

NORTH CAROLINA REINSURANCE FACILITY

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August 16, 2000

CIRCULAR LETTER TO ALL MEMBER COMPANIES

IMPORTANT
SUPPLEMENTAL
INFORMATION

Re: Increase in Financial Responsibility Limits
for Certain Commercial Vehicles

By Circular Letter to All Member Companies RF-00-9 dated August 3, 2000, member companies were advised of the recent changes in the law which increased the financial responsibility limits for certain commercial vehicles to \$750,000. That circular letter advised member companies that, because of the circumstances surrounding the effective dates of House Bill 303, House Bill 1499 and Senate Bill 1335, the Reinsurance Facility would not accept cession of the \$750,000 single liability coverage limit on vehicles added to the list of those eligible for cession by House Bill 303 written between August 2, 2000 and September 1, 2000 to become effective during that period.

Subsequent to that circular letter, the Board of Governors has been advised by various member companies that the Reinsurance Facility's determination not to accept cession of the policies written and effective during this period causes significant administrative difficulties for member companies, their agents and policyholders. To address these concerns, the Board of Governors voted yesterday to authorize the Reinsurance Facility to accept cession of the \$750,000 single liability coverage limit on vehicles added to the list of those eligible for cession by House Bill 303 on policies written between August 2, 2000 and September 1, 2000 to become effective during that period. This means that the Reinsurance Facility will accept cession of the \$750,000 single liability coverage limit on vehicles added to the list of those eligible for cession by House Bill 303 on any policies effective since December 1, 1999.

We urge you to make sure that this circular letter is brought to the attention of personnel in your company responsible for the preparation of policies on commercial risks ceded to the Reinsurance Facility.

Very truly yours,

John W. Watkins

General Manager

JWW:lm
RF-00-11