



November 7, 2023

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Commercial Auto Manual Revisions: Rule 12 Private Passenger Types

EFFECTIVE DATE – April 1, 2024

The North Carolina Reinsurance Facility (NCRF) Board of Governors recently approved revisions to the Commercial Auto Manual. The approved wording change adds the Non-Fleet Class Code for Private Passenger type vehicles (7391) for use in rating applicable risks according to Rule 12 in the Commercial Auto Manual. The wording change will have no impact on eligibility or rating.

The NCRF will expect all member companies that cede Commercial Auto business to the Facility to utilize this newly adopted class code for eligible Non-Fleet Private Passenger type vehicles (7391) according to Rule 12 for **new and renewal ceded business effective on or after April 1, 2024.**

Attached is the Commercial Auto Manual page reflecting the changes. Final versions of the updated manual changes will be available by April 1, 2024.

These changes become effective in accordance with the following Rule of Application:

These revisions become effective with respect to all new and renewal policies issued on or after April 1, 2024.

If you have any questions regarding this circular letter, please contact Tom Burns at: (919) 719-3033 or tfb@ncrb.org.

Sincerely,

Thomas F. Burns

Director, NCRF Auto Operations

North Carolina Reinsurance Facility

TFB/cch

RF-23-12

Attachment

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES SECTION

Rule 11. HOW TO CLASSIFY AUTOS

- A. If an auto has more than one use, use the highest rated classification, unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- B. Classify and rate autos of the private passenger type according to the Private Passenger Types Rule ([Rule 12](#)).
- C. Classify and rate autos of the truck type that transport property or are used in business according to the Trucks, Tractors, and Trailers Section.
- D. Classify and rate buses, taxicabs, and other autos that are used in the business of transporting people according to the Public Transportation Section.
- E. Classify and rate new and used auto dealers according to the Garage Section.
- F. Classify and rate autos that do not fit into these categories according to the Special Types and Operations Section.

Rule 12. PRIVATE PASSENGER TYPES

Fleet-Class Code 7398

Non-Fleet Class Code 7391

- A. A private passenger auto is
 - 1. 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.
 - 2. a pickup truck or van that
 - a. is owned by an individual or by a husband and wife or individuals who are residents of the same household;
 - b. has a gross vehicle weight as specified by the manufacturer of less than 14,000 pounds; and
 - c. is not used for the delivery or transportation of goods and materials unless such use is
 - (1) incidental to your business of installing, maintaining, or repairing furnishings or equipment; or
 - (2) for farming or ranching.
- B. ★The rates displayed on the rate schedules for private passenger types apply to all private passenger autos which are rated as part of a fleet.✦

A fleet is any risk with five or more motor vehicles owned or hired under a long term contract.

EXCEPTIONS:

Five or more four-wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household which are not used for business use, other than farming or ranching, and which are covered under a Personal Auto Policy shall not be considered a fleet.

- C. Private passenger nonfleet motor vehicles must be written on a Personal Auto Policy and rated out of the Personal Auto Manual.

EXCEPTIONS:

A private passenger nonfleet auto may be written on a commercial auto policy if

- 1. the vehicle is owned by an individual, husband and wife resident of the same household, or jointly by two or more individuals other than husband and wife, and the vehicle is written in conjunction with at least one commercial risk; or
- 2. the vehicle is not owned by a natural person.

However, these vehicles must be rated out of the Personal Auto Manual and coded ~~as private passenger non-fleet for statistical purposes.~~ as non-fleet private passenger autos, 7391.

D. Premium Determination

- 1. Determine the rating territory from the territory definitions based on the street address of principal garaging.
- 2. Premiums for private passenger types are displayed on the rate schedules for the following:
 - a. Bodily injury liability
 - b. Property damage liability
 - c. Medical payments
- 3. ★The Private Passenger Types rates displayed on the rate schedules apply to all private passenger autos which are rated as part of a fleet.✦
- 4. For uninsured and underinsured motorist insurance, refer to the Uninsured and Underinsured Motorists Insurance Rule ([Rule 20](#)).

E. Classifications and Codes

- 1. Fleet Classification—Use code 7398.
- 2. Nonfleet—Use code 7391 and apply North Carolina Rate Bureau/ Reinsurance Facility Endorsement CA 01 99 when insuring nonfleet private passenger autos on a commercial auto policy. ~~Code as private passenger nonfleet for statistical purposes.~~

Rule 13. FARMERS AUTOS

Class Code 7399

A. Eligibility

This Rule applies to private passenger autos, pickups, panel trucks, and vans rated as part of a fleet which meet all the following qualifications:

- 1. Principally garaged on a farm or ranch
- 2. Owned by an individual or husband and wife resident in the same household, or by a farm family partnership or corporation
- 3. Not used in any occupation other than farming or ranching
- 4. Not used in going to and from work other than farming or ranching

B. Premium Computation

Charge 70% of the Private Passenger Types rate shown on the rate schedules.