



North Carolina Reinsurance Facility

May 11, 2015

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, and private passenger types not eligible for rating under the North Carolina Personal Auto Manual and (2) bodily injury and property damage liability increased limits factors for such coverages rated under the Facility's Commercial Automobile Insurance Manual.

Enclosed are memoranda and exhibits which set forth and explain the calculations of the revised rates and rating factors. The rates established herein are based upon automobile liability insurance experience for the five years ending December 31, 2013 and automobile liability insurance expense data for calendar year ending December 31, 2013, 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) James Davidson, Actuarial Product Director, Commercial Automobile - 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 October 1, 2015, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2015. No policy effective prior to October 1, 2015 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 October 1, 2015.

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 October 1, 2015 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 October 1, 2015, these changes may not be applied until the first experience rating date on or after October 1, 2015.

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
Summary of Indications

ISO/PCI Experience

	<u>Basic Limits Indications</u>	<u>Increased Limits Indications</u>	<u>Total Limits Indications</u>
<u>TRUCKS, TRACTORS, & TRAILERS</u>			
Bodily Injury	17.9%	-1.6%	16.0%
Property Damage	10.4%	0.0%	10.4%
Total	15.4%	-1.1%	14.1%
<u>PRIVATE PASSENGER TYPES</u>			
Bodily Injury	10.2%	-1.4%	8.7%
Property Damage	2.4%	0.1%	2.5%
Total	7.7%	-0.9%	6.7%
<u>OVERALL</u>			
Bodily Injury	17.8%	-1.4%	16.2%
Property Damage	10.3%	0.2%	10.6%
Total	15.3%	-0.9%	14.3%

a

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

This section contains the revision of rates for classes of business ceded to the Reinsurance Facility that appear in the North Carolina Reinsurance Facility Commercial Automobile Insurance Manual of Rules and Rates. This review is based on the latest available experience of all companies that filed under the ISO Commercial Statistical Plan (CSP) 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, Tractors, and Trailers Liability</u>		
Bodily Injury (30/60)	+17.9%	+16.0%
Property Damage (25)	+10.4%	+10.4%
<u>Private Passenger Types Liability</u>		
Bodily Injury (30/60)	+10.2%	+ 8.7%
Property Damage (25)	+ 2.4%	+ 2.5%
Grand Total	+15.3%	+14.3%

The material included in this review is arranged as follows:

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

SECTION A

Summary of Rate Level Indications

North Carolina Reinsurance Facility
Automobile Liability Insurance
Rate Level Indications

ISO/PCI Experience

	Trucks Basic Limits			P.P. Types Basic Limits			Overall
	B.I.	P.D.	Comb.	B.I.	P.D.	Comb.	
1. Credibility Weighted Rate Level Loss Ratio	0.974	0.905		0.903	0.831		
2. Trended Fixed Expense Ratio (a)	0.116	0.116		0.116	0.116		
3. Sum of (1) and (2)	1.090	1.021		1.019	0.947		
4. Expected Loss Ratio + Exp. Fixed Expense Ratio(b)	0.879	0.879		0.879	0.879		
5. Indicated Rate Level Change $[(3)/(4)]-1 \times 100$	24.0%	16.2%	21.4%	15.9%	7.7%	13.2%	
6. Indications Reflecting Investment Income (c)	17.9%	10.4%	15.4%	10.2%	2.4%	7.7%	15.3%

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

	<u>Trucks</u>	<u>P.P. Types</u>
Sum of Other Acquisition Expense and General Expenses	11.0%	11.0%
Avg. Annual Change in Expenses	2.0%	2.0%
Years Projected (n)	2.75	2.75

(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 $[(3)/(0.879 + 0.0457)]-1 \times 100$ for Trucks, Tractors, and Trailers and Private Passenger Types.

Investment Income (Trucks
and Private Passenger Types): 4.57%

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.

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 - 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) LIMITS EARNED PREMIUM AT PRESENT RATES(A)	(2) (30/60/25) LIMITS INCURRED LOSSES (B)	(3) LOSS & LOSS ADJUSTMENT RATIO (2) / (1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
BI	12/31/2009	\$7,096,685	0.682	10%	396
	12/31/2010	6,696,042	0.955	15%	429
	12/31/2011	6,160,547	0.874	20%	399
	12/31/2012	5,905,058	0.846	25%	459
	12/31/2013	7,039,933	1.253	30%	625
PD	12/31/2009	\$7,253,548	0.696	10%	1,438
	12/31/2010	6,844,052	0.869	15%	1,480
	12/31/2011	6,296,755	0.828	20%	1,363
	12/31/2012	6,035,609	0.842	25%	1,344
	12/31/2013	7,195,033	1.097	30%	1,817

	B.I.	P.D.
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	0.974	0.905
(7) EXPECTED LOSS RATIO (C).	0.769	0.769
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.774	0.780
(9) CREDIBILITY (E).	1.00	1.00
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.974	0.905

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

(B) SEE SHEET 2 OF THIS EXHIBIT.

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

TOTAL PRODUCTION COST:	15.2%
GENERAL EXPENSE:	5.8%
TAXES, LICENSES AND FEES:	2.1%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED LOSS AND EXPENSE TREND FACTOR (1.1% FOR BI, 2.5% FOR PD), PROJECTED FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST REVIEW (03/01/2015) TO ONE YEAR BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 10/01/2015. IN THIS ANALYSIS, THE PERIOD IS 0.583 OF A 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
 TRUCKS, TRACTORS, AND TRAILERS
 AUTOMOBILE LIABILITY INSURANCE
 DETERMINATION OF SPLIT LIMIT LOSSES

Section B
 Exhibit 1
 Sheet 2

	ACCIDENT YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25000)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2009	\$4,080,016	#####
	12/31/2010	5,439,923	4,751,235
	12/31/2011	4,519,753	4,260,542
	12/31/2012	4,132,274	4,230,841
	12/31/2013	6,626,518	6,540,381
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2009	\$4,088,176	#####
	12/31/2010	5,461,683	4,751,235
	12/31/2011	4,646,306	4,269,063
	12/31/2012	4,363,681	4,260,457
	12/31/2013	7,786,159	6,782,375
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2009	\$384,289	\$295,390
	12/31/2010	513,398	356,343
	12/31/2011	436,753	320,180
	12/31/2012	410,186	319,534
	12/31/2013	731,899	508,678
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		1.0%	2.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.0%	2.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2009	\$4,838,259	#####
	12/31/2010	6,392,397	5,948,072
	12/31/2011	5,382,002	5,213,593
	12/31/2012	4,997,602	5,081,021
	12/31/2013	8,823,307	7,894,345

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

<u>YEAR ENDING</u>	<u>B.I.</u>	<u>P.D.</u>
12/31/2009	1.002	1.000
12/31/2010	1.004	1.000
12/31/2011	1.028	1.002
12/31/2012	1.056	1.007
12/31/2013	1.175	1.037

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

<u>B.I.</u>	<u>P.D.</u>
0.094	0.075

(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 10/01/2015.

ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/2009	7/1/2009	7.250
12/31/2010	7/1/2010	6.250
12/31/2011	7/1/2011	5.250
12/31/2012	7/1/2012	4.250
12/31/2013	7/1/2013	3.250

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

Section B
 Exhibit 2
 Sheet 1

	(1) (30/60/25)	(2) (30/60/25)	(3) LOSS & LOSS ADJUSTMENT RATIO (2) / (1)	(4) ACCIDENT YEAR WEIGHTS	(5) NUMBER OF INCURRED CLAIMS
ACCIDENT YEARS ENDING	LIMITS EARNED PREMIUM AT PRESENT RATES(A)	LIMITS INCURRED LOSSES (B)			
BI	12/31/2009	\$77,625	2.169	10%	19
	12/31/2010	67,659	0.972	15%	13
	12/31/2011	61,613	0.750	20%	5
	12/31/2012	52,949	1.021	25%	4
	12/31/2013	62,072	2.177	30%	13
PD	12/31/2009	\$70,372	0.933	10%	18
	12/31/2010	61,329	0.782	15%	16
	12/31/2011	55,844	1.494	20%	25
	12/31/2012	47,983	0.651	25%	13
	12/31/2013	56,252	1.214	30%	15

	<u>B.I.</u>	<u>P.D.</u>
(6) WEIGHTED LOSS & LOSS ADJUSTMENT RATIO SUM OF ((3) X (4)).	1.421	1.036
(7) EXPECTED LOSS RATIO (C).	0.769	0.769
(8) ADJUSTED EXPECTED LOSS RATIO (D).	0.774	0.780
(9) CREDIBILITY (E).	0.20	0.20
(10) RATE LEVEL LOSS RATIO (WEIGHTING OF (6) & (8) BASED UPON CREDIBILITY (9)).	0.903	0.831

(A) CLASSES 1998, 7391, 7398.

(B) SEE SHEET 2 OF THIS EXHIBIT.

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

TOTAL PRODUCTION COST:	15.2%
GENERAL EXPENSE:	5.8%
TAXES, LICENSES AND FEES:	2.1%
UNDERWRITING PROFIT AND CONTINGENCIES:	0.0%

(D) ADJUSTED EXPECTED LOSS RATIO IS LINE (7) MULTIPLIED BY THE COMBINED WEIGHTED
LOSS AND EXPENSE TREND FACTOR (1.1% FOR BI, 2.5% FOR PD), PROJECTED
FOR M YEARS. THE PERIOD M IS EQUAL TO THE NUMBER OF YEARS FROM ONE YEAR
BEYOND THE ASSUMED EFFECTIVE DATE OF THE LAST REVIEW (03/01/2015) TO ONE YEAR
BEYOND THE CURRENT PROSPECTIVE EFFECTIVE DATE OF 10/01/2015. IN THIS ANALYSIS,
THE PERIOD IS 0.583 OF A YEAR.

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

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

Section B
Exhibit 2
Sheet 2

	ACCIDENT YEAR <u>ENDING</u>	BODILY INJURY <u>(30/60)</u>	PROPERTY DAMAGE <u>(25000)</u>
1-INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2009	\$142,850	\$51,209
	12/31/2010	56,817	38,301
	12/31/2011	38,807	68,229
	12/31/2012	44,554	26,200
	12/31/2013	106,575	58,473
2-DEVELOPED LOSSES (A) & ALLOCATED LOSS ADJUSTMENT EXPENSES	12/31/2009	\$142,279	\$51,209
	12/31/2010	56,192	38,301
	12/31/2011	39,894	68,297
	12/31/2012	47,227	26,174
	12/31/2013	119,257	58,648
3-UNTRENDED UNALLOCATED LOSS ADJUSTMENT EXPENSES (B)	12/31/2009	\$13,374	\$3,841
	12/31/2010	5,282	2,873
	12/31/2011	3,750	5,122
	12/31/2012	4,439	1,963
	12/31/2013	11,210	4,399
4-AVERAGE ANNUAL CHANGE IN LOSS RATIOS (Section D, Exhibit 2)		1.0%	2.5%
5-AVERAGE ANNUAL CHANGE IN UNALLOCATED LOSS ADJUSTMENT EXPENSE (Section D, Exhibit 3)		2.0%	2.0%
6-TRENDED LOSSES & LOSS ADJUSTMENT EXPENSES (C)	12/31/2009	\$168,384	\$65,678
	12/31/2010	65,768	47,950
	12/31/2011	46,211	83,407
	12/31/2012	54,087	31,215
	12/31/2013	135,142	68,264

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

<u>YEAR ENDING</u>	<u>B.I.</u>	<u>P.D.</u>
12/31/2009	0.996	1.000
12/31/2010	0.989	1.000
12/31/2011	1.028	1.001
12/31/2012	1.060	0.999
12/31/2013	1.119	1.003

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

<u>B.I.</u>	<u>P.D.</u>
0.094	0.075

(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 10/01/2015.

ACCIDENT <u>YEAR ENDING</u>	AVERAGE DATE <u>OF ACCIDENT</u>	PROJECTION <u>PERIOD</u>
12/31/2009	7/1/2009	7.250
12/31/2010	7/1/2010	6.250
12/31/2011	7/1/2011	5.250
12/31/2012	7/1/2012	4.250
12/31/2013	7/1/2013	3.250

SECTION C

Exhibits of Revised Rates

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

EXHIBITS OF REVISED RATES

Exhibit 1 - Relativities Used to Develop the Rates

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

The revised non-fleet base rates are based upon the voluntary territory relativities that became effective on December 1, 2014. The revised fleet base rates are derived using the current approved factor of 1.10 to the revised non-fleet rates.

Exhibit 3 - Private Passenger Types Liability

The revised rates are based upon the voluntary territory relativities that became effective on December 1, 2014.

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 177.4631	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	254	231	156	1.035	183.674	184	17.9%
12	1,458	355	240	1.591	282.344	282	17.5%
13	354	269	182	1.206	214.020	214	17.6%
14	662	271	183	1.215	215.618	216	18.0%
15	181	215	145	0.964	171.074	171	17.9%
16	970	325	219	1.457	258.564	259	18.3%
17	648	260	175	1.165	206.745	207	18.3%
18	360	262	177	1.174	208.342	208	17.5%
19	1	196	132	0.879	155.990	156	18.2%
20	553	274	185	1.228	217.925	218	17.8%
21	1,161	272	184	1.219	216.328	216	17.4%
22	3,294	256	173	1.147	203.550	204	17.9%
23	10,836	196	132	0.879	155.990	156	18.2%
24	13,798	203	137	0.910	161.491	161	17.5%
SW	34,530	223.10	150.52		177.482		17.9%

Weighted average factor x percent change = new weighted average
 $150.52 \times 1.179 = 177.4631$

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 +17.9 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
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 169.8725	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	254	231	159	1.035	175.818	176	10.7%
12	1,458	355	245	1.591	270.267	270	10.2%
13	354	269	186	1.206	204.866	205	10.2%
14	662	271	187	1.215	206.395	206	10.2%
15	181	215	148	0.964	163.757	164	10.8%
16	970	325	224	1.457	247.504	248	10.7%
17	648	260	179	1.165	197.901	198	10.6%
18	360	262	181	1.174	199.430	199	9.9%
19	1	196	135	0.879	149.318	149	10.4%
20	553	274	189	1.228	208.603	209	10.6%
21	1,161	272	188	1.219	207.075	207	10.1%
22	3,294	256	177	1.147	194.844	195	10.2%
23	10,836	196	135	0.879	149.318	149	10.4%
24	13,798	203	140	0.910	154.584	155	10.7%
SW	34,530	223.10	153.87		169.890		10.4%

Weighted average factor x percent change = new weighted average
 $153.87 \times 1.104 = 169.8725$

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 +10.4 percent.

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

North Carolina Reinsurance Facility
Commercial Automobile Manual

LIGHT AND MEDIUM TRUCKS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		30/60	50/100	100/300	25	50	500	1000	2000
11	Non-Fleet	184	210	274	176	185	54	64	71
	Fleet	202	230	301	194	204			
12	Non-Fleet	282	321	420	270	284	82	99	108
	Fleet	310	353	462	297	312			
13	Non-Fleet	214	244	319	205	215	62	75	82
	Fleet	235	268	350	226	237			
14	Non-Fleet	216	246	322	206	216	63	76	83
	Fleet	238	271	355	227	238			
15	Non-Fleet	171	195	255	164	172	50	60	66
	Fleet	188	214	280	180	189			
16	Non-Fleet	259	295	386	248	260	76	91	99
	Fleet	285	325	425	273	287			
17	Non-Fleet	207	236	308	198	208	60	72	79
	Fleet	228	260	340	218	229			
18	Non-Fleet	208	237	310	199	209	61	73	80
	Fleet	229	261	341	219	230			
19	Non-Fleet	156	178	232	149	156	46	55	60
	Fleet	172	196	256	164	172			
20	Non-Fleet	218	249	325	209	219	64	76	84
	Fleet	240	274	358	230	242			
21	Non-Fleet	216	246	322	207	217	63	76	83
	Fleet	238	271	355	228	239			
22	Non-Fleet	204	233	304	195	205	60	71	78
	Fleet	224	255	334	215	226			
23	Non-Fleet	156	178	232	149	156	46	55	60
	Fleet	172	196	256	164	172			
24	Non-Fleet	161	184	240	155	163	47	56	62
	Fleet	177	202	264	171	180			

HIRED CAR	Bodily Injury 30/60	Property Damage 25
All Territories	\$0.28	\$0.30

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	184	215	293	176	185	54	64	71
	Fleet	202	236	321	194	204			
12	Non-Fleet	282	330	448	270	284	82	99	108
	Fleet	310	363	493	297	312			
13	Non-Fleet	214	250	340	205	215	62	75	82
	Fleet	235	275	374	226	237			
14	Non-Fleet	216	253	343	206	216	63	76	83
	Fleet	238	278	378	227	238			
15	Non-Fleet	171	200	272	164	172	50	60	66
	Fleet	188	220	299	180	189			
16	Non-Fleet	259	303	412	248	260	76	91	99
	Fleet	285	333	453	273	287			
17	Non-Fleet	207	242	329	198	208	60	72	79
	Fleet	228	267	363	218	229			
18	Non-Fleet	208	243	331	199	209	61	73	80
	Fleet	229	268	364	219	230			
19	Non-Fleet	156	183	248	149	156	46	55	60
	Fleet	172	201	273	164	172			
20	Non-Fleet	218	255	347	209	219	64	76	84
	Fleet	240	281	382	230	242			
21	Non-Fleet	216	253	343	207	217	63	76	83
	Fleet	238	278	378	228	239			
22	Non-Fleet	204	239	324	195	205	60	71	78
	Fleet	224	262	356	215	226			
23	Non-Fleet	156	183	248	149	156	46	55	60
	Fleet	172	201	273	164	172			
24	Non-Fleet	161	188	256	155	163	47	56	62
	Fleet	177	207	281	171	180			

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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	184	221	311	176	185	54	64	71
	Fleet	202	242	341	194	204			
12	Non-Fleet	282	338	477	270	284	82	99	108
	Fleet	310	372	524	297	312			
13	Non-Fleet	214	257	362	205	215	62	75	82
	Fleet	235	282	397	226	237			
14	Non-Fleet	216	259	365	206	216	63	76	83
	Fleet	238	286	402	227	238			
15	Non-Fleet	171	205	289	164	172	50	60	66
	Fleet	188	226	318	180	189			
16	Non-Fleet	259	311	438	248	260	76	91	99
	Fleet	285	342	482	273	287			
17	Non-Fleet	207	248	350	198	208	60	72	79
	Fleet	228	274	385	218	229			
18	Non-Fleet	208	250	352	199	209	61	73	80
	Fleet	229	275	387	219	230			
19	Non-Fleet	156	187	264	149	156	46	55	60
	Fleet	172	206	291	164	172			
20	Non-Fleet	218	262	368	209	219	64	76	84
	Fleet	240	288	406	230	242			
21	Non-Fleet	216	259	365	207	217	63	76	83
	Fleet	238	286	402	228	239			
22	Non-Fleet	204	245	345	195	205	60	71	78
	Fleet	224	269	379	215	226			
23	Non-Fleet	156	187	264	149	156	46	55	60
	Fleet	172	206	291	164	172			
24	Non-Fleet	161	193	272	155	163	47	56	62
	Fleet	177	212	299	171	180			

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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	1189	1391	1784	451	474	219	257	294
	Fleet	1308	1530	1962	496	521			
12	Non-Fleet	1822	2132	2733	691	726	335	394	450
	Fleet	2004	2345	3006	760	798			
13	Non-Fleet	1382	1617	2073	525	551	254	299	341
	Fleet	1520	1778	2280	578	607			
14	Non-Fleet	1395	1632	2093	527	553	257	301	345
	Fleet	1535	1796	2303	580	609			
15	Non-Fleet	1105	1293	1658	420	441	203	239	273
	Fleet	1216	1423	1824	462	485			
16	Non-Fleet	1673	1957	2510	635	667	308	361	413
	Fleet	1840	2153	2760	699	734			
17	Non-Fleet	1337	1564	2006	507	532	246	289	330
	Fleet	1471	1721	2207	558	586			
18	Non-Fleet	1344	1572	2016	509	534	247	290	332
	Fleet	1478	1729	2217	560	588			
19	Non-Fleet	1008	1179	1512	381	400	185	218	249
	Fleet	1109	1298	1664	419	440			
20	Non-Fleet	1408	1647	2112	535	562	259	304	348
	Fleet	1549	1812	2324	589	618			
21	Non-Fleet	1395	1632	2093	530	557	257	301	345
	Fleet	1535	1796	2303	583	612			
22	Non-Fleet	1318	1542	1977	499	524	243	285	326
	Fleet	1450	1697	2175	549	576			
23	Non-Fleet	1008	1179	1512	381	400	185	218	249
	Fleet	1109	1298	1664	419	440			
24	Non-Fleet	1040	1217	1560	397	417	191	225	257
	Fleet	1144	1338	1716	437	459			

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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	151	177	227	109	114	34	40	46
	Fleet	166	194	249	120	126			
12	Non-Fleet	231	270	347	167	175	52	61	71
	Fleet	254	297	381	184	193			
13	Non-Fleet	175	205	263	127	133	39	47	54
	Fleet	193	226	290	140	147			
14	Non-Fleet	177	207	266	128	134	40	47	54
	Fleet	195	228	293	141	148			
15	Non-Fleet	140	164	210	102	107	32	37	43
	Fleet	154	180	231	112	118			
16	Non-Fleet	212	248	318	154	162	48	56	65
	Fleet	233	273	350	169	177			
17	Non-Fleet	170	199	255	123	129	38	45	52
	Fleet	187	219	281	135	142			
18	Non-Fleet	171	200	257	123	129	38	45	52
	Fleet	188	220	282	135	142			
19	Non-Fleet	128	150	192	92	97	29	34	39
	Fleet	141	165	212	101	106			
20	Non-Fleet	179	209	269	130	137	40	48	55
	Fleet	197	230	296	143	150			
21	Non-Fleet	177	207	266	128	134	40	47	54
	Fleet	195	228	293	141	148			
22	Non-Fleet	167	195	251	121	127	38	44	51
	Fleet	184	215	276	133	140			
23	Non-Fleet	128	150	192	92	97	29	34	39
	Fleet	141	165	212	101	106			
24	Non-Fleet	132	154	198	96	101	30	35	40
	Fleet	145	170	218	106	111			

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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	1433	1677	2150	343	360	191	222	251
	Fleet	1576	1844	2364	377	396			
12	Non-Fleet	2197	2570	3296	527	553	292	341	384
	Fleet	2417	2828	3626	580	609			
13	Non-Fleet	1667	1950	2501	400	420	222	258	292
	Fleet	1834	2146	2751	440	462			
14	Non-Fleet	1683	1969	2525	402	422	224	261	295
	Fleet	1851	2166	2777	442	464			
15	Non-Fleet	1332	1558	1998	320	336	177	206	233
	Fleet	1465	1714	2198	352	370			
16	Non-Fleet	2018	2361	3027	484	508	268	313	353
	Fleet	2220	2597	3330	532	559			
17	Non-Fleet	1613	1887	2420	386	405	215	250	282
	Fleet	1774	2076	2661	425	446			
18	Non-Fleet	1620	1895	2430	388	407	215	251	284
	Fleet	1782	2085	2673	427	448			
19	Non-Fleet	1215	1422	1823	291	306	162	188	213
	Fleet	1337	1564	2006	320	336			
20	Non-Fleet	1698	1987	2547	408	428	226	263	297
	Fleet	1868	2186	2802	449	471			
21	Non-Fleet	1683	1969	2525	404	424	224	261	295
	Fleet	1851	2166	2777	444	466			
22	Non-Fleet	1589	1859	2384	380	399	211	246	278
	Fleet	1748	2045	2622	418	439			
23	Non-Fleet	1215	1422	1823	291	306	162	188	213
	Fleet	1337	1564	2006	320	336			
24	Non-Fleet	1254	1467	1881	302	317	167	194	219
	Fleet	1379	1613	2069	332	349			

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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	151	177	227	144	151	44	53	58
	Fleet	166	194	249	158	166			
12	Non-Fleet	231	270	347	221	232	67	81	89
	Fleet	254	297	381	243	255			
13	Non-Fleet	175	205	263	168	176	51	61	67
	Fleet	193	226	290	185	194			
14	Non-Fleet	177	207	266	169	177	52	62	68
	Fleet	195	228	293	186	195			
15	Non-Fleet	140	164	210	134	141	41	49	54
	Fleet	154	180	231	147	154			
16	Non-Fleet	212	248	318	203	213	62	74	81
	Fleet	233	273	350	223	234			
17	Non-Fleet	170	199	255	162	170	50	60	65
	Fleet	187	219	281	178	187			
18	Non-Fleet	171	200	257	163	171	50	60	66
	Fleet	188	220	282	179	188			
19	Non-Fleet	128	150	192	122	128	37	45	49
	Fleet	141	165	212	134	141			
20	Non-Fleet	179	209	269	171	180	52	63	69
	Fleet	197	230	296	188	197			
21	Non-Fleet	177	207	266	170	179	52	62	68
	Fleet	195	228	293	187	196			
22	Non-Fleet	167	195	251	160	168	49	58	64
	Fleet	184	215	276	176	185			
23	Non-Fleet	128	150	192	122	128	37	45	49
	Fleet	141	165	212	134	141			
24	Non-Fleet	132	154	198	127	133	39	46	51
	Fleet	145	170	218	140	147			

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 160.8259	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	3	200	139	0.951	152.945	153	10.1%
12	23	288	200	1.370	220.331	220	10.0%
13	11	232	161	1.103	177.391	177	9.9%
14	15	208	144	0.989	159.057	159	10.4%
15	8	239	166	1.137	182.859	183	10.2%
16	32	223	155	1.060	170.475	170	9.7%
17	5	225	156	1.070	172.084	172	10.3%
18	0	213	148	1.013	162.917	163	10.1%
19	0	203	141	0.965	155.197	155	9.9%
20	3	230	160	1.094	175.944	176	10.0%
21	6	202	140	0.961	154.554	155	10.7%
22	34	224	155	1.065	171.280	171	10.3%
23	142	203	141	0.965	155.197	155	9.9%
24	148	196	136	0.932	149.890	150	10.3%
SW	430	210.28	145.94		160.796		10.2%

Weighted average factor x percent change = new weighted average
 $145.94 \times 1.102 = 160.8259$

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
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 135.4342	(6)* Col. 5 rounded	(7)** Base Rate Change (6)/(3)
11	3	200	126	0.951	128.798	129	2.4%
12	23	288	181	1.370	185.545	186	2.8%
13	11	232	146	1.103	149.384	149	2.1%
14	15	208	131	0.989	133.944	134	2.3%
15	8	239	150	1.137	153.989	154	2.7%
16	32	223	140	1.060	143.560	144	2.9%
17	5	225	142	1.070	144.915	145	2.1%
18	0	213	134	1.013	137.195	137	2.2%
19	0	203	128	0.965	130.694	131	2.3%
20	3	230	145	1.094	148.165	148	2.1%
21	6	202	127	0.961	130.152	130	2.4%
22	34	224	141	1.065	144.237	144	2.1%
23	142	203	128	0.965	130.694	131	2.3%
24	148	196	123	0.932	126.225	126	2.4%
SW	430	210.28	132.26		135.410		2.4%

Weighted average factor x percent change = new weighted average
 $132.26 \times 1.024 = 135.4342$

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

* The rates in column (6) are keyed to a statewide revenue change of +2.4 percent.

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

North Carolina Reinsurance Facility
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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	153	179	230	129	135	15	19	22
12	220	257	330	186	195	21	28	31
13	177	207	266	149	156	17	22	25
14	159	186	239	134	141	15	20	23
15	183	214	275	154	162	18	23	26
16	170	199	255	144	151	16	21	24
17	172	201	258	145	152	17	22	24
18	163	191	245	137	144	16	20	23
19	155	181	233	131	138	15	19	22
20	176	206	264	148	155	17	22	25
21	155	181	233	130	137	15	19	22
22	171	200	257	144	151	17	21	24
23	155	181	233	131	138	15	19	22
24	150	176	225	126	132	15	19	21

SECTION D
Supporting Exhibits

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY

SUPPORTING EXHIBITS

Exhibit 1 - Loss Development Factors

For Trucks, Tractors, & Trailers and Private Passenger Types, 30/60/25 limit 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 trends used to adjust the losses to a prospective level.

