



North Carolina Reinsurance Facility

October 14, 2021

Honorable Mike Causey
Commissioner of Insurance
North Carolina Department of Insurance
Raleigh, North Carolina 27611

Re: Revision of Commercial Automobile
Insurance Rates

Dear Sir:

Pursuant to North Carolina General Statute 58-37-35(l), the North Carolina Reinsurance Facility hereby files on behalf of its member companies revised (1) basic limits premium rates for liability insurance for trucks, tractors and trailers, auto dealers, zone rated vehicles, and private passenger types not eligible for rating under the North Carolina Personal Auto Manual and (2) bodily injury and property damage liability increased limits factors for such coverages rated under the Facility's Commercial Automobile Manual.

Enclosed are memoranda and exhibits which set forth and explain the calculations of the revised rates and rating factors. The rates established herein are based upon automobile liability insurance experience for the five years ending December 31, 2019 and automobile liability insurance expense data for calendar year ending December 31, 2020, the latest years for which such data are available.

The information and statistical data required pursuant to G.S. 58-36-15(h) are included. Additionally, the pre-filed testimony of (a) Raymond F. Evans, General Manager - North Carolina Reinsurance Facility; (b) James Davidson, Senior Actuarial Director, Commercial Casualty Lines (including Automobile) - Insurance Services Office; and (c) Alyssa Irving, Senior Managing Director – Fixed Income Portfolio Manager, Wellington Management Company, LLP is submitted herewith.

These revised rates will become effective April 1, 2022, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after April 1, 2022. No policy effective prior to April 1, 2022 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of

these changes except at the request of the insured and at the customary short rate charges as of the date of such requests, but in no event prior to April 1, 2022.

If you have any questions regarding this filing, please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas F. Burns", with a long horizontal flourish extending to the right.

Thomas F. Burns
Director Auto Operations
North Carolina Reinsurance Facility

NORTH CAROLINA REINSURANCE FACILITY
REVISION OF RATES FOR COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

This section contains the revision of rates for classes of business ceded to the Reinsurance Facility that appear in the North Carolina Reinsurance Facility Commercial Automobile Insurance Manual of Rules and Rates. This review is based on the latest available experience of companies that filed under the ISO Commercial Statistical Plan (CSP), the PCI Automobile Statistical Plan, and the NISS Automobile Statistical Plan.

Set forth below are the percentage changes in manual rates resulting from this revision for the major classes of Commercial business.

<u>Classes and Coverages</u>	<u>Filed Percentage Changes</u>	
	<u>Basic Limits</u>	<u>Total Limits</u>
<u>Trucks, Tractors, and Trailers Liability</u>		
Bodily Injury (30/60)	5.9%	9.2%
Property Damage (25)	6.9%	2.2%
<u>Private Passenger Types Liability</u>		
Bodily Injury (30/60)	1.2%	3.5%
Property Damage (25)	15.3%	12.6%
<u>Auto Dealers</u>		
Bodily Injury (30/60)	9.0%	11.9%
Property Damage (25)	17.4%	11.5%
<u>Zone Rated Risks</u>		
Bodily Injury (30/60)	12.5%	17.5%
Property Damage (25)	2.1%	-7.2%
Grand Total	7.8%	8.7%

The material included in this review is arranged as follows:

- Section A - Summary of Rate Level Indications
- Section B - Determination of the Statewide Rate Level Indications
- Section C - Exhibits of Revised Rates
- Section D - Supporting Exhibits
- Section E - Revision of Increased Limits Factors
- Section F - Increased Limits Experience Review
- Section G - Revision of Increased Limits Tables

North Carolina Reinsurance Facility

Summary of Indications

ISO/PCI/NISS Experience

	<u>Basic Limits Indications</u>	<u>Increased Limits Indications</u>	<u>Total Limits Indications</u>
<u>TRUCKS, TRACTORS, & TRAILERS</u>			
Bodily Injury	5.9%	3.1%	9.2%
Property Damage	6.9%	-4.4%	2.2%
Total	6.2%	0.5%	6.7%
<u>PRIVATE PASSENGER TYPES</u>			
Bodily Injury	1.2%	2.3%	3.5%
Property Damage	15.3%	-2.3%	12.6%
Total	7.6%	0.2%	7.8%
<u>AUTO DEALERS</u>			
Bodily Injury	9.0%	2.7%	11.9%
Property Damage	17.4%	-5.0%	11.5%
Total	12.1%	-0.2%	11.9%
<u>ZONE-RATED RISKS</u>			
Bodily Injury	12.5%	4.4%	17.5%
Property Damage	2.1%	-9.1%	-7.2%
Total	10.3%	1.6%	12.1%
<u>PUBLICS</u>			
Bodily Injury	5.9%	2.7%	8.8%
Property Damage	6.9%	-3.7%	2.9%
<u>OVERALL</u>			
Bodily Injury	8.5%	3.5%	12.3%
Property Damage	6.2%	-5.5%	0.4%
Total	7.8%	0.8%	8.7%

The Publics changes are not included in the overall change.

The Basic Limit Property Damage indications include a .13% factor. This factor has been applied to account for the anticipated increase in PD losses due to the effect of legislation effective 03/01/2016.

SECTION A

Summary of Rate Level Indications

North Carolina Reinsurance Facility
Automobile Liability Insurance
Rate Level Indications

ISO/PCI/NISS Experience

	Trucks			P.P. Types			Auto Dealers			Zone Rated Risks		
	Basic Limits			Total Limits			Basic Limits			Basic Limits		
	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.
1. Credibility Weighted Rate Level Loss Ratio	0.838	0.846		0.796	0.922		0.833	0.907		0.957	0.856	
2. Trended Fixed Expense Ratio (a)	0.120	0.120		0.120	0.120		0.152	0.152		0.120	0.120	
3. Sum of (1) and (2)	0.958	0.966		0.916	1.042		0.985	1.059		1.077	0.976	
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.876	0.876		0.876	0.876		0.876	0.876		0.926	0.926	
5. Indicated Rate Level Change $[(3)/(4)]-1 \times 100$	9.4%	10.3%	9.7%	4.6%	18.9%	11.1%	12.4%	20.9%	15.6%	16.3%	5.4%	14.0%
6. Indications Reflecting Investment Income (c)	5.9%	6.8%	6.2%	1.2%	15.2%	7.6%	9.0%	17.2%	12.1%	12.5%	2.0%	10.3%
7. Indications Reflecting Legislation effective 03/01/2016 (d)	5.9%	6.9%	6.2%	1.2%	15.3%	7.6%	9.0%	17.4%	12.1%	12.5%	2.1%	10.3%

(a) Trended Fixed Expense Ratio is the sum of other acquisition expenses and general expenses multiplied by the average annual change in expenses projected for n years.

	<u>Trucks</u>	<u>P.P. Types</u>	<u>Auto Dealers</u>	<u>Zone Rated</u>
Sum of Other Acquisition Expense and General Expenses	11.5%	11.5%	14.5%	11.5%
Avg. Annual Change in Expenses:	2.3%	2.3%	2.3%	2.3%
Years Projected (n)	2.00	2.00	2.00	2.00

(b) This ratio represents the percentage of the premium dollar available to cover losses, loss adjustment expenses, other acquisition costs and general expenses. It is calculated as 1.00 minus the provision for commissions and taxes, licenses and fees (see Section D, Exhibit 4).

(c) Reflects Investment Income on Earned Premium $[(3)/(0.876 + 0.0289)]-1 \times 100$ for Trucks, Tractors, and Trailers and Private Passenger Types, and $[(3)/(0.876 + 0.0277)]-1 \times 100$ for Auto Dealers, and $[(3)/(0.926 + 0.0310)]-1 \times 100$ for Zone Rated Risks.

Investment Income (Trucks and Private Passenger Types):	2.89%
Investment Income (Auto Dealers):	2.77%
Investment Income (Zone Rated):	3.10%

(d) The Basic Limit Property Damage indications include a .13% factor. This factor has been applied to account for the anticipated increase in PD losses due to the effect of legislation effective 03/01/2016.

SECTION B

Determination of Statewide Rate Level Indications

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

DETERMINATION OF STATEWIDE RATE LEVEL CHANGES
SPLIT LIMIT LIABILITY COVERAGE

Experience - The statewide rate level indications on these exhibits were determined separately for bodily injury and property damage. For Trucks, Tractors, & Trailers, Private Passenger Types, Auto Dealers and Zone Rated Risks, the limits on which the indications are based are \$30,000 per person, subject to \$60,000 per occurrence, for bodily injury and \$25,000 per occurrence for property damage.

Premiums - The earned premiums are the premiums that would have resulted if present rates had been charged during the experience period. Therefore, they reflect fully any rate and rule changes that have occurred during and since the experience period; however, they have not been adjusted to reflect the new applicability of sales tax to the labor of auto repairs, which became effective March 1, 2016. No trend in premium (or rating exposure) is assumed.

Losses - As described on the exhibit, unallocated loss adjustment expenses have been included with losses and allocated loss expense by use of appropriate factors. Also, the losses have been developed to an ultimate settlement basis.

Expenses - Unallocated loss adjustment expenses are trended separately from losses and then combined. Underwriting expenses are separated into fixed and variable expense and are appropriately trended.

Exhibit 1 - Trucks, Tractors, & Trailers Liability

Exhibit 2 - Private Passenger Types Liability

Exhibit 3 - Auto Dealers Liability

Exhibit 4 - Zone Rated Risks Liability

NORTH CAROLINA REINSURANCE FACILITY
AUTOMOBILE LIABILITY INSURANCE - TRUCKS, TRACTORS, AND TRAILERS
DETERMINATION OF STATEWIDE ADVISORY RATE LEVEL CHANGES
SPLIT LIMIT LIABILITY COVERAGE
BODILY INJURY AND PROPERTY DAMAGE

Section B
Exhibit 1
Sheet 1

	(1) (30/60/25) ACCIDENT YEARS <u>ENDING</u>	(2) (30/60/25) LIMITS EARNED PREMIUM AT <u>PRESENT RATES (A)</u>	(3) LOSS & LOSS ADJUSTMENT RATIO <u>(2) / (1)</u>	(4) ACCIDENT YEAR <u>WEIGHTS</u>	(5) NUMBER OF INCURRED <u>CLAIMS</u>
BI	12/31/2015	\$21,219,607	0.883	5%	954
	12/31/2016	20,886,898	0.912	10%	1,040
	12/31/2017	19,634,217	0.809	15%	932
	12/31/2018	18,858,033	0.837	25%	907
	12/31/2019	20,083,448	0.826	45%	919
PD	12/31/2015	\$24,330,731	0.922	5%	3,180
	12/31/2016	23,949,011	0.933	10%	3,782
	12/31/2017	22,511,732	0.887	15%	4,209
	12/31/2018	21,620,180	0.915	25%	3,319
	12/31/2019	23,026,407	0.767	45%	3,011

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.838	0.846
(7) EXPECTED LOSS RATIO (C).	0.761	0.761
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.788	0.798
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.838	0.846

(A) TRUCKS, TRACTORS, AND TRAILERS EXPERIENCE IS FOR VEHICLES WRITTEN IN ACCORDANCE WITH RULE 32 OF THE COMMERCIAL AUTO MANUAL.

(B) SEE SHEET 2 OF THIS EXHIBIT.

(C) EXPECTED LOSS RATIO IS THE COMPLEMENT OF THE TOTAL EXPENSE LOADING. EXPENSE LOADINGS ARE AS FOLLOWS:

TOTAL PRODUCTION COST:	15.3%
GENERAL EXPENSE:	6.2%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (4.8% FOR BI, 6.6% FOR PD), PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM 11.5 MONTHS BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (04/15/2021) TO 9 MONTHS BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 4/01/2022. IN THIS ANALYSIS, THE PERIOD IS 0.75 YEARS.

(E) CREDIBILITY IS BASED UPON A 5 YEAR TOTAL OF B.I. AND P.D. CLAIMS, SHOWN IN COL. (5). THE STANDARD FOR FULL CREDIBILITY IS 1084 CLAIMS.

NORTH CAROLINA REINSURANCE FACILITY
AUTOMOBILE LIABILITY INSURANCE - TRUCKS, TRACTORS, AND TRAILERS
DETERMINATION OF SPLIT LIMIT LOSSES

	ACCIDENT YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2015	\$12,137,427	\$12,660,184
	12/31/2016	12,762,617	13,453,225
	12/31/2017	10,789,146	12,737,635
	12/31/2018	10,240,383	13,369,875
	12/31/2019	8,867,164	12,196,717
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2015	\$12,137,427	\$12,660,184
	12/31/2016	12,941,294	13,453,225
	12/31/2017	11,307,025	12,814,061
	12/31/2018	11,766,200	13,543,683
	12/31/2019	12,963,794	12,904,127
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2015	\$1,043,819	\$1,190,057
	12/31/2016	1,112,951	1,264,603
	12/31/2017	972,404	1,204,522
	12/31/2018	1,011,893	1,273,106
	12/31/2019	1,114,886	1,212,988
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		5.0%	7.0%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.3%	2.3%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2015	\$18,740,139	\$22,439,973
	12/31/2016	19,058,307	22,345,080
	12/31/2017	15,891,322	19,957,926
	12/31/2018	15,781,863	19,775,836
	12/31/2019	16,582,481	17,663,195

(A) MODIFY (1) BY THE FOLLOWING LOSS DEVELOPMENT FACTORS (Section D, Exhibit 1):

<u>YEAR ENDING</u>	<u>B.I.</u>	<u>P.D.</u>
12/31/2015	1.000	1.000
12/31/2016	1.014	1.000
12/31/2017	1.048	1.006
12/31/2018	1.149	1.013
12/31/2019	1.462	1.058

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND ALLOCATED FACTORS (Section D, Exhibit 4):

<u>B.I.</u>	<u>P.D.</u>
0.086	0.094

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + (4)]**N;
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + (5)]**N, WHERE N
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO 9 MONTHS BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 4/01/2022.

<u>ACCIDENT YEAR ENDING</u>	<u>AVERAGE DATE OF ACCIDENT</u>	<u>PROJECTION PERIOD</u>
12/31/2015	7/1/2015	7.500
12/31/2016	7/1/2016	6.500
12/31/2017	7/1/2017	5.500
12/31/2018	7/1/2018	4.500
12/31/2019	7/1/2019	3.500

NORTH CAROLINA REINSURANCE FACILITY
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER TYPES
DETERMINATION OF STATEWIDE ADVISORY RATE LEVEL CHANGES
SPLIT LIMIT LIABILITY COVERAGE
BODILY INJURY AND PROPERTY DAMAGE

Section B
Exhibit 2
Sheet 1

	(1) (30/60/25) ACCIDENT YEARS <u>ENDING</u>	(2) (30/60/25) LIMITS EARNED PREMIUM AT <u>PRESENT RATES (A)</u>	(3) LOSS & LOSS ADJUSTMENT RATIO <u>(2) / (1)</u>	(4) ACCIDENT YEAR <u>WEIGHTS</u>	(5) NUMBER OF INCURRED <u>CLAIMS</u>	
BI	12/31/2015	\$73,707	\$19,326	0.262	5%	3
	12/31/2016	65,951	127,040	1.926	10%	5
	12/31/2017	61,776	108,189	1.751	15%	3
	12/31/2018	56,061	5,900	0.105	25%	1
	12/31/2019	59,734	49,690	0.832	45%	4
PD	12/31/2015	\$96,066	\$45,158	0.470	5%	10
	12/31/2016	85,950	218,838	2.546	10%	29
	12/31/2017	80,516	183,993	2.285	15%	25
	12/31/2018	73,062	114,508	1.567	25%	13
	12/31/2019	77,856	70,254	0.902	45%	10

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.869	1.419
(7) EXPECTED LOSS RATIO (C).	0.761	0.761
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.788	0.798
(9) CREDIBILITY (E).	0.10	0.20
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.796	0.922

(A) PRIVATE PASSENGER TYPES EXPERIENCE IS FOR CLASSES 1998, 7391, AND 7398 WRITTEN IN ACCORDANCE WITH THE COMMERCIAL AUTO MANUAL.

(B) SEE SHEET 2 OF THIS EXHIBIT.

(C) EXPECTED LOSS RATIO IS THE COMPLEMENT OF THE TOTAL EXPENSE LOADING. EXPENSE LOADINGS ARE AS FOLLOWS:

TOTAL PRODUCTION COST:	15.3%
GENERAL EXPENSE:	6.2%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (4.8% FOR BI, 6.6% FOR PD), PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM 11.5 MONTHS BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (04/15/2021) TO 9 MONTHS BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 4/01/2022. IN THIS ANALYSIS, THE PERIOD IS 0.75 YEARS.

(E) CREDIBILITY IS BASED UPON A 5 YEAR TOTAL OF B.I. AND P.D. CLAIMS, SHOWN IN COL. (5). THE STANDARD FOR FULL CREDIBILITY IS 1084 CLAIMS.

NORTH CAROLINA REINSURANCE FACILITY
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER TYPES
DETERMINATION OF SPLIT LIMIT LOSSES

Section B
Exhibit 2
Sheet 2

	ACCIDENT YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2015	\$12,517	\$25,477
	12/31/2016	86,265	131,755
	12/31/2017	80,860	118,133
	12/31/2018	4,616	78,422
	12/31/2019	38,538	52,001
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2015	\$12,517	\$25,477
	12/31/2016	86,265	131,755
	12/31/2017	76,979	118,133
	12/31/2018	4,399	78,422
	12/31/2019	38,846	51,325
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2015	\$1,076	\$2,395
	12/31/2016	7,419	12,385
	12/31/2017	6,620	11,105
	12/31/2018	378	7,372
	12/31/2019	3,341	4,825
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		5.0%	7.0%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.3%	2.3%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2015	\$19,326	\$45,158
	12/31/2016	127,040	218,838
	12/31/2017	108,189	183,993
	12/31/2018	5,900	114,508
	12/31/2019	49,690	70,254

(A) MODIFY (1) BY THE FOLLOWING LOSS DEVELOPMENT FACTORS (Section D, Exhibit 1):

<u>YEAR ENDING</u>	<u>B.I.</u>	<u>P.D.</u>
12/31/2015	1.000	1.000
12/31/2016	1.000	1.000
12/31/2017	0.952	1.000
12/31/2018	0.953	1.000
12/31/2019	1.008	0.987

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND
ALLOCATED FACTORS (Section D, Exhibit 4):

<u>B.I.</u>	<u>P.D.</u>
0.086	0.094

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + (4)]**N;
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + (5)]**N, WHERE N
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO 9 MONTHS BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 4/01/2022.

ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/2015	7/1/2015	7.500
12/31/2016	7/1/2016	6.500
12/31/2017	7/1/2017	5.500
12/31/2018	7/1/2018	4.500
12/31/2019	7/1/2019	3.500

NORTH CAROLINA REINSURANCE FACILITY
AUTOMOBILE LIABILITY INSURANCE - AUTO DEALERS
DETERMINATION OF STATEWIDE ADVISORY RATE LEVEL CHANGES
SPLIT LIMIT LIABILITY COVERAGE
BODILY INJURY AND PROPERTY DAMAGE

Section B
Exhibit 3
Sheet 1

	(1) (30/60/25)	(2) (30/60/25)	(3) LOSS & LOSS ADJUSTMENT RATIO	(4)	(5) NUMBER OF INCURRED CLAIMS
POLICY YEARS <u>ENDING</u>	LIMITS EARNED PREMIUM AT <u>PRESENT RATES (A)</u>	LIMITS INCURRED <u>LOSSES (B)</u>	<u>(2) / (1)</u>	POLICY YEAR <u>WEIGHTS</u>	
BI 12/31/2015	\$1,469,604	\$1,211,340	0.824	5%	81
12/31/2016	1,499,455	1,488,265	0.993	10%	113
12/31/2017	1,386,695	1,180,735	0.851	15%	83
12/31/2018	1,253,071	1,002,916	0.800	25%	63
12/31/2019	1,247,319	1,101,218	0.883	45%	78
PD 12/31/2015	\$1,433,119	\$1,283,685	0.896	5%	196
12/31/2016	1,466,140	1,469,542	1.002	10%	242
12/31/2017	1,360,488	1,514,265	1.113	15%	208
12/31/2018	1,229,412	1,078,533	0.877	25%	167
12/31/2019	1,221,974	1,020,846	0.835	45%	166

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.866	0.907
(7) EXPECTED LOSS RATIO (C).	0.731	0.731
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.757	0.767
(9) CREDIBILITY (E).	0.70	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.833	0.907

(A) AUTO DEALERS EXPERIENCE IS FOR VEHICLES WRITTEN IN ACCORDANCE WITH RULE 52 OF THE COMMERCIAL AUTO MANUAL.

(B) SEE SHEET 2 OF THIS EXHIBIT.

(C) EXPECTED LOSS RATIO IS THE COMPLEMENT OF THE TOTAL EXPENSE LOADING. EXPENSE LOADINGS ARE AS FOLLOWS:

TOTAL PRODUCTION COST:	15.3%
GENERAL EXPENSE:	9.2%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (4.8% FOR BI, 6.6% FOR PD), PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM 11.5 MONTHS BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (04/15/2021) TO 9 MONTHS BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 4/01/2022. IN THIS ANALYSIS, THE PERIOD IS 0.75 YEARS.

(E) CREDIBILITY IS BASED UPON A 5 YEAR TOTAL OF B.I. AND P.D. CLAIMS, SHOWN IN COL. (5). THE STANDARD FOR FULL CREDIBILITY IS 683 CLAIMS.

NORTH CAROLINA REINSURANCE FACILITY
AUTOMOBILE LIABILITY INSURANCE - AUTO DEALERS
DETERMINATION OF SPLIT LIMIT LOSSES

Section B
Exhibit 3
Sheet 2

	POLICY YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25)</u>
1-INCURRED LOSSES AND	12/31/2015	\$766,574	\$701,161
ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2016	986,993	856,246
	12/31/2017	803,896	939,404
	12/31/2018	708,844	712,226
	12/31/2019	754,503	707,142
2-DEVELOPED LOSSES (A) &	12/31/2015	\$766,574	\$701,161
ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2016	986,993	856,246
	12/31/2017	820,778	941,283
	12/31/2018	730,818	715,075
	12/31/2019	840,516	721,992
3-UNTRENDED UNALLOCATED	12/31/2015	\$65,925	\$65,909
LOSS ADJUSTMENT EXPENSES (B)	12/31/2016	84,881	80,487
	12/31/2017	70,587	88,481
	12/31/2018	62,850	67,217
	12/31/2019	72,284	67,867
4-AVERAGE ANNUAL CHANGE IN		5.0%	7.0%
LOSS RATIOS (Section D, Exhibit 2)			
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED		2.3%	2.3%
LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)			
6-TRENDED LOSSES & LOSS	12/31/2015	\$1,211,340	\$1,283,685
ADJUSTMENT EXPENSES (C)	12/31/2016	1,488,265	1,469,542
	12/31/2017	1,180,735	1,514,265
	12/31/2018	1,002,916	1,078,533
	12/31/2019	1,101,218	1,020,846

(A) MODIFY (1) BY THE FOLLOWING LOSS DEVELOPMENT FACTORS (Section D, Exhibit 1):

<u>YEAR ENDING</u>	<u>B.I.</u>	<u>P.D.</u>
12/31/2015	1.000	1.000
12/31/2016	1.000	1.000
12/31/2017	1.021	1.002
12/31/2018	1.031	1.004
12/31/2019	1.114	1.021

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND ALLOCATED FACTORS (Section D, Exhibit 4):

<u>B.I.</u>	<u>P.D.</u>
0.086	0.094

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + (4)]**N;
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + (5)]**N, WHERE N
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO 9 MONTHS BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 4/01/2022.

POLICY <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/2015	1/1/2015	8.000
12/31/2016	1/1/2016	7.000
12/31/2017	1/1/2017	6.000
12/31/2018	1/1/2018	5.000
12/31/2019	1/1/2019	4.000

NORTH CAROLINA REINSURANCE FACILITY
AUTOMOBILE LIABILITY INSURANCE - ZONE RATED
DETERMINATION OF STATEWIDE ADVISORY RATE LEVEL CHANGES
SPLIT LIMIT LIABILITY COVERAGE
BODILY INJURY AND PROPERTY DAMAGE

Section B
Exhibit 4
Sheet 1

	(1) (30/60/25)	(2) (30/60/25)	(3) LOSS & LOSS ADJUSTMENT RATIO	(4)	(5) NUMBER OF INCURRED CLAIMS
POLICY YEARS <u>ENDING</u>	LIMITS EARNED PREMIUM AT <u>PRESENT RATES (A)</u>	LIMITS INCURRED <u>LOSSES (B)</u>	<u>(2) / (1)</u>	POLICY YEAR <u>WEIGHTS</u>	
BI 12/31/2015	\$2,626,694	\$3,423,928	1.304	5%	109
12/31/2016	5,170,025	5,239,951	1.014	10%	185
12/31/2017	3,461,239	3,516,986	1.016	15%	119
12/31/2018	3,951,301	3,325,829	0.842	25%	116
12/31/2019	5,977,402	5,677,357	0.950	45%	160
PD 12/31/2015	\$2,714,888	\$2,844,871	1.048	5%	408
12/31/2016	5,222,803	6,193,197	1.186	10%	782
12/31/2017	3,498,650	3,693,973	1.056	15%	630
12/31/2018	3,993,733	3,179,225	0.796	25%	461
12/31/2019	6,041,894	4,398,246	0.728	45%	337

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.957	0.856
(7) EXPECTED LOSS RATIO (C).	0.811	0.811
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.840	0.851
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.957	0.856

(A) ZONE RATED EXPERIENCE IS FOR ALL ZONE RATED RISKS
WRITTEN IN ACCORDANCE WITH THE COMMERCIAL AUTO MANUAL.

(B) SEE SHEET 2 OF THIS EXHIBIT.

(C) EXPECTED LOSS RATIO IS THE COMPLEMENT OF THE TOTAL EXPENSE
LOADING. EXPENSE LOADINGS ARE AS FOLLOWS:

TOTAL PRODUCTION COST:	10.3%
GENERAL EXPENSE:	6.2%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
LOSS AND EXPENSE TREND FACTOR (4.8% FOR BI, 6.6% FOR PD), PROJECTED
FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM 11.5 MONTHS
BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (04/15/2021) TO 9 MONTHS
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 4/01/2022. IN THIS ANALYSIS,
THE PERIOD IS 0.75 YEARS.

(E) CREDIBILITY IS BASED UPON A 5 YEAR TOTAL OF B.I. AND P.D. CLAIMS,
SHOWN IN COL. (5). THE STANDARD FOR FULL CREDIBILITY IS 683 CLAIMS.

NORTH CAROLINA REINSURANCE FACILITY
AUTOMOBILE LIABILITY INSURANCE - ZONE RATED
DETERMINATION OF SPLIT LIMIT LOSSES

Section B
Exhibit 4
Sheet 2

	POLICY YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2015	\$2,166,769	\$1,553,895
	12/31/2016	3,475,050	3,608,538
	12/31/2017	2,249,129	2,293,919
	12/31/2018	1,957,599	2,103,641
	12/31/2019	2,781,321	3,058,657
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2015	\$2,166,769	\$1,553,895
	12/31/2016	3,475,050	3,608,538
	12/31/2017	2,444,803	2,296,213
	12/31/2018	2,423,508	2,107,848
	12/31/2019	4,333,298	3,110,654
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2015	\$186,342	\$146,066
	12/31/2016	298,854	339,203
	12/31/2017	210,253	215,844
	12/31/2018	208,422	198,138
	12/31/2019	372,664	292,401
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		5.0%	7.0%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.3%	2.3%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2015	\$3,423,928	\$2,844,871
	12/31/2016	5,239,951	6,193,197
	12/31/2017	3,516,986	3,693,973
	12/31/2018	3,325,829	3,179,225
	12/31/2019	5,677,357	4,398,246

(A) MODIFY (1) BY THE FOLLOWING LOSS DEVELOPMENT FACTORS (Section D, Exhibit 71):

<u>YEAR ENDING</u>	<u>B.I.</u>	<u>P.D.</u>
12/31/2015	1.000	1.000
12/31/2016	1.000	1.000
12/31/2017	1.087	1.001
12/31/2018	1.238	1.002
12/31/2019	1.558	1.017

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND
ALLOCATED FACTORS (Section D, Exhibit 4):

<u>B.I.</u>	<u>P.D.</u>
0.086	0.094

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + (4)]**N;
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + (5)]**N, WHERE N
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO 9 MONTHS BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 4/01/2022.

POLICY <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/2015	1/1/2015	8.000
12/31/2016	1/1/2016	7.000
12/31/2017	1/1/2017	6.000
12/31/2018	1/1/2018	5.000
12/31/2019	1/1/2019	4.000

SECTION C

Exhibits of Revised Rates

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBITS OF REVISED RATES

Exhibit 1 - Relativities Used to Develop the Rates

Exhibit 2 - Trucks, Tractors, & Trailers and Related Classes

The revised non-fleet base rates are based upon the voluntary territory relativities that become effective on December 1, 2021. The revised fleet base rates are derived using the current approved factor of 1.10 to the revised non-fleet rates.

Exhibit 3 - Private Passenger Types

The revised non-fleet base rates are based upon the voluntary territory relativities that become effective on December 1, 2021.

Exhibit 4 - Auto Dealers

The revised non-fleet base rates are based upon the voluntary territory relativities that become effective on December 1, 2021.

Exhibit 5 - Zone Rated Risks

The indicated bodily injury and property damage changes were applied to the current Zone Rated risks base rates. These base rates became effective April 15, 2021.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBITS OF REVISED RATES

Medical Payments

The medical payments rates are determined by multiplying the 30/60 Bodily Injury non-fleet rates by the following factors:

	<u>Limits</u>		
	<u>500</u>	<u>1000</u>	<u>2000</u>
Trucks, Tractors, & Trailers	0.292	0.350	0.384
Taxis and Limousines	0.184	0.216	0.247
School and Church Buses	0.225	0.266	0.306
Other Buses	0.133	0.155	0.175
Van Pools	0.292	0.350	0.384
Private Passenger Types	0.097	0.125	0.142

The medical payments rates for Zone Rated Risks are calculated by multiplying the bodily injury rates by a factor of .193.

Hired Cars

The rate for hired cars applies to all territories, and is determined by multiplying the current rate by the Trucks, Tractors, & Trailers statewide rate level change.

Public Automobiles

Rates for Public Automobiles are calculated as factor derivatives of the Trucks, Tractors, & Trailers non-fleet base rates. The relativities are listed below:

	<u>Differential to Base Rate</u>	
	<u>BI</u>	<u>PD</u>
Taxis and Limousines	6.35	4.41
School and Church Buses	0.78	0.59
Other Buses	5.07	2.45
Van Pools	0.82	0.82

North Carolina Reinsurance Facility
Trucks, Tractors, & Trailers - Bodily Injury
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 287.2326	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	227	322	254	0.933	267.988	268	5.5%
12	2,486	591	483	1.713	492.029	492	1.9%
13	1,082	414	336	1.200	344.679	345	2.7%
14	865	399	324	1.157	332.328	332	2.5%
15	370	327	239	0.948	272.297	272	13.8%
16	1,809	457	372	1.325	380.583	381	2.4%
17	863	365	294	1.058	303.892	304	3.4%
18	518	365	293	1.058	303.892	304	3.8%
19	14	299	226	0.867	249.031	249	10.2%
20	649	431	349	1.249	358.754	359	2.9%
21	2,074	379	303	1.099	315.669	316	4.3%
22	4,197	377	299	1.093	313.945	314	5.0%
23	15,518	296	226	0.858	246.446	246	8.8%
24	17,431	319	250	0.925	265.690	266	6.4%
SW	48,103	344.95	271.23		287.249		5.9%

Weighted average factor x percent change = new weighted average
 $271.23 \times 1.059 = 287.2326$

The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.

* The rates in column (6) are keyed to a statewide revenue change of +5.9 percent.

** Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
Trucks, Tractors, & Trailers - Property Damage
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 332.4056	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	227	322	291	0.933	310.134	310	6.5%
12	2,486	591	554	1.713	569.411	569	2.7%
13	1,082	414	385	1.200	398.887	399	3.6%
14	865	399	371	1.157	384.593	385	3.8%
15	370	327	273	0.948	315.121	315	15.4%
16	1,809	457	426	1.325	440.437	440	3.3%
17	863	365	337	1.058	351.685	352	4.5%
18	518	365	336	1.058	351.685	352	4.8%
19	14	299	259	0.867	288.196	288	11.2%
20	649	431	400	1.249	415.175	415	3.8%
21	2,074	379	347	1.099	365.314	365	5.2%
22	4,197	377	342	1.093	363.319	363	6.1%
23	15,518	296	259	0.858	285.204	285	10.0%
24	17,431	319	287	0.925	307.475	307	7.0%
SW	48,103	344.95	310.95		332.420		6.9%

Weighted average factor x percent change = new weighted average
 $310.95 \times 1.069 = 332.4056$

The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.

* The rates in column (6) are keyed to a statewide revenue change of +6.9 percent.

** Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
Commercial Automobile Manual

LIGHT AND MEDIUM TRUCKS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	268	322	453	310	326	78	94	103
	Fleet	295	354	499	341	358			
12	Non-Fleet	492	590	831	569	597	144	172	189
	Fleet	541	649	914	626	657			
13	Non-Fleet	345	414	583	399	419	101	121	132
	Fleet	380	456	642	439	461			
14	Non-Fleet	332	398	561	385	404	97	116	127
	Fleet	365	438	617	424	445			
15	Non-Fleet	272	326	460	315	331	79	95	104
	Fleet	299	359	505	347	364			
16	Non-Fleet	381	457	644	440	462	111	133	146
	Fleet	419	503	708	484	508			
17	Non-Fleet	304	365	514	352	370	89	106	117
	Fleet	334	401	564	387	406			
18	Non-Fleet	304	365	514	352	370	89	106	117
	Fleet	334	401	564	387	406			
19	Non-Fleet	249	299	421	288	302	73	87	96
	Fleet	274	329	463	317	333			
20	Non-Fleet	359	431	607	415	436	105	126	138
	Fleet	395	474	668	457	480			
21	Non-Fleet	316	379	534	365	383	92	111	121
	Fleet	348	418	588	402	422			
22	Non-Fleet	314	377	531	363	381	92	110	121
	Fleet	345	414	583	399	419			
23	Non-Fleet	246	295	416	285	299	72	86	94
	Fleet	271	325	458	314	330			
24	Non-Fleet	266	319	450	307	322	78	93	102
	Fleet	293	352	495	338	355			

HIRED CAR	Bodily Injury 30/60	Property Damage 25
All Territories	\$0.44	\$0.57

North Carolina Reinsurance Facility
Commercial Automobile Manual

HEAVY TRUCKS AND TRUCK TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	268	332	488	310	326	78	94	103
	Fleet	295	366	537	341	358			
12	Non-Fleet	492	610	895	569	597	144	172	189
	Fleet	541	671	985	626	657			
13	Non-Fleet	345	428	628	399	419	101	121	132
	Fleet	380	471	692	439	461			
14	Non-Fleet	332	412	604	385	404	97	116	127
	Fleet	365	453	664	424	445			
15	Non-Fleet	272	337	495	315	331	79	95	104
	Fleet	299	371	544	347	364			
16	Non-Fleet	381	472	693	440	462	111	133	146
	Fleet	419	520	763	484	508			
17	Non-Fleet	304	377	553	352	370	89	106	117
	Fleet	334	414	608	387	406			
18	Non-Fleet	304	377	553	352	370	89	106	117
	Fleet	334	414	608	387	406			
19	Non-Fleet	249	309	453	288	302	73	87	96
	Fleet	274	340	499	317	333			
20	Non-Fleet	359	445	653	415	436	105	126	138
	Fleet	395	490	719	457	480			
21	Non-Fleet	316	392	575	365	383	92	111	121
	Fleet	348	432	633	402	422			
22	Non-Fleet	314	389	571	363	381	92	110	121
	Fleet	345	428	628	399	419			
23	Non-Fleet	246	305	448	285	299	72	86	94
	Fleet	271	336	493	314	330			
24	Non-Fleet	266	330	484	307	322	78	93	102
	Fleet	293	363	533	338	355			

North Carolina Reinsurance Facility
Commercial Automobile Manual

EXTRA-HEAVY TRUCKS AND TRUCK-TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	268	340	528	310	326	78	94	103
	Fleet	295	375	581	341	358			
12	Non-Fleet	492	625	969	569	597	144	172	189
	Fleet	541	687	1066	626	657			
13	Non-Fleet	345	438	680	399	419	101	121	132
	Fleet	380	483	749	439	461			
14	Non-Fleet	332	422	654	385	404	97	116	127
	Fleet	365	464	719	424	445			
15	Non-Fleet	272	345	536	315	331	79	95	104
	Fleet	299	380	589	347	364			
16	Non-Fleet	381	484	751	440	462	111	133	146
	Fleet	419	532	825	484	508			
17	Non-Fleet	304	386	599	352	370	89	106	117
	Fleet	334	424	658	387	406			
18	Non-Fleet	304	386	599	352	370	89	106	117
	Fleet	334	424	658	387	406			
19	Non-Fleet	249	316	491	288	302	73	87	96
	Fleet	274	348	540	317	333			
20	Non-Fleet	359	456	707	415	436	105	126	138
	Fleet	395	502	778	457	480			
21	Non-Fleet	316	401	623	365	383	92	111	121
	Fleet	348	442	686	402	422			
22	Non-Fleet	314	399	619	363	381	92	110	121
	Fleet	345	438	680	399	419			
23	Non-Fleet	246	312	485	285	299	72	86	94
	Fleet	271	344	534	314	330			
24	Non-Fleet	266	338	524	307	322	78	93	102
	Fleet	293	372	577	338	355			

North Carolina Reinsurance Facility
Commercial Automobile Manual

TAXIS AND LIMOUSINES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	1702	2110	2927	1367	1422	313	368	420
	Fleet	1872	2321	3220	1504	1564			
12	Non-Fleet	3124	3874	5373	2509	2609	575	675	772
	Fleet	3436	4261	5910	2760	2870			
13	Non-Fleet	2191	2717	3769	1760	1830	403	473	541
	Fleet	2410	2988	4145	1936	2013			
14	Non-Fleet	2108	2614	3626	1698	1766	388	455	521
	Fleet	2319	2876	3989	1868	1943			
15	Non-Fleet	1727	2141	2970	1389	1445	318	373	427
	Fleet	1900	2356	3268	1528	1589			
16	Non-Fleet	2419	3000	4161	1940	2018	445	523	597
	Fleet	2661	3300	4577	2134	2219			
17	Non-Fleet	1930	2393	3320	1552	1614	355	417	477
	Fleet	2123	2633	3652	1707	1775			
18	Non-Fleet	1930	2393	3320	1552	1614	355	417	477
	Fleet	2123	2633	3652	1707	1775			
19	Non-Fleet	1581	1960	2719	1270	1321	291	341	391
	Fleet	1739	2156	2991	1397	1453			
20	Non-Fleet	2280	2827	3922	1830	1903	420	492	563
	Fleet	2508	3110	4314	2013	2094			
21	Non-Fleet	2007	2489	3452	1610	1674	369	434	496
	Fleet	2208	2738	3798	1771	1842			
22	Non-Fleet	1994	2473	3430	1601	1665	367	431	493
	Fleet	2193	2719	3772	1761	1831			
23	Non-Fleet	1562	1937	2687	1257	1307	287	337	386
	Fleet	1718	2130	2955	1383	1438			
24	Non-Fleet	1689	2094	2905	1354	1408	311	365	417
	Fleet	1858	2304	3196	1489	1549			

North Carolina Reinsurance Facility
Commercial Automobile Manual

SCHOOL AND CHURCH BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	209	259	359	183	190	47	56	64
	Fleet	230	285	396	201	209			
12	Non-Fleet	384	476	660	336	349	86	102	118
	Fleet	422	523	726	370	385			
13	Non-Fleet	269	334	463	235	244	61	72	82
	Fleet	296	367	509	259	269			
14	Non-Fleet	259	321	445	227	236	58	69	79
	Fleet	285	353	490	250	260			
15	Non-Fleet	212	263	365	186	193	48	56	65
	Fleet	233	289	401	205	213			
16	Non-Fleet	297	368	511	260	270	67	79	91
	Fleet	327	405	562	286	297			
17	Non-Fleet	237	294	408	208	216	53	63	73
	Fleet	261	324	449	229	238			
18	Non-Fleet	237	294	408	208	216	53	63	73
	Fleet	261	324	449	229	238			
19	Non-Fleet	194	241	334	170	177	44	52	59
	Fleet	213	264	366	187	194			
20	Non-Fleet	280	347	482	245	255	63	74	86
	Fleet	308	382	530	270	281			
21	Non-Fleet	246	305	423	215	224	55	65	75
	Fleet	271	336	466	237	246			
22	Non-Fleet	245	304	421	214	223	55	65	75
	Fleet	270	335	464	235	244			
23	Non-Fleet	192	238	330	168	175	43	51	59
	Fleet	211	262	363	185	192			
24	Non-Fleet	207	257	356	181	188	47	55	63
	Fleet	228	283	392	199	207			

North Carolina Reinsurance Facility
Commercial Automobile Manual

ALL OTHER BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	1359	1685	2337	760	790	181	211	238
	Fleet	1495	1854	2571	836	869			
12	Non-Fleet	2494	3093	4290	1394	1450	332	387	436
	Fleet	2743	3401	4718	1533	1594			
13	Non-Fleet	1749	2169	3008	978	1017	233	271	306
	Fleet	1924	2386	3309	1076	1119			
14	Non-Fleet	1683	2087	2895	943	981	224	261	295
	Fleet	1851	2295	3184	1037	1078			
15	Non-Fleet	1379	1710	2372	772	803	183	214	241
	Fleet	1517	1881	2609	849	883			
16	Non-Fleet	1932	2396	3323	1078	1121	257	299	338
	Fleet	2125	2635	3655	1186	1233			
17	Non-Fleet	1541	1911	2651	862	896	205	239	270
	Fleet	1695	2102	2915	948	986			
18	Non-Fleet	1541	1911	2651	862	896	205	239	270
	Fleet	1695	2102	2915	948	986			
19	Non-Fleet	1262	1565	2171	706	734	168	196	221
	Fleet	1388	1721	2387	777	808			
20	Non-Fleet	1820	2257	3130	1017	1058	242	282	319
	Fleet	2002	2482	3443	1119	1164			
21	Non-Fleet	1602	1986	2755	894	930	213	248	280
	Fleet	1762	2185	3031	983	1022			
22	Non-Fleet	1592	1974	2738	889	925	212	247	279
	Fleet	1751	2171	3012	978	1017			
23	Non-Fleet	1247	1546	2145	698	726	166	193	218
	Fleet	1372	1701	2360	768	799			
24	Non-Fleet	1349	1673	2320	752	782	179	209	236
	Fleet	1484	1840	2552	827	860			

North Carolina Reinsurance Facility
Commercial Automobile Manual

VAN POOLS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	220	273	378	254	264	64	77	84
	Fleet	242	300	416	279	290			
12	Non-Fleet	403	500	693	467	486	118	141	155
	Fleet	443	549	762	514	535			
13	Non-Fleet	283	351	487	327	340	83	99	109
	Fleet	311	386	535	360	374			
14	Non-Fleet	272	337	468	316	329	79	95	104
	Fleet	299	371	514	348	362			
15	Non-Fleet	223	277	384	258	268	65	78	86
	Fleet	245	304	421	284	295			
16	Non-Fleet	312	387	537	361	375	91	109	120
	Fleet	343	425	590	397	413			
17	Non-Fleet	249	309	428	289	301	73	87	96
	Fleet	274	340	471	318	331			
18	Non-Fleet	249	309	428	289	301	73	87	96
	Fleet	274	340	471	318	331			
19	Non-Fleet	204	253	351	236	245	60	71	78
	Fleet	224	278	385	260	270			
20	Non-Fleet	294	365	506	340	354	86	103	113
	Fleet	323	401	556	374	389			
21	Non-Fleet	259	321	445	299	311	76	91	99
	Fleet	285	353	490	329	342			
22	Non-Fleet	257	319	442	298	310	75	90	99
	Fleet	283	351	487	328	341			
23	Non-Fleet	202	250	347	234	243	59	71	78
	Fleet	222	275	382	257	267			
24	Non-Fleet	218	270	375	252	262	64	76	84
	Fleet	240	298	413	277	288			

North Carolina Reinsurance Facility
Private Passenger Types - Bodily Injury
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 191.8347	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	12	262	166	0.873	167.472	167	0.6%
12	438	381	243	1.269	243.438	243	0.0%
13	168	303	193	1.009	193.561	194	0.5%
14	96	243	153	0.809	155.194	155	1.3%
15	15	271	182	0.903	173.227	173	-4.9%
16	297	293	187	0.976	187.231	187	0.0%
17	107	342	217	1.139	218.500	219	0.9%
18	37	270	172	0.899	172.459	172	0.0%
19	7	256	169	0.853	163.635	164	-3.0%
20	56	319	203	1.063	203.920	204	0.5%
21	110	292	186	0.973	186.655	187	0.5%
22	203	279	170	0.929	178.214	178	4.7%
23	318	273	169	0.909	174.378	174	3.0%
24	396	256	161	0.853	163.635	164	1.9%
SW	2,260	300.23	189.56		191.834		1.2%

Weighted average factor x percent change = new weighted average
 $189.56 \times 1.012 = 191.8347$

The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.

* The rates in column (6) are keyed to a statewide revenue change of +1.2 percent.

** Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
Private Passenger Types - Property Damage
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 284.9870	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	12	262	216	0.873	248.794	249	15.3%
12	438	381	317	1.269	361.649	362	14.2%
13	168	303	252	1.009	287.552	288	14.3%
14	96	243	200	0.809	230.554	231	15.5%
15	15	271	237	0.903	257.343	257	8.4%
16	297	293	244	0.976	278.147	278	13.9%
17	107	342	284	1.139	324.600	325	14.4%
18	37	270	224	0.899	256.203	256	14.3%
19	7	256	220	0.853	243.094	243	10.5%
20	56	319	264	1.063	302.941	303	14.8%
21	110	292	242	0.973	277.292	277	14.5%
22	203	279	221	0.929	264.753	265	19.9%
23	318	273	220	0.909	259.053	259	17.7%
24	396	256	210	0.853	243.094	243	15.7%
SW	2,260	300.23	247.17		284.990		15.3%

Weighted average factor x percent change = new weighted average
 $247.17 \times 1.153 = 284.9870$

The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.

* The rates in column (6) are keyed to a statewide revenue change of +15.3 percent.

** Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
 Commercial Automobile Manual

PRIVATE PASSENGER TYPES

	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
	30/60	50/100	100/300	25	50	500	1000	2000
Territory								
11	167	207	287	249	259	16	21	24
12	243	301	418	362	376	24	30	35
13	194	241	334	288	300	19	24	28
14	155	192	267	231	240	15	19	22
15	173	215	298	257	267	17	22	25
16	187	232	322	278	289	18	23	27
17	219	272	377	325	338	21	27	31
18	172	213	296	256	266	17	22	24
19	164	203	282	243	253	16	21	23
20	204	253	351	303	315	20	26	29
21	187	232	322	277	288	18	23	27
22	178	221	306	265	276	17	22	25
23	174	216	299	259	269	17	22	25
24	164	203	282	243	253	16	21	23

North Carolina Reinsurance Facility
Auto Dealers - Bodily Injury
Determination of Rate Level Changes By Territory

Terr.	(1) Auto Dealers Earned Premium	(2) Voluntary Base Loss Cost #	(3) Facility 30/60 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 463.5443	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	10,644	287	420	0.987	457.518	458	9.0%
12	96,781	442	669	1.521	705.051	705	5.4%
13	24,692	325	489	1.118	518.243	518	5.9%
14	37,961	323	486	1.111	514.998	515	6.0%
15	14,014	288	389	0.991	459.372	459	18.0%
16	23,930	395	597	1.359	629.957	630	5.5%
17	33,668	307	460	1.056	489.503	490	6.5%
18	16,584	328	489	1.128	522.878	523	7.0%
19	0	235	357	0.808	374.544	375	5.0%
20	26,123	343	514	1.180	546.982	547	6.4%
21	71,937	341	505	1.173	543.737	544	7.7%
22	145,685	312	458	1.073	497.383	497	8.5%
23	306,649	252	357	0.867	401.893	402	12.6%
24	438,650	253	368	0.870	403.284	403	9.5%
SW	1,247,319	290.69	425.27		463.491		9.0%

Weighted average factor x percent change = new weighted average
 $425.27 \times 1.090 = 463.5443$

The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.

The rates in column (6) are keyed to a statewide revenue change of +9.0 percent.

Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
 Auto Dealers - Property Damage
 Determination of Rate Level Changes By Territory

Terr.	(1) Auto Dealers Earned Premium	(2) Voluntary Base Loss Cost #	(3) Facility 25,000 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 487.5035	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	10,384	287	410	0.987	481.166	481	17.3%
12	94,574	442	654	1.521	741.493	741	13.3%
13	24,041	325	477	1.118	545.029	545	14.3%
14	37,041	323	474	1.111	541.616	542	14.3%
15	13,704	288	380	0.991	483.116	483	27.1%
16	23,386	395	583	1.359	662.517	663	13.7%
17	33,779	307	449	1.056	514.804	515	14.7%
18	16,537	328	477	1.128	549.904	550	15.3%
19	0	235	349	0.808	393.903	394	12.9%
20	25,465	343	502	1.180	575.254	575	14.5%
21	70,204	341	493	1.173	571.842	572	16.0%
22	143,537	312	447	1.073	523.091	523	17.0%
23	298,929	252	349	0.867	422.666	423	21.2%
24	430,394	253	359	0.870	424.128	424	18.1%
SW	1,221,974	290.69	415.25		487.450		17.4%

Weighted average factor x percent change = new weighted average
 $415.25 \times 1.174 = 487.5035$

The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.

The rates in column (6) are keyed to a statewide revenue change of +17.4 percent.

Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
Commercial Automobile Manual

Auto Dealers

Territory	Class	Bodily Injury Limit			Property Damage Limit	
		30/60	50/100	100/300	25	50
11	Dealers	458	568	788	481	500
12	Dealers	705	874	1213	741	771
13	Dealers	518	642	891	545	567
14	Dealers	515	639	886	542	564
15	Dealers	459	569	789	483	502
16	Dealers	630	781	1084	663	690
17	Dealers	490	608	843	515	536
18	Dealers	523	649	900	550	572
19	Dealers	375	465	645	394	410
20	Dealers	547	678	941	575	598
21	Dealers	544	675	936	572	595
22	Dealers	497	616	855	523	544
23	Dealers	402	498	691	423	440
24	Dealers	403	500	693	424	441

TRUCKS

Zone Rating Table-Garaged in North Carolina
Zone 05 (Charlotte) Combinations

Section C
Exhibit 5
Sheet 1

Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet	
01 Atlanta	1687	BI	13 Houston	1689	BI	25 New Orleans	1709	BI	37 Tulsa	1689	BI
	1549	PD		1550	PD		1568	PD		1550	PD
	326	MP		326	MP		330	MP		326	MP
	**201			**213			**225			**237	
02 Balt.- Wash.	1663	BI	14 Indianapolis	1463	BI	26 N.Y. City	1663	BI	40 Pacific	1934	BI
	1527	PD		1342	PD		1527	PD		1775	PD
	321	MP		282	MP		321	MP		373	MP
	**202			**214			**226			**240	
03 Boston	1778	BI	15 Jacksonville	1687	BI	27 Okla.- City	1689	BI	41 Mountain	2145	BI
	1632	PD		1549	PD		1550	PD		1970	PD
	343	MP		326	MP		326	MP		414	MP
	**203			**215			**227			**241	
04 Buffalo	1663	BI	16 Kansas City	1739	BI	28 Omaha	1739	BI	42 Midwest	1785	BI
	1527	PD		1597	PD		1597	PD		1639	PD
	321	MP		336	MP		336	MP		345	MP
	**204			**216			**228			**242	
05 Charlotte	1687	BI	17 Little Rock	1689	BI	29 Phoenix	2090	BI	43 Southwest	1734	BI
	1549	PD		1550	PD		1919	PD		1591	PD
	326	MP		326	MP		403	MP		335	MP
	**205			**217			**229			**243	
06 Chicago	1463	BI	18 Los Angeles	1885	BI	30 Philadelphia	1663	BI	44 North-Central	1502	BI
	1342	PD		1730	PD		1527	PD		1378	PD
	282	MP		364	MP		321	MP		290	MP
	**206			**218			**230			**244	
07 Cincinnati	1463	BI	19 Louisville	1630	BI	31 Pittsburgh	1663	BI	45 Midwest	1673	BI
	1342	PD		1496	PD		1527	PD		1536	PD
	282	MP		315	MP		321	MP		323	MP
	**207			**219			**231			**245	
08 Cleveland	1463	BI	20 Memphis	1630	BI	32 Portland	1885	BI	46 Gulf	1754	BI
	1342	PD		1496	PD		1730	PD		1610	PD
	282	MP		315	MP		364	MP		339	MP
	**208			**220			**232			**246	
09 Dallas Ft. Worth	1689	BI	21 Miami	1687	BI	33 Richmond	1687	BI	47 Southeast	1732	BI
	1550	PD		1549	PD		1549	PD		1589	PD
	326	MP		326	MP		326	MP		334	MP
	**209			**221			**233			**247	
10 Denver	2090	BI	22 Milwaukee	1739	BI	34 St. Louis	1739	BI	48 Eastern	1707	BI
	1919	PD		1597	PD		1597	PD		1567	PD
	403	MP		336	MP		336	MP		329	MP
	**210			**222			**234			**248	
11 Detroit	1463	BI	23 Minn.- St. Paul	1739	BI	35 Salt Lake City	2090	BI	49 New England	1825	BI
	1342	PD		1597	PD		1919	PD		1675	PD
	282	MP		336	MP		403	MP		352	MP
	**211			**223			**235			**249	
12 Hartford	1778	BI	24 Nashville	1630	BI	36 San Francisco	1885	BI			
	1632	PD		1496	PD		1730	PD			
	343	MP		315	MP		364	MP			
	**212			**224			**236				

TRUCKS

Zone Rating Table-Garaged in North Carolina
Zone 47 (Southeast) CombinationsSection C
Exhibit 5
Sheet 2

Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet	
01 Atlanta	1732	BI	13 Houston	1734	BI	25 New Orleans	1754	BI	37 Tulsa	1734	BI
	1589	PD		1591	PD		1610	PD		1591	PD
	334	MP		335	MP		339	MP		335	MP
	**901			**913			**925			**937	
02 Balt.- Wash.	1707	BI	14 Indian- apolis	1502	BI	26 N.Y. City	1707	BI	40 Pacific	1984	BI
	1567	PD		1378	PD		1567	PD		1821	PD
	329	MP		290	MP		329	MP		383	MP
	**902			**914			**926			**940	
03 Boston	1825	BI	15 Jackson- ville	1732	BI	27 Okla.- City	1734	BI	41 Mountain	2200	BI
	1675	PD		1589	PD		1591	PD		2020	PD
	352	MP		334	MP		335	MP		425	MP
	**903			**915			**927			**941	
04 Buffalo	1707	BI	16 Kansas City	1785	BI	28 Omaha	1785	BI	42 Midwest	1831	BI
	1567	PD		1639	PD		1639	PD		1681	PD
	329	MP		345	MP		345	MP		353	MP
	**904			**916			**928			**942	
05 Char- lotte	1732	BI	17 Little Rock	1734	BI	29 Phoenix	2145	BI	43 South- west	1778	BI
	1589	PD		1591	PD		1970	PD		1632	PD
	334	MP		335	MP		414	MP		343	MP
	**905			**917			**929			**943	
06 Chicago	1502	BI	18 Los Angeles	1934	BI	30 Phila- delphia	1707	BI	44 North- Central	1540	BI
	1378	PD		1775	PD		1567	PD		1413	PD
	290	MP		373	MP		329	MP		297	MP
	**906			**918			**930			**944	
07 Cincin- nati	1502	BI	19 Louis- ville	1673	BI	31 Pitts- burgh	1707	BI	45 Mid east	1716	BI
	1378	PD		1536	PD		1567	PD		1575	PD
	290	MP		323	MP		329	MP		331	MP
	**907			**919			**931			**945	
08 Cleve- land	1502	BI	20 Memphis	1673	BI	32 Portland	1934	BI	46 Gulf	1799	BI
	1378	PD		1536	PD		1775	PD		1651	PD
	290	MP		323	MP		373	MP		347	MP
	**908			**920			**932			**946	
09 Dallas Ft. Worth	1734	BI	21 Miami	1732	BI	33 Richmond	1732	BI	47 South- east	1776	BI
	1591	PD		1589	PD		1589	PD		1630	PD
	335	MP		334	MP		334	MP		343	MP
	**909			**921			**933			**947	
10 Denver	2145	BI	22 Mil- waukee	1785	BI	34 St. Louis	1785	BI	48 Eastern	1751	BI
	1970	PD		1639	PD		1639	PD		1607	PD
	414	MP		345	MP		345	MP		338	MP
	**910			**922			**934			**948	
11 Detroit	1502	BI	23 Minn.- St. Paul	1785	BI	35 Salt Lake City	2145	BI	49 New England	1872	BI
	1378	PD		1639	PD		1970	PD		1718	PD
	290	MP		345	MP		414	MP		361	MP
	**911			**923			**935			**949	
12 Hart- ford	1825	BI	24 Nash- ville	1673	BI	36 San Francisco	1934	BI			
	1675	PD		1536	PD		1775	PD			
	352	MP		323	MP		373	MP			
	**912			**924			**936				

SECTION D

Supporting Exhibits

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBITS OF REVISED RATES

Exhibit 1 - Loss Development Factors

Both 30/60/25 limit and total limits loss development factors based on North Carolina Facility data are shown in this exhibit.

