



June 20, 2006

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Additional Ceding Privileges for
Commercial Vehicles

North Carolina General Statute §58-37-35(b)(2), as it formerly existed, provided that the Board of Governors, upon a finding of a significant public demand, provide for ceding privileges (1) for underinsured motorist bodily injury coverage up to \$1,000,000/\$1,000,000 and (2) for uninsured motorist bodily injury coverage up to \$1,000,000/\$1,000,000 and uninsured motorist property damage of \$50,000 each accident (with a one hundred dollar deductible). Based on a review of the minutes of past Board of Governor's meetings, the Board of Governors previously provided such limits for private passenger motor vehicles upon its determination that there was a significant public demand for such limits. However, the Board of Governors did not provide for such limits for commercial vehicles ceded to the Facility because it determined that a significant public demand did not exist for such limits. It was also noted during a review of the minutes that, for similar reasons, the Board of Governors also had not authorized ceding privileges of up to \$2000 for medical payments coverage on commercial vehicles.

N.C.G.S. §58-37-35(b)(2) has been amended such that there is no longer a requirement that there be a finding of a significant public demand before the Board of Governors provides for cession of such limits to the Facility. As a result of this change, the Board of Governors recently authorized additional ceding privileges, with respect to commercial vehicles, for underinsured motorist bodily injury coverage up to \$1,000,000/\$1,000,000, for uninsured motorist bodily injury coverage up to \$1,000,000/\$1,000,000, for uninsured motorist property damage coverage up to \$50,000 each accident (with a one hundred dollar deductible) and ceding privileges up to \$2000 for medical payments coverage.

As a result, the Facility will now accept cession of limits for commercial vehicles for underinsured motorist bodily injury coverage up to \$1,000,000/\$1,000,000, for uninsured motorist

bodily injury coverage up to \$1,000,000/\$1,000,000, for uninsured motorist property damage coverage up to \$50,000 each accident (with a one hundred dollar deductible) and up to \$2000 for medical payments coverage.

Revisions to the Standard Practice Manual and to the Commercial Automobile Manual will be distributed by Automobile Insurance Plans Services Office (AIPSO) in the near future.

Very truly yours,

F. Timothy Lucas

Automobile Manager

FTL:dp

RF-06-7