



NATALIE A. HUBLEY
PRESIDENT

COMMONWEALTH AUTOMOBILE REINSURERS

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ADDITIONAL INFORMATION

TO MEMBERS OF THE GOVERNING COMMITTEE

FOR THE MEETING OF:

Wednesday, February 13, 2019 at 10:30 a.m.

GC

19.06 Commercial Program Oversight Committee

The Records of the Commercial Program Oversight Committee meeting of January 22, 2019 are attached. (Docket #GC19.06, Exhibit #2)

The Records of the Commercial Program Oversight Committee meeting of January 22, 2019 have been distributed and are on file.

GC

19.07 Commercial Automobile Committee

The Records of the Commercial Automobile Committee meeting of January 22, 2019 are attached. (Docket #GC19.07, Exhibit #1)

The Records of the Commercial Automobile Committee meeting of January 22, 2019 have been distributed and are on file.

NATALIE A. HUBLEY
President

Attachments

Boston, Massachusetts
February 7, 2019



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RECORDS OF MEETING

COMMERCIAL PROGRAM OVERSIGHT COMMITTEE – JANUARY 22, 2019

Members Present

Mr. William Cahill, Jr. – Chair
Mr. Charles Boynton, III
Mr. Peter Chung
Mr. Brian Hayes
Mr. John Olivieri, Jr.

The Hanover Insurance Company
Boynton Insurance Agency, Inc.
The Norfolk & Dedham Group
Quincy Mutual Group
J.K. Olivieri Insurance Agency, Inc.

Substituted for:
N/A

Not in Attendance:
N/A

18.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Program Oversight Committee meeting of December 18, 2018. The Records have been distributed and are on file.

18.04 Commercial Program Oversight

Mr. John Metcalfe advised that based upon input received at the last meeting, staff has prepared updates to the list of commercial residual market data and profile reports that CAR will provide to Servicing Carriers. The data reports will reflect residual market experience for the 2018 policy year, include historical data that should be referenced by carriers to comment on their experiences, challenges and successes during the review year. Additionally, to assist in the Committee's review of the Annual Reports, staff has redesigned the 2018 Annual Report template as suggested by the Committee so as to be more effective in collecting and summarizing the responses received.

Mr. Metcalfe stated that based upon the anticipated schedule, CAR expects to distribute data to the four Servicing Carriers in April, with the 2018 Annual Reports due to CAR in mid-May. The Committee should anticipate reviewing the reports in early June with a recommendation presented to the Governing Committee at its June 2019 meeting. He further noted that any information received by the four Servicing Carriers as part of their Annual Report will be summarized by staff and shared with the Committee in an organized manner, using the newly formatted template.

At the last meeting, Mr. Steven Torres, CAR counsel, was requested to further review the sharing and distribution of the information provided on the Annual Reports, in accordance with the Open Meeting Law. He noted that under the Open Meeting Law, any reports circulated and deliberated upon by a CAR committee must be shared more broadly and made available to the general public.

It was the Committee's consensus that the Annual Report template as provided, with minor updates as suggested by Mr. Peter Chung, should be distributed in accordance with the proposed 2018 Annual Report schedule.

18.06 Request for Reimbursement of Extraordinary Expenses – Arbella Protection Insurance Company

At its last meeting, the Committee continued discussion relative to Arbella's request for reimbursement of extraordinary expenses and reviewed additional information submitted by Arbella relative to the derivation of employee expenses used in their calculations. Some committee members felt that the submitted information addressed the Committee's concerns, while others indicated that while Arbella had clarified the methodology used to determine the expense dollars, they were unclear as to whether those numbers were appropriate. The Committee questioned whether its charge was to determine the reasonableness of the dollar amounts requested by Arbella or to understand and verify Arbella's methodology for determining its requested reimbursement amount. Mr. Benjamin Hincks, CAR counsel, stated that in reviewing Arbella's request, the language in the Manual of Administrative Procedures contemplates that the burden is on the Servicing Carrier to produce sufficient evidence that it has incurred an extraordinary expense. He therefore suggested that the Committee may want to focus on the evidence Arbella has presented, and work within the framework of the documentation that Arbella has provided, rather than trying to validate hourly numbers.

Ms. Roberta Fitzpatrick, representing Arbella Insurance Company, addressed the Committee and noted that no Rule guidance was in place when Arbella first filed their request for reimbursement in 2017. It was then that CAR committees met to create the current Rules and procedures in this regard. Arbella resubmitted its request under the newly approved guidelines and requirements, but as she had stated at previous meetings, is reserving its right to appeal based upon the Rules in effect when the request for reimbursement was initially filed.

Significant discussion ensued with the Committee noting that when a company is appointed as a Servicing Carrier, an expectation exists that there will be a certain level of expenses associated with servicing commercial residual market business that will be incurred. However, while a Servicing Carrier should anticipate incurring these expenses in addition to the norm in specific situations, the Committee agreed that Arbella's investigation of the Point Insurance Agency was certainly extraordinary in nature, not to be anticipated at the time of the RFP process, and that an objective way to analyze the information presented by Arbella is needed as it may establish a precedent for future reimbursement requests.

Some Committee members suggested that if Arbella is able to determine how much effort it expends on a typical ERP policy and the associated dollar amounts built into its RFP numbers, those dollars could potentially be backed out of its requested expense reimbursement figures, as it would provide the Committee with an idea of the extra expense incurred over and above what should have been anticipated in the RFP process. Mr. Brian Hayes agreed with that approach, stating that Arbella has done a significant amount of work in support of a reasonable approach for estimating its expenses and the Committee should give credence to those numbers.

In response to the Committee's request, Ms. Fitzpatrick agreed to provide the Committee with additional information identifying how much time and dollars Arbella spends on a typical ERP policy in order that the Committee may consider whether those amounts should be backed out of Arbella's extraordinary expenses request. She noted that Arbella may be able to track, at least for operations, the time spent on a typical ERP policy, but she wasn't certain if that information would be available for either underwriting or SIU activities.

The Committee agreed that this information would be helpful for discussion at its next meeting in order to provide the Governing Committee with an informed recommendation.

MARIAN ADGATE
Corporate Documentation Specialist

Boston, Massachusetts
February 6, 2019



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RECORDS OF MEETING

COMMERCIAL AUTOMOBILE COMMITTEE – JANUARY 22, 2019

Members Present

Mr. John Olivieri, Jr. – Chair	J.K. Olivieri Insurance Agency, Inc.
Mr. William Cahill, Jr. ⁽¹⁾	The Hanover Insurance Company
Mr. Peter Chung	The Norfolk & Dedham Group
Mr. Paul Drennan	MAPFRE U.S.A. Corporation
Mr. Brian Lam	Safety Insurance Company
Ms. Mona McCowen	Arbella Insurance Group
Mr. Thomas Skelly, Jr.	Deland, Gibson Insurance Associates, Inc.
Mr. Barry Tagen	Pilgrim Insurance Company

Substituted for:

⁽¹⁾Mr. Coleman Johnson

Not in Attendance:

Ms. Sheila Doherty

Ms. Sharon Pontes

Doherty Insurance Agency, Inc.

Acadia Insurance Company

18.01 Records of Previous Meeting

The Committee unanimously voted to approve the Records of the Commercial Automobile Committee meeting of November 8, 2018. The Records have been distributed and are on file.

19.04 Commercial Automobile Residual Market Standards Subcommittee

The Commercial Automobile Committee unanimously voted to approve the Records of the Commercial Automobile Residual Market Standards Subcommittee meeting of December 18, 2018.

18.09 Procedures for the Review of Large Ceded Losses

Ms. Natalie Hubley informed the Committee that staff is currently preparing materials for this agenda item based upon feedback received at the Committee's last meeting and upon concerns raised by the Governing Committee at its September meeting relative to the growing commercial deficit and the impact of large losses on the volatility of the Loss Reserving Committee's deficit projections. She noted that the large ceded loss notification procedures initially presented to the Commercial Automobile Committee at its November 8, 2018 meeting are being modified based upon feedback received that the procedures as drafted did not sufficiently address the Governing Committee's concerns with respect to the

evaluation of Servicing Carrier underwriting and claims handling for large losses exceeding a certain threshold. Updated procedures will be presented to the Committee for review at its next meeting.

19.05 Commercial Residual Market Issues

Ms. Wendy Browne reported that the list of issues impacting the commercial residual market has been updated to reflect the current status of the Commercial Residual Market Standards Subcommittee's deliberations. For today's meeting, she indicated that the Commercial Automobile Committee will continue to discuss driver licensing requirements, the development of a market need concept for new producer appointments and review of modifications to Rules 52 and 72 of the Commercial Automobile Manual relative to radius of operation and rating territory. Additionally, the Committee will review a draft of Servicing Carrier and Exclusive Representative Producer standards for determining and validating radius class and geographic classification for trucks, tractors and trailers and public automobiles.

She further noted that the Ineligible Risk Database continues to be actively utilized by Servicing Carriers to share information on ceded risks that are ineligible for coverage in the Massachusetts commercial residual market. The database currently has over 100 entries, primarily for trucks, tractors and trailers, zone rated trucks, tractors and trailers and non-fleet private type risks. She stated that CAR will be contacting Servicing Carriers to solicit additional information relative to usage of and possible enhancements to the database and will present information obtained at a future meeting.

19.06 Standards for the Verification of Applicant Drivers' Licenses

Ms. Hubley stated that based upon discussion at the Committee's November 8, 2018 meeting, several updates have been made to the Servicing Carrier and Exclusive Representative Producer Standards for the Verification of Applicant Drivers' Licenses. At that meeting, the Committee suggested that the Operator Exclusion Endorsement be used in instances where a listed operator does not hold a valid license, rather than rejecting the risk as ineligible. Additionally, the Committee had expressed concern that Servicing Carrier expectations with respect to a schedule for review of renewal business should be more clearly defined, especially given concerns that significant effort will be required by carriers to address risk eligibility at renewal.

Committee discussion focused on requirements to validate licenses for renewal business with non-fleet private passenger type exposure as well as for all other classes. Some members were concerned with the significant resources that would be required by Servicing Carriers if all renewal business was required to be reviewed. However, others commented on the legal requirements regarding licensing that have the potential to affect eligibility for each risk at each renewal. After considerable discussion, the Committee members agreed that, in order to comply with the legal licensing requirements and to ensure consistent Servicing Carrier procedures, all risks must be reviewed to validate licensing at inception and at renewal, regardless of classification. The Committee, therefore, directed staff to reinsert the wording "and renewal" in the first paragraph of the Standards and delete the last two paragraphs.

