

**CAR Commercial Automobile Insurance Manual  
Memorandum of Changes – September 1, 2014**

**General Modifications**

References throughout the Manual are updated for consistency. This includes references to Rules and Sections of the Manual, references to other CAR Rules and Manuals and limit/deductible references.

References to “vehicle”, “motor vehicle” and “auto” are updated to “automobile”, as appropriate. References to “agent” are updated to “producer”.

All references to basic limits are updated to include coverage and limit definitions of A-1 and B basic limits of \$20,000 per person, \$40,000 per accident Bodily Injury and \$5,000 Property Damage.

When a specific endorsement is to be used, the endorsement name and number is identified.

References to the Rate Section of the Manual are added as necessary in order to direct users of the Manual to rate information, rating instructions, rating factors and rating territory, zone rating definitions/tables and statistical codes.

Headings are added, as necessary, to provide organization and clarity within an applicable Rule.

Wording is added or modified, as necessary, to clarify existing Rule language.

**Specific Rule Modifications**

**Section I – General Rules**

**Rule 1. Application of this Manual**

A section entitled Anti-Theft Device Standards and Discounts is added to the Manual as Section VIII.

**Rule 2. Effective Date Rule**

Language is added to note that revisions or additions to the Rules will be announced via a Commercial Lines Notice that will specify the effective date of the change.

**Rule 3. Policies and Coverages**

Chapter III – Premium of CAR’s Manual of Administrative Procedures is referenced as the source for obtaining a complete list of cedable forms and endorsements. The mandatory offer of additional coverages is updated to reflect approved limits for ceded business, as specified in Rule 6 – Coverages of CAR’s Rules of Operation.

**Rule 4. Standard Procedures**

The Rule is updated to indicate that a Servicing Carrier may elect to include a renewal application or questionnaire with the renewal policy. The Rule is updated to specify that the notice of cancellation must be sent to the Registry of Motor Vehicles in a format as prescribed by the Registrar.

**Rule 5. Policy Term**

The reference to policy terms of greater than one year is eliminated.

**Rule 7. Premium Computation**

The reference to policy terms of greater than one year is eliminated. For policy terms of less than one year, language is added to specify that the annual premium should be pro rated using the rates in effect at policy inception and references to the pro rata and short rate tables contained in the Rate Section are added.

**Rule 8. Premium Changes**

Language is added to specify that all changes requiring the adjustment of policy premium (both additional and return premium) should be pro rated at the rate used to calculate the policy premium at inception.

**Rule 11. Referral to Servicing Carriers**

This Rule is eliminated.

**Section II – Common Coverages and Rating Procedures**

**Rule 22. Out-of-State Garaging**

Specific language has been added to the Rule relative to the determination of highest rated territory.

**Rule 23. Deposit Premium Rule**

The Rule is modified to reflect that if the applicant is in default in the payment of premium during the preceding 24 months, the full policy premium is payable in advance.

**Rule 29. Reserved for Future Use**

The Rule entitled Liability Coverages is deleted since language contained in that Rule is redundant with information contained in Rule 3 of the Manual.

**Rule 30. Medical Payments**

The Rule is updated to identify where medical payment premium information for each of the commercial automobile classifications may be obtained and to specify that no medical payments premium charge shall be made for service or utility trailers.

**Rule 31. Reserved for Future Use**

The Rule entitled No-Fault Coverages – Personal Injury Protection is deleted since language contained in that Rule is redundant with information contained in Rule 3 of the Manual.

**Rule 36. Underinsured Motorist Insurance**

Language specifying that this coverage is optional is added to the Rule.

**Rule 37. Reserved for Future Use**

The Rule entitled Deductible Insurance – Property Damage Liability is deleted since property damage liability may not be written on a deductible basis for ceded policies.

**Rule 38. Financial Responsibility Laws – Certification**

This Rule is updated to eliminate reference to the word “surcharge”.

**Rule 40. Increased Liability Limits**

The example displaying the development of Bodily Injury increased limits is eliminated.

**Rule 41. Combined Single Limit Liability Coverage**

The combined single limit premium calculation is updated to reflect the discount as a factor rather than a percentage.

**Rule 43. Anti-Theft Device – Vehicle Recovery System**

This Rule is modified to identify the applicable vehicle types and coverages and includes a reference to Section VIII of the Manual to obtain further information. The reference to the gross vehicle weight of those commercial vehicles for which this Rule applies is increased from 8,000 to 10,000 pounds.

**Rule 44. Reserved for Future Use**

The Passive Restraint Discount Rule is eliminated.

**Rule 46. Pollution Liability**

The pollution liability premium development procedures for non-dealers on garage policies are eliminated.

### **Section III – Trucks, Tractors and Trailers**

The Rules within this Section have been reorganized to provide a clear understanding of the types of automobiles to which this Section applies, the detailed classification procedures for eligible automobiles and the determination of rating territory, rating factors and premium computation for the applicable classifications. No rating procedures have been modified in this reorganization. Tables containing details relative to final premium computation including the specific rate page(s) to be referenced and the factors to be applied have been added to the Rules related to Premium Development. Additionally, several Rules have been renumbered, as noted.

**Rule 51. Eligibility**

The definition of a trucking risk has been moved to this Rule. Language that identifies that unique rating procedures apply to trucking risks and references Rule 55 – Premium Development Options for Truckers for premium determination is added to this Rule.

