



August 12, 2004

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Refunds of Escrowed Premiums - 2001 and 2002 Private  
Passenger Automobile Rate Filings

Circular Letter A-04-7 was issued July 22, 2004 containing information regarding the resolution of the 2001, 2002 and 2004 Private Passenger Automobile Rate Filing Cases. Included in Attachments B and D of that Circular Letter were certain factors issued in connection with the refunds of escrowed premiums in the 2001 and 2002 Private Passenger Automobile Rate Filing Cases. That Circular Letter incorrectly stated that those factors, when applied to the appropriate base rate implemented by the Rate Bureau, resulted in the actual amount by which the Rate Bureau's implemented base rate exceeded the final approved base rate. In fact, when those factors are applied to the appropriate base rate implemented by the Rate Bureau, the result is instead the final approved base rate.

Two additional sets of factors are provided with this Circular Letter. Exhibit 1 attached hereto includes for the 2001 auto rate filing case the Rate Bureau's implemented base rates, the final approved base rates resulting from the Commissioner's Order, and the set of factors that, when applied to the appropriate base rate implemented by the Rate Bureau effective April 1, 2002, result in the actual amount by which the Rate Bureau's implemented base rate exceeds the ordered base rate.

Similarly, Exhibit 2 attached hereto includes for the 2002 auto rate filing case the Rate Bureau's implemented base rates, the final approved base rates resulting from the Settlement Agreement and Consent Order, and the set of factors that, when applied to the appropriate base rate implemented by the Rate Bureau effective January 27, 2003, result in the actual amount by which the Rate Bureau's implemented base rate exceeds the final approved base rate.

With regard to the 2002 UM/UIM factors provided in the Circular dated July 22, 2004, please note that several heading were inappropriately labeled. The correct labels are shown in the attached pages.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp  
A-04-11

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF REFUND FACTORS 2001 FILING

<u>Terr Code</u>	<u>Implemented \$30,000/60,000 Bodily Injury</u>	<u>Ordered \$30,000/60,000 Bodily Injury</u>	<u>Refund Factor</u>
11	\$102	\$88	0.137
13	159	134	0.157
14	142	120	0.155
15	166	140	0.157
16	140	119	0.150
17	169	142	0.160
18	122	104	0.148
24	126	107	0.151
25	149	126	0.154
26	183	154	0.158
31	166	140	0.157
32	130	110	0.154
33	154	130	0.156
40	188	158	0.160
41	168	141	0.161
43	150	127	0.153
47	153	129	0.157
51	131	111	0.153
52	166	140	0.157

<u>Terr Code</u>	<u>Implemented \$25,000 Property Damage</u>	<u>Ordered \$25,000 Property Damage</u>	<u>Refund Factor</u>
11	\$146	\$123	0.158
13	175	146	0.166
14	173	145	0.162
15	173	145	0.162
16	184	154	0.163
17	177	149	0.158
18	152	128	0.158
24	142	120	0.155
25	167	140	0.162
26	147	124	0.156
31	162	136	0.160
32	151	127	0.159
33	134	113	0.157
40	175	147	0.160
41	167	140	0.162
43	134	113	0.157
47	143	120	0.161
51	162	136	0.160
52	189	158	0.164

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF REFUND FACTORS 2001 FILING

<u>Terr</u> <u>Code</u>	<u>Implemented</u> <u>\$500</u> <u>Medical Payments</u>	<u>Ordered</u> <u>\$500</u> <u>Medical Payments</u>	<u>Refund</u> <u>Factor</u>
11	\$10	\$9	0.100
13	16	13	0.187
14	14	12	0.143
15	16	14	0.125
16	14	11	0.214
17	17	14	0.176
18	12	10	0.167
24	12	10	0.167
25	15	12	0.200
26	18	15	0.167
31	16	14	0.125
32	13	11	0.154
33	15	13	0.133
40	19	15	0.211
41	17	14	0.176
43	15	12	0.200
47	15	12	0.200
51	13	11	0.154
52	16	14	0.125

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF REFUND FACTORS 2001 FILING

	<u>Impl</u> <u>1-car</u> <u>UMBI&amp;PD</u>	<u>Ordered</u> <u>1-car</u> <u>UMBI&amp;PD</u>	<u>Refund</u> <u>Factor</u>	<u>Impl</u> <u>multi</u> <u>UMBI&amp;PD</u>	<u>Ordered</u> <u>multi</u> <u>UMBI&amp;PD</u>	<u>Refund</u> <u>Factor</u>
30/60/25	18	17	0.056	43	40	0.070

	<u>Impl</u> <u>1-car</u> <u>UMBI</u>	<u>Ordered</u> <u>1-car</u> <u>UMBI</u>	<u>Refund</u> <u>Factor</u>	<u>Impl</u> <u>multi</u> <u>UMBI</u>	<u>Ordered</u> <u>multi</u> <u>UMBI</u>	<u>Refund</u> <u>Factor</u>
30/60	16	15	0.062	38	35	0.079
50/100	17	16	0.059	40	38	0.050
100/200	19	17	0.105	45	40	0.111
100/300	20	18	0.100	47	42	0.106
300/300	21	19	0.095	50	45	0.100
250/500	22	20	0.091	52	47	0.096
500/500	24	22	0.083	57	52	0.088
500/1000	25	23	0.080	59	54	0.085
1000/1000	26	24	0.077	61	57	0.066

