



North Carolina Reinsurance Facility

October 31, 2018

Honorable Mike Causey
Commissioner of Insurance
North Carolina Department of Insurance
Raleigh, North Carolina 27611

Re: Revision of Commercial Automobile
Insurance Rates

Dear Sir:

Pursuant to North Carolina General Statute 58-37-35(l), the North Carolina Reinsurance Facility hereby files on behalf of its member companies revised (1) basic limits premium rates for liability insurance for trucks, tractors and trailers, public vehicles, zone rated vehicles, and private passenger types not eligible for rating under the North Carolina Personal Auto Manual and (2) bodily injury and property damage liability increased limits factors for such coverages rated under the Facility's Commercial Automobile Insurance Manual.

Enclosed are memoranda and exhibits which set forth and explain the calculations of the revised rates and rating factors. The rates established herein are based upon automobile liability insurance experience for the five years ending December 31, 2016 and automobile liability insurance expense data for calendar year ending December 31, 2017, the latest years for which such data are available.

The information and statistical data required pursuant to G.S. 58-36-15(h) are included. Additionally, the pre-filed testimony of (a) Raymond F. Evans, General Manager - North Carolina Reinsurance Facility; (b) James Davidson, Actuarial Product Director, Commercial Automobile - Insurance Services Office; and (c) Alyssa Irving, Managing Director - Fixed Income Portfolio Manager, Wellington Management Company, LLP is submitted herewith.

These revised rates will become effective April 1, 2019, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after April 1, 2019. No policy effective prior to April 1, 2019 shall be endorsed

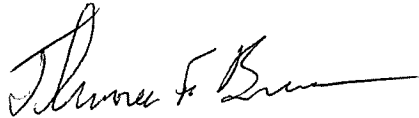
or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such requests, but in no event prior to April 1, 2019.

Exception for Experience Rated Policies:

These changes are applicable as of the experience rating date to all policies to which an experience rating modification which becomes effective on or after April 1, 2019 is applied and may not be applied to such policies prior to the experience rating date. As respects any policy to which an experience rating modification applies which becomes effective prior to April 1, 2019, these changes may not be applied until the first experience rating date on or after April 1, 2019.

If you have any questions regarding this filing please feel free to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas F. Burns". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Thomas F. Burns
Director Auto Operations
North Carolina Reinsurance Facility

NORTH CAROLINA REINSURANCE FACILITY
REVISION OF RATES FOR COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

This section contains the revision of rates for classes of business ceded to the Reinsurance Facility that appear in the North Carolina Reinsurance Facility Commercial Automobile Insurance Manual of Rules and Rates. This review is based on the latest available experience of all companies that filed under the ISO Commercial Statistical Plan (CSP), the PCI Automobile Statistical Plan, and the NISS Automobile Statistical Plan.

Set forth below are the percentage changes in manual rates resulting from this revision for the major classes of Commercial business.

<u>Classes and Coverages</u>	<u>Filed Percentage Changes</u>	
	<u>Basic Limits</u>	<u>Total Limits</u>
<u>Trucks, Tractors, and Trailers Liability</u>		
Bodily Injury (30/60)	- 16.8%	+ 7.9%
Property Damage (25)	+ 13.4%	+ 16.5%
<u>Private Passenger Types Liability</u>		
Bodily Injury (30/60)	+ 2.3%	+ 20.4%
Property Damage (25)	+ 29.7%	+ 31.4%
<u>Zone Rated Risks</u>		
Bodily Injury (30/60)	+ 46.4%	+108.0%
Property Damage (25)	+ 46.1%	+ 55.0%
<u>Publics</u>		
Bodily Injury (30/60)	- 23.4%	- 4.8%
Property Damage (25)	+ 82.6%	+ 86.5%
Grand Total	+ 3.9%	+ 26.1%

The material included in this review is arranged as follows:

- Section A - Summary of Rate Level Indications
- Section B - Determination of the Statewide Rate Level Indications
- Section C - Exhibits of Revised Rates
- Section D - Supporting Exhibits
- Section E - Revision of Increased Limits Factors
- Section F - Increased Limits Experience Review
- Section G - Revision of Increased Limits Tables
- Section H - Publics Relativities
- Section I - Out of State Rates

**North Carolina Reinsurance Facility
Summary of Indications**

ISO/PCI/NISS Experience

	<u>Basic Limits Indications</u>	<u>Increased Limits Indications</u>	<u>Total Limits Indications</u>
<u>TRUCKS, TRACTORS, & TRAILERS</u>			
Bodily Injury	-16.8%	29.7%	7.9%
Property Damage	13.4%	2.7%	16.5%
Total	-7.7%	21.6%	10.5%
<u>PRIVATE PASSENGER TYPES</u>			
Bodily Injury	2.3%	17.7%	20.4%
Property Damage	29.7%	1.3%	31.4%
Total	14.0%	10.7%	25.1%
<u>ZONE-RATED RISKS</u>			
Bodily Injury	46.4%	42.1%	108.0%
Property Damage	46.1%	6.1%	55.0%
Total	46.3%	32.7%	94.1%
<u>PUBLICS</u>			
Bodily Injury	-23.4%	24.3%	-4.8%
Property Damage	82.6%	2.1%	86.5%
Total	-6.3%	20.7%	9.9%
<u>OVERALL</u>			
Bodily Injury	-3.9%	30.4%	25.4%
Property Damage	24.1%	3.0%	27.8%
Total	3.9%	22.8%	26.1%

The Basic Limit Property Damage indications include a +1.2% factor. This factor has been applied to account for the anticipated increase in PD losses due to the effect of legislation effective 03/01/2016.

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SECTION A

Summary of Rate Level Indications

North Carolina Reinsurance Facility
Automobile Liability Insurance
Rate Level Indications

ISO/PCI/NISS Experience

	Trucks Basic Limits			P.P. Types Basic Limits			Zone-Rated Risks Basic Limits		
	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.
	1. Credibility Weighted Rate Level Loss Ratio	0.650	0.917		0.827	1.066		1.313	1.293
2. Trended Fixed Expense Ratio (a)	0.119	0.119		0.119	0.119		0.119	0.119	
3. Sum of (1) and (2)	0.769	1.036		0.946	1.185		1.432	1.412	
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.877	0.877		0.877	0.877		0.927	0.927	
5. Indicated Rate Level Change $[(3)/(4)-1] \times 100$	-12.3%	18.1%	-3.1%	7.9%	35.1%	19.5%	54.5%	52.3%	53.9%
6. Indications Reflecting Investment Income (c)	-16.8%	12.1%	-8.1%	2.3%	28.2%	13.3%	46.4%	44.4%	45.9%
7. Indications Reflecting Legislation effective 03/01/2016 (d)	-16.8%	13.4%	-7.7%	2.3%	29.7%	14.0%	46.4%	46.1%	46.3%

(a) Trended Fixed Expense Ratio is the sum of other acquisition expenses and general expenses multiplied by the average annual change in expenses projected for n years.

	<u>Trucks</u>	<u>P.P. Types</u>	<u>Zone Rated</u>
Sum of Other Acquisition Expense and General Expenses	11.3%	11.3%	11.3%
Avg. Annual Change in Expenses	2.5%	2.5%	2.5%
Years Projected (n)	2.25	2.25	2.25

(b) This ratio represents the percentage of the premium dollar available to cover losses, loss adjustment expenses, other acquisition costs and general expenses. It is calculated as 1.00 minus the provision for commissions and taxes, licenses and fees (see Section D, Exhibit 4).

(c) Reflects Investment Income on Earned Premium $[(3)/(0.877 + 0.0474)-1] \times 100$ for Trucks, Tractors, and Trailers and Private Passenger Types and reflects Investment Income on Earned Premium $[(3)/(0.927 + 0.0509)-1] \times 100$ for Zone Rated Risks.

Investment Income (Trucks and PPTs)	4.74%
Investment Income (Zone Rated Risks)	5.09%

(d) The Basic Limit Property Damage indications include a +1.2% factor. This factor has been applied to account for the anticipated increase in PD losses due to the effect of legislation effective 03/01/2016.

SECTION B

Determination of Statewide Rate Level Indications

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

DETERMINATION OF STATEWIDE RATE LEVEL CHANGES
SPLIT LIMIT LIABILITY COVERAGE

Experience - The statewide rate level indications on these exhibits were determined separately for bodily injury and property damage. For Trucks, Tractors, & Trailers and Private Passenger Types, and Zone Rated Risks, the limits on which the indications are based are \$30,000 per person, subject to \$60,000 per occurrence, for bodily injury and \$25,000 per occurrence for property damage.

Premiums - The earned premiums are the premiums that would have resulted if present rates had been charged during the experience period. Therefore, they reflect fully any rate and rule changes that have occurred during and since the experience period; however, they have not been adjusted to reflect the new applicability of sales tax to the labor portion of auto repairs, which became effective March 1, 2016. No trend in premium (or rating exposure) is assumed.

Losses - As described on the exhibit, unallocated loss adjustment expenses have been included with losses and allocated loss expense by use of appropriate factors. Also, the losses have been developed to an ultimate settlement basis.

Expenses - Unallocated loss adjustment expenses are trended separately from losses and then combined. Underwriting expenses are separated into fixed and variable expense and are appropriately trended.

Exhibit 1 - Trucks, Tractors, & Trailers Liability

Exhibit 2 - Private Passenger Types Liability

Exhibit 3 - Zone Rated Risks Liability

NORTH CAROLINA REINSURANCE FACILITY
 AUTOMOBILE LIABILITY INSURANCE - TRUCKS, TRACTORS, AND TRAILERS
 DETERMINATION OF STATEWIDE ADVISORY RATE LEVEL CHANGES
 SPLIT LIMIT LIABILITY COVERAGE
 BODILY INJURY AND PROPERTY DAMAGE

Section B
 Exhibit 1
 Sheet 1

	(1) (30/60/25) ACCIDENT YEARS ENDING	(2) (30/60/25) LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(3) LOSS & LOSS ADJUSTMENT RATIO (2)/(1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
BI	12/31/2012	\$12,528,688	0.496	5%	507
	12/31/2013	14,765,284	0.552	10%	662
	12/31/2014	15,802,724	0.806	15%	690
	12/31/2015	16,312,960	0.626	25%	620
	12/31/2016	15,318,197	0.651	45%	667
PD	12/31/2012	\$10,025,623	0.700	5%	1,455
	12/31/2013	11,814,691	0.865	10%	1,943
	12/31/2014	12,643,999	0.959	15%	2,102
	12/31/2015	13,051,862	0.971	25%	2,139
	12/31/2016	12,256,253	0.908	45%	1,915

	<u>BI</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.650	0.917
(7) EXPECTED LOSS RATIO (C).	0.764	0.764
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.787	0.814
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.650	0.917

(A) TRUCKS EXPERIENCE IS FOR ALL THOSE VEHICLES
 RATED IN ACCORDANCE WITH RULE 32.

(B) SEE SHEET 2 OF THIS EXHIBIT.

(C) EXPECTED LOSS RATIO IS THE COMPLEMENT OF THE TOTAL EXPENSE
 LOADING. EXPENSE LOADINGS ARE AS FOLLOWS:

TOTAL PRODUCTION COST:	15.3%
GENERAL EXPENSE:	6.0%
TAXES, LICENSES AND FEES:	2.3%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
 LOSS AND EXPENSE TREND FACTOR (2.0% FOR BI, 4.3% FOR PD), PROJECTED
 FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR
 BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST REVIEW (10/01/2017) TO ONE YEAR
 BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 04/01/2019. IN THIS ANALYSIS,
 THE PERIOD IS 1.500 YEAR.

(E) CREDIBILITY IS BASED UPON A 5 YEAR TOTAL OF BI AND P.D. CLAIMS,
 SHOWN IN COL. (5). THE STANDARD FOR FULL CREDIBILITY IS 1084 CLAIMS.

NORTH CAROLINA REINSURANCE FACILITY
TRUCKS, TRACTORS, AND TRAILERS
AUTOMOBILE LIABILITY INSURANCE
DETERMINATION OF SPLIT LIMIT LOSSES

Section B
Exhibit 1
Sheet 2

	ACCIDENT YEAR ENDING	BODILY INJURY (30/50)	PROPERTY DAMAGE (25000)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2012	\$4,922,883	\$4,653,360
	12/31/2013	6,552,778	7,081,108
	12/31/2014	10,253,826	8,742,918
	12/31/2015	7,842,350	9,510,992
	12/31/2016	6,720,530	8,430,946
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2012	\$4,922,883	\$4,653,360
	12/31/2013	6,585,542	7,074,027
	12/31/2014	10,499,918	8,760,404
	12/31/2015	8,587,373	9,549,036
	12/31/2016	8,555,235	8,751,322
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2012	\$393,831	\$390,882
	12/31/2013	526,843	594,218
	12/31/2014	839,993	735,874
	12/31/2015	686,990	802,119
	12/31/2016	684,419	735,111
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		2.0%	4.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.5%	2.5%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2012	\$6,217,011	\$7,020,636
	12/31/2013	8,149,476	10,223,412
	12/31/2014	12,738,920	12,131,863
	12/31/2015	10,209,700	12,675,543
	12/31/2016	9,964,796	11,124,225

(A) MODIFY (1) BY THE FOLLOWING LOSS DEVELOPMENT FACTORS (Section D, Exhibit 1):

YEAR ENDING	<u>B I</u>	<u>P D</u>
12/31/2012	1.000	1.000
12/31/2013	1.005	0.999
12/31/2014	1.024	1.002
12/31/2015	1.095	1.004
12/31/2016	1.273	1.038

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND
ALLOCATED FACTORS (Section D, Exhibit 4):

<u>B I</u>	<u>P D</u>
0.080	0.084

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + (4)]**N;
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + (5)]**N, WHERE N
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 4/01/2019.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2012	7/1/2012	7.750
12/31/2013	7/1/2013	6.750
12/31/2014	7/1/2014	5.750
12/31/2015	7/1/2015	4.750
12/31/2016	7/1/2016	3.750

NORTH CAROLINA REINSURANCE FACILITY
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER TYPES
 DETERMINATION OF STATEWIDE ADVISORY RATE LEVEL CHANGES
 SPLIT LIMIT LIABILITY COVERAGE
 BODILY INJURY AND PROPERTY DAMAGE

Section B
 Exhibit 2
 Sheet 1

		(1) (30/60/25) LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(2) (30/60/25) LIMITS INCURRED LOSSES(B)	(3) LOSS & LOSS ADJUSTMENT RATIO (2)/(1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
BI	12/31/2012	\$59,859	\$25,647	0.428	5%	3
	12/31/2013	67,793	202,894	2.993	10%	13
	12/31/2014	91,229	93,077	1.020	15%	15
	12/31/2015	81,666	16,929	0.207	25%	4
	12/31/2016	65,594	96,732	1.475	45%	6
PD	12/31/2012	\$57,680	\$38,827	0.673	5%	13
	12/31/2013	68,721	94,379	1.373	10%	18
	12/31/2014	92,483	144,423	1.562	15%	32
	12/31/2015	82,806	51,288	0.619	25%	16
	12/31/2016	66,513	161,715	2.431	45%	30

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	1.189	1.654
(7) EXPECTED LOSS RATIO (C).	0.764	0.764
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.787	0.814
(9) CREDIBILITY (E).	0.10	0.30
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.827	1.066

(A) CLASSES 1998, 7391, 7398.

(B) SEE SHEET 2 OF THIS EXHIBIT.

(C) EXPECTED LOSS RATIO IS THE COMPLEMENT OF THE TOTAL EXPENSE
LOADING. EXPENSE LOADINGS ARE AS FOLLOWS:

TOTAL PRODUCTION COST:	15.3%
GENERAL EXPENSE:	6.0%
TAXES, LICENSES AND FEES:	2.3%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
LOSS AND EXPENSE TREND FACTOR (2.0% FOR BI, 4.3% FOR PD), PROJECTED
FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR
BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST REVIEW (10/01/2017) TO ONE YEAR
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 4/01/2019. IN THIS ANALYSIS,
THE PERIOD IS 1.500 YEAR.

(E) CREDIBILITY IS BASED UPON A 5 YEAR TOTAL OF B.I. AND P.D. CLAIMS.
SHOWN IN COL. (5). THE STANDARD FOR FULL CREDIBILITY IS 1084 CLAIMS.

NORTH CAROLINA REINSURANCE FACILITY
PRIVATE PASSENGER TYPES
AUTOMOBILE LIABILITY INSURANCE
DETERMINATION OF SPLIT LIMIT LOSSES

Section B
Exhibit 2
Sheet 2

	ACCIDENT YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25000)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2012	\$20,308	\$25,735
	12/31/2013	163,957	65,305
	12/31/2014	76,718	104,288
	12/31/2015	14,239	38,637
	12/31/2016	83,049	121,858
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2012	\$20,308	\$25,735
	12/31/2013	163,957	65,305
	12/31/2014	76,718	104,288
	12/31/2015	14,239	38,637
	12/31/2016	83,049	127,220
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2012	\$1,625	\$2,162
	12/31/2013	13,117	5,486
	12/31/2014	6,137	8,760
	12/31/2015	1,139	3,246
	12/31/2016	6,644	10,686
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		2.0%	4.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.5%	2.5%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2012	\$25,647	\$38,827
	12/31/2013	202,894	94,379
	12/31/2014	93,077	144,423
	12/31/2015	16,929	51,288
	12/31/2016	96,732	161,715

(A) MODIFY (1) BY THE FOLLOWING LOSS DEVELOPMENT FACTORS (Section D, Exhibit 1):

YEAR ENDING	<u>B I</u>	<u>P D</u>
12/31/2012	1.000	1.000
12/31/2013	1.000	1.000
12/31/2014	1.000	1.000
12/31/2015	1.000	1.000
12/31/2016	1.000	1.044

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND
ALLOCATED FACTORS (Section D, Exhibit 4):

<u>B I</u>	<u>P D</u>
0.080	0.084

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + (4)]**N;
TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + (5)]**N, WHERE N
EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND
THE PROSPECTIVE EFFECTIVE DATE OF 4/01/2019.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2012	7/1/2012	7.750
12/31/2013	7/1/2013	6.750
12/31/2014	7/1/2014	5.750
12/31/2015	7/1/2015	4.750
12/31/2016	7/1/2016	3.750

NORTH CAROLINA REINSURANCE FACILITY
 AUTOMOBILE LIABILITY INSURANCE - ZONE RATED
 DETERMINATION OF STATEWIDE ADVISORY RATE LEVEL CHANGES
 SPLIT LIMIT LIABILITY COVERAGE
 BODILY INJURY AND PROPERTY DAMAGE

Section B
 Exhibit 3
 Sheet 1

	(1) (30/60/25) POLICY YEARS <u>ENDING</u>	(2) (30/60/25) LIMITS EARNED PREMIUM AT <u>PRESENT RATES(A)</u>	(3) LOSS & LOSS ADJUSTMENT RATIO <u>(2) / (1)</u>	(4) POLICY YEAR <u>WEIGHTS</u>	(5) NUMBER OF INCURRED <u>CLAIMS</u>
BI	12/31/2012	\$270,895	2.374	5%	14
	12/31/2013	261,455	1.884	10%	15
	12/31/2014	676,068	1.023	15%	25
	12/31/2015	1,545,112	1.563	25%	99
	12/31/2016	2,804,962	1.663	45%	163
PD	12/31/2012	\$284,910	0.851	5%	43
	12/31/2013	275,981	1.015	10%	39
	12/31/2014	714,690	1.286	15%	126
	12/31/2015	1,662,784	1.262	25%	338
	12/31/2016	2,950,323	1.424	45%	625
				<u>B.I.</u>	<u>P.D.</u>
(6)	WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).			1.600	1.293
(7)	EXPECTED LOSS RATIO (C).			0.814	0.814
(8)	ADJUSTED EXPECTED LOSS RATIO (D).			0.883	0.967
(9)	CREDIBILITY (E).			0.60	1.00
(10)	RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).			1.313	1.293

(A) ZONE RATED EXPERIENCE IS FOR ALL ZONE RATED RISKS

WRITTEN IN ACCORDANCE WITH THE COMMERCIAL AUTO MANUAL.

(B) SEE SHEET 2 OF THIS EXHIBIT.

(C) EXPECTED LOSS RATIO IS THE COMPLEMENT OF THE TOTAL EXPENSE
LOADING. EXPENSE LOADINGS ARE AS FOLLOWS:

TOTAL PRODUCTION COST:	10.3%
GENERAL EXPENSE:	6.0%
TAXES, LICENSES AND FEES:	2.3%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
LOSS AND EXPENSE TREND FACTOR (2.0% FOR BI, 4.3% FOR PD), PROJECTED
FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR
BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST REVIEW (03/01/2015) TO ONE YEAR
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 4/01/2019. IN THIS ANALYSIS,
THE PERIOD IS 4.083 YEARS.

(E) CREDIBILITY IS BASED UPON A 5 YEAR TOTAL OF B.I. AND P.D. CLAIMS,
SHOWN IN COL. (5). THE STANDARD FOR FULL CREDIBILITY IS 683 CLAIMS.

NORTH CAROLINA REINSURANCE FACILITY
 ZONE RATED
 AUTOMOBILE LIABILITY INSURANCE
 DETERMINATION OF SPLIT LIMIT LOSSES

Section B
 Exhibit 3
 Sheet 2

	POLICY YEAR ENDING	BODILY INJURY	PROPERTY DAMAGE
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2012	\$504,460	\$157,406
	12/31/2013	375,445	189,773
	12/31/2014	488,650	649,463
	12/31/2015	1,581,928	1,547,529
	12/31/2016	2,495,475	3,265,771
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2012	\$504,460	\$157,406
	12/31/2013	394,217	189,773
	12/31/2014	564,391	649,463
	12/31/2015	2,010,630	1,547,529
	12/31/2016	3,962,814	3,233,113
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2012	\$40,357	\$13,222
	12/31/2013	31,537	15,941
	12/31/2014	45,151	54,555
	12/31/2015	160,850	129,992
	12/31/2016	317,025	271,581
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		2.0%	4.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.5%	2.5%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2012	\$643,227	\$242,560
	12/31/2013	492,645	280,193
	12/31/2014	691,582	919,008
	12/31/2015	2,414,847	2,097,817
	12/31/2016	4,663,756	4,200,861

(A) MODIFY (1) BY THE FOLLOWING LOSS DEVELOPMENT FACTORS (Section D, Exhibit 1):

YEAR ENDING	B.I.	P.D.
12/31/2012	1.000	1.000
12/31/2013	1.050	1.000
12/31/2014	1.155	1.000
12/31/2015	1.271	1.000
12/31/2016	1.588	0.990

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND
 ALLOCATED FACTORS (Section D, Exhibit 4):

B.I.	P.D.
0.080	0.084

(C) TRENDED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE = (2) X [1.0 + (4)]**N;
 TRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSE = (3) X [1.0 + (5)]**N, WHERE N
 EQUALS THE NUMBER OF YEARS FROM AVERAGE DATE OF ACCIDENT TO ONE YEAR BEYOND
 THE PROSPECTIVE EFFECTIVE DATE OF 4/01/2019.

POLICY YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2012	1/1/2012	8.250
12/31/2013	1/1/2013	7.250
12/31/2014	1/1/2014	6.250
12/31/2015	1/1/2015	5.250
12/31/2016	1/1/2016	4.250

SECTION C

Exhibits of Revised Rates

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBITS OF REVISED RATES

Exhibit 1 - Relativities Used to Develop the Rates

Exhibit 2 - Trucks, Tractors, & Trailers and Related Classes

The revised non-fleet base rates are based upon the voluntary territory relativities that become effective on December 1, 2018. The revised fleet base rates are derived using the current approved factor of 1.10 to the revised non-fleet rates.

Exhibit 3 - Private Passenger Types Liability

The revised rates are based upon the voluntary territory relativities that become effective on December 1, 2018.

Exhibit 4 - Zone Rated Risks

The indicated bodily injury and property damage changes were applied to the current Zone Rated risks base rates. These base rates became effective on March 1, 2015.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBITS OF REVISED RATES

Medical Payments

The medical payments rates are determined by multiplying the 30/60 Bodily Injury non-fleet rates by the following factors:

	<u>500</u>	<u>Limits</u> <u>1000</u>	<u>2000</u>
Trucks, Tractors, & Trailers	.292	.350	.384
Taxis and Limousines	.184	.216	.247
School and Church Buses	.225	.266	.306
Other Buses	.133	.155	.175
Van Pools	.292	.350	.384
Private Passenger Types	.097	.125	.142

The Medical Payments rates for Zone Rated Risks are calculated by multiplying the bodily injury rates by a factor of .193.

Hired Cars

The rate for hired cars applies to all territories, and is determined by multiplying the current rate by the Trucks, Tractors, & Trailers statewide rate level change.

Public Automobiles

Rates for Public Automobiles are calculated as factor derivatives of the Trucks, Tractors, & Trailers non-fleet base rates. The revised relativities used are listed below. The calculation of these relativities can be found in Section H.

	<u>Differential to Base Rate</u>	
	<u>BI</u>	<u>PD</u>
Taxis and Limousines	6.35	4.41
School and Church Buses	0.78	0.59
Other Buses	5.07	2.45
Van Pools	0.82	0.82

North Carolina Reinsurance Facility
Trucks, Tractors, & Trailers - Bodily Injury
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 237.8106	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	201	290	295	1.003	238.524	239	-19.0%
12	1,590	488	454	1.688	401.424	401	-11.7%
13	604	346	344	1.197	284.659	285	-17.2%
14	615	337	346	1.166	277.287	277	-19.9%
15	162	275	275	0.951	226.158	226	-17.8%
16	1,216	420	416	1.453	345.539	346	-16.8%
17	616	319	332	1.104	262.543	263	-20.8%
18	407	347	335	1.201	285.611	286	-14.6%
19	1	246	251	0.851	202.377	202	-19.5%
20	510	376	350	1.301	309.392	309	-11.7%
21	1,176	348	348	1.204	286.324	286	-17.8%
22	3,570	337	327	1.166	277.287	277	-15.3%
23	11,380	246	251	0.851	202.377	202	-19.5%
24	15,587	265	260	0.917	218.072	218	-16.2%
SW	37,635	289.03	285.83		237.816		-16.8%

Weighted average factor x percent change = new weighted average
 $285.83 \times 0.832 = 237.8106$

The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.

* The rates in column (6) are keyed to a statewide revenue change of -16.8 percent.

** Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
Trucks, Tractors, & Trailers - Property Damage
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 259.3798	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	201	290	236	1.003	260.158	260	10.2%
12	1,590	488	363	1.688	437.833	438	20.7%
13	604	346	275	1.197	310.478	310	12.7%
14	615	337	277	1.166	302.437	302	9.0%
15	162	275	220	0.951	246.670	247	12.3%
16	1,216	420	332	1.453	376.879	377	13.6%
17	616	319	266	1.104	286.355	286	7.5%
18	407	347	268	1.201	311.515	312	16.4%
19	1	246	201	0.851	220.732	221	10.0%
20	510	376	280	1.301	337.453	337	20.4%
21	1,176	348	278	1.204	312.293	312	12.2%
22	3,570	337	262	1.166	302.437	302	15.3%
23	11,380	246	201	0.851	220.732	221	10.0%
24	15,587	265	208	0.917	237.851	238	14.4%
SW	37,635	289.03	228.73		259.390		13.4%

Weighted average factor x percent change = new weighted average
 $228.73 \times 1.134 = 259.3798$

The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.

* The rates in column (6) are keyed to a statewide revenue change of +13.4 percent.

** Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
Commercial Automobile Manual

LIGHT AND MEDIUM TRUCKS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	239	280	382	260	270	70	84	92
	Fleet	263	308	421	286	297			
12	Non-Fleet	401	469	642	438	456	117	140	154
	Fleet	441	516	706	482	501			
13	Non-Fleet	285	333	456	310	322	83	100	109
	Fleet	314	367	502	341	355			
14	Non-Fleet	277	324	443	302	314	81	97	106
	Fleet	305	357	488	332	345			
15	Non-Fleet	226	264	362	247	257	66	79	87
	Fleet	249	291	398	272	283			
16	Non-Fleet	346	405	554	377	392	101	121	133
	Fleet	381	446	610	415	432			
17	Non-Fleet	263	308	421	286	297	77	92	101
	Fleet	289	338	462	315	328			
18	Non-Fleet	286	335	458	312	324	84	100	110
	Fleet	315	369	504	343	357			
19	Non-Fleet	202	236	323	221	230	59	71	78
	Fleet	222	260	355	243	253			
20	Non-Fleet	309	362	494	337	350	90	108	119
	Fleet	340	398	544	371	386			
21	Non-Fleet	286	335	458	312	324	84	100	110
	Fleet	315	369	504	343	357			
22	Non-Fleet	277	324	443	302	314	81	97	106
	Fleet	305	357	488	332	345			
23	Non-Fleet	202	236	323	221	230	59	71	78
	Fleet	222	260	355	243	253			
24	Non-Fleet	218	255	349	238	248	64	76	84
	Fleet	240	281	384	262	272			

HIRED CAR	Bodily Injury 30/60	Property Damage 25
All Territories	\$0.37	\$0.45

HEAVY TRUCKS AND TRUCK TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	239	289	409	260	270	70	84	92
	Fleet	263	318	450	286	297			
12	Non-Fleet	401	485	686	438	456	117	140	154
	Fleet	441	534	754	482	501			
13	Non-Fleet	285	345	487	310	322	83	100	109
	Fleet	314	380	537	341	355			
14	Non-Fleet	277	335	474	302	314	81	97	106
	Fleet	305	369	522	332	345			
15	Non-Fleet	226	273	386	247	257	66	79	87
	Fleet	249	301	426	272	283			
16	Non-Fleet	346	419	592	377	392	101	121	133
	Fleet	381	461	652	415	432			
17	Non-Fleet	263	318	450	286	297	77	92	101
	Fleet	289	350	494	315	328			
18	Non-Fleet	286	346	489	312	324	84	100	110
	Fleet	315	381	539	343	357			
19	Non-Fleet	202	244	345	221	230	59	71	78
	Fleet	222	269	380	243	253			
20	Non-Fleet	309	374	528	337	350	90	108	119
	Fleet	340	411	581	371	386			
21	Non-Fleet	286	346	489	312	324	84	100	110
	Fleet	315	381	539	343	357			
22	Non-Fleet	277	335	474	302	314	81	97	106
	Fleet	305	369	522	332	345			
23	Non-Fleet	202	244	345	221	230	59	71	78
	Fleet	222	269	380	243	253			
24	Non-Fleet	218	264	373	238	248	64	76	84
	Fleet	240	290	410	262	272			

North Carolina Reinsurance Facility
Commercial Automobile Manual

EXTRA-HEAVY TRUCKS AND TRUCK-TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	239	296	440	260	270	70	84	92
	Fleet	263	326	484	286	297			
12	Non-Fleet	401	497	738	438	456	117	140	154
	Fleet	441	547	811	482	501			
13	Non-Fleet	285	353	524	310	322	83	100	109
	Fleet	314	389	578	341	355			
14	Non-Fleet	277	343	510	302	314	81	97	106
	Fleet	305	378	561	332	345			
15	Non-Fleet	226	280	416	247	257	66	79	87
	Fleet	249	309	458	272	283			
16	Non-Fleet	346	429	637	377	392	101	121	133
	Fleet	381	472	701	415	432			
17	Non-Fleet	263	326	484	286	297	77	92	101
	Fleet	289	358	532	315	328			
18	Non-Fleet	286	355	526	312	324	84	100	110
	Fleet	315	391	580	343	357			
19	Non-Fleet	202	250	372	221	230	59	71	78
	Fleet	222	275	408	243	253			
20	Non-Fleet	309	383	569	337	350	90	108	119
	Fleet	340	422	626	371	386			
21	Non-Fleet	286	355	526	312	324	84	100	110
	Fleet	315	391	580	343	357			
22	Non-Fleet	277	343	510	302	314	81	97	106
	Fleet	305	378	561	332	345			
23	Non-Fleet	202	250	372	221	230	59	71	78
	Fleet	222	275	408	243	253			
24	Non-Fleet	218	270	401	238	248	64	76	84
	Fleet	240	298	442	262	272			

North Carolina Reinsurance Facility
Commercial Automobile Manual

TAXIS AND LIMOUSINES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	1518	1837	2459	1147	1193	279	328	375
	Fleet	1670	2021	2705	1262	1312			
12	Non-Fleet	2546	3081	4125	1932	2009	468	550	629
	Fleet	2801	3389	4538	2125	2210			
13	Non-Fleet	1810	2190	2932	1367	1422	333	391	447
	Fleet	1991	2409	3225	1504	1564			
14	Non-Fleet	1759	2128	2850	1332	1385	324	380	434
	Fleet	1935	2341	3135	1465	1524			
15	Non-Fleet	1435	1736	2325	1089	1133	264	310	354
	Fleet	1579	1911	2558	1198	1246			
16	Non-Fleet	2197	2658	3559	1663	1730	404	475	543
	Fleet	2417	2925	3916	1829	1902			
17	Non-Fleet	1670	2021	2705	1261	1311	307	361	412
	Fleet	1837	2223	2976	1387	1442			
18	Non-Fleet	1816	2197	2942	1376	1431	334	392	449
	Fleet	1998	2418	3237	1514	1575			
19	Non-Fleet	1283	1552	2078	975	1014	236	277	317
	Fleet	1411	1707	2286	1073	1116			
20	Non-Fleet	1962	2374	3178	1486	1545	361	424	485
	Fleet	2158	2611	3496	1635	1700			
21	Non-Fleet	1816	2197	2942	1376	1431	334	392	449
	Fleet	1998	2418	3237	1514	1575			
22	Non-Fleet	1759	2128	2850	1332	1385	324	380	434
	Fleet	1935	2341	3135	1465	1524			
23	Non-Fleet	1283	1552	2078	975	1014	236	277	317
	Fleet	1411	1707	2286	1073	1116			
24	Non-Fleet	1384	1675	2242	1050	1092	255	299	342
	Fleet	1522	1842	2466	1155	1201			

North Carolina Reinsurance Facility
 Commercial Automobile Manual

SCHOOL AND CHURCH BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	186	225	301	153	159	42	49	57
	Fleet	205	248	332	168	175			
12	Non-Fleet	313	379	507	258	268	70	83	96
	Fleet	344	416	557	284	295			
13	Non-Fleet	222	269	360	183	190	50	59	68
	Fleet	244	295	395	201	209			
14	Non-Fleet	216	261	350	178	185	49	57	66
	Fleet	238	288	386	196	204			
15	Non-Fleet	176	213	285	146	152	40	47	54
	Fleet	194	235	314	161	167			
16	Non-Fleet	270	327	437	222	231	61	72	83
	Fleet	297	359	481	244	254			
17	Non-Fleet	205	248	332	169	176	46	55	63
	Fleet	226	273	366	186	193			
18	Non-Fleet	223	270	361	184	191	50	59	68
	Fleet	245	296	397	202	210			
19	Non-Fleet	158	191	256	130	135	36	42	48
	Fleet	174	211	282	143	149			
20	Non-Fleet	241	292	390	199	207	54	64	74
	Fleet	265	321	429	219	228			
21	Non-Fleet	223	270	361	184	191	50	59	68
	Fleet	245	296	397	202	210			
22	Non-Fleet	216	261	350	178	185	49	57	66
	Fleet	238	288	386	196	204			
23	Non-Fleet	158	191	256	130	135	36	42	48
	Fleet	174	211	282	143	149			
24	Non-Fleet	170	206	275	140	146	38	45	52
	Fleet	187	226	303	154	160			

North Carolina Reinsurance Facility
Commercial Automobile Manual

ALL OTHER BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	1212	1467	1963	637	662	161	188	212
	Fleet	1333	1613	2159	701	729			
12	Non-Fleet	2033	2460	3293	1073	1116	270	315	356
	Fleet	2236	2706	3622	1180	1227			
13	Non-Fleet	1445	1748	2341	760	790	192	224	253
	Fleet	1590	1924	2576	836	869			
14	Non-Fleet	1404	1699	2274	740	770	187	218	246
	Fleet	1544	1868	2501	814	847			
15	Non-Fleet	1146	1387	1857	605	629	152	178	201
	Fleet	1261	1526	2043	666	693			
16	Non-Fleet	1754	2122	2841	924	961	233	272	307
	Fleet	1929	2334	3125	1016	1057			
17	Non-Fleet	1333	1613	2159	701	729	177	207	233
	Fleet	1466	1774	2375	771	802			
18	Non-Fleet	1450	1755	2349	764	795	193	225	254
	Fleet	1595	1930	2584	840	874			
19	Non-Fleet	1024	1239	1659	541	563	136	159	179
	Fleet	1126	1362	1824	595	619			
20	Non-Fleet	1567	1896	2539	826	859	208	243	274
	Fleet	1724	2086	2793	909	945			
21	Non-Fleet	1450	1755	2349	764	795	193	225	254
	Fleet	1595	1930	2584	840	874			
22	Non-Fleet	1404	1699	2274	740	770	187	218	246
	Fleet	1544	1868	2501	814	847			
23	Non-Fleet	1024	1239	1659	541	563	136	159	179
	Fleet	1126	1362	1824	595	619			
24	Non-Fleet	1105	1337	1790	583	606	147	171	193
	Fleet	1216	1471	1970	641	667			

North Carolina Reinsurance Facility
Commercial Automobile Manual

VAN POOLS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	196	237	318	213	222	57	69	75
	Fleet	216	261	350	234	243			
12	Non-Fleet	329	398	533	359	373	96	115	126
	Fleet	362	438	586	395	411			
13	Non-Fleet	234	283	379	254	264	68	82	90
	Fleet	257	311	416	279	290			
14	Non-Fleet	227	275	368	248	258	66	79	87
	Fleet	250	303	405	273	284			
15	Non-Fleet	185	224	300	203	211	54	65	71
	Fleet	204	247	330	223	232			
16	Non-Fleet	284	344	460	309	321	83	99	109
	Fleet	312	378	505	340	354			
17	Non-Fleet	216	261	350	235	244	63	76	83
	Fleet	238	288	386	259	269			
18	Non-Fleet	235	284	381	256	266	69	82	90
	Fleet	259	313	420	282	293			
19	Non-Fleet	166	201	269	181	188	48	58	64
	Fleet	183	221	296	199	207			
20	Non-Fleet	253	306	410	276	287	74	89	97
	Fleet	278	336	450	304	316			
21	Non-Fleet	235	284	381	256	266	69	82	90
	Fleet	259	313	420	282	293			
22	Non-Fleet	227	275	368	248	258	66	79	87
	Fleet	250	303	405	273	284			
23	Non-Fleet	166	201	269	181	188	48	58	64
	Fleet	183	221	296	199	207			
24	Non-Fleet	179	217	290	195	203	52	63	69
	Fleet	197	238	319	215	224			

North Carolina Reinsurance Facility
Private Passenger Types - Bodily Injury
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 162.3092	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	7	239	151	0.951	154.356	154	2.0%
12	22	354	217	1.409	228.694	229	5.5%
13	13	282	175	1.122	182.111	182	4.0%
14	9	233	157	0.927	150.461	150	-4.5%
15	11	271	180	1.078	174.969	175	-2.8%
16	29	264	168	1.051	170.587	171	1.8%
17	1	291	169	1.158	187.954	188	11.2%
18	5	249	160	0.991	160.848	161	0.6%
19	0	246	153	0.979	158.901	159	3.9%
20	17	282	173	1.122	182.111	182	5.2%
21	7	263	152	1.047	169.938	170	11.8%
22	20	256	169	1.019	165.393	165	-2.4%
23	109	246	153	0.979	158.901	159	3.9%
24	163	232	148	0.923	149.811	150	1.4%
SW	413	251.29	158.66		162.300		2.3%

Weighted average factor x percent change = new weighted average
 $158.66 \times 1.023 = 162.3092$

- # The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.
- * The rates in column (6) are keyed to a statewide revenue change of +2.3 percent.
- ** Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
Private Passenger Types - Property Damage
Determination of Rate Level Changes By Territory

Terr.	(1) Facility Earned Exposures	(2) Voluntary Base Loss Cost #	(3) Facility Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 208.6614	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	7	239	153	0.951	198.437	198	29.4%
12	22	354	220	1.409	294.004	294	33.6%
13	13	282	177	1.122	234.118	234	32.2%
14	9	233	159	0.927	193.429	193	21.4%
15	11	271	183	1.078	224.937	225	23.0%
16	29	264	171	1.051	219.303	219	28.1%
17	1	291	172	1.158	241.630	242	40.7%
18	5	249	163	0.991	206.783	207	27.0%
19	0	246	155	0.979	204.280	204	31.6%
20	17	282	176	1.122	234.118	234	33.0%
21	7	263	155	1.047	218.468	218	40.6%
22	20	256	171	1.019	212.626	213	24.6%
23	109	246	155	0.979	204.280	204	31.6%
24	163	232	150	0.923	192.594	193	28.7%
SW	413	251.29	160.88		208.650		29.7%

Weighted average factor x percent change = new weighted average
 $160.88 \times 1.297 = 208.6614$

The loss costs presented in Column (2) are on a Combined Single Limit (CSL) basis. That is, they provide coverage for both Bodily Injury and Property Damage.

* The rates in column (6) are keyed to a statewide revenue change of +29.7 percent.

** Column (7) is the change in the base rate by territory. It is calculated by dividing column (6) by column (3).

North Carolina Reinsurance Facility
 Commercial Automobile Manual

PRIVATE PASSENGER TYPES

	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
	30/60	50/100	100/300	25	50	500	1000	2000
Territory								
11	154	186	249	198	206	15	19	22
12	229	277	371	294	306	22	29	33
13	182	220	295	234	243	18	23	26
14	150	182	243	193	201	15	19	21
15	175	212	284	225	234	17	22	25
16	171	207	277	219	228	17	21	24
17	188	227	305	242	252	18	24	27
18	161	195	261	207	215	16	20	23
19	159	192	258	204	212	15	20	23
20	182	220	295	234	243	18	23	26
21	170	206	275	218	227	16	21	24
22	165	200	267	213	222	16	21	23
23	159	192	258	204	212	15	20	23
24	150	182	243	193	201	15	19	21

TRUCKS

Zone Rating Table-Garaged in North Carolina
Zone 05 (Charlotte) CombinationsSection C
Exhibit 4
Sheet 1

Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet	
01 Atlanta	1317	BI	13 Houston	1318	BI	25 New Orleans	1334	BI	37 Tulsa	1318	BI
	1382	PD		1383	PD		1400	PD		1383	PD
	254	MP		254	MP		257	MP		254	MP
	**201			**213			**225			**237	
02 Balt.- Wash.	1299	BI	14 Indian- apolis	1142	BI	26 N.Y. City	1299	BI	40 Pacific	1509	BI
	1363	PD		1198	PD		1363	PD		1584	PD
	251	MP		220	MP		251	MP		291	MP
	**202			**214			**226			**240	
03 Boston	1388	BI	15 Jackson- ville	1317	BI	27 Okla.- City	1318	BI	41 Mountain	1674	BI
	1457	PD		1382	PD		1383	PD		1758	PD
	268	MP		254	MP		254	MP		323	MP
	**203			**215			**227			**241	
04 Buffalo	1299	BI	16 Kansas City	1358	BI	28 Omaha	1358	BI	42 Midwest	1393	BI
	1363	PD		1425	PD		1425	PD		1463	PD
	251	MP		262	MP		262	MP		269	MP
	**204			**216			**228			**242	
05 Char- lotte	1317	BI	17 Little Rock	1318	BI	29 Phoenix	1631	BI	43 South- west	1352	BI
	1382	PD		1383	PD		1713	PD		1420	PD
	254	MP		254	MP		315	MP		261	MP
	**205			**217			**229			**243	
06 Chicago	1142	BI	18 Los Angeles	1471	BI	30 Phila- delphia	1299	BI	44 North- Central	1172	BI
	1198	PD		1544	PD		1363	PD		1229	PD
	220	MP		284	MP		251	MP		226	MP
	**206			**218			**230			**244	
07 Cincin- nati	1142	BI	19 Louis- ville	1272	BI	31 Pitts- burgh	1299	BI	45 Midcast	1306	BI
	1198	PD		1336	PD		1363	PD		1371	PD
	220	MP		245	MP		251	MP		252	MP
	**207			**219			**231			**245	
08 Cleve- land	1142	BI	20 Memphis	1272	BI	32 Portland	1471	BI	46 Gulf	1369	BI
	1198	PD		1336	PD		1544	PD		1437	PD
	220	MP		245	MP		284	MP		264	MP
	**208			**220			**232			**246	
09 Dallas Ft. Worth	1318	BI	21 Miami	1317	BI	33 Richmond	1317	BI	47 South- east	1351	BI
	1383	PD		1382	PD		1382	PD		1419	PD
	254	MP		254	MP		254	MP		261	MP
	**209			**221			**233			**247	
10 Denver	1631	BI	22 Mil- waukee	1358	BI	34 St. Louis	1358	BI	48 Eastern	1333	BI
	1713	PD		1425	PD		1425	PD		1399	PD
	315	MP		262	MP		262	MP		257	MP
	**210			**222			**234			**248	
11 Detroit	1142	BI	23 Minn.- St. Paul	1358	BI	35 Salt Lake City	1631	BI	49 New England	1424	BI
	1198	PD		1425	PD		1713	PD		1496	PD
	220	MP		262	MP		315	MP		275	MP
	**211			**223			**235			**249	
12 Hart- ford	1388	BI	24 Nash- ville	1272	BI	36 San Francisco	1471	BI			
	1457	PD		1336	PD		1544	PD			
	268	MP		245	MP		284	MP			
	**212			**224			**236				

TRUCKS

Zone Rating Table-Garaged in North Carolina
Zone 47 (Southeast) CombinationsSection C
Exhibit 4
Sheet 2

Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet		Zone	Liability Non Fleet	
01 Atlanta	1351	BI	13 Houston	1352	BI	25 New Orleans	1369	BI	37 Tulsa	1352	BI
	1419	PD		1420	PD		1437	PD		1420	PD
	261	MP		261	MP		264	MP		261	MP
	**901			**913			**925			**937	
02 Balt.- Wash.	1333	BI	14 Indian- apolis	1172	BI	26 N.Y. City	1333	BI	40 Pacific	1548	BI
	1399	PD		1229	PD		1399	PD		1625	PD
	257	MP		226	MP		257	MP		299	MP
	**902			**914			**926			**940	
03 Boston	1424	BI	15 Jackson- ville	1351	BI	27 Okla.- City	1352	BI	41 Mountain	1717	BI
	1496	PD		1419	PD		1420	PD		1803	PD
	275	MP		261	MP		261	MP		331	MP
	**903			**915			**927			**941	
04 Buffalo	1333	BI	16 Kansas City	1393	BI	28 Omaha	1393	BI	42 Midwest	1429	BI
	1399	PD		1463	PD		1463	PD		1500	PD
	257	MP		269	MP		269	MP		276	MP
	**904			**916			**928			**942	
05 Char- lotte	1351	BI	17 Little Rock	1352	BI	29 Phoenix	1674	BI	43 South- west	1387	BI
	1419	PD		1420	PD		1758	PD		1456	PD
	261	MP		261	MP		323	MP		268	MP
	**905			**917			**929			**943	
06 Chicago	1172	BI	18 Los Angeles	1509	BI	30 Phila- delphia	1333	BI	44 North- Central	1202	BI
	1229	PD		1584	PD		1399	PD		1261	PD
	226	MP		291	MP		257	MP		232	MP
	**906			**918			**930			**944	
07 Cincin- nati	1172	BI	19 Louis- ville	1306	BI	31 Pitts- burgh	1333	BI	45 Mideast	1339	BI
	1229	PD		1371	PD		1399	PD		1406	PD
	226	MP		252	MP		257	MP		258	MP
	**907			**919			**931			**945	
08 Cleve- land	1172	BI	20 Memphis	1306	BI	32 Portland	1509	BI	46 Gulf	1404	BI
	1229	PD		1371	PD		1584	PD		1474	PD
	226	MP		252	MP		291	MP		271	MP
	**908			**920			**932			**946	
09 Dallas Ft. Worth	1352	BI	21 Miami	1351	BI	33 Richmond	1351	BI	47 South- east	1386	BI
	1420	PD		1419	PD		1419	PD		1455	PD
	261	MP		261	MP		261	MP		267	MP
	**909			**921			**933			**947	
10 Denver	1674	BI	22 Mil- waukee	1393	BI	34 St. Louis	1393	BI	48 Eastern	1367	BI
	1758	PD		1463	PD		1463	PD		1435	PD
	323	MP		269	MP		269	MP		264	MP
	**910			**922			**934			**948	
11 Detroit	1172	BI	23 Minn.- St. Paul	1393	BI	35 Salt Lake City	1674	BI	49 New England	1461	BI
	1229	PD		1463	PD		1758	PD		1534	PD
	226	MP		269	MP		323	MP		282	MP
	**911			**923			**935			**949	
12 Hart- ford	1424	BI	24 Nash- ville	1306	BI	36 San Francisco	1509	BI			
	1496	PD		1371	PD		1584	PD			
	275	MP		252	MP		291	MP			
	**912			**924			**936				

SECTION D

Supporting Exhibits

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

SUPPORTING EXHIBITS

Exhibit 1 - Loss Development Factors

Both 30/60/25 limit and total limits loss development factors based on North Carolina Facility data are shown in this exhibit.

Exhibit 2 - Trend in Claim Severity and Claim Frequency

The historical average annual change in claim costs for both Bodily Injury and Property Damage coverages are displayed for North Carolina voluntary experience and a credibility-weighted mix of multistate and North Carolina only data. Prospective average annual changes for claim costs (severity trends) were selected based on the review of both 12 and 24 point fits. Prospective average annual changes for claim frequency have been selected based on multistate, North Carolina voluntary, and NCRF data. Combining the selected claim cost trends with the selected claim frequency trends results in the selected Bodily Injury and Property Damage pure premium trends used to adjust the losses to a prospective level.

Exhibit 3 - Trend in Expense

The average annual percentage change in fixed underwriting expenses and loss adjustment expenses is based on the average of the annual percent changes in the All Items Consumer Price Index and the Compensation Cost Index.

