



September 29, 2008

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Automobile and Motorcycle
Insurance Rates - North Carolina

On February 1, 2008, the Rate Bureau filed with the Commissioner of Insurance rate level changes for non-fleet private passenger automobiles and motorcycles. The Rate Bureau's filing set forth average rate level changes (1) for non-fleet private passenger automobiles of 15.8% for liability coverages and 8.4% for physical damage coverages, averaging 13.0%; and (2) for motorcycles of 0.7% for liability coverages. In addition to revised private passenger automobile and motorcycle insurance rates, the Rate Bureau's filing included revised bodily injury and property damage increased limits factors for non-fleet private passenger automobile insurance.

On June 30, 2008, the Department of Insurance convened a public hearing on the Rate Bureau's filing. Following conclusion of the public hearing on July 29, 2008, the Commissioner of Insurance on September 11, 2008 entered an Order disapproving the Rate Bureau's filed rates and disapproving the filed changes in the increased limits factors and ordering overall rate level changes of -16.1% for non-fleet private passenger automobiles and -11.2% for motorcycles and ordering certain changes to the increased limits factors.

The Governing Committee met and considered this matter on September 18, 2008. As a result of actions taken by the Governing Committee at that meeting, the Rate Bureau will (1) appeal to the North Carolina Court of Appeals a portion of those provisions included in the Commissioner's Order dealing with the disapproval of non-fleet private passenger automobile and motorcycle insurance rates filed by the Rate Bureau; (2) proceed with implementation of rate level changes that result in an overall rate level change of +9.4% for non-fleet private passenger automobiles; (3) implement a rate level change of 0.0% for motorcycle liability coverage; and (4) implement the filed bodily injury and property damage increased limits factors for non-fleet private passenger automobile insurance.

The revised rates implemented over the disapproval of the Commissioner are to be implemented in accordance with the following Rule of Application:

These changes are applicable to all new and renewal policies effective on or after January 1, 2009. No policy effective prior to January 1, 2009 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 January 1, 2009.

The enclosed exhibits set forth the new base rates for liability and physical damage insurance coverages for non-fleet private passenger automobiles and liability insurance for motorcycles which the Governing Committee voted to implement over the Commissioner's disapproval. The exhibits also set forth the revised bodily injury and property damage increased limits factors for non-fleet private passenger automobile insurance.

The Rate Bureau is advised by the North Carolina Reinsurance Facility as follows with respect to private passenger automobile insurance ceded to the Facility: Based on a filing submitted to the Commissioner of Insurance on September 26, 2008, (1) the changes in the increased limits factors described above also apply to private passenger automobile insurance ceded to the Facility; (2) concurrent with the changes in these factors, the base rates for "other than clean risk" business ceded to the Facility are revised to be consistent with the revised factors; (3) the base rates for "clean risks" ceded to the Facility are revised to be equal to the base rates implemented by the Rate Bureau for "clean risks" not reinsured in the Facility as described above; and (4) the rates for uninsured and combined uninsured/underinsured motorists coverages ceded to the Facility are revised to be equal to the uninsured and combined uninsured/underinsured motorists coverages rates implemented by the Rate Bureau as described above. These revised increased limits factors, new base rates for "other than clean risk" business ceded to the Facility, new base rates for "clean risks" ceded to the Facility and new rates for uninsured and combined uninsured/underinsured motorists coverages ceded to the Facility are set forth in the enclosed exhibits. The Facility filing provides that all of these changes are to be effective January 1, 2009 in accordance with the same Rule of Application set forth above.

Reprinted Personal Auto Manual pages will be distributed, in the usual fashion, as soon as possible. In the meantime, notice of the revised rates and rules should be sent as soon as possible to your Company's North Carolina agents to make them aware of the new rates and rules.

