



North Carolina Reinsurance Facility

April 26, 2022

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 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 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, 2020 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) Joanna Biliouris, 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.

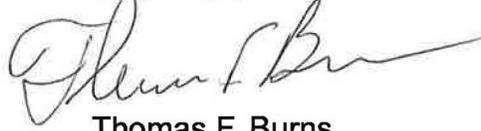
These revised rates will become effective October 1, 2022, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2022. No policy effective prior to October 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 October 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". The signature is fluid and cursive, with a long horizontal stroke 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.

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>Trucks, Tractors, and Trailers Liability</u>	
Bodily Injury (30/60)	5.7%
Property Damage (25)	5.7%
<u>Private Passenger Types Liability</u>	
Bodily Injury (30/60)	100.3%
Property Damage (25)	52.7%
<u>Auto Dealers</u>	
Bodily Injury (30/60)	12.3%
Property Damage (25)	9.1%
<u>Zone Rated Risks</u>	
Bodily Injury (30/60)	8.7%
Property Damage (25)	4.3%
Grand Total	7.4%

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

North Carolina Reinsurance Facility

Summary of Indications

Basic Limits Indications

TRUCKS, TRACTORS, & TRAILERS

Bodily Injury	5.7%
Property Damage	5.7%
Total	5.7%

PRIVATE PASSENGER TYPES

Bodily Injury	100.3%
Property Damage	52.7%
Total	78.1%

AUTO DEALERS

Bodily Injury	12.3%
Property Damage	9.1%
Total	11.0%

ZONE-RATED RISKS

Bodily Injury	8.7%
Property Damage	4.3%
Total	7.9%

PUBLICS

Bodily Injury	5.7%
Property Damage	5.7%

OVERALL

Bodily Injury	7.7%
Property Damage	6.5%
Total	7.4%

The Publics changes are not included in the overall change.

The Basic Limit Property Damage indications include a .02% 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	0.780	0.780		1.590	1.182		0.803	0.776		0.863	0.823	
2. Trended Fixed Expense Ratio (a)	0.125	0.125		0.125	0.125		0.157	0.157		0.125	0.125	
3. Sum of (1) and (2)	0.905	0.905		1.715	1.307		0.960	0.933		0.988	0.948	
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.826	0.826		0.826	0.826		0.826	0.826		0.876	0.876	
5. Indicated Rate Level Change $[(3)/(4)-1] \times 100$	9.6%	9.6%	9.6%	107.6%	58.2%	84.6%	16.2%	13.0%	14.9%	12.8%	8.2%	12.0%
6. Indications Reflecting Investment Income (c)	5.7%	5.7%	5.7%	100.3%	52.7%	78.1%	12.3%	9.1%	11.0%	8.7%	4.3%	7.9%
7. Indications Reflecting Legislation effective 03/01/2016 (d)	5.7%	5.7%	5.7%	100.3%	52.7%	78.1%	12.3%	9.1%	11.0%	8.7%	4.3%	7.9%

(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.

	Trucks	P.P. Types	Auto Dealers	Zone Rated
Sum of Other Acquisition Expense and General Expenses	11.5%	11.5%	14.5%	11.5%
Avg. Annual Change in Expenses:	3.0%	3.0%	3.0%	3.0%
Years Projected (n)	2.75	2.75	2.75	2.75

(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 $[(3)/(0.876 + 0.0302)-1] \times 100$ for Trucks, Tractors, and Trailers and Private Passenger Types, and $[(3)/(0.876 + 0.0289)-1] \times 100$ for Auto Dealers, and $[(3)/(0.926 + 0.0326)-1] \times 100$ for Zone Rated Risks.

Investment Income (Trucks and Private Passenger Types):	3.02%
Investment Income (Auto Dealers):	2.89%
Investment Income (Zone Rated):	3.26%

(d) The Basic Limit Property Damage indications include a .02% 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)	(2) (30/60/25)	(3) LOSS & LOSS ADJUSTMENT RATIO <u>(2) / (1)</u>	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
ACCIDENT YEARS <u>ENDING</u>	LIMITS EARNED PREMIUM AT <u>PRESENT RATES(A)</u>	LIMITS INCURRED <u>LOSSES (B)</u>			
BI 12/31/2016	\$17,631,472	\$13,074,055	0.742	10%	729
12/31/2017	19,011,540	17,131,870	0.901	15%	953
12/31/2018	18,849,362	19,377,732	1.028	20%	1,023
12/31/2019	24,339,443	17,101,161	0.703	35%	1,005
12/31/2020	26,488,847	15,730,639	0.594	20%	1,005
PD 12/31/2016	\$20,425,459	\$16,254,077	0.796	10%	2,470
12/31/2017	22,537,898	20,844,981	0.925	15%	3,206
12/31/2018	22,292,484	22,211,151	0.996	20%	3,472
12/31/2019	28,563,549	20,298,205	0.711	35%	3,461
12/31/2020	31,946,724	18,175,016	0.569	20%	3,154

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.780	0.780
(7) EXPECTED LOSS RATIO (C).	0.711	0.711
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.739	0.749
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.780	0.780

(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%
CONTINGENCIES:	5.0%
UNDERWRITING PROFIT:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
LOSS AND EXPENSE TREND FACTOR (5.3% FOR BI, 7.1% FOR PD), PROJECTED
FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM 9 MONTHS
BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (04/01/2022) TO ONE YEAR
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 10/01/2022. 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	12/31/2016	\$8,271,818	\$9,002,705
	12/31/2017	11,417,761	12,377,652
	12/31/2018	13,198,188	14,131,101
	12/31/2019	10,734,533	13,812,726
	12/31/2020	7,951,126	12,856,762
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2016	\$8,271,818	\$9,002,705
	12/31/2017	11,417,761	12,377,652
	12/31/2018	13,594,134	14,131,101
	12/31/2019	12,634,546	13,840,352
	12/31/2020	12,244,735	13,281,035
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2016	\$711,376	\$846,254
	12/31/2017	981,927	1,163,499
	12/31/2018	1,169,096	1,328,323
	12/31/2019	1,086,571	1,300,993
	12/31/2020	1,053,047	1,248,417
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		5.5%	7.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2016	\$13,074,055	\$16,254,077
	12/31/2017	17,131,870	20,844,981
	12/31/2018	19,377,732	22,211,151
	12/31/2019	17,101,161	20,298,205
	12/31/2020	15,730,639	18,175,016

(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>
	12/31/2016	1.000	1.000
	12/31/2017	1.000	1.000
	12/31/2018	1.030	1.000
	12/31/2019	1.177	1.002
	12/31/2020	1.540	1.033

(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 ONE YEAR BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 10/01/2022.

	ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
	12/31/2016	7/1/2016	7.250
	12/31/2017	7/1/2017	6.250
	12/31/2018	7/1/2018	5.250
	12/31/2019	7/1/2019	4.250
	12/31/2020	7/1/2020	3.250

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)	(2) (30/60/25)	(3) LOSS & LOSS ADJUSTMENT RATIO	(4)	(5) NUMBER OF INCURRED CLAIMS
ACCIDENT YEARS <u>ENDING</u>	LIMITS EARNED PREMIUM AT <u>PRESENT RATES(A)</u>	LIMITS INCURRED <u>LOSSES (B)</u>	<u>(2) / (1)</u>	ACCIDENT YEAR <u>WEIGHTS</u>	
BI 12/31/2016	\$59,298	\$81,780	1.379	10%	7
12/31/2017	125,118	411,923	3.292	15%	18
12/31/2018	237,679	772,855	3.252	20%	67
12/31/2019	392,104	1,006,476	2.567	35%	100
12/31/2020	586,718	764,182	1.302	20%	113
PD 12/31/2016	\$87,874	\$85,534	0.973	10%	22
12/31/2017	189,946	357,857	1.884	15%	61
12/31/2018	354,815	584,370	1.647	20%	168
12/31/2019	582,211	746,093	1.281	35%	196
12/31/2020	871,396	910,827	1.045	20%	232

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	2.441	1.367
(7) EXPECTED LOSS RATIO (C).	0.711	0.711
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.739	0.749
(9) CREDIBILITY (E).	0.50	0.70
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	1.590	1.182

(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%
CONTINGENCIES:	5.0%
UNDERWRITING PROFIT:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (5.3% FOR BI, 7.1% FOR PD), PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM NINE MONTHS BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (04/01/2022) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 10/01/2022. 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

	ACCIDENT YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2016	\$51,741	\$47,375
	12/31/2017	274,531	211,437
	12/31/2018	541,642	369,569
	12/31/2019	682,825	504,686
	12/31/2020	471,347	619,711
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2016	\$51,741	\$47,375
	12/31/2017	274,531	212,494
	12/31/2018	542,184	371,786
	12/31/2019	743,597	508,724
	12/31/2020	594,840	665,569
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2016	\$4,450	\$4,453
	12/31/2017	23,610	19,974
	12/31/2018	46,628	34,948
	12/31/2019	63,949	47,820
	12/31/2020	51,156	62,563
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		5.5%	7.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2016	\$81,780	\$85,534
	12/31/2017	411,923	357,857
	12/31/2018	772,855	584,370
	12/31/2019	1,006,476	746,093
	12/31/2020	764,182	910,827

(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>
12/31/2016	1.000	1.000
12/31/2017	1.000	1.005
12/31/2018	1.001	1.006
12/31/2019	1.089	1.008
12/31/2020	1.262	1.074

(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 ONE YEAR BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 10/01/2022.

ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/2016	7/1/2016	7.250
12/31/2017	7/1/2017	6.250
12/31/2018	7/1/2018	5.250
12/31/2019	7/1/2019	4.250
12/31/2020	7/1/2020	3.250

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) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
ACCIDENT YEARS <u>ENDING</u>	LIMITS EARNED PREMIUM AT <u>PRESENT RATES(A)</u>	LIMITS INCURRED <u>LOSSES (B)</u>	<u>(2) / (1)</u>		
BI 12/31/2016	\$1,454,334	\$1,108,827	0.762	10%	75
12/31/2017	1,513,311	1,344,970	0.889	15%	88
12/31/2018	1,476,581	1,521,536	1.030	20%	96
12/31/2019	1,518,691	1,248,576	0.822	35%	70
12/31/2020	1,717,478	1,197,463	0.697	20%	76
PD 12/31/2016	\$1,532,183	\$1,507,298	0.984	10%	199
12/31/2017	1,617,394	1,670,037	1.033	15%	225
12/31/2018	1,572,509	1,328,495	0.845	20%	215
12/31/2019	1,619,397	1,138,338	0.703	35%	191
12/31/2020	1,861,250	997,742	0.536	20%	152

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.843	0.776
(7) EXPECTED LOSS RATIO (C).	0.681	0.681
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.708	0.717
(9) CREDIBILITY (E).	0.70	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.803	0.776

(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%
CONTINGENCIES:	5.0%
UNDERWRITING PROFIT:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (5.3% FOR BI, 7.1% FOR PD), PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM NINE MONTHS BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (04/01/2022) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 10/01/2022. 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

	ACCIDENT YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2016	\$701,543	\$834,853
	12/31/2017	819,354	991,660
	12/31/2018	969,490	849,457
	12/31/2019	798,669	768,492
	12/31/2020	724,247	710,604
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2016	\$701,543	\$834,853
	12/31/2017	896,373	991,660
	12/31/2018	1,067,409	845,210
	12/31/2019	922,463	776,177
	12/31/2020	932,106	729,080
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2016	\$60,333	\$78,476
	12/31/2017	77,088	93,216
	12/31/2018	91,797	79,450
	12/31/2019	79,332	72,961
	12/31/2020	80,161	68,534
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		5.5%	7.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2016	\$1,108,827	\$1,507,298
	12/31/2017	1,344,970	1,670,037
	12/31/2018	1,521,536	1,328,495
	12/31/2019	1,248,576	1,138,338
	12/31/2020	1,197,463	997,742

(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>
12/31/2016	1.000	1.000
12/31/2017	1.094	1.000
12/31/2018	1.101	0.995
12/31/2019	1.155	1.010
12/31/2020	1.287	1.026

(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 ONE YEAR BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 10/01/2022.

ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/2016	7/1/2016	7.250
12/31/2017	7/1/2017	6.250
12/31/2018	7/1/2018	5.250
12/31/2019	7/1/2019	4.250
12/31/2020	7/1/2020	3.250

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) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
ACCIDENT YEARS <u>ENDING</u>	LIMITS EARNED PREMIUM AT <u>PRESENT RATES(A)</u>	LIMITS INCURRED <u>LOSSES (B)</u>	<u>(2) / (1)</u>		
BI 12/31/2016	\$3,925,194	\$2,179,507	0.555	10%	72
12/31/2017	6,537,403	6,960,225	1.065	15%	216
12/31/2018	9,436,083	8,868,200	0.940	20%	337
12/31/2019	9,391,492	7,990,803	0.851	35%	301
12/31/2020	6,553,087	5,311,041	0.810	20%	245
PD 12/31/2016	\$3,700,639	\$2,606,672	0.704	10%	319
12/31/2017	6,363,055	6,397,498	1.005	15%	775
12/31/2018	8,883,738	7,696,843	0.866	20%	1,059
12/31/2019	9,012,949	7,120,432	0.790	35%	1,017
12/31/2020	6,307,780	4,789,400	0.759	20%	759

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.863	0.823
(7) EXPECTED LOSS RATIO (C).	0.761	0.761
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.791	0.801
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.863	0.823

(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%
CONTINGENCIES:	5.0%
UNDERWRITING PROFIT:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
LOSS AND EXPENSE TREND FACTOR (5.3% FOR BI, 7.1% FOR PD), PROJECTED
FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM NINE MONTHS
BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST FILING (04/01/2022) TO ONE YEAR
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 10/01/2022. 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

	ACCIDENT YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2016	\$1,378,951	\$1,443,767
	12/31/2017	4,335,266	3,798,804
	12/31/2018	5,128,889	5,085,003
	12/31/2019	4,350,555	5,143,087
	12/31/2020	2,140,919	3,517,346
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2016	\$1,378,951	\$1,443,767
	12/31/2017	4,638,734	3,798,804
	12/31/2018	6,221,343	4,896,858
	12/31/2019	5,903,703	4,855,074
	12/31/2020	4,134,116	3,499,760
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2016	\$118,590	\$135,714
	12/31/2017	398,931	357,088
	12/31/2018	535,035	460,305
	12/31/2019	507,718	456,377
	12/31/2020	355,534	328,977
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		5.5%	7.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		3.0%	3.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2016	\$2,179,507	\$2,606,672
	12/31/2017	6,960,225	6,397,498
	12/31/2018	8,868,200	7,696,843
	12/31/2019	7,990,803	7,120,432
	12/31/2020	5,311,041	4,789,400

(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>
12/31/2016	1.000	1.000
12/31/2017	1.070	1.000
12/31/2018	1.213	0.963
12/31/2019	1.357	0.944
12/31/2020	1.931	0.995

(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 ONE YEAR BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 10/01/2022.

ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/2016	7/1/2016	7.250
12/31/2017	7/1/2017	6.250
12/31/2018	7/1/2018	5.250
12/31/2019	7/1/2019	4.250
12/31/2020	7/1/2020	3.250

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 became 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 became effective on December 1, 2021.

Exhibit 4 - Auto Dealers

The revised non-fleet base rates are based upon the voluntary territory relativities that became 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 1, 2022.

Exhibit 6 - Off-Balance Factors

The off-balance factors applied as a result of the territory definition revision that becomes effective October 1, 2022.

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 307.2276	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
111	293	322	274	0.946	290.637	291	6.2%
112	2,429	591	485	1.737	533.654	534	10.1%
113	854	414	342	1.217	373.896	374	9.4%
114	1,158	399	329	1.173	360.378	360	9.4%
115	406	327	300	0.961	295.246	295	-1.7%
116	1,877	457	377	1.343	412.607	413	9.5%
117	989	365	304	1.073	329.655	330	8.6%
118	503	365	305	1.073	329.655	330	8.2%
119	3	299	265	0.879	270.053	270	1.9%
120	871	431	358	1.267	389.257	389	8.7%
121	2,210	379	318	1.114	342.252	342	7.5%
122	5,597	377	319	1.108	340.408	340	6.6%
123	21,330	296	259	0.870	267.288	267	3.1%
124	19,492	319	273	0.938	288.179	288	5.5%
SW	58,012	340.21	290.66		307.249		5.7%

Weighted average factor x percent change = new weighted average
 $290.66 \times 1.057 = 307.2276$

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 (3) include the off-balance factors applied as a result of the territory definition revision effective October 1, 2022 (SERFF# NCRI-132811002).

* The rates in column (6) are keyed to a statewide revenue change of +5.7 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 355.2577	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
111	293	322	317	0.946	336.074	336	6.0%
112	2,429	591	561	1.737	617.083	617	10.0%
113	854	414	396	1.217	432.349	432	9.1%
114	1,158	399	382	1.173	416.717	417	9.2%
115	406	327	348	0.961	341.403	341	-2.0%
116	1,877	457	435	1.343	477.111	477	9.7%
117	989	365	352	1.073	381.192	381	8.2%
118	503	365	353	1.073	381.192	381	7.9%
119	3	299	306	0.879	312.272	312	2.0%
120	871	431	413	1.267	450.112	450	9.0%
121	2,210	379	368	1.114	395.757	396	7.6%
122	5,597	377	369	1.108	393.626	394	6.8%
123	21,330	296	300	0.870	309.074	309	3.0%
124	19,492	319	315	0.938	333.232	333	5.7%
SW	58,012	340.21	336.10		355.280		5.7%

Weighted average factor x percent change = new weighted average
 $336.10 \times 1.057 = 355.2577$

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 (3) include the off-balance factors applied as a result of the territory definition revision effective October 1, 2022 (SERFF# NCRI-132811002).

