



North Carolina Reinsurance Facility

November 12, 2010

Honorable Wayne Goodwin
Commissioner of Insurance
North Carolina Department of Insurance
P. O. Box 26387
Raleigh, North Carolina 27611

Re: Revision of Commercial Automobile
Insurance Rates

Dear Sir:

Pursuant to North Carolina General Statute 58-37-35(1), 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, garages, and private passenger types not eligible for rating under the North Carolina Personal Automobile Manual and (2) bodily injury and property damage liability increased limits tables 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, 2008 and upon automobile liability insurance expense data for calendar year ending December 31, 2009, the latest years for which such data are available.

The information and statistical data required pursuant to G.S. 58-36-15 are included. Additionally, the pre-filed testimony of (a) Raymond F. Evans, General Manager - North Carolina Reinsurance Facility; (b) Mark Whitman, Assistant Vice President, Commercial Automobile Division - Insurance Services

Office; and (c) Michael E. Stack, Fixed Income Portfolio Manager, Wellington Management Company, LLP is submitted herewith.

These revised rates will become effective March 1, 2011, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after March 1, 2011. No policy effective prior to March 1, 2011 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 March 1, 2011.

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 March 1, 2011 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 March 1, 2011, these changes may not be applied until the first experience rating date on or after March 1, 2011.

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

Very truly yours,



F. Timothy Lucas
Automobile Manager

FTL:dms

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 Commercial Statistical Plan (CSP) and the PCI 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 Liability</u>		
Bodily Injury (30/60)	- 4.3%	- 1.8%
Property Damage (25)	-10.2%	-11.5%
<u>Garages Liability</u>		
Bodily Injury (30/60)	- 9.7%	- 8.7%
Property Damage (25)	-15.8%	-15.9%
<u>Private Passenger Types Liability</u>		
Bodily Injury (30/60)	- 7.9%	- 5.6%
Property Damage (25)	-11.5%	-12.7%
 Grand Total	 - 7.1%	 - 6.1%

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

North Carolina Reinsurance Facility
Summary of Indications

ISO/PCI Experience

	Basic Limits <u>Indications</u>	Increased Limits <u>Indications</u>	Total Limits <u>Indications</u>
<u>TRUCKS, TRACTORS, & TRAILERS</u>			
Bodily Injury	-4.3%	2.6%	-1.8%
Property Damage	-10.2%	-1.4%	-11.5%
Total	-6.4%	1.2%	-5.3%
 <u>GARAGE DEALERS</u>			
Bodily Injury	-9.7%	1.1%	-8.7%
Property Damage	-15.8%	-0.1%	-15.9%
Total	-12.2%	0.6%	-11.7%
 <u>PRIVATE PASSENGER TYPES</u>			
Bodily Injury	-7.9%	2.5%	-5.6%
Property Damage	-11.5%	-1.4%	-12.7%
Total	-9.2%	1.1%	-8.2%
 <u>OVERALL</u>			
Bodily Injury	-4.9%	2.4%	-2.6%
Property Damage	-11.0%	-1.1%	-11.9%
Total	-7.1%	1.1%	-6.1%

a

SECTION A

Summary of Rate Level Indications

North Carolina Reinsurance Facility
Automobile Liability Insurance
Rate Level Indications

ISO/PCI Experience

	Trucks Basic Limits			Garage Dealers Total Limits			P.P. Types Basic Limits			Overall
	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	
1. Credibility Weighted Rate Level Loss Ratio	0.734	0.678		0.659	0.591		0.700	0.666		
2. Trended Fixed Expense Ratio (a)	0.169	0.169		0.200	0.200		0.169	0.169		
3. Sum of (1) and (2)	0.903	0.847		0.859	0.791		0.869	0.835		
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.873	0.873		0.873	0.873		0.873	0.873		
5. Indicated Rate Level Change $(((3)/(4))-1) \times 100$	3.4%	-3.0%	1.1%	-1.6%	-9.4%		-0.5%	-4.4%	-1.9%	
				-2.7%	-9.3%	-5.4% (d)				
6. Indications Reflecting Investment Income (c)	-4.3%	-10.2%	-6.4%	-8.7%	-15.9%		-7.9%	-11.5%	-9.2%	-7.1%
				-9.7%	-15.8%	-12.2% (d)				

(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.

	Trucks	Garage Dealers	P.P. Types
Sum of Other Acquisition Expense and General Expenses	16.2%	19.2%	16.2%
Avg. Annual Change in Expenses	2.0%	2.0%	2.0%
Years Projected (n)	2.17	2.17	2.17

(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 $(((3)/(0.873 + 0.0705))-1) \times 100$ for Trucks, Tractors, and Trailers and Private Passenger Types, and $(((3)/(0.873 + 0.0676))-1) \times 100$ for Garage Dealers.

Investment Income (Trucks and Private Passenger Types):	7.05%
Investment Income (Garage Dealers):	6.76%

(d) The Total Limits indications have been restated on a Basic Limit basis by adjusting for the impact of increased limits experience. (1.1% for BI and -0.1% for PD)

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, 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. For Garages, the indications are based on total limits experience.

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. 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 - 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 - Garages Liability

Exhibit 3 - Private Passenger Types 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)	(2) (30/60/25)	(3) LOSS & LOSS ADJUSTMENT	(4)	(5) NUMBER OF INCURRED CLAIMS	
ACCIDENT YEARS ENDING	LIMITS EARNED PREMIUM AT PRESENT RATES(A)	LIMITS INCURRED LOSSES (B)	RATIO (2) / (1)	ACCIDENT YEAR WEIGHTS		
BI	12/31/2004	\$8,532,668	\$7,413,496	0.869	10%	849
	12/31/2005	9,143,651	6,946,638	0.760	15%	809
	12/31/2006	9,146,196	6,852,273	0.749	20%	760
	12/31/2007	8,761,581	7,137,244	0.815	25%	803
	12/31/2008	7,744,995	4,636,686	0.599	30%	537
PD	12/31/2004	\$10,020,219	\$8,317,581	0.830	10%	2,629
	12/31/2005	10,737,032	7,975,698	0.743	15%	2,456
	12/31/2006	10,739,881	7,457,693	0.694	20%	2,342
	12/31/2007	10,288,520	6,666,622	0.648	25%	2,165
	12/31/2008	9,095,053	5,542,818	0.609	30%	1,695

	B.I.	P.D.
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.734	0.678
(7) EXPECTED LOSS RATIO (C).	0.711	0.711
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.695	0.707
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.734	0.678

(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:	17.3%
GENERAL EXPENSE:	8.9%
TAXES, LICENSES AND FEES:	2.7%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
 LOSS AND EXPENSE TREND FACTOR (-2.3% FOR BI, -0.6% 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 FILING (03/01/2010) TO ONE YEAR
 BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 03/01/2011. IN THIS ANALYSIS,
 THE PERIOD IS 1.000 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
AUTOMOBILE LIABILITY INSURANCE - TRUCKS, TRACTORS, AND TRAILERS
DETERMINATION OF SPLIT LIMIT LOSSES

Section B
Exhibit 1
Sheet 2

	ACCIDENT YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25000)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2004	\$7,943,528	\$8,101,419
	12/31/2005	7,264,684	7,725,181
	12/31/2006	6,860,516	7,176,089
	12/31/2007	6,894,199	6,366,468
	12/31/2008	4,360,269	5,131,028
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2004	\$7,943,528	\$8,101,419
	12/31/2005	7,271,949	7,717,456
	12/31/2006	7,004,587	7,176,089
	12/31/2007	7,135,496	6,372,834
	12/31/2008	4,525,959	5,264,435
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2004	\$913,506	\$631,911
	12/31/2005	836,274	601,962
	12/31/2006	805,528	559,735
	12/31/2007	820,582	497,081
	12/31/2008	520,485	410,626
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		-2.2%	-0.6%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		-3.1%	-1.1%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2004	\$7,413,496	\$8,317,581
	12/31/2005	6,946,638	7,975,698
	12/31/2006	6,852,273	7,457,693
	12/31/2007	7,137,244	6,666,622
	12/31/2008	4,636,686	5,542,818

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

YEAR ENDING	B.I.	P.D.
12/31/2004	1.000	1.000
12/31/2005	1.001	0.999
12/31/2006	1.021	1.000
12/31/2007	1.035	1.001
12/31/2008	1.038	1.026

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND
ALLOCATED FACTORS:

B.I.	P.D.
0.115	0.078

(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 03/01/2011.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2004	7/1/2004	7.667
12/31/2005	7/1/2005	6.667
12/31/2006	7/1/2006	5.667
12/31/2007	7/1/2007	4.667
12/31/2008	7/1/2008	3.667

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

Section B
 Exhibit 2
 Sheet 1

		(1) TOTAL LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(2) TOTAL LIMITS INCURRED LOSSES (B)	(3) LOSS & LOSS ADJUSTMENT RATIO (2) / (1)	(4) POLICY YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
BI	12/31/2004	\$2,567,884	\$1,887,617	0.735	10%	222
	12/31/2005	2,478,313	1,562,974	0.631	15%	167
	12/31/2006	2,544,532	1,421,157	0.559	20%	178
	12/31/2007	2,462,459	2,168,572	0.881	25%	151
	12/31/2008	2,272,444	1,199,442	0.528	30%	110
PD	12/31/2004	\$1,823,984	\$1,383,998	0.759	10%	394
	12/31/2005	1,706,047	1,068,988	0.627	15%	345
	12/31/2006	1,698,432	1,228,872	0.724	20%	309
	12/31/2007	1,724,670	1,022,649	0.593	25%	294
	12/31/2008	1,548,994	662,157	0.427	30%	230

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.659	0.591
(7) EXPECTED LOSS RATIO (C).	0.681	0.681
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.683	0.680
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.659	0.591

(A) GARAGE DEALERS EXPERIENCE IS FOR ALL GARAGE RISKS WRITTEN IN ACCORDANCE WITH RULE 52 OF THE COMMERCIAL LINES 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:	17.3%
GENERAL EXPENSE:	11.9%
TAXES, LICENSES AND FEES:	2.7%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (+0.3% FOR BI, -0.2% 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 FILING (03/01/2010) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 03/01/2011. IN THIS ANALYSIS, THE PERIOD IS 1.000 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 683 CLAIMS.

NORTH CAROLINA REINSURANCE FACILITY
 AUTOMOBILE LIABILITY INSURANCE - GARAGE DEALERS
 DETERMINATION OF SPLIT LIMIT LOSSES

Section B
 Exhibit 2
 Sheet 2

	POLICY YEAR ENDING	BODILY INJURY	PROPERTY DAMAGE
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2004	\$1,642,773	\$1,301,616
	12/31/2005	1,366,341	1,003,677
	12/31/2006	1,249,361	1,151,867
	12/31/2007	1,952,050	952,209
	12/31/2008	980,230	649,061
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2004	\$1,644,416	\$1,301,616
	12/31/2005	1,367,707	1,003,677
	12/31/2006	1,248,112	1,151,867
	12/31/2007	1,911,057	956,970
	12/31/2008	1,061,589	618,555
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2004	\$189,108	\$101,526
	12/31/2005	157,286	78,287
	12/31/2006	143,533	89,846
	12/31/2007	219,772	74,644
	12/31/2008	122,083	48,247
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		0.7%	-0.1%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		-3.1%	-1.1%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2004	\$1,887,617	\$1,383,998
	12/31/2005	1,562,974	1,068,988
	12/31/2006	1,421,157	1,228,872
	12/31/2007	2,168,572	1,022,649
	12/31/2008	1,199,442	662,157

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

YEAR ENDING	B.I.	P.D.
12/31/2004	1.001	1.000
12/31/2005	1.001	1.000
12/31/2006	0.999	1.000
12/31/2007	0.979	1.005
12/31/2008	1.083	0.953

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND
 ALLOCATED FACTORS:

B.I.	P.D.
0.115	0.078

(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 03/01/2011.

POLICY YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2004	1/1/2004	8.167
12/31/2005	1/1/2005	7.167
12/31/2006	1/1/2006	6.167
12/31/2007	1/1/2007	5.167
12/31/2008	1/1/2008	4.167

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 3
 Sheet 1

	(1) (30/60/25) LIMITS EARNED PREMIUM AT ENDING 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	12/31/2004	\$80,241	\$104,900	1.307	10%	7
	12/31/2005	80,539	146,371	1.817	15%	19
	12/31/2006	81,584	102,945	1.262	20%	15
	12/31/2007	96,814	3,723	0.038	25%	2
	12/31/2008	96,734	18,227	0.188	30%	7
PD	12/31/2004	\$88,785	\$41,105	0.463	10%	16
	12/31/2005	89,123	102,123	1.146	15%	36
	12/31/2006	90,296	71,552	0.792	20%	26
	12/31/2007	107,143	12,683	0.118	25%	10
	12/31/2008	107,054	58,925	0.550	30%	25

	B.I.	P.D.
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.722	0.571
(7) EXPECTED LOSS RATIO (C).	0.711	0.711
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.695	0.707
(9) CREDIBILITY (E).	0.20	0.30
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.700	0.666

(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:	17.3%
GENERAL EXPENSE:	8.9%
TAXES, LICENSES AND FEES:	2.7%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (-2.3% FOR BI, -0.6% 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 FILING (03/01/2010) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 03/01/2011. IN THIS ANALYSIS, THE PERIOD IS 1.000 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
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER TYPES
DETERMINATION OF SPLIT LIMIT LOSSES

Section B
Exhibit 3
Sheet 2

	ACCIDENT YEAR ENDING	BODILY INJURY (30/60)	PROPERTY DAMAGE (25000)
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2004	\$112,176	\$40,037
	12/31/2005	154,461	98,915
	12/31/2006	103,372	68,645
	12/31/2007	3,635	12,076
	12/31/2008	15,815	54,654
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2004	\$112,400	\$40,037
	12/31/2005	153,225	98,816
	12/31/2006	105,233	68,851
	12/31/2007	3,722	12,124
	12/31/2008	17,792	55,966
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2004	\$12,926	\$3,123
	12/31/2005	17,621	7,708
	12/31/2006	12,102	5,370
	12/31/2007	428	946
	12/31/2008	2,046	4,365
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		-2.2%	-0.6%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		-3.1%	-1.1%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2004	\$104,900	\$41,105
	12/31/2005	146,371	102,123
	12/31/2006	102,945	71,552
	12/31/2007	3,723	12,683
	12/31/2008	18,227	58,925

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

YEAR ENDING	B.I.	P.D.
12/31/2004	1.002	1.000
12/31/2005	0.992	0.999
12/31/2006	1.018	1.003
12/31/2007	1.024	1.004
12/31/2008	1.125	1.024

(B) MULTIPLY (2) BY THE FOLLOWING UNALLOCATED LOSS ADJUSTMENT EXPENSE TO LOSSES AND
ALLOCATED FACTORS:

B.I.	P.D.
0.115	0.078

(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 03/01/2011.

ACCIDENT YEAR ENDING	AVERAGE DATE OF ACCIDENT	PROJECTION PERIOD
12/31/2004	7/1/2004	7.667
12/31/2005	7/1/2005	6.667
12/31/2006	7/1/2006	5.667
12/31/2007	7/1/2007	4.667
12/31/2008	7/1/2008	3.667

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 in effect on November 1, 2009. The revised fleet base rates are derived using the current approved factor of 1.10 to the revised non-fleet rates.

Exhibit 3 - Garages

The revised Garage Dealers rates are based upon the voluntary territory relativities in effect on November 1, 2009.

Exhibit 4 - Private Passenger Types Liability

The revised rates are based upon the voluntary territory relativities in effect on November 1, 2009.

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

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 relativities used are listed below.

	<u>Differential to Base Rate</u>	
	<u>BI</u>	<u>PD</u>
Taxis and Limousines	6.46	2.56
School and Church Buses	0.82	0.62
Other Buses	7.79	1.95
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 137.3008	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	366	215	136	0.947	130.024	130	-4.4%
12	1,114	339	215	1.493	204.990	205	-4.7%
13	499	273	173	1.203	165.173	165	-4.6%
14	488	281	178	1.238	169.978	170	-4.5%
15	141	229	145	1.009	138.537	139	-4.1%
16	1,027	330	209	1.454	199.635	200	-4.3%
17	668	279	177	1.229	168.743	169	-4.5%
18	447	226	143	0.996	136.752	137	-4.2%
19	6	217	137	0.956	131.260	131	-4.4%
20	595	261	165	1.150	157.896	158	-4.2%
21	1,315	263	167	1.158	158.994	159	-4.8%
22	4,212	262	166	1.154	158.445	158	-4.8%
23	12,992	217	137	0.956	131.260	131	-4.4%
24	18,774	206	130	0.907	124.532	125	-3.8%
SW	42,644	227.02	143.47		137.281		-4.3%

Weighted average factor x percent change = new weighted average
 $143.47 \times 0.957 = 137.3008$

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 -4.3 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
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 151.2771	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	366	215	160	0.947	143.259	143	-10.6%
12	1,114	339	251	1.493	225.857	226	-10.0%
13	499	273	202	1.203	181.986	182	-9.9%
14	488	281	209	1.238	187.281	187	-10.5%
15	141	229	170	1.009	152.639	153	-10.0%
16	1,027	330	245	1.454	219.957	220	-10.2%
17	668	279	207	1.229	185.920	186	-10.1%
18	447	226	168	0.996	150.672	151	-10.1%
19	6	217	161	0.956	144.621	145	-9.9%
20	595	261	194	1.150	173.969	174	-10.3%
21	1,315	263	195	1.158	175.179	175	-10.3%
22	4,212	262	194	1.154	174.574	175	-9.8%
23	12,992	217	161	0.956	144.621	145	-9.9%
24	18,774	206	153	0.907	137.208	137	-10.5%
SW	42,644	227.02	168.46		151.250		-10.2%

Weighted average factor x percent change = new weighted average
 $168.46 \times 0.898 = 151.2771$

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 -10.2 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	130	147	191	143	147	38	46	50
	Fleet	143	162	210	157	162			
12	Non-Fleet	205	232	301	226	233	60	72	79
	Fleet	226	255	332	249	256			
13	Non-Fleet	165	186	243	182	187	48	58	63
	Fleet	182	206	268	200	206			
14	Non-Fleet	170	192	250	187	193	50	60	65
	Fleet	187	211	275	206	212			
15	Non-Fleet	139	157	204	153	158	41	49	53
	Fleet	153	173	225	168	173			
16	Non-Fleet	200	226	294	220	227	58	70	77
	Fleet	220	249	323	242	249			
17	Non-Fleet	169	191	248	186	192	49	59	65
	Fleet	186	210	273	205	211			
18	Non-Fleet	137	155	201	151	156	40	48	53
	Fleet	151	171	222	166	171			
19	Non-Fleet	131	148	193	145	149	38	46	50
	Fleet	144	163	212	160	165			
20	Non-Fleet	158	179	232	174	179	46	55	61
	Fleet	174	197	256	191	197			
21	Non-Fleet	159	180	234	175	180	46	56	61
	Fleet	175	198	257	193	199			
22	Non-Fleet	158	179	232	175	180	46	55	61
	Fleet	174	197	256	193	199			
23	Non-Fleet	131	148	193	145	149	38	46	50
	Fleet	144	163	212	160	165			
24	Non-Fleet	125	141	184	137	141	37	44	48
	Fleet	138	156	203	151	156			

HIRED CAR	Bodily Injury 30/60	Property Damage 25
All Territories	\$0.22	\$0.27

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	130	153	204	143	147	38	46	50
	Fleet	143	169	225	157	162			
12	Non-Fleet	205	242	322	226	233	60	72	79
	Fleet	226	267	355	249	256			
13	Non-Fleet	165	195	259	182	187	48	58	63
	Fleet	182	215	286	200	206			
14	Non-Fleet	170	201	267	187	193	50	60	65
	Fleet	187	221	294	206	212			
15	Non-Fleet	139	164	218	153	158	41	49	53
	Fleet	153	181	240	168	173			
16	Non-Fleet	200	236	314	220	227	58	70	77
	Fleet	220	260	345	242	249			
17	Non-Fleet	169	199	265	186	192	49	59	65
	Fleet	186	219	292	205	211			
18	Non-Fleet	137	162	215	151	156	40	48	53
	Fleet	151	178	237	166	171			
19	Non-Fleet	131	155	206	145	149	38	46	50
	Fleet	144	170	226	160	165			
20	Non-Fleet	158	186	248	174	179	46	55	61
	Fleet	174	205	273	191	197			
21	Non-Fleet	159	188	250	175	180	46	56	61
	Fleet	175	207	275	193	199			
22	Non-Fleet	158	186	248	175	180	46	55	61
	Fleet	174	205	273	193	199			
23	Non-Fleet	131	155	206	145	149	38	46	50
	Fleet	144	170	226	160	165			
24	Non-Fleet	125	148	196	137	141	37	44	48
	Fleet	138	163	217	151	156			

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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	130	156	216	143	147	38	46	50
	Fleet	143	172	237	157	162			
12	Non-Fleet	205	246	340	226	233	60	72	79
	Fleet	226	271	375	249	256			
13	Non-Fleet	165	198	274	182	187	48	58	63
	Fleet	182	218	302	200	206			
14	Non-Fleet	170	204	282	187	193	50	60	65
	Fleet	187	224	310	206	212			
15	Non-Fleet	139	167	231	153	158	41	49	53
	Fleet	153	184	254	168	173			
16	Non-Fleet	200	240	332	220	227	58	70	77
	Fleet	220	264	365	242	249			
17	Non-Fleet	169	203	281	186	192	49	59	65
	Fleet	186	223	309	205	211			
18	Non-Fleet	137	164	227	151	156	40	48	53
	Fleet	151	181	251	166	171			
19	Non-Fleet	131	157	217	145	149	38	46	50
	Fleet	144	173	239	160	165			
20	Non-Fleet	158	190	262	174	179	46	55	61
	Fleet	174	209	289	191	197			
21	Non-Fleet	159	191	264	175	180	46	56	61
	Fleet	175	210	291	193	199			
22	Non-Fleet	158	190	262	175	180	46	55	61
	Fleet	174	209	289	193	199			
23	Non-Fleet	131	157	217	145	149	38	46	50
	Fleet	144	173	239	160	165			
24	Non-Fleet	125	150	208	137	141	37	44	48
	Fleet	138	166	229	151	156			

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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	840	966	1243	366	377	155	181	207
	Fleet	924	1063	1368	403	415			
12	Non-Fleet	1324	1523	1960	579	596	244	286	327
	Fleet	1456	1674	2155	637	656			
13	Non-Fleet	1066	1226	1578	466	480	196	230	263
	Fleet	1173	1349	1736	513	528			
14	Non-Fleet	1098	1263	1625	479	493	202	237	271
	Fleet	1208	1389	1788	527	543			
15	Non-Fleet	898	1033	1329	392	404	165	194	222
	Fleet	988	1136	1462	431	444			
16	Non-Fleet	1292	1486	1912	563	580	238	279	319
	Fleet	1421	1634	2103	619	638			
17	Non-Fleet	1092	1256	1616	476	490	201	236	270
	Fleet	1201	1381	1777	524	540			
18	Non-Fleet	885	1018	1310	387	399	163	191	219
	Fleet	974	1120	1442	426	439			
19	Non-Fleet	846	973	1252	371	382	156	183	209
	Fleet	931	1071	1378	408	420			
20	Non-Fleet	1021	1174	1511	445	458	188	221	252
	Fleet	1123	1291	1662	490	505			
21	Non-Fleet	1027	1181	1520	448	461	189	222	254
	Fleet	1130	1300	1672	493	508			
22	Non-Fleet	1021	1174	1511	448	461	188	221	252
	Fleet	1123	1291	1662	493	508			
23	Non-Fleet	846	973	1252	371	382	156	183	209
	Fleet	931	1071	1378	408	420			
24	Non-Fleet	808	929	1196	351	362	149	175	200
	Fleet	889	1022	1316	386	398			

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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	107	123	158	89	92	24	28	33
	Fleet	118	136	175	98	101			
12	Non-Fleet	168	193	249	140	144	38	45	51
	Fleet	185	213	274	154	159			
13	Non-Fleet	135	155	200	113	116	30	36	41
	Fleet	149	171	221	124	128			
14	Non-Fleet	139	160	206	116	119	31	37	43
	Fleet	153	176	226	128	132			
15	Non-Fleet	114	131	169	95	98	26	30	35
	Fleet	125	144	185	105	108			
16	Non-Fleet	164	189	243	136	140	37	44	50
	Fleet	180	207	266	150	155			
17	Non-Fleet	139	160	206	115	118	31	37	43
	Fleet	153	176	226	127	131			
18	Non-Fleet	112	129	166	94	97	25	30	34
	Fleet	123	141	182	103	106			
19	Non-Fleet	107	123	158	90	93	24	28	33
	Fleet	118	136	175	99	102			
20	Non-Fleet	130	150	192	108	111	29	35	40
	Fleet	143	164	212	119	123			
21	Non-Fleet	130	150	192	109	112	29	35	40
	Fleet	143	164	212	120	124			
22	Non-Fleet	130	150	192	109	112	29	35	40
	Fleet	143	164	212	120	124			
23	Non-Fleet	107	123	158	90	93	24	28	33
	Fleet	118	136	175	99	102			
24	Non-Fleet	103	118	152	85	88	23	27	32
	Fleet	113	130	167	94	97			

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	1013	1165	1499	279	287	135	157	177
	Fleet	1114	1281	1649	307	316			
12	Non-Fleet	1597	1837	2364	441	454	212	248	279
	Fleet	1757	2021	2600	485	500			
13	Non-Fleet	1285	1478	1902	355	366	171	199	225
	Fleet	1414	1626	2093	391	403			
14	Non-Fleet	1324	1523	1960	365	376	176	205	232
	Fleet	1456	1674	2155	402	414			
15	Non-Fleet	1083	1245	1603	298	307	144	168	190
	Fleet	1191	1370	1763	328	338			
16	Non-Fleet	1558	1792	2306	429	442	207	241	273
	Fleet	1714	1971	2537	472	486			
17	Non-Fleet	1317	1515	1949	363	374	175	204	230
	Fleet	1449	1666	2145	399	411			
18	Non-Fleet	1067	1227	1579	294	303	142	165	187
	Fleet	1174	1350	1738	323	333			
19	Non-Fleet	1020	1173	1510	283	291	136	158	179
	Fleet	1122	1290	1661	311	320			
20	Non-Fleet	1231	1416	1822	339	349	164	191	215
	Fleet	1354	1557	2004	373	384			
21	Non-Fleet	1239	1425	1834	341	351	165	192	217
	Fleet	1363	1567	2017	375	386			
22	Non-Fleet	1231	1416	1822	341	351	164	191	215
	Fleet	1354	1557	2004	375	386			
23	Non-Fleet	1020	1173	1510	283	291	136	158	179
	Fleet	1122	1290	1661	311	320			
24	Non-Fleet	974	1120	1442	267	275	130	151	170
	Fleet	1071	1232	1585	294	303			

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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	107	123	158	117	121	31	37	41
	Fleet	118	136	175	129	133			
12	Non-Fleet	168	193	249	185	191	49	59	65
	Fleet	185	213	274	204	210			
13	Non-Fleet	135	155	200	149	153	39	47	52
	Fleet	149	171	221	164	169			
14	Non-Fleet	139	160	206	153	158	41	49	53
	Fleet	153	176	226	168	173			
15	Non-Fleet	114	131	169	125	129	33	40	44
	Fleet	125	144	185	138	142			
16	Non-Fleet	164	189	243	180	185	48	57	63
	Fleet	180	207	266	198	204			
17	Non-Fleet	139	160	206	153	158	41	49	53
	Fleet	153	176	226	168	173			
18	Non-Fleet	112	129	166	124	128	33	39	43
	Fleet	123	141	182	136	140			
19	Non-Fleet	107	123	158	119	123	31	37	41
	Fleet	118	136	175	131	135			
20	Non-Fleet	130	150	192	143	147	38	46	50
	Fleet	143	164	212	157	162			
21	Non-Fleet	130	150	192	144	148	38	46	50
	Fleet	143	164	212	158	163			
22	Non-Fleet	130	150	192	144	148	38	46	50
	Fleet	143	164	212	158	163			
23	Non-Fleet	107	123	158	119	123	31	37	41
	Fleet	118	136	175	131	135			
24	Non-Fleet	103	118	152	112	115	30	36	40
	Fleet	113	130	167	123	127			