Following are the non-fleet private passenger automobile insurance and motorcycle statewide average rate changes from the manual rate levels currently in effect (1) as ordered by the Commissioner of Insurance; and (2) as adopted by the Governing Committee which are to be implemented by member companies:

<u>Coverages</u>	<u>Non-Fleet Private Passenger Automobile Insurance Rate Changes Ordered By the Commissioner</u>	<u>Non-Fleet Private Passenger Automobile Insurance Rate Changes Implemented By the Governing Committee</u>
Bodily Injury	-19.1%	11.0%
Property Damage	-12.7	11.8
Medical Payments	-20.7	5.7
Uninsured Motorists	-19.9	-8.0
Underinsured Motorists	43.8	100.6
 Total Liability	 -14.5	 12.8%
 Comprehensive Collision	 -30.3 -12.9	 -4.1 7.9
 Total Physical Damage	 -18.7	 4.0
 Grand Totals	 -16.1%	 9.4%
 Motorcycles: Liability	 -11.2%	 0.0%

The implementation of such rates is authorized by G. S. 58-36-25(b), which provides as follows:

Whenever a Bureau rate is held to be unfairly discriminatory or excessive and no longer effective by order of the Commissioner issued under G.S. 58-36-20, the members of the Bureau, in accordance with rules and regulations established and adopted by the governing committee, shall have the option to continue to use such rate for the interim period pending judicial review of such order, provided each such member shall place in escrow account the purportedly unfairly discriminatory or excessive portion of the premium collected during such interim period. Upon a final determination by the Court, or upon a consent agreement or consent order between the Bureau and the Commissioner, the Commissioner shall order the escrowed funds to be distributed appropriately. If refunds are to be made to policyholders, the Commissioner shall order that the members of the Bureau refund the difference between the total premium per policy using the rate levels finally determined and the total premium per policy collected during the interim period pending judicial review, except that refund amounts that are five dollars (\$5.00) or less per policy shall not be required. The Court may also require that purportedly excess premiums resulting from an adjustment of premiums ordered pursuant to G.S. 58-36-20(b) be placed in such escrow account pending judicial review. If refunds made to policyholders are ordered under this subsection, the amounts refunded shall bear interest at the rate determined under this subsection. That rate, to be computed by the Bureau, shall be the average of the prime rates on the effective date of the filing and each anniversary of that

date occurring prior to the date of the Commissioner's order requiring refunds, with the prime rate on each of the dates being the average of the prime rates of the four largest banking institutions domiciled in this State as of that date, plus three percent (3%).

As a result of the implementation of revised non-fleet private passenger automobile and motorcycle insurance rates over the disapproval of the Commissioner, in accordance with G. S. 58-36-25(b) quoted above, each individual company writing affected automobile or motorcycle insurance will be responsible for the establishment of and accounting for an escrow account in which to maintain "the purportedly unfairly discriminatory or excessive portion of the premium collected . . ." (i. e. the difference between the -16.1% average reduction which has been ordered by the Commissioner and the +9.4% average increase for non-fleet private passenger automobile adopted by the Governing Committee and the difference between the -11.2% average reduction which has been ordered by the Commissioner for motorcycle liability insurance and the 0.0% average change adopted by the Governing Committee) pending judicial review. A copy of the Rate Bureau's Rules and Regulations on Implementation and Escrow Procedures is enclosed. Companies should consult legal counsel with respect to the mechanics of the escrow account.

Companies must maintain records necessary for each company to determine by policy the difference, if any, between the rates collected by each company and the rates ultimately determined to be the approved rates. The methods by which each company accomplishes this directive are left to each company.

For those companies that can and desire to double rate policies for escrow purposes, enclosed herein are the Commissioner's ordered rates by territory and ordered increased limits factors. If a company needs additional information to maintain its records, please advise us and we will attempt to assist you with that information.

As to "clean risk" business ceded to the North Carolina Reinsurance Facility, the Bureau is advised that the Facility will establish and maintain the necessary escrow account, but that it will be necessary for ceding carriers to make arrangements to identify in their record systems the business ceded to the Facility in such a way as to be prepared to refund "the purportedly unfairly discriminatory or excessive portion of the premium collected" so that appropriate refunds can be made if it should become necessary to do so after the case is concluded.

Also be advised that G. S. 58-36-45 provides as follows:

"Whenever an insurer changes the coverage other than at the request of the insured or changes the premium rate, it shall give the insured written notice of such coverage change or premium rate change at least 15 days in advance of the effective date of such change or changes with a copy of such notice to the agent. This section shall apply to all policies and coverages subject to the provisions of this Article. . ."