* The rates in column (6) are keyed to a statewide revenue change of +5.7 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
111	Non-Fleet	291	349	492	336	353	85	102	112
	Fleet	320	384	541	370	389			
112	Non-Fleet	534	641	902	617	648	156	187	205
	Fleet	587	704	992	679	713			
113	Non-Fleet	374	449	632	432	454	109	131	144
	Fleet	411	493	695	475	499			
114	Non-Fleet	360	432	608	417	438	105	126	138
	Fleet	396	475	669	459	482			
115	Non-Fleet	295	354	499	341	358	86	103	113
	Fleet	325	390	549	375	394			
116	Non-Fleet	413	496	698	477	501	121	145	159
	Fleet	454	545	767	525	551			
117	Non-Fleet	330	396	558	381	400	96	116	127
	Fleet	363	436	613	419	440			
118	Non-Fleet	330	396	558	381	400	96	116	127
	Fleet	363	436	613	419	440			
119	Non-Fleet	270	324	456	312	328	79	95	104
	Fleet	297	356	502	343	360			
120	Non-Fleet	389	467	657	450	473	114	136	149
	Fleet	428	514	723	495	520			
121	Non-Fleet	342	410	578	396	416	100	120	131
	Fleet	376	451	635	436	458			
122	Non-Fleet	340	408	575	394	414	99	119	131
	Fleet	374	449	632	433	455			
123	Non-Fleet	267	320	451	309	324	78	93	103
	Fleet	294	353	497	340	357			
124	Non-Fleet	288	346	487	333	350	84	101	111
	Fleet	317	380	536	366	384			

HIRED CAR	Bodily Injury 30/60	Property Damage 25
All Territories	\$0.47	\$0.60

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
111	Non-Fleet	291	361	530	336	353	85	102	112
	Fleet	320	397	582	370	389			
112	Non-Fleet	534	662	972	617	648	156	187	205
	Fleet	587	728	1068	679	713			
113	Non-Fleet	374	464	681	432	454	109	131	144
	Fleet	411	510	748	475	499			
114	Non-Fleet	360	446	655	417	438	105	126	138
	Fleet	396	491	721	459	482			
115	Non-Fleet	295	366	537	341	358	86	103	113
	Fleet	325	403	592	375	394			
116	Non-Fleet	413	512	752	477	501	121	145	159
	Fleet	454	563	826	525	551			
117	Non-Fleet	330	409	601	381	400	96	116	127
	Fleet	363	450	661	419	440			
118	Non-Fleet	330	409	601	381	400	96	116	127
	Fleet	363	450	661	419	440			
119	Non-Fleet	270	335	491	312	328	79	95	104
	Fleet	297	368	541	343	360			
120	Non-Fleet	389	482	708	450	473	114	136	149
	Fleet	428	531	779	495	520			
121	Non-Fleet	342	424	622	396	416	100	120	131
	Fleet	376	466	684	436	458			
122	Non-Fleet	340	422	619	394	414	99	119	131
	Fleet	374	464	681	433	455			
123	Non-Fleet	267	331	486	309	324	78	93	103
	Fleet	294	365	535	340	357			
124	Non-Fleet	288	357	524	333	350	84	101	111
	Fleet	317	393	577	366	384			

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
111	Non-Fleet	291	370	573	336	353	85	102	112
	Fleet	320	406	630	370	389			
112	Non-Fleet	534	678	1052	617	648	156	187	205
	Fleet	587	745	1156	679	713			
113	Non-Fleet	374	475	737	432	454	109	131	144
	Fleet	411	522	810	475	499			
114	Non-Fleet	360	457	709	417	438	105	126	138
	Fleet	396	503	780	459	482			
115	Non-Fleet	295	375	581	341	358	86	103	113
	Fleet	325	413	640	375	394			
116	Non-Fleet	413	525	814	477	501	121	145	159
	Fleet	454	577	894	525	551			
117	Non-Fleet	330	419	650	381	400	96	116	127
	Fleet	363	461	715	419	440			
118	Non-Fleet	330	419	650	381	400	96	116	127
	Fleet	363	461	715	419	440			
119	Non-Fleet	270	343	532	312	328	79	95	104
	Fleet	297	377	585	343	360			
120	Non-Fleet	389	494	766	450	473	114	136	149
	Fleet	428	544	843	495	520			
121	Non-Fleet	342	434	674	396	416	100	120	131
	Fleet	376	478	741	436	458			
122	Non-Fleet	340	432	670	394	414	99	119	131
	Fleet	374	475	737	433	455			
123	Non-Fleet	267	339	526	309	324	78	93	103
	Fleet	294	373	579	340	357			
124	Non-Fleet	288	366	567	333	350	84	101	111
	Fleet	317	403	624	366	384			

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
111	Non-Fleet	1848	2292	3179	1482	1541	340	399	456
	Fleet	2033	2521	3497	1630	1695			
112	Non-Fleet	3391	4205	5833	2721	2830	624	732	838
	Fleet	3730	4625	6416	2993	3113			
113	Non-Fleet	2375	2945	4085	1905	1981	437	513	587
	Fleet	2613	3240	4494	2096	2180			
114	Non-Fleet	2286	2835	3932	1839	1913	421	494	565
	Fleet	2515	3119	4326	2023	2104			
115	Non-Fleet	1873	2323	3222	1504	1564	345	405	463
	Fleet	2060	2554	3543	1654	1720			
116	Non-Fleet	2623	3253	4512	2104	2188	483	567	648
	Fleet	2885	3577	4962	2314	2407			
117	Non-Fleet	2096	2599	3605	1680	1747	386	453	518
	Fleet	2306	2859	3966	1848	1922			
118	Non-Fleet	2096	2599	3605	1680	1747	386	453	518
	Fleet	2306	2859	3966	1848	1922			
119	Non-Fleet	1715	2127	2950	1376	1431	316	370	424
	Fleet	1887	2340	3246	1514	1575			
120	Non-Fleet	2470	3063	4248	1985	2064	454	534	610
	Fleet	2717	3369	4673	2184	2271			
121	Non-Fleet	2172	2693	3736	1746	1816	400	469	536
	Fleet	2389	2962	4109	1921	1998			
122	Non-Fleet	2159	2677	3713	1738	1808	397	466	533
	Fleet	2375	2945	4085	1912	1988			
123	Non-Fleet	1695	2102	2915	1363	1418	312	366	419
	Fleet	1865	2313	3208	1499	1559			
124	Non-Fleet	1829	2268	3146	1469	1528	337	395	452
	Fleet	2012	2495	3461	1616	1681			

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
111	Non-Fleet	227	281	390	198	206	51	60	69
	Fleet	250	310	430	218	227			
112	Non-Fleet	417	517	717	364	379	94	111	128
	Fleet	459	569	789	400	416			
113	Non-Fleet	292	362	502	255	265	66	78	89
	Fleet	321	398	552	281	292			
114	Non-Fleet	281	348	483	246	256	63	75	86
	Fleet	309	383	531	271	282			
115	Non-Fleet	230	285	396	201	209	52	61	70
	Fleet	253	314	435	221	230			
116	Non-Fleet	322	399	554	281	292	72	86	99
	Fleet	354	439	609	309	321			
117	Non-Fleet	257	319	442	225	234	58	68	79
	Fleet	283	351	487	248	258			
118	Non-Fleet	257	319	442	225	234	58	68	79
	Fleet	283	351	487	248	258			
119	Non-Fleet	211	262	363	184	191	47	56	65
	Fleet	232	288	399	202	210			
120	Non-Fleet	303	376	521	266	277	68	81	93
	Fleet	333	413	573	293	305			
121	Non-Fleet	267	331	459	234	243	60	71	82
	Fleet	294	365	506	257	267			
122	Non-Fleet	265	329	456	232	241	60	70	81
	Fleet	292	362	502	255	265			
123	Non-Fleet	208	258	358	182	189	47	55	64
	Fleet	229	284	394	200	208			
124	Non-Fleet	225	279	387	196	204	51	60	69
	Fleet	248	308	427	216	225			

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
111	Non-Fleet	1475	1829	2537	823	856	196	229	258
	Fleet	1623	2013	2792	905	941			
112	Non-Fleet	2707	3357	4656	1512	1572	360	420	474
	Fleet	2978	3693	5122	1663	1730			
113	Non-Fleet	1896	2351	3261	1058	1100	252	294	332
	Fleet	2086	2587	3588	1164	1211			
114	Non-Fleet	1825	2263	3139	1022	1063	243	283	319
	Fleet	2008	2490	3454	1124	1169			
115	Non-Fleet	1496	1855	2573	835	868	199	232	262
	Fleet	1646	2041	2831	919	956			
116	Non-Fleet	2094	2597	3602	1169	1216	279	325	366
	Fleet	2303	2856	3961	1286	1337			
117	Non-Fleet	1673	2075	2878	933	970	223	259	293
	Fleet	1840	2282	3165	1026	1067			
118	Non-Fleet	1673	2075	2878	933	970	223	259	293
	Fleet	1840	2282	3165	1026	1067			
119	Non-Fleet	1369	1698	2355	764	795	182	212	240
	Fleet	1506	1867	2590	840	874			
120	Non-Fleet	1972	2445	3392	1103	1147	262	306	345
	Fleet	2169	2690	3731	1213	1262			
121	Non-Fleet	1734	2150	2982	970	1009	231	269	303
	Fleet	1907	2365	3280	1067	1110			
122	Non-Fleet	1724	2138	2965	965	1004	229	267	302
	Fleet	1896	2351	3261	1062	1104			
123	Non-Fleet	1354	1679	2329	757	787	180	210	237
	Fleet	1489	1846	2561	833	866			
124	Non-Fleet	1460	1810	2511	816	849	194	226	256
	Fleet	1606	1991	2762	898	934			

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
111	Non-Fleet	239	296	411	276	287	70	84	92
	Fleet	263	326	452	304	316			
112	Non-Fleet	438	543	753	506	526	128	153	168
	Fleet	482	598	829	557	579			
113	Non-Fleet	307	381	528	354	368	90	107	118
	Fleet	338	419	581	389	405			
114	Non-Fleet	295	366	507	342	356	86	103	113
	Fleet	325	403	559	376	391			
115	Non-Fleet	242	300	416	280	291	71	85	93
	Fleet	266	330	458	308	320			
116	Non-Fleet	339	420	583	391	407	99	119	130
	Fleet	373	463	642	430	447			
117	Non-Fleet	271	336	466	312	324	79	95	104
	Fleet	298	370	513	343	357			
118	Non-Fleet	271	336	466	312	324	79	95	104
	Fleet	298	370	513	343	357			
119	Non-Fleet	221	274	380	256	266	65	77	85
	Fleet	243	301	418	282	293			
120	Non-Fleet	319	396	549	369	384	93	112	122
	Fleet	351	435	604	406	422			
121	Non-Fleet	280	347	482	325	338	82	98	108
	Fleet	308	382	530	358	372			
122	Non-Fleet	279	346	480	323	336	81	98	107
	Fleet	307	381	528	355	369			
123	Non-Fleet	219	272	377	253	263	64	77	84
	Fleet	241	299	415	278	289			
124	Non-Fleet	236	293	406	273	284	69	83	91
	Fleet	260	322	447	300	312			

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 384.6962	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
111	11	262	167	0.878	337.763	338	102.4%
112	520	381	242	1.277	491.257	491	102.9%
113	309	303	194	1.015	390.467	390	101.0%
114	111	243	156	0.814	313.143	313	100.6%
115	10	271	164	0.908	349.304	349	112.8%
116	531	293	187	0.982	377.772	378	102.1%
117	115	342	219	1.146	440.862	441	101.4%
118	53	270	172	0.905	348.150	348	102.3%
119	7	256	158	0.858	330.069	330	108.9%
120	60	319	204	1.069	411.240	411	101.5%
121	151	292	187	0.978	376.233	376	101.1%
122	294	279	186	0.935	359.691	360	93.5%
123	359	273	178	0.915	351.997	352	97.8%
124	547	256	166	0.858	330.069	330	98.8%
SW	3,078	298.45	192.06		384.757		100.3%

Weighted average factor x percent change = new weighted average
 $192.06 \times 2.003 = 384.6962$

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 (3) include the off-balance factors applied as a result of the territory definition revision effective October 1, 2022 (SERFF# NCRI-132811002).

* The rates in column (6) are keyed to a statewide revenue change of +100.3 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
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 435.6989	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
111	11	262	250	0.878	382.544	383	53.2%
112	520	381	361	1.277	556.387	556	54.0%
113	309	303	287	1.015	442.234	442	54.0%
114	111	243	233	0.814	354.659	355	52.4%
115	10	271	243	0.908	395.615	396	63.0%
116	531	293	277	0.982	427.856	428	54.5%
117	115	342	325	1.146	499.311	499	53.5%
118	53	270	256	0.905	394.308	394	53.9%
119	7	256	234	0.858	373.830	374	59.8%
120	60	319	303	1.069	465.762	466	53.8%
121	151	292	277	0.978	426.114	426	53.8%
122	294	279	277	0.935	407.378	407	46.9%
123	359	273	265	0.915	398.664	399	50.6%
124	547	256	246	0.858	373.830	374	52.0%
SW	3,078	298.45	285.33		435.770		52.7%

Weighted average factor x percent change = new weighted average
 $285.33 \times 1.527 = 435.6989$

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 (3) include the off-balance factors applied as a result of the territory definition revision effective October 1, 2022 (SERFF# NCRI-132811002).

* The rates in column (6) are keyed to a statewide revenue change of +52.7 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								
111	338	419	581	383	398	33	42	48
112	491	609	845	556	578	48	61	70
113	390	484	671	442	460	38	49	55
114	313	388	538	355	369	30	39	44
115	349	433	600	396	412	34	44	50
116	378	469	650	428	445	37	47	54
117	441	547	759	499	519	43	55	63
118	348	432	599	394	410	34	44	49
119	330	409	568	374	389	32	41	47
120	411	510	707	466	485	40	51	58
121	376	466	647	426	443	36	47	53
122	360	446	619	407	423	35	45	51
123	352	436	605	399	415	34	44	50
124	330	409	568	374	389	32	41	47

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 554.5936	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
111	11,546	287	477	0.961	532.964	533	11.7%
112	168,350	442	708	1.481	821.353	821	16.0%
113	41,697	325	524	1.089	603.952	604	15.3%
114	49,041	323	521	1.082	600.070	600	15.2%
115	24,357	288	516	0.965	535.183	535	3.7%
116	74,004	395	635	1.323	733.727	734	15.6%
117	35,018	307	499	1.028	570.122	570	14.2%
118	28,668	328	534	1.099	609.498	609	14.0%
119	0	235	375	0.787	436.465	436	16.3%
120	36,318	343	555	1.149	637.228	637	14.8%
121	110,846	341	558	1.142	633.346	633	13.4%
122	194,499	312	515	1.045	579.550	580	12.6%
123	395,894	252	431	0.844	468.077	468	8.6%
124	547,239	253	422	0.848	470.295	470	11.4%
SW	1,717,478	298.50	493.85		554.623		12.3%

Weighted average factor x percent change = new weighted average
 $493.85 \times 1.123 = 554.5936$

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 (3) include the off-balance factors applied as a result of the territory definition revision effective October 1, 2022 (SERFF# NCRI-132811002).

* The rates in column (6) are keyed to a statewide revenue change of +12.3 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
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 569.1747	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
111	11,164	287	501	0.957	544.700	545	8.8%
112	189,023	442	744	1.474	838.964	839	12.8%
113	47,843	325	551	1.083	616.416	616	11.8%
114	55,118	323	548	1.077	613.001	613	11.9%
115	27,711	288	543	0.960	546.408	546	0.6%
116	90,489	395	668	1.317	749.603	750	12.3%
117	38,865	307	524	1.023	582.266	582	11.1%
118	27,393	328	562	1.093	622.108	622	10.7%
119	0	235	394	0.783	445.664	446	13.2%
120	38,697	343	584	1.143	650.567	651	11.5%
121	119,527	341	587	1.137	647.152	647	10.2%
122	211,052	312	542	1.040	591.942	592	9.2%
123	430,786	252	453	0.840	478.107	478	5.5%
124	573,582	253	444	0.843	479.814	480	8.1%
SW	1,861,250	299.96	521.70		569.090		9.1%

Weighted average factor x percent change = new weighted average
521.70 x 1.091 = 569.1747

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 (3) include the off-balance factors applied as a result of the territory definition revision effective October 1, 2022 (SERFF# NCRI-132811002).