The Committee unanimously voted to approve the Standards as amended, and to approve as presented, modifications to the eligibility definition in Rule 2 – Definitions of CAR's Rules of Operation and modifications to Rule 31 – Operator Exclusion Form of the Commercial Automobile Insurance Manual.

19.07 Producer Requirements

Mr. John Metcalfe stated that at its last meeting, after review of data reports profiling the commercial marketplace, the Commercial Residual Market Standards Subcommittee directed staff to draft a market need concept proposal for the appointment of new commercial residual market Exclusive Representative Producers (ERPs).

Mr. Metcalfe reviewed the various components of the draft with the Committee. He stated that an applicant with a voluntary commercial automobile contract will be appointed to a Servicing Carrier when the eligibility requirements of Rule 14.A.4. have been satisfied. If the applicant does not have a voluntary commercial automobile contract with an active Massachusetts commercial automobile insurer, the Governing Committee or its designee, on an annual basis, will assess whether a market need exists. If it is determined that a market need exists, the committee will determine the conditions under which new appointments would be made to applicants not having a voluntary commercial automobile contract. If it is determined that a market need does not exist, no new appointments for applicants without a current voluntary contract will be made. He noted, however, that in this situation, the applicant may petition for a review of its application before a CAR committee in order to demonstrate that a market need exists that would be uniquely satisfied by the appointment of the applicant. The committee's determination of whether or not a market need exists will be based upon a review of current residual market data in order to evaluate access to producers servicing all classes of commercial risks throughout the Commonwealth.

Finally, Mr. Metcalfe noted that if an applicant, regardless of whether he or she has a voluntary commercial automobile contract, is purchasing the book of business of an ERP or former ERP who has been terminated pursuant to CAR Rules or has withdrawn from an appointment where grounds for termination were previously issued, the applicant must also petition the committee for a Servicing Carrier appointment. The applicant must satisfy the committee that the conditions for termination are not present in the purchase and must demonstrate that a market need exists that would be uniquely served by the appointment of the applicant.

After some discussion, the Committee agreed that the draft proposal effectively addressed the issues discussed by the Subcommittee, and unanimously voted to approve the market need concept as presented.

Mr. Metcalfe also noted that language has been added to Rule 14.A.4. Eligibility Requirements to require that an applicant meets the conditions for addressing a market need as determined by the criteria established by CAR's Governing Committee. The Committee unanimously voted to approve the updated language, with minor editorial modifications as suggested by Mr. Benjamin Hincks, CAR counsel.

18.12 Radius of Operation and Rating Territory

Ms. Marian Adgate provided the Committee with an overview of updates made to Rule 72 and Section III – Trucks, Tractors and Trailers of the Commercial Automobile Manual relative to the determination of radius of operation and geographic class. She noted that staff distributed around the table, for the Committee's reference, an exhibit previously reviewed by the Commercial Residual Market Standards Subcommittee which included modifications to the Zone Rating Tables contained in the Rating Section of the Commercial Manual.

Ms. Adgate stated that based on discussion at prior meetings of the Subcommittee, additional recommended modifications have been made to the Rules. She outlined for the Committee specific modifications including an update relative to how rating territory is determined for non-zone rated automobiles when the majority of the automobile's operation is outside of Massachusetts. The Rule has

been modified to include direction in this regard; specifically that the Servicing Carrier will assigned the highest rated Massachusetts territory regardless of the automobile's Massachusetts operations.

Mr. Paul Drennen noted that at the last Subcommittee meeting, a question was raised relative to whether it was more proper to rate a vehicle as origin zone 03 – Boston rather than origin zone 49 – other than Boston if the risk is principally garaged outside of Massachusetts, as zone 49 produces a lower rate. Ms. Hubley indicated that staff had researched this issue and concluded that this is a rating issue that would more appropriately be addressed in CAR's commercial rate filing.

Ms. Adgate further provided the Committee with an overview of the updates made to the Servicing Carrier and Exclusive Representative Producer Standards for the Determination of the Radius Class and Rating Territory, as recommended by the Subcommittee. She noted that the Standards provide instruction on how radius and geographic class is to be determined when the risk is unable to or fails to provide credible documentation to validate its garaging and/or operations. In this situation, the automobile's radius class will default to intermediate radius and rating territory will default to Territory 10. Servicing Carriers will then re-rate the policy and apply the rating change depending on whether the risk was a new or longer term risk.

The Committee agreed that if the risk has been in operation for more than one year and provides credible documentation to validate a different radius and/or geographic class, the rating change would be applied prospectively from the date the documentation is provided. However, the Committee had further discussion regarding the scenario where the risk has been in operation for less than one year and provides credible documentation to validate a different radius and/or geographic class. The Committee requested that staff clarify the standards to indicate that if the documentation is provided at least 90 days prior to the policy expiration date, the rating change would be applied as of the effective date of the policy, but if the documentation is provided within 90 days of the policy's expiration date, the rating change would be applied as of the effective date of the renewal policy.

Lastly, the Committee requested staff to further update the Standards relative to determining and validating principal garaging to include language that indicates that Servicing Carriers are not just limited to the list of tools noted.

The Committee unanimously voted to adopt the modifications made to Section III – Trucks, Tractors and Trailers, Rule 72 – Public Automobile Classifications and the Zone Rating Tables of the Commercial Automobile Insurance Manual, and the Servicing Carrier and Exclusive Representative Producer Standards for Determining and Validating Radius and Geographic Classification, with modifications as suggested by the Committee.

MARIAN ADGATE
Corporate Documentation Specialist

Boston, Massachusetts
February 13, 2019

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Rule 2 | **Definitions**
Revision Date | **2018.03.29**
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When used in Rules 1 through 20, the following terms shall have the stated meanings:

CAR means Commonwealth Automobile Reinsurers.

COMMERCIAL MOTOR VEHICLE means any insurable motor vehicle not included in the definition of Private Passenger Motor Vehicle contained in Rule 22.

COMMISSIONER means the Commissioner of Insurance of Massachusetts.

ELIGIBLE RISK means any Person who qualifies for a Motor Vehicle Insurance policy pursuant to G.L. c. 175, § 113H and which has its Principal Place of Business within the Commonwealth of Massachusetts and which is required by a financial responsibility law as enacted by the legislature of any state or of the United States or by any valid regulation of the Interstate Commerce Commission, United States Department of Transportation, or the Massachusetts Department of Public Utilities to maintain Motor Vehicle Insurance with respect to vehicles owned or leased by it, and registered within or outside of the Commonwealth of Massachusetts provided that the applicant establishes that any person who regularly drives the motor vehicle(s) holds a valid operator's license. Ordinances or Bylaws, as enacted by any political subdivision of any state, shall not for the purposes of determining eligibility be considered as financial responsibility laws.

Pursuant to G.L. c. 175, § 113U, a Person seeking to insure Antique Vehicles does not qualify as an Eligible Risk.

EXCLUSIVE REPRESENTATIVE PRODUCER (ERP) means a Person licensed as a property and casualty insurance producer pursuant to G.L. c. 175, § 162H through § 162X inclusive, who (a) has a place of business (i) in Massachusetts or (ii) in any state contiguous to Massachusetts, and (b) has been appointed by the Governing Committee or its designee to a Servicing Carrier to immediately certify commercial Motor Vehicle Insurance policies.

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Section II | **Common Coverages and Rating Procedures**
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- B. For zone rated risks, refer to Zone Rating Tables.
- C. For garage risks, refer to Rule 89 – Medical Payments Insurance in Section VI – Garage Dealers of this Manual.

No charge shall be made for service or utility trailers.

RULE 31. OPERATOR EXCLUSION FORM

The Servicing Carrier will attach the Operator Exclusion Form, CR 99 01 08 18, to the policy in regard to any owner of the business who is not listed as an operator on the application and does not have a valid license, any listed operator who does not have a valid license, or in other circumstances as requested by the insured. A separate endorsement should be completed for each excluded operator.

RULE 32. PARTNERSHIP AS THE NAMED INSURED – NON-OWNERSHIP LIABILITY (CLASS CODE 70000)

- A. When Non-Ownership Liability is afforded, the Business Auto Coverage Form provides coverage to a partnership for the use of automobiles owned by individual partners which are used in the business of the partnership.
- B. Multiply the private passenger type rates 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 automobile being used.

RULE 33. RENTAL REIMBURSEMENT (COVERAGE CODE 083)

- A. Do not write Rental Reimbursement Coverage for less than 30 days or for a limit of less than \$15 per vehicle per day.
- B. Refer to the Rate Section for premium development.

RULE 34. INDIVIDUAL AS THE NAMED INSURED

Endorse a Business Auto Coverage Form covering an individually owned private passenger automobile with the appropriate individual named insured endorsement.

- A. Drive Other Car Coverage is provided at no additional charge if the policy covers:
 - 1. A private passenger automobile not used for public transportation or rented to others without a driver.

**Servicing Carrier and Exclusive Representative Producer
Standards for Verification of Applicant Drivers' Licenses**

Standards for the Verification of Applicant Drivers' Licenses: In determining whether an applicant is eligible for placement in the commercial automobile residual market, Servicing Carriers and Exclusive Representative Producers are required for all new and renewal business to verify that the applicant establishes that any person who regularly drives the motor vehicle(s) holds a valid operator's license.

Foreign Licensed Drivers: Foreign drivers may be eligible for placement for one year in the commercial automobile residual market with a valid foreign driver's license and, if their foreign driver's license is not in English, either a valid International Driving Permit or a completed Registry of Motor Vehicles Translation into English of a Foreign Driver License form before obtaining a Massachusetts driver's license. The year begins on the driver's most recent date of arrival in the United States. Note: An International Driver's License is not considered a valid driver's license and will not be accepted as a valid form of license.

Domestic Licensed Drivers: Any person who holds a valid operator's license from a state other than Massachusetts, must obtain a Massachusetts license in accordance with the standards of the Massachusetts Registry of Motor Vehicles. This requirement does not apply to anyone who regularly drives a motor vehicle owned by a named insured if the applicant can establish that said person is employed by a named insured whose Principal Place of Business is located in Massachusetts but resides in another state which has issued him or her a valid license.

