



March 15, 2024

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: Commercial Auto Manual Revisions: 80/20 Rule and the term “Regularly”
regarding radius of operation**

EFFECTIVE DATE – October 1, 2024

The North Carolina Reinsurance Facility (NCRF) Board of Governors recently approved revisions to the Commercial Auto Manual. The approved changes will remove the 80/20 referencing starting with Rule 11, and the term “regularly” regarding the radius of operations starting with Rule 32, in the Commercial Auto Manual. These rule changes will not impact eligibility, but they may potentially impact the rating of a policy.

All member companies that cede Commercial Auto business to the NCRF will be expected to utilize and adopt these new manual changes impacting classifications and radius for **new and renewal ceded business effective on or after October 1, 2024.**

Attached are the Commercial Auto Manual pages reflecting the changes. Final versions of the updated manual changes will be available by October 1, 2024.

These changes become effective in accordance with the following Rule of Application:

These revisions become effective with respect to all new and renewal policies issued on or after October 1, 2024.

If you have any questions regarding this circular letter, please contact Tom Burns at: (919) 719-3033 or tfb@ncrb.org.

Sincerely,

Thomas F. Burns

Director, NCRF Auto Operations

North Carolina Reinsurance Facility

TFB/cch

RF-24-6

Attachments

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.
- G. Determine classification for each vehicle based on information from the insured and/or other sources verifying business operations within the last 12 months. New classification information obtained during the policy period (inspections, accidents or information from the insured, etc.) which proves vehicle(s) is operated outside the current classification, should be used to update the vehicle classification at the upcoming renewal.

Rule 12. PRIVATE PASSENGER TYPES

Fleet-Class Code 7398

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

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.✦
- 4. For uninsured and underinsured motorist insurance, refer to the Uninsured and Underinsured Motorists Insurance Rule ([Rule 20](#)).

E. Classifications and Codes

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

Rule 13. FARMERS AUTOS

Class Code 7399

A. Eligibility

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

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

B. Premium Computation

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

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

Rule 31. ELIGIBILITY

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

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

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

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

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

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

C. Premium Computation

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

TRUCKS, TRACTORS, AND TRAILERS

- a. Medical Payments Coverage
 - (1) Trucks and Tractors
 - (a) Primary and secondary rating factors do not apply.
 - (b) Determine the premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (2) Trailers
 - (a) Determine the base premium from the liability base premium schedule. For premiums not shown, refer to the Increased Limits Rule (Rule 22).
 - (b) Multiply the base premium by the primary rating factor.
 - (c) Secondary rating factors do not apply.
- b. Uninsured and Underinsured Motorists Insurance
 - (1) Primary, secondary, and fleet rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual. ❖
- b. GCW—The maximum loaded weight for a combination truck-tractor and semitrailer or trailer for which the truck-tractor is designed, as specified by the manufacturer.
- 2. Size Class
 - a. Light Trucks—Trucks that have a gross vehicle weight (GVW) of 10,000 pounds or less.
 - b. Medium Trucks
 - (1) Trucks that have a gross vehicle weight (GVW) of 10,001–20,000 pounds.
 - (2) Include crawler type trucks in this class.
 - c. Heavy Trucks—Trucks that have a gross vehicle weight (GVW) of 20,001–45,000 pounds.
 - d. Extra Heavy Trucks—Trucks that have a gross vehicle weight (GVW) over 45,000 pounds.
 - e. Truck-Tractors—A truck-tractor is a motorized auto with or without body for carrying commodities or materials, equipped with fifth wheel coupling device for semitrailers.
 - (1) Heavy Truck-Tractors—Truck-tractors that have a gross combination weight (GCW) of 45,000 pounds or less.
 - (2) Extra Heavy Truck-Tractors—Truck-tractors that have a gross combination weight (GCW) over 45,000 pounds.
 - f. Semitrailers—A semitrailer is a trailer equipped with fifth wheel coupling device for use with a truck-tractor with load capacity over 2,000 pounds. This includes bogies used to convert containers into semitrailers.
 - g. Trailers—Any trailer with load capacity over 2,000 pounds, other than a semitrailer.
 - h. Service or Utility Trailer—Any trailer or semitrailer with load capacity of 2,000 pounds or less.