Exhibit 3 - Trend in Expense

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

Exhibit 4 - Expense Experience

Exhibit 5 - Tables of Credibility and Weights

Exhibit 6 - Investment Income

Exhibit 7 - Adjusted and Unadjusted Experience

BASIC LIMIT LOSS DEVELOPMENT

TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year <u>Ending</u>	\$30,000/60,000 <u>15 Months</u>	Basic Limit		Loss Development Factors	
		<u>27 Months</u>	<u>39 Months</u>	<u>15 to 27 Months</u>	<u>27 to 39 Months</u>
12/31/2002	1,929,891	1,949,035	2,186,564	1.010	1.122
12/31/2003	1,970,175	2,232,685	1,865,477	1.133	0.836
12/31/2004	3,108,055	2,679,428	2,788,875	0.862	1.041
12/31/2005	2,355,325	2,239,715	2,119,323	0.951	0.946
12/31/2006	6,229,163	6,544,079	6,870,994	1.051	1.050
12/31/2007	5,897,205	6,894,441	7,031,661	1.169	1.020
12/31/2008	4,349,125	5,257,396	5,314,951	1.209	1.011
12/31/2009	3,645,239	3,938,039	3,950,356	1.080	1.003
12/31/2010	4,591,510	5,013,262	5,214,967	1.092	1.040
12/31/2011	3,671,567	4,127,211	4,519,753	1.124	1.095
12/31/2012	3,542,046	4,132,274		1.167	
12/31/2013	6,626,518				

(1) Average Factor (Best 3 of 5) :	(A) Facility	1.128	1.024
	(B) Voluntary	1.042	1.031
(2) Credibility		0.830	0.540
(3) Credibility Weighted Factors		1.113	1.027

Property Damage

Accident Year <u>Ending</u>	\$25,000 Basic Limit <u>15 Months</u>	Basic Limit		Loss Development Factors	
		<u>27 Months</u>	<u>39 Months</u>	<u>15 to 27 Months</u>	<u>27 to 39 Months</u>
12/31/2002	1,531,400	1,509,300	1,549,685	0.986	1.027
12/31/2003	1,947,739	2,095,195	2,041,520	1.076	0.974
12/31/2004	2,591,276	2,380,087	2,397,281	0.918	1.007
12/31/2005	2,370,556	2,488,382	2,504,588	1.050	1.007
12/31/2006	6,862,569	7,114,760	7,178,996	1.037	1.009
12/31/2007	6,313,263	6,398,476	6,394,142	1.013	0.999
12/31/2008	5,162,229	5,309,748	5,308,409	1.029	1.000
12/31/2009	3,858,526	3,927,683	3,976,439	1.018	1.012
12/31/2010	4,554,977	4,713,273	4,726,296	1.035	1.003
12/31/2011	4,177,284	4,329,507	4,260,542	1.036	0.984
12/31/2012	4,026,617	4,230,841		1.051	
12/31/2013	6,540,381				

(1) Average Factor (Best 3 of 5) :	(A) Facility	1.033	1.001
	(B) Voluntary	1.008	1.005
(2) Credibility **		0.890	0.000
(3) Credibility Weighted Factors		1.030	1.005

Summary of Factors

	Bodily <u>Injury</u>	Property <u>Damage</u>
39 to Ultimate ***	1.028	1.002
27 to Ultimate	1.056	1.007
15 to Ultimate	1.175	1.037

* 12/31/2006 to 12/31/2013 includes ISO and PCI data. Prior years include ISO data only

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

*** NC voluntary factors

BASIC LIMIT LOSS DEVELOPMENT

TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year <u>Ending</u>	\$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>
12/31/2002	12,663,939	13,346,971	13,819,744	14,441,803	14,131,699
12/31/2003	12,873,573	14,055,209	14,703,226	14,856,694	14,784,675
12/31/2004	13,479,428	14,165,434	14,650,579	14,941,973	14,984,255
12/31/2005	14,190,763	15,265,545	15,527,843	15,647,959	15,913,259
12/31/2006	16,151,308	16,763,749	17,097,525	17,877,036	17,341,444
12/31/2007	14,044,130	14,661,977	15,262,586	15,617,597	15,746,941
12/31/2008	11,255,319	11,779,729	12,355,341	12,379,827	12,428,313
12/31/2009	10,468,105	11,394,877	11,593,716	11,813,675	11,746,130
12/31/2010	10,650,925	11,395,660	11,601,952	11,938,344	
12/31/2011	12,064,268	12,174,480	12,594,720		
12/31/2012	14,503,369	14,546,087			
12/31/2013	13,981,542				

Ratios

Accident Year <u>Ending</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/2002	1.054	1.035	1.045	0.979
12/31/2003	1.092	1.046	1.010	0.995
12/31/2004	1.051	1.034	1.020	1.003
12/31/2005	1.076	1.017	1.008	1.017
12/31/2006	1.038	1.020	1.046	0.970
12/31/2007	1.044	1.041	1.023	1.008
12/31/2008	1.047	1.049	1.002	1.004
12/31/2009	1.089	1.017	1.019	0.994
12/31/2010	1.070	1.018	1.029	
12/31/2011	1.009	1.035		
12/31/2012	1.003			

Average Factor: 1.042 1.031 1.024 1.002
 (Best 3 of 5)

Summary of Factors

63 to Ult:	(75:63)(75:Ult) =	1.002
51 to Ult:	(63:51)(75:63)(75:Ult) =	1.004
39 to Ult:	(51:39)(63:51)(75:63)(75:Ult) =	1.028
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.060
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.104

BASIC LIMIT LOSS DEVELOPMENT

TRUCKS, TRACTORS, AND TRAILERS 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>
12/31/2002	14,216,681	14,260,726	14,294,596	14,276,147	14,276,706
12/31/2003	14,797,937	14,790,205	14,789,946	14,789,946	14,789,946
12/31/2004	14,899,399	14,975,589	14,983,942	14,984,450	14,984,466
12/31/2005	15,918,907	15,943,109	15,943,110	15,929,216	
12/31/2006	17,301,667	17,288,460	17,289,495		
12/31/2007	15,897,330	16,497,420			
12/31/2008	12,448,150				

Ratios

Accident Year	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/2002	1.006	1.003	1.002	0.999	1.000
12/31/2003	1.001	0.999	1.000	1.000	1.000
12/31/2004	0.994	1.005	1.001	1.000	1.000
12/31/2005	1.000	1.002	1.000	0.999	
12/31/2006	0.998	0.999	1.000		
12/31/2007	1.010	1.038			
12/31/2008	1.002				
Average Factor: (Best 3 of 5)	1.000	1.002	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)	=	1.002

BASIC LIMIT LOSS DEVELOPMENT

TRUCKS, TRACTORS, AND TRAILERS INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year <u>Ending</u>	\$25,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2002	15,296,233	15,781,419	15,722,774	15,751,100	15,764,726
12/31/2003	14,256,524	14,718,660	14,705,732	14,660,479	14,625,312
12/31/2004	14,003,305	14,449,340	14,472,961	14,459,004	14,434,589
12/31/2005	15,382,908	15,691,943	15,725,761	15,773,250	15,772,249
12/31/2006	15,998,119	16,051,493	16,060,951	16,128,044	16,119,794
12/31/2007	15,749,024	15,911,298	15,835,689	15,862,086	15,850,516
12/31/2008	13,723,994	13,793,238	13,810,759	13,790,640	13,794,979
12/31/2009	11,492,681	11,537,304	11,626,359	11,626,427	11,629,902
12/31/2010	11,699,127	11,846,914	11,905,233	11,965,431	
12/31/2011	13,186,197	13,285,145	13,466,531		
12/31/2012	13,605,910	13,749,030			
12/31/2013	13,427,955				

Ratios

Accident Year <u>Ending</u>	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/2002	1.032	0.996	1.002	1.001
12/31/2003	1.032	0.999	0.997	0.998
12/31/2004	1.032	1.002	0.999	0.998
12/31/2005	1.020	1.002	1.003	1.000
12/31/2006	1.003	1.001	1.004	0.999
12/31/2007	1.010	0.995	1.002	0.999
12/31/2008	1.005	1.001	0.999	1.000
12/31/2009	1.004	1.008	1.000	1.000
12/31/2010	1.013	1.005	1.005	
12/31/2011	1.008	1.014		
12/31/2012	1.011			

Average Factor: 1.008 1.005 1.002 1.000
 (Best 3 of 5)

Summary of Factors

63 to Ult:	(75:63)(75:Ult) =	1.000
51 to Ult:	(63:51)(75:63)(75:Ult) =	1.000
39 to Ult:	(51:39)(63:51)(75:63)(75:Ult) =	1.002
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.007
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.015

BASIC LIMIT 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>
12/31/2002	15,779,251	15,779,754	15,778,374	15,778,374	15,778,374
12/31/2003	14,625,089	14,625,512	14,623,807	14,623,593	14,623,103
12/31/2004	14,429,589	14,429,657	14,429,624	14,429,616	14,435,074
12/31/2005	15,766,189	15,769,237	15,769,237	15,769,237	
12/31/2006	16,131,827	16,131,827	16,121,827		
12/31/2007	15,845,612	15,845,665			
12/31/2008	13,787,511				

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>
12/31/2002	1.001	1.000	1.000	1.000	1.000
12/31/2003	1.000	1.000	1.000	1.000	1.000
12/31/2004	1.000	1.000	1.000	1.000	1.000
12/31/2005	1.000	1.000	1.000	1.000	
12/31/2006	1.001	1.000	0.999		
12/31/2007	1.000	1.000			
12/31/2008	0.999				
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

(12/31/2006 to 12/31/2013 includes ISO and PCI data. Prior years include ISO data only.)

TOTAL LIMITS LOSS DEVELOPMENT
TRUCKS, TRACTORS AND TRAILERS INCURRED LOSSES AND EXPENSES
BODILY INJURY

ACCIDENT
YEAR

TOTAL LIMITS AMOUNTS AS OF:

ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2002	2,492,403	3,008,559	4,623,250	3,767,012	3,662,805	3,616,467	3,685,791	3,685,791	3,685,791	3,685,791
12/31/2003	2,604,191	4,577,735	3,170,556	3,392,589	3,531,167	3,485,120	3,485,154	3,485,154	3,485,154	3,485,154
12/31/2004	4,626,187	5,486,029	6,393,969	6,384,674	6,231,765	6,227,790	6,227,789	6,229,257	6,229,257	6,229,257
12/31/2005	5,432,918	5,525,812	5,191,288	4,972,876	4,966,663	4,966,663	4,966,663	4,966,663	4,966,663	4,966,663
12/31/2006	9,396,248	12,082,323	14,126,000	14,842,229	14,629,902	4,859,435	4,859,435	4,859,435		
12/31/2007	10,795,217	14,649,719	15,072,162	14,546,529	14,686,516	5,960,077	5,948,848			
12/31/2008	11,153,598	13,204,315	14,376,250	15,812,510	15,688,340	3,999,589				
12/31/2009	7,548,440	10,877,474	11,361,992	11,589,181	11,690,652					
12/31/2010	9,077,313	10,593,744	11,671,828	12,176,691						
12/31/2011	6,807,434	8,205,474	9,420,302							
12/31/2012	6,158,699	7,719,527								
12/31/2013	10,028,663									

ACCIDENT
YEAR

RATIOS

ENDED	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/2002	1.207	1.537	0.815	0.972	0.987	1.019	1.000	1.000	1.000
12/31/2003	1.758	0.693	1.070	1.041	0.987	1.000	1.000	1.000	1.000
12/31/2004	1.186	1.166	0.999	0.976	0.999	1.000	1.000	1.000	1.000
12/31/2005	1.017	0.939	0.958	0.999	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.286	1.169	1.051	0.986	N/A	1.000	1.000		
12/31/2007	1.357	1.029	0.965	1.010	N/A	0.998			
12/31/2008	1.184	1.089	1.100	0.992	N/A				
12/31/2009	1.441	1.045	1.020	1.009					
12/31/2010	1.167	1.102	1.043						
12/31/2011	1.205	1.148							
12/31/2012	1.253								
Best 3 of 5	1.214	1.079	1.038	1.000	0.993	1.000	1.000	1.000	1.000
All Years Average	1.278	1.092	1.002	0.998	0.993	1.003	1.000	1.000	1.000
Selected	1.214	1.079	1.038	1.000	0.993	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)(123:111)(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.)=	1.000
63 To Ultimate	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.993
51 To Ultimate	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.993
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.031
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.112
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.350

(12/31/2006 to 12/31/2013 includes ISO and PCI data. Prior years include ISO data only.)

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

ACCIDENT
YEAR

TOTAL LIMITS AMOUNTS AS OF:

ACCIDENT YEAR ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2002	1,534,368	1,503,268	1,590,537	1,606,592	1,590,308	1,590,341	1,628,942	1,628,942	1,628,942	1,628,942
12/31/2003	2,170,284	2,323,179	2,251,494	2,259,307	2,260,715	2,260,715	2,260,715	2,260,715	2,260,715	2,260,715
12/31/2004	2,657,514	2,475,710	2,448,904	2,440,549	2,444,874	2,444,874	2,446,664	2,446,664	2,445,881	2,445,881
12/31/2005	2,537,686	2,666,995	2,671,496	2,676,410	2,676,410	2,676,410	2,676,410	2,676,410	2,676,410	2,676,410
12/31/2006	7,236,062	7,602,148	7,662,898	7,763,144	7,816,300	2,459,670	2,459,670	2,459,670		
12/31/2007	6,469,939	6,569,909	6,549,370	6,526,250	6,533,713	2,056,773	2,056,773			
12/31/2008	5,310,276	5,481,737	5,482,423	5,456,732	5,484,983	1,601,482				
12/31/2009	3,954,214	4,120,290	4,113,008	4,123,441	4,074,097					
12/31/2010	4,739,359	4,939,015	4,952,038	5,029,572						
12/31/2011	4,672,378	5,477,383	5,241,595							
12/31/2012	4,435,237	4,677,752								
12/31/2013	6,814,637									

ACCIDENT
YEAR

RATIOS

ACCIDENT YEAR ENDED	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/2002	0.980	1.058	1.010	0.990	1.000	1.024	1.000	1.000	1.000
12/31/2003	1.070	0.969	1.003	1.001	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.932	0.989	0.997	1.002	1.000	1.001	1.000	1.000	1.000
12/31/2005	1.051	1.002	1.002	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2006	1.051	1.008	1.013	1.007	N/A	1.000	1.000		
12/31/2007	1.015	0.997	0.996	1.001	N/A	1.000			
12/31/2008	1.032	1.000	0.995	1.005	N/A				
12/31/2009	1.042	0.998	1.003	0.988					
12/31/2010	1.042	1.003	1.016						
12/31/2011	1.172	0.957							
12/31/2012	1.055								
Best 3 of 5	1.046	0.998	1.004	1.002	1.000	1.000	1.000	1.000	1.000
All Years Average	1.040	0.998	1.004	0.999	1.000	1.004	1.000	1.000	1.000
Selected	1.046	0.998	1.004	1.002	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)(123:111)(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.)=	1.000
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.)=	1.002
39 To Ultimate	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.006
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.004
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.050

BASIC LIMIT LOSS DEVELOPMENT

PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year Ending	\$30,000/60,000 Basic Limit 15 Months	27 Months	39 Months	Loss Development Factors	
				15 to 27 Months	27 to 39 Months
12/31/2002	696	696	696	1.000	1.000
12/31/2003	0	0	0	-----	-----
12/31/2004	164,546	38,170	31,051	0.232	0.813
12/31/2005	28,682	18,682	12,307	0.651	0.659
12/31/2006	100,561	103,372	103,372	1.028	1.000
12/31/2007	34,181	12,611	12,611	0.369	1.000
12/31/2008	25,815	40,095	41,191	1.553	1.027
12/31/2009	90,948	136,390	199,302	1.500	1.461
12/31/2010	54,346	56,817	56,817	1.045	1.000
12/31/2011	77,807	60,307	38,807	0.775	0.643
12/31/2012	7,399	44,554		6.022	
12/31/2013	106,575				

(1) Average Factor (Best 3 of 5) :	(A) Facility	1.366	1.009
	(B) Voluntary	1.025	1.032
(2) Credibility		0.090	0.060
(3) Credibility Weighted Factors		1.056	1.031

Property Damage

Accident Year Ending	\$25,000 Basic Limit 15 Months	27 Months	39 Months	Loss Development Factors	
				15 to 27 Months	27 to 39 Months
12/31/2002	11,944	11,944	11,944	1.000	1.000
12/31/2003	20,413	20,413	13,413	1.000	0.657
12/31/2004	62,136	19,126	19,126	0.308	1.000
12/31/2005	45,476	23,001	23,816	0.506	1.035
12/31/2006	77,039	77,039	77,039	1.000	1.000
12/31/2007	29,935	24,238	24,238	0.810	1.000
12/31/2008	54,803	51,058	51,058	0.932	1.000
12/31/2009	52,314	51,209	51,209	0.979	1.000
12/31/2010	31,873	38,301	38,301	1.202	1.000
12/31/2011	68,171	68,229	68,229	1.001	1.000
12/31/2012	26,200	26,200		1.000	
12/31/2013	58,473				

(1) Average Factor (Best 3 of 5) :	(A) Facility	0.993	1.000
	(B) Voluntary	1.006	0.998
(2) Credibility **		0.170	0.000
(3) Credibility Weighted Factors		1.004	0.998

Summary of Factors

	Bodily Injury	Property Damage
39 to Ultimate ***	1.028	1.001
27 to Ultimate	1.060	0.999
15 to Ultimate	1.119	1.003

* 12/31/2006 to 12/31/2013 includes ISO and PCI data. Prior years include ISO data only

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

*** NC voluntary factors

NORTH CAROLINA
ISO VOLUNTARY DATA
BASIC LIMIT 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
12/31/2002	1,370,787	1,711,469	1,753,888	1,847,335	1,787,305
12/31/2003	1,531,317	1,715,412	1,806,899	1,803,298	1,772,159
12/31/2004	1,524,460	1,692,800	1,708,320	1,738,641	1,724,230
12/31/2005	1,721,434	1,811,013	1,845,170	1,867,250	1,856,241
12/31/2006	1,751,292	1,789,816	1,818,345	1,914,338	1,945,098
12/31/2007	1,588,905	1,763,372	1,767,400	1,893,768	1,858,111
12/31/2008	1,661,693	1,642,171	1,756,961	1,739,309	1,746,096
12/31/2009	1,447,620	1,388,460	1,484,484	1,500,288	1,429,254
12/31/2010	1,496,479	1,638,913	1,676,956	1,766,876	
12/31/2011	1,538,128	1,569,133	1,573,307		
12/31/2012	1,504,204	1,603,896			
12/31/2013	1,439,786				

Ratios

Accident Year Ending	Ratios			
	27:15	39:27	51:39	63:51
12/31/2002	1.249	1.025	1.053	0.968
12/31/2003	1.120	1.053	0.998	0.983
12/31/2004	1.110	1.009	1.018	0.992
12/31/2005	1.052	1.019	1.012	0.994
12/31/2006	1.022	1.016	1.053	1.016
12/31/2007	1.110	1.002	1.071	0.981
12/31/2008	0.988	1.070	0.990	1.004
12/31/2009	0.959	1.069	1.011	0.953
12/31/2010	1.095	1.023	1.054	
12/31/2011	1.020	1.003		
12/31/2012	1.066			
Average Factor: (Best 3 of 5)	1.025	1.032	1.039	0.993

Summary of Factors

63 to Ult:	(75:63)(75:Ult) =	0.996
51 to Ult:	(63:51)(75:63)(75:Ult) =	0.989
39 to Ult:	(51:39)(63:51)(75:63)(75:Ult) =	1.028
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.060
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.087

NORTH CAROLINA
 ISO VOLUNTARY DATA
 BASIC LIMIT LOSS DEVELOPMENT
 PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Bodily Injury

Accident Year Ending	\$30,000/60,000 75 Months	Basic Limit		99 Months	111 Months	123 Months
		87 Months	99 Months			
12/31/2002	1,788,873	1,788,873	1,788,873	1,788,873	1,788,873	1,788,873
12/31/2003	1,781,764	1,781,764	1,781,764	1,781,764	1,781,764	1,781,764
12/31/2004	1,724,230	1,724,571	1,724,571	1,724,571	1,724,571	1,724,571
12/31/2005	1,796,354	1,796,354	1,796,354	1,796,354	1,796,354	
12/31/2006	1,939,263	1,939,263	1,939,263	1,939,263		
12/31/2007	1,843,444	1,819,473				
12/31/2008	1,746,096					

Ratios

Accident Year Ending	75:63	87:75	99:87	111:99	123:111
12/31/2002	1.001	1.000	1.000	1.000	1.000
12/31/2003	1.005	1.000	1.000	1.000	1.000
12/31/2004	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.968	1.000	1.000	1.000	
12/31/2006	0.997	1.000	1.000		
12/31/2007	0.992	0.987			
12/31/2008	1.000				
Average Factor: (Best 3 of 5)	0.996	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 VOLUNTARY DATA
BASIC LIMIT LOSS DEVELOPMENT
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES

Property Damage

Accident Year <u>Ending</u>	\$25,000 Basic Limit				
	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>
12/31/2002	1,707,619	1,746,136	1,750,389	1,774,503	1,759,383
12/31/2003	1,474,209	1,533,278	1,550,864	1,553,049	1,555,649
12/31/2004	1,381,883	1,379,884	1,376,701	1,378,701	1,378,285
12/31/2005	1,674,467	1,704,583	1,705,503	1,705,602	1,705,602
12/31/2006	1,834,431	1,837,558	1,838,029	1,843,032	1,843,032
12/31/2007	1,516,799	1,487,210	1,473,708	1,473,708	1,473,708
12/31/2008	1,707,630	1,716,930	1,694,349	1,695,949	1,695,949
12/31/2009	1,654,260	1,634,634	1,651,390	1,651,390	1,653,391
12/31/2010	1,583,134	1,569,892	1,566,332	1,575,578	
12/31/2011	1,518,864	1,549,687	1,555,390		
12/31/2012	1,565,605	1,610,974			
12/31/2013	1,531,390				

Ratios

Accident Year <u>Ending</u>				
	<u>27:15</u>	<u>39:27</u>	<u>51:39</u>	<u>63:51</u>
12/31/2002	1.023	1.002	1.014	0.991
12/31/2003	1.040	1.011	1.001	1.002
12/31/2004	0.999	0.998	1.001	1.000
12/31/2005	1.018	1.001	1.000	1.000
12/31/2006	1.002	1.000	1.003	1.000
12/31/2007	0.980	0.991	1.000	1.000
12/31/2008	1.005	0.987	1.001	1.000
12/31/2009	0.988	1.010	1.000	1.001
12/31/2010	0.992	0.998	1.006	
12/31/2011	1.020	1.004		
12/31/2012	1.029			

Average Factor: 1.006 0.998 1.001 1.000
(Best 3 of 5)

Summary of Factors

63 to Ult:	(75:63)(75:Ult) =	1.000
51 to Ult:	(63:51)(75:63)(75:Ult) =	1.000
39 to Ult:	(51:39)(63:51)(75:63)(75:Ult) =	1.001
27 to Ult:	(39:27)(51:39)(63:51)(75:63)(75:Ult) =	0.999
15 to Ult:	(27:15)(39:27)(51:39)(63:51)(75:63)(75:Ult) =	1.005

NORTH CAROLINA
ISO VOLUNTARY DATA

BASIC LIMIT 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>
12/31/2002	1,759,383	1,759,383	1,759,383	1,759,383	1,759,383
12/31/2003	1,554,112	1,554,112	1,554,109	1,554,109	1,554,109
12/31/2004	1,378,068	1,378,068	1,378,068	1,378,068	1,378,068
12/31/2005	1,707,522	1,707,522	1,707,522	1,707,522	
12/31/2006	1,843,032	1,843,032	1,843,032		
12/31/2007	1,473,708	1,473,708			
12/31/2008	1,694,949				

Ratios

Accident Year	<u>75:63</u>	<u>87:75</u>	<u>99:87</u>	<u>111:99</u>	<u>123:111</u>
12/31/2002	1.000	1.000	1.000	1.000	1.000
12/31/2003	0.999	1.000	1.000	1.000	1.000
12/31/2004	1.000	1.000	1.000	1.000	1.000
12/31/2005	1.001	1.000	1.000	1.000	
12/31/2006	1.000	1.000	1.000		
12/31/2007	1.000	1.000			
12/31/2008	0.999				
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
FACILITY DATA

(12/31/2006 to 12/31/2013 includes ISO and PCI data. Prior years include ISO data only.)

TOTAL LIMITS LOSS DEVELOPMENT
PRIVATE PASSENGER TYPES INCURRED LOSSES AND EXPENSES
BODILY INJURY

ACCIDENT
YEAR

TOTAL LIMITS AMOUNTS AS OF:

ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2002	696	696	696	696	696	696	696	696	696	696
12/31/2003	0	0	0	0	0	0	0	0	0	0
12/31/2004	269,546	38,170	31,051	31,331	31,331	31,331	31,331	31,331	31,331	31,331
12/31/2005	28,682	18,682	12,307	54,077	14,606	14,606	14,606	14,606	14,606	
12/31/2006	100,561	103,372	103,372	103,372	103,372	10,000	10,000	10,000		
12/31/2007	34,181	12,611	12,611	12,611	12,611	12,361	12,361			
12/31/2008	25,815	40,095	41,191	30,312	30,317	20,552				
12/31/2009	90,948	147,320	224,165	155,743	155,743					
12/31/2010	54,346	56,817	56,817	56,817						
12/31/2011	82,807	65,307	43,807							
12/31/2012	7,399	44,554								
12/31/2013	176,575									

ACCIDENT
YEAR

RATIOS

ENDED	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	-----	-----	-----	-----	-----	-----	-----	-----	-----
12/31/2004	0.142	0.813	1.009	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.651	0.659	4.394	0.270	1.000	1.000	1.000	1.000	
12/31/2006	1.028	1.000	1.000	1.000	N/A	1.000	1.000		
12/31/2007	0.369	1.000	1.000	1.000	N/A	1.000			
12/31/2008	1.553	1.027	0.736	1.000	N/A				
12/31/2009	1.620	1.522	0.695	1.000					
12/31/2010	1.045	1.000	1.000						
12/31/2011	0.789	0.671							
12/31/2012	6.022								
Best 3 of 5	1.406	1.009	0.912	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	1.422	0.966	1.354	0.896	1.000	1.000	1.000	1.000	1.000
Selected	1.100	1.009	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	(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.)=	1.000
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.)=	1.000
27 To Ultimate	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.009
15 To Ultimate	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.110

NORTH CAROLINA
FACILITY DATA

(12/31/2006 to 12/31/2013 includes ISO and PCI data. Prior years include ISO data only.)

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

ACCIDENT
YEAR

TOTAL LIMITS AMOUNTS AS OF:

ENDED	15 MONTHS	27 MONTHS	39 MONTHS	51 MONTHS	63 MONTHS	75 MONTHS	87 MONTHS	99 MONTHS	111 MONTHS	123 MONTHS
12/31/2002	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944	11,944
12/31/2003	20,413	20,413	13,413	13,413	13,413	13,413	13,413	13,413	13,413	13,413
12/31/2004	62,136	19,126	19,126	19,126	19,126	19,126	19,126	19,126	19,126	19,126
12/31/2005	57,097	23,001	23,816	23,816	6,629	6,629	6,629	6,629	6,629	
12/31/2006	77,039	77,039	77,039	77,039	77,039	18,076	18,076	18,076		
12/31/2007	29,935	24,238	24,238	24,238	24,238	16,357	16,357			
12/31/2008	54,803	51,058	51,058	51,058	51,058	9,346				
12/31/2009	52,314	51,209	51,209	51,209	51,209					
12/31/2010	31,873	38,301	38,301	38,301						
12/31/2011	68,171	68,229	68,229							
12/31/2012	26,200	26,200								
12/31/2013	62,187									

ACCIDENT
YEAR

RATIOS

ENDED	27:15	39:27	51:39	63:51	75:63	87:75	99:87	111:99	123:111
12/31/2002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2003	1.000	0.657	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2004	0.308	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
12/31/2005	0.403	1.035	1.000	0.278	1.000	1.000	1.000	1.000	
12/31/2006	1.000	1.000	1.000	1.000	N/A	1.000	1.000		
12/31/2007	0.810	1.000	1.000	1.000	N/A	1.000			
12/31/2008	0.932	1.000	1.000	1.000	N/A				
12/31/2009	0.979	1.000	1.000	1.000					
12/31/2010	1.202	1.000	1.000						
12/31/2011	1.001	1.000							
12/31/2012	1.000								
Best 3 of 5	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
All Years Average	0.876	0.969	1.000	0.910	1.000	1.000	1.000	1.000	1.000
Selected	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

123 To Ultimate
111 To Ultimate
99 To Ultimate
87 To Ultimate
75 To Ultimate
63 To Ultimate
51 To Ultimate
39 To Ultimate
27 To Ultimate
15 To Ultimate

SUMMARY OF FACTORS

	(123:Ult.)=	1.000
	(123:111)(123:Ult.)=	1.000
	(111:99)(123:111)(123:Ult.)=	1.000
	(99:87)(111:99)(123:111)(123:Ult.)=	1.000
	(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
	(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
	(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
	(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
	(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	1.000
	(27:15)(39:27)(51:39)(63:51)(75:63)(87:75)(99:87)(111:99)(123:111)(123:Ult.)=	0.993

Commercial Auto Liability
NORTH CAROLINA

BODILY INJURY TREND FACTORS

PAID DATA THROUGH 06/30/2014

\$30,000

12 Point - Paid Weighted Severity	+1.1%
24 Point - Paid Weighted Severity	+1.7%
12 Point - Paid NC only Severity	-0.3%
24 Point - Paid NC only Severity	+1.2%
Selected Severity Trend Factor	+1.0%

INCURRED DATA THROUGH 03/31/2014

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+1.0%

PAID DATA THROUGH 06/30/2014

Total Limits

12 Point - Paid Weighted Severity	+1.6%
24 Point - Paid Weighted Severity	+2.0%
12 Point - Paid NC only Severity	-2.5%
24 Point - Paid NC only Severity	-3.0%
Selected Severity Trend Factor	+1.5%

INCURRED DATA THROUGH 03/31/2014

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+1.5%

Commercial Auto Liability
NORTH CAROLINA

PROPERTY DAMAGE TREND FACTORS

PAID DATA THROUGH 06/30/2014

\$25,000

12 Point - Paid Weighted Severity	+3.4%
24 Point - Paid Weighted Severity	+2.7%
12 Point - Paid NC only Severity	+2.7%
24 Point - Paid NC only Severity	+2.5%
Selected Severity Trend Factor	+2.5%

INCURRED DATA THROUGH 03/31/2014

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+2.5%

PAID DATA THROUGH 06/30/2014

Total Limits

12 Point - Paid Weighted Severity	+4.0%
24 Point - Paid Weighted Severity	+3.1%
12 Point - Paid NC only Severity	+3.3%
24 Point - Paid NC only Severity	+2.9%
Selected Severity Trend Factor	+3.5%

INCURRED DATA THROUGH 03/31/2014

Selected Frequency Trend Factor	0.0%
Selected Combined Trend Factor	+3.5%

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
9/30/2011	8019.60	8512.85	3062.38	3122.82	11473.53	11408.80	3176.44	3233.85
12/31/2011	8348.41	8505.42	3160.80	3143.58	11455.53	11446.69	3238.15	3265.11
3/31/2012	8784.13	8498.00	3210.91	3164.47	11442.16	11484.70	3323.29	3296.67
6/30/2012	9085.97	8490.58	3200.40	3185.50	11533.09	11522.84	3363.60	3328.54
9/30/2012	8738.40	8483.17	3208.56	3206.67	11523.89	11561.11	3393.65	3360.71
12/31/2012	8209.89	8475.77	3217.23	3227.98	11564.45	11599.51	3412.56	3393.20
3/31/2013	8187.85	8468.37	3242.79	3249.44	11660.37	11638.03	3437.21	3426.00
6/30/2013	8435.88	8460.98	3281.55	3271.03	11664.68	11676.68	3465.25	3459.12
9/30/2013	8748.55	8453.60	3295.74	3292.77	11650.23	11715.45	3496.25	3492.56
12/31/2013	8801.20	8446.22	3327.30	3314.66	11788.97	11754.36	3530.45	3526.32
3/31/2014	8283.92	8438.85	3319.65	3336.69	11822.47	11793.40	3533.38	3560.41
6/30/2014	8095.86	8431.48	3348.27	3358.86	11855.48	11832.56	3568.29	3594.82

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	-0.3%	2.7%
(B) MULTISTATE	1.3%	3.9%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	1.1%	3.4%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	1.1%	3.4%

* EXCLUDES MASSACHUSETTS

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)		BODILY INJURY (\$30000 LIMITS)		PROPERTY DAMAGE (\$25000 LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
9/30/2008	7626.83	8016.28	2968.76	2889.28	10145.53	10785.51	3031.91	3002.20
12/31/2008	7848.81	8041.15	3046.32	2906.87	10535.37	10833.65	3143.15	3023.28
3/31/2009	8139.25	8066.10	3037.38	2924.56	10833.17	10882.01	3150.86	3044.52
6/30/2009	8319.60	8091.12	2990.82	2942.37	10961.55	10930.59	3142.14	3065.90
9/30/2009	8050.88	8116.22	2956.22	2960.28	11102.49	10979.38	3127.20	3087.43
12/31/2009	8295.13	8141.39	2941.10	2978.30	11225.73	11028.39	3108.55	3109.11
3/31/2010	7884.27	8166.65	2931.36	2996.43	11371.99	11077.62	3100.88	3130.95
6/30/2010	8205.33	8191.98	2955.57	3014.67	11444.50	11127.07	3082.31	3152.94
9/30/2010	8305.06	8217.40	2911.94	3033.02	11430.17	11176.74	3079.67	3175.08
12/31/2010	8510.29	8242.89	2910.30	3051.49	11382.64	11226.63	3082.19	3197.38
3/31/2011	8450.46	8268.46	2927.10	3070.06	11378.76	11276.75	3090.92	3219.84
6/30/2011	8151.05	8294.11	2991.10	3088.75	11379.50	11327.08	3124.53	3242.45
9/30/2011	8019.60	8319.84	3062.38	3107.55	11473.53	11377.65	3176.44	3265.22
12/31/2011	8348.41	8345.65	3160.80	3126.47	11455.53	11428.44	3238.15	3288.15
3/31/2012	8784.13	8371.53	3210.91	3145.50	11442.16	11479.45	3323.29	3311.25
6/30/2012	9085.97	8397.50	3200.40	3164.65	11533.09	11530.69	3363.60	3334.50
9/30/2012	8738.40	8423.55	3208.56	3183.92	11523.89	11582.17	3393.65	3357.92
12/31/2012	8209.89	8449.68	3217.23	3203.30	11564.45	11633.87	3412.56	3381.50
3/31/2013	8187.85	8475.90	3242.79	3222.80	11660.37	11685.80	3437.21	3405.25
6/30/2013	8435.88	8502.19	3281.55	3242.42	11664.68	11737.96	3465.25	3429.17
9/30/2013	8748.55	8528.56	3295.74	3262.16	11650.23	11790.36	3496.25	3453.25
12/31/2013	8801.20	8555.02	3327.30	3282.02	11788.97	11842.99	3530.45	3477.50
3/31/2014	8283.92	8581.56	3319.65	3301.99	11822.47	11895.86	3533.38	3501.92
6/30/2014	8095.86	8608.18	3348.27	3322.10	11855.48	11948.96	3568.29	3526.52

