



July 19, 2006

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Automobile and Motorcycle
Insurance Rates - North Carolina

As we advised you by Circular Letter A-06-5 dated April 11, 2006, the Rate Bureau's filing for rate level changes for non-fleet private passenger automobile insurance dated February 1, 2006, as amended on March 10, 2006, was settled by agreement of the Rate Bureau, the Commissioner of Insurance and the Department of Insurance. Under the Settlement Agreement and Consent Order signed April 11, 2006, the approved rate level changes by coverage (from the approved rate levels that became effective May 15, 2006) are as follows:

CARS

Liability	
Bodily Injury	5.0%
Property Damage	0.0%
Medical Payments	21.0%
Uninsured Motorists	0.0%
Underinsured Motorists	15.0%
Liability Total	4.0%
Physical Damage	
Comprehensive	-15.8%
Collision	-11.0%
Total Physical Damage	-12.6%
Grand Total	-2.9%

MOTORCYCLES

Liability	0.0%
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In addition to the agreed private passenger automobile and motorcycle insurance rate level changes, there are also agreed changes to one collision deductible relativity and certain classification and sub-classification plans rating factors.

Enclosed herewith are exhibits which set forth the revised base rates for non-fleet private passenger automobile liability and physical damage coverages, revised motorcycle relativities, revised collision deductible relativities, and revised classification and sub-classification plans rating factors. These revised rates and relativities are approved by the Commissioner of Insurance, and therefore no portion of the premiums written using these new rates and relativities is required to be placed in escrow.

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

These changes are applicable to all new and renewal policies effective on or after November 15, 2006. No policy effective prior to November 15, 2006 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 November 15, 2006.

NOTICE REQUIREMENTS

Also be advised that G. S. 58-36-45 provides as follows:

"Whenever an insurer changes the coverage other than at the request of the insured or changes the premium rate, it shall give the insured written notice of such coverage change or premium rate change at least 15 days in advance of the effective date of such change or changes with a copy of such notice to the agent. This section shall apply to all policies and coverages subject to the provisions of this Article..."

In the past, some insurers have given notice of premium rate changes by providing to an insured and agent, at least 15 days in advance of the effective date, a renewal policy, renewal certificate, billing or endorsement showing revised rates, together with a written notice substantially as follows:

NOTICE OF RATE CHANGE - NORTH CAROLINA

The premium for this policy reflects changes in rates applicable to North Carolina placed into effect under

the provisions of Article 36, Chapter 58 of the North Carolina General Statutes.

The form of this notice has varied at the option of the insurer (printed notice, stamp, stick-on label, etc.). Companies should consult legal counsel with respect to the appropriateness of their own procedures under this statute.

Reprinted Personal Auto Manual pages will be distributed, in the usual fashion, as soon as possible. In the interim, notice of the revised rates and rules should be sent as soon as possible to your agents to make them aware of the new rates and rules.

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

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dp

Enclosures

A-06-7

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

APPROVED BASE RATES - VOLUNTARY LIABILITY

Terr Code	\$30,000/60,000 <u>Bodily Injury</u>	\$25,000 <u>Property Damage</u>	\$500 <u>Medical Payments</u>
11	\$136	\$159	\$16
13	202	194	24
14	189	187	22
15	206	185	24
16	175	188	21
17	215	191	25
18	163	167	19
24	151	148	18
25	191	176	22
26	246	160	29
31	192	168	23
32	155	157	18
33	192	144	23
40	236	194	28
41	196	177	23
43	189	151	22
47	188	150	22
51	153	178	18
52	206	198	24

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

APPROVED PHYSICAL DAMAGE BASE RATES (A)

<u>Terr Code</u>	<u>FULL COVERAGE COMPREHENSIVE</u>	<u>\$100 DEDUCTIBLE COLLISION</u>
11	\$38	\$187
13	54	208
14	43	202
15	43	201
16	45	191
17	40	196
18	40	185
24	53	197
25	44	201
26	66	210
31	51	185
32	46	187
33	72	197
40	52	232
41	46	237
43	43	185
47	45	194
51	39	180
52	48	205

(A) MODEL YEAR 2007, SYMBOL 2

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

14. MISCELLANEOUS COVERAGES (Cont'd)

B. Combined Uninsured/Underinsured Motorists Coverage

1. b. Rates

Combined Uninsured/Underinsured Motorists coverage is available at the following limits with rates per policy shown:

	B.I. Limits		P.D. Limits		
	Single Car Policy	Multi-Car Policy	Single Car Policy	Multi-Car Policy	
\$ 50/100	\$ [20] <u>21</u>	\$ [47] <u>50</u>	\$ 25	\$ 2	\$ 5
100/200	[34] <u>36</u>	[80] <u>84</u>	50	3	7
100/300	[41] <u>44</u>	[97] <u>104</u>	100	4	9
300/300	[55] <u>60</u>	[130] <u>142</u>	250	6	14
250/500	[65] <u>71</u>	[154] <u>168</u>	500	8	19
500/500	[88] <u>97</u>	[208] <u>229</u>	750	10	24
500/1,000	[99] <u>109</u>	[234] <u>258</u>	1,000	11	26
1,000/1,000	[111] <u>123</u>	[262] <u>290</u>			

