



July 29, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Commercial Auto Policy Program
Manual Revisions

The Commissioner of Insurance has recently approved revisions to the North Carolina Reinsurance Facility Commercial Automobile Manual. Rule 32 – Premium Development – Other Than Zone Rated Autos in the Trucks, Tractors and Trailers Section and Rule 42 – Premium Development – Other Than Zone Rated Autos under the Public Transportation Section are being revised to provide a new rating methodology for vehicles that are principally garaged or operate the greatest percentage of time in states other than North Carolina and new base rates for out-of-state risks are being introduced.

In that regard, please find attached a copy of the revised Rule 32 and Rule 42 as well as the corresponding rates that will be used with these revisions rules.

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

These changes are applicable to all new and renewal policies written to become effective on or after April 1, 2017.

Reprinted North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates pages will be distributed, in the usual fashion, as soon as possible. In the meantime, notice of the revised rates should be sent as soon as possible to your Company's North Carolina agents to make them aware of the new rates.

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

Automobile Manager

FTL:dms

Enclosure
RF-16-12

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RULE 32. PREMIUM DEVELOPMENT—OTHER THAN ZONE RATED AUTOS

- A. This Rule applies to
1. all light trucks and trailers used with light trucks;
 2. all other trucks, tractors, and trailers which regularly operate within a 200-mile radius from the street address of principal garaging. For those autos regularly operating beyond a 200 mile radius, refer to the Premium Development—Zone Rated Autos Rule (Rule 35).
- B. Determine the classification, rating factor, and class code as follows:
1. Determine whether the risk is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
 2. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33) based on size class, business use class, and radius class.
 3. Determine the secondary rating factor, if any, from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33) based on the special industry classifications.
 4. Determine the combined rating factor by adding or subtracting the secondary rating factor to or from the primary rating factor.
 5. For trailers used with light trucks which regularly operate beyond a 200 mile radius, use the rating factor for the intermediate rating class.

C. Premium Computation

~~1.~~ *Determine the rating territory from the territory definitions based on the street address of principal garaging. If the vehicle is principally garaged in a state other than North Carolina, use the residual market rates in that state. For states that have residual markets, refer to AIPSO for those rates. For states that do not have residual markets, use the rules, rates, minimum premiums, classifications, and rating plans applicable to the insurer for voluntary business in the state and territory where the vehicle is principally garaged; otherwise all other provisions of this Manual apply. **For vehicles principally garaged in North Carolina:**

~~1a.~~ Determine the rating territory from the territory definitions based on the street address of principal garaging.

~~2b.~~ Liability Coverages

~~a(1).~~ Determine the fleet or nonfleet base premiums from the liability base premium schedule on the rate schedules.

~~b(2).~~ Multiply the base premium by the combined rating factor.

~~c.~~ Medical Payments Coverages

~~(1)~~ Trucks and tractors

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(a) Primary and secondary rating factors do not apply.

(b) Determine the premiums from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).

(2) Trailers

(a) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).

(b) Multiply the base premium by the primary rating factor.

(c) Secondary rating factors do not apply.

d. Uninsured and Underinsured Motorists Insurance

(1) Primary, secondary, and fleet rating factors do not apply.

(2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

2. For vehicles principally garaged in states other than North Carolina:

a. Liability Coverage

(1) Determine the fleet or nonfleet base premiums from the liability base premium schedule from the rate schedules for the state where the vehicle is principally garaged.

(2) Multiply the base premium by the combined rating factor.

b. Medical Payments Coverage

(1) Trucks and tractors

(a) Primary and secondary rating factors do not apply.

(b) Determine the premiums from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).

(2) Trailers

(a) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).

(b) Multiply the base premium by the primary rating factor.

(c) Secondary rating factors do not apply.

c. Uninsured and Underinsured Motorists Insurance

(1) Primary, secondary, and fleet rating factors do not apply.

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(2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

Trucks, Tractors, and Trailers

State		BI 30/60	PD 25	Med Pay 500	Med Pay 1000	Med Pay 2000
Georgia	Nonfleet	1,353	469	395	474	520
	Fleet	1,488	516			
Florida	Nonfleet	2,273	650	664	796	873
	Fleet	2,500	715			
New Jersey	Nonfleet	2,632	1,436	769	921	1,011
	Fleet	2,895	1,580			
New York	Nonfleet	3,187	1,164	931	1,115	1,224
	Fleet	3,506	1,010			
South Carolina	Nonfleet	903	493	264	316	347
	Fleet	993	542			
Tennessee	Nonfleet	642	437	187	225	247
	Fleet	706	481			
Virginia	Nonfleet	1,819	1,037	531	637	698
	Fleet	2,001	1,141			
All Other States	Nonfleet	1,386	616	405	485	532
	Fleet	1,525	678			

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Rule 42. PREMIUM DEVELOPMENT—OTHER THAN ZONE RATED AUTOS

A. This Rule applies to

1. all taxis, limousines, school, church, and urban buses, and van pools;
2. all other public autos which regularly operate within a 200-mile radius from the street address of principal garaging. For those autos regularly operated beyond a 200-mile radius, refer to the Premium Development—Zone Rated Autos Rule (Rule 44).

