



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

101 Arch Street, Suite 400 Boston, Massachusetts 02110
www.commauto.com 617-338-4000

ADDITIONAL INFORMATION

**TO MEMBERS OF THE COMMERCIAL AUTOMOBILE RESIDUAL MARKET
STANDARDS SUBCOMMITTEE**

FOR THE MEETING OF:

Tuesday, October 23, 2018 at 10:30 a.m.

CRMS

18.09 Producer Requirements

To assist the Subcommittee in its continued discussion relative to the development of a market need concept for new commercial residual market Exclusive Representative Producer appointments, attached are exhibits profiling the current commercial automobile residual market. Also attached for the Subcommittee's review is a market need concept draft outline. (Docket #CRMS18.09, Exhibits #10 and #11)

CRMS

18.12 Radius of Operation and Rating Territory

To assist the Subcommittee in its continued discussion relative to radius of operation and rating territory determination for public automobiles, attached is a draft of modifications to Rule 72 – Public Automobile Classifications and the Zone Rating Tables of the Commercial Automobile Insurance Manual. Additionally, attached is a draft outline of Servicing Carrier and Exclusive Representative Producer Standards for determining the geographic classification of public automobiles and trucks, tractors and trailers. (Docket #CRMS18.12, Exhibits #7 and #8)

WENDY BROWNE
Vice President – Business Operations

Attachments

Boston, Massachusetts
October 22, 2018

**Commonwealth Automobile Reinsurers
Policy Year 2017 Written Premium Through March, 2018
Total Market**

Primary Office Location (Territory)	Class Type Group								Total
	TTT	PPT Fleet	PPT Non-Fleet	Buses	Van Pools	Garages	Special Types & Motorcycles	Non-Owned & Operations	
	01-10	20,064,141	2,158,486	6,773,032	9,918,725	237,447	888,183	1,386,735	
11	28,135,326	1,924,482	4,199,036	3,808,286	19,420	1,516,683	5,315,661	3,422,619	48,341,513
12	24,501,552	1,511,132	2,895,231	2,804,418	15,378	2,579,103	1,753,171	2,459,242	38,519,227
13	24,880,360	2,365,864	3,860,529	3,220,262	37,938	2,299,985	1,970,115	1,889,866	40,524,919
14	31,686,039	2,154,895	3,788,103	2,284,607	142,022	2,761,793	1,742,600	9,763,561	54,323,620
15	40,280,015	3,830,499	5,130,281	1,699,460	49,616	1,578,735	1,732,289	10,878,194	65,179,089
16	42,568,078	3,734,246	8,890,485	7,487,166	45,863	4,199,017	2,701,075	20,891,516	90,517,446
17	61,803,502	5,761,037	10,959,257	15,292,846	38,854	5,504,061	3,740,986	12,385,940	115,486,483
18	65,468,681	6,092,346	12,102,637	6,491,986	127,718	6,814,635	5,193,126	7,470,708	109,761,837
19	20,835,512	2,166,123	5,131,930	3,663,984	34,096	2,075,988	1,382,918	3,716,393	39,006,944
20	10,740,145	608,436	2,670,930	1,109,873	83,204	796,160	1,071,160	413,417	17,493,325
99	49,993,155	7,476,680	5,570,498	20,456,460	88,297	8,510,085	6,786,433	41,577,464	140,459,072
Total	420,956,506	39,784,226	71,971,949	78,238,073	919,853	39,524,428	34,776,269	130,838,204	817,009,508

Percent of Statewide Premium by Class Type Group

01-10	4.8%	5.4%	9.4%	12.7%	25.8%	2.2%	4.0%	12.2%	7.0%
11	6.7%	4.8%	5.8%	4.9%	2.1%	3.8%	15.3%	2.6%	5.9%
12	5.8%	3.8%	4.0%	3.6%	1.7%	6.5%	5.0%	1.9%	4.7%
13	5.9%	5.9%	5.4%	4.1%	4.1%	5.8%	5.7%	1.4%	5.0%
14	7.5%	5.4%	5.3%	2.9%	15.4%	7.0%	5.0%	7.5%	6.6%
15	9.6%	9.6%	7.1%	2.2%	5.4%	4.0%	5.0%	8.3%	8.0%
16	10.1%	9.4%	12.4%	9.6%	5.0%	10.6%	7.8%	16.0%	11.1%
17	14.7%	14.5%	15.2%	19.5%	4.2%	13.9%	10.8%	9.5%	14.1%
18	15.6%	15.3%	16.8%	8.3%	13.9%	17.2%	14.9%	5.7%	13.4%
19	4.9%	5.4%	7.1%	4.7%	3.7%	5.3%	4.0%	2.8%	4.8%
20	2.6%	1.5%	3.7%	1.4%	9.0%	2.0%	3.1%	0.3%	2.1%
99	11.9%	18.8%	7.7%	26.1%	9.6%	21.5%	19.5%	31.8%	17.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

