

COMMONWEALTH AUTOMOBILE REINSURERS

MASSACHUSETTS

COMMERCIAL

AUTOMOBILE INSURANCE MANUAL

Effective October 1, 2003

**Printed and Distributed by
Commonwealth Automobile Reinsurers
100 Summer Street
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Commercial Automobile Insurance Manual

Section I—General Rules

1. APPLICATION OF THIS MANUAL

- A. This Manual is applicable to those commercial classes of risk which are ceded to the Commonwealth Automobile Reinsurers.
- B. This Manual is divided into separate sections for:
 - I General Rules
 - II Common Coverages and Rating Procedures
 - III Trucks, Tractors and Trailers
 - IV Private Passenger Types
 - V Public Transportation
 - VI Garages, Dealers
 - VII Special Types and Operations
- C. For rates, refer to the Rate Section.
- D. Most statistical codes are on the rate pages or in the specific rules. For statistical codes not shown, refer to the Commercial Statistical Plan.
- E. When a risk is required by law to have or is eligible for a coverage that is not available in the territory of principal garaging, use the registration address to determine the territory for that coverage.

2. EFFECTIVE DATE RULE

The date shown on the bottom of the page is a printing date and is not necessarily the effective date. The effective date will be announced on the Manual Revision Notice accompanying new or revised pages.

3. POLICIES AND COVERAGES

All vehicles registered in Massachusetts are subject to the Compulsory Automobile Insurance Law except those owned by

- 1. the Federal Government or the Commonwealth of Massachusetts or any political subdivision thereof (state, city or town);
- 2. a person, firm or corporation for the operation of which security is required to be furnished the Department of Public Utilities (DPU);
 - a. vehicles owned, leased or rented by a public utility.
 - b. buses, excluding school buses under exclusive contract to a city or town.
- 3. a street railway company under public control.

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3. POLICIES AND COVERAGES (Continued)

Risks subject to the compulsory law may be insured under the Massachusetts Motor Vehicle Policy or the approved Business Auto Policy. The appropriate Massachusetts forms must be used with the Business Auto Policy.

Risks not subject to the compulsory law must be insured under the approved Business Auto Policy. The policy must be endorsed to afford Personal Injury Protection.

Compulsory Coverages

The compulsory coverages that must be afforded to risks subject to the Massachusetts Compulsory Automobile Insurance Law are:

Compulsory Bodily Injury Liability at limits of \$20/40,000.

Personal Injury Protection at \$8,000 each person.

Property Damage Liability at \$5,000 basic limits. Higher limits are available at the option of the insurer.

Protection Against Uninsured Motorists at basic limits of \$20/40,000.

Mandatory Offer

Massachusetts law requires that the Servicing Carrier providing compulsory coverages offer additional coverages consisting of:

Optional Bodily Injury at limits up to \$250,000/500,000. Higher limits are available at the option of the insurer.

Protection Against Uninsured Motorists at limits up to \$250,000/500,000. Higher limits are available at the option of the insurer, but may not exceed the Optional Bodily Injury limits of the policy.

Protection Against Underinsured Motorists at limits up to \$250,000/500,000. Higher limits are available at the option of the insurer, but may not exceed the Optional Bodily Injury limits of the policy.

Medical Payments up to \$5,000. Higher limits are available at the option of the insurer.

Increased Property Damage Liability up to a limit of \$50,000. Higher limits are available at the option of the insurer.

- ◆ Specified Perils or Comprehensive Coverage
- ◆ Collision or Limited Collision Coverages
- ◆ Waiver of Deductible
- ◆ Loss of Use - Rental Reimbursement

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4. STANDARD PROCEDURES

A. Renewals

1. The company may elect to include a renewal application with the renewal policy.
2. The application may be accompanied by a letter indicating that coverage will be continued or renewed only upon receipt of the completed form and payment of premium based on the latest classification information.
3. The letter may indicate that failure to furnish the necessary items may result in cancellation of the policy.
4. The specific reason for cancellation under this rule shall be:
 - a. Failure to furnish renewal rating statement as requested by company; or
 - b. Non-payment of renewal premium.

The cancellation notice must also 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."

B. Transfer of Insurer

1. The agent of record must provide the Servicing Carrier with information required by the Registry of Motor Vehicles for each vehicle insured.

In addition to reporting the necessary information to the Servicing Carrier, the agent shall prepare an RMV-3 form, accompanied by the appropriate fee, for processing by the Registry of Motor Vehicles, if an insured requests a corrected registration certificate.
2. At the same time this transfer information is released to the new carrier, the agent of record must immediately issue to the former agent of record, if known, or if not known to the former carrier, a Notice of Transfer of Insurance Carrier, Bureau Form 2A.

The notice must be signed by the agent of record and certified by affixing the company stamp of the new carrier.

The Automobile Insurers Bureau of Massachusetts will maintain a list of all companies writing motor vehicle liability insurance which shall include the name of the person or unit designated by the company to receive the Notice of Transfer of Insurer and complete company address.

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4. STANDARD PROCEDURES (Continued)

3. Upon receipt of the Notice of Transfer of Insurer, coverage shall be discontinued as of the date shown on the form. No notice of cancellation is required.

EXCEPTION—Except for B-1 on the previous page, section B of this rule is not applicable to those specific instances when an agent transfers a block of business from one carrier to another. In such situations the agent should refer to the former carrier for specific procedures. A Notice of Transfer of Insurer is not required.

C. Cancellation (Other Than Transfer of Insurer)

1. Notice of cancellation must be given in a timely manner as required by Massachusetts law on a form approved by the Commissioner and shall include the specific reason(s) for cancellation.
2. Immediately upon the intended effective date of the cancellation, notice must be sent to the Registry of Motor Vehicles on a standard form prescribed by the Registrar with a copy of the Registry notice sent to the insured with a return envelope addressed to the Registry.
3. In the event that a policy has been terminated by -
 - a. sale or transfer of the motor vehicle, or
 - b. surrender of the registration plates by the owner of the motor vehicle to the Registrya plate return receipt from the Registry of Motor Vehicles must be furnished to the Servicing Carrier.
4. If a policy has been cancelled by a Servicing Carrier, and such policy is later reinstated by the Board of Appeal or by the Superior Court or Municipal Court of the City of Boston, the premium charge for the unexpired term of the policy shall be calculated pro rata on the premium applicable to the policy when originally issued.
5. If a Servicing Carrier determines, at any time during the policy term, that a ceded policy is to be retained on a voluntary basis, such policy is to be cancelled pro rata and rewritten as a voluntary policy using the Servicing Carrier's voluntary filed rate.
6. No policy in effect prior to a rate level revision shall be endorsed or cancelled and rewritten to take advantage of such a revision, or to avoid the application of such a revision.
7. Refer to Rule 9.

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5. POLICY TERM

The Servicing Carrier must issue to an insured an annual motor vehicle policy providing compulsory coverages, or at the option of the insured a policy containing any expiration date as the insured may elect. The Servicing Carrier may offer such policies for a period of more than one year but not more than two years or may issue an extension of any existing policy.

6. ROUNDING RULE

- A. Round rates, factors and multipliers after the final calculation to three decimal places. Five-tenths or more of a mill shall be considered one mill; e.g., .1245 = .125.
- B. Round the premium for each peril, coverage and exposure for which a separate premium is calculated, to the nearest whole dollar. Round a premium involving \$.50 or over to the next higher whole dollar; e.g., \$100.50 = \$101.00 but \$100.49 = \$100.00.

Note: Charge a premium of at least \$1 for each instance where a separate premium is calculated.

7. PREMIUM COMPUTATION

- A. One year policies. Compute the premium at the rates in effect at policy inception.
- B. Policies issued for more than one year. Compute the premium at the rates in effect on each anniversary date of the policy's inception for each annual period.
- C. Irregular term policies
 - 1. Less than one year—multiply the pro rata factor by the annual premium.
 - 2. More than one year—charge the full annual premium in effect at inception plus the pro rata portion for the policy period in excess of the annual period.
- D. Extensions. Charge the pro rata of the annual premium in effect at the time of the extension.

8. PREMIUM CHANGES

- A. Pro rate all changes requiring adjustment of the policy premium.
- B. In computing additional premium, charge the amount applicable on the effective date of the change.
- C. Compute return premium at the rates used to calculate the policy premium.

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8. PREMIUM CHANGES (Continued)

- D. Waive additional or return premium of \$5.00 or less. Grant any return premium due if requested by the insured. This waiver applies to any cash exchange due on an endorsement effective date.

9. CANCELLATION

- A. All cancelled policies or other evidence of cancellation shall be sent to the Servicing Carrier.
- B. The return premium shall be computed pro rata and rounded to the next higher whole dollar if:
 - 1. The policy is cancelled at the request of the company.
 - 2. The policy is cancelled, at the request of the insured, within thirty days of its effective date or within thirty days of the insured's receipt of the policy, whichever is later.
 - 3. The insured automobile is stolen or is a constructive total loss, and the insured requests cancellation within 30 days following the date the automobile is stolen or becomes a constructive total loss.
- C. The return premium shall be computed on a pro rata basis if at any time during the policy term the insured requests such cancellation in order to obtain coverage in the voluntary market.
- D. The return premium shall be computed on a short rate basis if, at the request of the insured, the policy is cancelled thirty-one or more days after its effective date or thirty-one or more days after receipt of the policy, whichever is later and the provisions of B and C are not applicable.
- E. Refer to rate pages for appropriate Pro Rata and Short Rate Tables.

10. FACTORS OR MULTIPLIERS

Whenever applicable, factors or multipliers are to be applied consecutively and not added together except where rules in this Manual specifically call for factors to be added to or subtracted from other factors.

11. REFERRAL TO SERVICING CARRIERS

Refer to the Servicing Carrier's Commercial Automobile Manual for rating or classifying any risk or exposure for which there is no manual rate or applicable classification contained in this Manual.

RULES 12 THROUGH 19 RESERVED FOR FUTURE USE.

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20. HOW TO CLASSIFY AUTOMOBILES

- A. If an automobile has more than one use, use the highest rated classification, unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- B. Classify and rate automobiles of the private passenger type according to the Private Passenger Types Section.
- C. Classify and rate automobiles of the truck type that transport property or are used in business according to the Trucks, Tractors and Trailers Section.
- D. Classify and rate buses, taxicabs and other automobiles that are used in the business of transporting people according to the Public Transportation Section.
- E. Classify and rate new and used automobile dealers, according to the Garage Section.
- F. Classify and rate automobiles that do not fit into these categories according to the Special Types and Operations Section.
- G. Upon request, the applicant shall be required to substantiate with permanent records (such as log books, revenue books, etc.) that the vehicle is being used as set forth in the application or renewal questionnaire.

21. RESIDENCE AND LOCATION

The proper rate schedules and rules are those effective in the city or town where the automobile is principally garaged. Motor vehicles used by salesmen or solicitors, or those with similar duties, requiring the operation of the motor vehicle in more than one rating territory in Massachusetts, shall be assigned to the territory determined by the place of principal garaging, or, if there is no specific city or town of principal garaging, then, by the residential address of the operator or, if the residential address of the operator cannot be determined then, by the Massachusetts business address of the operator. No adjustment of the premium shall be made by reason of a change in the place of principal garaging during the policy period unless such change is permanent.

Massachusetts registration is required of non-residents in accordance with reciprocal agreements with the various states as determined by the Registrar of Motor Vehicles.

Any motor vehicle owned by a NON-RESIDENT of Massachusetts for which Massachusetts registration is required, regularly garaged INSIDE the Commonwealth, shall be charged the rate for the territory in which the motor vehicle is principally garaged by such NON-RESIDENT during the period of Massachusetts registration.

22. OUT-OF-STATE GARAGING

Any motor vehicle owned or leased by a Massachusetts headquartered risk and garaged outside of Massachusetts shall be written at liability limits at least equal to the financial responsibility requirements of the state of garaging using the premiums for the highest rated territory as contained in the Rate Section of this Manual for the classification of the vehicle to be rated.

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Section II—Common Coverages

22. OUT-OF-STATE GARAGING (Continued)

Vehicles rated in accordance with this rule shall be classified and premium town reported in accordance with the applicable classification code and out-of-state town code contained in the Massachusetts Commercial Statistical Plan.