B. Determine the classification rating factor and class code as follows:

1. Determine whether the risk is classified as fleet or nonfleet according to the Public Auto Classifications Rule (Rule 43).
2. Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43) based on use class and radius class. For van pools, the rating factor is based on seating capacity.
3. ★Except for taxicabs, van pools, and limousines (other than airport limousines), determine the secondary rating factor, if any, from the Public Auto Classifications Rule (Rule 43) based on the seating capacity. ❖
4. Determine the combined rating factor by adding the secondary rating factor to, or subtracting it from, the primary rating factor.

C. Premium Computation

1. ~~*Determine the rating territory for each public auto from the territory definitions based on the territory where the public auto is operated the greatest percentage of the time. If the public auto is operated the greatest percentage of the time in a state other than North Carolina, use the residual market rates in that state. For states that have residual markets, refer to AIPSO for those rates. For states that do not have residual markets, use the rules, rates, minimum premiums, classifications, and rating plans applicable to the insurer for voluntary business in the state and territory where the vehicle is operated the greatest percentage of the time; otherwise all other provisions of this Manual apply.~~ **For public autos operated the greatest percentage of the time in North Carolina:**
 - a. Determine the rating territory for each public auto from the territory definitions based on the territory where the public auto is operated the greatest percentage of the time.
 - b. Liability and Medical Payments Coverages
 - (1) Determine the fleet or nonfleet base premiums on the state rate schedules.
 - (2) Multiply the base premium by the combined rating factor.
 - c. Uninsured and Underinsured Motorists Coverage
 - (1) Primary and secondary rating factors do not apply.

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(2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

d. Special Provisions

(1) If a truck, tractor, or trailer is rated as public auto, determine the seating capacity from the size class as follows:

Size Class	Seating Capacity
Light	1–8
Medium	9–20
Heavy	21–60
Extra Heavy	Over 60

(2) If a bus is rated at truck, tractor, or trailer rates, determine the size class from the seating capacity:

Seating Capacity	Size Class
1–8	Light
9–20	Medium
21–60	Heavy
Over 60	Extra Heavy

(3) For a unit that combines a motorized auto with one or more trailers or semitrailers, charge according to the gross combined vehicle weight rating and refer to paragraph 4.ad.(1) above.

2. For public autos operated the greatest percentage of the time in states other than North Carolina:

a. Liability and Medical Payments Coverages

(1) Determine the fleet or nonfleet base premiums on the state rate schedules for the state in which the public auto is operated the greatest percentage of the time.

(2) Multiply the base premium by the combined rating factor.

b. Uninsured and Underinsured Motorists Insurance

(1) Primary and secondary rating factors do not apply.

(2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

c. Special Provisions

(1) If a truck, tractor, or trailer is rated as public auto, determine the seating capacity from the size class as follows:

<u>Size Class</u>	<u>Seating Capacity</u>
<u>Light</u>	<u>1–8</u>

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<u>Size Class</u>	<u>Seating Capacity</u>
<u>Medium</u>	<u>9-20</u>
<u>Heavy</u>	<u>21-60</u>
<u>Extra Heavy</u>	<u>Over 60</u>

- (2) If a bus is rated at truck, tractor, or trailer rates, determine the size class from the seating capacity:

<u>Seating Capacity</u>	<u>Size Class</u>
<u>1-8</u>	<u>Light</u>
<u>9-20</u>	<u>Medium</u>
<u>21-60</u>	<u>Heavy</u>
<u>Over 60</u>	<u>Extra Heavy</u>

- (3) For a unit that combines a motorized auto with one or more trailers or semitrailers, charge according to the gross combined vehicle weight rating and refer to paragraph c.(1) above.

Other Buses

State		BI 30/60	PD 25	Med Pay 500	Med Pay 1000	Med Pay 2000
Georgia	Nonfleet	5,568	1,928	741	863	974
	Fleet	6,125	2,121			
Florida	Nonfleet	8,704	2,486	1,158	1,349	1,523
	Fleet	9,574	2,735			
New Jersey	Nonfleet	22,574	12,313	3,002	3,499	3,950
	Fleet	24,831	13,544			
New York	Nonfleet	13,510	4,568	1,797	2,094	2,364
	Fleet	14,861	5,025			
South Carolina	Nonfleet	1,820	993	242	282	319
	Fleet	2,002	1,092			
Tennessee	Nonfleet	2,603	1,771	346	403	456
	Fleet	2,863	1,948			
Virginia	Nonfleet	12,625	7,218	1,679	1,957	2,209
	Fleet	13,888	7,940			
All Other States	Nonfleet	5,616	2,582	747	870	983
	Fleet	6,178	2,840			