

December 6, 2018

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: Revision of Commercial Automobile Manual  
Rule 44, Rule 35, Zone Rating Tables-Garaged in North Carolina**

On behalf of all member companies, the North Carolina Reinsurance Facility filed with the Commissioner of Insurance revised Zone Rating Rules. Also filed were updated tables for Zone Rated vehicles garaged in North Carolina. These revisions apply to such coverages rated under the Facility's Commercial Automobile Insurance Manual. As stated in circular RF-18-14, Rule 44 has been updated to comply with and support the rates and rules contained in the April 1, 2019 filing.

Enclosed are the exhibits which set forth the revised rating rules and rates to be implemented by member companies in accordance with the effective date rule set forth below. The enclosed exhibits are designed to replace the similar rules or pages included in the current North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates.

**Exhibit 1** – Zone Rating (Rule 44) Public Transportation

**Exhibit 2** – Zone Rating (Rule 35) Trucks, Tractors, and Trailers (*This exhibit will replace the revisions noted in RF-18-14.*)

**Exhibit 3** – Zone Rating Tables - Garaged in North Carolina (*This exhibit will replace the revisions noted in RF-18-14.*)

These revised rules and tables **will become effective April 1, 2019** in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after April 1, 2019. No policy effective prior to April 1, 2019 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to April 1, 2019.

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 April 1, 2019 is to apply and may not be applied to such policies prior to the experience rating date. With respect to any policy to which an experience rating modification applies which becomes effective prior to April 1, 2019, these changes may not be applied until the first experience rating date on or after April 1, 2019.

Reprinted North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates pages will be distributed, in the usual fashion, as soon as possible.

In the meantime, notice of the revised rates should be sent as soon as possible to your Company's North Carolina agents to make them aware of the new rates.

In connection with the implementation of the revised rates, your attention is directed to G. S. 58-37-35(l) which provides, in part, as follows:

The classifications, rules, rates, rating plans, and policy forms used on motor vehicle insurance policies reinsured by the Facility may be made by the Facility or by a licensed or statutory rating organization or bureau on its behalf and shall be filed with the Commissioner. . . . If the Commissioner finds, after a hearing, that a rate is either excessive, inadequate or unfairly discriminatory, the Commissioner shall issue an order specifying in what respect it is deficient and stating when, within a reasonable period thereafter, the rate is no longer effective. The order is subject to judicial review as set out in Article 2 of this Chapter. Pending judicial review of said order, the filed classification plan and the filed rates may be used, charged and collected in the same manner as set out in G.S. 58-40-45 of this Chapter. The order shall not affect any contract or policy made or issued before the expiration of the period set forth in the order.

**Please see to it that this circular letter is brought to the attention of all interested personnel in your Company.**

Questions regarding this circular letter should be directed to Tom Burns (919) 719-3033 or email at: [tfb@ncbr.org](mailto:tfb@ncbr.org).

Sincerely,

Thomas F. Burns

Director, NCRF Auto Operations

North Carolina Reinsurance Facility

TFB/lad

RF-18-15

Attachments

NORTH CAROLINA REINSURANCE FACILITY  
COMMERCIAL AUTO MANUAL

PUBLIC TRANSPORTATION

Material underlined is new; material ~~struck through~~ is deleted.

**Rule 44. PREMIUM DEVELOPMENT—ZONE RATED AUTOS**

1. 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.

**2. Premium Development**

~~2.1. Determine the zone or zone combination and code for each auto as follows:—~~For vehicles principally garaged in North Carolina and that regularly operate beyond a 200-mile radius.

- ~~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.

~~3. Premium Development~~

- ~~1.~~ a. Determine the classification rating factor and class code as follows:
- a. 1. Determine whether the auto is classified as fleet or nonfleet according to the Public Auto Classifications Rule (Rule 43).
- b. 2. Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43).
- c. 3. Secondary rating factors do not apply.

- ~~2.~~ B. Liability and Medical Payments Coverages

- a. 1. Determine the ~~fleet or nonfleet~~ base premiums for the zone combination from the trucks, tractors, and trailers ~~zone~~Zone rating Rating Table- Garaged in North Carolina ~~in the Rates Section.~~
- b. 2. Multiply the base premium by the primary rating factor.

- ~~3.~~ C. Uninsured and Underinsured Motorists Insurance

- a. 1. Primary and secondary rating factors do not apply.
- b. 2. Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

2. For vehicles principally garaged in states other than North Carolina and regularly operate beyond a 200-mile radius.

Use the long distance zone definitions in the Trucks, Tractors, and Trailers Section.

