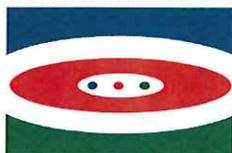


NCRB-NCRF-NCIGA



north carolina  
RATE BUREAU  
REINSURANCE FACILITY

INSURANCE GUARANTY ASSOCIATION

North Carolina Reinsurance Facility

September 24, 2014

RECEIVED

SEP 24 2014

N.C. Dept of Insurance  
Property & Casualty

Honorable Wayne Goodwin  
Commissioner of Insurance  
North Carolina Department of Insurance  
P. O. Box 26387  
Raleigh, North Carolina 27611

Re: Revision of Commercial Automobile  
Insurance Rates

Dear Sir:

Pursuant to North Carolina General Statute 58-37-35(1), the North Carolina Reinsurance Facility hereby files on behalf of its member companies revised (1) basic limits premium rates for liability insurance for trucks, tractors and trailers, zone rated risks and private passenger types not eligible for rating under the North Carolina Personal Auto Manual; (2) bodily injury and property damage liability increased limits factors for such coverages rated under the Facility's Commercial Automobile Insurance Manual; and (3) rating factors included in the Classification Plan related to zone rated risks.

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, 2012 and automobile liability insurance expense data for calendar year ending December 31, 2012, the latest years for which such data are available.

The information and statistical data required pursuant to G.S. 58-36-15 are included. Additionally, the pre-filed testimony of (a) Raymond F. Evans, General Manager - North Carolina Reinsurance Facility; (b) Marc Levine, Manager and Assistant

Actuary, Commercial Automobile Division - Insurance Services Office; and (c) Michael E. Stack, Fixed Income Portfolio Manager, Wellington Management Company, LLP is submitted herewith.

These revised rates will become effective March 1, 2015, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after March 1, 2015. No policy effective prior to March 1, 2015 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 March 1, 2015.

Exception For Experience Rated Policies:

These changes are applicable as of the experience rating date to all policies to which an experience rating modification which becomes effective on or after March 1, 2015 is applied and may not be applied to such policies prior to the experience rating date. As respects any policy to which an experience rating modification applies which becomes effective prior to March 1, 2015, these changes may not be applied until the first experience rating date on or after March 1, 2015.

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

Very truly yours,



F. Timothy Lucas  
Automobile Manager

FTL:dms

**North Carolina Reinsurance Facility**  
**Summary of Indications**

**ISO/PCI Experience**

	<b>Basic Limits Indications</b>	<b>Increased Limits Indications</b>	<b>Total Limits Indications</b>
<u>TRUCKS, TRACTORS, &amp; TRAILERS</u>			
Bodily Injury	-1.3%	16.0%	14.5%
Property Damage	14.2%	2.4%	16.9%
Total	3.7%	11.6%	15.7%
 <u>PRIVATE PASSENGER TYPES</u>			
Bodily Injury	-6.0%	11.3%	4.6%
Property Damage	2.1%	1.8%	3.9%
Total	-3.0%	7.8%	4.6%
 <u>ZONE RATED</u>			
Bodily Injury	-11.4%	20.5%	6.8%
Property Damage	-9.9%	6.9%	-3.7%
Total	-11.0%	16.6%	3.8%
 <u>OVERALL</u>			
Bodily Injury	-2.0%	14.8%	12.5%
Property Damage	12.7%	2.3%	15.3%
Total	2.7%	10.8%	13.8%

a

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

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

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

<u>Classes and Coverages</u>	<u>Filed Percentage Changes</u>	
	<u>Basic Limits</u>	<u>Total Limits</u>
<u>Trucks, Tractors, and Trailers Liability</u>		
Bodily Injury (30/60)	- 1.3%	+14.5%
Property Damage (25)	+14.2%	+16.9%
<u>Private Passenger Types Liability</u>		
Bodily Injury (30/60)	- 6.0%	+ 4.6%
Property Damage (25)	+ 2.1%	+ 3.9%
<u>Zone Rated Risks Liability</u>		
Bodily Injury (30/60)	- 11.4%	+ 6.8%
Property Damage (25)	- 9.9%	- 3.7%
Grand Total	+ 2.7%	+13.8%

The material included in this review is arranged as follows:

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

SECTION A

Summary of Rate Level Indications

North Carolina Reinsurance Facility  
Automobile Liability Insurance  
Rate Level Indications

ISO/PCI Experience

	Trucks Basic Limits			P.P. Types Basic Limits			Zone Rated Basic Limits			Overall
	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	
1. Credibility Weighted Rate Level Loss Ratio	0.782	0.926		0.739	0.814		0.736	0.751		
2. Trended Fixed Expense Ratio (a)	0.132	0.132		0.132	0.132		0.132	0.132		
3. Sum of (1) and (2)	0.914	1.058		0.871	0.946		0.868	0.883		
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.876	0.876		0.876	0.876		0.926	0.926		
5. Indicated Rate Level Change $[(3)/(4)-1] \times 100$	4.3%	20.8%	9.6%	-0.6%	8.0%	2.5%	-6.3%	-4.6%	-5.8%	
6. Indications Reflecting Investment Income (c)	-1.3%	14.2%	3.7%	-6.0%	2.1%	-3.0%	-11.4%	-9.9%	-11.0%	2.7%

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

	<u>Trucks</u>	<u>P.P. Types</u>	<u>Zone Rated</u>
Sum of Other Acquisition Expense and General Expenses	12.6%	12.6%	12.6%
Avg. Annual Change in Expenses	2.2%	2.2%	2.2%
Years Projected (n)	2.17	2.17	2.17

(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  $[(3)/(0.876 + 0.0505)-1] \times 100$  for Trucks, Tractors, and Trailers and Private Passenger Types, and  $[(3)/(0.926 + 0.0542)-1] \times 100$  for Zone Rated.

Investment Income (Trucks  
and Private Passenger Types): 5.05%

Investment Income (Zone Rated): 5.42%

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, and Zone Rated, 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. 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 - 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 - 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) LIMITS EARNED PREMIUM AT ENDING PRESENT RATES(A)	(2) (30/60/25) LIMITS INCURRED LOSSES (B)	(3) LOSS & LOSS ADJUSTMENT RATIO (2) / (1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS	
BI	12/31/2008	\$8,269,334	\$6,312,746	0.763	10%	513
	12/31/2009	7,190,622	4,687,219	0.652	15%	398
	12/31/2010	6,782,164	6,056,451	0.893	20%	429
	12/31/2011	6,231,164	4,884,219	0.784	25%	408
	12/31/2012	5,973,638	4,644,643	0.778	30%	471
PD	12/31/2008	\$7,308,082	\$6,906,600	0.945	10%	1,714
	12/31/2009	6,354,713	5,042,402	0.793	15%	1,438
	12/31/2010	5,993,691	5,848,161	0.976	20%	1,483
	12/31/2011	5,506,785	5,289,495	0.961	25%	1,380
	12/31/2012	5,279,431	4,877,385	0.924	30%	1,335

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.782	0.926
(7) EXPECTED LOSS RATIO (C).	0.750	0.750
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.755	0.769
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.782	0.926

(A) TRUCKS EXPERIENCE IS FOR ALL THOSE VEHICLES  
 RATED IN ACCORDANCE WITH RULE 32.

(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:	15.9%
GENERAL EXPENSE:	6.7%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED  
 LOSS AND EXPENSE TREND FACTOR (0.6% FOR BI, 2.5% FOR PD), PROJECTED  
 FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR  
 BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST REVIEW (03/01/2014) TO ONE YEAR  
 BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 03/01/2015. IN THIS ANALYSIS,  
 THE PERIOD IS 1.000 YEAR.

(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  
TRUCKS, TRACTORS, AND TRAILERS  
AUTOMOBILE LIABILITY INSURANCE  
DETERMINATION OF SPLIT LIMIT LOSSES

Section B  
Exhibit 1  
Sheet 2

	ACCIDENT YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2008	\$5,483,346	\$5,326,495
	12/31/2009	4,077,545	3,987,872
	12/31/2010	5,214,667	4,731,293
	12/31/2011	4,127,511	4,367,693
	12/31/2012	3,542,046	4,025,867
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2008	\$5,488,829	\$5,326,495
	12/31/2009	4,102,010	3,983,884
	12/31/2010	5,334,604	4,736,024
	12/31/2011	4,329,759	4,389,531
	12/31/2012	4,147,736	4,146,643
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2008	\$515,950	\$399,487
	12/31/2009	385,589	298,791
	12/31/2010	501,453	355,202
	12/31/2011	406,997	329,215
	12/31/2012	389,887	310,998
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		0.5%	2.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.2%	2.2%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2008	\$6,312,746	\$6,906,600
	12/31/2009	4,687,219	5,042,402
	12/31/2010	6,056,451	5,848,161
	12/31/2011	4,884,219	5,289,495
	12/31/2012	4,644,643	4,877,385

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

YEAR ENDING	B.I.	P.D.
12/31/2008	1.001	1.000
12/31/2009	1.006	0.999
12/31/2010	1.023	1.001
12/31/2011	1.049	1.005
12/31/2012	1.171	1.030

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND  
ALLOCATED FACTORS:

B.I.	P.D.
0.094	0.075

(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 03/01/2015.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2008	7/1/2008	7.667
12/31/2009	7/1/2009	6.667
12/31/2010	7/1/2010	5.667
12/31/2011	7/1/2011	4.667
12/31/2012	7/1/2012	3.667

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) LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(2) (30/60/25) LIMITS INCURRED LOSSES (B)	(3) LOSS & LOSS ADJUSTMENT RATIO (2) / (1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
BI	12/31/2008	\$94,300	\$34,728	0.368	10%	8
	12/31/2009	77,292	57,063	0.738	15%	10
	12/31/2010	67,587	58,570	0.867	20%	11
	12/31/2011	59,722	52,086	0.872	25%	6
	12/31/2012	50,827	9,039	0.178	30%	2
PD	12/31/2008	\$78,754	\$70,920	0.901	10%	25
	12/31/2009	64,545	55,374	0.858	15%	17
	12/31/2010	56,436	47,182	0.836	20%	15
	12/31/2011	49,866	81,889	1.642	25%	25
	12/31/2012	42,437	27,763	0.654	30%	12

	B.I.	P.D.
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.592	0.993
(7) EXPECTED LOSS RATIO (C).	0.750	0.750
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.755	0.769
(9) CREDIBILITY (E).	0.10	0.20
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.739	0.814

(A) CLASSES 1998, 7391, 7398.

(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:	15.9%
GENERAL EXPENSE:	6.7%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED  
LOSS AND EXPENSE TREND FACTOR (0.6% FOR BI, 2.5% FOR PD), PROJECTED  
FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR  
BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST REVIEW (03/01/2014) TO ONE YEAR  
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 03/01/2015. IN THIS ANALYSIS,  
THE PERIOD IS 1.000 YEAR.

(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  
PRIVATE PASSENGER TYPES  
AUTOMOBILE LIABILITY INSURANCE  
DETERMINATION OF SPLIT LIMIT LOSSES

Section B  
Exhibit 2  
Sheet 2

	ACCIDENT YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2008	\$30,317	\$54,695
	12/31/2009	50,291	43,750
	12/31/2010	50,678	38,209
	12/31/2011	43,807	68,229
	12/31/2012	7,399	23,939
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2008	\$30,196	\$54,695
	12/31/2009	49,939	43,750
	12/31/2010	51,590	38,209
	12/31/2011	46,173	67,956
	12/31/2012	8,072	23,604
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2008	\$2,838	\$4,102
	12/31/2009	4,694	3,281
	12/31/2010	4,849	2,866
	12/31/2011	4,340	5,097
	12/31/2012	759	1,770
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		0.5%	2.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.2%	2.2%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2008	\$34,728	\$70,920
	12/31/2009	57,063	55,374
	12/31/2010	58,570	47,182
	12/31/2011	52,086	81,889
	12/31/2012	9,039	27,763

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

YEAR ENDING	B.I.	P.D.
12/31/2008	0.996	1.000
12/31/2009	0.993	1.000
12/31/2010	1.018	1.000
12/31/2011	1.054	0.996
12/31/2012	1.091	0.986

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND  
ALLOCATED FACTORS:

B.I.	P.D.
0.094	0.075

(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 03/01/2015.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2008	7/1/2008	7.667
12/31/2009	7/1/2009	6.667
12/31/2010	7/1/2010	5.667
12/31/2011	7/1/2011	4.667
12/31/2012	7/1/2012	3.667

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 3  
 Sheet 1

	(1) (30/60/25)	(2) (30/60/25)	(3) LOSS & LOSS ADJUSTMENT RATIO (2)/(1)	(4)	(5) NUMBER OF INCURRED CLAIMS
POLICY YEARS ENDING	LIMITS EARNED PREMIUM AT PRESENT RATES(A)	LIMITS INCURRED LOSSES (B)		POLICY YEAR WEIGHTS	
BI	12/31/2008	\$354,704	0.956	10%	12
	12/31/2009	322,846	0.502	15%	18
	12/31/2010	284,501	0.313	20%	5
	12/31/2011	254,327	0.132	25%	3
	12/31/2012	321,874	0.643	30%	14
PD	12/31/2008	\$366,731	0.823	10%	63
	12/31/2009	331,833	0.335	15%	30
	12/31/2010	292,882	0.965	20%	34
	12/31/2011	261,595	0.804	25%	41
	12/31/2012	330,509	0.515	30%	42

	B.I.	P.D.
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.459	0.681
(7) EXPECTED LOSS RATIO (C).	0.800	0.800
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.805	0.820
(9) CREDIBILITY (E).	0.20	0.50
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.736	0.751

(A) ZONE RATED EXPERIENCE INCLUDES ZONE RATED TRUCKS AND BUSES.  
 OF THE COMMERCIAL LINES 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:	10.9%
GENERAL EXPENSE:	6.7%
TAXES, LICENSES AND FEES:	2.4%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED  
 LOSS AND EXPENSE TREND FACTOR (0.6% FOR BI, 2.5% FOR PD), PROJECTED  
 FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR  
 BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST REVIEW (03/01/2014) TO ONE YEAR  
 BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 03/01/2015. IN THIS ANALYSIS,  
 THE PERIOD IS 1.000 YEAR.

(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  
 ZONE RATED  
 AUTOMOBILE LIABILITY INSURANCE  
 DETERMINATION OF SPLIT LIMIT LOSSES

Section B  
 Exhibit 3  
 Sheet 2

	POLICY YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2008	\$293,754	\$229,991
	12/31/2009	141,506	86,733
	12/31/2010	78,173	226,045
	12/31/2011	30,498	172,842
	12/31/2012	172,318	143,447
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2008	\$293,754	\$229,991
	12/31/2009	141,506	86,733
	12/31/2010	78,173	226,045
	12/31/2011	29,736	172,496
	12/31/2012	184,036	143,017
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2008	\$27,613	\$17,249
	12/31/2009	13,302	6,505
	12/31/2010	7,348	16,953
	12/31/2011	2,795	12,937
	12/31/2012	17,299	10,726
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		0.5%	2.5%
5-AVERAGE ANNUAL CHANGE IN LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.2%	2.2%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2008	\$339,062	\$301,874
	12/31/2009	162,150	111,164
	12/31/2010	89,002	282,511
	12/31/2011	33,637	210,432
	12/31/2012	206,843	170,208

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

YEAR ENDING	B.I.	P.D.
12/31/2008	1.000	1.000
12/31/2009	1.000	1.000
12/31/2010	1.000	1.000
12/31/2011	0.975	0.998
12/31/2012	1.068	0.997

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND  
 ALLOCATED FACTORS:

B.I.	P.D.
0.094	0.075

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + ((4)/100)]\*\*N;  
 TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + ((5)/100)]\*\*N, WHERE N  
 EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND  
 THE PROSPECTIVE EFFECTIVE DATE OF 03/01/2015.

POLICY YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2008	1/1/2008	8.167
12/31/2009	1/1/2009	7.167
12/31/2010	1/1/2010	6.167
12/31/2011	1/1/2011	5.167
12/31/2012	1/1/2012	4.167

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 will become effective on December 1, 2014. 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 Liability

The revised rates are based upon the voluntary territory relativities that will become effective on December 1, 2014.

Exhibit 4 - Zone Rated

The indicated bodily injury and property damage changes, and an off balance factor, were applied to the current Zone Rated risks base rates. The rest of the current rates were then adjusted to reflect the new multistate zone combination factors. The Medical Payments rates are calculated by multiplying the bodily injury rates by a factor of .193.

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>500</u>	<u>Limits</u> <u>1000</u>	<u>2000</u>
Trucks, Tractors, & Trailers	.292	.350	.384
Taxis and Limousines	.184	.216	.247
School and Church Buses	.225	.266	.306
Other Buses	.133	.155	.175
Van Pools	.292	.350	.384
Private Passenger Types	.097	.125	.142

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 used are listed below.

	<u>Differential to Base Rate</u>	
	<u>BI</u>	<u>PD</u>
Taxis and Limousines	6.46	2.56
School and Church Buses	0.82	0.62
Other Buses	7.79	1.95
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 149.0271	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	257	231	155	1.046	155.882	156	0.6%
12	1,007	355	228	1.608	239.636	240	5.3%
13	307	269	180	1.218	181.515	182	1.1%
14	447	271	190	1.227	182.856	183	-3.7%
15	172	215	149	0.974	145.152	145	-2.7%
16	800	325	225	1.472	219.368	219	-2.7%
17	537	260	184	1.177	175.405	175	-4.9%
18	307	262	159	1.186	176.746	177	11.3%
19	0	196	138	0.888	132.336	132	-4.3%
20	461	274	179	1.241	184.943	185	3.4%
21	1,018	272	190	1.232	183.601	184	-3.2%
22	2,975	256	175	1.159	172.722	173	-1.1%
23	9,606	196	138	0.888	132.336	132	-4.3%
24	13,107	203	137	0.919	136.956	137	0.0%
SW	31,001	220.83	150.99		149.030		-1.3%

Weighted average factor x percent change = new weighted average  
 $150.99 \times 0.987 = 149.0271$

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

\* The rates in column (6) are keyed to a statewide revenue change of -1.3 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  
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 152.4113	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	257	231	137	1.046	159.422	159	16.1%
12	1,007	355	202	1.608	245.077	245	21.3%
13	307	269	159	1.218	185.637	186	17.0%
14	447	271	168	1.227	187.009	187	11.3%
15	172	215	131	0.974	148.449	148	13.0%
16	800	325	199	1.472	224.349	224	12.6%
17	537	260	162	1.177	179.388	179	10.5%
18	307	262	141	1.186	180.760	181	28.4%
19	0	196	122	0.888	135.341	135	10.7%
20	461	274	158	1.241	189.142	189	19.6%
21	1,018	272	168	1.232	187.771	188	11.9%
22	2,975	256	155	1.159	176.645	177	14.2%
23	9,606	196	122	0.888	135.341	135	10.7%
24	13,107	203	121	0.919	140.066	140	15.7%
SW	31,001	220.83	133.46		152.410		14.2%

Weighted average factor x percent change = new weighted average  
 $133.46 \times 1.142 = 152.4113$

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

\* The rates in column (6) are keyed to a statewide revenue change of +14.2 percent.

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

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Commercial Automobile Manual

**LIGHT AND MEDIUM TRUCKS**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	156	178	234	159	167	46	55	60
	Fleet	172	196	258	175	184			
12	Non-Fleet	240	274	360	245	257	70	84	92
	Fleet	264	301	396	270	284			
13	Non-Fleet	182	207	273	186	195	53	64	70
	Fleet	200	228	300	205	215			
14	Non-Fleet	183	209	275	187	196	53	64	70
	Fleet	201	229	302	206	216			
15	Non-Fleet	145	165	218	148	155	42	51	56
	Fleet	160	182	240	163	171			
16	Non-Fleet	219	250	329	224	235	64	77	84
	Fleet	241	275	362	246	258			
17	Non-Fleet	175	200	263	179	188	51	61	67
	Fleet	193	220	290	197	207			
18	Non-Fleet	177	202	266	181	190	52	62	68
	Fleet	195	222	293	199	209			
19	Non-Fleet	132	150	198	135	142	39	46	51
	Fleet	145	165	218	149	156			
20	Non-Fleet	185	211	278	189	198	54	65	71
	Fleet	204	233	306	208	218			
21	Non-Fleet	184	210	276	188	197	54	64	71
	Fleet	202	230	303	207	217			
22	Non-Fleet	173	197	260	177	186	51	61	66
	Fleet	190	217	285	195	205			
23	Non-Fleet	132	150	198	135	142	39	46	51
	Fleet	145	165	218	149	156			
24	Non-Fleet	137	156	206	140	147	40	48	53
	Fleet	151	172	227	154	162			

HIRED CAR	Bodily Injury 30/60	Property Damage 25
All Territories	\$0.24	\$0.27

### HEAVY TRUCKS AND TRUCK TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	156	184	251	159	167	46	55	60
	Fleet	172	203	277	175	184			
12	Non-Fleet	240	283	386	245	257	70	84	92
	Fleet	264	312	425	270	284			
13	Non-Fleet	182	215	293	186	195	53	64	70
	Fleet	200	236	322	205	215			
14	Non-Fleet	183	216	295	187	196	53	64	70
	Fleet	201	237	324	206	216			
15	Non-Fleet	145	171	233	148	155	42	51	56
	Fleet	160	189	258	163	171			
16	Non-Fleet	219	258	353	224	235	64	77	84
	Fleet	241	284	388	246	258			
17	Non-Fleet	175	207	282	179	188	51	61	67
	Fleet	193	228	311	197	207			
18	Non-Fleet	177	209	285	181	190	52	62	68
	Fleet	195	230	314	199	209			
19	Non-Fleet	132	156	213	135	142	39	46	51
	Fleet	145	171	233	149	156			
20	Non-Fleet	185	218	298	189	198	54	65	71
	Fleet	204	241	328	208	218			
21	Non-Fleet	184	217	296	188	197	54	64	71
	Fleet	202	238	325	207	217			
22	Non-Fleet	173	204	279	177	186	51	61	66
	Fleet	190	224	306	195	205			
23	Non-Fleet	132	156	213	135	142	39	46	51
	Fleet	145	171	233	149	156			
24	Non-Fleet	137	162	221	140	147	40	48	53
	Fleet	151	178	243	154	162			

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**EXTRA-HEAVY TRUCKS AND TRUCK-TRACTORS**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	156	189	267	159	167	46	55	60
	Fleet	172	208	294	175	184			
12	Non-Fleet	240	290	410	245	257	70	84	92
	Fleet	264	319	451	270	284			
13	Non-Fleet	182	220	311	186	195	53	64	70
	Fleet	200	242	342	205	215			
14	Non-Fleet	183	221	313	187	196	53	64	70
	Fleet	201	243	344	206	216			
15	Non-Fleet	145	175	248	148	155	42	51	56
	Fleet	160	194	274	163	171			
16	Non-Fleet	219	265	374	224	235	64	77	84
	Fleet	241	292	412	246	258			
17	Non-Fleet	175	212	299	179	188	51	61	67
	Fleet	193	234	330	197	207			
18	Non-Fleet	177	214	303	181	190	52	62	68
	Fleet	195	236	333	199	209			
19	Non-Fleet	132	160	226	135	142	39	46	51
	Fleet	145	175	248	149	156			
20	Non-Fleet	185	224	316	189	198	54	65	71
	Fleet	204	247	349	208	218			
21	Non-Fleet	184	223	315	188	197	54	64	71
	Fleet	202	244	345	207	217			
22	Non-Fleet	173	209	296	177	186	51	61	66
	Fleet	190	230	325	195	205			
23	Non-Fleet	132	160	226	135	142	39	46	51
	Fleet	145	175	248	149	156			
24	Non-Fleet	137	166	234	140	147	40	48	53
	Fleet	151	183	258	154	162			

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**TAXIS AND LIMOUSINES**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	1008	1179	1522	407	427	185	218	249
	Fleet	1109	1298	1675	448	470			
12	Non-Fleet	1550	1814	2341	627	658	285	335	383
	Fleet	1705	1995	2575	690	725			
13	Non-Fleet	1176	1376	1776	476	500	216	254	290
	Fleet	1294	1514	1954	524	550			
14	Non-Fleet	1182	1383	1785	479	503	217	255	292
	Fleet	1300	1521	1963	527	553			
15	Non-Fleet	937	1096	1415	379	398	172	202	231
	Fleet	1031	1206	1557	417	438			
16	Non-Fleet	1415	1656	2137	573	602	260	306	350
	Fleet	1557	1822	2351	630	662			
17	Non-Fleet	1131	1323	1708	458	481	208	244	279
	Fleet	1244	1455	1878	504	529			
18	Non-Fleet	1143	1337	1726	463	486	210	247	282
	Fleet	1257	1471	1898	509	534			
19	Non-Fleet	853	998	1288	346	363	157	184	211
	Fleet	938	1097	1416	381	400			
20	Non-Fleet	1195	1398	1804	484	508	220	258	295
	Fleet	1315	1539	1986	532	559			
21	Non-Fleet	1189	1391	1795	481	505	219	257	294
	Fleet	1308	1530	1975	529	555			
22	Non-Fleet	1118	1308	1688	453	476	206	241	276
	Fleet	1230	1439	1857	498	523			
23	Non-Fleet	853	998	1288	346	363	157	184	211
	Fleet	938	1097	1416	381	400			
24	Non-Fleet	885	1035	1336	358	376	163	191	219
	Fleet	974	1140	1471	394	414			

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**SCHOOL AND CHURCH BUSES**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	128	150	193	99	104	29	34	39
	Fleet	141	165	213	109	114			
12	Non-Fleet	197	230	297	152	160	44	52	60
	Fleet	217	254	328	167	175			
13	Non-Fleet	149	174	225	115	121	34	40	46
	Fleet	164	192	248	127	133			
14	Non-Fleet	150	176	227	116	122	34	40	46
	Fleet	165	193	249	128	134			
15	Non-Fleet	119	139	180	92	97	27	32	36
	Fleet	131	153	198	101	106			
16	Non-Fleet	180	211	272	139	146	41	48	55
	Fleet	198	232	299	153	161			
17	Non-Fleet	144	168	217	111	117	32	38	44
	Fleet	158	185	239	122	128			
18	Non-Fleet	145	170	219	112	118	33	39	44
	Fleet	160	187	242	123	129			
19	Non-Fleet	108	126	163	84	88	24	29	33
	Fleet	119	139	180	92	97			
20	Non-Fleet	152	178	230	117	123	34	40	47
	Fleet	167	195	252	129	135			
21	Non-Fleet	151	177	228	117	123	34	40	46
	Fleet	166	194	251	129	135			
22	Non-Fleet	142	166	214	110	116	32	38	43
	Fleet	156	183	236	121	127			
23	Non-Fleet	108	126	163	84	88	24	29	33
	Fleet	119	139	180	92	97			
24	Non-Fleet	112	131	169	87	91	25	30	34
	Fleet	123	144	186	96	101			

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**ALL OTHER BUSES**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	1215	1422	1835	310	326	162	188	213
	Fleet	1337	1564	2019	341	358			
12	Non-Fleet	1870	2188	2824	478	502	249	290	327
	Fleet	2057	2407	3106	526	552			
13	Non-Fleet	1418	1659	2141	363	381	189	220	248
	Fleet	1560	1825	2356	399	419			
14	Non-Fleet	1426	1668	2153	365	383	190	221	250
	Fleet	1569	1836	2369	402	422			
15	Non-Fleet	1130	1322	1706	289	303	150	175	198
	Fleet	1243	1454	1877	318	334			
16	Non-Fleet	1706	1996	2576	437	459	227	264	299
	Fleet	1877	2196	2834	481	505			
17	Non-Fleet	1363	1595	2058	349	366	181	211	239
	Fleet	1499	1754	2263	384	403			
18	Non-Fleet	1379	1613	2082	353	371	183	214	241
	Fleet	1517	1775	2291	388	407			
19	Non-Fleet	1028	1203	1552	263	276	137	159	180
	Fleet	1131	1323	1708	289	303			
20	Non-Fleet	1441	1686	2176	369	387	192	223	252
	Fleet	1585	1854	2393	406	426			
21	Non-Fleet	1433	1677	2164	367	385	191	222	251
	Fleet	1576	1844	2380	404	424			
22	Non-Fleet	1348	1577	2035	345	362	179	209	236
	Fleet	1483	1735	2239	380	399			
23	Non-Fleet	1028	1203	1552	263	276	137	159	180
	Fleet	1131	1323	1708	289	303			
24	Non-Fleet	1067	1248	1611	273	287	142	165	187
	Fleet	1174	1374	1773	300	315			

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**VAN POOLS**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	128	150	193	130	137	37	45	49
	Fleet	141	165	213	143	150			
12	Non-Fleet	197	230	297	201	211	58	69	76
	Fleet	217	254	328	221	232			
13	Non-Fleet	149	174	225	153	161	44	52	57
	Fleet	164	192	248	168	176			
14	Non-Fleet	150	176	227	153	161	44	53	58
	Fleet	165	193	249	168	176			
15	Non-Fleet	119	139	180	121	127	35	42	46
	Fleet	131	153	198	133	140			
16	Non-Fleet	180	211	272	184	193	53	63	69
	Fleet	198	232	299	202	212			
17	Non-Fleet	144	168	217	147	154	42	50	55
	Fleet	158	185	239	162	170			
18	Non-Fleet	145	170	219	148	155	42	51	56
	Fleet	160	187	242	163	171			
19	Non-Fleet	108	126	163	111	117	32	38	41
	Fleet	119	139	180	122	128			
20	Non-Fleet	152	178	230	155	163	44	53	58
	Fleet	167	195	252	171	180			
21	Non-Fleet	151	177	228	154	162	44	53	58
	Fleet	166	194	251	169	177			
22	Non-Fleet	142	166	214	145	152	41	50	55
	Fleet	156	183	236	160	168			
23	Non-Fleet	108	126	163	111	117	32	38	41
	Fleet	119	139	180	122	128			
24	Non-Fleet	112	131	169	115	121	33	39	43
	Fleet	123	144	186	127	133			

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 144.9104	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	3	200	148	0.958	138.824	139	-6.1%
12	16	288	212	1.380	199.976	200	-5.7%
13	1	232	171	1.112	161.140	161	-5.8%
14	14	208	153	0.997	144.476	144	-5.9%
15	8	239	176	1.145	165.922	166	-5.7%
16	20	223	165	1.069	154.909	155	-6.1%
17	1	225	166	1.078	156.213	156	-6.0%
18	1	213	157	1.021	147.954	148	-5.7%
19	0	203	150	0.973	140.998	141	-6.0%
20	1	230	170	1.102	159.691	160	-5.9%
21	7	202	149	0.968	140.273	140	-6.0%
22	26	224	165	1.073	155.489	155	-6.1%
23	110	203	150	0.973	140.998	141	-6.0%
24	122	196	145	0.939	136.071	136	-6.2%
SW	330	208.70	154.16		144.922		-6.0%

Weighted average factor x percent change = new weighted average  
 $154.16 \times 0.940 = 144.9104$

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

\* The rates in column (6) are keyed to a statewide revenue change of -6.0 percent.

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

North Carolina Reinsurance Facility  
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 131.4129	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	3	200	123	0.958	125.894	126	2.4%
12	16	288	178	1.380	181.350	181	1.7%
13	1	232	143	1.112	146.131	146	2.1%
14	14	208	128	0.997	131.019	131	2.3%
15	8	239	147	1.145	150.468	150	2.0%
16	20	223	138	1.069	140.480	140	1.4%
17	1	225	139	1.078	141.663	142	2.2%
18	1	213	131	1.021	134.173	134	2.3%
19	0	203	125	0.973	127.865	128	2.4%
20	1	230	142	1.102	144.817	145	2.1%
21	7	202	125	0.968	127.208	127	1.6%
22	26	224	138	1.073	141.006	141	2.2%
23	110	203	125	0.973	127.865	128	2.4%
24	122	196	121	0.939	123.397	123	1.7%
SW	330	208.70	128.71		131.420		2.1%

Weighted average factor x percent change = new weighted average  
 $128.71 \times 1.021 = 131.4129$

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

\* The rates in column (6) are keyed to a statewide revenue change of +2.1 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

**PRIVATE PASSENGER TYPES**

	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
	30/60	50/100	100/300	25	50	500	1000	2000
Territory								
11	139	163	210	126	132	13	17	20
12	200	234	302	181	190	19	25	28
13	161	188	243	146	153	16	20	23
14	144	168	217	131	138	14	18	20
15	166	194	251	150	158	16	21	24
16	155	181	234	140	147	15	19	22
17	156	183	236	142	149	15	20	22
18	148	173	223	134	141	14	19	21
19	141	165	213	128	134	14	18	20
20	160	187	242	145	152	16	20	23
21	140	164	211	127	133	14	18	20
22	155	181	234	141	148	15	19	22
23	141	165	213	128	134	14	18	20
24	136	159	205	123	129	13	17	19

Zone Rated Liability

Section C  
Exhibit 4  
Sheet 1

Charlotte

<u>Zone</u>	<u>Description</u>	<u>Code</u>	<u>B.I. Current 30/60 Rate</u>	<u>B.I. Revised 30/60 Rate</u>	<u>B.I. Percent Change</u>	<u>1 Year Exposures</u>
1	Atlanta	201	1089	900	-17.4%	2
2	Baltimore/Washington	202	1109	887	-20.0%	
3	Boston	203	1163	948	-18.5%	
4	Buffalo	204	1109	887	-20.0%	
5	Charlotte	205	1089	900	-17.4%	
6	Chicago	206	969	780	-19.5%	
7	Cincinnati	207	969	780	-19.5%	
8	Cleveland	208	969	780	-19.5%	
9	Dallas/Fort Worth	209	1172	901	-23.1%	
10	Denver	210	1403	1114	-20.6%	
11	Detroit	211	969	780	-19.5%	
12	Hartford	212	1163	948	-18.5%	
13	Houston	213	1172	901	-23.1%	
14	Indianapolis	214	969	780	-19.5%	
15	Jacksonville	215	1089	900	-17.4%	
16	Kansas City	216	1105	927	-16.1%	
17	Little Rock	217	1172	901	-23.1%	
18	Los Angeles	218	1242	1005	-19.1%	
19	Louisville	219	1037	869	-16.2%	
20	Memphis	220	1037	869	-16.2%	
21	Miami	221	1089	900	-17.4%	
22	Milwaukee	222	1105	927	-16.1%	
23	Minneapolis/St. Paul	223	1105	927	-16.1%	
24	Nashville	224	1037	869	-16.2%	8
25	New Orleans	225	1152	911	-20.9%	
26	New York City	226	1109	887	-20.0%	
27	Oklahoma City	227	1172	901	-23.1%	
28	Omaha	228	1105	927	-16.1%	
29	Phoenix	229	1403	1114	-20.6%	2
30	Philadelphia	230	1109	887	-20.0%	
31	Pittsburgh	231	1109	887	-20.0%	
32	Portland	232	1242	1005	-19.1%	
33	Richmond	233	1089	900	-17.4%	2
34	St. Louis	234	1105	927	-16.1%	
35	Salt Lake City	235	1403	1114	-20.6%	
36	San Francisco	236	1242	1005	-19.1%	1
37	Tulsa	237	1172	901	-23.1%	
40	Pacific	240	1242	1032	-16.9%	
41	Mountain	241	1403	1144	-18.5%	
42	Midwest	242	1105	952	-13.8%	
43	Southwest	243	1172	924	-21.2%	
44	North Central	244	969	800	-17.4%	
45	Mideast	245	1037	892	-14.0%	
46	Gulf	246	1152	935	-18.8%	1
47	Southeast	247	1089	923	-15.2%	4
48	Eastern	248	1109	911	-17.9%	
49	New England	249	1163	973	-16.3%	

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## Zone Rated Liability

Section C

Exhibit 4

Sheet 2

Charlotte

<u>Zone</u>	<u>Description</u>	<u>Code</u>	<u>P.D. Current 25000 Rate</u>	<u>P.D. Revised 25000 Rate</u>	<u>P.D. Percent Change</u>	<u>1 Year Exposures</u>
1	Atlanta	201	1127	946	-16.1%	2
2	Baltimore/Washington	202	1147	933	-18.7%	
3	Boston	203	1203	998	-17.0%	
4	Buffalo	204	1147	933	-18.7%	
5	Charlotte	205	1127	946	-16.1%	
6	Chicago	206	1002	821	-18.1%	
7	Cincinnati	207	1002	821	-18.1%	
8	Cleveland	208	1002	821	-18.1%	
9	Dallas/Fort Worth	209	1212	947	-21.9%	
10	Denver	210	1450	1172	-19.2%	
11	Detroit	211	1002	821	-18.1%	
12	Hartford	212	1203	998	-17.0%	
13	Houston	213	1212	947	-21.9%	
14	Indianapolis	214	1002	821	-18.1%	
15	Jacksonville	215	1127	946	-16.1%	
16	Kansas City	216	1141	976	-14.5%	
17	Little Rock	217	1212	947	-21.9%	
18	Los Angeles	218	1284	1057	-17.7%	
19	Louisville	219	1073	914	-14.8%	
20	Memphis	220	1073	914	-14.8%	
21	Miami	221	1127	946	-16.1%	
22	Milwaukee	222	1141	976	-14.5%	
23	Minneapolis/St. Paul	223	1141	976	-14.5%	
24	Nashville	224	1073	914	-14.8%	8
25	New Orleans	225	1192	959	-19.5%	
26	New York City	226	1147	933	-18.7%	
27	Oklahoma City	227	1212	947	-21.9%	
28	Omaha	228	1141	976	-14.5%	
29	Phoenix	229	1450	1172	-19.2%	2
30	Philadelphia	230	1147	933	-18.7%	
31	Pittsburgh	231	1147	933	-18.7%	
32	Portland	232	1284	1057	-17.7%	
33	Richmond	233	1127	946	-16.1%	2
34	St. Louis	234	1141	976	-14.5%	
35	Salt Lake City	235	1450	1172	-19.2%	
36	San Francisco	236	1284	1057	-17.7%	1
37	Tulsa	237	1212	947	-21.9%	
40	Pacific	240	1284	1085	-15.5%	
41	Mountain	241	1450	1203	-17.0%	
42	Midwest	242	1141	1001	-12.3%	
43	Southwest	243	1212	972	-19.8%	
44	North Central	244	1002	842	-16.0%	
45	Mideast	245	1073	938	-12.6%	
46	Gulf	246	1192	984	-17.4%	1
47	Southeast	247	1127	971	-13.8%	4
48	Eastern	248	1147	957	-16.6%	
49	New England	249	1203	1024	-14.9%	

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Zone Rated Liability

Section C  
Exhibit 4  
Sheet 3

Southeast

<u>Zone</u>	<u>Description</u>	<u>Code</u>	<u>B.I. Current 30/60 Rate</u>	<u>B.I. Revised 30/60 Rate</u>	<u>B.I. Percent Change</u>	<u>1 Year Exposures</u>
1	Atlanta	901	1089	923	-15.2%	4
2	Baltimore/Washington	902	1109	911	-17.9%	
3	Boston	903	1163	973	-16.3%	
4	Buffalo	904	1109	911	-17.9%	
5	Charlotte	905	1089	923	-15.2%	4
6	Chicago	906	969	800	-17.4%	
7	Cincinnati	907	969	800	-17.4%	1
8	Cleveland	908	969	800	-17.4%	
9	Dallas/Fort Worth	909	1172	924	-21.2%	18
10	Denver	910	1403	1144	-18.5%	
11	Detroit	911	969	800	-17.4%	
12	Hartford	912	1163	973	-16.3%	
13	Houston	913	1172	924	-21.2%	2
14	Indianapolis	914	969	800	-17.4%	
15	Jacksonville	915	1089	923	-15.2%	
16	Kansas City	916	1105	952	-13.8%	2
17	Little Rock	917	1172	924	-21.2%	
18	Los Angeles	918	1242	1032	-16.9%	
19	Louisville	919	1037	892	-14.0%	
20	Memphis	920	1037	892	-14.0%	
21	Miami	921	1089	923	-15.2%	1
22	Milwaukee	922	1105	952	-13.8%	
23	Minneapolis/St. Paul	923	1105	952	-13.8%	
24	Nashville	924	1037	892	-14.0%	1
25	New Orleans	925	1152	935	-18.8%	1
26	New York City	926	1109	911	-17.9%	
27	Oklahoma City	927	1172	924	-21.2%	
28	Omaha	928	1105	952	-13.8%	
29	Phoenix	929	1403	1144	-18.5%	
30	Philadelphia	930	1109	911	-17.9%	
31	Pittsburgh	931	1109	911	-17.9%	3
32	Portland	932	1242	1032	-16.9%	8
33	Richmond	933	1089	923	-15.2%	
34	St. Louis	934	1105	952	-13.8%	
35	Salt Lake City	935	1403	1144	-18.5%	3
36	San Francisco	936	1242	1032	-16.9%	
37	Tulsa	937	1172	924	-21.2%	
40	Pacific	940	1183	1058	-10.6%	15
41	Mountain	941	1336	1173	-12.2%	10
42	Midwest	942	1052	976	-7.2%	
43	Southwest	943	1116	948	-15.1%	6
44	North Central	944	923	821	-11.1%	13
45	Mideast	945	988	915	-7.4%	25
46	Gulf	946	1098	959	-12.7%	12
47	Southeast	947	1038	947	-8.8%	203
48	Eastern	948	1056	934	-11.6%	22
49	New England	949	1108	998	-9.9%	
						354

## Zone Rated Liability

Section C

Exhibit 4

Sheet 4

## Southeast

<u>Zone</u>	<u>Description</u>	<u>Code</u>	<u>P.D.</u> <u>Current</u> <u>25000</u> <u>Rate</u>	<u>P.D.</u> <u>Revised</u> <u>25000</u> <u>Rate</u>	<u>P.D.</u> <u>Percent</u> <u>Change</u>	<u>1 Year</u> <u>Exposures</u>
1	Atlanta	901	1127	971	-13.8%	4
2	Baltimore/Washington	902	1147	957	-16.6%	
3	Boston	903	1203	1024	-14.9%	
4	Buffalo	904	1147	957	-16.6%	
5	Charlotte	905	1127	971	-13.8%	4
6	Chicago	906	1002	842	-16.0%	
7	Cincinnati	907	1002	842	-16.0%	1
8	Cleveland	908	1002	842	-16.0%	
9	Dallas/Fort Worth	909	1212	972	-19.8%	18
10	Denver	910	1450	1203	-17.0%	
11	Detroit	911	1002	842	-16.0%	
12	Hartford	912	1203	1024	-14.9%	
13	Houston	913	1212	972	-19.8%	2
14	Indianapolis	914	1002	842	-16.0%	
15	Jacksonville	915	1127	971	-13.8%	
16	Kansas City	916	1141	1001	-12.3%	2
17	Little Rock	917	1212	972	-19.8%	
18	Los Angeles	918	1284	1085	-15.5%	
19	Louisville	919	1073	938	-12.6%	
20	Memphis	920	1073	938	-12.6%	
21	Miami	921	1127	971	-13.8%	1
22	Milwaukee	922	1141	1001	-12.3%	
23	Minneapolis/St. Paul	923	1141	1001	-12.3%	
24	Nashville	924	1073	938	-12.6%	1
25	New Orleans	925	1192	984	-17.4%	1
26	New York City	926	1147	957	-16.6%	
27	Oklahoma City	927	1212	972	-19.8%	
28	Omaha	928	1141	1001	-12.3%	
29	Phoenix	929	1450	1203	-17.0%	
30	Philadelphia	930	1147	957	-16.6%	
31	Pittsburgh	931	1147	957	-16.6%	3
32	Portland	932	1284	1085	-15.5%	8
33	Richmond	933	1127	971	-13.8%	
34	St. Louis	934	1141	1001	-12.3%	
35	Salt Lake City	935	1450	1203	-17.0%	3
36	San Francisco	936	1284	1085	-15.5%	
37	Tulsa	937	1212	972	-19.8%	
40	Pacific	940	1222	1113	-8.9%	15
41	Mountain	941	1382	1234	-10.7%	10
42	Midwest	942	1087	1027	-5.5%	
43	Southwest	943	1154	997	-13.6%	6
44	North Central	944	954	864	-9.4%	13
45	Mideast	945	1021	962	-5.8%	25
46	Gulf	946	1135	1009	-11.1%	12
47	Southeast	947	1073	996	-7.2%	203
48	Eastern	948	1092	982	-10.1%	22
49	New England	949	1145	1050	-8.3%	
						354

## TRUCKS

Zone Rating Table  
Zone 05 (Charlotte) CombinationsSection C  
Exhibit 4  
Sheet 5

Insert the state code of the state of principal garaging as the first two digits of the zone code.

Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet	
01 Atlanta	900 946 174 **201	BI PD MP	13 Houston	901 947 174 **213	BI PD MP	25 New Orleans	911 959 176 **225	BI PD MP	37 Tulsa	901 947 174 **237	BI PD MP
02 Balt.- Wash.	887 933 171 **202	BI PD MP	14 Indian- apolis	780 821 151 **214	BI PD MP	26 N.Y. City	887 933 171 **226	BI PD MP	40 Pacific	1032 1085 199 **240	BI PD MP
03 Boston	948 998 183 **203	BI PD MP	15 Jackson- ville	900 946 174 **215	BI PD MP	27 Okla.- City	901 947 174 **227	BI PD MP	41 Mountain	1144 1203 221 **241	BI PD MP
04 Buffalo	887 933 171 **204	BI PD MP	16 Kansas City	927 976 179 **216	BI PD MP	28 Omaha	927 976 179 **228	BI PD MP	42 Midwest	952 1001 184 **242	BI PD MP
05 Char- lotte	900 946 174 **205	BI PD MP	17 Little Rock	901 947 174 **217	BI PD MP	29 Phoenix	1114 1172 215 **229	BI PD MP	43 South- west	924 972 178 **243	BI PD MP
06 Chicago	780 821 151 **206	BI PD MP	18 Los Angeles	1005 1057 194 **218	BI PD MP	30 Phila- delphia	887 933 171 **230	BI PD MP	44 North- Central	800 842 154 **244	BI PD MP
07 Cincin- nati	780 821 151 **207	BI PD MP	19 Louis- ville	869 914 168 **219	BI PD MP	31 Pitts- burgh	887 933 171 **231	BI PD MP	45 Mideast	892 938 172 **245	BI PD MP
08 Cleve- land	780 821 151 **208	BI PD MP	20 Memphis	869 914 168 **220	BI PD MP	32 Portland	1005 1057 194 **232	BI PD MP	46 Gulf	935 984 180 **246	BI PD MP
09 Dallas Ft. Worth	901 947 174 **209	BI PD MP	21 Miami	900 946 174 **221	BI PD MP	33 Richmond	900 946 174 **233	BI PD MP	47 South- east	923 971 178 **247	BI PD MP
10 Denver	1114 1172 215 **210	BI PD MP	22 Mil- waukee	927 976 179 **222	BI PD MP	34 St. Louis	927 976 179 **234	BI PD MP	48 Eastern	911 957 176 **248	BI PD MP
11 Detroit	780 821 151 **211	BI PD MP	23 Minn.- St. Paul	927 976 179 **223	BI PD MP	35 Salt Lake City	1114 1172 215 **235	BI PD MP	49 New England	973 1024 188 **249	BI PD MP
12 Hart- ford	948 998 183 **212	BI PD MP	24 Nash- ville	869 914 168 **224	BI PD MP	36 San Francisco	1005 1057 194 **236	BI PD MP			

## TRUCKS

Zone Rating Table  
Zone 47 (Southeast) Combinations

Section C

Exhibit 4

Sheet 6

Insert the state code of the state of principal garaging as the first two digits of the zone code.

Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet	
01 Atlanta	923 971 178 **901	BI PD MP	13 Houston	924 972 178 **913	BI PD MP	25 New Orleans	935 984 180 **925	BI PD MP	37 Tulsa	924 972 178 **937	BI PD MP
02 Balt.- Wash.	911 957 176 **902	BI PD MP	14 Indian- apolis	800 842 154 **914	BI PD MP	26 N.Y. City	911 957 176 **926	BI PD MP	40 Pacific	1058 1113 204 **940	BI PD MP
03 Boston	973 1024 188 **903	BI PD MP	15 Jackson- ville	923 971 178 **915	BI PD MP	27 Okla.- City	924 972 178 **927	BI PD MP	41 Mountain	1173 1234 226 **941	BI PD MP
04 Buffalo	911 957 176 **904	BI PD MP	16 Kansas City	952 1001 184 **916	BI PD MP	28 Omaha	952 1001 184 **928	BI PD MP	42 Midwest	976 1027 188 **942	BI PD MP
05 Char- lotte	923 971 178 **905	BI PD MP	17 Little Rock	924 972 178 **917	BI PD MP	29 Phoenix	1144 1203 221 **929	BI PD MP	43 South- west	948 997 183 **943	BI PD MP
06 Chicago	800 842 154 **906	BI PD MP	18 Los Angeles	1032 1085 199 **918	BI PD MP	30 Phila- delphia	911 957 176 **930	BI PD MP	44 North- Central	821 864 158 **944	BI PD MP
07 Cincin- nati	800 842 154 **907	BI PD MP	19 Louis- ville	892 938 172 **919	BI PD MP	31 Pitts- burgh	911 957 176 **931	BI PD MP	45 Mideast	915 962 177 **945	BI PD MP
08 Cleve- land	800 842 154 **908	BI PD MP	20 Memphis	892 938 172 **920	BI PD MP	32 Portland	1032 1085 199 **932	BI PD MP	46 Gulf	959 1009 185 **946	BI PD MP
09 Dallas Ft. Worth	924 972 178 **909	BI PD MP	21 Miami	923 971 178 **921	BI PD MP	33 Richmond	923 971 178 **933	BI PD MP	47 South- east	947 996 183 **947	BI PD MP
10 Denver	1144 1203 221 **910	BI PD MP	22 Mil- waukee	952 1001 184 **922	BI PD MP	34 St. Louis	952 1001 184 **934	BI PD MP	48 Eastern	934 982 180 **948	BI PD MP
11 Detroit	800 842 154 **911	BI PD MP	23 Minn.- St. Paul	952 1001 184 **923	BI PD MP	35 Salt Lake City	1144 1203 221 **935	BI PD MP	49 New England	998 1050 193 **949	BI PD MP
12 Hart- ford	973 1024 188 **912	BI PD MP	24 Nash- ville	892 938 172 **924	BI PD MP	36 San Francisco	1032 1085 199 **936	BI PD MP			

SECTION D  
Supporting Exhibits

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE LIABILITY

SUPPORTING EXHIBITS

Exhibit 1 - Loss Development Factors

For Trucks, Tractors, & Trailers, Private Passenger Types, and Zone Rated Risks, 30/60/25 limit and total limits loss development factors based on North Carolina only 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 costs (severity trends) 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 claim frequency trends results in the selected Bodily Injury and Property Damage pure premium trend 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 percent 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

BASIC LIMIT LOSS DEVELOPMENT  
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

## BODILY INJURY

Accident Year Ending	\$30,000/60,000 Basic Limit			Loss Development Factors	
	15 Months	27 Months	39 Months	15 to 27 Months	27 to 39 Months
12/31/2001	1,452,996	1,622,269	1,656,145	1.116	1.021
12/31/2002	1,929,891	1,949,035	2,186,564	1.010	1.122
12/31/2003	1,982,123	2,242,735	1,875,527	1.131	0.836
12/31/2004	3,108,055	2,679,428	2,788,875	0.862	1.041
12/31/2005	2,392,396	2,297,062	2,198,905	0.960	0.957
12/31/2006	6,228,223	6,543,316	6,870,231	1.051	1.050
12/31/2007	5,897,205	6,894,441	7,031,661	1.169	1.020
12/31/2008	4,349,125	5,257,396	5,314,951	1.209	1.011
12/31/2009	3,645,239	3,938,039	3,950,356	1.080	1.003
12/31/2010	4,581,510	5,012,962	5,214,667	1.094	1.040
12/31/2011	3,671,867	4,127,511		1.124	
12/31/2012	3,542,046				

(1) Average Factor (Best 3 of 5) :	(A) Facility	1.129	1.024
	(B) Voluntary	1.054	1.027
(2) Credibility		0.830	0.560
(3) Credibility Weighted Factors		1.116	1.025

## PROPERTY DAMAGE

Accident Year Ending	\$25,000 Basic Limit			Loss Development Factors	
	15 Months	27 Months	39 Months	15 to 27 Months	27 to 39 Months
12/31/2001	1,841,220	1,841,111	1,839,209	1.000	0.999
12/31/2002	1,539,357	1,517,257	1,557,642	0.986	1.027
12/31/2003	1,970,066	2,113,423	2,058,748	1.073	0.974
12/31/2004	2,599,040	2,387,851	2,405,045	0.919	1.007
12/31/2005	2,379,998	2,497,824	2,514,030	1.050	1.006
12/31/2006	6,871,391	7,123,582	7,187,818	1.037	1.009
12/31/2007	6,313,263	6,398,476	6,394,142	1.013	0.999
12/31/2008	5,162,229	5,309,548	5,308,409	1.029	1.000
12/31/2009	3,858,526	3,927,683	3,976,439	1.018	1.012
12/31/2010	4,561,201	4,718,270	4,731,293	1.034	1.003
12/31/2011	4,215,194	4,367,693		1.036	
12/31/2012	4,025,867				

(1) Average Factor (Best 3 of 5) :	(A) Facility	1.027	1.004
	(B) Voluntary	1.007	1.004
(2) Credibility **		0.890	0.000
(3) Credibility Weighted Factors		1.025	1.004

## Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate ***	1.023	1.001
27 to Ultimate	1.049	1.005
15 to Ultimate	1.171	1.030

\* 12/31/2006 to 12/31/2012 includes ISO and PCI data. Prior years include ISO data only.

\*\* The credibility for 27 to 39 months was judgmentally selected.

\*\*\* NC voluntary factors

NORTH CAROLINA  
ISO VOLUNTARY DATA  
BASIC LIMIT LOSS DEVELOPMENT  
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

BODILY INJURY

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	14,234,394	15,321,029	16,428,412	16,799,054	16,790,699
12/31/2002	12,658,081	13,341,113	13,813,886	14,435,945	14,125,841
12/31/2003	12,889,546	14,153,962	14,734,363	14,887,831	14,815,812
12/31/2004	13,630,271	14,343,172	14,783,448	15,074,842	15,110,804
12/31/2005	14,306,697	15,488,191	15,691,187	15,811,553	16,071,049
12/31/2006	16,198,697	16,820,324	17,154,100	17,933,611	17,417,451
12/31/2007	14,035,880	14,641,876	15,242,485	15,600,996	15,734,688
12/31/2008	11,332,996	11,864,560	12,455,100	12,539,676	12,588,162
12/31/2009	10,509,926	11,459,198	11,674,037	11,893,996	
12/31/2010	10,770,061	11,551,650	11,773,924		
12/31/2011	12,325,061	12,476,874			
12/31/2012	14,754,915				

Ratios

Accident Year <u>Ending</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/2001	1.076	1.072	1.023	1.000
12/31/2002	1.054	1.035	1.045	0.979
12/31/2003	1.098	1.041	1.010	0.995
12/31/2004	1.052	1.031	1.020	1.002
12/31/2005	1.083	1.013	1.008	1.016
12/31/2006	1.038	1.020	1.045	0.971
12/31/2007	1.043	1.041	1.024	1.009
12/31/2008	1.047	1.050	1.007	1.004
12/31/2009	1.090	1.019	1.019	
12/31/2010	1.073	1.019		
12/31/2011	1.012			

Average Factor:  
( Best 3 of 5 )

	1.054	1.027	1.017	1.005
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Summary of Factors

63 to Ult:	(75:63)(75:Ult) =	1.001
51 to Ult:	(63:51)(75:63)(75:Ult) =	1.006
39 to Ult:	(51:39)(63:51)(75:63)(75:Ult) =	1.023
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.051
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.107

NORTH CAROLINA  
ISO VOLUNTARY DATA  
BASIC LIMIT LOSS DEVELOPMENT  
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

BODILY INJURY

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	16,738,289	16,780,867	16,691,480	16,691,812	16,691,812
12/31/2002	14,210,823	14,254,868	14,288,738	14,270,289	14,270,848
12/31/2003	14,829,074	14,821,342	14,821,083	14,821,083	14,821,083
12/31/2004	15,025,948	15,102,138	15,110,491	15,110,999	
12/31/2005	16,076,697	16,100,783	16,100,784		
12/31/2006	17,374,741	17,354,034			
12/31/2007	15,885,077				

Ratios

Accident Year <u>Ending</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/2001	0.997	1.003	0.995	1.000	1.000
12/31/2002	1.006	1.003	1.002	0.999	1.000
12/31/2003	1.001	0.999	1.000	1.000	1.000
12/31/2004	0.994	1.005	1.001	1.000	
12/31/2005	1.000	1.001	1.000		
12/31/2006	0.998	0.999			
12/31/2007	1.010				
Average Factor: ( Best 3 of 5 )	1.000	1.001	1.000	1.000	1.000

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111)(123:Ult)	=	1.000
99 to Ult:	(111:99)(123:111)(123:Ult)	=	1.000
87 to Ult:	(99:87)(111:99)(123:111)(123:Ult)	=	1.000
75 to Ult:	(87:75)(99:87)(111:99)(123:111)(123:Ult)	=	1.001

NORTH CAROLINA  
ISO VOLUNTARY DATA  
BASIC LIMIT LOSS DEVELOPMENT  
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

PROPERTY DAMAGE

Accident Year Ending	\$25,000 Basic Limit 15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2001	16,080,038	16,434,252	16,423,758	16,407,257	16,425,403
12/31/2002	15,277,926	15,765,028	15,705,430	15,733,756	15,747,382
12/31/2003	14,298,308	14,780,572	14,786,416	14,733,703	14,698,536
12/31/2004	14,389,728	14,958,186	14,893,491	14,879,534	14,857,225
12/31/2005	15,587,822	15,999,939	16,089,105	16,194,025	16,199,389
12/31/2006	16,338,059	16,395,383	16,493,228	16,547,370	16,531,420
12/31/2007	15,760,523	15,924,809	15,848,251	15,875,293	15,864,835
12/31/2008	13,780,581	13,848,819	13,869,693	13,849,574	13,853,913
12/31/2009	11,593,578	11,649,072	11,738,127	11,738,195	
12/31/2010	11,868,311	12,053,305	12,111,633		
12/31/2011	13,825,654	13,916,992			
12/31/2012	13,728,704				

Ratios

Accident Year Ending	27:15	39:27	51:39	63:51
12/31/2001	1.022	0.999	0.999	1.001
12/31/2002	1.032	0.996	1.002	1.001
12/31/2003	1.034	1.000	0.996	0.998
12/31/2004	1.040	0.996	0.999	0.999
12/31/2005	1.026	1.006	1.007	1.000
12/31/2006	1.004	1.006	1.003	0.999
12/31/2007	1.010	0.995	1.002	0.999
12/31/2008	1.005	1.002	0.999	1.000
12/31/2009	1.005	1.008	1.000	
12/31/2010	1.016	1.005		
12/31/2011	1.007			

Average Factor:  
( Best 3 of 5 )

	1.007	1.004	1.002	0.999
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Summary of Factors

63 to Ult:	(75:63)(75:Ult) =	1.000
51 to Ult:	(63:51)(75:63)(75:Ult) =	0.999
39 to Ult:	(51:39)(63:51)(75:63)(75:Ult) =	1.001
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.005
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.012

NORTH CAROLINA  
ISO VOLUNTARY DATA  
BASIC LIMIT LOSS DEVELOPMENT  
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

PROPERTY DAMAGE

Accident Year Ending	\$25,000 Basic Limit 75 Months	87 Months	99 Months	111 Months	123 Months
12/31/2001	16,440,483	16,437,194	16,443,695	16,442,179	16,442,179
12/31/2002	15,761,907	15,762,410	15,761,030	15,761,030	15,761,030
12/31/2003	14,698,313	14,698,736	14,697,031	14,696,817	14,696,327
12/31/2004	14,852,225	14,852,293	14,852,260	14,852,252	
12/31/2005	16,174,661	16,177,709	16,177,709		
12/31/2006	16,542,976	16,542,976			
12/31/2007	15,859,931				

Ratios

Accident Year Ending	75:63	87:75	99:87	111:99	123:111
12/31/2001	1.001	1.000	1.000	1.000	1.000
12/31/2002	1.001	1.000	1.000	1.000	1.000
12/31/2003	1.000	1.000	1.000	1.000	1.000
12/31/2004	1.000	1.000	1.000	1.000	
12/31/2005	0.998	1.000	1.000		
12/31/2006	1.001	1.000			
12/31/2007	1.000				
Average Factor: ( Best 3 of 5 )	1.000	1.000	1.000	1.000	1.000

Summary of Factors

123 to Ult:	(1.000) =	1.000
111 to Ult:	(123:111)(123:Ult) =	1.000
99 to Ult:	(111:99)(123:111)(123:Ult) =	1.000
87 to Ult:	(99:87)(111:99)(123:111)(123:Ult) =	1.000
75 to Ult:	(87:75)(99:87)(111:99)(123:111)(123:Ult) =	1.000

(12/31/2006 to 12/31/2012 includes ISO and PCI data. Prior years include ISO data only.)

TOTAL LIMITS LOSS DEVELOPMENT

TRUCKS, TRACTORS AND TRAILERS INCURRED LOSSES AND EXPENSES

BODILY INJURY

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2001	1,667,748	1,995,586	2,207,740	3,244,055	2,344,639	2,333,708	2,334,908	2,334,908	2,334,908	2,334,908
12/31/2002	2,492,403	3,008,559	4,623,250	3,767,012	3,662,805	3,616,467	3,685,791	3,685,791	3,685,791	3,685,791
12/31/2003	2,616,139	4,587,785	3,180,606	3,397,639	3,536,217	3,490,170	3,490,204	3,490,204	3,490,204	3,490,204
12/31/2004	4,626,187	5,486,029	6,393,969	6,384,674	6,231,765	6,227,790	6,227,789	6,229,257	6,229,257	
12/31/2005	5,469,989	5,638,159	5,325,870	5,109,242	5,107,882	5,102,882	5,102,882	5,102,882		
12/31/2006	9,395,308	12,081,560	14,125,237	14,841,466	14,631,757	4,861,290	4,861,290			
12/31/2007	10,795,217	14,649,719	15,072,162	14,546,529	14,686,516	5,960,077				
12/31/2008	11,153,598	13,204,315	14,376,250	15,812,510	15,688,340					
12/31/2009	7,548,440	10,877,474	11,361,992	11,589,181						
12/31/2010	9,067,313	10,593,444	11,671,528							
12/31/2011	6,807,734	8,205,774								
12/31/2012	6,158,699									

ACCIDENT YEAR ENDED	RATIOS									
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>	
12/31/2001	1.197	1.106	1.469	0.723	0.995	1.001	1.000	1.000	1.000	1.000
12/31/2002	1.207	1.537	0.815	0.972	0.987	1.019	1.000	1.000	1.000	1.000
12/31/2003	1.754	0.693	1.068	1.041	0.987	1.000	1.000	1.000	1.000	1.000
12/31/2004	1.186	1.166	0.999	0.976	0.999	1.000	1.000	1.000		
12/31/2005	1.031	0.945	0.959	1.000	0.999	1.000	1.000			
12/31/2006	1.286	1.169	1.051	0.986	N/A	1.000				
12/31/2007	1.357	1.029	0.965	1.010	N/A					
12/31/2008	1.184	1.089	1.100	0.992						
12/31/2009	1.441	1.045	1.020							
12/31/2010	1.168	1.102								
12/31/2011	1.205									
Best 3 of 5	1.249	1.079	1.012	0.993	0.994	1.000	1.000	1.000	1.000	
All Years Average	1.274	1.088	1.050	0.963	0.993	1.003	1.000	1.000	1.000	
Selected	1.249	1.079	1.012	0.993	0.994	1.000	1.000	1.000	1.000	

SUMMARY OF FACTORS	
123 To Ultimate	(123:Ult.)= 1.000
111 To Ultimate	(123:111)(123:Ult.)= 1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.994
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.987
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.999
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.078
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.346

(12/31/2006 to 12/31/2012 includes ISO and PCI data. Prior years include ISO data only.)

TOTAL LIMITS LOSS DEVELOPMENT

TRUCKS, TRACTORS AND TRAILERS INCURRED LOSSES AND EXPENSES

PROPERTY DAMAGE

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2001	1,955,071	1,898,367	1,896,465	1,905,781	1,895,216	1,895,216	1,895,216	1,895,216	1,895,216	1,895,216
12/31/2002	1,542,325	1,511,225	1,598,494	1,614,549	1,598,265	1,598,298	1,636,899	1,636,899	1,636,899	1,636,899
12/31/2003	2,192,611	2,341,407	2,268,722	2,269,735	2,271,143	2,271,143	2,271,143	2,271,143	2,271,143	2,271,143
12/31/2004	2,665,278	2,483,474	2,456,668	2,448,313	2,452,638	2,452,638	2,454,428	2,454,428	2,453,645	
12/31/2005	2,547,128	2,676,437	2,680,938	2,685,852	2,685,852	2,685,852	2,685,852	2,685,852		
12/31/2006	7,244,884	7,610,970	7,671,720	7,771,966	7,825,122	2,468,492	2,468,492			
12/31/2007	6,469,939	6,569,909	6,549,370	6,526,250	6,533,713	2,056,773				
12/31/2008	5,310,276	5,481,537	5,482,423	5,456,732	5,484,983					
12/31/2009	3,954,214	4,120,290	4,113,008	4,123,441						
12/31/2010	4,745,583	4,944,012	4,957,035							
12/31/2011	4,711,776	5,517,057								
12/31/2012	4,434,487									

ACCIDENT YEAR ENDED	RATIOS									
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>	
12/31/2001	0.971	0.999	1.005	0.994	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	0.980	1.058	1.010	0.990	1.000	1.024	1.000	1.000	1.000	1.000
12/31/2003	1.068	0.969	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.932	0.989	0.997	1.002	1.000	1.001	1.000	1.000		
12/31/2005	1.051	1.002	1.002	1.000	1.000	1.000	1.000			
12/31/2006	1.051	1.008	1.013	1.007	N/A	1.000				
12/31/2007	1.015	0.997	0.996	1.001	N/A					
12/31/2008	1.032	1.000	0.995	1.005						
12/31/2009	1.042	0.998	1.003							
12/31/2010	1.042	1.003								
12/31/2011	1.171									
Best 3 of 5	1.039	1.000	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	1.032	1.002	1.002	1.000	1.000	1.004	1.000	1.000	1.000	1.000
Selected	1.039	1.000	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.003
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.003
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.003
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.042

NORTH CAROLINA  
FACILITY DATA\*  
BASIC LIMIT LOSS DEVELOPMENT  
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

BODILY INJURY

Accident Year Ending	\$30,000/60,000 Basic Limit		Loss Development Factors		
	15 Months	27 Months	39 Months	15 to 27 Months	27 to 39 Months
12/31/2001	82,644	116,534	117,034	1.410	1.004
12/31/2002	41,418	41,418	63,918	1.000	1.543
12/31/2003	8,890	13,429	8,429	1.511	0.628
12/31/2004	201,311	55,281	34,781	0.275	0.629
12/31/2005	19,858	9,858	3,483	0.496	0.353
12/31/2006	100,561	103,372	103,372	1.028	1.000
12/31/2007	30,796	9,226	9,226	0.300	1.000
12/31/2008	25,815	40,095	41,191	1.553	1.027
12/31/2009	45,454	50,291	50,291	1.106	1.000
12/31/2010	48,207	50,678	50,678	1.051	1.000
12/31/2011	61,307	43,807		0.715	
12/31/2012	7,399				

(1) Average Factor (Best 3 of 5) :	(A) Facility	0.957	1.000
	(B) Voluntary	1.043	1.036
(2) Credibility		0.090	0.030
(3) Credibility Weighted Factors		1.035	1.035

PROPERTY DAMAGE

Accident Year Ending	\$25,000 Basic Limit		Loss Development Factors		
	15 Months	27 Months	39 Months	15 to 27 Months	27 to 39 Months
12/31/2001	35,475	32,475	32,475	0.915	1.000
12/31/2002	20,835	20,835	20,835	1.000	1.000
12/31/2003	26,100	26,100	19,100	1.000	0.732
12/31/2004	77,046	34,036	34,036	0.442	1.000
12/31/2005	32,252	32,207	32,207	0.999	1.000
12/31/2006	78,157	78,157	78,157	1.000	1.000
12/31/2007	26,844	21,147	21,147	0.788	1.000
12/31/2008	58,440	54,695	54,695	0.936	1.000
12/31/2009	44,855	43,750	43,750	0.975	1.000
12/31/2010	31,781	38,209	38,209	1.202	1.000
12/31/2011	68,171	68,229		1.001	
12/31/2012	23,939				

(1) Average Factor (Best 3 of 5) :	(A) Facility	0.971	1.000
	(B) Voluntary	0.994	0.996
(2) Credibility	**	0.190	0.000
(3) Credibility Weighted Factors		0.990	0.996

Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate ***	1.018	1.000
27 to Ultimate	1.054	0.996
15 to Ultimate	1.091	0.986

\* 12/31/2006 to 12/31/2012 includes ISO and PCI data. Prior years include ISO data only.

\*\* The credibility for 27 to 39 months was judgmentally selected.

\*\*\* NC voluntary factors

NORTH CAROLINA  
ISO VOLUNTARY DATA  
BASIC LIMIT LOSS DEVELOPMENT  
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

BODILY INJURY

Accident Year Ending	\$30,000/60,000 Basic Limit 15 Months	27 Months	39 Months	51 Months	63 Months
12/31/2001	1,540,218	1,701,586	1,798,915	1,923,750	2,136,927
12/31/2002	1,304,983	1,644,727	1,666,819	1,766,150	1,717,331
12/31/2003	1,480,042	1,693,172	1,784,659	1,781,058	1,749,919
12/31/2004	1,528,127	1,677,278	1,692,286	1,730,525	1,716,114
12/31/2005	1,694,718	1,808,280	1,842,437	1,864,017	1,853,008
12/31/2006	1,751,292	1,789,816	1,818,345	1,914,338	1,945,098
12/31/2007	1,568,755	1,744,722	1,740,750	1,873,368	1,837,711
12/31/2008	1,616,851	1,610,871	1,725,661	1,708,009	1,714,796
12/31/2009	1,440,780	1,381,620	1,477,644	1,493,448	
12/31/2010	1,448,366	1,638,070	1,676,113		
12/31/2011	1,554,228	1,585,233			
12/31/2012	1,494,204				

Ratios

Accident Year Ending	27:15	39:27	51:39	63:51
12/31/2001	1.105	1.057	1.069	1.111
12/31/2002	1.260	1.013	1.060	0.972
12/31/2003	1.144	1.054	0.998	0.983
12/31/2004	1.098	1.009	1.023	0.992
12/31/2005	1.067	1.019	1.012	0.994
12/31/2006	1.022	1.016	1.053	1.016
12/31/2007	1.112	0.998	1.076	0.981
12/31/2008	0.996	1.071	0.990	1.004
12/31/2009	0.959	1.070	1.011	
12/31/2010	1.131	1.023		
12/31/2011	1.020			

Average Factor:  
( Best 3 of 5 )

1.043	1.036	1.025	0.997
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Summary of Factors

63 to Ult:	(75:63)(75:Ult) =	0.996
51 to Ult:	(63:51)(75:63)(75:Ult) =	0.993
39 to Ult:	(51:39)(63:51)(75:63)(75:Ult) =	1.018
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.054
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.100

NORTH CAROLINA  
 ISO VOLUNTARY DATA  
 BASIC LIMIT LOSS DEVELOPMENT  
 PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

BODILY INJURY

Accident Year Ending	\$30,000/60,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	2,124,660	2,124,660	2,124,660	2,124,660	2,124,660
12/31/2002	1,718,899	1,718,899	1,718,899	1,718,899	1,718,899
12/31/2003	1,759,524	1,759,524	1,759,524	1,759,524	1,759,524
12/31/2004	1,716,114	1,716,455	1,716,455	1,716,455	
12/31/2005	1,793,121	1,793,121	1,793,121		
12/31/2006	1,939,263	1,939,263			
12/31/2007	1,823,044				

Ratios

Accident Year Ending	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
	12/31/2001	0.994	1.000	1.000	1.000
12/31/2002	1.001	1.000	1.000	1.000	1.000
12/31/2003	1.005	1.000	1.000	1.000	1.000
12/31/2004	1.000	1.000	1.000	1.000	
12/31/2005	0.968	1.000	1.000		
12/31/2006	0.997	1.000			
12/31/2007	0.992				
Average Factor: ( Best 3 of 5 )	0.996	1.000	1.000	1.000	1.000

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111)(123:Ult)	=	1.000
99 to Ult:	(111:99)(123:111)(123:Ult)	=	1.000
87 to Ult:	(99:87)(111:99)(123:111)(123:Ult)	=	1.000
75 to Ult:	(87:75)(99:87)(111:99)(123:111)(123:Ult)	=	1.000

NORTH CAROLINA  
ISO VOLUNTARY DATA  
BASIC LIMIT LOSS DEVELOPMENT  
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

PROPERTY DAMAGE

Accident Year <u>Ending</u>	\$25,000 Basic Limit <u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	1,946,273	1,947,871	1,956,546	2,067,042	2,088,814
12/31/2002	1,648,623	1,684,617	1,688,870	1,712,984	1,697,864
12/31/2003	1,454,767	1,505,963	1,523,549	1,525,734	1,528,334
12/31/2004	1,383,590	1,380,073	1,376,890	1,378,890	1,378,474
12/31/2005	1,677,325	1,707,233	1,708,153	1,708,252	1,708,252
12/31/2006	1,828,881	1,828,510	1,828,981	1,833,984	1,833,984
12/31/2007	1,517,902	1,479,100	1,465,598	1,465,598	1,465,598
12/31/2008	1,683,409	1,692,709	1,670,128	1,670,128	1,670,128
12/31/2009	1,641,500	1,621,874	1,638,630	1,638,630	
12/31/2010	1,569,035	1,551,260	1,547,700		
12/31/2011	1,560,777	1,591,600			
12/31/2012	1,558,934				

Ratios

Accident Year <u>Ending</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/2001	1.001	1.004	1.056	1.011
12/31/2002	1.022	1.003	1.014	0.991
12/31/2003	1.035	1.012	1.001	1.002
12/31/2004	0.997	0.998	1.001	1.000
12/31/2005	1.018	1.001	1.000	1.000
12/31/2006	1.000	1.000	1.003	1.000
12/31/2007	0.974	0.991	1.000	1.000
12/31/2008	1.006	0.987	1.000	1.000
12/31/2009	0.988	1.010	1.000	
12/31/2010	0.989	0.998		
12/31/2011	1.020			

Average Factor: 0.994 0.996 1.000 1.000  
( Best 3 of 5 )

Summary of Factors

63 to Ult: (75:63)(75:Ult) = 1.000  
 51 to Ult: (63:51)(75:63)(75:Ult) = 1.000  
 39 to Ult: (51:39)(63:51)(75:63)(75:Ult) = 1.000  
 27 to Ult: (39:27)(51:39)(63:51)(75:63)(75:Ult) = 0.996  
 15 to Ult: (27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) = 0.990

NORTH CAROLINA  
 ISO VOLUNTARY DATA  
 BASIC LIMIT LOSS DEVELOPMENT  
 PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

PROPERTY DAMAGE

Accident Year Ending	\$25,000 Basic Limit 75 Months	87 Months	99 Months	111 Months	123 Months
12/31/2001	2,069,693	2,069,694	2,069,694	2,069,694	2,069,694
12/31/2002	1,697,864	1,697,864	1,697,864	1,697,864	1,697,864
12/31/2003	1,526,797	1,526,797	1,526,794	1,526,794	1,526,794
12/31/2004	1,378,257	1,378,257	1,378,257	1,378,257	
12/31/2005	1,710,172	1,710,172	1,710,172		
12/31/2006	1,833,984	1,833,984			
12/31/2007	1,465,598				

Ratios

Accident Year Ending	75:63	87:75	99:87	111:99	123:111
12/31/2001	0.991	1.000	1.000	1.000	1.000
12/31/2002	1.000	1.000	1.000	1.000	1.000
12/31/2003	0.999	1.000	1.000	1.000	1.000
12/31/2004	1.000	1.000	1.000	1.000	
12/31/2005	1.001	1.000	1.000		
12/31/2006	1.000	1.000			
12/31/2007	1.000				
Average Factor: ( Best 3 of 5 )	1.000	1.000	1.000	1.000	1.000

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111)(123:Ult)	=	1.000
99 to Ult:	(111:99)(123:111)(123:Ult)	=	1.000
87 to Ult:	(99:87)(111:99)(123:111)(123:Ult)	=	1.000
75 to Ult:	(87:75)(99:87)(111:99)(123:111)(123:Ult)	=	1.000

## FACILITY DATA

(12/31/2006 to 12/31/2012 includes ISO and PCI data. Prior years include ISO data only.)

## TOTAL LIMITS LOSS DEVELOPMENT

## PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

## BODILY INJURY

## ACCIDENT

## YEAR

## TOTAL LIMITS AMOUNTS AS OF:

ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2001	772,644	798,884	799,384	796,400	792,995	792,995	792,995	792,995	792,995	792,995
12/31/2002	41,418	41,418	63,918	41,418	41,418	41,418	41,418	41,418	41,418	41,418
12/31/2003	8,890	13,429	8,429	8,429	8,429	8,429	8,429	8,429	8,429	8,429
12/31/2004	311,311	55,281	34,781	34,781	34,781	34,781	34,781	34,781	34,781	
12/31/2005	19,858	9,858	3,483	11,527	3,642	3,642	3,642	3,642		
12/31/2006	100,561	103,372	103,372	103,372	103,372	10,000	10,000			
12/31/2007	30,796	9,226	9,226	9,226	9,226	8,976				
12/31/2008	25,815	40,095	41,191	30,312	30,317					
12/31/2009	45,454	50,291	50,291	50,291						
12/31/2010	48,207	50,678	50,678							
12/31/2011	66,307	48,807								
12/31/2012	7,399									

## ACCIDENT

## YEAR

## RATIOS

ENDED	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/2001	1.034	1.001	0.996	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	1.000	1.543	0.648	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.511	0.628	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.178	0.629	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2005	0.496	0.353	3.310	0.316	1.000	1.000	1.000		
12/31/2006	1.028	1.000	1.000	1.000	N/A	1.000			
12/31/2007	0.300	1.000	1.000	1.000	N/A				
12/31/2008	1.553	1.027	0.736	1.000					
12/31/2009	1.106	1.000	1.000						
12/31/2010	1.051	1.000							
12/31/2011	0.736								
Best 3 of 5	0.964	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	0.908	0.918	1.188	0.914	1.000	1.000	1.000	1.000	1.000
Selected	0.964	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

## SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.964

## FACILITY DATA

(12/31/2006 to 12/31/2012 includes ISO and PCI data. Prior years include ISO data only.)

