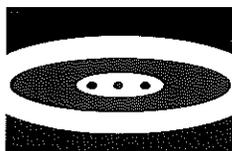


NCRB-NCRF-NCIGA



north carolina  
RATE BUREAU  
REINSURANCE FACILITY  
INSURANCE GUARANTY ASSOCIATION

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**North Carolina Reinsurance Facility**

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May 10, 2016

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

Enclosed are memoranda and exhibits which set forth and explain the calculations of the revised rates and rating factors. The rates established herein are based upon automobile liability insurance experience for the five years ending December 31, 2014 and automobile liability insurance expense data for calendar year ending December 31, 2014, the latest years for which such data are available.

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

These revised rates will become effective October 1, 2016, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2016. No policy effective prior to October 1, 2016 shall be

endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such requests, but in no event prior to October 1, 2016.

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 October 1, 2016 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 October 1, 2016, these changes may not be applied until the first experience rating date on or after October 1, 2016.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "F. Timothy Lucas", written in a cursive style.

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	38.8%	-12.1%	22.0%
Property Damage	26.1%	-0.4%	25.6%
Total	34.8%	-8.4%	23.5%
 <u>PRIVATE PASSENGER TYPES</u>			
Bodily Injury	1.3%	-12.0%	-10.9%
Property Damage	14.1%	-0.1%	14.0%
Total	4.8%	-8.7%	-4.3%
 <u>OVERALL</u>			
Bodily Injury	38.5%	-10.5%	24.0%
Property Damage	26.0%	-1.0%	24.8%
Total	34.6%	-7.5%	24.5%

The Basic Limit Property Damage indications include a +2.0% factor. This factor has been applied to account for the anticipated increase in PD losses due to the effect of House Bill 97 which expands the sales tax base to include labor.

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)	+38.8%	+22.0%
Property Damage (25)	+26.1%	+25.6%
<u>Private Passenger Types Liability</u>		
Bodily Injury (30/60)	+ 1.3%	- 10.9%
Property Damage (25)	+14.1%	+14.0%
Grand Total	+34.6%	+24.5%

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 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			Overall
	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	
1. Credibility Weighted Rate Level Loss Ratio	1.189	1.047		0.839	0.938		
2. Trended Fixed Expense Ratio (a)	0.105	0.105		0.105	0.105		
3. Sum of (1) and (2)	1.294	1.152		0.944	1.043		
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.882	0.882		0.882	0.882		
5. Indicated Rate Level Change $[(3)/(4)-1] \times 100$	46.7%	30.6%	36.6%	7.0%	18.3%	8.7%	
6. Indications Reflecting Investment Income (c)	38.8%	23.6%	34.0%	1.3%	11.9%	4.2%	33.8%

(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>
Sum of Other Acquisition Expense and General Expenses	9.9%	9.9%
Avg. Annual Change in Expenses	2.0%	2.0%
Years Projected (n)	2.75	2.75

(b) This ratio represents the percentage of the premium dollar available to cover losses, loss adjustment expenses, other acquisition costs and general expenses. It is calculated as 1.00 minus the provision for commissions and taxes, licenses and fees (see Section I, Exhibit 6).

(c) Reflects Investment Income on Earned Premium  $[(3)/(0.882 + 0.0500)-1] \times 100$  for Trucks, Tractors, and Trailers and Private Passenger Types.

Investment Income (Trucks  
and Private Passenger Types): 5.00%

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 and Private Passenger Types, the limits on which the indications are based are \$30,000 per person, subject to \$60,000 per occurrence, for bodily injury and \$25,000 per occurrence for property damage.

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

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

Expenses - 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

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 <u>PRESENT RATES(A)</u>	(2) (30/60/25) LIMITS INCURRED <u>LOSSES (B)</u>	(3) LOSS & LOSS ADJUSTMENT RATIO <u>(2) / (1)</u>	(4) ACCIDENT YEAR <u>WEIGHTS</u>	(5) NUMBER OF INCURRED <u>CLAIMS</u>
BI	12/31/2010	\$7,886,609	\$7,062,404	0.895	10%	428
	12/31/2011	7,253,914	5,729,874	0.790	15%	400
	12/31/2012	6,956,223	5,540,039	0.796	20%	456
	12/31/2013	8,292,376	10,203,763	1.230	25%	626
	12/31/2014	8,903,329	15,264,690	1.714	30%	613
PD	12/31/2010	\$7,559,636	\$6,885,902	0.911	10%	1,480
	12/31/2011	6,952,959	5,940,609	0.854	15%	1,363
	12/31/2012	6,666,802	5,733,107	0.860	20%	1,348
	12/31/2013	7,945,683	8,773,938	1.104	25%	1,816
	12/31/2014	8,529,761	10,793,807	1.265	30%	1,936

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	1.189	1.047
(7) EXPECTED LOSS RATIO (C).	0.783	0.783
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.799	0.813
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	1.189	1.047

(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 FOLLOV

TOTAL PRODUCTION COST:	14.7%
GENERAL EXPENSE:	5.2%
TAXES, LICENSES AND FEES:	1.8%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (2.0% FOR BI, 3.8% FOR PD), PROJEC 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 (10/01/2015) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 10/01/2016. 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. (6). 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 (25000)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2010	\$5,607,683	\$4,748,341
	12/31/2011	4,624,232	4,252,831
	12/31/2012	4,449,186	4,260,791
	12/31/2013	8,070,942	6,740,285
	12/31/2014	11,070,170	8,340,761
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2010	\$5,630,114	\$4,748,341
	12/31/2011	4,656,602	4,252,831
	12/31/2012	4,591,560	4,260,791
	12/31/2013	8,627,837	6,773,986
	12/31/2014	13,173,502	8,649,369
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2010	\$489,820	\$498,576
	12/31/2011	405,124	446,547
	12/31/2012	399,466	447,383
	12/31/2013	750,622	711,269
	12/31/2014	1,146,095	908,184
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		2.0%	4.0%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.0%	2.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2010	\$7,062,404	\$6,885,902
	12/31/2011	5,729,874	5,940,609
	12/31/2012	5,540,039	5,733,107
	12/31/2013	10,203,763	8,773,938
	12/31/2014	15,264,690	10,793,807

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

YEAR ENDING	B.I.	P.D.
12/31/2010	1.004	1.000
12/31/2011	1.007	1.000
12/31/2012	1.032	1.000
12/31/2013	1.069	1.005
12/31/2014	1.190	1.037

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

B.I.	P.D.
0.087	0.105

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + (4)]\*\*N;  
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + (5)]\*\*N, WHERE N  
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND  
THE PROSPECTIVE EFFECTIVE DATE OF 10/01/2016.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2010	7/1/2010	7.250
12/31/2011	7/1/2011	6.250
12/31/2012	7/1/2012	5.250
12/31/2013	7/1/2013	4.250
12/31/2014	7/1/2014	3.250

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

Section B  
 Exhibit 2  
 Sheet 1

		(1) (30/60/25) LIMITS EARNED PREMIUM AT <u>PRESENT RATES(A)</u>	(2) (30/60/25) LIMITS INCURRED <u>LOSSES (B)</u>	(3) LOSS & LOSS ADJUSTMENT RATIO <u>(2) / (1)</u>	(4) ACCIDENT YEAR <u>WEIGHTS</u>	(5) NUMBER OF INCURRED <u>CLAIMS</u>
BI	12/31/2010	\$73,255	\$63,380	0.865	10%	11
	12/31/2011	66,130	47,273	0.715	15%	5
	12/31/2012	56,585	23,641	0.418	20%	3
	12/31/2013	66,125	199,303	3.014	25%	9
	12/31/2014	65,747	37,375	0.568	30%	8
PD	12/31/2010	\$61,736	\$55,410	0.898	10%	15
	12/31/2011	55,755	95,306	1.709	15%	25
	12/31/2012	47,698	31,649	0.664	20%	12
	12/31/2013	55,741	80,928	1.452	25%	15
	12/31/2014	55,398	110,126	1.988	30%	23

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	1.201	1.438
(7) EXPECTED LOSS RATIO (C).	0.783	0.783
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.799	0.813
(9) CREDIBILITY (E).	0.10	0.20
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.839	0.938

(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:	14.7%
GENERAL EXPENSE:	5.2%
TAXES, LICENSES AND FEES:	1.8%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (2.0% FOR BI, 3.8% 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 (10/01/2015) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 10/01/2016. 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 (25/00)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2010	\$50,678	\$38,209
	12/31/2011	38,807	68,229
	12/31/2012	19,554	23,474
	12/31/2013	161,111	62,419
	12/31/2014	29,006	87,547
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2010	\$50,526	\$38,209
	12/31/2011	38,419	68,229
	12/31/2012	19,593	23,521
	12/31/2013	168,522	62,481
	12/31/2014	32,255	88,247
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2010	\$4,396	\$4,012
	12/31/2011	3,342	7,164
	12/31/2012	1,705	2,470
	12/31/2013	14,661	6,561
	12/31/2014	2,806	9,266
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		2.0%	4.0%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.0%	2.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2010	\$63,380	\$55,410
	12/31/2011	47,273	95,306
	12/31/2012	23,641	31,649
	12/31/2013	199,303	80,928
	12/31/2014	37,375	110,126

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

YEAR ENDING	B.I.	P.D.
12/31/2010	0.997	1.000
12/31/2011	0.990	1.000
12/31/2012	1.002	1.002
12/31/2013	1.046	1.001
12/31/2014	1.112	1.008

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

B.I.	P.D.
0.087	0.105

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + (4)]\*\*N;  
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + (5)]\*\*N, WHERE N  
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND  
THE PROSPECTIVE EFFECTIVE DATE OF 10/01/2016.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2010	7/1/2010	7.250
12/31/2011	7/1/2011	6.250
12/31/2012	7/1/2012	5.250
12/31/2013	7/1/2013	4.250
12/31/2014	7/1/2014	3.250

SECTION C

Exhibits of Revised Rates

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBITS OF REVISED RATES

Exhibit 1 - Relativities Used to Develop the Rates

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

The revised non-fleet base rates are based upon the voluntary territory relativities that became effective on December 1, 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 became effective on December 1, 2014.

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 247.3138	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	289	231	184	1.031	254.981	255	38.6%
12	1,779	355	282	1.584	391.745	392	39.0%
13	353	269	214	1.200	296.777	297	38.8%
14	622	271	216	1.209	299.002	299	38.4%
15	162	215	171	0.959	237.174	237	38.6%
16	838	325	259	1.450	358.605	359	38.6%
17	540	260	207	1.160	286.884	287	38.6%
18	334	262	208	1.169	289.110	289	38.9%
19	1	196	156	0.874	216.152	216	38.5%
20	448	274	218	1.222	302.217	302	38.5%
21	1,143	272	216	1.213	299.992	300	38.9%
22	3,329	256	204	1.142	282.432	282	38.2%
23	10,664	196	156	0.874	216.152	216	38.5%
24	13,109	203	161	0.906	224.066	224	39.1%
SW	33,611	224.16	178.18		247.324		38.8%

Weighted average factor x percent change = new weighted average  
 $178.18 \times 1.388 = 247.3138$

# 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 +38.8 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 215.3410	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	289	231	176	1.031	222.017	222	26.1%
12	1,779	355	270	1.584	341.100	341	26.3%
13	353	269	205	1.200	258.409	258	25.9%
14	622	271	206	1.209	260.347	260	26.2%
15	162	215	164	0.959	206.512	207	26.2%
16	838	325	248	1.450	312.244	312	25.8%
17	540	260	198	1.160	249.796	250	26.3%
18	334	262	199	1.169	251.734	252	26.6%
19	1	196	149	0.874	188.208	188	26.2%
20	448	274	209	1.222	263.147	263	25.8%
21	1,143	272	207	1.213	261.209	261	26.1%
22	3,329	256	195	1.142	245.919	246	26.2%
23	10,664	196	149	0.874	188.208	188	26.2%
24	13,109	203	155	0.906	195.099	195	25.8%
SW	33,611	224.16	170.77		215.350		26.1%

Weighted average factor x percent change = new weighted average  
 $170.77 \times 1.261 = 215.3410$

# 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 +26.1 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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**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	255	283	354	222	233	74	89	98
	Fleet	281	312	391	244	256			
12	Non-Fleet	392	435	545	341	358	114	137	151
	Fleet	431	478	599	375	394			
13	Non-Fleet	297	330	413	258	271	87	104	114
	Fleet	327	363	455	284	298			
14	Non-Fleet	299	332	416	260	273	87	105	115
	Fleet	329	365	457	286	300			
15	Non-Fleet	237	263	329	207	217	69	83	91
	Fleet	261	290	363	228	239			
16	Non-Fleet	359	398	499	312	328	105	126	138
	Fleet	395	438	549	343	360			
17	Non-Fleet	287	319	399	250	263	84	100	110
	Fleet	316	351	439	275	289			
18	Non-Fleet	289	321	402	252	265	84	101	111
	Fleet	318	353	442	277	291			
19	Non-Fleet	216	240	300	188	197	63	76	83
	Fleet	238	264	331	207	217			
20	Non-Fleet	302	335	420	263	276	88	106	116
	Fleet	332	369	461	289	303			
21	Non-Fleet	300	333	417	261	274	88	105	115
	Fleet	330	366	459	287	301			
22	Non-Fleet	282	313	392	246	258	82	99	108
	Fleet	310	344	431	271	285			
23	Non-Fleet	216	240	300	188	197	63	76	83
	Fleet	238	264	331	207	217			
24	Non-Fleet	224	249	311	195	205	65	78	86
	Fleet	246	273	342	215	226			

HIRED CAR	Bodily Injury 30/60	Property Damage 25
All Territories	\$0.39	\$0.38

### 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	255	288	375	222	233	74	89	98
	Fleet	281	318	413	244	256			
12	Non-Fleet	392	443	576	341	358	114	137	151
	Fleet	431	487	634	375	394			
13	Non-Fleet	297	336	437	258	271	87	104	114
	Fleet	327	370	481	284	298			
14	Non-Fleet	299	338	440	260	273	87	105	115
	Fleet	329	372	484	286	300			
15	Non-Fleet	237	268	348	207	217	69	83	91
	Fleet	261	295	384	228	239			
16	Non-Fleet	359	406	528	312	328	105	126	138
	Fleet	395	446	581	343	360			
17	Non-Fleet	287	324	422	250	263	84	100	110
	Fleet	316	357	465	275	289			
18	Non-Fleet	289	327	425	252	265	84	101	111
	Fleet	318	359	467	277	291			
19	Non-Fleet	216	244	318	188	197	63	76	83
	Fleet	238	269	350	207	217			
20	Non-Fleet	302	341	444	263	276	88	106	116
	Fleet	332	375	488	289	303			
21	Non-Fleet	300	339	441	261	274	88	105	115
	Fleet	330	373	485	287	301			
22	Non-Fleet	282	319	415	246	258	82	99	108
	Fleet	310	350	456	271	285			
23	Non-Fleet	216	244	318	188	197	63	76	83
	Fleet	238	269	350	207	217			
24	Non-Fleet	224	253	329	195	205	65	78	86
	Fleet	246	278	362	215	226			

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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	255	296	395	222	233	74	89	98
	Fleet	281	326	436	244	256			
12	Non-Fleet	392	455	608	341	358	114	137	151
	Fleet	431	500	668	375	394			
13	Non-Fleet	297	345	460	258	271	87	104	114
	Fleet	327	379	507	284	298			
14	Non-Fleet	299	347	463	260	273	87	105	115
	Fleet	329	382	510	286	300			
15	Non-Fleet	237	275	367	207	217	69	83	91
	Fleet	261	303	405	228	239			
16	Non-Fleet	359	416	556	312	328	105	126	138
	Fleet	395	458	612	343	360			
17	Non-Fleet	287	333	445	250	263	84	100	110
	Fleet	316	367	490	275	289			
18	Non-Fleet	289	335	448	252	265	84	101	111
	Fleet	318	369	493	277	291			
19	Non-Fleet	216	251	335	188	197	63	76	83
	Fleet	238	276	369	207	217			
20	Non-Fleet	302	350	468	263	276	88	106	116
	Fleet	332	385	515	289	303			
21	Non-Fleet	300	348	465	261	274	88	105	115
	Fleet	330	383	512	287	301			
22	Non-Fleet	282	327	437	246	258	82	99	108
	Fleet	310	360	481	271	285			
23	Non-Fleet	216	251	335	188	197	63	76	83
	Fleet	238	276	369	207	217			
24	Non-Fleet	224	260	347	195	205	65	78	86
	Fleet	246	285	381	215	226			

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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	1647	1861	2306	568	596	303	356	407
	Fleet	1812	2048	2537	625	656			
12	Non-Fleet	2532	2861	3545	873	917	466	547	625
	Fleet	2785	3147	3899	960	1008			
13	Non-Fleet	1919	2168	2687	660	693	353	415	474
	Fleet	2111	2385	2955	726	762			
14	Non-Fleet	1932	2183	2705	666	699	355	417	477
	Fleet	2125	2401	2975	733	770			
15	Non-Fleet	1531	1730	2143	530	557	282	331	378
	Fleet	1684	1903	2358	583	612			
16	Non-Fleet	2319	2620	3247	799	839	427	501	573
	Fleet	2551	2883	3571	879	923			
17	Non-Fleet	1854	2095	2596	640	672	341	400	458
	Fleet	2039	2304	2855	704	739			
18	Non-Fleet	1867	2110	2614	645	677	344	403	461
	Fleet	2054	2321	2876	710	746			
19	Non-Fleet	1395	1576	1953	481	505	257	301	345
	Fleet	1535	1735	2149	529	555			
20	Non-Fleet	1951	2205	2731	673	707	359	421	482
	Fleet	2146	2425	3004	740	777			
21	Non-Fleet	1938	2190	2713	668	701	357	419	479
	Fleet	2132	2409	2985	735	772			
22	Non-Fleet	1822	2059	2551	630	662	335	394	450
	Fleet	2004	2265	2806	693	728			
23	Non-Fleet	1395	1576	1953	481	505	257	301	345
	Fleet	1535	1735	2149	529	555			
24	Non-Fleet	1447	1635	2026	499	524	266	313	357
	Fleet	1592	1799	2229	549	576			

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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	209	236	293	138	145	47	56	64
	Fleet	230	260	322	152	160			
12	Non-Fleet	321	363	449	211	222	72	85	98
	Fleet	353	399	494	232	244			
13	Non-Fleet	244	276	342	160	168	55	65	75
	Fleet	268	303	375	176	185			
14	Non-Fleet	245	277	343	161	169	55	65	75
	Fleet	270	305	378	177	186			
15	Non-Fleet	194	219	272	128	134	44	52	59
	Fleet	213	241	298	141	148			
16	Non-Fleet	294	332	412	193	203	66	78	90
	Fleet	323	365	452	212	223			
17	Non-Fleet	235	266	329	155	163	53	63	72
	Fleet	259	293	363	171	180			
18	Non-Fleet	237	268	332	156	164	53	63	73
	Fleet	261	295	365	172	181			
19	Non-Fleet	177	200	248	117	123	40	47	54
	Fleet	195	220	273	129	135			
20	Non-Fleet	248	280	347	163	171	56	66	76
	Fleet	273	308	382	179	188			
21	Non-Fleet	246	278	344	162	170	55	65	75
	Fleet	271	306	379	178	187			
22	Non-Fleet	231	261	323	153	161	52	61	71
	Fleet	254	287	356	168	176			
23	Non-Fleet	177	200	248	117	123	40	47	54
	Fleet	195	220	273	129	135			
24	Non-Fleet	184	208	258	121	127	41	49	56
	Fleet	202	228	283	133	140			

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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	1986	2244	2780	433	455	264	308	348
	Fleet	2185	2469	3059	476	500			
12	Non-Fleet	3054	3451	4276	665	698	406	473	534
	Fleet	3359	3796	4703	732	769			
13	Non-Fleet	2314	2615	3240	503	528	308	359	405
	Fleet	2545	2876	3563	553	581			
14	Non-Fleet	2329	2632	3261	507	532	310	361	408
	Fleet	2562	2895	3587	558	586			
15	Non-Fleet	1846	2086	2584	404	424	246	286	323
	Fleet	2031	2295	2843	444	466			
16	Non-Fleet	2797	3161	3916	608	638	372	434	489
	Fleet	3077	3477	4308	669	702			
17	Non-Fleet	2236	2527	3130	488	512	297	347	391
	Fleet	2460	2780	3444	537	564			
18	Non-Fleet	2251	2544	3151	491	516	299	349	394
	Fleet	2476	2798	3466	540	567			
19	Non-Fleet	1683	1902	2356	367	385	224	261	295
	Fleet	1851	2092	2591	404	424			
20	Non-Fleet	2353	2659	3294	513	539	313	365	412
	Fleet	2588	2924	3623	564	592			
21	Non-Fleet	2337	2641	3272	509	534	311	362	409
	Fleet	2571	2905	3599	560	588			
22	Non-Fleet	2197	2483	3076	480	504	292	341	384
	Fleet	2417	2731	3384	528	554			
23	Non-Fleet	1683	1902	2356	367	385	224	261	295
	Fleet	1851	2092	2591	404	424			
24	Non-Fleet	1745	1972	2443	380	399	232	270	305
	Fleet	1920	2170	2688	418	439			

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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	209	236	293	182	191	61	73	80
	Fleet	230	260	322	200	210			
12	Non-Fleet	321	363	449	280	294	94	112	123
	Fleet	353	399	494	308	323			
13	Non-Fleet	244	276	342	212	223	71	85	94
	Fleet	268	303	375	233	245			
14	Non-Fleet	245	277	343	213	224	72	86	94
	Fleet	270	305	378	234	246			
15	Non-Fleet	194	219	272	170	179	57	68	74
	Fleet	213	241	298	187	196			
16	Non-Fleet	294	332	412	256	269	86	103	113
	Fleet	323	365	452	282	296			
17	Non-Fleet	235	266	329	205	215	69	82	90
	Fleet	259	293	363	226	237			
18	Non-Fleet	237	268	332	207	217	69	83	91
	Fleet	261	295	365	228	239			
19	Non-Fleet	177	200	248	154	162	52	62	68
	Fleet	195	220	273	169	177			
20	Non-Fleet	248	280	347	216	227	72	87	95
	Fleet	273	308	382	238	250			
21	Non-Fleet	246	278	344	214	225	72	86	94
	Fleet	271	306	379	235	247			
22	Non-Fleet	231	261	323	202	212	67	81	89
	Fleet	254	287	356	222	233			
23	Non-Fleet	177	200	248	154	162	52	62	68
	Fleet	195	220	273	169	177			
24	Non-Fleet	184	208	258	160	168	54	64	71
	Fleet	202	228	283	176	185			

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 162.4649	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	6	200	153	0.953	154.829	155	1.3%
12	24	288	220	1.373	223.064	223	1.4%
13	11	232	177	1.106	179.686	180	1.7%
14	13	208	159	0.991	161.003	161	1.3%
15	8	239	183	1.139	185.048	185	1.1%
16	21	223	170	1.063	172.700	173	1.8%
17	4	225	172	1.072	174.162	174	1.2%
18	2	213	163	1.015	164.902	165	1.2%
19	0	203	155	0.967	157.104	157	1.3%
20	6	230	176	1.096	178.062	178	1.1%
21	5	202	155	0.963	156.454	156	0.6%
22	29	224	171	1.068	173.513	174	1.8%
23	113	203	155	0.967	157.104	157	1.3%
24	169	196	150	0.934	151.742	152	1.3%
SW	411	209.82	160.38		162.446		1.3%

Weighted average factor x percent change = new weighted average  
 $160.38 \times 1.013 = 162.4649$

# 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  
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 154.1833	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	6	200	129	0.953	146.937	147	14.0%
12	24	288	186	1.373	211.694	212	14.0%
13	11	232	149	1.106	170.527	171	14.8%
14	13	208	134	0.991	152.796	153	14.2%
15	8	239	154	1.139	175.615	176	14.3%
16	21	223	144	1.063	163.897	164	13.9%
17	4	225	145	1.072	165.284	165	13.8%
18	2	213	137	1.015	156.496	156	13.9%
19	0	203	131	0.967	149.095	149	13.7%
20	6	230	148	1.096	168.985	169	14.2%
21	5	202	130	0.963	148.479	148	13.8%
22	29	224	144	1.068	164.668	165	14.6%
23	113	203	131	0.967	149.095	149	13.7%
24	169	196	126	0.934	144.007	144	14.3%
SW	411	209.82	135.13		154.170		14.1%

Weighted average factor x percent change = new weighted average  
 $135.13 \times 1.141 = 154.1833$

# 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 +14.1 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	155	175	217	147	154	15	19	22
12	223	252	312	212	223	22	28	32
13	180	203	252	171	180	17	23	26
14	161	182	225	153	161	16	20	23
15	185	209	259	176	185	18	23	26
16	173	195	242	164	172	17	22	25
17	174	197	244	165	173	17	22	25
18	165	186	231	156	164	16	21	23
19	157	177	220	149	156	15	20	22
20	178	201	249	169	177	17	22	25
21	156	176	218	148	155	15	20	22
22	174	197	244	165	173	17	22	25
23	157	177	220	149	156	15	20	22
24	152	172	213	144	151	15	19	22

SECTION D  
Supporting Exhibits

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE LIABILITY

SUPPORTING EXHIBITS

Exhibit 1 - Loss Development Factors

For Trucks, Tractors, & Trailers and Private Passenger Types, 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 trends used to adjust the losses to a prospective level.