	<u>Impl</u> <u>1-car</u> <u>UIMBI</u>	<u>Ordered</u> <u>1-car</u> <u>UIMBI</u>	<u>Refund</u> <u>Factor</u>	<u>Impl</u> <u>multi</u> <u>UIMBI</u>	<u>Ordered</u> <u>multi</u> <u>UIMBI</u>	<u>Refund</u> <u>Factor</u>
50/100	3	3	0.000	7	7	0.000
100/200	14	12	0.143	33	28	0.152
100/300	19	16	0.158	45	38	0.156
300/300	28	24	0.143	66	57	0.136
250/500	36	31	0.139	85	73	0.141
500/500	55	47	0.145	130	111	0.146
500/1000	66	56	0.152	156	132	0.154
1000/1000	76	65	0.145	179	153	0.145

	<u>Impl</u> <u>1-car</u> <u>UM/UIMBI</u>	<u>Ordered</u> <u>1-car</u> <u>UM/UIMBI</u>	<u>Refund</u> <u>Factor</u>	<u>Impl</u> <u>multi</u> <u>UM/UIMBI</u>	<u>Ordered</u> <u>multi</u> <u>UM/UIMBI</u>	<u>Refund</u> <u>Factor</u>
50/100	20	19	0.050	47	45	0.043
100/200	33	29	0.121	78	68	0.128
100/300	39	34	0.128	92	80	0.130
300/300	49	43	0.122	116	102	0.121
250/500	58	51	0.121	137	120	0.124
500/500	79	69	0.127	187	163	0.128
500/1000	91	79	0.132	215	186	0.135
1000/1000	102	89	0.127	240	210	0.125

<u>Implemented</u> <u>Motorcycle</u> <u>Liability Change</u>	<u>Ordered</u> <u>Motorcycle</u> <u>Liability Change</u>	<u>Refund</u> <u>Factor</u>
-4.9%	-15.2%	0.108

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF REFUND FACTORS 2001 FILING

<u>Terr Code</u>	<u>Implemented FULL COVERAGE COMPREHENSIVE</u>	<u>Ordered FULL COVERAGE COMPREHENSIVE</u>	<u>Refund Factor</u>
11	\$48	\$38	0.208
13	74	58	0.216
14	59	47	0.203
15	53	42	0.208
16	64	50	0.219
17	57	45	0.211
18	56	45	0.196
24	77	60	0.221
25	56	44	0.214
26	96	74	0.229
31	75	59	0.213
32	64	51	0.203
33	102	79	0.225
40	70	55	0.214
41	75	59	0.213
43	63	50	0.206
47	72	57	0.208
51	57	45	0.211
52	56	44	0.214

<u>Terr Code</u>	<u>Implemented \$100 DEDUCTIBLE COLLISION</u>	<u>Ordered \$100 DEDUCTIBLE COLLISION</u>	<u>Refund Factor</u>
11	\$219	\$179	0.183
13	244	198	0.189
14	236	192	0.186
15	233	190	0.185
16	238	194	0.185
17	229	187	0.183
18	215	176	0.181
24	234	191	0.184
25	256	208	0.187
26	246	200	0.187
31	223	182	0.184
32	222	181	0.185
33	225	183	0.187
40	256	208	0.187
41	298	241	0.191
43	205	168	0.180
47	225	183	0.187
51	224	183	0.183
52	245	199	0.188

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF REFUND FACTORS - 2002 FILING

<u>Terr</u> <u>Code</u>	Implemented \$30,000/60,000 <u>Bodily Injury</u>	Settled \$30,000/60,000 <u>Bodily Injury</u>	<u>Refund</u> <u>Factor</u>
11	\$113	\$97	0.142
13	172	145	0.157
14	155	131	0.155
15	182	154	0.154
16	149	127	0.148
17	186	156	0.161
18	135	115	0.148
24	138	117	0.152
25	162	137	0.154
26	207	174	0.159
31	175	147	0.160
32	143	121	0.154
33	171	145	0.152
40	216	182	0.157
41	179	151	0.156
43	165	140	0.152
47	175	148	0.154
51	136	115	0.154
52	182	154	0.154

<u>Terr</u> <u>Code</u>	Implemented \$25,000 <u>Property Damage</u>	Settled \$25,000 <u>Property Damage</u>	<u>Refund</u> <u>Factor</u>
11	\$170	\$138	0.188
13	202	163	0.193
14	201	162	0.194
15	196	159	0.189
16	209	169	0.191
17	200	161	0.195
18	174	141	0.190
24	165	134	0.188
25	194	157	0.191
26	170	138	0.188
31	184	149	0.190
32	176	142	0.193
33	154	126	0.182
40	204	165	0.191
41	189	152	0.196
43	151	123	0.185
47	168	137	0.185
51	189	153	0.190
52	221	178	0.195