Exhibit 2 - Trend in Claim Severity and Claim Frequency

The historical average annual change in claim costs for both Bodily Injury and Property Damage coverages are displayed for North Carolina voluntary experience and a credibility-weighted mix of multistate and North Carolina only data. Prospective average annual changes for claim cost (severity trend) were selected based on the review of both 12 and 24 point fits. Prospective average annual changes for claim frequency have been selected based on multistate, North Carolina voluntary, and NCRF data. Combining the selected claim cost trends with the selected frequency trends results in the selected Bodily Injury and Property Damage pure premium trends used to adjust the losses to a prospective level.

Exhibit 3 - Trend in Expense

The average annual percentage change in fixed underwriting expenses and loss adjustment expenses is based on the average of the annual changes in the All Items Consumer Price Index and the Compensation Cost Index.

Exhibit 4 - Expense Experience

Exhibit 5 - Tables of Credibility and Weights

Exhibit 6 - Investment Income

Exhibit 7 - Adjusted and Unadjusted Experience

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Trucks, Tractors, and Trailer Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 1

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2007					6,784,121
12/31/2008				4,849,686	4,853,016
12/31/2009			3,753,720	3,865,409	3,881,212
12/31/2010		4,620,680	4,877,077	5,102,249	5,246,751
12/31/2011	3,610,170	3,920,072	4,362,645	4,453,968	4,461,411
12/31/2012	3,648,367	4,306,873	4,581,826	4,613,414	4,695,083
12/31/2013	5,046,425	6,101,854	6,314,232	6,263,856	6,469,637
12/31/2014	6,585,402	8,674,802	10,060,358	10,791,792	10,820,032
12/31/2015	8,647,344	10,263,889	11,354,322	11,893,442	12,137,427
12/31/2016	8,038,240	9,894,777	10,820,726	11,350,869	
12/31/2017	4,872,479	6,179,858	6,715,408		
12/31/2018	7,685,086	10,240,383			
12/31/2019	8,867,164				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008				1.001	
12/31/2009				1.030	1.004
12/31/2010			1.055	1.046	1.028
12/31/2011	1.086		1.113	1.021	1.002
12/31/2012	1.180		1.064	1.007	1.018
12/31/2013	1.209		1.035	0.992	1.033
12/31/2014	1.317		1.160	1.073	1.003
12/31/2015	1.187		1.106	1.047	1.021
12/31/2016	1.231		1.094	1.049	
12/31/2017	1.268		1.087		
12/31/2018	1.333				
Link (Latest 5)	1.267	1.096	1.034	1.015	
Link (Best 3 of 5)	1.272	1.096	1.034	1.014	
Selection	1.272	1.096	1.034	1.014	1.000
To Ultimate	1.462	1.149	1.048	1.014	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Trucks, Tractors, and Trailer Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 2

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2007					6,540,829
12/31/2008			4,985,079	5,013,330	
12/31/2009			3,765,412	3,758,445	3,747,451
12/31/2010		4,521,292	4,531,084	4,560,658	4,560,658
12/31/2011	4,119,058	4,262,868	4,221,072	4,209,487	4,209,487
12/31/2012	4,302,290	4,500,186	4,535,487	4,558,334	4,546,162
12/31/2013	6,648,421	6,853,342	6,856,611	6,870,945	6,886,471
12/31/2014	8,263,449	8,501,722	8,535,510	8,712,379	8,705,185
12/31/2015	12,134,498	12,474,528	12,596,270	12,681,003	12,660,184
12/31/2016	11,336,537	11,792,795	11,916,806	11,987,032	
12/31/2017	7,845,546	8,346,998	8,414,346		
12/31/2018	12,170,184	13,369,875			
12/31/2019	12,196,717				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008				1.006	
12/31/2009			0.998	0.997	
12/31/2010		1.002	1.007	1.000	
12/31/2011	1.035	0.990	0.997	1.000	
12/31/2012	1.046	1.008	1.005	0.997	
12/31/2013	1.031	1.000	1.002	1.002	
12/31/2014	1.029	1.004	1.021	0.999	
12/31/2015	1.028	1.010	1.007	0.998	
12/31/2016	1.040	1.011	1.006		
12/31/2017	1.064	1.008			
12/31/2018	1.099				
Link (Latest 5)	1.052	1.007	1.008	0.999	
Link (Best 3 of 5)	1.044	1.007	1.006	1.000	
Selection	1.044	1.007	1.006	1.000	1.000
To Ultimate	1.058	1.013	1.006	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limits Loss Development
 Trucks, Tractors, and Trailer Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 3

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2007					13,114,254
12/31/2008				14,293,631	14,169,461
12/31/2009			10,650,356	10,862,045	10,976,848
12/31/2010		9,472,517	10,676,811	11,181,890	11,586,392
12/31/2011	6,640,740	7,928,300	9,044,410	9,771,731	9,590,252
12/31/2012	6,148,929	7,737,808	8,758,972	9,379,969	9,490,691
12/31/2013	10,466,934	11,965,307	14,234,459	14,923,164	15,203,050
12/31/2014	13,763,556	20,862,670	27,812,623	32,114,350	32,505,118
12/31/2015	18,111,213	25,294,275	32,165,453	35,281,532	34,991,447
12/31/2016	19,997,424	28,278,085	30,294,122	32,900,970	
12/31/2017	10,435,089	14,307,654	17,740,184		
12/31/2018	16,251,363	28,591,061			
12/31/2019	16,752,853				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008				0.991	
12/31/2009			1.02	1.011	
12/31/2010		1.127	1.047	1.036	
12/31/2011	1.194	1.141	1.080	0.981	
12/31/2012	1.258	1.132	1.071	1.012	
12/31/2013	1.143	1.190	1.048	1.019	
12/31/2014	1.516	1.333	1.155	1.012	
12/31/2015	1.397	1.272	1.097	0.992	
12/31/2016	1.414	1.071	1.086		
12/31/2017	1.371	1.240			
12/31/2018	1.759				
Link (Latest 5)	1.491	1.221	1.091	1.003	
Link (Best 3 of 5)	1.442	1.234	1.085	1.014	
Selection	1.442	1.234	1.085	1.014	1.000
To Ultimate	1.958	1.358	1.100	1.014	1.000

North Carolina Facility Data
 Property Damage Total Limits Loss Development
 Trucks, Tractors, and Trailer Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 4

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2007					6,683,519
12/31/2008				5,146,171	5,174,422
12/31/2009			3,904,906	3,896,939	3,882,945
12/31/2010		4,742,813	4,752,605	4,834,774	4,834,774
12/31/2011	4,614,152	5,410,744	5,202,125	5,190,540	5,190,540
12/31/2012	4,705,019	4,944,617	5,033,602	5,056,449	5,044,277
12/31/2013	6,963,629	7,273,973	7,275,365	7,303,131	7,318,657
12/31/2014	9,975,809	10,357,815	10,359,578	10,544,827	10,537,633
12/31/2015	13,021,885	13,743,205	13,758,243	14,213,153	14,185,384
12/31/2016	14,522,676	15,434,138	15,519,537	15,669,763	
12/31/2017	8,891,300	9,600,733	9,749,108		
12/31/2018	12,983,478	14,377,696			
12/31/2019	13,026,029				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008				1.005	
12/31/2009			0.998	0.996	
12/31/2010		1.002	1.017	1.000	
12/31/2011	1.173	0.961	0.998	1.000	
12/31/2012	1.051	1.018	1.005	0.998	
12/31/2013	1.045	1.000	1.004	1.002	
12/31/2014	1.038	1.000	1.018	0.999	
12/31/2015	1.055	1.001	1.033	0.998	
12/31/2016	1.063	1.006	1.010		
12/31/2017	1.080	1.015			
12/31/2018	1.107				
Link (Latest 5)	1.069	1.004	1.014	0.999	
Link (Best 3 of 5)	1.066	1.002	1.011	1.000	
Selection	1.066	1.002	1.011	1.000	1.000
To Ultimate	1.080	1.013	1.011	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Private Passenger Types Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 5

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2007					41,702
12/31/2008				86,312	86,317
12/31/2009			46,127	46,127	46,127
12/31/2010		50,678	50,678	50,678	50,678
12/31/2011	61,351	43,851	38,851	38,851	39,892
12/31/2012	7,399	44,554	19,554	19,554	19,554
12/31/2013	106,575	161,111	160,752	160,752	160,752
12/31/2014	29,906	32,660	32,660	29,160	29,160
12/31/2015	17,017	13,017	13,017	12,517	12,517
12/31/2016	83,049	89,797	101,798	86,265	
12/31/2017	44,380	80,552	80,860		
12/31/2018	4,616	4,616			
12/31/2019	38,538				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008				1.000	
12/31/2009			1.000	1.000	
12/31/2010		1.000	1.000	1.000	
12/31/2011	0.715	0.886	1.000	1.027	
12/31/2012	6.022	0.439	1.000	1.000	
12/31/2013	1.512	0.998	1.000	1.000	
12/31/2014	1.092	1.000	0.893	1.000	
12/31/2015	0.765	1.000	0.962	1.000	
12/31/2016	1.081	1.134	0.847		
12/31/2017	1.815	1.004			
12/31/2018	1.000				
Link (Latest 5)	1.151	1.027	0.940	1.005	
Link (Best 3 of 5)	1.058	1.001	0.952	1.000	
Selection	1.058	1.001	0.952	1.000	1.000
To Ultimate	1.008	0.953	0.952	1.000	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Private Passenger Types Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 6

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2007					49,256
12/31/2008				87,177	87,177
12/31/2009			40,642	40,642	40,642
12/31/2010		40,351	40,351	40,351	40,351
12/31/2011	88,259	88,439	88,439	88,439	88,439
12/31/2012	23,939	23,939	23,474	24,815	24,815
12/31/2013	57,539	62,419	62,419	62,419	62,419
12/31/2014	88,162	88,162	88,162	88,162	88,162
12/31/2015	26,653	25,477	25,477	25,477	25,477
12/31/2016	137,084	131,755	131,755	131,755	
12/31/2017	58,711	58,711	58,711		
12/31/2018	78,422	78,422			
12/31/2019	52,001				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008				1.000	
12/31/2009			1.000	1.000	
12/31/2010		1.000	1.000	1.000	
12/31/2011	1.002	1.000	1.000	1.000	
12/31/2012	1.000	0.981	1.057	1.000	
12/31/2013	1.085	1.000	1.000	1.000	
12/31/2014	1.000	1.000	1.000	1.000	
12/31/2015	0.956	1.000	1.000	1.000	
12/31/2016	0.961	1.000	1.000		
12/31/2017	1.000	1.000			
12/31/2018	1.000				
Link (Latest 5)	0.983	1.000	1.011	1.000	
Link (Best 3 of 5)	0.987	1.000	1.000	1.000	
Selection	0.987	1.000	1.000	1.000	1.000
To Ultimate	0.987	1.000	1.000	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limits Loss Development
 Private Passenger Types Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 7

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2007					41,702
12/31/2008				106,312	106,317
12/31/2009			46,127	46,127	46,127
12/31/2010		50,678	50,678	50,678	50,678
12/31/2011	66,351	48,851	43,851	43,851	44,892
12/31/2012	7,399	44,554	19,554	19,554	19,554
12/31/2013	176,575	231,111	230,752	230,752	230,752
12/31/2014	29,906	32,660	32,660	29,160	29,160
12/31/2015	17,017	13,017	13,017	12,517	12,517
12/31/2016	88,049	229,797	221,798	106,265	
12/31/2017	89,380	195,552	195,860		
12/31/2018	4,616	4,616			
12/31/2019	38,538				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008				1.000	
12/31/2009				1.000	
12/31/2010			1.000	1.000	
12/31/2011	0.736	0.898	1.000	1.024	
12/31/2012	6.022	0.439	1.000	1.000	
12/31/2013	1.309	0.998	1.000	1.000	
12/31/2014	1.092	1.000	0.893	1.000	
12/31/2015	0.765	1.000	0.962	1.000	
12/31/2016	2.610	0.965	0.479		
12/31/2017	2.188	1.002			
12/31/2018	1.000				
Link (Latest 5)	1.531	0.993	0.867	1.005	
Link (Best 3 of 5)	1.427	0.999	0.952	1.000	
Selection	1.427	0.999	0.952	1.000	1.000
To Ultimate	1.357	0.951	0.952	1.000	1.000

North Carolina Facility Data
Property Damage Total Limits Loss Development
Private Passenger Types Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 8

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2007					49,256
12/31/2008			87,177	87,177	
12/31/2009		40,642	40,642	40,642	
12/31/2010	40,351	40,351	40,351	40,351	
12/31/2011	88,259	88,439	88,439	88,439	
12/31/2012	23,939	23,939	23,474	24,815	
12/31/2013	61,253	66,133	66,133	66,133	
12/31/2014	88,162	88,162	88,162	88,162	
12/31/2015	26,653	25,477	25,477	25,477	
12/31/2016	209,407	202,183	202,183	202,183	
12/31/2017	58,711	58,711	58,711		
12/31/2018	78,422	78,422			
12/31/2019	52,001				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008					1.000
12/31/2009			1.000	1.000	
12/31/2010		1.000	1.000	1.000	
12/31/2011	1.002	1.000	1.000	1.000	
12/31/2012	1.000	0.981	1.057	1.000	
12/31/2013	1.080	1.000	1.000	1.000	
12/31/2014	1.000	1.000	1.000	1.000	
12/31/2015	0.956	1.000	1.000	1.000	
12/31/2016	0.966	1.000	1.000		
12/31/2017	1.000	1.000			
12/31/2018	1.000				
Link (Latest 5)	0.984	1.000	1.011	1.000	
Link (Best 3 of 5)	0.989	1.000	1.000	1.000	
Selection	0.989	1.000	1.000	1.000	1.000
To Ultimate	0.989	1.000	1.000	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Auto Dealers Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 9

POL YR ENDED 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2010				760,976
12/31/2011			647,224	707,653
12/31/2012		571,088	614,411	665,200
12/31/2013	580,495	555,829	557,060	557,060
12/31/2014	1,045,836	1,110,847	1,115,006	1,115,006
12/31/2015	669,884	735,080	762,673	764,415
12/31/2016	850,280	934,917	929,393	986,993
12/31/2017	836,298	785,634	803,896	
12/31/2018	656,490	708,844		
12/31/2019	754,503			

POL YR ENDED 39:27 51:39 63:51 75:63 87:75

12/31/2011				1.093
12/31/2012			1.076	1.083
12/31/2013	0.958	1.002		1.000
12/31/2014	1.062	1.004		1.000
12/31/2015	1.097	1.038		1.002
12/31/2016	1.100	0.994		1.062
12/31/2017	0.939	1.023		
12/31/2018	1.080			

Link (Latest 5)	1.056	1.012	1.029		
Link (Best 3 of 5)	1.080	1.010	1.021		
Selection	1.080	1.010	1.021	1.000	1.000
To Ultimate	1.114	1.031	1.021	1.000	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Auto Dealers Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 10

POL YR ENDED 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2010				567,207
12/31/2011			534,653	534,653
12/31/2012		506,009	510,075	510,075
12/31/2013	598,167	605,584	609,493	613,217
12/31/2014	794,391	858,420	865,778	864,797
12/31/2015	709,689	696,151	696,151	701,161
12/31/2016	863,097	854,922	855,836	856,246
12/31/2017	919,014	953,404	939,404	
12/31/2018	696,848	712,226		
12/31/2019	707,142			

POL YR ENDED 39:27 51:39 63:51 75:63 87:75

12/31/2011				1.000
12/31/2012			1.008	1.000
12/31/2013	1.012	1.006	1.006	1.006
12/31/2014	1.081	1.009	0.999	
12/31/2015	0.981	1.000	1.007	
12/31/2016	0.991	1.001	1.000	
12/31/2017	1.037	0.985		
12/31/2018	1.022			

Link (Latest 5)	1.022	1.000	1.002		
Link (Best 3 of 5)	1.017	1.002	1.002		
Selection	1.017	1.002	1.002	1.000	1.000
To Ultimate	1.021	1.004	1.002	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Zone Rated Risks Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 11

POL YR ENDED 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2010				78,173
12/31/2011			30,498	30,498
12/31/2012		423,319	449,460	504,460
12/31/2013	232,662	281,888	334,783	375,445
12/31/2014	324,701	506,135	552,920	530,039
12/31/2015	1,280,347	1,581,928	1,903,583	2,166,769
12/31/2016	2,708,227	3,156,967	3,412,614	3,475,050
12/31/2017	1,678,030	1,979,931	2,249,129	
12/31/2018	1,440,804	1,957,599		
12/31/2019	2,781,321			

POL YR ENDED 39:27 51:39 63:51 75:63 87:75

12/31/2011				1.000	
12/31/2012			1.062	1.122	
12/31/2013		1.212	1.188	1.121	
12/31/2014		1.559	1.092	0.959	
12/31/2015		1.236	1.203	1.138	
12/31/2016		1.166	1.081	1.018	
12/31/2017		1.180	1.136		
12/31/2018		1.359			
Link (Latest 5)		1.300	1.140	1.072	
Link (Best 3 of 5)		1.258	1.139	1.087	
Selection		1.258	1.139	1.087	1.000 1.000
To Ultimate		1.558	1.238	1.087	1.000 1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Zone Rated Risks Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 12

POL YR ENDED 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2010				226,045
12/31/2011			172,842	172,842
12/31/2012		144,822	151,756	151,756
12/31/2013	186,376	189,773	189,773	189,773
12/31/2014	693,787	650,963	649,463	650,760
12/31/2015	1,538,189	1,532,227	1,550,041	1,553,895
12/31/2016	3,527,230	3,549,444	3,517,623	3,608,538
12/31/2017	2,156,326	2,283,063	2,293,919	
12/31/2018	2,016,034	2,103,641		
12/31/2019	3,058,657			

POL YR ENDED 39:27 51:39 63:51 75:63 87:75

12/31/2011				1.000
12/31/2012			1.048	1.000
12/31/2013	1.018	1.000	1.000	1.000
12/31/2014	0.938	0.998	1.002	1.002
12/31/2015	0.996	1.012	1.002	1.002
12/31/2016	1.006	0.991	1.026	
12/31/2017	1.059	1.005		
12/31/2018	1.043			

Link (Latest 5)	1.008	1.001	1.006		
Link (Best 3 of 5)	1.015	1.001	1.001		
Selection	1.015	1.001	1.001	1.000	1.000
To Ultimate	1.017	1.002	1.001	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Auto Dealers Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 13

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				920,390	890,285
12/31/2009			1,178,577	1,172,134	1,159,337
12/31/2010		718,000	719,597	719,597	774,188
12/31/2011	520,946	595,719	608,501	622,624	671,552
12/31/2012	567,310	596,742	608,997	611,089	615,158
12/31/2013	769,644	979,433	1,068,476	1,094,704	1,090,204
12/31/2014	765,861	724,835	744,090	710,852	724,684
12/31/2015	866,121	918,010	1,004,803	1,024,678	1,047,357
12/31/2016	686,024	863,050	820,346	883,638	
12/31/2017	508,080	556,849	580,695		
12/31/2018	631,631	851,804			
12/31/2019	597,778				

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12/31/2008				0.967	
12/31/2009				0.995	0.989
12/31/2010			1.002	1.000	1.076
12/31/2011	1.144	1.021	1.023	1.079	
12/31/2012	1.052	1.021	1.003	1.007	
12/31/2013	1.273	1.091	1.025	0.996	
12/31/2014	0.946	1.027	0.955	1.019	
12/31/2015	1.060	1.095	1.020	1.022	
12/31/2016	1.258	0.951	1.077		
12/31/2017	1.096	1.043			
12/31/2018	1.349				
Link (Latest 5)	1.142	1.041	1.016	1.025	
Link (Best 3 of 5)	1.138	1.054	1.016	1.016	
Selection	1.138	1.054	1.016	1.016	1.000
To Ultimate	1.238	1.088	1.032	1.016	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Auto Dealers Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				856,905	856,905
12/31/2009			860,045	857,445	857,445
12/31/2010		747,221	741,789	741,789	741,789
12/31/2011	608,417	612,478	612,478	612,478	612,478
12/31/2012	541,183	546,384	581,210	585,119	583,619
12/31/2013	786,943	823,454	854,588	858,312	858,347
12/31/2014	755,831	783,480	790,718	789,737	794,747
12/31/2015	768,236	768,421	767,831	767,836	768,246
12/31/2016	990,744	941,408	969,317	955,317	
12/31/2017	745,019	776,368	776,193		
12/31/2018	624,822	678,804			
12/31/2019	619,507				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008				1.000	
12/31/2009			0.997	1.000	
12/31/2010		0.993	1.000	1.000	
12/31/2011	1.007	1.000	1.000	1.000	
12/31/2012	1.010	1.064	1.007	0.997	
12/31/2013	1.046	1.038	1.004	1.000	
12/31/2014	1.037	1.009	0.999	1.006	
12/31/2015	1.000	0.999	1.000	1.001	
12/31/2016	0.950	1.030	0.986		
12/31/2017	1.042	1.000			
12/31/2018	1.086				
Link (Latest 5)	1.023	1.015	0.999	1.001	
Link (Best 3 of 5)	1.026	1.013	1.001	1.000	
Selection	1.026	1.013	1.001	1.000	1.000
To Ultimate	1.040	1.014	1.001	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limits Loss Development
 Auto Dealers Incurred Losses and Expenses

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 Sheet 15

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				1,232,211	1,202,106
12/31/2009			1,503,776	1,502,333	1,489,536
12/31/2010		731,000	732,597	732,597	932,597
12/31/2011	613,278	778,051	793,501	816,186	865,114
12/31/2012	567,310	596,742	629,197	621,289	615,358
12/31/2013	850,376	1,173,832	1,332,875	1,346,603	1,342,103
12/31/2014	948,907	983,835	908,090	874,852	893,684
12/31/2015	926,121	1,053,010	1,122,803	1,172,678	1,195,357
12/31/2016	756,024	949,551	836,847	940,139	
12/31/2017	593,630	634,049	657,895		
12/31/2018	647,581	928,106			
12/31/2019	617,778				

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12/31/2008					0.976
12/31/2009				0.999	0.991
12/31/2010			1.002	1.000	1.273
12/31/2011	1.269	1.020	1.029	1.060	
12/31/2012	1.052	1.054	0.987	0.990	
12/31/2013	1.380	1.135	1.010	0.997	
12/31/2014	1.037	0.923	0.963	1.022	
12/31/2015	1.137	1.066	1.044	1.019	
12/31/2016	1.256	0.881	1.123		
12/31/2017	1.068	1.038			
12/31/2018	1.433				
Link (Latest 5)	1.186	1.009	1.025	1.018	
Link (Best 3 of 5)	1.154	1.009	1.014	1.013	
Selection	1.154	1.009	1.014	1.013	1.000
To Ultimate	1.196	1.036	1.027	1.013	1.000

North Carolina Facility Data
Property Damage Total Limits Loss Development
Auto Dealers Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				882,280	882,280
12/31/2009			860,046	857,446	857,446
12/31/2010		753,397	747,965	747,965	747,965
12/31/2011	608,417	612,478	612,478	612,478	612,478
12/31/2012	541,452	547,153	581,979	585,888	584,388
12/31/2013	801,663	851,464	907,598	911,322	911,357
12/31/2014	783,168	835,817	843,055	842,074	847,084
12/31/2015	783,968	784,153	783,563	783,568	783,978
12/31/2016	993,956	943,742	971,651	957,651	
12/31/2017	746,596	777,945	777,770		
12/31/2018	650,960	704,942			
12/31/2019	634,451				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008					1.000
12/31/2009				0.997	1.000
12/31/2010			0.993	1.000	1.000
12/31/2011	1.007	1.000	1.000	1.000	1.000
12/31/2012	1.011	1.064	1.007	0.997	
12/31/2013	1.062	1.066	1.004	1.000	
12/31/2014	1.067	1.009	0.999	1.006	
12/31/2015	1.000	0.999	1.000	1.001	
12/31/2016	0.949	1.030	0.986		
12/31/2017	1.042	1.000			
12/31/2018	1.083				
Link (Latest 5)	1.028	1.021	0.999	1.001	
Link (Best 3 of 5)	1.036	1.013	1.001	1.000	
Selection	1.036	1.013	1.001	1.000	1.000
To Ultimate	1.051	1.014	1.001	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Zone Rated Risks Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				226,831	226,831
12/31/2009			61,919	61,919	61,919
12/31/2010		121,392	68,392	68,392	68,392
12/31/2011	374,298	380,238	387,739	393,860	448,860
12/31/2012	181,691	250,420	295,645	303,853	328,854
12/31/2013	116,921	259,538	414,026	436,318	410,363
12/31/2014	463,650	811,036	921,494	1,063,703	1,199,999
12/31/2015	2,080,488	2,688,784	2,994,215	3,210,910	3,294,847
12/31/2016	1,789,215	2,394,370	2,731,951	2,800,506	
12/31/2017	951,801	1,515,539	1,968,464		
12/31/2018	1,743,396	2,580,568			
12/31/2019	2,022,429				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008				1.000	
12/31/2009			1.000	1.000	
12/31/2010		0.563	1.000	1.000	
12/31/2011	1.016	1.020	1.016	1.140	
12/31/2012	1.378	1.181	1.028	1.082	
12/31/2013	2.220	1.595	1.054	0.941	
12/31/2014	1.749	1.136	1.154	1.128	
12/31/2015	1.292	1.114	1.072	1.026	
12/31/2016	1.338	1.141	1.025		
12/31/2017	1.592	1.299			
12/31/2018	1.480				
Link (Latest 5)	1.490	1.257	1.067	1.063	
Link (Best 3 of 5)	1.470	1.192	1.051	1.079	
Selection	1.470	1.192	1.051	1.079	1.000
To Ultimate	1.987	1.352	1.134	1.079	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Zone Rated Risks Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				94,795	94,795
12/31/2009			198111	196,369	196,369
12/31/2010		164,049	155,693	155,693	155,693
12/31/2011	218,092	189,719	189,719	189,719	189,719
12/31/2012	152,027	160,356	167,722	167,722	167,722
12/31/2013	481,814	517,126	497,736	496,236	496,236
12/31/2014	885,611	966,742	966,861	981,519	981,519
12/31/2015	2,729,174	2,825,614	2,844,623	2,823,477	2,898,544
12/31/2016	2,892,681	2,902,386	2,949,648	2,944,134	
12/31/2017	1,674,610	1,938,161	1,975,164		
12/31/2018	2,471,329	2,738,828			
12/31/2019	2,972,333				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008				1.000	
12/31/2009			0.991	1.000	
12/31/2010		0.949	1.000	1.000	
12/31/2011	0.870	1.000	1.000	1.000	
12/31/2012	1.055	1.046	1.000	1.000	
12/31/2013	1.073	0.963	0.997	1.000	
12/31/2014	1.092	1.000	1.015	1.000	
12/31/2015	1.035	1.007	0.993	1.027	
12/31/2016	1.003	1.016	0.998		
12/31/2017	1.157	1.019			
12/31/2018	1.108				
Link (Latest 5)	1.079	1.001	1.001	1.005	
Link (Best 3 of 5)	1.078	1.008	0.998	1.000	
Selection	1.078	1.008	0.998	1.000	1.000
To Ultimate	1.084	1.006	0.998	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limits Loss Development
 Zone Rated Risks Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				227,831	227,831
12/31/2009			61,919	61,919	61,919
12/31/2010		178,392	68,392	68,392	68,392
12/31/2011	991,798	1,125,238	1,132,739	1,138,860	1,193,860
12/31/2012	226,691	855,420	930,145	923,353	1,198,354
12/31/2013	116,921	494,538	1,877,982	1,666,943	1,290,988
12/31/2014	499,650	2,513,306	3,588,359	3,950,304	4,295,887
12/31/2015	4,993,690	10,494,867	12,737,765	13,754,846	14,247,283
12/31/2016	4,134,320	7,839,678	10,032,172	10,643,271	
12/31/2017	2,147,466	4,128,201	5,310,951		
12/31/2018	5,883,565	9,249,034			
12/31/2019	2,478,388				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008					1.000
12/31/2009				1.000	1.000
12/31/2010			0.383	1.000	1.000
12/31/2011	1.135	1.007	1.005	1.048	
12/31/2012	3.774	1.087	0.993	1.298	
12/31/2013	4.230	3.797	0.888	0.774	
12/31/2014	5.030	1.428	1.101	1.087	
12/31/2015	2.102	1.214	1.080	1.036	
12/31/2016	1.896	1.280	1.061		
12/31/2017	1.922	1.287			
12/31/2018	1.572				
Link (Latest 5)	2.504	1.801	1.025	1.049	
Link (Best 3 of 5)	1.973	1.332	1.045	1.057	
Selection	1.973	1.332	1.045	1.057	1.000
To Ultimate	2.903	1.471	1.105	1.057	1.000

North Carolina Facility Data
Property Damage Total Limits Loss Development
Zone Rated Risks Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				94,795	94,795
12/31/2009			200,727	198,985	198,985
12/31/2010		164,049	155,693	155,693	155,693
12/31/2011	265,592	189,719	189,719	189,719	189,719
12/31/2012	152,027	217,049	222,665	222,665	222,665
12/31/2013	525,629	561,706	538,450	536,950	536,950
12/31/2014	966,694	1,064,331	1,064,450	1,079,108	1,079,108
12/31/2015	3,337,496	3,531,774	3,560,574	3,464,428	3,559,495
12/31/2016	3,119,514	3,112,793	3,229,725	3,224,211	
12/31/2017	1,888,300	2,339,884	3,057,573		
12/31/2018	2,884,709	3,156,752			
12/31/2019	3,244,967				

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2008					1.000
12/31/2009				0.991	1.000
12/31/2010			0.949	1.000	1.000
12/31/2011	0.714		1.000	1.000	1.000
12/31/2012	1.428		1.026	1.000	1.000
12/31/2013	1.069		0.959	0.997	1.000
12/31/2014	1.101		1.000	1.014	1.000
12/31/2015	1.058		1.008	0.973	1.027
12/31/2016	0.998		1.038	0.998	
12/31/2017	1.239		1.307		
12/31/2018	1.094				
Link (Latest 5)	1.098	1.062	0.996	1.005	
Link (Best 3 of 5)	1.084	1.015	0.998	1.000	
Selection	1.084	1.015	0.998	1.000	1.000
To Ultimate	1.098	1.013	0.998	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Publics and Buses Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				2,136,151	2,403,900
12/31/2009			2,607,832	2,563,216	2,279,288
12/31/2010		2,524,398	2,329,264	2,440,788	2,597,713
12/31/2011	2,852,132	3,009,936	3,051,462	3,164,562	2,707,818
12/31/2012	2,571,313	2,544,021	2,489,303	2,510,674	3,082,875
12/31/2013	2,450,784	2,651,112	2,624,415	2,752,738	2,488,251
12/31/2014	2,298,165	2,291,291	2,542,128	2,531,979	2,950,937
12/31/2015	3,172,398	2,689,588	2,694,797	2,740,144	2,565,383
12/31/2016	2,067,998	2,142,024	2,264,205	2,224,948	
12/31/2017	1,359,895	1,069,958	1,111,438		
12/31/2018	802,353	799,405			
12/31/2019	773,058				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008					1.125
12/31/2009				0.983	0.889
12/31/2010			0.923	1.048	1.064
12/31/2011	1.055	1.014	1.037	0.856	
12/31/2012	0.989	0.978	1.009	1.228	
12/31/2013	1.082	0.990	1.049	0.904	
12/31/2014	0.997	1.109	0.996	1.165	
12/31/2015	0.848	1.002	1.017	0.936	
12/31/2016	1.036	1.057	0.983		
12/31/2017	0.787	1.039			
12/31/2018	0.996				

Link (Latest 5)	0.933	1.039	1.011	1.018	
Link (Best 3 of 5)	0.947	1.033	1.007	1.002	
Selection	0.947	1.033	1.007	1.002	1.000
To Ultimate	0.987	1.042	1.009	1.002	1.000

North Carolina Facility Data
 Property Damage Basic Limit Loss Development
 Publics and Buses Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				1,441,157	1,441,157
12/31/2009			1,479,270	1,481,470	1,481,470
12/31/2010		1,492,878	1,507,140	1,505,381	1,489,987
12/31/2011	1,531,978	1,606,876	1,563,493	1,574,620	1,574,620
12/31/2012	1,754,063	1,742,475	1,739,082	1,719,081	1,719,081
12/31/2013	1,556,816	1,647,914	1,641,880	1,669,862	1,679,627
12/31/2014	1,639,046	1,738,888	1,698,065	1,707,549	1,695,996
12/31/2015	1,999,005	1,920,867	1,919,545	1,923,880	1,923,880
12/31/2016	1,534,786	1,569,797	1,563,399	1,563,507	
12/31/2017	807,045	851,738	854,437		
12/31/2018	536,848	522,017			
12/31/2019	350,703				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008					1.000	
12/31/2009				1.001	1.000	
12/31/2010			1.010	0.999	0.990	
12/31/2011	1.049	0.973		1.007	1.000	
12/31/2012	0.993	0.998		0.988	1.000	
12/31/2013	1.059	0.996		1.017	1.006	
12/31/2014	1.061	0.977		1.006	0.993	
12/31/2015	0.961	0.999		1.002	1.000	
12/31/2016	1.023	0.996		1.000		
12/31/2017	1.055	1.003				
12/31/2018	0.972					
Link (Latest 5)	1.014	0.994		1.003	1.000	
Link (Best 3 of 5)	1.017	0.997		1.003	1.000	
Selection	1.017	0.997		1.003	1.000	1.000
To Ultimate	1.017	1.000		1.003	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limit Loss Development
 Publics and Buses Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				2,504,496	2,516,589
12/31/2009			5,358,839	7,397,427	7,387,401
12/31/2010		4,283,871	4,003,884	4,271,909	4,131,285
12/31/2011	8,376,869	9,941,894	10,154,047	10,531,952	10,537,912
12/31/2012	4,236,600	3,045,903	3,052,024	3,229,708	3,014,137
12/31/2013	3,130,020	3,543,438	3,368,717	3,534,347	3,711,593
12/31/2014	3,221,235	3,231,724	4,656,922	5,606,850	7,371,527
12/31/2015	3,853,242	4,168,858	4,410,864	4,609,474	4,569,443
12/31/2016	4,783,328	4,456,131	5,995,687	5,689,668	
12/31/2017	1,840,787	1,536,688	1,665,429		
12/31/2018	1,459,513	1,602,465			
12/31/2019	1,049,392				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008					1.005
12/31/2009				1.380	0.999
12/31/2010			0.935	1.067	0.967
12/31/2011	1.187	1.021	1.037	1.001	
12/31/2012	0.719	1.002	1.058	0.933	
12/31/2013	1.132	0.951	1.049	1.050	
12/31/2014	1.003	1.441	1.204	1.315	
12/31/2015	1.082	1.058	1.045	0.991	
12/31/2016	0.932	1.345	0.949		
12/31/2017	0.835	1.084			
12/31/2018	1.098				
Link (Latest 5)	0.990	1.176	1.061	1.058	
Link (Best 3 of 5)	1.006	1.162	1.051	1.014	
Selection	1.006	1.162	1.051	1.014	1.000
To Ultimate	1.246	1.238	1.066	1.014	1.000

North Carolina Facility Data
Property Damage Total Limit Loss Development
Publics and Buses Incurred Losses and Expenses

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ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTHS 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				1,455,552	1,455,552
12/31/2009			1,479,270	1,481,470	1,481,470
12/31/2010		1,492,878	1,507,140	1,505,381	1,489,987
12/31/2011	2,324,112	2,415,793	1,580,326	1,591,485	1,591,485
12/31/2012	1,756,492	1,744,904	1,741,511	1,721,510	1,721,510
12/31/2013	1,584,731	1,711,277	1,705,243	1,748,225	1,757,990
12/31/2014	1,774,549	1,931,591	1,840,768	1,850,252	1,838,699
12/31/2015	2,018,935	1,948,555	1,947,233	1,951,568	1,951,568
12/31/2016	1,562,907	1,597,918	1,590,028	1,590,136	
12/31/2017	807,045	873,849	876,548		
12/31/2018	536,848	522,017			
12/31/2019	350,703				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008					1.000
12/31/2009				1.001	1.000
12/31/2010			1.010	0.999	0.990
12/31/2011	1.039	0.654	1.007	1.000	
12/31/2012	0.993	0.998	0.989	1.000	
12/31/2013	1.080	0.996	1.025	1.006	
12/31/2014	1.088	0.953	1.005	0.994	
12/31/2015	0.965	0.999	1.002	1.000	
12/31/2016	1.022	0.995	1.000		
12/31/2017	1.083	1.003			
12/31/2018	0.972				
Link (Latest 5)	1.026	0.989	1.004	1.000	
Link (Best 3 of 5)	1.026	0.997	1.002	1.000	
Selection	1.026	0.997	1.002	1.000	1.000
To Ultimate	1.025	0.999	1.002	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Miscellaneous Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 25

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTH 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				423,509	442,618
12/31/2009			372,411	373,524	380,632
12/31/2010		444,588	501,192	504,448	516,780
12/31/2011	210,073	292,387	366,174	361,962	382,081
12/31/2012	227,417	395,928	427,073	367,797	361,795
12/31/2013	346,799	474,011	576,968	540,344	530,344
12/31/2014	503,843	639,416	534,127	679,584	718,708
12/31/2015	671,237	595,480	668,288	562,651	597,740
12/31/2016	431,394	562,034	670,084	776,131	
12/31/2017	300,367	347,987	379,360		
12/31/2018	86,639	142,799			
12/31/2019	202,722				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008					1.045
12/31/2009				1.003	1.019
12/31/2010			1.127	1.006	1.024
12/31/2011	1.392	1.252	0.988	1.056	
12/31/2012	1.741	1.079	0.861	0.984	
12/31/2013	1.367	1.217	0.937	0.981	
12/31/2014	1.269	0.835	1.272	1.058	
12/31/2015	0.887	1.122	0.842	1.062	
12/31/2016	1.303	1.192	1.158		
12/31/2017	1.159	1.090			
12/31/2018	1.648				
Link (Latest 5)	1.253	1.091	1.014	1.028	
Link (Best 3 of 5)	1.244	1.135	0.985	1.033	
Selection	1.244	1.135	0.985	1.033	1.000
To Ultimate	1.437	1.155	1.018	1.033	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Miscellaneous Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 26

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTH 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				147,835	155,798
12/31/2009			174,122	175,856	174,114
12/31/2010		158,448	177,237	200,327	200,327
12/31/2011	97,582	92,035	93,686	93,686	93,686
12/31/2012	286,060	271,906	250,881	248,428	248,428
12/31/2013	350,457	366,453	343,402	338,403	338,150
12/31/2014	414,986	382,768	397,105	394,260	394,260
12/31/2015	393,313	455,947	449,191	459,554	459,554
12/31/2016	417,926	432,970	446,563	467,649	
12/31/2017	133,896	172,277	169,710		
12/31/2018	110,742	94,835			
12/31/2019	353,341				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008					1.054
12/31/2009				1.010	0.990
12/31/2010			1.119	1.130	1.000
12/31/2011	0.943	1.018	1.000	1.000	1.000
12/31/2012	0.951	0.923	0.990	1.000	1.000
12/31/2013	1.046	0.937	0.985	0.999	1.000
12/31/2014	0.922	1.037	0.993	1.000	1.000
12/31/2015	1.159	0.985	1.023	1.000	1.000
12/31/2016	1.036	1.031	1.047		
12/31/2017	1.287	0.985			
12/31/2018	0.856				
Link (Latest 5)	1.052	0.995	1.008	1.000	
Link (Best 3 of 5)	1.039	1.000	1.002	1.000	
Selection	1.039	1.000	1.002	1.000	1.000
To Ultimate	1.041	1.002	1.002	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limit Loss Development
 Miscellaneous Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 27

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTH 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				1,118,662	1,257,772
12/31/2009			493,872	494,985	502,093
12/31/2010		1,043,088	1,493,060	1,231,948	1,272,005
12/31/2011	679,198	1,115,094	1,203,631	1,129,419	1,149,538
12/31/2012	367,417	568,428	554,073	494,797	488,795
12/31/2013	512,696	677,057	1,720,014	1,683,390	1,673,390
12/31/2014	582,843	1,437,416	1,387,127	1,597,584	2,136,708
12/31/2015	714,283	1,308,526	1,397,321	1,262,651	1,297,740
12/31/2016	716,394	1,084,534	2,032,584	2,152,286	
12/31/2017	380,367	432,093	463,466		
12/31/2018	191,639	180,799			
12/31/2019	1,289,972				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008					1.124
12/31/2009				1.002	1.014
12/31/2010			1.431	0.825	1.033
12/31/2011	1.642	1.079	0.938	1.018	
12/31/2012	1.547	0.975	0.893	0.988	
12/31/2013	1.321	2.540	0.979	0.994	
12/31/2014	2.466	0.965	1.152	1.337	
12/31/2015	1.832	1.068	0.904	1.028	
12/31/2016	1.514	1.874	1.059		
12/31/2017	1.136	1.073			
12/31/2018	0.943				
Link (Latest 5)	1.578	1.504	0.997	1.073	
Link (Best 3 of 5)	1.494	1.338	0.981	1.013	
Selection	1.494	1.338	0.981	1.013	1.000
To Ultimate	1.986	1.330	0.994	1.013	1.000

North Carolina Facility Data
Property Damage Total Limit Loss Development
Miscellaneous Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 28

ACC YR ENDED 15 MONTHS 27 MONTHS 39 MONTH 51 MONTHS 63 MONTHS 75 MONTHS

12/31/2008				147,835	155,798
12/31/2009			196,915	198,649	196,907
12/31/2010		158,448	177,237	200,327	200,327
12/31/2011	98,356	92,809	94,460	94,460	94,460
12/31/2012	295,902	271,906	250,881	248,428	248,428
12/31/2013	350,458	366,453	343,402	338,403	338,150
12/31/2014	414,986	382,768	397,105	394,260	394,260
12/31/2015	399,685	506,224	490,563	500,926	500,926
12/31/2016	507,955	522,999	536,592	569,456	
12/31/2017	158,896	197,274	194,707		
12/31/2018	129,641	113,666			
12/31/2019	400,104				

ACC YR ENDED 27:15 39:27 51:39 63:51 75:63

12/31/2008					1.054
12/31/2009				1.009	0.991
12/31/2010			1.119	1.130	1.000
12/31/2011	0.944	1.018	1.000	1.000	1.000
12/31/2012	0.919	0.923	0.990	1.000	1.000
12/31/2013	1.046	0.937	0.985	0.999	1.000
12/31/2014	0.922	1.037	0.993	1.000	1.000
12/31/2015	1.267	0.969	1.021	1.000	1.000
12/31/2016	1.030	1.026	1.061		
12/31/2017	1.242	0.987			
12/31/2018	0.877				
Link (Latest 5)	1.068	0.991	1.010	1.000	
Link (Best 3 of 5)	1.065	0.994	1.001	1.000	
Selection	1.065	0.994	1.001	1.000	1.000
To Ultimate	1.060	0.995	1.001	1.000	1.000

Commercial Auto Liability
NORTH CAROLINA

BODILY INJURY TREND FACTORS

PAID DATA THROUGH 9/30/2020

\$30,000

12 Point - Paid Weighted Severity	4.3%
24 Point - Paid Weighted Severity	3.7%
12 Point - Paid NC only Severity	4.5%
24 Point - Paid NC only Severity	3.7%
Selected Severity Trend Factor	5.0%

INCURRED DATA THROUGH 6/30/2020

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	5.0%

PAID DATA THROUGH 9/30/2020

Total Limits

12 Point - Paid Weighted Severity	7.2%
24 Point - Paid Weighted Severity	5.3%
12 Point - Paid NC only Severity	5.7%
24 Point - Paid NC only Severity	3.9%
Selected Severity Trend Factor	7.0%

INCURRED DATA THROUGH 6/30/2020

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	7.0%

Commercial Auto Liability
NORTH CAROLINA

PROPERTY DAMAGE TREND FACTORS

PAID DATA THROUGH 9/30/2020

\$30,000

12 Point - Paid Weighted Severity	7.2%
24 Point - Paid Weighted Severity	5.8%
12 Point - Paid NC only Severity	7.8%
24 Point - Paid NC only Severity	6.7%
Selected Severity Trend Factor	7.0%

INCURRED DATA THROUGH 6/30/2020

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	7.0%

PAID DATA THROUGH 9/30/2020

Total Limits

12 Point - Paid Weighted Severity	7.3%
24 Point - Paid Weighted Severity	6.2%
12 Point - Paid NC only Severity	7.7%
24 Point - Paid NC only Severity	6.3%
Selected Severity Trend Factor	7.5%

INCURRED DATA THROUGH 6/30/2020

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	7.5%

COMMERCIAL AUTO LIABILITY
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
LOSS RATIOS FOR SUBSEQUENT CHANGES

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	EXPONEN- ACTUAL	TIAL FIT	EXPONEN- ACTUAL	TIAL FIT	EXPONEN- ACTUAL	TIAL FIT	EXPONEN- ACTUAL	TIAL FIT
12/31/2017	8969.19	9267.92	4046.83	4074.89	13181.06	13216.70	4156.22	4131.01
3/31/2018	9292.30	9370.80	4129.19	4151.84	13353.88	13355.52	4202.56	4200.15
6/30/2018	9632.47	9474.82	4227.33	4230.24	13529.24	13495.79	4271.94	4270.44
9/30/2018	9858.22	9579.99	4365.17	4310.12	13723.49	13637.54	4339.42	4341.92
12/31/2018	9824.56	9686.33	4423.54	4391.51	13810.56	13780.78	4418.60	4414.58
3/31/2019	10035.51	9793.85	4522.26	4474.43	13973.21	13925.52	4479.41	4488.47
6/30/2019	9864.92	9902.57	4595.06	4558.92	13990.92	14071.79	4547.47	4563.59
9/30/2019	9887.80	10012.49	4577.75	4645.01	14136.12	14219.59	4617.88	4639.97
12/31/2019	10068.83	10123.64	4667.16	4732.72	14305.48	14368.94	4681.83	4717.62
3/31/2020	9746.34	10236.01	4773.11	4822.09	14420.26	14519.86	4763.10	4796.58
6/30/2020	10401.71	10349.64	4922.30	4913.15	14704.70	14672.36	4916.80	4876.85
9/30/2020	10710.87	10464.52	5063.68	5005.93	14964.25	14826.47	5005.53	4958.47

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	4.5%	7.8%
(B) MULTISTATE	4.3%	6.9%
(10) CREDIBILITY	0.05	0.35
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	4.3%	7.2%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	4.3%	7.2%

* EXCLUDES MASSACHUSETTS

COMMERCIAL AUTO LIABILITY
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
LOSS RATIOS FOR SUBSEQUENT CHANGES

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	<u>NORTH CAROLINA</u>				<u>MULTISTATE*</u>			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	EXPONEN- ACTUAL	TIAL FIT	EXPONEN- ACTUAL	TIAL FIT	EXPONEN- ACTUAL	TIAL FIT	EXPONEN- ACTUAL	TIAL FIT
12/31/2014	8726.04	8336.34	3469.99	3390.82	12170.81	11917.36	3619.53	3619.07
3/31/2015	8631.89	8412.80	3493.44	3446.58	12216.78	12026.48	3670.71	3666.24
6/30/2015	8747.46	8489.96	3562.40	3503.27	12267.32	12136.59	3717.59	3714.02
9/30/2015	8693.95	8567.83	3576.37	3560.89	12317.81	12247.72	3775.53	3762.43
12/31/2015	8718.51	8646.42	3664.61	3619.45	12308.05	12359.86	3836.57	3811.46
3/31/2016	8726.67	8725.72	3664.13	3678.98	12339.65	12473.03	3910.86	3861.14
6/30/2016	8663.27	8805.76	3694.89	3739.49	12439.92	12587.23	3970.33	3911.46
9/30/2016	8684.32	8886.52	3752.82	3800.99	12596.69	12702.48	3992.71	3962.44
12/31/2016	8659.43	8968.03	3796.39	3863.50	12738.81	12818.78	4031.74	4014.08
3/31/2017	8736.59	9050.29	3881.77	3927.04	12833.31	12936.16	4072.76	4066.39
6/30/2017	8721.85	9133.30	3931.81	3991.63	12978.95	13054.60	4090.00	4119.39
9/30/2017	8758.48	9217.07	4011.71	4057.28	12972.67	13174.13	4130.01	4173.08
12/31/2017	8969.19	9301.61	4046.83	4124.01	13181.06	13294.75	4156.22	4227.46
3/31/2018	9292.30	9386.92	4129.19	4191.84	13353.88	13416.48	4202.56	4282.56
6/30/2018	9632.47	9473.02	4227.33	4260.78	13529.24	13539.32	4271.94	4338.37
9/30/2018	9858.22	9559.91	4365.17	4330.85	13723.49	13663.29	4339.42	4394.92
12/31/2018	9824.56	9647.59	4423.54	4402.08	13810.56	13788.39	4418.60	4452.19
3/31/2019	10035.51	9736.08	4522.26	4474.48	13973.21	13914.64	4479.41	4510.22
6/30/2019	9864.92	9825.38	4595.06	4548.07	13990.92	14042.05	4547.47	4569.00
9/30/2019	9887.80	9915.50	4577.75	4622.87	14136.12	14170.62	4617.88	4628.55
12/31/2019	10068.83	10006.45	4667.16	4698.90	14305.48	14300.36	4681.83	4688.87
3/31/2020	9746.34	10098.23	4773.11	4776.18	14420.26	14431.30	4763.10	4749.98
6/30/2020	10401.71	10190.85	4922.30	4854.74	14704.70	14563.43	4916.80	4811.89
9/30/2020	10710.87	10284.32	5063.68	4934.58	14964.25	14696.78	5005.53	4874.60

BODILY INJURYPROPERTY DAMAGE

(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID
CLAIM COST (12TH POINT / 8TH POINT)

(A) NORTH CAROLINA	3.7%	6.7%
(B) MULTISTATE	3.7%	5.3%

(10) CREDIBILITY

0.05	0.35
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(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE
IN PAID CLAIM COSTS

{(10) * (9A)} + {(1.0 - (10)) * (9B)}	3.7%	5.8%
---------------------------------------	------	------

(12) AVERAGE ANNUAL PERCENT CHANGE IN
CLAIM FREQUENCY

0.0%	0.0%
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(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY
LOSS RATIO (11) * (12)

3.7%	5.8%
------	------

* EXCLUDES MASSACHUSETTS

COMMERCIAL AUTO LIABILITY
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
LOSS RATIOS FOR SUBSEQUENT CHANGES

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
12/31/2017	24693.30	25760.28	4309.31	4365.26	49823.56	50039.65	4588.65	4586.10
3/31/2018	24495.06	26121.97	4457.12	4446.85	50660.56	50924.42	4641.69	4665.19
6/30/2018	29923.82	26488.74	4561.03	4529.98	51920.69	51824.84	4729.87	4745.64
9/30/2018	28670.57	26860.66	4725.14	4614.66	52582.82	52741.17	4822.00	4827.47
12/31/2018	28929.97	27237.80	4742.84	4700.92	54250.89	53673.71	4949.08	4910.72
3/31/2019	28606.61	27620.23	4822.19	4788.79	55201.29	54622.74	5042.36	4995.41
6/30/2019	25043.59	28008.04	4889.99	4878.31	55867.44	55588.55	5113.83	5081.55
9/30/2019	24486.83	28401.29	4803.49	4969.50	55903.60	56571.43	5175.32	5169.18
12/31/2019	29177.51	28800.06	4928.22	5062.39	57359.20	57571.70	5200.05	5258.32
3/31/2020	28877.85	29204.44	5045.87	5157.02	58888.55	58589.65	5259.61	5349.00
6/30/2020	29403.96	29614.48	5318.51	5253.42	59168.26	59625.60	5460.69	5441.24
9/30/2020	32846.50	30030.29	5526.69	5351.62	60839.79	60679.86	5583.63	5535.07

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	5.7%	7.7%
(B) MULTISTATE	7.3%	7.1%
(10) CREDIBILITY	0.05	0.35
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS { (10) * (9A) } + { (1.0 - (10)) * (9B) }	7.2%	7.3%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	7.2%	7.3%

* EXCLUDES MASSACHUSETTS

COMMERCIAL AUTO LIABILITY
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
LOSS RATIOS FOR SUBSEQUENT CHANGES

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	<u>NORTH CAROLINA</u>				<u>MULTISTATE*</u>			
	BODILY INJURY		PROPERTY DAMAGE		BODILY INJURY		PROPERTY DAMAGE	
	(TOTAL LIMITS)		(TOTAL LIMITS)		(TOTAL LIMITS)		(TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
12/31/2014	26644.22	23698.49	3830.25	3685.18	45163.40	43754.43	3950.86	3895.39
3/31/2015	24273.92	23923.40	3868.79	3741.86	46340.93	44332.28	3987.70	3953.27
6/30/2015	25160.02	24150.44	3953.49	3799.40	46364.28	44917.75	4022.67	4012.02
9/30/2015	23486.22	24379.64	3906.48	3857.83	46367.98	45510.96	4045.36	4071.63
12/31/2015	22872.49	24611.01	3937.80	3917.16	45553.16	46112.01	4117.39	4132.13
3/31/2016	23069.11	24844.58	3932.38	3977.40	45489.31	46720.99	4217.34	4193.53
6/30/2016	22107.00	25080.37	3952.17	4038.57	46015.60	47338.02	4302.58	4255.84
9/30/2016	24691.87	25318.39	4017.59	4100.67	47229.43	47963.19	4335.70	4319.08
12/31/2016	27229.11	25558.67	4021.01	4163.74	48199.32	48596.62	4375.51	4383.25
3/31/2017	28394.55	25801.23	4099.66	4227.77	48551.52	49238.41	4431.37	4448.38
6/30/2017	27151.76	26046.10	4125.26	4292.79	49149.40	49888.69	4467.66	4514.48
9/30/2017	26957.52	26293.28	4271.40	4358.81	49608.79	50547.54	4537.45	4581.56
12/31/2017	24693.30	26542.82	4309.31	4425.84	49823.56	51215.10	4588.65	4649.64
3/31/2018	24495.06	26794.72	4457.12	4493.90	50660.56	51891.48	4641.69	4718.73
6/30/2018	29923.82	27049.01	4561.03	4563.01	51920.69	52576.79	4729.87	4788.84
9/30/2018	28670.57	27305.72	4725.14	4633.18	52582.82	53271.15	4822.00	4860.00
12/31/2018	28929.97	27564.86	4742.84	4704.44	54250.89	53974.68	4949.08	4932.22
3/31/2019	28606.61	27826.46	4822.19	4776.78	55201.29	54687.50	5042.36	5005.50
6/30/2019	25043.59	28090.55	4889.99	4850.25	55867.44	55409.74	5113.83	5079.88
9/30/2019	24486.83	28357.14	4803.49	4924.84	55903.60	56141.51	5175.32	5155.36
12/31/2019	29177.51	28626.26	4928.22	5000.57	57359.20	56882.95	5200.05	5231.97
3/31/2020	28877.85	28897.93	5045.87	5077.48	58888.55	57634.18	5259.61	5309.71
6/30/2020	29403.96	29172.18	5318.51	5155.56	59168.26	58395.33	5460.69	5388.60
9/30/2020	32846.50	29449.04	5526.69	5234.85	60839.79	59166.53	5583.63	5468.67

BODILY INJURY

PROPERTY DAMAGE

(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID
CLAIM COST (12TH POINT / 8TH POINT)

(A) NORTH CAROLINA	3.9%	6.3%
(B) MULTISTATE	5.4%	6.1%

(10) CREDIBILITY

	0.05	0.35
--	------	------

(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE
IN PAID CLAIM COSTS

{(10) * (9A)} + {(1.0 - (10)) * (9B)}

	5.3%	6.2%
--	------	------

(12) AVERAGE ANNUAL PERCENT CHANGE IN
CLAIM FREQUENCY

	0.0%	0.0%
--	------	------

(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY
LOSS RATIO (11) * (12)

	5.3%	6.2%
--	------	------

* EXCLUDES MASSACHUSETTS

LIABILITY
FREQUENCY TREND

The data underlying the claim frequency trend selections is shown on the following exhibits. The exhibits include quarterly points for Multistate, North Carolina Voluntary, and NCRF incurred frequency trends, as well as, annual changes in incurred frequency trend, for the combined experience of all commercial automobile classes that employ a common exposure base (car-years). As can be seen from the exhibits, frequency for both bodily injury and property damage has changed from year to year in an unpredictable manner. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve of the form $Y=A(B^X)$ does not fit the data well over the long term. Frequency trend is being selected to be 0.0% for bodily injury and 0.0% for property damage.