North Carolina Reinsurance Facility
 Garage Dealers - Bodily Injury
 Determination of Rate Level Changes By Territory

Terr.	(1) Garage Earned Premium	(2) Voluntary Base Loss Cost #	(3) Facility 30/60 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 293.4660	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	29,747	280	303	0.932	273.510	274	-9.6%
12	76,821	441	477	1.468	430.808	431	-9.6%
13	42,841	355	384	1.182	346.877	347	-9.6%
14	35,750	366	396	1.218	357.442	357	-9.8%
15	39,597	298	323	0.992	291.118	291	-9.9%
16	49,884	430	465	1.431	419.950	420	-9.7%
17	76,477	363	393	1.208	354.507	355	-9.7%
18	32,249	294	318	0.979	287.303	287	-9.7%
19	0	283	306	0.942	276.445	276	-9.8%
20	49,502	340	368	1.132	332.204	332	-9.8%
21	96,871	343	371	1.142	335.138	335	-9.7%
22	199,834	341	369	1.135	333.084	333	-9.8%
23	664,384	283	306	0.942	276.445	276	-9.8%
24	878,488	268	290	0.892	261.772	262	-9.7%
SW	2,272,445	300.40	324.99		293.439		-9.7%

Weighted average factor x percent change = new weighted average
 $324.99 \times 0.903 = 293.4660$

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 -9.7 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
Garage Dealers - Property Damage
Determination of Rate Level Changes By Territory

Terr.	(1) Garage Earned Premium	(2) Voluntary Base Loss Cost #	(3) Facility 25,000 Base Rate	(4) Voluntary/ Voluntary Weighted Average	(5) Col. 4 x 225.6644	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	16,964	280	249	0.929	209.642	210	-15.7%
12	60,750	441	392	1.463	330.147	330	-15.8%
13	26,758	355	316	1.178	265.833	266	-15.8%
14	29,891	366	326	1.214	273.957	274	-16.0%
15	25,085	298	265	0.989	223.182	223	-15.8%
16	35,573	430	382	1.427	322.023	322	-15.7%
17	47,886	363	323	1.204	271.700	272	-15.8%
18	19,892	294	262	0.975	220.023	220	-16.0%
19	0	283	252	0.939	211.899	212	-15.9%
20	34,405	340	303	1.128	254.549	255	-15.8%
21	65,937	343	305	1.138	256.806	257	-15.7%
22	138,867	341	303	1.131	255.226	255	-15.8%
23	442,671	283	252	0.939	211.899	212	-15.9%
24	604,315	268	238	0.889	200.616	201	-15.5%
SW	1,548,994	301.41	268.01		225.647		-15.8%

Weighted average factor x percent change = new weighted average
 $268.01 \times 0.842 = 225.6644$

- # 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 -15.8 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
 Commercial Automobile Manual

GARAGES

Territory	Class	Bodily Injury Limit			Property Damage Limit	
		30/60	50/100	100/300	25	50
11	Dealers	274	315	406	210	216
12	Dealers	431	496	638	330	340
13	Dealers	347	399	514	266	274
14	Dealers	357	411	528	274	282
15	Dealers	291	335	431	223	230
16	Dealers	420	483	622	322	332
17	Dealers	355	408	525	272	280
18	Dealers	287	330	425	220	227
19	Dealers	276	317	408	212	218
20	Dealers	332	382	491	255	263
21	Dealers	335	385	496	257	265
22	Dealers	333	383	493	255	263
23	Dealers	276	317	408	212	218
24	Dealers	262	301	388	201	207

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 149.7914	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	5	210	156	0.957	143.350	143	-8.3%
12	32	313	232	1.426	213.603	214	-7.8%
13	3	249	185	1.135	170.013	170	-8.1%
14	54	233	173	1.062	159.078	159	-8.1%
15	3	246	182	1.121	167.916	168	-7.7%
16	11	237	176	1.080	161.775	162	-8.0%
17	7	236	175	1.075	161.026	161	-8.0%
18	10	225	167	1.025	153.536	154	-7.8%
19	0	212	157	0.966	144.698	145	-7.6%
20	13	244	181	1.112	166.568	167	-7.7%
21	31	210	156	0.957	143.350	143	-8.3%
22	50	233	173	1.062	159.078	159	-8.1%
23	202	212	157	0.966	144.698	145	-7.6%
24	175	200	148	0.911	136.460	136	-8.1%
SW	596	219.46	162.64		149.783		-7.9%

Weighted average factor x percent change = new weighted average
 $162.64 \times 0.921 = 149.7914$

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 -7.9 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 159.2823	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	5	210	172	0.957	152.433	152	-11.6%
12	32	313	257	1.426	227.137	227	-11.7%
13	3	249	204	1.135	180.785	181	-11.3%
14	54	233	191	1.062	169.158	169	-11.5%
15	3	246	202	1.121	178.555	179	-11.4%
16	11	237	194	1.080	172.025	172	-11.3%
17	7	236	193	1.075	171.228	171	-11.4%
18	10	225	184	1.025	163.264	163	-11.4%
19	0	212	174	0.966	153.867	154	-11.5%
20	13	244	200	1.112	177.122	177	-11.5%
21	31	210	172	0.957	152.433	152	-11.6%
22	50	233	191	1.062	169.158	169	-11.5%
23	202	212	174	0.966	153.867	154	-11.5%
24	175	200	164	0.911	145.106	145	-11.6%
SW	596	219.46	179.98		159.270		-11.5%

Weighted average factor x percent change = new weighted average
 $179.98 \times 0.885 = 159.2823$

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 -11.5 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	143	164	212	152	157	14	18	20
12	214	246	317	227	234	21	27	30
13	170	196	252	181	186	16	21	24
14	159	183	235	169	174	15	20	23
15	168	193	249	179	184	16	21	24
16	162	186	240	172	177	16	20	23
17	161	185	238	171	176	16	20	23
18	154	177	228	163	168	15	19	22
19	145	167	215	154	159	14	18	21
20	167	192	247	177	182	16	21	24
21	143	164	212	152	157	14	18	20
22	159	183	235	169	174	15	20	23
23	145	167	215	154	159	14	18	21
24	136	156	201	145	149	13	17	19

SECTION D

Supporting Exhibits

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

SUPPORTING EXHIBITS

Exhibit 1 - Loss Development Factors

For Trucks, Tractors, & Trailers, Garage Dealers, and Private Passenger Types, 30/60/25 limits and total limits loss development factors based on North Carolina only 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 trend 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
ISO FACILITY DATA
BASIC LIMIT LOSS DEVELOPMENT
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year Ending	\$30,000/60,000 15 Months	Basic Limit		Loss Development Factors	
		27 Months	39 Months	15 to 27 Months	27 to 39 Months
12/31/1997	2,877,803	2,929,282	2,895,113	1.018	0.988
12/31/1998	2,657,959	2,836,191	3,078,130	1.067	1.085
12/31/1999	3,005,822	3,299,235	3,379,652	1.098	1.024
12/31/2000	3,124,071	3,257,158	3,675,888	1.043	1.129
12/31/2001	2,611,771	2,892,033	3,019,205	1.107	1.044
12/31/2002	2,353,431	2,464,488	2,404,271	1.047	0.976
12/31/2003	2,513,017	2,429,799	2,301,629	0.967	0.947
12/31/2004	3,058,514	3,051,314	3,106,119	0.998	1.018
12/31/2005	2,381,525	2,313,072	2,221,515	0.971	0.960
12/31/2006	2,220,656	1,993,668	2,002,544	0.898	1.004
12/31/2007	2,012,659	2,166,112		1.076	
12/31/2008	1,458,234				

(1) Average Factor (Best 3 of 5) :	(A) Facility	0.979	0.980
	(B) Voluntary	1.067	1.037
(2) Credibility		0.730	0.400
(3) Credibility Weighted Factors		1.003	1.014

Property Damage

Accident Year Ending	\$25,000 Basic Limit 15 Months	Basic Limit		Loss Development Factors	
		27 Months	39 Months	15 to 27 Months	27 to 39 Months
12/31/1997	2,894,183	2,990,718	2,985,026	1.033	0.998
12/31/1998	2,806,885	2,823,600	2,809,820	1.006	0.995
12/31/1999	3,777,339	3,913,870	3,959,690	1.036	1.012
12/31/2000	3,726,906	3,853,568	3,874,549	1.034	1.005
12/31/2001	3,228,987	3,279,183	3,289,795	1.016	1.003
12/31/2002	1,994,540	2,008,672	2,048,046	1.007	1.020
12/31/2003	2,331,465	2,443,729	2,424,554	1.048	0.992
12/31/2004	2,751,477	2,794,982	2,810,140	1.016	1.005
12/31/2005	2,412,889	2,497,940	2,488,773	1.035	0.996
12/31/2006	2,050,517	2,109,961	2,107,265	1.029	0.999
12/31/2007	2,107,414	2,128,851		1.010	
12/31/2008	1,433,799				

(1) Average Factor (Best 3 of 5) :	(A) Facility	1.027	1.000
	(B) Voluntary	1.019	1.001
(2) Credibility *		0.810	0.000
(3) Credibility Weighted Factors		1.025	1.001

Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate **	1.021	1.000
27 to Ultimate	1.035	1.001
15 to Ultimate	1.038	1.026

* The credibility for 27 to 39 months was judgmentally selected.

** NC voluntary factors

NORTH CAROLINA
ISO VOLUNTARY DATABASIC LIMITS LOSS DEVELOPMENT
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	17,549,920	18,251,647	19,074,421	19,595,646	19,664,810
12/31/1998	17,405,392	18,831,041	19,702,306	19,824,953	19,989,481
12/31/1999	16,674,081	17,940,746	18,629,780	19,384,733	19,251,790
12/31/2000	17,386,889	19,068,217	20,085,668	20,635,991	20,870,889
12/31/2001	16,009,401	17,412,659	18,619,119	19,090,833	19,190,613
12/31/2002	14,670,870	15,659,496	16,290,764	16,814,718	16,505,040
12/31/2003	14,345,232	15,776,776	16,517,487	16,699,466	16,603,409
12/31/2004	15,048,115	15,840,587	16,495,859	16,851,219	16,929,346
12/31/2005	15,138,208	16,438,033	16,707,911	16,949,912	
12/31/2006	17,296,728	18,070,624	18,590,036		
12/31/2007	15,025,872	15,960,468			
12/31/2008	12,234,397				

Ratios

Accident Year <u>Ending</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/1997	1.040	1.045	1.027	1.004
12/31/1998	1.082	1.046	1.006	1.008
12/31/1999	1.076	1.038	1.041	0.993
12/31/2000	1.097	1.053	1.027	1.011
12/31/2001	1.088	1.069	1.025	1.005
12/31/2002	1.067	1.040	1.032	0.982
12/31/2003	1.100	1.047	1.011	0.994
12/31/2004	1.053	1.041	1.022	1.005
12/31/2005	1.086	1.016	1.014	
12/31/2006	1.045	1.029		
12/31/2007	1.062			
Average Factor: (Best 3 of 5)	1.067	1.037	1.020	1.001

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	1.000
51 to Ult:	(63:51) (75:63) (75:Ult) =	1.001
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.021
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.059
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.130

NORTH CAROLINA
ISO VOLUNTARY DATA
BASIC LIMITS LOSS DEVELOPMENT
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	19,718,387	19,608,648	19,596,366	19,596,366	19,596,366
12/31/1998	19,851,960	19,801,263	19,820,092	19,824,467	19,834,465
12/31/1999	19,175,632	19,212,117	19,222,459	19,222,667	19,222,459
12/31/2000	20,955,713	20,847,728	20,853,036	20,835,367	
12/31/2001	19,118,089	19,157,624	19,035,102		
12/31/2002	16,563,898	16,607,943			
12/31/2003	16,618,224				

Ratios

Accident Year <u>Ending</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/1997	1.003	0.994	0.999	1.000	1.000
12/31/1998	0.993	0.997	1.001	1.000	1.001
12/31/1999	0.996	1.002	1.001	1.000	1.000
12/31/2000	1.004	0.995	1.000	0.999	
12/31/2001	0.996	1.002	0.994		
12/31/2002	1.004	1.003			
12/31/2003	1.001				
Average Factor: (Best 3 of 5)	1.000	1.000	1.000	1.000	1.000

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.000
99 to Ult:	(111:99) (123:111) (123:Ult)	=	1.000
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	1.000
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	1.000

BASIC LIMITS LOSS DEVELOPMENT

TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	19,253,289	19,704,341	19,749,255	19,900,201	19,862,530
12/31/1998	19,826,314	19,800,500	19,946,556	19,982,399	20,065,174
12/31/1999	19,815,568	20,424,288	20,569,614	20,645,853	20,612,362
12/31/2000	21,014,124	21,408,071	21,430,432	21,414,730	21,396,592
12/31/2001	18,136,795	18,606,444	18,606,257	18,610,281	18,627,644
12/31/2002	17,420,296	17,894,481	17,863,588	17,936,999	17,928,029
12/31/2003	16,029,525	16,525,025	16,527,372	16,486,886	16,449,935
12/31/2004	15,937,310	16,410,403	16,442,206	16,446,154	16,418,663
12/31/2005	17,314,281	17,621,041	17,677,169	17,709,326	
12/31/2006	17,890,060	17,960,443	17,983,347		
12/31/2007	17,600,691	17,783,999			
12/31/2008	15,515,963				

Ratios

Accident Year Ending	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/1997	1.023	1.002	1.008	0.998
12/31/1998	0.999	1.007	1.002	1.004
12/31/1999	1.031	1.007	1.004	0.998
12/31/2000	1.019	1.001	0.999	0.999
12/31/2001	1.026	1.000	1.000	1.001
12/31/2002	1.027	0.998	1.004	0.999
12/31/2003	1.031	1.000	0.998	0.998
12/31/2004	1.030	1.002	1.000	0.998
12/31/2005	1.018	1.003	1.002	
12/31/2006	1.004	1.001		
12/31/2007	1.010			
Average Factor: (Best 3 of 5)	1.019	1.001	1.001	0.999

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	1.000
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.999
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.000
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.001
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.020

NORTH CAROLINA
ISO VOLUNTARY DATA
BASIC LIMITS LOSS DEVELOPMENT
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year <u>Ending</u>	\$25,000 Basic Limit				
	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	19,840,586	19,849,019	19,878,487	19,876,343	19,893,219
12/31/1998	20,051,827	20,051,524	20,058,270	20,058,780	20,058,912
12/31/1999	20,606,905	20,620,381	20,622,168	20,622,888	20,622,655
12/31/2000	21,406,289	21,442,222	21,442,224	21,442,224	
12/31/2001	18,644,537	18,642,295	18,648,796		
12/31/2002	17,944,949	17,945,452			
12/31/2003	16,449,807				

Ratios

Accident Year <u>Ending</u>	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/1997	0.999	1.000	1.001	1.000	1.001
12/31/1998	0.999	1.000	1.000	1.000	1.000
12/31/1999	1.000	1.001	1.000	1.000	1.000
12/31/2000	1.000	1.002	1.000	1.000	
12/31/2001	1.001	1.000	1.000		
12/31/2002	1.001	1.000			
12/31/2003	1.000				
Average Factor: (Best 3 of 5)	1.000	1.000	1.000	1.000	1.000

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.000
99 to Ult:	(111:99) (123:111) (123:Ult)	=	1.000
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	1.000
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	1.000

NORTH CAROLINA
ISO FACILITY DATA
TOTAL LIMITS LOSS DEVELOPMENT
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES
BODILY INJURY

ACCIDENT YEAR	TOTAL LIMITS AMOUNTS AS OF:											
	15 MONTHS ENDED	27 MONTHS ENDED	39 MONTHS ENDED	51 MONTHS ENDED	63 MONTHS ENDED	75 MONTHS ENDED	87 MONTHS ENDED	99 MONTHS ENDED	111 MONTHS ENDED	123 MONTHS ENDED	135 MONTHS ENDED	147 MONTHS ENDED
12/31/1997	3,291,275	3,549,202	4,233,714	4,407,819	4,428,692	4,460,724	4,520,414	4,929,182	4,929,332	4,929,332	4,929,332	4,929,332
12/31/1998	3,537,249	4,580,435	5,360,518	5,794,162	5,845,802	5,853,970	5,878,456	5,878,456	5,878,456	5,878,456	5,878,456	5,878,456
12/31/1999	4,078,478	4,773,272	5,032,405	5,766,755	5,694,789	5,689,520	5,688,286	5,689,296	5,689,296	5,689,296	5,689,296	5,689,296
12/31/2000	3,514,790	4,564,933	5,772,768	6,005,482	5,934,619	5,896,438	5,837,828	5,837,828	5,837,828	5,837,828	5,837,828	5,837,828
12/31/2001	3,364,023	5,840,575	5,991,640	7,045,694	7,049,317	7,010,172	7,011,372	7,011,372	7,011,372	7,011,372	7,011,372	7,011,372
12/31/2002	2,993,951	3,603,020	3,849,965	3,868,184	3,761,278	3,714,940	3,784,264	3,784,264	3,784,264	3,784,264	3,784,264	3,784,264
12/31/2003	4,520,034	7,251,083	7,679,313	8,065,082	8,177,152	8,131,105	8,131,105	8,131,105	8,131,105	8,131,105	8,131,105	8,131,105
12/31/2004	5,621,062	7,025,625	7,888,673	7,913,971	7,713,985	7,713,985	7,713,985	7,713,985	7,713,985	7,713,985	7,713,985	7,713,985
12/31/2005	5,337,458	5,597,419	5,410,578	5,191,705	5,191,705	5,191,705	5,191,705	5,191,705	5,191,705	5,191,705	5,191,705	5,191,705
12/31/2006	3,473,855	4,361,277	4,295,605	4,295,605	4,295,605	4,295,605	4,295,605	4,295,605	4,295,605	4,295,605	4,295,605	4,295,605
12/31/2007	5,359,990	6,258,527	6,258,527	6,258,527	6,258,527	6,258,527	6,258,527	6,258,527	6,258,527	6,258,527	6,258,527	6,258,527
12/31/2008	4,614,224											

ACCIDENT YEAR	RATIOS											
	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	135:123	147:135	159:147
12/31/1997	1.078	1.193	1.041	1.005	1.007	1.013	1.090	1.000	1.000	1.000	1.000	1.000
12/31/1998	1.295	1.170	1.081	1.009	1.001	1.004	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.170	1.054	1.146	0.988	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2000	1.299	1.265	1.040	0.988	0.994	0.990	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2001	1.736	1.026	1.176	1.001	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	1.203	1.069	1.005	0.972	0.988	1.019	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.604	1.059	1.050	1.014	0.994	1.019	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	1.250	1.123	1.003	0.975	0.994	1.019	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	1.049	0.967	0.960	0.988	0.994	1.001	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.255	0.985	0.985	0.988	0.994	1.001	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2007	1.168											

Best 3 of 5	All Years Average	Selected
1.224	1.282	1.224
1.038	1.091	1.038
1.038	1.038	1.038

SUMMARY OF FACTORS	
123 To Ultimate	(123:Ult.)= 1.000
111 To Ultimate	(123:111)(123:Ult.)= 1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)= 1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)= 1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.001
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.995
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 0.983
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.002
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.040
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)= 1.273

TOTAL LIMITS LOSS DEVELOPMENT
TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES
PROPERTY DAMAGE

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
ENDED	2,903,974	3,001,639	2,995,947	2,973,411	2,973,561	2,989,703	2,989,703	2,989,703	2,989,703	2,989,703
12/31/1997	2,892,809	2,888,836	2,855,850	2,873,195	2,896,993	2,896,996	2,898,999	2,898,999	2,899,845	2,899,845
12/31/1998	3,879,530	3,978,624	4,022,227	4,026,417	4,021,776	4,021,827	4,021,817	4,021,817	4,021,817	4,021,817
12/31/1999	3,789,343	3,908,590	3,929,571	3,993,117	3,989,190	3,986,257	3,986,257	3,986,951	3,986,951	3,986,951
12/31/2000	3,359,609	3,384,189	3,399,611	3,402,119	3,399,805	3,399,805	3,399,805	3,399,805	3,399,805	3,399,805
12/31/2001	2,069,476	2,083,608	2,169,866	2,204,332	2,188,048	2,188,081	2,188,081	2,226,682		
12/31/2002	2,609,630	2,709,333	2,690,148	2,693,985	2,695,393	2,695,393				
12/31/2003	2,789,489	2,831,751	2,846,909	2,838,555	2,833,543					
12/31/2004	2,525,453	2,621,987	2,622,820	2,627,734						
12/31/2005	2,115,858	2,216,818	2,245,636							
12/31/2006	2,165,999	2,182,262								
12/31/2007	1,464,672									

TOTAL LIMITS AMOUNTS AS OF:

ACCIDENT YEAR	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
ENDED	1.034	0.998	0.992	1.000	1.005	1.000	1.000	1.000	1.000
12/31/1997	0.999	0.989	1.006	1.008	1.000	1.001	1.000	1.000	1.000
12/31/1998	1.026	1.011	1.001	0.999	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.031	1.005	1.016	0.999	0.999	1.000	1.000	1.000	1.000
12/31/2000	1.007	1.005	1.001	0.999	1.000	1.000	1.000	1.000	1.000
12/31/2001	1.007	1.041	1.016	0.993	1.000	1.018			
12/31/2002	1.038	0.993	1.001	1.001	1.000				
12/31/2003	1.015	1.005	0.997	0.998					
12/31/2004	1.038	1.000	1.002						
12/31/2005	1.048	1.013							
12/31/2006	1.008								
12/31/2007									

Best 3 of 5	1.030	1.006	1.001	0.999	1.000	1.000	1.000	1.000	1.000
All Years Average	1.023	1.006	1.004	1.000	1.001	1.003	1.000	1.000	1.000
Selected	1.030	1.006	1.001	0.999	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate								(123:Ult.)=	1.000
111 To Ultimate							(123:111)	(123:Ult.)=	1.000
99 To Ultimate							(111:99)	(123:Ult.)=	1.000
87 To Ultimate							(99:87)	(123:Ult.)=	1.000
75 To Ultimate							(87:75)	(123:Ult.)=	1.000
63 To Ultimate							(75:63)	(123:Ult.)=	1.000
51 To Ultimate							(63:51)	(123:Ult.)=	0.999
39 To Ultimate							(51:39)	(123:Ult.)=	1.000
27 To Ultimate							(39:27)	(123:Ult.)=	1.006
15 To Ultimate							(27:15)	(123:Ult.)=	1.036

Bodily Injury

Accident Year Ending	\$30,000/60,000 15 Months	Basic Limit		Loss Development Factors		
		27 Months	39 Months	15 to 27 Months	27 to 39 Months	
12/31/1997	70,652	32,329	32,329	0.458	1.000	
12/31/1998	59,113	138,190	138,190	2.338	1.000	
12/31/1999	226,278	220,685	260,848	0.975	1.182	
12/31/2000	138,972	115,624	124,166	0.832	1.074	
12/31/2001	185,138	217,354	217,854	1.174	1.002	
12/31/2002	83,928	83,918	88,918	1.000	1.060	
12/31/2003	67,611	98,210	98,210	1.453	1.000	
12/31/2004	110,720	102,385	73,885	0.925	0.722	
12/31/2005	20,987	10,987	4,612	0.524	0.420	
12/31/2006	23,853	20,633	20,633	0.865	1.000	
12/31/2007	6,976	6,976		1.000		
12/31/2008	15,650					
(1) Average Factor (Best 3 of 5) :				(A) Facility	0.930	0.907
				(B) Voluntary	1.104	1.009
(2) Credibility					0.030	0.030
(3) Credibility Weighted Factors					1.099	1.006

Property Damage

Accident Year Ending	\$25,000 15 Months	Basic Limit		Loss Development Factors		
		27 Months	39 Months	15 to 27 Months	27 to 39 Months	
12/31/1997	65,600	64,744	64,744	0.987	1.000	
12/31/1998	126,996	144,620	146,044	1.139	1.010	
12/31/1999	172,615	176,428	174,885	1.022	0.991	
12/31/2000	218,547	200,368	204,495	0.917	1.021	
12/31/2001	149,501	153,147	153,147	1.024	1.000	
12/31/2002	84,799	81,984	81,984	0.967	1.000	
12/31/2003	90,527	91,829	91,829	1.014	1.000	
12/31/2004	61,247	59,411	59,411	0.970	1.000	
12/31/2005	49,540	49,495	50,310	0.999	1.016	
12/31/2006	11,094	13,514	13,514	1.218	1.000	
12/31/2007	24,983	24,983		1.000		
12/31/2008	30,922					
(1) Average Factor (Best 3 of 5) :				(A) Facility	1.004	1.000
				(B) Voluntary	1.022	1.001
(2) Credibility *					0.120	0.000
(3) Credibility Weighted Factors					1.020	1.001

Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate **	1.018	1.003
27 to Ultimate	1.024	1.004
15 to Ultimate	1.125	1.024

* The credibility for 27 to 39 months was judgmentally selected.

