



March 19, 2012

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Private Passenger Automobile
Insurance Rates - North Carolina

On behalf of its member companies, the North Carolina Reinsurance Facility on March 15, 2012 filed with the Commissioner of Insurance rate level changes for bodily injury and property damage liability and medical payments insurance for non-fleet private passenger automobiles and bodily injury and property damage liability insurance for motorcycles ceded to the Reinsurance Facility. The filed rates apply only to ceded risks other than "clean risks" as defined in G.S. 58-37-35(1). The rates for "clean risks" ceded to the Reinsurance Facility and the rates for uninsured and combined uninsured/underinsured motorists coverages ceded to the Reinsurance Facility are not affected by this filing.

The Facility's filing includes average rate level changes of -2.0% for bodily injury, +1.2% for property damage, and -5.3% for medical payments coverages, averaging -0.9% over rates presently in effect. The filing also includes a rate level change of -8.5% for the motorcycle liability coverages. The revised rates are to be implemented effective October 1, 2012, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2012. No policy effective prior to October 1, 2012 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to October 1, 2012.

The enclosed exhibits set forth the revised rates for ceded risks other than "clean risks" effective October 1, 2012 and the revised relativities to be used in determining motorcycle rates for such risks. A reprinted Personal Auto Manual rate page will be distributed

in the usual fashion, as soon as possible. In the meantime, notice of these changes should be sent to your Company's North Carolina agents to make them aware of the changes.

With respect to the rate differential for ceded business, your attention is directed to G.S. 58-37-25(b) which provides in part as follows:

Each insurer will provide the same type of service to ceded business that it provides for its voluntary market. Records provided to agents and brokers will include an indication that the business is ceded. When an insurer cedes a policy or renewal thereof to the Facility and the Facility premium for such policy is higher than the premium that the insurer would normally charge for such policy if retained by the insurer, the policyholder will be informed that (i) his policy is ceded, (ii) the coverages are written at the Facility rate, which rate differential must be specified, (iii) the reason or reasons for the cession to the Facility, (iv) the specific reason or reasons for the cession to the Facility will be provided upon the written request of the policyholder to the insurer, and (v) the policyholder may seek insurance through other insurers who may elect not to cede his policy.

Very truly yours,

F. Timothy Lucas

Automobile Manager

FTL:dms

RF-12-3

Attachments

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

REVISED BASE RATES - OTHER-THAN-CLEAN RISKS CEDED LIABILITY

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	250/500	\$25,000	\$50,000	\$100,000	\$500	\$750	\$1000	\$2000	\$5000
11	\$178	\$210	\$249	\$295	\$181	\$183	\$186	\$23	\$31	\$37	\$54	\$78
13	272	321	381	452	212	214	218	30	40	48	70	101
14	272	321	381	452	206	208	212	34	45	54	80	115
15	301	355	421	500	203	205	209	39	52	62	91	132
16	240	283	336	398	215	217	221	31	41	50	73	105
17	258	304	361	428	202	204	208	32	43	51	75	108
18	239	282	335	397	193	195	199	26	35	42	61	88
24	223	263	312	370	173	175	178	24	32	38	56	81
25	301	355	421	500	200	202	206	25	33	40	59	85
26	298	352	417	495	191	193	197	31	41	50	73	105
31	248	293	347	412	197	199	203	33	44	53	77	112
32	228	269	319	378	181	183	186	25	33	40	59	85
33	253	299	354	420	166	168	171	29	39	46	68	98
40	295	348	413	490	272	275	280	40	53	64	94	135
41	264	312	370	438	246	248	253	33	44	53	77	112
43	237	280	332	393	188	190	194	29	39	46	68	98
47	269	317	377	447	176	178	181	27	36	43	63	91
51	218	257	305	362	205	207	211	26	35	42	61	88
52	318	375	445	528	227	229	234	45	60	72	105	152

Memorandum - North Carolina Personal Auto Manual
Matter underlined is new; matter in brackets [] is deleted.

19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes Liability Coverages Only.

With respect to other than "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable ceded private passenger bodily injury and property damage rates. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14. Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage
0-499	[18%]17%
500-1249	[27%]25%
1250-1499	[38%]35%
1500-up	[49%]45%