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

MULTISTATE*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR</u> <u>ENDING</u>	<u>BODILY INJURY</u> <u>ACTUAL</u>	<u>BODILY INJURY</u> <u>ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE</u> <u>ACTUAL</u>	<u>PROPERTY DAMAGE</u> <u>ACTUAL CHANGE@</u>
9/30/2014	0.7687		2.9409	
12/31/2014	0.7737		2.9345	
3/31/2015	0.7639		2.8937	
6/30/2015	0.7674		2.8973	
9/30/2015	0.7746	0.8%&	2.9209	-0.7%&
12/31/2015	0.7830		2.9326	
3/31/2016	0.7962		2.9074	
6/30/2016	0.8052	4.9%	2.9120	0.5%
9/30/2016	0.8150		2.9146	
12/31/2016	0.8153		2.9060	
3/31/2017	0.8147		2.8799	
6/30/2017	0.8179	1.6%	2.8622	-1.7%
9/30/2017	0.8092		2.8162	
12/31/2017	0.8061		2.8019	
3/31/2018	0.8048		2.8073	
6/30/2018	0.7995	-2.2%	2.8043	-2.0%
9/30/2018	0.7993		2.8076	
12/31/2018	0.7984		2.8052	
3/31/2019	0.7899		2.7925	
6/30/2019	0.7826	-2.1%	2.7578	-1.7%
9/30/2019	0.7783		2.7413	
12/31/2019	0.7642		2.6963	
3/31/2020	0.7305		2.5739	
6/30/2020	0.6420	-18.0%	2.2737	-17.6%

* EXCLUDES MASSACHUSETTS

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:

TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS

@ CHANGE BASED ON YEARS ENDING 6/30/XXXX

& CHANGE BASED ON YEAR ENDING 9/30/2015 DIVIDED BY 9/30/2014

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

NORTH CAROLINA*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR</u> <u>ENDING</u>	<u>BODILY INJURY</u> <u>ACTUAL</u>	<u>BODILY INJURY</u> <u>ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE</u> <u>ACTUAL</u>	<u>PROPERTY DAMAGE</u> <u>ACTUAL CHANGE@</u>
9/30/2014	0.8930		2.6877	
12/31/2014	0.9168		2.6840	
3/31/2015	0.9242		2.6320	
6/30/2015	0.9231		2.6346	
9/30/2015	0.8960	0.3%&	2.6284	-2.2%&
12/31/2015	0.8966		2.6307	
3/31/2016	0.9387		2.7289	
6/30/2016	0.9515	3.1%	2.7179	3.2%
9/30/2016	0.9745		2.7549	
12/31/2016	1.0031		2.8340	
3/31/2017	1.0172		2.8132	
6/30/2017	1.0050	5.6%	2.8419	4.6%
9/30/2017	1.0194		2.8153	
12/31/2017	1.0197		2.7936	
3/31/2018	0.9648		2.7826	
6/30/2018	0.9633	-4.1%	2.7295	-4.0%
9/30/2018	0.9360		2.7112	
12/31/2018	0.8971		2.6786	
3/31/2019	0.9019		2.6739	
6/30/2019	0.9009	-6.5%	2.6535	-2.8%
9/30/2019	0.9124		2.6509	
12/31/2019	0.9074		2.5829	
3/31/2020	0.8737		2.5141	
6/30/2020	0.7755	-13.9%	2.2877	-13.8%

* EXCLUDES NORTH CAROLINA REINSURANCE FACILITY DATA

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:

TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS

@ CHANGE BASED ON YEARS ENDING 6/30/XXXX

& CHANGE BASED ON YEAR ENDING 9/30/2015 DIVIDED BY 9/30/2014

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

NORTH CAROLINA REINSURANCE FACILITY*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR</u> <u>ENDING</u>	<u>BODILY INJURY</u> <u>ACTUAL</u>	<u>BODILY INJURY</u> <u>ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE</u> <u>ACTUAL</u>	<u>PROPERTY DAMAGE</u> <u>ACTUAL CHANGE@</u>
9/30/2014	1.2375		2.5817	
12/31/2014	1.3038		2.8420	
3/31/2015	1.2829		2.8271	
6/30/2015	1.1064		2.6497	
9/30/2015	0.9417	-23.9&	2.4111	-6.6&
12/31/2015	0.8536		2.2777	
3/31/2016	0.8998		2.3724	
6/30/2016	0.9887	-10.6%	2.3576	-11.0%
9/30/2016	0.9410		2.4613	
12/31/2016	0.9689		2.6256	
3/31/2017	0.8949		2.5472	
6/30/2017	0.9771	-1.2%	2.5836	9.6%
9/30/2017	0.9517		2.4978	
12/31/2017	0.8221		2.2565	
3/31/2018	0.6687		2.1421	
6/30/2018	0.7249	-25.8%	2.2508	-12.9%
9/30/2018	0.7456		2.1819	
12/31/2018	1.0380		2.2909	
3/31/2019	1.2577		2.4931	
6/30/2019	1.1395	57.2%	2.3843	5.9%
9/30/2019	1.2670		2.7690	
12/31/2019	1.1243		2.9429	
3/31/2020	1.1652		2.8166	
6/30/2020	1.0985	-3.6%	2.7654	16.0%

* INCLUDES NORTH CAROLINA REINSURANCE FACILITY DATA ONLY

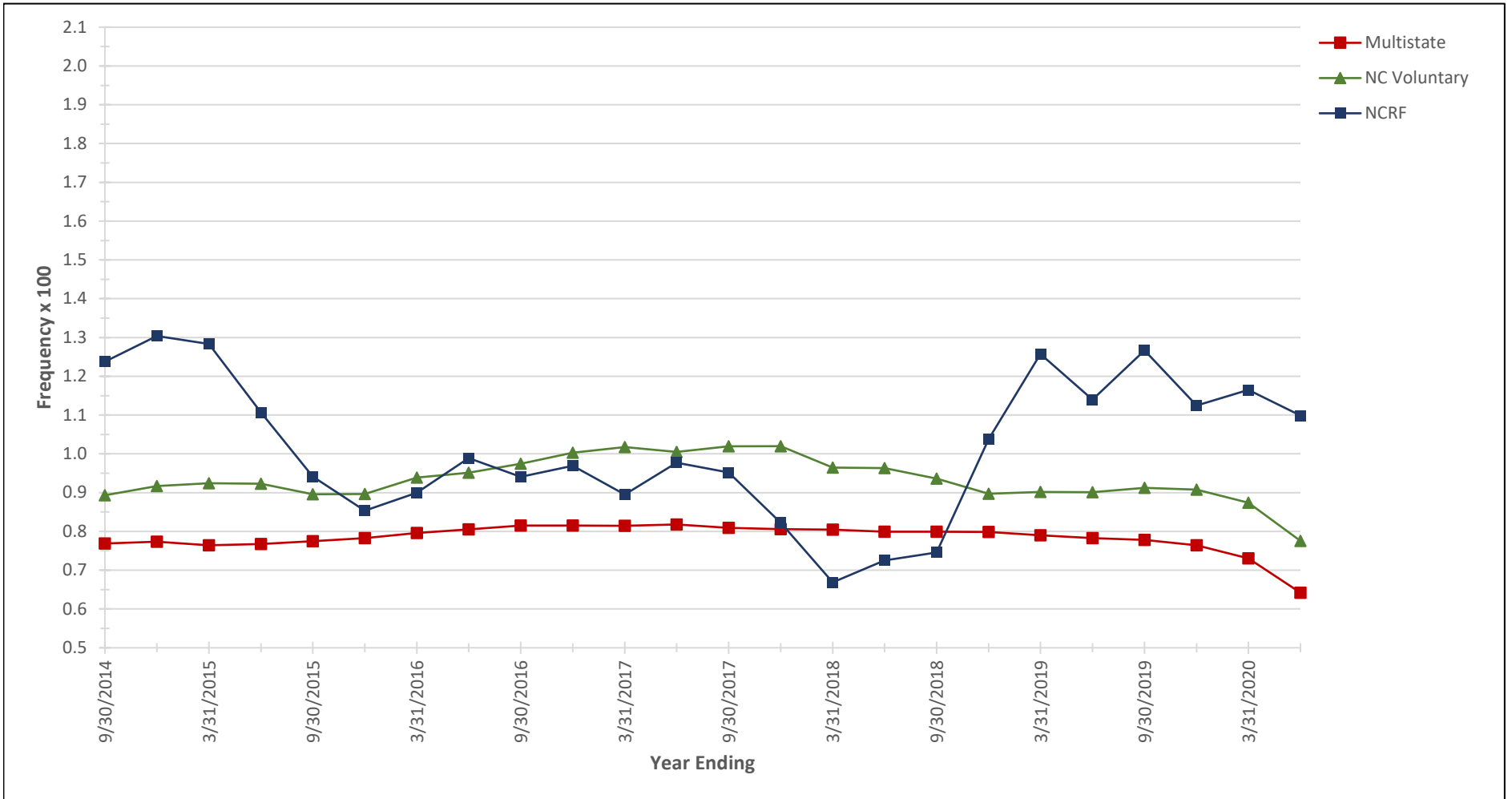
CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:

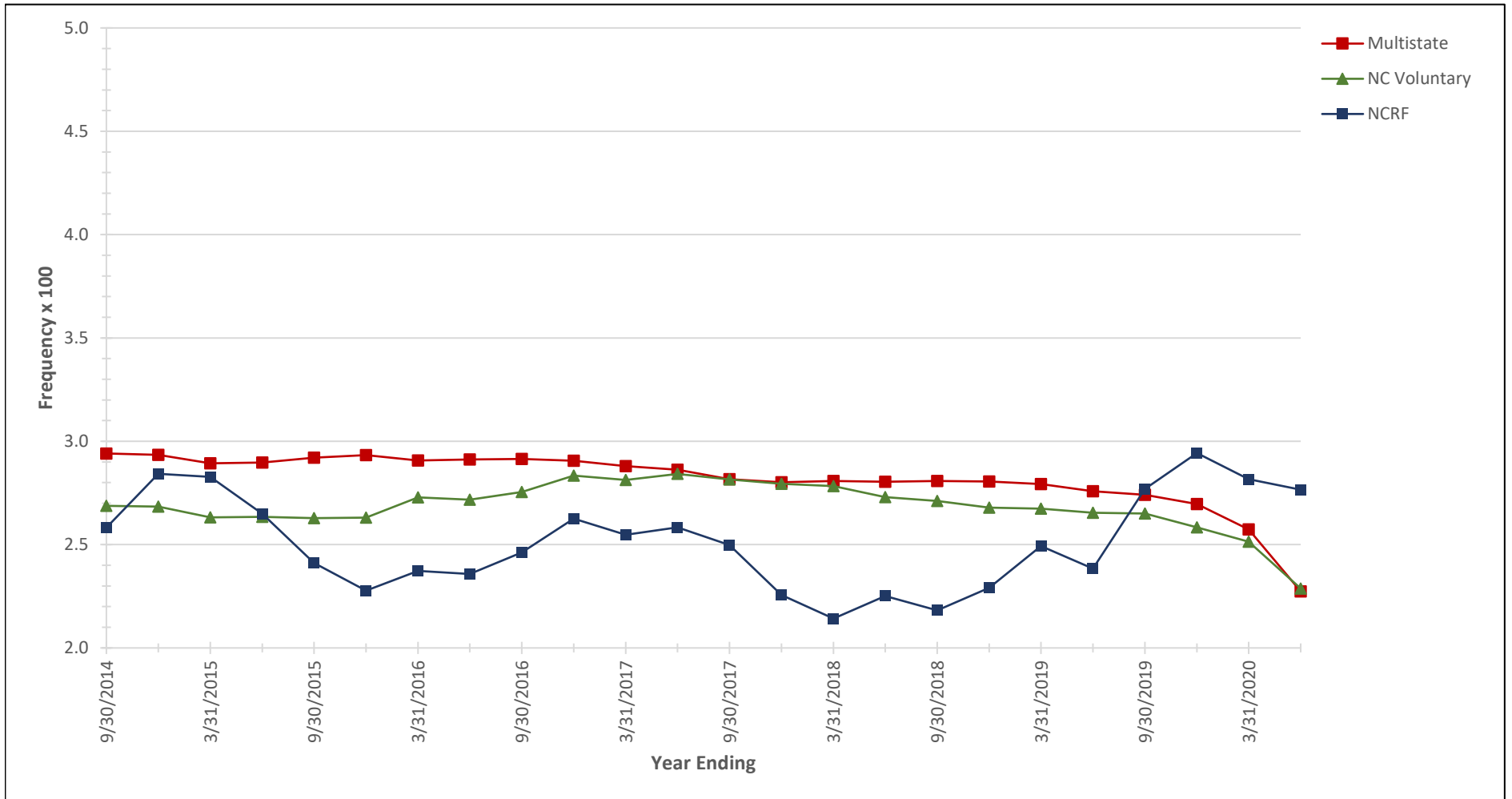
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS

@ CHANGE BASED ON YEARS ENDING 6/30/XXXX

& CHANGE BASED ON YEAR ENDING 9/30/2015 DIVIDED BY 9/30/2014

Commercial Automobile Liability
Actual BI Incurred Claim Frequency





NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 1

	<u>ALL ITEMS CPI INDEX</u>	<u>ALL ITEMS - LESS ENERGY CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Oct-16	241.7	248.4	
Nov-16	241.4	248.3	129.5
Dec-16	241.4	248.2	
Jan-17	242.8	249.1	
Feb-17	243.6	250.1	130.8
Mar-17	243.8	250.3	
Apr-17	244.5	250.7	
May-17	244.7	250.9	132.8
Jun-17	245.0	251.0	
Jul-17	244.8	251.0	
Aug-17	245.5	251.5	132.5
Sep-17	246.8	252.0	
Oct-17	246.7	252.6	
Nov-17	246.7	252.4	132.6
Dec-17	246.5	252.5	
Jan-18	247.9	253.6	
Feb-18	249.0	254.6	134.1
Mar-18	249.6	255.3	
Apr-18	250.5	255.8	
May-18	251.6	256.1	136.3
Jun-18	252.0	256.3	
Jul-18	252.0	256.5	
Aug-18	252.1	256.7	135.9
Sep-18	252.4	257.1	
Oct-18	252.9	257.7	
Nov-18	252.0	257.7	135.7
Dec-18	251.2	257.8	
Jan-19	251.7	258.9	
Feb-19	252.8	259.8	137.8
Mar-19	254.2	260.5	
Apr-19	255.5	260.9	
May-19	256.1	261.2	139.1
Jun-19	256.1	261.7	
Jul-19	256.6	262.1	
Aug-19	256.6	262.6	139.6
Sep-19	256.8	263.0	
Oct-19	257.3	263.5	
Nov-19	257.2	263.5	139.6
Dec-19	257.0	263.5	
Jan-20	258.0	264.5	
Feb-20	258.7	265.7	140.6
Mar-20	258.1	265.9	
Apr-20	256.4	265.5	
May-20	256.4	265.5	142.5
Jun-20	257.8	266.1	
Jul-20	259.1	267.1	
Aug-20	259.9	268.1	142.7
Sep-20	260.3	268.3	

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 2

	<u>All Items (A)</u>	<u>All Items - Less Energy (B)</u>	<u>CCI (C)</u>	<u>Combined (D)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	1.92%	2.03%	2.53%	2.25%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	1.71%	2.09%	2.55%	2.22%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	1.53%	2.08%	2.66%	2.23%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	1.02%	2.02%	3.22%	2.37%

(5) Average Annual Index (E)

Year Ended	3/31/2018	246.48	252.34	133.00
Year Ended	9/30/2018	249.75	254.96	134.73
Year Ended	3/31/2019	252.12	257.58	136.43
Year Ended	9/30/2019	254.38	260.33	138.05
Year Ended	3/31/2020	257.00	263.18	139.73
Year Ended	9/30/2020	258.02	265.60	141.35

(6) Current Cost Factor (Index Value Divided by Average Annual Index)

Year Ended	3/31/2018	1.06	1.06	1.07	1.07
Year Ended	9/30/2018	1.04	1.05	1.06	1.05
Year Ended	3/31/2019	1.03	1.04	1.05	1.04
Year Ended	9/30/2019	1.02	1.03	1.03	1.03
Year Ended	3/31/2020	1.01	1.02	1.02	1.02
Year Ended	9/30/2020	1.01	1.01	1.01	1.01

(7) Selected Expense Trend: 2.3%

Notes: (A) All items CPI index (urban). Source: Bureau of Labor Statistics.

(B) All items less energy CPI index (urban). Source: Bureau of Labor Statistics.

(C) Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service.
Source: Bureau of Labor Statistics.

(D) Weighted Average determined as .25 (All items) + .25 (All items - Less Energy) + .50 (CCI).

(E) Average year ended index for period shown.

NORTH CAROLINA
EXTERNAL EXPENSE TREND SUMMARY
AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED SEPTEMBER 2020

Section D
Exhibit 3
Sheet 3

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	1.83%	1.90%	1.92%
36 points	1.65%	1.69%	1.71%
24 points	1.49%	1.51%	1.53%
12 points	1.01%	1.01%	1.02%

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	1.94%	2.01%	2.03%
36 points	2.01%	2.06%	2.09%
24 points	2.03%	2.06%	2.08%
12 points	1.99%	2.00%	2.02%

COMPENSATION COST INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
16 points	2.38%	2.49%	2.53%
12 points	2.43%	2.52%	2.55%
8 points	2.57%	2.62%	2.66%
4 points	3.13%	3.17%	3.22%

NORTH CAROLINA
EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED SEPTEMBER 2020

Section D
Exhibit 3
Sheet 4

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.98	0.98
36 points	0.96	0.96
24 points	0.90	0.90
12 points	0.62	0.62

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	1.00	1.00
36 points	1.00	1.00
24 points	0.99	0.99
12 points	0.96	0.96

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.99	0.99
12 points	0.98	0.98
8 points	0.97	0.97
4 points	0.96	0.96

NORTH CAROLINA COMMERCIAL AUTOMOBILE EXPENSE EXPERIENCE
Calendar Year 2020

<u>Item</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Totals</u>
Premium Written	670,983,952	169,611,977	840,595,929
Premium Earned	642,882,289	157,405,876	800,288,165
Commission & Brokerage Expense	88,277,065	23,075,790	111,352,855
Other Acquisition Expense	33,508,364	8,632,539	42,140,903
General Expense	44,039,523	10,596,800	54,636,323
Taxes, Licenses, and Fees	16,166,198	3,921,351	20,087,549
Losses Incurred	377,415,535	106,199,091	483,614,626
Allocated Loss Adjustment Expense	26,967,911	3,105,892	30,073,803
Unallocated Loss Adjustment Expense	34,719,120	10,304,830	45,023,950

Ratios
B.I. & P.D. Combined

Commission & Brokerage Expense to Written Premium:	0.132 *
Other Acquisition Expense to Earned Premium:	0.053
General Expense to Earned Premium	0.068 **
Taxes, etc. to Written Premium:	0.024

	<u>B.I.</u>	<u>P.D.</u>	<u>Total</u>
Allocated Loss Adjustment Expense to Incurred Losses:	0.071	0.029	0.062
Unallocated Loss Adjustment Expense to Incurred Losses + Allocated:	0.086	0.094	0.088

* The Facility commission is capped at 10% for Trucks, Tractors, and Trailers, Private Passenger Types, and Auto Dealers. For Zone Rated risks, the Facility commission is capped at 5%.

** 0.062 is used for Trucks, Tractors, and Trailers, Private Passenger Types, and Zone Rated.

0.092 is used for Auto Dealers.

**COMMERCIAL AUTOMOBILE INSURANCE
TABLES OF CREDIBILITY AND WEIGHTS**

Section D
Exhibit 5

Credibility Tables

Credibility for Statewide Loss Ratio*

Trucks, Tractors, and Trailers and Private Passenger Types		Auto Dealers and Zone Rated Risks	
<u>Number of Claims</u>	<u>Credibility</u>	<u>Number of Claims</u>	<u>Credibility</u>
0-10	0%	0-6	0%
11-42	10	7-26	10
43-97	20	27-60	20
98-172	30	61-108	30
173-270	40	109-170	40
271-389	50	171-245	50
390-530	60	246-334	60
531-693	70	335-436	70
694-877	80	437-552	80
878-1083	90	553-682	90
1084 and greater	100	683 and greater	100

Credibility for use with Trend Data**

credibility formula = (# claims)/(#claims + K),

where K = 25,000 for Bodily Injury and 10,000 for Property Damage

Accident Year and/or Policy Year Weights

The loss and loss adjustment expense ratios are weighted as follows:

<u>Year Ending</u>	<u>Weights</u>
12/31/2015	0.05
12/31/2016	0.10
12/31/2017	0.15
12/31/2018	0.25
12/31/2019	0.45

* These credibility standards are based on the first model discussed in "An Introduction to Credibility Theory" by L.H. Longley-Cook. The full credibility standard for Trucks and Private Passenger Types is based on P and K values of 90% and 5% respectively. For Auto Dealers and Zone Rated Risks, the P and K values are 95% and 7.5% respectively.

** These trend credibility standards are based on a Bayesian model which expresses credibility in terms of the observed number of claims and a constant K. The model measures the variation in the trend points between states compared to the variation on a countrywide basis.

In setting the rates, income from investment earnings from assets attributable to unearned premium and loss reserves was considered.

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 1

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

TRUCKS, TRACTORS, AND TRAILERS AND PRIVATE PASSENGER TYPES

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2020	<u>\$115,662,197</u>
2. Mean Unearned Premium Reserve: (1) x 0.439	<u>50,775,704</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	1.99%
50% of Other Acquisition Expense	2.65%
50% of Company Operating Expense	3.10%
Total	17.74%
4. (2) x (3)	<u>9,007,610</u>
5. Net Subject to Investment (2) - (4)	<u>41,768,094</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>115,662,197</u>
2. Average Agents' Balance	0.207
3. Delayed Remission (1) x (2)	<u>23,942,075</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>115,662,197</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.761	<u>88,018,932</u>
3. Expected Mean Loss Reserves (2) x 1.685	<u>148,311,900</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>166,137,919</u>
E. Average Rate of Return	<u>2.01%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>3,339,372</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>2.89%</u>

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 2

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

AUTO DEALERS

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2020	<u>\$115,662,197</u>
2. Mean Unearned Premium Reserve: (1) x 0.439	<u>50,775,704</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	1.99%
50% of Other Acquisition Expense	2.65%
50% of Company Operating Expense	4.60%
Total	19.24%
4. (2) x (3)	<u>9,769,245</u>
5. Net Subject to Investment (2) - (4)	<u>41,006,459</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>115,662,197</u>
2. Average Agents' Balance	0.207
3. Delayed Remission (1) x (2)	<u>23,942,075</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>115,662,197</u>
2. Expected Incurred Losses and Loss	
Adjustment Expenses (1) x 0.731	84,549,066
3. Expected Mean Loss Reserves (2) x 1.685	<u>142,465,176</u>
D. Net Subject to Investment	
(A-5) - (B-3) + (C-3)	<u>159,529,560</u>
E. Average Rate of Return	<u>2.01%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>3,206,544</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>2.77%</u>

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 3

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

ZONE RATED RISKS

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2020	<u>\$115,662,197</u>
2. Mean Unearned Premium Reserve: (1) x 0.439	<u>50,775,704</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	5.00%
83% of Taxes, Licenses and Fees	1.99%
50% of Other Acquisition Expense	2.65%
50% of Company Operating Expense	<u>3.10%</u>
Total	12.74%
4. (2) x (3)	<u>6,468,825</u>
5. Net Subject to Investment (2) - (4)	<u>44,306,879</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>115,662,197</u>
2. Average Agents' Balance	0.207
3. Delayed Remission (1) x (2)	<u>23,942,075</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>115,662,197</u>
2. Expected Incurred Losses and Loss	
Adjustment Expenses (1) x 0.811	<u>93,802,042</u>
3. Expected Mean Loss Reserves (2) x 1.685	<u>158,056,441</u>
D. Net Subject to Investment	
(A-5) - (B-3) + (C-3)	<u>178,421,245</u>
E. Average Rate of Return	<u>2.01%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>3,586,267</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>3.10%</u>

Estimated Investment Earnings on Unearned Premium Reserves and on Loss ReservesSection D
Exhibit 6
Sheet 4Line A-1

Direct earned premiums are determined from NCRF net underwriting results.

Line A-2

The **mean direct unearned premium reserve** is determined by multiplying the direct earned premiums in line A-1 by the ratio of the mean direct unearned premium reserves to the direct earned premium for the latest available calendar year for the line of business.

1.	Direct Earned Premium for Calendar Year 2019	\$32,843,979
2.	Direct Unearned Premium Reserve as of 12/31/18	13,462,440
3.	Direct Unearned Premium Reserve as of 12/31/19	15,371,192
4.	Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	14,416,816
5.	Ratio (4) / (1)	0.439

Line A-3**Deduction for prepaid expenses:**

Production costs and a large part of the other company expenses in connection with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B-2**Delayed remission of premium:**

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

The total of admitted and non-admitted agents' balances, or uncollected premiums due, amounts to 0.207 of net earned premiums for all companies. The 0.207 is based on the following:

1.	Net Earned Premium for Calendar Year 2019	\$621,804,607
2.	Net Agents' Balances as of 12/31/18	126,528,418
3.	Net Agents' Balances as of 12/31/19	131,487,004
4.	Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	129,007,711
5.	Ratio (4) / (1)	0.207

Notes:

All monetary values are expressed in thousands of dollars and based on industry-aggregate information.

Estimated Investment Earnings on Unearned Premium Reserves and on Loss ReservesSection D
Exhibit 6
Sheet 5Line C-2

The **expected incurred losses** are determined by multiplying the direct earned premium by the average expected loss ratio (including loss adjustment expense).

Line C-3

The **expected mean loss reserve** is determined by multiplying the expected incurred losses in line (C-2) by the average ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in the latest two available calendar years for the line of business. This ratio is based on industry-aggregate data for commercial auto only.

1. Direct Incurred for Calendar Year 2018	\$24,712,126
2. Direct Incurred for Calendar Year 2019	28,562,568
3. Direct Reserves as of 12/31/17	40,630,797
4. Direct Reserves as of 12/31/18	44,243,996
5. Direct Reserves as of 12/31/19	50,123,209
6. Mean Loss Reserve 2018: $\frac{1}{2} [(3) + (4)]$	42,437,397
7. Mean Loss Reserve 2019: $\frac{1}{2} [(4) + (5)]$	47,183,603
8. Ratio (6) / (1)	1.717
9. Ratio (7) / (2)	1.652
10. $\frac{1}{2} [(8) + (9)]$	1.685

Notes:

Direct incurred and direct reserves include both indemnity and loss adjustment expense.

All monetary values are expressed in thousands of dollars and based on industry-aggregate information.

NORTH CAROLINA

Section D

Exhibit 7

Sheet 1

Bodily Injury
Unadjusted ExperienceTrucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2015	12,137,427	22,854,020
12/31/2016	12,762,617	23,436,737
12/31/2017	10,789,146	17,767,793
12/31/2018	10,240,383	18,350,678
12/31/2019	8,867,164	7,885,689

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2015	12,517	0
12/31/2016	86,265	20,000
12/31/2017	80,860	115,000
12/31/2018	4,616	0
12/31/2019	38,538	0

Auto Dealers

Policy Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2015	766,574	70,000
12/31/2016	986,993	188,000
12/31/2017	803,896	93,701
12/31/2018	708,844	21,302
12/31/2019	754,503	75,000

Zone Rated Risks

Policy Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2015	2,166,769	5,440,203
12/31/2016	3,475,050	11,375,294
12/31/2017	2,249,129	7,291,601
12/31/2018	1,957,599	3,030,918
12/31/2019	2,781,321	4,671,312

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2020.

NORTH CAROLINA
Property Damage
Unadjusted Experience

Section D
Exhibit 7
Sheet 2

Trucks, Tractors, and Trailers:

Accident Year Ending	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2015	12,660,184	1,525,200
12/31/2016	13,453,225	3,682,731
12/31/2017	12,737,635	1,534,868
12/31/2018	13,369,875	1,007,821
12/31/2019	12,196,717	829,312

Private Passenger Types:

Accident Year Ending	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2015	25,477	0
12/31/2016	131,755	70,428
12/31/2017	118,133	0
12/31/2018	78,422	0
12/31/2019	52,001	0

Auto Dealers

Policy Year Ending	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2015	701,161	13,841
12/31/2016	856,246	2,891
12/31/2017	939,404	3,246
12/31/2018	712,226	26,803
12/31/2019	707,142	14,944

Zone Rated Risks

Policy Year Ending	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2015	1,553,895	35,968
12/31/2016	3,608,538	831,684
12/31/2017	2,293,919	907,748
12/31/2018	2,103,641	356,406
12/31/2019	3,058,657	367,477

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2020.

NORTH CAROLINA

Section D

Exhibit 7

Sheet 3

Bodily Injury
Adjusted ExperienceTrucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2015	21,219,607	18,740,139
12/31/2016	20,886,898	19,058,307
12/31/2017	19,634,217	15,891,322
12/31/2018	18,858,033	15,781,863
12/31/2019	20,083,448	16,582,481

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2015	73,707	19,326
12/31/2016	65,951	127,040
12/31/2017	61,776	108,189
12/31/2018	56,061	5,900
12/31/2019	59,734	49,690

Auto Dealers

Policy Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2015	1,469,604	1,211,340
12/31/2016	1,499,455	1,488,265
12/31/2017	1,386,695	1,180,735
12/31/2018	1,253,071	1,002,916
12/31/2019	1,247,319	1,101,218

Zone Rated Risks

Policy Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2015	2,626,694	3,423,928
12/31/2016	5,170,025	5,239,951
12/31/2017	3,461,239	3,516,986
12/31/2018	3,951,301	3,325,829
12/31/2019	5,977,402	5,677,357

*These losses are the losses used in determining the rate level. They are developed using the appropriate unallocated loss adjustment expense factors, loss development factors, and are trended to one year beyond the prospective effective date.

NORTH CAROLINA

Section D
Exhibit 7
Sheet 4Property Damage
Adjusted ExperienceTrucks, Tractors, and Trailers:

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2015	24,330,731	22,439,973
12/31/2016	23,949,011	22,345,080
12/31/2017	22,511,732	19,957,926
12/31/2018	21,620,180	19,775,836
12/31/2019	23,026,407	17,663,195

Private Passenger Types:

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2015	96,066	45,158
12/31/2016	85,950	218,838
12/31/2017	80,516	183,993
12/31/2018	73,062	114,508
12/31/2019	77,856	70,254

Auto Dealers

Policy Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2015	1,433,119	1,283,685
12/31/2016	1,466,140	1,469,542
12/31/2017	1,360,488	1,514,265
12/31/2018	1,229,412	1,078,533
12/31/2019	1,221,974	1,020,846

Zone Rated Risks

Policy Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2015	2,714,888	2,844,871
12/31/2016	5,222,803	6,193,197
12/31/2017	3,498,650	3,693,973
12/31/2018	3,993,733	3,179,225
12/31/2019	6,041,894	4,398,246

*These losses are the losses used in determining the rate level. They are developed using the appropriate unallocated loss adjustment expense factors, loss development factors, and are trended to one year beyond the prospective effective date.

SECTION E

Revision of Increased Limits Tables

North Carolina Reinsurance Facility
Commercial Automobile Liability

Revision of Increased Limits Tables

Summary of Changes

The following is a proposed revision of Commercial Automobile Liability Increased Limit Factors. A review of the experience indicates a change of 3.5% in total liability premium for bodily injury and -5.5% for property damage. This document presents revised factors for the following increased limits tables:

- Light and Medium Trucks
- Heavy Trucks and Truck-Tractors
- Extra-Heavy Trucks and Truck-Tractors
- All Other Risks

Notes Pertaining to the Revision

- This revision is based upon North Carolina Reinsurance Facility experience. North Carolina and Multistate Voluntary data has been considered when necessary to promote stability.
- Data for accident years ending December 31, 2015 to December 31, 2019 have been used to develop the indicated changes for each table.
- The five years of data have been developed to an ultimate settlement basis by using the loss development factors shown in Exhibit 3 of Section F.
- Data has been trended to nine months beyond the assumed effective date of 4/1/2022.

North Carolina Reinsurance Facility
Comparison of Indicated and Current Factors
Bodily Injury Increased Limits Tables

A comparison of indicated and current increased limit factors for selected policy limits is shown below:

		<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u>
<u>Light and Medium Trucks</u>	\$	30,000 / 60,000	1.00	1.00
		50,000 / 100,000	1.20	1.19
		100,000 / 300,000	1.69	1.66
		500,000 / 500,000	2.48	2.41
		1,000,000 / 1,000,000	3.21	3.10
<u>Heavy Trucks and Truck-Tractors</u>	\$	30,000 / 60,000	1.00	1.00
		50,000 / 100,000	1.24	1.23
		100,000 / 300,000	1.82	1.78
		500,000 / 500,000	2.93	2.83
		1,000,000 / 1,000,000	3.91	3.76
<u>Extra Heavy Trucks and Truck-Tractors</u>	\$	30,000 / 60,000	1.00	1.00
		50,000 / 100,000	1.27	1.26
		100,000 / 300,000	1.97	1.92
		500,000 / 500,000	3.21	3.10
		1,000,000 / 1,000,000	4.42	4.25
<u>Zone Rated Risks</u>	\$	30,000 / 60,000	1.00	1.00
		50,000 / 100,000	1.45	1.43
		100,000 / 300,000	2.45	2.38
		500,000 / 500,000	4.45	4.28
		1,000,000 / 1,000,000	6.31	6.04
<u>All Other Risks[^]</u>	\$	30,000 / 60,000	1.00	1.00
		50,000 / 100,000	1.24	1.23
		100,000 / 300,000	1.72	1.68
		500,000 / 500,000	2.55	2.47
		1,000,000 / 1,000,000	3.29	3.18

[^] Including Private Passenger Types, Publics, Semi-trailers and Trailers.

North Carolina Reinsurance Facility
Comparison of Indicated and Current Factors
Property Damage Increased Limits Tables

A comparison of indicated and current increased limit factors for selected policy limits is shown below:

	<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u>
<u>Light and Medium Trucks</u>	\$ 25,000	1.00	1.00
	50,000	1.05	1.06
	300,000	1.15	1.20
	750,000	1.19	1.26
	1,000,000	1.20	1.28
<u>Heavy Trucks and Truck-Tractors</u>	\$ 25,000	1.00	1.00
	50,000	1.05	1.06
	300,000	1.15	1.20
	750,000	1.20	1.27
	1,000,000	1.21	1.29
<u>Extra Heavy Trucks and Truck-Tractors</u>	\$ 25,000	1.00	1.00
	50,000	1.05	1.06
	300,000	1.15	1.20
	750,000	1.19	1.27
	1,000,000	1.21	1.29
<u>Zone Rated Risks</u>	\$ 25,000	1.00	1.00
	50,000	1.07	1.10
	300,000	1.25	1.34
	750,000	1.33	1.46
	1,000,000	1.36	1.50
<u>All Other Risks</u> [^]	\$ 25,000	1.00	1.00
	50,000	1.04	1.06
	300,000	1.15	1.20
	750,000	1.19	1.26
	1,000,000	1.20	1.28

[^] Including Private Passenger Types, Publics, Semi-trailers and Trailers.

SECTION F

Increased Limits Experience Review

North Carolina Reinsurance Facility

Increased Limits Experience Review

Introduction

Charges for coverage in excess of the basic limit of liability (\$30,000/\$60,000 for bodily injury, \$25,000 for property damage) are calculated by multiplying the applicable basic limit manual rate for the class by the appropriate increased limit factor for the desired liability limit. For example, a Light Truck risk desiring to purchase coverage of \$100,000/\$300,000 bodily injury per person/per accident might pay a premium calculated as 1.69 times the manual rate for the risk classification.

The Commercial Automobile Liability Increased Limits Tables are reviewed to ensure that a consistent pricing relationship is maintained between factors for different limits.

Exhibit 1: Development of Increased Limits Table Change Indications

Set forth on this exhibit is the North Carolina Reinsurance Facility experience for companies reporting to ISO, PCI and NISS for the latest five accident years.

Losses include allocated loss adjustment expenses and are developed to an ultimate settlement basis using the North Carolina statewide loss development factors shown in Exhibit 3. Additionally, the losses have been trended from the average date of loss to nine months beyond an assumed effective date of April 1, 2022 by an exponential projection of the annual loss trend factors for basic and total limits losses developed on Exhibit 2.

The indicated average increased limit factor has been compared to the present average increased limit factor to develop an overall increased limits factor change indication. These indications are 3.5% and -5.5% for bodily injury and property damage, respectively.

Exhibit 2: Bodily Injury and Property Damage Trend Factors

North Carolina and Multistate paid claim data for Commercial Automobile Bodily Injury and Property Damage Liability Insurance, as reported to ISO, were used to develop average annual trend factors for basic and total limits losses. The derivation of these factors is shown in Exhibit 2 of Section D.

North Carolina Reinsurance Facility

Increased Limits Experience Review

Introduction (Cont'd)

Exhibit 3: Loss Development Factors

Set forth on this exhibit are the factors used to develop the losses to an ultimate basis. The derivation of these factors is shown in Exhibit 1 of Section D. These factors are based on North Carolina statewide facility data, as reported to ISO, PCI and NISS.

Exhibit 4: North Carolina Facility Data

Data set forth on this exhibit represent North Carolina Reinsurance Facility loss data as reported to ISO, PCI and NISS. This exhibit also displays the data developed to an ultimate settlement basis and trended to nine months beyond the assumed effective date.

Exhibit 5: Policy Limit Distribution

Set forth on this exhibit is the basic limit loss distribution (including ALAE) for each increased limits table by policy limit. These table distributions are based on all detailed statistics reported to ISO for Facility business for fiscal accident years ending 6/30/16 through 6/30/20.

NORTH CAROLINA REINSURANCE FACILITY

Commercial Automobile Liability Insurance
Development of Increased Limits
Table Change Indications
All Classes Combined

BODILY INJURY

(1)	(2)	(3)	(4)
Year	\$30,000/\$60,000 Basic Limits	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/15	28,339,931	93,539,074	3.301
12/31/16	25,468,144	83,237,537	3.268
12/31/17	14,979,366	41,320,474	2.758
12/31/18	21,403,325	75,418,044	3.524
12/31/19	22,319,273	56,589,642	2.535
Total	112,510,039	350,104,771	3.112

(5) Present average increased limits factor based upon the present table and the policy limits distribution for bodily injury Reinsurance Facility business: 3.008

(6) Indicated change in bodily injury increased limits factors $[(4)/(5) - 1] \times 100$: 3.5%

* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to nine months beyond an assumed effective date of 4/1/2022 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

NORTH CAROLINA REINSURANCE FACILITY

Commercial Automobile Liability Insurance
Development of Increased Limits
Table Change Indications
All Classes Combined

PROPERTY DAMAGE

(1)	(2)	(3)	(4)
Year	\$25,000 Basic Limit	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/15	31,120,928	36,134,659	1.161
12/31/16	28,019,293	35,544,307	1.269
12/31/17	17,843,197	22,056,876	1.236
12/31/18	23,975,957	26,571,623	1.108
12/31/19	22,234,499	24,643,960	1.108
Total	123,193,874	144,951,425	1.177

(5) Present average increased limits factor based upon the present table and the policy limits distribution for property damage Reinsurance Facility business: 1.245

(6) Indicated change in property damage increased limits factors $(((4)/(5)) - 1) \times 100$: -5.5%

* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to nine months beyond an assumed effective date of 4/1/2022 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

COMMERCIAL AUTO LIABILITY

NORTH CAROLINA

BODILY INJURY AND PROPERTY DAMAGE TREND FACTORS*

Bodily Injury

\$30,000 Limit		Total Limits	
12 Point - Paid Weighted Severity	+4.3%	12 Point - Paid Weighted Severity	+7.2%
24 Point - Paid Weighted Severity	+3.7%	24 Point - Paid Weighted Severity	+5.3%
12 Point - Paid NC only Severity	+4.5%	12 Point - Paid NC only Severity	+5.7%
24 Point - Paid NC only Severity	+3.7%	24 Point - Paid NC only Severity	+3.9%
Selected Severity Trend Factor	+5.0%	Selected Severity Trend Factor	+7.0%
Selected Incurred Frequency Trend Factor	+0.0%	Selected Incurred Frequency Trend Factor	+0.0%
Average Annual Change	+5.0%	Average Annual Change	+7.0%

Property Damage

Total Limits		Total Limits	
12 Point - Paid Weighted Severity	+7.2%	12 Point - Paid Weighted Severity	+7.3%
24 Point - Paid Weighted Severity	+5.8%	24 Point - Paid Weighted Severity	+6.2%
12 Point - Paid NC only Severity	+7.8%	12 Point - Paid NC only Severity	+7.7%
24 Point - Paid NC only Severity	+6.7%	24 Point - Paid NC only Severity	+6.3%
Selected Severity Trend Factor	+7.0%	Selected Severity Trend Factor	+7.5%
Selected Incurred Frequency Trend Factor	+0.0%	Selected Incurred Frequency Trend Factor	+0.0%
Average Annual Change	+7.0%	Average Annual Change	+7.5%

* See Exhibit 2, Section D for the calculation of these trend factors.

NORTH CAROLINA REINSURANCE FACILITY
Commercial Automobile Liability Insurance
Loss Development Factors **

	<u>Bodily Injury</u>		<u>Property Damage</u>	
	30/60	Total Limits	25	Total Limits
<u>Trucks, Tractors, & Trailers</u>	<u>Losses</u>	<u>Losses</u>	<u>Losses</u>	<u>Losses</u>
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.014	1.014	1.000	1.000
39 months to ult.	1.048	1.100	1.006	1.011
27 months to ult.	1.149	1.358	1.013	1.013
15 months to ult.	1.462	1.958	1.058	1.080
<u>Private Passenger Types</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.000	1.000	1.000	1.000
39 months to ult.	0.952	0.952	1.000	1.000
27 months to ult.	0.953	0.951	1.000	1.000
15 months to ult.	1.008	1.357	0.987	0.989
<u>Publics (Including Buses)</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.002	1.014	1.000	1.000
39 months to ult.	1.009	1.066	1.003	1.002
27 months to ult.	1.042	1.238	1.000	0.999
15 months to ult.	0.987	1.246	1.017	1.025
<u>Zone-Rated Risks</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.079	1.057	1.000	1.000
39 months to ult.	1.134	1.105	0.998	0.998
27 months to ult.	1.352	1.471	1.006	1.013
15 months to ult.	1.987	2.903	1.084	1.098
<u>Miscellaneous</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.033	1.013	1.000	1.000
39 months to ult.	1.018	0.994	1.002	1.001
27 months to ult.	1.155	1.330	1.002	0.995
15 months to ult.	1.437	1.986	1.041	1.060
<u>Auto Dealers</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.016	1.013	1.000	1.000
39 months to ult.	1.032	1.027	1.001	1.001
27 months to ult.	1.088	1.036	1.014	1.014
15 months to ult.	1.238	1.196	1.040	1.051

** See Section D, Exhibit 1, for the calculation of these factors.

NORTH CAROLINA REINSURANCE FACILITY
Commercial Automobile Liability Insurance

INCURRED LOSS AND LOSS ADJUSTMENT EXPENSES

	<u>Evaluation*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 <u>Losses**</u>	Total Limits <u>Losses**</u>	25 <u>Losses**</u>	Total Limits <u>Losses**</u>
Trucks, Tractors, & Trailers	15@63	12,137,427	34,991,447	12,660,184	14,185,384
	16@51	11,350,869	32,900,970	11,987,032	15,669,763
	17@39	6,715,408	17,740,184	8,414,346	9,749,108
	18@27	10,240,383	28,591,061	13,369,875	14,377,696
	19@15	8,867,164	16,752,853	12,196,717	13,026,029
Private Passenger Types	15@63	12,517	12,517	25,477	25,477
	16@51	86,265	106,265	131,755	202,183
	17@39	80,860	195,860	58,711	58,711
	18@27	4,616	4,616	78,422	78,422
	19@15	38,538	38,538	52,001	52,001
Zone-Rated Risks	15@63	3,294,847	14,247,283	2,898,544	3,559,495
	16@51	2,800,506	10,643,271	2,944,134	3,224,211
	17@39	1,968,464	5,310,951	1,975,164	3,057,573
	18@27	2,580,568	9,249,034	2,738,828	3,156,752
	19@15	2,022,429	2,478,388	2,972,333	3,244,967
Publics (Including Buses)	15@63	2,565,383	4,569,443	1,923,880	1,951,568
	16@51	2,224,948	5,689,668	1,563,507	1,590,136
	17@39	1,111,438	1,665,429	854,437	876,548
	18@27	799,405	1,602,465	522,017	522,017
	19@15	773,058	1,049,392	350,703	350,703
Misc.	15@63	597,740	1,297,740	459,554	500,926
	16@51	776,131	2,152,286	467,649	569,456
	17@39	379,360	463,466	169,710	194,707
	18@27	142,799	180,799	94,835	113,666
	19@15	202,722	1,289,972	353,341	400,104
Auto Dealers	15@63	1,047,357	1,195,357	768,246	783,978
	16@51	883,638	940,139	955,317	957,651
	17@39	580,695	657,895	776,193	777,770
	18@27	851,804	928,106	678,804	704,942
	19@15	597,778	617,778	619,507	634,451

* All classes are on an accident year basis

** Includes allocated loss adjustment expenses.

NORTH CAROLINA REINSURANCE FACILITY
Commercial Automobile Liability Insurance

DEVELOPED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year <u>Ending*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 <u>Losses**</u>	Total Limits <u>Losses**</u>	25 <u>Losses**</u>	Total Limits <u>Losses**</u>
Trucks, Tractors, & Trailers	12/31/15	12,137,427	34,991,447	12,660,184	14,185,384
	12/31/16	11,509,781	33,361,584	11,987,032	15,669,763
	12/31/17	7,037,748	19,514,202	8,464,832	9,856,348
	12/31/18	11,766,200	38,826,661	13,543,683	14,564,606
	12/31/19	12,963,794	32,802,086	12,904,127	14,068,111
Private Passenger Types	12/31/15	12,517	12,517	25,477	25,477
	12/31/16	86,265	106,265	131,755	202,183
	12/31/17	76,979	186,459	58,711	58,711
	12/31/18	4,399	4,390	78,422	78,422
	12/31/19	38,846	52,296	51,325	51,429
Zone-Rated Risks	12/31/15	3,294,847	14,247,283	2,898,544	3,559,495
	12/31/16	3,021,746	11,249,937	2,944,134	3,224,211
	12/31/17	2,232,238	5,868,601	1,971,214	3,051,458
	12/31/18	3,488,928	13,605,329	2,755,261	3,197,790
	12/31/19	4,018,566	7,194,760	3,222,009	3,562,974
Publics (Including Buses)	12/31/15	2,565,383	4,569,443	1,923,880	1,951,568
	12/31/16	2,229,398	5,769,323	1,563,507	1,590,136
	12/31/17	1,121,441	1,775,347	857,000	878,301
	12/31/18	832,980	1,983,852	522,017	521,495
	12/31/19	763,008	1,307,542	356,665	359,471
Misc.	12/31/15	597,740	1,297,740	459,554	500,926
	12/31/16	801,743	2,180,266	467,649	569,456
	12/31/17	386,188	460,685	170,049	194,902
	12/31/18	164,933	240,463	95,025	113,098
	12/31/19	291,312	2,561,884	367,828	424,110
Auto Dealers	12/31/15	1,047,357	1,195,357	768,246	783,978
	12/31/16	897,776	952,361	955,317	957,651
	12/31/17	599,277	675,658	776,969	778,548
	12/31/18	926,763	961,518	688,307	714,811
	12/31/19	740,049	738,862	644,287	666,808

* All classes are on an accident year basis

** Losses are developed to ultimate using development factors from Exhibit 3.

NORTH CAROLINA REINSURANCE FACILITY
Commercial Automobile Liability Insurance

DEVELOPED AND TRENDED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year <u>Ending*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 <u>Losses**</u>	Total Limits <u>Losses**</u>	25 <u>Losses**</u>	Total Limits <u>Losses**</u>
Trucks, Tractors, & Trailers	12/31/15	17,500,335	58,121,958	21,028,987	24,400,829
	12/31/16	15,805,109	51,789,440	18,608,279	25,073,643
	12/31/17	9,203,963	28,311,415	12,280,870	14,671,097
	12/31/18	14,655,076	52,644,990	18,363,852	20,166,792
	12/31/19	15,377,816	41,566,617	16,352,037	18,120,301
Private Passenger Types	12/31/15	18,048	20,791	42,318	43,824
	12/31/16	118,458	164,962	204,532	323,519
	12/31/17	100,673	270,517	85,179	87,391
	12/31/18	5,479	5,952	106,332	108,587
	12/31/19	46,080	66,269	65,039	66,243
Zone-Rated Risks	12/31/15	4,750,671	23,665,211	4,814,578	6,122,825
	12/31/16	4,149,430	17,464,037	4,570,378	5,159,154
	12/31/17	2,919,320	8,514,230	2,859,859	4,542,071
	12/31/18	4,345,541	18,447,438	3,735,853	4,427,800
	12/31/19	4,766,874	9,117,159	4,082,912	4,589,256
Publics (Including Buses)	12/31/15	3,698,895	7,589,997	3,195,629	3,356,968
	12/31/16	3,061,386	8,956,110	2,427,138	2,544,423
	12/31/17	1,466,620	2,575,693	1,243,345	1,307,344
	12/31/18	1,037,496	2,689,901	707,802	722,085
	12/31/19	905,090	1,656,910	451,964	463,013
Misc.	12/31/15	861,851	2,155,589	763,334	861,662
	12/31/16	1,100,945	3,384,574	725,963	911,203
	12/31/17	505,056	668,367	246,709	290,110
	12/31/18	205,428	326,043	128,844	156,600
	12/31/19	345,558	3,246,405	466,110	546,271
Auto Dealers	12/31/15	1,510,131	1,985,528	1,276,082	1,348,551
	12/31/16	1,232,816	1,478,414	1,483,003	1,532,365
	12/31/17	783,734	980,252	1,127,235	1,158,863
	12/31/18	1,154,305	1,303,720	933,274	989,759
	12/31/19	877,855	936,282	816,437	858,876

* All classes are on an accident year basis

** Losses have been developed to ultimate and trended to nine months beyond an anticipated effective date of April 1, 2022.

NORTH CAROLINA REINSURANCE FACILITY

Basic Limit Loss Distribution*
By Increased Limits Table and Policy Limit

BODILY INJURY

<u>POLICY</u> <u>LIMIT</u>	<u>LIGHT &</u> <u>MEDIUM</u>	<u>HEAVY</u>	<u>EXTRA</u> <u>HEAVY</u>	<u>ZONE</u>	<u>ALL</u> <u>OTHER</u>	<u>ALL</u> <u>TABLES</u> <u>COMBINED **</u>
30/60	4.16%	0.11%	0.00%	0.00%	1.79%	6.07%
50/100	7.73%	0.21%	0.00%	0.00%	3.33%	11.27%
85/85	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100/100	2.55%	0.69%	0.01%	0.00%	1.32%	4.57%
100/300	12.57%	0.78%	0.00%	0.00%	6.97%	20.32%
100/500	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%
150/150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250/250	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250/500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
300/300	0.20%	0.00%	0.00%	0.00%	0.00%	0.20%
400/400	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500/500	0.34%	0.00%	0.00%	0.00%	0.08%	0.42%
500/1,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
750/750	3.77%	5.08%	14.24%	8.36%	0.46%	31.92%
1,000/1,000	2.97%	1.33%	5.57%	8.36%	0.72%	18.95%
1,500/1,500	2.22%	0.00%	0.00%	0.00%	3.18%	5.40%
2,000/2,000	0.57%	0.00%	0.00%	0.00%	0.13%	0.70%
2,500/2,500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000/5,000</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.16%</u>	<u>0.16%</u>
TOTAL**	37.09%	8.20%	19.83%	16.73%	18.16%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2016 through fiscal accident year ending 6/30/2020, as reported to ISO, for those risks assigned to the Facility.

** The individual weights at each limit and increased limits table combination are rounded to 5 decimal places and displayed to 4 decimal places. Due to rounding, the total values may differ slightly from the sum of the displayed individual values. Totals by major class group are scaled to match the distribution for all ISO, PCI and NISS reporting companies per the data.

NORTH CAROLINA REINSURANCE FACILITY

Basic Limit Loss Distribution*
By Increased Limits Table and Policy Limit

PROPERTY DAMAGE

POLICY LIMIT	LIGHT & MEDIUM	HEAVY	EXTRA HEAVY	ZONE	ALL OTHER	ALL TABLES COMBINED **
25	6.65%	0.33%	0.00%	0.00%	0.60%	7.58%
30	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50	17.57%	1.38%	0.01%	0.00%	2.23%	21.18%
85	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100	0.92%	0.03%	0.16%	0.00%	0.00%	1.12%
150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
300	0.36%	0.00%	0.00%	0.00%	0.00%	0.36%
400	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500	0.12%	0.01%	0.00%	0.00%	0.01%	0.14%
750	5.90%	6.35%	19.34%	8.93%	0.45%	40.97%
1000	3.53%	1.57%	10.67%	8.93%	0.36%	25.07%
1500	1.67%	0.03%	0.00%	0.00%	0.73%	2.42%
2000	0.74%	0.00%	0.00%	0.00%	0.05%	0.79%
2500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5000</u>	<u>0.06%</u>	<u>0.00%</u>	<u>0.02%</u>	<u>0.00%</u>	<u>0.29%</u>	<u>0.37%</u>
TOTAL**	37.51%	9.69%	30.21%	17.86%	4.72%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2016 through fiscal accident year ending 6/30/2020, as reported to ISO, for those risks assigned to the Facility.

** The individual weights at each limit and increased limits table combination are rounded to 5 decimal places and displayed to 4 decimal places. Due to rounding, the total values may differ slightly from the sum of the displayed individual values. Totals by major class group are scaled to match the distribution for all ISO, PCI and NISS reporting companies per the data.

SECTION G

Revision of Increased Limits Tables

North Carolina Reinsurance Facility

Commercial Automobile Liability
Revision of Increased Limits Tables

Sheets 1, 2, 3, and 4 of Exhibit 1 display the revised increased limit factors for Commercial Automobile Liability as they will appear in the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates.