23. DEPOSIT PREMIUM RULE

The Servicing Carrier, its agent or any broker may require deposit premium prior to the issuance of a policy provided the per vehicle deposit does not exceed 30% of the applicable annual premium for the insurance requested. If the applicant has been in default in the payment of any premium during the preceding 12 months the entire policy premium charges are payable in advance.

24. REGISTRY CERTIFICATION

- A. The Servicing Carrier shall certify, on behalf of the insured, the registration form required by the Massachusetts Registry of Motor Vehicles for all Massachusetts vehicles subject to the Massachusetts Motor Vehicle Law.
- B. No form of certificate shall be used other than that which is a part of the application for motor vehicle registration.
- C. The certificate must be executed in the name of the Servicing Carrier and signed by an officer, employee or agent authorized by the Servicing Carrier on an approved form filed with the Commissioner of Insurance.
- D. A policy must be issued simultaneously covering all vehicles for which a registration certification has been executed.

25. COMBINATION OF INTEREST

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

26. DRIVE OTHER CAR COVERAGE (CODE 90200)

- A. Drive Other Car Coverage is provided for no additional charge in the following cases:
 - 1. An individual named insured who owns a private passenger motor vehicle. Refer to the Individual As Named Insured Rule in this section.
 - 2. An individual named insured written under a Garage Liability Policy.

Refer to policies for appropriate coverages.

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26. DRIVE OTHER CAR COVERAGE (CODE 90200) (Continued)

- B. In all other cases, refer to the Rate Section.
- C. In all cases, Drive Other Car Coverage includes coverage for the spouse for no additional charge.

27. NON-OWNERSHIP LIABILITY

- A. Coverage for non-ownership liability for garage risks and auto service operations is included in the basic premium charges. The following rules apply to other than these risks.
- B. If more than 50% of the insured's employees regularly operate their automobiles in the insured's business, refer to Servicing Carrier for rating. Otherwise, refer to the Rate Section.
- C. To extend Non-Ownership Liability Coverage to cover the individual liability of employees while using their automobiles in the employer's business, refer to the Rate Section.
- D. Social Service Agency Risks
To extend Non-Ownership Coverage to cover the individual liability of agency employees or to extend coverage to cover the blanket individual liability of volunteers who use their own automobiles in the agency's social service programs, refer to the Rate Section.
- E. Unless there is a substantial change in exposure during the policy period, the advance premium is the earned premium.

28. HIRED AUTOMOBILES

- A. For automobiles hired, loaned, leased or furnished:
 - 1. If the insured is providing the primary insurance covering the auto and the term of the lease is:
 - a. 6 months or more -
 - (1) Rate as though owned by the insured; and
 - (2) if the policy is extended to cover the owner of the auto as an additional insured, multiply the otherwise applicable Bodily Injury Liability and Property Damage Liability rates by 1.04. Use the appropriate endorsement for including the owner or lessor as an additional insured.
 - 2. If the owner of the auto is providing the primary insurance, refer to the Rate Section.

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Section II—Common Coverages

28. HIRED AUTOMOBILES (Continued)

- B. Cost of Hire Basis - Liability Coverages (Class Code 66110, Minimum Premium Class Code 66190)
 - 1. For truckers, refer to the Truckers Rule.
 - 2. For public transportation automobiles, (other than social service agencies), moving van associations and freight forwarding operations, the cost of hire rate is determined by applying a factor of .0033 to the specified car rate for the applicable automobile, determined in accordance with the appropriate manual rule.

29. LIABILITY COVERAGES

All autos subject to the Massachusetts Compulsory Law must be insured for:

- A. Compulsory Bodily Injury Liability
 - 1. The limit is \$20/40,000.
 - 2. Higher limits and broadened coverage are available under Optional Bodily Injury Liability.
- B. Property Damage Liability
The mandatory limit is \$5,000. Higher limits are available.

30. MEDICAL PAYMENTS

- A. The premiums for trucks, tractors, trailers, public automobiles and private passenger types are on the rate pages.
- B. For zone rated risks, refer to Zone Rating Tables.
- C. For all other classes, refer to the section rules.

31. NO-FAULT COVERAGES—PERSONAL INJURY PROTECTION

All autos subject to the Massachusetts Compulsory Law must be insured for Personal Injury Protection. The limit is \$8,000 per person.

A policy which insures autos registered in the state of Massachusetts not subject to the compulsory law must be endorsed to afford Personal Injury Protection.

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

- A. If the approved Business Auto Policy is used to insure a partnership, the policy must be endorsed to exclude coverage for an individual partner's liability. Coverage may be provided to a partnership for the use of an automobile a partner owns and which is used in the business of the partnership.

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

- B. 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.
- C. 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.

33. RENTAL REIMBURSEMENT (COVERAGE CODE 083)

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

34. INDIVIDUAL AS THE NAMED INSURED

Endorse a Business Auto Policy 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.
 - 2. A pick-up, panel truck or van that is not customarily used in the business of the insured other than for farming or ranching.
- B. Drive Other Car Coverage is provided at no additional charge if the policy covers an automobile dealer garage risk.

35. UNINSURED MOTORIST INSURANCE

All autos subject to the Massachusetts Compulsory Law must be insured for protection against uninsured motorists.

Basic limits are \$20,000 per person and \$40,000 per accident. Increased limits are available. This coverage is excess over Personal Injury Protection benefits. The coverage limits may not exceed the Bodily Injury Liability limits of the policy.

The premium shall not be subject to modification under the provisions of any rating plan or subject to the rating procedures of any other manual rule.

No charge shall be made for service or utility trailers.

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36. UNDERINSURED MOTORIST INSURANCE

Basic limits are \$20,000 per person and \$40,000 per accident. Increased limits are available. The coverage limits may not exceed the Bodily Injury Liability limits of the policy.

The premium shall not be subject to modification under the provisions of any rating plan or subject to the rating procedures of any other manual rule.

No charge shall be made for service or utility trailers.

37. DEDUCTIBLE INSURANCE—PROPERTY DAMAGE LIABILITY

If the Property Damage Liability is written on a deductible basis, the deductible applies to owned and non-owned coverages. The deductible amount applies to the loss portion of the claim and not to the expenses incurred by the company.

The appropriate endorsement must be issued with the policy.

For premium computation, refer to the Rate Section.

38. FINANCIAL RESPONSIBILITY LAWS—CERTIFICATION

A. If the named insured or any person covered by the policy is required to certify that the policy complies with a financial responsibility law, make a surcharge for each filing required.

B. Surcharge Determination

1. To compute the additional premium, determine the premiums to be surcharged for Bodily Injury Liability, Property Damage Liability and any No-Fault Coverage as follows:
 - a. Garage Risks—multiply the premiums for private passenger types by 2.00 for the highest rated territory in which the named insured does business.
 - b. All Others—determine the premium for the highest rated automobile owned by the insured.
2. Multiply these premiums by the following surcharge factors and add this amount to the policy premium.
 - a. .50 for the first three years following a conviction for driving while intoxicated, hit and run, or homicide for assault with an automobile.
 - b. .25 for the first three years following a conviction for speeding or reckless driving that causes injury to a person or damage to property.
 - c. .05 for after the third year following a conviction described above.
 - d. .05 for any other reason.

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Section II—Common Coverages

39. EMPLOYERS SUBJECT TO MASSACHUSETTS WORKER’S COMPENSATION ACT

A motor vehicle owned by an employer subject to the Massachusetts Worker’s Compensation Law not used at any time to transport persons other than employees of the named insured shall be eligible for a 25% reduction in the Personal Injury Protection premium otherwise applicable. The policy covering a vehicle to which this reduction applies must be accompanied by the endorsement titled Restriction of Personal Injury Protection for Employers Subject to the Massachusetts Worker’s Compensation Act.

40. INCREASED LIABILITY LIMITS

- A. The premiums on the rate pages are for basic limits of \$20/40 Bodily Injury and \$5,000 Property Damage.
- B. Most limits are displayed on the rate pages. For limits not shown refer to the Increased Limits Tables. Bodily Injury increased limits are developed as follows:

1. **MASSACHUSETTS AUTOMOBILE POLICY**

$$\text{Coverage B} = (A1 + B (\$20/40)) \times \text{Increased Limits Factor} - A1$$

Example:

Limit to be determined \$25/50 - PPT-Fleet , Terr. 1

Assume:

- Coverage A-1 = \$275
- Coverage B (\$20/40) = \$97
- Increased Limits Factor (\$25/50) = 1.11

$$\text{Coverage B } (\$25/50) = ((\$275 + \$97) \times 1.11) - \$275 = \$138$$

2. **BUSINESS AUTO and TRUCKERS POLICIES (Subject to the Compulsory Law)**

Optional		Compulsory		Basic Optional		Increased		Compulsory
Bodily Injury	=	Bodily Injury	+	Bodily Injury	x	Limits	-	Bodily Injury
Premium		Premium		Premium		Factor		Premium

41. COMBINED SINGLE LIMIT LIABILITY COVERAGE

Automobile Liability Insurance Other Than Statutory

- A. Coverage may be written on the basis of a single limit of liability per accident or per occurrence for automobile Bodily Injury Liability and Property Damage Liability combined.
- B. The factor for a single limit per accident or per occurrence shall be calculated as follows:
 - 1. Using normal rating procedures, determine the Bodily Injury and Property Damage rate, at separate limits per person, per accident or per occurrence for bodily injury and per accident or per occurrence for property damage equal to the desired single limit.

41. COMBINED SINGLE LIMIT LIABILITY COVERAGE (Continued)

- 2. Determine the discount from the "Single Limit Discount Table"

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SINGLE LIMIT DISCOUNT TABLE	
Single Limit*	Discount
\$ 40,000	10.4%
\$ 50,000	10%
\$ 100,000 or over	9%

**Discounts for limits not shown shall be determined by straight line interpolation rounded to one decimal place.*

3. Apply the discount to the (total limits) B.I. or P.D. premium whichever is lower, and subtract the product from the total limits policy premium.
4. All premium adjustments made during a policy period because of additions and deletions of exposure shall be calculated by applying the discount to the Bodily Injury or Property Damage rate, whichever was lower at inception of policy.

EXAMPLE

SINGLE LIMIT \$100,000					
Coverage	Basic Limits Premium	Factors for Separate Limits	Total Limits Premium for Separate Limits	Application of Discount	Single Limit Premium
B.I.	\$ 372	1.69	\$ 354		\$ 354
P.D.	165	1.160	191	x .91	<u>174</u>
					\$ 528

*PPT-Fleet - Cov. A-1, \$275 and Cov. B Basic, \$97 = \$372
Terr. 1 Cov. PDL Basic, \$165*

42. PHYSICAL DAMAGE COVERAGE RATING PROCEDURES

Physical damage coverages are on an actual cash value, stated amount or agreed value basis.

- A. Massachusetts law sets a standard \$500 deductible which may be reduced to a minimum of \$300, subject to underwriting requirements established by the Servicing Carrier, as permitted by law.
 1. The cost to reduce the deductible from \$500 is subject to primary and secondary rating factors. If a rate is a percentage or factor of another rate, the same percentage or factor shall apply to the cost to reduce the deductible.

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42. PHYSICAL DAMAGE COVERAGE RATING PROCEDURES (Continued)

- B. Waiver of Deductible is available at the option of the insured.
1. Unless otherwise specified, the charge for Waiver of Deductible is not subject to primary or secondary rating factors, percentages or factors.
- C. Actual Cash Value Premiums. Most automobiles rated in this Manual are insured on an actual cash value basis.
1. Actual cash value premiums are based on original cost new and age group of the vehicle.
 2. Original Cost New
 - a. Original cost new is the retail cost, the original purchaser paid for the automobile and its equipment. This includes the value of any trade-in automobile and any federal, state and local sales taxes or any other taxes charged in place of sales taxes.
 - b. If the original cost new is not known, multiply the original cost new of the chassis by 1.33.
 3. Age Group
 - a. Age Group and Code

<u>All automobiles of the:</u>
1 current model year
2 first preceding model year
3 second preceding model year
4 third preceding model year
5 fourth preceding model year
6 fifth preceding model year
7 sixth preceding model year
8 seventh preceding model year
9 All other automobiles.
 - b. The current model year changes October 1, regardless of the actual date the models are introduced.
 - c. For rebuilt or structurally altered automobiles, the age of the chassis determines the age of the automobile.
- D. Stated Amount Rating Procedures
1. The following procedures are applicable for developing stated amount rates for all physical damage coverages:
 - a. Determine the actual cash value premium for age group 1 for the vehicle original cost new and deductible in the appropriate territory.

