

NORTH CAROLINA RATE BUREAU

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February 9, 1994

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Medical Payments Rating Methodology

Included in a filing submitted by the Rate Bureau on February 1, 1994 proposing revised private passenger automobile insurance rates was a proposal for changes in the procedures and factors for determining increased limits medical payments coverage premiums which we understand will require extensive programming and system changes to implement.

Normally, when the Rate Bureau submits a filing proposing changes in coverage rating factors, the filing includes a proposal that the changes become effective six months after approval of the changes. However, with respect to the changes in medical payments coverage rating factors included in the Rate Bureau's February 1, 1994 filing, member companies may not have the normal six months lead time to program and implement the changes.

Although the Rate Bureau's February 1, 1994 rate filing included a proposal that the filed changes become effective June 1, 1994, it should be emphasized that it is possible that it might be necessary to change the June 1, 1994 effective date. Developments in connection with the Rate Bureau's February 1, 1994 filing which might affect the proposed June 1, 1994 effective date will be communicated by circular letter to our member companies immediately as they occur.

The purpose of this circular letter is to advise member companies that the revised medical payments rating factors have been filed and to afford companies an opportunity to begin taking appropriate steps to be prepared to implement the revised rating factors once you are advise to do so by the Rate Bureau.

Enclosed is a memorandum which sets forth the proposed revised medical payments coverages rating factors. Please bear in mind that the enclosed information is for your advanced planning and to enable you to begin taking appropriate steps to implement the revised factors after you are instructed to do so by the Rate Bureau.

Please see to it that this circular letter is brought immediately to the attention of all interested personnel in your company and that appropriate preparations are made such that, if revised medical payments rating factors are approved by the Commissioner of Insurance, implementation of the revised rating factors can be expedited.

Very truly yours,

John W. Watkins

General Manager

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Enclosure

A-94-3