Required Documentation: Servicing Carriers will require on the application the license number and state of any licensed member of the named insured's household and/or any other licensed individuals who regularly drive the insured vehicle(s) who hold a valid domestic license. In addition, Servicing Carriers shall require the following documentation with the application for any licensed member of the named insured's household and/or any other licensed individuals who regularly drives the insured vehicle(s), who lack a valid domestic license:

1. A copy of a valid foreign driver's license,
2. If that foreign driver's license is not in English, either a corresponding International Driving Permit or a completed Registry of Motor Vehicles Translation into English of a Foreign Driver License form, and
3. A copy of one of the following documents:
 - A valid passport from the country of origin
 - A valid alien registration receipt card (green card)
 - A valid employment authorization card issued by the United States Department of Homeland Security
 - Valid proof of nonimmigrant classification provided by the United States Department of Homeland Security

Documentation providing proof of the arrival date in the United States is required to validate eligibility for new and renewal business (i.e. passport entry date, dated airline ticket, etc.).

An application submitted without the above information and documents shall be considered incomplete and will result in cancellation or nonrenewal based on the procedures set forth in Rule 4 – Standard Procedures of CAR's Commercial Automobile Insurance Manual. The cancellation/nonrenewal notice must contain the following statement: "If the insured furnishes the necessary item(s) prior to the effective date of the cancellation, the cancellation shall be rescinded."

Exclusion of Listed Operators Not Holding a Valid License: Pursuant to Rule 31 – Operator Exclusion Form of CAR's Commercial Automobile Insurance Manual, Servicing Carriers will attach the Operator Exclusion Form, CR 99 01 08 18, to the policy for each operator listed on the application who does not hold a valid license.

Servicing Carrier/Exclusive Representative Producer Validation Tools:

For renewal business, the Servicing Carrier will rely on the information provided on the insured's new business application unless the insured or the Exclusive Representative Producer provides documentation updating the licensing or most recent date of arrival in the United States for operators with foreign licenses.

Servicing Carriers and Exclusive Representative Producers will utilize the appropriate resources (i.e. Massachusetts Registry of Motor Vehicles system, Non-Massachusetts driver's license reporting systems, etc.) to verify information regarding registration and/or insured/driver information to ascertain a presence in Massachusetts as it may pertain to the operation of a motor vehicle with a foreign or out of state license.

Servicing Carriers should utilize the CAR Ineligible Risk Database for review of previous actions taken pursuant to insured and/or operator driver's licensing cancellation and/or non-renewal actions by other Servicing Carriers

Definition of Terms: For purposes of this standard, the following definitions shall apply:

"Foreign driver's license" is a valid driver's license obtained in a foreign country. A valid foreign driver's license may be used for up to one year after entry to the United States if the country of issuance is a party to either the 1949 Convention on Road Traffic (T.I.A.S. No. 2487) or the 1943 Convention on the Regulation of Inter-American Automotive Traffic (T.I.A.S. No. 1567). Validity of a foreign driver's license is to be determined according to Appendix A of the Massachusetts Driver's Manual published by the Registry of Motor Vehicles.

"Domestic driver's license" is a driver's license issued by any state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, Guam, American Samoa, the Commonwealth of the Mariana Islands or any other territory or possession of the United States.

"Foreign driver" is an individual who holds a foreign driver's license but does not hold a valid domestic driver's license.

"International Driving Permit" is a document to be used in conjunction with a valid foreign driver's license obtained in the driver's home country, as authorized by the 1949 Convention on Road Traffic or the 1943 Convention on the Regulation of Inter-American Automotive Traffic. It is a translation of the foreign driver's license into various languages, including English.

"International Driver's License" is an unofficial document purporting to be a valid driver's license. It is usually sold on the internet or through storefronts with claims that it: 1) authorizes consumers to drive legally in the United states, even if they don't have state-issued licenses or if their state-issued licenses have been suspended or revoked; 2) can be used to avoid points or fines affecting state-issued driver's licenses; and 3) can be used as a photo identification in the United States.

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be fully serviced through the purchaser until the policy expiration date of each risk, as noted on the declaration page of each policy in force as of these respective dates. “Servicing” shall include, but not be limited to, changing existing vehicles, adding additional insureds, adding named operators onto the existing policy, endorsing coverage limits, providing all notices required by law, processing claims and collecting premium. All other obligations of both Servicing Carrier and producer as set forth pursuant to the Plan and Rules of Operation shall remain in force during the term of this agreement.

4. Eligibility Requirements

Prior to any action being taken on an application for an ERP appointment, the producer must satisfy the following requirements:

- a. Complete a course of study, approved by the Commissioner of Insurance, which concentrates on the commercial Massachusetts Motor Vehicle Insurance system;
- b. Attain a passing grade on a written examination based on material covered in the approved course;
- c. Within the preceding 24 month period, work for a minimum of 12 months with a producer licensed by the Division of Insurance, or with a Member, during which time the applicant's efforts were primarily devoted to commercial automobile insurance in the Massachusetts Motor Vehicle Insurance market; and
- d. ~~Meet the conditions for addressing a market need as determined by criteria established by CAR's Governing Committee. Has an existing commercial relationship with a Member other than a Servicing Carrier or~~
- e. ~~e~~Can provide ~~documentation letter(s) of intent from insureds~~ identifying commercial policies expected to be written as of the first year of appointment that would satisfy the production criteria pursuant to Section C.1. Continued eligibility is dependent upon compliance pursuant to the provisions of Section C.1.

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Having satisfied the preceding criteria the applicant must conclusively show that such applicant:

- (1) is applying in good faith;
- (2) will operate from an established location in Massachusetts, except licensed nonresident producers in a state contiguous to Massachusetts if licensed pursuant to Massachusetts General Laws;
- (3) will maintain regular business hours;
- (4) has not been convicted of a crime related to his occupation as an insurance producer;
- (5) has not had his producer's license to engage as an insurance producer revoked or suspended;
- (6) has not materially or substantially breached a contract with a Member;
- (7) is not in default on the remittance of any Motor Vehicle Insurance premiums due a Member;
- (8) agrees to comply with the provisions of the Plan of Operation, the Rules of Operation, the Manual of Administrative Procedures, the contract between the ERP and the Servicing Carrier, and the applicable regulations of the Division of Insurance;
- (9) agrees to notify CAR and the appointed Servicing Carrier of an agreement to sell the agency 15 days in advance of the proposed closing of any such sale and further agrees to obtain a certification from the Servicing Carrier, which shall be provided to CAR, that the agency does not owe to the Servicing Carrier any past due premium based upon the latest available statement;
- (10) has not been declined an ERP appointment within the preceding 60 days, unless the declination was reversed by the Governing Committee, the Division of Insurance, or a court of competent jurisdiction;

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(11) has not had an ERP appointment terminated by a Servicing Carrier pursuant to Section E., within the preceding 24 months, unless the termination was reversed by the Governing Committee, the Division of Insurance or a court of competent jurisdiction.

CAR Commercial Automobile Committee

New Exclusive Representative Producer Appointments to a Commercial Servicing Carrier Market Need Concept

New Exclusive Representative Producer (ERP) appointments will be made to a commercial Servicing Carrier as described below:

A. Applicant with a Voluntary Commercial Automobile Contract

An applicant who has a current voluntary commercial automobile agency contract with an active Massachusetts commercial automobile insurer will be appointed to a Servicing Carrier when s/he has satisfied the eligibility requirements of Rule 14.A.4. For purposes of this section, brokerage agreements and memberships in a group does not constitute a voluntary contract with an active Massachusetts commercial automobile insurer.

B. Applicant without a Voluntary Commercial Automobile Contract

1. Annual Market Need Assessment

The Governing Committee, or its designee, will take an annual assessment of whether a market need exists for new ERP appointments to service the commercial residual market. The determination will be made following a review of current residual market data and the committee's evaluation of access throughout the Commonwealth to producers with experience servicing all classes of commercial automobile risk.

2. Market Need Exists

If the committee determines that a market need exists for access to the residual market that is not currently served by producers with existing ERP appointments, the committee will determine the conditions for new appointments that will be made to applicants without a voluntary commercial automobile contract, e.g. the number of available appointments, schedule under which re-evaluation of market access is anticipated.

3. Market Need Does Not Exist

If the committee determines that a market need does not exist for new appointments to applicants without a current voluntary contract, no such new appointments will be made. However, the applicant may petition for a review of its application before a CAR committee during which the applicant will demonstrate that a market need exists that will be uniquely satisfied by the appointment of the applicant.

C. Applicant Who Purchased of a Book of Business

Notwithstanding an existing voluntary commercial automobile contract with an active Massachusetts commercial automobile insurer, an applicant purchasing the book of business of an ERP or former ERP who has been terminated pursuant to CAR Rules, or has withdrawn from an appointment where grounds for termination were previously issued, must petition the committee for a Servicing Carrier appointment. The applicant must satisfy the committee that the conditions for termination are not present in the purchase and must demonstrate that a market need exists that would be uniquely served by the appointment of the applicant.

D. CAR Committee Review of Applicants

Committee reviews of applicants petitioning for an appointment will be held on a quarterly basis depending upon the need for such reviews.

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RULE 51. ELIGIBILITY

- A. This section applies to all trucks, including pick-up, panel and van types, truck-tractors, trailers and semitrailers except for the following:
1. Automobiles used for public transportation. Refer to Section V – Public Transportation of this Manual.
 2. Automobiles leased or rented to others by leasing or rental concerns. Refer to Rule 120 – Leasing or Rental Concerns in Section VII – Special Types and Operations of this Manual.
 3. Individually owned pick-ups, panel trucks or vans that are owned or leased under a contract for at least twelve months and that have a gross vehicle weight of 10,000 pounds or less and not used for the delivery or transportation of goods or materials unless such use is incidental to the insured's business of installing, maintaining or repairing furnishings or equipment.
 4. Self-propelled automobiles with the following types of permanently attached equipment. Refer to Rule 125 – Special or Mobile Equipment in Section VII – Special Types and Operations of this Manual.
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or road resurfacing;
 - (3) Street cleaning;
 - b. Cherry pickers and similar devices mounted on an automobile or truck chassis and used to raise or lower workers;
 - c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- B. Unique rating procedures apply to trucking risks. A trucker is defined as a person, firm or corporation in the business of exclusively or occasionally transporting goods, material or commodities for another, including automobiles used in moving operations. A risk qualifies for the truckers classifications even if it calls itself or advertises as a contractor, building contractor, building material dealer, sand and gravel

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hauler, or some other similar name. Refer to Rule 55 – Premium Development Options for Truckers for premium determination.

RULE 52. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS

The following classification procedures apply for the purpose of determining premiums.

A. Fleet and Non-Fleet Classifications

1. Fleet Classification

Any risk that has five or more self-propelled automobiles of any type that are under one ownership. For the purpose of assigning this classification, do not include:

- a. automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest.
- b. mobile equipment insured on a General Liability Policy.
- c. trailers, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.

2. Non-Fleet Classification

Automobiles for risks that do not qualify for a fleet classification.