## TOTAL LIMITS LOSS DEVELOPMENT

## PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

## PROPERTY DAMAGE

ACCIDENT YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:									
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2001	35,475	32,475	32,475	32,475	32,475	32,475	32,475	32,475	32,475	32,475
12/31/2002	20,835	20,835	20,835	20,835	20,835	20,835	20,835	20,835	20,835	20,835
12/31/2003	26,100	26,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100
12/31/2004	77,046	34,036	34,036	34,036	34,036	34,036	34,036	34,036	34,036	
12/31/2005	32,252	32,207	32,207	32,207	32,207	32,207	32,207	32,207		
12/31/2006	78,157	78,157	78,157	78,157	78,157	19,194	19,194			
12/31/2007	26,844	21,147	21,147	21,147	21,147	13,266				
12/31/2008	58,440	54,695	54,695	54,695	54,695					
12/31/2009	44,855	43,750	43,750	43,750						
12/31/2010	31,781	38,209	38,209							
12/31/2011	68,171	68,229								
12/31/2012	23,939									

ACCIDENT YEAR ENDED	RATIOS									
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>	
12/31/2001	0.915	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.000	0.732	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.442	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2005	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000		
12/31/2006	1.000	1.000	1.000	1.000	N/A	1.000				
12/31/2007	0.788	1.000	1.000	1.000	N/A					
12/31/2008	0.936	1.000	1.000	1.000						
12/31/2009	0.975	1.000	1.000							
12/31/2010	1.202	1.000								
12/31/2011	1.001									
Best 3 of 5	0.971	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	0.933	0.973	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	0.971	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

## SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.971

NORTH CAROLINA  
ISO FACILITY DATA AND VOLUNTARY DATA  
BASIC LIMITS LOSS DEVELOPMENT  
ZONE RATED INCURRED LOSSES AND EXPENSES  
BODILY INJURY

POLICY YEAR ENDED	BASIC LIMITS (\$30,000/60,000) AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2002	230,973	280,093	333,242	242,260	242,651	242,651	242,651	242,651	242,651
12/31/2003	138,179	220,284	267,629	224,554	213,244	213,244	213,244	213,244	213,244
12/31/2004	295,051	430,207	405,010	417,353	417,353	417,353	417,353	417,353	417,353
12/31/2005	290,549	265,158	278,159	276,170	276,170	276,170	276,170	276,170	276,170
12/31/2006	74,630	119,630	119,804	119,834	122,137	123,029	123,029		
12/31/2007	245,957	213,829	197,772	197,772	197,772	197,772			
12/31/2008	99,335	100,012	105,666	108,651	108,651				
12/31/2009	52,316	56,674	56,674	56,674					
12/31/2010	124,251	135,964	112,964						
12/31/2011	324,969	360,182							
12/31/2012	215,777								

POLICY YEAR ENDED	RATIOS							
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/2002	1.213	1.190	0.727	1.002	1.000	1.000	1.000	1.000
12/31/2003	1.594	1.215	0.839	0.950	1.000	1.000	1.000	1.000
12/31/2004	1.458	0.941	1.030	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.913	1.049	0.993	1.000	1.000	1.000	1.000	
12/31/2006	1.603	1.001	1.000	1.019	1.007	1.000		
12/31/2007	0.869	0.925	1.000	1.000	1.000			
12/31/2008	1.007	1.057	1.028	1.000				
12/31/2009	1.083	1.000	1.000					
12/31/2010	1.094	0.831						
12/31/2011	1.108							
Best 3 of 5	1.061	0.975	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	1.194	1.023	0.952	0.996	1.001	1.000	1.000	1.000
3 Year Average	1.095	0.963	1.009	1.006	1.002	1.000	1.000	1.000
Selected	1.095	0.975	1.000	1.000	1.000	1.000	1.000	1.000

## SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.975
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.068

NORTH CAROLINA  
ISO FACILITY DATA AND VOLUNTARY DATA  
TOTAL LIMITS LOSS DEVELOPMENT  
ZONE RATED INCURRED LOSSES AND EXPENSES  
BODILY INJURY

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2002	345,973	395,093	673,242	382,260	382,651	382,651	382,651	382,651	382,651
12/31/2003	138,179	225,284	444,554	224,554	213,244	213,244	213,244	213,244	213,244
12/31/2004	1,420,051	1,665,370	1,721,710	1,704,053	1,704,053	1,704,053	1,704,053	1,704,053	1,704,053
12/31/2005	350,549	325,158	338,159	336,170	336,170	336,170	336,170	336,170	336,170
12/31/2006	74,630	274,631	274,805	274,835	492,138	403,029	403,029		
12/31/2007	640,957	299,579	283,522	283,522	283,522	283,522			
12/31/2008	372,685	150,473	142,116	145,101	120,101				
12/31/2009	52,316	56,674	56,674	56,674					
12/31/2010	216,251	267,964	187,964						
12/31/2011	1,109,969	1,803,182							
12/31/2012	655,777								

POLICY YEAR ENDED	RATIOS								
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/2002	1.142	1.704	0.568	1.001	1.000	1.000	1.000	1.000	
12/31/2003	1.630	1.973	0.505	0.950	1.000	1.000	1.000	1.000	
12/31/2004	1.173	1.034	0.990	1.000	1.000	1.000	1.000	1.000	
12/31/2005	0.928	1.040	0.994	1.000	1.000	1.000	1.000		
12/31/2006	3.680	1.001	1.000	1.791	0.819	1.000			
12/31/2007	0.467	0.946	1.000	1.000	1.000				
12/31/2008	0.404	0.944	1.021	0.828					
12/31/2009	1.083	1.000	1.000						
12/31/2010	1.239	0.701							
12/31/2011	1.625								
Best 3 of 5	0.930	0.963	1.000	1.000	1.000	1.000	1.000	1.000	
All Years Average	1.337	1.149	0.885	1.081	0.970	1.000	1.000	1.000	
3 Year Average	1.316	0.882	1.007	1.206	0.940	1.000	1.000	1.000	
Selected	1.200	0.963	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS	
123 To Ultimate	(123:Ult.)= 1.000
111 To Ultimate	(123:111)(123:Ult.)= 1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.963
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.156

NORTH CAROLINA  
ISO FACILITY DATA AND VOLUNTARY DATA  
BASIC LIMITS LOSS DEVELOPMENT  
ZONE RATED INCURRED LOSSES AND EXPENSES  
PROPERTY DAMAGE

POLICY YEAR ENDED	BASIC LIMITS (\$25,000) AMOUNTS AS OF:								
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2002	260,219	270,778	267,493	267,393	267,393	267,393	267,393	267,393	267,393
12/31/2003	345,609	371,457	371,912	371,912	371,912	371,912	371,912	371,912	371,912
12/31/2004	282,745	290,231	281,614	291,613	291,613	291,613	291,613	291,613	291,613
12/31/2005	287,519	285,500	285,500	285,500	285,500	285,500	285,500	285,500	285,500
12/31/2006	177,844	178,679	178,679	178,669	178,669	178,669	178,669	178,669	178,669
12/31/2007	168,849	168,144	188,144	195,033	195,033	195,033	195,033	195,033	195,033
12/31/2008	236,524	237,453	226,203	226,203	226,203	226,203	226,203	226,203	226,203
12/31/2009	53,189	53,189	53,189	53,189	53,189	53,189	53,189	53,189	53,189
12/31/2010	256,827	256,866	255,124	255,124	255,124	255,124	255,124	255,124	255,124
12/31/2011	314,520	300,011	300,011	300,011	300,011	300,011	300,011	300,011	300,011
12/31/2012	112,731	112,731	112,731	112,731	112,731	112,731	112,731	112,731	112,731

POLICY YEAR ENDED	RATIOS								
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/2002	1.041	0.988	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.075	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	1.026	0.970	1.036	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2007	0.996	1.119	1.037	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2008	1.004	0.953	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2010	1.000	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2011	0.954	0.954	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Best 3 of 5	0.999	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	1.009	1.003	1.009	1.000	1.000	1.000	1.000	1.000	1.000
3 Year Average	0.985	0.982	1.012	1.000	1.000	1.000	1.000	1.000	1.000
Selected	0.999	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS		
123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.998
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.997

NORTH CAROLINA  
ISO FACILITY DATA AND VOLUNTARY DATA  
TOTAL LIMITS LOSS DEVELOPMENT  
ZONE RATED INCURRED LOSSES AND EXPENSES  
PROPERTY DAMAGE

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:								
	<u>27 MONTHS</u>	<u>39 MONTHS</u>	<u>51 MONTHS</u>	<u>63 MONTHS</u>	<u>75 MONTHS</u>	<u>87 MONTHS</u>	<u>99 MONTHS</u>	<u>111 MONTHS</u>	<u>123 MONTHS</u>
12/31/2002	260,219	270,778	267,493	267,393	267,393	267,393	267,393	267,393	267,393
12/31/2003	443,970	451,513	451,968	451,968	451,968	451,968	451,968	451,968	451,968
12/31/2004	428,149	409,281	400,664	410,663	410,663	410,663	410,663	410,663	410,663
12/31/2005	287,519	285,500	285,500	285,500	285,500	285,500	285,500	285,500	285,500
12/31/2006	177,844	178,679	178,679	178,669	178,669	178,669	178,669	178,669	178,669
12/31/2007	168,849	168,144	188,144	195,033	195,033	195,033	195,033	195,033	195,033
12/31/2008	266,944	267,873	256,623	256,623	256,623	256,623	256,623	256,623	256,623
12/31/2009	53,189	53,189	53,189	53,189	53,189	53,189	53,189	53,189	53,189
12/31/2010	259,443	259,482	257,740	257,740	257,740	257,740	257,740	257,740	257,740
12/31/2011	330,270	342,011	342,011	342,011	342,011	342,011	342,011	342,011	342,011
12/31/2012	115,314	115,314	115,314	115,314	115,314	115,314	115,314	115,314	115,314

POLICY YEAR ENDED	RATIOS								
	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>	
12/31/2002	1.041	0.988	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.017	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.956	0.979	1.025	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2007	0.996	1.119	1.037	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2008	1.003	0.958	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2010	1.000	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2011	1.036	1.036	1.036	1.036	1.036	1.036	1.036	1.036	1.036
Best 3 of 5	1.001	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	1.005	1.004	1.008	1.000	1.000	1.000	1.000	1.000	1.000
3 Year Average	1.012	0.984	1.012	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.001	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.998
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.999

Commercial Auto Liability  
NORTH CAROLINA

BODILY INJURY TREND FACTORS

PAID DATA THROUGH	<u>09/30/2013</u>
\$30,000	
12 Point - Paid Weighted Severity	+0.8%
24 Point - Paid Weighted Severity	+1.9%
12 Point - Paid NC only Severity	+0.3%
24 Point - Paid NC only Severity	+0.3%
Selected Severity Trend Factor	+0.5%
INCURRED DATA THROUGH	<u>06/30/2013</u>
Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+0.5%
PAID DATA THROUGH	<u>09/30/2013</u>
Total Limits	
12 Point - Paid Weighted Severity	+0.6%
24 Point - Paid Weighted Severity	+2.6%
12 Point - Paid NC only Severity	-4.4%
24 Point - Paid NC only Severity	-1.5%
Selected Severity Trend Factor	+1.0%
INCURRED DATA THROUGH	<u>06/30/2013</u>
Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+1.0%

Commercial Auto Liability  
NORTH CAROLINA

PROPERTY DAMAGE TREND FACTORS

PAID DATA THROUGH 09/30/2013

\$25,000

12 Point - Paid Weighted Severity	+5.0%
24 Point - Paid Weighted Severity	+1.9%
12 Point - Paid NC only Severity	+4.7%
24 Point - Paid NC only Severity	+1.7%
Selected Severity Trend Factor	+2.5%

INCURRED DATA THROUGH 06/30/2013

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+2.5%

PAID DATA THROUGH 09/30/2013

Total Limits

12 Point - Paid Weighted Severity	+5.5%
24 Point - Paid Weighted Severity	+2.5%
12 Point - Paid NC only Severity	+5.3%
24 Point - Paid NC only Severity	+2.6%
Selected Severity Trend Factor	+3.5%

INCURRED DATA THROUGH 06/30/2013

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+3.5%

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)
	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT
12/31/2010	8543.14	8507.55	2897.66	2940.97	11432.68	11394.25	3077.89	3072.06
3/31/2011	8504.76	8513.19	2915.59	2974.67	11417.58	11416.40	3086.24	3111.10
6/30/2011	8477.06	8518.83	2976.21	3008.75	11408.22	11438.60	3119.03	3150.63
9/30/2011	8596.66	8524.47	3050.77	3043.23	11488.71	11460.85	3171.95	3190.67
12/31/2011	8663.81	8530.12	3156.67	3078.10	11463.67	11483.13	3233.76	3231.22
3/31/2012	8635.10	8535.77	3210.97	3113.37	11452.30	11505.46	3319.09	3272.28
6/30/2012	8488.43	8541.42	3203.99	3149.04	11539.57	11527.83	3360.28	3313.87
9/30/2012	8314.93	8547.08	3209.81	3185.13	11525.09	11550.25	3389.71	3355.98
12/31/2012	8298.14	8552.74	3209.71	3221.62	11565.86	11572.71	3409.15	3398.63
3/31/2013	8448.49	8558.40	3231.58	3258.54	11648.51	11595.21	3432.75	3441.82
6/30/2013	8739.24	8564.07	3264.92	3295.87	11644.94	11617.76	3460.95	3485.55
9/30/2013	8767.68	8569.74	3279.58	3333.64	11616.16	11640.35	3494.11	3529.85

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	0.3%	4.7%
(B) MULTISTATE	0.8%	5.2%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	0.8%	5.0%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	0.8%	5.0%

\* EXCLUDES MASSACHUSETTS

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT
12/31/2007	7691.62	8530.86	2889.90	2911.02	9915.14	10543.46	2981.83	3013.40
3/31/2008	8021.48	8536.23	3020.96	2923.29	10164.76	10599.66	3096.49	3029.14
6/30/2008	8117.06	8541.60	3003.82	2935.60	10395.73	10656.15	3136.02	3044.97
9/30/2008	8570.30	8546.98	3068.66	2947.97	10600.99	10712.95	3148.87	3060.89
12/31/2008	8857.83	8552.36	3068.10	2960.39	10824.94	10770.04	3164.99	3076.88
3/31/2009	9148.50	8557.74	3045.38	2972.86	11046.21	10827.44	3156.36	3092.96
6/30/2009	9180.41	8563.13	2996.35	2985.38	11115.75	10885.15	3143.92	3109.12
9/30/2009	9008.35	8568.52	2958.89	2997.96	11222.36	10943.17	3126.93	3125.37
12/31/2009	8968.39	8573.91	2942.83	3010.59	11320.42	11001.49	3104.97	3141.70
3/31/2010	8833.25	8579.31	2927.17	3023.27	11446.58	11060.13	3096.51	3158.12
6/30/2010	8818.32	8584.71	2951.50	3036.01	11505.88	11119.07	3077.76	3174.62
9/30/2010	8700.45	8590.11	2906.66	3048.80	11484.89	11178.34	3074.54	3191.21
12/31/2010	8543.14	8595.52	2897.66	3061.64	11432.68	11237.91	3077.89	3207.89
3/31/2011	8504.76	8600.93	2915.59	3074.54	11417.58	11297.81	3086.24	3224.65
6/30/2011	8477.06	8606.34	2976.21	3087.49	11408.22	11358.02	3119.03	3241.50
9/30/2011	8596.66	8611.76	3050.77	3100.50	11488.71	11418.56	3171.95	3258.44
12/31/2011	8663.81	8617.18	3156.67	3113.56	11463.67	11479.42	3233.76	3275.47
3/31/2012	8635.10	8622.60	3210.97	3126.67	11452.30	11540.60	3319.09	3292.58
6/30/2012	8488.43	8628.03	3203.99	3139.85	11539.57	11602.11	3360.28	3309.79
9/30/2012	8314.93	8633.46	3209.81	3153.07	11525.09	11663.94	3389.71	3327.08
12/31/2012	8298.14	8638.90	3209.71	3166.36	11565.86	11726.11	3409.15	3344.47
3/31/2013	8448.49	8644.33	3231.58	3179.69	11648.51	11788.61	3432.75	3361.95
6/30/2013	8739.24	8649.78	3264.92	3193.09	11644.94	11851.44	3460.95	3379.52
9/30/2013	8767.68	8655.22	3279.58	3206.54	11616.16	11914.60	3494.11	3397.18

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	0.3%	1.7%
(B) MULTISTATE	2.1%	2.1%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	1.9%	1.2%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	1.9%	1.9%

\* EXCLUDES MASSACHUSETTS

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY		PROPERTY DAMAGE		BODILY INJURY		PROPERTY DAMAGE	
	(TOTAL LIMITS)		(TOTAL LIMITS)		(TOTAL LIMITS)		(TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT
12/31/2010	26697.29	26309.11	3316.17	3175.60	40406.04	40072.90	3342.35	3309.42
3/31/2011	27002.64	26013.45	3231.40	3216.50	40229.60	40187.05	3338.92	3355.84
6/30/2011	23979.98	25721.12	3121.12	3257.92	40001.07	40301.53	3361.93	3402.92
9/30/2011	24155.51	25432.07	3190.56	3299.88	40649.50	40416.33	3407.15	3450.65
12/31/2011	24657.65	25146.27	3346.95	3342.38	40374.30	40531.46	3480.81	3499.06
3/31/2012	25051.77	24863.69	3415.02	3385.42	40240.11	40646.91	3592.39	3548.14
6/30/2012	26141.86	24584.27	3452.38	3429.02	40904.95	40762.69	3652.62	3597.92
9/30/2012	26460.26	24308.00	3458.61	3473.19	40602.10	40878.81	3686.19	3648.39
12/31/2012	24264.17	24034.83	3568.31	3517.92	41068.75	40995.25	3711.89	3699.57
3/31/2013	22731.80	23764.73	3571.25	3563.22	41368.82	41112.03	3739.95	3751.47
6/30/2013	23841.42	23497.67	3633.87	3609.11	41193.96	41229.14	3781.03	3804.09
9/30/2013	22230.37	23233.61	3628.96	3655.59	41449.29	41346.58	3831.42	3857.46

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	-4.4%	5.3%
(B) MULTISTATE	1.1%	5.7%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	0.6%	5.5%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	0.6%	5.5%

\* EXCLUDES MASSACHUSETTS

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY		PROPERTY DAMAGE		BODILY INJURY		PROPERTY DAMAGE	
	(TOTAL LIMITS)		(TOTAL LIMITS)		(TOTAL LIMITS)		(TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT
12/31/2007	24018.93	26766.03	3073.66	3065.05	33434.46	35970.71	3227.90	3227.65
3/31/2008	24373.47	26665.82	3207.98	3084.44	34299.05	36237.42	3328.81	3246.97
6/30/2008	23188.39	26565.98	3140.52	3103.95	35232.95	36506.10	3356.38	3266.41
9/30/2008	26544.75	26466.52	3190.04	3123.59	36343.14	36776.78	3378.03	3285.96
12/31/2008	26005.50	26367.42	3210.24	3143.35	37127.21	37049.47	3385.39	3305.63
3/31/2009	27074.83	26268.70	3202.63	3163.24	38327.67	37324.18	3384.17	3325.42
6/30/2009	28648.32	26170.35	3139.55	3183.25	38804.29	37600.92	3379.30	3345.32
9/30/2009	27209.02	26072.37	3111.24	3203.38	38943.93	37879.72	3357.14	3365.35
12/31/2009	27164.21	25974.75	3069.53	3223.65	39540.81	38160.58	3339.73	3385.49
3/31/2010	28032.35	25877.50	3153.74	3244.04	40168.29	38443.53	3338.87	3405.76
6/30/2010	29582.82	25780.61	3410.95	3264.56	40411.63	38728.57	3332.19	3426.15
9/30/2010	27937.87	25684.09	3360.42	3285.22	40336.90	39015.73	3331.89	3446.65
12/31/2010	26697.29	25587.92	3316.17	3306.00	40406.04	39305.02	3342.35	3467.29
3/31/2011	27002.64	25492.12	3231.40	3326.91	40229.60	39596.45	3338.92	3488.04
6/30/2011	23979.98	25396.68	3121.12	3347.96	40001.07	39890.04	3361.93	3508.92
9/30/2011	24155.51	25301.59	3190.56	3369.14	40649.50	40185.81	3407.15	3529.92
12/31/2011	24657.65	25206.86	3346.95	3390.45	40374.30	40483.77	3480.81	3551.05
3/31/2012	25051.77	25112.48	3415.02	3411.90	40240.11	40783.94	3592.39	3572.31
6/30/2012	26141.86	25018.46	3452.38	3433.48	40904.95	41086.34	3652.62	3593.69
9/30/2012	26460.26	24924.79	3458.61	3455.21	40602.10	41390.98	3686.19	3615.20
12/31/2012	24264.17	24831.47	3568.31	3477.06	41068.75	41697.88	3711.89	3636.84
3/31/2013	22731.80	24738.50	3571.25	3499.06	41368.82	42007.05	3739.95	3658.61
6/30/2013	23841.42	24645.87	3633.87	3521.19	41193.96	42318.52	3781.03	3680.51
9/30/2013	22230.37	24553.60	3628.96	3543.47	41449.29	42632.30	3831.42	3702.54

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	-1.5%	2.6%
(B) MULTISTATE	3.0%	2.4%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	2.6%	2.5%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	2.6%	2.5%

\* 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 ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2007	0.8785		3.3402	
12/31/2007	0.8675		3.3532	
3/31/2008	0.8523		3.3141	
6/30/2008	0.8300		3.2527	
9/30/2008	0.8085	-8.0%&	3.1817	-4.7%&
12/31/2008	0.7852		3.0879	
3/31/2009	0.7661		2.9803	
6/30/2009	0.7528	-9.3%	2.9059	-10.7%
9/30/2009	0.7464		2.8468	
12/31/2009	0.7439		2.8159	
3/31/2010	0.7445		2.8452	
6/30/2010	0.7543	0.2%	2.8840	-0.8%
9/30/2010	0.7711		2.9415	
12/31/2010	0.7864		2.9595	
3/31/2011	0.7943		3.0011	
6/30/2011	0.8011	6.2%	3.0054	4.2%
9/30/2011	0.8065		3.0076	
12/31/2011	0.8059		2.9906	
3/31/2012	0.8148		2.9097	
6/30/2012	0.8224	2.7%	2.9175	-2.9%
9/30/2012	0.8172		2.8987	
12/31/2012	0.8223		2.8984	
3/31/2013	0.8207		2.9091	
6/30/2013	0.8356	1.6%	2.9018	-0.5%

\* EXCLUDES MASSACHUSETTS

# CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:  
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS  
@ CHANGE BASED ON YEARS ENDING 6/30/XXXX  
& CHANGE BASED ON YEAR ENDING 9/30/2008 DIVIDED BY 9/30/2007

COMMERCIAL AUTO LIABILITY  
INCURRED CLAIM FREQUENCY

NORTH CAROLINA\*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2007	0.9542		3.1329	
12/31/2007	0.9234		3.0824	
3/31/2008	0.8947		3.0169	
6/30/2008	0.8859		2.9430	
9/30/2008	0.8783	-8.0%&	2.8956	-7.6%&
12/31/2008	0.8017		2.7400	
3/31/2009	0.7547		2.6162	
6/30/2009	0.7150	-19.3%	2.5183	-14.4%
9/30/2009	0.7378		2.4663	
12/31/2009	0.7593		2.4460	
3/31/2010	0.8179		2.4525	
6/30/2010	0.8484	18.7%	2.5135	-0.2%
9/30/2010	0.8463		2.5699	
12/31/2010	0.8666		2.6078	
3/31/2011	0.8712		2.5937	
6/30/2011	0.8552	0.8%	2.6124	3.9%
9/30/2011	0.8363		2.6154	
12/31/2011	0.8435		2.6407	
3/31/2012	0.8505		2.7154	
6/30/2012	0.8797	2.9%	2.7248	4.3%
9/30/2012	0.9309		2.7155	
12/31/2012	0.9277		2.6980	
3/31/2013	0.9218		2.7042	
6/30/2013	0.9570	8.8%	2.7484	0.9%

\* EXCLUDE NORTH CAROLINA REINSURANCE FACILITY DATA

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

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

@ CHANGE BASED ON YEARS ENDING 6/30/XXXX

&amp; CHANGE BASED ON YEAR ENDING 9/30/2008 DIVIDED BY 9/30/2007

COMMERCIAL AUTO LIABILITY  
INCURRED CLAIM FREQUENCY

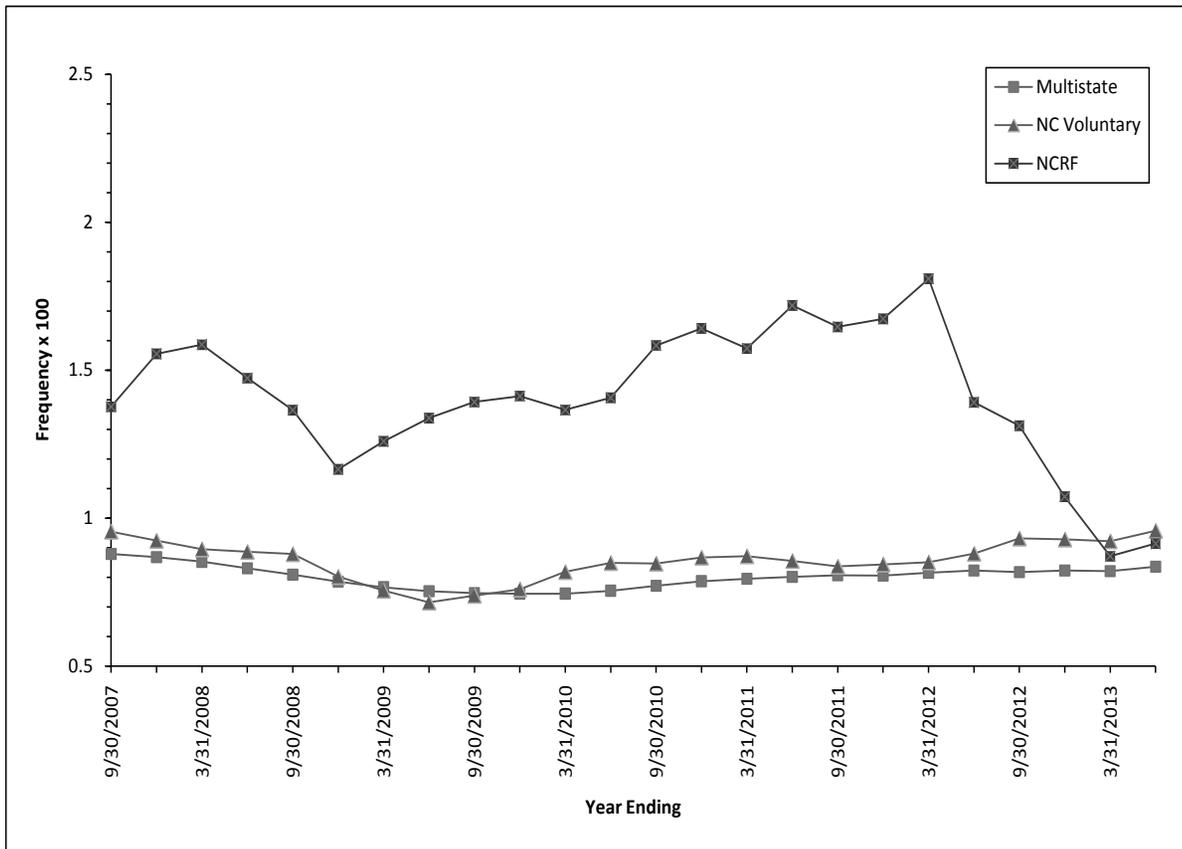
## NORTH CAROLINA REINSURANCE FACILITY

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

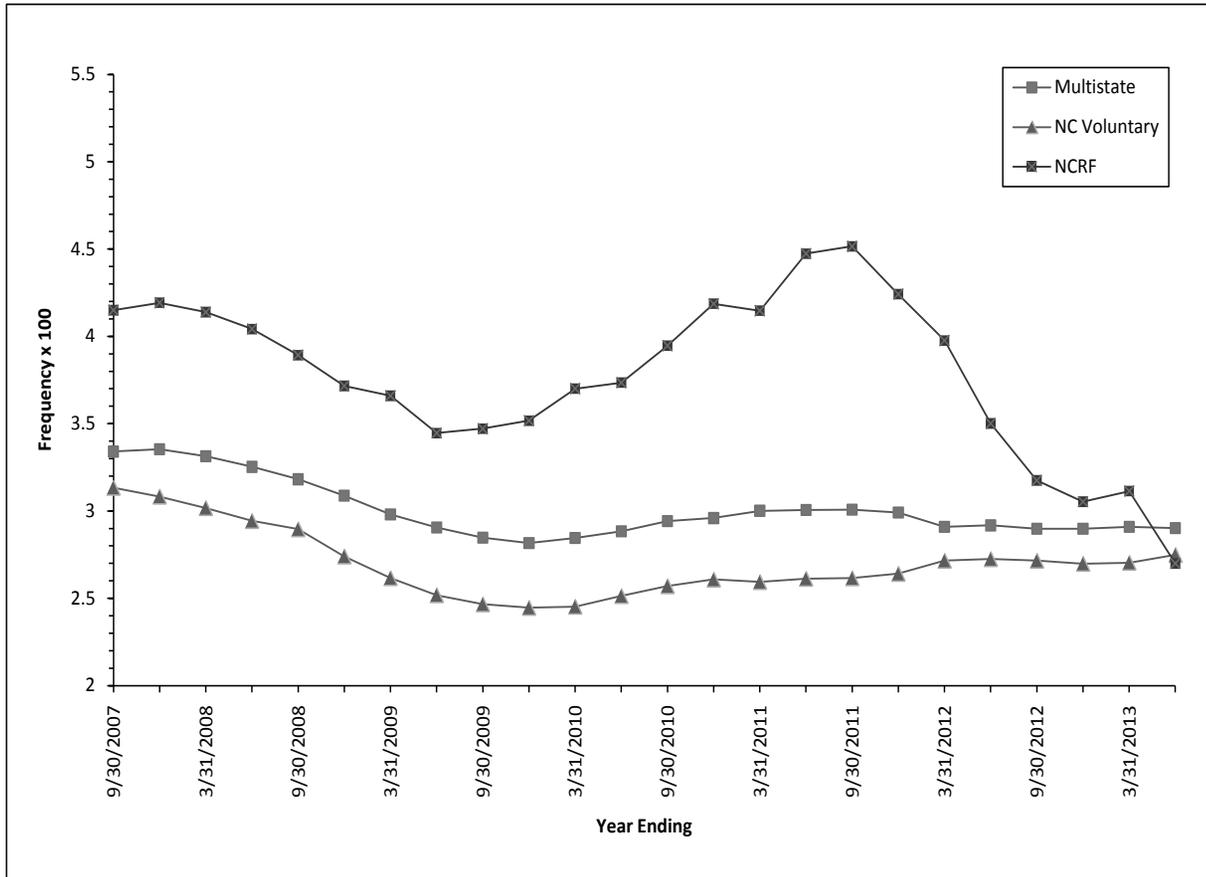
<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2007	1.3761		4.1499	
12/31/2007	1.5550		4.1926	
3/31/2008	1.5857		4.1388	
6/30/2008	1.4727		4.0421	
9/30/2008	1.3647	-0.8%&	3.8926	-6.2%&
12/31/2008	1.1646		3.7163	
3/31/2009	1.2591		3.6599	
6/30/2009	1.3376	-9.2%	3.4462	-14.7%
9/30/2009	1.3920		3.4714	
12/31/2009	1.4122		3.5174	
3/31/2010	1.3652		3.7008	
6/30/2010	1.4065	5.2%	3.7350	8.4%
9/30/2010	1.5831		3.9468	
12/31/2010	1.6409		4.1869	
3/31/2011	1.5728		4.1472	
6/30/2011	1.7182	22.2%	4.4738	19.8%
9/30/2011	1.6459		4.5153	
12/31/2011	1.6733		4.2419	
3/31/2012	1.8087		3.9761	
6/30/2012	1.3909	-19.0%	3.5012	-21.7%
9/30/2012	1.3117		3.1755	
12/31/2012	1.0722		3.0530	
3/31/2013	0.8707		3.1141	
6/30/2013	0.9135	-34.3%	2.6992	-22.9%

# CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:  
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS  
@ CHANGE BASED ON YEARS ENDING 6/30/XXXX  
& CHANGE BASED ON YEAR ENDING 9/30/2008 DIVIDED BY 9/30/2007

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



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



NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF TREND FOR EXPENSES

Section D  
Exhibit 3  
Sheet 1

	<u>ALL ITEMS CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Oct-09	216.2	
Nov-09	216.3	110.0
Dec-09	215.9	
Jan-10	216.7	
Feb-10	216.7	111.3
Mar-10	217.6	
Apr-10	218.0	
May-10	218.2	112.2
Jun-10	218.0	
Jul-10	218.0	
Aug-10	218.3	112.2
Sep-10	218.4	
Oct-10	218.7	
Nov-10	218.8	112.2
Dec-10	219.2	
Jan-11	220.2	
Feb-11	221.3	113.7
Mar-11	223.5	
Apr-11	224.9	
May-11	226.0	114.8
Jun-11	225.7	
Jul-11	225.9	
Aug-11	226.5	114.9
Sep-11	226.9	
Oct-11	226.4	
Nov-11	226.2	115.2
Dec-11	225.7	
Jan-12	226.7	
Feb-12	227.7	115.3
Mar-12	229.4	
Apr-12	230.1	
May-12	229.8	116.3
Jun-12	229.5	
Jul-12	229.1	
Aug-12	230.4	117.3
Sep-12	231.4	
Oct-12	231.3	
Nov-12	230.2	116.5
Dec-12	229.6	
Jan-13	230.3	
Feb-13	232.2	117.3
Mar-13	232.8	
Apr-13	232.5	
May-13	232.9	119.2
Jun-13	233.5	
Jul-13	233.6	
Aug-13	233.9	120.5
Sep-13	234.1	

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF TREND FOR EXPENSES

Section D  
Exhibit 3  
Sheet 2

	<u>All Items (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.28%	2.10%	2.19%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	2.14%	2.11%	2.13%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	1.79%	2.41%	2.10%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	2.01%	4.81%	3.41%
(5) Average Annual Index (D)			
Year Ended 3/31/2011	219.22	112.58	
Year Ended 9/30/2011	223.13	113.90	
Year Ended 3/31/2012	226.50	115.05	
Year Ended 9/30/2012	228.53	116.03	
Year Ended 3/31/2013	230.56	116.85	
Year Ended 9/30/2013	232.24	118.38	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 3/31/2011	1.07	1.07	1.07
Year Ended 9/30/2011	1.05	1.06	1.06
Year Ended 3/31/2012	1.03	1.05	1.04
Year Ended 9/30/2012	1.02	1.04	1.03
Year Ended 3/31/2013	1.02	1.03	1.03
Year Ended 9/30/2013	1.01	1.02	1.02

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

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

(C) Weighted Average determined as .50 (All items) + .50 (CCI).

(D) Average year ended index for period shown.

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE

DATA ENDED SEPTEMBER 2013

CONSUMER PRICE INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
48 points	2.15%	2.25%	2.28%
36 points	2.05%	2.11%	2.14%
24 points	1.74%	1.77%	1.79%
12 points	1.97%	1.99%	2.01%

COMPENSATION COST INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
16 points	2.00%	2.08%	2.10%
12 points	2.03%	2.09%	2.11%
8 points	2.34%	2.39%	2.41%
4 points	4.62%	4.70%	4.81%

EXTERNAL EXPENSE TREND SUMMARY

CORRELATION COEFFICIENTS

DATA ENDED SEPTEMBER 2013

CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.98	0.98
36 points	0.96	0.95
24 points	0.95	0.94
12 points	0.90	0.90

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.98	0.98
12 points	0.96	0.96
8 points	0.93	0.93
4 points	0.99	0.99

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF TREND FOR EXPENSES

Section D  
Exhibit 3  
Sheet 5

	<u>ALL ITEMS - LESS ENERGY CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Oct-09	219.6	
Nov-09	219.3	110.0
Dec-09	219.0	
Jan-10	219.3	
Feb-10	219.7	111.3
Mar-10	220.1	
Apr-10	220.3	
May-10	220.3	112.2
Jun-10	220.3	
Jul-10	220.3	
Aug-10	220.6	112.2
Sep-10	221.0	
Oct-10	221.2	
Nov-10	221.2	112.2
Dec-10	221.0	
Jan-11	221.7	
Feb-11	222.5	113.7
Mar-11	223.3	
Apr-11	223.8	
May-11	224.3	114.8
Jun-11	224.6	
Jul-11	225.0	
Aug-11	225.8	114.9
Sep-11	226.3	
Oct-11	226.8	
Nov-11	226.8	115.2
Dec-11	226.8	
Jan-12	227.4	
Feb-12	227.9	115.3
Mar-12	228.7	
Apr-12	229.3	
May-12	229.5	116.3
Jun-12	229.8	
Jul-12	229.8	
Aug-12	230.1	117.3
Sep-12	230.7	
Oct-12	231.2	
Nov-12	231.2	116.5
Dec-12	231.0	
Jan-13	231.7	
Feb-13	232.4	117.3
Mar-13	232.9	
Apr-13	233.1	
May-13	233.3	119.2
Jun-13	233.5	
Jul-13	233.6	
Aug-13	234.1	120.5
Sep-13	234.5	

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF TREND FOR EXPENSES

Section D  
Exhibit 3  
Sheet 6

	<u>All Items - Less Energy (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	1.93%	2.10%	2.01%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	2.08%	2.11%	2.09%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	1.80%	2.41%	2.11%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	1.68%	4.81%	3.24%
(5) Average Annual Index (D)			
Year Ended 3/31/2011	221.14	112.58	
Year Ended 9/30/2011	223.39	113.90	
Year Ended 3/31/2012	226.18	115.05	
Year Ended 9/30/2012	228.63	116.03	
Year Ended 3/31/2013	230.80	116.85	
Year Ended 9/30/2013	232.71	118.38	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 3/31/2011	1.06	1.07	1.07
Year Ended 9/30/2011	1.05	1.06	1.06
Year Ended 3/31/2012	1.04	1.05	1.05
Year Ended 9/30/2012	1.03	1.04	1.04
Year Ended 3/31/2013	1.02	1.03	1.03
Year Ended 9/30/2013	1.01	1.02	1.02

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

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

(C) Weighted Average determined as .50 (All items) + .50 (CCI).

(D) Average year ended index for period shown.

(7) Selected Expense Trend: 2.2%

(8) Selected Expense trend combined with frequency trend selection from Section D, Exhibit 2, Sheets 1 and 2:

Bodily Injury  
2.2%

Property Damage  
2.2%

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE

DATA ENDED SEPTEMBER 2013

ALL ITEMS - LESS ENERGY CPI INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
48 points	1.84%	1.91%	1.93%
36 points	1.99%	2.05%	2.08%
24 points	1.76%	1.79%	1.80%
12 points	1.66%	1.67%	1.68%

COMPENSATION COST INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
16 points	2.00%	2.08%	2.10%
12 points	2.03%	2.09%	2.11%
8 points	2.34%	2.39%	2.41%
4 points	4.62%	4.70%	4.81%

EXTERNAL EXPENSE TREND SUMMARY  
 CORRELATION COEFFICIENTS  
 DATA ENDED SEPTEMBER 2013

ALL ITEMS - LESS ENERGY CPI INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.99	0.99
36 points	0.99	0.99
24 points	0.99	0.99
12 points	0.98	0.98

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.98	0.98
12 points	0.96	0.96
8 points	0.93	0.93
4 points	0.99	0.99

NORTH CAROLINA COMMERCIAL AUTOMOBILE EXPENSE EXPERIENCE  
 Calendar Year 2013

<u>Item</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Totals</u>
Premium Written *	383,044,938	98,288,923	481,333,861
Premium Earned *	375,662,647	97,694,256	473,356,903
Commission & Brokerage Expense	54,701,515	14,642,343	69,343,858
Other Acquisition Expense	22,330,773	5,729,715	28,060,488
General Expense	27,585,046	6,734,003	34,319,049
Taxes, Licenses, and Fees	9,278,537	2,199,352	11,477,889
Losses Incurred	191,987,180	70,213,471	262,200,651
Allocated Loss Adjustment Expense	13,987,689	5,350,612	19,338,301
Unallocated Loss Adjustment Expense	19,277,025	5,641,652	24,918,677

Ratios  
B.I. & P.D. Combined

Commission & Brokerage Expense to Written Premium:	0.144 **
Other Acquisition Expense to Earned Premium:	0.059
General Expense to Earned Premium	0.073 ***
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:	0.073	0.076	0.074
Unallocated Loss Adjustment Expense to Incurred Losses + Allocated:	0.094	0.075	0.089

\* On-level factors have been used to adjust the written and earned premiums to the current level.

\*\* Facility commission is limited to 10% for Trucks, Tractors, and Trailers, and Private Passenger Types, and to 5% for Zone Rated.

\*\*\* 0.067 is used for Trucks, Tractors, and Trailers, Private Passenger Types, and Zone Rated.

\*\*\*\* This selection considers the increase in the Insurance Regulatory Surcharge from +6.0% to +6.5%.

Calculation of On-level factors

Written Premium

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
BI	3/1/2011	Base	1.000		
	3/1/2012	0.986	0.986	0.167	0.165
	3/1/2013	1.008	0.994	0.833	<u>0.828</u>
					0.993

On-level factor = .994 (from column (2)) / .993 (from column (4)) = 1.001

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
PD	3/1/2011	Base	1.000		
	3/1/2012	0.893	0.893	0.167	0.149
	3/1/2013	1.034	0.923	0.833	<u>0.769</u>
					0.918

On-level factor = .923 (from column (2)) / .918 (from column (4)) = 1.005

Earned Premium

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
BI	3/1/2011	Base	1.000	0.014	0.014
	3/1/2012	0.986	0.986	0.639	0.630
	3/1/2013	1.008	0.994	0.347	<u>0.345</u>
					0.989

On-level factor = .994 (from column (2)) / .989 (from column (4)) = 1.005

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
PD	3/1/2011	Base	1.000	0.014	0.014
	3/1/2012	0.893	0.893	0.639	0.571
	3/1/2013	1.034	0.923	0.347	<u>0.320</u>
					0.905

On-level factor = .923 (from column (2)) / .905 (from column (4)) = 1.020

Credibility Tables

Credibility for Statewide Loss Ratio\*

Trucks, Tractors, and Trailers and Private Passenger Types		Zone Rated	
<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>
12/31/2008	.10
12/31/2009	.15
12/31/2010	.20
12/31/2011	.25
12/31/2012	.30

\* 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 Zone Rated, 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.