Exhibit 4 - Expense Experience

Exhibit 5 - Tables of Credibility and Weights

Exhibit 6 - Investment Income

Exhibit 7 - Adjusted and Unadjusted Experience

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Trucks, Tractors, and Trailer Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 1

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					6,857,105	
12/31/2008				5,048,215	5,051,545	
12/31/2009			3,779,694	3,899,383	3,886,854	
12/31/2010		5,002,175	5,202,666	5,428,217	5,580,977	
12/31/2011	3,781,775	4,236,994	4,641,485	4,745,964	4,767,678	
12/31/2012	3,911,100	4,543,068	4,867,927	4,872,702	4,922,883	
12/31/2013	5,455,419	6,434,813	6,601,925	6,552,778		
12/31/2014	6,865,702	8,900,466	10,253,826			
12/31/2015	6,839,874	7,842,350				
12/31/2016	6,720,530					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.001	
12/31/2009			1.032	0.997	
12/31/2010		1.040	1.043	1.028	
12/31/2011	1.120	1.095	1.023	1.005	
12/31/2012	1.162	1.072	1.001	1.010	
12/31/2013	1.180	1.026	0.993		
12/31/2014	1.296	1.152			
12/31/2015	1.147				
Link (Latest 5)	1.181	1.077	1.018	1.008	
Link (Best 3 of 5)	1.163	1.069	1.019	1.005	
Selection	1.163	1.069	1.019	1.005	1.000
To Ultimate	1.273	1.095	1.024	1.005	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Trucks, Tractors, and Trailer Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 2

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					6,385,893	
12/31/2008				5,238,047	5,266,298	
12/31/2009			3,926,509	3,937,942	3,891,598	
12/31/2010		4,715,836	4,728,857	4,753,796	4,750,902	
12/31/2011	4,314,339	4,477,676	4,408,711	4,401,000	4,401,000	
12/31/2012	4,401,197	4,607,384	4,642,685	4,665,532	4,653,360	
12/31/2013	6,869,925	7,075,473	7,066,774	7,081,108		
12/31/2014	8,417,580	8,709,130	8,742,918			
12/31/2015	9,371,147	9,510,992				
12/31/2016	8,430,946					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.005	
12/31/2009			1.003	0.988	
12/31/2010		1.003	1.005	0.999	
12/31/2011	1.038	0.985	0.998	1.000	
12/31/2012	1.047	1.008	1.005	0.997	
12/31/2013	1.030	0.999	1.002		
12/31/2014	1.035	1.004			
12/31/2015	1.015				
Link (Latest 5)	1.033	1.000	1.003	0.998	
Link (Best 3 of 5)	1.034	1.002	1.003	0.999	
Selection	1.034	1.002	1.003	0.999	1.000
To Ultimate	1.038	1.004	1.002	0.999	1.000

North Carolina Facility Data
 Bodily Injury Total Limits Loss Development
 Trucks, Tractors, and Trailer Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 3

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					14,656,516	
12/31/2008				15,802,160	15,677,990	
12/31/2009			11,284,330	11,504,019	11,590,490	
12/31/2010		10,655,297	11,722,027	12,227,485	12,641,391	
12/31/2011	6,960,642	8,481,872	9,708,648	10,407,489	10,488,199	
12/31/2012	6,599,755	8,292,321	9,312,316	9,963,579	9,892,391	
12/31/2013	11,124,570	12,446,628	14,630,280	15,318,091		
12/31/2014	14,108,870	21,232,162	28,146,619			
12/31/2015	14,885,882	20,199,981				
12/31/2016	16,517,737					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				0.992	
12/31/2009			1.019	1.008	
12/31/2010		1.100	1.043	1.034	
12/31/2011	1.219	1.145	1.072	1.008	
12/31/2012	1.256	1.123	1.070	0.993	
12/31/2013	1.119	1.175	1.047		
12/31/2014	1.505	1.326			
12/31/2015	1.357				
Link (Latest 5)	1.291	1.174	1.050	1.007	
Link (Best 3 of 5)	1.277	1.148	1.053	1.003	
Selection	1.277	1.148	1.053	1.003	1.000
To Ultimate	1.548	1.212	1.056	1.003	1.000

North Carolina Facility Data
 Property Damage Total Limits Loss Development
 Trucks, Tractors, and Trailer Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 4

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					6,533,713	
12/31/2008				5,416,348	5,444,599	
12/31/2009			4,066,078	4,076,511	4,027,167	
12/31/2010		4,941,742	4,954,763	5,032,297	5,029,403	
12/31/2011	4,809,433	5,625,552	5,389,764	5,382,053	5,382,053	
12/31/2012	4,828,737	5,073,215	5,162,200	5,185,047	5,172,875	
12/31/2013	7,203,870	7,512,398	7,501,822	7,529,588		
12/31/2014	10,136,808	10,596,080	10,597,843			
12/31/2015	10,206,582	10,692,021				
12/31/2016	11,466,555					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.005	
12/31/2009			1.003	0.988	
12/31/2010		1.003	1.016	0.999	
12/31/2011	1.170	0.958	0.999	1.000	
12/31/2012	1.051	1.018	1.004	0.998	
12/31/2013	1.043	0.999	1.004		
12/31/2014	1.045	1.000			
12/31/2015	1.048				
Link (Latest 5)	1.071	0.996	1.005	0.998	
Link (Best 3 of 5)	1.048	1.001	1.004	0.999	
Selection	1.048	1.001	1.004	0.999	1.000
To Ultimate	1.052	1.004	1.003	0.999	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Private Passenger Types Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 5

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007						12,611
12/31/2008				30,312		30,317
12/31/2009			199,302	142,850		142,850
12/31/2010		54,521	54,521	54,521		54,521
12/31/2011	77,851	60,351	38,851	38,851		38,851
12/31/2012	7,399	44,554	19,554	19,554		20,308
12/31/2013	106,575	191,106	163,957	163,957		
12/31/2014	73,455	80,706	76,718			
12/31/2015	28,738	14,239				
12/31/2016	83,049					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.000	
12/31/2009			0.717	1.000	
12/31/2010		1.000	1.000	1.000	
12/31/2011	0.775	0.644	1.000	1.000	
12/31/2012	6.022	0.439	1.000	1.039	
12/31/2013	1.793	0.858	1.000		
12/31/2014	1.099	0.951			
12/31/2015	0.495				
Link (Latest 5)	2.037	0.778	0.943	1.008	
Link (Best 3 of 5)	1.222	0.818	1.000	1.000	
Selection	1.000	1.000	1.000	1.000	1.000
To Ultimate	1.000	1.000	1.000	1.000	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Private Passenger Types Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 6

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007						24,238
12/31/2008				66,861	66,861	66,861
12/31/2009			53,009	53,009	53,009	53,009
12/31/2010		37,266	37,266	37,266	37,266	37,266
12/31/2011	90,523	90,581	90,581	90,581	90,581	90,581
12/31/2012	26,200	26,200	25,735	25,735	25,735	25,735
12/31/2013	58,473	65,305	65,305	65,305	65,305	
12/31/2014	102,889	104,288	104,288			
12/31/2015	34,398	38,637				
12/31/2016	121,858					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.000	
12/31/2009			1.000	1.000	
12/31/2010		1.000	1.000	1.000	
12/31/2011	1.001	1.000	1.000	1.000	
12/31/2012	1.000	0.982	1.000	1.000	
12/31/2013	1.117	1.000	1.000		
12/31/2014	1.014	1.000			
12/31/2015	1.123				
Link (Latest 5)	1.051	0.996	1.000	1.000	
Link (Best 3 of 5)	1.044	1.000	1.000	1.000	
Selection	1.044	1.000	1.000	1.000	1.000
To Ultimate	1.044	1.000	1.000	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limits Loss Development
 Private Passenger Types Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 7

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007						12,611
12/31/2008				30,312		30,317
12/31/2009			224,165	155,743	155,743	
12/31/2010		54,521	54,521	54,521	54,521	
12/31/2011	82,851	65,351	43,851	43,851	43,851	
12/31/2012	7,399	44,554	19,554	19,554	20,308	
12/31/2013	176,575	261,106	233,957	233,957		
12/31/2014	73,455	80,706	76,718			
12/31/2015	28,738	14,239				
12/31/2016	88,049					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.000	
12/31/2009			0.695	1.000	
12/31/2010		1.000	1.000	1.000	
12/31/2011	0.789	0.671	1.000	1.000	
12/31/2012	6.022	0.439	1.000	1.039	
12/31/2013	1.479	0.896	1.000		
12/31/2014	1.099	0.951			
12/31/2015	0.495				
Link (Latest 5)	1.977	0.791	0.939	1.008	
Link (Best 3 of 5)	1.122	0.839	1.000	1.000	
Selection	1.000	1.000	1.000	1.000	1.000
To Ultimate	1.000	1.000	1.000	1.000	1.000

North Carolina Facility Data
 Property Damage Total Limits Loss Development
 Private Passenger Types Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 8

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007						24,238
12/31/2008				66,861	66,861	
12/31/2009			53,009	53,009	53,009	
12/31/2010		37,266	37,266	37,266	37,266	
12/31/2011	90,523	90,581	90,581	90,581	90,581	
12/31/2012	26,200	26,200	25,735	25,735	25,735	
12/31/2013	62,187	69,019	69,019	69,019		
12/31/2014	102,889	104,288	104,288			
12/31/2015	34,398	38,637				
12/31/2016	194,181					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63	
12/31/2007						
12/31/2008					1.000	
12/31/2009				1.000	1.000	
12/31/2010			1.000	1.000	1.000	
12/31/2011		1.001	1.000	1.000	1.000	
12/31/2012		1.000	0.982	1.000	1.000	
12/31/2013		1.110	1.000	1.000		
12/31/2014		1.014	1.000			
12/31/2015		1.123				
Link (Latest 5)		1.050	0.996	1.000	1.000	
Link (Best 3 of 5)		1.042	1.000	1.000	1.000	
Selection		1.042	1.000	1.000	1.000	1.000
To Ultimate		1.042	1.000	1.000	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Zone Rated Risks Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 9

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2009			141,506	141,506	
12/31/2010		101,173	78,173	78,173	
12/31/2011	60,498	30,498	30,498	30,498	
12/31/2012	422,318	423,319	449,460	504,460	
12/31/2013	232,662	281,888	334,783	375,445	
12/31/2014	294,201	450,195	488,650		
12/31/2015	1,280,347	1,581,928			
12/31/2016	2,495,475				

POL YR ENDED	39:27	51:39	63:51	75:63	
12/31/2009				1.000	
12/31/2010			0.773	1.000	
12/31/2011		0.504	1.000	1.000	
12/31/2012		1.002	1.062	1.122	
12/31/2013		1.212	1.188	1.121	
12/31/2014		1.530	1.085		
12/31/2015		1.236			
Link (Latest 5)		1.097	1.022	1.049	
Link (Best 3 of 5)		1.150	1.049	1.040	
Link (Latest 3)		1.326	1.112	1.081	
Selection		1.250	1.100	1.100	1.050
To Ultimate		1.588	1.271	1.155	1.050

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Zone Rated Risks Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 10

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2009			86,733	86,733	
12/31/2010		227,787	226,045	226,045	
12/31/2011	179,282	172,842	172,842	172,842	
12/31/2012	149,097	150,472	157,406	157,406	
12/31/2013	186,376	189,773	189,773	189,773	
12/31/2014	693,787	650,963	649,463		
12/31/2015	1,553,491	1,547,529			
12/31/2016	3,265,771				

POL YR ENDED	39:27	51:39	63:51	75:63	
12/31/2009				1.000	
12/31/2010			0.992	1.000	
12/31/2011		0.964	1.000	1.000	
12/31/2012		1.009	1.046	1.000	
12/31/2013		1.018	1.000	1.000	
12/31/2014		0.938	0.998		
12/31/2015		0.996			
Link (Latest 5)		0.985	1.007	1.000	
Link (Best 3 of 5)		0.990	0.999	1.000	
Selection		0.990	1.000	1.000	1.000
To Ultimate		0.990	1.000	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Auto Dealers Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 11

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					1,945,741	
12/31/2008				834,723	834,149	
12/31/2009			1,151,777	1,145,334	1,132,537	
12/31/2010		676,038	678,811	678,811	733,402	
12/31/2011	495,400	577,683	590,465	604,588	653,516	
12/31/2012	537,510	558,442	570,697	572,789	576,858	
12/31/2013	769,641	945,650	1,028,181	1,054,409		
12/31/2014	720,470	691,437	710,692			
12/31/2015	866,121	918,010				
12/31/2016	672,024					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				0.999	
12/31/2009			0.994	0.989	
12/31/2010		1.004	1.000	1.080	
12/31/2011	1.166	1.022	1.024	1.081	
12/31/2012	1.039	1.022	1.004	1.007	
12/31/2013	1.229	1.087	1.026		
12/31/2014	0.960	1.028			
12/31/2015	1.060				
12/31/2016					
Link (Latest 5)	1.091	1.033	1.010	1.031	
Link (Best 3 of 5)	1.088	1.024	1.009	1.029	
Selection	1.088	1.024	1.009	1.029	1.000
To Ultimate	1.157	1.063	1.038	1.029	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Auto Dealers Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 12

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					1,539,263	
12/31/2008				784,038	784,038	
12/31/2009			826,316	823,716	823,716	
12/31/2010		691,985	686,485	686,485	686,485	
12/31/2011	566,877	572,938	572,938	572,938	572,938	
12/31/2012	464,599	469,798	481,256	485,165	483,665	
12/31/2013	761,335	797,466	828,100	831,824		
12/31/2014	702,343	731,759	738,997			
12/31/2015	762,674	762,859				
12/31/2016	960,393					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.000	
12/31/2009			0.997	1.000	
12/31/2010		0.992	1.000	1.000	
12/31/2011	1.011	1.000	1.000	1.000	
12/31/2012	1.011	1.024	1.008	0.997	
12/31/2013	1.047	1.038	1.004		
12/31/2014	1.042	1.010			
12/31/2015	1.000				
12/31/2016					
Link (Latest 5)	1.022	1.013	1.002	0.999	
Link (Best 3 of 5)	1.021	1.011	1.001	1.000	
Selection	1.021	1.011	1.001	1.000	1.000
To Ultimate	1.033	1.012	1.001	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limits Loss Development
 Auto Dealers Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 13

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					3,410,065	
12/31/2008				1,141,544	1,140,970	
12/31/2009			1,476,976	1,475,533	1,462,736	
12/31/2010		689,038	691,811	691,811	891,811	
12/31/2011	587,732	760,015	775,465	798,150	847,078	
12/31/2012	537,510	558,442	590,897	582,989	577,058	
12/31/2013	850,373	1,140,049	1,292,580	1,306,308		
12/31/2014	897,470	950,437	874,692			
12/31/2015	926,121	1,053,010				
12/31/2016	742,024					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				0.999	
12/31/2009				0.999	0.991
12/31/2010			1.004	1.000	1.289
12/31/2011	1.293	1.020	1.029	1.061	
12/31/2012	1.039	1.058	0.987	0.990	
12/31/2013	1.341	1.134	1.011		
12/31/2014	1.059	0.920			
12/31/2015	1.137				
12/31/2016					
Link (Latest 5)	1.174	1.027	1.005	1.066	
Link (Best 3 of 5)	1.163	1.027	1.003	1.017	
Selection	1.163	1.027	1.003	1.017	1.000
To Ultimate	1.218	1.048	1.020	1.017	1.000

North Carolina Facility Data
Property Damage Total Limits Loss Development
Auto Dealers Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 14

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					1,551,021	
12/31/2008				809,413	809,413	
12/31/2009			826,317	823,717	823,717	
12/31/2010		698,161	692,661	692,661	692,661	
12/31/2011	566,877	572,938	572,938	572,938	572,938	
12/31/2012	464,599	469,798	481,256	485,165	483,665	
12/31/2013	776,055	825,476	881,110	884,834		
12/31/2014	713,868	768,284	775,522			
12/31/2015	778,406	778,591				
12/31/2016	963,605					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63	
12/31/2007						
12/31/2008					1.000	
12/31/2009				0.997	1.000	
12/31/2010			0.992	1.000	1.000	
12/31/2011		1.011	1.000	1.000	1.000	
12/31/2012		1.011	1.024	1.008	0.997	
12/31/2013		1.064	1.067	1.004		
12/31/2014		1.076	1.009			
12/31/2015		1.000				
Link (Latest 5)		1.032	1.018	1.002	0.999	
Link (Best 3 of 5)		1.029	1.011	1.001	1.000	
Selection		1.029	1.011	1.001	1.000	1.000
To Ultimate		1.041	1.012	1.001	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Zone Rated Risks Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 15

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					466,258	
12/31/2008				226,831	226,831	
12/31/2009			61,919	61,919	61,919	
12/31/2010		121,392	68,392	68,392	68,392	
12/31/2011	374,298	380,238	387,739	393,860	448,860	
12/31/2012	181,691	250,420	295,645	303,853	328,854	
12/31/2013	111,443	229,038	358,086	372,048		
12/31/2014	463,650	811,036	921,494			
12/31/2015	1,992,038	2,559,034				
12/31/2016	1,602,196					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.000	
12/31/2009			1.000	1.000	
12/31/2010		0.563	1.000	1.000	
12/31/2011	1.016	1.020	1.016	1.140	
12/31/2012	1.378	1.181	1.028	1.082	
12/31/2013	2.055	1.563	1.039		
12/31/2014	1.749	1.136			
12/31/2015	1.285				
Link (Latest 5)	1.497	1.093	1.017	1.044	
Link (Best 3 of 5)	1.471	1.112	1.015	1.027	
Selection	1.471	1.112	1.015	1.027	1.000
To Ultimate	1.705	1.159	1.042	1.027	1.000

North Carolina Facility Data
 Property Damage Basic Limit Loss Development
 Zone Rated Risks Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 16

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					335,521	
12/31/2008				94,795	94,795	
12/31/2009			198,111	196,369	196,369	
12/31/2010		164,049	155,693	155,693	155,693	
12/31/2011	218,092	189,719	189,719	189,719	189,719	
12/31/2012	152,027	160,356	167,722	167,722	167,722	
12/31/2013	481,814	517,126	497,736	496,236		
12/31/2014	885,611	966,742	966,861			
12/31/2015	2,672,559	2,756,654				
12/31/2016	2,521,079					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.000	
12/31/2009			0.991	1.000	
12/31/2010		0.949	1.000	1.000	
12/31/2011	0.870	1.000	1.000	1.000	
12/31/2012	1.055	1.046	1.000	1.000	
12/31/2013	1.073	0.963	0.997		
12/31/2014	1.092	1.000			
12/31/2015	1.031				
Link (Latest 5)	1.024	0.992	0.998	1.000	
Link (Best 3 of 5)	1.053	0.988	0.999	1.000	
Selection	1.053	0.988	0.999	1.000	1.000
To Ultimate	1.039	0.987	0.999	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limits Loss Development
 Zone Rated Risks Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 17

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					1,062,578	
12/31/2008				227,831	227,831	
12/31/2009			61,919	61,919	61,919	
12/31/2010		178,392	68,392	68,392	68,392	
12/31/2011	991,798	1,125,238	1,132,739	1,138,860	1,193,860	
12/31/2012	226,691	855,420	930,145	923,353	1,198,354	
12/31/2013	111,443	419,038	1,777,042	1,541,004		
12/31/2014	499,650	2,513,306	3,588,359			
12/31/2015	4,265,240	9,460,117				
12/31/2016	3,947,301					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.000	
12/31/2009				1.000	1.000
12/31/2010		0.383		1.000	1.000
12/31/2011	1.135	1.007		1.005	1.048
12/31/2012	3.774	1.087		0.993	1.298
12/31/2013	3.760	4.241		0.867	
12/31/2014	5.030	1.428			
12/31/2015	2.218				
Link (Latest 5)	3.183	1.629	0.973	1.069	
Link (Best 3 of 5)	3.251	1.174	0.998	1.016	
Selection	3.251	1.174	0.998	1.016	1.000
To Ultimate	3.870	1.190	1.014	1.016	1.000

North Carolina Facility Data
 Property Damage Total Limits Loss Development
 Zone Rated Risks Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 18

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007						708,521
12/31/2008				94,795	94,795	94,795
12/31/2009			200,727	198,985	198,985	198,985
12/31/2010		164,049	155,693	155,693	155,693	155,693
12/31/2011	265,592	189,719	189,719	189,719	189,719	189,719
12/31/2012	152,027	217,049	222,665	222,665	222,665	222,665
12/31/2013	525,629	561,706	538,450	536,950		
12/31/2014	966,694	1,064,331	1,064,450			
12/31/2015	3,280,881	3,462,814				
12/31/2016	2,741,160					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008					1.000
12/31/2009				0.991	1.000
12/31/2010			0.949	1.000	1.000
12/31/2011	0.714	1.000	1.000	1.000	1.000
12/31/2012	1.428	1.026	1.000	1.000	1.000
12/31/2013	1.069	0.959	0.997		
12/31/2014	1.101	1.000			
12/31/2015	1.055				
Link (Latest 5)	1.073	0.987	0.998	1.000	
Link (Best 3 of 5)	1.075	0.986	0.999	1.000	
Selection	1.075	0.986	0.999	1.000	1.000
To Ultimate	1.059	0.985	0.999	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Publics and Buses Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 19

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					2,429,899	
12/31/2008				2,180,573	2,192,666	
12/31/2009			3,167,094	3,060,109	3,086,048	
12/31/2010		2,592,347	2,362,474	2,473,998	2,464,374	
12/31/2011	2,854,861	3,012,665	3,054,191	3,167,291	3,215,811	
12/31/2012	2,571,313	2,544,021	2,489,303	2,510,674	2,503,295	
12/31/2013	2,450,784	2,651,112	2,624,415	2,752,738		
12/31/2014	2,278,165	2,291,291	2,542,128			
12/31/2015	3,172,398	2,689,588				
12/31/2016	2,067,998					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.006	
12/31/2009			0.966	1.008	
12/31/2010		0.911	1.047	0.996	
12/31/2011	1.055	1.014	1.037	1.015	
12/31/2012	0.989	0.978	1.009	0.997	
12/31/2013	1.082	0.990	1.049		
12/31/2014	1.006	1.109			
12/31/2015	0.848				
Link (Latest 5)	0.996	1.000	1.022	1.004	
Link (Best 3 of 5)	1.017	0.994	1.031	1.004	
Selection	1.017	0.994	1.031	1.004	1.000
To Ultimate	1.046	1.029	1.035	1.004	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Publics and Buses Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 20

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					1,530,852	
12/31/2008				1,441,157	1,441,157	
12/31/2009			1,479,270	1,481,470	1,481,470	
12/31/2010		1,492,878	1,507,140	1,505,381	1,489,987	
12/31/2011	1,531,978	1,606,876	1,563,493	1,574,620	1,574,620	
12/31/2012	1,754,063	1,742,475	1,739,082	1,719,081	1,719,081	
12/31/2013	1,556,816	1,647,914	1,641,880	1,669,862		
12/31/2014	1,639,046	1,738,888	1,698,065			
12/31/2015	1,999,005	1,920,887				
12/31/2016	1,548,620					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008					1.000
12/31/2009				1.001	1.000
12/31/2010			1.010	0.999	0.990
12/31/2011	1.049		0.973	1.007	1.000
12/31/2012	0.993		0.998	0.988	1.000
12/31/2013	1.059		0.996	1.017	
12/31/2014	1.061		0.977		
12/31/2015	0.961				
Link (Latest 5)	1.025	0.991	1.002	0.998	
Link (Best 3 of 5)	1.034	0.990	1.002	1.000	
Selection	1.034	0.990	1.002	1.000	1.000
To Ultimate	1.026	0.992	1.002	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limit Loss Development
 Publics and Buses Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 21

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					4,009,528	
12/31/2008				2,548,918	2,561,011	
12/31/2009			8,183,990	9,801,887	10,060,408	
12/31/2010		4,378,418	4,082,094	4,350,119	4,209,495	
12/31/2011	8,895,512	9,944,441	10,156,594	10,534,499	10,540,459	
12/31/2012	2,943,637	3,045,903	3,052,024	3,229,708	3,014,137	
12/31/2013	3,147,814	3,543,438	3,368,717	3,534,347		
12/31/2014	3,269,342	3,231,724	4,656,922			
12/31/2015	4,515,395	4,168,858				
12/31/2016	3,782,888					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008					1.005
12/31/2009				1.198	1.026
12/31/2010			0.932	1.066	0.968
12/31/2011	1.118	1.021	1.037	1.001	
12/31/2012	1.035	1.002	1.058	0.933	
12/31/2013	1.126	0.951	1.049		
12/31/2014	0.988	1.441			
12/31/2015	0.923				
Link (Latest 5)	1.038	1.069	1.082	0.987	
Link (Best 3 of 5)	1.047	0.991	1.058	0.991	
Selection	1.047	0.991	1.058	0.991	1.000
To Ultimate	1.088	1.039	1.048	0.991	1.000

North Carolina Facility Data
Property Damage Total Limit Loss Development
Publics and Buses Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 22

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					1,533,517	
12/31/2008				1,455,552	1,455,552	
12/31/2009			1,479,270	1,481,470	1,481,470	
12/31/2010		1,492,878	1,507,140	1,505,381	1,489,987	
12/31/2011	2,321,565	2,413,246	1,577,779	1,588,938	1,588,938	
12/31/2012	1,756,492	1,744,904	1,741,511	1,721,510	1,721,510	
12/31/2013	1,584,731	1,711,277	1,705,243	1,748,225		
12/31/2014	1,774,549	1,931,591	1,840,768			
12/31/2015	2,018,935	1,948,555				
12/31/2016	1,562,907					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63	
12/31/2007						
12/31/2008					1.000	
12/31/2009				1.001	1.000	
12/31/2010			1.010	0.999	0.990	
12/31/2011	1.039	0.654		1.007	1.000	
12/31/2012	0.993	0.998		0.989	1.000	
12/31/2013	1.080	0.996		1.025		
12/31/2014	1.088	0.953				
12/31/2015	0.965					
Link (Latest 5)	1.033	0.922		1.004	0.998	
Link (Best 3 of 5)	1.037	0.982		1.002	1.000	
Selection	1.037	0.982		1.002	1.000	1.000
To Ultimate	1.020	0.984		1.002	1.000	1.000

North Carolina Facility Data
 Bodily Injury Basic Limit Loss Development
 Miscellaneous Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 23

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007						167,778
12/31/2008				95,592	95,592	
12/31/2009			140,141	128,651	129,125	
12/31/2010		191,478	194,427	200,720	208,498	
12/31/2011	70,622	155,007	126,251	143,764	167,004	
12/31/2012	140,448	247,174	217,749	214,580	214,580	
12/31/2013	333,972	368,105	420,636	389,193		
12/31/2014	430,377	445,894	357,426			
12/31/2015	484,428	449,223				
12/31/2016	387,246					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008					1.000
12/31/2009				0.918	1.004
12/31/2010			1.015	1.032	1.039
12/31/2011	2.195	0.814	1.139	1.162	
12/31/2012	1.760	0.881	0.985	1.000	
12/31/2013	1.102	1.143	0.925		
12/31/2014	1.036	0.802			
12/31/2015	0.927				
Link (Latest 5)	1.404	0.931	1.000	1.041	
Link (Best 3 of 5)	1.299	0.903	0.981	1.014	
Selection	1.299	0.903	0.981	1.014	1.000
To Ultimate	1.167	0.898	0.995	1.014	1.000

North Carolina Facility Data
Property Damage Basic Limit Loss Development
Miscellaneous Incurred Losses and Expenses

Section D
Exhibit 1
Sheet 24

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007						55,227
12/31/2008				113,373	113,373	113,373
12/31/2009			146,579	146,579	146,579	146,579
12/31/2010		57,206	57,206	81,158	81,158	81,158
12/31/2011	26,461	26,461	26,461	26,461	26,461	26,461
12/31/2012	69,805	76,040	76,040	76,040	76,040	76,040
12/31/2013	261,402	243,312	227,078	227,078		
12/31/2014	347,409	325,602	353,439			
12/31/2015	326,679	351,137				
12/31/2016	369,238					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63	
12/31/2007						
12/31/2008					1.000	
12/31/2009				1.000	1.000	
12/31/2010			1.000	1.419	1.000	
12/31/2011		1.000	1.000	1.000	1.000	
12/31/2012		1.089	1.000	1.000	1.000	
12/31/2013		0.931	0.933	1.000		
12/31/2014		0.937	1.085			
12/31/2015		1.075				
Link (Latest 5)		1.006	1.004	1.084	1.000	
Link (Best 3 of 5)		1.004	1.000	1.000	1.000	
Selection		1.004	1.000	1.000	1.000	1.000
To Ultimate		1.004	1.000	1.000	1.000	1.000

North Carolina Facility Data
 Bodily Injury Total Limit Loss Development
 Miscellaneous Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 25

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007						397,778
12/31/2008				188,245	188,245	188,245
12/31/2009			161,457	149,967	150,441	150,441
12/31/2010		206,478	284,427	285,725	271,613	271,613
12/31/2011	140,622	370,007	336,251	283,764	307,004	307,004
12/31/2012	280,448	409,674	334,749	331,580	331,580	331,580
12/31/2013	499,869	533,105	655,636	624,193		
12/31/2014	489,387	1,094,894	986,426			
12/31/2015	504,428	1,139,223				
12/31/2016	672,246					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008					1.000
12/31/2009				0.929	1.003
12/31/2010			1.378	1.005	0.951
12/31/2011	2.631	0.909	0.844	0.844	1.082
12/31/2012	1.461	0.817	0.991	0.991	1.000
12/31/2013	1.066	1.230	0.952	0.952	
12/31/2014	2.237	0.901			
12/31/2015	2.258				
Link (Latest 5)	1.931	1.047	0.944	1.007	
Link (Best 3 of 5)	1.985	1.013	0.957	1.001	
Selection	1.985	1.013	0.957	1.001	1.000
To Ultimate	1.926	0.970	0.958	1.001	1.000

North Carolina Facility Data
 Property Damage Total Limit Loss Development
 Miscellaneous Incurred Losses and Expenses

Section D
 Exhibit 1
 Sheet 26

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS
12/31/2007					55,227	
12/31/2008				113,373	113,373	
12/31/2009			169,372	169,372	169,372	
12/31/2010		57,206	57,206	81,158	81,158	
12/31/2011	26,461	26,461	26,461	26,461	26,461	
12/31/2012	69,805	76,040	76,040	76,040	76,040	
12/31/2013	261,403	243,312	227,078	227,078		
12/31/2014	347,409	325,602	353,439			
12/31/2015	326,679	386,137				
12/31/2016	459,267					

ACC YR ENDED	27:15	39:27	51:39	63:51	75:63
12/31/2007					
12/31/2008				1.000	
12/31/2009				1.000	1.000
12/31/2010			1.000	1.419	1.000
12/31/2011	1.000	1.000	1.000	1.000	1.000
12/31/2012	1.089	1.000	1.000	1.000	1.000
12/31/2013	0.931	0.933	1.000		
12/31/2014	0.937	1.085			
12/31/2015	1.182				
Link (Latest 5)	1.028	1.004	1.084	1.000	
Link (Best 3 of 5)	1.009	1.000	1.000	1.000	
Selection	1.009	1.000	1.000	1.000	1.000
To Ultimate	1.009	1.000	1.000	1.000	1.000

Commercial Auto Liability
 NORTH CAROLINA

BODILY INJURY TREND FACTORS

PAID DATA THROUGH	<u>09/30/2017</u>
\$30,000	
12 Point - Paid Weighted Severity	+2.5%
24 Point - Paid Weighted Severity	+1.8%
12 Point - Paid NC only Severity	+1.6%
24 Point - Paid NC only Severity	+0.1%
Selected Severity Trend Factor	+2.0%
INCURRED DATA THROUGH	<u>06/30/2017</u>
Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+2.0%
PAID DATA THROUGH	<u>09/30/2017</u>
Total Limits	
12 Point - Paid Weighted Severity	+3.6%
24 Point - Paid Weighted Severity	+3.8%
12 Point - Paid NC only Severity	+4.9%
24 Point - Paid NC only Severity	+0.4%
Selected Severity Trend Factor	+3.5%
INCURRED DATA THROUGH	<u>06/30/2017</u>
Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+3.5%

Commercial Auto Liability
NORTH CAROLINA

PROPERTY DAMAGE TREND FACTORS

PAID DATA THROUGH	<u>09/30/2017</u>
\$25,000	
12 Point - Paid Weighted Severity	+5.1%
24 Point - Paid Weighted Severity	+4.5%
12 Point - Paid NC only Severity	+5.3%
24 Point - Paid NC only Severity	+4.4%
Selected Severity Trend Factor	+4.5%
INCURRED DATA THROUGH	<u>06/30/2017</u>
Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+4.5%
PAID DATA THROUGH	<u>09/30/2017</u>
Total Limits	
12 Point - Paid Weighted Severity	+4.7%
24 Point - Paid Weighted Severity	+4.5%
12 Point - Paid NC only Severity	+3.5%
24 Point - Paid NC only Severity	+4.1%
Selected Severity Trend Factor	+4.5%
INCURRED DATA THROUGH	<u>06/30/2017</u>
Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+4.5%

COMMERCIAL AUTO LIABILITY
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
LOSS RATIOS FOR SUBSEQUENT CHANGES

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
12/31/2014	8533.85	8518.82	3456.37	3450.76	12214.16	12126.30	3633.86	3664.82
3/31/2015	8449.93	8553.39	3484.31	3495.83	12262.88	12203.15	3690.28	3708.76
6/30/2015	8605.68	8588.11	3566.25	3541.50	12302.46	12280.49	3737.80	3753.24
9/30/2015	8578.25	8622.97	3589.82	3587.77	12356.45	12358.32	3798.67	3798.25
12/31/2015	8717.42	8657.97	3661.41	3634.63	12336.36	12436.64	3855.10	3843.79
3/31/2016	8804.34	8693.11	3675.84	3682.11	12387.82	12515.46	3931.88	3889.89
6/30/2016	8729.72	8728.39	3694.93	3730.21	12493.87	12594.77	3989.62	3936.53
9/30/2016	8791.83	8763.82	3751.13	3778.94	12637.59	12674.59	4008.84	3983.74
12/31/2016	8775.21	8799.39	3800.78	3828.31	12786.77	12754.92	4045.37	4031.51
3/31/2017	8855.10	8835.11	3883.73	3878.32	12907.10	12835.76	4081.87	4079.86
6/30/2017	8796.40	8870.97	3939.42	3928.98	13025.71	12917.10	4092.26	4128.78
9/30/2017	8903.42	8906.98	4014.54	3980.31	12988.07	12998.97	4132.99	4178.29

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	1.6%	5.3%
(B) MULTISTATE	2.6%	4.9%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	2.5%	5.1%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	2.5%	5.1%
* EXCLUDES MASSACHUSETTS		

COMMERCIAL AUTO LIABILITY
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
LOSS RATIOS FOR SUBSEQUENT CHANGES

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT	ACTUAL	EXPONEN-TIAL FIT
12/31/2011	8827.19	8695.01	3095.88	3063.52	11583.65	11506.66	3218.68	3224.83
3/31/2012	8862.69	8698.06	3142.77	3097.02	11574.00	11564.99	3300.87	3260.46
6/30/2012	8666.46	8701.11	3129.52	3130.88	11676.44	11623.62	3336.73	3296.47
9/30/2012	8406.74	8704.17	3187.44	3165.12	11659.48	11682.55	3364.40	3332.89
12/31/2012	8431.43	8707.22	3217.12	3199.73	11695.66	11741.78	3377.86	3369.71
3/31/2013	8591.88	8710.28	3229.56	3234.72	11791.14	11801.31	3401.98	3406.93
6/30/2013	8942.31	8713.34	3301.14	3270.09	11839.38	11861.14	3437.76	3444.57
9/30/2013	9091.07	8716.40	3299.64	3305.85	11872.00	11921.27	3474.39	3482.62
12/31/2013	9134.25	8719.46	3305.59	3342.00	12060.20	11981.71	3510.31	3521.09
3/31/2014	8858.73	8722.52	3332.84	3378.54	12102.96	12042.45	3514.82	3559.98
6/30/2014	8642.62	8725.58	3365.66	3415.48	12123.95	12103.50	3551.10	3599.31
9/30/2014	8576.19	8728.64	3435.65	3452.83	12203.00	12164.86	3589.63	3639.07
12/31/2014	8533.85	8731.71	3456.37	3490.59	12214.16	12226.53	3633.86	3679.27
3/31/2015	8449.93	8734.77	3484.31	3528.76	12262.88	12288.52	3690.28	3719.92
6/30/2015	8605.68	8737.84	3566.25	3567.34	12302.46	12350.82	3737.80	3761.01
9/30/2015	8578.25	8740.91	3589.82	3606.35	12356.45	12413.43	3798.67	3802.55
12/31/2015	8717.42	8743.98	3661.41	3645.79	12336.36	12476.37	3855.10	3844.56
3/31/2016	8804.34	8747.05	3675.84	3685.65	12387.82	12539.62	3931.88	3887.03
6/30/2016	8729.72	8750.12	3694.93	3725.95	12493.87	12603.19	3989.62	3929.97
9/30/2016	8791.83	8753.19	3751.13	3766.70	12637.59	12667.09	4008.84	3973.38
12/31/2016	8775.21	8756.26	3800.78	3807.89	12786.77	12731.30	4045.37	4017.28
3/31/2017	8855.10	8759.34	3883.73	3849.52	12907.10	12795.85	4081.87	4061.65
6/30/2017	8796.40	8762.41	3939.42	3891.62	13025.71	12860.72	4092.26	4106.52
9/30/2017	8903.42	8765.49	4014.54	3934.17	12988.07	12925.92	4132.99	4151.88

	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	0.1%	4.4%
(B) MULTISTATE	2.0%	4.5%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	1.8%	4.5%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	1.8%	4.5%

* EXCLUDES MASSACHUSETTS

COMMERCIAL AUTO LIABILITY
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
LOSS RATIOS FOR SUBSEQUENT CHANGES

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
12/31/2014	26126.03	23577.34	3812.60	3803.02	45471.46	45631.31	3981.74	3967.87
3/31/2015	24366.92	23859.11	3844.29	3835.82	46666.58	46026.98	4024.02	4021.04
6/30/2015	25247.70	24144.26	3939.88	3868.90	46775.52	46426.07	4054.66	4074.91
9/30/2015	23736.88	24432.81	3909.88	3902.27	47177.05	46828.62	4089.13	4129.51
12/31/2015	22979.16	24724.81	3924.57	3935.92	46225.09	47234.66	4152.94	4184.84
3/31/2016	22848.50	25020.30	3936.50	3969.87	46835.38	47644.23	4262.17	4240.90
6/30/2016	22305.61	25319.32	3940.04	4004.11	47672.34	48057.34	4351.01	4297.73
9/30/2016	24625.60	25621.91	4004.52	4038.64	48626.39	48474.04	4389.51	4355.31
12/31/2016	27189.73	25928.12	4017.50	4073.48	49533.85	48894.35	4427.07	4413.66
3/31/2017	28633.75	26238.00	4102.21	4108.61	49675.43	49318.31	4484.57	4472.80
6/30/2017	27132.07	26551.57	4148.71	4144.04	49846.45	49745.94	4505.25	4532.72
9/30/2017	27809.24	26868.89	4287.14	4179.78	49987.00	50177.28	4563.68	4593.46

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	4.9%	3.5%
(B) MULTISTATE	3.5%	5.5%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	3.6%	4.7%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	3.6%	4.7%

* EXCLUDES MASSACHUSETTS

COMMERCIAL AUTO LIABILITY
DETERMINATION OF FACTORS TO ADJUST ACCIDENT YEAR
LOSS RATIOS FOR SUBSEQUENT CHANGES

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
12/31/2011	25231.28	24928.09	3307.85	3330.23	40608.33	39837.78	3465.26	3495.10
3/31/2012	26006.05	24953.82	3371.09	3364.24	40469.41	40249.35	3573.82	3535.37
6/30/2012	26104.75	24979.57	3308.21	3398.60	41251.79	40665.17	3614.50	3576.11
9/30/2012	26613.31	25005.35	3363.96	3433.30	40886.96	41085.29	3650.77	3617.31
12/31/2012	24643.47	25031.16	3523.53	3468.37	41310.05	41509.74	3670.44	3658.99
3/31/2013	23291.60	25056.99	3510.66	3503.78	41569.68	41938.58	3696.11	3701.15
6/30/2013	24978.13	25082.85	3726.63	3539.57	41329.68	42371.86	3766.13	3743.80
9/30/2013	23888.78	25108.74	3691.94	3575.71	41979.20	42809.60	3812.94	3786.94
12/31/2013	25750.72	25134.65	3562.12	3612.23	42889.37	43251.87	3837.55	3830.57
3/31/2014	27305.08	25160.59	3607.79	3649.12	43367.13	43698.71	3848.62	3874.71
6/30/2014	24813.92	25186.56	3548.09	3686.38	44342.72	44150.17	3863.64	3919.36
9/30/2014	25031.98	25212.55	3680.69	3724.03	44383.73	44606.29	3915.81	3964.52
12/31/2014	26126.03	25238.58	3812.60	3762.06	45471.46	45067.12	3981.74	4010.20
3/31/2015	24366.92	25264.62	3844.29	3800.48	46666.58	45532.71	4024.02	4056.41
6/30/2015	25247.70	25290.70	3939.88	3839.29	46775.52	46003.11	4054.66	4103.15
9/30/2015	23736.88	25316.80	3909.88	3878.49	47177.05	46478.38	4089.13	4150.43
12/31/2015	22979.16	25342.93	3924.57	3918.10	46225.09	46958.55	4152.94	4198.25
3/31/2016	22848.50	25369.08	3936.50	3958.11	46835.38	47443.68	4262.17	4246.62
6/30/2016	22305.61	25395.27	3940.04	3998.53	47672.34	47933.83	4351.01	4295.56
9/30/2016	24625.60	25421.48	4004.52	4039.37	48626.39	48429.03	4389.51	4345.05
12/31/2016	27189.73	25447.71	4017.50	4080.62	49533.85	48929.36	4427.07	4395.12
3/31/2017	28633.75	25473.98	4102.21	4122.29	49675.43	49434.85	4484.57	4445.76
6/30/2017	27132.07	25500.27	4148.71	4164.39	49846.45	49945.57	4505.25	4496.99
9/30/2017	27809.24	25526.58	4287.14	4206.91	49987.00	50461.56	4563.68	4548.80

	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	0.4%	4.1%
(B) MULTISTATE	4.2%	4.7%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	3.8%	4.5%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	3.8%	4.5%

* EXCLUDES MASSACHUSETTS

LIABILITY
FREQUENCY TREND

The data underlying the claim frequency trend selections is shown on the following exhibits. The exhibits include quarterly points for Multistate, North Carolina Voluntary, and NCRF incurred frequency trends, as well as, annual changes in incurred frequency trend, for the combined experience of all commercial automobile classes that employ a common exposure base (car-years). As can be seen from the exhibits, frequency for both bodily injury and property damage has changed from year to year in an unpredictable manner. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve of the form $Y=A(B^X)$ does not fit the data well over the long term. Frequency trend is being selected to be 0.0% for bodily injury and 0.0% for property damage.

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

MULTISTATE*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2011	0.7922		2.9775	
12/31/2011	0.7974		2.9702	
3/31/2012	0.8015		2.8821	
6/30/2012	0.8001		2.8753	
9/30/2012	0.7915	-0.1%&	2.8434	-4.5%&
12/31/2012	0.7882		2.8262	
3/31/2013	0.7840		2.8466	
6/30/2013	0.7927	-0.9%	2.8678	-0.3%
9/30/2013	0.8044		2.9005	
12/31/2013	0.8054		2.9165	
3/31/2014	0.8133		2.9979	
6/30/2014	0.8032	1.3%	2.9952	4.4%
9/30/2014	0.7948		2.9946	
12/31/2014	0.7996		2.9898	
3/31/2015	0.7891		2.9525	
6/30/2015	0.7916	-1.4%	2.9542	-1.4%
9/30/2015	0.7970		2.9705	
12/31/2015	0.8009		2.9841	
3/31/2016	0.8090		2.9521	
6/30/2016	0.8119	2.6%	2.9536	0.0%
9/30/2016	0.8178		2.9545	
12/31/2016	0.8131		2.9463	
3/31/2017	0.8123		2.9258	
6/30/2017	0.8178	0.7%	2.9030	-1.7%

* EXCLUDES MASSACHUSETTS

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS
@ CHANGE BASED ON YEARS ENDING 6/30/XXXX
& CHANGE BASED ON YEAR ENDING 9/30/2012 DIVIDED BY 9/30/2011

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

NORTH CAROLINA*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2011	0.8039		2.5352	
12/31/2011	0.8068		2.5606	
3/31/2012	0.8028		2.6256	
6/30/2012	0.8356		2.6340	
9/30/2012	0.8817	9.7%&	2.6234	3.5%&
12/31/2012	0.8952		2.6127	
3/31/2013	0.9010		2.6267	
6/30/2013	0.9339	11.8%	2.6895	2.1%
9/30/2013	0.9555		2.6910	
12/31/2013	0.9459		2.6894	
3/31/2014	0.9048		2.6682	
6/30/2014	0.8871	-5.0%	2.6540	-1.3%
9/30/2014	0.8868		2.6733	
12/31/2014	0.9163		2.6645	
3/31/2015	0.9278		2.6203	
6/30/2015	0.9350	5.4%	2.6314	-0.9%
9/30/2015	0.9089		2.6216	
12/31/2015	0.9063		2.6309	
3/31/2016	0.9373		2.7253	
6/30/2016	0.9500	1.6%	2.7173	3.3%
9/30/2016	0.9597		2.7401	
12/31/2016	0.9842		2.8135	
3/31/2017	1.0114		2.7962	
6/30/2017	0.9983	5.1%	2.8097	3.4%

* EXCLUDES NORTH CAROLINA REINSURANCE FACILITY DATA

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS

@ CHANGE BASED ON YEARS ENDING 6/30/XXXX

& CHANGE BASED ON YEAR ENDING 9/30/2012 DIVIDED BY 9/30/2011

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

NORTH CAROLINA REINSURANCE FACILITY*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2011	1.4980		4.2596	
12/31/2011	1.4486		3.8306	
3/31/2012	1.5937		3.5648	
6/30/2012	1.2726		3.0502	
9/30/2012	1.2186	-18.7%&	2.7556	-35.3%&
12/31/2012	1.2362		2.7281	
3/31/2013	0.9934		2.4332	
6/30/2013	1.0912	-14.3%	2.3960	-21.4%
9/30/2013	1.0306		2.4281	
12/31/2013	0.9259		2.2579	
3/31/2014	1.0178		2.3389	
6/30/2014	1.0061	-7.8%	2.4292	1.4%
9/30/2014	1.2556		2.5918	
12/31/2014	1.3223		2.8545	
3/31/2015	1.3004		2.8382	
6/30/2015	1.1298	12.3%	2.6652	9.7%
9/30/2015	0.9713		2.4110	
12/31/2015	0.8816		2.2631	
3/31/2016	0.9275		2.3744	
6/30/2016	1.0070	-10.9%	2.3784	-10.8%
9/30/2016	0.9592		2.5036	
12/31/2016	1.0452		2.6799	
3/31/2017	0.9801		2.6120	
6/30/2017	1.0719	6.4%	2.6069	9.6%

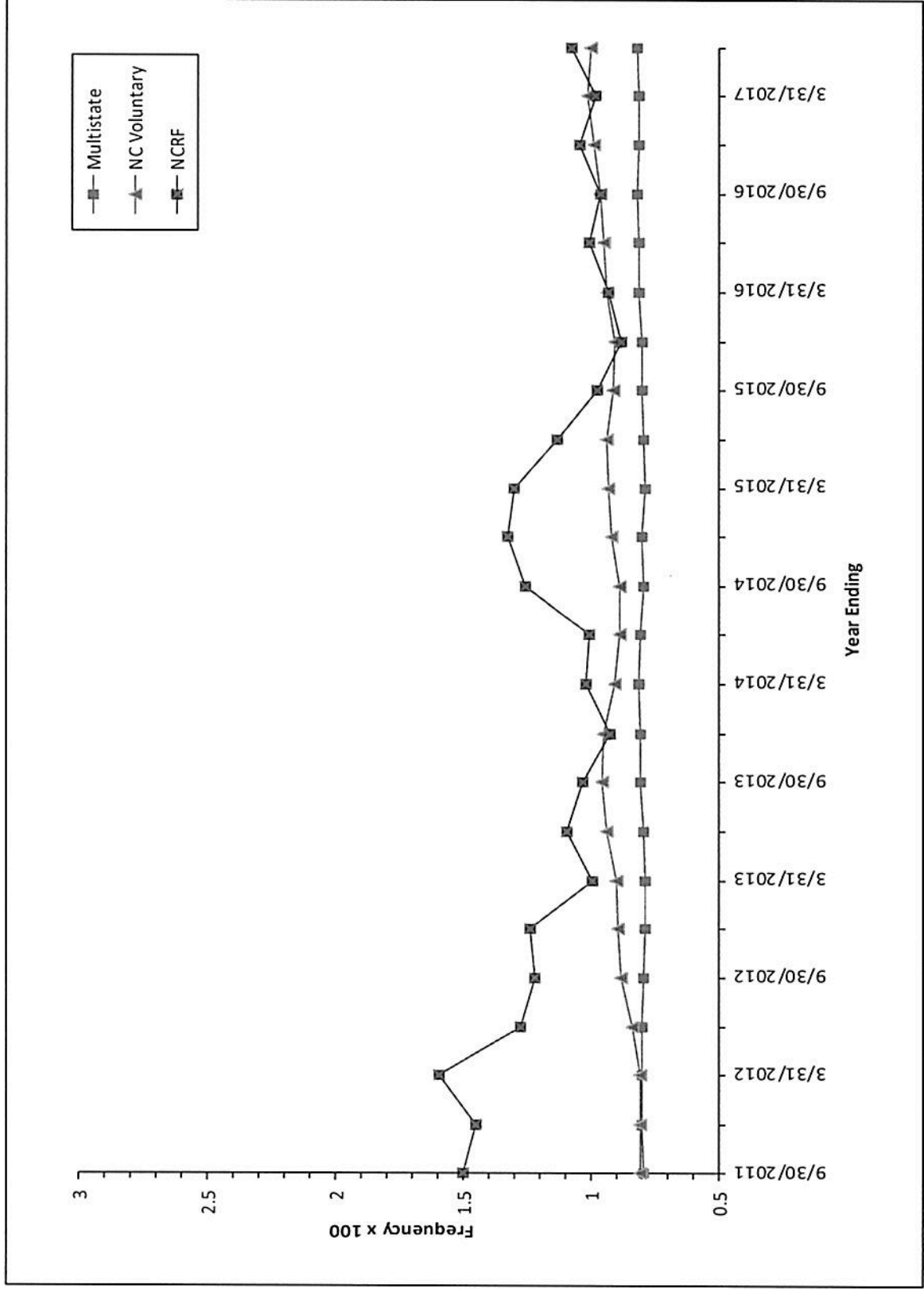
* INCLUDES NORTH CAROLINA REINSURANCE FACILITY DATA ONLY

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS

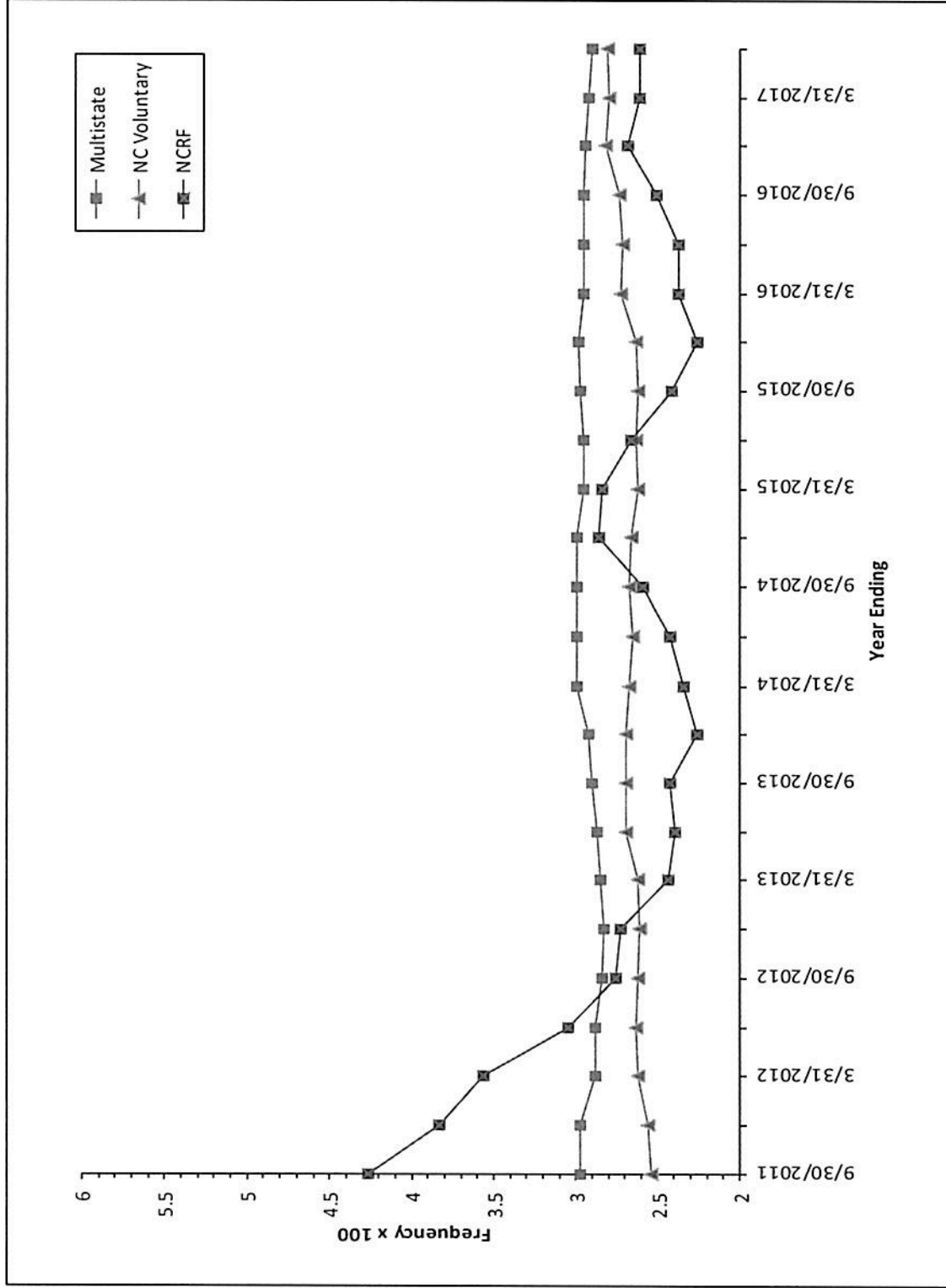
@ CHANGE BASED ON YEARS ENDING 6/30/XXXX

& CHANGE BASED ON YEAR ENDING 9/30/2012 DIVIDED BY 9/30/2011

Commercial Automobile Liability
Actual BI Incurred Claim Frequency



Commercial Automobile Liability
Actual PD Incurred Claim Frequency



NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 1

	<u>ALL ITEMS CPI INDEX</u>	<u>ALL ITEMS - LESS ENERGY CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Oct-13	233.5	234.9	
Nov-13	233.1	234.9	120.9
Dec-13	233.0	234.8	
Jan-14	233.9	235.2	
Feb-14	234.8	235.9	121.5
Mar-14	236.3	236.8	
Apr-14	237.1	237.4	
May-14	237.9	238.0	122.6
Jun-14	238.3	238.1	
Jul-14	238.3	238.2	
Aug-14	237.9	238.5	122.2
Sep-14	238.0	239.0	
Oct-14	237.4	239.6	
Nov-14	236.2	239.5	122.6
Dec-14	234.8	239.2	
Jan-15	233.7	239.7	
Feb-15	234.7	240.4	123.7
Mar-15	236.1	241.1	
Apr-15	236.6	241.8	
May-15	237.8	242.0	124.7
Jun-15	238.6	242.3	
Jul-15	238.7	242.4	
Aug-15	238.3	242.7	125.0
Sep-15	237.9	243.5	
Oct-15	237.8	244.1	
Nov-15	237.3	244.0	126.1
Dec-15	236.5	243.7	
Jan-16	236.9	244.5	
Feb-16	237.1	245.5	126.9
Mar-16	238.1	245.9	
Apr-16	239.3	246.5	
May-16	240.2	246.9	128.2
Jun-16	241.0	247.1	
Jul-16	240.6	247.0	
Aug-16	240.8	247.5	129.5
Sep-16	241.4	247.9	
Oct-16	241.7	248.4	
Nov-16	241.4	248.3	129.5
Dec-16	241.4	248.2	
Jan-17	242.8	249.1	
Feb-17	243.6	250.1	130.8
Mar-17	243.8	250.3	
Apr-17	244.5	250.7	
May-17	244.7	250.9	132.8
Jun-17	245.0	251.0	
Jul-17	244.8	251.0	
Aug-17	245.5	251.5	132.5
Sep-17	246.8	252.0	

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 2

	<u>All Items (A)</u>	<u>All Items - Less Energy (B)</u>	<u>CCI (C)</u>	<u>Combined (D)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	1.15%	1.86%	2.61%	2.06%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	1.55%	1.84%	2.97%	2.33%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.12%	1.75%	3.07%	2.50%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	2.29%	1.70%	3.41%	2.70%

(5) Average Annual Index (E)

Year Ended 3/31/2015	236.70	239.06	122.78
Year Ended 9/30/2015	236.73	241.18	124.00
Year Ended 3/31/2016	237.63	243.53	125.68
Year Ended 9/30/2016	238.92	245.88	127.68
Year Ended 3/31/2017	241.50	248.11	129.50
Year Ended 9/30/2017	243.83	250.13	131.40

(6) Current Cost Factor (Index Value Divided by Average Annual Index)

Year Ended 3/31/2015	1.04	1.05	1.08	1.06
Year Ended 9/30/2015	1.04	1.04	1.07	1.06
Year Ended 3/31/2016	1.04	1.03	1.05	1.04
Year Ended 9/30/2016	1.03	1.02	1.04	1.03
Year Ended 3/31/2017	1.02	1.02	1.02	1.02
Year Ended 9/30/2017	1.01	1.01	1.01	1.01

(7) Selected Expense Trend: 2.5%

Notes: (A) All items CPI index (urban). Source: Bureau of Labor Statistics.

(B) All items less energy CPI index (urban). Source: Bureau of Labor Statistics.

(C) Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service.
Source: Bureau of Labor Statistics.

(D) Weighted Average determined as .25 (All items) + .25 (All items - Less Energy) + .50 (CCI).

(E) Average year ended index for period shown.

NORTH CAROLINA

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED SEPTEMBER 2017

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	1.12%	1.15%	1.15%
36 points	1.51%	1.54%	1.55%
24 points	2.06%	2.10%	2.12%
12 points	2.25%	2.27%	2.29%

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	1.80%	1.84%	1.86%
36 points	1.78%	1.82%	1.84%
24 points	1.70%	1.74%	1.75%
12 points	1.67%	1.68%	1.70%

COMPENSATION COST INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
16 points	2.47%	2.59%	2.61%
12 points	2.82%	2.93%	2.97%
8 points	2.94%	3.02%	3.07%
4 points	3.31%	3.35%	3.41%

NORTH CAROLINA

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED SEPTEMBER 2017

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.89	0.89
36 points	0.94	0.94
24 points	0.98	0.98
12 points	0.97	0.97

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	1.00	1.00
36 points	1.00	1.00
24 points	0.99	0.99
12 points	0.96	0.96

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.99	0.99
12 points	0.99	0.99
8 points	0.98	0.98
4 points	0.92	0.92

NORTH CAROLINA COMMERCIAL AUTOMOBILE EXPENSE EXPERIENCE
Calendar Year 2017

<u>Item</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Totals</u>
Premium Written	529,782,300	125,459,304	655,241,604
Premium Earned	505,783,956	118,945,438	624,729,394
Commission & Brokerage Expense	75,055,492	18,525,638	93,581,130
Other Acquisition Expense	26,649,934	6,561,967	33,211,901
General Expense	33,463,423	7,820,665	41,284,088
Taxes, Licenses, and Fees	12,149,374	2,935,783	15,085,157
Losses Incurred	290,850,590	101,142,162	391,992,752
Allocated Loss Adjustment Expense	21,209,412	4,348,028	25,557,440
Unallocated Loss Adjustment Expense	25,019,836	8,836,132	33,855,968

Ratios
B.I. & P.D. Combined

Commission & Brokerage Expense to Written Premium:	0.143 *
Other Acquisition Expense to Earned Premium:	0.053
General Expense to Earned Premium	0.066 **
Taxes, etc. to Written Premium:	0.023

	<u>B.I.</u>	<u>P.D.</u>	<u>Total</u>
Allocated Loss Adjustment Expense to Incurred Losses:	0.073	0.043	0.065
Unallocated Loss Adjustment Expense to Incurred Losses + Allocated:	0.080	0.084	0.081

* The Facility commission is capped at 10% for Trucks, Tractors, and Trailers, and Private Passenger Types. For Zone-Rated risks, the Facility Commission is capped at 5%.

** 0.060 is used for Trucks, Tractors, and Trailers, Private Passenger Types, and Zone Rated.

Credibility Tables

Credibility for Statewide Loss Ratio*

Trucks, Tractors, and Trailers and Private Passenger Types		Zone Rated Risks	
<u>Number of Claims</u>	<u>Credibility</u>	<u>Number of Claims</u>	<u>Credibility</u>
0-10	0%	0-6	0%
11-42	10	7-26	10
43-97	20	27-60	20
98-172	30	61-108	30
173-270	40	109-170	40
271-389	50	171-245	50
390-530	60	246-334	60
531-693	70	335-436	70
694-877	80	437-552	80
878-1083	90	553-682	90
1084 and greater	100	683 and greater	100

Credibility for use with Trend Data**

credibility formula = (# claims)/(#claims + K),

where K = 25,000 for Bodily Injury and 10,000 for Property Damage

Accident Year and/or Policy Year Weights

The loss and loss adjustment expense ratios are weighted as follows:

<u>Year Ending</u>	<u>Weights</u>
12/31/2012	0.05
12/31/2013	0.10
12/31/2014	0.15
12/31/2015	0.25
12/31/2016	0.45

* These credibility standards are based on the first model discussed in "An Introduction to Credibility Theory" by L.H. Longley-Cook. The full credibility standard for Trucks and Private Passenger Types is based on P and K values of 90% and 5% respectively. For Zone Rated Risks, the P and K values are 95% and 7.5% respectively.

** These trend credibility standards are based on a Bayesian model which expresses credibility in terms of the observed number of claims and a constant K. The model measures the variation in the trend points between states compared to the variation on a countrywide basis.

Section D
Exhibit 6

In setting the rates, income from investment earnings from assets attributable to unearned premium and loss reserves was considered.

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 1

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

TRUCKS, TRACTORS, AND TRAILERS, AND PRIVATE PASSENGER TYPES

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2017	<u>\$108,178,082</u>
2. Mean Unearned Premium Reserve: (1) x 0.445	<u>48,139,246</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	1.91%
50% of Other Acquisition Expense	2.65%
50% of Company Operating Expense	<u>3.00%</u>
Total	<u>17.56%</u>
4. (2) x (3)	<u>8,453,252</u>
5. Net Subject to Investment (2) - (4)	<u>39,685,994</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>108,178,082</u>
2. Average Agents' Balance	0.202
3. Delayed Remission (1) x (2)	<u>21,851,973</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>108,178,082</u>
2. Expected Incurred Losses and Loss	
Adjustment Expenses (1) x 0.764	<u>82,648,055</u>
3. Expected Mean Loss Reserves (2) x 1.717	<u>141,906,710</u>
D. Net Subject to Investment	
(A-5) - (B-3) + (C-3)	<u>159,740,731</u>
E. Average Rate of Return	
	<u>3.21%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	
	<u>5,127,677</u>
G. Average Rate of Return as a Percent of Direct Earned	
Premium (F) / (A-1)	<u>4.74%</u>

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 2

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

ZONE RATED RISKS

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2017	<u>\$108,178,082</u>
2. Mean Unearned Premium Reserve: (1) x 0.445	<u>48,139,246</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	5.00%
83% of Taxes, Licenses and Fees	1.91%
50% of Other Acquisition Expense	2.65%
50% of Company Operating Expense	<u>3.00%</u>
Total	12.56%
4. (2) x (3)	<u>6,046,289</u>
5. Net Subject to Investment (2) - (4)	<u>42,092,957</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>108,178,082</u>
2. Average Agents' Balance	0.202
3. Delayed Remission (1) x (2)	<u>21,851,973</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>108,178,082</u>
2. Expected Incurred Losses and Loss	
Adjustment Expenses (1) x 0.814	<u>88,056,959</u>
3. Expected Mean Loss Reserves (2) x 1.717	<u>151,193,799</u>
D. Net Subject to Investment	
(A-5) - (B-3) + (C-3)	<u>171,434,783</u>
E. Average Rate of Return	<u>3.21%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>5,503,057</u>
G. Average Rate of Return as a Percent of Direct Earned	
Premium (F) / (A-1)	<u>5.09%</u>

Line A-1

Direct earned premiums are determined from NCRF net underwriting results.