**Rule 52. Trucks, Tractors and Trailers Classifications (formerly Rule 53)**

Additional details for classification determination are added to the primary and secondary classification sections of this Rule. To clarify the determination of radius class, language is added to indicate that the risk should be classified using the longest radius class unless 80% or more of the automobile's operation is in a single shorter radius class. Language relative to the determination of whether a risk is subject to zone rating and determination of a risk's geographic classification, including place of principal garaging and zone or zone combination code, including associated examples (which were formerly contained in Rules 52 and 55) has been added to this Rule.

**Rule 53. Premium Development – Specified Car Basis – Other than Zone Rated Automobiles (formerly Rule 52)**

Details added relative to the premium calculation for Other than Zone Rated Automobiles include language stating that the collision coverage base rate premium computation is further clarified for automobile type (truck, truck-tractor, vehicle used in dumping operations, trailer or semitrailer). A detailed final premium computation table which includes the specific rate page(s) to be referenced and the factors to be applied has been added to this Rule.

**Rule 54. Premium Development – Zone Rated Automobiles (formerly Rule 55)**

Language relative to the premium calculation for Zone Rated Automobiles and a detailed final premium computation table which includes the specific rate page(s) to be referenced and the factors to be applied have been added to this Rule.

**Rule 55. Premium Development Options for Truckers (formerly Rule 54)**

Language specifying that coverage written on a cost of hire or gross receipts basis is subject to audit is added to the Rule. A detailed final premium computation table has been added to this Rule.

## Section IV – Private Passenger Types

The Rules within this Section have been reorganized to provide a clear understanding of the types of automobiles to which this Section applies, the detailed classification procedures for eligible automobiles and the determination of rating territory, rating factors and premium computation for the applicable classifications. No rating procedures have been modified in this reorganization. Tables containing details relative to final premium computation including the specific rate page(s) to be referenced and the increased limit or higher deductible factors to be applied have been added to the premium development Rules. Additionally, several Rules have been renumbered, as noted.

**Rule 61. Eligibility**

Language is added to enhance the definition of a private passenger type automobile.

**Rule 62. Private Passenger Types Classifications (new Rule)**

This Rule is added to Section IV to detail the classification procedures for fleet and non-fleet automobiles, to provide direction on determining principal place of garaging and to provide information relative to leased private passenger type automobiles.

**Rule 63. Premium Development (formerly Rule 62)**

Language relative to the premium calculation for Private Passenger Type automobiles and a detailed final premium computation table which includes the specific rate page(s) to be referenced and the factors to be applied have been added to this Rule.

**Rule 64. Premiums for Stated Amount or Agreed Amount Coverage (formerly Rule 63 and entitled Specified Peril Premiums – Fire, Theft and C.A.C.)**

This Rule has been renumbered.

**Rule 65. Towing and Labor Cost (formerly Rule 64)**

This Rule has been renumbered.

## **Section V – Public Transportation**

The Rules within this Section have been reorganized to provide a clear understanding of the types of automobiles to which this Section applies, the detailed classification procedures for eligible automobiles and the determination of rating territory, rating factors and premium computation for the applicable classifications. No rating procedures have been modified in this reorganization. Tables containing details relative to final premium computation including the specific rate page(s) to be referenced and the factors to be applied have been added to the premium development Rules. Additionally, several Rules have been renumbered, as noted.

### **Rule 72. Public Automobile Classifications (formerly Rule 73)**

Language is modified to specify that operating radius is measured from the street address where the automobile is registered or, in the case of a leased vehicle, from the street address of the lessee's business. Language is added to the car service automobile and airport bus definitions to provide further clarity for determining use class. Language relative to the determination of whether a risk is subject to zone rating and determination of a risk's geographic classification, including place of principal garaging and zone or zone combination code, including associated examples (which were formerly contained in Rules 72 and 74) has been added to this Rule. Specific language is added relative to the determination of highest rated territory. To clarify the procedures for determining rating territory, language is added to indicate that a territory other than the highest rated territory may apply if the risk provides credible documentation that 80% or more of a public automobile's operation is outside the highest rated territory. Details relative to the determination of secondary classification based upon seating capacity has been added to this Rule.

### **Rule 73. Premium Development – Other than Zone Rated Automobiles (formerly Rule 72)**

Language relative to the premium calculation for Other than Zone Rated Automobiles and detailed final premium computation tables which include the specific rate page(s) to be referenced and the factors to be applied have been added to this Rule.

### **Rule 74. Premium Development – Zone Rated Automobiles**

Language relative to the premium calculation for Zone Rated Automobiles and detailed final premium computation tables which include the specific rate page(s) to be referenced and the factors to be applied have been added to this Rule.

### **Rule 75. Gross Receipts or Mileage Basis**

Language specifying that coverage written on a gross receipts basis is subject to audit is added to the Rule. Minimum premium development language is added to this Rule and the reference to medical payments limits of \$1,000 and \$2,000 is eliminated.

## **Section VII – Special Types and Operations**

### **Rule 111. Premium Development**

Additional details relative to premium development are added to this Rule.

### **Rule 120. Leasing or Rental Concerns**

To determine premium on a specified car basis, the Rule is updated to specify that contingent coverage may be provided if insurance covering the leasing concern on a primary basis is provided by the lessee. The determination of premium on a gross receipts basis has been eliminated from the Rule.

### **Rule 124. Registration Plates Not Issued for a Specific Automobile**

Information specifying that the Rule applies to risks that have been issued an interchangeable plate other than a dealer plate is added.

### **Rule 125. Composite Rating**

The Rule is updated to further clarify the composite rating procedure, eligibility requirements and computation of a composite rate.

## **Section VIII – Anti-Theft Device Standards and Discounts**

This Section is added to the Manual. The reference to the gross vehicle weight of commercial vehicles for which the anti-theft device standards and discount procedures applies is increased from 8,000 to 10,000 pounds.