Section D  
Exhibit 6

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 12/31/2013	<u>\$50,167,159</u>
2. Mean Unearned Premium Reserve: (1) x 0.455	<u>22,826,057</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	2.95%
50% of Company Operating Expense	<u>3.35%</u>
Total	18.29%
4. (2) x (3)	<u>4,174,886</u>
5. Net Subject to Investment (2) - (4)	<u>18,651,171</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>50,167,159</u>
2. Average Agents' Balance	0.192
3. Delayed Remission (1) x (2)	<u>9,632,095</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>50,167,159</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.750	<u>37,625,369</u>
3. Expected Mean Loss Reserves (2) x 2.116	<u>79,615,281</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>88,634,357</u>
E. Average Rate of Return	<u>2.86%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>2,534,943</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>5.05%</u>

COMMERCIAL AUTOMOBILE INSURANCE  
CEDED LIABILITY COVERAGE

Section D  
Exhibit 6  
Sheet 2

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

ZONE RATED

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2013	<u>\$50,167,159</u>
2. Mean Unearned Premium Reserve: (1) x 0.455	<u>22,826,057</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	2.95%
50% of Company Operating Expense	<u>3.35%</u>
Total	13.29%
4. (2) x (3)	<u>3,033,583</u>
5. Net Subject to Investment (2) - (4)	<u>19,792,474</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>50,167,159</u>
2. Average Agents' Balance	0.192
3. Delayed Remission (1) x (2)	<u>9,632,095</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>50,167,159</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.800	<u>40,133,727</u>
3. Expected Mean Loss Reserves (2) x 2.116	<u>84,922,966</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>95,083,345</u>
E. Average Rate of Return	<u>2.86%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>2,719,384</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>5.42%</u>

Line 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 2012	\$18,684,670
2.	Direct Unearned Premium Reserve as of 12/31/11	8,354,926
3.	Direct Unearned Premium Reserve as of 12/31/12	8,661,382
4.	Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	8,508,154
5.	<b>Ratio (4) / (1)</b>	<b>0.455</b>

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 0.192 of net earned premiums for all companies. The 0.192 is based on the following:

1.	Net Earned Premium for Calendar Year 2012	\$448,929,724
2.	Net Agents' Balances as of 12/31/11	83,407,290
3.	Net Agents' Balances as of 12/31/12	89,163,012
4.	Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	86,285,151
5.	<b>Ratio (4) / (1)</b>	<b>0.192</b>

*Notes:*

All monetary values 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>
12/31/2008	5,483,346	10,204,994
12/31/2009	4,077,545	7,511,636
12/31/2010	5,214,667	6,456,861
12/31/2011	4,127,511	4,078,263
12/31/2012	3,542,046	2,616,653

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2008	30,317	0
12/31/2009	50,291	0
12/31/2010	50,678	0
12/31/2011	43,807	5,000
12/31/2012	7,399	0

Zone Rated:

Policy Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2008	293,754	117,400
12/31/2009	141,506	0
12/31/2010	78,173	0
12/31/2011	30,498	0
12/31/2012	172,318	745,000

\*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2013.

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>
12/31/2008	5,326,495	158,488
12/31/2009	3,987,872	135,569
12/31/2010	4,731,293	225,742
12/31/2011	4,367,693	1,149,364
12/31/2012	4,025,867	408,620

Private Passenger Types:

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2008	54,695	0
12/31/2009	43,750	0
12/31/2010	38,209	0
12/31/2011	68,229	0
12/31/2012	23,939	0

Zone Rated:

Policy Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2008	229,991	0
12/31/2009	86,733	0
12/31/2010	226,045	2,616
12/31/2011	172,842	0
12/31/2012	143,447	0

\*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2013.

NORTH CAROLINA  
 Bodily Injury  
Adjusted Experience

Section D  
 Exhibit 7  
 Sheet 3

Trucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2008	8,269,334	6,312,746
12/31/2009	7,190,622	4,687,219
12/31/2010	6,782,164	6,056,451
12/31/2011	6,231,164	4,884,219
12/31/2012	5,973,638	4,644,643

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2008	94,300	34,728
12/31/2009	77,292	57,063
12/31/2010	67,587	58,570
12/31/2011	59,722	52,086
12/31/2012	50,827	9,039

Zone Rated:

Policy Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2008	354,704	339,062
12/31/2009	322,846	162,150
12/31/2010	284,501	89,002
12/31/2011	254,327	33,637
12/31/2012	321,874	206,843

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

NORTH CAROLINA  
 Property Damage  
Adjusted Experience

Section D  
 Exhibit 7  
 Sheet 4

Trucks, Tractors, and Trailers:

Accident Year Ending	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2008	7,308,082	6,906,600
12/31/2009	6,354,713	5,042,402
12/31/2010	5,993,691	5,848,161
12/31/2011	5,506,785	5,289,495
12/31/2012	5,279,431	4,877,385

Private Passenger Types:

Accident Year Ending	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2008	78,754	70,920
12/31/2009	64,545	55,374
12/31/2010	56,436	47,182
12/31/2011	49,866	81,889
12/31/2012	42,437	27,763

Zone Rated:

Policy Year Ending	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2008	366,731	301,874
12/31/2009	331,833	111,164
12/31/2010	292,882	282,511
12/31/2011	261,595	210,432
12/31/2012	330,509	170,208

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

## SECTION E

### Revision of Increased Limits Tables

North Carolina Reinsurance Facility  
Commercial Automobile Liability

Revision of Increased Limits Tables

Summary of Changes

The following is a proposed revision of Commercial Automobile Liability Increased Limit Factors. A review of the experience indicates a change of 14.8% in total liability premium for bodily injury and 2.3% for property damage. This document presents revised factors for the following increased limits tables:

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

Notes Pertaining to the Revision

- This revision is based upon North Carolina Reinsurance Facility experience. North Carolina and Countrywide Voluntary data has been considered when necessary to promote stability.
- Data for accident and policy years ending December 31, 2008 to December 31, 2012 have been used to develop the indicated changes for each table.
- The five years of data have been developed to an ultimate settlement basis by using the loss development factors shown in Exhibit 3 of Section F.
- Data has been trended to one year beyond the assumed effective date of 3/1/2015.

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

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

	<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u>
<u>Light and Medium Trucks</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.14	1.11
	100,000 / 300,000	1.50	1.38
	500,000 / 500,000	2.11	1.85
	1,000,000 / 1,000,000	2.65	2.26
<u>Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.18	1.14
	100,000 / 300,000	1.61	1.47
	500,000 / 500,000	2.43	2.09
	1,000,000 / 1,000,000	3.16	2.65
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.21	1.16
	100,000 / 300,000	1.71	1.54
	500,000 / 500,000	2.66	2.27
	1,000,000 / 1,000,000	3.54	2.94
<u>Zone Rated Risks</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.25	1.19
	100,000 / 300,000	1.80	1.61
	500,000 / 500,000	2.90	2.45
	1,000,000 / 1,000,000	3.92	3.23
<u>All Other Risks</u> <sup>1</sup>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.17	1.13
	100,000 / 300,000	1.51	1.39
	500,000 / 500,000	2.14	1.87
	1,000,000 / 1,000,000	2.70	2.30

<sup>1</sup> Including Private Passenger Types, Publics, Semi-trailers and Trailers.

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

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

		<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u>
<u>Light and Medium Trucks</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.04
		300,000	1.16	1.13
		750,000	1.20	1.17
		1,000,000	1.22	1.18
<u>Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.04
		300,000	1.16	1.13
		750,000	1.22	1.18
		1,000,000	1.24	1.20
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.04
		300,000	1.17	1.14
		750,000	1.23	1.19
		1,000,000	1.25	1.21
<u>Zone Rated Risks</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.03
		300,000	1.17	1.10
		750,000	1.23	1.15
		1,000,000	1.25	1.17
<u>All Other Risks<sup>2</sup></u>	\$	25,000	1.00	1.00
		50,000	1.05	1.04
		300,000	1.16	1.13
		750,000	1.20	1.17
		1,000,000	1.22	1.18

<sup>2</sup> Including Private Passenger Types, Publics, Semi-trailers and Trailers.

## SECTION F

### Increased Limits Experience Review

North Carolina Reinsurance Facility

Increased Limits Experience Review

Introduction

Charges for coverage in excess of the basic limit of liability (\$30,000/\$60,000 for bodily injury, \$25,000 for property damage) are calculated by multiplying the applicable basic limit manual rate for the class by the appropriate increased limit factor for the desired liability limit. For example, a Light Truck risk desiring to purchase coverage of \$100,000/\$300,000 bodily injury per person/per accident might pay a premium calculated as 1.50 times the manual rate for the risk classification.

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

Exhibit 1: Development of Increased Limits Table Change Indications

Set forth on this exhibit is the North Carolina Reinsurance Facility experience for all companies reporting to ISO and PCI for the latest five accident years (policy years for Zone Rated Risks, Buses and Miscellaneous Experience).

Losses include allocated loss adjustment expenses and are developed to an ultimate settlement basis using the North Carolina statewide loss development factors shown in Exhibit 3. Additionally, the losses have been trended from the average date of loss to one year beyond an anticipated effective date of March 1, 2015 by an exponential projection of the annual loss trend factors for basic and total limits losses developed on Exhibit 2.

The indicated average increased limit factor has been compared to the present average increased limit factor to develop an overall increased limits factor change indication. These indications are 14.8% and 2.3% for bodily injury and property damage, respectively.

Exhibit 2: Bodily Injury and Property Damage Trend Factors

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

North Carolina Reinsurance Facility

Increased Limits Experience Review

Introduction (Cont'd)

Exhibit 3: Loss Development Factors

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

Exhibit 4: North Carolina Facility Data

Data set forth on this exhibit represent all North Carolina Reinsurance Facility loss data as reported to ISO and PCI. This exhibit also displays the data developed to an ultimate settlement basis and trended to one year beyond the proposed effective date.

Exhibit 5: Policy Limit Distribution

Set forth on this exhibit is the basic limit loss distribution (including ALAE) for each increased limits table by policy limit. These table distributions are based on all detailed statistics reported to ISO for Facility business for fiscal accident years ending 6/30/08 through 6/30/12.

NORTH CAROLINA REINSURANCE FACILITY

Commercial Automobile Liability Insurance  
 Development of Increased Limits  
 Table Change Indications  
 All Classes Combined  
 All Companies Reporting to ISO and PCI

BODILY INJURY

(1)	(2)	(3)	(4)
Year	\$30,000/\$60,000 Basic Limit	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/08	11,518,704	24,461,638	2.124
12/31/09	9,525,139	20,716,652	2.175
12/31/10	10,624,803	24,331,599	2.290
12/31/11	8,367,812	16,151,623	1.930
12/31/12	7,973,441	20,904,722	2.622
Total	48,009,899	106,566,234	2.220

- (5) Present average increased limits factor based upon the present table and the policy limits distribution for bodily injury Reinsurance Facility business: 1.933
- (6) Indicated change in bodily injury increased limits factors  $[(4)/(5) - 1] \times 100$ : 14.8%

\* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to one year beyond an anticipated effective date of 3/1/2015 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

NORTH CAROLINA REINSURANCE FACILITY

Commercial Automobile Liability Insurance  
 Development of Increased Limits  
 Table Change Indications  
 All Classes Combined  
 All Companies Reporting to ISO and PCI

PROPERTY DAMAGE

(1)	(2)	(3)	(4)
Year	\$25,000 Basic Limit	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/08	8,996,666	9,931,493	1.104
12/31/09	6,701,621	7,373,008	1.100
12/31/10	7,771,932	8,495,611	1.093
12/31/11	7,050,611	8,730,490	1.238
12/31/12	6,708,424	7,514,087	1.120
Total	37,229,254	42,044,689	1.129

- (5) Present average increased limits factor based upon the present table and the policy limits distribution for property damage Reinsurance Facility business: 1.104
- (6) Indicated change in property damage increased limits factors  $[(4)/(5) - 1] \times 100$ : 2.3%

\* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to one year beyond an anticipated effective date of 3/1/2015 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

COMMERCIAL AUTO LIABILITY  
NORTH CAROLINA  
BODILY INJURY AND PROPERTY DAMAGE TREND FACTORS\*

		<u>Bodily Injury</u>	
\$30,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	0.8%	12 Point Fit - Weighted Severity	0.6%
24 Point Fit - Weighted Severity	1.9%	24 Point Fit - Weighted Severity	2.6%
12 Point Fit - (NC only) Severity	0.3%	12 Point Fit - (NC only) Severity	-4.4%
24 Point Fit - (NC only) Severity	0.3%	24 Point Fit - (NC only) Severity	-1.5%
Selected Severity Trend Factor	0.5%	Selected Severity Trend Factor	1.0%
Selected Frequency Trend Factor	0.0%	Selected Frequency Trend Factor	0.0%
Average Annual Change	0.5%	Average Annual Change	1.0%

		<u>Property Damage</u>	
\$25,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	5.0%	12 Point Fit - Weighted Severity	5.5%
24 Point Fit - Weighted Severity	1.9%	24 Point Fit - Weighted Severity	2.5%
12 Point Fit - (NC only) Severity	4.7%	12 Point Fit - (NC only) Severity	5.3%
24 Point Fit - (NC only) Severity	1.7%	24 Point Fit - (NC only) Severity	2.6%
Selected Severity Trend Factor	2.5%	Selected Severity Trend Factor	3.5%
Selected Frequency Trend Factor	0.0%	Selected Frequency Trend Factor	0.0%
Average Annual Change	2.5%	Average Annual Change	3.5%

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

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

	<u>Bodily Injury</u>		<u>Property Damage</u>	
	30/60 Losses	Total Limits Losses	\$25,000 Losses	Total Limits Losses
<u>Trucks, Tractors &amp; Trailers</u>				
63 months to ult.	1.001	1.001 *	1.000	1.000
51 months to ult.	1.006	1.006 *	0.999	1.003
39 months to ult.	1.023	1.023 *	1.001	1.003
27 months to ult.	1.049	1.078	1.005	1.005 *
15 months to ult.	1.171	1.346	1.030	1.042
<u>Private Passenger Types</u>				
63 months to ult.	0.996	1.000	1.000	1.000
51 months to ult.	0.993	1.000	1.000	1.000
39 months to ult.	1.018	1.018 *	1.000	1.000
27 months to ult.	1.054	1.054 *	0.996	1.000
15 months to ult.	1.091	1.091 *	0.986	0.986 *
<u>Publics (All Except Buses)***</u>				
63 months to ult.	1.001	1.001 *	1.000	1.000
51 months to ult.	1.006	1.006 *	0.999	1.003
39 months to ult.	1.023	1.023 *	1.001	1.003
27 months to ult.	1.049	1.078	1.005	1.005 *
15 months to ult.	1.171	1.346	1.030	1.042
<u>Zone Rated Risks</u>				
75 months to ult.	1.000	1.000	1.000	1.000
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.000	1.000	1.000	1.000
39 months to ult.	0.975	0.975 *	0.998	0.998
27 months to ult.	1.068	1.156	0.997	0.999
<u>Miscellaneous****</u>				
75 months to ult.	1.000	1.000	1.000	1.000
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	0.998	1.005	0.998	0.998
39 months to ult.	1.013	1.024	0.993	0.993
27 months to ult.	1.067	1.067 *	0.998	0.998
<u>Buses****</u>				
75 months to ult.	1.000	1.000	1.000	1.000
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	0.998	1.005	0.998	0.998
39 months to ult.	1.013	1.024	0.993	0.993
27 months to ult.	1.067	1.067 *	0.998	0.998

\* These factors have been judgmentally selected.

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

\*\*\* Trucks, Tractors & Trailers development factors are used for Publics (All Except Buses) losses.

\*\*\*\* Garage development factors are used for Buses and Miscellaneous classes losses.

NORTH CAROLINA REINSURANCE FACILITY  
Commercial Automobile Liability Insurance  
All Companies Reporting to ISO and PCI

INCURRED LOSS AND LOSS ADJUSTMENT EXPENSES

	<u>Evaluation*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		<u>30/60 Losses**</u>	<u>Total Limits Losses**</u>	<u>\$25,000 Losses**</u>	<u>Total Limits Losses**</u>
Trucks, Tractors & Trailers	08@63	5,483,346	15,688,340	5,326,495	5,484,983
	09@51	4,077,545	11,589,181	3,987,872	4,123,441
	10@39	5,214,667	11,671,528	4,731,293	4,957,035
	11@27	4,127,511	8,205,774	4,367,693	5,517,057
	12@15	3,542,046	6,158,699	4,025,867	4,434,487
Private Passenger Types	08@63	30,317	30,317	54,695	54,695
	09@51	50,291	50,291	43,750	43,750
	10@39	50,678	50,678	38,209	38,209
	11@27	43,807	48,807	68,229	68,229
	12@15	7,399	7,399	23,939	23,939
Zone Rated Risks	07@75	293,754	411,204	229,991	229,991
	08@63	141,506	141,506	86,733	86,733
	09@51	78,173	78,173	226,045	228,661
	10@39	30,498	30,498	172,842	172,842
	11@27	172,318	917,318	143,447	143,447
Publics (All Except Buses)	08@63	669,423	671,923	556,830	569,608
	09@51	849,900	939,900	592,960	592,960
	10@39	825,059	1,548,309	739,600	739,600
	11@27	1,414,585	2,308,177	841,121	841,121
	12@15	1,286,988	1,490,812	841,577	844,006
Misc.	07@75	4,451,105	5,691,700	1,094,832	1,099,114
	08@63	3,438,189	4,003,104	779,303	802,096
	09@51	3,738,044	8,880,977	871,049	871,049
	10@39	2,029,773	3,468,225	704,419	704,419
	11@27	1,762,907	8,028,916	848,579	857,353
Buses	07@75	140,394	140,394	197,863	213,878
	08@63	616,513	2,559,369	196,761	196,761
	09@51	280,103	372,314	158,110	158,110
	10@39	220,932	422,682	113,883	113,883
	11@27	89,622	184,622	98,850	98,850

\* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while Zone Rated Risks, Miscellaneous classes, and Buses data is on a policy year basis.

\*\* Includes allocated loss adjustment expenses.

NORTH CAROLINA REINSURANCE FACILITY  
Commercial Automobile Liability Insurance  
All Companies Reporting to ISO and PCI

DEVELOPED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year <u>Ending*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 <u>Losses**</u>	Total Limits <u>Losses**</u>	\$25,000 <u>Losses**</u>	Total Limits <u>Losses**</u>
Trucks, Tractors & Trailers	12/31/08	5,488,829	15,704,028	5,326,495	5,484,983
	12/31/09	4,102,010	11,658,716	3,983,884	4,135,811
	12/31/10	5,334,604	11,939,973	4,736,024	4,971,906
	12/31/11	4,329,759	8,845,824	4,389,531	5,544,642
	12/31/12	4,147,736	8,289,609	4,146,643	4,620,735
Private Passenger Types	12/31/08	30,196	30,317	54,695	54,695
	12/31/09	49,939	50,291	43,750	43,750
	12/31/10	51,590	51,590	38,209	38,209
	12/31/11	46,173	51,443	67,956	68,229
	12/31/12	8,072	8,072	23,604	23,604
Zone Rated Risks	12/31/08	293,754	411,204	229,991	229,991
	12/31/09	141,506	141,506	86,733	86,733
	12/31/10	78,173	78,173	226,045	228,661
	12/31/11	29,736	29,736	172,496	172,496
	12/31/12	184,036	1,060,420	143,017	143,304
Publics (All Except Buses)	12/31/08	670,092	672,595	556,830	569,608
	12/31/09	854,999	945,539	592,367	594,739
	12/31/10	844,035	1,583,920	740,340	741,819
	12/31/11	1,483,900	2,488,215	845,327	845,327
	12/31/12	1,507,063	2,006,633	866,824	879,454
Misc.	12/31/08	4,451,105	5,691,700	1,094,832	1,099,114
	12/31/09	3,438,189	4,003,104	779,303	802,096
	12/31/10	3,730,568	8,925,382	869,307	869,307
	12/31/11	2,056,160	3,551,462	699,488	699,488
	12/31/12	1,881,022	8,566,853	846,882	855,638
Buses	12/31/08	140,394	140,394	197,863	213,878
	12/31/09	616,513	2,559,369	196,761	196,761
	12/31/10	279,543	374,176	157,794	157,794
	12/31/11	223,804	432,826	113,086	113,086
	12/31/12	95,627	196,992	98,652	98,652

\* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while Zone Rated Risks, Miscellaneous classes, and Buses data is on a policy year basis.

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

NORTH CAROLINA REINSURANCE FACILITY  
Commercial Automobile Liability Insurance  
All Companies Reporting to ISO and PCI

DEVELOPED AND TRENDED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year Ending*	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 Losses**	Total Limits Losses**	\$25,000 Losses**	Total Limits Losses**
Trucks, Tractors & Trailers	12/31/08	5,702,774	16,948,903	6,436,619	7,140,325
	12/31/09	4,240,696	12,458,331	4,696,768	5,201,912
	12/31/10	5,487,525	12,632,553	5,447,315	6,042,058
	12/31/11	4,431,717	9,266,265	4,925,642	6,510,212
	12/31/12	4,224,286	8,597,637	4,539,599	5,241,944
Private Passenger Types	12/31/08	31,373	32,720	66,094	71,202
	12/31/09	51,627	53,740	51,579	55,028
	12/31/10	53,069	54,582	43,948	46,433
	12/31/11	47,260	53,888	76,256	80,111
	12/31/12	8,221	8,372	25,841	26,777
Zone Rated Risks	12/31/08	305,966	428,299	239,552	239,552
	12/31/09	146,655	146,655	89,889	89,889
	12/31/10	80,615	80,615	233,105	235,803
	12/31/11	30,512	30,512	176,999	176,999
	12/31/12	187,901	1,082,688	146,020	146,313
Publics (All Except Buses)	12/31/08	696,211	725,912	672,882	741,513
	12/31/09	883,906	1,010,389	698,366	748,047
	12/31/10	868,230	1,675,796	851,530	901,488
	12/31/11	1,518,843	2,606,480	948,570	992,536
	12/31/12	1,534,877	2,081,196	948,968	997,687
Misc.	12/31/08	4,636,149	6,173,525	1,339,448	1,455,645
	12/31/09	3,563,307	4,298,993	930,167	1,026,358
	12/31/10	3,847,090	9,490,198	1,012,287	1,074,745
	12/31/11	2,109,834	3,738,818	794,670	835,549
	12/31/12	1,920,521	8,929,498	938,654	987,510
Buses	12/31/08	146,231	152,279	242,071	283,256
	12/31/09	638,948	2,748,544	234,852	251,774
	12/31/10	288,274	397,855	183,747	195,084
	12/31/11	229,646	455,660	128,474	135,083
	12/31/12	97,635	205,331	109,342	113,856

\* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while Zone Rated Risks, Miscellaneous classes, and Buses data is on a policy year basis.

\*\* Losses have been developed to ultimate and trended to one year beyond an anticipated effective date of March 1, 2015.

NORTH CAROLINA REINSURANCE FACILITY

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

**BODILY INJURY**

POLICY <u>LIMIT</u>	LIGHT & <u>MEDIUM</u>	<u>HEAVY</u>	EXTRA <u>HEAVY</u>	<u>ZONE</u>	ALL <u>OTHER</u>	ALL TABLES <u>COMBINED</u> **
30/60	1.05%	0.06%	0.00%	0.00%	7.55%	8.67%
50/100	1.96%	0.12%	0.00%	0.00%	14.02%	16.10%
85/85	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100/100	1.19%	0.00%	0.00%	0.00%	0.90%	2.08%
100/300	12.45%	1.66%	0.05%	0.00%	11.93%	26.09%
100/500	0.00%	0.00%	0.00%	0.00%	0.26%	0.26%
150/150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250/250	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250/500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
300/300	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
400/400	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500/500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500/1,000	0.27%	0.00%	0.00%	0.00%	0.00%	0.27%
750/750	1.77%	4.97%	10.38%	0.95%	0.85%	18.91%
1,000/1,000	4.11%	0.96%	6.55%	0.32%	1.17%	13.11%
1,500/1,500	0.08%	0.00%	0.00%	0.00%	6.69%	6.77%
2,000/2,000	0.00%	0.00%	0.00%	0.00%	2.28%	2.28%
2,500/2,500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000/5,000</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>5.47%</u>	<u>5.47%</u>
<b>TOTAL**</b>	22.87%	7.76%	16.98%	1.27%	51.12%	100.00%

\* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2008 through fiscal accident year ending 6/30/2012, as reported to ISO, for those risks assigned to the Facility.

\*\* The individual weights at each limit and increased limits table combination are rounded to 5 decimal places and displayed to 4 decimal places. Due to rounding, the total values may differ slightly from the sum of the displayed individual values.

NORTH CAROLINA REINSURANCE FACILITY

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

**PROPERTY DAMAGE**

POLICY LIMIT	LIGHT & MEDIUM	HEAVY	EXTRA HEAVY	ZONE	ALL OTHER	ALL TABLES COMBINED **
25	2.76%	0.33%	0.02%	0.00%	13.74%	16.85%
30	0.00%	0.00%	0.00%	0.00%	0.17%	0.17%
50	15.84%	1.69%	0.39%	0.00%	18.19%	36.12%
85	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100	0.07%	0.01%	0.04%	0.00%	0.05%	0.17%
150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
300	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%
400	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500	0.10%	0.00%	0.00%	0.00%	0.00%	0.10%
750	2.40%	5.14%	13.15%	2.84%	0.83%	24.36%
1,000	2.03%	2.27%	6.40%	0.66%	1.45%	12.82%
1,500	0.15%	0.00%	0.00%	0.00%	6.03%	6.18%
2,000	0.00%	0.00%	0.00%	0.00%	0.78%	0.78%
2,500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000</u>	<u>0.01%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>2.43%</u>	<u>2.44%</u>
<b>TOTAL**</b>	23.37%	9.44%	20.01%	3.50%	43.68%	100.00%

\* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2008 through fiscal accident year ending 6/30/2012, as reported to ISO, for those risks assigned to the Facility.

\*\* The individual weights at each limit and increased limits table combination are rounded to 5 decimal places and displayed to 4 decimal places. Due to rounding, the total values may differ slightly from the sum of the displayed individual values.

## SECTION G

### Revised Increased Limits Tables

North Carolina Reinsurance Facility

Commercial Automobile Liability  
Revised Increased Limits Tables

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

NORTH CAROLINA REINSURANCE FACILITY  
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

BODILY INJURY FACTORS

Classification	Limits Identifier Code (3)				
	Limit of Liability (in 1000's)				
	30/60	85/85	50/100	100/100	100/300
	Limit Codes				
	49	52	49	52	52
1. Light and Medium Trucks	1.00	1.21	1.14	1.27	1.50
2. Heavy Trucks and Truck Tractors	1.00	1.26	1.18	1.35	1.61
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.29	1.21	1.41	1.71
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.33	1.25	1.44	1.80
5. All Other Risks	1.00	1.21	1.17	1.27	1.51

NORTH CAROLINA REINSURANCE FACILITY  
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

PROPERTY DAMAGE FACTORS

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

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

A. Bodily Injury

BODILY INJURY FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
100/500	55	1.60	1.78	1.86	1.99	1.64
300/300	64	1.80	2.01	2.16	2.32	1.81
250/500	61	1.86	2.14	2.29	2.46	1.92
400/400	68	1.96	2.26	2.43	2.63	1.99
500/500	68	2.11	2.43	2.66	2.90	2.14
750/750	73	2.41	2.83	3.14	3.45	2.46
1000/1000	73	2.65	3.16	3.54	3.92	2.70
1500/1500	74	3.01	3.71	4.19	4.65	3.05
2000/2000	75	3.33	4.15	4.74	5.29	3.38
2500/2500	76	3.54	4.52	5.24	5.83	3.67
5000/5000	79	4.49	5.94	7.02	7.89	4.61
7500/7500	82	5.11	6.93	8.27	9.33	5.22
10000/10000	85	5.48	7.57	9.08	10.27	5.59
12500/12500	86	5.68	7.95	9.57	10.83	5.79
15000/15000	86	5.78	8.16	9.84	11.14	5.89

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

B. Property Damage

PROPERTY DAMAGE FACTORS

Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
85	9	1.10	1.10	1.10	1.10	1.10
100	10	1.11	1.11	1.11	1.11	1.11
300	14	1.16	1.16	1.17	1.17	1.16
400	15	1.17	1.18	1.19	1.19	1.17
500	16	1.18	1.20	1.21	1.21	1.18
750	17	1.20	1.22	1.23	1.23	1.20
1000	18	1.22	1.24	1.25	1.25	1.22
1500	19	1.24	1.27	1.29	1.29	1.24
2000	20	1.26	1.29	1.33	1.33	1.26
2500	21	1.27	1.30	1.34	1.34	1.27
5000	23	1.31	1.34	1.38	1.38	1.31
7500	24	1.34	1.37	1.41	1.41	1.34
10000	25	1.36	1.39	1.43	1.43	1.36
12500	26	1.37	1.40	1.44	1.44	1.37
15000	26	1.38	1.41	1.45	1.45	1.38

SECTION H

Revised Zone Rated Risks Coverage

## ZONE RATED RISKS COVERAGE

The primary factors, metro factors, and zone combination factors for the Facility zone rated risks are being revised.

This review is based on multistate voluntary data reported to ISO for five calendar/accident years through year ended 06/30/2011, combined. The indicated primary rating factors, fleet discount factors, metro factors, and zone combination factors are the result of a Bailey simultaneous analysis of all liability relativities. The Bailey procedure is designed to give the most accurate distribution of rates among the various classes. For this particular analysis, indications were initially developed for the fleet, metro, primary, and zone combination factors. Then selections were made for the fleet, metro, and primary factors after the application of credibility to the initial indicated factor. The Bailey was then reapplied using these selected factors to develop new zone combination factors in order that the overall balance of the relativities be retained. The Bailey procedure is explained in Section H, Exhibit 1.

In conjunction with the revised factors, the application of an off-balance factor results in no overall rate level change, on average, due to the classification plan revisions. The off-balance factor is calculated by dividing the premium using the current classification plan factors by the premium using the revised classification plan factors:

$$1.030 = \frac{\$652,383}{\$633,381}$$

BAILEY METHODOLOGY  
ZONE-RATED LIABILITY

The Bailey procedure is designed to generate the most accurate rating factors and relationships among the various factors. The Bailey method simultaneously determines the indicated factors according to the rating model  $P_i \times F_j \times M_k \times ZC_1$  (see below). The Bailey procedure balances this model on the aggregate to the relativities for each class based on the latest available Zone-Rated Risks experience. The relativity for a particular cell is the relationship of its loss ratios to the loss ratio of the base class. For this analysis, loss ratios are trended and developed losses divided by loss costs that include the current multistate Zone-Rated Risks rating factors. The Bailey procedure generates indicated changes to the Primary, Fleet, Metro and Zone Combination factors.

The factors must then be readjusted so that the base primary class factor is 1.00, the Non-fleet factor is 1.00, and the Non-metro factor is 1.00, while at the same time preserving the relationships among these and the others factors as determined by the outcome of the Bailey method. Once factors were selected for the Primary, Fleet and Metro factors, these numbers were input into the Bailey as constants, and then the Bailey was run a second time to determine the appropriate Zone Combination factors to be used in conjunction with the selected factors to maintain the overall balance of the factors. Specifically, the Bailey procedure uses the following model:

$$\sum_{ijkl} Wt(i,j,k,l) \times R(i,j,k,l) = \sum_{ijkl} Wt(i,j,k,l) \times P_i \times F_j \times M_k \times ZC_1$$

- Where:  $Wt(i,j,k,l)$  = ISO Aggregate Loss Cost for cell  $i,j,k,l$ .  
(Exposures for the cell multiplied by the state/territory loss cost.)  
 $R(i,j,k,l)$  = Relativity for  $i,j,k,l$  based on individual loss ratios indexed to the base class.  
 $P_i$  = Primary Rating Factor for primary class  $i$ .  
 $F_j$  = Differential between Non-fleet and Fleet ( $j=1,2$ ).  
 $M_k$  = Differential between Non-metro and Metro ( $k=1,2$ ).  
 $ZC_1$  = Zone Combination factor for zone combination  $l$ .

From this relationship, the following equations are derived for each  $P_i$ ,  $F_j$ ,  $M_k$  and  $ZC_1$  which are solved iteratively.

$$P_i = \frac{\sum_j \sum_k \sum_l Wt(i,j,k,l) \times (R(i,j,k,l))}{\sum_j \sum_k \sum_l Wt(i,j,k,l) \times F_j \times M_k \times ZC_1}$$

$$F_j = \frac{\sum_i \sum_k \sum_l Wt(i,j,k,l) \times (R(i,j,k,l))}{\sum_i \sum_k \sum_l Wt(i,j,k,l) \times P_i \times M_k \times ZC_1}$$

$$M_k = \frac{\sum_i \sum_j \sum_l Wt(i,j,k,l) \times (R(i,j,k,l))}{\sum_i \sum_j \sum_l Wt(i,j,k,l) \times P_i \times F_j \times ZC_1}$$

$$ZC_1 = \frac{\sum_i \sum_j \sum_k Wt(i,j,k,l) \times (R(i,j,k,l))}{\sum_i \sum_j \sum_k Wt(i,j,k,l) \times P_i \times F_j \times M_k}$$

DETERMINATION OF INDICATED  
LIABILITY FACTORS

The following explanation describes the columns in Section H, Exhibit 2, Sheet 3.

---

COLUMN (1) BAILEY RELATIVITY	The relativity from the Bailey methodology. As noted, indicated Primary, Metro, Fleet and Zone Combination factors are developed simultaneously. Then appropriate selections are made for the Primary, Metro and Fleet factors. These selected factors are included in the data and indicated Zone Combination factors are developed by a second Bailey procedure. This preserves the overall aggregate balance of using all factors together.
COLUMN (2) CLAIMS	The number of claims for each coverage used for credibility.
COLUMN (3) CREDIBILITY	The credibility formula is $Z = ((\# \text{ of claims})/(\# \text{ of claims for full credibility}))^{0.5}$ ; the full credibility standard is 10,000 claims.
COLUMN (4) Z - WEIGHTED RELATIVITY	The Z-weighted relativity is derived by credibility weighting the Bailey formula relativity (column (1)) with the overall Bailey result (overall column(1)); ie: $(\text{column (4)}) = \{[(\text{column (1)}) * (\text{column (3)})] + \{(\text{overall column (1)}) * (1.00 - (\text{column (3)}))\}\}$
COLUMN (5) NORMALIZED RELATIVITY	The normalized balanced relativity is calculated by dividing the Z-Weighted Relativity of each coverage by the overall average relativity from column (4). The overall average relativity is a weighted average of each individual coverage using the Aggregate Loss Cost at Current Level (column (10)) as weights.
COLUMN (6) INDICATED CHANGE	The indicated change for each coverage is derived by dividing the Normalized Balanced Relativity (column (5)) of each coverage by the Normalized Balanced Relativity of the base class.
COLUMN (7) CURRENT RELATIVITY	Present ISO Multistate Relativities (or Factors).

---

COLUMN (8)  
INDICATED  
RELATIVITY

The Current Relativity multiplied by the Indicated Change.

---

COLUMN (9)  
REVISED  
RELATIVITY

Relativities selected by ISO, based on the Current and Indicated Relativities.

---

COLUMN (10)  
ALCCL

Multistate 5-year Aggregate Loss Costs at Current Level for each respective class.

---

REVIEW OF PRIMARY FACTORS  
LIABILITY

Class	(1) Bailey	(2) Claims	(3) Cred.	(4) Weighted Rel.	(5) Normal. Rel.	(6) Ind. Change	(7) Current Rel.	(8) Ind. Rel.	(9) Revised Rel.	(10) ALCCL
Medium	0.628	200	0.141	0.938	0.924	0.901	0.90	0.811	0.850	3,953,782
Heavy*	1.151	997	0.316	1.040	1.025	1.000	1.00	1.000	1.000	11,270,231
Extra-Heavy	1.052	4,818	0.694	1.033	1.018	0.993	1.45	1.440	1.450	67,923,416
Trailers	0.516	407	0.202	0.893	0.880	0.859	0.15	0.129	0.150	9,918,940
Overall	0.989	6,422		1.015	1.000					93,066,369

\* Base Class

REVIEW OF FLEET/NON-FLEET FACTORS  
LIABILITY

Class	(1) Bailey	(2) Claims	(3) Cred.	(4) Weighted Rel.	(5) Normal. Rel.	(6) Ind. Change	(7) Current Rel.	(8) Ind. Rel.	(9) Revised Rel.	(10) ALCCL
Fleet	0.988	4,614	0.679	0.992	0.993	0.974	0.70	0.682	0.700	68,610,901
Non-Fleet*	1.040	1,808	0.425	1.018	1.019	1.000	1.00	1.000	1.000	24,455,470
Overall	1.002	6,422		0.999	1.000					93,066,371

\* Base Class

REVIEW OF METRO/NON-METRO FACTORS  
LIABILITY

Class	(1) Bailey	(2) Claims	(3) Cred.	(4) Weighted Rel.	(5) Normal Rel.	(6) Ind. Change	(7) Current Rel.	(8) Ind. Rel.	(9) Revised Rel.	(10) ALCCL
Metro to Metro	0.762	680	0.261	0.939	0.921	0.878	1.05	0.922	0.950	11,571,855
Metro to/from Non-Metro	0.895	1,718	0.414	0.957	0.939	0.895	1.05	0.940	0.975	27,406,619
Non-Metro to Non-Metro*	1.108	4,024	0.634	1.069	1.049	1.000	1.00	1.000	1.000	54,087,897
Overall	1.001	6,422		1.019	1.000					93,066,371

\* Base Class

DETERMINATION OF INDICATED  
ZONE COMBINATION  
LIABILITY FACTORS

The following explanation describes the columns in Section H, Exhibit 3, Sheet 2.

---

COLUMN (1)  
CURRENT  
RELATIVITY

These are the present multistate factors.

---

COLUMN (2)  
CHANGE TO  
RELATIVITY

This number is calculated as column (5) on the calculation sheet following the summary sheet.

---

COLUMN (3)  
INDICATED  
RELATIVITY

This is calculated by multiplying the current relativity (column (1)) by the change to relativity (column (2)).

---

COLUMN (4)  
ALCCL

The 5-year Aggregate Loss Cost at Current Level in each zone combination. These Aggregate Loss Costs have been recalculated to include the selected Primary, Fleet and Metro factors.

---

COLUMN (5)  
% OF TOTAL

The percentage of all ALCCL in each zone combination.