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42. PHYSICAL DAMAGE COVERAGE RATING PROCEDURES (Continued)

- b. Divide the actual cash value premium by the stated amount divisor and round the determined figure to the nearest cent.

Stated Amount Divisors	
Original Cost New	Divisor
\$ 0 - 4,500	22.5
4,501 - 6,000	52.5
6,001 - 8,000	70.0
8,001 - 10,000	90.0
10,001 - 15,000	125.0
15,001 - 20,000	175.0
20,001 - 25,000	225.0
25,001 - 40,000	325.0
40,001 - 65,000	525.0
65,001 - 90,000	775.0
90,001 and over	1080.0

2. Determination of Premium

- a. Trucks, Tractors and Trailers

Apply the stated amount rate to each \$100 of liability to determine the base premium. This base premium must be modified by the appropriate primary rating factor and, when applicable, by the secondary rating factor.

- b. Van Pools

Apply the stated amount rate to each \$100 of liability to determine the base premium. This base premium must be modified by the applicable van pool rating factor.

- c. Private Passenger Types

Apply the stated amount rate to each \$100 of liability to determine the stated amount premium.

E. Agreed Value Basis

All physical damage coverages may be written on an "agreed value" basis which provides that in determining the actual cash value of a motor vehicle to be insured, no deduction shall be made to reduce the value of the vehicle to less than agreed value in the event of a loss. "Agreed value" means the value of the vehicle as

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42. PHYSICAL DAMAGE COVERAGE RATING PROCEDURES (Continued)

determined by agreement between the insurer and the policyholder. As a condition to this coverage, the insurer shall be permitted to inspect the vehicle at the time of application. The following procedures apply when rating this coverage:

1. An appraisal is to be made to establish the current market value of the vehicle involved. The cost of said appraisal shall be borne by the policyholder.
2. Multiply the stated amount premium obtained by a factor of 110%.

43. ANTI-THEFT DEVICE—VEHICLE RECOVERY SYSTEM

Refer to Anti-Theft Device Standards and Discounts Section of the Private Passenger Automobile Manual.

44. PASSIVE RESTRAINT DISCOUNT

Private passenger type vehicles and commercial vehicles registered with the Registry of Motor Vehicles and which have a gross vehicle weight of 8,000 pounds or under are eligible for a 25% discount applied to Personal Injury Protection, Medical Payments, Uninsured Motorists and Underinsured Motorists Coverages if the vehicle has an occupant safety feature approved by the Commissioner of Insurance.

45. SOUND RECEIVING AND TRANSMITTING EQUIPMENT

- A. This rule does not apply to equipment permanently installed in the opening of the dash or console of the auto normally used by the manufacturer for the installation of a radio.
- B. Use the appropriate endorsement to remove without charge the exclusion relating to sound receiving equipment when the policy insures:
 1. police department autos,
 2. fire department autos,
 3. emergency autos owned by local, state or federal governments or by volunteer fire departments, rescue squads or ambulance corps operations.
- C. In all other cases, coverage for loss of or damage to any device or instrument designed as a citizen's band radio, scanner, two-way mobile radio or telephone - including its accessories, equipment and antenna - is available if the equipment is permanently installed in the owned auto.
- D. The charge for sound receiving and transmitted equipment is \$7.00 per \$100 of valuation.

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Section II—Common Coverages

46. POLLUTION LIABILITY

A. Coverage for bodily injury or property damage arising out of the discharge of pollutants that are being transported or towed by, loaded onto or unloaded from or, with the exception of certain fuels, stored, disposed of, treated or processed in or upon a covered auto is excluded under the Simplified Automobile Program's Business Auto, Truckers and Garage Policies. Massachusetts Mandatory Endorsement MM 99 11 07 94 modifies this exclusion by applying the exclusion to damages payable for bodily injury or property damage that exceed limits of \$35,000/\$80,000 for Bodily Injury and \$5,000 for Property Damage.

B. Pollution Liability—Broadened Coverage for Covered Autos

Business Auto, Truckers and Garage policies shall be endorsed at the option of the insured to delete that part of the pollution exclusion relating to the discharge of pollutants which are being transported or towed by, handled for movement into, onto, or from, the covered auto, or otherwise in the course of transit by or on behalf of the insured. This extension of coverage does not apply to liability assumed under any contract or agreement. Attach endorsement CA 99 55 07 94 for Business Auto and Truckers policies, and MM 25 96 02 96 for Garage policies.

C. Classes of Pollutants

Pollutants that are contained in any property that is being transported or towed by, or handled for movement into, onto, or from, covered autos are classed as follows:

1. Property (Non-Hazardous)
2. Hazardous substances as defined in 49 CFR 171.8 transported in cargo tanks, portable tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons; or in bulk Class A or B explosives, poison gas (Poison A), liquefied compressed gas or compressed gas; or highway route controlled radioactive materials as defined in 49 CFR 173.455.
3. Oil listed in 49 CFR 172.101; hazardous waste, hazardous materials and hazardous substances defined in 49 CFR 171.8 and listed in 49 CFR 172.101, but not mentioned in 2. above or 4. below.
4. Any quantity of Class A or B explosives; any quantity of poison gas (Poison A); or highway route controlled quantity radioactive materials as defined in 49 CFR 173.455.

D. Premium Development

1. Business Auto or Truckers Policies

(a) Owned Autos

- (1) Charge an additional 4% of the otherwise applicable Bodily Injury and Property Damage premium for each covered auto transporting any substance described in C.1.

Commercial Automobile Insurance Manual

Section II—Common Coverages

46. POLLUTION LIABILITY (Continued)

- (2) Charge an additional 9% of the otherwise applicable Bodily Injury and Property Damage premium for each covered auto transporting any substance described in C.3.
- (3) Charge an additional 24% of the otherwise applicable Bodily Injury and Property Damage premium for each covered auto transporting any substance described in C.2 or C.4.
- (4) Where more than one class of pollutants is transported by a covered auto, apply the charge which develops the highest premium.

(b) Hired Autos

Charge an additional percentage of the otherwise applicable Bodily Injury and Property Damage premium for Hired Auto Coverage. Such percentage is the highest one determined in accordance with (a) above for any covered auto. Where hired autos will transport more than one class of pollutants, apply the charge which develops the highest premium.

2. Garage Policies

(a) Dealers

Charge an additional 4% of the otherwise applicable Bodily Injury and Property Damage premium.

(b) Non-Dealers

- (1) For owned autos, charge an additional premium determined in accordance in 1.(a) above.
- (2) For other than owned autos, charge an additional 4% of the otherwise applicable Bodily Injury and Property Damage premium.

RULES 47-50 RESERVED FOR FUTURE USE.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

51. ELIGIBILITY

This section applies to all trucks, including pick-up, panel and van types, truck-tractors, trailers and semitrailers except for the following:

- A. Automobiles used for public transportation. Refer to the Public Transportation Section.
- B. Automobiles leased or rented to others by leasing or rental concerns. Refer to the Leasing or Rental Concerns Rule in the Special Types Section.
- C. A pick-up or van type automobile that is owned or leased under a contract for at least twelve months by one or more individuals, excluding partnerships and corporations, having a gross vehicle weight of 10,000 lbs. 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. Refer to the Private Passenger Automobile Insurance Manual.
- D. Self-propelled vehicles with the following types of permanently attached equipment. Refer to the Special or Mobile Equipment Rule.
 - 1. Equipment designed primarily for:
 - a. Snow removal;
 - b. Road maintenance, but not construction or road resurfacing;
 - c. Street cleaning;
 - 2. Cherry pickers and similar devices mounted on an auto or truck chassis and used to raise or lower workers;
 - 3. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

52. PREMIUM DEVELOPMENT^{3/4} OTHER THAN ZONE RATED AUTOMOBILES

- A. This rule applies to:
 - 1. All light trucks and trailers used with light trucks.
 - 2. All other trucks, tractors and trailers which regularly operate within a 200 mile radius from the street address of principal garaging. For these automobiles regularly operating beyond a 200 mile radius, refer to the Premium Development - Zone Rated Automobiles Rule.
- B. Determine the classification rating factor and class codes as follows:
 - 1. Determine whether the risk is classified as fleet or non-fleet according to the Trucks, Tractors and Trailers Classification Rule.
 - 2. Determine the primary rating factor from the Trucks, Tractors and Trailers Classification Rule based on size, class, business use class and radius class.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

52. PREMIUM DEVELOPMENT^{3/4} OTHER THAN ZONE RATED AUTOMOBILES (Continued)

3. Determine the secondary rating factor, if any, from the Classification Table in the Rate Section based on the special industry classifications.
4. Determine the combined rating factor by adding or subtracting the secondary rating factor to or from the primary rating factor.
5. For trailers used with light trucks which regularly operate beyond a 200 mile radius, use the rating factor for the intermediate rating class.

C. Premium Computation

1. Determine the rating territory from the Territory Definitions based on the street address of principal garaging.
2. Liability and No-Fault Coverages
 - a. Determine the base rate premiums from the Rate Section.
 - b. Multiply the base premium by the combined rating factor.
3. Physical Damage Coverages
 - a. Determine the age group.
 - b. Determine the original cost new.
 - c. Determine the base rate physical damage premium from the Rate Section.
 - d. Multiply the base premium by the combined rating factor.
 1. Additional charges to reduce the deductible from \$500 are subject to primary and secondary rating factors.
 2. Waiver of Deductible charges are not subject to primary or secondary rating factors.
 - e. For Limited Collision apply the percentage shown on the rate page to the Collision premium determined in (d) above.
 1. Additional charges to reduce the deductible from \$500 are determined by applying the percentage shown on the rate page to the premium determined in (e) above.
 2. The charge to reduce the deductible to \$0 is a flat amount shown on the rate pages and is not subject to primary or secondary rating factors.
 - f. For trailers, size class does not apply.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

52. PREMIUM DEVELOPMENT^{3/4} OTHER THAN ZONE RATED AUTOMOBILES (Continued)

4. Medical Payments
 - a. Primary and secondary rating factors do not apply.
 - b. Determine the premiums from the liability base premium page in the Rate Section.
5. Uninsured or Underinsured Motorists Insurance
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to Rate Section for rates.

53. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS

Classify trucks, tractors and trailers for liability and physical damage coverages as follows:

A. Fleet and Non-Fleet Classifications

1. Classify as fleet the automobiles of any risk that has five or more self-propelled automobiles of any type that are under one ownership. Do not include automobiles owned by allied or subsidiary interests unless the insured holds a majority financial interest.
2. Do not include mobile equipment insured on a General Liability Policy in determining if the risk is a fleet.
3. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
4. Classify the automobiles of any other risk as non-fleet.
5. 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 short rate and rewritten in accordance with the Premium Changes Rule.

B. Primary Classifications

1. Gross Vehicle Weight (GVW) and Gross Combination Weight (GCW) mean:
 - a. GVW - the maximum loaded weight for which a single automobile is designed, as specified by the manufacturer.
 - b. GCW - the maximum loaded weight for a combination truck-tractor and semitrailer or trailer for which the truck-tractor is designed; as specified by the manufacturer.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

53. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS (Continued)

2. Size Class

- a. Light Trucks - trucks that have a gross vehicle weight (GVW) of 10,000 pounds or less.
- b. Medium Trucks -
 - (1) trucks that have a gross vehicle weight (GVW) of 10,001-20,000 pounds.
 - (2) include crawler-type trucks in this class.
- c. Heavy Trucks - trucks that have a gross vehicle weight (GVW) of 20,001-45,000 pounds.
- d. Extra-Heavy Trucks - trucks that have a gross vehicle weight (GVW) over 45,000 pounds.
- e. Truck-Tractors - a truck-tractor is a motorized 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.
- f. Semitrailers - a semitrailer is a trailer equipped with fifth wheel coupling device for use with a truck-tractor, with load capacity over 2,000 pounds. This includes bogies used to convert containers into semitrailers.
- g. Trailers - any trailer with load capacity over 2,000 pounds, other than a semitrailer.
- h. Service or Utility Trailer - any trailer or 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 highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.