** NC voluntary factors

BASIC LIMITS LOSS DEVELOPMENT

PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year Ending	\$30,000/60,000 15 Months	Basic Limit 27 Months	39 Months	51 Months	63 Months
12/31/1997	2,406,447	2,711,996	2,709,711	2,937,498	2,943,665
12/31/1998	2,442,860	2,335,217	2,750,060	2,813,707	2,878,085
12/31/1999	2,484,366	2,648,152	2,790,726	2,778,829	2,677,293
12/31/2000	2,472,581	2,757,217	2,702,006	2,683,715	2,656,937
12/31/2001	1,950,710	2,172,274	2,292,128	2,425,382	2,639,438
12/31/2002	1,702,480	1,950,887	1,964,096	2,086,206	2,039,183
12/31/2003	1,693,756	1,911,536	1,987,103	1,978,276	1,952,137
12/31/2004	1,822,071	2,122,401	2,025,300	2,041,001	2,026,595
12/31/2005	2,022,863	2,158,255	2,180,324	2,204,125	
12/31/2006	1,953,288	2,018,490	2,038,549		
12/31/2007	1,737,413	1,939,045			
12/31/2008	2,152,309				

Ratios

Accident Year Ending	27:15	39:27	51:39	63:51
12/31/1997	1.127	0.999	1.084	1.002
12/31/1998	0.956	1.178	1.023	1.023
12/31/1999	1.066	1.054	0.996	0.963
12/31/2000	1.115	0.980	0.993	0.990
12/31/2001	1.114	1.055	1.058	1.088
12/31/2002	1.146	1.007	1.062	0.977
12/31/2003	1.129	1.040	0.996	0.987
12/31/2004	1.165	0.954	1.008	0.993
12/31/2005	1.067	1.010	1.011	
12/31/2006	1.033	1.010		
12/31/2007	1.116			
Average Factor: (Best 3 of 5)	1.104	1.009	1.026	0.990

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	1.002
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.992
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.018
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.027
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.134

BASIC LIMITS LOSS DEVELOPMENT

PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year	\$30,000/60,000	Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>	
12/31/1997	2,952,274	2,952,274	2,936,130	2,936,130	2,936,130	
12/31/1998	2,884,896	2,921,879	2,909,531	2,912,058	2,919,369	
12/31/1999	2,701,157	2,689,096	2,689,096	2,689,096	2,689,096	
12/31/2000	2,654,199	2,662,915	2,676,791	2,676,791		
12/31/2001	2,621,941	2,621,941	2,621,941			
12/31/2002	2,039,251	2,039,251				
12/31/2003	1,958,462					

Ratios

Accident Year	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/1997	1.003	1.000	0.995	1.000	1.000
12/31/1998	1.002	1.013	0.996	1.001	1.003
12/31/1999	1.009	0.996	1.000	1.000	1.000
12/31/2000	0.999	1.003	1.005	1.000	
12/31/2001	0.993	1.000	1.000		
12/31/2002	1.000	1.000			
12/31/2003	1.003				
Average Facto (Best 3 of 5)	1.001	1.001	0.999	1.000	1.001

Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.001
99 to Ult:	(111:99) (123:111) (123:Ult)	=	1.001
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	1.000
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	1.001

BASIC LIMITS LOSS DEVELOPMENT

PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	15 Months	27 Months	39 Months	51 Months	63 Months
12/31/1997	2,061,493	2,085,309	2,079,331	2,093,533	2,091,547
12/31/1998	2,383,234	2,396,142	2,391,240	2,424,990	2,430,264
12/31/1999	2,601,146	2,746,678	2,709,883	2,691,248	2,689,697
12/31/2000	2,341,034	2,357,691	2,349,128	2,355,535	2,344,241
12/31/2001	2,347,526	2,352,518	2,351,698	2,442,444	2,489,859
12/31/2002	1,945,591	2,016,814	2,021,080	2,042,305	2,027,778
12/31/2003	1,705,099	1,783,212	1,799,956	1,802,141	1,804,741
12/31/2004	1,774,661	1,917,692	1,916,879	1,919,493	1,919,157
12/31/2005	1,966,886	2,013,132	2,014,345	2,014,733	
12/31/2006	1,999,303	1,989,541	1,989,296		
12/31/2007	1,790,705	1,764,888			
12/31/2008	1,923,168				

Ratios

Accident Year Ending	27:15	39:27	51:39	63:51
12/31/1997	1.012	0.997	1.007	0.999
12/31/1998	1.005	0.998	1.014	1.002
12/31/1999	1.056	0.987	0.993	0.999
12/31/2000	1.007	0.996	1.003	0.995
12/31/2001	1.002	1.000	1.039	1.019
12/31/2002	1.037	1.002	1.011	0.993
12/31/2003	1.046	1.009	1.001	1.001
12/31/2004	1.081	1.000	1.001	1.000
12/31/2005	1.024	1.001	1.000	
12/31/2006	0.995	1.000		
12/31/2007	0.986			
Average Factor: (Best 3 of 5)	1.022	1.001	1.004	0.999

Summary of Factors

63 to Ult:	(75:63) (75:Ult) =	1.000
51 to Ult:	(63:51) (75:63) (75:Ult) =	0.999
39 to Ult:	(51:39) (63:51) (75:63) (75:Ult) =	1.003
27 to Ult:	(39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.004
15 to Ult:	(27:15) (39:27) (51:39) (63:51) (75:63) (75:Ult) =	1.026

BASIC LIMITS LOSS DEVELOPMENT

PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Property Damage

Accident

Year	\$25,000 Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	2,091,547	2,091,547	2,091,547	2,091,547	2,091,547
12/31/1998	2,431,696	2,432,344	2,426,927	2,432,438	2,432,438
12/31/1999	2,687,827	2,662,827	2,664,607	2,664,607	2,664,607
12/31/2000	2,349,351	2,357,928	2,357,928	2,357,928	
12/31/2001	2,469,001	2,469,002	2,469,002		
12/31/2002	2,027,778	2,027,778			
12/31/2003	1,803,204				

Ratios

Accident

Year	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/1997	1.000	1.000	1.000	1.000	1.000
12/31/1998	1.001	1.000	0.998	1.002	1.000
12/31/1999	0.999	0.991	1.001	1.000	1.000
12/31/2000	1.002	1.004	1.000	1.000	
12/31/2001	0.992	1.000	1.000		
12/31/2002	1.000	1.000			
12/31/2003	0.999				

Average Facto (Best 3 of 5)	0.999	1.000	1.000	1.001	1.000
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Summary of Factors

123 to Ult:	(1.000)	=	1.000
111 to Ult:	(123:111) (123:Ult)	=	1.000
99 to Ult:	(111:99) (123:111) (123:Ult)	=	1.001
87 to Ult:	(99:87) (111:99) (123:111) (123:Ult)	=	1.001
75 to Ult:	(87:75) (99:87) (111:99) (123:111) (123:Ult)	=	1.001

NORTH CAROLINA
ISO FACILITY DATA
TOTAL LIMITS LOSS DEVELOPMENT
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES
BODILY INJURY

ACCIDENT YEAR	15 MONTHS ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	70,652	32,329	32,329	32,329	32,329	32,329	32,329	32,329	32,329	32,329
12/31/1998	59,113	138,190	138,190	267,457	270,680	270,680	270,680	270,680	270,680	270,680
12/31/1999	454,470	448,877	639,040	639,040	639,040	639,040	639,040	639,040	639,040	639,040
12/31/2000	138,972	115,624	129,166	153,336	153,336	153,336	153,336	153,336	153,336	153,336
12/31/2001	875,138	899,704	900,204	892,220	893,815	893,815	893,815	893,815	893,815	893,815
12/31/2002	83,928	83,918	88,918	83,918	83,918	83,918	83,918	83,918	83,918	83,918
12/31/2003	67,611	116,210	116,210	116,210	116,210	116,210	116,210	116,210	116,210	116,210
12/31/2004	115,720	102,385	73,885	73,885	73,885	73,885	73,885	73,885	73,885	73,885
12/31/2005	20,987	10,987	4,612	20,633	20,633	20,633	20,633	20,633	20,633	20,633
12/31/2006	23,853	20,633	20,633	20,633	20,633	20,633	20,633	20,633	20,633	20,633
12/31/2007	6,976	6,976	6,976	6,976	6,976	6,976	6,976	6,976	6,976	6,976
12/31/2008	15,650									

ACCIDENT YEAR	ENDED	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1997	0.458	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1998	2.338	1.000	1.935	1.012	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	0.988	1.424	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2000	0.832	1.117	1.187	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2001	1.028	1.001	0.991	1.002	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	1.000	1.060	0.944	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.719	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.885	0.722	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.524	0.420	2.744							
12/31/2006	0.865	1.000								
12/31/2007	1.000									
Best 3 of 5	0.917	0.907	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	1.058	0.974	1.311	1.002	1.000	1.000	1.000	1.000	1.000	1.000
Selected	0.917	0.907	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(123:111)(123:Ult.)=	1.000
87 To Ultimate	(111:99)(123:Ult.)=	1.000
75 To Ultimate	(99:87)(123:Ult.)=	1.000
63 To Ultimate	(87:75)(99:87)(123:Ult.)=	1.000
51 To Ultimate	(75:63)(87:75)(99:87)(123:Ult.)=	1.000
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(123:Ult.)=	0.997
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(123:Ult.)=	0.904
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(123:Ult.)=	0.829

TOTAL LIMITS LOSS DEVELOPMENT
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES
PROPERTY DAMAGE

ACCIDENT YEAR	TOTAL LIMITS AMOUNTS AS OF:											
	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	123 MONTHS	123 MONTHS
12/31/1997	65,600	64,744	64,744	64,744	64,744	64,744	64,744	64,744	64,744	64,744	64,744	64,744
12/31/1998	126,996	144,620	146,044	146,044	148,761	148,761	148,761	148,761	148,761	148,761	148,761	148,761
12/31/1999	172,615	176,428	174,885	174,885	174,885	174,885	174,885	174,885	174,885	174,885	174,885	174,885
12/31/2000	218,547	200,368	204,495	194,999	199,610	199,610	199,610	199,610	199,610	199,610	199,610	199,610
12/31/2001	149,501	153,147	153,147	153,147	153,147	153,147	153,147	153,147	153,147	153,147	153,147	153,147
12/31/2002	84,799	81,984	81,984	81,984	81,984	81,984	81,984	81,984	81,984	81,984	81,984	81,984
12/31/2003	90,527	91,829	91,829	91,829	91,829	91,829	91,829	91,829	91,829	91,829	91,829	91,829
12/31/2004	61,247	59,411	59,411	59,411	59,411	59,411	59,411	59,411	59,411	59,411	59,411	59,411
12/31/2005	49,540	49,495	50,310	50,310	50,310	50,310	50,310	50,310	50,310	50,310	50,310	50,310
12/31/2006	11,094	13,514	13,514	13,514	13,514	13,514	13,514	13,514	13,514	13,514	13,514	13,514
12/31/2007	24,983	24,983	24,983	24,983	24,983	24,983	24,983	24,983	24,983	24,983	24,983	24,983
12/31/2008	30,922											

RATIOS

ACCIDENT YEAR	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/1997	0.987	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1998	1.139	1.010	1.000	1.019	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.022	0.991	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2000	0.917	1.021	0.954	1.024	1.000	1.000	1.000	1.000	1.000
12/31/2001	1.024	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	0.967	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.014	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.970	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.999	1.016	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.218	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2007	1.000								

Best 3 of 5	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	1.023	1.004	0.995	1.005	1.000	1.000	1.000	1.000	1.000
Selected	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate	1.000								(123:Ult.)=	1.000
111 To Ultimate	1.000								(123:111)(123:Ult.)=	1.000
99 To Ultimate	1.000								(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	1.000								(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	1.000								(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	1.000								(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	1.000								(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
39 To Ultimate	1.000								(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
27 To Ultimate	1.000								(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
15 To Ultimate	1.000								(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.004

NORTH CAROLINA
ISO FACILITY DATA
BASIC LIMITS LOSS DEVELOPMENT
GARAGE DEALERS INCURRED LOSSES AND EXPENSES
BODILY INJURY

POLICY YEAR	BASIC LIMITS (\$30,000/60,000) AMOUNTS AS OF:											
	27 MONTHS ENDED	39 MONTHS ENDED	51 MONTHS ENDED	63 MONTHS ENDED	75 MONTHS ENDED	87 MONTHS ENDED	99 MONTHS ENDED	111 MONTHS ENDED	123 MONTHS ENDED	135 MONTHS ENDED	147 MONTHS ENDED	159 MONTHS ENDED
12/31/1998	514,394	500,518	492,244	489,223	489,223	489,223	489,223	489,223	489,223	489,223	489,223	489,223
12/31/1999	316,984	338,891	391,171	431,227	426,621	428,368	430,319	430,431	430,431	430,431	430,431	430,431
12/31/2000	216,181	235,196	242,552	242,564	242,564	242,564	242,564	242,564	242,564	242,564	242,564	242,564
12/31/2001	274,805	287,452	304,884	304,884	304,884	304,884	304,884	304,884	304,884	304,884	304,884	304,884
12/31/2002	247,653	267,697	313,615	332,998	305,873	307,284	307,284	307,284	307,284	307,284	307,284	307,284
12/31/2003	302,297	309,014	311,612	311,612	311,612	311,612	311,612	311,612	311,612	311,612	311,612	311,612
12/31/2004	324,160	418,347	391,873	389,670	389,670	389,670	389,670	389,670	389,670	389,670	389,670	389,670
12/31/2005	266,906	285,045	282,480	282,480	282,480	282,480	282,480	282,480	282,480	282,480	282,480	282,480
12/31/2006	398,433	489,752	428,530	428,530	428,530	428,530	428,530	428,530	428,530	428,530	428,530	428,530
12/31/2007	216,157	211,323										
12/31/2008	276,689											

POLICY YEAR	RATIOS											
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	135:123	147:135	159:147	171:159
12/31/1998	0.973	0.983	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.069	1.154	1.102	0.989	1.004	1.005	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2000	1.088	1.031	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2001	1.046	1.061	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	1.081	1.172	1.062	0.919	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.022	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	1.291	0.937	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	1.068	0.991	0.929	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.229	0.875										
12/31/2007	0.978											

Best 3 of 5	All Years Average	Selected
1.106	1.085	1.106
1.085	1.024	1.085
1.106	0.980	1.106

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
87 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
63 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
51 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.999
39 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.979
27 To Ultimate		1.083

NORTH CAROLINA
ISO FACILITY DATA
TOTAL LIMITS LOSS DEVELOPMENT
GARAGE DEALERS INCURRED LOSSES AND EXPENSES
BODILY INJURY

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:											
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	135 MONTHS	147 MONTHS	159 MONTHS
12/31/1998	668,919	676,542	652,268	658,248	658,248	658,248	658,248	658,248	658,248	658,248	658,248	658,248
12/31/1999	336,984	358,891	464,171	504,227	636,450	652,347	654,298	654,410	654,410	654,410	654,410	654,410
12/31/2000	216,181	235,196	242,552	242,564	242,564	242,564	242,564	242,564	242,564	242,564	242,564	242,564
12/31/2001	274,805	290,452	309,884	309,884	309,884	309,884	309,884	309,884	309,884	309,884	309,884	309,884
12/31/2002	257,653	272,697	318,639	358,169	377,044	378,455	378,455	378,455	378,455	378,455	378,455	378,455
12/31/2003	485,707	481,574	484,172	484,172	484,172	484,172	484,172	484,172	484,172	484,172	484,172	484,172
12/31/2004	336,160	432,066	405,592	403,389	403,389	403,389	403,389	403,389	403,389	403,389	403,389	403,389
12/31/2005	346,906	305,045	282,480	282,480	282,480	282,480	282,480	282,480	282,480	282,480	282,480	282,480
12/31/2006	557,168	658,488	587,266	587,266	587,266	587,266	587,266	587,266	587,266	587,266	587,266	587,266
12/31/2007	916,157	911,323										
12/31/2008	351,689											

POLICY YEAR ENDED	RATIOS											
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	135:123	147:135	159:147	171:159
12/31/1998	1.011	0.964	1.009	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.065	1.293	1.086	1.262	1.025	1.003	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2000	1.088	1.031	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2001	1.057	1.067	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	1.058	1.168	1.124	1.053	1.004	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	0.991	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	1.285	0.939	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.879	0.926	0.929	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.182	0.892										
12/31/2007	0.995											

Best 3 of 5	All Years Average	Selected
1.056	1.061	1.056
1.056	1.032	0.957
1.056	0.957	0.998

SUMMARY OF FACTORS

123 To Ultimate	(123:Ult.)=	1.000
111 To Ultimate	(123:111)(123:Ult.)=	1.000
99 To Ultimate	(123:111)(123:Ult.)=	1.000
87 To Ultimate	(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	(99:87)(111:99)(123:111)(123:Ult.)=	1.001
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.001
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.999
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.956
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.010

NORTH CAROLINA
ISO FACILITY DATA
BASIC LIMITS LOSS DEVELOPMENT
GARAGE DEALERS INCURRED LOSSES AND EXPENSES
PROPERTY DAMAGE

POLICY YEAR ENDED	BASIC LIMITS (\$25,000) AMOUNTS AS OF:											
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	123 MONTHS	123 MONTHS	
12/31/1998	553,930	590,434	614,407	627,362	627,362	627,362	627,362	627,362	627,362	627,362	627,362	627,362
12/31/1999	334,819	362,725	361,174	361,276	361,276	361,276	361,276	361,276	361,276	361,276	361,276	361,276
12/31/2000	368,918	387,104	388,290	379,221	382,521	379,209	379,209	379,209	379,209	379,209	379,209	379,209
12/31/2001	365,121	349,316	341,268	341,268	341,248	341,248	341,248	341,248	341,248	341,248	341,248	341,248
12/31/2002	294,099	306,505	306,505	306,505	306,505	306,505	306,505	306,505	306,505	306,505	306,505	306,505
12/31/2003	415,641	391,710	354,915	354,915	354,915	354,915	354,915	354,915	354,915	354,915	354,915	354,915
12/31/2004	356,257	321,320	326,020	324,832	324,832	324,832	324,832	324,832	324,832	324,832	324,832	324,832
12/31/2005	262,588	262,750	270,590	274,209	274,209	274,209	274,209	274,209	274,209	274,209	274,209	274,209
12/31/2006	284,115	291,448	291,448	291,448	291,448	291,448	291,448	291,448	291,448	291,448	291,448	291,448
12/31/2007	220,554	197,445	197,445	197,445	197,445	197,445	197,445	197,445	197,445	197,445	197,445	197,445
12/31/2008	212,603											

POLICY YEAR ENDED	RATIOS											
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	123:111	123:111	123:111	123:111
12/31/1998	1.066	1.041	1.021	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.083	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2000	1.049	1.003	0.977	1.009	0.991	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2001	0.957	0.977	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	1.042	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	0.942	0.906	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.902	1.015	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	1.001	1.030	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.026	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2007	0.895											

Best 3 of 5	0.948	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	0.996	0.996	1.001	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	0.948	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

SUMMARY OF FACTORS

123 To Ultimate													1.000	
111 To Ultimate													(123:Ult.)=	1.000
99 To Ultimate													(123:111)(123:Ult.)=	1.000
87 To Ultimate													(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate													(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate													(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate													(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
39 To Ultimate													(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.005
27 To Ultimate													(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.953

NORTH CAROLINA
ISO FACILITY DATA
TOTAL LIMITS LOSS DEVELOPMENT
GARAGE DEALERS INCURRED LOSSES AND EXPENSES
PROPERTY DAMAGE

POLICY YEAR ENDED	TOTAL LIMITS AMOUNTS AS OF:											
	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS	135 MONTHS	147 MONTHS	159 MONTHS
12/31/1998	556,985	593,489	619,462	632,417	632,417	632,417	632,417	632,417	632,417	632,417	632,417	632,417
12/31/1999	339,583	410,489	408,938	409,040	409,040	409,040	409,040	409,040	409,040	409,040	409,040	409,040
12/31/2000	368,918	387,104	388,290	379,221	382,521	379,209	379,209	379,209	379,209	379,209	379,209	379,209
12/31/2001	365,121	349,316	341,268	341,268	341,268	341,248	341,248	341,248	341,248	341,248	341,248	341,248
12/31/2002	294,099	309,375	309,375	309,375	309,375	309,375	309,375	309,375	309,375	309,375	309,375	309,375
12/31/2003	422,472	398,541	356,746	356,746	356,746	356,746	356,746	356,746	356,746	356,746	356,746	356,746
12/31/2004	360,042	321,320	326,020	324,832	324,832	324,832	324,832	324,832	324,832	324,832	324,832	324,832
12/31/2005	262,588	262,750	270,590	274,209	274,209	274,209	274,209	274,209	274,209	274,209	274,209	274,209
12/31/2006	311,457	318,790	318,790	318,790	318,790	318,790	318,790	318,790	318,790	318,790	318,790	318,790
12/31/2007	220,554	197,445										
12/31/2008	216,603											

POLICY YEAR ENDED	RATIOS											
	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111	135:123	147:135	159:147	171:159
12/31/1998	1.066	1.044	1.021	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/1999	1.209	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2000	1.049	1.003	0.977	1.009	0.991	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2001	0.957	0.977	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2002	1.052	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	0.943	0.895	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.892	1.015	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	1.001	1.030	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.024	1.000										
12/31/2007	0.895											

Best 3 of 5	All Years Average	Selected
0.946	1.005	1.000
1.009	0.996	1.001
0.946	1.005	1.000

SUMMARY OF FACTORS

123 To Ultimate	1.000	(123:Ult.)=	1.000
111 To Ultimate	1.000	(123:111)(123:Ult.)=	1.000
99 To Ultimate	1.000	(123:111)(123:Ult.)=	1.000
87 To Ultimate	1.000	(111:99)(123:111)(123:Ult.)=	1.000
75 To Ultimate	1.000	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
63 To Ultimate	1.000	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
51 To Ultimate	1.000	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
39 To Ultimate	1.005	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.005
27 To Ultimate	0.951	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.951

Commercial Auto Liability
NORTH CAROLINA

BODILY INJURY TREND FACTORS

PAID DATA THROUGH 09/30/2009

\$30,000

12 Point - Paid Weighted Severity	+3.8%
24 Point - Paid Weighted Severity	+2.6%
12 Point - Paid NC only Severity	+6.1%
24 Point - Paid NC only Severity	+2.9%
Selected Severity Trend Factor	+3.0%

INCURRED DATA THROUGH 06/30/2009

Selected Frequency Trend Factor -5.0%

Selected Combined Trend Factor -2.2%

PAID DATA THROUGH 09/30/2009

Total Limits

12 Point - Paid Weighted Severity	+7.4%
24 Point - Paid Weighted Severity	+5.2%
12 Point - Paid NC only Severity	+12.2%
24 Point - Paid NC only Severity	+4.0%
Selected Severity Trend Factor	+6.0%

INCURRED DATA THROUGH 06/30/2009

Selected Frequency Trend Factor -5.0%

Selected Combined Trend Factor +0.7%

Commercial Auto Liability
NORTH CAROLINA

PROPERTY DAMAGE TREND FACTORS

PAID DATA THROUGH 09/30/2009

\$25,000

12 Point - Paid Weighted Severity	+1.3%
24 Point - Paid Weighted Severity	+3.0%
12 Point - Paid NC only Severity	+1.2%
24 Point - Paid NC only Severity	+2.7%
Selected Severity Trend Factor	+2.5%

INCURRED DATA THROUGH 06/30/2009

Selected Frequency Trend Factor	-3.0%
Selected Combined Trend Factor	-0.6%

PAID DATA THROUGH 09/30/2009

Total Limits

12 Point - Paid Weighted Severity	+1.6%
24 Point - Paid Weighted Severity	+3.5%
12 Point - Paid NC only Severity	+1.9%
24 Point - Paid NC only Severity	+3.3%
Selected Severity Trend Factor	+3.0%

INCURRED DATA THROUGH 06/30/2009

Selected Frequency Trend Factor	-3.0%
Selected Combined Trend Factor	-0.1%

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
12/31/2006	8084.14	7796.56	2945.86	2977.25	10370.94	10329.39	3054.87	3073.95
3/31/2007	8065.56	7912.23	2962.22	2986.28	10456.61	10418.50	3069.43	3084.13
6/30/2007	8016.41	8029.63	2999.90	2995.34	10517.59	10508.38	3080.61	3094.35
9/30/2007	7970.85	8148.77	2994.79	3004.43	10601.49	10599.03	3099.02	3104.60
12/31/2007	8004.39	8269.67	3032.65	3013.54	10688.26	10690.47	3125.76	3114.88
3/31/2008	8129.60	8392.37	3041.66	3022.69	10678.03	10782.69	3140.80	3125.20
6/30/2008	8226.84	8516.89	3033.96	3031.86	10797.90	10875.71	3167.16	3135.56
9/30/2008	8683.85	8643.25	3085.52	3041.05	10909.09	10969.53	3178.34	3145.95
12/31/2008	8991.56	8771.50	3104.34	3050.28	11097.14	11064.17	3186.48	3156.37
3/31/2009	9265.93	8901.64	3096.48	3059.53	11251.66	11159.61	3172.99	3166.83
6/30/2009	9217.19	9033.71	3036.65	3068.82	11280.79	11255.88	3155.01	3177.32
9/30/2009	8965.50	9167.75	2997.79	3078.13	11358.58	11352.99	3137.64	3187.85

	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	6.1%	1.2%
(B) MULTISTATE	3.5%	1.3%
(10) CREDIBILITY	0.10	0.45
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	3.8%	1.3%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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
12/31/2003	7390.00	7502.37	2611.93	2701.36	9486.57	9716.48	2602.40	2710.80
3/31/2004	7592.01	7556.46	2718.13	2719.21	9748.28	9778.41	2712.63	2732.96
6/30/2004	7750.38	7610.94	2713.97	2737.17	9908.32	9840.73	2747.37	2755.31
9/30/2004	7737.02	7665.80	2725.37	2755.25	9973.54	9903.45	2771.84	2777.85
12/31/2004	7972.14	7721.07	2738.19	2773.45	10076.67	9966.57	2787.99	2800.56
3/31/2005	7957.50	7776.73	2730.65	2791.77	10161.99	10030.10	2817.35	2823.47
6/30/2005	7938.73	7832.80	2790.08	2810.21	10227.41	10094.02	2846.09	2846.56
9/30/2005	8029.73	7889.26	2853.38	2828.78	10271.48	10158.36	2863.50	2869.83
12/31/2005	7963.54	7946.14	2906.95	2847.46	10288.31	10223.10	2896.97	2893.30
3/31/2006	7895.74	8003.43	2956.75	2866.27	10282.63	10288.26	2945.98	2916.96
6/30/2006	8018.25	8061.12	2963.33	2885.21	10320.71	10353.84	2980.84	2940.82
9/30/2006	8026.59	8119.24	2975.60	2904.26	10373.24	10419.83	3028.13	2964.87
12/31/2006	8084.14	8177.77	2945.86	2923.45	10370.94	10486.24	3054.87	2989.11
3/31/2007	8065.56	8236.73	2962.22	2942.76	10456.61	10553.07	3069.43	3013.56
6/30/2007	8016.41	8296.11	2999.90	2962.20	10517.59	10620.33	3080.61	3038.20
9/30/2007	7970.85	8355.92	2994.79	2981.77	10601.49	10688.02	3099.02	3063.05
12/31/2007	8004.39	8416.16	3032.65	3001.46	10688.26	10756.14	3125.76	3088.10
3/31/2008	8129.60	8476.83	3041.66	3021.29	10678.03	10824.70	3140.80	3113.35
6/30/2008	8226.84	8537.94	3033.96	3041.25	10797.90	10893.69	3167.16	3138.81
9/30/2008	8683.85	8599.49	3085.52	3061.34	10909.09	10963.12	3178.34	3164.48
12/31/2008	8991.56	8661.49	3104.34	3081.56	11097.14	11033.00	3186.48	3190.36
3/31/2009	9265.93	8723.93	3096.48	3101.92	11251.66	11103.32	3172.99	3216.45
6/30/2009	9217.19	8786.83	3036.65	3122.41	11280.79	11174.09	3155.01	3242.75
9/30/2009	8965.50	8850.17	2997.79	3143.03	11358.58	11245.30	3137.64	3269.27

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	2.9%	2.7%
(B) MULTISTATE	2.6%	3.3%
(10) CREDIBILITY	0.10	0.45
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS		
{(10) * (9A)} + {(1.0 - (10)) * (9B)}	2.6%	3.0%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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		PROPERTY DAMAGE		BODILY INJURY		PROPERTY DAMAGE	
	(TOTAL LIMITS)		(TOTAL LIMITS)		(TOTAL LIMITS)		(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
12/31/2006	19264.72	20220.92	3103.38	3126.01	33024.41	33301.71	3256.89	3309.85
3/31/2007	19683.82	20809.67	3101.57	3141.11	33774.80	33859.06	3294.48	3320.55
6/30/2007	20989.22	21415.55	3155.80	3156.29	34488.60	34425.73	3323.09	3331.29
9/30/2007	22238.91	22039.08	3168.47	3171.54	35235.37	35001.89	3356.28	3342.07
12/31/2007	25203.62	22680.76	3222.48	3186.87	36176.55	35587.69	3395.65	3352.88
3/31/2008	24806.79	23341.12	3219.26	3202.27	36023.15	36183.30	3387.44	3363.72
6/30/2008	23324.28	24020.71	3197.20	3217.75	36596.04	36788.88	3408.00	3374.60
9/30/2008	26157.38	24720.09	3268.03	3233.30	37114.06	37404.59	3426.98	3385.51
12/31/2008	25692.65	25439.83	3313.89	3248.92	37977.28	38030.60	3419.96	3396.46
3/31/2009	25861.97	26180.52	3345.68	3264.62	39005.75	38667.09	3413.04	3407.45
6/30/2009	27213.73	26942.78	3238.25	3280.40	39442.65	39314.24	3390.11	3418.47
9/30/2009	25443.05	27727.24	3195.58	3296.25	39688.63	39972.21	3362.64	3429.53