---

Section H  
Exhibit 3  
Sheet 2

SUMMARY SHEET

Route	Region #	Zone	(1) Current Relativity	(2) Change to Relativity	(3) Indicated Relativity	(4) ALCCL*	(5) % of Total
01	40 to/from 40	Pacific Coast to/from Pacific Coast	1.791	0.991	1.775	5,604,946	6.2%
02	40 to/from 41	Pacific Coast to/from Mountain	1.879	0.998	1.875	3,101,445	3.5%
03	40 to/from 42	Pacific Coast to/from Midwest	1.122	1.092	1.225	1,099,465	1.2%
04	40 to/from 43	Pacific Coast to/from Southwest	1.629	1.132	1.844	1,850,191	2.1%
05	40 to/from 44	Pacific Coast to/from North Central	1.447	0.992	1.435	1,422,901	1.6%
06	40 to/from 45	Pacific Coast to/from Mideast	1.428	0.959	1.369	771,775	0.9%
07	40 to/from 46	Pacific Coast to/from Gulf	1.551	1.058	1.641	608,101	0.7%
08	40 to/from 47	Pacific Coast to/from Southeast	1.751	1.000	1.751	1,009,478	1.1%
09	40 to/from 48	Pacific Coast to/from Eastern	2.149	0.980	2.106	368,545	0.4%
10	40 to/from 49	Pacific Coast to/from New England	1.322	1.058	1.399	967,505	1.1%
11	41 to/from 41	Mountain to/from Mountain	1.019	0.975	0.994	2,151,826	2.4%
12	41 to/from 42	Mountain to/from Midwest	1.387	1.002	1.390	855,610	1.0%
13	41 to/from 43	Mountain to/from Southwest	1.455	0.965	1.404	904,167	1.0%
14	41 to/from 44	Mountain to/from North Central	1.613	0.998	1.610	337,172	0.4%
15	41 to/from 45	Mountain to/from Mideast	1.588	0.989	1.571	56,691	0.1%
16	41 to/from 46	Mountain to/from Gulf	1.716	1.082	1.857	42,021	0.0%
17	41 to/from 47	Mountain to/from Southeast	1.978	0.982	1.942	844,574	0.9%
18	41 to/from 48	Mountain to/from Eastern	1.799	0.980	1.763	268,571	0.3%
19	41 to/from 49	Mountain to/from New England	1.376	0.991	1.364	22,677	0.0%
20	42 to/from 42	Midwest to/from Midwest	0.999	0.974	0.973	4,470,183	5.0%
21	42 to/from 43	Midwest to/from Southwest	1.131	0.960	1.086	1,746,892	1.9%
22	42 to/from 44	Midwest to/from North Central	1.254	1.038	1.302	2,170,972	2.4%
23	42 to/from 45	Midwest to/from Mideast	1.358	0.969	1.316	349,298	0.4%
24	42 to/from 46	Midwest to/from Gulf	1.570	0.987	1.550	773,694	0.9%
25	42 to/from 47	Midwest to/from Southeast	1.557	1.038	1.616	1,616,812	1.8%
26	42 to/from 48	Midwest to/from Eastern	1.475	0.991	1.462	1,518,777	1.7%
27	42 to/from 49	Midwest to/from New England	1.714	1.003	1.719	166,751	0.2%
28	43 to/from 43	Southwest to/from Southwest	1.161	0.996	1.156	7,717,122	8.6%
29	43 to/from 44	Southwest to/from North Central	1.579	0.954	1.506	1,127,339	1.3%
30	43 to/from 45	Southwest to/from Mideast	1.238	1.056	1.307	1,040,130	1.2%
31	43 to/from 46	Southwest to/from Gulf	1.648	1.027	1.692	1,869,669	2.1%
32	43 to/from 47	Southwest to/from Southeast	1.653	0.950	1.570	1,467,109	1.6%
33	43 to/from 48	Southwest to/from Eastern	2.043	0.981	2.004	698,780	0.8%
34	43 to/from 49	Southwest to/from New England	1.111	1.067	1.185	135,894	0.2%
35	44 to/from 44	North Central to/from North Central	1.154	1.008	1.163	4,360,653	4.9%
36	44 to/from 45	North Central to/from Mideast	1.424	0.991	1.411	1,202,715	1.3%
37	44 to/from 46	North Central to/from Gulf	1.416	1.061	1.502	392,030	0.4%
38	44 to/from 47	North Central to/from Southeast	1.367	0.994	1.359	2,622,071	2.9%
39	44 to/from 48	North Central to/from Eastern	1.432	1.001	1.433	2,113,778	2.4%
40	44 to/from 49	North Central to/from New England	1.424	1.054	1.501	258,733	0.3%
41	45 to/from 45	Mideast to/from Mideast	1.537	1.027	1.578	1,304,207	1.5%
42	45 to/from 46	Mideast to/from Gulf	1.433	0.994	1.424	372,167	0.4%
43	45 to/from 47	Mideast to/from Southeast	1.463	1.035	1.514	1,088,914	1.2%
44	45 to/from 48	Mideast to/from Eastern	1.510	0.973	1.469	346,163	0.4%
45	45 to/from 49	Mideast to/from New England	1.343	0.999	1.342	96,437	0.1%
46	46 to/from 46	Gulf to/from Gulf	1.720	0.997	1.715	1,358,100	1.5%
47	46 to/from 47	Gulf to/from Southeast	1.625	0.977	1.588	1,637,841	1.8%
48	46 to/from 48	Gulf to/from Eastern	1.831	0.984	1.802	189,277	0.2%
49	46 to/from 49	Gulf to/from New England	1.628	0.991	1.613	45,265	0.1%
50	47 to/from 47	Southeast to/from Southeast	1.536	1.021	1.568	11,241,250	12.5%
51	47 to/from 48	Southeast to/from Eastern	1.563	0.989	1.546	2,152,484	2.4%
52	47 to/from 49	Southeast to/from New England	1.641	1.007	1.652	545,633	0.6%
53	48 to/from 48	Eastern to/from Eastern	1.608	0.937	1.507	5,520,000	6.1%
54	48 to/from 49	Eastern to/from New England	1.469	0.996	1.463	2,633,899	2.9%
55	49 to/from 49	New England to/from New England	1.426	0.981	1.399	913,619	1.0%
56	50 to/from 50	Alaska to/from Alaska	1.353	0.975	1.319	243,464	0.3%
						89,795,783	100.0%

\* The ALCCL have been updated to include the selections for Primary, Fleet and Metro factors.

The relativities listed as current in Section H, Exhibit 3, Sheet 2 are the current multistate and Facility relativities. In addition, the current and revised relativities have been indexed to make zone 47 (Southeast) the base since that is the location of North Carolina. The exhibit below shows the current and revised relativity between the rate for zone 47 and the rates for the other regional zones.

<u>Zone</u>	<u>current Facility relativity</u>	<u>revised relativity</u>
40 Pacific	1.140	1.117
41 Mountain	1.288	1.239
42 Midwest	1.014	1.031
43 Southwest	1.076	1.001
44 North Central	0.890	0.867
45 Mideast	0.952	0.966
46 Gulf	1.058	1.013
47 Southeast	1.000	1.000
48 Eastern	1.018	0.986
49 New England	1.068	1.054

DETERMINATION OF INDICATED  
ZONE COMBINATION  
LIABILITY FACTORS

The following explanation describes the columns in Section H, Exhibit 4, Sheet 2.

---

COLUMN (1) BAILEY RELATIVITY	The relativity from the Bailey methodology.
COLUMN (2) CLAIMS	Claims used to determine credibility.
COLUMN (3) CREDIBILITY	The credibility formula is $Z = ((\# \text{ of claims}) / (\# \text{ of claims for full credibility}))^{0.5}$ ; the full credibility standard is 10,000.
COLUMN (4) WEIGHTED RELATIVITY	The Z-weighted relativity is derived by credibility weighting the Bailey formula relativity (column (1)) with the overall Bailey result (overall column(1)); ie: $(\text{column (4)}) = [ \{ (\text{column (1)}) * (\text{column (3)}) \} + \{ (\text{overall column (1)}) * (1.00 - (\text{column (3)})) \} ]$
COLUMN (5) NORMALIZED RELATIVITY	The weighted relativity for each zone combination is divided by the overall weighted relativity. The overall factor is a weighted average of all zone combinations using the Aggregate Loss Cost at Current Level (column (6)) as weights.
COLUMN (6) ALCCL	The 5-year Aggregate Loss Cost at Current Level in each zone combination. These Aggregate Loss Costs have been recalculated to include the selected Primary, Fleet and Metro factors.
COLUMN (7) % OF TOTAL	The percentage of all ALCCL in each zone combination.

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CALCULATION SHEET

Route*	(1) Bailey Relativity	(2) Claims	(3) Cred.	(4) Weighted Rel. Change	(5) Normalized Rel. Change	(6) ALCCL**	(7) % of Total
01	0.957	345	0.186	0.994	0.991	5,604,946	6.2%
02	0.995	155	0.124	1.002	0.998	3,101,445	3.5%
03	1.907	106	0.103	1.096	1.092	1,099,465	1.2%
04	2.119	143	0.120	1.136	1.132	1,850,191	2.1%
05	0.934	94	0.097	0.996	0.992	1,422,901	1.6%
06	0.243	28	0.053	0.963	0.959	771,775	0.9%
07	1.748	62	0.079	1.062	1.058	608,101	0.7%
08	1.010	48	0.069	1.003	1.000	1,009,478	1.1%
09	0.573	19	0.044	0.984	0.980	368,545	0.4%
10	1.602	99	0.099	1.063	1.058	967,505	1.1%
11	0.801	142	0.119	0.979	0.975	2,151,826	2.4%
12	1.047	37	0.061	1.006	1.002	855,610	1.0%
13	0.466	41	0.064	0.969	0.965	904,167	1.0%
14	0.980	34	0.058	1.002	0.998	337,172	0.4%
15	0.032	1	0.010	0.993	0.989	56,691	0.1%
16	4.720	5	0.022	1.086	1.082	42,021	0.0%
17	0.758	49	0.070	0.986	0.982	844,574	0.9%
18	0.571	19	0.044	0.984	0.980	268,571	0.3%
19	0.204	1	0.010	0.995	0.991	22,677	0.0%
20	0.876	386	0.196	0.978	0.974	4,470,183	5.0%
21	0.628	107	0.103	0.964	0.960	1,746,892	1.9%
22	1.323	151	0.123	1.042	1.038	2,170,972	2.4%
23	0.176	13	0.036	0.973	0.969	349,298	0.4%
24	0.844	58	0.076	0.991	0.987	773,694	0.9%
25	1.312	162	0.127	1.042	1.038	1,616,812	1.8%
26	0.930	111	0.105	0.995	0.991	1,518,777	1.7%
27	1.133	10	0.032	1.007	1.003	166,751	0.2%
28	0.991	557	0.236	1.000	0.996	7,717,122	8.6%
29	0.431	62	0.079	0.958	0.954	1,127,339	1.3%
30	1.580	97	0.098	1.060	1.056	1,040,130	1.2%
31	1.255	124	0.111	1.031	1.027	1,869,669	2.1%
32	0.502	98	0.099	0.953	0.950	1,467,109	1.6%
33	0.714	41	0.064	0.984	0.981	698,780	0.8%
34	2.535	20	0.045	1.071	1.067	135,894	0.2%
35	1.046	393	0.198	1.011	1.008	4,360,653	4.9%
36	0.913	81	0.090	0.995	0.991	1,202,715	1.3%
37	2.064	34	0.058	1.065	1.061	392,030	0.4%
38	0.962	161	0.127	0.998	0.994	2,622,071	2.9%
39	1.018	166	0.129	1.005	1.001	2,113,778	2.4%
40	2.015	30	0.055	1.058	1.054	258,733	0.3%
41	1.268	109	0.104	1.031	1.027	1,304,207	1.5%
42	0.879	20	0.045	0.997	0.994	372,167	0.4%
43	1.425	73	0.085	1.039	1.035	1,088,914	1.2%
44	0.323	15	0.039	0.977	0.973	346,163	0.4%
45	0.989	7	0.026	1.003	0.999	96,437	0.1%
46	0.974	75	0.087	1.000	0.997	1,358,100	1.5%
47	0.759	81	0.090	0.981	0.977	1,637,841	1.8%
48	0.484	8	0.028	0.988	0.984	189,277	0.2%
49	0.217	1	0.010	0.995	0.991	45,265	0.1%
50	1.076	886	0.298	1.025	1.021	11,241,250	12.5%
51	0.925	156	0.125	0.993	0.989	2,152,484	2.4%
52	1.142	33	0.057	1.011	1.007	545,633	0.6%
53	0.673	356	0.189	0.941	0.937	5,520,000	6.1%
54	0.986	241	0.155	1.000	0.996	2,633,899	2.9%
55	0.772	63	0.079	0.985	0.981	913,619	1.0%
56	0.156	8	0.028	0.979	0.975	243,464	0.3%
Overall	1.003	6,422		1.004		\$ 89,795,783	100%

\* Previous Summary page contains the definition of the various routes.

\*\* The ALCCL have been updated to include the selections for Primary, Fleet and Metro factors.



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	Zone Rated
A. Total Production Expense	15.9%	10.9%
B. General Expense	6.7%	6.7%
C. Taxes, Licenses & Fees	2.4%	2.4%
D. Underwriting Profit & Contingencies	0.0%	0.0%
E. Other (explain)		
F. TOTAL	25.0%	20.0%

3. Expected Loss Ratio (ELR=100-2F) .750 .800

4. Rate level change for which this exhibit applies \_\_\_\_\_

	Basic Limits		Total Limits	
	<u>BI</u>	<u>PD</u>	<u>BI</u>	<u>PD</u>
Trucks, Tractors, & Trailers	-1.3%	+14.2%	+14.5%	+16.9%
Private Passenger Types	-6.0%	+2.1%	+4.6%	+3.9%
Zone Rated	-11.4%	-9.9%	+6.8%	-3.7%

EXHIBIT 2A  
Five Year Rate Filing History

<u>Effective Date</u>	<u>NCDOI File #</u>	<u>% Change</u>	<u>Reason for Filing</u>
03/01/2010		-5.7%	Review of basic limits experience and increased limits factors
03/01/2011		-6.1%	Review of basic limits experience and increased limits factors
03/01/2012		-4.4%	Review of basic limits experience and increased limits factors
03/01/2013		+1.7%	Review of basic limits experience and increased limits factors

EXHIBIT 3

NORTH CAROLINA EXPERIENCE      X Direct      \_\_\_ Net

	<u>2009</u>	<u>2010</u>	<u>2011</u>
(1) Written Premiums	<u>476,874,769</u>	<u>452,214,161</u>	<u>447,641,416</u>
(2) Earned Premiums	<u>502,011,327</u> 100.0%	<u>461,512,519</u> 100.0%	<u>445,745,697</u> 100.0%
(3) Inc. Loss and LAE	<u>274,097,641</u> 54.6%	<u>254,531,237</u> 55.2%	<u>270,827,838</u> 60.8%
(4) Total Prod. Expense	<u>99,330,494</u> 19.8%	<u>94,074,276</u> 20.4%	<u>92,693,239</u> 20.8%
(5) General Expense	<u>39,463,507</u> 7.9%	<u>35,608,600</u> 7.7%	<u>34,815,456</u> 7.8%
(6) Taxes, Lic. & Fees	<u>11,186,954</u> 2.2%	<u>10,994,563</u> 2.4%	<u>11,088,803</u> 2.5%
(7) Other			

	<u>2012</u>	<u>2013</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>459,941,955</u>	<u>480,462,199</u>	<u>2,317,134,500</u>
(2) Earned Premiums	<u>454,441,200</u> 100.0%	<u>469,572,361</u> 100.0%	<u>2,333,283,104</u> 100.0%
(3) Inc. Loss and LAE	<u>290,254,327</u> 63.9%	<u>306,457,629</u> 65.3%	<u>1,396,168,672</u> 59.8%
(4) Total Prod. Expense	<u>91,324,584</u> 20.1%	<u>97,404,346</u> 20.7%	<u>474,826,939</u> 20.4%
(5) General Expense	<u>34,690,661</u> 7.6%	<u>34,319,049</u> 7.3%	<u>178,897,273</u> 7.7%
(6) Taxes, Lic. & Fees	<u>10,697,918</u> 2.4%	<u>11,477,889</u> 2.4%	<u>55,446,127</u> 2.4%
(7) Other			

COUNTRYWIDE EXPERIENCE      X Direct      \_\_\_ Net  
(in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>
(1) Written Premiums	<u>20,165,050</u>	<u>18,507,118</u>	<u>17,969,548</u>
(2) Earned Premiums	<u>20,695,492</u> 100.0%	<u>19,090,996</u> 100.0%	<u>18,223,495</u> 100.0%
(3) Inc. Loss and LAE	<u>13,558,119</u> 65.5%	<u>12,351,713</u> 64.7%	<u>11,600,531</u> 63.7%
(4) Total Prod. Expense	<u>4,053,802</u> 19.6%	<u>3,818,628</u> 20.0%	<u>3,708,345</u> 20.3%
(5) General Expense	<u>1,230,984</u> 5.9%	<u>1,250,830</u> 6.6%	<u>1,256,439</u> 6.9%
(6) Taxes, Lic. & Fees			
(7) Other			

	<u>2011</u>	<u>2012</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>18,287,223</u>	<u>18,904,561</u>	<u>93,833,500</u>
(2) Earned Premiums	<u>18,092,344</u> 100.0%	<u>18,579,137</u> 100.0%	<u>94,681,464</u> 100.0%
(3) Inc. Loss and LAE	<u>12,333,653</u> 68.2%	<u>13,959,896</u> 75.1%	<u>63,803,912</u> 67.4%
(4) Total Prod. Expense	<u>3,732,693</u> 20.6%	<u>3,852,309</u> 20.7%	<u>19,165,777</u> 20.2%
(5) General Expense	<u>1,218,898</u> 6.7%	<u>1,311,262</u> 7.1%	<u>6,268,413</u> 6.6%
(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:	<u></u>	
<hr/>		
7. Methodology used to derive the anticipated investment income as a percent of premium:	<u>Please refer to Section D, Exhibit 6, Sheets 1-4.</u>	
<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 58-41-50:

- (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 - 48
4. Trending factor development and application.	49
5. Changes in premium base resulting from rating exposure trends.	50
6. Limiting factor development and application.	51
7. Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees.	52
8. Percentage rate change.	53
9. Final proposed rates.	54
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	55
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	56
12. Investment earnings on capital and surplus.	57
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	58

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>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>
Trucks, Tractors, & Trailers Bodily Injury	9,867,940	8,400,259	6,775,389
Trucks, Tractors, & Trailers Property Damage	10,637,674	9,130,335	7,834,890
Private Passenger Types Bodily Injury	110,681	90,084	74,027
Private Passenger Types Property Damage	122,289	99,915	83,239
Zone Rated Bodily Injury	383,879	349,400	307,902
Zone Rated Property Damage	393,911	356,426	314,589
	<u>12/31/2011</u>	<u>12/31/2012</u>	
Trucks, Tractors, & Trailers Bodily Injury	5,791,045	5,500,587	
Trucks, Tractors, & Trailers Property Damage	6,682,992	5,726,064	
Private Passenger Types Bodily Injury	60,817	48,872	
Private Passenger Types Property Damage	66,577	50,103	
Zone Rated Bodily Injury	257,938	321,874	
Zone Rated Types Property Damage	264,772	330,509	

Earned Premium at Current Level

	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>
Trucks, Tractors, & Trailers Bodily Injury	8,269,334	7,190,622	6,782,164
Trucks, Tractors, & Trailers Property Damage	7,308,082	6,354,713	5,993,691
Private Passenger Types Bodily Injury	94,300	77,292	67,587
Private Passenger Types Property Damage	78,754	64,545	56,436
Zone Rated Bodily Injury	354,704	322,846	284,501
Zone Rated Property Damage	366,731	331,833	292,882
	<u>12/31/2011</u>	<u>12/31/2012</u>	
Trucks, Tractors, & Trailers Bodily Injury	6,231,164	5,973,638	
Trucks, Tractors, & Trailers Property Damage	5,506,785	5,279,431	
Private Passenger Types Bodily Injury	59,722	50,827	
Private Passenger Types Property Damage	49,866	42,437	
Zone Rated Bodily Injury	254,327	321,874	
Zone Rated Property Damage	261,595	330,509	

(a) For Trucks, Tractors, & Trailers, Private Passenger Types, and Zone Rated, 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>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>
Trucks, Tractors, & Trailers Bodily Injury	3,998,822	3,054,582	2,747,310
Trucks, Tractors, & Trailers Property Damage	1,598,232	1,016,899	1,279,366
Private Passenger Types Bodily Injury	20,552	8,672	6,990
Private Passenger Types Property Damage	12,983	10,730	10,954
Zone Rated Bodily Injury	64,817	40,962	48,000
Zone Rated Property Damage	104,647	18,320	147,753
	<u>12/31/2011</u>	<u>12/31/2012</u>	
Trucks, Tractors, & Trailers Bodily Injury	1,680,125	146,793	
Trucks, Tractors, & Trailers Property Damage	966,303	628,733	
Private Passenger Types Bodily Injury	5,500	4,999	
Private Passenger Types Property Damage	20,348	7,740	
Zone Rated Bodily Injury	20,665	0	
Zone Rated Property Damage	86,105	5,121	

Incurred Losses

	<u>12/31/2008</u>	<u>12/31/2009</u>	<u>12/31/2010</u>
Trucks, Tractors, & Trailers Bodily Injury	3,998,822	3,169,127	3,273,099
Trucks, Tractors, & Trailers Property Damage	1,611,482	1,072,099	1,286,895
Private Passenger Types Bodily Injury	20,552	8,672	6,990
Private Passenger Types Property Damage	12,983	10,730	10,954
Zone Rated Bodily Injury	64,817	40,962	48,000
Zone Rated Property Damage	104,647	18,320	147,753
	<u>12/31/2011</u>	<u>12/31/2012</u>	
Trucks, Tractors, & Trailers Bodily Injury	2,187,622	714,355	
Trucks, Tractors, & Trailers Property Damage	998,849	664,603	
Private Passenger Types Bodily Injury	5,500	4,999	
Private Passenger Types Property Damage	20,348	7,740	
Zone Rated Bodily Injury	20,665	0	
Zone Rated Property Damage	86,105	5,121	

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

North Carolina

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

<u>Coverages</u>	<u>3/1/2013</u>
Trucks, Tractors, & Trailers Bodily Injury	0.732
Trucks, Tractors, & Trailers Property Damage	0.732
Private Passenger Types Bodily Injury	0.732
Private Passenger Types Property Damage	0.732
Zone Rated Bodily Injury	0.772
Zone Rated Property Damage	0.772

(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, 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.

- 3) Loss development factor calculation, in the determination to credibility weight the facility and voluntary Trucks, Tractors, & Trailers and Private Passenger Types Basic Limit factors for 15 to 27 and 27 to 39 months.

For the 15 to 27 month and 27 to 39 month link ratios, facility credibility is determined by the formula  $Z=L/(L+K)$ , where Z is the credibility, and L is the 3-year total losses (at the earliest of the two evaluations). The complement of credibility is assigned to voluntary loss development factors. K is a constant that varies by coverage as follows:

Trucks, Tractors, & Trailers	15 to 27	27 to 29
Bodily Injury	\$2,500,000	\$11,000,000
Property Damage	\$1,500,000	-
Private Passenger Types		
Bodily Injury	\$1,500,000	\$4,000,000
Property Damage	\$600,000	-

Credibility factor application

Credibility is applied in the statewide rate level calculations in Section B, Exhibits 1 - 3 of Exhibit RF-1.

Credibility is used in the loss development calculations in Section D, Exhibit 1, Sheets 1 and 8 of Exhibit RF-1.

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

See also the pre-filed testimony of Marc Levine.

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 1-5  
Private Passenger Types - Section D, Exhibit 1, Sheets 8-12  
Zone Rated - Section D, Exhibit 1, Sheets 15 and 17

Total Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 6 and 7  
Private Passenger Types - Section D, Exhibit 1, Sheets 13 and 14  
Zone Rated - Section D, Exhibit 1, Sheets 16 and 18

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 - 3 in Section B of Exhibit RF-1.

See also the pre-filed testimony of Marc Levine.

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

Accident			
Year	\$30,000/60,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	566,856	1,194,236	1,342,526
12/31/2002	630,781	1,329,421	1,659,198
12/31/2003	624,104	1,280,518	1,515,384
12/31/2004	845,240	1,549,039	2,138,670
12/31/2005	739,660	1,382,206	1,799,005
12/31/2006	822,293	1,519,957	1,675,997
12/31/2007	689,569	1,318,341	1,779,774
12/31/2008	389,973	931,456	1,081,581
12/31/2009	277,113	493,480	749,389
12/31/2010	441,531	914,953	1,126,858
12/31/2011	417,691	751,625	
12/31/2012	146,793		

Property Damage

Accident			
Year	\$25,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	1,720,264	1,836,314	1,836,709
12/31/2002	1,442,990	1,512,641	1,537,932
12/31/2003	1,901,669	2,045,003	2,051,948
12/31/2004	2,250,795	2,372,951	2,396,045
12/31/2005	2,320,524	2,479,961	2,514,030
12/31/2006	2,001,311	2,140,647	2,156,475
12/31/2007	1,816,497	1,967,280	1,979,945
12/31/2008	1,450,973	1,530,595	1,551,082
12/31/2009	925,258	987,363	1,000,834
12/31/2010	1,128,327	1,173,933	1,182,520
12/31/2011	924,783	947,697	
12/31/2012	433,960		

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

Accident Year	\$30,000/60,000 Basic Limit				
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	4,905,828	9,674,016	12,201,985	14,739,454	16,123,300
12/31/2002	4,795,062	9,086,167	11,482,927	12,950,155	13,916,385
12/31/2003	4,763,548	10,069,132	12,240,508	13,978,842	14,740,383
12/31/2004	4,977,909	9,577,307	11,919,159	13,497,364	14,506,538
12/31/2005	5,472,135	10,485,925	12,822,751	14,735,601	15,822,578
12/31/2006	5,986,636	11,578,532	14,701,028	17,102,077	17,207,099
12/31/2007	4,799,935	9,895,315	12,594,716	14,749,617	15,486,345
12/31/2008	4,903,715	8,500,944	10,422,514	11,774,645	12,460,924
12/31/2009	3,641,110	7,653,978	9,849,262	10,971,976	
12/31/2010	4,228,997	8,340,904	10,160,886		
12/31/2011	5,313,958	9,812,484			
12/31/2012	5,260,106				

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

Accident Year	\$30,000/60,000 Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	16,538,406	16,648,834	16,691,480	16,691,812	16,691,812
12/31/2002	14,027,266	14,181,039	14,211,509	14,215,906	14,217,133
12/31/2003	14,798,815	14,821,083	14,821,083	14,821,083	14,821,083
12/31/2004	14,928,557	15,097,137	15,105,490	15,105,999	
12/31/2005	16,019,739	16,070,389	16,073,195		
12/31/2006	17,285,230	17,352,124			
12/31/2007	15,855,077				

North Carolina  
 ISO Voluntary Data  
 Basic Limit Loss Development  
 Trucks, Tractors, and Trailers Paid Losses and Expenses  
 Property Damage

Accident	\$25,000 Basic Limit				
Year	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
<u>Ending</u>					
12/31/2001	15,378,006	16,197,661	16,318,588	16,353,562	16,413,053
12/31/2002	14,689,760	15,527,435	15,607,822	15,663,007	15,697,471
12/31/2003	13,583,821	14,452,456	14,622,457	14,684,506	14,695,686
12/31/2004	13,474,562	14,583,938	14,810,574	14,830,039	14,846,369
12/31/2005	14,877,345	15,837,834	15,982,550	16,163,628	16,177,536
12/31/2006	15,387,596	16,221,550	16,428,949	16,534,538	16,530,943
12/31/2007	14,979,990	15,774,164	15,802,461	15,855,047	15,857,271
12/31/2008	13,191,807	13,704,068	13,762,222	13,822,980	13,840,114
12/31/2009	10,983,246	11,575,153	11,703,124	11,712,293	
12/31/2010	11,284,876	11,942,239	12,034,357		
12/31/2011	13,019,644	13,705,504			
12/31/2012	12,762,055				

North Carolina  
ISO Voluntary Data  
Basic Limit Loss Development  
Trucks, Tractors, and Trailers Paid Losses and Expenses  
Property Damage

Accident	\$25,000 Basic Limit				
Year					
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	16,440,483	16,437,194	16,443,695	16,442,179	16,442,179
12/31/2002	15,751,907	15,752,410	15,751,030	15,751,030	15,751,030
12/31/2003	14,696,592	14,694,483	14,694,483	14,694,483	14,694,483
12/31/2004	14,846,369	14,846,469	14,846,469	14,846,469	
12/31/2005	16,174,661	16,177,709	16,177,709		
12/31/2006	16,532,976	16,532,976			
12/31/2007	15,857,271				





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

Accident			
Year	\$30,000/60,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	14,644	86,534	87,034
12/31/2002	41,418	41,418	41,418
12/31/2003	1,390	8,429	8,429
12/31/2004	4,716	25,281	34,781
12/31/2005	1,358	1,358	3,483
12/31/2006	10,000	10,000	10,000
12/31/2007	546	8,976	8,976
12/31/2008	0	1,985	6,896
12/31/2009	8,672	8,672	8,672
12/31/2010	6,375	6,990	6,990
12/31/2011	0	5,500	
12/31/2012	4,999		

Property Damage

Accident			
Year	\$25,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	32,475	32,475	32,475
12/31/2002	20,835	20,835	20,835
12/31/2003	19,100	19,100	19,100
12/31/2004	34,046	34,036	34,036
12/31/2005	31,382	32,207	32,207
12/31/2006	19,194	19,194	19,194
12/31/2007	13,220	13,266	13,266
12/31/2008	12,983	12,983	12,983
12/31/2009	10,730	10,730	10,730
12/31/2010	7,903	10,954	10,954
12/31/2011	20,470	20,348	
12/31/2012	7,740		

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

Accident						
Year \$30,000/60,000 Basic Limit						
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	
12/31/2001	640,944	1,088,809	1,376,778	1,671,096	2,085,002	
12/31/2002	506,052	1,126,104	1,561,009	1,691,150	1,717,331	
12/31/2003	720,381	1,155,479	1,316,164	1,595,042	1,749,919	
12/31/2004	588,180	1,075,801	1,327,810	1,603,306	1,716,114	
12/31/2005	578,508	1,156,322	1,614,789	1,694,142	1,722,302	
12/31/2006	689,364	1,266,029	1,621,808	1,806,403	1,928,560	
12/31/2007	451,788	1,151,237	1,435,192	1,538,133	1,711,203	
12/31/2008	665,087	1,174,877	1,410,490	1,669,564	1,714,796	
12/31/2009	512,913	925,970	1,170,924	1,357,000		
12/31/2010	754,329	1,239,792	1,476,448			
12/31/2011	766,640	1,129,337				
12/31/2012	678,583					

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

Accident					
Year	\$30,000/60,000 Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	2,124,660	2,124,660	2,124,660	2,124,660	2,124,660
12/31/2002	1,718,899	1,718,899	1,718,899	1,718,899	1,718,899
12/31/2003	1,759,524	1,759,524	1,759,524	1,759,524	1,759,524
12/31/2004	1,716,114	1,716,455	1,716,455	1,716,455	
12/31/2005	1,793,121	1,793,121	1,793,121		
12/31/2006	1,939,263	1,939,263			
12/31/2007	1,798,980				

North Carolina  
ISO Voluntary Data  
Basic Limit Loss Development  
Private Passenger Types Paid Losses and Expenses  
Property Damage

Accident					
Year	\$25,000 Basic Limit				
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	1,796,141	1,943,139	1,953,033	2,040,732	2,088,814
12/31/2002	1,583,139	1,676,519	1,687,272	1,695,955	1,697,864
12/31/2003	1,413,761	1,488,871	1,498,546	1,525,731	1,526,794
12/31/2004	1,351,103	1,374,148	1,376,474	1,378,474	1,378,474
12/31/2005	1,596,515	1,703,945	1,708,153	1,708,252	1,708,252
12/31/2006	1,654,025	1,827,534	1,828,981	1,833,984	1,833,984
12/31/2007	1,408,576	1,467,807	1,465,598	1,465,598	1,465,598
12/31/2008	1,639,717	1,691,809	1,670,128	1,670,128	1,670,128
12/31/2009	1,579,513	1,621,874	1,638,630	1,638,630	
12/31/2010	1,501,750	1,540,888	1,547,700		
12/31/2011	1,536,071	1,591,600			
12/31/2012	1,527,460				

North Carolina  
ISO Voluntary Data  
Basic Limit Loss Development  
Private Passenger Types Paid Losses and Expenses  
Property Damage

Accident	\$25,000 Basic Limit				
Year	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	2,069,693	2,069,694	2,069,694	2,069,694	2,069,694
12/31/2002	1,697,864	1,697,864	1,697,864	1,697,864	1,697,864
12/31/2003	1,526,794	1,526,794	1,526,794	1,526,794	1,526,794
12/31/2004	1,378,257	1,378,257	1,378,257	1,378,257	
12/31/2005	1,710,172	1,710,172	1,710,172		
12/31/2006	1,833,984	1,833,984			
12/31/2007	1,465,598				













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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	207	220	220
12/31/2002	231	225	242
12/31/2003	269	289	265
12/31/2004	384	322	323
12/31/2005	282	270	268
12/31/2006	257	248	247
12/31/2007	201	198	194
12/31/2008	136	121	120
12/31/2009	108	101	102
12/31/2010	139	134	132
12/31/2011	85	89	
12/31/2012	53		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	701	705	705
12/31/2002	603	608	611
12/31/2003	656	678	672
12/31/2004	806	778	775
12/31/2005	746	757	759
12/31/2006	668	678	679
12/31/2007	593	592	595
12/31/2008	470	478	478
12/31/2009	320	323	326
12/31/2010	362	369	370
12/31/2011	258	263	
12/31/2012	133		

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	2,057	2,019	2,027	2,019	2,009
12/31/2002	1,845	1,812	1,805	1,825	1,819
12/31/2003	1,856	1,884	1,885	1,881	1,881
12/31/2004	1,849	1,797	1,789	1,796	1,795
12/31/2005	1,889	1,857	1,859	1,850	1,844
12/31/2006	1,871	1,842	1,841	1,851	1,855
12/31/2007	1,692	1,648	1,677	1,663	1,670
12/31/2008	1,362	1,319	1,346	1,334	1,336
12/31/2009	1,178	1,204	1,201	1,206	
12/31/2010	1,342	1,321	1,326		
12/31/2011	1,368	1,332			
12/31/2012	1,551				

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

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	2,012	2,015	2,006	2,008	2,008
12/31/2002	1,823	1,823	1,823	1,823	1,823
12/31/2003	1,885	1,885	1,885	1,885	1,885
12/31/2004	1,794	1,804	1,804	1,803	
12/31/2005	1,853	1,854	1,854		
12/31/2006	1,856	1,857			
12/31/2007	1,674				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
Trucks, Tractors, and Trailers Incurred Claims  
Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	6,215	6,322	6,318	6,316	6,322
12/31/2002	5,661	5,727	5,724	5,734	5,736
12/31/2003	5,099	5,180	5,184	5,184	5,187
12/31/2004	5,089	5,137	5,146	5,148	5,154
12/31/2005	5,208	5,271	5,274	5,282	5,282
12/31/2006	5,373	5,400	5,405	5,404	5,397
12/31/2007	5,130	5,163	5,170	5,171	5,170
12/31/2008	4,543	4,565	4,579	4,582	4,579
12/31/2009	3,807	3,832	3,853	3,852	
12/31/2010	4,018	4,050	4,050		
12/31/2011	4,076	4,083			
12/31/2012	4,105				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
Trucks, Tractors, and Trailers Incurred Claims  
Property Damage

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	6,320	6,321	6,321	6,320	6,320
12/31/2002	5,734	5,736	5,736	5,736	5,736
12/31/2003	5,187	5,186	5,186	5,186	5,186
12/31/2004	5,154	5,154	5,154	5,154	
12/31/2005	5,281	5,282	5,282		
12/31/2006	5,397	5,398			
12/31/2007	5,169				

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

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	6	7	7
12/31/2002	6	6	10
12/31/2003	2	3	2
12/31/2004	19	8	7
12/31/2005	5	3	2
12/31/2006	1	1	1
12/31/2007	3	2	2
12/31/2008	2	2	2
12/31/2009	4	4	4
12/31/2010	5	3	3
12/31/2011	2	1	
12/31/2012	1		

Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	21	18	18
12/31/2002	14	14	14
12/31/2003	7	7	6
12/31/2004	23	15	15
12/31/2005	14	14	14
12/31/2006	4	4	4
12/31/2007	7	7	7
12/31/2008	7	7	7
12/31/2009	4	4	4
12/31/2010	4	5	5
12/31/2011	6	5	
12/31/2012	4		

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
Private Passenger Types Incurred Claims  
Bodily Injury

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	280	261	266	268	267
12/31/2002	230	225	221	222	222
12/31/2003	245	243	238	239	240
12/31/2004	210	222	222	219	218
12/31/2005	204	198	199	199	199
12/31/2006	239	231	236	237	237
12/31/2007	198	195	197	197	195
12/31/2008	219	211	215	215	217
12/31/2009	196	193	192	192	
12/31/2010	216	209	200		
12/31/2011	204	203			
12/31/2012	199				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
Private Passenger Types Incurred Claims  
Bodily Injury

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	268	269	269	269	269
12/31/2002	222	222	222	222	222
12/31/2003	240	240	240	240	240
12/31/2004	218	219	219	219	
12/31/2005	198	198	198		
12/31/2006	237	237			
12/31/2007	194				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
Private Passenger Types Incurred Claims  
Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	799	814	813	814	812
12/31/2002	683	689	688	694	693
12/31/2003	604	617	617	617	618
12/31/2004	548	545	547	547	547
12/31/2005	604	614	614	614	614
12/31/2006	637	638	638	638	638
12/31/2007	577	568	569	569	569
12/31/2008	628	630	630	630	630
12/31/2009	562	566	568	568	
12/31/2010	568	569	568		
12/31/2011	569	570			
12/31/2012	535				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
Private Passenger Types Incurred Claims  
Property Damage

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	813	813	813	813	813
12/31/2002	693	693	693	693	693
12/31/2003	618	618	618	618	618
12/31/2004	547	547	547	547	
12/31/2005	615	615	615		
12/31/2006	638	638			
12/31/2007	569				





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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	125	191	200
12/31/2002	127	191	208
12/31/2003	151	231	249
12/31/2004	179	256	290
12/31/2005	172	226	245
12/31/2006	144	212	225
12/31/2007	129	173	191
12/31/2008	68	102	110
12/31/2009	64	87	96
12/31/2010	78	114	125
12/31/2011	53	78	
12/31/2012	34		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	680	704	704
12/31/2002	585	606	610
12/31/2003	641	669	671
12/31/2004	747	771	775
12/31/2005	732	757	759
12/31/2006	652	675	679
12/31/2007	572	591	594
12/31/2008	459	477	478
12/31/2009	311	322	325
12/31/2010	359	370	370
12/31/2011	250	261	
12/31/2012	131		

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

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	1,275	1,731	1,860	1,945	1,987
12/31/2002	1,175	1,602	1,727	1,788	1,816
12/31/2003	1,186	1,658	1,772	1,854	1,880
12/31/2004	1,137	1,581	1,690	1,757	1,784
12/31/2005	1,158	1,630	1,753	1,820	1,843
12/31/2006	1,142	1,604	1,746	1,821	1,850
12/31/2007	1,030	1,444	1,574	1,646	1,664
12/31/2008	856	1,166	1,260	1,310	1,333
12/31/2009	718	1,046	1,145	1,183	
12/31/2010	820	1,159	1,255		
12/31/2011	836	1,205			
12/31/2012	948				

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

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	2,000	2,004	2,008	2,008	2,008
12/31/2002	1,816	1,820	1,820	1,821	1,821
12/31/2003	1,884	1,885	1,885	1,885	1,885
12/31/2004	1,794	1,803	1,803	1,803	
12/31/2005	1,851	1,852	1,852		
12/31/2006	1,851	1,854			
12/31/2007	1,673				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
Trucks, Tractors, and Trailers Paid Claims  
Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	6,077	6,284	6,305	6,314	6,322
12/31/2002	5,526	5,710	5,719	5,730	5,734
12/31/2003	4,968	5,149	5,177	5,184	5,187
12/31/2004	4,909	5,106	5,142	5,147	5,153
12/31/2005	5,059	5,255	5,269	5,281	5,282
12/31/2006	5,236	5,385	5,395	5,400	5,397
12/31/2007	4,989	5,154	5,166	5,167	5,168
12/31/2008	4,438	4,556	4,569	4,575	4,577
12/31/2009	3,710	3,827	3,847	3,849	
12/31/2010	3,929	4,038	4,046		
12/31/2011	3,978	4,081			
12/31/2012	3,994				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
Trucks, Tractors, and Trailers Paid Claims  
Property Damage

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	6,320	6,321	6,321	6,320	6,320
12/31/2002	5,736	5,736	5,736	5,736	5,736
12/31/2003	5,187	5,186	5,186	5,186	5,186
12/31/2004	5,154	5,154	5,154	5,154	
12/31/2005	5,281	5,282	5,282		
12/31/2006	5,397	5,397			
12/31/2007	5,168				

North Carolina  
ISO Facility Data  
Total Limits Claim Developmet  
Private Passenger Types paid Claims  
Bodily Injury

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	3	6	6
12/31/2002	6	6	6
12/31/2003	1	2	2
12/31/2004	3	5	7
12/31/2005	1	1	2
12/31/2006	1	1	1
12/31/2007	1	2	2
12/31/2008	0	0	1
12/31/2009	4	4	4
12/31/2010	3	3	3
12/31/2011	0	1	
12/31/2012	1		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2001	18	18	18
12/31/2002	14	14	14
12/31/2003	6	6	6
12/31/2004	15	15	15
12/31/2005	13	14	14
12/31/2006	4	4	4
12/31/2007	7	7	7
12/31/2008	7	7	7
12/31/2009	4	4	4
12/31/2010	4	5	5
12/31/2011	6	5	
12/31/2012	4		

North Carolina  
ISO Voluntary Data  
Total Limits Claim Developmet  
Private Passenger Types paid Claims  
Bodily Injury

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	183	235	253	262	269
12/31/2002	142	200	216	220	222
12/31/2003	165	211	227	236	240
12/31/2004	124	192	207	217	218
12/31/2005	111	169	188	194	195
12/31/2006	161	212	228	232	237
12/31/2007	110	169	181	185	190
12/31/2008	129	192	200	214	217
12/31/2009	130	174	183	190	
12/31/2010	150	180	191		
12/31/2011	148	182			
12/31/2012	137				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Developmet  
Private Passenger Types paid Claims  
Bodily Injury

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	269	269	269	269	269
12/31/2002	222	222	222	222	222
12/31/2003	240	240	240	240	240
12/31/2004	218	219	219	219	
12/31/2005	198	198	198		
12/31/2006	237	237			
12/31/2007	194				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Developmet  
Private Passenger Types paid Claims  
Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2001	783	814	813	813	813
12/31/2002	668	687	689	693	693
12/31/2003	594	614	616	618	618
12/31/2004	542	544	547	547	547
12/31/2005	592	613	614	614	614
12/31/2006	616	638	638	638	638
12/31/2007	556	569	569	569	569
12/31/2008	618	630	630	630	630
12/31/2009	550	567	568	568	
12/31/2010	558	567	568		
12/31/2011	562	571			
12/31/2012	530				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Developmet  
Private Passenger Types paid Claims  
Property Damage

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2001	813	813	813	813	813
12/31/2002	693	693	693	693	693
12/31/2003	618	618	618	618	618
12/31/2004	547	547	547	547	
12/31/2005	615	615	615		
12/31/2006	638	638			
12/31/2007	569				





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 - 8 of Section D of Exhibit RF-1.

