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Private Passenger Residual Market Rates October 1, 2012 Effective Date

Rate Implementation Notes

Below are notes relevant to implementing the October 1, 2012 effective date private passenger residual market rates using the Rating Factors tables posted on CAR's website.

- Base rates by coverage have been modified to reflect current loss experience.
- AIB motorcycle advisory rates on file with the Division of Insurance effective April 1, 2012 have been adopted for residual market policies effective October 1, 2012 and later.
- Bodily Injury increased limit factors remain unchanged, but are reflected in decimal format.
- Deductible relativities, and model year/VRG relativities are unchanged.
- The following commission schedule will be used for assigned risk business:
 - For business originating from an ARP with a voluntary contract with the ARC to which the policy was assigned, the producer will be compensated in accordance with the terms of the voluntary contract.
 - For business originating from an ARP with no voluntary contract with the ARC to which the policy was assigned, the producer will be compensated based on the rated operators' accident and violation history identified below.

<u>Rate Operator Merit Rating Codes Under the Policy</u>	<u>Base Commission Pct</u>
All Rated Operators have Merit Rating Code = 99	13.0%
All Rated Operators have Merit Rating Code = 0, 98, or 99	12.0%
At Least One Rated Operator has Merit Rating Code = 1-4	10.0%
At Least One Rated Operator has Merit Rating Code = 5 or more	10.0%

- The commission rate is determined at the time the new business or renewal policy is issued.
- Endorsements with an effective date the same as the policy effective date which impact the commission percentage require an adjustment to the commission compensation.
- A commission adjustment should not be processed for a mid-term policy endorsement.
- The commission rate of 13.0% for Motorcycles is found in the Rate Section of CAR's Private Passenger Automobile Insurance Manual on page R-49.
- For all other Miscellaneous Vehicle Types (such as motor homes, low speed vehicles, campers), if merit rating status applies use the MAIP commission schedule. If merit rating status does not apply to the vehicle type then a commission rate of 11.7% applies.