

COMMERCIAL LINES NOTICE NO.73

July 13, 2001

CAR Commercial Rate Implementation
Effective Date - October 1, 2001

CAR has reached a stipulated agreement with the Division of Insurance for rates to be used for ceded commercial policies classified from the Public Vehicle Section of CAR's Commercial Automobile Insurance Manual (excluding Taxis) with effective dates of October 1, 2001 and subsequent. **The approval includes a transition to the ISO Public Vehicle Class Plan for the bus classifications and the adoption of the 2001 private passenger territory configuration for all classifications.** The stipulation results in an overall rate change of 2.6% broken down by vehicle type as follows:

Limousines/Car Service	24.2%
School/Church Buses	9.9%
Other Buses	12.8%
Van Pools	18.0%
Subtotal Public Vehicles	7.4%
Grand Total All Classes	2.6%

Enclosed with this Notice is the documentation necessary for the implementation of the October 1, 2001 rate change. It includes a summary of substantive issues, as well as Schedule 107 and Rate pages. Note that since the approved rate change impacts only the public vehicles, only pages affecting these classifications are included. These pages should be inserted into the current manual reflecting rates effective October 1, 2000. Finally, as the adoption of the 2001 territory configuration required modification of one garage territory relativity, pages for this classification are also included.

Please be advised that this Notice is being furnished only to the Commercial Liaison for each Servicing Carrier. Each Servicing Carrier is responsible for making sure that the appropriate individuals are made aware of the information contained within this Notice. Please note that this Notice as well as the Schedule 107 and the Rate Section is available for viewing at CAR's website at www.commauto.com.

Questions concerning the implementation of the 2001 CAR Commercial rate may be addressed to CAR's Actuarial or Underwriting Departments.

Pamela Wallace
Director of Data Quality Services

1. **Commission Schedule**

Commissions to be paid in conjunction with the CAR Commercial Rate are as follows:

Limousine/Car Service	5.24%
All Other Buses and Van Pools	9.58%

For all other vehicle types the commission rate remains at 9.58%, and for taxis the commission rate remains at 5.35%.

2. **CAR Commercial Automobile Insurance Manual Rules**

A. **Rule Revisions**

There are no Rule revisions as a result of this rate change.

B. **Statistical Impacts**

There are no statistical changes as a result of this rate change.

3. **Experience Rating Plan**

The CAR Experience Rating Plan updated to encompass the third and final year of the transition for the development of the taxi expected loss ratio will be distributed under separate cover as soon as it becomes available. Taxi policies eligible for experience rating issued prior to the distribution of the Experience Rating Plan should include endorsement MM 99 23 - Rate Modification.

For all other vehicle types, including buses, limousine, car service and van pools, there are no changes to the Experience Rating Plan effective 10/01/00.

4. **Rate Implementation**

A. **Territory Schedule**

The **2001 territory configuration** is to be used for **all classifications** on policies effective 10/01/01 and subsequent.

B. **Schedule 107 and 10/01/01 Rate Section**

1. **Public Vehicle Types**

a. **Limousine/Car Service**

Schedule 107-4 and the Public Vehicle Rate Section contain all of the information necessary for the calculation of limousine and car service rates.

a. **Limousine/Car Service (cont'd)**

Rates are developed by multiplying the 10/01/00 rates by the factors shown on page 1 of Schedule 107-4. Increased limits factors are not changing and are found in the Bodily Injury Table 3 and Property Damage Table 1 column 5 in the Rate Section of the Manual. U1 and U2 premiums are fixed amounts as shown in Schedule 107-4 with additional limits and premiums for U1 and U2 coverage found in the Rate Section. Finally, Medical Payments Tables are shown in the Rate Section for limousine and car service vehicles on page R-108.

The factor for the calculation of Physical Damage premium is changed to 1.65 for limousine and car service vehicles.

b. Public Buses

A transition to the ISO Public Vehicle Class Plan has been approved for public bus classifications effective 10/01/01 and subsequent. Schedule 107-5 and the Rate Section contain all the information necessary for the calculation of rates for these vehicles. Separate base rates are shown for fleet and non-fleet Church and School Buses, Social Service and Bus NOC, and for Other Buses. Primary and secondary rating factors are found in the classification tables of the rate section.

Increased limits factors are found in the Bodily Injury Table 1 and Property Damage Table 1 column 1 in the Rate Section of the Manual. U1 and U2 premiums are fixed amounts as shown in Schedule 107-5 for public buses. Additional limits and premiums for U1 and U2 are found in the Rate section. Medical Payments premiums are fixed amounts found in the Rate section.

The method for the calculation of physical damage premiums for public buses is described on page R-100 in the Rate section.

c. Van Pools

Schedule 107-6 and the Rate section contain all of the information necessary for the development of Van Pool rates. Base rates for Van Pools are calculated by multiplying the 10/01/00 base rates by the factors shown on pages 1 and 2 of Schedule 107-6.

Increased limits factors are not changing and are found in the Bodily Injury Table 1 and Property Damage Table 1 column 1 in the Rate Section of the Manual. U1 and U2 and Medical Payments premiums are fixed amounts as shown in Schedule 107-6 and in the Rate Section.

d. Van Pools (cont'd)

Physical Damage rates for Van Pools are calculated by multiplying the 10/01/00 physical damage rates by the factors shown on page 4 of Schedule 107-6.

2. Garages – Rates per Plate

With the adoption of the 2001 Territory configuration it has become necessary to slightly modify the territory relativities for the garage rates per plate. It should be noted that the change to relativities only impacts territory 11, with all other factors and components remaining unchanged. Schedule 107-7 and the Garage Rate Section contain all of the information for the calculation of rates on a per plate basis for garage risks. Formulas used for the calculation of liability rates remain unchanged from the 10/01/00 methodology.