payments</u>
110	\$172	\$243	\$13
120	197	232	17
130	227	245	19
140	314	287	28
150	252	298	20
170	174	250	17
180	193	291	21
190	185	295	16
200	241	299	22
210	182	213	17
220	269	243	22
230	325	259	25
240	278	255	23
250	266	328	28
260	221	282	21
270	169	282	14
280	269	347	25
290	225	314	19
300	152	268	14
310	138	228	12
320	172	240	14
340	254	321	23
350	172	258	15
360	206	260	19
370	235	304	21
380	264	329	21
390	194	302	17
420	361	388	38
440	245	323	24
450	286	337	24
460	187	285	16
470	222	282	17
480	141	223	12
490	140	241	13

Memorandum - North Carolina Personal Auto Manual
 Matter underlined is new; matter in brackets [] is deleted.

14. MISCELLANEOUS COVERAGES

A. Uninsured Motorists Coverage ONLY

1. a. Rates

The per policy rates for Uninsured Motorists Coverage are as follows:

	B.I. UM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 30/60	\$ [16] <u>18</u>	\$ [40] <u>44</u>
50/100	[17] <u>19</u>	[42] <u>47</u>
100/200	[20] <u>22</u>	[49] <u>54</u>
100/300	[21] <u>23</u>	[52] <u>57</u>
300/300	[26] <u>29</u>	[64] <u>72</u>
250/500	[27] <u>30</u>	[67] <u>74</u>
500/500	[28] <u>31</u>	[69] <u>77</u>
500/1,000	[31] <u>34</u>	[77] <u>84</u>
1,000/1,000	[32] <u>36</u>	[79] <u>89</u>

	P.D. UM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	10
250,000	6	15
500,000	8	20
750,000	10	25
1,000,000	11	27

For limits other than those shown, charge the premium for the next higher limit.

- * For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile, or other miscellaneous type vehicle.

These rates are not subject to modification under the provisions of any rating plan or other manual rule.

Memorandum - North Carolina Personal Auto Manual
 Matter underlined is new; matter in brackets [] is deleted.

14. MISCELLANEOUS COVERAGES(Cont'd)

B. Combined Uninsured/Underinsured Motorists Coverage

1.

2. Rates

The per policy rates for Combined Uninsured/Underinsured Motorists Coverage are as follows:

	B.I. UM/UIM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50/100	\$ [27] <u>30</u>	\$ [67] <u>74</u>
100/200	[48] <u>54</u>	[118] <u>133</u>
100/300	[59] <u>66</u>	[146] <u>163</u>
300/300	[81] <u>92</u>	[200] <u>228</u>
250/500	[95] <u>108</u>	[235] <u>267</u>
500/500	[130] <u>148</u>	[321] <u>366</u>
500/1,000	[147] <u>167</u>	[364] <u>413</u>
1,000/1,000	[164] <u>187</u>	[405] <u>462</u>

	P.D. UM/UIM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	10
250,000	6	15
500,000	8	20
750,000	10	25
1,000,000	11	27

For limits other than those shown, charge the premium for the next higher limit.

- * For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile, or other miscellaneous type vehicle.

These rates are not subject to modification under the provisions of any rating plan or other manual rule.

Memorandum - North Carolina Personal Auto Manual
 Matter underlined is new; matter in brackets [] is deleted.

19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes.

Liability Coverages Only.

With respect to voluntary risks and "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable voluntary private passenger bodily injury, property damage, and medical payments rates. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage	Medical Payments*
0-499	[12%]11%	[30%]34%
500-1249	[19%]18%	[30%]34%
1250-1499	[28%]26%	[30%]34%
1500-up	[36%]34%	[30%]34%

*Note: Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

(Remainder of rule is unchanged.)