Commonwealth Automobile Reinsurers

Market Producer Data By Primary Office Location - Average Book Size

SERVICING CARRIER APPOINTMENTS

Primary Office Location	Voluntary Contract ERP Appointments					No Voluntary Contract ERP Appointments				
	ERP Count	PY17 Written Premium	Policy Count			ERP Count	PY17 Written Premium	Policy Count		
			PY2017	PY2016	PY2015			PY2017	PY2016	PY2015
01	7	1,067,872	266	255	258	-	-	-	-	-
02	2	204,648	61	59	55	1	5,991	3	3	4
03	1	65,435	14	15	8	1	952	1	1	2
04	3	417,362	88	87	81	-	-	-	-	-
05	13	1,866,544	483	455	411	5	387,756	68	61	61
06	1	36,690	3	-	-	1	7,025	5	6	7
07	43	34,189,311	5,598	9,892	3,455	2	52,894	18	20	19
08	14	10,277,556	1,998	2,020	1,858	2	543,545	122	123	103
09	2	144,845	33	27	31	1	403,413	55	48	42
10	4	845,298	287	146	125	-	-	-	-	-
11	82	45,973,130	10,777	10,785	10,386	3	105,057	47	52	59
12	86	36,025,652	9,521	9,517	9,379	-	-	-	-	-
13	94	39,081,255	9,749	9,332	8,967	2	970,829	387	129	164
14	97	44,735,298	10,321	10,206	9,902	1	2,173	1	3	3
15	93	68,284,392	11,497	10,702	10,556	4	663,069	17	21	14
16	129	69,528,426	13,167	12,092	11,443	4	114,329	45	43	26
17	177	114,728,692	19,689	19,166	18,859	6	1,293,049	463	261	156
18	219	103,587,146	20,138	19,623	18,223	8	1,423,830	591	223	83
19	78	36,056,144	7,017	6,112	5,802	4	2,075,691	1,281	399	59
20	52	18,596,267	4,944	4,712	4,541	3	759,420	132	134	131
99	42	23,150,054	2,744	2,651	2,700	-	-	-	-	-
Total	1,239	648,862,017	128,395	127,854	117,040	48	8,809,023	3,236	1,527	933
Ave Pol (WP/ERP)		5,054	104	103	94		2,722	67	32	19

Voluntary Producer without Servicing Carrier Appointment

Producer Count	PY17 Written Premium	Policy Count		
		PY2017	PY2016	PY2015
268	161,183,943	21,327	22,264	21,377

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

Ave Pol (WP/ERP)	7,557	80	83	80
-------------------------	--------------	-----------	-----------	-----------

Voluntary Producer Combined

Producer Count	PY17 Written Premium	Policy Count		
		PY2017	PY2016	PY2015
1,507	810,045,960	149,722	150,118	138,417

No Voluntary Contract ERP Combined

Producer Count	PY17 Written Premium	Policy Count		
		PY2017	PY2016	PY2015
48	8,809,023	3,236	1,527	933

Ave Pol (WP/ERP)	5,410	99	100	92	2,722	67	32	19
-------------------------	--------------	-----------	------------	-----------	--------------	-----------	-----------	-----------

**Commonwealth Automobile Reinsurers
Ceded Market Producer Data By Primary Office Location**

Primary Office Location	ERP Count	Voluntary Producer with Servicing Carrier Appointment						ERP Count	No Vol Producer with Servicing Carrier Appointment					
		Writing ERPs	No Ceded WP	PY17 Written Premium	Policy Count				Writing ERPS	No Ceded WP	PY17 Written Premium	Policy Count		
					PY2017	PY2016	PY2015					PY2017	PY2016	PY2015
01-10	90	79	11	23,710,135	4,235	8,741	2,200	13	13	-	1,281,703	217	208	183
11	82	76	6	6,991,349	1,257	1,139	1,092	3	3	-	53,914	13	17	18
12	86	75	11	8,083,230	1,107	1,060	1,007	-	-	-	-	-	-	-
13	94	89	5	8,526,549	1,194	1,197	1,194	2	2	-	959,483	381	129	164
14	97	91	6	10,800,229	1,401	1,325	1,256	1	1	-	2,173	1	3	3
15	93	82	11	8,574,186	1,403	1,218	1,232	4	3	1	656,578	13	19	13
16	129	114	15	17,223,183	3,400	2,221	1,601	4	4	-	114,329	45	43	26
17	177	161	16	28,161,870	3,148	3,814	3,587	6	6	-	1,198,052	423	231	132
18	219	198	21	27,474,816	5,023	4,652	3,689	8	8	-	1,352,847	560	196	62
19	78	71	7	7,461,194	1,242	1,144	1,091	4	4	-	2,059,282	1,271	398	59
20	52	47	5	6,342,871	1,310	1,176	1,084	3	3	-	610,334	87	83	78
99	42	25	17	6,334,772	367	341	317	-	-	-	-	-	-	-
Total	1,239	1,108	131	159,684,384	25,087	28,028	19,350	48	47	1	8,288,695	3,011	1,327	738
Ave Pol (WP/ERP)				6,365	23	25	17				2,753	64	28	16

Voluntary Producer without Servicing Carrier Appointment				
Producer Count	PY17 Written Premium	Policy Count		
		PY2017	PY2016	PY2015
268	161,183,943	21,327	22,264	21,377

Note: 1. Excludes Taxi, Limo and Car Service
2. Excludes Producers with no premium

as of : October 23, 2018

Ave WP Per Pol

7,558

Market Need Concept – Draft

Current # of Commercial Automobile Producers:

Total Producer Agencies: 1,555

Commercial auto producers with no Servicing Carrier appointment (voluntary only): 268

ERPs with a voluntary commercial automobile contract: 1,239

ERP without a voluntary commercial automobile contract: 48

Market need criteria: New commercial ERP appointments will be made to a SC when:

- 1) The applicant has a current commercial voluntary agency contract (no brokerage or groups)
OR
- 2) **Any applicant without a voluntary agency contract that meets all other eligibility criteria in CAR Rules, etc. and (objective criteria TBD*). Data will be updated on a quarterly basis.**
- 3) An applicant may petition for an appointment absent the above criteria in order to demonstrate a market need
- 4) Implementation of a market need concept would be prospective and not impact existing ERP SC appointments

Note: sales of agencies would result in the continuation of an SC appointment, if requested, in the case where the buyer does not have an existing SC appointment or a voluntary agency contact

*Objective Criteria: Should address the need for a commercial Servicing Carrier ERP appointment for an applicant absent an existing commercial automobile voluntary agency contract. Should be responsive to commercial automobile residual market growth or shrinkage as well as the growth or loss of voluntary agency contracts due to market conditions.

