

**Commercial Automobile Insurance Manual**

**Section III<sup>3/4</sup> 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<sup>3/4</sup> 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.

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**52. PREMIUM DEVELOPMENT<sup>3/4</sup> 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.

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**52. PREMIUM DEVELOPMENT<sup>3/4</sup> 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.

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**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.

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**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.

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**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.

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- 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.

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**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.



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## 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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**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.

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**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<sup>3/4</sup>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.

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55. **PREMIUM DEVELOPMENT <sup>3</sup>/<sub>4</sub> 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.

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**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

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