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

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

53. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS (Continued)

- 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 principal garaging.
- a. Local - up to 50 miles—the automobile is not regularly 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 regularly 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 regularly beyond a 200 mile radius from the street address where such automobile is principally garaged. Apply zone rates for other than light trucks.
- C. Secondary Classification - Rating Factors and Statistical Codes. Refer to Rate Section.
- D. Special Provisions for Certain Risks
1. Truckers. If the business of the insured involves transporting materials or commodities for another, Rule 54 - 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.
 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.
 4. Transporters of Explosives. A policy that covers an automobile used for transporting explosives must exclude coverage for the explosion hazard.
 5. Rolling Stores. A policy that covers automobiles including canteens, display rooms and vehicles used for selling products must exclude product liability.
 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 Bodily Injury and \$5 for Property Damage Liability at basic limits. The policy must exclude product liability.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

53. TRUCKS, TRACTORS AND TRAILERS CLASSIFICATIONS (Continued)

- 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.
- 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 "Automobiles Used for Dumping Operations" Collision rates on the rate sheets.
 - b. Use those rates regardless of the secondary classification used. The normal rating classification applies to hopper-type transporters of dry commodities, which unload through the bottom by gravity.
- 8. Operations coverage may not be afforded under the auto policy for special or mobile equipment. Refer to Special or Mobile Equipment Rule.

54. TRUCKERS

A. Eligibility

- 1. A trucker is a person, firm or corporation in the business of transporting goods, material or commodities for another.
- 2. Such a risk is still in the truckers classifications even if it calls itself or advertises as a contractor, building contractor, building material dealer, sand and gravel hauler, or some other similar name.
- 3. Automobiles used in moving operations are also truckers even though they are not subject to the truckers secondary rating factors.

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

1. Specified Car Basis

Truckers may be written on a specified car basis according to the Trucks, Tractors and Trailers Classification Rule.

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

Truckers may be written on the cost of hire basis to cover their liability because of a contract involving the hire of trucks, tractors and trailers.

- a. Determine the total cost of hiring the 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.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

54. TRUCKERS (Continued)

- b. Determine the average specified car rate by:
 - (1) Computing the premium for all automobiles owned and leased by the insured that are used in trucking operations.
 - (2) Dividing this by the number of trucks and truck-tractors owned and leased by the insured.
 - c. The cost of hire rate is determined by multiplying the average specified car rate by .0033.
 - d. 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.
 - e. Unless there is a substantial change in exposure during the policy period, the advance premium computed at the beginning of the policy term is the earned premium.
 - f. Compute the earned premium at the rates in force at the inception of the policy, in the same manner as the advance premium.
 - g. 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 Bodily Injury, at basic limits, and \$4 Property Damage basic limit. Otherwise the minimum premium shall be the average applicable specified car rate.
3. For gross receipts rating the following procedures apply:
- a. Eligibility
 - (1) Local truckers may be written on the gross receipts rating basis if:
 - a. the risk has been in business for at least 15 months immediately preceding the effective date of the policy, and
 - b. the risk is comprised of 10 or more trucks, tractors or trailers used for local trucking.
 - (2) Intermediate or long distance truckers or combined local, intermediate and long distance truckers may be written on the gross receipts rating basis if:
 - a. the risk has been in business for at least 15 months immediately preceding the effective date of the policy, and
 - b. the risk is comprised of 5 or more trucks or tractors used for intermediate or long distance trucking or 10 or more trucks, tractors or trailers.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

54. TRUCKERS (Continued)

- (3) A risk which principally operates trip-leased equipment must be submitted to the Servicing Carrier for rating.
- (4) A risk which otherwise qualifies but which has been in business less than 15 months may be submitted to the Servicing Carrier to determine its eligibility.
- b. The policy must cover the insured for all the owned and non-owned trucks, tractors and trailers used in the insured's trucking operations. The policy may also cover either private passenger automobiles or employers non-ownership liability or both.
- c. Definition
 - (1) Gross receipts means the total amount earned by the insured for shipping or transporting property. It includes:
 - a. the total amount received from the rental of equipment, with or without drivers, to any person or organization not engaged in the business of transporting property for hire by automobile, and
 - b. 15% of the total amount received from the rental of equipment, with or without drivers, to any person or organization engaged in the business of transporting property for hire by automobile.
 - (2) Gross receipts do not include:
 - a. Amounts paid to air, sea or land carriers operating under their own permits.
 - b. Taxes collected as a separate item and paid directly to the government.
 - c. C.O.D. collections for cost of merchandise including collection fees.
 - d. Warehouse storage charges.
 - e. Advertising revenue.
 - (3) These definitions apply whether shipment originates with the insured or some other carrier.
- d. Rate and Premium Development

The use of this rating procedure should result in the development of a premium charge which does not deviate from a specified car premium determination.

- (1) The headquarters location of the risk shall govern the rating of all operations regardless of location.

Headquarters means the address given to the Interstate Commerce Commission or any state administrative authority as the principal business address of the risk.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

54. TRUCKERS (Continued)

- (2) Using the rating rules that apply in the headquarters territory, develop the estimated premium by averaging the specified car premium for the equipment owned and term-leased 12 months prior to the effective date of the policy and the corresponding premium 3 months prior to the effective date of the policy. Include the total premium for private passenger automobiles or employers Non-Ownership Liability coverage, or both, if the policy provides such coverage.
- (3) Divide the estimated premium by the gross receipts developed during the 12 month period ending 3 months prior to the effective date of the policy.
- (4) Convert this amount into a rate per \$100 of gross receipts.
- (5) Compute the advance premium by multiplying the rate per \$100 of gross receipts by the estimated total gross receipts for the policy period for all revenue producing automobiles including those trip-leased.
- (6) Compute the earned premium by multiplying the rate per \$100 of gross receipts by the audited total gross receipts, whether or not collected, developed during the policy period.
- (7) The minimum premium is .20 of the estimated annual premium, but not less than the average specified car premium multiplied by 3. Express the minimum premium in the policy as a fixed dollar amount. The annual minimum premium is not subject to adjustment upon expiration of the policy.
- (8) Compute the premium for the trucks, tractors and trailers that are rented to any person or organization engaged in the business of transporting property for hire under long term contracts at .15 of the rates that otherwise apply during the period of rental provided the automobiles are identified and so designated.

e. Medical Payments

If the policy provides Medical Payments, compute the premium by multiplying the \$25,000 limit liability premium and minimum premium by the following factors:

\$ 250	\$ 500	\$ 750	\$ 1,000
.044	.052	.057	.061
\$ 2,000	\$ 3,000	\$ 4,000	\$ 5,000
.070	.074	.079	.083

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Section III^{3/4} Trucks, Tractors and Trailers

54. TRUCKERS (Continued)

C. Bobtail Operations (Class Code 74890)

1. 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.
2. Premium Computation
 - a. Liability and Basic No-Fault Coverages
Multiply the truck, tractor and trailer non-fleet base premium by a rating factor of 1.75 per unit or combined unit. No secondary rating factor applies.
 - b. Physical Damage Coverages
Compute the physical damage premiums according to the appropriate classifications applicable to the risk.

D. Trailer Interchange Agreement (Class Code 99320)

1. 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.
2. 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 inasmuch 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 the Trucks, Tractors and Trailers Classification Rule.
 - (2) Determine the daily per trailer base rate according to the radius class, the coverage provided and the selected limit of liability from the Trailer Interchange Agreement Rates Table in the Rate Section.
 - (3) For limits of liability over \$20,000, multiply the additional charge displayed on the Trailer Interchange Agreement Rate Base 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.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

54. TRUCKERS (Continued)

- (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 the Premium Development - Zone Rated Automobiles Rule.
- (5) Multiply this amount by the number of days for which insurance is provided.
- (6) Example of premium calculation for an intermediate radius risk domicied in Boston insuring ten trailers for full Comprehensive Coverage, \$12,000 limit of liability, for 20 days.
 - (a) Daily per trailer base rate - .095
 - (b) Rating factor for Comprehensive from Zone Rating Table - 1.60
 - (c) Rate per day - $(.095 \times 1.60) = \$.152$
 - (d) Total premium - $(\$.152 \times 10 \text{ trailers} \times 20 \text{ days}) = \30
- 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.

55. PREMIUM DEVELOPMENT^{3/4}ZONE RATED AUTOMOBILES

- A. Except for light trucks and trailers used with light trucks, this rule applies to trucks, tractors and trailers regularly operated beyond a 200 mile radius from the street address of principal garaging.
- B. Determine the zone or zone combination and code for each automobile as follows:
 1. 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.
 2. 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.

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

55. **PREMIUM DEVELOPMENT^{3/4}ZONE RATED AUTOMOBILES (Continued)**

3. 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.

Examples:

- a. The automobile is principally garaged in Worcester, Mass. (regional zone 49) and its operations include terminals in Utica, New York (regional zone 48) and Hartford, Connecticut (metropolitan zone 12). The proper zone combination is 49 and 12.
- b. The automobile is principally garaged in Springfield, Mass. (regional zone 49) and its operations include a terminal in Bangor, Maine (regional zone 49). The proper zone is 49.
- c. The automobile is principally garaged in Boston, Mass. (metropolitan zone 03) and has terminals in New York City (metropolitan zone 26) and Utica, New York (regional zone 48). The proper zone combination is 03 and 48.

Refer to the Rate Section for the Zone Definitions and the Zone Rating Tables.

C. Premium Development

Determine the classification rating factor and class code in accordance with the Trucks, Tractors and Trailers Classification Rule.

1. Bodily Injury and Personal Injury Protection

- a. Determine the Bodily Injury (\$20/40) premium for the zone combination from the Zone Rating Table.
- b. Multiply the base premium by the primary rating factor.
- c. To determine the premium for Compulsory Bodily Injury, Personal Injury Protection and Optional Bodily Injury Coverages multiply the Bodily Injury premium determined above by the following percentages:

Compulsory Bodily Injury	86%
Personal Injury Protection	4%
Optional Bodily Injury	10%

2. Property Damage

- a. Determine the Property Damage premium for the zone combination from the Zone Rating Table.
- b. Multiply the premium by the primary rating factor.

Commercial Automobile Insurance Manual

Section III ~~3~~ Trucks, Tractors and Trailers

55. PREMIUM DEVELOPMENT ~~4~~ ZONE RATED AUTOMOBILES (Continued)

3. Physical Damage

- a. Determine the physical damage factors for the zone combination from the Zone Rating Table.
- b. Based on the original cost new and the age group of the automobile, determine the base premium from the Long Distance Physical Damage Base Premium Table.
- c. Multiply the base premium by the physical damage factor.
- d. Multiply this amount by the primary rating factor.

4. Medical Payments

- a. Charge 10% of the \$500 Medical Payments premiums of the zone combination from the Zone Rating Table.
- b. Medical Payments premiums are on Zone Rating Tables.
- c. Primary and secondary rating factors do not apply.

5. Uninsured and Underinsured Motorists Insurance

- a. Primary and secondary rating factors do not apply.

RULES 56-60 RESERVED FOR FUTURE USE.

Commonwealth Automobile Reinsurers

Commercial Automobile Insurance Manual

Section III^{3/4} Trucks, Tractors and Trailers

Commercial Automobile Insurance Manual

Section IV—Private Passenger Types

61. ELIGIBILITY

Class Codes

Fleet - 73980 (companies may also use code 19980)

A private passenger type automobile is a motor vehicle of the private passenger or station wagon type that is owned or hired under a long term contract and is rated as part of a fleet, provided the automobile is not used as a public or livery conveyance for passengers.

62. PREMIUM DEVELOPMENT

A. Determine the rating territory from the Territory Definitions based on the street address of principal garaging.

B. Premiums for private passenger automobiles are shown on the rate pages for:

1. Liability - No-Fault Coverages
2. Physical Damage
3. Medical Payments
4. Uninsured Motorists Insurance
5. Underinsured Motorists Insurance

63. SPECIFIED PERIL PREMIUMS—FIRE, THEFT AND C.A.C.

Actual Cash Value

Fire - charge 10% of the Comprehensive premium
Fire and Theft - charge 70% of the Comprehensive premium
Fire, Theft and C.A.C. - charge 85% of the Comprehensive premium

Stated Amount

Refer to Rule 42

Agreed Value

Refer to Rule 42

64. TOWING AND LABOR COST

Limits of \$25, \$50, or \$100 per disablement are available.
Annual Premium - refer to Rate Section. Applicable regardless of the term of the policy.

RULES 65 - 70 RESERVED FOR FUTURE USE.

