

CAR Commercial Rate – Effective April 1, 2013
Implementation Procedures and Summary of Changes

Below is a description of procedures used to develop rates effective April 1, 2013, including a summary of the changes implemented this year.

1. Commission Schedule

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

<u>Classification</u>	<u>Percent of Written Premium</u>
Taxi	7.41%
Limousine	5.77%
Car Service	2.92%
All Other	10.23%

2. CAR Commercial Automobile Insurance Manual – Manual Rules

No Rule changes and no statistical coding changes are anticipated with this rate filing.

3. Experience Rating Plan

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

4. Limited Collision Rates

With this filing, CAR adopted limited collision rates as a fixed percentage of the collision rates as follows:

<u>Vehicle Class</u>	<u>Percentage</u>
TTT	10%
PPT (All)	7%
Van Pools	7%

To minimize system update requirements, the rating methodology for each classification remains unchanged, but CAR has calculated base rates accordingly.

5. Medical Payments Rates

With this filing, CAR adopted a single set of medical payments rates for all vehicle types (excluding garage classifications), including public and zone rated classifications. This change from the separate rating of past filings has no impact on the methodology for calculating rates by vehicle type.

6. Rate Implementation

a. Territory Schedule

The territory definitions to be used for policies effective with this filing are unchanged.

b. Increased Limit Factors

The increased limit factors have been modified, including fixed rates for the U1 and U2 coverages. Refer to Schedule 107.

c. Schedule 107 and Rates

i. Trucks, Tractors, and Trailers

Schedule 107-1 contains the information necessary for the calculation of rates for vehicles classified as truck, tractor, or trailer. The methodology for the calculation of these rates is unchanged. However, the primary rating factor for fleet and non-fleet service or utility trailers (0-2,000 lbs load capacity) are updated. In addition, this filing adopts TTT medical payments rates for Zone Rated classifications. 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 \$5 buyback charge.
- Physical damage rates for zone rated, trailer interchange, and long distance classes are 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 remains 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 remains unchanged. The physical damage rates are developed by applying a factor of 1.5 times the private passenger type rate.

- Car Service

Schedule 107-5 contains the information necessary for the calculation of the car service liability rates. The methodology for the calculation of these rates remains unchanged. The physical damage rates are developed by applying a factor of 1.5 times the private passenger type rate.

- 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 remains unchanged. The physical damage rates are developed by applying a factor of 1.25 times the TTT rate.

- Van Pools

Schedule 107-7 contains the information necessary for the calculation of the van pool rates. The methodology for the calculation of these rates remains unchanged.

iv. Garages

Schedule 107-8 contains the information necessary for the calculation for garage risks on a per plate basis. The methodology for the calculation of these rates remains unchanged. Garagekeepers premium and dealers physical damage premium are developed by applying a factor of 1.014 to the rates effective November 1, 2009. 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 of the Commercial Automobile Manual, when available.

v. Special Types

The factors and rating procedures for special types remain unchanged.

vi. Motorcycles

Schedule 107-9 identifies the rates and rating factors for commercial motorcycles. The rating procedures are unchanged.