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **DRAFT**
Page | **1 of 16**

RULE 71. ELIGIBILITY

This section applies to automobiles registered or used for the transportation of members of the public.

RULE 72. PUBLIC AUTOMOBILE CLASSIFICATIONS

If an automobile has more than one use, use the highest rated classification unless 80% or more of the use is in a single lower rated activity. In that case, use the lower rated classification.

Classify public automobiles as follows:

A. Fleet and Non-Fleet Classifications

1. Fleet Classification

Any risk that has five or more self-propelled automobiles of any type that are under one ownership. For the purpose of assigning this classification, do not include:

- 1) automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest
- b. mobile equipment insured on a General Liability Policy
- c. trailers

2. Non-Fleet Classification

Automobiles for risks that do not qualify for a fleet classification.

Do not change the fleet or non-fleet classification because of mid-term changes in the number of owned automobiles except at the request of the insured. The policy must be cancelled in accordance with Rule 9 – Cancellation in Section I – General Rules of this Manual and rewritten as of the effective date of the cancellation.

B. Primary Classifications

The primary classification codes assigned to public vehicles are determined based upon the automobile's use and radius class with the exception of van pools which use seating capacity in determining classification. Refer to the Public Transportation Classification Codes and Primary Rating Factors table in the Rate Section.

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **DRAFT**
Page | **2 of 16**

1. Use Class

- a. *Taxicab or Similar Passenger Carrying Service* – a metered or unmetered automobile with a seating capacity of eight or less that is operated for hire by or on behalf of the named insured or by an employee, but does not pick up, transport, or discharge passengers along a route.

(1) Owner-Operator

This classification shall apply to individual owners of single taxicabs operated by the individual owner or spouse. It shall also apply to individuals owning under a corporate name a single taxicab operated by such individual or spouse.

(2) Rented or Leased Taxi

A taxi which is not operated by the named insured or an employee of the named insured in attendance as a chauffeur, and is rented or leased to others on a long term or short term agreement, or on a time, commission, profit-sharing, or other independent contractor basis.

If such automobile is operated part of the time by the named insured or an employee of the named insured, and is rented or leased to others part of the time as stated above, it shall be classified as a Rented or Leased Taxi.

For the purpose of this classification, an employee is defined as one who is deemed to be such within the purview of the Massachusetts Worker's Compensation Law, or any other federal, state or municipal law which defines an employer-employee relationship and is applicable to the person operating the automobile.

(3) All Other

This classification shall apply in all other cases where Sections B.1.a.(1) or (2) of this Rule do not apply.

- b. *Limousine* – an unmarked luxury sedan with a seating capacity of eight or less that is operated for hire which

CAR	Commercial Automobile Insurance Manual
Section V	Public Transportation
Effective Date	DRAFT
Page	3 of 16

- (1) is hired on a prearranged hourly basis for weddings, funerals, religious ceremonies or other non-business social functions;
 - (2) is hired on an exclusive, dedicated basis for the duration of the event, not for drop-off and pick-up;
 - (3) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur at the beginning and ending of the function.
- c. *Car Service* – an unmarked for hire automobile with a seating capacity of eight or less which
- (1) is hired on a prearranged basis;
 - (2) does not pick up hail fares on the street;
 - (3) does not contain a rate meter, and does not charge for services based upon miles traveled if the trip is less than 25 miles;
 - (4) operates on a scheduled business day, and is returned to the automobile's base of operation for a continuous period of at least four hours in each 24 hour period;
 - (5) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur;
 - (6) operates from a base with two-way communication;
 - (7) primary payment method is by billing or credit card;
 - (8) may be under contract with a regional transit authority where transportation services are paid for by the individual requesting the services. For services contracted and paid for by a social service agency, classify the automobile in accordance with Section B.1.f.(7) of this Rule.
- d. *School Bus* – an automobile that carries students or other persons to and from school, or in any school activity including games, outings and similar school trips. There are two types of school buses for rating purposes:

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **DRAFT**
Page | **4 of 16**

1. School buses owned by political subdivisions or school districts.
2. All others including independent contractors, private schools and church owned buses.

The collision premium on a policy written on an annual term may be prorated to reflect the actual school term. However, credit shall not be given for Saturdays, Sundays or holidays or for any other periods of lay-up during the school term.