Commercial Automobile Insurance Manual

Section V^{3/4} Public Transportation

71. ELIGIBILITY

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

72. PREMIUM DEVELOPMENT^{3/4} OTHER THAN ZONE RATED AUTOMOBILES

A. This rule applies to:

1. All taxis, limousines, school, church and urban buses and van pools.
2. All other public automobiles which regularly operate within a 200 mile radius from the street address of principal garaging. For those automobiles regularly operated beyond a 200 mile radius, refer to the Premium Development - Zone Rated Automobiles Rule.

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

1. Determine whether the risk is classified as fleet or non-fleet according to the Public Automobile Classifications Rule.
2. Determine the primary rating factor from the Public Automobile Classifications Rule based on use class and radius class. For van pools, the rating factor is based on seating capacity.
3. Determine the secondary rating factor, if any, from the Public Automobile Classifications Rule based on the seating capacity.
4. Determine the combined rating factor by adding the secondary rating factor to, or subtracting it from, the primary rating factor.

C. Premium Computation

1. Determine the rating territory from the Territory Definitions based on the highest rated territory where the public automobile is customarily operated.
2. Liability and No-Fault Coverages
 - a. Determine the fleet or non-fleet premiums from the Rate Section.
 - b. Multiply the premium by the combined rating factor.
3. Physical Damage Coverages
 - a. Determine the age group.
 - b. Determine the original cost new.
 - c. Determine the physical damage base premium from the Physical Damage Table in the Rate Section.

Commercial Automobile Insurance Manual

Section V^{3/4} Public Transportation

72. PREMIUM DEVELOPMENT^{3/4} OTHER THAN ZONE RATED AUTOS (Continued)

- d. Multiply the premium by the combined rating factor.
- e. Waiver of Deductible charges are not subject to primary or secondary rating factors.
- 4. Uninsured Motorists, Underinsured Motorists and Medical Payments Coverage
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to the Rate Section for rates.
- 5. Special Provisions
 - a. If a truck, tractor or trailer is rated as a public automobile, refer to company to determine the seating capacity used for rating.
 - b. If a bus is rated at truck, tractor or trailer rates, refer to company to determine the size class used for rating.
 - c. For a unit that combines a motorized automobile with one or more trailers or semitrailers, refer to company to determine the liability premium.

73. PUBLIC AUTO CLASSIFICATIONS

Classify public autos as follows:

- A. If an auto has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- B. Fleet and Non-Fleet Classifications
 - 1. Classify as fleet the autos of any risk that has five or more self-propelled autos of any type that are under one ownership. Do not include autos owned by allied or subsidiary interests unless the insured holds a majority financial interest.
 - 2. Do not include mobile equipment insured on a General Liability Policy in determining if the risk is a fleet.
 - 3. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
 - 4. Classify the autos of any other risk as non-fleet.

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Section V^{3/4} Public Transportation

73. PUBLIC AUTO CLASSIFICATIONS (Continued)

5. Do not change the fleet or non-fleet classification because of mid-term changes in the number of owned autos except at the request of the insured. The policy must be cancelled and rewritten in accordance with the Cancellation Rule.

C. Seating Capacity

1. Use the seating capacity specified by the manufacturer of the auto unless a public authority rules otherwise.
2. Do not include the driver's seat when determining seating capacity.

D. Primary Classifications

1. Radius Class

Determine radius on a straight line from the street address of principal garaging.

- a. Local - up to 50 miles^{3/4} the auto is not regularly operated beyond a radius of 50 miles from the street address where such auto is principally garaged.
- b. Intermediate - 51-200 miles—the auto is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such auto is principally garaged.
- c. Long distance - over 200 miles—the auto is operated regularly beyond a 200 mile radius from the street address where such auto is principally garaged. Apply zone rates for all autos other than taxis, limousines, school, church and urban buses and van pools.

2. Use Class

- a. *Taxicab or Similar Passenger Carrying Service*—a metered or unmetered motor vehicle 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.

Commercial Automobile Insurance Manual

Section V~~3~~⁴ Public Transportation

73. PUBLIC AUTO CLASSIFICATIONS (Continued)

(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 vehicle.

(3) All Other

This classification shall apply in all other cases where (1), or (2) do not apply.

b. *Limousine*~~3~~⁴—an unmarked luxury sedan with a seating capacity of eight or less that is operated for hire which

- (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 auto with a seating capacity of 8 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 twenty-five miles;
- (4) operates on a scheduled business day, and is returned to the vehicle's base of operation for a continuous period of at least four hours in each twenty-four 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.

Commercial Automobile Insurance Manual

Section V^{3/4} Public Transportation

73. PUBLIC AUTO CLASSIFICATIONS (Continued)

- d. *School Bus*—an auto that carries students or other persons to and from school, or in any school activity including games, outings and similar school trips.
 - (1) Separate codes apply to:
 - (a) School buses owned by political subdivisions or school districts.
 - (b) All others including independent contractors, private schools and church owned buses.
 - (2) A policy covering a school bus may be written on an annual term for Collision with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays or holidays or for any other periods of lay-up during the school term.
- e. *Church Bus*^{3/4}—an auto used by a church to transport persons to or from services and other church related activities. This classification does not apply to public autos used primarily for daily school activities.
- f. *Inter-City Bus*—an auto that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.
- g. *Urban Bus*—an auto that picks up, transports and discharges passengers at frequent local stops along a prescribed route. This classification applies only to vehicles operated principally within the limits of a city or town, and communities contiguous to such city or town, and includes scheduled express service between points on that route.
- h. *Airport Bus or Airport Limousine*—an auto for hire that transports passengers between airports and other passenger stations, or motels.
- i. *Charter Bus*—an auto chartered for special trips, touring, picnics, outings, games and similar uses.
- j. *Sightseeing Bus*—an auto accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.
- k. *Transportation of Athletes and Entertainers*—an auto owned by a group, firm or organization that transports its own professional athletes, musicians or other entertainers.
 - (1) If it is used to transport other professional athletes or entertainers, rate as a Charter Bus.
 - (2) An auto owned by a group, firm or organization to transport its own non-professional athletes, musicians or entertainers, rate as Public Auto Not Otherwise Classified.

Commercial Automobile Insurance Manual

Section V^{3/4} Public Transportation

73. PUBLIC AUTO CLASSIFICATIONS (Continued)

- l. *Van Pools*—an auto of the station wagon, van, truck or bus type used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.
 - (1) Employer Furnished Transportation
Transportation is held out by the employer as an inducement to employment, a condition of employment or is incidental to employment.
 - (a) Employer Owned Autos
Autos owned, or leased for one year or more by an employer and used to provide transportation only for employees of the employer.
 - (b) Employee Owned Autos
Autos owned, or leased for one year or more by an individual employee and used to provide transportation only for fellow employees.
 - (2) All Other
Autos which do not meet the eligibility requirements of paragraph (1) above.

- m. *Transportation of Employees - Other Than Van Pools*^{3/4} autos of any type used to transport employees other than in van pools.
 - (1) Autos owned, or leased for one year or more by an employer and used to transport only his own employees.
 - (a) Private Passenger Autos
Charge rates shown in the Rate Section for Private Passenger Types (Class Code 5851).
 - (b) All Other Autos
Rate as a Van Pool - All Other (Class Code 5851).
 - (2) Autos owned, or leased for one year or more by a person or organization who is in the business of transporting employees of one or more employers.
Rate as Public Auto Not Otherwise Classified.

Commercial Automobile Insurance Manual

Section V^{3/4} Public Transportation

73. PUBLIC AUTO CLASSIFICATIONS (Continued)

- n. *Social Service Agency Auto*—an auto 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.
- (1) This classification includes, for example, autos 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 program; and
 - (d) Boy Scout or Girl Scout groups planned activities.
 - (2) The following autos are eligible for this classification:
 - (a) Autos owned, or leased for one year or more, by the social service agency.
 - (b) Autos donated to the social service agency, without a driver.
 - (c) Autos hired under contract by the social service agency.
 - (3) If an auto has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
 - (4) Separate codes and rating factors apply to:
 - (a) Employee-Operated Autos
Autos operated by employees of the social service agency. If a social service auto is also operated by volunteer drivers or other non-agency employees, use the "All Other" classification unless 80% of the use is by agency employees.
 - (b) All Other
Autos which do not meet the requirements of paragraph (a).
 - (5) Excess liability coverage may be provided to cover autos not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the autos. For autos hired, loaned, leased or furnished refer to Rule 28. For all other non-owned autos, refer to Rule 27.

Commercial Automobile Insurance Manual

Section V^{3/4} Public Transportation

73. PUBLIC AUTO CLASSIFICATIONS (Continued)

- o. *Public Autos Not Otherwise Classified*—this classification includes, but is not limited to autos such as country club buses, cemetery buses, real estate development buses, and courtesy buses run by hotels.

3. Refer to the Rate Section for primary rating factors and statistical codes.

E. Secondary Classifications

These classifications do not apply to taxicabs, limousines (except airport limousines), van pools and zone rated autos.

Refer to the Rate Section for secondary factors and codes.

74. PREMIUM DEVELOPMENT^{3/4}ZONE RATED AUTOS

- A. This rule applies to all public autos, other than taxis, limousines, school, church and urban buses or van pools, which regularly operate beyond a 200 mile radius from the street address of principal garaging.
- B. Determine the zone or zone combination and code for each automobile as follows:
 - 1. Use the Long Distance Zone Definitions in the Trucks, Tractors and Trailers Section.
 - 2. 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.
 - 3. In all other situations, the zone combination is the zone of principal garaging and the zone included in the automobile's operations farthest from that point.

Examples:

- a. The automobile is principally garaged in Worcester, Massachusetts (regional zone 49) and operates in Utica, New York (regional zone 48) and Hartford, Connecticut (metropolitan zone 12). The proper zone combination is 49 and 12.
- b. The automobile is principally garaged in Springfield, Massachusetts (regional zone 49) and operates in Bangor, Maine (regional zone 49). The proper zone combination is 49.
- c. The automobile is principally garaged in Boston, Massachusetts (metropolitan zone 03) and operates in New York City (metropolitan zone 26) and Utica, New York (regional zone 48). The proper zone combination is 03 and 48.

Commercial Automobile Insurance Manual

Section V^{3/4} Public Transportation

74. PREMIUM DEVELOPMENT^{3/4} ZONE RATED AUTOS (Continued)

C. Premium Development

1. Determine the classification rating factor and class code as follows:
 - a. Determine whether the automobile is classified as fleet or non-fleet according to the Public Automobile Classifications Rule.
 - b. Determine the primary rating factor from the Public Automobile Classifications Rule in the Rate Section.
 - c. Secondary rating factors do not apply.
2. Bodily Injury and Personal Injury Protection
 - a. Determine the Bodily Injury (\$20/40) premium for the zone combination from the Zone Rating Table in the Trucks, Tractors and Trailers Section.
 - b. Multiply the premium by the primary rating factor.
 - c. To determine the premium for Compulsory Bodily Injury, Personal Injury Protection and Optional Bodily Injury Coverages multiply the Bodily Injury premium determined above by the following percentages:

Compulsory Bodily Injury	86%
Personal Injury Protection	4%
Optional Bodily Injury	10%

3. Property Damage
 - a. Determine the Property Damage premium for the zone combination from the Zone Rating Table in the Trucks, Tractors and Trailers Section.
 - b. Multiply the premium by the primary rating factor.
4. Physical Damage
 - a. Determine the physical damage factors for the zone combination from the Zone Rating Table in the Trucks, Tractors and Trailers Section.
 - b. Based on the original cost new and age group of the automobile, determine the base premiums from the Long Distance Physical Damage Base Premiums Table in the Trucks, Tractors and Trailers Section.
 - c. Multiply the base premiums by the physical damage factors.
 - d. Multiply this amount by the primary rating factor.

Commercial Automobile Insurance Manual

Section V~~3~~4 Public Transportation

74. PREMIUM DEVELOPMENT~~3~~4 ZONE RATED AUTOS (Continued)

5. Medical Payments
 - a. Charge 10% of the \$500 Medical Payments premiums of the zone combination from the Zone Rating Table.
 - b. Medical Payments premiums are on zone rating tables. For limits not shown, refer to company.
 - c. Primary and secondary rating factors do not apply.
6. Uninsured and Underinsured Motorists Insurance
 - a. Primary and secondary rating factors do not apply.