Exhibit 3 - Trend in Expense

The average annual percentage change in fixed underwriting expenses and loss adjustment expenses is based on the average of the annual 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

NORTH CAROLINA  
FACILITY DATA\*

## BASIC LIMIT LOSS DEVELOPMENT

## TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

## Bodily Injury

Accident Year Ending	\$30,000/60,000 15 Months	Basic Limit		Loss Development Factors	
		27 Months	39 Months	15 to 27 Months	27 to 39 Months
12/31/2003	1,970,175	2,232,685	1,865,477	1.133	0.836
12/31/2004	3,108,055	2,679,428	2,788,875	0.862	1.041
12/31/2005	2,355,325	2,239,715	2,119,323	0.951	0.946
12/31/2006	6,229,163	6,544,079	6,870,994	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	4,591,510	5,013,262	5,214,967	1.092	1.040
12/31/2011	3,671,567	4,127,211	4,519,753	1.124	1.095
12/31/2012	3,542,046	4,132,274	4,449,186	1.167	1.077
12/31/2013	6,626,518	8,070,942		1.218	
12/31/2014	11,070,170				
(1) Average Factor (Best 3 of 5) :			(A) Facility	1.128	1.043
			(B) Voluntary	1.031	1.028
(2) Credibility				0.850	0.550
(3) Credibility Weighted Factors				1.113	1.036

## Property Damage

Accident Year Ending	\$25,000 Basic Limit 15 Months	Basic Limit		Loss Development Factors	
		27 Months	39 Months	15 to 27 Months	27 to 39 Months
12/31/2003	1,947,739	2,096,195	2,042,520	1.076	0.974
12/31/2004	2,588,866	2,377,677	2,394,871	0.918	1.007
12/31/2005	2,370,556	2,488,382	2,504,588	1.050	1.007
12/31/2006	6,862,569	7,114,760	7,178,996	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	5,309,748	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	4,554,977	4,713,273	4,726,296	1.035	1.003
12/31/2011	4,177,284	4,329,507	4,260,542	1.036	0.984
12/31/2012	4,026,617	4,230,841	4,260,791	1.051	1.007
12/31/2013	6,540,381	6,740,285		1.031	
12/31/2014	8,340,761				
(1) Average Factor (Best 3 of 5) :			(A) Facility	1.034	1.003
			(B) Voluntary	1.007	1.005
(2) Credibility **				0.910	0.000
(3) Credibility Weighted Factors				1.032	1.005

## Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate ***	1.032	1.000
27 to Ultimate	1.069	1.005
15 to Ultimate	1.190	1.037

\* 12/31/2006 to 12/31/2014 includes ISO and PCI data. Prior years include ISO data only.

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

\*\*\* NC voluntary factors

BASIC LIMIT LOSS DEVELOPMENT

TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year Ending	\$30,000/60,000 15 Months	Basic Limit 27 Months	39 Months	51 Months	63 Months
12/31/2003	12,741,673	13,412,951	13,813,208	13,828,655	13,746,618
12/31/2004	13,007,508	13,479,822	13,857,288	14,061,502	14,045,113
12/31/2005	13,789,237	14,766,117	14,907,696	14,982,892	15,271,715
12/31/2006	16,022,035	16,460,871	16,836,753	17,576,842	17,041,249
12/31/2007	13,741,084	14,304,487	14,920,459	15,281,950	15,416,294
12/31/2008	11,066,125	11,584,367	12,124,475	12,148,961	12,197,447
12/31/2009	9,676,749	10,381,435	10,688,357	10,910,171	10,874,221
12/31/2010	10,225,357	10,998,740	11,278,716	11,689,706	12,029,229
12/31/2011	11,406,957	11,611,659	11,931,562	12,288,009	
12/31/2012	13,400,462	13,119,465	13,142,083		
12/31/2013	12,640,387	12,681,340			
12/31/2014	11,900,278				

Ratios

Accident Year Ending	27:15	39:27	51:39	63:51
12/31/2003	1.053	1.030	1.001	0.994
12/31/2004	1.036	1.028	1.015	0.999
12/31/2005	1.071	1.010	1.005	1.019
12/31/2006	1.027	1.023	1.044	0.970
12/31/2007	1.041	1.043	1.024	1.009
12/31/2008	1.047	1.047	1.002	1.004
12/31/2009	1.073	1.030	1.021	0.997
12/31/2010	1.076	1.025	1.036	1.029
12/31/2011	1.018	1.028	1.030	
12/31/2012	0.979	1.002		
12/31/2013	1.003			

Average Factor: 1.031 1.028 1.025 1.003  
( Best 3 of 5 )

Summary of Factors

63 to Ult:	(75:63)(75:Ult) =	1.004
51 to Ult:	(63:51)(75:63)(75:Ult) =	1.007
39 to Ult:	(51:39)(63:51)(75:63)(75:Ult) =	1.032
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.061
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.094

BASIC LIMIT LOSS DEVELOPMENT

TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year	\$30,000/60,000	Basic Limit			
Ending	75 Months	87 Months	99 Months	111 Months	123 Months
12/31/2003	13,761,114	13,753,296	13,753,037	13,753,037	13,753,037
12/31/2004	13,942,466	13,961,884	13,965,226	13,965,735	13,965,735
12/31/2005	15,302,263	15,310,219	15,310,219	15,298,325	15,298,325
12/31/2006	17,001,472	17,013,563	17,014,598	17,014,598	
12/31/2007	15,566,683	16,166,773	16,221,500		
12/31/2008	12,217,284	12,171,116			
12/31/2009	10,929,754				

Ratios

Accident Year	75:63	87:75	99:87	111:99	123:111
12/31/2003	1.001	0.999	1.000	1.000	1.000
12/31/2004	0.993	1.001	1.000	1.000	1.000
12/31/2005	1.002	1.001	1.000	0.999	1.000
12/31/2006	0.998	1.001	1.000	1.000	
12/31/2007	1.010	1.039	1.003		
12/31/2008	1.002	0.996			
12/31/2009	1.005				
Average Factor: ( Best 3 of 5 )	1.003	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
12/31/2003	13,300,068	13,630,025	13,665,831	13,617,277	13,582,110
12/31/2004	13,387,814	13,899,575	13,871,304	13,869,813	13,847,735
12/31/2005	14,753,051	15,184,693	15,280,886	15,327,171	15,330,873
12/31/2006	15,715,850	15,775,435	15,869,899	15,895,196	15,879,246
12/31/2007	15,232,036	15,371,490	15,297,638	15,324,035	15,312,465
12/31/2008	13,337,524	13,400,822	13,415,227	13,391,386	13,397,398
12/31/2009	10,922,990	10,937,112	11,027,099	11,026,546	11,025,508
12/31/2010	11,218,904	11,359,692	11,379,367	11,369,315	11,371,954
12/31/2011	11,934,102	12,009,094	12,119,008	12,145,997	
12/31/2012	12,066,741	12,091,989	12,150,585		
12/31/2013	11,765,882	12,041,967			
12/31/2014	13,766,120				

Ratios

Accident Year Ending	27:15	39:27	51:39	63:51
12/31/2003	1.025	1.003	0.996	0.997
12/31/2004	1.038	0.998	1.000	0.998
12/31/2005	1.029	1.006	1.003	1.000
12/31/2006	1.004	1.006	1.002	0.999
12/31/2007	1.009	0.995	1.002	0.999
12/31/2008	1.005	1.001	0.998	1.000
12/31/2009	1.001	1.008	1.000	1.000
12/31/2010	1.013	1.002	0.999	1.000
12/31/2011	1.006	1.009	1.002	
12/31/2012	1.002	1.005		
12/31/2013	1.023			

Average Factor:  
( Best 3 of 5 )

	1.007	1.005	1.000	1.000
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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) =	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) =	1.005
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.012

BASIC LIMIT LOSS DEVELOPMENT

TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year	\$25,000 Basic Limit				
Ending	75 Months	87 Months	99 Months	111 Months	123 Months
12/31/2003	13,581,887	13,584,419	13,582,714	13,582,500	13,582,010
12/31/2004	13,840,780	13,840,848	13,840,815	13,840,807	13,846,265
12/31/2005	15,306,145	15,309,193	15,309,193	15,309,193	15,309,193
12/31/2006	15,891,056	15,891,056	15,881,056	15,881,056	
12/31/2007	15,307,561	15,307,614	15,304,901		
12/31/2008	13,389,930	13,393,519			
12/31/2009	11,020,858				

Ratios

Accident Year	75:63	87:75	99:87	111:99	123:111
12/31/2003	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.999	1.000	1.000	1.000	1.000
12/31/2005	0.998	1.000	1.000	1.000	1.000
12/31/2006	1.001	1.000	0.999	1.000	
12/31/2007	1.000	1.000	1.000		
12/31/2008	0.999	1.000			
12/31/2009	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

NORTH CAROLINA  
FACILITY DATA

(12/31/2006 to 12/31/2014 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	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
12/31/2003	2,604,191	4,577,735	3,170,556	3,392,589	3,531,167	3,485,120	3,485,154	3,485,154	3,485,154	3,485,154
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	6,229,257
12/31/2005	5,432,918	5,525,812	5,191,288	4,972,876	4,966,663	4,966,663	4,966,663	4,966,663	4,966,663	4,966,663
12/31/2006	9,396,248	12,082,323	14,126,000	14,842,229	14,629,902	4,859,435	4,859,435	4,859,435	4,859,435	
12/31/2007	10,795,217	14,649,719	15,072,162	14,546,529	14,686,516	5,960,077	5,948,848	5,948,845		
12/31/2008	11,153,598	13,204,315	14,376,250	15,812,510	15,688,340	3,999,589	3,999,589			
12/31/2009	7,548,440	10,877,474	11,361,992	11,589,181	11,690,652	3,464,329				
12/31/2010	9,077,313	10,593,744	11,671,828	12,176,691	12,590,597					
12/31/2011	6,807,434	8,205,474	9,420,302	10,119,143						
12/31/2012	6,158,699	7,719,527	8,291,573							
12/31/2013	10,028,663	11,631,255								
12/31/2014	13,419,984									

ACCIDENT YEAR	RATIOS								
ENDED	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/2003	1.758	0.693	1.070	1.041	0.987	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	1.000
12/31/2005	1.017	0.939	0.958	0.999	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.286	1.169	1.051	0.986	N/A	1.000	1.000	1.000	
12/31/2007	1.357	1.029	0.965	1.010	N/A	0.998	1.000		
12/31/2008	1.184	1.089	1.100	0.992	N/A	1.000			
12/31/2009	1.441	1.045	1.020	1.009	N/A				
12/31/2010	1.167	1.102	1.043	1.034					
12/31/2011	1.205	1.148	1.074						
12/31/2012	1.253	1.074							
12/31/2013	1.160								
Best 3 of 5	1.208	1.088	1.046	1.004	0.995	1.000	1.000	1.000	1.000
All Years Average	1.274	1.045	1.031	1.006	0.995	1.000	1.000	1.000	1.000
Selected	1.208	1.088	1.046	1.004	0.995	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.)=	0.995
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.999
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.045
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.137
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.373

NORTH CAROLINA  
FACILITY DATA

(12/31/2006 to 12/31/2014 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
12/31/2003	2,170,284	2,324,179	2,252,494	2,260,307	2,261,715	2,261,715	2,261,715	2,261,715	2,261,715	2,261,715
12/31/2004	2,655,104	2,473,300	2,446,494	2,438,139	2,442,464	2,442,464	2,444,254	2,444,254	2,443,471	2,443,471
12/31/2005	2,537,686	2,666,995	2,671,496	2,676,410	2,676,410	2,676,410	2,676,410	2,676,410	2,676,410	2,676,410
12/31/2006	7,236,062	7,602,148	7,662,898	7,763,144	7,816,300	2,459,670	2,459,670	2,459,670	2,459,670	
12/31/2007	6,469,939	6,569,909	6,549,370	6,526,250	6,533,713	2,056,773	2,056,773	2,056,773		
12/31/2008	5,310,276	5,481,737	5,482,423	5,456,732	5,484,983	1,601,482	1,601,482			
12/31/2009	3,954,214	4,120,290	4,113,008	4,123,441	4,074,097	1,036,749				
12/31/2010	4,739,359	4,939,015	4,952,038	5,029,572	5,025,678					
12/31/2011	4,672,378	5,477,383	5,241,595	5,233,884						
12/31/2012	4,435,237	4,677,752	4,761,386							
12/31/2013	6,814,637									
12/31/2014	9,591,655									

ACCIDENT YEAR ENDED	RATIOS								
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/2003	1.071	0.969	1.003	1.001	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	1.000
12/31/2005	1.051	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.051	1.008	1.013	1.007	N/A	1.000	1.000	1.000	
12/31/2007	1.015	0.997	0.996	1.001	N/A	1.000	1.000		
12/31/2008	1.032	1.000	0.995	1.005	N/A	1.000			
12/31/2009	1.042	0.998	1.003	0.988	N/A				
12/31/2010	1.042	1.003	1.016	0.999					
12/31/2011	1.172	0.957	0.999						
12/31/2012	1.055	1.018							
12/31/2013	1.044								
Best 3 of 5	1.047	1.000	0.999	1.002	1.000	1.000	1.000	1.000	1.000
All Years Average	1.046	0.994	1.003	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.047	1.000	0.999	1.002	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.)=	1.002
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.048

BASIC LIMIT LOSS DEVELOPMENT  
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit			Loss Development Factors		
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>15 to 27 Months</u>	<u>27 to 39 Months</u>	
12/31/2003	0	5,000	0	-----	0.000	
12/31/2004	159,214	32,779	12,279	0.206	0.375	
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	38,807	0.715	0.886	
12/31/2012	7,399	44,554	19,554	6.022	0.439	
12/31/2013	106,575	161,111		1.512		
12/31/2014	29,006					
(1) Average Factor (Best 3 of 5) :				(A) Facility	1.223	0.962
				(B) Voluntary	1.045	1.047
(2) Credibility					0.100	0.030
(3) Credibility Weighted Factors					1.063	1.044

Property Damage

Accident Year <u>Ending</u>	\$25,000 Basic Limit			Loss Development Factors		
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>15 to 27 Months</u>	<u>27 to 39 Months</u>	
12/31/2003	17,223	17,223	10,223	1.000	0.594	
12/31/2004	59,075	16,065	16,065	0.272	1.000	
12/31/2005	20,476	20,431	21,246	0.998	1.040	
12/31/2006	75,493	75,493	75,493	1.000	1.000	
12/31/2007	26,844	21,147	21,147	0.788	1.000	
12/31/2008	54,803	51,058	51,058	0.932	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	68,229	1.001	1.000	
12/31/2012	23,939	23,939	23,474	1.000	0.981	
12/31/2013	57,539	62,419		1.085		
12/31/2014	87,547					
(1) Average Factor (Best 3 of 5) :				(A) Facility	1.029	1.000
				(B) Voluntary	1.002	0.999
(2) Credibility **					0.200	0.000
(3) Credibility Weighted Factors					1.007	0.999

Summary of Factors

	Bodily <u>Injury</u>	Property <u>Damage</u>
39 to Ultimate ***	1.002	1.002
27 to Ultimate	1.046	1.001
15 to Ultimate	1.112	1.008

\* 12/31/2006 to 12/31/2014 includes ISO and PCI data. Prior years include ISO data o

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

\*\*\* NC voluntary factors

BASIC LIMIT LOSS DEVELOPMENT

PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 <u>15 Months</u>	Basic Limit <u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2003	1,438,620	1,631,430	1,719,391	1,737,457	1,706,318
12/31/2004	1,564,738	1,811,699	1,802,035	1,795,841	1,781,430
12/31/2005	1,564,847	1,738,351	1,742,893	1,769,366	1,770,289
12/31/2006	1,636,466	1,645,739	1,703,769	1,799,762	1,830,506
12/31/2007	1,367,395	1,437,706	1,477,758	1,556,626	1,533,469
12/31/2008	1,421,929	1,355,433	1,443,888	1,423,888	1,423,478
12/31/2009	1,315,477	1,278,960	1,374,984	1,390,788	1,319,754
12/31/2010	1,214,647	1,318,399	1,369,611	1,381,117	1,374,235
12/31/2011	1,186,993	1,257,496	1,261,560	1,282,921	
12/31/2012	1,242,232	1,300,541	1,349,668		
12/31/2013	1,362,982	1,402,632			
12/31/2014	1,542,430				

Ratios

Accident Year <u>Ending</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/2003	1.134	1.054	1.011	0.982
12/31/2004	1.158	0.995	0.997	0.992
12/31/2005	1.111	1.003	1.015	1.001
12/31/2006	1.006	1.035	1.056	1.017
12/31/2007	1.051	1.028	1.053	0.985
12/31/2008	0.953	1.065	0.986	1.000
12/31/2009	0.972	1.075	1.011	0.949
12/31/2010	1.085	1.039	1.008	0.995
12/31/2011	1.059	1.003	1.017	
12/31/2012	1.047	1.038		
12/31/2013	1.029			
Average Factor: ( Best 3 of 5 )	1.045	1.047	1.012	0.993

Summary of Factors

63 to Ult:	(75:63)(75:Ult) =	0.997
51 to Ult:	(63:51)(75:63)(75:Ult) =	0.990
39 to Ult:	(51:39)(63:51)(75:63)(75:Ult) =	1.002
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.049
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.096

NORTH CAROLINA  
ISO VOLUNTARY DATA

BASIC LIMIT LOSS DEVELOPMENT  
PRIVATE PASSENGER TYPES INCURRED 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>
12/31/2003	1,715,923	1,715,923	1,715,923	1,715,923	1,715,923
12/31/2004	1,781,430	1,781,771	1,781,771	1,781,771	1,781,771
12/31/2005	1,710,402	1,710,402	1,710,402	1,710,402	1,710,402
12/31/2006	1,824,671	1,824,671	1,824,671	1,824,671	
12/31/2007	1,525,951	1,501,980	1,501,980		
12/31/2008	1,423,478	1,423,478			
12/31/2009	1,331,177				

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>
12/31/2003	1.006	1.000	1.000	1.000	1.000
12/31/2004	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.966	1.000	1.000	1.000	1.000
12/31/2006	0.997	1.000	1.000	1.000	
12/31/2007	0.995	0.984	1.000		
12/31/2008	1.000	1.000			
12/31/2009	1.009				
Average Factor: ( Best 3 of 5 )	0.997	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

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>
12/31/2003	1,399,399	1,439,664	1,458,113	1,460,298	1,462,898
12/31/2004	1,261,581	1,265,289	1,261,241	1,263,241	1,262,825
12/31/2005	1,489,621	1,506,696	1,508,889	1,508,988	1,508,988
12/31/2006	1,638,573	1,637,281	1,638,343	1,643,346	1,643,346
12/31/2007	1,294,239	1,263,912	1,261,703	1,261,703	1,261,703
12/31/2008	1,475,317	1,464,556	1,441,975	1,443,575	1,443,575
12/31/2009	1,511,800	1,493,830	1,510,586	1,510,586	1,512,587
12/31/2010	1,390,075	1,373,790	1,370,018	1,379,234	1,379,234
12/31/2011	1,262,492	1,267,466	1,268,169	1,273,166	
12/31/2012	1,253,900	1,292,034	1,292,572		
12/31/2013	1,401,737	1,422,300			
12/31/2014	1,583,950				

Ratios

Accident Year <u>Ending</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
	12/31/2003	1.029	1.013	1.001
12/31/2004	1.003	0.997	1.002	1.000
12/31/2005	1.011	1.001	1.000	1.000
12/31/2006	0.999	1.001	1.003	1.000
12/31/2007	0.977	0.998	1.000	1.000
12/31/2008	0.993	0.985	1.001	1.000
12/31/2009	0.988	1.011	1.000	1.001
12/31/2010	0.988	0.997	1.007	1.000
12/31/2011	1.004	1.001	1.004	
12/31/2012	1.030	1.000		
12/31/2013	1.015			
Average Factor: ( Best 3 of 5 )	1.002	0.999	1.002	1.000

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) =	1.002
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.001
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.003

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>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2003	1,461,361	1,461,361	1,461,358	1,461,358	1,461,358
12/31/2004	1,262,608	1,262,608	1,262,608	1,262,608	1,262,608
12/31/2005	1,510,908	1,510,908	1,510,908	1,510,908	1,510,908
12/31/2006	1,643,346	1,643,346	1,643,346	1,643,346	
12/31/2007	1,261,703	1,261,703	1,261,703		
12/31/2008	1,442,575	1,442,575			
12/31/2009	1,512,587				

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>
12/31/2003	0.999	1.000	1.000	1.000	1.000
12/31/2004	1.000	1.000	1.000	1.000	1.000
12/31/2005	1.001	1.000	1.000	1.000	1.000
12/31/2006	1.000	1.000	1.000	1.000	
12/31/2007	1.000	1.000	1.000		
12/31/2008	0.999	1.000			
12/31/2009	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

NORTH CAROLINA  
FACILITY DATA  
(12/31/2006 to 12/31/2014 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 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
12/31/2003	0	5,000	0	0	0	0	0	0	0	0
12/31/2004	264,214	32,779	12,279	12,279	12,279	12,279	12,279	12,279	12,279	12,279
12/31/2005	19,858	9,858	3,483	11,527	3,642	3,642	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	10,000	10,000	
12/31/2007	30,796	9,226	9,226	9,226	9,226	8,976	8,976	8,976		
12/31/2008	25,815	40,095	41,191	30,312	30,317	20,552	20,552			
12/31/2009	45,454	50,291	50,291	50,291	50,291	8,672				
12/31/2010	48,207	50,678	50,678	50,678	50,678					
12/31/2011	66,307	48,807	43,807	43,807						
12/31/2012	7,399	44,554	19,554							
12/31/2013	176,575	231,111								
12/31/2014	29,006									

ACCIDENT YEAR ENDED	RATIOS									
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	
12/31/2003	-----	0.000	-----	-----	-----	-----	-----	-----	-----	-----
12/31/2004	0.124	0.375	1.000	1.000	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	1.000	1.000	1.000
12/31/2006	1.028	1.000	1.000	1.000	N/A	1.000	1.000	1.000		
12/31/2007	0.300	1.000	1.000	1.000	N/A	1.000	1.000			
12/31/2008	1.553	1.027	0.736	1.000	N/A	1.000				
12/31/2009	1.106	1.000	1.000	1.000	N/A					
12/31/2010	1.051	1.000	1.000	1.000						
12/31/2011	0.736	0.898	1.000							
12/31/2012	6.022	0.439								
12/31/2013	1.309									
Best 3 of 5	1.155	0.966	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Avera	1.373	0.788	1.256	0.902	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.155	0.966	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.)= 0.966
15 To Ultimate		(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.116

NORTH CAROLINA  
FACILITY DATA  
(12/31/2006 to 12/31/2014 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
12/31/2003	17,223	17,223	10,223	10,223	10,223	10,223	10,223	10,223	10,223	10,223
12/31/2004	59,075	16,065	16,065	16,065	16,065	16,065	16,065	16,065	16,065	16,065
12/31/2005	20,476	20,431	21,246	21,246	21,246	21,246	21,246	21,246	21,246	21,246
12/31/2006	75,493	75,493	75,493	75,493	75,493	16,530	16,530	16,530	16,530	16,530
12/31/2007	26,844	21,147	21,147	21,147	21,147	13,266	13,266	13,266		
12/31/2008	54,803	51,058	51,058	51,058	51,058	9,346	9,346			
12/31/2009	44,855	43,750	43,750	43,750	43,750	10,730				
12/31/2010	31,781	38,209	38,209	38,209	38,209					
12/31/2011	68,171	68,229	68,229	68,229						
12/31/2012	23,939	23,939	23,474							
12/31/2013	61,253	66,133								
12/31/2014	87,547									

ACCIDENT YEAR ENDED	RATIOS								
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/2003	1.000	0.594	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.272	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.998	1.040	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	1.000	1.000	
12/31/2007	0.788	1.000	1.000	1.000	N/A	1.000	1.000		
12/31/2008	0.932	1.000	1.000	1.000	N/A	1.000			
12/31/2009	0.975	1.000	1.000	1.000	N/A				
12/31/2010	1.202	1.000	1.000	1.000					
12/31/2011	1.001	1.000	1.000						
12/31/2012	1.000	0.981							
12/31/2013	1.080								
Best 3 of 5	1.027	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Avera	0.932	0.962	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.027	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.)= 1.027

Commercial Auto Liability  
NORTH CAROLINA

BODILY INJURY TREND FACTORS

PAID DATA THROUGH	<u>06/30/2015</u>
\$30,000	
12 Point - Paid Weighted Severity	+1.2%
24 Point - Paid Weighted Severity	+1.5%
12 Point - Paid NC only Severity	- 1.7%
24 Point - Paid NC only Severity	- 0.8%
Selected Severity Trend Factor	+1.0%
INCURRED DATA THROUGH	<u>03/31/2015</u>
Selected Frequency Trend Factor	+1.0%
Selected Combined Trend Factor	+2.0%
PAID DATA THROUGH	<u>06/30/2015</u>
Total Limits	
12 Point - Paid Weighted Severity	+3.4%
24 Point - Paid Weighted Severity	+2.3%
12 Point - Paid NC only Severity	- 2.1%
24 Point - Paid NC only Severity	- 2.8%
Selected Severity Trend Factor	+2.0%
INCURRED DATA THROUGH	<u>03/31/2015</u>
Selected Frequency Trend Factor	+1.0%
Selected Combined Trend Factor	+3.0%

Commercial Auto Liability  
NORTH CAROLINA

PROPERTY DAMAGE TREND FACTORS

PAID DATA THROUGH 06/30/2015

\$25,000

12 Point - Paid Weighted Severity	+3.4%
24 Point - Paid Weighted Severity	+3.9%
12 Point - Paid NC only Severity	+3.3%
24 Point - Paid NC only Severity	+3.7%
Selected Severity Trend Factor	+3.0%

INCURRED DATA THROUGH 03/31/2015

Selected Frequency Trend Factor	+1.0%
Selected Combined Trend Factor	+4.0%

PAID DATA THROUGH 06/30/2015

Total Limits

12 Point - Paid Weighted Severity	+3.0%
24 Point - Paid Weighted Severity	+4.0%
12 Point - Paid NC only Severity	+2.5%
24 Point - Paid NC only Severity	+3.6%
Selected Severity Trend Factor	+3.5%