Rule 33. TRUCKS, TRACTORS, AND TRAILERS CLASSIFICATIONS

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

A. Fleet—Nonfleet Classifications

- 1. Classify as fleet the autos of any risk that has five or more self-propelled autos of any type that are under one ownership. Do not include autos owned by allied or subsidiary interests unless the insured holds a majority financial interest.
- 2. Do not include mobile equipment insured on a general liability policy in determining if the risk is a fleet.
- 3. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
- 4. Classify the autos of any other risk as nonfleet.
- 5. Do not change the fleet or nonfleet classification because of midterm changes in the number of owned autos, except at the request of the insured. The policy must be cancelled and rewritten in accordance with the Cancellation Rule.

B. Primary Classifications

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTOMOBILE MANUAL

TRUCKS, TRACTORS, AND TRAILERS

4. Radius Class

Determine radius on a straight line from the street address of principal garaging.

- a. Local—up to 50 miles—The auto is not **regularly** operated beyond a radius of 50 miles from the street address where such auto is principally garaged.
- b. Intermediate—51 to 200 miles—The auto is operated beyond a radius of 50 miles but not **regularly** beyond a radius of 200 miles from the street address where such auto is principally garaged.
- c. Long Distance—over 200 miles—The auto is operated **regularly** beyond a 200-mile radius

Note: Determine radius for each vehicle based on information from the insured and/or other sources verifying travel within the last 12 months. New radius information obtained during the policy period (inspections, accidents outside of rated radius, etc) which proves vehicle(s) is operated beyond current radius class, should be used to update the radius at the upcoming renewal.

from the street address where such auto is principally garaged. Apply zone rates for other than light trucks.

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

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

C. Primary Classifications—Rating Factors and Classification Designators

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

TRUCKS, TRACTORS, AND TRAILERS

C. 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 C
		Trailer Types and Zone Rated Autos	All Other Autos	
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

TRUCKS, TRACTORS, AND TRAILERS

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

Rule 35. PREMIUM DEVELOPMENT—ZONE RATED AUTOS

- A. Except for light trucks and trailers used with light trucks, this Rule applies to trucks, tractors, and trailers ~~regularly~~ operated beyond a 200-mile radius from the street address of principal garaging.

★Premium Development

1. For vehicles principally garaged in North Carolina ~~and regularly that ever~~ operate beyond a 200-mile radius.

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.

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.

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:

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.

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.

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.

- a. Determine the classification rating factor and class code as follows:
- (1) Determine whether the auto 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](#)).
 - (3) Determine the secondary classifications code from the Trucks, Tractors, and Trailers Classifications Rule ([Rule 33](#)).

b. Liability Coverages

- (1) Determine the liability base premiums for the zone combination from the [Zone Rating Table](#)—Garaged in North Carolina.
- (2) For fleets, multiply the base premiums by .70.
- (3) 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](#)).

c. Medical Payments

(1) Trucks and Tractors

- (a) Determine the \$500 medical payments premium of the zone combination from the [Zone Rating Table](#)—Garaged in North Carolina.
- (b) Primary and secondary rating factors do not apply.
- (c) For limits not shown, refer to the Commercial [Auto Liability Rateschedules](#).

(2) Trailers

- (a) Determine the \$500 medical payments premium of the zone combination from the [Zone Rating Table](#)—Garaged in North Carolina.
- (b) Multiply the medical payments premium by the primary rating factor.
- (c) For limits not shown, refer to the Commercial [Auto Liability Rateschedules](#).

(3) Secondary rating factors do not apply.

d. Uninsured and Underinsured Motorists Insurance

- (1) Primary and secondary rating factors do not apply.
- (2) For rates, refer to the Uninsured and Underinsured Motorists Insurance Rule ([Rule 20](#)) in the Common Coverages Section of this Manual.

2. For vehicles principally garaged in states other than North Carolina ~~and regularly that ever~~ operate beyond a 200-mile radius.

When a vehicle is principally garaged in a state other than North Carolina, only regional zones will be utilized. The zone combination is the regional zone of principal garaging and the regional zone of the terminal (included in the auto's operation) farthest from that point.

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.

EXAMPLE

The auto is principally garaged in Charleston, South Carolina (regional zone 47) and has terminals in Sacramento, California (regional zone 40). The proper zone combination is 47 and 40.

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL
PUBLIC TRANSPORTATION SECTION

Rule 41. ELIGIBILITY

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

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

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

A. This Rule applies to

1. all taxis, limousines, school, church, and urban buses, and van pools;
2. all other public autos which **regularly** operate **solely** within a 200-mile radius from the street address of principal garaging. For those autos **regularly** operated beyond a 200-mile radius, refer to the Premium Development—Zone Rated Autos Rule (Rule 44).