75. GROSS RECEIPTS OR MILEAGE BASIS

A. Eligibility

1. The gross receipts rating basis or the mileage rating basis is not available to the following public automobile classifications:
 - a. School buses owned by political subdivisions or school districts.
 - b. Van pools.
 - c. Transportation of employees - other than van pools.
 - d. Public autos not otherwise classified.
 2. Other public autos may be written on the gross receipts rating basis or the mileage rating basis if:
 - a. the risk has been in business for at least 15 months immediately preceding the effective date of the policy; and
 - b. the risk is comprised of three (3) or more public autos.
 3. A risk which otherwise qualifies but which has been in business less than 15 months may be submitted to the company to determine its eligibility.
- B. The policy must cover the insured for all the owned and non-owned public autos, private passenger autos, and trucks, tractors or trailers used in the insured's public transportation operations. The policy must also cover the insured's employers non-ownership liability.

Commercial Automobile Insurance Manual

Section V^{3/4} Public Transportation

75. GROSS RECEIPTS OR MILEAGE BASIS (Continued)

C. Definitions

1. Gross receipt means the total amount earned by the insured for transporting passengers, mail and merchandise.
2. Gross receipts does not include:
 - a. Amounts paid to air, sea or land carriers operating under their own permits.
 - b. Taxes collected as a separate item and paid directly to the government.
 - c. C.O.D. collections for cost of mail or merchandise including collection fees.
 - d. Advertising revenue.
3. Mileage means the total live and dead mileage of all revenue producing autos during the policy period.

D. Rate and Premium Development

The use of this rating procedure should result in the development of a premium charge which does not deviate from a specified car premium determination.

1. The headquarters location of the risk shall govern the rating of all operations regardless of location. Headquarters means the address given to the Interstate Commerce Commission or any state administrative authority as the principal business address of the risk.
2. Using the rating rules that apply to the headquarters territory, develop the estimated premium by averaging the specified car premium for the autos owned and term-leased which are used in the insured's public transportation operations 12 months prior to the effective date of the policy and the corresponding premium three (3) months prior to the effective date of the policy. Include the total premium for Employers Non-Ownership Liability Coverage.
3. Divide the estimated premium by the gross receipts or mileage developed during the 12 months period ending three (3) months prior to the effective date of the policy.
4. Convert this amount into a rate per \$100 of gross receipts or per mile of operation.
5. Compute the advance premium by multiplying the rate per \$100 of gross receipt or per mileage of operation by the estimated total gross receipts or mileage for the policy period for all revenue producing autos.
6. Compute the earned premium by multiplying the rate per \$100 of gross receipt or per mileage of operation by the audited total gross receipts, whether or not collected or the audited total mileage live and dead developed during the policy period.

Commercial Automobile Insurance Manual

Section V^{3/4} Public Transportation**75. GROSS RECEIPTS OR MILEAGE BASIS (Continued)**

E. Medical Payments

If the policy provides Medical Payments, compute the premium by multiplying the total basic limits Bodily Injury premium by the following factors:

Limits	Factors
\$1,000	.057
2,000	.067
5,000	.085

76. TRANSPORTATION OF MIGRANT FARM WORKERS BY FARM LABOR CONTRACTORS

A. This rule applies only to autos of a farm labor contractor required to be registered in accordance with the Farm Labor Contractor Act.

B. Passenger Hazard Included (Class Code 5926)

Multiply the non-fleet Inter-City Bus Bodily Injury Liability and Property Damage Liability premiums for the highest rated territory in which or through which the automobile will be customarily operated for the transportation of migrant workers by .50.

C. Passenger Hazard Excluded (Class Code 5927)

Coverage for the passenger hazard may be excluded if the farm labor contractor can furnish proof to the Department of Labor that he has other means of protection for migrant workers.

Multiply the non-fleet Inter-City Bus Bodily Injury Liability and Property Damage Liability base premiums by .375.

D. If a vehicle insured under this rule is of a truck type, rate as a vehicle of 21-60 seating capacity in accordance with this rule.

RULES 77-85 RESERVED FOR FUTURE USE.

Commercial Automobile Insurance Manual

★Section VI—Garages

A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW

86. ELIGIBILITY

- A. This subsection applies to any form of business engaged in one or more of the operations classified in paragraph B. of this rule to which a dealer plate has been issued by the Registrar of Motor Vehicles.

These classifications shall be written on the Massachusetts Garage Insurance Policy. Use Policy Form MM 00 95.

B. Classification and Codes

Only one classification and code applies to a risk for both liability and physical damage coverages. If providing only physical damage coverage, use the limited liability coverage code.

		<u>Limited</u>	<u>Unlimited</u>
a.	Franchised private passenger automobile dealer (with or without any other type of franchise)	73010	73020
b.	Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger automobile franchise)	73110	73120
c.	Franchised motorcycle dealer including all two wheeled cycle vehicles (no private passenger or truck franchise)	73210	73220
d.	Franchised residence type mobile home trailer dealers	78200	78210
e.	Franchised commercial trailer dealers	78300	78310
f.	Franchised recreational vehicle dealer (no private passenger, snowmobile or residence type mobile home trailer franchise)	73310	73320
g.	Other franchised self-propelled land motor vehicle dealer, including motor homes and campers	73410	73420
h.	Non-franchised dealer (any risk described above that is not a franchised dealer)	73510	73520
i.	Equipment and implement dealer (no other franchise)	73610	73620

Commercial Automobile Insurance Manual

★Section VI—Garages

A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW (CONT.)

87. LIABILITY COVERAGE

A. Limited Liability Coverage for Customers.

1. This coverage is available for franchised dealers and non-franchised dealers.
2. Except for the Massachusetts compulsory coverages, Limited Liability Coverage is afforded to customers only if there is no other automobile liability insurance or if the limit of other insurance is lower than any financial responsibility requirement.
3. Limited Liability Coverage does not affect the coverage afforded the named insured, employees, directors, or partners.

B. Unlimited Liability Coverage for Customers affords full liability coverage to customers.

Note: The rates shown in the Rate Section are for Unlimited Liability Coverage.

88. PREMIUM DEVELOPMENT

Liability, Personal Injury Protection, Uninsured Motorists, Underinsured Motorists

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

Compute the advance premium at inception and the earned premium as developed by audit, if subject to audit, according to the following procedures:

A. Covered Auto Coverage (Unlimited Liability Coverage for Customers)

1. Apply the rate per plate shown in the Rate Section for each dealer registration plate issued to the named insured by the Registrar of Motor Vehicles. A vehicle that is specifically registered by the named insured must be rated on a specified car basis according to its actual exposure.

Refer to the Rate Section for premium determination of garage trailer plates (Class Code 07090).

Commercial Automobile Insurance Manual

★Section VI—Garages

A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW (CONT.)

88. PREMIUM DEVELOPMENT

If the named insured has more than one place of business, the rate for each plate shall be the rate for the location in connection with which each plate is used. If a plate is used in connection with more than one location, the rate for the highest rated location shall apply.

The premium at which the policy is originally issued shall be based upon the original number of dealer plates issued to the named insured by the Registrar of Motor Vehicles.

Upon application by the named insured for additional plates, the named insured shall pay to the company the additional premium required which shall be computed on a pro rata basis. For plates surrendered to the Registrar of Motor Vehicles during the policy period the earned premium shall be computed on a pro rata basis.

B. Automobile Coverage (Limited Liability Coverage)

1. Limited Liability Coverage may be provided by reducing the premium charged for Optional Bodily Injury Liability coverage and by reducing that portion of the Property Damage Liability premium providing coverage in excess of the basic limit.
2. Refer to the Rate Section for premium determination.

C. Other Than Covered Autos Coverage

The premium for this coverage is based upon the rates as shown in the Rate Section, applied to each \$100 of the named insured's estimated annual payroll.

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

1. Liability
 - a. Multiply the rates per \$100 of payroll shown on the rate pages by the estimated annual payroll.
 - b. The payroll for each employee must be the actual salary subject to a maximum of \$100 per week. All active proprietors or officers must be included at a fixed amount of \$100 per week. Do not include inactive proprietors or officers.

A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW (CONT.)

Commercial Automobile Insurance Manual

★Section VI—Garages

88. PREMIUM DEVELOPMENT (Continued)

2. Minimum Premium

- a. The minimum premium shall be the minimum shown in the Rate Section applied separately to each location.
- b. Charges for other coverages shall apply in addition to the minimum premium.

3. Aggregate Limit

- a. The combined single limit of liability rates displayed in the Rate Section for Other Than Covered Autos reflect an aggregate limit of three times the otherwise applicable per accident liability limit.
- b. For aggregate limits applicable to losses of other than three times the per accident limit, multiply the rates by the appropriate factor shown in the Rate Section.

89. MEDICAL PAYMENTS INSURANCE

Auto Medical Payments Coverage and Garage Locations and Operations Medical Payments Coverage

- A. The percentages shown on the Garage Medical Payments Percentage Table in the Rate Section are applicable to the total Bodily Injury premium for Compulsory Bodily Injury Liability Coverage and Optional Bodily Injury Liability Coverage for covered autos.
- B. Note: If the liability coverage is limited in accordance with the Limited Liability Coverage Rule, the percentages for the limits shown are applicable to the total Bodily Injury premium prior to the application of the discount.
- C. Use Auto Medical Payments Coverage Endorsement MM 99 13 to provide auto medical payments insurance. Use Garage Locations and Operations Medical Payments Coverage Endorsement CA 25 05 to provide garage locations and operations medical payments insurance.

90. ADDITIONAL PROVISIONS

A. Elevators and Escalators

- 1. Liability coverage for elevators and escalators is included, a charge shall be made for legally required inspections made by or for the company.

Commercial Automobile Insurance Manual

★Section VI—Garages

A. RISKS SUBJECT TO THE MASSACHUSETTS COMPULSORY LAW (CONT.)

90. ADDITIONAL PROVISIONS (Continued)

- B. To extend the policy to apply to the liability of a political subdivision in connection with certain permits it may require at the premises of the named insured, use Additional Insured (Municipalities) Endorsement MM 25 98.

Rules 91-94. Reserved for Future Use.

B. GARAGEKEEPERS INSURANCE

95. ELIGIBILITY

Garagekeepers insurance may be issued only to a single garage owner or operator described in this section. Do not group two or more garage owners or operators in a single policy.

96. PREMIUM DEVELOPMENT

- A. Determine the type of coverage to be afforded:
1. Legal Liability
 2. Direct Coverage - primary basis (without regard to legal liability)
 3. Direct Coverage - excess over customer's policy (without regard to legal liability)
- B. Rating basis - maximum limit of liability.
- C. Show each location with its limit of liability.
- D. Charge the premium shown in the premium table displayed in the Rate Section for the total of the limits of liability covered under the policy for all locations.

97. PREMIUM DEVELOPMENT—CUSTOMERS' SOUND RECEIVING EQUIPMENT

A. Application

Comprehensive coverage, excluding theft, and collision coverage for sound receiving equipment in a garage's care, custody or control may be provided. Use Garagekeepers Coverage – Customers' Sound Receiving Equipment Endorsement CA 99 59.

Commercial Automobile Insurance Manual

★Section VI—Garages

B. GARAGEKEEPERS INSURANCE (CONT.)

**97. PREMIUM DEVELOPMENT—CUSTOMERS' SOUND RECEIVING EQUIPMENT
(Continued)**

B. Premium Development

Determine the maximum limit of liability for customers' sound receiving equipment in a garage's care, custody or control at any one time. If more than one location, show the applicable limit for each location.

Use the premium shown in the Garagekeepers' Premium Tables for Other Than Collision and Collision as displayed in the Rate Section for the total of the limits of liability covered under the policy for all locations and apply the following factors:

1. For Comprehensive – excluding theft - .50
2. For Collision - .40

C. GARAGE PHYSICAL DAMAGE COVERAGE

98. DEALERS PHYSICAL DAMAGE COVERAGE

A. This coverage applies to:

1. Autos owned by a dealer or non-dealer and held for sale;
2. Autos owned and used in the named insured's business, including demonstrator autos and service vehicles;
3. Autos on consignment if specifically indicated on the declarations;
4. Autos held by the named insured pending delivery after sale except as to loss for which the interests of the purchaser are covered by insurance.

B. The rates and premiums for this coverage are applicable for all autos in accordance with the following:

1. Franchised Dealers—risks that have a franchise issued by an automobile manufacturer for the sale of new automobiles and are engaged in the sale and services of automobiles, and have been granted a Class 1 license as defined in Section 58, Chapter 140, G.L.