INCURRED DATA THROUGH 03/31/2015

Selected Frequency Trend Factor	+1.0%
Selected Combined Trend Factor	+4.5%

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
9/30/2012	8341.29	8636.89	3212.93	3195.61	11515.13	11544.77	3388.32	3378.91
12/31/2012	8334.14	8599.79	3223.36	3221.31	11561.36	11587.62	3406.88	3408.19
3/31/2013	8462.07	8562.85	3245.22	3247.22	11661.09	11630.64	3441.72	3437.72
6/30/2013	8736.81	8526.08	3285.71	3273.33	11667.17	11673.81	3471.17	3467.51
9/30/2013	8769.20	8489.46	3295.93	3299.66	11652.15	11717.14	3502.46	3497.56
12/31/2013	8794.39	8452.99	3327.60	3326.20	11789.24	11760.63	3530.13	3527.87
3/31/2014	8622.25	8416.69	3324.88	3352.95	11833.64	11804.28	3536.01	3558.44
6/30/2014	8465.13	8380.54	3351.58	3379.92	11901.81	11848.10	3572.58	3589.28
9/30/2014	8429.37	8344.54	3413.34	3407.10	11976.63	11892.08	3611.33	3620.39
12/31/2014	8205.86	8308.70	3412.91	3434.50	11973.65	11936.22	3645.30	3651.76
3/31/2015	8087.36	8273.01	3454.47	3462.13	11960.68	11980.53	3691.00	3683.40
6/30/2015	8013.82	8237.48	3542.84	3489.97	11909.71	12025.00	3739.75	3715.32

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	-1.7%	3.3%
(B) MULTISTATE	1.5%	3.5%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	1.2%	3.4%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	1.2%	3.4%

\* EXCLUDES MASSACHUSETTS

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	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
9/30/2009	8664.67	8715.66	2848.75	2849.51	10539.46	10948.67	2997.29	2978.21
12/31/2009	8780.22	8698.32	2917.82	2875.51	10874.47	10995.33	3073.41	3007.53
3/31/2010	8705.06	8681.00	2921.66	2901.75	11114.10	11042.19	3082.53	3037.13
6/30/2010	8693.60	8663.73	2942.81	2928.23	11256.14	11089.25	3069.67	3067.03
9/30/2010	8616.83	8646.49	2903.72	2954.95	11276.94	11136.51	3070.91	3097.22
12/31/2010	8491.55	8629.28	2906.05	2981.91	11265.61	11183.97	3076.08	3127.70
3/31/2011	8459.03	8612.10	2921.29	3009.12	11286.37	11231.64	3085.54	3158.49
6/30/2011	8454.80	8594.97	2991.26	3036.58	11305.58	11279.51	3118.35	3189.58
9/30/2011	8574.49	8577.86	3059.48	3064.29	11414.27	11327.58	3169.52	3220.98
12/31/2011	8639.47	8560.79	3158.27	3092.25	11412.19	11375.86	3231.97	3252.69
3/31/2012	8639.63	8543.75	3211.48	3120.47	11408.54	11424.34	3319.17	3284.70
6/30/2012	8517.91	8526.75	3202.11	3148.94	11515.52	11473.03	3357.85	3317.04
9/30/2012	8341.29	8509.78	3212.93	3177.67	11515.13	11521.93	3388.32	3349.69
12/31/2012	8334.14	8492.84	3223.36	3206.67	11561.36	11571.03	3406.88	3382.66
3/31/2013	8462.07	8475.94	3245.22	3235.93	11661.09	11620.35	3441.72	3415.96
6/30/2013	8736.81	8459.07	3285.71	3265.46	11667.17	11669.87	3471.17	3449.58
9/30/2013	8769.20	8442.24	3295.93	3295.25	11652.15	11719.61	3502.46	3483.54
12/31/2013	8794.39	8425.44	3327.60	3325.32	11789.24	11769.56	3530.13	3517.83
3/31/2014	8622.25	8408.67	3324.88	3355.67	11833.64	11819.72	3536.01	3552.46
6/30/2014	8465.13	8391.93	3351.58	3386.29	11901.81	11870.09	3572.58	3587.43
9/30/2014	8429.37	8375.23	3413.34	3417.18	11976.63	11920.68	3611.33	3622.74
12/31/2015	8205.86	8358.56	3412.91	3448.37	11973.65	11971.49	3645.30	3658.40
3/31/2015	8087.36	8341.93	3454.47	3479.83	11960.68	12022.51	3691.00	3694.41
6/30/2015	8013.82	8325.33	3542.84	3511.58	11909.71	12073.75	3739.75	3730.78

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	-0.8%	3.7%
(B) MULTISTATE	1.7%	4.0%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	1.5%	3.9%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	1.5%	3.9%

\* 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 (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
9/30/2012	26564.79	24594.04	3458.82	3510.44	40566.01	40364.97	3690.55	3687.62
12/31/2012	24400.41	24465.03	3583.51	3531.94	41115.47	40761.20	3714.65	3718.56
3/31/2013	22810.77	24336.70	3589.54	3553.57	41404.36	41161.33	3742.57	3749.76
6/30/2013	23872.81	24209.04	3659.61	3575.34	41251.73	41565.39	3786.13	3781.22
9/30/2013	21960.52	24082.04	3653.09	3597.24	41557.63	41973.41	3834.21	3812.95
12/31/2013	23997.11	23955.72	3568.71	3619.27	42095.13	42385.44	3856.03	3844.94
3/31/2014	25592.33	23830.05	3575.98	3641.44	42456.91	42801.51	3861.93	3877.20
6/30/2014	23445.60	23705.05	3522.88	3663.74	43261.37	43221.66	3886.77	3909.73
9/30/2014	24717.45	23580.70	3627.95	3686.18	43496.64	43645.94	3930.93	3942.53
12/31/2014	24354.69	23457.01	3716.56	3708.76	44404.13	44074.39	3982.56	3975.61
3/31/2015	22856.84	23333.96	3763.84	3731.48	44929.31	44507.04	4013.44	4008.97
6/30/2015	22536.38	23211.56	3861.50	3754.33	44880.37	44943.94	4052.15	4042.60

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	-2.1%	2.5%
(B) MULTISTATE	4.0%	3.4%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	3.4%	3.0%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	3.4%	3.0%

\* 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		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
9/30/2009	26043.99	27099.48	2996.31	3107.52	36433.37	37772.25	3217.98	3211.91
12/31/2009	26308.49	26906.41	3045.50	3134.78	37827.57	38038.76	3306.92	3245.30
3/31/2010	27320.66	26714.71	3149.68	3162.28	38937.80	38307.16	3324.85	3279.04
6/30/2010	28924.30	26524.37	3401.55	3190.02	39510.17	38577.44	3324.45	3313.14
9/30/2010	27406.92	26335.40	3355.17	3218.00	39591.26	38849.64	3328.62	3347.58
12/31/2010	26423.24	26147.77	3323.03	3246.23	39763.92	39123.75	3343.13	3382.39
3/31/2011	26789.38	25961.47	3235.37	3274.70	39753.40	39399.80	3341.16	3417.55
6/30/2011	24000.80	25776.51	3137.06	3303.43	39599.28	39677.80	3366.44	3453.08
9/30/2011	24161.20	25592.86	3200.18	3332.41	40321.49	39957.76	3411.69	3488.98
12/31/2011	24655.33	25410.52	3349.19	3361.64	40153.41	40239.69	3483.39	3525.26
3/31/2012	25071.12	25229.48	3416.31	3391.13	40048.93	40523.61	3595.50	3561.91
6/30/2012	26242.35	25049.72	3450.47	3420.87	40782.98	40809.54	3655.45	3598.94
9/30/2012	26564.79	24871.25	3458.82	3450.88	40566.01	41097.48	3690.55	3636.36
12/31/2012	24400.41	24694.05	3583.51	3481.15	41115.47	41387.46	3714.65	3674.17
3/31/2013	22810.77	24518.12	3589.54	3511.69	41404.36	41679.48	3742.57	3712.37
6/30/2013	23872.81	24343.44	3659.61	3542.49	41251.73	41973.56	3786.13	3750.96
9/30/2013	21960.52	24170.00	3653.09	3573.57	41557.63	42269.72	3834.21	3789.96
12/31/2013	23997.11	23997.79	3568.71	3604.91	42095.13	42567.96	3856.03	3829.36
3/31/2014	25592.33	23826.82	3575.98	3636.54	42456.91	42868.31	3861.93	3869.18
6/30/2014	23445.60	23657.06	3522.88	3668.44	43261.37	43170.78	3886.77	3909.40
9/30/2014	24717.45	23488.51	3627.95	3700.62	43496.64	43475.38	3930.93	3950.05
12/31/2015	24354.69	23321.16	3716.56	3733.08	44404.13	43782.14	3982.56	3991.12
3/31/2015	22856.84	23155.01	3763.84	3765.82	44929.31	44091.06	4013.44	4032.61
6/30/2015	22536.38	22990.04	3861.50	3798.86	44880.37	44402.15	4052.15	4074.54

	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	-2.8%	3.6%
(B) MULTISTATE	2.9%	4.2%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	2.3%	4.0%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	2.3%	4.0%

\* 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 +1.0% for bodily injury and +1.0% 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>
6/30/2009	0.7538		2.9175	
9/30/2009	0.7472		2.8626	
12/31/2009	0.7421		2.8294	
3/31/2010	0.7395		2.8501	
6/30/2010	0.7492	-0.6%&	2.8837	-1.2%&
9/30/2010	0.7649		2.9359	
12/31/2010	0.7816		2.9527	
3/31/2011	0.7923	7.1%	2.9970	5.2%
6/30/2011	0.7998		3.0032	
9/30/2011	0.8064		3.0084	
12/31/2011	0.8067		2.9946	
3/31/2012	0.8155	2.9%	2.9147	-2.7%
6/30/2012	0.8215		2.9245	
9/30/2012	0.8185		2.9084	
12/31/2012	0.8245		2.9093	
3/31/2013	0.8217	0.8%	2.9274	0.4%
6/30/2013	0.8285		2.9273	
9/30/2013	0.8381		2.9429	
12/31/2013	0.8346		2.9460	
3/31/2014	0.8427	2.6%	3.0203	3.2%
6/30/2014	0.8301		3.0165	
9/30/2014	0.8262		2.9966	
12/31/2014	0.8373		2.9673	
3/31/2015	0.8367	-0.7%	2.9072	-3.7%

\* 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 3/31/XXXX  
& CHANGE BASED ON YEAR ENDING 6/30/2010 DIVIDED BY 6/30/2009

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>
6/30/2009	0.6958		2.4822	
9/30/2009	0.7125		2.4323	
12/31/2009	0.7205		2.4113	
3/31/2010	0.7689		2.4205	
6/30/2010	0.8052	15.7%&	2.4915	0.4%&
9/30/2010	0.8034		2.5379	
12/31/2010	0.8212		2.5683	
3/31/2011	0.8312	8.1%	2.5516	5.4%
6/30/2011	0.8133		2.5530	
9/30/2011	0.8061		2.5549	
12/31/2011	0.8242		2.5938	
3/31/2012	0.8384	0.9%	2.6760	4.9%
6/30/2012	0.8715		2.7073	
9/30/2012	0.9206		2.7330	
12/31/2012	0.9401		2.7619	
3/31/2013	0.9333	11.3%	2.7857	4.1%
6/30/2013	0.9447		2.7963	
9/30/2013	0.9305		2.7725	
12/31/2013	0.9222		2.7545	
3/31/2014	0.8806	-5.6%	2.7072	-2.8%
6/30/2014	0.8758		2.7176	
9/30/2014	0.8917		2.7120	
12/31/2014	0.9209		2.6845	
3/31/2015	0.9558	8.5%	2.6551	-1.9%

\* 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 3/31/XXXX

&amp; CHANGE BASED ON YEAR ENDING 6/30/2010 DIVIDED BY 6/30/2009

COMMERCIAL AUTO LIABILITY  
INCURRED CLAIM FREQUENCY

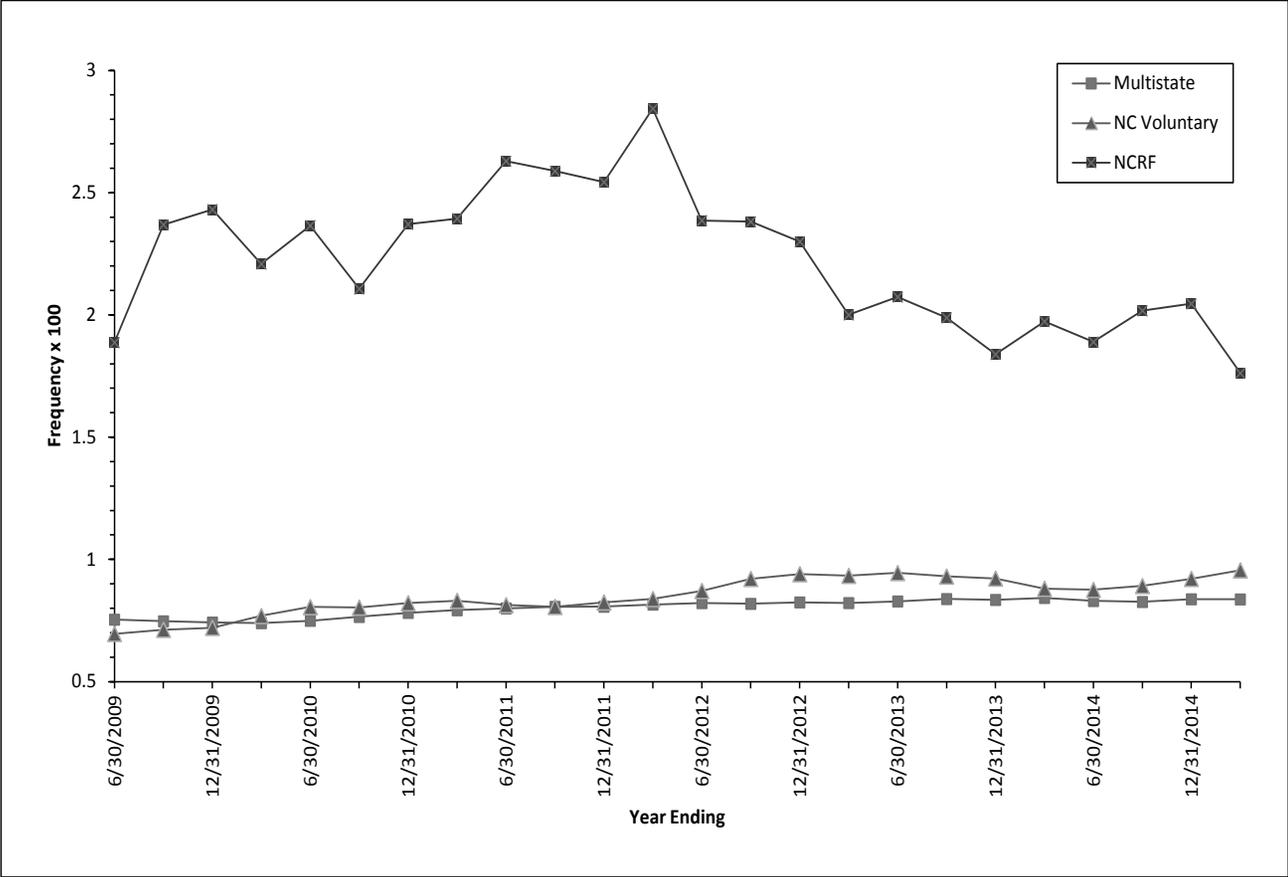
## NORTH CAROLINA REINSURANCE FACILITY

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

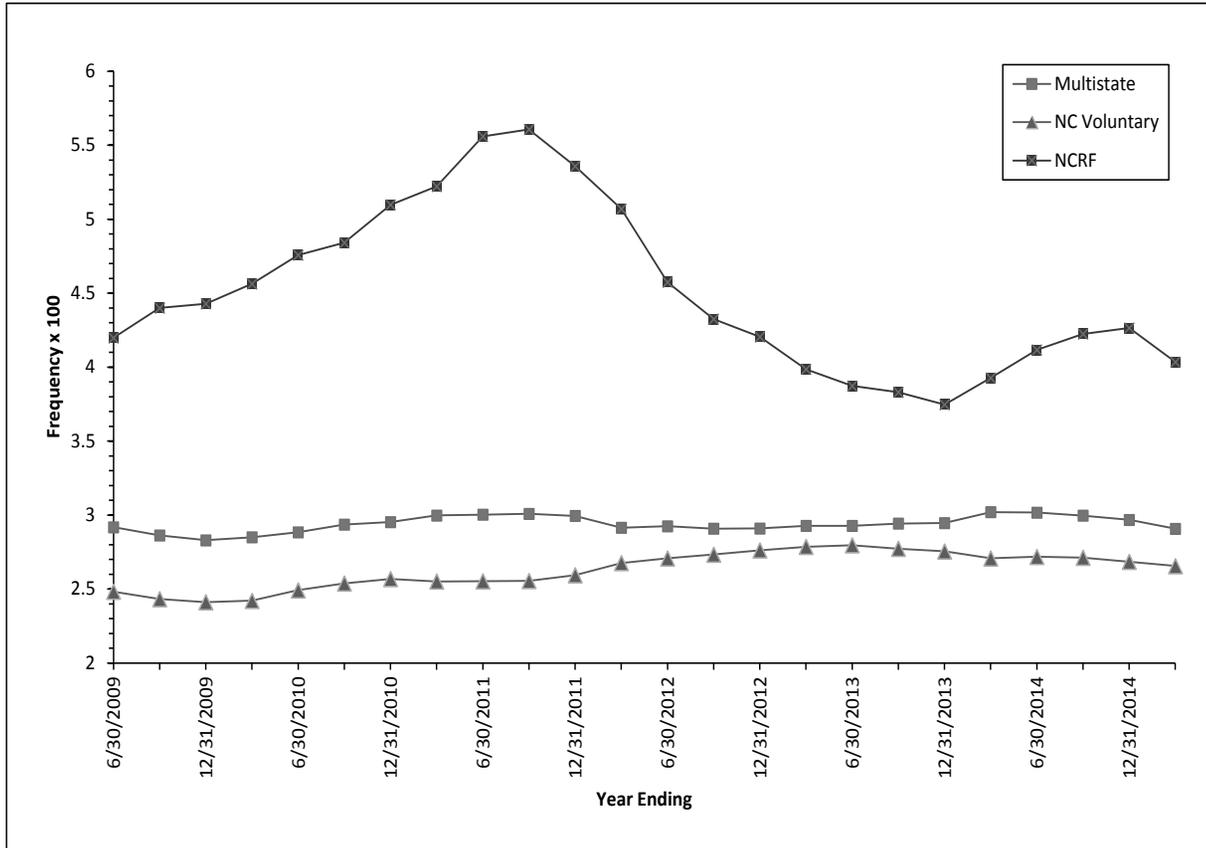
<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
6/30/2009	1.8874		4.1977	
9/30/2009	2.3694		4.3994	
12/31/2009	2.4311		4.4284	
3/31/2010	2.2086		4.5627	
6/30/2010	2.3656	25.3%&	4.7578	13.3%&
9/30/2010	2.1067		4.8414	
12/31/2010	2.3711		5.0975	
3/31/2011	2.3941	8.4%	5.2216	14.4%
6/30/2011	2.6292		5.5592	
9/30/2011	2.5882		5.6069	
12/31/2011	2.5436		5.3577	
3/31/2012	2.8437	18.8%	5.0689	-2.9%
6/30/2012	2.3863		4.5745	
9/30/2012	2.3817		4.3247	
12/31/2012	2.3002		4.2045	
3/31/2013	2.0004	-29.7%	3.9858	-21.4%
6/30/2013	2.0738		3.8728	
9/30/2013	1.9886		3.8304	
12/31/2013	1.8387		3.7468	
3/31/2014	1.9734	-1.3%	3.9270	-1.5%
6/30/2014	1.8893		4.1163	
9/30/2014	2.0175		4.2244	
12/31/2014	2.0458		4.2642	
3/31/2015	1.7620	-10.7%	4.0346	2.7%

# 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 3/31/XXXX  
& CHANGE BASED ON YEAR ENDING 6/30/2010 DIVIDED BY 6/30/2009

**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>ALL ITEMS - LESS ENERGY CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Oct-11	226.4	226.8	
Nov-11	226.2	226.8	115.2
Dec-11	225.7	226.8	
Jan-12	226.7	227.4	
Feb-12	227.7	227.9	115.3
Mar-12	229.4	228.7	
Apr-12	230.1	229.3	
May-12	229.8	229.5	116.3
Jun-12	229.5	229.8	
Jul-12	229.1	229.8	
Aug-12	230.4	230.1	117.3
Sep-12	231.4	230.7	
Oct-12	231.3	231.2	
Nov-12	230.2	231.2	116.5
Dec-12	229.6	231.0	
Jan-13	230.3	231.7	
Feb-13	232.2	232.4	117.3
Mar-13	232.8	232.9	
Apr-13	232.5	233.1	
May-13	232.9	233.3	119.2
Jun-13	233.5	233.5	
Jul-13	233.6	233.6	
Aug-13	233.9	234.1	120.5
Sep-13	234.1	234.5	
Oct-13	233.5	234.9	
Nov-13	233.1	234.9	120.9
Dec-13	233.0	234.8	
Jan-14	233.9	235.2	
Feb-14	234.8	235.9	121.5
Mar-14	236.3	236.8	
Apr-14	237.1	237.4	
May-14	237.9	238.0	122.6
Jun-14	238.3	238.1	
Jul-14	238.3	238.2	
Aug-13	237.9	238.5	122.2
Sep-14	238.0	239.0	
Oct-14	237.4	239.6	
Nov-14	236.2	239.5	122.6
Dec-14	234.8	239.2	
Jan-15	233.7	239.7	
Feb-15	234.7	240.4	123.7
Mar-15	236.1	241.1	
Apr-15	236.6	241.8	
May-15	237.8	242.0	124.7
Jun-15	238.6	242.3	
Jul-15	238.7	242.4	
Aug-15	238.3	242.7	125.0
Sep-15	237.9	243.5	

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF TREND FOR EXPENSES

Section D  
Exhibit 3  
Sheet 2

	<u>All Items (A)</u>	<u>All Items - Less Energy (B)</u>	<u>CCI (C)</u>	<u>Combined (D)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	1.29%	1.81%	2.34%	1.94%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	1.09%	1.82%	2.42%	1.94%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	0.78%	1.91%	1.89%	1.62%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	1.54%	1.98%	2.68%	2.22%

(5) Average Annual Index (E)

Year Ended 3/31/2013	230.56	230.80	116.85
Year Ended 9/30/2013	232.24	232.71	118.38
Year Ended 3/31/2014	233.76	234.55	120.53
Year Ended 9/30/2014	236.01	236.81	121.80
Year Ended 3/31/2015	236.70	239.06	122.78
Year Ended 9/30/2015	236.73	241.18	124.00

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

Year Ended 3/31/2013	1.03	1.06	1.07	1.06
Year Ended 9/30/2013	1.02	1.05	1.06	1.05
Year Ended 3/31/2014	1.02	1.04	1.04	1.04
Year Ended 9/30/2014	1.01	1.03	1.03	1.03
Year Ended 3/31/2015	1.01	1.02	1.02	1.02
Year Ended 9/30/2015	1.00	1.01	1.01	1.01

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

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

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

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

(E) Average year ended index for period shown.

(7) Selected Expense Trend: 2.0%

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE  
DATA ENDED SEPTEMBER 2015

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	1.25%	1.28%	1.29%
36 points	1.07%	1.09%	1.09%
24 points	0.77%	0.78%	0.78%
12 points	1.51%	1.52%	1.54%

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	1.75%	1.79%	1.81%
36 points	1.78%	1.80%	1.82%
24 points	1.88%	1.89%	1.91%
12 points	1.95%	1.96%	1.98%

COMPENSATION COST INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
16 points	2.22%	2.31%	2.34%
12 points	2.31%	2.39%	2.42%
8 points	1.85%	1.88%	1.89%
4 points	2.62%	2.65%	2.68%

EXTERNAL EXPENSE TREND SUMMARY  
CORRELATION COEFFICIENTS  
DATA ENDED SEPTEMBER 2015

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.93	0.93
36 points	0.84	0.84
24 points	0.56	0.56
12 points	0.65	0.65

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	1.00	1.00
36 points	1.00	1.00
24 points	0.99	0.99
12 points	0.97	0.97

COMPENSATION COST INDEX

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

NORTH CAROLINA COMMERCIAL AUTOMOBILE EXPENSE EXPERIENCE  
 Calendar Year 2014

<u>Item</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Totals</u>
Premium Written *	531,284,645	127,156,550	658,441,195
Premium Earned *	515,509,948	125,517,148	641,027,096
Commission & Brokerage Expense	58,755,258	14,764,047	73,519,305
Other Acquisition Expense	23,698,497	6,351,682	30,050,179
General Expense	29,580,450	7,390,809	36,971,259
Taxes, Licenses, and Fees	9,647,328	2,385,873	12,033,201
Losses Incurred	200,066,729	72,909,627	272,976,356
Allocated Loss Adjustment Expe	8,085,318	3,883,665	11,968,983
Unallocated Loss Adjustment Ex	18,028,043	8,095,433	26,123,476

Ratios  
B.I. & P.D. Combined

Commission & Brokerage Expense to Written Premium:	0.112 **
Other Acquisition Expense to Earned Premium:	0.047
General Expense to Earned Premium	0.058 ***
Taxes, etc. to Written Premium:	0.018

	<u>B.I.</u>	<u>P.D.</u>	<u>Total</u>
Allocated Loss Adjustment Expense to Incurred Losses:	0.040	0.053	0.044
Unallocated Loss Adjustment Expense to Incurred Losses + Allocat	0.087	0.105	0.092

\* 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.

\*\*\* 0.052 is used for Trucks, Tractors, and Trailers, Private Passenger Types.