NORTH CAROLINA REINSURANCE FACILITY
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

BODILY INJURY FACTORS

Classification	Limits Identifier Code (3)				
	Limit of Liability (in 1000's)				
	30/60	85/85	50/100	100/100	100/300
	Limit Codes				
	49	52	49	52	52
1. Light and Medium Trucks	1.00	1.27	1.20	1.36	1.69
2. Heavy Trucks and Truck Tractors	1.00	1.35	1.24	1.46	1.82
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.38	1.27	1.57	1.97
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.60	1.45	1.79	2.45
5. All Other Risks	1.00	1.27	1.24	1.37	1.72

NORTH CAROLINA REINSURANCE FACILITY
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

PROPERTY DAMAGE FACTORS

Classification	Limits Identifier Code (3)		
	Limit of Liability (in 1000's)		
	25	30	50
	Limit Codes		
	05	06	08
1. Light and Medium Trucks	1.00	1.01	1.05
2. Heavy Trucks and Truck Tractors	1.00	1.01	1.05
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.01	1.05
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.02	1.07
5. All Other Risks	1.00	1.01	1.04

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

A. Bodily Injury

BODILY INJURY FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
100/500	55	1.79	2.05	2.16	2.80	1.85
300/300	64	2.09	2.36	2.57	3.39	2.09
250/500	61	2.16	2.55	2.73	3.65	2.22
400/400	68	2.29	2.69	2.93	3.96	2.33
500/500	68	2.48	2.93	3.21	4.45	2.55
750/750	73	2.88	3.46	3.88	5.44	2.96
1,000/1,000	73	3.21	3.91	4.42	6.31	3.29
1,500/1,500	74	3.68	4.62	5.28	7.63	3.76
2,000/2,000	75	4.12	5.22	6.01	8.79	4.20
2,500/2,500	76	4.42	5.75	6.69	9.77	4.58
5,000/5,000	79	5.68	7.63	9.08	13.52	5.84
7,500/7,500	82	6.56	8.95	10.75	16.15	6.72
10,000/10,000	85	7.13	9.81	11.84	17.86	7.29
12,500/12,500	86	7.47	10.33	12.49	18.89	7.63
15,000/15,000	86	7.66	10.62	12.85	19.46	7.82

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

B. Property Damage

PROPERTY DAMAGE FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
85	9	1.09	1.09	1.09	1.14	1.09
100	10	1.10	1.10	1.10	1.15	1.10
300	14	1.15	1.15	1.15	1.25	1.15
400	15	1.16	1.17	1.16	1.28	1.16
500	16	1.17	1.18	1.17	1.30	1.17
750	17	1.19	1.20	1.19	1.33	1.19
1,000	18	1.20	1.21	1.21	1.36	1.20
1,500	19	1.22	1.23	1.25	1.42	1.22
2,000	20	1.23	1.25	1.28	1.46	1.24
2,500	21	1.24	1.27	1.30	1.48	1.25
5,000	23	1.27	1.30	1.33	1.54	1.27
7,500	24	1.29	1.32	1.35	1.58	1.28
10,000	25	1.30	1.33	1.36	1.61	1.29
12,500	26	1.31	1.34	1.37	1.63	1.30
15,000	26	1.32	1.35	1.38	1.64	1.31

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RATE FILING QUESTIONNAIRE: COMMERCIAL LINES**

RATING ORGANIZATION'S NAME North Carolina Reinsurance Facility

CONTACT PERSON FOR FILING Tom Burns

TITLE Director – Auto Operations TELEPHONE NUMBER 919-719-3033 EXT.

1. RATING ORGANIZATION'S FEDERAL EMPLOYER NUMBER 561051050

2. RATING ORGANIZATION'S FILE NUMBER RF-1

3. ANNUAL STATEMENT PAGE 14 LINE(S) OF INSURANCE Commercial Auto Liability

4. SUBLINE/PROGRAM TITLE (IF APPLICABLE)

5. TYPE OF POLICIES INVOLVED: X OCCURRENCE CLAIMS MADE
 OTHER (DESCRIBE)

6. PROPOSED EFFECTIVE DATE(S): NEW April 1, 2022 RENEWAL April 1, 2022

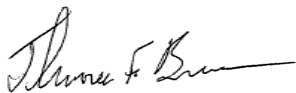
7. APPROXIMATE MARKET SHARE OF NORTH CAROLINA WRITTEN PREMIUM FOR LINE(S)
 Commercial Auto
INVOLVED: LINE Liability 40.0 % LINE %
 +7.8% Basic Limits; +0.8% Increased Limits

8. AVERAGE RATE CHANGE PROPOSED: +8.7% Total Limits

The following are attached as part of the filing:

- Exhibits 1, 3, 4, and 5.
- Exhibit 2 for each expected loss ratio.
- Five-year rate filing history including NCDOI file #, effective date, and average rate change.
- Final rate pages (MUST accompany filing.) (NOT APPLICABLE)

I certify that the information contained in this questionnaire is true and correct and the filing complies with statutory requirements to the best of my knowledge.



Signature of Company Officer/Filings Department Head

EXHIBIT 1

EFFECT OF THE PROPOSED FILING ON ACTIVE FILINGS

NCDOI File #	Effective Date	Effect of Proposed Filing (Superseded, Modified or None)
_____	_____	There are no other related filings.
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT 2

EXPECTED LOSS RATIO

1. Line, Subline, Coverage, Territory, Class, etc. or combination to which this exhibit applies: Bodily Injury and Property Damage

2. Development of Expected Loss Ratio:

	Selected Provision		
	Trucks &Types	Auto Dealers	Zone Rated
A. Total Production Expense	15.3%	15.1%	10.3%
B. General Expense	6.2%	9.2%	6.2%
C. Taxes, Licenses & Fees	2.4%	2.4%	2.4%
D. Underwriting Profit & Contingencies	0.0%	0.0%	0.0%
E. Other (explain)			
F. TOTAL	23.9%	26.9%	18.9%

3. Expected Loss Ratio (ELR=100-2F) .761 .731 .811

4. Rate level change for which this exhibit applies _____

	Basic Limits		Total Limits	
	<u>BI</u>	<u>PD</u>	<u>BI</u>	<u>PD</u>
Trucks, Tractors, & Trailers	+5.9%	+6.9%	+9.2%	+2.2%
Private Passenger Types	+1.2%	+15.3%	+3.5%	+12.6%
Auto Dealers	+9.0%	+17.4%	+11.9%	+11.5%
Zone Rated Risks	+12.5%	+2.1%	+17.5%	-7.2%

EXHIBIT 2A
Five Year Rate Filing History

<u>Effective Date</u>	<u>NCDOI File #</u>	<u>% Change</u>	<u>Reason for Filing</u>
10/01/2016	NCRI-130072573	+24.5%	Review of basic limits experience and increased limits factors.
10/01/2017	NCRI-131030137	+9.9%	Review of basic limits experience and increased limits factors.
4/01/2019	NCRI-131705063	+26.1%	Review of basic limits experience and increased limits factors.
4/15/2021	NCRI-132596377	+22.5%	Review of basic limits experience and increased limits factors.

EXHIBIT 3

NORTH CAROLINA EXPERIENCE		X	Direct	Net
	<u>2016</u>	<u>2017</u>	<u>2018</u>	
(1) Written Premiums	<u>592,531,449</u>	<u>655,241,604</u>	<u>726,311,566</u>	
(2) Earned Premiums	<u>573,318,520</u> 100.0%	<u>624,729,394</u> 100.0%	<u>696,863,427</u> 100.0%	
(3) Inc. Loss and LAE	<u>449,439,591</u> 78.4%	<u>451,406,160</u> 72.3%	<u>508,157,178</u> 72.9%	
(4) Total Prod. Expense	<u>120,489,733</u> 21.0%	<u>126,793,031</u> 20.3%	<u>136,388,800</u> 19.6%	
(5) General Expense	<u>39,838,175</u> 6.9%	<u>41,284,088</u> 6.6%	<u>47,908,458</u> 6.9%	
(6) Taxes, Lic. & Fees	<u>13,800,263</u> 2.4%	<u>15,085,157</u> 2.4%	<u>16,841,602</u> 2.4%	
(7) Other				
	<u>2019</u>	<u>2020</u>	<u>5 Years Combined</u>	
(1) Written Premiums	<u>827,070,876</u>	<u>840,595,929</u>	<u>3,641,751,424</u>	
(2) Earned Premiums	<u>769,765,348</u> 100.0%	<u>800,288,165</u> 100.0%	<u>3,464,964,854</u> 100.0%	
(3) Inc. Loss and LAE	<u>615,217,653</u> 79.9%	<u>558,712,379</u> 69.8%	<u>2,582,932,961</u> 74.5%	
(4) Total Prod. Expense	<u>146,135,002</u> 19.0%	<u>153,493,758</u> 19.2%	<u>683,300,324</u> 19.7%	
(5) General Expense	<u>54,008,096</u> 7.0%	<u>54,636,323</u> 6.8%	<u>237,675,140</u> 6.9%	
(6) Taxes, Lic. & Fees	<u>19,308,046</u> 2.5%	<u>20,087,549</u> 2.5%	<u>85,122,617</u> 2.5%	
(7) Other				

COUNTRYWIDE EXPERIENCE		X	Direct	Net
(in thousands)				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	
(1) Written Premiums	<u>23,196,986</u>	<u>24,350,101</u>	<u>26,502,899</u>	
(2) Earned Premiums	<u>22,492,386</u> 100.0%	<u>23,809,541</u> 100.0%	<u>25,568,878</u> 100.0%	
(3) Inc. Loss and LAE	<u>18,358,421</u> 81.6%	<u>20,279,139</u> 85.2%	<u>21,712,205</u> 84.9%	
(4) Total Prod. Expense	<u>4,579,490</u> 20.4%	<u>4,769,098</u> 20.0%	<u>5,031,773</u> 19.7%	
(5) General Expense	<u>1,511,032</u> 6.7%	<u>1,538,219</u> 6.5%	<u>1,627,475</u> 6.4%	
(6) Taxes, Lic. & Fees				
(7) Other				
	<u>2018</u>	<u>2019</u>	<u>5 Years Combined</u>	
(1) Written Premiums	<u>30,005,534</u>	<u>33,435,359</u>	<u>137,490,879</u>	
(2) Earned Premiums	<u>28,606,619</u> 100.0%	<u>31,928,007</u> 100.0%	<u>132,405,431</u> 100.0%	
(3) Inc. Loss and LAE	<u>24,362,044</u> 85.2%	<u>27,830,922</u> 87.2%	<u>112,542,731</u> 85.0%	
(4) Total Prod. Expense	<u>5,415,889</u> 18.9%	<u>5,847,752</u> 18.3%	<u>25,644,002</u> 19.4%	
(5) General Expense	<u>1,803,325</u> 6.3%	<u>2,030,962</u> 6.4%	<u>8,511,013</u> 6.4%	
(6) Taxes, Lic. & Fees				
(7) Other				

EXHIBIT 4

UNDERWRITING PROFIT AND CONTINGENCY PROVISION

1. Target after tax rate of return	<u>0</u>	%
2. Ratio of premium to surplus	<u>N/A</u>	
3. Target rate of return as a percent of premium (1/2)	<u>0</u>	
4. Anticipated investment income as a percent of premium	<u>Various - See Section A, Exhibit 1</u>	
5. Target profit and contingency provision (3-4)	<u>Various</u>	%
6. Company select profit and contingency provision	<u>Various</u>	%
Explain any differences between 5 and 6:	<hr/>	
7. Methodology used to derive the anticipated investment income as a percent of premium:	<hr/>	
	Please refer to Section D, Exhibit 6, Sheets 1-4.	
	<hr/>	

EXHIBIT 5

ACTUARIAL SUPPORT FOR RATE MODIFICATION

This exhibit should provide actuarial support for the proposed rate modification and must include the following information as required in NCGS 58-36-15(h):

- (1) North Carolina earned premiums at the actual and current rate level; losses and loss adjustment expenses, each on paid and incurred bases without trending or other modification for the experience period, including the loss ratio anticipated at the time the rates were promulgated for the experience period;
- (2) Credibility factor development and application;
- (3) Loss development factor derivation and application on both paid and incurred bases and in both numbers and dollars of claims;
- (4) Trending factor development and application;
- (5) Changes in premium base resulting from rating exposure trends;
- (6) Limiting factor development and application;

- (7) Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees;
- (8) Percentage rate change;
- (9) Final proposed rates;
- (10) Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves;
- (11) Identification of applicable statistical plans and programs and a certification of compliance with them;
- (12) Investment earnings on capital and surplus;
- (13) Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY INSURANCE
SUPPLEMENTARY MATERIAL

<u>Item</u>	<u>Page</u>
1. North Carolina earned premiums at actual and current levels.	1 - 2
Losses and loss adjustment expenses, each on paid and incurred bases.	3
The loss ratio anticipated at the time rates were promulgated for the experience period.	4
2. Credibility factor development and application.	5
3. Loss development factor derivation and application on both paid and incurred bases, in both dollars and numbers of claims.	6 - 22
4. Trending factor development and application.	23
5. Changes in premium base resulting from rating exposure trends.	24
6. Limiting factor development and application.	25
7. Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees.	26
8. Percentage rate change.	27
9. Final proposed rates.	28
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	29
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	30
12. Investment earnings on capital and surplus.	31
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	32

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

1. North Carolina earned premium at the actual and current rate levels.

Losses and loss adjustment expenses, each on paid and incurred bases without trending or other modification for the experience period.

Loss ratios anticipated at the time the rates were promulgated for the experience period.

North Carolina

CEDED EARNED PREMIUM EXHIBIT (a)

Earned Premium at Collected Level

	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>
Trucks, Tractors, & Trailers Bodily Injury	12,102,745	13,429,811	16,739,272
Trucks, Tractors, & Trailers Property Damage	11,281,092	13,031,932	14,876,419
Private Passenger Types Bodily Injury	65,101	59,917	58,023
Private Passenger Types Property Damage	55,560	51,444	53,271
Auto Dealers Bodily Injury	1,109,135	1,131,664	1,046,562
Auto Dealers Property Damage	776,758	794,656	737,392
Zone Rated Risks Bodily Injury	1,708,048	3,106,901	2,076,275
Zone Rated Risks Property Damage	1,815,529	3,263,840	2,183,022
	<u>12/31/2018</u>	<u>12/31/2019</u>	
Trucks, Tractors, & Trailers Bodily Injury	19,339,241	20,409,418	
Trucks, Tractors, & Trailers Property Damage	15,842,013	17,812,634	
Private Passenger Types Bodily Injury	51,834	55,139	
Private Passenger Types Property Damage	51,484	60,109	
Auto Dealers Bodily Injury	945,714	941,373	
Auto Dealers Property Damage	666,348	662,317	
Zone Rated Risks Bodily Injury	2,370,246	4,053,023	
Zone Rated Risks Property Damage	2,491,935	4,257,841	

Earned Premium at Current Level

	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>
Trucks, Tractors, & Trailers Bodily Injury	21,219,607	20,886,898	19,634,217
Trucks, Tractors, & Trailers Property Damage	24,330,731	23,949,011	22,511,732
Private Passenger Types Bodily Injury	73,707	65,951	61,776
Private Passenger Types Property Damage	96,066	85,950	80,516
Auto Dealers Bodily Injury	1,469,604	1,499,455	1,386,695
Auto Dealers Property Damage	1,433,119	1,466,140	1,360,488
Zone Rated Risks Bodily Injury	2,626,694	5,170,025	3,461,239
Zone Rated Risks Property Damage	2,714,888	5,222,803	3,498,650
	<u>12/31/2018</u>	<u>12/31/2018</u>	
Trucks, Tractors, & Trailers Bodily Injury	18,858,033	20,083,448	
Trucks, Tractors, & Trailers Property Damage	21,620,180	23,026,407	
Private Passenger Types Bodily Injury	56,061	59,734	
Private Passenger Types Property Damage	73,062	77,856	
Auto Dealers Bodily Injury	1,253,071	1,247,319	
Auto Dealers Property Damage	1,229,412	1,221,974	
Zone Rated Risks Bodily Injury	3,951,301	5,977,402	
Zone Rated Risks Property Damage	3,993,733	6,041,894	

(a) For Trucks, Tractors, & Trailers, Private Passenger Types, Auto Dealers, and Zone Rated Risks, premiums are at 30/60 level for Bodily Injury and 25,000 for Property Damage.

North Carolina

PAID/INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE (a)

Paid Losses

	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>
Trucks, Tractors, & Trailers Bodily Injury	1,416,784	1,071,069	1,647,360
Trucks, Tractors, & Trailers Property Damage	900,780	1,042,069	1,214,075
Private Passenger Types Bodily Injury	0	2,500	0
Private Passenger Types Property Damage	10,474	26,117	16,282
Auto Dealers Bodily Injury	29,292	1,503	0
Auto Dealers Property Damage	11,449	9,225	2,766
Zone Rated Risks Bodily Injury	0	0	3,500
Zone Rated Risks Property Damage	0	21,760	18,895

	<u>12/31/2018</u>	<u>12/31/2019</u>
Trucks, Tractors, & Trailers Bodily Injury	2,867,302	856,585
Trucks, Tractors, & Trailers Property Damage	2,046,339	2,721,752
Private Passenger Types Bodily Injury	4,616	5,312
Private Passenger Types Property Damage	3,019	8,347
Auto Dealers Bodily Injury	0	0
Auto Dealers Property Damage	10,467	0
Zone Rated Risks Bodily Injury	2,379,795	1,521,215
Zone Rated Risks Property Damage	536,521	1,034,563

Incurred Losses

	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>
Trucks, Tractors, & Trailers Bodily Injury	1,416,784	1,071,069	1,822,435
Trucks, Tractors, & Trailers Property Damage	900,780	1,042,069	1,205,307
Private Passenger Types Bodily Injury	0	2,500	0
Private Passenger Types Property Damage	10,474	26,117	16,282
Auto Dealers Bodily Injury	32,451	1,503	53,702
Auto Dealers Property Damage	12,725	22,046	72,991
Zone Rated Risks Bodily Injury	0	0	3,500
Zone Rated Risks Property Damage	0	21,760	18,895

	<u>12/31/2018</u>	<u>12/31/2019</u>
Trucks, Tractors, & Trailers Bodily Injury	5,172,580	3,322,473
Trucks, Tractors, & Trailers Property Damage	2,088,667	3,081,040
Private Passenger Types Bodily Injury	4,616	12,312
Private Passenger Types Property Damage	3,019	8,347
Auto Dealers Bodily Injury	2,731	3,090
Auto Dealers Property Damage	43,517	22,610
Zone Rated Risks Bodily Injury	2,569,925	2,573,212
Zone Rated Risks Property Damage	535,814	988,644

(a) Ceded business only. Paid and incurred losses are on a total limits basis and do not include unallocated loss adjustment expense. Paid losses are not available from the PCI or NISS, therefore both the paid and incurred losses presented in this exhibit reflect data reported to ISO only.

North Carolina

ANTICIPATED LOSS RATIOS AT THE TIME THE RATES WERE PROMULGATED (a)

<u>Coverages</u>	<u>4/15/2021</u>
Trucks, Tractors, & Trailers Bodily Injury	0.761
Trucks, Tractors, & Trailers Property Damage	0.761
Private Passenger Types Bodily Injury	0.761
Private Passenger Types Property Damage	0.761
Auto Dealers Bodily Injury	0.731
Auto Dealers Property Damage	0.731
Zone Rated Risks Bodily Injury	0.811
Zone Rated Risks Property Damage	0.811

(a) Ceded Business

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

2. Credibility factor development and application

Credibility factor determination

Credibility considerations enter into the Commercial Automobile ratemaking in three areas:

- 1) Statewide rate level, in the determination of the statewide rate level loss ratio for each coverage.

The credibility tables are displayed in Section D, Exhibit 5 of Exhibit RF-1.

- 2) Trend factor calculation, in the determination to base the selected average annual change on North Carolina data and a credibility-weighted combination of North Carolina and multistate data.

The credibility procedure for the statewide loss ratio calculation is based on the first model discussed in "An Introduction to Credibility Theory" by L.H. Longley-Cook. The full credibility standard for Trucks, Tractors, & Trailers and Private Passenger Types is based on P and K values of 90% and 5% respectively. For Zone Rated Risks, the P and K values are 95% and 7.5% respectively.

The trend credibility standards are based on a Bayesian model which expresses credibility in terms of the observed number of claims and a constant K which is 25,000 for Bodily Injury and 10,000 for Property Damage. The model measures the variation in the trend points between states compared to the variation on a multistate basis.

Credibility factor application

Credibility is applied in the statewide rate level calculations in Section B, Exhibits 1 - 4 of Exhibit RF-1.

Credibility is used in the claim cost trend calculations in Section D, Exhibit 2, Sheets 3 - 6 of Exhibit RF-1.

See also the pre-filed testimony of James Davidson.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

3. Loss Development factor derivation and application on both paid and incurred bases and in both numbers and dollars of claims.

Development

The following incurred loss development exhibits are shown in Exhibit RF-1:

Basic Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 1 and 2
Private Passenger Types - Section D, Exhibit 1, Sheets 5 and 6
Auto Dealers - Section D, Exhibit 1, Sheets 9, 10, 13 and 14
Zone Rated Risks - Section D, Exhibit 1, Sheets 11, 12, 17 and 18
Publics and Buses - Section D, Exhibit 1, Sheets 21 and 22
Miscellaneous Classes - Section D, Exhibit 1, Sheets 25 and 26

Total Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 3 and 4
Private Passenger Types - Section D, Exhibit 1, Sheets 7 and 8
Auto Dealers - Section D, Exhibit 1, Sheets 15 and 16
Zone Rated Risks - Section D, Exhibit 1, Sheets 19 and 20
Publics and Buses - Section D, Exhibit 1, Sheets 23 and 24
Miscellaneous Classes - Section D, Exhibit 1, Sheets 27 and 28

The following pages contain the Total Limits and Basic Limits paid loss development exhibits. Also included are exhibits for paid and incurred claims development.

Application

Loss development is applied on Sheet 2 of Exhibits 1 - 4 in Section B of Exhibit RF-1.

See also the pre-filed testimony of James Davidson.

North Carolina
ISO Facility Data
Basic Limit Loss Development
Trucks, Tractors, and Trailers Paid Losses and Expenses
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	306,069	713,086	896,411	949,215	1,017,456
12/31/2009	241,005	442,927	661,098	807,491	848,964
12/31/2010	326,803	667,723	849,665	966,456	1,128,954
12/31/2011	381,290	783,821	821,117	832,594	847,222
12/31/2012	238,264	419,984	511,953	657,581	671,694
12/31/2013	193,069	450,477	482,756	546,995	606,946
12/31/2014	257,499	617,527	717,415	786,628	835,874
12/31/2015	179,042	456,012	535,857	550,866	586,784
12/31/2016	182,747	523,392	634,419	733,550	
12/31/2017	378,915	638,396	693,861		
12/31/2018	470,452	1,000,302			
12/31/2019	746,585				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	1,222,325	1,261,267	1,265,435	1,265,494	1,265,494
12/31/2009	785,793	813,548	827,409	827,409	827,409
12/31/2010	950,341	987,609	987,609	986,778	986,778
12/31/2011	840,356	871,613	872,201	876,671	876,671
12/31/2012	681,369	753,327	785,170	785,170	787,494
12/31/2013	747,759	808,377	834,906	834,906	834,906
12/31/2014	796,360	902,925	902,925	904,351	904,351
12/31/2015	807,184	854,347	891,207	891,207	891,207
12/31/2016	918,501	968,735	993,215	993,215	
12/31/2017	857,082	963,432	976,975		
12/31/2018	1,560,538	1,926,489			
12/31/2019	2,623,563				

North Carolina
ISO Facility Data
Total Limits Loss Development
Trucks, Tractors, and Trailers Paid Losses and Expenses
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	324,569	1,916,434	2,277,259	2,330,063	2,480,804
12/31/2009	241,005	1,107,927	2,023,098	2,344,491	2,385,964
12/31/2010	447,772	888,692	1,765,490	1,966,890	2,334,388
12/31/2011	390,790	1,862,186	1,902,982	1,914,459	1,929,087
12/31/2012	250,264	501,984	928,953	1,302,081	1,316,194
12/31/2013	193,069	778,974	843,989	1,018,228	1,118,179
12/31/2014	257,499	964,526	957,414	1,146,627	1,515,873
12/31/2015	179,042	456,012	1,170,857	1,185,866	1,416,784
12/31/2016	182,747	571,011	706,938	1,071,069	
12/31/2017	1,167,415	1,581,896	1,647,360		
12/31/2018	473,452	2,867,302			
12/31/2019	856,585				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	1,252,207	1,291,149	1,295,317	1,295,376	1,295,376
12/31/2009	801,783	829,538	843,399	843,399	843,399
12/31/2010	1,016,341	1,080,070	1,080,070	1,079,239	1,079,239
12/31/2011	855,676	888,731	889,319	893,789	893,789
12/31/2012	887,393	998,259	1,030,102	1,030,102	1,032,426
12/31/2013	788,944	976,423	1,002,952	1,002,952	1,002,952
12/31/2014	823,370	979,217	979,217	980,643	980,643
12/31/2015	812,522	859,685	900,780	900,780	900,780
12/31/2016	939,638	989,872	1,042,069	1,042,069	
12/31/2017	1,057,744	1,200,532	1,214,075		
12/31/2018	1,611,605	2,046,339			
12/31/2019	2,721,752				

North Carolina
ISO Facility Data
Basic Limit Loss Development
Private Passenger Types Paid Losses and Expenses
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	26,000	57,985	62,896	76,547	76,552
12/31/2009	4,508	4,508	4,508	4,508	4,508
12/31/2010	6,375	6,990	6,990	6,990	6,990
12/31/2011	44	5,544	5,544	5,544	6,585
12/31/2012	4,999	4,999	4,999	4,999	4,999
12/31/2013	0	19,944	19,585	19,585	19,585
12/31/2014	0	1,610	1,610	1,610	1,610
12/31/2015	0	0	0	0	0
12/31/2016	2,500	2,500	2,500	2,500	
12/31/2017	0	0	0		
12/31/2018	4,616	4,616			
12/31/2019	5,312				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	43,395	45,465	45,465	45,465	45,465
12/31/2009	7,622	7,622	7,622	7,622	7,622
12/31/2010	10,045	13,096	13,096	13,096	13,096
12/31/2011	40,558	40,558	40,558	40,558	40,558
12/31/2012	7,740	7,740	7,740	9,081	9,081
12/31/2013	12,004	12,004	12,004	12,004	12,004
12/31/2014	14,789	14,789	14,789	14,789	14,789
12/31/2015	10,261	10,474	10,474	10,474	10,474
12/31/2016	26,117	26,117	26,117	26,117	
12/31/2017	16,282	16,282	16,282		
12/31/2018	3,019	3,019			
12/31/2019	8,347				

North Carolina
ISO Facility Data
Total Limits Loss Development
Private Passenger Types Paid Losses and Expenses
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	26,000	77,985	82,896	96,547	96,552
12/31/2009	4,508	4,508	4,508	4,508	4,508
12/31/2010	6,375	6,990	6,990	6,990	6,990
12/31/2011	44	5,544	5,544	5,544	6,585
12/31/2012	4,999	4,999	4,999	4,999	4,999
12/31/2013	0	19,944	19,585	19,585	19,585
12/31/2014	0	1,610	1,610	1,610	1,610
12/31/2015	0	0	0	0	0
12/31/2016	2,500	2,500	2,500	2,500	
12/31/2017	0	0	0		
12/31/2018	4,616	4,616			
12/31/2019	5,312				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	43,395	45,465	45,465	45,465	45,465
12/31/2009	7,622	7,622	7,622	7,622	7,622
12/31/2010	10,045	13,096	13,096	13,096	13,096
12/31/2011	40,558	40,558	40,558	40,558	40,558
12/31/2012	7,740	7,740	7,740	9,081	9,081
12/31/2013	12,004	12,004	12,004	12,004	12,004
12/31/2014	14,789	14,789	14,789	14,789	14,789
12/31/2015	10,261	10,474	10,474	10,474	10,474
12/31/2016	26,117	26,117	26,117	26,117	
12/31/2017	16,282	16,282	16,282		
12/31/2018	3,019	3,019			
12/31/2019	8,347				

North Carolina
ISO Facility Data
Basic Limit Loss Development
Auto Dealers Paid Losses and Expenses
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	91,353	91,651	136,651	136,651
12/31/2011	133,419	199,236	203,046	203,046
12/31/2012	36,135	42,185	51,685	51,685
12/31/2013	125,632	125,632	134,082	134,082
12/31/2014	22,228	118,536	123,160	123,160
12/31/2015	3,938	3,977	29,292	29,292
12/31/2016	1,503	1,503	1,503	1,503
12/31/2017	0	0	0	
12/31/2018	0	0		
12/31/2019	0			

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	100,087	100,087	100,087	100,087
12/31/2011	142,688	142,688	142,688	142,688
12/31/2012	63,121	69,553	70,967	70,967
12/31/2013	85,376	85,376	85,772	85,772
12/31/2014	79,745	83,505	83,505	83,505
12/31/2015	11,449	11,449	11,449	11,449
12/31/2016	9,225	9,225	9,225	9,225
12/31/2017	2,766	2,766	2,766	
12/31/2018	10,467	10,467		
12/31/2019	0			

North Carolina
ISO Facility Data
Total Limits Loss Development
Auto Dealers Paid Losses and Expenses
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	91,353	91,651	141,651	141,651
12/31/2011	133,419	269,236	273,046	273,046
12/31/2012	36,135	42,185	51,685	51,685
12/31/2013	130,632	130,632	139,082	139,082
12/31/2014	22,228	200,536	205,160	205,160
12/31/2015	3,938	3,977	29,292	29,292
12/31/2016	1,503	1,503	1,503	1,503
12/31/2017	0	0	0	
12/31/2018	0	0		
12/31/2019	0			

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	100,087	100,087	100,087	100,087
12/31/2011	142,688	142,688	142,688	142,688
12/31/2012	63,121	69,553	70,967	70,967
12/31/2013	85,376	85,376	85,772	85,772
12/31/2014	79,745	83,505	83,505	83,505
12/31/2015	11,449	11,449	11,449	11,449
12/31/2016	9,225	9,225	9,225	9,225
12/31/2017	2,766	2,766	2,766	
12/31/2018	10,467	10,467		
12/31/2019	0			

North Carolina
ISO Facility Data
Basic Limit Loss Development
Zone Rated Risks Paid Losses and Expenses
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	21,000	48,000	48,000	48,000
12/31/2011	20,665	20,665	20,665	20,665
12/31/2012	0	0	0	0
12/31/2013	0	0	0	0
12/31/2014	392	3,111	52,983	53,693
12/31/2015	0	0	0	0
12/31/2016	0	0	0	0
12/31/2017	3,500	3,500	3,500	
12/31/2018	263,621	312,681		
12/31/2019	478,715			

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	147,714	147,753	147,753	147,753
12/31/2011	86,105	86,105	86,105	86,105
12/31/2012	5,121	5,121	5,121	5,121
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	21,760	21,760	21,760	21,760
12/31/2017	18,895	18,895	18,895	
12/31/2018	442,492	455,374		
12/31/2019	980,216			

North Carolina
ISO Facility Data
Total Limits Loss Development
Zone Rated Risks Paid Losses and Expenses
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	21,000	48,000	48,000	48,000
12/31/2011	20,665	20,665	20,665	20,665
12/31/2012	0	0	0	0
12/31/2013	0	0	0	0
12/31/2014	392	3,111	114,652	115,362
12/31/2015	0	0	0	0
12/31/2016	0	0	0	0
12/31/2017	3,500	3,500	3,500	
12/31/2018	2,053,706	2,379,795		
12/31/2019	1,521,215			

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	150,330	150,369	150,369	150,369
12/31/2011	86,105	86,105	86,105	86,105
12/31/2012	5,121	5,121	5,121	5,121
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	21,760	21,760	21,760	21,760
12/31/2017	18,895	18,895	18,895	
12/31/2018	523,639	536,521		
12/31/2019	1,034,563			

North Carolina
ISO Facility Data
Total Limits Loss Development
Trucks, Tractors, and Trailers Incurred Claims
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	116	106	103	101	100
12/31/2009	90	83	84	88	85
12/31/2010	115	109	107	108	109
12/31/2011	82	83	84	82	83
12/31/2012	75	76	76	76	76
12/31/2013	74	71	71	71	71
12/31/2014	106	103	103	102	102
12/31/2015	76	71	68	67	67
12/31/2016	80	77	76	76	
12/31/2017	69	72	70		
12/31/2018	124	120			
12/31/2019	159				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	402	409	408	408	408
12/31/2009	268	272	274	273	273
12/31/2010	316	322	322	322	322
12/31/2011	263	267	268	268	268
12/31/2012	191	196	199	199	200
12/31/2013	231	231	233	233	233
12/31/2014	253	258	258	258	258
12/31/2015	230	229	228	227	227
12/31/2016	245	245	244	244	
12/31/2017	230	232	231		
12/31/2018	381	370			
12/31/2019	514				

North Carolina
ISO Facility Data
Total Limits Loss Development
Private Passenger Types Incurred Claims
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	4	4	4	4	4
12/31/2009	3	3	3	3	3
12/31/2010	5	3	3	3	3
12/31/2011	3	2	2	2	2
12/31/2012	1	1	1	1	1
12/31/2013	5	5	5	5	5
12/31/2014	1	1	1	1	1
12/31/2015	0	0	0	0	0
12/31/2016	1	1	1	1	
12/31/2017	0	0	0		
12/31/2018	1	1			
12/31/2019	2				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	12	12	12	12	12
12/31/2009	3	3	3	3	3
12/31/2010	5	6	6	6	6
12/31/2011	6	6	6	6	6
12/31/2012	4	4	4	5	5
12/31/2013	4	4	4	4	4
12/31/2014	4	4	4	4	4
12/31/2015	3	3	3	3	3
12/31/2016	7	7	7	7	
12/31/2017	3	3	3		
12/31/2018	2	2			
12/31/2019	4				

North Carolina
ISO Facility Data
Total Limits Loss Development
Auto Dealers Incurred Claims
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	19	18	20	21
12/31/2009	14	13	13	15
12/31/2010	17	18	18	18
12/31/2011	17	17	17	17
12/31/2012	11	8	8	8
12/31/2013	13	13	13	13
12/31/2014	9	8	8	8
12/31/2015	3	3	3	3
12/31/2016	4	4	4	4
12/31/2017	5	5	5	
12/31/2018	6	5		
12/31/2019	0			

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	60	60	60	60
12/31/2009	41	41	41	41
12/31/2010	37	37	37	37
12/31/2011	46	46	46	46
12/31/2012	22	23	23	23
12/31/2013	23	23	23	23
12/31/2014	21	22	22	22
12/31/2015	10	10	10	10
12/31/2016	9	9	9	9
12/31/2017	17	17	17	
12/31/2018	13	13		
12/31/2019	6			

North Carolina
ISO Facility Data
Total Limits Loss Development
Zone Rated Risks Incurred Claims
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	4	5	4	4
12/31/2011	2	1	1	1
12/31/2012	0	0	0	0
12/31/2013	0	0	0	0
12/31/2014	1	1	1	1
12/31/2015	0	0	0	0
12/31/2016	0	0	0	0
12/31/2017	1	1	1	
12/31/2018	17	14		
12/31/2019	25			

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	17	17	17	17
12/31/2011	18	18	18	18
12/31/2012	1	1	1	1
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	4
12/31/2016	4	4	4	
12/31/2017	3	3	3	
12/31/2018	67	69		
12/31/2019	121			

North Carolina
ISO Facility Data
Total Limits Loss Development
Trucks, Tractors, and Trailers Paid Claims
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	58	85	93	97	100
12/31/2009	53	72	79	84	85
12/31/2010	59	89	97	104	107
12/31/2011	50	77	78	82	83
12/31/2012	45	61	67	75	75
12/31/2013	41	63	67	69	71
12/31/2014	65	94	98	101	102
12/31/2015	40	62	65	66	67
12/31/2016	44	70	73	76	
12/31/2017	52	66	68		
12/31/2018	54	94			
12/31/2019	72				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	397	407	408	408	408
12/31/2009	260	270	273	273	273
12/31/2010	313	322	322	322	322
12/31/2011	255	267	267	268	268
12/31/2012	187	195	199	199	200
12/31/2013	221	231	233	233	233
12/31/2014	241	257	257	258	258
12/31/2015	218	225	227	227	227
12/31/2016	237	244	244	244	
12/31/2017	220	235	237		
12/31/2018	326	364			
12/31/2019	475				

North Carolina
ISO Facility Data
Total Limits Loss Development
Private Passenger Types Paid Claims
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	1	2	3	4	4
12/31/2009	3	3	3	3	3
12/31/2010	3	3	3	3	3
12/31/2011	1	2	2	2	2
12/31/2012	1	1	1	1	1
12/31/2013	0	5	5	5	5
12/31/2014	0	1	1	1	1
12/31/2015	0	0	0	0	
12/31/2016	1	1	1	1	
12/31/2017	0	0	0		
12/31/2018	1	1			
12/31/2019	1				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	12	12	12	12	12
12/31/2009	3	3	3	3	3
12/31/2010	5	6	6	6	6
12/31/2011	6	6	6	6	6
12/31/2012	4	4	4	5	5
12/31/2013	4	4	4	4	4
12/31/2014	4	4	4	4	4
12/31/2015	3	3	3	3	3
12/31/2016	7	7	7	7	
12/31/2017	3	3	3		
12/31/2018	2	2			
12/31/2019	4				

North Carolina
ISO Facility Data
Total Limits Loss Development
Auto Dealers Paid Claims
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	14	15	17	17
12/31/2011	14	17	17	17
12/31/2012	5	7	8	8
12/31/2013	11	11	13	13
12/31/2014	4	8	8	8
12/31/2015	1	1	2	2
12/31/2016	4	4	4	4
12/31/2017	0	0	0	
12/31/2018	0	0		
12/31/2019	0			

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	37	37	37	37
12/31/2011	46	46	46	46
12/31/2012	21	23	23	23
12/31/2013	23	23	23	23
12/31/2014	21	22	22	22
12/31/2015	8	8	8	8
12/31/2016	4	4	4	4
12/31/2017	2	2	2	
12/31/2018	2	2		
12/31/2019	0			

North Carolina
ISO Facility Data
Total Limits Loss Development
Zone Rated Risks Paid Claims
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	3	4	4	4
12/31/2011	1	1	1	1
12/31/2012	0	0	0	0
12/31/2013	0	0	0	0
12/31/2014	0	0	1	1
12/31/2015	0	0	0	0
12/31/2016	0	0	0	0
12/31/2017	1	1	1	
12/31/2018	11	13		
12/31/2019	15			

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2010	17	17	17	17
12/31/2011	18	18	18	18
12/31/2012	1	1	1	1
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	4	4	4	4
12/31/2017	3	3	3	
12/31/2018	65	68		
12/31/2019	123			

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

4. Trending factor development and application.

Development

The claim cost trend is developed on Exhibit 2, Sheets 3 - 6 of Section D of Exhibit RF-1.

The claim frequency trend is developed on Exhibit 2, Sheets 7 - 12 of Section D of Exhibit RF-1.

The calculation of the trend for expenses is shown on Exhibit 3, Sheets 1 - 4 of Section D of Exhibit RF-1.

Application

The claim cost trend is applied on Sheet 2 of Exhibits 1 - 4 of Section B of Exhibit RF-1.

The expense trend is applied on Sheet 2 of Exhibits 1 - 4 of Section B of Exhibit RF-1.

See also the pre-filed testimony of James Davidson.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

5. Changes in premium base resulting from rating exposure trends.

NOT APPLICABLE.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

6. Limiting factor development and application.

NOT APPLICABLE.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

7. Overhead expense development and application of commission and brokerage, other acquisition expenses, general expenses, taxes, licenses, and fees.

Development

See Exhibit 4 of Section D of Exhibit RF-1 for the development of various expense components.

Application

See Exhibit 1 of Section A and Exhibit 1 (Sheet 1), Exhibit 2 (Sheet 1), Exhibit 3 (Sheet 1), and Exhibit 4 (Sheet 1) of Section B for the application of the expense components.

See also the pre-filed testimony of James Davidson.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

8. Percentage rate change.

See Summary of Indications (page a) and page 1 (the page preceding Section A) of Exhibit RF-1.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

9. Final proposed rates.

See Exhibit 2 (Sheets 3-9), Exhibit 3 (Sheet 3), Exhibit 4 (Sheet 3), and Exhibit 5 (Sheets 1 and 2) of Section C of Exhibit RF-1.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.

See Exhibit 6 of Section D of Exhibit RF-1 and the pre-filed testimony of James Davidson and Alyssa Irving.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

11. Identification of applicable statistical plans and programs and a certification of compliance with them.

a) The statistical plans utilized are:

ISO Commercial Statistical Plan - Commercial Automobile Module

ISO Commercial Minimum Statistical Plan - Commercial Automobile Module

ISO Annual Call for Commercial Automobile Statistics

PCI Automobile Statistical Plan

PCI Quarterly Automobile Liability Call

PCI Voluntary Automobile Excess Loss Call

NISS Automobile Statistical Plan

NISS Quarterly Automobile Liability Call

NISS Voluntary Automobile Excess Loss Call

Annual Statement for 2019

Insurance Expense Exhibits for 2020

Rate Bureau Call for 2020 Automobile and Motorcycle Expense Experience

b) The North Carolina Reinsurance Facility certifies that there is no evidence known to it or, insofar as it is aware following reasonable inquiry, to the statistical agents involved that the data which were collected under the statistical plans identified in response (11) (a) above and used in the filing are not materially true and accurate representations of the experience of the companies whose data underlie such experience. While the Reinsurance Facility is aware that the collected data sometimes require corrections or adjustments, the Reinsurance Facility's review of the data, the data collection process, and the ratemaking process indicates that the aggregate data are reasonable and reliable for ratemaking purposes. See also the pre-filed testimony of James Davidson.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

12. Investment earnings on capital and surplus.

NOT APPLICABLE.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.

NOT APPLICABLE.

CHECKING SLIP—IMPORTANT

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL

NC 2021 Revision 002

NEW PAGES ENCLOSED	R-15–R-16
SUPERSEDED—REMOVE	Pages R-15–R-16
CORRECTION	Page R-16 is reprinted to correct references to “BI” and MP” in zones 7 and 8.
RETAIN PRIOR CHECKING SLIP	Because it contains information which may be useful to you, we suggest that you retain the NC 2021 Revision 001 Checking Slip until the next Manual page distribution.
ELECTRONIC MANUAL	The North Carolina Reinsurance Facility Commercial Manual is available in electronic format at https://www.aipso.com/Manuals/NorthCarolinaManuals.aspx . Register at https://www.aipso.com/EmailAlerts.aspx to receive email alerts when the manual is updated.
ABOUT THIS MANUAL	Stars (★) indicate the beginning of an amendment and end symbols (❖) indicate the ending of an amendment. The latest effective dates of rules, rates, and worksheets are listed on pages (a) and (b) located at the back of this Plan Manual.

**Distributed by
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**On behalf of the
North Carolina Reinsurance Facility
2910 Sumner Boulevard
Raleigh, N.C. 27616**

CHECKING SLIP—IMPORTANT

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL

NC 2021 Revision 001

NEW PAGES ENCLOSED	29-34, R-3–R-16, (a)–(b)
SUPERSEDED—REMOVE	All previous Manual Checking Slips Pages 29-34, R-3–R-16, (a)–(b)
NEW CHANGES	<p>Rule 33 is revised to (1) correctly reference the weight classification for Extra-Heavy Trucks on the Fleet Primary Classifications—Rating Factors and Classification Designators table, (2) display Trailer Types and Zone Rated Autos secondary rating factors for Contractors and Not-otherwise specified risks, and (3) correctly reference the column heading for All Other Autos.</p> <p>The bodily injury and property damage increased limits factors for trucks, tractors, and trailers, zone rated trucks, tractors, and trailers, and all other risks are revised.</p> <p>The basic limits premium rates for liability insurance for trucks, tractors, and trailers, hired cars, private passenger types, taxis and limousines, buses, van pools, and zone rated vehicles garaged in North Carolina are revised.</p> <p>In addition, the Garage rates are revised and retitled Auto Dealers.</p> <p>These Rule and Rate changes are effective April 15, 2021 in accordance with the following Rule of Application:</p> <p style="padding-left: 40px;">These changes are applicable to all policies becoming effective on or after April 15, 2021. No policy effective prior to April 15, 2021 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to April 15, 2021.</p> <ul style="list-style-type: none">• Rule 33..... Pages 30 and 34• Increased Limits Factors..... Pages R-3 and R-4• Commercial Automobile Liability Rates Pages R-5–R-13• Zone Rates for Vehicles Garaged in North Carolina Pages R-15 and R-16
ELECTRONIC MANUAL	The North Carolina Reinsurance Facility Commercial Manual is available in electronic format at https://www.aipso.com/Manuals/NorthCarolinaManuals.aspx . Register at https://www.aipso.com/EmailAlerts.aspx to receive email alerts when the manual is updated.
ABOUT THIS MANUAL	Stars (★) indicate the beginning of an amendment and end symbols (❖) indicate the ending of an amendment. The latest effective dates of rules, rates, and worksheets are listed on pages (a) and (b) located at the back of this Plan Manual.

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NORTH CAROLINA REINSURANCE FACILITY
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**NORTH CAROLINA REINSURANCE FACILITY
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STANDARD PRACTICES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
STANDARD PRACTICES SECTION

Unless otherwise noted, the following provisions are restated from the Standard Practice Manual. This chapter does not include all provisions found in the Standard Practice Manual. The provisions not included should be referred to as needed.

A. Membership Obligation

There is created pursuant to Article 37 of Chapter 58 of the General Statutes of North Carolina a non-profit unincorporated legal entity to be known as the North Carolina Reinsurance Facility (hereinafter referred to as the "Facility") consisting of all insurers licensed to write and engaged in writing within this State motor vehicle insurance or any component thereof. Every such insurer, as a prerequisite to further engaging in writing such insurance in this State, shall be a member of the Facility and shall be bound by the provisions of said Article 37, and the Plan of Operation (hereinafter referred to as the "Plan") and the Rules of Operation promulgated by the Board of Governors (hereinafter referred to as the "Board") pursuant thereto.

B. Eligibility (GS 58-37-1)

"Eligible risk", for the purpose of motor vehicle insurance, other than nonfleet private passenger motor vehicle insurance means:

1. A person who is a resident of this State who owns a motor vehicle registered or principally garaged in this State;
2. A person who has a valid driver's license in this State;
3. A person who is required to file proof of financial responsibility under Articles 9A or 13 of Chapter 20 of the General Statutes, in order to register his or her motor vehicle, or to obtain a driver's license in this State;
4. A nonresident of this State who owns a motor vehicle registered and principally garaged in this State; or
5. The State and its agencies and cities, counties, towns and municipal corporations in this State and their agencies.

However, no person shall be deemed an eligible risk if timely payment of premium is not tendered or if there is a valid unsatisfied judgment of record against such person for recovery of amounts due for motor vehicle insurance premiums and such person has not been discharged from paying said judgment, or if such person does not furnish the information necessary to effect insurance.

Refer to paragraph H.2, Application Requirements, Rate Evasion Fraud, for criteria regarding proof of North Carolina residency or eligible risk status.

C. Extent of Coverage

Policies issued to risks ceded to the Facility shall have the contract terms established by the Board of Governors and filed with the Commissioner of Insurance. Such contract terms will be disseminated by or on behalf of the Facility.

The ceding privileges are as follows:

1. For eligible risks (except as provided in paragraph 2 below) motor vehicle insurance coverage

up to the following limits shall be eligible for cession to the Facility:

- a. Bodily Injury Liability:
\$100,000 Each Person; \$300,000 Each Accident
- b. Property Damage Liability:
\$50,000 Each Accident
- c. Single Limit Bodily Injury and Property Damage Liability:
A limit per accident equal to the total of the minimum per accident Bodily Injury and Property Damage Liability limits required under the North Carolina Vehicle Financial Responsibility Act of 1953 as it is in effect on the date of cession to the Facility.
- d. Medical Payments:
\$2,000 Each Person, except that this coverage shall not be available for motorcycles.
- e. Uninsured Motorists:
\$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury, \$50,000 for Property Damage (\$100 Deductible).
- f. Combined Uninsured and Underinsured Motorists:
\$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury and, for Uninsured Motorists, \$50,000 Each Accident for Property Damage (\$100 deductible).

2. If an eligible risk is subject to motor vehicle insurance or financial responsibility limits required by:
 - a. Any federal law or federal agency regulation;
 - b. Any law of the State of North Carolina;
 - c. Any rule duly adopted under Chapter 150B, General Statutes of North Carolina; or
 - d. Any rule duly adopted by the North Carolina Utilities Commission

motor vehicle insurance coverages up to the limits required by such law or rule shall be eligible for cession to the Facility.

3. For persons who must maintain liability coverage limits above those available under paragraph C.1 of this Section, in order to obtain or continue coverage under personal excess liability or personal "umbrella" insurance policies, motor vehicle insurance coverage up to the following limits shall be eligible for cession to the Facility:
 - a. Bodily Injury Liability:
\$250,000 Each Person; \$500,000 Each Accident
 - b. Property Damage Liability:
\$100,000 Each Accident

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- c. Single Limit Bodily Injury and Property Damage Liability:

A limit per accident equal to the total of the minimum per accident Bodily Injury and Property Damage Liability limits required under the North Carolina Vehicle Financial Responsibility Act of 1953 as it is in effect on the date of cession to the Facility.

- d. Medical Payments:

\$5,000 Each Person, except that this coverage shall not be available for motorcycles.

- e. Uninsured Motorists:

\$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury, \$50,000 for Property Damage (\$100 Deductible).

- f. Combined Uninsured and Underinsured Motorists:

\$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury and, for Uninsured Motorists, \$50,000 Each Accident for Property Damage (\$100 deductible).

D. Rules And Rates; Policy Forms

All policies issued on risks ceded to the Facility shall be in accordance with the policy forms and endorsements and with the rules, rates, and rating by a licensed or statutory rating bureau or organization authorized by the Board of Governors, and filed with the Commissioner of Insurance. Such forms, rules, rates, and rating plans will be disseminated by or on behalf of the Facility.

E. Termination of Cession

- 1. Expiration

Cession of a risk automatically terminates on the expiration date of the policy period covered by the Notice of Cession, unless the policy has been terminated at an earlier date.

Please note that the Plan of Operation requires the risk to have an underwriting review and the Facility to be again notified of cession prior to the renewal effective date if cession of the risk is to be continued. This requirement applies to each subsequent renewal.

- 2. Flat Cancellation

When a company cedes a risk for a renewal term and the policyholder does not pay any renewal premium, the company must notify the Facility of termination of cession (See Section 3. Paragraph E. of the Standard Practice Manual). This shall be done in one of two ways depending on the accounting practices of the company.

- a. If the company has submitted a cession record only for the ceded policy, then the company must notify the Facility of termination of cession by cancelling the cession via online data entry in EDGE, or through a transaction Code 4 cession sent in an FTP cession file. Such notice must be submitted to the Facility by not more than 90 days after the renewal effective date.

Flat cancellations made after 90 days from the effective date of cession will be suspended pending review by NCRF and will be processed separately.

- b. If the company does record the renewal quotation as written premium and cancels such amount when the renewal is not taken, the termination of cession will be accomplished either through the Monthly Accounting Detail Premium Report or through cancellation premium created directly online in EDGE and the Notice of Cession record should not be cancelled online in EDGE on such not-taken renewals.

- 3. Termination of Insurance (GS 58-37-50)

No member may terminate insurance to the extent that cession of a particular type of coverage and limits is available under the provisions of this Article except for the following reasons:

- a. Nonpayment of premium when due to the insurer or producing agent.
- b. The named insured has become a nonresident of this State and would not otherwise be entitled to insurance on submission of new application under this Article.
- c. A member company has terminated an agency contract for reasons other than the quality of the agents' insureds or the agent has terminated the contract and such agent represented the company in taking the original application for insurance.
- d. When the insurance contract has been cancelled pursuant to a Power of Attorney given a company licensed pursuant to the provisions of GS 58-35-5.
- e. The named insured, at the time of renewal, fails to meet the requirements contained in the corporate charter, articles of incorporation, and/or bylaws of the insurer, when the insurer is a company organized for the sole purpose of providing members of an organization with insurance policies in North Carolina.
- f. The named insured is no longer an eligible risk under GS 58-37-1.

In accordance with the instructions in the initial part of this Section, it should be apparent that when insurance terminates the cession is likewise terminated. If the termination of insurance results in an accounting transaction, for the purpose of cancelling written premium, the Facility will be notified of the termination of cession through the Monthly Detail Premium Records. If the termination occurs at the end of the policy period, cession automatically terminates.

(GS 58-2-164)

If an applicant provides false or misleading information material to the applicant's or any named insured's status as an eligible risk and that fraudulent information makes the applicant or any named insured appear to be an eligible risk when that person is in fact not an eligible risk, the insurer may do any or all of the following:

- (1) Refuse to issue, amend, or endorse a policy.

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- (2) Cancel or refuse to renew a policy that has been issued.
- (3) Deny coverage for any claim by the applicant for auto liability, comprehensive, or collision coverage. This subdivision does not apply to bodily injury or property damage claims of innocent third parties to the extent of any minimum financial responsibility requirement of State or federal law.

Any motor vehicle liability policy may provide that the insured shall reimburse the insurer for any payment made under a policy of insurance if the issuance of the policy was induced by a knowing and material misrepresentation of facts relating to the insured's status as an eligible risk. For purposes of this subsection, a payment made shall include any sums paid for satisfaction, in whole or in part, of any judgment against the insured or for a reasonable settlement of a claim against the insured for bodily injury or property damage. A payment made shall further include any costs or attorneys' fees incurred by the insurer in the adjustment, investigation, or defense of a claim.

F. Commissions

Commissions paid to producers on business ceded to the North Carolina Reinsurance Facility are subject to minimums as provided in GS 58-37-30. These minimums are defined as not less than the commission on insurance coverage written through the North Carolina Automobile Insurance Plan on May 1, 1973 which is as follows:

1. For long-haul trucking applicants and public passenger carrying vehicles other than school buses, 5% of the policy premium for commission to a licensed producer designated by the insured.
2. For other applicants, 10% of the policy premium for commission to a licensed producer designated by the insured.
3. On any applicant rated and domiciled outside of this State, the licensed producer may be paid only that portion of the producer's commission specified above which is permissible under the laws of the state in which the applicant is rated and domiciled.

The same commission must apply uniformly statewide. Commissions paid on business submitted to designated carriers are contained in Section 3. Paragraph L. of the Standard Practice Manual.

G. Service Standards

1. Each insurer shall provide the same type of service to ceded business that it provides for its voluntary market.
2. Records provided to agents and brokers shall include an indication that the business is ceded.
3. When an insurer cedes a policy or renewal to the Facility and the Facility premium is higher than the premium that would normally be charged if retained by the insurer, the policyholder shall be informed:
 - a. that the policy is ceded;

- b. that the coverages are written at the Facility rate, which rate differential must be specified;
- c. of the reason or reasons for the cession to the Facility;
- d. that the specific reason or reasons for the cession to the Facility will be provided upon the written request of the policyholder to the insurer; and
- e. that the policyholder may seek insurance through other insurers who may elect not to cede the policy.

If the policyholder obtains motor vehicle liability insurance through another insurer which elects not to cede the policy to the Facility and the policyholder cancels the ceded policy within 45 days of the effective date of the ceded policy, the earned premium for the ceded policy shall be calculated on the pro rata basis, except that the pro rata calculation shall not apply to a cancellation by any insurance premium finance company as provided in GS 58-35-85.

4. Upon the written request of any eligible risk who has been notified pursuant to paragraph 3 above that his motor vehicle insurance policy has been ceded to the Facility, the insurer ceding the insurance policy must provide in writing to that eligible risk the specific reason or reasons for the decision to cede that policy to the Facility. Proof of mailing of the written reason or reasons is sufficient proof of compliance with this obligation.

Note: GS 58-37-25 provides: "With regard to any notice of cession or any written or oral communications specifying the reason or reasons for cession, there will be no liability on the part of, and no cause of action of any nature will arise against: (1) any insurer or its authorized representatives, agents, or employees, or (2) any licensed agent, broker, or persons who furnish to the insurer information as to the reason or reasons for the cession, for any communications or statements made by them, unless the communications or statements are shown to have been made in bad faith with malice in fact".