B. Determine the classification rating factor and class code as follows:

1. Determine whether the risk is classified as fleet or nonfleet according to the Public Auto Classifications Rule (Rule 43).
2. Determine the primary rating factor from the Public Auto Classifications Rule (Rule 43) based on use class and radius class. For van pools, the rating factor is based on seating capacity.
3. Except for taxicabs, van pools, and limousines (other than airport limousines), determine the secondary rating factor, if any, from the Public Auto Classifications Rule (Rule 43) based on the seating capacity.
4. Determine the combined rating factor by adding the secondary rating factor to, or subtracting it from, the primary rating factor.

C. **Premium Computation**

1. ★For public autos operated the greatest percentage of time in North Carolina:
 - a. Determine the rating territory for each public auto from the territory definitions based on the territory where the public auto is operated the greatest percentage of the time. ❖
 - b. Liability and Medical Payments Coverages
 - (1) Determine the fleet or nonfleet base premiums on the state rate schedules.
 - (2) Multiply the base premium by the combined rating factor.
 - c. Uninsured and Underinsured Motorists Coverage
 - (1) Primary and secondary rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule (Rule 20) in the Common Coverages Section of this Manual.

d. Special Provisions

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

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

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

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

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

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

a. Liability and Medical Payments Coverages

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

b. Uninsured and Underinsured Motorists Insurance

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

c. Special Provisions

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

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

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

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

PUBLIC TRANSPORTATION

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

Rule 43. PUBLIC AUTO CLASSIFICATIONS

Classify public autos as follows:

- A. If an auto has more than one use, use the highest rated classification ~~unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.~~

B. Fleet—Nonfleet Classification

1. Classify as fleet the autos of any risk that has five or more self-propelled autos of any type that are under one ownership. Do not include autos owned by allied or subsidiary interests unless the insured holds a majority financial interest.
2. Do not include mobile equipment insured on a general liability policy in determining if the risk is a fleet.
3. Do not include trailers in determining if the risk is a fleet, but apply the fleet classification to the trailers if the risk otherwise is classified as a fleet.
4. Classify the autos of any other risk as nonfleet.
5. Do not change the fleet or nonfleet classification because of midterm changes in the number of owned autos except at the request of the insured. The policy must be cancelled and rewritten in accordance with the Cancellation Rule (Rule 10).

C. Seating Capacity

1. Use the seating capacity specified by the manufacturer of the auto unless a public authority rules otherwise.
2. Do not include the driver's seat when determining seating capacity.

D. Primary Classifications

1. Radius Class—Determine radius on a straight line from the street address of principal garaging.
 - a. Local—up to 50 miles—The auto is not ~~regularly~~ operated beyond a radius of 50 miles from the street address where such auto is principally garaged.
 - b. Intermediate—51 to 200 miles—The auto is operated beyond a radius of 50 miles but not ~~regularly~~ beyond a radius of 200 miles from the street address where such auto is principally garaged.
 - c. Long distance—over 200 miles—The auto is operated ~~regularly~~ beyond a 200-mile radius from the street address where such auto is principally garaged. Apply zone rates for all autos other than taxis, limousines, school, church, and urban buses, and van pools.

Note: Determine radius for each vehicle based on information from the insured and/or other sources verifying travel within the last 12 months. New radius information obtained during the policy period (inspections, accidents outside of rated radius, etc.) which proves vehicle(s) is operated beyond current radius ass. should be used to update the radius at the upcoming renewal.