Line A-2

The *mean direct unearned premium reserve* is determined by multiplying the direct earned premiums in line A-1 by the ratio of the mean direct unearned premium reserves to the direct earned premium for the latest available calendar year for the line of business.

1.	Direct Earned Premium for Calendar Year 2016	\$24,462,664
2.	Direct Unearned Premium Reserve as of 12/31/15	10,578,521
3.	Direct Unearned Premium Reserve as of 12/31/16	11,177,507
4.	Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	10,878,014
5.	Ratio (4) / (1)	0.445

Line A-3

Deduction for prepaid expenses:

Production costs and a large part of the other company expenses in connection with the writing and handling of insurance policies, exclusive of claim adjustment expenses, are incurred when the policy is written and before the premium is paid. Therefore, the deduction for these expenses is determined by use of the provisions for expenses used in our ratemaking procedures as shown.

Line B-2

Delayed remission of premium:

This deduction is necessary because of delay in collection and remission of premium to the companies beyond the effective dates of the policies. Funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

The total of admitted and non-admitted agents' balances, or uncollected premiums due, amounts to 0.202 of net earned premiums for all companies. The 0.202 is based on the following:

1.	Net Earned Premium for Calendar Year 2016	\$523,514,228
2.	Net Agents' Balances as of 12/31/15	105,393,446
3.	Net Agents' Balances as of 12/31/16	105,809,940
4.	Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	105,601,693
5.	Ratio (4) / (1)	0.202

Notes:

All monetary values are expressed in thousands of dollars and based on industry-aggregate information.

Line C-2

The *expected incurred losses* are determined by multiplying the direct earned premium by the average expected loss ratio (including loss adjustment expense).

Line C-3

The *expected mean loss reserve* is determined by multiplying the expected incurred losses in line (C-2) by the average ratio of the mean loss and loss adjustment reserves to the incurred losses and loss adjustment expenses in the latest two available calendar years for the line of business. This ratio is based on industry-aggregate data for commercial auto only.

1. Direct Incurred for Calendar Year 2015	\$18,763,861
2. Direct Incurred for Calendar Year 2016	20,731,260
3. Direct Reserves as of 12/31/14	30,963,135
4. Direct Reserves as of 12/31/15	33,747,979
5. Direct Reserves as of 12/31/16	37,102,618
6. Mean Loss Reserve 2015: $\frac{1}{2} [(3) + (4)]$	32,355,557
7. Mean Loss Reserve 2016: $\frac{1}{2} [(4) + (5)]$	35,425,299
8. Ratio (6) / (1)	1.724
9. Ratio (7) / (2)	1.709
10. $\frac{1}{2} [(8) + (9)]$	1.717

Notes:

Direct incurred and direct reserves include both indemnity and loss adjustment expense.

All monetary values are expressed in thousands of dollars and based on industry-aggregate information.

NORTH CAROLINA
 Bodily Injury
Unadjusted Experience

Section D
 Exhibit 7
 Sheet 1

Trucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2012	4,922,883	4,969,508
12/31/2013	6,552,778	8,765,313
12/31/2014	10,253,826	17,892,793
12/31/2015	7,842,350	12,357,631
12/31/2016	6,720,530	9,797,207

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2012	20,308	0
12/31/2013	163,957	70,000
12/31/2014	76,718	0
12/31/2015	14,239	0
12/31/2016	83,049	5,000

Zone Rated Risks

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2012	328,854	869,500
12/31/2013	372,048	1,168,956
12/31/2014	921,494	2,666,865
12/31/2015	2,559,034	6,901,083
12/31/2016	1,602,196	2,345,105

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2017.

NORTH CAROLINA
Property Damage
Unadjusted Experience

Section D
Exhibit 7
Sheet 2

Trucks, Tractors, and Trailers:

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2012	4,653,360	519,515
12/31/2013	7,081,108	448,480
12/31/2014	8,742,918	1,854,925
12/31/2015	9,510,992	1,181,029
12/31/2016	8,430,946	3,035,609

Private Passenger Types:

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2012	25,735	0
12/31/2013	65,305	3,714
12/31/2014	104,288	0
12/31/2015	38,637	0
12/31/2016	121,858	72,323

Zone Rated Risks

Accident Year <u>Ending</u>	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2012	167,722	54,943
12/31/2013	496,236	40,714
12/31/2014	966,861	97,589
12/31/2015	2,756,654	706,160
12/31/2016	2,521,079	220,081

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2017.

NORTH CAROLINA

Section D

Exhibit 7

Sheet 3

Bodily Injury
Adjusted ExperienceTrucks, Tractors, and Trailers:

Accident Year <u>Ending</u>	\$30,000/\$60,000 Limits Earned Premium <u>at Present Rates</u>	\$30,000/\$60,000 <u>Incurred Losses*</u>
12/31/2012	12,528,688	6,217,011
12/31/2013	14,765,284	8,149,476
12/31/2014	15,802,724	12,738,920
12/31/2015	16,312,960	10,209,700
12/31/2016	15,318,197	9,964,796

Private Passenger Types:

Accident Year <u>Ending</u>	\$30,000/\$60,000 Limits Earned Premium <u>at Present Rates</u>	\$30,000/\$60,000 <u>Incurred Losses*</u>
12/31/2012	59,859	25,647
12/31/2013	67,793	202,894
12/31/2014	91,229	93,077
12/31/2015	81,666	16,929
12/31/2016	65,594	96,732

Zone Rated Risks

Policy Year <u>Ending</u>	\$30,000/\$60,000 Limits Earned Premium <u>at Present Rates</u>	\$30,000/\$60,000 <u>Incurred Losses*</u>
12/31/2012	270,895	643,227
12/31/2013	261,455	492,645
12/31/2014	676,068	691,582
12/31/2015	1,545,112	2,414,847
12/31/2016	2,804,962	4,663,756

*These losses are the losses used in determining the rate level. They are developed using the appropriate unallocated loss adjustment expense factors, loss development factors, and are trended to one year beyond the prospective effective date.

NORTH CAROLINA
 Property Damage
Adjusted Experience

Section D
 Exhibit 7
 Sheet 4

Trucks, Tractors, and Trailers:

Accident Year <u>Ending</u>	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2012	10,025,623	7,020,636
12/31/2013	11,814,691	10,223,412
12/31/2014	12,643,999	12,131,863
12/31/2015	13,051,862	12,675,543
12/31/2016	12,256,253	11,124,225

Private Passenger Types:

Accident Year <u>Ending</u>	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2012	57,680	38,827
12/31/2013	68,721	94,379
12/31/2014	92,483	144,423
12/31/2015	82,806	51,288
12/31/2016	66,513	161,715

Zone Rated Risks

Policy Year <u>Ending</u>	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2012	284,910	242,560
12/31/2013	275,981	280,193
12/31/2014	714,690	919,008
12/31/2015	1,662,784	2,097,817
12/31/2016	2,950,323	4,200,861

*These losses are the losses used in determining the rate level. They are developed using the appropriate unallocated loss adjustment expense factors, loss development factors, and are trended to one year beyond the prospective effective date.

SECTION E

Revision of Increased Limits Tables

North Carolina Reinsurance Facility
Commercial Automobile Liability

Revision of Increased Limits Tables

Summary of Changes

The following is a proposed revision of Commercial Automobile Liability Increased Limit Factors. A review of the experience indicates a change of 30.4% in total liability premium for bodily injury and 3.0% for property damage. This document presents revised factors for the following increased limits tables:

- Light and Medium Trucks
- Heavy Trucks and Truck-Tractors
- Extra-Heavy Trucks and Truck-Tractors
- Zone Rated Risks
- All Other Risks

Notes Pertaining to the Revision

- This revision is based upon North Carolina Reinsurance Facility experience. North Carolina and Countrywide Voluntary data has been considered when necessary to promote stability.
- Data for accident years ending December 31, 2012 to December 31, 2016 have been used to develop the indicated changes for each table.
- The five years of data have been developed to an ultimate settlement basis by using the loss development factors shown in Exhibit 3 of Section F.
- Data has been trended to one year beyond the assumed effective date of 4/1/2019.

North Carolina Reinsurance Facility
Comparison of Indicated and Current Factors
Bodily Injury Increased Limits Tables

A comparison of indicated and current increased limit factors for selected policy limits is shown below:

	<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u>
<u>Light and Medium Trucks</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.17	1.11
	100,000 / 300,000	1.60	1.38
	500,000 / 500,000	2.29	1.82
	1,000,000 / 1,000,000	2.92	2.22
<u>Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.21	1.13
	100,000 / 300,000	1.71	1.45
	500,000 / 500,000	2.67	2.06
	1,000,000 / 1,000,000	3.52	2.60
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.24	1.15
	100,000 / 300,000	1.84	1.53
	500,000 / 500,000	2.92	2.22
	1,000,000 / 1,000,000	3.97	2.88
<u>Zone Rated Risks</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.39	1.25
	100,000 / 300,000	2.26	1.80
	500,000 / 500,000	4.00	2.90
	1,000,000 / 1,000,000	5.61	3.92
<u>All Other Risks¹</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.21	1.13
	100,000 / 300,000	1.62	1.39
	500,000 / 500,000	2.34	1.85
	1,000,000 / 1,000,000	2.99	2.26

¹ Including Private Passenger Types, Publics, Semi-trailers and Trailers.

North Carolina Reinsurance Facility
Comparison of Indicated and Current Factors
Property Damage Increased Limits Tables

A comparison of indicated and current increased limit factors for selected policy limits is shown below:

		<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u>
<u>Light and Medium Trucks</u>	\$	25,000	1.00	1.00
		50,000	1.04	1.03
		300,000	1.13	1.10
		750,000	1.17	1.13
		1,000,000	1.18	1.14
<u>Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.04	1.03
		300,000	1.13	1.10
		750,000	1.17	1.13
		1,000,000	1.19	1.14
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.04	1.03
		300,000	1.13	1.10
		750,000	1.17	1.14
		1,000,000	1.19	1.15
<u>Zone-Rated Risks</u>	\$	25,000	1.00	1.00
		50,000	1.06	1.05
		300,000	1.22	1.17
		750,000	1.30	1.23
		1,000,000	1.33	1.25
<u>All Other Risks¹</u>	\$	25,000	1.00	1.00
		50,000	1.04	1.03
		300,000	1.13	1.10
		750,000	1.17	1.13
		1,000,000	1.18	1.14

¹ Including Private Passenger Types, Publics, Semi-trailers and Trailers.

SECTION F

Increased Limits Experience Review

North Carolina Reinsurance Facility
Increased Limits Experience Review

Introduction

Charges for coverage in excess of the basic limit of liability (\$30,000/\$60,000 for bodily injury, \$25,000 for property damage) are calculated by multiplying the applicable basic limit manual rate for the class by the appropriate increased limit factor for the desired liability limit. For example, a Light Truck risk desiring to purchase coverage of \$100,000/\$300,000 bodily injury per person/per accident might pay a premium calculated as 1.60 times the manual rate for the risk classification.

The Commercial Automobile Liability Increased Limits Tables are reviewed to ensure that a consistent pricing relationship is maintained between factors for different limits.

Exhibit 1: Development of Increased Limits Table Change Indications

Set forth on this exhibit is the North Carolina Reinsurance Facility experience for the latest five accident years.

Losses include allocated loss adjustment expenses and are developed to an ultimate settlement basis using the North Carolina statewide loss development factors shown in Exhibit 3. Additionally, the losses have been trended from the average date of loss to one year beyond an anticipated effective date of April 1, 2019 by an exponential projection of the annual loss trend factors for basic and total limits losses developed on Exhibit 2.

The indicated average increased limit factor has been compared to the present average increased limit factor to develop an overall increased limits factor change indication. These indications are 30.4% and 3.0% for bodily injury and property damage, respectively.

Exhibit 2: Bodily Injury and Property Damage Trend Factors

North Carolina and Countrywide paid claim data for Commercial Automobile Bodily Injury and Property Damage Liability Insurance, as reported to ISO, were used to develop average annual trend factors for basic and total limits losses. The derivation of these factors is shown in Exhibit 2 of Section D.

North Carolina Reinsurance Facility
Increased Limits Experience Review

Introduction (Cont'd)

Exhibit 3: Loss Development Factors

Set forth on this exhibit are the factors used to develop the losses to an ultimate basis. The derivation of these factors is shown in Exhibit 1 of Section D.

Exhibit 4: North Carolina Facility Data

This exhibit displays the data developed to an ultimate settlement basis and trended to one year beyond the proposed effective date.

Exhibit 5: Policy Limit Distribution

Set forth on this exhibit is the basic limit loss distribution (including ALAE) for each increased limits table by policy limit. These table distributions are based on all detailed statistics reported to ISO for Facility business for fiscal accident years ending 6/30/12 through 6/30/16.

NORTH CAROLINA REINSURANCE FACILITY

Commercial Automobile Liability Insurance
 Development of Increased Limits
 Table Change Indications
 All Classes Combined

BODILY INJURY

(1)	(2)	(3)	(4)
Year	\$30,000/\$60,000 Basic Limit	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/12	9,987,778	19,627,152	1.965
12/31/13	13,001,738	28,531,919	2.194
12/31/14	17,101,795	48,938,999	2.862
12/31/15	17,264,248	49,802,078	2.885
12/31/16	15,900,601	53,753,728	3.381
Total	73,256,160	200,653,876	2.739

- (5) Present average increased limits factor based upon the present table and the policy limits distribution for bodily injury Reinsurance Facility business: 2.101
- (6) Indicated change in bodily injury increased limits factors $(((4)/(5)) - 1) \times 100$: 30.4%

* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to one year beyond an anticipated effective date of 04/1/2019 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

NORTH CAROLINA REINSURANCE FACILITY

Commercial Automobile Liability Insurance
Development of Increased Limits
Table Change Indications
All Classes Combined

PROPERTY DAMAGE

(1)	(2)	(3)	(4)
Year	\$25,000 Basic Limit	Total Limits	Indicated Average Increased Limit Factor
<u>Ending</u>	<u>Incurred Losses*</u>	<u>Incurred Losses*</u>	<u>(3)/(2)</u>
12/31/12	10,022,426	10,833,840	1.081
12/31/13	13,950,066	14,789,725	1.060
12/31/14	16,261,391	19,025,812	1.170
12/31/15	18,903,723	21,293,115	1.126
12/31/16	17,042,871	21,500,186	1.262
Total	76,180,477	87,442,678	1.148

(5) Present average increased limits factor based upon the present table and the policy limits distribution for property damage Reinsurance Facility business: 1.115

(6) Indicated change in property damage increased limits factors $(((4)/(5)) - 1) \times 100$: 3.0%

* Including allocated loss adjustment expense and developed to an ultimate basis. In addition, losses have been trended from the average date of accident to one year beyond an anticipated effective date of 04/1/2019 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

COMMERCIAL AUTO LIABILITY
NORTH CAROLINA
BODILY INJURY AND PROPERTY DAMAGE TREND FACTORS*

<u>Bodily Injury</u>			
\$30,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	2.5%	12 Point Fit - Weighted Severity	3.6%
24 Point Fit - Weighted Severity	1.8%	24 Point Fit - Weighted Severity	3.8%
12 Point Fit - (NC only) Severity	1.6%	12 Point Fit - (NC only) Severity	4.9%
24 Point Fit - (NC only) Severity	0.1%	24 Point Fit - (NC only) Severity	0.4%
Selected Severity Trend Factor	2.0%	Selected Severity Trend Factor	3.5%
Selected Frequency Trend Factor	0.0%	Selected Frequency Trend Factor	0.0%
Average Annual Change	2.0%	Average Annual Change	3.5%
 <u>Property Damage</u>			
\$25,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	5.1%	12 Point Fit - Weighted Severity	4.7%
24 Point Fit - Weighted Severity	4.5%	24 Point Fit - Weighted Severity	4.5%
12 Point Fit - (NC only) Severity	5.3%	12 Point Fit - (NC only) Severity	3.5%
24 Point Fit - (NC only) Severity	4.4%	24 Point Fit - (NC only) Severity	4.1%
Selected Severity Trend Factor	4.5%	Selected Severity Trend Factor	4.5%
Selected Frequency Trend Factor	0.0%	Selected Frequency Trend Factor	0.0%
Average Annual Change	4.5%	Average Annual Change	4.5%

* See Exhibit 2, Section D for the calculation of these trend factors.

NORTH CAROLINA REINSURANCE FACILITY
Commercial Automobile Liability Insurance
Loss Development Factors **

	<u>Bodily Injury</u>		<u>Property Damage</u>	
	30/60 Losses	Total Limits Losses	\$25,000 Losses	Total Limits Losses
<u>Trucks, Tractors & Trailers</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.005	1.003	0.999	0.999
39 months to ult.	1.024	1.056	1.002	1.003
27 months to ult.	1.095	1.212	1.004	1.004
15 months to ult.	1.273	1.548	1.038	1.052
<u>Private Passenger Types</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.000	1.000	1.000	1.000
39 months to ult.	1.000	1.000	1.000	1.000
27 months to ult.	1.000	1.000	1.000	1.000
15 months to ult.	1.000	1.000	1.044	1.042
<u>Publics (Including Buses)</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.004	0.991	1.000	1.000
39 months to ult.	1.035	1.048	1.002	1.002
27 months to ult.	1.029	1.039	0.992	0.984
15 months to ult.	1.046	1.088	1.026	1.020
<u>Zone Rated Risks</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.027	1.016	1.000	1.000
39 months to ult.	1.042	1.014	0.999	0.999
27 months to ult.	1.159	1.190	0.987	0.985
15 months to ult.	1.705	3.870	1.039	1.059
<u>Miscellaneous</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.014	1.001	1.000	1.000
39 months to ult.	0.995	0.958	1.000	1.000
27 months to ult.	0.898	0.970	1.000	1.000
15 months to ult.	1.167	1.926	1.004	1.009
<u>Auto Dealers</u>				
63 months to ult.	1.000	1.000	1.000	1.000
51 months to ult.	1.029	1.017	1.000	1.000
39 months to ult.	1.038	1.020	1.001	1.001
27 months to ult.	1.063	1.048	1.012	1.012
15 months to ult.	1.157	1.218	1.033	1.041

** See Exhibit 1, Section D for the calculation of these factors.

NORTH CAROLINA REINSURANCE FACILITY
Commercial Automobile Liability Insurance
All Companies Reporting to ISO and PCI

INCURRED LOSS AND LOSS ADJUSTMENT EXPENSES

	<u>Evaluation*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		<u>30/60 Losses**</u>	<u>Total Limits Losses**</u>	<u>\$25,000 Losses**</u>	<u>Total Limits Losses**</u>
Trucks, Tractors, & Trailers	12@63	4,922,883	9,892,391	4,653,360	5,172,875
	13@51	6,552,778	15,318,091	7,081,108	7,529,588
	14@39	10,253,826	28,146,619	8,742,918	10,597,843
	15@27	7,842,350	20,199,981	9,510,992	10,692,021
	16@15	6,720,530	16,517,737	8,430,946	11,466,555
Private Passenger Types	12@63	20,308	20,308	25,735	25,735
	13@51	163,957	233,957	65,305	69,019
	14@39	76,718	76,718	104,288	104,288
	15@27	14,239	14,239	38,637	38,637
	16@15	83,049	88,049	121,858	194,181
Zone-Rated Risks	12@63	328,854	1,198,354	167,722	222,665
	13@51	372,048	1,541,004	496,236	536,950
	14@39	921,494	3,588,359	966,861	1,064,450
	15@27	2,559,034	9,460,117	2,756,654	3,462,814
	16@15	1,602,196	3,947,301	2,521,079	2,741,160
Publics (Including Buses)	12@63	2,503,295	3,014,137	1,719,081	1,721,510
	13@51	2,752,738	3,534,347	1,669,862	1,748,225
	14@39	2,542,128	4,656,922	1,698,065	1,840,768
	15@27	2,689,588	4,168,858	1,920,887	1,948,555
	16@15	2,067,998	3,782,888	1,548,620	1,562,907
Misc.	12@63	214,580	331,580	76,040	76,040
	13@51	389,193	624,193	227,078	227,078
	14@39	357,426	986,426	353,439	353,439
	15@27	449,223	1,139,223	351,137	386,137
	16@15	387,246	672,246	369,238	459,267
Auto Dealers	12@63	576,858	577,058	483,665	483,665
	13@51	1,054,409	1,306,308	831,824	884,834
	14@39	710,692	874,692	738,997	775,522
	15@27	918,010	1,053,010	762,859	778,591
	16@15	672,024	742,024	960,393	963,605

* All classes are on an accident year basis

** Includes allocated loss adjustment expenses.

NORTH CAROLINA REINSURANCE FACILITY
Commercial Automobile Liability Insurance
All Companies Reporting to ISO and PCI

DEVELOPED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year <u>Ending*</u>	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 <u>Losses**</u>	Total Limits <u>Losses**</u>	\$25,000 <u>Losses**</u>	Total Limits <u>Losses**</u>
Trucks, Tractors, & Trailers	12/31/12	4,922,883	9,892,391	4,653,360	5,172,875
	12/31/13	6,585,542	15,364,045	7,074,027	7,522,058
	12/31/14	10,499,918	29,722,830	8,760,404	10,629,637
	12/31/15	8,587,373	24,482,377	9,549,036	10,734,789
	12/31/16	8,555,235	25,569,457	8,751,322	12,062,816
Private Passenger Types	12/31/12	20,308	20,308	25,735	25,735
	12/31/13	163,957	233,957	65,305	69,019
	12/31/14	76,718	76,718	104,288	104,288
	12/31/15	14,239	14,239	38,637	38,637
	12/31/16	83,049	88,049	127,220	202,337
Zone-Rated Risks	12/31/12	328,854	1,198,354	167,722	222,665
	12/31/13	382,093	1,565,660	496,236	536,950
	12/31/14	960,197	3,638,596	965,894	1,063,386
	12/31/15	2,965,920	11,257,539	2,720,817	3,410,872
	12/31/16	2,731,744	15,276,055	2,619,401	2,902,888
Publics (Including Buses)	12/31/12	2,503,295	3,014,137	1,719,081	1,721,510
	12/31/13	2,763,749	3,502,538	1,669,862	1,748,225
	12/31/14	2,631,102	4,880,454	1,701,461	1,844,450
	12/31/15	2,767,586	4,331,443	1,905,520	1,917,378
	12/31/16	2,163,126	4,115,782	1,588,884	1,594,165
Misc.	12/31/12	214,580	331,580	76,040	76,040
	12/31/13	394,642	624,817	227,078	227,078
	12/31/14	355,639	944,996	353,439	353,439
	12/31/15	403,402	1,105,046	351,137	386,137
	12/31/16	451,916	1,294,746	370,715	463,400
Auto Dealers	12/31/12	576,858	577,058	483,665	483,665
	12/31/13	1,084,987	1,328,515	831,824	884,834
	12/31/14	737,698	892,186	739,736	776,298
	12/31/15	975,845	1,103,554	772,013	787,934
	12/31/16	777,532	903,785	992,086	1,003,113

* All classes are on an accident year basis

** Losses are developed to ultimate using development factors from Exhibit 3.

NORTH CAROLINA REINSURANCE FACILITY
Commercial Automobile Liability Insurance
All Companies Reporting to ISO and PCI

DEVELOPED AND TRENDED LOSS AND LOSS ADJUSTMENT EXPENSES

	Year Ending*	<u>Bodily Injury</u>		<u>Property Damage</u>	
		30/60 Losses**	Total Limits Losses**	\$25,000 Losses**	Total Limits Losses**
Trucks, Tractors, & Trailers	12/31/12	5,739,458	12,914,839	6,545,124	7,275,842
	12/31/13	7,527,360	19,379,962	9,521,419	10,124,455
	12/31/14	11,766,218	36,224,064	11,283,473	13,691,061
	12/31/15	9,434,332	28,828,380	11,769,606	13,231,098
	12/31/16	9,214,729	29,090,274	10,321,903	14,227,703
Private Passenger Types	12/31/12	23,677	26,513	36,197	36,197
	12/31/13	187,405	295,110	87,898	92,897
	12/31/14	85,970	93,498	134,324	134,324
	12/31/15	15,643	16,767	47,622	47,622
	12/31/16	89,451	100,173	150,052	238,650
Zone-Rated Risks	12/31/12	383,402	1,564,490	235,907	313,187
	12/31/13	436,737	1,974,899	667,918	722,718
	12/31/14	1,075,998	4,434,461	1,244,080	1,369,650
	12/31/15	3,258,444	13,255,928	3,353,526	4,204,049
	12/31/16	2,942,325	17,379,510	3,089,499	3,423,863
Publics (Including Buses)	12/31/12	2,918,525	3,935,054	2,417,952	2,421,368
	12/31/13	3,159,001	4,418,046	2,247,582	2,353,056
	12/31/14	2,948,415	5,947,949	2,191,496	2,375,667
	12/31/15	3,040,549	5,100,342	2,348,637	2,363,252
	12/31/16	2,329,874	4,682,510	1,874,038	1,880,266
Misc.	12/31/12	250,173	432,888	106,953	106,953
	12/31/13	451,081	788,134	305,640	305,640
	12/31/14	398,529	1,151,694	455,232	455,232
	12/31/15	443,189	1,301,209	432,792	475,931
	12/31/16	486,753	1,473,028	437,246	546,565
Auto Dealers	12/31/12	672,543	753,368	680,293	680,293
	12/31/13	1,240,154	1,675,768	1,119,609	1,190,959
	12/31/14	826,665	1,087,333	952,786	999,878
	12/31/15	1,072,091	1,299,452	951,540	971,163
	12/31/16	837,469	1,028,233	1,170,133	1,183,139

* All classes are on an accident year basis

** Losses have been developed to ultimate and trended to one year beyond an anticipated effective date of April 1, 2019.

NORTH CAROLINA REINSURANCE FACILITY

Basic Limit Loss Distribution*
By Increased Limits Table and Policy Limit

BODILY INJURY

<u>POLICY LIMIT</u>	<u>LIGHT & MEDIUM</u>	<u>HEAVY</u>	<u>EXTRA HEAVY</u>	<u>ZONE</u>	<u>ALL OTHER</u>	<u>ALL TABLES COMBINED **</u>
30/60	0.10%	0.03%	0.00%	0.00%	0.98%	1.12%
50/100	0.19%	0.06%	0.00%	0.00%	1.83%	2.08%
85/85	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100/100	11.25%	3.08%	0.00%	0.00%	8.50%	22.83%
100/300	8.66%	1.10%	0.12%	0.00%	7.09%	16.97%
100/500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
150/150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250/250	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250/500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
300/300	0.91%	0.00%	0.00%	0.00%	0.20%	1.11%
400/400	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500/500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500/1,000	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
750/750	2.66%	4.75%	12.32%	4.44%	0.76%	24.93%
1,000/1,000	3.81%	0.92%	11.39%	4.44%	0.54%	21.10%
1,500/1,500	0.06%	0.00%	0.08%	0.00%	7.60%	7.74%
2,000/2,000	0.16%	0.00%	0.08%	0.00%	1.62%	1.85%
2,500/2,500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000/5,000</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.18%</u>	<u>0.00%</u>	<u>0.09%</u>	<u>0.27%</u>
TOTAL**	27.81%	9.94%	24.17%	8.89%	29.20%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2012 through fiscal accident year ending 6/30/2016, as reported to ISO, for those risks assigned to the Facility.

** The individual weights at each limit and increased limits table combination are rounded to 5 decimal places and displayed to 4 decimal places. Due to rounding, the total values may differ slightly from the sum of the displayed individual values. Totals by major class group are scaled to match the distribution for all companies used in the review.

NORTH CAROLINA REINSURANCE FACILITY

Basic Limit Loss Distribution*
By Increased Limits Table and Policy Limit

PROPERTY DAMAGE

POLICY LIMIT	LIGHT & MEDIUM	HEAVY	EXTRA HEAVY	ZONE	ALL OTHER	ALL TABLES COMBINED **
25	1.35%	0.77%	0.04%	0.00%	5.27%	7.43%
30	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
50	11.72%	2.33%	0.75%	0.00%	9.55%	24.35%
85	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
100	0.08%	0.00%	0.03%	0.00%	0.04%	0.14%
150	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
250	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
300	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
400	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
500	0.18%	0.00%	0.00%	0.00%	0.07%	0.25%
750	5.27%	6.18%	14.48%	5.31%	0.37%	31.60%
1000	3.95%	1.70%	15.59%	5.31%	0.86%	27.40%
1500	0.33%	0.00%	0.00%	0.00%	6.28%	6.60%
2000	0.00%	0.00%	0.00%	0.00%	0.99%	0.99%
2500	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5000	0.03%	0.00%	0.00%	0.00%	1.21%	1.24%
TOTAL**	22.90%	10.97%	30.88%	10.61%	24.63%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2012 through fiscal accident year ending 6/30/2016, as reported to ISO, for those risks assigned to the Facility.

** The individual weights at each limit and increased limits table combination are rounded to 5 decimal places and displayed to 4 decimal places. Due to rounding, the total values may differ slightly from the sum of the displayed individual values. Totals by major class group are scaled to match the distribution for all companies used in the review.

SECTION G

Revised Increased Limits Tables

North Carolina Reinsurance Facility

Commercial Automobile Liability
Revised Increased Limits Tables

Sheets 1, 2, 3, and 4 of Exhibit 1 display the revised increased limit factors for Commercial Automobile Liability as they will appear in the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates.

NORTH CAROLINA REINSURANCE FACILITY
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

BODILY INJURY FACTORS

Classification	Limits Identifier Code (3)				
	Limit of Liability (in 1000's)				
	30/60	85/85	50/100	100/100	100/300
	Limit Codes				
	49	52	49	52	52
1. Light and Medium Trucks	1.00	1.24	1.17	1.32	1.60
2. Heavy Trucks and Truck Tractors	1.00	1.30	1.21	1.41	1.71
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.33	1.24	1.49	1.84
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.52	1.39	1.69	2.26
5. All Other Risks	1.00	1.24	1.21	1.32	1.62

NORTH CAROLINA REINSURANCE FACILITY
 COMMERCIAL AUTOMOBILE MANUAL

INCREASED LIABILITY LIMITS

PROPERTY DAMAGE FACTORS

Classification	Limits Identifier Code (3)		
	Limit of Liability (in 1000's)		
	25	30	50
	Limit Codes		
	05	06	08
1. Light and Medium Trucks	1.00	1.01	1.04
2. Heavy Trucks and Truck Tractors	1.00	1.01	1.04
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.01	1.04
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.02	1.06
5. All Other Risks	1.00	1.01	1.04

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

A. Bodily Injury

BODILY INJURY FACTORS
Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
100/500	55	1.69	1.91	2.01	2.56	1.74
300/300	64	1.95	2.18	2.36	3.08	1.95
250/500	61	2.01	2.34	2.50	3.30	2.06
400/400	68	2.12	2.47	2.67	3.57	2.15
500/500	68	2.29	2.67	2.92	4.00	2.34
750/750	73	2.64	3.14	3.51	4.86	2.70
1,000/1,000	73	2.92	3.52	3.97	5.61	2.99
1,500/1,500	74	3.33	4.15	4.72	6.76	3.39
2,000/2,000	75	3.71	4.67	5.35	7.77	3.78
2,500/2,500	76	3.97	5.12	5.95	8.62	4.11
5,000/5,000	79	5.07	6.76	8.02	11.87	5.21
7,500/7,500	82	5.90	7.91	9.47	14.15	6.04
10,000/10,000	85	6.48	8.66	10.41	15.63	6.62
12,500/12,500	86	6.86	9.11	10.97	16.52	7.00
15,000/15,000	86	7.09	9.36	11.28	17.01	7.23

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

SUPPLEMENTARY RATING PROCEDURES SECTION

Rule 2. INCREASED LIMITS

B. Property Damage

PROPERTY DAMAGE FACTORS
Limits Identifier Code (3)

Limit of Liability (1000's)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra-Heavy Trucks and Truck-Tractors	4. Trucks, Tractors and Trailers Zone Rated	5. All Other Risks
85	9	1.08	1.08	1.08	1.13	1.08
100	10	1.09	1.09	1.09	1.14	1.09
300	14	1.13	1.13	1.13	1.22	1.13
400	15	1.14	1.14	1.14	1.25	1.14
500	16	1.15	1.15	1.15	1.27	1.15
750	17	1.17	1.17	1.17	1.30	1.17
1,000	18	1.18	1.19	1.19	1.33	1.18
1,500	19	1.20	1.21	1.22	1.38	1.20
2,000	20	1.21	1.23	1.25	1.42	1.21
2,500	21	1.22	1.24	1.27	1.44	1.22
5,000	23	1.24	1.27	1.30	1.49	1.24
7,500	24	1.26	1.29	1.32	1.53	1.26
10,000	25	1.28	1.31	1.34	1.56	1.28
12,500	26	1.29	1.32	1.35	1.58	1.29
15,000	26	1.30	1.33	1.36	1.59	1.30

SECTION H

Publics Relativities Review

Publics Relativities Review
ISO only Experience

Section H
Exhibit 1

Bodily Injury		(A)	(B)	(B) / (A)
	Policy Year Ending	Aggregate Loss Costs At Current Level	Adjusted Basic Limit Losses and Expenses	Basic Limit Losses / Loss Costs
Trucks, Tractors and Trailers				
	12/31/2012	2,920,764	1,241,518	0.425
	12/31/2013	3,062,115	1,037,087	0.339
	12/31/2014	2,824,433	1,050,866	0.372
	12/31/2015	2,932,647	993,367	0.339
	12/31/2016	2,766,652	917,769	0.332
		14,506,611	5,240,608	0.361
Taxis and Limousines				
	12/31/2012	2,941,548	1,267,838	0.431
	12/31/2013	2,884,547	932,144	0.323
	12/31/2014	2,792,416	1,218,379	0.436
	12/31/2015	2,856,667	869,155	0.304
	12/31/2016	2,621,826	717,337	0.274
		14,097,004	5,004,854	0.355
			Change	-1.66%
School and Church Buses				
	12/31/2012	169,542	56,868	0.335
	12/31/2013	155,656	20,979	0.135
	12/31/2014	154,778	72,041	0.465
	12/31/2015	125,038	99,260	0.794
	12/31/2016	119,537	0	0.000
		724,551	249,148	0.344
			Change	-4.71%
Other Buses				
	12/31/2012	594,995	216,645	0.364
	12/31/2013	635,738	107,547	0.169
	12/31/2014	684,740	52,915	0.077
	12/31/2015	876,266	286,647	0.327
	12/31/2016	626,865	138,382	0.221
		3,418,604	802,136	0.235
			Change	-34.90%

Publics Relativities Review
ISO only Experience

Section H
Exhibit 2

Property Damage

		(A)	(B)	(B) / (A)
	Policy Year Ending	Aggregate Loss Costs At Current Level	Adjusted Basic Limit Losses and Expenses	Basic Limit Losses / Loss Costs
Trucks, Tractors and Trailers				
	12/31/2012	2,345,274	1,323,662	0.564
	12/31/2013	2,458,538	1,383,233	0.563
	12/31/2014	2,268,841	1,312,554	0.579
	12/31/2015	2,355,700	1,560,434	0.662
	12/31/2016	2,229,169	1,323,269	0.594
		11,657,522	6,903,151	0.592
Taxis and Limousines				
	12/31/2012	919,328	1,169,185	1.272
	12/31/2013	906,114	872,801	0.963
	12/31/2014	880,794	862,957	0.980
	12/31/2015	913,689	883,042	0.966
	12/31/2016	835,672	752,783	0.901
		4,455,597	4,540,768	1.019
			Change	72.13%
School and Church Buses				
	12/31/2012	101,529	15,642	0.154
	12/31/2013	91,830	42,393	0.462
	12/31/2014	95,666	79,200	0.828
	12/31/2015	76,260	82,643	1.084
	12/31/2016	72,587	25,199	0.347
		437,872	245,078	0.560
			Change	-5.41%
Other Buses				
	12/31/2012	120,710	123,654	1.024
	12/31/2013	123,784	110,082	0.889
	12/31/2014	136,763	81,198	0.594
	12/31/2015	175,571	118,469	0.675
	12/31/2016	125,604	74,431	0.593
		682,432	507,833	0.744
			Change	25.68%

Calculation of revised Publics Relativities

	Current Relativity	Indicated Change	Revised Relativity
BI			
Taxi and Limousines	6.46	-1.66%	6.35
School and Church Buses	0.82	-4.71%	0.78
Other Buses	7.79	-34.90%	5.07
PD			
Taxi and Limousines	2.56	72.13%	4.41
School and Church Buses	0.62	-5.41%	0.59
Other Buses	1.95	25.68%	2.45

SECTION I

Out of State Rates - Summary of Changes

Exhibit 1

Sheets 1 and 2 contain the filed rates for out of state non zone rated Trucks, Tractors, and Trailers and Other Buses registered in North Carolina, that do not operate in North Carolina, with a radius under 200 miles. Sheet 3 displays the changes in these rates versus the current rates.

Exhibit 2

Sheet 1 contains the filed rates for out of state zone rated vehicles registered in North Carolina, that do not operate in North Carolina, with a radius over 200 miles.

Sheet 2 shows the mapping from state to region, which can then be used to look up the rate for a vehicle based on its zone of operation. For example, a vehicle that travels from New York to California would use the rate shown for region 40 to/from region 48.

A vehicle that is registered in North Carolina, operates with a radius over 200 miles, and does operate in North Carolina would continue to use the current zone rating method and rates, which are shown on page R-15 and R-16 of the current manual.

A vehicle that is registered in North Carolina, operates with a radius under 200 miles, and does not operate in North Carolina would continue to use the State Rate Schedule shown on page R-14 of the current manual.

COMMERCIAL AUTOMOBILE LIABILITY RATES

Section I

Exhibit 1

STATE RATE SCHEDULES

Sheet 1

TRUCKS, TRACTORS, AND TRAILERS

State		Bodily Injury	Property Damage	Medical Payments		
		Limit \$30/\$60	Limit \$25	\$500	\$1,000	\$2,000
Georgia	Nonfleet	1,922	718	561	673	738
	Fleet	2,114	790			
Florida	Nonfleet	3,065	658	895	1,073	1,177
	Fleet	3,372	724			
New Jersey	Nonfleet	2,828	1,542	826	990	1,086
	Fleet	3,111	1,696			
New York	Nonfleet	4,029	1,110	1,176	1,410	1,547
	Fleet	4,432	1,221			
South Carolina	Nonfleet	1,267	691	370	443	487
	Fleet	1,394	760			
Tennessee	Nonfleet	828	564	242	290	318
	Fleet	911	620			
Virginia	Nonfleet	1,819	1,037	531	637	698
	Fleet	2,001	1,141			
All Other States	Nonfleet	1,748	713	510	612	671
	Fleet	1,923	784			

COMMERCIAL AUTOMOBILE LIABILITY RATES

Section 1

Exhibit 1

STATE RATE SCHEDULES

Sheet 2

OTHER BUSES

State		Bodily Injury	Property Damage	Medical Payments		
		Limit \$30/\$60	Limit \$25	\$500	\$1,000	\$2,000
Georgia	Nonfleet	7,195	2,692	957	1,115	1,259
	Fleet	7,915	2,961			
Florida	Nonfleet	11,739	2,515	1,561	1,820	2,054
	Fleet	12,913	2,767			
New Jersey	Nonfleet	16,565	9,035	2,203	2,568	2,899
	Fleet	18,222	9,939			
New York	Nonfleet	17,627	4,790	2,344	2,732	3,085
	Fleet	19,390	5,269			
South Carolina	Nonfleet	2,419	1,320	322	375	423
	Fleet	2,661	1,452			
Tennessee	Nonfleet	3,186	2,169	424	494	558
	Fleet	3,505	2,386			
Virginia	Nonfleet	14,006	7,982	1,863	2,171	2,451
	Fleet	15,407	8,780			
All Other States	Nonfleet	6,733	2,888	895	1,044	1,178
	Fleet	7,406	3,177			

COMMERCIAL AUTOMOBILE LIABILITY RATES

STATE RATE SCHEDULES

Summary of Changes

	Trucks, Tractors, and Trailers		Other Buses	
	Bodily Injury/ Medical Payments	Property Damage	Bodily Injury/ Medical Payments	Property Damage
Georgia	42.1%	53.1%	29.2%	39.6%
Florida	34.8%	1.2%	34.9%	1.2%
New Jersey	7.4%	7.4%	-26.6%	-26.6%
New York	26.4%	-4.6%	30.5%	4.9%
South Carolina	40.3%	40.2%	32.9%	32.9%
Tennessee	29.0%	29.1%	22.4%	22.5%
Virginia	0.0%	0.0%	10.9%	10.6%
All Other States	26.1%	15.8%	19.9%	11.9%

Zone Rating Table-Garaged in States other than North Carolina

	Region												
	40	41	42	43	44	45	46	47	48	49			
40	BI \$2,225	2,349	1,535	2,311	1,798	1,715	2,056	2,194	2,639	1,753			
	PD 2,343	2,475	1,616	2,435	1,894	1,807	2,166	2,311	2,780	1,847			
	MP 428	452	295	445	346	330	396	422	508	337			
41	BI 2,349	1,245	1,742	1,760	2,017	1,968	2,327	2,434	2,210	1,710			
	PD 2,475	1,312	1,834	1,854	2,124	2,073	2,451	2,563	2,328	1,801			
	MP 452	240	335	339	388	379	448	468	425	329			
42	BI 1,535	1,742	1,219	1,361	1,632	1,649	1,941	2,024	1,832	2,154			
	PD 1,616	1,834	1,284	1,434	1,719	1,737	2,045	2,133	1,930	2,268			
	MP 295	335	235	262	314	317	373	390	352	414			
43	BI 2,311	1,760	1,361	1,448	1,888	1,639	2,119	1,967	2,511	1,485			
	PD 2,435	1,854	1,434	1,525	1,988	1,726	2,232	2,071	2,646	1,564			
	MP 445	339	262	279	363	315	408	378	483	286			
44	BI 1,798	2,017	1,632	1,888	1,457	1,768	1,882	1,703	1,795	1,881			
	PD 1,894	2,124	1,719	1,988	1,535	1,862	1,983	1,794	1,891	1,981			
	MP 346	388	314	363	280	340	362	328	345	362			
45	BI 1,715	1,968	1,649	1,639	1,768	1,977	1,785	1,897	1,840	1,682			
	PD 1,807	2,073	1,737	1,726	1,862	2,082	1,880	1,998	1,938	1,772			
	MP 330	379	317	315	340	380	343	365	354	324			
46	BI 2,056	2,327	1,941	2,119	1,882	1,785	2,148	1,989	2,259	2,021			
	PD 2,166	2,451	2,045	2,232	1,983	1,880	2,263	2,095	2,379	2,128			
	MP 396	448	373	408	362	343	413	383	435	389			
47	BI 2,194	2,434	2,024	1,967	1,703	1,897	1,989	1,964	1,937	2,069			
	PD 2,311	2,563	2,133	2,071	1,794	1,998	2,095	2,068	2,041	2,180			
	MP 422	468	390	378	328	365	383	378	373	398			
48	BI 2,639	2,210	1,832	2,511	1,795	1,840	2,259	1,937	1,889	1,834			
	PD 2,780	2,328	1,930	2,646	1,891	1,938	2,379	2,041	1,989	1,931			
	MP 508	425	352	483	345	354	435	373	363	353			
49	BI 1,753	1,710	2,154	1,485	1,881	1,682	2,021	2,069	1,834	1,753			
	PD 1,847	1,801	2,268	1,564	1,981	1,772	2,128	2,180	1,931	1,847			
	MP 337	329	414	286	362	324	389	398	353	337			

State to Region Table

Alabama	46	Montana	41
Alaska	40	Nebraska	42
Arizona	41	Nevada	41
Arkansas	43	New Hampshire	49
California	40	New Jersey	48
Colorado	41	New Mexico	41
Connecticut	49	New York	48
Delaware	48	North Dakota	42
Florida	47	Ohio	44
Georgia	47	Oklahoma	43
Idaho	41	Oregon	40
Illinois	44	Pennsylvania	48
Indiana	44	Rhode Island	49
Iowa	42	South Carolina	47
Kansas	42	South Dakota	42
Kentucky	45	Tennessee	45
Louisiana	46	Texas	43
Maine	49	Utah	41
Maryland	48	Vermont	49
Massachusetts	49	Virginia	47
Michigan	44	Washington	40
Minnesota	42	West Virginia	45
Mississippi	46	Wisconsin	42
Missouri	42	Wyoming	41

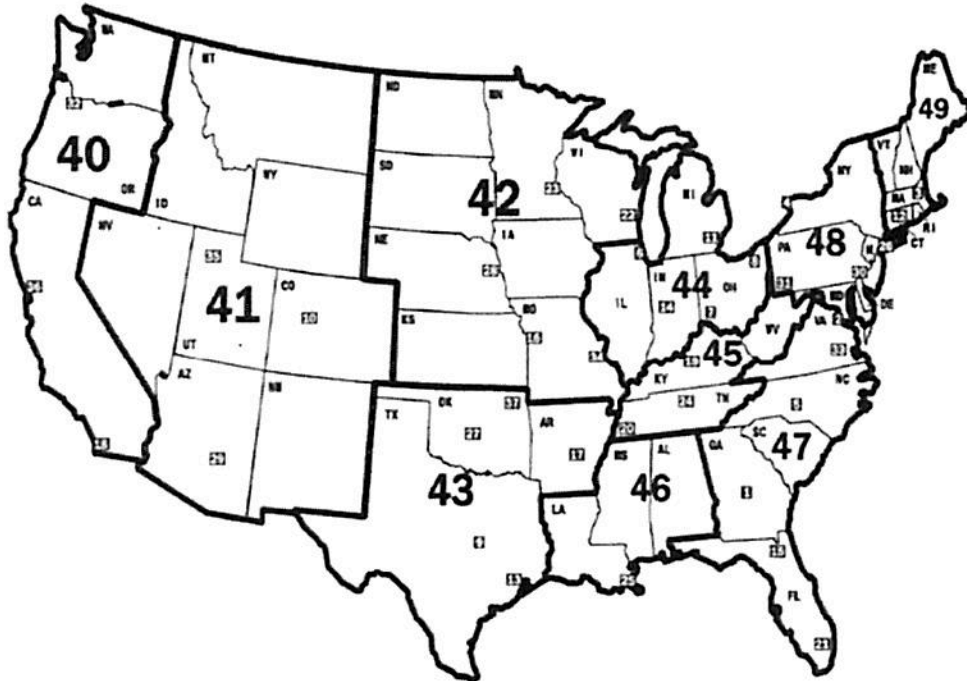


EXHIBIT 1

EFFECT OF THE PROPOSED FILING ON ACTIVE FILINGS

NCDOI File #	Effective Date	Effect of Proposed Filing (Superseded, Modified or None)
		There are no other related filings.

EXHIBIT 2

EXPECTED LOSS RATIO

1. Line, Subline, Coverage, Territory, Class, etc. or combination to which this exhibit applies: Bodily Injury and Property Damage

2. Development of Expected Loss Ratio:

	Selected Provision	
	Trucks & Types	Zone Rated
A. Total Production Expense	15.3%	10.3%
B. General Expense	6.0%	6.0%
C. Taxes, Licenses & Fees	2.3%	2.3%
D. Underwriting Profit & Contingencies	0.0%	0.0%
E. Other (explain)		
F. TOTAL	23.6%	18.6%

3. Expected Loss Ratio (ELR=100-2F) .764 .814

4. Rate level change for which this exhibit applies _____

	Basic Limits		Total Limits	
	BI	PD	BI	PD
Trucks, Tractors, & Trailers	-16.8%	+13.4%	+7.9%	+16.5%
Private Passenger Types	+2.3%	+29.7%	+20.4%	+31.4%
Zone Rated Risks	+46.4%	+46.1%	+108.0%	+55.0%

EXHIBIT 2A
Five Year Rate Filing History

<u>Effective Date</u>	<u>NCDOI File #</u>	<u>% Change</u>	<u>Reason for Filing</u>
03/01/2013		+1.7%	Review of basic limits experience and increased limits factors.
03/01/2015		+13.8%	Review of basic limits experience and increased limits factors.
10/01/2015		+14.3%	Review of basic limits experience and increased limits factors.
10/01/2016		+24.5%	Review of basic limits experience and increased limits factors.
10/01/2017		+9.9%	Review of basic limits experience and increased limits factors.

EXHIBIT 3

NORTH CAROLINA EXPERIENCE Direct ___ Net

	<u>2013</u>	<u>2014</u>	<u>2015</u>
(1) Written Premiums	<u>480,462,199</u>	<u>505,833,390</u>	<u>552,410,490</u>
(2) Earned Premiums	<u>469,572,361</u> 100.0%	<u>492,488,426</u> 100.0%	<u>531,463,594</u> 100.0%
(3) Inc. Loss and LAE	<u>306,457,629</u> 65.3%	<u>311,068,815</u> 63.2%	<u>396,234,381</u> 74.6%
(4) Total Prod. Expense	<u>97,404,346</u> 20.7%	<u>103,569,484</u> 21.0%	<u>109,430,672</u> 20.6%
(5) General Expense	<u>34,319,049</u> 7.3%	<u>36,971,259</u> 7.5%	<u>35,368,200</u> 6.7%
(6) Taxes, Lic. & Fees	<u>11,477,889</u> 2.4%	<u>12,033,201</u> 2.4%	<u>12,591,797</u> 2.4%
(7) Other			

	<u>2016</u>	<u>2017</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>592,531,449</u>	<u>655,241,604</u>	<u>2,786,479,132</u>
(2) Earned Premiums	<u>573,318,520</u> 100.0%	<u>624,729,394</u> 100.0%	<u>2,691,572,295</u> 100.0%
(3) Inc. Loss and LAE	<u>449,439,591</u> 78.4%	<u>451,406,160</u> 72.3%	<u>1,914,606,576</u> 71.1%
(4) Total Prod. Expense	<u>120,489,733</u> 21.0%	<u>126,793,031</u> 20.3%	<u>557,687,266</u> 20.7%
(5) General Expense	<u>39,838,175</u> 6.9%	<u>41,284,088</u> 6.6%	<u>187,780,771</u> 7.0%
(6) Taxes, Lic. & Fees	<u>13,800,263</u> 2.4%	<u>15,085,157</u> 2.4%	<u>64,988,307</u> 2.4%
(7) Other			

COUNTRYWIDE EXPERIENCE Direct ___ Net
(in thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
(1) Written Premiums	<u>18,786,666</u>	<u>20,142,890</u>	<u>21,737,538</u>
(2) Earned Premiums	<u>18,444,575</u> 100.0%	<u>19,558,620</u> 100.0%	<u>21,042,761</u> 100.0%
(3) Inc. Loss and LAE	<u>13,899,740</u> 75.4%	<u>14,824,834</u> 75.8%	<u>16,188,917</u> 76.9%
(4) Total Prod. Expense	<u>3,828,078</u> 20.8%	<u>4,047,627</u> 20.7%	<u>4,292,739</u> 20.4%
(5) General Expense	<u>1,300,965</u> 7.1%	<u>1,430,785</u> 7.3%	<u>1,448,751</u> 6.9%
(6) Taxes, Lic. & Fees			
(7) Other			

	<u>2015</u>	<u>2016</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>23,242,098</u>	<u>24,376,422</u>	<u>108,285,614</u>
(2) Earned Premiums	<u>22,530,913</u> 100.0%	<u>23,842,244</u> 100.0%	<u>105,419,113</u> 100.0%
(3) Inc. Loss and LAE	<u>18,415,610</u> 81.7%	<u>20,313,075</u> 85.2%	<u>83,642,176</u> 79.3%
(4) Total Prod. Expense	<u>4,580,288</u> 20.3%	<u>4,767,224</u> 20.0%	<u>21,515,956</u> 20.4%
(5) General Expense	<u>1,517,297</u> 6.7%	<u>1,542,209</u> 6.5%	<u>7,240,007</u> 6.9%
(6) Taxes, Lic. & Fees			
(7) Other			

EXHIBIT 4

UNDERWRITING PROFIT AND CONTINGENCY PROVISION

1. Target after tax rate of return	<u>0</u>	%
2. Ratio of premium to surplus	<u>N/A</u>	
3. Target rate of return as a percent of premium (1/2)	<u>0</u>	
4. Anticipated investment income as a percent of premium	<u>Various - See Section A, Exhibit 1</u>	
5. Target profit and contingency provision (3-4)	<u>Various</u>	%
6. Company select profit and contingency provision	<u>Various</u>	%
Explain any differences between 5 and 6:	<u></u>	
<hr/>		
7. Methodology used to derive the anticipated investment income as a percent of premium:	<u>Please refer to Section D, Exhibit 6, Sheets 1-4.</u>	
<hr/>		

EXHIBIT 5

ACTUARIAL SUPPORT FOR RATE MODIFICATION

This exhibit should provide actuarial support for the proposed rate modification and must include the following information as required in NCGS 58-41-50:

- (1) North Carolina earned premiums at the actual and current rate level; losses and loss adjustment expenses, each on paid and incurred bases without trending or other modification for the experience period, including the loss ratio anticipated at the time the rates were promulgated for the experience period;
- (2) Credibility factor development and application;
- (3) Loss development factor derivation and application on both paid and incurred bases and in both numbers and dollars of claims;
- (4) Trending factor development and application;
- (5) Changes in premium base resulting from rating exposure trends;
- (6) Limiting factor development and application;

- (7) Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees;
- (8) Percentage rate change;
- (9) Final proposed rates;
- (10) Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves;
- (11) Identification of applicable statistical plans and programs and a certification of compliance with them;
- (12) Investment earnings on capital and surplus;
- (13) Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY INSURANCE
SUPPLEMENTARY MATERIAL

<u>Item</u>	<u>Page</u>
1. North Carolina earned premiums at actual and current levels.	1 - 2
Losses and loss adjustment expenses, each on paid and incurred bases.	3
The loss ratio anticipated at the time rates were promulgated for the experience period.	4
2. Credibility factor development and application.	5
3. Loss development factor derivation and application on both paid and incurred bases, in both dollars and numbers of claims.	6 - 18
4. Trending factor development and application.	19
5. Changes in premium base resulting from rating exposure trends.	20
6. Limiting factor development and application.	21
7. Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees.	22
8. Percentage rate change.	23
9. Final proposed rates.	24
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	25
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	26
12. Investment earnings on capital and surplus.	27
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	28

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

1. North Carolina earned premium at the actual and current rate levels.

Losses and loss adjustment expenses, each on paid and incurred bases without trending or other modification for the experience period.

Loss ratios anticipated at the time the rates were promulgated for the experience period.

North Carolina

CEDED EARNED PREMIUM EXHIBIT (a)

Earned Premium at Collected Level

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Trucks, Tractors, & Trailers Bodily Injury	6,162,660	7,638,533	8,432,617
Trucks, Tractors, & Trailers Property Damage	6,414,346	6,953,909	7,472,813
Private Passenger Types Bodily Injury	56,471	64,503	89,353
Private Passenger Types Property Damage	54,777	58,387	74,523
Zone Rated Risks Bodily Injury	270,895	261,455	676,068
Zone Rated Risks Property Damage	284,910	275,981	714,690
	<u>12/31/2015</u>	<u>12/31/2016</u>	
Trucks, Tractors, & Trailers Bodily Injury	8,718,846	9,227,830	
Trucks, Tractors, & Trailers Property Damage	8,121,881	8,946,170	
Private Passenger Types Bodily Injury	78,676	64,945	
Private Passenger Types Property Damage	67,213	55,846	
Zone Rated Risks Bodily Injury	1,578,255	3,165,871	
Zone Rated Risks Property Damage	1,694,989	3,274,498	

Earned Premium at Current Level

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Trucks, Tractors, & Trailers Bodily Injury	12,528,688	14,765,284	15,802,724
Trucks, Tractors, & Trailers Property Damage	10,025,623	11,814,691	12,643,999
Private Passenger Types Bodily Injury	59,859	67,793	91,229
Private Passenger Types Property Damage	57,680	68,721	92,483
Zone Rated Risks Bodily Injury	270,895	261,455	676,068
Zone Rated Risks Property Damage	284,910	275,981	714,690
	<u>12/31/2015</u>	<u>12/31/2016</u>	
Trucks, Tractors, & Trailers Bodily Injury	16,312,960	15,318,197	
Trucks, Tractors, & Trailers Property Damage	13,051,862	12,256,253	
Private Passenger Types Bodily Injury	81,666	65,594	
Private Passenger Types Property Damage	82,806	66,513	
Zone Rated Risks Bodily Injury	1,545,112	2,804,962	
Zone Rated Risks Property Damage	1,662,784	2,950,323	

(a) For Trucks, Tractors, & Trailers, Private Passenger Types, and Zone Rated Risks, premiums are at 30/60 level for Bodily Injury and 25,000 for Property Damage.