Do not change the fleet or non-fleet classification because of mid-term changes in the number of owned automobiles except at the request of the insured. The policy must be cancelled in accordance with Rule 9 – Cancellation in Section I – General Rules of this Manual and rewritten as of the effective date of the cancellation.

B. Primary Classifications

The primary classification criteria are the automobile's size, business use and travel radius. These criteria are reflected in the Trucks, Tractors and Trailers Primary Classifications Rating Factors and Statistical Codes tables in the Rate Section.

1. Size Class - Automobiles

An automobile's size class is determined based on the vehicle's gross vehicle weight (GVW) or gross combination weight (GCW).

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GVW is the maximum loaded weight for which a single automobile is designed, as specified by the manufacturer.

GCW is 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.

a. Light Trucks –

- (1) trucks that have a gross vehicle weight (GVW) of 10,000 pounds or less, or
- (2) buses that have a seating capacity of 1-8 that is determined in accordance with Rule 72.D. – Public Automobile Classifications in Section V – Public Transportation of this Manual

b. Medium Trucks –

- (1) trucks that have a gross vehicle weight (GVW) of 10,001-20,000 pounds, or
- (2) crawler-type trucks, or
- (3) buses that have a seating capacity of 9-20 that is determined in accordance with Rule 72.D. – Public Automobile Classifications in Section V – Public Transportation of this Manual.

c. Heavy Trucks –

- (1) trucks that have a gross vehicle weight (GVW) of 20,001-45,000 pounds, or
- (2) buses that have a seating capacity of 21-60 that is determined in accordance with Rule 72.D. – Public Automobile Classifications in Section V – Public Transportation of this Manual.

d. Extra-Heavy Trucks –

- (1) trucks that have a gross vehicle weight (GVW) over 45,000 pounds, or

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(2) buses that have a seating capacity of 61 or more that is determined in accordance with Rule 72.D. – Public Automobile Classifications in Section V – Public Transportation of this Manual, that do not otherwise qualify as a public vehicle.

e. Truck-Tractors – a truck-tractor is a motorized automobile 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.

2. Size Class – Trailers

a. 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.

b. Trailers – any trailer with load capacity over 2,000 pounds, other than a semitrailer.

c. Service or Utility Trailer – any trailer or semitrailer with load capacity of 2,000 pounds or less.

3. Business Use Class

If a truck, tractor or trailer has more than one use, use the classification with the highest use factor for BI and PD from the Primary Classifications Rating Factors and Statistical Codes table in the Rate Section unless 80% or more of the use is in a single lower rated activity. In that case, use the lower rated classification.

a. Service Use – automobiles used for transporting the insured's personnel, tools, equipment and incidental supplies to or from a job location. This classification is confined to automobiles principally parked at job locations for the majority of the working day or used to transport supervisory personnel between job locations.

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- b. Retail Use – automobiles used to pick up property from, or deliver property to individual households.
- c. Commercial Use – automobiles used for transporting property other than those automobiles defined as service or retail.

4. Radius Class

Determine radius on a straight line from the street address of the automobile's principal garaging. For vehicles that are not eligible for zone rating as described in Section D. of this Rule, classify the risk using the longest radius class unless 80% or more of the automobile's operation is in a single shorter radius class.

- a. Local – up to 50 miles – the automobile is not operated beyond a radius of 50 miles from the street address where such automobile is principally garaged.
- b. Intermediate – 51 to 200 miles – the automobile is operated beyond a radius of 50 miles but not beyond a radius of 200 miles from the street address where such automobile is principally garaged.
- c. Long distance – over 200 miles – the automobile is operated beyond a 200 mile radius from the street address where such automobile is principally garaged.

C. Secondary Classification

Secondary classifications apply to the following special industry classes, but do not affect the premiums for zone rated policies or premiums for light trucks and trailers used with light trucks. Where more than one secondary rating factor applies, classify the risk automobile using the secondary classification with the largest secondary adjustment unless 80% or more of the use is in a single secondary classification with a lower secondary adjustment. In that case, classify the risk automobile using the secondary classification associated with the smaller adjustment.

There are ten general categories for secondary classifications:

- 1. Manufacturers – Automobiles used to transport raw materials and finished or unfinished goods manufactured, processed or constructed by the insured, except food manufacturers.

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2. Truckers – Automobiles used to haul or transport goods, materials, or commodities for another, other than automobiles used in moving operations.
3. Food Delivery – Automobiles used by food manufacturers to transport raw and finished products or used in wholesale distribution of food.
4. Specialized Delivery – Automobiles used in deliveries subject to time and similar constraints.
5. Waste Disposal – Automobiles transporting salvage and waste material for disposal or resale.
6. Farmers – Automobiles owned by a farmer, used in connection with the operation of his own farm occasionally used to haul commodities for other farmers.
7. Dump and Transit Mix Trucks and Trailers
8. Contractors (Other than Dump Trucks)
9. Logging and Lumbering
10. Petroleum Business – Automobiles used to transport petroleum and petroleum products such as gasoline and fuel oil.

Refer to the Secondary Classification table in the Rate Section to determine rating factors and statistical codes.

D. Geographic Classification

~~A risk~~ An automobile is subject to zone rating if the automobile is regularly operated beyond a 200 mile radius from the street address of principal garaging. ~~Place of principal garaging is described in Rule 21—Residence and Location of Section II—Common Coverages of this Manual.~~ Any risk that does not satisfy the conditions for zone rating, including all risks comprised of light trucks and trailers used with light trucks, are not subject to zone rating.

1. Non-Zone Rated Automobiles – Determination of Rating Territory

For risks that are not subject to zone rating, rating territory is determined based upon the street address of principal garaging. ~~is~~

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~~determined~~ in accordance with Rule 21 – Residence and Location of Section II – Common Coverages of this Manual.

2. Zone Rated Automobiles – Determination of Zone Combination and Zone Combination Code

a. Zone Combination

~~The zone combination is developed from the origin zone and the terminus zone. For risks that are subject to zone rating, determine the zone or zone combination and code for each automobile as follows:~~

~~a. When an automobile 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.~~

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

1) Use the Long Distance Zone Definitions in the Rate Section to identify the appropriate regional zone to be used to determine the origin and terminus zones.

2) Determine the Origin Zone

The origin zone is determined by the automobile's principal garaging location. If the automobile is principally garaged in the Boston regional zone (03), the origin zone is 03 (Boston). In all other situations, the origin zone is 49.

3) Determine the Terminus Zone

The terminus zone is determined by the regional zone of the terminal included in the automobile's operations that is farthest from the automobile's principal garaging.

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

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b. Zone Combination Code

Use the Zone Rating Table in the Rate Section to identify the applicable zone combination code that will be used for statistical reporting purposes.

Refer to the following examples for determining zone combination and zone combination code:

Examples:

- a. The automobile is principally garaged in Worcester, Massachusetts- (~~regional~~ origin zone 49 – other than Boston) and its operations include terminals in Utica, New York (regional zone 48) and Hartford, Connecticut (~~metropolitan~~ regional zone 12). The proper zone combination is 49 and 12 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 912.
- b. The automobile is principally garaged in Springfield, Massachusetts- (~~regional~~ origin zone 49 – other than Boston) and its operations include a terminal in Bangor, Maine (regional zone 49). The proper zone combination is 49 and 49 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 949.
- c. The automobile is principally garaged in Boston, Massachusetts- (~~metropolitan~~ origin zone 03 – Boston) and ~~has terminals~~ operates in New York City (~~metropolitan~~ regional zone 26) and Utica, New York (regional zone 48). The proper zone combination is 03 and 48 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 248.
- d. The automobile is principally garaged in New York City (origin zone 49 – other than Boston) and operates in Atlanta, Georgia (regional zone 01) and in Tallahassee, Florida (regional zone 47). The proper zone combination is 49 and 47 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 947).

~~Refer to the Long Distance Zone Definitions and the Zone Rating Tables in the Rate Section.~~

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E. Special Provisions for Certain Risks

1. Truckers. If the business of the insured involves transporting materials or commodities for another, Rule 55 – Premium Development Options for Truckers also applies.
2. Transporters of Liquid Products. A policy that covers an automobile 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. A policy written to cover a commercial automobile, trailer or semitrailer on which an amusement device has been mounted does not provide coverage for the operation of the amusement device. Refer to the General Liability Manual for operations coverage. Use Commercial Automobiles Equipped with Amusement Devices Endorsement MM 23 03.
4. Transporters of Explosives. A policy that covers an automobile used for transporting explosives must exclude coverage for the explosion hazard. Use Explosives Endorsement MM 23 04.
5. Rolling Stores. A policy that covers automobiles including canteens, display rooms and automobiles used for selling products must exclude product liability. Use Rolling Stores Endorsement CA 23 04.
6. Trailers or Semitrailers Used As Showrooms (Class Code 04520)
 - 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 \$30 for \$20,000 per person, \$40,000 per accident bodily injury and \$5 for \$5,000 property damage. The policy must exclude product liability.
 - b. For medical payments coverage, multiply the private passenger type Medical Payments premium for the territory in which the risk is located by 3.00.
 - c. Use Rolling Stores Endorsement CA 23 04.

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7. Trucks, Trailers and Semitrailers Used in Dumping Operations
 - a. Rate automobiles used in dumping operations including ready-mix and mix-in transit cement trucks at the Vehicles Used in Dumping Operations Collision rates from the Trucks, Tractors and Trailers physical damage rate pages in the Rate Section.
 - b. Use those rates regardless of the secondary classification used. The Dump and Transit Mix Trucks and Trailers rating classification applies to hopper-type transporters of dry commodities, which unload through the bottom by gravity and is only used when no other secondary classification applies.
8. Operations coverage may not be afforded under the auto policy for special or mobile equipment. Refer to Rule 125 – Special or Mobile Equipment in Section VII – Special Types and Operations of this Manual.

RULE 53. PREMIUM DEVELOPMENT – SPECIFIED CAR BASIS – OTHER THAN ZONE RATED AUTOMOBILES

- A. Determine the rating territory code from the Territory Schedule in the Rate Section in accordance with the provisions of Rule 52.D.1. – Trucks, Tractors and Trailers Classifications.
- B. Determine the Combined Rating Factor

Determine the classification code and the combined rating factor as follows:

1. Determine whether the risk is classified as fleet or non-fleet according to Rule 52 – Trucks, Tractors and Trailers Classifications.
2. Determine the primary rating factor from the applicable Trucks, Tractors and Trailers Primary Classifications Rating Factors and Statistical Codes table in the Rate Section based on size class, business use class and radius class in accordance with Rule 52 – Trucks, Tractors and Trailers Classifications.
3. Determine the secondary rating factor from the Secondary Classification Table in the Rate Section based on the special industry classification.
4. Determine the combined rating factor by adding the secondary rating factor to the primary rating factor.

