CAR Commercial Rate – Effective September 1, 2014
Implementation Procedures and Summary of Changes

Below is a description of procedures used to develop rates effective September 1, 2014, 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:

Classification	Percent of Written Premium
Taxi	7.27%
Limousine	6.22%
Car Service	3.12%
All Other	9.91%

2. **CAR Commercial Automobile Insurance Manual – Manual Rules**

   The CAR Commercial Automobile Insurance Manual has been updated for clarity and consistency and brought up to date with current rating procedures and CAR Rules of Operation requirements. Please reference the Memorandum of Changes in the Manual for a complete list and description of changes.

3. **CAR Commercial Automobile Policy Forms and Endorsements**

   CAR is adopting a modification to the Massachusetts Garage Insurance Policy (MM 00 95 1011), clarifying actual cash value determination at the time of loss, consistent with Regulation 211 CMR 133.05. The modification was announced by the Automobile Insurers Bureau (AIB) in its Commercial Auto Notice CA-038.

4. **Experience Rating Plan**

   The CAR Experience Rating Plan has been updated to reflect factors and components resulting from the proposed rate changes. In addition, the Experience Rating Plan is modified to introduce an adjustment factor which will be applied when determining the experience rating modification. Implementation of the adjustment factor is set forth in Section I, Part D.6. and Section II, Part D.6 of the Plan. Policies eligible for experience rating issued prior to distribution of the Experience Rating Plan should include endorsement MM 99 23 – Rate Modification.

5. **Rate Implementation**

   a. **Territory Schedule**
      The territory definitions to be used for policies effective with this filing are unchanged.

   b. **Increased Limit Factors (ILF)**
      The TTT property damage liability increased limit factors and taxi U-1 increased limit rates have been updated. All other increased limit factors remain unchanged.

      Refer to Schedule 107 for complete tables of increased limit factors.

c. **Deductible Relativities**

Deductible Relativities remain unchanged.

d. **Zone Rates**

Zone rates remain unchanged.

e. **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. The following 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 $4 buyback charge.
- Use TTT medical payments rates for zone rated classifications.
- 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 5 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 1.073 to the rates effective April 1, 2013. 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**

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