* The rates in column (6) are keyed to a statewide revenue change of +9.1 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

		Bodily Injury Limit			Property Damage Limit	
		30/60	50/100	100/300	25	50
Territory	Class					
111	Dealers	533	661	917	545	567
112	Dealers	821	1018	1412	839	873
113	Dealers	604	749	1039	616	641
114	Dealers	600	744	1032	613	638
115	Dealers	535	663	920	546	568
116	Dealers	734	910	1262	750	780
117	Dealers	570	707	980	582	605
118	Dealers	609	755	1047	622	647
119	Dealers	436	541	750	446	464
120	Dealers	637	790	1096	651	677
121	Dealers	633	785	1089	647	673
122	Dealers	580	719	998	592	616
123	Dealers	468	580	805	478	497
124	Dealers	470	583	808	480	499

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	1834	BI	13 Houston	1836	BI	25 New Orleans	1858	BI	37 Tulsa	1836	BI
	1615	PD		1617	PD		1636	PD		1617	PD
	354	MP		354	MP		359	MP		354	MP
	**201			**213			**225			**237	
02 Balt.- Wash.	1809	BI	14 Indian- apolis	1590	BI	26 N.Y. City	1809	BI	40 Pacific	2103	BI
	1592	PD		1400	PD		1592	PD		1852	PD
	349	MP		307	MP		349	MP		406	MP
	**202			**214			**226			**240	
03 Boston	1933	BI	15 Jackson- ville	1834	BI	27 Okla.- City	1836	BI	41 Mountain	2333	BI
	1702	PD		1615	PD		1617	PD		2053	PD
	373	MP		354	MP		354	MP		450	MP
	**203			**215			**227			**241	
04 Buffalo	1809	BI	16 Kansas City	1891	BI	28 Omaha	1891	BI	42 Midwest	1941	BI
	1592	PD		1665	PD		1665	PD		1709	PD
	349	MP		365	MP		365	MP		375	MP
	**204			**216			**228			**242	
05 Char- lotte	1834	BI	17 Little Rock	1836	BI	29 Phoenix	2273	BI	43 South- west	1885	BI
	1615	PD		1617	PD		2001	PD		1659	PD
	354	MP		354	MP		439	MP		364	MP
	**205			**217			**229			**243	
06 Chicago	1590	BI	18 Los Angeles	2049	BI	30 Phila- delphia	1809	BI	44 North- Central	1632	BI
	1400	PD		1804	PD		1592	PD		1437	PD
	307	MP		395	MP		349	MP		315	MP
	**206			**218			**230			**244	
07 Cincin- nati	1590	BI	19 Louis- ville	1772	BI	31 Pitts- burgh	1809	BI	45 Mideast	1818	BI
	1400	PD		1560	PD		1592	PD		1601	PD
	307	MP		342	MP		349	MP		351	MP
	**207			**219			**231			**245	
08 Cleve- land	1590	BI	20 Memphis	1772	BI	32 Portland	2049	BI	46 Gulf	1907	BI
	1400	PD		1560	PD		1804	PD		1679	PD
	307	MP		342	MP		395	MP		368	MP
	**208			**220			**232			**246	
09 Dallas Ft. Worth	1836	BI	21 Miami	1834	BI	33 Richmond	1834	BI	47 South- east	1883	BI
	1617	PD		1615	PD		1615	PD		1658	PD
	354	MP		354	MP		354	MP		363	MP
	**209			**221			**233			**247	
10 Denver	2273	BI	22 Mil- waukee	1891	BI	34 St. Louis	1891	BI	48 Eastern	1856	BI
	2001	PD		1665	PD		1665	PD		1634	PD
	439	MP		365	MP		365	MP		358	MP
	**210			**222			**234			**248	
11 Detroit	1590	BI	23 Minn.- St. Paul	1891	BI	35 Salt Lake City	2273	BI	49 New England	1984	BI
	1400	PD		1665	PD		2001	PD		1747	PD
	307	MP		365	MP		439	MP		383	MP
	**211			**223			**235			**249	
12 Hart- ford	1933	BI	24 Nash- ville	1772	BI	36 San Francisco	2049	BI			
	1702	PD		1560	PD		1804	PD			
	373	MP		342	MP		395	MP			
	**212			**224			**236				

TRUCKS

Zone Rating Table-Garaged in North Carolina
Zone 47 (Southeast) Combinations

Section C
Exhibit 5
Sheet 2

Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet	
01 Atlanta	1883	BI	13 Houston	1885	BI	25 New Orleans	1907	BI	37 Tulsa	1885	BI
	1658	PD		1659	PD		1679	PD		1659	PD
	363	MP		364	MP		368	MP		364	MP
	**901			**913			**925			**937	
02 Balt.- Wash.	1856	BI	14 Indian- apolis	1632	BI	26 N.Y. City	1856	BI	40 Pacific	2157	BI
	1634	PD		1437	PD		1634	PD		1899	PD
	358	MP		315	MP		358	MP		416	MP
	**902			**914			**926			**940	
03 Boston	1984	BI	15 Jackson- ville	1883	BI	27 Okla.- City	1885	BI	41 Mountain	2393	BI
	1747	PD		1658	PD		1659	PD		2106	PD
	383	MP		363	MP		364	MP		462	MP
	**903			**915			**927			**941	
04 Buffalo	1856	BI	16 Kansas City	1941	BI	28 Omaha	1941	BI	42 Midwest	1991	BI
	1634	PD		1709	PD		1709	PD		1753	PD
	358	MP		375	MP		375	MP		384	MP
	**904			**916			**928			**942	
05 Char- lotte	1883	BI	17 Little Rock	1885	BI	29 Phoenix	2333	BI	43 South- west	1933	BI
	1658	PD		1659	PD		2053	PD		1702	PD
	363	MP		364	MP		450	MP		373	MP
	**905			**917			**929			**943	
06 Chicago	1632	BI	18 Los Angeles	2103	BI	30 Phila- delphia	1856	BI	44 North- Central	1674	BI
	1437	PD		1852	PD		1634	PD		1474	PD
	315	MP		406	MP		358	MP		323	MP
	**906			**918			**930			**944	
07 Cincin- nati	1632	BI	19 Louis- ville	1818	BI	31 Pitts- burgh	1856	BI	45 Mideast	1865	BI
	1437	PD		1601	PD		1634	PD		1642	PD
	315	MP		351	MP		358	MP		360	MP
	**907			**919			**931			**945	
08 Cleve- land	1632	BI	20 Memphis	1818	BI	32 Portland	2103	BI	46 Gulf	1956	BI
	1437	PD		1601	PD		1852	PD		1722	PD
	315	MP		351	MP		406	MP		378	MP
	**908			**920			**932			**946	
09 Dallas Ft. Worth	1885	BI	21 Miami	1883	BI	33 Richmond	1883	BI	47 South- east	1931	BI
	1659	PD		1658	PD		1658	PD		1700	PD
	364	MP		363	MP		363	MP		373	MP
	**909			**921			**933			**947	
10 Denver	2333	BI	22 Mil- waukee	1941	BI	34 St. Louis	1941	BI	48 Eastern	1904	BI
	2053	PD		1709	PD		1709	PD		1676	PD
	450	MP		375	MP		375	MP		367	MP
	**910			**922			**934			**948	
11 Detroit	1632	BI	23 Minn.- St. Paul	1941	BI	35 Salt Lake City	2333	BI	49 New England	2035	BI
	1437	PD		1709	PD		2053	PD		1792	PD
	315	MP		375	MP		450	MP		393	MP
	**911			**923			**935			**949	
12 Hart- ford	1984	BI	24 Nash- ville	1818	BI	36 San Francisco	2103	BI			
	1747	PD		1601	PD		1852	PD			
	383	MP		351	MP		406	MP			
	**912			**924			**936				

Section C
Exhibit 6

Off-balance factors applied as a result of the
territory definition revision.

<u>Territory</u>	<u>Trucks, Tractors, and Trailers</u>	<u>Private Passenger Types</u>	<u>Auto Dealers</u>
111	1.0217	1.0023	1.0411
112	0.9857	0.9962	1.0044
113	0.9925	0.9978	1.0114
114	0.9924	1.0067	1.0113
115	1.1037	0.9472	1.1247
116	0.9886	0.9978	1.0074
117	0.9987	0.9992	1.0177
118	1.0021	0.9993	1.0211
119	1.0625	0.9617	1.0000
120	0.9961	1.0000	1.0150
121	1.0071	0.9983	1.0262
122	1.0168	1.0457	1.0361
123	1.0518	1.0246	1.0718
124	1.0267	1.0108	1.0462

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

Exhibit 8 - Contingency Factor

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
12/31/2016	6,189,827	7,470,323	8,232,465	8,902,843	8,271,818
12/31/2017	7,336,916	9,524,418	11,670,825	11,417,761	
12/31/2018	8,469,625	11,987,430	13,198,188		
12/31/2019	8,861,624	10,734,533			
12/31/2020	7,951,126				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		1.207	1.102	1.081	0.929
12/31/2017		1.298	1.225	0.978	
12/31/2018		1.415	1.101		
12/31/2019		1.211			
Average of latest 3		1.308	1.143	1.030	0.929
Selection		1.308	1.143	1.030	1.000
To Ultimate		1.540	1.177	1.030	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

12/31/2016	8,399,900	8,896,200	9,006,032	9,014,594	9,002,705
12/31/2017	11,862,776	12,472,662	12,603,349	12,377,652	
12/31/2018	13,517,044	14,362,565	14,131,101		
12/31/2019	14,095,429	13,812,726			
12/31/2020	12,856,762				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	1.059	1.012	1.001	0.999
12/31/2017	1.051	1.010	0.982	
12/31/2018	1.063	0.984		
12/31/2019	0.980			
Average of latest 3	1.031	1.002	0.992	0.999
Selection	1.031	1.002	1.000	1.000
To Ultimate	1.033	1.002	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
12/31/2016	9,091,194	13,985,156	15,231,649	17,125,912	17,167,666
12/31/2017	15,272,510	21,929,923	28,489,339	30,763,465	
12/31/2018	19,332,843	33,705,298	37,452,575		
12/31/2019	17,846,686	25,297,641			
12/31/2020	21,265,991				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		1.538	1.089	1.124	1.002
12/31/2017		1.436	1.299	1.080	
12/31/2018		1.743	1.111		
12/31/2019		1.417			
Average of latest 3		1.532	1.166	1.102	1.002
Selection		1.532	1.166	1.102	1.002
To Ultimate		1.974	1.288	1.104	1.002

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
12/31/2016	11,276,605	12,191,568	12,279,313	12,250,152	12,272,128
12/31/2017	13,971,722	15,392,084	15,683,787	15,493,188	
12/31/2018	14,885,590	15,923,855	15,767,978		
12/31/2019	15,103,177	15,053,058			
12/31/2020	14,087,741				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		1.081	1.007	0.998	1.002
12/31/2017		1.102	1.019	0.988	
12/31/2018		1.070	0.990		
12/31/2019		0.997			
Average of latest 3		1.056	1.005	0.993	1.002
Selection		1.056	1.005	1.000	1.002
To Ultimate		1.063	1.007	1.002	1.002

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
12/31/2016	26,301	66,741	51,741	51,741	51,741
12/31/2017	164,395	188,050	273,730	274,531	
12/31/2018	449,635	525,009	541,642		
12/31/2019	586,252	682,825			
12/31/2020	471,347				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		2.538	0.775	1.000	1.000
12/31/2017		1.144	1.456	1.003	
12/31/2018		1.168	1.032		
12/31/2019		1.165			
Average of latest 3		1.159	1.088	1.001	1.000
Selection		1.159	1.088	1.001	1.000
To Ultimate		1.262	1.089	1.001	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

12/31/2016	51,390	47,125	47,125	47,125	47,375
12/31/2017	209,454	211,087	211,087	211,437	
12/31/2018	336,574	366,934	369,569		
12/31/2019	460,081	504,686			
12/31/2020	619,711				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	0.917	1.000	1.000	1.005
12/31/2017	1.008	1.000	1.002	
12/31/2018	1.090	1.007		
12/31/2019	1.097			
Average of latest 3	1.065	1.002	1.001	1.005
Selection	1.065	1.002	1.001	1.005
To Ultimate	1.074	1.008	1.006	1.005

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
12/31/2016	26,301	69,241	54,241	54,241	54,241
12/31/2017	761,895	810,075	1,269,278	1,270,079	
12/31/2018	482,634	591,008	607,641		
12/31/2019	872,703	996,077			
12/31/2020	471,347				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		2.633	0.783	1.000	1.000
12/31/2017		1.063	1.567	1.001	
12/31/2018		1.225	1.028		
12/31/2019		1.141			
Average of latest 3		1.143	1.126	1.000	1.000
Selection		1.143	1.126	1.000	1.000
To Ultimate		1.287	1.126	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

12/31/2016	51,390	47,125	47,125	47,125	47,375
12/31/2017	208,560	210,193	210,193	211,437	
12/31/2018	336,574	366,934	369,569		
12/31/2019	460,081	504,687			
12/31/2020	653,422				

ACC YR ENDED	27:15	39:27	51:39	63:51	
12/31/2016		0.917	1.000	1.000	1.005
12/31/2017		1.008	1.000	1.006	
12/31/2018		1.090	1.007		
12/31/2019		1.097			
Average of latest 3		1.065	1.002	1.003	1.005
Selection		1.065	1.002	1.003	1.005
To Ultimate		1.076	1.010	1.008	1.005

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

Section D
 Exhibit 1
 Sheet 9

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

12/31/2016	532,519	698,489	642,803	641,543	701,543
12/31/2017	778,484	751,048	807,894	819,354	
12/31/2018	649,547	842,559	969,490		
12/31/2019	738,417	798,669			
12/31/2020	724,247				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	1.312	0.920	0.998	1.094
12/31/2017	0.965	1.076	1.014	
12/31/2018	1.297	1.151		
12/31/2019	1.082			
Average of latest 3 Selection	1.115	1.049	1.006	1.094
To Ultimate	1.115	1.049	1.006	1.094
	1.287	1.155	1.101	1.094

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

Section D
Exhibit 1
Sheet 10

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

12/31/2016	868,559	820,745	848,632	834,853	834,853
12/31/2017	979,309	982,972	985,260	991,660	
12/31/2018	794,018	841,553	849,457		
12/31/2019	781,232	768,492			
12/31/2020	710,604				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	0.945	1.034	0.984	1.000
12/31/2017	1.004	1.002	1.006	
12/31/2018	1.060	1.009		
12/31/2019	0.984			
Average of latest 3	1.016	1.015	0.995	1.000
Selection	1.016	1.015	0.995	1.000
To Ultimate	1.026	1.010	0.995	1.000

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

Section D
 Exhibit 1
 Sheet 11

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

12/31/2016	602,519	789,469	663,783	662,523	722,923
12/31/2017	901,787	843,011	903,857	915,317	
12/31/2018	672,960	1,041,740	1,050,840		
12/31/2019	943,353	959,642			
12/31/2020	969,157				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	1.310	0.841	0.998	1.091
12/31/2017	0.935	1.072	1.013	
12/31/2018	1.548	1.009		
12/31/2019	1.017			
Average of latest 3 Selection	1.167 1.167	0.974 0.974	1.005 1.005	1.091 1.091
To Ultimate	1.246	1.068	1.097	1.091

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

Section D
Exhibit 1
Sheet 12

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	871,161	822,470	850,357	836,578	836,578
12/31/2017	979,753	983,414	985,702	992,102	
12/31/2018	860,610	907,755	915,659		
12/31/2019	796,121	782,613			
12/31/2020	710,604				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		0.944	1.034	0.984	1.000
12/31/2017		1.004	1.002	1.006	
12/31/2018		1.055	1.009		
12/31/2019		0.983			
Average of latest 3		1.014	1.015	0.995	1.000
Selection		1.014	1.015	0.995	1.000
To Ultimate		1.024	1.010	0.995	1.000

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

Section D
 Exhibit 1
 Sheet 13

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

12/31/2016	522,586	1,022,806	1,024,307	1,289,071	1,378,951
12/31/2017	2,487,380	3,339,134	4,297,452	4,335,266	
12/31/2018	3,344,391	4,804,976	5,128,889		
12/31/2019	2,921,496	4,350,555			
12/31/2020	2,140,919				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	1.957	1.001	1.258	1.070
12/31/2017	1.342	1.287	1.009	
12/31/2018	1.437	1.067		
12/31/2019	1.489			
Average of latest 3 Selection	1.423	1.119	1.134	1.070
To Ultimate	1.423	1.119	1.134	1.070
	1.931	1.357	1.213	1.070

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

Section D
Exhibit 1
Sheet 14

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

12/31/2016	1,310,937	1,430,888	1,440,243	1,443,767	1,443,767
12/31/2017	3,779,059	4,110,574	4,117,501	3,798,804	
12/31/2018	5,019,076	5,449,576	5,085,003		
12/31/2019	5,208,921	5,143,087			
12/31/2020	3,517,346				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	1.091	1.007	1.002	1.000
12/31/2017	1.088	1.002	0.923	
12/31/2018	1.086	0.933		
12/31/2019	0.987			
Average of latest 3	1.054	0.980	0.963	1.000
Selection	1.054	0.980	0.963	1.000
To Ultimate	0.995	0.944	0.963	1.000

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

Section D
 Exhibit 1
 Sheet 15

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	1,496,723	2,290,888	3,210,036	4,352,027	4,827,151
12/31/2017	5,454,912	8,697,491	10,994,070	9,195,081	
12/31/2018	9,220,391	16,083,683	19,449,679		
12/31/2019	3,903,761	10,079,287			
12/31/2020	6,236,987				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		1.531	1.401	1.356	1.109
12/31/2017		1.594	1.264	0.836	
12/31/2018		1.744	1.209		
12/31/2019		2.582			
Average of latest 3		1.974	1.292	1.096	1.109
Selection		1.974	1.292	1.096	1.109
To Ultimate		3.099	1.570	1.216	1.109

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

Section D
Exhibit 1
Sheet 16

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	1,356,505	1,479,753	1,489,108	1,549,641	1,549,641
12/31/2017	4,290,245	4,850,083	5,540,359	5,363,025	
12/31/2018	5,781,734	6,213,504	5,790,432		
12/31/2019	5,598,842	5,643,887			
12/31/2020	4,073,093				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		1.091	1.006	1.041	1.000
12/31/2017		1.130	1.142	0.968	
12/31/2018		1.075	0.932		
12/31/2019		1.008			
Average of latest 3		1.071	1.027	1.004	1.000
Selection		1.071	1.027	1.004	1.000
To Ultimate		1.104	1.031	1.004	1.000

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

Section D
 Exhibit 1
 Sheet 17

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

12/31/2016	1,823,149	1,976,560	2,125,705	2,194,214	2,094,051
12/31/2017	1,697,767	2,208,105	2,311,294	2,247,181	
12/31/2018	1,800,597	2,289,554	2,301,597		
12/31/2019	1,625,380	1,945,244			
12/31/2020	978,536				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	1.084	1.075	1.032	0.954
12/31/2017	1.301	1.047	0.972	
12/31/2018	1.272	1.005		
12/31/2019	1.197			
Average of latest 3	1.256	1.042	1.002	0.954
Selection	1.256	1.042	1.002	1.000
To Ultimate	1.313	1.045	1.002	1.000

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

Section D
Exhibit 1
Sheet 18

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

12/31/2016	1,671,344	1,751,062	1,751,437	1,750,799	1,763,488
12/31/2017	1,633,808	1,716,132	1,719,641	1,726,312	
12/31/2018	1,352,290	1,380,991	1,387,935		
12/31/2019	1,069,447	1,122,466			
12/31/2020	610,272				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	1.048	1.000	1.000	1.007
12/31/2017	1.050	1.002	1.004	
12/31/2018	1.021	1.005		
12/31/2019	1.050			
Average of latest 3	1.040	1.002	1.002	1.007
Selection	1.040	1.002	1.002	1.007
To Ultimate	1.052	1.011	1.009	1.007

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

Section D
 Exhibit 1
 Sheet 19

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	2,032,523	2,513,984	3,823,263	3,405,479	3,471,421
12/31/2017	2,433,727	4,768,235	5,884,566	6,090,561	
12/31/2018	2,404,643	3,774,051	5,178,794		
12/31/2019	2,968,006	3,780,404			
12/31/2020	1,486,728				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		1.237	1.521	0.891	1.019
12/31/2017		1.959	1.234	1.035	
12/31/2018		1.569	1.372		
12/31/2019		1.274			
Average of latest 3 Selection		1.601	1.376	0.963	1.019
To Ultimate		2.161	1.350	0.981	1.019