In the past, some insurers have given notice of premium rate changes by providing to an insured and agent, at least 15 days in advance of the effective date, a renewal policy, renewal certificate, billing or endorsement showing revised rates, together with a written notice substantially as follows:

NOTICE OF RATE CHANGE - NORTH CAROLINA

The premium for this policy reflects changes in rates applicable to North Carolina placed into effect under the provisions of Article 36, Chapter 58 of the North Carolina General Statutes.

The form of this notice has varied at the option of the insurer (printed notice, stamp, stick-on label, etc.). Please be reminded that the Rate Bureau recently announced several revisions to the Personal Auto Manual regarding the implementation of mandatory Uninsured and Underinsured Motorist Coverage as a result of House Bill 738 and that those changes become effective with respect to all new and renewal policies effective on or after January 1, 2009. Please note the potential applicability of G.S. 58-36-45 quoted above to any changes in coverage as a result of House Bill 738. (See also Circular Letters A-08-5, A-08-6 and A-08-7 issued by the Rate Bureau earlier this month.) Companies should consult legal counsel with respect to the appropriateness of their own procedures under this statute.

It is important that each company establish procedures that will insure continued compliance with the above cited escrow and fifteen-day advance notice requirements.

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

The following is a list of attachments:

- A-1 Summary of Implemented Rate Levels
- A-2 Voluntary Liability Manual Rate Page
- A-3 Ceded Liability Manual Rate Page
- A-4 Revised Voluntary Liability Base Rates
- A-5 Revised Physical Damage Base Rates
- A-6 to A-7 Model Year and Symbol Relativities
- A-8 Revised Uninsured Motorist Rates
- A-9 Revised Combined Uninsured/Underinsured Motorist Rates
- A-10 Revised Increased Limits Factors
- A-11 Revised Motorcycle Liability Relativities
- A-12 to A-17 Commissioner of Insurance Ordered Rates
- A-18 Rate Bureau Rules and Regulations - Implementation and Escrow Procedures

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms
Attachments
A-08-8

NORTH CAROLINA
SUMMARY OF IMPLEMENTED RATE LEVEL CHANGES

	EARNED PREMIUMS AT PRESENT <u>MANUAL RATES</u>	IMPLEMENTED RATE LEVEL <u>CHANGE</u>
Liability:		
Bodily Injury (A)	\$1,251,274	11.0%
Property Damage (A)	\$958,581	11.8%
Medical Payments	\$149,913	5.7%
Uninsured Motorists	\$124,419	-8.0% (B)
Underinsured Motorists	\$79,435	100.6% (B)
 Liability Total	 \$2,563,622	 12.8%
 Physical Damage:		
Comprehensive	\$527,588	-4.1%
Collision	\$1,098,259	7.9%
 Physical Damage Total	 \$1,625,847	 4.0%
 GRAND TOTAL	 \$4,189,469	 9.4%
 Motorcycle Liability	 \$24,908	 0.0% (C)

(A) INDICATIONS ARE COMBINED FOR BASIC AND HIGHER LIMITS. FOR BODILY INJURY THE BASIC LIMITS CHANGE IS +4.3% AND THE HIGHER LIMITS CHANGE IS +6.4%. FOR PROPERTY DAMAGE, THE BASIC LIMITS CHANGE IS +12.2% AND THE HIGHER LIMITS CHANGE IS -0.4%.

(B) THREE YEAR AVERAGE WEIGHTED ON EARNED CAR YEARS.