Memorandum - North Carolina Personal Auto Manual
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18. INCREASED LIMITS

B. 30/60 Split Limit Bodily Injury Liability Increased Limits Table

Applicable to 30/60 Split Limit Bodily Injury Liability Rates Only:

Total Limits	Factor
\$ 30/60	[1.00] <u>1.00</u>
50/100	[1.18] <u>1.23</u>
100/100	[1.31] <u>1.39</u>
100/200	[1.39] <u>1.49</u>
100/300	[1.40] <u>1.50</u>
300/300	[1.62] <u>1.78</u>
250/500	[1.66] <u>1.83</u>
500/1,000	[1.85] <u>2.07</u>
1,000/1,000	[1.96] <u>2.20</u>
1,000/2,000	[2.02] <u>2.28</u>

C. \$25,000 Property Damage Liability Increased Limits Table

Applicable to \$25,000 Property Damage Liability Rates Only:

Total Limits	Factor
\$ 25,000	[1.000] <u>1.000</u>
35,000	[1.005] <u>1.008</u>
50,000	[1.010] <u>1.016</u>
100,000	[1.030] <u>1.048</u>
250,000	[1.059] <u>1.095</u>
300,000	[1.071] <u>1.115</u>
500,000	[1.113] <u>1.182</u>
750,000	[1.153] <u>1.247</u>
1,000,000	[1.202] <u>1.326</u>

(Remainder of rule is unchanged.)

PRIVATE PASSENGER AUTOMOBILE INSURANCE

SETTLED BASE RATES - LIABILITY EFFECTIVE 12/1/2024

<u>Terr</u> <u>Code</u>	<u>\$30,000/60,000</u> <u>Bodily Injury</u>	<u>\$25,000</u> <u>Property Damage</u>	<u>\$500</u> <u>Medical Payments</u>
110	\$181	\$268	\$13
120	207	256	17
130	239	270	19
140	330	316	28
150	265	328	20
170	183	276	17
180	203	321	21
190	195	325	16
200	254	329	22
210	191	235	17
220	283	268	22
230	342	285	25
240	292	281	23
250	280	361	28
260	232	311	21
270	178	311	14
280	283	382	25
290	237	346	19
300	160	295	14
310	145	251	12
320	181	264	14
340	267	354	23
350	181	284	15
360	217	287	19
370	247	335	21
380	278	363	21
390	204	333	17
420	380	428	38
440	258	356	24
450	301	371	24
460	197	314	16
470	234	311	17
480	148	246	12
490	147	266	13

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14. MISCELLANEOUS COVERAGES

A. Uninsured Motorists Coverage ONLY

1. a. Rates

The per policy rates for Uninsured Motorists Coverage are as follows:

	B.I. UM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 30/60	\$ [18] <u>20</u>	\$ [44] <u>49</u>
50/100	[19] <u>21</u>	[47] <u>52</u>
100/200	[22] <u>24</u>	[54] <u>59</u>
100/300	[23] <u>26</u>	[57] <u>64</u>
300/300	[29] <u>32</u>	[72] <u>79</u>
250/500	[30] <u>33</u>	[74] <u>82</u>
500/500	[31] <u>34</u>	[77] <u>84</u>
500/1,000	[34] <u>38</u>	[84] <u>94</u>
1,000/1,000	[36] <u>40</u>	[89] <u>99</u>

	P.D. UM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	10
250,000	6	15
500,000	8	20
750,000	10	25
1,000,000	11	27

For limits other than those shown, charge the premium for the next higher limit.

- * For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile, or other miscellaneous type vehicle.

These rates are not subject to modification under the provisions of any rating plan or other manual rule.

Memorandum - North Carolina Personal Auto Manual
 Matter underlined is new; matter in brackets [] is deleted.

14. MISCELLANEOUS COVERAGES(Cont'd)

B. Combined Uninsured/Underinsured Motorists Coverage

1.

2. Rates

The per policy rates for Combined Uninsured/Underinsured Motorists Coverage are as follows:

	B.I. UM/UIM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50/100	\$ [30] <u>33</u>	\$ [74] <u>82</u>
100/200	[54] <u>60</u>	[133] <u>148</u>
100/300	[66] <u>75</u>	[163] <u>185</u>
300/300	[92] <u>103</u>	[228] <u>254</u>
250/500	[108] <u>122</u>	[267] <u>302</u>
500/500	[148] <u>167</u>	[366] <u>413</u>
500/1,000	[167] <u>189</u>	[413] <u>467</u>
1,000/1,000	[187] <u>211</u>	[462] <u>521</u>

	P.D. UM/UIM Coverage	
	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	10
250,000	6	15
500,000	8	20
750,000	10	25
1,000,000	11	27

For limits other than those shown, charge the premium for the next higher limit.

