



NORTH CAROLINA REINSURANCE FACILITY  
5401 Six Forks Road • Raleigh NC • 27609  
(919) 783-9790 • www.ncrb.org

July 15, 2005

Honorable James E. Long  
Commissioner of Insurance  
North Carolina Department of Insurance  
P. O. Box 26387  
Raleigh, North Carolina 27611

Re: Revision of Automobile Insurance Rates -  
Private Passenger Cars

Dear Sir:

Enclosed herewith for filing on behalf of the member companies of the North Carolina Reinsurance Facility are revised premium rates for bodily injury and property damage liability and medical payments insurance for nonfleet private passenger automobiles and bodily injury and property damage liability insurance for motorcycles ceded to the Reinsurance Facility. The rates set forth and supported in the enclosed materials apply only to ceded risks other than "clean risks" as defined in G.S. 58-37-35(1).

Rates established hereby reflect consideration duly given to data for the experience period set forth herein. Included in the enclosed materials are statistical data supporting and explaining rate levels varying by territory within the State according to loss experience within each territory. The filing indicates the need for effective statewide rate level changes of -5.9% for bodily injury, 2.7% for property damage, and -21.8% for medical payments, for an overall average statewide rate level change of -3.3%. The filing also indicates a need for a statewide rate level change of -14.5% for the motorcycle liability coverages and includes the appropriate relativities for such change. The ratios in the filing relating to expense experience were developed from special calls issued by the North Carolina Rate Bureau.

Information and statistical data required pursuant to G.S. 58-36-15(h) and information and statistical data described in 11 NCAC 10.1104 are contained in Section F to the extent presently available. Pursuant to G.S. 58-37-35(1), the information filed by the North Carolina Rate Bureau in connection with its February

1, 2005 filing (as amended) in response to 11 NCAC 10.1104 is incorporated herein, to the extent applicable, by reference. Additionally, the pre-filed testimony of (a) Raymond F. Evans, Jr., General Manager - North Carolina Reinsurance Facility; (b) Patrick B. Woods, Assistant Vice President and Actuary - Insurance Services Office; and (c) Robert Schumacher, Director & Senior Portfolio Manager, Evergreen Investment Management Company, LLC, is submitted herewith.

The revised rates set forth herein, which apply only to ceded risks other than "clean risks," will become effective October 1, 2005 in accordance with the following Rule of Application:

These changes are applicable to all policies effective on or after October 1, 2005. No policy effective prior to October 1, 2005 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 request, but in no event prior to October 1, 2005.

As to uninsured and combined uninsured/underinsured motorists coverages ceded to the Reinsurance Facility, the Reinsurance Facility hereby establishes rates equal to the uninsured and combined uninsured/underinsured motorists coverages rates established by the North Carolina Rate Bureau pursuant to its filing dated February 1, 2005, (as amended) to become effective contemporaneously with those rates.

With respect to the increased limits factors used in connection with bodily injury and property damage coverages ceded to the Reinsurance Facility, the Reinsurance Facility hereby establishes factors equal to the increased limits factors established by the Rate Bureau pursuant to its filing dated February 1, 2005, (as amended) to become effective contemporaneously with those factors.

Very truly yours,



F. Timothy Lucas  
Automobile Manager

FTL:dp

Enclosures

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE CEDED INSURANCE  
REVISION OF RATES

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SECTION A  
SUMMARY OF REVISION

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CEDED LIABILITY COVERAGES

SUMMARY OF STATEWIDE RATE LEVEL INDICATIONS

<u>COVERAGE</u>	<u>TOTAL LIMITS PREMIUM WEIGHT (A)</u>	<u>FILED CHANGE</u>
Ceded Liability(B):		
Bodily Injury (C)	\$157,854	-5.9%
Property Damage(C)	118,930	2.7%
Medical Payments	15,735	-21.8%
Ceded Total	292,519	-3.3%
Motorcycle Liability:	19,764	-14.5%

(A) In Thousands.

(B) Includes ceded business written at Facility rates only.

(C) Indications are combined for basic and higher limits.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
TERRITORY RATE LEVEL CHANGES BY COVERAGE

<u>Terr. Code</u>	<u>Description</u>	30/60 <u>B.I.</u>	\$25,000 <u>P.D.</u>	30/60/25 <u>Combined</u>
11	Asheville	-7.2%	4.0%	-1.3%
13	Durham	-9.1%	3.7%	-3.2%
14	Greensboro	-10.0%	3.3%	-3.7%
15	High Point	-10.5%	3.7%	-4.2%
16	Raleigh	-8.8%	1.6%	-3.6%
17	Wilmington	-10.6%	2.5%	-4.9%
18	Winston-Salem	-6.5%	5.5%	-0.7%
24	Remainder-West	-11.3%	1.0%	-5.6%
25	Gaston County	-8.8%	-0.4%	-4.8%
26	Remainder-South	-4.9%	5.4%	-1.2%
31	Small City-East	-9.8%	3.7%	-3.9%
32	Small City-West	-11.6%	1.0%	-5.6%
33	Remainder-East	-9.2%	4.5%	-3.8%
40	Fayetteville	-11.4%	5.1%	-4.8%
41	Onslow County	-9.0%	7.4%	-1.7%
43	Craven County	-10.3%	9.0%	-2.3%
47	Wayne County	-9.6%	2.1%	-4.7%
51	Mecklenburg County -Remainder	-7.7%	5.8%	-0.9%
52	Charlotte	-10.3%	0.7%	-5.1%
	STATEWIDE	-9.7%	2.7%	-4.2%

The displayed Bodily Injury rate level changes by territory are basic limits changes.

SECTION B  
MATERIAL TO BE IMPLEMENTED

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

PROPOSED BASE RATES - CEDED LIABILITY

<u>Terr Code</u>	<u>\$30,000/60,000 Bodily Injury</u>	<u>\$25,000 Property Damage</u>	<u>\$500 Medical Payments</u>
11	\$167	\$208	\$17
13	259	255	26
14	244	252	24
15	273	253	27
16	227	254	23
17	279	249	28
18	217	231	22
24	196	194	20
25	249	243	25
26	347	216	35
31	248	224	25
32	198	203	20
33	248	184	25
40	312	249	31
41	263	246	26
43	226	193	22
47	246	197	24
51	203	239	20
52	271	270	27

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF RATES TO BE CHARGED INDIVIDUAL INSUREDS

Liability and Medical Payments Rates

Page B-1 shows the liability and medical payments base rates by territory, given the filed rate level changes. These pages set forth the filed manual rates, for their respective sets of territories, for the classification carrying unity differential. The revised rates for the remaining classifications are determined by applying the appropriate classification rate differentials to the base rates by territory. This filing does not include a revision to classifications or to classification rate differentials.

Material in [brackets] is deleted and material underlined> is new

## 19. MISCELLANEOUS TYPES

### B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes

#### Liability Coverages Only

With respect to voluntary risks and “clean risks” ceded to the North Carolina Reinsurance Facility the following provisions apply

1. Such vehicles with engine size of 324 cubic centimeters or less shall be rated at 20% of the applicable voluntary private passenger rate. (Class Code – Motorcycles 951000; Others 960000)
2. Such vehicles with engine size of 325 cubic centimeters or more shall be rated at 36% of the applicable voluntary private passenger rate. (Class Code – Motorcycles 952000; Others 961000)

With respect to other than “clean risks” ceded to the North Carolina Reinsurance Facility the following provisions apply:

3. Such vehicles with engine size of 324 cubic centimeters or less shall be rated at 18% of the applicable ceded private passenger rate. (Class Code – Motorcycles 951000; Others 960000)
4. Such vehicles with engine size of 325 cubic centimeters or more shall be rated at 32% of the applicable ceded private passenger rate. (Class Code – Motorcycles 952000; Others 961000)

SECTION C  
SUPPORTING EXPERIENCE

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

STATEWIDE RATE REVIEW  
ACCIDENT YEAR ENDED 12/31/2003

Ceded Business - Risks Written at Facility Rates

All Carriers

	30/60 <u>Bodily Injury</u>	\$25,000 <u>Property Dam.</u>	Total Limits <u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	\$81,267,265	\$76,959,796	\$7,282,917
(2) Loss Development Factor (b)	1.088	1.017	1.089
(3) Developed Losses and ALAE (1)x(2)	88,418,784	78,268,113	7,931,097
(4) Unallocated Loss Adjustment Expense Factor (See page D-17)	0.118	0.125	0.118
(5) Unallocated Loss Adjustment Expense (3)x(4)	10,433,417	9,783,514	935,869
(6) General and Other Acquisition Expenses (c)	17,977,474	16,371,172	1,728,755
(7) Earned Exposures (a)	396,758	396,758	210,155
(8) Incurred Claims (a)	15,515	34,381	6,440
(9) Claim Development Factor (d)	0.952	1.008	1.027
(10) Developed Claims (9)x(10)	14,770	34,656	6,614
(11) Average Annual Change in Losses and ALAE (See page D-7)	1.0%	2.0%	1.9%
(12) Average Annual Change in Expenses (See page D-6)	3.3%	3.3%	3.3%
(13) Years of Trend - Losses and ALAE (e)	3.03	3.03	3.03
(14) Years of Trend - ULAE (f)	3.03	3.03	3.03
(15) Years of Trend - G & OA Expenses (g)	2.75	2.75	2.75
(16) Projected Losses and ALAE (e)	91,159,766	83,120,736	8,399,032
(17) Projected ULAE (f)	11,508,059	10,791,216	1,032,264
(18) Projected Losses and LAE per exposure $[(16)+(17)]/(7)$	258.77	236.70	44.88
(19) Projected G & OA Expenses (g)	19,649,379	17,893,691	1,889,529
(20) Projected Fixed Expenses per exposure $[(19)/(7)]$	49.52	45.10	8.99
(21) Projected Loss, LAE and Expenses Per Exposure $[(18)+(20)]$	308.29	281.80	53.87
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio (See page D-17)	0.876	0.876	0.876
(24) Investment Income (i)	3.4%	3.4%	3.4%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure $[(21)/((23)+(24)+(25)-(22))]$	335.10	306.30	58.55
(27) Distributional Adjustment Factor (j)	1.413	1.417	2.470
(28) Required 30/60/25 Base Class Premium $[(26)/(27)]$	237.15	216.16	23.70
(29) Indicated Total Limits Change (See Section E)	-	0.1%	
(30) Required 30/60/25 Base Class Premium $[(28)x(1.0+(29))]$	237.15	216.38	23.70

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

STATEWIDE RATE REVIEW  
ACCIDENT YEAR ENDED 12/31/2003

- (a) Based on the statistical plan data reported by member companies.
- (b) Loss development factors are based on three-year averages through 63 months of development for Bodily Injury, Property Damage and Medical Payments. See pages D-11-13.
- (c) The general expenses and other acquisition expenses have been calculated to be 5.5% and 7.7%, respectively, of the combined Voluntary and Ceded manual earned premium. These expenses are allocated between the Voluntary and Ceded business based on the Voluntary and Ceded premium distribution. See RF-4 and F-155.
- (d) Claim development factors are to 63 months for Bodily Injury, Property Damage and Medical Payments. See pages D-14-16.
- (e) Projected losses and allocated loss adjustment expenses =  
(13)  
[(3) x (1 + (11)) ], where (13) = the number of years of projection from the average date of accident to 7/12/2006.
- (f) Projected unallocated loss adjustment expenses =  
(14)  
[(5) x (1 + (12)) ], where (14) = the number of years of projection from 7/1/2003 to 7/12/2006.
- (g) Projected general and other acquisition expenses =  
(15)  
[(6) x (1 + (12)) ], where (15) = the number of years of projection from 7/1/2003 to 4/1/2006.
- (h) Selected value.
- (i) Investment income, (24), is the average rate of investment return as a percent of direct market earned premium as calculated on page F-172 and Installment Income, (25), is the latest five year average installment income as a percent of direct earned premium. (See Exhibit RF-5).
- (j) Distributional adjustment factor = Average Rate / Base Rate. See page C-11.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

STATEWIDE RATE REVIEW  
ACCIDENT YEAR ENDED 12/31/2002

Ceded Business - Risks Written at Facility Rates

All Carriers

	30/60 <u>Bodily Injury</u>	\$25,000 <u>Property Dam.</u>	Total Limits <u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	\$85,546,939	\$72,692,256	\$7,635,080
(2) Loss Development Factor (b)	1.033	1.000	1.030
(3) Developed Losses and ALAE (1)x(2)	88,369,988	72,692,256	7,864,132
(4) Unallocated Loss Adjustment Expense Factor (See page D-18)	0.133	0.115	0.133
(5) Unallocated Loss Adjustment Expense (3)x(4)	11,753,208	8,359,609	1,045,930
(6) General and Other Acquisition Expenses (c)	16,463,169	14,915,000	1,553,875
(7) Earned Exposures (a)	372,778	372,778	196,781
(8) Incurred Claims (a)	14,621	30,209	6,686
(9) Claim Development Factor (d)	0.983	0.998	1.009
(10) Developed Claims (9)x(10)	14,372	30,149	6,746
(11) Average Annual Change in Losses and ALAE (See page D-7)	0.8%	1.6%	0.6%
(12) Average Annual Change in Expenses (See page D-6)	3.3%	3.3%	3.3%
(13) Years of Trend - Losses and ALAE (e)	4.03	4.03	4.03
(14) Years of Trend - ULAE (f)	4.03	4.03	4.03
(15) Years of Trend - G & OA Expenses (g)	3.75	3.75	3.75
(16) Projected Losses and ALAE (e)	91,286,198	77,489,945	8,052,871
(17) Projected ULAE (f)	13,398,657	9,529,954	1,192,360
(18) Projected Losses and LAE per exposure [((16)+(17))/(7)]	280.82	233.44	46.98
(19) Projected G & OA Expenses (g)	18,586,918	16,839,035	1,754,325
(20) Projected Fixed Expenses per exposure [(19)/(7)]	49.86	45.17	8.92
(21) Projected Loss, LAE and Expenses Per Exposure [(18)+(20)]	330.68	278.61	55.90
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio (See page D-18)	0.875	0.875	0.875
(24) Investment Income (i)	3.4%	3.4%	3.4%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure [(21)/((23)+(24)+(25)-(22))]	359.83	303.17	60.83

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

STATEWIDE RATE REVIEW  
ACCIDENT YEAR ENDED 12/31/2002

- (a) Based on the statistical plan data reported by member companies.
- (b) Loss development factors are based on three-year averages through 63 months of development for Bodily Injury, Property Damage and Medical Payments. See pages D-11-13.
- (c) The general expenses and other acquisition expenses have been calculated to be 6.0% and 7.4%, respectively, of the combined Voluntary and Ceded manual earned premium. These expenses are allocated between the Voluntary and Ceded business based on the Voluntary and Ceded premium distribution. See RF-4 and F-155.
- (d) Claim development factors are to 63 months for Bodily Injury, Property Damage and Medical Payments. See pages D-14-16.
- (e) Projected losses and allocated loss adjustment expenses =  
(13)  
[(3) x (1 + (11))<sup>(13)</sup>], where (13) = the number of years of projection from the average date of accident to 7/12/2006.
- (f) Projected unallocated loss adjustment expenses =  
(14)  
[(5) x (1 + (12))<sup>(14)</sup>], where (14) = the number of years of projection from 7/1/2002 to 7/12/2006.
- (g) Projected general and other acquisition expenses =  
(15)  
[(6) x (1 + (12))<sup>(15)</sup>], where (15) = the number of years of projection from 7/1/2002 to 4/1/2006.
- (h) Selected value.
- (i) Investment income, (24), is the average rate of investment return as a percent of direct market earned premium as calculated on page F-172 and Installment Income, (25), is the latest five year average installment income as a percent of direct earned premium. (See Exhibit RF-5).

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

STATEWIDE RATE REVIEW  
ACCIDENT YEAR ENDED 12/31/2001

Ceded Business - Risks Written at Facility Rates

All Carriers

	30/60 <u>Bodily Injury</u>	\$25,000 <u>Property Dam.</u>	Total Limits <u>Med. Pay.</u>
(1) Reported Incurred Losses and Allocated Loss Adjustment Expense (a)	\$78,291,649	\$69,784,589	\$6,690,509
(2) Loss Development Factor (b)	1.013	1.000	1.013
(3) Developed Losses and ALAE (1)x(2)	79,309,440	69,784,589	6,777,486
(4) Unallocated Loss Adjustment Expense Factor (See page D-19)	0.128	0.116	0.128
(5) Unallocated Loss Adjustment Expense (3)x(4)	10,151,608	8,095,012	867,518
(6) General and Other Acquisition Expenses (c)	14,985,569	11,322,439	1,504,203
(7) Earned Exposures (a)	344,906	344,906	181,574
(8) Incurred Claims (a)	13,171	30,025	6,135
(9) Claim Development Factor (d)	0.990	1.000	1.003
(10) Developed Claims (9)x(10)	13,039	30,025	6,153
(11) Average Annual Change in Losses and ALAE (See page D-7)	0.9%	1.4%	1.9%
(12) Average Annual Change in Expenses (See page D-6)	3.3%	3.3%	3.3%
(13) Years of Trend - Losses and ALAE (e)	5.03	5.03	5.03
(14) Years of Trend - ULAE (f)	5.03	5.03	5.03
(15) Years of Trend - G & OA Expenses (g)	4.75	4.75	4.75
(16) Projected Losses and ALAE (e)	82,957,674	74,809,079	7,448,457
(17) Projected ULAE (f)	11,948,443	9,527,829	1,021,069
(18) Projected Losses and LAE per exposure [((16)+(17))/(7)]	275.17	244.52	46.65
(19) Projected G & OA Expenses (g)	17,488,159	13,213,286	1,755,405
(20) Projected Fixed Expenses per exposure [(19)/(7)]	50.70	38.31	9.67
(21) Projected Loss, LAE and Expenses Per Exposure [(18)+(20)]	325.87	282.83	56.32
(22) Percentage Dividends (h)	0.0%	0.0%	0.0%
(23) Permissible Loss, LAE and G & OA Expense Ratio (See page D-19)	0.876	0.876	0.876
(24) Investment Income (i)	3.4%	3.4%	3.4%
(25) Installment Income (i)	1.0%	1.0%	1.0%
(26) Premium Required per exposure [(21)/((23)+(24)+(25)-(22))]	354.21	307.42	61.22

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

STATEWIDE RATE REVIEW  
ACCIDENT YEAR ENDED 12/31/2001

- (a) Based on the statistical plan data reported by member companies.
- (b) Loss development factors are based on three-year averages through 63 months of development for Bodily Injury, Property Damage and Medical Payments. See pages D-11-13.
- (c) The general expenses and other acquisition expenses have been calculated to be 5.8% and 6.6%, respectively, of the combined Voluntary and Ceded manual earned premium. These expenses are allocated between the Voluntary and Ceded business based on the Voluntary and Ceded premium distribution. See RF-4 and F-155.
- (d) Claim development factors are to 63 months for Bodily Injury, Property Damage and Medical Payments. See pages D-14-16.
- (e) Projected losses and allocated loss adjustment expenses =  
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[(3) x (1 + (11)) ], where (13) = the number of years of projection from the average date of accident to 7/12/2006.
- (f) Projected unallocated loss adjustment expenses =  
(14)  
[(5) x (1 + (12)) ], where (14) = the number of years of projection from 7/1/2001 to 7/12/2006.
- (g) Projected general and other acquisition expenses =  
(15)  
[(6) x (1 + (12)) ], where (15) = the number of years of projection from 7/1/2001 to 4/1/2006.
- (h) Selected value.
- (i) Investment income, (24), is the average rate of investment return as a percent of direct market earned premium as calculated on page F-172 and Installment Income, (25), is the latest five year average installment income as a percent of direct earned premium. (See Exhibit RF-5).

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
BODILY INJURY LIABILITY  
CALCULATION OF REVISED BASE RATES BY TERRITORY

T E R R	(1) EARNED CAR YEARS YR. ENDED 12/31/2003	(2) 30/60 LOSS COST 3 YRS ENDED 12/31/2003	(3) DISTRIB. ADJUST. FACTOR	(4) BASE CLASS LOSS COST (2)/(3)	(5) CRED	(6) FORM. BASE CLASS LOSS COST	(7) INDEX (6) TO STATE	(8) 30/60 BASE CLASS RATE PRES.	(9) IND.
11	6,048	65.55	0.584	112.24	1.0	112.24	0.653	180	167
13	9,679	109.40	0.576	189.93	1.0	189.93	1.106	285	259
14	10,504	102.89	0.579	177.70	1.0	177.70	1.035	271	244
15	3,139	113.17	0.559	202.45	0.9	202.15	1.177	305	273
16	22,320	92.50	0.566	163.43	1.0	163.43	0.952	249	227
17	8,108	117.34	0.565	207.68	1.0	207.68	1.209	312	279
18	10,431	83.26	0.538	154.76	1.0	154.76	0.901	232	217
24	111,222	74.59	0.546	136.61	1.0	136.61	0.795	221	196
25	7,715	96.72	0.531	182.15	1.0	182.15	1.060	273	249
26	25,954	126.64	0.478	264.94	1.0	264.94	1.543	365	347
31	19,415	101.30	0.560	180.89	1.0	180.89	1.053	275	248
32	35,127	77.73	0.562	138.31	1.0	138.31	0.805	224	198
33	52,817	98.46	0.545	180.66	1.0	180.66	1.052	273	248
40	15,933	130.19	0.553	235.42	1.0	235.42	1.371	352	312
41	12,425	113.88	0.587	194.00	1.0	194.00	1.129	289	263
43	6,524	93.71	0.577	162.41	0.9	162.65	0.947	252	226
47	6,403	98.96	0.553	178.95	1.0	178.95	1.042	272	246
51	3,259	81.32	0.571	142.42	0.8	142.70	0.831	220	203
52	29,549	114.36	0.570	200.63	1.0	200.63	1.168	302	271
SW	396,572	94.26	0.549	171.75		171.76			

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
PROPERTY DAMAGE LIABILITY  
CALCULATION OF REVISED BASE RATES BY TERRITORY

T E R R	(1) EARNED CAR YEARS YR. ENDED 12/31/2003	(2) \$25,000 LOSS COST 3 YRS ENDED 12/31/2003	(3) DISTRIB. ADJUST. FACTOR	(4) BASE CLASS LOSS COST (2)/(3)	(5) CRED	(6) FORM. BASE CLASS LOSS COST	(7) INDEX (6) TO STATE	(8) \$25,000 BASE CLASS RATE PRES.	(9) IND.
11	6,048	88.51	0.694	127.54	1.0	127.54	0.954	200	208
13	9,679	113.73	0.705	161.32	1.0	161.32	1.207	246	255
14	10,504	112.26	0.705	159.23	1.0	159.23	1.191	244	252
15	3,139	108.02	0.673	160.51	1.0	160.51	1.201	244	253
16	22,320	111.54	0.694	160.72	1.0	160.72	1.203	250	254
17	8,108	107.19	0.681	157.40	1.0	157.40	1.178	243	249
18	10,431	95.14	0.660	144.15	1.0	144.15	1.079	219	231
24	111,222	77.90	0.664	117.32	1.0	117.32	0.878	192	194
25	7,715	96.65	0.631	153.17	1.0	153.17	1.146	244	243
26	25,954	84.29	0.631	133.58	1.0	133.58	0.999	205	216
31	19,415	94.33	0.679	138.92	1.0	138.92	1.039	216	224
32	35,127	84.48	0.683	123.69	1.0	123.69	0.925	201	203
33	52,817	73.75	0.668	110.40	1.0	110.40	0.826	176	184
40	15,933	109.57	0.696	157.43	1.0	157.43	1.178	237	249
41	12,425	106.92	0.691	154.73	1.0	154.73	1.158	229	246
43	6,524	80.04	0.684	117.02	1.0	117.02	0.876	177	193
47	6,403	80.47	0.673	119.57	1.0	119.57	0.895	193	197
51	3,259	101.30	0.676	149.85	1.0	149.85	1.121	226	239
52	29,549	118.90	0.688	172.82	1.0	172.82	1.293	268	270
SW	396,572	90.15	0.674	133.65		133.65			

NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE  
 NOTES TO CALCULATION OF REVISED BASE RATES BY TERRITORY

Liability data shown in column (1) is for ceded business written at Facility rates only. Data shown in column (2) is voluntary and ceded business combined.

Column

- (1) Earned exposures for the year ended 12/31/2003.
- (2) Pure premium (losses divided by exposures) for the three years ended 12/31/2003. Liability data are developed to ultimate.
- (3) Distributional adjustment factor = Present average rate for year ended 12/31/2003 divided by the current base class base rate. The average rate is for voluntary and ceded data combined. See pages C-12-13.
- (4) Base Class Loss Cost = Col.(2) / Col.(3)
- (5) Credibility is determined by each territory's three year number of claims using the credibility tables shown on page D-21.
- (6) Formula base class loss cost = [Col.(4) x Col.(5)] + [Statewide Col.(4)x{1-Col.(5)} x HAF] where HAF is the historical adjustment factor and is equal to the ratio of the current base class base rate to the statewide average base class base rate. See pages C-12-13.
- (7) Index to state = Col.(6) / Statewide Col.(6)
- (8) Present base rates currently in effect as of the date of this filing.
- (9) The revised base rate is calculated by the following formula:  
 ([RBCP x VR x Col.(7)] + FE ) x offset

RBCP = Required base class premium, as shown on page C-1.

VR = variable ratio FE = flattened expense amount

The variable ratio and flattened expense amount account for the flattening of 100% of general and other acquisition expenses by territory and are calculated below:

	BI	PD
(1) Projected general and other acquisition expenses per exposure (from page C-1, line (20))	49.52	45.10
(2) Required average premium per exposure (from page C-1, line (26))	335.10	306.30
(3) Fixed ratio = (1) / (2)	0.148	0.147
(4) Variable ratio 1 - (3)	0.852	0.853
(5) Required Base Class Premium (from page C-1, line (30))	237.15	216.38
(6) Flattened expenses (2) x (3)	35.10	31.81

Offsets are as follows:

- 1) No offsets are applied.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
MEDICAL PAYMENTS

CALCULATION OF REVISED BASE RATES BY TERRITORY

(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Terr	MP Exp	Pres. MP Rate	Rev BI Rate	BI CP Offset	Rev MP Rate	Rev. Base Class Premium	Rev. T/L MP Rate	Pres. T/L MP Rate	Terr % Change
11	2,376	21	167	1.000	17	40,392	30.72	37.95	-19.1%
13	4,652	33	259	1.000	26	120,952	46.98	59.63	-21.2%
14	4,608	31	244	1.000	24	110,592	43.37	56.02	-22.6%
15	1,351	35	273	1.000	27	36,477	48.79	63.25	-22.9%
16	12,176	29	227	1.000	23	280,048	41.56	52.40	-20.7%
17	3,186	36	279	1.000	28	89,208	50.60	65.05	-22.2%
18	4,464	27	217	1.000	22	98,208	39.75	48.79	-18.5%
24	62,789	26	196	1.000	20	1,255,780	36.14	46.98	-23.1%
25	2,907	32	249	1.000	25	72,675	45.18	57.82	-21.9%
26	14,011	42	347	1.000	35	490,385	63.25	75.89	-16.7%
31	11,573	32	248	1.000	25	289,325	45.18	57.82	-21.9%
32	18,389	26	198	1.000	20	367,780	36.14	46.98	-23.1%
33	38,157	32	248	1.000	25	953,925	45.18	57.82	-21.9%
40	5,037	41	312	1.000	31	156,147	56.02	74.09	-24.4%
41	3,301	33	263	1.000	26	85,826	46.98	59.63	-21.2%
43	3,218	29	226	1.000	22	70,796	39.75	52.40	-24.1%
47	3,618	31	246	1.000	24	86,832	43.37	56.02	-22.6%
51	1,840	25	203	1.000	20	36,800	36.14	45.18	-20.0%
52	12,374	35	271	1.000	27	334,098	48.79	63.25	-22.9%
	210,027					4,976,246			-21.8%

- (1) Average Medical Payments Increased Limits Factor. See page E-6.
- (2) % Medical Payments rates of Bodily Injury rates. Used to iteratively determine statewide base class rate.
- (3) Revised base class Medical Payments rate. Sum of column (11) / Sum of column (6).
- (4) Target base class rate. Derived on page C-1.
- (5) Territory.
- (6) Medical Payments exposures by territory.
- (7) Present \$500 Medical Payments rate.
- (8) Revised 30/60 Bodily Injury rate as determined on page C-7.
- (9) BI Class Plan Offset.
- (10) Revised \$500 Medical Payments rate. (8) x (2).
- (11) Revised base class Medical Payments Premium. (6) x (10) / (9).
- (12) Revised total limits Medical Payments rate. (10) x (1).
- (13) Present total limits Medical Payments rate. (7) x (1).
- (14) Territory percent change (12) / (13) / (9).

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

CALCULATION OF STATEWIDE DISTRIBUTIONAL ADJUSTMENT FACTORS

	BODILY INJURY LIABILITY				PROPERTY DAMAGE LIABILITY		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
T	EARNED	30/60	30/60	(2)/(3)	\$25,000	\$25,000	(5)/(6)
E	CAR YEARS	PRES.	BASE	DISTRIB.	PRES.	BASE	DISTRIB.
R	YR. ENDED	AVG.	CLASS	ADJUST.	AVG.	CLASS	ADJUST.
R	12/31/2003	PREM	RATE	FACTOR	PREM	RATE	FACTOR
11	6,048	277.21	180	1.540	308.01	200	1.540
13	9,679	406.24	285	1.425	350.65	246	1.425
14	10,504	390.51	271	1.441	351.60	244	1.441
15	3,139	430.02	305	1.410	344.02	244	1.410
16	22,320	363.26	249	1.459	364.72	250	1.459
17	8,108	450.21	312	1.443	350.64	243	1.443
18	10,431	329.09	232	1.418	310.65	219	1.418
24	111,222	315.95	221	1.430	274.49	192	1.430
25	7,715	388.77	273	1.424	347.47	244	1.424
26	25,954	490.34	365	1.343	275.39	205	1.343
31	19,415	382.02	275	1.389	300.06	216	1.389
32	35,127	322.96	224	1.442	289.80	201	1.442
33	52,817	380.95	273	1.395	245.59	176	1.395
40	15,933	486.01	352	1.381	327.23	237	1.381
41	12,425	411.86	289	1.425	326.35	229	1.425
43	6,524	358.77	252	1.424	251.99	177	1.424
47	6,403	375.21	272	1.379	266.24	193	1.379
51	3,259	318.21	220	1.446	326.89	226	1.446
52	29,549	424.44	302	1.405	376.65	268	1.405
SW	396,572	371.14	262.68	1.413	298.56	210.63	1.417

	MEDICAL PAYMENTS					
	(1)	(2)	(3)	(4)		
T	EARNED	\$500	\$500	(2)/(3)		
E	CAR YEARS	PRES.	BASE	DISTRIB.		
R	YR. ENDED	AVG.	CLASS	ADJUST.		
R	12/31/2003	PREM	RATE	FACTOR		
11	2,376	30.58	21	1.456		
13	4,652	45.89	33	1.391		
14	4,608	43.65	31	1.408		
15	1,351	47.77	35	1.365		
16	12,176	40.75	29	1.405		
17	3,186	49.11	36	1.364		
18	4,464	37.34	27	1.383		
24	62,789	36.04	26	1.386		
25	2,907	44.44	32	1.389		
26	14,011	54.76	42	1.304		
31	11,573	43.71	32	1.366		
32	18,389	36.29	26	1.396		
33	38,157	43.56	32	1.361		
40	5,037	51.77	41	1.263		
41	3,301	42.41	33	1.285		
43	3,218	39.37	29	1.358		
47	3,618	42.35	31	1.366		
51	1,840	35.77	25	1.431		
52	12,374	47.71	35	1.363	AVERAGE ILF	TOTAL
SW	210,027	41.44	30.31	1.367	1.807	2.470

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
BODILY INJURY LIABILITY

CALCULATION OF TERRITORY DISTRIBUTIONAL ADJUSTMENT FACTORS  
AND HISTORICAL ADJUSTMENT FACTORS

T E R R I T O R Y	(1) EARNED CAR YEARS YR. ENDED 12/31/2003	(2) 30/60 PRES. AVG. PREM (A)	(3) 30/60 BASE CLASS RATE	(4) (2)/(3) DISTRIB. ADJUST. FACTOR	(5) (3)/SW(3) HISTORICAL ADJUST. FACTOR
11	6,048	105.07	180	0.584	0.685
13	9,679	164.09	285	0.576	1.085
14	10,504	157.04	271	0.579	1.032
15	3,139	170.48	305	0.559	1.161
16	22,320	140.94	249	0.566	0.948
17	8,108	176.38	312	0.565	1.188
18	10,431	124.73	232	0.538	0.883
24	111,222	120.61	221	0.546	0.841
25	7,715	144.98	273	0.531	1.039
26	25,954	174.39	365	0.478	1.390
31	19,415	153.92	275	0.560	1.047
32	35,127	125.84	224	0.562	0.853
33	52,817	148.67	273	0.545	1.039
40	15,933	194.74	352	0.553	1.340
41	12,425	169.67	289	0.587	1.100
43	6,524	145.49	252	0.577	0.959
47	6,403	150.35	272	0.553	1.035
51	3,259	125.54	220	0.571	0.838
52	29,549	172.27	302	0.570	1.150
SW	396,572	144.31	262.68	0.549	

(A) Voluntary and ceded combined.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
PROPERTY DAMAGE LIABILITY

CALCULATION OF TERRITORY DISTRIBUTIONAL ADJUSTMENT FACTORS  
AND HISTORICAL ADJUSTMENT FACTORS

T E R R I T O R Y	(1) EARNED CAR YEARS YR. ENDED 12/31/2003	(2) \$25,000 PRES. AVG. PREM (A)	(3) \$25,000 BASE CLASS RATE	(4) (2)/(3) DISTRIB. ADJUST. FACTOR	(5) (3)/SW(3) HISTORICAL ADJUST. FACTOR
11	6,048	138.87	200	0.694	0.950
13	9,679	173.36	246	0.705	1.168
14	10,504	171.91	244	0.705	1.158
15	3,139	164.13	244	0.673	1.158
16	22,320	173.39	250	0.694	1.187
17	8,108	165.41	243	0.681	1.154
18	10,431	144.62	219	0.660	1.040
24	111,222	127.46	192	0.664	0.912
25	7,715	153.88	244	0.631	1.158
26	25,954	129.30	205	0.631	0.973
31	19,415	146.76	216	0.679	1.025
32	35,127	137.20	201	0.683	0.954
33	52,817	117.55	176	0.668	0.836
40	15,933	164.85	237	0.696	1.125
41	12,425	158.30	229	0.691	1.087
43	6,524	121.09	177	0.684	0.840
47	6,403	129.88	193	0.673	0.916
51	3,259	152.83	226	0.676	1.073
52	29,549	184.37	268	0.688	1.272
SW	396,572	142.01	210.63	0.674	

(A) Voluntary and ceded combined.

SECTION D  
EXPLANATORY MATERIAL

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Explanatory Memorandum

This memorandum supplements the filing letter and supporting exhibits setting forth a revision of private passenger automobile insurance rates in the State of North Carolina. It is the purpose of this memorandum to describe the source data used and to set forth in detail the insurance ratemaking procedures reflected in the filing. Certain pages in the filing and accompanying material contain a notation "all carriers" or other similar wording. This indicates that the data are combined ISO, PCI and NISS data. Data for certain companies are not included, as noted on page F-6.

