

ATTACHMENT LISTING

Docket #JACL19.02, Exhibit #5

Attendance Listing

Docket #JACL19.06, Exhibit #2

CAR 2020 Filing and AIB Analyses

CAR 2020 Filing and AIB Analyses

Recent Filing History

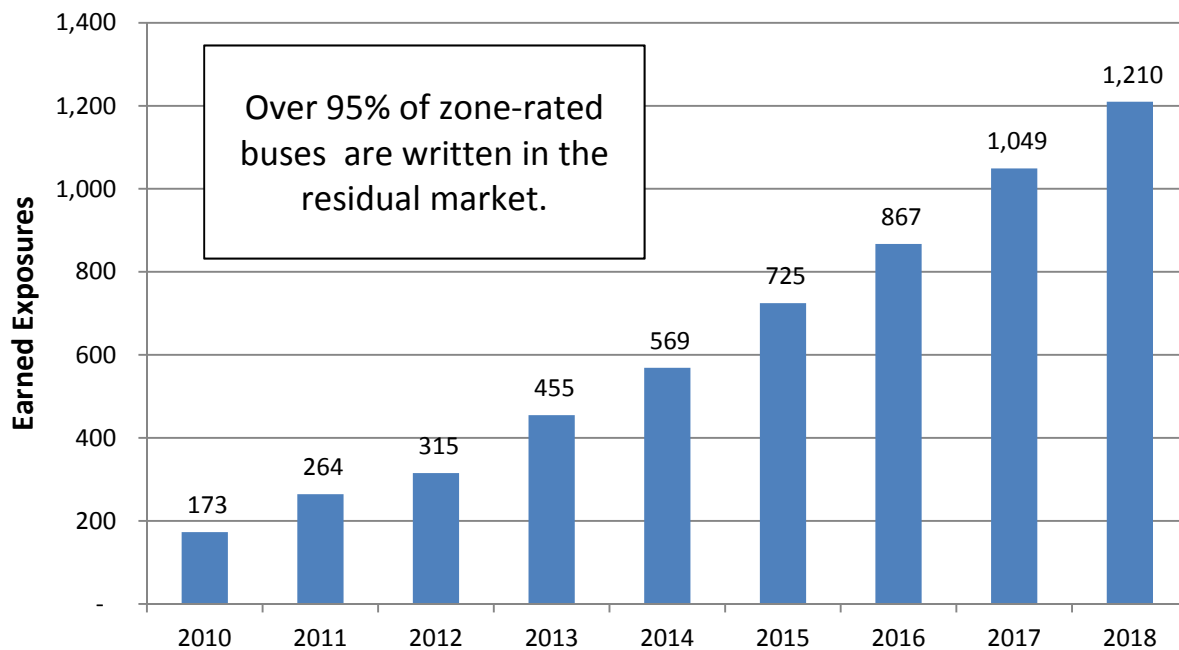
Effective Date	Rate Change	Premium	Notes
2/1/2018	+8.6%	\$9.8M	\$3.2M from Zone-Rated
3/1/2019	+8.1% (+11.5% Filed)	\$10.8M (\$15.5M filed)	Large loss load rejected
5/1/2020	+6.3%	\$9.8M	\$6M from Zone-Rated

2020 Filing – Highlights

- Updated BI and PDL ILFs
- Zone base rate indications
- Experience Rating Plan - introduction of on-balance factor

Zone Rated-Vehicles

Residual Market Zone-Rated Buses (Earned Exposures)



Zone Rating: 4 Areas to Be Addressed

- 1) Zone base rates and rate structure
 - *Base Rates*: Historically, CAR revised base rates according to TTT & Bus changes (out of sync with actual zone-rated experience). 2020 filing produced indication based on zone-rated experience; filed for +26.6% to liability base rates (no change to rate structure)
 - *Rating Structure*: Underlying zone relativities embedded in base rates out of date. No physical damage cost increments for vehicle values > \$90K. Rate structure out of date (large grids of physical damage rates rather than base rates with relativities). Company re-programming implications...

- 2) Increased limits factors
 - Zone-rated vehicles use ILFs for non-zone TTTs and Buses.
 - Indications support higher BI ILFs for zone-rated vehicles. (Consistent with other states.) Also supports higher PDL ILFs (for Buses only).
 - Virtually all zone-rated buses are written at \$5M limit.

- 3) Primary rating factors
 - Began to address with increase to Bus factors in 2018 filing. (DOI required reduction offsets to TTT primary *factors*, rather than base rates – will also need to be addressed.)

Zone-Rated Bus Class	2018 Earned Exposures		Zone-Rated Buses Primary Class Factor			
	Residual Market	Voluntary Market	Indicated (AIB/ISO)	Pre-2018 (CAR)	2018 Filed	2020 Filed
Airport	0	3	1.10	1.00	1.10	No Change
Inter-City	100	0	1.85	1.00	1.30	
Charter	947	56	1.85	1.00	1.30	
Sightseeing	88	0	1.65	1.00	1.30	

- 4) Out of state garaging
 - North Carolina residual market provides rates for out-of-state garaged vehicles at 42% higher than in-state.
 - Will require company reporting of out-of-state garaging to implement

Experience Rating Plan

Accident Year	Average Residual Market Liability EMOD
2014	0.902
2015	0.919
2016	0.910
2017	0.930
2018	0.924

Latest (2018) liability off-balance is \$6.7M.