When an auto is principally garaged in a state other than North Carolina only regional zones will be utilized. The zone combination is the regional zone of principal garaging and the regional zone (included in the auto's operation) farthest from that point.

EXAMPLE:

The auto is principally garaged in Charleston, South Carolina (regional zone 47) and operates in Sacramento, California (regional zone 40). The proper zone combination is 47 and 40.

- a. Determine the classification rating factor and class code as follows:

(1) Determine whether the auto is classified as fleet or non-fleet according to the Public Autos Classifications Rule (Rule 43).

(2) Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43).

(3) Secondary rating factors do not apply.

b. Liability Coverages and Medical Payments Coverage

(1) Determine the base premiums for the zone combination from the trucks, tractors, and trailers Zone Rating Table – Garaged in States Other than North Carolina rating table.

(2) Multiply the base premium by the primary rating factor.

c. Uninsured and Underinsured Motorists Insurance

1. Primary and secondary rating factors do not apply.

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

Material underlined is new; material ~~struck through~~ is deleted.

## Rule 35. PREMIUM DEVELOPMENT—ZONE RATED AUTOS

A. Except for light trucks and trailers used with light trucks, this Rule applies to trucks, tractors, and trailers regularly operated beyond a 200-mile radius from the street address of principal garaging.

### B. Premium Development

1. For vehicles principally garaged in North Carolina and regularly operate beyond a 200-mile radius.

When an auto is principally garaged in a regional zone and operates from terminals in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone farthest away.

In all other situations, the zone combination is the zone of principal garaging and the zone of the terminal (included in the auto's operations) farthest from that point.

A terminal is any point at which an auto regularly loads or unloads. It is not limited to a terminal facility which the insured owns and operates.

#### EXAMPLES:

The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and its operations include terminals in Sacramento, California (regional zone 40) and Denver, Colorado (metropolitan zone 10). The proper zone combination is 47 and 10.

The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and its operations include a terminal in Asheville, North Carolina (regional zone 47). The proper zone combination is 47.

The auto is principally garaged in Charlotte, North Carolina (metropolitan zone 5) and has terminals in Denver, Colorado (metropolitan zone 10) and Sacramento, California (regional zone 40). The proper zone combination is 5 and 40.

- a. Determine the classification rating factor and class code as follows:

- (1) Determine whether the auto is classified as fleet or non-fleet according to the Trucks, Tractors, and Trailers

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Classifications Rule (Rule 33).

- (2) Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
- (3) Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

b. Liability Coverages

- (1) Determine the liability ~~fleet or non-fleet~~ base premiums for the zone combination from the Zone Rating Table – Garaged in North Carolina ~~zone~~-rating table.
- (2) For fleets, multiply the base premiums by .70.
- (3) Multiply the base premium by the long distance rating factor from the primary classification table in the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

c. Medical Payments

(1) Trucks and Tractors

- i. Determine the \$500 medical payments premium of the zone combination from the Zone Rating Table – Garaged in North Carolina ~~zone~~-rating table.
- ii. Primary and secondary rating factors do not apply.
- iii. For limits not shown, refer to the commercial auto liability rate schedules.

(2) Trailers

- i. Determine the \$500 medical payments premium of the zone combination from the Zone Rating Table – Garaged in North Carolina ~~zone~~-rating table.
- ii. Multiply the medical payments premium by the primary rating factor.
- iii. For limits not shown, refer to the Commercial Auto Liability Rate schedules.

- (4) Secondary rating factors do not apply.

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d. Uninsured and Underinsured Motorists Insurance

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

2. For vehicles principally garaged in states other than North Carolina and regularly operate beyond a 200-mile radius.

When a vehicle is principally garaged in a state other than North Carolina only regional zones will be utilized. The zone combination is the regional zone of principal garaging and the regional zone of the terminal (included in the auto's operation) farthest from that point.

A terminal is any point at which an auto regularly loads or unloads. It is not limited to a terminal facility which the insured owns and operates.