- e. *Church Bus* – an automobile used by a church to transport persons to or from services and other church related activities. This classification does not apply to public automobiles used primarily for daily school activities.
- f. Other Buses
 - (1) *Inter-City Bus* – an automobile that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.
 - (2) *Urban Bus* – an automobile that picks up, transports and discharges passengers at frequent local stops along a prescribed route. This classification applies only to automobiles operated principally within the limits of a city or town, and communities contiguous to such city or town, and includes scheduled express service between points on that route.
 - (3) *Airport Bus or Airport Limousine* – an automobile for hire that transports passengers between airports and other passenger stations, or motels. Automobiles used to transport passengers from their home or place of employment to or from an airport should be classified according to Sections B.1.a.– c. of this Rule, as appropriate.
 - (4) *Charter Bus* – an automobile chartered for special trips, touring, picnics, outings, games and similar uses.
 - (5) *Sightseeing Bus* – an automobile accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.

CAR Section V Effective Date Page	Commercial Automobile Insurance Manual Public Transportation DRAFT 5 of 16
--	---

(6) *Transportation of Athletes and Entertainers* – an automobile owned by a group, firm or organization that transports its own professional athletes, musicians or other entertainers.

(a) If it is used to transport other professional athletes or entertainers, rate as a Charter Bus.

(b) An automobile owned by a group, firm or organization to transport its own non-professional athletes, musicians or entertainers, rate as Bus Not Otherwise Classified.

(7) *Social Service Agency Automobile* – an automobile used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.

This classification includes, for example, automobiles used to transport

(a) senior citizens or other clients to meal centers, medical facilities, social functions, shopping centers;

(b) handicapped persons to work or rehabilitative programs;

(c) children to day care center, Head Start programs; and

(d) Boy Scout or Girl Scout groups planned activities.

The following automobiles are eligible for this classification:

(a) Automobiles owned, or leased for one year or more, by the social service agency.

(b) Automobiles donated to the social service agency, without a driver.

(c) Automobiles hired under contract by the social service agency.

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **DRAFT**
Page | **6 of 16**

There are two types of Social Services Bus for rating purposes:

(a) Employee-Operated Automobiles

Automobiles operated by employees of the social service agency. If a social service automobile is also operated by volunteer drivers or other non-agency employees, do not classify the ~~risk~~ automobile as Employee-Operated unless 80% of the use is by agency employees.

(b) All Other

Automobiles which do not meet the employee-operated automobile classification requirements.

Excess Liability Coverage may be provided to cover automobiles not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the automobiles. For automobiles hired, loaned, leased or furnished refer to Rule 28 – Hired Automobiles of Section II – Common Coverages and Rating Procedures of this Manual. For all other non-owned automobiles, refer to Rule 27 – Non-Ownership Liability of Section II – Common Coverages and Rating Procedures of this Manual.

(8) *Bus Not Otherwise Classified* – this classification includes, but is not limited to automobiles such as country club buses, cemetery buses, real estate development buses, and courtesy buses run by hotels.

g. *Van Pools* – an automobile of the station wagon, van, truck or bus type used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.

CAR Section V Effective Date Page	Commercial Automobile Insurance Manual Public Transportation DRAFT 7 of 16
--	---

(1) Employer Furnished Transportation

Transportation is held out by the employer as an inducement to employment, a condition of employment or is incidental to employment.

(a) Employer Owned Automobiles

Automobiles owned, or leased for one year or more by an employer and used to provide transportation only for employees of the employer.

(b) Employee Owned Automobiles

Automobiles owned, or leased for one year or more by an individual employee and used to provide transportation only for fellow employees.

(2) All Other

Automobiles which do not meet the employer owned automobile classification requirements.

h. *Transportation of Employees – Other Than Van Pools* – automobiles of any type used to transport employees other than as defined in Section B.1.g. of this Rule.

(1) Automobiles that are owned or leased for one year or more by an employer and used to transport only his own employees. The classification code applicable to these vehicles is 5851.

(a) automobiles that can be classified as private passenger types in accordance with the eligibility requirements described in Rule 61 – Eligibility of Section IV – Private Passenger Types of this Manual shall be rated in accordance with the provisions of Rule 63 – Premium Development of Section IV – Private Passenger Types of this Manual.

(b) all other automobiles that cannot be classified as private passenger types in accordance with the eligibility requirements described in Rule 61 – Eligibility of Section IV – Private Passenger Types of this Manual shall be rated as van pools.

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **DRAFT**
Page | **8 of 16**

- (2) Automobiles that are owned or leased for one year or more by a person or organization who is in the business of transporting employees of one or more employers shall be classified and rated in accordance with Rule 72 – Public Automobile Classifications and Rule 73 – Premium Development – Other than Zone Rated Automobiles for automobiles described as a Bus Not Otherwise Classified in Section B.1.f.(8) of this Rule.

2. Radius Class

Determine radius on a straight line from the street address of the automobile's principal garaging. ~~motor vehicle registration. For leased automobiles, use the street address of the lessee's business to determine radius.~~

- a. Local – up to 50 miles – the automobile is not operated beyond a radius of 50 miles from the street address where such automobile is principally garaged. ~~registered.~~
- b. Intermediate – 51-200 miles – the automobile is operated beyond a radius of 50 miles but not beyond a radius of 200 miles from the street address where such automobile is principally garaged. ~~registered.~~
- c. Long distance – over 200 miles – the automobile is operated beyond a 200 mile radius from the street address where such automobile is principally garaged. ~~registered. Apply zone rates for all autos other than taxis, limousines, school, church and urban buses and van pools.~~

C. Geographic Classification

Risks Automobiles with a primary classification of Other Buses described in Section B.1.f.(1), or Sections B.1.f.(3) – (8) of this Rule are subject to zone rating if the automobile is regularly operated beyond a 200 mile radius from the street address of principal garaging. ~~where place of principal garaging is defined in this Rule.~~

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **DRAFT**
Page | **9 of 16**

1. Zone Rated Automobiles – Determining Zone or of Zone Combination and Zone Combination Code for Zone Rated Risks

a. Zone Combination

The zone combination is developed from the origin zone and the terminus zone. Determine the zone or zone combination and code for each automobile as follows:

1) a-Use the Long Distance Zone Definitions in the Rate Section to identify determine the appropriate regional zone combination to be used to determine the origin and terminus zones, as described in Sections C.1.b. and C.1.e. of this Rule.