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C. Premium Computation

1. Liability and Personal Injury Coverages

Use the fleet or non-fleet designation and size class as determined according to Rule 52 – Trucks, Tractors and Trailers Classifications and the applicable rating territory to determine the rate for the applicable coverage level from the Trucks, Tractors and Trailers liability rate pages in the Rate Section. Multiply these rates by the combined rating factor determined in accordance with Section B. of this Rule to compute the final premium.

<u>Coverage</u>	<u>Rate Pages to Be Used</u>				
Compulsory BI (A-1)	Trucks, Tractors and Trailers Liability	X	Combined Rating Factor (from Rule 53.B.)	=	Premium
PIP (A-2)					
Property Damage (PDL)					
Optional BI (B)					
Medical Payments					
Uninsured Motorist (U-1)		N/A			
Underinsured Motorist (U-2)					

2. Physical Damage Coverages

The premiums for physical damage coverage reflected in the Rate Section are on an actual cash value basis. For coverage on a stated amount or agreed value basis, refer to Rule 42.D. and E. – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

Determine the fleet or non-fleet designation according to Rule 52.A. – Trucks, Tractors and Trailers Classifications, the original cost new and age of the automobile to be insured according to Rule 42.C. – Physical Damage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual and the applicable rating territory as determined according to Rule 21 – Residence and Location in Section II – Common Coverages and Rating Procedures of this Manual.

For collision coverage, use the fleet or non-fleet designation, original cost new, age and rating territory to determine the rate for collision coverage from the Trucks, Tractors and Trailers physical damage rate pages in the Rate Section. The rates for collision coverage are based upon whether the automobile is a truck, truck-tractor or ~~vehiele~~ automobile used in dumping operations. Use the

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truck rates for trailers or semitrailers unless the automobile is used in dumping operations.

For comprehensive coverage, use the fleet or non-fleet designation, original cost new, age and rating territory to determine the \$300 or \$500 deductible rate for other than collision coverage from the Trucks, Tractors and Trailers physical damage rate pages in the Rate Section.

If a higher other than collision deductible is desired, determine the \$500 deductible rate from the Trucks, Tractors and Trailers rate pages and charge the indicated percentage for the deductible desired.

To compute the final physical damage premium, multiply the collision and comprehensive rates by the combined rating factor determined in accordance with Section B. of this Rule. If collision – waiver of deductible coverage exists, add the premium associated with the applicable deductible level to the final collision premium.

Coverage	Rate Pages to be Used					
Collision	Trucks Tractors and Trailers Physical Damage	X	N/A	X	Combined Rating Factor (from Rule 53.B.)	= Premium
Collision – Waiver of Deductible					N/A	
Comprehensive					Percentage for >\$500 Deductible Option (from Physical Damage Rate Pages)	

The premium for limited collision coverage is determined by multiplying the percentage displayed on the Trucks, Tractors and Trailers physical damage rate pages by the final collision premium. Rating procedures for additional limited collision coverage options are also indicated on the Trucks, Tractors and Trailers physical damage rate pages in the Rate Section.

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RULE 54. PREMIUM DEVELOPMENT – ZONE RATED AUTOMOBILES

A. Determine the classification code and the primary rating factor in accordance with Rule 53.B. – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles.

B. Premium Computation

1. Liability, Personal Injury and Property Damage Coverages

Use the zone or zone combination as determined according to Rule 52.D.2. – Trucks, Tractors and Trailers Classifications to determine the Bodily Injury (\$20,000 per person, \$40,000 per accident) and \$5,000 Property Damage liability premium from the Zone Rating Table in the Rate Section. Apply the indicated factors to the premium obtained from the Zone Rating Table to compute the final premium.

Coverage	Rate Pages to be Used						
Compulsory BI	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)		0.86		Primary Rating Factor** (from Rule 53.B.)	=	Premium
PIP	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)		0.04				
Property Damage	\$5,000 Property Damage (from the Zone Rating Table)	X	N/A	X			
Optional BI*	\$20,000/\$40,000 Bodily Injury (from the Zone Rating Table)		0.10				
Medical Payments	Trucks, Tractors and Trailers Liability		N/A		N/A		
Uninsured Motorist							
Underinsured Motorist							

*Refer to Rule 40 – Increased Liability Limits in Section II – Common Coverages and Rating Procedures for determining increased limits.

**Secondary rating factors do not apply, however, report secondary statistical codes from the Secondary Classification table in the Rate Section.

2. Physical Damage Coverages

The premiums for physical damage coverage reflected in the Rate Section are on an actual cash value basis. For coverage on a stated amount or agreed value basis, refer to Rule 42.D. and E. – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

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Determine the original cost new and age of the automobile to be insured according to Rule 42.C. – Physical Damage Coverage Rating Procedures in Section II – Common Coverages and Rating Procedures of this Manual.

For collision coverage, use the original cost new and age to determine the base premium from the Long Distance Physical Damage Base Premiums Table in the Rate Section. The base premium for collision coverage is determined according to whether the automobile is a truck, trailer or semitrailer or a truck-tractor or automobile used in dumping operations. Use the truck base premiums for trailers or semitrailers unless the automobile is used in dumping operations.

For comprehensive coverage, use the original cost new and age to determine the \$300 or \$500 base premium from the Long Distance Physical Damage Base Premiums Table in the Rate Section.

If a higher deductible is desired for either comprehensive or collision, refer to the Long Distance Physical Damage premium development page in the Rate Section.

Apply the physical damage factor for the zone combination from the Zone Rating Table and the primary rating factor determined in accordance with Rule 53.B. – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles to the base premiums obtained from the Long Distance Physical Damage Base Premiums Table to compute the final premium.

<u>Coverage</u>	<u>Rate Pages to be Used</u>					
Collision	Long Distance Physical Damage Base Premiums	X	Collision Factor (from Zone Rating Table)	X	Primary Rating Factor* (from Rule 53.B.)	= Premium
Comprehensive			Comprehensive Factor (from Zone Rating Table)			

* Secondary rating factors do not apply, however, report secondary statistical codes from the Secondary Classification table in the Rate Section.

RULE 55. PREMIUM DEVELOPMENT OPTIONS FOR TRUCKERS

Rate automobiles transporting exclusively for one concern on the same basis as though owned by such concern for both territory and classification.

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A. Specified Car Basis

Truckers may be written on a specified car basis with premiums calculated according to Rule 53 – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles or Rule 54 – Premium Development – Zone Rated Automobiles.

In addition to rating on a specified car basis, a trucker may also be rated on the following bases provided it meets the coverage and risk criteria.

B. Cost of Hire Basis (Class Code 66130, Minimum Premium Class Code 66190)

A trucking risk may be written on the cost of hire basis to cover its liability because of a contract involving the hire of trucks, tractors and trailers. Coverage written on a cost of hire basis is subject to audit.

1. Determine the total cost of hiring the automobiles. If automobiles are hired without operators, include the wages of the operators of such automobiles subject to an average weekly maximum of \$100 per operator.
2. Determine the average specified car rate by:
 - (1) Computing the premium for all automobiles, including trailers or semitrailers owned and leased by the insured that are used in trucking operations according to Rule 53 – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles or Rule 54 – Premium Development – Zone Rated Automobiles.
 - (2) 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. 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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6. If the Servicing Carrier which insures the owned automobiles of the risk also insures the hired automobiles of the risk, the minimum premium shall be \$17 for \$20,000 per person, \$40,000 per accident bodily injury and \$4 for \$5,000 property damage. Otherwise the minimum premium shall be the average applicable specified car rate.

C. Bobtail Operations (Class Code 74890)

Liability and no-fault coverages may be limited to non-trucking use when the automobiles are not rented, nor used for business purposes to carry property or to haul someone else's trailers.

1. Liability, Personal Injury and Property Damage Coverages

Use the size class determined according to Rule 52.B.2. – Trucks, Tractors and Trailers Classifications and the applicable rating territory to determine the non-fleet rate for the desired coverage level from the Trucks, Tractors and Trailers liability rate pages in the Rate Section. Multiply these rates by the indicated factor to compute the final premium.

Coverage	Rate Pages to be Used		Factor		
Compulsory BI (A-1)	Trucks, Tractors and Trailers Liability	X	1.00	=	Premium
PIP(A-2)					
Property Damage (PDL)					
Optional BI (B)					
Medical Payments					
Uninsured Motorist (U-1)			N/A		
Underinsured Motorist (U-2)					

2. Physical Damage Coverages

Compute the premiums for these coverages in accordance with Rule 52 – Trucks, Tractors and Trailers Classifications, Rule 53 – Premium Development – Specified Car Basis – Other than Zone Rated Automobiles, and Rule 54 – Premium Development – Zone Rated Automobiles, as appropriate.

D. Trailer Interchange Agreement (Class Code 99320)

Coverage may be provided for the insured's legal liability for physical damage to trailers not owned by him but in his possession under a trailer interchange agreement.

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1. Premium Determination

- a. If there is an even interchange of non-owned trailers and owned trailers with insurance ceasing when the owned trailers are in the possession of others, there is no additional premium charge as the company's total liability remains constant.
- b. If the insurance on owned trailers remains in force when in the possession of others, the premiums for coverage for non-owned trailers are determined as follows and subject to a \$25.00 minimum premium charge:
 - (1) Determine the trailer's radius class while in the possession of the insured according to Rule 52 – Trucks, Tractors and Trailers Classifications.
 - (2) Use the radius class to determine the daily per trailer base rate for the selected limit of liability coverage from the Trailer Interchange Agreement Rates Table in the Rate Section.
 - (3) For liability limits over \$20,000, multiply the additional charge displayed on the Trailer Interchange Agreement Rates Table by the number of each \$1,000 or fraction of \$1,000 of coverage over \$20,000. Add this amount to the rate for the \$20,000 limit of liability shown in the table.
 - (4) Multiply the daily per trailer rates by the physical damage factors determined from the Zone Rating Tables as follows:
 - (a) Local and intermediate radius – use the Zone Rating Table for where the risk is domiciled and the zone combination for that zone. For example, the factors for a risk domiciled in Boston are those shown in the Boston box on the Zone 03 (Boston) Combination Zone Rating Table.
 - (b) Long Distance – determine the factors according to Rule 54 – Premium Development – Zone Rated Automobiles.
 - (5) Multiply this amount by the number of days for which insurance is provided.
 - (6) The following is an example of the premium calculation for an intermediate radius risk domiciled in Boston insuring 10

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trailers for \$500 deductible Comprehensive Coverage, \$12,000 limit of liability, for 20 days.