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	1.2%	2.5%
(B) MULTISTATE	1.8%	2.8%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	1.7%	2.7%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	1.7%	2.7%

* EXCLUDES MASSACHUSETTS

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
9/30/2011	24147.85	25118.22	3202.61	3342.36	40662.12	40130.11	3415.62	3491.13
12/31/2011	24635.31	24961.88	3351.02	3369.94	40426.12	40339.19	3487.03	3529.69
3/31/2012	25034.29	24806.50	3415.09	3397.75	40237.66	40549.37	3598.36	3568.68
6/30/2012	26165.60	24652.09	3448.11	3425.79	40885.73	40760.64	3657.59	3608.10
9/30/2012	26472.76	24498.64	3456.55	3454.06	40635.22	40973.01	3691.25	3647.95
12/31/2012	24306.32	24346.15	3578.87	3482.56	41093.61	41186.49	3716.02	3688.25
3/31/2013	22744.34	24194.60	3585.33	3511.30	41407.16	41401.08	3745.47	3728.99
6/30/2013	23803.46	24044.00	3653.37	3540.28	41253.92	41616.78	3787.53	3770.17
9/30/2013	21894.76	23894.34	3648.30	3569.49	41548.77	41833.62	3833.83	3811.82
12/31/2013	23894.89	23745.61	3564.02	3598.95	42099.03	42051.58	3858.47	3853.92
3/31/2014	25369.71	23597.80	3569.24	3628.65	42379.50	42270.67	3861.54	3896.49
6/30/2014	23184.50	23450.92	3518.20	3658.60	42987.10	42490.91	3884.35	3939.53

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	-2.5%	3.3%
(B) MULTISTATE	2.1%	4.5%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	1.6%	4.0%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	1.6%	4.0%

* EXCLUDES MASSACHUSETTS

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

AVERAGE PAID CLAIM COST DATA

YEAR ENDED	NORTH CAROLINA				MULTISTATE*			
	BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)		BODILY INJURY (TOTAL LIMITS)		PROPERTY DAMAGE (TOTAL LIMITS)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT	ACTUAL	EXPONEN- TIAL FIT
9/30/2008	25969.90	27933.85	3085.80	3082.00	34743.73	37255.80	3253.24	3217.89
12/31/2008	25845.27	27722.09	3186.97	3104.05	36076.85	37485.58	3362.13	3243.36
3/31/2009	26987.09	27511.92	3193.66	3126.26	37594.82	37716.78	3378.00	3269.04
6/30/2009	28487.43	27303.36	3133.42	3148.63	38266.12	37949.40	3377.50	3294.91
9/30/2009	27089.62	27096.37	3109.95	3171.16	38488.59	38183.45	3357.73	3320.99
12/31/2009	27046.03	26890.95	3069.50	3193.85	39227.87	38418.95	3344.60	3347.28
3/31/2010	27956.64	26687.09	3159.56	3216.70	39889.03	38655.91	3344.35	3373.78
6/30/2010	29496.92	26484.78	3416.01	3239.72	40236.32	38894.32	3337.86	3400.48
9/30/2010	27884.17	26284.00	3364.62	3262.90	40187.48	39134.21	3340.46	3427.40
12/31/2010	26614.46	26084.74	3328.06	3286.25	40239.53	39375.57	3351.76	3454.53
3/31/2011	26946.33	25886.99	3242.07	3309.76	40189.39	39618.42	3349.05	3481.88
6/30/2011	23948.81	25690.74	3136.39	3333.45	39972.76	39862.77	3372.64	3509.44
9/30/2011	24147.85	25495.98	3202.61	3357.30	40662.12	40108.63	3415.62	3537.22
12/31/2011	24635.31	25302.70	3351.02	3381.32	40426.12	40356.00	3487.03	3565.22
3/31/2012	25034.29	25110.88	3415.09	3405.52	40237.66	40604.90	3598.36	3593.44
6/30/2012	26165.60	24920.51	3448.11	3429.88	40885.73	40855.34	3657.59	3621.88
9/30/2012	26472.76	24731.59	3456.55	3454.43	40635.22	41107.32	3691.25	3650.55
12/31/2012	24306.32	24544.10	3578.87	3479.14	41093.61	41360.85	3716.02	3679.45
3/31/2013	22744.34	24358.03	3585.33	3504.04	41407.16	41615.95	3745.47	3708.57
6/30/2013	23803.46	24173.37	3653.37	3529.11	41253.92	41872.62	3787.53	3737.93
9/30/2013	21894.76	23990.11	3648.30	3554.36	41548.77	42130.87	3833.83	3767.52
12/31/2013	23894.89	23808.25	3564.02	3579.80	42099.03	42390.72	3858.47	3797.34
3/31/2014	25369.71	23627.76	3569.24	3605.41	42379.50	42652.16	3861.54	3827.40
6/30/2014	23184.50	23448.63	3518.20	3631.21	42987.10	42915.22	3884.35	3857.69

	BODILY INJURY	PROPERTY DAMAGE
(9) AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COST (12TH POINT / 8TH POINT)		
(A) NORTH CAROLINA	-3.0%	2.9%
(B) MULTISTATE	2.5%	3.2%
(10) CREDIBILITY	0.10	0.40
(11) WEIGHTED AVERAGE ANNUAL PERCENT CHANGE IN PAID CLAIM COSTS {(10) * (9A)} + {(1.0 - (10)) * (9B)}	2.0%	3.1%
(12) AVERAGE ANNUAL PERCENT CHANGE IN CLAIM FREQUENCY	0.0%	0.0%
(13) AVERAGE ANNUAL PERCENT CHANGE IN LIABILITY LOSS RATIO (11) * (12)	2.0%	3.1%

* EXCLUDES MASSACHUSETTS

LIABILITY
FREQUENCY TREND

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

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

MULTISTATE*

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
6/30/2008	0.8285		3.2527	
9/30/2008	0.8080		3.1826	
12/31/2008	0.7856		3.0930	
3/31/2009	0.7668		2.9909	
6/30/2009	0.7534	-9.1%&	2.9216	-10.2%&
9/30/2009	0.7464		2.8662	
12/31/2009	0.7412		2.8321	
3/31/2010	0.7403	-3.5%	2.8524	-4.6%
6/30/2010	0.7492		2.8837	
9/30/2010	0.7661		2.9360	
12/31/2010	0.7826		2.9533	
3/31/2011	0.7932	7.1%	2.9982	5.1%
6/30/2011	0.8012		3.0049	
9/30/2011	0.8069		3.0088	
12/31/2011	0.8055		2.9927	
3/31/2012	0.8128	2.5%	2.9099	-2.9%
6/30/2012	0.8193		2.9171	
9/30/2012	0.8180		2.8990	
12/31/2012	0.8252		2.8990	
3/31/2013	0.8232	1.3%	2.9170	0.2%
6/30/2013	0.8263		2.9205	
9/30/2013	0.8328		2.9341	
12/31/2013	0.8286		2.9344	
3/31/2014	0.8390	1.9%	3.0068	3.1%

* EXCLUDES MASSACHUSETTS

CONSISTS OF THE FOLLOWING CLASSES WHICH ARE RATED ON A PER CAR BASIS:
TRUCKS, TRACTORS, AND TRAILERS, PRIVATE PASSENGER TYPES, BUSES AND PUBLICS
@ CHANGE BASED ON YEARS ENDING 3/31/XXXX
& CHANGE BASED ON YEAR ENDING 6/30/2009 DIVIDED BY 6/30/2008

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>
6/30/2008	0.8854		2.9435	
9/30/2008	0.8772		2.8959	
12/31/2008	0.8004		2.7431	
3/31/2009	0.7540		2.6194	
6/30/2009	0.7141	-19.3%&	2.5207	-14.4%&
9/30/2009	0.7382		2.4686	
12/31/2009	0.7584		2.4483	
3/31/2010	0.8139	7.9%	2.4538	-6.3%
6/30/2010	0.8444		2.5149	
9/30/2010	0.8436		2.5720	
12/31/2010	0.8658		2.6101	
3/31/2011	0.8750	7.5%	2.5967	5.8%
6/30/2011	0.8591		2.6146	
9/30/2011	0.8408		2.6177	
12/31/2011	0.8447		2.6457	
3/31/2012	0.8510	-2.7%	2.7177	4.7%
6/30/2012	0.8824		2.7261	
9/30/2012	0.9317		2.7124	
12/31/2012	0.9315		2.6908	
3/31/2013	0.9237	8.5%	2.6962	-0.8%
6/30/2013	0.9457		2.7348	
9/30/2013	0.9369		2.7250	
12/31/2013	0.9292		2.7307	
3/31/2014	0.9091	-1.6%	2.7089	0.5%

* 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 3/31/XXXX

& CHANGE BASED ON YEAR ENDING 6/30/2009 DIVIDED BY 6/30/2008

COMMERCIAL AUTO LIABILITY
INCURRED CLAIM FREQUENCY

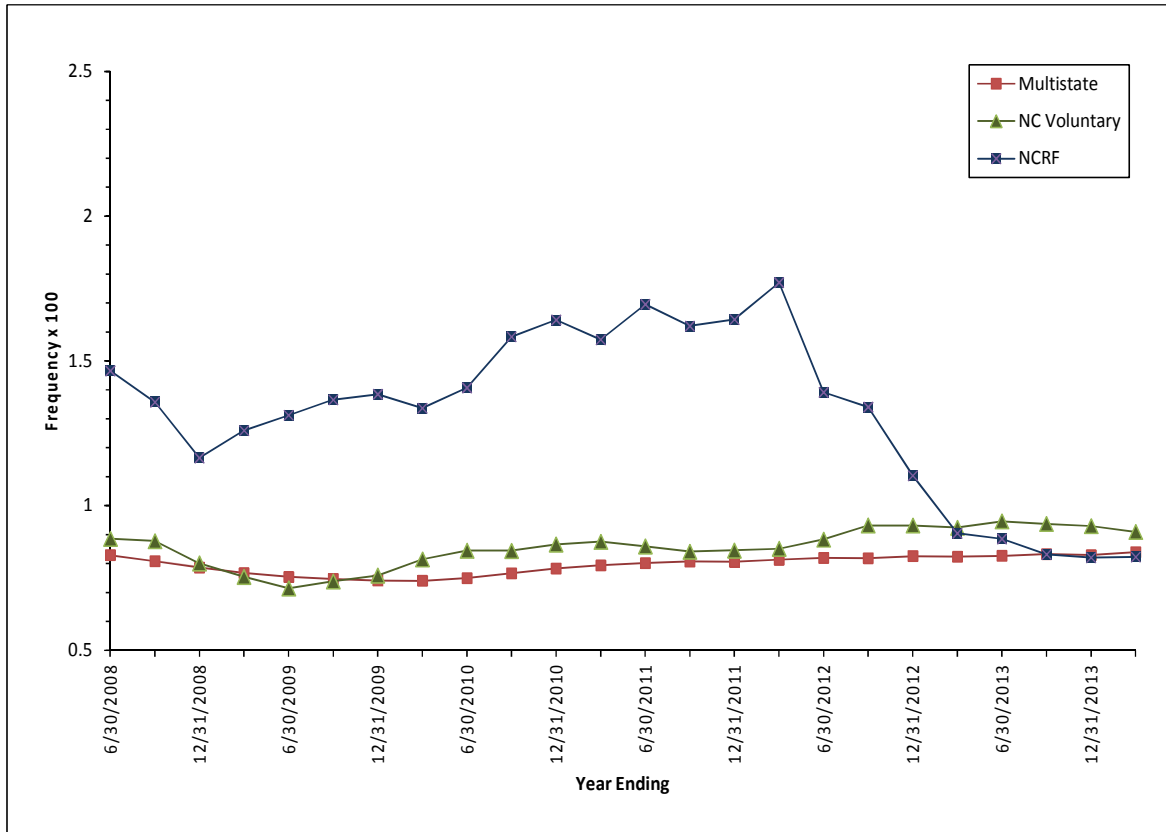
NORTH CAROLINA REINSURANCE FACILITY

ALL COMMERCIAL AUTOMOBILE CLASSES COMBINED#

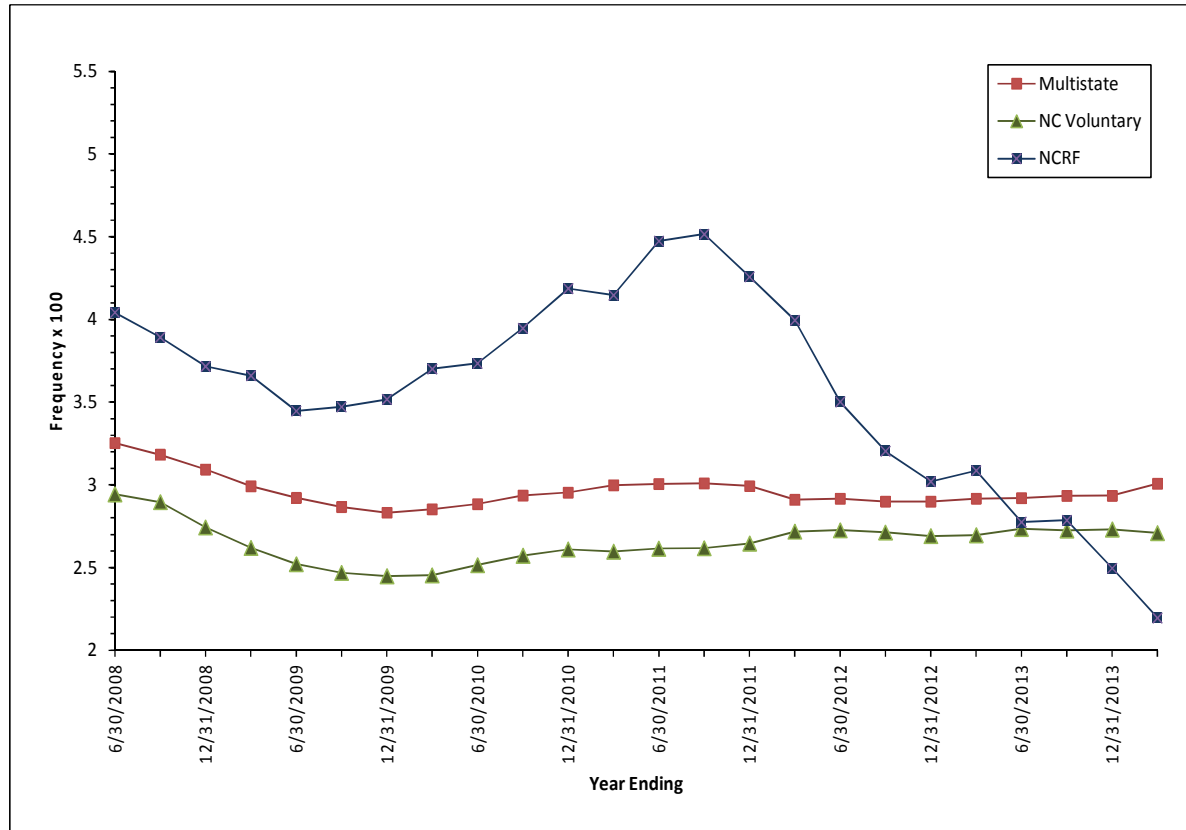
<u>YEAR ENDING</u>	<u>BODILY INJURY ACTUAL</u>	<u>BODILY INJURY ACTUAL CHANGE@</u>	<u>PROPERTY DAMAGE ACTUAL</u>	<u>PROPERTY DAMAGE ACTUAL CHANGE@</u>
6/30/2008	1.4654		4.0421	
9/30/2008	1.3572		3.8926	
12/31/2008	1.1646		3.7163	
3/31/2009	1.2591		3.6599	
6/30/2009	1.3122	-10.5%&	3.4462	-14.7%&
9/30/2009	1.3654		3.4714	
12/31/2009	1.3844		3.5174	
3/31/2010	1.3362	6.1%	3.7008	1.1%
6/30/2010	1.4065		3.7350	
9/30/2010	1.5831		3.9468	
12/31/2010	1.6409		4.1869	
3/31/2011	1.5728	17.7%	4.1472	12.1%
6/30/2011	1.6951		4.4738	
9/30/2011	1.6200		4.5153	
12/31/2011	1.6426		4.2573	
3/31/2012	1.7703	12.6%	3.9954	-3.7%
6/30/2012	1.3912		3.5020	
9/30/2012	1.3402		3.2039	
12/31/2012	1.1031		3.0199	
3/31/2013	0.9041	-48.9%	3.0862	-22.8%
6/30/2013	0.8847		2.7751	
9/30/2013	0.8311		2.7860	
12/31/2013	0.8200		2.4966	
3/31/2014	0.8223	-9.0%	2.1955	-28.9%

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 3/31/XXXX
& CHANGE BASED ON YEAR ENDING 6/30/2009 DIVIDED BY 6/30/2008

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



Commercial Automobile Liability Actual PD Incurred Claim Frequency



NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 1

	<u>ALL ITEMS CPI INDEX</u>	<u>ALL ITEMS - LESS ENERGY CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Oct-10	218.7	221.2	
Nov-10	218.8	221.2	112.2
Dec-10	219.2	221.0	
Jan-11	220.2	221.7	
Feb-11	221.3	222.5	113.7
Mar-11	223.5	223.3	
Apr-11	224.9	223.8	
May-11	226.0	224.3	114.8
Jun-11	225.7	224.6	
Jul-11	225.9	225.0	
Aug-11	226.5	225.8	114.9
Sep-11	226.9	226.3	
Oct-11	226.4	226.8	
Nov-11	226.2	226.8	115.2
Dec-11	225.7	226.8	
Jan-12	226.7	227.4	
Feb-12	227.7	227.9	115.3
Mar-12	229.4	228.7	
Apr-12	230.1	229.3	
May-12	229.8	229.5	116.3
Jun-12	229.5	229.8	
Jul-12	229.1	229.8	
Aug-12	230.4	230.1	117.3
Sep-12	231.4	230.7	
Oct-12	231.3	231.2	
Nov-12	230.2	231.2	116.5
Dec-12	229.6	231.0	
Jan-13	230.3	231.7	
Feb-13	232.2	232.4	117.3
Mar-13	232.8	232.9	
Apr-13	232.5	233.1	
May-13	232.9	233.3	119.2
Jun-13	233.5	233.5	
Jul-13	233.6	233.6	
Aug-13	233.9	234.1	120.5
Sep-13	234.1	234.5	
Oct-13	233.5	234.9	
Nov-13	233.1	234.9	120.9
Dec-13	233.0	234.8	
Jan-14	233.9	235.2	
Feb-14	234.8	235.9	121.5
Mar-14	236.3	236.8	
Apr-14	237.1	237.4	
May-14	237.9	238.0	122.6
Jun-14	238.3	238.1	
Jul-14	238.3	238.2	
Aug-13	237.9	238.5	122.2
Sep-14	238.0	239.0	

NORTH CAROLINA
PRIVATE PASSENGER AUTOMOBILE INSURANCE
DETERMINATION OF TREND FOR EXPENSES

Section D
Exhibit 3
Sheet 2

	<u>All Items (A)</u>	<u>All Items - Less Energy (B)</u>	<u>CCI (C)</u>	<u>Combined (D)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	1.94%	1.96%	2.29%	2.12%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	1.72%	1.79%	2.52%	2.14%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	1.83%	1.81%	2.98%	2.40%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	2.92%	2.20%	1.66%	2.11%

(5) Average Annual Index (E)

Year Ended 3/31/2012	226.50	226.18	115.05
Year Ended 9/30/2012	228.53	228.63	116.03
Year Ended 3/31/2013	230.56	230.80	116.85
Year Ended 9/30/2013	232.24	232.71	118.38
Year Ended 3/31/2014	233.76	234.55	120.53
Year Ended 9/30/2014	236.01	236.81	121.80

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

Year Ended 3/31/2012	1.05	1.06	1.06	1.06
Year Ended 9/30/2012	1.04	1.05	1.05	1.05
Year Ended 3/31/2013	1.03	1.04	1.05	1.04
Year Ended 9/30/2013	1.02	1.03	1.03	1.03
Year Ended 3/31/2014	1.02	1.02	1.01	1.02
Year Ended 9/30/2014	1.01	1.01	1.00	1.01

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

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

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

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

(E) Average year ended index for period shown.

(7) Selected Expense Trend: 2.0%

NORTH CAROLINA
EXTERNAL EXPENSE TREND SUMMARY

Section D
Exhibit 3
Sheet 3

AVERAGE ANNUAL RATES OF CHANGE
DATA ENDED SEPTEMBER 2014

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	1.84%	1.91%	1.94%
36 points	1.66%	1.70%	1.72%
24 points	1.78%	1.81%	1.83%
12 points	2.84%	2.88%	2.92%

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
48 points	1.87%	1.94%	1.96%
36 points	1.74%	1.78%	1.79%
24 points	1.76%	1.79%	1.81%
12 points	2.15%	2.17%	2.20%

COMPENSATION COST INDEX

	STRAIGHT LINE		<u>EXPONENTIAL</u>
	<u>END POINT</u>	<u>MID POINT</u>	
16 points	2.17%	2.26%	2.29%
12 points	2.40%	2.49%	2.52%
8 points	2.85%	2.92%	2.98%
4 points	1.63%	1.64%	1.66%

NORTH CAROLINA

Section D
Exhibit 3
Sheet 4

EXTERNAL EXPENSE TREND SUMMARY
CORRELATION COEFFICIENTS
DATA ENDED SEPTEMBER 2014

ALL ITEMS CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	0.97	0.97
36 points	0.96	0.96
24 points	0.94	0.94
12 points	0.93	0.93

ALL ITEMS - LESS ENERGY CONSUMER PRICE INDEX

	STRAIGHT LINE	EXPONENTIAL
48 points	1.00	0.99
36 points	1.00	1.00
24 points	0.99	0.99
12 points	0.97	0.97

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	0.98	0.98
12 points	0.97	0.97
8 points	0.96	0.96
4 points	0.86	0.86

NORTH CAROLINA COMMERCIAL AUTOMOBILE EXPENSE EXPERIENCE
Calendar Year 2013

<u>Item</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Totals</u>
Premium Written *	430,877,723	113,447,911	544,325,633
Premium Earned *	422,386,857	112,731,509	535,118,366
Commission & Brokerage Expense	54,701,515	14,642,343	69,343,858
Other Acquisition Expense	22,330,773	5,729,715	28,060,488
General Expense	27,585,046	6,734,003	34,319,049
Taxes, Licenses, and Fees	9,278,537	2,199,352	11,477,889
Losses Incurred	191,987,180	70,213,471	262,200,651
Allocated Loss Adjustment Expense	13,987,689	5,350,612	19,338,301
Unallocated Loss Adjustment Expense	19,277,025	5,641,652	24,918,677

Ratios

B.I. & P.D. Combined

Commission & Brokerage Expense to Written Premium:	0.127 **
Other Acquisition Expense to Earned Premium:	0.052
General Expense to Earned Premium	0.064 ***
Taxes, etc. to Written Premium:	0.021

	<u>B.I.</u>	<u>P.D.</u>	<u>Total</u>
Allocated Loss Adjustment Expense to Incurred Losses:	0.073	0.076	0.074
Unallocated Loss Adjustment Expense to Incurred Losses + Allocated:	0.094	0.075	0.089

* 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, and Private Passenger Types.

*** 0.058 is used for Trucks, Tractors, and Trailers, Private Passenger Types.

Calculation of On-level factors

Written Premium

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
BI	3/1/2011	Base	1.000		
	3/1/2012	0.986	0.986	0.167	0.165
	3/1/2013	1.008	0.994	0.833	<u>0.828</u>
	3/1/2015	1.125	1.118		
					0.993

On-level factor = 1.118 (from column (2)) / .993 (from column (4)) = 1.126

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
PD	3/1/2011	Base	1.000		
	3/1/2012	0.893	0.893	0.167	0.149
	3/1/2013	1.034	0.923	0.833	<u>0.769</u>
	3/1/2015	1.153	1.065		
					0.918

On-level factor = 1.065 (from column (2)) / .918 (from column (4)) = 1.160

Earned Premium

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
BI	3/1/2011	Base	1.000	0.014	0.014
	3/1/2012	0.986	0.986	0.639	0.630
	3/1/2013	1.008	0.994	0.347	<u>0.345</u>
	3/1/2015	1.125	1.118		
					0.989

On-level factor = 1.118 (from column (2)) / .989 (from column (4)) = 1.130

	Effective Date	(1) Rate Level Change	(2) Cumulative Index	(3) Weight	(4) Product (2)x(3)
PD	3/1/2011	Base	1.000	0.014	0.014
	3/1/2012	0.893	0.893	0.639	0.571
	3/1/2013	1.034	0.923	0.347	<u>0.320</u>
	3/1/2015	1.153	1.065		
					0.905

On-level factor = 1.065 (from column (2)) / .905 (from column (4)) = 1.177

COMMERCIAL AUTOMOBILE INSURANCE TABLES OF CREDIBILITY AND WEIGHTS

Section D
Exhibit 5

Credibility Tables

Credibility for Statewide Loss Ratio*

Trucks, Tractors, and Trailers
and Private Passenger Types

<u>Number of Claims</u>	<u>Credibility</u>
0-10	0%
11-42	10
43-97	20
98-172	30
173-270	40
271-389	50
390-530	60
531-693	70
694-877	80
878-1083	90
1084 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>
12/31/2009	.10
12/31/2010	.15
12/31/2011	.20
12/31/2012	.25
12/31/2013	.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.

** 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 12/31/2013	<u>\$50,167,159</u>
2. Mean Unearned Premium Reserve: (1) x 0.449	<u>22,525,054</u>
3. Deduction for Prepaid Expenses	
Commission and Brokerage Expense	10.00%
83% of Taxes, Licenses and Fees	1.74%
50% of Other Acquisition Expense	2.60%
50% of Company Operating Expense	2.90%
Total	17.24%
4. (2) x (3)	<u>3,883,319</u>
5. Net Subject to Investment (2) - (4)	<u>18,641,735</u>
B. Delayed Remission of Premium (Agents' Balances)	
1. Direct Earned Premium (A-1)	<u>50,167,159</u>
2. Average Agents' Balance	<u>0.195</u>
3. Delayed Remission (1) x (2)	<u>9,782,596</u>
C. Loss Reserve	
1. Direct Earned Premium (A-1)	<u>50,167,159</u>
2. Expected Incurred Losses and Loss Adjustment Expenses (1) x 0.769	<u>38,578,545</u>
3. Expected Mean Loss Reserves (2) x 1.954	<u>75,382,477</u>
D. Net Subject to Investment (A-5) - (B-3) + (C-3)	<u>84,241,616</u>
E. Average Rate of Return	<u>2.72%</u>
F. Investment Earnings on Net Subject to Investment (D) x (E)	<u>2,291,372</u>
G. Average Rate of Return as a Percent of Direct Earned Premium (F) / (A-1)	<u>4.57%</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 2013	\$19,805,186
2.	Direct Unearned Premium Reserve as of 12/31/12	8,661,382
3.	Direct Unearned Premium Reserve as of 12/31/13	9,131,576
4.	Mean Direct Unearned Premium Reserve = $\frac{1}{2} [(2) + (3)]$	8,896,479
5.	Ratio (4) / (1)	0.449

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 0.195 of net earned premiums for all companies. The 0.195 is based on the following:

1.	Net Earned Premium for Calendar Year 2013	\$467,429,680
2.	Net Agents' Balances as of 12/31/12	89,163,012
3.	Net Agents' Balances as of 12/31/13	93,174,657
4.	Mean Agents' Balances: $\frac{1}{2} [(2) + (3)]$	91,168,835
5.	Ratio (4) / (1)	0.195

Notes:

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

Line C-2

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

Line C-3

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

1. Direct Incurred for Calendar Year 2012	\$14,043,171
2. Direct Incurred for Calendar Year 2013	14,943,148
3. Direct Reserves as of 12/31/11	27,722,996
4. Direct Reserves as of 12/31/12	28,175,286
5. Direct Reserves as of 12/31/13	29,157,088
6. Mean Loss Reserve 2012: $\frac{1}{2} [(3) + (4)]$	27,949,141
7. Mean Loss Reserve 2013: $\frac{1}{2} [(4) + (5)]$	28,666,187
8. Ratio (6) / (1)	1.990
9. Ratio (7) / (2)	1.918
10. $\frac{1}{2} [(8) + (9)]$	1.954

Notes:

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

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

NORTH CAROLINA
Bodily Injury
Unadjusted Experience

Section D
Exhibit 7
Sheet 1

Trucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2009	4,080,016	7,610,636
12/31/2010	5,439,923	6,736,768
12/31/2011	4,519,753	4,900,549
12/31/2012	4,132,274	3,587,253
12/31/2013	6,626,518	3,402,145

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2009	142,850	12,893
12/31/2010	56,817	0
12/31/2011	38,807	5,000
12/31/2012	44,554	0
12/31/2013	106,575	70,000

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2014.

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>
12/31/2009	3,938,528	135,569
12/31/2010	4,751,235	278,337
12/31/2011	4,260,542	981,053
12/31/2012	4,230,841	446,911
12/31/2013	6,540,381	274,256

Private Passenger Types:

Accident Year Ending	\$25000 <u>Incurred Losses*</u>	<u>Excess Losses*</u>
12/31/2009	51,209	0
12/31/2010	38,301	0
12/31/2011	68,229	0
12/31/2012	26,200	0
12/31/2013	58,473	3,714

*These losses are not developed, and include only allocated loss adjustment expenses. The evaluation date of losses is March 31, 2014.

NORTH CAROLINA

Section D

Bodily Injury

Exhibit 7

Adjusted Experience

Sheet 3

Trucks, Tractors, and Trailers:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2009	7,096,685	4,838,259
12/31/2010	6,696,042	6,392,397
12/31/2011	6,160,547	5,382,002
12/31/2012	5,905,058	4,997,602
12/31/2013	7,039,933	8,823,307

Private Passenger Types:

Accident Year Ending	\$30,000/\$60,000 Limits Earned Premium at Present Rates	\$30,000/\$60,000 Incurred Losses*
12/31/2009	77,625	168,384
12/31/2010	67,659	65,768
12/31/2011	61,613	46,211
12/31/2012	52,949	54,087
12/31/2013	62,072	135,142

*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

Section D

Property Damage
Adjusted Experience

Exhibit 7
Sheet 4

Trucks, Tractors, and Trailers:

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2009	7,253,548	5,051,360
12/31/2010	6,844,052	5,948,072
12/31/2011	6,296,755	5,213,593
12/31/2012	6,035,609	5,081,021
12/31/2013	7,195,033	7,894,345

Private Passenger Types:

Accident Year Ending	\$25,000 Limits Earned Premium at Present Rates	\$25,000 Incurred Losses*
12/31/2009	70,372	65,678
12/31/2010	61,329	47,950
12/31/2011	55,844	83,407
12/31/2012	47,983	31,215
12/31/2013	56,252	68,264

*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 -1.4% in total liability premium for bodily injury and 0.2% 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

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, 2009 to December 31, 2013 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 10/1/2015.