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

Section D
 Exhibit 1
 Sheet 20

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

12/31/2016	1,703,771	1,808,489	1,808,864	1,808,224	1,820,922
12/31/2017	1,629,548	1,730,787	1,734,296	1,740,786	
12/31/2018	1,386,369	1,415,005	1,421,948		
12/31/2019	1,069,055	1,122,466			
12/31/2020	610,272				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	1.061	1.000	1.000	1.007
12/31/2017	1.062	1.002	1.004	
12/31/2018	1.021	1.005		
12/31/2019	1.050			
Average of latest 3 Selection	1.044 1.044	1.002 1.002	1.002 1.002	1.007 1.007
To Ultimate	1.056	1.011	1.009	1.007

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

Section D
 Exhibit 1
 Sheet 21

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	50,430	25,863	157,290	197,142	115,681
12/31/2017	588,376	593,265	636,855	669,957	
12/31/2018	192,677	266,415	275,946		
12/31/2019	100,777	134,603			
12/31/2020	286,226				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		0.513	6.082	1.253	0.587
12/31/2017		1.008	1.073	1.052	
12/31/2018		1.383	1.036		
12/31/2019		1.336			
Average of latest 3		1.242	2.730	1.153	0.587
Selection		1.242	1.200	1.153	1.000
To Ultimate		1.719	1.384	1.153	1.000

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

Section D
Exhibit 1
Sheet 22

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

12/31/2016	93,385	78,370	78,329	78,329	78,327
12/31/2017	393,693	394,761	389,948	389,948	
12/31/2018	249,643	261,112	266,033		
12/31/2019	232,005	234,512			
12/31/2020	412,790				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	0.839	0.999	1.000	1.000
12/31/2017	1.003	0.988	1.000	
12/31/2018	1.046	1.019		
12/31/2019	1.011			
Average of latest 3	1.020	1.002	1.000	1.000
Selection	1.020	1.002	1.000	1.000
To Ultimate	1.022	1.002	1.000	1.000

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

Section D
 Exhibit 1
 Sheet 23

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	50,430	25,863	957,290	997,142	915,681
12/31/2017	712,624	676,720	800,690	725,523	
12/31/2018	234,677	376,915	386,446		
12/31/2019	100,762	153,706			
12/31/2020	367,471				
ACC YR ENDED		27:15	39:27	51:39	63:51
12/31/2016		0.513	37.014	1.042	0.918
12/31/2017		0.950	1.183	0.906	
12/31/2018		1.606	1.025		
12/31/2019		1.525			
Average of latest 3		1.360	13.074	0.974	0.918
Selection		1.360	1.200	0.974	1.000
To Ultimate		1.590	1.169	0.974	1.000

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

Section D
Exhibit 1
Sheet 24

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

12/31/2016	94,113	77,959	77,918	77,918	78,327
12/31/2017	424,465	424,127	419,314	419,314	
12/31/2018	292,025	303,494	305,710		
12/31/2019	240,739	242,163			
12/31/2020	415,359				

ACC YR ENDED	27:15	39:27	51:39	63:51
12/31/2016	0.828	0.999	1.000	1.005
12/31/2017	0.999	0.989	1.000	
12/31/2018	1.039	1.007		
12/31/2019	1.006			
Average of latest 3	1.015	0.998	1.000	1.005
Selection	1.015	0.998	1.000	1.005
To Ultimate	1.018	1.003	1.005	1.005

Commercial Auto Liability
NORTH CAROLINA

BODILY INJURY TREND FACTORS

PAID DATA THROUGH

3/31/2021

\$30,000

12 Point - Paid Weighted Severity	4.2%
24 Point - Paid Weighted Severity	4.0%
12 Point - Paid NC only Severity	6.0%
24 Point - Paid NC only Severity	4.8%
Selected Severity Trend Factor	5.5%

INCURRED DATA THROUGH

12/31/2020

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	5.5%

Commercial Auto Liability
NORTH CAROLINA

PROPERTY DAMAGE TREND FACTORS

PAID DATA THROUGH

3/31/2021

\$30,000

12 Point - Paid Weighted Severity	7.4%
24 Point - Paid Weighted Severity	6.1%
12 Point - Paid NC only Severity	7.6%
24 Point - Paid NC only Severity	7.3%
Selected Severity Trend Factor	7.5%

INCURRED DATA THROUGH

12/31/2020

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- TIAL FIT	EXPONEN- TIAL FIT	EXPONEN- TIAL FIT	EXPONEN- TIAL FIT	EXPONEN- TIAL FIT	EXPONEN- TIAL FIT	EXPONEN- TIAL FIT	EXPONEN- TIAL FIT
6/30/2018	9457.63	9265.97	4206.93	4240.00	13419.21	13351.01	4147.35	4118.93
9/30/2018	9660.12	9402.87	4364.21	4318.35	13603.74	13486.57	4213.33	4192.30
12/31/2018	9566.53	9541.79	4432.43	4398.14	13667.24	13623.51	4283.68	4266.98
3/31/2019	9804.16	9682.76	4537.97	4479.40	13827.42	13761.84	4341.48	4342.98
6/30/2019	9658.22	9825.81	4600.94	4562.17	13804.65	13901.57	4406.45	4420.35
9/30/2019	9716.91	9970.98	4578.18	4646.47	13907.14	14042.73	4466.43	4499.09
12/31/2019	9948.53	10118.29	4652.88	4732.32	14044.53	14185.31	4524.21	4579.23
3/31/2020	9648.03	10267.78	4735.77	4819.76	14146.58	14329.35	4604.11	4660.80
6/30/2020	10297.43	10419.48	4886.47	4908.81	14412.46	14474.84	4754.15	4743.83
9/30/2020	10606.08	10573.42	5004.79	4999.52	14651.39	14621.82	4838.30	4828.33
12/31/2020	10946.47	10729.63	5106.18	5091.89	14887.35	14770.28	4945.98	4914.34
3/31/2021	11427.76	10888.15	5280.52	5185.98	15103.53	14920.26	5045.41	5001.88

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	6.0%	7.6%
(B) MULTISTATE	4.1%	7.3%
(10) CREDIBILITY	0.05	0.30
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	4.2%	7.4%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	4.2%	7.4%

* 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
6/30/2015	8583.77	8127.23	3500.95	3433.82	12113.05	11902.93	3605.68	3583.89
9/30/2015	8570.52	8223.86	3503.38	3495.02	12152.54	12018.94	3658.06	3632.83
12/31/2015	8574.04	8321.65	3616.90	3557.32	12117.54	12136.08	3717.06	3682.42
3/31/2016	8528.54	8420.59	3635.29	3620.72	12146.13	12254.35	3800.40	3732.70
6/30/2016	8483.30	8520.71	3683.85	3685.26	12279.62	12373.79	3857.26	3783.66
9/30/2016	8485.56	8622.03	3747.23	3750.94	12448.08	12494.38	3874.85	3835.32
12/31/2016	8498.82	8724.54	3791.98	3817.80	12601.97	12616.15	3903.07	3887.68
3/31/2017	8607.85	8828.28	3865.20	3885.85	12707.17	12739.11	3937.98	3940.76
6/30/2017	8601.40	8933.25	3903.96	3955.11	12869.27	12863.26	3953.91	3994.57
9/30/2017	8645.69	9039.47	3993.20	4025.61	12872.29	12988.63	3997.41	4049.10
12/31/2017	8866.90	9146.95	4019.44	4097.36	13081.64	13115.22	4032.54	4104.39
3/31/2018	9140.61	9255.71	4097.68	4170.39	13246.12	13243.04	4079.49	4160.42
6/30/2018	9457.63	9365.76	4206.93	4244.72	13419.21	13372.11	4147.35	4217.23
9/30/2018	9660.12	9477.12	4364.21	4320.38	13603.74	13502.43	4213.33	4274.80
12/31/2018	9566.53	9589.80	4432.43	4397.39	13667.24	13634.03	4283.68	4333.17
3/31/2019	9804.16	9703.83	4537.97	4475.76	13827.42	13766.90	4341.48	4392.33
6/30/2019	9658.22	9819.21	4600.94	4555.54	13804.65	13901.08	4406.45	4452.30
9/30/2019	9716.91	9935.96	4578.18	4636.74	13907.14	14036.56	4466.43	4513.08
12/31/2019	9948.53	10054.10	4652.88	4719.38	14044.53	14173.36	4524.21	4574.70
3/31/2020	9648.03	10173.65	4735.77	4803.50	14146.58	14311.49	4604.11	4637.16
6/30/2020	10297.43	10294.61	4886.47	4889.12	14412.46	14450.97	4754.15	4700.47
9/30/2020	10606.08	10417.02	5004.79	4976.26	14651.39	14591.81	4838.30	4764.65
12/31/2020	10946.47	10540.88	5106.18	5064.96	14887.35	14734.03	4945.98	4829.70
3/31/2021	11427.76	10666.21	5280.52	5155.24	15103.53	14877.62	5045.41	4895.64

BODILY INJURY

PROPERTY DAMAGE

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

(A) NORTH CAROLINA	4.8%	7.3%
(B) MULTISTATE	4.0%	5.6%

(10) CREDIBILITY 0.05 0.30

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

{(10) * (9A)} + {(1.0 - (10)) * (9B)} 4.0% 6.1%

(12) AVERAGE ANNUAL PERCENT CHANGE IN
CLAIM FREQUENCY

0.0% 0.0%

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

4.0% 6.1%

* 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>
3/31/2015	0.7805		2.9436	
6/30/2015	0.7836		2.9437	
9/30/2015	0.7917		2.9639	
12/31/2015	0.8003		2.9724	
3/31/2016	0.8139	4.3%&	2.9490	0.2%&
6/30/2016	0.8243		2.9542	
9/30/2016	0.8357		2.9588	
12/31/2016	0.8359	4.4%	2.9511	-0.7%
3/31/2017	0.8363		2.9247	
6/30/2017	0.8405		2.9057	
9/30/2017	0.8326		2.8602	
12/31/2017	0.8328	-0.4%	2.8469	-3.5%
3/31/2018	0.8311		2.8540	
6/30/2018	0.8262		2.8574	
9/30/2018	0.8211		2.8566	
12/31/2018	0.8142	-2.2%	2.8538	0.2%
3/31/2019	0.8067		2.8431	
6/30/2019	0.8028		2.8038	
9/30/2019	0.8010		2.7897	
12/31/2019	0.7931	-2.6%	2.7498	-3.6%
3/31/2020	0.7650		2.6253	
6/30/2020	0.6718		2.3296	
9/30/2020	0.6136		2.1365	
12/31/2020	0.5657	-28.7%	1.9630	-28.6%

* 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 12/31/XXXX

& CHANGE BASED ON YEAR ENDING 3/31/2016 DIVIDED BY 3/31/2015

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>
3/31/2015	0.9204		2.6268	
6/30/2015	0.9177		2.6267	
9/30/2015	0.8901		2.6217	
12/31/2015	0.8886		2.6271	
3/31/2016	0.9295	1.0%&	2.7268	3.8%&
6/30/2016	0.9443		2.7175	
9/30/2016	0.9679		2.7555	
12/31/2016	0.9992	12.4%	2.8345	7.9%
3/31/2017	1.0148		2.8159	
6/30/2017	1.0067		2.8458	
9/30/2017	1.0223		2.8166	
12/31/2017	1.0236	2.4%	2.7945	-1.4%
3/31/2018	0.9677		2.7826	
6/30/2018	0.9656		2.7365	
9/30/2018	0.9332		2.7139	
12/31/2018	0.8855	-13.5%	2.6746	-4.3%
3/31/2019	0.8928		2.6719	
6/30/2019	0.8920		2.6411	
9/30/2019	0.8942		2.6378	
12/31/2019	0.8923	0.8%	2.5799	-3.5%
3/31/2020	0.8618		2.5044	
6/30/2020	0.7594		2.2734	
9/30/2020	0.7139		2.1376	
12/31/2020	0.6605	-26.0%	2.0072	-22.2%

* 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 12/31/XXXX

& CHANGE BASED ON YEAR ENDING 3/31/2016 DIVIDED BY 3/31/2015

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>
3/31/2015	1.2838		2.8556	
6/30/2015	1.1152		2.6757	
9/30/2015	0.9505		2.4372	
12/31/2015	0.8626		2.3236	
3/31/2016	0.9089	-29.2%&	2.4091	-15.6%&
6/30/2016	0.9890		2.3969	
9/30/2016	0.9414		2.4904	
12/31/2016	0.9693	12.4%	2.6353	13.4%
3/31/2017	0.8952		2.5566	
6/30/2017	0.9771		2.5829	
9/30/2017	0.9516		2.4971	
12/31/2017	0.8219	-15.2%	2.2556	-14.4%
3/31/2018	0.6686		2.1521	
6/30/2018	0.7249		2.2612	
9/30/2018	0.7341		2.1918	
12/31/2018	1.0035	22.1%	2.3012	2.0%
3/31/2019	1.2226		2.4920	
6/30/2019	1.1155		2.3832	
9/30/2019	1.1963		2.7804	
12/31/2019	1.0640	6.0%	2.9535	28.3%
3/31/2020	1.1038		2.8270	
6/30/2020	1.0233		2.7380	
9/30/2020	0.9210		2.4615	
12/31/2020	0.9226	-13.3%	2.2823	-22.7%

* INCLUDES NORTH CAROLINA REINSURANCE FACILITY DATA ONLY

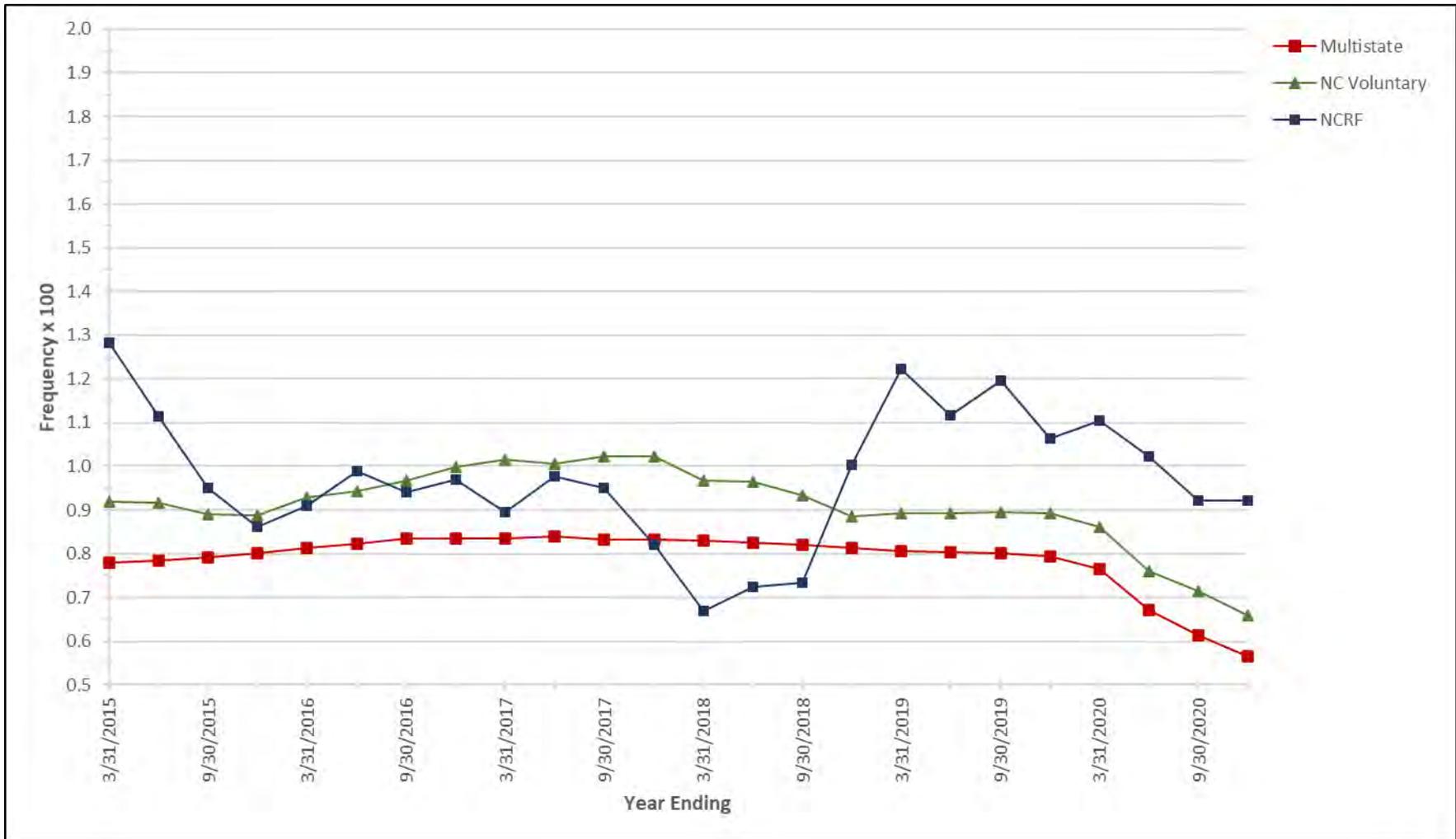
CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:

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

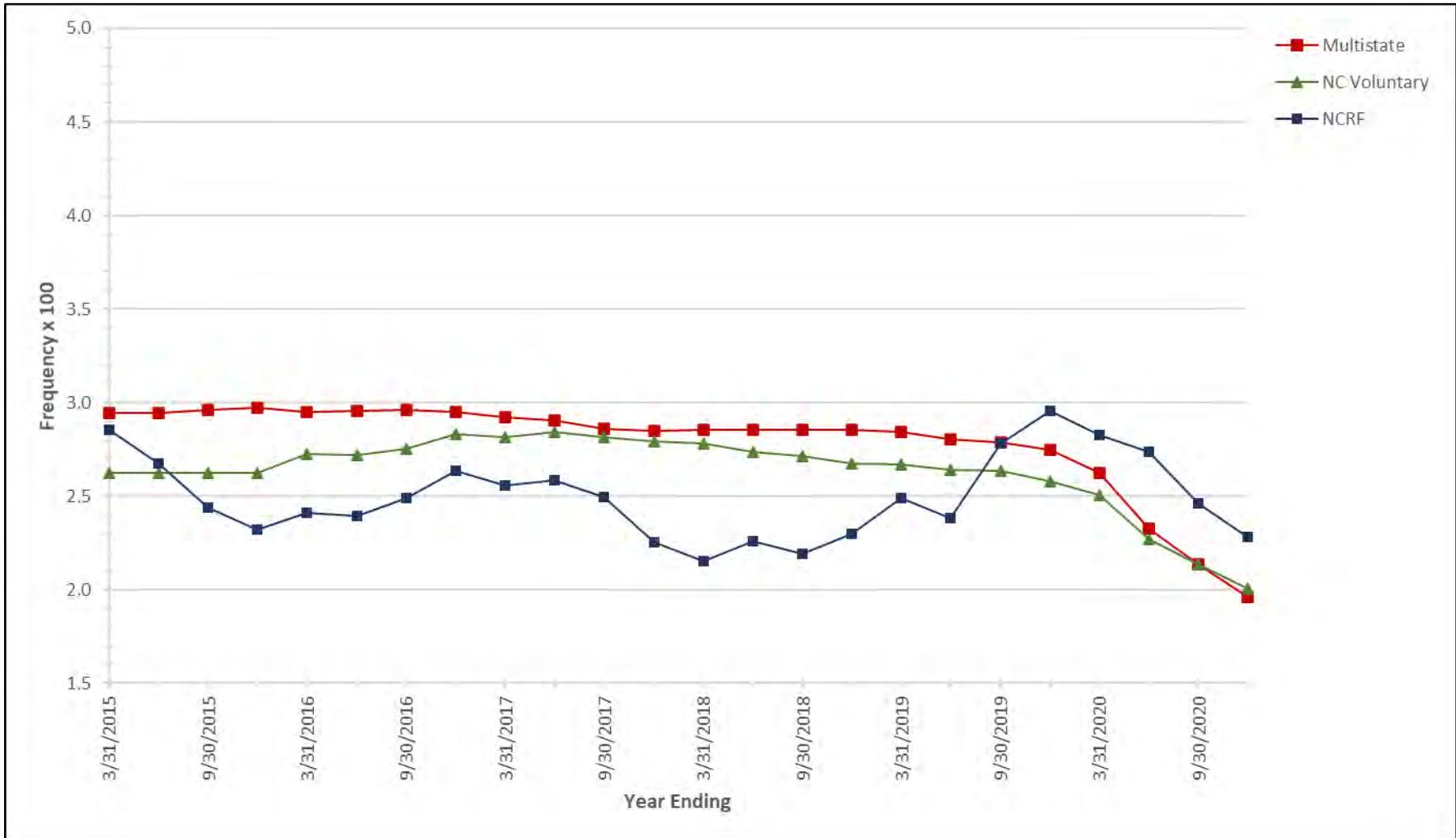
@ CHANGE BASED ON YEARS ENDING 12/31/XXXX

& CHANGE BASED ON YEAR ENDING 3/31/2016 DIVIDED BY 3/31/2015

**Commercial Automobile Liability
Actual BI Incurred Claim Frequency**



**Commercial Automobile Liability
Actual PD Incurred Claim Frequency**



NORTH CAROLINA
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-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	
Oct-20	260.4	268.7	
Nov-20	260.2	268.7	143.0
Dec-20	260.5	268.6	
Jan-21	261.6	269.2	
Feb-21	263.0	270.1	144.6
Mar-21	264.9	271.0	
Apr-21	267.1	273.1	
May-21	269.2	274.9	145.6
Jun-21	271.7	277.2	
Jul-21	273.0	278.2	
Aug-21	273.6	278.7	146.4
Sep-21	274.3	279.4	

NORTH CAROLINA
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</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.20%	2.33%	2.51%	2.39%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	2.50%	2.52%	2.55%	2.53%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	3.48%	3.02%	2.67%	2.96%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	7.03%	5.21%	3.14%	4.63%
(5) Average Annual Index (E)				
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	
Year Ended 3/31/2021	260.04	268.08	143.20	
Year Ended 9/30/2021	266.63	273.15	144.90	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)				
Year Ended 3/31/2019	1.09	1.08	1.07	1.08
Year Ended 9/30/2019	1.08	1.07	1.06	1.07
Year Ended 3/31/2020	1.07	1.06	1.05	1.06
Year Ended 9/30/2020	1.06	1.05	1.04	1.05
Year Ended 3/31/2021	1.05	1.04	1.02	1.03
Year Ended 9/30/2021	1.03	1.02	1.01	1.02
(7) Selected Expense Trend:	3.0%			

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

Section D
Exhibit 3
Sheet 3

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED SEPTEMBER 2021

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	2.10%	2.19%	2.20%
36 points	2.40%	2.48%	2.50%
24 points	3.34%	3.45%	3.48%
12 points	6.60%	6.80%	7.03%

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	2.22%	2.31%	2.33%
36 points	2.41%	2.49%	2.52%
24 points	2.90%	2.99%	3.02%
12 points	4.94%	5.09%	5.21%

COMPENSATION COST INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
16 points	2.37%	2.48%	2.51%
12 points	2.43%	2.52%	2.55%
8 points	2.58%	2.64%	2.67%
4 points	3.06%	3.09%	3.14%

NORTH CAROLINA
EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED SEPTEMBER 2021

Section D
Exhibit 3
Sheet 4

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.94	0.94
36 points	0.91	0.91
24 points	0.90	0.90
12 points	0.98	0.98

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.98	0.98
36 points	0.97	0.97
24 points	0.95	0.95
12 points	0.97	0.97

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.99	0.99
12 points	0.99	0.99
8 points	0.99	0.99

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>
12/31/2016	0.10
12/31/2017	0.15
12/31/2018	0.20
12/31/2019	0.35
12/31/2020	0.20

* 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 0.463	<u>53,551,597</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>9,500,053</u>
5. Net Subject to Investment (2) - (4)	<u>44,051,544</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>115,662,197</u>
2. Average Agents' Balance	0.210
3. Delayed Remission (1) x (2)	<u>24,289,061</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 0.711	<u>82,235,822</u>
3. Expected Mean Loss Reserves (2) x 1.782	<u>146,544,235</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>166,306,718</u>
E. Average Rate of Return	<u>2.10%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>3,492,441</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>3.02%</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 0.463	<u>53,551,597</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>10,303,327</u>
5. Net Subject to Investment (2) - (4)	<u>43,248,270</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>115,662,197</u>
2. Average Agents' Balance	0.210
3. Delayed Remission (1) x (2)	<u>24,289,061</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 0.681	<u>78,765,956</u>
3. Expected Mean Loss Reserves (2) x 1.782	<u>140,360,934</u>
D. Net Subject to Investment	
(A-5) - (B-3) + (C-3)	<u>159,320,143</u>
E. Average Rate of Return	<u>2.10%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>3,345,723</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 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 0.463	<u>53,551,597</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	3.10%
Total	12.74%
4. (2) x (3)	<u>6,822,473</u>
5. Net Subject to Investment (2) - (4)	<u>46,729,124</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>115,662,197</u>
2. Average Agents' Balance	0.210
3. Delayed Remission (1) x (2)	<u>24,289,061</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	88,018,932
3. Expected Mean Loss Reserves (2) x 1.782	<u>156,849,737</u>
D. Net Subject to Investment	
(A-5) - (B-3) + (C-3)	<u>179,289,800</u>
E. Average Rate of Return	<u>2.10%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>3,765,086</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>3.26%</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 2020	\$33,891,043
2.	Direct Unearned Premium Reserve as of 12/31/19	15,371,192
3.	Direct Unearned Premium Reserve as of 12/31/20	16,015,995
4.	Mean Direct Unearned Premium Reserve = $\frac{1}{2}$ [(2) + (3)]	15,693,594
5.	Ratio (4) / (1)	0.463

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 0.210 of net earned premiums for all companies. The 0.210 is based on the following:

1.	Net Earned Premium for Calendar Year 2020	\$637,669,459
2.	Net Agents' Balances as of 12/31/19	131,487,004
3.	Net Agents' Balances as of 12/31/20	136,584,237
4.	Mean Agents' Balances: $\frac{1}{2}$ [(2) + (3)]	134,035,620
5.	Ratio (4) / (1)	0.210

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 2019	\$28,562,568
2. Direct Incurred for Calendar Year 2020	27,502,061
3. Direct Reserves as of 12/31/18	44,243,996
4. Direct Reserves as of 12/31/19	50,123,209
5. Direct Reserves as of 12/31/20	55,064,652
6. Mean Loss Reserve 2019: $\frac{1}{2}$ [(3) + (4)]	47,183,603
7. Mean Loss Reserve 2020: $\frac{1}{2}$ [(4) + (5)]	52,593,931
8. Ratio (6) / (1)	1.652
9. Ratio (7) / (2)	1.912
10. $\frac{1}{2}$ [(8) + (9)]	1.782

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
Bodily Injury
Unadjusted Experience

Section D
Exhibit 7
Sheet 1

Trucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2016	8,271,818	8,895,848
12/31/2017	11,417,761	19,345,703
12/31/2018	13,198,188	24,254,387
12/31/2019	10,734,533	14,563,108
12/31/2020	7,951,126	13,314,865

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2016	51,741	2,500
12/31/2017	274,531	995,548
12/31/2018	541,642	65,999
12/31/2019	682,825	313,252
12/31/2020	471,347	0

Auto Dealers

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2016	701,543	21,380
12/31/2017	819,354	95,963
12/31/2018	969,490	81,350
12/31/2019	798,669	160,973
12/31/2020	724,247	244,909

Zone Rated Risks

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2016	1,378,951	3,448,200
12/31/2017	4,335,266	4,859,816
12/31/2018	5,128,889	14,320,790
12/31/2019	4,350,555	5,728,732
12/31/2020	2,140,919	4,096,067

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2021.

NORTH CAROLINA
Property Damage
Unadjusted Experience

Section D
Exhibit 7
Sheet 2

Trucks, Tractors, and Trailers:

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2016	9,002,705	3,269,423
12/31/2017	12,377,652	3,115,536
12/31/2018	14,131,101	1,636,877
12/31/2019	13,812,726	1,240,332
12/31/2020	12,856,762	1,230,979

Private Passenger Types:

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2016	47,375	0
12/31/2017	211,437	0
12/31/2018	369,569	0
12/31/2019	504,686	1
12/31/2020	619,711	33,711

Auto Dealers

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2016	834,853	1,725
12/31/2017	991,660	443
12/31/2018	849,457	66,202
12/31/2019	768,492	14,121
12/31/2020	710,604	0

Zone Rated Risks

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2016	1,443,767	105,875
12/31/2017	3,798,804	1,564,221
12/31/2018	5,085,003	705,429
12/31/2019	5,143,087	500,800
12/31/2020	3,517,346	555,746

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2021.

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*
12/31/2016	17,631,472	13,074,055
12/31/2017	19,011,540	17,131,870
12/31/2018	18,849,362	19,377,732
12/31/2019	24,339,443	17,101,161
12/31/2020	26,488,847	15,730,639

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2016	59,298	81,780
12/31/2017	125,118	411,923
12/31/2018	237,679	772,855
12/31/2019	392,104	1,006,476
12/31/2020	586,718	764,182

Auto Dealers

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2016	1,454,334	1,108,827
12/31/2017	1,513,311	1,344,970
12/31/2018	1,476,581	1,521,536
12/31/2019	1,518,691	1,248,576
12/31/2020	1,717,478	1,197,463

Zone Rated Risks

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2016	3,925,194	2,179,507
12/31/2017	6,537,403	6,960,225
12/31/2018	9,436,083	8,868,200
12/31/2019	9,391,492	7,990,803
12/31/2020	6,553,087	5,311,041

*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 4

Property Damage
Adjusted ExperienceTrucks, Tractors, and Trailers:

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2016	20,425,459	16,254,077
12/31/2017	22,537,898	20,844,981
12/31/2018	22,292,484	22,211,151
12/31/2019	28,563,549	20,298,205
12/31/2020	31,946,724	18,175,016

Private Passenger Types:

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2016	87,874	85,534
12/31/2017	189,946	357,857
12/31/2018	354,815	584,370
12/31/2019	582,211	746,093
12/31/2020	871,396	910,827

Auto Dealers

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2016	1,532,183	1,507,298
12/31/2017	1,617,394	1,670,037
12/31/2018	1,572,509	1,328,495
12/31/2019	1,619,397	1,138,338
12/31/2020	1,861,250	997,742

Zone Rated Risks

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2016	3,700,639	2,606,672
12/31/2017	6,363,055	6,397,498
12/31/2018	8,883,738	7,696,843
12/31/2019	9,012,949	7,120,432
12/31/2020	6,307,780	4,789,400

*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 REINSURANCE FACILITY
COMMERCIAL AUTO
CONTINGENCY FACTOR SUPPORT

Section D
Exhibit 8

YEAR	WRITTEN PREMIUMS	NET RESULTS OF OPERATION	% GAIN/LOSS
2007	66,227,808	7,490,800	11.3%
2008	59,273,117	5,567,889	9.4%
2009	50,878,140	3,053,368	6.0%
2010	46,469,710	-7,109,467	-15.3%
2011	45,877,750	-14,934,209	-32.6%
2012	47,156,744	-8,247,769	-17.5%
2013	54,301,497	-16,212,461	-29.9%
2014	65,376,043	-11,741,798	-18.0%
2015	85,864,992	-37,958,116	-44.2%
2016	94,750,622	-27,615,343	-29.1%
2017	113,082,769	-11,458,946	-10.1%
2018	116,799,744	-45,371,504	-38.8%
2019	119,409,706	-20,130,184	-16.9%
2020	116,829,885	-16,528,689	-14.1%
2021	153,644,984	-22,310,683	-14.5%
		AVERAGE	-17.0%
		SELECTED CONTINGENCY FACTOR	5.0%

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%	15.3%	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	5.0%	5.0%	5.0%
E. Other (explain)			
F. TOTAL	28.9%	31.9%	23.9%

3. Expected Loss Ratio (ELR=100-2F) .711 .681 .761

4. Rate level change for which this exhibit applies _____

	Basic Limits	
	BI	PD
Trucks, Tractors, & Trailers	+5.7%	+5.7%
Private Passenger Types	+100.3%	+52.7%
Auto Dealers	+12.3%	+9.1%
Zone Rated Risks	+8.7%	+4.3%

EXHIBIT 2A
Five Year Rate Filing History

<u>Effective Date</u>	<u>NCDOI File #</u>	<u>% Change</u>	<u>Reason for Filing</u>
10/01/2017	NCRI-131030137	+9.9%	Review of basic limits experience and increased limits factors.
04/01/2019	NCRI-131705063	+26.1%	Review of basic limits experience and increased limits factors.
04/15/2021	NCRI-132596377	+22.5%	Review of basic limits experience and increased limits factors.
04/01/2022	NCRI-133014089	+8.7%	Review of basic limits experience and increased limits factors.
10/01/2022	NCRI-132811002	0.0%	Re-definition of territories.

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>2016</u>	<u>2017</u>	<u>2018</u>
(1) Written Premiums	<u>24,276,755</u>	<u>26,324,245</u>	<u>29,786,644</u>
(2) Earned Premiums	<u>23,739,840</u> 100.0%	<u>25,375,344</u> 100.0%	<u>28,374,903</u> 100.0%
(3) Inc. Loss and LAE	<u>20,209,646</u> 85.1%	<u>21,498,824</u> 84.7%	<u>24,131,097</u> 85.0%
(4) Total Prod. Expense	<u>4,758,704</u> 20.0%	<u>5,022,755</u> 19.8%	<u>5,411,951</u> 19.1%
(5) General Expense	<u>1,536,446</u> 6.5%	<u>1,625,128</u> 6.4%	<u>1,801,805</u> 6.3%
(6) Taxes, Lic. & Fees			
(7) Other			
	<u>2019</u>	<u>2020</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>33,168,493</u>	<u>34,118,559</u>	<u>147,674,696</u>
(2) Earned Premiums	<u>31,639,542</u> 100.0%	<u>33,074,030</u> 100.0%	<u>142,203,659</u> 100.0%
(3) Inc. Loss and LAE	<u>27,470,718</u> 86.8%	<u>26,742,635</u> 80.9%	<u>120,052,920</u> 84.4%
(4) Total Prod. Expense	<u>5,825,097</u> 18.4%	<u>6,015,850</u> 18.2%	<u>27,034,357</u> 19.0%
(5) General Expense	<u>2,014,742</u> 6.4%	<u>2,029,827</u> 6.1%	<u>9,007,948</u> 6.3%
(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>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
Trucks, Tractors, & Trailers Bodily Injury	10,702,427	15,301,641	18,248,930
Trucks, Tractors, & Trailers Property Damage	10,395,886	13,930,649	15,278,404
Private Passenger Types Bodily Injury	53,250	116,159	217,217
Private Passenger Types Property Damage	45,609	108,979	216,814
Auto Dealers Bodily Injury	1,007,157	1,047,999	1,022,563
Auto Dealers Property Damage	707,379	746,720	725,997
Zone Rated Risks Bodily Injury	2,096,262	3,485,041	5,030,307
Zone Rated Risks Property Damage	2,265,539	3,889,493	5,430,290
	<u>12/31/2019</u>	<u>12/31/2020</u>	
Trucks, Tractors, & Trailers Bodily Injury	23,350,743	22,324,798	
Trucks, Tractors, & Trailers Property Damage	20,667,245	25,170,058	
Private Passenger Types Bodily Injury	357,760	543,581	
Private Passenger Types Property Damage	389,788	693,458	
Auto Dealers Bodily Injury	1,051,725	1,189,389	
Auto Dealers Property Damage	747,644	859,303	
Zone Rated Risks Bodily Injury	5,659,142	5,063,695	
Zone Rated Risks Property Damage	6,222,328	5,576,587	

Earned Premium at Current Level

	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
Trucks, Tractors, & Trailers Bodily Injury	17,631,472	19,011,540	18,849,362
Trucks, Tractors, & Trailers Property Damage	20,425,459	22,537,898	22,292,484
Private Passenger Types Bodily Injury	59,298	125,118	237,679
Private Passenger Types Property Damage	87,874	189,946	354,815
Auto Dealers Bodily Injury	1,454,334	1,513,311	1,476,581
Auto Dealers Property Damage	1,532,183	1,617,394	1,572,509
Zone Rated Risks Bodily Injury	3,925,194	6,537,403	9,436,083
Zone Rated Risks Property Damage	3,700,639	6,363,055	8,883,738
	<u>12/31/2019</u>	<u>12/31/2020</u>	
Trucks, Tractors, & Trailers Bodily Injury	24,339,443	26,488,847	
Trucks, Tractors, & Trailers Property Damage	28,563,549	31,946,724	
Private Passenger Types Bodily Injury	392,104	586,718	
Private Passenger Types Property Damage	582,211	871,396	
Auto Dealers Bodily Injury	1,518,691	1,717,478	
Auto Dealers Property Damage	1,619,397	1,861,250	
Zone Rated Risks Bodily Injury	9,391,492	6,553,087	
Zone Rated Risks Property Damage	9,012,949	6,307,780	