2) Determine the Origin Zone

The origin zone is determined by the automobile's principal garaging location. If the automobile is principally garaged in the Boston regional zone (03), the origin zone is 03 (Boston). In all other situations, the origin zone is 49.

3) Determine the Terminus Zone

The terminus zone is determined by the regional zone of the terminal included in the automobile's operations that is farthest from the automobile's principal garaging. A terminal is any point at which an automobile loads or unloads. It is not limited to a terminal facility which the insured owns and operates.

b. When an automobile is principally garaged in a regional zone and operates in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone farthest away.

c. In all other situations, the zone combination is the zone of the automobile's registration and the zone included in the automobile's operations farthest from that point.

b. Zone Combination Code

a. Use the Zone Rating Table in the Rate Section to identify the applicable zone combination code that will be used for statistical reporting purposes.

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **DRAFT**
Page | **10 of 16**

Refer to the following examples for determining zone combination and zone combination code:

Examples:

- a. The automobile is registered principally garaged in Worcester, Massachusetts (regional origin zone 49 – other than Boston) and operates in Utica, New York (regional zone 48) and Hartford, Connecticut (metropolitan zone 12). The proper zone combination is 49 and 12 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 912.
- b. The automobile is registered principally garaged in Springfield, Massachusetts (regional origin zone 49 – other than Boston) and operates in Bangor, Maine (regional zone 49). The proper zone combination is 49 and 49 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 949.
- c. The automobile is registered principally garaged in Boston, Massachusetts (metropolitan origin zone 03 – Boston) and operates in New York City (metropolitan regional zone 26) and Utica, New York (regional zone 48). The proper zone combination is 03 and 48 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 248.
- d. The automobile is principally garaged in New York City (origin zone 49 – other than Boston) and operates in Atlanta, Georgia (regional zone 01) and in Tallahassee, Florida (regional zone 47). The proper zone combination is 49 and 47 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 947.

Refer to the Long Distance Zone Definitions and the Zone Rating Tables in the Rate Section:

2. Non-Zone Rated Automobiles – Determination of Rating Territory Principal Place of Garaging for Non-Zone Rated Risks

For risks that are not subject to zone rating, the rating territory shall be determined by the highest rated territory through which or in which the public automobile operates. The highest rated territory is the territory with the highest manual premiums for

CAR | **Commercial Automobile Insurance Manual**
Section V | **Public Transportation**
Effective Date | **DRAFT**
Page | **11 of 16**

compulsory and optional bodily injury liability at \$20,000 per person, \$40,000 per accident and \$5,000 property damage as shown on the Public Automobiles Liability rate pages in the Rate Section. A rating territory other than the highest rated territory may apply if the risk supplies credible documentation that 80% or more of a the public automobile's operation is outside the highest rated territory. In that case, assign the territory of the automobile's highest percentage of operation.

Refer to the Territory Schedule in the Rate Section.

D. Secondary Classifications

A secondary classification is assigned to ~~risks~~ automobiles with a primary classification of Other Buses and described in Section B.1.f. of this Rule that do not qualify for zone rating, and to ~~risks~~ automobiles with a primary classification of School Bus as described in Section B.1.d. or Church Bus as described in Section B.1.e. of this Rule. The secondary classification is based on the seating capacity of the automobile.

Apply the following criteria to determine the seating capacity of the automobile:

1. Use the seating capacity specified by the manufacturer of the automobile unless a public authority rules otherwise.
2. Do not include the driver's seat when determining seating capacity.
3. If a truck, tractor or trailer is classified as a public automobile, determine the seating capacity from the size class as follows:

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

RULE 73. PREMIUM DEVELOPMENT – OTHER THAN ZONE RATED AUTOMOBILES

This Rule shall apply to all classifications described in Rule 72 – Public Automobile Classifications except for the classifications described in Section B.1.h.(1) of Rule 72.

Commonwealth Automobile Reinsurers

Commercial Automobile Insurance Manual

ZONE RATING TABLES

For liability the following tables include the zone or combination zone base premiums, and for physical damage they include the zone or combination zone factors to be applied to the Physical Damage Base Premium Table.

KEY TO ZONE RATING TABLES			
The liability premiums are displayed as follows:			The physical damage factors are displayed as follows:
Bodily Injury (\$20,000/40,000)	\$2,026	1.82	Comprehensive
Property Damage (\$5,000)	920	1.13	Fire, Theft and CAC (incl. MM&V)
		4.00	Collision (All Deductibles)
<u>12345 ----</u>			
Zone Combination Code			

To separate the Bodily Injury premiums for zone rated risks, the following percentages shall be applied to the \$20,000/40,000 Bodily Injury premium determined from the Zone Rating Table for the appropriate zone rating combination.

Compulsory Bodily Injury	86% of the 20/40 B.I. Premium
Personal Injury Protection	4% of the 20/40 B.I. Premium
Optional Bodily Injury (20/40)	10% of the 20/40 B.I. Premium

Medical Payments –
 Use the Medical Payments rates for trucks, tractors and trailers.