H. Minimum Underwriting Requirements

1. Standards—Each member company is responsible to meet the following minimum underwriting standards for all business ceded to the Facility. Each member ceding risks is responsible to determine that all business ceded to the Facility is correctly classified and rated to develop the correct and proper premium. Classification and rating practices and procedures of each member company shall correspond with those followed for non-Facility business, subject to the following:
 - a. As to private passenger cars ceded to the Facility, member companies shall:
 - (1) Obtain the identification, date of birth, driver license number and state of issue (including date of original licensing for persons licensed less than two years) of the applicant, of all operators resident in

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- the applicant's household and of any non-residents shown as regular operators.
- (2) Determine the use and place of principal garaging of each vehicle to be insured.
- (3) Obtain within 60 days of the cession effective date, for each initial cession, and at least annually thereafter, a current record of convictions for moving traffic violations for the applicant and each operator whose driving record would affect the subclass for every vehicle subject to rating under the North Carolina Safe Driver Insurance Plan.
- (4) Correctly classify and rate each vehicle in accordance with the approved North Carolina Personal Auto Manual.
- (5) Correctly determine and charge any applicable recoupment surcharges.
- b. As to other than private passenger cars ceded to the Facility, member companies shall develop sufficient identification, territory, use, and other information correctly to classify and price, in accordance with the approved North Carolina Reinsurance Facility Commercial Automobile Manual, the insurance afforded.
- ★ ❖
- c. Member companies shall make all underwriting records of business ceded to the Facility available for audit by the Audit Committee or its designate. Member companies shall not:
 - (1) Cede any risk to the Facility except as provided by the rules outlined in Articles IX and X in the Plan of Operation.
 - (2) Refuse to insure any eligible risk for cedable coverages unless an exemption has been approved for that company by the Board of Governors.
- 2. Application Requirements—Each member company shall provide agents with motor vehicle insurance application forms to obtain from applicants sufficient information properly to classify and rate each exposure. This shall include at least the following:
 - a. The name, address, date of birth, operator's license number, and state of issue for the applicant, each operator residing in the applicant's household, and any nonresidents who are regular operators, as well as the original date of licensing for any operator licensed for less than two years.
 - b. Identification of each of the specified vehicles to be insured to include the year, the make and model, the body type, and the vehicle identification number.
 - c. The use of each vehicle to be insured, as required by the approved classification plan, and the place of principal garaging.
 - d. A record of all accidents and convictions by the applicant and all operators as needed to establish the correct subclass, according to the North Carolina Safe Driver Insurance Plan.
 - e. The correct gross weight and information regarding the use, including the radius of operation, of any commercial automobile.
 - ★ ❖
 - f. Any other information necessary to develop the correct rating and premium for any type of risk eligible to be ceded.
 - g. **A Statement of Eligibility for Cession of Higher Limits Form NCRF-30 (see Section 3 Exhibit F-1 in the Standard Practice Manual)** when coverage limits above 100/300/50 are to be ceded to the Facility pursuant to paragraph C.2 of this Section and the coverage limits are required by rule, law, or regulation other than the Vehicle Financial Responsibility Act of 1957 (Article 13 Chapter 20, General Statutes of North Carolina). The insured must complete and sign a Form NCRF-30, and the signed form, or a copy thereof, must be retained in the ceding company's file. Absent a finding by the Facility of a lack of good faith by the ceding company, the ceding company shall be entitled to rely upon the insured's satisfactorily completed statement of eligibility for the cession of limits above 100/300/50. If, upon audit, the ceding company does not have a satisfactorily completed Form NCRF-30 in its file, the ceding company, in order to maintain cession of limits above 100/300/50 to the Facility or, in the event of a loss, in order to recover reimbursement from the Facility for losses in excess of 100/300/50, must prove, to the satisfaction of the Facility, that the higher limits were eligible to be ceded to the Facility as of the effective date of the initial cession of the insured's policy by the ceding company or as of the date notice of such cession was received by the Facility. A Form NCRF-30 is satisfactorily completed if the form is fully completed and the date the form was signed by the insured is prior to the later of (1) the date 45 days after the initial notice of cession of the insured's policy by the ceding company was received by the Facility or (2) the date of a loss.

The initial statement of eligibility by the insured shall remain in effect and may be relied upon by the ceding carrier for subsequent successive renewals of the policy until such time as the insured advises the ceding company that the insured is no longer required by the rules, laws, and regulations referenced in GS 58-37-35(b)(1)e. to maintain coverage limits in excess of 100/300/50 or until the ceding company becomes aware that the insured is no longer required by such rules, laws, or regulations to maintain coverage limits in excess of 100/300/50.

- h. **A Certification of Higher Coverage Limits Form NCRF-31 (See Section 3 Exhibit G-1 in the Standard Practice Manual)** when liability coverage limits above 100/300/50 or medical payments limits above \$2,000 are to be ceded to the Facility pursuant to paragraph C.3 of this Section. The insured must complete and sign a copy of Form NCRF-31 and the signed form, or a copy thereof, must be

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retained in the ceding company's file. Absent a finding by the Facility of a lack of good faith by the ceding company, the ceding company shall be entitled to rely upon the insured's satisfactorily completed certification for the cession of liability coverage limits above 100/300/50 and/or medical payments limits above \$2,000. If, upon audit, the ceding company does not have a satisfactorily completed Form NCRF-31 in its file, the ceding company, in order to maintain cession of such limits to the Facility or, in the event of a loss, in order to recover reimbursement from the Facility for losses in excess of 100/300/50 for the liability coverages and/or in excess of \$2,000 for medical payments, must prove, to the satisfaction of the Facility, that the higher limits were eligible to be ceded to the Facility as of the effective date of the initial cession of the insured's policy by the ceding company or as of the date notice of such cession was received by the Facility. A Form NCRF-31 is satisfactorily completed if the form is fully completed and the date the form was signed by the insured is prior to the later of (1) the date 45 days after the initial notice of cession of the insured's policy by the ceding company was received by the Facility or (2) the date of loss.

The initial certification by the insured shall remain in effect and may be relied upon by the ceding carrier for subsequent successive renewals of the policy until such time as the insured advises the ceding company that the higher limits are no longer needed in order to obtain or continue coverage under personal excess liability or personal "umbrella" insurance policies or until the ceding company becomes aware that the higher limits are no longer needed in order to obtain or continue coverage under personal excess liability or personal "umbrella" insurance policies.

i. Rate Evasion, Fraud—Reliable Proof—Other than Nonfleet Private Passenger Motor Vehicle Insurance

As provided in G.S. 58-2-164(c2), for the purpose of obtaining other than nonfleet private passenger motor vehicle insurance and to the extent relevant to a particular criterion, for eligible risk status, reliable proof of North Carolina residency or eligible risk status includes two or more of the following:

- (1) A utility bill in the name of the applicant showing a North Carolina address for the principal place of business of the applicant.
- (2) A receipt for real property taxes paid by the applicant to a North Carolina locality within the preceding 12-month period and showing the applicant's current North Carolina address.
- (3) A valid North Carolina vehicle registration issued to the applicant and showing the applicant's current North Carolina address.
- (4) A federal income tax return filed by the applicant for the most recent prior filing

period showing the applicant's name and current North Carolina address.

- (5) A valid North Carolina driver's license of an owner of an applicant that is a corporation or an LLC, provided that the person holds at least twenty (20%) percent ownership interest in the applicant corporation or LLC.
- (6) If the principal place of business of a corporation or LLC is the primary residence of the sole owner, any of the documents identified in subdivisions (1) through (5) of this subsection, whether in the name of the corporation or LLC or in the name of the sole owner. For purposes of this subsection, "sole owner" shall mean an individual or a husband and wife.

For purposes of subdivisions (5) and (6) of this subsection, on policies to be ceded to the North Carolina Reinsurance Facility, proof of ownership is established through the execution by the owner of the corporation or LLC of **Certification of Ownership Form NCRF – 47 (see Exhibit H-1 in the Standard Practice Manual)**.

NOTE: For a risk to be an eligible risk for the purpose of motor vehicle insurance other than nonfleet private passenger motor vehicle insurance, the requirements of G.S. 58-37-1(4) must be satisfied. A completed Form NCRF-47 alone does not satisfy those requirements.

The following definitions apply to the above:

"Applicant" means one or more persons applying for the issuance or renewal of an auto insurance policy on which the person or persons will be a named insured.

"Principal place of business" means the single physical location from which the majority of the essential operations of the applicant's business are directed and controlled. The location of a consultant, service agent, or attorney of the applicant shall not be sufficient to establish an applicant's principal place of business.

3. Ceding at Renewal—The Plan of Operation requires each risk to have an underwriting review and the Facility to be notified of cession prior to the effective date of each renewal if cession is to be effective on that date. This requirement applies to every renewal to be ceded, whether or not the expiring policy was ceded.

THIS WILL INCLUDE AS A MINIMUM OBTAINING CURRENT RECORDS OF CONVICTIONS FOR MOVING TRAFFIC VIOLATIONS EVERY YEAR FOR ALL OPERATORS OF THE VEHICLES INSURED UNDER EACH CEDED POLICY SUBJECT TO RATING UNDER THE SAFE DRIVER INSURANCE PLAN

4. Agents' Responsibility—It shall be the responsibility of each agent to obtain from the applicant answers to all relevant questions on the application for insurance and to obtain from the applicant any other information needed for correct premium determination.

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GENERAL RULES SECTION

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GENERAL RULES SECTION

**Rule 1. REINSURANCE FACILITY
SELECTED RULES OF OPERATION**

- A. For general rules of cession to the North Carolina Reinsurance Facility, refer to the Reinsurance Facility's Standard Practice Manual.
- B. The Standard Practice Manual includes information about the following:
 - 1. Facility membership obligations
 - 2. Eligibility for insurance
 - 3. Extent of coverage
 - 4. Rules, rates and policy forms
 - 5. Termination of insurance
 - 6. Commissions
 - 7. Service standards
 - 8. Minimum underwriting requirements
 - 9. Facility member responsibilities

Rule 2. APPLICATION OF THIS MANUAL

A. Contents

The rules, classifications, territories, rates, and additional charges applicable to auto risks insured in accordance with the provisions of the North Carolina Reinsurance Facility are contained herein.

B. Sections

This Manual is divided into separate sections for the following:

- 1. General Rules
- 2. Common Coverages
- 3. Trucks, Tractors, and Trailers
- 4. Public Transportation
- 5. Garage Dealers
- 6. Special Types and Operations
- ★ ❖
- 7. Supplementary Rating Procedures
- 8. Territories
- 9. Rates

C. Rates

- 1. For rates, refer to the Rates Section of this Manual
- 2. The rates and premium displayed in this manual are for an annual policy term. For policies written for a period other than 12 months, modify the annual rates and premiums in accordance with the provisions of the Premium Computation Rule (Rule 4).

D. Statistical Codes

Most statistical codes are shown on the rate schedules or in the specific rules. For statistical codes not shown, refer to the auto module of the commercial statistical plan.

E. Rules

Please note that if a rule regarding a type of coverage is not included in this Manual then the coverage is not eligible to be ceded to the Facility.

Rule 3. POLICY PERIOD

- A. Policies may be written for a specific term up to 36 months or on a continuous basis. However, no policy may be written for a period longer than 36 months.

Note: Annual notices of cession are required for three-year policies if coverage for the entire policy period is to be ceded to the Facility.

- B. A policy may be renewed by renewal certificates. When renewal certificates are used, they must conform in every respect to current rules, rates, and forms at the time of renewal.

Rule 4. PREMIUM COMPUTATION

- A. The premium to be charged for policy terms not exceeding 12 months shall be as follows:

- 1. 12-Month Policies—Charge the annual rates or minimum premiums, whichever apply. Compute the premium at the rates in effect at the policy inception.
- 2. 6-Month Policies—If a policy is written for a specified period of six months, the premium for the policy shall be 50%, respectively, of the one year premium.

★ This provision shall not apply to risks classified as public auto. ❖

B. Long Term Policies

For policies issued for more than one year, compute the premium at the rates in effect on each anniversary date of the policy's inception for each annual period. Use Calculation Of Premium Endorsement IL 00 03.

Rule 5. FACTORS OR MULTIPLIERS

Factors or multipliers are to be applied consecutively and not added together, unless otherwise specified.

Rule 6. PREMIUM ROUNDING

Each company may adopt and utilize its own auto insurance premium rounding rule, provided the company is consistent in the application of the rule.

Rule 7. MINIMUM PREMIUM

- A. Unless otherwise provided in this Manual, the minimum annual premium charge is \$200 subject to no reduction for each policy covering one or more of the following perils:

Bodily injury liability
Property damage liability
Medical payments

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(but not including uninsured and underinsured motorists coverage) even though coverage against other perils may be included in the policy.

- B. The minimum premium shall be inclusive of additional charges imposed for additional hazards in connection with the perils named above.
- C. In the event of cancellation or the issuance of a short term policy, pro rata or .90 of the pro rata amount of such annual minimum premium shall be charged as the conditions require.
- D. This minimum premium shall apply to each policy, certificate or declaration under a bordereau.
- E. For continuous policies, apply the policy writing minimum premium for each annual period.

Rule 8. ADDITIONAL PREMIUM CHANGES

- A. Prorate all changes requiring additional premium.
- B. In computing the additional premium, charge the rates in effect at the time the addition is made or the rates in effect at the inception of the policy even if the policy inception premium was less than the policy minimum premium. With respect to the election of using the rates in effect at the time the addition is made or the rates in effect at the inception of the policy, a company's election shall be applied consistently by the company and not on a policy by policy basis.
- C. Waive additional premium of \$10 or less. This waiver only applies to cash exchange due on an endorsement effective date.

Each company may adopt and utilize its own additional premium waiver amount up to \$10 provided the company is consistent in the application of the rule between voluntary and ceded business.

Rule 9. RETURN PREMIUM CHANGES

- A. Compute return premium at the rates used to calculate the policy premium.
- B. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced. Retain the policy minimum premium.
- C. Waive return premium of \$10 or less. Each company may adopt and utilize its own return premium waiver amount up to \$10, provided the company is consistent in the application of the rule between voluntary and ceded business. Grant any return premium due if requested by the insured. This waiver only applies to cash exchange due on the endorsement effective date.

Rule 10. CANCELLATION

The following provisions apply when a policy, auto, or form of coverage is cancelled:

- A. If a policy, auto, or form of coverage is cancelled at the request of the insured, the return premium shall be calculated at .90 of the pro rata unearned premium for the

policy term except in the situations described in paragraph C below.

- B. If a policy, auto, or form of coverage is cancelled by the company, the return premium shall be computed pro rata.
- C. In the following cases, if a policy, auto, or form of coverage is cancelled at the request of the insured, the return premium shall be computed pro rata:
 - 1. if the insured has disposed of the auto, provided the insured takes out a new policy in the same company on another auto to become effective within 30 days of the date of cancellation;
 - 2. if the insured auto is repossessed under terms of a financing agreement;
 - 3. if an auto is cancelled from a policy, and the policy remains in force on other autos;
 - 4. if the insured enters the armed forces of the United States of America;
 - 5. if the insured auto is stolen or destroyed (total or constructive total loss) and cancellation is requested by the insured within 30 days following the date the auto is stolen or destroyed. The return premium for all coverages (including the premium for the coverage under which loss was paid) shall be calculated from the day following the date of such loss;
 - 6. if an insured who has been ceded to the Facility at rates higher than the insurer's voluntary rates obtains insurance through another insurer who elects not to cede the policy to the Facility and the insured cancels the ceded policy within 45 days of the effective date of the ceded policy.

Exception: This pro rata cancellation shall not apply to a cancellation by any insurance premium finance company.

- D. The following provisions apply to policies exceeding 12 months:
 - 1. If cancelled during the first year, calculate the return premium at .90 of the pro rata unearned premium for the first year or pro rata of the premium for the first year in accordance with the provisions of this Rule, plus the full annual premium for the second and/or third years.
 - 2. If cancelled after the first year, the full pro rata unearned premium shall be returned.
- E. If cancellation of the policy results in a return premium of less than \$10, no refund need be made except at the request of the insured, in which case the actual return premium shall be allowed. Each company may adopt and utilize its own additional premium waiver amount up to \$10, provided the company is consistent in the application of the rule between voluntary and ceded business.

F. Retention of Policy Writing Minimum Premium

Retain the policy writing minimum premium when return premium is calculated using the .90 of pro rata return premium calculation procedures except when a policy is cancelled as of the inception date.

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Rule 11. HOW TO CLASSIFY AUTOS

- A. If an auto has more than one use, use the highest rated classification, unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- B. Classify and rate autos of the private passenger type according to the Private Passenger Types Rule (Rule 12).
- C. Classify and rate autos of the truck type that transport property or are used in business according to the Trucks, Tractors, and Trailers Section.
- D. Classify and rate buses, taxicabs, and other autos that are used in the business of transporting people according to the Public Transportation Section.
- E. Classify and rate new and used auto dealers according to the Garage Section.
- F. Classify and rate autos that do not fit into these categories according to the Special Types and Operations Section.

Rule 12. PRIVATE PASSENGER TYPES

Fleet-Class Code 7398

- A. A private passenger auto is
 - 1. a four-wheel motor vehicle, other than a truck type or van, owned or leased under contract for a continuous period of at least six months, and
 - a. Not used as a public or livery conveyance for passengers.
 - b. Not rented to others.
 - 2. a pickup truck or van that
 - a. is owned by an individual or by a husband and wife or individuals who are residents of the same household;
 - b. has a gross vehicle weight as specified by the manufacturer of less than 14,000 pounds; and
 - c. is not used for the delivery or transportation of goods and materials unless such use is
 - (1) incidental to your business of installing, maintaining, or repairing furnishings or equipment; or
 - (2) for farming or ranching.
- B. ★The rates displayed on the rate schedules for private passenger types apply to all private passenger autos which are rated as part of a fleet. ❖

A fleet is any risk with five or more motor vehicles owned or hired under a long term contract.

EXCEPTIONS:

Five or more four-wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household which are not used for business use, other than farming or ranching, and which are covered under a Personal Auto Policy shall not be considered a fleet.

- C. Private passenger nonfleet motor vehicles must be written on a Personal Auto Policy and rated out of the Personal Auto Manual.

EXCEPTIONS:

A private passenger nonfleet auto may be written on a commercial auto policy if

- 1. the vehicle is owned by an individual, husband and wife resident of the same household, or jointly by two or more individuals other than husband and wife, and the vehicle is written in conjunction with at least one commercial risk; or
- 2. the vehicle is not owned by a natural person.

However, these vehicles must be rated out of the Personal Auto Manual and coded as private passenger nonfleet for statistical purposes.

D. Premium Determination

- 1. Determine the rating territory from the territory definitions based on the street address of principle garaging.
- 2. Premiums for private passenger types are displayed on the rate schedules for the following:
 - a. Bodily injury liability
 - b. Property damage liability
 - c. Medical payments
- 3. ★The Private Passenger Types rates displayed on the rate schedules apply to all private passenger autos which are rated as part of a fleet. ❖
- 4. For uninsured and underinsured motorist insurance, refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20).

E. Classifications and Codes

- 1. Fleet Classification—Use code 7398.
- 2. Nonfleet—Use North Carolina Rate Bureau/ Reinsurance Facility Endorsement CA 01 99 when insuring nonfleet private passenger autos on a commercial auto policy. Code as private passenger nonfleet for statistical purposes.

Rule 13. FARMERS AUTOS

Class Code 7399

A. Eligibility

This Rule applies to private passenger autos, pickups, panel trucks, and vans rated as part of a fleet which meet all the following qualifications:

- 1. Principally garaged on a farm or ranch
- 2. Owned by an individual or husband and wife resident in the same household, or by a farm family partnership or corporation
- 3. Not used in any occupation other than farming or ranching
- 4. Not used in going to and from work other than farming or ranching

B. Premium Computation

Charge 70% of the Private Passenger Types rate shown on the rate schedules.

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Rule 14. COMBINATION OF INTERESTS

More than one interest may be named on a policy and rated as a single risk if one interest owns more than 50% of another. All the interests that are combined must be named on the policy.

- (a) All Risks Other than Garage Service Operations

Determine the total number of employees of the insured at all locations and select the advance premium from the following table:

Rule 15. DRIVE OTHER CAR COVERAGE

(Class Code 9020)

- A. Drive other car coverage is provided for no additional charge in the following cases:
 - 1. An individual named insured who is an auto dealer garage risk. Use Individual Named Insured—Dealers Only Endorsement CA 99 18.
 - 2. An individual named insured who owns a private passenger auto, refer to the Individual As Named Insured Rule (Rule 18) in this Section. Use Individual Named Insured Endorsement CA 99 17.
- B. Except for an individual named insured who is an auto dealer garage risk or an individual named insured who owns a private passenger auto, use Drive Other Car Coverage—Broadened Coverage For Named Individuals Endorsement CA 99 10. For each named individual, charge the following rates:

Coverage	Limits	Premium per Named Individual
Bodily Injury	\$30/60	\$16
Property Damage	25	9
Medical Payments	500	4
	1,000	5
	2,000	6

Uninsured Motorists—Charge the additional persons rate in the Uninsured and Underinsured Motorists Insurance Rule (Rule 20).

- C. In all cases, drive other car coverage includes coverage for the spouse for no additional charge.

Rule 16. NONOWNERSHIP LIABILITY

A. Garage Dealer Risks

Coverage for nonownership liability for garage dealer risks is included in the basic garage charges. The following rating methodology applies to other than garage dealer risks.

B. Eligibility

For eligibility for this coverage, refer to Section I of the Facility Standard Practice Manual and General Statute 58-37-1.

- 1. Premium Development
 - a. Application

For All Risks Other than Social Service Agency Risks as Defined in the Public Transportation Section

- (1) Apply one of the following procedures, as appropriate:

Class Code	Total Number of Employees	Bodily Injury and Property Damage	
		30/60 BI	\$25,000 PD
6601	0–25	\$ 7	\$ 8
6602	26–100	18	22
6603	101–500	58	72
6604	501–1,000	110	138
6605	Over 1,000	169	213

- (b) Garage Service Operations (Class Code 6680)

Coverage is provided solely for the operation of nonowned autos by auto repair shops, service stations, storage garages, and public parking places, or tow truck operators. Refer to the General Liability or Market Segments Divisions for all other garage operations liability coverage.

- (i) Determine the total number of employees whose principal duty involves the operation of autos.
- (ii) Multiply this amount by .35.
- (iii) Multiply the result by the Private Passenger Types rates in the rate schedules of the North Carolina Reinsurance Facility Manual.

- (2) To extend nonownership liability coverage to cover the individual liability of employees (including employees of garage service operations) while using their autos and other covered nonowned autos in the employer's business, compute the additional premium by multiplying the premium determined in accordance with preceding paragraph 1.a.(1) or 1.a.(2) by .25 (Class Code 6671). Use Employees As Insureds Endorsement CA 99 33.

- (3) For Partnership as the Named Insured

- (a) When nonownership liability coverage is afforded, the coverage form provides coverage to a partnership for the use of autos owned by individual partners which are used in the business of the partnership.
- (b) Multiply the Private Passenger Types rates in the rate schedules by .10 for each active or inactive partner for the territory in which the partnership is located. Apply this rating base regardless of the type of autos being used (Class Code 7000).

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- b. Social Service Agency Risks (Class Code 6670)
- (1) Determine the advance premium based on the number of employees in accordance with paragraph a.(1)(a) above.
 - (2) Charge an additional premium determined as follows:

Determine the total number of volunteers at all locations who regularly use their own autos to transport social service clients in connection with the agency's programs and multiply this number by \$1.59 bodily injury, \$30,000/60,000 limits, and \$.75 property damage, \$25,000 limit per volunteer. The minimum premium shall be \$10 bodily injury, \$30,000/60,000 limits, and \$6 property damage, \$25,000 limit.
 - (3) To extend nonownership coverage to cover the individual liability of agency employees, charge an additional premium determined in accordance with paragraph 1.a.(2) (Class Code 6671). Use Employees As Insureds Endorsement CA 99 33.
 - (4) To extend coverage to cover the blanket individual liability of volunteers who use their own autos in the agency's social service programs, charge an additional premium of \$.37 bodily injury, \$30,000/ 60,000 limits, and \$.19 property damage, \$25,000 limit, per volunteer donor subject to a minimum premium of \$5 per policy (Class Code 6672). Use Social Service Agencies—Volunteers As Insureds Endorsement CA 99 34.
- c. Unless there is substantial change in exposures during the policy period, the advance premium is the earned premium.
- (2) Multiply the hired car premium by 6.00.
 - (3) Multiply the rate determined in the preceding paragraph times each \$100 cost of hire.
2. If the owner of the auto is providing the primary insurance, rate as though owned by the insured.
 3. If a lessor is an employee of the insured, use Employee As Lessor Endorsement CA 99 47.
 4. If an employee rents or hires an auto in his or her own name for the purpose of performing duties related to the insured's business, use Employee Hired Autos Endorsement CA 20 54.
- B. **Cost of Hire Basis—Liability Coverages (Class Code 6611 Minimum Premium Class Code 6619) Class Code 6625 Without Hold Harmless Agreements and 6627 With Hold Harmless Agreements. Minimum Premium Class Code 6619**
1. Truckers

For truckers, refer to the Truckers/Motor Carrier Rule (Rule 34).
 2. Premium Computation
 - a. Estimate the total cost for the hire of autos for each state where the insured does business. Do not include charges for services performed by common or contract motor carriers subject to the insurance requirement of any public authority regulating motor carriers.
 - b. To compute the advance premium, multiply the cost of hire rate on the state rate schedules times each \$100 cost of hire in each state. Add the total cost of hire premium for all states.
 - c. Unless there is substantial change in exposures during the policy period, the advance premium is the earned premium.
 - d. The minimum premium is \$10 bodily injury, \$30,000/60,000 limits, and \$4 property damage, \$25,000 limit.

Rule 17. HIRED AUTOS

A. Autos Hired, Loaned, Leased, or Furnished

1. If an insured, lessee, or renter is providing the primary insurance covering the auto (Class Code 6614) and the term of the lease is
 - a. 6 months or more:
 - (1) Rate as though owned by the insured, lessee, or renter; and
 - (2) If the policy is extended to cover the owner of the auto as an additional insured, multiply the otherwise applicable liability rate by 1.04. Use Lessor—Additional Insured And Loss Payee CA 20 01 or Hired Autos Specified As Covered Autos You Own Endorsement CA 99 16.
 - b. Less than 6 months (Class code 6614)—Rate according to the provisions in paragraph B except as follows:
 - (1) For liability coverage, separately estimate the cost of hire for those autos for which the insured is providing the primary insurance.

Rule 18. INDIVIDUAL AS THE NAMED INSURED

Endorse a policy covering an individually owned auto with the appropriate individual named insured endorsement.

- A. Family drive other car coverage is provided at no additional charge if the policy covers
1. a private passenger auto not used for public transportation or rented to others without a driver;
 2. a pickup, panel truck, or van that is not customarily used in the business of the insured other than for farming or ranching.
 3. Use Individual Named Insured Endorsement CA 99 17.
- B. Drive other car coverage is provided at no additional charge if the policy covers an auto dealer garage risk. Use Individual Named Insured—Dealers Only Endorsement CA 99 18.

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Rule 19. MEDICAL PAYMENTS

- A. The premiums for trucks, tractors, trailers, public autos, and private passenger types are on the rate schedules.
- B. For zone rated risks, refer to the zone rating tables.
- C. For all other classes, refer to the section Rules.
- D. For premiums for limits not shown, refer to the Increased Limits Rule (Rule 22).

- ★ ❖
- E. Use Auto Medical Payments Coverage Endorsement CA 99 03.

Rule 20. UNINSURED AND UNDERINSURED MOTORISTS INSURANCE

For purposes of this Rule, the following definitions apply:

A commercial motor vehicle is defined as (1) any single motor vehicle with a GVWR of at least 26,001 pounds; (2) a combination of motor vehicles that has a combined GVWR of at least 26,001 pounds and includes as part of the combination a towed unit that has a GVWR of at least 10,001 pounds; (3) a combination of motor vehicles that includes a towing unit that has a GVWR of at least 26,001 pounds and a towed unit that has a GVWR of less than 10,001 pounds; (4) a motor vehicle that is designed to transport 16 or more passengers, including the driver; or (5) a motor vehicle transporting hazardous materials and required to be placarded in accordance with 49 C.F.R. Part 172, Subpart F.

A noncommercial motor vehicle is defined as any motor vehicle that is not a commercial motor vehicle as defined above, but that is otherwise subject to the requirements of North Carolina's Motor Vehicle Safety and Financial Responsibility Act of 1953.

A. Uninsured Motorists Coverage Only

- 1. Owners—(Class Code—Refer to statistical plan.)

Bodily injury and property damage uninsured motorists coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

EXCEPTIONS:

- This coverage shall not apply when the insured has purchased bodily injury liability limits greater than \$30,000/\$60,000.
- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, uninsured motorists coverage is not mandatory and will apply only if purchased by the insured.

For the purpose of determining whether a policy is applicable solely to fleet vehicles, an insurer may rely upon the number of vehicles reported by the insured at the time of issuance of the policy for the policy term in question. In the event of a renewal of the policy, when determining whether a policy is applicable solely to fleet vehicles, the insurer may rely upon the number of vehicles reported by the insured at the time of renewal of the policy for the policy term in question.

Note: For any fleet or nonfleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits not greater than \$30,000/\$60,000, uninsured motorists coverage only is mandatory and shall be afforded.

a. Basic Limits

The limits of uninsured motorists bodily injury coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of uninsured motorists bodily injury coverage but in no event shall an insurer be required to sell uninsured motorists bodily injury coverage at limits that exceed \$1,000,000/1,000,000. The limit of uninsured motorists property damage coverage shall equal the highest limit of liability for property damage liability coverage for any one non-commercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000 regardless of whether the highest limits of property damage liability coverage for any one vehicle insured under the policy exceed those limits, and (2) a named insured may purchase lesser limits of uninsured motorists property damage coverage but not less than the property damage liability limits required by North Carolina's financial responsibility law.

Each time a policy is issued or renewed, the insurer shall notify the named insured as provided in paragraph C of this Rule.

Basic limits of uninsured motorists coverage are \$30,000/\$60,000 bodily injury and \$25,000 property damage. Uninsured motorists property damage coverage is subject to an exclusion of the first \$100 of damage.

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this Rule.

Rate—Charge the following for each auto insured under the policy.

- (1) Individual or Married Couple (Other than Garage Risks)—Per Auto

Private Passenger Types	\$15
Other than Private Passenger Types	8
- (2) Garage Risks

\$6 for each set of dealer or transporter plates in addition to the premium charged for any separately registered autos	
-------------------------------------------------------------------------------------------------------------------------	--
- (3) All Others—Per Auto

Private Passenger Types	\$13
Other than Private Passenger Types	6

This rate is not subject to modification under the provisions of any rating plan or other Manual rule.

Punitive damages must be excluded from all policies providing uninsured and/or underinsured motorists coverage. Use Endorsement CA 21 71.

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Use North Carolina Uninsured Motorist Coverage Limits—CA 21 16.

b. Increased Limits

Increased limits of uninsured motorists bodily injury coverage may be afforded. Uninsured motorists property damage limits may not exceed the property damage liability limit afforded by the policy.

	Additional Charge		
	PD Limits	PP Types	Other than PP Types
7,500	1.12	1.12	1.12
10,000	1.13	1.13	1.13
15,000	1.14	1.14	1.14

(b) Compute the charges for limits not shown by interpolation.

(1) Bodily Injury Liability

(a) To compute the premium for limits higher than the basic limits for uninsured motorists coverage only, add the appropriate rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

BI Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50/100	\$ 2	\$ 1
85/85	3	2
100/200	4	2
100/300	5	2
250/500	7	3
300/300	8	3
500/500	9	4
500/1,000	10	4
1,000/1,000	11	5
1,500/1,500	12	6
2,000/2,000	13	7
2,500/2,500	14	8
5,000/5,000	15	9
7,500/7,500	16	10
10,000/10,000	17	11
15,000/15,000	18	12

(b) Compute the charges for limits not shown by interpolation.

(2) Property Damage Liability

(a) To compute the premium for limits higher than the basic limits for uninsured motorists coverage only, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10
5,000	1.11	1.11

c. Additional Persons

Bodily injury uninsured motorists coverage only may be extended to an executive officer, partner, or employee of the named insured at a charge of \$3.08, provided such additional person does not own an automobile.

The charge for each additional person shall not be subject to modification under the provisions of any rating plan or other Manual rule.

2. Uninsured Motorists Insurance for Nonowners (Bodily Injury Only) (Class Code 9900)

Uninsured motorists insurance for a limit of \$30,000/\$60,000 bodily injury may be afforded to any person who does not own an auto and who is not afforded such coverage as a named individual under paragraph A.1 of this Rule. Such coverage shall be written for a period of one year or three years at the following rates:

RATES

The following rates apply to each individual, including the spouse and relatives of either, resident in the same household as the named insured:

1 Year Policy	\$39
3 Year Policy	\$61

3. Trailers

Do not charge an uninsured motorists premium for trailers when power units designed to tow such trailers are insured for uninsured motorists insurance on the same coverage form.

B. Combined Uninsured/Underinsured Motorists Coverage

Owners—(Class Code—Refer to statistical plan.)

Bodily injury and property damage combined uninsured/underinsured motorists coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

EXCEPTIONS:

- This coverage shall not apply when the insured has purchased bodily injury liability limits not greater than \$30,000/\$60,000.
- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, combined uninsured/underinsured motorists coverage is not mandatory and will apply only if purchased by the insured.

For the purpose of determining whether a policy is applicable solely to fleet vehicles, an insurer may rely upon the number of vehicles reported by the insured at the

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time of issuance of the policy for the policy term in question. In the event of a renewal of the policy, when determining whether a policy is applicable solely to fleet vehicles, the insurer may rely upon the number of vehicles reported by the insured at the time of renewal of the policy for the policy term in question.

Note: For any fleet or nonfleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits greater than \$30,000/\$60,000, combined uninsured/underinsured motorists coverage is mandatory and shall be afforded.

1. Limits

The limits of combined uninsured/underinsured motorists bodily injury coverage shall equal the highest limits of liability for bodily injury liability coverage for any one noncommercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000/1,000,000 regardless of whether the highest limits of bodily injury liability coverage for any one motor vehicle insured under the policy exceed those limits; (2) a named insured may purchase greater or lesser limits, except that the limits must exceed the bodily injury limits required by North Carolina's financial responsibility law, and in no event shall an insurer be required to sell combined uninsured/underinsured motorists bodily injury coverage at limits that exceed \$1,000,000/1,000,000; and (3) the limits shall be equal to the limits of uninsured motorists bodily injury coverage purchased. The limit of uninsured motorists property damage coverage, sold with combined uninsured/underinsured motorists bodily injury coverage, shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000 regardless of whether the highest limits of property damage liability coverage for any one vehicle insured under the policy exceed those limits; and (2) a named insured may purchase lesser limits of uninsured motorists property damage coverage but not less than the property damage liability limits required by North Carolina's financial responsibility law.

Each time a policy is issued or renewed, the insurer shall notify the named insured as provided in paragraph C of this Rule.

The property damage coverage applies only on an uninsured motorists basis and is subject to an exclusion of the first \$100 of damage.

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this Rule.

2. Rates

Add the rates shown below to the basic limits rates for uninsured motorists coverage only for each auto insured under the policy.

a. Bodily Injury Liability

- (1) To compute the premium for limits higher than the basic limits, add the rate shown below for each auto or set of dealer or

transporter plates to the basic limits premium:

BI Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50/100	\$ 8	\$ 6
85/85	17	13
100/200	24	18
100/300	26	19
250/500	55	41
300/300	59	44
500/500	73	55
500/1,000	77	58
1,000/1,000	89	67
1,500/1,500	97	73
2,000/2,000	103	78
2,500/2,500	109	82
5,000/5,000	128	96
7,500/7,500	137	103
10,000/10,000	143	108
15,000/15,000	151	111

- (2) Compute the charges for limits not shown by interpolation.
- b. Property Damage Liability
 - (1) To compute the premium for limits higher than the basic limits, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10
5,000	1.11	1.11
7,500	1.12	1.12
10,000	1.13	1.13
15,000	1.14	1.14

- (2) Compute the charges for limits not shown by interpolation.

These total rates are not subject to modification under the provisions of any rating plan or other Manual rule.

3. Trailers

Do not charge an uninsured motorist premium for trailers when power units designed to tow such trailers are insured for uninsured motorist insurance on the same coverage form.

Punitive damages must be excluded from all policies providing uninsured and/or underinsured motorists coverage. Use Endorsement CA 21 71.

Use North Carolina Uninsured Motorist Coverage Limits—CA 21 16.

C. Notice Requirements

Every insurer that sells motor vehicle liability policies shall, when issuing and renewing a policy, give reasonable notice to the named insured of all of the following:

1. The named insured is required to purchase uninsured motorists bodily injury coverage, uninsured motorists property damage coverage, and, if applicable, underinsured motorists bodily injury coverage.
2. The named insured's uninsured motorists bodily injury coverage limits shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for uninsured motorists bodily injury coverage.
3. The named insured's uninsured motorists property damage coverage limits shall be equal to the highest limits of property damage liability coverage for any one vehicle insured under the policy unless the insured elects to purchase lesser limits for uninsured motorists property damage coverage.
4. The named insured's underinsured motorists bodily injury coverage limits, if applicable, shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for underinsured motorists bodily injury coverage.
5. The named insured may purchase uninsured motorists bodily injury coverage and, if applicable, underinsured motorists coverage with limits up to one million dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per accident.

The insurer shall be deemed to have given reasonable notice if it includes, in at least 12 point type, Form NC 03 40 02 10-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal Declarations page or if it includes, in at least 12 point type, the same language as the language in said form, or substantially similar language, on the policy's original and renewal Declarations page.

Rule 21. CERTIFIED RISKS—FINANCIAL RESPONSIBILITY LAWS

For risks rated in accordance with this Manual for which the insured requests the company to certify the policy in accordance with financial responsibility laws, a fee of \$25 will be added to the total liability premium. This fee applies per driver and shall be applied each time the company provides such certification.

Rule 22. INCREASED LIMITS

A. Liability Increased Limits

1. The rates and premiums in this Manual are for basic limits of \$30,000/60,000 bodily injury and \$25,000 property damage.
2. For limits in excess of \$30,000/60,000 bodily injury and \$25,000 property damage, refer to the increased limit tables in the Commercial Auto Liability Rates Section of this Manual. For limits not shown, interpolation shall be used.

B. Medical Payments Limits Not Displayed on the Rate Schedules

1. The \$500 basic limit medical payments premiums for trucks, tractors, public autos, and private passenger types are on the rate schedules.
2. For limits not displayed on the rate schedules, compute the premium as follows:

a. Private Passenger Types

Multiply the \$500 limit by the following factors:

Limits	Limit Codes	Factor
\$1,000	3	1.30
2,000	4	1.46

\$250 Limit (Limit Code 7)—Decrease the \$500 limit premium by \$1.

b. Trucks, Tractors, Trailers, and Public Autos

(1) Other than Zone Rated Autos

Multiply the \$500 limit premium by the following factors:

Limit	Limit Codes	Factors
\$ 250	7	0.85
750	2	1.10
1,000	3	1.18
2,000	4	1.32

(2) Zone Rated Autos

Multiply the \$500 limit premium by the following factors:

Limit	Limit Codes	Factors
\$ 250	7	0.85
750	2	1.10
1,000	3	1.20
2,000	4	1.30

Rule 23. DEDUCTIBLE INSURANCE

A. Eligibility

1. Bodily injury liability insurance may be written on a deductible basis provided the company insures five or more autos owned by or under the control of the insured.
2. Property damage liability insurance may be written on a deductible basis provided the company insures

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one or more autos owned by or under the control of the insured.

3. If in addition to such autos the company insures both hired autos and the nonownership liability of the insured, the deductible form is also available for these coverages.
4. Use Deductible Liability Coverage Endorsement CA 03 01 or CA 03 02.

B. Deductible Amounts

1. The deductible amount applies to the loss portion of the claim and not to the expense incurred by the company.
2. The minimum deductible for bodily injury and property damage is \$250.

C. Rates

1. Bodily Injury

Reductions from the full coverage bodily injury rates for deductible amounts for the limits of \$30,000/60,000 are given in the table below:

Amount of Deductible	Percent Reduction From Full Coverage Rate	
	Per Claim	Per Accident
\$ 250	9%	7%
500	16	12
1,000	23	20
2,500	28	26
5,000	37	34
10,000	40	37
20,000	52	49
25,000	92	55

2. Property Damage

Reductions from the full coverage property damage rates for deductible amounts per accident for the limit of \$25,000 are given in the table below:

Amount of Deductible	Percent Reduction From Full Coverage Rate
\$ 250	42%
300	44
400	47
500	48
1,000	49
2,000	50
3,000	51
4,000	52
5,000	53

3. Only those deductibles shown are available.

Rule 24. POLLUTION LIABILITY

Coverage for bodily injury or property damage arising out of the discharge of pollutants that are being transported or towed by, loaded onto or unloaded from, or, with the exception of certain fuels, stored, disposed of, treated or processed in or upon a covered auto is excluded under the Business Auto and Truckers Policies.

A. Pollution Liability—Broadened Coverage for Covered Autos

Business Auto and Truckers Policies shall be endorsed to delete that part of the pollution exclusion and the definition of covered pollution cost or expense, for bodily injury, property damage, and covered pollution cost or expense relating to discharge of pollutants which are in or upon, being transported or towed by, being loaded onto or unloaded from a covered auto for risks which are subject to the Motor Carrier Act of 1980 or any similar or equivalent North Carolina financial responsibility filing requirement. This extension of coverage does not apply to liability assumed under any contract or agreement.

Attach applicable endorsement.

B. Classes of Pollutants

Pollutants that are or that are contained in any property that is being transported or towed by or handled for movement into, onto, or from, covered autos are classed as follows:

1. Property (Nonhazardous)
2. Hazardous substances as defined in 49 CFR 171.8, transported in cargo tanks, portable tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons; or in bulk Class A or B explosives, poison gas (Poison A), liquefied compressed gas, or compressed gas; or highway route controlled quantity radioactive materials as defined in 49 CFR 173.455.
3. Oil listed in 49 CFR 172.101; hazardous waste, hazardous materials, and hazardous substances defined in 49 CFR 171.8 and listed in 49 CFR 172.101, but not mentioned in 2 above or 4 below.
4. Any quantity of Class A or B explosives; any quantity of poison gas (Poison A); or highway route controlled quantity radioactive materials as defined in 49 CFR 173.455.

C. Premium Development

Business Auto and Truckers Policies

1. Owned Autos
 - a. Charge an additional 5% of the otherwise applicable bodily injury and property damage premium for each covered auto transporting any substance described in B.1 above.
 - b. Charge an additional 25% of the otherwise applicable bodily injury and property damage premium for each covered auto transporting any substance described in B.2 above.
 - c. Charge an additional 10% of the otherwise applicable bodily injury and property damage premium for each covered auto transporting any substance described in B.3 above.
 - d. Charge an additional 25% of the otherwise applicable bodily injury and property damage premium for each covered auto transporting any substance described in B.4 above.
 - e. Where more than one class of pollutants is transported by a covered auto, apply the charge which develops the highest premium.

2. Hired Autos

Charge an additional percentage of the otherwise applicable bodily injury and property damage premium for hired auto coverage. Such percentage is the highest one determined in accordance with 1 above for any covered auto. Where hired autos will transport more than one class of pollutants, apply the charge which develops the highest premium.

Rules 25–30. RESERVED FOR FUTURE USE

NOTES

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TRUCKS, TRACTORS, AND TRAILERS SECTION**

NOTES

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Rule 31. ELIGIBILITY

This Section applies to all trucks, including pickup, panel, and van types, truck-tractors, trailers, and semitrailers except for the following:

- A. Autos used for public transportation. Refer to the Public Transportation Section.
- B. Autos leased or rented to others without drivers by leasing or rental concerns. Refer to the Leasing or Rental Concerns Rule (Rule 67).
- C. Pickups, panel trucks, or vans owned by an individual, husband and wife resident in the same household, or a family farm partnership or corporation and used for farming or ranching and not used in any occupation other than farming or ranching. Refer to the Farmers Autos Rule (Rule 13).
- D. Individually owned nonfleet pickups, panel trucks, or vans. Refer to Rule 12. Private Passenger Types.
- E. Self-propelled vehicles with the following types of permanently attached equipment. Refer to the Special or Mobile Equipment Rule in the Special Types Section (Rule 72).
 - 1. Equipment designed primarily for
 - a. snow removal;
 - b. road maintenance, but not construction or resurfacing;
 - c. street cleaning;
 - 2. Cherry pickers and similar devices mounted on auto or truck chassis and used to raise or lower workers; and
 - 3. Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.

**Rule 32. PREMIUM DEVELOPMENT—
OTHER THAN ZONE RATED
AUTOS**

- A. This Rule applies to
 - 1. all light trucks and trailers used with light trucks;
 - 2. all other trucks, tractors, and trailers which regularly operate within a 200-mile radius from the street address of principal garaging. For those autos regularly operating beyond a 200 mile radius, refer to the Premium Development—Zone Rated Autos Rule (Rule 35).
- B. Determine the classification, rating factor, and class code as follows:
 - 1. Determine whether the risk is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
 - 2. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33) based on size class, business use class, and radius class.
 - 3. Determine the secondary rating factor, if any, from the Trucks, Tractors, and Trailers Classifications

Rule (Rule 33) based on the special industry classifications.

- 4. Determine the combined rating factor by adding or subtracting the secondary rating factor to or from the primary rating factor.
- 5. For trailers used with light trucks which regularly operate beyond a 200-mile radius, use the rating factor for the intermediate rating class.

C. Premium Computation

- 1. ★For vehicles principally garaged in North Carolina:
 - a. Determine the rating territory from the territory definitions based on the street address of principal garaging.
 - b. Liability Coverage❖
 - (1) Determine the fleet or nonfleet base premiums from the liability base premium schedule on the rate schedules.
 - (2) Multiply the base premium by the combined rating factor.
 - c. ★Medical Payments Coverage❖
 - (1) Trucks and Tractors
 - (a) Primary and secondary rating factors do not apply.
 - (b) Determine the premiums from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (2) Trailers
 - (a) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (b) Multiply the base premium by the primary rating factor.
 - (c) Secondary rating factors do not apply.
 - d. Uninsured and Underinsured Motorists Insurance
 - (1) Primary, secondary, and fleet rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.
- 2. ★For vehicles principally garaged in states other than North Carolina:
 - a. Liability Coverage
 - (1) Determine the fleet or nonfleet base premiums from the liability base premium schedule from the rate schedules for the state where the vehicle is principally garaged.
 - (2) Multiply the base premium by the combined rating factor.

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- b. Medical Payments Coverage
 - (1) Trucks and Tractors
 - (a) Primary and secondary rating factors do not apply.
 - (b) Determine the premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (2) Trailers
 - (a) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (b) Multiply the base premium by the primary rating factor.
 - (c) Secondary rating factors do not apply.
 - c. Uninsured and Underinsured Motorists Insurance
 - (1) Primary, secondary, and fleet rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual. ❖
 - b. GCW—The maximum loaded weight for a combination truck-tractor and semitrailer or trailer for which the truck-tractor is designed, as specified by the manufacturer.
- 2. Size Class
 - a. Light Trucks—Trucks that have a gross vehicle weight (GVW) of 10,000 pounds or less.
 - b. Medium Trucks
 - (1) Trucks that have a gross vehicle weight (GVW) of 10,001–20,000 pounds.
 - (2) Include crawler type trucks in this class.
 - c. Heavy Trucks—Trucks that have a gross vehicle weight (GVW) of 20,001–45,000 pounds.
 - d. Extra Heavy Trucks—Trucks that have a gross vehicle weight (GVW) over 45,000 pounds.
 - e. Truck-Tractors—A truck-tractor is a motorized auto with or without body for carrying commodities or materials, equipped with fifth wheel coupling device for semitrailers.
 - (1) Heavy Truck-Tractors—Truck-tractors that have a gross combination weight (GCW) of 45,000 pounds or less.
 - (2) Extra Heavy Truck-Tractors—Truck-tractors that have a gross combination weight (GCW) over 45,000 pounds.
 - f. Semitrailers—A semitrailer is a trailer equipped with fifth wheel coupling device for use with a truck-tractor with load capacity over 2,000 pounds. This includes bogies used to convert containers into semitrailers.
 - g. Trailers—Any trailer with load capacity over 2,000 pounds, other than a semitrailer.
 - h. Service or Utility Trailer—Any trailer or semitrailer with load capacity of 2,000 pounds or less.

Rule 33. TRUCKS, TRACTORS, AND TRAILERS CLASSIFICATIONS

Classify trucks, tractors, and trailers for liability coverages as follows:

A. Fleet—Nonfleet Classifications

- 1. Classify as fleet the autos of any risk that has five or more self-propelled autos of any type that are under one ownership. Do not include autos owned by allied or subsidiary interests unless the insured holds a majority financial interest.
- 2. Do not include mobile equipment insured on a general liability policy in determining if the risk is a fleet.
- 3. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
- 4. Classify the autos of any other risk as nonfleet.
- 5. Do not change the fleet or nonfleet classification because of midterm changes in the number of owned autos, except at the request of the insured. The policy must be cancelled and rewritten in accordance with the Cancellation Rule.

B. Primary Classifications

- 1. Gross vehicle weight (GVW) and gross combination weight (GCW) mean the following:
 - a. GVW—The maximum loaded weight for which a single auto is designed, as specified by the manufacturer.

3. Business Use Class

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

- a. Service Use—For transporting the insured's personnel, tools, equipment, and incidental supplies to or from a job location. This classification is confined to autos principally parked at job locations for the majority of the working day or used to transport supervisory personnel between job locations.
- b. Retail Use—Autos used to pick up property from, or deliver property to, individual households.
- c. Commercial Use—Autos used for transporting property other than those autos defined as service or retail.

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4. Radius Class

Determine radius on a straight line from the street address of principal garaging.

- a. Local—up to 50 miles—The auto is not regularly operated beyond a radius of 50 miles from the street address where such auto is principally garaged.
- b. Intermediate—51 to 200 miles—The auto is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such auto is principally garaged.
- c. Long Distance—over 200 miles—The auto is operated regularly beyond a 200-mile radius

from the street address where such auto is principally garaged. Apply zone rates for other than light trucks.

5. Nonfleet and Fleet Primary Classifications—Rating Factors and Statistical Codes

See the primary classifications—rating factors on the following pages.

C. **Primary Classifications—Rating Factors and Classification Designators**

See the secondary classification rating factor tables for the rating factors and statistical codes.

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PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Size Class	Business	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs. GVW)	Service	Factor CD	1.00 014--	1.25 015--	1.30 016--
	Retail	Factor CD	1.45 024--	1.80 025--	1.80 026--
	Commercial	Factor CD	1.30 034--	1.60 035--	1.65 036--
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	1.05 214--	1.30 215--	.90 216--
	Retail	Factor CD	1.55 224--	1.90 225--	.90 226--
	Commercial	Factor CD	1.40 234--	1.70 235--	.90 236--
Heavy Trucks (20,001–45,000 lbs. GVW)	Service	Factor CD	1.10 314--	1.40 315--	1.00 316--
	Retail	Factor CD	1.60 324--	2.05 325--	1.00 326--
	Commercial	Factor CD	1.45 334--	1.80 335--	1.00 336--
Extra Heavy Trucks (★Over 45,000 lbs. GVW★)		Factor CD	2.15 404--	2.80 405--	1.40 406--
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	1.40 344--	1.75 345--	1.00 346--
	Retail	Factor CD	2.00 354--	2.55 355--	1.00 356--
	Commercial	Factor CD	1.80 364--	2.25 365--	1.00 366--
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	2.35 504--	3.05 505--	1.40 506--
Trailer Types					
Semitrailers		Factor CD	.10 674--	.15 675--	.15 676--
Trailers		Factor CD	.10 684--	.15 685--	.15 686--
Service or Utility Trailer (0–2,000 lbs. Load Capacity)		Factor CD	.00 694--	.00 695--	.00 696--

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NONFLEET

PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs. GVW)	Service	Factor CD	011-- 1.00	012-- 1.25	013-- 1.30
	Retail	Factor CD	021-- 1.45	022-- 1.80	023-- 1.80
	Commercial	Factor CD	031-- 1.30	032-- 1.60	033-- 1.65
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	211-- 1.05	212-- 1.30	213-- .90
	Retail	Factor CD	221-- 1.55	222-- 1.90	223-- .90
	Commercial	Factor CD	231-- 1.40	232-- 1.70	233-- .90
Heavy Trucks (20,001–45,000 lbs. GVW)	Service	Factor CD	311-- 1.10	312-- 1.40	313-- 1.00
	Retail	Factor CD	321-- 1.60	322-- 2.05	323-- 1.00
	Commercial	Factor CD	331-- 1.45	332-- 1.80	333-- 1.00
Extra Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	401-- 2.15	402-- 2.80	403-- 1.40
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	341-- 1.40	342-- 1.75	343-- 1.00
	Retail	Factor CD	351-- 2.00	352-- 2.55	353-- 1.00
	Commercial	Factor CD	361-- 1.80	362-- 2.25	363-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	501-- 2.35	502-- 3.05	503-- 1.40
Trailer Types					
Semitrailers		Factor CD	671-- .10	672-- .15	673-- .15
Trailers		Factor CD	681-- .10	682-- .15	683-- .15
Service or Utility Trailer (0–2,000 lbs. Load Capacity)		Factor CD	691-- .00	692-- .00	693-- .00

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D. Secondary Classification—Special Industry Class

1. These classifications and codes, but not the rating factors, apply to zone rated autos.
2. Where more than one secondary rating factor applies, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.

Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code	
	Trailer Types and Zone Rated Autos	All Other Autos		
Truckers —Autos used to haul or transport goods, materials, or commodities for another, other than autos used in moving operations				
a. Common carriers	local	0.00	+0.75	21
	intermediate	0.00	+0.75	21
	long distance	0.00	+0.75	21
b. Contract carriers (other than chemical or iron and steel haulers)	local	0.00	+0.75	22
	intermediate	0.00	+0.75	22
	long distance	0.00	+0.75	22
c. Contract carriers hauling chemicals	local	0.00	+0.75	23
	intermediate	0.00	+0.75	23
	long distance	0.00	+0.75	23
d. Contract carriers hauling iron and steel	local	0.00	+0.75	24
	intermediate	0.00	+0.75	24
	long distance	0.00	+0.75	24
e. Exempt carriers (other than livestock haulers)	local	0.00	+0.75	25
	intermediate	0.00	+0.75	25
	long distance	0.00	+0.75	25
f. Exempt carriers hauling livestock	local	0.00	+0.75	26
	intermediate	0.00	+0.75	26
	long distance	0.00	+0.75	26
g. Carriers engaged in both private carriage and transporting goods, materials, or commodities for others if at least 20% of their total operation is transporting goods, materials, or commodities for others	local	0.00	+0.75	02
	intermediate	0.00	+0.75	02
	long distance	0.00	+0.75	02
h. Tow trucks for hire	local	0.00	+0.75	03
	intermediate	0.00	+0.75	03
	long distance	0.00	+0.75	03
i. All other	local	0.00	+0.75	29
	intermediate	0.00	+0.75	29
	long distance	0.00	+0.75	29
Food delivery —Autos used by food manufacturers to transport raw and finished products or used in wholesale distribution of food				
a. Canneries and packing plants		0.00	+0.45	31
b. Fish and sea food		0.00	+0.45	32
c. Frozen food		0.00	+0.45	33
d. Fruit and vegetable		0.00	+0.45	34
e. Meat or poultry		0.00	+0.45	35
f. All other		0.00	+0.45	39

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Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code
	Trailer Types and Zone Rated Autos	All Other Autos	
Specialized delivery —Autos used in deliveries subject to time and similar constraints			
a. Armored cars	0.00	+0.65	41
b. Film delivery	0.00	+0.65	42
c. Magazines or newspapers	0.00	+0.65	43
d. Mail and parcel post	0.00	+0.65	44
e. All other	0.00	+0.65	49
Waste disposal —Autos transporting salvage and waste material for disposal or resale			
a. Auto dismantlers	0.00	+0.30	51
b. Building wrecking operators	0.00	+0.30	52
c. Garbage	0.00	+0.30	53
d. Junk dealers	0.00	+0.30	54
e. All other	0.00	+0.30	59
Farmers —Autos owned by a farmer, used in connection with the operation of his own farm, and occasionally used to haul commodities for other farmers			
a. Individually owned or family corp. (other than livestock hauling)	0.00	-0.50	61
b. Livestock hauling	0.00	-0.50	62
c. All other	0.00	-0.50	69
Dump and transit mix trucks and trailers (Use these factors and codes only when no other secondary classification applies. Refer to <u>Truckers/Motor Carriers Rule.</u>)			
a. Excavating	0.00	-0.10	71
b. Sand and gravel (other than quarrying)	0.00	-0.10	72
c. Mining	0.00	-0.10	73
d. Quarrying	0.00	-0.10	74
e. All other	0.00	-0.10	79

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Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code
	★ Trailer Types and Zone Rated Autos	★ All Other Autos	
Contractors (Other than dump trucks—Use these factors and codes only when no other secondary classification applies. Refer to <u>Truckers/Motor Carriers Rule.</u>)			
a. Building—commercial	0.00	-0.05	81
b. Building—private dwellings	0.00	-0.05	82
c. Electrical, plumbing, masonry, plastering, and other repair or service	0.00	-0.05	83
d. Excavating	0.00	-0.05	84
e. Street and road	0.00	-0.05	85
f. All other	0.00	-0.05	89
Not otherwise specified			
a. Logging and lumbering	0.00	0.35	91
b. All other	0.00	0.00	99
	❖		

TRUCKS, TRACTORS, AND TRAILERS

E. Special Provisions for Certain Risks

1. Truckers/Motor Carriers. If the business of the insured involves transporting materials or commodities for another, the Truckers/Motor Carrier Rule ([Rule 34](#)) also applies.
2. Transporters of liquid products. A coverage form that covers an auto used for the bulk transportation of liquid products must exclude accidents resulting from the erroneous delivery of one liquid product for another, or the delivery of any liquid product into the wrong receptacle if the accident occurs after the operations have been completed. Use Wrong Delivery Of Liquid Products Endorsement CA 23 05.
3. Amusement devices (Class Code 7905). A coverage form that covers an auto with an amusement device mounted on it must cover the operation of the amusement device at the additional premium of \$154 for \$30,000/60,000 bodily injury and \$30 for \$25,000 property damage liability. The premium is for the period of coverage and not subject to any return.
4. Rolling stores. A coverage form that covers autos equipped as a rolling store must exclude product liability. Use Rolling Stores Endorsement CA 23 04.
5. Trailers or Semitrailers Used as Showrooms
 - a. To provide liability coverage for trailers or semitrailers used as showrooms or salesrooms, multiply the trailer or semitrailer rating factor by 2.00. The minimum premium per trailer or semitrailer is \$22 for bodily injury, \$30,000/60,000 limits and \$3 property damage, \$25,000 limit. The policy must exclude product liability. Use Rolling Stores Endorsement CA 23 04.
 - b. For medical payments coverage, multiply the private passenger medical payments premiums for the territory in which the risk is located by 3.00.