Calculation of On-level factors

Written Premium

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
BI	3/1/2012	Base	1.000		
	3/1/2013	1.008	1.008	1.000	1.008
	3/1/2015	1.125	1.134		
	10/1/2015	1.162	1.318		
					1.008

On-level factor = 1.318 (from column (2)) / 1.008 (from column (4)) = 1.308

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
PD	3/1/2012	Base	1.000		
	3/1/2013	1.034	1.034	1.000	1.034
	3/1/2015	1.153	1.192		
	10/1/2015	1.106	1.319		
					1.034

On-level factor = 1.319 (from column (2)) / 1.034 (from column (4)) = 1.276

Earned Premium

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
BI	3/1/2012	Base	1.000	0.014	0.014
	3/1/2013	1.008	1.008	0.986	0.994
	3/1/2015	1.125	1.134		
	10/1/2015	1.162	1.318		
					1.008

On-level factor = 1.318 (from column (2)) / 1.008 (from column (4)) = 1.308

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
PD	3/1/2012	Base	1.000	0.014	0.014
	3/1/2013	1.034	1.034	0.986	1.020
	3/1/2015	1.153	1.192		
	10/1/2015	1.106	1.319		
					1.034

On-level factor = 1.319 (from column (2)) / 1.034 (from column (4)) = 1.276

Credibility Tables

Credibility for Statewide Loss Ratio\*

Trucks, Tractors, and Trailers  
and Private Passenger Types

<u>Number of Claims</u>	<u>Credibility</u>
0-10	0%
11-42	10
43-97	20
98-172	30
173-270	40
271-389	50
390-530	60
531-693	70
694-877	80
878-1083	90
1084 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>
12/31/2010	.10
12/31/2011	.15
12/31/2012	.20
12/31/2013	.25
12/31/2014	.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.

\*\* 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

CKS, TRACTORS, AND TRAILERS AND PRIVATE PASSENGER TYPES

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2014	<u>\$60,394,961</u>
2. Mean Unearned Premium Reserve: (1) x 0.442	<u>26,694,573</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	1.49%
50% of Other Acquisition Expense	2.35%
50% of Company Operating Expense	<u>2.60%</u>
Total	16.44%
4. (2) x (3)	<u>4,388,588</u>
5. Net Subject to Investment (2) - (4)	<u>22,305,985</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>60,394,961</u>
2. Average Agents' Balance	0.197
3. Delayed Remission (1) x (2)	<u>11,897,807</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>60,394,961</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.783	<u>47,289,254</u>
3. Expected Mean Loss Reserves (2) x 1.865	<u>88,194,459</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>98,602,637</u>
E. Average Rate of Return	<u>3.06%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>3,017,241</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>5.00%</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 2014	\$21,489,881
2.	Direct Unearned Premium Reserve as of 12/31/13	9,131,576
3.	Direct Unearned Premium Reserve as of 12/31/14	9,881,994
4.	Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	9,506,785
5.	<b>Ratio (4) / (1)</b>	<b>0.442</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 0.197 of net earned premiums for all companies. The 0.197 is based on the following:

1.	Net Earned Premium for Calendar Year 2014	\$487,857,482
2.	Net Agents' Balances as of 12/31/13	93,174,657
3.	Net Agents' Balances as of 12/31/14	98,740,083
4.	Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	95,957,370
5.	<b>Ratio (4) / (1)</b>	<b>0.197</b>

*Notes:*

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

Line C-2

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

Line C-3

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

1. Direct Incurred for Calendar Year 2013	\$14,943,148
2. Direct Incurred for Calendar Year 2014	16,608,989
3. Direct Reserves as of 12/31/12	28,175,286
4. Direct Reserves as of 12/31/13	29,157,088
5. Direct Reserves as of 12/31/14	31,010,704
6. Mean Loss Reserve 2013: $\frac{1}{2} [(3) + (4)]$	28,666,187
7. Mean Loss Reserve 2014: $\frac{1}{2} [(4) + (5)]$	30,083,896
8. Ratio (6) / (1)	1.918
9. Ratio (7) / (2)	1.811
10. $\frac{1}{2} [(8) + (9)]$	1.865

**Notes:**

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

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

NORTH CAROLINA  
Bodily Injury  
Unadjusted Experience

Section D  
Exhibit 7  
Sheet 1

Trucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2010	5,607,683	6,982,914
12/31/2011	4,624,232	5,494,911
12/31/2012	4,449,186	3,842,387
12/31/2013	8,070,942	3,560,313
12/31/2014	11,070,170	2,349,814

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2010	50,678	0
12/31/2011	38,807	5,000
12/31/2012	19,554	0
12/31/2013	161,111	70,000
12/31/2014	29,006	0

\*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2015.

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>
12/31/2010	4,748,341	278,337
12/31/2011	4,252,831	981,053
12/31/2012	4,260,791	500,595
12/31/2013	6,740,285	372,111
12/31/2014	8,340,761	1,250,894

Private Passenger Types:

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2010	38,209	0
12/31/2011	68,229	0
12/31/2012	23,474	0
12/31/2013	62,419	3,714
12/31/2014	87,547	0

\*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2015.

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*
12/31/2010	7,886,609	7,062,404
12/31/2011	7,253,914	5,729,874
12/31/2012	6,956,223	5,540,039
12/31/2013	8,292,376	10,203,763
12/31/2014	8,903,329	15,264,690

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2010	73,255	63,380
12/31/2011	66,130	47,273
12/31/2012	56,585	23,641
12/31/2013	66,125	199,303
12/31/2014	65,747	37,375

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

NORTH CAROLINA  
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>
12/31/2010	7,559,636	6,885,902
12/31/2011	6,952,959	5,940,609
12/31/2012	6,666,802	5,733,107
12/31/2013	7,945,683	8,773,938
12/31/2014	8,529,761	10,793,807

Private Passenger Types:

Accident Year Ending	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2010	61,736	55,410
12/31/2011	55,755	95,306
12/31/2012	47,698	31,649
12/31/2013	55,741	80,928
12/31/2014	55,398	110,126

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

## SECTION E

### Revision of Increased Limits Tables

North Carolina Reinsurance Facility  
Commercial Automobile Liability

Revision of Increased Limits Tables

Summary of Changes

The following is a proposed revision of Commercial Automobile Liability Increased Limit Factors. A review of the experience indicates a change of -10.5% in total liability premium for bodily injury and -1.0% for property damage. This document presents revised factors for the following increased limits tables:

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

Notes Pertaining to the Revision

- This revision is based upon North Carolina Reinsurance Facility experience. North Carolina and Countrywide Voluntary data has been considered when necessary to promote stability.
- Data for accident and policy years ending December 31, 2010 to December 31, 2014 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 10/1/2016.

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	1.11	1.14
	100,000 / 300,000	1.39	1.49
	500,000 / 500,000	1.85	2.07
	1,000,000 / 1,000,000	2.27	2.60
<u>Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.13	1.17
	100,000 / 300,000	1.47	1.59
	500,000 / 500,000	2.10	2.39
	1,000,000 / 1,000,000	2.66	3.10
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.16	1.20
	100,000 / 300,000	1.55	1.69
	500,000 / 500,000	2.27	2.61
	1,000,000 / 1,000,000	2.95	3.47
<u>All Other Risks</u> <sup>1</sup>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.13	1.17
	100,000 / 300,000	1.40	1.50
	500,000 / 500,000	1.88	2.11
	1,000,000 / 1,000,000	2.31	2.65

<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	1.05
		300,000	1.16	1.16
		750,000	1.20	1.20
		1,000,000	1.22	1.22
<u>Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.05
		300,000	1.16	1.16
		750,000	1.21	1.22
		1,000,000	1.23	1.24
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.05
		300,000	1.17	1.17
		750,000	1.22	1.23
		1,000,000	1.24	1.25
<u>All Other Risks<sup>2</sup></u>	\$	25,000	1.00	1.00
		50,000	1.05	1.05
		300,000	1.16	1.16
		750,000	1.20	1.20
		1,000,000	1.22	1.22

<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 1.39 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 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 October 1, 2016 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 -10.5% and -1.0% 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 6/30/10 through 6/30/14.

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>
12/31/10	12,167,439	28,710,302	2.360
12/31/11	9,234,382	19,141,256	2.073
12/31/12	8,927,777	21,840,215	2.446
12/31/13	12,752,822	19,848,524	1.556
12/31/14	17,623,720	25,181,587	1.429
Total	60,706,140	114,721,884	1.890

- (5) Present average increased limits factor based upon the present table and the policy limits distribution for bodily injury Reinsurance Facility business: 2.112
- (6) Indicated change in bodily injury increased limits factors  $(((4)/(5)) - 1) \times 100$ : -10.5%

\* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to one year beyond an anticipated effective date of 10/1/2016 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	Basic Limit	Total Limits	Indicated
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	Average
			Increased
			Limit Factor
			<u>(3)/(2)</u>
	\$25,000		
12/31/10	8,709,092	9,403,659	1.080
12/31/11	7,685,265	9,229,545	1.201
12/31/12	7,443,996	8,299,166	1.115
12/31/13	10,070,259	10,768,821	1.069
12/31/14	12,243,844	14,251,317	1.164
Total	46,152,456	51,952,508	1.126

(5) Present average increased limits factor based upon the present table and the policy limits distribution for property damage Reinsurance Facility business: 1.137

(6) Indicated change in property damage increased limits factors  $[(4)/(5) - 1] \times 100$ : -1.0%

\* 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 10/1/2016 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	1.2%	12 Point Fit - Weighted Severity	3.4%
24 Point Fit - Weighted Severity	1.5%	24 Point Fit - Weighted Severity	2.3%
12 Point Fit - (NC only) Severity	-1.7%	12 Point Fit - (NC only) Severity	-2.1%
24 Point Fit - (NC only) Severity	-0.8%	24 Point Fit - (NC only) Severity	-2.8%
Selected Severity Trend Factor	1.0%	Selected Severity Trend Factor	2.0%
Selected Frequency Trend Factor	1.0%	Selected Frequency Trend Factor	1.0%
Average Annual Change	2.0%	Average Annual Change	3.0%
 <u>Property Damage</u>			
\$25,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	3.4%	12 Point Fit - Weighted Severity	3.0%
24 Point Fit - Weighted Severity	3.9%	24 Point Fit - Weighted Severity	4.0%
12 Point Fit - (NC only) Severity	3.3%	12 Point Fit - (NC only) Severity	2.5%
24 Point Fit - (NC only) Severity	3.7%	24 Point Fit - (NC only) Severity	3.6%
Selected Severity Trend Factor	3.0%	Selected Severity Trend Factor	3.5%
Selected Frequency Trend Factor	1.0%	Selected Frequency Trend Factor	1.0%
Average Annual Change	4.0%	Average Annual Change	4.5%

\* 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 <u>Losses</u>	Total Limits <u>Losses</u>	\$25,000 <u>Losses</u>	Total Limits <u>Losses</u>
<u>Trucks, Tractors &amp; Trailers</u>				
63 months to ult.	1.004	1.004 *	1.000	1.000
51 months to ult.	1.007	1.007 *	1.000	1.002
39 months to ult.	1.032	1.045	1.000	1.001
27 months to ult.	1.069	1.137	1.005	1.005 *
15 months to ult.	1.190	1.373	1.037	1.048
<u>Private Passenger Types</u>				
63 months to ult.	0.997	1.000	1.000	1.000
51 months to ult.	0.990	1.000	1.000	1.000
39 months to ult.	1.002	1.002 *	1.002	1.002 *
27 months to ult.	1.046	1.046 *	1.001	1.001 *
15 months to ult.	1.112	1.116	1.008	1.027
<u>Publics (All Except Buses)***</u>				
63 months to ult.	1.004	1.004 *	1.000	1.000
51 months to ult.	1.007	1.007 *	1.000	1.002
39 months to ult.	1.032	1.045	1.000	1.001
27 months to ult.	1.069	1.137	1.005	1.005 *
15 months to ult.	1.190	1.373	1.037	1.048
<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.	1.007	1.007 *	0.998	0.998
39 months to ult.	1.032	1.049	0.993	0.993
27 months to ult.	1.085	1.085 *	1.002	1.002
<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.	1.007	1.007 *	0.998	0.998
39 months to ult.	1.032	1.049	0.993	0.993
27 months to ult.	1.085	1.085 *	1.002	1.002

\* 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	10@63	5,607,683	12,590,597	4,748,341	5,026,678
	11@51	4,624,232	10,119,143	4,252,831	5,233,884
	12@39	4,449,186	8,291,573	4,260,791	4,761,386
	13@27	8,070,942	11,631,255	6,740,285	7,112,396
	14@15	11,070,170	13,419,984	8,340,761	9,591,655
Private Passenger Types	10@63	50,678	50,678	38,209	38,209
	11@51	38,807	43,807	68,229	68,229
	12@39	19,554	19,554	23,474	23,474
	13@27	161,111	231,111	62,419	66,133
	14@15	29,006	29,006	87,547	87,547
Publics (All Except Buses)	10@63	818,799	1,542,049	727,436	727,436
	11@51	1,137,195	1,302,255	837,000	837,000
	12@39	1,090,608	1,360,845	845,726	848,155
	13@27	1,169,981	1,379,507	625,818	627,581
	14@15	959,677	1,055,866	503,634	503,634
Misc.	09@75	3,733,711	8,459,150	861,334	861,334
	10@63	2,047,404	3,937,356	735,602	735,602
	11@51	2,189,941	8,328,555	814,122	830,987
	12@39	1,511,189	2,053,189	965,706	990,706
	13@27	1,877,282	2,584,953	1,389,595	1,545,453
Buses	09@75	263,973	342,184	158,110	158,110
	10@63	248,943	365,893	104,220	104,220
	11@51	80,976	80,976	98,353	98,353
	12@39	97,210	267,210	79,747	79,747
	13@27	109,801	109,801	96,586	96,586

\* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while 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>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	12/31/10	5,630,114	12,640,959	4,748,341	5,026,678
	12/31/11	4,656,602	10,189,977	4,252,831	5,244,352
	12/31/12	4,591,560	8,664,694	4,260,791	4,766,147
	12/31/13	8,627,837	13,224,737	6,773,986	7,147,958
	12/31/14	13,173,502	18,425,638	8,649,369	10,052,054
Private Passenger Types	12/31/10	50,526	50,678	38,209	38,209
	12/31/11	38,419	43,807	68,229	68,229
	12/31/12	19,593	19,593	23,521	23,521
	12/31/13	168,522	241,742	62,481	66,199
	12/31/14	32,255	32,371	88,247	89,911
Publics (All Except Buses)	12/31/10	822,074	1,548,217	727,436	727,436
	12/31/11	1,145,155	1,311,371	837,000	838,674
	12/31/12	1,125,507	1,422,083	845,726	849,003
	12/31/13	1,250,710	1,568,499	628,947	630,719
	12/31/14	1,142,016	1,449,704	522,268	527,808
Misc.	12/31/10	3,733,711	8,459,150	861,334	861,334
	12/31/11	2,047,404	3,937,356	735,602	735,602
	12/31/12	2,205,271	8,386,855	812,494	829,325
	12/31/13	1,559,547	2,153,795	958,946	983,771
	12/31/14	2,036,851	2,804,674	1,392,374	1,548,544
Buses	12/31/10	263,973	342,184	158,110	158,110
	12/31/11	248,943	365,893	104,220	104,220
	12/31/12	81,543	81,543	98,156	98,156
	12/31/13	100,321	280,303	79,189	79,189
	12/31/14	119,134	119,134	96,779	96,779

\* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while 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 <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	12/31/10	6,499,328	15,662,097	6,310,062	6,916,306
	12/31/11	5,270,116	12,257,612	5,434,211	6,905,079
	12/31/12	5,094,613	10,119,258	5,234,983	6,005,207
	12/31/13	9,385,397	14,994,958	8,002,690	8,618,392
	12/31/14	14,049,207	20,283,529	9,825,231	11,597,991
Private Passenger Types	12/31/10	58,327	62,790	50,776	52,573
	12/31/11	43,481	52,696	87,182	89,835
	12/31/12	21,740	22,882	28,899	29,636
	12/31/13	183,319	274,101	73,814	79,817
	12/31/14	34,399	35,635	100,244	103,739
Publics (All Except Buses)	12/31/10	948,991	1,918,235	966,688	1,000,894
	12/31/11	1,296,031	1,577,460	1,069,507	1,104,257
	12/31/12	1,248,818	1,660,812	1,039,094	1,069,719
	12/31/13	1,360,528	1,778,453	743,029	760,467
	12/31/14	1,217,931	1,595,880	593,269	608,981
Misc.	12/31/10	4,353,034	10,636,903	1,167,293	1,211,498
	12/31/11	2,340,209	4,806,799	958,557	990,097
	12/31/12	2,471,229	9,940,613	1,018,033	1,068,178
	12/31/13	1,713,363	2,478,456	1,155,321	1,212,541
	12/31/14	2,193,865	3,133,444	1,612,987	1,826,458
Buses	12/31/10	307,759	430,277	214,273	222,388
	12/31/11	284,545	446,689	135,808	140,277
	12/31/12	91,377	96,650	122,987	126,426
	12/31/13	110,215	322,556	95,405	97,604
	12/31/14	128,318	133,099	112,113	114,148

\* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while 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 October 1, 2016.

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>	ALL <u>OTHER</u>	ALL TABLES <u>COMBINED</u> **
30/60	0.55%	0.02%	0.00%	6.01%	6.59%
50/100	1.03%	0.04%	0.00%	11.17%	12.24%
85/85	0.00%	0.00%	0.00%	0.00%	0.00%
100/100	2.94%	0.81%	0.00%	7.72%	11.47%
100/300	11.30%	0.93%	0.07%	13.43%	25.73%
100/500	0.00%	0.00%	0.00%	0.37%	0.37%
150/150	0.00%	0.00%	0.00%	0.00%	0.00%
250/250	0.00%	0.00%	0.00%	0.00%	0.00%
250/500	0.00%	0.00%	0.00%	0.00%	0.00%
300/300	0.00%	0.00%	0.00%	0.00%	0.00%
400/400	0.00%	0.00%	0.00%	0.00%	0.00%
500/500	0.00%	0.00%	0.00%	0.00%	0.00%
500/1,000	0.00%	0.00%	0.00%	0.00%	0.00%
750/750	1.64%	3.53%	8.64%	0.15%	13.95%
1,000/1,000	3.73%	0.44%	6.29%	1.38%	11.84%
1,500/1,500	0.09%	0.00%	0.05%	9.45%	9.58%
2,000/2,000	1.28%	0.00%	0.00%	3.16%	4.44%
2,500/2,500	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000/5,000</u>	<u>0.36%</u>	<u>0.00%</u>	<u>0.11%</u>	<u>3.33%</u>	<u>3.79%</u>
<b>TOTAL**</b>	22.91%	5.77%	15.16%	56.17%	100.00%

\* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2010 through fiscal accident year ending 6/30/2014, 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 <u>LIMIT</u>	LIGHT & <u>MEDIUM</u>	<u>HEAVY</u>	EXTRA <u>HEAVY</u>	ALL <u>OTHER</u>	ALL TABLES <u>COMBINED</u> **
25	2.52%	0.40%	0.02%	12.91%	15.85%
30	0.00%	0.00%	0.00%	0.16%	0.16%
50	13.10%	1.14%	0.53%	22.25%	37.02%
85	0.00%	0.00%	0.00%	0.00%	0.00%
100	0.07%	0.00%	0.05%	0.07%	0.20%
150	0.00%	0.00%	0.00%	0.00%	0.00%
250	0.00%	0.00%	0.00%	0.00%	0.00%
300	0.00%	0.00%	0.00%	0.02%	0.02%
400	0.00%	0.00%	0.00%	0.00%	0.00%
500	0.05%	0.00%	0.00%	0.00%	0.05%
750	3.15%	4.43%	11.83%	0.90%	20.30%
1,000	2.23%	0.85%	8.07%	0.73%	11.88%
1,500	0.19%	0.00%	0.00%	10.82%	11.01%
2,000	0.00%	0.00%	0.00%	1.48%	1.48%
2,500	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000</u>	<u>0.02%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>2.01%</u>	<u>2.03%</u>
<b>TOTAL**</b>	21.33%	6.82%	20.50%	51.36%	100.00%

\* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2010 through fiscal accident year ending 6/30/2014, 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	1.16	1.11	1.21	1.39
2. Heavy Trucks and Truck Tractors	1.00	1.20	1.13	1.27	1.47
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.22	1.16	1.32	1.55
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.33	1.25	1.44	1.80
5. All Other Risks	1.00	1.16	1.13	1.21	1.40

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	1.46	1.60	1.66	1.99	1.49
300/300	64	1.62	1.78	1.89	2.32	1.62
250/500	61	1.66	1.88	1.99	2.46	1.70
400/400	68	1.74	1.97	2.10	2.63	1.76
500/500	68	1.85	2.10	2.27	2.90	1.88
750/750	73	2.08	2.41	2.65	3.45	2.12
1000/1000	73	2.27	2.66	2.95	3.92	2.31
1500/1500	74	2.54	3.08	3.45	4.65	2.57
2000/2000	75	2.79	3.42	3.87	5.29	2.83
2500/2500	76	2.95	3.71	4.26	5.83	3.05
5000/5000	79	3.68	4.79	5.62	7.89	3.77
7500/7500	82	4.15	5.55	6.57	9.33	4.24
10000/10000	85	4.43	6.04	7.19	10.27	4.52
12500/12500	86	4.58	6.33	7.56	10.83	4.67
15000/15000	86	4.66	6.49	7.76	11.14	4.75

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	1.19	1.20	1.21	1.18
750	17	1.20	1.21	1.22	1.23	1.20
1000	18	1.22	1.23	1.24	1.25	1.22
1500	19	1.24	1.27	1.28	1.29	1.24
2000	20	1.26	1.29	1.32	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



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
A. Total Production Expense	14.7%
B. General Expense	5.2%
C. Taxes, Licenses & Fees	1.8%
D. Underwriting Profit & Contingencies	0.0%
E. Other (explain)	
F. TOTAL	21.7%

3. Expected Loss Ratio (ELR=100-2F) .783

4. Rate level change for which this exhibit applies

	Basic Limits		Total Limits	
	BI	PD	BI	PD
Trucks, Tractors, & Trailers	+38.8%	+26.1%	+22.0%	+25.6%
Private Passenger Types	+ 1.3%	+14.1%	-10.9%	+14.0%

EXHIBIT 2A  
Five Year Rate Filing History

<u>Effective Date</u>	<u>NCDOI File #</u>	<u>% Change</u>	<u>Reason for Filing</u>
03/01/2012	NCRI-127725956	-4.4%	Review of basic limits experience and increased limits factors.
03/01/2013	NCRI-128754097	+1.7%	Review of basic limits experience and increased limits factors.
03/01/2015	NCRI-129730991	+13.8%	Review of basic limits experience and increased limits factors.
10/01/2015	NCRI-130072573	+14.3%	Review of basic limits experience and increased limits factors.

