

CAR Commercial Rate – Proposed Rates Effective November 1, 2009
Implementation Procedures and Summary of Changes

Based on CAR's proposed rate filing, below is a description of procedures used to develop rates effective November 1, 2009, including a summary of the significant changes implemented this year. Modifications resulting from the Division of Insurance review of the proposed rates will be published upon approval of the filing as necessary.

1. Commission Schedule

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

<u>Classification</u>	<u>Percent of Written Premium</u>
Taxi	5.92%
Limousine	5.07%
Car Service	2.52%
All Other	10.56%

2. CAR Commercial Automobile Insurance Manual – Manual Rules

Rule changes associated with these rates will be filed separately at a later date. No statistical coding changes are anticipated with this filing.

3. Experience Rating Plan

The CAR Experience Rating Plan has been updated to reflect factors and components resulting from the proposed rate change and included in the filing. The Plan will be posted to CAR's website upon approval. Policies eligible for experience rating issued prior to the distribution of the Experience Rating Plan should include endorsement MM 99 23 – Rate Modification.

4. Rate Implementation

a. Territory Schedule

The proposed territory definitions to be used for policies effective with this filing have been updated and are attached.

b. Increased Limits Factors

The proposed increased limits factors have been modified and are attached, including fixed rates for the U1 and U2 coverages.

c. Schedule 107 and Rates

i. Trucks, Tractors, and Trailers

Schedule 107-1 contains information necessary for the calculation of rates for vehicles classified as Truck, Tractor or Trailer. The methodology for the

calculation of these rates for both liability and physical damage remain unchanged. However, the primary and secondary rating factors have been updated and are attached. In addition, the following calculations should be noted:

- Collision premiums for Truck-Tractors and Vehicles Used in Dumping Operations are developed by applying a factor of 1.25 times the corresponding Truck Collision premium.
- Fire, Theft and CAC premiums for the \$500 deductible level are developed by applying a factor of 0.64 times the corresponding \$500 deductible Comprehensive premium.
- Calculation of the \$300 deductible Fire, Theft and CAC premium follows the same procedure, including a minimum \$6 buyback charge.
- Zone Rates, Trailer Interchange, and Long Distance Physical Damage rates unchanged.

ii. Private Passenger Types

Schedule 107-2 contains information necessary for the calculation of rates for vehicles classified as Private Passenger Fleet, and those miscellaneous vehicle classifications with base rates derived from the Private Passenger Non-Fleet type. Private Passenger Non-Fleet vehicles (classification code 739100) will continue to be rated using the Servicing Carrier's voluntary filed rate. The methodology for the calculation of these rates for both liability and physical damage remain unchanged.

iii. Public Vehicle Types

• **Taxi**

Schedule 107-3 contains the information necessary for the calculation of Taxi liability rates. The methodology for the calculation of these rates remains unchanged. For Collision and Limited Collision rates charge five times the Private Passenger Type Collision or Limited Collision rate. For Comprehensive rates charge six times the Private Passenger Type rate

• **Limousine**

Schedule 107-4 contains the information necessary for the calculation of the Limousine liability rates. The methodology for the calculation of these rates has been modified to be consistent with that used for the major vehicle types. The Physical Damage rates are developed by applying a factor of 1.5 times the Private Passenger Type rates.

- **Car Service**

The proposed rates implement separate rating for the Car Service classification. Schedule 107-5 contains the information necessary for the calculation of the Car Service liability rates. The methodology for the calculation of these rates has been developed to be consistent with that used for the major vehicle types. The Physical Damage rates are developed by applying a factor of 1.5 times the Private Passenger Type rates.

- **Public Buses**

Schedule 107-6 contains the information necessary for the calculation of the Public Bus liability rates. The methodology for the calculation of these rates has been modified to be consistent with that used for the major vehicle types.

For Physical Damage, the methodology to calculate premiums remains unchanged. The factor used in calculating physical damage premiums has changed to 1.25 from 2.06.

- **Van Pools**

Schedule 107-7 contains the information necessary for the calculation of the Van Pool liability and physical damage rates. The methodology for the calculation of these rates has been modified to be consistent with that used for the major vehicle types.

- **Garages**

Schedule 107-8 contains the information necessary to calculate rates on a per plate basis for garage risks. The methodology for the calculation of the liability rates remains unchanged.

Garagekeepers premiums and Dealers Physical Damage premiums are developed by applying a factor of 0.996 to the rates effective October 1, 2003.

For Garage Operations Other Than Covered Autos, the calculation of premium on a Combined Single Limit, Aggregate basis for compulsory garage risks and for those garage risks for which a dealer or repair plate has not been issued will be contained in the Rate Section, when available.

- **Special Types**

The factors and rating procedures for Special Types remain unchanged.

- **Motorcycles**

CAR has adopted the AIB commercial voluntary under 1% motorcycle rates with an effective date of October 13, 2008. Schedule 107-9 identifies the rates and rating factors.