

NORTH CAROLINA RATE BUREAU

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November 23, 1994

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**EXTREMELY
IMPORTANT
NOTICE**

Re: Implementation of Revised Automobile and Motorcycle Insurance Rates

As a result of a rate filing submitted on February 1, 1994, the member companies of this Rate Bureau and the North Carolina Reinsurance Facility were advised by Circular Letter To All Member Companies A-94-17 dated October 26, 1994 to implement revised rates over the disapproval of the Commissioner of Insurance effective January 1, 1995.

A member company recently discovered and brought to the Rate Bureau's attention the fact that some of the company's statistical data which were used in the Rate Bureau's February 1, 1994 rate filing were miscoded. Although the exact effects of the miscoding are not yet known, it appears that the filed rate level indications included in the Rate Bureau's February 1994 filing may require correction on both a territory and statewide basis.

At this point, everything is being done to correct and rerun the appropriate data as quickly as possible to determine what adjustments might be necessary in the base rates which member companies were previously advised to implement effective January 1, 1995. The Rate Bureau is advised that appropriate adjustments to the base rates should be completed by December 15, 1994 and that it will be in a position to provide member companies with revised rates to be implemented effective January 1, 1995 in accordance with the standard Rule of Application. In the event the appropriate adjustments cannot be made and corrected rates calculated and distributed by such time, member companies will be advised to proceed with implementing the previously distributed rates.

The purpose of this circular letter is (1) to inform member companies of the problems with respect to the rates distributed with the October 26, 1994 circular letter; (2) to advise member companies that they should proceed with preparations to implement revised rates effective January 1, 1995; (3) to suggest that members should consider the likelihood that the rates to be implemented will be revised in preparing upcoming new and renewal policies; and (4) to advise that the Rate Bureau will issue another circular letter around December 15, 1994 advising member companies of the rates to be implemented effective January 1, 1995.

Please see to it that this circular letter is brought immediately to the

attention of all interested personnel in your company.

Very truly yours,

John W. Watkins

General Manager

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A-94-21