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

NORTH CAROLINA REINSURANCE FACILITY
COMMERCIAL AUTO MANUAL

- that transports its own professional athletes, musicians, or other entertainers.
- (1) If it is used to transport other professional athletes or entertainers, rate as a charter bus.
 - (2) An auto owned by a group, firm, or organization to transport its own nonprofessional athletes, musicians, or entertainers, rate as a public auto not otherwise classified.
- k. Van Pools—An auto of the station wagon, van truck, or bus type used to provide prearranged commuter transportation for employees to and from work and is not otherwise used to transport passengers for a charge.
- (1) Employer Furnished Transportation. Transportation is held out by the employer as an inducement to employment, a condition of employment, or is incident to employment.
 - (a) Employer Owned Autos—Autos owned, or leased for one year or more, by an employer and used to provide transportation only for his employees.
 - (b) Employee Owned Autos—Autos owned, or leased for one year or more, by an individual employee and used to provide transportation only for fellow employees of his employer.
 - (2) All Other. Autos which do not meet the eligibility requirements of paragraph (1) above.
- l. Transportation of Employees—Other than Van Pools—Autos of any type used to transport employees other than in van pools.
- (1) Autos owned, or leased for one year or more, by an employer and used to transport only his own employees.
 - (a) Private Passenger Autos—Charge rates shown on the state rate schedules for private passenger types (Class Code 5851).
 - (b) All Other Autos—Rate as a van pool—all other (Class Code 5851).
 - (2) Autos owned, or leased for one year or more, by a person or organization who is in the business of transporting employees of one or more employers. Rate as public auto not otherwise classified.
- m. Social Service Agency Auto
- An auto used by a government entity, civic, charitable, or social service organization to provide transportation to clients incident to the social services sponsored by the organization, including special trips and outings.
- (1) This classification includes, for example, autos used to transport the following:
 - (a) Senior citizens or other clients to congregate meal centers, medical facilities, social functions, shopping centers
 - (b) Handicapped persons to work or rehabilitative programs
 - (c) Children to day care centers, Head Start programs
 - (d) Boy Scout or Girl Scout groups to planned activities.
 - (2) The following autos are eligible for this classification:
 - (a) Autos owned, or leased for one year or more, by the social service agency
 - (b) Autos donated to the social service agency, without a driver
 - (c) Autos hired under contract by the social service agency. This does not apply to a subcontractor or any individual that has not executed a contract with a social service agency.
 - (3) If an auto has more than one use, use the highest rated classification ~~unless 80% of the use is in a lower rated activity. In that case, use the lower rated classification.~~
 - (4) Separate codes and rating factors apply to the following:
 - (a) Employee-Operated Autos—Autos operated by employees of the social service agency. If a social service auto is also operated by volunteer drivers or other nonagency employees, use the all other classification ~~unless 80% of the use is by agency employees.~~
 - (b) All Other—Autos which do not meet the requirements of paragraph (a).
 - (5) Excess liability coverage may be provided to cover autos not owned or licensed by the agency while being used in its social service transportation activities. This coverage may be extended to cover the agency's liability only or the liability of both the agency and, on a blanket basis, the individual liability of agency employees or volunteer donors or owners of the autos. For autos hired, loaned, leased, or furnished, refer to the Hired Autos Rule (Rule 17). For all other nonowned autos, refer to the Nonownership Rule (Rule 16).
- n. Public Auto not Otherwise Classified—This classification includes, but is not limited to, autos such as country club buses, cemetery buses, real estate development buses, courtesy buses run by hotels, day care facility buses, and limos with a seating capacity of nine or more.
- o. See Primary Classifications—Rating Factors and Classification Designators tables.

E. Secondary Classifications

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

**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. ★Premium Development

1. For vehicles principally garaged in North Carolina ~~and regularly that ever~~ operate beyond a 200-mile radius.

Use the long distance zone definitions in the Trucks, Tractors, and Trailers Section.

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.

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:

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.

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.

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.

- a. Determine the classification rating factor and class code as follows:
 - (1) Determine whether the auto 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](#)).
 - (3) Secondary rating factors do not apply.
- b. Liability and Medical Payments Coverages
 - (1) Determine the liability base premiums for the zone combination from the trucks, tractors, and trailers [Zone Rating Table](#)—Garaged in North Carolina.
 - (2) Multiply the base premium by the primary rating factor.
- c. Uninsured and Underinsured Motorists Insurance
 - (1) Primary and secondary rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule ([Rule 20](#)) in the

Common Coverages Section of this Manual.

2. For vehicles principally garaged in states other than North Carolina ~~and regularly that ever~~ operate beyond a 200-mile radius.

Use the long distance zone definitions in the Trucks, Tractors, and Trailers Section.

When an auto is principally garaged in a state other than North Carolina, only regional zones will be utilized. The zone combination is the regional zone of principal garaging and the regional zone (included in the auto's operation) farthest from that point.

EXAMPLE:

The auto is principally garaged in Charleston, South Carolina (regional zone 47) and operates in Sacramento, California (regional zone 40). The proper zone combination is 47 and 40.

- a. Determine the classification rating factor and class code as follows:
 - (1) Determine whether the auto 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](#)).
 - (3) Secondary rating factors do not apply.
- b. Liability Coverages and Medical Payments Coverage
 - (1) Determine the base premiums for the zone combination from the trucks, tractors, and trailers [Zone Rating Table](#)—Garaged in States Other than North Carolina.
 - (2) Multiply the base premium by the primary rating factor.
- c. Uninsured and Underinsured Motorists Insurance
 - (1) Primary and secondary rating factors do not apply.
 - (2) Refer to the Uninsured and Underinsured Motorists Insurance Rule ([Rule 20](#)) in the Common Coverages Section of this Manual. ⚡

**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