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	1.14	1.14
	100,000 / 300,000	1.49	1.50
	500,000 / 500,000	2.07	2.11
	1,000,000 / 1,000,000	2.60	2.65
<u>Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.17	1.18
	100,000 / 300,000	1.59	1.61
	500,000 / 500,000	2.39	2.43
	1,000,000 / 1,000,000	3.10	3.16
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.20	1.21
	100,000 / 300,000	1.69	1.71
	500,000 / 500,000	2.61	2.66
	1,000,000 / 1,000,000	3.47	3.54
<u>All Other Risks</u> ¹	\$ 30,000 / 60,000	1.00	1.00
	50,000 / 100,000	1.17	1.17
	100,000 / 300,000	1.50	1.51
	500,000 / 500,000	2.11	2.14
	1,000,000 / 1,000,000	2.65	2.70

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

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

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

		<u>Policy Limit</u>	<u>Indicated Factors</u>	<u>Current Factors</u>
<u>Light and Medium Trucks</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.05
		300,000	1.16	1.16
		750,000	1.20	1.20
		1,000,000	1.22	1.22
<u>Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.05
		300,000	1.16	1.16
		750,000	1.22	1.22
		1,000,000	1.24	1.24
<u>Extra-Heavy Trucks and Truck-Tractors</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.05
		300,000	1.17	1.17
		750,000	1.23	1.23
		1,000,000	1.25	1.25
<u>All Other Risks²</u>	\$	25,000	1.00	1.00
		50,000	1.05	1.05
		300,000	1.16	1.16
		750,000	1.20	1.20
		1,000,000	1.22	1.22

² Including Private Passenger Types, Publics, Semi-trailers and Trailers.

SECTION F

Increased Limits Experience Review

North Carolina Reinsurance Facility

Increased Limits Experience Review

Introduction

Charges for coverage in excess of the basic limit of liability (\$30,000/\$60,000 for bodily injury, \$25,000 for property damage) are calculated by multiplying the applicable basic limit manual rate for the class by the appropriate increased limit factor for the desired liability limit. For example, a Light Truck risk desiring to purchase coverage of \$100,000/\$300,000 bodily injury per person/per accident might pay a premium calculated as 1.49 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 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 October 1, 2015 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 -1.4% and 0.2% 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 fiscal accident years ending 6/30/09 through 6/30/13.

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>
12/31/09	9,806,133	21,850,212	2.228
12/31/10	11,029,999	24,908,502	2.258
12/31/11	8,610,902	16,341,418	1.898
12/31/12	8,134,776	20,116,911	2.473
12/31/13	11,388,381	18,873,223	1.657
Total	48,970,191	102,090,266	2.085

(5) Present average increased limits factor based upon the present table and the policy limits distribution for bodily injury Reinsurance Facility business: 2.115

(6) Indicated change in bodily injury increased limits factors $(((4)/(5)) - 1) \times 100$: -1.4%

* 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 10/1/2015 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>
12/31/09	6,660,991	7,356,635	1.104
12/31/10	7,645,331	8,489,228	1.110
12/31/11	6,845,678	8,415,263	1.229
12/31/12	6,721,516	7,553,265	1.124
12/31/13	9,235,818	9,981,053	1.081
Total	37,109,334	41,795,444	1.126

(5) Present average increased limits factor based upon the present table and the policy limits distribution for property damage Reinsurance Facility business: 1.124

(6) Indicated change in property damage increased limits factors $[(4)/(5) - 1] \times 100$: 0.2%

* 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 10/1/2015 by an exponential projection of the annual paid claim cost trend factors for basic and total limits losses shown in Exhibit 2.

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

<u>Bodily Injury</u>			
	<u>Total Limits</u>		
\$30,000 Limit		12 Point Fit - Weighted Severity	1.6%
12 Point Fit - Weighted Severity	1.1%	24 Point Fit - Weighted Severity	2.0%
24 Point Fit - Weighted Severity	1.7%		
12 Point Fit - (NC only) Severity	-0.3%	12 Point Fit - (NC only) Severity	-2.5%
24 Point Fit - (NC only) Severity	1.2%	24 Point Fit - (NC only) Severity	-3.0%
Selected Severity Trend Factor	1.0%	Selected Severity Trend Factor	1.5%
Selected Frequency Trend Factor	0.0%	Selected Frequency Trend Factor	0.0%
Average Annual Change	1.0%	Average Annual Change	1.5%
 <u>Property Damage</u>			
	<u>Total Limits</u>		
\$25,000 Limit		12 Point Fit - Weighted Severity	4.0%
12 Point Fit - Weighted Severity	3.4%	24 Point Fit - Weighted Severity	3.1%
24 Point Fit - Weighted Severity	2.7%		
12 Point Fit - (NC only) Severity	2.7%	12 Point Fit - (NC only) Severity	3.3%
24 Point Fit - (NC only) Severity	2.5%	24 Point Fit - (NC only) Severity	2.9%
Selected Severity Trend Factor	2.5%	Selected Severity Trend Factor	3.5%
Selected Frequency Trend Factor	0.0%	Selected Frequency Trend Factor	0.0%
Average Annual Change	2.5%	Average Annual Change	3.5%

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

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

	<u>Bodily Injury</u>		<u>Property Damage</u>	
	30/60 <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.	1.002	1.002 *	1.000	1.000
51 months to ult.	1.004	1.004 *	1.000	1.002
39 months to ult.	1.028	1.031	1.002	1.006
27 months to ult.	1.056	1.112	1.007	1.007 *
15 months to ult.	1.175	1.350	1.037	1.050
<u>Private Passenger Types</u>				
63 months to ult.	0.996	1.000	1.000	1.000
51 months to ult.	0.989	1.000	1.000	1.000
39 months to ult.	1.028	1.028 *	1.001	1.001 *
27 months to ult.	1.060	1.060 *	0.999	1.000
15 months to ult.	1.119	1.119 *	1.003	1.003 *
<u>Publics (All Except Buses)***</u>				
63 months to ult.	1.002	1.002 *	1.000	1.000
51 months to ult.	1.004	1.004 *	1.000	1.002
39 months to ult.	1.028	1.031	1.002	1.006
27 months to ult.	1.056	1.112	1.007	1.007 *
15 months to ult.	1.175	1.350	1.037	1.050
<u>Miscellaneous****</u>				
75 months to ult.	1.000	1.000	1.000	1.000
63 months to ult.	0.998	0.998 *	1.000	1.000
51 months to ult.	0.996	1.000	0.998	0.998
39 months to ult.	1.027	1.027	0.993	0.993
27 months to ult.	1.080	1.080 *	1.002	1.002
<u>Buses****</u>				
75 months to ult.	1.000	1.000	1.000	1.000
63 months to ult.	0.998	0.998 *	1.000	1.000
51 months to ult.	0.996	1.000	0.998	0.998
39 months to ult.	1.027	1.027	0.993	0.993
27 months to ult.	1.080	1.080 *	1.002	1.002

* 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	09@63	4,080,016	11,690,652	3,938,528	4,074,097
	10@51	5,439,923	12,176,691	4,751,235	5,029,572
	11@39	4,519,753	9,420,302	4,260,542	5,241,595
	12@27	4,132,274	7,719,527	4,230,841	4,677,752
	13@15	6,626,518	10,028,663	6,540,381	6,814,637
Private Passenger Types	09@63	142,850	155,743	51,209	51,209
	10@51	56,817	56,817	38,301	38,301
	11@39	38,807	43,807	68,229	68,229
	12@27	44,554	44,554	26,200	26,200
	13@15	106,575	176,575	58,473	62,187
Publics (All Except Buses)	09@63	851,459	941,459	592,960	592,960
	10@51	817,499	1,540,749	730,330	730,330
	11@39	1,140,143	1,279,448	837,000	837,000
	12@27	1,116,080	1,385,599	842,018	844,447
	13@15	1,186,958	1,298,988	590,782	592,545
Misc.	08@75	3,367,489	3,923,904	777,612	800,405
	09@63	3,750,372	8,475,811	861,334	861,334
	10@51	2,061,188	3,511,140	724,475	724,475
	11@39	2,015,149	8,189,913	814,122	830,955
	12@27	1,485,124	2,015,124	974,947	984,947
Buses	08@75	652,478	2,827,016	196,761	196,761
	09@63	263,973	342,184	158,110	158,110
	10@51	250,932	495,182	104,220	104,220
	11@39	124,568	229,447	98,353	98,353
	12@27	104,997	274,997	79,747	79,747

* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while 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	12/31/09	4,088,176	11,714,033	3,938,528	4,074,097
	12/31/10	5,461,683	12,225,398	4,751,235	5,039,631
	12/31/11	4,646,306	9,712,331	4,269,063	5,273,045
	12/31/12	4,363,681	8,584,114	4,260,457	4,710,496
	12/31/13	7,786,159	13,538,695	6,782,375	7,155,369
Private Passenger Types	12/31/09	142,279	155,743	51,209	51,209
	12/31/10	56,192	56,817	38,301	38,301
	12/31/11	39,894	45,034	68,297	68,297
	12/31/12	47,227	47,227	26,174	26,200
	12/31/13	119,257	197,587	58,648	62,374
Publics (All Except Buses)	12/31/09	853,162	943,342	592,960	592,960
	12/31/10	820,769	1,546,912	730,330	731,791
	12/31/11	1,172,067	1,319,111	838,674	842,022
	12/31/12	1,178,580	1,540,786	847,912	850,358
	12/31/13	1,394,676	1,753,634	612,641	622,172
Misc.	12/31/09	3,367,489	3,923,904	777,612	800,405
	12/31/10	3,742,871	8,458,859	861,334	861,334
	12/31/11	2,052,943	3,511,140	723,026	723,026
	12/31/12	2,069,558	8,411,041	808,423	825,138
	12/31/13	1,603,934	2,176,334	976,897	986,917
Buses	12/31/09	652,478	2,827,016	196,761	196,761
	12/31/10	263,445	341,500	158,110	158,110
	12/31/11	249,928	495,182	104,012	104,012
	12/31/12	127,931	235,642	97,665	97,665
	12/31/13	113,397	296,997	79,906	79,906

* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while 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>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	12/31/09	4,393,995	13,049,241	4,710,662	5,228,160
	12/31/10	5,812,127	13,417,629	5,544,095	6,248,502
	12/31/11	4,895,477	10,501,956	4,859,962	6,316,817
	12/31/12	4,552,174	9,144,841	4,731,868	5,452,091
	12/31/13	8,042,068	14,209,914	7,349,103	8,001,809
Private Passenger Types	12/31/09	152,922	173,495	61,248	65,715
	12/31/10	59,798	62,358	44,692	47,488
	12/31/11	42,033	48,695	77,750	81,816
	12/31/12	49,267	50,312	29,070	30,325
	12/31/13	123,177	207,383	63,549	69,752
Publics (All Except Buses)	12/31/09	916,983	1,050,868	709,208	760,927
	12/31/10	873,433	1,697,768	852,203	907,328
	12/31/11	1,234,922	1,426,356	954,758	1,008,696
	12/31/12	1,229,490	1,641,432	941,732	984,234
	12/31/13	1,440,515	1,840,575	663,833	695,771
Misc.	12/31/09	3,637,448	4,403,827	941,614	1,044,955
	12/31/10	4,002,894	9,353,143	1,017,555	1,086,473
	12/31/11	2,173,826	3,824,969	833,328	881,172
	12/31/12	2,169,722	9,027,416	909,027	971,613
	12/31/13	1,664,913	2,301,300	1,071,675	1,122,812
Buses	12/31/09	704,785	3,172,781	238,259	256,878
	12/31/10	281,747	377,604	186,786	199,437
	12/31/11	264,644	539,442	119,880	126,762
	12/31/12	134,123	252,910	109,819	115,002
	12/31/13	117,708	314,051	87,658	90,909

* Trucks, Tractors & Trailers, Publics (All Except Buses) classes, and Private Passenger Types data is on an accident year basis, while 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 October 1, 2015.

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	0.89%	0.05%	0.00%	8.22%	9.17%
50/100	1.66%	0.09%	0.00%	15.27%	17.02%
85/85	0.00%	0.00%	0.00%	0.00%	0.00%
100/100	2.17%	0.17%	0.00%	2.56%	4.90%
100/300	12.78%	2.10%	0.07%	12.04%	26.99%
100/500	0.00%	0.00%	0.00%	0.35%	0.35%
150/150	0.00%	0.00%	0.00%	0.00%	0.00%
250/250	0.00%	0.00%	0.00%	0.00%	0.00%
250/500	0.00%	0.00%	0.00%	0.00%	0.00%
300/300	0.00%	0.00%	0.00%	0.00%	0.00%
400/400	0.00%	0.00%	0.00%	0.00%	0.00%
500/500	0.00%	0.00%	0.00%	0.00%	0.00%
500/1,000	0.00%	0.00%	0.00%	0.00%	0.00%
750/750	1.72%	3.71%	8.78%	0.37%	14.58%
1,000/1,000	3.84%	0.23%	6.49%	1.25%	11.80%
1,500/1,500	0.09%	0.00%	0.00%	8.33%	8.42%
2,000/2,000	0.00%	0.00%	0.00%	2.19%	2.19%
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>0.10%</u>	<u>4.49%</u>	<u>4.59%</u>
TOTAL**	23.14%	6.36%	15.45%	55.05%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2009 through fiscal accident year ending 6/30/2013, 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

POLICY LIMIT	LIGHT & MEDIUM	HEAVY	EXTRA HEAVY	ALL OTHER	ALL TABLES COMBINED **
25	2.51%	0.35%	0.00%	14.31%	17.17%
30	0.00%	0.00%	0.00%	0.17%	0.17%
50	14.91%	1.49%	0.46%	21.39%	38.24%
85	0.00%	0.00%	0.00%	0.00%	0.00%
100	0.08%	0.01%	0.05%	0.06%	0.20%
150	0.00%	0.00%	0.00%	0.00%	0.00%
250	0.00%	0.00%	0.00%	0.00%	0.00%
300	0.00%	0.00%	0.00%	0.02%	0.02%
400	0.00%	0.00%	0.00%	0.00%	0.00%
500	0.05%	0.00%	0.00%	0.00%	0.05%
750	2.61%	4.25%	12.37%	0.85%	20.08%
1,000	2.08%	1.09%	6.98%	0.69%	10.84%
1,500	0.18%	0.00%	0.00%	9.10%	9.28%
2,000	0.00%	0.00%	0.00%	0.98%	0.98%
2,500	0.00%	0.00%	0.00%	0.00%	0.00%
<u>5,000</u>	<u>0.02%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>2.95%</u>	<u>2.97%</u>
TOTAL**	22.42%	7.19%	19.86%	50.53%	100.00%

* Data includes allocated loss adjustment expenses and uses losses incurred in the period from fiscal accident year ending 6/30/2009 through fiscal accident year ending 6/30/2013, 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	1.14	1.26	1.49
2. Heavy Trucks and Truck Tractors	1.00	1.25	1.17	1.34	1.59
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.28	1.20	1.40	1.69
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.33	1.25	1.44	1.80
5. All Other Risks	1.00	1.20	1.17	1.26	1.50

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	1.05
2. Heavy Trucks and Truck Tractors	1.00	1.01	1.05
3. Extra-Heavy Trucks and Truck Tractors	1.00	1.01	1.05
4. Trucks, Tractors and Trailers Zone Rated	1.00	1.01	1.05
5. All Other Risks	1.00	1.01	1.05

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	1.58	1.76	1.83	1.99	1.62
300/300	64	1.78	1.98	2.13	2.32	1.79
250/500	61	1.83	2.11	2.25	2.46	1.89
400/400	68	1.93	2.22	2.39	2.63	1.96
500/500	68	2.07	2.39	2.61	2.90	2.11
750/750	73	2.37	2.78	3.08	3.45	2.42
1000/1000	73	2.60	3.10	3.47	3.92	2.65
1500/1500	74	2.95	3.63	4.10	4.65	2.99
2000/2000	75	3.26	4.06	4.63	5.29	3.31
2500/2500	76	3.47	4.42	5.12	5.83	3.59
5000/5000	79	4.39	5.79	6.84	7.89	4.50
7500/7500	82	4.99	6.75	8.04	9.33	5.09
10000/10000	85	5.35	7.37	8.82	10.27	5.44
12500/12500	86	5.55	7.74	9.29	10.83	5.63
15000/15000	86	5.65	7.94	9.55	11.14	5.73

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	1.10	1.10	1.10	1.10	1.10
100	10	1.11	1.11	1.11	1.11	1.11
300	14	1.16	1.16	1.17	1.17	1.16
400	15	1.17	1.18	1.19	1.19	1.17
500	16	1.18	1.20	1.21	1.21	1.18
750	17	1.20	1.22	1.23	1.23	1.20
1000	18	1.22	1.24	1.25	1.25	1.22
1500	19	1.25	1.28	1.29	1.29	1.25
2000	20	1.27	1.30	1.33	1.33	1.27
2500	21	1.28	1.31	1.35	1.34	1.28
5000	23	1.32	1.35	1.39	1.38	1.32
7500	24	1.35	1.38	1.42	1.41	1.35
10000	25	1.37	1.40	1.44	1.43	1.37
12500	26	1.38	1.41	1.45	1.44	1.38
15000	26	1.39	1.42	1.46	1.45	1.39

**NORTH CAROLINA DEPARTMENT OF INSURANCE
RATE FILING QUESTIONNAIRE: COMMERCIAL LINES**

RATING ORGANIZATION'S NAME North Carolina Reinsurance Facility

CONTACT PERSON FOR FILING Rebecca Williams

TITLE Manager, Data Analysis TELEPHONE NUMBER 919-582-1055 EXT.

1. RATING ORGANIZATION'S FEDERAL EMPLOYER NUMBER 561051050

2. RATING ORGANIZATION'S FILE NUMBER RF-1

3. ANNUAL STATEMENT PAGE 14 LINE(S) OF INSURANCE Commercial Auto Liability

4. SUBLINE/PROGRAM TITLE (IF APPLICABLE)

5. TYPE OF POLICIES INVOLVED: X OCCURRENCE CLAIMS MADE
 OTHER (DESCRIBE)

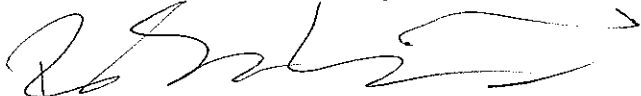
6. PROPOSED EFFECTIVE DATE(S): NEW October 1, 2015 RENEWAL October 1, 2015

7. APPROXIMATE MARKET SHARE OF NORTH CAROLINA WRITTEN PREMIUM FOR LINE(S)
Commercial Auto
INVOLVED: LINE Liability 10.2 % LINE %
+15.3% Basic Limits; -0.9% Increased Limits
8. AVERAGE RATE CHANGE PROPOSED: +14.3% Total Limits

The following are attached as part of the filing:

- Exhibits 1, 3, 4, and 5.
- Exhibit 2 for each expected loss ratio.
- Five-year rate filing history including NCDOI file #, effective date, and average rate change.
- Final rate pages (MUST accompany filing.) (NOT APPLICABLE)

I certify that the information contained in this questionnaire is true and correct and the filing complies with statutory requirements to the best of my knowledge.



Signature of Company Officer/Filings Department Head

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
A. Total Production Expense	15.2%
B. General Expense	5.8%
C. Taxes, Licenses & Fees	2.1%
D. Underwriting Profit & Contingencies	0.0%
E. Other (explain)	_____
F. TOTAL	23.1%

3. Expected Loss Ratio (ELR=100-2F) .769

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	+17.9%	+10.4%	+16.0%	+10.4%
Private Passenger Types	+10.2%	+2.4%	+8.7%	+2.5%

EXHIBIT 2A
Five Year Rate Filing History

<u>Effective Date</u>	<u>NCDOI File #</u>	<u>% Change</u>	<u>Reason for Filing</u>
03/01/2011		-6.1%	Review of basic limits experience and increased limits factors
03/01/2012		-4.4%	Review of basic limits experience and increased limits factors
03/01/2013		+1.7%	Review of basic limits experience and increased limits factors
03/01/2015		+13.8%	Review of basic limits experience and increased limits factors.

EXHIBIT 3

NORTH CAROLINA EXPERIENCE X Direct ___ Net

	<u>2009</u>	<u>2010</u>	<u>2011</u>
(1) Written Premiums	<u>476,874,769</u>	<u>452,214,161</u>	<u>447,641,416</u>
(2) Earned Premiums	<u>502,011,327</u> 100.0%	<u>461,512,519</u> 100.0%	<u>445,745,697</u> 100.0%
(3) Inc. Loss and LAE	<u>274,097,641</u> 54.6%	<u>254,531,237</u> 55.2%	<u>270,827,838</u> 60.8%
(4) Total Prod. Expense	<u>99,330,494</u> 19.8%	<u>94,074,276</u> 20.4%	<u>92,693,239</u> 20.8%
(5) General Expense	<u>39,463,507</u> 7.9%	<u>35,608,600</u> 7.7%	<u>34,815,456</u> 7.8%
(6) Taxes, Lic. & Fees	<u>11,186,954</u> 2.2%	<u>10,994,563</u> 2.4%	<u>11,088,803</u> 2.5%
(7) Other			

	<u>2012</u>	<u>2013</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>459,941,955</u>	<u>480,462,199</u>	<u>2,317,134,500</u>
(2) Earned Premiums	<u>454,441,200</u> 100.0%	<u>469,572,361</u> 100.0%	<u>2,333,283,104</u> 100.0%
(3) Inc. Loss and LAE	<u>290,254,327</u> 63.9%	<u>306,457,629</u> 65.3%	<u>1,396,168,672</u> 59.8%
(4) Total Prod. Expense	<u>91,324,584</u> 20.1%	<u>97,404,346</u> 20.7%	<u>474,826,939</u> 20.4%
(5) General Expense	<u>34,690,661</u> 7.6%	<u>34,319,049</u> 7.3%	<u>178,897,273</u> 7.7%
(6) Taxes, Lic. & Fees	<u>10,697,918</u> 2.4%	<u>11,477,889</u> 2.4%	<u>55,446,127</u> 2.4%
(7) Other			

COUNTRYWIDE EXPERIENCE X Direct ___ Net
(in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>
(1) Written Premiums	<u>18,364,244</u>	<u>17,815,465</u>	<u>18,139,024</u>
(2) Earned Premiums	<u>18,953,017</u> 100.0%	<u>18,076,097</u> 100.0%	<u>17,935,463</u> 100.0%
(3) Inc. Loss and LAE	<u>12,298,821</u> 64.9%	<u>11,519,146</u> 63.7%	<u>12,250,194</u> 68.3%
(4) Total Prod. Expense	<u>3,789,248</u> 20.0%	<u>3,679,717</u> 20.4%	<u>3,703,563</u> 20.6%
(5) General Expense	<u>1,245,331</u> 6.6%	<u>1,238,912</u> 6.9%	<u>1,201,538</u> 6.7%
(6) Taxes, Lic. & Fees			
(7) Other			

	<u>2012</u>	<u>2013</u>	<u>5 Years Combined</u>
(1) Written Premiums	<u>18,786,666</u>	<u>20,142,890</u>	<u>93,248,289</u>
(2) Earned Premiums	<u>18,444,575</u> 100.0%	<u>19,558,620</u> 100.0%	<u>92,967,772</u> 100.0%
(3) Inc. Loss and LAE	<u>13,899,622</u> 75.4%	<u>14,825,041</u> 75.8%	<u>64,792,824</u> 69.7%
(4) Total Prod. Expense	<u>3,824,088</u> 20.7%	<u>4,044,796</u> 20.7%	<u>19,041,412</u> 20.5%
(5) General Expense	<u>1,298,228</u> 7.0%	<u>1,427,113</u> 7.3%	<u>6,411,122</u> 6.9%
(6) Taxes, Lic. & Fees			
(7) Other			

EXHIBIT 4

UNDERWRITING PROFIT AND CONTINGENCY PROVISION

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

EXHIBIT 5

ACTUARIAL SUPPORT FOR RATE MODIFICATION

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

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

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE LIABILITY INSURANCE
SUPPLEMENTARY MATERIAL

<u>Item</u>	<u>Page</u>
1. North Carolina earned premiums at actual and current levels.	1 - 2
Losses and loss adjustment expenses, each on paid and incurred bases.	3
The loss ratio anticipated at the time rates were promulgated for the experience period.	4
2. Credibility factor development and application.	5
3. Loss development factor derivation and application on both paid and incurred bases, in both dollars and numbers of claims.	6 - 40
4. Trending factor development and application.	41
5. Changes in premium base resulting from rating exposure trends.	42
6. Limiting factor development and application.	43
7. Overhead expense development and application of commission and brokerage, other acquisition fees, general expenses, taxes, licenses and fees.	44
8. Percentage rate change.	45
9. Final proposed rates.	46
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	47
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	48
12. Investment earnings on capital and surplus.	49
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	50

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>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
Trucks, Tractors, & Trailers Bodily Injury	8,398,444	6,777,370	5,800,892
Trucks, Tractors, & Trailers Property Damage	9,123,960	7,830,723	6,691,557
Private Passenger Types Bodily Injury	96,190	78,857	66,753
Private Passenger Types Property Damage	106,624	88,626	72,903
	<u>12/31/2012</u>	<u>12/31/2013</u>	
Trucks, Tractors, & Trailers Bodily Injury	5,508,450	6,908,668	
Trucks, Tractors, & Trailers Property Damage	5,726,384	6,283,872	
Private Passenger Types Bodily Injury	54,140	64,058	
Private Passenger Types Property Damage	55,408	58,172	

Earned Premium at Current Level

	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
Trucks, Tractors, & Trailers Bodily Injury	7,096,685	6,696,042	6,160,547
Trucks, Tractors, & Trailers Property Damage	7,253,548	6,844,052	6,296,755
Private Passenger Types Bodily Injury	77,625	67,659	61,613
Private Passenger Types Property Damage	70,372	61,329	55,844
	<u>12/31/2012</u>	<u>12/31/2013</u>	
Trucks, Tractors, & Trailers Bodily Injury	5,905,058	7,039,933	
Trucks, Tractors, & Trailers Property Damage	6,035,609	7,195,033	
Private Passenger Types Bodily Injury	52,949	62,072	
Private Passenger Types Property Damage	47,983	56,252	

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

North Carolina

PAID/INCURRED LOSS AND LOSS ADJUSTMENT EXPENSE (a)

Paid Losses

	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
Trucks, Tractors, & Trailers Bodily Injury	3,098,193	2,948,807	1,759,223
Trucks, Tractors, & Trailers Property Damage	1,027,449	1,273,538	927,217
Private Passenger Types Bodily Injury	114,124	13,129	5,500
Private Passenger Types Property Damage	18,189	11,046	20,348
	<u>12/31/2012</u>	<u>12/31/2013</u>	
Trucks, Tractors, & Trailers Bodily Injury	501,934	197,840	
Trucks, Tractors, & Trailers Property Damage	754,911	635,415	
Private Passenger Types Bodily Injury	4,999	0	
Private Passenger Types Property Damage	10,001	12,938	

Incurred Losses

	<u>12/31/2009</u>	<u>12/31/2010</u>	<u>12/31/2011</u>
Trucks, Tractors, & Trailers Bodily Injury	3,137,268	3,147,431	2,322,824
Trucks, Tractors, & Trailers Property Damage	1,036,749	1,276,432	945,307
Private Passenger Types Bodily Injury	114,124	13,129	5,500
Private Passenger Types Property Damage	18,189	11,046	20,348
	<u>12/31/2012</u>	<u>12/31/2013</u>	
Trucks, Tractors, & Trailers Bodily Injury	907,614	855,155	
Trucks, Tractors, & Trailers Property Damage	754,911	695,342	
Private Passenger Types Bodily Injury	4,999	28,908	
Private Passenger Types Property Damage	10,001	12,938	

(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>3/1/2015</u>
Trucks, Tractors, & Trailers Bodily Injury	0.750
Trucks, Tractors, & Trailers Property Damage	0.750
Private Passenger Types Bodily Injury	0.750
Private Passenger Types Property Damage	0.750

(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.

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 - 2 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 James Davidson.

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

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

Development

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

Basic Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 1-5
Private Passenger Types - Section D, Exhibit 1, Sheets 8-12

Total Limits

Trucks, Tractors, & Trailers - Section D, Exhibit 1, Sheets 6 and 7
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 - 2 in Section B of Exhibit RF-1.

See also the pre-filed testimony of James Davidson.