Rule 34. TRUCKERS/MOTOR CARRIERS

A. Eligibility

1. A trucker is a person or organization in the business of transporting goods, materials, or commodities for another. A motor carrier is a person or organization providing transportation by auto in the furtherance of a commercial enterprise.
2. A risk engaged in trucking operations described in preceding paragraph 1 is assigned to the truckers' classification even though they advertise or describe themselves as a contractor, building contractor, building material dealer, sand and gravel hauler, or some other similar name.
3. Movers are classified as truckers even though they are not subject to the truckers secondary rating factors.
4. For details of coverage refer to the Motor Carrier Coverage Form CA 00 20. Use the Business Auto Coverage Form CA 00 01 when coverage is provided for bobtail operations only.

B. Special Provisions

1. Bobtail Operations (Class Code 7489)
 - a. Coverage may be limited to nontrucking use when the autos are not rented, nor used for business purposes to carry property or to haul someone else's trailers.

Use Truckers—Insurance For Non-Trucking Use Endorsement CA 23 09.
 - b. Premium Computation

Liability coverages. Multiply the truck, tractor, and trailer nonfleet base premium by a rating factor of 1.75 per unit or combined unit. Primary, secondary, and fleet rating factors do not apply.
 - c. Premium Determination

Rate autos transporting exclusively for one concern on the same basis as though owned by such concern for both territory and classification.
 - (1) Specified Car Basis. Truckers may be written on a specified car basis—see the Trucks, Tractors, and Trailers Classifications Rule ([Rule 33](#)).
 - (2) Cost of Hire Basis. (Class Code 6613, Minimum Premium Class Code 6619) Truckers may be written on the cost of hire basis to cover their liability because of a contract involving the hire of trucks, tractors, and trailers.
 - (a) Determine the total cost of hiring the autos. If autos are hired without operators, include the actual wages of the operators of such autos.
 - (b) Determine the average specified car rate by
 - (i) computing the premium for all autos owned and leased by the insured that are used in trucking operations;
 - (ii) dividing this by the number of trucks and truck-tractors owned and leased by the insured.
- (3) The cost of hire rate is determined by multiplying the average specified car rate by .0033.
- (4) Compute the advance premium by multiplying each \$100 of the total amount estimated for the cost of hire during the policy period by the cost of hire rate.
- (5) Unless there is a substantial change in exposure during the policy period, the advance premium computed at the beginning of the policy term is the earned premium.
- (6) Compute the earned premium at the rates in force at the inception of the policy, in the same manner as the advance premium.

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- (7) If the company which insures the owned autos of the risk also insures the hired autos, the minimum premium is \$11 for \$30,000/60,000 bodily injury and \$6 for \$25,000 property damage liability. Otherwise, the minimum premium is the average applicable specified car rate.

Rule 35. PREMIUM DEVELOPMENT—ZONE RATED AUTOS

A. Except for light trucks and trailers used with light trucks, this Rule applies to trucks, tractors, and trailers regularly operated beyond a 200-mile radius from the street address of principal garaging.

★Premium Development

1. For vehicles principally garaged in North Carolina and regularly operate beyond a 200-mile radius.

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

In all other situations, the zone combination is the zone of principal garaging and the zone of the terminal (included in the auto's operations) farthest from that point.

A terminal is any point at which an auto regularly loads or unloads. It is not limited to a terminal facility which the insured owns and operates.

EXAMPLES:

The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and its operations include terminals in Sacramento, California (regional zone 40) and Denver, Colorado (metropolitan zone 10). The proper zone combination is 47 and 10.

The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and its operations include a terminal in Asheville, North Carolina (regional zone 47). The proper zone combination is 47.

The auto is principally garaged in Charlotte, North Carolina (metropolitan zone 5) and has terminals in Denver, Colorado (metropolitan zone 10) and Sacramento, California (regional zone 40). The proper zone combination is 5 and 40.

a. Determine the classification rating factor and class code as follows:

- (1) Determine whether the auto is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
- (2) Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
- (3) Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

b. Liability Coverages

- (1) Determine the liability base premiums for the zone combination from the Zone Rating Table—Garaged in North Carolina.
- (2) For fleets, multiply the base premiums by .70.
- (3) Multiply the base premium by the long distance rating factor from the primary classification table in the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

c. Medical Payments

(1) Trucks and Tractors

- (a) Determine the \$500 medical payments premium of the zone combination from the Zone Rating Table—Garaged in North Carolina.
- (b) Primary and secondary rating factors do not apply.
- (c) For limits not shown, refer to the Commercial Auto Liability Rate schedules.

(2) Trailers

- (a) Determine the \$500 medical payments premium of the zone combination from the Zone Rating Table—Garaged in North Carolina.
- (b) Multiply the medical payments premium by the primary rating factor.
- (c) For limits not shown, refer to the Commercial Auto Liability Rate schedules.

(3) Secondary rating factors do not apply.

d. Uninsured and Underinsured Motorists Insurance

- (1) Primary and secondary rating factors do not apply.
- (2) For rates, refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

2. For vehicles principally garaged in states other than North Carolina and regularly operate beyond a 200-mile radius.

When a vehicle is principally garaged in a state other than North Carolina, only regional zones will be utilized. The zone combination is the regional zone of principal garaging and the regional zone of the terminal (included in the auto's operation) farthest from that point.

A terminal is any point at which an auto regularly loads or unloads. It is not limited to a terminal facility which the insured owns and operates.

EXAMPLE

The auto is principally garaged in Charleston, South Carolina (regional zone 47) and has terminals in Sacramento, California (regional zone 40). The proper zone combination is 47 and 40.

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a. Determine the classification rating factor and class code as follows:

- (1) Determine whether the auto is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule ([Rule 33](#)).
- (2) Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule ([Rule 33](#)).
- (3) Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule ([Rule 33](#)).

b. Liability Coverages

- (1) Determine the liability base premiums for the zone combination from the [Zone Rating Table—Garaged in States Other than North Carolina](#).
- (2) For fleets, multiply the base premiums by .70.
- (3) Multiply the base premium by the long distance rating factor from the primary classification table in the Trucks, Tractors, and Trailers Classifications Rule ([Rule 33](#)).

c. Medical Payments

(1) Trucks and Tractors

- (a) Determine the \$500 medical payments premium of the zone combination from the [Zone Rating Table—Garaged in States Other than North Carolina](#).
- (b) Primary and secondary rating factors do not apply.
- (c) For limits not shown, refer to the Commercial [Auto Liability Rate schedules](#).

(2) Trailers

- (a) Determine the \$500 medical payments premium of the zone combination from the [Zone Rating Table—Garaged in States Other than North Carolina](#).
- (b) Multiply the medical payments premium by the primary rating factor.
- (c) For limits not shown, refer to the Commercial [Auto Liability Rate schedules](#).

(3) Secondary rating factors do not apply.

d. Uninsured and Underinsured Motorists Insurance

- (1) Primary and secondary rating factors do not apply.
- (2) For rates, refer to the Uninsured and Underinsured Motorists Insurance Rule ([Rule 20](#)) in the Common Coverages Section of this Manual. ❖

C. Long Distance Zone Definitions

Metropolitan 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 Semisuburban, 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 Du Page 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.

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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, Semisuburban, and Suburban, and Racine, Wisconsin territories.
23. MINNEAPOLIS—ST. PAUL Zone includes Minneapolis Metropolitan and Suburban; and 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.
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 County (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 Semisuburban, and 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.

Regional Zones

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.

D. Zone Rating Tables Are Located in the Commercial Automobile Liability Rates Section

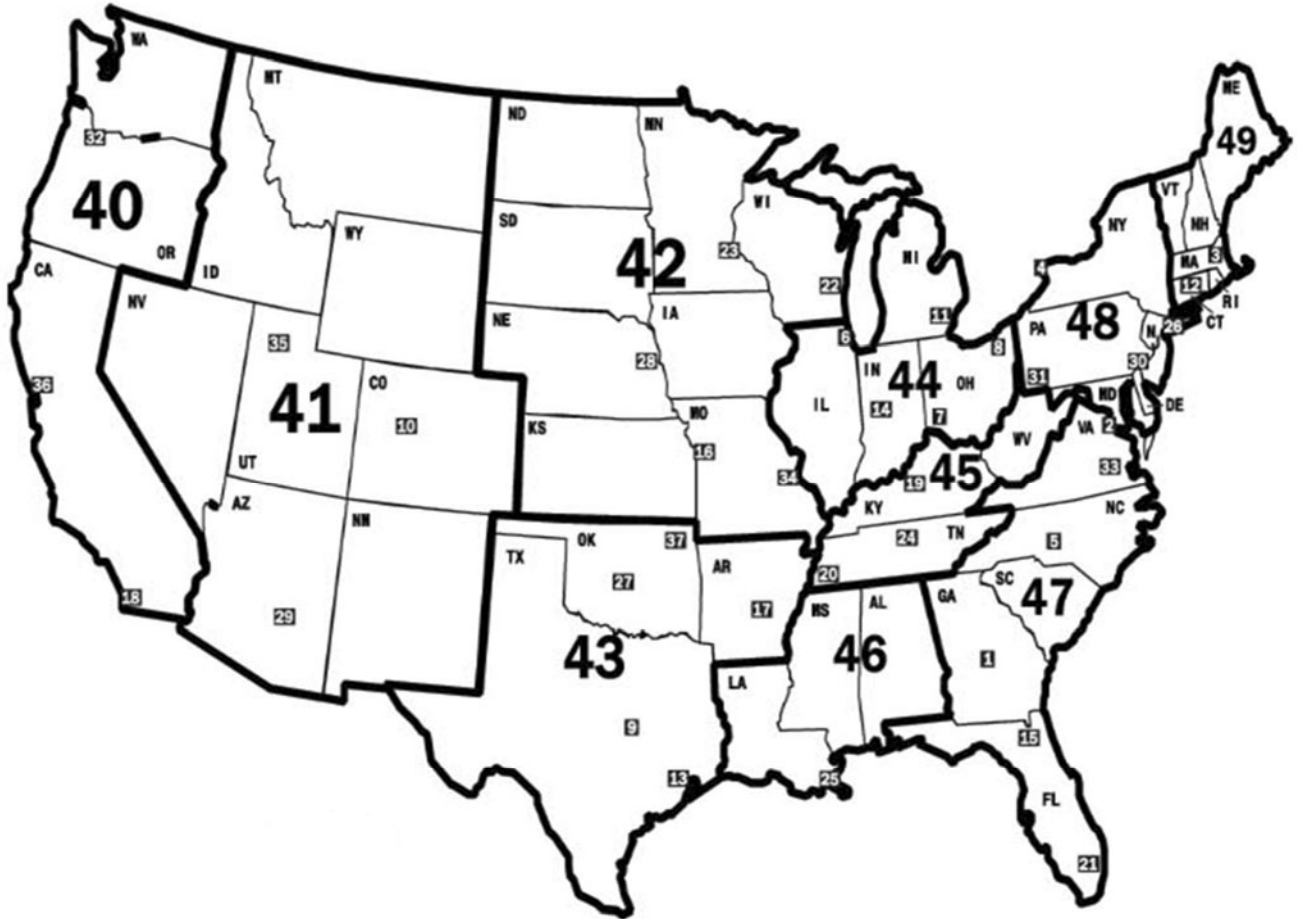
★For liability the following tables include the zone or combination zone base premiums.

KEY TO ZONE RATING TABLES									
The liability premiums are displayed as follows:									
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Liability</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">\$400 BI</td> <td style="text-align: left;">\$30,000/60,000 Bodily Injury</td> </tr> <tr> <td style="text-align: right;">300 PD</td> <td style="text-align: left;">\$25,000 Property Damage</td> </tr> <tr> <td style="text-align: right;">70 MP</td> <td style="text-align: left;">\$500 Medical Payments</td> </tr> </tbody> </table>	Liability		\$400 BI	\$30,000/60,000 Bodily Injury	300 PD	\$25,000 Property Damage	70 MP	\$500 Medical Payments
Liability									
\$400 BI	\$30,000/60,000 Bodily Injury								
300 PD	\$25,000 Property Damage								
70 MP	\$500 Medical Payments								



LONG DISTANCE ZONE MAP

This map is for reference purposes only.



Rules 36–40. RESERVED FOR FUTURE USE

NOTES

**NORTH CAROLINA REINSURANCE FACILITY
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PUBLIC TRANSPORTATION SECTION**

NOTES

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PUBLIC TRANSPORTATION SECTION

Rule 41. ELIGIBILITY

This Section applies to autos registered or used for the transportation of members of the public.

When the coverage form insures public autos, use Public Transportation Autos Endorsement CA 24 02 to amend the care, custody, or control exclusion.

**Rule 42. PREMIUM DEVELOPMENT—
OTHER THAN ZONE RATED
AUTOS**

- A. This Rule applies to
1. all taxis, limousines, school, church, and urban buses, and van pools;
 2. all other public autos which regularly operate within a 200-mile radius from the street address of principal garaging. For those autos regularly operated beyond a 200-mile radius, refer to the Premium Development—Zone Rated Autos Rule (Rule 44).
- B. Determine the classification rating factor and class code as follows:
1. Determine whether the risk is classified as fleet or nonfleet according to the Public Auto Classifications Rule (Rule 43).
 2. Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43) based on use class and radius class. For van pools, the rating factor is based on seating capacity.
 3. Except for taxicabs, van pools, and limousines (other than airport limousines), determine the secondary rating factor, if any, from the Public Auto Classifications Rule (Rule 43) based on the seating capacity.
 4. Determine the combined rating factor by adding the secondary rating factor to, or subtracting it from, the primary rating factor.
- C. **Premium Computation**
1. ★For public autos operated the greatest percentage of time in North Carolina:
 - a. Determine the rating territory for each public auto from the territory definitions based on the territory where the public auto is operated the greatest percentage of the time. ❖
 - b. Liability and Medical Payments Coverages
 - (1) Determine the fleet or nonfleet base premiums on the state rate schedules.
 - (2) Multiply the base premium by the combined rating factor.
 - c. Uninsured and Underinsured Motorists Coverage
 - (1) Primary and secondary rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

d. Special Provisions

- (1) If a truck, tractor, or trailer is rated as public auto, determine the seating capacity from the size class as follows:

Size Class	Seating Capacity
Light	1–8
Medium	9–20
Heavy	21–60
Extra Heavy	Over 60

- (2) If a bus is rated at truck, tractor, or trailer rates, determine the size class from the seating capacity:

Seating Capacity	Size Class
1–8	Light
9–20	Medium
21–60	Heavy
Over 60	Extra Heavy

- (3) ★For a unit that combines a motorized auto with one or more trailers or semitrailers, charge according to the gross combined vehicle weight rating and refer to paragraph d.(1) above.

2. For public autos operated the greatest percentage of the time in states other than North Carolina:

a. Liability and Medical Payments Coverages

- (1) Determine the fleet or nonfleet base premiums on the state rate schedules for the state in which the public auto is operated the greatest percentage of the time.
- (2) Multiply the base premium by the combined rating factor.

b. Uninsured and Underinsured Motorists Insurance

- (1) Primary and secondary rating factors do not apply.
- (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

c. Special Provisions

- (1) If a truck, tractor, or trailer is rated as public auto, determine the seating capacity from the size as follows:

Size Class	Seating Capacity
Light	1–8
Medium	9–20
Heavy	21–60
Extra Heavy	Over 60

- (2) If a bus is rated at truck, tractor, or trailer rates, determine the size class from the seating capacity:

Seating Capacity	Size Class
1–8	Light
9–20	Medium
21–60	Heavy
Over 60	Extra Heavy

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- (3) For a unit that combines a motorized auto with one or more trailers or semitrailers, charge according to the gross combined vehicle weight rating and refer to paragraph c.(1) above. ❖

Rule 43. PUBLIC AUTO CLASSIFICATIONS

Classify public autos as follows:

- A. If an auto has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- B. **Fleet—Nonfleet Classification**
1. Classify as fleet the autos of any risk that has five or more self-propelled autos of any type that are under one ownership. Do not include autos owned by allied or subsidiary interests unless the insured holds a majority financial interest.
 2. Do not include mobile equipment insured on a general liability policy in determining if the risk is a fleet.
 3. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
 4. Classify the autos of any other risk as nonfleet.
 5. Do not change the fleet or nonfleet classification because of midterm changes in the number of owned autos except at the request of the insured. The policy must be cancelled and rewritten in accordance with the Cancellation Rule (Rule 10).
- C. **Seating Capacity**
1. Use the seating capacity specified by the manufacturer of the auto unless a public authority rules otherwise.
 2. Do not include the driver's seat when determining seating capacity.
- D. **Primary Classifications**
1. Radius Class—Determine radius on a straight line from the street address of principal garaging.
 - a. Local—up to 50 miles—The auto is not regularly operated beyond a radius of 50 miles from the street address where such auto is principally garaged.
 - b. Intermediate—51 to 200 miles—The auto is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such auto is principally garaged.
 - c. Long distance—over 200 miles—The auto is operated regularly beyond a 200-mile radius from the street address where such auto is principally garaged. Apply zone rates for all autos other than taxis, limousines, school, church, and urban buses, and van pools.
 2. Use Class
 - a. Taxicab or Similar Passenger Carrying Service—A metered or unmetered auto with a seating capacity of eight or less that is operated for hire by the named insured or an employee, but does not pick up, transport, or discharge passengers along a route.
 - b. Limousine—An unmarked auto with a seating capacity of eight or less that is operated for hire by the named insured or an employee and used on a prearranged basis for special or business functions, weddings, funerals, or similar purposes. For autos with a seating capacity of nine or more, refer to public autos not otherwise classified.
 - c. School Bus—An auto that carries students or other persons to and from school, or in any school activity including games, outings, and similar school trips.
 - (1) Separate codes and rating factors apply to the following:
 - (a) School buses owned by political subdivisions or school districts
 - (b) All others including independent contractors, private schools, and church owned buses
 - (2) A policy covering a school bus may be written on an annual term for liability coverages with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays, or holidays or for any other periods of lay-up during the school term.
 - (3) If a publicly owned school bus is used for special trips unrelated to school activities, refer to company for the additional charge.
 - d. Church Bus—An auto used by a church to transport persons to or from services and other church related activities. This classification does not apply to public autos used primarily for daily school activities.
 - e. Intercity Bus—An auto that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.
 - f. Urban Bus—An auto that picks up, transports, and discharges passengers at frequent local stops along a prescribed route. This classification applies only to vehicles 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.
 - g. Airport Bus or Airport Limousine—An auto for hire that transports passengers between airports and other passenger stations or motels.
 - h. Charter Bus—An auto chartered for special trips, touring, picnics, outings, games, and similar uses.
 - i. Sightseeing Bus—An auto 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.
 - j. Transportation of Athletes and Entertainers—An auto owned by a group, firm, or organization

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- that transports its own professional athletes, musicians, or other entertainers.
- (1) If it is used to transport other professional athletes or entertainers, rate as a charter bus.
 - (2) An auto owned by a group, firm, or organization to transport its own nonprofessional athletes, musicians, or entertainers, rate as a public auto not otherwise classified.
- k. Van Pools—An auto 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.
- (1) Employer Furnished Transportation. Transportation is held out by the employer as an inducement to employment, a condition of employment, or is incident to employment.
 - (a) Employer Owned Autos—Autos owned, or leased for one year or more, by an employer and used to provide transportation only for his employees.
 - (b) Employee Owned Autos—Autos owned, or leased for one year or more, by an individual employee and used to provide transportation only for fellow employees of his employer.
 - (2) All Other. Autos which do not meet the eligibility requirements of paragraph (1) above.
- l. Transportation of Employees—Other than Van Pools—Autos of any type used to transport employees other than in van pools.
- (1) Autos owned, or leased for one year or more, by an employer and used to transport only his own employees.
 - (a) Private Passenger Autos—Charge rates shown on the state rate schedules for private passenger types (Class Code 5851).
 - (b) All Other Autos—Rate as a van pool—all other (Class Code 5851).
 - (2) Autos 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. Rate as public auto not otherwise classified.
- m. Social Service Agency Auto
- An auto used by a government entity, civic, charitable, or social service organization to provide transportation to clients incident to the social services sponsored by the organization, including special trips and outings.
- (1) This classification includes, for example, autos used to transport the following:
 - (a) Senior citizens or other clients to congregate meal centers, medical facilities, social functions, shopping centers
 - (b) Handicapped persons to work or rehabilitative programs
 - (c) Children to day care centers, Head Start programs
 - (d) Boy Scout or Girl Scout groups to planned activities.
 - (2) The following autos are eligible for this classification:
 - (a) Autos owned, or leased for one year or more, by the social service agency
 - (b) Autos donated to the social service agency, without a driver
 - (c) Autos hired under contract by the social service agency. This does not apply to a subcontractor or any individual that has not executed a contract with a social service agency.
 - (3) If an auto has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
 - (4) Separate codes and rating factors apply to the following:
 - (a) Employee-Operated Autos—Autos operated by employees of the social service agency. If a social service auto is also operated by volunteer drivers or other nonagency employees, use the all other classification unless 80% of the use is by agency employees.
 - (b) All Other—Autos which do not meet the requirements of paragraph (a).
 - (5) Excess liability coverage may be provided to cover autos 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 autos. For autos hired, loaned, leased, or furnished, refer to the Hired Autos Rule (Rule 17). For all other nonowned autos, refer to the Nonownership Rule (Rule 16).
- n. Public Auto not Otherwise Classified—This classification includes, but is not limited to, autos such as country club buses, cemetery buses, real estate development buses, courtesy buses run by hotels, day care facility buses, and limos with a seating capacity of nine or more.
- o. See Primary Classifications—Rating Factors and Classification Designators tables.
- E. Secondary Classifications**
- These classifications do not apply to taxicabs, limousines (except airport limousines), van pools, and zone rated autos.

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	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th Digit of Classification Code
	School Buses and Church Buses	Other Buses	
Seating Capacity of 1 to 8	.00	-.20	1
Seating Capacity of 9 to 20	+.10	-.15	2
Seating Capacity of 21 to 60	+.25	+.15	3
Seating Capacity of over 60	+.50	+.40	4
All Other—not Secondary Rated			9

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PUBLIC TRANSPORTATION

FLEET
PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Taxicabs and Limousines		Radius		
		Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
		Liability	Liability	Liability
Taxicab or Similar	Factor	1.00	1.15	1.25
Passenger Carrying Service	Code	4189	4199	4109
Limousine	Factor	.40	.45	.50
	Code	4289	4299	4209

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	Factor	1.20	1.40	1.50
	Code	618—	619—	610—
Other School Bus	Factor	1.50	1.75	1.90
	Code	628—	629—	620—
Church Bus	Factor	1.00	1.15	1.25
	Code	638—	639—	630—

Other Buses			
Urban Bus	Factor	.80	.90
	Code	518—	519—

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Airport Bus or Airport Limousine	Factor	.70	.80	1.10
	Code	528—	529—	5209
Intercity Bus	Factor	1.05	1.20	1.85
	Code	538—	539—	5309
Charter Bus	Factor	1.00	1.15	1.85
	Code	548—	549—	5409
Sightseeing Bus	Factor	.75	.85	1.65
	Code	558—	559—	5509
Trans. of Athletes and Entertainers	Factor	.45	.50	1.00
	Code	568—	569—	5609
Social Service Auto Employee-Operated	Factor	.55	.65	.95
	Code	648—	649—	6409
Social Service Auto All Other	Factor	.50	.60	.95
	Code	658—	659—	6509
Bus NOC	Factor	.55	.65	.95
	Code	588—	589—	5809

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		Liability	Liability	Liability	Liability
Employer Furnished	Factor	1.00	1.05	1.10	1.50
	Code	4111	4112	4113	4114
All Other	Factor	1.10	1.15	1.35	1.75
	Code	4121	4122	4123	4124

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**NONFLEET
PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS**

Taxicabs and Limousines		Radius		
		Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
		Liability	Liability	Liability
Taxicab or Similar Passenger Carrying Service	Factor Code	1.00 4159	1.15 4169	1.25 4179
Limousine	Factor Code	.40 4259	.45 4269	.50 4279

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	Factor Code	1.20 615—	1.40 616—	1.50 617—
Other School Bus	Factor Code	1.50 625—	1.75 626—	1.90 627—
Church Bus	Factor Code	1.00 635—	1.15 636—	1.25 637—

Other Buses			
Urban Bus	Factor Code	.80 515—	.90 516—

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Airport Bus or Airport Limousine	Factor Code	.70 525—	.80 526—	1.10 5279
Intercity Bus	Factor Code	1.05 535—	1.20 536—	1.85 5379
Charter Bus	Factor Code	1.00 545—	1.15 546—	1.85 5479
Sightseeing Bus	Factor Code	.75 555—	.85 556—	1.65 5579
Trans. of Athletes and Entertainers	Factor Code	.45 565—	.50 566—	1.00 5679
Social Service Auto Employee-Operated	Factor Code	.55 645—	.65 646—	.95 6479
Social Service Auto All Other	Factor Code	.50 655—	.60 656—	.95 6579
Bus NOC	Factor Code	.55 585—	.65 586—	.95 5879

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		Liability	Liability	Liability	Liability
Employer Furnished	Factor Code	1.00 4111	1.05 4112	1.10 4113	1.50 4114
All Other	Factor Code	1.10 4121	1.15 4122	1.35 4123	1.75 4124

**Rule 44. PREMIUM DEVELOPMENT—ZONE
RATED AUTOS**

A. This Rule applies to all public autos, other than taxis, limousines, school, church, and urban buses, or van pools, which regularly operate beyond a 200-mile radius from the street address of principal garaging.

B. ★Premium Development

1. For vehicles principally garaged in North Carolina and regularly operate beyond a 200-mile radius.

Use the long distance zone definitions in the Trucks, Tractors, and Trailers Section.

When an auto 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.

In all other situations, the zone combination is the zone of principal garaging and the zone included in the auto's operations farthest from that point.

EXAMPLES:

The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and operates in Sacramento, California (regional zone 40) and Denver, Colorado (metropolitan zone 10). The proper zone combination is 47 and 10.

The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and operates in Asheville, North Carolina (regional zone 47). The proper zone combination is 47.

The auto is principally garaged in Charlotte, North Carolina (metropolitan zone 5) and operates in Denver, Colorado (metropolitan zone 10) and Sacramento, California (regional zone 40). The proper zone combination is 5 and 40.

a. Determine the classification rating factor and class code as follows:

- (1) Determine whether the auto is classified as fleet or nonfleet according to the Public Auto Classifications Rule (Rule 43).
- (2) Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43).
- (3) Secondary rating factors do not apply.

b. Liability and Medical Payments Coverages

- (1) Determine the liability base premiums for the zone combination from the trucks, tractors, and trailers Zone Rating Table—Garaged in North Carolina.
- (2) Multiply the base premium by the primary rating factor.

c. Uninsured and Underinsured Motorists Insurance

- (1) Primary and secondary rating factors do not apply.
- (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the

Common Coverages Section of this Manual.

2. For vehicles principally garaged in states other than North Carolina and regularly operate beyond a 200-mile radius.

Use the long distance zone definitions in the Trucks, Tractors, and Trailers Section.

When an auto is principally garaged in a state other than North Carolina, only regional zones will be utilized. The zone combination is the regional zone of principal garaging and the regional zone (included in the auto's operation) farthest from that point.

EXAMPLE:

The auto is principally garaged in Charleston, South Carolina (regional zone 47) and operates in Sacramento, California (regional zone 40). The proper zone combination is 47 and 40.

a. Determine the classification rating factor and class code as follows:

- (1) Determine whether the auto is classified as fleet or nonfleet according to the Public Autos Classifications Rule (Rule 43).
- (2) Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43).
- (3) Secondary rating factors do not apply.

b. Liability Coverages and Medical Payments Coverage

- (1) Determine the base premiums for the zone combination from the trucks, tractors, and trailers Zone Rating Table—Garaged in States Other than North Carolina.
- (2) Multiply the base premium by the primary rating factor.

c. Uninsured and Underinsured Motorists Insurance

- (1) Primary and secondary rating factors do not apply.
- (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual. ❖

**Rule 45. TRANSPORTATION OF SEASONAL
OR MIGRANT FARM WORKERS BY
FARM LABOR CONTRACTORS**

A. This Rule applies only to autos of a farm labor contractor required to be registered in accordance with the Migrant And Seasonal Agricultural Worker Protection Act, 29 U.S.C.A. Section 1801 et. seq., because of the transportation of migrant workers. Use Transportation of Seasonal or Migrant Agricultural Workers Endorsement CA 24 01.

B. Passenger Hazard Included (Class Code 5926)

Multiply the nonfleet intercity bus liability base premium for the highest rated territory in which or through which

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the auto will be customarily operated for the transportation of migrant workers by .50.

C. Passenger Hazard Excluded (Class Code 5927)

Coverage for the passenger hazard may be excluded if the farm labor contractor can furnish proof to the Department of Labor that he has other means of protection for migrant workers.

Multiply the nonfleet intercity bus liability base premium by .375.

D. If a vehicle insured under this Rule is of a truck type, rate as a vehicle of 21–60 seating capacity in accordance with this Rule.

Rules 46–50. RESERVED FOR FUTURE USE

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GARAGE DEALERS SECTION

Rule 51. AUTO DEALERS—ELIGIBILITY

A. This Section applies to franchised and nonfranchised auto dealers and trailer dealers.

B. Classifications and Codes

Only one classification and code apply to a risk.

Classification	Limited Customer Coverage	Unlimited Customer Coverage
Franchised private passenger auto dealer (with or without any other type of franchise)	7301	7302
Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger auto franchise)	7311	7312
Franchised motorcycle dealer including all two-wheeled cycle vehicles (no private passenger or truck franchise)	7321	7322
Franchised recreational vehicle dealer (no private passenger, snowmobile, or residence type mobile home trailer franchise)	7331	7332
Other franchised self-propelled land motor vehicle dealer	7341	7342
Nonfranchised dealer (any risk described above that is not a franchised dealer)	7351	7352
Franchised and nonfranchised residence trailer dealers	7344	7345
Franchised and nonfranchised commercial trailer dealers	7354	7355
Equipment and implement dealer (no other franchise)	Refer to rules for general liability Insurance.	

Rule 52. AUTO DEALERS—PREMIUM DEVELOPMENT

For each location, determine the rating territory from the territory definitions based on the street address.

Compute the advance premium at inception and the earned premium as developed by audit separately for each location according to the following procedures:

A. Limited Liability Coverage for Customers

1. All Risks Other than Franchised and Nonfranchised Trailer Dealers

Multiply the rates on the state rate schedules by the total rating units determined as follows:

a. Class I—Employees Including Part-Time Employees

Multiply the number of Class I employees working an average of less than 20 hours a week for the number of weeks worked by .50 before determining the number of rating units.

(1) Determine the number of rating units by multiplying the number of these employees by 1.00:

(a) Proprietors, partners, and officers active in the business

(b) Sales persons, general managers, service managers

(c) Any employee whose principal duty involves the operation of autos or who is furnished a garage auto

(2) For all other employees, determine the number of rating units by multiplying the number of these employees by .40.

b. Class II—Nonemployees

Any individual other than a person described in Class I who is regularly furnished with a dealer's auto. If more than one person has use of the same furnished auto, count as only one operator in determining rating units. Determine the number of rating units by multiplying the number of these persons by .55.

2. Franchised and Nonfranchised Trailer Dealers

Multiply the rates in the state rate schedules by the total number of employees, then multiply the result by .45.

3. Minimum Premium

The minimum policy premium is the dealer's rate shown on the state rate schedules for the highest rated location multiplied by 2.00.

B. Unlimited Liability Coverage for Customers

1. Liability coverage may be extended to provide unlimited customer coverage.

2. Multiply the total premium developed for the limited liability by 1.25.

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C. Autos Furnished for Regular Use

Autos furnished for regular use to other than Class I or Class II operators, for example welcome wagons, or autos furnished to driver training programs. Compute the premiums for all coverages for each owned auto as follows:

1. Private passenger autos (Class Code 7877).
Charge private passenger type premiums.
2. Trucks, tractors, and trailers (Class Code 7878).
Charge the premiums developed by the applicable trucks, tractors, or trailers classification.

D. Pick Up or Delivery of Autos (Class Code 7070)

1. If the exposure for nonfranchised dealer includes the pick up or delivery of autos beyond a 50-mile radius of the limits of the city or town where operations are conducted, rate each driver per trip for such pick up or delivery operations as follows:

Per Driver Trip Rates		
Mileage	Bodily Injury \$30/60	Property Damage \$25
51–200 miles	\$3	\$1
Over 200 miles	5	2

2. The minimum premium is the private passenger types premium for the rating territory where the dealer is located.

E. Medical Payments

Use Auto Medical Payments Coverage Endorsement CA 99 03 to provide auto medical payments insurance.

Use Garage Locations And Operations Medical Payments Coverage Endorsement CA 25 05 to provide garage locations and operations medical payments insurance.

1. Proprietors and executive officers. When auto dealers are insured for liability but not auto medical payments, the following provisions apply:
 - a. A proprietor or executive officer may be afforded medical payments provided that person is included in the total number of rating units that determines the liability premium. Multiply the private passenger types medical payments premium by 2.00 for each person. Use the rating territory where the dealer is located.
 - b. Medical payments may also be afforded to the spouse of a proprietor or executive officer or relatives of either if residents of the same household. Charge the private passenger types medical payments premium for each person. Use the rating territory where the dealer is located.
2. Individual proprietors. Provide drive other car medical payments insurance at no additional charge if the dealer has auto medical payments coverage.

Use Individual Named Insured—Dealers Only Endorsement CA 99 18.

3. Auto Exposure, Garage Operations, or Combined Garage Operations and Auto Exposure

- a. Multiply the \$30,000/60,000 bodily injury liability premium by the factors from the applicable table.

- (1) Medical payments with unlimited liability coverage

Limit Codes	Medical Payments Limit per Person			
	\$500 (1)	\$750 (2)	\$1,000 (3)	\$2,000 (4)
Auto (a)	.094	.100	.108	.127
Gar. Operations (b)	.023	.025	.027	.029
Combined (c)	.117	.125	.136	.157

- (2) Medical payments with limited liability coverage

Limit Codes	Medical Payments Limit per Person			
	\$500 (1)	\$750 (2)	\$1,000 (3)	\$2,000 (4)
Auto (a)	.098	.105	.115	.134
Gar. Operations (b)	.025	.027	.029	.031
Combined (c)	.124	.131	.144	.165

For the purpose of paragraphs 3.a.(1) and 3.a.(2) above, the rating categories are as follows:

- (a) Auto medical payments only
- (b) Garage operations medical payments only
- (c) Combined garage operations and auto medical payments
 - b. When the bodily injury liability limits are other than \$30,000/60,000, compute the medical payments factor as follows:

$$\frac{\text{Medical payments percentage for } \$30,000/60,000 \text{ limit}}{\text{Applicable factor for increased limit}} \div$$

F. Uninsured Motorists Insurance

Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

Rule 53. AUTO DEALERS—ADDITIONAL PROVISIONS

A. \$100 Deductible for Completed Operations (Class code 7072)

To eliminate the \$100 deductible that applies to property damage to autos arising out of work completed by the named insured, charge an additional .10 of the property damage liability premium.

Use \$100 Dollar Deductible For Completed Operations Does Not Apply Endorsement CA 03 03.

The minimum premium is \$20 (Class Code 7072).

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B. Broad Form Products (Class Code 7070)

The exclusion relating to property damage to the named insured's products may be eliminated subject to a \$250 deductible per accident. Multiply the property damage liability premium by .10.

Use Broad Form Products Coverage Endorsement CA 25 01.

C. Pollution Exclusion—Garages

A Garage Policy may be endorsed to exclude bodily injury or property damage arising out of any discharge of

pollutants with the exception of bodily injury or property damage arising out of the ownership, maintenance, or use of covered autos and certain off-premises discharges.

When Endorsement CA 25 16 is attached, document company files showing that the Endorsement is needed for the particular risk. Give the insured written notice of coverage change at least 15 days prior to the effective date of the renewal, with a copy to the agent. Do not attach the Endorsement midterm.

AUTO DEALERS SECTION

Rule 54. AUTO DEALERS—ELIGIBILITY

A. Eligibility

1. This Rule applies to franchised and nonfranchised auto dealers and trailer dealers. For details of coverage, refer to Auto Dealers Coverage Form CA 00 25.
2. You must attach the following endorsements to the policy:
 - a. Exclusion—Damage To Rented Premises Endorsement **CA 25 50**
 - b. Exclusion—Newly Acquired Or Formed Auto Dealership Endorsement **CA 25 53**
 - c. Exclusion—Personal And Advertising Injury Liability Coverage Endorsement **CA 25 54**
3. Acts, errors or omissions liability coverages premiums cannot be ceded to the North Carolina Reinsurance Facility.

B. Classifications and Codes

Only one classification and code applies to a risk:

Classification	Full Covered Autos Liability Limit for Customers Coverage	Without Full Covered Autos Liability Limit for Customers Coverage
Franchised private passenger auto dealer (with or without any other type of franchise)	7304	7305
Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger auto franchise)	7314	7315
Franchised motorcycle dealer including all two-wheeled cycle vehicles (no private passenger or truck franchise)	7324	7325

Classification	Full Covered Autos Liability Limit for Customers Coverage	Without Full Covered Autos Liability Limit for Customers Coverage
Franchised recreational vehicle dealer (no private passenger, snowmobile, or residence type mobile home trailer franchise)	7334	7335
Other franchised self-propelled land motor vehicle dealer	7347	7348
Nonfranchised dealer (any risk described above that is not a franchised dealer)	7357	7358
Franchised and non-franchised residence trailer dealers	7361	7362
Franchised and non-franchised commercial trailer dealers	7363	7364
Equipment and implement dealer (no other franchise)	7365	7366

Rule 55. AUTO DEALERS—PREMIUM DEVELOPMENT FOR COMMON COVERAGES

Determine the rating territory from the territory definitions based on the street address for each location.

Compute the advance premium at inception and the earned premium as developed by audit separately for each location according to the following rating procedures applicable to coverage offered under the Auto Dealers Coverage Form CA 00 25.

Where the rules applicable to auto dealers refer to base premiums, this consists of the rates shown on the state rate

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schedules as modified by the rating procedures described in the following paragraphs.

A. Rating Unit Determination

1. All Risks Other than Franchised and Nonfranchised Trailer Dealers

Add the results of paragraphs A.1.a and A.1.b to determine the total number of rating units.

a. Class I—Employees

Class I rating units include individuals employed by the auto dealership. Do not include any employees whose principal duty is regularly operating tow trucks which are rated on a specified auto basis.

(1) Determine the number of the following employees:

- (a) Proprietors, partners, and officers active in the business
- (b) Salespersons, general managers, service managers
- (c) Any employee whose principal duty involves the operation of autos or who is furnished a covered auto

(2) Multiply the number of these employees working an average of at least 20 hours or more a week by the following factor:

Factor

1.00

(3) Multiply the number of these employees working an average of less than 20 hours a week by the following factor:

Factor

.50

(4) Determine the number of all other employees not included in paragraph (1).

(5) Multiply the number of these employees working an average of at least 20 hours a week by the following factor:

Factor

.40

(6) Multiply the number of all other employees working an average of less than 20 hours a week by the following factor:

Factor

.20

(7) Add the result of paragraphs A.1.a.(2) through (6) to determine the number of Class I risks.

b. Class II—Nonemployees

(1) Class II rating units include any of the following persons who are regularly furnished with a covered auto:

- (a) Proprietors, partners, and officers who are not active in the business
- (b) Family members of an employee
- (c) Family members of an inactive proprietor, partner, and officer

(2) Multiply each individual by the factor in the following table and add the results. If more than one person has use of the same furnished auto, count as only one operator in determining rating units.

Factor

.55

2. Franchised and Nonfranchised Trailer Dealers

Determine the number of rating units by multiplying the total number of employees by the following factor:

Factor

.45

B. Specified Auto Basis

All Coverages

1. Autos Regularly Operated By Class I or Class II Operators

Noninventory vehicles, including tow trucks, regularly operated by Class I or Class II operators may be classified and rated on a specified auto basis. If an employee is furnished an auto for regular use, that employee should also be included in the rating units unless otherwise specified.

2. Autos Furnished for Regular Use to Other than Class I or Class II Operators

Autos furnished for regular use to other than Class I or Class II operators may be classified and rated on a specified auto basis. Such autos may include autos furnished to driver training programs or autos exclusively loaned to customers, without charge, on a temporary basis while the customers' autos are being serviced or repaired.

3. Specified Auto Basis Premium Development

Compute the premiums for all coverages for each specified auto as follows:

- a. Private Passenger Autos (Class Code 7877)
Charge private passenger type premiums.
- b. Trucks, Tractors, and Trailers (Class Code 7878)
Charge the premiums developed by the applicable trucks, tractors, and trailers classification.

C. Liability Coverage

1. Base Premium Computation

- a. Determine the applicable base rate.
- b. Multiply the base rate by the applicable factor in the following table:

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Factor	
Franchised and Nonfranchised Auto Dealers	1.00
Franchised and Nonfranchised Trailer Dealers	1.00
Equipment and Implement Dealers	.70

- c. Apply the procedures in Rule 22 for increased liability limits. Apply the procedures in Rule 23 for liability deductibles.
- d. Auto Dealers Coverage Form CA 00 25 provides coverage for customers up to the compulsory or financial responsibility law limits under certain conditions. Liability coverage may be extended to provide the full covered autos liability limit for customers by attaching Full Covered Autos Liability Limit For Customers Endorsement CA 25 15. Multiply the liability premium developed in the preceding paragraph by the following factor:

Factor
1.25

2. Minimum Premium

The liability minimum premium is the auto dealers liability rate shown on the rate schedules for the highest rated location multiplied by the following factor:

Factor
2.00

D. Pick Up or Delivery of Autos (Class Code 7070)

- 1. If the exposure for nonfranchised dealer includes the pick up or delivery of autos beyond a 50-mile radius of the limits of the city or town where operations are conducted, rate each driver per trip for such pick up or delivery operations as follows:

Liability Rate per Driver, per Trip

Mileage	Bodily Injury \$30/60	Property Damage \$25
	51–200 Miles	\$3
Over 200 Miles	5	2

- 2. The minimum premium is the private passenger type premium for the rating territory where the auto dealer is located.

E. Medical Payments

1. Coverage Options

- a. The Auto Dealers Coverage Form includes auto dealers locations and operations medical payments coverage. To exclude auto dealers locations and operations medical payments coverage, use Exclusion—Locations And Operations Medical Payments Endorsement CA 25 52.
- b. Use Auto Medical Payments Coverage Endorsement CA 99 03 to provide auto medical payments coverage.

2. Premium Development

- a. For each of the coverages described in paragraph E.1 that are provided, multiply the liability rate shown on the rate schedules by the applicable factor from the following table:

	Medical Payments Limit per Person			
	\$500	\$1,000	\$2,000	\$5,000
Auto	.098	.105	.115	.134
Locations and Operations	.025	.027	.029	.031

- b. Multiply the result by the applicable factor in the following table:

Factor	
Franchised and Nonfranchised Auto Dealers	1.00
Franchised and Nonfranchised Trailer Dealers	1.00
Equipment and Implement Dealers	.70

F. Uninsured Motorists Insurance

Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

G. Pollution Exclusions—Auto Dealers

An Auto Dealers policy may be endorsed to exclude bodily injury or property damage arising out of any discharge of pollutants with the exception of bodily injury or property damage arising out of the ownership, maintenance, or use of covered autos and certain off-premises discharges.

When Auto Dealers Coverage Form—General Liability Coverages—Total Pollution Exclusion Endorsement CA 25 16 is attached, document company files showing that the endorsement is needed for the particular risk. Give the insured written notice of coverage change at least 15 days prior to the effective date of the renewal, with a copy to the agent. Do not attach the endorsement midterm.

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Rule 56. ELIGIBILITY

This Section applies to all autos that are not classified and rated in the other Sections.

Rule 57. PREMIUM DEVELOPMENT

A. Rating Territory

Determine the rating territory from the territory definitions based on the street address of principal garaging unless otherwise provided in this Section.

B. Liability

See specific rating instructions for each classification in this Section.

C. Medical Payments

1. Refer to specific rules in this Section. If no premium or procedures to determine medical payments are shown, determine premiums as follows:
2. If liability premiums are developed from truck, tractor, and trailer premiums, charge truck, tractor, and trailer medical payments premiums.
3. If liability premiums are developed from private passenger types premiums, charge private passenger medical payments premiums.

D. Uninsured and Underinsured Motorists Insurance

Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in this Manual.

E. Trucks, Tractors, and Trailers Base Premiums

Where the rules in this Section refer to trucks, tractors, and trailers base premiums it means the \$30,000/60,000 bodily injury and \$25,000 property damage fleet and non-fleet base premiums on the rate schedules. For limits higher than \$30,000/60,000 bodily injury and \$25,000 property damage, use the increased liability limits table that applies to all other risks.

Rule 58. AMBULANCE SERVICES

A. Eligibility

1. This Rule applies to autos used for rescue or ambulance corps operations.
2. One of the following endorsements must be attached to the policy:
 - a. Emergency Services—Volunteer Firefighters' And Workers' Injuries Excluded Endorsement CA 20 30 which excludes coverage for bodily injury to any fellow volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; or
 - b. Emergency Services—Volunteer Firefighters' And Workers' Injuries Limited Exclusion Endorsement CA 20 07 which
 - (1) excludes coverage for bodily injury to any volunteer workers of the insured while such

volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; and

- (2) provides coverage for bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations.

3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional services. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation (Class Code 7913)

1. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 2.50.
2. When Endorsement CA 20 07 is attached, determine the additional premium by multiplying the liability premium developed in paragraph B.1 for each auto which is owned by the named insured and used by volunteer workers engaged in volunteer firefighting, rescue squad, or ambulance corps operations by .25.

Rule 59. AMPHIBIOUS EQUIPMENT

A. Application

For autos designed to operate on both land and water, rate as land autos according to their use. The policy must exclude coverage while the auto is being launched into, used on, or beached from the water. Use Amphibious Vehicles Endorsement CA 23 97.

B. Premium Determination

Classify and rate each amphibious vehicle according to its land use.

Rule 60. ANTIQUE AUTOS (CLASS CODE 9620)

A. Eligibility

This Rule applies to autos that are 25 years old or more; and maintained primarily for use in exhibitions, club activities, parades, and other functions of public interest; and occasionally used for other purposes.

B. Premium Computation

Liability: Multiply the private passenger types rates by .25 regardless of the type of auto.

Rule 61. AUTO BODY MANUFACTURERS AND INSTALLERS (CLASS CODE 7924)

A. Application

An auto body or trailer manufacturer may be insured for the testing or delivery of autos it manufactures, assembles, rebuilds, or repairs.

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B. Premium Computation

1. Compute the premium for owned autos, hired autos, and employers nonownership liability in the usual manner.
2. Compute the premium for the factory testing hazard by multiplying the appropriate fleet or nonfleet trucks, tractors, or trailers base premium for each employee engaged in these operations by 2.00.

Rule 62. DRIVER TRAINING PROGRAMS (EDUCATIONAL INSTITUTIONS AND COMMERCIAL DRIVING SCHOOLS) AND AUTO REPAIR TRAINING

A. Driver Training Programs—Educational Institutions (Class Code 7926)

1. Eligibility
This Rule applies to private passenger autos used for driver training as part of a school curriculum.
2. Premium Computation
 - a. Liability Coverages
 - (1) For autos equipped with dual controls, multiply the private passenger types rates by .75. There must be dual brakes to qualify as dual control.
 - (2) For autos not equipped with dual controls, multiply the private passenger types rates by 1.50.
 - b. All Other Coverages. Charge private passenger types rates.
3. A policy covering autos used by schools in driver training programs may be written on an annual term for liability coverages with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays, or holidays or for any other periods of lay-up during the school term.

B. Commercial Driving Schools (Class Code 7927)

1. Eligibility
This Section applies to autos used by driving schools to give driving instruction. Use Driving Schools Endorsement CA 20 06.
2. Premium Computation
 - a. Owned Private Passenger Autos
 - (1) Liability Coverages
 - (a) For autos equipped with dual controls, charge the private passenger types rates. There must be dual brakes to qualify as dual controls.
 - (b) For autos not equipped with dual controls, multiply the private passenger types rates by 2.00.
 - (2) All Other Coverages. Charge private passenger types rates.

b. Owned Trucks, Tractors, and Trailers

- (1) Liability Coverages
 - (a) For autos equipped with dual controls, multiply the truck, tractor, and trailer rates by 2.00. There must be dual brakes to qualify as dual controls.
 - (b) For autos not equipped with dual controls, multiply the truck, tractor, and trailer rates by 4.00.
 - (2) All Other Coverages. Charge the truck, tractor, and trailer rates.
- c. All Other Types of Owned Autos.
Refer to company for rating.

C. Nonowned Autos

1. The policy must cover the driving instructors and their students.
2. Premium Computation
Charge the private passenger types or the truck, tractor, and trailer rates for each instructor in excess of the number of owned autos.

D. Autos Repair Training

For autos used by schools in auto repair training, the rules and rates for owned autos, hired autos, and employers nonownership liability apply.

Rule 63. DRIVE-AWAY CONTRACTORS (CLASS CODE 7923)

A. Application

A person, firm, or corporation which drives away autos under their own power for factories or auto dealers may be insured for the operation of such autos. Use Drive-Away Contractors Endorsement CA 20 05.

B. Premium Computation

1. For each set of registration plates not issued for attachment to a specific auto, multiply the private passenger types premium in the highest rated territory in which or through which each auto is driven by 2.00.
2. Exception: Each set of plates assigned by the insured for exclusive use with a specific auto shall be rated in accordance with the regular use of the auto.

Rule 64. FIRE DEPARTMENTS

A. Eligibility

1. This Rule applies to autos used for firefighting purposes.
2. One of the following endorsements must be attached to the policy:
 - a. Emergency Services—Volunteer Firefighters' And Workers' Injuries Excluded Endorsement CA 20 30 which excludes coverage for bodily injury to any volunteer workers of the insured and bodily injury to any fellow volunteer workers

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of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; or

b. **Emergency Services—Volunteer Firefighters' And Workers' Injuries Limited Exclusion Endorsement CA 20 07** which

(1) excludes coverage for bodily injury to any volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; and

(2) provides coverage for bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations.

3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional services. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation (Class Code 7913)

1. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 1.60.
2. For private passenger autos, charge the private passenger types rates.
3. For trailer types, classify and rate according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
4. When Endorsement CA 20 07 is attached, determine the additional premium by multiplying the liability premium developed in paragraphs B.1 and B.2 for each auto which is owned by the named insured and used by volunteer workers engaged in volunteer firefighting, rescue squad, or ambulance corps operations by .25.

Rule 65. FUNERAL DIRECTORS

A. Eligibility

1. This Rule applies to autos owned or used by a funeral director.
2. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation

1. Limousines (Class Code 7915)
Liability and Medical Payments Coverages. Multiply the private passenger types rates by .90.
2. Hearses and Flower Cars (Class Code 7922)
Liability and Medical Payments Coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by .90.

3. Combination Hearses and Ambulances

Classify and rate the auto according to the Ambulance Services Rule (Rule 58).

4. Autos Used for Other Purposes

Classify and rate the auto according to its regular use.

C. Medical Payments Coverage for Hired and Nonowned Autos

1. Medical payments coverage may be provided for hired and nonowned autos.

2. Premium Computation

Multiply the total medical payments premium for all owned autos (whether or not all owned autos are insured for medical payments) by .50.

Rule 66. LAW ENFORCEMENT AGENCIES

A. Eligibility

1. This Rule applies to autos used by government law enforcement agencies or police departments.

2. One of the following endorsements must be attached to the policy:

a. **Emergency Services—Volunteer Firefighters' and Workers' Injuries Excluded Endorsement CA 20 30** which excludes coverage for bodily injury to any volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; or

b. **Emergency Services—Volunteer Firefighters' And Workers' Injuries Limited Exclusion Endorsement CA 20 07** which

(1) excludes coverage for bodily injury to any volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; and

(2) provides coverage for bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations.

3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional services. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation (Class Code 7913)

1. Multiply the private passenger autos base premium by 1.60.
2. For motorcycles, charge according to the motorcycles rule (Rule 69) in this Section.
3. For trailer types, classify and rate according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

SPECIAL TYPES AND OPERATIONS

4. When Endorsement CA 20 07 is attached, determine the additional premium by multiplying the liability premium developed in paragraphs B.1, B.2, and B.3 for each auto which is owned by the named insured and used by volunteer workers engaged in volunteer firefighting, rescue squad, or ambulance corps operations by .25.

Rule 67. LEASING OR RENTAL CONCERNS

A. Eligibility

1. This Rule applies to risks which lease or rent autos to others without drivers. For autos leased or rented with drivers, refer to the Truckers/Motor Carriers Rule (Rule 34) or the Public Auto Classifications Rule (Rule 43).
2. Trucks, tractors, or trailers leased or rented by the concern to truckers and buses leased or rented by the concern to bus risks. In rating such vehicles, consideration must be given to insurance required to be provided by truckers and public passenger carriers and the exposure to be developed by the leasing or rental concern which will not be covered by such insurance.

B. Premium Computation

1. When computing the premiums, use the territory where the auto is principally garaged.
2. Specified Car Basis
 - a. Long Term—Autos Leased for Six Months or More
 - (1) Full Coverage for Owner and Lessee
Rate the auto at the classification rates in this Manual that apply to the lessee.
 - (2) Contingent Coverage (Class Code 7219)
Use Leasing Or Rental Concerns—Contingent Coverage Endorsement CA 20 09 to provide liability coverage if insurance covering the leasing concern on a direct primary basis is provided by the lessee. Multiply the classification rates in this Manual that apply to the lessee by .05.
 - b. Short Term and Irregular Term—Autos Rented By the Hour, Day, Week, or Month But Less than a Year
 - (1) Trucks, Tractors, or Trailers
Multiply the trucks, tractors, and trailers base premiums by the following factors:

	Liability	Code
Trucks	4.00	7211
Tractors	5.00	7212
Trailers, Semitrailers, and Service Trailers	.25	7213
 - (2) Private Passenger Autos (Class Code 7214)
For liability, multiply the private passenger types rates by 3.00.

- (3) Special Types (Class Code 7216).
 - (a) For motorcycles, motorbikes, and other similar motor vehicles, multiply the rates developed in the Motorcycles Rule (Rule 69) by 4.00.
 - (b) For snowmobiles and other similar vehicles designed for travel over ice and snow and used primarily off public roads, multiply the rates developed in the Motorcycles Rule (Rule 69) by 4.00.
- (4) Nondealers Garage Risks—Customer Rental (Class Code 7216)
For private passenger autos rented to customers while their autos are temporarily left with named insured for service, repair or sale, charge the private passenger types rates.
- (5) Motor Homes (Class Code 7215)
Multiply the rates developed in the Mobile Homes Rule (Rule 68) by 2.00.
- (6) Rent-It-There/Leave-It-Here Autos
Use Leasing Or Rental Concerns—Rent-It-There/Leave-It-Here Autos Endorsement CA 20 12 to exclude coverage for the owner or rentee of any rent-it-there/leave-it-here auto not owned by the named insured.

Rule 68. MOBILE HOMES

A. Trailers (Class Code 7963)

1. Mobile home trailers equipped as living quarters (including cooking, dining, plumbing, or refrigeration facilities), other than recreational or camper types designed for use with a private passenger auto.
 - a. Liability. Multiply the appropriate fleet or non-fleet trucks, tractors, and trailers base premium by .40.
 - b. Medical payments. Charge the trucks, tractors, and trailers premiums.
2. Mobile home trailers designed for use with a private passenger auto if used with another type auto.
 - a. Liability. Multiply the appropriate fleet or non-fleet trucks, tractors, and trailers base premium by .40.
 - b. Medical payments. Charge the trucks, tractors, and trailers premiums.

