

CAR Commercial Rate – Effective July 1, 2020
Implementation Procedures and Summary of Changes

Below is a description of procedures used to develop rates effective July 1, 2020, including a summary of the changes implemented this year.

Please note that the approved rates included changes to the effective date from May 1, 2020 to July 1, 2020. There was an update to the Rate Summary page in the rate filing that increased the overall rate impact from 6.3% to 8.2%, reflecting a calculation update that related to excess limits for Zone Rated automobiles and did not impact the base rates. There are no changes from the original rates and implementation factors that were distributed when the filing was made.

1. Commission Schedule

Commissions to be paid in conjunction with the CAR Commercial Rate are as follows:

<u>Classification</u>	<u>Percent of Written Premium</u>
Taxi	7.69%
Limousine	3.61%
Car Service	2.37%
All Other	8.34%

2. CAR Commercial Automobile Insurance Manual – Manual Rules

This filing proposes to discontinue the anti-theft discount for the comprehensive coverages. All other discounts remain unchanged. The elimination of the anti-theft discount affect the following Manual Rules:

Rule 1 reference, Rule 43, and Section VIII are eliminated.

No additional Rule changes or statistical coding changes are included with this rate filing. Specific rates and relativities referenced in the Rules would change where applicable. These changes include the following:

Section II: Common Coverages and Rating Procedures Single Limit Example, Page 8 of 14.

Section III: Trucks, Tractors, and Trailers Premium Calculation Example, Page 17 of 17.

3. CAR Commercial Automobile Policy Forms and Endorsements

No Policy Form or Endorsement changes are included with rate filing.

4. Experience Rating Plan

The CAR Experience Rating Plan has been updated to reflect factors and components resulting from the proposed rate changes. The Experience Rating Plan will be posted to CAR's website upon approval. Policies eligible for experience rating issued prior to distribution of the Experience Rating Plan should include endorsement MM 99 23 – Rate Modification.

Specific changes to the experience rating plan include the following:

Liability

- a. Updates to Premium De-Trend Factors
- b. Loss Development Factors for immature years have been updated.
- c. Updates to Table C – Credibility, Adjusted Expected Loss Ratio, and Maximum Single Loss
- d. Examples have been updated.

Physical Damage

- a. Updates to Premium De-Trend Factors
- b. Loss Development Factors for immature years have been updated.
- c. The Experience Rating Adjustment Factor (ERAF) has been changed from .6 to .4.
- d. Updates to Table C – Credibility, Adjusted Expected Loss Ratio, and Maximum Single Loss for Zone Rated and All Other
- e. Examples have been updated

5. Rate Implementation

a. Territory Schedule

The territory definitions to be used for policies effective with this filing are unchanged. Territory relativities have been updated.

b. Increased Limit Factors (ILF)

The Bodily Injury and Property Damage Liability ILF's have been updated. Uninsured/Underinsured Motorists ILF's have been updated to reflect changes in the base rates.

Refer to Schedule 107 for complete tables of increased limit factors.

c. Deductible Relativities

Physical Damage Deductible Rate Relativities were updated.

Refer to Schedule 107 for Deductible Relativities.

d. Zone Rates

Base rates for Zone Rated classifications have been updated. Specifically, Zone Rates, Trailer Interchange, and Long Distance Physical Damage are developed by applying a factor of 1.265 times the 3-01-19 rates for BI/PIP, 1.271 for PDL, .999 for Collision, and 1.051 for Comprehensive.

e. Age-Symbol Relativities

Age-Symbol Relativities have been updated.

Refer to Schedule 107 for complete tables of Age-Symbol Relativities.

f. Schedule 107 and Rates

i. Trucks, Tractors, and Trailers

Schedule 107-1 contains the information necessary for the calculation of rates for vehicles classified as truck, tractor, or trailer. The methodology for the calculation of these rates is unchanged. The following should be noted:

- Non zone-rated Collision premiums for truck-tractors and vehicles used in dumping operations are developed by applying a factor of 1.25 times the corresponding truck collision premium. Zone Rated vehicles used in dumping operations are developed by applying a factor of 1.5 times the corresponding truck collision premium.
- Fire, theft, and CAC premiums for the \$500 deductible level are developed by applying a factor of 0.64 times the corresponding \$500 deductible comprehensive premium.
- Calculation of the \$300 deductible fire, theft, and CAC premium follows the same procedure, including a minimum \$5 buyback charge.
- Use TTT medical payments rates for zone rated classifications.
- Physical damage rates for zone rated, trailer interchange, and long distance classes have been updated.

ii. Private Passenger Types

Schedule 107-2 contains information necessary for the calculation of rates for vehicles classified as private passenger fleet, and those miscellaneous vehicle classifications with base rates derived from the private passenger non-fleet type. Private passenger non-fleet vehicles (classification code 739100) will continue to be rated using the Servicing Carrier's voluntary filed rate. The methodology for the calculation of these rates for both liability and physical damage remains unchanged.

iii. Public Vehicle Types

• Taxi

Schedule 107-3 contains the information necessary for the calculation of taxi liability rates. The methodology for the calculation of these rates remains unchanged. For collision and limited collision rates, charge 5 times the private passenger type collision or limited collision rate. For comprehensive rates, charge 6 times the private passenger type rate.

• Limousine

Schedule 107-4 contains the information necessary for the calculation of the limousine liability rates. The methodology for the calculation of these rates remains unchanged. The physical damage rates are developed by applying a factor of 1.5 times the private passenger type rate.

• Car Service

Schedule 107-5 contains the information necessary for the calculation of the car service liability rates. The methodology for the calculation of these rates remains unchanged. The physical damage rates are developed by applying a factor of 1.5 times the private passenger type rate.

- Public Buses

Schedule 107-6 contains the information necessary for the calculation of the public bus liability rates. The methodology for the calculation of these rates remains unchanged. The physical damage rates are developed by applying a factor of 1.25 times the TTT rate.

- Van Pools

Schedule 107-7 contains the information necessary for the calculation of the van pool rates. The methodology for the calculation of these rates remains unchanged.

iv. Garages

Schedule 107-8 contains the information necessary for the calculation for garage risks on a per plate basis. The methodology for the calculation of these rates remains unchanged. Garagekeepers premium and dealers physical damage premium are developed by applying a factor of .993 to the rates effective March 1, 2019. For garage operations other than covered autos, the calculation of premium on a combined single limit, aggregate basis for compulsory garage risks, and for those garage risks for which a dealer or repair plate has not been issued, will be contained in the Rate Section of the Commercial Automobile Manual.

v. Special Types

The factors and rating procedures for special types remain unchanged. Special Types premium are developed by applying a factor of 1.021 to the rates effective March 1, 2019.

vi. Motorcycles

Motorcycle rates have not been updated. However, the comprehensive coverage rate per \$100 of value has been updated to reflect the elimination of the anti-theft discount.