North Carolina

PAID/INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE (a)

Paid Losses

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Trucks, Tractors, & Trailers Bodily Injury	1,717,894	1,389,706	1,147,723
Trucks, Tractors, & Trailers Property Damage	1,179,541	1,234,293	1,218,278
Private Passenger Types Bodily Injury	5,753	22,790	45,668
Private Passenger Types Property Damage	10,001	14,890	30,915
Zone Rated Risks Bodily Injury	0	0	0
Zone Rated Risks Property Damage	5,121	0	0
	<u>12/31/2015</u>	<u>12/31/2016</u>	
Trucks, Tractors, & Trailers Bodily Injury	567,439	352,679	
Trucks, Tractors, & Trailers Property Damage	1,117,616	1,221,762	
Private Passenger Types Bodily Injury	1,222	2,500	
Private Passenger Types Property Damage	23,634	10,891	
Zone Rated Risks Bodily Injury	0	0	
Zone Rated Risks Property Damage	0	21,760	

Incurred Losses

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
Trucks, Tractors, & Trailers Bodily Injury	1,769,332	1,527,249	1,736,925
Trucks, Tractors, & Trailers Property Damage	1,179,541	1,234,293	1,221,078
Private Passenger Types Bodily Injury	5,753	22,790	45,668
Private Passenger Types Property Damage	10,001	14,890	30,915
Zone Rated Risks Bodily Injury	0	0	0
Zone Rated Risks Property Damage	5,121	0	0
	<u>12/31/2015</u>	<u>12/31/2016</u>	
Trucks, Tractors, & Trailers Bodily Injury	2,309,171	1,372,092	
Trucks, Tractors, & Trailers Property Damage	1,159,716	1,221,762	
Private Passenger Types Bodily Injury	1,222	2,500	
Private Passenger Types Property Damage	23,634	10,891	
Zone Rated Risks Bodily Injury	0	0	
Zone Rated Risks Property Damage	0	21,760	

(a) Ceded business only. Paid and incurred losses are on a total limits basis and do not include unallocated loss adjustment expense. Paid losses are not available from the PCI, therefore both the paid and incurred losses presented in this exhibit reflect data reported to ISO only.

North Carolina

ANTICIPATED LOSS RATIOS AT THE TIME THE RATES WERE PROMULGATED (a)

<u>Coverages</u>	<u>10/1/2017</u>
Trucks, Tractors, & Trailers Bodily Injury	0.810
Trucks, Tractors, & Trailers Property Damage	0.810
Private Passenger Types Bodily Injury	0.810
Private Passenger Types Property Damage	0.810

(a) Ceded Business

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

2. Credibility factor development and application

Credibility factor determination

Credibility considerations enter into the Commercial Automobile ratemaking in three areas:

- 1) Statewide rate level, in the determination of the statewide rate level loss ratio for each coverage.

The credibility tables are displayed in Section D, Exhibit 5 of Exhibit RF-1.

- 2) Trend factor calculation, in the determination to base the selected average annual change on North Carolina data and a credibility-weighted combination of North Carolina and multistate data.

The credibility procedure for the statewide loss ratio calculation is based on the first model discussed in "An Introduction to Credibility Theory" by L.H. Longley-Cook. The full credibility standard for Trucks, Tractors, & Trailers and Private Passenger Types is based on P and K values of 90% and 5% respectively. For Zone Rated Risks, the P and K values are 95% and 7.5% respectively.

The trend credibility standards are based on a Bayesian model which expresses credibility in terms of the observed number of claims and a constant K which is 25,000 for Bodily Injury and 10,000 for Property Damage. The model measures the variation in the trend points between states compared to the variation on a multistate basis.

Credibility factor application

Credibility is applied in the statewide rate level calculations in Section B, Exhibits 1 - 3 of Exhibit RF-1.

Credibility is used in the claim cost trend calculations in Section D, Exhibits 2, Sheets 3 - 6 of Exhibit RF-1.

See also the pre-filed testimony of James Davidson.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

3. Loss Development factor derivation and application on both paid and incurred bases and in both numbers and dollars of claims.

Development

The following incurred loss development exhibits are shown in Exhibit RF-1:

Basic Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 1 and 2
Private Passenger Types - Section D, Exhibit 1, Sheets 5 and 6
Zone Rated Risks - Section D, Exhibit 1, Sheets 9, 10, 15 and 16
Auto Dealers - Section D, Exhibit 1, Sheets 11 and 12
Publics and Buses - Section D, Exhibit 1, Sheets 19 and 20
Miscellaneous Classes - Section D, Exhibit 1, Sheets 23 and 24

Total Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 3 and 4
Private Passenger Types - Section D, Exhibit 1, Sheets 7 and 8
Zone Rated Risks - Section D, Exhibit 1, Sheets 17 and 18
Auto Dealers - Section D, Exhibit 1, Sheets 13 and 14
Publics and Buses - Section D, Exhibit 1, Sheets 21 and 22
Miscellaneous Classes - Section D, Exhibit 1, Sheets 25 and 26

The following pages contain the Total Limits and Basic Limits paid loss development exhibits. Also included are exhibits for paid and incurred claims development.

Application

Loss development is applied on Sheet 2 of Exhibits 1 - 3 in Section B of Exhibit RF-1.

See also the pre-filed testimony of James Davidson.

North Carolina
ISO Facility Data
Basic Limit Loss Development
Trucks, Tractors, and Trailers Paid Losses and Expenses
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	689,569	1,318,341	1,779,774	1,836,784	1,865,900
12/31/2008	388,522	921,967	1,072,092	1,147,744	1,215,985
12/31/2009	275,863	482,318	698,727	846,920	890,531
12/31/2010	450,153	927,939	1,174,657	1,291,840	1,463,180
12/31/2011	456,104	878,907	961,754	990,763	1,025,527
12/31/2012	313,741	567,339	671,247	827,399	899,494
12/31/2013	286,837	635,910	717,427	812,468	
12/31/2014	298,098	726,648	837,219		
12/31/2015	216,470	547,439			
12/31/2016	352,679				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	1,816,497	1,967,280	1,979,945	1,980,424	1,988,887
12/31/2008	1,418,433	1,490,211	1,510,698	1,510,757	1,510,757
12/31/2009	877,136	940,433	953,904	953,904	964,454
12/31/2010	1,124,998	1,171,661	1,180,248	1,179,417	1,179,417
12/31/2011	1,021,051	1,057,680	1,058,268	1,069,959	1,069,959
12/31/2012	798,604	879,042	910,885	910,885	913,209
12/31/2013	940,538	1,010,392	1,049,953	1,049,953	
12/31/2014	940,178	1,111,129	1,111,129		
12/31/2015	1,032,366	1,087,641			
12/31/2016	1,168,040				

North Carolina
ISO Facility Data
Total Limits Loss Development
Trucks, Tractors, and Trailers Paid Losses and Expenses
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	1,550,983	3,026,755	5,234,052	5,902,535	5,949,081
12/31/2008	477,022	3,445,315	3,762,940	3,838,592	3,989,333
12/31/2009	275,863	1,147,318	2,668,727	2,991,920	3,035,531
12/31/2010	641,122	1,823,535	2,810,109	3,011,901	3,389,387
12/31/2011	465,604	1,957,272	2,048,619	2,077,628	2,112,392
12/31/2012	325,741	753,239	1,192,147	1,575,799	1,717,894
12/31/2013	287,842	1,070,412	1,184,665	1,389,706	
12/31/2014	298,098	1,144,152	1,147,723		
12/31/2015	236,470	567,439			
12/31/2016	352,679				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	1,825,080	2,020,691	2,033,356	2,033,835	2,042,298
12/31/2008	1,457,451	1,536,412	1,557,789	1,557,848	1,557,848
12/31/2009	893,126	956,498	969,969	969,969	980,519
12/31/2010	1,195,383	1,268,507	1,277,094	1,276,263	1,276,263
12/31/2011	1,036,371	1,074,798	1,075,386	1,087,077	1,087,077
12/31/2012	1,012,297	1,145,374	1,177,217	1,177,217	1,179,541
12/31/2013	995,621	1,194,732	1,234,293	1,234,293	
12/31/2014	974,056	1,218,278	1,218,278		
12/31/2015	1,061,464	1,117,616			
12/31/2016	1,221,762				

North Carolina
ISO Facility Data
Basic Limit Loss Development
Private Passenger Types Paid Losses and Expenses
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	3,931	12,361	12,361	12,361	27,361
12/31/2008	0	1,985	6,896	20,547	20,552
12/31/2009	54,166	94,771	97,683	101,231	101,231
12/31/2010	12,514	13,129	13,129	13,129	13,129
12/31/2011	44	5,544	5,544	5,544	6,585
12/31/2012	4,999	4,999	4,999	4,999	5,753
12/31/2013	0	21,949	22,790	22,790	
12/31/2014	28,212	45,778	45,668		
12/31/2015	0	1,222			
12/31/2016	2,500				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	24,028	24,074	24,074	24,074	24,074
12/31/2008	26,169	28,239	28,239	28,239	28,239
12/31/2009	12,530	19,989	19,989	19,989	19,989
12/31/2010	10,137	13,188	13,188	13,188	13,188
12/31/2011	42,822	42,700	42,700	42,700	42,700
12/31/2012	10,001	10,001	10,001	10,001	10,001
12/31/2013	12,938	14,890	14,890	14,890	
12/31/2014	29,516	30,915	30,915		
12/31/2015	18,006	23,634			
12/31/2016	10,891				

North Carolina
ISO Facility Data
Total Limits Loss Development
Private Passenger Types Paid Losses and Expenses
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	3,931	12,361	12,361	12,361	27,361
12/31/2008	0	1,985	6,896	20,547	20,552
12/31/2009	54,166	105,701	110,576	114,124	114,124
12/31/2010	12,514	13,129	13,129	13,129	13,129
12/31/2011	44	5,544	5,544	5,544	6,585
12/31/2012	4,999	4,999	4,999	4,999	5,753
12/31/2013	0	21,949	22,790	22,790	
12/31/2014	28,212	45,778	45,668		
12/31/2015	0	1,222			
12/31/2016	2,500				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	24,028	24,074	24,074	24,074	24,074
12/31/2008	26,169	28,239	28,239	28,239	28,239
12/31/2009	12,530	19,989	19,989	19,989	19,989
12/31/2010	10,137	13,188	13,188	13,188	13,188
12/31/2011	42,822	42,700	42,700	42,700	42,700
12/31/2012	10,001	10,001	10,001	10,001	10,001
12/31/2013	12,938	14,890	14,890	14,890	
12/31/2014	29,516	30,915	30,915		
12/31/2015	18,006	23,634			
12/31/2016	10,891				

North Carolina
ISO Facility Data
Basic Limit Loss Development
Zone Rated Risks Paid Losses and Expenses
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	32,645	40,533	64,817	64,817
12/31/2009	36,604	40,962	40,962	40,962
12/31/2010	21,000	48,000	48,000	48,000
12/31/2011	20,665	20,665	20,665	20,665
12/31/2012	0	0	0	0
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	0	0	0	0

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	104,650	115,249	123,198	169,742
12/31/2009	18,320	18,320	18,320	18,320
12/31/2010	147,714	147,753	147,753	147,753
12/31/2011	86,105	86,105	86,105	86,105
12/31/2012	5,121	5,121	5,121	5,121
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	21,760	0	0	0

North Carolina
ISO Facility Data
Total Limits Loss Development
Zone Rated Risks Paid Losses and Expenses
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	32,645	40,533	76,267	76,267
12/31/2009	36,604	40,962	40,962	40,962
12/31/2010	21,000	48,000	48,000	48,000
12/31/2011	20,665	20,665	20,665	20,665
12/31/2012	0	0	0	0
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	0	0	0	0

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	104,650	115,249	123,198	542,742
12/31/2009	18,320	18,320	18,320	18,320
12/31/2010	150,330	150,369	150,369	150,369
12/31/2011	86,105	86,105	86,105	86,105
12/31/2012	5,121	5,121	5,121	5,121
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	21,760	0	0	0

North Carolina
ISO Facility Data
Total Limits Claim Development
Trucks, Tractors, and Trailers Incurred Claims
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	201	199	195	196	195
12/31/2008	134	120	121	119	118
12/31/2009	99	94	95	100	99
12/31/2010	141	137	135	137	137
12/31/2011	100	105	103	101	102
12/31/2012	100	101	103	102	102
12/31/2013	106	104	104	105	
12/31/2014	125	119	117		
12/31/2015	90	84			
12/31/2016	155				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	593	592	595	594	594
12/31/2008	451	458	457	457	457
12/31/2009	298	304	306	306	307
12/31/2010	359	368	368	368	368
12/31/2011	310	315	315	315	315
12/31/2012	232	238	241	241	242
12/31/2013	289	290	293	293	
12/31/2014	301	309	309		
12/31/2015	279	280			
12/31/2016	307				

North Carolina
ISO Facility Data
Total Limits Claim Development
Private Passenger Types Incurred Claims
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	4	3	4	4	4
12/31/2008	2	2	2	2	2
12/31/2009	12	21	27	22	22
12/31/2010	7	5	5	5	5
12/31/2011	4	3	2	2	2
12/31/2012	1	1	1	1	1
12/31/2013	5	6	5	5	
12/31/2014	9	9	7		
12/31/2015	1	1			
12/31/2016	1				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	13	13	13	13	13
12/31/2008	9	9	9	9	9
12/31/2009	5	6	6	6	6
12/31/2010	6	7	7	7	7
12/31/2011	8	7	7	7	7
12/31/2012	5	5	5	5	5
12/31/2013	5	6	6	6	
12/31/2014	11	12	12		
12/31/2015	8	9			
12/31/2016	10				

North Carolina
ISO Facility Data
Total Limits Claim Development
Zone Rated Risks Incurred Claims
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	5	5	5	5
12/31/2009	7	7	7	7
12/31/2010	4	5	4	4
12/31/2011	2	1	1	1
12/31/2012	0	0	0	0
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	0	0	0	0

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	24	24	23	23
12/31/2009	8	8	8	8
12/31/2010	17	17	17	17
12/31/2011	18	18	18	18
12/31/2012	1	1	1	1
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	4	0	0	0

North Carolina
ISO Facility Data
Total Limits Claim Development
Trucks, Tractors, and Trailers Paid Claims
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	129	173	191	194	195
12/31/2008	67	100	108	115	118
12/31/2009	63	84	91	96	98
12/31/2010	78	115	127	132	135
12/31/2011	64	93	95	99	100
12/31/2012	63	82	88	97	101
12/31/2013	61	90	98	102	
12/31/2014	72	106	110		
12/31/2015	46	74			
12/31/2016	103				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	572	591	594	594	594
12/31/2008	441	456	457	457	457
12/31/2009	291	302	305	305	307
12/31/2010	356	368	368	368	368
12/31/2011	300	313	313	315	315
12/31/2012	228	237	241	241	242
12/31/2013	277	289	293	293	
12/31/2014	288	308	308		
12/31/2015	267	276			
12/31/2016	296				

North Carolina
ISO Facility Data
Total Limits Claim Development
Private Passenger Types Paid Claims
Bodily Injury

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	2	3	3	3	4
12/31/2008	0	0	1	2	2
12/31/2009	12	21	22	22	22
12/31/2010	5	5	5	5	5
12/31/2011	1	2	2	2	2
12/31/2012	1	1	1	1	1
12/31/2013	0	5	5	5	
12/31/2014	4	8	7		
12/31/2015	0	1			
12/31/2016	1				

Property Damage

ACC YR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2007	13	13	13	13	
12/31/2008	9	9	9	9	13
12/31/2009	5	6	6	6	9
12/31/2010	6	7	7	7	6
12/31/2011	8	7	7	7	7
12/31/2012	5	5	5	5	7
12/31/2013	5	6	6	6	5
12/31/2014	11	12	12		
12/31/2015	8	9			
12/31/2016	10				

North Carolina
ISO Facility Data
Total Limits Claim Development
Zone Rated Risks Paid Claims
Bodily Injury

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	5	5	5	5
12/31/2009	7	7	7	7
12/31/2010	3	4	4	4
12/31/2011	1	1	1	1
12/31/2012	0	0	0	0
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	0	0	0	0

Property Damage

POL YR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS
12/31/2008	22	22	22	23
12/31/2009	8	8	8	8
12/31/2010	17	17	17	17
12/31/2011	18	18	18	18
12/31/2012	1	1	1	1
12/31/2013	0	0	0	0
12/31/2014	0	0	0	0
12/31/2015	0	0	0	0
12/31/2016	4	0	0	0

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

4. Trending factor development and application.

Development

The claim cost trend is developed on Exhibit 2, Sheets 3 - 6 of Section D of Exhibit RF-1.

The claim frequency trend is developed on Exhibit 2, Sheets 7 - 12 of Section D of Exhibit RF-1.

The calculation of the trend for expenses is shown on Exhibit 3, Sheets 1 - 4 of Section D of Exhibit RF-1.

Application

The claim cost trend is applied on Sheet 2 of Exhibits 1 - 3 of Section B of Exhibit RF-1.

The expense trend is applied on Sheet 2 of Exhibits 1 - 3 of Section B of Exhibit RF-1.

See also the pre-filed testimony of James Davidson.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

5. Changes in premium base resulting from rating exposure trends.

NOT APPLICABLE.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

6. Limiting factor development and application.

NOT APPLICABLE.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

7. Overhead expense development and application of commission and brokerage, other acquisition expenses, general expenses, taxes, licenses, and fees.

Development

See Exhibit 4 of Section D of Exhibit RF-1 for the development of various expense components.

Application

See Exhibit 1 of Section A and Exhibit 1 (Sheet 1), Exhibit 2 (Sheet 1), and Exhibit 3 (Sheet 1) of Section B for the application of the expense components.

See also the pre-filed testimony of James Davidson.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

8. Percentage rate change.

See Summary of Indications (page a) and page 1 (the page preceding Section A) of Exhibit RF-1.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

9. Final proposed rates.

See Exhibit 2 (Sheets 3-9), Exhibit 3 (Sheet 3), and Exhibit 4 (Sheets 1 and 2) of Section C of Exhibit RF-1.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.

See Exhibit 6 of Section D of Exhibit RF-1 and the pre-filed testimony of James Davidson and Alyssa Irving.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

11. Identification of applicable statistical plans and programs and a certification of compliance with them.

a) The statistical plans utilized are:

ISO Commercial Statistical Plan - Commercial Automobile Module

ISO Commercial Minimum Statistical Plan - Commercial Automobile Module

ISO Annual Call for Commercial Automobile Statistics

PCI Automobile Statistical Plan

PCI Quarterly Automobile Liability Call

PCI Voluntary Automobile Excess Loss Call

NISS Automobile Statistical Plan

NISS Quarterly Automobile Liability Call

NISS Voluntary Automobile Excess Loss Call

Annual Statement for 2016

Insurance Expense Exhibits for 2016

Rate Bureau Call for 2017 Automobile and Motorcycle Expense Experience

b) The North Carolina Reinsurance Facility certifies that there is no evidence known to it or, insofar as it is aware following reasonable inquiry, to the statistical agents involved that the data which were collected under the statistical plans identified in response (11) (a) above and used in the filing are not materially true and accurate representations of the experience of the companies whose data underlie such experience. While the Reinsurance Facility is aware that the collected data sometimes require corrections or adjustments, the Reinsurance Facility's review of the data, the data collection process, and the ratemaking process indicates that the aggregate data are reasonable and reliable for ratemaking purposes. See also the pre-filed testimony of James Davidson.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

12. Investment earnings on capital and surplus.

NOT APPLICABLE.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA STATUTORY
REQUIREMENTS FOR A COMMERCIAL AUTOMOBILE RATE FILING

13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.

NOT APPLICABLE.

CHECKING SLIP—IMPORTANT

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTOMOBILE MANUAL

NC 2018 Revision 001

NEW PAGES ENCLOSED	7–8, (a)–(b)
SUPERSEDED—REMOVE	All previous Manual Checking Slips Pages 7–8, (a)–(b)
NEW CHANGES	<p>The Commissioner of Insurance recently approved revisions to the North Carolina Reinsurance Facility Commercial Automobile Manual that reflect the provisions of HB 382.</p> <p>The Minimum Underwriting requirements under H in the Standard Practices Section are amended to incorporate two additional proofs of residency into the rate evasion fraud subsection.</p> <p>In addition, this subsection is amended for editorial purposes.</p> <p>These revisions are effective August 20, 2018.</p> <ul style="list-style-type: none">• Standard Practices Section, H.....Page 8
ELECTRONIC MANUAL	The North Carolina Reinsurance Facility Commercial Manual is available in electronic format at https://www.aipso.com/Manuals/NorthCarolinaManuals.aspx . Register at https://www.aipso.com/EmailAlerts.aspx to receive email alerts when the manual is updated.
ABOUT THIS MANUAL	<p>Stars (★) indicate the beginning of an amendment and end symbols (❖) indicate the ending of an amendment. The latest effective dates of rules, rates, and worksheets are listed on pages (a) and (b) located at the back of this Plan Manual.</p> <p>If you have a question about whether your Manual is up-to-date, you can call 888-424-0026 for assistance.</p>

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On behalf of the
North Carolina Reinsurance Facility
2910 Sumner Boulevard
Raleigh, N.C. 27616

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TABLE OF CONTENTS

STANDARD PRACTICES SECTION	Page
A. Membership Obligation	3
B. Eligibility (GS 58-37-1)	3
C. Extent of Coverage	3
D. Rules and Rates; Policy Forms	4
E. Termination of Cession	4
F. Commissions.....	5
G. Service Standards.....	5
H. Minimum Underwriting Requirements	5
Rule	
GENERAL RULES SECTION	
1. Reinsurance Facility Selected Rules of Operation	11
2. Application of This Manual	11
3. Policy Period	11
4. Premium Computation	11
5. Factors or Multipliers.....	11
6. Premium Rounding	11
7. Minimum Premium	11
8. Additional Premium Changes.....	12
9. Return Premium Changes.....	12
10. Cancellation	12
COMMON COVERAGES SECTION	
11. How to Classify Autos	15
12. Private Passenger Types	15
13. Farmers Autos.....	15
14. Combination of Interests	16
15. Drive Other Car Coverage	16
16. Nonownership Liability	16
17. Hired Autos	17
18. Individual as the Named Insured.....	17
19. Medical Payments.....	18
20. Uninsured and Underinsured Motorists Insurance	18
21. Certified Risks—Financial Responsibility Laws	21
22. Increased Limits	21
23. Deductible Insurance	21
24. Pollution Liability	22
TRUCKS, TRACTORS, AND TRAILERS SECTION	
31. Eligibility	27
32. Premium Development—Other than Zone Rated Autos	27
33. Trucks, Tractors, and Trailers Classifications	28
34. Truckers/Motor Carriers	35
35. Premium Development—Zone Rated Autos	36
PUBLIC TRANSPORTATION SECTION	
41. Eligibility	43
42. Premium Development—Other than Zone Rated Autos	43
43. Public Auto Classifications	44
44. Premium Development—Zone Rated Autos	49
45. Transportation of Seasonal or Migrant Farm Workers by Farm Labor Contractors.....	49
GARAGE AND AUTO DEALERS SECTION	
GARAGE DEALERS SECTION	
51. Auto Dealers—Eligibility	53
52. Auto Dealers—Premium Development	53
53. Auto Dealers—Additional Provisions.....	54

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Rule	Page
AUTO DEALERS SECTION	
54. Auto Dealers—Eligibility	55
55. Auto Dealers—Premium Development for Common Coverages	55
SPECIAL TYPES AND OPERATIONS SECTION	
56. Eligibility	61
57. Premium Development	61
58. Ambulance Services	61
59. Amphibious Equipment	61
60. Antique Autos	61
61. Auto Body Manufacturers and Installers	61
62. Driver Training Programs (Educational Institutions and Commercial Driving Schools) and Auto Repair Training	62
63. Drive-Away Contractors	62
64. Fire Departments	62
65. Funeral Directors	63
66. Law Enforcement Agencies	63
67. Leasing or Rental Concerns	64
68. Mobile Homes	64
69. Motorcycles, Golfmobiles, and Snowmobiles	65
70. Registration Plates Not Issued for a Specific Auto	65
71. Repossessed Autos—Finance Companies and Banks	65
72. Special or Mobile Equipment	66
73. Autos Held for Sale by Service Operations	66
EXPERIENCE RATING PLAN SECTION	
81. Eligibility	69
82. Rating Procedure	69
83. Experience Used	69
84. Determination of Experience Modification	69
85. Tentative Experience Modification	70
86. Treatment of Immature Losses Due to Change of Carrier	74
87. Experience Rating Plan Supplement	75
SUPPLEMENTARY RATING PROCEDURES SECTION	
91. Retrospective Rating Plan D—Reinsurance Facility Risks	79
92. Rating Procedures—Reinsurance Facility Risks	79
93. Rule—Experience Rating	79
94. Rule for Rating Single Limit Coverages	79
TERRITORIES SECTION	T-1
COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION	R-1

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

STANDARD PRACTICES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
STANDARD PRACTICES SECTION

Unless otherwise noted, the following provisions are restated from the Standard Practice Manual. This chapter does not include all provisions found in the Standard Practice Manual. The provisions not included should be referred to as needed.

A. Membership Obligation

There is created pursuant to Article 37 of Chapter 58 of the General Statutes of North Carolina a non-profit unincorporated legal entity to be known as the North Carolina Reinsurance Facility (hereinafter referred to as the "Facility") consisting of all insurers licensed to write and engaged in writing within this State motor vehicle insurance or any component thereof. Every such insurer, as a prerequisite to further engaging in writing such insurance in this State, shall be a member of the Facility and shall be bound by the provisions of said Article 37, and the Plan of Operation (hereinafter referred to as the "Plan") and the Rules of Operation promulgated by the Board of Governors (hereinafter referred to as the "Board") pursuant thereto.

B. Eligibility (GS 58-37-1)

"Eligible risk", for the purpose of motor vehicle insurance, other than nonfleet private passenger motor vehicle insurance means:

1. A person who is a resident of this State who owns a motor vehicle registered or principally garaged in this State;
2. A person who has a valid driver's license in this State;
3. A person who is required to file proof of financial responsibility under Articles 9A or 13 of Chapter 20 of the General Statutes, in order to register his or her motor vehicle, or to obtain a driver's license in this State;
4. A nonresident of this State who owns a motor vehicle registered and principally garaged in this State; or
5. The State and its agencies and cities, counties, towns and municipal corporations in this State and their agencies.

However, no person shall be deemed an eligible risk if timely payment of premium is not tendered or if there is a valid unsatisfied judgment of record against such person for recovery of amounts due for motor vehicle insurance premiums and such person has not been discharged from paying said judgment, or if such person does not furnish the information necessary to effect insurance.

Refer to paragraph H.2, Application Requirements, Rate Evasion Fraud, for criteria regarding proof of North Carolina residency or eligible risk status.

C. Extent of Coverage

Policies issued to risks ceded to the Facility shall have the contract terms established by the Board of Governors and filed with the Commissioner of Insurance. Such contract terms will be disseminated by or on behalf of the Facility.

The ceding privileges are as follows:

1. For eligible risks (except as provided in paragraph 2 below) motor vehicle insurance coverage

up to the following limits shall be eligible for cession to the Facility:

- a. Bodily Injury Liability:
\$100,000 Each Person; \$300,000 Each Accident
- b. Property Damage Liability:
\$50,000 Each Accident
- c. Single Limit Bodily Injury and Property Damage Liability:
A limit per accident equal to the total of the minimum per accident Bodily Injury and Property Damage Liability limits required under the North Carolina Vehicle Financial Responsibility Act of 1953 as it is in effect on the date of cession to the Facility.
- d. Medical Payments:
\$2,000 Each Person, except that this coverage shall not be available for motorcycles.
- e. Uninsured Motorists:
\$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury, \$50,000 for Property Damage (\$100 Deductible).
- f. Combined Uninsured and Underinsured Motorists:
\$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury and, for Uninsured Motorists, \$50,000 Each Accident for Property Damage (\$100 deductible).

2. If an eligible risk is subject to motor vehicle insurance or financial responsibility limits required by:
 - a. Any federal law or federal agency regulation;
 - b. Any law of the State of North Carolina;
 - c. Any rule duly adopted under Chapter 150B, General Statutes of North Carolina; or
 - d. Any rule duly adopted by the North Carolina Utilities Commission

motor vehicle insurance coverages up to the limits required by such law or rule shall be eligible for cession to the Facility.

3. For persons who must maintain liability coverage limits above those available under paragraph C.1 of this Section, in order to obtain or continue coverage under personal excess liability or personal "umbrella" insurance policies, motor vehicle insurance coverage up to the following limits shall be eligible for cession to the Facility:
 - a. Bodily Injury Liability:
\$250,000 Each Person; \$500,000 Each Accident
 - b. Property Damage Liability:
\$100,000 Each Accident

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

STANDARD PRACTICES

- c. Single Limit Bodily Injury and Property Damage Liability:

A limit per accident equal to the total of the minimum per accident Bodily Injury and Property Damage Liability limits required under the North Carolina Vehicle Financial Responsibility Act of 1953 as it is in effect on the date of cession to the Facility.

- d. Medical Payments:

\$5,000 Each Person, except that this coverage shall not be available for motorcycles.

- e. Uninsured Motorists:

\$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury, \$50,000 for Property Damage (\$100 Deductible).

- f. Combined Uninsured and Underinsured Motorists:

\$1,000,000 Each Person and \$1,000,000 Each Accident for Bodily Injury and, for Uninsured Motorists, \$50,000 Each Accident for Property Damage (\$100 deductible).

D. Rules And Rates; Policy Forms

All policies issued on risks ceded to the Facility shall be in accordance with the policy forms and endorsements and with the rules, rates, and rating by a licensed or statutory rating bureau or organization authorized by the Board of Governors, and filed with the Commissioner of Insurance. Such forms, rules, rates, and rating plans will be disseminated by or on behalf of the Facility.

E. Termination of Cession

- 1. Expiration

Cession of a risk automatically terminates on the expiration date of the policy period covered by the Notice of Cession, unless the policy has been terminated at an earlier date.

Please note that the Plan of Operation requires the risk to have an underwriting review and the Facility to be again notified of cession prior to the renewal effective date if cession of the risk is to be continued. This requirement applies to each subsequent renewal.

- 2. Flat Cancellation

When a company cedes a risk for a renewal term and the policyholder does not pay any renewal premium, the company must notify the Facility of termination of cession (See Section 3. Paragraph E. of the Standard Practice Manual). This shall be done in one of two ways depending on the accounting practices of the company.

- a. If the company has submitted a cession record only for the ceded policy, then the company must notify the Facility of termination of cession by cancelling the cession via online data entry in EDGE, or through a transaction Code 4 cession sent in an FTP cession file. Such notice must be submitted to the Facility by not more than 90 days after the renewal effective date.

Flat cancellations made after 90 days from the effective date of cession will be suspended pending review by NCRF and will be processed separately.

- b. If the company does record the renewal quotation as written premium and cancels such amount when the renewal is not taken, the termination of cession will be accomplished either through the Monthly Accounting Detail Premium Report or through cancellation premium created directly online in EDGE and the Notice of Cession record should not be cancelled online in EDGE on such not-taken renewals.

- 3. Termination of Insurance (GS 58-37-50)

No member may terminate insurance to the extent that cession of a particular type of coverage and limits is available under the provisions of this Article except for the following reasons:

- a. Nonpayment of premium when due to the insurer or producing agent.
- b. The named insured has become a nonresident of this State and would not otherwise be entitled to insurance on submission of new application under this Article.
- c. A member company has terminated an agency contract for reasons other than the quality of the agents' insureds or the agent has terminated the contract and such agent represented the company in taking the original application for insurance.
- d. When the insurance contract has been cancelled pursuant to a Power of Attorney given a company licensed pursuant to the provisions of GS 58-35-5.
- e. The named insured, at the time of renewal, fails to meet the requirements contained in the corporate charter, articles of incorporation, and/or bylaws of the insurer, when the insurer is a company organized for the sole purpose of providing members of an organization with insurance policies in North Carolina.
- f. The named insured is no longer an eligible risk under GS 58-37-1.

In accordance with the instructions in the initial part of this Section, it should be apparent that when insurance terminates the cession is likewise terminated. If the termination of insurance results in an accounting transaction, for the purpose of cancelling written premium, the Facility will be notified of the termination of cession through the Monthly Detail Premium Records. If the termination occurs at the end of the policy period, cession automatically terminates.

(GS 58-2-164)

If an applicant provides false or misleading information material to the applicant's or any named insured's status as an eligible risk and that fraudulent information makes the applicant or any named insured appear to be an eligible risk when that person is in fact not an eligible risk, the insurer may do any or all of the following:

- (1) Refuse to issue, amend, or endorse a policy.

STANDARD PRACTICES

- (2) Cancel or refuse to renew a policy that has been issued.
- (3) Deny coverage for any claim by the applicant for auto liability, comprehensive, or collision coverage. This subdivision does not apply to bodily injury or property damage claims of innocent third parties to the extent of any minimum financial responsibility requirement of State or federal law.

Any motor vehicle liability policy may provide that the insured shall reimburse the insurer for any payment made under a policy of insurance if the issuance of the policy was induced by a knowing and material misrepresentation of facts relating to the insured's status as an eligible risk. For purposes of this subsection, a payment made shall include any sums paid for satisfaction, in whole or in part, of any judgment against the insured or for a reasonable settlement of a claim against the insured for bodily injury or property damage. A payment made shall further include any costs or attorneys' fees incurred by the insurer in the adjustment, investigation, or defense of a claim.

F. Commissions

Commissions paid to producers on business ceded to the North Carolina Reinsurance Facility are subject to minimums as provided in GS 58-37-30. These minimums are defined as not less than the commission on insurance coverage written through the North Carolina Automobile Insurance Plan on May 1, 1973 which is as follows:

1. For long-haul trucking applicants and public passenger carrying vehicles other than school buses, 5% of the policy premium for commission to a licensed producer designated by the insured.
2. For other applicants, 10% of the policy premium for commission to a licensed producer designated by the insured.
3. On any applicant rated and domiciled outside of this State, the licensed producer may be paid only that portion of the producer's commission specified above which is permissible under the laws of the state in which the applicant is rated and domiciled.

The same commission must apply uniformly statewide. Commissions paid on business submitted to designated carriers are contained in Section 3. Paragraph L. of the Standard Practice Manual.

G. Service Standards

1. Each insurer shall provide the same type of service to ceded business that it provides for its voluntary market.
2. Records provided to agents and brokers shall include an indication that the business is ceded.
3. When an insurer cedes a policy or renewal to the Facility and the Facility premium is higher than the premium that would normally be charged if retained by the insurer, the policyholder shall be informed:
 - a. that the policy is ceded;

- b. that the coverages are written at the Facility rate, which rate differential must be specified;
- c. of the reason or reasons for the cession to the Facility;
- d. that the specific reason or reasons for the cession to the Facility will be provided upon the written request of the policyholder to the insurer; and
- e. that the policyholder may seek insurance through other insurers who may elect not to cede the policy.

If the policyholder obtains motor vehicle liability insurance through another insurer which elects not to cede the policy to the Facility and the policyholder cancels the ceded policy within 45 days of the effective date of the ceded policy, the earned premium for the ceded policy shall be calculated on the pro rata basis, except that the pro rata calculation shall not apply to a cancellation by any insurance premium finance company as provided in GS 58-35-85.

4. Upon the written request of any eligible risk who has been notified pursuant to paragraph 3 above that his motor vehicle insurance policy has been ceded to the Facility, the insurer ceding the insurance policy must provide in writing to that eligible risk the specific reason or reasons for the decision to cede that policy to the Facility. Proof of mailing of the written reason or reasons is sufficient proof of compliance with this obligation.

Note: GS 58-37-25 provides: "With regard to any notice of cession or any written or oral communications specifying the reason or reasons for cession, there will be no liability on the part of, and no cause of action of any nature will arise against: (1) any insurer or its authorized representatives, agents, or employees, or (2) any licensed agent, broker, or persons who furnish to the insurer information as to the reason or reasons for the cession, for any communications or statements made by them, unless the communications or statements are shown to have been made in bad faith with malice in fact".

H. Minimum Underwriting Requirements

1. Standards—Each member company is responsible to meet the following minimum underwriting standards for all business ceded to the Facility. Each member ceding risks is responsible to determine that all business ceded to the Facility is correctly classified and rated to develop the correct and proper premium. Classification and rating practices and procedures of each member company shall correspond with those followed for non-Facility business, subject to the following:
 - a. As to private passenger cars ceded to the Facility, member companies shall:
 - (1) Obtain the identification, date of birth, driver license number and state of issue (including date of original licensing for persons licensed less than two years) of the applicant, of all operators resident in

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

STANDARD PRACTICES

- the applicant's household and of any non-residents shown as regular operators.
- (2) Determine the use and place of principal garaging of each vehicle to be insured.
 - (3) Obtain within 60 days of the cession effective date, for each initial cession, and at least annually thereafter, a current record of convictions for moving traffic violations for the applicant and each operator whose driving record would affect the subclass for every vehicle subject to rating under the North Carolina Safe Driver Insurance Plan.
 - (4) Correctly classify and rate each vehicle in accordance with the approved North Carolina Personal Auto Manual.
 - (5) Correctly determine and charge any applicable recoupment surcharges.
- b. As to other than private passenger cars ceded to the Facility, member companies shall develop sufficient identification, territory, use, and other information correctly to classify and price, in accordance with the approved North Carolina Reinsurance Facility Commercial Automobile Manual, the insurance afforded.
- c. As to every ceded risk appearing to be eligible for experience rating under the mandatory Automobile Liability Experience Rating Plan in the NCRF Commercial Automobile Manual, including (a) risks involving five or more private passenger or commercial automobiles or three or more public automobiles, (b) risks involving an estimated annual manual premium of at least \$6,500 for three or more automobiles of any type, and (c) garage annual manual premium of at least \$6,500, member companies shall:
- (1) If complete experience rating data is available at the time of policy issuance, calculate the correct experience modification and apply it in establishing the policy premium.
 - (2) If complete experience rating data is not available at the time of policy issuance:
 - (a) Apply a tentative experience modification of 1.50.

Exception: In cases where the experience modification applicable to the preceding term of the policy is higher than 1.50, such higher experience modification must be applied as the tentative experience modification for the current term.
 - (b) Endorse the policy (i) noting application of the tentative experience modification and (ii) to provide for subsequent application of any experience modification determined in accordance with the NCRF Automobile Liability Experience Rating Plan.
- (c) Determine the names of companies which insured the risk during the immediately preceding four years and the numbers and effective dates of their policies.
 - (d) If all of the required previous experience rating data is not available, notify the Reinsurance Facility that a risk eligible for experience rating has no information to rate.
 - (e) Provide the Reinsurance Facility with the information received and request the Facility office to call for and supply the required experience rating data and/or the experience modification.
 - (f) Apply the experience modification and adjust the policy premium accordingly.
- (3) Provide complete experience rating data related to a ceded risk upon written request by the Facility. This data must be submitted directly to the Facility by the due date specified in the request, which will not be less than 30 days from the date of request. If the data is not received complete and in good order by the due date specified in the written request, a penalty of \$100 per day will be assessed to the company for each day the data is late until the data is received complete and in good order. The Facility initially shall bill the company for the penalty upon receiving the requested data complete and in good order, or within 30 days from the due date of the report, and periodically thereafter as appropriate. Each penalty billing will appear on the member company's Monthly Account Activity Statement and is due and payable in accordance with that statement's due date and is subject to Late Payment Fees in accordance with Section 4, Chapter 8, Paragraph E of the Standard Practice Manual.
- d. Member companies shall make all underwriting records of business ceded to the Facility available for audit by the Audit Committee or its designate. Member companies shall not:
- (1) Cede any risk to the Facility except as provided by the rules outlined in Articles IX and X in the Plan of Operation.
 - (2) Refuse to insure any eligible risk for cedable coverages unless an exemption has been approved for that company by the Board of Governors.
2. Application Requirements—Each member company shall provide agents with motor vehicle insurance application forms to obtain from applicants sufficient information properly to classify and rate each exposure. This shall include at least the following:
- a. The name, address, date of birth, operator's license number, and state of issue for the applicant, each operator residing in the applicant's household, and any nonresidents who are regular operators, as well as the original

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

STANDARD PRACTICES

date of licensing for any operator licensed for less than two years.

- b. Identification of each of the specified vehicles to be insured to include the year, the make and model, the body type, and the vehicle identification number.
- c. The use of each vehicle to be insured, as required by the approved classification plan, and the place of principal garaging.
- d. A record of all accidents and convictions by the applicant and all operators as needed to establish the correct subclass, according to the North Carolina Safe Driver Insurance Plan.
- e. The correct gross weight and information regarding the use, including the radius of operation, of any commercial automobile.
- f. With respect to risks eligible for experience rating:
 - (1) The names of the prior carriers for the past four years;
 - (2) The earned premiums for the past four years; and
 - (3) Current valued loss runs for the past four years.
- g. Any other information necessary to develop the correct rating and premium for any type of risk eligible to be ceded.
- h. **A Statement of Eligibility for Cession of Higher Limits Form NCRF-30 (see Section 3 Exhibit F-1 in the Standard Practice Manual)** when coverage limits above 100/300/50 are to be ceded to the Facility pursuant to paragraph C.2 of this Section and the coverage limits are required by rule, law, or regulation other than the Vehicle Financial Responsibility Act of 1957 (Article 13 Chapter 20, General Statutes of North Carolina). The insured must complete and sign a Form NCRF-30, and the signed form, or a copy thereof, must be retained in the ceding company's file. Absent a finding by the Facility of a lack of good faith by the ceding company, the ceding company shall be entitled to rely upon the insured's satisfactorily completed statement of eligibility for the cession of limits above 100/300/50. If, upon audit, the ceding company does not have a satisfactorily completed Form NCRF-30 in its file, the ceding company, in order to maintain cession of limits above 100/300/50 to the Facility or, in the event of a loss, in order to recover reimbursement from the Facility for losses in excess of 100/300/50, must prove, to the satisfaction of the Facility, that the higher limits were eligible to be ceded to the Facility as of the effective date of the initial cession of the insured's policy by the ceding company or as of the date notice of such cession was received by the Facility. A Form NCRF-30 is satisfactorily completed if the form is fully completed and the date the form was signed by the insured is prior to the later of (1) the date 45 days after

the initial notice of cession of the insured's policy by the ceding company was received by the Facility or (2) the date of a loss.

The initial statement of eligibility by the insured shall remain in effect and may be relied upon by the ceding carrier for subsequent successive renewals of the policy until such time as the insured advises the ceding company that the insured is no longer required by the rules, laws, and regulations referenced in GS 58-37-35(b)(1)e. to maintain coverage limits in excess of 100/300/50 or until the ceding company becomes aware that the insured is no longer required by such rules, laws, or regulations to maintain coverage limits in excess of 100/300/50.

- i. **A Certification of Higher Coverage Limits Form NCRF-31 (See Section 3 Exhibit G-1 in the Standard Practice Manual)** when liability coverage limits above 100/300/50 or medical payments limits above \$2,000 are to be ceded to the Facility pursuant to paragraph C.3 of this Section. The insured must complete and sign a copy of Form NCRF-31 and the signed form, or a copy thereof, must be retained in the ceding company's file. Absent a finding by the Facility of a lack of good faith by the ceding company, the ceding company shall be entitled to rely upon the insured's satisfactorily completed certification for the cession of liability coverage limits above 100/300/50 and/or medical payments limits above \$2,000. If, upon audit, the ceding company does not have a satisfactorily completed Form NCRF-31 in its file, the ceding company, in order to maintain cession of such limits to the Facility or, in the event of a loss, in order to recover reimbursement from the Facility for losses in excess of 100/300/50 for the liability coverages and/or in excess of \$2,000 for medical payments, must prove, to the satisfaction of the Facility, that the higher limits were eligible to be ceded to the Facility as of the effective date of the initial cession of the insured's policy by the ceding company or as of the date notice of such cession was received by the Facility. A Form NCRF-31 is satisfactorily completed if the form is fully completed and the date the form was signed by the insured is prior to the later of (1) the date 45 days after the initial notice of cession of the insured's policy by the ceding company was received by the Facility or (2) the date of loss.

The initial certification by the insured shall remain in effect and may be relied upon by the ceding carrier for subsequent successive renewals of the policy until such time as the insured advises the ceding company that the higher limits are no longer needed in order to obtain or continue coverage under personal excess liability or personal "umbrella" insurance policies or until the ceding company becomes aware that the higher limits are no longer needed in order to obtain or continue coverage under personal excess liability or personal "umbrella" insurance policies.

STANDARD PRACTICES

j. **★Rate Evasion, Fraud—Reliable Proof—
Other than Nonfleet Private Passenger Mo-
tor Vehicle Insurance**

As provided in G.S. 58-2-164(c2), for the purpose of obtaining other than nonfleet private passenger motor vehicle insurance and to the extent relevant to a particular criterion, for eligible risk status, reliable proof of North Carolina residency or eligible risk status includes two or more of the following:❖

- (1) A utility bill in the name of the applicant showing a North Carolina address for the principal place of business of the applicant.
- (2) A receipt for real property taxes paid by the applicant to a North Carolina locality within the preceding 12-month period and showing the applicant's current North Carolina address.
- (3) A valid North Carolina vehicle registration issued to the applicant and showing the applicant's current North Carolina address.
- (4) A federal income tax return filed by the applicant for the most recent prior filing period showing the applicant's name and current North Carolina address.
- (5) **★**A valid North Carolina driver's license of an owner of an applicant that is a corporation or an LLC, provided that the person holds at least twenty (20%) percent ownership interest in the applicant corporation or LLC.
- (6) If the principal place of business of a corporation or LLC is the primary residence of the sole owner, any of the documents identified in subdivisions (1) through (5) of this subsection, whether in the name of the corporation or LLC or in the name of the sole owner. For purposes of this subsection, "sole owner" shall mean an individual or a husband and wife.

For purposes of subdivisions (5) and (6) of this subsection, on policies to be ceded to the North Carolina Reinsurance Facility, proof of ownership is established through the execution by the owner of the corporation or LLC of **Certification of Ownership Form NCRF – 47 (see Exhibit H-1 in the Standard Practice Manual)**.

NOTE: For a risk to be an eligible risk for the purpose of motor vehicle insurance other than nonfleet private passenger motor vehicle insurance, the requirements of G.S. 58-37-1(4) must be satisfied. A completed Form NCRF-47 alone does not satisfy those requirements.❖

The following definitions apply to the above:

"Applicant" means one or more persons applying for the issuance or renewal of an auto insurance policy on which the person or persons will be a named insured.

"Principal place of business" means the single physical location from which the majority of the essential operations of the applicant's business are directed and controlled. The location of a consultant, service agent, or attorney of the applicant shall not be sufficient to establish an applicant's principal place of business.

3. **Ceding at Renewal**—The Plan of Operation requires each risk to have an underwriting review and the Facility to be notified of cession prior to the effective date of each renewal if cession is to be effective on that date. This requirement applies to every renewal to be ceded, whether or not the expiring policy was ceded.

THIS WILL INCLUDE AS A MINIMUM OBTAINING CURRENT RECORDS OF CONVICTIONS FOR MOVING TRAFFIC VIOLATIONS EVERY YEAR FOR ALL OPERATORS OF THE VEHICLES INSURED UNDER EACH CEDED POLICY SUBJECT TO RATING UNDER THE SAFE DRIVER INSURANCE PLAN

4. **Agents' Responsibility**—It shall be the responsibility of each agent to obtain from the applicant answers to all relevant questions on the application for insurance and to obtain from the applicant any other information needed for correct premium determination.

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

GENERAL RULES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES SECTION

**Rule 1. REINSURANCE FACILITY
SELECTED RULES OF OPERATION**

- A. For general rules of cession to the North Carolina Reinsurance Facility, refer to the Reinsurance Facility's Standard Practice Manual.
- B. The Standard Practice Manual includes information about the following:
 - 1. Facility membership obligations
 - 2. Eligibility for insurance
 - 3. Extent of coverage
 - 4. Rules, rates and policy forms
 - 5. Termination of insurance
 - 6. Commissions
 - 7. Service standards
 - 8. Minimum underwriting requirements
 - 9. Facility member responsibilities

Rule 2. APPLICATION OF THIS MANUAL

A. Contents

The rules, classifications, territories, rates, and additional charges applicable to auto risks insured in accordance with the provisions of the North Carolina Reinsurance Facility are contained herein.

B. Sections

This Manual is divided into separate sections for the following:

- 1. General Rules
- 2. Common Coverages
- 3. Trucks, Tractors, and Trailers
- 4. Public Transportation
- 5. Garage Dealers
- 6. Special Types and Operations
- 7. Experience Rating Plan
- 8. Supplementary Rating Procedures
- 9. Territories
- 10. Rates

C. Rates

- 1. For rates, refer to the Rates Section of this Manual
- 2. The rates and premium displayed in this manual are for an annual policy term. For policies written for a period other than 12 months, modify the annual rates and premiums in accordance with the provisions of the Premium Computation Rule (Rule 4).

D. Statistical Codes

Most statistical codes are shown on the rate schedules or in the specific rules. For statistical codes not shown, refer to the auto module of the commercial statistical plan.

E. Rules

Please note that if a rule regarding a type of coverage is not included in this Manual then the coverage is not eligible to be ceded to the Facility.

Rule 3. POLICY PERIOD

- A. Policies may be written for a specific term up to 36 months or on a continuous basis. However, no policy may be written for a period longer than 36 months.

Note: Annual notices of cession are required for three-year policies if coverage for the entire policy period is to be ceded to the Facility.

- B. A policy may be renewed by renewal certificates. When renewal certificates are used, they must conform in every respect to current rules, rates, and forms at the time of renewal.

Rule 4. PREMIUM COMPUTATION

- A. The premium to be charged for policy terms not exceeding 12 months shall be as follows:

- 1. 12-Month Policies—Charge the annual rates or minimum premiums, whichever apply. Compute the premium at the rates in effect at the policy inception.
- 2. 6-Month Policies—If a policy is written for a specified period of six months, the premium for the policy shall be 50%, respectively, of the one year premium.

This provision shall not apply to the following classes of risks:

- a. Risks subject to the experience rating plan
- b. Risks classified as public auto

B. Long Term Policies

For policies issued for more than one year, compute the premium at the rates in effect on each anniversary date of the policy's inception for each annual period. Use Calculation Of Premium Endorsement IL 00 03.

Rule 5. FACTORS OR MULTIPLIERS

Factors or multipliers are to be applied consecutively and not added together, unless otherwise specified.

Rule 6. PREMIUM ROUNDING

Each company may adopt and utilize its own auto insurance premium rounding rule, provided the company is consistent in the application of the rule.

Rule 7. MINIMUM PREMIUM

- A. Unless otherwise provided in this Manual, the minimum annual premium charge is \$200 subject to no reduction for each policy covering one or more of the following perils:

- Bodily injury liability
- Property damage liability

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GENERAL RULES

Medical payments

(but not including uninsured and underinsured motorists coverage) even though coverage against other perils may be included in the policy.

- B. The minimum premium shall be inclusive of additional charges imposed for additional hazards in connection with the perils named above.
- C. In the event of cancellation or the issuance of a short term policy, pro rata or .90 of the pro rata amount of such annual minimum premium shall be charged as the conditions require.
- D. This minimum premium shall apply to each policy, certificate or declaration under a bordereau.
- E. For continuous policies, apply the policy writing minimum premium for each annual period.

Rule 8. ADDITIONAL PREMIUM CHANGES

- A. Prorate all changes requiring additional premium.
- B. In computing the additional premium, charge the rates in effect at the time the addition is made or the rates in effect at the inception of the policy even if the policy inception premium was less than the policy minimum premium. With respect to the election of using the rates in effect at the time the addition is made or the rates in effect at the inception of the policy, a company's election shall be applied consistently by the company and not on a policy by policy basis.
- C. Waive additional premium of \$10 or less. This waiver only applies to cash exchange due on an endorsement effective date.

Each company may adopt and utilize its own additional premium waiver amount up to \$10 provided the company is consistent in the application of the rule between voluntary and ceded business.

Rule 9. RETURN PREMIUM CHANGES

- A. Compute return premium at the rates used to calculate the policy premium.
- B. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or an amount of insurance is reduced. Retain the policy minimum premium.
- C. Waive return premium of \$10 or less. Each company may adopt and utilize its own return premium waiver amount up to \$10, provided the company is consistent in the application of the rule between voluntary and ceded business. Grant any return premium due if requested by the insured. This waiver only applies to cash exchange due on the endorsement effective date.

Rule 10. CANCELLATION

The following provisions apply when a policy, auto, or form of coverage is cancelled:

- A. If a policy, auto, or form of coverage is cancelled at the request of the insured, the return premium shall be calculated at .90 of the pro rata unearned premium for the

policy term except in the situations described in paragraph C below.

- B. If a policy, auto, or form of coverage is cancelled by the company, the return premium shall be computed pro rata.
- C. In the following cases, if a policy, auto, or form of coverage is cancelled at the request of the insured, the return premium shall be computed pro rata:
 - 1. if the insured has disposed of the auto, provided the insured takes out a new policy in the same company on another auto to become effective within 30 days of the date of cancellation;
 - 2. if the insured auto is repossessed under terms of a financing agreement;
 - 3. if an auto is cancelled from a policy, and the policy remains in force on other autos;
 - 4. if the insured enters the armed forces of the United States of America;
 - 5. if the insured auto is stolen or destroyed (total or constructive total loss) and cancellation is requested by the insured within 30 days following the date the auto is stolen or destroyed. The return premium for all coverages (including the premium for the coverage under which loss was paid) shall be calculated from the day following the date of such loss;
 - 6. if an insured who has been ceded to the Facility at rates higher than the insurer's voluntary rates obtains insurance through another insurer who elects not to cede the policy to the Facility and the insured cancels the ceded policy within 45 days of the effective date of the ceded policy.

Exception: This pro rata cancellation shall not apply to a cancellation by any insurance premium finance company.

- D. The following provisions apply to policies exceeding 12 months:
 - 1. If cancelled during the first year, calculate the return premium at .90 of the pro rata unearned premium for the first year or pro rata of the premium for the first year in accordance with the provisions of this Rule, plus the full annual premium for the second and/or third years.
 - 2. If cancelled after the first year, the full pro rata unearned premium shall be returned.
- E. If cancellation of the policy results in a return premium of less than \$10, no refund need be made except at the request of the insured, in which case the actual return premium shall be allowed. Each company may adopt and utilize its own additional premium waiver amount up to \$10, provided the company is consistent in the application of the rule between voluntary and ceded business.

F. Retention of Policy Writing Minimum Premium

Retain the policy writing minimum premium when return premium is calculated using the .90 of pro rata return premium calculation procedures except when a policy is cancelled as of the inception date.

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

COMMON COVERAGES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES SECTION

Rule 11. HOW TO CLASSIFY AUTOS

- 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. Classify and rate autos of the private passenger type according to the Private Passenger Types Rule (Rule 12).
- C. Classify and rate autos of the truck type that transport property or are used in business according to the Trucks, Tractors, and Trailers Section.
- D. Classify and rate buses, taxicabs, and other autos that are used in the business of transporting people according to the Public Transportation Section.
- E. Classify and rate new and used auto dealers according to the Garage Section.
- F. Classify and rate autos that do not fit into these categories according to the Special Types and Operations Section.

Rule 12. PRIVATE PASSENGER TYPES

Fleet-Class Code 7398

- A. A private passenger auto is
 - 1. a four-wheel motor vehicle, other than a truck type or van, owned or leased under contract for a continuous period of at least six months, and
 - a. Not used as a public or livery conveyance for passengers.
 - b. Not rented to others.
 - 2. a pickup truck or van that
 - a. is owned by an individual or by a husband and wife or individuals who are residents of the same household;
 - b. has a gross vehicle weight as specified by the manufacturer of less than 14,000 pounds; and
 - c. is not used for the delivery or transportation of goods and materials unless such use is
 - (1) incidental to your business of installing, maintaining, or repairing furnishings or equipment; or
 - (2) for farming or ranching.
- B. The rates displayed on the rate schedules for private passenger types apply to all private passenger autos which are rated as part of a fleet or which are eligible to be experience rated for liability coverages.

A fleet is any risk with five or more motor vehicles owned or hired under a long term contract.

EXCEPTIONS:

Five or more four-wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household which are not used for business use, other than farming or ranching, and which are covered under a Personal Auto Policy shall not be considered a fleet.

- C. Private passenger nonfleet motor vehicles must be written on a Personal Auto Policy and rated out of the Personal Auto Manual.

EXCEPTIONS:

A private passenger nonfleet auto may be written on a commercial auto policy if

- 1. the vehicle is owned by an individual, husband and wife resident of the same household, or jointly by two or more individuals other than husband and wife, and the vehicle is written in conjunction with at least one commercial risk; or
- 2. the vehicle is not owned by a natural person.

However, these vehicles must be rated out of the Personal Auto Manual and coded as private passenger nonfleet for statistical purposes.

D. Premium Determination

- 1. Determine the rating territory from the territory definitions based on the street address of principle garaging.
- 2. Premiums for private passenger types are displayed on the rate schedules for the following:
 - a. Bodily injury liability
 - b. Property damage liability
 - c. Medical payments
- 3. The Private Passenger Types rates displayed on the rate schedules apply to all private passenger autos which are rated as part of a fleet or which are eligible to be experience rated for liability coverages.
- 4. For uninsured and underinsured motorist insurance, refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20).

E. Classifications and Codes

- 1. Fleet Classification—Use code 7398.
- 2. Nonfleet—Use North Carolina Rate Bureau/ Reinsurance Facility Endorsement CA 01 99 when insuring nonfleet private passenger autos on a commercial auto policy. Code as private passenger nonfleet for statistical purposes.

Rule 13. FARMERS AUTOS

Class Code 7399

A. Eligibility

This Rule applies to private passenger autos, pickups, panel trucks, and vans rated as part of a fleet which meet all the following qualifications:

- 1. Principally garaged on a farm or ranch
- 2. Owned by an individual or husband and wife resident in the same household, or by a farm family partnership or corporation
- 3. Not used in any occupation other than farming or ranching
- 4. Not used in going to and from work other than farming or ranching

B. Premium Computation

Charge 70% of the Private Passenger Types rate shown on the rate schedules.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES

Rule 14. COMBINATION OF INTERESTS

More than one interest may be named on a policy and rated as a single risk if one interest owns more than 50% of another. All the interests that are combined must be named on the policy.