(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>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
Trucks, Tractors, & Trailers Bodily Injury	15,859,047	28,740,539	30,696,558
Trucks, Tractors, & Trailers Property Damage	12,271,369	14,197,474	15,637,756
Private Passenger Types Bodily Injury	54,241	1,270,079	579,241
Private Passenger Types Property Damage	47,375	213,043	369,568
Auto Dealers Bodily Injury	662,523	915,317	795,815
Auto Dealers Property Damage	836,578	992,102	913,659
Zone Rated Risks Bodily Injury	4,142,388	8,372,419	14,647,873
Zone Rated Risks Property Damage	1,549,641	5,346,260	5,774,493
	<u>12/31/2019</u>	<u>12/31/2020</u>	
Trucks, Tractors, & Trailers Bodily Injury	13,654,252	4,094,130	
Trucks, Tractors, & Trailers Property Damage	14,845,443	12,722,358	
Private Passenger Types Bodily Injury	901,227	379,047	
Private Passenger Types Property Damage	504,687	645,972	
Auto Dealers Bodily Injury	800,242	214,359	
Auto Dealers Property Damage	782,613	598,254	
Zone Rated Risks Bodily Injury	5,014,226	1,562,537	
Zone Rated Risks Property Damage	5,583,444	3,505,302	

Incurred Losses

	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
Trucks, Tractors, & Trailers Bodily Injury	17,167,666	30,763,465	37,452,575
Trucks, Tractors, & Trailers Property Damage	12,272,128	15,493,188	15,767,978
Private Passenger Types Bodily Injury	54,241	1,270,079	607,641
Private Passenger Types Property Damage	47,375	211,437	369,569
Auto Dealers Bodily Injury	722,923	915,317	1,050,840
Auto Dealers Property Damage	836,578	992,102	915,659
Zone Rated Risks Bodily Injury	4,827,151	9,195,081	19,449,679
Zone Rated Risks Property Damage	1,549,641	5,363,025	5,790,432
	<u>12/31/2019</u>	<u>12/31/2020</u>	
Trucks, Tractors, & Trailers Bodily Injury	25,297,641	21,265,991	
Trucks, Tractors, & Trailers Property Damage	15,053,058	14,087,741	
Private Passenger Types Bodily Injury	996,077	471,347	
Private Passenger Types Property Damage	504,687	653,422	
Auto Dealers Bodily Injury	959,642	969,157	
Auto Dealers Property Damage	782,613	710,604	
Zone Rated Risks Bodily Injury	10,079,287	6,236,987	
Zone Rated Risks Property Damage	5,643,887	4,073,093	

(a) Ceded business only. Paid and incurred losses are on a total limits basis and do not include unallocated loss adjustment expense.

North Carolina

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

<u>Coverages</u>	<u>4/1/2022</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 and 10
Zone Rated Risks - Section D, Exhibit 1, Sheets 13 and 14
Publics and Buses - Section D, Exhibit 1, Sheets 17 and 18
Miscellaneous Classes - Section D, Exhibit 1, Sheets 21 and 22

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 11 and 12
Zone Rated Risks - Section D, Exhibit 1, Sheets 15 and 16
Publics and Buses - Section D, Exhibit 1, Sheets 19 and 20
Miscellaneous Classes - Section D, Exhibit 1, Sheets 23 and 24

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
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
12/31/2016	2,057,226	4,660,998	5,988,823	7,029,104	7,183,367
12/31/2017	2,682,597	6,499,602	8,600,900	9,741,886	
12/31/2018	3,243,379	7,760,470	9,688,415		
12/31/2019	3,393,226	6,778,572			
12/31/2020	2,918,339				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	7,896,695	8,809,099	8,927,915	8,952,739	8,963,008
12/31/2017	10,776,521	12,140,918	12,357,523	12,239,118	
12/31/2018	12,439,731	14,274,604	14,095,427		
12/31/2019	13,041,506	13,826,714			
12/31/2020	11,660,719				

North Carolina
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
12/31/2016	3,355,770	7,038,441	12,560,614	15,324,784	15,859,047
12/31/2017	3,884,463	14,341,028	24,355,952	28,740,539	
12/31/2018	4,725,203	22,401,283	30,696,558		
12/31/2019	4,803,148	13,654,252			
12/31/2020	4,094,130				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	8,535,128	12,068,307	12,248,570	12,257,350	12,271,369
12/31/2017	11,653,039	13,637,200	14,323,329	14,197,474	
12/31/2018	13,480,090	15,796,134	15,637,756		
12/31/2019	13,842,285	14,845,443			
12/31/2020	12,722,358				

North Carolina
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
12/31/2016	2,501	51,741	51,741	51,741	51,741
12/31/2017	34,695	77,251	206,978	225,079	
12/31/2018	317,584	486,058	513,241		
12/31/2019	368,953	632,977			
12/31/2020	379,047				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	48,740	47,125	47,125	47,125	47,375
12/31/2017	211,312	216,008	216,008	216,358	
12/31/2018	330,123	364,983	369,568		
12/31/2019	450,024	504,687			
12/31/2020	612,264				

North Carolina
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
12/31/2016	2,501	54,241	54,241	54,241	54,241
12/31/2017	34,695	77,251	1,251,978	1,270,079	
12/31/2018	330,584	552,058	579,241		
12/31/2019	459,953	901,227			
12/31/2020	379,047				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	48,740	47,125	47,125	47,125	47,375
12/31/2017	207,997	212,693	212,693	213,043	
12/31/2018	330,123	364,983	369,568		
12/31/2019	450,024	504,687			
12/31/2020	645,972				

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

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	292,493	558,184	615,883	621,023	621,023
12/31/2017	429,794	667,481	746,117	782,617	
12/31/2018	314,677	607,507	703,207		
12/31/2019	435,603	701,483			
12/31/2020	214,359				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	795,612	816,532	817,441	835,725	835,725
12/31/2017	952,142	985,790	988,253	994,653	
12/31/2018	770,506	833,257	850,312		
12/31/2019	760,811	767,724			
12/31/2020	599,021				

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

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	292,493	590,390	852,687	662,523	662,523
12/31/2017	523,994	770,181	848,817	915,317	
12/31/2018	329,933	688,114	795,815		
12/31/2019	524,997	800,242			
12/31/2020	214,359				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	796,896	817,385	818,294	836,578	836,578
12/31/2017	949,592	983,239	985,702	992,102	
12/31/2018	833,852	896,605	913,659		
12/31/2019	775,700	782,613			
12/31/2020	598,254				

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

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	120,597	555,325	771,914	920,098	1,071,278
12/31/2017	586,763	1,857,331	3,014,711	3,263,045	
12/31/2018	968,270	2,871,997	3,794,337		
12/31/2019	754,380	2,344,601			
12/31/2020	511,964				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	1,118,368	1,318,956	1,358,434	1,439,876	1,439,876
12/31/2017	3,333,927	3,962,991	4,031,941	3,777,911	
12/31/2018	4,676,841	5,364,715	5,034,722		
12/31/2019	4,803,795	5,078,577			
12/31/2020	3,137,545				

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

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	128,097	651,825	1,020,914	2,343,208	4,142,388
12/31/2017	1,995,019	6,145,712	8,959,223	8,372,419	
12/31/2018	4,202,380	11,311,432	14,647,873		
12/31/2019	887,833	5,014,226			
12/31/2020	1,562,537				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	1,219,577	1,429,063	1,468,199	1,549,641	1,549,641
12/31/2017	3,620,222	4,661,575	4,736,212	5,346,260	
12/31/2018	5,330,549	6,114,277	5,774,493		
12/31/2019	5,136,552	5,583,444			
12/31/2020	3,505,302				

North Carolina
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
12/31/2016	697	716	726	731	729
12/31/2017	922	962	971	953	
12/31/2018	1043	1051	1023		
12/31/2019	1071	1005			
12/31/2020	1005				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	2384	2456	2461	2462	2470
12/31/2017	3160	3255	3266	3206	
12/31/2018	5179	3565	3472		
12/31/2019	3537	3461			
12/31/2020	3154				

North Carolina
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
12/31/2016	7	7	7	7	7
12/31/2017	18	17	19	18	
12/31/2018	68	67	67		
12/31/2019	100	100			
12/31/2020	113				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	22	20	21	21	22
12/31/2017	58	60	60	61	
12/31/2018	160	166	168		
12/31/2019	193	196			
12/31/2020	232				

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

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	72	75	72	71	75
12/31/2017	86	87	87	88	
12/31/2018	90	93	96		
12/31/2019	72	70			
12/31/2020	76				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	701	197	199	199	199
12/31/2017	218	224	223	225	
12/31/2018	210	215	215		
12/31/2019	196	191			
12/31/2020	152				

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

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	64	69	71	74	72
12/31/2017	209	227	232	216	
12/31/2018	352	363	337		
12/31/2019	317	301			
12/31/2020	245				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	294	316	319	319	319
12/31/2017	786	821	823	775	
12/31/2018	1087	1120	1059		
12/31/2019	1051	1017			
12/31/2020	759				

North Carolina
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
12/31/2016	379	593	658	685	688
12/31/2017	463	724	817	832	
12/31/2018	525	796	879		
12/31/2019	531	733			
12/31/2020	466				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	2244	2371	2381	2383	2393
12/31/2017	2645	2838	2873	2818	
12/31/2018	4595	3087	3058		
12/31/2019	2985	3077			
12/31/2020	2612				

North Carolina
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
12/31/2016	3	6	6	6	6
12/31/2017	8	11	16	17	
12/31/2018	48	61	63		
12/31/2019	70	96			
12/31/2020	97				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	20	20	20	20	21
12/31/2017	55	56	56	57	
12/31/2018	152	160	163		
12/31/2019	190	196			
12/31/2020	229				

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

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	44	67	69	70	70
12/31/2017	55	69	73	75	
12/31/2018	47	72	81		
12/31/2019	41	58			
12/31/2020	27				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	685	184	185	187	187
12/31/2017	193	199	199	201	
12/31/2018	171	182	185		
12/31/2019	169	171			
12/31/2020	123				

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

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	22	47	56	61	65
12/31/2017	68	143	176	176	
12/31/2018	105	219	247		
12/31/2019	88	187			
12/31/2020	79				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2016	252	282	284	286	286
12/31/2017	604	666	676	637	
12/31/2018	840	926	884		
12/31/2019	843	880			
12/31/2020	561				

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 applicable to commercial automobile insurance and the data calls utilized in this filing 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 2020

Insurance Expense Exhibits for 2020

Rate Bureau Call for 2020 Automobile and Motorcycle Expense Experience

Reinsurance Facility Call for Ceded Commercial Automobile Experience through 2020

b) The North Carolina Reinsurance Facility certifies that there is no evidence known to it that the data 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 and Joanna Biliouris.

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 2022 Revision 001

NEW PAGES ENCLOSED R-3–R-16, (a)–(b)

SUPERSEDED—REMOVE All previous Manual Checking Slips
Pages R-3–R-16, (a)–(b)

NEW CHANGES 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.

The basic limits premium rates for liability insurance for trucks, tractors, and trailers, hired cars, private passenger types, taxis and limousines, buses, van pools, auto dealers, and zone rated vehicles garaged in North Carolina are revised.

These Rule and Rate changes are **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 request, but in no event prior to April 1, 2022.

- 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.

Distributed by
AIPSO
302 Central Avenue
Johnston, Rhode Island 02919
www.aipso.com

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TABLE OF CONTENTS

STANDARD PRACTICES SECTION		Page
A. Membership Obligation		3
B. Eligibility (GS 58-37-1)		3
C. Extent of Coverage		3
D. Rules and Rates; Policy Forms		4
E. Termination of Cession		4
F. Commissions		5
G. Service Standards		5
H. Minimum Underwriting Requirements		5
 RULES		
GENERAL RULES SECTION		
1. Reinsurance Facility Selected Rules of Operation		11
2. Application of This Manual		11
3. Policy Period		11
4. Premium Computation		11
5. Factors or Multipliers		11
6. Premium Rounding		11
7. Minimum Premium		11
8. Additional Premium Changes		12
9. Return Premium Changes		12
10. Cancellation		12
 COMMON COVERAGES SECTION		
11. How to Classify Autos		15
12. Private Passenger Types		15
13. Farmers Autos		15
14. Combination of Interests		16
15. Drive Other Car Coverage		16
16. Nonownership Liability		16
17. Hired Autos		17
18. Individual as the Named Insured		17
19. Medical Payments		18
20. Uninsured and Underinsured Motorists Insurance		18
21. Certified Risks—Financial Responsibility Laws		21
22. Increased Limits		21
23. Deductible Insurance		21
24. Pollution Liability		22
 TRUCKS, TRACTORS, AND TRAILERS SECTION		
31. Eligibility		27
32. Premium Development—Other than Zone Rated Autos		27
33. Trucks, Tractors, and Trailers Classifications		28
34. Truckers/Motor Carriers		35
35. Premium Development—Zone Rated Autos		36
 PUBLIC TRANSPORTATION SECTION		
41. Eligibility		43
42. Premium Development—Other than Zone Rated Autos		43
43. Public Auto Classifications		44
44. Premium Development—Zone Rated Autos		49
45. Transportation of Seasonal or Migrant Farm Workers by Farm Labor Contractors		49
 GARAGE AND AUTO DEALERS SECTION		
GARAGE DEALERS SECTION		
51. Auto Dealers—Eligibility		53
52. Auto Dealers—Premium Development		53
53. Auto Dealers—Additional Provisions		54

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Page

AUTO DEALERS SECTION

54. Auto Dealers—Eligibility	55
55. Auto Dealers—Premium Development for Common Coverages	55

SPECIAL TYPES AND OPERATIONS SECTION

56. Eligibility	61
57. Premium Development	61
58. Ambulance Services	61
59. Amphibious Equipment	61
60. Antique Autos	61
61. Auto Body Manufacturers and Installers	61
62. Driver Training Programs (Educational Institutions and Commercial Driving Schools) and Auto Repair Training	62
63. Drive-Away Contractors	62
64. Fire Departments	62
65. Funeral Directors	63
66. Law Enforcement Agencies	63
67. Leasing or Rental Concerns	64
68. Mobile Homes	64
69. Motorcycles, Golfmobiles, and Snowmobiles	65
70. Registration Plates Not Issued for a Specific Auto	65
71. Repossessed Autos—Finance Companies and Banks	66
72. Special or Mobile Equipment	66
73. Autos Held for Sale by Service Operations	66

SUPPLEMENTARY RATING PROCEDURES SECTION

91. Retrospective Rating Plan D—Reinsurance Facility Risks	69
92. Rating Procedures—Reinsurance Facility Risks	69
94. Rule for Rating Single Limit Coverages	69

TERRITORIES SECTION	T-1
----------------------------------	-----

COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION	R-1
--	-----

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

STANDARD PRACTICES

- 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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

STANDARD PRACTICES

- (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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

STANDARD PRACTICES

- 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

STANDARD PRACTICES

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.

NOTES

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

GENERAL RULES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

(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.

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

COMMON COVERAGES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES SECTION

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.

COMMON COVERAGES

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:

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

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:

- (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).

COMMON COVERAGES

- 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.

COMMON COVERAGES

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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES

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.

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

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

COMMON COVERAGES

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES

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

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
TRUCKS, TRACTORS, AND TRAILERS SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
TRUCKS, TRACTORS, AND TRAILERS SECTION

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.

TRUCKS, TRACTORS, AND TRAILERS

- 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.
- 3. Business Use Class

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.
 - 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.
 - 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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

FLEET

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--

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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
	Trailer Types and Zone Rated Autos	All Other Autos	
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
	Trailer Types and Zone Rated Autos	All Other Autos	
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
	Trailer Types and Zone Rated Autos	All Other Autos	
Dump and transit mix trucks and trailers (Use these factors and codes only when no other secondary classification applies. Refer to Truckers/Motor Carriers Rule.)			
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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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 Truckers/Motor Carriers Rule.)		❖	
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.

TRUCKS, TRACTORS, AND TRAILERS

- (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.