Premium, Loss and Expense Experience

This revision is based upon the combined premium, loss, and expense experience, as applicable, of all licensed companies writing private passenger automobile insurance in this State, except as noted in Section F. In order to have this experience available in all detail necessary for rate review and ratemaking in accordance with accepted standards, all such companies are required to file each year their total private passenger automobile insurance experience with the official statistical agents recorded pursuant to the official statistical plans and reported by the companies in accordance with instructions issued by the statistical agents under the Official Calls for Experience.

The Commissioner appointed the following statistical agents to act on his behalf for the collection of private passenger automobile insurance experience in North Carolina; Insurance Services Office (ISO), Property Casualty Insurers Association of America (PCI), and National Independent Statistical Service (NISS).

Experience utilized in the filing was collected under the Automobile Statistical Plan and the 2003 Official Statistical Programs of ISO, the Automobile Statistical Plan - All Coverages and the 2003 Statistical Programs of PCI, and the Automobile Statistical Plan - All Coverages - Part IV, North Carolina and the 2003 Statistical Programs of NISS. In substance, the statistical plans of all statistical agents are alike in North Carolina, and provide for the recording and reporting of the experience in the detail required for ratemaking and in such form that the experience of all companies can be combined.

The filing of experience is accompanied by an affidavit executed by an officer of the statistical agent responsible for and acquainted with the statistical procedures employed for the production of this end product. Further, the licensing of an organization and its appointment as a statistical agent in the various states is predicated upon demonstration by the organization of its ability to perform this function. Moreover, the performance of the statistical agents is reviewed periodically through examination by personnel of state insurance departments under the convention examinations of the National Association of Insurance Commissioners. From time to time such organizations are called upon by Insurance Department examiners to verify, and do verify the data consolidated by them as statistical agents.

The insurance companies likewise are subject to a variety of checks and controls. Effective controls are maintained within the company over the activities of company employees connected with the company's statistics. Companies are required by statute to submit directly to the Insurance Department statistical and accounting information to be found in the Annual Statement and the Insurance Expense Exhibit. These documents are scrutinized by experienced Insurance Department personnel throughout the country. The insurance companies are also subject to examination by the Insurance Department, which examinations extend into the statistical records of the companies.

### Statewide Rate Level Exhibits

#### 1. Experience

##### Private Passenger Automobile Liability

Private passenger automobile liability insurance on ceded business written at Facility rates ("Non-clean risk" ceded business) as compiled on a calendar/accident year basis for the years ended December 31, 2003, 2002 and 2001. For any twelve-month period, the accident year experience brings together the losses resulting from accidents occurring during that period with the premiums and number of cars "earned" during the same period.

Based on credibility considerations, the overall rate level change for Bodily Injury, Property Damage and Medical Payments is based on the loss and expense experience of the year ended December 31, 2003. However, the experience of the earlier two years was also considered and evaluated. Indications for all three years were reviewed to make sure that there were no anomalies or abnormalities associated with the latest year.

##### Motorcycle Liability

Motorcycle data are obtained from a Special Call for Expense Experience issued by the Rate Bureau. See page F-156. The data are compiled on a combined voluntary and ceded basis. The motorcycle data are for the years ended December 31, 2003, 2002 and 2001. Because of the small volume of motorcycle experience, each year of the experience period is given weight proportional to its earned premium in the calculation of an indicated change.

#### 2. Private Passenger Losses

Losses compiled for any accident year include paid losses as well as loss reserves. The amounts that will ultimately be required as payments of claims on open cases are carefully determined by the claim departments of the companies, and experience has shown that these determinations are highly accurate in the aggregate. Since, however, there are differences between the total incurred losses so determined and the amounts ultimately paid, the ratemaking procedure provides for a "development" of the incurred losses to a basis which, for all practical purposes, can be considered as the ultimate basis. This development is accomplished as follows:

Each year the experience is compiled for the latest three years, all valued as of three months after the close of the latest accident year period. Thus, the experience is reported for the latest year as of 15 months, the preceding year as of 27 months and the next preceding year as of 39 months, all measured from the beginning of each accident year respectively. From reports of prior years, similarly aged experience was obtained so that there are available 3 successive reports for each year except the current and the preceding year. For the latter, 2 successive reports are available.

Further aged data are obtained on each year's incurred losses in the aggregate as of 51 months and as of 63 months. As of 63 months, nearly all incurred losses are paid. From a comparison of the incurred losses for each year at its successive valuation dates, it is determined what the rate of development has been in the past. An average of these developments gives an indication of the future development of the incurred losses for those years which have not yet sufficiently matured. This development is reflected in the incurred losses for the less matured years by the application of loss development factors. In the present filing, these loss development factors to develop to 63 months are as follows:

<u>Accident Year Ended</u>	<u>Bodily Injury</u>	<u>Property Damage</u>	<u>Medical Payments</u>
12/31/2003 (reported as of 15 months)	1.088	1.017	1.089
12/31/2002 (reported as of 27 months)	1.033	1.000	1.030
12/31/2001 (reported as of 39 months)	1.013	1.000	1.013

The derivation of the factors shown above is presented on pages D-11, D-12, and D-13. By applying these factors, the reported incurred losses have been changed to the amounts at which it is believed they will ultimately be settled.

3. Private Passenger Loss Adjustment Expense

The liability unallocated loss adjustment expenses are determined as a percentage of the North Carolina incurred losses and allocated loss adjustment expenses based on a North Carolina expense call. The expense call data and the percentages derived from them are shown on page F-155.

4. Private Passenger General Expenses and Other Acquisition Expenses

The general expenses and other acquisition expenses are determined as a percentage of North Carolina earned premiums based on a North Carolina expense call. The expense call data and the percentages determined from them are shown on page F-155.

5. Prospective Annual Change in Losses

A. Private Passenger Automobile Liability

The prospective annual changes in liability losses are determined by coverage for the Bodily Injury, Property Damage and Medical Payments coverages. The average annual changes in losses are based upon the available North Carolina average claim cost and claim frequency data, both from collected statistical plan experience and ISO-PCI Fast Track data. The claim cost data are used as a measure of the inflationary trend in the cost of claims. The claim frequency data are used as a measure of the expected trend in claim occurrence. Exponential and linear curves of best fit are developed from the claim cost and claim frequency data. The prospective average annual changes in losses used in the determination of the needed rate level change are also based upon consideration of changes in the number of miles driven, the changing cost of gasoline, and the impact of recent legislation. The expected average annual changes in losses have been selected based upon analysis and review of these data.

B. Annual Changes in Loss for Earlier Years

Since the average annual change in losses determined for each coverage is the appropriate rate of change to apply to losses to project them from average date of accident in the most recent year to the average date of accident for the prospective period, it is necessary to recognize known changes from earlier years to the most recent year. These changes are reflected by means of a current cost factor which reflects the changes in pure premiums for the years ended 12/31/2001 and 12/31/2002 to the year ended 12/31/2003 pure premiums. For the purposes of display and calculation of the indicated change by coverage, these actual changes are compounded with the prospective annual change in losses by means of equivalent annual percentage changes. These calculations are shown on pages D-7 and D-8.

6. Prospective Annual Change in Expenses

The average annual change in expenses is based on the change in the All Items Consumer Price Index and the Total Compensation Cost Index - Insurance Carriers, Agent Brokers, and Service, as shown on pages D-9-10. The expected average annual change in expenses is then selected based on analysis and review of this data.

7. Trend Period

The number of years of projection is the number of years from the average date of accident in the experience period to the average date of coverage under the filed rates. The average date of accident for accident year ended December 31, 2003 is July 1, 2003.

The changes proposed in this filing are applicable to all new and renewal policies written on or after October 1, 2005. The losses and loss adjustment expenses are projected to July 12, 2006. For 6 month policies, the average date of loss is 9 months after the effective date, since losses will occur under these policies throughout the 18 month period commencing with the anticipated effective date. Similarly, for 12 month policies, the average date of loss is 12 months after the anticipated effective date, since losses will occur under these policies throughout the 24 month period commencing with the assumed effective date for annual policies. The average dates of loss during these periods anticipated are weighted based on the distribution of 6 and 12 month policies.

The most recent distribution of policies by term is:

6 month policies	87%
12 month policies	13%

Other acquisition expenses and general expenses are projected six months beyond the anticipated effective date (April 1, 2006) to reflect expense incurred in writing policies throughout the 12 month period commencing with the anticipated effective date.

8. Expected Loss and Loss Adjustment Ratios

These quantities represent the portion of the present premium income available for losses, loss adjustment expenses, general expenses and other acquisition expenses. They are determined from special calls for North Carolina expense experience and reflect the 2003, 2002 and 2001 results as reported by all companies licensed in North Carolina during those years. The breakdowns of the expected loss and loss adjustment ratios are set forth on Pages D-17, D-18, and D-19.

## Territory Rate Exhibits

### 1. Base Class Loss Cost

For each coverage, a base class loss cost by territory is derived by dividing the latest three year average pure premium by the latest year distributional adjustment factor. The distributional adjustment factor is determined for each territory by dividing the latest year average rate by the base class rate (see pages C-12-C-13). The average rates reflect the most recent distribution of risks by class in each territory. The pure premium or loss cost (losses / exposures) is based on three years of experience for purposes of stability.

### 2. Credibility

The base class loss cost for each territory is assigned a credibility value on the basis of the number of claims underlying the three year pure premium. The complement of the credibility assigned to the territory base class loss cost is assigned to the statewide base class loss cost. The credibility table utilized is shown on page D-21.

### 3. Formula Base Class Loss Cost

The formula base class loss cost by territory is calculated by multiplying the territory base class loss cost by its credibility value and adding this amount to the statewide base class loss cost multiplied by the complement of the territory credibility and the historical adjustment factor. The historical adjustment factor is calculated as the ratio of the current territory base class rate to the current statewide average base class rate. See pages C-12-C-13.

### 4. Index to State

Territory indices to state are calculated by dividing each territory's credibility-weighted formula base class loss cost with the statewide formula base class loss cost.

### 5. Filed Base Rate

Filed base rates by territory were developed so as to achieve the statewide required base class premium. The rate change has been distributed in such a way that 100% of the general and other acquisition expenses have been flattened by territory. The calculation of the flattened general and other acquisition expenses and the application of the offsets are described on page C-9.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
SUMMARY OF SELECTED TREND FACTORS

<u>Loss Trends</u>	<u>Cost</u>	<u>Frequency</u>	<u>Total</u>
Bodily Injury (B/L)	1.0%	0.0%	1.0%
Bodily Injury (T/L)	2.5%		
Property Damage			2.0%
Medical Payments	4.0%	-2.0%	1.9%
<u>Expense Trend</u>			3.3%

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Development of Annualized Trend  
for 2001 and 2002

	(1) Calendar Year	(2) Claim Cost Change (a)	(3) Claim Frequency Change (b)	(4) Current Cost Factor (c)	(5) 2003 Trend Factor	(6) Annualized Trend (d)
Bodily Injury	2001	1.001	1.013	1.014	1.010	1.009
	2002	1.000	1.000	1.000	1.010	1.008
	2003	1.000	1.000	1.000	1.010	1.010
Property Damage	2001	1.000	1.008	1.008	1.020	1.014
	2002	0.980	1.024	1.004	1.020	1.016
	2003	1.000	1.000	1.000	1.020	1.020
Medical Payments	2001	1.083	0.957	1.036	1.019	1.019
	2002	1.018	0.950	0.967	1.019	1.006
	2003	1.000	1.000	1.000	1.019	1.019

(a) 2001 Claim Cost Change = (2003 Claim Cost) / (2001 Claim Cost).  
2002 Claim Cost Change = (2003 Claim Cost) / (2002 Claim Cost).

(b) 2001 Claim Frequency Change = (2003 Claim Frequency)  
/ (2001 Claim Frequency). 2002 Claim Frequency Change =  
(2003 Claim Frequency) / (2002 Claim Frequency).

(c) Current Cost Factor = Column (2) \* Column (3)

(d) Annualized Trend for 2001 and 2002

$$= [(COL(5)^m) \times (COL(4))^{(1/n)}]$$

where m is the number of years of projection of the 2002 trend factor from 7/1/2003 to 7/12/2006, 3.03, Col (4) represents the Current Cost Factor to 7/1/2003, and n represents the number of years of projection for a given prior year, 4.03 for 2002 and 5.03 for 2001.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Development of Annualized Trend  
for 2001 and 2002

Coverage	(1) Year Ended	(2) Paid Claim Cost (a)	(3) Claim Frequency (b)
Bodily Injury	2001	\$ 6,170	1.52
	2002	6,180	1.54
	2003	6,179	1.54
Property Damage	2001	\$ 2,576	3.86
	2002	2,628	3.80
	2003	2,576	3.89
Medical Payments	2001	\$ 1,518	1.39
	2002	1,615	1.40
	2003	1,644	1.33

(a) Paid Claim Cost for all liability coverages is All Carrier trend data, as shown on pages F-127 and F-129.

(b) Incurred Claim Frequency for all liability coverages is based on All Carrier developed statistical plan data.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF TREND FOR EXPENSES

	<u>ALL ITEMS CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Apr-01	176.9	
May-01	177.7	159.3
Jun-01	178.0	
Jul-01	177.5	
Aug-01	177.5	159.9
Sep-01	178.3	
Oct-01	177.7	
Nov-01	177.4	161.3
Dec-01	176.7	
Jan-02	177.1	
Feb-02	177.8	164.0
Mar-02	178.8	
Apr-02	179.8	
May-02	179.8	166.1
Jun-02	179.9	
Jul-02	180.1	
Aug-02	180.7	167.1
Sep-02	181.0	
Oct-02	181.3	
Nov-02	181.3	167.9
Dec-02	180.9	
Jan-03	181.7	
Feb-03	183.1	172.1
Mar-03	184.2	
Apr-03	183.8	
May-03	183.5	173.9
Jun-03	183.7	
Jul-03	183.9	
Aug-03	184.6	175.1
Sep-03	185.2	
Oct-03	185.0	
Nov-03	184.5	176.2
Dec-03	184.3	
Jan-04	185.2	
Feb-04	186.2	177.8
Mar-04	187.4	
Apr-04	188.0	
May-04	189.1	180.5
Jun-04	189.7	
Jul-04	189.4	
Aug-04	189.5	182.1
Sep-04	189.9	
Oct-04	190.9	
Nov-04	191.0	183.6
Dec-04	190.3	
Jan-05	190.7	
Feb-05	191.8	186.3
Mar-05	193.3	

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF TREND FOR EXPENSES

	<u>All Items (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.25%	4.34%	3.29%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	2.45%	4.27%	3.36%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.74%	4.05%	3.39%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	2.22%	4.21%	3.21%
(5) Average Annual Index (D)			
Year Ended 9/30/2002	178.90	164.63	
Year Ended 3/31/2003	181.15	168.30	
Year Ended 9/30/2003	183.10	172.25	
Year Ended 3/31/2004	184.78	175.75	
Year Ended 9/30/2004	187.35	179.15	
Year Ended 3/31/2005	190.30	183.13	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 9/30/2002	1.08	1.13	1.11
Year Ended 3/31/2003	1.07	1.11	1.09
Year Ended 9/30/2003	1.06	1.08	1.07
Year Ended 3/31/2004	1.05	1.06	1.06
Year Ended 9/30/2004	1.03	1.04	1.04
Year Ended 3/31/2005	1.02	1.02	1.02

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

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

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

(D) Average year ended index for period shown.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Bodily Injury Basic Limits(a) Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					372,563,566
1991				386,775,293	383,862,164
1992			433,557,119	430,255,281	428,685,804
1993		451,465,755	456,135,578	459,352,242	459,179,969
1994	466,713,441	487,698,498	496,119,137	499,778,973	497,362,994
1995	480,109,432	499,805,208	508,281,001	510,695,093	507,711,940
1996	484,666,683	507,084,121	507,244,864	507,972,820	508,379,926
1997	499,433,785	506,416,147	510,093,020	513,062,431	515,054,841
1998	475,282,363	489,118,175	494,730,117	499,079,295	500,235,007
1999	484,067,233	497,444,285	506,104,335	511,660,823	514,128,429
2000	467,248,204	494,966,053	505,863,721	510,155,570	
2001	468,576,304	486,718,769	497,286,744		
2002	502,055,673	533,157,074			
2003	515,233,154				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.992
1992			0.992	0.996
1993		1.010	1.007	1.000
1994	1.045	1.017	1.007	0.995
1995	1.041	1.017	1.005	0.994
1996	1.046	1.000	1.001	1.001
1997	1.014	1.007	1.006	1.004
1998	1.029	1.011	1.009	1.002
1999	1.028	1.017	1.011	1.005
2000	1.059	1.022	1.008	
2001	1.039	1.022		
2002	1.062			

Five Year Average	1.043	1.016	1.007	1.001
Three Year Average	1.053	1.020	1.009	1.004

	Five Year	Three Year
39 to 63 months:	1.008	1.013
27 to 63 months:	1.024	1.033
15 to 63 months:	1.068	1.088

(a) Losses are on a 25/50 level for 1990 - 2001.  
Losses are on a 30/60 level for 2002 - 2003.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					235,883,536
1991				231,220,066	230,755,291
1992			251,499,279	250,683,767	250,587,858
1993		291,887,630	290,341,927	290,526,361	290,374,126
1994	342,388,902	341,109,620	341,881,402	342,544,827	342,489,519
1995	384,825,188	385,156,651	386,974,758	387,215,933	387,183,990
1996	429,257,284	434,360,545	434,632,796	434,999,549	434,974,174
1997	437,020,628	440,459,398	441,423,147	441,741,292	441,578,911
1998	448,660,733	452,317,568	452,935,631	452,975,900	453,159,687
1999	478,925,504	483,717,639	485,252,017	485,572,450	485,442,667
2000	499,816,464	510,105,451	508,023,076	508,036,702	
2001	494,139,577	501,761,686	502,669,728		
2002	521,387,936	529,546,349			
2003	537,386,022				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.998
1992			0.997	1.000
1993		0.995	1.001	0.999
1994	0.996	1.002	1.002	1.000
1995	1.001	1.005	1.001	1.000
1996	1.012	1.001	1.001	1.000
1997	1.008	1.002	1.001	1.000
1998	1.008	1.001	1.000	1.000
1999	1.010	1.003	1.001	1.000
2000	1.021	0.996	1.000	
2001	1.015	1.002		
2002	1.016			

Five Year Average	1.014	1.001	1.001	1.000
Three Year Average	1.017	1.000	1.000	1.000

	Five Year	Three Year
39 to 63 months:	1.001	1.000
27 to 63 months:	1.002	1.000
15 to 63 months:	1.016	1.017

(a) Losses are on a \$25,000 level for 2002 - 2003.

Losses are on a \$15,000 level for 1991 - 2001.

Losses are on a \$10,000 level for 1990.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					61,649,872
1991				65,116,409	65,195,317
1992			71,464,723	71,794,144	71,812,761
1993		73,834,531	74,606,952	75,142,975	75,141,528
1994	75,360,257	78,009,228	78,792,900	79,141,305	79,248,603
1995	77,988,625	81,871,581	82,590,616	83,077,081	83,224,393
1996	78,004,666	81,079,429	81,935,144	82,511,325	82,792,510
1997	76,476,955	79,759,255	81,147,852	81,794,233	81,862,986
1998	72,417,261	76,331,709	77,410,266	77,964,001	78,054,472
1999	74,292,734	78,073,695	79,055,962	79,796,175	80,738,717
2000	74,828,822	78,803,485	80,270,062	80,892,530	
2001	77,445,610	82,072,374	83,604,563		
2002	84,407,330	89,375,663			
2003	85,299,035				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.001
1992			1.005	1.000
1993		1.010	1.007	1.000
1994	1.035	1.010	1.004	1.001
1995	1.050	1.009	1.006	1.002
1996	1.039	1.011	1.007	1.003
1997	1.043	1.017	1.008	1.001
1998	1.054	1.014	1.007	1.001
1999	1.051	1.013	1.009	1.012
2000	1.053	1.019	1.008	
2001	1.060	1.019		
2002	1.059			
Five Year Average	1.055	1.016	1.008	1.004
Three Year Average	1.057	1.017	1.008	1.005
		Five Year	Three Year	
39 to 63 months:		1.012	1.013	
27 to 63 months:		1.028	1.030	
15 to 63 months:		1.085	1.089	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Bodily Injury Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					59,844
1991				60,479	60,225
1992			67,694	67,605	67,312
1993		73,974	73,092	72,624	72,128
1994	88,006	85,579	84,589	84,346	83,857
1995	93,636	91,352	90,615	90,309	89,961
1996	96,404	94,473	94,022	93,916	93,519
1997	96,535	94,256	93,811	93,427	93,082
1998	93,726	91,239	90,712	90,465	89,985
1999	96,503	93,415	93,145	92,547	92,149
2000	94,009	92,101	91,137	90,208	
2001	92,965	89,243	88,409		
2002	96,845	93,430			
2003	98,334				

Accident Year	Claim Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.996
1992			0.999	0.996
1993		0.988	0.994	0.993
1994	0.972	0.988	0.997	0.994
1995	0.976	0.992	0.997	0.996
1996	0.980	0.995	0.999	0.996
1997	0.976	0.995	0.996	0.996
1998	0.973	0.994	0.997	0.995
1999	0.968	0.997	0.994	0.996
2000	0.980	0.990	0.990	
2001	0.960	0.991		
2002	0.965			

Five Year Average	0.969	0.993	0.995	0.996
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Three Year Average	0.968	0.993	0.994	0.996
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	Five Year	Three Year
39 to 63 months:	0.991	0.990
27 to 63 months:	0.984	0.983
15 to 63 months:	0.953	0.952

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					139,719
1991				142,095	142,080
1992			155,597	155,579	155,534
1993		167,509	167,607	167,625	167,569
1994	189,760	190,932	191,119	191,123	191,119
1995	202,092	203,290	203,409	203,482	203,511
1996	213,802	214,611	215,087	215,218	215,208
1997	213,462	215,052	215,487	215,587	215,600
1998	215,050	216,238	216,588	216,617	216,601
1999	221,998	223,310	223,277	223,319	223,297
2000	221,905	225,602	223,938	223,913	
2001	221,341	222,619	222,852		
2002	225,129	226,775			
2003	235,396				

Accident Year	Claim Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.000
1992			1.000	1.000
1993		1.001	1.000	1.000
1994	1.006	1.001	1.000	1.000
1995	1.006	1.001	1.000	1.000
1996	1.004	1.002	1.001	1.000
1997	1.007	1.002	1.000	1.000
1998	1.006	1.002	1.000	1.000
1999	1.006	1.000	1.000	1.000
2000	1.017	0.993	1.000	
2001	1.006	1.001		
2002	1.007			
Five Year Average	1.008	1.000	1.000	1.000
Three Year Average	1.010	0.998	1.000	1.000
		Five Year	Three Year	
39 to 63 months:		1.000	1.000	
27 to 63 months:		1.000	0.998	
15 to 63 months:		1.008	1.008	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					53,955
1991				53,826	53,787
1992			57,337	57,422	57,389
1993		60,084	60,280	60,423	60,391
1994	65,048	66,188	66,510	66,604	66,592
1995	66,742	68,541	68,876	69,056	69,057
1996	66,485	68,189	68,540	68,706	68,723
1997	64,007	65,861	66,352	66,463	66,475
1998	60,062	61,536	61,751	61,932	61,904
1999	59,632	60,882	61,170	61,296	61,267
2000	58,978	60,351	60,685	60,897	
2001	58,107	59,050	59,469		
2002	60,999	61,968			
2003	58,965				

Accident Year	Claim Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.999
1992			1.001	0.999
1993		1.003	1.002	0.999
1994	1.018	1.005	1.001	1.000
1995	1.027	1.005	1.003	1.000
1996	1.026	1.005	1.002	1.000
1997	1.029	1.007	1.002	1.000
1998	1.025	1.003	1.003	1.000
1999	1.021	1.005	1.002	1.000
2000	1.023	1.006	1.003	
2001	1.016	1.007		
2002	1.016			
Five Year Average				
	1.020	1.006	1.002	1.000
Three Year Average				
	1.018	1.006	1.003	1.000
Five Year      Three Year				
39 to 63 months:		1.002	1.003	
27 to 63 months:		1.008	1.009	
15 to 63 months:		1.028	1.027	

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
SUMMARY OF 2003 EXPENSE PROVISIONS

	Ceded Liability (a)
Commission + Brokerage	10.0%
Taxes, Licenses and Fees	2.4
Underwriting Profit	-
Contingencies	0.0
Total	12.4
Losses, Loss Adj. Expenses, Gen. Admin. Expenses and Other Acquis. Expenses	87.6
Loss Adjustment Expense	
Bodily Injury & Medical Payments	11.8
Property Damage	12.5
General Administration	5.5
Other Acquisition Expenses	7.7

(a) For use with 12/31/2003 Liability data.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

SUMMARY OF 2002 EXPENSE PROVISIONS

	Ceded Liability (a)
Commission + Brokerage	10.0%
Taxes, Licenses and Fees	2.5
Underwriting Profit	-
Contingencies	0.0
Total	12.5
Losses, Loss Adj. Expenses, Gen. Admin. Expenses and Other Acquis. Expenses	87.5
Loss Adjustment Expense	
Bodily Injury & Medical Payments	13.3
Property Damage	11.5
General Administration	6.0
Other Acquisition Expenses	7.4

(a) For use with 12/31/2002 Liability data.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

SUMMARY OF 2001 EXPENSE PROVISIONS

	Ceded Liability (a)
Commission + Brokerage	10.0%
Taxes, Licenses and Fees	2.4
Underwriting Profit	-
Contingencies	0.0
Total	12.4
Losses, Loss Adj. Expenses, Gen. Admin. Expenses and Other Acquis. Expenses	87.6
Loss Adjustment Expense	
Bodily Injury & Medical Payments	12.8
Property Damage	11.6
General Administration	5.8
Other Acquisition Expenses	6.6

(a) For use with 12/31/2001 Liability data.

### Credibility Factor Determination

Credibility considerations enter into the private passenger ratemaking formula in three areas:

- 1) statewide rate level in the determination of accident year weights.
- 2) territory rate level in the determination of the individual territory's formula loss ratio.
- 3) trend factor determination in the determination to base the average annual change on North Carolina data or a combination of North Carolina and countrywide data.

The first two areas full credibility standard is based on an application of the credibility formula contained in the paper "On The Credibility of The Pure Premium" by Mayerson, Jones and Bowers (PCAS LV, 1968). The full credibility standards contemplate P and K values of 95% and 5% for statewide and 90% and 5% for territory.

The trend credibility procedure is based on the first model discussed in "An Introduction to Credibility Theory" by L. H. Longley-Cook. The full credibility standard is based on P and K values of 99% and 2 1/2%.

CREDIBILITY TABLES BASED  
UPON NUMBER OF CLAIMS

The projected loss ratios are weighted in accordance with the following:

<u>Average Number of Claim for the Latest Two Years (A)</u>	<u>Weight to Earlier Year</u>	<u>Weight to Later Year</u>
4000 and over	0%	100%
3600 - 3999	10	90
3200 - 3599	20	80
2800 - 3199	30	70
2400 - 2799	40	60
under 2400	50	50

(A) Applied separately by coverage.

<u>Credibility</u>	<u>Determination of Territory Credibility (B)</u>	<u>Credibility</u>	<u>Determination of Trend Factor Credibility (C)</u>
0	0 - 29	0	0 - 26
.10	30 - 119	.05	27 - 105
.20	120 - 269	.10	106 - 238
.30	270 - 479	.15	239 - 424
.40	480 - 749	.20	425 - 663
.50	750 - 1,079	.25	664 - 955
.60	1,080 - 1,469	.30	956 - 1,300
.70	1,470 - 1,919	.35	1,301 - 1,699
.80	1,920 - 2,429	.40	1,700 - 2,150
.90	2,430 - 2,999	.45	2,151 - 2,655
1.00	3,000 or more	.50	2,656 - 3,212
		.55	3,213 - 3,823
		.60	3,824 - 4,487
		.65	4,488 - 5,204
		.70	5,205 - 5,974
		.75	5,975 - 6,798
		.80	6,799 - 7,674
		.85	7,675 - 8,604
		.90	8,605 - 9,586
		.95	9,587 - 10,622
		1.00	10,623 or more

(B) Territory credibility is based on the number of claims underlying the three year pure premium.

(C) Trend factor credibility is based on the number of claims underlying the latest year's experience appearing in the trend exhibits.

SECTION E  
INCREASED LIMITS REVIEW

NORTH CAROLINA

Increased limits Revision

This filing adopts the selected changes to the increased limits factors for Bodily Injury Liability, as proposed in the Rate Bureau's February 1, 2005 filing (as amended). The overall effect of these changes for Bodily Injury Liability is shown on page E-2.

Pages E-4-5 display the calculation of the average increased limits factors for Bodily Injury and Property Damage on a 30/60/25 basis. The average increased limits factors for Property Damage derived on page E-5 are used for the determination of the uniform indications as shown on pages E-3, and the factors for both Bodily Injury and Property Damage are used in the determination of the premium weights shown on page A-1.

The Property Damage total limits indication of +0.1%, determined on page E-3 is applied to the basic limits rates.

Page E-6 displays the calculation of the average increased limits factor for Medical Payments. This factor is used in the determination of the distributional adjustment factor on page C-11 and in the determination of the premium weights shown on page A-1.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE

CALCULATION OF TOTAL LIMITS CHANGES

North Carolina Year Ending 12/31/2003

Ceded Bodily Injury

Limit Of Liability	(1) Written Premium	(2) Current ILF	(3) (1)/(2) 30/60 Premium	(4) Revised ILF	(5) (3)x(4) T/L Premium	(6) (5)/(1) Percent Change
30/60	178,876,404	1.00	178,876,404	1.00	178,876,404	0.0%
50/100	58,185,607	1.14	51,040,006	1.23	62,779,207	7.9%
100/300	47,958,141	1.32	36,331,925	1.52	55,224,526	15.2%
Over 100/300	1,467,825	1.52	965,674	1.84	1,776,840	21.1%
All Other	4,106,687	1.072	3,830,865	1.118	4,282,907	4.3%
	290,594,664		271,044,874		302,939,884	4.2%

NORTH CAROLINA  
REVIEW OF PROPERTY DAMAGE INCREASED LIMITS

Ceded Business	12/31/2001	12/31/2002	12/31/2003	3 Years Combined
(1) Basic limits losses (a)(b)	177,808,054	187,359,311	195,908,278	561,075,643
(2) Basic limits loss dev. factor (See page D-12)	1.000	1.000	1.017	
(3) Basic limits losses, developed (1)x(2)	177,808,054	187,359,311	199,238,719	564,406,084
(4) Total limits losses (b)	178,397,466	188,126,329	196,658,276	563,182,071
(5) Total limits loss dev. factor (See page F-46)	1.000	1.000	1.017	
(6) Total limits losses, developed (4)x(5)	178,397,466	188,126,329	200,001,467	566,525,262
(7) Indicated average increased limits factor (6) / (3)	1.003	1.004	1.004	1.004
(8) Average increased limits factor (See page E-5)	1.003	1.003	1.004	1.003 (c)
(9) Indicated change to excess limits increments {[(7)-1]/[(8)-1]}-1				33.3%
(10) Indicated total limits change {(7)/(8)}-1				0.1%

(a) Basic limits are \$25,000.

(b) Based on the statistical plan data reported by member companies.

(c) Three Year Average

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CALCULATION OF AVERAGE INCREASED LIMITS FACTORS

Year Ending 12/31/2003  
Ceded Bodily Injury - 30/60 base

Limit Of Liability	(1) Written Premium	(2) Prior ILF	(3) 30/60 Premium	(4) Current ILF	(5) (3)x(4) T/L Premium
30/60	178,876,404	1.00	178,876,404	1.00	178,876,404
50/100	58,185,607	1.14	51,040,006	1.14	58,185,607
100/300	47,958,141	1.32	36,331,925	1.32	47,958,141
Over 100/300	1,467,825	1.52	965,674	1.52	1,467,824
All Other	4,106,687	1.072	3,830,865	1.072	4,106,687
	290,594,664	1.072	271,044,874	1.072	290,594,663

Year Ending 12/31/2002  
Ceded Bodily Injury - 30/60 base

Limit Of Liability	(1) Written Premium	(2) Prior ILF	(3) 30/60 Premium	(4) Current ILF	(5) (3)x(4) T/L Premium
30/60	160,137,856	1.00	160,137,856	1.00	160,137,856
50/100	47,887,436	1.12	42,756,639	1.14	48,742,568
100/300	41,680,991	1.28	32,563,274	1.32	42,983,522
Over 100/300	789,084	1.38	571,800	1.52	869,136
All Other	4,744,768	1.061	4,471,977	1.071	4,789,487
	255,240,135	1.061	240,501,546	1.071	257,522,569

Year Ending 12/31/2001  
Ceded Bodily Injury - 30/60 base

Limit Of Liability	(1) Written Premium	(2) Prior ILF	(3) 30/60 Premium	(4) Current ILF	(5) (3)x(4) T/L Premium
30/60	161,068,626	1.00	161,068,626	1.00	161,068,626
50/100	42,646,962	1.12	38,077,645	1.14	43,408,515
100/300	38,655,633	1.28	30,199,713	1.32	39,863,621
Over 100/300	173,595	1.38	125,793	1.52	191,205
All Other	5,661,040	1.057	5,355,762	1.066	5,709,242
	248,205,856	1.057	234,827,539	1.066	250,241,209

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CALCULATION OF AVERAGE INCREASED LIMITS FACTORS

Year Ending 12/31/2003

Ceded Property Damage - \$25,000 base

Limit Of Liability	(1) Written Premium	(2) Prior ILF	(3) \$25,000 Premium	(4) Current ILF	(5) (3)x(4) T/L Premium
15,000	(714)	1.000	(714)	1.000	(714)
25,000	163,797,199	1.000	163,797,199	1.000	163,797,199
50,000	92,691,540	1.010	91,773,802	1.010	92,691,540
100,000	1,838,760	1.030	1,785,204	1.030	1,838,760
250,000	309	1.059	292	1.059	309
300,000	2,864	1.069	2,679	1.069	2,864
All Other	3,771,129	1.004	3,756,105	1.004	3,771,129
	262,101,087	1.004	261,114,567	1.004	262,101,087

Year Ending 12/31/2002

Ceded Property Damage - \$25,000 base

Limit Of Liability	(1) Written Premium	(2) Prior ILF	(3) \$25,000 Premium	(4) Current ILF	(5) (3)x(4) T/L Premium
15,000	(23,925)	1.000	(23,925)	1.000	(23,925)
25,000	153,126,847	1.000	153,126,847	1.000	153,126,847
50,000	78,604,541	1.020	77,063,275	1.010	77,833,908
100,000	1,165,480	1.040	1,120,654	1.030	1,154,274
250,000	1,910	1.070	1,785	1.059	1,890
300,000	3,437	1.080	3,182	1.069	3,402
All Other	993,477	1.007	986,571	1.003	989,531
	233,871,767	1.007	232,278,389	1.003	233,085,927

Year Ending 12/31/2001

Ceded Property Damage - \$25,000 base

Limit Of Liability	(1) Written Premium	(2) Prior ILF	(3) \$25,000 Premium	(4) Current ILF	(5) (3)x(4) T/L Premium
15,000	43,462	1.000	43,462	1.000	43,462
25,000	136,186,371	1.000	136,186,371	1.000	136,186,371
50,000	60,606,976	1.020	59,418,604	1.010	60,012,790
100,000	287,728	1.040	276,662	1.030	284,962
250,000	1,980	1.070	1,850	1.059	1,959
300,000	1,389	1.080	1,286	1.069	1,375
All Other	1,519,426	1.006	1,510,364	1.003	1,514,895
	198,647,332	1.006	197,438,599	1.003	198,045,814

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CALCULATION OF AVERAGE INCREASED LIMITS FACTORS  
MEDICAL PAYMENTS

Year Ending 12/31/2003  
Ceded Medical Payments - \$500 Base

Limit	(1) Written Car Years	(2) Increased Limits Factor	(3) (1)x(2)
\$500	46,653	1.00	46,653
\$750	824	1.33	1,096
\$1,000	491,235	1.60	785,976
\$2,000	244,606	2.34	572,378
\$3,000	1	2.79	3
\$5,000	5,799	3.38	19,601
All Other	-33	1.807	-60
Total	789,085	1.807	1,425,647

Year Ending 12/31/2002  
Ceded Medical Payments - \$500 Base

Limit	(1) Written Car Years	(2) Increased Limits Factor	(3) (1)x(2)
\$500	40,680	1.00	40,680
\$750	627	1.33	834
\$1,000	455,077	1.60	728,123
\$2,000	239,240	2.34	559,822
\$3,000	4	2.79	11
\$5,000	6,647	3.38	22,467
All Other	-181	1.821	-330
Total	742,094	1.821	1,351,607

Year Ending 12/31/2001  
Ceded Medical Payments - \$500 Base

Limit	(1) Written Car Years	(2) Increased Limits Factor	(3) (1)x(2)
\$500	32,286	1.00	32,286
\$750	410	1.33	545
\$1,000	417,697	1.60	668,315
\$2,000	228,375	2.34	534,398
\$3,000	0	2.79	0
\$5,000	3,361	3.38	11,360
All Other	139	1.828	254
Total	682,268	1.828	1,247,158

SECTION F  
SUPPLEMENTAL MATERIAL

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
SUPPLEMENTAL MATERIAL

North Carolina G.S. 58-36-15(h) specifies that the following information must be included in certain policy form, rule and rate filings filed under Articles 36 and 37. 11 NCAC 10.1104 specifies that additional detail be provided under each of these items. These materials are contained on the pages indicated.

