


MEMORANDUM

TO: Deans, Directors, and Department Heads

FROM: Alicia Knight, Senior Associate Vice Chancellor, Finance and Administration 

SUBJECT: Vehicle Liability Insurance Premium Increases for FY 2026 (7/1/2025 – 6/30/2026)

DATE: June 12, 2025

NC State University has received [formal notification from the NC Department of Insurance \(DOI\) and the Office of State Fire Marshal \(OSFM\)](#) of a new automotive liability rate structure applicable to all agencies and universities.

This is the first major rate adjustment implemented by DOI in over a decade and reflects rising accident costs, medical expenses, and other claim-related factors across the state. The updated rates are based on actuarial recommendations and bring state agencies in line with the rates charged to the State of North Carolina by Travelers Insurance.

This new rate structure has varying financial impacts to departments insuring vehicles that are based upon the types of vehicles insured. **In most cases, this change results in a significant increase in premiums (on a percentage change basis), effective July 1, 2025.** Additionally, based on the DOI communication, we expect that NC State will experience additional increases in premium costs in future fiscal years, though the exact amount of these increases is not yet known.

Key Information:

- **Premium Increase:** The University's total liability premium allocated to departments increased from \$360,226 in FY 2024-25 to \$820,778 in FY 2025-26, representing a 127.8% increase. Specific departmental premium increases vary based upon the vehicles insured, as described below, but nearly all will experience an increase.
- **Rate Variation by Vehicle Type:** Premiums are calculated per vehicle category (e.g., sedans, trucks, buses), so the impact of this change on individual departments will vary depending on the types of vehicles assigned. Departments with a higher concentration of higher-rated vehicle types will see larger increases.
- **Physical Damage Coverage:** Insurance and Risk Management (IRM) has not yet received the updated physical damage rates for FY 2025-26. However, we do not anticipate major increases for that portion of the coverage.
- **Specific Departmental Impacts:** Department Origami Vehicle Coordinators will receive a detailed breakdown of charges by vehicle in the coming weeks. If your department has immediate questions about these charges, please reach out to the Insurance and Risk Management office for assistance.

Thank you for your attention to this update.