(C) THREE YEAR AVERAGE WEIGHTED ON EARNED PREMIUM AT PRESENT MANUAL RATES.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

REVISED BASE RATES - VOLUNTARY LIABILITY

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	300/300	\$25,000	\$50,000	\$100,000	\$500	\$750	\$1000	\$2000	\$5000
11	\$138	\$167	\$204	\$240	\$182	\$183	\$185	\$17	\$23	\$27	\$40	\$57
13	203	246	300	353	215	216	219	24	32	38	56	81
14	193	234	286	336	205	206	209	23	31	37	54	78
15	211	255	312	367	200	201	204	25	33	40	59	85
16	187	226	277	325	212	213	216	22	29	35	51	74
17	218	264	323	379	221	222	225	26	35	42	61	88
18	176	213	260	306	188	189	191	21	28	34	49	71
24	158	191	234	275	163	164	166	19	25	30	44	64
25	216	261	320	376	203	204	207	26	35	42	61	88
26	249	301	369	433	179	180	182	30	40	48	70	101
31	197	238	292	343	190	191	193	24	32	38	56	81
32	162	196	240	282	176	177	179	19	25	30	44	64
33	197	238	292	343	163	164	166	24	32	38	56	81
40	256	310	379	445	226	227	230	31	41	50	73	105
41	198	240	293	345	208	209	212	24	32	38	56	81
43	191	231	283	332	171	172	174	23	31	37	54	78
47	204	247	302	355	167	168	170	25	33	40	59	85
51	156	189	231	271	199	200	203	19	25	30	44	64
52	220	266	326	383	226	227	230	26	35	42	61	88

Note: These base rates apply to "clean risks" ceded to the NC Reinsurance Facility.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

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

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
11	\$185	\$224	\$274	\$331	\$218	\$219	\$222	\$19	\$25	\$30	\$44	\$64
13	271	328	401	485	252	254	257	28	37	45	66	95
14	258	312	382	462	241	242	245	27	36	43	63	91
15	293	355	434	524	237	238	241	31	41	50	73	105
16	262	317	388	469	256	258	261	28	37	45	66	95
17	296	358	438	530	270	272	275	31	41	50	73	105
18	249	301	369	446	230	231	234	26	35	42	61	88
24	216	261	320	387	193	194	196	23	31	37	54	78
25	316	382	468	566	255	257	260	33	44	53	77	112
26	350	424	518	627	215	216	219	37	49	59	87	125
31	264	319	391	473	227	228	231	28	37	45	66	95
32	221	267	327	396	208	209	212	23	31	37	54	78
33	262	317	388	469	195	196	199	28	37	45	66	95
40	347	420	514	621	268	270	273	36	48	58	84	122
41	258	312	382	462	255	257	260	27	36	43	63	91
43	252	305	373	451	206	207	210	26	35	42	61	88
47	287	347	425	514	200	201	204	30	40	48	70	101
51	211	255	312	378	241	242	245	22	29	35	51	74
52	305	369	451	546	272	274	277	32	43	51	75	108

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

IMPLEMENTED BASE RATES - VOLUNTARY LIABILITY

<u>Terr Code</u>	<u>\$30,000/60,000 Bodily Injury</u>	<u>\$25,000 Property Damage</u>	<u>\$500 Medical Payments</u>
11	\$138	\$182	\$17
13	203	215	24
14	193	205	23
15	211	200	25
16	187	212	22
17	218	221	26
18	176	188	21
24	158	163	19
25	216	203	26
26	249	179	30
31	197	190	24
32	162	176	19
33	197	163	24
40	256	226	31
41	198	208	24
43	191	171	23
47	204	167	25
51	156	199	19
52	220	226	26

Note: These base rates apply to "clean risks" ceded to the NC Reinsurance Facility.

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
IMPLEMENTED PHYSICAL DAMAGE BASE RATES (A)

<u>Terr Code</u>	<u>FULL COVERAGE COMPREHENSIVE</u>	<u>\$100 DEDUCTIBLE COLLISION</u>
11	\$40	\$235
13	52	249
14	44	239
15	44	235
16	43	231
17	46	244
18	44	229
24	57	236
25	47	248
26	69	256
31	53	232
32	49	226
33	79	243
40	54	295
41	57	290
43	52	235
47	50	232
51	43	229
52	52	261