<u>Item</u>	<u>Page</u>
1. North Carolina earned premiums at actual and current rate levels; losses and loss adjustment expenses, each on a paid and incurred basis; the loss ratio anticipated at the time rates were promulgated for the experience period.	F-2-34
2. Credibility factor development and application.	F-35-37
3. Loss development factor derivation and application on both paid and incurred bases and in both dollars and numbers of claims.	F-38-114
4. Trending factor development and application.	F-115-151
5. Changes in premium base resulting from rating exposure trends.	F-152
6. Limiting factor development and application.	F-153
7. Overhead expense development and application of commission and brokerage, other acquisition expenses, general expenses, taxes, licenses and fees.	F-154-156
8. Percent rate change.	F-157
9. Final proposed rates.	F-158
10. Investment earnings, consisting of investment income and realized plus unrealized capital gains, from loss, loss expense and unearned premium reserves.	F-159-178
11. Identification of applicable statistical plans and programs and a certification of compliance with them.	F-179-184
12. Investment earnings on capital and surplus.	F-185
13. Level of capital and surplus needed to support premium writings without endangering the solvency of member companies.	F-186
14. Additional supplemental information (as per 11 NCAC 10.1104)	F-187-205

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
 REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
 AS PER 11 NCAC 10.1104

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

LOSS RATIOS ANTICIPATED AT THE TIME THE RATES WERE PROMULGATED FOR THE  
 EXPERIENCE PERIOD

- |     |  |  |
|-----|--|--|
| (1) | Earned premiums at collected and current levels.   | F-3  |
| (1) | Paid/incurred losses and loss adjustment expense.  | F-4  |
| (1) | Anticipated loss ratios.   | F-5  |
| (a) | Companies excluded - rate level, trend, loss development, investment income and expenses.  | F-6  |
| (b) | Increased limits factors and deductible credits.   | F-7  |
| (c) | Adjustments to premium, losses, loss adjustment expenses and exposures.  | F-8  |
| (d) | Calculation of earned premium at present rates.  | F-9  |
| (e) | Written and earned premiums and market shares for the ten largest writers.   | F-10   |
| (f) | Composite loss and premium information from each of the latest two annual statements for the 50 largest writers.<br>Part 2, line 19<br>Part 3, line 19<br>Page 15, lines 19.1 and 19.2 | See response<br>(1)(f) and<br>Exhibit (1)(f)<br>in the Rate<br>Bureau filing |
| (g) | Deviations.  | Not applicable   |
| (h) | Dividends.   | Not applicable   |
| (i) | Loss and loss adjustment expenses.   | F-16-18  |
| (j) | Excess losses (Comprehensive)  | Not applicable   |
| (k) | Territory data.  | F-19-34  |

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CEDED EARNED PREMIUM

## I. EARNED PREMIUM AT COLLECTED LEVEL (a)

<u>Coverage</u>	<u>12/31/2001</u>	<u>12/31/2002</u>	<u>12/31/2003</u>
Bodily Injury	\$120,851,361	\$122,859,473	\$136,192,986
Property Damage	91,309,991	111,305,967	124,024,029
Medical Payments	12,130,672	11,596,085	13,096,630

## II. EARNED PREMIUM AT CURRENT LEVEL (a)

<u>Coverage</u>	<u>12/31/2001</u>	<u>12/31/2002</u>	<u>12/31/2003</u>
Bodily Injury	\$132,832,887	\$140,829,290	\$147,251,580
Property Damage	106,932,886	113,023,931	118,456,570
Medical Payments	14,100,514	14,983,958	15,735,468

- (a) Ceded Liability premiums are for business written at Facility rates only and are at a 30/60 level for Bodily Injury, \$25,000 for Property Damage, and Total Limits for Medical Payments.

NORTH CAROLINA  
CEDED  
PAID/INCURRED LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSE

<u>Year</u>	<u>Paid Losses(a)</u>	<u>Incurred Losses(a)</u>
		Bodily Injury
12/31/2001	75,786,654	83,392,995
12/31/2002	72,495,152	91,642,474
12/31/2003	40,689,227	86,443,708
		Property Damage
12/31/2001	69,863,385	69,974,168
12/31/2002	72,646,481	72,928,483
12/31/2003	75,159,474	77,252,279
		Medical Payments
12/31/2001	6,637,775	6,680,496
12/31/2002	7,496,291	7,630,006
12/31/2003	6,407,376	7,279,990

(a) Paid and incurred losses are for ceded business written at Facility rates only. Losses are undeveloped and on a total limits basis, and do not include unallocated loss adjustment expense. These expenses are reflected via a factor. For Bodily Injury and Medical Payments, these factors are 12.8%, 13.3%, and 11.8% for year ended 12/31/2001, 12/31/2002 and 12/31/2003 respectively. For Property Damage, these factors for each year are 11.6%, 11.5% and 12.5% respectively. See page F-155.

NORTH CAROLINA  
ANTICIPATED LOSS AND LOSS ADJUSTMENT EXPENSE RATIOS  
CEDED

PRIVATE PASSENGER AUTO

<u>Coverage</u>	<u>12/31/2001</u>	<u>12/31/2002</u>	<u>12/31/2003</u>
Bodily Injury	.797	.787	.777
Property Damage	.837	.808	.821
Medical Payments	.806	.756	.787
Motorcycle Liability	.723	.718	.648

NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE

EXCLUDED COMPANIES

(The marketshare for each company mentioned, based on the total 2003 page 15 private passenger automobile written premium unless otherwise indicated, is found in parentheses after the company name.)

Universal Insurance Co. (0.92%) has been excluded from loss development for 1989 and subsequent years. Their data were inaccurately reported to their statistical agent.

Interstate Casualty Insurance Co., which comprised 2.7% of page 14 written premium in 1988, has been excluded from all loss development due to their insolvency.

ISC Minimum Plan companies have been excluded from trend and loss development. Data reported under this plan is not available in sufficient detail to allow its inclusion. The companies which reported data under this plan for 2003 are American Southern Insurance Co. (0.22%), Builders Mutual Insurance Company (0.00%), Church Mutual Insurance Company (0.00%), and Merastar Insurance Co. (0.04%).

Ohio Casualty Insurance Co. (0.21%) has been excluded from the loss development split between voluntary and ceded business for the 1993, 1994, and 1995 accident years. They did not properly distinguish between voluntary and ceded business in their reporting of the 1993, 1994, and 1995 accident years.

Great American Insurance Co. (0.05%), American Alliance Insurance Co. (0.00%), American Spirit Insurance Co. (0.02%), Eagle American Insurance Co. (0.00%), American National Fire Insurance Co. (0.00%), Worldwide Insurance Company (0.0%), and Agricultural Insurance Co. (0.00%) have been excluded from loss development for 1989 through 2000. Their data were inaccurately reported to their statistical agent, and corrected data were not provided.

American Home Insurance Company (0.23%), Cincinnati Insurance Co. (0.07%), Insurance Corporation of Hanover (0.08%), Southern Insurance Company of Virginia (0.07%), and Unitrin Auto and Home Insurance Company (0.72%) have been excluded from all rate levels. Their data were inaccurately reported to their statistical agent.

The increased limits review is contained in Section E.

See also prefiled testimony of P. Woods.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
ADJUSTMENTS TO PREMIUMS AND LOSSES

The losses were adjusted by loss development factors to place them on an ultimate settlement basis. The factors used and their application are shown on pages C-1, C-3, and C-5.

## PREMIUM AT PRESENT RATES CALCULATION

The liability earned premium at manual rates by coverage is calculated by the following formula within each class, by territory.

EPMR = Exposures by Class x Territory Base Rate x [Class Rating Factor + Safe Driver Insurance Plan Factor]

These EPMR's are then summed over all classes and territories to generate the statewide earned premium at manual rates shown on page F-3.

A sample calculation of the earned premium at manual rates for a single class and territory combination is shown below for Bodily Injury in Territory 11 for Work less than 10 miles and one SDIP point (Class 116101)

Bodily Injury

(1) Earned exposures	329
(2) Bodily Injury territory 11 30/60 base rate	180
(3) Class rating factor	1.050
(4) SDIP factor	0.250
(5) Combined rating factor (3)+(4)	1.300
(6) Premium at manual rates (1)x(2)x(5)	\$76,986

## TOP TEN AUTOMOBILE INSURANCE WRITERS

COMPANY NAME	2003		2003 (a)		2003	
	WRITTEN PREMIUM	WRITTEN PREMIUM MARKET SHARE	EARNED PREMIUM	EARNED PREMIUM MARKET SHARE	EARNED PREMIUM	EARNED PREMIUM MARKET SHARE
Nationwide Mutual Insurance Company	\$ 581,214,591	14.84%	\$ 573,369,254	14.74%	\$ 573,369,254	14.74%
State Farm Mutual Auto Insurance Company	546,643,327	13.96%	546,533,808	14.05%	546,533,808	14.05%
N C Farm Bureau Mutual Insurance Company	316,099,785	8.07%	311,814,780	8.02%	311,814,780	8.02%
Allstate Insurance Company	252,257,770	6.44%	258,171,083	6.64%	258,171,083	6.64%
Integon National Insurance Company	225,037,666	5.75%	210,085,818	5.40%	210,085,818	5.40%
Nationwide Mutual Fire Insurance Company	224,592,665	5.74%	218,154,196	5.61%	218,154,196	5.61%
Allstate Indemnity Insurance Company	155,994,162	3.98%	149,798,677	3.85%	149,798,677	3.85%
Government Employees Insurance Company	106,569,122	2.72%	104,316,580	2.68%	104,316,580	2.68%
United Services Automobile Association	100,155,774	2.56%	99,431,862	2.56%	99,431,862	2.56%
Progressive Southeastern Ins Co	95,078,730	2.43%	89,687,977	2.31%	89,687,977	2.31%
TOTAL	\$ 2,603,643,592	66.49%	\$ 2,561,364,035	65.85%	\$ 2,561,364,035	65.85%
Grand Total	\$ 3,915,809,821		\$ 3,889,437,529		\$ 3,889,437,529	

(a) Per the 2003 Annual Statement, Page 15.

NORTH CAROLINA  
PERSONAL AUTO LIABILITY INSURANCE  
AGGREGATE ANNUAL STATEMENT DATA  
TOP 50 AUTO INSURERS BASED ON 2003 WRITTEN PREMIUM

2002 UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - PREMIUMS EARNED

	Net Premiums Written	Unearned Premiums Previous Year	Unearned Premiums Current Year	Net Earned Premiums
1 Fire	715,013	326,935	375,876	666,073
2 Allied lines	459,891	187,160	222,799	424,252
3 Farmowners	201,887	87,836	88,351	201,372
4 Homeowners	12,339,043	5,896,906	6,584,660	11,651,289
5 Comm multi peril	3,742,410	1,602,970	1,771,399	3,573,981
6 Mortgage guaranty	0	0	0	0
8 Ocean marine	144,805	65,061	80,758	129,108
9 Inland marine	832,259	446,805	425,560	853,504
10 Financial guaranty	0	0	-0	0
11 Medical malpractice	90,220	32,447	18,756	103,911
12 Earthquake	146,145	76,184	79,375	142,954
13 Group A & H	978,919	16,261	6,631	988,550
14 Credit A & H	9,309	21,295	13,577	17,028
15 Other A & H	789,720	242,284	282,944	749,060
16 Worker's comp	3,161,355	541,876	444,964	3,258,267
17 Other liability	1,695,629	756,170	807,739	1,644,060
18 Products liability	143,699	118,153	74,586	187,265
19 Auto liability	45,883,227	12,175,495	13,234,401	44,824,321
21 Auto phys. damage	32,011,160	8,759,330	9,230,390	31,540,100
22 Aircraft	63,206	18,741	17,447	64,500
23 Fidelity	8,432	9,660	6,558	11,534
24 Surety	78,577	125,891	90,781	113,687
26 Burglary + theft	5,438	2,782	2,926	5,294
27 Bciler and machinery	54,017	22,012	25,561	50,468
28 Credit	3,172	1,586	1,386	3,372
29 International	27,737	6,028	12,258	21,507
30 Reinsurance	726,276	20,841	39,987	707,130
31 Miscellaneous	10,692	42,464	30,552	22,604
32 TOTALS	104,322,239	31,603,172	33,970,219	101,955,192

NORTH CAROLINA  
PERSONAL AUTO LIABILITY INSURANCE  
AGGREGATE ANNUAL STATEMENT DATA  
TOP 50 AUTO INSURERS BASED ON 2003 WRITTEN PREMIUM

2003 UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - PREMIUMS EARNED

	Net Premiums Written	Unearned Premiums Previous Year	Unearned Premiums Current Year	Net Earned Premiums
1 Fire	817,809	377,991	423,968	771,833
2 Allied lines	522,394	223,708	254,155	491,947
3 Farmowners	238,883	88,351	115,390	211,845
4 Homeowners	14,236,925	6,586,426	7,515,765	13,307,587
5 Comm multi peril	4,332,657	1,774,684	2,034,411	4,072,930
6 Mortgage guaranty	0	0	0	0
8 Ocean marine	118,503	76,712	89,785	105,430
9 Inland marine	850,070	427,670	431,086	846,654
10 Financial guaranty	0	-0	0	-0
11 Medical malpractice	64,470	18,752	12,040	71,182
12 Earthquake	154,100	79,375	85,044	148,431
13 Group A & H	801,482	14,981	759	815,704
14 Credit A & H	5,203	13,577	11,151	7,630
15 Other A & H	781,380	275,902	323,910	733,371
16 Worker's comp	3,597,984	456,432	398,087	3,656,328
17 Other liability	1,901,948	810,770	941,009	1,771,709
18 Products liability	142,514	78,998	54,339	167,172
19 Auto liability	49,407,981	13,241,128	14,379,370	48,269,739
21 Auto phys. damage	33,668,333	9,233,466	9,699,548	33,202,250
22 Aircraft	54,529	13,115	7,056	60,588
23 Fidelity	13,500	6,616	6,757	13,359
24 Surety	133,367	90,769	96,476	127,660
26 Burglary + theft	4,379	2,940	2,246	5,073
27 Boiler and machinery	61,614	25,561	29,616	57,559
28 Credit	373	1,386	801	957
29 International	100,953	12,258	47,762	65,449
30 Reinsurance	748,237	40,176	39,198	749,216
31 Miscellaneous	-115,073	30,552	50,284	-134,806
32 TOTALS	112,644,515	34,002,297	37,050,012	109,596,799

NORTH CAROLINA  
PERSONAL AUTO LIABILITY INSURANCE  
AGGREGATE ANNUAL STATEMENT DATA  
TOP 50 AUTO INSURERS BASED ON 2003 WRITTEN PREMIUM

2002 UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - LOSSES PAID AND INCURRED

	Losses Paid Less Salvage			Net Losses		Net Losses		Losses	
	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Payments	Unpaid Current Year	Unpaid Previous Year	Unpaid Current Year	Incurred Current Year	
1 Fire	258,755	295,312	244,031	310,036	215,195	170,542	354,689		
2 Allied lines	365,986	375,941	493,066	248,861	144,495	127,049	266,307		
3 Farmowners	95,314	76,581	63,042	108,853	54,661	66,815	96,699		
4 Homeowners	5,188,014	6,838,289	4,667,422	7,358,881	3,042,804	2,633,778	7,767,908		
5 Comm multi peril	1,072,562	2,644,659	1,846,824	1,870,397	2,916,516	2,850,058	1,936,855		
6 Mortgage guaranty	0	0	0	0	0	0	0		
8 Ocean marine	33,693	89,848	67,188	56,352	71,267	48,320	79,299		
9 Inland marine	314,058	321,737	310,332	325,462	155,410	139,110	341,763		
10 Financial guaranty	-2	0	-1	-1	1,120	1,120	-1		
11 Medical malpractice	1,115	170,342	95,677	75,780	183,248	153,476	105,552		
12 Earthquake	53,896	21,754	11,144	64,506	43,675	63,218	44,963		
13 Group A & H	600,942	442,275	176,220	866,998	586,765	554,368	899,394		
14 Credit A & H	16,380	0	7,765	8,616	8,051	10,233	6,434		
15 Other A & H	499,291	58,481	25,059	532,712	373,055	362,469	543,299		
16 Worker's comp	1,589,044	4,561,682	3,517,181	2,633,544	9,377,890	9,948,201	2,063,234		
17 Other liability	1,096,559	1,673,660	1,471,757	1,298,463	4,751,021	4,267,194	1,782,290		
18 Products liability	140,981	250,857	231,243	160,595	2,141,166	1,735,033	566,729		
19 Auto liability	25,780,928	13,254,631	8,407,122	30,628,437	36,451,261	34,463,273	32,616,425		
21 Auto phys. damage	17,166,195	7,800,135	5,020,272	19,946,058	1,824,601	1,655,356	20,115,303		
22 Aircraft	36,478	42,001	48,766	29,713	55,207	46,721	38,199		
23 Fidelity	6,656	25,888	22,011	10,533	18,512	17,120	11,925		
24 Surety	212,043	52,257	156,500	107,800	34,227	58,830	83,198		
26 Burglary + theft	1,897	72	424	1,545	3,925	3,454	2,016		
27 Boiler and machinery	11,903	47,137	45,351	13,689	26,881	22,078	18,491		
28 Credit	12,016	11,696	19,448	4,264	-2,123	325	1,816		
29 International	13,008	11,972	8,837	16,144	49,567	41,826	23,885		
30 Reinsurance	0	700,997	195,469	505,528	1,181,724	1,070,301	616,952		
31 Miscellaneous	21,346	22,086	17,995	25,437	6,102	1,823	29,716		
32 TOTALS	54,589,060	39,790,287	27,170,144	67,209,203	63,716,224	60,512,087	70,413,339		

NORTH CAROLINA  
PERSONAL AUTO LIABILITY INSURANCE  
AGGREGATE ANNUAL STATEMENT DATA  
TOP 50 AUTO INSURERS BASED ON 2003 WRITTEN PREMIUM

2003 UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - LOSSES PAID AND INCURRED

	Losses Paid Less Salvage			Net Payments	Net Losses Unpaid		Net Losses Unpaid Previous Year	Losses Incurred Current Year
	Direct Business	Reinsurance Assumed	Reinsurance Ceded		Current Year	Previous Year		
1 Fire	281,045	463,025	371,847	372,223	217,631	217,045	372,809	
2 Allied lines	356,689	329,531	437,847	248,373	152,952	144,367	256,957	
3 Farmowners	123,611	69,784	77,711	115,684	67,891	54,614	128,960	
4 Homeowners	5,607,761	6,563,169	5,244,887	6,926,044	3,771,959	3,044,459	7,653,543	
5 Comm multi peril	1,315,082	2,343,465	1,894,768	1,763,779	3,170,434	2,912,611	2,021,603	
6 Mortgage guaranty	0	0	0	0	0	0	0	
8 Ocean marine	20,418	90,289	54,088	56,619	75,146	72,482	59,283	
9 Inland marine	281,768	252,346	245,725	288,389	160,254	156,422	292,222	
10 Financial guaranty	-23	32	1	8	1,091	1,120	-20	
11 Medical malpractice	3,102	169,754	93,411	79,446	186,679	183,248	82,876	
12 Earthquake	22,921	20,626	12,816	30,730	35,269	43,675	22,324	
13 Group A & H	689,943	388,283	166,538	911,688	447,818	581,538	777,968	
14 Credit A & H	11,513	0	5,673	5,840	6,215	8,051	4,004	
15 Other A & H	508,057	-12,082	8,695	487,280	391,087	384,797	493,570	
16 Worker's comp	1,707,148	4,082,472	3,797,968	1,991,651	10,127,587	9,403,982	2,715,256	
17 Other liability	1,284,815	1,342,124	1,620,759	1,006,180	5,069,040	4,740,704	1,334,517	
18 Products liability	145,389	112,554	235,847	22,096	2,107,670	2,147,902	-18,136	
19 Auto liability	25,572,088	12,955,163	8,598,278	29,928,973	37,807,603	36,466,688	31,269,888	
21 Auto phys. damage	17,145,216	7,833,236	5,174,012	19,804,440	1,895,924	1,818,849	19,881,515	
22 Aircraft	40,769	97,781	83,274	55,276	70,006	55,376	69,906	
23 Fidelity	6,789	61	4,150	2,700	9,865	18,464	-5,898	
24 Surety	284,044	27,872	272,754	39,163	99,311	34,096	104,377	
26 Burglary + theft	1,221	972	831	1,362	3,793	3,936	1,219	
27 Boiler and machinery	3,282	32,098	25,552	9,828	28,402	26,882	11,348	
28 Credit	7,954	965	8,877	41	-858	-2,123	1,306	
29 International	29,990	7,509	524	36,975	106,716	49,567	94,124	
30 Reinsurance	0	839,706	197,310	642,396	1,366,378	1,182,880	825,894	
31 Miscellaneous	12,569	32,466	20,628	24,407	1,754	6,102	20,058	
32 TOTALS	55,463,163	38,043,201	28,654,773	64,851,591	67,377,618	63,757,735	68,471,474	

2003 NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE (a)			
	Liability (19.1)	Liability (19.2)	Physical Damage (21.1)
Written Premium	\$ -18,200	\$ 2,020,845,127	\$ 1,630,256,801
Earned Premium	-18,200	1,959,328,721	1,641,832,238
Dividends	0	5,324,725	4,905,132
Unearned Prem Reserves	-1	561,918,578	442,362,995
Losses Paid	1,498	1,321,967,760	966,787,483
Losses Incurred	5,995	1,394,005,303	967,673,462
Losses Unpaid	14,022	1,211,947,876	90,401,175
Alloc. Adj. Exp. Paid	172	31,935,927	3,922,063
Alloc Adj. Exp. Incurred	-245	38,283,490	3,589,105
Alloc. Adj. Exp. Unpaid	-1	120,436,542	3,928,534
Commissions	0	190,854,259	168,292,809
Taxes	185	47,166,857	38,028,476

2002 NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE (a)			
	Liability (19.1)	Liability (19.2)	Physical Damage (21.1)
Written Premium	\$ -91,498	\$ 1,850,899,354	\$ 1,593,855,657
Earned Premium	-90,171	1,821,554,412	1,546,241,444
Dividends	0	2,954,393	2,523,539
Unearned Prem Reserves	44	506,203,371	454,080,450
Losses Paid	1,516,452	1,276,186,598	849,009,065
Losses Incurred	1,265,204	1,297,567,581	870,031,708
Losses Unpaid	699,688	1,161,840,892	90,668,803
Alloc. Adj. Exp. Paid	128,302	32,391,284	2,415,169
Alloc Adj. Exp. Incurred	120,856	12,357,412	2,739,317
Alloc. Adj. Exp. Unpaid	131,206	117,941,514	4,322,568
Commissions	1,525	180,753,763	163,651,137
Taxes	-8,151	45,437,556	37,702,139

NORTH CAROLINA  
COMPARISON OF ANNUAL STATEMENT AND FILING INFORMATION

LIABILITY

<u>Year</u>	<u>Annual Statement</u>		<u>Filing</u>	
	<u>Losses</u>	<u>Premium</u>	<u>Losses</u>	<u>Premium</u>
2001	1,410,205,014	1,895,563,770	155,871,515	253,866,287
2002	1,388,594,207	1,957,059,172	168,926,376	268,837,179
2003	1,501,859,410	2,101,843,329	174,617,994	281,443,618

The data are not comparable for the following reasons:

- Annual Statement losses and premiums include Voluntary and Facility data. Filing data are for ceded business written at Facility rates only for Bodily Injury, Property Damage and Medical Payments.
- Annual Statement premium is at total limits collected level. Filing premium is at basic limits current level.
- Annual Statement losses are on a total limits basis and do not include any loss adjustment expenses. Filing losses are on a basic limits basis and include allocated loss adjustment expense only.
- Annual statement losses include reserves for incurred but not reported claims. Filing losses are developed to an ultimate basis and therefore reflect reserves for incurred but not reported claims.

NORTH CAROLINA  
CEDED FILING  
EXPECTED LOSS RATIOS

Private Passenger Auto	10/1/2002 Implementation	10/1/2003 Implementation	10/1/2004 Implementation
Bodily Injury	.776	.789	.778
Property Damage	.824	.791	.792
Medical Payments	.787	.761	.818
Motorcycle Liability	.648	.565	.557

## Bodily Injury

<u>Accident Year</u>	<u>Total Limits Paid Losses (a)</u>	<u>Total Limits Reserves (a)</u>	<u>Total Limits Loss Dev. (b)</u>	<u>Total Limits Dev. Losses</u>
12/31/2001	75,786,654	7,606,341	1.018	84,894,069
12/31/2002	72,495,152	19,147,322	1.059	97,049,380
12/31/2003	40,689,227	45,754,481	1.164	100,620,476

<u>Accident Year</u>	<u>Unallocated Loss Adj. Exp. (c)</u>	<u>Loss Trend Factors (d)</u>	<u>LAE Trend Factors (d)</u>	<u>Trended Incurred Losses and LAE</u>
12/31/2001	10,151,608	1.046	1.177	100,747,639
12/31/2002	11,753,208	1.033	1.140	113,650,667
12/31/2003	10,433,417	1.031	1.103	115,247,770

## Property Damage

<u>Accident Year</u>	<u>Total Limits Paid Losses (a)</u>	<u>Total Limits Reserves (a)</u>	<u>Total Limits Loss Dev. (b)</u>	<u>Total Limits Dev. Losses</u>
12/31/2001	69,863,385	110,783	1.000	69,974,168
12/31/2002	72,646,481	282,002	1.000	72,928,483
12/31/2003	75,159,474	2,092,805	1.017	78,565,568

<u>Accident Year</u>	<u>Unallocated Loss Adj. Exp. (c)</u>	<u>Loss Trend Factors (d)</u>	<u>LAE Trend Factors (d)</u>	<u>Trended Incurred Losses and LAE</u>
12/31/2001	8,095,012	1.072	1.177	84,540,137
12/31/2002	8,359,609	1.066	1.140	87,271,717
12/31/2003	9,783,514	1.062	1.103	94,227,849

## Medical Payments

<u>Accident Year</u>	<u>Total Limits Paid Losses (a)</u>	<u>Total Limits Reserves (a)</u>	<u>Total Limits Loss Dev. (b)</u>	<u>Total Limits Dev. Losses</u>
12/31/2001	6,637,775	42,721	1.013	6,767,342
12/31/2002	7,496,291	133,715	1.030	7,858,906
12/31/2003	6,407,376	872,614	1.089	7,927,909

<u>Accident Year</u>	<u>Unallocated Loss Adj. Exp. (c)</u>	<u>Loss Trend Factors (d)</u>	<u>LAE Trend Factors (d)</u>	<u>Trended Incurred Losses and LAE</u>
12/31/2001	867,518	1.099	1.177	8,458,378
12/31/2002	1,045,930	1.024	1.140	9,239,880
12/31/2003	935,869	1.059	1.103	9,427,919

- (a) Data on a paid/reserve basis is available only for total limits. See page F-4.
- (b) See pages F-45, F-46, and F-47.
- (c) See pages C-1, C-3, and C-5 for the unallocated loss adjustment expense factors.
- (d) Using selected trends on page D-6.

The following pages F-20-34 contain North Carolina private passenger data by territory for years ended December 31, 2001, 2002, and 2003.

Liability data is for voluntary and ceded risks. Losses are not developed and include allocated loss adjustment expense only. Excess is calculated on a 30/60/25 basis.

See also pages C-7-8.

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 BODILY INJURY

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	ASHEVILLE TERRITORY (11)	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)	
				BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
2001	94317	10873669		5717707	1466865	1112	5142	1.18	60.62
2002	97262	10739429		6198684	1542603	1218	5089	1.25	63.73
2003	100542	11545696		6390436	950623	1353	4723	1.35	63.56
TOT	292121	33158794		18306827	3960091	3683	4971	1.26	62.67
DURHAM TERRITORY (13)									
2001	125600	23085323		14240392	2126071	2304	6181	1.83	113.38
2002	127931	22397819		13561426	1753272	2571	5275	2.01	106.01
2003	129772	23031807		12407766	1200660	2527	4910	1.95	95.61
TOT	383303	68514949		40209584	5080003	7402	5432	1.93	104.90
GREENSBORO-HAMIL LK TERR (14)									
2001	141323	22765602		14823383	2392594	2567	5775	1.82	104.89
2002	143512	22438708		13352930	1945579	2607	5122	1.82	93.04
2003	146185	23930984		14281299	1516305	2810	5082	1.92	97.69
TOT	431020	69135294		42457612	5854478	7984	5318	1.85	98.50
HIGH POINT TERRITORY (15)									
2001	46510	7950022		5331504	567320	981	5435	2.11	114.63
2002	48027	8128898		5226318	515090	1029	5079	2.14	108.82
2003	48959	8764848		5000210	175391	1017	4917	2.08	102.13
TOT	143496	24843768		15558032	1257801	3027	5140	2.11	108.42

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS  
 (FOR BODILY INJURY THEY ALSO INCLUDE PREMIUMS FOR MEDICAL PAYMENTS AND U.M. COVERAGES)
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 BODILY INJURY

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS				AVG 4 CLAIM COST	NORTH CAROLINA (32)	
			BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	INCURRED LOSSES --5---		3 CLAIM FREQ.	4 PURE PREM
RALEIGH TERRITORY (16)									
2001	327817	53677216	30333135	6813514	5025	6036	1.53	92.53	
2002	337017	52746419	29182158	5329813	5098	5724	1.51	86.59	
2003	347837	55551292	30150744	4381764	5678	5310	1.63	86.68	
TOT	1012671	161974927	89666037	16525091	15801	5675	1.56	88.54	
WILMINGTON TERRITORY (17)									
2001	116570	23239351	13454420	1978030	2099	6410	1.80	115.42	
2002	121253	22570478	13738358	1752880	2323	5914	1.92	113.30	
2003	126256	23638910	13694396	1279752	2440	5612	1.93	108.47	
TOT	364079	69448739	40887174	5010662	6862	5958	1.88	112.30	
WINSTON-SALEM TERRITORY (18)									
2001	146716	19062068	11311688	2161592	2142	5281	1.46	77.10	
2002	149530	19060546	12566884	2209231	2380	5280	1.59	84.04	
2003	150719	20415717	11739920	1373027	2342	5013	1.55	77.89	
TOT	446965	58538331	35618492	5743850	6864	5189	1.54	79.69	
WESTERN TERRITORIES (24)									
2001	1891806	231417149	141958119	28868080	24329	5835	1.29	75.04	
2002	1944029	235888767	139045063	33309717	24323	5717	1.25	71.52	
2003	1965886	250229650	133579575	27431265	25587	5221	1.30	67.95	
TOT	5801721	717535566	414582757	89609062	74239	5584	1.28	71.46	

NOTES:

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AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 BODILY INJURY

ACC YR	EARNED CAR YEARS	COLLECTED EARNED 2 PREMIUM	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS			NORTH CAROLINA (32)		
			GASTON CO. (25)	SOUTHERN TERRS (26)	WILSON ROCKY MOUNT, ETC. (31)	GUILFORD, BUNCOMBE, ETC. (32)		
			BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
			-----	-----	---			
2001	126773	19849266	11817045	1819103	2260	5229	1.78	93.21
2002	127850	19278889	11996412	1122012	2368	5066	1.85	93.83
2003	128627	19764720	11677670	937453	2516	4641	1.96	90.79
TOT	383250	58892875	35491127	3878568	7144	4968	1.86	92.61
SOUTHERN TERRS (26)								
2001	391081	71233634	47648546	6586624	6987	6820	1.79	121.84
2002	402614	71666399	52413577	7647508	7601	6896	1.89	130.18
2003	415964	77081927	46669934	7116176	7836	5956	1.88	112.20
TOT	1209659	219981960	146732057	21350308	22424	6544	1.85	121.30
WILSON ROCKY MOUNT, ETC. (31)								
2001	253617	45622144	24494251	5232383	4079	6005	1.61	96.58
2002	264345	45951043	26429359	3803793	4381	6033	1.66	99.98
2003	273652	47349811	25802558	3448250	4742	5441	1.73	94.29
TOT	791614	138922998	76726168	12484426	13202	5812	1.67	96.92
GUILFORD, BUNCOMBE, ETC. (32)								
2001	593263	77269720	45276886	9272067	7915	5720	1.33	76.32
2002	608458	78424469	44423924	7586671	8398	5290	1.38	73.01
2003	620098	84021919	45829622	7511736	9141	5014	1.47	73.91
TOT	1821819	239716108	135530432	24370474	25454	5325	1.40	74.39

NOTES:

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(FOR BODILY INJURY THEY ALSO INCLUDE PREMIUMS FOR  
MEDICAL PAYMENTS AND U.M. COVERAGES)
- 3 CLAIM FREQUENCY IS PER 100 CARS
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AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 BODILY INJURY