Charge 100% of the applicable manual rate for all coverages.

Commercial Automobile Insurance Manual

★Section VI—Garages

C. GARAGE PHYSICAL DAMAGE COVERAGE (CONT)

98. DEALERS PHYSICAL DAMAGE COVERAGE (Continued)

2. Non-Franchised Dealers—risks that are primarily engaged in the sale of automobiles that are not franchised dealers as described above, and have been granted a Class 2 or Class 3 license as defined in Section 58, Chapter 140, G.L.

Charge 110% of the applicable manual rate for all coverages.

3. Non-Dealer Risks—develop the premium by using the non-reporting basis in paragraph B.2. of this rule and charge 110% of the applicable manual rate for all coverages. Use Endorsement MM 20 27

C. Rating Basis

1. Reporting basis - use a reporting form to report the estimated inventory of a dealer risk.
 - a. Charge the insured, on a monthly or quarterly basis, the premium earned during the preceding month or quarter.
 - b. Retain any deposit premium to be credited against the final payments.
 - c. Determine an estimated annual premium by multiplying the limits of liability shown in the policy by the annual rate.
2. Non-Reporting Basis
 1. The non-reporting basis provides for specified limits at each location subject to a pro rata distribution clause. The total of all such specified limits is the total amount insured under the policy.
 2. The specified limits for any named location may be increased, decreased or cancelled. Locations may be added pro rata.

99. PARTS, MATERIALS OR ACCESSORIES

Parts, materials or accessories kept as merchandise for sale and not attached to automobiles may not be insured under Dealers Physical Damage Coverage.

100. SPECIFIED CAR BASIS

- A. Garage physical damage coverage may be provided on a specified car basis.
- B. Charge the applicable trucks, tractors and trailers rates or private passenger type rates.

Commercial Automobile Insurance Manual

★Section VI—Garages

C. GARAGE PHYSICAL DAMAGE COVERAGE (CONT.)

101. CLASSIFICATIONS

The following classifications apply for Dealers Physical Damage Coverages:

- A. Standard Open Lots are open parking storage lots enclosed on all sides by a metal cyclone or equivalent fence not less than six feet in height; or bounded on one or more sides by the wall or walls of a building, with no unprotected openings, and with the exposed sides of the lot enclosed by a metal cyclone or equivalent fence not less than six feet in height, with openings securely locked when unattended.
- B. Non-Standard Open Lots are all other open lot locations, or unroofed space and buildings not securely enclosed and locked when unattended.
- C. Buildings.

102. PREMIUM DEVELOPMENT

- A. The rates shown in the Rate Section for Dealers Physical Damage Coverages are annual rates per \$100 of value.
- B. The rates shown in the Rate Section for "miscellaneous types" apply to the following if values are reported separately:
Ambulances, Fire Trucks and Apparatus, Funeral Directors, Flower Cars, Hearses, Mobile Home Trailers, and Special or Mobile Equipment.

103. FALSE PRETENSE COVERAGE

This coverage may be written at a rate per \$100 of value. Use the total inventory value including the wholesale floor plan value.

Refer to the Rate Section for the rate. Use False Pretense Coverage Endorsement CA 25 03.

104. DEALERS COLLISION COVERAGE

- A. Specified Car - pro rate for the time at risk, the manual Collision premium for the form of coverage and the type of automobile.
- B. Blanket Collision - if all automobiles are to be insured for Collision, charge the blanket rates shown in the Rate Section.
- C. Dealers Collision Coverage may be written on a named driver basis to insure the dealer while any automobile owned by the dealer is being operated by the named driver or while the named driver is a passenger. This coverage does not apply to dealers drive-away operations. Use Named Driver Collision Coverage Endorsement CA 25 11.

Refer to the Rate Section for premium.

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★Section VI—Garages

C. GARAGE PHYSICAL DAMAGE COVERAGE (CONT.)

104. DEALERS COLLISION COVERAGE (Continued)

D. Blanket Collision may be averaged.

1. Determine the average rate by using the maximum value during the past twelve months or if not available the estimated maximum value to be covered at any time during the coming twelve months.
2. Multiply the values at the specific rates to determine the premium for the various rating splits.
3. Total these premiums and divide by the total values which will result in the average rate.

105. DEALERS DRIVE-AWAY COLLISION COVERAGE

Autos while being driven, towed or carried on any other auto or trailer owned or hired by the insured from the point of purchase or distribution to the point of destination. Use the distance from the point of purchase or distribution to the point of destination to determine the mileage rating basis. This coverage is not available to drive-away contractors.

Individual Coverage

When Collision Coverage is not written on all autos - charge the per car per trip premiums displayed in the Rate Section.

Blanket Coverage

When Collision Coverage is written on all autos and drive-away operation is in excess of 50 miles - charge the premium per car trip displayed in the Rate Section.

106-109 RESERVED FOR FUTURE USE.

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Section VII—Special Types and Operations

110. ELIGIBILITY

This section applies to all automobiles that are not classified and rated in other sections.

111. PREMIUM DEVELOPMENT

- A. Determine the rating territory from the Territory Definitions based on the street address of principal garaging.
- B. Liability, No-Fault and Physical Damage
See specific rating instructions for each classification in this section.
- C. Medical Payments, Uninsured and Underinsured Motorists Insurance
Refer to specific rules in this section. If no premium or procedures are shown, determine premiums as follows:
 - 1. If liability premiums are developed from truck, tractor and trailer premiums, charge truck, tractor and trailer Medical Payments premiums, Uninsured and Underinsured Motorists Insurance premiums.
 - 2. If liability premiums are developed from private passenger type premiums, charge private passenger type Medical Payments, Uninsured and Underinsured Motorists Insurance premiums.

112. AMBULANCE SERVICES

- A. Except for Compulsory Bodily Injury Coverage, the policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations.
- B. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.
- C. Refer to the Rate Section for premium computation.

113. AMPHIBIOUS EQUIPMENT

For automobiles designed to operate on both land and water, rate as land automobiles according to their use.

114. RESERVED FOR FUTURE USE

Commercial Automobile Insurance Manual

Section VII—Special Types and Operations

115. AUTOMOBILE BODY MANUFACTURERS AND INSTALLERS (Class Code 79240)

Operations which involve demonstrating, testing, driving away or delivery of motor vehicles manufactured, assembled, rebuilt or repaired by the insured may be insured at the rate per plate applicable to garage dealers.

All other motor vehicles and trailers, owned by the insured and operated in connection with the business of the automobile factory, shall be written in the regular manner; that is, on the specified car basis in accordance with manual rules and rates.

The policy shall not extend to cover the operation of any branch sales office or garage. Each such branch sales agency or garage must be rated under the rules applying to automobiles garages, dealers and service stations.

116. DRIVER TRAINING PROGRAMS (EDUCATIONAL INSTITUTIONS AND COMMERCIAL DRIVING SCHOOLS) AND AUTOMOBILE REPAIR TRAINING

A. Driver Training Programs - Educational Institutions (Class Code 79260)

1. Eligibility

This section applies to private passenger automobiles used for driver training as part of a school curriculum.

2. A policy covering automobiles used by schools in driver training programs may be written on an annual term for liability and Collision Coverages with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays or holidays or for any other periods of lay-up during the school term.

3. Refer to the Rate Section for premium computations.

B. Commercial Driving Schools (Class Code 79270)

1. Eligibility

This section applies to automobiles used by driving schools to give driving instruction.

116. DRIVER TRAINING PROGRAMS (EDUCATIONAL INSTITUTIONS AND COMMERCIAL DRIVING

2. Refer to the Rate Section for premium computation of owned vehicles.

3. Non-Owned Automobiles

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Section VII—Special Types and Operations

- a. The policy must cover the driving instructors and their students.
- b. Premium Computation
Charge the private passenger type rates for each instructor in excess of the number of owned automobiles.

C. Automobile Repair Training

For automobiles used by schools in automobile repair training, the rules and rates for owned automobiles, hired automobiles and non-ownership apply.

117. FIRE DEPARTMENT

A. Eligibility

- 1. This rule applies to automobiles used for firefighting purposes.
- 2. The policy must exclude coverage for bodily injury to any volunteer fireman or volunteer worker engaged in firefighting, rescue squad or ambulance corps operations.
- 3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.

B. Refer to the Rate Section for premium computation.

118. FUNERAL DIRECTORS

A. Eligibility

- 1. This rule applies to automobiles owned or used by a funeral director.
- 2. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.

B. Refer to the Rate Section for premium computation.

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Section VII—Special Types and Operations

119. LAW ENFORCEMENT AGENCIES

A. Eligibility

1. This rule applies to automobiles used by government law enforcement agencies or police departments.
2. The policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations.
3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service.

B. Refer to the Rate Section for premium computation.

120. LEASING OR RENTAL CONCERNS

A. Eligibility

This rule applies to risks which lease or rent automobiles to others without drivers. For automobiles leased or rented with drivers refer to the Truckers Rule or the Public Transportation Section.

B. Registration Requirements

The Massachusetts Registry of Motor Vehicles requires that motor vehicle registrations be obtained in the name of the actual owner of the vehicle. When liability insurance is to be obtained by a person or organization other than the actual owner, policies must be issued as follows:

1. If the actual owner is other than the leasing company and the leasing company is obtaining the insurance, the policy must be issued to the leasing company as named insured and an endorsement "Application of Insurance to Owner of Leased Motor Vehicle" must be made a part of the policy.
2. If the actual owner is other than the leasing company and the ultimate lessee is obtaining the insurance, the policy must be issued to the ultimate lessee as named insured and endorsements "Application of Insurance to Owner of Leased Motor Vehicle" and "Application of Insurance To Lessor of Leased Motor Vehicle" must be made a part of the policy.

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Section VII—Special Types and Operations

120. LEASING OR RENTAL CONCERNS (Continued)

3. If the actual owner is the leasing company and the lessee is obtaining the insurance, the policy must be issued to the lessee as named insured and endorsement "Application of Insurance to Lessor of Leased Motor Vehicle" must be made a part of the policy.

C. Premium Determination

When determining the premiums, use the territory where the automobile is principally garaged.

1. Specified Car Basis (Long Term)
 - a. Rate automobiles leased for one year, or more at the classification rates in this Manual that apply to the lessee.
 - b. Contingent Coverage - Refer to company. (Class Code 72190)
2. Specified Car Basis (Short Term)

Refer to the Rate Section for automobiles rented by the hour, day or week.
3. Gross Receipts Basis - Refer to company.

D. Conversion, Embezzlement or Secretion Coverage

1. When using the approved Business Automobile Policy, endorse the policy to exclude, under Comprehensive or Theft, coverage for conversion, embezzlement or secretion.
2. Refer to the Rate Section for premium determination.

121. MOBILE HOMES

Mobile homes shall be classified as follows:

- A. Trailers equipped as living quarters (Class Code 79630).
- B. Pick-up trucks used solely to transport camper bodies (Class Code 79620).
- C. Motor homes - self-propelled vehicles equipped as living quarters. Overall length not more than 22 feet (Class Code 79600) and overall length more than 22 feet (Class Code 79610).
- D. Refer to the Rate Section for premium determination.

Commercial Automobile Insurance Manual

Section VII—Special Types and Operations

122. MOTORCYCLES AND SIMILAR VEHICLES

- A. This rule applies to motorcycles, motorscooters, motorbikes and any other similar vehicles used for commercial purposes.
- B. Refer to the Rate Section for premium determination.
- C. The premium for Personal Injury Protection must be charged for vehicles subject to Massachusetts registration.

123. REPOSSESSED AUTOMOBILES (Class Code 79250)

- A. Eligibility
 - 1. This rule does not apply to automobiles that finance companies and banks own or operate for their own business or pleasure purposes. Insure such automobiles according to the regular use of the automobile.
 - 2. Automobile finance companies and banks engaged in the business of financing the purchase of or insuring motor vehicles to whom dealer's registration plates have been issued by the Registry of Motor Vehicles for use only in respect to such vehicles as such person may take in possession by foreclosure or subrogation of title, shall be insured under a Massachusetts Motor Vehicle Liability Policy or the approved Business Automobile Policy.
- B. Premium Computation
 - 1. Liability and No-Fault - charge the private passenger type rate for each plate issued.
 - 2. Physical damage coverage for repossessed automobiles is not cedable to the Commonwealth Automobile Reinsurers.

