

RULES – IMPLEMENTATION

SEPTEMBER 23, 2024

COMMERCIAL AUTOMOBILE

LI-CA-2024-260

## NORTH CAROLINA REVISED COMMERCIAL AUTOMOBILE RULE 297. FILED AND TO BE IMPLEMENTED

---

### KEY MESSAGE

We have filed and are implementing Commercial Automobile rules filing [CA-2024-OUM2](#), in response to 2023 N.C. Sess. Laws 2024-29 (former S.B. 319).

---

### BACKGROUND

In circular [LI-CA-2024-189](#), we announced that we anticipated providing forms and rules revisions in response to 2023 N.C. Sess. Laws 2024-29 (former S.B. 319), which included changes that become effective July 1, 2025 and apply to policies issued or renewed on or after that date.

---

### ISO ACTION

In response to 2023 N.C. Sess. Laws 2024-29 (former S.B. 319), we have:

- Revised Rule 297.A. to indicate that Underinsured Motorist Coverage is required, to track the notice requirements in N.C. GEN STAT § 20-279.21(m), and to complement the changes in the companion forms filing.
- Filed this revision with the North Carolina Department of Insurance under ISO Filing Designation Number CA-2024-OUM2.

Refer to the attached explanatory material for complete details about the filing.

*For more information on the status of filings in a particular state, including filed and approved documents, associated circulars and links to Print Ready Manuals and Commercial Lines Manual, please feel free to access our [Filings](#) feature within the ISOnet Circulars product.*

---

### INSURANCE DEPARTMENT ACTION

We have received all necessary approvals or acknowledgements, as required by state laws and regulations, from the insurance department.

---

### EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies effective on or after July 1, 2025.

---

## COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CA-2024-OUM2 and SERFF Tracking Number ISOF-134224519, not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

---

## RATING SOFTWARE IMPACT

No new attributes are being introduced with this revision.

---

## POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2024-016](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

---

## REVISION DISTRIBUTION

We will issue a Notice to Manualholders with an edition date of 7-25 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

---

## RELATED FORMS REVISION

We are announcing in a separate circular the implementation of a corresponding forms revision. Please refer to the Reference(s) block for identification of that circular.

---

## RELATED LOSS COSTS REVISION

We are announcing in a separate circular the implementation of a corresponding loss costs revision. Please refer to the Reference(s) block for identification of that circular.

---

**REFERENCE(S)**

- [LI-CA-2024-259](#) (09/23/2024) North Carolina Commercial Automobile Rules And Loss Cost Change In Effective Date In Response To Former S.B. 319
  - [LI-CA-2024-256](#) (09/23/2024) North Carolina Uninsured Motorists Coverage Endorsement Amended And To Be Implemented
  - [LI-CA-2024-241](#) (08/19/2024) North Carolina Former S.B. 319 Regarding Underinsured Motorist Coverage Update Provided
  - [LI-CA-2024-189](#) (07/22/2024) North Carolina Former S.B. 319 Regarding Underinsured Motorist Coverage Under Review
  - [LI-CA-2024-097](#) (04/08/2024) North Carolina Commercial Automobile Underinsured Motorists Loss Costs To Be Implemented
  - [LI-CA-2024-096](#) (04/08/2024) North Carolina Revised Commercial Automobile Rule 300. To Be Implemented
  - [LI-CA-2024-095](#) (04/08/2024) North Carolina Changes And Uninsured Motorists Coverage Endorsements To Be Implemented
  - [LI-CL-2024-016](#) (03/12/2024) Commercial Lines Revised Lead Time Requirements Listing
- 

**ATTACHMENT(S)**

Filing CA-2024-OUM2

---

**ACKNOWLEDGMENT OF ACTUARIAL QUALIFICATIONS**

The American Academy of Actuaries' "Qualifications Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" requires that an actuary issuing a Statement of Actuarial Opinion should include an acknowledgment with the opinion that he/she has met the qualification standards of the AAA. ISO considers this rules filing a Statement of Actuarial Opinion; therefore, we are including the following acknowledgment:

I, Kevin Hughes, am an Actuarial Director for ISO. I am responsible for the content of this Statement of Actuarial Opinion. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

---

**COPYRIGHT EXPLANATION**

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner. Permission is hereby granted to members, subscribers and service purchasers to reprint, copy or otherwise use the enclosed material for purposes of their own business use relating to that territory or line or kind of insurance, or subdivision thereof, for which they participate, provided that:

- (A) Where ISO copyrighted material is reprinted, copied, or otherwise used **as a whole**, it must reflect the copyright notice actually shown on such material.

- (B) Where ISO copyrighted material is reprinted, copied, or otherwise used **in part**, the following credit legend must appear at the bottom of each page so used:

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

---

## IMPORTANT NOTICE FOR USERS OF ISO PRODUCTS AND SERVICES

Please make sure that your company has authorized your use of this product and has complied with the requirements applicable in the jurisdiction where you plan to use it.

We distribute both state-specific and multistate products and services. We do not distribute all the multistate products and services for use in every jurisdiction due to corporate policy, regulatory preference, or variations or lack of clarity in state laws.

We provide participating insurers with information concerning the jurisdictions for which our products and services are distributed. Even in those jurisdictions, each insurer must determine what filing requirements, if any, apply and whether those requirements have been satisfied.

Now, as in the past, all of our products and services are advisory, and are made available for optional use by participating insurers as a matter of individual choice. Your company must decide for itself which, if any, ISO products or services are needed or useful to its operation and how those selected for use should be applied. We urge that you be guided by the advice of your attorneys on the legal requirements.

---

## CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:  
Elise Kerim  
Auto, Compliance and Product Services  
201-469-2062  
[Elise.Kerim@verisk.com](mailto:Elise.Kerim@verisk.com)  
[auto@verisk.com](mailto:auto@verisk.com)
- Other issues for this circular, please contact Customer Support:  
E-mail: [info@verisk.com](mailto:info@verisk.com)  
Phone: 800-888-4476

Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489). For information on all ISO products, visit us at [www.verisk.com/iso](http://www.verisk.com/iso). To keep abreast of the latest Insurance Lines Services updates, view [www.verisk.com/ils](http://www.verisk.com/ils).

# Revision to North Carolina Uninsured Motorists Insurance Rule

## About This Filing

---

This filing is being made in response to 2023 N.C. Sess. Laws \_\_\_\_ (former S.B. 319).

## Revised Rule

We are revising Rule **297**. Uninsured Motorists Insurance.

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

## Related Filing(s)

---

- ♦ CA-2023-OUM1 (Forms)
- ♦ CA-2023-RUM1 (Rules)
- ♦ CA-2023-RUMLC (Loss Costs)

## Background

---

In part, 2023 N.C. Sess. Laws \_\_\_\_ (former S.B. 319):

- ♦ Amends N.C. GEN STAT § 20-279.21(b)(4), which is rewritten as follows:

...(4) Shall, in addition to the coverages set forth in subdivisions (2) and (3) of this subsection, provide underinsured motorist coverage, ~~to be used only with a policy that is written at limits that exceed those prescribed by subdivision (2) of this subsection.~~coverage. The limits of such underinsured motorist bodily injury coverage shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy; provided, however, that (i) the limits shall not exceed one million dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per accident regardless of whether the highest limits of bodily injury liability coverage for any one vehicle insured under the policy exceed those limits, (ii) a named insured may purchase greater or lesser limits, ~~except that the limits shall exceed the bodily injury liability limits required pursuant to subdivision (2) of this subsection,~~ ....