- (a) All Risks Other than Garage Service Operations

Determine the total number of employees of the insured at all locations and select the advance premium from the following table:

Rule 15. DRIVE OTHER CAR COVERAGE

(Class Code 9020)

- A. Drive other car coverage is provided for no additional charge in the following cases:
 - 1. An individual named insured who is an auto dealer garage risk. Use Individual Named Insured—Dealers Only Endorsement CA 99 18.
 - 2. An individual named insured who owns a private passenger auto, refer to the Individual As Named Insured Rule (Rule 18) in this Section. Use Individual Named Insured Endorsement CA 99 17.
- B. Except for an individual named insured who is an auto dealer garage risk or an individual named insured who owns a private passenger auto, use Drive Other Car Coverage—Broadened Coverage For Named Individuals Endorsement CA 99 10. For each named individual, charge the following rates:

Coverage	Limits	Premium per Named Individual
Bodily Injury	\$30/60	\$16
Property Damage	25	9
Medical Payments	500	4
	1,000	5
	2,000	6

Uninsured Motorists—Charge the additional persons rate in the Uninsured and Underinsured Motorists Insurance Rule (Rule 20).

- C. In all cases, drive other car coverage includes coverage for the spouse for no additional charge.

Rule 16. NONOWNERSHIP LIABILITY

A. Garage Dealer Risks

Coverage for nonownership liability for garage dealer risks is included in the basic garage charges. The following rating methodology applies to other than garage dealer risks.

B. Eligibility

For eligibility for this coverage, refer to Section I of the Facility Standard Practice Manual and General Statute 58-37-1.

- 1. Premium Development
 - a. Application

For All Risks Other than Social Service Agency Risks as Defined in the Public Transportation Section

- (1) Apply one of the following procedures, as appropriate:

Class Code	Total Number of Employees	Bodily Injury and Property Damage	
		30/60 BI	\$25,000 PD
6601	0–25	\$ 7	\$ 8
6602	26–100	18	22
6603	101–500	58	72
6604	501–1,000	110	138
6605	Over 1,000	169	213

- (b) Garage Service Operations (Class Code 6680)

Coverage is provided solely for the operation of nonowned autos by auto repair shops, service stations, storage garages, and public parking places, or tow truck operators. Refer to the General Liability or Market Segments Divisions for all other garage operations liability coverage.

- (i) Determine the total number of employees whose principal duty involves the operation of autos.
- (ii) Multiply this amount by .35.
- (iii) Multiply the result by the Private Passenger Types rates in the rate schedules of the North Carolina Reinsurance Facility Manual.

- (2) To extend nonownership liability coverage to cover the individual liability of employees (including employees of garage service operations) while using their autos and other covered nonowned autos in the employer's business, compute the additional premium by multiplying the premium determined in accordance with preceding paragraph 1.a.(1) or 1.a.(2) by .25 (Class Code 6671). Use Employees As Insureds Endorsement CA 99 33.

- (3) For Partnership as the Named Insured

- (a) When nonownership liability coverage is afforded, the coverage form provides coverage to a partnership for the use of autos owned by individual partners which are used in the business of the partnership.
- (b) Multiply the Private Passenger Types rates in the rate schedules by .10 for each active or inactive partner for the territory in which the partnership is located. Apply this rating base regardless of the type of autos being used (Class Code 7000).

COMMON COVERAGES

- b. Social Service Agency Risks (Class Code 6670)
- (1) Determine the advance premium based on the number of employees in accordance with paragraph a.(1)(a) above.
 - (2) Charge an additional premium determined as follows:

Determine the total number of volunteers at all locations who regularly use their own autos to transport social service clients in connection with the agency's programs and multiply this number by \$1.59 bodily injury, \$30,000/60,000 limits, and \$.75 property damage, \$25,000 limit per volunteer. The minimum premium shall be \$10 bodily injury, \$30,000/60,000 limits, and \$6 property damage, \$25,000 limit.
 - (3) To extend nonownership coverage to cover the individual liability of agency employees, charge an additional premium determined in accordance with paragraph 1.a.(2) (Class Code 6671). Use Employees As Insureds Endorsement CA 99 33.
 - (4) To extend coverage to cover the blanket individual liability of volunteers who use their own autos in the agency's social service programs, charge an additional premium of \$.37 bodily injury, \$30,000/ 60,000 limits, and \$.19 property damage, \$25,000 limit, per volunteer donor subject to a minimum premium of \$5 per policy (Class Code 6672). Use Social Service Agencies—Volunteers As Insureds Endorsement CA 99 34.
- c. Unless there is substantial change in exposures during the policy period, the advance premium is the earned premium.
- (2) Multiply the hired car premium by 6.00.
 - (3) Multiply the rate determined in the preceding paragraph times each \$100 cost of hire.
2. If the owner of the auto is providing the primary insurance, rate as though owned by the insured.
 3. If a lessor is an employee of the insured, use Employee As Lessor Endorsement CA 99 47.
 4. If an employee rents or hires an auto in his or her own name for the purpose of performing duties related to the insured's business, use Employee Hired Autos Endorsement CA 20 54.
- B. **Cost of Hire Basis—Liability Coverages (Class Code 6611 Minimum Premium Class Code 6619) Class Code 6625 Without Hold Harmless Agreements and 6627 With Hold Harmless Agreements. Minimum Premium Class Code 6619**
1. Truckers

For truckers, refer to the Truckers/Motor Carrier Rule (Rule 34).
 2. Premium Computation
 - a. Estimate the total cost for the hire of autos for each state where the insured does business. Do not include charges for services performed by common or contract motor carriers subject to the insurance requirement of any public authority regulating motor carriers.
 - b. To compute the advance premium, multiply the cost of hire rate on the state rate schedules times each \$100 cost of hire in each state. Add the total cost of hire premium for all states.
 - c. Unless there is substantial change in exposures during the policy period, the advance premium is the earned premium.
 - d. The minimum premium is \$10 bodily injury, \$30,000/60,000 limits, and \$4 property damage, \$25,000 limit.

Rule 17. HIRED AUTOS

A. Autos Hired, Loaned, Leased, or Furnished

1. If an insured, lessee, or renter is providing the primary insurance covering the auto (Class Code 6614) and the term of the lease is
 - a. 6 months or more:
 - (1) Rate as though owned by the insured, lessee, or renter; and
 - (2) If the policy is extended to cover the owner of the auto as an additional insured, multiply the otherwise applicable liability rate by 1.04. Use Lessor—Additional Insured And Loss Payee CA 20 01 or Hired Autos Specified As Covered Autos You Own Endorsement CA 99 16.
 - b. Less than 6 months (Class code 6614)—Rate according to the provisions in paragraph B except as follows:
 - (1) For liability coverage, separately estimate the cost of hire for those autos for which the insured is providing the primary insurance.

Rule 18. INDIVIDUAL AS THE NAMED INSURED

Endorse a policy covering an individually owned auto with the appropriate individual named insured endorsement.

- A. Family drive other car coverage is provided at no additional charge if the policy covers
1. a private passenger auto not used for public transportation or rented to others without a driver;
 2. a pickup, panel truck, or van that is not customarily used in the business of the insured other than for farming or ranching.
 3. Use Individual Named Insured Endorsement CA 99 17.
- B. Drive other car coverage is provided at no additional charge if the policy covers an auto dealer garage risk. Use Individual Named Insured—Dealers Only Endorsement CA 99 18.

COMMON COVERAGES

Rule 19. MEDICAL PAYMENTS

- A. The premiums for trucks, tractors, trailers, public autos, and private passenger types are on the rate schedules.
- B. For zone rated risks, refer to the zone rating tables.
- C. For all other classes, refer to the section Rules.
- D. For premiums for limits not shown, refer to the Increased Limits Rule (Rule 22).
- E. This coverage is not subject to an experience rating modification.
- F. Use Auto Medical Payments Coverage Endorsement CA 99 03.

Rule 20. UNINSURED AND UNDERINSURED MOTORISTS INSURANCE

For purposes of this Rule, the following definitions apply:

A commercial motor vehicle is defined as (1) any single motor vehicle with a GVWR of at least 26,001 pounds; (2) a combination of motor vehicles that has a combined GVWR of at least 26,001 pounds and includes as part of the combination a towed unit that has a GVWR of at least 10,001 pounds; (3) a combination of motor vehicles that includes a towing unit that has a GVWR of at least 26,001 pounds and a towed unit that has a GVWR of less than 10,001 pounds; (4) a motor vehicle that is designed to transport 16 or more passengers, including the driver; or (5) a motor vehicle transporting hazardous materials and required to be placarded in accordance with 49 C.F.R. Part 172, Subpart F.

A noncommercial motor vehicle is defined as any motor vehicle that is not a commercial motor vehicle as defined above, but that is otherwise subject to the requirements of North Carolina's Motor Vehicle Safety and Financial Responsibility Act of 1953.

A. Uninsured Motorists Coverage Only

- 1. Owners—(Class Code—Refer to statistical plan.)

Bodily injury and property damage uninsured motorists coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

EXCEPTIONS:

- This coverage shall not apply when the insured has purchased bodily injury liability limits greater than \$30,000/\$60,000.
- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, uninsured motorists coverage is not mandatory and will apply only if purchased by the insured.

For the purpose of determining whether a policy is applicable solely to fleet vehicles, an insurer may rely upon the number of vehicles reported by the insured at the time of issuance of the policy for the policy term in question. In the event of a renewal of the policy, when determining whether a policy is applicable solely to fleet vehicles, the insurer may rely upon the number of vehicles reported by the insured at the time of renewal of the policy for the policy term in question.

Note: For any fleet or nonfleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits not greater than \$30,000/\$60,000, uninsured motorists coverage only is mandatory and shall be afforded.

a. Basic Limits

The limits of uninsured motorists bodily injury coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of uninsured motorists bodily injury coverage but in no event shall an insurer be required to sell uninsured motorists bodily injury coverage at limits that exceed \$1,000,000/1,000,000. The limit of uninsured motorists property damage coverage shall equal the highest limit of liability for property damage liability coverage for any one non-commercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000 regardless of whether the highest limits of property damage liability coverage for any one vehicle insured under the policy exceed those limits, and (2) a named insured may purchase lesser limits of uninsured motorists property damage coverage but not less than the property damage liability limits required by North Carolina's financial responsibility law.

Each time a policy is issued or renewed, the insurer shall notify the named insured as provided in paragraph C of this Rule.

Basic limits of uninsured motorists coverage are \$30,000/\$60,000 bodily injury and \$25,000 property damage. Uninsured motorists property damage coverage is subject to an exclusion of the first \$100 of damage.

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this Rule.

Rate—Charge the following for each auto insured under the policy.

- (1) Individual or Married Couple (Other than Garage Risks)—Per Auto

Private Passenger Types	\$15
Other than Private Passenger Types	8
- (2) Garage Risks

\$6 for each set of dealer or transporter plates in addition to the premium charged for any separately registered autos

- (3) All Others—Per Auto

Private Passenger Types	\$13
Other than Private Passenger Types	6

This rate is not subject to modification under the provisions of any rating plan or other Manual rule.

Punitive damages must be excluded from all policies providing uninsured and/or underinsured motorists coverage. Use Endorsement CA 21 71.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES

Use North Carolina Uninsured Motorist Coverage Limits—CA 21 16.

b. Increased Limits

Increased limits of uninsured motorists bodily injury coverage may be afforded. Uninsured motorists property damage limits may not exceed the property damage liability limit afforded by the policy.

PD Limits	Additional Charge	
	PP Types	Other than PP Types
7,500	1.12	1.12
10,000	1.13	1.13
15,000	1.14	1.14

(b) Compute the charges for limits not shown by interpolation.

(1) Bodily Injury Liability

(a) To compute the premium for limits higher than the basic limits for uninsured motorists coverage only, add the appropriate rate shown below for each auto or set of dealer or transporter plates to the basic limits premium:

BI Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50/100	\$ 2	\$ 1
85/85	3	2
100/200	4	2
100/300	5	2
250/500	7	3
300/300	8	3
500/500	9	4
500/1,000	10	4
1,000/1,000	11	5
1,500/1,500	12	6
2,000/2,000	13	7
2,500/2,500	14	8
5,000/5,000	15	9
7,500/7,500	16	10
10,000/10,000	17	11
15,000/15,000	18	12

(b) Compute the charges for limits not shown by interpolation.

(2) Property Damage Liability

(a) To compute the premium for limits higher than the basic limits for uninsured motorists coverage only, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10
5,000	1.11	1.11

c. Additional Persons

Bodily injury uninsured motorists coverage only may be extended to an executive officer, partner, or employee of the named insured at a charge of \$3.08, provided such additional person does not own an automobile.

The charge for each additional person shall not be subject to modification under the provisions of any rating plan or other Manual rule.

2. Uninsured Motorists Insurance for Nonowners (Bodily Injury Only) (Class Code 9900)

Uninsured motorists insurance for a limit of \$30,000/\$60,000 bodily injury may be afforded to any person who does not own an auto and who is not afforded such coverage as a named individual under paragraph A.1 of this Rule. Such coverage shall be written for a period of one year or three years at the following rates:

RATES

The following rates apply to each individual, including the spouse and relatives of either, resident in the same household as the named insured:

1 Year Policy	\$39
3 Year Policy	\$61

3. Trailers

Do not charge an uninsured motorists premium for trailers when power units designed to tow such trailers are insured for uninsured motorists insurance on the same coverage form.

B. Combined Uninsured/Underinsured Motorists Coverage

Owners—(Class Code—Refer to statistical plan.)

Bodily injury and property damage combined uninsured/underinsured motorists coverage shall be afforded under every auto liability policy insuring the owner of a motor vehicle registered or principally garaged in North Carolina.

EXCEPTIONS:

- This coverage shall not apply when the insured has purchased bodily injury liability limits not greater than \$30,000/\$60,000.
- For policies insuring only commercial motor vehicles or a fleet of only noncommercial motor vehicles, combined uninsured/underinsured motorists coverage is not mandatory and will apply only if purchased by the insured.

For the purpose of determining whether a policy is applicable solely to fleet vehicles, an insurer may rely upon the number of vehicles reported by the insured at the

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES

time of issuance of the policy for the policy term in question. In the event of a renewal of the policy, when determining whether a policy is applicable solely to fleet vehicles, the insurer may rely upon the number of vehicles reported by the insured at the time of renewal of the policy for the policy term in question.

Note: For any fleet or nonfleet policy insuring both commercial and noncommercial motor vehicles with bodily injury liability limits greater than \$30,000/\$60,000, combined uninsured/underinsured motorists coverage is mandatory and shall be afforded.

1. Limits

The limits of combined uninsured/underinsured motorists bodily injury coverage shall equal the highest limits of liability for bodily injury liability coverage for any one noncommercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000/1,000,000 regardless of whether the highest limits of bodily injury liability coverage for any one motor vehicle insured under the policy exceed those limits; (2) a named insured may purchase greater or lesser limits, except that the limits must exceed the bodily injury limits required by North Carolina's financial responsibility law, and in no event shall an insurer be required to sell combined uninsured/underinsured motorists bodily injury coverage at limits that exceed \$1,000,000/1,000,000; and (3) the limits shall be equal to the limits of uninsured motorists bodily injury coverage purchased. The limit of uninsured motorists property damage coverage, sold with combined uninsured/underinsured motorists bodily injury coverage, shall equal the highest limit of liability for property damage liability coverage for any one noncommercial motor vehicle insured under the policy, provided, however, that (1) the limits shall not be required to exceed \$1,000,000 regardless of whether the highest limits of property damage liability coverage for any one vehicle insured under the policy exceed those limits; and (2) a named insured may purchase lesser limits of uninsured motorists property damage coverage but not less than the property damage liability limits required by North Carolina's financial responsibility law.

Each time a policy is issued or renewed, the insurer shall notify the named insured as provided in paragraph C of this Rule.

The property damage coverage applies only on an uninsured motorists basis and is subject to an exclusion of the first \$100 of damage.

If provided, this coverage must apply to all autos insured under the policy at the limits determined in this Rule.

2. Rates

Add the rates shown below to the basic limits rates for uninsured motorists coverage only for each auto insured under the policy.

a. Bodily Injury Liability

- (1) To compute the premium for limits higher than the basic limits, add the rate shown below for each auto or set of dealer or

transporter plates to the basic limits premium:

BI Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50/100	\$ 8	\$ 6
85/85	17	13
100/200	24	18
100/300	26	19
250/500	55	41
300/300	59	44
500/500	73	55
500/1,000	77	58
1,000/1,000	89	67
1,500/1,500	97	73
2,000/2,000	103	78
2,500/2,500	109	82
5,000/5,000	128	96
7,500/7,500	137	103
10,000/10,000	143	108
15,000/15,000	151	111

- (2) Compute the charges for limits not shown by interpolation.

b. Property Damage Liability

- (1) To compute the premium for limits higher than the basic limits, add the rates shown for each auto or set of dealer or transporter plates to the basic limits premium:

PD Limits	Additional Charge	
	PP Types	Other than PP Types
\$ 50	\$1.00	\$1.00
85	1.01	1.01
100	1.02	1.02
300	1.03	1.03
400	1.04	1.04
500	1.05	1.05
750	1.06	1.06
1,000	1.07	1.07
1,500	1.08	1.08
2,000	1.09	1.09
2,500	1.10	1.10
5,000	1.11	1.11
7,500	1.12	1.12
10,000	1.13	1.13
15,000	1.14	1.14

- (2) Compute the charges for limits not shown by interpolation.

These total rates are not subject to modification under the provisions of any rating plan or other Manual rule.

3. Trailers

Do not charge an uninsured motorist premium for trailers when power units designed to tow such trailers are insured for uninsured motorist insurance on the same coverage form.

Punitive damages must be excluded from all policies providing uninsured and/or underinsured motorists coverage. Use Endorsement CA 21 71.

Use North Carolina Uninsured Motorist Coverage Limits—CA 21 16.

C. Notice Requirements

Every insurer that sells motor vehicle liability policies shall, when issuing and renewing a policy, give reasonable notice to the named insured of all of the following:

1. The named insured is required to purchase uninsured motorists bodily injury coverage, uninsured motorists property damage coverage, and, if applicable, underinsured motorists bodily injury coverage.
2. The named insured's uninsured motorists bodily injury coverage limits shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for uninsured motorists bodily injury coverage.
3. The named insured's uninsured motorists property damage coverage limits shall be equal to the highest limits of property damage liability coverage for any one vehicle insured under the policy unless the insured elects to purchase lesser limits for uninsured motorists property damage coverage.
4. The named insured's underinsured motorists bodily injury coverage limits, if applicable, shall be equal to the highest limits of bodily injury liability coverage for any one vehicle insured under the policy unless the insured elects to purchase greater or lesser limits for underinsured motorists bodily injury coverage.
5. The named insured may purchase uninsured motorists bodily injury coverage and, if applicable, underinsured motorists coverage with limits up to one million dollars (\$1,000,000) per person and one million dollars (\$1,000,000) per accident.

The insurer shall be deemed to have given reasonable notice if it includes, in at least 12 point type, Form NC 03 40 02 10-Notice Of Right To Purchase Higher Limits of UM/UIM or substantially similar language as a notice accompanying the original and renewal Declarations page or if it includes, in at least 12 point type, the same language as the language in said form, or substantially similar language, on the policy's original and renewal Declarations page.

Rule 21. CERTIFIED RISKS—FINANCIAL RESPONSIBILITY LAWS

For risks rated in accordance with this Manual for which the insured requests the company to certify the policy in accordance with financial responsibility laws, a fee of \$25 will be added to the total liability premium. This fee applies per driver and shall be applied each time the company provides such certification.

Rule 22. INCREASED LIMITS

A. Liability Increased Limits

1. The rates and premiums in this Manual are for basic limits of \$30,000/60,000 bodily injury and \$25,000 property damage.
2. For limits in excess of \$30,000/60,000 bodily injury and \$25,000 property damage, refer to the increased limit tables in the Commercial Auto Liability Rates Section of this Manual. For limits not shown, interpolation shall be used.

B. Medical Payments Limits Not Displayed on the Rate Schedules

1. The \$500 basic limit medical payments premiums for trucks, tractors, public autos, and private passenger types are on the rate schedules.
2. For limits not displayed on the rate schedules, compute the premium as follows:

a. Private Passenger Types

Multiply the \$500 limit by the following factors:

Limits	Limit Codes	Factor
\$1,000	3	1.30
2,000	4	1.46

\$250 Limit (Limit Code 7)—Decrease the \$500 limit premium by \$1.

b. Trucks, Tractors, Trailers, and Public Autos

(1) Other than Zone Rated Autos

Multiply the \$500 limit premium by the following factors:

Limit	Limit Codes	Factors
\$ 250	7	0.85
750	2	1.10
1,000	3	1.18
2,000	4	1.32

(2) Zone Rated Autos

Multiply the \$500 limit premium by the following factors:

Limit	Limit Codes	Factors
\$ 250	7	0.85
750	2	1.10
1,000	3	1.20
2,000	4	1.30

Rule 23. DEDUCTIBLE INSURANCE

A. Eligibility

1. Bodily injury liability insurance may be written on a deductible basis provided the company insures five or more autos owned by or under the control of the insured.
2. Property damage liability insurance may be written on a deductible basis provided the company insures

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

COMMON COVERAGES

one or more autos owned by or under the control of the insured.

3. If in addition to such autos the company insures both hired autos and the nonownership liability of the insured, the deductible form is also available for these coverages.
4. Use Deductible Liability Coverage Endorsement CA 03 01 or CA 03 02.

B. Deductible Amounts

1. The deductible amount applies to the loss portion of the claim and not to the expense incurred by the company.
2. The minimum deductible for bodily injury and property damage is \$250.

C. Rates

1. Bodily Injury

Reductions from the full coverage bodily injury rates for deductible amounts for the limits of \$30,000/60,000 are given in the table below:

Amount of Deductible	Percent Reduction From Full Coverage Rate	
	Per Claim	Per Accident
\$ 250	9%	7%
500	16	12
1,000	23	20
2,500	28	26
5,000	37	34
10,000	40	37
20,000	52	49
25,000	92	55

2. Property Damage

Reductions from the full coverage property damage rates for deductible amounts per accident for the limit of \$25,000 are given in the table below:

Amount of Deductible	Percent Reduction From Full Coverage Rate
\$ 250	42%
300	44
400	47
500	48
1,000	49
2,000	50
3,000	51
4,000	52
5,000	53

3. Only those deductibles shown are available.

Rule 24. POLLUTION LIABILITY

Coverage for bodily injury or property damage arising out of the discharge of pollutants that are being transported or towed by, loaded onto or unloaded from, or, with the exception of certain fuels, stored, disposed of, treated or processed in or upon a covered auto is excluded under the Business Auto and Truckers Policies.

A. Pollution Liability—Broadened Coverage for Covered Autos

Business Auto and Truckers Policies shall be endorsed to delete that part of the pollution exclusion and the definition of covered pollution cost or expense, for bodily injury, property damage, and covered pollution cost or expense relating to discharge of pollutants which are in or upon, being transported or towed by, being loaded onto or unloaded from a covered auto for risks which are subject to the Motor Carrier Act of 1980 or any similar or equivalent North Carolina financial responsibility filing requirement. This extension of coverage does not apply to liability assumed under any contract or agreement.

Attach applicable endorsement.

B. Classes of Pollutants

Pollutants that are or that are contained in any property that is being transported or towed by or handled for movement into, onto, or from, covered autos are classed as follows:

1. Property (Nonhazardous)
2. Hazardous substances as defined in 49 CFR 171.8, transported in cargo tanks, portable tanks, or hopper-type vehicles with capacities in excess of 3,500 water gallons; or in bulk Class A or B explosives, poison gas (Poison A), liquefied compressed gas, or compressed gas; or highway route controlled quantity radioactive materials as defined in 49 CFR 173.455.
3. Oil listed in 49 CFR 172.101; hazardous waste, hazardous materials, and hazardous substances defined in 49 CFR 171.8 and listed in 49 CFR 172.101, but not mentioned in 2 above or 4 below.
4. Any quantity of Class A or B explosives; any quantity of poison gas (Poison A); or highway route controlled quantity radioactive materials as defined in 49 CFR 173.455.

C. Premium Development

Business Auto and Truckers Policies

1. Owned Autos
 - a. Charge an additional 5% of the otherwise applicable bodily injury and property damage premium for each covered auto transporting any substance described in B.1 above.
 - b. Charge an additional 25% of the otherwise applicable bodily injury and property damage premium for each covered auto transporting any substance described in B.2 above.
 - c. Charge an additional 10% of the otherwise applicable bodily injury and property damage premium for each covered auto transporting any substance described in B.3 above.
 - d. Charge an additional 25% of the otherwise applicable bodily injury and property damage premium for each covered auto transporting any substance described in B.4 above.
 - e. Where more than one class of pollutants is transported by a covered auto, apply the charge which develops the highest premium.

2. Hired Autos

Charge an additional percentage of the otherwise applicable bodily injury and property damage premium for hired auto coverage. Such percentage is the highest one determined in accordance with 1 above for any covered auto. Where hired autos will transport more than one class of pollutants, apply the charge which develops the highest premium.

Rules 25–30. RESERVED FOR FUTURE USE

NOTES

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
TRUCKS, TRACTORS, AND TRAILERS SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
TRUCKS, TRACTORS, AND TRAILERS SECTION

Rule 31. ELIGIBILITY

This Section applies to all trucks, including pickup, panel, and van types, truck-tractors, trailers, and semitrailers except for the following:

- A. Autos used for public transportation. Refer to the Public Transportation Section.
- B. Autos leased or rented to others without drivers by leasing or rental concerns. Refer to the Leasing or Rental Concerns Rule (Rule 67).
- C. Pickups, panel trucks, or vans owned by an individual, husband and wife resident in the same household, or a family farm partnership or corporation and used for farming or ranching and not used in any occupation other than farming or ranching. Refer to the Farmers Autos Rule (Rule 13).
- D. Individually owned nonfleet pickups, panel trucks, or vans. Refer to Rule 12. Private Passenger Types.
- E. Self-propelled vehicles with the following types of permanently attached equipment. Refer to the Special or Mobile Equipment Rule in the Special Types Section (Rule 72).
 - 1. Equipment designed primarily for
 - a. snow removal;
 - b. road maintenance, but not construction or resurfacing;
 - c. street cleaning;
 - 2. Cherry pickers and similar devices mounted on auto or truck chassis and used to raise or lower workers; and
 - 3. Air compressors, pumps, and generators, including spraying, welding, building cleaning, geophysical exploration, lighting, and well servicing equipment.

**Rule 32. PREMIUM DEVELOPMENT—
OTHER THAN ZONE RATED
AUTOS**

- A. This Rule applies to
 - 1. all light trucks and trailers used with light trucks;
 - 2. all other trucks, tractors, and trailers which regularly operate within a 200-mile radius from the street address of principal garaging. For those autos regularly operating beyond a 200 mile radius, refer to the Premium Development—Zone Rated Autos Rule (Rule 35).
- B. Determine the classification, rating factor, and class code as follows:
 - 1. Determine whether the risk is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
 - 2. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33) based on size class, business use class, and radius class.
 - 3. Determine the secondary rating factor, if any, from the Trucks, Tractors, and Trailers Classifications

Rule (Rule 33) based on the special industry classifications.

- 4. Determine the combined rating factor by adding or subtracting the secondary rating factor to or from the primary rating factor.
- 5. For trailers used with light trucks which regularly operate beyond a 200-mile radius, use the rating factor for the intermediate rating class.

C. Premium Computation

- 1. ★For vehicles principally garaged in North Carolina:
 - a. Determine the rating territory from the territory definitions based on the street address of principal garaging.
 - b. Liability Coverage❖
 - (1) Determine the fleet or nonfleet base premiums from the liability base premium schedule on the rate schedules.
 - (2) Multiply the base premium by the combined rating factor.
 - c. ★Medical Payments Coverage❖
 - (1) Trucks and Tractors
 - (a) Primary and secondary rating factors do not apply.
 - (b) Determine the premiums from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (2) Trailers
 - (a) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (b) Multiply the base premium by the primary rating factor.
 - (c) Secondary rating factors do not apply.
 - d. Uninsured and Underinsured Motorists Insurance
 - (1) Primary, secondary, and fleet rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.
- 2. ★For vehicles principally garaged in states other than North Carolina:
 - a. Liability Coverage
 - (1) Determine the fleet or nonfleet base premiums from the liability base premium schedule from the rate schedules for the state where the vehicle is principally garaged.
 - (2) Multiply the base premium by the combined rating factor.

TRUCKS, TRACTORS, AND TRAILERS

- b. Medical Payments Coverage
 - (1) Trucks and Tractors
 - (a) Primary and secondary rating factors do not apply.
 - (b) Determine the premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (2) Trailers
 - (a) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (b) Multiply the base premium by the primary rating factor.
 - (c) Secondary rating factors do not apply.
 - c. Uninsured and Underinsured Motorists Insurance
 - (1) Primary, secondary, and fleet rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual. ❖
 - b. GCW—The maximum loaded weight for a combination truck-tractor and semitrailer or trailer for which the truck-tractor is designed, as specified by the manufacturer.
2. Size Class
- a. Light Trucks—Trucks that have a gross vehicle weight (GVW) of 10,000 pounds or less.
 - b. Medium Trucks
 - (1) Trucks that have a gross vehicle weight (GVW) of 10,001–20,000 pounds.
 - (2) Include crawler type trucks in this class.
 - c. Heavy Trucks—Trucks that have a gross vehicle weight (GVW) of 20,001–45,000 pounds.
 - d. Extra Heavy Trucks—Trucks that have a gross vehicle weight (GVW) over 45,000 pounds.
 - e. Truck-Tractors—A truck-tractor is a motorized auto with or without body for carrying commodities or materials, equipped with fifth wheel coupling device for semitrailers.
 - (1) Heavy Truck-Tractors—Truck-tractors that have a gross combination weight (GCW) of 45,000 pounds or less.
 - (2) Extra Heavy Truck-Tractors—Truck-tractors that have a gross combination weight (GCW) over 45,000 pounds.
 - f. Semitrailers—A semitrailer is a trailer equipped with fifth wheel coupling device for use with a truck-tractor with load capacity over 2,000 pounds. This includes bogies used to convert containers into semitrailers.
 - g. Trailers—Any trailer with load capacity over 2,000 pounds, other than a semitrailer.
 - h. Service or Utility Trailer—Any trailer or semitrailer with load capacity of 2,000 pounds or less.
3. Business Use Class
- If a truck, tractor, or trailer 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.
- a. Service Use—For transporting the insured's personnel, tools, equipment, and incidental supplies to or from a job location. This classification is confined to autos principally parked at job locations for the majority of the working day or used to transport supervisory personnel between job locations.
 - b. Retail Use—Autos used to pick up property from, or deliver property to, individual households.
 - c. Commercial Use—Autos used for transporting property other than those autos defined as service or retail.

Rule 33. TRUCKS, TRACTORS, AND TRAILERS CLASSIFICATIONS

Classify trucks, tractors, and trailers for liability coverages as follows:

A. Fleet—Nonfleet 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 nonfleet.
5. Do not change the fleet or nonfleet classification because of midterm 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.

B. Primary Classifications

1. Gross vehicle weight (GVW) and gross combination weight (GCW) mean the following:
 - a. GVW—The maximum loaded weight for which a single auto is designed, as specified by the manufacturer.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

4. 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 to 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 other than light trucks.

5. Nonfleet and Fleet Primary Classifications—Rating Factors and Statistical Codes

See the primary classifications—rating factors on the following pages.

C. **Primary Classifications—Rating Factors and Classification Designators**

See the secondary classification rating factor tables for the rating factors and statistical codes.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

**FLEET
PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS**

Size Class	Business	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs. GVW)	Service		014-- 1.00	015-- 1.25	016-- 1.30
	Retail		024-- 1.45	025-- 1.80	026-- 1.80
	Commercial		034-- 1.30	035-- 1.60	036-- 1.65
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service		214-- 1.05	215-- 1.30	216-- .90
	Retail		224-- 1.55	225-- 1.90	226-- .90
	Commercial		234-- 1.40	235-- 1.70	236-- .90
Heavy Trucks (20,001–45,000 lbs. GVW)	Service		314-- 1.10	315-- 1.40	316-- 1.00
	Retail		324-- 1.60	325-- 2.05	326-- 1.00
	Commercial		334-- 1.45	335-- 1.80	336-- 1.00
Extra Heavy Trucks (Over 45,00 lbs. GCW)			404-- 2.15	405-- 2.80	406-- 1.40
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service		344-- 1.40	345-- 1.75	346-- 1.00
	Retail		354-- 2.00	355-- 2.55	356-- 1.00
	Commercial		364-- 1.80	365-- 2.25	366-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)			504-- 2.35	505-- 3.05	506-- 1.40
Trailer Types					
Semitrailers			674-- .10	675-- .15	676-- .15
Trailers			684-- .10	685-- .15	686-- .15
Service or Utility Trailer (0–2,000 lbs. Load Capacity)			694-- .00	695-- .00	696-- .00

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

**NONFLEET
PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS**

Size Class	Business Use Class	Factor CD	Radius Class		
			Local Up to 50 Miles BI and PD	Intermediate 51 to 200 Miles BI and PD	Long Distance Over 200 Miles BI and PD
Light Trucks (0–10,000 lbs. GVW)	Service	Factor CD	1.00 011--	1.25 012--	1.30 013--
	Retail	Factor CD	1.45 021--	1.80 022--	1.80 023--
	Commercial	Factor CD	1.30 031--	1.60 032--	1.65 033--
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	1.05 211--	1.30 212--	.90 213--
	Retail	Factor CD	1.55 221--	1.90 222--	.90 223--
	Commercial	Factor CD	1.40 231--	1.70 232--	.90 233--
Heavy Trucks (20,001–45,000 lbs. GVW)	Service	Factor CD	1.10 311--	1.40 312--	1.00 313--
	Retail	Factor CD	1.60 321--	2.05 322--	1.00 323--
	Commercial	Factor CD	1.45 331--	1.80 332--	1.00 333--
Extra Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	2.15 401--	2.80 402--	1.40 403--
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	1.40 341--	1.75 342--	1.00 343--
	Retail	Factor CD	2.00 351--	2.55 352--	1.00 353--
	Commercial	Factor CD	1.80 361--	2.25 362--	1.00 363--
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	2.35 501--	3.05 502--	1.40 503--
Trailer Types					
Semitrailers		Factor CD	.10 671--	.15 672--	.15 673--
Trailers		Factor CD	.10 681--	.15 682--	.15 683--
Service or Utility Trailer (0–2,000 lbs. Load Capacity)		Factor CD	.00 691--	.00 692--	.00 693--

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

D. Secondary Classification—Special Industry Class

1. These classifications and codes, but not the rating factors, apply to zone rated autos.
2. Where more than one secondary rating factor applies, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.

Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code	
	Trailer Types and Zone Rated Autos	All Other Autos		
Truckers —Autos used to haul or transport goods, materials, or commodities for another, other than autos used in moving operations				
a. Common carriers	local	0.00	+0.75	21
	intermediate	0.00	+0.75	21
	long distance	0.00	+0.75	21
b. Contract carriers (other than chemical or iron and steel haulers)	local	0.00	+0.75	22
	intermediate	0.00	+0.75	22
	long distance	0.00	+0.75	22
c. Contract carriers hauling chemicals	local	0.00	+0.75	23
	intermediate	0.00	+0.75	23
	long distance	0.00	+0.75	23
d. Contract carriers hauling iron and steel	local	0.00	+0.75	24
	intermediate	0.00	+0.75	24
	long distance	0.00	+0.75	24
e. Exempt carriers (other than livestock haulers)	local	0.00	+0.75	25
	intermediate	0.00	+0.75	25
	long distance	0.00	+0.75	25
f. Exempt carriers hauling livestock	local	0.00	+0.75	26
	intermediate	0.00	+0.75	26
	long distance	0.00	+0.75	26
g. Carriers engaged in both private carriage and transporting goods, materials, or commodities for others if at least 20% of their total operation is transporting goods, materials, or commodities for others	local	0.00	+0.75	02
	intermediate	0.00	+0.75	02
	long distance	0.00	+0.75	02
h. Tow trucks for hire	local	0.00	+0.75	03
	intermediate	0.00	+0.75	03
	long distance	0.00	+0.75	03
i. All other	local	0.00	+0.75	29
	intermediate	0.00	+0.75	29
	long distance	0.00	+0.75	29
Food delivery —Autos used by food manufacturers to transport raw and finished products or used in wholesale distribution of food				
a. Canneries and packing plants		0.00	+0.45	31
b. Fish and sea food		0.00	+0.45	32
c. Frozen food		0.00	+0.45	33
d. Fruit and vegetable		0.00	+0.45	34
e. Meat or poultry		0.00	+0.45	35
f. All other		0.00	+0.45	39

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

Classification	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th and 5th Digit of Classification Code
	Trailer Types and Zone Rated Autos	All Other Autos	
Specialized delivery —Autos used in deliveries subject to time and similar constraints			
a. Armored cars	0.00	+0.65	41
b. Film delivery	0.00	+0.65	42
c. Magazines or newspapers	0.00	+0.65	43
d. Mail and parcel post	0.00	+0.65	44
e. All other	0.00	+0.65	49
	Trailer Types and Zone Rated Autos	All Other Autos	
Waste disposal —Autos transporting salvage and waste material for disposal or resale			
a. Auto dismantlers	0.00	+0.30	51
b. Building wrecking operators	0.00	+0.30	52
c. Garbage	0.00	+0.30	53
d. Junk dealers	0.00	+0.30	54
e. All other	0.00	+0.30	59
	Trailer Types and Zone Rated Autos	All Other Autos	
Farmers —Autos owned by a farmer, used in connection with the operation of his own farm, and occasionally used to haul commodities for other farmers			
a. Individually owned or family corp. (other than livestock hauling)	0.00	-0.50	61
b. Livestock hauling	0.00	-0.50	62
c. All other	0.00	-0.50	69
	Trailer Types and Zone Rated Autos	All Other Autos	
Dump and transit mix trucks and trailers (Use these factors and codes only when no other secondary classification applies. Refer to Truckers/Motor Carriers Rule.)			
a. Excavating	0.00	-0.10	71
b. Sand and gravel (other than quarrying)	0.00	-0.10	72
c. Mining	0.00	-0.10	73
d. Quarrying	0.00	-0.10	74
e. All other	0.00	-0.10	79

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

Classification	Secondary Factor to Be Combined with Primary Factor	Code to Be Inserted in 4th and 5th Digit of Classification Code
Contractors (Other than dump trucks—Use these factors and codes only when no other secondary classification applies. Refer to Truckers/Motor Carriers Rule.)		
a. Building—commercial	-0.05	81
b. Building—private dwellings	-0.05	82
c. Electrical, plumbing, masonry, plastering, and other repair or service	-0.05	83
d. Excavating	-0.05	84
e. Street and road	-0.05	85
f. All other	-0.05	89
Not otherwise specified		
a. Logging and lumbering	0.35	91
b. All other	0.00	99

TRUCKS, TRACTORS, AND TRAILERS

E. Special Provisions for Certain Risks

1. Truckers/Motor Carriers. If the business of the insured involves transporting materials or commodities for another, the Truckers/Motor Carrier Rule (Rule 34) also applies.
2. Transporters of liquid products. A coverage form that covers an auto used for the bulk transportation of liquid products must exclude accidents resulting from the erroneous delivery of one liquid product for another, or the delivery of any liquid product into the wrong receptacle if the accident occurs after the operations have been completed. Use Wrong Delivery Of Liquid Products Endorsement CA 23 05.
3. Amusement devices (Class Code 7905). A coverage form that covers an auto with an amusement device mounted on it must cover the operation of the amusement device at the additional premium of \$154 for \$30,000/60,000 bodily injury and \$30 for \$25,000 property damage liability. The premium is for the period of coverage and not subject to any return.
4. Rolling stores. A coverage form that covers autos equipped as a rolling store must exclude product liability. Use Rolling Stores Endorsement CA 23 04.
5. Trailers or Semitrailers Used as Showrooms
 - a. To provide liability coverage for trailers or semitrailers used as showrooms or salesrooms, multiply the trailer or semitrailer rating factor by 2.00. The minimum premium per trailer or semitrailer is \$22 for bodily injury, \$30,000/60,000 limits and \$3 property damage, \$25,000 limit. The policy must exclude product liability. Use Rolling Stores Endorsement CA 23 04.
 - b. For medical payments coverage, multiply the private passenger medical payments premiums for the territory in which the risk is located by 3.00.

Rule 34. TRUCKERS/MOTOR CARRIERS

A. Eligibility

1. A trucker is a person or organization in the business of transporting goods, materials, or commodities for another. A motor carrier is a person or organization providing transportation by auto in the furtherance of a commercial enterprise.
2. A risk engaged in trucking operations described in preceding paragraph 1 is assigned to the truckers' classification even though they advertise or describe themselves as a contractor, building contractor, building material dealer, sand and gravel hauler, or some other similar name.
3. Movers are classified as truckers even though they are not subject to the truckers secondary rating factors.
4. For details of coverage refer to the Motor Carrier Coverage Form CA 00 20. Use the Business Auto Coverage Form CA 00 01 when coverage is provided for bobtail operations only.

B. Special Provisions

1. Bobtail Operations (Class Code 7489)
 - a. Coverage may be limited to nontrucking use when the autos are not rented, nor used for business purposes to carry property or to haul someone else's trailers.

Use Truckers—Insurance For Non-Trucking Use Endorsement CA 23 09.
 - b. Premium Computation

Liability coverages. Multiply the truck, tractor, and trailer nonfleet base premium by a rating factor of 1.75 per unit or combined unit. Primary, secondary, and fleet rating factors do not apply.
 - c. Premium Determination

Rate autos transporting exclusively for one concern on the same basis as though owned by such concern for both territory and classification.
 - (1) Specified Car Basis. Truckers may be written on a specified car basis—see the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
 - (2) Cost of Hire Basis. (Class Code 6613, Minimum Premium Class Code 6619) Truckers may be written on the cost of hire basis to cover their liability because of a contract involving the hire of trucks, tractors, and trailers.
 - (a) Determine the total cost of hiring the autos. If autos are hired without operators, include the actual wages of the operators of such autos.
 - (b) Determine the average specified car rate by
 - (i) computing the premium for all autos owned and leased by the insured that are used in trucking operations;
 - (ii) dividing this by the number of trucks and truck-tractors owned and leased by the insured.
 - (3) The cost of hire rate is determined by multiplying the average specified car rate by .0033.
 - (4) Compute the advance premium by multiplying each \$100 of the total amount estimated for the cost of hire during the policy period by the cost of hire rate.
 - (5) Unless there is a substantial change in exposure during the policy period, the advance premium computed at the beginning of the policy term is the earned premium.
 - (6) Compute the earned premium at the rates in force at the inception of the policy, in the same manner as the advance premium.

TRUCKS, TRACTORS, AND TRAILERS

- (7) If the company which insures the owned autos of the risk also insures the hired autos, the minimum premium is \$11 for \$30,000/60,000 bodily injury and \$6 for \$25,000 property damage liability. Otherwise, the minimum premium is the average applicable specified car rate.

Rule 35. PREMIUM DEVELOPMENT—ZONE RATED AUTOS

- A. Except for light trucks and trailers used with light trucks, this Rule applies to trucks, tractors, and trailers regularly operated beyond a 200-mile radius from the street address of principal garaging.
- B. Determine the zone or zone combination and code for each auto as follows:
1. When an auto is principally garaged in a regional zone and operates from terminals in that zone and in one or more metropolitan zones, the zone combination is the regional zone and the metropolitan zone farthest away.
 2. In all other situations, the zone combination is the zone of principal garaging and the zone of the terminal (included in the auto's operations) farthest from that point.
 3. A terminal is any point at which an auto regularly loads or unloads. It is not limited to a terminal facility which the insured owns and operates.

EXAMPLES:

- a. The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and its operations include terminals in Sacramento, California (regional zone 40) and Denver, Colorado (metropolitan zone 10). The proper zone combination is 47 and 10.
- b. The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and its operations include a terminal in Asheville, North Carolina (regional zone 47). The proper zone combination is 47.
- c. The auto is principally garaged in Charlotte, North Carolina (metropolitan zone 5) and has terminals in Denver, Colorado (metropolitan zone 10) and Sacramento, California (regional zone 40). The proper zone combination is 5 and 40.

C. Premium Development

1. Determine the classification rating factor and class code as follows:
 - a. Determine whether the auto is classified as fleet or nonfleet according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
 - b. Determine the primary rating factor from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
 - c. Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

2. Liability Coverages

- a. Determine the liability fleet or nonfleet base premiums for the zone combination from the zone rating table.
- b. For fleets, multiply the base premiums by .70.
- c. Multiply the base premium by the long distance rating factor from the primary classification table in the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

3. Medical Payments

a. Trucks and Tractors

- (1) Determine the \$500 medical payments premium of the zone combination from the zone rating table.
- (2) Primary and secondary rating factors do not apply.
- (3) For limits not shown, refer to the commercial auto liability rate schedules.

b. Trailers

- (1) Determine the \$500 medical payments premium of the zone combination from the zone rating table.
- (2) Multiply the medical payments premium by the primary rating factor.
- (3) For limits not shown, refer to the Commercial Auto Liability Rate schedules.

c. Secondary rating factors do not apply.

4. Uninsured and Underinsured Motorists Insurance

- a. Primary and secondary rating factors do not apply.
- b. For rates, refer to the Uninsured and Underinsured Motorists Rule (Rule 20) in the Common Coverages Section of this Manual.

D. Long Distance Zone Definitions

Metropolitan Zones

01. ATLANTA Zone includes Clayton and Cobb Counties and Atlanta, Georgia territories.
02. BALTIMORE—WASHINGTON Zone includes Baltimore, Baltimore Suburban, and Outer Suburban, Montgomery County Suburban and Outer Suburban, and Prince Georges County Suburban and Outer Suburban, Maryland territories; the entire District of Columbia; and Alexandria City, Arlington, Falls Church City, and Arlington—Alexandria Suburban, Virginia territories.
03. BOSTON Zone includes all of Essex, Middlesex, Norfolk, and Suffolk, Massachusetts Counties.
04. BUFFALO Zone includes Erie County (Balance), Buffalo, Buffalo Semisuburban, Buffalo Suburban, Niagara Falls, and Niagara Falls Suburban, New York territories.
05. CHARLOTTE Zone includes Charlotte and all of Mecklenburg County, North Carolina territories.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

06. CHICAGO Zone includes all of Cook and Du Page County territories, Lake County (Balance), Waukegan—North Chicago and all Chicago, Illinois territories; and East Chicago, Indiana territory.
 07. CINCINNATI Zone includes Cincinnati, Dayton, and Hamilton—Middletown, Ohio; and Covington—Newport, Kentucky territories.
 08. CLEVELAND Zone includes all of Geauga, Lorain, and Medina County territories, Portage County (excluding the village of Mogadore), all Cleveland and Painesville, Ohio territories.
 09. DALLAS—FORT WORTH Zone includes all of Dallas and Tarrant, Texas Counties.
 10. DENVER Zone includes Denver and North Central, Colorado territories.
 11. DETROIT Zone includes all Detroit, Dearborn, and Pontiac, Michigan territories.
 12. HARTFORD Zone includes all of Hartford and New Haven Counties and Bridgeport and Fairfield—Stratford, Connecticut territories.
 13. HOUSTON Zone includes all of Chambers, Galveston, and Harris, Texas Counties.
 14. INDIANAPOLIS Zone includes all of Marion County, Indiana territory.
 15. JACKSONVILLE Zone includes all of Jacksonville, Florida territory.
 16. KANSAS CITY Zone includes all of Kansas City, Kansas; and Independence and all Kansas City, Missouri territories.
 17. LITTLE ROCK Zone includes all of Pulaski County, Arkansas territory.
 18. LOS ANGELES Zone includes all of Los Angeles and Orange Counties and also Riverside and San Bernardino, California territories.
 19. LOUISVILLE Zone includes all of Jefferson County, Kentucky; and New Albany and Jeffersonville, Indiana territories.
 20. MEMPHIS Zone includes all of Shelby County, Tennessee territory.
 21. MIAMI Zone includes Miami and Miami Beach, Florida territories.
 22. MILWAUKEE Zone includes Kenosha, Milwaukee Metropolitan, Semisuburban, and Suburban, and Racine, Wisconsin territories.
 23. MINNEAPOLIS—ST. PAUL Zone includes Minneapolis Metropolitan and Suburban; and St. Paul Metropolitan and Suburban, Minnesota territories.
 24. NASHVILLE Zone includes all of Davidson County, Tennessee territory.
 25. NEW ORLEANS Zone includes all of New Orleans, Louisiana territory.
 26. NEW YORK CITY Zone includes all of New York City, Nassau, and Westchester, New York Counties; all of Bergen, Essex, and Hudson Counties, Elizabeth, New Brunswick, Perth Amboy, and Plainfield, New Jersey territories; and Darien—Greenwich and Stamford, Connecticut territories.
 27. OKLAHOMA CITY Zone includes all of Oklahoma County, Oklahoma territory.
 28. OMAHA Zone includes all of Douglas and Sarpy, Nebraska Counties; and Council Bluffs, Iowa territory.
 29. PHOENIX Zone includes Mesa—Tempe and Phoenix, Arizona territories.
 30. PHILADELPHIA Zone includes Bucks County (Balance), Chester County (Balance), Delaware County (Balance), Montgomery County (Balance), Allentown—Bethlehem, and all Philadelphia, Pennsylvania territories; Wilmington, Delaware; and Camden, Camden Suburban, and Trenton, New Jersey territories.
 31. PITTSBURGH Zone includes all of Allegheny and Beaver Counties, Pennsylvania territories.
 32. PORTLAND Zone includes all of Portland, Portland Semisuburban, and Portland Suburban, Oregon; and Vancouver, Washington territories.
 33. RICHMOND Zone includes all of Richmond, Virginia territory.
 34. ST. LOUIS Zone includes all of St. Louis County, Missouri; and East St. Louis, Illinois territories.
 35. SALT LAKE CITY Zone includes all of Salt Lake City County, Utah territory.
 36. SAN FRANCISCO Zone includes all of Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara, California Counties.
 37. TULSA Zone includes all of Tulsa, Oklahoma territory.
- Regional Zones**
40. PACIFIC COAST Zone includes the states of California (excluding Los Angeles and San Francisco Zones), Oregon (excluding Portland Zone), and Washington (excluding Portland Zone).
 41. MOUNTAIN Zone includes the states of Arizona, (excluding Phoenix Zone), Colorado (excluding Denver Zone), Idaho, Montana, Nevada, New Mexico, Utah (excluding Salt Lake City Zone), and Wyoming.
 42. MIDWEST Zone includes the states of Iowa (excluding Omaha Zone), Kansas (excluding Kansas City Zone), Missouri (excluding Kansas City and St. Louis Zones), Minnesota (excluding Minneapolis—St. Paul Zone), Nebraska (excluding Omaha Zone), North Dakota, South Dakota, and Wisconsin (excluding Milwaukee Zone).
 43. SOUTHWEST Zone includes the states of Arkansas (excluding Little Rock Zone), Oklahoma (excluding Oklahoma City and Tulsa Zones), and Texas (excluding Dallas—Fort Worth and Houston Zones).
 44. NORTH CENTRAL Zone includes the states of Illinois (excluding Chicago and St. Louis Zones), Indiana (excluding Chicago, Indianapolis, and Louisville Zones), Ohio (excluding Cincinnati and Cleveland Zones), and Michigan (excluding Detroit Zone).

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

- 45. MIDEAST Zone includes the states of Kentucky (excluding Cincinnati and Louisville Zones), Tennessee (excluding Memphis and Nashville Zones), and West Virginia.
- 46. GULF Zone includes the states of Alabama, Louisiana (excluding New Orleans Zone), and Mississippi.
- 47. SOUTHEAST Zone includes the states of Florida (excluding Jacksonville and Miami Zones), Georgia (excluding Atlanta Zone), North Carolina (excluding Charlotte Zone), South Carolina, and Virginia (excluding Baltimore—Washington and Richmond Zones).
- 48. EASTERN Zone includes the states of Delaware (excluding Philadelphia Zone), Maryland (excluding Baltimore—Washington Zone), New York (excluding Buffalo and New York City Zones), New Jersey (excluding New York City and Philadelphia Zones), and Pennsylvania (excluding Philadelphia and Pittsburgh Zones).
- 49. NEW ENGLAND Zone includes the states of Connecticut (excluding Hartford and New York City Zones), Maine, Massachusetts (excluding Boston Zone), New Hampshire, Rhode Island, and Vermont.

E. Zone Rating Tables Are Located in the Rates Section

For liability the following tables include the zone or combination zone base premiums for fleet or nonfleet autos.

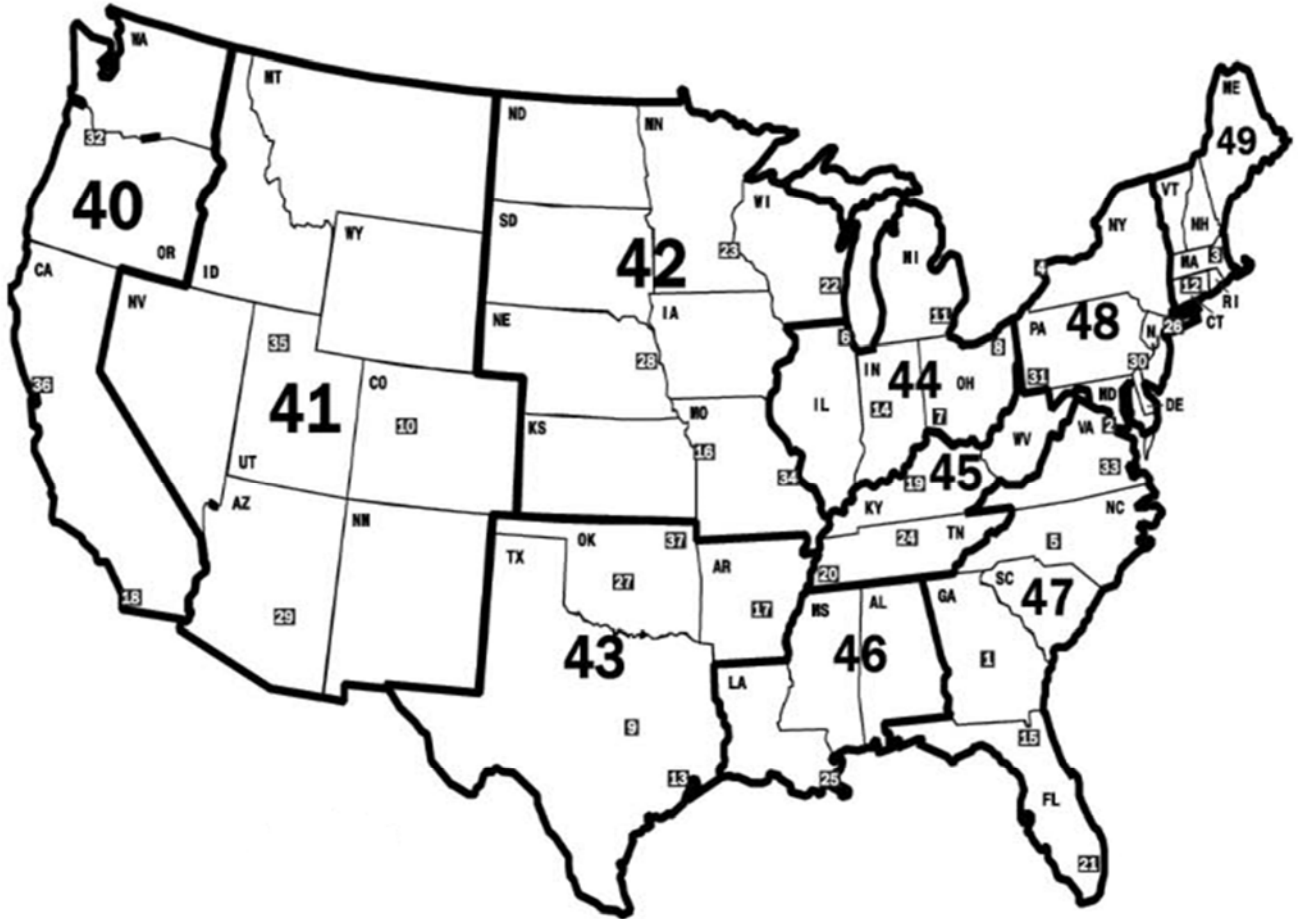
KEY TO ZONE RATING TABLES	
The liability premiums are displayed as follows:	
	Liability Fleet and Nonfleet
\$30,000/60,000 Bodily Injury	\$400 BI
\$25,000 Property Damage	300 PD
\$500 Medical Payments	70 MP
Zone Combination Code	12345

Commercial Statistical Plan (CSP) coding instructions for zone combinations:

- A. Intermediate Plan—Code as instructed on zone rating table schedules.
- B. Full Plan—Do not insert the state code as the first two digits. Use only the three digits shown in the tables as the zone combination code.

LONG DISTANCE ZONE MAP

This map is for reference purposes only.



Rules 36–40. RESERVED FOR FUTURE USE

NOTES

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL**

PUBLIC TRANSPORTATION SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

PUBLIC TRANSPORTATION SECTION

Rule 41. ELIGIBILITY

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

When the coverage form insures public autos, use Public Transportation Autos Endorsement CA 24 02 to amend the care, custody, or control exclusion.