(a) Daily per trailer base rate – \$ 0.051

(b) Rating factor for Comprehensive from Zone Rating Table, as determined in Section E.1.b.(4) of this Rule – 1.60

(c) Rate per day – ($\$ 0.051 \times 1.60$) = \$ 0.082

(d) Total premium – ($\$ 0.082 \times 10 \text{ trailers} \times 20 \text{ days}$) = \$16.40

- c. If the insured leases from others more trailers than leased to others with the insurance on the owned trailers ceasing when in the possession of others, the premiums are calculated on the difference between the number of non-owned and owned trailers.

RULES 56-60 RESERVED FOR FUTURE USE.

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RULE 71. ELIGIBILITY

This section applies to automobiles registered or used for the transportation of members of the public.

RULE 72. PUBLIC AUTOMOBILE CLASSIFICATIONS

If an automobile has more than one use, use the highest rated classification unless 80% or more of the use is in a single lower rated activity. In that case, use the lower rated classification.

Classify public automobiles as follows:

A. Fleet and Non-Fleet Classifications

1. Fleet Classification

Any risk that has five or more self-propelled automobiles of any type that are under one ownership. For the purpose of assigning this classification, do not include:

- 1) automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest
- b. mobile equipment insured on a General Liability Policy
- c. trailers

2. Non-Fleet Classification

Automobiles for risks that do not qualify for a fleet classification.

Do not change the fleet or non-fleet classification because of mid-term changes in the number of owned automobiles except at the request of the insured. The policy must be cancelled in accordance with Rule 9 – Cancellation in Section I – General Rules of this Manual and rewritten as of the effective date of the cancellation.

B. Primary Classifications

The primary classification codes assigned to public vehicles are determined based upon the automobile's use and radius class with the exception of van pools which use seating capacity in determining classification. Refer to the Public Transportation Classification Codes and Primary Rating Factors table in the Rate Section.

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1. Use Class

- a. *Taxicab or Similar Passenger Carrying Service* – a metered or unmetered automobile with a seating capacity of eight or less that is operated for hire by or on behalf of the named insured or by an employee, but does not pick up, transport, or discharge passengers along a route.

(1) Owner-Operator

This classification shall apply to individual owners of single taxicabs operated by the individual owner or spouse. It shall also apply to individuals owning under a corporate name a single taxicab operated by such individual or spouse.

(2) Rented or Leased Taxi

A taxi which is not operated by the named insured or an employee of the named insured in attendance as a chauffeur, and is rented or leased to others on a long term or short term agreement, or on a time, commission, profit-sharing, or other independent contractor basis.

If such automobile is operated part of the time by the named insured or an employee of the named insured, and is rented or leased to others part of the time as stated above, it shall be classified as a Rented or Leased Taxi.

For the purpose of this classification, an employee is defined as one who is deemed to be such within the purview of the Massachusetts Worker's Compensation Law, or any other federal, state or municipal law which defines an employer-employee relationship and is applicable to the person operating the automobile.

(3) All Other

This classification shall apply in all other cases where Sections B.1.a.(1) or (2) of this Rule do not apply.

- b. *Limousine* – an unmarked luxury sedan with a seating capacity of eight or less that is operated for hire which

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- (1) is hired on a prearranged hourly basis for weddings, funerals, religious ceremonies or other non-business social functions;
 - (2) is hired on an exclusive, dedicated basis for the duration of the event, not for drop-off and pick-up;
 - (3) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur at the beginning and ending of the function.
- c. *Car Service* – an unmarked for hire automobile with a seating capacity of eight or less which
- (1) is hired on a prearranged basis;
 - (2) does not pick up hail fares on the street;
 - (3) does not contain a rate meter, and does not charge for services based upon miles traveled if the trip is less than 25 miles;
 - (4) operates on a scheduled business day, and is returned to the automobile's base of operation for a continuous period of at least four hours in each 24 hour period;
 - (5) is operated by the named insured, an employee, or an independent contractor of the named insured, in attendance as a chauffeur;
 - (6) operates from a base with two-way communication;
 - (7) primary payment method is by billing or credit card;
 - (8) may be under contract with a regional transit authority where transportation services are paid for by the individual requesting the services. For services contracted and paid for by a social service agency, classify the automobile in accordance with Section B.1.f.(7) of this Rule.
- d. *School Bus* – an automobile that carries students or other persons to and from school, or in any school activity including games, outings and similar school trips. There are two types of school buses for rating purposes:

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1. School buses owned by political subdivisions or school districts.
2. All others including independent contractors, private schools and church owned buses.

The collision premium on a policy written on an annual term may be prorated to reflect the actual school term. However, credit shall not be given for Saturdays, Sundays or holidays or for any other periods of lay-up during the school term.

- e. *Church Bus* – an automobile used by a church to transport persons to or from services and other church related activities. This classification does not apply to public automobiles used primarily for daily school activities.
- f. Other Buses
 - (1) *Inter-City Bus* – an automobile that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.
 - (2) *Urban Bus* – an automobile that picks up, transports and discharges passengers at frequent local stops along a prescribed route. This classification applies only to automobiles 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.
 - (3) *Airport Bus or Airport Limousine* – an automobile for hire that transports passengers between airports and other passenger stations, or motels. Automobiles used to transport passengers from their home or place of employment to or from an airport should be classified according to Sections B.1.a.– c. of this Rule, as appropriate.
 - (4) *Charter Bus* – an automobile chartered for special trips, touring, picnics, outings, games and similar uses.
 - (5) *Sightseeing Bus* – an automobile 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.

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(6) *Transportation of Athletes and Entertainers* – an automobile owned by a group, firm or organization that transports its own professional athletes, musicians or other entertainers.

(a) If it is used to transport other professional athletes or entertainers, rate as a Charter Bus.

(b) An automobile owned by a group, firm or organization to transport its own non-professional athletes, musicians or entertainers, rate as Bus Not Otherwise Classified.

(7) *Social Service Agency Automobile* – an automobile used by a government entity, civic, charitable or social service organization to provide transportation to clients incidental to the social services sponsored by the organization, including special trips and outings.

This classification includes, for example, automobiles used to transport

(a) senior citizens or other clients to meal centers, medical facilities, social functions, shopping centers;

(b) handicapped persons to work or rehabilitative programs;

(c) children to day care center, Head Start programs; and

(d) Boy Scout or Girl Scout groups planned activities.

The following automobiles are eligible for this classification:

(a) Automobiles owned, or leased for one year or more, by the social service agency.

(b) Automobiles donated to the social service agency, without a driver.

(c) Automobiles hired under contract by the social service agency.

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There are two types of Social Services Bus for rating purposes:

(a) Employee-Operated Automobiles

Automobiles operated by employees of the social service agency. If a social service automobile is also operated by volunteer drivers or other non-agency employees, do not classify the ~~risk~~ automobile as Employee-Operated unless 80% of the use is by agency employees.

(b) All Other

Automobiles which do not meet the employee-operated automobile classification requirements.

Excess Liability Coverage may be provided to cover automobiles 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 automobiles. For automobiles hired, loaned, leased or furnished refer to Rule 28 – Hired Automobiles of Section II – Common Coverages and Rating Procedures of this Manual. For all other non-owned automobiles, refer to Rule 27 – Non-Ownership Liability of Section II – Common Coverages and Rating Procedures of this Manual.

(8) *Bus Not Otherwise Classified* – this classification includes, but is not limited to automobiles such as country club buses, cemetery buses, real estate development buses, and courtesy buses run by hotels.

g. *Van Pools* – an automobile 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.

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(1) Employer Furnished Transportation

Transportation is held out by the employer as an inducement to employment, a condition of employment or is incidental to employment.

(a) Employer Owned Automobiles

Automobiles owned, or leased for one year or more by an employer and used to provide transportation only for employees of the employer.

(b) Employee Owned Automobiles

Automobiles owned, or leased for one year or more by an individual employee and used to provide transportation only for fellow employees.

(2) All Other

Automobiles which do not meet the employer owned automobile classification requirements.

h. *Transportation of Employees – Other Than Van Pools* – automobiles of any type used to transport employees other than as defined in Section B.1.g. of this Rule.

(1) Automobiles that are owned or leased for one year or more by an employer and used to transport only his own employees. The classification code applicable to these vehicles is 5851.

(a) automobiles that can be classified as private passenger types in accordance with the eligibility requirements described in Rule 61 – Eligibility of Section IV – Private Passenger Types of this Manual shall be rated in accordance with the provisions of Rule 63 – Premium Development of Section IV – Private Passenger Types of this Manual.

(b) all other automobiles that cannot be classified as private passenger types in accordance with the eligibility requirements described in Rule 61 – Eligibility of Section IV – Private Passenger Types of this Manual shall be rated as van pools.

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(2) Automobiles that are owned or leased for one year or more by a person or organization who is in the business of transporting employees of one or more employers shall be classified and rated in accordance with Rule 72 – Public Automobile Classifications and Rule 73 – Premium Development – Other than Zone Rated Automobiles for automobiles described as a Bus Not Otherwise Classified in Section B.1.f.(8) of this Rule.

2. Radius Class

Determine radius on a straight line from the street address of the automobile's principal garaging. ~~motor vehicle registration. For leased automobiles, use the street address of the lessee's business to determine radius.~~

- a. Local – up to 50 miles – the automobile is not operated beyond a radius of 50 miles from the street address where such automobile is principally garaged. ~~registered.~~
- b. Intermediate – 51-200 miles – the automobile is operated beyond a radius of 50 miles but not beyond a radius of 200 miles from the street address where such automobile is principally garaged. ~~registered.~~
- c. Long distance – over 200 miles – the automobile is operated beyond a 200 mile radius from the street address where such automobile is principally garaged. ~~registered. Apply zone rates for all autos other than taxis, limousines, school, church and urban buses and van pools.~~

C. Geographic Classification

Risks Automobiles with a primary classification of Other Buses described in Section B.1.f.(1), or Sections B.1.f.(3) – (8) of this Rule are subject to zone rating if the automobile is regularly operated beyond a 200 mile radius from the street address of principal garaging. ~~where place of principal garaging is defined in this Rule.~~

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1. Zone Rated Automobiles – Determining Zone or of Zone Combination and Zone Combination Code for Zone Rated Risks

a. Zone Combination

The zone combination is developed from the origin zone and the terminus zone. Determine the zone or zone combination and code for each automobile as follows:

1) ~~a-~~ Use the Long Distance Zone Definitions in the Rate Section to identify determine the appropriate regional zone combination to be used to determine the origin and terminus zones, as described in Sections C.1.b. and C.1.e. of this Rule.