Application

The claim cost trend is applied on Sheet 2 of Exhibits 1 - 3 of Section B of Exhibit RF-1.

The expense trend is applied on Sheet 2 of Exhibits 1 - 3 of Section B of Exhibit RF-1.

See also the pre-filed testimony of Marc Levine.

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

See also the pre-filed testimony of Marc Levine.

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), and Exhibit 4 (Sheet 5 and 6) 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 Marc Levine and Mike Stack.

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

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

a) The statistical plans utilized are:

ISO Commercial Statistical Plan - Commercial Automobile Module

ISO Commercial Minimum Statistical Plan - Commercial Automobile Module

ISO Annual Call for Commercial Automobile Statistics

PCI Automobile Statistical Plan

PCI Quarterly Automobile Liability Call

PCI Voluntary Automobile Excess Loss Call

Annual Statement for 2013

Insurance Expense Exhibits for 2013

Rate Bureau Call for 2013 Automobile and Motorcycle Expense Experience

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

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.

# **NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTO MANUAL**

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.

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NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

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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. Experience Rating Plan
- 8. Supplementary Rating Procedures
- 9. Territories
- 10. 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 the following classes of risks:

- a. Risks subject to the experience rating plan
- b. 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:

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

**GENERAL RULES**

Bodily injury liability  
Property damage liability  
Medical payments

(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 amount applicable on the effective date of the change even if the policy inception premium was less than the policy minimum premium.
- 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 motor vehicle of the private passenger or station wagon type; or
  - 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 or which are eligible to be experience rated for liability coverages.

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 or which are eligible to be experience rated for liability coverages.
- 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

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

**COMMON COVERAGES**

**B. Premium Computation**

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

**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.

**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
<b>Bodily Injury</b>	\$30/60	\$16
<b>Property Damage</b>	25	9
<b>Medical Payments</b>	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:

(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

(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.

the insured is providing the primary insurance.

(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

**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. This coverage is not subject to an experience rating modification.
- F. 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 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.

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 underin-

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sured motorists coverage. Use Endorsement CA 21 71.

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.

(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

PD Limits	Additional Charge	
	PP Types	Other than PP Types
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

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

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.

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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 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

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

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

**B. Deductible Amounts**

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

**C. Rates**

1. Bodily Injury

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

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

2. Property Damage

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

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

3. Only those deductibles shown are available.

**Rule 24. POLLUTION LIABILITY**

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

**A. Pollution Liability—Broadened Coverage for Covered Autos**

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

Attach applicable endorsement.

**B. Classes of Pollutants**

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

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

**C. Premium Development**

**Business Auto and Truckers Policies**

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

2. Hired Autos

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

**Rules 25–30. RESERVED FOR FUTURE USE**

## NOTES

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TRUCKS, TRACTORS, AND TRAILERS SECTION**

## NOTES

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**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. Determine the rating territory from the territory definitions based on the street address of principal garaging.
- 2. Liability Coverages
  - a. Determine the fleet or nonfleet base premiums from the liability base premium schedule on the rate schedules.
  - b. Multiply the base premium by the combined rating factor.
- 3. Medical Payments Coverages
  - a. Trucks and tractors
    - (1) Primary and secondary rating factors do not apply.
    - (2) Determine the premiums from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
  - b. Trailers
    - (1) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
    - (2) Multiply the base premium by the primary rating factor.
    - (3) Secondary rating factors do not apply.
- 4. Uninsured and Underinsured Motorists Insurance
  - a. ★Primary, secondary, and fleet rating factors do not apply. ❖
  - b. Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

**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.

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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.

### 4. Radius Class

Determine radius on a straight line from the street address of principal garaging.

- a. Local—up to 50 miles—The auto is not regularly operated beyond a radius of 50 miles from the street address where such auto is principally garaged.
- b. Intermediate—51 to 200 miles—The auto is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such auto is principally garaged.
- c. Long Distance—over 200 miles—The auto is operated regularly beyond a 200-mile radius from the street address where such auto is principally garaged. Apply zone rates for other than light trucks.

### 5. Nonfleet and Fleet Primary Classifications—Rating Factors and Statistical Codes

See the primary classifications—rating factors on the following pages.

### C. Primary Classifications—Rating Factors and Classification Designators

See the secondary classification rating factor tables for the rating factors and statistical codes.

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**FLEET**

**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	014-- 1.00	015-- 1.25	016-- 1.30
	Retail	Factor CD	024-- 1.45	025-- 1.80	026-- 1.80
	Commercial	Factor CD	034-- 1.30	035-- 1.60	036-- 1.65
<b>ZONE RATED</b>					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	214-- 1.05	215-- 1.30	216-- .90
	Retail	Factor CD	224-- 1.55	225-- 1.90	226-- .90
	Commercial	Factor CD	234-- 1.40	235-- 1.70	236-- .90
Heavy Trucks (20,001–45,000 lbs. GVW)	Service	Factor CD	314-- 1.10	315-- 1.40	316-- 1.00
	Retail	Factor CD	324-- 1.60	325-- 2.05	326-- 1.00
	Commercial	Factor CD	334-- 1.45	335-- 1.80	336-- 1.00
Extra Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	404-- 2.15	405-- 2.80	406-- 1.40
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	344-- 1.40	345-- 1.75	346-- 1.00
	Retail	Factor CD	354-- 2.00	355-- 2.55	356-- 1.00
	Commercial	Factor CD	364-- 1.80	365-- 2.25	366-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	504-- 2.35	505-- 3.05	506-- 1.40
<b>Trailer Types</b>					
Semitrailers		Factor CD	674-- .10	675-- .15	676-- .15
Trailers		Factor CD	684-- .10	685-- .15	686-- .15
Service or Utility Trailer (0–2,000 lbs. Load Capacity)		Factor CD	694-- .00	695-- .00	696-- .00

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**NONFLEET**

**PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS**

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs. GVW)	Service	Factor CD	011-- 1.00	012-- 1.25	013-- 1.30
	Retail	Factor CD	021-- 1.45	022-- 1.80	023-- 1.80
	Commercial	Factor CD	031-- 1.30	032-- 1.60	033-- 1.65
<b>ZONE RATED</b>					
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
<b>Trailer Types</b>					
Semitrailers		Factor CD	671-- .10	672-- .15	673-- .15
Trailers		Factor CD	681-- .10	682-- .15	683-- .15
Service or Utility Trailer (0–2,000 lbs. Load Capacity)		Factor CD	691-- .00	692-- .00	693-- .00

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**D. Secondary Classification—Special Industry Class**

1. These classifications and codes, but not the rating factors, apply to zone rated autos.
2. Where more than one secondary rating factor applies, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.

Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code	
	Trailer Types and Zone Rated Autos	All Other Autos		
<b>Truckers</b> —Autos used to haul or transport goods, materials, or commodities for another, other than autos used in moving operations				
a. Common carriers	local	0.00	+0.75	21
	intermediate	0.00	+0.75	21
	long distance	0.00	+0.75	21
b. Contract carriers (other than chemical or iron and steel haulers)	local	0.00	+0.75	22
	intermediate	0.00	+0.75	22
	long distance	0.00	+0.75	22
c. Contract carriers hauling chemicals	local	0.00	+0.75	23
	intermediate	0.00	+0.75	23
	long distance	0.00	+0.75	23
d. Contract carriers hauling iron and steel	local	0.00	+0.75	24
	intermediate	0.00	+0.75	24
	long distance	0.00	+0.75	24
e. Exempt carriers (other than livestock haulers)	local	0.00	+0.75	25
	intermediate	0.00	+0.75	25
	long distance	0.00	+0.75	25
f. Exempt carriers hauling livestock	local	0.00	+0.75	26
	intermediate	0.00	+0.75	26
	long distance	0.00	+0.75	26
g. Carriers engaged in both private carriage and transporting goods, materials, or commodities for others if at least 20% of their total operation is transporting goods, materials, or commodities for others	local	0.00	+0.75	02
	intermediate	0.00	+0.75	02
	long distance	0.00	+0.75	02
h. Tow trucks for hire	local	0.00	+0.75	03
	intermediate	0.00	+0.75	03
	long distance	0.00	+0.75	03
i. All other	local	0.00	+0.75	29
	intermediate	0.00	+0.75	29
	long distance	0.00	+0.75	29

**Food delivery**—Autos used by food manufacturers to transport raw and finished products or used in wholesale distribution of food

a. Canneries and packing plants	0.00	+0.45	31
b. Fish and sea food	0.00	+0.45	32
c. Frozen food	0.00	+0.45	33
d. Fruit and vegetable	0.00	+0.45	34
e. Meat or poultry	0.00	+0.45	35
f. All other	0.00	+0.45	39

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Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code
	Trailer Types and Zone Rated Autos	All Other Autos	
<b>Specialized delivery</b> —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
<b>Trailer Types and Zone Rated Autos      All Other Autos</b>			
<b>Waste disposal</b> —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
<b>Trailer Types and Zone Rated Autos      All Other Autos</b>			
<b>Farmers</b> —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
<b>Trailer Types and Zone Rated Autos      All Other Autos</b>			
<b>Dump and transit mix trucks and trailers</b> (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

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Classification	Secondary Factor to Be Combined with Primary Factor	Code to Be Inserted in 4th and 5th Digit of Classification Code
	All Autos	
<b>Contractors</b> (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	-0.05	81
b. Building—private dwellings	-0.05	82
c. Electrical, plumbing, masonry, plastering, and other repair or service	-0.05	83
d. Excavating	-0.05	84
e. Street and road	-0.05	85
f. All other	-0.05	89
<b>Not otherwise specified</b>		
a. Logging and lumbering	0.35	91
b. All other	0.00	99

## TRUCKS, TRACTORS, AND TRAILERS

### E. Special Provisions for Certain Risks

1. Truckers/Motor Carriers. If the business of the insured involves transporting materials or commodities for another, the Truckers/Motor Carrier Rule (Rule 34) also applies.
2. Transporters of liquid products. A coverage form that covers an auto used for the bulk transportation of liquid products must exclude accidents resulting from the erroneous delivery of one liquid product for another, or the delivery of any liquid product into the wrong receptacle if the accident occurs after the operations have been completed. Use Wrong Delivery Of Liquid Products Endorsement CA 23 05.
3. Amusement devices (Class Code 7905). A coverage form that covers an auto with an amusement device mounted on it must cover the operation of the amusement device at the additional premium of \$154 for \$30,000/60,000 bodily injury and \$30 for \$25,000 property damage liability. The premium is for the period of coverage and not subject to any return.
4. Rolling stores. A coverage form that covers autos equipped as a rolling store must exclude product liability. Use Rolling Stores Endorsement CA 23 04.
5. Trailers or Semitrailers Used as Showrooms
  - a. To provide liability coverage for trailers or semitrailers used as showrooms or salesrooms, multiply the trailer or semitrailer rating factor by 2.00. The minimum premium per trailer or semitrailer is \$22 for bodily injury, \$30,000/60,000 limits and \$3 property damage, \$25,000 limit. The policy must exclude product liability. Use Rolling Stores Endorsement CA 23 04.
  - b. For medical payments coverage, multiply the private passenger medical payments premiums for the territory in which the risk is located by 3.00.

### **Rule 34. TRUCKERS/MOTOR CARRIERS**

#### A. Eligibility

1. A trucker is a person or organization in the business of transporting goods, materials, or commodities for another. A motor carrier is a person or organization providing transportation by auto in the furtherance of a commercial enterprise.
2. A risk engaged in trucking operations described in preceding paragraph 1 is assigned to the truckers' classification even though they advertise or describe themselves as a contractor, building contractor, building material dealer, sand and gravel hauler, or some other similar name.
3. Movers are classified as truckers even though they are not subject to the truckers secondary rating factors.
4. For details of coverage refer to the Motor Carrier Coverage Form CA 00 20. Use the Business Auto Coverage Form CA 00 01 when coverage is provided for bobtail operations only.

### B. Special Provisions

1. Bobtail Operations (Class Code 7489)
  - a. Coverage may be limited to nontrucking use when the autos are not rented, nor used for business purposes to carry property or to haul someone else's trailers.  
  
Use Truckers—Insurance For Non-Trucking Use Endorsement CA 23 09.
  - b. Premium Computation  
  
Liability coverages. Multiply the truck, tractor, and trailer nonfleet base premium by a rating factor of 1.75 per unit or combined unit. Primary, secondary, and fleet rating factors do not apply.
  - c. Premium Determination  
  
Rate autos transporting exclusively for one concern on the same basis as though owned by such concern for both territory and classification.
    - (1) Specified Car Basis. Truckers may be written on a specified car basis—see the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
    - (2) Cost of Hire Basis. (Class Code 6613, Minimum Premium Class Code 6619) Truckers may be written on the cost of hire basis to cover their liability because of a contract involving the hire of trucks, tractors, and trailers.
      - (a) Determine the total cost of hiring the autos. If autos are hired without operators, include the actual wages of the operators of such autos.
      - (b) Determine the average specified car rate by
        - (i) computing the premium for all autos owned and leased by the insured that are used in trucking operations;
        - (ii) dividing this by the number of trucks and truck-tractors owned and leased by the insured.
    - (3) The cost of hire rate is determined by multiplying the average specified car rate by .0033.
    - (4) Compute the advance premium by multiplying each \$100 of the total amount estimated for the cost of hire during the policy period by the cost of hire rate.
    - (5) Unless there is a substantial change in exposure during the policy period, the advance premium computed at the beginning of the policy term is the earned premium.
    - (6) Compute the earned premium at the rates in force at the inception of the policy, in the same manner as the advance premium.

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- (7) If the company which insures the owned autos of the risk also insures the hired autos, the minimum premium is \$11 for \$30,000/60,000 bodily injury and \$6 for \$25,000 property damage liability. Otherwise, the minimum premium is the average applicable specified car rate.

**Rule 35. PREMIUM DEVELOPMENT—ZONE RATED AUTOS**

- A. Except for light trucks and trailers used with light trucks, this Rule applies to trucks, tractors, and trailers regularly operated beyond a 200-mile radius from the street address of principal garaging.
- B. Determine the zone or zone combination and code for each auto as follows:
1. 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.
  2. 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.
  3. 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:**

- a. 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.
- b. 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.
- c. 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.

**C. Premium Development**

1. Determine the classification rating factor and class code as follows:
  - a. Determine whether the auto is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
  - b. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
  - c. Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

2. Liability Coverages
  - a. Determine the liability fleet or nonfleet base premiums for the zone combination from the zone rating table.
  - b. For fleets, multiply the base premiums by .70.
  - c. 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).

**3. Medical Payments**

- a. Trucks and Tractors
  - (1) Determine the \$500 medical payments premium of the zone combination from the zone rating table.
  - (2) Primary and secondary rating factors do not apply.
  - (3) For limits not shown, refer to the commercial auto liability rate schedules.
- b. Trailers
  - (1) Determine the \$500 medical payments premium of the zone combination from the zone rating table.
  - (2) Multiply the medical payments premium by the primary rating factor.
  - (3) For limits not shown, refer to the Commercial Auto Liability Rate schedules.

c. Secondary rating factors do not apply.

**4. Uninsured and Underinsured Motorists Insurance**

- a. Primary and secondary rating factors do not apply.
- b. For rates, refer to the Uninsured and Underinsured Motorists Rule (Rule 20) in the Common Coverages Section of this Manual.

**D. 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), Wauke-

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- gan—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.
  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).

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- 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.

**E. Zone Rating Tables Are Located in the Rates Section**

For liability the following tables include the zone or combination zone base premiums for fleet or nonfleet autos.

KEY TO ZONE RATING TABLES	
The liability premiums are displayed as follows:	
	<b>Liability Fleet and Nonfleet</b>
\$30,000/60,000 Bodily Injury	\$400 BI
\$25,000 Property Damage	300 PD
\$500 Medical Payments	70 MP
Zone Combination Code	12345

**Commercial Statistical Plan (CSP) coding instructions for zone combinations:**

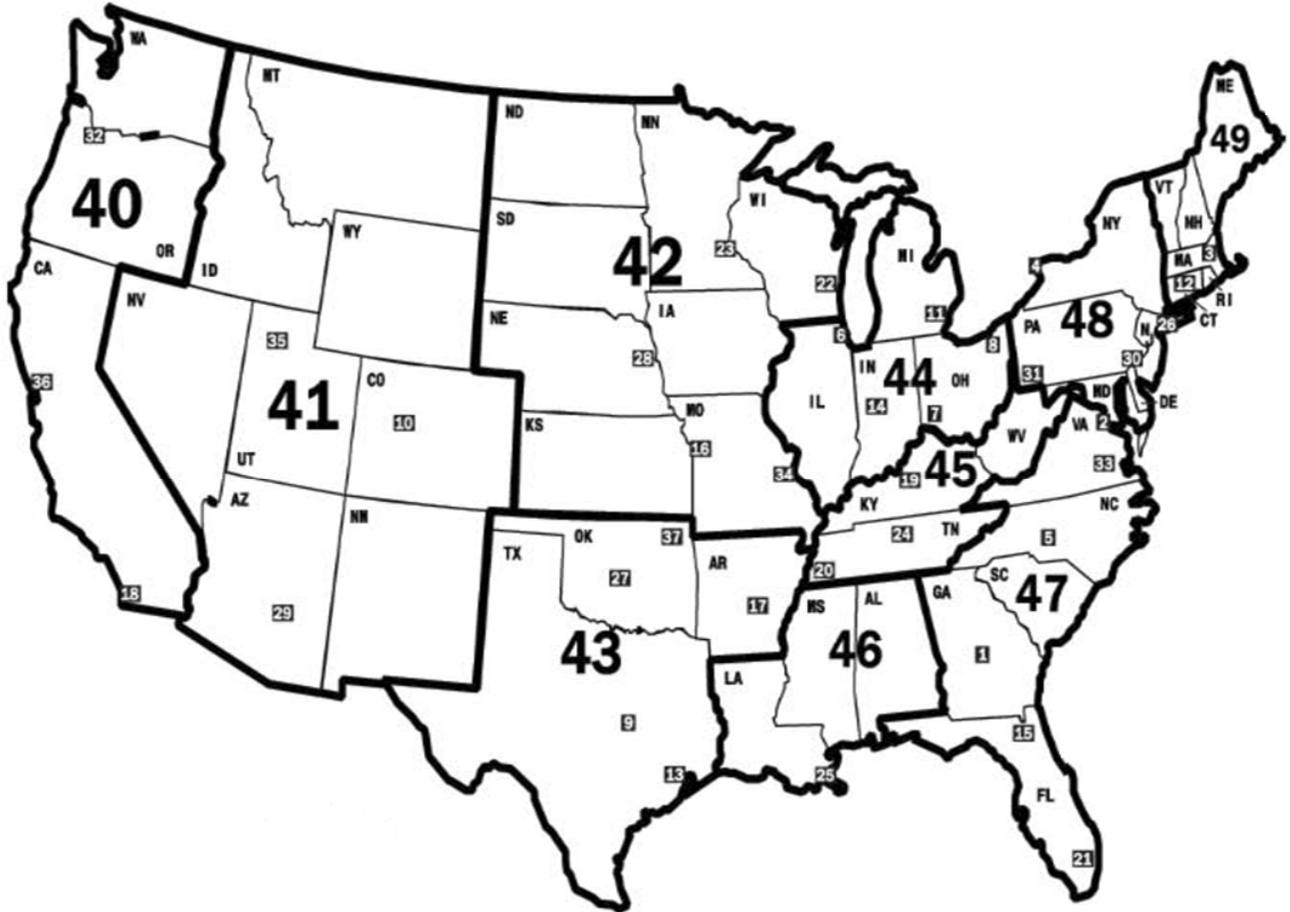
- A. Intermediate Plan—Code as instructed on zone rating table schedules.
- B. Full Plan—Do not insert the state code as the first two digits. Use only the three digits shown in the tables as the zone combination code.

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**Long distance zone map**

This map is for reference purposes only.



Rules 36–40. RESERVED FOR FUTURE USE

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## NOTES

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**PUBLIC TRANSPORTATION SECTION**

**Rule 41. ELIGIBILITY**

This Section applies to autos registered or used for the transportation of members of the public.

When the coverage form insures public autos, use Public Transportation Autos Endorsement CA 24 02 to amend the care, custody, or control exclusion.

**Rule 42. PREMIUM DEVELOPMENT—OTHER THAN ZONE RATED AUTOS**

- A. This Rule applies to
1. all taxis, limousines, school, church, and urban buses, and van pools;
  2. all other public autos which regularly operate within a 200-mile radius from the street address of principal garaging. For those autos regularly operated beyond a 200-mile radius, refer to the Premium Development—Zone Rated Autos Rule (Rule 44).
- B. Determine the classification rating factor and class code as follows:
1. Determine whether the risk is classified as fleet or nonfleet according to the Public Auto Classifications Rule (Rule 43).
  2. Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43) based on use class and radius class. For van pools, the rating factor is based on seating capacity.
  3. ★Except for taxicabs, van pools, and limousines (other than airport limousines), determine the secondary rating factor, if any, from the Public Auto Classifications Rule (Rule 43) based on the seating capacity.❖
  4. Determine the combined rating factor by adding the secondary rating factor to, or subtracting it from, the primary rating factor.
- C. **Premium Computation**
1. 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.
  2. Liability and Medical Payments Coverages
    - a. Determine the fleet or nonfleet base premiums on the state rate schedules.
    - b. Multiply the base premium by the combined rating factor.
  3. Uninsured and Underinsured Motorists Coverage
    - a. Primary and secondary rating factors do not apply.
    - b. Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.
  4. Special Provisions
    - a. 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

- b. 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

- c. 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 4.a 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.

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- 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 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

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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.

	<b>Secondary Factor to Be Combined with Primary Factor</b>		<b>Code to Be Inserted in 4th Digit of Classification Code</b>
	<b>School Buses and Church Buses</b>	<b>Other Buses</b>	
Seating Capacity of 1 to 8	.00	-.20	1
Seating Capacity of 9 to 20	+.10	-.15	2
Seating Capacity of 21 to 60	+.25	+.15	3
Seating Capacity of over 60	+.50	+.40	4
All Other—not Secondary Rated			9

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**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	<b>Factor</b> Code	<b>1.00</b> 4189	<b>1.15</b> 4199	<b>1.25</b> 4109
Limousine	<b>Factor</b> Code	<b>.40</b> 4289	<b>.45</b> 4299	<b>.50</b> 4209

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

Other Buses			
Urban Bus	<b>Factor</b> Code	<b>.80</b> 518—	<b>.90</b> 519—

**ZONE RATED**

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

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		Liability	Liability	Liability	Liability
Employer Furnished	<b>Factor</b> Code	<b>1.00</b> 4111	<b>1.05</b> 4112	<b>1.10</b> 4113	<b>1.50</b> 4114
All Other	<b>Factor</b> Code	<b>1.10</b> 4121	<b>1.15</b> 4122	<b>1.35</b> 4123	<b>1.75</b> 4124

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**NONFLEET PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS**

Taxicabs and Limousines		Radius		
		Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
		Liability	Liability	Liability
Taxicab or Similar Passenger Carrying Service	<b>Factor</b> Code	<b>1.00</b> 4159	<b>1.15</b> 4169	<b>1.25</b> 4179
Limousine	<b>Factor</b> Code	<b>.40</b> 4259	<b>.45</b> 4269	<b>.50</b> 4279

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	<b>Factor</b> Code	<b>1.20</b> 615—	<b>1.40</b> 616—	<b>1.50</b> 617—
Other School Bus	<b>Factor</b> Code	<b>1.50</b> 625—	<b>1.75</b> 626—	<b>1.90</b> 627—
Church Bus	<b>Factor</b> Code	<b>1.00</b> 635—	<b>1.15</b> 636—	<b>1.25</b> 637—

Other Buses			
Urban Bus	<b>Factor</b> Code	<b>.80</b> 515—	<b>.90</b> 516—

**ZONE RATED**

Airport Bus or Airport Limousine	<b>Factor</b> Code	<b>.70</b> 525—	<b>.80</b> 526—	<b>1.10</b> 5279
Intercity Bus	<b>Factor</b> Code	<b>1.05</b> 535—	<b>1.20</b> 536—	<b>1.85</b> 5379
Charter Bus	<b>Factor</b> Code	<b>1.00</b> 545—	<b>1.15</b> 546—	<b>1.85</b> 5479
Sightseeing Bus	<b>Factor</b> Code	<b>.75</b> 555—	<b>.85</b> 556—	<b>1.65</b> 5579
Trans. of Athletes and Entertainers	<b>Factor</b> Code	<b>.45</b> 565—	<b>.50</b> 566—	<b>1.00</b> 5679
Social Service Auto Employee-Operated	<b>Factor</b> Code	<b>.55</b> 645—	<b>.65</b> 646—	<b>.95</b> 6479
Social Service Auto All Other	<b>Factor</b> Code	<b>.50</b> 655—	<b>.60</b> 656—	<b>.95</b> 6579
Bus NOC	<b>Factor</b> Code	<b>.55</b> 585—	<b>.65</b> 586—	<b>.95</b> 5879

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		Liability	Liability	Liability	Liability
Employer Furnished	<b>Factor</b> Code	<b>1.00</b> 4111	<b>1.05</b> 4112	<b>1.10</b> 4113	<b>1.50</b> 4114
All Other	<b>Factor</b> Code	<b>1.10</b> 4121	<b>1.15</b> 4122	<b>1.35</b> 4123	<b>1.75</b> 4124

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**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. Determine the zone or zone combination and code for each auto as follows:
  - 1. Use the long distance zone definitions in the Trucks, Tractors, and Trailers Section.
  - 2. 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.
  - 3. 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:**

- a. 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.
- b. 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.
- c. 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.

**C. Premium Development**

- 1. Determine the classification rating factor and class code as follows:
  - a. Determine whether the auto is classified as fleet or nonfleet according to the Public Auto Classifications Rule (Rule 43).
  - b. Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43).
  - c. Secondary rating factors do not apply.

- 2. Liability and Medical Payments Coverages
  - a. Determine the fleet or nonfleet base premiums for the zone combination from the trucks, tractors, and trailers zone rating table in the Rates Section.
  - b. Multiply the base premium by the primary rating factor.
- 3. Uninsured and Underinsured Motorists Insurance
  - a. Primary and secondary rating factors do not apply.
  - b. 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 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.

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**GARAGE DEALERS SECTION**

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**GARAGE DEALERS SECTION**

**Rule 51. 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
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

Classification	Full Covered Autos Liability Limit for Customers Coverage	Without Full Covered Autos Liability Limit for Customers Coverage
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 52. 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 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

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- (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:

<b>Factor</b>	
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:

Mileage	Liability Rate per Driver, per Trip	
	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 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.❖

**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).

**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.

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**SPECIAL TYPES AND OPERATIONS SECTION**

## NOTES

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**Rule 56. ELIGIBILITY**

This Section applies to all autos that are not classified and rated in the other Sections.

**Rule 57. PREMIUM DEVELOPMENT**

**Rating Territory**

Determine the rating territory from the territory definitions based on the street address of principal garaging unless otherwise provided in this Section.

**Liability**

See specific rating instructions for each classification in this Section.

**Medical Payments**

Refer to specific rules in this Section. If no premium or procedures to determine medical payments are shown, determine premiums as follows:

If liability premiums are developed from truck, tractor, and trailer premiums, charge truck, tractor, and trailer medical payments premiums.

If liability premiums are developed from private passenger types premiums, charge private passenger medical payments premiums.

**Uninsured and Underinsured Motorists Insurance**

Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in this Manual.

**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 nonfleet 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)**

**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.

**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)**

**Application**

An auto body or trailer manufacturer may be insured for the testing or delivery of autos it manufactures, assembles, rebuilds, or repairs.

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### Premium Computation

- A. Compute the premium for owned autos, hired autos, and employers nonownership liability in the usual manner.
- B. 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**

#### **Driver Training Programs—Educational Institutions (Class Code 7926)**

Eligibility: This Rule applies to private passenger autos used for driver training as part of a school curriculum.

#### **Premium Computation**

##### Liability Coverages

For autos equipped with dual controls, multiply the private passenger types rates by .75. There must be dual brakes to qualify as dual control.

For autos not equipped with dual controls, multiply the private passenger types rates by 1.50.

All Other Coverages. Charge private passenger types rates.

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.

#### **Commercial Driving Schools (Class Code 7927)**

Eligibility: This Section applies to autos used by driving schools to give driving instruction. Use Driving Schools Endorsement CA 20 06.

#### **Premium Computation**

##### **Owned Private Passenger Autos**

##### Liability Coverages

For autos equipped with dual controls, charge the private passenger types rates. There must be dual brakes to qualify as dual controls.

For autos not equipped with dual controls, multiply the private passenger types rates by 2.00.

All Other Coverages. Charge private passenger types rates.

##### **Owned Trucks, Tractors, and Trailers**

##### Liability Coverages

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.

For autos not equipped with dual controls, multiply the truck, tractor, and trailer rates by 4.00.

All Other Coverages. Charge the truck, tractor, and trailer rates.

All Other Types of Owned Autos. Refer to company for rating.

### **Nonowned Autos**

The policy must cover the driving instructors and their students.

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.

### **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 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

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(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**

**Eligibility**

This Rule applies to autos owned or used by a funeral director.

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.

**Premium Computation**

Limousines (Class Code 7915)

Liability and Medical Payments Coverages. Multiply the private passenger types rates by .90.

Hearses and Flower Cars (Class Code 7922)

Liability and Medical Payments Coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by .90.

Combination Hearses and Ambulances

Classify and rate the auto according to the Ambulance Services Rule (Rule 58).

Autos Used for Other Purposes

Classify and rate the auto according to its regular use.

**Medical Payments Coverage for Hired and Nonowned Autos**

Medical payments coverage may be provided for hired and nonowned autos.

**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).
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**

**Eligibility**

This Rule applies to risks which lease or rent autos to others without drivers. For autos leased or rented with drivers, refer

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to the Truckers/Motor Carriers Rule (Rule 34) or the Public Auto Classifications Rule (Rule 43).

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.

**Premium Computation**

When computing the premiums, use the territory where the auto is principally garaged.

**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 nonfleet 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 nonfleet trucks, tractors, and trailers base premium by .40.
  - b. Medical payments. Charge the trucks, tractors, and trailers premiums.

**B. Motor Homes (Class Code 7957)**

Self-propelled autos equipped as living quarters (including cooking, dining, plumbing, or refrigeration facilities).  
Bodily Injury and Property Damage Liability—Charge 65% of the rates for private passenger types.  
Medical Payments—Use rates for private passenger types.

**C. 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.

**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.

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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

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 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.

**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.

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**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 74–80. RESERVED FOR FUTURE USE**

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## NOTES

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**Rule 81. ELIGIBILITY**

Every risk which is eligible shall be experience rated under the rules of this Plan. The term "risk" as used in this Plan means the exposures of any one insured which are to be rated. Allied or subsidiary interests shall not be included unless the insured holds a majority financial interest therein. (See Supplementary Provisions in this Section applicable to the How to Classify Autos Rule (Rule 11) regarding combination of entities.)

Any risk meeting the following qualifications for the bodily injury and property damage liability exposures to be rated shall be eligible for the application of this Plan:

- A. Five or more private passenger or commercial autos (excluding trailers and semitrailers) or three or more public autos, or the equivalent of such exposure for autos hired by the risk, or

**Exception:**

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 eligible under this paragraph A.

- B. An estimated basic limits annual Manual premium of at least \$5,200 for three or more autos of any type (excluding trailers and semitrailers), or the equivalent of such exposure for autos hired by the risk, or
- C. An estimated basic limits annual Manual premium of at least \$5,200 if a garage.

**Exception:**

If there is no owned or hired auto exposure or if the owned and hired auto exposure is not sufficient to qualify for the application of this Plan, any risk which develops a basic limits annual Manual premium of \$5,200 or more for bodily injury and property damage employers nonownership liability exposures shall be eligible for the application of this Plan. The headquarters location of the risk shall govern the application of this Plan for all employers nonownership liability exposures regardless of location.

**Rule 82. RATING PROCEDURE**

The experience modification for the risk shall be determined in accordance with the experience rating procedure described herein.

If the owned and hired autos of a risk are subject to a modification developed in accordance with this Plan, such modification must also be applied to the employers nonownership liability exposures provided the premiums and losses for such exposures are included in the development of the modification.

**Rule 83. EXPERIENCE USED**

The experience modification shall be determined from the latest available three years' experience incurred by the company establishing the rating in this State, or in all states, for the forms of auto liability insurance to be rated. In the event the experience for the full experience period is not available, at least one completed policy year shall be used.

The experience period shall end at least six months prior to the rating date.

Experience incurred by companies other than the company establishing the rating must be used subject to the periods specified above. In the event that such experience cannot be obtained by the current carrier, it shall be obtained by the North Carolina Reinsurance Facility upon notification by the carrier. No self-insured experience shall be used in determination of the experience modification.

**Rule 84. DETERMINATION OF EXPERIENCE MODIFICATION**

The term "basic limits" shall mean the following limits of liability:

\$30,000/60,000 bodily injury limits and a \$25,000 property damage limit

"Basic limits" shall also mean the policy limits for those policies that were written during the experience period at limits less than those mentioned above.

**A. Basic Limits Premium Subject to Experience Rating**

The basic limits premium shall be the collected premium for the experience period for bodily injury liability and property damage liability coverages only (excluding premiums for medical payments, uninsured motorists, and underinsured motorists coverages) converted to a basic limits basis and adjusted to eliminate the effect of any experience or other rate modification applied.

**B. Basic Limits Losses Subject to Experience Rating**

The losses to be included in the rating shall be the total of the following:

1. Paid and outstanding losses (including allocated claim expense) for each year in the experience period, with the indemnity amount limited to basic limits, and with the amount of indemnity and allocated claim expense resulting from any single occurrence limited by the maximum single loss value (MSL) specified in TABLE B based on the basic limits premium subject to experience rating.
2. Adjustment to reflect ultimate level of losses for each year in the experience period, calculated by multiplying the premium (P) for that year by the adjusted expected loss ratio (AELR) and by the appropriate basic limits loss development factor (LDF), where
  - a. **P** is the adjusted basic limits premium for the particular type of coverage for each year in the experience period;
  - b. **AELR** is the adjusted expected loss ratio specified in TABLE B based on the total basic limits premium subject to experience rating;
  - c. **LDF** is the appropriate basic limits loss development factor applicable to expected losses (Premium x AELR). TABLE A displays LDFs by type of coverage and maturity\* (see Example as follows).

\*See Supplement, in this Section, regarding use of immature losses due to change of carrier.

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Medical payments, uninsured motorists, and underinsured motorists losses shall be excluded.

**C. Actual Loss Ratio**

Determine the actual loss ratio by dividing the basic limits losses subject to experience rating by the basic limits premium subject to experience rating. This calculation shall be carried to three decimal places.

**D. Credibility**

The credibility for the risk is obtained from TABLE B, based on the total basic limits premium subject to experience rating.

**E. Experience Modification**

1. If the actual loss ratio is less than the adjusted expected loss ratio, the experience modification is a credit which shall be determined as follows:

$$\left( \frac{\text{Adjusted Expected Loss Ratio} - \text{Actual Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

2. If the actual loss ratio is greater than the adjusted expected loss ratio, the experience modification is a debit which shall be determined as follows:

$$\left( \frac{\text{Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

This calculation shall be carried to three decimal places.

The experience modification shall be rounded to two decimal places.

**Rule 85. TENTATIVE EXPERIENCE MODIFICATION**

If complete experience rating data are not available at the time of policy issuance, a tentative experience modification of 1.50 shall be applied in rating the policy.

**Exception:** In cases where the experience modification applicable to the preceding term of the policy is higher than 1.50, such higher experience modification must be applied as the tentative experience modification for the current term.

Whenever a tentative experience modification has been applied, endorse the policy (1) noting application of the tentative experience modification, and (2) to provide for subsequent application of any experience modification determined in accordance with this Plan.

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**Example:** Calculation of Modification to be effective on January 1, 1996.

Suppose that we have an insured with auto liability BI and PD exposures whose adjusted basic limits premium and paid and outstanding losses for the experience period are as follows:

YEAR	ADJUSTED BASIC LIMITS PREMIUM		LOSSES (INCLUDING ALLOCATED CLAIM EXPENSE)*	
	BI	PD	BI	PD
1/1/92–12/31/92	\$5,000	\$2,000	\$1,800	\$700
1/1/93–12/31/93	5,000	3,500	2,000	200
1/1/94–12/31/94	7,000	3,000	600	300
<b>TOTAL =</b>	<b>\$25,500</b>			

\*basic limits incurred losses limited by MSL and evaluated as of 6/30/95.

The total basic limits premium subject to experience rating is \$25,500 so the appropriate adjusted expected loss ratio from TABLE B is .570.

The appropriate loss development factors from TABLE A are:

For Policy Effective:	BI	PD
1/1/92 (42 months)	.020	.007
1/1/93 (30 months)	.051	.009
1/1/94 (18 months)	.121	.012

Thus the basic limits losses for each year are as follows:

BASIC LIMITS LOSSES =	(PREMIUM times AELR times LDF) plus	PAID AND OUTSTANDING LOSSES
(1992 BI) =	\$(5,000) X (.570) X (.020) +	\$1,800= \$1,857
(1992 PD) =	(2,000) X (.570) X (.007) +	700= 708
(1993 BI) =	(5,000) X (.570) X (.051) +	2,000= 2,145
(1993 PD) =	(3,500) X (.570) X (.009) +	200= 218
(1994 BI) =	(7,000) X (.570) X (.121) +	600= 1,083
(1994 PD) =	(3,000) X (.570) X (.012) +	300= 321
<b>TOTAL</b>		<b>\$6,332</b>

The actual loss ratio used in the experience modification formula is \$6,332 ÷ 25,500 or .249.

The credibility factor from TABLE B is .25.

Therefore the unadjusted experience modification is:

$$EM = \frac{(.570 - .249)}{.570} \times .25 = .141$$

And the experience modification is: 1 - .141 = .859

**TABLE A  
BASIC LIMITS LOSS DEVELOPMENT FACTORS**

	Latest Policy Year	Prior Policy Year	Next Prior Policy Year
	(18 Months)	(30 Months)	(42 Months)
Auto Liability—BI; 25/50	.121	.051	.020
Auto Liability—PD	.012	.009	.007
	(21 Months)	(33 Months)	(45 Months)
Auto Liability—BI; 25/50	.098	.041	.015
Auto Liability—PD	.011	.008	.006
	(24 Months)	(36 Months)	(48 Months)
Auto Liability—BI; 25/50	.078	.033	.010
Auto Liability—PD	.010	.008	.006
	(27 Months)	(39 Months)	(51 Months)
Auto Liability—BI; 25/50	.061	.025	.006
Auto Liability—PD	.009	.008	.005

**Note:** These factors are to be applied to the product of the AELR and the premium for the particular coverage and year in order to determine the adjustment to reflect ultimate level of losses.

If breakdown of the premium by coverage is not available, an average LDF shall be obtained by combining the applicable factors by coverage, taking into consideration the amount of the risk's total exposures or losses in each category as of the last survey or evaluation.