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

14. MISCELLANEOUS COVERAGES (Cont'd)

C. Deductible Insurance

1. Deductible Liability Insurance is not available for vehicles classified and rated in accordance with the rules of this manual.
2. Collision Deductibles For Which No Premiums Are Shown
 - \$25 Deduct. (071) - Charge 150% of the \$50 Deduct. Collision Premium
 - \$200 Deduct. (073) - Charge 97% of the \$100 Deduct. Collision Premium
 - \$250 Deduct. (076) - Charge 95% of the \$100 Deduct. Collision Premium
 - \$500 Deduct. (077) - Charge 88% of the \$100 Deduct. Collision Premium
 - \$1,000 Deduct. (078) - Charge [75%] 77% of the \$100 Deduct. Collision Premium
3. Comprehensive Deductibles For Which No Premiums Are Shown
 - \$100 Deduct. (010) - Charge 90% of the Full Coverage Comprehensive Premium
 - \$250 Deduct. (055) - Charge 77% of the Full Coverage Comprehensive Premium
 - \$500 Deduct. (726) - Charge 60% of the Full Coverage Comprehensive Premium
 - \$1,000 Deduct. (727) - Charge 50% of the Full Coverage Comprehensive Premium
4. Theft - \$50 Deductible - Charge 75% of the Full Coverage Theft rate.

(Remainder of rule is unchanged.)

Memorandum - North Carolina Personal Auto Manual
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19. MISCELLANEOUS TYPES (Cont'd)

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

LIABILITY COVERAGES ONLY

1. Such vehicles with engine size of 499 cubic centimeters or less shall be rated at 17% of the applicable private passenger rate.
2. Such vehicles with engine size of 500 to 1249 cubic centimeters shall be rated at [28%] 27% of the applicable private passenger rate.
3. Such vehicles with engine size of 1250 to 1499 cubic centimeters shall be rated at [38%] 37% of the applicable private passenger rate.
4. Such vehicles with engine size of 1500 or more cubic centimeters shall be rated at [50%] 49% of the applicable private passenger rate.

MEDICAL PAYMENTS COVERAGES ONLY

1. Such vehicles shall be rated at [46%] 38% of the private passenger Medical Payments rate.

Matter underlined is new; matter in brackets [] is deleted.

INEXPERIENCED OPERATOR				
Single or Multi-Car Risks		BI, PD and Med. Pay.	Collision	Comprehensive Fire, Theft & CAC
Single Car	Principal Operator Licensed For:			
	Less Than One Year	Factor [+3.25] <u>+3.50</u>	Factor [+3.25] <u>+3.40</u>	Factor [+0.55] <u>+0.70</u>
	Less Than Two Years	Factor [+1.60] <u>+1.75</u>	Factor [+1.75] <u>+1.90</u>	Factor +0.55
	Less Than Three Years	Factor [+1.25] <u>+1.30</u>	Factor [+1.50] <u>+1.65</u>	Factor +0.55
	Occasional Operator Licensed For:			
	Less Than One Year	Factor [+2.00] <u>+1.90</u>	Factor [+2.25] <u>+2.10</u>	Factor [+0.20] <u>+0.25</u>
Less Than Two Years	Factor [+1.05] <u>+0.90</u>	Factor +1.10	Factor [+0.20] <u>+0.10</u>	
Less Than Three Years	Factor [+0.85] <u>+0.60</u>	Factor [+0.90] <u>+0.85</u>	Factor [+0.20] <u>+0.00</u>	
Multi-Car	Principal Operator Licensed For:			
	Less Than One Year	Factor [+2.90] <u>+3.15</u>	Factor [+2.95] <u>+3.10</u>	Factor [+0.45] <u>+0.60</u>
	Less Than Two Years	Factor [+1.25] <u>+1.40</u>	Factor [+1.45] <u>+1.60</u>	Factor +0.45
	Less Than Three Years	Factor [+0.90] <u>+0.95</u>	Factor [+1.20] <u>+1.35</u>	Factor +0.45
	Occasional Operator Licensed For:			
	Less Than One Year	Factor [+1.65] <u>+1.55</u>	Factor [+1.95] <u>+1.80</u>	Factor [+0.10] <u>+0.15</u>
Less Than Two Years	Factor [+0.70] <u>+0.55</u>	Factor +0.80	Factor [+0.10] <u>+0.00</u>	
Less Than Three Years	Factor [+0.50] <u>+0.25</u>	Factor [+0.60] <u>+0.55</u>	Factor [+0.10] <u>-0.10</u>	

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PERSONAL AUTO MANUAL

NORTH CAROLINA

PRIMARY CLASSIFICATION RATING FACTORS

Coverage	Pleasure Use	Drive to or From Work		Business Use	Farm Use
	(1A)	Less Than 10 Miles (1B)	10 or More Miles (1C)	(3)	(1AF)
BI, PD and Med. Pay.	1.00	1.05	1.05	1.05	.80
Collision	1.00	1.10	1.10	1.10	.80
Comprehensive, Fire, Theft and C.A.C.	1.00	1.20	[1.25] <u>1.20</u>	[1.30] <u>1.20</u>	[.85] <u>.80</u>

Add the following rating factors to the Primary Rating Factor

No Inexperienced Operator			
Single or Multi-Car Risk	BI, PD and Med. Pay	Collision	Comprehensive, Fire, Theft and CAC
Single Car	Factor 0.00	Factor 0.00	Factor 0.00
Multi-Car	Factor -0.35	Factor -0.30	Factor -0.10