EXHIBIT 3

NORTH CAROLINA EXPERIENCE		<u>X</u>	Direct	<u>    </u>	Net
	<u>2010</u>		<u>2011</u>		<u>2012</u>
(1) Written Premiums	<u>452,214,161</u>		<u>447,641,416</u>		<u>459,941,955</u>
(2) Earned Premiums	<u>461,512,519</u> 100.0%		<u>445,745,697</u> 100.0%		<u>454,441,200</u> 100.0%
(3) Inc. Loss and LAE	<u>254,531,237</u> 55.2%		<u>270,827,838</u> 60.8%		<u>290,254,327</u> 63.9%
(4) Total Prod. Expense	<u>94,074,276</u> 20.4%		<u>92,693,239</u> 20.8%		<u>91,324,584</u> 20.1%
(5) General Expense	<u>35,608,600</u> 7.7%		<u>34,815,456</u> 7.8%		<u>34,690,661</u> 7.6%
(6) Taxes, Lic. & Fees	<u>10,994,563</u> 2.4%		<u>11,088,803</u> 2.5%		<u>10,697,918</u> 2.4%
(7) Other					
	<u>2013</u>		<u>2014</u>		<u>5 Years Combined</u>
(1) Written Premiums	<u>480,462,199</u>		<u>505,833,390</u>		<u>2,346,093,121</u>
(2) Earned Premiums	<u>469,572,361</u> 100.0%		<u>492,488,426</u> 100.0%		<u>2,323,760,203</u> 100.0%
(3) Inc. Loss and LAE	<u>306,457,629</u> 65.3%		<u>311,068,815</u> 63.2%		<u>1,433,139,846</u> 61.7%
(4) Total Prod. Expense	<u>97,404,346</u> 20.7%		<u>103,569,484</u> 21.0%		<u>479,065,929</u> 20.6%
(5) General Expense	<u>34,319,049</u> 7.3%		<u>36,971,259</u> 7.5%		<u>176,405,025</u> 7.6%
(6) Taxes, Lic. & Fees	<u>11,477,889</u> 2.4%		<u>12,033,201</u> 2.4%		<u>56,292,374</u> 2.4%
(7) Other					

COUNTRYWIDE EXPERIENCE		<u>X</u>	Direct	<u>    </u>	Net
	<u>2010</u>		<u>2011</u>		<u>2012</u>
	(in thousands)				
(1) Written Premiums	<u>17,815,465</u>		<u>18,139,024</u>		<u>18,786,666</u>
(2) Earned Premiums	<u>18,076,097</u> 100.0%		<u>17,935,463</u> 100.0%		<u>18,444,575</u> 100.0%
(3) Inc. Loss and LAE	<u>11,519,146</u> 63.7%		<u>12,250,194</u> 68.3%		<u>13,899,622</u> 75.4%
(4) Total Prod. Expense	<u>3,681,389</u> 20.4%		<u>3,705,237</u> 20.7%		<u>3,827,520</u> 20.8%
(5) General Expense	<u>1,240,351</u> 6.9%		<u>1,203,311</u> 6.7%		<u>1,300,352</u> 7.1%
(6) Taxes, Lic. & Fees					
(7) Other					
	<u>2013</u>		<u>2014</u>		<u>5 Years Combined</u>
(1) Written Premiums	<u>20,142,890</u>		<u>21,737,538</u>		<u>96,621,583</u>
(2) Earned Premiums	<u>19,558,620</u> 100.0%		<u>21,042,761</u> 100.0%		<u>95,057,516</u> 100.0%
(3) Inc. Loss and LAE	<u>14,825,041</u> 75.8%		<u>16,188,957</u> 76.9%		<u>68,682,960</u> 72.3%
(4) Total Prod. Expense	<u>4,047,619</u> 20.7%		<u>4,292,739</u> 20.4%		<u>19,554,504</u> 20.6%
(5) General Expense	<u>1,430,776</u> 7.3%		<u>1,448,751</u> 6.9%		<u>6,623,541</u> 7.0%
(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 1-3.</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 - 40
4. Trending factor development and application.	41
5. Changes in premium base resulting from rating exposure trends.	42
6. Limiting factor development and application.	43
7. Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees.	44
8. Percentage rate change.	45
9. Final proposed rates.	46
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	47
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	48
12. Investment earnings on capital and surplus.	49
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	50

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>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Trucks, Tractors, & Trailers Bodily Injury	6,775,437	5,793,861	5,507,698
Trucks, Tractors, & Trailers Property Damage	7,833,820	6,685,538	5,727,493
Private Passenger Types Bodily Injury	77,437	64,961	52,491
Private Passenger Types Property Damage	87,075	71,116	53,775
	<u>12/31/2013</u>	<u>12/31/2014</u>	
Trucks, Tractors, & Trailers Bodily Injury	6,904,560	7,648,908	
Trucks, Tractors, & Trailers Property Damage	6,286,142	6,758,923	
Private Passenger Types Bodily Injury	61,915	63,401	
Private Passenger Types Property Damage	56,304	53,012	

Earned Premium at Current Level

	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Trucks, Tractors, & Trailers Bodily Injury	7,886,609	7,253,914	6,956,223
Trucks, Tractors, & Trailers Property Damage	7,559,636	6,952,959	6,666,802
Private Passenger Types Bodily Injury	73,255	66,130	56,585
Private Passenger Types Property Damage	61,736	55,755	47,698
	<u>12/31/2013</u>	<u>12/31/2014</u>	
Trucks, Tractors, & Trailers Bodily Injury	8,292,376	8,903,329	
Trucks, Tractors, & Trailers Property Damage	7,945,683	8,529,761	
Private Passenger Types Bodily Injury	66,125	65,747	
Private Passenger Types Property Damage	55,741	55,398	

(a) For Trucks, Tractors, & Trailers and Private Passenger Types, 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>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Trucks, Tractors, & Trailers Bodily Injury	3,326,293	1,788,232	560,393
Trucks, Tractors, & Trailers Property Damage	1,273,538	938,908	776,403
Private Passenger Types Bodily Injury	6,990	5,500	4,999
Private Passenger Types Property Damage	10,954	20,348	7,740
	<u>12/31/2013</u>	<u>12/31/2014</u>	
Trucks, Tractors, & Trailers Bodily Injury	416,689	125,789	
Trucks, Tractors, & Trailers Property Damage	794,756	494,703	
Private Passenger Types Bodily Injury	0	0	
Private Passenger Types Property Damage	12,004	14,174	

Incurred Losses

	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>12/31/2012</u>
Trucks, Tractors, & Trailers Bodily Injury	3,331,895	2,260,821	916,414
Trucks, Tractors, & Trailers Property Damage	1,273,538	938,908	776,403
Private Passenger Types Bodily Injury	6,690	5,500	4,999
Private Passenger Types Property Damage	10,954	20,348	7,740
	<u>12/31/2013</u>	<u>12/31/2014</u>	
Trucks, Tractors, & Trailers Bodily Injury	712,177	786,554	
Trucks, Tractors, & Trailers Property Damage	819,756	544,454	
Private Passenger Types Bodily Injury	19,944	0	
Private Passenger Types Property Damage	12,004	14,174	

(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>10/1/2015</u>
Trucks, Tractors, & Trailers Bodily Injury	0.769
Trucks, Tractors, & Trailers Property Damage	0.769
Private Passenger Types Bodily Injury	0.769
Private Passenger Types Property Damage	0.769

(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.

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 - 2 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 James Davidson.

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

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

Development

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

Basic Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 1-5  
Private Passenger Types - Section D, Exhibit 1, Sheets 8-12

Total Limits

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

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 - 2 in Section B of Exhibit RF-1.

See also the pre-filed testimony of James Davidson.

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

Accident			
Year	\$30,000/60,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2003	619,656	1,275,468	1,510,334
12/31/2004	845,240	1,549,039	2,138,670
12/31/2005	722,089	1,330,859	1,740,423
12/31/2006	823,233	1,520,720	1,676,760
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	915,253	1,127,158
12/31/2011	417,391	751,325	822,223
12/31/2012	146,793	328,034	386,493
12/31/2013	197,840	311,689	
12/31/2014	125,789		

Property Damage

Accident			
Year	\$25,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2003	1,892,142	2,035,575	2,042,520
12/31/2004	2,240,621	2,362,777	2,385,871
12/31/2005	2,311,082	2,470,519	2,504,588
12/31/2006	1,992,489	2,131,825	2,147,653
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	1,122,105	1,168,936	1,177,523
12/31/2011	886,597	909,511	910,099
12/31/2012	434,600	507,499	528,991
12/31/2013	590,656	626,995	
12/31/2014	464,835		

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>
12/31/2003	4,509,628	9,375,137	11,452,686	12,972,791	13,677,189
12/31/2004	4,734,659	9,054,734	11,265,750	12,618,935	13,465,847
12/31/2005	5,162,480	10,024,848	12,199,180	14,008,565	15,090,864
12/31/2006	5,799,452	11,253,916	14,369,058	16,771,172	16,856,195
12/31/2007	4,598,141	9,593,269	12,284,690	14,435,571	15,167,951
12/31/2008	4,692,621	8,239,371	10,091,889	11,383,930	12,070,209
12/31/2009	3,386,018	6,919,731	8,994,701	10,021,030	10,667,120
12/31/2010	4,001,196	7,864,386	9,641,275	10,974,612	11,950,045
12/31/2011	4,961,014	9,160,536	10,862,756	11,807,977	
12/31/2012	4,897,687	9,400,033	11,555,334		
12/31/2013	4,949,409	9,327,112			
12/31/2014	5,197,188				

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>
12/31/2003	13,730,855	13,753,037	13,753,037	13,753,037	13,753,037
12/31/2004	13,871,655	13,956,884	13,960,226	13,960,735	13,960,735
12/31/2005	15,253,305	15,298,325	15,298,325	15,298,325	15,298,325
12/31/2006	16,928,724	17,011,653	17,014,598	17,014,598	
12/31/2007	15,536,683	16,166,773	16,221,500		
12/31/2008	12,132,148	12,171,116			
12/31/2009	10,869,754				

North Carolina  
 ISO Voluntary Data  
 Basic Limit Loss Development  
 Trucks, Tractors, and Trailers 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>
12/31/2003	12,638,381	13,334,033	13,507,972	13,568,080	13,579,260
12/31/2004	12,581,788	13,569,039	13,793,487	13,810,863	13,827,424
12/31/2005	14,107,889	15,061,541	15,193,029	15,296,774	15,309,020
12/31/2006	14,821,359	15,606,635	15,805,520	15,882,364	15,878,769
12/31/2007	14,457,867	15,220,845	15,250,898	15,303,789	15,304,901
12/31/2008	12,767,448	13,253,630	13,308,305	13,369,063	13,384,148
12/31/2009	10,361,396	10,863,344	10,989,197	11,000,644	11,020,858
12/31/2010	10,661,388	11,257,309	11,313,968	11,342,465	11,349,044
12/31/2011	11,387,381	11,924,094	12,043,335	12,105,697	
12/31/2012	11,528,294	12,040,973	12,123,004		
12/31/2013	11,294,319	11,923,903			
12/31/2014	13,185,323				

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>
12/31/2003	13,580,166	13,580,166	13,580,166	13,580,166	13,580,166
12/31/2004	13,834,924	13,835,024	13,835,024	13,835,024	13,840,452
12/31/2005	15,306,145	15,309,193	15,309,193	15,309,193	15,309,193
12/31/2006	15,881,056	15,881,056	15,881,056	15,881,056	
12/31/2007	15,304,901	15,304,901	15,304,901		
12/31/2008	13,386,680	13,390,269			
12/31/2009	11,020,858				





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>
12/31/2003	0	0	0
12/31/2004	1,714	2,779	12,279
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	5,500
12/31/2012	4,999	4,999	4,999
12/31/2013	19,944	0	
12/31/2014	0		

Property Damage

Accident			
Year	\$25,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2003	10,223	10,223	10,223
12/31/2004	16,075	16,065	16,065
12/31/2005	19,606	20,431	21,246
12/31/2006	16,530	16,530	16,530
12/31/2007	13,220	13,266	13,266
12/31/2008	9,346	9,346	9,346
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	20,348
12/31/2012	7,740	7,740	7,740
12/31/2013	12,004	12,004	
12/31/2014	14,174		

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>
12/31/2003	716,869	1,132,698	1,302,563	1,551,441	1,706,318
12/31/2004	604,897	1,091,292	1,358,746	1,668,622	1,781,430
12/31/2005	528,450	1,123,791	1,540,925	1,629,491	1,639,583
12/31/2006	654,871	1,151,953	1,507,232	1,691,827	1,813,968
12/31/2007	375,860	991,259	1,172,200	1,267,724	1,429,203
12/31/2008	584,914	1,039,753	1,238,480	1,423,478	1,423,478
12/31/2009	475,331	823,310	1,068,264	1,254,340	1,319,754
12/31/2010	674,632	1,104,000	1,257,846	1,366,117	1,374,235
12/31/2011	543,906	859,600	1,159,856	1,282,921	
12/31/2012	607,821	1,031,970	1,210,330		
12/31/2013	711,304	1,165,206			
12/31/2014	688,118				

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

Accident	\$30,000/60,000 Basic Limit				
Year	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
<u>Ending</u>					
12/31/2003	1,715,923	1,715,923	1,715,923	1,715,923	1,715,923
12/31/2004	1,781,430	1,781,771	1,781,771	1,781,771	1,781,771
12/31/2005	1,710,402	1,710,402	1,710,402	1,710,402	1,710,402
12/31/2006	1,824,671	1,824,671	1,824,671	1,824,671	1,824,671
12/31/2007	1,501,887	1,501,980	1,501,980		
12/31/2008	1,423,478	1,423,478			
12/31/2009	1,331,177				

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>
12/31/2003	1,363,993	1,423,648	1,433,110	1,460,295	1,461,358
12/31/2004	1,240,675	1,259,364	1,260,825	1,262,825	1,262,825
12/31/2005	1,414,263	1,506,018	1,508,889	1,508,988	1,508,988
12/31/2006	1,466,239	1,636,996	1,638,343	1,643,346	1,643,346
12/31/2007	1,219,090	1,263,912	1,261,703	1,261,703	1,261,703
12/31/2008	1,434,274	1,463,656	1,441,975	1,443,575	1,443,575
12/31/2009	1,454,430	1,493,830	1,510,586	1,510,586	1,512,587
12/31/2010	1,327,316	1,368,518	1,370,018	1,379,234	1,379,234
12/31/2011	1,245,587	1,267,466	1,268,169	1,273,166	
12/31/2012	1,249,482	1,292,034	1,292,572		
12/31/2013	1,352,086	1,419,299			
12/31/2014	1,566,072				

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>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/2003	1,461,358	1,461,358	1,461,358	1,461,358	1,461,358
12/31/2004	1,262,608	1,262,608	1,262,608	1,262,608	1,262,608
12/31/2005	1,510,908	1,510,908	1,510,908	1,510,908	1,510,908
12/31/2006	1,643,346	1,643,346	1,643,346	1,643,346	
12/31/2007	1,261,703	1,261,703	1,261,703		
12/31/2008	1,442,575	1,442,575			
12/31/2009	1,512,587				





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>
12/31/2003	264	285	261
12/31/2004	384	322	323
12/31/2005	274	262	259
12/31/2006	258	249	248
12/31/2007	201	198	194
12/31/2008	136	121	120
12/31/2009	108	101	102
12/31/2010	140	135	133
12/31/2011	85	89	88
12/31/2012	53	53	54
12/31/2013	64	63	
12/31/2014	68		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2003	650	675	669
12/31/2004	804	776	773
12/31/2005	744	755	757
12/31/2006	665	675	676
12/31/2007	593	592	595
12/31/2008	470	479	478
12/31/2009	320	323	326
12/31/2010	361	369	370
12/31/2011	261	266	266
12/31/2012	134	140	143
12/31/2013	164	165	
12/31/2014	146		

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>
12/31/2003	1,797	1,788	1,789	1,781	1,780
12/31/2004	1,769	1,718	1,703	1,708	1,707
12/31/2005	1,844	1,809	1,812	1,805	1,800
12/31/2006	1,838	1,803	1,804	1,814	1,818
12/31/2007	1,632	1,588	1,619	1,604	1,611
12/31/2008	1,320	1,277	1,303	1,291	1,293
12/31/2009	1,110	1,135	1,135	1,139	1,134
12/31/2010	1,296	1,277	1,281	1,284	1,284
12/31/2011	1,302	1,273	1,274	1,285	
12/31/2012	1,447	1,394	1,390		
12/31/2013	1,411	1,395			
12/31/2014	1,675				

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>
12/31/2003	1,784	1,784	1,784	1,784	1,784
12/31/2004	1,707	1,716	1,716	1,716	1,716
12/31/2005	1,807	1,808	1,808	1,807	1,807
12/31/2006	1,820	1,822	1,822	1,822	
12/31/2007	1,615	1,615	1,615		
12/31/2008	1,291	1,291			
12/31/2009	1,137				

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>
12/31/2003	4,789	4,841	4,847	4,848	4,851
12/31/2004	4,771	4,816	4,825	4,828	4,833
12/31/2005	4,967	5,039	5,044	5,050	5,051
12/31/2006	5,199	5,220	5,223	5,226	5,220
12/31/2007	4,996	5,025	5,033	5,034	5,033
12/31/2008	4,421	4,434	4,446	4,448	4,445
12/31/2009	3,624	3,648	3,669	3,668	3,668
12/31/2010	3,821	3,856	3,857	3,859	3,859
12/31/2011	3,797	3,802	3,816	3,819	
12/31/2012	3,739	3,764	3,764		
12/31/2013	3,648	3,671			
12/31/2014	4,251				

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>
12/31/2003	4,851	4,851	4,851	4,851	4,851
12/31/2004	4,833	4,833	4,833	4,833	4,833
12/31/2005	5,049	5,050	5,050	5,050	5,050
12/31/2006	5,221	5,221	5,220	5,220	
12/31/2007	5,032	5,032	5,031		
12/31/2008	4,444	4,444			
12/31/2009	3,667				

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>
12/31/2003	0	1	0
12/31/2004	16	5	4
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	1
12/31/2012	1	1	1
12/31/2013	5	5	
12/31/2014	0		

Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2003	4	4	3
12/31/2004	16	8	8
12/31/2005	9	9	10
12/31/2006	3	3	3
12/31/2007	7	7	7
12/31/2008	6	6	6
12/31/2009	4	4	4
12/31/2010	4	5	5
12/31/2011	6	5	5
12/31/2012	4	4	4
12/31/2013	4	4	
12/31/2014	3		

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>
12/31/2003	247	246	242	243	244
12/31/2004	214	223	223	219	218
12/31/2005	193	188	187	187	187
12/31/2006	219	211	217	217	216
12/31/2007	175	167	171	167	165
12/31/2008	201	194	194	194	194
12/31/2009	184	181	180	180	178
12/31/2010	193	188	182	184	184
12/31/2011	180	178	180	181	
12/31/2012	178	172	178		
12/31/2013	196	194			
12/31/2014	242				

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>
12/31/2003	244	244	244	244	244
12/31/2004	218	219	219	219	219
12/31/2005	186	186	186	186	186
12/31/2006	216	216	216	216	
12/31/2007	165	165	165		
12/31/2008	194	194			
12/31/2009	179				

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>
12/31/2003	571	581	581	581	582
12/31/2004	499	496	497	497	497
12/31/2005	533	543	543	543	543
12/31/2006	579	577	577	577	577
12/31/2007	523	514	515	515	515
12/31/2008	560	560	560	560	560
12/31/2009	509	513	515	515	515
12/31/2010	500	502	501	503	503
12/31/2011	489	491	491	492	
12/31/2012	468	476	476		
12/31/2013	485	497			
12/31/2014	538				

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>
12/31/2003	582	582	582	582	582
12/31/2004	497	497	497	497	497
12/31/2005	544	544	544	544	544
12/31/2006	577	577	577	577	
12/31/2007	515	515	515		
12/31/2008	560	560			
12/31/2009	515				

North Carolina  
 ISO Facility Data  
 Total Limit Claims 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>
12/31/2003	148	228	246
12/31/2004	179	256	290
12/31/2005	170	221	240
12/31/2006	145	213	226
12/31/2007	129	173	191
12/31/2008	68	102	110
12/31/2009	64	87	96
12/31/2010	78	115	126
12/31/2011	53	78	80
12/31/2012	34	44	46
12/31/2013	44	54	
12/31/2014	34		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2003	638	667	669
12/31/2004	745	769	773
12/31/2005	730	755	757
12/31/2006	649	672	676
12/31/2007	572	591	594
12/31/2008	459	477	478
12/31/2009	311	322	325
12/31/2010	358	370	370
12/31/2011	253	264	264
12/31/2012	132	140	143
12/31/2013	157	164	
12/31/2014	139		

North Carolina  
ISO Voluntary Data  
Total Limit Claims 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>
12/31/2003	1,133	1,571	1,681	1,757	1,781
12/31/2004	1,091	1,509	1,612	1,672	1,697
12/31/2005	1,127	1,591	1,710	1,776	1,799
12/31/2006	1,115	1,569	1,710	1,785	1,814
12/31/2007	982	1,386	1,516	1,587	1,605
12/31/2008	821	1,127	1,217	1,267	1,290
12/31/2009	685	985	1,079	1,116	1,131
12/31/2010	794	1,118	1,209	1,259	1,281
12/31/2011	806	1,158	1,232	1,266	
12/31/2012	902	1,232	1,326		
12/31/2013	844	1,222			
12/31/2014	1,109				

North Carolina  
ISO Voluntary Data  
Total Limit Claims 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>
12/31/2003	1,783	1,784	1,784	1,784	1,784
12/31/2004	1,708	1,716	1,716	1,716	1,716
12/31/2005	1,806	1,807	1,807	1,807	1,807
12/31/2006	1,816	1,819	1,822	1,822	
12/31/2007	1,614	1,615	1,615		
12/31/2008	1,290	1,291			
12/31/2009	1,135				

North Carolina  
ISO Voluntary Data  
Total Limit Claims 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>
12/31/2003	4,661	4,814	4,841	4,848	4,851
12/31/2004	4,611	4,787	4,821	4,826	4,832
12/31/2005	4,834	5,024	5,038	5,049	5,050
12/31/2006	5,067	5,210	5,219	5,223	5,220
12/31/2007	4,860	5,016	5,028	5,030	5,031
12/31/2008	4,317	4,425	4,437	4,443	4,444
12/31/2009	3,534	3,641	3,662	3,665	3,667
12/31/2010	3,738	3,846	3,854	3,858	3,858
12/31/2011	3,710	3,799	3,812	3,816	
12/31/2012	3,654	3,754	3,763		
12/31/2013	3,543	3,654			
12/31/2014	4,130				

North Carolina  
ISO Voluntary Data  
Total Limit Claims Development  
Trucks, Tractors, and Trailers Paid 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>
12/31/2003	4,851	4,851	4,851	4,851	4,851
12/31/2004	4,833	4,833	4,833	4,833	4,833
12/31/2005	5,049	5,050	5,050	5,050	5,050
12/31/2006	5,220	5,220	5,220	5,220	
12/31/2007	5,031	5,031	5,031		
12/31/2008	4,443	4,443			
12/31/2009	3,667				

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2003	0	0	0
12/31/2004	2	2	4
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	1
12/31/2012	1	1	1
12/31/2013	5	0	
12/31/2014	0		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2003	3	3	3
12/31/2004	8	8	8
12/31/2005	8	9	10
12/31/2006	3	3	3
12/31/2007	7	7	7
12/31/2008	6	6	6
12/31/2009	4	4	4
12/31/2010	4	5	5
12/31/2011	6	5	5
12/31/2012	4	4	4
12/31/2013	4	4	
12/31/2014	3		

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
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>
12/31/2003	168	215	232	240	244
12/31/2004	125	192	207	217	218
12/31/2005	104	158	177	183	183
12/31/2006	151	193	208	212	216
12/31/2007	94	145	154	158	162
12/31/2008	118	176	182	194	194
12/31/2009	124	162	171	178	179
12/31/2010	134	167	176	183	184
12/31/2011	131	162	176	181	
12/31/2012	126	161	173		
12/31/2013	138	179			
12/31/2014	165				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
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>
12/31/2003	244	244	244	244	244
12/31/2004	218	219	219	219	219
12/31/2005	186	186	186	186	186
12/31/2006	216	216	216	216	
12/31/2007	165	165	165		
12/31/2008	194	194			
12/31/2009	179				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
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>
12/31/2003	562	578	580	582	582
12/31/2004	495	495	497	497	497
12/31/2005	523	542	543	543	543
12/31/2006	557	577	577	577	577
12/31/2007	504	515	515	515	515
12/31/2008	551	560	560	560	560
12/31/2009	498	514	515	515	515
12/31/2010	492	501	501	503	503
12/31/2011	484	491	491	492	
12/31/2012	466	476	476		
12/31/2013	476	496			
12/31/2014	530				

North Carolina  
ISO Voluntary Data  
Total Limits Claim Development  
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>
12/31/2003	582	582	582	582	582
12/31/2004	497	497	497	497	497
12/31/2005	544	544	544	544	544
12/31/2006	577	577	577	577	
12/31/2007	515	515	515		
12/31/2008	560	560			
12/31/2009	515				

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

4. Trending factor development and application.

Development

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

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

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

Application

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

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

See also the pre-filed testimony of James Davidson.

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

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

NOT APPLICABLE.

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

6. Limiting factor development and application.

NOT APPLICABLE.

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

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

Development

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

Application

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

See also the pre-filed testimony of James Davidson.

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

8. Percentage rate change.

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

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

9. Final proposed rates.

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

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

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

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

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

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

a) The statistical plans utilized are:

ISO Commercial Statistical Plan - Commercial Automobile Module

ISO Commercial Minimum Statistical Plan - Commercial Automobile Module

ISO Annual Call for Commercial Automobile Statistics

PCI Automobile Statistical Plan

PCI Quarterly Automobile Liability Call

PCI Voluntary Automobile Excess Loss Call

Annual Statement for 2014

Insurance Expense Exhibits for 2014

Rate Bureau Call for 2014 Automobile and Motorcycle Expense Experience

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

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

12. Investment earnings on capital and surplus.

NOT APPLICABLE.

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

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

NOT APPLICABLE.

# **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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# CHECKING SLIP—IMPORTANT

## NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL

NC 2016 Revision 001

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NEW PAGES ENCLOSED	3-4, 7-8, (a)–(b)
SUPERSEDED—REMOVE	All previous Manual Checking Slips Pages 3-4, 7-8, (a)–(b)
NEW CHANGES	Rule 8 is revised to allow companies to use the rates in effect at the time an additional vehicle is added or the rates in effect at the inception of the policy when computing additional premium. Rule 12 is revised to change the definition of private passenger auto to track the definition in the Personal Auto Manual. These changes are effective in accordance with the following Rule of Application: These revisions are applicable to all new and renewal policies to become effective immediately. <ul style="list-style-type: none"><li>• Rule 8.....Page 4</li><li>• Rule 12.....Page 7</li></ul>
ELECTRONIC MANUAL	The North Carolina Reinsurance Facility Commercial Manual is available in electronic format at <a href="https://www.aipso.com/Manuals/NorthCarolinaManuals.aspx">https://www.aipso.com/Manuals/NorthCarolinaManuals.aspx</a> . Register at <a href="https://www.aipso.com/EmailAlerts.aspx">https://www.aipso.com/EmailAlerts.aspx</a> to receive email alerts when the manual is updated.
ABOUT THIS MANUAL	Stars (★) indicate the beginning of an amendment and end symbols (❖) indicate the ending of an amendment. The latest effective dates of rules, rates, and worksheets are listed on pages (a) and (b) located at the back of this Plan Manual.  If you have a question about whether your Manual is up-to-date, you can call 401-942-9799 for assistance.