## NORTH CAROLINA

## PRIVATE PASSENGER AUTOMOBILE INSURANCE

## CALCULATION OF REFUND FACTORS - 2002 FILING

<u>Terr</u> <u>Code</u>	<u>Implemented</u> \$500 <u>Medical Payments</u>	<u>Settled</u> \$500 <u>Medical Payments</u>	<u>Refund</u> <u>Factor</u>
11	\$12	\$11	0.083
13	18	15	0.167
14	17	14	0.176
15	19	16	0.158
16	16	13	0.187
17	20	16	0.200
18	14	12	0.143
24	15	13	0.133
25	17	14	0.176
26	22	18	0.182
31	19	15	0.211
32	15	13	0.133
33	18	15	0.167
40	23	19	0.174
41	19	16	0.158
43	18	15	0.167
47	19	16	0.158
51	15	12	0.200
52	19	16	0.158

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF REFUND FACTORS - 2002 FILING

	Implemented Single Car <u>UMBI&amp;PD</u>	Settled Single Car <u>UMBI&amp;PD</u>	Refund <u>Factor</u>	Implemented Multi Car <u>UMBI&amp;PD</u>	Settled Multi Car <u>UMBI&amp;PD</u>	Refund <u>Factor</u>
30/60/25	\$16	\$15	0.062	\$38	\$34	0.105

	Implemented Single Car <u>UMBI</u>	Settled Single Car <u>UMBI</u>	Refund <u>Factor</u>	Implemented Multi Car <u>UMBI</u>	Settled Multi Car <u>UMBI</u>	Refund <u>Factor</u>
30/60	14	13	0.071	33	29	0.121
50/100	15	14	0.067	35	32	0.086
100/200	16	15	0.062	38	34	0.105
100/300	17	16	0.059	40	36	0.100
300/300	18	17	0.056	42	39	0.071
250/500	19	18	0.053	45	41	0.089
500/500	20	19	0.050	47	43	0.085
500/1000	21	20	0.048	50	46	0.080
1000/1000	22	21	0.045	52	48	0.077

	Implemented Single Car <u>UIMBI</u>	Settled Single Car <u>UIMBI</u>	Refund <u>Factor</u>	Implemented Multi Car <u>UIMBI</u>	Settled Multi Car <u>UIMBI</u>	Refund <u>Factor</u>
50/100	3	3	0.000	7	7	0.000
100/200	15	13	0.133	35	30	0.143
100/300	19	16	0.158	45	38	0.156
300/300	29	25	0.138	68	58	0.147
250/500	38	32	0.158	90	76	0.156
500/500	58	49	0.155	137	116	0.153
500/1000	69	59	0.145	163	138	0.153
1000/1000	79	67	0.152	186	158	0.151

	Implemented Single Car <u>UM/UIMBI</u>	Settled Single Car <u>UM/UIMBI</u>	Refund <u>Factor</u>	Implemented Multi Car <u>UM/UIMBI</u>	Settled Multi Car <u>UM/UIMBI</u>	Refund <u>Factor</u>
50/100	18	17	0.056	42	39	0.071
100/200	31	27	0.129	73	64	0.123
100/300	36	32	0.111	85	74	0.129
300/300	47	41	0.128	110	97	0.118
250/500	57	50	0.123	135	117	0.133
500/500	78	68	0.128	184	159	0.136
500/1000	90	78	0.133	213	185	0.131
1000/1000	101	88	0.129	238	207	0.130

	Implemented Motorcycle <u>Change</u>	Settled Motorcycle <u>Change</u>	Refund <u>Factor</u>
	3.5%	-6.6%	0.098



NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF REFUND FACTORS - 2002 FILING

<u>Terr Code</u>	<u>Implemented FULL COVERAGE COMPREHENSIVE</u>	<u>Settled FULL COVERAGE COMPREHENSIVE</u>	<u>Refund Factor</u>
11	\$49	\$42	0.143
13	76	63	0.171
14	65	55	0.154
15	58	49	0.155
16	63	53	0.159
17	62	52	0.161
18	58	49	0.155
24	82	68	0.171
25	57	48	0.158
26	101	84	0.168
31	74	62	0.162
32	69	58	0.159
33	107	88	0.178
40	79	66	0.165
41	86	72	0.163
43	75	62	0.173
47	77	64	0.169
51	57	48	0.158
52	58	48	0.172

<u>Terr Code</u>	<u>Implemented \$100 DEDUCTIBLE COLLISION</u>	<u>Settled \$100 DEDUCTIBLE COLLISION</u>	<u>Refund Factor</u>
11	\$252	\$210	0.167
13	272	226	0.169
14	279	231	0.172
15	263	219	0.167
16	266	221	0.169
17	253	210	0.170
18	245	204	0.167
24	270	225	0.167
25	289	240	0.170
26	277	231	0.166
31	249	208	0.165
32	253	211	0.166
33	256	213	0.168
40	302	250	0.172
41	376	309	0.178
43	239	199	0.167
47	263	219	0.167
51	259	215	0.170
52	283	235	0.170