(A) MODEL YEAR 2009, SYMBOL 2

NORTH CAROLINA
 SYMBOL RELATIVITIES - PHYSICAL DAMAGE COVERAGES
 COMPREHENSIVE

Model Year

Symbol	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000-1990
1	0.76	0.72	0.68	0.65	0.61	0.58	0.54	0.50	0.46	0.42	0.39
2	1.05	1.00	0.95	0.90	0.85	0.80	0.75	0.69	0.64	0.59	0.54
3	1.19	1.13	1.07	1.02	0.96	0.90	0.85	0.78	0.72	0.67	0.61
4	1.31	1.25	1.19	1.13	1.06	1.00	0.94	0.86	0.80	0.74	0.68
5	1.48	1.41	1.34	1.27	1.20	1.13	1.06	0.97	0.90	0.83	0.76
6	1.67	1.59	1.51	1.43	1.35	1.27	1.19	1.10	1.02	0.94	0.86
7	1.83	1.74	1.65	1.57	1.48	1.39	1.31	1.20	1.11	1.03	0.94
8	1.98	1.89	1.80	1.70	1.61	1.51	1.42	1.30	1.21	1.12	1.02
10	2.14	2.04	1.94	1.84	1.73	1.63	1.53	1.41	1.31	1.20	1.10
11	2.32	2.21	2.10	1.99	1.88	1.77	1.66	1.52	1.41	1.30	1.19
12	2.53	2.41	2.29	2.17	2.05	1.93	1.81	1.66	1.54	1.42	1.30
13	2.72	2.59	2.46	2.33	2.20	2.07	1.94	1.79	1.66	1.53	1.40
14	2.94	2.80	2.66	2.52	2.38	2.24	2.10	1.93	1.79	1.65	1.51
15	3.23	3.08	2.93	2.77	2.62	2.46	2.31	2.13	1.97	1.82	1.66
16	3.56	3.39	3.22	3.05	2.88	2.71	2.54	2.34	2.17	2.00	1.83
17	3.93	3.74	3.55	3.37	3.18	2.99	2.81	2.58	2.39	2.21	2.02
18	4.29	4.09	3.89	3.68	3.48	3.27	3.07	2.82	2.62	2.41	2.21
19	4.68	4.46	4.24	4.01	3.79	3.57	3.35	3.08	2.85	2.63	2.41
20	5.19	4.94	4.69	4.45	4.20	3.95	3.71	3.41	3.16	2.91	2.67
21	5.76	5.49	5.22	4.94	4.67	4.39	4.12	3.79	3.51	3.24	2.96
22	6.50	6.19	5.88	5.57	5.26	4.95	4.64	4.27	3.96	3.65	3.34
23	7.28	6.93	6.58	6.24	5.89	5.54	5.20	4.78	4.44	4.09	3.74
24	8.43	8.03	7.63	7.23	6.83	6.42	6.02	5.54	5.14	4.74	4.34
25	10.37	9.88	9.39	8.89	8.40	7.90	7.41	6.82	6.32	5.83	5.34
26	12.74	12.13	11.52	10.92	10.31	9.70	9.10	8.37	7.76	7.16	6.55

Symbol	1989 & Prior
1	0.15
	0.17
	0.24
4	0.29
5	0.34
6	0.44
7	0.54
8	0.64
10	0.81
11	0.98
12	1.15
13	1.35
14	1.59
15	1.92
16	2.33
17	2.80
18	3.34
19	3.99
20	4.73
21	6.55