2) Determine the Origin Zone

The origin zone is determined by the automobile's principal garaging location. If the automobile is principally garaged in the Boston regional zone (03), the origin zone is 03 (Boston). In all other situations, the origin zone is 49.

3) Determine the Terminus Zone

The terminus zone is determined by the regional zone of the terminal included in the automobile's operations that is farthest from the automobile's principal garaging. A terminal is any point at which an automobile loads or unloads. It is not limited to a terminal facility which the insured owns and operates.

~~b. When an automobile 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.~~

~~c. In all other situations, the zone combination is the zone of the automobile's registration and the zone included in the automobile's operations farthest from that point.~~

b. Zone Combination Code

a. Use the Zone Rating Table in the Rate Section to identify the applicable zone combination code that will be used for statistical reporting purposes.

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Refer to the following examples for determining zone combination and zone combination code:

Examples:

- a. The automobile is registered principally garaged in Worcester, Massachusetts (regional origin zone 49 – other than Boston) and operates in Utica, New York (regional zone 48) and Hartford, Connecticut (metropolitan regional zone 12). The proper zone combination is 49 and 12 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 912.
- b. The automobile is registered principally garaged in Springfield, Massachusetts (regional origin zone 49 – other than Boston) and operates in Bangor, Maine (regional zone 49). The proper zone combination is 49 and 49 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 949.
- c. The automobile is registered principally garaged in Boston, Massachusetts (metropolitan origin zone 03 – Boston) and operates in New York City (metropolitan regional zone 26) and Utica, New York (regional zone 48). The proper zone combination is 03 and 48 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 248.
- d. The automobile is principally garaged in New York City (origin zone 49 – other than Boston) and operates in Atlanta, Georgia (regional zone 01) and in Tallahassee, Florida (regional zone 47). The proper zone combination is 49 and 47 (the terminus zone farthest from garaging) and the zone combination code to be used for statistical reporting is 947.

Refer to the Long Distance Zone Definitions and the Zone Rating Tables in the Rate Section:

2. Non-Zone Rated Automobiles – Determination of Rating Territory Principal Place of Garaging for Non-Zone Rated Risks

For risks that are not subject to zone rating, the rating territory shall be determined by the highest rated territory through which or in which the public automobile operates. The highest rated territory is the territory with the highest manual premiums for

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compulsory and optional bodily injury liability at \$20,000 per person, \$40,000 per accident and \$5,000 property damage as shown on the Public Automobiles Liability rate pages in the Rate Section. A rating territory other than the highest rated territory may apply if the risk supplies credible documentation that 80% or more of a the public automobile's operation is outside the highest rated territory. In that case, assign the territory of the automobile's highest percentage of operation. If the automobile's highest percentage of operation is outside of Massachusetts, assign the highest rated Massachusetts territory, regardless of the automobile's Massachusetts operations.

Refer to the Territory Schedule in the Rate Section.

D. Secondary Classifications

A secondary classification is assigned to risks automobiles with a primary classification of Other Buses and described in Section B.1.f. of this Rule that do not qualify for zone rating, and to risks automobiles with a primary classification of School Bus as described in Section B.1.d. or Church Bus as described in Section B.1.e. of this Rule. The secondary classification is based on the seating capacity of the automobile.

Apply the following criteria to determine the seating capacity of the automobile:

1. Use the seating capacity specified by the manufacturer of the automobile unless a public authority rules otherwise.
2. Do not include the driver's seat when determining seating capacity.
3. If a truck, tractor or trailer is classified as a public automobile, determine the seating capacity from the size class as follows:

<u>Size Class</u>	<u>Seating Capacity</u>
Light	1 to 8
Medium	9 to 20
Heavy	21 to 60
Extra-Heavy	Over 60

Commonwealth Automobile Reinsurers

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ZONE RATING TABLES

For liability the following tables include the zone or combination zone base premiums, and for physical damage they include the zone or combination zone factors to be applied to the Physical Damage Base Premium Table.

KEY TO ZONE RATING TABLES			
The liability premiums are displayed as follows:			The physical damage factors are displayed as follows:
Bodily Injury (\$20,000/40,000)	\$2,026	1.82	Comprehensive
Property Damage (\$5,000)	920	1.13	Fire, Theft and CAC (incl. MM&V)
		4.00	Collision (All Deductibles)
12345 ----			
Zone Combination Code			

To separate the Bodily Injury premiums for zone rated risks, the following percentages shall be applied to the \$20,000/40,000 Bodily Injury premium determined from the Zone Rating Table for the appropriate zone rating combination.

Compulsory Bodily Injury	86%	of the 20/40 B.I. Premium
Personal Injury Protection	4%	of the 20/40 B.I. Premium
Optional Bodily Injury (20/40)	10%	of the 20/40 B.I. Premium

Medical Payments –

Use the Medical Payments rates for trucks, tractors and trailers.

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**LONG DISTANCE ZONE DEFINITIONS
 REGIONAL 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 Semi-Suburban, 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 DuPage County territories. Lake County (Balance), Waukegan-North Chicago and all Chicago, Illinois territories; and East Chicago, Indiana territory.
07	CINCINNATI Zone includes Cincinnati, Dayton and Hamilton-Middletown, Ohio; and Covington-Newport, Kentucky territories.
08	CLEVELAND Zone includes all of Geauga, Lorain and Medina County territories, Portage County (excluding the village of Mogadore), all Cleveland and Painesville, Ohio territories.
09	DALLAS—FORT WORTH Zone includes all of Dallas and Tarrant, Texas Counties.
10	DENVER Zone includes Denver and North Central, Colorado territories.
11	DETROIT Zone includes all Detroit, Dearborn and Pontiac, Michigan territories.
12	HARTFORD Zone includes all of Hartford and New Haven Counties, and Bridgeport and Fairfield-Stratford, Connecticut territories.
13	HOUSTON Zone includes all of Chambers, Galveston and Harris, Texas Counties.
14	INDIANAPOLIS Zone includes all of Marion County, Indiana territory.
15	JACKSONVILLE Zone includes all of Jacksonville, Florida territory.
16	KANSAS CITY Zone includes all of Kansas City, Kansas; and Independence and all Kansas City, Missouri territories.
17	LITTLE ROCK Zone includes all of Pulaski County, Arkansas territory.
18	LOS ANGELES Zone includes all of Los Angeles and Orange Counties and also Riverside and San Bernardino, California territories.
19	LOUISVILLE Zone includes all of Jefferson County, Kentucky and New Albany and Jeffersonville, Indiana territories.
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, Semi-Suburban and Suburban and Racine, Wisconsin territories.
23	MINNEAPOLIS—ST. PAUL Zone includes Minneapolis Metropolitan and Suburban, 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.

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LONG DISTANCE ZONE DEFINITIONS

REGIONAL ZONES

(Continued)

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 24 (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 Semi-Suburban, 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.
40	PACIFIC COAST Zone includes the States of California (excluding Los Angeles and San Francisco Zones), Oregon (excluding Portland Zone), and Washington (excluding Portland Zone).
41	MOUNTAIN Zone includes the States of Arizona (excluding Phoenix Zone), Colorado (excluding Denver Zone), Idaho, Montana, Nevada, New Mexico, Utah (excluding Salt Lake City Zone) and Wyoming.
42	MIDWEST Zone includes the States of Iowa (excluding Omaha Zone), Kansas (excluding Kansas City Zone), Missouri (excluding Kansas City and St. Louis Zones), Minnesota (excluding Minneapolis-St. Paul Zone), Nebraska (excluding Omaha Zone), North Dakota, South Dakota and Wisconsin (excluding Milwaukee Zone).
43	SOUTHWEST Zone includes the States of Arkansas (excluding Little Rock Zone), Oklahoma (excluding Oklahoma City and Tulsa Zones) and Texas (excluding Dallas-Fort Worth and Houston Zones).
44	NORTH CENTRAL Zone includes the States of Illinois (excluding Chicago and St. Louis Zones), Indiana (excluding Chicago, Indianapolis and Louisville Zones), Ohio (excluding Cincinnati and Cleveland Zones) and Michigan (excluding Detroit Zone).
45	MIDEAST Zone includes the States of Kentucky (excluding Cincinnati and Louisville Zones), Tennessee (excluding Memphis and Nashville Zones) and West Virginia.
46	GULF Zone includes the States of Alabama, Louisiana (excluding New Orleans Zone) and Mississippi.
47	SOUTHEAST Zone includes the States of Florida (excluding Jacksonville and Miami Zones), Georgia (excluding Atlanta Zone), North Carolina (excluding Charlotte Zone), South Carolina and Virginia (excluding Baltimore/Washington and Richmond Zones).
48	EASTERN Zone includes the States of Delaware (excluding Philadelphia Zone), Maryland (excluding Baltimore/Washington Zone), New York (excluding Buffalo and New York City Zones), New Jersey (excluding New York City and Philadelphia Zones) and Pennsylvania (excluding Philadelphia and Pittsburgh Zones).
49	NEW ENGLAND Zone includes the States of Connecticut (excluding Hartford and New York City Zones), Maine, Massachusetts (excluding Boston Zone), New Hampshire, Rhode Island and Vermont.
50	ALASKA Zone includes all of the State of Alaska (refer to company).