- * For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile, or other miscellaneous type vehicle.

These rates are not subject to modification under the provisions of any rating plan or other manual rule.

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 Matter underlined is new; matter in brackets [] is deleted.

19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes.

Liability Coverages Only.

With respect to voluntary risks and "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable voluntary private passenger bodily injury, property damage, and medical payments rates. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14.

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage	Medical Payments*
0-499	[11%]10%	[34%]35%
500-1249	[18%]17%	[34%]35%
1250-1499	[26%]25%	[34%]35%
1500-up	[34%]32%	[34%]35%

*Note: Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

(Remainder of rule is unchanged.)

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

REVISED BASE RATES - OTHER-THAN-CLEAN RISKS CEDED LIABILITY

Effective December 1, 2023

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	250/500	\$25,000	\$50,000	\$100,000	\$500	\$750	\$1000	\$2000	\$5000
110	\$283	\$348	\$425	\$518	\$385	\$391	\$403	\$14	\$20	\$26	\$42	\$65
120	319	392	479	584	366	372	384	19	28	35	57	88
130	370	455	555	677	388	394	407	21	30	38	63	97
140	522	642	783	955	455	462	477	30	44	55	89	139
150	409	503	614	748	471	479	494	22	32	40	66	102
170	282	347	423	516	395	401	414	18	26	33	54	83
180	314	386	471	575	461	468	483	23	33	42	69	106
190	300	369	450	549	466	473	488	18	26	33	54	83
200	392	482	588	717	473	481	496	23	33	42	69	106
210	290	357	435	531	338	343	354	18	26	33	54	83
220	438	539	657	802	385	391	403	24	35	44	72	111
230	529	651	794	968	410	417	430	27	39	49	80	125
240	452	556	678	827	403	409	422	25	36	46	75	116
250	433	533	650	792	519	527	544	30	44	55	89	139
260	358	440	537	655	446	453	467	23	33	42	69	106
270	275	338	413	503	445	452	466	16	23	29	48	74
280	437	538	656	800	548	557	574	27	39	49	80	125
290	366	450	549	670	496	504	520	20	29	37	60	92
300	246	303	369	450	424	431	444	15	22	27	45	69
310	224	276	336	410	361	367	378	13	19	24	39	60
320	280	344	420	512	379	385	397	15	22	27	45	69
340	414	509	621	758	507	515	531	25	36	46	75	116
350	278	342	417	509	408	415	428	16	23	29	48	74
360	335	412	503	613	411	418	431	21	30	38	63	97
370	382	470	573	699	482	490	505	23	33	42	69	106
380	430	529	645	787	520	528	545	23	33	42	69	106
390	316	389	474	578	479	487	502	18	26	33	54	83
420	587	722	881	1,074	612	622	641	42	61	77	125	194
440	398	490	597	728	510	518	534	26	38	48	77	120
450	466	573	699	853	533	542	559	27	39	49	80	125
460	304	374	456	556	451	458	473	18	26	33	54	83
470	361	444	542	661	446	453	467	19	28	35	57	88
480	228	280	342	417	353	359	370	14	20	26	42	65
490	226	278	339	414	382	388	400	15	22	27	45	69

Increased Limits

	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	250/500	\$25,000	\$50,000	\$100,000	\$500	\$750	\$1000	\$2000	\$5000
ILF	1.23	1.5	1.83		1.016	1.048		1.45	1.83	2.98	4.62	

Memorandum - North Carolina Personal Auto Manual
 Matter underlined is new; matter in brackets [] is deleted.

19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes Liability Coverages Only.

With respect to other than "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable ceded private passenger bodily injury and property damage rates. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14. Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

Engine Size in Cubic Centimeters (cc)	Bodily Injury and Property Damage Liability
0-499	[12%]11%
500-1249	[19%]18%
1250-1499	[28%]26%
1500-up	[36%]34%

Memorandum - North Carolina Personal Auto Manual
 Matter underlined is new; matter in brackets [] is deleted.

19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes Liability Coverages Only.

With respect to other than "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable ceded private passenger bodily injury and property damage rates. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14. Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

Engine Size in Cubic Centimeters (cc)	Bodily Injury and Property Damage Liability
0-499	[11%]10%
500-1249	[18%]17%
1250-1499	[26%]25%
1500-up	[34%]32%