2019 Filing Changes

- Modify liability plan parameters to raise maximum single losses to be comparable with other states' residual markets
- Begin 4-cycle phase-out of Physical Damage experience rating plan

2020 Filing Changes

- Introduce plan adjustments for off-balances (continual annual re-balancing)
- Continue physical damage plan phase-out

Zone Rating Examples

Example 1 Zone Rated Charter Bus (\$5M Limit) Zone 49 (NE) to Zone 26 (NY) Non Fleet															
CAR Rates	CAR Current Rates (NE to NYC)			CAR 2020 Filed Rates				CAR Indicated Rates							
		BI	PDL	Total	BI	PDL	Total	change	BI	PDL	Total	change			
	Base Rate	1,963	889		2,483	1,130				2,483	1,130				
	Primary Factor	1.30	1.30		1.30	1.30				1.85	1.85				
	ILF	3.860	1.792		4.440	1.825				8.950	2.430				
	Total Limits Premium	9,850	2,071	11,921	14,333	2,681	17,014	26.7%	42.7%	41,116	5,080	46,195	80.3%	287.5%	
	AIPSO NY (NYC to NE)			North Carolina (NE to Eastern)			AIPSO CT (NE-NYC)		AIPSO NJ (NYC-NE)		AIPSO RI (NE-NYC)				
Other State Rates		BI	PDL	Total	BI	PDL	Total		Liab	Total	Liab	Total	Liab	Total	
	Base Rate	5,409	1,238		1,834	1,931			3,769		7,671			3,510	
	Primary Factor	1.85	1.85		1.85	1.85			1.85		1.85			1.85	
	ILF	4.50	4.50		11.87	1.49			3.08		3.76			3.04	
	Basic Limits Premium	10,007	2,290	12,297	3,393	3,572	6,965		6,973	6,973	14,191	14,191		6,494	6,494
	Total Limits Premium	45,030	10,306	55,336	40,274	5,323	45,597		21,476	21,476	53,359	53,359		19,740	19,740
	25/50/10			30/60/25 Garaged out of state)			\$75K CSL		\$35K CSL		\$75K CSL				

Example 2 TTT - Extra Heavy Truck (\$1M Limit) \$1M Limit Zone 49 (NE) to Zone 26 (NY) Non Fleet															
CAR Rates	CAR Current Rates			CAR 2020 Filed Rates				CAR Indicated Rates							
		BI	PDL	Total	BI	PDL	Total	change	BI	PDL	Total	change			
	Base Rate	1,963	889		2,483	1,130				2,483	1,130				
	Primary Factor	0.96	0.96		0.96	0.96				0.96	0.96				
	ILF	3.130	2.090		3.600	2.201				5.650	2.200				
	Total Limits Premium	5,898	1,784	7,682	8,582	2,387	10,969	26.7%	42.8%	13,469	2,386	15,855	26.7%	106.4%	
	AIPSO NY (NYC to NE)			North Carolina (NE to Eastern)			AIPSO CT (NE-NYC)		AIPSO NJ (NYC-NE)		AIPSO RI (NE-NYC)				
Other State Rates		BI	PDL	Total	BI	PDL	Total		Liab	Total	Liab	Total	Liab	Total	
	Base Rate	5,409	1,238		1,834	1,931			3,769		8,007			3,510	
	Primary Factor	1.1	1.1		1.1	1.1			1.15		1.45			1.45	
	ILF	2.86	2.86		5.61	1.33			2.05		2.46			2.02	
	Basic Limits Premium	5,950	1,362	7,312	2,017	2,124	4,142		4,334	4,334	11,610	11,610		5,090	5,090
	Total Limits Premium	17,017	3,895	20,911	11,318	2,825	14,143		8,885	8,885	28,561	28,561		10,281	10,281
	25/50/10			30/60/25 Garaged out of state)			\$75K CSL		\$35K CSL		\$75K CSL				

2020 CAR Filing and AIB Analyses (Valuation)

Activity		Impact	Notes
2020 Rate Filing	New ILFs and Zone Base Rates	+\$9.8M	
	Experience Rating	+\$6.7M	Continually bring plan on-balance.
AIB Review: Zone-Rated Buses and TTTs	Base Rates	+\$6M (included in +\$9.8M of 2020 filing above)	Filed in for 2020
	Zone Rated ILFs	+\$29M	Large increases to \$1M and \$5M BI limits (smaller increases to Bus PDL limits).
	Rating Factors	Revenue Neutral	Increase rates for certain bus classes; offset in base rates.
	Out-of-State Rate Differential	Revenue Neutral	Raises rates for vehicles garaged out-of-state; offset in-state rates.
PPT Non-Fleet Imbalance	Estimated contribution to 2018 deficit	-\$14.6M	

COMMERCIAL ULTIMATE POLICY YEAR DEFICIT PROJECTIONS
 BASED ON DATA REPORTED THROUGH QUARTER ENDING SEPTEMBER 2019
 (000's OMITTED)

CAR DOCKET #JACL19.06
 DOCKET #: LR 19.07 JACLE-006#2
 EXHIBIT #: 14 PAGE 6 OF 6
 PAGE: 1 of 2

SUMMARY EXHIBIT

	Policy Year 2017		Policy Year 2018		Policy Year 2019	
	Dollars	% Prem	Dollars	% Prem	Dollars	% Prem
Premium	182,600	100.0%	195,900	100.0%	207,900	100.0%
Losses Incurred and ALAE	163,610	89.6%	192,374	98.2%	203,534	97.9%
Underwriting Expenses	45,705	25.0%	45,841	23.4%	45,530	21.9%
Underwriting Result	(26,715)	-14.6%	(42,315)	-21.6%	(41,164)	-19.8%