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

Accident Year	\$30,000/60,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2002	630,781	1,329,421	1,659,198
12/31/2003	619,656	1,275,468	1,510,334
12/31/2004	845,240	1,549,039	2,138,670
12/31/2005	722,089	1,330,859	1,740,423
12/31/2006	823,233	1,520,720	1,676,760
12/31/2007	689,569	1,318,341	1,779,774
12/31/2008	389,973	931,456	1,081,581
12/31/2009	277,113	493,480	749,389
12/31/2010	441,531	915,253	1,127,158
12/31/2011	417,391	751,325	822,223
12/31/2012	146,793	328,034	
12/31/2013	197,840		

Property Damage

Accident Year	\$25,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2002	1,435,033	1,504,684	1,529,975
12/31/2003	1,892,142	2,034,575	2,041,520
12/31/2004	2,243,031	2,365,187	2,388,281
12/31/2005	2,311,082	2,470,519	2,504,588
12/31/2006	1,992,489	2,131,825	2,147,653
12/31/2007	1,816,497	1,967,280	1,979,945
12/31/2008	1,450,973	1,530,595	1,551,082
12/31/2009	925,258	987,363	1,000,834
12/31/2010	1,122,105	1,168,936	1,177,523
12/31/2011	886,597	909,511	910,099
12/31/2012	434,600	507,499	
12/31/2013	590,656		

North Carolina
 ISO Voluntary Data
 Basic Limit Loss Development
 Trucks, Tractors, and Trailers Paid 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>
12/31/2002	4,800,920	9,092,025	11,488,785	12,956,013	13,922,243
12/31/2003	4,756,325	10,045,200	12,209,371	13,947,705	14,709,246
12/31/2004	4,920,861	9,444,523	11,786,290	13,364,495	14,379,989
12/31/2005	5,442,880	10,379,639	12,659,407	14,572,007	15,664,788
12/31/2006	5,948,272	11,521,957	14,644,453	17,045,502	17,131,092
12/31/2007	4,800,463	9,915,416	12,614,817	14,766,218	15,498,598
12/31/2008	4,848,538	8,405,192	10,322,755	11,614,796	12,301,075
12/31/2009	3,624,789	7,589,657	9,768,941	10,891,655	11,539,029
12/31/2010	4,145,587	8,169,969	9,968,899	11,263,346	
12/31/2011	5,092,565	9,522,569	11,394,832		
12/31/2012	5,209,592	10,298,328			
12/31/2013	5,404,816				

North Carolina
ISO Voluntary Data
Basic Limit 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>
12/31/2002	14,033,124	14,186,897	14,217,367	14,221,764	14,222,991
12/31/2003	14,767,678	14,789,946	14,789,946	14,789,946	14,789,946
12/31/2004	14,802,008	14,970,588	14,978,941	14,979,450	14,979,466
12/31/2005	15,861,949	15,912,715	15,915,521	15,928,521	
12/31/2006	17,203,621	17,286,550	17,289,495		
12/31/2007	15,867,330	16,497,420			
12/31/2008	12,363,014				

North Carolina
ISO Voluntary Data
Basic Limit Loss Development
Trucks, Tractors, and Trailers 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>
12/31/2002	14,708,067	15,544,779	15,625,166	15,680,351	15,714,815
12/31/2003	13,545,075	14,404,159	14,549,233	14,611,282	14,622,462
12/31/2004	13,301,217	14,219,939	14,390,044	14,409,509	14,423,733
12/31/2005	14,737,478	15,562,950	15,692,092	15,761,665	15,769,064
12/31/2006	15,182,362	15,935,105	16,046,451	16,123,389	16,119,794
12/31/2007	14,976,832	15,760,653	15,788,949	15,841,840	15,842,952
12/31/2008	13,135,208	13,645,497	13,703,288	13,764,046	13,781,180
12/31/2009	10,883,849	11,463,385	11,591,356	11,600,525	11,625,252
12/31/2010	11,143,131	11,735,848	11,827,957	11,867,786	
12/31/2011	12,401,145	13,073,657	13,244,752		
12/31/2012	12,669,670	13,364,983			
12/31/2013	12,796,120				

North Carolina
ISO Voluntary Data
Basic Limit Loss Development
Trucks, Tractors, and Trailers Paid 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>
12/31/2002	15,769,251	15,769,754	15,768,374	15,768,374	15,768,374
12/31/2003	14,623,368	14,621,259	14,621,259	14,621,259	14,621,259
12/31/2004	14,423,733	14,423,833	14,423,833	14,423,833	14,429,261
12/31/2005	15,766,189	15,769,237	15,769,237	15,769,237	
12/31/2006	16,121,827	16,121,827	16,121,827		
12/31/2007	15,842,952	15,842,952			
12/31/2008	13,783,712				

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

Accident Year	\$30,000/60,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2002	696	696	696
12/31/2003	0	0	0
12/31/2004	1,714	2,881	31,051
12/31/2005	10,182	10,182	12,307
12/31/2006	10,000	10,000	10,000
12/31/2007	3,931	12,361	12,361
12/31/2008	0	1,985	6,896
12/31/2009	54,166	94,771	97,683
12/31/2010	12,514	13,129	13,129
12/31/2011	0	5,500	5,500
12/31/2012	4,999	4,999	
12/31/2013	0		

Property Damage

Accident Year	\$25,000 Basic Limit		
<u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2002	11,944	11,944	11,944
12/31/2003	13,413	13,413	13,413
12/31/2004	19,136	19,126	19,126
12/31/2005	19,606	23,001	23,816
12/31/2006	18,076	18,076	18,076
12/31/2007	16,311	16,357	16,357
12/31/2008	9,346	9,346	9,346
12/31/2009	10,730	18,189	18,189
12/31/2010	7,995	11,046	11,046
12/31/2011	20,470	20,348	20,348
12/31/2012	10,001	10,001	
12/31/2013	12,938		

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

Accident Year	\$30,000/60,000 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>
12/31/2002	510,203	1,160,330	1,596,619	1,739,924	1,787,305
12/31/2003	720,381	1,177,719	1,338,404	1,617,282	1,772,159
12/31/2004	576,507	1,049,677	1,303,786	1,611,422	1,724,230
12/31/2005	592,971	1,159,555	1,618,022	1,697,375	1,725,535
12/31/2006	689,364	1,266,029	1,621,808	1,806,403	1,928,560
12/31/2007	451,938	1,164,887	1,461,842	1,558,533	1,731,603
12/31/2008	671,387	1,206,177	1,441,790	1,700,864	1,746,096
12/31/2009	519,753	932,810	1,177,764	1,363,840	1,429,254
12/31/2010	727,917	1,240,635	1,477,291	1,748,174	
12/31/2011	750,540	1,113,237	1,471,603		
12/31/2012	678,583	1,159,208			
12/31/2013	745,563				

North Carolina
ISO Voluntary Data
Basic Limit Loss Development
Private Passenger Types 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>
12/31/2002	1,788,873	1,788,873	1,788,873	1,788,873	1,788,873
12/31/2003	1,781,764	1,781,764	1,781,764	1,781,764	1,781,764
12/31/2004	1,724,230	1,724,571	1,724,571	1,724,571	1,724,571
12/31/2005	1,796,354	1,796,354	1,796,354	1,796,354	
12/31/2006	1,939,263	1,939,263	1,939,263		
12/31/2007	1,819,380	1,819,473			
12/31/2008	1,746,096				

North Carolina
 ISO Voluntary Data
 Basic Limit 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>
12/31/2002	1,642,135	1,738,038	1,748,791	1,757,474	1,759,383
12/31/2003	1,433,203	1,516,186	1,525,861	1,553,046	1,554,109
12/31/2004	1,349,396	1,373,959	1,376,285	1,378,285	1,378,285
12/31/2005	1,592,815	1,701,295	1,705,503	1,705,602	1,705,602
12/31/2006	1,659,575	1,836,582	1,838,029	1,843,032	1,843,032
12/31/2007	1,407,473	1,475,917	1,473,708	1,473,708	1,473,708
12/31/2008	1,663,938	1,716,030	1,694,349	1,695,949	1,695,949
12/31/2009	1,592,273	1,634,634	1,651,390	1,651,390	1,653,391
12/31/2010	1,511,405	1,559,520	1,566,332	1,575,578	
12/31/2011	1,494,158	1,549,687	1,550,390		
12/31/2012	1,534,131	1,595,018			
12/31/2013	1,481,738				

North Carolina
ISO Voluntary Data
Basic Limit Loss Development
Private Passenger Types Paid 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>
12/31/2002	1,759,383	1,759,383	1,759,383	1,759,383	1,759,383
12/31/2003	1,554,109	1,554,109	1,554,109	1,554,109	1,554,109
12/31/2004	1,378,068	1,378,068	1,378,068	1,378,068	1,378,068
12/31/2005	1,707,522	1,707,522	1,707,522	1,707,522	
12/31/2006	1,843,032	1,843,032	1,843,032		
12/31/2007	1,473,708	1,473,708			
12/31/2008	1,694,949				

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>
12/31/2002	231	225	242
12/31/2003	264	285	261
12/31/2004	384	322	323
12/31/2005	274	262	259
12/31/2006	258	249	248
12/31/2007	201	198	194
12/31/2008	136	121	120
12/31/2009	108	101	102
12/31/2010	140	135	133
12/31/2011	85	89	88
12/31/2012	53	53	
12/31/2013	64		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2002	600	605	608
12/31/2003	650	674	668
12/31/2004	805	777	774
12/31/2005	744	755	757
12/31/2006	665	675	676
12/31/2007	593	592	595
12/31/2008	470	479	478
12/31/2009	320	323	326
12/31/2010	361	369	370
12/31/2011	261	266	266
12/31/2012	134	140	
12/31/2013	164		

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>
12/31/2002	1,846	1,813	1,806	1,826	1,820
12/31/2003	1,852	1,877	1,878	1,874	1,874
12/31/2004	1,833	1,779	1,772	1,779	1,779
12/31/2005	1,885	1,850	1,853	1,844	1,838
12/31/2006	1,867	1,836	1,835	1,845	1,849
12/31/2007	1,696	1,651	1,680	1,666	1,673
12/31/2008	1,352	1,310	1,336	1,324	1,326
12/31/2009	1,165	1,192	1,189	1,194	1,189
12/31/2010	1,330	1,308	1,310	1,313	
12/31/2011	1,352	1,315	1,311		
12/31/2012	1,535	1,482			
12/31/2013	1,521				

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>
12/31/2002	1,824	1,824	1,824	1,824	1,824
12/31/2003	1,878	1,878	1,878	1,878	1,878
12/31/2004	1,778	1,788	1,788	1,787	1,787
12/31/2005	1,847	1,848	1,848	1,847	
12/31/2006	1,850	1,851	1,851		
12/31/2007	1,677	1,677			
12/31/2008	1,324				

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>
12/31/2002	5,664	5,728	5,725	5,735	5,737
12/31/2003	5,087	5,163	5,166	5,167	5,170
12/31/2004	5,033	5,057	5,071	5,072	5,078
12/31/2005	5,148	5,201	5,201	5,209	5,209
12/31/2006	5,306	5,339	5,344	5,342	5,337
12/31/2007	5,129	5,161	5,169	5,170	5,169
12/31/2008	4,535	4,556	4,570	4,573	4,570
12/31/2009	3,788	3,812	3,833	3,832	3,833
12/31/2010	4,002	4,035	4,035	4,037	
12/31/2011	4,055	4,062	4,082		
12/31/2012	4,083	4,105			
12/31/2013	4,047				

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>
12/31/2002	5,735	5,737	5,737	5,737	5,737
12/31/2003	5,170	5,169	5,169	5,169	5,169
12/31/2004	5,078	5,078	5,078	5,078	5,078
12/31/2005	5,209	5,210	5,210	5,210	
12/31/2006	5,337	5,338	5,337		
12/31/2007	5,168	5,168			
12/31/2008	4,569				

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>
12/31/2002	1	1	1
12/31/2003	0	0	0
12/31/2004	17	6	5
12/31/2005	10	8	7
12/31/2006	1	1	1
12/31/2007	4	3	3
12/31/2008	2	2	2
12/31/2009	12	21	27
12/31/2010	7	5	5
12/31/2011	3	2	1
12/31/2012	1	1	
12/31/2013	5		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2002	9	9	9
12/31/2003	5	5	4
12/31/2004	18	10	10
12/31/2005	12	11	12
12/31/2006	5	5	5
12/31/2007	8	8	8
12/31/2008	6	6	6
12/31/2009	5	5	5
12/31/2010	5	6	6
12/31/2011	6	5	5
12/31/2012	5	5	
12/31/2013	5		

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>
12/31/2002	239	234	230	228	228
12/31/2003	250	248	243	244	245
12/31/2004	213	224	224	221	220
12/31/2005	206	200	201	201	201
12/31/2006	239	231	236	237	237
12/31/2007	200	198	200	200	198
12/31/2008	223	215	219	219	221
12/31/2009	199	196	195	195	193
12/31/2010	220	213	204	206	
12/31/2011	204	203	203		
12/31/2012	200	197			
12/31/2013	203				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Private Passenger Types 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>
12/31/2002	228	228	228	228	228
12/31/2003	245	245	245	245	245
12/31/2004	220	221	221	221	221
12/31/2005	200	200	200	200	
12/31/2006	237	237	237		
12/31/2007	197	197			
12/31/2008	221				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Private Passenger Types 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>
12/31/2002	700	709	708	714	713
12/31/2003	612	627	627	627	628
12/31/2004	556	555	557	557	557
12/31/2005	605	617	617	617	617
12/31/2006	641	642	642	642	642
12/31/2007	578	571	572	572	572
12/31/2008	637	639	639	639	639
12/31/2009	567	571	573	573	573
12/31/2010	571	572	571	573	
12/31/2011	570	571	572		
12/31/2012	536	544			
12/31/2013	537				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Private Passenger Types 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>
12/31/2002	713	713	713	713	713
12/31/2003	628	628	628	628	628
12/31/2004	557	557	557	557	557
12/31/2005	618	618	618	618	
12/31/2006	642	642	642		
12/31/2007	572	572			
12/31/2008	639				

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>
12/31/2002	127	191	208
12/31/2003	148	228	246
12/31/2004	179	256	290
12/31/2005	170	221	240
12/31/2006	145	213	226
12/31/2007	129	173	191
12/31/2008	68	102	110
12/31/2009	64	87	96
12/31/2010	78	115	126
12/31/2011	53	78	80
12/31/2012	34	44	
12/31/2013	44		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2002	582	603	607
12/31/2003	638	666	668
12/31/2004	746	770	774
12/31/2005	730	755	757
12/31/2006	649	672	676
12/31/2007	572	591	594
12/31/2008	459	477	478
12/31/2009	311	322	325
12/31/2010	358	370	370
12/31/2011	253	264	264
12/31/2012	132	140	
12/31/2013	157		

North Carolina

ISO Voluntary 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>	<u>51 Months</u>	<u>63 Months</u>
12/31/2002	1,176	1,603	1,728	1,789	1,817
12/31/2003	1,184	1,653	1,765	1,847	1,873
12/31/2004	1,128	1,564	1,673	1,740	1,768
12/31/2005	1,157	1,626	1,747	1,814	1,837
12/31/2006	1,140	1,598	1,740	1,815	1,844
12/31/2007	1,031	1,447	1,577	1,649	1,667
12/31/2008	851	1,156	1,250	1,300	1,323
12/31/2009	706	1,034	1,133	1,171	1,186
12/31/2010	810	1,147	1,239	1,288	
12/31/2011	825	1,188	1,269		
12/31/2012	945	1,313			
12/31/2013	901				

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>
12/31/2002	1,817	1,821	1,821	1,822	1,822
12/31/2003	1,877	1,878	1,878	1,878	1,878
12/31/2004	1,778	1,787	1,787	1,787	1,787
12/31/2005	1,845	1,846	1,846	1,847	
12/31/2006	1,845	1,848	1,851		
12/31/2007	1,676	1,677			
12/31/2008	1,323				

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>
12/31/2002	5,529	5,711	5,720	5,731	5,735
12/31/2003	4,956	5,135	5,160	5,167	5,170
12/31/2004	4,880	5,037	5,066	5,071	5,077
12/31/2005	5,009	5,184	5,198	5,209	5,210
12/31/2006	5,191	5,327	5,337	5,340	5,337
12/31/2007	4,989	5,152	5,164	5,166	5,167
12/31/2008	4,429	4,547	4,560	4,566	4,568
12/31/2009	3,692	3,807	3,827	3,829	3,832
12/31/2010	3,916	4,023	4,031	4,035	
12/31/2011	3,958	4,059	4,076		
12/31/2012	3,976	4,093			
12/31/2013	3,932				

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>
12/31/2002	5,737	5,737	5,737	5,737	5,737
12/31/2003	5,170	5,169	5,169	5,169	5,169
12/31/2004	5,078	5,078	5,078	5,078	5,078
12/31/2005	5,209	5,210	5,210	5,210	
12/31/2006	5,337	5,337	5,337		
12/31/2007	5,167	5,167			
12/31/2008	4,567				

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>
12/31/2002	0	0	0
12/31/2003	0	0	0
12/31/2004	2	2	5
12/31/2005	6	6	7
12/31/2006	1	1	1
12/31/2007	2	3	3
12/31/2008	0	0	1
12/31/2009	12	21	22
12/31/2010	5	5	5
12/31/2011	0	1	1
12/31/2012	1	1	
12/31/2013	0		

Property Damage

Accident Year <u>Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>
12/31/2002	9	9	9
12/31/2003	4	4	4
12/31/2004	10	10	10
12/31/2005	8	11	12
12/31/2006	5	5	5
12/31/2007	8	8	8
12/31/2008	6	6	6
12/31/2009	4	5	5
12/31/2010	5	6	6
12/31/2011	6	5	5
12/31/2012	5	5	
12/31/2013	5		

North Carolina
ISO Voluntary 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>	<u>51 Months</u>	<u>63 Months</u>
12/31/2002	145	204	220	225	228
12/31/2003	165	216	232	241	245
12/31/2004	126	193	208	219	220
12/31/2005	113	171	190	196	197
12/31/2006	161	212	228	232	237
12/31/2007	111	171	184	188	193
12/31/2008	132	196	204	218	221
12/31/2009	133	177	186	193	194
12/31/2010	150	184	195	204	
12/31/2011	148	182	199		
12/31/2012	137	179			
12/31/2013	143				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Private Passenger Types 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>
12/31/2002	228	228	228	228	228
12/31/2003	245	245	245	245	245
12/31/2004	220	221	221	221	221
12/31/2005	200	200	200	200	
12/31/2006	237	237	237		
12/31/2007	197	197			
12/31/2008	221				

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>
12/31/2002	685	707	709	713	713
12/31/2003	602	624	626	628	628
12/31/2004	550	554	557	557	557
12/31/2005	593	616	617	617	617
12/31/2006	620	642	642	642	642
12/31/2007	557	572	572	572	572
12/31/2008	627	639	639	639	639
12/31/2009	555	572	573	573	573
12/31/2010	561	570	571	573	
12/31/2011	563	572	572		
12/31/2012	531	543			
12/31/2013	528				

North Carolina
ISO Voluntary Data
Total Limits Claim Development
Private Passenger Types Paid 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>
12/31/2002	713	713	713	713	713
12/31/2003	628	628	628	628	628
12/31/2004	557	557	557	557	557
12/31/2005	618	618	618	618	
12/31/2006	642	642	642		
12/31/2007	572	572			
12/31/2008	639				

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

4. Trending factor development and application.

Development

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

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

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

Application

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

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

See also the pre-filed testimony of James Davidson.

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

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

NOT APPLICABLE.

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

6. Limiting factor development and application.

NOT APPLICABLE.

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

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

Development

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

Application

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

See also the pre-filed testimony of James Davidson.

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

8. Percentage rate change.

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

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

9. Final proposed rates.

See Exhibit 2 (Sheets 3-9), and Exhibit 3 (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 James Davidson 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 2013

Insurance Expense Exhibits for 2013

Rate Bureau Call for 2013 Automobile and Motorcycle Expense Experience

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

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

12. Investment earnings on capital and surplus.

NOT APPLICABLE.

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

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

NOT APPLICABLE.

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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**NORTH CAROLINA REINSURANCE FACILITY
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GENERAL RULES SECTION

NOTES

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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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GENERAL RULES

Bodily injury liability
Property damage liability
Medical payments

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

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

Rule 8. ADDITIONAL PREMIUM CHANGES

- A. Prorate all changes requiring additional premium.
- B. In computing the additional premium, charge the 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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COMMON COVERAGES SECTION

NOTES

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COMMON COVERAGES SECTION

Rule 11. HOW TO CLASSIFY AUTOS

- A. If an auto has more than one use, use the highest rated classification, unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- B. Classify and rate autos of the private passenger type according to the Private Passenger Types Rule (Rule 12).
- C. Classify and rate autos of the truck type that transport property or are used in business according to the Trucks, Tractors, and Trailers Section.
- D. Classify and rate buses, taxicabs, and other autos that are used in the business of transporting people according to the Public Transportation Section.
- E. Classify and rate new and used auto dealers according to the Garage Section.
- F. Classify and rate autos that do not fit into these categories according to the Special Types and Operations Section.

Rule 12. PRIVATE PASSENGER TYPES

Fleet-Class Code 7398

- A. A private passenger auto is
 - 1. a 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 14,000 pounds; and❖
 - c. is not used for the delivery or transportation of goods and materials unless such use is
 - (1) incidental to your business of installing, maintaining, or repairing furnishings or equipment; or
 - (2) for farming or ranching.
- B. The rates displayed on the rate schedules for private passenger types apply to all private passenger autos which are rated as part of a fleet or which are eligible to be experience rated for liability coverages.

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

EXCEPTIONS:

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

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

EXCEPTIONS:

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

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

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

D. Premium Determination

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

E. Classifications and Codes

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

Rule 13. FARMERS AUTOS

Class Code 7399

A. Eligibility

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

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

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B. Premium Computation

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

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).

COMMON COVERAGES

b. Social Service Agency Risks (Class Code 6670)

(1) Determine the advance premium based on the number of employees in accordance with paragraph a.(1)(a) above.

(2) Charge an additional premium determined as follows:

Determine the total number of volunteers at all locations who regularly use their own autos to transport social service clients in connection with the agency's programs and multiply this number by \$1.59 bodily injury, \$30,000/60,000 limits, and \$.75 property damage, \$25,000 limit per volunteer. The minimum premium shall be \$10 bodily injury, \$30,000/60,000 limits, and \$6 property damage, \$25,000 limit.

(3) To extend nonownership coverage to cover the individual liability of agency employees, charge an additional premium determined in accordance with paragraph 1.a.(2) (Class Code 6671). Use Employees As Insureds Endorsement CA 99 33.

(4) To extend coverage to cover the blanket individual liability of volunteers who use their own autos in the agency's social service programs, charge an additional premium of \$.37 bodily injury, \$30,000/60,000 limits, and \$.19 property damage, \$25,000 limit, per volunteer donor subject to a minimum premium of \$5 per policy (Class Code 6672). Use Social Service Agencies—Volunteers As Insureds Endorsement CA 99 34.

c. Unless there is substantial change in exposures during the policy period, the advance premium is the earned premium.

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.

COMMON COVERAGES

Rule 19. MEDICAL PAYMENTS

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

Rule 20. UNINSURED AND UNDERINSURED MOTORISTS INSURANCE

For purposes of this Rule, the following definitions apply:

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

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

A. Uninsured Motorists Coverage Only

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

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

EXCEPTIONS:

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

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

insured at the time of renewal of the policy for the policy term in question.

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

a. Basic Limits

The limits of uninsured motorists bodily injury coverage shall be \$30,000/\$60,000 unless the insured purchases a higher limit of uninsured motorists bodily injury coverage but in no event shall an insurer be required to sell uninsured motorists bodily injury coverage at limits that exceed \$1,000,000/1,000,000. The limit of uninsured motorists property damage coverage shall equal the highest limit of liability for property damage liability coverage for any one 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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COMMON COVERAGES

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:

RATES

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

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

3. Trailers

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

B. Combined Uninsured/Underinsured Motorists Coverage

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

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

EXCEPTIONS:

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

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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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TRUCKS, TRACTORS, AND TRAILERS SECTION**

NOTES

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Rule 31. ELIGIBILITY

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

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

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

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

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

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

C. Premium Computation

- 1. 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, secondary, and fleet 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-- 1.25	016-- 1.30
	Retail	Factor CD	024-- 1.45	025-- 1.80	026-- 1.80
	Commercial	Factor CD	034-- 1.30	035-- 1.60	036-- 1.65
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	214-- 1.05	215-- 1.30	216-- .90
	Retail	Factor CD	224-- 1.55	225-- 1.90	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-- 1.60	325-- 2.05	326-- 1.00
	Commercial	Factor CD	334-- 1.45	335-- 1.80	336-- 1.00
Extra Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	404-- 2.15	405-- 2.80	406-- 1.40
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	344-- 1.40	345-- 1.75	346-- 1.00
	Retail	Factor CD	354-- 2.00	355-- 2.55	356-- 1.00
	Commercial	Factor CD	364-- 1.80	365-- 2.25	366-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	504-- 2.35	505-- 3.05	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-- 1.25	013-- 1.30
	Retail	Factor CD	021-- 1.45	022-- 1.80	023-- 1.80
	Commercial	Factor CD	031-- 1.30	032-- 1.60	033-- 1.65
ZONE RATED					
Medium Trucks (10,001–20,000 lbs. GVW)	Service	Factor CD	211-- 1.05	212-- 1.30	213-- .90
	Retail	Factor CD	221-- 1.55	222-- 1.90	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-- 1.60	322-- 2.05	323-- 1.00
	Commercial	Factor CD	331-- 1.45	332-- 1.80	333-- 1.00
Extra Heavy Trucks (Over 45,000 lbs. GVW)		Factor CD	401-- 2.15	402-- 2.80	403-- 1.40
Heavy Truck-Tractors (0–45,000 lbs. GCW)	Service	Factor CD	341-- 1.40	342-- 1.75	343-- 1.00
	Retail	Factor CD	351-- 2.00	352-- 2.55	353-- 1.00
	Commercial	Factor CD	361-- 1.80	362-- 2.25	363-- 1.00
Extra Heavy Truck-Tractors (Over 45,000 lbs. GCW)		Factor CD	501-- 2.35	502-- 3.05	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	+0.75	21
	intermediate	0.00	+0.75	21
	long distance	0.00	+0.75	21
b. Contract carriers (other than chemical or iron and steel haulers)	local	0.00	+0.75	22
	intermediate	0.00	+0.75	22
	long distance	0.00	+0.75	22
c. Contract carriers hauling chemicals	local	0.00	+0.75	23
	intermediate	0.00	+0.75	23
	long distance	0.00	+0.75	23
d. Contract carriers hauling iron and steel	local	0.00	+0.75	24
	intermediate	0.00	+0.75	24
	long distance	0.00	+0.75	24
e. Exempt carriers (other than livestock haulers)	local	0.00	+0.75	25
	intermediate	0.00	+0.75	25
	long distance	0.00	+0.75	25
f. Exempt carriers hauling livestock	local	0.00	+0.75	26
	intermediate	0.00	+0.75	26
	long distance	0.00	+0.75	26
g. Carriers engaged in both private carriage and transporting goods, materials, or commodities for others if at least 20% of their total operation is transporting goods, materials, or commodities for others	local	0.00	+0.75	02
	intermediate	0.00	+0.75	02
	long distance	0.00	+0.75	02
h. Tow trucks for hire	local	0.00	+0.75	03
	intermediate	0.00	+0.75	03
	long distance	0.00	+0.75	03
i. All other	local	0.00	+0.75	29
	intermediate	0.00	+0.75	29
	long distance	0.00	+0.75	29

Food delivery—Autos used by food manufacturers to transport raw and finished products or used in wholesale distribution of food

a. Canneries and packing plants	0.00	+0.45	31
b. Fish and sea food	0.00	+0.45	32
c. Frozen food	0.00	+0.45	33
d. Fruit and vegetable	0.00	+0.45	34
e. Meat or poultry	0.00	+0.45	35
f. All other	0.00	+0.45	39

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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	+0.30	51
b. Building wrecking operators	0.00	+0.30	52
c. Garbage	0.00	+0.30	53
d. Junk dealers	0.00	+0.30	54
e. All other	0.00	+0.30	59
Trailer Types and Zone Rated Autos All Other Autos			
Farmers —Autos owned by a farmer, used in connection with the operation of his own farm, and occasionally used to haul commodities for other farmers			
a. Individually owned or family corp. (other than livestock hauling)	0.00	-0.50	61
b. Livestock hauling	0.00	-0.50	62
c. All other	0.00	-0.50	69
Trailer Types and Zone Rated Autos All Other Autos			
Dump and transit mix trucks and trailers (Use these factors and codes only when no other secondary classification applies. Refer to Truckers/Motor Carriers Rule.)			
a. Excavating	0.00	-0.10	71
b. Sand and gravel (other than quarrying)	0.00	-0.10	72
c. Mining	0.00	-0.10	73
d. Quarrying	0.00	-0.10	74
e. All other	0.00	-0.10	79

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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	0.35	91
b. All other	0.00	99

TRUCKS, TRACTORS, AND TRAILERS

E. Special Provisions for Certain Risks

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

Rule 34. TRUCKERS/MOTOR CARRIERS

A. Eligibility

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

B. Special Provisions

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

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

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

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

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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:

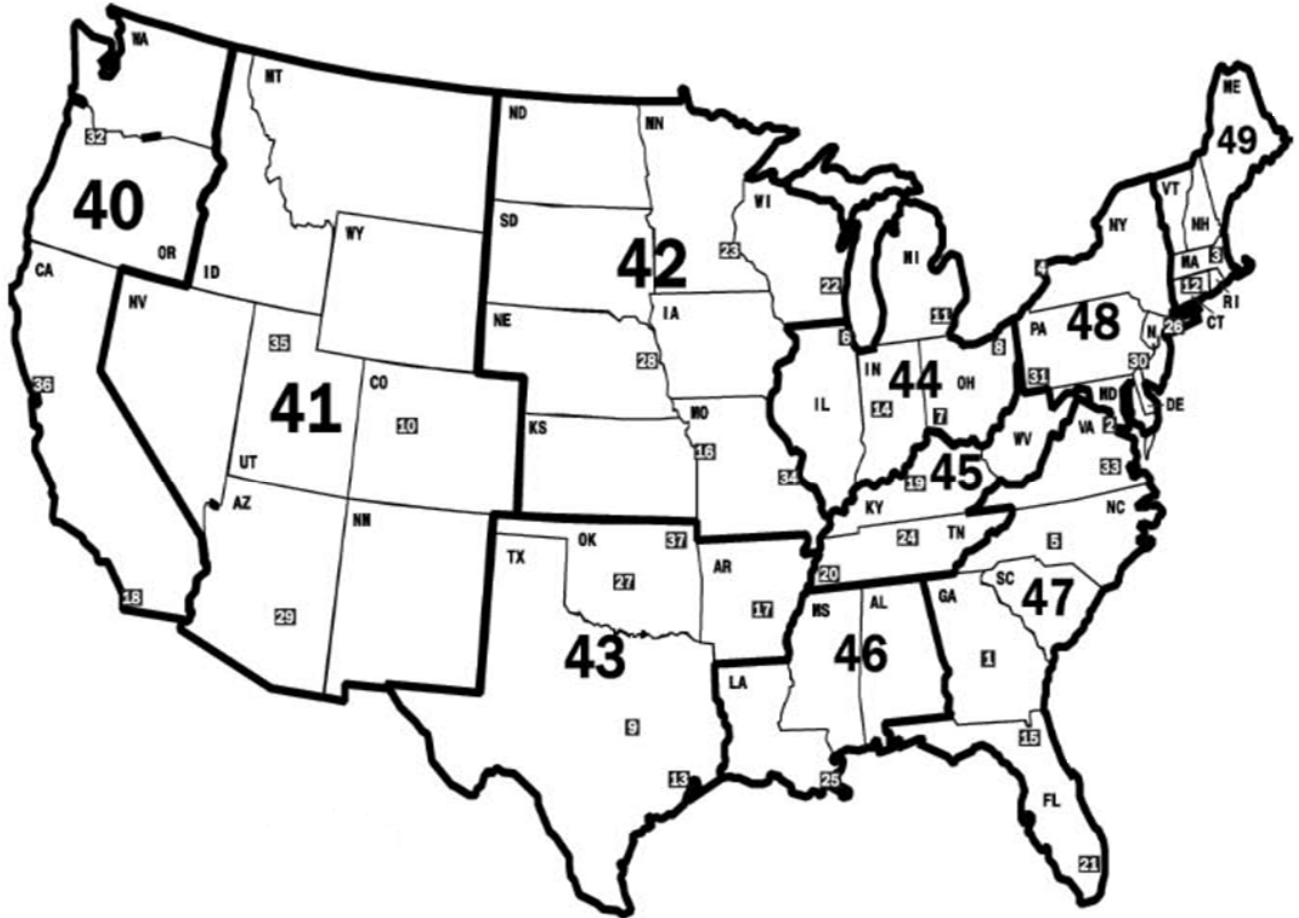
- A. Intermediate Plan—Code as instructed on zone rating table schedules.
- B. Full Plan—Do not insert the state code as the first two digits. Use only the three digits shown in the tables as the zone combination code.

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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. ★Except for taxicabs, van pools, and limousines (other than airport limousines), determine the secondary rating factor, if any, from the Public Auto Classifications Rule (Rule 43) based on the seating capacity.❖
 4. Determine the combined rating factor by adding the secondary rating factor to, or subtracting it from, the primary rating factor.
- C. **Premium Computation**
1. 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
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.

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- b. Intermediate—51 to 200 miles—The auto is operated beyond a radius of 50 miles but not regularly beyond a radius of 200 miles from the street address where such auto is principally garaged.
 - c. Long distance—over 200 miles—The auto is operated regularly beyond a 200-mile radius from the street address where such auto is principally garaged. Apply zone rates for all autos other than taxis, limousines, school, church, and urban buses, and van pools.
2. Use Class
- a. Taxicab or Similar Passenger Carrying Service—A metered or unmetered auto with a seating capacity of eight or less that is operated for hire by the named insured or an employee, but does not pick up, transport, or discharge passengers along a route.
 - b. Limousine—An unmarked auto with a seating capacity of eight or less that is operated for hire by the named insured or an employee and used on a prearranged basis for special or business functions, weddings, funerals, or similar purposes. For autos with a seating capacity of nine or more, refer to public autos not otherwise classified.
 - c. School Bus—An auto that carries students or other persons to and from school, or in any school activity including games, outings, and similar school trips.
 - (1) Separate codes and rating factors apply to the following:
 - (a) School buses owned by political subdivisions or school districts
 - (b) All others including independent contractors, private schools, and church owned buses
 - (2) A policy covering a school bus may be written on an annual term for liability coverages with premium prorated to reflect the actual school term. However, do not give credit for Saturdays, Sundays, or holidays or for any other periods of lay-up during the school term.
 - (3) If a publicly owned school bus is used for special trips unrelated to school activities, refer to company for the additional charge.
 - d. Church Bus—An auto used by a church to transport persons to or from services and other church related activities. This classification does not apply to public autos used primarily for daily school activities.
 - e. Intercity Bus—An auto that picks up and transports passengers on a published schedule of stops between stations located in two or more towns or cities.
 - f. Urban Bus—An auto that picks up, transports, and discharges passengers at frequent local stops along a prescribed route. This classification applies only to vehicles operated principally within the limits of a city or town and communities contiguous to such city or town, and includes scheduled express service between points on that route.
 - g. Airport Bus or Airport Limousine—An auto for hire that transports passengers between airports and other passenger stations or motels.
 - h. Charter Bus—An auto chartered for special trips, touring, picnics, outings, games, and similar uses.
 - i. Sightseeing Bus—An auto accepting individual passengers for a fare for sightseeing or guided tours, making occasional stops at certain points of interest and returning the passengers to the point of origin.
 - j. Transportation of Athletes and Entertainers—An auto owned by a group, firm, or organization 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

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one or more employers. Rate as public auto not otherwise classified.

m. **Social Service Agency Auto**

An auto used by a government entity, civic, charitable, or social service organization to provide transportation to clients incident to the social services sponsored by the organization, including special trips and outings.

