



September 8, 2008

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Uninsured Motorists (UM) and Underinsured Motorist (UIM) Coverage Manual Rule and Introduction of New Form

The Commissioner of Insurance has approved revisions to Rule 14 - Miscellaneous Coverages and a new Notice to Purchase Higher Limits of UM/UIM Coverage which was filed on behalf of member companies of the North Carolina Rate Bureau.

This rule revision is a result of the passing of House Bill 738 which amends N.C. Gen. Stat. § 20-279.21 to make UM/UIM mandatory coverages on all policies that are not: (1) fleet policies; or (2) policies issued on commercial vehicles as defined by N.C. Gen. Stat. § 20-4.01(d). In that regard, please find attached a copy of the revised manual rule showing the changes as well as a final version of the rule.

N.C. Gen. Stat. § 20-279.21(m) was enacted as part of H.B. 738, and requires every insurer to give reasonable notice to any named insured, when the policy is issued and renewed, that the named insured may purchase uninsured motorist bodily injury coverage and, if applicable, underinsured motorist coverage with limits up to one million dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per accident. An insurer shall be deemed to have given reasonable notice if it includes the following or substantially similar language on the policy's original and renewal declarations pages or in a separate notice accompanying the original and renewal declarations pages in at least 10 point type:

"NOTICE: YOU MAY PURCHASE UNINSURED MOTORIST BODILY INJURY COVERAGE AND, IF APPLICABLE, UNDERINSURED MOTORIST COVERAGE WITH LIMITS UP TO ONE MILLION DOLLARS (\$1,000,000) PER PERSON AND ONE MILLION DOLLARS (\$1,000,000) PER ACCIDENT. THIS INSURANCE PROTECTS YOU AND YOUR FAMILY AGAINST INJURIES CAUSED BY THE NEGLIGENCE OF OTHER DRIVERS WHO MAY HAVE LIMITED OR ONLY MINIMUM

COVERAGE OR EVEN NO LIABILITY INSURANCE. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING THIS ADDITIONAL COVERAGE. YOU SHOULD ALSO READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED UNDER UNINSURED AND UNDERINSURED MOTORIST COVERAGES."

Attached is a Notice to Purchase Higher Limits of UM/UIM Coverage (NC 03 40 01 09) that has been approved by the Commissioner, and which is believed to satisfy the requirements of N.C. Gen. Stat. § 20-279.21(m) if delivered to a named insured in accordance with the requirements of the statute. It is not required that insurers use this form or the precise language contained within it, and the statute specifically allows the required notice to be provided on the policy declarations page rather than by separate notice. Consult with your counsel regarding compliance with Gen. Stat. § 20-279.21(m).

These changes become effective in accordance with the following Rule of Application:

These changes become effective with respect to all new and renewal policies effective on or after January 1, 2009.

Please see to it that these changes are brought to the attention to all interested personnel in your Company.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

A-08-5

Attachments

**14. MISCELLANEOUS COVERAGES**

**A. Uninsured Motorists Coverage ONLY**

**1. Owners – (Class Code – Refer to Statistical Plan)**

Bodily Injury and Property Damage Uninsured Motorists Coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

**Exceptions**

This coverage shall not apply when a named insured has either:

- ~~Elected to purchase a policy with Bodily Injury Liability Coverage limits greater than \$30,000/\$60,000 Combined Uninsured/Underinsured Motorists Coverage; or~~
- ~~Specifically rejected in writing both Uninsured Motorists and Combined Uninsured/Underinsured Motorists Coverages.~~

Uninsured Motorist Coverage Only is available only if the insured has purchased Bodily Injury Liability limits of \$30,000/60,000. The limits of Uninsured Motorist Bodily Injury Coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of Uninsured Motorist Bodily Injury Coverage. The limit of Uninsured Motorist Property Damage Coverage shall equal the highest limit of liability for Property Damage Liability Coverage for any one vehicle insured under the policy.

The insurer shall notify the named insured of his right to purchase Uninsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page. The language of such Notice shall be in at least 10 point type regardless of the manner provided.

**a. Basic Limits**

~~Basic Limits of Uninsured Motorists Coverage are \$30,000/60,000 Bodily Injury and \$25,000 Property Damage. Property Damage Uninsured Motorists Coverage is subject to an exclusion of the first \$100 of damage.~~

<del>Rate—</del> Single Vehicle* Policy	<del>\$17</del>
Multi-Vehicle* Policy	\$40

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

**b. Increased Limits a. Rates**

~~Increased limits of Uninsured Motorists Coverage may be afforded. Property Damage limits may not exceed the Property Damage Liability limit afforded by the policy.~~

~~The per policy rates for Uninsured Motorists Coverage is/are available at the following limits with rates per policy shown as follows:~~

**B.I. UM Coverage**

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 30/60	\$ 15	\$ 35
50/100	16	38
100/200	18	42
100/300	19	45
300/300	22	52
250/500	24	57
500/500	25	59
500/1,000	27	64
1,000/1,000	28	66

**P.D. UM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

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.

