

April 20, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Commercial Auto Policy Program
Manual Revisions

The Commissioner of Insurance has recently approved revisions to the North Carolina Reinsurance Facility Commercial Automobile Manual. Rule 8. – Additional Premium Changes is revised to allow companies to use the rates in effect at the time an additional vehicle is added or the rates in effect at the inception of the policy. Rule 12. Private Passenger Types revises the definition of private passenger auto to track the definition in the Personal Auto Manual.

In that regard, please find attached a copy of revised Rule 8. and Rule 12. for your convenience.

This change becomes effective in accordance with the following Rule of Application:

These revisions are applicable to all new and renewal policies to become effective immediately.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachment

RF-16-3

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

Rule 8. ADDITIONAL PREMIUM CHANGES

- A. Prorate all changes requiring additional premium.
- B. In computing the additional premium, charge the rates amount applicable in effect at the time the addition is made or the rates in effect at the inception of the policy on the effective date of the change even if the policy inception premium was less than the policy minimum premium. With respect to the election of using the rates in effect at the time the addition is made or the rates in effect at the inception of the policy, a company's election shall be applied consistently by the company and not on a policy by policy basis.
- C. Waive additional premium of \$10 or less. This waiver only applies to cash exchange due on an endorsement effective date.

Each company may adopt and utilize its own additional premium waiver amount up to \$10 provided the company is consistent in the application of the rule between voluntary and ceded business.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

Rule 12. PRIVATE PASSENGER TYPES

Fleet-Class Code 7398

- A. ~~A private passenger auto is~~
- ~~1. a motor vehicle of the private passenger or station wagon type; or~~
 1. A private passenger auto is a four wheel motor vehicle, other than a truck type or van, owned or leased under contract for a continuous period of at least six months, and
 - a. Not used as a public or livery conveyance for passengers.
 - b. Not rented to others.