- (1) This classification includes, for example, autos used to transport the following:
 - (a) Senior citizens or other clients to congregate meal centers, medical facilities, social functions, shopping centers
 - (b) Handicapped persons to work or rehabilitative programs
 - (c) Children to day care centers, Head Start programs
 - (d) Boy Scout or Girl Scout groups to planned activities.
- (2) The following autos are eligible for this classification:
 - (a) Autos owned, or leased for one year or more, by the social service agency
 - (b) Autos donated to the social service agency, without a driver
 - (c) Autos hired under contract by the social service agency. This does not apply to a subcontractor or any individual that has not executed a contract with a social service agency.
- (3) If an auto has more than one use, use the highest rated classification unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.
- (4) Separate codes and rating factors apply to the following:
 - (a) **Employee-Operated Autos**—Autos operated by employees of the social service agency. If a social service auto is also operated by volunteer drivers or other nonagency employees, use the all other classification unless 80% of the use is by agency employees.

(b) All Other—Autos which do not meet the requirements of paragraph (a).

(5) Excess liability coverage may be provided to cover autos not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the autos. For autos hired, loaned, leased, or furnished, refer to the Hired Autos Rule (Rule 17). For all other nonowned autos, refer to the Nonownership Rule (Rule 16).

- n. **Public Auto not Otherwise Classified**—This classification includes, but is not limited to, autos such as country club buses, cemetery buses, real estate development buses, courtesy buses run by hotels, day care facility buses, and limos with a seating capacity of nine or more.
- o. See Primary Classifications—Rating Factors and Classification Designators tables.

E. Secondary Classifications

These classifications do not apply to taxicabs, limousines (except airport limousines), van pools, and zone rated autos.

	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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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
SEASONAL OR MIGRANT FARM
WORKERS BY FARM LABOR
CONTRACTORS**

- A. This Rule applies only to autos of a farm labor contractor required to be registered in accordance with the Migrant And Seasonal Agricultural Worker Protection Act, 29 U.S.C.A. Section 1801 et. seq., because of the transportation of migrant workers. Use Transportation of Seasonal or Migrant Agricultural Workers Endorsement CA 24 01.❖
- B. **Passenger Hazard Included (Class Code 5926)**

Multiply the nonfleet intercity bus liability base premium for the highest rated territory in which or through which the auto will be customarily operated for the transportation of migrant workers by .50.
- C. **Passenger Hazard Excluded (Class Code 5927)**

Coverage for the passenger hazard may be excluded if the farm labor contractor can furnish proof to the Department of Labor that he has other means of protection for migrant workers.

Multiply the nonfleet intercity bus liability base premium by .375.
- D. If a vehicle insured under this Rule is of a truck type, rate as a vehicle of 21–60 seating capacity in accordance with this Rule.

Rules 46–50. RESERVED FOR FUTURE USE

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Rule 51. AUTO DEALERS—ELIGIBILITY

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

B. Classifications and Codes

Only one classification and code apply to a risk.

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

Rule 52. AUTO DEALERS—PREMIUM DEVELOPMENT

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

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

A. Limited Liability Coverage for Customers

1. All Risks Other than Franchised and Nonfranchised Trailer Dealers

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

a. Class I—Employees Including Part-Time Employees

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

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

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

(b) Sales persons, general managers, service managers

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

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

b. Class II—Nonemployees

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

2. Franchised and Nonfranchised Trailer Dealers

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

3. Minimum Premium

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

B. Unlimited Liability Coverage for Customers

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

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

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C. Autos Furnished for Regular Use

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

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

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

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

Per Driver Trip Rates

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

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

E. Medical Payments

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

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

1. Proprietors and executive officers. When auto dealers are insured for liability but not auto medical payments, the following provisions apply:
 - a. A proprietor or executive officer may be afforded medical payments provided that person is included in the total number of rating units that determines the liability premium. Multiply the private passenger types medical payments premium by 2.00 for each person. Use the rating territory where the dealer is located.
 - b. Medical payments may also be afforded to the spouse of a proprietor or executive officer or relatives of either if residents of the same household. Charge the private passenger types medical payments premium for each person. Use the rating territory where the dealer is located.

2. Individual proprietors. Provide drive other car medical payments insurance at no additional charge if the dealer has auto medical payments coverage.

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

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

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

- (1) Medical payments with unlimited liability coverage

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

- (2) Medical payments with limited liability coverage

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

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

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

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

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.

AUTO DEALERS SECTION

Rule 54. ★AUTO DEALERS—ELIGIBILITY

A. Eligibility

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

B. Classifications and Codes

Only one classification and code applies to a risk:

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

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

Rule 55. AUTO DEALERS—PREMIUM DEVELOPMENT FOR COMMON COVERAGES

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

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

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

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

A. Rating Unit Determination

1. All Risks Other than Franchised and Nonfranchised Trailer Dealers

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

a. Class I—Employees

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

- (1) Determine the number of the following employees:

- (a) Proprietors, partners, and officers active in the business
- (b) Salespersons, general managers, service managers
- (c) Any employee whose principal duty involves the operation of autos or who is furnished a covered auto

- (2) Multiply the number of these employees working an average of at least 20 hours or more a week by the following factor:

Factor

1.00

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

Factor

.50

- (4) Determine the number of all other employees not included in paragraph (1).

- (5) Multiply the number of these employees working an average of at least 20 hours a week by the following factor:

Factor

.40

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

Factor

.20

- (7) Add the result of paragraphs A.1.a.(2) through (6) to determine the number of Class I risks.

b. Class II—Nonemployees

- (1) Class II rating units include any of the following persons who are regularly furnished with a covered auto:

- (a) Proprietors, partners, and officers who are not active in the business
- (b) Family members of an employee
- (c) Family members of an inactive proprietor, partner, and officer

- (2) Multiply each individual by the factor in the following table and add the results. If more than one person has use of the same furnished auto, count as only one operator in determining rating units.

Factor

.55

2. Franchised and Nonfranchised Trailer Dealers

Determine the number of rating units by multiplying the total number of employees by the following factor:

Factor

.45

B. Specified Auto Basis

All Coverages

1. Autos Regularly Operated By Class I or Class II Operators

Noninventory vehicles, including tow trucks, regularly operated by Class I or Class II operators may be classified and rated on a specified auto basis. If an employee is furnished an auto for regular use, that employee should also be included in the rating units unless otherwise specified.

2. Autos Furnished for Regular Use to Other than Class I or Class II Operators

Autos furnished for regular use to other than Class I or Class II operators may be classified and rated on a specified auto basis. Such autos may include autos furnished to driver training programs or autos exclusively loaned to customers, without charge, on a temporary basis while the customers' autos are being serviced or repaired.

3. Specified Auto Basis Premium Development

Compute the premiums for all coverages for each specified auto as follows:

- a. Private Passenger Autos (Class Code 7877)
Charge private passenger type premiums.
- b. Trucks, Tractors, and Trailers (Class Code 7878)

Charge the premiums developed by the applicable trucks, tractors, and trailers classification.

C. Liability Coverage

1. Base Premium Computation

- a. Determine the applicable base rate.
- b. Multiply the base rate by the applicable factor in the following table:

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Factor	
Franchised and Nonfranchised Auto Dealers	1.00
Franchised and Nonfranchised Trailer Dealers	1.00
Equipment and Implement Dealers	.70

- c. Apply the procedures in Rule 22 for increased liability limits. Apply the procedures in Rule 23 for liability deductibles.
- d. Auto Dealers Coverage Form CA 00 25 provides coverage for customers up to the compulsory or financial responsibility law limits under certain conditions. Liability coverage may be extended to provide the full covered autos liability limit for customers by attaching Full Covered Autos Liability Limit For Customers Endorsement CA 25 15. Multiply the liability premium developed in the preceding paragraph by the following factor:

Factor
1.25

2. **Minimum Premium**

The liability minimum premium is the auto dealers liability rate shown on the rate schedules for the highest rated location multiplied by the following factor:

Factor
2.00

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

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

Mileage	Liability Rate per Driver, per Trip	
	Bodily Injury \$30/60	Property Damage \$25
51–200 Miles	\$3	\$1
Over 200 Miles	5	2

- 2. The minimum premium is the private passenger type premium for the rating territory where the auto dealer is located.

E. Medical Payments

1. **Coverage Options**

- a. The Auto Dealers Coverage Form includes auto dealers locations and operations medical payments coverage. To exclude auto dealers locations and operations medical payments coverage, use Exclusion—Locations And Operations Medical Payments Endorsement CA 25 52.

- b. Use Auto Medical Payments Coverage Endorsement CA 99 03 to provide auto medical payments coverage.

2. **Premium Development**

- a. For each of the coverages described in paragraph E.1 that are provided, multiply the liability rate shown on the rate schedules by the applicable factor from the following table:

	Medical Payments Limit per Person			
	\$500	\$1,000	\$2,000	\$5,000
Auto	.098	.105	.115	.134
Locations and Operations	.025	.027	.029	.031

- b. Multiply the result by the applicable factor in the following table:

Factor	
Franchised and Nonfranchised Auto Dealers	1.00
Franchised and Nonfranchised Trailer Dealers	1.00
Equipment and Implement Dealers	.70

F. Uninsured Motorists Insurance

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

G. Pollution Exclusions—Auto Dealers

An Auto Dealers policy may be endorsed to exclude bodily injury or property damage arising out of any discharge of pollutants with the exception of bodily injury or property damage arising out of the ownership, maintenance, or use of covered autos and certain off-premises discharges.

When Auto Dealers Coverage Form—General Liability Coverages—Total Pollution Exclusion Endorsement CA 25 16 is attached, document company files showing that the endorsement is needed for the particular risk. Give the insured written notice of coverage change at least 15 days prior to the effective date of the renewal, with a copy to the agent. Do not attach the endorsement midterm. ❖

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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. Eligibility

1. This Rule applies to autos used for rescue or ambulance corps operations.
2. One of the following endorsements must be attached to the policy:
 - a. Emergency Services—Volunteer Firefighters' And Workers' Injuries Excluded Endorsement CA 20 30 which excludes coverage for bodily injury to any fellow volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; or
 - b. Emergency Services—Volunteer Firefighters' And Workers' Injuries Limited Exclusion Endorsement CA 20 07 which
 - (1) excludes coverage for bodily injury to any volunteer workers of the insured while such volunteers are engaged in volunteer

firefighting, rescue squad, or ambulance corps operations; and

- (2) provides coverage for bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations.

3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional services. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation (Class Code 7913)

1. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 2.50.
2. When Endorsement CA 20 07 is attached, determine the additional premium by multiplying the liability premium developed in paragraph B.1 for each auto which is owned by the named insured and used by volunteer workers engaged in volunteer firefighting, rescue squad, or ambulance corps operations by .25.

Rule 59. AMPHIBIOUS EQUIPMENT

A. Application

For autos designed to operate on both land and water, rate as land autos according to their use. The policy must exclude coverage while the auto is being launched into, used on, or beached from the water. Use Amphibious Vehicles Endorsement CA 23 97.

B. Premium Determination

Classify and rate each amphibious vehicle according to its land use.

Rule 60. ANTIQUE AUTOS (CLASS CODE 9620)

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.

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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.

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

A. Eligibility

1. This Rule applies to autos used for firefighting purposes.
2. One of the following endorsements must be attached to the policy:
 - a. Emergency Services—Volunteer Firefighters' And Workers' Injuries Excluded Endorsement CA 20 30 which excludes coverage for bodily injury to any volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; or
 - b. Emergency Services—Volunteer Firefighters' And Workers' Injuries Limited Exclusion Endorsement CA 20 07 which
 - (1) excludes coverage for bodily injury to any volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; and

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(2) provides coverage for bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations.

3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional services. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation (Class Code 7913)

1. Multiply the fleet or nonfleet trucks, tractors, and trailers base premium by 1.60.
2. For private passenger autos, charge the private passenger types rates.
3. For trailer types, classify and rate according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
4. When Endorsement CA 20 07 is attached, determine the additional premium by multiplying the liability premium developed in paragraphs B.1 and B.2 for each auto which is owned by the named insured and used by volunteer workers engaged in volunteer firefighting, rescue squad, or ambulance corps operations by .25.

Rule 65. FUNERAL DIRECTORS

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

A. Eligibility

1. This Rule applies to autos used by government law enforcement agencies or police departments.
2. One of the following endorsements must be attached to the policy:
 - a. Emergency Services—Volunteer Firefighters' and Workers' Injuries Excluded Endorsement CA 20 30 which excludes coverage for bodily injury to any volunteer workers of the insured and bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; or
 - b. Emergency Services—Volunteer Firefighters' And Workers' Injuries Limited Exclusion Endorsement CA 20 07 which
 - (1) excludes coverage for bodily injury to any volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations; and
 - (2) provides coverage for bodily injury to any fellow volunteer workers of the insured while such volunteers are engaged in volunteer firefighting, rescue squad, or ambulance corps operations.
3. The policy must exclude coverage for bodily injury or property damage which results from providing or failing to provide any professional services. Use Professional Services Not Covered Endorsement CA 20 18.

B. Premium Computation (Class Code 7913)

1. Multiply the private passenger autos base premium by 1.60.
2. For motorcycles, charge according to the motorcycles rule (Rule 69) in this Section.
3. For trailer types, classify and rate according to the Trucks, Tractors, and Trailers Classifications Rule (Rule 33).
4. When Endorsement CA 20 07 is attached, determine the additional premium by multiplying the liability premium developed in paragraphs B.1, B.2, and B.3 for each auto which is owned by the named insured and used by volunteer workers engaged in volunteer firefighting, rescue squad, or ambulance corps operations by .25.

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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.
- 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.

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Rule 69. MOTORCYCLES, GOLFMOBILES, AND SNOWMOBILES

A. Eligibility

1. This Rule applies to fleet motorcycles, motorscooters, motorbikes, and any other similar autos used for commercial purposes. Refer to paragraph B below for rating.

For nonfleet motorcycles, refer to the Personal Auto Manual.

2. This Rule also applies to fleet golfmobiles and snowmobiles. It also applies to nonfleet golfmobiles and snowmobiles used for commercial purposes, including electric powered versions of these vehicles, that are licensed for road use. Refer to paragraph C below for rating.
3. All premiums apply for the period of coverage. If the insured cancels, do not return premium.

B. Motorcycle Premium Computation (Class Code 7942)

1. Liability Factors

Based on the size of the engine in cubic centimeters, multiply the private passenger types rates by the following factors:

Size of Engine In cubic centimeters	Factor
0–100cc	.29
101–200	.38
201–360	.59
361–500	.65
501–800	.76
Over 800cc	.85

2. Uninsured and Underinsured Motorists

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

C. Golfmobiles and Snowmobiles

1. Golfmobiles (Class Code 9460)

Liability and Medical Payments Coverages: Multiply the private passenger types rates by a factor of 0.29.

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 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

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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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NOTES

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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 \$6,500 for three or more autos of any type (excluding trailers and semitrailers), or the equivalent of such exposure for autos hired by the risk, or
- C. An estimated basic limits annual Manual premium of at least \$6,500 if a garage.

Exception:

If there is no owned or hired auto exposure or if the owned and hired auto exposure is not sufficient to qualify for the application of this Plan, any risk which develops a basic limits annual Manual premium of \$6,500 or more for bodily injury and property damage employers nonownership liability exposures shall be eligible for the application of this Plan. The headquarters location of the risk shall govern the application of this Plan for all employers nonownership liability exposures regardless of location.❖

Rule 82. RATING PROCEDURE

The experience modification for the risk shall be determined in accordance with the experience rating procedure described herein.

If the owned and hired autos of a risk are subject to a modification developed in accordance with this Plan, such modification must also be applied to the employers nonownership liability exposures provided the premiums and losses for such exposures are included in the development of the modification.

Rule 83. EXPERIENCE USED

The experience modification shall be determined from the latest available three years' experience incurred by the company establishing the rating in this State, or in all states, for the forms of auto liability insurance to be rated. In the event the experience for the full experience period is not available, at least one completed policy year shall be used.

The experience period shall end at least six months prior to the rating date.

Experience incurred by companies other than the company establishing the rating must be used subject to the periods specified above. In the event that such experience cannot be obtained by the current carrier, it shall be obtained by the North Carolina Reinsurance Facility upon notification by the carrier. No self-insured experience shall be used in determination of the experience modification.

Rule 84. DETERMINATION OF EXPERIENCE MODIFICATION

The term "basic limits" shall mean the following limits of liability:

\$30,000/60,000 bodily injury limits and a \$25,000 property damage limit

"Basic limits" shall also mean the policy limits for those policies that were written during the experience period at limits less than those mentioned above.

A. Basic Limits Premium Subject to Experience Rating

The basic limits premium shall be the collected premium for the experience period for bodily injury liability and property damage liability coverages only (excluding premiums for medical payments, uninsured motorists, and underinsured motorists coverages) converted to a basic limits basis and adjusted to eliminate the effect of any experience or other rate modification applied.

B. Basic Limits Losses Subject to Experience Rating

The losses to be included in the rating shall be the total of the following:

1. Paid and outstanding losses (including allocated claim expense) for each year in the experience period, with the indemnity amount limited to basic limits, and with the amount of indemnity and allocated claim expense resulting from any single occurrence limited by the maximum single loss value (MSL) specified in TABLE B based on the basic limits premium subject to experience rating.
2. Adjustment to reflect ultimate level of losses for each year in the experience period, calculated by multiplying the premium (P) for that year by the adjusted expected loss ratio (AELR) and by the appropriate basic limits loss development factor (LDF), where
 - a. **P** is the adjusted basic limits premium for the particular type of coverage for each year in the experience period;
 - b. **AELR** is the adjusted expected loss ratio specified in TABLE B based on the total basic limits premium subject to experience rating;
 - c. **LDF** is the appropriate basic limits loss development factor applicable to expected losses (Premium x AELR). TABLE A displays LDFs by type of coverage and maturity* (see Example as follows).

*See Supplement, in this Section, regarding use of immature losses due to change of carrier.

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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, 2015.

Suppose that we have an insured with auto liability BI and PD exposures whose adjusted basic limits premium and paid and outstanding losses for the experience period are as follows:

YEAR	ADJUSTED BASIC LIMITS PREMIUM		LOSSES (INCLUDING ALLOCATED CLAIM EXPENSE)*	
	BI	PD	BI	PD
1/1/11–12/31/11	\$5,000	\$2,000	\$1,800	\$700
1/1/12–12/31/12	5,000	3,500	2,000	200
1/1/13–12/31/13	7,000	3,000	600	300
TOTAL =	\$25,500		*basic limits incurred losses limited by MSL and evaluated as of 9/30/14.	

The total basic limits premium subject to experience rating is \$25,500 so the appropriate adjusted expected loss ratio from TABLE B is .473 and the appropriate maximum single loss is \$16,450 (for this example, we assume that the insured is an “All Other” risk – not Publics or Zone Rated).

The appropriate loss development factors from TABLE A are:

For Policy Effective:	BI	PD
1/1/11 (45 months)	.011	.000
1/1/12 (33 months)	.028	.002
1/1/13 (21 months)	.075	.011

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

BASIC LIMITS LOSSES =	(PREMIUM times AELR times LDF) plus	PAID AND OUTSTANDING LOSSES
(2011 BI) =	\$(5,000) X (.473) X (.011) +	\$1,800= \$1,826
(2011 PD) =	(2,000) X (.473) X (.000) +	700= 700
(2012 BI) =	(5,000) X (.473) X (.028) +	2,000= 2,066
(2012 PD) =	(3,500) X (.473) X (.002) +	200= 203
(2013 BI) =	(7,000) X (.473) X (.075) +	600= 848
(2013 PD) =	(3,000) X (.473) X (.011) +	300= 316
TOTAL		\$5,959

The actual loss ratio used in the experience modification formula is \$5,959 ÷ 25,500 or .234.

The credibility factor from TABLE B is .21.

Therefore the unadjusted experience modification is:

$$EM = \frac{(.473 - .234)}{.473} \times .21 = .106$$

And the experience modification is: 1 - .106 = .894

**TABLE A
BASIC LIMITS LOSS DEVELOPMENT FACTORS**

	Latest Policy Year	Prior Policy Year	Next Prior Policy Year
	(18 Months)	(30 Months)	(42 Months)
Auto Liability—BI; 30/60	.099	.032	.016
Auto Liability—PD	.016	.003	.000
	(21 Months)	(33 Months)	(45 Months)
Auto Liability—BI; 30/60	.075	.028	.011
Auto Liability—PD	.011	.002	.000
	(24 Months)	(36 Months)	(48 Months)
Auto Liability—BI; 30/60	.054	.024	.007
Auto Liability—PD	.007	.001	.000
	(27 Months)	(39 Months)	(51 Months)
Auto Liability—BI; 30/60	.037	.021	.003
Auto Liability—PD	.004	.000	.000

Note: These factors are to be applied to the product of the AELR and the premium for the particular coverage and year in order to determine the adjustment to reflect ultimate level of losses.

If breakdown of the premium by coverage is not available, an average LDF shall be obtained by combining the applicable factors by coverage, taking into consideration the amount of the risk's total exposures or losses in each category as of the last survey or evaluation.

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TABLE B
AUTOMOBILE LIABILITY EXPERIENCE RATING
CREDIBILITY AND MAXIMUM SINGLE LOSS TABLE

Premium	Credibility	Adjusted Expected Loss Ratio		Maximum Single Loss	
		Publics & Zone Rated	All Others	Publics & Zone Rated	All Others
\$ 475- 1439	.01	.285	.252	\$ 4050	\$ 3600
1440- 2423	.02	.391	.344	8450	7450
2424- 3427	.03	.423	.374	10250	9050
3428- 4452	.04	.441	.389	11350	10000
4453- 5500	.05	.452	.400	12100	10700
5501- 6569	.06	.461	.409	12700	11250
6570- 7662	.07	.468	.415	13150	11700
7663- 8778	.08	.474	.421	13600	12100
8779- 9919	.09	.480	.425	14050	12450
9920-11086	.10	.484	.430	14400	12800
11087-12279	.11	.489	.435	14800	13150
12280-13500	.12	.494	.439	15150	13450
13501-14748	.13	.498	.443	15500	13800
14749-16026	.14	.502	.447	15850	14100
16027-17334	.15	.507	.451	16250	14450
17335-18673	.16	.510	.454	16600	14750
18674-20045	.17	.514	.458	16950	15100
20046-21450	.18	.518	.462	17300	15450
21451-22891	.19	.522	.466	17700	15800
22892-24367	.20	.526	.469	18050	16100
24368-25882	.21	.530	.473	18450	16450
25883-27435	.22	.534	.477	18850	16850
27436-29029	.23	.538	.481	19250	17200
29030-30665	.24	.541	.484	19650	17550
30666-32345	.25	.545	.488	20050	17950
32346-34071	.26	.549	.492	20500	18350
34072-35844	.27	.552	.495	20900	18750
35845-37667	.28	.556	.499	21350	19150
37668-39542	.29	.560	.503	21800	19600
39543-41471	.30	.564	.507	22300	20050
41472-43456	.31	.568	.510	22800	20450
43457-45500	.32	.571	.514	23250	20950
45501-47605	.33	.575	.517	23800	21400
47606-49774	.34	.579	.521	24300	21900
49775-52011	.35	.582	.525	24850	22400
52012-54318	.36	.586	.528	25400	22900
54319-56700	.37	.589	.532	25950	23450
56701-59158	.38	.593	.536	26550	24000
59159-61698	.39	.597	.539	27150	24550
61699-64323	.40	.600	.543	27800	25150
64324-67038	.41	.604	.547	28400	25750
67039-69847	.42	.607	.550	29100	26350
69848-72756	.43	.611	.554	29750	27000
72757-75770	.44	.614	.557	30450	27650
75771-78894	.45	.618	.561	31200	28350
78895-82135	.46	.621	.564	31950	29050
82136-85500	.47	.624	.568	32700	29750
85501-88995	.48	.628	.571	33550	30500
88996-92628	.49	.631	.575	34350	31300
92629-96409	.50	.634	.578	35250	32100

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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
\$ 96410-100345	.51	.637	.581	\$ 36100	\$ 32950
100346-104447	.52	.640	.585	37050	33850
104448-108725	.53	.643	.588	38000	34750
108726-113192	.54	.646	.591	39000	35700
113193-117859	.55	.649	.594	40050	36650
117860-122741	.56	.652	.597	41150	37700
122742-127852	.57	.655	.600	42300	38750
127853-133210	.58	.657	.603	43500	39850
133211-138833	.59	.660	.606	44700	41050
138834-144740	.60	.663	.609	46000	42250
144741-150954	.61	.665	.611	47350	43500
150955-157500	.62	.668	.614	48800	44850
157501-164404	.63	.670	.617	50250	46250
164405-171697	.64	.673	.619	51850	47700
171698-179413	.65	.675	.622	53500	49250
179414-187589	.66	.677	.624	55200	50900
187590-196269	.67	.679	.626	57050	52600
196270-205500	.68	.681	.629	59000	54400
205501-215336	.69	.683	.631	61050	56350
215337-225838	.70	.685	.633	63250	58400
225839-237078	.71	.687	.635	65550	60600
237079-249136	.72	.689	.637	68050	62900
249137-262103	.73	.691	.639	70700	65400
262104-276088	.74	.692	.640	73550	68050
276089-291214	.75	.694	.642	76600	70900
291215-307627	.76	.695	.644	79950	74000
307628-325500	.77	.697	.645	83500	77350
325501-345034	.78	.698	.647	87400	81000
345035-366475	.79	.699	.648	91650	84950
366476-390115	.80	.701	.650	96250	89250
390116-416310	.81	.702	.651	101400	94050
416311-445500	.82	.703	.652	107050	99300
445501-478227	.83	.704	.653	113300	105150
478228-515177	.84	.705	.654	120350	111700
515178-557224	.85	.706	.655	128300	119100
557225-605500	.86	.706	.656	137300	127500
605501-661500	.87	.707	.657	147600	137100
661501-727239	.88	.708	.657	159600	148250
727240-805500	.89	.708	.658	173600	161300
805501-900236	.90	.709	.659	190300	176800
900237-1017264	.91	.709	.659	210500	195600
1017265-1165500	.92	.710	.659	235400	218750
1165501-1359346	.93	.710	.660	266950	248100
1359347-1623681	.94	.710	.660	308150	286400
1623682-2005500	.95	.710	.660	364300	338650
2005501-2605500	.96	.711	.661	445400	414050
2605501-3685500	.97	.711	.661	572800	532500
3685501-6205500	.98	.711	.661	802050	745650
6205501-18805500	.99	.711	.661	1336950	1242950
18805501 and over	1.00	.711	.661	4011200	3729100

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NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

EXPERIENCE RATING PLAN

SUPPLEMENT TO THE LIABILITY EXPERIENCE RATING PLAN

Rule 86. TREATMENT OF IMMATURE LOSSES DUE TO CHANGE OF CARRIER

In cases where an insured changes or has changed carriers, the company establishing the rating may be unable to obtain current valuations of past losses from previous carriers. If this happens, the maturity of the experience obtained from previous carriers must be carefully examined and the appropriate loss development factors selected. The maturity of the losses for any year in the experience period is defined as the number of months between the date of the latest loss valuation and the effective date of the policy to which these losses are assignable. A given year's losses cannot mature unless the losses are revalued. The loss development factors applicable at the time of the most recent valuation must be used in subsequent ratings as long as updated valuations are not available. A specific instance of this can be seen when the experience provided by previous carriers contains fragmented periods, such as nine (or six) months of losses which were segments of policy years valued as of nine (or six) months after the policy effective date and for which subsequent valuations were unable to be obtained. If it is necessary to include this experience in subsequent ratings, factors must be applied which project nine (or six) months of losses to a complete policy year ultimate paid basis. 6, 9, 12, and 15 month basic limits loss development factors are included in this supplement.

The existence of these supplementary loss development factors does not alter the requirements set forth in the Experience Used Rule (Rule 83) of the Experience Rating Plan.



BASIC LIMITS LOSS DEVELOPMENT FACTORS		
	Six Month Maturity	Nine Month Maturity
Auto Liability—BI; 30/60	.619	.399
Auto Liability—PD	.522	.277
	12 Month Maturity	15 Month Maturity
Auto Liability—BI; 30/60	.171	.130
Auto Liability—PD	.030	.022



Note: These factors are to be applied to the product of the AELR and the premium for the particular coverage and year in order to determine the adjustment to reflect ultimate level of losses.

If breakdown of the premium by coverage is not available, an average LDF shall be obtained by combining the applicable factors by coverage, taking into consideration the amount of the risk's total exposures or losses in each category as of the last survey or evaluation.

**Rule 87. EXPERIENCE RATING PLAN
SUPPLEMENT**

The following supplementary provisions are applicable to this Plan with respect to the Rules noted below:

Combination of Entities and Use of Past Experience

A. Employees' and Officers' Autos

Experience on autos owned by officers or other employees of the risks shall not be used for determining the risks' experience modification. The experience modification established for a risk shall not apply to autos owned by officers or other employees of such risk.

B. Combination of Entities

1. Two or more entities (an individual, partnership, corporation, unincorporated association, fiduciary, or a group of co-fiduciaries) shall not be combined for rating purposes; provided, however, that combination shall be made as respects entities (other than fiduciaries) in each of which the same person, or group of persons, or corporation own a majority interest.
2. If an entity owns a majority interest in another entity which in turn owns the majority interest in another entity, all entities so related shall be combined regardless of the number of entities in succession.

In the term "majority interest", as used in this Rule, "majority" shall mean more than 50%.

If an entity other than a partnership

- a. has issued voting stock, majority interest shall mean a majority of the issued voting stock;
- b. has not issued voting stock, majority interest shall mean a majority of the members;
- c. has not issued voting stock and has no members, majority interest shall mean a majority of the board of directors or comparable governing body.

If an entity is a partnership, majority interest shall be determined in accordance with the participation of each general partner in the profits of the partnership.

Note: If two or more different combinations are possible in accordance with provisions of this Rule, the combination involving the greatest number of entities shall be made. The experience of any entity used in such a combination shall not otherwise be used in combination with any other entity.

The experience to be used in a rating combination shall be subject to the provisions of the rule "Change of Ownership" of this Section.

C. Merger or Consolidation

Merger—If two or more entities are merged so that the ownership interest (as defined in the Determination of Experience Modification Rule (Rule 84)) of all such entities are combined in the surviving entity, the incurred experience of all such merged entities shall be used for experience rating the surviving entity.

Consolidation—If two or more entities are consolidated by replacing them with a new entity combining the ownership interest (as defined in the Determination of Experience Modification Rule (Rule 84) of the prior entities), the incurred experience of all such consolidated entities shall be used for experience rating the new entity.

D. Change of Control, Management, Name, Operations, or Ownership

1. If there is a change in control, management, name, or operations, not accompanied by any change in ownership interest, incurred experience shall be used in future ratings.
2. If there is a change in ownership interest, either alone or accompanied by a change in control, management, name, or operations (other than as respects mergers or consolidations covered by the Experience Used Rule (Rule 83) of this Section) incurred experience shall be used in future ratings.