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



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

**GENERAL RULES SECTION**

## NOTES

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

**GENERAL RULES SECTION**

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

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

**Rule 2. APPLICATION OF THIS MANUAL**

**A. Contents**

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

**B. Sections**

This Manual is divided into separate sections for the following:

- 1. General Rules
- 2. Common Coverages
- 3. Trucks, Tractors, and Trailers
- 4. Public Transportation
- 5. Garage Dealers
- 6. Special Types and Operations
- 7. 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:

- Bodily injury liability
- Property damage liability

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

## GENERAL RULES

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

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

### **Rule 9. RETURN PREMIUM CHANGES**

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

### **Rule 10. CANCELLATION**

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

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

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

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

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

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

#### **F. Retention of Policy Writing Minimum Premium**

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

**NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL**

**COMMON COVERAGES SECTION**

## NOTES

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES SECTION

**Rule 11. HOW TO CLASSIFY AUTOS**

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

**Rule 12. PRIVATE PASSENGER TYPES**

**Fleet-Class Code 7398**

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

**B. Premium Computation**

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

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

**COMMON COVERAGES**

**Rule 14. COMBINATION OF INTERESTS**

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

- (a) All Risks Other than Garage Service Operations

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

**Rule 15. DRIVE OTHER CAR COVERAGE**

(Class Code 9020)

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

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

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

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

**Rule 16. NONOWNERSHIP LIABILITY**

**A. Garage Dealer Risks**

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

**B. Eligibility**

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

- 1. Premium Development
  - a. Application

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

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

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

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

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

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

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

- (3) For Partnership as the Named Insured

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

**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 semi-trailer 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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**TRUCKS, TRACTORS, AND TRAILERS**

**NONFLEET**

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

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs. GVW)	Service	Factor CD	011-- 1.00	012-- 1.25	013-- 1.30
	Retail	Factor CD	021-- 1.45	022-- 1.80	023-- 1.80
	Commercial	Factor CD	031-- 1.30	032-- 1.60	033-- 1.65
<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
<b>Food delivery</b> —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:**

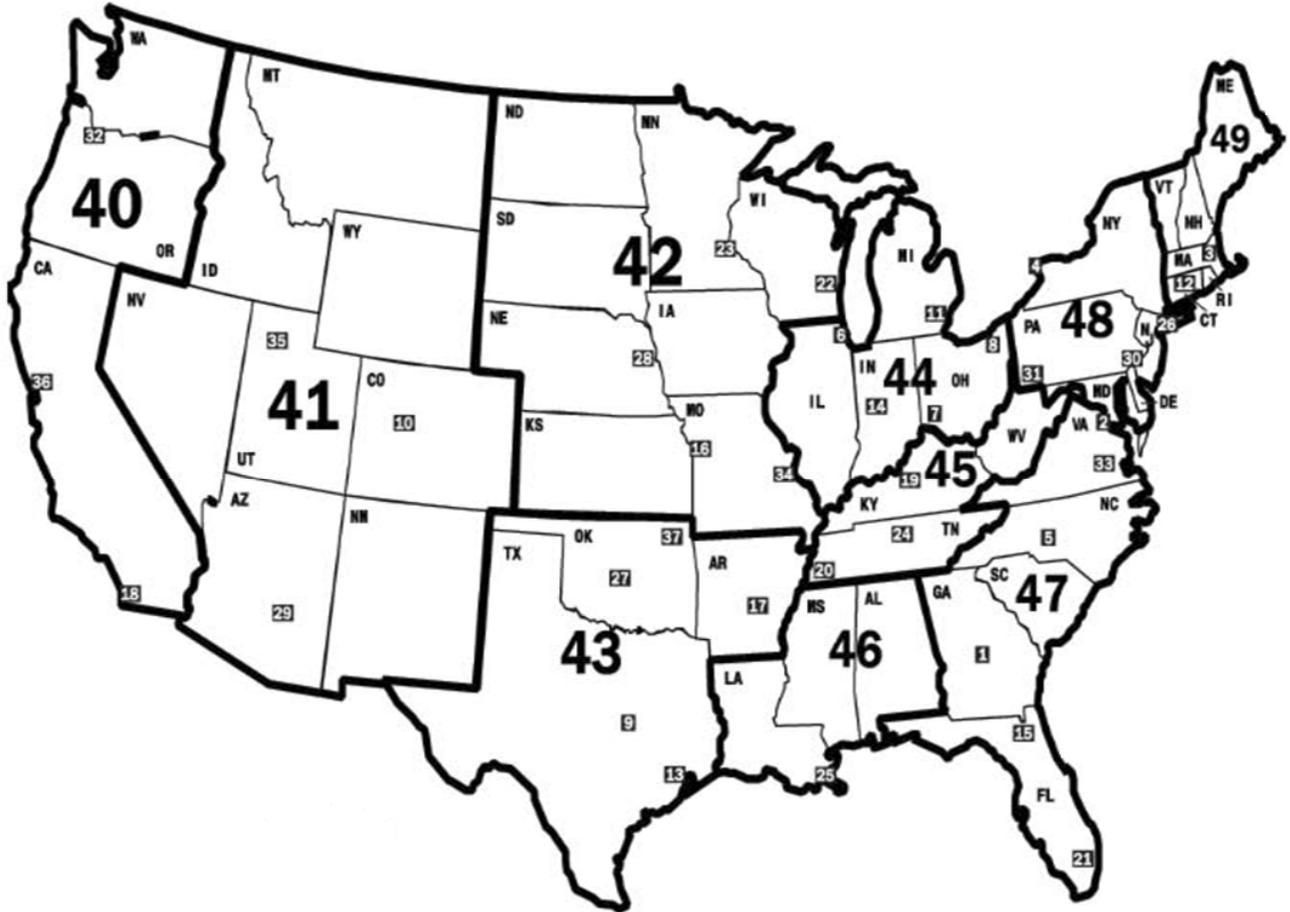
- A. Intermediate Plan—Code as instructed on zone rating table schedules.
- B. Full Plan—Do not insert the state code as the first two digits. Use only the three digits shown in the tables as the zone combination code.

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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.

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:

**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).

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.

- 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:

**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**

<b>Taxicabs and Limousines</b>		<b>Radius</b>		
		<b>Local Up to 50 Miles</b>	<b>Intermediate 51 to 200 Miles</b>	<b>Long Distance Over 200 Miles</b>
		<b>Liability</b>	<b>Liability</b>	<b>Liability</b>
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

<b>School Buses and Church Buses</b>				
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—

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

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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

<b>Van Pools</b>		<b>Seating Capacity</b>			
		<b>1 to 8</b>	<b>9 to 20</b>	<b>21 to 60</b>	<b>Over 60</b>
		<b>Liability</b>	<b>Liability</b>	<b>Liability</b>	<b>Liability</b>
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**

<b>Taxicabs and Limousines</b>		<b>Radius</b>		
		<b>Local Up to 50 Miles</b>	<b>Intermediate 51 to 200 Miles</b>	<b>Long Distance Over 200 Miles</b>
		<b>Liability</b>	<b>Liability</b>	<b>Liability</b>
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

<b>School Buses and Church Buses</b>				
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—

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

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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

<b>Van Pools</b>		<b>Seating Capacity</b>			
		<b>1 to 8</b>	<b>9 to 20</b>	<b>21 to 60</b>	<b>Over 60</b>
		<b>Liability</b>	<b>Liability</b>	<b>Liability</b>	<b>Liability</b>
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.

**Rules 46–50. RESERVED FOR FUTURE USE**

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## NOTES

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**GARAGE AND AUTO DEALERS SECTION**

**GARAGE DEALERS SECTION**

**Rule 51. AUTO DEALERS—ELIGIBILITY**

A. This Section applies to franchised and nonfranchised auto dealers and trailer dealers.

**B. Classifications and Codes**

Only one classification and code apply to a risk.

Classification	Limited Customer Coverage	Unlimited Customer Coverage
Franchised private passenger auto dealer (with or without any other type of franchise)	7301	7302
Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger auto franchise)	7311	7312
Franchised motorcycle dealer including all two-wheeled cycle vehicles (no private passenger or truck franchise)	7321	7322
Franchised recreational vehicle dealer (no private passenger, snowmobile, or residence type mobile home trailer franchise)	7331	7332
Other franchised self-propelled land motor vehicle dealer	7341	7342
Nonfranchised dealer (any risk described above that is not a franchised dealer)	7351	7352
Franchised and non-franchised residence trailer dealers	7344	7345
Franchised and non-franchised commercial trailer dealers	7354	7355
Equipment and implement dealer (no other franchise)	Refer to rules for general liability insurance.	

**Rule 52. AUTO DEALERS—PREMIUM DEVELOPMENT**

For each location, determine the rating territory from the territory definitions based on the street address.

Compute the advance premium at inception and the earned premium as developed by audit separately for each location according to the following procedures:

**A. Limited Liability Coverage for Customers**

1. All Risks Other than Franchised and Nonfranchised Trailer Dealers

Multiply the rates on the state rate schedules by the total rating units determined as follows:

a. Class I—Employees Including Part-Time Employees

Multiply the number of Class I employees working an average of less than 20 hours a week for the number of weeks worked by .50 before determining the number of rating units.

(1) Determine the number of rating units by multiplying the number of these employees by 1.00:

(a) Proprietors, partners, and officers active in the business

(b) Sales persons, general managers, service managers

(c) Any employee whose principal duty involves the operation of autos or who is furnished a garage auto

(2) For all other employees, determine the number of rating units by multiplying the number of these employees by .40.

b. Class II—Nonemployees

Any individual other than a person described in Class I who is regularly furnished with a dealer's auto. If more than one person has use of the same furnished auto, count as only one operator in determining rating units. Determine the number of rating units by multiplying the number of these persons by .55.

2. Franchised and Nonfranchised Trailer Dealers

Multiply the rates in the state rate schedules by the total number of employees, then multiply the result by .45.

3. Minimum Premium

The minimum policy premium is the dealer's rate shown on the state rate schedules for the highest rated location multiplied by 2.00.

**B. Unlimited Liability Coverage for Customers**

1. Liability coverage may be extended to provide unlimited customer coverage.

2. Multiply the total premium developed for the limited liability by 1.25.

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**C. Autos Furnished for Regular Use**

Autos furnished for regular use to other than Class I or Class II operators, for example welcome wagons, or autos furnished to driver training programs. Compute the premiums for all coverages for each owned auto as follows:

1. Private passenger autos (Class Code 7877).  
Charge private passenger type premiums.
2. Trucks, tractors, and trailers (Class Code 7878).  
Charge the premiums developed by the applicable trucks, tractors, or trailers classification.

**D. Pick Up or Delivery of Autos (Class Code 7070)**

1. If the exposure for nonfranchised dealer includes the pick up or delivery of autos beyond a 50-mile radius of the limits of the city or town where operations are conducted, rate each driver per trip for such pick up or delivery operations as follows:

**Per Driver Trip Rates**

Mileage	Bodily Injury \$30/60	Property Damage \$25
51–200 miles	\$3	\$1
Over 200 miles	5	2

2. The minimum premium is the private passenger types premium for the rating territory where the dealer is located.

**E. Medical Payments**

Use Auto Medical Payments Coverage Endorsement CA 99 03 to provide auto medical payments insurance.

Use Garage Locations And Operations Medical Payments Coverage Endorsement CA 25 05 to provide garage locations and operations medical payments insurance.

1. Proprietors and executive officers. When auto dealers are insured for liability but not auto medical payments, the following provisions apply:
  - a. A proprietor or executive officer may be afforded medical payments provided that person is included in the total number of rating units that determines the liability premium. Multiply the private passenger types medical payments premium by 2.00 for each person. Use the rating territory where the dealer is located.
  - b. Medical payments may also be afforded to the spouse of a proprietor or executive officer or relatives of either if residents of the same household. Charge the private passenger types medical payments premium for each person. Use the rating territory where the dealer is located.

2. Individual proprietors. Provide drive other car medical payments insurance at no additional charge if the dealer has auto medical payments coverage.

Use Individual Named Insured—Dealers Only Endorsement CA 99 18.

3. Auto Exposure, Garage Operations, or Combined Garage Operations and Auto Exposure

- a. Multiply the \$30,000/60,000 bodily injury liability premium by the factors from the applicable table.

- (1) Medical payments with unlimited liability coverage

Limit Codes	Medical Payments Limit per Person			
	\$500 (1)	\$750 (2)	\$1,000 (3)	\$2,000 (4)
Auto (a)	.094	.100	.108	.127
Gar. Operations (b)	.023	.025	.027	.029
Combined (c)	.117	.125	.136	.157

- (2) Medical payments with limited liability coverage

Limit Codes	Medical Payments Limit per Person			
	\$500 (1)	\$750 (2)	\$1,000 (3)	\$2,000 (4)
Auto (a)	.098	.105	.115	.134
Gar. Operations (b)	.025	.027	.029	.031
Combined (c)	.124	.131	.144	.165

For the purpose of paragraphs 3.a.(1) and 3.a.(2) above, the rating categories are as follows:

- (a) Auto medical payments only
- (b) Garage operations medical payments only
- (c) Combined garage operations and auto medical payments
  - b. When the bodily injury liability limits are other than \$30,000/60,000, compute the medical payments factor as follows:

$$\frac{\text{Medical payments percentage for } \$30,000/60,000 \text{ limit}}{\text{Applicable factor for increased limit}}$$

**F. Uninsured Motorists Insurance**

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

**Rule 53. AUTO DEALERS—ADDITIONAL PROVISIONS**

**A. \$100 Deductible for Completed Operations (Class code 7072)**

To eliminate the \$100 deductible that applies to property damage to autos arising out of work completed by the named insured, charge an additional .10 of the property damage liability premium.

Use \$100 Dollar Deductible For Completed Operations Does Not Apply Endorsement CA 03 03.

The minimum premium is \$20 (Class Code 7072).

**B. Broad Form Products (Class Code 7070)**

The exclusion relating to property damage to the named insured's products may be eliminated subject to a \$250 deductible per accident. Multiply the property damage liability premium by .10.

Use Broad Form Products Coverage Endorsement CA 25 01.

**C. Pollution Exclusion—Garages**

A Garage Policy may be endorsed to exclude bodily injury or property damage arising out of any discharge of pollutants with the exception of bodily injury or property damage arising out of the ownership, maintenance, or use of covered autos and certain off-premises discharges.

When Endorsement CA 25 16 is attached, document company files showing that the Endorsement is needed for the particular risk. Give the insured written notice of coverage change at least 15 days prior to the effective date of the renewal, with a copy to the agent. Do not attach the Endorsement midterm.

**AUTO DEALERS SECTION**

**Rule 54. ★AUTO DEALERS—ELIGIBILITY**

**A. Eligibility**

1. This Rule applies to franchised and nonfranchised auto dealers and trailer dealers. For details of coverage, refer to Auto Dealers Coverage Form CA 00 25.
2. You must attach the following endorsements to the policy:
  - a. Exclusion—Damage To Rented Premises Endorsement **CA 25 50**
  - b. Exclusion—Newly Acquired Or Formed Auto Dealership Endorsement **CA 25 53**
  - c. Exclusion—Personal And Advertising Injury Liability Coverage Endorsement **CA 25 54**
3. Acts, errors or omissions liability coverages premiums cannot be ceded to the North Carolina Reinsurance Facility.

**B. Classifications and Codes**

Only one classification and code applies to a risk:

<b>Classification</b>	<b>Full Covered Autos Liability Limit for Customers Coverage</b>	<b>Without Full Covered Autos Liability Limit for Customers Coverage</b>
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

<b>Classification</b>	<b>Full Covered Autos Liability Limit for Customers Coverage</b>	<b>Without Full Covered Autos Liability Limit for Customers Coverage</b>
Franchised recreational vehicle dealer (no private passenger, snowmobile, or residence type mobile home trailer franchise)	7334	7335
Other franchised self-propelled land motor vehicle dealer	7347	7348
Nonfranchised dealer (any risk described above that is not a franchised dealer)	7357	7358
Franchised and non-franchised residence trailer dealers	7361	7362
Franchised and non-franchised commercial trailer dealers	7363	7364
Equipment and implement dealer (no other franchise)	7365	7366

**Rule 55. AUTO DEALERS—PREMIUM DEVELOPMENT FOR COMMON COVERAGES**

Determine the rating territory from the territory definitions based on the street address for each location.

Compute the advance premium at inception and the earned premium as developed by audit separately for each location according to the following rating procedures applicable to coverage offered under the Auto Dealers Coverage Form CA 00 25.

Where the rules applicable to auto dealers refer to base premiums, this consists of the rates shown on the state rate

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schedules as modified by the rating procedures described in the following paragraphs.

**A. Rating Unit Determination**

1. All Risks Other than Franchised and Nonfranchised Trailer Dealers

Add the results of paragraphs A.1.a and A.1.b to determine the total number of rating units.

a. Class I—Employees

Class I rating units include individuals employed by the auto dealership. Do not include any employees whose principal duty is regularly operating tow trucks which are rated on a specified auto basis.

- (1) Determine the number of the following employees:

- (a) Proprietors, partners, and officers active in the business
- (b) Salespersons, general managers, service managers
- (c) Any employee whose principal duty involves the operation of autos or who is furnished a covered auto

- (2) Multiply the number of these employees working an average of at least 20 hours or more a week by the following factor:

**Factor**

1.00

- (3) Multiply the number of these employees working an average of less than 20 hours a week by the following factor:

**Factor**

.50

- (4) Determine the number of all other employees not included in paragraph (1).

- (5) Multiply the number of these employees working an average of at least 20 hours a week by the following factor:

**Factor**

.40

- (6) Multiply the number of all other employees working an average of less than 20 hours a week by the following factor:

**Factor**

.20

- (7) Add the result of paragraphs A.1.a.(2) through (6) to determine the number of Class I risks.

b. Class II—Nonemployees

- (1) Class II rating units include any of the following persons who are regularly furnished with a covered auto:

- (a) Proprietors, partners, and officers who are not active in the business
- (b) Family members of an employee
- (c) Family members of an inactive proprietor, partner, and officer

- (2) Multiply each individual by the factor in the following table and add the results. If more than one person has use of the same furnished auto, count as only one operator in determining rating units.

**Factor**

.55

2. Franchised and Nonfranchised Trailer Dealers

Determine the number of rating units by multiplying the total number of employees by the following factor:

**Factor**

.45

**B. Specified Auto Basis**

**All Coverages**

1. Autos Regularly Operated By Class I or Class II Operators

Noninventory vehicles, including tow trucks, regularly operated by Class I or Class II operators may be classified and rated on a specified auto basis. If an employee is furnished an auto for regular use, that employee should also be included in the rating units unless otherwise specified.

2. Autos Furnished for Regular Use to Other than Class I or Class II Operators

Autos furnished for regular use to other than Class I or Class II operators may be classified and rated on a specified auto basis. Such autos may include autos furnished to driver training programs or autos exclusively loaned to customers, without charge, on a temporary basis while the customers' autos are being serviced or repaired.

3. Specified Auto Basis Premium Development

Compute the premiums for all coverages for each specified auto as follows:

- a. Private Passenger Autos (Class Code 7877)  
Charge private passenger type premiums.
- b. Trucks, Tractors, and Trailers (Class Code 7878)

Charge the premiums developed by the applicable trucks, tractors, and trailers classification.

**C. Liability Coverage**

1. Base Premium Computation

- a. Determine the applicable base rate.
- b. Multiply the base rate by the applicable factor in the following table:

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Factor	
Franchised and Nonfranchised Auto Dealers	1.00
Franchised and Nonfranchised Trailer Dealers	1.00
Equipment and Implement Dealers	.70

- c. Apply the procedures in Rule 22 for increased liability limits. Apply the procedures in Rule 23 for liability deductibles.
- d. Auto Dealers Coverage Form CA 00 25 provides coverage for customers up to the compulsory or financial responsibility law limits under certain conditions. Liability coverage may be extended to provide the full covered autos liability limit for customers by attaching Full Covered Autos Liability Limit For Customers Endorsement CA 25 15. Multiply the liability premium developed in the preceding paragraph by the following factor:

**Factor**  
1.25

2. **Minimum Premium**

The liability minimum premium is the auto dealers liability rate shown on the rate schedules for the highest rated location multiplied by the following factor:

**Factor**  
2.00

**D. Pick Up or Delivery of Autos (Class Code 7070)**

- 1. If the exposure for nonfranchised dealer includes the pick up or delivery of autos beyond a 50-mile radius of the limits of the city or town where operations are conducted, rate each driver per trip for such pick up or delivery operations as follows:

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. ❖

## NOTES

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**SPECIAL TYPES AND OPERATIONS SECTION**

## NOTES

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**SPECIAL TYPES AND OPERATIONS SECTION**

**Rule 56. ELIGIBILITY**

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

**Rule 57. PREMIUM DEVELOPMENT**

**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.

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**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 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.

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**Rule 69. MOTORCYCLES, GOLFMOBILES, AND SNOWMOBILES**

**A. Eligibility**

1. This Rule applies to fleet motorcycles, motorscooters, motorbikes, and any other similar autos used for commercial purposes. Refer to paragraph B below for rating.

For nonfleet motorcycles, refer to the Personal Auto Manual.

2. This Rule also applies to fleet golfmobiles and snowmobiles. It also applies to nonfleet golfmobiles and snowmobiles used for commercial purposes, including electric powered versions of these vehicles, that are licensed for road use. Refer to paragraph C below for rating.
3. All premiums apply for the period of coverage. If the insured cancels, do not return premium.

**B. Motorcycle Premium Computation (Class Code 7942)**

1. Liability Factors

Based on the size of the engine in cubic centimeters, multiply the private passenger types rates by the following factors:

Size of Engine In cubic centimeters	Factor
0–100cc	.29
101–200	.38
201–360	.59
361–500	.65
501–800	.76
Over 800cc	.85

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

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the risk is located. For banks, if the same company insures all owned autos, all repossessed autos, hired autos, and the employers nonownership liability of such risks, a minimum premium of \$14 bodily injury, \$30,000/60,000 limits, and \$6 property damage, \$25,000 limit, applies on a combined basis for the repossessed autos, hired autos, and employers nonownership liability exposures.

**Rule 72. SPECIAL OR MOBILE EQUIPMENT**

**A. Eligibility**

This Rule applies to vehicles fitting into any of the following categories:

1. Specialized equipment such as bulldozers, power shovels, road rollers, graders or scrapers, cranes, street sweepers or other cleaners, diggers, forklifts, pumps, generators, air compressors, drills, and other similar equipment
2. Vehicles maintained solely to provide mobility for permanently attached specialized equipment

3. Vehicles not required to be licensed
4. Autos used solely on the named insured's premises or that part of the roads or other accesses that adjoin the premises

**B. Premium Computation**

1. Refer to manuals of general liability insurance.
2. For land motor vehicles (Class Code 7906) other than farm equipment not eligible for general liability insurance, charge the appropriate fleet or nonfleet trucks, tractors, and trailers base premiums.

**Rule 73. AUTOS HELD FOR SALE BY SERVICE OPERATIONS**

**Liability**

Refer to the Nonownership Liability Rule (Rule 16).

**Rules 74–80. RESERVED FOR FUTURE USE**

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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 \$6,500 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 \$6,500 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 \$6,500 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.

NORTH CAROLINA REINSURANCE FACILITY  
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**EXPERIENCE RATING PLAN**

★**Example:** Calculation of Modification to be effective on January 1, 2015.

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
1/1/11–12/31/11	\$5,000	\$2,000	\$1,800	\$700
1/1/12–12/31/12	5,000	3,500	2,000	200
1/1/13–12/31/13	7,000	3,000	600	300
<b>TOTAL =</b>	<b>\$25,500</b>		*basic limits incurred losses limited by MSL and evaluated as of 9/30/14.	

The total basic limits premium subject to experience rating is \$25,500 so the appropriate adjusted expected loss ratio from TABLE B is .473 and the appropriate maximum single loss is \$16,450 (for this example, we assume that the insured is an “All Other” risk – not Publics or Zone Rated).

The appropriate loss development factors from TABLE A are:

For Policy Effective:	BI	PD
1/1/11 (45 months)	.011	.000
1/1/12 (33 months)	.028	.002
1/1/13 (21 months)	.075	.011

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

BASIC LIMITS LOSSES =	(PREMIUM times AELR times LDF) plus	PAID AND OUTSTANDING LOSSES
(2011 BI) =	\$(5,000) X (.473) X (.011) +	\$1,800= \$1,826
(2011 PD) =	(2,000) X (.473) X (.000) +	700= 700
(2012 BI) =	(5,000) X (.473) X (.028) +	2,000= 2,066
(2012 PD) =	(3,500) X (.473) X (.002) +	200= 203
(2013 BI) =	(7,000) X (.473) X (.075) +	600= 848
(2013 PD) =	(3,000) X (.473) X (.011) +	300= 316
<b>TOTAL</b>		<b>\$5,959</b>

The actual loss ratio used in the experience modification formula is \$5,959 ÷ 25,500 or .234.

The credibility factor from TABLE B is .21.