ACC YR	EARNED CAR YEARS	COLLECTED EARNED 2 PREMIUM	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)	
			----- BASIC LIMITS	----- EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
EASTERN TERRITORIES (33)								
2001	676218	106850011	65718150	12734024	9816	6695	1.45	97.18
2002	696822	107055607	68561861	11530614	10713	6400	1.54	98.39
2003	718278	114638944	62969912	9091995	11038	5705	1.54	87.67
TOT	2091318	328544562	197249923	33356633	31567	6249	1.51	94.32
FAYETTEVILLE TERRITORY (40)								
2001	166739	31332922	20623306	2783337	3778	5459	2.27	123.69
2002	173102	32500662	22683729	1620348	4396	5160	2.54	131.04
2003	177502	35631543	21165904	1153168	4323	4896	2.44	119.24
TOT	517343	99465127	64472939	5556853	12497	5159	2.42	124.62
ON SLOW CO. (41)								
2001	90855	16608546	10012459	992154	1533	6531	1.69	110.20
2002	92274	16657744	10577090	1531560	1648	6418	1.79	114.63
2003	94097	17260861	9653296	593082	1662	5808	1.77	102.59
TOT	277226	50527151	30242845	3116796	4843	6245	1.75	109.09
CRAVEN CO. (43)								
2001	65069	9700000	5625777	698293	885	6357	1.36	86.46
2002	67930	10368635	6209218	502932	1023	6070	1.51	91.41
2003	70046	11419599	6355107	375581	1108	5736	1.58	90.73
TOT	203045	31488234	18190102	1576806	3016	6031	1.49	89.59

NOTES:

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 (FOR BODILY INJURY THEY ALSO INCLUDE PREMIUMS FOR  
 MEDICAL PAYMENTS AND U.M. COVERAGES)
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 BODILY INJURY

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)				
			WAYNE CO. (47)	MECKLENBURG CO. REMAINDER (51)	CHARLOTTE TERRITORY (52)	STATEWIDE TOTALS	STATEWIDE TOTALS	STATEWIDE TOTALS	STATEWIDE TOTALS	STATEWIDE TOTALS	
			BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	AVG CLAIM COST	CLAIM FREQ.	PURE PREM			
2001	77754	12701398	7189563	941624	1255	5729	1.61	92.47			
2002	79175	12603098	7227017	1147532	1304	5542	1.65	91.28			
2003	76771	12720932	7700902	1313301	1316	5852	1.71	100.31			
TOT	233700	38025428	22117482	3402457	3875	5708	1.66	94.64			
MECKLENBURG CO. REMAINDER (51)											
2001	44289	6530617	3222536	957748	588	5481	1.33	72.76			
2002	48182	6909196	4189320	1356923	757	5534	1.57	86.95			
2003	52060	7453889	3825014	752872	790	4842	1.52	73.47			
TOT	144531	20893702	11236870	3067543	2135	5263	1.48	77.75			
CHARLOTTE TERRITORY (52)											
2001	395028	81040527	43246805	5139878	8778	4927	2.22	109.48			
2002	405821	76958801	44433098	6396762	9161	4850	2.26	109.49			
2003	416924	77919029	45551311	3942350	9841	4629	2.36	109.26			
TOT	1217773	235918357	133231214	15478990	27780	4796	2.28	109.41			
STATEWIDE TOTALS											
2001	5771345	870809185	522045672	93531301	88433	5903	1.53	90.45			
2002	5935134	872345607	532016426	92604840	93299	5702	1.57	89.64			
2003	6060175	922372078	514445576	74544751	98067	5246	1.62	84.89			
TOT	17766654	2665526870	1568507674	260680892	279799	5606	1.57	88.28			

- NOTES:
- 1 NOT UNDER FLEET PLAN
  - 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS  
(FOR BODILY INJURY THEY ALSO INCLUDE PREMIUMS FOR MEDICAL PAYMENTS AND U.M. COVERAGES)
  - 3 CLAIM FREQUENCY IS PER 100 CARS
  - 4 BASIC LIMITS
  - 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 PROPERTY DAMAGE

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	ASHEVILLE TERRITORY (11)	DURHAM TERRITORY (13)	GREENSBORO-HAMIL LK TERR (14)	HIGH POINT TERRITORY (15)	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)	
							BASIC LIMITS	EXCESS LIMITS	INCURRED LOSSES --5---	NO. OF CLAIMS	AVG 4 CLAIM COST	CLAIM FREQ.
2001	94317	10782851					7896699	2735	3847	2053	4.08	83.73
2002	97262	11845319					8731069	50987	3920	2227	4.03	89.77
2003	100542	13468528					9073996	56919	4215	2153	4.19	90.25
TOT	292121	36096698					25701764	110641	11982	2145	4.10	87.98
2001	125600	16997980					14348589	25936	6069	2364	4.83	114.24
2002	127931	18992353					14687182	35460	6271	2342	4.90	114.81
2003	129772	21403739					14313722	41321	6263	2285	4.83	110.30
TOT	383303	57394072					43349493	102717	18603	2330	4.85	113.09
2001	141323	19428273					16117887	53564	7358	2191	5.21	114.05
2002	143512	21214983					15742385	102858	7143	2204	4.98	109.69
2003	146185	23829003					16249788	56050	7374	2204	5.04	111.16
TOT	431020	64472259					48110060	212472	21875	2199	5.08	111.62
2001	46510	6065713					5126892	28832	2223	2306	4.78	110.23
2002	48027	6854874					5221502	28051	2319	2252	4.83	108.72
2003	48959	7696687					5066148	0	2387	2122	4.88	103.48
TOT	143496	20617274					15414542	56883	6929	2225	4.83	107.42

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 PROPERTY DAMAGE

ACC YR	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS		PROPERTY DAMAGE		NORTH CAROLINA (32)	
	EARNED CAR YEARS	COLLECTED EARNED 2 PREMIUM	----- INCURRED LOSSES --5----	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
			BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	
RALEIGH TERRITORY (16)						
2001	327817	47182860	37221824	118988	15249	4.65 113.54
2002	337017	52424098	37299283	277454	15080	4.47 110.67
2003	347837	58904407	37791172	272042	15369	4.42 108.65
TOT	1012671	158511365	112312279	668484	45698	4.51 110.91
WILMINGTON TERRITORY (17)						
2001	116570	16412865	12215997	56130	4978	4.27 104.80
2002	121253	18188889	12993269	75386	5165	4.26 107.16
2003	126256	20266367	13585443	293065	5478	4.34 107.60
TOT	364079	54868121	38794709	424581	15621	4.29 106.56
WINSTON-SALEM TERRITORY (18)						
2001	146716	17297886	14100403	123036	6754	4.60 96.11
2002	149530	18873712	14301309	23583	6710	4.49 95.64
2003	150719	20954030	13886967	117497	6714	4.45 92.14
TOT	446965	57125628	42288679	264116	20178	4.51 94.61
WESTERN TERRITORIES (24)						
2001	1891806	193986748	148553224	817756	65621	3.47 78.52
2002	1944029	214161056	149605214	847795	65587	3.37 76.96
2003	1965886	238320360	151207309	1883241	67122	3.41 76.92
TOT	5801721	646468164	449365747	3548792	198330	3.42 77.45

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 PROPERTY DAMAGE

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)	
			----- INCURRED LOSSES --5----	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM
GASTON CO. (25)								
2001	126773	16885080	12072137	17481	5252	2299	4.14	95.23
2002	127850	17921126	12316974	32689	5309	2320	4.15	96.34
2003	128627	19409285	12439536	93966	5564	2236	4.33	96.71
TOT	383250	54215491	36828647	144136	16125	2284	4.21	96.10
SOUTHERN TERRS (26)								
2001	391081	41889621	32633683	167367	13075	2496	3.34	83.44
2002	402614	47125007	34156720	126689	13752	2484	3.42	84.84
2003	415964	53107622	34586646	312747	14502	2385	3.49	83.15
TOT	1209659	142122250	101377049	606803	41329	2453	3.42	83.81
WILSON ROCKY MOUNT, ETC. (31)								
2001	253617	30830728	23520723	173389	9897	2377	3.90	92.74
2002	264345	35159106	24967439	137796	10404	2400	3.94	94.45
2003	273652	39575643	25748282	93792	11089	2322	4.05	94.09
TOT	791614	105565477	74236444	404977	31390	2365	3.97	93.78
GUILFORD, BUNCOMBE, ETC. (32)								
2001	593263	66132282	49972840	268432	21974	2274	3.70	84.23
2002	608458	73082644	51037453	238719	22334	2285	3.67	83.88
2003	620098	81579504	52020186	449916	23212	2241	3.74	83.89
TOT	1821819	220794430	153030479	957067	67520	2266	3.71	84.00

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 PROPERTY DAMAGE

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)			
			----- INCURRED LOSSES	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM		
EASTERN TERRITORIES (33)										
2001	676218	67276944	48318657	371551	20983	2303	3.10	71.45		
2002	696822	75628455	51407050	186453	21815	2357	3.13	73.77		
2003	718278	84445257	53600400	621124	23309	2300	3.25	74.62		
TOT	2091318	227350656	153326107	1179128	66107	2319	3.16	73.32		
FAYETTEVILLE TERRITORY (40)										
2001	166739	21968187	17971380	17495	8002	2246	4.80	107.78		
2002	173102	25279246	19189669	68834	8262	2323	4.77	110.86		
2003	177502	28544272	19200153	56107	8500	2259	4.79	108.17		
TOT	517343	75791705	56361202	142436	24764	2276	4.79	108.94		
ONslow CO. (41)										
2001	90855	12041768	9502745	25192	4129	2301	4.54	104.59		
2002	92274	13796682	10152288	7217	4197	2419	4.55	110.02		
2003	94097	15107663	9818984	16848	4201	2337	4.46	104.35		
TOT	277226	40946113	29474017	49257	12527	2353	4.52	106.32		
CRAVEN CO. (43)										
2001	65069	6500890	4775734	6294	2176	2195	3.34	73.39		
2002	67930	7579969	5414049	22553	2398	2258	3.53	79.70		
2003	70046	8520281	5959896	122604	2560	2328	3.65	85.09		
TOT	203045	22601140	16149679	151451	7134	2264	3.51	79.54		

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 PROPERTY DAMAGE

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	WAYNE CO. (47)	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)			
				BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM		
2001	77754	8376151		6023337	12752	2823	2134	3.63	77.47		
2002	79175	9405299		6470264	37925	2840	2278	3.59	81.72		
2003	76771	10078937		6207092	32391	2750	2257	3.58	80.85		
TOT	233700	27860387		18700693	83068	8413	2223	3.60	80.02		
MECKLENBURG CO. REMAINDER (51)											
2001	44289	5388446		4425525	48581	1830	2418	4.13	99.92		
2002	48182	6362273		4909604	8221	2011	2441	4.17	101.90		
2003	52060	7545897		5217318	21178	2209	2362	4.24	100.22		
TOT	144531	19296616		14552447	77980	6050	2405	4.19	100.69		
CHARLOTTE TERRITORY (52)											
2001	395028	59711405		48109485	255921	20360	2363	5.15	121.79		
2002	405821	66043173		48184377	274852	20516	2349	5.06	118.73		
2003	416924	74374987		47687305	334387	21252	2244	5.10	114.38		
TOT	1217773	200129565		143981167	865160	62128	2317	5.10	118.23		
STATEWIDE TOTALS											
2001	5771345	665156678		512907761	2591432	222600	2304	3.86	88.87		
2002	5935134	739938264		526787100	2583522	226033	2331	3.81	88.76		
2003	6060175	827132469		533660343	4875195	234070	2280	3.86	88.06		
TOT	17766654	2232227411		1573355204	10050149	682703	2305	3.84	88.56		

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 MEDICAL PAYMENTS

ACC YR	EARNED CAR YEARS	COLLECTED EARNED 2 PREMIUM	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)		
			ASHEVILLE TERRITORY (11)	DURHAM TERRITORY (13)	GREENSBORO-HAMIL I.K TERR (14)	HIGH POINT TERRITORY (15)	AVG 4 CLAIM COST	CLAIM FREQ.	PURE PREM
			BASIC LIMITS	EXCESS LIMITS	INCURRED LOSSES --5----	NO. OF CLAIMS			
2001	60139	1062588	512338	243732	509	1007	0.85	8.52	
2002	62069	1069406	510938	366070	538	950	0.87	8.23	
2003	64149	1188105	566409	290186	542	1045	0.84	8.83	
TOT	186357	3320099	1589685	899988	1589	1000	0.85	8.53	
DURHAM TERRITORY (13)									
2001	81587	2198680	1157092	436456	1098	1054	1.35	14.18	
2002	84838	2215521	1213428	605794	1271	955	1.50	14.30	
2003	85958	2318821	976240	583201	1141	856	1.33	11.36	
TOT	252383	6733022	3346760	1625451	3510	953	1.39	13.26	
GREENSBORO-HAMIL I.K TERR (14)									
2001	97914	2390501	1666623	589385	1496	1114	1.53	17.02	
2002	99993	2372582	1635660	717242	1514	1080	1.51	16.36	
2003	101361	2604104	1454681	680014	1424	1022	1.40	14.35	
TOT	299268	7367187	4756964	1986641	4434	1073	1.48	15.90	
HIGH POINT TERRITORY (15)									
2001	33441	842761	568568	236487	584	974	1.75	17.00	
2002	34566	875360	602174	275127	637	945	1.84	17.42	
2003	35075	983012	611672	284701	578	1058	1.65	17.44	
TOT	103082	2701133	1782414	796315	1799	991	1.75	17.29	

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE



AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 MEDICAL PAYMENTS

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)			
			BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM		
GASTON CO. (25)										
2001	87422	1850040	1057573	413960	1171	903	1.34	12.10		
2002	88714	1879911	1172413	451541	1202	975	1.35	13.22		
2003	88941	2031731	1011010	452419	1133	892	1.27	11.37		
TOT	265077	5761682	3240996	1317920	3506	924	1.32	12.23		
SOUTHERN TERRS (26)										
2001	303955	7818481	6142419	1540565	5838	1052	1.92	20.21		
2002	315730	8060972	6632351	1755161	6360	1043	2.01	21.01		
2003	324325	9083850	6046758	1772726	5827	1038	1.80	18.64		
TOT	944010	24963303	18821528	5068452	18025	1044	1.91	19.94		
WILSON ROCKY MOUNT, ETC. (31)										
2001	198044	5252082	3488511	1008513	3264	1069	1.65	17.61		
2002	206485	5305609	3553567	1200347	3331	1067	1.61	17.21		
2003	212668	5659421	3562479	1165326	3286	1084	1.55	16.75		
TOT	617197	16217112	10604557	3374186	9881	1073	1.60	17.18		
GUILFORD, BUNCOMBE, ETC. (32)										
2001	446338	8667968	5288161	2124592	5116	1034	1.15	11.85		
2002	460001	9032935	5284558	2451681	5313	995	1.15	11.49		
2003	466451	9883758	5186824	2705691	5035	1030	1.08	11.12		
TOT	1372790	27584661	15759543	7281964	15464	1019	1.13	11.48		

- NOTES:
- 1 NOT UNDER FLEET PLAN
  - 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
  - 3 CLAIM FREQUENCY IS PER 100 CARS
  - 4 BASIC LIMITS
  - 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 MEDICAL PAYMENTS

ACC YR	EARNED CAR YEARS	COLLECTED EARNED 2 PREMIUM	PRIVATE PASSENGER - VOLUNTARY AND CEDED RISKS				NORTH CAROLINA (32)			
			EASTERN TERRITORIES (33)	FAYETTEVILLE TERRITORY (40)	ONslow CO. (41)	CRAVEN CO. (43)	2001	2002	2003	TOT
			BASIC LIMITS	EXCESS LIMITS	NO. OF CLAIMS	AVG 4 CLAIM COST	3 CLAIM FREQ.	4 PURE PREM		
			-----	-----	----					
			INCURRED LOSSES							
2001	583002	13999519	9224888	2569000	9476	974	1.63	15.82		
2002	602704	14009349	9876542	2881970	9671	1021	1.60	16.39		
2003	617790	15165718	9603302	2822188	9173	1047	1.48	15.54		
TOT	1803496	43174586	28704732	8273158	28320	1014	1.57	15.92		
FAYETTEVILLE TERRITORY (40)										
2001	98248	2850945	2112087	811810	1932	1093	1.97	21.50		
2002	101614	2985640	2077644	1030069	2071	1003	2.04	20.45		
2003	102728	3406534	1930579	945807	1924	1003	1.87	18.79		
TOT	302590	9243119	6120310	2787686	5927	1033	1.96	20.23		
ONslow CO. (41)										
2001	53714	1482891	909280	394559	797	1141	1.48	16.93		
2002	55157	1536674	899146	423284	773	1163	1.40	16.30		
2003	55871	1643015	851137	421690	790	1077	1.41	15.23		
TOT	164742	4662580	2659563	1239533	2360	1127	1.43	16.14		
CRAVEN CO. (43)										
2001	51248	1146062	736603	309836	732	1006	1.43	14.37		
2002	53236	1235943	928718	339571	862	1077	1.62	17.45		
2003	54445	1393848	787143	342037	819	961	1.50	14.46		
TOT	158929	3775853	2452464	991444	2413	1016	1.52	15.43		

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

AUTOMOBILE LIABILITY EXPERIENCE  
 ACCIDENT YEARS ENDED DECEMBER 31, 2001, 2002, 2003  
 MEDICAL PAYMENTS

ACC YR	EARNED CAR YEARS	PRIVATE PASSENGER COLLECTED EARNED 2 PREMIUM	VOLUNTARY AND CEDED RISKS BASIC LIMITS	EXCESS LIMITS	INCURRED LOSSES --5----	NO. OF CLAIMS	AVG 4 CLAIM COST	NORTH CAROLINA (32)		
								3 CLAIM FREQ.	4 PURE PREM	
2001	61196	1546508	947458	330469	1034	1094	916	1.67	15.28	
2002	63314	1522512	976087	400693	1075	908	908	1.70	15.42	
2003	60833	1571942	1083719	278356	955	1135	1135	1.57	17.81	
TOT	186143	4640962	3007264	1009518	3064	981	981	1.65	16.16	
MECKLENBURG CO. REMAINDER (51)										
2001	33481	724967	329244	173237	301	1094	1094	0.90	9.83	
2002	36429	778586	425690	281072	438	972	972	1.20	11.69	
2003	39118	876372	379744	197508	376	1010	1010	0.96	9.71	
TOT	109028	2379925	1134678	651817	1115	1018	1018	1.02	10.41	
CHARLOTTE TERRITORY (52)										
2001	254312	7728282	4791886	2139972	4361	1099	1099	1.71	18.84	
2002	264217	7433362	5114041	2184670	4636	1103	1103	1.75	19.36	
2003	273098	7813441	4911828	2201177	4611	1065	1065	1.69	17.99	
TOT	791627	22975085	14817755	6525819	13608	1089	1089	1.72	18.72	
STATEWIDE TOTALS										
2001	4298407	94978202	60990568	21233355	59372	1027	1027	1.38	14.19	
2002	4436503	96376619	63250805	24279271	61710	1025	1025	1.39	14.26	
2003	4524476	106031338	59969993	23667051	58631	1023	1023	1.30	13.25	
TOT	13259386	297386159	184211366	69179677	179713	1025	1025	1.36	13.89	

NOTES:

- 1 NOT UNDER FLEET PLAN
- 2 PREMIUMS INCLUDE CHARGES FOR EXCESS LIMITS
- 3 CLAIM FREQUENCY IS PER 100 CARS
- 4 BASIC LIMITS
- 5 THE INCURRED LOSSES INCLUDE ALL LOSS ADJUSTMENT EXPENSE

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

2. CREDIBILITY FACTOR DEVELOPMENT AND APPLICATION

See attached exhibits, Section D and prefiled testimony of P. Woods.

## Credibility Factor Determination

Credibility considerations enter into the private passenger ratemaking formula in three areas:

- 1) statewide rate level in the determination of accident year weights.
- 2) territory rate level in the determination of the individual territory's formula loss ratio.
- 3) trend factor determination in the determination to base the average annual change on North Carolina data or a combination of North Carolina and countrywide data.

The first two areas full credibility standard is based on an application of the credibility formula contained in the paper "On The Credibility of The Pure Premium" by Mayerson, Jones and Bowers (PCAS LV, 1968). The full credibility standards contemplate P and K values of 95% and 5% for statewide and 90% and 5% for territory.

The trend credibility procedure is based on the first model discussed in "An Introduction to Credibility Theory" by L. H. Longley-Cook. The full credibility standard is based on P and K values of 99% and 2 1/2%.

CREDIBILITY TABLES BASED  
UPON NUMBER OF CLAIMS

The projected loss ratios are weighted in accordance with the following:

<u>Average Number of Claim for the Latest Two Years (A)</u>	<u>Weight to Earlier Year</u>	<u>Weight to Later Year</u>
4000 and over	0%	100%
3600 - 3999	10	90
3200 - 3599	20	80
2800 - 3199	30	70
2400 - 2799	40	60
under 2400	50	50

(A) Applied separately by coverage.

<u>Credibility</u>	<u>Determination of Territory Credibility (B)</u>	<u>Credibility</u>	<u>Determination of Trend Factor Credibility (C)</u>
0	0 - 29	0	0 - 26
.10	30 - 119	.05	27 - 105
.20	120 - 269	.10	106 - 238
.30	270 - 479	.15	239 - 424
.40	480 - 749	.20	425 - 663
.50	750 - 1,079	.25	664 - 955
.60	1,080 - 1,469	.30	956 - 1,300
.70	1,470 - 1,919	.35	1,301 - 1,699
.80	1,920 - 2,429	.40	1,700 - 2,150
.90	2,430 - 2,999	.45	2,151 - 2,655
1.00	3,000 or more	.50	2,656 - 3,212
		.55	3,213 - 3,823
		.60	3,824 - 4,487
		.65	4,488 - 5,204
		.70	5,205 - 5,974
		.75	5,975 - 6,798
		.80	6,799 - 7,674
		.85	7,675 - 8,604
		.90	8,605 - 9,586
		.95	9,587 - 10,622
		1.00	10,623 or more

(B) Territory credibility is based on the number of claims underlying the three year pure premium.

(C) Trend factor credibility is based on the number of claims underlying the latest year's experience appearing in the trend exhibits.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

3. LOSS DEVELOPMENT FACTOR DERIVATION AND APPLICATION ON BOTH PAID AND  
INCURRED BASES AND IN BOTH NUMBERS AND DOLLARS OF CLAIMS

3(a) Loss development factor derivation is contained on the following pages  
F-39-98. In selecting the loss development factor, three and five year  
straight averages were considered, with the three year factor being  
selected as the best blend of responsiveness and stability for Bodily  
Injury, Property Damage and Medical Payments.

Development for all coverages is to 63 months.

Additional information regarding loss development is contained in the  
prefiled testimony of P. Woods.

## NORTH CAROLINA

## PRIVATE PASSENGER AUTOMOBILE INSURANCE

EARNED EXPOSURES BY COVERAGE

## VOLUNTARY AND CEDED COMBINED

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1999	5,530,189	5,530,189	4,116,282
2000	5,654,429	5,654,429	4,207,201
2001	5,771,345	5,771,345	4,298,407
2002	5,935,134	5,935,134	4,436,503
2003	6,060,175	6,060,175	4,524,476

ESTIMATED EARNED PREMIUM BY COVERAGE

## VOLUNTARY AND CEDED COMBINED

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1999	892,758,151	703,884,532	137,415,207
2000	878,362,071	702,030,236	133,852,336
2001	903,125,321	764,291,602	131,067,889
2002	905,544,987	864,785,272	133,046,702
2003	953,345,765	968,190,653	148,660,297

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Bodily Injury Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					435,858,575
1991				439,428,980	457,904,019
1992			444,571,012	487,711,481	508,423,434
1993		382,050,072	467,261,629	516,904,328	535,813,299
1994	221,823,140	416,288,360	505,291,267	553,835,285	575,785,047
1995	228,156,334	427,992,668	519,919,728	571,835,213	592,222,495
1996	228,444,260	426,029,526	517,700,097	572,219,289	595,630,897
1997	229,644,143	431,616,003	522,274,331	575,363,333	598,211,754
1998	228,601,621	419,173,460	509,047,219	560,022,842	584,627,204
1999	231,875,451	430,590,663	526,829,968	580,273,861	606,476,653
2000	238,267,007	437,442,957	529,910,268	583,260,398	
2001	229,462,179	436,717,674	533,389,591		
2002	246,948,525	462,764,789			
2003	254,749,469				

## Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.042
1992			1.097	1.042
1993		1.223	1.106	1.037
1994	1.877	1.214	1.096	1.040
1995	1.876	1.215	1.100	1.036
1996	1.865	1.215	1.105	1.041
1997	1.879	1.210	1.102	1.040
1998	1.834	1.214	1.100	1.044
1999	1.857	1.224	1.101	1.045
2000	1.836	1.211	1.101	
2001	1.903	1.221		
2002	1.874			

Five Year Average	1.861	1.216	1.102	1.041
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Three Year Average	1.871	1.219	1.101	1.043
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	Five Year	Three Year
39 to 63 months:	1.147	1.148
27 to 63 months:	1.395	1.399
15 to 63 months:	2.596	2.618

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Property Damage Total Limits Paid Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					242,854,320
1991				241,518,556	241,874,529
1992			264,976,410	265,612,727	265,932,284
1993		294,444,185	296,165,174	297,022,508	297,338,063
1994	332,497,682	342,582,968	344,744,859	345,687,706	345,929,741
1995	376,417,737	388,868,480	391,482,358	392,231,532	392,500,763
1996	423,875,486	438,350,488	441,000,989	442,165,389	442,374,585
1997	431,213,377	446,053,289	448,742,218	449,706,036	449,941,321
1998	443,376,912	459,294,282	462,141,524	463,004,806	463,273,676
1999	473,099,750	491,607,819	495,153,281	496,272,202	496,169,911
2000	496,862,761	518,966,482	518,878,432	519,743,391	
2001	493,946,588	513,666,485	516,084,363		
2002	509,903,937	529,457,014			
2003	528,527,851				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Months	51-63 Months
1991				1.001
1992			1.002	1.001
1993		1.006	1.003	1.001
1994	1.030	1.006	1.003	1.001
1995	1.033	1.007	1.002	1.001
1996	1.034	1.006	1.003	1.000
1997	1.034	1.006	1.002	1.001
1998	1.036	1.006	1.002	1.001
1999	1.039	1.007	1.002	1.000
2000	1.044	1.000	1.002	
2001	1.040	1.005		
2002	1.038			

Five Year Average	1.039	1.005	1.002	1.001
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Three Year Average	1.041	1.004	1.002	1.001
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	Five Year	Three Year
39 to 63 months:	1.003	1.003
27 to 63 months:	1.008	1.007
15 to 63 months:	1.047	1.048

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Medical Payments Total Limits Paid Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					61,511,940
1991				64,897,765	65,093,384
1992			70,800,214	71,547,364	71,714,031
1993		71,850,055	73,993,644	74,818,424	75,037,868
1994	63,295,030	76,055,741	78,099,746	78,926,420	79,169,009
1995	65,641,492	79,685,372	81,939,737	82,850,110	83,099,064
1996	64,932,556	79,099,984	81,252,411	82,270,818	82,662,642
1997	64,233,803	77,624,152	80,362,354	81,475,584	81,744,979
1998	61,315,057	74,200,833	76,699,175	77,650,349	77,955,069
1999	61,899,560	75,847,264	78,196,726	79,445,330	79,605,727
2000	63,973,747	76,775,187	79,442,173	80,684,010	
2001	66,363,192	79,778,901	82,743,631		
2002	72,832,848	86,946,233			
2003	73,605,064				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Months	51-63 Months
1991				1.003
1992			1.011	1.002
1993		1.030	1.011	1.003
1994	1.202	1.027	1.011	1.003
1995	1.214	1.028	1.011	1.003
1996	1.218	1.027	1.013	1.005
1997	1.208	1.035	1.014	1.003
1998	1.210	1.034	1.012	1.004
1999	1.225	1.031	1.016	1.002
2000	1.200	1.035	1.016	
2001	1.202	1.037		
2002	1.194			

Five Year Average	1.206	1.034	1.014	1.003
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Three Year Average	1.199	1.034	1.015	1.003
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	Five Year	Three Year
39 to 63 months:	1.017	1.018
27 to 63 months:	1.052	1.053
15 to 63 months:	1.269	1.263

Losses exclude unallocated loss adjustment expense.

The Reinsurance Facility is advised by ISO that the data described in Subparagraph (3)(c) are not available.

See attached Exhibit (3)(d).

To the extent that such data are available, the corresponding earned premium and exposures are shown on page F-39.

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Bodily Injury Total Limits Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					453,792,451
1991				471,628,730	470,429,626
1992			517,907,120	522,845,868	521,907,273
1993		530,582,891	546,789,836	552,138,819	548,063,931
1994	522,228,125	565,499,299	588,774,887	590,820,124	587,515,438
1995	542,838,956	588,888,002	602,956,881	608,845,680	604,190,862
1996	553,644,769	595,465,814	606,937,587	607,877,793	607,527,453
1997	561,266,762	591,973,459	600,807,278	607,377,686	609,373,618
1998	535,782,655	571,090,594	585,827,205	594,262,071	595,538,970
1999	547,858,022	584,450,486	607,315,095	616,343,115	618,962,876
2000	528,771,428	584,171,819	607,343,649	616,611,021	
2001	540,606,810	590,573,084	615,270,127		
2002	568,917,216	626,270,735			
2003	589,545,141				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.997
1992			1.010	0.998
1993		1.031	1.010	0.993
1994	1.083	1.041	1.003	0.994
1995	1.085	1.024	1.010	0.992
1996	1.076	1.019	1.002	0.999
1997	1.055	1.015	1.011	1.003
1998	1.066	1.026	1.014	1.002
1999	1.067	1.039	1.015	1.004
2000	1.105	1.040	1.015	
2001	1.092	1.042		
2002	1.101			

Five Year Average	1.086	1.032	1.011	1.000
Three Year Average	1.099	1.040	1.015	1.003

	Five Year	Three Year
39 to 63 months:	1.011	1.018
27 to 63 months:	1.043	1.059
15 to 63 months:	1.133	1.164

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					243,362,099
1991				242,535,115	242,181,779
1992			266,710,249	266,479,633	266,335,799
1993		298,308,389	297,871,948	297,959,120	297,635,265
1994	345,544,543	346,000,194	346,367,649	346,354,513	346,114,290
1995	390,455,030	392,459,681	392,719,031	392,780,992	392,734,006
1996	440,351,973	441,454,775	442,330,336	442,801,982	442,611,518
1997	445,134,254	449,027,076	450,122,589	450,323,753	450,139,184
1998	459,158,210	462,733,971	463,368,820	463,408,859	463,353,715
1999	491,215,772	495,074,602	496,620,194	496,760,747	496,603,613
2000	512,061,856	522,380,676	520,124,759	520,292,907	
2001	509,607,662	516,507,961	517,508,923		
2002	523,908,951	532,159,627			
2003	542,698,266				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.999
1992			0.999	0.999
1993		0.999	1.000	0.999
1994	1.001	1.001	1.000	0.999
1995	1.005	1.001	1.000	1.000
1996	1.003	1.002	1.001	1.000
1997	1.009	1.002	1.000	1.000
1998	1.008	1.001	1.000	1.000
1999	1.008	1.003	1.000	1.000
2000	1.020	0.996	1.000	
2001	1.014	1.002		
2002	1.016			

Five Year Average	1.013	1.001	1.000	1.000
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Three Year Average	1.017	1.000	1.000	1.000
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	Five Year	Three Year
39 to 63 months:	1.000	1.000
27 to 63 months:	1.001	1.000
15 to 63 months:	1.014	1.017

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					61,649,872
1991				65,116,409	65,195,317
1992			71,464,723	71,794,144	71,812,761
1993		73,834,531	74,606,952	75,142,975	75,141,528
1994	75,360,257	78,009,228	78,792,900	79,141,305	79,248,603
1995	77,988,625	81,871,581	82,590,616	83,077,081	83,224,393
1996	78,004,666	81,079,429	81,935,144	82,511,325	82,792,510
1997	76,476,955	79,759,255	81,147,852	81,794,233	81,862,986
1998	72,417,261	76,331,709	77,410,266	77,964,001	78,054,472
1999	74,292,734	78,073,695	79,055,962	79,796,175	80,738,717
2000	74,828,822	78,803,485	80,270,062	80,892,530	
2001	77,445,610	82,072,374	83,604,563		
2002	84,407,330	89,375,663			
2003	85,299,035				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.001
1992			1.005	1.000
1993		1.010	1.007	1.000
1994	1.035	1.010	1.004	1.001
1995	1.050	1.009	1.006	1.002
1996	1.039	1.011	1.007	1.003
1997	1.043	1.017	1.008	1.001
1998	1.054	1.014	1.007	1.001
1999	1.051	1.013	1.009	1.012
2000	1.053	1.019	1.008	
2001	1.060	1.019		
2002	1.059			
Five Year Average				
	1.055	1.016	1.008	1.004
Three Year Average				
	1.057	1.017	1.008	1.005
Five Year      Three Year				
39 to 63 months:		1.012	1.013	
27 to 63 months:		1.028	1.030	
15 to 63 months:		1.085	1.089	

Losses exclude unallocated loss adjustment expense.

See attached Exhibit (3)(e).