B. ★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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

- 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

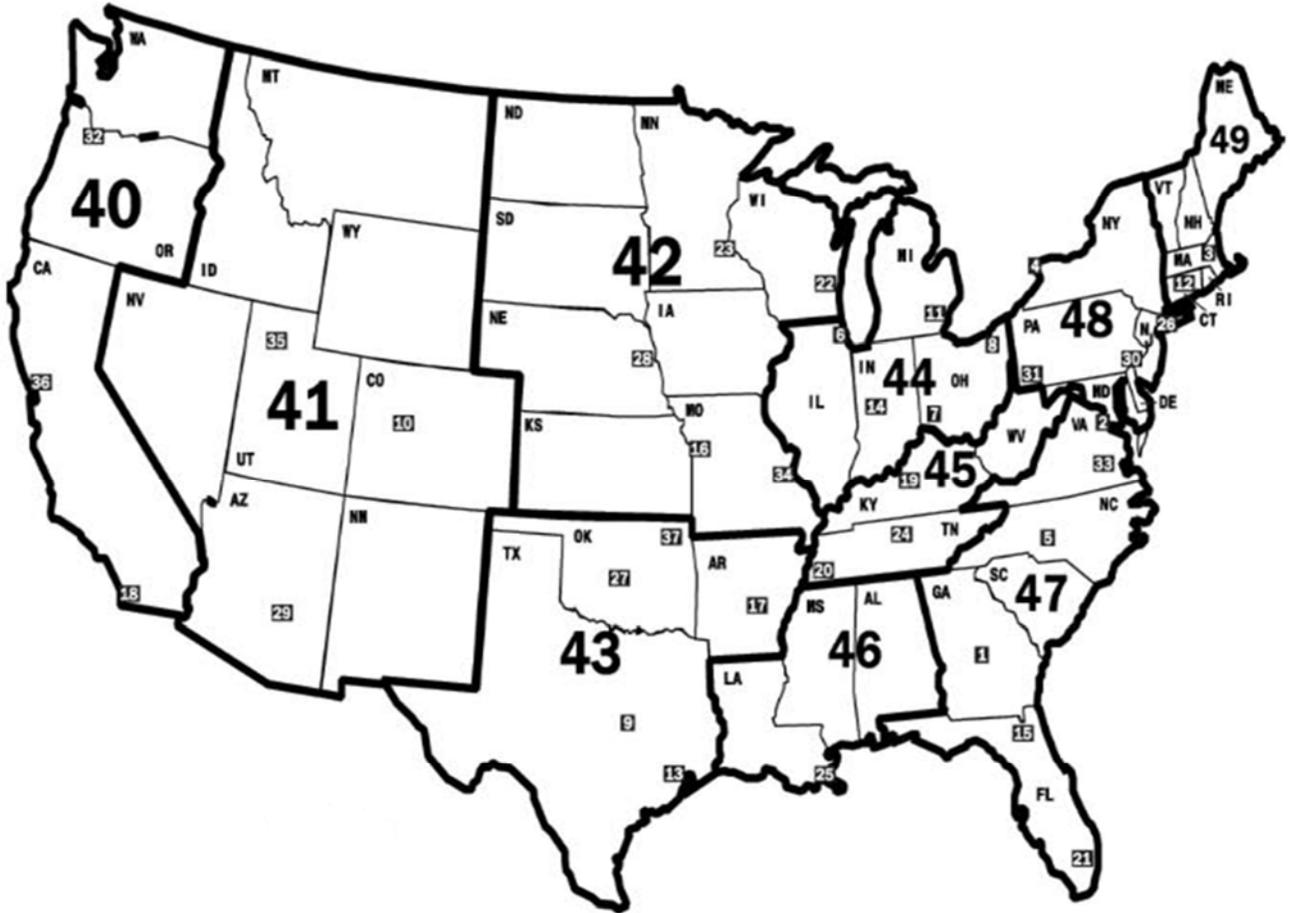
★For liability the following tables include the zone or combination zone base premiums.

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
COMMERCIAL AUTO MANUAL
PUBLIC TRANSPORTATION SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

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

PUBLIC TRANSPORTATION

- (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

PUBLIC TRANSPORTATION

- 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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

PUBLIC TRANSPORTATION

	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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

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 Passenger Carrying Service	Factor Code	1.00 4189	1.15 4199	1.25 4109
Limousine	Factor Code	.40 4289	.45 4299	.50 4209

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	Factor Code	1.20 618—	1.40 619—	1.50 610—
Other School Bus	Factor Code	1.50 628—	1.75 629—	1.90 620—
Church Bus	Factor Code	1.00 638—	1.15 639—	1.25 630—

Other Buses			
Urban Bus	Factor Code	.80 518—	.90 519—

ZONE RATED

Airport Bus or Airport Limousine	Factor Code	.70 528—	.80 529—	1.10 5209
Intercity Bus	Factor Code	1.05 538—	1.20 539—	1.85 5309
Charter Bus	Factor Code	1.00 548—	1.15 549—	1.85 5409
Sightseeing Bus	Factor Code	.75 558—	.85 559—	1.65 5509
Trans. of Athletes and Entertainers	Factor Code	.45 568—	.50 569—	1.00 5609
Social Service Auto Employee-Operated	Factor Code	.55 648—	.65 649—	.95 6409
Social Service Auto All Other	Factor Code	.50 658—	.60 659—	.95 6509
Bus NOC	Factor Code	.55 588—	.65 589—	.95 5809

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

PUBLIC TRANSPORTATION

**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—

ZONE RATED

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

PUBLIC TRANSPORTATION

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

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

GARAGE AND AUTO DEALERS SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GARAGE AND AUTO DEALERS SECTION

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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GARAGE AND AUTO DEALERS

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).

GARAGE AND AUTO DEALERS

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

GARAGE AND AUTO DEALERS

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:

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GARAGE AND AUTO DEALERS

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	Property Damage	
	Bodily Injury \$30/60	\$25
51–200 Miles	\$3	\$1
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.

NOTES

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL
SPECIAL TYPES AND OPERATIONS SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

SPECIAL TYPES AND OPERATIONS SECTION

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.

SPECIAL TYPES AND OPERATIONS

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

SPECIAL TYPES AND OPERATIONS

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. **Hearse 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 Hearse 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.

SPECIAL TYPES AND OPERATIONS

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.

SPECIAL TYPES AND OPERATIONS

**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♣**

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL
SUPPLEMENTARY RATING PROCEDURES SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
SUPPLEMENTARY RATING PROCEDURES SECTION

**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

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

TERRITORIES SECTION

NOTES

TERRITORY DEFINITIONS

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 County023

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 territory022

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 County023

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 County023

COLUMBUS COUNTY territory comprises all territory in Columbus County023

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 places022

Brown—Norcott Mills	Franklin Glass	Pioneer Mills 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 territories023

CURRITUCK COUNTY territory comprises all territory in Currituck County023

DARE COUNTY territory comprises all territory in Dare County023

DAVIDSON COUNTY See Lexington—Thomasville and Remainder of State.

DUPLIN COUNTY territory comprises all territory in Duplin County023

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 places013

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 territory022

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
-------	------------	--------

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
------------	----------------

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
ONSLow 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 Stony 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.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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	Sweepsonville, 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	1.27	1.35	1.38	1.60	1.27
50/100	49	1.20	1.24	1.27	1.45	1.24
100/100	52	1.36	1.46	1.57	1.79	1.37
100/300	52	1.69	1.82	1.97	2.45	1.72
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

(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	1.01	1.01	1.01	1.02	1.01
50	8	1.05	1.05	1.05	1.07	1.04
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 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	\$268	\$322	\$453	\$310	\$326	\$ 78	\$ 94	\$103
	Fleet	295	354	499	341	358			
12	Nonfleet	492	590	831	569	597	144	172	189
	Fleet	541	649	914	626	657			
13	Nonfleet	345	414	583	399	419	101	121	132
	Fleet	380	456	642	439	461			
14	Nonfleet	332	398	561	385	404	97	116	127
	Fleet	365	438	617	424	445			
15	Nonfleet	272	326	460	315	331	79	95	104
	Fleet	299	359	505	347	364			
16	Nonfleet	381	457	644	440	462	111	133	146
	Fleet	419	503	708	484	508			
17	Nonfleet	304	365	514	352	370	89	106	117
	Fleet	334	401	564	387	406			
18	Nonfleet	304	365	514	352	370	89	106	117
	Fleet	334	401	564	387	406			
19	Nonfleet	249	299	421	288	302	73	87	96
	Fleet	274	329	463	317	333			
20	Nonfleet	359	431	607	415	436	105	126	138
	Fleet	395	474	668	457	480			
21	Nonfleet	316	379	534	365	383	92	111	121
	Fleet	348	418	588	402	422			
22	Nonfleet	314	377	531	363	381	92	110	121
	Fleet	345	414	583	399	419			
23	Nonfleet	246	295	416	285	299	72	86	94
	Fleet	271	325	458	314	330			
24	Nonfleet	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

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

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	\$268	\$340	\$ 528	\$310	\$326	\$ 78	\$ 94	\$103
	Fleet	295	375	581	341	358			
12	Nonfleet	492	625	969	569	597	144	172	189
	Fleet	541	687	1,066	626	657			
13	Nonfleet	345	438	680	399	419	101	121	132
	Fleet	380	483	749	439	461			
14	Nonfleet	332	422	654	385	404	97	116	127
	Fleet	365	464	719	424	445			
15	Nonfleet	272	345	536	315	331	79	95	104
	Fleet	299	380	589	347	364			
16	Nonfleet	381	484	751	440	462	111	133	146
	Fleet	419	532	825	484	508			
17	Nonfleet	304	386	599	352	370	89	106	117
	Fleet	334	424	658	387	406			
18	Nonfleet	304	386	599	352	370	89	106	117
	Fleet	334	424	658	387	406			
19	Nonfleet	249	316	491	288	302	73	87	96
	Fleet	274	348	540	317	333			
20	Nonfleet	359	456	707	415	436	105	126	138
	Fleet	395	502	778	457	480			
21	Nonfleet	316	401	623	365	383	92	111	121
	Fleet	348	442	686	402	422			
22	Nonfleet	314	399	619	363	381	92	110	121
	Fleet	345	438	680	399	419			
23	Nonfleet	246	312	485	285	299	72	86	94
	Fleet	271	344	534	314	330			
24	Nonfleet	266	338	524	307	322	78	93	102
	Fleet	293	372	577	338	355			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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	\$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
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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	\$1,702	\$2,110	\$2,927	\$1,367	\$1,422	\$313	\$368	\$420
	Fleet	1,872	2,321	3,220	1,504	1,564			
12	Nonfleet	3,124	3,874	5,373	2,509	2,609	575	675	772
	Fleet	3,436	4,261	5,910	2,760	2,870			
13	Nonfleet	2,191	2,717	3,769	1,760	1,830	403	473	541
	Fleet	2,410	2,988	4,145	1,936	2,013			
14	Nonfleet	2,108	2,614	3,626	1,698	1,766	388	455	521
	Fleet	2,319	2,876	3,989	1,868	1,943			
15	Nonfleet	1,727	2,141	2,970	1,389	1,445	318	373	427
	Fleet	1,900	2,356	3,268	1,528	1,589			
16	Nonfleet	2,419	3,000	4,161	1,940	2,018	445	523	597
	Fleet	2,661	3,300	4,577	2,134	2,219			
17	Nonfleet	1,930	2,393	3,320	1,552	1,614	355	417	477
	Fleet	2,123	2,633	3,652	1,707	1,775			
18	Nonfleet	1,930	2,393	3,320	1,552	1,614	355	417	477
	Fleet	2,123	2,633	3,652	1,707	1,775			
19	Nonfleet	1,581	1,960	2,719	1,270	1,321	291	341	391
	Fleet	1,739	2,156	2,991	1,397	1,453			
20	Nonfleet	2,280	2,827	3,922	1,830	1,903	420	492	563
	Fleet	2,508	3,110	4,314	2,013	2,094			
21	Nonfleet	2,007	2,489	3,452	1,610	1,674	369	434	496
	Fleet	2,208	2,738	3,798	1,771	1,842			
22	Nonfleet	1,994	2,473	3,430	1,601	1,665	367	431	493
	Fleet	2,193	2,719	3,772	1,761	1,831			
23	Nonfleet	1,562	1,937	2,687	1,257	1,307	287	337	386
	Fleet	1,718	2,130	2,955	1,383	1,438			
24	Nonfleet	1,689	2,094	2,905	1,354	1,408	311	365	417
	Fleet	1,858	2,304	3,196	1,489	1,549			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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	\$1,359	\$1,685	\$2,337	\$ 760	\$ 790	\$181	\$211	\$238
	Fleet	1,495	1,854	2,571	836	869			
12	Nonfleet	2,494	3,093	4,290	1,394	1,450	332	387	436
	Fleet	2,743	3,401	4,718	1,533	1,594			
13	Nonfleet	1,749	2,169	3,008	978	1,017	233	271	306
	Fleet	1,924	2,386	3,309	1,076	1,119			
14	Nonfleet	1,683	2,087	2,895	943	981	224	261	295
	Fleet	1,851	2,295	3,184	1,037	1,078			
15	Nonfleet	1,379	1,710	2,372	772	803	183	214	241
	Fleet	1,517	1,881	2,609	849	883			
16	Nonfleet	1,932	2,396	3,323	1,078	1,121	257	299	338
	Fleet	2,125	2,635	3,655	1,186	1,233			
17	Nonfleet	1,541	1,911	2,651	862	896	205	239	270
	Fleet	1,695	2,102	2,915	948	986			
18	Nonfleet	1,541	1,911	2,651	862	896	205	239	270
	Fleet	1,695	2,102	2,915	948	986			
19	Nonfleet	1,262	1,565	2,171	706	734	168	196	221
	Fleet	1,388	1,721	2,387	777	808			
20	Nonfleet	1,820	2,257	3,130	1,017	1,058	242	282	319
	Fleet	2,002	2,482	3,443	1,119	1,164			
21	Nonfleet	1,602	1,986	2,755	894	930	213	248	280
	Fleet	1,762	2,185	3,031	983	1,022			
22	Nonfleet	1,592	1,974	2,738	889	925	212	247	279
	Fleet	1,751	2,171	3,012	978	1,017			
23	Nonfleet	1,247	1,546	2,145	698	726	166	193	218
	Fleet	1,372	1,701	2,360	768	799			
24	Nonfleet	1,349	1,673	2,320	752	782	179	209	236
	Fleet	1,484	1,840	2,552	827	860			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

AUTO DEALERS

		Bodily Injury Limit			Property Damage Limit	
		\$30/60	\$50/100	\$100/300	\$25	\$50
Territory	Class					
11	Dealers	\$458	\$568	\$ 788	\$481	\$500
12	Dealers	705	874	1,213	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	1,084	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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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	\$1,687 BI 1,549 PD 326 MP **201	13 Houston	\$1,689 BI 1,550 PD 326 MP **213	25 New Orleans	\$1,709 BI 1,568 PD 330 MP **225	37 Tulsa	\$1,689 BI 1,550 PD 326 MP **237
02 Balt.- Wash.	1,663 BI 1,527 PD 321 MP **202	14 Indian- apolis	1,463 BI 1,342 PD 282 MP **214	26 N.Y. City	1,663 BI 1,527 PD 321 MP **226	40 Pacific	1,934 BI 1,775 PD 373 MP **240
03 Boston	1,778 BI 1,632 PD 343 MP **203	15 Jack- sonville	1,687 BI 1,549 PD 326 MP **215	27 Okla.- City	1,689 BI 1,550 PD 326 MP **227	41 Moun- tain	2,145 BI 1,970 PD 414 MP **241
04 Buffalo	1,663 BI 1,527 PD 321 MP **204	16 Kansas City	1,739 BI 1,597 PD 336 MP **216	28 Omaha	1,739 BI 1,597 PD 336 MP **228	42 Mid- west	1,785 BI 1,639 PD 345 MP **242
05 Char- lotte	1,687 BI 1,549 PD 326 MP **205	17 Little Rock	1,689 BI 1,550 PD 326 MP **217	29 Phoenix	2,090 BI 1,919 PD 403 MP **229	43 South- west	1,734 BI 1,591 PD 335 MP **243
06 Chicago	1,463 BI 1,342 PD 282 MP **206	18 Los Angeles	1,885 BI 1,730 PD 364 MP **218	30 Phila- delphia	1,663 BI 1,527 PD 321 MP **230	44 North- Central	1,502 BI 1,378 PD 290 MP **244
07 Cincin- nati	1,463 BI 1,342 PD 282 MP **207	19 Louis- ville	1,630 BI 1,496 PD 315 MP **219	31 Pitts- burgh	1,663 BI 1,527 PD 321 MP **231	45 Mid- east	1,673 BI 1,536 PD 323 MP **245
08 Cleve- land	1,463 BI 1,342 PD 282 MP **208	20 Mem- phis	1,630 BI 1,496 PD 315 MP **220	32 Portland	1,885 BI 1,730 PD 364 MP **232	46 Gulf	1,754 BI 1,610 PD 339 MP **246
09 Dallas Ft.	1,689 BI 1,550 PD 326 MP **209	21 Miami	1,687 BI 1,549 PD 326 MP **221	33 Rich-	1,687 BI 1,549 PD 326 MP **233	47 South- east	1,732 BI 1,589 PD 334 MP **247
10 Denver	2,090 BI 1,919 PD 403 MP **210	22 Mil- waukee	1,739 BI 1,597 PD 336 MP **222	34 St. Louis	1,739 BI 1,597 PD 336 MP **234	48 Eastern	1,707 BI 1,567 PD 329 MP **248
11 Detroit	1,463 BI 1,342 PD 282 MP **211	23 Minn.- St. Paul	1,739 BI 1,597 PD 336 MP **223	35 Salt City	2,090 BI 1,919 PD 403 MP **235	49 New England	1,825 BI 1,675 PD 352 MP **249
12 Hart- ford	1,778 BI 1,632 PD 343 MP **212	24 Nash- ville	1,630 BI 1,496 PD 315 MP **224	36 San Fran.	1,885 BI 1,730 PD 364 MP **236		

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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	\$1,732 BI 1,589 PD 334 MP **901	13 Houston	\$1,734 BI 1,591 PD 335 MP **913	25 New Orleans	\$1,754 BI 1,610 PD 339 MP **925	37 Tulsa	\$1,734 BI 1,591 PD 335 MP **937
02 Balt.- Wash.	1,707 BI 1,567 PD 329 MP **902	14 Indian- apolis	1,502 BI 1,378 PD 290 MP **914	26 N.Y. City	1,707 BI 1,567 PD 329 MP **926	40 Pacific	1,984 BI 1,821 PD 383 MP **940
03 Boston	1,825 BI 1,675 PD 352 MP **903	15 Jack- sonville	1,732 BI 1,589 PD 334 MP **915	27 Okla.- City	1,734 BI 1,591 PD 335 MP **927	41 Moun- tain	2,200 BI 2,020 PD 425 MP **941
04 Buffalo	1,707 BI 1,567 PD 329 MP **904	16 Kansas City	1,785 BI 1,639 PD 345 MP **916	28 Omaha	1,785 BI 1,639 PD 345 MP **928	42 Mid- west	1,831 BI 1,681 PD 353 MP **942
05 Char- lotte	1,732 BI 1,589 PD 334 MP **905	17 Little Rock	1,734 BI 1,591 PD 335 MP **917	29 Phoenix	2,145 BI 1,970 PD 414 MP **929	43 South- west	1,778 BI 1,632 PD 343 MP **943
06 Chicago	1,502 BI 1,378 PD 290 MP **906	18 Los Angeles	1,934 BI 1,775 PD 373 MP **918	30 Phila- delphia	1,707 BI 1,567 PD 329 MP **930	44 North- Central	1,540 BI 1,413 PD 297 MP **944
07 Cincin- nati	1,502 BI 1,378 PD 290 MP **907	19 Louis- ville	1,673 BI 1,536 PD 323 MP **919	31 Pitts- burgh	1,707 BI 1,567 PD 329 MP **931	45 Mid- east	1,716 BI 1,575 PD 331 MP **945
08 Cleve- land	1,502 BI 1,378 PD 290 MP **908	20 Mem- phis	1,673 BI 1,536 PD 323 MP **920	32 Portland	1,934 BI 1,775 PD 373 MP **932	46 Gulf	1,799 BI 1,651 PD 347 MP **946
09 Dallas Ft.	1,734 BI 1,591 PD 335 MP **909	21 Miami	1,732 BI 1,589 PD 334 MP **921	33 Rich-	1,732 BI 1,589 PD 334 MP **933	47 South- east	1,776 BI 1,630 PD 343 MP **947
10 Denver	2,145 BI 1,970 PD 414 MP **910	22 Mil- waukee	1,785 BI 1,639 PD 345 MP **922	34 St. Louis	1,785 BI 1,639 PD 345 MP **934	48 Eastern	1,751 BI 1,607 PD 338 MP **948
11 Detroit	1,502 BI 1,378 PD 290 MP **911	23 Minn.- St. Paul	1,785 BI 1,639 PD 345 MP **923	35 Salt City	2,145 BI 1,970 PD 414 MP **935	49 New England	1,872 BI 1,718 PD 361 MP **949
12 Hart- ford	1,825 BI 1,675 PD 352 MP **912	24 Nash- ville	1,673 BI 1,536 PD 323 MP **924	36 San Fran.	1,934 BI 1,775 PD 373 MP **936		