Therefore the unadjusted experience modification is:

$$EM = \frac{(.473 - .234)}{.473} \times .21 = .106$$

And the experience modification is: 1 - .106 = .894

**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; 30/60	.099	.032	.016
Auto Liability—PD	.016	.003	.000
	(21 Months)	(33 Months)	(45 Months)
Auto Liability—BI; 30/60	.075	.028	.011
Auto Liability—PD	.011	.002	.000
	(24 Months)	(36 Months)	(48 Months)
Auto Liability—BI; 30/60	.054	.024	.007
Auto Liability—PD	.007	.001	.000
	(27 Months)	(39 Months)	(51 Months)
Auto Liability—BI; 30/60	.037	.021	.003
Auto Liability—PD	.004	.000	.000

**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.

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
\$ 475- 1439	.01	.285	.252	\$ 4050	\$ 3600
1440- 2423	.02	.391	.344	8450	7450
2424- 3427	.03	.423	.374	10250	9050
3428- 4452	.04	.441	.389	11350	10000
4453- 5500	.05	.452	.400	12100	10700
5501- 6569	.06	.461	.409	12700	11250
6570- 7662	.07	.468	.415	13150	11700
7663- 8778	.08	.474	.421	13600	12100
8779- 9919	.09	.480	.425	14050	12450
9920-11086	.10	.484	.430	14400	12800
11087-12279	.11	.489	.435	14800	13150
12280-13500	.12	.494	.439	15150	13450
13501-14748	.13	.498	.443	15500	13800
14749-16026	.14	.502	.447	15850	14100
16027-17334	.15	.507	.451	16250	14450
17335-18673	.16	.510	.454	16600	14750
18674-20045	.17	.514	.458	16950	15100
20046-21450	.18	.518	.462	17300	15450
21451-22891	.19	.522	.466	17700	15800
22892-24367	.20	.526	.469	18050	16100
24368-25882	.21	.530	.473	18450	16450
25883-27435	.22	.534	.477	18850	16850
27436-29029	.23	.538	.481	19250	17200
29030-30665	.24	.541	.484	19650	17550
30666-32345	.25	.545	.488	20050	17950
32346-34071	.26	.549	.492	20500	18350
34072-35844	.27	.552	.495	20900	18750
35845-37667	.28	.556	.499	21350	19150
37668-39542	.29	.560	.503	21800	19600
39543-41471	.30	.564	.507	22300	20050
41472-43456	.31	.568	.510	22800	20450
43457-45500	.32	.571	.514	23250	20950
45501-47605	.33	.575	.517	23800	21400
47606-49774	.34	.579	.521	24300	21900
49775-52011	.35	.582	.525	24850	22400
52012-54318	.36	.586	.528	25400	22900
54319-56700	.37	.589	.532	25950	23450
56701-59158	.38	.593	.536	26550	24000
59159-61698	.39	.597	.539	27150	24550
61699-64323	.40	.600	.543	27800	25150
64324-67038	.41	.604	.547	28400	25750
67039-69847	.42	.607	.550	29100	26350
69848-72756	.43	.611	.554	29750	27000
72757-75770	.44	.614	.557	30450	27650
75771-78894	.45	.618	.561	31200	28350
78895-82135	.46	.621	.564	31950	29050
82136-85500	.47	.624	.568	32700	29750
85501-88995	.48	.628	.571	33550	30500
88996-92628	.49	.631	.575	34350	31300
92629-96409	.50	.634	.578	35250	32100

NORTH CAROLINA REINSURANCE FACILITY  
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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
\$ 96410-100345	.51	.637	.581	\$ 36100	\$ 32950
100346-104447	.52	.640	.585	37050	33850
104448-108725	.53	.643	.588	38000	34750
108726-113192	.54	.646	.591	39000	35700
113193-117859	.55	.649	.594	40050	36650
117860-122741	.56	.652	.597	41150	37700
122742-127852	.57	.655	.600	42300	38750
127853-133210	.58	.657	.603	43500	39850
133211-138833	.59	.660	.606	44700	41050
138834-144740	.60	.663	.609	46000	42250
144741-150954	.61	.665	.611	47350	43500
150955-157500	.62	.668	.614	48800	44850
157501-164404	.63	.670	.617	50250	46250
164405-171697	.64	.673	.619	51850	47700
171698-179413	.65	.675	.622	53500	49250
179414-187589	.66	.677	.624	55200	50900
187590-196269	.67	.679	.626	57050	52600
196270-205500	.68	.681	.629	59000	54400
205501-215336	.69	.683	.631	61050	56350
215337-225838	.70	.685	.633	63250	58400
225839-237078	.71	.687	.635	65550	60600
237079-249136	.72	.689	.637	68050	62900
249137-262103	.73	.691	.639	70700	65400
262104-276088	.74	.692	.640	73550	68050
276089-291214	.75	.694	.642	76600	70900
291215-307627	.76	.695	.644	79950	74000
307628-325500	.77	.697	.645	83500	77350
325501-345034	.78	.698	.647	87400	81000
345035-366475	.79	.699	.648	91650	84950
366476-390115	.80	.701	.650	96250	89250
390116-416310	.81	.702	.651	101400	94050
416311-445500	.82	.703	.652	107050	99300
445501-478227	.83	.704	.653	113300	105150
478228-515177	.84	.705	.654	120350	111700
515178-557224	.85	.706	.655	128300	119100
557225-605500	.86	.706	.656	137300	127500
605501-661500	.87	.707	.657	147600	137100
661501-727239	.88	.708	.657	159600	148250
727240-805500	.89	.708	.658	173600	161300
805501-900236	.90	.709	.659	190300	176800
900237-1017264	.91	.709	.659	210500	195600
1017265-1165500	.92	.710	.659	235400	218750
1165501-1359346	.93	.710	.660	266950	248100
1359347-1623681	.94	.710	.660	308150	286400
1623682-2005500	.95	.710	.660	364300	338650
2005501-2605500	.96	.711	.661	445400	414050
2605501-3685500	.97	.711	.661	572800	532500
3685501-6205500	.98	.711	.661	802050	745650
6205501-18805500	.99	.711	.661	1336950	1242950
18805501 and over	1.00	.711	.661	4011200	3729100

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NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

**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	.619	.399
Auto Liability—PD	.522	.277
	<b>12 Month Maturity</b>	<b>15 Month Maturity</b>
Auto Liability—BI; 30/60	.171	.130
Auto Liability—PD	.030	.022



**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**

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

## NOTES

NORTH CAROLINA REINSURANCE FACILITY  
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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)
Coverage	Basic Limits Premium (Rate)	Normal Factors For Separate Limits	Discount Factor	Factor (3) x [100 - (4)]	Increased Premium (2)x(5)
BI	\$620	1.48	3.0%	$1.48 \times .97 = 1.44$	\$ 892.80
PD	380	1.25	3.0	$1.25 \times .97 = 1.21$	459.80
					<u>\$1,352.60</u>



**NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL**

**TERRITORIES SECTION**

## NOTES



NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

**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	Owens	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	
		Alspaugh	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.

NORTH CAROLINA REINSURANCE FACILITY  
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**TERRITORY DEFINITIONS**

**LIST OF IMPORTANT CITIES AND TOWNS**

The following list contains all the more important cities, towns, boroughs, and villages in the state together with their counties and territory and code assignments.

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
<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	Chadburn, Columbus .....	023	Edenton, Chowan.....	023
Bayboro, Pamlico .....	023	Chadwick—Hoskins Mills, Mecklenburg .....	012	Edgeton, Wake.....	016
Beard, Cumberland .....	020	Chapel Hill, Orange .....	024	Elizabeth City, Pasquotank.....	023
Beattie, Gaston .....	022	Charlotte, Mecklenburg.....	012	Elizabethtown, Bladen.....	023
Beaufort, Carteret.....	023	Cherry Point, Craven .....	019	Elkin, Surry .....	024
Belhaven, Beaufort.....	023	Cherryville, Gaston .....	024	Eller, Davidson .....	024
Belmont, Gaston .....	022	China Grove, Rowan.....	022	Elm City, Wilson .....	023
Belmont, Halifax .....	023	Clairmont, Brunswick .....	017	Elon College, Alamance .....	022
Belville, Brunswick.....	017	Clayton, Johnston .....	023	El Paso, Brunswick.....	017
Benson, Johnston.....	023	Cleveland, Rowan.....	024	Emma, Buncombe.....	011
Bessemer, Guilford.....	014	Clifdale, Cumberland .....	020	Enfield, Halifax .....	023
Bessemer City, Gaston .....	022	Cliffside, Rutherford .....	024	Enka, Buncombe .....	011
Bethel, Pitt.....	023	Clinchfield, McDowell.....	024	Erwin, Harnett.....	023
Bethesda, Durham .....	013	Clinton, Sampson .....	023	<b>F</b>	
Bilboa, Durham .....	013	Coats, Harnett.....	023	Faggarts Crossroads, Cabarrus .....	022
Biltmore Forest, Buncombe.....	011	Coleridge, Randolph .....	024	Fair Bluff, Columbus.....	023
Biscoe, Montgomery.....	024	College View, Wake.....	016	Fairmont, Robeson.....	023
				Faith, Rowan .....	022
				Farmville, Pitt.....	023
				Fayetteville, Cumberland.....	020

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

TERRITORY DEFINITIONS

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
Fenix, Cumberland.....	020	Hayesville, Clay .....	024	Liberty, Randolph .....	024
Fetner, Wake.....	016	Hazelwood, Haywood .....	024	Lillington, Harnett .....	023
Few, Durham.....	013	Henderson, Vance .....	023	Lincolnton, Lincoln.....	024
Fisherville, Forsyth .....	018	Hendersonville, Henderson.....	024	Linden, Cumberland .....	020
Forest City, Rutherford.....	024	Hertford, Perquimans.....	023	Littleton, Halifax and Warren .....	023
Fort Bragg, Cumberland.....	019	Hickory, Catawba.....	024	Longhurst, Person .....	024
Fountain, Pitt.....	023	Hickory Grove, Mecklenburg .....	012	Longview, Catawba .....	024
Four Mile, Guilford.....	014	High Point, Guilford.....	015	Longwood Park, Richmond .....	024
Franklin, Macon.....	024	High Shoals, Gaston .....	022	Louisburg, Franklin.....	023
Franklin, Rowan .....	022	Hillsboro, Orange.....	024	Lowell, Gaston.....	022
Franklinton, Franklin.....	023	Hill Top, Guilford .....	014	Lucama, Wilson.....	023
Franklinville, Randolph.....	024	Hines Junction, Lenoir .....	021	Lucia, Gaston .....	022
Fraziers, Randolph.....	022	Holly Ridge, Onslow.....	023	Lumberton, Robeson.....	023
Freeland, Brunswick.....	023	Holly Springs, Wake.....	021	Luthers, Buncombe .....	011
Fremont, Wayne.....	023	Homestead, Mecklenburg.....	012	<b>M</b>	
Frontis, Forsyth .....	018	Hominy, Buncombe .....	011	MacClesfield, Edgecombe.....	023
Fuquay Springs, Wake .....	021	Hope Mills, Cumberland.....	020	Macedonia, Wake.....	016
<b>G</b>		Hope Valley, Durham.....	013	Madison, Rockingham.....	024
Gardners Chapel, Cumberland .....	020	House, Pitt .....	021	Maiden, Catawba .....	024
Garner, Wake.....	016	Huntersville, Mecklenburg.....	022	Majolica, Rowan .....	022
Gaston, Northampton.....	023	Hutchinson, Mecklenburg .....	012	Manchester, Cumberland .....	020
Gastonia, Gaston .....	022	<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	<b>K</b>		Midway Park, Onslow.....	023
Greenleaf, Wayne .....	021	Kannapolis, Cabarrus and Rowan .....	022	Milan, Cumberland .....	020
Greensboro, Guilford.....	014	Kenly, Johnston .....	023	Milburnie, Wake.....	016
Greenville, Pitt.....	021	Kernersville, Forsyth .....	022	Millbrook, Wake.....	016
Griffith, Mecklenburg .....	012	Kings Mountain, Cleveland .....	024	Mocksville, Davie.....	024
Grifton, Pitt .....	023	Kinston, Lenoir.....	021	Monroe, Union.....	024
Grimesland, Pitt.....	023	Kirkpatrick Heights, Alamance.....	022	Montreat, Buncombe .....	022
Grovemont, Buncombe .....	022	Knightdale, Wake.....	016	Mooresville, Iredell .....	024
Groves, Gaston.....	022	<b>L</b>		Morehead City, Carteret .....	023
Guilford, Guilford.....	022	La Grange, Lenoir.....	023	Morganton, Burke.....	024
Guilford College, Guilford.....	022	Lake, Davidson .....	022	Morrisville, Wake .....	021
<b>H</b>		Lakedale, Cumberland.....	020	Mountain Island, Gaston.....	022
Hahn, Mecklenburg .....	012	Lake Latham, Alamance .....	022	Mount Airy, Surry.....	024
Halifax, Halifax .....	023	Landis, Rowan .....	022	Mount Gilead, Cabarrus .....	022
Hamilton Lakes, Guilford .....	014	Lanvale, Brunswick.....	017	Mount Gilead, Montgomery .....	024
Hamlet, Richmond.....	024	Laurinburg, Scotland.....	023	Mount Holly, Gaston.....	022
Hamtown, Guilford.....	014	Leaksville, Rockingham .....	024	Mount Olive, Wayne .....	023
Hanes, Forsyth.....	018	Leicester, Buncombe .....	022	Mount Pleasant, Cabarrus.....	024
Hardins, Gaston .....	022	Leland, Brunswick.....	017	Mount View, Gaston .....	022
Harkers Island, Carteret .....	023	Lenoir, Caldwell .....	024	Murfreesboro, Hertford .....	023
Harrisburg, Cabarrus.....	022	Lewisville, Forsyth .....	022	Murphy, Cherokee.....	024
Haw Creek, Buncombe .....	011	Lexington, Davidson .....	022	Myrtle Hill, Cumberland .....	020
Haw River, Alamance.....	022			<b>N</b>	

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

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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  
COMMERCIAL AUTOMOBILE MANUAL  
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	1.20	1.25	1.28	1.33	1.20
50/100	49	1.14	1.17	1.20	1.25	1.17
100/100	52	1.26	1.34	1.40	1.44	1.26
100/300	52	1.49	1.59	1.69	1.80	1.50
100/500	55	1.58	1.76	1.83	1.99	1.62
300/300	64	1.78	1.98	2.13	2.32	1.79
250/500	61	1.83	2.11	2.25	2.46	1.89
400/400	68	1.93	2.22	2.39	2.63	1.96
500/500	68	2.07	2.39	2.61	2.90	2.11
750/750	73	2.37	2.78	3.08	3.45	2.42
1000/1000	73	2.60	3.10	3.47	3.92	2.65
1500/1500	74	2.95	3.63	4.10	4.65	2.99
2000/2000	75	3.26	4.06	4.63	5.29	3.31
2500/2500	76	3.47	4.42	5.12	5.83	3.59
5000/5000	79	4.39	5.79	6.84	7.89	4.50
7500/7500	82	4.99	6.75	8.04	9.33	5.09
10000/10000	85	5.35	7.37	8.82	10.27	5.44
12500/12500	86	5.55	7.74	9.29	10.83	5.63
15000/15000	86	5.65	7.94	9.55	11.14	5.73

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	1.05	1.05	1.05	1.05	1.05
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	1.25	1.28	1.29	1.29	1.25
2000	20	1.27	1.30	1.33	1.33	1.27
2500	21	1.28	1.31	1.35	1.34	1.28
5000	23	1.32	1.35	1.39	1.38	1.32
7500	24	1.35	1.38	1.42	1.41	1.35
10000	25	1.37	1.40	1.44	1.43	1.37
12500	26	1.38	1.41	1.45	1.44	1.38
15000	26	1.39	1.42	1.46	1.45	1.39

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**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	184	210	274	176	185	54	64	71
	Fleet	202	230	301	194	204			
12	Nonfleet	282	321	420	270	284	82	99	108
	Fleet	310	353	462	297	312			
13	Nonfleet	214	244	319	205	215	62	75	82
	Fleet	235	268	350	226	237			
14	Nonfleet	216	246	322	206	216	63	76	83
	Fleet	238	271	355	227	238			
15	Nonfleet	171	195	255	164	172	50	60	66
	Fleet	188	214	280	180	189			
16	Nonfleet	259	295	386	248	260	76	91	99
	Fleet	285	325	425	273	287			
17	Nonfleet	207	236	308	198	208	60	72	79
	Fleet	228	260	340	218	229			
18	Nonfleet	208	237	310	199	209	61	73	80
	Fleet	229	261	341	219	230			
19	Nonfleet	156	178	232	149	156	46	55	60
	Fleet	172	196	256	164	172			
20	Nonfleet	218	249	325	209	219	64	76	84
	Fleet	240	274	358	230	242			
21	Nonfleet	216	246	322	207	217	63	76	83
	Fleet	238	271	355	228	239			
22	Nonfleet	204	233	304	195	205	60	71	78
	Fleet	224	255	334	215	226			
23	Nonfleet	156	178	232	149	156	46	55	60
	Fleet	172	196	256	164	172			
24	Nonfleet	161	184	240	155	163	47	56	62
	Fleet	177	202	264	171	180			

HIRED CAR	Bodily Injury \$30/60	Property Damage \$25
All Territories	\$0.28	\$0.30

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**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	184	215	293	176	185	54	64	71
	Fleet	202	236	321	194	204			
12	Nonfleet	282	330	448	270	284	82	99	108
	Fleet	310	363	493	297	312			
13	Nonfleet	214	250	340	205	215	62	75	82
	Fleet	235	275	374	226	237			
14	Nonfleet	216	253	343	206	216	63	76	83
	Fleet	238	278	378	227	238			
15	Nonfleet	171	200	272	164	172	50	60	66
	Fleet	188	220	299	180	189			
16	Nonfleet	259	303	412	248	260	76	91	99
	Fleet	285	333	453	273	287			
17	Nonfleet	207	242	329	198	208	60	72	79
	Fleet	228	267	363	218	229			
18	Nonfleet	208	243	331	199	209	61	73	80
	Fleet	229	268	364	219	230			
19	Nonfleet	156	183	248	149	156	46	55	60
	Fleet	172	201	273	164	172			
20	Nonfleet	218	255	347	209	219	64	76	84
	Fleet	240	281	382	230	242			
21	Nonfleet	216	253	343	207	217	63	76	83
	Fleet	238	278	378	228	239			
22	Nonfleet	204	239	324	195	205	60	71	78
	Fleet	224	262	356	215	226			
23	Nonfleet	156	183	248	149	156	46	55	60
	Fleet	172	201	273	164	172			
24	Nonfleet	161	188	256	155	163	47	56	62
	Fleet	177	207	281	171	180			

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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	184	221	311	176	185	54	64	71
	Fleet	202	242	341	194	204			
12	Nonfleet	282	338	477	270	284	82	99	108
	Fleet	310	372	524	297	312			
13	Nonfleet	214	257	362	205	215	62	75	82
	Fleet	235	282	397	226	237			
14	Nonfleet	216	259	365	206	216	63	76	83
	Fleet	238	286	402	227	238			
15	Nonfleet	171	205	289	164	172	50	60	66
	Fleet	188	226	318	180	189			
16	Nonfleet	259	311	438	248	260	76	91	99
	Fleet	285	342	482	273	287			
17	Nonfleet	207	248	350	198	208	60	72	79
	Fleet	228	274	385	218	229			
18	Nonfleet	208	250	352	199	209	61	73	80
	Fleet	229	275	387	219	230			
19	Nonfleet	156	187	264	149	156	46	55	60
	Fleet	172	206	291	164	172			
20	Nonfleet	218	262	368	209	219	64	76	84
	Fleet	240	288	406	230	242			
21	Nonfleet	216	259	365	207	217	63	76	83
	Fleet	238	286	402	228	239			
22	Nonfleet	204	245	345	195	205	60	71	78
	Fleet	224	269	379	215	226			
23	Nonfleet	156	187	264	149	156	46	55	60
	Fleet	172	206	291	164	172			
24	Nonfleet	161	193	272	155	163	47	56	62
	Fleet	177	212	299	171	180			

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**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	153	179	230	129	135	15	19	22
12	220	257	330	186	195	21	28	31
13	177	207	266	149	156	17	22	25
14	159	186	239	134	141	15	20	23
15	183	214	275	154	162	18	23	26
16	170	199	255	144	151	16	21	24
17	172	201	258	145	152	17	22	24
18	163	191	245	137	144	16	20	23
19	155	181	233	131	138	15	19	22
20	176	206	264	148	155	17	22	25
21	155	181	233	130	137	15	19	22
22	171	200	257	144	151	17	21	24
23	155	181	233	131	138	15	19	22
24	150	176	225	126	132	15	19	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	1189	1391	1784	451	474	219	257	294
	Fleet	1308	1530	1962	496	521			
12	Nonfleet	1822	2132	2733	691	726	335	394	450
	Fleet	2004	2345	3006	760	798			
13	Nonfleet	1382	1617	2073	525	551	254	299	341
	Fleet	1520	1778	2280	578	607			
14	Nonfleet	1395	1632	2093	527	553	257	301	345
	Fleet	1535	1796	2303	580	609			
15	Nonfleet	1105	1293	1658	420	441	203	239	273
	Fleet	1216	1423	1824	462	485			
16	Nonfleet	1673	1957	2510	635	667	308	361	413
	Fleet	1840	2153	2760	699	734			
17	Nonfleet	1337	1564	2006	507	532	246	289	330
	Fleet	1471	1721	2207	558	586			
18	Nonfleet	1344	1572	2016	509	534	247	290	332
	Fleet	1478	1729	2217	560	588			
19	Nonfleet	1008	1179	1512	381	400	185	218	249
	Fleet	1109	1298	1664	419	440			
20	Nonfleet	1408	1647	2112	535	562	259	304	348
	Fleet	1549	1812	2324	589	618			
21	Nonfleet	1395	1632	2093	530	557	257	301	345
	Fleet	1535	1796	2303	583	612			
22	Nonfleet	1318	1542	1977	499	524	243	285	326
	Fleet	1450	1697	2175	549	576			
23	Nonfleet	1008	1179	1512	381	400	185	218	249
	Fleet	1109	1298	1664	419	440			
24	Nonfleet	1040	1217	1560	397	417	191	225	257
	Fleet	1144	1338	1716	437	459			

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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	151	177	227	109	114	34	40	46
	Fleet	166	194	249	120	126			
12	Nonfleet	231	270	347	167	175	52	61	71
	Fleet	254	297	381	184	193			
13	Nonfleet	175	205	263	127	133	39	47	54
	Fleet	193	226	290	140	147			
14	Nonfleet	177	207	266	128	134	40	47	54
	Fleet	195	228	293	141	148			
15	Nonfleet	140	164	210	102	107	32	37	43
	Fleet	154	180	231	112	118			
16	Nonfleet	212	248	318	154	162	48	56	65
	Fleet	233	273	350	169	177			
17	Nonfleet	170	199	255	123	129	38	45	52
	Fleet	187	219	281	135	142			
18	Nonfleet	171	200	257	123	129	38	45	52
	Fleet	188	220	282	135	142			
19	Nonfleet	128	150	192	92	97	29	34	39
	Fleet	141	165	212	101	106			
20	Nonfleet	179	209	269	130	137	40	48	55
	Fleet	197	230	296	143	150			
21	Nonfleet	177	207	266	128	134	40	47	54
	Fleet	195	228	293	141	148			
22	Nonfleet	167	195	251	121	127	38	44	51
	Fleet	184	215	276	133	140			
23	Nonfleet	128	150	192	92	97	29	34	39
	Fleet	141	165	212	101	106			
24	Nonfleet	132	154	198	96	101	30	35	40
	Fleet	145	170	218	106	111			

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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	1433	1677	2150	343	360	191	222	251
	Fleet	1576	1844	2364	377	396			
12	Nonfleet	2197	2570	3296	527	553	292	341	384
	Fleet	2417	2828	3626	580	609			
13	Nonfleet	1667	1950	2501	400	420	222	258	292
	Fleet	1834	2146	2751	440	462			
14	Nonfleet	1683	1969	2525	402	422	224	261	295
	Fleet	1851	2166	2777	442	464			
15	Nonfleet	1332	1558	1998	320	336	177	206	233
	Fleet	1465	1714	2198	352	370			
16	Nonfleet	2018	2361	3027	484	508	268	313	353
	Fleet	2220	2597	3330	532	559			
17	Nonfleet	1613	1887	2420	386	405	215	250	282
	Fleet	1774	2076	2661	425	446			
18	Nonfleet	1620	1895	2430	388	407	215	251	284
	Fleet	1782	2085	2673	427	448			
19	Nonfleet	1215	1422	1823	291	306	162	188	213
	Fleet	1337	1564	2006	320	336			
20	Nonfleet	1698	1987	2547	408	428	226	263	297
	Fleet	1868	2186	2802	449	471			
21	Nonfleet	1683	1969	2525	404	424	224	261	295
	Fleet	1851	2166	2777	444	466			
22	Nonfleet	1589	1859	2384	380	399	211	246	278
	Fleet	1748	2045	2622	418	439			
23	Nonfleet	1215	1422	1823	291	306	162	188	213
	Fleet	1337	1564	2006	320	336			
24	Nonfleet	1254	1467	1881	302	317	167	194	219
	Fleet	1379	1613	2069	332	349			

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**COMMERCIAL AUTOMOBILE LIABILITY RATES**

**VAN POOLS**

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	151	177	227	144	151	44	53	58
	Fleet	166	194	249	158	166			
12	Nonfleet	231	270	347	221	232	67	81	89
	Fleet	254	297	381	243	255			
13	Nonfleet	175	205	263	168	176	51	61	67
	Fleet	193	226	290	185	194			
14	Nonfleet	177	207	266	169	177	52	62	68
	Fleet	195	228	293	186	195			
15	Nonfleet	140	164	210	134	141	41	49	54
	Fleet	154	180	231	147	154			
16	Nonfleet	212	248	318	203	213	62	74	81
	Fleet	233	273	350	223	234			
17	Nonfleet	170	199	255	162	170	50	60	65
	Fleet	187	219	281	178	187			
18	Nonfleet	171	200	257	163	171	50	60	66
	Fleet	188	220	282	179	188			
19	Nonfleet	128	150	192	122	128	37	45	49
	Fleet	141	165	212	134	141			
20	Nonfleet	179	209	269	171	180	52	63	69
	Fleet	197	230	296	188	197			
21	Nonfleet	177	207	266	170	179	52	62	68
	Fleet	195	228	293	187	196			
22	Nonfleet	167	195	251	160	168	49	58	64
	Fleet	184	215	276	176	185			
23	Nonfleet	128	150	192	122	128	37	45	49
	Fleet	141	165	212	134	141			
24	Nonfleet	132	154	198	127	133	39	46	51
	Fleet	145	170	218	140	147			

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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	357	458	214	225
12	Dealers	461	539	692	324	340
13	Dealers	367	429	551	257	270
14	Dealers	389	455	584	273	287
15	Dealers	300	351	450	211	222
16	Dealers	451	528	677	317	333
17	Dealers	381	446	572	267	280
18	Dealers	310	363	465	217	228
19	Dealers	285	333	428	200	210
20	Dealers	358	419	537	251	264
21	Dealers	369	432	554	259	272
22	Dealers	351	411	527	246	258
23	Dealers	285	333	428	200	210
24	Dealers	277	324	416	194	204