**Rule 42. PREMIUM DEVELOPMENT—
OTHER THAN ZONE RATED
AUTOS**

- A. This Rule applies to
1. all taxis, limousines, school, church, and urban buses, and van pools;
 2. all other public autos which regularly operate within a 200-mile radius from the street address of principal garaging. For those autos regularly operated beyond a 200-mile radius, refer to the Premium Development—Zone Rated Autos Rule (Rule 44).
- B. Determine the classification rating factor and class code as follows:
1. Determine whether the risk is classified as fleet or nonfleet according to the Public Auto Classifications Rule (Rule 43).
 2. Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43) based on use class and radius class. For van pools, the rating factor is based on seating capacity.
 3. Except for taxicabs, van pools, and limousines (other than airport limousines), determine the secondary rating factor, if any, from the Public Auto Classifications Rule (Rule 43) 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. ★ For public autos operated the greatest percentage of time in North Carolina:
 - a. Determine the rating territory for each public auto from the territory definitions based on the territory where the public auto is operated the greatest percentage of the time. ❖
 - b. Liability and Medical Payments Coverages
 - (1) Determine the fleet or nonfleet base premiums on the state rate schedules.
 - (2) Multiply the base premium by the combined rating factor.
 - c. Uninsured and Underinsured Motorists Coverage
 - (1) Primary and secondary rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

d. Special Provisions

- (1) If a truck, tractor, or trailer is rated as public auto, determine the seating capacity from the size class as follows:

Size Class	Seating Capacity
Light	1–8
Medium	9–20
Heavy	21–60
Extra Heavy	Over 60

- (2) If a bus is rated at truck, tractor, or trailer rates, determine the size class from the seating capacity:

Seating Capacity	Size Class
1–8	Light
9–20	Medium
21–60	Heavy
Over 60	Extra Heavy

- (3) ★ For a unit that combines a motorized auto with one or more trailers or semitrailers, charge according to the gross combined vehicle weight rating and refer to paragraph d.(1) above.

2. For public autos operated the greatest percentage of the time in states other than North Carolina:

a. Liability and Medical Payments Coverages

- (1) Determine the fleet or nonfleet base premiums on the state rate schedules for the state in which the public auto is operated the greatest percentage of the time.
- (2) Multiply the base premium by the combined rating factor.

b. Uninsured and Underinsured Motorists Insurance

- (1) Primary and secondary rating factors do not apply.
- (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

c. Special Provisions

- (1) If a truck, tractor, or trailer is rated as public auto, determine the seating capacity from the size as follows:

Size Class	Seating Capacity
Light	1–8
Medium	9–20
Heavy	21–60
Extra Heavy	Over 60

- (2) If a bus is rated at truck, tractor, or trailer rates, determine the size class from the seating capacity:

Seating Capacity	Size Class
1–8	Light
9–20	Medium
21–60	Heavy
Over 60	Extra Heavy

PUBLIC TRANSPORTATION

- (3) For a unit that combines a motorized auto with one or more trailers or semitrailers, charge according to the gross combined vehicle weight rating and refer to paragraph c.(1) above. ❖

Rule 43. 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—Nonfleet Classification**
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 nonfleet.
 5. Do not change the fleet or nonfleet classification because of midterm 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 (Rule 10).
- 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 to 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 auto with a seating capacity of eight or less that is operated for hire by the named insured or an employee, but does not pick up, transport, or discharge passengers along a route.
 - b. Limousine—An unmarked auto with a seating capacity of eight or less that is operated for hire by the named insured or an employee and used on a prearranged basis for special or business functions, weddings, funerals, or similar purposes. For autos with a seating capacity of nine or more, refer to public autos not otherwise classified.
 - c. 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 and rating factors apply to the following:
 - (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 liability coverages 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.
 - (3) If a publicly owned school bus is used for special trips unrelated to school activities, refer to company for the additional charge.
 - d. 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.
 - e. Intercity 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.
 - f. 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.
 - g. Airport Bus or Airport Limousine—An auto for hire that transports passengers between airports and other passenger stations or motels.
 - h. Charter Bus—An auto chartered for special trips, touring, picnics, outings, games, and similar uses.
 - i. 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.
 - j. Transportation of Athletes and Entertainers—An auto owned by a group, firm, or organization

PUBLIC TRANSPORTATION

- 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 nonprofessional athletes, musicians, or entertainers, rate as a public auto not otherwise classified.
- k. 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 incident 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 his employees.
 - (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 of his employer.
 - (2) All Other. Autos which do not meet the eligibility requirements of paragraph (1) above.
- l. 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 on the state rate schedules 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.
- m. Social Service Agency Auto
- An auto used by a government entity, civic, charitable, or social service organization to provide transportation to clients incident to the social services sponsored by the organization, including special trips and outings.
- (1) This classification includes, for example, autos used to transport the following:
 - (a) Senior citizens or other clients to congregate meal centers, medical facilities, social functions, shopping centers
 - (b) Handicapped persons to work or rehabilitative programs
 - (c) Children to day care centers, Head Start programs
 - (d) Boy Scout or Girl Scout groups to 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. This does not apply to a subcontractor or any individual that has not executed a contract with a 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 the following:
 - (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 nonagency 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 the Hired Autos Rule (Rule 17). For all other nonowned autos, refer to the Nonownership Rule (Rule 16).
- n. Public Auto not Otherwise Classified—This classification includes, but is not limited to, autos such as country club buses, cemetery buses, real estate development buses, courtesy buses run by hotels, day care facility buses, and limos with a seating capacity of nine or more.
- o. See Primary Classifications—Rating Factors and Classification Designators tables.
- E. Secondary Classifications**
- These classifications do not apply to taxicabs, limousines (except airport limousines), van pools, and zone rated autos.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

PUBLIC TRANSPORTATION

	Secondary Factor to Be Combined with Primary Factor		Code to Be Inserted in 4th Digit of Classification Code
	School Buses and Church Buses	Other Buses	
Seating Capacity of 1 to 8	.00	-.20	1
Seating Capacity of 9 to 20	+.10	-.15	2
Seating Capacity of 21 to 60	+.25	+.15	3
Seating Capacity of over 60	+.50	+.40	4
All Other—not Secondary Rated			9

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

PUBLIC TRANSPORTATION

FLEET
PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS

Taxicabs and Limousines		Radius		
		Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
		Liability	Liability	Liability
Taxicab or Similar	Factor	1.00	1.15	1.25
Passenger Carrying Service	Code	4189	4199	4109
Limousine	Factor	.40	.45	.50
	Code	4289	4299	4209

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	Factor	1.20	1.40	1.50
	Code	618—	619—	610—
Other School Bus	Factor	1.50	1.75	1.90
	Code	628—	629—	620—
Church Bus	Factor	1.00	1.15	1.25
	Code	638—	639—	630—

Other Buses			
Urban Bus	Factor	.80	.90
	Code	518—	519—

ZONE RATED

Airport Bus or Airport Limousine	Factor	.70	.80	1.10
	Code	528—	529—	5209
Intercity Bus	Factor	1.05	1.20	1.85
	Code	538—	539—	5309
Charter Bus	Factor	1.00	1.15	1.85
	Code	548—	549—	5409
Sightseeing Bus	Factor	.75	.85	1.65
	Code	558—	559—	5509
Trans. of Athletes and Entertainers	Factor	.45	.50	1.00
	Code	568—	569—	5609
Social Service Auto Employee-Operated	Factor	.55	.65	.95
	Code	648—	649—	6409
Social Service Auto All Other	Factor	.50	.60	.95
	Code	658—	659—	6509
Bus NOC	Factor	.55	.65	.95
	Code	588—	589—	5809

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		Liability	Liability	Liability	Liability
Employer Furnished	Factor	1.00	1.05	1.10	1.50
	Code	4111	4112	4113	4114
All Other	Factor	1.10	1.15	1.35	1.75
	Code	4121	4122	4123	4124

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

PUBLIC TRANSPORTATION

**NONFLEET
PRIMARY CLASSIFICATIONS—RATING FACTORS AND CLASSIFICATION DESIGNATORS**

Taxicabs and Limousines		Radius		
		Local Up to 50 Miles	Intermediate 51 to 200 Miles	Long Distance Over 200 Miles
		Liability	Liability	Liability
Taxicab or Similar Passenger Carrying Service	Factor Code	1.00 4159	1.15 4169	1.25 4179
Limousine	Factor Code	.40 4259	.45 4269	.50 4279

School Buses and Church Buses				
School Bus Owned by Political Subdivision or School District	Factor Code	1.20 615—	1.40 616—	1.50 617—
Other School Bus	Factor Code	1.50 625—	1.75 626—	1.90 627—
Church Bus	Factor Code	1.00 635—	1.15 636—	1.25 637—

Other Buses			
Urban Bus	Factor Code	.80 515—	.90 516—

ZONE RATED

Airport Bus or Airport Limousine	Factor Code	.70 525—	.80 526—	1.10 5279
Intercity Bus	Factor Code	1.05 535—	1.20 536—	1.85 5379
Charter Bus	Factor Code	1.00 545—	1.15 546—	1.85 5479
Sightseeing Bus	Factor Code	.75 555—	.85 556—	1.65 5579
Trans. of Athletes and Entertainers	Factor Code	.45 565—	.50 566—	1.00 5679
Social Service Auto Employee-Operated	Factor Code	.55 645—	.65 646—	.95 6479
Social Service Auto All Other	Factor Code	.50 655—	.60 656—	.95 6579
Bus NOC	Factor Code	.55 585—	.65 586—	.95 5879

Van Pools		Seating Capacity			
		1 to 8	9 to 20	21 to 60	Over 60
		Liability	Liability	Liability	Liability
Employer Furnished	Factor Code	1.00 4111	1.05 4112	1.10 4113	1.50 4114
All Other	Factor Code	1.10 4121	1.15 4122	1.35 4123	1.75 4124

**Rule 44. 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 auto as follows:
 - 1. Use the long distance zone definitions in the Trucks, Tractors, and Trailers Section.
 - 2. When an auto 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 auto's operations farthest from that point.

EXAMPLES:

- a. The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and operates in Sacramento, California (regional zone 40) and Denver, Colorado (metropolitan zone 10). The proper zone combination is 47 and 10.
- b. The auto is principally garaged in Raleigh, North Carolina (regional zone 47) and operates in Asheville, North Carolina (regional zone 47). The proper zone combination is 47.
- c. The auto is principally garaged in Charlotte, North Carolina (metropolitan zone 5) and operates in Denver, Colorado (metropolitan zone 10) and Sacramento, California (regional zone 40). The proper zone combination is 5 and 40.

C. Premium Development

- 1. Determine the classification rating factor and class code as follows:
 - a. Determine whether the auto is classified as fleet or nonfleet according to the Public Auto Classifications Rule (Rule 43).
 - b. Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43).
 - c. Secondary rating factors do not apply.

- 2. Liability and Medical Payments Coverages
 - a. Determine the fleet or nonfleet base premiums for the zone combination from the trucks, tractors, and trailers zone rating table in the Rates Section.
 - b. Multiply the base premium by the primary rating factor.
- 3. Uninsured and Underinsured Motorists Insurance
 - a. Primary and secondary rating factors do not apply.
 - b. Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

**Rule 45. TRANSPORTATION OF SEASONAL
OR 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 Migrant And Seasonal Agricultural Worker Protection Act, 29 U.S.C.A. Section 1801 et. seq., because of the transportation of migrant workers. Use Transportation of Seasonal or Migrant Agricultural Workers Endorsement CA 24 01.
- B. **Passenger Hazard Included (Class Code 5926)**

Multiply the nonfleet intercity bus liability base premium for the highest rated territory in which or through which the auto 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 nonfleet intercity bus liability base premium 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 46–50. RESERVED FOR FUTURE USE

NOTES

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

GARAGE AND AUTO DEALERS SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GARAGE AND AUTO DEALERS SECTION

GARAGE DEALERS SECTION

Rule 51. AUTO DEALERS—ELIGIBILITY

A. This Section applies to franchised and nonfranchised auto dealers and trailer dealers.

B. Classifications and Codes

Only one classification and code apply to a risk.

Classification	Limited Customer Coverage	Unlimited Customer Coverage
Franchised private passenger auto dealer (with or without any other type of franchise)	7301	7302
Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger auto franchise)	7311	7312
Franchised motorcycle dealer including all two-wheeled cycle vehicles (no private passenger or truck franchise)	7321	7322
Franchised recreational vehicle dealer (no private passenger, snowmobile, or residence type mobile home trailer franchise)	7331	7332
Other franchised self-propelled land motor vehicle dealer	7341	7342
Nonfranchised dealer (any risk described above that is not a franchised dealer)	7351	7352
Franchised and nonfranchised residence trailer dealers	7344	7345
Franchised and nonfranchised commercial trailer dealers	7354	7355
Equipment and implement dealer (no other franchise)	Refer to rules for general liability Insurance.	

Rule 52. AUTO DEALERS—PREMIUM DEVELOPMENT

For each location, determine the rating territory from the territory definitions based on the street address.

Compute the advance premium at inception and the earned premium as developed by audit separately for each location according to the following procedures:

A. Limited Liability Coverage for Customers

1. All Risks Other than Franchised and Nonfranchised Trailer Dealers

Multiply the rates on the state rate schedules by the total rating units determined as follows:

a. Class I—Employees Including Part-Time Employees

Multiply the number of Class I employees working an average of less than 20 hours a week for the number of weeks worked by .50 before determining the number of rating units.

(1) Determine the number of rating units by multiplying the number of these employees by 1.00:

(a) Proprietors, partners, and officers active in the business

(b) Sales persons, general managers, service managers

(c) Any employee whose principal duty involves the operation of autos or who is furnished a garage auto

(2) For all other employees, determine the number of rating units by multiplying the number of these employees by .40.

b. Class II—Nonemployees

Any individual other than a person described in Class I who is regularly furnished with a dealer's auto. If more than one person has use of the same furnished auto, count as only one operator in determining rating units. Determine the number of rating units by multiplying the number of these persons by .55.

2. Franchised and Nonfranchised Trailer Dealers

Multiply the rates in the state rate schedules by the total number of employees, then multiply the result by .45.

3. Minimum Premium

The minimum policy premium is the dealer's rate shown on the state rate schedules for the highest rated location multiplied by 2.00.

B. Unlimited Liability Coverage for Customers

1. Liability coverage may be extended to provide unlimited customer coverage.

2. Multiply the total premium developed for the limited liability by 1.25.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GARAGE AND AUTO DEALERS

C. Autos Furnished for Regular Use

Autos furnished for regular use to other than Class I or Class II operators, for example welcome wagons, or autos furnished to driver training programs. Compute the premiums for all coverages for each owned auto as follows:

1. Private passenger autos (Class Code 7877).
Charge private passenger type premiums.
2. Trucks, tractors, and trailers (Class Code 7878).
Charge the premiums developed by the applicable trucks, tractors, or trailers classification.

D. Pick Up or Delivery of Autos (Class Code 7070)

1. If the exposure for nonfranchised dealer includes the pick up or delivery of autos beyond a 50-mile radius of the limits of the city or town where operations are conducted, rate each driver per trip for such pick up or delivery operations as follows:

Per Driver Trip Rates		
Mileage	Bodily Injury \$30/60	Property Damage \$25
51–200 miles	\$3	\$1
Over 200 miles	5	2

2. The minimum premium is the private passenger types premium for the rating territory where the dealer is located.

E. Medical Payments

Use Auto Medical Payments Coverage Endorsement CA 99 03 to provide auto medical payments insurance.

Use Garage Locations And Operations Medical Payments Coverage Endorsement CA 25 05 to provide garage locations and operations medical payments insurance.

1. Proprietors and executive officers. When auto dealers are insured for liability but not auto medical payments, the following provisions apply:
 - a. A proprietor or executive officer may be afforded medical payments provided that person is included in the total number of rating units that determines the liability premium. Multiply the private passenger types medical payments premium by 2.00 for each person. Use the rating territory where the dealer is located.
 - b. Medical payments may also be afforded to the spouse of a proprietor or executive officer or relatives of either if residents of the same household. Charge the private passenger types medical payments premium for each person. Use the rating territory where the dealer is located.
2. Individual proprietors. Provide drive other car medical payments insurance at no additional charge if the dealer has auto medical payments coverage.

Use Individual Named Insured—Dealers Only Endorsement CA 99 18.

3. Auto Exposure, Garage Operations, or Combined Garage Operations and Auto Exposure

- a. Multiply the \$30,000/60,000 bodily injury liability premium by the factors from the applicable table.

- (1) Medical payments with unlimited liability coverage

Limit Codes	Medical Payments Limit per Person			
	\$500 (1)	\$750 (2)	\$1,000 (3)	\$2,000 (4)
Auto (a)	.094	.100	.108	.127
Gar. Operations (b)	.023	.025	.027	.029
Combined (c)	.117	.125	.136	.157

- (2) Medical payments with limited liability coverage

Limit Codes	Medical Payments Limit per Person			
	\$500 (1)	\$750 (2)	\$1,000 (3)	\$2,000 (4)
Auto (a)	.098	.105	.115	.134
Gar. Operations (b)	.025	.027	.029	.031
Combined (c)	.124	.131	.144	.165

For the purpose of paragraphs 3.a.(1) and 3.a.(2) above, the rating categories are as follows:

- (a) Auto medical payments only
- (b) Garage operations medical payments only
- (c) Combined garage operations and auto medical payments
 - b. When the bodily injury liability limits are other than \$30,000/60,000, compute the medical payments factor as follows:

$$\frac{\text{Medical payments percentage for } \$30,000/60,000 \text{ limit}}{\text{Applicable factor for increased limit}} \div$$

F. Uninsured Motorists Insurance

Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

Rule 53. AUTO DEALERS—ADDITIONAL PROVISIONS

A. \$100 Deductible for Completed Operations (Class code 7072)

To eliminate the \$100 deductible that applies to property damage to autos arising out of work completed by the named insured, charge an additional .10 of the property damage liability premium.

Use \$100 Dollar Deductible For Completed Operations Does Not Apply Endorsement CA 03 03.

The minimum premium is \$20 (Class Code 7072).

GARAGE AND AUTO DEALERS

B. Broad Form Products (Class Code 7070)

The exclusion relating to property damage to the named insured's products may be eliminated subject to a \$250 deductible per accident. Multiply the property damage liability premium by .10.

Use Broad Form Products Coverage Endorsement CA 25 01.

C. Pollution Exclusion—Garages

A Garage Policy may be endorsed to exclude bodily injury or property damage arising out of any discharge of

pollutants with the exception of bodily injury or property damage arising out of the ownership, maintenance, or use of covered autos and certain off-premises discharges.

When Endorsement CA 25 16 is attached, document company files showing that the Endorsement is needed for the particular risk. Give the insured written notice of coverage change at least 15 days prior to the effective date of the renewal, with a copy to the agent. Do not attach the Endorsement midterm.

AUTO DEALERS SECTION

Rule 54. AUTO DEALERS—ELIGIBILITY

A. Eligibility

1. This Rule applies to franchised and nonfranchised auto dealers and trailer dealers. For details of coverage, refer to Auto Dealers Coverage Form CA 00 25.
2. You must attach the following endorsements to the policy:
 - a. Exclusion—Damage To Rented Premises Endorsement **CA 25 50**
 - b. Exclusion—Newly Acquired Or Formed Auto Dealership Endorsement **CA 25 53**
 - c. Exclusion—Personal And Advertising Injury Liability Coverage Endorsement **CA 25 54**
3. Acts, errors or omissions liability coverages premiums cannot be ceded to the North Carolina Reinsurance Facility.

B. Classifications and Codes

Only one classification and code applies to a risk:

Classification	Full Covered Autos Liability Limit for Customers Coverage	Without Full Covered Autos Liability Limit for Customers Coverage
Franchised private passenger auto dealer (with or without any other type of franchise)	7304	7305
Franchised truck or truck-tractor dealer (with or without any other type of franchise except private passenger auto franchise)	7314	7315
Franchised motorcycle dealer including all two-wheeled cycle vehicles (no private passenger or truck franchise)	7324	7325

Classification	Full Covered Autos Liability Limit for Customers Coverage	Without Full Covered Autos Liability Limit for Customers Coverage
Franchised recreational vehicle dealer (no private passenger, snowmobile, or residence type mobile home trailer franchise)	7334	7335
Other franchised self-propelled land motor vehicle dealer	7347	7348
Nonfranchised dealer (any risk described above that is not a franchised dealer)	7357	7358
Franchised and non-franchised residence trailer dealers	7361	7362
Franchised and non-franchised commercial trailer dealers	7363	7364
Equipment and implement dealer (no other franchise)	7365	7366

Rule 55. AUTO DEALERS—PREMIUM DEVELOPMENT FOR COMMON COVERAGES

Determine the rating territory from the territory definitions based on the street address for each location.

Compute the advance premium at inception and the earned premium as developed by audit separately for each location according to the following rating procedures applicable to coverage offered under the Auto Dealers Coverage Form CA 00 25.

Where the rules applicable to auto dealers refer to base premiums, this consists of the rates shown on the state rate

GARAGE AND AUTO DEALERS

schedules as modified by the rating procedures described in the following paragraphs.

A. Rating Unit Determination

1. All Risks Other than Franchised and Nonfranchised Trailer Dealers

Add the results of paragraphs A.1.a and A.1.b to determine the total number of rating units.

a. Class I—Employees

Class I rating units include individuals employed by the auto dealership. Do not include any employees whose principal duty is regularly operating tow trucks which are rated on a specified auto basis.

- (1) Determine the number of the following employees:
 - (a) Proprietors, partners, and officers active in the business
 - (b) Salespersons, general managers, service managers
 - (c) Any employee whose principal duty involves the operation of autos or who is furnished a covered auto
- (2) Multiply the number of these employees working an average of at least 20 hours or more a week by the following factor:

Factor

1.00

- (3) Multiply the number of these employees working an average of less than 20 hours a week by the following factor:

Factor

.50

- (4) Determine the number of all other employees not included in paragraph (1).
- (5) Multiply the number of these employees working an average of at least 20 hours a week by the following factor:

Factor

.40

- (6) Multiply the number of all other employees working an average of less than 20 hours a week by the following factor:

Factor

.20

- (7) Add the result of paragraphs A.1.a.(2) through (6) to determine the number of Class I risks.

b. Class II—Nonemployees

- (1) Class II rating units include any of the following persons who are regularly furnished with a covered auto:

- (a) Proprietors, partners, and officers who are not active in the business
- (b) Family members of an employee
- (c) Family members of an inactive proprietor, partner, and officer

- (2) Multiply each individual by the factor in the following table and add the results. If more than one person has use of the same furnished auto, count as only one operator in determining rating units.

Factor

.55

2. Franchised and Nonfranchised Trailer Dealers

Determine the number of rating units by multiplying the total number of employees by the following factor:

Factor

.45

B. Specified Auto Basis

All Coverages

1. Autos Regularly Operated By Class I or Class II Operators

Noninventory vehicles, including tow trucks, regularly operated by Class I or Class II operators may be classified and rated on a specified auto basis. If an employee is furnished an auto for regular use, that employee should also be included in the rating units unless otherwise specified.

2. Autos Furnished for Regular Use to Other than Class I or Class II Operators

Autos furnished for regular use to other than Class I or Class II operators may be classified and rated on a specified auto basis. Such autos may include autos furnished to driver training programs or autos exclusively loaned to customers, without charge, on a temporary basis while the customers' autos are being serviced or repaired.

3. Specified Auto Basis Premium Development

Compute the premiums for all coverages for each specified auto as follows:

- a. Private Passenger Autos (Class Code 7877)
Charge private passenger type premiums.
- b. Trucks, Tractors, and Trailers (Class Code 7878)
Charge the premiums developed by the applicable trucks, tractors, and trailers classification.

C. Liability Coverage

1. Base Premium Computation

- a. Determine the applicable base rate.
- b. Multiply the base rate by the applicable factor in the following table:

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

GARAGE AND AUTO DEALERS

Factor	
Franchised and Nonfranchised Auto Dealers	1.00
Franchised and Nonfranchised Trailer Dealers	1.00
Equipment and Implement Dealers	.70

- c. Apply the procedures in Rule 22 for increased liability limits. Apply the procedures in Rule 23 for liability deductibles.
- d. Auto Dealers Coverage Form CA 00 25 provides coverage for customers up to the compulsory or financial responsibility law limits under certain conditions. Liability coverage may be extended to provide the full covered autos liability limit for customers by attaching Full Covered Autos Liability Limit For Customers Endorsement CA 25 15. Multiply the liability premium developed in the preceding paragraph by the following factor:

Factor
1.25

2. Minimum Premium

The liability minimum premium is the auto dealers liability rate shown on the rate schedules for the highest rated location multiplied by the following factor:

Factor
2.00

D. Pick Up or Delivery of Autos (Class Code 7070)

- 1. If the exposure for nonfranchised dealer includes the pick up or delivery of autos beyond a 50-mile radius of the limits of the city or town where operations are conducted, rate each driver per trip for such pick up or delivery operations as follows:

Liability Rate per Driver, per Trip

Mileage	Bodily Injury \$30/60	Property Damage \$25
51–200 Miles	\$3	\$1
Over 200 Miles	5	2

- 2. The minimum premium is the private passenger type premium for the rating territory where the auto dealer is located.

E. Medical Payments

1. Coverage Options

- a. The Auto Dealers Coverage Form includes auto dealers locations and operations medical payments coverage. To exclude auto dealers locations and operations medical payments coverage, use Exclusion—Locations And Operations Medical Payments Endorsement CA 25 52.
- b. Use Auto Medical Payments Coverage Endorsement CA 99 03 to provide auto medical payments coverage.

2. Premium Development

- a. For each of the coverages described in paragraph E.1 that are provided, multiply the liability rate shown on the rate schedules by the applicable factor from the following table:

	Medical Payments Limit per Person			
	\$500	\$1,000	\$2,000	\$5,000
Auto	.098	.105	.115	.134
Locations and Operations	.025	.027	.029	.031

- b. Multiply the result by the applicable factor in the following table:

Factor	
Franchised and Nonfranchised Auto Dealers	1.00
Franchised and Nonfranchised Trailer Dealers	1.00
Equipment and Implement Dealers	.70

F. Uninsured Motorists Insurance

Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

G. Pollution Exclusions—Auto Dealers

An Auto Dealers policy may be endorsed to exclude bodily injury or property damage arising out of any discharge of pollutants with the exception of bodily injury or property damage arising out of the ownership, maintenance, or use of covered autos and certain off-premises discharges.

When Auto Dealers Coverage Form—General Liability Coverages—Total Pollution Exclusion Endorsement CA 25 16 is attached, document company files showing that the endorsement is needed for the particular risk. Give the insured written notice of coverage change at least 15 days prior to the effective date of the renewal, with a copy to the agent. Do not attach the endorsement midterm.

NOTES

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL
SPECIAL TYPES AND OPERATIONS SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

SPECIAL TYPES AND OPERATIONS SECTION

Rule 56. ELIGIBILITY

This Section applies to all autos that are not classified and rated in the other Sections.

Rule 57. PREMIUM DEVELOPMENT

A. Rating Territory

Determine the rating territory from the territory definitions based on the street address of principal garaging unless otherwise provided in this Section.

B. Liability

See specific rating instructions for each classification in this Section.

C. Medical Payments

1. Refer to specific rules in this Section. If no premium or procedures to determine medical payments are shown, determine premiums as follows:
2. If liability premiums are developed from truck, tractor, and trailer premiums, charge truck, tractor, and trailer medical payments premiums.
3. If liability premiums are developed from private passenger types premiums, charge private passenger medical payments premiums.

D. Uninsured and Underinsured Motorists Insurance

Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in this Manual.

E. Trucks, Tractors, and Trailers Base Premiums

Where the rules in this Section refer to trucks, tractors, and trailers base premiums it means the \$30,000/60,000 bodily injury and \$25,000 property damage fleet and non-fleet base premiums on the rate schedules. For limits higher than \$30,000/60,000 bodily injury and \$25,000 property damage, use the increased liability limits table that applies to all other risks.

Rule 58. AMBULANCE SERVICES

A. Eligibility

1. This Rule applies to autos used for rescue or ambulance corps operations.
2. One of the following endorsements must be attached to the policy:
 - a. Emergency Services—Volunteer Firefighters' And Workers' Injuries Excluded Endorsement CA 20 30 which excludes coverage for bodily injury to any fellow volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; or
 - b. Emergency Services—Volunteer Firefighters' And Workers' Injuries Limited Exclusion Endorsement CA 20 07 which
 - (1) excludes coverage for bodily injury to any volunteer workers of the insured while such

volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; and

- (2) provides coverage for bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations.

3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional services. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation (Class Code 7913)

1. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 2.50.
2. When Endorsement CA 20 07 is attached, determine the additional premium by multiplying the liability premium developed in paragraph B.1 for each auto which is owned by the named insured and used by volunteer workers engaged in volunteer firefighting, rescue squad, or ambulance corps operations by .25.

Rule 59. AMPHIBIOUS EQUIPMENT

A. Application

For autos designed to operate on both land and water, rate as land autos according to their use. The policy must exclude coverage while the auto is being launched into, used on, or beached from the water. Use Amphibious Vehicles Endorsement CA 23 97.

B. Premium Determination

Classify and rate each amphibious vehicle according to its land use.

Rule 60. ANTIQUE AUTOS (CLASS CODE 9620)

A. Eligibility

This Rule applies to autos that are 25 years old or more; and maintained primarily for use in exhibitions, club activities, parades, and other functions of public interest; and occasionally used for other purposes.

B. Premium Computation

Liability: Multiply the private passenger types rates by .25 regardless of the type of auto.

Rule 61. AUTO BODY MANUFACTURERS AND INSTALLERS (CLASS CODE 7924)

A. Application

An auto body or trailer manufacturer may be insured for the testing or delivery of autos it manufactures, assembles, rebuilds, or repairs.

SPECIAL TYPES AND OPERATIONS

B. Premium Computation

1. Compute the premium for owned autos, hired autos, and employers nonownership liability in the usual manner.
2. Compute the premium for the factory testing hazard by multiplying the appropriate fleet or nonfleet trucks, tractors, or trailers base premium for each employee engaged in these operations by 2.00.

Rule 62. DRIVER TRAINING PROGRAMS (EDUCATIONAL INSTITUTIONS AND COMMERCIAL DRIVING SCHOOLS) AND AUTO REPAIR TRAINING

A. Driver Training Programs—Educational Institutions (Class Code 7926)

1. Eligibility
This Rule applies to private passenger autos used for driver training as part of a school curriculum.
2. Premium Computation
 - a. Liability Coverages
 - (1) For autos equipped with dual controls, multiply the private passenger types rates by .75. There must be dual brakes to qualify as dual control.
 - (2) For autos not equipped with dual controls, multiply the private passenger types rates by 1.50.
 - b. All Other Coverages. Charge private passenger types rates.
3. A policy covering autos used by schools in driver training programs may be written on an annual term for liability coverages 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.

B. Commercial Driving Schools (Class Code 7927)

1. Eligibility
This Section applies to autos used by driving schools to give driving instruction. Use Driving Schools Endorsement CA 20 06.
2. Premium Computation
 - a. Owned Private Passenger Autos
 - (1) Liability Coverages
 - (a) For autos equipped with dual controls, charge the private passenger types rates. There must be dual brakes to qualify as dual controls.
 - (b) For autos not equipped with dual controls, multiply the private passenger types rates by 2.00.
 - (2) All Other Coverages. Charge private passenger types rates.

b. Owned Trucks, Tractors, and Trailers

- (1) Liability Coverages
 - (a) For autos equipped with dual controls, multiply the truck, tractor, and trailer rates by 2.00. There must be dual brakes to qualify as dual controls.
 - (b) For autos not equipped with dual controls, multiply the truck, tractor, and trailer rates by 4.00.
 - (2) All Other Coverages. Charge the truck, tractor, and trailer rates.
- c. All Other Types of Owned Autos.
Refer to company for rating.

C. Nonowned Autos

1. The policy must cover the driving instructors and their students.
2. Premium Computation
Charge the private passenger types or the truck, tractor, and trailer rates for each instructor in excess of the number of owned autos.

D. Autos Repair Training

For autos used by schools in auto repair training, the rules and rates for owned autos, hired autos, and employers nonownership liability apply.

Rule 63. DRIVE-AWAY CONTRACTORS (CLASS CODE 7923)

A. Application

A person, firm, or corporation which drives away autos under their own power for factories or auto dealers may be insured for the operation of such autos. Use Drive-Away Contractors Endorsement CA 20 05.

B. Premium Computation

1. For each set of registration plates not issued for attachment to a specific auto, multiply the private passenger types premium in the highest rated territory in which or through which each auto is driven by 2.00.
2. Exception: Each set of plates assigned by the insured for exclusive use with a specific auto shall be rated in accordance with the regular use of the auto.

Rule 64. FIRE DEPARTMENTS

A. Eligibility

1. This Rule applies to autos used for firefighting purposes.
2. One of the following endorsements must be attached to the policy:
 - a. Emergency Services—Volunteer Firefighters' And Workers' Injuries Excluded Endorsement CA 20 30 which excludes coverage for bodily injury to any volunteer workers of the insured and bodily injury to any fellow volunteer workers

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

SPECIAL TYPES AND OPERATIONS

of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; or

b. **Emergency Services—Volunteer Firefighters' And Workers' Injuries Limited Exclusion Endorsement CA 20 07** which

(1) excludes coverage for bodily injury to any volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; and

(2) provides coverage for bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations.

3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional services. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation (Class Code 7913)

1. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 1.60.
2. For private passenger autos, charge the private passenger types rates.
3. For trailer types, classify and rate according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
4. When Endorsement CA 20 07 is attached, determine the additional premium by multiplying the liability premium developed in paragraphs B.1 and B.2 for each auto which is owned by the named insured and used by volunteer workers engaged in volunteer firefighting, rescue squad, or ambulance corps operations by .25.

Rule 65. FUNERAL DIRECTORS

A. Eligibility

1. This Rule applies to autos owned or used by a funeral director.
2. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional service. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation

1. **Limousines (Class Code 7915)**
Liability and Medical Payments Coverages. Multiply the private passenger types rates by .90.
2. **Hearses and Flower Cars (Class Code 7922)**
Liability and Medical Payments Coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by .90.

3. **Combination Hearses and Ambulances**

Classify and rate the auto according to the Ambulance Services Rule (Rule 58).

4. **Autos Used for Other Purposes**

Classify and rate the auto according to its regular use.

C. Medical Payments Coverage for Hired and Nonowned Autos

1. Medical payments coverage may be provided for hired and nonowned autos.

2. **Premium Computation**

Multiply the total medical payments premium for all owned autos (whether or not all owned autos are insured for medical payments) by .50.

Rule 66. LAW ENFORCEMENT AGENCIES

A. Eligibility

1. This Rule applies to autos used by government law enforcement agencies or police departments.

2. One of the following endorsements must be attached to the policy:

a. **Emergency Services—Volunteer Firefighters' and Workers' Injuries Excluded Endorsement CA 20 30** which excludes coverage for bodily injury to any volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; or

b. **Emergency Services—Volunteer Firefighters' And Workers' Injuries Limited Exclusion Endorsement CA 20 07** which

(1) excludes coverage for bodily injury to any volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; and

(2) provides coverage for bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations.

3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional services. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation (Class Code 7913)

1. Multiply the private passenger autos base premium by 1.60.
2. For motorcycles, charge according to the motorcycles rule (Rule 69) in this Section.
3. For trailer types, classify and rate according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).

SPECIAL TYPES AND OPERATIONS

4. When Endorsement CA 20 07 is attached, determine the additional premium by multiplying the liability premium developed in paragraphs B.1, B.2, and B.3 for each auto which is owned by the named insured and used by volunteer workers engaged in volunteer firefighting, rescue squad, or ambulance corps operations by .25.

Rule 67. LEASING OR RENTAL CONCERNS

A. Eligibility

1. This Rule applies to risks which lease or rent autos to others without drivers. For autos leased or rented with drivers, refer to the Truckers/Motor Carriers Rule (Rule 34) or the Public Auto Classifications Rule (Rule 43).
2. Trucks, tractors, or trailers leased or rented by the concern to truckers and buses leased or rented by the concern to bus risks. In rating such vehicles, consideration must be given to insurance required to be provided by truckers and public passenger carriers and the exposure to be developed by the leasing or rental concern which will not be covered by such insurance.

B. Premium Computation

1. When computing the premiums, use the territory where the auto is principally garaged.
2. Specified Car Basis
 - a. Long Term—Autos Leased for Six Months or More
 - (1) Full Coverage for Owner and Lessee
Rate the auto at the classification rates in this Manual that apply to the lessee.
 - (2) Contingent Coverage (Class Code 7219)
Use Leasing Or Rental Concerns—Contingent Coverage Endorsement CA 20 09 to provide liability coverage if insurance covering the leasing concern on a direct primary basis is provided by the lessee. Multiply the classification rates in this Manual that apply to the lessee by .05.
 - b. Short Term and Irregular Term—Autos Rented By the Hour, Day, Week, or Month But Less than a Year
 - (1) Trucks, Tractors, or Trailers
Multiply the trucks, tractors, and trailers base premiums by the following factors:

	Liability	Code
Trucks	4.00	7211
Tractors	5.00	7212
Trailers, Semitrailers, and Service Trailers	.25	7213
 - (2) Private Passenger Autos (Class Code 7214)
For liability, multiply the private passenger types rates by 3.00.

- (3) Special Types (Class Code 7216).
 - (a) For motorcycles, motorbikes, and other similar motor vehicles, multiply the rates developed in the Motorcycles Rule (Rule 69) by 4.00.
 - (b) For snowmobiles and other similar vehicles designed for travel over ice and snow and used primarily off public roads, multiply the rates developed in the Motorcycles Rule (Rule 69) by 4.00.
- (4) Nondealers Garage Risks—Customer Rental (Class Code 7216)
For private passenger autos rented to customers while their autos are temporarily left with named insured for service, repair or sale, charge the private passenger types rates.
- (5) Motor Homes (Class Code 7215)
Multiply the rates developed in the Mobile Homes Rule (Rule 68) by 2.00.
- (6) Rent-It-There/Leave-It-Here Autos
Use Leasing Or Rental Concerns—Rent-It-There/Leave-It-Here Autos Endorsement CA 20 12 to exclude coverage for the owner or rentee of any rent-it-there/leave-it-here auto not owned by the named insured.

Rule 68. MOBILE HOMES

A. Trailers (Class Code 7963)

1. Mobile home trailers equipped as living quarters (including cooking, dining, plumbing, or refrigeration facilities), other than recreational or camper types designed for use with a private passenger auto.
 - a. Liability. Multiply the appropriate fleet or non-fleet trucks, tractors, and trailers base premium by .40.
 - b. Medical payments. Charge the trucks, tractors, and trailers premiums.
2. Mobile home trailers designed for use with a private passenger auto if used with another type auto.
 - a. Liability. Multiply the appropriate fleet or non-fleet trucks, tractors, and trailers base premium by .40.
 - b. Medical payments. Charge the trucks, tractors, and trailers premiums.

B. Motor Homes (Class Code 7957)

1. Self-propelled autos equipped as living quarters (including cooking, dining, plumbing, or refrigeration facilities).
2. Bodily Injury and Property Damage Liability—Charge 65% of the rates for private passenger types.
3. Medical Payments—Use rates for private passenger types.

SPECIAL TYPES AND OPERATIONS

C. Camper Bodies

1. Pickup trucks used solely in connection with and to transport a camper body or other similar living quarters.

All coverages—Rate as a motor home.

2. Pickups used to transport a portable camper body or similar living quarters but also used for other purposes.

Bodily Injury and Property Damage Liability and Medical Payments—Rate according to the otherwise regular use of the pickup truck.

2. Snowmobiles (Class Code 7964). Use Snowmobiles Endorsement CA 20 21.

a. Bodily Injury Liability

(1) Bodily Injury (excluding the passenger hazard): Multiply the private passenger types rates by a factor of 0.29.

(2) Bodily Injury (including the passenger hazard): Multiply the excluding the passenger hazard rates determined in paragraph C.2.a.(1) above by a factor of 3.00.

b. Property Damage Liability: Multiply the private passenger types rates by a factor of 0.29.

c. Uninsured and Underinsured Motorists Coverage: Charge rates as shown in the Uninsured and Underinsured Motorists Insurance Rule (Rule 20).

d. Medical Payments: Charge \$10, \$500 limit per person.

e. For (1) vehicles of this type which are used as a public or livery conveyance for passengers, and (2) for propeller-driven equipment, refer to company for rating.

Rule 69. MOTORCYCLES, GOLFMOBILES, AND SNOWMOBILES

A. Eligibility

1. This Rule applies to fleet motorcycles, motorscooters, motorbikes, and any other similar autos used for commercial purposes. Refer to paragraph B below for rating.

For nonfleet motorcycles, refer to the Personal Auto Manual.

2. This Rule also applies to fleet golfmobiles and snowmobiles. It also applies to nonfleet golfmobiles and snowmobiles used for commercial purposes, including electric powered versions of these vehicles, that are licensed for road use. Refer to paragraph C below for rating.

3. All premiums apply for the period of coverage. If the insured cancels, do not return premium.

B. Motorcycle Premium Computation (Class Code 7942)

1. Liability Factors

Based on the size of the engine in cubic centimeters, multiply the private passenger types rates by the following factors:

Size of Engine In cubic centimeters	Factor
0–100cc	.29
101–200	.38
201–360	.59
361–500	.65
501–800	.76
Over 800cc	.85

2. Uninsured and Underinsured Motorists

Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in this Manual.

C. Golfmobiles and Snowmobiles

1. Golfmobiles (Class Code 9460)

Liability and Medical Payments Coverages: Multiply the private passenger types rates by a factor of 0.29.

Rule 70. REGISTRATION PLATES NOT ISSUED FOR A SPECIFIC AUTO (CLASS CODE 7929)

A. Eligibility

1. This Rule applies to risks other than auto dealers which possess registration plates not issued for attachment to a specific auto. Use Registration Plates Not Issued For A Specific Auto Endorsement CA 20 27.

2. A set of plates is the number of plates required to legally operate an auto on public roads.

B. Premium Computation

1. For each set of plates, multiply the private passenger types rates by 2.00.

2. Rate each set of plates assigned by the insured for exclusive use with a specific auto according to the regular use of the auto.

Rule 71. REPOSSESSED AUTOS—FINANCE COMPANIES AND BANKS (CLASS CODE 7925)

A. Eligibility

1. This Rule does not apply to autos that finance companies and banks own or operate for their own business or pleasure purposes. Insure such autos according to the regular use of the auto.

2. If a finance company is owned and operated by an auto sales agency, refer to Garage Section.

3. In all other cases, auto finance companies and banks may be insured for the repossession and use in connection with reselling financed autos. Use Repossessed Autos Endorsement CA 20 19.

SPECIAL TYPES AND OPERATIONS

B. Premium Computation

The premium for this coverage shall be determined as follows:

1. The rate per car repossessed shall be the rate shown on the rate schedules for private passenger types for the territory in which the principal office of the risk is located, divided by 200.
2. The advance premium shall be determined by applying the rate per car repossessed to the estimated number of cars repossessed annually.
3. The earned premium shall be determined at the rates in force at the inception of the policy on the basis of the total number of cars repossessed during the policy period.
4. The minimum premium shall be 25% of the private passenger types rates shown on the rate schedules for the territory in which the principal office of the risk is located. For banks, if the same company insures all owned autos, all repossessed autos, hired autos, and the employers nonownership liability of such risks, a minimum premium of \$14 bodily injury, \$30,000/60,000 limits, and \$6 property damage, \$25,000 limit, applies on a combined basis for the repossessed autos, hired autos, and employers nonownership liability exposures.

2. Vehicles maintained solely to provide mobility for permanently attached specialized equipment.
3. Vehicles not required to be licensed.
4. Autos used solely on the named insured's premises or that part of the roads or other accesses that adjoin the premises.

B. Premium Computation

1. Refer to manuals of general liability insurance.
2. For land motor vehicles (Class Code 7906) other than farm equipment not eligible for general liability insurance, charge the appropriate fleet or nonfleet trucks, tractors, and trailers base premiums.

Rule 73. AUTOS HELD FOR SALE BY SERVICE OPERATIONS

Liability

Refer to the Nonownership Liability Rule (Rule 16).

Rules 74–80. RESERVED FOR FUTURE USE

Rule 72. SPECIAL OR MOBILE EQUIPMENT

A. Eligibility

This Rule applies to vehicles fitting into any of the following categories:

1. Specialized equipment such as bulldozers, power shovels, road rollers, graders or scrapers, cranes, street sweepers or other cleaners, diggers, forklifts, pumps, generators, air compressors, drills, and other similar equipment.

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

EXPERIENCE RATING PLAN SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
EXPERIENCE RATING PLAN SECTION

Rule 81. ELIGIBILITY

Every risk which is eligible shall be experience rated under the rules of this Plan. The term "risk" as used in this Plan means the exposures of any one insured which are to be rated. Allied or subsidiary interests shall not be included unless the insured holds a majority financial interest therein. (See Supplementary Provisions in this Section applicable to the How to Classify Autos Rule (Rule 11) regarding combination of entities.)

Any risk meeting the following qualifications for the bodily injury and property damage liability exposures to be rated shall be eligible for the application of this Plan:

- A. Five or more private passenger or commercial autos (excluding trailers and semitrailers) or three or more public autos, or the equivalent of such exposure for autos hired by the risk, or

Exception:

Five or more four-wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household which are not used for business use, other than farming or ranching, and which are covered under a Personal Auto Policy shall not be eligible under this paragraph A.

- B. An estimated basic limits annual Manual premium of at least \$6,500 for three or more autos of any type (excluding trailers and semitrailers), or the equivalent of such exposure for autos hired by the risk, or
- C. An estimated basic limits annual Manual premium of at least \$6,500 if a garage.

Exception:

If there is no owned or hired auto exposure or if the owned and hired auto exposure is not sufficient to qualify for the application of this Plan, any risk which develops a basic limits annual Manual premium of \$6,500 or more for bodily injury and property damage employers nonownership liability exposures shall be eligible for the application of this Plan. The headquarters location of the risk shall govern the application of this Plan for all employers nonownership liability exposures regardless of location.

Rule 82. RATING PROCEDURE

The experience modification for the risk shall be determined in accordance with the experience rating procedure described herein.

If the owned and hired autos of a risk are subject to a modification developed in accordance with this Plan, such modification must also be applied to the employers nonownership liability exposures provided the premiums and losses for such exposures are included in the development of the modification.

Rule 83. EXPERIENCE USED

The experience modification shall be determined from the latest available three years' experience incurred by the company establishing the rating in this State, or in all states, for the forms of auto liability insurance to be rated. In the event the experience for the full experience period is not available,

at least one completed policy year shall be used. The experience period shall end at least six months prior to the rating date.

Experience incurred by companies other than the company establishing the rating must be used subject to the periods specified above. In the event that such experience cannot be obtained by the current carrier, it shall be obtained by the North Carolina Reinsurance Facility upon notification by the carrier. No self-insured experience shall be used in determination of the experience modification.

Rule 84. DETERMINATION OF EXPERIENCE MODIFICATION

The term "basic limits" shall mean the following limits of liability:

\$30,000/60,000 bodily injury limits and a \$25,000 property damage limit

"Basic limits" shall also mean the policy limits for those policies that were written during the experience period at limits less than those mentioned above.

A. Basic Limits Premium Subject to Experience Rating

The basic limits premium shall be the collected premium for the experience period for bodily injury liability and property damage liability coverages only (excluding premiums for medical payments, uninsured motorists, and underinsured motorists coverages) converted to a basic limits basis and adjusted to eliminate the effect of any experience or other rate modification applied.

B. Basic Limits Losses Subject to Experience Rating

The losses to be included in the rating shall be the total of the following:

1. Paid and outstanding losses (including allocated claim expense) for each year in the experience period, with the indemnity amount limited to basic limits, and with the amount of indemnity and allocated claim expense resulting from any single occurrence limited by the maximum single loss value (MSL) specified in TABLE B based on the basic limits premium subject to experience rating.
2. Adjustment to reflect ultimate level of losses for each year in the experience period, calculated by multiplying the premium (P) for that year by the adjusted expected loss ratio (AELR) and by the appropriate basic limits loss development factor (LDF), where
 - a. **P** is the adjusted basic limits premium for the particular type of coverage for each year in the experience period;
 - b. **AELR** is the adjusted expected loss ratio specified in TABLE B based on the total basic limits premium subject to experience rating;
 - c. **LDF** is the appropriate basic limits loss development factor applicable to expected losses (Premium x AELR). TABLE A displays LDFs by type of coverage and maturity* (see Example as follows).

*See Supplement, in this Section, regarding use of immature losses due to change of carrier.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

Medical payments, uninsured motorists, and underinsured motorists losses shall be excluded.

C. Actual Loss Ratio

Determine the actual loss ratio by dividing the basic limits losses subject to experience rating by the basic limits premium subject to experience rating. This calculation shall be carried to three decimal places.

D. Credibility

The credibility for the risk is obtained from TABLE B, based on the total basic limits premium subject to experience rating.

E. Experience Modification

1. If the actual loss ratio is less than the adjusted expected loss ratio, the experience modification is a credit which shall be determined as follows:

$$\left(\frac{\text{Adjusted Expected Loss Ratio} - \text{Actual Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

2. If the actual loss ratio is greater than the adjusted expected loss ratio, the experience modification is a debit which shall be determined as follows:

$$\left(\frac{\text{Actual Loss Ratio} - \text{Adjusted Expected Loss Ratio}}{\text{Adjusted Expected Loss Ratio}} \right) \times \text{Credibility} = \text{Experience Modification}$$

This calculation shall be carried to three decimal places.

The experience modification shall be rounded to two decimal places.

Rule 85. TENTATIVE EXPERIENCE MODIFICATION

If complete experience rating data are not available at the time of policy issuance, a tentative experience modification of 1.50 shall be applied in rating the policy.

Exception: In cases where the experience modification applicable to the preceding term of the policy is higher than 1.50, such higher experience modification must be applied as the tentative experience modification for the current term.

Whenever a tentative experience modification has been applied, endorse the policy (1) noting application of the tentative experience modification, and (2) to provide for subsequent application of any experience modification determined in accordance with this Plan.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

Example: Calculation of Modification to be effective on January 1, 2015.

Suppose that we have an insured with auto liability BI and PD exposures whose adjusted basic limits premium and paid and outstanding losses for the experience period are as follows:

YEAR	ADJUSTED BASIC LIMITS PREMIUM		LOSSES (INCLUDING ALLOCATED CLAIM EXPENSE)*	
	BI	PD	BI	PD
1/1/11–12/31/11	\$5,000	\$2,000	\$1,800	\$700
1/1/12–12/31/12	5,000	3,500	2,000	200
1/1/13–12/31/13	7,000	3,000	600	300
TOTAL =		\$25,500		

*basic limits incurred losses limited by MSL and evaluated as of 9/30/14.

The total basic limits premium subject to experience rating is \$25,500 so the appropriate adjusted expected loss ratio from TABLE B is .473 and the appropriate maximum single loss is \$16,450 (for this example, we assume that the insured is an "All Other" risk – not Publics or Zone Rated).

The appropriate loss development factors from TABLE A are:

For Policy Effective:	BI	PD
1/1/11 (45 months)	.011	.000
1/1/12 (33 months)	.028	.002
1/1/13 (21 months)	.075	.011

Thus the basic limits losses for each year are as follows:

BASIC LIMITS LOSSES =	(PREMIUM times AELR times LDF) plus	PAID AND OUTSTANDING LOSSES
(2011 BI) =	\$(5,000) X (.473) X (.011) +	\$1,800= \$1,826
(2011 PD) =	(2,000) X (.473) X (.000) +	700= 700
(2012 BI) =	(5,000) X (.473) X (.028) +	2,000= 2,066
(2012 PD) =	(3,500) X (.473) X (.002) +	200= 203
(2013 BI) =	(7,000) X (.473) X (.075) +	600= 848
(2013 PD) =	(3,000) X (.473) X (.011) +	300= 316
TOTAL		\$5,959

The actual loss ratio used in the experience modification formula is \$5,959 ÷ 25,500 or .234.

The credibility factor from TABLE B is .21.

Therefore the unadjusted experience modification is:

$$EM = \frac{(.473 - .234)}{.473} \times .21 = .106$$

And the experience modification is: 1 - .106 = .894

**TABLE A
BASIC LIMITS LOSS DEVELOPMENT FACTORS**

	Latest Policy Year	Prior Policy Year	Next Prior Policy Year
	(18 Months)	(30 Months)	(42 Months)
Auto Liability—BI; 30/60	.099	.032	.016
Auto Liability—PD	.016	.003	.000
	(21 Months)	(33 Months)	(45 Months)
Auto Liability—BI; 30/60	.075	.028	.011
Auto Liability—PD	.011	.002	.000
	(24 Months)	(36 Months)	(48 Months)
Auto Liability—BI; 30/60	.054	.024	.007
Auto Liability—PD	.007	.001	.000
	(27 Months)	(39 Months)	(51 Months)
Auto Liability—BI; 30/60	.037	.021	.003
Auto Liability—PD	.004	.000	.000

Note: These factors are to be applied to the product of the AELR and the premium for the particular coverage and year in order to determine the adjustment to reflect ultimate level of losses.

If breakdown of the premium by coverage is not available, an average LDF shall be obtained by combining the applicable factors by coverage, taking into consideration the amount of the risk's total exposures or losses in each category as of the last survey or evaluation.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

TABLE B
AUTOMOBILE LIABILITY EXPERIENCE RATING
CREDIBILITY AND MAXIMUM SINGLE LOSS TABLE

Premium	Credibility	Adjusted Expected Loss Ratio		Maximum Single Loss	
		Publics & Zone Rated	All Others	Publics & Zone Rated	All Others
\$ 475– 1,439	.01	.285	.252	\$ 4,050	\$ 3,600
1,440– 2,423	.02	.391	.344	8,450	7,450
2,424– 3,427	.03	.423	.374	10,250	9,050
3,428– 4,452	.04	.441	.389	11,350	10,000
4,453– 5,500	.05	.452	.400	12,100	10,700
5,501– 6,569	.06	.461	.409	12,700	11,250
6,570– 7,662	.07	.468	.415	13,150	11,700
7,663– 8,778	.08	.474	.421	13,600	12,100
8,779– 9,919	.09	.480	.425	14,050	12,450
9,920– 11,086	.10	.484	.430	14,400	12,800
11,087– 12,279	.11	.489	.435	14,800	13,150
12,280– 13,500	.12	.494	.439	15,150	13,450
13,501– 14,748	.13	.498	.443	15,500	13,800
14,749– 16,026	.14	.502	.447	15,850	14,100
16,027– 17,334	.15	.507	.451	16,250	14,450
17,335– 18,673	.16	.510	.454	16,600	14,750
18,674– 20,045	.17	.514	.458	16,950	15,100
20,046– 21,450	.18	.518	.462	17,300	15,450
21,451– 22,891	.19	.522	.466	17,700	15,800
22,892– 24,367	.20	.526	.469	18,050	16,100
24,368– 25,882	.21	.530	.473	18,450	16,450
25,883– 27,435	.22	.534	.477	18,850	16,850
27,436– 29,029	.23	.538	.481	19,250	17,200
29,030– 30,665	.24	.541	.484	19,650	17,550
30,666– 32,345	.25	.545	.488	20,050	17,950
32,346– 34,071	.26	.549	.492	20,500	18,350
34,072– 35,844	.27	.552	.495	20,900	18,750
35,845– 37,667	.28	.556	.499	21,350	19,150
37,668– 39,542	.29	.560	.503	21,800	19,600
39,543– 41,471	.30	.564	.507	22,300	20,050
41,472– 43,456	.31	.568	.510	22,800	20,450
43,457– 45,500	.32	.571	.514	23,250	20,950
45,501– 47,605	.33	.575	.517	23,800	21,400
47,606– 49,774	.34	.579	.521	24,300	21,900
49,775– 52,011	.35	.582	.525	24,850	22,400
52,012– 54,318	.36	.586	.528	25,400	22,900
54,319– 56,700	.37	.589	.532	25,950	23,450
56,701– 59,158	.38	.593	.536	26,550	24,000
59,159– 61,698	.39	.597	.539	27,150	24,550
61,699– 64,323	.40	.600	.543	27,800	25,150
64,324– 67,038	.41	.604	.547	28,400	25,750
67,039– 69,847	.42	.607	.550	29,100	26,350
69,848– 72,756	.43	.611	.554	29,750	27,000
72,757– 75,770	.44	.614	.557	30,450	27,650
75,771– 78,894	.45	.618	.561	31,200	28,350
78,895– 82,135	.46	.621	.564	31,950	29,050
82,136– 85,500	.47	.624	.568	32,700	29,750
85,501– 88,995	.48	.628	.571	33,550	30,500
88,996– 92,628	.49	.631	.575	34,350	31,300
92,629– 96,409	.50	.634	.578	35,250	32,100

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

TABLE B
AUTOMOBILE LIABILITY EXPERIENCE RATING
CREDIBILITY AND MAXIMUM SINGLE LOSS TABLE

Premium	Credibility	Adjusted Expected Loss Ratio		Maximum Single Loss	
		Publics & Zone Rated	All Others	Publics & Zone Rated	All Others
\$ 96,410–100,345	.51	.637	.581	\$ 36,100	\$ 32,950
100,346–104,447	.52	.640	.585	37,050	33,850
104,448–108,725	.53	.643	.588	38,000	34,750
108,726–113,192	.54	.646	.591	39,000	35,700
113,193–117,859	.55	.649	.594	40,050	36,650
117,860–122,741	.56	.652	.597	41,150	37,700
122,742–127,852	.57	.655	.600	42,300	38,750
127,853–133,210	.58	.657	.603	43,500	39,850
133,211–138,833	.59	.660	.606	44,700	41,050
138,834–144,740	.60	.663	.609	46,000	42,250
144,741–150,954	.61	.665	.611	47,350	43,500
150,955–157,500	.62	.668	.614	48,800	44,850
157,501–164,404	.63	.670	.617	50,250	46,250
164,405–171,697	.64	.673	.619	51,850	47,700
171,698–179,413	.65	.675	.622	53,500	49,250
179,414–187,589	.66	.677	.624	55,200	50,900
187,590–196,269	.67	.679	.626	57,050	52,600
196,270–205,500	.68	.681	.629	59,000	54,400
205,501–215,336	.69	.683	.631	61,050	56,350
215,337–225,838	.70	.685	.633	63,250	58,400
225,839–237,078	.71	.687	.635	65,550	60,600
237,079–249,136	.72	.689	.637	68,050	62,900
249,137–262,103	.73	.691	.639	70,700	65,400
262,104–276,088	.74	.692	.640	73,550	68,050
276,089–291,214	.75	.694	.642	76,600	70,900
291,215–307,627	.76	.695	.644	79,950	74,000
307,628–325,500	.77	.697	.645	83,500	77,350
325,501–345,034	.78	.698	.647	87,400	81,000
345,035–366,475	.79	.699	.648	91,650	84,950
366,476–390,115	.80	.701	.650	96,250	89,250
390,116–416,310	.81	.702	.651	101,400	94,050
416,311–445,500	.82	.703	.652	107,050	99,300
445,501–478,227	.83	.704	.653	113,300	105,150
478,228–515,177	.84	.705	.654	120,350	111,700
515,178–557,224	.85	.706	.655	128,300	119,100
557,225–605,500	.86	.706	.656	137,300	127,500
605,501–661,500	.87	.707	.657	147,600	137,100
661,501–727,239	.88	.708	.657	159,600	148,250
727,240–805,500	.89	.708	.658	173,600	161,300
805,501–900,236	.90	.709	.659	190,300	176,800
900,237–1,017,264	.91	.709	.659	210,500	195,600
1,017,265–1,165,500	.92	.710	.659	235,400	218,750
1,165,501–1,359,346	.93	.710	.660	266,950	248,100
1,359,347–1,623,681	.94	.710	.660	308,150	286,400
1,623,682–2,005,500	.95	.710	.660	364,300	338,650
2,005,501–2,605,500	.96	.711	.661	445,400	414,050
2,605,501–3,685,500	.97	.711	.661	572,800	532,500
3,685,501–6,205,500	.98	.711	.661	802,050	745,650
6,205,501–18,805,500	.99	.711	.661	1,336,950	1,242,950
18,805,501 and over	1.00	.711	.661	4,011,200	3,729,100

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

SUPPLEMENT TO THE LIABILITY EXPERIENCE RATING PLAN

Rule 86. TREATMENT OF IMMATURE LOSSES DUE TO CHANGE OF CARRIER

In cases where an insured changes or has changed carriers, the company establishing the rating may be unable to obtain current valuations of past losses from previous carriers. If this happens, the maturity of the experience obtained from previous carriers must be carefully examined and the appropriate loss development factors selected. The maturity of the losses for any year in the experience period is defined as the number of months between the date of the latest loss valuation and the effective date of the policy to which these losses are assignable. A given year's losses cannot mature unless the losses are revalued. The loss development factors applicable at the time of the most recent valuation must be used in subsequent ratings as long as updated valuations are not available. A specific instance of this can be seen when the experience provided by previous carriers contains fragmented periods, such as nine (or six) months of losses which were segments of policy years valued as of nine (or six) months after the policy effective date and for which subsequent valuations were unable to be obtained. If it is necessary to include this experience in subsequent ratings, factors must be applied which project nine (or six) months of losses to a complete policy year ultimate paid basis. 6, 9, 12, and 15 month basic limits loss development factors are included in this supplement.