The amount of underinsured motorist coverage applicable to any claim for benefits under this subdivision shall not be reduced by a setoff or credit against

any coverage, including liability insurance, except for workers' compensation coverage to the extent provided for in subsection (e) of this section. If a claimant is an insured under the underinsured motorist coverage on separate or additional policies, the total amount of underinsured motorist coverage applicable to the claimant is the sum of the limits of the claimant's underinsured motorist coverages as determined by combining the highest limit available under each policy, and shall not be reduced by a setoff against any coverage, including liability insurance, except for workers' compensation coverage to the extent provided for in subsection (e) of this section. The previous sentence shall apply only to insurance on nonfleet private passenger motor vehicles as described in G.S. 58-40-10(1) and (2).

- ◆ Amends N.C. GEN STAT § 20-279.21(m), which is rewritten, in part, as follows:

NOTICE: YOU ARE REQUIRED TO PURCHASE UNINSURED MOTORIST BODILY INJURY COVERAGE, UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE AND, ~~IN SOME CASES, AND~~ UNDERINSURED MOTORIST BODILY INJURY COVERAGE.... YOU MAY PURCHASE UNINSURED MOTORIST BODILY INJURY COVERAGE AND, ~~IF APPLICABLE, AND~~ UNDERINSURED MOTORIST COVERAGE WITH LIMITS UP TO ONE MILLION DOLLARS (\$1,000,000) PER PERSON AND ONE MILLION DOLLARS (\$1,000,000) PER ACCIDENT OR AT SUCH LESSER LIMITS YOU CHOOSE... IF YOU DO NOT CHOOSE A GREATER OR LESSER LIMIT FOR UNINSURED MOTORIST BODILY INJURY COVERAGE, A LESSER LIMIT FOR UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE, AND/OR A GREATER OR LESSER LIMIT FOR UNDERINSURED MOTORIST BODILY INJURY COVERAGE, THEN THE LIMITS FOR THE UNINSURED MOTORIST BODILY INJURY COVERAGE AND, ~~IF APPLICABLE, AND~~ THE UNDERINSURED MOTORIST BODILY INJURY COVERAGE WILL BE THE SAME AS THE HIGHEST LIMITS FOR BODILY INJURY LIABILITY COVERAGE FOR ANY ONE OF YOUR OWN VEHICLES INSURED UNDER THE POLICY AND THE LIMITS FOR THE UNINSURED MOTORIST PROPERTY DAMAGE COVERAGE WILL BE THE SAME AS THE HIGHEST LIMITS FOR PROPERTY DAMAGE LIABILITY COVERAGE FOR ANY ONE OF YOUR OWN VEHICLES INSURED UNDER THE POLICY. IF YOU WISH TO PURCHASE UNINSURED MOTORIST AND, ~~IF APPLICABLE, AND~~ UNDERINSURED MOTORIST COVERAGE AT DIFFERENT LIMITS THAN THE LIMITS FOR YOUR OWN VEHICLE INSURED UNDER THE POLICY, THEN YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING DIFFERENT COVERAGE LIMITS...

The above changes become effective July 1, 2025 and apply to policies issued or renewed on or after that date.

## Explanation of Changes

---

In response to 2023 N.C. Sess. Laws \_\_\_\_ (former S.B. 319), we are revising Rule **297**. to update:

- ◆ Paragraph **A.2.**, to indicate that Underinsured Motorists Coverage is required;
- ◆ Paragraph **A.3.** to track the notice requirements in the law; and
- ◆ Paragraph **A.4.**, to complement the changes in the companion forms filing.

## Copyright Explanation

---

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

## Important Note

---

Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO rules and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of rules intent nor opinions expressed by members of ISO's staff necessarily reflect every insurer's view or control any insurer's application of manual rules.