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COMMONWEALTH AUTOMOBILE REINSURERS
Massachusetts Commercial Automobile

ZONE RATING TABLE
Origin Zone 03 (Boston) Combinations)

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

Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.
01	2026	1.82	13	1656	2.75	25	1656	2.33	37	1656	2.11
Atlanta	920	1.13	Houston	753	1.30	New Orleans	753	1.13	Tulsa	753	1.16
	---	4.00		---	3.75		---	3.38		---	3.39
	---	201		---	213		---	225		---	237
02	2026	2.45	14	1656	1.76	26	1963	1.83	40	1656	1.92
Balt.- Wash	920	0.95	Indianapolis	753	1.01	N.Y. City	889	0.98	Pacific	753	0.97
	---	3.32		---	3.16		---	3.32		---	3.55
	---	202		---	214		---	226		---	240
03	1656	1.60	15	2026	1.73	27	1656	2.11	41	1656	2.08
Boston	753	0.90	Jacksonville	920	1.06	Okla. City	753	1.16	Mountain	753	1.01
	---	3.32		---	3.90		---	3.39		---	3.38
	---	203		---	215		---	227		---	241
04	1656	1.83	16	1534	2.14	28	1656	1.89	42	1656	2.03
Buffalo	753	0.98	Kansas City	697	1.21	Omaha	753	1.01	Midwest	753	1.06
	---	3.32		---	3.16		---	3.16		---	3.16
	---	204		---	216		---	228		---	242
05	2026	1.53	17	1534	2.51	29	1656	2.24	43	1656	2.73
Charlotte	920	0.93	Little Rock	697	1.03	Phoenix	753	0.97	Southwest	753	1.27
	---	3.71		---	4.00		---	3.55		---	3.69
	---	205		---	217		---	229		---	243
06	1656	1.98	18	1534	1.93	30	2026	1.60	44	1656	1.77
Chicago	753	1.08	Los Angeles	697	1.08	Philadelphia	920	0.95	North Central	753	1.01
	---	3.16		---	3.55		---	3.32		---	3.22
	---	206		---	218		---	230		---	244
07	1656	1.84	19	1656	1.62	31	1656	1.60	45	1656	1.76
Cincinnati	753	0.99	Louisville	753	0.99	Pittsburgh	753	0.95	Midwest	753	1.11
	---	3.16		---	3.16		---	3.32		---	3.28
	---	207		---	219		---	231		---	245
08	1656	1.84	20	1534	1.95	32	1656	1.87	46	1656	2.28
Cleveland	753	0.99	Memphis	697	1.25	Portland	753	0.92	Gulf	753	1.08
	---	3.16		---	3.37		---	3.55		---	3.46
	---	208		---	220		---	232		---	246
09	1656	2.80	21	2026	1.73	33	2026	1.81	47	2026	1.72
Dallas Fort Worth	753	1.35	Miami	920	1.06	Richmond	920	1.03	South East	920	1.04
	---	3.80		---	3.90		---	3.17		---	3.75
	---	209		---	221		---	233		---	247
10	1656	2.04	22	1656	1.63	34	1656	2.14	48	1656	1.79
Denver	753	1.09	Milwaukee	753	0.98	St. Louis	753	1.22	Eastern	753	0.97
	---	3.16		---	3.16		---	3.16		---	3.32
	---	210		---	222		---	234		---	248
11	1656	1.76	23	1656	1.89	35	1656	2.26	49	1656	1.60
Detroit	753	1.01	Minn-St. Paul	753	0.99	Salt Lake City	753	0.91	New England	753	0.90
	---	3.46		---	3.16		---	3.55		---	3.32
	---	211		---	223		---	235		---	249
12	2026	1.72	24	1656	1.95	36	2026	1.93			
Hartford	920	0.99	Nashville	753	1.25	San. Fran	920	0.98			
	---	3.32		---	3.37		---	3.55			
	---	212		---	224		---	236			

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COMMONWEALTH AUTOMOBILE REINSURERS
Massachusetts Commercial Automobile

ZONE RATING TABLE
Origin Zone 49 (Other than Boston) Combinations)

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

Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.	Zone	Liability	Phys Dam.				
01 Atlanta	2026	1.61	13 Houston	2026	2.63	25 New Orleans	1476	2.13	37 Tulsa	1476	1.90				
	920	1.05		920	1.23		666	1.05		666	1.08				
	---			4.00	---		3.70	---		3.38	---		3.39		
---			901	---			913	---			925	---			937
02 Balt.- Wash	2026	2.24	14 Indianapolis	1476	1.56	26 N.Y. City	1963	1.63	40 Pacific	1476	1.72				
	920	0.87		666	0.93		889	0.90		666	0.89				
	---			3.32	---		3.16	---		3.32	---		3.55		
---			902	---			914	---			926	---			940
03 Boston	1656	1.81	15 Jacksonville	2026	1.53	27 Okla. City	1476	1.90	41 Mountain	1291	1.87				
	753	0.98		920	0.98		666	1.08		666	0.93				
	---			3.32	---		3.90	---		3.39	---		3.38		
---			903	---			915	---			927	---			941
04 Buffalo	1476	1.63	16 Kansas City	1534	1.94	28 Omaha	1656	1.68	42 Midwest	1291	1.83				
	666	0.90		697	1.14		753	0.93		666	0.98				
	---			3.32	---		3.16	---		3.16	---		3.38		
---			904	---			916	---			928	---			942
05 Charlotte	2026	1.33	17 Little Rock	1534	2.30	29 Phoenix	1476	2.04	43 Southwest	1291	2.53				
	920	0.85		697	0.95		666	0.89		666	1.19				
	---			3.71	---		4.00	---		3.55	---		3.69		
---			905	---			917	---			929	---			943
06 Chicago	1476	1.78	18 Los Angeles	1534	1.73	30 Philadelphia	2026	1.39	44 North Central	1534	1.56				
	666	1.00		697	1.00		920	0.87		666	0.93				
	---			3.16	---		3.55	---		3.32	---		3.22		
---			906	---			918	---			930	---			944
07 Cincinnati	1476	1.63	19 Louisville	1656	1.41	31 Pittsburgh	1476	1.39	45 Mideast	1476	1.56				
	666	0.91		753	0.91		666	0.87		666	1.03				
	---			3.16	---		3.16	---		3.55	---		3.28		
---			907	---			919	---			931	---			945
08 Cleveland	1476	1.63	20 Memphis	1534	2.00	32 Portland	1476	1.66	46 Gulf	1656	2.07				
	666	0.91		697	1.00		666	0.84		666	1.00				
	---			3.16	---		3.37	---		3.55	---		3.46		
---			908	---			920	---			932	---			946
09 Dallas Fort Worth	1476	2.63	21 Miami	2026	1.53	33 Richmond	2026	1.60	47 South East	1476	1.51				
	666	1.23		920	0.98		920	0.95		666	0.96				
	---			3.70	---		3.90	---		3.17	---		3.75		
---			909	---			921	---			933	---			947
10 Denver	1656	1.83	22 Milwaukee	1476	1.43	34 St. Louis	1476	1.94	48 Eastern	1656	1.59				
	753	1.01		666	0.90		666	1.14		753	0.89				
	---			3.16	---		3.16	---		3.16	---		3.32		
---			910	---			922	---			934	---			948
11 Detroit	1656	1.56	23 Minn-St. Paul	1476	1.69	35 Salt Lake City	1656	2.05	49 New England	1476	1.60				
	753	0.93		666	0.91		753	0.83		666	0.90				
	---			3.46	---		3.16	---		3.55	---		3.32		
---			911	---			923	---			935	---			949
12 Hartford	2026	1.51	24 Nashville	1476	1.74	36 San. Fran	2026	1.73							
	920	0.91		666	1.17		920	0.90							
	---			3.32	---		3.37	---		3.55	---				
---			912	---			924	---			936	---			

**Servicing Carrier and Exclusive Representative Producer Standards for
Determining and Validating Radius Class and Geographic Classification
of Trucks, Tractors and Trailers and Public Automobiles**

To properly classify trucks, tractors and trailers and public automobiles, CAR's Commercial Automobile Manual directs that principal garaging and principal operation are factors used to determine radius class and geographic class as identified below.

	<u>Principal Garaging</u>	<u>Principal Operation</u>
Radius Class	TTTs and Publics	TTTs and Publics
Zone Combination	Zone Rated TTTs and Publics	Zone Rated TTTs and Publics
Rating Territory	Non-Zone Rated TTTs	Non-Zone Rated Publics

Pursuant to Rule 20 of CAR's Commercial Automobile Manual, upon request of the Servicing Carrier, the applicant shall be required to substantiate with permanent records that the automobile is being used as set forth in the application or renewal questionnaire. Servicing Carriers and Exclusive Representative Producers will validate an automobile's principal place of garaging and principal geographic area of operation to determine radius and geographic classification as described below.

Standards for the determining and validating principal garaging: Principal garaging is the location at which the automobile is garaged the majority of the time that the automobile is not in regular use. Servicing Carriers and ERPs may use, but are not limited to, the tools listed below to verify principal garaging. In the event that inconsistencies are identified during the course of the underwriting and/or SIU review, the applicant must provide credible documentation, such as lease agreements or property owner certification, to validate garaging as represented on the application.

- Google Maps
- Registry of Motor Vehicles
- Secretary of the Commonwealth Corporations Division web site
- The risk's web site
- Federal Motor Carrier Services Administration web site

Standards for the determining and validating principal operation: To properly classify TTTs and public automobiles, Servicing Carriers and ERPs shall take advantage of, but not be limited to, the following options to validate an automobile's principal geographic area of operation:

- Form IFTA-101 – IFTA Quarterly Fuel Use Tax Schedule
- Individual Vehicle Mileage Reports
- Trip Logs
- Central Analysis Bureau (CAB) reports
- Safety and Fitness Electronic Records (SAFER)
- SafeStat Systems
- Executed service provider contracts

Based on the documentation indicating automobile operations furnished by the applicant, rating territory for local and intermediate public classes will be determined using the rating territories defined in CAR's Commercial Automobile Manual with common rate relativities. In particular, the Boston territory is defined by the combined territories 1-10, which are combined for rating purposes, while identified in the manual individually for statistical purposes.

Standards for determining radius and geographic class in the absence of credible verifiable documentation: The Servicing Carrier may also request the risk and/or ERP to provide additional information to validate garaging and/or operations. An SIU investigation may also be requested. As part of the underwriting process and/or SIU investigation, the risk's principal/owner will be required to corroborate information collected by the writing ERP. In instances where an applicant is unable to provide credible permanent records to validate an automobile's principal garaging, the Servicing Carrier will determine radius and geographic class as follows:

Radius class: Default to intermediate radius

Zone combination: Not applicable

Rating territory: Assign rating territory 10

- If the risk has been in operation for more than one year and provides credible documentation to validate a different radius class and/or geographic classification during the policy term, apply the rating change prospectively from the date the documentation is provided.
- If the risk has been in operation for less than one year and provides credible documentation to validate a different radius class and/or geographic classification at least 90 days prior to policy expiration, apply the rating change as of the effective date of the policy. However, if the documentation is provided within 90 days of the policy's expiration date, the rating change would be applied as of the effective date of the renewal policy.

Pursuant to Rule 10 – Claims of CAR's Rules of Operation, Servicing Carriers are required to conduct audits on representative samples of policies to verify garaging and policy facts. However, market conditions may warrant increased awareness and focus on specific classifications of business due to suspected fraud, increased loss experience, or other negative impacts on the commercial automobile residual market during the Servicing Carrier contract period. If such occasions occur, the specific classifications will be identified, through CAR's committee process, for mandatory Servicing Carrier SIU investigations involving principal garaging and operations.