NORTH CAROLINA
 SYMBOL RELATIVITIES - PHYSICAL DAMAGE COVERAGES
 COLLISION

Model Year

S:	1	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000-1990
1		0.92	0.88	0.84	0.79	0.75	0.70	0.63	0.58	0.53	0.48	0.43
2		1.05	1.00	0.95	0.90	0.85	0.79	0.72	0.66	0.60	0.54	0.49
3		1.22	1.16	1.10	1.04	0.99	0.92	0.84	0.77	0.70	0.63	0.57
4		1.32	1.26	1.20	1.13	1.07	1.00	0.91	0.83	0.76	0.68	0.62
5		1.41	1.34	1.27	1.21	1.14	1.06	0.96	0.88	0.80	0.72	0.66
6		1.48	1.41	1.34	1.27	1.20	1.11	1.02	0.93	0.85	0.76	0.69
7		1.54	1.47	1.40	1.32	1.25	1.16	1.06	0.97	0.88	0.79	0.72
8		1.61	1.53	1.45	1.38	1.30	1.21	1.10	1.01	0.92	0.83	0.75
10		1.71	1.63	1.55	1.47	1.39	1.29	1.17	1.08	0.98	0.88	0.80
11		1.80	1.71	1.62	1.54	1.45	1.35	1.23	1.13	1.03	0.92	0.84
12		1.85	1.76	1.67	1.58	1.50	1.39	1.27	1.16	1.06	0.95	0.86
13		1.92	1.83	1.74	1.65	1.56	1.45	1.32	1.21	1.10	0.99	0.90
14		2.05	1.95	1.85	1.76	1.66	1.54	1.40	1.29	1.17	1.05	0.96
15		2.15	2.05	1.95	1.85	1.74	1.62	1.48	1.35	1.23	1.11	1.00
16		2.24	2.13	2.02	1.92	1.81	1.68	1.53	1.41	1.28	1.15	1.04
17		2.32	2.21	2.10	1.99	1.88	1.75	1.59	1.46	1.33	1.19	1.08
18		2.45	2.33	2.21	2.10	1.98	1.84	1.68	1.54	1.40	1.26	1.14
19		2.55	2.43	2.31	2.19	2.07	1.92	1.75	1.60	1.46	1.31	1.19
20		2.64	2.51	2.38	2.26	2.13	1.98	1.81	1.66	1.51	1.36	1.23
21		2.74	2.61	2.48	2.35	2.22	2.06	1.88	1.72	1.57	1.41	1.28
22		2.89	2.75	2.61	2.48	2.34	2.17	1.98	1.82	1.65	1.49	1.35
23		3.00	2.86	2.72	2.57	2.43	2.26	2.06	1.89	1.72	1.54	1.40
24		3.14	2.99	2.84	2.69	2.54	2.36	2.15	1.97	1.79	1.61	1.47
25		3.39	3.23	3.07	2.91	2.75	2.55	2.33	2.13	1.94	1.74	1.58
26		3.68	3.50	3.33	3.15	2.98	2.77	2.52	2.31	2.10	1.89	1.72

Symbol 1989 & Prior

-	0.21
	0.25
3	0.31
4	0.35
5	0.41
6	0.45
7	0.49
8	0.59
10	0.68
11	0.74
12	0.82
13	0.88
14	0.98
15	1.06
16	1.17
17	1.24
18	1.35
19	1.43
20	1.51
21	1.72

Matter ~~struck through~~ is deleted; Matter underlined is new.

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

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 30/60	\$ 45 <u>13</u>	\$ 35 <u>31</u>
50/100	46 <u>14</u>	38 <u>33</u>
100/200	48 <u>16</u>	42 <u>38</u>
100/300	49 <u>18</u>	45 <u>42</u>
300/300	22 <u>21</u>	52 <u>50</u>
250/500	24 <u>23</u>	57 <u>54</u>
500/500	25 <u>24</u>	59 <u>57</u>
500/1,000	27 <u>26</u>	64 <u>61</u>
1,000/1,000	28 <u>28</u>	66 <u>66</u>

P.D. UM Coverage

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

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.

Eff. January 1, 2009

Matter struck through is deleted; Matter underlined is new.

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

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50/100	\$ <u>24 24</u>	\$ <u>50 57</u>
100/200	<u>36 52</u>	<u>84 123</u>
100/300	<u>44 68</u>	<u>104 160</u>
300/300	<u>60 98</u>	<u>142 232</u>
250/500	<u>74 118</u>	<u>168 278</u>
500/500	<u>97 169</u>	<u>229 399</u>
500/1,000	<u>109 191</u>	<u>258 450</u>
1,000/1,000	<u>123 219</u>	<u>290 517</u>

P.D. UM/UIM Coverage

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

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.