---

## 297. UNINSURED MOTORISTS INSURANCE

---

The following is added to Rule 297.:

### A. Application

#### 1. Uninsured Motorists Coverage

- a. Uninsured Motorists Coverage must be provided on all policies that provide Motor Vehicle Liability Coverage, except those that cover:

(1) Only "commercial motor vehicles" as defined in G.S. 20-4.01(3d), which includes:

- (a) A combination of motor vehicles that has a gross combination weight of at least 26,001 pounds and includes as part of the combination a trailer or semitrailer that has a gross vehicle weight of at least 10,001 pounds;
- (b) A single-motor vehicle that has a gross vehicle weight of at least 26,001 pounds;
- (c) A combination of motor vehicles that includes as part of the combination a towing unit that has a gross vehicle weight of at least 26,001 pounds and a trailer, semitrailer, service or utility trailer that has a gross vehicle weight of less than 10,001 pounds;
- (d) Any motor vehicle that is designed to transport 16 or more passengers, including the driver; or
- (e) A motor vehicle transporting hazardous materials that is required to be placarded in accordance with 49 C.F.R. Part 172, Subpart F.

(2) A fleet of five or more vehicles which are either owned or hired under a long-term contract that covers only "commercial motor vehicles" as defined in G.S. 20-4.01(3d) or only noncommercial motor vehicles, but not a fleet covering both "commercial motor vehicles" and noncommercial motor vehicles.

The determination of whether such vehicles constitute a fleet may be based upon the number of vehicles reported by the insured at the time of the issuance of the policy term in question, or, in the event of a renewal of the policy, the insurer may rely upon the number of vehicles reported by the insured at the time of the renewal of the policy for the policy term in question.

- b. If provided, this coverage must apply to all autos insured on the policy in amounts equal to the highest Liability Coverage limits applicable to any one vehicle insured on the policy that is not a "commercial motor vehicle," as defined in G.S. 20-4.01(3d), subject to the following:

- (1) At the option of the named insured, Uninsured Motorists Bodily Injury Coverage may be written at limits greater than or less than the limits provided for Bodily Injury Liability Coverage under the policy;
- (2) At the option of the named insured, Uninsured Motorists Property Damage Coverage, which is subject to a \$100 deductible applicable to the property of each insured, may be written at limits less than, but not greater than, the limits provided for Property Damage Liability Coverage under the policy;
- (3) Uninsured Motorists Bodily Injury Coverage and Uninsured Motorists Property Damage Coverage may not be written at limits lower than the Financial Responsibility limits applicable to Liability Coverage; and
- (4) Uninsured Motorists Bodily Injury Coverage and Uninsured Motorists Property Damage Coverage may not be written at limits greater than \$1,000,000 per person or \$1,000,000 per accident, regardless of the limits provided for Liability Coverage.

#### 2. Underinsured Motorists Coverage

The provisions of Paragraph A.1. apply to Underinsured Motorists Coverage, except as follows:

- ~~a. Underinsured Motorists Coverage must be provided on all policies written at limits that exceed the minimum amount of Liability Coverage required by law;~~
- ~~b. Underinsured Motorists Coverage may not be provided on policies written at limits that do not exceed the minimum amount of Liability Coverage required by law;~~
- ca. Underinsured Motorists Coverage, if provided, must be written at limits equal to the limits of Uninsured Motorists Bodily Injury Coverage; and
- db. Property Damage Coverage is not a component of Underinsured Motorists Coverage.

#### 3. Notice Requirements

Every insurer that sells motor vehicle liability policies that are required to provide Uninsured and Underinsured Motorists Coverage shall give reasonable notice to the named insured, when the policy is issued and renewed, that:

- a. The named insured is required to purchase Uninsured Motorists Bodily Injury Coverage, Uninsured Motorists Property Damage Coverage and, if applicable, and Underinsured Motorists Bodily Injury Coverage;



- b. The named insured's Uninsured Motorists Bodily Injury Coverage limits shall be equal to the highest limits of Bodily Injury Liability Coverage for any one noncommercial vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for Uninsured Motorists Bodily Injury Coverage;
- c. The named insured's Uninsured Motorists Property Damage Coverage limits shall be equal to the highest limits of Property Damage Liability Coverage for any one noncommercial vehicle insured under the policy unless the insured elects to purchase lesser limits for Uninsured Motorists Property Damage Coverage;
- d. The named insured's Underinsured Motorists Bodily Injury Coverage limits, ~~if applicable~~, shall be equal to the highest limits of Bodily Injury Liability Coverage for any one noncommercial vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for Underinsured Motorists Bodily Injury Coverage. However, the Underinsured Motorists Bodily Injury Coverage limits, ~~if applicable~~, shall be equal to the Uninsured Motorists Bodily Injury Coverage limits provided under the policy; and
- e. The named insured may purchase Uninsured Motorists Bodily Injury Coverage ~~and, if applicable, and~~ Underinsured Motorists Bodily Injury Coverage with limits up to \$1,000,000 per person and \$1,000,000 per accident.