Exceptions: Incurred experience shall not be used in the future ratings (other than as provided under paragraph 3 of this Rule) of the entity undergoing change:

- a. when the entire ownership interest after the change had no ownership interest before the change, or
- b. When the collective ownership interest of all those having such an interest in the entity both before and after the change in ownership amounts to either (1) less than 33 1/3% of the ownership interest before the change, or (2) less than 50% of the ownership interest after the change.

Note: In the application of this exception, an analysis shall be made to determine the individuals holding ownership interest in any entity, whether the entity be the one being rated or any other entity in any way connected, directly or indirectly, in any chain of ownership with the risk being rated.

3. If there is a change in ownership among members of an immediate family, the experience for all entities shall be used in future experience ratings of the risk. For purposes of this Rule, members of an immediate family shall include a spouse, father, mother, son, daughter, brother, sister, half-brother, half-sister, step-brother, step-sister, step-child, step-parent, grandchild, or grandparent.
4. Ownership interest
 - a. of any corporation shall be determined on the basis of the ownership of the issued voting stock of any such corporation;
 - b. if there is no issued voting stock shall be determined on the basis of its members if the entity is other than a partnership;
 - c. if there is neither issued voting stock nor members shall be determined on the basis of the board of directors or comparable governing body if the entity is other than a partnership;

**EXPERIENCE RATING PLAN
SUPPLEMENT**

- d. of any partnership shall be determined in accordance with the participation of each general partner in the profits of the partnership;
- e. shall be deemed to be vested in a fiduciary when a fiduciary is involved. However, "fiduciary" shall not include a debtor in possession or a trustee under a revocable trust.

E. Joint Ventures

When two or more contractors associate for the purpose of undertaking one or more construction, erection, or demolition projects as a joint venture, the rates applicable to the operations involved in such venture shall be subject to the experience modifications, which shall be the arithmetical average of the experience modifications of the joint contract ventures, in force on the effective date of the policy covering the joint venture (using unity (1.00) for the experience modification for any contract venturer who is not subject to experience rating), subject, however, to the following conditions:

1. The contract(s) shall be awarded in the name of the associated contractors as a joint venture.
2. The joint venturers shall share responsibility for, and participate in the control, direction, and supervision of, all work undertaken.
3. The joint venturers shall maintain a common bank account, payroll, and business records.

The arithmetical average experience modifications aforementioned shall be effective as of the inception date of the initial policy covering the joint venture and shall be applicable for a period of 12 months. At the end of that period, and annually thereafter on a rating anniversary determined in accordance with the provisions of the Automobile Liability Experience Rating Plan, new arithmetical average experience modifications shall be calculated. When, however, the joint venture on the basis of its own developed experience qualifies for rating in accordance with the provisions of the Automobile Liability Experience Rating Plan, the experience modifications for the future rating of the venture shall be based on such experience exclusively.

Experience modifications determined in accordance with the foregoing shall be applicable for their effective period to all policies covering the identical contractors collectively as joint venturers.

The experience developed under a joint venture shall be excluded from the future rating of the individual contractors.

Rules 88–90. RESERVED FOR FUTURE USE

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL
SUPPLEMENTARY RATING PROCEDURES SECTION**

NOTES

NORTH CAROLINA REINSURANCE FACILITY
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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) Coverage	(2) Basic Limits Premium (Rate)	(3) Normal Factors For Separate Limits	(4) Discount Factor	(5) Factor (3) x [100 - (4)]	(6) Increased Premium (2)x(5)
BI	\$620	1.48	3.0%	1.48 x .97 = 1.44	\$ 892.80
PD	380	1.25	3.0	1.25 x .97 = 1.21	459.80
					\$1,352.60

**NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL**

TERRITORIES SECTION

NOTES

TERRITORY DEFINITIONS

ALAMANCE COUNTY See Burlington—Graham and Remainder of State.

ASHEVILLE territory comprises the entire city of Asheville and all territory in Buncombe County included in the townships of Asheville, Limestone, and Lower Hominy, including all of the following towns, cities or places.....011

Acton	Craggy	New Bridge
Arden	Emma	Oakley
Asheville School	Enka	Oteen
Biltmore Forest	Haw Creek	Shiloh
Boswell	Hominy	Skyland
Buena Vista	Luthers	Woodfin
Busbee		

BEAUFORT COUNTY territory comprises all territory in Beaufort County023

BERTIE COUNTY territory comprises all territory in Bertie County.....023

BLADEN COUNTY territory comprises all territory in Bladen County.....023

BRUNSWICK COUNTY territory comprises all territory in Brunswick County not included in Wilmington territory.....023

BUNCOMBE COUNTY territory comprises all territory in Buncombe County not included in Asheville territory022

BURLINGTON—GRAHAM territory comprises the entire city of Burlington, the entire town of Graham, all territory in Alamance County included in Townships 3 (Boon Station), 6 (Graham), 10 (Melville), 12 (Burlington), and 13 (Haw River), the entire town of Mebane in Alamance and Orange Counties, and including all of the following towns, cities, or places.....022

Elon College	Haw River	Lake Latham
Gibsonville	Kirkpatrick	Ossipee
Glen Raven	Heights	Richmond Hill

CABARRUS COUNTY See Concord-Kannapolis—Salisbury and Remainder of State.

CAMDEN COUNTY territory comprises all territory in Camden County023

CAMP LEJEUNE territory comprises all territory in the Camp LeJeune Marine Base.....019

CARTERET COUNTY territory comprises all territory in Carteret County.....023

CHARLOTTE territory comprises the entire city of Charlotte and all territory in Mecklenburg County included in Townships 1 (Charlotte), 2 (Berryhill), 4 (Sharon), 7 (Crab Orchard), 8 (Mallard Creek), 11 (Long Creek), and 12 (Paw Creek), including all of the following towns, cities, or places.....012

Alexanders Store	Griffith	Oakhurst
Carson	Hahn	Paw Creek
Chadwick—	Hickory Grove	Pinoca
Hoskins Mills	Homestead	Ridgeview
Croft	Hutchinson	Selwyn Park
Derita	Newell	Thrift

CHERRY POINT territory comprises all territory in the Cherry Point Marine Air Base.....019

CHOWAN COUNTY territory comprises all territory in Chowan County023

COLUMBUS COUNTY territory comprises all territory in Columbus County023

CONCORD—KANNAPOLIS—SALISBURY territory comprises the entire cities of Concord, Kannapolis, and Salisbury, all territory in Cabarrus County included in Townships 1 (Rocky River) 2 (Poplar Tent), 4 (Kannapolis), 5 (Mount Gilead), 11 (Baptist Church), and 12 (Concord), and all territory in Rowan County included in the townships of China Grove, Franklin, Litaka, and Salisbury, including all of the following towns, cities, or places022

Brown—Norcott Mills	Franklin Glass	Pioneer Mills Roberta Mills
China Grove	Harrisburg	Rocky Ridge
Cooks Crossing	Jackson Park	Rocky River
East Spencer	Landis	South River
Faggarts	Majolica	Spencer
Crossroads	Mount Gilead	Yadkin Junction
Faith	Pharrs Mill	Yost

Craven County territory comprises all territory in Craven County not included in Cherry Point territory.....023

CUMBERLAND COUNTY territory comprises all territory in Cumberland County not included in Fayetteville or Fort Bragg territories023

CURRITUCK COUNTY territory comprises all territory in Currituck County023

DARE COUNTY territory comprises all territory in Dare County023

DAVIDSON COUNTY See Lexington—Thomasville and Remainder of State.

DUPLIN COUNTY territory comprises all territory in Duplin County023

DURHAM territory comprises the entire city of Durham and all territory in Durham County included in the townships of Durham, Oak Grove, and Patterson, including all of the following towns, cities, or places013

Bethesda	Gorman	North Durham
Bilboa	Hope Valley	Oak Grove
Few	Joyland	Redwood

DURHAM COUNTY territory comprises all territory in Durham County not included in Durham territory022

EDGECOMBE COUNTY territory comprises all territory in Edgecombe County not included in Rocky Mount territory.....023

Note: Refer to an atlas or map for places not listed.

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TERRITORY DEFINITIONS

FAYETTEVILLE territory comprises the entire city of Fayetteville and all territory in Cumberland County included in the townships of Carvers Creek, Cross Creek, Eastover, Manchester, Pearces Mill, Rockfish, and Seventy First not included in Fort Bragg territory, including all of the following towns, cities, or places020

Beard	Lakedale	Shaws
Bonnie Doone	Linden	Slocomb
Clifdale	Manchester	South Fayetteville
Cumberland	Milan	Spring Lake
Fenix	Myrtle Hill	Tokay
Gardners Chapel	Ownes	Victory
Hope Mills	Roslin	Wade

FORSYTH COUNTY territory comprises all territory in Forsyth County not included in Winston Salem territory...022

FORT BRAGG territory comprises all territory in the Fort Bragg Military Reservation in Cumberland and Hoke Counties019

FRANKLIN COUNTY territory comprises all territory in Franklin County023

GASTON COUNTY See Gastonia and Remainder of State.

GASTONIA territory comprises the entire city of Gastonia and all territory in Gaston County included in the townships of Crowder Mountain, Dallas, Gastonia, River Bend, and South Point including all of the following towns, cities, or places022

Abbey	Duke Power Village	Mount View
Alexis	East Gastonia	North Belmont
Arlington	Goshen	Ragan
Beattie	Groves	Ranlo
Belmont	Hardins	Ridge
Bessemer City	High Shoals	Smyre
Boogertown	Lowell	South Gastonia
Convent	Lucia	Spencer Mountain
Cramerton	McAdenville	Stanley
Crowders	Mountain Island	Victory
Dallas	Mount Holley	

GATES COUNTY territory comprises all territory in Gates County023

GOLDSBORO territory comprises the entire city of Goldsboro and all territory in Wayne County included in Goldsboro township021

GREENE COUNTY territory comprises all territory in Greene County023

GREENSBORO—HAMILTON LAKES territory comprises the entire city of Greensboro, the entire town of Hamilton Lakes, and all territory in Guilford County included in the townships of Morehead and Gilmer, including all of the following towns, cities, or places014

Battle Bround	Four Mile	Hill Top
Bessemer	Hamtown	Pomona

GREENVILLE territory comprises the entire town of Greenville and all territory in Pitt County included in Greenville township, including the following towns, cities, or places021

House	James Mill	Staton
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GUILFORD COUNTY territory comprises all territory in Guilford County not included in either Greensboro—Hamilton Lakes territory or High Point territory022

HALIFAX COUNTY territory comprises all territory in Halifax County023

HARNETT COUNTY territory comprises all territory in Harnett County023

HERTFORD COUNTY territory comprises all territory in Hertford County023

HIGH POINT territory comprises the entire city of High Point, the town of Westend, and all territory in Guilford County included in High Point township015

HOKE COUNTY territory comprises all territory in Hoke County not included in Fort Bragg territory023

HYDE COUNTY territory comprises all territory in Hyde County023

JOHNSTON COUNTY territory comprises all territory in Johnston County023

JONES COUNTY territory comprises all territory in Jones County023

KINSTON territory comprises the entire of city of Kinston and all territory in Lenoir County included in Kinston Township, including the following towns, cities, and places021

Georgetown	Hines Junction
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LENOIR COUNTY territory comprises all territory in Lenoir County not included in Kinston territory023

LEXINGTON—THOMASVILLE territory comprises the entire cities of Lexington and Thomasville, all territory in Davidson County included in the townships of Lexington and Thomasville, and all territory in Randolph County included in Trinity township, including all of the following towns, cities, or places022

Archdale	Fraziers	Trinity
Arnold	Glen Anna Lake	Welcome
Cedar Lodge		

MARTIN COUNTY territory comprises all territory in Martin County023

MECKLENBURG COUNTY territory comprises all territory in Mecklenburg County not included in Charlotte territory022

NASH COUNTY territory comprises all territory in Nash County not included in Rocky Mount territory022

NEW HANOVER COUNTY See Wilmington.

NORTHAMPTON COUNTY territory comprises all territory in Northampton County023

Note: Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

	Territory Code		Territory Code
ONSLow COUNTY territory comprises all territory in Onslow County not included in Camp LeJeune territory...023		SAMPSON COUNTY territory comprises all territory in Sampson County023	
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 County023	
PENDER COUNTY territory comprises all territory in Pender County.....023		VANCE COUNTY territory comprises all territory in Vance County023	
PERQUIMANS COUNTY territory comprises all territory in Perquimans County.....023		WAKE COUNTY territory comprises all territory in Wake County not included in Raleigh territory021	
PITT COUNTY territory comprises all territory in Pitt County not included in Greenville territory.....023		WARREN COUNTY territory comprises all territory in Warren territory023	
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 places017	
ROBESON COUNTY territory comprises all territory in Robeson County023		Belville	Lanvale
ROCKY MOUNT territory comprises the entire city of Rocky Mount, all territory in Nash County included in Rocky Mount and Story Creek townships, all territory in Edgecombe County included in Township 12 (Rocky Mount), and the entire town of Sharpsburg in Edgecombe, Nash, and Wilson Counties, including all of the following towns, cities, or places.....021		Clairmont	Leland
Armstrong	Dortches	El Paso	Navassa
Brake	Winsteads		Woodburn
	Chapel		
ROWAN COUNTY See Concord—Kannapolis—Salisbury and Remainder of State.		WILSON territory comprises the entire town of Wilson and all territory in Wilson County included in the township of Wilson021	
		WILSON COUNTY territory comprises all territory in Wilson County not included in the Rocky Mount or Wilson territories023	
		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 places018	
		Alsbaugh	Frontis
		Atwood	Hanes
		Daisy	Ogburntown
		Fisherville	Oldtown
			Reynolda
			Tiretown
			Walkertown
		REMAINDER OF STATE024	

Note: Refer to an atlas or map for places not listed.

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TERRITORY DEFINITIONS

LIST OF IMPORTANT CITIES AND TOWNS

The following list contains all the more important cities, towns, boroughs, and villages in the state together with their counties and territory and code assignments.

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
A					
Abbey, Gaston	022	Black Mountain, Buncombe	022	Columbia, Tyrrell	023
Aberdeen, Moore	024	Boger City, Lincoln.....	024	Columbus, Polk	024
Acton, Buncombe.....	011	Boiling Springs, Cleveland.....	024	Concord, Cabarrus	022
Ahoskie, Hertford.....	023	Bonnie Doone, Cumberland	020	Conover, Catawba.....	024
Alamance, Alamance	024	Boogertown, Gaston	022	Convent, Gaston	022
Albermarle, Stanly	024	Boone, Watauga	024	Cooks Crossing, Cabarrus	022
Alexander, Buncombe	022	Boswell, Buncombe	011	Cooleemee, Davie.....	024
Alexanders Store, Mecklenburg.....	012	Boushell, Wake	016	Cornelius, Mecklenburg.....	022
Alexis, Gaston	022	Brake, Edgecombe	021	Craggy, Buncombe.....	011
Alspaugh, Forsyth	018	Brevard, Transylvania.....	024	Cramerton, Gaston.....	022
Altamahaw, Alamance.....	024	Brown—Norcott Mills, Cabarrus	022	Croft, Mecklenburg	012
Andrews, Cherokee.....	024	Bryson City, Swain.....	024	Cross Road, Surry.....	024
Angier, Harnett	023	Buena Vista, Buncombe	011	Crowders, Gaston	022
Apex, Wake	021	Burgaw, Pender	023	Cumberland, Cumberland	020
Archdale, Randolph.....	022	Burlington, Alamance.....	022	Currituck, Currituck.....	023
Arden, Buncombe.....	011	Burnsville, Yancey	024	D	
Arlington, Gaston	022	Busbee, Buncombe	011	Daisy, Forsyth	018
Armstrong, Edgecombe.....	021	C			
Arnold, Davidson.....	022	Camden, Camden.....	023	Dallas, Gaston	022
Asbury, Wake.....	016	Camp LeJeune, Onslow.....	019	Danbury, Stokes.....	024
Asheboro, Randolph.....	024	Camp Polk, Wake	016	Davidson, Mecklenburg	022
Asheville, Buncombe.....	011	Candler, Buncombe	022	Dellview, Gaston	024
Asheville School, Buncombe	011	Canton, Haywood	024	Denton, Davidson.....	024
Atwood, Forsyth	018	Caraleigh, Wake	016	Derita, Mecklenburg	012
Auburn, Wake	016	Caroleen, Rutherford	024	Dobson, Surry	024
Aulander, Bertie	023	Carolina Beach, New Hanover	017	Dortches, Nash.....	021
Ayden, Pitt.....	023	Carolina Pines, Wake	016	Draper, Rockingham	024
B					
Badin, Stanly	024	Carrboro, Orange.....	024	Duke Power Village, Gaston.....	022
Bailey, Nash.....	023	Carson, Mecklenburg.....	012	Dunn, Harnett.....	023
Bakersville, Mitchell.....	024	Carthage, Moore	024	Durham, Durham.....	013
Balfours, Randolph.....	024	Cary, Wake	016	E	
Bannertown, Surry.....	024	Castalia, Nash	023	East Gastonia, Gaston	022
Barker Heights, Henderson	024	Cedar Falls, Randolph	024	East Spencer, Rowan.....	022
Barnardsville, Buncombe	022	Cedar Lodge, Davidson	022	East Wilmington, New Hanover	017
Battle Ground, Guilford.....	014	Chadburn, Columbus	023	Edenton, Chowan.....	023
Bayboro, Pamlico	023	Chadwick—Hoskins Mills, Mecklenburg	012	Edgeton, Wake.....	016
Beard, Cumberland	020	Chapel Hill, Orange	024	Elizabeth City, Pasquotank.....	023
Beattie, Gaston	022	Charlotte, Mecklenburg.....	012	Elizabethtown, Bladen.....	023
Beaufort, Carteret.....	023	Cherry Point, Craven	019	Elkin, Surry	024
Belhaven, Beaufort.....	023	Cherryville, Gaston	024	Eller, Davidson	024
Belmont, Gaston	022	China Grove, Rowan.....	022	Elm City, Wilson	023
Belmont, Halifax	023	Clairmont, Brunswick	017	Elon College, Alamance	022
Belville, Brunswick.....	017	Clayton, Johnston	023	El Paso, Brunswick.....	017
Benson, Johnston.....	023	Cleveland, Rowan.....	024	Emma, Buncombe.....	011
Bessemer, Guilford.....	014	Clifdale, Cumberland	020	Enfield, Halifax	023
Bessemer City, Gaston	022	Cliffside, Rutherford	024	Enka, Buncombe	011
Bethel, Pitt.....	023	Clinchfield, McDowell.....	024	Erwin, Harnett.....	023
Bethesda, Durham	013	Clinton, Sampson	023	F	
Bilboa, Durham	013	Coats, Harnett.....	023	Faggarts Crossroads, Cabarrus	022
Biltmore Forest, Buncombe.....	011	Coleridge, Randolph	024	Fair Bluff, Columbus.....	023
Biscoe, Montgomery.....	024	College View, Wake.....	016	Fairmont, Robeson.....	023
				Faith, Rowan	022
				Farmville, Pitt.....	023
				Fayetteville, Cumberland.....	020

Note: Refer to an atlas or map for places not listed.

TERRITORY DEFINITIONS

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
Fenix, Cumberland.....	020	Hayesville, Clay	024	Liberty, Randolph	024
Fetner, Wake.....	016	Hazelwood, Haywood	024	Lillington, Harnett	023
Few, Durham.....	013	Henderson, Vance	023	Lincolnton, Lincoln.....	024
Fisherville, Forsyth	018	Hendersonville, Henderson.....	024	Linden, Cumberland	020
Forest City, Rutherford.....	024	Hertford, Perquimans.....	023	Littleton, Halifax and Warren	023
Fort Bragg, Cumberland.....	019	Hickory, Catawba.....	024	Longhurst, Person	024
Fountain, Pitt.....	023	Hickory Grove, Mecklenburg	012	Longview, Catawba	024
Four Mile, Guilford.....	014	High Point, Guilford.....	015	Longwood Park, Richmond	024
Franklin, Macon.....	024	High Shoals, Gaston.....	022	Louisburg, Franklin.....	023
Franklin, Rowan	022	Hillsboro, Orange.....	024	Lowell, Gaston.....	022
Franklinton, Franklin.....	023	Hill Top, Guilford	014	Lucama, Wilson.....	023
Franklinville, Randolph.....	024	Hines Junction, Lenoir	021	Lucia, Gaston	022
Fraziers, Randolph.....	022	Holly Ridge, Onslow.....	023	Lumberton, Robeson.....	023
Freeland, Brunswick.....	023	Holly Springs, Wake.....	021	Luthers, Buncombe	011
Fremont, Wayne.....	023	Homestead, Mecklenburg.....	012		
Frontis, Forsyth	018	Hominy, Buncombe	011	M	
Fuquay Springs, Wake	021	Hope Mills, Cumberland.....	020	MacClesfield, Edgecombe.....	023
G		Hope Valley, Durham.....	013	Macedonia, Wake.....	016
Gardners Chapel, Cumberland	020	House, Pitt	021	Madison, Rockingham.....	024
Garner, Wake.....	016	Huntersville, Mecklenburg.....	022	Maiden, Catawba	024
Gaston, Northampton.....	023	Hutchinson, Mecklenburg	012	Majolica, Rowan	022
Gastonia, Gaston	022	J		Manchester, Cumberland	020
Gatesville, Gates.....	023	Jackson, Northampton.....	023	Marion, McDowell.....	024
Georgetown, Lenoir.....	021	Jackson Park, Cabarrus.....	022	Marshall, Madison	024
Gibsonville, Guilford and Alamance	022	Jacksons Creek, Randolph.....	024	Mars Hill, Madison.....	024
Glass, Cabarrus	022	Jacksonville, Onslow.....	023	Marshville, Union.....	024
Glen Anna, Davidson	022	James Mill, Pitt.....	021	Matthews, Mecklenburg.....	022
Glen Raven, Alamance	022	Jamestown, Guilford	022	Maxton, Robeson	023
Goldsboro, Wayne.....	021	Jefferson, Ashe.....	024	Mayodan, Rockingham.....	024
Gorman, Durham.....	013	Jonesville, Yadkin	024	McAdenville, Gaston	022
Goshen, Gaston	022	Joyland, Durham.....	013	McCullers, Wake	016
Graham, Alamance	022	Juno, Buncombe.....	022	Mebane, Alamance and Orange	022
Granite Falls, Caldwell	024	Jupiter, Buncombe.....	022	Method, Wake	016
Granite Quarry, Rowan	024	K		Middlesex, Nash.....	023
Greenleaf, Wayne	021	Kannapolis, Cabarrus and Rowan	022	Midway Park, Onslow.....	023
Greensboro, Guilford.....	014	Kenly, Johnston	023	Milan, Cumberland	020
Greenville, Pitt.....	021	Kernersville, Forsyth	022	Milburnie, Wake.....	016
Griffith, Mecklenburg	012	Kings Mountain, Cleveland	024	Millbrook, Wake.....	016
Grifton, Pitt	023	Kinston, Lenoir.....	021	Mocksville, Davie.....	024
Grimesland, Pitt.....	023	Kirkpatrick Heights, Alamance.....	022	Monroe, Union.....	024
Grovemont, Buncombe	022	Knightdale, Wake.....	016	Montreat, Buncombe	022
Groves, Gaston.....	022	L		Mooresville, Iredell	024
Guilford, Guilford.....	022	La Grange, Lenoir.....	023	Morehead City, Carteret	023
Guilford College, Guilford.....	022	Lake, Davidson	022	Morganton, Burke.....	024
H		Lakedale, Cumberland.....	020	Morrisville, Wake	021
Hahn, Mecklenburg	012	Lake Latham, Alamance	022	Mountain Island, Gaston.....	022
Halifax, Halifax	023	Landis, Rowan	022	Mount Airy, Surry.....	024
Hamilton Lakes, Guilford	014	Lanvale, Brunswick.....	017	Mount Gilead, Cabarrus	022
Hamlet, Richmond.....	024	Laurinburg, Scotland.....	023	Mount Gilead, Montgomery	024
Hamtown, Guilford.....	014	Leaksville, Rockingham	024	Mount Holly, Gaston.....	022
Hanes, Forsyth.....	018	Leicester, Buncombe	022	Mount Olive, Wayne	023
Hardins, Gaston	022	Leland, Brunswick.....	017	Mount Pleasant, Cabarrus.....	024
Harkers Island, Carteret	023	Lenoir, Caldwell	024	Mount View, Gaston	022
Harrisburg, Cabarrus.....	022	Lewisville, Forsyth	022	Murfreesboro, Hertford	023
Haw Creek, Buncombe	011	Lexington, Davidson	022	Murphy, Cherokee.....	024
Haw River, Alamance.....	022			Myrtle Hill, Cumberland	020
				N	
				Nashville, Nash	023

Note: Refer to an atlas or map for places not listed.

NORTH CAROLINA REINSURANCE FACILITY
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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	1.21	1.26	1.29	1.33	1.21
50/100	49	1.14	1.18	1.21	1.25	1.17
100/100	52	1.27	1.35	1.41	1.44	1.27
100/300	52	1.50	1.61	1.71	1.80	1.51
100/500	55	1.60	1.78	1.86	1.99	1.64
300/300	64	1.80	2.01	2.16	2.32	1.81
250/500	61	1.86	2.14	2.29	2.46	1.92
400/400	68	1.96	2.26	2.43	2.63	1.99
500/500	68	2.11	2.43	2.66	2.90	2.14
750/750	73	2.41	2.83	3.14	3.45	2.46
1000/1000	73	2.65	3.16	3.54	3.92	2.70
1500/1500	74	3.01	3.71	4.19	4.65	3.05
2000/2000	75	3.33	4.15	4.74	5.29	3.38
2500/2500	76	3.54	4.52	5.24	5.83	3.67
5000/5000	79	4.49	5.94	7.02	7.89	4.61
7500/7500	82	5.11	6.93	8.27	9.33	5.22
10000/10000	85	5.48	7.57	9.08	10.27	5.59
12500/12500	86	5.68	7.95	9.57	10.83	5.79
15000/15000	86	5.78	8.16	9.84	11.14	5.89

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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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	1.05	1.05	1.05	1.05	1.05
85	9	1.10	1.10	1.10	1.10	1.10
100	10	1.11	1.11	1.11	1.11	1.11
300	14	1.16	1.16	1.17	1.17	1.16
400	15	1.17	1.18	1.19	1.19	1.17
500	16	1.18	1.20	1.21	1.21	1.18
750	17	1.20	1.22	1.23	1.23	1.20
1000	18	1.22	1.24	1.25	1.25	1.22
1500	19	1.24	1.27	1.29	1.29	1.24
2000	20	1.26	1.29	1.33	1.33	1.26
2500	21	1.27	1.30	1.34	1.34	1.27
5000	23	1.31	1.34	1.38	1.38	1.31
7500	24	1.34	1.37	1.41	1.41	1.34
10000	25	1.36	1.39	1.43	1.43	1.36
12500	26	1.37	1.40	1.44	1.44	1.37
15000	26	1.38	1.41	1.45	1.45	1.38

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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COMMERCIAL AUTOMOBILE LIABILITY RATES

LIGHT AND MEDIUM TRUCKS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	156	178	234	159	167	46	55	60
	Fleet	172	196	258	175	184			
12	Nonfleet	240	274	360	245	257	70	84	92
	Fleet	264	301	396	270	284			
13	Nonfleet	182	207	273	186	195	53	64	70
	Fleet	200	228	300	205	215			
14	Nonfleet	183	209	275	187	196	53	64	70
	Fleet	201	229	302	206	216			
15	Nonfleet	145	165	218	148	155	42	51	56
	Fleet	160	182	240	163	171			
16	Nonfleet	219	250	329	224	235	64	77	84
	Fleet	241	275	362	246	258			
17	Nonfleet	175	200	263	179	188	51	61	67
	Fleet	193	220	290	197	207			
18	Nonfleet	177	202	266	181	190	52	62	68
	Fleet	195	222	293	199	209			
19	Nonfleet	132	150	198	135	142	39	46	51
	Fleet	145	165	218	149	156			
20	Nonfleet	185	211	278	189	198	54	65	71
	Fleet	204	233	306	208	218			
21	Nonfleet	184	210	276	188	197	54	64	71
	Fleet	202	230	303	207	217			
22	Nonfleet	173	197	260	177	186	51	61	66
	Fleet	190	217	285	195	205			
23	Nonfleet	132	150	198	135	142	39	46	51
	Fleet	145	165	218	149	156			
24	Nonfleet	137	156	206	140	147	40	48	53
	Fleet	151	172	227	154	162			

HIRED CAR	Bodily Injury \$30/60	Property Damage \$25
All Territories	\$0.24	\$0.27

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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COMMERCIAL AUTOMOBILE LIABILITY RATES

HEAVY TRUCKS AND TRUCK-TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	156	184	251	159	167	46	55	60
	Fleet	172	203	277	175	184			
12	Nonfleet	240	283	386	245	257	70	84	92
	Fleet	264	312	425	270	284			
13	Nonfleet	182	215	293	186	195	53	64	70
	Fleet	200	236	322	205	215			
14	Nonfleet	183	216	295	187	196	53	64	70
	Fleet	201	237	324	206	216			
15	Nonfleet	145	171	233	148	155	42	51	56
	Fleet	160	189	258	163	171			
16	Nonfleet	219	258	353	224	235	64	77	84
	Fleet	241	284	388	246	258			
17	Nonfleet	175	207	282	179	188	51	61	67
	Fleet	193	228	311	197	207			
18	Nonfleet	177	209	285	181	190	52	62	68
	Fleet	195	230	314	199	209			
19	Nonfleet	132	156	213	135	142	39	46	51
	Fleet	145	171	233	149	156			
20	Nonfleet	185	218	298	189	198	54	65	71
	Fleet	204	241	328	208	218			
21	Nonfleet	184	217	296	188	197	54	64	71
	Fleet	202	238	325	207	217			
22	Nonfleet	173	204	279	177	186	51	61	66
	Fleet	190	224	306	195	205			
23	Nonfleet	132	156	213	135	142	39	46	51
	Fleet	145	171	233	149	156			
24	Nonfleet	137	162	221	140	147	40	48	53
	Fleet	151	178	243	154	162			

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

EXTRA HEAVY TRUCKS AND TRUCK-TRACTORS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	156	189	267	159	167	46	55	60
	Fleet	172	208	294	175	184			
12	Nonfleet	240	290	410	245	257	70	84	92
	Fleet	264	319	451	270	284			
13	Nonfleet	182	220	311	186	195	53	64	70
	Fleet	200	242	342	205	215			
14	Nonfleet	183	221	313	187	196	53	64	70
	Fleet	201	243	344	206	216			
15	Nonfleet	145	175	248	148	155	42	51	56
	Fleet	160	194	274	163	171			
16	Nonfleet	219	265	374	224	235	64	77	84
	Fleet	241	292	412	246	258			
17	Nonfleet	175	212	299	179	188	51	61	67
	Fleet	193	234	330	197	207			
18	Nonfleet	177	214	303	181	190	52	62	68
	Fleet	195	236	333	199	209			
19	Nonfleet	132	160	226	135	142	39	46	51
	Fleet	145	175	248	149	156			
20	Nonfleet	185	224	316	189	198	54	65	71
	Fleet	204	247	349	208	218			
21	Nonfleet	184	223	315	188	197	54	64	71
	Fleet	202	244	345	207	217			
22	Nonfleet	173	209	296	177	186	51	61	66
	Fleet	190	230	325	195	205			
23	Nonfleet	132	160	226	135	142	39	46	51
	Fleet	145	175	248	149	156			
24	Nonfleet	137	166	234	140	147	40	48	53
	Fleet	151	183	258	154	162			