EXAMPLE

The auto is principally garaged in Charleston, South Carolina (regional zone 47) and has terminals in Sacramento, California (regional zone 40). The proper zone combination is 47 and 40.

a. Determine the classification rating factor and class

code as follows:

- (1) Determine whether the auto is classified as fleet or non-fleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
- (2) Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
- (3) Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

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b. Liability Coverages

- (1) Determine the liability ~~fleet or non-fleet~~ base premiums for the zone combination from the Zone Rating Table – Garaged in States Other than North Carolina rating table.
- (2) For fleets, multiply the base premiums by .70.
- (3) Multiply the base premium by the long distance rating factor from the primary classification table in the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

c. Medical Payments

(1) Trucks and Tractors

- i. Determine the \$500 medical payments premium of the zone combination from the Zone Rating Table – Garaged in States Other than North Carolina rating table.
1. Primary and secondary rating factors do not apply.  
—
- iii. For limits not shown, refer to the commercial auto liability rate schedules.

(2) Trailers

- i. Determine the \$500 medical payments premium of the zone combination from the Zone Rating Table – Garaged in States Other than North Carolina rating table.
- ii. Multiply the medical payments premium by the primary rating factor.
- iii. For limits not shown, refer to the Commercial Auto Liability Rate schedules.

(4) Secondary rating factors do not apply.

d. Uninsured and Underinsured Motorists Insurance

- (1) Primary and secondary rating factors do not apply.



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- (2) For rates, refer to the Uninsured and Underinsured Motorists Rule (Rule 20) in the Common Coverages Section of this Manual.

~~C.D~~—Long Distance Zone Definitions Metropolitan Zones

- a. ATLANTA Zone includes Clayton and Cobb Counties and Atlanta, Georgia territories.
- b. 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.

\* The remaining definitions remain unchanged and have been omitted to save space.

~~D.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 non-fleet autos.

KEY TO ZONE RATING TABLES

The liability premiums are displayed as follows:

Liability Fleet and Non-fleet	
\$30,000/60,000 Bodily Injury	\$400 BI
\$25,000 Property Damage	300 PD
\$500 Medical Payments	70 MP
<del>Zone Combination Code</del>	<del>12345</del>

~~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.~~

**Exhibit 3 - Zone Rating Table  
Garaged in North Carolina**

TRUCKS

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

Zone	Liability <del>Non-Fleet</del>	Zone	Liability <del>Non-Fleet</del>	Zone	Liability <del>Non-Fleet</del>	Zone	Liability <del>Non-Fleet</del>
01 Atlanta	1317 BI 1382 PD 254 MP **201	13 Houston	1318 BI 1383 PD 254 MP **213	25 New Orleans	1334 BI 1400 PD 257 MP **225	37 Tulsa	1318 BI 1383 PD 254 MP **237
02 Balt.- Wash.	1299 BI 1363 PD 251 MP **202	14 Indianapolis	1142 BI 1198 PD 220 MP **214	26 N.Y. City	1299 BI 1363 PD 251 MP **226	40 Pacific	1509 BI 1584 PD 291 MP **240
03 Boston	1388 BI 1457 PD 268 MP **203	15 Jacksonville	1317 BI 1382 PD 254 MP **215	27 Okla.- City	1318 BI 1383 PD 254 MP **227	41 Mountain	1674 BI 1758 PD 323 MP **241
04 Buffalo	1299 BI 1363 PD 251 MP **204	16 Kansas City	1358 BI 1425 PD 262 MP **216	28 Omaha	1358 BI 1425 PD 262 MP **228	42 Midwest	1393 BI 1463 PD 269 MP **242
05 Charlotte	1317 BI 1382 PD 254 MP **205	17 Little Rock	1318 BI 1383 PD 254 MP **217	29 Phoenix	1631 BI 1713 PD 315 MP **229	43 Southwest	1352 BI 1420 PD 261 MP **243
06 Chicago	1142 BI 1198 PD 220 MP **206	18 Los Angeles	1471 BI 1544 PD 284 MP **218	30 Philadelphia	1299 BI 1363 PD 251 MP **230	44 North-Central	1172 BI 1229 PD 226 MP **244
07 Cincinnati	1142 BI 1198 PD 220 MP **207	19 Louisville	1272 BI 1336 PD 245 MP **219	31 Pittsburgh	1299 BI 1363 PD 251 MP **231	45 Midwest	1306 BI 1371 PD 252 MP **245
08 Cleveland	1142 BI 1198 PD 220 MP **208	20 Memphis	1272 BI 1336 PD 245 MP **220	32 Portland	1471 BI 1544 PD 284 MP **232	46 Gulf	1369 BI 1437 PD 264 MP **246
09 Dallas Pt. Worth	1318 BI 1383 PD 254 MP **209	21 Miami	1317 BI 1382 PD 254 MP **221	33 Richmond	1317 BI 1382 PD 254 MP **233	47 Southeast	1351 BI 1419 PD 261 MP **247
10 Denver	1631 BI 1713 PD 315 MP **210	22 Milwaukee	1358 BI 1425 PD 262 MP **222	34 St. Louis	1358 BI 1425 PD 262 MP **234	48 Eastern	1333 BI 1399 PD 257 MP **248
11 Detroit	1142 BI 1198 PD 220 MP **211	23 Minn.- St. Paul	1358 BI 1425 PD 262 MP **223	35 Salt Lake City	1631 BI 1713 PD 315 MP **235	49 New England	1424 BI 1496 PD 275 MP **249
12 Hartford	1388 BI 1457 PD 268 MP **212	24 Nashville	1272 BI 1336 PD 245 MP **224	36 San Francisco	1471 BI 1544 PD 284 MP **236		