To the extent that such data are available, the corresponding earned premium and exposures are shown on page F-39.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

## Bodily Injury Basic Limits(a) Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					372,563,566
1991				386,775,293	383,862,164
1992			433,557,119	430,255,281	428,685,804
1993		451,465,755	456,135,578	459,352,242	459,179,969
1994	466,713,441	487,698,498	496,119,137	499,778,973	497,362,994
1995	480,109,432	499,805,208	508,281,001	510,695,093	507,711,940
1996	484,666,683	507,084,121	507,244,864	507,972,820	508,379,926
1997	499,433,785	506,416,147	510,093,020	513,062,431	515,054,841
1998	475,282,363	489,118,175	494,730,117	499,079,295	500,235,007
1999	484,067,233	497,444,285	506,104,335	511,660,823	514,128,429
2000	467,248,204	494,966,053	505,863,721	510,155,570	
2001	468,576,304	486,718,769	497,286,744		
2002	502,055,673	533,157,074			
2003	515,233,154				

## Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.992
1992			0.992	0.996
1993		1.010	1.007	1.000
1994	1.045	1.017	1.007	0.995
1995	1.041	1.017	1.005	0.994
1996	1.046	1.000	1.001	1.001
1997	1.014	1.007	1.006	1.004
1998	1.029	1.011	1.009	1.002
1999	1.028	1.017	1.011	1.005
2000	1.059	1.022	1.008	
2001	1.039	1.022		
2002	1.062			

Five Year Average	1.043	1.016	1.007	1.001
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Three Year Average	1.053	1.020	1.009	1.004
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	Five Year	Three Year
39 to 63 months:	1.008	1.013
27 to 63 months:	1.024	1.033
15 to 63 months:	1.068	1.088

(a) Losses are on a 25/50 level for 1990 - 2001.  
Losses are on a 30/60 level for 2002 - 2003.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					235,883,536
1991				231,220,066	230,755,291
1992			251,499,279	250,683,767	250,587,858
1993		291,887,630	290,341,927	290,526,361	290,374,126
1994	342,388,902	341,109,620	341,881,402	342,544,827	342,489,519
1995	384,825,188	385,156,651	386,974,758	387,215,933	387,183,990
1996	429,257,284	434,360,545	434,632,796	434,999,549	434,974,174
1997	437,020,628	440,459,398	441,423,147	441,741,292	441,578,911
1998	448,660,733	452,317,568	452,935,631	452,975,900	453,159,687
1999	478,925,504	483,717,639	485,252,017	485,572,450	485,442,667
2000	499,816,464	510,105,451	508,023,076	508,036,702	
2001	494,139,577	501,761,686	502,669,728		
2002	521,387,936	529,546,349			
2003	537,386,022				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.998
1992			0.997	1.000
1993		0.995	1.001	0.999
1994	0.996	1.002	1.002	1.000
1995	1.001	1.005	1.001	1.000
1996	1.012	1.001	1.001	1.000
1997	1.008	1.002	1.001	1.000
1998	1.008	1.001	1.000	1.000
1999	1.010	1.003	1.001	1.000
2000	1.021	0.996	1.000	
2001	1.015	1.002		
2002	1.016			

Five Year Average	1.014	1.001	1.001	1.000
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Three Year Average	1.017	1.000	1.000	1.000
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	Five Year	Three Year
39 to 63 months:	1.001	1.000
27 to 63 months:	1.002	1.000
15 to 63 months:	1.016	1.017

(a) Losses are on a \$25,000 level for 2002 - 2003.  
Losses are on a \$15,000 level for 1991 - 2001.  
Losses are on a \$10,000 level for 1990.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Bodily Injury Excess Limits (a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					81,228,885
1991				84,853,437	86,567,462
1992			84,350,001	92,590,587	93,221,469
1993		79,117,136	90,654,258	92,786,577	88,883,962
1994	55,514,684	77,800,801	92,655,750	91,041,151	90,152,444
1995	62,729,524	89,082,794	94,675,880	98,150,587	96,478,922
1996	68,978,086	88,381,693	99,692,723	99,904,973	99,147,527
1997	61,832,977	85,557,312	90,714,258	94,315,255	94,318,777
1998	60,500,292	81,972,419	91,097,088	95,182,776	95,303,963
1999	63,790,789	87,006,201	101,210,760	104,682,292	104,834,447
2000	61,523,224	89,205,766	101,479,928	106,455,451	
2001	72,030,506	103,854,315	117,983,383		
2002	66,861,543	93,113,661			
2003	74,311,987				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.020
1992			1.098	1.007
1993		1.146	1.024	0.958
1994	1.401	1.191	0.983	0.990
1995	1.420	1.063	1.037	0.983
1996	1.281	1.128	1.002	0.992
1997	1.384	1.060	1.040	1.000
1998	1.355	1.111	1.045	1.001
1999	1.364	1.163	1.034	1.001
2000	1.450	1.138	1.049	
2001	1.442	1.136		
2002	1.393			

Five Year Average	1.401	1.122	1.034	0.995
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Three Year Average	1.428	1.146	1.043	1.001
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	Five Year	Three Year
39 to 63 months:	1.029	1.044
27 to 63 months:	1.155	1.196
15 to 63 months:	1.618	1.708

(a) Losses are excess of 25/50 for 1990 - 2001.  
Losses are excess of 30/60 for 2002 - 2003.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Excess Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					7,478,563
1991				11,315,049	11,426,488
1992			15,210,970	15,795,866	15,747,941
1993		6,420,759	7,530,021	7,432,759	7,261,139
1994	3,155,641	4,890,574	4,486,247	3,809,686	3,624,771
1995	5,629,842	7,303,030	5,744,273	5,565,059	5,550,016
1996	11,094,689	7,094,230	7,697,540	7,802,433	7,637,344
1997	8,113,626	8,567,678	8,699,442	8,582,461	8,560,273
1998	10,497,477	10,416,403	10,433,189	10,432,959	10,194,028
1999	12,290,268	11,356,963	11,368,177	11,188,297	11,160,946
2000	12,245,392	12,275,225	12,101,683	12,256,205	
2001	15,468,085	14,746,275	14,839,195		
2002	2,521,015	2,613,278			
2003	5,312,244				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.010
1992			1.038	0.997
1993		1.173	0.987	0.977
1994	1.550	0.917	0.849	0.951
1995	1.297	0.787	0.969	0.997
1996	0.639	1.085	1.014	0.979
1997	1.056	1.015	0.987	0.997
1998	0.992	1.002	1.000	0.977
1999	0.924	1.001	0.984	0.998
2000	1.002	0.986	1.013	
2001	0.953	1.006		
2002	1.037			

Five Year Average	0.982	1.002	1.000	0.990
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Three Year Average	0.997	0.998	0.999	0.991
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	Five Year	Three Year
39 to 63 months:	0.990	0.990
27 to 63 months:	0.992	0.988
15 to 63 months:	0.974	0.985

(a) Losses are excess of \$25,000 for 2002-2003.  
 Losses are excess of \$15,000 for 1991-2001.  
 Losses are excess of \$10,000 for 1990.

Losses exclude unallocated loss adjustment expense.

See attached Exhibit (3)(f).

To the extent that such data are available, the corresponding earned premium and exposures are shown on page F-39.

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

## Bodily Injury Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					59,110
1991				58,901	59,647
1992			63,471	65,822	66,715
1993		63,321	68,263	70,726	71,532
1994	54,546	74,334	79,659	82,174	83,184
1995	58,762	79,570	85,550	88,337	89,284
1996	60,777	82,708	88,901	91,807	92,819
1997	61,107	82,622	88,449	91,253	92,277
1998	59,043	79,605	85,451	88,361	89,314
1999	59,845	81,377	87,482	90,444	91,471
2000	59,539	80,064	85,793	88,278	
2001	57,221	77,647	83,194		
2002	60,245	81,153			
2003	60,946				

## Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.013
1992			1.037	1.014
1993		1.078	1.036	1.011
1994	1.363	1.072	1.032	1.012
1995	1.354	1.075	1.033	1.011
1996	1.361	1.075	1.033	1.011
1997	1.352	1.071	1.032	1.011
1998	1.348	1.073	1.034	1.011
1999	1.360	1.075	1.034	1.011
2000	1.345	1.072	1.029	
2001	1.357	1.071		
2002	1.347			
Five Year Average	1.351	1.072	1.032	1.011
Three Year Average	1.350	1.073	1.032	1.011
		Five Year	Three Year	
39 to 63 months:		1.043	1.043	
27 to 63 months:		1.118	1.119	
15 to 63 months:		1.510	1.511	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Property Damage Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					139,615
1991				141,933	142,018
1992			155,183	155,412	155,474
1993		166,623	167,219	167,448	167,514
1994	185,582	190,103	190,762	190,993	191,071
1995	197,501	202,382	203,110	203,377	203,471
1996	208,525	213,750	214,766	215,084	215,157
1997	208,858	214,316	215,181	215,479	215,548
1998	210,147	215,295	216,291	216,497	216,571
1999	216,348	222,135	222,961	223,195	223,248
2000	217,097	224,702	223,537	223,723	
2001	216,633	221,788	222,476		
2002	219,946	226,027			
2003	230,194				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.001
1992			1.001	1.000
1993		1.004	1.001	1.000
1994	1.024	1.003	1.001	1.000
1995	1.025	1.004	1.001	1.000
1996	1.025	1.005	1.001	1.000
1997	1.026	1.004	1.001	1.000
1998	1.024	1.005	1.001	1.000
1999	1.027	1.004	1.001	1.000
2000	1.035	0.995	1.001	
2001	1.024	1.003		
2002	1.028			
Five Year Average	1.028	1.002	1.001	1.000
Three Year Average	1.029	1.001	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.003	1.002	
15 to 63 months:		1.031	1.031	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Paid Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					53,860
1991				53,669	53,722
1992			56,921	57,277	57,334
1993		58,681	59,889	60,266	60,348
1994	56,100	64,930	66,053	66,461	66,539
1995	57,759	67,255	68,490	68,932	69,016
1996	57,210	66,856	68,087	68,546	68,658
1997	55,345	64,573	65,830	66,314	66,404
1998	51,556	60,079	61,326	61,768	61,856
1999	50,559	59,461	60,641	61,102	61,203
2000	50,952	59,085	60,271	60,723	
2001	50,543	57,939	59,076		
2002	52,732	60,738			
2003	51,313				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.001
1992			1.006	1.001
1993		1.021	1.006	1.001
1994	1.157	1.017	1.006	1.001
1995	1.164	1.018	1.006	1.001
1996	1.169	1.018	1.007	1.002
1997	1.167	1.019	1.007	1.001
1998	1.165	1.021	1.007	1.001
1999	1.176	1.020	1.008	1.002
2000	1.160	1.020	1.007	
2001	1.146	1.020		
2002	1.152			
Five Year Average				
	1.160	1.020	1.007	1.001
Three Year Average				
	1.153	1.020	1.007	1.001
Five Year      Three Year				
39 to 63 months:		1.008	1.008	
27 to 63 months:		1.028	1.028	
15 to 63 months:		1.192	1.185	

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Bodily Injury Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					59,844
1991				60,479	60,225
1992			67,694	67,605	67,312
1993		73,974	73,092	72,624	72,128
1994	88,006	85,579	84,589	84,346	83,857
1995	93,636	91,352	90,615	90,309	89,961
1996	96,404	94,473	94,022	93,916	93,519
1997	96,535	94,256	93,811	93,427	93,082
1998	93,726	91,239	90,712	90,465	89,985
1999	96,503	93,415	93,145	92,547	92,149
2000	94,009	92,101	91,137	90,208	
2001	92,965	89,243	88,409		
2002	96,845	93,430			
2003	98,334				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.996
1992			0.999	0.996
1993		0.988	0.994	0.993
1994	0.972	0.988	0.997	0.994
1995	0.976	0.992	0.997	0.996
1996	0.980	0.995	0.999	0.996
1997	0.976	0.995	0.996	0.996
1998	0.973	0.994	0.997	0.995
1999	0.968	0.997	0.994	0.996
2000	0.980	0.990	0.990	
2001	0.960	0.991		
2002	0.965			
Five Year Average	0.969	0.993	0.995	0.996
Three Year Average	0.968	0.993	0.994	0.996
		Five Year	Three Year	
39 to 63 months:		0.991	0.990	
27 to 63 months:		0.984	0.983	
15 to 63 months:		0.953	0.952	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Property Damage Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					139,719
1991				142,095	142,080
1992			155,597	155,579	155,534
1993		167,509	167,607	167,625	167,569
1994	189,760	190,932	191,119	191,123	191,119
1995	202,092	203,290	203,409	203,482	203,511
1996	213,802	214,611	215,087	215,218	215,208
1997	213,462	215,052	215,487	215,587	215,600
1998	215,050	216,238	216,588	216,617	216,601
1999	221,998	223,310	223,277	223,319	223,297
2000	221,905	225,602	223,938	223,913	
2001	221,341	222,619	222,852		
2002	225,129	226,775			
2003	235,396				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.000
1992			1.000	1.000
1993		1.001	1.000	1.000
1994	1.006	1.001	1.000	1.000
1995	1.006	1.001	1.000	1.000
1996	1.004	1.002	1.001	1.000
1997	1.007	1.002	1.000	1.000
1998	1.006	1.002	1.000	1.000
1999	1.006	1.000	1.000	1.000
2000	1.017	0.993	1.000	
2001	1.006	1.001		
2002	1.007			
Five Year Average	1.008	1.000	1.000	1.000
Three Year Average	1.010	0.998	1.000	1.000
		Five Year	Three Year	
39 to 63 months:		1.000	1.000	
27 to 63 months:		1.000	0.998	
15 to 63 months:		1.008	1.008	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Accident Year	Medical Payments Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					53,955
1991				53,826	53,787
1992			57,337	57,422	57,389
1993		60,084	60,280	60,423	60,391
1994	65,048	66,188	66,510	66,604	66,592
1995	66,742	68,541	68,876	69,056	69,057
1996	66,485	68,189	68,540	68,706	68,723
1997	64,007	65,861	66,352	66,463	66,475
1998	60,062	61,536	61,751	61,932	61,904
1999	59,632	60,882	61,170	61,296	61,267
2000	58,978	60,351	60,685	60,897	
2001	58,107	59,050	59,469		
2002	60,999	61,968			
2003	58,965				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.999
1992			1.001	0.999
1993		1.003	1.002	0.999
1994	1.018	1.005	1.001	1.000
1995	1.027	1.005	1.003	1.000
1996	1.026	1.005	1.002	1.000
1997	1.029	1.007	1.002	1.000
1998	1.025	1.003	1.003	1.000
1999	1.021	1.005	1.002	1.000
2000	1.023	1.006	1.003	
2001	1.016	1.007		
2002	1.016			
Five Year Average	1.020	1.006	1.002	1.000
Three Year Average	1.018	1.006	1.003	1.000
		Five Year	Three Year	
39 to 63 months:		1.002	1.003	
27 to 63 months:		1.008	1.009	
15 to 63 months:		1.028	1.027	

See attached Exhibit (3)(g).

To the extent that such data are available, the corresponding earned premium and exposures are shown on page F-39.

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Bodily Injury Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1992			4,223
1993		10,653	4,829
1994	33,460	11,245	4,930
1995	34,874	11,782	5,065
1996	35,627	11,765	5,121
1997	35,428	11,634	5,362
1998	34,683	11,634	5,261
1999	36,658	12,038	5,663
2000	34,470	12,037	5,344
2001	35,744	11,596	5,215
2002	36,600	12,277	
2003	37,388		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1993		0.453
1994	0.336	0.438
1995	0.338	0.430
1996	0.330	0.435
1997	0.328	0.461
1998	0.335	0.452
1999	0.328	0.470
2000	0.349	0.444
2001	0.324	0.450
2002	0.335	
Five Year Average	0.334	0.455
Three Year Average	0.336	0.455
	Five Year	Three Year
27 to 39 months:	0.455	0.455
15 to 39 months:	0.152	0.153

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Property Damage Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1992			414
1993		886	388
1994	4,178	829	357
1995	4,591	908	299
1996	5,277	861	321
1997	4,604	736	306
1998	4,903	943	297
1999	5,650	1,175	316
2000	4,808	900	401
2001	4,708	831	376
2002	5,183	748	
2003	5,202		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1993		0.438
1994	0.198	0.431
1995	0.198	0.329
1996	0.163	0.373
1997	0.160	0.416
1998	0.192	0.315
1999	0.208	0.269
2000	0.187	0.446
2001	0.177	0.452
2002	0.144	
Five Year Average	0.182	0.380
Three Year Average	0.169	0.389
	Five Year	Three Year
27 to 39 months:	0.380	0.389
15 to 39 months:	0.069	0.066

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 CLAIM DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

Medical Payments Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1992			416
1993		1,403	391
1994	8,948	1,258	457
1995	8,983	1,286	386
1996	9,275	1,333	453
1997	8,662	1,288	522
1998	8,506	1,457	425
1999	9,073	1,421	529
2000	8,026	1,266	414
2001	7,564	1,111	393
2002	8,267	1,230	
2003	7,652		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1993		0.279
1994	0.141	0.363
1995	0.143	0.300
1996	0.144	0.340
1997	0.149	0.405
1998	0.171	0.292
1999	0.157	0.372
2000	0.158	0.327
2001	0.147	0.354
2002	0.149	
Five Year Average	0.156	0.350
Three Year Average	0.151	0.351
	Five Year	Three Year
27 to 39 months:	0.350	0.351
15 to 39 months:	0.055	0.053

## NORTH CAROLINA

## PRIVATE PASSENGER AUTOMOBILE INSURANCE

EARNED EXPOSURES BY COVERAGE

## VOLUNTARY ONLY

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1999	4,303,071	4,303,071	3,428,242
2000	4,514,197	4,514,197	3,565,423
2001	4,553,865	4,553,865	3,607,614
2002	4,661,946	4,661,946	3,703,210
2003	4,719,149	4,719,149	3,744,111

## CEDED ONLY

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1999	1,227,118	1,227,118	688,040
2000	1,140,232	1,140,232	641,778
2001	1,217,480	1,217,480	690,793
2002	1,273,188	1,273,188	733,293
2003	1,341,026	1,341,026	780,365

ESTIMATED EARNED PREMIUM BY COVERAGE

## VOLUNTARY ONLY

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1999	583,228,874	467,680,342	97,482,031
2000	603,938,199	491,607,059	102,512,105
2001	600,393,101	537,868,414	97,982,695
2002	603,931,736	593,584,482	101,685,123
2003	619,423,817	666,792,192	113,280,090

## CEDED ONLY

<u>YEAR</u>	<u>BODILY INJURY</u>	<u>PROPERTY DAMAGE</u>	<u>MEDICAL PAYMENTS</u>
1999	309,529,277	236,204,190	39,933,176
2000	274,423,872	210,423,177	31,340,231
2001	302,732,220	226,423,188	33,085,194
2002	301,613,251	271,200,790	31,361,579
2003	333,921,948	301,398,461	35,380,207

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Bodily Injury Total Limits Paid Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1991				267,473,626	280,303,499
1992			267,839,757	296,568,438	311,745,028
1993		225,076,314	281,463,841	316,030,295	329,451,280
1994	124,909,446	238,200,314	296,163,099	327,817,063	343,556,805
1995	130,991,018	251,257,511	311,681,282	347,496,187	363,133,994
1996	129,465,129	247,712,374	307,405,624	346,429,686	364,158,644
1997	131,716,874	251,103,010	312,051,907	349,688,161	366,319,867
1998	131,954,580	249,502,212	310,492,979	345,198,499	363,799,178
1999	136,928,680	262,289,392	327,202,535	364,470,808	384,322,710
2000	145,341,494	268,448,618	331,605,380	369,362,916	
2001	135,919,115	264,105,448	331,038,492		
2002	144,659,219	277,846,173			
2003	143,922,856				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.048
1992			1.107	1.051
1993		1.251	1.123	1.042
1994	1.907	1.243	1.107	1.048
1995	1.918	1.240	1.115	1.045
1996	1.913	1.241	1.127	1.051
1997	1.906	1.243	1.121	1.048
1998	1.891	1.244	1.112	1.054
1999	1.916	1.247	1.114	1.054
2000	1.847	1.235	1.114	
2001	1.943	1.253		
2002	1.921			
Five Year Average	1.904	1.244	1.118	1.050
Three Year Average	1.904	1.245	1.113	1.052

Five Year                      Three Year

39 to 63 months:	1.174	1.171
27 to 63 months:	1.460	1.458
15 to 63 months:	2.780	2.776

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Property Damage Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1991				149,744,047	150,047,455
1992			165,983,480	166,344,486	166,489,638
1993		185,344,143	186,508,431	187,003,802	187,142,154
1994	208,853,974	214,330,544	215,578,679	216,029,312	216,165,173
1995	239,409,452	246,358,664	247,827,442	248,286,260	248,442,721
1996	267,348,373	274,988,971	276,481,658	277,172,158	277,283,992
1997	272,232,851	280,249,239	281,952,172	282,533,615	282,721,197
1998	287,051,856	295,893,318	297,624,497	298,142,455	298,255,646
1999	311,224,865	319,543,751	321,709,041	322,118,970	322,240,969
2000	330,726,703	345,020,813	343,267,588	343,809,248	
2001	324,681,232	336,106,138	337,655,960		
2002	330,325,524	341,659,935			
2003	336,307,126				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.002
1992			1.002	1.001
1993		1.006	1.003	1.001
1994	1.026	1.006	1.002	1.001
1995	1.029	1.006	1.002	1.001
1996	1.029	1.005	1.002	1.000
1997	1.029	1.006	1.002	1.001
1998	1.031	1.006	1.002	1.000
1999	1.027	1.007	1.001	1.000
2000	1.043	0.995	1.002	
2001	1.035	1.005		
2002	1.034			
Five Year Average	1.034	1.004	1.002	1.000
Three Year Average	1.037	1.002	1.002	1.000
		Five Year	Three Year	
39 to 63 months:		1.002	1.002	
27 to 63 months:		1.006	1.004	
15 to 63 months:		1.040	1.041	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Medical Payments Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1991				43,676,862	43,855,454
1992			47,910,040	48,538,961	48,669,383
1993		48,486,328	50,220,650	50,891,176	51,090,326
1994	42,368,745	51,218,167	52,848,771	53,507,780	53,716,208
1995	44,328,662	54,327,371	56,077,515	56,849,656	57,077,554
1996	43,815,406	53,922,770	55,603,417	56,470,917	56,811,251
1997	43,443,931	52,934,543	55,142,839	56,099,297	56,383,066
1998	42,515,001	51,981,434	54,064,403	54,900,325	55,169,555
1999	43,858,526	54,378,026	56,378,034	57,412,858	57,548,784
2000	46,002,305	55,806,584	57,959,165	59,019,711	
2001	48,384,631	58,718,043	61,261,353		
2002	51,922,666	62,688,077			
2003	52,247,216				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.004
1992			1.013	1.003
1993		1.036	1.013	1.004
1994	1.209	1.032	1.012	1.004
1995	1.226	1.032	1.014	1.004
1996	1.231	1.031	1.016	1.006
1997	1.218	1.042	1.017	1.005
1998	1.223	1.040	1.015	1.005
1999	1.240	1.037	1.018	1.002
2000	1.213	1.039	1.018	
2001	1.214	1.043		
2002	1.207			
Five Year Average	1.219	1.040	1.017	1.004
Three Year Average	1.211	1.040	1.017	1.004
		Five Year	Three Year	
39 to 63 months:		1.021	1.021	
27 to 63 months:		1.062	1.062	
15 to 63 months:		1.295	1.286	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Bodily Injury Total Limits Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					282,561,140
1991				289,171,770	288,677,575
1992			315,968,358	320,563,129	321,126,705
1993		324,528,254	336,252,958	340,762,907	338,244,071
1994	307,546,782	335,405,608	352,142,906	353,841,908	352,363,980
1995	328,948,315	359,215,804	371,290,988	375,756,132	372,286,476
1996	331,171,423	362,097,993	371,475,392	371,745,045	372,325,990
1997	338,235,350	358,534,649	364,924,210	371,778,989	373,561,529
1998	329,217,076	351,445,425	363,364,191	369,619,589	370,853,319
1999	341,970,362	366,026,255	384,335,134	391,183,332	393,382,572
2000	332,390,379	368,908,257	387,134,717	393,988,168	
2001	339,217,710	372,371,262	390,602,820		
2002	353,667,044	389,140,541			
2003	356,697,366				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.998
1992			1.015	1.002
1993		1.036	1.013	0.993
1994	1.091	1.050	1.005	0.996
1995	1.092	1.034	1.012	0.991
1996	1.093	1.026	1.001	1.002
1997	1.060	1.018	1.019	1.005
1998	1.068	1.034	1.017	1.003
1999	1.070	1.050	1.018	1.006
2000	1.110	1.049	1.018	
2001	1.098	1.049		
2002	1.100			
Five Year Average	1.089	1.040	1.015	1.001
Three Year Average	1.103	1.049	1.018	1.005
		Five Year	Three Year	
39 to 63 months:		1.016	1.023	
27 to 63 months:		1.057	1.073	
15 to 63 months:		1.151	1.184	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Property Damage Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					155,305,889
1991				150,314,900	150,192,782
1992			166,884,142	166,750,601	166,652,641
1993		187,658,163	187,565,217	187,432,571	187,222,148
1994	215,580,652	216,191,459	216,381,905	216,423,305	216,276,852
1995	246,940,787	248,579,299	248,574,801	248,651,994	248,616,262
1996	276,267,426	276,886,275	277,164,367	277,526,896	277,431,035
1997	280,399,045	282,022,894	282,816,409	283,027,208	282,865,304
1998	296,849,433	298,005,358	298,510,484	298,469,768	298,306,952
1999	321,836,464	321,832,900	322,569,675	322,410,874	322,289,726
2000	340,096,434	347,224,747	343,980,168	344,009,627	
2001	334,870,040	338,075,600	338,627,570		
2002	338,996,505	343,490,566			
2003	345,246,714				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.999
1992			0.999	0.999
1993		1.000	0.999	0.999
1994	1.003	1.001	1.000	0.999
1995	1.007	1.000	1.000	1.000
1996	1.002	1.001	1.001	1.000
1997	1.006	1.003	1.001	0.999
1998	1.004	1.002	1.000	0.999
1999	1.000	1.002	1.000	1.000
2000	1.021	0.991	1.000	
2001	1.010	1.002		
2002	1.013			
Five Year Average	1.010	1.000	1.000	1.000
Three Year Average	1.015	0.998	1.000	0.999
		Five Year	Three Year	
39 to 63 months:		1.000	0.999	
27 to 63 months:		1.000	0.997	
15 to 63 months:		1.010	1.012	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Medical Payments Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					42,139,158
1991				43,815,972	43,911,545
1992			48,352,847	48,683,681	48,715,791
1993		49,795,031	50,631,038	51,132,691	51,167,927
1994	50,308,351	52,480,345	53,315,956	53,658,630	53,775,408
1995	52,213,324	55,858,728	56,528,216	57,004,741	57,154,627
1996	52,573,003	55,392,698	56,153,565	56,648,821	56,924,833
1997	51,928,488	54,625,154	55,777,610	56,382,846	56,488,286
1998	50,493,680	53,591,274	54,668,107	55,173,400	55,244,596
1999	53,062,938	56,115,237	57,082,950	57,729,545	58,673,761
2000	54,099,493	57,472,357	58,604,710	59,190,257	
2001	56,794,753	60,510,986	61,960,246		
2002	60,543,949	64,647,457			
2003	60,850,130				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.002
1992			1.007	1.001
1993		1.017	1.010	1.001
1994	1.043	1.016	1.006	1.002
1995	1.070	1.012	1.008	1.003
1996	1.054	1.014	1.009	1.005
1997	1.052	1.021	1.011	1.002
1998	1.061	1.020	1.009	1.001
1999	1.058	1.017	1.011	1.016
2000	1.062	1.020	1.010	
2001	1.065	1.024		
2002	1.068			
Five Year Average	1.063	1.020	1.010	1.005
Three Year Average	1.065	1.020	1.010	1.006
		Five Year	Three Year	
39 to 63 months:		1.015	1.016	
27 to 63 months:		1.035	1.036	
15 to 63 months:		1.100	1.103	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Bodily Injury Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					220,838,051
1991				220,828,657	219,961,241
1992			248,034,030	247,394,048	247,614,863
1993		257,974,446	260,872,946	263,488,539	264,719,945
1994	263,371,753	273,691,532	279,656,754	282,437,524	281,983,940
1995	277,278,031	286,329,745	294,934,944	296,364,163	294,571,781
1996	274,596,872	289,872,311	290,277,242	290,370,189	291,170,689
1997	287,806,243	288,003,810	289,753,370	293,417,186	294,710,485
1998	279,631,461	283,443,817	287,122,200	290,335,486	291,518,174
1999	287,757,237	291,278,162	297,711,334	301,975,729	304,111,882
2000	280,701,710	294,453,525	302,382,187	304,740,860	
2001	281,350,691	289,660,333	296,802,771		
2002	297,658,702	311,414,552			
2003	295,092,768				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.996
1992			0.997	1.001
1993		1.011	1.010	1.005
1994	1.039	1.022	1.010	0.998
1995	1.033	1.030	1.005	0.994
1996	1.056	1.001	1.000	1.003
1997	1.001	1.006	1.013	1.004
1998	1.014	1.013	1.011	1.004
1999	1.012	1.022	1.014	1.007
2000	1.049	1.027	1.008	
2001	1.030	1.025		
2002	1.046			

Five Year Average	1.030	1.019	1.009	1.002
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Three Year Average	1.042	1.025	1.011	1.005
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	Five Year	Three Year
39 to 63 months:	1.011	1.016
27 to 63 months:	1.030	1.041
15 to 63 months:	1.061	1.085

(a) Losses are on a 30/60 level for 2002-2003.  
Losses are on a 25/50 level for 1990-2001.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Property Damage Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					151,127,628
1991				141,355,574	141,177,009
1992			154,129,613	153,765,981	153,699,913
1993		182,459,513	181,470,505	181,513,053	181,409,030
1994	213,369,073	212,646,687	212,908,260	213,555,881	213,535,132
1995	243,317,459	242,927,095	244,554,516	244,741,870	244,723,257
1996	267,813,166	271,814,464	271,696,402	272,012,743	271,996,501
1997	274,485,578	275,941,421	276,685,201	276,967,434	276,813,730
1998	288,938,904	290,584,122	290,817,272	290,825,415	290,891,530
1999	313,167,518	313,788,027	314,571,078	314,556,690	314,447,709
2000	330,730,795	337,810,703	334,749,005	334,724,991	
2001	324,263,934	328,208,148	328,785,742		
2002	337,116,430	341,638,118			
2003	340,725,626				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.999
1992			0.998	1.000
1993		0.995	1.000	0.999
1994	0.997	1.001	1.003	1.000
1995	0.998	1.007	1.001	1.000
1996	1.015	1.000	1.001	1.000
1997	1.005	1.003	1.001	0.999
1998	1.006	1.001	1.000	1.000
1999	1.002	1.002	1.000	1.000
2000	1.021	0.991	1.000	
2001	1.012	1.002		
2002	1.013			
Five Year Average	1.011	1.000	1.000	1.000
Three Year Average	1.015	0.998	1.000	1.000
		Five Year	Three Year	
39 to 63 months:		1.000	1.000	
27 to 63 months:		1.000	0.998	
15 to 63 months:		1.011	1.013	

(a) Losses are on a \$25,000 level for 2002-2003.  
Losses are on a \$15,000 level for 1991-2001.  
Losses are on a \$10,000 level for 1990.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Bodily Injury Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1991				36,219	36,661
1992			39,254	40,616	41,187
1993		38,185	41,056	42,498	42,971
1994	31,301	41,893	44,983	46,413	47,020
1995	33,627	45,092	48,533	50,192	50,828
1996	34,069	45,814	49,242	50,971	51,601
1997	34,165	45,678	49,060	50,677	51,312
1998	33,659	45,185	48,526	50,236	50,789
1999	34,948	46,816	50,282	51,998	52,618
2000	35,764	47,333	50,617	51,977	
2001	34,241	46,028	49,430		
2002	35,848	47,859			
2003	35,858				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.012
1992			1.035	1.014
1993		1.075	1.035	1.011
1994	1.338	1.074	1.032	1.013
1995	1.341	1.076	1.034	1.013
1996	1.345	1.075	1.035	1.012
1997	1.337	1.074	1.033	1.013
1998	1.342	1.074	1.035	1.011
1999	1.340	1.074	1.034	1.012
2000	1.323	1.069	1.027	
2001	1.344	1.074		
2002	1.335			

Five Year Average	1.337	1.073	1.033	1.012
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Three Year Average	1.334	1.072	1.032	1.012
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Five Year      Three Year

39 to 63 months:	1.045	1.044
27 to 63 months:	1.121	1.119
15 to 63 months:	1.499	1.493

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Property Damage Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1991				90,633	90,690
1992			100,761	100,921	100,951
1993		107,710	108,048	108,183	108,219
1994	116,385	118,834	119,170	119,278	119,329
1995	124,064	126,722	127,128	127,315	127,384
1996	129,357	132,110	132,768	132,933	132,981
1997	129,914	132,984	133,550	133,747	133,800
1998	133,638	136,492	137,115	137,235	137,263
1999	139,595	142,084	142,552	142,589	142,620
2000	142,423	147,633	145,909	146,005	
2001	142,114	144,690	145,103		
2002	142,112	145,623			
2003	142,854				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.001
1992			1.002	1.000
1993		1.003	1.001	1.000
1994	1.021	1.003	1.001	1.000
1995	1.021	1.003	1.001	1.001
1996	1.021	1.005	1.001	1.000
1997	1.024	1.004	1.001	1.000
1998	1.021	1.005	1.001	1.000
1999	1.018	1.003	1.000	1.000
2000	1.037	0.988	1.001	
2001	1.018	1.003		
2002	1.025			

Five Year Average	1.024	1.001	1.001	1.000
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Three Year Average	1.027	0.998	1.001	1.000
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Five Year      Three Year

39 to 63 months:	1.001	1.001
27 to 63 months:	1.002	0.999
15 to 63 months:	1.026	1.026

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Medical Payments Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1991				34,825	34,883
1992			37,480	37,736	37,777
1993		38,006	38,812	39,057	39,119
1994	34,973	40,300	41,013	41,282	41,347
1995	35,943	41,594	42,381	42,696	42,761
1996	34,816	40,555	41,382	41,708	41,776
1997	33,743	39,271	40,123	40,486	40,559
1998	32,118	37,416	38,317	38,667	38,731
1999	32,298	38,069	38,882	39,163	39,237
2000	33,650	39,160	39,932	40,273	
2001	33,696	38,638	39,494		
2002	34,276	39,696			
2003	33,230				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.002
1992			1.007	1.001
1993		1.021	1.006	1.002
1994	1.152	1.018	1.007	1.002
1995	1.157	1.019	1.007	1.002
1996	1.165	1.020	1.008	1.002
1997	1.164	1.022	1.009	1.002
1998	1.165	1.024	1.009	1.002
1999	1.179	1.021	1.007	1.002
2000	1.164	1.020	1.009	
2001	1.147	1.022		
2002	1.158			
Five Year Average	1.163	1.022	1.008	1.002
Three Year Average	1.156	1.021	1.008	1.002
		Five Year	Three Year	
39 to 63 months:		1.010	1.010	
27 to 63 months:		1.032	1.031	
15 to 63 months:		1.200	1.192	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Bodily Injury Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					37,331
1991				37,158	36,996
1992			41,739	41,708	41,542
1993		44,574	43,975	43,611	43,339
1994	50,819	48,743	47,953	47,831	47,488
1995	54,645	52,590	51,948	51,632	51,346
1996	55,300	53,207	52,654	52,386	52,069
1997	55,275	53,118	52,492	52,135	51,832
1998	54,721	52,464	51,915	51,551	51,207
1999	57,517	54,562	53,863	53,342	53,037
2000	57,171	54,901	54,115	53,228	
2001	55,746	53,390	52,784		
2002	57,489	55,263			
2003	57,318				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.996
1992			0.999	0.996
1993		0.987	0.992	0.994
1994	0.959	0.984	0.997	0.993
1995	0.962	0.988	0.994	0.994
1996	0.962	0.990	0.995	0.994
1997	0.961	0.988	0.993	0.994
1998	0.959	0.990	0.993	0.993
1999	0.949	0.987	0.990	0.994
2000	0.960	0.986	0.984	
2001	0.958	0.989		
2002	0.961			

Five Year Average	0.957	0.988	0.991	0.994
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Three Year Average	0.960	0.987	0.989	0.994
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	Five Year	Three Year
39 to 63 months:	0.985	0.983
27 to 63 months:	0.973	0.970
15 to 63 months:	0.931	0.931