The existence of these supplementary loss development factors does not alter the requirements set forth in the Experience Used Rule (Rule 83) of the Experience Rating Plan.

BASIC LIMITS LOSS DEVELOPMENT FACTORS		
	Six Month Maturity	Nine Month Maturity
Auto Liability—BI; 30/60	.619	.399
Auto Liability—PD	.522	.277
	12 Month Maturity	15 Month Maturity
Auto Liability—BI; 30/60	.171	.130
Auto Liability—PD	.030	.022

Note: These factors are to be applied to the product of the AELR and the premium for the particular coverage and year in order to determine the adjustment to reflect ultimate level of losses.

If breakdown of the premium by coverage is not available, an average LDF shall be obtained by combining the applicable factors by coverage, taking into consideration the amount of the risk's total exposures or losses in each category as of the last survey or evaluation.

**Rule 87. EXPERIENCE RATING PLAN
SUPPLEMENT**

The following supplementary provisions are applicable to this Plan with respect to the Rules noted below:

Combination of Entities and Use of Past Experience

A. Employees' and Officers' Autos

Experience on autos owned by officers or other employees of the risks shall not be used for determining the risks' experience modification. The experience modification established for a risk shall not apply to autos owned by officers or other employees of such risk.

B. Combination of Entities

1. Two or more entities (an individual, partnership, corporation, unincorporated association, fiduciary, or a group of co-fiduciaries) shall not be combined for rating purposes; provided, however, that combination shall be made as respects entities (other than fiduciaries) in each of which the same person, or group of persons, or corporation own a majority interest.
2. If an entity owns a majority interest in another entity which in turn owns the majority interest in another entity, all entities so related shall be combined regardless of the number of entities in succession.

In the term "majority interest", as used in this Rule, "majority" shall mean more than 50%.

If an entity other than a partnership

- a. has issued voting stock, majority interest shall mean a majority of the issued voting stock;
- b. has not issued voting stock, majority interest shall mean a majority of the members;
- c. has not issued voting stock and has no members, majority interest shall mean a majority of the board of directors or comparable governing body.

If an entity is a partnership, majority interest shall be determined in accordance with the participation of each general partner in the profits of the partnership.

Note: If two or more different combinations are possible in accordance with provisions of this Rule, the combination involving the greatest number of entities shall be made. The experience of any entity used in such a combination shall not otherwise be used in combination with any other entity.

The experience to be used in a rating combination shall be subject to the provisions of the rule "Change of Ownership" of this Section.

C. Merger or Consolidation

Merger—If two or more entities are merged so that the ownership interest (as defined in the Determination of Experience Modification Rule (Rule 84)) of all such entities are combined in the surviving entity, the incurred experience of all such merged entities shall be used for experience rating the surviving entity.

Consolidation—If two or more entities are consolidated by replacing them with a new entity combining the ownership interest (as defined in the Determination of Experience Modification Rule (Rule 84) of the prior entities), the incurred experience of all such consolidated entities shall be used for experience rating the new entity.

D. Change of Control, Management, Name, Operations, or Ownership

1. If there is a change in control, management, name, or operations, not accompanied by any change in ownership interest, incurred experience shall be used in future ratings.
2. If there is a change in ownership interest, either alone or accompanied by a change in control, management, name, or operations (other than as respects mergers or consolidations covered by the Experience Used Rule (Rule 83) of this Section) incurred experience shall be used in future ratings.

Exceptions: Incurred experience shall not be used in the future ratings (other than as provided under paragraph 3 of this Rule) of the entity undergoing change:

- a. when the entire ownership interest after the change had no ownership interest before the change, or
- b. When the collective ownership interest of all those having such an interest in the entity both before and after the change in ownership amounts to either (1) less than 33 1/3% of the ownership interest before the change, or (2) less than 50% of the ownership interest after the change.

Note: In the application of this exception, an analysis shall be made to determine the individuals holding ownership interest in any entity, whether the entity be the one being rated or any other entity in any way connected, directly or indirectly, in any chain of ownership with the risk being rated.

3. If there is a change in ownership among members of an immediate family, the experience for all entities shall be used in future experience ratings of the risk. For purposes of this Rule, members of an immediate family shall include a spouse, father, mother, son, daughter, brother, sister, half-brother, half-sister, step-brother, step-sister, step-child, step-parent, grandchild, or grandparent.
4. Ownership interest
 - a. of any corporation shall be determined on the basis of the ownership of the issued voting stock of any such corporation;
 - b. if there is no issued voting stock shall be determined on the basis of its members if the entity is other than a partnership;
 - c. if there is neither issued voting stock nor members shall be determined on the basis of the board of directors or comparable governing body if the entity is other than a partnership;

**EXPERIENCE RATING PLAN
SUPPLEMENT**

- d. of any partnership shall be determined in accordance with the participation of each general partner in the profits of the partnership;
- e. shall be deemed to be vested in a fiduciary when a fiduciary is involved. However, "fiduciary" shall not include a debtor in possession or a trustee under a revocable trust.

E. Joint Ventures

When two or more contractors associate for the purpose of undertaking one or more construction, erection, or demolition projects as a joint venture, the rates applicable to the operations involved in such venture shall be subject to the experience modifications, which shall be the arithmetical average of the experience modifications of the joint contract ventures, in force on the effective date of the policy covering the joint venture (using unity (1.00) for the experience modification for any contract venturer who is not subject to experience rating), subject, however, to the following conditions:

- 1. The contract(s) shall be awarded in the name of the associated contractors as a joint venture.
- 2. The joint venturers shall share responsibility for, and participate in the control, direction, and supervision of, all work undertaken.
- 3. The joint venturers shall maintain a common bank account, payroll, and business records.

The arithmetical average experience modifications aforementioned shall be effective as of the inception date of the initial policy covering the joint venture and shall be applicable for a period of 12 months. At the end of that period, and annually thereafter on a rating anniversary determined in accordance with the provisions of the Automobile Liability Experience Rating Plan, new arithmetical average experience modifications shall be calculated. When, however, the joint venture on the basis of its own developed experience qualifies for rating in accordance with the provisions of the Automobile Liability Experience Rating Plan, the experience modifications for the future rating of the venture shall be based on such experience exclusively.

Experience modifications determined in accordance with the foregoing shall be applicable for their effective period to all policies covering the identical contractors collectively as joint venturers.

The experience developed under a joint venture shall be excluded from the future rating of the individual contractors.

Rules 88–90. RESERVED FOR FUTURE USE

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL
SUPPLEMENTARY RATING PROCEDURES SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
SUPPLEMENTARY RATING PROCEDURES SECTION

**Rule 91. RETROSPECTIVE RATING PLAN
D—REINSURANCE FACILITY
RISKS**

Retrospective Rating Plan D is not to be used in rating risks ceded to the North Carolina Reinsurance Facility.

**Rule 92. RATING PROCEDURES—
REINSURANCE FACILITY RISKS**

Gross receipts and mileage basis rating procedures and the Composite Rating Plan are not to be used in rating risks ceded to the North Carolina Reinsurance Facility.

Rule 93. RULE—EXPERIENCE RATING

The North Carolina Reinsurance Facility Automobile Liability Experience Rating Plan shall apply to all eligible risks. Refer to company for rating.

**Rule 94. RULE FOR RATING SINGLE LIMIT
COVERAGES**

The premium for a single limit per occurrence shall be calculated as follows:

- A. Apply a single discount of 3% to both the bodily injury and the property damage normal factors for separate limits equal to the desired single limit.
- B. Calculate the separate bodily injury and property damage premiums, the sum of which is the combined premium.

Example: Single Limit of \$50,000

(1)	(2)	(3)	(4)	(5)	(6)
Coverage	Basic Limits Premium (Rate)	Normal Factors For Separate Limits	Discount Factor	Factor (3) x [100 - (4)]	Increased Premium (2) x (5)
BI	\$620	1.48	3.0%	$1.48 \times .97 = 1.44$	\$ 892.80
PD	380	1.25	3.0	$1.25 \times .97 = 1.21$	459.80
					\$1,352.60

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

TERRITORIES SECTION

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

TERRITORY DEFINITIONS

	Territory Code
FAYETTEVILLE territory comprises the entire city of Fayetteville and all territory in Cumberland County included in the townships of Carvers Creek, Cross Creek, Eastover, Manchester, Pearces Mill, Rockfish, and Seventy First not included in Fort Bragg territory, including all of the following towns, cities, or places	020

Beard	Lakedale	Shaws
Bonnie Doone	Linden	Slocomb
Clifdale	Manchester	South Fayetteville
Cumberland	Milan	Spring Lake
Fenix	Myrtle Hill	Tokay
Gardners Chapel	Owens	Victory
Hope Mills	Roslin	Wade

FORSYTH COUNTY territory comprises all territory in Forsyth County not included in Winston Salem territory...022

FORT BRAGG territory comprises all territory in the Fort Bragg Military Reservation in Cumberland and Hoke Counties.....019

FRANKLIN COUNTY territory comprises all territory in Franklin County.....023

GASTON COUNTY See Gastonia and Remainder of State.

GASTONIA territory comprises the entire city of Gastonia and all territory in Gaston County included in the townships of Crowder Mountain, Dallas, Gastonia, River Bend, and South Point including all of the following towns, cities, or places.....022

Abbey	Duke Power Village	Mount View
Alexis	East Gastonia	North Belmont
Arlington	Goshen	Ragan
Beattie	Groves	Ranlo
Belmont	Hardins	Ridge
Bessemer City	High Shoals	Smyre
Boogertown	Lowell	South Gastonia
Convent	Lucia	Spencer Mountain
Cramerton	McAdenville	Stanley
Crowders	Mountain Island	Victory
Dallas	Mount Holley	

GATES COUNTY territory comprises all territory in Gates County.....023

GOLDSBORO territory comprises the entire city of Goldsboro and all territory in Wayne County included in Goldsboro township.....021

GREENE COUNTY territory comprises all territory in Greene County.....023

GREENSBORO—HAMILTON LAKES territory comprises the entire city of Greensboro, the entire town of Hamilton Lakes, and all territory in Guilford County included in the townships of Morehead and Gilmer, including all of the following towns, cities, or places014

Battle Bround	Four Mile	Hill Top
Bessemer	Hamtown	Pomona

GREENVILLE territory comprises the entire town of Greenville and all territory in Pitt County included in Greenville township, including the following towns, cities, or places

House	James Mill	Staton
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GUILFORD COUNTY territory comprises all territory in Guilford County not included in either Greensboro—Hamilton Lakes territory or High Point territory022

HALIFAX COUNTY territory comprises all territory in Halifax County023

HARNETT COUNTY territory comprises all territory in Harnett County.....023

HERTFORD COUNTY territory comprises all territory in Hertford County.....023

HIGH POINT territory comprises the entire city of High Point, the town of Westend, and all territory in Guilford County included in High Point township.....015

HOKE COUNTY territory comprises all territory in Hoke County not included in Fort Bragg territory.....023

HYDE COUNTY territory comprises all territory in Hyde County023

JOHNSTON COUNTY territory comprises all territory in Johnston County.....023

JONES COUNTY territory comprises all territory in Jones County023

KINSTON territory comprises the entire of city of Kinston and all territory in Lenoir County included in Kinston Township, including the following towns, cities, and places

Georgetown	Hines Junction
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LENOIR COUNTY territory comprises all territory in Lenoir County not included in Kinston territory023

LEXINGTON—THOMASVILLE territory comprises the entire cities of Lexington and Thomasville, all territory in Davidson County included in the townships of Lexington and Thomasville, and all territory in Randolph County included in Trinity township, including all of the following towns, cities, or places

Archdale	Fraziers	Trinity
Arnold	Glen Anna Lake	Welcome
Cedar Lodge		

MARTIN COUNTY territory comprises all territory in Martin County023

MECKLENBURG COUNTY territory comprises all territory in Mecklenburg County not included in Charlotte territory.....022

NASH COUNTY territory comprises all territory in Nash County not included in Rocky Mount territory.....022

NEW HANOVER COUNTY See Wilmington.

NORTHAMPTON COUNTY territory comprises all territory in Northampton County023

Note: Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

	Territory Code		Territory Code
ONSLow COUNTY territory comprises all territory in Onslow County not included in Camp LeJeune territory...	023	SAMPSON COUNTY territory comprises all territory in Sampson County	023
ORANGE COUNTY See Burlington—Graham and Remainder of State.		SCOTLAND COUNTY territory comprises all territory in Scotland County.....	023
PAMLICO COUNTY territory comprises all territory in Pamlico County.....	023	SEYMOUR JOHNSON AIR FORCE BASE territory comprises all territory in Seymour Johnson Air Force Base in Wayne County.....	019
PASQUOTANK COUNTY territory comprises all territory in Pasquotank County.....	023	TYRRELL COUNTY territory comprises all territory in Tyrrell County	023
PENDER COUNTY territory comprises all territory in Pender County.....	023	VANCE COUNTY territory comprises all territory in Vance County	023
PERQUIMANS COUNTY territory comprises all territory in Perquimans County.....	023	WAKE COUNTY territory comprises all territory in Wake County not included in Raleigh territory	021
PITT COUNTY territory comprises all territory in Pitt County not included in Greenville territory.....	023	WARREN COUNTY territory comprises all territory in Warren territory	023
RALEIGH territory comprises the entire city of Raleigh, all territory in Wake County included in the townships of Cary, House Creek, Meredith, Neuse River, Raleigh, St. Mary's, St. Matthews, and Swift Creek and the entire town of Knightdale in St. Matthews and Marks Creek townships, including all of the following towns, cities, or places.....	016	WASHINGTON COUNTY territory comprises all territory in Washington County.....	023
Asbury	College View	Milburnie	
Auburn	Edgeton	Millbrook	
Boushell	Fetner	Neuse	
Camp Polk	Garner	Oakdale	
Caraleigh	Macedonia	South Raleigh	
Carolina Pines	McCullers	Westover	
Cary	Method	Wilders Grove	
RANDOLPH COUNTY See Lexington—Thomasville and Remainder of State.		WILMINGTON territory comprises all of New Hanover County and in addition the following towns, cities, or places	017
ROBESON COUNTY territory comprises all territory in Robeson County	023	Belville	Lanvale
ROCKY MOUNT territory comprises the entire city of Rocky Mount, all territory in Nash County included in Rocky Mount and Story Creek townships, all territory in Edgecombe County included in Township 12 (Rocky Mount), and the entire town of Sharpsburg in Edgecombe, Nash, and Wilson Counties, including all of the following towns, cities, or places.....	021	Clairmont	Leland
Armstrong	Dortches	El Paso	Navassa
Brake	Winsteads		Woodburn
	Chapel		
ROWAN COUNTY See Concord—Kannapolis—Salisbury and Remainder of State.		WILSON territory comprises the entire town of Wilson and all territory in Wilson County included in the township of Wilson	021
		WILSON COUNTY territory comprises all territory in Wilson County not included in the Rocky Mount or Wilson territories	023
		WINSTON—SALEM territory comprises the entire city of Winston—Salem and all territory in Forsyth County included in the townships of Broadbay, Middle Fork, Old Town, South Fork, and Winston, including all of the following towns, cities, or places	018
		Alspaugh	Frontis
		Atwood	Hanes
		Daisy	Ogburntown
		Fisherville	Oldtown
			Reynolda
			Tiretown
			Walkertown
		REMAINDER OF STATE	024

Note: Refer to an atlas or map for places not listed.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

TERRITORY DEFINITIONS

LIST OF IMPORTANT CITIES AND TOWNS

The following list contains all the more important cities, towns, boroughs, and villages in the state together with their counties and territory and code assignments.

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
A					
Abbey, Gaston	022	Black Mountain, Buncombe	022	Columbia, Tyrrell	023
Aberdeen, Moore	024	Boger City, Lincoln	024	Columbus, Polk	024
Acton, Buncombe	011	Boiling Springs, Cleveland	024	Concord, Cabarrus	022
Ahoskie, Hertford	023	Bonnie Doone, Cumberland	020	Conover, Catawba	024
Alamance, Alamance	024	Boogertown, Gaston	022	Convent, Gaston	022
Albermarle, Stanly	024	Boone, Watauga	024	Cooks Crossing, Cabarrus	022
Alexander, Buncombe	022	Boswell, Buncombe	011	Cooleemee, Davie	024
Alexanders Store, Mecklenburg	012	Boushell, Wake	016	Cornelius, Mecklenburg	022
Alexis, Gaston	022	Brake, Edgecombe	021	Craggy, Buncombe	011
Alspaugh, Forsyth	018	Brevard, Transylvania	024	Cramerton, Gaston	022
Altamahaw, Alamance	024	Brown—Norcott Mills, Cabarrus	022	Croft, Mecklenburg	012
Andrews, Cherokee	024	Bryson City, Swain	024	Cross Road, Surry	024
Angier, Harnett	023	Buena Vista, Buncombe	011	Crowders, Gaston	022
Apex, Wake	021	Burgaw, Pender	023	Cumberland, Cumberland	020
Archdale, Randolph	022	Burlington, Alamance	022	Currituck, Currituck	023
Arden, Buncombe	011	Burnsville, Yancey	024	D	
Arlington, Gaston	022	Busbee, Buncombe	011	Daisy, Forsyth	018
Armstrong, Edgecombe	021	C			
Arnold, Davidson	022	Camden, Camden	023	Dallas, Gaston	022
Asbury, Wake	016	Camp LeJeune, Onslow	019	Danbury, Stokes	024
Asheboro, Randolph	024	Camp Polk, Wake	016	Davidson, Mecklenburg	022
Asheville, Buncombe	011	Candler, Buncombe	022	Dellview, Gaston	024
Asheville School, Buncombe	011	Canton, Haywood	024	Denton, Davidson	024
Atwood, Forsyth	018	Caraleigh, Wake	016	Derita, Mecklenburg	012
Auburn, Wake	016	Caroleen, Rutherford	024	Dobson, Surry	024
Aulander, Bertie	023	Carolina Beach, New Hanover	017	Dortches, Nash	021
Ayden, Pitt	023	Carolina Pines, Wake	016	Draper, Rockingham	024
B					
Badin, Stanly	024	Carrboro, Orange	024	Duke Power Village, Gaston	022
Bailey, Nash	023	Carson, Mecklenburg	012	Dunn, Harnett	023
Bakersville, Mitchell	024	Carthage, Moore	024	Durham, Durham	013
Balfours, Randolph	024	Cary, Wake	016	E	
Bannertown, Surry	024	Castalia, Nash	023	East Gastonia, Gaston	022
Barker Heights, Henderson	024	Cedar Falls, Randolph	024	East Spencer, Rowan	022
Barnardsville, Buncombe	022	Cedar Lodge, Davidson	022	East Wilmington, New Hanover	017
Battle Ground, Guilford	014	Chadburn, Columbus	023	Edenton, Chowan	023
Bayboro, Pamlico	023	Chadwick—Hoskins Mills, Mecklenburg	012	Edgeton, Wake	016
Beard, Cumberland	020	Chapel Hill, Orange	024	Elizabeth City, Pasquotank	023
Beattie, Gaston	022	Charlotte, Mecklenburg	012	Elizabethtown, Bladen	023
Beaufort, Carteret	023	Cherry Point, Craven	019	Elkin, Surry	024
Belhaven, Beaufort	023	Cherryville, Gaston	024	Eller, Davidson	024
Belmont, Gaston	022	China Grove, Rowan	022	Elm City, Wilson	023
Belmont, Halifax	023	Clairmont, Brunswick	017	Elon College, Alamance	022
Belville, Brunswick	017	Clayton, Johnston	023	El Paso, Brunswick	017
Benson, Johnston	023	Cleveland, Rowan	024	Emma, Buncombe	011
Bessemer, Guilford	014	Clifdale, Cumberland	020	Enfield, Halifax	023
Bessemer City, Gaston	022	Cliffside, Rutherford	024	Enka, Buncombe	011
Bethel, Pitt	023	Clinchfield, McDowell	024	Erwin, Harnett	023
Bethesda, Durham	013	Clinton, Sampson	023	F	
Bilboa, Durham	013	Coats, Harnett	023	Faggarts Crossroads, Cabarrus	022
Biltmore Forest, Buncombe	011	Coleridge, Randolph	024	Fair Bluff, Columbus	023
Biscoe, Montgomery	024	College View, Wake	016	Fairmont, Robeson	023
				Faith, Rowan	022
				Farmville, Pitt	023
				Fayetteville, Cumberland	020

Note: Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
Fenix, Cumberland	020	Hayesville, Clay	024	Liberty, Randolph	024
Fetner, Wake	016	Hazelwood, Haywood	024	Lillington, Harnett	023
Few, Durham	013	Henderson, Vance	023	Lincolnton, Lincoln	024
Fisherville, Forsyth	018	Hendersonville, Henderson	024	Linden, Cumberland	020
Forest City, Rutherford	024	Hertford, Perquimans	023	Littleton, Halifax and Warren	023
Fort Bragg, Cumberland	019	Hickory, Catawba	024	Longhurst, Person	024
Fountain, Pitt	023	Hickory Grove, Mecklenburg	012	Longview, Catawba	024
Four Mile, Guilford	014	High Point, Guilford	015	Longwood Park, Richmond	024
Franklin, Macon	024	High Shoals, Gaston	022	Louisburg, Franklin	023
Franklin, Rowan	022	Hillsboro, Orange	024	Lowell, Gaston	022
Franklinton, Franklin	023	Hill Top, Guilford	014	Lucama, Wilson	023
Franklinville, Randolph	024	Hines Junction, Lenoir	021	Lucia, Gaston	022
Fraziers, Randolph	022	Holly Ridge, Onslow	023	Lumberton, Robeson	023
Freeland, Brunswick	023	Holly Springs, Wake	021	Luthers, Buncombe	011
Fremont, Wayne	023	Homestead, Mecklenburg	012	M	
Frontis, Forsyth	018	Hominy, Buncombe	011	MacClesfield, Edgecombe	023
Fuquay Springs, Wake	021	Hope Mills, Cumberland	020	Macedonia, Wake	016
G		Hope Valley, Durham	013	Madison, Rockingham	024
Gardners Chapel, Cumberland	020	House, Pitt	021	Maiden, Catawba	024
Garner, Wake	016	Huntersville, Mecklenburg	022	Majolica, Rowan	022
Gaston, Northampton	023	Hutchinson, Mecklenburg	012	Manchester, Cumberland	020
Gastonia, Gaston	022	J		Marion, McDowell	024
Gatesville, Gates	023	Jackson, Northampton	023	Marshall, Madison	024
Georgetown, Lenoir	021	Jackson Park, Cabarrus	022	Mars Hill, Madison	024
Gibsonville, Guilford and Alamance	022	Jacksons Creek, Randolph	024	Marshville, Union	024
Glass, Cabarrus	022	Jacksonville, Onslow	023	Matthews, Mecklenburg	022
Glen Anna, Davidson	022	James Mill, Pitt	021	Maxton, Robeson	023
Glen Raven, Alamance	022	Jamestown, Guilford	022	Mayodan, Rockingham	024
Goldsboro, Wayne	021	Jefferson, Ashe	024	McAdenville, Gaston	022
Gorman, Durham	013	Jonesville, Yadkin	024	McCullers, Wake	016
Goshen, Gaston	022	Joyland, Durham	013	Mebane, Alamance and Orange	022
Graham, Alamance	022	Juno, Buncombe	022	Method, Wake	016
Granite Falls, Caldwell	024	Jupiter, Buncombe	022	Middlesex, Nash	023
Granite Quarry, Rowan	024	K		Midway Park, Onslow	023
Greenleaf, Wayne	021	Kannapolis, Cabarrus and Rowan	022	Milan, Cumberland	020
Greensboro, Guilford	014	Kenly, Johnston	023	Milburnie, Wake	016
Greenville, Pitt	021	Kernersville, Forsyth	022	Millbrook, Wake	016
Griffith, Mecklenburg	012	Kings Mountain, Cleveland	024	Mocksville, Davie	024
Grifton, Pitt	023	Kinston, Lenoir	021	Monroe, Union	024
Grimesland, Pitt	023	Kirkpatrick Heights, Alamance	022	Montreat, Buncombe	022
Grovemont, Buncombe	022	Knightdale, Wake	016	Mooresville, Iredell	024
Groves, Gaston	022	L		Morehead City, Carteret	023
Guilford, Guilford	022	La Grange, Lenoir	023	Morganton, Burke	024
Guilford College, Guilford	022	Lake, Davidson	022	Morrisville, Wake	021
H		Lakedale, Cumberland	020	Mountain Island, Gaston	022
Hahn, Mecklenburg	012	Lake Latham, Alamance	022	Mount Airy, Surry	024
Halifax, Halifax	023	Landis, Rowan	022	Mount Gilead, Cabarrus	022
Hamilton Lakes, Guilford	014	Lanvale, Brunswick	017	Mount Gilead, Montgomery	024
Hamlet, Richmond	024	Laurinburg, Scotland	023	Mount Holly, Gaston	022
Hamtown, Guilford	014	Leaksville, Rockingham	024	Mount Olive, Wayne	023
Hanes, Forsyth	018	Leicester, Buncombe	022	Mount Pleasant, Cabarrus	024
Hardins, Gaston	022	Leland, Brunswick	017	Mount View, Gaston	022
Harkers Island, Carteret	023	Lenoir, Caldwell	024	Murfreesboro, Hertford	023
Harrisburg, Cabarrus	022	Lewisville, Forsyth	022	Murphy, Cherokee	024
Haw Creek, Buncombe	011	Lexington, Davidson	022	Myrtle Hill, Cumberland	020
Haw River, Alamance	022	N		Nashville, Nash	023

Note: Refer to an atlas or map for places not listed.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

TERRITORY DEFINITIONS

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
Navassa, Brunswick.....	017	Roanoke Rapids, Halifax.....	023	Stanley, Gaston.....	022
Neuse, Wake.....	016	Robbins, Moore.....	024	Stantonsburg, Wilson.....	023
New Bern, Craven.....	023	Robbinsville, Graham.....	024	Statessville, Iredell.....	024
New Bridge, Buncombe.....	011	Robersonville, Martin.....	023	Staton, Pitt.....	021
Newell, Mecklenburg.....	012	Roberta Mills, Cabarrus.....	022	Stedman, Cumberland.....	023
Newfound, Buncombe.....	022	Rockingham, Richmond.....	024	Stokedale, Guilford.....	022
Newland, Avery.....	024	Rockwell, Rowan.....	024	Stony Point, Alexander.....	024
New Leaksville, Rockingham.....	024	Rocky Mount, Edgecombe and Nash.....	021	Summerfield, Guilford.....	022
Newton, Catawba.....	024	Rocky Ridge, Cabarrus.....	022	Sunnyside, Gaston.....	024
North Belmont, Gaston.....	022	Rocky River, Cabarrus.....	022	Swannanoa, Buncombe.....	022
North Durham, Durham.....	013	Rolesville, Wake.....	021	Swanquarter, Hyde.....	023
North Wilkesboro, Wilkes.....	024	Roseboro, Sampson.....	023	Swepsonville, Alamance.....	024
Norwood, Stanly.....	024	Roslin, Cumberland.....	020	Sylva, Jackson.....	024
O		Rougemont, Durham.....	022	T	
Oakdale, Wake.....	016	Rowland, Robeson.....	023	Tabor City, Columbus.....	023
Oak Grove, Durham.....	013	Roxboro, Person.....	024	Tarboro, Edgecombe.....	023
Oakhurst, Mecklenburg.....	012	Rural Hall, Forsyth.....	022	Taylorsville, Alexander.....	024
Oakley Buncombe.....	011	Rutherfordton, Rutherford.....	024	Terra Cotta, Guilford.....	022
Oakridge, Guilford.....	022	S		Thomasville, Davidson.....	022
Ogburntown, Forsyth.....	018	Saint Pauls, Robeson.....	023	Thrift, Mecklenburg.....	012
Oldtown, Forsyth.....	018	Salisbury, Rowan.....	022	Tiretown, Forsyth.....	018
Ossipee, Alamance.....	022	Sanford, Lee.....	024	Toast, Surry.....	024
Oteen, Buncombe.....	011	Saratoga, Wilson.....	023	Tokay, Cumberland.....	020
Owens, Cumberland.....	020	Saxaphaw, Alamance.....	024	Trenton, Jones.....	023
Oxford, Grantville.....	024	Scotland Neck, Halifax.....	023	Trinity, Randolph.....	022
P		Selma, Johnston.....	023	Troy, Montgomery.....	024
Paw Creek, Mecklenburg.....	012	Selwyn Park, Mecklenburg.....	012	Tryon, Polk.....	024
Pembroke, Robeson.....	023	Seymour Johnson A.F.B., Wayne.....	019	V	
Pharrs Mill, Cabarrus.....	022	Shalotte, Brunswick.....	023	Valdese, Burke.....	024
Phillipsville, Haywood.....	024	Sharpsburg, Edgecombe, Nash, and Wilson.....	021	Valmead, Caldwell.....	024
Pikeville, Wayne.....	023	Shaws, Cumberland.....	020	Victory, Cumberland.....	020
Pilot Mountain, Surry.....	024	Shelby, Cleveland.....	024	Victory, Gaston.....	022
Pinehurst, Moore.....	024	Shiloh, Buncombe.....	011	W	
Pinetops, Edgecombe.....	023	Siler City, Chatham.....	024	Wade, Cumberland.....	020
Pineville, Mecklenburg.....	022	Skyland, Buncombe.....	011	Wadesboro, Anson.....	024
Pinkney Gaston.....	022	Slocomb, Cumberland.....	020	Wake Forest, Wake.....	021
Pinoca, Mecklenburg.....	012	Smithfield, Johnston.....	023	Walkertown, Forsyth.....	018
Pioneer Mills, Cabarrus.....	022	Smyre, Gaston.....	022	Wallace, Duplin.....	023
Pittsboro, Chatham.....	024	Snowhill, Greene.....	023	Walnut Cove, Stokes.....	024
Pleasant Garden, Guilford.....	022	Southern Pines, Moore.....	024	Warrenton, Warren.....	023
Plymouth, Washington.....	023	South Fayetteville, Cumberland.....	020	Warsaw, Duplin.....	023
Pomona, Guilford.....	014	South Gastonia, Gaston.....	022	Washington, Beaufort.....	023
R		Southmont Davidson.....	024	Waynesville, Haywood.....	024
Raeford, Hoke.....	023	Southport Brunswick.....	023	Weaverville, Buncombe.....	022
Ragan, Gaston.....	022	South Raleigh, Wake.....	016	Welcome, Davidson.....	022
Raleigh, Wake.....	016	South River, Rowan.....	022	Weldon, Halifax.....	023
Ramseur, Randolph.....	024	South Rosemary, Halifax.....	023	Wendell, Wake.....	021
Randleman, Randolph.....	024	Sparta, Alleghany.....	024	Wentworth, Rockingham.....	024
Ranlo, Gaston.....	022	Spencer, Rowan.....	022	Westend, Guilford.....	015
Red Springs, Robeson.....	023	Spencer Mountain, Gaston.....	022	Westover, Wake.....	016
Redwood, Durham.....	013	Spindale, Rutherford.....	024	Whitakers, Edgecombe and Nash.....	023
Reidsville, Rockingham.....	024	Spray, Rockingham.....	024	Whiteville, Columbus.....	023
Reynolda, Forsyth.....	018	Spring Hope, Nash.....	023	Whitnel, Caldwell.....	024
Richmond Hill, Alamance.....	022	Spring Lake, Cumberland.....	020	Wilders Grove, Wake.....	016
Ridge, Gaston.....	022	Spruce Pine, Mitchell.....	024	Wilkesboro, Wilkes.....	024
Ridgecrest, Buncombe.....	022			Williamston, Martin.....	023
Ridgeview, Mecklenburg.....	012			Wilmington, New Hanover.....	017

Note: Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

City and County	Territory Code
Wilson, Wilson.....	021
Windsor, Bertie.....	023
Winnabow, Brunswick	023
Winsteads Chapel, Nash.....	021
Winston—Salem, Forsyth.....	018
Winterville, Pitt	023
Woodburn, Brunswick	017
Woodfin, Buncombe	011
Worthville, Randolph.....	024
Y	
Yadkin Junction, Rowan.....	022
Yadkinville, Yadkin	024
Yanceyville, Caswell.....	024
Yost, Rowan.....	022
Youngs Springs, Wilson	021
Z	
Zebulon, Wake	021

Note: Refer to an atlas or map for places not listed.

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL
COMMERCIAL AUTOMOBILE LIABILITY RATES SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

BODILY INJURY FACTORS

Limits Identifier Code (3)

Limit of Liability (1000s)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks And Truck- Tractors	3. Extra Heavy Trucks And Truck- Tractors	4. Trucks, Tractors, and Trailers Zone Rated	5. All Other Risks
\$ 30/60	49	1.00	1.00	1.00	1.00	1.00
85/85	52	1.15	1.19	1.21	1.33	1.15
50/100	49	1.11	1.13	1.15	1.25	1.13
100/100	52	1.20	1.26	1.31	1.44	1.20
100/300	52	1.38	1.45	1.53	1.80	1.39
100/500	55	1.44	1.58	1.64	1.99	1.47
300/300	64	1.60	1.75	1.86	2.32	1.60
250/500	61	1.64	1.85	1.95	2.46	1.67
400/400	68	1.71	1.93	2.06	2.63	1.73
500/500	68	1.82	2.06	2.22	2.90	1.85
750/750	73	2.04	2.36	2.59	3.45	2.08
1000/1000	73	2.22	2.60	2.88	3.92	2.26
1500/1500	74	2.48	3.00	3.36	4.65	2.51
2000/2000	75	2.72	3.33	3.76	5.29	2.76
2500/2500	76	2.88	3.61	4.14	5.83	2.97
5000/5000	79	3.58	4.65	5.45	7.89	3.67
7500/7500	82	4.04	5.38	6.37	9.33	4.13
10000/10000	85	4.32	5.85	6.97	10.27	4.41
12500/12500	86	4.47	6.13	7.33	10.83	4.56
15000/15000	86	4.55	6.28	7.53	11.14	4.64

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

PROPERTY DAMAGE FACTORS

Limits Identifier Code (3)

Limit of Liability (1000s)	Limit Code	1. Light and Medium Trucks	2. Heavy Trucks and Truck-Tractors	3. Extra Heavy Trucks and Truck-Tractors	4. Trucks, Tractors, and Trailers Zone Rated	5. All Other Risks
\$ 25	5	1.00	1.00	1.00	1.00	1.00
30	6	1.01	1.01	1.01	1.01	1.01
50	8	1.03	1.03	1.03	1.05	1.03
85	9	1.06	1.06	1.06	1.10	1.06
100	10	1.07	1.07	1.07	1.11	1.07
300	14	1.10	1.10	1.10	1.17	1.10
400	15	1.11	1.11	1.11	1.19	1.11
500	16	1.12	1.12	1.12	1.21	1.12
750	17	1.13	1.13	1.14	1.23	1.13
1000	18	1.14	1.14	1.15	1.25	1.14
1500	19	1.15	1.16	1.17	1.29	1.15
2000	20	1.16	1.18	1.19	1.33	1.16
2500	21	1.17	1.19	1.21	1.34	1.17
5000	23	1.19	1.21	1.23	1.38	1.19
7500	24	1.21	1.23	1.25	1.41	1.21
10000	25	1.23	1.25	1.27	1.43	1.23
12500	26	1.24	1.26	1.28	1.44	1.24
15000	26	1.25	1.27	1.29	1.45	1.25

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

LIGHT AND MEDIUM TRUCKS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	295	327	407	236	243	86	103	113
	Fleet	325	361	449	260	268			
12	Nonfleet	454	504	627	363	374	133	159	174
	Fleet	499	554	689	399	411			
13	Nonfleet	344	382	475	275	283	100	120	132
	Fleet	378	420	522	303	312			
14	Nonfleet	346	384	477	277	285	101	121	133
	Fleet	381	423	526	305	314			
15	Nonfleet	275	305	380	220	227	80	96	106
	Fleet	303	336	418	242	249			
16	Nonfleet	416	462	574	332	342	121	146	160
	Fleet	458	508	632	365	376			
17	Nonfleet	332	369	458	266	274	97	116	127
	Fleet	365	405	504	293	302			
18	Nonfleet	335	372	462	268	276	98	117	129
	Fleet	369	410	509	295	304			
19	Nonfleet	251	279	346	201	207	73	88	96
	Fleet	276	306	381	221	228			
20	Nonfleet	350	389	483	280	288	102	123	134
	Fleet	385	427	531	308	317			
21	Nonfleet	348	386	480	278	286	102	122	134
	Fleet	383	425	529	306	315			
22	Nonfleet	327	363	451	262	270	95	114	126
	Fleet	360	400	497	288	297			
23	Nonfleet	251	279	346	201	207	73	88	96
	Fleet	276	306	381	221	228			
24	Nonfleet	260	289	359	208	214	76	91	100
	Fleet	286	317	395	229	236			

HIRED CAR	Bodily Injury \$30/60	Property Damage \$25
All Territories	\$0.45	\$0.40

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

HEAVY TRUCKS AND TRUCK-TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	295	333	428	236	243	86	103	113
	Fleet	325	367	471	260	268			
12	Nonfleet	454	513	658	363	374	133	159	174
	Fleet	499	564	724	399	411			
13	Nonfleet	344	389	499	275	283	100	120	132
	Fleet	378	427	548	303	312			
14	Nonfleet	346	391	502	277	285	101	121	133
	Fleet	381	431	552	305	314			
15	Nonfleet	275	311	399	220	227	80	96	106
	Fleet	303	342	439	242	249			
16	Nonfleet	416	470	603	332	342	121	146	160
	Fleet	458	518	664	365	376			
17	Nonfleet	332	375	481	266	274	97	116	127
	Fleet	365	412	529	293	302			
18	Nonfleet	335	379	486	268	276	98	117	129
	Fleet	369	417	535	295	304			
19	Nonfleet	251	284	364	201	207	73	88	96
	Fleet	276	312	400	221	228			
20	Nonfleet	350	396	508	280	288	102	123	134
	Fleet	385	435	558	308	317			
21	Nonfleet	348	393	505	278	286	102	122	134
	Fleet	383	433	555	306	315			
22	Nonfleet	327	370	474	262	270	95	114	126
	Fleet	360	407	522	288	297			
23	Nonfleet	251	284	364	201	207	73	88	96
	Fleet	276	312	400	221	228			
24	Nonfleet	260	294	377	208	214	76	91	100
	Fleet	286	323	415	229	236			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

EXTRA HEAVY TRUCKS AND TRUCK-TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	295	339	451	236	243	86	103	113
	Fleet	325	374	497	260	268			
12	Nonfleet	454	522	695	363	374	133	159	174
	Fleet	499	574	763	399	411			
13	Nonfleet	344	396	526	275	283	100	120	132
	Fleet	378	435	578	303	312			
14	Nonfleet	346	398	529	277	285	101	121	133
	Fleet	381	438	583	305	314			
15	Nonfleet	275	316	421	220	227	80	96	106
	Fleet	303	348	464	242	249			
16	Nonfleet	416	478	636	332	342	121	146	160
	Fleet	458	527	701	365	376			
17	Nonfleet	332	382	508	266	274	97	116	127
	Fleet	365	420	558	293	302			
18	Nonfleet	335	385	513	268	276	98	117	129
	Fleet	369	424	565	295	304			
19	Nonfleet	251	289	384	201	207	73	88	96
	Fleet	276	317	422	221	228			
20	Nonfleet	350	403	536	280	288	102	123	134
	Fleet	385	443	589	308	317			
21	Nonfleet	348	400	532	278	286	102	122	134
	Fleet	383	440	586	306	315			
22	Nonfleet	327	376	500	262	270	95	114	126
	Fleet	360	414	551	288	297			
23	Nonfleet	251	289	384	201	207	73	88	96
	Fleet	276	317	422	221	228			
24	Nonfleet	260	299	398	208	214	76	91	100
	Fleet	286	329	438	229	236			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

PRIVATE PASSENGER TYPES

	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
	\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
Territory								
11	151	171	210	153	158	15	19	21
12	217	245	302	220	227	21	27	31
13	175	198	243	177	182	17	22	25
14	157	177	218	159	164	15	20	22
15	180	203	250	183	188	17	23	26
16	168	190	234	171	176	16	21	24
17	169	191	235	172	177	16	21	24
18	160	181	222	163	168	16	20	23
19	153	173	213	155	160	15	19	22
20	173	195	240	176	181	17	22	25
21	152	172	211	155	160	15	19	22
22	169	191	235	171	176	16	21	24
23	153	173	213	155	160	15	19	22
24	148	167	206	150	155	14	19	21

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

TAXIS AND LIMOUSINES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	1906	2154	2649	604	622	351	412	471
	Fleet	2097	2370	2915	664	684			
12	Nonfleet	2933	3314	4077	929	957	540	634	724
	Fleet	3226	3645	4484	1022	1053			
13	Nonfleet	2222	2511	3089	704	725	409	480	549
	Fleet	2444	2762	3397	774	797			
14	Nonfleet	2235	2526	3107	709	730	411	483	552
	Fleet	2459	2779	3418	780	803			
15	Nonfleet	1777	2008	2470	563	580	327	384	439
	Fleet	1955	2209	2717	619	638			
16	Nonfleet	2687	3036	3735	850	876	494	580	664
	Fleet	2956	3340	4109	935	963			
17	Nonfleet	2145	2424	2982	681	701	395	463	530
	Fleet	2360	2667	3280	749	771			
18	Nonfleet	2164	2445	3008	686	707	398	467	535
	Fleet	2380	2689	3308	755	778			
19	Nonfleet	1621	1832	2253	515	530	298	350	400
	Fleet	1783	2015	2478	567	584			
20	Nonfleet	2261	2555	3143	717	739	416	488	558
	Fleet	2487	2810	3457	789	813			
21	Nonfleet	2248	2540	3125	712	733	414	486	555
	Fleet	2473	2794	3437	783	806			
22	Nonfleet	2112	2387	2936	671	691	389	456	522
	Fleet	2323	2625	3229	738	760			
23	Nonfleet	1621	1832	2253	515	530	298	350	400
	Fleet	1783	2015	2478	567	584			
24	Nonfleet	1680	1898	2335	532	548	309	363	415
	Fleet	1848	2088	2569	585	603			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

SCHOOL AND CHURCH BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	242	273	336	146	150	54	64	74
	Fleet	266	301	370	161	166			
12	Nonfleet	372	420	517	225	232	84	99	114
	Fleet	409	462	569	248	255			
13	Nonfleet	282	319	392	171	176	63	75	86
	Fleet	310	350	431	188	194			
14	Nonfleet	284	321	395	172	177	64	76	87
	Fleet	312	353	434	189	195			
15	Nonfleet	226	255	314	136	140	51	60	69
	Fleet	249	281	346	150	155			
16	Nonfleet	341	385	474	206	212	77	91	104
	Fleet	375	424	521	227	234			
17	Nonfleet	272	307	378	165	170	61	72	83
	Fleet	299	338	416	182	187			
18	Nonfleet	275	311	382	166	171	62	73	84
	Fleet	303	342	421	183	188			
19	Nonfleet	206	233	286	125	129	46	55	63
	Fleet	227	257	316	138	142			
20	Nonfleet	287	324	399	174	179	65	76	88
	Fleet	316	357	439	191	197			
21	Nonfleet	285	322	396	172	177	64	76	87
	Fleet	314	355	436	189	195			
22	Nonfleet	268	303	373	162	167	60	71	82
	Fleet	295	333	410	178	183			
23	Nonfleet	206	233	286	125	129	46	55	63
	Fleet	227	257	316	138	142			
24	Nonfleet	213	241	296	129	133	48	57	65
	Fleet	234	264	325	142	146			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

ALL OTHER BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	2298	2597	3194	460	474	306	356	402
	Fleet	2528	2857	3514	506	521			
12	Nonfleet	3537	3997	4916	708	729	470	548	619
	Fleet	3891	4397	5408	779	802			
13	Nonfleet	2680	3028	3725	536	552	356	415	469
	Fleet	2948	3331	4098	590	608			
14	Nonfleet	2695	3045	3746	540	556	358	418	472
	Fleet	2965	3350	4121	594	612			
15	Nonfleet	2142	2420	2977	429	442	285	332	375
	Fleet	2356	2662	3275	472	486			
16	Nonfleet	3241	3662	4505	647	666	431	502	567
	Fleet	3565	4028	4955	712	733			
17	Nonfleet	2586	2922	3595	519	535	344	401	453
	Fleet	2845	3215	3955	571	588			
18	Nonfleet	2610	2949	3628	523	539	347	405	457
	Fleet	2871	3244	3991	575	592			
19	Nonfleet	1955	2209	2717	392	404	260	303	342
	Fleet	2151	2431	2990	431	444			
20	Nonfleet	2727	3082	3791	546	562	363	423	477
	Fleet	3000	3390	4170	601	619			
21	Nonfleet	2711	3063	3768	542	558	361	420	474
	Fleet	2982	3370	4145	596	614			
22	Nonfleet	2547	2878	3540	511	526	339	395	446
	Fleet	2802	3166	3895	562	579			
23	Nonfleet	1955	2209	2717	392	404	260	303	342
	Fleet	2151	2431	2990	431	444			
24	Nonfleet	2025	2288	2815	406	418	269	314	354
	Fleet	2228	2518	3097	447	460			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

VAN POOLS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	242	273	336	194	200	71	85	93
	Fleet	266	301	370	213	219			
12	Nonfleet	372	420	517	298	307	109	130	143
	Fleet	409	462	569	328	338			
13	Nonfleet	282	319	392	226	233	82	99	108
	Fleet	310	350	431	249	256			
14	Nonfleet	284	321	395	227	234	83	99	109
	Fleet	312	353	434	250	258			
15	Nonfleet	226	255	314	180	185	66	79	87
	Fleet	249	281	346	198	204			
16	Nonfleet	341	385	474	272	280	100	119	131
	Fleet	375	424	521	299	308			
17	Nonfleet	272	307	378	218	225	79	95	104
	Fleet	299	338	416	240	247			
18	Nonfleet	275	311	382	220	227	80	96	106
	Fleet	303	342	421	242	249			
19	Nonfleet	206	233	286	165	170	60	72	79
	Fleet	227	257	316	182	187			
20	Nonfleet	287	324	399	230	237	84	100	110
	Fleet	316	357	439	253	261			
21	Nonfleet	285	322	396	228	235	83	100	109
	Fleet	314	355	436	251	259			
22	Nonfleet	268	303	373	215	221	78	94	103
	Fleet	295	333	410	237	244			
23	Nonfleet	206	233	286	165	170	60	72	79
	Fleet	227	257	316	182	187			
24	Nonfleet	213	241	296	171	176	62	75	82
	Fleet	234	264	325	188	194			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

GARAGES

Territory	Class	Bodily Injury Limit			Property Damage Limit	
		\$30/60	\$50/100	\$100/300	\$25	\$50
11	Dealers	305	345	424	214	220
12	Dealers	461	521	641	324	334
13	Dealers	367	415	510	257	265
14	Dealers	389	440	541	273	281
15	Dealers	300	339	417	211	217
16	Dealers	451	510	627	317	327
17	Dealers	381	431	530	267	275
18	Dealers	310	350	431	217	224
19	Dealers	285	322	396	200	206
20	Dealers	358	405	498	251	259
21	Dealers	369	417	513	259	267
22	Dealers	351	397	488	246	253
23	Dealers	285	322	396	200	206
24	Dealers	277	313	385	194	200

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

STATE RATE SCHEDULES

TRUCKS, TRACTORS, AND TRAILERS

State		Bodily Injury Limit \$30/60	Property Damage Limit \$25	Medical Payments Limit		
				\$500	\$1,000	\$2,000
Georgia	Nonfleet	1,353	469	395	474	520
	Fleet	1,488	516			
Florida	Nonfleet	2,273	650	664	796	873
	Fleet	2,500	715			
New Jersey	Nonfleet	2,632	1,436	769	921	1,011
	Fleet	2,895	1,580			
New York	Nonfleet	3,187	1,164	931	1,115	1,224
	Fleet	3,506	1,010			
South Carolina	Nonfleet	903	493	264	316	347
	Fleet	993	542			
Tennessee	Nonfleet	642	437	187	225	247
	Fleet	706	481			
Virginia	Nonfleet	1,819	1,037	531	637	698
	Fleet	2,001	1,141			
All Other States	Nonfleet	1,386	616	405	485	532
	Fleet	1,525	678			

PUBLIC AUTOS

State		Bodily Injury Limit \$30/60	Property Damage Limit \$25	Medical Payments Limit		
				\$500	\$1,000	\$2,000
Georgia	Nonfleet	5,568	1,928	741	863	974
	Fleet	6,125	2,121			
Florida	Nonfleet	8,704	2,486	1,158	1,349	1,523
	Fleet	9,574	2,735			
New Jersey	Nonfleet	22,574	12,313	3,002	3,499	3,950
	Fleet	24,831	13,544			
New York	Nonfleet	13,510	4,568	1,797	2,094	2,364
	Fleet	14,861	5,025			
South Carolina	Nonfleet	1,820	993	242	282	319
	Fleet	2,002	1,092			
Tennessee	Nonfleet	2,603	1,771	346	403	456
	Fleet	2,863	1,948			
Virginia	Nonfleet	12,625	7,218	1,679	1,957	2,209
	Fleet	13,888	7,940			
All Other States	Nonfleet	5,616	2,582	747	870	983
	Fleet	6,178	2,840			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

ZONE RATING TABLE

ZONE 05 (CHARLOTTE) COMBINATIONS

Insert the state code of the state of principal garaging as the first two digits of the zone combination code.

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
01 Atlanta	\$900 BI	13 Houston	\$901 BI	25 New Orleans	\$911 BI	37 Tulsa	\$901 BI
	946 PD		947 PD		959 PD		947 PD
	174 MP		174 MP		176 MP		174 MP
	**201		**213		**225		**237
02 Balt.-Wash.	887 BI	14 Indianapolis	780 BI	26 N.Y. City	887 BI	40 Pacific	1032 BI
	933 PD		821 PD		933 PD		1085 PD
	171 MP		151 MP		171 MP		199 MP
	**202		**214		**226		**240
03 Boston	948 BI	15 Jacksonville	900 BI	27 Okla. City	901 BI	41 Mountain	1144 BI
	998 PD		946 PD		947 PD		1203 PD
	183 MP		174 MP		174 MP		221 MP
	**203		**215		**227		**241
04 Buffalo	887 BI	16 Kansas City	927 BI	28 Omaha	927 BI	42 Mid-West	952 BI
	933 PD		976 PD		976 PD		1001 PD
	171 MP		179 MP		179 MP		184 MP
	**204		**216		**228		**242
05 Charlotte	900 BI	17 Little Rock	901 BI	29 Phoenix	1114 BI	43 South-West	924 BI
	946 PD		947 PD		1172 PD		972 PD
	174 MP		174 MP		215 MP		178 MP
	**205		**217		**229		**243
06 Chicago	780 BI	18 Los Angeles	1005 BI	30 Philadelphia	887 BI	44 North Central	800 BI
	821 PD		1057 PD		933 PD		842 PD
	151 MP		194 MP		171 MP		154 MP
	**206		**218		**230		**244
07 Cincinnati	780 BI	19 Louisville	869 BI	31 Pittsburgh	887 BI	45 Mid-East	892 BI
	821 PD		914 PD		933 PD		938 PD
	151 MP		168 MP		171 MP		172 MP
	**207		**219		**231		**245
08 Cleveland	780 BI	20 Memphis	869 BI	32 Portland	1005 BI	46 Gulf	935 BI
	821 PD		914 PD		1057 PD		984 PD
	151 MP		168 MP		194 MP		180 MP
	**208		**220		**232		**246
09 Dallas Fort Worth	901 BI	21 Miami	900 BI	33 Richmond	900 BI	47 South-East	923 BI
	947 PD		946 PD		946 PD		971 PD
	174 MP		174 MP		174 MP		178 MP
	**209		**221		**233		**247
10 Denver	1114 BI	22 Milwaukee	927 BI	34 St. Louis	927 BI	48 Eastern	911 BI
	1172 PD		976 PD		976 PD		957 PD
	215 MP		179 MP		179 MP		176 MP
	**210		**222		**234		**248
11 Detroit	780 BI	23 Minn.-St. Paul	927 BI	35 Salt Lake City	1114 BI	49 New England	973 BI
	821 PD		976 PD		1172 PD		1024 PD
	151 MP		179 MP		215 MP		188 MP
	**211		**223		**235		**249
12 Hartford	948 BI	24 Nashville	869 BI	36 San Fran.	1005 BI		
	998 PD		914 PD		1057 PD		
	183 MP		168 MP		194 MP		
	**212		**224		**236		

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

**ZONE RATING TABLE
ZONE 47 (SOUTHEAST) COMBINATIONS**

Insert the state code of the state of principal garaging as the first two digits of the zone combination code.