**eb.** Additional Persons

Bodily Injury Uninsured Motorists Coverage Only may be extended to an executive officer, partner or employee of the named insured provided such additional person does not own an auto.

The charge for each additional person shall be the single car policy rate shown above.

**2. Non-Owners – (Class Code 990000)**

a. A Named Non-Owner Liability Policy may be extended to provide Uninsured Motorists Coverage. The annual charge per policy shall be the single car policy rate shown above for the limits of coverage selected.

b. Bodily Injury Uninsured Motorists Coverage Only may be afforded to any person who does not own an auto and who is not otherwise afforded Uninsured Motorists Coverage.

Such coverage shall be written for a period of one year or three years. The charge for each person covered shall be the minimum limits single car policy rate multiplied by the following factor:

<b>Policy Term</b>	<b>Factor</b>
One Year	3.50
Three Years	5.50

**B.4. Combined Uninsured/Underinsured Motorists Coverage**

**1. Owners – (Class Code – Refer to Statistical Plan)**

Combined Uninsured/Underinsured Motorists Coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

**Exceptions**

This coverage shall not apply when a named insured has:

- ~~● Purchased a policy with Bodily Injury Liability Coverage limits not greater than \$30,000/\$60,000; or~~
- ~~● Specifically rejected this coverage in writing and elected to purchase Uninsured Motorists Coverage ONLY; or~~
- ~~● Specifically rejected in writing both Uninsured Motorists and Combined Uninsured/Underinsured Motorists Coverages.~~

The limits of Uninsured/Underinsured Motorist Bodily Injury Coverage shall equal the highest limits of liability for Bodily Injury Liability Coverage for any one vehicle insured under the policy unless the insured purchases a higher limit of Uninsured/Underinsured Motorist Bodily Injury Coverage. The limit of Uninsured/Underinsured Motorist Property Damage Coverage, which is available only on an Uninsured Motorists basis, shall equal the highest limit of liability for Property Damage Liability Coverage for any one vehicle insured under the policy.

The insurer shall notify the named insured of his right to purchase Combined Uninsured/Underinsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page. The language of such Notice shall be in at least 10 point type regardless of the manner provided.

**a. Limits**

~~Combined Uninsured/Underinsured Motorists Coverage limits are available only at Bodily Injury limits higher than \$30,000/60,000 and with Property Damage limits at \$25,000 or with a limit not to exceed the Property Damage Liability limit afforded by the policy. The Property Damage coverage applies only on an Uninsured Motorists basis and is subject to an exclusion of the first \$100 of damage.~~

~~Refer to Uninsured Motorists Coverage ONLY for \$30/60/25 limits.~~

**b2. Rates**

~~The per policy rates for Combined Uninsured/Underinsured Motorists Coverage is available at the following limits with rates per policy shown are as follows:~~

**B.I. UM/UIM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 50/100	\$ 21	\$ 50
100/200	36	84
100/300	44	104
300/300	60	142
250/500	71	168
500/500	97	229
500/1,000	109	258
1,000/1,000	123	290

**P.D. UM/UIM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

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

~~Attach the applicable endorsement.~~

**B.2. Alternative Economic Loss Coverage**

~~An insurer may, at its option, make available Alternative Economic Loss Coverage to cover economic loss only. Coverage is **not** provided for non-economic loss.~~

~~Economic loss consists of medical care, compensation for lost earnings and replacement services, and payment of a death benefit when bodily injury results from an automobile accident caused by an uninsured or underinsured motorist.~~

~~If made available by the insurer, Alternative Economic Loss Coverage may only be made available on policies where both Uninsured Motorists and Combined Uninsured/Underinsured Motorists Coverage have been rejected in writing.~~

~~Alternative Economic Loss Coverage may be made available at the following limits with rates per policy shown:~~

<b>B.I. Limits</b>		
	<b>Single-Car Policy</b>	<b>Multi-Car Policy</b>
\$ 30/60	\$ 5	\$ 12
50/100	9	21
100/200	15	36
100/300	18	43
300/300	25	59
250/500	31	74
500/500	39	92
500/1,000	46	108
1,000/1,000	50	118

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

~~Attach the applicable endorsement.~~

**14. MISCELLANEOUS COVERAGES**

**A. Uninsured Motorists Coverage ONLY**

**1. Owners – (Class Code – Refer to Statistical Plan)**

Bodily Injury and Property Damage Uninsured Motorists Coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

**Exceptions**

This coverage shall not apply when a named insured has purchased a policy with Bodily Injury Liability Coverage limits greater than \$30,000/\$60,000.

