

**CAR Commercial Rate – Effective November 1, 2022  
Implementation Procedures and Summary of Changes**

Below is a description of procedures used to develop rates effective November 1, 2022 including a summary of the changes implemented this year.

**Please note that the approved rates included changes to the effective date from July 1, 2022 to November 1, 2022. There was an update to the final approved rate, impacting most of the base rate calculations (all originally filed zone rate pages, zone rated ILF's, and the out of state rating factor have not changed).**

**1. Commission Schedule**

With this filing, there is no longer a distinction by classification of commissions to be paid. For all classes, commissions will be 8.34 % of premiums written. **The commission rate has not changed since the original filing.**

**2. Company Expenses**

The schedule 107 and rate calculations have been modified to incorporate company expenses based on a percentage of premium, updated from the use of an expense pure premium. The schedule 107 and rate pages reflect expenses as a variable load, in a manner consistent with the premium tax, commission, and profit provisions of the rate. **The company expense load has been updated since the original filing.**

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

**Section I – General Rules**

Rule 4: Reference to the RMV-3 form has been replaced to cite the Registry's new Registration and Title Application (RTA)

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

Rule 22: A section has been added to clarify rating procedures for zone rated and non-zone rated automobiles garaged out of state.

Rule 41: Single limit sample calculation is updated to reflect proposed rates and ILFs.

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

Rule 54: The premium development calculation has been modified for both the liability and physical damage to introduce a state rating factor reflecting a rating differential for vehicles garaged outside of Massachusetts. Amendments also include minor editorial modifications.

Rule 55: Section D is updated to clarify the premium determination for coverage afforded with a trailer interchange agreement and to update sample calculations.

## **Section V- Public Autos**

Rule 74: The premium development calculation has been updated for both the liability and physical damage to introduce a state rating factor reflecting a rating differential for vehicles garaged outside of Massachusetts. Amendments also include minor editorial modifications.

### **4. CAR Commercial Automobile Policy Forms and Endorsements**

No Policy Form or Endorsement changes are included with rate filing.

### **5. Experience Rating Plan (No changes from the original filing)**

The CAR Experience Rating Plan has been updated to reflect factors and components resulting from the proposed rate changes. The Experience Rating 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.

Specific changes to the experience rating plan include the following:

#### Liability

- a. Updates to Premium De-Trend Factors
- b. Loss Development Factors for immature years have been updated.
- c. Updates to Table C – Credibility, Adjusted Expected Loss Ratio, and Maximum Single Loss
- d. Examples have been updated.

#### Physical Damage

- a. Updates to Premium De-Trend Factors
- b. Loss Development Factors for immature years have been updated.
- c. The Experience Rating Adjustment Factor (ERAF) has been changed from .4 to .2.
- d. Updates to Table C – Credibility, Adjusted Expected Loss Ratio, and Maximum Single Loss for Zone Rated and All Other
- e. Examples have been updated

### **6. Rate Implementation**

#### **a. Territory Schedule**

The territory definitions to be used for policies effective with this filing are unchanged. Territory relativities have been updated, **but unchanged from the original filing.**

#### **b. Increased Limit Factors (ILF)**

The Bodily Injury and Property Damage Liability ILF's have been updated. Uninsured/Underinsured Motorists ILF's have been updated to reflect changes in the base rates.

Separate BI ILFs are introduced for the zone-rated market segment in this filing.

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

**The ILF's have not changed since the original filing, however, the base rates for the Uninsured/Underinsured Motorists ILF's have been updated to reflect changes in the base rates.**

**c. Deductible Relativities**

Physical Damage Deductible Rate Relativities were updated.

Refer to Schedule 107 for Deductible Relativities.

**The deductible relativities have not changed since the original filing.**

**d. Age-Symbol Relativities**

Age-Symbol Relativities have been updated.

Refer to Schedule 107 for complete tables of Age-Symbol Relativities.

**The age-symbol relativities have not changed since the original filing.**

**7. Zone Rates (No changes from the original filing)**

The rating procedure for zone rated automobiles has been modified to introduce a rating differential for vehicles garaged out of state. In addition, base rates and primary classification rating factors are updated and, and separate bodily injury increased limits factors are introduced for all zone-rated classifications.

**a. Base Rates**

CAR's liability and physical damage base rate tables are updated to adopt ISO regional zone relativities and the AIB metropolitan rating factor. These changes are reflected in the base rate tables.

**b. State Rating Factor**

With this filing CAR introduces a 20% rating differential for vehicles garaged outside of MA, NH, VT, and ME. Refer to updates to Manual Rules 22, 52, 54, 72, and 74 described above for more information on the revised rating procedure. The State Rating Factor was also added to the Rate Page R-55.

**c. Zone Rated Primary Rating Factors**

Primary rating factors for zone-rated TTTs have been updated as follows:

	<u>Approved Rating Factor</u>	<u>Current Rating Factor</u>
Medium Trucks	.95	.84
Heavy Trucks	1.00	.90
Extra Heavy Trucks	1.10	.96
Heavy Truck Tractors	1.00	.88
Extra Heavy Truck Tractors	1.10	.96
Trailers	No Proposed Changes	

The primary rating factors for zone rated buses for the following fleet and non-fleet classes have also been updated:

<u>Classification</u>	<u>Code</u>	<u>Approved Rating Factor</u>	<u>Current Rating Factor</u>
Inter-City	5309/5379	1.58	1.30
Charter	5409/5479	1.58	1.30
Sightseeing	5509/5579	1.48	1.30
SSA Emp. Own	6409/6479	0.95	1.00
SSA All Other	6509/6579	0.95	1.00
Bus NOC	5809/5879	0.95	1.00

**d. Increased Limit Factors**

Separate BI ILF tables are introduced for the zone-rated classifications in this filing.

**8. Schedule 107 and Rates**

**a. 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:

- Non-zone-rated 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. Zone Rated vehicles used in dumping operations are developed by applying a factor of 1.5 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 have been updated.

**b. 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.

**c. 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 6 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.

d. **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 .939 to the rates effective July 1, 2020. 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.

**The Garage Physical Damage rate has changed since the original filing.**

e. **Special Types**

The factors and rating procedures for special types remain unchanged. Special Types premium are developed by applying a factor of .952 to the rates effective July 1, 2020.

**The Special Types rate has changed since the original filing.**

f. **Motorcycles**

Motorcycle rates have not been updated.