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

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
50/100	[1.15] <u>1.21</u>
100/100	[1.27] <u>1.37</u>
100/200	[1.33] <u>1.46</u>
100/300	[1.35] <u>1.48</u>
300/300	[1.54] <u>1.74</u>
250/500	[1.57] <u>1.79</u>
500/1,000	[1.73] <u>2.01</u>
1,000/1,000	[1.83] <u>2.14</u>
1,000/2,000	[1.88] <u>2.21</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>1.003</u>
50,000	[1.010] <u>1.006</u>
100,000	[1.030] <u>1.018</u>
250,000	[1.059] <u>1.035</u>
500,000	[1.113] <u>1.068</u>
750,000	[1.153] <u>1.092</u>
1,000,000	[1.202] <u>1.121</u>

(Remainder of rule is unchanged.)

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.

LIABILITY COVERAGES ONLY

1. Such vehicles with engine size of 499 cubic centimeters or less shall be rated at [~~17%~~] 15% of the applicable private passenger rate.
2. Such vehicles with engine size of 500 to 1249 cubic centimeters shall be rated at [~~27%~~] 24% of the applicable private passenger rate.
3. Such vehicles with engine size of 1250 to 1499 cubic centimeters shall be rated at [~~37%~~] 33% of the applicable private passenger rate.
4. Such vehicles with engine size of 1500 or more cubic centimeters shall be rated at [~~49%~~] 44% of the applicable private passenger rate.

MEDICAL PAYMENTS COVERAGES ONLY

1. Such vehicles shall be rated at [~~38%~~] 36% of the private passenger Medical Payments rate.

North Carolina
Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008
Ordered Rate Level Changes

<u>Coverage</u>	Total Limits Earned Premium at Present <u>Manual Rates</u>	Ordered Total Limits Rate Level <u>Change</u>
Bodily Injury	\$961,740,368	-19.1%
Property Damage	711,501,641	-12.7%
Medical Payments	123,631,246	-20.7%
Uninsured Motorists	124,418,819	-19.9%
Underinsured Motorists	79,435,482	43.8%
Voluntary Liability Subtotal	2,000,727,556	-14.5%
Comprehensive	402,106,730	-30.3%
Collision	805,798,890	-12.9%
Standard Physical Damage Subtotal	1,207,905,620	-18.7%
Private Passenger Car Total	3,208,633,176	-16.1%
Motorcycle Liability	24,908,420	-11.2%

North Carolina
 Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008
 Ordered Territory Base Class Rates - Voluntary Liability and Standard Physical Damage

<u>Territory</u>	<u>Description</u>	<u>Model Year 2006, Symbol 2</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>	<u>Full Coverage</u> <u>Comprehensive</u>	<u>\$100 Deductible</u> <u>Collision</u>
11	Asheville	\$103	\$142	\$13	\$29	\$190
13	Durham	150	168	18	37	200
14	Greensboro	143	160	17	32	193
15	High Point	156	156	19	32	189
16	Raleigh	138	165	17	32	186
17	Wilmington	161	172	20	34	197
18	Winston-Salem	130	147	16	32	185
24	Remainder-West	118	128	14	41	191
25	Gaston County	159	158	19	34	200
26	Remainder-South	183	140	22	50	206
31	Small City-East	145	148	18	38	187
32	Small City-West	120	137	15	36	182
33	Remainder-East	145	128	18	57	196
40	Fayetteville	188	176	23	39	238
41	Onslow County	146	163	18	42	233
43	Craven County	141	134	17	38	190
47	Wayne County	150	131	18	37	186
51	Mecklenberg County-Remainder	116	155	14	31	185
52	Charlotte	162	176	20	38	210

North Carolina
 Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008
 Ordered Statewide Rates - Uninsured Motorists Only

<u>Bodily Injury Limit (000)</u>	<u>UMBI Single Car Policy Rate</u>	<u>UMBI Multi-Car Policy Rate</u>	<u>Property Damage Limit (000)</u>	<u>UMPD Single Car Policy Rate</u>	<u>UMPD Multi-Car Policy Rate</u>
30/60	\$11	\$26	25	\$2	\$5
50/100	12	28	50	3	7
100/200	14	33	100	4	9
100/300	15	35	250	6	14
300/300	19	45	500	8	19
250/500	21	50	750	10	24
500/500	22	52	1000	11	26
500/1000	24	57			
1000/1000	25	59			