**Exhibit 3 - Zone Rating Table  
Garaged in North Carolina**

TRUCKS

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

Zone	Liability <del>Non-Fleet</del>	Zone	Liability <del>Non-Fleet</del>	Zone	Liability <del>Non-Fleet</del>	Zone	Liability <del>Non-Fleet</del>
01 Atlanta	1351 BI 1419 PD 261 MP **901	13 Houston	1352 BI 1420 PD 261 MP **913	25 New Orleans	1369 BI 1437 PD 264 MP **925	37 Tulsa	1352 BI 1420 PD 261 MP **937
02 Balt.- Wash.	1333 BI 1399 PD 257 MP **902	14 Indian- apolis	1172 BI 1229 PD 226 MP **914	26 N.Y. City	1333 BI 1399 PD 257 MP **926	40 Pacific	1548 BI 1625 PD 299 MP **940
03 Boston	1424 BI 1496 PD 275 MP **903	15 Jackson- ville	1351 BI 1419 PD 261 MP **915	27 Okla.- City	1352 BI 1420 PD 261 MP **927	41 Mountain	1717 BI 1803 PD 331 MP **941
04 Buffalo	1333 BI 1399 PD 257 MP **904	16 Kansas City	1393 BI 1463 PD 269 MP **916	28 Omaha	1393 BI 1463 PD 269 MP **928	42 Midwest	1429 BI 1500 PD 276 MP **942
05 Char- lotte	1351 BI 1419 PD 261 MP **905	17 Little Rock	1352 BI 1420 PD 261 MP **917	29 Phoenix	1674 BI 1758 PD 323 MP **929	43 South- west	1387 BI 1456 PD 268 MP **943
06 Chicago	1172 BI 1229 PD 226 MP **906	18 Los Angeles	1509 BI 1584 PD 291 MP **918	30 Phila- delphia	1333 BI 1399 PD 257 MP **930	44 North- Central	1202 BI 1261 PD 232 MP **944
07 Cincin- nati	1172 BI 1229 PD 226 MP **907	19 Louis- ville	1306 BI 1371 PD 252 MP **919	31 Pitts- burgh	1333 BI 1399 PD 257 MP **931	45 Mideast	1339 BI 1406 PD 258 MP **945
08 Cleve- land	1172 BI 1229 PD 226 MP **908	20 Memphis	1306 BI 1371 PD 252 MP **920	32 Portland	1509 BI 1584 PD 291 MP **932	46 Gulf	1404 BI 1474 PD 271 MP **946
09 Dallas Ft. Worth	1352 BI 1420 PD 261 MP **909	21 Miami	1351 BI 1419 PD 261 MP **921	33 Richmond	1351 BI 1419 PD 261 MP **933	47 South- east	1386 BI 1455 PD 267 MP **947
10 Denver	1674 BI 1758 PD 323 MP **910	22 Mil- waukee	1393 BI 1463 PD 269 MP **922	34 St. Louis	1393 BI 1463 PD 269 MP **934	48 Eastern	1367 BI 1435 PD 264 MP **948
11 Detroit	1172 BI 1229 PD 226 MP **911	23 Minn.- St. Paul	1393 BI 1463 PD 269 MP **923	35 Salt Lake City	1674 BI 1758 PD 323 MP **935	49 New England	1461 BI 1534 PD 282 MP **949
12 Hart- ford	1424 BI 1496 PD 275 MP **912	24 Nash- ville	1306 BI 1371 PD 252 MP **924	36 San Francisco	1509 BI 1584 PD 291 MP **936		