Such notice shall be included within the policy's original and renewal Declarations or in a separate notice accompanying the original and renewal Declarations in at least 12-point type, with language substantially similar to the language contained in G.S. 20-279.21(m).

#### 4. Endorsements

Uninsured And Underinsured Motorists Coverage may be provided by attaching North Carolina Uninsured Motorists Coverage Endorsement **CA 21 16**. ~~If Endorsement CA 21 16 is attached and the limit of insurance shown in the Schedule of this endorsement does not exceed the minimum amount of Liability Coverage required by law, Underinsured Motorists Coverage may be excluded by marking the box that indicates on the Schedule of Endorsement CA 21 16 that Paragraph b. of the definition of "uninsured motor vehicle" does not apply. For split limits, also attach Split Uninsured Motorists Coverage Limits Endorsement CA 21 07.~~

#### B. Premium Computation

1. Identify the exposures in this jurisdiction for which coverage applies and for which a premium will be charged. Exposures include owned self-propelled vehicles and sets of registration plates not issued to a specific auto (including dealer and transporter plates).  
Do not charge a premium for the following:
  - a. Trailers;
  - b. Hired and non-owned autos;
  - c. Owned vehicles which have not been assigned registration plates (such as Auto Dealers' inventory); or
  - d. Registration plates used to transport non-owned autos (such as drive-away contractors rated under Rule 269.).
2. Determine the exposure type (Private Passenger Type or Other Than Private Passenger Type). For the purposes of this premium development, Private Passenger Types include exposures which are classified under Section III of Division One or are explicitly described as Private Passenger Types elsewhere in Division One. Unless instructed otherwise, all other exposures are considered to be Other Than Private Passenger Types, even when rating for other coverages is based on Private Passenger Types.
3. For some autos, the Uninsured And Underinsured Motorists Coverage Premium Formula is given in the section for that auto. For all other autos to which the coverage applies, the following premium formula applies for each auto. Note that the additional premium in Paragraph B.4. may apply in either case.



Additional Premium = Loss Cost

- a. Select the appropriate loss costs table as follows:

- (1) For Single Limits Uninsured Motorists Bodily Injury and Property Damage Coverage, refer to state loss costs Table **297.B.3.a.(1)(LC)**.
- (2) For Single Limits Uninsured Motorists Bodily Injury and Property Damage Coverage and Underinsured Motorists Bodily Injury Coverage, refer to state loss costs Table **297.B.3.a.(2)(LC)**.
- (3) For Split Limits Uninsured Motorists Bodily Injury Coverage, refer to state loss costs Table **297.B.3.a.(3)(LC)**. The initial limits provided are the minimum financial responsibility limits required in North Carolina.
- (4) For Split Limits Uninsured Motorists Property Damage Coverage, refer to state loss costs Table **297.B.3.a.(4)(LC)**. The initial limits provided are the minimum financial responsibility limits required in North Carolina.
- (5) For Split Limits Uninsured and Underinsured Motorists Bodily Injury Coverage, refer to state loss costs Table **297.B.3.a.(5)(LC)**. The initial limits provided are the minimum financial responsibility limits required in North Carolina.

4. For policies (other than Auto Dealers) issued to individual named insureds, charge an additional premium once for each exposure. If split limits are provided, do not charge the additional premium a second time for Uninsured Motorists Property Damage Coverage.



Additional Premium = Loss Cost

- a. Loss Cost in state loss costs Table **297.B.4.a.(LC)**