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**ADDITIONAL INFORMATION**

**TO MEMBERS OF THE COMMERCIAL AUTOMOBILE COMMITTEE**

**FOR THE MEETING OF:**

**Thursday, February 1, 2024, at 10:00 a.m.**

**CAC  
23.08 Default Radius Standardization**

Staff has developed and will review information related to an alternative to the Default Radius Standardization for the Committee's consideration. (Docket #CAC23.08, Exhibit #1)

WENDY BROWNE  
Vice President – Business Operations

Attachment

Boston, Massachusetts  
January 30, 2024

To assist the Committee in reviewing the default procedures for determining radius and geographic class in the absence of creditable, verifiable documentation, staff conducted a base rate liability comparison of the current default procedure of using the intermediate radius combined with rating territory 10 to each of possible zone rating combinations of lowest, middle, and highest for the following vehicle types:

- Extra Heavy Trucks
- Extra Heavy Truck Tractors
- Charter Bus
- Inter-City Bus
- Sightseeing Bus
- Bus Not Otherwise Classified

For some vehicle types, the zone rating combination resulted in a higher premium than the current default procedure and for other vehicle types the current default procedure resulted in a higher premium. The exhibit on the next page illustrates the premium differences of the vehicles used for the comparison. Please note the rate calculations compare liability premium only which was used as a general guideline. Accordingly, CAR is recommending the following change to the default procedure in the event that the risk is unable to provide credible, verifiable documentation.

The Servicing Carrier will determine the premium by choosing the higher resulting premium of the following two calculations:

1. Intermediate Radius Class/Territory 10

Calculate the total premium using the intermediate radius with territory equal to 10 at the policy limits selected by the policyholder.

2. Long Distance Radius Class/226 Zone Combination

Calculate the total premium using Boston (03) as the default to and from New York City (zone rating code = 226) at the policy limits selected by the policyholder.

As outlined in the Manual of Administrative Procedures, the following conditions would continue to apply:

If the risk has been in operation for more than one year and provides credible documentation to validate a different radius class and/or geographic classification during the policy term, apply the rating change prospectively from the date the documentation is provided.

If the risk has been operation for less than one year and provides credible documentation to validate a different radius class and/or geographic classification at least 90 days prior to policy expiration, apply the rating change as of the effective date of the policy. However, if the documentation is provided within 90 days of the policy's expiration date, the rating change would be applied as of the effective date of the renewal policy.

<b>Base Rate Comparison Intermediate vs. Zone Rating</b>		
<b>TTT (Extra Heavy Trucks)</b>	<b>Zone Combination</b>	<b>1 Mil CSL</b>
Intermediate - Boston	N/A	\$13,972
Zone - Lowest	209	\$10,229
Zone - Middle	226	\$12,563
Zone - Highest	216	\$14,712
<b>TTT (Extra Heavy Truck Tractors)</b>		
Intermediate - Boston	N/A	\$15,815
Zone - Lowest	209	\$10,229
Zone - Middle	226	\$12,563
Zone - Highest	216	\$14,712
<b>Charter Bus</b>		
Intermediate - Boston	N/A	\$7,115
Zone - Lowest	209	\$15,872
Zone - Middle	226	\$19,530
Zone - Highest	216	\$22,894
<b>Inter-City Bus</b>		
Intermediate - Boston	N/A	\$7,443
Zone - Lowest	209	\$15,872
Zone - Middle	226	\$19,530
Zone - Highest	216	\$22,894
<b>Sightseeing Bus</b>		
Intermediate - Boston	N/A	\$7,115
Zone - Lowest	209	\$14,185
Zone - Middle	226	\$17,449
Zone - Highest	216	\$20,449
<b>Bus NOC</b>		
Intermediate - Boston	N/A	\$14,904
Zone - Lowest	209	\$8,286
Zone - Middle	226	\$10,198
Zone - Highest	216	\$11,892