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Private Passenger Residual Market Rates October 1, 2013 Effective Date

Rate Implementation Notes

Below are notes relevant to implementing the October 1, 2013 effective date private passenger residual market rates using the Rating Factors tables posted on CAR's website.

- Rule 20 – Model Year Definition and Rule 22 – VRG Program have been modified to add a procedure for determining model year/VRG relativities for model years not shown on the rate pages.
- Base rates by coverage have been modified to reflect current loss experience.
- Rating territories are unchanged.
- Motorcycle rates are modified, including substitute transportation and towing & labor rates. Note that territory rating groups for motorcycles are the same as private passenger vehicles and have not changed.
- BI and PDL increased limit factors are unchanged.
- MedPay increased limits rates are updated.
- U-1 increased limits rates reflect the change in base rates, with no change in underlying ILFs.
- Deductible relativities have been updated.
- Model year/VRG relativities are shifted one year, but otherwise are unchanged.
- Miscellaneous rating factors are updated (RS-1).
- The commission schedule for assigned risk business is unchanged and is as follows:
 - 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.