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	12.2%	1.9%
(B) MULTISTATE	6.9%	1.3%
(10) CREDIBILITY	0.10	0.45
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS		
{(10) * (9A)} + {(1.0 - (10)) * (9B)}	7.4%	1.6%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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
12/31/2003	18891.91	20323.22	2727.44	2788.65	28246.53	29234.05	2750.35	2872.03
3/31/2004	20902.20	20523.17	2821.00	2811.44	29465.17	29611.79	2876.50	2897.90
6/30/2004	21878.39	20725.10	2782.17	2834.41	30358.26	29994.42	2910.31	2924.01
9/30/2004	20608.81	20929.01	2809.88	2857.57	30982.02	30381.98	2950.53	2950.35
12/31/2004	23144.99	21134.92	2815.58	2880.93	31590.49	30774.56	2977.81	2976.93
3/31/2005	22497.83	21342.87	2852.20	2904.47	31976.17	31172.21	2998.84	3003.74
6/30/2005	22032.48	21552.86	2931.61	2928.20	32271.81	31575.00	3034.80	3030.80
9/30/2005	23056.83	21764.91	2963.73	2952.13	32266.20	31982.99	3039.25	3058.10
12/31/2005	23395.41	21979.05	3045.48	2976.26	32616.66	32396.26	3073.13	3085.65
3/31/2006	22584.72	22195.30	3082.88	3000.58	32400.68	32814.86	3131.95	3113.45
6/30/2006	22403.01	22413.67	3114.95	3025.10	32648.93	33238.88	3168.54	3141.49
9/30/2006	21227.25	22634.20	3147.31	3049.82	33221.06	33668.37	3229.50	3169.79
12/31/2006	19264.72	22856.89	3103.38	3074.74	33024.41	34103.41	3256.89	3198.35
3/31/2007	19683.82	23081.78	3101.57	3099.87	33774.80	34544.08	3294.48	3227.16
6/30/2007	20989.22	23308.88	3155.80	3125.20	34488.60	34990.43	3323.09	3256.23
9/30/2007	22238.91	23538.21	3168.47	3150.74	35235.37	35442.56	3356.28	3285.56
12/31/2007	25203.62	23769.80	3222.48	3176.48	36176.55	35900.53	3395.65	3315.16
3/31/2008	24806.79	24003.66	3219.26	3202.44	36023.15	36364.41	3387.44	3345.03
6/30/2008	23324.28	24239.83	3197.20	3228.61	36596.04	36834.29	3408.00	3375.16
9/30/2008	26157.38	24478.32	3268.03	3254.99	37114.06	37310.24	3426.98	3405.56
12/31/2008	25692.65	24719.16	3313.89	3281.59	37977.28	37792.34	3419.96	3436.24
3/31/2009	25861.97	24962.37	3345.68	3308.41	39005.75	38280.67	3413.04	3467.20
6/30/2009	27213.73	25207.97	3238.25	3335.45	39442.65	38775.31	3390.11	3498.43
9/30/2009	25443.05	25455.98	3195.58	3362.70	39688.63	39276.34	3362.64	3529.94

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	4.0%	3.3%
(B) MULTISTATE	5.3%	3.7%
(10) CREDIBILITY	0.10	0.45
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	5.2%	3.5%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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 -5.0% for bodily injury and -3.0% 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>
9/30/2003	1.0571		3.9192	
12/31/2003	1.0577		3.8998	
3/31/2004	1.0490		3.8516	
6/30/2004	1.0463		3.8459	
9/30/2004	1.0413	-1.5%&	3.7913	-3.3%&
12/31/2004	1.0417		3.7631	
3/31/2005	1.0385		3.7533	
6/30/2005	1.0344	-1.1%	3.7469	-2.6%
9/30/2005	1.0267		3.7276	
12/31/2005	1.0135		3.6939	
3/31/2006	1.0074		3.6062	
6/30/2006	0.9914	-4.2%	3.5553	-5.1%
9/30/2006	0.9804		3.5124	
12/31/2006	0.9643		3.4532	
3/31/2007	0.9541		3.4906	
6/30/2007	0.9418	-5.0%	3.4415	-3.2%
9/30/2007	0.9270		3.4041	
12/31/2007	0.9163		3.4208	
3/31/2008	0.9041		3.3900	
6/30/2008	0.8829	-6.2%	3.3449	-2.8%
9/30/2008	0.8565		3.2816	
12/31/2008	0.8313		3.1812	
3/31/2009	0.8098		3.0674	
6/30/2009	0.7946	-10.0%	2.9637	-11.4%

* EXCLUDES MASSACHUSETTS AND PUERTO RICO

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 9/30/2004 DIVIDED BY 9/30/2003

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>
9/30/2003	1.2396		3.6671	
12/31/2003	1.2297		3.6044	
3/31/2004	1.2212		3.6304	
6/30/2004	1.1793		3.6145	
9/30/2004	1.1526	-7.0%&	3.5075	-4.4%&
12/31/2004	1.2020		3.5290	
3/31/2005	1.1980		3.4987	
6/30/2005	1.2096	2.6%	3.5633	-1.4%
9/30/2005	1.1876		3.5445	
12/31/2005	1.1745		3.5273	
3/31/2006	1.1712		3.4805	
6/30/2006	1.1817	-2.3%	3.3753	-5.3%
9/30/2006	1.1620		3.3391	
12/31/2006	1.1535		3.3535	
3/31/2007	1.1219		3.3591	
6/30/2007	1.0772	-8.8%	3.3249	-1.5%
9/30/2007	1.0355		3.2803	
12/31/2007	0.9947		3.2281	
3/31/2008	0.9565		3.1693	
6/30/2008	0.9347	-13.2%	3.0872	-7.1%
9/30/2008	0.9122		3.0093	
12/31/2008	0.8381		2.8533	
3/31/2009	0.7955		2.7272	
6/30/2009	0.7525	-19.5%	2.6044	-15.6%

* EXCLUDE 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 9/30/2004 DIVIDED BY 9/30/2003

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

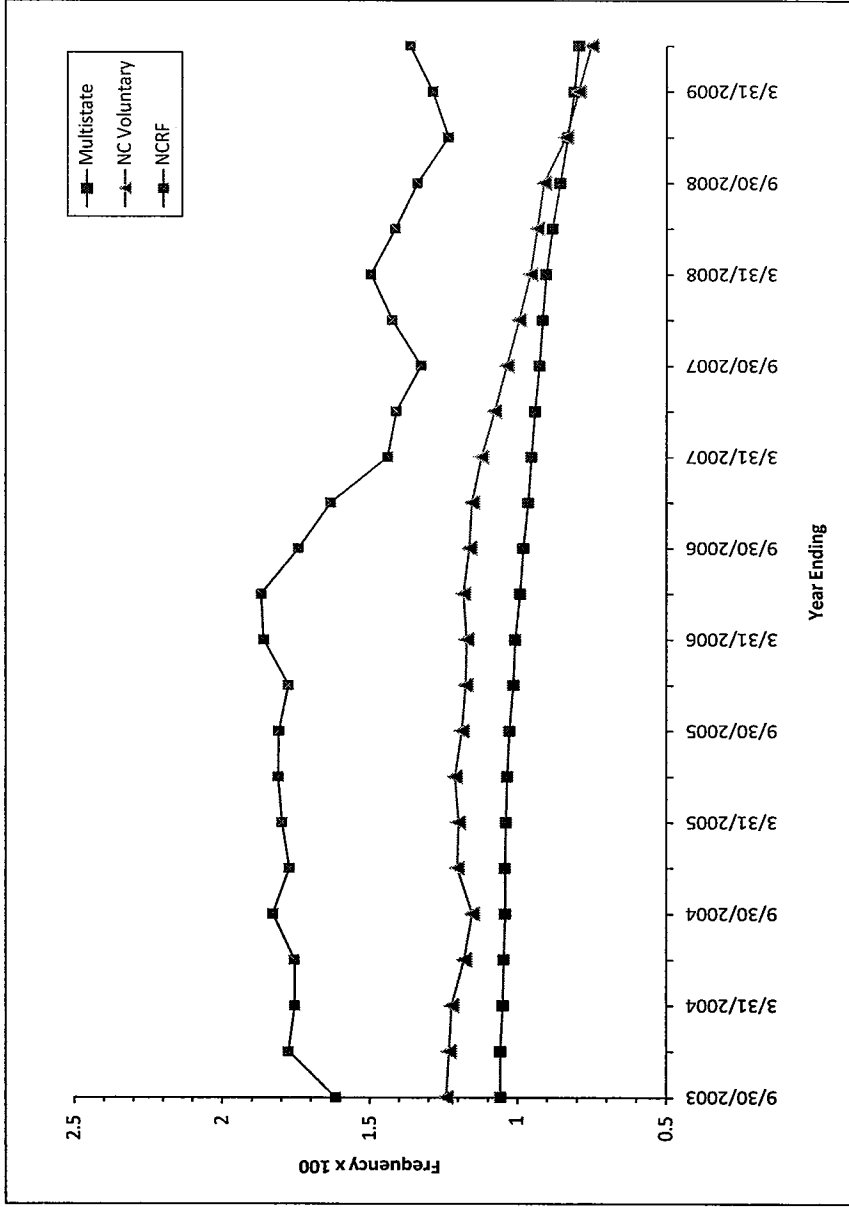
NORTH CAROLINA REINSURANCE FACILITY

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

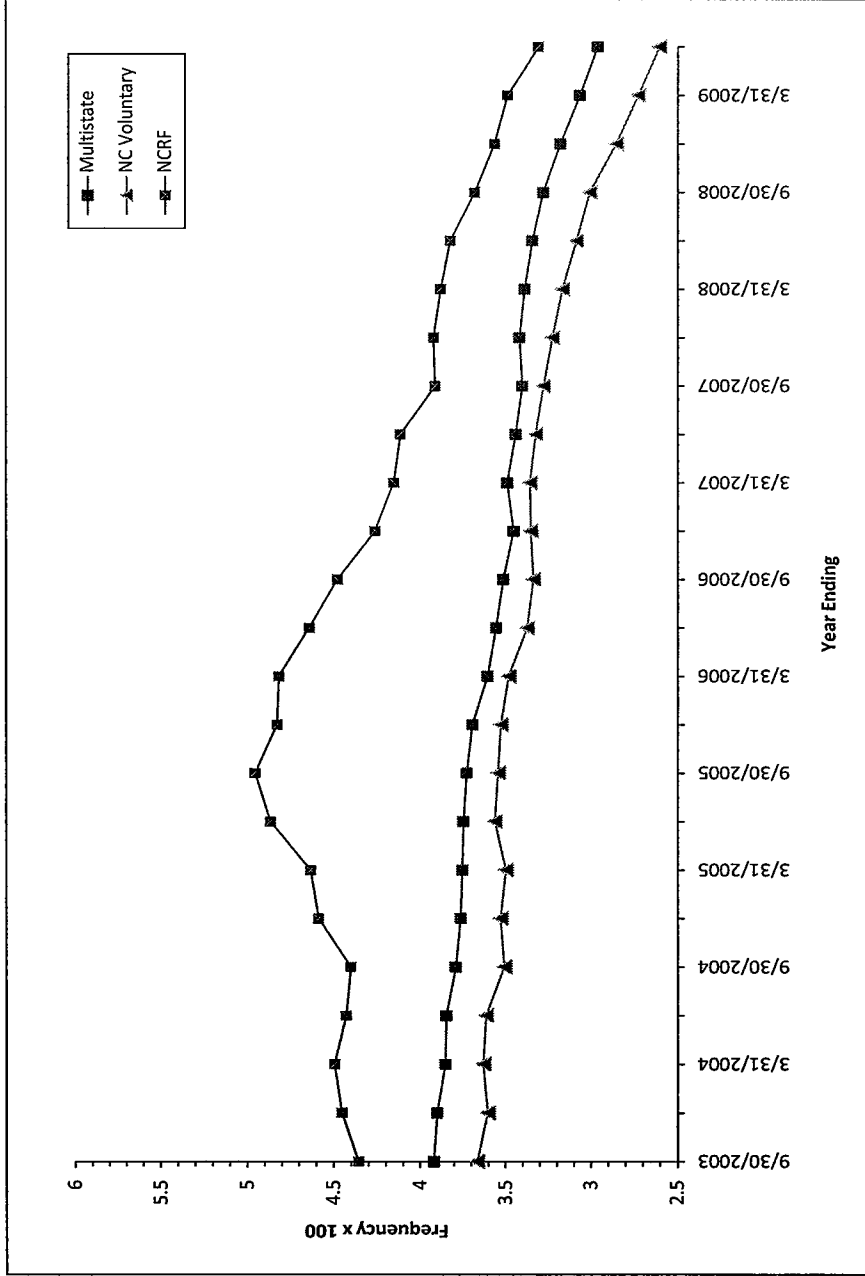
<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
9/30/2003	1.6163		4.3583	
12/31/2003	1.7766		4.4529	
3/31/2004	1.7548		4.4949	
6/30/2004	1.7564		4.4294	
9/30/2004	1.8292	13.2%&	4.4018	1.0%&
12/31/2004	1.7735		4.5874	
3/31/2005	1.7983		4.6322	
6/30/2005	1.8108	3.1%	4.8674	9.9%
9/30/2005	1.8087		4.9550	
12/31/2005	1.7768		4.8285	
3/31/2006	1.8598		4.8177	
6/30/2006	1.8683	3.2%	4.6397	-4.7%
9/30/2006	1.7418		4.4785	
12/31/2006	1.6329		4.2618	
3/31/2007	1.4393		4.1544	
6/30/2007	1.4098	-24.5%	4.1166	-11.3%
9/30/2007	1.3252		3.9125	
12/31/2007	1.4239		3.9210	
3/31/2008	1.4962		3.8797	
6/30/2008	1.4131	0.2%	3.8232	-7.1%
9/30/2008	1.3368		3.6817	
12/31/2008	1.2327		3.5640	
3/31/2009	1.2855		3.4886	
6/30/2009	1.3620	-3.6%	3.3099	-13.4%

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 9/30/2004 DIVIDED BY 9/30/2003

Commercial Automobile Liability
Actual BI Incurred Claim Frequency



**Commercial Automobile Liability
Actual PD Incurred Claim Frequency**



NORTH CAROLINA

Section D
Exhibit 3
Sheet 1

DETERMINATION OF TREND FOR EXPENSES

	<u>ALL ITEMS CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Apr-06	201.5	
May-06	202.5	101.6
Jun-06	202.9	
Jul-06	203.5	
Aug-06	203.9	102.0
Sep-06	202.9	
Oct-06	201.8	
Nov-06	201.5	102.6
Dec-06	201.8	
Jan-07	202.4	
Feb-07	203.5	103.5
Mar-07	205.4	
Apr-07	206.7	
May-07	207.9	105.0
Jun-07	208.4	
Jul-07	208.3	
Aug-07	207.9	106.0
Sep-07	208.5	
Oct-07	208.9	
Nov-07	210.2	105.7
Dec-07	210.0	
Jan-08	211.1	
Feb-08	211.7	107.4
Mar-08	213.5	
Apr-08	214.8	
May-08	216.6	107.9
Jun-08	218.8	
Jul-08	220.0	
Aug-08	219.1	108.3
Sep-08	218.8	
Oct-08	216.6	
Nov-08	212.4	108.2
Dec-08	210.2	
Jan-09	211.1	
Feb-09	212.2	109.1
Mar-09	212.7	
Apr-09	213.2	
May-09	213.9	109.7
Jun-09	215.7	
Jul-09	215.4	
Aug-09	215.8	110.2
Sep-09	216.0	
Oct-09	216.2	
Nov-09	216.3	110.0
Dec-09	215.9	
Jan-10	216.7	
Feb-10	216.7	111.3
Mar-10	217.6	

DETERMINATION OF TREND FOR EXPENSES

	<u>All Items (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.05%	2.45%	2.25%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	1.37%	1.98%	1.68%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	-0.07%	1.71%	0.82%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	1.67%	1.68%	1.67%
(5) Average Annual Index (D)			
Year Ended 9/30/2007	205.34	104.28	
Year Ended 3/31/2008	209.43	106.03	
Year Ended 9/30/2008	214.46	107.33	
Year Ended 3/31/2009	215.28	108.38	
Year Ended 9/30/2009	213.77	109.30	
Year Ended 3/31/2010	215.78	110.30	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 9/30/2007	1.06	1.07	1.07
Year Ended 3/31/2008	1.04	1.05	1.05
Year Ended 9/30/2008	1.01	1.04	1.03
Year Ended 3/31/2009	1.01	1.03	1.02
Year Ended 9/30/2009	1.02	1.02	1.02
Year Ended 3/31/2010	1.01	1.01	1.01

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

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

(C) Weighted Average determined as .50 (All items) + .50 (CCI).

(D) Average year ended index for period shown.

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED MARCH 2010

CONSUMER PRICE INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
48 points	1.94%	2.02%	2.05%
36 points	1.33%	1.35%	1.37%
24 points	-0.07%	-0.07%	-0.07%
12 points	1.64%	1.65%	1.67%

COMPENSATION COST INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
16 points	2.30%	2.41%	2.45%
12 points	1.91%	1.96%	1.98%
8 points	1.67%	1.69%	1.71%
4 points	1.66%	1.67%	1.68%

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED MARCH 2010CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.87	0.87
36 points	0.68	0.68
24 points	-0.04	-0.03
12 points	0.89	0.89

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.98	0.98
12 points	0.98	0.98
8 points	0.97	0.97
4 points	0.85	0.85

NORTH CAROLINA

Section D
Exhibit 3
Sheet 5

DETERMINATION OF TREND FOR EXPENSES

	<u>ALL ITEMS - LESS ENERGY CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Apr-06	203.0	
May-06	203.3	101.6
Jun-06	203.6	
Jul-06	203.9	
Aug-06	204.4	102.0
Sep-06	204.9	
Oct-06	205.6	
Nov-06	205.3	102.6
Dec-06	205.1	
Jan-07	206.0	
Feb-07	207.1	103.5
Mar-07	207.9	
Apr-07	208.2	
May-07	208.4	105.0
Jun-07	208.6	
Jul-07	209.0	
Aug-07	209.4	106.0
Sep-07	210.0	
Oct-07	210.7	
Nov-07	210.9	105.7
Dec-07	210.9	
Jan-08	211.8	
Feb-08	212.5	107.4
Mar-08	213.4	
Apr-08	213.9	
May-08	214.1	107.9
Jun-08	214.6	
Jul-08	215.3	
Aug-08	215.9	108.3
Sep-08	216.4	
Oct-08	216.7	
Nov-08	216.4	108.2
Dec-08	215.9	
Jan-09	216.6	
Feb-09	217.3	109.1
Mar-09	218.0	
Apr-09	218.4	
May-09	218.3	109.7
Jun-09	218.4	
Jul-09	218.4	
Aug-09	218.6	110.2
Sep-09	219.1	
Oct-09	219.6	
Nov-09	219.3	110.0
Dec-09	219.0	
Jan-10	219.3	
Feb-10	219.7	111.3
Mar-10	220.1	

DETERMINATION OF TREND FOR EXPENSES

	<u>All Items - Less Energy (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.25%	2.45%	2.35%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	2.01%	1.98%	2.00%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	1.41%	1.71%	1.56%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	0.83%	1.68%	1.25%
(5) Average Annual Index (D)			
Year Ended 9/30/2007	207.55	104.28	
Year Ended 3/31/2008	210.33	106.03	
Year Ended 9/30/2008	213.37	107.33	
Year Ended 3/31/2009	215.92	108.38	
Year Ended 9/30/2009	217.68	109.30	
Year Ended 3/31/2010	219.02	110.30	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 9/30/2007	1.06	1.07	1.07
Year Ended 3/31/2008	1.05	1.05	1.05
Year Ended 9/30/2008	1.03	1.04	1.04
Year Ended 3/31/2009	1.02	1.03	1.03
Year Ended 9/30/2009	1.01	1.02	1.02
Year Ended 3/31/2010	1.00	1.01	1.01

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

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

(C) Weighted Average determined as .50 (All items) + .50 (CCI).

(D) Average year ended index for period shown.

(7) Selected Expense Trend: 2.0%

(8) Selected Expense Trend combined with frequency trend selection from Section D, Exhibit 2, Sheets 1 and 2:

Bodily Injury
-3.1%

Property Damage
-1.1%

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED MARCH 2010ALL ITEMS - LESS ENERGY CPI INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
48 points	2.13%	2.22%	2.25%
36 points	1.93%	1.99%	2.01%
24 points	1.38%	1.40%	1.41%
12 points	0.82%	0.83%	0.83%

COMPENSATION COST INDEX

	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
16 points	2.30%	2.41%	2.45%
12 points	1.91%	1.96%	1.98%
8 points	1.67%	1.69%	1.71%
4 points	1.66%	1.67%	1.68%

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED MARCH 2010ALL ITEMS - LESS ENERGY CPI INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.99	0.99
36 points	0.98	0.98
24 points	0.97	0.97
12 points	0.91	0.91

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.98	0.98
12 points	0.98	0.98
8 points	0.97	0.97
4 points	0.85	0.85

NORTH CAROLINA COMMERCIAL AUTOMOBILE EXPENSE EXPERIENCE
Calendar Year 2009

<u>Item</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Totals</u>
Premium Written *	328,015,986	87,035,399	415,051,385
Premium Earned *	327,412,485	86,894,368	414,306,852
Commission & Brokerage Expense	54,092,198	14,836,363	68,928,561
Other Acquisition Expense	24,094,120	6,307,813	30,401,933
General Expense	30,065,838	9,397,669	39,463,507
Taxes, Licenses, and Fees	8,978,139	2,208,815	11,186,954
Losses Incurred	171,578,917	60,553,402	232,132,319
Allocated Loss Adjustment Expense	12,374,681	3,414,284	15,788,965
Unallocated Loss Adjustment Expense	21,193,354	4,983,003	26,176,357

Ratios
B.I. & P.D. Combined

Commission & Brokerage Expense to Written Premium:	0.166 **
Other Acquisition Expense to Earned Premium:	0.073
General Expense to Earned Premium	0.095 ***
Taxes, etc. to Written Premium:	0.027

	<u>B.I.</u>	<u>P.D.</u>	<u>Total</u>
Allocated Loss Adjustment Expense to Incurred Losses:	0.072	0.056	0.068
Unallocated Loss Adjustment Expense to Incurred Losses + Allocated:	0.115	0.078	0.106

* On-level factors have been used to adjust the written and earned premiums to the current level.

** Facility commission is limited to 10% for Trucks, Tractors, and Trailers, Private Passenger Types, and Garage Dealers.

*** 0.089 is used for Trucks, Tractors, and Trailers and Private Passenger Types;
0.119 selected for Garage Dealers.

Credibility Tables

Credibility for Statewide Loss Ratio*

Trucks, Tractors, and Trailers and Private Passenger Types		Garage Dealers	
<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>
12/31/2004	.10
12/31/2005	.15
12/31/2006	.20
12/31/2007	.25
12/31/2008	.30

* 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 Garage Dealers, 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 12/31/2009	<u>\$54,684,864</u>
2. Mean Unearned Premium Reserve: (1) x 0.445	<u>24,334,764</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	2.24%
50% of Other Acquisition Expense	3.65%
50% of Company Operating Expense	<u>4.45%</u>
Total	20.34%
4. (2) x (3)	<u>4,949,691</u>
5. Net Subject to Investment (2) - (4)	<u>19,385,073</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>54,684,864</u>
2. Average Agents' Balance	0.188
3. Delayed Remission (1) x (2)	<u>10,280,754</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>54,684,864</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.711	<u>38,880,938</u>
3. Expected Mean Loss Reserves (2) x 2.227	<u>86,587,849</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>95,692,168</u>
E. Average Rate of Return	<u>4.03%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>3,856,394</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>7.05%</u>

COMMERCIAL AUTOMOBILE INSURANCE
CEDED LIABILITY COVERAGE

Section D
Exhibit 6
Sheet 2

ESTIMATED INVESTMENT EARNINGS ON UNEARNED
PREMIUM RESERVES AND ON LOSS RESERVES

GARAGE DEALERS

A. Unearned Premium Reserve	
1. Earned Premium for Calendar Year Ending 12/31/2009	<u>\$54,684,864</u>
2. Mean Unearned Premium Reserve: (1) x 0.445	<u>24,334,764</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	2.24%
50% of Other Acquisition Expense	3.65%
50% of Company Operating Expense	<u>5.95%</u>
Total	21.84%
4. (2) x (3)	<u>5,314,712</u>
5. Net Subject to Investment (2) - (4)	<u>19,020,052</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>54,684,864</u>
2. Average Agents' Balance	0.188
3. Delayed Remission (1) x (2)	<u>10,280,754</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>54,684,864</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.681	<u>37,240,392</u>
3. Expected Mean Loss Reserves (2) x 2.227	<u>82,934,353</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>91,673,651</u>
E. Average Rate of Return	<u>4.03%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>3,694,448</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>6.76%</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 2008	\$20,852,933
2.	Direct Unearned Premium Reserve as of 12/31/07	9,550,241
3.	Direct Unearned Premium Reserve as of 12/31/08	9,009,228
4.	Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	9,279,735
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 0.188 of net earned premiums for all companies. The 0.188 is based on the following:

1.	Net Earned Premium for Calendar Year 2008	\$438,318,512
2.	Net Agents' Balances as of 12/31/07	82,543,576
3.	Net Agents' Balances as of 12/31/08	82,073,381
4.	Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	82,308,478
5.	Ratio (4) / (1)	0.188

Notes:

All monetary values 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 2007	14,453,722
2.	Direct Incurred for Calendar Year 2008	13,718,841
3.	Direct Reserves as of 12/31/06	32,135,569
4.	Direct Reserves as of 12/31/07	31,284,851
5.	Direct Reserves as of 12/31/08	30,700,868
6.	Mean Loss Reserve 2007: $\frac{1}{2} [(3) + (4)]$	31,710,210
7.	Mean Loss Reserve 2008: $\frac{1}{2} [(4) + (5)]$	30,992,860
8.	Ratio (6) / (1)	2.194
9.	Ratio (7) / (2)	2.259
10.	$\frac{1}{2} [(8) + (9)]$	2.227

Notes:

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

All monetary values 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>
12/31/2004	7,943,528	7,623,648
12/31/2005	7,264,684	11,081,831
12/31/2006	6,860,516	7,255,006
12/31/2007	6,894,199	7,755,278
12/31/2008	4,360,269	6,804,473

Garage Dealers:

Policy Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2004	1,477,054	165,719
12/31/2005	1,278,378	87,963
12/31/2006	1,075,625	173,736
12/31/2007	1,145,050	807,000
12/31/2008	696,246	283,984

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2004	112,176	20,000
12/31/2005	154,461	180,000
12/31/2006	103,372	0
12/31/2007	3,635	0
12/31/2008	15,815	0

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2009.

NORTH CAROLINA
Property Damage
Unadjusted Experience

Section D
Exhibit 7
Sheet 2

Trucks, Tractors, and Trailers:

Accident Year Ending	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2004	8,101,419	568,666
12/31/2005	7,725,181	460,402
12/31/2006	7,176,089	483,902
12/31/2007	6,366,468	171,433
12/31/2008	5,131,028	148,047

Garage Dealers:

Policy Year Ending	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2004	1,295,636	5,980
12/31/2005	989,686	13,991
12/31/2006	1,099,525	52,342
12/31/2007	945,258	6,951
12/31/2008	644,829	4,232

Private Passenger Types:

Accident Year Ending	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2004	40,037	0
12/31/2005	98,915	0
12/31/2006	68,645	0
12/31/2007	12,076	0
12/31/2008	54,654	0

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2009.

NORTH CAROLINA
 Bodily Injury
Adjusted Experience

Section D
 Exhibit 7
 Sheet 3

Trucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium <u>at Present Rates</u>	\$30,000/\$60,000 <u>Incurred Losses*</u>
12/31/2004	8,532,668	7,413,496
12/31/2005	9,143,651	6,946,638
12/31/2006	9,146,196	6,852,273
12/31/2007	8,761,581	7,137,244
12/31/2008	7,744,995	4,636,686

Garage Dealers:

Policy Year Ending	Total Limits Earned Premium <u>at Present Rates</u>	Total Limits <u>Incurred Losses*</u>
12/31/2004	2,567,884	1,887,617
12/31/2005	2,478,313	1,562,974
12/31/2006	2,544,532	1,421,157
12/31/2007	2,462,459	2,168,572
12/31/2008	2,272,444	1,199,442

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium <u>at Present Rates</u>	\$30,000/\$60,000 <u>Incurred Losses*</u>
12/31/2004	80,241	104,900
12/31/2005	80,539	146,371
12/31/2006	81,584	102,945
12/31/2007	96,814	3,723
12/31/2008	96,734	18,227

*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 Ending	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2004	10,020,219	8,317,581
12/31/2005	10,737,032	7,975,698
12/31/2006	10,739,881	7,457,693
12/31/2007	10,288,520	6,666,622
12/31/2008	9,095,053	5,542,818

Garage Dealers:

Policy Year Ending	Total Limits Earned Premium <u>at Present Rates</u>	Total Limits <u>Incurred Losses*</u>
12/31/2004	1,823,984	1,383,998
12/31/2005	1,706,047	1,068,988
12/31/2006	1,698,432	1,228,872
12/31/2007	1,724,670	1,022,649
12/31/2008	1,548,994	662,157

Private Passenger Types:

Accident Year Ending	\$25,000 Limits Earned Premium <u>at Present Rates</u>	\$25,000 <u>Incurred Losses*</u>
12/31/2004	88,785	41,105
12/31/2005	89,123	102,123
12/31/2006	90,296	71,552
12/31/2007	107,143	12,683
12/31/2008	107,054	58,925

*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 2.4% in total liability premium for bodily injury and -1.1% 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
- All Other Risks

This document does not revise increased limit factors for the Zone Rated table.