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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>	\$900 BI 946 PD 174 MP	<b>13 Houston</b>	\$901 BI 947 PD 174 MP	<b>25 New Orleans</b>	\$911 BI 959 PD 176 MP	<b>37 Tulsa</b>	\$901 BI 947 PD 174 MP
	**201		**213		**225		**237
<b>02 Balt.- Wash.</b>	887 BI 933 PD 171 MP	<b>14 India- napolis</b>	780 BI 821 PD 151 MP	<b>26 N.Y. City</b>	887 BI 933 PD 171 MP	<b>40 Pacific</b>	1032 BI 1085 PD 199 MP
	**202		**214		**226		**240
<b>03 Boston</b>	948 BI 998 PD 183 MP	<b>15 Jackson- ville</b>	900 BI 946 PD 174 MP	<b>27 Okla. City</b>	901 BI 947 PD 174 MP	<b>41 Moun- tain</b>	1144 BI 1203 PD 221 MP
	**203		**215		**227		**241
<b>04 Buffalo</b>	887 BI 933 PD 171 MP	<b>16 Kansas City</b>	927 BI 976 PD 179 MP	<b>28 Omaha</b>	927 BI 976 PD 179 MP	<b>42 Mid- West</b>	952 BI 1001 PD 184 MP
	**204		**216		**228		**242
<b>05 Charlotte</b>	900 BI 946 PD 174 MP	<b>17 Little Rock</b>	901 BI 947 PD 174 MP	<b>29 Phoenix</b>	1114 BI 1172 PD 215 MP	<b>43 South- West</b>	924 BI 972 PD 178 MP
	**205		**217		**229		**243
<b>06 Chicago</b>	780 BI 821 PD 151 MP	<b>18 Los Angeles</b>	1005 BI 1057 PD 194 MP	<b>30 Philadel- phia</b>	887 BI 933 PD 171 MP	<b>44 North Central</b>	800 BI 842 PD 154 MP
	**206		**218		**230		**244
<b>07 Cincin- nati</b>	780 BI 821 PD 151 MP	<b>19 Louisville</b>	869 BI 914 PD 168 MP	<b>31 Pitts- burgh</b>	887 BI 933 PD 171 MP	<b>45 Mid- East</b>	892 BI 938 PD 172 MP
	**207		**219		**231		**245
<b>08 Cleveland</b>	780 BI 821 PD 151 MP	<b>20 Memphis</b>	869 BI 914 PD 168 MP	<b>32 Portland</b>	1005 BI 1057 PD 194 MP	<b>46 Gulf</b>	935 BI 984 PD 180 MP
	**208		**220		**232		**246
<b>09 Dallas Fort Worth</b>	901 BI 947 PD 174 MP	<b>21 Miami</b>	900 BI 946 PD 174 MP	<b>33 Rich- mond</b>	900 BI 946 PD 174 MP	<b>47 South- East</b>	923 BI 971 PD 178 MP
	**209		**221		**233		**247
<b>10 Denver</b>	1114 BI 1172 PD 215 MP	<b>22 Milwau- kee</b>	927 BI 976 PD 179 MP	<b>34 St. Louis</b>	927 BI 976 PD 179 MP	<b>48 Eastern</b>	911 BI 957 PD 176 MP
	**210		**222		**234		**248
<b>11 Detroit</b>	780 BI 821 PD 151 MP	<b>23 Minn.- St. Paul</b>	927 BI 976 PD 179 MP	<b>35 Salt Lake City</b>	1114 BI 1172 PD 215 MP	<b>49 New England</b>	973 BI 1024 PD 188 MP
	**211		**223		**235		**249
<b>12 Hartford</b>	948 BI 998 PD 183 MP	<b>24 Nashville</b>	869 BI 914 PD 168 MP	<b>36 San Fran.</b>	1005 BI 1057 PD 194 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>	\$923 BI 971 PD 178 MP	<b>13 Houston</b>	\$924 BI 972 PD 178 MP	<b>25 New Orleans</b>	\$935 BI 984 PD 180 MP	<b>37 Tulsa</b>	\$924 BI 972 PD 178 MP
	**901		**913		**925		**937
<b>02 Balt.- Wash.</b>	911 BI 957 PD 176 MP	<b>14 India- napolis</b>	800 BI 842 PD 154 MP	<b>26 N.Y. City</b>	911 BI 957 PD 176 MP	<b>40 Pacific</b>	1058 BI 1113 PD 204 MP
	**902		**914		**926		**940
<b>03 Boston</b>	973 BI 1024 PD 188 MP	<b>15 Jackson- ville</b>	923 BI 971 PD 178 MP	<b>27 Okla. City</b>	924 BI 972 PD 178 MP	<b>41 Moun- tain</b>	1173 BI 1234 PD 226 MP
	**903		**915		**927		**941
<b>04 Buffalo</b>	911 BI 957 PD 176 MP	<b>16 Kansas City</b>	952 BI 1001 PD 184 MP	<b>28 Omaha</b>	952 BI 1001 PD 184 MP	<b>42 Mid- West</b>	976 BI 1027 PD 188 MP
	**904		**916		**928		**942
<b>05 Charlotte</b>	923 BI 971 PD 178 MP	<b>17 Little Rock</b>	924 BI 972 PD 178 MP	<b>29 Phoenix</b>	1144 BI 1203 PD 221 MP	<b>43 South- West</b>	948 BI 997 PD 183 MP
	**905		**917		**929		**943
<b>06 Chicago</b>	800 BI 842 PD 154 MP	<b>18 Los Angeles</b>	1032 BI 1085 PD 199 MP	<b>30 Philadel- phia</b>	911 BI 957 PD 176 MP	<b>44 North Central</b>	821 BI 864 PD 158 MP
	**906		**918		**930		**944
<b>07 Cincin- nati</b>	800 BI 842 PD 154 MP	<b>19 Louisville</b>	892 BI 938 PD 172 MP	<b>31 Pitts- burgh</b>	911 BI 957 PD 176 MP	<b>45 Mid- East</b>	915 BI 962 PD 177 MP
	**907		**919		**931		**945
<b>08 Cleveland</b>	800 BI 842 PD 154 MP	<b>20 Memphis</b>	892 BI 938 PD 172 MP	<b>32 Portland</b>	1032 BI 1085 PD 199 MP	<b>46 Gulf</b>	959 BI 1009 PD 185 MP
	**908		**920		**932		**946
<b>09 Dallas Fort Worth</b>	924 BI 972 PD 178 MP	<b>21 Miami</b>	923 BI 971 PD 178 MP	<b>33 Rich- mond</b>	923 BI 971 PD 178 MP	<b>47 South- East</b>	947 BI 996 PD 183 MP
	**909		**921		**933		**947
<b>10 Denver</b>	1144 BI 1203 PD 221 MP	<b>22 Milwau- kee</b>	952 BI 1001 PD 184 MP	<b>34 St. Louis</b>	952 BI 1001 PD 184 MP	<b>48 Eastern</b>	934 BI 982 PD 180 MP
	**910		**922		**934		**948
<b>11 Detroit</b>	800 BI 842 PD 154 MP	<b>23 Minn.- St. Paul</b>	952 BI 1001 PD 184 MP	<b>35 Salt Lake City</b>	1144 BI 1203 PD 221 MP	<b>49 New England</b>	998 BI 1050 PD 193 MP
	**911		**923		**935		**949
<b>12 Hartford</b>	973 BI 1024 PD 188 MP	<b>24 Nashville</b>	892 BI 938 PD 172 MP	<b>36 San Fran.</b>	1032 BI 1085 PD 199 MP		
	**912		**924		**936		



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June 1, 2010

Commercial Automobile Liability Rates Section  
Zone Rates

October 1, 2015  
March 1, 2015

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

May, 2016

2016 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 May 10, 2016?
- A. Yes. This is a portion of a filing ("Filing") that is dated May 10, 2016, 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 October 1, 2016. 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 October 1, 2016, 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 pre-filed testimony?
- A. Yes.

PRE-FILED TESTIMONY  
OF  
JAMES DAVIDSON

COMMERCIAL AUTOMOBILE INSURANCE RATE FILING  
BY THE NORTH CAROLINA REINSURANCE FACILITY

May, 2016

Q. Please state your name and business address.

A. My name is James Davidson. My business address is Insurance Services Office, Inc., 545 Washington Boulevard, Jersey City, New Jersey 07310.

Q. By whom are you employed?

A. I am employed by Insurance Services Office ("ISO") and have been employed by ISO since May 27, 2003.

Q. What are your responsibilities at ISO?

A. I am the Actuarial Director for Commercial Automobile at ISO. My responsibilities include the management of ISO's total ratemaking operation as it pertains to commercial automobile insurance. We are generally responsible for doing everything that pertains to ratemaking for the commercial automobile coverages, including reviewing experience, making filings, analysis of classification plans, etc.

ISO is involved in ratemaking for the commercial automobile coverages in general in virtually all states plus the District of Columbia and Puerto Rico.

Q. What is your employment background?

A. When I was first employed by ISO, it was as an Analyst in ISO's Increased Limits and Rating Plans Division, where I was involved in conducting increased limit reviews for various lines of business, both Personal and Commercial. I was promoted to various levels through the years, including Actuarial Manager in 2013, when I became responsible for Increased Limit reviews for both Personal and Commercial Auto. In 2015, I was promoted to my current position as Actuarial Director for Commercial Auto.

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

A. I have a Bachelor of Arts degree in Mathematics from the University of Connecticut. I am a Fellow of the Casualty Actuarial Society ("CAS") and a member of the American Academy of Actuaries, and I am in good standing with both organizations.

Q. Are you familiar with automobile experience review procedures in other states?

A. 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 reviews 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 and Private Passenger Types. The filed amounts by coverage, as shown on page a of Exhibit RF-1, are:

<u>Major Class</u>	Basic Limits	Increased Limits	<u>Combined</u>
	<u>Filed</u> <u>Change</u>	<u>Filed</u> <u>Change</u>	
Trucks, Tractors, & Trailers			
Bodily Injury	+38.8%	-12.1%	+22.0%
Property Damage	+26.1%	-0.4%	+25.6%
Combined	+34.8%	-8.4%	+23.5%

Private Passenger Types

Bodily Injury	+1.3%	-12.0%	-10.9%
Property Damage	+14.1%	-0.1%	+14.0%
Combined	+4.8%	-8.7%	-4.3%

Grand Total

Bodily Injury	+38.5%	-10.5%	+24.0%
Property Damage	+26.0%	-1.0%	+24.8%
Combined	+34.6%	-7.5%	+24.5%

Q. The note on page a indicates that the Property Damage indications include a 2% factor due to the expansion of the sales tax base in North Carolina to include labor. Could you expand on the inclusion of that 2% factor?

A. Yes. The law in North Carolina changed effective March 1, 2016 to include for the first time the application of sales tax to the labor portion of auto repairs. Since those new expenses are not reflected in the experience used in this filing, they must be accounted for separately. The 2% factor itself was taken from Facility private passenger filings made last year, as it is assumed that the estimated impact on the Property Damage liability coverage here will be approximately the same. The basic limits changes shown above and on page a are the result of applying this additional 2% to the basic limits indications for Property Damage calculated on Exhibit 1 in Section A.

Q. Mr. Davidson, what is the assumed effective date which was used in the preparation of the present filing?

A. The actuarial calculations assume an effective date of October 1, 2016. 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, and Private Passenger Types 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, 2010 to December 31, 2014. For example, the losses for the accident year ended December 31, 2010 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2010. If an accident occurred December 31, 2010 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, 2010. The test for assigning losses to accident years is the date the accident occurred.

Q. How is Exhibit RF-1 arranged?

A. Exhibit RF-1 is divided into seven sections. Sections A and B display the exhibits where the rate level changes are determined. Exhibit 1 of Section A shows the overall calculation of the basic limits rate level changes by major class and coverage. Exhibits 1 and 2 of Section B display the adjustment of the losses and calculation of the rate level loss ratios for Trucks, Tractors, & Trailers and Private Passenger Types, respectively. Section C presents the exhibits of revised rates. Section D provides the supporting exhibits for loss development, trend, expenses, credibility and investment income. Sections E, F, and G contain the analysis of Increased Limits Factors.

Q. Mr. Davidson, please turn to the exhibit labeled Section B, Exhibit 1 of Exhibit RF-1. Would you explain what that exhibit is?

A. This exhibit consists of two sheets - 1&2 - which display the loss and premium data for the Trucks, Tractors, & Trailers liability coverages for the North Carolina Reinsurance Facility. Sheet 1 displays the calculation of the rate level loss ratio for bodily injury and property damage coverages for the Trucks, Tractors, & Trailers classes. Sheet 2 displays the adjustment of the experience period incurred losses and loss adjustment expenses to be used on Section B, Exhibit 1, Sheet 1. The data shown are for ceded business; they are the experience on policies 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 \$8,903,329 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 12/31/2014 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 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, 2014 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 12/31/2010 to 12/31/2014. When they are reported they are evaluated as of March 31, 2015. 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 are 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. Davidson, you mentioned that voluntary and Facility data were 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 are used. 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 \$1,146,095 represents.
- A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2014. As I explained earlier, unallocated loss adjustment expenses are those loss adjustment expenses which cannot be attributed on an accident-by-accident basis. As to the number itself, footnote (B) notes that it is 8.7% 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, 2014 were 8.7% of incurred losses and allocated loss adjustment expenses for the same period. Thus it is reasonable and appropriate to use the same 8.7% 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 October 1, 2016 effective date, what we are doing in the filing is making rates to cover policies issued during the period October 1, 2016 to September 30, 2017. 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 12/31/2010 to 12/31/2014. The purpose of row 4 is to trend the losses which are shown in row 2 to the anticipated level for policies issued in the 10/1/2016 - 9/30/2017 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 +2.0% per year. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period from 7.250 years for the 12/31/2010 experience to 3.250 years for the 12/31/2014 experience, as shown in footnote (C).

Mathematically, this is done by raising the factor of 1.020 to the 7.250 power, or the power for the appropriate year. This gives you the total amount of the trend projection.

Q. What components does the average annual change in losses include?

A. The average annual change in losses, which is also known as the average annual change in "pure premium," can be divided into two components. The first is the average annual change in claim frequency, and the second is the average annual change in claim cost.

Q. What are the changes in these two components which have been used for the bodily injury liability coverage in the filing?

A. For the bodily injury liability coverage, the filing uses an average annual change in claim cost of 1.0% for basic limits and 2.0% for total limits, and an average annual change in claim frequency of 1.0%. 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 1.0% for bodily injury and 1.0% 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 2.0% represents the appropriate prospective change in general expenses, other acquisition expenses and unallocated loss adjustment expenses. These expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. These expenses represent salaries, overhead, rents and other expenses that should vary according to general economic trends and not as a direct function of how premium increases or decreases. For example, commissions are calculated as a percent of premium. If the premium rate goes up a certain percentage, the dollars of commission go up by the same percentage. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses or other acquisition expenses, is not directly tied to premium. Just because premium may go up 10% does not mean that the employee's salary will go up 10%. The salary will be influenced by general economic trends and not by what the premium level is doing. That is why general expenses, other acquisition expenses and unallocated loss adjustment expenses are treated differently from those expenses that vary as a function of premium in this filing.

Q. Would you explain the derivation of the 2.0% factor in row 5?

A. The 2.0% factor is based on an analysis of the latest average annual changes in the All Items CPI (both including and excluding energy), and the Compensation Cost Index. The Rating Committee included the analysis using the All Items CPI (excluding energy) because it was concerned that the recent volatility in energy prices has made the All Items CPI more volatile and therefore less

valuable as a predictor of future costs. A weighted average of 25% of the All Items CPI, 25% of the All Items (excluding energy) CPI and 50% of the Compensation Cost Index is utilized to estimate changes in these expenses. The data are shown in Section D, Exhibit 3 of Exhibit RF-1. Based on an analysis of these data, a selected expense trend factor of +2.0% is quite reasonable.

Q. Would you explain row 6 of Section B, Exhibit 1, Sheet 2 labeled "trended losses and loss adjustment expenses"?

A. The figures in row 6 are calculated by applying trend factors to the developed losses and allocated loss adjustment expenses in row 2 and the unallocated loss adjustment expenses in row 3. The trend factors are based on the selected annual trends shown in rows 4 and 5 raised to the appropriate power. The trended loss and loss adjustment expenses are the loss and loss adjustment expenses expected to prevail for policies issued in the one year period 10/1/2016 through 9/30/2017. 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. 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 2014 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 and Private Passenger Types 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 1.189 means that losses and loss adjustment expenses will be higher than premium income by 18.9%. This means the Facility would lose 18.9 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 2.75 years of trend. The assumption underlying this ratio is that these expenses are adequately provided for at this time but need to be adjusted to reflect the appropriate level for the prospective period. As I mentioned earlier in my testimony, other acquisition costs and general expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. As stated in footnote (a) on Exhibit 1, the calculation of the trended expense ratio uses an average annual expense trend of +2.0%. Earlier in my testimony, I explained the derivation of this trend factor.

Q. What is the significance of the ratio 1.294 shown on row 3 for Trucks, Tractors, & Trailers bodily injury of Section A, Exhibit 1?

A. This ratio means that the Facility would lose 29.4 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 0.882 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 (1.8%).
- Q. Mr. Davidson, would you please explain how the rate level change is calculated?
- A. Rows 5 and 6 of Section A, Exhibit 1 display the results of the calculated rate level changes. Row 5 shows the calculation of the rate level change without reflecting investment income; row 6 is the same calculation but with the reflection of investment income. Basically, the rate level indication without reflecting investment income results from the comparison of the projected loss and fixed expense ratio shown on row 3 to the provision for losses and fixed expenses shown on row 4. Investment income is reflected by modifying the provision in row 4. We use an investment income provision of 5.00%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 5.00% is added to the expected loss and fixed expense provision of 88.2% to obtain a provision of 93.20% 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 93.20%. For Trucks, Tractors, & Trailers bodily injury, the projected loss & fixed expense ratio of 1.294 is greater than 0.9320 and thus indicates a rate level change (after reflecting investment income) of +38.8%.
- 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 5.00% investment income provision decreased the indicated rate level need for Trucks, Tractors, & Trailers bodily injury liability by 7.9 percentage points overall.

Q. Mr. Davidson, please turn to Section D, Exhibit 6 of Exhibit RF-1. What do these pages represent?

A. This exhibit details what are commonly known as "State X" calculations. They are calculations of the estimated investment earnings on unearned premium reserves and loss and loss expense reserves. Each line is explained, and the appropriate data source is cited.

Q. Would you explain the calculations.

A. Part A in Sheet 1 is the determination of the average unearned premium reserve for the ceded liability coverages for the State of North Carolina. Line 1 gives the earned premium for the calendar year ended December 31, 2014. 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 2014. In this case, the mean unearned premium reserve is 44.2% 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 19.7% of premiums. The calculation of this 19.7% is shown in the explanatory notes. The average agents balance includes amounts that have been booked as written premiums but have not been paid by insureds due to installment premium plans.

Part C shows the calculations of the expected mean loss reserves held by the companies. Line C-2 entitled Expected Incurred Losses and Loss Adjustment Expenses is based upon the expense

provisions utilized in the filing. The expected mean loss reserve in line C-3 is based upon the 2013 and 2014 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 3.06%.

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 5.00% as a percent of earned premium.

Q. Mr. Davidson, were these State X pages prepared by you or under your direct supervision and are they correct to the best of your knowledge and belief?

A. Yes.

Q. Do you have an opinion as to whether the State X calculations accurately set forth the estimated investment earnings on unearned premium reserves and loss and loss expense reserves as a percentage of direct earned premium for the North Carolina Reinsurance Facility, and if so, what is that opinion?

A. Yes. In my opinion they accurately set forth the estimated investment earnings on unearned premium reserves and loss and loss expense reserves as a percentage of direct earned premium for the North Carolina Reinsurance Facility.

Q. Mr. Davidson, please turn to Section C and explain the purpose of this section.

A. Section C derives the proposed Facility territory base rates and presents the exhibits of revised Facility manual rate pages. Exhibit 2 refers to the Trucks, Tractors, & Trailers and related classes. Exhibit 3 refers to the Private Passenger Types classes. The first two sheets of Exhibits 2 and 3 present the calculations of the revised territory base rates. Sheet 1 derives the territory base rates for 30/60 bodily injury coverage; Sheet 2 derives the territory base rates for \$25,000 property damage coverage.

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

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

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

A. This exhibit displays the calculations underlying the revised Facility territory base rates for Trucks, Tractors, & Trailers 30/60 bodily injury liability coverage. The revised Facility base rates are based upon the voluntary territory relationships that became effective on 12/1/2014. 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 1.031 shown in column 4 by the overall statewide average base rate of 247.3138. The result of this calculation is \$254.981 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 11 of \$255 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 +38.6% 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.

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 are 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 October 1, 2016 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 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. Davidson, please turn to Exhibit 1 in Section F. Would you explain the calculations in this exhibit?

A. Exhibit 1, Sheet 1 of Section F presents the calculation of the indicated change in bodily injury increased limits factors (-10.5%). The indicated change is calculated by comparing the indicated average increased limits factor to the present average increased limits factor. The indicated average increased limits factor is calculated as the 5-year ratio of total limits losses (including allocated loss adjustment expense) to basic limits losses (including allocated loss adjustment expense). These losses have been developed to an ultimate settlement basis and trended from the average date of accident to one year beyond the anticipated effective date of October 1, 2016. Sheet 2 of this exhibit presents the calculation of the indicated change in property damage increased limits factors (-1.0%).

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 October 1, 2016. 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 06/30/2010 through calendar accident year ending 06/30/2014.

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 -10.5%. This is calculated in Exhibit 1, Sheet 1 of Section F as the indicated average factor divided by the present average factor minus unity ( $1.890/2.112 - 1 = -10.5\%$ ). In order to achieve this percentage change, a uniform excess change factor is calculated by dividing the indicated average excess portion ( $1.890 - 1.000 = 0.890$ ) by the present average excess portion ( $2.112 - 1.000 = 1.112$ ). The result of this calculation ( $0.890/1.112 = 0.800$ ) 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 (1.59). The excess portion of this factor ( $1.59 - 1.00 = 0.59$ ) is multiplied by the uniform excess change factor ( $0.59 * 0.800 = 0.47$ ) 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 ( $0.47 + 1.00 = 1.47$ ). This results in a change of -7.5% ( $(1.47/1.59) - 1 = -0.075$ ) 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 for bodily injury. 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 -10.5% for bodily injury. Due to two digit rounding and incremental price difference considerations, however, the overall effect for property damage is -0.9%, rather than the indicated -1.0%.

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. Does that conclude your pre-filed testimony?

A. Yes.

PRE-FILED TESTIMONY  
OF  
ALYSSA A. IRVING

2016 COMMERCIAL AUTOMOBILE INSURANCE  
RATE FILING  
BY THE NORTH CAROLINA REINSURANCE FACILITY  
May, 2016

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

A. **Alyssa Irving**  
**Wellington Management Company LLP**  
**280 Congress Street**  
**Boston, MA 02110**

Q. By whom are you employed?

A. **Wellington Management Company LLP**

Q. In what capacity?

A. **My formal title is Managing Director, Fixed Income Portfolio Manager. I am a Fixed Income Portfolio Manager on the Financial Reserves Portfolio Management Team.**

Q. What are your duties in your roles at Wellington Management Company LLP?

A. **As a fixed income portfolio manager I am responsible for managing U.S. Broad Market portfolios for clients, such as insurance companies, with customized risk and return objectives, often related to accounting and/or regulatory constraints.**

Q. Is it correct that Wellington Management Company LLP is an investment manager handling investable assets of the North Carolina Reinsurance Facility (the Facility)?

A. **Yes.**

Q. As investment manager for the Facility, does Wellington Management Company LLP have discretionary investment authority over the Facility's funds?

A. **Yes, as permitted by the Investment Management Agreement between North Carolina Reinsurance Facility and Wellington Management Company LLP.**

Q. What is your role personally with respect to the Facility's investment account?

A. **I am the lead Portfolio Manager responsible for managing the Facility's investment portfolio according to the investment guidelines set forth in the Investment Management Agreement. I am responsible for all buy and sell decisions executed in the portfolio.**

Q. How long have you been employed by Wellington Management Company LLP?

A. **I joined Wellington Management Company LLP in 2006.**

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

A. **I have been involved in our fixed income business since joining the firm in 2006.**

Q. How long has Wellington Management Company LLP managed the Facility's investment portfolio?

A. **Wellington was engaged by the Facility on October 1, 2009.**

Q. How long have you personally been the portfolio manager for that account?

**A. I have been a member of Financial Reserves portfolio management team since 2012 most recently assuming the lead Portfolio Manager role for the NCRF portfolio in December 2015.**

**Q. In connection with the Facility's 2016 Commercial Automobile Insurance rate filing, has the Facility requested that you make any calculations concerning the investment yield that the Facility could reasonably expect during the two-year period beginning October 1, 2016?**

**A. Yes.**

**Q. Did you make those calculations?**

**A. Yes, working in conjunction with Wellington's internal fixed income quantitative analysts.**

**Q. Would you please describe how your calculations were performed?**

**A. To determine the investment yield that the Facility could reasonably expect during the two-year period beginning October 1, 2016, we employed a security-level book yield projection approach, rolling forward the book yield on the Facility's investment portfolio as it stood on January 31, 2016 as a starting point. The book yield projection incorporates the actual book yield of the existing assets held in the portfolio and also a reinvestment yield associated with projected principal (maturity and pre-payments) and coupon cash payments projected to be received going forward. We assume that projected future cash flows (principal maturities, prepayments, paydowns and coupon payments) are reinvested at a yield which reflects the portfolio's performance benchmark yield as it stood on January 31, 2016 adjusted for higher expected reinvestment rates consistent with the US Treasury forward curve as it existed at the time the estimate was developed. We used the benchmark yield because we believe this yield represents a good**

approximation of the mix of assets that would be purchased in the portfolio. Using this methodology, the projected month-end portfolio book yield was calculated for each month during the two-year period beginning October 1, 2016 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 3.06%.**

Q. Do you have an opinion as to whether the 3.06% investment yield estimate that is based on your calculations and the assumptions used in your methodology is a reasonable estimate of what the Facility's investment yield will be?

A. **Yes.**

Q. What is that opinion?

A. **I believe the yield estimate is a reasonable estimate of the Facility's investment portfolio yield during the two-year period beginning October 1, 2016, based on the information available when we made the calculations.**

Q. Does that conclude your pre-filed testimony?

A. **Yes.**