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Property Damage Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					91,781
1991				90,706	90,717
1992			100,980	101,010	100,980
1993		108,223	108,279	108,262	108,244
1994	118,730	119,329	119,372	119,348	119,361
1995	126,717	127,321	127,327	127,392	127,415
1996	132,697	132,699	132,991	133,026	133,020
1997	132,831	133,485	133,761	133,826	133,837
1998	136,734	137,101	137,319	137,320	137,283
1999	142,944	142,633	142,749	142,663	142,638
2000	145,422	148,156	146,101	146,055	
2001	145,005	145,139	145,264		
2002	145,234	146,067			
2003	145,829				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.000
1992			1.000	1.000
1993		1.001	1.000	1.000
1994	1.005	1.000	1.000	1.000
1995	1.005	1.000	1.001	1.000
1996	1.000	1.002	1.000	1.000
1997	1.005	1.002	1.000	1.000
1998	1.003	1.002	1.000	1.000
1999	0.998	1.001	0.999	1.000
2000	1.019	0.986	1.000	
2001	1.001	1.001		
2002	1.006			
Five Year Average	1.005	0.998	1.000	1.000
Three Year Average	1.009	0.996	1.000	1.000
		Five Year	Three Year	
39 to 63 months:		1.000	1.000	
27 to 63 months:		0.998	0.996	
15 to 63 months:		1.003	1.005	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Medical Payments Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					35,590
1991				34,921	34,913
1992			37,730	37,807	37,803
1993		38,874	39,044	39,142	39,139
1994	40,538	41,006	41,261	41,363	41,377
1995	41,343	42,437	42,642	42,791	42,790
1996	40,669	41,503	41,711	41,817	41,827
1997	39,262	40,211	40,493	40,604	40,618
1998	37,677	38,369	38,652	38,786	38,764
1999	38,340	39,056	39,267	39,319	39,291
2000	39,174	40,060	40,237	40,398	
2001	38,773	39,399	39,766		
2002	39,568	40,463			
2003	38,007				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.000
1992			1.002	1.000
1993		1.004	1.003	1.000
1994	1.012	1.006	1.002	1.000
1995	1.026	1.005	1.003	1.000
1996	1.021	1.005	1.003	1.000
1997	1.024	1.007	1.003	1.000
1998	1.018	1.007	1.003	0.999
1999	1.019	1.005	1.001	0.999
2000	1.023	1.004	1.004	
2001	1.016	1.009		
2002	1.023			

Five Year Average	1.020	1.006	1.003	1.000
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Three Year Average	1.021	1.006	1.003	0.999
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Five Year                      Three Year

39 to 63 months:	1.003	1.002
27 to 63 months:	1.009	1.008
15 to 63 months:	1.029	1.029

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Bodily Injury Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1992			2,485
1993		6,389	2,919
1994	19,518	6,850	2,970
1995	21,018	7,498	3,415
1996	21,231	7,393	3,412
1997	21,110	7,440	3,432
1998	21,062	7,279	3,389
1999	22,569	7,746	3,581
2000	21,407	7,568	3,498
2001	21,505	7,362	3,354
2002	21,641	7,404	
2003	21,460		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1993		0.457
1994	0.351	0.434
1995	0.357	0.455
1996	0.348	0.462
1997	0.352	0.461
1998	0.346	0.466
1999	0.343	0.462
2000	0.354	0.462
2001	0.342	0.456
2002	0.342	
Five Year Average	0.345	0.461
Three Year Average	0.346	0.460
	Five Year	Three Year
27 to 39 months:	0.461	0.460
15 to 39 months:	0.159	0.159

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Property Damage Outstanding Claims as of		
	15 Months	27 Months	39 Months
1992			219
1993		513	231
1994	2,345	495	202
1995	2,653	599	199
1996	3,340	589	223
1997	2,917	501	211
1998	3,096	609	204
1999	3,349	549	197
2000	2,999	523	192
2001	2,891	449	161
2002	3,122	444	
2003	2,975		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1993		0.450
1994	0.211	0.408
1995	0.226	0.332
1996	0.176	0.379
1997	0.172	0.421
1998	0.197	0.335
1999	0.164	0.359
2000	0.174	0.367
2001	0.155	0.359
2002	0.142	
Five Year Average	0.166	0.368
Three Year Average	0.157	0.362
	Five Year	Three Year
27 to 39 months:	0.368	0.362
15 to 39 months:	0.061	0.057

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Voluntary Only

Accident Year	Medical Payments Outstanding Claims as of		
	15 Months	27 Months	39 Months
1992			250
1993		868	232
1994	5,565	706	248
1995	5,400	843	261
1996	5,853	948	329
1997	5,519	940	370
1998	5,559	953	335
1999	6,042	987	385
2000	5,524	900	305
2001	5,077	761	272
2002	5,292	767	
2003	4,777		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1993		0.267
1994	0.127	0.351
1995	0.156	0.310
1996	0.162	0.347
1997	0.170	0.394
1998	0.171	0.352
1999	0.163	0.390
2000	0.163	0.339
2001	0.150	0.357
2002	0.145	
Five Year Average	0.158	0.366
Three Year Average	0.153	0.362
	Five Year	Three Year
27 to 39 months:	0.366	0.362
15 to 39 months:	0.058	0.055

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Ceded Only

Bodily Injury Total Limits Paid Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1991				171,955,354	177,600,520
1992			176,731,255	191,143,043	196,678,406
1993		154,592,810	183,103,082	198,049,423	203,458,369
1994	95,674,504	175,548,231	205,915,950	222,465,506	228,576,147
1995	95,985,226	174,336,112	205,414,915	221,303,468	225,944,484
1996	98,979,131	178,317,152	210,294,473	225,789,603	231,472,253
1997	97,927,269	180,512,993	210,222,424	225,675,172	231,891,887
1998	96,647,041	169,671,248	198,554,240	214,824,343	220,828,026
1999	94,946,771	168,301,271	199,627,433	215,803,053	222,153,943
2000	92,925,513	168,994,339	198,304,888	213,897,482	
2001	93,543,064	172,612,226	202,351,099		
2002	102,289,306	184,918,616			
2003	110,826,613				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.033
1992			1.082	1.029
1993		1.184	1.082	1.027
1994	1.835	1.173	1.080	1.027
1995	1.816	1.178	1.077	1.021
1996	1.802	1.179	1.074	1.025
1997	1.843	1.165	1.074	1.028
1998	1.756	1.170	1.082	1.028
1999	1.773	1.186	1.081	1.029
2000	1.819	1.173	1.079	
2001	1.845	1.172		
2002	1.808			

Five Year Average	1.800	1.173	1.078	1.026
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Three Year Average	1.824	1.177	1.081	1.028
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Five Year      Three Year

39 to 63 months:	1.106	1.111
27 to 63 months:	1.297	1.308
15 to 63 months:	2.335	2.386

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Property Damage Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1991				91,774,509	91,827,074
1992			98,992,930	99,268,241	99,442,646
1993		107,534,537	108,087,180	108,436,324	108,610,292
1994	121,960,914	126,539,247	127,446,652	127,936,707	128,042,881
1995	135,086,610	140,546,052	141,650,662	141,940,120	142,048,456
1996	156,527,113	163,361,517	164,519,331	164,993,231	165,090,593
1997	158,980,526	165,804,050	166,790,046	167,172,421	167,220,124
1998	156,325,056	163,400,964	164,517,027	164,862,351	165,018,030
1999	161,874,885	172,064,068	173,444,240	174,153,232	173,928,942
2000	166,136,058	173,945,669	175,610,844	175,934,143	
2001	169,265,356	177,560,347	178,428,403		
2002	179,578,413	187,797,079			
2003	192,220,725				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.001
1992			1.003	1.002
1993		1.005	1.003	1.002
1994	1.038	1.007	1.004	1.001
1995	1.040	1.008	1.002	1.001
1996	1.044	1.007	1.003	1.001
1997	1.043	1.006	1.002	1.000
1998	1.045	1.007	1.002	1.001
1999	1.063	1.008	1.004	0.999
2000	1.047	1.010	1.002	
2001	1.049	1.005		
2002	1.046			
Five Year Average	1.050	1.007	1.003	1.000
Three Year Average	1.047	1.008	1.003	1.000

	Five Year	Three Year
39 to 63 months:	1.003	1.003
27 to 63 months:	1.010	1.011
15 to 63 months:	1.061	1.059

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Medical Payments Total Limits Paid Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1991				21,220,903	21,237,930
1992			22,890,174	23,008,403	23,044,648
1993		23,039,957	23,443,277	23,586,488	23,604,567
1994	20,613,923	24,472,746	24,870,253	25,028,212	25,054,150
1995	21,020,960	24,977,571	25,454,679	25,591,758	25,606,118
1996	21,117,150	25,177,214	25,648,994	25,799,901	25,851,391
1997	20,789,872	24,689,609	25,219,515	25,376,287	25,361,913
1998	18,800,056	22,219,399	22,634,772	22,750,024	22,785,514
1999	18,041,034	21,469,238	21,818,692	22,032,472	22,056,943
2000	17,971,442	20,968,603	21,483,008	21,664,299	
2001	17,978,561	21,060,858	21,482,278		
2002	20,910,182	24,258,156			
2003	21,357,848				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.001
1992			1.005	1.002
1993		1.018	1.006	1.001
1994	1.187	1.016	1.006	1.001
1995	1.188	1.019	1.005	1.001
1996	1.192	1.019	1.006	1.002
1997	1.188	1.021	1.006	0.999
1998	1.182	1.019	1.005	1.002
1999	1.190	1.016	1.010	1.001
2000	1.167	1.025	1.008	
2001	1.171	1.020		
2002	1.160			
Five Year Average	1.174	1.020	1.007	1.001
Three Year Average	1.166	1.020	1.008	1.001
		Five Year	Three Year	
39 to 63 months:		1.008	1.009	
27 to 63 months:		1.028	1.029	
15 to 63 months:		1.207	1.200	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Ceded Only

Bodily Injury Total Limits Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					171,231,311
1991				182,456,960	181,752,051
1992			201,938,762	202,282,739	200,780,568
1993		203,240,639	207,699,572	208,487,802	206,916,210
1994	212,113,286	226,615,836	233,088,200	233,331,500	231,454,363
1995	211,291,368	226,665,473	228,518,512	229,930,990	228,709,369
1996	222,473,346	233,367,821	235,462,195	236,132,748	235,201,463
1997	223,031,412	233,438,810	235,883,068	235,598,697	235,812,089
1998	206,565,579	219,645,169	222,463,014	224,642,482	224,685,651
1999	205,887,660	218,424,231	222,979,961	225,159,783	225,580,304
2000	196,381,049	215,263,562	220,208,932	222,622,853	
2001	201,389,100	218,201,822	224,667,307		
2002	215,250,172	237,130,194			
2003	232,847,775				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.996
1992			1.002	0.993
1993		1.022	1.004	0.992
1994	1.068	1.029	1.001	0.992
1995	1.073	1.008	1.006	0.995
1996	1.049	1.009	1.003	0.996
1997	1.047	1.010	0.999	1.001
1998	1.063	1.013	1.010	1.000
1999	1.061	1.021	1.010	1.002
2000	1.096	1.023	1.011	
2001	1.083	1.030		
2002	1.102			
Five Year Average	1.081	1.019	1.007	0.999
Three Year Average	1.094	1.025	1.010	1.001
		Five Year	Three Year	
39 to 63 months:		1.006	1.011	
27 to 63 months:		1.025	1.036	
15 to 63 months:		1.108	1.133	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Property Damage Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					88,056,210
1991				92,220,215	91,988,997
1992			99,826,107	99,729,032	99,683,158
1993		109,066,310	108,720,068	108,939,067	108,825,115
1994	128,206,307	128,082,658	128,266,216	128,209,521	128,115,751
1995	141,503,780	141,878,888	142,135,035	142,123,346	142,108,158
1996	164,084,547	164,568,500	165,165,969	165,275,086	165,180,483
1997	164,735,209	167,004,182	167,306,180	167,296,545	167,273,880
1998	162,308,777	164,728,613	164,858,336	164,939,091	165,046,763
1999	169,379,308	173,241,702	174,050,519	174,349,873	174,313,887
2000	171,965,422	175,155,929	176,144,591	176,283,280	
2001	174,737,622	178,432,361	178,881,353		
2002	184,912,446	188,669,061			
2003	197,451,552				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.997
1992			0.999	1.000
1993		0.997	1.002	0.999
1994	0.999	1.001	1.000	0.999
1995	1.003	1.002	1.000	1.000
1996	1.003	1.004	1.001	0.999
1997	1.014	1.002	1.000	1.000
1998	1.015	1.001	1.000	1.001
1999	1.023	1.005	1.002	1.000
2000	1.019	1.006	1.001	
2001	1.021	1.003		
2002	1.020			
Five Year Average	1.020	1.003	1.001	1.000
Three Year Average	1.020	1.005	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.004	1.006	
15 to 63 months:		1.024	1.026	

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Medical Payments Total Limits Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					19,510,714
1991				21,300,437	21,283,772
1992			23,111,876	23,110,463	23,096,970
1993		23,706,384	23,640,022	23,668,349	23,630,626
1994	24,682,467	25,148,709	25,087,010	25,086,747	25,074,544
1995	25,403,543	25,613,125	25,648,559	25,661,644	25,652,374
1996	25,431,663	25,686,731	25,781,579	25,862,504	25,867,677
1997	24,548,467	25,134,101	25,370,242	25,411,387	25,374,700
1998	21,923,581	22,740,435	22,742,159	22,790,601	22,809,876
1999	21,229,796	21,958,458	21,973,012	22,066,630	22,064,956
2000	20,729,329	21,331,128	21,665,352	21,702,273	
2001	20,650,857	21,561,388	21,644,317		
2002	23,863,381	24,728,206			
2003	24,448,905				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.999
1992			1.000	0.999
1993		0.997	1.001	0.998
1994	1.019	0.998	1.000	1.000
1995	1.008	1.001	1.001	1.000
1996	1.010	1.004	1.003	1.000
1997	1.024	1.009	1.002	0.999
1998	1.037	1.000	1.002	1.001
1999	1.034	1.001	1.004	1.000
2000	1.029	1.016	1.002	
2001	1.044	1.004		
2002	1.036			

Five Year Average	1.036	1.006	1.003	1.000
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Three Year Average	1.036	1.007	1.003	1.000
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	Five Year	Three Year
39 to 63 months:	1.003	1.003
27 to 63 months:	1.009	1.010
15 to 63 months:	1.045	1.046

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
 AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
 LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Bodily Injury Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					151,725,515
1991				165,946,636	163,900,923
1992			185,523,089	182,861,233	181,070,941
1993		191,313,559	193,060,772	193,651,039	192,223,320
1994	201,275,583	211,643,234	213,987,391	214,862,522	212,876,748
1995	200,834,911	211,076,172	210,810,908	211,795,604	210,556,254
1996	210,069,811	217,211,810	216,967,622	217,602,631	217,209,237
1997	211,627,542	218,412,337	220,339,650	219,645,245	220,344,356
1998	195,650,902	205,674,358	207,607,917	208,743,809	208,716,833
1999	196,309,996	206,166,123	208,393,001	209,685,094	210,016,547
2000	186,546,494	200,512,528	203,481,534	205,414,710	
2001	187,225,613	197,058,436	200,483,973		
2002	204,396,971	221,742,522			
2003	220,140,386				

Accident Year	Loss Development Factors			
	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.988
1992			0.986	0.990
1993		1.009	1.003	0.993
1994	1.052	1.011	1.004	0.991
1995	1.051	0.999	1.005	0.994
1996	1.034	0.999	1.003	0.998
1997	1.032	1.009	0.997	1.003
1998	1.051	1.009	1.005	1.000
1999	1.050	1.011	1.006	1.002
2000	1.075	1.015	1.010	
2001	1.053	1.017		
2002	1.085			
Five Year Average	1.063	1.012	1.004	0.999
Three Year Average	1.071	1.014	1.007	1.002

	Five Year	Three Year
39 to 63 months:	1.003	1.009
27 to 63 months:	1.015	1.023
15 to 63 months:	1.079	1.096

(a) Losses are on a 30/60 level for 2002-2003.  
 Losses are on a 25/50 level for 1990-2001.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Property Damage Basic Limits(a) Incurred Losses as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					84,755,908
1991				89,864,492	89,578,282
1992			97,369,666	96,917,786	96,887,945
1993		107,847,852	107,288,410	107,429,477	107,380,745
1994	127,266,865	126,741,476	127,258,234	127,271,879	127,237,320
1995	139,502,806	140,237,454	140,420,439	140,477,803	140,460,539
1996	161,444,118	162,546,081	162,936,394	162,986,806	162,977,673
1997	162,535,050	164,517,977	164,737,946	164,773,858	164,765,181
1998	159,721,829	161,733,446	162,118,359	162,150,485	162,268,157
1999	165,757,986	169,929,612	170,680,939	171,015,760	170,994,958
2000	169,085,669	172,294,748	173,274,071	173,311,711	
2001	169,875,643	173,553,538	173,883,987		
2002	184,271,506	187,908,231			
2003	196,660,396				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.997
1992			0.995	1.000
1993		0.995	1.001	1.000
1994	0.996	1.004	1.000	1.000
1995	1.005	1.001	1.000	1.000
1996	1.007	1.002	1.000	1.000
1997	1.012	1.001	1.000	1.000
1998	1.013	1.002	1.000	1.001
1999	1.025	1.004	1.002	1.000
2000	1.019	1.006	1.000	
2001	1.022	1.002		
2002	1.020			
Five Year Average	1.020	1.003	1.000	1.000
Three Year Average	1.020	1.004	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.000	1.001	
27 to 63 months:		1.003	1.005	
15 to 63 months:		1.023	1.025	

(a) Losses are on a \$25,000 level for 2002-2003.  
Losses are on a \$15,000 level for 1991-2001.  
Losses are on a \$10,000 level for 1990.

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Bodily Injury Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1991				22,682	22,986
1992			24,217	25,206	25,528
1993		24,838	26,895	27,910	28,240
1994	23,001	32,141	34,358	35,440	35,841
1995	24,913	34,193	36,716	37,835	38,143
1996	26,708	36,894	39,659	40,836	41,218
1997	26,942	36,944	39,389	40,576	40,965
1998	25,384	34,420	36,925	38,125	38,525
1999	24,897	34,561	37,200	38,446	38,853
2000	23,775	32,731	35,176	36,301	
2001	22,980	31,619	33,764		
2002	24,397	33,294			
2003	25,088				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.013
1992			1.041	1.013
1993		1.083	1.038	1.012
1994	1.397	1.069	1.031	1.011
1995	1.372	1.074	1.030	1.008
1996	1.381	1.075	1.030	1.009
1997	1.371	1.066	1.030	1.010
1998	1.356	1.073	1.032	1.010
1999	1.388	1.076	1.033	1.011
2000	1.377	1.075	1.032	
2001	1.376	1.068		
2002	1.365			

Five Year Average	1.372	1.072	1.031	1.010
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Three Year Average	1.373	1.073	1.032	1.010
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Five Year      Three Year

39 to 63 months:	1.041	1.042
27 to 63 months:	1.116	1.118
15 to 63 months:	1.531	1.535

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Property Damage Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1991				51,300	51,328
1992			54,422	54,491	54,523
1993		58,084	58,340	58,433	58,463
1994	68,368	70,431	70,752	70,874	70,901
1995	72,562	74,773	75,089	75,169	75,194
1996	79,168	81,640	81,998	82,151	82,176
1997	78,944	81,332	81,631	81,732	81,748
1998	76,509	78,803	79,176	79,262	79,308
1999	76,753	80,051	80,409	80,606	80,628
2000	74,674	77,069	77,628	77,718	
2001	74,519	77,098	77,373		
2002	77,834	80,404			
2003	87,340				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.001
1992			1.001	1.001
1993		1.004	1.002	1.001
1994	1.030	1.005	1.002	1.000
1995	1.030	1.004	1.001	1.000
1996	1.031	1.004	1.002	1.000
1997	1.030	1.004	1.001	1.000
1998	1.030	1.005	1.001	1.001
1999	1.043	1.004	1.002	1.000
2000	1.032	1.007	1.001	
2001	1.035	1.004		
2002	1.033			
Five Year Average	1.035	1.005	1.001	1.000
Three Year Average	1.033	1.005	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.006	1.006	
15 to 63 months:		1.041	1.039	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Medical Payments Paid Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1991				18,844	18,839
1992			19,441	19,541	19,557
1993		20,420	20,819	20,949	20,969
1994	20,868	24,342	24,745	24,879	24,890
1995	21,556	25,375	25,815	25,942	25,959
1996	22,394	26,301	26,705	26,838	26,882
1997	21,602	25,302	25,707	25,828	25,845
1998	19,438	22,663	23,009	23,101	23,125
1999	18,261	21,392	21,759	21,939	21,966
2000	17,302	19,925	20,339	20,450	
2001	16,847	19,301	19,582		
2002	18,456	21,042			
2003	18,083				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				1.000
1992			1.005	1.001
1993		1.020	1.006	1.001
1994	1.166	1.017	1.005	1.000
1995	1.177	1.017	1.005	1.001
1996	1.174	1.015	1.005	1.002
1997	1.171	1.016	1.005	1.001
1998	1.166	1.015	1.004	1.001
1999	1.171	1.017	1.008	1.001
2000	1.152	1.021	1.005	
2001	1.146	1.015		
2002	1.140			
Five Year Average	1.155	1.017	1.005	1.001
Three Year Average	1.146	1.018	1.006	1.001
		Five Year	Three Year	
39 to 63 months:		1.006	1.007	
27 to 63 months:		1.023	1.025	
15 to 63 months:		1.182	1.175	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Bodily Injury Incurred Claims as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					22,513
1991				23,321	23,229
1992			25,955	25,897	25,770
1993		29,078	28,796	28,692	28,468
1994	36,852	36,513	36,311	36,189	36,045
1995	38,665	38,448	38,351	38,363	38,301
1996	41,104	41,266	41,368	41,530	41,450
1997	41,260	41,138	41,319	41,292	41,250
1998	39,005	38,775	38,797	38,914	38,778
1999	38,986	38,853	39,282	39,205	39,112
2000	36,838	37,200	37,022	36,980	
2001	37,219	35,853	35,625		
2002	39,356	38,167			
2003	41,016				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.996
1992			0.998	0.995
1993		0.990	0.996	0.992
1994	0.991	0.994	0.997	0.996
1995	0.994	0.997	1.000	0.998
1996	1.004	1.002	1.004	0.998
1997	0.997	1.004	0.999	0.999
1998	0.994	1.001	1.003	0.997
1999	0.997	1.011	0.998	0.998
2000	1.010	0.995	0.999	
2001	0.963	0.994		
2002	0.970			
Five Year Average	0.987	1.001	1.001	0.998
Three Year Average	0.981	1.000	1.000	0.998
		Five Year	Three Year	
39 to 63 months:		0.999	0.998	
27 to 63 months:		1.000	0.998	
15 to 63 months:		0.987	0.979	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Property Damage Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					47,938
1991				51,389	51,363
1992			54,617	54,569	54,554
1993		58,449	58,493	58,530	58,493
1994	70,168	70,761	70,907	70,934	70,917
1995	74,464	75,077	75,189	75,196	75,203
1996	81,105	81,912	82,096	82,192	82,188
1997	80,631	81,567	81,726	81,761	81,763
1998	78,316	79,137	79,269	79,297	79,318
1999	79,054	80,677	80,528	80,656	80,659
2000	76,483	77,446	77,837	77,858	
2001	76,336	77,480	77,588		
2002	79,895	80,708			
2003	89,567				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.999
1992			0.999	1.000
1993		1.001	1.001	0.999
1994	1.008	1.002	1.000	1.000
1995	1.008	1.001	1.000	1.000
1996	1.010	1.002	1.001	1.000
1997	1.012	1.002	1.000	1.000
1998	1.010	1.002	1.000	1.000
1999	1.021	0.998	1.002	1.000
2000	1.013	1.005	1.000	
2001	1.015	1.001		
2002	1.010			
Five Year Average	1.014	1.002	1.001	1.000
Three Year Average	1.013	1.001	1.001	1.000
		Five Year	Three Year	
39 to 63 months:		1.001	1.001	
27 to 63 months:		1.003	1.002	
15 to 63 months:		1.017	1.015	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Accident Year	Medical Payments Incurred Claims as of				
	15 Months	27 Months	39 Months	51 Months	63 Months
1990					18,365
1991				18,905	18,874
1992			19,607	19,615	19,586
1993		20,953	20,977	21,021	20,992
1994	24,227	24,888	24,950	24,938	24,913
1995	25,117	25,810	25,938	25,970	25,970
1996	25,816	26,686	26,829	26,889	26,896
1997	24,745	25,650	25,859	25,859	25,857
1998	22,385	23,167	23,099	23,146	23,140
1999	21,292	21,826	21,903	21,977	21,976
2000	19,804	20,291	20,448	20,499	
2001	19,334	19,651	19,703		
2002	21,431	21,505			
2003	20,958				

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.998
1992			1.000	0.999
1993		1.001	1.002	0.999
1994	1.027	1.002	1.000	0.999
1995	1.028	1.005	1.001	1.000
1996	1.034	1.005	1.002	1.000
1997	1.037	1.008	1.000	1.000
1998	1.035	0.997	1.002	1.000
1999	1.025	1.004	1.003	1.000
2000	1.025	1.008	1.002	
2001	1.016	1.003		
2002	1.003			
Five Year Average	1.021	1.004	1.002	1.000
Three Year Average	1.015	1.005	1.002	1.000
		Five Year	Three Year	
39 to 63 months:		1.002	1.002	
27 to 63 months:		1.006	1.007	
15 to 63 months:		1.027	1.022	

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Bodily Injury Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1992			1,738
1993		4,240	1,901
1994	13,851	4,372	1,953
1995	13,752	4,255	1,635
1996	14,396	4,372	1,709
1997	14,318	4,194	1,930
1998	13,621	4,355	1,872
1999	14,089	4,292	2,082
2000	13,063	4,469	1,846
2001	14,239	4,234	1,861
2002	14,959	4,873	
2003	15,928		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1993		0.448
1994	0.316	0.447
1995	0.309	0.384
1996	0.304	0.391
1997	0.293	0.460
1998	0.320	0.430
1999	0.305	0.485
2000	0.342	0.413
2001	0.297	0.440
2002	0.326	
Five Year Average	0.318	0.446
Three Year Average	0.322	0.446
	Five Year	Three Year
27 to 39 months:	0.446	0.446
15 to 39 months:	0.142	0.144

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

Ceded Only

Property Damage Outstanding Claims as of

Accident Year	15 Months	27 Months	39 Months
1992			195
1993		365	153
1994	1,800	330	155
1995	1,902	304	100
1996	1,937	272	98
1997	1,687	235	95
1998	1,807	334	93
1999	2,301	626	119
2000	1,809	377	209
2001	1,817	382	215
2002	2,061	304	
2003	2,227		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1993		0.419
1994	0.183	0.470
1995	0.160	0.329
1996	0.140	0.360
1997	0.139	0.404
1998	0.185	0.278
1999	0.272	0.190
2000	0.208	0.554
2001	0.210	0.563
2002	0.148	
Five Year Average	0.205	0.398
Three Year Average	0.189	0.436
	Five Year	Three Year
27 to 39 months:	0.398	0.436
15 to 39 months:	0.082	0.082

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
CLAIM DEVELOPMENT

All Carriers

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Accident Year	Medical Payments Outstanding Claims as of		
	15 Months	27 Months	39 Months
1992			166
1993		533	158
1994	3,359	546	205
1995	3,561	435	123
1996	3,422	385	124
1997	3,143	348	152
1998	2,947	504	90
1999	3,031	434	144
2000	2,502	366	109
2001	2,487	350	121
2002	2,975	463	
2003	2,875		

Claim Development Factors

Accident Year	15-27 Mo.	27-39 Mo.
1993		0.296
1994	0.163	0.375
1995	0.122	0.283
1996	0.113	0.322
1997	0.111	0.437
1998	0.171	0.179
1999	0.143	0.332
2000	0.146	0.298
2001	0.141	0.346
2002	0.156	
Five Year Average		
	0.151	0.318
Three Year Average		
	0.148	0.325
Five Year		
Three Year		
27 to 39 months:	0.318	0.325
15 to 39 months:	0.048	0.048

Exhibit (3)(i)  
Exhibit (7)(c)

Responses provided in connection with items (3)(i) and (7)(c) in the Rate Bureau's February 1, 2005 filing are enclosed herewith.



**Allstate.**  
You're in good hands.

Steven D. Armstrong  
Senior Actuary, F.C.I.A.S.  
M.A.A.A.

January 10<sup>th</sup>, 2005

F. Timothy Lucas  
Personal Lines Manager  
North Carolina Rate Bureau

Dear Tim,

Included below are Allstate Insurance Company's responses to issues regarding reserve strengthening and expense cutting initiatives for the Allstate Insurance Company and Allstate Indemnity Company Private Passenger Non-Fleet Auto Programs in North Carolina. Because there have been no changes in practice since the time this request was completed last year, the responses below are identical to those submitted in last year's memorandum.

With respect to 11 N.C.A.C. 10.1104 (3) (i), which states,

For each of the fifteen largest writers of private passenger automobile insurance in North Carolina, a statement regarding any reserve strengthening or weakening that has occurred in the last five years shall be included.

Allstate's response to this is that there have been **no** material changes with regard to Allstate's reserving practices of private passenger automobile insurance in the state of North Carolina over the past five years.

With respect to 11 N.C.A.C. 10.1104 (7) (c), which states,

For each of the ten largest writers of private passenger automobile insurance in North Carolina, statements regarding any expense cutting activities undertaken in the last five years shall be provided.

There has been **no** expense cutting initiatives made in the last year. The last expense cutting initiative affected the 2003 data (as responded to in a letter dated December 5<sup>th</sup>, 2003). Included here is that response from that December 5<sup>th</sup> letter:

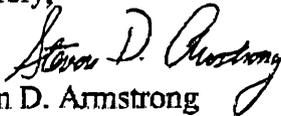
*Allstate's response to this is that there have been some structural changes in North Carolina, and indeed around the country, to close claims offices. The result of the closing of these claims offices is a reduction in unallocated loss*

Tim Lucas  
January 10<sup>th</sup>, 2005  
Page 2

*adjustment expenses due to the reduction of staff and elimination of operational expenses incurred at these claims offices. For purposes of ratemaking, Allstate uses a countrywide provision to account for unallocated loss adjustment expenses. Given this, the unallocated loss adjustment expense provision from last year may be slightly overstated. These measures in closing claims offices was more intended to increase efficiency rather than cut costs. For these reasons, Allstate wants to make the North Carolina Rate Bureau aware of it's actions with the understanding that Allstate does not think that it will have any measurable impact on the ratemaking data submitted by Allstate.*

Please contact me if you have any questions or require further details.

Sincerely,



Steven D. Armstrong  
F.C.A.S., M.A.A.A  
sarm2@allstate.com  
1-800-366-2958      x23994

1/5/2005

Response:

1. RESERVE STRENGTHENING

The Erie Insurance Group began implementing Colossus and the Soft Tissue Evaluation program in 1998-1999 in order to establish more accurate case reserves. We continued with these claims initiatives in 2003, and so the criteria used in North Carolina for establishing case basis reserves for the accident year ending December 31, 2003 has not changed materially from the criteria used over the latest five years.

Christopher L. Wampole

Actuarial Analyst

Erie Insurance Group

(814) 870-2305



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

One GEICO Plaza ■ Washington, DC 20076-0001

January 11, 2005

VIA FACSIMILE AND REGULAR MAIL

Mr. Tim Lucas  
North Carolina Rate Bureau  
5401 Six Forks Road  
Raleigh, North Carolina 27609

RE: GEICO Indemnity Company- Bureau Letter Asking for Reserve  
Strengthening

Dear Mr. Lucas:

GEICO Indemnity Company has not materially changed the criteria used  
to establish case reserves in North Carolina over the last five years.

Please let me know if you need anything further.

Very truly yours,

Bonny Gordon  
Senior Counsel  
301-986-2653

**RECEIVED**

JAN 13 2005

F-103

N.C. RATE BUREAU



- Government Employees Insurance Company
- GEICO General Insurance Company
- GEICO Indemnity Company
- GEICO Casualty Company

One GEICO Plaza ■ Washington, DC 20076-0001

January 11, 2005

VIA FACSIMILE AND REGULAR MAIL

Mr. Tim Lucas  
North Carolina Rate Bureau  
5401 Six Forks Road  
Raleigh, North Carolina 27609

RE: Government Employees Insurance Company (GEICO)- Bureau Letter  
Asking for Reserve Strengthening and Expense Cutting Data

Dear Mr. Lucas:

GEICO did not implement any changes that would have a dramatic impact on the expense factors. Expense control is a continuing effort at GEICO and for that reason it believes that its historical experience is an appropriate basis for determining the expense provisions in your rate calculations and that no special adjustments are necessary.

As for reserve strengthening, the company has not materially changed the criteria used to establish case reserves in North Carolina over the last five years.

Please let me know if you need anything further.

Very truly yours,

Bonny Gordon  
Senior Counsel  
301-986-2653

January 10, 2005

Mr. Tim Lucas  
Personal Lines Manager  
North Carolina Rate Bureau  
PO Box 176010  
Raleigh, NC 27619

Re: NCRB request regarding Insurance Department Regulations for Integon National Insurance Company

Dear Tim:

Per your request, we are responding as follows:

**Statement Concerning Reserve Strengthening Activities Over The Past Five Years:**

All of the Integon companies, including Integon National Insurance Company, use a formula-based reserving system to establish reserves for claims with expected settlements under \$50,000. For claims with expected settlements in excess of \$50,000, the companies establish individual case reserves setup by knowledgeable claims personnel.

The formula reserve amounts have changed slightly over the past 5 years as trends have changed, but the amount of change has not been material. The criteria used for establishing both formula and case reserves have not changed materially over the past 5 years.

**Statement Concerning Expense Cutting Activities Over The Past Five Years:**

There have not been any recent expense cutting activities for Integon National that would indicate a material change in future expense ratios. For the most part, expense reduction activities have been offset with increased investments in technology including the development of a new operating system. GMAC Insurance, including the Integon companies, remains expense competitive, and operates with an ongoing priority on spending controls.

Sincerely,

Art Lyon, CPCU  
Executive Consultant



January 12, 2005

VIA FAX

Mr. F. Timothy Lucas  
Personal Lines Manager  
North Carolina Rate Bureau  
5401 Six Forks Road  
Raleigh, NC 27609

Re: Insurance Department Regulations

Dear Mr. Lucas:

In response to your letter of January 4, 2005, I am providing the following information concerning expense cutting activities and reserve strengthening for Nationwide Mutual Insurance Company and Nationwide Mutual Fire Insurance Company.

For both activities, we reported significant changes in last year's letter dated December 29, 2003. Those comments from last year's letter continue to apply as relevant this year.

In addition, we made the following changes which may affect the NCRB rate filing under the category of Reserve Strengthening:

Issue 1 - Change in calendar year 2003

The process Nationwide uses for establishing BI case reserves changed in July 2003. These comments apply to reserves for claims in the first six months after the claim is reported. After the sixth month, case reserves apply exclusively, and there have been no changes in practices for case reserving. Also, case reserves are expected to be applied whenever the claim value is expected to be \$50,000 or higher (no change in this practice).

In July 2003, we changed our BI reserving process and replaced formula reserves with "average" reserves for the first six months after claim report. Now "average" reserve amounts by state are determined, and this amount applies to each open claim through the sixth month, after which the average is replaced with a case reserve.