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 and policy years ending December 31, 2004 to December 31, 2008 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 3/1/2011.

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	1.13	1.12
	100,000 / 300,000	1.47	1.45
	500,000 / 500,000	2.04	2.00
	1,000,000 / 1,000,000	2.54	2.47
<u>Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.18	1.17
	100,000 / 300,000	1.57	1.55
	500,000 / 500,000	2.34	2.28
	1,000,000 / 1,000,000	3.02	2.93
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.20	1.19
	100,000 / 300,000	1.66	1.63
	500,000 / 500,000	2.55	2.48
	1,000,000 / 1,000,000	3.37	3.27
<u>All Other Risks¹</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.15	1.14
	100,000 / 300,000	1.48	1.46
	500,000 / 500,000	2.06	2.01
	1,000,000 / 1,000,000	2.59	2.52

¹ Including Private Passenger Types, Publics, Garages, 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	1.03	1.03
		300,000	1.08	1.09
		750,000	1.11	1.13
		1,000,000	1.12	1.14
<u>Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.03	1.03
		300,000	1.08	1.10
		750,000	1.12	1.14
		1,000,000	1.13	1.16
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.03	1.03
		300,000	1.09	1.10
		750,000	1.13	1.15
		1,000,000	1.14	1.17
<u>All Other Risks²</u>	\$	25,000	1.00	1.00
		50,000	1.03	1.03
		300,000	1.08	1.09
		750,000	1.11	1.13
		1,000,000	1.12	1.14

² Including Private Passenger Types, Publics, Garages, 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 1.47 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 all companies reporting to ISO and PCI for the latest five accident years (policy years for Garages, Buses, and Miscellaneous Experience).

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 March 1, 2011 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 2.4% and -1.1% 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. These factors are based on North Carolina statewide voluntary and facility data, as reported to ISO, for the purpose of stability.

Exhibit 4: North Carolina Facility Data

Data set forth on this exhibit represent all North Carolina Reinsurance Facility loss data as reported to ISO and PCI. This exhibit also 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 calendar accident years ending 6/30/04 through 6/30/08.

NORTH CAROLINA REINSURANCE FACILITY

Commercial Automobile Liability Insurance
 Development of Increased Limits
 Table Change Indications
 All Classes Combined
 All Companies Reporting to ISO and PCI

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>
12/31/04	12,331,894	25,354,598	2.056
12/31/05	11,944,422	28,238,880	2.364
12/31/06	12,071,948	22,852,952	1.893
12/31/07	12,828,018	25,855,958	2.016
12/31/08	10,033,637	22,902,010	2.283
Total	59,209,919	125,204,398	2.115

(5) Present average increased limits factor based upon the present table and the policy limits distribution for bodily injury Reinsurance Facility business: 2.066

(6) Indicated change in bodily injury increased limits factors $(((4)/(5)) - 1) \times 100$: 2.4%

* 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 3/1/2011 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
All Companies Reporting to ISO and PCI

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>
12/31/04	10,705,306	11,702,009	1.093
12/31/05	10,185,879	11,017,350	1.082
12/31/06	9,609,215	10,449,527	1.087
12/31/07	8,691,477	9,115,476	1.049
12/31/08	7,605,524	8,009,213	1.053
Total	46,797,401	50,293,575	1.075

(5) Present average increased limits factor based upon the present table and the policy limits distribution for property damage Reinsurance Facility business: 1.087

(6) Indicated change in property damage increased limits factors $[((4)/(5)) - 1] \times 100$: -1.1%

* 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 3/1/2011 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*

Bodily Injury

\$30,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	3.8%	12 Point Fit - Weighted Severity	7.4%
24 Point Fit - Weighted Severity	2.6%	24 Point Fit - Weighted Severity	5.2%
12 Point Fit - (NC only) Severity	6.1%	12 Point Fit - (NC only) Severity	12.2%
24 Point Fit - (NC only) Severity	2.9%	24 Point Fit - (NC only) Severity	4.0%
Selected Severity Trend Factor	3.0%	Selected Severity Trend Factor	6.0%
Selected Frequency Trend Factor	-5.0%	Selected Frequency Trend Factor	-5.0%
Average Annual Change	-2.2%	Average Annual Change	0.7%

Property Damage

\$25,000 Limit		Total Limits	
12 Point Fit - Weighted Severity	1.3%	12 Point Fit - Weighted Severity	1.6%
24 Point Fit - Weighted Severity	3.0%	24 Point Fit - Weighted Severity	3.5%
12 Point Fit - (NC only) Severity	1.2%	12 Point Fit - (NC only) Severity	1.9%
24 Point Fit - (NC only) Severity	2.7%	24 Point Fit - (NC only) Severity	3.3%
Selected Severity Trend Factor	2.5%	Selected Severity Trend Factor	3.0%
Selected Frequency Trend Factor	-3.0%	Selected Frequency Trend Factor	-3.0%
Average Annual Change	-0.6%	Average Annual Change	-0.1%

* 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 <u>Losses</u>	Total Limits <u>Losses</u>	\$25,000 <u>Losses</u>	Total Limits <u>Losses</u>
<u>Trucks, Tractors & Trailers</u>				
63 months to ult.	1.000	1.000 *	1.000	1.000
51 months to ult.	1.001	1.001 *	0.999	0.999
39 months to ult.	1.021	1.021 *	1.000	1.000
27 months to ult.	1.035	1.040	1.001	1.006
15 months to ult.	1.038	1.273	1.026	1.036
<u>Private Passenger Types</u>				
63 months to ult.	1.002	1.002 *	1.000	1.000
51 months to ult.	0.992	1.000	0.999	1.000
39 months to ult.	1.018	1.018 *	1.003	1.003 *
27 months to ult.	1.024	1.024 *	1.004	1.004 *
15 months to ult.	1.125	1.125 *	1.024	1.024 *
<u>Publics (All Except Buses)***</u>				
63 months to ult.	1.000	1.000 *	1.000	1.000
51 months to ult.	1.001	1.001 *	0.999	0.999
39 months to ult.	1.021	1.021 *	1.000	1.000
27 months to ult.	1.035	1.040	1.001	1.006
15 months to ult.	1.038	1.273	1.026	1.036
<u>Garages</u>				
75 months to ult.	1.001	1.001	1.000	1.000
63 months to ult.	1.001	1.001	1.000	1.000
51 months to ult.	0.999	0.999	1.000	1.000
39 months to ult.	0.979	0.979 *	1.005	1.005
27 months to ult.	1.083	1.083 *	0.953	0.953 *
<u>Miscellaneous****</u>				
75 months to ult.	1.001	1.001	1.000	1.000
63 months to ult.	1.001	1.001	1.000	1.000
51 months to ult.	0.999	0.999	1.000	1.000
39 months to ult.	0.979	0.979 *	1.005	1.005
27 months to ult.	1.083	1.083 *	0.953	0.953 *
<u>Buses****</u>				
75 months to ult.	1.001	1.001	1.000	1.000
63 months to ult.	1.001	1.001	1.000	1.000
51 months to ult.	0.999	0.999	1.000	1.000
39 months to ult.	0.979	0.979 *	1.005	1.005
27 months to ult.	1.083	1.083 *	0.953	0.953 *

* These factors have been judgmentally selected.

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

*** Trucks, Tractors & Trailers development factors are used for Publics (All Except Buses) losses.

**** Garage development factors are used for Buses and Miscellaneous classes losses.

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	04@63	7,943,528	15,567,176	8,101,419	8,670,085
	05@51	7,264,684	18,346,515	7,725,181	8,185,583
	06@39	6,860,516	14,115,522	7,176,089	7,659,991
	07@27	6,894,199	14,649,477	6,366,468	6,537,901
	08@15	4,360,269	11,164,742	5,131,028	5,279,075
Private Passenger Types	04@63	112,176	132,176	40,037	40,037
	05@51	154,461	334,461	98,915	98,915
	06@39	103,372	103,372	68,645	68,645
	07@27	3,635	3,635	12,076	12,076
	08@15	15,815	15,815	54,654	54,654
Garages	03@75	1,477,054	1,642,773	1,295,636	1,301,616
	04@63	1,278,378	1,366,341	989,686	1,003,677
	05@51	1,075,625	1,249,361	1,099,525	1,151,867
	06@39	1,145,050	1,952,050	945,258	952,209
	07@27	696,246	980,230	644,829	649,061
Publics (All Except Buses)	04@63	631,167	663,167	415,056	415,056
	05@51	878,423	1,021,423	551,666	551,666
	06@39	614,637	954,106	444,491	444,491
	07@27	891,729	2,120,280	567,168	567,168
	08@15	1,027,982	1,104,334	598,046	610,824
Misc.	03@75	4,420,745	5,813,745	1,302,336	1,302,336
	04@63	4,315,234	5,822,926	1,205,358	1,213,956
	05@51	4,835,109	5,092,109	1,015,494	1,030,629
	06@39	5,184,607	5,724,899	957,570	957,570
	07@27	4,042,981	4,957,821	1,090,518	1,094,800
Buses	03@75	100,613	180,613	64,320	64,320
	04@63	12,302	12,302	47,156	47,156
	05@51	118,348	118,348	144,904	154,278
	06@39	42,308	42,308	79,586	79,586
	07@27	186,507	215,280	202,498	230,627

* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while Garages, Miscellaneous classes, and Buses data is on a policy 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	12/31/04	7,943,528	15,567,176	8,101,419	8,670,085
	12/31/05	7,271,949	18,364,862	7,717,456	8,177,397
	12/31/06	7,004,587	14,411,948	7,176,089	7,659,991
	12/31/07	7,135,496	15,235,456	6,372,834	6,577,128
	12/31/08	4,525,959	14,212,717	5,264,435	5,469,122
Private Passenger Types	12/31/04	112,400	132,440	40,037	40,037
	12/31/05	153,225	334,461	98,816	98,915
	12/31/06	105,233	105,233	68,851	68,851
	12/31/07	3,722	3,722	12,124	12,124
	12/31/08	17,792	17,792	55,966	55,966
Garages	12/31/04	1,478,531	1,644,416	1,295,636	1,301,616
	12/31/05	1,279,656	1,367,707	989,686	1,003,677
	12/31/06	1,074,549	1,248,112	1,099,525	1,151,867
	12/31/07	1,121,004	1,911,057	949,984	956,970
	12/31/08	754,034	1,061,589	614,522	618,555
Publics (All Except Buses)	12/31/04	631,167	663,167	415,056	415,056
	12/31/05	879,301	1,022,444	551,114	551,114
	12/31/06	627,544	974,142	444,491	444,491
	12/31/07	922,940	2,205,091	567,735	570,571
	12/31/08	1,067,045	1,405,817	613,595	632,814
Misc.	12/31/04	4,425,166	5,819,559	1,302,336	1,302,336
	12/31/05	4,319,549	5,828,749	1,205,358	1,213,956
	12/31/06	4,830,274	5,087,017	1,015,494	1,030,629
	12/31/07	5,075,730	5,604,676	962,358	962,358
	12/31/08	4,378,548	5,369,320	1,039,264	1,043,344
Buses	12/31/04	100,714	180,794	64,320	64,320
	12/31/05	12,314	12,314	47,156	47,156
	12/31/06	118,230	118,230	144,904	154,278
	12/31/07	41,420	41,420	79,984	79,984
	12/31/08	201,987	233,148	192,981	219,788

* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while Garages, Miscellaneous classes, and Buses data is on a policy 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 <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	12/31/04	6,697,992	16,422,368	7,736,123	8,603,835
	12/31/05	6,269,648	19,239,073	7,413,957	8,123,035
	12/31/06	6,174,987	14,993,040	6,935,493	7,616,686
	12/31/07	6,431,893	15,739,574	6,196,347	6,546,491
	12/31/08	4,171,444	14,580,928	5,149,541	5,449,095
Private Passenger Types	12/31/04	94,776	139,716	38,232	39,731
	12/31/05	132,106	350,382	94,930	98,257
	12/31/06	92,770	109,476	66,543	68,462
	12/31/07	3,355	3,845	11,788	12,068
	12/31/08	16,398	18,253	54,745	55,761
Garages	12/31/04	1,232,909	1,740,814	1,233,498	1,291,024
	12/31/05	1,091,076	1,437,819	947,909	996,506
	12/31/06	936,805	1,302,973	1,059,468	1,144,782
	12/31/07	999,289	1,981,189	920,900	952,036
	12/31/08	687,284	1,092,897	599,304	615,982
Publics (All Except Buses)	12/31/04	532,201	699,598	396,341	411,884
	12/31/05	758,106	1,071,115	529,441	547,450
	12/31/06	553,220	1,013,420	429,588	441,978
	12/31/07	831,933	2,278,054	552,012	567,913
	12/31/08	983,464	1,442,238	600,204	630,497
Misc.	12/31/04	3,690,033	6,160,710	1,239,877	1,291,738
	12/31/05	3,682,987	6,127,546	1,154,477	1,205,283
	12/31/06	4,211,092	5,310,616	978,498	1,024,290
	12/31/07	4,524,625	5,810,356	932,895	957,396
	12/31/08	3,990,941	5,527,670	1,013,528	1,039,004
Buses	12/31/04	83,983	191,392	61,235	63,797
	12/31/05	10,499	12,945	45,165	46,819
	12/31/06	103,074	123,427	139,625	153,329
	12/31/07	36,923	42,940	77,535	79,572
	12/31/08	184,106	240,024	188,202	218,874

* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while Garages, Miscellaneous classes, and Buses data is on a policy year basis.

** Losses have been developed to ultimate and trended to one year beyond an anticipated effective date of March 1, 2011.

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>ALL OTHER</u>	<u>ALL TABLES COMBINED **</u>
30/60	1.80%	0.28%	0.02%	6.35%	8.44%
50/100	3.34%	0.52%	0.03%	11.79%	15.67%
85/85	0.00%	0.00%	0.00%	0.00%	0.00%
100/100	0.00%	0.00%	0.01%	0.15%	0.16%
100/300	12.35%	1.67%	0.45%	9.74%	24.20%
100/500	0.18%	0.00%	0.00%	0.00%	0.18%
150/150	0.00%	0.00%	0.00%	0.00%	0.00%
250/250	0.01%	0.00%	0.00%	0.00%	0.01%
250/500	0.00%	0.00%	0.00%	0.00%	0.00%
300/300	0.04%	0.00%	0.00%	0.06%	0.11%
400/400	0.00%	0.00%	0.00%	0.00%	0.00%
500/500	0.11%	0.03%	0.00%	0.11%	0.25%
500/1,000	0.20%	0.00%	0.00%	0.11%	0.32%
750/750	3.21%	7.57%	13.65%	0.40%	24.82%
1,000/1,000	5.71%	3.67%	9.87%	3.92%	23.16%
1,500/1,500	0.00%	0.00%	0.19%	1.94%	2.13%
2,000/2,000	0.06%	0.02%	0.00%	0.30%	0.39%
2,500/2,500	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>0.00%</u>	<u>0.18%</u>	<u>0.18%</u>
TOTAL**	27.01%	13.75%	24.21%	35.04%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2004 through fiscal accident year ending 6/30/2008, 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.

NORTH CAROLINA REINSURANCE FACILITY

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

PROPERTY DAMAGE

<u>POLICY</u> <u>LIMIT</u>	<u>LIGHT &</u> <u>MEDIUM</u>	<u>HEAVY</u>	<u>EXTRA</u> <u>HEAVY</u>	<u>ALL</u> <u>OTHER</u>	<u>ALL</u> <u>TABLES</u> <u>COMBINED</u> **
25	4.21%	0.57%	0.22%	11.84%	16.84%
30	0.00%	0.00%	0.00%	0.09%	0.09%
50	16.83%	2.65%	0.80%	11.17%	31.45%
85	0.00%	0.00%	0.00%	0.00%	0.00%
100	0.04%	0.00%	0.15%	0.25%	0.43%
150	0.00%	0.00%	0.00%	0.00%	0.00%
250	0.00%	0.00%	0.00%	0.00%	0.00%
300	0.08%	0.00%	0.00%	0.03%	0.12%
400	0.00%	0.00%	0.00%	0.00%	0.00%
500	0.11%	0.09%	0.00%	0.05%	0.24%
750	3.03%	7.63%	15.62%	0.66%	26.94%
1,000	5.20%	4.29%	8.73%	3.08%	21.30%
1,500	0.00%	0.00%	0.04%	1.74%	1.79%
2,000	0.20%	0.04%	0.02%	0.16%	0.42%
2,500	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.40%</u>	<u>0.40%</u>
TOTAL**	29.70%	15.26%	25.57%	29.47%	99.99%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2004 through fiscal accident year ending 6/30/2008, 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.

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	1.20	1.13	1.25	1.47
2. Heavy Trucks and Truck Tractors	1.00	1.24	1.18	1.33	1.57
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.27	1.20	1.38	1.66
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.25	1.19	1.34	1.61
5. All Other Risks	1.00	1.20	1.15	1.25	1.48

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	1.03
2. Heavy Trucks and Truck Tractors	1.00	1.01	1.03
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.01	1.03
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.01	1.03
5. All Other Risks	1.00	1.01	1.03

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	1.56	1.73	1.81	1.76	1.60
300/300	64	1.74	1.94	2.08	2.01	1.76
250/500	61	1.81	2.06	2.21	2.12	1.85
400/400	68	1.90	2.17	2.33	2.25	1.93
500/500	68	2.04	2.34	2.55	2.45	2.06
750/750	73	2.32	2.71	3.00	2.87	2.37
1000/1000	73	2.54	3.02	3.37	3.23	2.59
1500/1500	74	2.88	3.53	3.99	3.79	2.93
2000/2000	75	3.18	3.95	4.50	4.28	3.22
2500/2500	76	3.38	4.30	4.96	4.69	3.50
5000/5000	79	4.26	5.62	6.63	6.27	4.37
7500/7500	82	4.83	6.54	7.80	7.38	4.94
10000/10000	85	5.17	7.14	8.56	8.10	5.28
12500/12500	86	5.36	7.50	9.02	8.53	5.47
15000/15000	86	5.46	7.70	9.27	8.77	5.57

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	1.05	1.05	1.05	1.06	1.05
100	10	1.06	1.06	1.06	1.07	1.06
300	14	1.08	1.08	1.09	1.10	1.08
400	15	1.09	1.09	1.10	1.12	1.09
500	16	1.10	1.10	1.11	1.13	1.10
750	17	1.11	1.12	1.13	1.15	1.11
1000	18	1.12	1.13	1.14	1.17	1.12
1500	19	1.13	1.15	1.16	1.19	1.13
2000	20	1.14	1.16	1.18	1.20	1.14
2500	21	1.15	1.17	1.19	1.21	1.15
5000	23	1.17	1.19	1.21	1.23	1.17
7500	24	1.19	1.21	1.23	1.25	1.19
10000	25	1.21	1.23	1.25	1.27	1.21
12500	26	1.22	1.24	1.26	1.28	1.22
15000	26	1.23	1.25	1.27	1.29	1.23

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	Garages
A. Total Production Expense	17.3%	17.3%
B. General Expense	8.9%	11.9%
C. Taxes, Licenses & Fees	2.7%	2.7%
D. Underwriting Profit & Contingencies	0.0%	0.0%
E. Other (explain)		
F. TOTAL	28.9%	31.9%

3. Expected Loss Ratio (ELR=100-2F) .711 .681

4. Rate level change for which this exhibit applies _____

	Basic Limits		Total Limits	
	<u>BI</u>	<u>PD</u>	<u>BI</u>	<u>PD</u>
Trucks, Tractors, & Trailers	-4.3%	-10.2%	-1.8%	-11.5%
Garages Dealers	-9.7%	-15.8%	-8.7%	-15.9%
Private Passenger Types	-7.9%	-11.5%	-5.6%	-12.7%

EXHIBIT 2A
Five Year Rate Filing History

<u>Effective Date</u>	<u>NCDOI File #</u>	<u>% Change</u>	<u>Reason for Filing</u>
07/01/2009		-12.6%	Review of basic limits experience and increased limits factors
03/01/2010		-5.7%	Review of basic limits experience and increased limits factors

EXHIBIT 3

NORTH CAROLINA EXPERIENCE X Direct ___ Net

	<u>2005</u>	<u>2006</u>	<u>2007</u>
(1) Written Premiums	<u>579,143,233</u>	<u>570,375,705</u>	<u>574,032,393</u>
(2) Earned Premiums	<u>577,172,313</u> 100.0%	<u>569,250,736</u> 100.0%	<u>566,637,325</u> 100.0%
(3) Inc. Loss and LAE	<u>371,675,364</u> 64.4%	<u>385,169,388</u> 67.7%	<u>348,595,743</u> 61.5%
(4) Total Prod. Expense	<u>105,893,328</u> 18.3%	<u>108,452,566</u> 19.1%	<u>112,678,777</u> 19.9%
(5) General Expense	<u>31,380,359</u> 5.4%	<u>34,132,099</u> 6.0%	<u>38,554,905</u> 6.8%
(6) Taxes, Lic. & Fees	<u>12,544,312</u> 2.2%	<u>13,337,431</u> 2.3%	<u>13,915,330</u> 2.5%
(7) Other			

	<u>2008</u>	<u>2009</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>522,020,018</u>	<u>476,874,769</u>	<u>2,722,446,118</u>
(2) Earned Premiums	<u>535,222,853</u> 100.0%	<u>502,011,327</u> 100.0%	<u>2,750,294,554</u> 100.0%
(3) Inc. Loss and LAE	<u>302,683,966</u> 56.6%	<u>274,097,641</u> 54.6%	<u>1,682,222,102</u> 61.2%
(4) Total Prod. Expense	<u>105,750,293</u> 19.8%	<u>99,330,494</u> 19.8%	<u>532,105,458</u> 19.3%
(5) General Expense	<u>37,441,983</u> 7.0%	<u>39,463,507</u> 7.9%	<u>180,972,853</u> 6.6%
(6) Taxes, Lic. & Fees	<u>13,413,323</u> 2.5%	<u>11,186,954</u> 2.2%	<u>64,397,350</u> 2.3%
(7) Other			

COUNTRYWIDE EXPERIENCE X Direct ___ Net
(in thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
(1) Written Premiums	<u>22,339,029</u>	<u>22,383,193</u>	<u>22,456,021</u>
(2) Earned Premiums	<u>21,944,386</u> 100.0%	<u>22,248,981</u> 100.0%	<u>22,397,254</u> 100.0%
(3) Inc. Loss and LAE	<u>14,758,982</u> 67.3%	<u>14,540,941</u> 65.4%	<u>14,279,642</u> 63.8%
(4) Total Prod. Expense	<u>4,162,430</u> 19.0%	<u>4,168,864</u> 18.7%	<u>4,263,820</u> 19.0%
(5) General Expense	<u>1,180,045</u> 5.4%	<u>1,187,349</u> 5.3%	<u>1,253,999</u> 5.6%
(6) Taxes, Lic. & Fees			
(7) Other			

	<u>2007</u>	<u>2008</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>21,418,510</u>	<u>19,921,978</u>	<u>108,518,731</u>
(2) Earned Premiums	<u>21,722,618</u> 100.0%	<u>20,465,749</u> 100.0%	<u>108,778,988</u> 100.0%
(3) Inc. Loss and LAE	<u>14,292,611</u> 65.8%	<u>13,477,829</u> 65.9%	<u>71,350,005</u> 65.6%
(4) Total Prod. Expense	<u>4,188,402</u> 19.3%	<u>3,994,475</u> 19.5%	<u>20,777,991</u> 19.1%
(5) General Expense	<u>1,277,350</u> 5.9%	<u>1,225,525</u> 6.0%	<u>6,124,268</u> 5.6%
(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:	<hr/>	
<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.	7 - 48
4. Trending factor development and application.	49
5. Changes in premium base resulting from rating exposure trends.	50
6. Limiting factor development and application.	51
7. Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees.	52
8. Percentage rate change.	53
9. Final proposed rates.	54
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	55
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	56
12. Investment earnings on capital and surplus.	57
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	58

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>12/31/2004</u>	<u>12/31/2005</u>	<u>12/31/2006</u>
Trucks, Tractors, & Trailers Bodily Injury	9,641,433	10,485,838	11,432,745
Trucks, Tractors, & Trailers Property Damage	10,716,812	11,607,602	12,316,377
Garage Bodily Injury	3,503,252	3,381,055	3,330,539
Garages Property Damage	2,171,410	2,031,008	2,046,304
Private Passenger Types Bodily Injury	84,375	85,407	90,851
Private Passenger Types Property Damage	95,880	96,663	100,552
	<u>12/31/2007</u>	<u>12/31/2008</u>	
Trucks, Tractors, & Trailers Bodily Injury	11,104,665	9,816,217	
Trucks, Tractors, & Trailers Property Damage	11,921,808	10,538,879	
Garage Bodily Injury	3,085,788	2,847,674	
Garages Property Damage	2,103,256	1,889,017	
Private Passenger Types Bodily Injury	108,780	108,690	
Private Passenger Types Property Damage	119,847	119,747	

Earned Premium at Current Level

	<u>12/31/2004</u>	<u>12/31/2005</u>	<u>12/31/2006</u>
Trucks, Tractors, & Trailers Bodily Injury	8,532,668	9,143,651	9,146,196
Trucks, Tractors, & Trailers Property Damage	10,020,219	10,737,032	10,739,881
Garage Bodily Injury	2,567,884	2,478,313	2,544,532
Garages Property Damage	1,823,984	1,706,047	1,698,432
Private Passenger Types Bodily Injury	80,241	80,539	81,584
Private Passenger Types Property Damage	88,785	89,123	90,296
	<u>12/31/2007</u>	<u>12/31/2008</u>	
Trucks, Tractors, & Trailers Bodily Injury	8,761,581	7,744,995	
Trucks, Tractors, & Trailers Property Damage	10,288,520	9,095,053	
Garage Bodily Injury	2,462,459	2,272,444	
Garages Property Damage	1,724,670	1,548,994	
Private Passenger Types Bodily Injury	96,814	96,734	
Private Passenger Types Property Damage	107,143	107,054	

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

North Carolina

PAID/INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE (a)

Paid Losses

	<u>12/31/2004</u>	<u>12/31/2005</u>	<u>12/31/2006</u>
Trucks, Tractors, & Trailers Bodily Injury	7,709,984	5,176,705	2,989,069
Trucks, Tractors, & Trailers Property Damage	2,833,543	2,627,734	2,240,636
Garage Bodily Injury	403,389	262,480	587,266
Garages Property Damage	324,832	274,209	318,790
Private Passenger Types Bodily Injury	73,885	4,656	20,633
Private Passenger Types Property Damage	59,411	50,310	13,514
	<u>12/31/2007</u>	<u>12/31/2008</u>	
Trucks, Tractors, & Trailers Bodily Injury	3,056,025	447,483	
Trucks, Tractors, & Trailers Property Damage	2,177,262	1,395,373	
Garage Bodily Injury	893,823	190,916	
Garages Property Damage	197,445	216,603	
Private Passenger Types Bodily Injury	6,976	0	
Private Passenger Types Property Damage	24,983	30,922	

Incurred Losses

	<u>12/31/2004</u>	<u>12/31/2005</u>	<u>12/31/2006</u>
Trucks, Tractors, & Trailers Bodily Injury	7,713,985	5,191,705	4,295,605
Trucks, Tractors, & Trailers Property Damage	2,833,543	2,627,734	2,245,636
Garage Bodily Injury	403,389	262,480	587,266
Garages Property Damage	324,832	274,209	318,790
Private Passenger Types Bodily Injury	73,885	12,656	20,633
Private Passenger Types Property Damage	59,411	50,310	13,514
	<u>12/31/2007</u>	<u>12/31/2008</u>	
Trucks, Tractors, & Trailers Bodily Injury	6,258,527	4,614,224	
Trucks, Tractors, & Trailers Property Damage	2,182,262	1,464,672	
Garage Bodily Injury	911,323	351,689	
Garages Property Damage	197,445	216,603	
Private Passenger Types Bodily Injury	6,976	15,650	
Private Passenger Types Property Damage	24,983	30,922	

(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>3/1/2010</u>
Trucks, Tractors, & Trailers Bodily Injury	0.729
Trucks, Tractors, & Trailers Property Damage	0.729
Garages Bodily Injury	0.699
Garages Property Damage	0.699
Private Passenger Types Bodily Injury	0.729
Private Passenger Types Property Damage	0.729

(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 Garages, 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.