Commonwealth Automobile Reinsurers

Commercial Automobile Insurance Manual

**LONG DISTANCE ZONE DEFINITIONS
 REGIONAL ZONES**

01	ATLANTA Zone includes Clayton and Cobb Counties and Atlanta, Georgia territories.
02	BALTIMORE—WASHINGTON Zone includes Baltimore, Baltimore Suburban and Outer Suburban, Montgomery County Suburban and Outer Suburban, and Prince Georges County Suburban and Outer Suburban, Maryland territories, the entire District of Columbia, and Alexandria City, Arlington, Falls Church City and Arlington-Alexandria Suburban, Virginia territories.
03	BOSTON Zone includes all of Essex, Middlesex, Norfolk and Suffolk, Massachusetts Counties.
04	BUFFALO Zone includes Erie County (Balance), Buffalo, Buffalo Semi-Suburban, Buffalo Suburban, Niagara Falls and Niagara Falls Suburban, New York territories.
05	CHARLOTTE Zone includes Charlotte and all of Mecklenburg County, North Carolina territories.
06	CHICAGO Zone includes all of Cook and DuPage County territories. Lake County (Balance), Waukegan-North Chicago and all Chicago, Illinois territories; and East Chicago, Indiana territory.
07	CINCINNATI Zone includes Cincinnati, Dayton and Hamilton-Middletown, Ohio; and Covington-Newport, Kentucky territories.
08	CLEVELAND Zone includes all of Geauga, Lorain and Medina County territories, Portage County (excluding the village of Mogadore), all Cleveland and Painesville, Ohio territories.
09	DALLAS—FORT WORTH Zone includes all of Dallas and Tarrant, Texas Counties.
10	DENVER Zone includes Denver and North Central, Colorado territories.
11	DETROIT Zone includes all Detroit, Dearborn and Pontiac, Michigan territories.
12	HARTFORD Zone includes all of Hartford and New Haven Counties, and Bridgeport and Fairfield-Stratford, Connecticut territories.
13	HOUSTON Zone includes all of Chambers, Galveston and Harris, Texas Counties.
14	INDIANAPOLIS Zone includes all of Marion County, Indiana territory.
15	JACKSONVILLE Zone includes all of Jacksonville, Florida territory.
16	KANSAS CITY Zone includes all of Kansas City, Kansas; and Independence and all Kansas City, Missouri territories.
17	LITTLE ROCK Zone includes all of Pulaski County, Arkansas territory.
18	LOS ANGELES Zone includes all of Los Angeles and Orange Counties and also Riverside and San Bernardino, California territories.
19	LOUISVILLE Zone includes all of Jefferson County, Kentucky and New Albany and Jeffersonville, Indiana territories.
20	MEMPHIS Zone includes all of Shelby County, Tennessee territory.
21	MIAMI Zone includes Miami and Miami Beach, Florida territories.
22	MILWAUKEE Zone includes Kenosha, Milwaukee Metropolitan, Semi-Suburban and Suburban and Racine, Wisconsin territories.
23	MINNEAPOLIS—ST. PAUL Zone includes Minneapolis Metropolitan and Suburban, St. Paul Metropolitan and Suburban, Minnesota territories.
24	NASHVILLE Zone includes all of Davidson County, Tennessee territory.
25	NEW ORLEANS Zone includes all of New Orleans, Louisiana territory.
26	NEW YORK CITY Zone includes all of New York City, Nassau and Westchester, New York Counties, all of Bergen, Essex and Hudson Counties, Elizabeth, New Brunswick, Perth Amboy and Plainfield, New Jersey territories; and Darien-Greenwich and Stamford, Connecticut territories.
27	OKLAHOMA CITY Zone includes all of Oklahoma County, Oklahoma territory.