The average reserve amounts are quite a bit larger (\$7,600 for retained, \$5,100 for ceded) than the previous initial formula reserve amounts (\$3,300). With the formula reserve process, we were spreading the initial average across all claims, including the claims that quickly closed without payment or with a very small payment. Once these zero or small amount claims were settled, the succeeding month formula reserve amounts would increase. Overall, it appears that the early reserves were lower under the new average reserves than under the previous formula reserves, resulting in more upward development as claims were case reserved.

**Issue 2 - Change in calendar year 2004**

After converting from formula to average reserves for BI in 2003, we shortened the duration of average reserves in April 2004. Now, instead of applying for six months, they apply only for three, with case reserves applying at the end of the fourth month. That will affect some accident year 2003 claims that were reported in late 2003 or early 2004, as they are now case reserved earlier than they would have been before.

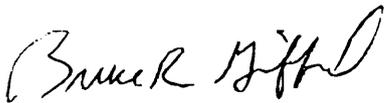
**Summary**

The impact will depend on what development period is used for North Carolina data. If development is at least six months past the end of the accident year 2003, the impact would be small. If development is as early as the end of the accident year, or even one quarter later, there could be some impact on the development observed.

With respect to our expenses, Nationwide adopted a new expense allocation method beginning with the expenses for 1999, which we reported in this letter in earlier years. As a result, more expenses were allocated to physical damage and less to liability than had been allocated in the past. This system is still in place, and we expect to see similarly distributed expenses for the new year of data. Other than this allocation change, we do not have any material expense cutting activities to report.

If you have any questions about the Bodily Injury adjustment or the expenses, please contact Doug Eland at (614) 249-7400 or elandd@nationwide.com.

Sincerely,



Bruce R. Gifford  
Vice President -  
Personal Lines Pricing

BRG/dm



**North Carolina  
Farm Bureau Insurance Group**

Telephone 919-782-1705 • Post Office Box 27427 • Raleigh, NC 27611

October 13, 2004

Mr. Tim Lucas  
N.C. Rate Bureau  
PO Box 176010  
Raleigh, NC 27619-6010

RE: Farm Bureau Insurance of N.C., Inc.  
Insurance Department Regulations  
North Carolina Private Passenger Insurance  
Reserve Strengthening  
Expense Cutting Activities

Tim:

Our company has not changed its procedures for setting case loss reserves over the last 5 years. We also have not taken on any expense cutting activities that would impact the expense levels in North Carolina.

If I can be of further assistance, let me know.

Roger Batdorff  
Senior Executive, A&R & Fin/Inv

RB/cww

F-108

North Carolina Farm Bureau Mutual Insurance Company, Inc.  
Farm Bureau Insurance of N.C., Inc.  
Visit Us On The Web At: [www.ncfbins.com](http://www.ncfbins.com)

TOTAL P.03



**North Carolina  
Farm Bureau Insurance Group**

Telephone 919-782-1705 • Post Office Box 27427 • Raleigh, NC 27611

October 13, 2004

Mr. Tim Lucas  
N.C. Rate Bureau  
PO Box 176010  
Raleigh, NC 27619-6010

RE: North Carolina Farm Bureau Mutual Insurance Company  
Insurance Department Regulations  
North Carolina Private Passenger Insurance  
Reserve Strengthening  
Expense Cutting Activities

Tim:

Our company has not changed its procedures for setting case loss reserves over the last 5 years. We also have not taken on any expense cutting activities that would impact the expense levels in North Carolina.

If I can be of further assistance, let me know.

Roger Batdorff  
Senior Executive, A&R & Fin/Inv

RB/cww

F-109

**PROGRESSIVE**

200 Westgate Parkway, Suite 300  
Richmond, VA 23233  
(804) 364-6776

January 10, 2005

Mr. Tim Lucas  
North Carolina Rate Bureau  
5401 Six Forks Road  
Raleigh, North Carolina 27609

Subject: Response to Letter Regarding Progressive's Reserve Strengthening and Expense Cutting Activities

Dear Mr. Lucas;

The Progressive Companies have not changed the criteria for establishing case basis reserves for the accident year ended December 31, 2003 in North Carolina.

The case reserves carried by The Progressive Companies are generally average reserves as determined by the Corporate Actuarial Area. An exception exists when an adjuster estimates that the case reserve for a particular claim needs to be greater than or equal to a predetermined threshold (\$75,000 for BI & UMBI claims and \$25,000 for most other coverages). At that point Progressive carries the adjuster's estimate. The average reserves vary by product, coverage, age of claim, and even cause of loss for the Comprehensive claims. They also vary by limit for Bodily Injury and UMBI claims and all averages may be adjusted each month based on an inflation factor that is built into the case table.

The IBNR reserves are maintained between reviews utilizing an algorithm that establishes balances based on a factor applied to the past Earned Premium varying by 3 month intervals. The factors vary by product and coverage.

Progressive's actuarial area develops an indication of the needed reserves for North Carolina Bodily Injury (BI) coverage three times each year. During 2004 the North Carolina BI reviews were completed on the Direct, Ceded, and Net business separately. The last review completed in 2004 included data evaluated through October 31, 2004. As a result of this last review the carried balance of \$39.3 million of direct loss reserves (\$33.1 million ceded & \$6.2 million net) were decreased by approximately \$1.2 million which we do not consider unusual or out of the norm.

Loss Adjusting Expense (LAE) reserves for all Auto coverages are reviewed two times a year. North Carolina was included in a combined review of 8 states and District of Columbia in Progressive's Mid Atlantic region. The latest review included data evaluated through September 30, 2004. As a result of this review North Carolina direct LAE reserves (both Defense and Cost Containment (DCC) and Adjusting Expense combined) of \$7.7 million were increased by \$700,000.

**RECEIVED**

JAN 13 2005

F-110

N.C. RATE BUREAU

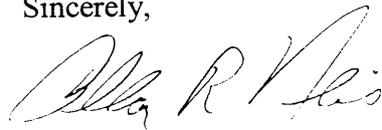
Generally, there has not been a change to Progressive's Objective regarding reserving and the process has been very consistent for the past five years in regard to loss reserves while the reviews of LAE reserves have been enhanced in the last two years incorporating more North Carolina specific information into the process.

For a discussion of Progressive's process in reviewing and changing reserve levels please review the "Report on Loss Reserving Practices" available under the investor relations section on Progressive's Web site, Progressive.com.

Progressive has not undertaken any abnormal expense cutting activities over the last five years on our private passenger non-fleet motor vehicle coverages that would materially impact our anticipated expense levels in North Carolina.

If you have any more questions please contact Al Neis, Corporate Actuary at (440) 395-2331.

Sincerely,

A handwritten signature in cursive script that reads "Allan R Neis".

Allan R Neis, FCAS, MAAA  
Corporate Actuary

# State Farm Mutual Automobile Insurance Company



Kathy Popejoy, FCAS, MAAA  
Actuary and Assistant Secretary-Treasurer

One State Farm Plaza, D4  
Bloomington, Illinois 61710  
Phone: 309.766.2325  
Fax: 309.766.5021  
E-mail: Kathy.Popejoy.AOQQ@STATEFARM.com

January 10, 2005

## VIA FACSIMILE

Mr. F. Timothy Lucas  
Personal Lines Manger  
North Carolina Rate Bureau  
5401 Six Forks Road  
Raleigh, NC 27609-4435

Dear Mr. Lucas:

RE: Reserve Strengthening and Expense Cutting Activities

Your email dated January 4, 2005 requested two items required from the largest writers of liability and physical damage private passenger automobile insurance in North Carolina.

The first item concerned reserves. In response to your question, State Farm has not made any changes in the past five years that have a material impact on the reserves established in North Carolina.

The second item concerned expenses. State Farm has long recognized that expense control is a key to remaining competitive in the insurance marketplace. It is important to note that expense control does not necessarily imply expense reduction. Attracting and retaining quality personnel, providing top-notch services and investing in technology may be just as important to a company's competitive position as a low price for the insurance product. In the end, it is through consumer forces in the marketplace that a balance is stricken between quality of service and price for those services.

It would be virtually impossible to fully describe all "expense cutting activities" (i.e., pre-sorting mail, recycling paper, reorganizing jobs, automating jobs, consolidating jobs, ordering supplies from a different vendor, providing new software to an underwriter, streamlining a claims procedure, redesigning a code sheet, improving the training courses, etc.). Expense control is a continuous and evolving function of managing our business. It is also difficult to describe the many investments we've made in our business that have put upward pressure on our expenses (i.e., establishing an Internet presence, updating our systems as new technology becomes available, etc.).

We are continuing our extensive review of every aspect of our company's operation in an effort to further streamline workflow and processes and to invest in technological advances where appropriate while striving to improve the service provided to our customers.

Because expense review is a continuing effort, we feel that no special adjustments are necessary for your rate calculation.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Popejoy".

Kathy Popejoy  
Actuary and Assistant Secretary-Treasurer

KP:kw

HOME OFFICE: BLOOMINGTON, ILLINOIS 61710-0001



9800 Fredericksburg Road  
San Antonio, Texas 78288

January 13, 2005

North Carolina Rate Bureau  
P. O. Box 176010  
Raleigh, North Carolina 27619-6010

**ATTENTION:** F. Timothy Lucas  
Personal Lines Manager

**REGARDING:** United Services Automobile Association  
USAA Casualty Insurance Company

Insurance Department Regulations  
Reserve Strengthening and Expense Cutting Activities

Dear Mr. Lucas:

We are furnishing the following statements with respect to reserve strengthening and expense cutting activities at USAA over the past five years.

RESERVE STRENGTHENING  
11 N.C.A.C. 10.1104(3)(i)

The criteria used by USAA in North Carolina for establishing case basis reserves for the accident year ended December 31, 2003 have not changed materially from those used over the latest five years.

EXPENSE CUTTING ACTIVITIES  
11 N.C.A.C. 10.1104(7)(c)

The following programs have been implemented over the past five years to contain or reduce expenses and to maintain or improve customer service levels:

- STARS – Auto and Property (Direct Repair Facilities)
- STARS EFT
- Subrogation EDI/EFT
- Glass EDI
- Auto Rental and Salvage EDI
- Automated Medical Payment Process
- Electronic Medical Bills Processing
- Electronic Estimate Audit
- Legal Fee Bill Audit Program
- Centralized Court Reporting

EXPENSE CUTTING ACTIVITIES

11 N.C.A.C. 10.1104(7)(c)

(Continued)

- Legal Expense Study
- Expanded use of Legal PPO (Preferred Providers)
- Claims Assignment and Digital Photo
- Claims Operational System
- Claims Image
- Claims Documentation/On-line Procedures
- Common Hardware Platform (Auto, Property & Casualty)
- Emergency Roadside Assist (ASI Alliance Partner)
- 24 Hour Contact
- Grow Your Own Program (training Appraisers to conduct Adjusting functions)

While these programs have helped to contain costs, they would not distort historical expense levels for use in projecting expenses for the year beginning January 1, 2005.

To facilitate our timely response, please address requests for future statements to me at:

2100 ATTN Regulatory Compliance G3E E2  
USAA  
9800 Fredericksburg Road  
San Antonio, Texas 78284-8496

If there are any questions, please contact me by telephone at (800) 531-8722, extension 82575, or by e-mail to [kathy.blair@usaa.com](mailto:kathy.blair@usaa.com). Our facsimile number is (210) 498-6675.

Sincerely,



**KATHY BLAIR, CPCU**  
Compliance Analyst  
Regulatory Compliance

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

4. TRENDING FACTOR DEVELOPMENT AND APPLICATION

See attached exhibits, Section D of RF-1 and pre-filed testimony of P. Woods.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
SUMMARY OF SELECTED TREND FACTORS

<u>Loss Trends</u>	<u>Cost</u>	<u>Frequency</u>	<u>Total</u>
Bodily Injury (B/L)	1.0%	0.0%	1.0%
Bodily Injury (T/L)	2.5%		
Property Damage			2.0%
Medical Payments	4.0%	-2.0%	1.9%
<u>Expense Trend</u>			3.3%

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Development of Annualized Trend  
for 2001 and 2002

	(1) Calendar Year	(2) Claim Cost Change (a)	(3) Claim Frequency Change (b)	(4) Current Cost Factor (c)	(5) 2003 Trend Factor	(6) Annualized Trend (d)
Bodily Injury	2001	1.001	1.013	1.014	1.010	1.009
	2002	1.000	1.000	1.000	1.010	1.008
	2003	1.000	1.000	1.000	1.010	1.010
Property Damage	2001	1.000	1.008	1.008	1.020	1.014
	2002	0.980	1.024	1.004	1.020	1.016
	2003	1.000	1.000	1.000	1.020	1.020
Medical Payments	2001	1.083	0.957	1.036	1.019	1.019
	2002	1.018	0.950	0.967	1.019	1.006
	2003	1.000	1.000	1.000	1.019	1.019

(a) 2001 Claim Cost Change = (2003 Claim Cost) / (2001 Claim Cost).  
2002 Claim Cost Change = (2003 Claim Cost) / (2002 Claim Cost).

(b) 2001 Claim Frequency Change = (2003 Claim Frequency)  
/ (2001 Claim Frequency). 2002 Claim Frequency Change =  
(2003 Claim Frequency) / (2002 Claim Frequency).

(c) Current Cost Factor = Column (2) \* Column (3)

(d) Annualized Trend for 2001 and 2002  

$$= [(COL(5))^m \times (COL(4))^{(1/n)}]$$

where m is the number of years of projection of the 2002 trend factor from 7/1/2003 to 7/12/2006, 3.03, Col (4) represents the Current Cost Factor to 7/1/2003, and n represents the number of years of projection for a given prior year, 4.03 for 2002 and 5.03 for 2001.

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

Development of Annualized Trend  
for 2001 and 2002

Coverage	(1) Year Ended	(2) Paid Claim Cost (a)	(3) Claim Frequency (b)
Bodily Injury	2001	\$ 6,170	1.52
	2002	6,180	1.54
	2003	6,179	1.54
Property Damage	2001	\$ 2,576	3.86
	2002	2,628	3.80
	2003	2,576	3.89
Medical Payments	2001	\$ 1,518	1.39
	2002	1,615	1.40
	2003	1,644	1.33

(a) Paid Claim Cost for all liability coverages is All Carrier trend data, as shown on pages F-127 and F-129.

(b) Incurred Claim Frequency for all liability coverages is based on All Carrier developed statistical plan data.

STATE: NORTH CAROLINA

SSO-NAII-NISS FAST TRACK

PRIVATE PASSENGER AUTOMOBILE - BI TOTAL LIMITS

CT. CHANGE	EARNED CAR YEARS	PCT. CHANGE	NO. OF PAID CLAIMS	NO. OF CLAIMS ARISING	PCT. CHANGE	PAID LOSSES	PCT. CLAIM PAID FREQ.	CHANGE FROM SAME QTR PRIOR YEAR	AVERAGE LOSS	FROM SAME QTR PRIOR YEAR	PURE PREMIUM	FROM SAME QTR PRIOR YEAR	ARISING CLAIM FREQ.	FROM SAME QTR PRIOR YEAR
3/2000	779,239		9,514	13,785	66,317,303	1.22			6,970		85.11		1.77	
6/2000	765,579		9,365	14,977	63,157,339	1.22			6,744		82.50		1.96	
9/2000	788,852		9,094	14,250	67,570,345	1.15			7,430		85.66		1.81	
12/2000	784,376		9,292	13,401	72,417,748	1.18			7,794		92.33		1.71	
3/2001	817,315		9,472	14,054	70,527,227	1.16	-4.9	6.8	7,446	1.4	86.29	1.4	1.72	-2.8
6/2001	806,730		9,034	13,984	64,356,668	1.12	-8.2	5.6	7,124	-3.3	79.77	-3.3	1.73	-11.7
9/2001	821,329		8,864	13,758	66,740,431	1.08	-6.1	1.3	7,529	-5.1	81.26	-5.1	1.68	-7.2
12/2001	811,666		9,984	15,557	74,552,914	1.23	4.2	-4.2	7,467	-0.5	91.85	-0.5	1.92	12.3
3/2002	835,953		9,345	14,027	69,288,720	1.12	-3.4	-0.4	7,415	-3.9	82.89	-3.9	1.68	-2.3
6/2002	821,878		9,551	14,430	68,995,890	1.16	3.6	1.4	7,224	5.2	83.95	5.2	1.76	1.7
9/2002	848,173		9,623	15,048	71,392,365	1.13	4.6	-1.5	7,419	3.6	84.17	3.6	1.77	5.4
12/2002	828,603		10,095	15,813	74,001,155	1.22	-0.8	-1.8	7,330	-2.8	89.31	-2.8	1.91	-0.5
3/2003	883,085		10,350	15,413	74,804,688	1.17	4.5	-2.5	7,228	2.2	84.71	2.2	1.75	4.2
6/2003	864,853		10,452	17,037	79,224,886	1.21	4.3	4.9	7,580	9.1	91.61	9.1	1.97	11.9
9/2003	896,306		10,556	16,911	79,514,335	1.18	4.4	1.5	7,533	5.4	88.71	5.4	1.89	6.8
12/2003	887,958		11,356	17,455	86,243,940	1.28	4.9	3.6	7,595	8.8	97.13	8.8	1.97	3.1
3/2004	910,057		10,207	15,644	78,037,370	1.12	-4.3	5.8	7,645	1.2	85.75	1.2	1.72	-1.7
6/2004	895,762		10,276	16,598	81,046,075	1.15	-5.0	4.1	7,887	-1.2	90.48	-1.2	1.85	-6.1
9/2004	927,307		10,535	16,909	89,258,619	1.14	-3.4	12.5	8,473	8.5	96.26	8.5	1.82	-3.7
12/2004	913,582		11,040	17,831	86,528,676	1.21	-5.5	3.2	7,838	-2.5	94.71	-2.5	1.95	-1.0

4 QTRS ENDING

12/2000	3,118,046		37,265	56,413	269,462,735	1.20			7,231		86.42		1.81	
3/2001	3,156,122		37,223	56,682	273,672,659	1.18			7,352		86.71		1.80	
6/2001	3,197,273		36,892	55,689	274,871,988	1.15			7,451		85.97		1.74	
9/2001	3,229,750		36,662	55,197	274,042,074	1.14			7,475		84.85		1.71	
12/2001	3,257,040		37,354	57,353	276,177,240	1.15	-4.2	2.3	7,394	-1.9	84.79	-1.9	1.76	-2.8
3/2002	3,275,678		37,227	57,326	274,938,733	1.14	-3.4	0.4	7,385	-3.2	83.93	-3.2	1.75	-2.8
6/2002	3,290,826		37,744	57,772	279,577,955	1.15	0.0	-0.6	7,407	-1.2	84.96	-1.2	1.76	1.1
9/2002	3,317,670		38,503	59,062	284,229,889	1.16	1.8	-1.2	7,382	1.0	85.67	1.0	1.78	4.1
12/2002	3,334,607		38,614	59,318	283,678,130	1.16	0.9	-0.6	7,347	0.3	85.07	0.3	1.78	1.1
3/2003	3,381,739		39,619	60,704	289,194,098	1.17	2.6	-1.2	7,299	1.9	85.52	1.9	1.80	2.9
6/2003	3,424,714		40,520	63,311	299,423,094	1.18	2.6	-0.2	7,390	2.9	87.43	2.9	1.85	5.1
9/2003	3,472,847		41,453	65,174	307,545,064	1.19	2.6	0.5	7,419	3.4	88.56	3.4	1.88	5.6
12/2003	3,532,202		42,714	66,816	319,787,849	1.21	4.3	1.9	7,487	6.4	90.53	6.4	1.89	6.2
3/2004	3,559,174		42,571	67,047	323,020,531	1.20	2.6	4.0	7,588	6.1	90.76	6.1	1.88	4.4
6/2004	3,590,083		42,395	66,608	324,841,720	1.18	0.0	3.7	7,662	3.5	90.48	3.5	1.86	0.5
9/2004	3,621,084		42,374	66,606	334,586,004	1.17	-1.7	6.4	7,896	4.3	92.40	4.3	1.84	-2.1
12/2004	3,646,708		42,058	66,982	334,870,740	1.15	-5.0	6.3	7,962	1.4	91.83	1.4	1.84	-2.6

ANNUAL RATE OF CHANGE (17 PT.)  
 ANNUAL RATE OF CHANGE (12 PT.)  
 ANNUAL RATE OF CHANGE (9 PT.)  
 ANNUAL RATE OF CHANGE (6 PT.)

STATE: NORTH CAROLINA

SSO-NAII-NISS FAST TRACK

PRIVATE PASSENGER AUTOMOBILE -

PROPERTY DAMAGE

QTR YEAR	CT. CHANGE		PCT. CHANGE		PAID CLAIM FREQ.		FROM SAME QTR PRIOR YEAR		AVERAGE LOSS		FROM SAME QTR PRIOR YEAR		PURE PREMIUM		FROM SAME QTR PRIOR YEAR	
	EARNED CAR YEARS	NO. OF PAID CLAIMS	PAID LOSSES	PCT. CHANGE	PAID CLAIM FREQ.	FROM SAME QTR PRIOR YEAR	AVERAGE LOSS	FROM SAME QTR PRIOR YEAR	PURE PREMIUM	FROM SAME QTR PRIOR YEAR	PURE PREMIUM	FROM SAME QTR PRIOR YEAR				
3/2000	779,239	28,216	69,078,291	3.62	3.62	-3.0	2,448	2,448	88.65	-3.1	88.65	-3.1				
6/2000	765,579	27,710	66,258,408	3.62	3.62	-5.8	2,391	2,391	86.55	-5.2	86.55	-5.2				
9/2000	788,852	27,147	66,824,646	3.44	3.44	-6.1	2,462	2,462	84.71	-6.4	84.71	-6.4				
12/2000	784,376	25,138	64,283,892	3.20	3.20	11.6	2,557	2,557	81.96	8.2	81.96	8.2				
3/2001	817,315	28,668	70,173,904	3.51	3.51	-2.3	2,448	2,448	85.86	-2.3	85.86	-2.3				
6/2001	806,730	27,472	66,201,322	3.41	3.41	-0.6	2,410	2,410	82.06	1.9	82.06	1.9				
9/2001	821,329	26,563	65,091,095	3.23	3.23	4.3	2,450	2,450	79.25	5.2	79.25	5.2				
12/2001	811,666	28,969	71,993,712	3.57	3.57	-3.4	2,485	2,485	88.70	-3.0	88.70	-3.0				
3/2002	835,953	28,696	70,100,970	3.43	3.43	0.6	2,443	2,443	83.86	4.8	83.86	4.8				
6/2002	821,878	27,899	68,726,957	3.39	3.39	5.0	2,463	2,463	86.39	7.4	86.39	7.4				
9/2002	848,173	28,624	70,713,564	3.37	3.37	4.1	2,470	2,470	87.60	3.0	87.60	3.0				
12/2002	828,603	28,607	71,308,099	3.45	3.45	2.9	2,493	2,493	86.06	0.0	86.06	0.0				
3/2003	883,085	30,502	76,289,292	3.45	3.45	-2.3	2,501	2,501	90.64	-3.5	90.64	-3.5				
6/2003	864,853	30,718	75,757,451	3.55	3.55	-2.8	2,466	2,466	87.60	1.6	87.60	1.6				
9/2003	896,306	31,721	80,272,370	3.54	3.54	0.5	2,531	2,531	89.56	2.5	89.56	2.5				
12/2003	887,958	31,852	79,238,374	3.59	3.59	4.1	2,488	2,488	89.24	3.7	89.24	3.7				
3/2004	910,057	32,326	80,936,674	3.55	3.55	0.6	2,504	2,504	88.94	3.0	88.94	3.0				
6/2004	895,762	32,004	78,486,075	3.57	3.57	0.6	2,452	2,452	87.62	0.0	87.62	0.0				
9/2004	927,307	32,120	80,145,573	3.46	3.46	-1.4	2,495	2,495	86.43	-1.4	86.43	-1.4				
12/2004	913,582	31,892	82,803,474	3.49	3.49	-2.8	2,596	2,596	90.64	4.3	90.64	4.3				
12/2000	3,118,046	108,211	266,445,237	3.47	3.47	-1.2	2,462	2,462	85.45	-1.5	85.45	-1.5				
3/2001	3,156,122	108,663	267,540,850	3.44	3.44	-0.9	2,462	2,462	84.77	0.2	84.77	0.2				
6/2001	3,197,273	108,425	267,483,764	3.39	3.39	0.6	2,467	2,467	83.66	3.1	83.66	3.1				
9/2001	3,229,750	107,841	265,750,213	3.34	3.34	-0.6	2,464	2,464	82.28	0.3	82.28	0.3				
12/2001	3,257,040	111,672	273,460,033	3.43	3.43	1.5	2,449	2,449	83.96	1.7	83.96	1.7				
3/2002	3,275,678	111,700	273,387,099	3.41	3.41	1.7	2,448	2,448	83.46	2.4	83.46	2.4				
6/2002	3,290,826	112,127	275,912,734	3.41	3.41	3.0	2,461	2,461	83.84	3.0	83.84	3.0				
9/2002	3,317,670	114,188	281,535,203	3.44	3.44	-0.6	2,466	2,466	84.86	0.3	84.86	0.3				
12/2002	3,334,607	113,826	280,849,590	3.41	3.41	0.3	2,467	2,467	84.22	1.7	84.22	1.7				
3/2003	3,381,739	115,632	287,037,912	3.42	3.42	1.5	2,482	2,482	84.88	2.4	84.88	2.4				
6/2003	3,424,714	118,451	294,068,406	3.46	3.46	3.5	2,483	2,483	85.87	3.0	85.87	3.0				
9/2003	3,472,847	121,548	303,627,212	3.50	3.50	4.1	2,498	2,498	87.43	4.7	87.43	4.7				
12/2003	3,532,202	124,793	311,557,487	3.53	3.53	2.9	2,497	2,497	88.20	4.7	88.20	4.7				
3/2004	3,559,174	126,617	316,204,869	3.56	3.56	1.1	2,497	2,497	88.84	3.5	88.84	3.5				
6/2004	3,590,083	127,903	318,933,493	3.56	3.56	-0.5	2,494	2,494	88.84	0.7	88.84	0.7				
9/2004	3,621,084	128,302	318,806,696	3.54	3.54	0.6	2,485	2,485	88.04	0.6	88.04	0.6				
12/2004	3,646,708	128,342	322,371,796	3.52	3.52	0.5	2,512	2,512	88.40	1.6	88.40	1.6				
ANNUAL RATE OF CHANGE (17 PT.)				1.1	1.1	0.5				1.6						
ANNUAL RATE OF CHANGE (12 PT.)				1.8	1.8	0.8				2.5						
ANNUAL RATE OF CHANGE (9 PT.)				2.1	2.1	0.6				2.6						
ANNUAL RATE OF CHANGE (6 PT.)				0.4	0.4	0.1				0.6						

NORTH CAROLINA  
FAST TRACK TREND SUMMARY  
DATA ENDED DECEMBER 2004

NORTH CAROLINA BODILY INJURY

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	1.6%	1.6%	1.6%
12 points	2.6%	2.7%	2.7%
9 points	4.2%	4.4%	4.4%
6 points	5.8%	6.0%	6.2%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	1.0%	1.0%	1.0%
12 points	0.9%	0.9%	0.9%
9 points	-0.2%	-0.2%	-0.2%
6 points	-3.4%	-3.3%	-3.2%

NORTH CAROLINA PROPERTY DAMAGE

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	0.6%	0.6%	0.6%
12 points	0.7%	0.7%	0.8%
9 points	0.6%	0.6%	0.6%
6 points	0.1%	0.1%	0.1%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	1.6%	1.6%	1.6%
12 points	1.7%	1.7%	1.8%
9 points	2.0%	2.0%	2.1%
6 points	0.4%	0.4%	0.4%

NORTH CAROLINA  
 FAST TRACK TREND SUMMARY  
 CORRELATION COEFFICIENTS  
 DATA ENDED DECEMBER 2004

NORTH CAROLINA BODILY INJURY

	STRAIGHT LINE	EXPONENTIAL
COST		
15 points	0.70	0.70
12 points	0.84	0.84
9 points	0.95	0.95
6 points	0.98	0.98

	STRAIGHT LINE	EXPONENTIAL
FREQ		
15 points	0.61	0.62
12 points	0.45	0.45
9 points	-0.07	-0.07
6 points	-0.84	-0.84

NORTH CAROLINA PROPERTY DAMAGE

	STRAIGHT LINE	EXPONENTIAL
COST		
15 points	0.87	0.87
12 points	0.90	0.90
9 points	0.74	0.74
6 points	0.19	0.19

	STRAIGHT LINE	EXPONENTIAL
FREQ		
15 points	0.90	0.90
12 points	0.89	0.89
9 points	0.85	0.85
6 points	0.30	0.30

ISO-NAII-NISS FAST TRACK

STATE: BIMULITI

PRIVATE PASSENGER AUTOMOBILE - BI TOTAL LIMITS

QTR YEAR	EARNED CAR YEARS	PCT. CHANGE	NO. OF PAID CLAIMS	NO. OF CLAIMS ARISING	PCT. CHANGE		PAID CLAIMS ARISING	PCT. CHANGE	FROM SAME QTR PRIOR YEAR	AVERAGE LOSS	FROM SAME QTR PRIOR YEAR	PURE PREMIUM	FROM SAME QTR PRIOR YEAR	ARISING CLAIM FREQ.	FROM SAME QTR PRIOR YEAR
					PAID LOSSES	PAID LOSSES									
3/2000	17,630,667		225,965	315,407	1,805,773,231		1.28			7,991		102.42		1.79	
6/2000	17,752,549		220,153	319,085	1,837,855,444		1.24			8,348		103.53		1.80	
9/2000	17,960,443		215,028	310,872	1,825,032,361		1.20			8,487		101.61		1.73	
12/2000	17,909,043		223,982	314,709	1,953,321,261		1.25			8,721		109.07		1.76	
3/2001	18,033,217		218,947	313,547	1,831,299,680		1.21	-5.5	4.7	8,364	4.7	101.55	-0.8	1.74	-2.8
6/2001	18,136,784		213,965	311,194	1,870,937,521		1.18	-4.8	4.7	8,744	4.7	103.16	-0.4	1.72	-4.4
9/2001	18,311,152		208,444	307,135	1,826,624,224		1.14	-5.0	3.3	8,763	3.3	99.75	-1.8	1.68	-2.9
12/2001	18,318,634		223,819	328,835	1,989,027,720		1.22	-2.4	1.9	8,887	1.9	108.58	-0.4	1.80	2.3
3/2002	18,412,581		212,678	310,090	1,839,913,553		1.16	-4.1	3.4	8,651	3.4	99.93	-1.6	1.68	-3.4
6/2002	18,503,373		213,314	318,568	1,930,843,816		1.15	-2.5	3.5	9,052	3.5	104.35	1.2	1.72	0.0
9/2002	18,617,447		208,240	312,310	1,897,315,311		1.12	-1.8	4.0	9,111	4.0	101.91	2.2	1.68	0.0
12/2002	18,445,762		215,278	318,969	1,989,605,605		1.17	-4.1	4.0	9,242	4.0	107.86	-0.7	1.73	-3.9
3/2003	18,455,890		209,141	301,436	1,894,229,893		1.13	-2.6	4.7	9,057	4.7	102.64	2.7	1.63	-3.0
6/2003	18,495,510		210,232	304,114	1,996,921,987		1.14	-0.9	4.9	9,499	4.9	107.97	3.5	1.64	-4.7
9/2003	18,626,529		206,727	305,932	1,966,822,988		1.11	-0.9	4.4	9,514	4.4	105.59	3.6	1.64	-2.4
12/2003	18,558,463		216,239	311,898	2,044,958,319		1.17	0.0	2.3	9,457	2.3	110.19	2.2	1.68	-2.9
3/2004	18,572,109		212,938	293,349	1,972,679,464		1.15	1.8	2.3	9,264	2.3	106.22	3.5	1.58	-3.1
6/2004	18,648,318		208,872	296,005	2,042,585,575		1.12	-1.8	2.9	9,779	2.9	109.53	1.4	1.59	-3.0
9/2004	18,818,933		204,429	295,044	2,023,722,466		1.09	-1.8	4.0	9,899	4.0	107.54	1.8	1.57	-4.3
12/2004	18,747,805		208,597	301,770	2,077,560,149		1.11	-5.1	5.3	9,960	5.3	110.82	0.6	1.61	-4.2
12/2000	71,252,702		885,128	1260073	7,421,982,297		1.24			8,385		104.16		1.77	
3/2001	71,655,252		878,110	1258213	7,447,508,746		1.23			8,481		103.94		1.76	
6/2001	72,039,487		871,922	1250322	7,480,590,823		1.21			8,579		103.84		1.74	
9/2001	72,390,196		865,338	1246585	7,482,182,686		1.20			8,647		103.36		1.72	
12/2001	72,799,787		865,175	1260711	7,517,889,145		1.19	-4.0	3.6	8,689	3.6	103.27	-0.9	1.73	-2.3
3/2002	73,179,151		858,906	1257254	7,526,503,018		1.17	-4.9	3.3	8,763	3.3	102.85	-1.0	1.72	-2.3
6/2002	73,545,740		858,255	1264628	7,586,409,313		1.17	-3.3	3.0	8,839	3.0	103.15	-0.7	1.72	-1.1
9/2002	73,852,035		858,051	1269803	7,657,100,400		1.16	-3.3	3.2	8,924	3.2	103.68	0.3	1.72	0.0
12/2002	73,979,163		849,510	1259937	7,657,678,285		1.15	-3.4	3.7	9,014	3.7	103.51	0.2	1.70	-1.7
3/2003	74,022,472		845,973	1251283	7,778,072,796		1.14	-2.6	4.0	9,116	4.0	104.18	1.3	1.69	-1.7
6/2003	74,014,609		842,891	1236829	7,778,072,796		1.14	-2.6	4.4	9,228	4.4	105.09	1.9	1.67	-2.9
9/2003	74,023,691		841,378	1230451	7,847,580,473		1.14	-1.7	4.5	9,327	4.5	106.01	2.2	1.66	-3.5
12/2003	74,136,392		842,339	1223380	7,902,933,187		1.14	-0.9	4.1	9,382	4.1	106.60	3.0	1.65	-2.9
3/2004	74,252,611		846,136	1215293	7,981,382,758		1.14	0.0	3.5	9,433	3.5	107.49	3.2	1.64	-3.0
6/2004	74,405,419		844,776	1207184	8,027,046,346		1.14	0.0	3.0	9,502	3.0	107.88	2.7	1.62	-3.0
9/2004	74,597,823		842,478	1196296	8,083,945,824		1.13	-0.9	2.9	9,595	2.9	108.37	2.2	1.60	-3.6
12/2004	74,787,165		834,836	1186168	8,116,547,654		1.12	-1.8	3.6	9,722	3.6	108.53	1.8	1.59	-3.6
ANNUAL RATE OF CHANGE (17 PT.)							-2.3			3.7		1.3			-2.5
ANNUAL RATE OF CHANGE (12 PT.)							-1.3			3.8		2.2			-3.0
ANNUAL RATE OF CHANGE (9 PT.)							-0.9			3.6		2.5			-3.3
ANNUAL RATE OF CHANGE (6 PT.)							-1.3			3.3		2.0			-3.6