- 3) Loss development factor calculation, in the determination to credibility weight the facility and voluntary Trucks, Tractors, & Trailers and Private Passenger Types Basic Limit factors for 15 to 27 and 27 to 39 months.

For the 15 to 27 month and 27 to 39 month link ratios, facility credibility is determined by the formula $Z=L/(L+K)$, where Z is the credibility, and L is the 3-year total losses (at the earliest of the two evaluations). The complement of credibility is assigned to voluntary loss development factors. K is a constant that varies by coverage as follows:

Trucks, Tractors, & Trailers	15 to 27	27 to 29
Bodily Injury	\$2,500,000	\$11,000,000
Property Damage	\$1,500,000	-
Private Passenger Types		
Bodily Injury	\$1,500,000	\$4,000,000
Property Damage	\$600,000	-

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 loss development calculations in Section D, Exhibit 1, Sheets 1 and 8 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 Mark Whitman.

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 1-5
Garages - Section D, Exhibit 1, Sheets 15 and 17
Private Passenger Types - Section D, Exhibit 1, Sheets 8-12

Total Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 6 and 7
Garages - Section D, Exhibit 1, Sheets 16 and 18
Private Passenger Types - Section D, Exhibit 1, Sheets 13 and 14

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 Mark Whitman.

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

Accident Year Ending	\$30,000/60,000 15 Months	Basic Limit 27 Months	39 Months
12/31/1997	1,072,869	1,844,355	2,580,255
12/31/1998	928,143	2,058,797	2,638,933
12/31/1999	1,258,773	2,365,136	2,820,886
12/31/2000	1,258,269	2,427,490	2,951,784
12/31/2001	976,625	2,109,274	2,469,970
12/31/2002	791,343	1,671,444	1,993,660
12/31/2003	764,789	1,670,915	1,919,747
12/31/2004	1,112,437	1,874,699	2,476,270
12/31/2005	779,215	1,437,716	1,823,115
12/31/2006	807,267	1,422,160	1,567,052
12/31/2007	726,439	1,347,611	
12/31/2008	358,983		

Property Damage

Accident Year Ending	\$25,000 15 Months	Basic Limit 27 Months	39 Months
12/31/1997	2,823,331	2,970,768	2,984,074
12/31/1998	2,687,756	2,807,020	2,809,820
12/31/1999	3,602,211	3,891,933	3,951,236
12/31/2000	3,588,596	3,831,612	3,872,597
12/31/2001	3,033,298	3,246,035	3,266,595
12/31/2002	1,917,130	2,004,056	2,044,547
12/31/2003	2,261,938	2,410,809	2,417,754
12/31/2004	2,642,253	2,780,082	2,801,140
12/31/2005	2,363,503	2,480,077	2,488,773
12/31/2006	1,946,505	2,087,961	2,102,265
12/31/2007	1,967,166	2,123,851	
12/31/2008	1,374,407		

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

Accident Year Ending	\$30,000/60,000 <u>15 Months</u>	Basic Limit <u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	7,302,905	13,189,721	16,022,391	17,953,565	19,046,887
12/31/1998	6,462,668	12,669,110	15,770,286	17,837,703	19,260,387
12/31/1999	6,272,318	12,397,043	15,308,348	17,511,988	18,770,194
12/31/2000	6,462,914	12,395,326	15,956,949	18,746,487	20,286,535
12/31/2001	5,557,612	11,035,196	14,178,613	16,902,650	18,360,793
12/31/2002	5,437,355	10,494,209	13,168,074	14,960,239	16,233,608
12/31/2003	5,231,322	10,991,070	13,523,252	15,598,463	16,493,727
12/31/2004	5,730,185	10,613,322	13,379,552	15,119,655	16,265,080
12/31/2005	5,826,480	11,339,857	13,756,153	15,746,822	
12/31/2006	6,331,059	12,300,189	15,784,060		
12/31/2007	5,198,645	10,724,015			
12/31/2008	5,351,228				

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

Accident Year	\$30,000/60,000 Basic Limit				
<u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	19,434,763	19,606,798	19,594,866	19,594,866	19,594,866
12/31/1998	19,622,515	19,750,347	19,769,176	19,771,935	19,778,540
12/31/1999	19,105,484	19,199,295	19,222,452	19,222,452	19,222,452
12/31/2000	20,669,883	20,778,522	20,809,918	20,826,512	
12/31/2001	18,869,345	18,984,730	19,029,122		
12/31/2002	16,380,341	16,534,114			
12/31/2003	16,585,465				

North Carolina
ISO Voluntary Data
Basic Limits Loss Development
Trucks, Tractors, and Trailers Paid Losses and Expenses
Property Damage

Accident Year Ending	\$25,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	18,398,170	19,421,931	19,601,571	19,825,760	19,843,480
12/31/1998	18,820,064	19,519,513	19,834,236	19,908,881	20,037,760
12/31/1999	18,697,797	20,194,058	20,463,641	20,564,332	20,588,425
12/31/2000	20,104,156	21,182,880	21,286,767	21,373,204	21,392,086
12/31/2001	17,409,622	18,350,288	18,509,962	18,550,285	18,613,994
12/31/2002	16,704,053	17,618,288	17,755,995	17,813,319	17,878,118
12/31/2003	15,171,882	16,205,002	16,365,258	16,434,189	16,447,085
12/31/2004	15,190,614	16,161,374	16,352,454	16,381,780	16,399,129
12/31/2005	16,570,344	17,486,048	17,643,500	17,697,741	
12/31/2006	16,929,915	17,854,462	17,969,356		
12/31/2007	16,747,468	17,608,662			
12/31/2008	14,898,188				

North Carolina
ISO Voluntary Data
Basic Limits Loss Development
Trucks, Tractors, and Trailers Paid Losses and Expenses
Property Damage

Accident Year Ending	\$25,000 Basic Limit <u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	19,836,400	19,844,798	19,849,098	19,851,342	19,863,145
12/31/1998	20,051,827	20,051,522	20,058,268	20,058,778	20,058,910
12/31/1999	20,583,968	20,597,881	20,597,168	20,597,888	20,597,655
12/31/2000	21,402,532	21,442,222	21,442,224	21,442,224	
12/31/2001	18,643,237	18,640,995	18,647,496		
12/31/2002	17,934,949	17,935,452			
12/31/2003	16,448,086				

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

Accident Year Ending	\$30,000/60,000 Basic Limit		
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	31,579	32,329	32,329
12/31/1998	27,981	68,856	68,856
12/31/1999	138,481	184,498	260,848
12/31/2000	54,237	65,116	98,336
12/31/2001	62,160	187,354	187,854
12/31/2002	78,907	83,918	83,918
12/31/2003	18,171	98,210	98,210
12/31/2004	25,220	72,385	73,885
12/31/2005	2,487	2,487	4,612
12/31/2006	10,633	20,633	20,633
12/31/2007	6,976	6,976	
12/31/2008	0		

Property Damage

Accident Year Ending	\$25,000 Basic Limit		
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	62,444	64,744	64,744
12/31/1998	122,479	127,704	146,044
12/31/1999	153,312	174,885	174,885
12/31/2000	176,841	198,143	202,948
12/31/2001	143,266	153,147	153,147
12/31/2002	84,248	81,984	81,984
12/31/2003	82,527	91,829	91,829
12/31/2004	59,617	59,411	59,411
12/31/2005	48,670	49,495	50,310
12/31/2006	11,094	13,514	13,514
12/31/2007	24,983	24,983	
12/31/2008	30,922		

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

Accident Year Ending	\$30,000/60,000 15 Months	Basic Limit 27 Months	39 Months	51 Months	63 Months
12/31/1997	1,108,560	1,934,423	2,458,213	2,782,759	2,927,521
12/31/1998	906,003	1,592,556	2,067,355	2,549,429	2,777,408
12/31/1999	951,630	1,866,338	2,253,822	2,443,143	2,645,693
12/31/2000	1,024,451	1,663,373	2,129,754	2,454,095	2,578,398
12/31/2001	789,437	1,339,548	1,760,732	2,167,457	2,516,913
12/31/2002	609,550	1,340,875	1,802,386	1,981,206	2,037,683
12/31/2003	828,582	1,295,952	1,475,810	1,792,260	1,947,137
12/31/2004	664,617	1,216,185	1,598,291	1,913,787	2,026,595
12/31/2005	687,754	1,360,557	1,875,644	1,998,764	
12/31/2006	760,329	1,422,551	1,856,714		
12/31/2007	497,798	1,209,396			
12/31/2008	776,906				

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

Accident Year Ending	\$30,000/60,000 <u>75 Months</u>	Basic Limit <u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	2,936,130	2,936,130	2,936,130	2,936,130	2,936,130
12/31/1998	2,813,744	2,881,682	2,909,531	2,912,058	2,919,369
12/31/1999	2,670,157	2,689,096	2,689,096	2,689,096	2,689,096
12/31/2000	2,605,661	2,642,348	2,671,224	2,671,224	
12/31/2001	2,621,941	2,621,941	2,621,941		
12/31/2002	2,039,251	2,039,251			
12/31/2003	1,958,462				

North Carolina
ISO Voluntary Data
Basic Limits Loss Development
Private Passenger Types Paid Losses and Expenses
Property Damage

Accident Year	\$25,000 Basic Limit				
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	1,998,020	2,080,642	2,078,939	2,093,533	2,091,547
12/31/1998	2,269,637	2,361,463	2,371,224	2,387,879	2,430,024
12/31/1999	2,439,057	2,664,191	2,679,699	2,687,375	2,687,795
12/31/2000	2,242,489	2,322,246	2,346,193	2,355,335	2,344,041
12/31/2001	2,163,421	2,347,236	2,350,287	2,441,583	2,479,859
12/31/2002	1,871,626	1,984,417	2,006,543	2,025,276	2,027,778
12/31/2003	1,661,726	1,765,120	1,774,953	1,802,138	1,803,201
12/31/2004	1,720,054	1,911,990	1,917,077	1,919,077	1,919,157
12/31/2005	1,891,627	2,010,828	2,014,345	2,014,733	
12/31/2006	1,814,372	1,987,849	1,989,296		
12/31/2007	1,673,797	1,752,845			
12/31/2008	1,874,383				

North Carolina
ISO Voluntary Data
Basic Limits Loss Development
Private Passenger Types Paid Losses and Expenses
Property Damage

Accident Year Ending	\$25,000 Basic Limit <u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	2,091,547	2,091,547	2,091,547	2,091,547	2,091,547
12/31/1998	2,431,696	2,432,344	2,426,927	2,432,438	2,432,438
12/31/1999	2,687,827	2,662,827	2,664,607	2,664,607	2,664,607
12/31/2000	2,349,351	2,357,928	2,357,928	2,357,928	
12/31/2001	2,469,001	2,469,002	2,469,002		
12/31/2002	2,027,778	2,027,778			
12/31/2003	1,803,201				

NORTH CAROLINA
ISO FACILITY DATA
TOTAL LIMITS LOSS DEVELOPMENT
PRIVATE PASSENGER TYPES PAID LOSSES AND EXPENSES
PROPERTY DAMAGE

ACCIDENT YEAR	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1997	62,444	64,744	64,744	64,744	64,744	64,744	64,744	64,744	64,744	64,744
12/31/1998	122,479	127,704	146,044	146,044	146,044	148,761	148,761	148,761	148,761	148,761
12/31/1999	153,312	174,885	174,885	174,885	174,885	174,885	174,885	174,885	174,885	174,885
12/31/2000	176,841	198,143	202,948	194,999	194,999	199,610	199,610	199,610	199,610	199,610
12/31/2001	143,266	153,147	153,147	153,147	153,147	153,147	153,147	153,147	153,147	153,147
12/31/2002	84,248	81,984	81,984	81,984	81,984	81,984	81,984	81,984	81,984	81,984
12/31/2003	82,527	91,829	91,829	91,829	91,829	91,829	91,829	91,829	91,829	91,829
12/31/2004	59,617	59,411	59,411	59,411	59,411	59,411	59,411	59,411	59,411	59,411
12/31/2005	48,670	49,495	50,310	50,310	50,310	50,310	50,310	50,310	50,310	50,310
12/31/2006	11,094	13,514	13,514	13,514	13,514	13,514	13,514	13,514	13,514	13,514
12/31/2007	24,983	24,983	24,983	24,983	24,983	24,983	24,983	24,983	24,983	24,983
12/31/2008	30,922	30,922	30,922	30,922	30,922	30,922	30,922	30,922	30,922	30,922

TOTAL LIMITS AMOUNTS AS OF:

NORTH CAROLINA
ISO FACILITY DATA
BASIC LIMITS LOSS DEVELOPMENT
GARAGE DEALERS PAID LOSSES AND EXPENSES
BODILY INJURY

POLICY YEAR ENDED	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/1998	293,555	408,382	452,244	489,223	489,223	489,223	489,223	489,223	489,223
12/31/1999	196,610	314,971	330,493	339,492	396,886	428,368	430,319	430,431	430,431
12/31/2000	178,931	235,196	242,552	242,564	242,564	242,564	242,564	242,564	242,564
12/31/2001	193,039	257,452	304,884	304,884	304,884	304,884	304,884	304,884	304,884
12/31/2002	97,237	212,621	218,563	255,422	305,873	307,284	307,284	307,284	307,284
12/31/2003	238,497	309,014	311,612	311,612	311,612	311,612	311,612	311,612	311,612
12/31/2004	236,819	336,769	358,891	389,670	389,670	389,670	389,670	389,670	389,670
12/31/2005	119,054	232,345	262,480	262,480	262,480	262,480	262,480	262,480	262,480
12/31/2006	282,675	424,994	428,530						
12/31/2007	187,867	193,823							
12/31/2008	190,916								

BASIC LIMITS (\$30,000/60,000) AMOUNTS AS OF:

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	450	452	451
12/31/1998	441	428	431
12/31/1999	467	469	482
12/31/2000	510	498	500
12/31/2001	370	384	384
12/31/2002	299	294	298
12/31/2003	319	316	310
12/31/2004	387	366	366
12/31/2005	280	268	268
12/31/2006	243	232	235
12/31/2007	201	197	
12/31/2008	134		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	1,264	1,291	1,292
12/31/1998	1,325	1,340	1,338
12/31/1999	1,807	1,840	1,838
12/31/2000	1,732	1,755	1,756
12/31/2001	1,364	1,375	1,377
12/31/2002	873	880	885
12/31/2003	850	874	873
12/31/2004	972	975	977
12/31/2005	795	803	804
12/31/2006	648	656	658
12/31/2007	645	645	
12/31/2008	459		

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	2,734	2,743	2,767	2,795	2,787
12/31/1998	2,819	2,827	2,842	2,854	2,854
12/31/1999	2,727	2,760	2,785	2,797	2,783
12/31/2000	2,728	2,687	2,706	2,726	2,729
12/31/2001	2,360	2,314	2,316	2,311	2,300
12/31/2002	2,156	2,132	2,098	2,117	2,117
12/31/2003	2,109	2,104	2,114	2,112	2,112
12/31/2004	2,124	2,056	2,046	2,052	2,053
12/31/2005	2,082	2,036	2,033	2,031	
12/31/2006	2,114	2,044	2,040		
12/31/2007	1,895	1,845			
12/31/2008	1,553				

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

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	2,801	2,799	2,799	2,799	2,799
12/31/1998	2,847	2,847	2,848	2,848	2,848
12/31/1999	2,786	2,788	2,783	2,787	2,785
12/31/2000	2,733	2,729	2,728	2,728	
12/31/2001	2,304	2,307	2,298		
12/31/2002	2,122	2,122			
12/31/2003	2,117				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Trucks, Tractors, and Trailers Incurred Claims
Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	8,569	8,666	8,691	8,712	8,708
12/31/1998	8,604	8,623	8,677	8,687	8,692
12/31/1999	8,212	8,404	8,428	8,442	8,443
12/31/2000	8,198	8,340	8,346	8,342	8,337
12/31/2001	6,982	7,115	7,115	7,116	7,123
12/31/2002	6,452	6,515	6,513	6,522	6,525
12/31/2003	5,742	5,812	5,822	5,823	5,827
12/31/2004	5,697	5,719	5,732	5,735	5,740
12/31/2005	5,780	5,830	5,833	5,839	
12/31/2006	5,894	5,917	5,924		
12/31/2007	5,737	5,746			
12/31/2008	5,070				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Trucks, Tractors, and Trailers Incurred Claims
Property Damage

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	8,705	8,707	8,710	8,710	8,712
12/31/1998	8,687	8,688	8,690	8,690	8,690
12/31/1999	8,440	8,449	8,449	8,449	8,449
12/31/2000	8,342	8,345	8,345	8,345	
12/31/2001	7,122	7,124	7,124		
12/31/2002	6,523	6,525			
12/31/2003	5,827				

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	12	9	9
12/31/1998	16	17	17
12/31/1999	36	36	37
12/31/2000	30	28	28
12/31/2001	28	29	29
12/31/2002	16	16	17
12/31/2003	9	9	9
12/31/2004	14	15	13
12/31/2005	6	4	3
12/31/2006	3	3	3
12/31/2007	3	3	
12/31/2008	2		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	43	43	43
12/31/1998	60	60	60
12/31/1999	118	114	113
12/31/2000	104	100	101
12/31/2001	93	90	90
12/31/2002	47	47	47
12/31/2003	34	36	36
12/31/2004	33	31	31
12/31/2005	28	28	29
12/31/2006	4	5	5
12/31/2007	20	20	
12/31/2008	11		

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	435	431	432	438	439
12/31/1998	404	382	396	397	396
12/31/1999	437	429	435	436	429
12/31/2000	386	367	363	364	364
12/31/2001	342	321	329	327	328
12/31/2002	296	282	276	277	279
12/31/2003	296	289	284	285	287
12/31/2004	253	262	262	259	260
12/31/2005	245	238	238	238	
12/31/2006	265	255	259		
12/31/2007	233	228			
12/31/2008	257				

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

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	440	440	439	439	439
12/31/1998	398	399	397	398	398
12/31/1999	434	431	431	431	431
12/31/2000	363	363	363	363	
12/31/2001	328	329	329		
12/31/2002	278	278			
12/31/2003	285				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Private Passenger Types Incurred Claims
Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	1,028	1,034	1,030	1,031	1,032
12/31/1998	1,070	1,086	1,088	1,088	1,088
12/31/1999	1,104	1,120	1,117	1,117	1,119
12/31/2000	991	1,001	1,001	1,000	1,000
12/31/2001	942	958	958	961	961
12/31/2002	780	797	795	801	800
12/31/2003	693	710	710	710	711
12/31/2004	675	671	676	676	676
12/31/2005	707	716	714	715	
12/31/2006	726	725	725		
12/31/2007	665	661			
12/31/2008	709				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Private Passenger Types Incurred Claims
Property Damage

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	1,032	1,032	1,032	1,032	1,032
12/31/1998	1,088	1,089	1,089	1,089	1,089
12/31/1999	1,119	1,118	1,118	1,118	1,118
12/31/2000	1,002	1,003	1,003	1,003	
12/31/2001	961	961	961		
12/31/2002	800	800			
12/31/2003	711				

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	281	387	434
12/31/1998	257	373	405
12/31/1999	300	417	457
12/31/2000	317	433	461
12/31/2001	224	339	355
12/31/2002	168	247	271
12/31/2003	180	274	292
12/31/2004	212	302	335
12/31/2005	172	227	245
12/31/2006	138	201	214
12/31/2007	131	173	
12/31/2008	65		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	1,246	1,286	1,291
12/31/1998	1,275	1,339	1,338
12/31/1999	1,763	1,832	1,836
12/31/2000	1,695	1,748	1,756
12/31/2001	1,319	1,371	1,374
12/31/2002	851	878	886
12/31/2003	835	870	872
12/31/2004	943	972	975
12/31/2005	783	803	804
12/31/2006	630	654	658
12/31/2007	624	644	
12/31/2008	448		

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

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	1,762	2,434	2,630	2,743	2,783
12/31/1998	1,831	2,501	2,694	2,784	2,831
12/31/1999	1,700	2,411	2,614	2,719	2,771
12/31/2000	1,665	2,320	2,527	2,657	2,710
12/31/2001	1,447	1,977	2,133	2,228	2,273
12/31/2002	1,340	1,855	2,000	2,076	2,112
12/31/2003	1,325	1,852	1,984	2,081	2,110
12/31/2004	1,328	1,804	1,933	2,009	2,040
12/31/2005	1,258	1,785	1,918	1,994	
12/31/2006	1,248	1,776	1,931		
12/31/2007	1,157	1,613			
12/31/2008	969				

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

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	2,792	2,801	2,799	2,799	2,799
12/31/1998	2,840	2,846	2,847	2,847	2,847
12/31/1999	2,780	2,785	2,784	2,784	2,784
12/31/2000	2,722	2,726	2,727	2,727	
12/31/2001	2,289	2,294	2,299		
12/31/2002	2,115	2,119			
12/31/2003	2,115				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Trucks, Tractors, and Trailers Paid Claims
Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	8,364	8,634	8,671	8,704	8,706
12/31/1998	8,369	8,597	8,666	8,677	8,688
12/31/1999	7,959	8,370	8,419	8,438	8,442
12/31/2000	8,030	8,313	8,327	8,336	8,338
12/31/2001	6,833	7,073	7,102	7,114	7,123
12/31/2002	6,291	6,488	6,505	6,517	6,522
12/31/2003	5,568	5,787	5,815	5,824	5,827
12/31/2004	5,531	5,694	5,725	5,733	5,740
12/31/2005	5,621	5,812	5,830	5,839	
12/31/2006	5,753	5,913	5,923		
12/31/2007	5,569	5,738			
12/31/2008	4,953				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Trucks, Tractors, and Trailers Paid Claims
Property Damage

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	8,704	8,706	8,705	8,708	8,708
12/31/1998	8,688	8,688	8,690	8,690	8,690
12/31/1999	8,440	8,449	8,449	8,449	8,449
12/31/2000	8,340	8,345	8,345	8,345	
12/31/2001	7,122	7,124	7,124		
12/31/2002	6,525	6,525			
12/31/2003	5,827				

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

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	8	9	9
12/31/1998	9	14	14
12/31/1999	22	30	37
12/31/2000	19	23	27
12/31/2001	18	28	28
12/31/2002	15	16	16
12/31/2003	4	9	9
12/31/2004	9	12	13
12/31/2005	2	2	3
12/31/2006	2	3	3
12/31/2007	3	3	
12/31/2008	0		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/1997	42	43	43
12/31/1998	55	59	60
12/31/1999	111	113	113
12/31/2000	97	100	101
12/31/2001	87	90	90
12/31/2002	46	47	47
12/31/2003	33	36	36
12/31/2004	31	31	31
12/31/2005	27	28	29
12/31/2006	4	5	5
12/31/2007	20	20	
12/31/2008	11		

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

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	283	385	423	432	438
12/31/1998	258	342	368	386	393
12/31/1999	268	386	410	423	432
12/31/2000	251	314	341	359	362
12/31/2001	220	282	309	321	327
12/31/2002	178	252	269	275	278
12/31/2003	200	254	271	282	286
12/31/2004	149	224	245	257	260
12/31/2005	140	203	225	232	
12/31/2006	174	231	252		
12/31/2007	135	196			
12/31/2008	148				

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

Accident Year Ending	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	439	439	439	439	439
12/31/1998	395	397	398	398	398
12/31/1999	432	431	431	431	431
12/31/2000	362	362	363	363	
12/31/2001	329	329	329		
12/31/2002	278	278			
12/31/2003	286				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Private Passenger Types Paid Claims
Property Damage

Accident Year Ending	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/1997	1,003	1,034	1,030	1,032	1,032
12/31/1998	1,046	1,080	1,083	1,086	1,088
12/31/1999	1,068	1,111	1,116	1,117	1,118
12/31/2000	965	995	1,000	1,000	1,000
12/31/2001	920	958	958	961	960
12/31/2002	766	793	795	800	800
12/31/2003	682	707	709	711	711
12/31/2004	666	672	676	676	676
12/31/2005	694	713	714	715	
12/31/2006	702	725	725		
12/31/2007	643	660			
12/31/2008	700				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Private Passenger Types Paid Claims
Property Damage

Accident Year <u>Ending</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
12/31/1997	1,032	1,032	1,032	1,032	1,032
12/31/1998	1,088	1,089	1,089	1,089	1,089
12/31/1999	1,119	1,118	1,118	1,118	1,118
12/31/2000	1,002	1,003	1,003	1,003	
12/31/2001	961	961	961		
12/31/2002	800	800			
12/31/2003	711				

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 - 8 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 Mark Whitman.

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 Mark Whitman.

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 (Sheet 3) 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 Mark Whitman and Mike Stack.

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

Annual Statement for 2009

Insurance Expense Exhibits for 2009

Rate Bureau Call for 2009 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 Mark Whitman.

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.

NORTH CAROLINA REINSURANCE FACILITY COMMERCIAL AUTO MANUAL

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.

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NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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COMMERCIAL AUTOMOBILE MANUAL

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**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:

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(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 amount applicable on the effective date of the change even if the policy inception premium was less than the policy minimum premium.
- 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.

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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 motor vehicle of the private passenger or station wagon type; or
 - 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 10,000 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.

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.

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:

- (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:

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).

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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.

the insured is providing the primary insurance.

(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

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.

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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 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.

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 underin-

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sured motorists coverage. Use Endorsement CA 21 71.

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.

(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

PD Limits	Additional Charge	
	PP Types	Other than PP Types
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

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

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:

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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.

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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 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

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insures 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

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NOTES

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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 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, or a family farm partnership or corporation and used for farming or ranching and not customarily used for other business. 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. Determine the rating territory from the territory definitions based on the street address of principal garaging.
- 2. Liability Coverages
 - a. Determine the fleet or nonfleet base premiums from the liability base premium schedule on the rate schedules.
 - b. Multiply the base premium by the combined rating factor.
- 3. Medical Payments Coverages
 - a. Trucks and tractors
 - (1) Primary and secondary rating factors do not apply.
 - (2) Determine the premiums from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - b. Trailers
 - (1) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (2) Multiply the base premium by the primary rating factor.
 - (3) Secondary rating factors do not apply.
- 4. 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 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.

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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.
 - 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.

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.