124. REGISTRATION PLATES NOT ISSUED TO A SPECIFIC AUTOMOBILE

A. Eligibility

This rule applies to risks which have been issued an interchangeable plate other than a dealer plate. Use Registration Plates for Not Issued to a Specific Auto Endorsement MM 20 10.

Commercial Automobile Insurance Manual

Section VII—Special Types and Operations

124. REGISTRATION PLATES NOT ISSUED TO A SPECIFIC AUTOMOBILE (CONT.)

B. Farmer's Special Plates

Any person, individual or partnership engaged primarily in the occupation of farming or raising poultry on land owned or controlled by him may register certain farm motor vehicles and trailers for which farmer's special interchangeable registration plates be used. Such registration plates are valid only when affixed to qualifying vehicles operated within the Commonwealth, the state of Maine or operated in bordering states having a reciprocal agreement with the Massachusetts Registry of Motor Vehicles.

1. Premium Computation

- a. Refer to Rate Section for liability coverage premium.
- b. Physical damage coverage is available on a specified car basis only.

C. Owner-Repairman (Class Code 07070)

Owner-Repairman - any person who is not a manufacturer, dealer or repairman and who owns a fleet of ten or more motor vehicles or trailers which are used by him exclusively in his principal business, and who maintains an establishment with facilities for the repair, alteration or equipment of such motor vehicles or trailers.

All motor vehicles or trailers owned by an owner-repairman which are in the process of being repaired, altered, equipped or transferred from one location to another and which are not being used during such time in the operation of the principal business of said owner-repairman or, in the case of rubber-tired back-hoes, front-end loaders and road graders are being used on the traveled parts of public ways for the building, repair, or maintenance thereof, shall be regarded as registered under the general distinguishing number or mark assigned by the Registrar of Motor Vehicles and shall be insured at the rate per plate applicable to garage-dealers as shown on the rate pages in the Rate Section.

D. Transporters (Class Code 07060)

Transporter - any person engaged in the business of transporting or delivering under their own power, motor vehicles not owned by said person.

A person, firm or corporation whose business consists of transporting motor vehicles which are under the control of, but not owned by such transporter while being delivered by him under his own power, shall be registered under the transporter plates assigned to him and shall be insured at the rate per plate applicable to garage-dealers as shown on the rate sheets in the Rate Section.

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Section VII—Special Types and Operations

124. REGISTRATION PLATES NOT ISSUED TO A SPECIFIC AUTOMOBILE (CONT.)

E. Boat Trailers (Class Code 04560)

This classification applies to dealers in boats and boat trailers to whom interchangeable boat trailers plates have been issued.

Refer to the Rate Section for premium determination.

F. Repair Plate or Dealer Plate Issued to Auto Service Operations

1. Any risk engaged in auto service operations such as repair shops, auto body shops (78090), service stations, (78110) storage garages and public parking places (78130).
2. Premium Determination
 - a. Liability
Rate according to paragraph A of Rule 88.
 - b. Physical Damage
Any auto specifically registered by the named insured must be rated on a specified auto basis according to its actual exposure.

Refer to Rule 98, B.3 to rate auto held for sale by a non-dealer and use Physical Damage Coverage – Autos Held for Sale by Non-Dealers Endorsement MM20 27.

125. SPECIAL OR MOBILE EQUIPMENT

A. Land motor vehicles other than farm equipment.

Unless indicated otherwise, operations coverage for the operation of any equipment described in this section is not provided under an automobile policy.

Eligibility

1. Self-propelled vehicles which are required to be covered on an automobile policy with the following types of permanently attached equipment:
 - a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing;
 - (3) Street cleaning.

Operations coverage for this equipment is provided under an automobile policy.

Commercial Automobile Insurance Manual

Section VII—Special Types and Operations

125. SPECIAL OR MOBILE EQUIPMENT (Continued)

- b. Cherry pickers and similar devices mounted on 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.
2. Vehicles of the following types not covered by General Liability Insurance which may be covered under an automobile policy:
- a. Bulldozers; forklifts, and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises the insured owns or rents;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in a., b., c. or d. that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
 - f. Vehicles not described in 1 or 2 maintained primarily for purposes other than the transportation of persons or cargo:
- B. Farm Equipment (Class Code 79070)

Eligibility

This rule applies to farm tractors, harvesting combines, power driven lawn mowers and other self-propelled farm equipment used for farming purposes.

Commercial Automobile Insurance Manual

Section VII—Special Types and Operations

125. SPECIAL OR MOBILE EQUIPMENT (Continued)

Liability insurance for self-propelled farm equipment includes coverage for trailers, semitrailers, farm wagons and other farm implements while attached to the equipment. Coverage shall not extend to the operations of farm machinery or to a home, office, store of passenger trailer.

- C. Refer to the Rate Section for premium determination and class codes.

126. COMPOSITE RATING

A. Liability

1. Introduction

This is a rating plan applicable to automobile liability insurance, by which composite rates for a risk may be established on one or more exposure bases, in lieu of the regular underwriting basis and rates of the various manuals. This Composite Rating Rule also provides an effective procedure for rating those classifications for which the manual exposures are not readily available and cannot be obtained without excessive difficulty.

An initial survey will be made of the exposures of the risk and composite rates established on special underwriting bases which will reasonably reflect and measure fluctuations in the exposures involved.

Such composite rate may be restricted to any specified coverages.

2. Eligibility Requirements

In order to qualify for application of this Plan, the exposures to be rated on a composite rate basis shall produce a total annual basic limits premium at manual rates, for the period indicated in Rule 3(a) of at least \$25,000.

However, if a risk does not meet this premium requirement, it may nevertheless be rated under this Plan provided a minimum premium equal to the required premium for eligibility for basic limits is charged for the coverages to be insured on a composite rate basis.

Commercial Automobile Insurance Manual

Section VII—Special Types and Operations

126. COMPOSITE RATING (Continued)

3. Computation of Composite Rate

The use of this rating procedure should result in the development of an estimated annual premium charge which does not deviate from a specified car premium determination.

Each composite rate shall be developed as follows:

- a. Determine the exposures on the regular underwriting bases for the coverages to be insured on a composite rate basis, for a period of twelve consecutive months beginning not earlier than twenty-four months nor later than twelve months prior to the date on which the composite rate is to be effective. If these exposures are not susceptible of exact determination for any portion of the insurance to be rated, they shall be estimated from the use of such information as is available.
- b. Ascertain for the exposures referred to in (a) the applicable manual rates and minimum premiums at basic limits (including rates and minimum premiums for operations which must be submitted to the company for rating) and any rating modifications developed under applicable rating plans in effect as of the date on which the composite rate is to be effective.
- c. Determine the actual exposures on the special underwriting basis or bases to be used for the composite rate, for the same twelve month period as used in (a) of this rule.

Note: The exposures referred to in (a) and (c) may be adjusted to recognize known changes in the risks basic operations, other than exposure changes resulting from variations in price or wage levels.

- d. Compute the composite rate as follows:
 - (1) Extend the exposures in (a) at the manual rates in (b), subject to any applicable minimum premiums, multiplied by any applicable rating modifications indicated in (b).

Note: If more than one Increased Limits Table applies to the liability exposures in (a), the premiums shall be subtotaled according to each underlying Increased Limits Table. Refer to Rule 4.

126. COMPOSITE RATING (Continued)

- (2) Divide the total of the premiums obtained in (d) (1) by the exposure in (c). The result is the composite rate for the risk.

Note: If the composite rate is to be applied to a policy written for a period in excess of one year, no term discount shall apply.

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EXCEPTIONS—For risks not in existence during the period referred to in Rule 3(a), composite rates will also be computed in a similar manner using the classification exposures on the regular underwriting bases for the coverages to be insured on a composite rate basis, together with the exposure on the special underwriting basis selected, which are estimated to apply during the ensuing twelve month period.

4. Increased Limits

Where limits of liability in excess of the basic limits reflected in the rate computation are to be afforded, the company shall apply the appropriate increased limits table factor to the basic limits composite rate (or rates) for liability insurance developed under Rule 3(d) (2). If amounts of coverage other than those reflected in the rate computation are to be afforded for glass or theft insurance, reflection of such changes in the composite rate computation shall be made.

5. Experience Rating

The prescribed procedures of applicable experience rating plans shall apply to risks rated in accordance with this rule.

6. Revisions of Composite Rates

The composite rates shall be revised annually to reflect any revisions of manual rates or rating modifications developed under applicable rating plans. Such reratings shall be based on the data contained in the latest available survey.

A complete re-survey of exposures and revision of the composite rates may be made annually or at any time at the request of the carrier or the insured, to reflect thereafter the effect of marked exposure changes which would not otherwise be fully reflected by the special underwriting basis selected.

Commercial Automobile Insurance Manual

Section VII—Special Types and Operations

126. COMPOSITE RATING (Continued)

7. New Coverage During A Policy Year

A composite rate may be adjusted to include other kinds of insurance, or subdivisions thereof or coverages added after the effective date of the policy. Such adjustments may be made at the time of the addition or at the next rating anniversary date. If such composite rate adjustment is not made at the time of the addition, the regular manual rating procedure and applicable experience modifications shall apply to such additional kinds of insurance, or subdivisions thereof, or coverages, during the period between the inception of coverage for such additional exposures and the date of the adjustment of the composite rate to include such exposures.

8. Administration of Plan

The determination of composite rates under this Plan shall be administered in the same way that the Experience Rating Plans are administered.

9. Earned Premium Determination

Upon policy expiration, the earned premium of a risk rated under this Plan shall be determined by multiplying the audited exposure under the special underwriting basis (or bases) by the composite rate (or rates), subject to any applicable premium discounts. The earned premium shall be allocated as may be required by a percentage breakdown determined from the ratio of the premiums of the risk as determined in Rule 3(d) increased for desired limits to the total of such premiums thus increased.

B. Physical Damage

1. Introduction

This is a rating rule applicable to automobile physical damage insurance, either for separate perils or any combination thereof by which composite rates for a risk may be established on one or more exposure bases in lieu of the regular underwriting basis and rates of the manual. This Composite Rating Rule provides an effective procedure for rating those classifications for which the manual exposures are not readily available and cannot be obtained without excessive difficulty.

Commercial Automobile Insurance Manual

Section VII—Special Types and Operations

126. COMPOSITE RATING (Continued)

An initial survey will be made of the exposures of the risk and composite rates established on special underwriting bases which will reasonably reflect and measure possible fluctuations in the exposures involved.

Such composite rate may be restricted to any specified coverages, or to any specified operation provided such operation meets the eligibility requirements and, if specifically fleet rated, is under separate insurance management.

2. Eligibility Requirements

(a) Fleets of Automobiles

In order to qualify for application of this Plan, the risk must consist of a minimum of 50 automobiles (including trailers and semitrailers) which are under one ownership as defined in the Fleet Rating Formulae, or the exposures to be rated on a composite rate basis must produce annual automobile physical damage premiums at manual rates of at least \$10,000.

3. Computation of Composite Rate

Each initial or revised composite rate shall be developed as follows:

- (a) Determine the exposures on the regular underwriting bases for the coverages to be insured on a composite rate basis, for a period of twelve consecutive months beginning not earlier than twenty-four months nor later than twelve months prior to the date on which the composite rate is to be effective. If these exposures are not susceptible of exact determination for any portion of the insurance to be rated, they shall be estimated from the use of such information as is available.
- (b) Ascertain from the exposures referred to in (a) the applicable manual rates, minimum premiums and any rating modifications developed under applicable rating plans in effect as of the date on which the composite rate is to be effective.

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Section VII—Special Types and Operations

126. COMPOSITE RATING (Continued)

- (c) Determine the actual exposures on the special underwriting basis or bases to be used for the composite rate, for the same twelve-month period as used in (a) of this rule.

Note: The exposure referred to in (a) and (c) may be adjusted to recognize known changes in the risk's basic operations, other than exposure changes resulting from variations in price or wage levels.

- (d) Compute the composite rate as follows:

(1) Extend the exposures in (a) at the manual rates in (b), subject to any applicable rating modifications and minimum premiums indicated in (b).

(2) Divide the total of the premiums obtained in (d) (1) by the exposure in (c). The result is the composite rate for the risk.

Note: If the composite rate is to be applied to a policy written for a period in excess of one year, no term discount shall apply.

127-135 RESERVED FOR FUTURE USE