B. Motor Homes (Class Code 7957)

1. Self-propelled autos equipped as living quarters (including cooking, dining, plumbing, or refrigeration facilities).
2. Bodily Injury and Property Damage Liability—Charge 65% of the rates for private passenger types.
3. Medical Payments—Use rates for private passenger types.

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C. Toter Homes (Class Code 7973)

1. A toter home is a motor home built around a semi-truck chassis with the ability to tow or carry a vehicle, boat, trailer, etc. and has a GCW greater than 20,001 lbs.
2. Bodily Injury and Property Damage Liability—Based upon the GCW, multiply the appropriate heavy or extra heavy Trucks, Tractors, Trailers base rate from the state rate pages by the appropriate increased limits factor. Then multiply the result by 2.6. After determining the otherwise applicable rate, multiply the result by .75.
3. Medical Payments—Use the rates for trucks, tractors, and trailers.

D. Camper Bodies

1. Pickup trucks used solely in connection with and to transport a camper body or other similar living quarters.

All coverages—Rate as a motor home.
2. Pickups used to transport a portable camper body or similar living quarters but also used for other purposes.

Bodily Injury and Property Damage Liability and Medical Payments—Rate according to the otherwise regular use of the pickup truck.

2. Uninsured and Underinsured Motorists

Refer to the Uninsured and Underinsured Motorists Insurance Rule ([Rule 20](#)) in this Manual.

C. Golfmobiles and Snowmobiles

1. Golfmobiles (Class Code 9460)

Liability and Medical Payments Coverages: Multiply the private passenger types rates by a factor of 0.29.
2. Snowmobiles (Class Code 7964). Use Snowmobiles Endorsement CA 20 21.
 - a. Bodily Injury Liability
 - (1) Bodily Injury (excluding the passenger hazard): Multiply the private passenger types rates by a factor of 0.29.
 - (2) Bodily Injury (including the passenger hazard): Multiply the excluding the passenger hazard rates determined in paragraph C.2.a.(1) above by a factor of 3.00.
 - b. Property Damage Liability: Multiply the private passenger types rates by a factor of 0.29.
 - c. Uninsured and Underinsured Motorists Coverage: Charge rates as shown in the Uninsured and Underinsured Motorists Insurance Rule ([Rule 20](#)).
 - d. Medical Payments: Charge \$10, \$500 limit per person.
 - e. For (1) vehicles of this type which are used as a public or livery conveyance for passengers, and (2) for propeller-driven equipment, refer to company for rating.

Rule 69. MOTORCYCLES, GOLFMOBILES, AND SNOWMOBILES

A. Eligibility

1. This Rule applies to fleet motorcycles, motorscooters, motorbikes, and any other similar autos used for commercial purposes. Refer to paragraph B below for rating.

For nonfleet motorcycles, refer to the Personal Auto Manual.
2. This Rule also applies to fleet golfmobiles and snowmobiles. It also applies to nonfleet golfmobiles and snowmobiles used for commercial purposes, including electric powered versions of these vehicles, that are licensed for road use. Refer to paragraph C below for rating.
3. All premiums apply for the period of coverage. If the insured cancels, do not return premium.

B. Motorcycle Premium Computation (Class Code 7942)

1. Liability Factors

Based on the size of the engine in cubic centimeters, multiply the private passenger types rates by the following factors:

Size of Engine In cubic centimeters	Factor
0–100cc	.29
101–200	.38
201–360	.59
361–500	.65
501–800	.76
Over 800cc	.85

Rule 70. REGISTRATION PLATES NOT ISSUED FOR A SPECIFIC AUTO (CLASS CODE 7929)

A. Eligibility

1. This Rule applies to risks other than auto dealers which possess registration plates not issued for attachment to a specific auto. Use Registration Plates Not Issued For A Specific Auto Endorsement CA 20 27.
2. A set of plates is the number of plates required to legally operate an auto on public roads.

B. Premium Computation

1. For each set of plates, multiply the private passenger types rates by 2.00.
2. Rate each set of plates assigned by the insured for exclusive use with a specific auto according to the regular use of the auto.

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**Rule 71. REPOSSESSED AUTOS—
FINANCE COMPANIES AND
BANKS (CLASS CODE 7925)**

A. Eligibility

1. This Rule does not apply to autos that finance companies and banks own or operate for their own business or pleasure purposes. Insure such autos according to the regular use of the auto.
2. If a finance company is owned and operated by an auto sales agency, refer to Garage Section.
3. In all other cases, auto finance companies and banks may be insured for the repossession and use in connection with reselling financed autos. Use Repossessed Autos Endorsement CA 20 19.

B. Premium Computation

The premium for this coverage shall be determined as follows:

1. The rate per car repossessed shall be the rate shown on the rate schedules for private passenger types for the territory in which the principal office of the risk is located, divided by 200.
2. The advance premium shall be determined by applying the rate per car repossessed to the estimated number of cars repossessed annually.
3. The earned premium shall be determined at the rates in force at the inception of the policy on the basis of the total number of cars repossessed during the policy period.
4. The minimum premium shall be 25% of the private passenger types rates shown on the rate schedules for the territory in which the principal office of the risk is located. For banks, if the same company insures all owned autos, all repossessed autos, hired autos, and the employers nonownership liability of such risks, a minimum premium of \$14 bodily injury, \$30,000/60,000 limits, and \$6 property damage, \$25,000 limit, applies on a combined basis for the repossessed autos, hired autos, and employers nonownership liability exposures.

Rule 72. SPECIAL OR MOBILE EQUIPMENT

A. Eligibility

This Rule applies to vehicles fitting into any of the following categories:

1. Specialized equipment such as bulldozers, power shovels, road rollers, graders or scrapers, cranes, street sweepers or other cleaners, diggers, forklifts, pumps, generators, air compressors, drills, and other similar equipment.
2. Vehicles maintained solely to provide mobility for permanently attached specialized equipment.
3. Vehicles not required to be licensed.
4. Autos used solely on the named insured's premises or that part of the roads or other accesses that adjoin the premises.

B. Premium Computation

1. Refer to manuals of general liability insurance.
2. For land motor vehicles (Class Code 7906) other than farm equipment not eligible for general liability insurance, charge the appropriate fleet or nonfleet trucks, tractors, and trailers base premiums.

**Rule 73. AUTOS HELD FOR SALE BY
SERVICE OPERATIONS**

Liability

Refer to the Nonownership Liability Rule (Rule 16).

**Rules 74–90. ★RESERVED FOR FUTURE
USE♣**

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NOTES

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**Rule 91. RETROSPECTIVE RATING PLAN
D—REINSURANCE FACILITY
RISKS**

Retrospective Rating Plan D is not to be used in rating risks ceded to the North Carolina Reinsurance Facility.

**Rule 92. RATING PROCEDURES—
REINSURANCE FACILITY RISKS**

Gross receipts and mileage basis rating procedures and the Composite Rating Plan are not to be used in rating risks ceded to the North Carolina Reinsurance Facility.

Rule 93. ★RESERVED FOR FUTURE USE❖

**Rule 94. RULE FOR RATING SINGLE LIMIT
COVERAGES**

The premium for a single limit per occurrence shall be calculated as follows:

- A. Apply a single discount of 3% to both the bodily injury and the property damage normal factors for separate limits equal to the desired single limit.
- B. Calculate the separate bodily injury and property damage premiums, the sum of which is the combined premium.

Example: Single Limit of \$50,000

(1)	(2)	(3)	(4)	(5)	(6)
Coverage	Basic Limits Premium (Rate)	Normal Factors For Separate Limits	Discount Factor	Factor (3) x [100 - (4)]	Increased Premium (2) x (5)
BI	\$620	1.48	3.0%	1.48 x .97 = 1.44	\$ 892.80
PD	380	1.25	3.0	1.25 x .97 = 1.21	459.80
					\$1,352.60

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TERRITORIES SECTION

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TERRITORY DEFINITIONS

			Territory Code				Territory Code
ALAMANCE COUNTY See Burlington—Graham and Remainder of State.							
ASHEVILLE territory comprises the entire city of Asheville and all territory in Buncombe County included in the townships of Asheville, Limestone, and Lower Hominy, including all of the following towns, cities or places.....				011			
Acton	Craggy	New Bridge					
Arden	Emma	Oakley					
Asheville School	Enka	Oteen					
Biltmore Forest	Haw Creek	Shiloh					
Boswell	Hominy	Skyland					
Buena Vista	Luthers	Woodfin					
Busbee							
BEAUFORT COUNTY territory comprises all territory in Beaufort County				023			
BERTIE COUNTY territory comprises all territory in Bertie County.....				023			
BLADEN COUNTY territory comprises all territory in Bladen County.....				023			
BRUNSWICK COUNTY territory comprises all territory in Brunswick County not included in Wilmington territory.....				023			
BUNCOMBE COUNTY territory comprises all territory in Buncombe County not included in Asheville territory				022			
BURLINGTON—GRAHAM territory comprises the entire city of Burlington, the entire town of Graham, all territory in Alamance County included in Townships 3 (Boon Station), 6 (Graham), 10 (Melville), 12 (Burlington), and 13 (Haw River), the entire town of Mebane in Alamance and Orange Counties, and including all of the following towns, cities, or places.....				022			
Elon College	Haw River	Lake Latham					
Gibsonville	Kirkpatrick	Ossipee					
Glen Raven	Heights	Richmond Hill					
CABARRUS COUNTY See Concord-Kannapolis—Salisbury and Remainder of State.							
CAMDEN COUNTY territory comprises all territory in Camden County				023			
CAMP LEJEUNE territory comprises all territory in the Camp LeJeune Marine Base.....				019			
CARTERET COUNTY territory comprises all territory in Carteret County.....				023			
CHARLOTTE territory comprises the entire city of Charlotte and all territory in Mecklenburg County included in Townships 1 (Charlotte), 2 (Berryhill), 4 (Sharon), 7 (Crab Orchard), 8 (Mallard Creek), 11 (Long Creek), and 12 (Paw Creek), including all of the following towns, cities, or places.....				012			
Alexanders Store	Griffith	Oakhurst					
Carson	Hahn	Paw Creek					
Chadwick—	Hickory Grove	Pinoca					
Hoskins Mills	Homestead	Ridgeview					
Croft	Hutchinson	Selwyn Park					
Derita	Newell	Thrift					
CHERRY POINT territory comprises all territory in the Cherry Point Marine Air Base.....				019			
CHOWAN COUNTY territory comprises all territory in Chowan County				023			
COLUMBUS COUNTY territory comprises all territory in Columbus County				023			
CONCORD—KANNAPOLIS—SALISBURY territory comprises the entire cities of Concord, Kannapolis, and Salisbury, all territory in Cabarrus County included in Townships 1 (Rocky River) 2 (Poplar Tent), 4 (Kannapolis), 5 (Mount Gilead), 11 (Baptist Church), and 12 (Concord), and all territory in Rowan County included in the townships of China Grove, Franklin, Litaka, and Salisbury, including all of the following towns, cities, or places				022			
Brown—Norcott	Franklin	Pioneer Mills					
Mills	Glass	Roberta Mills					
China Grove	Harrisburg	Rocky Ridge					
Cooks Crossing	Jackson Park	Rocky River					
East Spencer	Landis	South River					
Faggarts	Majolica	Spencer					
Crossroads	Mount Gilead	Yadkin Junction					
Faith	Pharrs Mill	Yost					
Craven County territory comprises all territory in Craven County not included in Cherry Point territory.....				023			
CUMBERLAND COUNTY territory comprises all territory in Cumberland County not included in Fayetteville or Fort Bragg territories				023			
CURRITUCK COUNTY territory comprises all territory in Currituck County				023			
DARE COUNTY territory comprises all territory in Dare County				023			
DAVIDSON COUNTY See Lexington—Thomasville and Remainder of State.							
DUPLIN COUNTY territory comprises all territory in Duplin County				023			
DURHAM territory comprises the entire city of Durham and all territory in Durham County included in the townships of Durham, Oak Grove, and Patterson, including all of the following towns, cities, or places				013			
Bethesda	Gorman	North Durham					
Bilboa	Hope Valley	Oak Grove					
Few	Joyland	Redwood					
DURHAM COUNTY territory comprises all territory in Durham County not included in Durham territory				022			
EDGECOMBE COUNTY territory comprises all territory in Edgecombe County not included in Rocky Mount territory.....				023			

Note: Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

FAYETTEVILLE territory comprises the entire city of Fayetteville and all territory in Cumberland County included in the townships of Carvers Creek, Cross Creek, Eastover, Manchester, Pearces Mill, Rockfish, and Seventy First not included in Fort Bragg territory, including all of the following towns, cities, or places020

Beard	Lakedale	Shaws
Bonnie Doone	Linden	Slocomb
Clifdale	Manchester	South Fayetteville
Cumberland	Milan	Spring Lake
Fenix	Myrtle Hill	Tokay
Gardners Chapel	Ownes	Victory
Hope Mills	Roslin	Wade

FORSYTH COUNTY territory comprises all territory in Forsyth County not included in Winston Salem territory...022

FORT BRAGG territory comprises all territory in the Fort Bragg Military Reservation in Cumberland and Hoke Counties019

FRANKLIN COUNTY territory comprises all territory in Franklin County023

GASTON COUNTY See Gastonia and Remainder of State.

GASTONIA territory comprises the entire city of Gastonia and all territory in Gaston County included in the townships of Crowder Mountain, Dallas, Gastonia, River Bend, and South Point including all of the following towns, cities, or places022

Abbey	Duke Power Village	Mount View
Alexis	East Gastonia	North Belmont
Arlington	Goshen	Ragan
Beattie	Groves	Ranlo
Belmont	Hardins	Ridge
Bessemer City	High Shoals	Smyre
Boogertown	Lowell	South Gastonia
Convent	Lucia	Spencer Mountain
Cramerton	McAdenville	Stanley
Crowders	Mountain Island	Victory
Dallas	Mount Holley	

GATES COUNTY territory comprises all territory in Gates County023

GOLDSBORO territory comprises the entire city of Goldsboro and all territory in Wayne County included in Goldsboro township021

GREENE COUNTY territory comprises all territory in Greene County023

GREENSBORO—HAMILTON LAKES territory comprises the entire city of Greensboro, the entire town of Hamilton Lakes, and all territory in Guilford County included in the townships of Morehead and Gilmer, including all of the following towns, cities, or places014

Battle Bround	Four Mile	Hill Top
Bessemer	Hamtown	Pomona

GREENVILLE territory comprises the entire town of Greenville and all territory in Pitt County included in Greenville township, including the following towns, cities, or places021

House	James Mill	Staton
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GUILFORD COUNTY territory comprises all territory in Guilford County not included in either Greensboro—Hamilton Lakes territory or High Point territory022

HALIFAX COUNTY territory comprises all territory in Halifax County023

HARNETT COUNTY territory comprises all territory in Harnett County023

HERTFORD COUNTY territory comprises all territory in Hertford County023

HIGH POINT territory comprises the entire city of High Point, the town of Westend, and all territory in Guilford County included in High Point township015

HOKE COUNTY territory comprises all territory in Hoke County not included in Fort Bragg territory023

HYDE COUNTY territory comprises all territory in Hyde County023

JOHNSTON COUNTY territory comprises all territory in Johnston County023

JONES COUNTY territory comprises all territory in Jones County023

KINSTON territory comprises the entire of city of Kinston and all territory in Lenoir County included in Kinston Township, including the following towns, cities, and places021

Georgetown	Hines Junction
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LENOIR COUNTY territory comprises all territory in Lenoir County not included in Kinston territory023

LEXINGTON—THOMASVILLE territory comprises the entire cities of Lexington and Thomasville, all territory in Davidson County included in the townships of Lexington and Thomasville, and all territory in Randolph County included in Trinity township, including all of the following towns, cities, or places022

Archdale	Fraziers	Trinity
Arnold	Glen Anna Lake	Welcome
Cedar Lodge		

MARTIN COUNTY territory comprises all territory in Martin County023

MECKLENBURG COUNTY territory comprises all territory in Mecklenburg County not included in Charlotte territory022

NASH COUNTY territory comprises all territory in Nash County not included in Rocky Mount territory022

NEW HANOVER COUNTY See Wilmington.

NORTHAMPTON COUNTY territory comprises all territory in Northampton County023

Note: Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

	Territory Code		Territory Code
ONSWLOW COUNTY territory comprises all territory in Onslow County not included in Camp LeJeune territory...	023	SAMPSON COUNTY territory comprises all territory in Sampson County	023
ORANGE COUNTY See Burlington—Graham and Remainder of State.		SCOTLAND COUNTY territory comprises all territory in Scotland County.....	023
PAMLICO COUNTY territory comprises all territory in Pamlico County.....	023	SEYMOUR JOHNSON AIR FORCE BASE territory comprises all territory in Seymour Johnson Air Force Base in Wayne County.....	019
PASQUOTANK COUNTY territory comprises all territory in Pasquotank County.....	023	TYRRELL COUNTY territory comprises all territory in Tyrrell County	023
PENDER COUNTY territory comprises all territory in Pender County.....	023	VANCE COUNTY territory comprises all territory in Vance County	023
PERQUIMANS COUNTY territory comprises all territory in Perquimans County.....	023	WAKE COUNTY territory comprises all territory in Wake County not included in Raleigh territory	021
PITT COUNTY territory comprises all territory in Pitt County not included in Greenville territory.....	023	WARREN COUNTY territory comprises all territory in Warren territory	023
RALEIGH territory comprises the entire city of Raleigh, all territory in Wake County included in the townships of Cary, House Creek, Meredith, Neuse River, Raleigh, St. Mary's, St. Matthews, and Swift Creek and the entire town of Knightdale in St. Matthews and Marks Creek townships, including all of the following towns, cities, or places.....	016	WASHINGTON COUNTY territory comprises all territory in Washington County.....	023
Asbury	College View	Milburnie	
Auburn	Edgeton	Millbrook	
Boushell	Fetner	Neuse	
Camp Polk	Garner	Oakdale	
Caraleigh	Macedonia	South Raleigh	
Carolina Pines	McCullers	Westover	
Cary	Method	Wilders Grove	
RANDOLPH COUNTY See Lexington—Thomasville and Remainder of State.		WILMINGTON territory comprises all of New Hanover County and in addition the following towns, cities, or places	017
ROBESON COUNTY territory comprises all territory in Robeson County	023	Belville	Lanvale
ROCKY MOUNT territory comprises the entire city of Rocky Mount, all territory in Nash County included in Rocky Mount and Story Creek townships, all territory in Edgecombe County included in Township 12 (Rocky Mount), and the entire town of Sharpsburg in Edgecombe, Nash, and Wilson Counties, including all of the following towns, cities, or places.....	021	Clairmont	Leland
Armstrong	Dortches	El Paso	Navassa
Brake	Winsteads		Woodburn
	Chapel		
ROWAN COUNTY See Concord—Kannapolis—Salisbury and Remainder of State.		WILSON territory comprises the entire town of Wilson and all territory in Wilson County included in the township of Wilson	021
		WILSON COUNTY territory comprises all territory in Wilson County not included in the Rocky Mount or Wilson territories	023
		WINSTON—SALEM territory comprises the entire city of Winston—Salem and all territory in Forsyth County included in the townships of Broadbay, Middle Fork, Old Town, South Fork, and Winston, including all of the following towns, cities, or places	018
		Alspaugh	Frontis
		Atwood	Hanes
		Daisy	Ogburntown
		Fisherville	Oldtown
			Reynolda
			Tiretown
			Walkertown
		REMAINDER OF STATE	024

Note: Refer to an atlas or map for places not listed.

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TERRITORY DEFINITIONS

LIST OF IMPORTANT CITIES AND TOWNS

The following list contains all the more important cities, towns, boroughs, and villages in the state together with their counties and territory and code assignments.

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
A					
Abbey, Gaston	022	Black Mountain, Buncombe	022	Columbia, Tyrrell	023
Aberdeen, Moore	024	Boger City, Lincoln	024	Columbus, Polk	024
Acton, Buncombe	011	Boiling Springs, Cleveland	024	Concord, Cabarrus	022
Ahoskie, Hertford	023	Bonnie Doone, Cumberland	020	Conover, Catawba	024
Alamance, Alamance	024	Boogertown, Gaston	022	Convent, Gaston	022
Albermarle, Stanly	024	Boone, Watauga	024	Cooks Crossing, Cabarrus	022
Alexander, Buncombe	022	Boswell, Buncombe	011	Cooleemee, Davie	024
Alexanders Store, Mecklenburg	012	Boushell, Wake	016	Cornelius, Mecklenburg	022
Alexis, Gaston	022	Brake, Edgecombe	021	Craggy, Buncombe	011
Alspaugh, Forsyth	018	Brevard, Transylvania	024	Cramerton, Gaston	022
Altamahaw, Alamance	024	Brown—Norcott Mills, Cabarrus	022	Croft, Mecklenburg	012
Andrews, Cherokee	024	Bryson City, Swain	024	Cross Road, Surry	024
Angier, Harnett	023	Buena Vista, Buncombe	011	Crowders, Gaston	022
Apex, Wake	021	Burgaw, Pender	023	Cumberland, Cumberland	020
Archdale, Randolph	022	Burlington, Alamance	022	Currituck, Currituck	023
Arden, Buncombe	011	Burnsville, Yancey	024	D	
Arlington, Gaston	022	Busbee, Buncombe	011	Daisy, Forsyth	018
Armstrong, Edgecombe	021	C			
Arnold, Davidson	022	Camden, Camden	023	Dallas, Gaston	022
Asbury, Wake	016	Camp LeJeune, Onslow	019	Danbury, Stokes	024
Asheboro, Randolph	024	Camp Polk, Wake	016	Davidson, Mecklenburg	022
Asheville, Buncombe	011	Candler, Buncombe	022	Dellview, Gaston	024
Asheville School, Buncombe	011	Canton, Haywood	024	Denton, Davidson	024
Atwood, Forsyth	018	Caraleigh, Wake	016	Derita, Mecklenburg	012
Auburn, Wake	016	Caroleen, Rutherford	024	Dobson, Surry	024
Aulander, Bertie	023	Carolina Beach, New Hanover	017	Dortches, Nash	021
Ayden, Pitt	023	Carolina Pines, Wake	016	Draper, Rockingham	024
B					
Badin, Stanly	024	Carrboro, Orange	024	Duke Power Village, Gaston	022
Bailey, Nash	023	Carson, Mecklenburg	012	Dunn, Harnett	023
Bakersville, Mitchell	024	Carthage, Moore	024	Durham, Durham	013
Balfours, Randolph	024	Cary, Wake	016	E	
Bannertown, Surry	024	Castalia, Nash	023	East Gastonia, Gaston	022
Barker Heights, Henderson	024	Cedar Falls, Randolph	024	East Spencer, Rowan	022
Barnardsville, Buncombe	022	Cedar Lodge, Davidson	022	East Wilmington, New Hanover	017
Battle Ground, Guilford	014	Chadburn, Columbus	023	Edenton, Chowan	023
Bayboro, Pamlico	023	Chadwick—Hoskins Mills, Mecklenburg	012	Edgeton, Wake	016
Beard, Cumberland	020	Chapel Hill, Orange	024	Elizabeth City, Pasquotank	023
Beattie, Gaston	022	Charlotte, Mecklenburg	012	Elizabethtown, Bladen	023
Beaufort, Carteret	023	Cherry Point, Craven	019	Elkin, Surry	024
Belhaven, Beaufort	023	Cherryville, Gaston	024	Eller, Davidson	024
Belmont, Gaston	022	China Grove, Rowan	022	Elm City, Wilson	023
Belmont, Halifax	023	Clairmont, Brunswick	017	Elon College, Alamance	022
Belville, Brunswick	017	Clayton, Johnston	023	El Paso, Brunswick	017
Benson, Johnston	023	Cleveland, Rowan	024	Emma, Buncombe	011
Bessemer, Guilford	014	Clifdale, Cumberland	020	Enfield, Halifax	023
Bessemer City, Gaston	022	Cliffside, Rutherford	024	Enka, Buncombe	011
Bethel, Pitt	023	Clinchfield, McDowell	024	Erwin, Harnett	023
Bethesda, Durham	013	Clinton, Sampson	023	F	
Bilboa, Durham	013	Coats, Harnett	023	Faggarts Crossroads, Cabarrus	022
Biltmore Forest, Buncombe	011	Coleridge, Randolph	024	Fair Bluff, Columbus	023
Biscoe, Montgomery	024	College View, Wake	016	Fairmont, Robeson	023
				Faith, Rowan	022
				Farmville, Pitt	023
				Fayetteville, Cumberland	020

Note: Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
Fenix, Cumberland	020	Hayesville, Clay	024	Liberty, Randolph	024
Fetner, Wake	016	Hazelwood, Haywood	024	Lillington, Harnett	023
Few, Durham	013	Henderson, Vance	023	Lincolnton, Lincoln	024
Fisherville, Forsyth	018	Hendersonville, Henderson	024	Linden, Cumberland	020
Forest City, Rutherford	024	Hertford, Perquimans	023	Littleton, Halifax and Warren	023
Fort Bragg, Cumberland	019	Hickory, Catawba	024	Longhurst, Person	024
Fountain, Pitt	023	Hickory Grove, Mecklenburg	012	Longview, Catawba	024
Four Mile, Guilford	014	High Point, Guilford	015	Longwood Park, Richmond	024
Franklin, Macon	024	High Shoals, Gaston	022	Louisburg, Franklin	023
Franklin, Rowan	022	Hillsboro, Orange	024	Lowell, Gaston	022
Franklinton, Franklin	023	Hill Top, Guilford	014	Lucama, Wilson	023
Franklinville, Randolph	024	Hines Junction, Lenoir	021	Lucia, Gaston	022
Fraziers, Randolph	022	Holly Ridge, Onslow	023	Lumberton, Robeson	023
Freeland, Brunswick	023	Holly Springs, Wake	021	Luthers, Buncombe	011
Fremont, Wayne	023	Homestead, Mecklenburg	012	M	
Frontis, Forsyth	018	Hominy, Buncombe	011	MacClesfield, Edgecombe	023
Fuquay Springs, Wake	021	Hope Mills, Cumberland	020	Macedonia, Wake	016
G		Hope Valley, Durham	013	Madison, Rockingham	024
Gardners Chapel, Cumberland	020	House, Pitt	021	Maiden, Catawba	024
Garner, Wake	016	Huntersville, Mecklenburg	022	Majolica, Rowan	022
Gaston, Northampton	023	Hutchinson, Mecklenburg	012	Manchester, Cumberland	020
Gastonia, Gaston	022	J		Marion, McDowell	024
Gatesville, Gates	023	Jackson, Northampton	023	Marshall, Madison	024
Georgetown, Lenoir	021	Jackson Park, Cabarrus	022	Mars Hill, Madison	024
Gibsonville, Guilford and Alamance	022	Jacksons Creek, Randolph	024	Marshville, Union	024
Glass, Cabarrus	022	Jacksonville, Onslow	023	Matthews, Mecklenburg	022
Glen Anna, Davidson	022	James Mill, Pitt	021	Maxton, Robeson	023
Glen Raven, Alamance	022	Jamestown, Guilford	022	Mayodan, Rockingham	024
Goldsboro, Wayne	021	Jefferson, Ashe	024	McAdenville, Gaston	022
Gorman, Durham	013	Jonesville, Yadkin	024	McCullers, Wake	016
Goshen, Gaston	022	Joyland, Durham	013	Mebane, Alamance and Orange	022
Graham, Alamance	022	Juno, Buncombe	022	Method, Wake	016
Granite Falls, Caldwell	024	Jupiter, Buncombe	022	Middlesex, Nash	023
Granite Quarry, Rowan	024	K		Midway Park, Onslow	023
Greenleaf, Wayne	021	Kannapolis, Cabarrus and Rowan	022	Milan, Cumberland	020
Greensboro, Guilford	014	Kenly, Johnston	023	Milburnie, Wake	016
Greenville, Pitt	021	Kernersville, Forsyth	022	Millbrook, Wake	016
Griffith, Mecklenburg	012	Kings Mountain, Cleveland	024	Mocksville, Davie	024
Grifton, Pitt	023	Kinston, Lenoir	021	Monroe, Union	024
Grimesland, Pitt	023	Kirkpatrick Heights, Alamance	022	Montreat, Buncombe	022
Grovemont, Buncombe	022	Knightdale, Wake	016	Mooresville, Iredell	024
Groves, Gaston	022	L		Morehead City, Carteret	023
Guilford, Guilford	022	La Grange, Lenoir	023	Morganton, Burke	024
Guilford College, Guilford	022	Lake, Davidson	022	Morrisville, Wake	021
H		Lakedale, Cumberland	020	Mountain Island, Gaston	022
Hahn, Mecklenburg	012	Lake Latham, Alamance	022	Mount Airy, Surry	024
Halifax, Halifax	023	Landis, Rowan	022	Mount Gilead, Cabarrus	022
Hamilton Lakes, Guilford	014	Lanvale, Brunswick	017	Mount Gilead, Montgomery	024
Hamlet, Richmond	024	Laurinburg, Scotland	023	Mount Holly, Gaston	022
Hamtown, Guilford	014	Leaksville, Rockingham	024	Mount Olive, Wayne	023
Hanes, Forsyth	018	Leicester, Buncombe	022	Mount Pleasant, Cabarrus	024
Hardins, Gaston	022	Leland, Brunswick	017	Mount View, Gaston	022
Harkers Island, Carteret	023	Lenoir, Caldwell	024	Murfreesboro, Hertford	023
Harrisburg, Cabarrus	022	Lewisville, Forsyth	022	Murphy, Cherokee	024
Haw Creek, Buncombe	011	Lexington, Davidson	022	Myrtle Hill, Cumberland	020
Haw River, Alamance	022	N		Nashville, Nash	023

Note: Refer to an atlas or map for places not listed.

NORTH CAROLINA REINSURANCE FACILITY
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TERRITORY DEFINITIONS

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
Navassa, Brunswick	017	Roanoke Rapids, Halifax	023	Stanley, Gaston	022
Neuse, Wake	016	Robbins, Moore	024	Stantonsburg, Wilson	023
New Bern, Craven	023	Robbinsville, Graham	024	Statessville, Iredell	024
New Bridge, Buncombe	011	Robersonville, Martin	023	Staton, Pitt	021
Newell, Mecklenburg	012	Roberta Mills, Cabarrus	022	Stedman, Cumberland	023
Newfound, Buncombe	022	Rockingham, Richmond	024	Stokedale, Guilford	022
Newland, Avery	024	Rockwell, Rowan	024	Stony Point, Alexander	024
New Leaksville, Rockingham	024	Rocky Mount, Edgecombe and Nash	021	Summerfield, Guilford	022
Newton, Catawba	024	Rocky Ridge, Cabarrus	022	Sunnyside, Gaston	024
North Belmont, Gaston	022	Rocky River, Cabarrus	022	Swannanoa, Buncombe	022
North Durham, Durham	013	Rolesville, Wake	021	Swanquarter, Hyde	023
North Wilkesboro, Wilkes	024	Roseboro, Sampson	023	Sweptonville, Alamance	024
Norwood, Stanly	024	Roslin, Cumberland	020	Sylva, Jackson	024
O		Rougemont, Durham	022	T	
Oakdale, Wake	016	Rowland, Robeson	023	Tabor City, Columbus	023
Oak Grove, Durham	013	Roxboro, Person	024	Tarboro, Edgecombe	023
Oakhurst, Mecklenburg	012	Rural Hall, Forsyth	022	Taylorsville, Alexander	024
Oakley Buncombe	011	Rutherfordton, Rutherford	024	Terra Cotta, Guilford	022
Oakridge, Guilford	022	S		Thomasville, Davidson	022
Ogburntown, Forsyth	018	Saint Pauls, Robeson	023	Thrift, Mecklenburg	012
Oldtown, Forsyth	018	Salisbury, Rowan	022	Tiretown, Forsyth	018
Ossipee, Alamance	022	Sanford, Lee	024	Toast, Surry	024
Oteen, Buncombe	011	Saratoga, Wilson	023	Tokay, Cumberland	020
Owens, Cumberland	020	Saxaphaw, Alamance	024	Trenton, Jones	023
Oxford, Grantville	024	Scotland Neck, Halifax	023	Trinity, Randolph	022
P		Selma, Johnston	023	Troy, Montgomery	024
Paw Creek, Mecklenburg	012	Selwyn Park, Mecklenburg	012	Tryon, Polk	024
Pembroke, Robeson	023	Seymour Johnson A.F.B., Wayne	019	V	
Pharrs Mill, Cabarrus	022	Shalotte, Brunswick	023	Valdese, Burke	024
Phillipsville, Haywood	024	Sharpsburg, Edgecombe, Nash, and Wilson	021	Valmead, Caldwell	024
Pikeville, Wayne	023	Shaws, Cumberland	020	Victory, Cumberland	020
Pilot Mountain, Surry	024	Shelby, Cleveland	024	Victory, Gaston	022
Pinehurst, Moore	024	Shiloh, Buncombe	011	W	
Pinetops, Edgecombe	023	Siler City, Chatham	024	Wade, Cumberland	020
Pineville, Mecklenburg	022	Skyland, Buncombe	011	Wadesboro, Anson	024
Pinkney Gaston	022	Slocomb, Cumberland	020	Wake Forest, Wake	021
Pinoca, Mecklenburg	012	Smithfield, Johnston	023	Walkertown, Forsyth	018
Pioneer Mills, Cabarrus	022	Smyre, Gaston	022	Wallace, Duplin	023
Pittsboro, Chatham	024	Snowhill, Greene	023	Walnut Cove, Stokes	024
Pleasant Garden, Guilford	022	Southern Pines, Moore	024	Warrenton, Warren	023
Plymouth, Washington	023	South Fayetteville, Cumberland	020	Warsaw, Duplin	023
Pomona, Guilford	014	South Gastonia, Gaston	022	Washington, Beaufort	023
R		Southmont Davidson	024	Waynesville, Haywood	024
Raeford, Hoke	023	Southport Brunswick	023	Weaverville, Buncombe	022
Ragan, Gaston	022	South Raleigh, Wake	016	Welcome, Davidson	022
Raleigh, Wake	016	South River, Rowan	022	Weldon, Halifax	023
Ramseur, Randolph	024	South Rosemary, Halifax	023	Wendell, Wake	021
Randleman, Randolph	024	Sparta, Alleghany	024	Wentworth, Rockingham	024
Ranlo, Gaston	022	Spencer, Rowan	022	Westend, Guilford	015
Red Springs, Robeson	023	Spencer Mountain, Gaston	022	Westover, Wake	016
Redwood, Durham	013	Spindale, Rutherford	024	Whitakers, Edgecombe and Nash	023
Reidsville, Rockingham	024	Spray, Rockingham	024	Whiteville, Columbus	023
Reynolda, Forsyth	018	Spring Hope, Nash	023	Whitnel, Caldwell	024
Richmond Hill, Alamance	022	Spring Lake, Cumberland	020	Wilders Grove, Wake	016
Ridge, Gaston	022	Spruce Pine, Mitchell	024	Wilkesboro, Wilkes	024
Ridgecrest, Buncombe	022			Williamston, Martin	023
Ridgeview, Mecklenburg	012			Wilmington, New Hanover	017

Note: Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

City and County	Territory Code
Wilson, Wilson.....	021
Windsor, Bertie.....	023
Winnabow, Brunswick.....	023
Winsteads Chapel, Nash.....	021
Winston—Salem, Forsyth.....	018
Winterville, Pitt.....	023
Woodburn, Brunswick.....	017
Woodfin, Buncombe.....	011
Worthville, Randolph.....	024
Y	
Yadkin Junction, Rowan.....	022
Yadkinville, Yadkin.....	024
Yanceyville, Caswell.....	024
Yost, Rowan.....	022
Youngs Springs, Wilson.....	021
Z	
Zebulon, Wake.....	021

Note: Refer to an atlas or map for places not listed.

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

BODILY INJURY FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra Heavy Trucks and Truck-Tractors	4. Trucks, Tractors, and Trailers Zone Rated	5. All Other Risks
\$ 30/60	49	1.00	1.00	1.00	1.00	1.00
85/85	52	1.26	1.33	1.36	1.57	1.26
50/100	49	1.19	1.23	1.26	1.43	1.23
100/100	52	1.35	1.45	1.54	1.75	1.35
100/300	52	1.66	1.78	1.92	2.38	1.68
100/500	55	1.75	2.00	2.10	2.71	1.81
300/300	64	2.04	2.29	2.49	3.27	2.04
250/500	61	2.10	2.47	2.64	3.52	2.16
400/400	68	2.23	2.61	2.83	3.81	2.26
500/500	68	2.41	2.83	3.10	4.28	2.47
750/750	73	2.79	3.34	3.74	5.22	2.86
1,000/1,000	73	3.10	3.76	4.25	6.04	3.18
1,500/1,500	74	3.55	4.44	5.07	7.30	3.62
2,000/2,000	75	3.96	5.01	5.76	8.40	4.04
2,500/2,500	76	4.25	5.51	6.41	9.33	4.40
5,000/5,000	79	5.45	7.30	8.68	12.89	5.60
7,500/7,500	82	6.29	8.55	10.27	15.38	6.44
10,000/10,000	85	6.84	9.36	11.30	17.00	6.99
12,500/12,500	86	7.17	9.85	11.92	17.97	7.32
15,000/15,000	86	7.35	10.12	12.26	18.50	7.50

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

PROPERTY DAMAGE FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra Heavy Trucks and Truck-Tractors	4. Trucks, Tractors, and Trailers Zone Rated	5. All Other Risks
\$ 25	5	1.00	1.00	1.00	1.00	1.00
30	6	1.02	1.02	1.02	1.03	1.02
50	8	1.06	1.06	1.06	1.10	1.06
85	9	1.12	1.12	1.12	1.20	1.12
100	10	1.14	1.14	1.14	1.21	1.14
300	14	1.20	1.20	1.20	1.34	1.20
400	15	1.22	1.22	1.22	1.38	1.22
500	16	1.24	1.24	1.24	1.41	1.24
750	17	1.26	1.27	1.27	1.46	1.26
1,000	18	1.28	1.29	1.29	1.50	1.28
1,500	19	1.31	1.32	1.33	1.58	1.31
2,000	20	1.33	1.35	1.37	1.64	1.33
2,500	21	1.34	1.37	1.41	1.67	1.34
5,000	23	1.37	1.41	1.46	1.75	1.37
7,500	24	1.39	1.44	1.50	1.81	1.39
10,000	25	1.40	1.46	1.53	1.85	1.40
12,500	26	1.41	1.47	1.55	1.87	1.41
15,000	26	1.42	1.48	1.56	1.88	1.42

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

LIGHT AND MEDIUM TRUCKS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1,000	\$2,000
11	Nonfleet	\$254	\$302	\$422	\$291	\$308	\$ 74	\$ 89	\$ 98
	Fleet	279	332	463	320	339			
12	Nonfleet	483	575	802	554	587	141	169	185
	Fleet	531	632	881	609	646			
13	Nonfleet	336	400	558	385	408	98	118	129
	Fleet	370	440	614	424	449			
14	Nonfleet	324	386	538	371	393	95	113	124
	Fleet	356	424	591	408	432			
15	Nonfleet	239	284	397	273	289	70	84	92
	Fleet	263	313	437	300	318			
16	Nonfleet	372	443	618	426	452	109	130	143
	Fleet	409	487	679	469	497			
17	Nonfleet	294	350	488	337	357	86	103	113
	Fleet	323	384	536	371	393			
18	Nonfleet	293	349	486	336	356	86	103	113
	Fleet	322	383	535	370	392			
19	Nonfleet	226	269	375	259	275	66	79	87
	Fleet	249	296	413	285	302			
20	Nonfleet	349	415	579	400	424	102	122	134
	Fleet	384	457	637	440	466			
21	Nonfleet	303	361	503	347	368	88	106	116
	Fleet	333	396	553	382	405			
22	Nonfleet	299	356	496	342	363	87	105	115
	Fleet	329	392	546	376	399			
23	Nonfleet	226	269	375	259	275	66	79	87
	Fleet	249	296	413	285	302			
24	Nonfleet	250	298	415	287	304	73	88	96
	Fleet	275	327	457	316	335			

HIRED CAR	Bodily Injury \$30/60	Property Damage \$25
All Territories	\$0.42	\$0.53

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

HEAVY TRUCKS AND TRUCK-TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1,000	\$2,000
11	Nonfleet	\$254	\$312	\$452	\$291	\$308	\$ 74	\$ 89	\$ 98
	Fleet	279	343	497	320	339			
12	Nonfleet	483	594	860	554	587	141	169	185
	Fleet	531	653	945	609	646			
13	Nonfleet	336	413	598	385	408	98	118	129
	Fleet	370	455	659	424	449			
14	Nonfleet	324	399	577	371	393	95	113	124
	Fleet	356	438	634	408	432			
15	Nonfleet	239	294	425	273	289	70	84	92
	Fleet	263	323	468	300	318			
16	Nonfleet	372	458	662	426	452	109	130	143
	Fleet	409	503	728	469	497			
17	Nonfleet	294	362	523	337	357	86	103	113
	Fleet	323	397	575	371	393			
18	Nonfleet	293	360	522	336	356	86	103	113
	Fleet	322	396	573	370	392			
19	Nonfleet	226	278	402	259	275	66	79	87
	Fleet	249	306	443	285	302			
20	Nonfleet	349	429	621	400	424	102	122	134
	Fleet	384	472	684	440	466			
21	Nonfleet	303	373	539	347	368	88	106	116
	Fleet	333	410	593	382	405			
22	Nonfleet	299	368	532	342	363	87	105	115
	Fleet	329	405	586	376	399			
23	Nonfleet	226	278	402	259	275	66	79	87
	Fleet	249	306	443	285	302			
24	Nonfleet	250	308	445	287	304	73	88	96
	Fleet	275	338	490	316	335			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

EXTRA HEAVY TRUCKS AND TRUCK-TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1,000	\$2,000
11	Nonfleet	\$254	\$320	\$488	\$291	\$308	\$ 74	\$ 89	\$ 98
	Fleet	279	352	536	320	339			
12	Nonfleet	483	609	927	554	587	141	169	185
	Fleet	531	669	1,020	609	646			
13	Nonfleet	336	423	645	385	408	98	118	129
	Fleet	370	466	710	424	449			
14	Nonfleet	324	408	622	371	393	95	113	124
	Fleet	356	449	684	408	432			
15	Nonfleet	239	301	459	273	289	70	84	92
	Fleet	263	331	505	300	318			
16	Nonfleet	372	469	714	426	452	109	130	143
	Fleet	409	515	785	469	497			
17	Nonfleet	294	370	564	337	357	86	103	113
	Fleet	323	407	620	371	393			
18	Nonfleet	293	369	563	336	356	86	103	113
	Fleet	322	406	618	370	392			
19	Nonfleet	226	285	434	259	275	66	79	87
	Fleet	249	314	478	285	302			
20	Nonfleet	349	440	670	400	424	102	122	134
	Fleet	384	484	737	440	466			
21	Nonfleet	303	382	582	347	368	88	106	116
	Fleet	333	420	639	382	405			
22	Nonfleet	299	377	574	342	363	87	105	115
	Fleet	329	415	632	376	399			
23	Nonfleet	226	285	434	259	275	66	79	87
	Fleet	249	314	478	285	302			
24	Nonfleet	250	315	480	287	304	73	88	96
	Fleet	275	347	528	316	335			

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COMMERCIAL AUTOMOBILE LIABILITY RATES

PRIVATE PASSENGER TYPES

	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
	\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1,000	\$2,000
Territory								
11	\$166	\$204	\$279	\$216	\$229	\$16	\$21	\$24
12	243	299	408	317	336	24	30	35
13	193	237	324	252	267	19	24	27
14	153	188	257	200	212	15	19	22
15	182	224	306	237	251	18	23	26
16	187	230	314	244	259	18	23	27
17	217	267	365	284	301	21	27	31
18	172	212	289	224	237	17	22	24
19	169	208	284	220	233	16	21	24
20	203	250	341	264	280	20	25	29
21	186	229	312	242	257	18	23	26
22	170	209	286	221	234	16	21	24
23	169	208	284	220	233	16	21	24
24	161	198	270	210	223	16	20	23

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COMMERCIAL AUTOMOBILE LIABILITY RATES

TAXIS AND LIMOUSINES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1,000	\$2,000
11	Nonfleet	\$1,613	\$1,984	\$2,710	\$1,283	\$1,360	\$297	\$348	\$398
	Fleet	1,774	2,182	2,980	1,411	1,496			
12	Nonfleet	3,067	3,772	5,153	2,443	2,590	564	662	758
	Fleet	3,374	4,150	5,668	2,687	2,848			
13	Nonfleet	2,134	2,625	3,585	1,698	1,800	393	461	527
	Fleet	2,347	2,887	3,943	1,868	1,980			
14	Nonfleet	2,057	2,530	3,456	1,636	1,734	378	444	508
	Fleet	2,263	2,783	3,802	1,800	1,908			
15	Nonfleet	1,518	1,867	2,550	1,204	1,276	279	328	375
	Fleet	1,670	2,054	2,806	1,324	1,403			
16	Nonfleet	2,362	2,905	3,968	1,879	1,992	435	510	583
	Fleet	2,598	3,196	4,365	2,067	2,191			
17	Nonfleet	1,867	2,296	3,137	1,486	1,575	344	403	461
	Fleet	2,054	2,526	3,451	1,635	1,733			
18	Nonfleet	1,861	2,289	3,126	1,482	1,571	342	402	460
	Fleet	2,047	2,518	3,439	1,630	1,728			
19	Nonfleet	1,435	1,765	2,411	1,142	1,211	264	310	354
	Fleet	1,579	1,942	2,653	1,256	1,331			
20	Nonfleet	2,216	2,726	3,723	1,764	1,870	408	479	547
	Fleet	2,438	2,999	4,096	1,940	2,056			
21	Nonfleet	1,924	2,367	3,232	1,530	1,622	354	416	475
	Fleet	2,116	2,603	3,555	1,683	1,784			
22	Nonfleet	1,899	2,336	3,190	1,508	1,598	349	410	469
	Fleet	2,089	2,569	3,510	1,659	1,759			
23	Nonfleet	1,435	1,765	2,411	1,142	1,211	264	310	354
	Fleet	1,579	1,942	2,653	1,256	1,331			
24	Nonfleet	1,588	1,953	2,668	1,266	1,342	292	343	392
	Fleet	1,747	2,149	2,935	1,393	1,477			

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COMMERCIAL AUTOMOBILE LIABILITY RATES

SCHOOL AND CHURCH BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1,000	\$2,000
11	Nonfleet	\$198	\$244	\$333	\$172	\$182	\$45	\$53	\$61
	Fleet	218	268	366	189	200			
12	Nonfleet	377	464	633	327	347	85	100	115
	Fleet	415	510	697	360	382			
13	Nonfleet	262	322	440	227	241	59	70	80
	Fleet	288	354	484	250	265			
14	Nonfleet	253	311	425	219	232	57	67	77
	Fleet	278	342	467	241	255			
15	Nonfleet	186	229	312	161	171	42	49	57
	Fleet	205	252	344	177	188			
16	Nonfleet	290	357	487	251	266	65	77	89
	Fleet	319	392	536	276	293			
17	Nonfleet	229	282	385	199	211	52	61	70
	Fleet	252	310	423	219	232			
18	Nonfleet	229	282	385	198	210	52	61	70
	Fleet	252	310	423	218	231			
19	Nonfleet	176	216	296	153	162	40	47	54
	Fleet	194	239	326	168	178			
20	Nonfleet	272	335	457	236	250	61	72	83
	Fleet	299	368	502	260	276			
21	Nonfleet	236	290	396	205	217	53	63	72
	Fleet	260	320	437	226	240			
22	Nonfleet	233	287	391	202	214	52	62	71
	Fleet	256	315	430	222	235			
23	Nonfleet	176	216	296	153	162	40	47	54
	Fleet	194	239	326	168	178			
24	Nonfleet	195	240	328	169	179	44	52	60
	Fleet	215	264	361	186	197			

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COMMERCIAL AUTOMOBILE LIABILITY RATES

ALL OTHER BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1,000	\$2,000
11	Nonfleet	\$1,288	\$1,584	\$2,164	\$ 713	\$ 756	\$171	\$200	\$225
	Fleet	1,417	1,743	2,381	784	831			
12	Nonfleet	2,449	3,012	4,114	1,357	1,438	326	380	429
	Fleet	2,694	3,314	4,526	1,493	1,583			
13	Nonfleet	1,704	2,096	2,863	943	1,000	227	264	298
	Fleet	1,874	2,305	3,148	1,037	1,099			
14	Nonfleet	1,643	2,021	2,760	909	964	219	255	288
	Fleet	1,807	2,223	3,036	1,000	1,060			
15	Nonfleet	1,212	1,491	2,036	669	709	161	188	212
	Fleet	1,333	1,640	2,239	736	780			
16	Nonfleet	1,886	2,320	3,168	1,044	1,107	251	292	330
	Fleet	2,075	2,552	3,486	1,148	1,217			
17	Nonfleet	1,491	1,834	2,505	826	876	198	231	261
	Fleet	1,640	2,017	2,755	909	964			
18	Nonfleet	1,486	1,828	2,496	823	872	198	230	260
	Fleet	1,635	2,011	2,747	905	959			
19	Nonfleet	1,146	1,410	1,925	635	673	152	178	201
	Fleet	1,261	1,551	2,118	699	741			
20	Nonfleet	1,769	2,176	2,972	980	1,039	235	274	310
	Fleet	1,946	2,394	3,269	1,078	1,143			
21	Nonfleet	1,536	1,889	2,580	850	901	204	238	269
	Fleet	1,690	2,079	2,839	935	991			
22	Nonfleet	1,516	1,865	2,547	838	888	202	235	265
	Fleet	1,668	2,052	2,802	922	977			
23	Nonfleet	1,146	1,410	1,925	635	673	152	178	201
	Fleet	1,261	1,551	2,118	699	741			
24	Nonfleet	1,268	1,560	2,130	703	745	169	197	222
	Fleet	1,395	1,716	2,344	773	819			

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COMMERCIAL AUTOMOBILE LIABILITY RATES

VAN POOLS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1,000	\$2,000
11	Nonfleet	\$208	\$256	\$349	\$239	\$253	\$ 61	\$ 73	\$ 80
	Fleet	229	282	385	263	279			
12	Nonfleet	396	487	665	454	481	116	139	152
	Fleet	436	536	732	499	529			
13	Nonfleet	276	339	464	316	335	81	97	106
	Fleet	304	374	511	348	369			
14	Nonfleet	266	327	447	304	322	78	93	102
	Fleet	293	360	492	334	354			
15	Nonfleet	196	241	329	224	237	57	69	75
	Fleet	216	266	363	246	261			
16	Nonfleet	305	375	512	349	370	89	107	117
	Fleet	336	413	564	384	407			
17	Nonfleet	241	296	405	276	293	70	84	93
	Fleet	265	326	445	304	322			
18	Nonfleet	240	295	403	276	293	70	84	92
	Fleet	264	325	444	304	322			
19	Nonfleet	185	228	311	212	225	54	65	71
	Fleet	204	251	343	233	247			
20	Nonfleet	286	352	480	328	348	84	100	110
	Fleet	315	387	529	361	383			
21	Nonfleet	248	305	417	285	302	72	87	95
	Fleet	273	336	459	314	333			
22	Nonfleet	245	301	412	280	297	72	86	94
	Fleet	270	332	454	308	326			
23	Nonfleet	185	228	311	212	225	54	65	71
	Fleet	204	251	343	233	247			
24	Nonfleet	205	252	344	235	249	60	72	79
	Fleet	226	278	380	259	275			

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COMMERCIAL AUTOMOBILE LIABILITY RATES

AUTO DEALERS

		Bodily Injury Limit			Property Damage Limit	
		\$30/60	\$50/100	\$100/300	\$25	\$50
Territory	Class					
11	Dealers	\$420	\$517	\$706	\$410	\$435
12	Dealers	669	823	1,124	654	693
13	Dealers	489	601	822	477	506
14	Dealers	486	598	816	474	502
15	Dealers	389	478	654	380	403
16	Dealers	597	734	1,003	583	618
17	Dealers	460	566	773	449	476
18	Dealers	489	601	822	477	506
19	Dealers	357	439	600	349	370
20	Dealers	514	632	864	502	532
21	Dealers	505	621	848	493	523
22	Dealers	458	563	769	447	474
23	Dealers	357	439	600	349	370
24	Dealers	368	453	618	359	381

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COMMERCIAL AUTOMOBILE LIABILITY RATES

STATE RATE SCHEDULES

TRUCKS, TRACTORS, AND TRAILERS

State	Class	Bodily Injury Limit \$30/60	Property Damage Limit \$25	Medical Payments Limit		
				\$500	\$1,000	\$2,000
Georgia	Nonfleet	\$1,922	\$ 718	\$ 561	\$ 673	\$ 738
	Fleet	2,114	790			
Florida	Nonfleet	3,065	658	895	1,073	1,177
	Fleet	3,372	724			
New Jersey	Nonfleet	2,828	1,542	826	990	1,086
	Fleet	3,111	1,696			
New York	Nonfleet	4,029	1,110	1,176	1,410	1,547
	Fleet	4,432	1,221			
South Carolina	Nonfleet	1,267	691	370	443	487
	Fleet	1,394	760			
Tennessee	Nonfleet	828	564	242	290	318
	Fleet	911	620			
Virginia	Nonfleet	1,819	1,037	531	637	698
	Fleet	2,001	1,141			
All Other States	Nonfleet	1,748	713	510	612	671
	Fleet	1,923	784			

OTHER BUSES

State	Class	Bodily Injury Limit \$30/60	Property Damage Limit \$25	Medical Payments Limit		
				\$500	\$1,000	\$2,000
Georgia	Nonfleet	\$ 7,195	\$2,692	\$ 957	\$1,115	\$1,259
	Fleet	7,915	2,961			
Florida	Nonfleet	11,739	2,515	1,561	1,820	2,054
	Fleet	12,913	2,767			
New Jersey	Nonfleet	16,565	9,035	2,203	2,568	2,899
	Fleet	18,222	9,939			
New York	Nonfleet	17,627	4,790	2,344	2,732	3,085
	Fleet	19,390	5,269			
South Carolina	Nonfleet	2,419	1,320	322	375	423
	Fleet	2,661	1,452			
Tennessee	Nonfleet	3,186	2,169	424	494	558
	Fleet	3,505	2,386			
Virginia	Nonfleet	14,006	7,982	1,863	2,171	2,451
	Fleet	15,407	8,780			
All Other States	Nonfleet	6,733	2,888	895	1,044	1,178
	Fleet	7,406	3,177			

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ZONE RATING TABLE—GARAGED IN NORTH CAROLINA
ZONE 05 (CHARLOTTE) COMBINATIONS

Zone	Liability Non Fleet	Zone	Liability Non Fleet	Zone	Liability Non Fleet	Zone	Liability Non Fleet
01 Atlanta	\$1,500 BI 1,516 PD 290 MP **201	13 Houston	\$1,502 BI 1,518 PD 290 MP **213	25 New Orleans	\$1,520 BI 1,536 PD 293 MP **225	37 Tulsa	\$1,502 BI 1,518 PD 290 MP **237
02 Balt.- Wash.	1,479 BI 1,495 PD 285 MP **202	14 Indian- apolis	1,301 BI 1,315 PD 251 MP **214	26 N.Y. City	1,479 BI 1,495 PD 285 MP **226	40 Pacific	1,720 BI 1,738 PD 332 MP **240
03 Boston	1,581 BI 1,598 PD 305 MP **203	15 Jack- sonville	1,500 BI 1,516 PD 290 MP **215	27 Okla.- City	1,502 BI 1,518 PD 290 MP **227	41 Moun- tain	1,907 BI 1,928 PD 368 MP **241
04 Buffalo	1,479 BI 1,495 PD 285 MP **204	16 Kansas City	1,547 BI 1,563 PD 299 MP **216	28 Omaha	1,547 BI 1,563 PD 299 MP **228	42 Mid- west	1,587 BI 1,604 PD 306 MP **242
05 Char- lotte	1,500 BI 1,516 PD 290 MP **205	17 Little Rock	1,502 BI 1,518 PD 290 MP **217	29 Phoenix	1,858 BI 1,878 PD 359 MP **229	43 South- west	1,541 BI 1,558 PD 297 MP **243
06 Chicago	1,301 BI 1,315 PD 251 MP **206	18 Los Angeles	1,676 BI 1,694 PD 323 MP **218	30 Phila- delphia	1,479 BI 1,495 PD 285 MP **230	44 North- Central	1,335 BI 1,349 PD 258 MP **244
07 Cincin- nati	1,301 BI 1,315 PD 251 MP **207	19 Louis- ville	1,449 BI 1,465 PD 280 MP **219	31 Pitts- burgh	1,479 BI 1,495 PD 285 MP **231	45 Mid- east	1,487 BI 1,503 PD 287 MP **245
08 Cleve- land	1,301 BI 1,315 PD 251 MP **208	20 Mem- phis	1,449 BI 1,465 PD 280 MP **220	32 Portland	1,676 BI 1,694 PD 323 MP **232	46 Gulf	1,560 BI 1,577 PD 301 MP **246
09 Dallas Ft.	1,502 BI 1,518 PD 290 MP **209	21 Miami	1,500 BI 1,516 PD 290 MP **221	33 Rich-	1,500 BI 1,516 PD 290 MP **233	47 South- east	1,540 BI 1,556 PD 297 MP **247
10 Denver	1,858 BI 1,878 PD 359 MP **210	22 Mil- waukee	1,547 BI 1,563 PD 299 MP **222	34 St. Louis	1,547 BI 1,563 PD 299 MP **234	48 Eastern	1,518 BI 1,535 PD 293 MP **248
11 Detroit	1,301 BI 1,315 PD 251 MP **211	23 Minn.- St. Paul	1,547 BI 1,563 PD 299 MP **223	35 Salt City	1,858 BI 1,878 PD 359 MP **235	49 New England	1,622 BI 1,640 PD 313 MP **249
12 Hart- ford	1,581 BI 1,598 PD 305 MP **212	24 Nash- ville	1,449 BI 1,465 PD 280 MP **224	36 San Fran.	1,676 BI 1,694 PD 323 MP **236		