North Carolina
 Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008
 Ordered Statewide Rates - Combined Uninsured and Underinsured Motorists

<u>Bodily Injury Limit (000)</u>	<u>UM/UMBI Single Car Policy Rate</u>	<u>UM/UMBI Multi-Car Policy Rate</u>	<u>Property Damage Limit (000)</u>	<u>UMPD Single Car Policy Rate</u>	<u>UMPD Multi-Car Policy Rate</u>
50/100	\$19	\$45	25	\$2	\$5
100/200	40	94	50	3	7
100/300	51	120	100	4	9
300/300	74	175	250	6	14
250/500	89	210	500	8	19
500/500	126	297	750	10	24
500/1000	142	335	1000	11	26
1000/1000	162	382			

North Carolina
 Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008
 Ordered Increased Limits Factors - Bodily Injury and Property Damage

<u>Bodily Injury</u>		<u>Property Damage</u>	
<u>Limit (000)</u>	<u>Increased Limits Factor</u>	<u>Limit (000)</u>	<u>Increased Limits Factor</u>
30/60	1.00	25	1.000
50/100	1.19	35	1.003
100/100	1.33	50	1.005
100/200	1.41	100	1.016
100/300	1.43	250	1.032
300/300	1.67	300	1.037
250/500	1.70	500	1.061
500/1000	1.90	750	1.082
1000/1000	2.02	1000	1.109
1000/2000	2.09		

North Carolina
Private Passenger Automobile Insurance - Cars and Motorcycles - February 1, 2008
Ordered Motorcycle Liability and Medical Payment Rates

<u>Liability Coverages</u>	<u>% of Applicable Private Passenger Rate</u>
499 cc or Less	18%
500 - 1249 cc	29%
1250 - 1499 cc	39%
1500 cc or More	52%

<u>Medical Payment Coverage</u>	<u>% of Private Passenger Medical Payment Rate</u>
All Engine Sizes	43%

Note:

Relativities are based on Commissioner's ordered rates.

RULES AND REGULATIONS

NORTH CAROLINA RATE BUREAU

Implementation and Escrow Procedures

Pursuant to G.S. 58-36-25(b) the following rules and regulations are hereby established and adopted by the Governing Committee of the North Carolina Rate Bureau and will apply in all cases in which a Bureau rate is held to be unfairly discriminatory or excessive and no longer effective by order of the Commissioner of Insurance under G.S. 58-36-20 or G.S. 58-36-70(d):

1. After receiving notice that a Bureau rate has been held by the Commissioner of Insurance pursuant to such statute to be excessive or unfairly discriminatory and no longer effective, the Governing Committee of the Bureau shall consider and determine whether all or any portion of such disapproved rate shall be used, charged and collected by its member companies pending judicial review of the Commissioner's order.

2. No portion of such disapproved rate shall be used, charged or collected by any member of the Bureau pending judicial review of such order unless the Governing Committee of the Bureau shall have determined by majority vote that such disapproved rate (or portion thereof) shall be used, charged and collected during such period.

3. If the Governing Committee of the Bureau shall determine that all or any portion of the disapproved rate shall be used, charged and collected pending judicial review, the Bureau shall notify its member companies of such determination.

4. Upon notice that the Governing Committee of the Bureau has determined that all or any portion of the disapproved rate shall be used, charged and collected pending judicial review, all members of the Bureau shall:

(a) Use, charge and collect such rate (or portion thereof as may have been determined by the Bureau) for the interim period pending judicial review of the Commissioner's order of disapproval on all policies of the type to which the disapproved rate applies, unless and until the Bureau directs that use of such disapproved rate be discontinued; and

(b) Pursuant to North Carolina General Statute 58-36-25, pending final judicial review, place into an escrow account the purportedly excessive or unfairly discriminatory portion of the premium collected on all policies of the type to which the disapproved rate applies; and

(c) Maintain such records as may be necessary to comply with a final determination by the Court, or a consent agreement or consent order between the Bureau and the Commissioner with respect to disposition of the amounts held in escrow.

5. Upon the entry of any order with respect to distribution of escrowed funds, the Bureau will notify its member companies of such order.