Uninsured Motorist Coverage Only is available only if the insured has purchased Bodily Injury Liability limits of \$30,000/60,000. The limits of Uninsured Motorist Bodily Injury Coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of Uninsured Motorist Bodily Injury Coverage. The limit of Uninsured Motorist Property Damage Coverage shall equal the highest limit of liability for Property Damage Liability Coverage for any one vehicle insured under the policy.

The insurer shall notify the named insured of his right to purchase Uninsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page. The language of such Notice shall be in at least 10 point type regardless of the manner provided.

**a. Rates**

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

**B.I. UM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 30/60	\$ 15	\$ 35
50/100	16	38
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	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

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.

**b. Additional Persons**

Bodily Injury Uninsured Motorists Coverage Only may be extended to an executive officer, partner or employee of the named insured provided such additional person does not own an auto.

The charge for each additional person shall be the single car policy rate shown above.

**2. Non-Owners – (Class Code 990000)**

**a.** A Named Non-Owner Liability Policy may be extended to provide Uninsured Motorists Coverage. The annual charge per policy shall be the single car policy rate shown above for the limits of coverage selected.

**b.** Bodily Injury Uninsured Motorists Coverage Only may be afforded to any person who does not own an auto and who is not otherwise afforded Uninsured Motorists Coverage.

Such coverage shall be written for a period of one year or three years. The charge for each person covered shall be the minimum limits single car policy rate multiplied by the following factor:

<b>Policy Term</b>	<b>Factor</b>
One Year	3.50
Three Years	5.50

**B. Combined Uninsured/Underinsured Motorists Coverage**

**1. Owners – (Class Code – Refer to Statistical Plan)**

Combined Uninsured/Underinsured Motorists Coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

**Exceptions**

This coverage shall not apply when a named insured has purchased a policy with Bodily Injury Liability Coverage limits not greater than \$30,000/\$60,000.

The limits of Uninsured/Underinsured Motorist Bodily Injury Coverage shall equal the highest limits of liability for Bodily Injury Liability Coverage for any one vehicle insured under the policy unless the insured purchases a higher limit of Uninsured/Underinsured Motorist Bodily Injury Coverage. The limit of Uninsured/Underinsured Motorist Property Damage Coverage, which is available only on an Uninsured Motorists basis, shall equal the highest limit of liability for Property Damage Liability Coverage for any one vehicle insured under the policy.

The insurer shall notify the named insured of his right to purchase Combined Uninsured/Underinsured Motorist Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident when a policy is issued and when it is renewed. The insurer shall be deemed to have given reasonable notice if it includes Form NC 03 40 01 09-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal declarations page or if it includes the same language as the language in said form, or substantially similar language, on the policy's original and renewal declarations page in at least 10 point type.

**2. Rates**

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

**B.I. UM/UIM Coverage**

	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
\$ 50/100	\$ 21	\$ 50
100/200	36	84
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1,000/1,000            123            290

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	<b>Single Vehicle* Policy</b>	<b>Multi-Vehicle* Policy</b>
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50,000	3	7
100,000	4	9
250,000	6	14
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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 total rates are not subject to modification under the provisions of any rating plan or other manual rule.

NOTICE OF RIGHT TO PURCHASE HIGHER LIMITS OF UM/UIM

NOTICE: YOU MAY PURCHASE UNINSURED MOTORIST BODILY INJURY COVERAGE AND, IF APPLICABLE, UNDERINSURED MOTORIST COVERAGE WITH LIMITS UP TO ONE MILLION DOLLARS (\$1,000,000) PER PERSON AND ONE MILLION (\$1,000,000) PER ACCIDENT. THIS INSURANCE PROTECTS YOU AND YOUR FAMILY AGAINST INJURIES CAUSED BY THE NEGLIGENCE OF OTHER DRIVERS WHO MAY HAVE LIMITED OR ONLY MINIMUM COVERAGE OR EVEN NO LIABILITY INSURANCE. YOU SHOULD CONTACT YOUR INSURANCE AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING THIS ADDITIONAL COVERAGE. YOU SHOULD ALSO READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED UNDER UNINSURED AND UNDERINSURED MOTORIST COVERAGES.