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

PRIVATE PASSENGER TYPES

Territory	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
	\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	139	163	210	126	132	13	17	20
12	200	234	302	181	190	19	25	28
13	161	188	243	146	153	16	20	23
14	144	168	217	131	138	14	18	20
15	166	194	251	150	158	16	21	24
16	155	181	234	140	147	15	19	22
17	156	183	236	142	149	15	20	22
18	148	173	223	134	141	14	19	21
19	141	165	213	128	134	14	18	20
20	160	187	242	145	152	16	20	23
21	140	164	211	127	133	14	18	20
22	155	181	234	141	148	15	19	22
23	141	165	213	128	134	14	18	20
24	136	159	205	123	129	13	17	19

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

TAXIS AND LIMOUSINES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	1008	1179	1522	407	427	185	218	249
	Fleet	1109	1298	1675	448	470			
12	Nonfleet	1550	1814	2341	627	658	285	335	383
	Fleet	1705	1995	2575	690	725			
13	Nonfleet	1176	1376	1776	476	500	216	254	290
	Fleet	1294	1514	1954	524	550			
14	Nonfleet	1182	1383	1785	479	503	217	255	292
	Fleet	1300	1521	1963	527	553			
15	Nonfleet	937	1096	1415	379	398	172	202	231
	Fleet	1031	1206	1557	417	438			
16	Nonfleet	1415	1656	2137	573	602	260	306	350
	Fleet	1557	1822	2351	630	662			
17	Nonfleet	1131	1323	1708	458	481	208	244	279
	Fleet	1244	1455	1878	504	529			
18	Nonfleet	1143	1337	1726	463	486	210	247	282
	Fleet	1257	1471	1898	509	534			
19	Nonfleet	853	998	1288	346	363	157	184	211
	Fleet	938	1097	1416	381	400			
20	Nonfleet	1195	1398	1804	484	508	220	258	295
	Fleet	1315	1539	1986	532	559			
21	Nonfleet	1189	1391	1795	481	505	219	257	294
	Fleet	1308	1530	1975	529	555			
22	Nonfleet	1118	1308	1688	453	476	206	241	276
	Fleet	1230	1439	1857	498	523			
23	Nonfleet	853	998	1288	346	363	157	184	211
	Fleet	938	1097	1416	381	400			
24	Nonfleet	885	1035	1336	358	376	163	191	219
	Fleet	974	1140	1471	394	414			

NORTH CAROLINA REINSURANCE FACILITY
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COMMERCIAL AUTOMOBILE LIABILITY RATES

SCHOOL AND CHURCH BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	128	150	193	99	104	29	34	39
	Fleet	141	165	213	109	114			
12	Nonfleet	197	230	297	152	160	44	52	60
	Fleet	217	254	328	167	175			
13	Nonfleet	149	174	225	115	121	34	40	46
	Fleet	164	192	248	127	133			
14	Nonfleet	150	176	227	116	122	34	40	46
	Fleet	165	193	249	128	134			
15	Nonfleet	119	139	180	92	97	27	32	36
	Fleet	131	153	198	101	106			
16	Nonfleet	180	211	272	139	146	41	48	55
	Fleet	198	232	299	153	161			
17	Nonfleet	144	168	217	111	117	32	38	44
	Fleet	158	185	239	122	128			
18	Nonfleet	145	170	219	112	118	33	39	44
	Fleet	160	187	242	123	129			
19	Nonfleet	108	126	163	84	88	24	29	33
	Fleet	119	139	180	92	97			
20	Nonfleet	152	178	230	117	123	34	40	47
	Fleet	167	195	252	129	135			
21	Nonfleet	151	177	228	117	123	34	40	46
	Fleet	166	194	251	129	135			
22	Nonfleet	142	166	214	110	116	32	38	43
	Fleet	156	183	236	121	127			
23	Nonfleet	108	126	163	84	88	24	29	33
	Fleet	119	139	180	92	97			
24	Nonfleet	112	131	169	87	91	25	30	34
	Fleet	123	144	186	96	101			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

ALL OTHER BUSES

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	1215	1422	1835	310	326	162	188	213
	Fleet	1337	1564	2019	341	358			
12	Nonfleet	1870	2188	2824	478	502	249	290	327
	Fleet	2057	2407	3106	526	552			
13	Nonfleet	1418	1659	2141	363	381	189	220	248
	Fleet	1560	1825	2356	399	419			
14	Nonfleet	1426	1668	2153	365	383	190	221	250
	Fleet	1569	1836	2369	402	422			
15	Nonfleet	1130	1322	1706	289	303	150	175	198
	Fleet	1243	1454	1877	318	334			
16	Nonfleet	1706	1996	2576	437	459	227	264	299
	Fleet	1877	2196	2834	481	505			
17	Nonfleet	1363	1595	2058	349	366	181	211	239
	Fleet	1499	1754	2263	384	403			
18	Nonfleet	1379	1613	2082	353	371	183	214	241
	Fleet	1517	1775	2291	388	407			
19	Nonfleet	1028	1203	1552	263	276	137	159	180
	Fleet	1131	1323	1708	289	303			
20	Nonfleet	1441	1686	2176	369	387	192	223	252
	Fleet	1585	1854	2393	406	426			
21	Nonfleet	1433	1677	2164	367	385	191	222	251
	Fleet	1576	1844	2380	404	424			
22	Nonfleet	1348	1577	2035	345	362	179	209	236
	Fleet	1483	1735	2239	380	399			
23	Nonfleet	1028	1203	1552	263	276	137	159	180
	Fleet	1131	1323	1708	289	303			
24	Nonfleet	1067	1248	1611	273	287	142	165	187
	Fleet	1174	1374	1773	300	315			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

VAN POOLS

Territory	Class	Bodily Injury Limit			Property Damage Limit		Medical Payments Limit		
		\$30/60	\$50/100	\$100/300	\$25	\$50	\$500	\$1000	\$2000
11	Nonfleet	128	150	193	130	137	37	45	49
	Fleet	141	165	213	143	150			
12	Nonfleet	197	230	297	201	211	58	69	76
	Fleet	217	254	328	221	232			
13	Nonfleet	149	174	225	153	161	44	52	57
	Fleet	164	192	248	168	176			
14	Nonfleet	150	176	227	153	161	44	53	58
	Fleet	165	193	249	168	176			
15	Nonfleet	119	139	180	121	127	35	42	46
	Fleet	131	153	198	133	140			
16	Nonfleet	180	211	272	184	193	53	63	69
	Fleet	198	232	299	202	212			
17	Nonfleet	144	168	217	147	154	42	50	55
	Fleet	158	185	239	162	170			
18	Nonfleet	145	170	219	148	155	42	51	56
	Fleet	160	187	242	163	171			
19	Nonfleet	108	126	163	111	117	32	38	41
	Fleet	119	139	180	122	128			
20	Nonfleet	152	178	230	155	163	44	53	58
	Fleet	167	195	252	171	180			
21	Nonfleet	151	177	228	154	162	44	53	58
	Fleet	166	194	251	169	177			
22	Nonfleet	142	166	214	145	152	41	50	55
	Fleet	156	183	236	160	168			
23	Nonfleet	108	126	163	111	117	32	38	41
	Fleet	119	139	180	122	128			
24	Nonfleet	112	131	169	115	121	33	39	43
	Fleet	123	144	186	127	133			

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

(State Code 32)

COMMERCIAL AUTOMOBILE LIABILITY RATES

GARAGES

Territory	Class	Bodily Injury Limit			Property Damage Limit	
		\$30/60	\$50/100	\$100/300	\$25	\$50
11	Dealers	305	357	461	214	225
12	Dealers	461	539	696	324	340
13	Dealers	367	429	554	257	270
14	Dealers	389	455	587	273	287
15	Dealers	300	351	453	211	222
16	Dealers	451	528	681	317	333
17	Dealers	381	446	575	267	280
18	Dealers	310	363	468	217	228
19	Dealers	285	333	430	200	210
20	Dealers	358	419	541	251	264
21	Dealers	369	432	557	259	272
22	Dealers	351	411	530	246	258
23	Dealers	285	333	430	200	210
24	Dealers	277	324	418	194	204

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

ZONE RATING TABLE

ZONE 05 (CHARLOTTE) COMBINATIONS

Insert the state code of the state of principal garaging as the first two digits of the zone combination code.

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
01 Atlanta	\$900 BI 946 PD 174 MP	13 Houston	\$901 BI 947 PD 174 MP	25 New Orleans	\$911 BI 959 PD 176 MP	37 Tulsa	\$901 BI 947 PD 174 MP
	**201		**213		**225		**237
02 Balt.- Wash.	887 BI 933 PD 171 MP	14 India- napolis	780 BI 821 PD 151 MP	26 N.Y. City	887 BI 933 PD 171 MP	40 Pacific	1032 BI 1085 PD 199 MP
	**202		**214		**226		**240
03 Boston	948 BI 998 PD 183 MP	15 Jackson- ville	900 BI 946 PD 174 MP	27 Okla. City	901 BI 947 PD 174 MP	41 Moun- tain	1144 BI 1203 PD 221 MP
	**203		**215		**227		**241
04 Buffalo	887 BI 933 PD 171 MP	16 Kansas City	927 BI 976 PD 179 MP	28 Omaha	927 BI 976 PD 179 MP	42 Mid- West	952 BI 1001 PD 184 MP
	**204		**216		**228		**242
05 Charlotte	900 BI 946 PD 174 MP	17 Little Rock	901 BI 947 PD 174 MP	29 Phoenix	1114 BI 1172 PD 215 MP	43 South- West	924 BI 972 PD 178 MP
	**205		**217		**229		**243
06 Chicago	780 BI 821 PD 151 MP	18 Los Angeles	1005 BI 1057 PD 194 MP	30 Philadel- phia	887 BI 933 PD 171 MP	44 North Central	800 BI 842 PD 154 MP
	**206		**218		**230		**244
07 Cincin- nati	780 BI 821 PD 151 MP	19 Louisville	869 BI 914 PD 168 MP	31 Pitts- burgh	887 BI 933 PD 171 MP	45 Mid- East	892 BI 938 PD 172 MP
	**207		**219		**231		**245
08 Cleveland	780 BI 821 PD 151 MP	20 Memphis	869 BI 914 PD 168 MP	32 Portland	1005 BI 1057 PD 194 MP	46 Gulf	935 BI 984 PD 180 MP
	**208		**220		**232		**246
09 Dallas Fort Worth	901 BI 947 PD 174 MP	21 Miami	900 BI 946 PD 174 MP	33 Rich- mond	900 BI 946 PD 174 MP	47 South- East	923 BI 971 PD 178 MP
	**209		**221		**233		**247
10 Denver	1114 BI 1172 PD 215 MP	22 Milwau- kee	927 BI 976 PD 179 MP	34 St. Louis	927 BI 976 PD 179 MP	48 Eastern	911 BI 957 PD 176 MP
	**210		**222		**234		**248
11 Detroit	780 BI 821 PD 151 MP	23 Minn.- St. Paul	927 BI 976 PD 179 MP	35 Salt Lake City	1114 BI 1172 PD 215 MP	49 New England	973 BI 1024 PD 188 MP
	**211		**223		**235		**249
12 Hartford	948 BI 998 PD 183 MP	24 Nashville	869 BI 914 PD 168 MP	36 San Fran.	1005 BI 1057 PD 194 MP		
	**212		**224		**236		

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

**ZONE RATING TABLE
ZONE 47 (SOUTHEAST) COMBINATIONS**

Insert the state code of the state of principal garaging as the first two digits of the zone combination code.

Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet	Zone	Liability Nonfleet
01 Atlanta	\$923 BI 971 PD 178 MP	13 Houston	\$924 BI 972 PD 178 MP	25 New Orleans	\$935 BI 984 PD 180 MP	37 Tulsa	\$924 BI 972 PD 178 MP
	**901		**913		**925		**937
02 Balt.- Wash.	911 BI 957 PD 176 MP	14 India- napolis	800 BI 842 PD 154 MP	26 N.Y. City	911 BI 957 PD 176 MP	40 Pacific	1058 BI 1113 PD 204 MP
	**902		**914		**926		**940
03 Boston	973 BI 1024 PD 188 MP	15 Jackson- ville	923 BI 971 PD 178 MP	27 Okla. City	924 BI 972 PD 178 MP	41 Moun- tain	1173 BI 1234 PD 226 MP
	**903		**915		**927		**941
04 Buffalo	911 BI 957 PD 176 MP	16 Kansas City	952 BI 1001 PD 184 MP	28 Omaha	952 BI 1001 PD 184 MP	42 Mid- West	976 BI 1027 PD 188 MP
	**904		**916		**928		**942
05 Charlotte	923 BI 971 PD 178 MP	17 Little Rock	924 BI 972 PD 178 MP	29 Phoenix	1144 BI 1203 PD 221 MP	43 South- West	948 BI 997 PD 183 MP
	**905		**917		**929		**943
06 Chicago	800 BI 842 PD 154 MP	18 Los Angeles	1032 BI 1085 PD 199 MP	30 Philadel- phia	911 BI 957 PD 176 MP	44 North Central	821 BI 864 PD 158 MP
	**906		**918		**930		**944
07 Cincin- nati	800 BI 842 PD 154 MP	19 Louisville	892 BI 938 PD 172 MP	31 Pitts- burgh	911 BI 957 PD 176 MP	45 Mid- East	915 BI 962 PD 177 MP
	**907		**919		**931		**945
08 Cleveland	800 BI 842 PD 154 MP	20 Memphis	892 BI 938 PD 172 MP	32 Portland	1032 BI 1085 PD 199 MP	46 Gulf	959 BI 1009 PD 185 MP
	**908		**920		**932		**946
09 Dallas Fort Worth	924 BI 972 PD 178 MP	21 Miami	923 BI 971 PD 178 MP	33 Rich- mond	923 BI 971 PD 178 MP	47 South- East	947 BI 996 PD 183 MP
	**909		**921		**933		**947
10 Denver	1144 BI 1203 PD 221 MP	22 Milwau- kee	952 BI 1001 PD 184 MP	34 St. Louis	952 BI 1001 PD 184 MP	48 Eastern	934 BI 982 PD 180 MP
	**910		**922		**934		**948
11 Detroit	800 BI 842 PD 154 MP	23 Minn.- St. Paul	952 BI 1001 PD 184 MP	35 Salt Lake City	1144 BI 1203 PD 221 MP	49 New England	998 BI 1050 PD 193 MP
	**911		**923		**935		**949
12 Hartford	973 BI 1024 PD 188 MP	24 Nashville	892 BI 938 PD 172 MP	36 San Fran.	1032 BI 1085 PD 199 MP		
	**912		**924		**936		

NORTH CAROLINA REINSURANCE FACILITY
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NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

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June 1, 2010

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Zone Rates

March 1, 2015
March 1, 2015

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

May, 2015

2015 COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

- Q. Would you state your full name and business address?
- A. Raymond F. Evans, Jr., CPCU, 2910 Sumner Boulevard, Raleigh, North Carolina 27616.
- Q. Are you employed by the North Carolina Reinsurance Facility ("Facility")?
- A. Yes.
- Q. In what capacity?
- A. I am the General Manager.
- Q. How long have you been employed by the Facility?
- A. Since September, 2000.
- Q. What is the Facility's function with respect to rates for commercial automobile insurance?
- A. The Facility makes rates for commercial automobile liability insurance written in North Carolina that is ceded to the Facility.
- Q. Would you summarize your educational background?
- A. I graduated from Ohio State University with a Bachelor of Science Degree in Accounting. I am also a Chartered Property and Casualty Underwriter (CPCU).
- Q. What was your work experience after graduation and prior to beginning work for the Facility?

- A. From March 1966 to August 2000 I worked in various capacities with the State Automobile Insurance Companies.
- Q. Can you identify the document (Exhibit RF-1) dated May 11, 2015?
- A. Yes. This is a portion of a filing ("Filing") that is dated May 11, 2015, 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 becoming effective on or after October 1, 2015. 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 October 1, 2015, the new rates are applicable as of the experience rating date.
- Q. Does the Filing include, to the extent available, the information to be furnished in connection with the filings under Article 37 of Chapter 58 of the General Statutes?
- A. Yes. Those data that were available have been submitted to the Commissioner as part of the Filing.
- Q. Does that complete your pre-filed testimony?
- A. Yes.

PRE-FILED TESTIMONY
OF
JAMES DAVIDSON

COMMERCIAL AUTOMOBILE INSURANCE RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY

May, 2015

Q. Please state your name and business address.

A. My name is James Davidson. My business address is Insurance Services Office, Inc., 545 Washington Boulevard, Jersey City, New Jersey 07310.

Q. By whom are you employed?

A. I am employed by Insurance Services Office ("ISO") and have been employed by ISO since May 27, 2003.

Q. What are your responsibilities at ISO?

A. I am the Actuarial Product Director for Commercial Automobile at ISO. My area 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 Analyst in ISO's Increased Limits and Rating Plans Division, where I was involved in conducting increased limit reviews for various lines of business, both Personal and Commercial. I was promoted to various levels through the years, including Actuarial Manager in 2013, when I became responsible for Increased Limit reviews for both Personal and Commercial Auto. In 2015, I was promoted to my current position as Actuarial Product Director for Commercial Auto.

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

A. I have a Bachelor of Arts degree in Mathematics from the University of Connecticut. I am a Fellow of the Casualty Actuarial Society ("CAS") and a member of the American Academy of Actuaries, and I am in good standing with both organizations.

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

A. 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 reviews for Commercial Automobile for many states. I am responsible at the present time for supervising the preparation of rate filings for all the states, the District of Columbia and Puerto Rico for which ISO has jurisdiction as an advisory organization.

Q. What work have you performed with respect to the Reinsurance Facility Commercial Automobile rate filing in North Carolina?

A. Through ISO, I have been involved in the preparation of the Commercial Automobile rate filing for the Reinsurance Facility in two respects. First, we collect rate-related statistical data from a significant number of the companies which write Commercial Automobile insurance in North Carolina. The Property Casualty Insurers Association of America ("PCI") 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 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	
	<u>Filed</u>	<u>Filed</u>	<u>Combined</u>
	<u>Change</u>	<u>Change</u>	
Trucks, Tractors, & Trailers			
Bodily Injury	+17.9%	-1.6%	+16.0%
Property Damage	+10.4%	0.0%	+10.4%
Combined	+15.4%	-1.1%	+14.1%
Private Passenger Types			
Bodily Injury	+10.2%	-1.4%	+8.7%
Property Damage	+2.4%	+0.1%	+2.5%

Combined	+7.7%	-0.9%	+6.7%
Grand Total			
Bodily Injury	+17.8%	-1.4%	+16.2%
Property Damage	+10.3%	+0.2%	+10.6%
Combined	+15.3%	-0.9%	+14.3%

Q. Mr. Davidson, what is the assumed effective date which was used in the preparation of the present filing?

A. The actuarial calculations assume an effective date of October 1, 2015. 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, and Private Passenger Types 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, 2009 to December 31, 2013. For example, the losses for the accident year ended December 31, 2009 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2009. If an accident occurred December 31, 2009 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, 2009. The test for assigning losses to accident years is the date 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 and 2 of Section B display the adjustment of the losses and calculation of the rate level loss ratios for Trucks, Tractors, & Trailers 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. Davidson, please turn to the exhibit labeled Section B, Exhibit 1 of Exhibit RF-1. Would you explain what that exhibit is?

A. This exhibit consists of two sheets - 1&2 - which display the loss and premium data for the Trucks, Tractors, & Trailers liability coverages for the North Carolina Reinsurance Facility. Sheet 1 displays the calculation of the rate level loss ratio for bodily injury and property damage coverages for the Trucks, Tractors, & Trailers classes. Sheet 2 displays the adjustment of the experience period incurred losses and loss adjustment expenses to be used on Section B, Exhibit 1, Sheet 1. The data shown 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 \$7,039,933 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 12/31/2013 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.
- 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, 2013 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 12/31/2009 to 12/31/2013. When they are reported they are evaluated as of March 31, 2014. 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 voluntary business and to ISO and PCI for Facility business. Link ratios for several twelve month periods have been calculated and then the "best three of five" method is used to determine the three year link ratio average. Specifically, the highest and lowest link ratios from the latest five years have been removed from the calculation and the remaining three ratios are used to calculate the three year average. The 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. Davidson, 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 Trucks, Tractors, & Trailers and Private Passenger Types total limits, however, only Facility data is used. 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 \$731,899 represents.
- A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2013. 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 9.4% 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, 2013 were 9.4% of incurred losses and allocated loss adjustment expenses for the same period. Thus it is reasonable and appropriate to use the same 9.4% 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 October 1, 2015 effective date, what we are doing in the filing is making rates to cover policies issued during the period October 1, 2015 to September 30, 2016. 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 12/31/2009 to 12/31/2013. 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 10/1/2015 - 9/30/2016 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 +1.0% per year. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period from 7.250 years for the 12/31/2009 experience to 3.250 years for the 12/31/2013 experience, as shown in footnote (C). Mathematically, this is done by raising the factor of 1.010 to the 7.250 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 1.0% for basic limits and 1.5% for total limits, and an average annual change in claim frequency of 0.0%. These percentages are shown in Section D, Exhibit 2 of Exhibit RF-1.

Q. How were the average annual changes in claim cost and claim frequency determined?

A. They were determined by an analysis of past experience, separately for claim cost and claim frequency. For claim cost, trend lines, which are technically referred to as exponential curves, were determined for several different time intervals in order to determine what the actual changes have been in the recent past. The data from which the trends were calculated are the cost data for ISO companies writing Commercial Automobile voluntary insurance in North Carolina as well as multistate data. These data are what we generally refer to as "internal trend" data. After making these calculations to determine what the past changes in loss severity have been, we analyzed the historical trends and considered other relevant factors which would affect our judgment as to whether those historical trends are likely to continue into the future. Based on that review and analysis, the Rating Committee exercised its informed judgment and selected the severity trends which are utilized in the filing. Historically, frequency trend for commercial auto liability has been quite variable, often cyclical in nature. As a result, an exponential curve like the one used for severity trend does not fit the data well over the long term. Frequency trend is being selected to be 0.0% for bodily injury and 0.0% for property damage to reflect the recent pattern in frequency trend as well as the economic environment. The claim cost and claim frequency data are shown in Section D, Exhibit 2.

Q. In your opinion, are the annual loss trends used in the filing reasonable estimates of the prospective annual changes in losses in North Carolina?

A. Yes, they are.

Q. Please refer to row 5 of Section B, Exhibit 1, Sheet 2 of Exhibit RF-1 and explain what the purpose of that line is.

A. The average annual change in expenses of 2.0% represents the appropriate prospective change in general expenses, other acquisition expenses and unallocated loss adjustment expenses. These expenses are treated as fixed expenses and do not vary in direct relationship to the actual premium dollars. These expenses represent salaries, overhead, rents and other expenses that should vary according to general economic trends and not as a direct function of how premium increases or decreases. For example, commissions are calculated as a percent of premium. If the premium rate goes up a certain percentage, the dollars of commission go up by the same percentage. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses or other acquisition expenses, is not directly tied to premium. Just because premium may go up 10% does not mean that the employee's salary will go up 10%. The salary will be influenced by general economic trends and not by what the premium level is doing. That is why general expenses, other acquisition expenses and unallocated loss adjustment expenses are treated differently from those expenses that vary as a function of premium in this filing.

Q. Would you explain the derivation of the 2.0% factor in row 5?

A. 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.

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 10/1/2015 to 9/30/2016. 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. 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 2013 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 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 0.974 means that losses and loss adjustment expenses will be lower than premium income by 2.6%. This means the Facility would make 2.6 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 2.75 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 1.090 shown on row 3 for Trucks, Tractors, & Trailers bodily injury of Section A, Exhibit 1?

A. This ratio means that the Facility would lose 9.0 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 0.879 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 (2.1%).

Q. Mr. Davidson, would you please explain how the rate level change is calculated?

A. Rows 5 and 6 of Section A, Exhibit 1 display the results of the calculated rate level changes. Row 5 shows the calculation of the rate level change without reflecting investment income; row 6 is the same calculation but with the reflection of investment income. Basically, the rate level indication without reflecting investment income results from the comparison of the projected loss

and fixed expense ratio shown on row 3 to the provision for losses and fixed expenses shown on row 4. Investment income is reflected by modifying the provision in row 4. We use an investment income provision of 4.57%, the derivation of which I will discuss later in my testimony. Mathematically, this investment income provision of 4.57% is added to the expected loss and fixed expense provision of 87.9% to obtain a provision of 92.47% available to cover losses and fixed expenses. The indicated rate level changes reflecting investment income result from the comparison of the projected loss and fixed expense ratio on row 3 to this provision of 92.47%. For Trucks, Tractors, & Trailers bodily injury, the projected loss & fixed expense ratio of 1.090 is greater than 0.9247 and thus indicates a rate level change (after reflecting investment income) of +17.9%.

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 4.57% investment income provision decreased the indicated rate level need for Trucks, Tractors, & Trailers bodily injury liability by 6.1 percentage points overall.

Q. Mr. Davidson, please turn to Section D, Exhibit 6 of Exhibit RF-1. What do these pages represent?

A. This exhibit details what are commonly known as "State X" calculations. They are calculations of the estimated investment earnings on unearned premium reserves and loss and loss expense reserves. Each line is explained, and the appropriate data source is cited.

Q. Would you explain the calculations.

A. Part A in Sheet 1 is the determination of the average unearned premium reserve for the ceded liability coverages for the State of North Carolina. Line 1 gives the earned premium for the calendar year ended December 31, 2013. 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 2013. In this case, the mean unearned premium reserve is 44.9% 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 19.5% of premiums. The calculation of this 19.5% 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 2012 and 2013 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 2.72%.

Applying the yield in line E to the net subject to investment in line D gives you the total investment earnings in North Carolina. Line G merely relates the total earnings to the earned premium in line A-1 to show a yield of 4.57% as a percent of earned premium.

Q. Mr. Davidson, were these State X pages prepared by you or under your direct supervision and are they correct to the best of your knowledge and belief?

A. Yes.

Q. Do you have an opinion as to whether the State X calculations accurately set forth the estimated investment earnings on unearned premium reserves and loss and loss expense reserves as a percentage of direct earned premium for the North Carolina Reinsurance Facility, and if so, what is that opinion?

A. Yes. In my opinion they accurately set forth the estimated investment earnings on unearned premium reserves and loss and loss expense reserves as a percentage of direct earned premium for the North Carolina Reinsurance Facility.

Q. Mr. Davidson, please turn to Section C and explain the purpose of this section.

A. Section C derives the proposed Facility territory base rates and presents the exhibits of revised Facility manual rate pages. Exhibit 2 refers to the Trucks, Tractors, & Trailers and related classes. Exhibit 3 refers to the Private Passenger Types classes. The first two sheets of Exhibits 2 and 3 present the calculations of the revised territory base rates. Sheet 1 derives the territory base rates for 30/60 bodily injury coverage; Sheet 2 derives the territory base rates for \$25,000 property damage coverage.

Q. What is the purpose of Exhibit 1 of Section C?

- A. Exhibit 1 summarizes the standard relativities used for determining revised rates for medical payments coverage and public automobile bodily injury and property damage liability coverage. This exhibit also summarizes the procedure for calculating the revised rates for hired cars coverage.
- Q. Turning to Exhibit 2, Sheet 1 of Section C, would you explain the calculations on this exhibit?
- A. This exhibit displays the calculations underlying the revised Facility territory base rates for Trucks, Tractors, & Trailers 30/60 bodily injury liability coverage. The revised Facility base rates are based upon the voluntary territory relationships that became effective on 12/1/2014. We base the revised Facility rates on the voluntary relationships because of the larger volume of voluntary experience and because we continue to believe, as we have in the past, that it is reasonable to assume that the Facility territory experience mirrors the voluntary territory relationships. Column 2 displays the voluntary base loss costs by territory in effect on that date. Column 4 displays these voluntary territory base loss costs indexed to the overall statewide average voluntary base loss cost. This index in column 4 is applied to the revised overall statewide average Facility base rate shown in the footnote. As an example, the revised rate for territory 11 is calculated by multiplying the index of 1.035 shown in column 4 by the overall statewide average base rate of 177.4631. The result of this calculation is \$183.674 shown in column 5; rounding column 5 to the nearest whole dollar yields a revised base rate for territory 11 of \$184 as shown in column 6. Column 7 shows the base rate change by territory. It is calculated by dividing column 6 by column 3, and reflects the +17.9% indicated change.
- Q. Are the revised Facility territory base rates for the other classes and coverages determined in a manner similar to the Trucks, Tractors, & Trailers bodily injury base rates?
- A. Yes, they are, for 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 October 1, 2015 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 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. Davidson, please turn to Exhibit 1 in Section F. Would you explain the calculations in this exhibit?

A. Exhibit 1, Sheet 1 of Section F presents the calculation of the indicated change in bodily injury increased limits factors (-1.4%). 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 October 1, 2015. Sheet 2 of this exhibit presents the calculation of the indicated change in property damage increased limits factors (+0.2%).

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 October 1, 2015. 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 06/30/2009 through calendar accident year ending 06/30/2013.

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 -1.4%. This is calculated in Exhibit 1, Sheet 1 of Section F as the indicated average factor divided by the present average factor minus unity ($2.085/2.115 - 1 = -1.4\%$). In order to achieve this percentage change, a uniform excess change factor is calculated by dividing the indicated average excess portion ($2.085 - 1.000 = 1.085$) by the present average excess portion ($2.115 - 1.000 = 1.115$). The result of this calculation ($1.085/1.115 = 0.973$) 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 (1.61). The excess portion of this factor ($1.61 - 1.00 = 0.61$) is multiplied by the uniform excess change factor ($0.61 * 0.973 = 0.59$) 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 ($0.59 + 1.00 = 1.59$). This results in a change of -1.2% ($(1.59/1.61) - 1 = -0.012$) 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 -1.4% for bodily injury and +0.2% 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.

PRE-FILED TESTIMONY
OF
MICHAEL E. STACK

2015 COMMERCIAL AUTOMOBILE INSURANCE
RATE FILING
BY THE NORTH CAROLINA REINSURANCE FACILITY
May, 2015

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

A. **Michael Stack**
Wellington Management Company LLP
280 Congress Street
Boston, MA 02110

Q. By whom are you employed?

A. **Wellington Management Company LLP**

Q. In what capacity?

A. **My formal title is Senior Vice President, Fixed Income Portfolio Manager. I am a Fixed Income Portfolio Manager and also Chair of the Financial Reserves Management Team. I am also a Partner of the firm.**

Q. What are your duties in your roles at Wellington Management Company LLP?

A. **As a fixed income portfolio manager I am responsible for managing U.S. Broad Market portfolios for clients, such as insurance companies, with customized risk and return objectives, often related to accounting and/or regulatory constraints. 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 2015 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 October 1, 2015?

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 October 1, 2015, we employed a security-level book yield projection approach, rolling forward the book yield on the Facility's investment portfolio as it stood on January 31, 2015 as a starting point. The book yield projection incorporates the actual book yield of the existing assets held in the portfolio and also a reinvestment yield associated with projected principal (maturity and pre-payments) and coupon cash payments projected to be received going forward. We assume that projected future cash flows (principal maturities, prepayments, paydowns and coupon payments) are reinvested at a yield which reflects the portfolio's performance benchmark yield as it stood on January 31, 2015 adjusted for higher expected reinvestment rates consistent with the US Treasury forward curve as it existed at the time the estimate was developed. We used the benchmark yield because we believe this yield represents a good approximation of the mix of assets that would be purchased in the portfolio.**

Using this methodology, the projected month-end portfolio book yield was calculated for each month during the two-year period beginning October 1, 2015 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 2.72%.**

Q. Do you have an opinion as to whether the 2.72% 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 October 1, 2015, based on the information available when we made the calculations.**

Q. Does that conclude your pre-filed testimony?

A. **Yes.**