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FLEET

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	014-- 1.00	015-- 1.20	016-- 1.30
	Retail	Factor CD	024-- 1.50	025-- 1.80	026-- 1.80
	Commercial	Factor CD	034-- 1.35	035-- 1.65	036-- 1.75
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	214-- 1.05	215-- 1.25	216-- .90
	Retail	Factor CD	224-- 1.55	225-- 1.85	226-- .90
	Commercial	Factor CD	234-- 1.40	235-- 1.70	236-- .90
Heavy Trucks (20,001–45,000 lbs. GVW)	Service	Factor CD	314-- 1.10	315-- 1.40	316-- 1.00
	Retail	Factor CD	324-- 1.65	325-- 2.05	326-- 1.00
	Commercial	Factor CD	334-- 1.50	335-- 1.90	336-- 1.00
Extra Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	404-- 2.10	405-- 2.70	406-- 1.40
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	344-- 1.35	345-- 1.65	346-- 1.00
	Retail	Factor CD	354-- 2.00	355-- 2.45	356-- 1.00
	Commercial	Factor CD	364-- 1.85	365-- 2.30	366-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	504-- 2.35	505-- 3.00	506-- 1.40
Trailer Types					
Semitrailers		Factor CD	674-- .10	675-- .15	676-- .15
Trailers		Factor CD	684-- .10	685-- .15	686-- .15
Service or Utility Trailer (0–2,000 lbs. Load Capacity)		Factor CD	694-- .00	695-- .00	696-- .00

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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	011-- 1.00	012-- 1.20	013-- 1.30
	Retail	Factor CD	021-- 1.50	022-- 1.80	023-- 1.80
	Commercial	Factor CD	031-- 1.35	032-- 1.65	033-- 1.75
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	211-- 1.05	212-- 1.25	213-- .90
	Retail	Factor CD	221-- 1.55	222-- 1.85	223-- .90
	Commercial	Factor CD	231-- 1.40	232-- 1.70	233-- .90
Heavy Trucks (20,001–45,000 lbs. GVW)	Service	Factor CD	311-- 1.10	312-- 1.40	313-- 1.00
	Retail	Factor CD	321-- 1.65	322-- 2.05	323-- 1.00
	Commercial	Factor CD	331-- 1.50	332-- 1.90	333-- 1.00
Extra Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	401-- 2.10	402-- 2.70	403-- 1.40
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	341-- 1.35	342-- 1.65	343-- 1.00
	Retail	Factor CD	351-- 2.00	352-- 2.45	353-- 1.00
	Commercial	Factor CD	361-- 1.85	362-- 2.30	363-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	501-- 2.35	502-- 3.00	503-- 1.40
Trailer Types					
Semitrailers		Factor CD	671-- .10	672-- .15	673-- .15
Trailers		Factor CD	681-- .10	682-- .15	683-- .15
Service or Utility Trailer (0–2,000 lbs. Load Capacity)		Factor CD	691-- .00	692-- .00	693-- .00

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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	+0.65	21
	intermediate	0.00	+0.65	21
	long distance	0.00	+0.65	21
b. Contract carriers (other than chemical or iron and steel haulers)	local	0.00	+0.65	22
	intermediate	0.00	+0.65	22
	long distance	0.00	+0.65	22
c. Contract carriers hauling chemicals	local	0.00	+0.65	23
	intermediate	0.00	+0.65	23
	long distance	0.00	+0.65	23
d. Contract carriers hauling iron and steel	local	0.00	+0.65	24
	intermediate	0.00	+0.65	24
	long distance	0.00	+0.65	24
e. Exempt carriers (other than livestock haulers)	local	0.00	+0.65	25
	intermediate	0.00	+0.65	25
	long distance	0.00	+0.65	25
f. Exempt carriers hauling livestock	local	0.00	+0.65	26
	intermediate	0.00	+0.65	26
	long distance	0.00	+0.65	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	+0.65	02
	intermediate	0.00	+0.65	02
	long distance	0.00	+0.65	02
h. Tow trucks for hire	local	0.00	+0.65	03
	intermediate	0.00	+0.65	03
	long distance	0.00	+0.65	03
i. All other	local	0.00	+0.65	29
	intermediate	0.00	+0.65	29
	long distance	0.00	+0.65	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	+0.40	31
b. Fish and sea food	0.00	+0.40	32
c. Frozen food	0.00	+0.40	33
d. Fruit and vegetable	0.00	+0.40	34
e. Meat or poultry	0.00	+0.40	35
f. All other	0.00	+0.40	39

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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	+0.25	51
b. Building wrecking operators	0.00	+0.25	52
c. Garbage	0.00	+0.25	53
d. Junk dealers	0.00	+0.25	54
e. All other	0.00	+0.25	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	-0.20	71
b. Sand and gravel (other than quarrying)	0.00	-0.20	72
c. Mining	0.00	-0.20	73
d. Quarrying	0.00	-0.20	74
e. All other	0.00	-0.20	79

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Classification	Secondary Factor to Be Combined with Primary Factor	Code to Be Inserted in 4th and 5th Digit of Classification Code
	All Autos	
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	0.00	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 Truckers Coverage Form CA 00 12, or 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. No secondary rating factor applies.
 - 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.

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- (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.
06. CHICAGO Zone includes all of Cook and Du Page County territories, Lake County (Balance), Wauke-

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- gan—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).

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- 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:

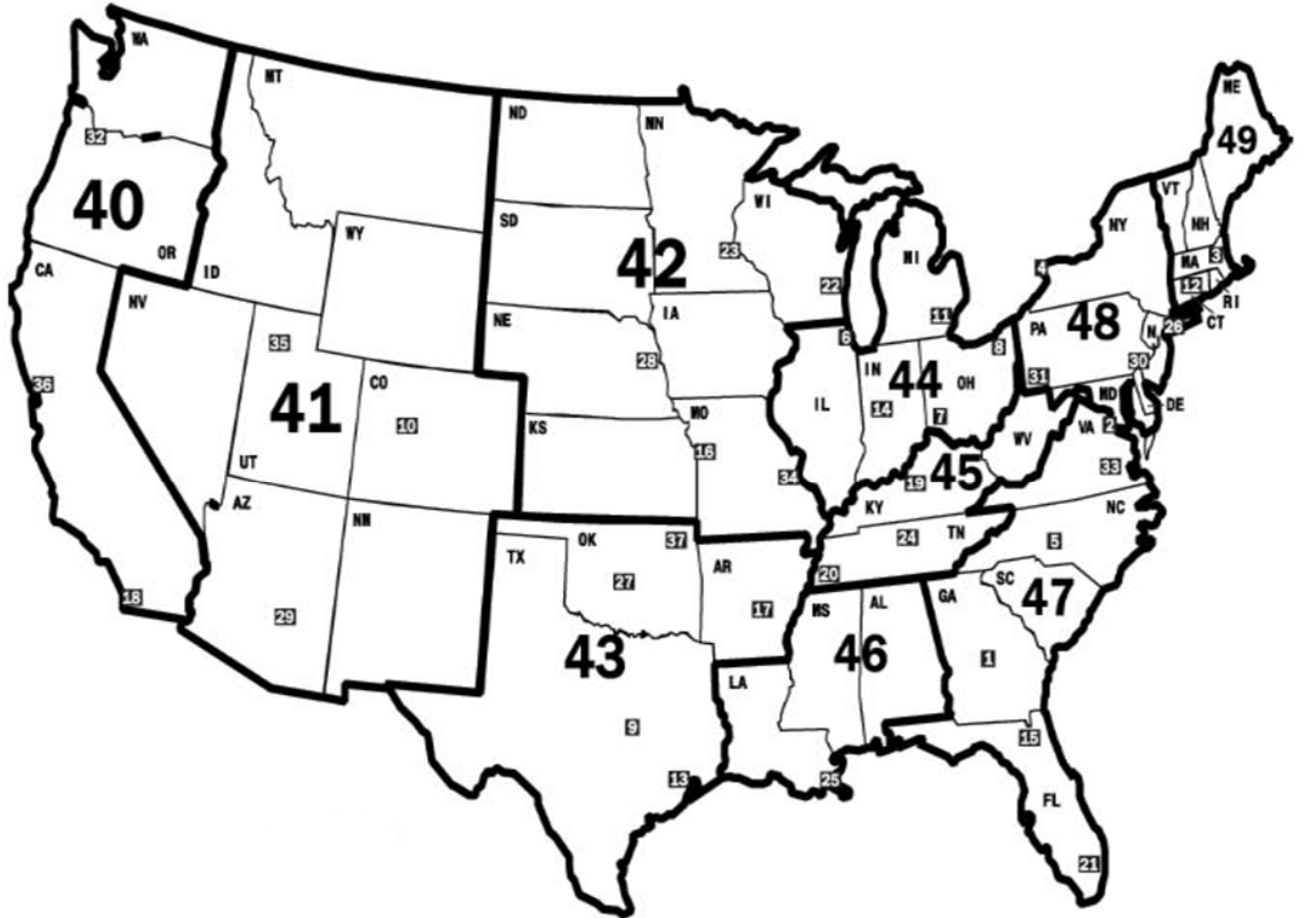
- A. Intermediate Plan—Code as instructed on zone rating table schedules.
- B. Full Plan—Do not insert the state code as the first two digits. Use only the three digits shown in the tables as the zone combination code.

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Long distance zone map

This map is for reference purposes only.



Rules 36–40. RESERVED FOR FUTURE USE

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NOTES

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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. 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. 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.
 - 2. Liability and Medical Payments Coverages
 - a. Determine the fleet or nonfleet base premiums on the state rate schedules.
 - b. Multiply the base premium by the combined rating factor.
 - 3. Uninsured and Underinsured Motorists Coverage
 - 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.
 - 4. Special Provisions
 - a. 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

Size Class	Seating Capacity
Heavy	21–60
Extra Heavy	Over 60

- b. 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

- c. 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 4.a 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

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- 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 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.

PUBLIC TRANSPORTATION

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.

	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

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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 Passenger Carrying Service	Factor Code	1.00 4189	1.15 4199	1.25 4109
Limousine	Factor Code	.40 4289	.45 4299	.50 4209

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

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

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

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

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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

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**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 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 Farm Labor Contractors 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

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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

1. Only one classification and code apply to a risk.

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

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.

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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

Medical Payments Limit per Person				
Limit Codes	\$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

Medical Payments Limit per Person				
Limit Codes	\$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	.156

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:

Medical payments percentage for \$30,000/60,000 limit	÷	Applicable factor for increased limit
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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).

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.

Rules 54–55. RESERVED FOR FUTURE USE

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Rule 56. ELIGIBILITY

This Section applies to all autos that are not classified and rated in the other Sections.

Rule 57. PREMIUM DEVELOPMENT

Rating Territory

Determine the rating territory from the territory definitions based on the street address of principal garaging unless otherwise provided in this Section.

Liability

See specific rating instructions for each classification in this Section.

Medical Payments

Refer to specific rules in this Section. If no premium or procedures to determine medical payments are shown, determine premiums as follows:

If liability premiums are developed from truck, tractor, and trailer premiums, charge truck, tractor, and trailer medical payments premiums.

If liability premiums are developed from private passenger types premiums, charge private passenger medical payments premiums.

Uninsured and Underinsured Motorists Insurance

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

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 nonfleet 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. Exclusion of Coverage—Volunteer Workers

The policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations. Use Emergency Vehicles—Volunteer Firefighters' And Workers' Injuries Excluded Endorsement CA 20 30.

B. Exclusion of Coverage—Professional Service

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.

C. Premium Computation (Class Code 7913)

Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 2.50.

Rule 59. AMPHIBIOUS EQUIPMENT

For autos designed to operate on both land and water, rate as land autos according to their use.

Rule 60. ANTIQUE AUTOS (CLASS CODE 9620)

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.

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)

Application

An auto body or trailer manufacturer may be insured for the testing or delivery of autos it manufactures, assembles, rebuilds, or repairs.

Premium Computation

- A. Compute the premium for owned autos, hired autos, and employers nonownership liability in the usual manner.
- B. 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

Driver Training Programs—Educational Institutions (Class Code 7926)

Eligibility: This Rule applies to private passenger autos used for driver training as part of a school curriculum.

Premium Computation

Liability Coverages

For autos equipped with dual controls, multiply the private passenger types rates by .75. There must be dual brakes to qualify as dual control.

For autos not equipped with dual controls, multiply the private passenger types rates by 1.50.

All Other Coverages. Charge private passenger types rates.

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.

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Commercial Driving Schools (Class Code 7927)

Eligibility: This Section applies to autos used by driving schools to give driving instruction. Use Driving Schools Endorsement CA 20 06.

Premium Computation

Owned Private Passenger Autos

Liability Coverages

For autos equipped with dual controls, charge the private passenger types rates. There must be dual brakes to qualify as dual controls.

For autos not equipped with dual controls, multiply the private passenger types rates by 2.00.

All Other Coverages. Charge private passenger types rates.

Owned Trucks, Tractors, and Trailers

Liability Coverages

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.

For autos not equipped with dual controls, multiply the truck, tractor, and trailer rates by 4.00.

All Other Coverages. Charge the truck, tractor, and trailer rates.

All Other Types of Owned Autos. Refer to company for rating.

Nonowned Autos

The policy must cover the driving instructors and their students.

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.

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

Eligibility

This Rule applies to autos used for firefighting purposes.

The policy must exclude coverage for bodily injury to any volunteer fireman or volunteer worker engaged in fire fighting, rescue squad, or ambulance corps operations. Use Emergency Vehicles—Volunteer Firefighters' And Workers' Injuries Excluded Endorsement CA 20 30.

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.

Premium Computation

Private Passenger Autos (Class Code 7908)

Liability Coverages. Charge private passenger types rates.

Trailer Types. Classify and rate according to the Trucks, Tractors, and Trailers Rules.

All Other Types (Class Code 7909)

Liability Coverages. Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by 1.60.

Rule 65. FUNERAL DIRECTORS

Eligibility

This Rule applies to autos owned or used by a funeral director.

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.

Premium Computation

Limousines (Class Code 7915)

Liability and Medical Payments Coverages. Multiply the private passenger types rates by .90.

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.

Combination Hearses and Ambulances

Classify and rate the auto according to the Ambulance Services Rule (Rule 58).

Autos Used for Other Purposes

Classify and rate the auto according to its regular use.

Medical Payments Coverage for Hired and Nonowned Autos

Medical payments coverage may be provided for hired and nonowned autos.

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

Eligibility

This Rule applies to autos used by government law enforcement agencies or police departments.

The policy must exclude coverage for bodily injury to any volunteer worker engaged in rescue squad or ambulance corps operations. Use Emergency Vehicles—Volunteer Firefighters' and Workers Injuries Excluded Endorsement CA 20 30.

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.

Premium Computation

Private passenger autos (Class Code 7911). Charge private passenger types rates.

Motorcycles (Class Code 7942). Rate according to the Motorcycles Rule (Rule 69) in this Section.

Trailer types. Classify and rate according to the Trucks, Tractors, and Trailers Rules (Rule 33).

All other types (Class Code 7912).

Liability Coverages—Multiply the fleet or nonfleet trucks, tractors, and trailers base premiums by 1.60.

Rule 67. LEASING OR RENTAL CONCERNS

Eligibility

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).

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.

Premium Computation

When computing the premiums, use the territory where the auto is principally garaged.

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 nonfleet 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 nonfleet trucks, tractors, and trailers base premium by .40.

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- b. Medical payments. Charge the trucks, tractors, and trailers premiums.

B. Motor Homes (Class Code 7957)

Self-propelled autos equipped as living quarters (including cooking, dining, plumbing, or refrigeration facilities).

Bodily Injury and Property Damage Liability—Charge 65% of the rates for private passenger types.

Medical Payments—Use rates for private passenger types.

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. 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.

- 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

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.

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.

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
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

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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 \$5,200 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 \$5,200 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 \$5,200 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.

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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.

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Example: Calculation of Modification to be effective on January 1, 1996.

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
1/1/92–12/31/92	\$5,000	\$2,000	\$1,800	\$700
1/1/93–12/31/93	5,000	3,500	2,000	200
1/1/94–12/31/94	7,000	3,000	600	300
TOTAL =	\$25,500			

*basic limits incurred losses limited by MSL and evaluated as of 6/30/95.

The total basic limits premium subject to experience rating is \$25,500 so the appropriate adjusted expected loss ratio from TABLE B is .570.

The appropriate loss development factors from TABLE A are:

For Policy Effective:	BI	PD
1/1/92 (42 months)	.020	.007
1/1/93 (30 months)	.051	.009
1/1/94 (18 months)	.121	.012

Thus the basic limits losses for each year are as follows:

BASIC LIMITS LOSSES =			(PREMIUM times AELR times LDF) plus		PAID AND OUTSTANDING LOSSES	
(1992 BI)	=	\$ (5,000) X (.570)	X (.020) +	\$1,800=		\$1,857
(1992 PD)	=	(2,000) X (.570)	X (.007) +	700=		708
(1993 BI)	=	(5,000) X (.570)	X (.051) +	2,000=		2,145
(1993 PD)	=	(3,500) X (.570)	X (.009) +	200=		218
(1994 BI)	=	(7,000) X (.570)	X (.121) +	600=		1,083
(1994 PD)	=	(3,000) X (.570)	X (.012) +	300=		321
TOTAL						\$6,332

The actual loss ratio used in the experience modification formula is \$6,332 ÷ 25,500 or .249.

The credibility factor from TABLE B is .25.

Therefore the unadjusted experience modification is:

$$EM = \frac{(.570 - .249)}{.570} \times .25 = .141$$

And the experience modification is: 1 - .141 = .859

**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; 25/50	.121	.051	.020
Auto Liability—PD	.012	.009	.007
	(21 Months)	(33 Months)	(45 Months)
Auto Liability—BI; 25/50	.098	.041	.015
Auto Liability—PD	.011	.008	.006
	(24 Months)	(36 Months)	(48 Months)
Auto Liability—BI; 25/50	.078	.033	.010
Auto Liability—PD	.010	.008	.006
	(27 Months)	(39 Months)	(51 Months)
Auto Liability—BI; 25/50	.061	.025	.006
Auto Liability—PD	.009	.008	.005

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.

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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
\$ 382- 1157	.01	.398	.372	\$ 4550	\$ 4250
1158- 1948	.02	.486	.455	8450	7900
1949- 2756	.03	.513	.480	10000	9350
2757- 3581	.04	.527	.493	10900	10200
3582- 4423	.05	.535	.502	11500	10800
4424- 5283	.06	.542	.508	12000	11250
5284- 6162	.07	.548	.514	12400	11650
6163- 7060	.08	.552	.519	12750	12000
7061- 7977	.09	.557	.522	13100	12300
7978- 8916	.10	.560	.526	13400	12600
8917- 9875	.11	.564	.529	13700	12850
9876-10857	.12	.567	.533	14000	13150
10858-11861	.13	.571	.536	14300	13450
11862-12888	.14	.574	.539	14600	13700
12889-13940	.15	.577	.542	14850	13950
13941-15017	.16	.580	.545	15150	14250
15018-16121	.17	.583	.548	15450	14500
16122-17251	.18	.586	.551	15750	14800
17252-18409	.19	.589	.554	16050	15100
18410-19597	.20	.591	.556	16350	15350
19598-20815	.21	.594	.559	16650	15650
20816-22064	.22	.597	.562	16950	15950
22065-23346	.23	.599	.565	17250	16250
23347-24662	.24	.602	.567	17550	16550
24663-26013	.25	.605	.570	17900	16850
26014-27401	.26	.608	.573	18250	17200
27402-28827	.27	.610	.575	18550	17500
28828-30293	.28	.612	.578	18900	17850
30294-31801	.29	.615	.580	19250	18200
31802-33352	.30	.618	.583	19650	18550
33353-34948	.31	.620	.585	20000	18900
34949-36592	.32	.622	.588	20400	19250
36593-38285	.33	.625	.590	20800	19650
38286-40030	.34	.627	.593	21200	20050
40031-41829	.35	.629	.595	21600	20400
41830-43685	.36	.632	.598	22000	20850
43686-45600	.37	.634	.600	22450	21250
45601-47577	.38	.636	.602	22900	21700
47578-49619	.39	.638	.604	23350	22100
49620-51731	.40	.640	.607	23850	22600
51732-53914	.41	.642	.609	24300	23050
53915-56173	.42	.644	.611	24800	23550
56174-58513	.43	.646	.613	25350	24000
58514-60936	.44	.648	.615	25850	24550
60937-63449	.45	.650	.617	26400	25050
63450-66056	.46	.652	.619	26950	25600
66057-68761	.47	.654	.621	27550	26150
68762-71572	.48	.655	.623	28150	26750
71573-74495	.49	.657	.624	28800	27350
74496-77535	.50	.658	.626	29450	28000

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TABLE B
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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
\$ 77536- 80701	.51	.660	.628	\$ 30100	\$ 28650
80702- 84000	.52	.661	.629	30800	29300
84001- 87440	.53	.663	.631	31500	30000
87441- 91032	.54	.664	.632	32250	30700
91033- 94786	.55	.665	.634	33050	31450
94787- 98712	.56	.667	.635	33850	32250
98713- 102823	.57	.668	.636	34700	33050
102824- 107132	.58	.669	.637	35550	33900
107133- 111654	.59	.670	.639	36500	34800
111655- 116405	.60	.671	.640	37450	35700
116406- 121402	.61	.672	.641	38450	36700
121403- 126666	.62	.673	.642	39500	37700
126667- 132219	.63	.674	.643	40650	38750
132220- 138084	.64	.674	.644	41800	39900
138085- 144289	.65	.675	.644	43050	41050
144290- 150865	.66	.676	.645	44350	42300
150866- 157846	.67	.677	.646	45700	43650
157847- 165269	.68	.677	.647	47150	45050
165270- 173180	.69	.678	.647	48700	46500
173181- 181627	.70	.678	.648	50350	48100
181628- 190666	.71	.679	.648	52100	49750
190667- 200363	.72	.679	.649	53950	51550
200364- 210792	.73	.680	.649	55950	53450
210793- 222039	.74	.680	.650	58100	55550
222040- 234204	.75	.680	.650	60450	57750
234205- 247404	.76	.681	.651	62950	60150
247405- 261777	.77	.681	.651	65650	62750
261778- 277488	.78	.681	.651	68600	65550
277489- 294731	.79	.682	.651	71800	68650
294732- 313743	.80	.682	.652	75350	72000
313744- 334810	.81	.682	.652	79250	75750
334811- 358285	.82	.682	.652	83550	79850
358286- 384606	.83	.682	.652	88350	84450
384607- 414322	.84	.682	.652	93750	89600
414323- 448137	.85	.683	.652	99800	95400
448138- 486962	.86	.683	.653	106700	102000
486963- 532000	.87	.683	.653	114650	109600
532001- 584869	.88	.683	.653	123850	118400
584870- 647809	.89	.683	.653	134600	128700
647810- 724000	.90	.683	.653	147450	141000
724001- 818117	.91	.683	.653	163000	155850
818118- 937333	.92	.683	.653	182200	174200
937334- 1093230	.93	.683	.653	206500	197450
1093231- 1305818	.94	.683	.653	238300	227800
1305819- 1612888	.95	.683	.653	281650	269250
1612889- 2095428	.96	.683	.653	344250	329150
2095429- 2964000	.97	.683	.653	442650	423200
2964001- 4990666	.98	.683	.653	619700	592500
4990667-15124000	.99	.683	.653	1032900	987550
15124001 and over	1.00	.683	.653	3098900	2962800

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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	.627	.413
Auto Liability—PD	.510	.263
	12 Month Maturity	15 Month Maturity
Auto Liability—BI; 30/60	.190	.150
Auto Liability—PD	.016	.014

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

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NOTES

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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)
Cover- age	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
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TERRITORIES SECTION

NOTES

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 Stony 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.

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(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	Chadbourn, 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	

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	1.19	1.23	1.26	1.25	1.19
50/100	49	1.12	1.17	1.19	1.19	1.14
100/100	52	1.24	1.32	1.36	1.34	1.24
100/300	52	1.45	1.55	1.63	1.61	1.46
100/500	55	1.54	1.70	1.78	1.76	1.57
300/300	64	1.71	1.90	2.03	2.01	1.73
250/500	61	1.78	2.01	2.16	2.12	1.81
400/400	68	1.86	2.12	2.27	2.25	1.89
500/500	68	2.00	2.28	2.48	2.45	2.01
750/750	73	2.26	2.64	2.91	2.87	2.31
1000/1000	73	2.47	2.93	3.27	3.23	2.52
1500/1500	74	2.80	3.42	3.86	3.79	2.85
2000/2000	75	3.09	3.82	4.35	4.28	3.13
2500/2500	76	3.28	4.16	4.79	4.69	3.39
5000/5000	79	4.12	5.42	6.39	6.27	4.23
7500/7500	82	4.67	6.30	7.51	7.38	4.78
10000/10000	85	5.00	6.87	8.24	8.10	5.11
12500/12500	86	5.18	7.21	8.68	8.53	5.29
15000/15000	86	5.27	7.40	8.92	8.77	5.38

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	1.03	1.03
85	9	1.06	1.06	1.06	1.06	1.06
100	10	1.07	1.07	1.07	1.07	1.07
300	14	1.09	1.10	1.10	1.10	1.09
400	15	1.10	1.11	1.12	1.12	1.10
500	16	1.11	1.12	1.13	1.13	1.11
750	17	1.13	1.14	1.15	1.15	1.13
1000	18	1.14	1.16	1.17	1.17	1.14
1500	19	1.15	1.18	1.20	1.19	1.16
2000	20	1.16	1.19	1.21	1.20	1.17
2500	21	1.17	1.20	1.22	1.21	1.18
5000	23	1.19	1.22	1.24	1.23	1.20
7500	24	1.21	1.24	1.26	1.25	1.22
10000	25	1.23	1.26	1.28	1.27	1.24
12500	26	1.24	1.27	1.29	1.28	1.25
15000	26	1.25	1.28	1.30	1.29	1.26

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

LIGHT AND MEDIUM TRUCKS

Terr	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Nonfleet	136	152	197	160	165	40	48	52
	Fleet	150	168	218	176	181			
12	Nonfleet	215	241	312	251	259	63	75	83
	Fleet	237	265	344	276	284			
13	Nonfleet	173	194	251	202	208	51	61	66
	Fleet	190	213	276	222	229			
14	Nonfleet	178	199	258	209	215	52	62	68
	Fleet	196	220	284	230	237			
15	Nonfleet	145	162	210	170	175	42	51	56
	Fleet	160	179	232	187	193			
16	Nonfleet	209	234	303	245	252	61	73	80
	Fleet	230	258	334	270	278			
17	Nonfleet	177	198	257	207	213	52	62	68
	Fleet	195	218	283	228	235			
18	Nonfleet	143	160	207	168	173	42	50	55
	Fleet	157	176	228	185	191			
19	Nonfleet	137	153	199	161	166	40	48	53
	Fleet	151	169	219	177	182			
20	Nonfleet	165	185	239	194	200	48	58	63
	Fleet	182	204	264	213	219			
21	Nonfleet	167	187	242	195	201	49	58	64
	Fleet	184	206	267	215	221			
22	Nonfleet	166	186	241	194	200	48	58	64
	Fleet	183	205	265	213	219			
23	Nonfleet	137	153	199	161	166	40	48	53
	Fleet	151	169	219	177	182			
24	Nonfleet	130	146	189	153	158	38	46	50
	Fleet	143	160	207	168	173			

HIRED CAR	Bodily Injury 30/60	Property Damage 25
All Territories	\$0.23	\$0.30

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

HEAVY TRUCKS AND TRUCK-TRACTORS

Terr	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Nonfleet	136	159	211	160	165	40	48	52
	Fleet	150	176	233	176	181			
12	Nonfleet	215	252	333	251	259	63	75	83
	Fleet	237	277	367	276	284			
13	Nonfleet	173	202	268	202	208	51	61	66
	Fleet	190	222	295	222	229			
14	Nonfleet	178	208	276	209	215	52	62	68
	Fleet	196	229	304	230	237			
15	Nonfleet	145	170	225	170	175	42	51	56
	Fleet	160	187	248	187	193			
16	Nonfleet	209	245	324	245	252	61	73	80
	Fleet	230	269	357	270	278			
17	Nonfleet	177	207	274	207	213	52	62	68
	Fleet	195	228	302	228	235			
18	Nonfleet	143	167	222	168	173	42	50	55
	Fleet	157	184	243	185	191			
19	Nonfleet	137	160	212	161	166	40	48	53
	Fleet	151	177	234	177	182			
20	Nonfleet	165	193	256	194	200	48	58	63
	Fleet	182	213	282	213	219			
21	Nonfleet	167	195	259	195	201	49	58	64
	Fleet	184	215	285	215	221			
22	Nonfleet	166	194	257	194	200	48	58	64
	Fleet	183	214	284	213	219			
23	Nonfleet	137	160	212	161	166	40	48	53
	Fleet	151	177	234	177	182			
24	Nonfleet	130	152	202	153	158	38	46	50
	Fleet	143	167	222	168	173			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