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**TABLE B**  
**AUTOMOBILE LIABILITY EXPERIENCE RATING**  
**CREDIBILITY AND MAXIMUM SINGLE LOSS TABLE**

Premium	Credibility	Adjusted Expected Loss Ratio		Maximum Single Loss	
		Publics & Zone Rated	All Others	Publics & Zone Rated	All Others
\$ 382- 1157	.01	.398	.372	\$ 4550	\$ 4250
1158- 1948	.02	.486	.455	8450	7900
1949- 2756	.03	.513	.480	10000	9350
2757- 3581	.04	.527	.493	10900	10200
3582- 4423	.05	.535	.502	11500	10800
4424- 5283	.06	.542	.508	12000	11250
5284- 6162	.07	.548	.514	12400	11650
6163- 7060	.08	.552	.519	12750	12000
7061- 7977	.09	.557	.522	13100	12300
7978- 8916	.10	.560	.526	13400	12600
8917- 9875	.11	.564	.529	13700	12850
9876-10857	.12	.567	.533	14000	13150
10858-11861	.13	.571	.536	14300	13450
11862-12888	.14	.574	.539	14600	13700
12889-13940	.15	.577	.542	14850	13950
13941-15017	.16	.580	.545	15150	14250
15018-16121	.17	.583	.548	15450	14500
16122-17251	.18	.586	.551	15750	14800
17252-18409	.19	.589	.554	16050	15100
18410-19597	.20	.591	.556	16350	15350
19598-20815	.21	.594	.559	16650	15650
20816-22064	.22	.597	.562	16950	15950
22065-23346	.23	.599	.565	17250	16250
23347-24662	.24	.602	.567	17550	16550
24663-26013	.25	.605	.570	17900	16850
26014-27401	.26	.608	.573	18250	17200
27402-28827	.27	.610	.575	18550	17500
28828-30293	.28	.612	.578	18900	17850
30294-31801	.29	.615	.580	19250	18200
31802-33352	.30	.618	.583	19650	18550
33353-34948	.31	.620	.585	20000	18900
34949-36592	.32	.622	.588	20400	19250
36593-38285	.33	.625	.590	20800	19650
38286-40030	.34	.627	.593	21200	20050
40031-41829	.35	.629	.595	21600	20400
41830-43685	.36	.632	.598	22000	20850
43686-45600	.37	.634	.600	22450	21250
45601-47577	.38	.636	.602	22900	21700
47578-49619	.39	.638	.604	23350	22100
49620-51731	.40	.640	.607	23850	22600
51732-53914	.41	.642	.609	24300	23050
53915-56173	.42	.644	.611	24800	23550
56174-58513	.43	.646	.613	25350	24000
58514-60936	.44	.648	.615	25850	24550
60937-63449	.45	.650	.617	26400	25050
63450-66056	.46	.652	.619	26950	25600
66057-68761	.47	.654	.621	27550	26150
68762-71572	.48	.655	.623	28150	26750
71573-74495	.49	.657	.624	28800	27350
74496-77535	.50	.658	.626	29450	28000

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

**TABLE B**  
**AUTOMOBILE LIABILITY EXPERIENCE RATING**  
**CREDIBILITY AND MAXIMUM SINGLE LOSS TABLE**

Premium	Credibility	Adjusted Expected Loss Ratio		Maximum Single Loss	
		Publics & Zone Rated	All Others	Publics & Zone Rated	All Others
\$ 77536- 80701	.51	.660	.628	\$ 30100	\$ 28650
80702- 84000	.52	.661	.629	30800	29300
84001- 87440	.53	.663	.631	31500	30000
87441- 91032	.54	.664	.632	32250	30700
91033- 94786	.55	.665	.634	33050	31450
94787- 98712	.56	.667	.635	33850	32250
98713- 102823	.57	.668	.636	34700	33050
102824- 107132	.58	.669	.637	35550	33900
107133- 111654	.59	.670	.639	36500	34800
111655- 116405	.60	.671	.640	37450	35700
116406- 121402	.61	.672	.641	38450	36700
121403- 126666	.62	.673	.642	39500	37700
126667- 132219	.63	.674	.643	40650	38750
132220- 138084	.64	.674	.644	41800	39900
138085- 144289	.65	.675	.644	43050	41050
144290- 150865	.66	.676	.645	44350	42300
150866- 157846	.67	.677	.646	45700	43650
157847- 165269	.68	.677	.647	47150	45050
165270- 173180	.69	.678	.647	48700	46500
173181- 181627	.70	.678	.648	50350	48100
181628- 190666	.71	.679	.648	52100	49750
190667- 200363	.72	.679	.649	53950	51550
200364- 210792	.73	.680	.649	55950	53450
210793- 222039	.74	.680	.650	58100	55550
222040- 234204	.75	.680	.650	60450	57750
234205- 247404	.76	.681	.651	62950	60150
247405- 261777	.77	.681	.651	65650	62750
261778- 277488	.78	.681	.651	68600	65550
277489- 294731	.79	.682	.651	71800	68650
294732- 313743	.80	.682	.652	75350	72000
313744- 334810	.81	.682	.652	79250	75750
334811- 358285	.82	.682	.652	83550	79850
358286- 384606	.83	.682	.652	88350	84450
384607- 414322	.84	.682	.652	93750	89600
414323- 448137	.85	.683	.652	99800	95400
448138- 486962	.86	.683	.653	106700	102000
486963- 532000	.87	.683	.653	114650	109600
532001- 584869	.88	.683	.653	123850	118400
584870- 647809	.89	.683	.653	134600	128700
647810- 724000	.90	.683	.653	147450	141000
724001- 818117	.91	.683	.653	163000	155850
818118- 937333	.92	.683	.653	182200	174200
937334- 1093230	.93	.683	.653	206500	197450
1093231- 1305818	.94	.683	.653	238300	227800
1305819- 1612888	.95	.683	.653	281650	269250
1612889- 2095428	.96	.683	.653	344250	329150
2095429- 2964000	.97	.683	.653	442650	423200
2964001- 4990666	.98	.683	.653	619700	592500
4990667-15124000	.99	.683	.653	1032900	987550
15124001 and over	1.00	.683	.653	3098900	2962800

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**EXPERIENCE RATING PLAN**

**SUPPLEMENT TO THE LIABILITY EXPERIENCE RATING PLAN**

**Rule 86. TREATMENT OF IMMATURE LOSSES DUE TO CHANGE OF CARRIER**

In cases where an insured changes or has changed carriers, the company establishing the rating may be unable to obtain current valuations of past losses from previous carriers. If this happens, the maturity of the experience obtained from previous carriers must be carefully examined and the appropriate loss development factors selected. The maturity of the losses for any year in the experience period is defined as the number of months between the date of the latest loss valuation and the effective date of the policy to which these losses are assignable. A given year's losses cannot mature unless the losses are revalued. The loss development factors applicable at the time of the most recent valuation must be used in subsequent ratings as long as updated valuations are not available. A specific instance of this can be seen when the experience provided by previous carriers contains fragmented periods, such as nine (or six) months of losses which were segments of policy years valued as of nine (or six) months after the policy effective date and for which subsequent valuations were unable to be obtained. If it is necessary to include this experience in subsequent ratings, factors must be applied which project nine (or six) months of losses to a complete policy year ultimate paid basis. 6, 9, 12, and 15 month basic limits loss development factors are included in this supplement.

The existence of these supplementary loss development factors does not alter the requirements set forth in the Experience Used Rule (Rule 83) of the Experience Rating Plan.

<b>BASIC LIMITS LOSS DEVELOPMENT FACTORS</b>		
	<b>Six Month Maturity</b>	<b>Nine Month Maturity</b>
Auto Liability—BI; 30/60	.627	.413
Auto Liability—PD	.510	.263
	<b>12 Month Maturity</b>	<b>15 Month Maturity</b>
Auto Liability—BI; 30/60	.190	.150
Auto Liability—PD	.016	.014

**Note:** These factors are to be applied to the product of the AELR and the premium for the particular coverage and year in order to determine the adjustment to reflect ultimate level of losses.

If breakdown of the premium by coverage is not available, an average LDF shall be obtained by combining the applicable factors by coverage, taking into consideration the amount of the risk's total exposures or losses in each category as of the last survey or evaluation.

**Rule 87. EXPERIENCE RATING PLAN  
SUPPLEMENT**

The following supplementary provisions are applicable to this Plan with respect to the Rules noted below:

**Combination of Entities and Use of Past Experience**

**A. Employees' and Officers' Autos**

Experience on autos owned by officers or other employees of the risks shall not be used for determining the risks' experience modification. The experience modification established for a risk shall not apply to autos owned by officers or other employees of such risk.

**B. Combination of Entities**

1. Two or more entities (an individual, partnership, corporation, unincorporated association, fiduciary, or a group of co-fiduciaries) shall not be combined for rating purposes; provided, however, that combination shall be made as respects entities (other than fiduciaries) in each of which the same person, or group of persons, or corporation own a majority interest.
2. If an entity owns a majority interest in another entity which in turn owns the majority interest in another entity, all entities so related shall be combined regardless of the number of entities in succession.

In the term "majority interest", as used in this Rule, "majority" shall mean more than 50%.

If an entity other than a partnership

- a. has issued voting stock, majority interest shall mean a majority of the issued voting stock;
- b. has not issued voting stock, majority interest shall mean a majority of the members;
- c. has not issued voting stock and has no members, majority interest shall mean a majority of the board of directors or comparable governing body.

If an entity is a partnership, majority interest shall be determined in accordance with the participation of each general partner in the profits of the partnership.

**Note:** If two or more different combinations are possible in accordance with provisions of this Rule, the combination involving the greatest number of entities shall be made. The experience of any entity used in such a combination shall not otherwise be used in combination with any other entity.

The experience to be used in a rating combination shall be subject to the provisions of the rule "Change of Ownership" of this Section.

**C. Merger or Consolidation**

**Merger**—If two or more entities are merged so that the ownership interest (as defined in the Determination of Experience Modification Rule (Rule 84)) of all such entities are combined in the surviving entity, the incurred experience of all such merged entities shall be used for experience rating the surviving entity.

**Consolidation**—If two or more entities are consolidated by replacing them with a new entity combining the ownership interest (as defined in the Determination of Experience Modification Rule (Rule 84) of the prior entities), the incurred experience of all such consolidated entities shall be used for experience rating the new entity.

**D. Change of Control, Management, Name, Operations, or Ownership**

1. If there is a change in control, management, name, or operations, not accompanied by any change in ownership interest, incurred experience shall be used in future ratings.
2. If there is a change in ownership interest, either alone or accompanied by a change in control, management, name, or operations (other than as respects mergers or consolidations covered by the Experience Used Rule (Rule 83) of this Section) incurred experience shall be used in future ratings.

Exceptions: Incurred experience shall not be used in the future ratings (other than as provided under paragraph 3 of this Rule) of the entity undergoing change:

- a. when the entire ownership interest after the change had no ownership interest before the change, or
- b. When the collective ownership interest of all those having such an interest in the entity both before and after the change in ownership amounts to either (1) less than 33 1/3% of the ownership interest before the change, or (2) less than 50% of the ownership interest after the change.

**Note:** In the application of this exception, an analysis shall be made to determine the individuals holding ownership interest in any entity, whether the entity be the one being rated or any other entity in any way connected, directly or indirectly, in any chain of ownership with the risk being rated.

3. If there is a change in ownership among members of an immediate family, the experience for all entities shall be used in future experience ratings of the risk. For purposes of this Rule, members of an immediate family shall include a spouse, father, mother, son, daughter, brother, sister, half-brother, half-sister, step-brother, step-sister, step-child, step-parent, grandchild, or grandparent.
4. Ownership interest
  - a. of any corporation shall be determined on the basis of the ownership of the issued voting stock of any such corporation;
  - b. if there is no issued voting stock shall be determined on the basis of its members if the entity is other than a partnership;
  - c. if there is neither issued voting stock nor members shall be determined on the basis of the board of directors or comparable governing body if the entity is other than a partnership;

**EXPERIENCE RATING PLAN  
SUPPLEMENT**

- d. of any partnership shall be determined in accordance with the participation of each general partner in the profits of the partnership;
- e. shall be deemed to be vested in a fiduciary when a fiduciary is involved. However, "fiduciary" shall not include a debtor in possession or a trustee under a revocable trust.

**E. Joint Ventures**

When two or more contractors associate for the purpose of undertaking one or more construction, erection, or demolition projects as a joint venture, the rates applicable to the operations involved in such venture shall be subject to the experience modifications, which shall be the arithmetical average of the experience modifications of the joint contract ventures, in force on the effective date of the policy covering the joint venture (using unity (1.00) for the experience modification for any contract venturer who is not subject to experience rating), subject, however, to the following conditions:

1. The contract(s) shall be awarded in the name of the associated contractors as a joint venture.
2. The joint venturers shall share responsibility for, and participate in the control, direction, and supervision of, all work undertaken.
3. The joint venturers shall maintain a common bank account, payroll, and business records.

The arithmetical average experience modifications aforementioned shall be effective as of the inception date of the initial policy covering the joint venture and shall be applicable for a period of 12 months. At the end of that period, and annually thereafter on a rating anniversary determined in accordance with the provisions of the Automobile Liability Experience Rating Plan, new arithmetical average experience modifications shall be calculated. When, however, the joint venture on the basis of its own developed experience qualifies for rating in accordance with the provisions of the Automobile Liability Experience Rating Plan, the experience modifications for the future rating of the venture shall be based on such experience exclusively.

Experience modifications determined in accordance with the foregoing shall be applicable for their effective period to all policies covering the identical contractors collectively as joint venturers.

The experience developed under a joint venture shall be excluded from the future rating of the individual contractors.

**Rules 88–90. RESERVED FOR FUTURE USE**

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**SUPPLEMENTARY RATING PROCEDURES SECTION**

## NOTES

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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. RULE—EXPERIENCE RATING**

The North Carolina Reinsurance Facility Automobile Liability Experience Rating Plan shall apply to all eligible risks. Refer to company for rating.

**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)
Cover- age	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%	$1.48 \times .97 = 1.44$	\$ 892.80
PD	380	1.25	3.0	$1.25 \times .97 = 1.21$	459.80
					\$1,352.60



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**TERRITORIES SECTION**

## NOTES



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 places .....020

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 Counties .....019

**FRANKLIN COUNTY** territory comprises all territory in Franklin County .....023

**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 places .....022

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 County .....023

**GOLDSBORO** territory comprises the entire city of Goldsboro and all territory in Wayne County included in Goldsboro township .....021

**GREENE COUNTY** territory comprises all territory in Greene County .....023

**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 places .....014

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 places .....021

House	James Mill	Staton
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**GUILFORD COUNTY** territory comprises all territory in Guilford County not included in either Greensboro—Hamilton Lakes territory or High Point territory .....022

**HALIFAX COUNTY** territory comprises all territory in Halifax County .....023

**HARNETT COUNTY** territory comprises all territory in Harnett County .....023

**HERTFORD COUNTY** territory comprises all territory in Hertford County .....023

**HIGH POINT** territory comprises the entire city of High Point, the town of Westend, and all territory in Guilford County included in High Point township .....015

**HOKE COUNTY** territory comprises all territory in Hoke County not included in Fort Bragg territory .....023

**HYDE COUNTY** territory comprises all territory in Hyde County .....023

**JOHNSTON COUNTY** territory comprises all territory in Johnston County .....023

**JONES COUNTY** territory comprises all territory in Jones County .....023

**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 places .....021

Georgetown	Hines Junction
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**LENOIR COUNTY** territory comprises all territory in Lenoir County not included in Kinston territory .....023

**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 places .....022

Archdale	Fraziers	Trinity
Arnold	Glen Anna Lake	Welcome
Cedar Lodge		

**MARTIN COUNTY** territory comprises all territory in Martin County .....023

**MECKLENBURG COUNTY** territory comprises all territory in Mecklenburg County not included in Charlotte territory .....022

**NASH COUNTY** territory comprises all territory in Nash County not included in Rocky Mount territory .....022

**NEW HANOVER COUNTY** See Wilmington.

**NORTHAMPTON COUNTY** territory comprises all territory in Northampton County .....023

**Note:** Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

	Territory Code		Territory Code
<b>ONSLow COUNTY</b> territory comprises all territory in Onslow County not included in Camp LeJeune territory...023		<b>SAMPSON COUNTY</b> territory comprises all territory in Sampson County .....023	
<b>ORANGE COUNTY</b> See Burlington—Graham and Remainder of State.		<b>SCOTLAND COUNTY</b> territory comprises all territory in Scotland County.....023	
<b>PAMLICO COUNTY</b> territory comprises all territory in Pamlico County.....023		<b>SEYMOUR JOHNSON AIR FORCE BASE</b> territory comprises all territory in Seymour Johnson Air Force Base in Wayne County.....019	
<b>PASQUOTANK COUNTY</b> territory comprises all territory in Pasquotank County.....023		<b>TYRRELL COUNTY</b> territory comprises all territory in Tyrrell County .....023	
<b>PENDER COUNTY</b> territory comprises all territory in Pender County.....023		<b>VANCE COUNTY</b> territory comprises all territory in Vance County .....023	
<b>PERQUIMANS COUNTY</b> territory comprises all territory in Perquimans County.....023		<b>WAKE COUNTY</b> territory comprises all territory in Wake County not included in Raleigh territory .....021	
<b>PITT COUNTY</b> territory comprises all territory in Pitt County not included in Greenville territory.....023		<b>WARREN COUNTY</b> territory comprises all territory in Warren territory .....023	
<b>RALEIGH</b> 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		<b>WASHINGTON COUNTY</b> 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	
<b>RANDOLPH COUNTY</b> See Lexington—Thomasville and Remainder of State.		<b>WAYNE COUNTY</b> territory comprises all territory in Wayne County not included in Goldsboro or Seymour Johnson Air Force Base territories.....023	
<b>ROBESON COUNTY</b> territory comprises all territory in Robeson County .....023		<b>WILMINGTON</b> territory comprises all of New Hanover County and in addition the following towns, cities, or places .....017	
<b>ROCKY MOUNT</b> territory comprises the entire city of Rocky Mount, all territory in Nash County included in Rocky Mount and Story Creek townships, all territory in Edgecombe County included in Township 12 (Rocky Mount), and the entire town of Sharpsburg in Edgecombe, Nash, and Wilson Counties, including all of the following towns, cities, or places.....021		Belville	Lanvale
Armstrong	Dortches	Clairmont	Leland
Brake		El Paso	Navassa
<b>ROWAN COUNTY</b> See Concord—Kannapolis—Salisbury and Remainder of State.			Woodburn
		<b>WILSON</b> territory comprises the entire town of Wilson and all territory in Wilson County included in the township of Wilson .....021	
		<b>WILSON COUNTY</b> territory comprises all territory in Wilson County not included in the Rocky Mount or Wilson territories .....023	
		<b>WINSTON—SALEM</b> 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	
		Alsbaugh	Frontis
		Atwood	Hanes
		Daisy	Ogburntown
		Fisherville	Oldtown
			Reynolda
			Tiretown
			Walkertown
		<b>REMAINDER OF STATE</b> .....024	

Note: Refer to an atlas or map for places not listed.

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(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
<b>A</b>					
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	<b>D</b>	
Arlington, Gaston .....	022	Busbee, Buncombe .....	011	Daisy, Forsyth .....	018
Armstrong, Edgecombe.....	021	<b>C</b>			
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>B</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	<b>E</b>	
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	Cedar Lodge, Davidson .....	022	Edenton, Chowan.....	023
Bayboro, Pamlico .....	023	Chadburn, Columbus .....	023	Edgeton, Wake.....	016
Beard, Cumberland .....	020	Chadwick—Hoskins Mills, Mecklenburg .....	012	Elizabeth City, Pasquotank.....	023
Beattie, Gaston .....	022	Chapel Hill, Orange .....	024	Elizabethtown, Bladen .....	023
Beaufort, Carteret.....	023	Charlotte, Mecklenburg.....	012	Elkin, Surry .....	024
Belhaven, Beaufort.....	023	Cherry Point, Craven .....	019	Eller, Davidson .....	024
Belmont, Gaston .....	022	Cherryville, Gaston .....	024	Elm City, Wilson .....	023
Belmont, Halifax .....	023	China Grove, Rowan.....	022	Elon College, Alamance .....	022
Belville, Brunswick.....	017	Clairmont, Brunswick .....	017	El Paso, Brunswick.....	017
Benson, Johnston.....	023	Clayton, Johnston .....	023	Emma, Buncombe.....	011
Bessemer, Guilford.....	014	Cleveland, Rowan.....	024	Enfield, Halifax .....	023
Bessemer City, Gaston .....	022	Clifdale, Cumberland .....	020	Enka, Buncombe .....	011
Bethel, Pitt.....	023	Cliffside, Rutherford .....	024	Erwin, Harnett.....	023
Bethesda, Durham .....	013	Clinchfield, McDowell.....	024	<b>F</b>	
Bilboa, Durham .....	013	Clinton, Sampson .....	023	Faggarts Crossroads, Cabarrus .....	022
Biltmore Forest, Buncombe.....	011	Coats, Harnett.....	023	Fair Bluff, Columbus.....	023
Biscoe, Montgomery.....	024	Coleridge, Randolph .....	024	Fairmont, Robeson.....	023
		College View, Wake.....	016	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		
Frontis, Forsyth .....	018	Hominy, Buncombe .....	011	<b>M</b>	
Fuquay Springs, Wake .....	021	Hope Mills, Cumberland.....	020	MacClesfield, Edgecombe.....	023
		Hope Valley, Durham.....	013	Macedonia, Wake.....	016
<b>G</b>		House, Pitt .....	021	Madison, Rockingham.....	024
Gardners Chapel, Cumberland .....	020	Huntersville, Mecklenburg.....	022	Maiden, Catawba .....	024
Garner, Wake.....	016	Hutchinson, Mecklenburg .....	012	Majolica, Rowan .....	022
Gaston, Northampton.....	023			Manchester, Cumberland .....	020
Gastonia, Gaston .....	022	<b>J</b>		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			Midway Park, Onslow.....	023
Greenleaf, Wayne .....	021	<b>K</b>		Milan, Cumberland .....	020
Greensboro, Guilford.....	014	Kannapolis, Cabarrus and Rowan .....	022	Milburnie, Wake.....	016
Greenville, Pitt.....	021	Kenly, Johnston .....	023	Millbrook, Wake.....	016
Griffith, Mecklenburg .....	012	Kernersville, Forsyth .....	022	Mocksville, Davie.....	024
Grifton, Pitt .....	023	Kings Mountain, Cleveland .....	024	Monroe, Union.....	024
Grimesland, Pitt.....	023	Kinston, Lenoir.....	021	Montreat, Buncombe .....	022
Grovesmont, Buncombe .....	022	Kirkpatrick Heights, Alamance.....	022	Mooresville, Iredell .....	024
Groves, Gaston.....	022	Knightdale, Wake.....	016	Morehead City, Carteret .....	023
Guilford, Guilford.....	022			Morganton, Burke.....	024
Guilford College, Guilford.....	022	<b>L</b>		Morrisville, Wake .....	021
<b>H</b>		La Grange, Lenoir.....	023	Mountain Island, Gaston.....	022
Hahn, Mecklenburg .....	012	Lake, Davidson .....	022	Mount Airy, Surry.....	024
Halifax, Halifax .....	023	Lakedale, Cumberland.....	020	Mount Gilead, Cabarrus .....	022
Hamilton Lakes, Guilford .....	014	Lake Latham, Alamance .....	022	Mount Gilead, Montgomery .....	024
Hamlet, Richmond.....	024	Landis, Rowan .....	022	Mount Holly, Gaston.....	022
Hamtown, Guilford.....	014	Lanvale, Brunswick.....	017	Mount Olive, Wayne .....	023
Hanes, Forsyth.....	018	Laurinburg, Scotland.....	023	Mount Pleasant, Cabarrus.....	024
Hardins, Gaston .....	022	Leaksville, Rockingham .....	024	Mount View, Gaston .....	022
Harkers Island, Carteret .....	023	Leicester, Buncombe .....	022	Murfreesboro, Hertford .....	023
Harrisburg, Cabarrus.....	022	Leland, Brunswick.....	017	Murphy, Cherokee.....	024
Haw Creek, Buncombe .....	011	Lenoir, Caldwell .....	024	Myrtle Hill, Cumberland .....	020
Haw River, Alamance.....	022	Lewisville, Forsyth .....	022		
		Lexington, Davidson .....	022	<b>N</b>	
				Nashville, Nash .....	023

Note: Refer to an atlas or map for places not listed.

NORTH CAROLINA REINSURANCE FACILITY  
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**TERRITORY DEFINITIONS**

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
Navassa, Brunswick.....	017	Roanoke Rapids, Halifax .....	023	Stanley, Gaston.....	022
Neuse, Wake.....	016	Robbins, Moore .....	024	Stantonsburg, Wilson .....	023
New Bern, Craven.....	023	Robbinsville, Graham.....	024	Statessville, Iredell .....	024
New Bridge, Buncombe.....	011	Robersonville, Martin .....	023	Staton, Pitt.....	021
Newell, Mecklenburg .....	012	Roberta Mills, Cabarrus .....	022	Stedman, Cumberland.....	023
Newfound, Buncombe .....	022	Rockingham, Richmond.....	024	Stokedale, Guilford.....	022
Newland, Avery .....	024	Rockwell, Rowan .....	024	Stony Point, Alexander.....	024
New Leaksville, Rockingham .....	024	Rocky Mount, Edgecombe and Nash .....	021	Summerfield, Guilford .....	022
Newton, Catawba.....	024	Rocky Ridge, Cabarrus.....	022	Sunnyside, Gaston .....	024
North Belmont, Gaston.....	022	Rocky River, Cabarrus.....	022	Swannanoa, Buncombe .....	022
North Durham, Durham.....	013	Rolesville, Wake .....	021	Swanquarter, Hyde.....	023
North Wilkesboro, Wilkes .....	024	Roseboro, Sampson .....	023	Swepsonville, Alamance.....	024
Norwood, Stanly.....	024	Roslin, Cumberland .....	020	Sylva, Jackson .....	024
<b>O</b>		Rougemont, Durham.....	022	<b>T</b>	
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	<b>S</b>		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
<b>P</b>		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	<b>V</b>	
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	<b>W</b>	
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
<b>R</b>		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**

<b>City and County</b>	<b>Territory Code</b>
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
<b>Y</b>	
Yadkin Junction, Rowan.....	022
Yadkinville, Yadkin .....	024
Yanceyville, Caswell.....	024
Yost, Rowan.....	022
Youngs Springs, Wilson .....	021
<b>Z</b>	
Zebulon, Wake .....	021

**Note:** Refer to an atlas or map for places not listed.



**NORTH CAROLINA REINSURANCE FACILITY  
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COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION**

## NOTES

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

**BODILY INJURY FACTORS**

**Limits Identifier Code (3)**

Limit of Liability (1000s)	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	1.16	1.20	1.22	1.25	1.16
50/100	49	1.11	1.14	1.16	1.19	1.13
100/100	52	1.21	1.27	1.31	1.34	1.21
100/300	52	1.38	1.47	1.54	1.61	1.39
100/500	55	1.46	1.60	1.66	1.76	1.49
300/300	64	1.61	1.77	1.89	2.01	1.62
250/500	61	1.66	1.87	1.99	2.12	1.70
400/400	68	1.73	1.96	2.09	2.25	1.76
500/500	68	1.85	2.09	2.27	2.45	1.87
750/750	73	2.08	2.40	2.64	2.87	2.12
1000/1000	73	2.26	2.65	2.94	3.23	2.30
1500/1500	74	2.54	3.07	3.44	3.79	2.57
2000/2000	75	2.78	3.41	3.86	4.28	2.82
2500/2500	76	2.94	3.69	4.24	4.69	3.04
5000/5000	79	3.67	4.78	5.60	6.27	3.76
7500/7500	82	4.14	5.54	6.55	7.38	4.23
10000/10000	85	4.42	6.03	7.17	8.10	4.51
12500/12500	86	4.57	6.32	7.54	8.53	4.66
15000/15000	86	4.65	6.48	7.74	8.77	4.74

NORTH CAROLINA REINSURANCE FACILITY  
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**PROPERTY DAMAGE FACTORS**

**Limits Identifier Code (3)**

Limit of Liability (1000s)	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	1.01	1.01
50	8	1.04	1.04	1.04	1.03	1.04
85	9	1.08	1.08	1.08	1.06	1.08
100	10	1.09	1.09	1.09	1.07	1.09
300	14	1.13	1.13	1.14	1.10	1.13
400	15	1.14	1.15	1.16	1.12	1.14
500	16	1.15	1.16	1.17	1.13	1.15
750	17	1.17	1.18	1.19	1.15	1.17
1000	18	1.18	1.20	1.21	1.17	1.18
1500	19	1.20	1.22	1.24	1.19	1.20
2000	20	1.21	1.24	1.27	1.20	1.21
2500	21	1.22	1.25	1.28	1.21	1.22
5000	23	1.25	1.28	1.31	1.23	1.25
7500	24	1.27	1.30	1.33	1.25	1.27
10000	25	1.29	1.32	1.35	1.27	1.29
12500	26	1.30	1.33	1.36	1.28	1.30
15000	26	1.31	1.34	1.37	1.29	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	\$1000	\$2000
11	Nonfleet	155	172	214	137	142	45	54	60
	Fleet	171	190	236	151	157			
12	Nonfleet	228	253	315	202	210	67	80	88
	Fleet	251	279	346	222	231			
13	Nonfleet	180	200	248	159	165	53	63	69
	Fleet	198	220	273	175	182			
14	Nonfleet	190	211	262	168	175	55	67	73
	Fleet	209	232	288	185	192			
15	Nonfleet	149	165	206	131	136	44	52	57
	Fleet	164	182	226	144	150			
16	Nonfleet	225	250	311	199	207	66	79	86
	Fleet	248	275	342	219	228			
17	Nonfleet	184	204	254	162	168	54	64	71
	Fleet	202	224	279	178	185			
18	Nonfleet	159	176	219	141	147	46	56	61
	Fleet	175	194	242	155	161			
19	Nonfleet	138	153	190	122	127	40	48	53
	Fleet	152	169	210	134	139			
20	Nonfleet	179	199	247	158	164	52	63	69
	Fleet	197	219	272	174	181			
21	Nonfleet	190	211	262	168	175	55	67	73
	Fleet	209	232	288	185	192			
22	Nonfleet	175	194	242	155	161	51	61	67
	Fleet	193	214	266	171	178			
23	Nonfleet	138	153	190	122	127	40	48	53
	Fleet	152	169	210	134	139			
24	Nonfleet	137	152	189	121	126	40	48	53
	Fleet	151	168	208	133	138			

HIRED CAR	Bodily Injury \$30/60	Property Damage \$25
All Territories	\$0.24	\$0.24

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	\$1000	\$2000
11	Nonfleet	155	177	228	137	142	45	54	60
	Fleet	171	195	251	151	157			
12	Nonfleet	228	260	335	202	210	67	80	88
	Fleet	251	286	369	222	231			
13	Nonfleet	180	205	265	159	165	53	63	69
	Fleet	198	226	291	175	182			
14	Nonfleet	190	217	279	168	175	55	67	73
	Fleet	209	238	307	185	192			
15	Nonfleet	149	170	219	131	136	44	52	57
	Fleet	164	187	241	144	150			
16	Nonfleet	225	257	331	199	207	66	79	86
	Fleet	248	283	365	219	228			
17	Nonfleet	184	210	270	162	168	54	64	71
	Fleet	202	230	297	178	185			
18	Nonfleet	159	181	234	141	147	46	56	61
	Fleet	175	200	257	155	161			
19	Nonfleet	138	157	203	122	127	40	48	53
	Fleet	152	173	223	134	139			
20	Nonfleet	179	204	263	158	164	52	63	69
	Fleet	197	225	290	174	181			
21	Nonfleet	190	217	279	168	175	55	67	73
	Fleet	209	238	307	185	192			
22	Nonfleet	175	200	257	155	161	51	61	67
	Fleet	193	220	284	171	178			
23	Nonfleet	138	157	203	122	127	40	48	53
	Fleet	152	173	223	134	139			
24	Nonfleet	137	156	201	121	126	40	48	53
	Fleet	151	172	222	133	138			

NORTH CAROLINA REINSURANCE FACILITY  
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**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	\$1000	\$2000
11	Nonfleet	155	180	239	137	142	45	54	60
	Fleet	171	198	263	151	157			
12	Nonfleet	228	264	351	202	210	67	80	88
	Fleet	251	291	387	222	231			
13	Nonfleet	180	209	277	159	165	53	63	69
	Fleet	198	230	305	175	182			
14	Nonfleet	190	220	293	168	175	55	67	73
	Fleet	209	242	322	185	192			
15	Nonfleet	149	173	229	131	136	44	52	57
	Fleet	164	190	253	144	150			
16	Nonfleet	225	261	347	199	207	66	79	86
	Fleet	248	288	382	219	228			
17	Nonfleet	184	213	283	162	168	54	64	71
	Fleet	202	234	311	178	185			
18	Nonfleet	159	184	245	141	147	46	56	61
	Fleet	175	203	270	155	161			
19	Nonfleet	138	160	213	122	127	40	48	53
	Fleet	152	176	234	134	139			
20	Nonfleet	179	208	276	158	164	52	63	69
	Fleet	197	229	303	174	181			
21	Nonfleet	190	220	293	168	175	55	67	73
	Fleet	209	242	322	185	192			
22	Nonfleet	175	203	270	155	161	51	61	67
	Fleet	193	224	297	171	178			
23	Nonfleet	138	160	213	122	127	40	48	53
	Fleet	152	176	234	134	139			
24	Nonfleet	137	159	211	121	126	40	48	53
	Fleet	151	175	233	133	138			

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

**COMMERCIAL AUTOMOBILE LIABILITY RATES**

**PRIVATE PASSENGER TYPES**

Territory	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
	\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	148	167	206	123	128	14	19	21
12	212	240	295	178	185	21	27	30
13	171	193	238	143	149	17	21	24
14	153	173	213	128	133	15	19	22
15	176	199	245	147	153	17	22	25
16	165	186	229	138	144	16	21	23
17	166	188	231	139	145	16	21	24
18	157	177	218	131	136	15	20	22
19	150	170	209	125	130	15	19	21
20	170	192	236	142	148	16	21	24
21	149	168	207	125	130	14	19	21
22	165	186	229	138	144	16	21	23
23	150	170	209	125	130	15	19	21
24	145	164	202	121	126	14	18	21

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**COMMERCIAL AUTOMOBILE LIABILITY RATES**

**TAXIS AND LIMOUSINES**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	1001	1131	1391	351	365	184	216	247
	Fleet	1101	1244	1530	386	401			
12	Nonfleet	1473	1664	2047	517	538	271	318	364
	Fleet	1620	1831	2252	569	592			
13	Nonfleet	1163	1314	1617	407	423	214	251	287
	Fleet	1279	1445	1778	448	466			
14	Nonfleet	1227	1387	1706	430	447	226	265	303
	Fleet	1350	1526	1877	473	492			
15	Nonfleet	963	1088	1339	335	348	177	208	238
	Fleet	1059	1197	1472	369	384			
16	Nonfleet	1454	1643	2021	509	529	268	314	359
	Fleet	1599	1807	2223	560	582			
17	Nonfleet	1189	1344	1653	415	432	219	257	294
	Fleet	1308	1478	1818	457	475			
18	Nonfleet	1027	1161	1428	361	375	189	222	254
	Fleet	1130	1277	1571	397	413			
19	Nonfleet	891	1007	1238	312	324	164	192	220
	Fleet	980	1107	1362	343	357			
20	Nonfleet	1156	1306	1607	404	420	213	250	286
	Fleet	1272	1437	1768	444	462			
21	Nonfleet	1227	1387	1706	430	447	226	265	303
	Fleet	1350	1526	1877	473	492			
22	Nonfleet	1131	1278	1572	397	413	208	244	279
	Fleet	1244	1406	1729	437	454			
23	Nonfleet	891	1007	1238	312	324	164	192	220
	Fleet	980	1107	1362	343	357			
24	Nonfleet	885	1000	1230	310	322	163	191	219
	Fleet	974	1101	1354	341	355			

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**COMMERCIAL AUTOMOBILE LIABILITY RATES**

**SCHOOL AND CHURCH BUSES**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	127	144	177	85	88	29	34	39
	Fleet	140	158	195	94	98			
12	Nonfleet	187	211	260	125	130	42	50	57
	Fleet	206	233	286	138	144			
13	Nonfleet	148	167	206	99	103	33	39	45
	Fleet	163	184	227	109	113			
14	Nonfleet	156	176	217	104	108	35	41	48
	Fleet	172	194	239	114	119			
15	Nonfleet	122	138	170	81	84	27	32	37
	Fleet	134	151	186	89	93			
16	Nonfleet	185	209	257	123	128	42	49	57
	Fleet	204	231	284	135	140			
17	Nonfleet	151	171	210	100	104	34	40	46
	Fleet	166	188	231	110	114			
18	Nonfleet	130	147	181	87	90	29	35	40
	Fleet	143	162	199	96	100			
19	Nonfleet	113	128	157	76	79	25	30	35
	Fleet	124	140	172	84	87			
20	Nonfleet	147	166	204	98	102	33	39	45
	Fleet	162	183	225	108	112			
21	Nonfleet	156	176	217	104	108	35	41	48
	Fleet	172	194	239	114	119			
22	Nonfleet	144	163	200	96	100	32	38	44
	Fleet	158	179	220	106	110			
23	Nonfleet	113	128	157	76	79	25	30	35
	Fleet	124	140	172	84	87			
24	Nonfleet	112	127	156	75	78	25	30	34
	Fleet	123	139	171	83	86			

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**COMMERCIAL AUTOMOBILE LIABILITY RATES**

**ALL OTHER BUSES**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	1207	1364	1678	267	278	161	187	211
	Fleet	1328	1501	1846	294	306			
12	Nonfleet	1776	2007	2469	394	410	236	275	311
	Fleet	1954	2208	2716	433	450			
13	Nonfleet	1402	1584	1949	310	322	186	217	245
	Fleet	1542	1742	2143	341	355			
14	Nonfleet	1480	1672	2057	328	341	197	229	259
	Fleet	1628	1840	2263	361	375			
15	Nonfleet	1161	1312	1614	255	265	154	180	203
	Fleet	1277	1443	1775	281	292			
16	Nonfleet	1753	1981	2437	388	404	233	272	307
	Fleet	1928	2179	2680	427	444			
17	Nonfleet	1433	1619	1992	316	329	191	222	251
	Fleet	1576	1781	2191	348	362			
18	Nonfleet	1239	1400	1722	275	286	165	192	217
	Fleet	1363	1540	1895	303	315			
19	Nonfleet	1075	1215	1494	238	248	143	167	188
	Fleet	1183	1337	1644	262	272			
20	Nonfleet	1394	1575	1938	308	320	185	216	244
	Fleet	1533	1732	2131	339	353			
21	Nonfleet	1480	1672	2057	328	341	197	229	259
	Fleet	1628	1840	2263	361	375			
22	Nonfleet	1363	1540	1895	302	314	181	211	239
	Fleet	1499	1694	2084	332	345			
23	Nonfleet	1075	1215	1494	238	248	143	167	188
	Fleet	1183	1337	1644	262	272			
24	Nonfleet	1067	1206	1483	236	245	142	165	187
	Fleet	1174	1327	1632	260	270			

NORTH CAROLINA REINSURANCE FACILITY  
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(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	\$1000	\$2000
11	Nonfleet	127	144	177	112	116	37	44	49
	Fleet	140	158	195	123	128			
12	Nonfleet	187	211	260	166	173	55	65	72
	Fleet	206	233	286	183	190			
13	Nonfleet	148	167	206	130	135	43	52	57
	Fleet	163	184	227	143	149			
14	Nonfleet	156	176	217	138	144	46	55	60
	Fleet	172	194	239	152	158			
15	Nonfleet	122	138	170	107	111	36	43	47
	Fleet	134	151	186	118	123			
16	Nonfleet	185	209	257	163	170	54	65	71
	Fleet	204	231	284	179	186			
17	Nonfleet	151	171	210	133	138	44	53	58
	Fleet	166	188	231	146	152			
18	Nonfleet	130	147	181	116	121	38	46	50
	Fleet	143	162	199	128	133			
19	Nonfleet	113	128	157	100	104	33	40	43
	Fleet	124	140	172	110	114			
20	Nonfleet	147	166	204	130	135	43	51	56
	Fleet	162	183	225	143	149			
21	Nonfleet	156	176	217	138	144	46	55	60
	Fleet	172	194	239	152	158			
22	Nonfleet	144	163	200	127	132	42	50	55
	Fleet	158	179	220	140	146			
23	Nonfleet	113	128	157	100	104	33	40	43
	Fleet	124	140	172	110	114			
24	Nonfleet	112	127	156	99	103	33	39	43
	Fleet	123	139	171	109	113			

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**COMMERCIAL AUTOMOBILE LIABILITY RATES**

**GARAGES**

Territory	Class	Bodily Injury Limit			Property Damage Limit	
		\$30/60	\$50/100	\$100/300	\$25	\$50
11	Dealers	305	345	424	214	223
12	Dealers	461	521	641	324	337
13	Dealers	367	415	510	257	267
14	Dealers	389	440	541	273	284
15	Dealers	300	339	417	211	219
16	Dealers	451	510	627	317	330
17	Dealers	381	431	530	267	278
18	Dealers	310	350	431	217	226
19	Dealers	285	322	396	200	208
20	Dealers	358	405	498	251	261
21	Dealers	369	417	513	259	269
22	Dealers	351	397	488	246	256
23	Dealers	285	322	396	200	208
24	Dealers	277	313	385	194	202

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**TRUCKS, TRACTORS, AND TRAILERS**

**ZONE RATING TABLE**

**ZONE 05 (CHARLOTTE) COMBINATIONS**

Insert the state code of the state of principal garaging as the first two digits of the zone combination code.

