

**Commercial Automobile Insurance Manual**

**Section V—Public Transportation**

**71. ELIGIBILITY**

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

**72. PREMIUM DEVELOPMENT—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.

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**72. PREMIUM DEVELOPMENT—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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#### 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—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.

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#### 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*—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.

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#### 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*—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.

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#### 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*—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.

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#### 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.

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#### 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—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.



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74. PREMIUM DEVELOPMENT—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.

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**74. PREMIUM DEVELOPMENT—ZONE RATED AUTOS (Continued)**

5. Medical Payments
  - a. For Medical Payments premiums use Trucks, Tractors and Trailers rates.
  - b. 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.

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#### 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.

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**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.***