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EFFECTIVE DATES

STANDARD PRACTICES SECTION

A October 26, 2016
B October 26, 2016
C October 26, 2016
D October 26, 2016
E October 26, 2016
F October 26, 2016
G October 26, 2016
H April 1, 2020

GENERAL RULES SECTION

Rule 1. June 1, 2010
Rule 2. April 1, 2020
Rule 3. June 1, 2010
Rule 4. April 1, 2020
Rule 5. June 1, 2010
Rule 6. June 1, 2010
Rule 7. June 1, 2010
Rule 8. April 20, 2016
Rule 9. June 1, 2010
Rule 10. June 1, 2010

COMMON COVERAGES SECTION

Rule 11. June 1, 2010
Rule 12. April 1, 2020
Rule 13. June 1, 2010
Rule 14. June 1, 2010
Rule 15. June 1, 2010
Rule 16. June 1, 2010
Rule 17. June 1, 2010
Rule 18. June 1, 2010
Rule 19. April 1, 2020
Rule 20. June 1, 2010
Rule 21. June 1, 2010
Rule 22. June 1, 2010
Rule 23. June 1, 2010
Rule 24. June 1, 2010
Rule 25. Reserved for Future Use
Rule 26. Reserved for Future Use
Rule 27. Reserved for Future Use
Rule 28. Reserved for Future Use
Rule 29. Reserved for Future Use
Rule 30. Reserved for Future Use

TRUCKS, TRACTORS, AND TRAILERS SECTION

Rule 31. December 1, 2010
Rule 32. April 1, 2017
Rule 33. April 15, 2021
Rule 34. December 1, 2010
Rule 35. April 1, 2019
Rule 36. Reserved for Future Use
Rule 37. Reserved for Future Use
Rule 38. Reserved for Future Use
Rule 39. Reserved for Future Use
Rule 40. Reserved for Future Use

PUBLIC TRANSPORTATION SECTION

Rule 41. June 1, 2010
Rule 42. April 1, 2017
Rule 43. June 1, 2010

Rule 44. April 1, 2019
Rule 45. December 1, 2010
Rule 46. Reserved for Future Use
Rule 47. Reserved for Future Use
Rule 48. Reserved for Future Use
Rule 49. Reserved for Future Use
Rule 50. Reserved for Future Use

GARAGE AND AUTO DEALERS SECTION

Garage Dealers Section

Rule 51. June 1, 2010
Rule 52. June 1, 2010
Rule 53. June 1, 2010

Auto Dealers Section

Rule 54. October 1, 2013
Rule 55. October 1, 2013

SPECIAL TYPES AND OPERATIONS SECTION

Rule 56. June 1, 2010
Rule 57. June 1, 2010
Rule 58. December 1, 2010
Rule 59. December 1, 2010
Rule 60. June 1, 2010
Rule 61. June 1, 2010
Rule 62. June 1, 2010
Rule 63. June 1, 2010
Rule 64. December 1, 2010
Rule 65. June 1, 2010
Rule 66. December 1, 2010
Rule 67. June 1, 2010
Rule 68. April 1, 2019
Rule 69. June 1, 2010
Rule 70. June 1, 2010
Rule 71. June 1, 2010
Rule 72. June 1, 2010
Rule 73. June 1, 2010
Rule 74. Reserved for Future Use
Rule 75. Reserved for Future Use
Rule 76. Reserved for Future Use
Rule 77. Reserved for Future Use
Rule 78. Reserved for Future Use
Rule 79. Reserved for Future Use
Rule 80. Reserved for Future Use
Rule 81. Reserved for Future Use
Rule 82. Reserved for Future Use
Rule 83. Reserved for Future Use
Rule 84. Reserved for Future Use
Rule 85. Reserved for Future Use
Rule 86. Reserved for Future Use
Rule 87. Reserved for Future Use
Rule 88. Reserved for Future Use
Rule 89. Reserved for Future Use
Rule 90. Reserved for Future Use

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 91. June 1, 2010
Rule 92. June 1, 2010
Rule 93. Reserved for Future Use
Rule 94. June 1, 2010

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TERRITORIES SECTION

June 1, 2010

COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION

State Rates
Zone Rates

April 1, 2022
April 1, 2019
April 1, 2022

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Rule/ Paragraph		Page
	Territory Definitions	T-1
45	Transportation of Seasonal or Migrant Farm Workers by Farm Labor Contractors	49
34	Truckers/Motor Carriers	35
33	Trucks, Tractors, and Trailers Classifications	28
	—U—	
20	Uninsured and Underinsured Motorists Insurance	18

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EFFECTIVE DATES

STANDARD PRACTICES SECTION

A October 26, 2016
B October 26, 2016
C October 26, 2016
D October 26, 2016
E October 26, 2016
F October 26, 2016
G October 26, 2016
H April 1, 2020

GENERAL RULES SECTION

Rule 1. June 1, 2010
Rule 2. April 1, 2020
Rule 3. June 1, 2010
Rule 4. April 1, 2020
Rule 5. June 1, 2010
Rule 6. June 1, 2010
Rule 7. June 1, 2010
Rule 8. April 20, 2016
Rule 9. June 1, 2010
Rule 10. June 1, 2010

COMMON COVERAGES SECTION

Rule 11. June 1, 2010
Rule 12. April 1, 2020
Rule 13. June 1, 2010
Rule 14. June 1, 2010
Rule 15. June 1, 2010
Rule 16. June 1, 2010
Rule 17. June 1, 2010
Rule 18. June 1, 2010
Rule 19. April 1, 2020
Rule 20. June 1, 2010
Rule 21. June 1, 2010
Rule 22. June 1, 2010
Rule 23. June 1, 2010
Rule 24. June 1, 2010
Rule 25. Reserved for Future Use
Rule 26. Reserved for Future Use
Rule 27. Reserved for Future Use
Rule 28. Reserved for Future Use
Rule 29. Reserved for Future Use
Rule 30. Reserved for Future Use

TRUCKS, TRACTORS, AND TRAILERS SECTION

Rule 31. December 1, 2010
Rule 32. April 1, 2017
Rule 33. April 15, 2021
Rule 34. December 1, 2010
Rule 35. April 1, 2019
Rule 36. Reserved for Future Use
Rule 37. Reserved for Future Use
Rule 38. Reserved for Future Use
Rule 39. Reserved for Future Use
Rule 40. Reserved for Future Use

PUBLIC TRANSPORTATION SECTION

Rule 41. June 1, 2010
Rule 42. April 1, 2017
Rule 43. June 1, 2010

Rule 44. April 1, 2019
Rule 45. December 1, 2010
Rule 46. Reserved for Future Use
Rule 47. Reserved for Future Use
Rule 48. Reserved for Future Use
Rule 49. Reserved for Future Use
Rule 50. Reserved for Future Use

GARAGE AND AUTO DEALERS SECTION

Garage Dealers Section

Rule 51. June 1, 2010
Rule 52. June 1, 2010
Rule 53. June 1, 2010

Auto Dealers Section

Rule 54. October 1, 2013
Rule 55. October 1, 2013

SPECIAL TYPES AND OPERATIONS SECTION

Rule 56. June 1, 2010
Rule 57. June 1, 2010
Rule 58. December 1, 2010
Rule 59. December 1, 2010
Rule 60. June 1, 2010
Rule 61. June 1, 2010
Rule 62. June 1, 2010
Rule 63. June 1, 2010
Rule 64. December 1, 2010
Rule 65. June 1, 2010
Rule 66. December 1, 2010
Rule 67. June 1, 2010
Rule 68. April 1, 2019
Rule 69. June 1, 2010
Rule 70. June 1, 2010
Rule 71. June 1, 2010
Rule 72. June 1, 2010
Rule 73. June 1, 2010
Rule 74. Reserved for Future Use
Rule 75. Reserved for Future Use
Rule 76. Reserved for Future Use
Rule 77. Reserved for Future Use
Rule 78. Reserved for Future Use
Rule 79. Reserved for Future Use
Rule 80. Reserved for Future Use
Rule 81. Reserved for Future Use
Rule 82. Reserved for Future Use
Rule 83. Reserved for Future Use
Rule 84. Reserved for Future Use
Rule 85. Reserved for Future Use
Rule 86. Reserved for Future Use
Rule 87. Reserved for Future Use
Rule 88. Reserved for Future Use
Rule 89. Reserved for Future Use
Rule 90. Reserved for Future Use

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 91. June 1, 2010
Rule 92. June 1, 2010
Rule 93. Reserved for Future Use
Rule 94. June 1, 2010

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TERRITORIES SECTION

June 1, 2010

COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION

State Rates
Zone Rates

April 15, 2021
April 1, 2019
April 15, 2021

**PRE-FILED TESTIMONY
of
JOANNA BILIOURIS**

APRIL 2022

**2022 COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY**

- Q. Would you state your full name and business address?
- A. My name is Joanna Biliouris. My business address is 2910 Sumner Blvd, 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. What is the Facility's function with respect to rates for commercial automobile insurance?
- A. The Facility promulgates rates for commercial automobile liability insurance written in North Carolina that is ceded to the Facility.
- Q. Can you identify the document (Exhibit RF-1) dated April 26, 2022?
- A. Yes. This is a portion of a filing ("Filing") that is dated April 26, 2022, 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. Do you know how the exposure and loss data underlying the Filing were compiled?
- A. Yes. The exposure and loss data used in the Filing were collected by Facility staff pursuant to a special call for detailed exposure and loss experience for ceded commercial auto business. The special call was issued to companies whose ceded business make up more than 95% of the total ceded commercial auto business in the latest year of the experience period. Facility staff collected and reviewed the information reported pursuant to that data call, and staff worked with the individual companies to resolve any questions arising from their review of the responses. Facility staff then furnished the results of that data call to ISO, and ISO also reviewed the data call results for reasonableness.
- Q. Was the information from the special call for expense experience and the special call for exposure and loss experience that was furnished to ISO and utilized in 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 October 1, 2022 and that the new rates will apply to all policies becoming effective on or after October 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

April, 2022

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 positions 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, Reinsurance Facility staff collected rate-related data from a significant number of the companies which cede Commercial Automobile liability insurance to the North Carolina Reinsurance Facility (NCRF). ISO reviewed the data for reasonableness and then compiled all of the data and put them in proper format 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 the NCRF, and are subject to a series of verification edits and then consolidated into a format and detail necessary for ratemaking.

This filing revises the North Carolina Reinsurance Facility basic limits rates 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 Filed <u>Change</u>
Trucks, Tractors, & Trailers	
Bodily Injury	+5.7%
Property Damage	+5.7%
Combined	+5.7%
Private Passenger Types	
Bodily Injury	+100.3%
Property Damage	+52.7%
Combined	+78.1%
Auto Dealers	
Bodily Injury	+12.3%

Property Damage	+9.1%
Combined	+11.0%

Zone Rated Risks

Bodily Injury	+8.7%
Property Damage	+4.3%
Combined	+7.9%

Publics

Bodily Injury	+5.7%
Property Damage	+5.7%

Grand Total

Bodily Injury	+7.7%
Property Damage	+6.5%
Combined	+7.4%

- 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. Publics 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 0.02% factor due to the expansion of the sales tax base in North Carolina to include labor. Could you explain the inclusion of that 0.02% 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, 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 .02%. The basic limits changes shown above and on page "a" are the result of applying this additional .02% 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 October 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 all 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, 2016 to December 31, 2020. For example, the losses for the accident year ended December 31, 2016 consist of all losses caused by accidents which occurred during the one-year period ended

December 31, 2016. If an accident occurred December 31, 2016 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, 2016. The test for assigning losses to accident years is the date the accident occurred.

Q. How is Exhibit RF-1 arranged?

A. Exhibit RF-1 is divided into four 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, contingency, and investment income.

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 (in thousands) 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. 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 \$26,488,847 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 12/31/2020 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 the other classes 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, 2020 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 cover all accidents which occurred during the year-ended periods 12/31/2016 to 12/31/2020. When they are reported they are evaluated as of March 31, 2021. 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 for policies ceded to the Facility. Link ratios for several twelve-month periods have been calculated and then averaged. The resulting link ratio averages are then multiplied to produce loss development factors to ultimate settlement. The ultimate settlement is assumed to be 63 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 \$1,053,047 represents.

A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2020. 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 October 1, 2022 effective date, what we are doing in the filing is making rates to cover policies issued during the period October 1, 2022 to September 30, 2023. 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 12/31/2016 to 12/31/2020. 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 10/1/2022 - 9/30/2023 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 +5.5% 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 7.250 years for the 12/31/2016 experience to 3.250 years for the 12/31/2020 experience, as shown in footnote (C). Mathematically, this is done by raising the factor of 1.055 to the 7.250 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 5.5%, 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, 2020 - was mostly prior to COVID-19 and that the trend data included four quarters that were impacted by COVID-19. They were also well aware that the filed rates are to be effective beginning October 1, 2022. After an in-depth review and analysis, the Rating Committee determined that, for this year's filing, the year weights should be adjusted to reduce the influence of the COVID-19 affected year ending 12/31/2020. The potential long-term behavioral, social, and economic changes as a result of COVID-19 were given consideration when selecting trends and the calendar year weights used in calculating the indicated rate level changes.

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 3.0% 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 3.0% factor in row 5?

A. The 3.0% 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 +3.0% 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 one year period 10/1/2022 through 9/30/2023. 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. With the exception of the underwriting profit and contingency factors, 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 0.780 means that losses and loss adjustment expenses will be lower than premium income by 22.0%. This means the Facility would make 22.0 cents on every premium dollar before considering contingencies, 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 2.75 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 +3.0%. Earlier in my testimony, I explained the derivation of this trend factor.

Q. What is the significance of the ratio 0.905 shown on row 3 for Trucks, Tractors, & Trailers bodily injury of Section A, Exhibit 1?

A. This ratio means that the Facility would make 9.5 cents on every premium dollar before considering the remaining variable expenses - commissions and taxes, licenses and fees, and contingencies - and before reflecting investment income.

Q. Would you explain the ratio 0.826 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%) and contingency (5%).

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 3.02%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 3.02% is added to the expected loss and fixed expense provision of 82.6% to obtain a provision of 85.62% 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 85.62%. For Trucks, Tractors, & Trailers bodily injury, the projected loss & fixed expense ratio of 0.905 is greater than 0.8562 and thus indicates a rate level change (after reflecting investment income) of +5.7%. The effect of investment income on the indication for Trucks, Tractors & Trailers bodily injury is to reduce the indication by 3.9 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 2020. In this case, the mean unearned premium reserve is 46.3% 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 21.0% of premiums. The calculation of this 21.0% 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 2019 and 2020 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 2.10%.

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 3.02% 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 D, Exhibit 8 of Exhibit RF-1. What does this exhibit represent?

A. This exhibit presents the details underlying the selection of the contingency factor.

Q. Can you explain what a contingency factor is?

A. Yes. A contingency is defined as an uncertain, unexpected, or unforeseen event which may impact underwriting results. These events do not occur with predictable regularity yet result in differences between the expected cost estimates and the actual average costs which cannot be eliminated by other aspects of the ratemaking process. If these differences persist over time, a contingency provision to account for these differences should be reflected in the ratemaking calculations through the application of a contingency factor.

Q. How is the contingency factor determined?

A. In this instance, the contingency factor is determined by examining the historical Commercial Auto underwriting results of the Facility. Section D Exhibit 8 shows these results over the most recent 15 years, which is a long enough period to eliminate short term fluctuations in the results. After a careful review of these results, the Rating Committee chose to implement a contingency factor of 5%.

Q. In your opinion, does this selection provide a reasonable margin for contingencies?

A. Yes, in my opinion this is a reasonable selection.

- 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 became effective on 12/1/2021 and new territory definitions that have been approved to be effective 10/1/2022. 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 111 is calculated by multiplying the index of 0.946 shown in column 4 by the overall statewide average base rate of 307.2276. The result of this calculation is \$290.637 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 111 of \$291 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 +6.2% indicated change.

Base rates for individual territories are determined by applying the indicated change based on this calculation, as well as a territory off-balance for the changes that will go into effect on 10/1/2022, which are shown in Section C, Exhibit 6. The rules for the territory definition changes were filed and approved in the Reinsurance Facility's filing NCRI – 132811002.

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 and Auto Dealers 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. Does that conclude your testimony?

A. Yes.

PRE-FILED TESTIMONY
OF
ALYSSA A. IRVING

2022 COMMERCIAL AUTOMOBILE INSURANCE
RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY
April, 2022

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 2022 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 two-year period beginning October 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 two-year period beginning October 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 January 31, 2022 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 January 31, 2022 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 two-year period beginning October 1, 2022 and the resulting yields for these 24 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 2.10%.**

Q. Do you have an opinion as to whether the 2.10% 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 two-year period beginning October 1, 2022, based on the information available when we made the calculations.**

Q. Does that conclude your pre-filed testimony?

A. **Yes.**