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ZONE RATING TABLE—GARAGED IN NORTH CAROLINA
ZONE 47 (SOUTHEAST) COMBINATIONS

Zone	Liability Non Fleet	Zone	Liability Non Fleet	Zone	Liability Non Fleet	Zone	Liability Non Fleet
01 Atlanta	\$1,540 BI 1,556 PD 297 MP **901	13 Houston	\$1,541 BI 1,558 PD 297 MP **913	25 New Orleans	\$1,560 BI 1,577 PD 301 MP **925	37 Tulsa	\$1,541 BI 1,558 PD 297 MP **937
02 Balt.- Wash.	1,518 BI 1,535 PD 293 MP **902	14 Indian- apolis	1,335 BI 1,349 PD 258 MP **914	26 N.Y. City	1,518 BI 1,535 PD 293 MP **926	40 Pacific	1,764 BI 1,783 PD 340 MP **940
03 Boston	1,622 BI 1,640 PD 313 MP **903	15 Jack- sonville	1,540 BI 1,556 PD 297 MP **915	27 Okla.- City	1,541 BI 1,558 PD 297 MP **927	41 Moun- tain	1,956 BI 1,977 PD 378 MP **941
04 Buffalo	1,518 BI 1,535 PD 293 MP **904	16 Kansas City	1,587 BI 1,604 PD 306 MP **916	28 Omaha	1,587 BI 1,604 PD 306 MP **928	42 Mid- west	1,628 BI 1,645 PD 314 MP **942
05 Char- lotte	1,540 BI 1,556 PD 297 MP **905	17 Little Rock	1,541 BI 1,558 PD 297 MP **917	29 Phoenix	1,907 BI 1,928 PD 368 MP **929	43 South- west	1,581 BI 1,598 PD 305 MP **943
06 Chicago	1,335 BI 1,349 PD 258 MP **906	18 Los Angeles	1,720 BI 1,738 PD 332 MP **918	30 Phila- delphia	1,518 BI 1,535 PD 293 MP **930	44 North- Central	1,369 BI 1,384 PD 264 MP **944
07 Cincin- nati	1,335 BI 1,349 PD 258 MP **907	19 Louis- ville	1,487 BI 1,503 PD 287 MP **919	31 Pitts- burgh	1,518 BI 1,535 PD 293 MP **931	45 Mid- east	1,525 BI 1,542 PD 294 MP **945
08 Cleve- land	1,335 BI 1,349 PD 258 MP **908	20 Mem- phis	1,487 BI 1,503 PD 287 MP **920	32 Portland	1,720 BI 1,738 PD 332 MP **932	46 Gulf	1,600 BI 1,617 PD 309 MP **946
09 Dallas Ft.	1,541 BI 1,558 PD 297 MP **909	21 Miami	1,540 BI 1,556 PD 297 MP **921	33 Rich-	1,540 BI 1,556 PD 297 MP **933	47 South- east	1,579 BI 1,596 PD 305 MP **947
10 Denver	1,907 BI 1,928 PD 368 MP **910	22 Mil- waukee	1,587 BI 1,604 PD 306 MP **922	34 St. Louis	1,587 BI 1,604 PD 306 MP **934	48 Eastern	1,557 BI 1,574 PD 301 MP **948
11 Detroit	1,335 BI 1,349 PD 258 MP **911	23 Minn.- St. Paul	1,587 BI 1,604 PD 306 MP **923	35 Salt City	1,907 BI 1,928 PD 368 MP **935	49 New England	1,664 BI 1,682 PD 321 MP **949
12 Hart- ford	1,622 BI 1,640 PD 313 MP **912	24 Nash- ville	1,487 BI 1,503 PD 287 MP **924	36 San Fran.	1,720 BI 1,738 PD 332 MP **936		

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ZONE RATING TABLE—GARAGED IN STATES OTHER THAN NORTH CAROLINA

REGION

Zone		40	41	42	43	44	45	46	47	48	49
40 Pacific	BI	\$2,225	\$2,349	\$1,535	\$2,311	\$1,798	\$1,715	\$2,056	\$2,194	\$2,639	\$1,753
	PD	2,343	2,475	1,616	2,435	1,894	1,807	2,166	2,311	2,780	1,847
	MP	428	452	295	445	346	330	396	422	508	337
41 Moun- tain	BI	2,349	1,245	1,742	1,760	2,017	1,968	2,327	2,434	2,210	1,710
	PD	2,475	1,312	1,834	1,854	2,124	2,073	2,451	2,563	2,328	1,801
	MP	452	240	335	339	388	379	448	468	425	329
42 Mid- West	BI	1,535	1,742	1,219	1,361	1,632	1,649	1,941	2,024	1,832	2,154
	PD	1,616	1,834	1,284	1,434	1,719	1,737	2,045	2,133	1,930	2,268
	MP	295	335	235	262	314	317	373	390	352	414
43 South- West	BI	2,311	1,760	1,361	1,448	1,888	1,639	2,119	1,967	2,511	1,485
	PD	2,435	1,854	1,434	1,525	1,988	1,726	2,232	2,071	2,646	1,564
	MP	445	339	262	279	363	315	408	378	483	286
44 North Central	BI	1,798	2,017	1,632	1,888	1,457	1,768	1,882	1,703	1,795	1,881
	PD	1,894	2,124	1,719	1,988	1,535	1,862	1,983	1,794	1,891	1,981
	MP	346	388	314	363	280	340	362	328	345	362
45 Mid- East	BI	1,715	1,968	1,649	1,639	1,768	1,977	1,785	1,897	1,840	1,682
	PD	1,807	2,073	1,737	1,726	1,862	2,082	1,880	1,998	1,938	1,772
	MP	330	379	317	315	340	380	343	365	354	324
46 Gulf	BI	2,056	2,327	1,941	2,119	1,882	1,785	2,148	1,989	2,259	2,021
	PD	2,166	2,451	2,045	2,232	1,983	1,880	2,263	2,095	2,379	2,128
	MP	396	448	373	408	362	343	413	383	435	389
47 South- East	BI	2,194	2,434	2,024	1,967	1,703	1,897	1,989	1,964	1,937	2,069
	PD	2,311	2,563	2,133	2,071	1,794	1,998	2,095	2,068	2,041	2,180
	MP	422	468	390	378	328	365	383	378	373	398
48 Eastern	BI	2,639	2,210	1,832	2,511	1,795	1,840	2,259	1,937	1,889	1,834
	PD	2,780	2,328	1,930	2,646	1,891	1,938	2,379	2,041	1,989	1,931
	MP	508	425	352	483	345	354	435	373	363	353
49 New England	BI	1,753	1,710	2,154	1,485	1,881	1,682	2,021	2,069	1,834	1,753
	PD	1,847	1,801	2,268	1,564	1,981	1,772	2,128	2,180	1,931	1,847
	MP	337	329	414	286	362	324	389	398	353	337

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Zone Rates

April 15, 2021

April 1, 2019

April 15, 2021

**PRE-FILED TESTIMONY
of
RAYMOND F. EVANS, JR., CPCU**

October, 2021

**2021 COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY**

- Q. Would you state your full name and business address?
- A. Raymond F. Evans, Jr., CPCU, 2910 Sumner Boulevard, Raleigh, North Carolina 27616.
- Q. Are you employed by the North Carolina Reinsurance Facility ("Facility")?
- A. Yes.
- Q. In what capacity?
- A. I am the General Manager.
- Q. How long have you been employed by the Facility?
- A. Since September, 2000.
- Q. What is the Facility's function with respect to rates for commercial automobile insurance?
- A. The Facility makes rates for commercial automobile liability insurance written in North Carolina that is ceded to the Facility.
- Q. Would you summarize your educational background?
- A. I graduated from Ohio State University with a Bachelor of Science Degree in Accounting. I am also a Chartered Property and Casualty Underwriter (CPCU).
- Q. What was your work experience after graduation and prior to beginning work for the Facility?
- A. From March 1966 to August 2000 I worked in various capacities with the State Automobile Insurance Companies.

- Q. Can you identify the document (Exhibit RF-1) dated October 14, 2021?
- A. Yes. This is a portion of a filing (“Filing”) that is dated October 14, 2021, submitted by the Facility to the Honorable Mike Causey, Commissioner of Insurance, with respect to revised commercial automobile liability insurance rates in North Carolina for ceded business. The entire Filing is comprised of Exhibits RF-1 through RF-5.
- Q. Do you know how the expense data underlying the Filing were compiled?
- A. Yes. The underwriting expense provisions included in the Filing were derived on the basis of a special call for expense experience that is issued on an annual basis to all member companies of the Facility. The responses received from that special call were compiled, checked, and furnished to Insurance Services Office (“ISO”) for incorporation into the Filing.
- Q. Was the special call information which was furnished to ISO in connection with the Filing correct and accurate to the best of your knowledge, information and belief?
- A. Yes.
- Q. Can you identify the document (Exhibit RF-2) entitled the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates?
- A. Yes. The North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates is a manual of the rules, rates and classifications used to write commercial automobile liability insurance ceded to the Facility. This manual and any approved amendments are on file with the North Carolina Department of Insurance and a copy is maintained at the offices of the Facility.
- Q. To the extent that actuarial expertise was necessary in the preparation of this Filing, where did the Facility obtain that expertise?
- A. Actuarial expertise was obtained from ISO. ISO is retained by the Facility to provide actuarial services to the Facility for, among numerous other things, preparation of this Filing. The Facility’s Rating Committee reviewed the data underlying the Filing and made recommendations to the Board of Governors of the Facility as to the items contained in the Filing. In addition, the Facility has an actuary on its staff who assisted in the review and the preparation of the Filing.
- Q. What is the proposed effective date of the rates in the Filing?
- A. The rate review was prepared with the assumption that the effective date would be April 1, 2022. Therefore, the new rates will apply to all policies becoming effective on or after April 1, 2022.

Q. Does the Filing include, to the extent available, the information to be furnished in connection with the filings under Article 37 of Chapter 58 of the General Statutes?

A. Yes. Those data that were available have been submitted to the Commissioner as part of the Filing.

Q. Does that complete your pre-filed testimony?

A. Yes.

PRE-FILED TESTIMONY

OF

JAMES DAVIDSON

COMMERCIAL AUTOMOBILE INSURANCE RATE FILING

BY THE NORTH CAROLINA REINSURANCE FACILITY

October, 2021

Q. Please state your name and business address.

A. My name is James Davidson. My business address is Insurance Services Office, Inc., 545 Washington Boulevard, Jersey City, New Jersey 07310.

Q. By whom are you employed?

A. I am employed by Insurance Services Office ("ISO") and have been employed by ISO since May 27, 2003.

Q. What are your responsibilities at ISO?

A. I am the Senior Actuarial Director for Commercial Casualty Lines (including Automobile) at ISO. My responsibilities include the management of ISO's total ratemaking operation as it pertains to commercial automobile insurance. We are generally responsible for doing everything that pertains to ratemaking for the commercial automobile coverages, including reviewing experience, making filings, analysis of classification plans, etc.

ISO is involved in ratemaking for the commercial automobile coverages in general in virtually all states plus the District of Columbia and Puerto Rico.

Q. What is your employment background?

A. When I was first employed by ISO, I was an Analyst in ISO's Increased Limits and Rating Plans Division, where I was involved in conducting increased limit reviews for various lines of business, both Personal and Commercial. I was promoted to various levels through the years, including Actuarial Manager in 2013, when I became responsible for Increased Limit reviews for both Personal and Commercial Auto. In 2015, I was promoted to Actuarial Director for Commercial Auto, and in 2019 was promoted to my current position as Senior Actuarial Director for Commercial Casualty Lines.

Q. What is your background in actuarial science and your educational background?

A. I have a Bachelor of Arts degree in Mathematics from the University of Connecticut. I am a Fellow of the Casualty Actuarial Society ("CAS") and a member of the American Academy of Actuaries, and I am in good standing with both organizations.

Q. Are you familiar with automobile experience review procedures in other states?

A. Yes. As part of my duties at ISO, I am familiar with data collection and experience review procedures in use in other states as well as in North Carolina. I have participated in reviews for Commercial Automobile for many states. I am responsible at the present time for supervising the preparation of loss cost filings for all jurisdictions where ISO acts as an advisory organization.

Q. What work have you performed with respect to the Reinsurance Facility Commercial Automobile rate filing in North Carolina?

A. Through ISO, I have been involved in the preparation of the Commercial Automobile rate filing for the Reinsurance Facility in two respects. First, we collect rate-related statistical data from a significant number of the companies which write Commercial Automobile insurance in North Carolina. The Property Casualty Insurers Association of America ("PCI") and the National Independent Statistical Service ("NISS") are statistical organizations that collect data from the other companies. The data which the PCI and the NISS collects are sent to us at ISO and we compile all of the data and put them in proper format so that they can be reviewed to determine

whether loss costs are adequate or inadequate. Second, we provide consulting actuarial services directly to the Reinsurance Facility. My staff and I worked closely with the North Carolina Reinsurance Facility staff and the NCRF Rating Committee with respect to the ratemaking procedures and trends that are utilized in the filing. The Rating Committee is comprised of several member companies of the Facility plus one of the agent members of the Facility's Board of Governors.

Q. What is the nature of this filing labeled Exhibits RF-1 through RF-5?

A. The Reinsurance Facility's filing is identified as Exhibits RF-1 through RF-5. The ratemaking experience is reflected in Exhibit RF-1 and is, in general, supplied by the individual companies. The data are submitted to one of the three statistical organizations (either ISO, PCI or NISS). The three statistical organizations subject the data that are reported to them to a series of verification edits and then consolidate the data. The PCI and the NISS then transmit their consolidated data to ISO for further consolidation with the ISO data, and after that is completed ISO produces the combined data in a format and detail necessary for ratemaking.

This filing revises the North Carolina Reinsurance Facility basic limits rates and increased limits factors for Commercial Automobile bodily injury liability, property damage liability and medical payments. Separate filed amounts are determined for Trucks, Tractors, & Trailers, Private Passenger Types, Auto Dealers, and Zone Rated Risks. The filed amounts by coverage, as shown on page a of Exhibit RF-1, are:

<u>Major Class</u>	Basic Limits	Increased Limits	
	<u>Filed</u> <u>Change</u>	<u>Filed</u> <u>Change</u>	<u>Combined</u>
Trucks, Tractors, & Trailers			
Bodily Injury	+5.9%	+3.1%	+9.2%
Property Damage	+6.9%	-4.4%	+2.2%
Combined	+6.2%	+0.5%	+6.7%
Private Passenger Types			
Bodily Injury	+1.2%	+2.3%	+3.5%

Property Damage	+15.3%	-2.3%	+12.6%
Combined	+7.6%	+0.2%	+7.8%
Auto Dealers			
Bodily Injury	+9.0%	+2.7%	+11.9%
Property Damage	+17.4%	-5.0%	+11.5%
Combined	+12.1%	-0.2%	+11.9%
Zone Rated Risks			
Bodily Injury	+12.5%	+4.4%	+17.5%
Property Damage	+2.1%	-9.1%	-7.2%
Combined	+10.3%	+1.6%	+12.1%
Publics			
Bodily Injury	+5.9%	+2.7%	+8.8%
Property Damage	+6.9%	-3.7%	+2.9%
Grand Total			
Bodily Injury	+8.5%	+3.5%	+12.3%
Property Damage	+6.2%	-5.5%	+0.4%
Combined	+7.8%	+0.8%	+8.7%

- Q. The first note on page a indicates that the Publics changes are not included in the overall change. Could you explain why?
- A. Yes. Public rates are determined by applying various relativities to the Trucks, Tractors, & Trailers rates. While these relativities were not reviewed this year and are not changing from the current levels, the rates for Publics classes will change as a result of the Trucks, Tractors, & Trailers rate changes. Because we didn't review the relativities this year, we don't have the Publics premium available, and thus cannot include Publics in the overall change. We decided to show the indications for Publics on page a because those classes are, in fact, receiving a change and we wanted to make that clear.

Q. The second note on page a indicates that the Property Damage indications include a 0.13% factor due to the expansion of the sales tax base in North Carolina to include labor. Could you explain the inclusion of that 0.13% factor?

A. Yes. The law in North Carolina changed effective March 1, 2016 to include for the first time the application of sales tax to the labor portion of auto repairs. Since those new expenses are not reflected in some of the experience used in this filing, they must be accounted for separately. In the 2017 filing, a factor of 2.0% was used to account for these expenses. The factor was taken from Facility private passenger filings, as it is assumed that the estimated impact on the Property Damage liability coverage here will be approximately the same. For this filing, the factor of 2.0% was applied to the one year in the experience period that is before the March 1, 2016 effective date (year ending 12/31/2015); a factor of 0.3% was applied to the 2016 experience to reflect that the additional sales tax was reflected in the loss experience from March 1, 2016 through December 31, 2016; in other words, only two months of the 2016 experience needed adjustment; while no factor was applied to the other years in the experience period since they are after the effective date. As I will explain later in this testimony, the experience ratios by year are weighted, and this weighting results in an overall factor of .13%. The basic limits changes shown above and on page a are the result of applying this additional .13% to the basic limits indications for Property Damage calculated on Exhibit 1 in Section A.

Q. Mr. Davidson, what is the assumed effective date which was used in the preparation of the present filing?

A. The actuarial calculations assume an effective date of April 1, 2022. This is the effective date proposed for the filing.

Q. What data are utilized in Exhibit RF-1, Section B?

A. With respect to Exhibit RF-1, the supporting data for the basic limits rate level changes for bodily injury liability and property damage liability are contained in Section B. Five years of premium and loss experience are used for each of the Trucks, Tractors, & Trailers, Private

Passenger Types, Auto Dealers, and Zone Rated coverages in Section B. The years are the latest available.

For the Trucks, Tractors, & Trailers and Private Passenger Types classes, the loss experience used in the filing is what we call "accident year" experience. The five years of experience used in the filing are the accident years ending December 31, 2015 to December 31, 2019. For example, the losses for the accident year ended December 31, 2015 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2015. If an accident occurred December 31, 2015 and resulted in either a loss being paid or reserve being established, that loss would be a part of the accident year losses for the period ended December 31, 2015. The test for assigning losses to accident years is the date the accident occurred.

For Auto Dealers and Zone Rated liability, the experience used in the filing is what we call "policy year" experience. The five years of experience used in the filing are the policy years ending December 31, 2015 to December 31, 2019. These five policy year-ending periods are sometimes referred to as policy years 2014 to 2018, as they consist of the policies issued in 2014 through 2018. For example, policy year 2014 experience consists of the experience for all policies issued from January 1, 2014 to December 31, 2014; the term policy year-ending 12/31/2015 comes from the fact that the expiration of these policies is one year after issue, so a policy issued on December 31, 2014 expires on December 31, 2015. Policy year compiles the experience based on the year the applicable policy was issued rather than the year the accident occurred.

- Q. How is Exhibit RF-1 arranged?
- A. Exhibit RF-1 is divided into seven sections. Sections A and B display the exhibits where the rate level changes are determined. Exhibit 1 of Section A shows the overall calculation of the basic limits rate level changes by major class and coverage. Exhibits 1, 2, 3 and 4 of Section B display the adjustment of the losses and calculation of the rate level loss ratios for Trucks, Tractors, & Trailers, Private Passenger Types, Auto Dealers and Zone Rated Risks respectively. Section C presents the exhibits of revised rates. Section D provides the supporting exhibits for loss

development, trend, expenses, credibility and investment income. Sections E, F, and G contain the analysis of Increased Limits Factors.

Q. Mr. Davidson, please turn to the exhibit labeled Section B, Exhibit 1 of Exhibit RF-1. Would you explain what that exhibit is?

A. This exhibit consists of two sheets - 1&2 - which display the loss and premium data for the Trucks, Tractors, & Trailers liability coverages for the North Carolina Reinsurance Facility. Sheet 1 displays the calculation of the rate level loss ratio for bodily injury and property damage coverages for the Trucks, Tractors, & Trailers classes. Sheet 2 displays the adjustment of the experience period incurred losses and loss adjustment expenses to be used on Section B, Exhibit 1, Sheet 1. The data shown are for ceded business; they are the experience on policies that are placed in the Reinsurance Facility.

My testimony will concentrate on the calculations underlying the Trucks, Tractors, & Trailers bodily injury coverage on this exhibit. This is done to simplify the explanations and to provide examples of the calculations in the filing. Although I will be focusing my testimony on the Trucks, Tractors, & Trailers bodily injury coverage, the concepts and explanations apply to the other classes and coverages unless stated otherwise.

Q. Column (1) on Section B, Exhibit 1, Sheet 1 for bodily injury contains a reference to "30/60/25". What does that mean?

A. These are the minimum bodily injury and property damage liability policy limits which are needed to comply with the financial responsibility laws in North Carolina. What we are doing in this section of the filing is calculating the rate change that is needed for this "basic limits" coverage. For the purpose of the filing we assume that losses are "capped" at these basic limits and that the premium which is charged is the premium for the basic limits coverage at existing rates. This means the indicated rate change we get from the calculation is the actuarially sound rate assuming all the ceded risks purchased basic limits coverage. To the extent these risks buy higher limits, there is a separate procedure which is followed to determine what the additional premium should be for the additional policy limits. This is detailed in Sections E, F, and G. The use of the "basic limits" premiums and losses for the purpose of determining statewide average

rates is a proper procedure to be followed and is widely accepted. To illustrate how it works, assume that a risk bought a policy with 100/300 bodily injury policy limits and had an accident which caused the risk's insurer to make a payment to a claimant of \$75,000. The premium which is shown in column 1 is the premium which the policy would have cost the risk at today's rates assuming that the risk had bought only the 30/60 basic limits. The unadjusted losses which are shown in row 1 of this exhibit, sheet 2 would include only \$30,000 as opposed to the \$75,000 total loss.

Q. Referring again to column 1, Section B, Exhibit 1, Sheet 1 entitled "Earned Premium at Present Rates," what does the figure \$20,083,448 represent and how was it determined?

A. It represents the total amount of premium which would have been paid by Facility policyholders for basic limits Trucks, Tractors, & Trailers bodily injury coverage for accident year ending 12/31/2019 if current Facility rates had been in effect. It is calculated by extending the exposures at the current Facility rates.

Q. Are the earned premium at present rates for the other classes and coverages calculated in the same manner?

A. Yes. The earned premiums at present rates for Trucks, Tractors, & Trailers property damage, and Private Passenger Types bodily injury and property damage are calculated in the same manner.

Q. Turning to row 1 on Sheet 2 of this exhibit under the bodily injury column, what are "incurred losses and allocated loss adjustment expenses"?

A. The incurred losses in row 1 are the losses resulting from accidents which occurred during the one year period ending December 31, 2019 or one of the preceding one-year periods, as noted. These figures include both losses which have already been paid as well as losses which are not yet paid and are represented by outstanding claim reserves. The figure also includes allocated loss adjustment expenses. Allocated loss adjustment expenses are expenses which relate to a specific claim. For example, the fees which an insurance company pays to attorneys to defend a claim or to outside adjusters to investigate that claim would be classified as allocated loss

adjustment expenses. On the other hand, adjustment-related expenses which cannot be identified to a specific claim are called unallocated loss adjustment expenses. An example of this would be the salaries and overhead associated with operating a company's in-house claims department. Allocated loss adjustment expenses are included in the row 1 figures; unallocated loss adjustment expenses are not.

Q. Have the losses and allocated loss adjustment expenses as reported by the companies been adjusted in any way?

A. Yes, there are several adjustments. First, as I mentioned earlier, ratemaking is done on a basic limits basis. For that reason we adjust the reported losses by eliminating those losses which exceed the amount which would have been paid had the policy limits been 30/60. The second adjustment results from the use of a loss development factor. Third is the inclusion of unallocated loss adjustment expense. Finally, trend is applied to the reported losses.

Q. What is the purpose of adjusting the reported losses by applying a loss development factor?

A. Reported losses need to be adjusted for loss development in order to appropriately reflect the late emergence of claims as well as changes in the value of known claims. This is accomplished through the use of loss development factors. For Trucks, Tractors, & Trailers, the losses as they are reported to ISO, PCI and NISS cover all accidents which occurred during the year-ended periods 12/31/2015 to 12/31/2019. When they are reported they are evaluated as of March 31, 2020. As of this date, some of the losses have already been paid and some have not, i.e., they are represented by loss reserves. The loss reserves, of course, are estimates of what will ultimately be paid on these outstanding claims. Since we want the estimates to be as accurate as possible, we look at history to see how losses have changed, or "developed," in the past from the time they were initially reported to the time they were ultimately paid. For example, if we look back and see that historically there has been a 1% increase in the amount of losses from the time they were initially reported as reserves until the time they were ultimately paid, we would logically assume that the same development pattern will hold true for losses incurred during future accident years. Accordingly we would make an adjustment by increasing the losses as they are initially reported by 1%.

Q. What causes losses to change or develop as you have described?

A. The losses which are paid as of the date of the initial reporting, of course, do not change. As to the reserve portion of the losses, however, changes would typically result from the fact that the ultimate loss payments are more or less than estimated at the time of the initial report. Another factor would be the late reporting of claims. For example, if an accident occurred on December 26 of any given year and for some reason was not reported to the company in a timely fashion, it might very well be that the losses as initially reported would not include any provision for that particular claim. By the time of the next year's evaluation, however, the claim would have worked its way into the system and the total loss would include either the paid amount or the reserved amount for that particular claim. This would cause an upward development in the losses as initially reported.

Q. Would you please turn to Exhibit 1 of Section D of Exhibit RF-1 and explain how the loss development factors for Trucks, Tractors, & Trailers bodily injury and property damage were calculated?

A. The Trucks, Tractors, & Trailers bodily injury loss development factors are calculated on Sheets 1 through 4 of this Exhibit. The data are North Carolina only experience reported to ISO and PCI for Facility business. Link ratios for several twelve month periods have been calculated and then the "best three of five" method is used to determine the three year link ratio average. Specifically, the highest and lowest link ratios from the latest five years have been removed from the calculation and the remaining three ratios are used to calculate the three year average. The resulting link ratio averages are then multiplied to produce loss development factors to ultimate settlement. The ultimate settlement is assumed to be 123 months.

Q. Are the incurred losses for the other classes and coverages determined in the same manner as you just testified for the Trucks, Tractors, & Trailers bodily injury and property damage coverage?

A. Yes.

Q. Do you have an opinion as to whether the incurred losses for all the classes and coverages in the filing which are shown in row 2 of sheet 2 of Exhibits 1, 2, 3, & 4 of Section B accurately represent the ultimate value of liability losses and allocated loss adjustment expense?

A. Yes, I do.

Q. What is that opinion?

A. I believe that the losses and allocated loss adjustment expenses shown on row 2 of Sheet 2 of Exhibits 1, 2, 3, & 4 of Section B do accurately represent the expected ultimate value of those losses.

Q. Please refer to row 3 of Section B, Exhibit 1, Sheet 2. With reference to the column headed "Bodily Injury", please tell us what the figure \$1,114,886 represents.

A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2019. As I explained earlier, unallocated loss adjustment expenses are those loss adjustment expenses which cannot be attributed on an accident-by-accident basis. As to the number itself, footnote (B) notes that it is 8.6% of the figure shown in row 2 - developed losses and allocated loss adjustment expense. Each year a special call is sent to the Facility's member companies for expense-related data. The most recent special call showed that unallocated loss adjustment expenses for the calendar year ended December 31, 2020 were 8.6% of incurred losses and allocated loss adjustment expenses for the same period. Thus it is reasonable and appropriate to use the same 8.6% figure to arrive at the unallocated loss adjustment expense in row 3 of this Exhibit.

Q. Have you reviewed the compilation of the expense data furnished by the Facility's member companies in response to the special call?

A. Yes, I have. When we get the expense information from the Reinsurance Facility, we routinely review it for reasonableness.

Q. Are loss adjustment expenses for property damage coverages calculated in the same manner that you testified with respect to the bodily injury coverages?

A. Yes. The same procedures are utilized. Again, the appropriate factor for each coverage is utilized in the filing. These factors are set forth in footnote (B) of Sheet 2 of Section B, Exhibits 1, 2, 3, & 4.

Q. Do you have an opinion as to the reasonableness and reliability of the loss adjustment expenses set forth in row 3 of Section B, Exhibits 1, 2, 3, & 4, Sheet 2?

A. Yes, I do.

Q. What is that opinion?

A. In my opinion the figures shown in row 3 for each of the classes and coverages and years in the filing are reasonable and reliable.

Q. Referring again to Section B, Exhibit 1, Sheet 2, please explain what is meant by row 4 -- Average Annual Change in Loss Ratios.

A. Using the assumed April 1, 2022 effective date, what we are doing in the filing is making rates to cover policies issued during the period April 1, 2022 to September 30, 2022. In order to do that, it is necessary to project the amount of losses which will be covered under policies issued during that period. Since we know that losses change because of such things as changes in accident frequency and changes in injury and damage costs, it would not be appropriate to assume that the losses covered under these policies will be the same as the losses which are shown in row 2 for the accident years ended 12/31/2015 to 12/31/2019. The purpose of row 4 is to trend the losses which are shown in row 2 to the anticipated level for policies issued in the 4/1/2022 - 9/30/2022 period. Row 4 shows what is generally referred to as the trend factor. It is the anticipated annualized rate of change in losses. For the bodily injury liability coverage, the annual factor is +5.0% per year. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period from 7.500 years for the 12/31/2015 experience to 3.500 years for the 12/31/2019 experience, as shown in footnote (C). Mathematically, this is done by raising

the factor of 1.050 to the 7.500 power, or the power for the appropriate year. This gives you the total amount of the trend projection.

Q. What components does the average annual change in losses include?

A. The average annual change in losses, which is also known as the average annual change in "pure premium," can be divided into two components. The first is the average annual change in claim frequency, and the second is the average annual change in claim cost.

Q. What are the changes in these two components which have been used for the bodily injury liability coverage in the filing?

A. For the bodily injury liability coverage, the filing uses an average annual change in claim cost of 5.0% for basic limits and 7.0% for total limits, and an average annual change in claim frequency of 0.0%. These percentages are shown in Section D, Exhibit 2 of Exhibit RF-1.

Q. How were the average annual changes in claim cost and claim frequency determined?

A. They were determined by an analysis of past experience, separately for claim cost and claim frequency. For claim cost, trend lines, which are technically referred to as exponential curves, were determined for several different time intervals in order to determine what the actual changes have been in the recent past. The data from which the trends were calculated are the cost data for ISO companies writing Commercial Automobile voluntary insurance in North Carolina as well as multistate data. These data are what we generally refer to as "internal trend" data. After making these calculations to determine what the past changes in loss severity have been, we analyzed the historical trends and considered other relevant factors which would affect our judgment as to whether those historical trends are likely to continue into the future. Based on that review and analysis, the Rating Committee exercised its informed judgment and selected the severity trends which are utilized in the filing. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve like the one used for severity trend does not fit the data well over the long term. Frequency trend is being selected to be 0.0% for bodily injury and 0.0% for property damage to reflect the recent

pattern in frequency trend as well as the economic environment. The claim cost and claim frequency data are shown in Section D, Exhibit 2.

Q. Did the Facility consider the impact of COVID-19 in this filing?

A. Yes, the Facility carefully considered the impact of COVID-19 in this filing. They were well aware that the loss experience in the rate review - the latest of which was accident year ended December 31, 2019 - was all prior to COVID-19 and that the trend data included two quarters in 2020 that were impacted by COVID-19. They were also well aware that the filed rates are to be effective next year beginning April 1, 2022. After an in-depth review and analysis, the Rating Committee determined that the standard ratemaking methodologies continue to remain appropriate for use in this year's filing. While the Facility is not making any explicit adjustment to the prospective rates referenced in this filing due to COVID-19, the potential long-term behavioral, social, and economic changes as a result of COVID-19 were given consideration when selecting trends.

Q. In your opinion, are the annual loss trends used in the filing reasonable estimates of the prospective annual changes in losses in North Carolina?

A. Yes, they are.

Q. Please refer to row 5 of Section B, Exhibit 1, Sheet 2 of Exhibit RF-1 and explain what the purpose of that line is.

A. The average annual change in expenses of 2.3% represents the appropriate prospective change in general expenses, other acquisition expenses and unallocated loss adjustment expenses. These expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. These expenses represent salaries, overhead, rents and other expenses that should vary according to general economic trends and not as a direct function of how premium increases or decreases. For example, commissions are calculated as a percent of premium. If the premium rate goes up a certain percentage, the dollars of commission go up by the same percentage. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses or other acquisition expenses, is not directly tied to premium. Just

because premium may go up 10% does not mean that the employee's salary will go up 10%. The salary will be influenced by general economic trends and not by what the premium level is doing. That is why general expenses, other acquisition expenses and unallocated loss adjustment expenses are treated differently from those expenses that vary as a function of premium in this filing.

Q. Would you explain the derivation of the 2.3% factor in row 5?

A. The 2.3% factor is based on an analysis of the latest average annual changes in the All Items CPI (both including and excluding energy), and the Compensation Cost Index. The Rating Committee included the analysis using the All Items CPI (excluding energy) because it was concerned that the recent volatility in energy prices has made the All Items CPI more volatile and therefore less valuable as a predictor of future costs. A weighted average of 25% of the All Items CPI, 25% of the All Items (excluding energy) CPI and 50% of the Compensation Cost Index is utilized to estimate changes in these expenses. The data are shown in Section D, Exhibit 3 of Exhibit RF-1. Based on an analysis of these data, a selected expense trend factor of +2.3% is quite reasonable.

Q. Would you explain row 6 of Section B, Exhibit 1, Sheet 2 labeled "trended losses and loss adjustment expenses"?

A. The figures in row 6 are calculated by applying trend factors to the developed losses and allocated loss adjustment expenses in row 2 and the unallocated loss adjustment expenses in row 3. The trend factors are based on the selected annual trends shown in rows 4 and 5 raised to the appropriate power. The trended loss and loss adjustment expenses are the loss and loss adjustment expenses expected to prevail for policies issued in the six month period 4/1/2022 through 9/30/2022. These loss and loss adjustment expenses are then used in Section B, Exhibit 1, Sheet 1 to calculate the loss and loss adjustment ratios in column 3.

Q. Turning back to Section B, Exhibit 1, Sheet 1, how are the loss and loss adjustment ratios in column 3 used?

A. These loss and loss adjustment ratios are used in a series of steps to calculate the rate level loss ratio shown in row 10. We use five years of Facility experience to calculate the rate level loss

ratio in order to ensure stable indications. The table of weights used in weighting these loss and loss adjustment ratios is shown on Section D, Exhibit 5. Whenever appropriate, we assign a greater weight to the latest year. The weights used for the Trucks, Tractors, & Trailers classes are shown in column 4 of Section B, Exhibit 1, Sheet 1. The resulting weighted loss and loss adjustment ratios are shown in row 6. The next step in calculating the rate level loss ratio is accounting for the credibility of the experience. Credibility is based upon the five year total of claims for the coverage. The standard for full credibility is 1084 claims for Trucks, Tractors, & Trailers and Private Passenger Types, and 683 for Zone Rated. The tables for determining partial credibility are shown in Section D, Exhibit 5. The weighted loss and loss adjustment ratios are assigned credibility based on these tables. The complement of credibility is assigned to the adjusted expected loss ratio shown in row 8. For the Trucks, Tractors, & Trailers classes, the number of claims exceeds the full credibility standard so a credibility of 1.00 is given to the weighted loss and loss adjustment ratio in row 6. This results in the rate level loss ratios in row 10 being equal to the weighted loss and loss adjustment ratios in row 6.

- Q. Would you explain the purpose of row 7 - "expected loss ratio" and row 8 - "adjusted expected loss ratio" more fully?
- A. The expected loss ratio is the percentage of the premium dollar you will have available to pay for loss and loss adjustment expenses. The adjusted expected loss ratio represents what you would expect the loss and loss adjustment expense ratio to be without benefit of any later experience since the last filing. It is calculated by applying the average combined loss and loss adjustment expense trend factor to the expected loss ratio.
- Q. What is the source of the expense provisions shown in footnote (C) on Section B, Exhibit 1, Sheet 1?
- A. They were calculated from the North Carolina Special Expense Call for 2020 data. We used the expense ratios collected under the special call with two exceptions. For commissions, a 10% provision is assumed for Trucks, Tractors, & Trailers and Private Passenger Types, and a 5% provision is assumed for Zone Rated Risks since these are the minimum commission allowances for Facility business. For Garages, an additional 3% provision is added to the general expense provision to account for expenses specific to these classes, that is, expenses due to inspection

costs and auditing of exposures. This percentage is a reasonable and historically accepted estimate of the additional expense incurred in writing and servicing a garage policy. The general expense provisions for the other classes of business were reduced so that, overall, the general expense provisions used average to the provisions indicated by the special call.

Q. What is the significance of the rate level loss ratio shown for Trucks, Tractors, & Trailers bodily injury in row 10 of Section B, Exhibit 1, Sheet 1?

A. The figure of 0.838 means that losses and loss adjustment expenses will be lower than premium income by 16.2%. This means the Facility would make 16.2 cents on every premium dollar before considering commissions, other acquisition costs, general expense and taxes, licenses and fees. The rate level loss ratio is used on Exhibit 1 of Section A to determine the rate level indications after accounting for the remaining expenses and the investment income of the Facility.

Q. Referring now to Exhibit 1 of Section A, would you explain how the rate level loss ratio is used?

A. The rate level loss ratio in row 1 of Section A, Exhibit 1 is added to the trended fixed expense ratio in row 2 and the sum is displayed in row 3. The resulting ratio accounts for losses, loss adjustment expenses, other acquisition costs and general expenses.

Q. Would you explain the trended expense ratio?

A. The trended expense ratio is the sum of the expense provisions for other acquisition costs and general expenses adjusted for 2.00 years of trend. The assumption underlying this ratio is that these expenses are adequately provided for at this time but need to be adjusted to reflect the appropriate level for the prospective period. As I mentioned earlier in my testimony, other acquisition costs and general expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. As stated in footnote (a) on Exhibit 1, the calculation of the trended expense ratio uses an average annual expense trend of +2.3%. Earlier in my testimony, I explained the derivation of this trend factor.

- Q. What is the significance of the ratio 0.958 shown on row 3 for Trucks, Tractors, & Trailers bodily injury of Section A, Exhibit 1?
- A. This ratio means that the Facility would make 4.2 cents on every premium dollar before considering the remaining expenses - commissions and taxes, licenses and fees - and before reflecting investment income.
- Q. Would you explain the ratio 0.876 on row 4 labeled "expected loss ratio + expected fixed expense ratio"?
- A. This ratio represents the percentage of the premium dollar available to cover losses, loss adjustment expenses, other acquisition costs and general expenses. Mathematically, it is calculated as 1.00 minus the provision for commissions (which is 10%) and taxes, licenses and fees (2.4%).
- Q. Mr. Davidson, would you please explain how the rate level change is calculated?
- A. Rows 5 and 6 of Section A, Exhibit 1 display the results of the calculated rate level changes. Row 5 shows the calculation of the rate level change without reflecting investment income; row 6 is the same calculation but with the reflection of investment income. Basically, the rate level indication without reflecting investment income results from the comparison of the projected loss and fixed expense ratio shown on row 3 to the provision for losses and fixed expenses shown on row 4. Investment income is reflected by modifying the provision in row 4. We use an investment income provision of 2.89%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 2.89% is added to the expected loss and fixed expense provision of 87.6% to obtain a provision of 90.49% available to cover losses and fixed expenses. The indicated rate level changes reflecting investment income result from the comparison of the projected loss and fixed expense ratio on row 3 to this provision of 90.49%. For Trucks, Tractors, & Trailers bodily injury, the projected loss & fixed expense ratio of 0.958 is greater than 0.9049 and thus indicates a rate level change (after reflecting investment income) of +5.9%. The effect of investment income on the indication for Trucks, Tractors & Trailers bodily injury is to reduce the indication by 3.5 percentage points overall.

Q. Are the calculations for the other classes and coverages on Section A, Exhibit 1, performed in essentially the same manner as the 30/60 Trucks, Tractors, & Trailers bodily injury coverage?

A. Yes.

Q. Mr. Davidson, please turn to Section D, Exhibit 6 of Exhibit RF-1. What do these pages represent?

A. This exhibit details what are commonly known as "State X" calculations. They are calculations of the estimated investment earnings on unearned premium reserves and loss and loss expense reserves. Each line is explained, and the appropriate data source is cited.

Q. Would you explain the calculations.

A. Part A in Sheet 1 is the determination of the average unearned premium reserve for the ceded liability coverages for the State of North Carolina. Line 1 gives the earned premium for the calendar year ended December 31, 2020. From the earned premium the mean unearned premium reserve is calculated. The portion of the earned premium that is held as unearned premium reserve is determined from the average unearned premium reserve for the year 2019. In this case, the mean unearned premium reserve is 43.9% of the earned premium. You must then deduct prepaid expenses since these prepaid dollars would not be available to earn investment income.

For Commission and Brokerage expense, 100% of the expense provision is considered pre-paid. For Taxes, Licenses and Fees, 83% is considered pre-paid, and for Other Acquisition expense and Company Operating expense, one-half is considered pre-paid.

Line A-5 shows the amount of unearned premium reserves that were available for investment.

Part B calculates the impact that the delayed remission associated with the lag in the transfer of funds to the companies has on funds available for investment. The average agents balance is 20.7% of premiums. The calculation of this 20.7% is shown in the explanatory notes. The

average agents balance includes amounts that have been booked as written premiums but have not been paid by insureds due to installment premium plans.

Part C shows the calculations of the expected mean loss reserves held by the companies. Line C-2 entitled Expected Incurred Losses and Loss Adjustment Expenses is based upon the expense provisions utilized in the filing. The expected mean loss reserve in line C-3 is based upon the 2018 and 2019 ratios of mean loss reserves to incurred losses for commercial auto data only.

Part D adds up the unearned premium reserves subject to investment and the loss reserves subject to investment and backs out the amount that is not invested due to delayed remissions. This gives you the total amount of unearned premium reserves and loss and loss expense reserves available for investment.

Once you have determined how much is available for investment, you then apply the average investment return to determine total investment earnings. This estimate was provided to us by the Facility. Line E shows an average rate of return of 2.01%.

Applying the yield in line E to the net subject to investment in line D gives you the total investment earnings in North Carolina. Line G merely relates the total earnings to the earned premium in line A-1 to show a yield of 2.89% as a percent of earned premium.

Q. Mr. Davidson, were these State X pages prepared by you or under your direct supervision and are they correct to the best of your knowledge and belief?

A. Yes.

Q. Do you have an opinion as to whether the State X calculations accurately set forth the estimated investment earnings on unearned premium reserves and loss and loss expense reserves as a percentage of direct earned premium for the North Carolina Reinsurance Facility, and if so, what is that opinion?

- A. Yes. In my opinion they accurately set forth the estimated investment earnings on unearned premium reserves and loss and loss expense reserves as a percentage of direct earned premium for the North Carolina Reinsurance Facility.
- Q. Mr. Davidson, please turn to Section C and explain the purpose of this section.
- A. Section C derives the proposed Facility territory base rates and presents the exhibits of revised Facility manual rate pages. Exhibit 2 refers to the Trucks, Tractors, & Trailers and related classes. Exhibit 3 refers to the Private Passenger Types classes. Exhibit 4 refers to the Auto Dealers classes. Exhibit 5 refers to the Zone Rated classes. The first two sheets of Exhibits 2 and 3 present the calculations of the revised territory base rates. Sheet 1 derives the territory base rates for 30/60 bodily injury coverage; Sheet 2 derives the territory base rates for \$25,000 property damage coverage.
- Q. What is the purpose of Exhibit 1 of Section C?
- A. Exhibit 1 summarizes the standard relativities used for determining revised rates for medical payments coverage and public automobile bodily injury and property damage liability coverage. This exhibit also summarizes the procedure for calculating the revised rates for hired cars coverage.
- Q. Turning to Exhibit 2, Sheet 1 of Section C, would you explain the calculations on this exhibit?
- A. This exhibit displays the calculations underlying the revised Facility territory base rates for Trucks, Tractors, & Trailers 30/60 bodily injury liability coverage. The revised Facility base rates are based upon the voluntary territory relationships that become effective on 12/1/2021. We base the revised Facility rates on the voluntary relationships because of the larger volume of voluntary experience and because we continue to believe, as we have in the past, that it is reasonable to assume that the Facility territory experience mirrors the voluntary territory relationships. Column 2 displays the voluntary base loss costs by territory in effect on that date. Column 4 displays these voluntary territory base loss costs indexed to the overall statewide average voluntary base loss cost. This index in column 4 is applied to the revised overall statewide average Facility base rate shown in the footnote. As an example, the revised rate for

territory 11 is calculated by multiplying the index of 0.933 shown in column 4 by the overall statewide average base rate of 287.249. The result of this calculation is \$267.988 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 11 of \$268 as shown in column 6. Column 7 shows the base rate change by territory. It is calculated by dividing column 6 by column 3, and reflects the +5.5% indicated change.

- Q. Are the revised Facility territory base rates for the other classes and coverages determined in a manner similar to the Trucks, Tractors, & Trailers bodily injury base rates?
- A. Yes, they are, for Trucks, Tractors, & Trailers property damage and for Private Passenger Types bodily injury and property damage, which are the only other class/coverages for which territory rates are determined.
- Q. Do you have an opinion as to whether the data utilized and the method of calculating the filed rate level changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?
- A. Yes. In my opinion they are sound and actuarially reliable.
- Q. Do you have an opinion as an actuary as to whether the filed basic limits rate level changes are fully justified and result in rates that are neither excessive, inadequate, nor unfairly discriminatory, and if so, what is that opinion?
- A. Yes. In my opinion they are fully justified and result in rates that are neither excessive, inadequate, nor unfairly discriminatory.
- Q. Please describe Sections E-G of Exhibit RF-1.
- A. The Reinsurance Facility's increased limits filing is contained in Sections E-G. The experience data contained in this section are reported to ISO, PCI or NISS by the individual companies.

The filing proposes to revise the North Carolina Reinsurance Facility increased limits factors for Commercial Automobile bodily injury liability and property damage liability insurance.

- Q. What is the assumed effective date used in the calculation of these proposed increased limits factors?
- A. An effective date of April 1, 2022 was assumed in the compilation of the filing material. This is the same date assumed in the calculation of the proposed rates in Sections A-D of Exhibit RF-1.
- Q. Is that in fact the proposed effective date?
- A. Yes, it is.
- Q. What data are utilized in Sections E-G?
- A. The supporting data for the indicated increased limits factor changes in Sections E-G consist of accident year data. As previously described, accident year experience is compiled based on the year that the accident occurred.
- Q. How are Sections E-G arranged?
- A. Section E presents a comparison of revised and current increased limit factors for selected policy limits. Section F contains detailed exhibits of the increased limits experience review. Section G presents the revised increased limits factors as they will appear in the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates.
- Q. Mr. Davidson, please turn to Exhibit 1 in Section F. Would you explain the calculations in this exhibit?
- A. Exhibit 1, Sheet 1 of Section F presents the calculation of the indicated change in bodily injury increased limits factors (+3.5%). The indicated change is calculated by comparing the indicated average increased limits factor to the present average increased limits factor. The indicated average increased limits factor is calculated as the 5-year ratio of total limits losses (including allocated loss adjustment expense) to basic limits losses (including allocated loss adjustment expense). These losses have been developed to an ultimate settlement basis and trended from the

average date of accident to nine months beyond the anticipated effective date of April 1, 2022. Sheet 2 of this exhibit presents the calculation of the indicated change in property damage increased limits factors (-5.5%).

- Q. How were the losses trended to nine months beyond the anticipated effective date?
- A. The developed losses (including allocated loss adjustment expense) have been multiplied by an exponential projection of annual average paid claim cost trend factors calculated in Exhibit 2 of Section F.

- Q. How are the developed losses obtained?
- A. Section F, Exhibit 4 presents the North Carolina Reinsurance Facility loss data. Sheet 1 shows the basic and total limits losses including allocated loss adjustment expense by class group separately for bodily injury and property damage. These losses are then developed to an ultimate settlement basis by applying the appropriate development factors shown in Exhibit 3. The results of this operation are displayed in Exhibit 4, Sheet 2.

The calculation of the development factors is performed in the same manner as previously described. Exhibit 1 of Section D presents the calculation of these factors.

- Q. What is the significance of Exhibit 4, Sheet 3 of Section F?
- A. After the losses (including allocated loss adjustment expense) have been developed to an ultimate settlement basis, the resultant values are then trended to nine months beyond the anticipated effective date of April 1, 2022. The final trended values appear by class group on Sheet 3 of Exhibit 4. These final values are summed across class groups and the resultant numbers are used to obtain the indicated average increased limits factors in Exhibit 1.
- Q. How are the present average increased limits factors calculated?
- A. The present average increased limits factors are calculated as a weighted average of the increased limits factors which are currently in effect for the North Carolina Reinsurance Facility. Exhibit

5, Sheets 1 and 2 present the weights which are used. These weights are based on the basic limits loss distribution for risks ceded to the Facility, which uses losses (including allocated loss adjustment expense) reported to ISO from calendar accident year ending 06/30/2016 through calendar accident year ending 06/30/2020.

Q. Turning to Section G - Revised Increased Limits Tables, how are the individual increased limits factors calculated?

A. The actual indicated factors are calculated using a uniform excess change procedure. In this procedure, rather than multiply each increased limits factor by a desired percentage change, the excess portion of each increased limits factor is multiplied by a factor specifically calculated to achieve the desired overall percentage change in the increased limits factors.

For example, the indicated total limits percentage change for the bodily injury increased limits factors is +3.5%. This is calculated in Exhibit 1, Sheet 1 of Section F as the indicated average factor divided by the present average factor minus unity ($3.112/3.008 - 1 = +3.5\%$). In order to achieve this percentage change, a uniform excess change factor is calculated by dividing the indicated average excess portion ($3.112 - 1.000 = 2.112$) by the present average excess portion ($3.008 - 1.000 = 2.008$). The result of this calculation ($2.112/2.008 = 1.052$) is the factor used to develop the indicated excess portion of each individual increased limits factor.

For a specific example of this calculation, let's look at the current bodily injury increased limits factor for a Heavy Truck with a \$100,000/\$300,000 policy limit (1.78). The excess portion of this factor ($1.78 - 1.00 = 0.78$) is multiplied by the uniform excess change factor ($0.78 * 1.052 = 0.82$) to obtain the indicated excess portion of the increased limits factor. The indicated increased limits factor is then obtained by adding the base portion back to give the revised increased limit factor ($0.82 + 1.00 = 1.82$). This results in a change of +2.2% ($(1.82/1.78) - 1 = +.022$) in this factor.

After the indicated factors have been calculated, a weighted average of these factors is calculated to ensure that the desired percentage change is achieved.

Q. Was the desired percentage change achieved?

A. Yes. The overall effect of the revised increased limits factors displayed in Section G, based on the loss distribution shown in Section F - Exhibit 5, is +3.5% for bodily injury and -5.5% for property damage.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the indicated increased limits factor changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion they are sound and actuarially reliable.

Q. Do you have an opinion as an actuary as to whether the filed increased limits factor changes contained in Sections E-G are fully justified and result in rates that are neither excessive, inadequate, nor unfairly discriminatory, and, if so, what is that opinion?

A. Yes. In my opinion they are fully justified and result in rates that are neither excessive, inadequate, nor unfairly discriminatory.

Q. Does that conclude your testimony?

A. Yes.

PRE-FILED TESTIMONY
OF
ALYSSA A. IRVING

2021 COMMERCIAL AUTOMOBILE INSURANCE
RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY
October, 2021

Q. Please state your name and business address for the record.

A. **Alyssa Irving**
Wellington Management Company LLP
280 Congress Street
Boston, MA 02110

Q. By whom are you employed?

A. **Wellington Management Company LLP**

Q. In what capacity?

A. **My formal title is Senior Managing Director, Fixed Income Portfolio Manager. I am a Fixed Income Portfolio Manager on the Financial Reserves Portfolio Management Team.**

Q. What are your duties in your roles at Wellington Management Company LLP?

A. **As a fixed income portfolio manager I am responsible for managing U.S. Broad Market portfolios for clients, such as insurance companies, with customized risk and return objectives, often related to accounting and/or regulatory constraints.**

Q. Is it correct that Wellington Management Company LLP is an investment manager handling investable assets of the North Carolina Reinsurance Facility (the Facility)?

A. **Yes.**

Q. As investment manager for the Facility, does Wellington Management Company LLP have discretionary investment authority over the Facility's funds?

A. **Yes, as permitted by the Investment Management Agreement between the North Carolina Reinsurance Facility and Wellington Management Company LLP.**

Q. What is your role personally with respect to the Facility's investment account?

A. **I am the lead Portfolio Manager responsible for managing the Facility's investment portfolio according to the investment guidelines set forth in the Investment Management Agreement. I am responsible for all buy and sell decisions executed in the portfolio.**

Q. How long have you been employed by Wellington Management Company LLP?

A. **I joined Wellington Management Company LLP in 2006.**

Q. How long have you been employed by Wellington Management Company LLP in the division or department which specializes in fixed-income investments?

A. **I have been involved in our fixed income business since joining the firm in 2006.**

Q. How long has Wellington Management Company LLP managed the Facility's investment portfolio?

A. **Wellington was engaged by the Facility on October 1, 2009.**

Q. How long have you personally been the portfolio manager for that account?

A. I have been a member of Financial Reserves portfolio management team since 2012, and I assumed the lead Portfolio Manager role for the NCRF portfolio in December 2015.

Q. In connection with the Facility's 2021 Commercial Automobile Insurance rate filing, has the Facility requested that you make any calculations concerning the investment yield that the Facility could reasonably expect during the eighteen month period beginning April 1, 2022?

A. Yes.

Q. Did you make those calculations?

A. Yes, working in conjunction with Wellington's internal fixed income quantitative analysts.

Q. Would you please describe how your calculations were performed?

A. To determine the investment yield that the Facility could reasonably expect during the eighteen month period beginning April 1, 2022, we employed a security-level book yield projection approach, rolling forward the book yield on the Facility's investment portfolio as it stood on July 31, 2021 as a starting point. The book yield projection incorporates the actual book yield of the existing assets held in the portfolio and also a reinvestment yield associated with projected principal (maturity and pre-payments) and coupon cash payments projected to be received going forward. We assume that projected future cash flows (principal maturities, prepayments, paydowns and coupon payments) are reinvested at a yield which reflects the portfolio's performance benchmark yield as it stood on July 31, 2021 adjusted for higher expected reinvestment rates consistent with the US Treasury forward curve as it existed at the time the estimate was developed. We used the benchmark yield because we believe this yield represents a good approximation of the mix of assets that

would be purchased in the portfolio. Using this methodology, the projected month-end portfolio book yield was calculated for each month during the eighteen month period beginning April 1, 2022 and the resulting yields for these 18 months were then averaged to arrive at the estimate of the Facility's portfolio yield for the overall time period.

Q. What was the result of your calculations?

A. **Our calculations resulted in an estimated investment yield of 2.01%.**

Q. Do you have an opinion as to whether the 2.01% investment yield estimate that is based on your calculations and the assumptions used in your methodology is a reasonable estimate of what the Facility's investment yield will be?

A. **Yes.**

Q. What is that opinion?

A. **I believe the yield estimate is a reasonable estimate of the Facility's investment portfolio yield during the eighteen month period beginning April 1, 2022, based on the information available when we made the calculations.**

Q. Does that conclude your pre-filed testimony?

A. **Yes.**