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
01 Atlanta	\$923 BI 971 PD 178 MP	13 Houston	\$924 BI 972 PD 178 MP	25 New Orleans	\$935 BI 984 PD 180 MP	37 Tulsa	\$924 BI 972 PD 178 MP
	**901		**913		**925		**937
02 Balt.- Wash.	911 BI 957 PD 176 MP	14 India- napolis	800 BI 842 PD 154 MP	26 N.Y. City	911 BI 957 PD 176 MP	40 Pacific	1058 BI 1113 PD 204 MP
	**902		**914		**926		**940
03 Boston	973 BI 1024 PD 188 MP	15 Jackson- ville	923 BI 971 PD 178 MP	27 Okla. City	924 BI 972 PD 178 MP	41 Moun- tain	1173 BI 1234 PD 226 MP
	**903		**915		**927		**941
04 Buffalo	911 BI 957 PD 176 MP	16 Kansas City	952 BI 1001 PD 184 MP	28 Omaha	952 BI 1001 PD 184 MP	42 Mid- West	976 BI 1027 PD 188 MP
	**904		**916		**928		**942
05 Charlotte	923 BI 971 PD 178 MP	17 Little Rock	924 BI 972 PD 178 MP	29 Phoenix	1144 BI 1203 PD 221 MP	43 South- West	948 BI 997 PD 183 MP
	**905		**917		**929		**943
06 Chicago	800 BI 842 PD 154 MP	18 Los Angeles	1032 BI 1085 PD 199 MP	30 Philadel- phia	911 BI 957 PD 176 MP	44 North Central	821 BI 864 PD 158 MP
	**906		**918		**930		**944
07 Cincin- nati	800 BI 842 PD 154 MP	19 Louisville	892 BI 938 PD 172 MP	31 Pitts- burgh	911 BI 957 PD 176 MP	45 Mid- East	915 BI 962 PD 177 MP
	**907		**919		**931		**945
08 Cleveland	800 BI 842 PD 154 MP	20 Memphis	892 BI 938 PD 172 MP	32 Portland	1032 BI 1085 PD 199 MP	46 Gulf	959 BI 1009 PD 185 MP
	**908		**920		**932		**946
09 Dallas Fort Worth	924 BI 972 PD 178 MP	21 Miami	923 BI 971 PD 178 MP	33 Rich- mond	923 BI 971 PD 178 MP	47 South- East	947 BI 996 PD 183 MP
	**909		**921		**933		**947
10 Denver	1144 BI 1203 PD 221 MP	22 Milwau- kee	952 BI 1001 PD 184 MP	34 St. Louis	952 BI 1001 PD 184 MP	48 Eastern	934 BI 982 PD 180 MP
	**910		**922		**934		**948
11 Detroit	800 BI 842 PD 154 MP	23 Minn.- St. Paul	952 BI 1001 PD 184 MP	35 Salt Lake City	1144 BI 1203 PD 221 MP	49 New England	998 BI 1050 PD 193 MP
	**911		**923		**935		**949
12 Hartford	973 BI 1024 PD 188 MP	24 Nashville	892 BI 938 PD 172 MP	36 San Fran.	1032 BI 1085 PD 199 MP		
	**912		**924		**936		

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

INDEX

Rule/ Paragraph		Page
	—A—	
8	Additional Premium Changes	12
58	Ambulance Services	61
59	Amphibious Equipment	61
60	Antique Autos	61
2	Application of This Manual	11
61	Auto Body Manufacturers and Installers	61
53	Auto Dealers—Additional Provisions	54
62	Auto Repair Training	62
73	Autos Held for Sale by Service Operations	66
	—B—	
71	Banks—Repossessed Autos	65
	—C—	
10	Cancellation	12
21	Certified Risks—Financial Responsibility Laws	21
	Classifications	
43	Public Transportation	44
33	Trucks, Tractors, and Trailers	28
14	Combination of Interests	16
62	Commercial Driving Schools	62
F	Commissions	5
	—D—	
23	Deductible Insurance	21
84	Determination of Experience Modification	69
63	Drive-Away Contractors	62
15	Drive Other Car Coverage	16
62	Driver Training Programs	62
	—E—	
62	Educational Institutions	62
	Eligibility	
51	Auto Dealers	53
54	Auto Dealers	55
81	Experience Rating	69
41	Public Transportation	43
56	Special Types and Operations	57
B	Standard Practices	3
31	Trucks, Tractors, and Trailers	27
87	Experience Rating Plan Supplement	75
83	Experience Used	69
C	Extent of Coverage	3
	—F—	
5	Factors or Multipliers	11
13	Farmers Autos	15
71	Finance Companies—Repossessed Autos	65
21	Financial Responsibility Laws—Certified Risks	21
64	Fire Departments	62
65	Funeral Directors	63
	—G—	
69	Golfmobiles	65

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Rule/ Paragraph	Page
—H—	
17 Hired Autos	17
11 How to Classify Autos	15
—I—	
22 Increased Limits	21
18 Individual as the Named Insured	17
—L—	
66 Law Enforcement Agencies	63
67 Leasing or Rental Concerns	64
—M—	
19 Medical Payments	18
A Membership Obligation	3
7 Minimum Premium	11
H Minimum Underwriting Requirements	5
68 Mobile Homes	64
69 Motorcycles, Golfmobiles, and Snowmobiles	65
—N—	
16 Nonownership Liability	16
—P—	
D Policy Forms	4
3 Policy Period	11
24 Pollution Liability	22
4 Premium Computation	11
Premium Development	
52 Auto Dealers	53
55 Auto Dealers for Common Coverages	55
42 Other than Zone Rated Public Autos	43
32 Other than Zone Rated Trucks, Tractors, and Trailers	27
57 Special Types and Operations	61
44 Zone Rated Public Autos	49
35 Zone Rated Trucks, Tractors, and Trailers	36
6 Premium Rounding	11
12 Private Passenger Types	15
43 Public Auto Classifications	44
—R—	
Rates	R-1
82 Rating Procedure	69
92 Rating Procedures— Reinsurance Facility Risks	79
70 Registration Plates Not Issued for a Specific Auto	65
1 Reinsurance Facility Selected Rules of Operation	11
71 Repossessed Autos	65
91 Retrospective Rating	79
9 Return Premium Changes	12
93 Rule—Experience Rating	79
94 Rule for Rating Single Limit Coverages	79
D Rules and Rates	4
—S—	
G Service Standards	5
94 Single Limit Coverages	79

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

Rule/ Paragraph		Page
69	Snowmobiles	65
72	Special or Mobile Equipment	66
—T—		
85	Tentative Experience Modification	70
E	Termination of Cession	4
	Territory Definitions	T-1
45	Transportation of Seasonal or Migrant Farm Workers by Farm Labor Contractors	49
86	Treatment of Immature Losses Due to Change of Carrier	74
34	Truckers/Motor Carriers	35
33	Trucks, Tractors, and Trailers Classifications	28
—U—		
20	Uninsured and Underinsured Motorists Insurance	18

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EFFECTIVE DATES

STANDARD PRACTICES SECTION

A October 26, 2016
B October 26, 2016
C October 26, 2016
D October 26, 2016
E October 26, 2016
F October 26, 2016
G October 26, 2016
H August 20, 2018

GENERAL RULES SECTION

Rule 1. June 1, 2010
Rule 2. June 1, 2010
Rule 3. June 1, 2010
Rule 4. June 1, 2010
Rule 5. June 1, 2010
Rule 6. June 1, 2010
Rule 7. June 1, 2010
Rule 8. April 20, 2016
Rule 9. June 1, 2010
Rule 10. June 1, 2010

COMMON COVERAGES SECTION

Rule 11. June 1, 2010
Rule 12. April 20, 2016
Rule 13. June 1, 2010
Rule 14. June 1, 2010
Rule 15. June 1, 2010
Rule 16. June 1, 2010
Rule 17. June 1, 2010
Rule 18. June 1, 2010
Rule 19. June 1, 2010
Rule 20. June 1, 2010
Rule 21. June 1, 2010
Rule 22. June 1, 2010
Rule 23. June 1, 2010
Rule 24. June 1, 2010
Rule 25. Reserved for Future Use
Rule 26. Reserved for Future Use
Rule 27. Reserved for Future Use
Rule 28. Reserved for Future Use
Rule 29. Reserved for Future Use
Rule 30. Reserved for Future Use

TRUCKS, TRACTORS, AND TRAILERS SECTION

Rule 31. December 1, 2010
Rule 32. April 1, 2017
Rule 33. March 1, 2012
Rule 34. December 1, 2010
Rule 35. June 1, 2010
Rule 36. Reserved for Future Use
Rule 37. Reserved for Future Use
Rule 38. Reserved for Future Use
Rule 39. Reserved for Future Use
Rule 40. Reserved for Future Use

PUBLIC TRANSPORTATION SECTION

Rule 41. June 1, 2010
Rule 42. April 1, 2017
Rule 43. June 1, 2010
Rule 44. June 1, 2010
Rule 45. December 1, 2010

Rule 46. Reserved for Future Use
Rule 47. Reserved for Future Use
Rule 48. Reserved for Future Use
Rule 49. Reserved for Future Use
Rule 50. Reserved for Future Use

GARAGE AND AUTO DEALERS SECTION

Garage Dealers Section

Rule 51. June 1, 2010
Rule 52. June 1, 2010
Rule 53. June 1, 2010

Auto Dealers Section

Rule 54. October 1, 2013
Rule 55. October 1, 2013

SPECIAL TYPES AND OPERATIONS SECTION

Rule 56. June 1, 2010
Rule 57. June 1, 2010
Rule 58. December 1, 2010
Rule 59. December 1, 2010
Rule 60. June 1, 2010
Rule 61. June 1, 2010
Rule 62. June 1, 2010
Rule 63. June 1, 2010
Rule 64. December 1, 2010
Rule 65. June 1, 2010
Rule 66. December 1, 2010
Rule 67. June 1, 2010
Rule 68. June 1, 2010
Rule 69. June 1, 2010
Rule 70. June 1, 2010
Rule 71. June 1, 2010
Rule 72. June 1, 2010
Rule 73. June 1, 2010
Rule 74. Reserved for Future Use
Rule 75. Reserved for Future Use
Rule 76. Reserved for Future Use
Rule 77. Reserved for Future Use
Rule 78. Reserved for Future Use
Rule 79. Reserved for Future Use
Rule 80. Reserved for Future Use

EXPERIENCE RATING PLAN SECTION

Rule 81. March 1, 2015
Rule 82. June 1, 2010
Rule 83. June 1, 2010
Rule 84. June 1, 2010
Rule 85. June 1, 2010
Experience
Rating
Example March 1, 2015
Table A March 1, 2015
Table B March 1, 2015
Rule 86. March 1, 2015
Rule 87. June 1, 2010
Rule 88. Reserved for Future Use
Rule 89. Reserved for Future Use
Rule 90. Reserved for Future Use

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

**SUPPLEMENTARY RATING PROCEDURES
SECTION**

Rule 91. June 1, 2010
Rule 92. June 1, 2010
Rule 93. June 1, 2010
Rule 94. June 1, 2010

Territories Section	June 1, 2010
Commercial Automobile Liability Rates Section	October 1, 2017
State Rates	April 1, 2017
Zone Rates	March 1, 2015

**PRE-FILED TESTIMONY
of
RAYMOND F. EVANS, JR., CPCU**

October, 2018

**2018 COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY**

- Q. Would you state your full name and business address?
- A. Raymond F. Evans, Jr., CPCU, 2910 Sumner Boulevard, Raleigh, North Carolina 27616.
- Q. Are you employed by the North Carolina Reinsurance Facility ("Facility")?
- A. Yes.
- Q. In what capacity?
- A. I am the General Manager.
- Q. How long have you been employed by the Facility?
- A. Since September, 2000.
- Q. What is the Facility's function with respect to rates for commercial automobile insurance?
- A. The Facility makes rates for commercial automobile liability insurance written in North Carolina that is ceded to the Facility.
- Q. Would you summarize your educational background?
- A. I graduated from Ohio State University with a Bachelor of Science Degree in Accounting. I am also a Chartered Property and Casualty Underwriter (CPCU).
- Q. What was your work experience after graduation and prior to beginning work for the Facility?
- A. From March 1966 to August 2000 I worked in various capacities with the State Automobile Insurance Companies.

- Q. Can you identify the document (Exhibit RF-1) dated October 31, 2018?
- A. Yes. This is a portion of a filing (“Filing”) that is dated October 31, 2018, submitted by the Facility to the Honorable Mike Causey, Commissioner of Insurance, with respect to revised commercial automobile liability insurance rates in North Carolina for ceded business. The entire Filing is comprised of Exhibits RF-1 through RF-5.
- Q. Do you know how the expense data underlying the Filing were compiled?
- A. Yes. The underwriting expense provisions included in the Filing were derived on the basis of a special call for expense experience that is issued on an annual basis to all member companies of the Facility. The responses received from that special call were compiled, checked, and furnished to Insurance Services Office (“ISO”) for incorporation into the Filing. The expense data were checked, reconciled, and edited before they were sent to ISO for use in the Filing.
- Q. Was the special call information which was furnished to ISO in connection with the Filing correct and accurate to the best of your knowledge, information and belief?
- A. Yes.
- Q. Can you identify the document (Exhibit RF-2) entitled the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates?
- A. Yes. The North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates is a manual of the rules, rates and classifications used to write commercial automobile liability insurance ceded to the Facility. This manual and any approved amendments are on file with the North Carolina Department of Insurance and a copy is maintained at the offices of the Facility.
- Q. To the extent that actuarial expertise was necessary in the preparation of this Filing, where did the Facility obtain that expertise?
- A. Actuarial expertise was obtained from ISO. ISO is retained by the Facility to provide actuarial services to the Facility for, among numerous other things, preparation of this Filing. The Facility’s Rating Committee reviewed the data underlying the Filing and made recommendations to the Board of Governors of the Facility as to the items contained in the Filing. In addition, the Facility has an actuary on its staff who participated in the committee review and discussion of the rate review and assisted in preparation of the Filing.
- Q. What is the proposed effective date of the rates in the Filing?

- A. The new rates will apply to all policies becoming effective on or after April 1, 2019. The only exception to this rule of application is that, for policies to which an experience rating modification is applied and becomes effective on or after April 1, 2019, the new rates are applicable as of the experience rating date.
- Q. Does the Filing include, to the extent available, the information to be furnished in connection with the filings under Article 37 of Chapter 58 of the General Statutes?
- A. Yes. Those data that were available have been submitted to the Commissioner as part of the Filing.
- Q. Does that complete your pre-filed testimony?
- A. Yes.

PRE-FILED TESTIMONY

OF

JAMES DAVIDSON

COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

October, 2018

Q. Please state your name and business address.

A. My name is James Davidson. My business address is Insurance Services Office, Inc., 545 Washington Boulevard, Jersey City, New Jersey 07310.

Q. By whom are you employed?

A. I am employed by Insurance Services Office ("ISO") and have been employed by ISO since May 27, 2003.

Q. What are your responsibilities at ISO?

A. I am the Actuarial Director for Commercial Automobile at ISO. My responsibilities include the management of ISO's total ratemaking operation as it pertains to commercial automobile insurance. We are generally responsible for doing everything that pertains to ratemaking for the commercial automobile coverages, including reviewing experience, making filings, analysis of classification plans, etc.

ISO is involved in ratemaking for the commercial automobile coverages in general in virtually all states plus the District of Columbia and Puerto Rico.

Q. What is your employment background?

A. When I was first employed by ISO, I was an Analyst in ISO's Increased Limits and Rating Plans Division, where I was involved in conducting increased limit reviews for various lines of business, both Personal and Commercial. I was promoted to various levels through the years, including Actuarial Manager in 2013, when I became responsible for Increased Limit reviews for both Personal and Commercial Auto. In 2015, I was promoted to my current position as Actuarial Director for Commercial Auto.

Q. What is your background in actuarial science and your educational background?

A. I have a Bachelor of Arts degree in Mathematics from the University of Connecticut. I am a Fellow of the Casualty Actuarial Society ("CAS") and a member of the American Academy of Actuaries, and I am in good standing with both organizations.

Q. Are you familiar with automobile experience review procedures in other states?

A. Yes. As part of my duties at ISO, I am familiar with data collection and experience review procedures in use in other states as well as in North Carolina. I have participated in reviews for Commercial Automobile for many states. I am responsible at the present time for supervising the preparation of rate filings for all the states, the District of Columbia and Puerto Rico for which ISO has jurisdiction as an advisory organization.

Q. What work have you performed with respect to the Reinsurance Facility Commercial Automobile rate filing in North Carolina?

A. Through ISO, I have been involved in the preparation of the Commercial Automobile rate filing for the Reinsurance Facility in two respects. First, we collect rate-related statistical data from a significant number of the companies which write Commercial Automobile insurance in North Carolina. The Property Casualty Insurers Association of America ("PCI") and the National Independent Statistical Service ("NISS") are statistical organizations that collect data from the other companies. The data which the PCI and the NISS collects are sent to us at ISO and we

compile all of the data and put them in proper format so that they can be reviewed to determine whether rates are adequate or inadequate. Second, we provide consulting actuarial services directly to the Reinsurance Facility. My staff and I worked closely with the North Carolina Reinsurance Facility staff and the NCRF Rating Committee with respect to the ratemaking procedures and trends that are utilized in the filing. The Rating Committee is comprised of several member companies of the Facility plus one of the agent members of the Facility's Board of Governors.

Q. What is the nature of this filing labeled Exhibits RF-1 through RF-5?

A. The Reinsurance Facility's filing is identified as Exhibits RF-1 through RF-5. The ratemaking experience is reflected in Exhibit RF-1 and is, in general, supplied by the individual companies. The data are submitted to one of the three statistical organizations (either ISO, PCI or NISS). The three statistical organizations subject the data that are reported to them to a series of verification edits and then consolidate the data. The PCI and the NISS then transmit their consolidated data to ISO for further consolidation with the ISO data, and after that is completed ISO produces the combined data in a format and detail necessary for ratemaking.

This filing revises the North Carolina Reinsurance Facility basic limits rates and increased limits factors for Commercial Automobile bodily injury liability, property damage liability and medical payments. Separate filed amounts are determined for Trucks, Tractors, & Trailers, Private Passenger Types, Zone Rated Risks, and Publics. The filed amounts by coverage, as shown on page a of Exhibit RF-1, are:

<u>Major Class</u>	Basic Limits	Increased Limits	
	Filed <u>Change</u>	Filed <u>Change</u>	<u>Combined</u>
Trucks, Tractors, & Trailers			
Bodily Injury	-16.8%%	+29.7%	+7.9%
Property Damage	+13.4%	+2.7%	+16.5%
Combined	-7.7%%	+21.6%	+10.5%

Private Passenger Types

Bodily Injury	+2.3%	+17.7%	+20.4%
Property Damage	+29.7%	+1.3%	+31.4%
Combined	+14.0%	+10.7%	+25.1%

Zone Rated Risks

Bodily Injury	+46.4%	+42.1%	+108.0%
Property Damage	+46.1%	+6.1%	+55.0%
Combined	+46.3%	+32.7%	+94.1%

Publics

Bodily Injury	-23.4%	+24.3%	-4.8%
Property Damage	+82.6%	+2.1%	+86.5%
Combined	-6.3%	+20.7%	+9.9%

Grand Total

Bodily Injury	-3.9%	+30.4%	+25.4%
Property Damage	+24.1%	+3.0%	+27.8%
Combined	+3.9%	+22.8%	+26.1%

- Q. The note on page a indicates that the Property Damage indications include a 1.2% factor due to the expansion of the sales tax base in North Carolina to include labor. Could you explain the inclusion of that 1.2% factor?
- A. Yes. The law in North Carolina changed effective March 1, 2016 to include for the first time the application of sales tax to the labor portion of auto repairs. Since those new expenses are not reflected in most of the experience used in this filing, they must be accounted for separately. In the 2017 filing, a factor of 2.0% was used to account for these expenses. The factor was taken from Facility private passenger filings, as it is assumed that the estimated impact on the Property Damage liability coverage here will be approximately the same. For this filing, the factor was adjusted to reflect that the additional sales tax was reflected in the loss experience from March 1,

2016 through December 31, 2016; in other words, only two months of the 2016 experience needed adjustment, which results in a 0.3% factor being applied to 2016 experience, while the other years in the experience period continue to receive the 2.0% factor. As I will explain later in this testimony, the experience ratios by year are weighted, and this weighting results in an overall factor of 1.2%. The basic limits changes shown above and on page a are the result of applying this additional 1.2% to the basic limits indications for Property Damage calculated on Exhibit 1 in Section A.

Q. Mr. Davidson, what is the assumed effective date which was used in the preparation of the present filing?

A. The actuarial calculations assume an effective date of April 1, 2019. This is the effective date proposed for the filing.

Q. What data are utilized in Exhibit RF-1, Section B?

A. With respect to Exhibit RF-1, the supporting data for the basic limits rate level changes for bodily injury liability and property damage liability are contained in Section B. Five years of premium and loss experience are used for each of the Trucks, Tractors, & Trailers, Private Passenger Types, and Zone Rated coverages in Section B. The years are the latest available.

For the Trucks, Tractors, & Trailers and Private Passenger Types classes, the loss experience used in the filing is what we call "accident year" experience. The five years of experience used in the filing are the accident years ending December 31, 2012 to December 31, 2016. For example, the losses for the accident year ended December 31, 2012 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2012. If an accident occurred December 31, 2012 and resulted in either a loss being paid or reserve being established, that loss would be a part of the accident year losses for the period ended December 31, 2012. The test for assigning losses to accident years is the date the accident occurred.

For Zone Rated liability, the experience used in the filing is what we call "policy year" experience. The five years of experience used in the filing are the policy years ending December

31, 2012 to December 31, 2016. These five policy year-ending periods are sometimes referred to as policy years 2011 to 2015, as they consist of the policies issued in 2011 through 2015. For example, policy year 2011 experience consists of the experience for all policies issued from January 1, 2011 to December 31, 2011; the term policy year-ending 12/31/2012 comes from the fact that the expiration of these policies is one year after issue, so a policy issued on December 31, 2011 expires on December 31, 2012. Policy year compiles the experience based on the year the applicable policy was issued rather than the year the accident occurred.

Q. How is Exhibit RF-1 arranged?

A. Exhibit RF-1 is divided into nine sections. Sections A and B display the exhibits where the rate level changes are determined. Exhibit 1 of Section A shows the overall calculation of the basic limits rate level changes by major class and coverage. Exhibits 1, 2, and 3 of Section B display the adjustment of the losses and calculation of the rate level loss ratios for Trucks, Tractors, & Trailers, Private Passenger Types, and Zone Rated Risks respectively. Section C presents the exhibits of revised rates. Section D provides the supporting exhibits for loss development, trend, expenses, credibility and investment income. Sections E, F, and G contain the analysis of Increased Limits Factors. Section H contains the analysis of the Publics relativities. Section I contains the summary of changes for out of state rates.

Q. Mr. Davidson, please turn to the exhibit labeled Section B, Exhibit 1 of Exhibit RF-1. Would you explain what that exhibit is?

A. This exhibit consists of two sheets - 1&2 - which display the loss and premium data for the Trucks, Tractors, & Trailers liability coverages for the North Carolina Reinsurance Facility. Sheet 1 displays the calculation of the rate level loss ratio for bodily injury and property damage coverages for the Trucks, Tractors, & Trailers classes. Sheet 2 displays the adjustment of the experience period incurred losses and loss adjustment expenses to be used on Section B, Exhibit 1, Sheet 1. The data shown are for ceded business; they are the experience on policies that are placed in the Reinsurance Facility.

My testimony will concentrate on the calculations underlying the Trucks, Tractors, & Trailers bodily injury coverage on this exhibit. This is done to simplify the explanations and to provide examples of the calculations in the filing. Although I will be focusing my testimony on the Trucks, Tractors, & Trailers bodily injury coverage, the concepts and explanations apply to the other classes and coverages unless stated otherwise.

Q. Column (1) on Section B, Exhibit 1, Sheet 1 for bodily injury contains a reference to "30/60/25". What does that mean?

A. These are the minimum bodily injury and property damage liability policy limits which are needed to comply with the financial responsibility laws in North Carolina. What we are doing in this section of the filing is calculating the rate change that is needed for this "basic limits" coverage. For the purpose of the filing we assume that losses are "capped" at these basic limits and that the premium which is charged is the premium for the basic limits coverage at existing rates. This means the indicated rate change we get from the calculation is the actuarially sound rate assuming all the ceded risks purchased basic limits coverage. To the extent these risks buy higher limits, there is a separate procedure which is followed to determine what the additional premium should be for the additional policy limits. This is detailed in Sections E, F, and G. The use of the "basic limits" premiums and losses for the purpose of determining statewide average rates is a proper procedure to be followed and is widely accepted. To illustrate how it works, assume that a risk bought a policy with 100/300 bodily injury policy limits and had an accident which caused the risk's insurer to make a payment to a claimant of \$75,000. The premium which is shown in column 1 is the premium which the policy would have cost the risk at today's rates assuming that the risk had bought only the 30/60 basic limits. The unadjusted losses which are shown in row 1 of this exhibit, sheet 2 would include only \$30,000 as opposed to the \$75,000 total loss.

Q. Referring again to column 1, Section B, Exhibit 1, Sheet 1 entitled "Earned Premium at Present Rates," what does the figure \$15,318,197 represent and how was it determined?

A. It represents the total amount of premium which would have been paid by Facility policyholders for basic limits Trucks, Tractors, & Trailers bodily injury coverage for accident year ending

12/31/2016 if current Facility rates had been in effect. It is calculated by extending the exposures at the current Facility rates.

Q. Are the earned premium at present rates for the other classes and coverages calculated in the same manner?

A. Yes. The earned premiums at present rates for Trucks, Tractors, & Trailers property damage, and Private Passenger Types bodily injury and property damage are calculated in the same manner.

Q. Turning to row 1 on Sheet 2 of this exhibit under the bodily injury column, what are "incurred losses and allocated loss adjustment expenses"?

A. The incurred losses in row 1 are the losses resulting from accidents which occurred during the one year period ending December 31, 2016 or one of the preceding one-year periods, as noted. These figures include both losses which have already been paid as well as losses which are not yet paid and are represented by outstanding claim reserves. The figure also includes allocated loss adjustment expenses. Allocated loss adjustment expenses are expenses which relate to a specific claim. For example, the fees which an insurance company pays to attorneys to defend a claim or to outside adjusters to investigate that claim would be classified as allocated loss adjustment expenses. On the other hand, adjustment-related expenses which cannot be identified to a specific claim are called unallocated loss adjustment expenses. An example of this would be the salaries and overhead associated with operating a company's in-house claims department. Allocated loss adjustment expenses are included in the row 1 figures; unallocated loss adjustment expenses are not.

Q. Have the losses and allocated loss adjustment expenses as reported by the companies been adjusted in any way?

A. Yes, there are several adjustments. First, as I mentioned earlier, ratemaking is done on a basic limits basis. For that reason we adjust the reported losses by eliminating those losses which exceed the amount which would have been paid had the policy limits been 30/60. The second

adjustment results from the use of a loss development factor. Third is the inclusion of unallocated loss adjustment expense. Finally, trend is applied to the reported losses.

Q. What is the purpose of adjusting the reported losses by applying a loss development factor?

A. Reported losses need to be adjusted for loss development in order to appropriately reflect the late emergence of claims as well as changes in the value of known claims. This is accomplished through the use of loss development factors. For Trucks, Tractors, & Trailers, the losses as they are reported to ISO, PCI and NISS cover all accidents which occurred during the year-ended periods 12/31/2012 to 12/31/2016. When they are reported they are evaluated as of March 31, 2017. As of this date, some of the losses have already been paid and some have not, i.e., they are represented by loss reserves. The loss reserves, of course, are estimates of what will ultimately be paid on these outstanding claims. Since we want the estimates to be as accurate as possible, we look at history to see how losses have changed, or "developed," in the past from the time they were initially reported to the time they were ultimately paid. For example, if we look back and see that historically there has been a 1% increase in the amount of losses from the time they were initially reported as reserves until the time they were ultimately paid, we would logically assume that the same development pattern will hold true for losses incurred during future accident years. Accordingly we would make an adjustment by increasing the losses as they are initially reported by 1%.

Q. What causes losses to change or develop as you have described?

A. The losses which are paid as of the date of the initial reporting, of course, do not change. As to the reserve portion of the losses, however, changes would typically result from the fact that the ultimate loss payments are more or less than estimated at the time of the initial report. Another factor would be the late reporting of claims. For example, if an accident occurred on December 26 of any given year and for some reason was not reported to the company in a timely fashion, it might very well be that the losses as initially reported would not include any provision for that particular claim. By the time of the next year's evaluation, however, the claim would have worked its way into the system and the total loss would include either the paid amount or the

reserved amount for that particular claim. This would cause an upward development in the losses as initially reported.

Q. Would you please turn to Exhibit 1 of Section D of Exhibit RF-1 and explain how the loss development factors for Trucks, Tractors, & Trailers bodily injury and property damage were calculated?

A. The Trucks, Tractors, & Trailers bodily injury loss development factors are calculated on Sheets 1 through 4 of this Exhibit. The data are North Carolina only experience reported to ISO, PCI and NISS for Facility business. Link ratios for several twelve month periods have been calculated and then the "best three of five" method is used to determine the three year link ratio average. Specifically, the highest and lowest link ratios from the latest five years have been removed from the calculation and the remaining three ratios are used to calculate the three year average. The resulting link ratio averages are then multiplied to produce loss development factors to ultimate settlement. The ultimate settlement is assumed to be 123 months.

Q. Are the incurred losses for the other classes and coverages determined in the same manner as you just testified for the Trucks, Tractors, & Trailers bodily injury and property damage coverage?

A. Yes.

Q. Do you have an opinion as to whether the incurred losses for all the classes and coverages in the filing which are shown in row 2 of sheet 2 of Exhibits 1, 2, & 3 of Section B accurately represent the ultimate value of liability losses and allocated loss adjustment expense?

A. Yes, I do.

Q. What is that opinion?

- A. I believe that the losses and allocated loss adjustment expenses shown on row 2 of Sheet 2 of Exhibits 1, 2, & 3 of Section B do accurately represent the expected ultimate value of those losses.
- Q. Please refer to row 3 of Section B, Exhibit 1, Sheet 2. With reference to the column headed "Bodily Injury", please tell us what the figure \$684,419 represents.
- A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2016. As I explained earlier, unallocated loss adjustment expenses are those loss adjustment expenses which cannot be attributed on an accident-by-accident basis. As to the number itself, footnote (B) notes that it is 8.0% of the figure shown in row 2 - incurred losses and allocated loss adjustment expense. Each year a special call is sent to the Facility's member companies for expense-related data. The most recent special call showed that unallocated loss adjustment expenses for the calendar year ended December 31, 2017 were 8.0% of incurred losses and allocated loss adjustment expenses for the same period. Thus it is reasonable and appropriate to use the same 8.0% figure to arrive at the unallocated loss adjustment expense in row 3 of this Exhibit.
- Q. Have you reviewed the compilation of the expense data furnished by the Facility's member companies in response to the special call?
- A. Yes, I have. When we get the expense information from the Reinsurance Facility, we routinely review it for reasonableness.
- Q. Are loss adjustment expenses for property damage coverages calculated in the same manner that you testified with respect to the bodily injury coverages?
- A. Yes. The same procedures are utilized. Again, the appropriate factor for each coverage is utilized in the filing. These factors are set forth in footnote (B) of Sheet 2 of Section B, Exhibits 1, 2, & 3.

- Q. Do you have an opinion as to the reasonableness and reliability of the loss adjustment expenses set forth in row 3 of Section B, Exhibits 1, 2, & 3, Sheet 2?
- A. Yes, I do.
- Q. What is that opinion?
- A. In my opinion the figures shown in row 3 for each of the classes and coverages and years in the filing are reasonable and reliable.
- Q. Referring again to Section B, Exhibit 1, Sheet 2, please explain what is meant by row 4 -- Average Annual Change in Loss Ratios.
- A. Using the assumed April 1, 2019 effective date, what we are doing in the filing is making rates to cover policies issued during the period April 1, 2019 to March 31, 2020. In order to do that, it is necessary to project the amount of losses which will be covered under policies issued during that period. Since we know that losses change because of such things as changes in accident frequency and changes in injury and damage costs, it would not be appropriate to assume that the losses covered under these policies will be the same as the losses which are shown in row 2 for the accident years ended 12/31/2012 to 12/31/2016. The purpose of row 4 is to trend the losses which are shown in row 2 to the anticipated level for policies issued in the 4/1/2019 - 3/31/2020 period. Row 4 shows what is generally referred to as the trend factor. It is the anticipated annualized rate of change in losses. For the bodily injury liability coverage, the annual factor is +2.0% per year. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period from 7.750 years for the 12/31/2012 experience to 3.750 years for the 12/31/2016 experience, as shown in footnote (C). Mathematically, this is done by raising the factor of 1.020 to the 7.750 power, or the power for the appropriate year. This gives you the total amount of the trend projection.
- Q. What components does the average annual change in losses include?

- A. The average annual change in losses, which is also known as the average annual change in "pure premium," can be divided into two components. The first is the average annual change in claim frequency, and the second is the average annual change in claim cost.
- Q. What are the changes in these two components which have been used for the bodily injury liability coverage in the filing?
- A. For the bodily injury liability coverage, the filing uses an average annual change in claim cost of 2.0% for basic limits and 3.5% for total limits, and an average annual change in claim frequency of 0.0%. These percentages are shown in Section D, Exhibit 2 of Exhibit RF-1.
- Q. How were the average annual changes in claim cost and claim frequency determined?
- A. They were determined by an analysis of past experience, separately for claim cost and claim frequency. For claim cost, trend lines, which are technically referred to as exponential curves, were determined for several different time intervals in order to determine what the actual changes have been in the recent past. The data from which the trends were calculated are the cost data for ISO companies writing Commercial Automobile voluntary insurance in North Carolina as well as multistate data. These data are what we generally refer to as "internal trend" data. After making these calculations to determine what the past changes in loss severity have been, we analyzed the historical trends and considered other relevant factors which would affect our judgment as to whether those historical trends are likely to continue into the future. Based on that review and analysis, the Rating Committee exercised its informed judgment and selected the severity trends which are utilized in the filing. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve like the one used for severity trend does not fit the data well over the long term. Frequency trend is being selected to be 0.0% for bodily injury and 0.0% for property damage to reflect the recent pattern in frequency trend as well as the economic environment. The claim cost and claim frequency data are shown in Section D, Exhibit 2.
- Q. In your opinion, are the annual loss trends used in the filing reasonable estimates of the prospective annual changes in losses in North Carolina?

A. Yes, they are.

Q. Please refer to row 5 of Section B, Exhibit 1, Sheet 2 of Exhibit RF-1 and explain what the purpose of that line is.

A. The average annual change in expenses of 2.5% represents the appropriate prospective change in general expenses, other acquisition expenses and unallocated loss adjustment expenses. These expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. These expenses represent salaries, overhead, rents and other expenses that should vary according to general economic trends and not as a direct function of how premium increases or decreases. For example, commissions are calculated as a percent of premium. If the premium rate goes up a certain percentage, the dollars of commission go up by the same percentage. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses or other acquisition expenses, is not directly tied to premium. Just because premium may go up 10% does not mean that the employee's salary will go up 10%. The salary will be influenced by general economic trends and not by what the premium level is doing. That is why general expenses, other acquisition expenses and unallocated loss adjustment expenses are treated differently from those expenses that vary as a function of premium in this filing.

Q. Would you explain the derivation of the 2.5% factor in row 5?

A. The 2.5% factor is based on an analysis of the latest average annual changes in the All Items CPI (both including and excluding energy), and the Compensation Cost Index. The Rating Committee included the analysis using the All Items CPI (excluding energy) because it was concerned that the recent volatility in energy prices has made the All Items CPI more volatile and therefore less valuable as a predictor of future costs. A weighted average of 25% of the All Items CPI, 25% of the All Items (excluding energy) CPI and 50% of the Compensation Cost Index is utilized to estimate changes in these expenses. The data are shown in Section D, Exhibit 3 of Exhibit RF-1. Based on an analysis of these data, a selected expense trend factor of +2.5% is quite reasonable.

- Q. Would you explain row 6 of Section B, Exhibit 1, Sheet 2 labeled "trended losses and loss adjustment expenses"?
- A. The figures in row 6 are calculated by applying trend factors to the developed losses and allocated loss adjustment expenses in row 2 and the unallocated loss adjustment expenses in row 3. The trend factors are based on the selected annual trends shown in rows 4 and 5 raised to the appropriate power. The trended loss and loss adjustment expenses are the loss and loss adjustment expenses expected to prevail for policies issued in the one year period 4/1/2019 through 3/31/2020. These loss and loss adjustment expenses are then used in Section B, Exhibit 1, Sheet 1 to calculate the loss and loss adjustment ratios in column 3.
- Q. Turning back to Section B, Exhibit 1, Sheet 1, how are the loss and loss adjustment ratios in column 3 used?
- A. These loss and loss adjustment ratios are used in a series of steps to calculate the rate level loss ratio shown in row 10. We use five years of Facility experience to calculate the rate level loss ratio in order to ensure stable indications. The table of weights used in weighting these loss and loss adjustment ratios is shown on Section D, Exhibit 5. Whenever appropriate, we assign a greater weight to the latest year. The weights used for the Trucks, Tractors, & Trailers classes are shown in column 4 of Section B, Exhibit 1, Sheet 1. The resulting weighted loss and loss adjustment ratios are shown in row 6. The next step in calculating the rate level loss ratio is accounting for the credibility of the experience. Credibility is based upon the five year total of claims for the coverage. The standard for full credibility is 1084 claims for Trucks, Tractors, & Trailers and Private Passenger Types, and 683 for Zone Rated. The tables for determining partial credibility are shown in Section D, Exhibit 5. The weighted loss and loss adjustment ratios are assigned credibility based on these tables. The complement of credibility is assigned to the adjusted expected loss ratio shown in row 8. For the Trucks, Tractors, & Trailers classes, the number of claims exceeds the full credibility standard so a credibility of 1.00 is given to the weighted loss and loss adjustment ratio in row 6. This results in the rate level loss ratios in row 10 being equal to the weighted loss and loss adjustment ratios in row 6.

- Q. Would you explain the purpose of row 7 - "expected loss ratio" and row 8 - "adjusted expected loss ratio" more fully?
- A. The expected loss ratio is the percentage of the premium dollar you will have available to pay for loss and loss adjustment expenses. The adjusted expected loss ratio represents what you would expect the loss and loss adjustment expense ratio to be without benefit of any later experience since the last filing. It is calculated by applying the average combined loss and loss adjustment expense trend factor to the expected loss ratio.
- Q. What is the source of the expense provisions shown in footnote (C) on Section B, Exhibit 1, Sheet 1?
- A. They were calculated from the North Carolina Special Expense Call for 2017 data. We used the expense ratios collected under the special call with two exceptions. For commissions, a 10% provision is assumed for Trucks, Tractors, & Trailers and Private Passenger Types, and a 5% provision is assumed for Zone Rated Risks since these are the minimum commission allowances for Facility business. For Garages, an additional 3% provision is added to the general expense provision to account for expenses specific to these classes, that is, expenses due to inspection costs and auditing of exposures. This percentage is a reasonable and historically accepted estimate of the additional expense incurred in writing and servicing a garage policy. The general expense provisions for the other classes of business were reduced so that, overall, the general expense provisions used average to the provisions indicated by the special call.
- Q. What is the significance of the rate level loss ratio shown for Trucks, Tractors, & Trailers bodily injury in row 10 of Section B, Exhibit 1, Sheet 1?
- A. The figure of 0.650 means that losses and loss adjustment expenses will be lower than premium income by 35.0%. This means the Facility would make 35.0 cents on every premium dollar before considering commissions, other acquisition costs, general expense and taxes, licenses and fees. The rate level loss ratio is used on Exhibit 1 of Section A to determine the rate level indications after accounting for the remaining expenses and the investment income of the Facility.

Q. Referring now to Exhibit 1 of Section A, would you explain how the rate level loss ratio is used?

A. The rate level loss ratio in row 1 of Section A, Exhibit 1 is added to the trended fixed expense ratio in row 2 and the sum is displayed in row 3. The resulting ratio accounts for losses, loss adjustment expenses, other acquisition costs and general expenses.

Q. Would you explain the trended expense ratio?

A. The trended expense ratio is the sum of the expense provisions for other acquisition costs and general expenses adjusted for 2.25 years of trend. The assumption underlying this ratio is that these expenses are adequately provided for at this time but need to be adjusted to reflect the appropriate level for the prospective period. As I mentioned earlier in my testimony, other acquisition costs and general expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. As stated in footnote (a) on Exhibit 1, the calculation of the trended expense ratio uses an average annual expense trend of +2.5%. Earlier in my testimony, I explained the derivation of this trend factor.

Q. What is the significance of the ratio 0.769 shown on row 3 for Trucks, Tractors, & Trailers bodily injury of Section A, Exhibit 1?

A. This ratio means that the Facility would make 23.1 cents on every premium dollar before considering the remaining expenses - commissions and taxes, licenses and fees - and before reflecting investment income.

Q. Would you explain the ratio 0.877 on row 4 labeled "expected loss ratio + expected fixed expense ratio"?

A. This ratio represents the percentage of the premium dollar available to cover losses, loss adjustment expenses, other acquisition costs and general expenses. Mathematically, it is calculated as 1.00 minus the provision for commissions (which is 10%) and taxes, licenses and fees (2.3%).

Q. Mr. Davidson, would you please explain how the rate level change is calculated?

A. Rows 5 and 6 of Section A, Exhibit 1 display the results of the calculated rate level changes. Row 5 shows the calculation of the rate level change without reflecting investment income; row 6 is the same calculation but with the reflection of investment income. Basically, the rate level indication without reflecting investment income results from the comparison of the projected loss and fixed expense ratio shown on row 3 to the provision for losses and fixed expenses shown on row 4. Investment income is reflected by modifying the provision in row 4. We use an investment income provision of 4.74%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 4.74% is added to the expected loss and fixed expense provision of 87.7% to obtain a provision of 92.44% available to cover losses and fixed expenses. The indicated rate level changes reflecting investment income result from the comparison of the projected loss and fixed expense ratio on row 3 to this provision of 92.44%. For Trucks, Tractors, & Trailers bodily injury, the projected loss & fixed expense ratio of 0.769 is less than 0.9244 and thus indicates a rate level change (after reflecting investment income) of -16.8%. The effect of investment income on the indication for Trucks, Tractors & Trailers bodily injury is to reduce the indication by 4.5 percentage points overall.

Q. Are the calculations for the other classes and coverages on Section A, Exhibit 1, performed in essentially the same manner as the 30/60 Trucks, Tractors, & Trailers bodily injury coverage?

A. Yes.

Q. Mr. Davidson, please turn to Section D, Exhibit 6 of Exhibit RF-1. What do these pages represent?

A. This exhibit details what are commonly known as "State X" calculations. They are calculations of the estimated investment earnings on unearned premium reserves and loss and loss expense reserves. Each line is explained, and the appropriate data source is cited.

Q. Would you explain the calculations.

A. Part A in Sheet 1 is the determination of the average unearned premium reserve for the ceded liability coverages for the State of North Carolina. Line 1 gives the earned premium for the calendar year ended December 31, 2017. From the earned premium the mean unearned premium reserve is calculated. The portion of the earned premium that is held as unearned premium reserve is determined from the average unearned premium reserve for the year 2016. In this case, the mean unearned premium reserve is 44.5% of the earned premium. You must then deduct prepaid expenses since these prepaid dollars would not be available to earn investment income.

For Commission and Brokerage expense, 100% of the expense provision is considered pre-paid. For Taxes, Licenses and Fees, 83% is considered pre-paid, and for Other Acquisition expense and Company Operating expense, one-half is considered pre-paid.

Line A-5 shows the amount of unearned premium reserves that were available for investment.

Part B calculates the impact that the delayed remission associated with the lag in the transfer of funds to the companies has on funds available for investment. The average agents balance is 20.2% of premiums. The calculation of this 20.2% is shown in the explanatory notes. The average agents balance includes amounts that have been booked as written premiums but have not been paid by insureds due to installment premium plans.

Part C shows the calculations of the expected mean loss reserves held by the companies. Line C-2 entitled Expected Incurred Losses and Loss Adjustment Expenses is based upon the expense provisions utilized in the filing. The expected mean loss reserve in line C-3 is based upon the 2015 and 2016 ratios of mean loss reserves to incurred losses for commercial auto data only.

Part D adds up the unearned premium reserves subject to investment and the loss reserves subject to investment and backs out the amount that is not invested due to delayed remissions. This gives you the total amount of unearned premium reserves and loss and loss expense reserves available for investment.

Once you have determined how much is available for investment, you then apply the average investment return to determine total investment earnings. This estimate was provided to us by the Facility. Line E shows an average rate of return of 3.21%.

Applying the yield in line E to the net subject to investment in line D gives you the total investment earnings in North Carolina. Line G merely relates the total earnings to the earned premium in line A-1 to show a yield of 4.74% as a percent of earned premium.

Q. Mr. Davidson, were these State X pages prepared by you or under your direct supervision and are they correct to the best of your knowledge and belief?

A. Yes.

Q. Do you have an opinion as to whether the State X calculations accurately set forth the estimated investment earnings on unearned premium reserves and loss and loss expense reserves as a percentage of direct earned premium for the North Carolina Reinsurance Facility, and if so, what is that opinion?

A. Yes. In my opinion they accurately set forth the estimated investment earnings on unearned premium reserves and loss and loss expense reserves as a percentage of direct earned premium for the North Carolina Reinsurance Facility.

Q. Mr. Davidson, please turn to Section C and explain the purpose of this section.

A. Section C derives the proposed Facility territory base rates and presents the exhibits of revised Facility manual rate pages. Exhibit 2 refers to the Trucks, Tractors, & Trailers and related classes. Exhibit 3 refers to the Private Passenger Types classes. Exhibit 4 refers to the Zone Rated classes. The first two sheets of Exhibits 2 and 3 present the calculations of the revised territory base rates. Sheet 1 derives the territory base rates for 30/60 bodily injury coverage; Sheet 2 derives the territory base rates for \$25,000 property damage coverage.

Q. What is the purpose of Exhibit 1 of Section C?

- A. Exhibit 1 summarizes the standard relativities used for determining revised rates for medical payments coverage and public automobile bodily injury and property damage liability coverage. This exhibit also summarizes the procedure for calculating the revised rates for hired cars coverage.
- Q. Turning to Exhibit 2, Sheet 1 of Section C, would you explain the calculations on this exhibit?
- A. This exhibit displays the calculations underlying the revised Facility territory base rates for Trucks, Tractors, & Trailers 30/60 bodily injury liability coverage. The revised Facility base rates are based upon the voluntary territory relationships that become effective on 12/1/2018. We base the revised Facility rates on the voluntary relationships because of the larger volume of voluntary experience and because we continue to believe, as we have in the past, that it is reasonable to assume that the Facility territory experience mirrors the voluntary territory relationships. Column 2 displays the voluntary base loss costs by territory in effect on that date. Column 4 displays these voluntary territory base loss costs indexed to the overall statewide average voluntary base loss cost. This index in column 4 is applied to the revised overall statewide average Facility base rate shown in the footnote. As an example, the revised rate for territory 11 is calculated by multiplying the index of 1.003 shown in column 4 by the overall statewide average base rate of 237.8106. The result of this calculation is \$238.524 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 11 of \$239 as shown in column 6. Column 7 shows the base rate change by territory. It is calculated by dividing column 6 by column 3, and reflects the -19.0% indicated change.
- Q. Are the revised Facility territory base rates for the other classes and coverages determined in a manner similar to the Trucks, Tractors, & Trailers bodily injury base rates?
- A. Yes, they are, for Trucks, Tractors, & Trailers property damage and for Private Passenger Types bodily injury and property damage, which are the only other class/coverages for which territory rates are determined.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the filed rate level changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion they are sound and actuarially reliable.

Q. Do you have an opinion as an actuary as to whether the filed basic limits rate level changes are fully justified and, if so, what is that opinion?

A. Yes. In my opinion they are fully justified.

Q. Please describe Sections E-G of Exhibit RF-1.

A. The Reinsurance Facility's increased limits filing is contained in Sections E-G. The experience data contained in this section are reported to the three statistical organizations (either ISO, PCI or NISS) by the individual companies.

The filing proposes to revise the North Carolina Reinsurance Facility increased limits factors for Commercial Automobile bodily injury liability and property damage liability insurance.

Q. What is the assumed effective date used in the calculation of these proposed increased limits factors?

A. An effective date of April 1, 2019 was assumed in the compilation of the filing material. This is the same date assumed in the calculation of the proposed rates in Sections A-D of Exhibit RF-1.

Q. Is that in fact the proposed effective date?

A. Yes, it is.

Q. What data are utilized in Sections E-G?

A. The supporting data for the indicated increased limits factor changes in Sections E-G consist of accident year data. As previously described, accident year experience is compiled based on the year that the accident occurred.

Q. How are Sections E-G arranged?

A. Section E presents a summary of the indicated increased limits factor changes. Section F contains detailed exhibits of the increased limits experience review. Section G presents the revised increased limits factors as they will appear in the North Carolina Reinsurance Facility Commercial Automobile Manual of Rules and Rates.

Q. Mr. Davidson, please turn to Exhibit 1 in Section F. Would you explain the calculations in this exhibit?

A. Exhibit 1, Sheet 1 of Section F presents the calculation of the indicated change in bodily injury increased limits factors (+30.4%). The indicated change is calculated by comparing the indicated average increased limits factor to the present average increased limits factor. The indicated average increased limits factor is calculated as the 5-year ratio of total limits losses (including allocated loss adjustment expense) to basic limits losses (including allocated loss adjustment expense). These losses have been developed to an ultimate settlement basis and trended from the average date of accident to one year beyond the anticipated effective date of April 1, 2019. Sheet 2 of this exhibit presents the calculation of the indicated change in property damage increased limits factors (+3.0%).

Q. How were the losses trended to one year beyond the anticipated effective date?

A. The developed losses (including allocated loss adjustment expense) have been multiplied by an exponential projection of annual average paid claim cost trend factors calculated in Exhibit 2 of Section F.

Q. How are the developed losses obtained?

A. Section F, Exhibit 4 presents the North Carolina Reinsurance Facility loss data. Sheet 1 shows the basic and total limits losses including allocated loss adjustment expense by class group separately for bodily injury and property damage. These losses are then developed to an ultimate settlement basis by applying the appropriate development factors shown in Exhibit 3. The results of this operation are displayed in Exhibit 4, Sheet 2.

The calculation of the development factors is performed in the same manner as previously described. Exhibit 1 of Section D presents the calculation of these factors.

Q. What is the significance of Exhibit 4, Sheet 3 of Section F?

A. After the losses (including allocated loss adjustment expense) have been developed to an ultimate settlement basis, the resultant values are then trended to one year beyond the anticipated effective date of April 1, 2019. The final trended values appear by class group on Sheet 3 of Exhibit 4. These final values are summed across class groups and the resultant numbers are used to obtain the indicated average increased limits factors in Exhibit 1.

Q. How are the present average increased limits factors calculated?

A. The present average increased limits factors are calculated as a weighted average of the increased limits factors which are currently in effect for the North Carolina Reinsurance Facility. Exhibit 5, Sheets 1 and 2 present the weights which are used. These weights are based on the basic limits loss distribution for risks ceded to the Facility, which uses losses (including allocated loss adjustment expense) reported to ISO from calendar accident year ending 06/30/2012 through calendar accident year ending 06/30/2016.

Q. Turning to Section G - Revised Increased Limits Tables, how are the individual increased limits factors calculated?

A. The actual indicated factors are calculated using a uniform excess change procedure. In this procedure, rather than multiply each increased limits factor by a desired percentage change, the

excess portion of each increased limits factor is multiplied by a factor specifically calculated to achieve the desired overall percentage change in the increased limits factors.

For example, the indicated total limits percentage change for the bodily injury increased limits factors is +30.4%. This is calculated in Exhibit 1, Sheet 1 of Section F as the indicated average factor divided by the present average factor minus unity ($2.739/2.101 - 1 = +30.4\%$). In order to achieve this percentage change, a uniform excess change factor is calculated by dividing the indicated average excess portion ($2.739 - 1.000 = 1.739$) by the present average excess portion ($2.101 - 1.000 = 1.101$). The result of this calculation ($1.739/1.101 = 1.579$) is the factor used to develop the indicated excess portion of each individual increased limits factor.

For a specific example of this calculation, let's look at the current bodily injury increased limits factor for a Heavy Truck with a \$100,000/\$300,000 policy limit (1.45). The excess portion of this factor ($1.45 - 1.00 = 0.45$) is multiplied by the uniform excess change factor ($0.45 * 1.579 = 0.71$) to obtain the indicated excess portion of the increased limits factor. The indicated increased limits factor is then obtained by adding the base portion back to give the revised increased limit factor ($0.71 + 1.00 = 1.71$). This results in a change of +17.9% ($(1.71/1.45) - 1 = +.179$) in this factor.

After the indicated factors have been calculated, a weighted average of these factors is calculated to ensure that the desired percentage change is achieved.

Q. Was the desired percentage change achieved?

A. Yes. The overall effect of the revised increased limits factors displayed in Section G, based on the loss distribution shown in Section F - Exhibit 5, is +30.4% for bodily injury and +3.0% for property damage.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the indicated increased limits factor changes contained in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion they are sound and actuarially reliable.

Q. Do you have an opinion as an actuary as to whether the filed increased limits factor changes contained in Sections E-G are fully justified and, if so, what is that opinion?

A. Yes. In my opinion they are fully justified.

Q. Turning to Section H - Publics Relativities, what data are utilized in this section?

A. With respect to Section H, the data for the Publics relativities changes for bodily injury liability and property damage liability are five policy years of premium and loss experience for each of the Publics class groups - Taxis and Limousines, School and Church Buses, and Other Buses - as well as five policy years of Trucks, Tractors, and Trailers premium and loss experience.

The five years of experience used in the filing are the policy years ending December 31, 2012 to December 31, 2016. The years are the latest available.

Q. How are the revised Publics relativities calculated?

A. The ratio of the Basic Limit Losses to the Aggregate Loss Costs at current level was calculated for each of Taxis and Limousines, School and Church Buses, and Other Buses. Each of these ratios was then divided by the ratio for Trucks, Tractors, and Trailers to determine if the current relativities needed to be increased or decreased. For example, in Exhibit 1, the 0.355 ratio calculated for Taxis and Limousines BI divided by the 0.361 ratio calculated for Trucks, Tractors, and Trailers BI resulted in the change of -1.66%. The current relativity for each Publics class was then multiplied by the corresponding change to obtain the revised relativities. For example, for Taxis and Limousines BI, the -1.66% was multiplied by the current relativity 6.46 to obtain the revised relativity 6.35 in Exhibit 3.

Q. Do you have an opinion as to whether the data utilized and the method of calculating the revised Publics relativities in the filing are sound and actuarially reliable and if so, what is that opinion?

A. Yes. In my opinion they are sound and actuarially reliable.

Q. Does that conclude your pre-filed testimony?

A. Yes.

PRE-FILED TESTIMONY
OF
ALYSSA A. IRVING

2018 COMMERCIAL AUTOMOBILE INSURANCE
RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY
October, 2018

Q. Please state your name and business address for the record.

A. **Alyssa Irving**
Wellington Management Company LLP
280 Congress Street
Boston, MA 02110

Q. By whom are you employed?

A. **Wellington Management Company LLP**

Q. In what capacity?

A. **My formal title is Managing Director, Fixed Income Portfolio Manager. I am a Fixed Income Portfolio Manager on the Financial Reserves Portfolio Management Team.**

Q. What are your duties in your roles at Wellington Management Company LLP?

A. **As a fixed income portfolio manager I am responsible for managing U.S. Broad Market portfolios for clients, such as insurance companies, with customized risk and return objectives, often related to accounting and/or regulatory constraints.**

Q. Is it correct that Wellington Management Company LLP is an investment manager handling investable assets of the North Carolina Reinsurance Facility (the Facility)?

A. **Yes.**

Q. As investment manager for the Facility, does Wellington Management Company LLP have discretionary investment authority over the Facility's funds?

A. **Yes, as permitted by the Investment Management Agreement between North Carolina Reinsurance Facility and Wellington Management Company LLP.**

Q. What is your role personally with respect to the Facility's investment account?

A. **I am the lead Portfolio Manager responsible for managing the Facility's investment portfolio according to the investment guidelines set forth in the Investment Management Agreement. I am responsible for all buy and sell decisions executed in the portfolio.**

Q. How long have you been employed by Wellington Management Company LLP?

A. **I joined Wellington Management Company LLP in 2006.**

Q. How long have you been employed by Wellington Management Company LLP in the division or department which specializes in fixed-income investments?

A. **I have been involved in our fixed income business since joining the firm in 2006.**

Q. How long has Wellington Management Company LLP managed the Facility's investment portfolio?

A. **Wellington was engaged by the Facility on October 1, 2009.**

Q. How long have you personally been the portfolio manager for that account?

A. I have been a member of Financial Reserves portfolio management team since 2012, and I assumed the lead Portfolio Manager role for the NCRF portfolio in December 2015.

Q. In connection with the Facility's 2018 Commercial Automobile Insurance rate filing, has the Facility requested that you make any calculations concerning the investment yield that the Facility could reasonably expect during the eighteen month period beginning April 1, 2019?

A. Yes.

Q. Did you make those calculations?

A. Yes, working in conjunction with Wellington's internal fixed income quantitative analysts.

Q. Would you please describe how your calculations were performed?

A. To determine the investment yield that the Facility could reasonably expect during the eighteen month period beginning April 1, 2019, we employed a security-level book yield projection approach, rolling forward the book yield on the Facility's investment portfolio as it stood on July 31, 2018 as a starting point. The book yield projection incorporates the actual book yield of the existing assets held in the portfolio and also a reinvestment yield associated with projected principal (maturity and pre-payments) and coupon cash payments projected to be received going forward. We assume that projected future cash flows (principal maturities, prepayments, paydowns and coupon payments) are reinvested at a yield which reflects the portfolio's performance benchmark yield as it stood on July 31, 2018 adjusted for higher expected reinvestment rates consistent with the US Treasury forward curve as it existed at the time the estimate was developed. We used the benchmark yield because we believe this yield represents a good approximation of the mix of assets that

would be purchased in the portfolio. Using this methodology, the projected month-end portfolio book yield was calculated for each month during the eighteen month period beginning April 1, 2019 and the resulting yields for these 18 months were then averaged to arrive at the estimate of the Facility's portfolio yield for the overall time period.

Q. What was the result of your calculations?

A. **Our calculations resulted in an estimated investment yield of 3.21%.**

Q. Do you have an opinion as to whether the 3.21% investment yield estimate that is based on your calculations and the assumptions used in your methodology is a reasonable estimate of what the Facility's investment yield will be?

A. **Yes.**

Q. What is that opinion?

A. **I believe the yield estimate is a reasonable estimate of the Facility's investment portfolio yield during the eighteen month period beginning April 1, 2019, based on the information available when we made the calculations.**

Q. Does that conclude your pre-filed testimony?

A. **Yes.**