EXTRA HEAVY TRUCKS AND TRUCK-TRACTORS

Terr	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Nonfleet	136	162	222	160	165	40	48	52
	Fleet	150	179	245	176	181			
12	Nonfleet	215	256	350	251	259	63	75	83
	Fleet	237	282	386	276	284			
13	Nonfleet	173	206	282	202	208	51	61	66
	Fleet	190	226	310	222	229			
14	Nonfleet	178	212	290	209	215	52	62	68
	Fleet	196	233	319	230	237			
15	Nonfleet	145	173	236	170	175	42	51	56
	Fleet	160	190	261	187	193			
16	Nonfleet	209	249	341	245	252	61	73	80
	Fleet	230	274	375	270	278			
17	Nonfleet	177	211	289	207	213	52	62	68
	Fleet	195	232	318	228	235			
18	Nonfleet	143	170	233	168	173	42	50	55
	Fleet	157	187	256	185	191			
19	Nonfleet	137	163	223	161	166	40	48	53
	Fleet	151	180	246	177	182			
20	Nonfleet	165	196	269	194	200	48	58	63
	Fleet	182	217	297	213	219			
21	Nonfleet	167	199	272	195	201	49	58	64
	Fleet	184	219	300	215	221			
22	Nonfleet	166	198	271	194	200	48	58	64
	Fleet	183	218	298	213	219			
23	Nonfleet	137	163	223	161	166	40	48	53
	Fleet	151	180	246	177	182			
24	Nonfleet	130	155	212	153	158	38	46	50
	Fleet	143	170	233	168	173			

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 Limits		
	30/60	50/100	100/300	25	50	500	1000	2000
Territory								
11	156	178	228	172	177	15	20	22
12	232	264	339	257	265	23	29	33
13	185	211	270	204	210	18	23	26
14	173	197	253	191	197	17	22	25
15	182	207	266	202	208	18	23	26
16	176	201	257	194	200	17	22	25
17	175	200	256	193	199	17	22	25
18	167	190	244	184	190	16	21	24
19	157	179	229	174	179	15	20	22
20	181	206	264	200	206	18	23	26
21	156	178	228	172	177	15	20	22
22	173	197	253	191	197	17	22	25
23	157	179	229	174	179	15	20	22
24	148	169	216	164	169	14	19	21

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

TAXIS AND LIMOUSINES

Terr	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limits		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Nonfleet	879	1002	1283	410	422	162	190	217
	Fleet	967	1102	1412	451	465			
12	Nonfleet	1389	1583	2028	643	662	256	300	343
	Fleet	1528	1742	2231	707	728			
13	Nonfleet	1118	1275	1632	517	533	206	241	276
	Fleet	1230	1402	1796	569	586			
14	Nonfleet	1150	1311	1679	535	551	212	248	284
	Fleet	1265	1442	1847	589	607			
15	Nonfleet	937	1068	1368	435	448	172	202	231
	Fleet	1031	1175	1505	479	493			
16	Nonfleet	1350	1539	1971	627	646	248	292	333
	Fleet	1485	1693	2168	690	711			
17	Nonfleet	1143	1303	1669	530	546	210	247	282
	Fleet	1257	1433	1835	583	600			
18	Nonfleet	924	1053	1349	430	443	170	200	228
	Fleet	1016	1158	1483	473	487			
19	Nonfleet	885	1009	1292	412	424	163	191	219
	Fleet	974	1110	1422	453	467			
20	Nonfleet	1066	1215	1556	497	512	196	230	263
	Fleet	1173	1337	1713	547	563			
21	Nonfleet	1079	1230	1575	499	514	199	233	267
	Fleet	1187	1353	1733	549	565			
22	Nonfleet	1072	1222	1565	497	512	197	232	265
	Fleet	1179	1344	1721	547	563			
23	Nonfleet	885	1009	1292	412	424	163	191	219
	Fleet	974	1110	1422	453	467			
24	Nonfleet	840	958	1226	392	404	155	181	207
	Fleet	924	1053	1349	431	444			

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

SCHOOL AND CHURCH BUSES

Terr	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limits		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Nonfleet	112	128	164	99	102	25	30	34
	Fleet	123	140	180	109	112			
12	Nonfleet	176	201	257	156	161	40	47	54
	Fleet	194	221	283	172	177			
13	Nonfleet	142	162	207	125	129	32	38	43
	Fleet	156	178	228	138	142			
14	Nonfleet	146	166	213	130	134	33	39	45
	Fleet	161	184	235	143	147			
15	Nonfleet	119	136	174	105	108	27	32	36
	Fleet	131	149	191	116	119			
16	Nonfleet	171	195	250	152	157	38	45	52
	Fleet	188	214	274	167	172			
17	Nonfleet	145	165	212	128	132	33	39	44
	Fleet	160	182	234	141	145			
18	Nonfleet	117	133	171	104	107	26	31	36
	Fleet	129	147	188	114	117			
19	Nonfleet	112	128	164	100	103	25	30	34
	Fleet	123	140	180	110	113			
20	Nonfleet	135	154	197	120	124	30	36	41
	Fleet	149	170	218	132	136			
21	Nonfleet	137	156	200	121	125	31	36	42
	Fleet	151	172	220	133	137			
22	Nonfleet	136	155	199	120	124	31	36	42
	Fleet	150	171	219	132	136			
23	Nonfleet	112	128	164	100	103	25	30	34
	Fleet	123	140	180	110	113			
24	Nonfleet	107	122	156	95	98	24	28	33
	Fleet	118	135	172	105	108			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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COMMERCIAL AUTOMOBILE LIABILITY RATES

ALL OTHER BUSES

Terr	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Nonfleet	1059	1207	1546	312	321	141	164	185
	Fleet	1165	1328	1701	343	353			
12	Nonfleet	1675	1910	2446	489	504	223	260	293
	Fleet	1843	2101	2691	538	554			
13	Nonfleet	1348	1537	1968	394	406	179	209	236
	Fleet	1483	1691	2165	433	446			
14	Nonfleet	1387	1581	2025	408	420	184	215	243
	Fleet	1526	1740	2228	449	462			
15	Nonfleet	1130	1288	1650	332	342	150	175	198
	Fleet	1243	1417	1815	365	376			
16	Nonfleet	1628	1856	2377	478	492	217	252	285
	Fleet	1791	2042	2615	526	542			
17	Nonfleet	1379	1572	2013	404	416	183	214	241
	Fleet	1517	1729	2215	444	457			
18	Nonfleet	1114	1270	1626	328	338	148	173	195
	Fleet	1225	1397	1789	361	372			
19	Nonfleet	1067	1216	1558	314	323	142	165	187
	Fleet	1174	1338	1714	345	355			
20	Nonfleet	1285	1465	1876	378	389	171	199	225
	Fleet	1414	1612	2064	416	428			
21	Nonfleet	1301	1483	1899	380	391	173	202	228
	Fleet	1431	1631	2089	418	431			
22	Nonfleet	1293	1474	1888	378	389	172	200	226
	Fleet	1422	1621	2076	416	428			
23	Nonfleet	1067	1216	1558	314	323	142	165	187
	Fleet	1174	1338	1714	345	355			
24	Nonfleet	1013	1155	1479	298	307	135	157	177
	Fleet	1114	1270	1626	328	338			

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

VAN POOLS

Terr	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limits		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Nonfleet	112	128	164	131	135	33	39	43
	Fleet	123	140	180	144	148			
12	Nonfleet	176	201	257	206	212	51	62	68
	Fleet	194	221	283	227	234			
13	Nonfleet	142	162	207	166	171	41	50	55
	Fleet	156	178	228	183	188			
14	Nonfleet	146	166	213	171	176	43	51	56
	Fleet	161	184	235	188	194			
15	Nonfleet	119	136	174	139	143	35	42	46
	Fleet	131	149	191	153	158			
16	Nonfleet	171	195	250	201	207	50	60	66
	Fleet	188	214	274	221	228			
17	Nonfleet	145	165	212	170	175	42	51	56
	Fleet	160	182	234	187	193			
18	Nonfleet	117	133	171	138	142	34	41	45
	Fleet	129	147	188	152	157			
19	Nonfleet	112	128	164	132	136	33	39	43
	Fleet	123	140	180	145	149			
20	Nonfleet	135	154	197	159	164	39	47	52
	Fleet	149	170	218	175	180			
21	Nonfleet	137	156	200	160	165	40	48	53
	Fleet	151	172	220	176	181			
22	Nonfleet	136	155	199	159	164	40	48	52
	Fleet	150	171	219	175	180			
23	Nonfleet	112	128	164	132	136	33	39	43
	Fleet	123	140	180	145	149			
24	Nonfleet	107	122	156	125	129	31	37	41
	Fleet	118	135	172	138	142			

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

GARAGES

Territory	Class	Bodily Injury Limit			Property Damage Limit	
		30/60	50/100	100/300	25	50
11	Dealers	303	345	442	249	256
12	Dealers	477	544	696	392	404
13	Dealers	384	438	561	316	325
14	Dealers	396	451	578	326	336
15	Dealers	323	368	472	265	273
16	Dealers	465	530	679	382	393
17	Dealers	393	448	574	323	333
18	Dealers	318	363	464	262	270
19	Dealers	306	349	447	252	260
20	Dealers	368	420	537	303	312
21	Dealers	371	423	542	305	314
22	Dealers	369	421	539	303	312
23	Dealers	306	349	447	252	260
24	Dealers	290	331	423	238	245

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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	\$1089 BI 1127 PD 210 MP	13 Houston	\$1172 BI 1212 PD 226 MP	25 New Orleans	\$1152 BI 1192 PD 222 MP	37 Tulsa	\$1172 BI 1212 PD 226 MP
	**201		**213		**225		**237
02 Balt.- Wash.	1109 BI 1147 PD 214 MP	14 India- napolis	969 BI 1002 PD 187 MP	26 N.Y. City	1109 BI 1147 PD 214 MP	40 Pacific	1242 BI 1284 PD 240 MP
	**202		**214		**226		**240
03 Boston	1163 BI 1203 PD 224 MP	15 Jackson- ville	1089 BI 1127 PD 210 MP	27 Okla. City	1172 BI 1212 PD 226 MP	41 Moun- tain	1403 BI 1450 PD 271 MP
	**203		**215		**227		**241
04 Buffalo	1109 BI 1147 PD 214 MP	16 Kansas City	1105 BI 1141 PD 213 MP	28 Omaha	1105 BI 1141 PD 213 MP	42 Mid- West	1105 BI 1141 PD 213 MP
	**204		**216		**228		**242
05 Charlotte	1089 BI 1127 PD 210 MP	17 Little Rock	1172 BI 1212 PD 226 MP	29 Phoenix	1403 BI 1450 PD 271 MP	43 South- West	1172 BI 1212 PD 226 MP
	**205		**217		**229		**243
06 Chicago	969 BI 1002 PD 187 MP	18 Los Angeles	1242 BI 1284 PD 240 MP	30 Philadel- phia	1109 BI 1147 PD 214 MP	44 North Central	969 BI 1002 PD 187 MP
	**206		**218		**230		**244
07 Cincin- nati	969 BI 1002 PD 187 MP	19 Louisville	1037 BI 1073 PD 200 MP	31 Pitts- burgh	1109 BI 1147 PD 214 MP	45 Mid- East	1037 BI 1073 PD 200 MP
	**207		**219		**231		**245
08 Cleveland	969 BI 1002 PD 187 MP	20 Memphis	1037 BI 1073 PD 200 MP	32 Portland	1242 BI 1284 PD 240 MP	46 Gulf	1152 BI 1192 PD 222 MP
	**208		**220		**232		**246
09 Dallas Fort Worth	1172 BI 1212 PD 226 MP	21 Miami	1089 BI 1127 PD 210 MP	33 Rich- mond	1089 BI 1127 PD 210 MP	47 South- East	1089 BI 1127 PD 210 MP
	**209		**221		**233		**247
10 Denver	1403 BI 1450 PD 271 MP	22 Milwau- kee	1105 BI 1141 PD 213 MP	34 St. Louis	1105 BI 1141 PD 213 MP	48 Eastern	1109 BI 1147 PD 214 MP
	**210		**222		**234		**248
11 Detroit	969 BI 1002 PD 187 MP	23 Minn.- St. Paul	1105 BI 1141 PD 213 MP	35 Salt Lake City	1403 BI 1450 PD 271 MP	49 New England	1163 BI 1203 PD 224 MP
	**211		**223		**235		**249
12 Hartford	1163 BI 1203 PD 224 MP	24 Nashville	1037 BI 1073 PD 200 MP	36 San Fran.	1242 BI 1284 PD 240 MP		
	**212		**224		**236		

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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	\$1089 BI 1127 PD 210 MP	13 Houston	\$1172 BI 1212 PD 226 MP	25 New Orleans	\$1152 BI 1192 PD 222 MP	37 Tulsa	\$1172 BI 1212 PD 226 MP
	**901		**913		**925		**937
02 Balt.- Wash.	1109 BI 1147 PD 214 MP	14 India- napolis	969 BI 1002 PD 187 MP	26 N.Y. City	1109 BI 1147 PD 214 MP	40 Pacific	1183 BI 1222 PD 228 MP
	**902		**914		**926		**940
03 Boston	1163 BI 1203 PD 224 MP	15 Jackson- ville	1089 BI 1127 PD 210 MP	27 Okla. City	1172 BI 1212 PD 226 MP	41 Moun- tain	1336 BI 1382 PD 258 MP
	**903		**915		**927		**941
04 Buffalo	1109 BI 1147 PD 214 MP	16 Kansas City	1105 BI 1141 PD 213 MP	28 Omaha	1105 BI 1141 PD 213 MP	42 Mid- West	1052 BI 1087 PD 203 MP
	**904		**916		**928		**942
05 Charlotte	1089 BI 1127 PD 210 MP	17 Little Rock	1172 BI 1212 PD 226 MP	29 Phoenix	1403 BI 1450 PD 271 MP	43 South- West	1116 BI 1154 PD 215 MP
	**905		**917		**929		**943
06 Chicago	969 BI 1002 PD 187 MP	18 Los Angeles	1242 BI 1284 PD 240 MP	30 Philadel- phia	1109 BI 1147 PD 214 MP	44 North Central	923 BI 954 PD 178 MP
	**906		**918		**930		**944
07 Cincin- nati	969 BI 1002 PD 187 MP	19 Louisville	1037 BI 1073 PD 200 MP	31 Pitts- burgh	1109 BI 1147 PD 214 MP	45 Mid- East	988 BI 1021 PD 191 MP
	**907		**919		**931		**945
08 Cleveland	969 BI 1002 PD 187 MP	20 Memphis	1037 BI 1073 PD 200 MP	32 Portland	1242 BI 1284 PD 240 MP	46 Gulf	1098 BI 1135 PD 212 MP
	**908		**920		**932		**946
09 Dallas Fort Worth	1172 BI 1212 PD 226 MP	21 Miami	1089 BI 1127 PD 210 MP	33 Rich- mond	1089 BI 1127 PD 210 MP	47 South- East	1038 BI 1073 PD 200 MP
	**909		**921		**933		**947
10 Denver	1403 BI 1450 PD 271 MP	22 Milwau- kee	1105 BI 1141 PD 213 MP	34 St. Louis	1105 BI 1141 PD 213 MP	48 Eastern	1056 BI 1092 PD 204 MP
	**910		**922		**934		**948
11 Detroit	969 BI 1002 PD 187 MP	23 Minn.- St. Paul	1105 BI 1141 PD 213 MP	35 Salt Lake City	1403 BI 1450 PD 271 MP	49 New England	1108 BI 1145 PD 214 MP
	**911		**923		**935		**949
12 Hartford	1163 BI 1203 PD 224 MP	24 Nashville	1037 BI 1073 PD 200 MP	36 San Fran.	1242 BI 1284 PD 240 MP		
	**912		**924		**936		

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June 1, 2010

Commercial Automobile Liability Rates Section
Zone Rates

March 1, 2010
June 1, 2010

PRE-FILED TESTIMONY
of
RAYMOND F. EVANS, JR., CPCU

November 12, 2010

2010 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, 5401 Six Forks Road, Raleigh, North Carolina 27609.
- 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.
- 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 November 12, 2010?
- A. Yes. This is a portion of a filing ("Filing") that is dated

November 12, 2010, submitted by the Facility to the Honorable Wayne Goodwin, 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 effective on or after March 1, 2011. 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 March 1, 2011, 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 prefiled testimony?

A. Yes.

PRE-FILED TESTIMONY

OF

MARK WHITMAN

COMMERCIAL AUTOMOBILE INSURANCE RATE FILING

BY THE NORTH CAROLINA REINSURANCE FACILITY

November, 2010

Q. Please state your name and business address.

A. My name is Mark Whitman. 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 June 23, 1975.

Q. What are your responsibilities at ISO?

A. I am responsible for overseeing the Commercial Automobile Division at ISO. The Commercial Automobile Division (CAD) is responsible for ISO's Commercial Automobile coverage program, including experience level evaluations, manuals, and policy forms and endorsements.

ISO performs experience reviews for the Commercial Automobile coverage 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, it was as an Actuarial Assistant in ISO's Personal Lines Actuarial Services Division. Later I transferred to the Personal Property Actuarial Division and was promoted to the levels of Actuarial Assistant Senior, Assistant Supervisor, and Supervisor. I was then appointed Assistant Regional Actuary and was later promoted to Assistant Manager in the Line of Insurance Department. In 1985, I joined the Actuarial Development Department as Assistant Actuary, where I received promotions to Associate Actuary and Actuary & Manager. I am now Assistant Vice President of the Commercial Automobile Division.

Q. What is your background in actuarial science and your educational background?

A. I have a Bachelor of Science degree in mathematics and a Master of Science degree in applied mathematics from Polytechnic Institute of Brooklyn. 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. I have served on the CAS Examination Committee and chaired the Rate of Return Task Force of the Casualty Committee of the Actuarial Standards Board, a part of the American Academy of Actuaries.

Q. Are you familiar with automobile experience review procedures in other states?

A. As part of my duties at ISO, I am familiar with data collection and experience review procedures in use in states other than North Carolina. I have participated in filings for Commercial Automobile for many states. I am responsible at the present time for either preparing or 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") is the statistical organization which collects data from the other companies. The data which the PCI 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 which 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 two statistical organizations (either ISO or PCI). The two statistical organizations subject the data that are reported to them to a series of verification edits and then consolidate the data. The PCI then transmits its 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, Garages, and Private Passenger Types. The filed amounts by coverage, as shown on page a of Exhibit RF-1, are:

<u>Major Class</u>	Basic Limits	Increased Limits	
	Filed	Filed	<u>Combined</u>
	<u>Change</u>	<u>Change</u>	
Trucks, Tractors, & Trailers Liability			
Bodily Injury	-4.3%	2.6%	-1.8%
Property Damage	-10.2%	-1.4%	-11.5%
Combined	-6.4%	1.2%	-5.3%
Garage Liability			

Bodily Injury	-9.7%	1.1%	-8.7%
Property Damage	-15.8%	-0.1%	-15.9%
Combined	-12.2%	0.6%	-11.7%
Private Passenger Types			
Bodily Injury	-7.9%	2.5%	-5.6%
Property Damage	-11.5%	-1.4%	-12.7%
Combined	-9.2%	1.1%	-8.2%
Grand Total			
Bodily Injury	-4.9%	2.4%	-2.6%
Property Damage	-11.0%	-1.1%	-11.9%
Combined	-7.1%	1.1%	-6.1%

Q. Mr. Whitman, 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 March 1, 2011. This is the effective date proposed for the filing.

Q. What data are utilized in Exhibit RF-1?

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, Garages, and Private Passenger Types 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, 2004 to December 31, 2008. For example, the losses for the accident year ended December 31, 2004 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2004. If an accident occurred December 31, 2004 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, 2004. The test for assigning losses to accident years is the date the accident occurred.

For Garages 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, 2004 to December 31, 2008. These five policy year-ending periods are sometimes referred to as policy years 2003 to 2007, as they consist of the policies issued in 2003 through 2007. For example, policy year 2003 experience consists of the experience for all policies issued from January 1, 2003 to December 31, 2003; the term policy year-ending 12/31/2004 comes from the fact that the expiration of these policies is one year after issue, so a policy issued on December 31, 2003 expires on December 31, 2004. 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 seven 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, Garages, and Private Passenger Types, 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.

Q. Mr. Whitman, 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 is for ceded business. It is the experience on policies which 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. What this means is that 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 \$7,744,995 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 12/31/2008 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. 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. The earned premiums at present rates for Garages are on a total limits basis.
- 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, 2008 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 and PCI cover all accidents which occurred during the year-ended periods 12/31/2004 to 12/31/2008. When they are reported they are evaluated as of March 31, 2009. 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 7 of this Exhibit. The data is North Carolina only experience reported to ISO for Facility and voluntary 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 Facility and voluntary factors for 15 to 27 months and for 27 to 39 months are then credibility weighted and 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. Mr. Whitman, you mentioned that voluntary and Facility data was used in determining loss development factors even though this revision pertains to a revision of Facility rates. Can you explain the reasoning for this?

A. The credibility weighted voluntary and Facility loss development experience should be more stable and hence a more credible indicator of North Carolina loss development patterns.

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. This same procedure is used to calculate the Private Passenger Types basic limits loss development factors. For Garages basic limits and for Trucks, Tractors, & Trailers, Private Passenger Types, and Garages total limits, however, only ISO Facility data is used. Also, the

Garages risks incurred losses are adjusted by loss development factors based on policy year experience. However, the concepts underlying the adjustments are the same.

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 \$520,485 represents.

A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2008. 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 11.5% 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, 2009 were 11.5% of incurred losses and allocated loss adjustment expenses for the same period. Thus it is reasonable and appropriate to use the same 11.5% 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. 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 March 1, 2011 effective date, what we are doing in the filing is making rates to cover policies issued during the period March 1, 2011 to February 29, 2012. 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 12/31/2004 to 12/31/2008. 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 3/1/2011 - 2/29/2012 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 -2.2% 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 7.667 years for the 12/31/2004 experience to 3.667 years for the 12/31/2008 experience, as shown in footnote (C).

Mathematically, this is done by raising the factor of 0.978 to the 7.667 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 3.0% for basic limits and 6.0% for total limits, and an average annual change in claim frequency of -5.0%. 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 -5.0% for bodily injury and -3.0% 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. This line reflects the expense trend that is applied to unallocated loss adjustment expenses. These expenses, along with general expenses and other acquisition 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 -3.1% factor in row 5?

A. The -3.1% factor is a combination of the 2.0% selected expense trend factor and the -5.0% selected frequency trend factor. The 2.0% factor is based on an analysis of the latest average annual change 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) this year 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 50/50 weighting of the All Items CPI and 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 this data, a selected expense trend factor of +2.0% is quite reasonable. Since unallocated loss adjustment expenses are also affected by the frequency of losses, the +2.0% is combined with the frequency trend selection of -5.0% resulting in the -3.1% factor.

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 3/1/2011 to 2/29/2012. 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 Garages. 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 2009 data. We used the expense ratios collected under the special call with two exceptions. For commissions, a 10% provision is used for Trucks, Tractors, & Trailers, Garages and Private Passenger Types since there is only a 10% commission allowance 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 0.734 means that losses and loss adjustment expenses will be lower than premium income by 26.6%. This means the Facility would make 26.6 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 2.17 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 +2.0%. Earlier in my testimony, I explained the derivation of this trend factor.

Q. What is the significance of the ratio 0.903 shown on row 3 for Trucks, Tractors, & Trailers bodily injury of Section A, Exhibit 1?

A. This ratio means that the Facility would make 9.7 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 0.873 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 (2.7%).
- Q. Mr. Whitman, 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 7.05%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 7.05% is added to the expected loss and fixed expense provision of 87.3% to obtain a provision of 94.35% 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 94.35%. For Trucks, Tractors, & Trailers bodily injury, the projected loss & fixed expense ratio of 0.903 is less than 0.9435 and thus indicates a rate level change (after reflecting investment income) of -4.3%.
- Q. Are the remaining 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. What is the effect of investment income on the indications?
- A. The reflection of the 7.05% investment income provision decreased the indicated rate level need for Trucks, Tractors, & Trailers bodily injury liability by 7.7 percentage points overall.

Q. Mr. Whitman, 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, 2009. 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 2008. 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 18.8% of premiums. The calculation of this 18.8% 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 2007 and 2008 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 4.03%.

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 7.05% as a percent of earned premium.

Q. Mr. Whitman, 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. Whitman, 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 Garages classes, and Exhibit 4 refers to the Private Passenger Types classes. The first two sheets of each of these exhibits 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 became effective on 11/1/2009. 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 0.947 shown in column 4 by the overall statewide average base rate of 137.3008. The result of this calculation is \$130.024 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 11 of \$130 as shown in column 6. Column 7 shows the base rate change by territory. It is calculated by dividing column 6 by column 3.

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 Garages and Private Passenger Types.

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 is reported to the two statistical organizations (either ISO or PCI) 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 March 1, 2011 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 both accident year and policy year data. The Trucks, Tractors, & Trailers, Private Passenger Types and Publics (other than Buses) data are recorded on an accident year basis. All other data (including Garages, Buses, and Miscellaneous Risks) are recorded on a policy year basis. As previously described, policy year experience is compiled based on the year that the applicable policy was issued, while 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. Whitman, 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 (+2.4%). 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 March 1, 2011. Sheet 2 of this exhibit presents the calculation of the indicated change in property damage increased limits factors (-1.1%).

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 March 1, 2011. 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 06/30/2004 through calendar accident year ending 06/30/2008.

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 +2.4%. This is calculated in Exhibit 1, Sheet 1 of Section F as the indicated average factor divided by the present average factor minus unity ($2.115/2.066 - 1 = .024$). In order to achieve this percentage change, a uniform excess change factor is calculated by dividing the indicated average excess portion ($2.115 - 1.000 = 1.115$) by the present average excess portion ($2.066 - 1.000 = 1.066$). The result of this calculation ($1.115/1.066 = 1.045$) 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 (1.55). The excess portion of this factor ($1.55 - 1.00 = 0.55$) is multiplied by the uniform excess change factor ($0.55 * 1.045 = 0.57$) 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 ($0.57 + 1.00 = 1.57$). This results in a change of +1.3% ($(1.57/1.55) - 1 = 0.013$) 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, it was. 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 +2.4% for bodily injury and -1.1% 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. Does that conclude your pre-filed testimony?

A. Yes.

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PRE-FILED TESTIMONY
OF
MICHAEL E. STACK

2010 COMMERCIAL AUTOMOBILE INSURANCE
RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY
November 12, 2010

Q. Please state your name and business address for the record.

A. **Michael Stack**
Wellington Management Company, LLP
75 State Street
Boston, MA 02109

Q. By whom are you employed?

A. **Wellington Management Company, LLP**

Q. In what capacity?

A. **My formal title is Vice President, Fixed Income Portfolio Manager. I am a Fixed Income Portfolio Manager and also Chair of the Financial Reserves 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 US Broad Market portfolios for clients, such as insurance companies, with customized risk and return objectives, often related to accounting and/or regulatory constraints. As chair of the Financial Reserve Management Team, I am responsible for setting aggregate risk levels and investment strategy in Core**

Bond, Intermediate Bond, Core Bond Plus, Long Bond, and Crossover portfolios.

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 2000.**

Q. How long have you been employed by Wellington Management Company, LLP in the division or department which specializes in fixed-income investments?

A. **Since joining the firm in 2000.**

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. **Since our relationship with the Facility began on October 1, 2009.**

Q. In connection with the Facility's 2010 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 two-year period beginning March 1, 2011?

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 two-year period beginning March 1, 2011, 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, 2010 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 the portfolio's performance benchmark yield as it stood on July 31, 2010. We used this performance benchmark yield because we believe the benchmark index 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**

period March 1, 2011 through February 28, 2013 and the resulting yields for these 24 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 4.03%.**

Q. Do you have an opinion as to whether the 4.03% 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 two-year period beginning March 1, 2011, based on the information available when we made the calculations.**

Q. Does that conclude your pre-filed testimony?

A. **Yes.**