Commonwealth Automobile Reinsurers

Commercial Automobile Insurance Manual

LONG DISTANCE ZONE DEFINITIONS

**REGIONAL ZONES
 (Continued)**

28	OMAHA Zone includes all of Douglas and Sarpy, Nebraska Counties and Council Bluffs, Iowa territory.
29	PHOENIX Zone includes Mesa-Tempe and Phoenix, Arizona territories.
30	PHILADELPHIA Zone includes Bucks County (Balance), Chester County (Balance), Delaware 24 (Balance), Montgomery County (Balance), Allentown-Bethlehem and all Philadelphia, Pennsylvania territories, Wilmington, Delaware and Camden, Camden Suburban and Trenton, New Jersey territories.
31	PITTSBURGH Zone includes all of Allegheny and Beaver Counties, Pennsylvania territories.
32	PORTLAND Zone includes all of Portland, Portland Semi-Suburban, Portland Suburban, Oregon and Vancouver, Washington territories.
33	RICHMOND Zone includes all of Richmond, Virginia territory.
34	ST. LOUIS Zone includes all of St. Louis County, Missouri, and East St. Louis, Illinois territories.
35	SALT LAKE CITY Zone includes all of Salt Lake City County, Utah territory.
36	SAN FRANCISCO Zone includes all of Alameda, Contra Costa, Marin, San Francisco, San Mateo and Santa Clara, California Counties.
37	TULSA Zone includes all of Tulsa, Oklahoma territory.
40	PACIFIC COAST Zone includes the States of California (excluding Los Angeles and San Francisco Zones), Oregon (excluding Portland Zone), and Washington (excluding Portland Zone).
41	MOUNTAIN Zone includes the States of Arizona (excluding Phoenix Zone), Colorado (excluding Denver Zone), Idaho, Montana, Nevada, New Mexico, Utah (excluding Salt Lake City Zone) and Wyoming.
42	MIDWEST Zone includes the States of Iowa (excluding Omaha Zone), Kansas (excluding Kansas City Zone), Missouri (excluding Kansas City and St. Louis Zones), Minnesota (excluding Minneapolis-St. Paul Zone), Nebraska (excluding Omaha Zone), North Dakota, South Dakota and Wisconsin (excluding Milwaukee Zone).
43	SOUTHWEST Zone includes the States of Arkansas (excluding Little Rock Zone), Oklahoma (excluding Oklahoma City and Tulsa Zones) and Texas (excluding Dallas-Fort Worth and Houston Zones).
44	NORTH CENTRAL Zone includes the States of Illinois (excluding Chicago and St. Louis Zones), Indiana (excluding Chicago, Indianapolis and Louisville Zones), Ohio (excluding Cincinnati and Cleveland Zones) and Michigan (excluding Detroit Zone).
45	MIDEAST Zone includes the States of Kentucky (excluding Cincinnati and Louisville Zones), Tennessee (excluding Memphis and Nashville Zones) and West Virginia.
46	GULF Zone includes the States of Alabama, Louisiana (excluding New Orleans Zone) and Mississippi.
47	SOUTHEAST Zone includes the States of Florida (excluding Jacksonville and Miami Zones), Georgia (excluding Atlanta Zone), North Carolina (excluding Charlotte Zone), South Carolina and Virginia (excluding Baltimore/Washington and Richmond Zones).
48	EASTERN Zone includes the States of Delaware (excluding Philadelphia Zone), Maryland (excluding Baltimore/Washington Zone), New York (excluding Buffalo and New York City Zones), New Jersey (excluding New York City and Philadelphia Zones) and Pennsylvania (excluding Philadelphia and Pittsburgh Zones).
49	NEW ENGLAND Zone includes the States of Connecticut (excluding Hartford and New York City Zones), Maine, Massachusetts (excluding Boston Zone), New Hampshire, Rhode Island and Vermont.
50	ALASKA Zone includes all of the State of Alaska (refer to company).

R-58
C.A.R.
2/1/2018

COMMONWEALTH AUTOMOBILE REINSURERS

Massachusetts Commercial Automobile

ZONE RATING TABLE

Origin Zone 03 (Boston) Combinations)

Insert the state code of the state of principal garaging as the first two digits of the zone combinations code.

Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.
01 Atlanta	2026	1.82	13 Houston	1656	2.75	25 New Orleans	1656	2.33	37 Tulsa	1656	2.11
	920	1.13		753	1.30		753	1.13		753	1.16
	---	4.00		---	3.75		---	3.38		---	3.39

02 Balt.- Wash	2026	2.45	14 Indianapolis	1656	1.76	26 N.Y. City	1963	1.83	40 Pacific	1656	1.92
	920	0.95		753	1.01		889	0.98		753	0.97
	---	3.32		---	3.16		---	3.32		---	3.55

03 Boston	1656	1.60	15 Jacksonville	2026	1.73	27 Okla. City	1656	2.11	41 Mountain	1656	2.08
	753	0.90		920	1.06		753	1.16		753	1.01
	---	3.32		---	3.90		---	3.39		---	3.38

04 Buffalo	1656	1.83	16 Kansas City	1534	2.14	28 Omaha	1656	1.89	42 Midwest	1656	2.03
	753	0.98		697	1.21		753	1.01		753	1.06
	---	3.32		---	3.16		---	3.16		---	3.16

05 Charlotte	2026	1.53	17 Little Rock	1534	2.51	29 Phoenix	1656	2.24	43 Southwest	1656	2.73
	920	0.93		697	1.03		753	0.97		753	1.27
	---	3.71		---	4.00		---	3.55		---	3.69

06 Chicago	1656	1.98	18 Los Angeles	1534	1.93	30 Philadelphia	2026	1.60	44 North Central	1656	1.77
	753	1.08		697	1.08		920	0.95		753	1.01
	---	3.16		---	3.55		---	3.32		---	3.22

07 Cincinnati	1656	1.84	19 Louisville	1656	1.62	31 Pittsburgh	1656	1.60	45 Midwest	1656	1.76
	753	0.99		753	0.99		753	0.95		753	1.11
	---	3.16		---	3.16		---	3.32		---	3.28

08 Cleveland	1656	1.84	20 Memphis	1534	1.95	32 Portland	1656	1.87	46 Gulf	1656	2.28
	753	0.99		697	1.25		753	0.92		753	1.08
	---	3.16		---	3.37		---	3.55		---	3.46

09 Dallas Fort Worth	1656	2.80	21 Miami	2026	1.73	33 Richmond	2026	1.81	47 South East	2026	1.72
	753	1.35		920	1.06		920	1.03		920	1.04
	---	3.80		---	3.90		---	3.17		---	3.75

10 Denver	1656	2.04	22 Milwaukee	1656	1.63	34 St. Louis	1656	2.14	48 Eastern	1656	1.79
	753	1.09		753	0.98		753	1.22		753	0.97
	---	3.16		---	3.16		---	3.16		---	3.32

11 Detroit	1656	1.76	23 Minneapolis	1656	1.89	35 Salt Lake City	1656	2.26	49 New England	1656	1.60
	753	1.01		753	0.99		753	0.91		753	0.90
	---	3.46		---	3.16		---	3.55		---	3.32

12 Hartford	2026	1.72	24 Nashville	1656	1.95	36 San. Fran	2026	1.93			
	920	0.99		753	1.25		920	0.98			
	---	3.32		---	3.37		---	3.55			

R-59
 C.A.R.
 2/1/2018

COMMONWEALTH AUTOMOBILE REINSURERS
 Massachusetts Commercial Automobile

ZONE RATING TABLE
 Origin Zone 49 (Other than Boston) Combinations)

Insert the state code of the state of principal garaging as the first two digits of the zone combinations code.

Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.				
01 Atlanta	2026	1.61	13 Houston	2026	2.63	25 New Orleans	1476	2.13	37 Tulsa	1476	1.90				
	920	1.05		920	1.23		666	1.05		666	1.08				
	---	4.00		---	3.70		---	3.38		---	3.39				
---			901	---			913	---			925	---			937
02 Balt.- Wash	2026	2.24	14 Indianapolis	1476	1.56	26 N.Y. City	1963	1.63	40 Pacific	1476	1.72				
	920	0.87		666	0.93		889	0.90		666	0.89				
	---	3.32		---	3.16		---	3.32		---	3.55				
---			902	---			914	---			926	---			940
03 Boston	1656	1.81	15 Jacksonville	2026	1.53	27 Okla. City	1476	1.90	41 Mountain	1291	1.87				
	753	0.98		920	0.98		666	1.08		583	0.93				
	---	3.32		---	3.90		---	3.39		---	3.38				
---			903	---			915	---			927	---			941
04 Buffalo	1476	1.63	16 Kansas City	1534	1.94	28 Omaha	1656	1.68	42 Midwest	1291	1.83				
	666	0.90		697	1.14		753	0.93		583	0.98				
	---	3.32		---	3.16		---	3.16		---	3.38				
---			904	---			916	---			928	---			942
05 Charlotte	2026	1.33	17 Little Rock	1534	2.30	29 Phoenix	1476	2.04	43 Southwest	1291	2.53				
	920	0.85		697	0.95		666	0.89		583	1.19				
	---	3.71		---	4.00		---	3.55		---	3.69				
---			905	---			917	---			929	---			943
06 Chicago	1476	1.78	18 Los Angeles	1534	1.73	30 Philadelphia	2026	1.39	44 North Central	1534	1.56				
	666	1.00		697	1.00		920	0.87		697	0.93				
	---	3.16		---	3.55		---	3.32		---	3.22				
---			906	---			918	---			930	---			944
07 Cincinnati	1476	1.63	19 Louisville	1656	1.41	31 Pittsburgh	1476	1.39	45 Mideast	1476	1.56				
	666	0.91		753	0.91		666	0.87		666	1.03				
	---	3.16		---	3.16		---	3.55		---	3.28				
---			907	---			919	---			931	---			945
08 Cleveland	1476	1.63	20 Memphis	1534	2.00	32 Portland	1476	1.66	46 Gulf	1656	2.07				
	666	0.91		697	1.00		666	0.84		753	1.00				
	---	3.16		---	3.37		---	3.55		---	3.46				
---			908	---			920	---			932	---			946
09 Dallas Fort Worth	1476	2.63	21 Miami	2026	1.53	33 Richmond	2026	1.60	47 South East	1476	1.51				
	666	1.23		920	0.98		920	0.95		666	0.96				
	---	3.70		---	3.90		---	3.17		---	3.75				
---			909	---			921	---			933	---			947
10 Denver	1656	1.83	22 Milwaukee	1476	1.43	34 St. Louis	1476	1.94	48 Eastern	1656	1.59				
	753	1.01		666	0.90		666	1.14		753	0.89				
	---	3.16		---	3.16		---	3.16		---	3.32				
---			910	---			922	---			934	---			948
11 Detroit	1656	1.56	23 Minn-St. Paul	1476	1.69	35 Salt Lake City	1656	2.05	49 New England	1476	1.60				
	753	0.93		666	0.91		753	0.83		666	0.90				
	---	3.46		---	3.16		---	3.55		---	3.32				
---			911	---			923	---			935	---			949
12 Hartford	2026	1.51	24 Nashville	1476	1.74	36 San. Fran	2026	1.73							
	920	0.91		666	1.17		920	0.90							
	---	3.32		---	3.37		---	3.55							
---			912	---			924	---			936	---			

DRAFT OUTLINE

October 23, 2018

Servicing Carrier and Exclusive Representative Producer Standards for Determining Geographic Classification of Public Automobiles and Trucks, Tractors, and Trailers

Public Automobiles

Rule 72.C. of CAR's Commercial Automobile Manual describes the process by which Servicing Carriers and ERPs will determine a public vehicles geographic classification. The following standards identify key components of that determination and will outline standard procedures for evaluation of those components

Principal Garaging:

- Definition
- Validation tools
 - TBD

Principal Operation:

- Definition – miles
- Validation tools
 - Trip logs and their use
 - Others TBD
- New risks (vs new business)

Territory Definitions:

- Boston territories combined (Territories 1 – 10)
 - Geographically contiguous
 - Combined for rating purposes
 - Consistent exposure

Trucks, Tractors, and Trailers

Rule 52.C. of CAR's Commercial Automobile Manual describes the process by which Servicing Carriers and ERP's will determine a geographic classification.

TBD