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
<b>01 Atlanta</b>	\$1089 BI 1127 PD 210 MP	<b>13 Houston</b>	\$1172 BI 1212 PD 226 MP	<b>25 New Orleans</b>	\$1152 BI 1192 PD 222 MP	<b>37 Tulsa</b>	\$1172 BI 1212 PD 226 MP
	**201		**213		**225		**237
<b>02 Balt.- Wash.</b>	1109 BI 1147 PD 214 MP	<b>14 Indiana- napolis</b>	969 BI 1002 PD 187 MP	<b>26 N.Y. City</b>	1109 BI 1147 PD 214 MP	<b>40 Pacific</b>	1242 BI 1284 PD 240 MP
	**202		**214		**226		**240
<b>03 Boston</b>	1163 BI 1203 PD 224 MP	<b>15 Jackson- ville</b>	1089 BI 1127 PD 210 MP	<b>27 Okla. City</b>	1172 BI 1212 PD 226 MP	<b>41 Moun- tain</b>	1403 BI 1450 PD 271 MP
	**203		**215		**227		**241
<b>04 Buffalo</b>	1109 BI 1147 PD 214 MP	<b>16 Kansas City</b>	1105 BI 1141 PD 213 MP	<b>28 Omaha</b>	1105 BI 1141 PD 213 MP	<b>42 Mid- West</b>	1105 BI 1141 PD 213 MP
	**204		**216		**228		**242
<b>05 Charlotte</b>	1089 BI 1127 PD 210 MP	<b>17 Little Rock</b>	1172 BI 1212 PD 226 MP	<b>29 Phoenix</b>	1403 BI 1450 PD 271 MP	<b>43 South- West</b>	1172 BI 1212 PD 226 MP
	**205		**217		**229		**243
<b>06 Chicago</b>	969 BI 1002 PD 187 MP	<b>18 Los Angeles</b>	1242 BI 1284 PD 240 MP	<b>30 Philadel- phia</b>	1109 BI 1147 PD 214 MP	<b>44 North Central</b>	969 BI 1002 PD 187 MP
	**206		**218		**230		**244
<b>07 Cincin- nati</b>	969 BI 1002 PD 187 MP	<b>19 Louisville</b>	1037 BI 1073 PD 200 MP	<b>31 Pitts- burgh</b>	1109 BI 1147 PD 214 MP	<b>45 Mid- East</b>	1037 BI 1073 PD 200 MP
	**207		**219		**231		**245
<b>08 Cleveland</b>	969 BI 1002 PD 187 MP	<b>20 Memphis</b>	1037 BI 1073 PD 200 MP	<b>32 Portland</b>	1242 BI 1284 PD 240 MP	<b>46 Gulf</b>	1152 BI 1192 PD 222 MP
	**208		**220		**232		**246
<b>09 Dallas Fort Worth</b>	1172 BI 1212 PD 226 MP	<b>21 Miami</b>	1089 BI 1127 PD 210 MP	<b>33 Rich- mond</b>	1089 BI 1127 PD 210 MP	<b>47 South- East</b>	1089 BI 1127 PD 210 MP
	**209		**221		**233		**247
<b>10 Denver</b>	1403 BI 1450 PD 271 MP	<b>22 Milwau- kee</b>	1105 BI 1141 PD 213 MP	<b>34 St. Louis</b>	1105 BI 1141 PD 213 MP	<b>48 Eastern</b>	1109 BI 1147 PD 214 MP
	**210		**222		**234		**248
<b>11 Detroit</b>	969 BI 1002 PD 187 MP	<b>23 Minn.- St. Paul</b>	1105 BI 1141 PD 213 MP	<b>35 Salt Lake City</b>	1403 BI 1450 PD 271 MP	<b>49 New England</b>	1163 BI 1203 PD 224 MP
	**211		**223		**235		**249
<b>12 Hartford</b>	1163 BI 1203 PD 224 MP	<b>24 Nashville</b>	1037 BI 1073 PD 200 MP	<b>36 San Fran.</b>	1242 BI 1284 PD 240 MP		
	**212		**224		**236		

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TRUCKS, TRACTORS, AND TRAILERS

**ZONE RATING TABLE  
ZONE 47 (SOUTHEAST) COMBINATIONS**

Insert the state code of the state of principal garaging as the first two digits of the zone combination code.

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
<b>01 Atlanta</b>	\$1089 BI 1127 PD 210 MP	<b>13 Houston</b>	\$1172 BI 1212 PD 226 MP	<b>25 New Orleans</b>	\$1152 BI 1192 PD 222 MP	<b>37 Tulsa</b>	\$1172 BI 1212 PD 226 MP
	**901		**913		**925		**937
<b>02 Balt.- Wash.</b>	1109 BI 1147 PD 214 MP	<b>14 India- napolis</b>	969 BI 1002 PD 187 MP	<b>26 N.Y. City</b>	1109 BI 1147 PD 214 MP	<b>40 Pacific</b>	1183 BI 1222 PD 228 MP
	**902		**914		**926		**940
<b>03 Boston</b>	1163 BI 1203 PD 224 MP	<b>15 Jackson- ville</b>	1089 BI 1127 PD 210 MP	<b>27 Okla. City</b>	1172 BI 1212 PD 226 MP	<b>41 Moun- tain</b>	1336 BI 1382 PD 258 MP
	**903		**915		**927		**941
<b>04 Buffalo</b>	1109 BI 1147 PD 214 MP	<b>16 Kansas City</b>	1105 BI 1141 PD 213 MP	<b>28 Omaha</b>	1105 BI 1141 PD 213 MP	<b>42 Mid- West</b>	1052 BI 1087 PD 203 MP
	**904		**916		**928		**942
<b>05 Charlotte</b>	1089 BI 1127 PD 210 MP	<b>17 Little Rock</b>	1172 BI 1212 PD 226 MP	<b>29 Phoenix</b>	1403 BI 1450 PD 271 MP	<b>43 South- West</b>	1116 BI 1154 PD 215 MP
	**905		**917		**929		**943
<b>06 Chicago</b>	969 BI 1002 PD 187 MP	<b>18 Los Angeles</b>	1242 BI 1284 PD 240 MP	<b>30 Philadel- phia</b>	1109 BI 1147 PD 214 MP	<b>44 North Central</b>	923 BI 954 PD 178 MP
	**906		**918		**930		**944
<b>07 Cincin- nati</b>	969 BI 1002 PD 187 MP	<b>19 Louisville</b>	1037 BI 1073 PD 200 MP	<b>31 Pitts- burgh</b>	1109 BI 1147 PD 214 MP	<b>45 Mid- East</b>	988 BI 1021 PD 191 MP
	**907		**919		**931		**945
<b>08 Cleveland</b>	969 BI 1002 PD 187 MP	<b>20 Memphis</b>	1037 BI 1073 PD 200 MP	<b>32 Portland</b>	1242 BI 1284 PD 240 MP	<b>46 Gulf</b>	1098 BI 1135 PD 212 MP
	**908		**920		**932		**946
<b>09 Dallas Fort Worth</b>	1172 BI 1212 PD 226 MP	<b>21 Miami</b>	1089 BI 1127 PD 210 MP	<b>33 Rich- mond</b>	1089 BI 1127 PD 210 MP	<b>47 South- East</b>	1038 BI 1073 PD 200 MP
	**909		**921		**933		**947
<b>10 Denver</b>	1403 BI 1450 PD 271 MP	<b>22 Milwau- kee</b>	1105 BI 1141 PD 213 MP	<b>34 St. Louis</b>	1105 BI 1141 PD 213 MP	<b>48 Eastern</b>	1056 BI 1092 PD 204 MP
	**910		**922		**934		**948
<b>11 Detroit</b>	969 BI 1002 PD 187 MP	<b>23 Minn.- St. Paul</b>	1105 BI 1141 PD 213 MP	<b>35 Salt Lake City</b>	1403 BI 1450 PD 271 MP	<b>49 New England</b>	1108 BI 1145 PD 214 MP
	**911		**923		**935		**949
<b>12 Hartford</b>	1163 BI 1203 PD 224 MP	<b>24 Nashville</b>	1037 BI 1073 PD 200 MP	<b>36 San Fran.</b>	1242 BI 1284 PD 240 MP		
	**912		**924		**936		



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**EXPERIENCE RATING PLAN SECTION**

Rule 81. June 1, 2010  
Rule 82. June 1, 2010  
Rule 83. June 1, 2010  
Rule 84. June 1, 2010  
Rule 85. June 1, 2010  
Rule 86. June 1, 2010  
Rule 87. June 1, 2010  
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. June 1, 2010  
Rule 94. June 1, 2010

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

Territories Section

June 1, 2010

Commercial Automobile Liability Rates Section  
Zone Rates

March 1, 2013  
June 1, 2010

PRE-FILED TESTIMONY  
of  
RAYMOND F. EVANS, JR., CPCU

September 24, 2014

2014 COMMERCIAL AUTOMOBILE INSURANCE RATE FILING  
BY THE NORTH CAROLINA REINSURANCE FACILITY

- Q. Would you state your full name and business address?
- A. Raymond F. Evans, Jr., CPCU, 2910 Sumner Boulevard, Raleigh, North Carolina 27616.
- Q. Are you employed by the North Carolina Reinsurance Facility ("Facility")?
- A. Yes.
- Q. In what capacity?
- A. I am the General Manager.
- Q. How long have you been employed by the Facility?
- A. Since September, 2000.
- Q. What is the Facility's function with respect to rates for commercial automobile insurance?
- A. The Facility makes rates for commercial automobile liability insurance written in North Carolina that is ceded to the Facility.
- Q. Would you summarize your educational background?
- A. I graduated from Ohio State University with a Bachelor of Science Degree in Accounting. I am also a Chartered Property and Casualty Underwriter (CPCU).
- Q. What was your work experience after graduation and prior to beginning work for the Facility?

- A. From March 1966 to August 2000 I worked in various capacities with the State Automobile Insurance Companies.
- Q. Can you identify the document (Exhibit RF-1) dated September 24, 2014?
- A. Yes. This is a portion of a filing ("Filing") that is dated September 24, 2014, submitted by the Facility to the Honorable Wayne Goodwin, 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. The expense data were checked, reconciled, and edited before they were sent to ISO for use in the Filing.
- Q. Was the special call information which was furnished to ISO in connection with the Filing correct and accurate to the best of your knowledge, information and belief?
- A. Yes.
- Q. Can you identify the document (Exhibit RF-2) entitled the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates?
- A. Yes. The North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates is a manual of the rules, rates and classifications used to write commercial automobile liability insurance ceded to the Facility. This manual and any approved amendments are on file with the North Carolina Department of Insurance and a copy is maintained at the offices of the Facility.
- Q. To the extent that actuarial expertise was necessary in the preparation of this Filing, where did the Facility obtain

that expertise?

A. Actuarial expertise was obtained from ISO. ISO is retained by the Facility to provide actuarial services to the Facility for, among numerous other things, preparation of this Filing. The Facility's Rating Committee reviewed the data underlying the Filing and made recommendations to the Board of Governors of the Facility as to the items contained in the Filing. In addition, the Facility has an actuary on its staff who participated in the committee review and discussion of the rate review and assisted in preparation of the Filing.

Q. What is the proposed effective date of the rates in the Filing?

A. The new rates will apply to all policies becoming effective on or after March 1, 2015. The only exception to this rule of application is that, for policies to which an experience rating modification is applied and becomes effective on or after March 1, 2015, the new rates are applicable as of the experience rating date.

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 prefiled testimony?

A. Yes.

PRE-FILED TESTIMONY

OF

MARC LEVINE

COMMERCIAL AUTOMOBILE INSURANCE RATE FILING  
BY THE NORTH CAROLINA REINSURANCE FACILITY

September, 2014

Q. Please state your name and business address.

A. My name is Marc Levine. 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 14, 1982.

Q. What are your responsibilities at ISO?

A. I am the Manager and Assistant Actuary for the Commercial Automobile Division at ISO. The Commercial Automobile Division (CAD) is responsible for ISO's Commercial Automobile coverage program, including experience level evaluations, manuals, and policy forms and endorsements.

ISO performs experience reviews for the Commercial Automobile coverage 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, it was as an Actuarial Assistant in ISO's Commercial Lines Actuarial and Information Management Division where I was promoted to the levels of Actuarial Assistant Senior and Assistant Manager. In 1994, I transferred to ISO's Electronic Products Division. In 1997, I joined the Commercial Automobile Division as an Assistant Manager and was promoted to Actuarial Associate. In 2001, I was promoted to Manager in the General Liability Division and returned to the Commercial Automobile Division in 2002 where I continue to serve as Manager and Assistant Actuary.

Q. What is your background in actuarial science and your educational background?

A. I have a Bachelor of Arts degree in chemistry from Brooklyn College. I am an Associate 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. As part of my duties at ISO, I am familiar with data collection and experience review procedures in use in states other than North Carolina. I have participated in filings for Commercial Automobile for many states. I am responsible at the present time for supervising the preparation of rate filings for all the states, the District of Columbia and Puerto Rico for which ISO has jurisdiction as an advisory organization.

Q. What work have you performed with respect to the Reinsurance Facility Commercial Automobile rate filing in North Carolina?

A. Through ISO, I have been involved in the preparation of the Commercial Automobile rate filing for the Reinsurance Facility in two respects. First, we collect rate-related statistical data from a significant number of the companies which write Commercial Automobile insurance in North Carolina. The Property Casualty Insurers Association of America ("PCI") is the statistical organization which collects data from the other companies. The data which the PCI collects are sent to us at ISO and we compile all of the data and put them in proper format so that they can be

reviewed to determine whether rates 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 which are utilized in the filing. The Rating Committee is comprised of several member companies of the Facility plus one of the agent members of the Facility's Board of Governors.

Q. What is the nature of this filing labeled Exhibits RF-1 through RF-5?

A. The Reinsurance Facility's filing is identified as Exhibits RF-1 through RF-5. The ratemaking experience is reflected in Exhibit RF-1 and is, in general, supplied by the individual companies. The data are submitted to one of the two statistical organizations (either ISO or PCI). The two statistical organizations subject the data that are reported to them to a series of verification edits and then consolidate the data. The PCI then transmits its consolidated data to ISO for further consolidation with the ISO data, and after that is completed ISO produces the combined data in a format and detail necessary for ratemaking.

This filing revises the North Carolina Reinsurance Facility basic limits rates and increased limits factors for Commercial Automobile bodily injury liability, property damage liability and medical payments. Separate filed amounts are determined for Trucks, Tractors, & Trailers, Private Passenger Types, and Zone Rated Risks. The filed amounts by coverage, as shown on page a of Exhibit RF-1, are:

<u>Major Class</u>	Basic Limits	Increased Limits	
	<u>Filed</u>	<u>Filed</u>	<u>Combined</u>
	<u>Change</u>	<u>Change</u>	
Trucks, Tractors, & Trailers			
Bodily Injury	-1.3%	+16.0%	+14.5%
Property Damage	+14.2%	+2.4%	+16.9%
Combined	+3.7%	+11.6%	+15.7%

Private Passenger Types

Bodily Injury	-6.0%	+11.3%	+4.6%
Property Damage	+2.1%	+1.8%	+3.9%
Combined	-3.0%	+7.8%	+4.6%

Zone Rated Risks

Bodily Injury	-11.4%	+20.5%	+6.8%
Property Damage	-9.9%	+6.9%	-3.7%
Combined	-11.0%	+16.6%	+3.8%

Grand Total

Bodily Injury	-2.0%	+14.8%	+12.5%
Property Damage	+12.7%	+2.3%	+15.3%
Combined	+2.7%	+10.8%	+13.8%

Q. Mr. Levine, 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 March 1, 2015. This is the effective date proposed for the filing.

Q. What data are utilized in Exhibit RF-1?

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, and Zone Rated coverages in Section B. The years are the latest available.

For the Trucks, Tractors, & Trailers and Private Passenger Types classes, the loss experience used in the filing is what we call "accident year" experience. The five years of experience used in the filing are the accident years ending December 31, 2008 to December 31, 2012. For example, the losses for the accident year ended December 31, 2008 consist of all losses caused by

accidents which occurred during the one year period ended December 31, 2008. If an accident occurred December 31, 2008 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, 2008. The test for assigning losses to accident years is the date the accident occurred.

For Zone Rated liability, the experience used in the filing is what we call "policy year" experience. The five years of experience used in the filing are the policy years ending December 31, 2008 to December 31, 2012. These five policy year-ending periods are sometimes referred to as policy years 2007 to 2011, as they consist of the policies issued in 2007 through 2011. For example, policy year 2007 experience consists of the experience for all policies issued from January 1, 2007 to December 31, 2007; the term policy year-ending 12/31/2008 comes from the fact that the expiration of these policies is one year after issue, so a policy issued on December 31, 2007 expires on December 31, 2008. Policy year compiles the experience based on the year the applicable policy was issued rather than the year the accident occurred.

- Q. How is Exhibit RF-1 arranged?
- A. Exhibit RF-1 is divided into eight 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, and 3 of Section B display the adjustment of the losses and calculation of the rate level loss ratios for Trucks, Tractors, & Trailers, Private Passenger Types, and Zone Rated Risks respectively. Section C presents the exhibits of revised rates. Section D provides the supporting exhibits for loss development, trend, expenses, credibility and investment income. Sections E, F, and G contain the analysis of Increased Limits Factors. Section H contains the analysis of the Zone Rated Risks coverage.
- Q. Mr. Levine, 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 is for ceded business; it is the experience on policies which are placed in the Reinsurance Facility.

My testimony will concentrate on the calculations underlying the Trucks, Tractors, & Trailers bodily injury coverage on this exhibit. This is done to simplify the explanations and to provide examples of the calculations in the filing. Although I will be focusing my testimony on the Trucks, Tractors, & Trailers bodily injury coverage, the concepts and explanations apply to the other classes and coverages unless stated otherwise.

Q. Column (1) on Section B, Exhibit 1, Sheet 1 for bodily injury contains a reference to "30/60/25". What does that mean?

A. These are the minimum bodily injury and property damage liability policy limits which are needed to comply with the financial responsibility laws in North Carolina. What we are doing in this section of the filing is calculating the rate change that is needed for this "basic limits" coverage. For the purpose of the filing we assume that losses are "capped" at these basic limits and that the premium which is charged is the premium for the basic limits coverage at existing rates. What this means is that the indicated rate change we get from the calculation is the actuarially sound rate assuming all the ceded risks purchased basic limits coverage. To the extent these risks buy higher limits, there is a separate procedure which is followed to determine what the additional premium should be for the additional policy limits. This is detailed in Sections E, F, and G. The use of the "basic limits" premiums and losses for the purpose of determining statewide average rates is a proper procedure to be followed and is widely accepted. To illustrate how it works, assume that a risk bought a policy with 100/300 bodily injury policy limits and had an accident which caused the risk's insurer to make a payment to a claimant of \$75,000. The premium which is shown in column 1 is the premium which the policy would have cost the risk at today's rates assuming that the risk had bought only the 30/60 basic limits. The unadjusted losses which are shown in row 1 of this exhibit, sheet 2 would include only \$30,000 as opposed to the \$75,000 total loss.

- Q. Referring again to column 1, Section B, Exhibit 1, Sheet 1 entitled "Earned Premium at Present Rates," what does the figure \$5,973,638 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 12/31/2012 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. The earned premiums at present rates for Trucks, Tractors, & Trailers property damage, and Private Passenger Types and Zone Rated Risks bodily injury and property damage are calculated in the same manner.
- Q. Turning to row 1 on Sheet 2 of this exhibit under the bodily injury column, what are "incurred losses and allocated loss adjustment expenses"?
- A. The incurred losses in row 1 are the losses resulting from accidents which occurred during the one year period ending December 31, 2012 or one of the preceding one-year periods, as noted. These figures include both losses which have already been paid as well as losses which are not yet paid and are represented by outstanding claim reserves. The figure also includes allocated loss adjustment expenses. Allocated loss adjustment expenses are expenses which relate to a specific claim. For example, the fees which an insurance company pays to attorneys to defend a claim or to outside adjusters to investigate that claim would be classified as allocated loss adjustment expenses. On the other hand, adjustment-related expenses which cannot be identified to a specific claim are called unallocated loss adjustment expenses. An example of this would be the salaries and overhead associated with operating a company's in-house claims department. Allocated loss adjustment expenses are included in the row 1 figures; unallocated loss adjustment expenses are not.

Q. Have the losses and allocated loss adjustment expenses as reported by the companies been adjusted in any way?

A. Yes, there are several adjustments. First, as I mentioned earlier, ratemaking is done on a basic limits basis. For that reason we adjust the reported losses by eliminating those losses which exceed the amount which would have been paid had the policy limits been 30/60. The second adjustment results from the use of a loss development factor. Third is the inclusion of unallocated loss adjustment expense. Finally, trend is applied to the reported losses.

Q. What is the purpose of adjusting the reported losses by applying a loss development factor?

A. Reported losses need to be adjusted for loss development in order to appropriately reflect the late emergence of claims as well as changes in the value of known claims. This is accomplished through the use of loss development factors. For Trucks, Tractors, & Trailers, the losses as they are reported to ISO and PCI cover all accidents which occurred during the year-ended periods 12/31/2008 to 12/31/2012. When they are reported they are evaluated as of March 31, 2013. 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 7 of this Exhibit. The data is North Carolina only experience reported to ISO for voluntary business and to ISO and PCI for Facility business. Link ratios for several twelve month periods have been calculated and then the "best three of five" method is used to determine the three year link ratio average. Specifically, the highest and lowest link ratios from the latest five years have been removed from the calculation and the remaining three ratios are used to calculate the three year average. The Facility and voluntary factors for 15 to 27 months and for 27 to 39 months are then credibility weighted and the resulting link ratio averages are then multiplied to produce loss development factors to ultimate settlement. The ultimate settlement is assumed to be 123 months.

Q. Mr. Levine, you mentioned that voluntary and Facility data was used in determining loss development factors even though this revision pertains to a revision of Facility rates. Can you explain the reasoning for this?

A. The credibility weighted voluntary and Facility loss development experience should be more stable and hence a more credible indicator of North Carolina loss development patterns.

- 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. This same procedure is used to calculate the Private Passenger Types basic limits loss development factors. For Trucks, Tractors, & Trailers and Private Passenger Types total limits, however, only Facility data is used. Also, for the Zone Rated Risks, Facility and voluntary data is added rather than credibility weighted, and incurred losses are adjusted by loss development factors based on policy year experience. However, the concepts underlying the adjustments are the same.
- 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 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 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 \$389,887 represents.
- A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2012. 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 9.4% of the figure shown in row 2 - incurred 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, 2013 were 9.4% of incurred losses and allocated loss adjustment expenses for the same period. Thus it is reasonable and appropriate to use the same 9.4% 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. 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.

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, 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 March 1, 2015 effective date, what we are doing in the filing is making rates to cover policies issued during the period March 1, 2015 to February 29, 2016. 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 12/31/2008 to 12/31/2012. 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 3/1/2015 - 2/29/2016 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 +0.5% 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 7.667 years for the 12/31/2008 experience to 3.667 years for the 12/31/2012 experience, as shown in footnote (C). Mathematically, this is done by raising the factor of 1.005 to the 7.667 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 0.5% for basic limits and 1.0% for total limits, and an average annual change in claim frequency of 0.0%. These percentages are shown in Section D, Exhibit 2 of Exhibit RF-1.

Q. How were the average annual changes in claim cost and claim frequency determined?

A. They were determined by an analysis of past experience, separately for claim cost and claim frequency. For claim cost, trend lines, which are technically referred to as exponential curves, were determined for several different time intervals in order to determine what the actual changes

have been in the recent past. The data from which the trends were calculated are the cost data for ISO companies writing Commercial Automobile voluntary insurance in North Carolina as well as multistate data. These data are what we generally refer to as "internal trend" data. After making these calculations to determine what the past changes in loss severity have been, we analyzed the historical trends and considered other relevant factors which would affect our judgment as to whether those historical trends are likely to continue into the future. Based on that review and analysis, the Rating Committee exercised its informed judgment and selected the severity trends which are utilized in the filing. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve like the one used for severity trend does not fit the data well over the long term. Frequency trend is being selected to be 0.0% for bodily injury and 0.0% for property damage to reflect the recent pattern in frequency trend as well as the economic environment. The claim cost and claim frequency data are shown in Section D, Exhibit 2.

Q. In your opinion, are the annual loss trends used in the filing reasonable estimates of the prospective annual changes in losses in North Carolina?

A. Yes, they are.

Q. Please refer to row 5 of Section B, Exhibit 1, Sheet 2 of Exhibit RF-1 and explain what the purpose of that line is.

A. The average annual change in expenses of 2.2% represents the appropriate prospective change in general expenses, other acquisition expenses and unallocated loss adjustment expenses. These expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. These expenses represent salaries, overhead, rents and other expenses that should vary according to general economic trends and not as a direct function of how premium increases or decreases. For example, commissions are calculated as a percent of premium. If the premium rate goes up a certain percentage, the dollars of commission go up by the same percentage. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses or other acquisition expenses, is not directly tied to premium. Just because premium may go up 10% does not mean that the employee's salary will go up 10%. The

salary will be influenced by general economic trends and not by what the premium level is doing. That is why general expenses, other acquisition expenses and unallocated loss adjustment expenses are treated differently from those expenses that vary as a function of premium in this filing.

Q. Would you explain the derivation of the 2.2% factor in row 5?

A. The 2.2% factor is a combination of the 2.2% selected expense trend factor and the 0.0% selected frequency trend factor. The 2.2% factor is based on an analysis of the latest average annual change 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) this year 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 50/50 weighting of the All Items CPI and 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 this data, a selected expense trend factor of +2.2% is quite reasonable. Since unallocated loss adjustment expenses are also affected by the frequency of losses, the +2.2% is combined with the frequency trend selection of 0.0% resulting in the +2.2% factor.

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 3/1/2015 to 2/29/2016. These loss and loss adjustment expenses are then used in Section B, Exhibit 1, Sheet 1 to calculate the loss and loss adjustment ratios in column 3.

Q. Turning back to Section B, Exhibit 1, Sheet 1, how are the loss and loss adjustment ratios in column 3 used?

A. These loss and loss adjustment ratios are used in a series of steps to calculate the rate level loss ratio shown in row 10. We use five years of Facility experience to calculate the rate level loss ratio in order to ensure stable indications. The table of weights used in weighting these loss and loss adjustment ratios is shown on Section D, Exhibit 5. Whenever appropriate, we assign a greater weight to the latest year. The weights used for the Trucks, Tractors, & Trailers classes are shown in column 4 of Section B, Exhibit 1, Sheet 1. The resulting weighted loss and loss adjustment ratios are shown in row 6. The next step in calculating the rate level loss ratio is accounting for the credibility of the experience. Credibility is based upon the five year total of claims for the coverage. The standard for full credibility is 1084 claims for Trucks, Tractors, & Trailers and Private Passenger Types and 683 for Zone Rated. The tables for determining partial credibility are shown in Section D, Exhibit 5. The weighted loss and loss adjustment ratios are assigned credibility based on these tables. The complement of credibility is assigned to the adjusted expected loss ratio shown in row 8. For the Trucks, Tractors, & Trailers classes, the number of claims exceeds the full credibility standard so a credibility of 1.00 is given to the weighted loss and loss adjustment ratio in row 6. This results in the rate level loss ratios in row 10 being equal to the weighted loss and loss adjustment ratios in row 6.

Q. Would you explain the purpose of row 7 - "expected loss ratio" and row 8 - "adjusted expected loss ratio" more fully?

A. The expected loss ratio is the percentage of the premium dollar you will have available to pay for loss and loss adjustment expenses. The adjusted expected loss ratio represents what you would expect the loss and loss adjustment expense ratio to be without benefit of any later experience since the last filing. It is calculated by applying the average combined loss and loss adjustment expense trend factor to the expected loss ratio.

Q. What is the source of the expense provisions shown in footnote (C) on Section B, Exhibit 1, Sheet 1?

A. They were calculated from the North Carolina Special Expense Call for 2013 data. We used the expense ratios collected under the special call with two exceptions. For commissions, a 10%

provision is used for Trucks, Tractors, & Trailers, Private Passenger Types, and Zone Rated Risks since there is only a 10% commission allowance 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 0.782 means that losses and loss adjustment expenses will be lower than premium income by 21.8%. This means the Facility would make 21.8 cents on every premium dollar before considering commissions, other acquisition costs, general expense and taxes, licenses and fees. The rate level loss ratio is used on Exhibit 1 of Section A to determine the rate level indications after accounting for the remaining expenses and the investment income of the Facility.

Q. Referring now to Exhibit 1 of Section A, would you explain how the rate level loss ratio is used?

A. The rate level loss ratio in row 1 of Section A, Exhibit 1 is added to the trended fixed expense ratio in row 2 and the sum is displayed in row 3. The resulting ratio accounts for losses, loss adjustment expenses, other acquisition costs and general expenses.

Q. Would you explain the trended expense ratio?

A. The trended expense ratio is the sum of the expense provisions for other acquisition costs and general expenses adjusted for 2.17 years of trend. The assumption underlying this ratio is that these expenses are adequately provided for at this time but need to be adjusted to reflect the appropriate level for the prospective period. As I mentioned earlier in my testimony, other acquisition costs and general expenses are treated as fixed expenses and do not vary in direct

relationship to the actual premium dollars. As stated in footnote (a) on Exhibit 1, the calculation of the trended expense ratio uses an average annual expense trend of +2.2%. Earlier in my testimony, I explained the derivation of this trend factor.

Q. What is the significance of the ratio 0.914 shown on row 3 for Trucks, Tractors, & Trailers bodily injury of Section A, Exhibit 1?

A. This ratio means that the Facility would make 8.6 cents on every premium dollar before considering the remaining expenses - commissions and taxes, licenses and fees - and before reflecting investment income.

Q. Would you explain the ratio 0.876 on row 4 labeled "expected loss ratio + expected fixed expense ratio"?

A. This ratio represents the percentage of the premium dollar available to cover losses, loss adjustment expenses, other acquisition costs and general expenses. Mathematically, it is calculated as 1.00 minus the provision for commissions (which is 10%) and taxes, licenses and fees (2.4%).

Q. Mr. Levine, 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 5.05%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 5.05% is added to the expected loss and fixed expense provision of 87.6% to obtain a provision of 92.65% 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

92.65%. For Trucks, Tractors, & Trailers bodily injury, the projected loss & fixed expense ratio of 0.914 is less than 0.9265 and thus indicates a rate level change (after reflecting investment income) of -1.3%.

Q. Are the remaining 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. What is the effect of investment income on the indications?

A. The reflection of the 5.05% investment income provision decreased the indicated rate level need for Trucks, Tractors, & Trailers bodily injury liability by 5.6 percentage points overall.

Q. Mr. Levine, 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, 2013. 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 2012. In this case, the mean unearned premium reserve is 45.5% 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 19.2% of premiums. The calculation of this 19.2% 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 2011 and 2012 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 2.86%.

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 5.05% as a percent of earned premium.

Q. Mr. Levine, 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. Levine, 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, and Exhibit 4 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. Exhibit 4 contains a bodily injury sheet and a property damage sheet for each of Charlotte and Southeast.

Q. What is the purpose of Exhibit 1 of Section C?

A. Exhibit 1 summarizes the standard relativities used for determining revised rates for medical payments coverage and public automobile bodily injury and property damage liability coverage. This exhibit also summarizes the procedure for calculating the revised rates for hired cars coverage.

Q. Turning to Exhibit 2, Sheet 1 of Section C, would you explain the calculations on this exhibit?

A. This exhibit displays the calculations underlying the revised Facility territory base rates for Trucks, Tractors, & Trailers 30/60 bodily injury liability coverage. The revised Facility base rates are based upon the voluntary territory relationships that become effective on 12/1/2014. We base the revised Facility rates on the voluntary relationships because of the larger volume of voluntary experience and because we continue to believe, as we have in the past, that it is reasonable to assume that the Facility territory experience mirrors the voluntary territory relationships. Column 2 displays the voluntary base loss costs by territory in effect on that date. Column 4 displays these voluntary territory base loss costs indexed to the overall statewide average voluntary base loss cost. This index in column 4 is applied to the revised overall statewide average Facility base rate shown in the footnote. As an example, the revised rate for territory 11 is calculated by multiplying the index of 1.046 shown in column 4 by the overall statewide average base rate of 149.0271. The result of this calculation is \$155.882 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 11 of \$156 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 -1.3% indicated change.

Q. Are the revised Facility territory base rates for the other classes and coverages determined in a manner similar to the Trucks, Tractors, & Trailers bodily injury base rates?

A. Yes, they are, for Private Passenger Types. For Zone Rated Risks, the current relationship between zone to zone factors used in the voluntary market was introduced and the indicated bodily injury and property damage rate changes were applied. Refer to Section H.

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, if so, what is that opinion?

A. Yes. In my opinion they are fully justified.

Q. Please describe Sections E-G of Exhibit RF-1.

A. The Reinsurance Facility's increased limits filing is contained in Sections E-G. The experience data contained in this section is reported to the two statistical organizations (either ISO or PCI) by the individual companies.

The filing proposes to revise the North Carolina Reinsurance Facility increased limits factors for Commercial Automobile bodily injury liability and property damage liability insurance.

Q. What is the assumed effective date used in the calculation of these proposed increased limits factors?

A. An effective date of March 1, 2015 was assumed in the compilation of the filing material. This is the same date assumed in the calculation of the proposed rates in Sections A-D of Exhibit RF-1.

Q. Is that in fact the proposed effective date?

A. Yes, it is.

Q. What data are utilized in Sections E-G?

A. The supporting data for the indicated increased limits factor changes in Sections E-G consist of both accident year and policy year data. The Trucks, Tractors, & Trailers, Private Passenger Types and Publics (other than Buses) data are recorded on an accident year basis. All other data (including Zone Rated, Buses, and Miscellaneous Risks) are recorded on a policy year basis. As previously described, policy year experience is compiled based on the year that the applicable policy was issued, while accident year experience is compiled based on the year that the accident occurred.

Q. How are Sections E-G arranged?

- A. Section E presents a summary of the indicated increased limits factor changes. Section F contains detailed exhibits of the increased limits experience review. Section G presents the revised increased limits factors as they will appear in the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates.
- Q. Mr. Levine, please turn to Exhibit 1 in Section F. Would you explain the calculations in this exhibit?
- A. Exhibit 1, Sheet 1 of Section F presents the calculation of the indicated change in bodily injury increased limits factors (+14.8%). The indicated change is calculated by comparing the indicated average increased limits factor to the present average increased limits factor. The indicated average increased limits factor is calculated as the 5-year ratio of total limits losses (including allocated loss adjustment expense) to basic limits losses (including allocated loss adjustment expense). These losses have been developed to an ultimate settlement basis and trended from the average date of accident to one year beyond the anticipated effective date of March 1, 2015. Sheet 2 of this exhibit presents the calculation of the indicated change in property damage increased limits factors (+2.3%).
- Q. How were the losses trended to one year beyond the anticipated effective date?
- A. The developed losses (including allocated loss adjustment expense) have been multiplied by an exponential projection of annual average paid claim cost trend factors calculated in Exhibit 2 of Section F.
- Q. How are the developed losses obtained?
- A. Section F, Exhibit 4 presents the North Carolina Reinsurance Facility loss data. Sheet 1 shows the basic and total limits losses including allocated loss adjustment expense by class group separately for bodily injury and property damage. These losses are then developed to an ultimate settlement basis by applying the appropriate development factors shown in Exhibit 3. The results of this operation are displayed in Exhibit 4, Sheet 2.

The calculation of the development factors is performed in the same manner as previously described. Exhibit 1 of Section D presents the calculation of these factors.

Q. What is the significance of Exhibit 4, Sheet 3 of Section F?

A. After the losses (including allocated loss adjustment expense) have been developed to an ultimate settlement basis, the resultant values are then trended to one year beyond the anticipated effective date of March 1, 2015. The final trended values appear by class group on Sheet 3 of Exhibit 4. These final values are summed across class groups and the resultant numbers are used to obtain the indicated average increased limits factors in Exhibit 1.

Q. How are the present average increased limits factors calculated?

A. The present average increased limits factors are calculated as a weighted average of the increased limits factors which are currently in effect for the North Carolina Reinsurance Facility. Exhibit 5, Sheets 1 and 2 present the weights which are used. These weights are based on the basic limits loss distribution for risks ceded to the Facility, which uses losses (including allocated loss adjustment expense) reported to ISO from calendar accident year ending 06/30/2008 through calendar accident year ending 06/30/2012.

Q. Turning to Section G - Revised Increased Limits Tables, how are the individual increased limits factors calculated?

A. The actual indicated factors are calculated using a uniform excess change procedure. In this procedure, rather than multiply each increased limits factor by a desired percentage change, the excess portion of each increased limits factor is multiplied by a factor specifically calculated to achieve the desired overall percentage change in the increased limits factors.

For example, the indicated total limits percentage change for the bodily injury increased limits factors is +14.8%. This is calculated in Exhibit 1, Sheet 1 of Section F as the indicated average factor divided by the present average factor minus unity  $(2.220/1.933) - 1 = +.148$ . In order to

achieve this percentage change, a uniform excess change factor is calculated by dividing the indicated average excess portion ( $2.220 - 1.000 = 1.220$ ) by the present average excess portion ( $1.933 - 1.000 = 0.933$ ). The result of this calculation ( $1.220/0.933 = 1.308$ ) is the factor used to develop the indicated excess portion of each individual increased limits factor.

For a specific example of this calculation, let's look at the current bodily injury increased limits factor for a Heavy Truck with a \$100,000/\$300,000 policy limit (1.47). The excess portion of this factor ( $1.47 - 1.00 = 0.47$ ) is multiplied by the uniform excess change factor ( $0.47 * 1.308 = 0.61$ ) to obtain the indicated excess portion of the increased limits factor. The indicated increased limits factor is then obtained by adding the base portion back to give the revised increased limit factor ( $0.61 + 1.00 = 1.61$ ). This results in a change of +9.5% ( $(1.61/1.47) - 1 = +0.095$ ) in this factor.

After the indicated factors have been calculated, a weighted average of these factors is calculated to ensure that the desired percentage change is achieved.

Q. Was the desired percentage change achieved?

A. Yes, it was. The overall effect of the revised increased limits factors displayed in Section G, based on the loss distribution shown in Section F - Exhibit 5, is +14.8% for bodily injury and +2.3% for property damage.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the indicated increased limits factor changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion they are sound and actuarially reliable.

Q. Do you have an opinion as an actuary as to whether the filed increased limits factor changes contained in Sections E-G are fully justified and, if so, what is that opinion?

A. Yes. In my opinion they are fully justified.

Q. Turning to Section H - Revised Zone Rated Risks Coverage, how was this analysis done and how were the revised rates calculated?

A. The indicated primary factors, metro differential factors, fleet differential factors, and zone combination factors are the result of a Bailey simultaneous analysis of all relativities. The Bailey procedure is designed to generate the most accurate rating factors by accounting for overlap between the factors. For this particular analysis, indications were initially developed for the primary, fleet, metro, and zone combination factors. Then selections were made for the primary, metro, and fleet factors and the Bailey was reapplied using these selected factors to determine the zone combination factors. These factors were then used in conjunction with a base rate (Southeast to Southeast zone) to develop rates for all Zone Rated Risks. The resulting rates were then multiplied by the NCRF Zone Rated Risks indication to obtain the revised manual rates. That is, the average Zone Rated Risks rate is based on NCRF experience, but the relationships between the various individual classes and zone combinations are based on multistate data and are the same for both the voluntary market in North Carolina and the Facility. This has the effect of introducing a constant percentage differential between the voluntary and Facility rates for North Carolina. The revised manual rates are listed in Section C, Exhibit 4.

Q. What data was used in the analysis?

A. The data used in the review of the factors is multistate for five calendar/accident years through year ended 06/30/2011, combined. The revised factors are being introduced on a revenue neutral basis. That is, an off-balance factor has been applied to the base rates so that there is no change to the average rate prior to the application of the statewide rate change. The Zone Rated risk review has been implemented by ISO in the voluntary market in North Carolina and virtually all other states.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the revised Zone Rated Risks rates 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. Does that conclude your pre-filed testimony?

A. Yes.

PRE-FILED TESTIMONY  
OF  
MICHAEL E. STACK

2014 COMMERCIAL AUTOMOBILE INSURANCE  
RATE FILING  
BY THE NORTH CAROLINA REINSURANCE FACILITY  
September, 2014

Q. Please state your name and business address for the record.

A. **Michael Stack**  
**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 Vice President, Fixed Income Portfolio Manager. I am a Fixed Income Portfolio Manager and also Chair of the Financial Reserves Management Team. I am also a Partner of the firm.**

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. As chair of the Financial Reserve Management Team, I am responsible for setting aggregate risk levels and investment strategy in**

**Core Bond, Intermediate Bond, Core Bond Plus, Long Bond, and Crossover portfolios.**

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 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 2000.**

Q. How long have you been employed by Wellington Management Company, LLP in the division or department which specializes in fixed-income investments?

A. **Since joining the firm in 2000.**

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. **Since our relationship with the Facility began on October 1, 2009.**

Q. In connection with the Facility's 2014 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 March 1, 2015?

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 March 1, 2015, we employed a security-level book yield projection approach, rolling forward the book yield on the Facility's investment portfolio as it stood on May 31, 2014 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 with reflects the portfolio's performance benchmark yield as it stood on June 17, 2014 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 March 1, 2015 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 2.86%.**

Q. Do you have an opinion as to whether the 2.86% 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 March 1, 2015, based on the information available when we made the calculations.**

Q. Does that conclude your pre-filed testimony?

A. **Yes.**