4 QTRS ENDING

ISO-NAII-NISS FAST TRACK

STATE: MULTIPD

PRIVATE PASSENGER AUTOMOBILE - PROPERTY DAMAGE

PCT. CHANGE	EARNED CAR YEARS	PCT. CHANGE NO. OF PAID CLAIMS	PCT. CHANGE		PAID CLAIM FREQ.	FROM SAME QTR PRIOR YEAR	AVERAGE LOSS	FROM SAME QTR PRIOR YEAR	PURE PREMIUM	FROM SAME QTR PRIOR YEAR
			PAID LOSSES	LOSS						
3/2000	24,532,157	1056287	2,354,307,338	4.31	4.31	0.9	2,229	3.7	95.97	4.8
6/2000	24,730,701	989,966	2,212,571,621	4.00	4.00	-1.0	2,235	4.2	89.47	3.0
9/2000	25,004,773	985,040	2,250,962,547	3.94	3.94	-2.3	2,285	4.2	90.02	2.0
12/2000	24,918,242	989,536	2,308,334,937	3.97	3.97	1.3	2,333	3.5	92.64	4.8
3/2001	25,096,913	1091545	2,524,145,986	4.35	4.35	-5.7	2,312	4.8	100.58	-1.3
6/2001	25,305,922	1001508	2,332,652,643	3.96	3.96	-0.5	2,329	3.1	92.18	2.5
9/2001	25,554,259	985,017	2,345,822,181	3.85	3.85	1.8	2,382	2.3	91.80	4.1
12/2001	25,579,147	1028647	2,482,716,402	4.02	4.02	-2.2	2,414	2.7	97.06	0.5
3/2002	25,733,789	1054160	2,554,372,480	4.10	4.10	-3.0	2,423	2.5	99.26	1.3
6/2002	25,906,610	1019584	2,448,802,576	3.94	3.94	-2.8	2,402	2.9	94.52	-0.0
9/2002	26,068,989	1021860	2,490,637,469	3.92	3.92	0.0	2,437	1.3	95.51	-1.5
12/2002	25,816,517	1015604	2,518,635,224	3.93	3.93	-2.4	2,480	0.3	96.11	0.4
3/2003	25,806,862	1044257	2,594,421,091	4.05	4.05	-3.4	2,484	0.1	100.98	-2.2
6/2003	25,905,628	988,376	2,450,204,706	3.82	3.82	-3.1	2,479	0.2	92.46	-3.2
9/2003	26,065,551	992,781	2,489,637,668	3.81	3.81	0.5	2,508	1.1	94.16	-2.0
12/2003	25,946,518	992,830	2,493,649,203	3.83	3.83	-2.1	2,512	0.4	95.51	3.7
3/2004	25,968,691	1052081	2,622,301,531	4.05	4.05	-2.2	2,492	4.2	95.09	2.0
6/2004	26,138,095	973,931	2,416,673,194	3.73	3.73	-1.7	2,481	3.9	96.59	1.9
9/2004	26,362,908	969,546	2,437,653,691	3.68	3.68	-0.5	2,514	3.5	96.71	2.5
12/2004	26,250,466	973,619	2,471,746,639	3.71	3.71	-2.3	2,539	2.6	97.03	1.4
4 QTRS ENDING										
12/2000	99,185,873	4020829	9,126,176,443	4.05	4.05	-2.2	2,270	3.9	92.01	3.7
3/2001	99,750,629	4056087	9,296,015,091	4.07	4.07	-2.2	2,292	4.2	93.19	2.0
6/2001	100325850	4067629	9,416,096,113	4.05	4.05	-1.7	2,315	3.9	93.86	1.9
9/2001	100875336	4067606	9,510,955,747	4.03	4.03	-1.0	2,338	3.5	94.28	2.5
12/2001	101536241	4106717	9,685,337,212	4.04	4.04	-1.7	2,358	2.6	95.39	1.4
3/2002	102173117	4069332	9,715,563,706	3.98	3.98	-1.7	2,388	2.7	95.09	2.0
6/2002	102773805	4087408	9,831,713,639	3.99	3.99	-1.0	2,405	3.9	95.66	1.9
9/2002	103288535	4124251	9,976,528,927	3.97	3.97	-1.7	2,419	3.5	96.59	2.5
12/2002	103525905	4111208	10,012,447,749	3.96	3.96	-0.5	2,435	3.3	96.71	1.4
3/2003	103598978	4101305	10,052,496,360	3.93	3.93	-1.3	2,451	2.6	97.03	2.0
6/2003	103597996	4070097	10,053,898,490	3.90	3.90	-2.3	2,470	2.7	97.04	1.5
9/2003	103594558	4041018	10,052,898,689	3.90	3.90	-2.3	2,488	2.9	97.04	0.5
12/2003	103724559	4018244	10,027,912,668	3.87	3.87	-2.5	2,496	2.5	96.68	-0.0
3/2004	103886388	4026068	10,055,793,108	3.88	3.88	-2.0	2,498	1.9	96.80	-0.2
6/2004	104118855	4011623	10,022,261,596	3.85	3.85	-2.0	2,498	1.1	96.26	-0.8
9/2004	104416212	3988388	9,970,277,619	3.82	3.82	-2.1	2,500	0.5	95.49	-1.6
12/2004	104720160	3969177	9,948,375,055	3.79	3.79	-2.1	2,506	0.4	95.00	-1.7
ANNUAL RATE OF CHANGE (17 PT.)				-1.7			2.6		0.8	
ANNUAL RATE OF CHANGE (12 PT.)				-1.9			1.8		-0.1	
ANNUAL RATE OF CHANGE (9 PT.)				-2.2			1.3		-0.9	
ANNUAL RATE OF CHANGE (6 PT.)				-2.1			0.5		-1.7	

NORTH CAROLINA  
FAST TRACK TREND SUMMARY  
DATA ENDED DECEMBER 2004

MULTISTATE BODILY INJURY

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	3.4%	3.6%	3.7%
12 points	3.5%	3.7%	3.8%
9 points	3.4%	3.5%	3.6%
6 points	3.2%	3.2%	3.3%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	-2.0%	-1.9%	-1.9%
12 points	-1.4%	-1.3%	-1.3%
9 points	-0.9%	-0.9%	-0.9%
6 points	-1.3%	-1.3%	-1.3%

MULTISTATE PROPERTY DAMAGE

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	2.2%	2.3%	2.3%
12 points	1.8%	1.8%	1.8%
9 points	1.3%	1.3%	1.3%
6 points	0.5%	0.5%	0.5%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	-1.9%	-1.8%	-1.8%
12 points	-1.9%	-1.9%	-1.9%
9 points	-2.3%	-2.3%	-2.2%
6 points	-2.2%	-2.2%	-2.1%

NORTH CAROLINA  
 FAST TRACK TREND SUMMARY  
 CORRELATION COEFFICIENTS  
 DATA ENDED DECEMBER 2004

MULTISTATE BODILY INJURY

COST	STRAIGHT LINE	EXPONENTIAL
15 points	1.00	1.00
12 points	1.00	1.00
9 points	0.99	0.99
6 points	0.98	0.98

FREQ	STRAIGHT LINE	EXPONENTIAL
15 points	-0.93	-0.94
12 points	-0.92	-0.92
9 points	-0.82	-0.82
6 points	-0.83	-0.83

MULTISTATE PROPERTY DAMAGE

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.96	0.96
12 points	0.96	0.95
9 points	0.91	0.91
6 points	0.93	0.93

FREQ	STRAIGHT LINE	EXPONENTIAL
15 points	-0.98	-0.98
12 points	-0.97	-0.97
9 points	-0.99	-0.99
6 points	-0.96	-0.96

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF AVERAGE ANNUAL CHANGE  
IN CLAIM COST

ALL CARRIERS

(1) YEAR ENDED	(2) PAID LOSSES (A)	(3) PAID CLAIMS	AVERAGE PAID CLAIM COST (A)		(6) PAID LOSSES (A)	(7) PAID CLAIMS	AVERAGE PAID CLAIM COST (A)	
			(4) ACTUAL (2)/(3)	(5) EXPONENTIAL CURVE OF BEST FIT (B)			(8) ACTUAL (6)/(7)	(9) EXPONENTIAL CURVE OF BEST FIT (B)
<u>BODILY INJURY (25/50 LIMIT)</u>			<u>PROPERTY DAMAGE (TOTAL LIMITS)</u>					
Mar-99	\$543,754,762	90,861	\$5,984	\$6,127.34	\$510,480,141	216,350	\$2,360	\$2,666.17
Jun-99	540,647,320	90,857	5,951	6,133.45	518,439,443	218,170	2,376	2,659.25
Sep-99	536,107,998	90,902	5,898	6,139.58	525,443,576	220,078	2,388	2,652.35
Dec-99	529,211,226	89,375	5,921	6,145.71	534,547,982	219,882	2,431	2,645.47
Mar-00	531,854,011	89,523	5,941	6,151.85	548,702,249	222,602	2,465	2,638.61
Jun-00	529,626,582	89,365	5,927	6,157.99	558,865,037	224,278	2,492	2,631.77
Sep-00	537,976,551	89,894	5,985	6,164.14	568,810,285	225,558	2,522	2,624.94
Dec-00	543,795,923	90,855	5,985	6,170.30	570,709,652	224,565	2,541	2,618.13
Mar-01	556,401,605	92,498	6,015	6,176.46	574,239,628	224,974	2,552	2,611.34
Jun-01	559,376,705	91,594	6,107	6,182.62	572,788,811	223,086	2,568	2,604.57
Sep-01	547,927,867	89,664	6,111	6,188.80	565,470,995	219,248	2,579	2,597.81
Dec-01	553,775,752	89,747	6,170	6,194.98	570,018,803	221,254	2,576	2,591.07
Mar-02	537,241,488	87,034	6,173	6,201.17	566,333,376	219,500	2,580	2,584.35
Jun-02	537,338,027	87,330	6,153	6,207.36	570,152,156	219,290	2,600	2,577.65
Sep-02	552,429,502	88,959	6,210	6,213.56	582,070,273	222,762	2,613	2,570.96
Dec-02	549,086,784	88,851	6,180	6,219.76	581,754,394	221,362	2,628	2,564.29
Mar-03	556,858,489	89,856	6,197	6,225.97	583,376,502	221,571	2,633	2,557.64
Jun-03	561,381,463	90,223	6,222	6,232.19	587,971,962	224,197	2,623	2,551.00
Sep-03	556,764,645	90,398	6,159	6,238.41	597,769,760	229,243	2,608	2,544.39
Dec-03	564,755,276	91,396	6,179	6,244.64	604,171,171	234,553	2,576	2,537.79
Mar-04	565,447,304	91,434	6,184	6,250.88	610,943,826	238,227	2,565	2,531.20
Jun-04	574,157,160	92,680	6,195	6,257.12	616,629,882	242,021	2,548	2,524.64
Sep-04	585,774,006	93,496	6,265	6,263.37	611,848,693	241,313	2,535	2,518.09
Dec-04	587,809,226	93,884	6,261	6,269.62	617,890,836	242,711	2,546	2,511.56

(10) RATE OF CHANGE IN PAID CLAIM COSTS FOR  
ANY 12 MONTH INTERVAL ON THE EXPONENTIAL  
CURVE OF BEST FIT:

	BODILY INJURY	PROPERTY DAMAGE
6-points	1.4%	-2.0%
9-points	0.5%	-2.1%
12-points	0.4%	-1.0%
15-points	0.5%	-0.4%

(A) FACTORS OF 1.129 WERE APPLIED TO BODILY INJURY AND 1.116 TO PROPERTY DAMAGE PAID  
LOSSES TO INCLUDE ALL LOSS ADJUSTMENT.

(B) THE FITS GIVEN USE THE 12-POINT AVERAGE ANNUAL RATE OF CHANGE.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF AVERAGE ANNUAL CHANGE  
IN CLAIM COST

ALL CARRIERS

(1) YEAR ENDED	(2) PAID LOSSES (A)	(3) PAID CLAIMS	AVERAGE PAID CLAIM COST (A)		(6) PAID LOSSES (A)	(7) PAID CLAIMS	AVERAGE PAID CLAIM COST (A)	
			(4) ACTUAL (2)/(3)	(5) EXPONENTIAL CURVE OF BEST FIT (B)			(8) ACTUAL (6)/(7)	(9) EXPONENTIAL CURVE OF BEST FIT (B)
	<u>BODILY INJURY (25/50 EXCESS)</u>				<u>BODILY INJURY (TOTAL LIMITS)</u>			
Mar-99	\$109,047,307	90,861	\$1,200	\$1,055.52	\$652,802,069	90,861	\$7,185	\$7,127.37
Jun-99	111,231,636	90,857	1,224	1,087.31	651,878,956	90,857	7,175	7,174.51
Sep-99	108,692,527	90,902	1,196	1,120.05	644,800,525	90,902	7,093	7,221.97
Dec-99	105,114,976	89,375	1,176	1,153.78	634,326,202	89,375	7,097	7,269.74
Mar-00	102,588,631	89,523	1,146	1,188.52	634,442,642	89,523	7,087	7,317.83
Jun-00	98,332,600	89,365	1,100	1,224.31	627,959,182	89,365	7,027	7,366.24
Sep-00	99,681,479	89,894	1,109	1,261.17	637,658,030	89,894	7,093	7,414.96
Dec-00	103,539,409	90,855	1,140	1,299.15	647,335,332	90,855	7,125	7,464.01
Mar-01	112,194,327	92,498	1,213	1,338.27	668,595,932	92,498	7,228	7,513.38
Jun-01	113,795,357	91,594	1,242	1,378.57	673,172,062	91,594	7,350	7,563.08
Sep-01	113,422,624	89,664	1,265	1,420.08	661,350,491	89,664	7,376	7,613.11
Dec-01	113,752,139	89,747	1,267	1,462.84	667,527,891	89,747	7,438	7,663.47
Mar-02	111,201,699	87,034	1,278	1,506.89	648,443,187	87,034	7,450	7,714.16
Jun-02	115,461,285	87,330	1,322	1,552.27	652,799,312	87,330	7,475	7,765.19
Sep-02	121,248,724	88,959	1,363	1,599.01	673,678,226	88,959	7,573	7,816.55
Dec-02	122,087,515	88,851	1,374	1,647.16	671,174,299	88,851	7,554	7,868.25
Mar-03	122,746,363	89,856	1,366	1,696.76	679,604,852	89,856	7,563	7,920.30
Jun-03	129,613,718	90,223	1,437	1,747.85	690,995,181	90,223	7,659	7,972.69
Sep-03	133,025,167	90,398	1,472	1,800.48	689,789,812	90,398	7,631	8,025.43
Dec-03	143,039,730	91,396	1,565	1,854.69	707,795,006	91,396	7,744	8,078.51
Mar-04	146,621,572	91,434	1,604	1,910.54	712,068,876	91,434	7,788	8,131.95
Jun-04	150,906,825	92,680	1,628	1,968.07	725,063,985	92,680	7,823	8,185.74
Sep-04	161,616,021	93,496	1,729	2,027.34	747,390,027	93,496	7,994	8,239.89
Dec-04	166,753,829	93,884	1,776	2,088.38	754,563,055	93,884	8,037	8,294.39

(10) RATE OF CHANGE IN PAID CLAIM COSTS FOR ANY 12 MONTH INTERVAL ON THE EXPONENTIAL CURVE OF BEST FIT:	25/50 <u>EXCESS</u>	TOTAL <u>LIMITS</u>
	6-points	4.2%
	9-points	3.2%
	12-points	2.7%
	15-points	2.4%

- (A) INCLUDES A FACTOR OF 1.129 TO INCLUDE ALL LOSS ADJUSTMENT.  
(B) THE FITS GIVEN USE THE 12-POINT AVERAGE ANNUAL RATE OF CHANGE.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF AVERAGE ANNUAL CHANGE  
IN MEDICAL PAYMENTS CLAIM COSTS

ALL CARRIERS

(1) YEAR ENDED	(2) PAID LOSSES (A)	(3) PAID CLAIMS	AVERAGE PAID CLAIM COST (A)	
			(4) ACTUAL (2)/(3)	(5) EXPONENTIAL CURVE OF BEST FIT (B)
Mar-99	\$87,810,763	62,411	\$1,407	\$1,481.51
Jun-99	87,088,909	61,659	1,412	1,494.40
Sep-99	86,921,062	61,441	1,415	1,507.41
Dec-99	86,506,097	60,440	1,431	1,520.54
Mar-00	87,613,247	60,607	1,446	1,533.77
Jun-00	88,251,850	60,956	1,448	1,547.13
Sep-00	89,462,464	61,352	1,458	1,560.59
Dec-00	91,001,531	62,175	1,464	1,574.18
Mar-01	92,606,651	62,747	1,476	1,587.88
Jun-01	92,817,346	62,445	1,486	1,601.71
Sep-01	92,034,344	61,258	1,502	1,615.65
Dec-01	92,522,950	60,967	1,518	1,629.72
Mar-02	92,024,834	59,920	1,536	1,643.90
Jun-02	93,614,307	59,481	1,574	1,658.22
Sep-02	96,676,407	60,296	1,603	1,672.65
Dec-02	98,274,814	60,868	1,615	1,687.21
Mar-03	100,033,392	61,163	1,636	1,701.90
Jun-03	101,320,815	61,864	1,638	1,716.72
Sep-03	101,311,733	61,997	1,634	1,731.66
Dec-03	100,958,127	61,414	1,644	1,746.74
Mar-04	101,223,537	60,826	1,664	1,761.94
Jun-04	101,311,985	60,514	1,674	1,777.28
Sep-04	102,289,088	59,973	1,706	1,792.76
Dec-04	102,646,071	59,425	1,727	1,808.36

(10) RATE OF CHANGE IN PAID CLAIM COSTS FOR ANY 12 MONTH INTERVAL ON THE EXPONENTIAL CURVE OF BEST FIT: MEDICAL PAYMENTS

6-points	4.6%
9-points	3.1%
12-points	3.5%
15-points	4.1%

(A) INCLUDES A FACTOR OF 1.129 TO INCLUDE ALL LOSS ADJUSTMENT.

(B) THE FITS GIVEN USE THE 12-POINT AVERAGE ANNUAL RATE OF CHANGE.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF AVERAGE ANNUAL CHANGE  
IN CLAIM FREQUENCIES (A)

ALL CARRIERS

(1)	(2)	(3)	(4)	(5)	(6)
YEAR	EARNED	PAID	PAID	PAID	PAID
<u>ENDED</u>	<u>EXPOSURES</u>	<u>CLAIMS</u>	FREQ	<u>CLAIMS</u>	FREQ
			<u>(2)/(3)</u>		<u>(5)/(3)</u>
		<u>BODILY INJURY</u>		<u>PROPERTY DAMAGE</u>	
Mar-99	5,397,932	90,861	1.6833	216,350	4.0080
Jun-99	5,426,212	90,857	1.6744	218,170	4.0207
Sep-99	5,453,187	90,902	1.6670	220,078	4.0358
Dec-99	5,493,414	89,375	1.6269	219,882	4.0026
Mar-00	5,533,181	89,523	1.6179	222,602	4.0230
Jun-00	5,570,061	89,365	1.6044	224,278	4.0265
Sep-00	5,608,460	89,894	1.6028	225,558	4.0217
Dec-00	5,627,389	90,855	1.6145	224,565	3.9906
Mar-01	5,634,304	92,498	1.6417	224,974	3.9929
Jun-01	5,653,968	91,594	1.6200	223,086	3.9457
Sep-01	5,680,319	89,664	1.5785	219,248	3.8598
Dec-01	5,714,033	89,747	1.5706	221,254	3.8721
Mar-02	5,763,499	87,034	1.5101	219,500	3.8085
Jun-02	5,810,266	87,330	1.5030	219,290	3.7742
Sep-02	5,852,172	88,959	1.5201	222,762	3.8065
Dec-02	5,894,644	88,851	1.5073	221,362	3.7553
Mar-03	5,931,768	89,856	1.5148	221,571	3.7353
Jun-03	5,947,261	90,223	1.5171	224,197	3.7698
Sep-03	5,970,039	90,398	1.5142	229,243	3.8399
Dec-03	5,993,638	91,396	1.5249	234,553	3.9134
Mar-04	6,012,048	91,434	1.5208	238,227	3.9625
Jun-04	6,053,519	92,680	1.5310	242,021	3.9980
Sep-04	6,092,989	93,496	1.5345	241,313	3.9605
Dec-04	6,140,759	93,884	1.5289	242,711	3.9525

(5) RATE OF CHANGE IN PAID  
CLAIM FREQS FOR ANY 12 MONTH  
INTERVAL ON THE EXPONENTIAL  
CURVE OF BEST FIT:

	<u>B.I.</u>	<u>P.D.</u>
6-points	0.8%	2.2%
9-points	0.8%	3.6%
12-points	0.6%	2.3%
15-points	-0.9%	0.9%
24-points	-1.8%	-0.7%

(A) AVERAGE PAID CLAIM FREQUENCY PER 100 CARS.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF AVERAGE ANNUAL CHANGE  
IN CLAIM FREQUENCIES (A)

ALL CARRIERS

(1)	(2)	(3)	(4)
YEAR	EARNED	PAID	PAID
<u>ENDED</u>	<u>EXPOSURES</u>	<u>CLAIMS</u>	<u>FREQ</u>
			<u>(2) / (3)</u>

MEDICAL PAYMENTS

Mar-99	4,030,992	62,411	1.5483
Jun-99	4,046,364	61,659	1.5238
Sep-99	4,062,072	61,441	1.5126
Dec-99	4,087,127	60,440	1.4788
Mar-00	4,110,975	60,607	1.4743
Jun-00	4,133,750	60,956	1.4746
Sep-00	4,156,127	61,352	1.4762
Dec-00	4,162,762	62,175	1.4936
Mar-01	4,164,590	62,747	1.5067
Jun-01	4,181,891	62,445	1.4932
Sep-01	4,212,050	61,258	1.4544
Dec-01	4,251,753	60,967	1.4339
Mar-02	4,298,011	59,920	1.3941
Jun-02	4,336,702	59,481	1.3716
Sep-02	4,367,585	60,296	1.3805
Dec-02	4,397,520	60,868	1.3841
Mar-03	4,425,980	61,163	1.3819
Jun-03	4,442,756	61,864	1.3925
Sep-03	4,462,095	61,997	1.3894
Dec-03	4,476,512	61,414	1.3719
Mar-04	4,484,614	60,826	1.3563
Jun-04	4,506,549	60,514	1.3428
Sep-04	4,531,567	59,973	1.3234
Dec-04	4,570,547	59,425	1.3002

(5) RATE OF CHANGE IN PAID  
CLAIM FREQS FOR ANY 12 MONTH  
INTERVAL ON THE EXPONENTIAL  
CURVE OF BEST FIT:

	<u>MEDICAL</u> <u>PAYMENTS</u>
6-points	-5.0%
9-points	-3.1%
12-points	-2.0%
15-points	-2.8%
24-points	-2.6%

(A) AVERAGE PAID CLAIM FREQUENCY PER 100 CARS.

NORTH CAROLINA  
TREND SUMMARY  
DATA ENDED DECEMBER 2004

ALL CARRIERS

BODILY INJURY 25/50 BASIC

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	0.5%	0.5%	0.5%
12 points	0.4%	0.4%	0.4%
9 points	0.5%	0.5%	0.5%
6 points	1.4%	1.4%	1.4%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
24 points	-2.0%	-1.9%	-1.8%
15 points	-0.9%	-0.9%	-0.9%
12 points	0.6%	0.6%	0.6%
9 points	0.8%	0.8%	0.8%
6 points	0.8%	0.8%	0.8%

PROPERTY DAMAGE TOTAL LIMITS

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	-0.4%	-0.4%	-0.4%
12 points	-1.0%	-1.0%	-1.0%
9 points	-2.1%	-2.1%	-2.1%
6 points	-2.0%	-2.0%	-2.0%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
24 points	-0.7%	-0.7%	-0.7%
15 points	0.9%	0.9%	0.9%
12 points	2.2%	2.3%	2.3%
9 points	3.4%	3.5%	3.6%
6 points	2.1%	2.1%	2.2%

MEDICAL PAYMENTS TOTAL LIMITS

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	3.7%	4.0%	4.1%
12 points	3.3%	3.5%	3.5%
9 points	3.0%	3.1%	3.1%
6 points	4.4%	4.5%	4.6%

FREQ	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
24 points	-2.8%	-2.6%	-2.6%
15 points	-2.9%	-2.8%	-2.8%
12 points	-2.0%	-1.9%	-2.0%
9 points	-3.3%	-3.1%	-3.1%
6 points	-5.3%	-5.1%	-5.0%

NORTH CAROLINA  
TREND SUMMARY  
DATA ENDED DECEMBER 2004

ALL CARRIERS

BODILY INJURY 25/50 EXCESS

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	8.9%	10.7%	10.9%
12 points	10.3%	12.0%	12.6%
9 points	12.1%	14.1%	14.8%
6 points	13.1%	14.3%	15.4%

BODILY INJURY TOTAL LIMITS

COST	STRAIGHT LINE		EXPONENTIAL
	END POINT	MID POINT	
15 points	2.3%	2.4%	2.4%
12 points	2.6%	2.6%	2.7%
9 points	3.1%	3.2%	3.2%
6 points	4.0%	4.1%	4.2%

NORTH CAROLINA  
CORRELATION COEFFICIENTS  
DATA ENDED DECEMBER 2004

ALL CARRIERS

BODILY INJURY 25/50 BASIC

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.78	0.78
12 points	0.62	0.62
9 points	0.61	0.61
6 points	0.93	0.93

FREQ	STRAIGHT LINE	EXPONENTIAL
24 points	-0.87	-0.87
15 points	-0.49	-0.49
12 points	0.86	0.86
9 points	0.91	0.91
6 points	0.81	0.81

PROPERTY DAMAGE TOTAL LIMITS

COST	STRAIGHT LINE	EXPONENTIAL
15 points	-0.36	-0.37
12 points	-0.70	-0.71
9 points	-0.96	-0.96
6 points	-0.91	-0.91

FREQ	STRAIGHT LINE	EXPONENTIAL
24 points	-0.48	-0.48
15 points	0.44	0.44
12 points	0.83	0.83
9 points	0.91	0.91
6 points	0.72	0.72

MEDICAL PAYMENTS TOTAL LIMITS

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.98	0.98
12 points	0.96	0.96
9 points	0.94	0.94
6 points	0.99	0.99

FREQ	STRAIGHT LINE	EXPONENTIAL
24 points	-0.95	-0.95
15 points	-0.89	-0.90
12 points	-0.81	-0.81
9 points	-0.91	-0.91
6 points	-1.00	-1.00

NORTH CAROLINA  
CORRELATION COEFFICIENTS  
DATA ENDED DECEMBER 2004

ALL CARRIERS

BODILY INJURY 25/50 EXCESS

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.97	0.98
12 points	0.98	0.98
9 points	0.99	0.99
6 points	0.99	0.98

BODILY INJURY TOTAL LIMITS

COST	STRAIGHT LINE	EXPONENTIAL
15 points	0.97	0.97
12 points	0.96	0.97
9 points	0.97	0.97
6 points	0.98	0.98

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF TREND FOR EXPENSES

	<u>ALL ITEMS CPI INDEX</u>	<u>COMPENSATION COST INDEX</u>
Apr-01	176.9	
May-01	177.7	159.3
Jun-01	178.0	
Jul-01	177.5	
Aug-01	177.5	159.9
Sep-01	178.3	
Oct-01	177.7	
Nov-01	177.4	161.3
Dec-01	176.7	
Jan-02	177.1	
Feb-02	177.8	164.0
Mar-02	178.8	
Apr-02	179.8	
May-02	179.8	166.1
Jun-02	179.9	
Jul-02	180.1	
Aug-02	180.7	167.1
Sep-02	181.0	
Oct-02	181.3	
Nov-02	181.3	167.9
Dec-02	180.9	
Jan-03	181.7	
Feb-03	183.1	172.1
Mar-03	184.2	
Apr-03	183.8	
May-03	183.5	173.9
Jun-03	183.7	
Jul-03	183.9	
Aug-03	184.6	175.1
Sep-03	185.2	
Oct-03	185.0	
Nov-03	184.5	176.2
Dec-03	184.3	
Jan-04	185.2	
Feb-04	186.2	177.8
Mar-04	187.4	
Apr-04	188.0	
May-04	189.1	180.5
Jun-04	189.7	
Jul-04	189.4	
Aug-04	189.5	182.1
Sep-04	189.9	
Oct-04	190.9	
Nov-04	191.0	183.6
Dec-04	190.3	
Jan-05	190.7	
Feb-05	191.8	186.3
Mar-05	193.3	

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
DETERMINATION OF TREND FOR EXPENSES

	<u>All Items (A)</u>	<u>CCI (B)</u>	<u>Combined (C)</u>
(1) Annual Change in indices based on exponential curve of best fit for the latest 48 points (or 16 quarters)	2.25%	4.34%	3.29%
(2) Annual Change in indices based on exponential curve of best fit for the latest 36 points (or 12 quarters)	2.45%	4.27%	3.36%
(3) Annual Change in indices based on exponential curve of best fit for the latest 24 points (or 8 quarters)	2.74%	4.05%	3.39%
(4) Annual Change in indices based on exponential curve of best fit for the latest 12 points (or 4 quarters)	2.22%	4.21%	3.21%
(5) Average Annual Index (D)			
Year Ended 9/30/2002	178.90	164.63	
Year Ended 3/31/2003	181.15	168.30	
Year Ended 9/30/2003	183.10	172.25	
Year Ended 3/31/2004	184.78	175.75	
Year Ended 9/30/2004	187.35	179.15	
Year Ended 3/31/2005	190.30	183.13	
(6) Current Cost Factor (Index Value Divided by Average Annual Index)			
Year Ended 9/30/2002	1.08	1.13	1.11
Year Ended 3/31/2003	1.07	1.11	1.09
Year Ended 9/30/2003	1.06	1.08	1.07
Year Ended 3/31/2004	1.05	1.06	1.06
Year Ended 9/30/2004	1.03	1.04	1.04
Year Ended 3/31/2005	1.02	1.02	1.02

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

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

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

(D) Average year ended index for period shown.

NORTH CAROLINA

EXTERNAL EXPENSE TREND SUMMARY

AVERAGE ANNUAL RATES OF CHANGE  
DATA ENDED MARCH 2005

CONSUMER PRICE INDEX

	STRAIGHT LINE			
	END POINT	MID POINT		EXPONENTIAL
48 points	2.14%	2.23%		2.25%
36 points	2.34%	2.42%		2.45%
24 points	2.63%	2.70%		2.74%
12 points	2.17%	2.20%		2.22%

COMPENSATION COST INDEX

	STRAIGHT LINE			
	END POINT	MID POINT		EXPONENTIAL
16 points	3.93%	4.24%		4.34%
12 points	3.95%	4.18%		4.27%
8 points	3.84%	3.97%		4.05%
4 points	4.07%	4.13%		4.21%

NORTH CAROLINA

EXTERNAL EXPENSE TREND SUMMARY  
CORRELATION COEFFICIENTS  
DATA ENDED MARCH 2005

CONSUMER PRICE INDEX

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

COMPENSATION COST INDEX

	STRAIGHT LINE	EXPONENTIAL
16 points	1.00	1.00
12 points	0.99	0.99
8 points	0.99	0.99
4 points	0.99	0.99

Countrywide External Expense Trend

	Consumer Price Index(a)	Compensation Cost Index(b)		Consumer Price Index(a)	Compensation Cost Index(b)
7/99	166.7		6/02	179.9	
8/99	167.1	144.5	7/02	180.1	
9/99	167.9		8/02	180.7	167.1
10/99	168.2		9/02	181.0	
11/99	168.3	145.8	10/02	181.3	
12/99	168.3		11/02	181.3	167.9
1/00	168.8		12/02	180.9	
2/00	169.8	149.9	1/03	181.7	
3/00	171.2		2/03	183.1	172.1
4/00	171.3		3/03	184.2	
5/00	171.5	151.3	4/03	183.8	
6/00	172.4		5/03	183.5	173.9
7/00	172.8		6/03	183.7	
8/00	172.8	154.8	7/03	183.9	
9/00	173.7		8/03	184.6	175.1
10/00	174.0		9/03	185.2	
11/00	174.1	155.2	10/03	185.0	
12/00	174.0		11/03	184.5	176.2
1/01	175.1		12/03	184.3	
2/01	175.8	157.6	1/04	185.2	
3/01	176.2		2/04	186.2	177.8
4/01	176.9		3/04	187.4	
5/01	177.7	159.3	4/04	188.0	
6/01	178.0		5/04	189.1	180.5
7/01	177.5		6/04	189.7	
8/01	177.5	159.9	7/04	189.4	
9/01	178.3		8/04	189.5	182.1
10/01	177.7		9/04	189.9	
11/01	177.4	161.3	10/04	190.9	
12/01	176.7		11/04	191.0	183.6
1/02	177.1		12/04	190.3	
2/02	177.8	164.0	1/05	190.7	
3/02	178.8		2/05	191.8	186.3
4/02	179.8		3/05	193.3	
5/02	179.8	166.1			

(a) Consumer Price Index for all items, all urban consumers.

Source: Bureau of Labor Statistics, Monthly Labor Review, Table 30.

(b) Total Compensation Cost Index - Insurance Carriers, Agents Brokers, and Service.

Source: Bureau of Labor Statistics.

The data collected under the North Carolina Rate Bureau Special Call for Expense Experience for the latest five years is shown on pages F-155 and F-156.

See the attached Exhibit (4)(d), Section D of RF-1 and the pre-filed testimony of P. Woods.

**CPI GASOLINE INDEX  
ANNUAL PERCENT CHANGE**

<u>Quarter</u>	<u>Index</u>	<u>Annual Percentage Change</u>	<u>Quarter</u>	<u>Index</u>	<u>Annual Percentage Change</u>
83:1	0.951		94:1	0.926	-5.3%
83:2	0.999		94:2	0.959	-3.2%
83:3	1.026		94:3	1.027	5.9%
83:4	1.000		94:4	1.015	4.6%
84:1	0.975	2.6%	95:1	0.978	5.6%
84:2	0.991	-0.8%	95:2	1.033	7.6%
84:3	0.971	-5.4%	95:3	1.015	-1.2%
84:4	0.973	-2.7%	95:4	0.967	-4.8%
85:1	0.941	-3.6%	96:1	0.990	1.3%
85:2	1.003	1.2%	96:2	1.108	7.3%
85:3	1.008	3.7%	96:3	1.069	5.3%
85:4	0.992	2.0%	96:4	1.067	10.4%
86:1	0.908	-3.5%	97:1	1.070	8.1%
86:2	0.763	-24.0%	97:2	1.053	-5.0%
86:3	0.718	-28.7%	97:3	1.067	-0.2%
86:4	0.690	-30.4%	97:4	1.040	-2.6%
87:1	0.750	-17.4%	98:1	0.937	-12.5%
87:2	0.794	4.0%	98:2	0.932	-11.5%
87:3	0.835	16.2%	98:3	0.913	-14.5%
87:4	0.827	19.7%	98:4	0.884	-15.0%
88:1	0.783	4.4%	99:1	0.845	-9.8%
88:2	0.806	1.6%	99:2	0.999	7.2%
88:3	0.832	-0.3%	99:3	1.063	16.4%
88:4	0.811	-1.9%	99:4	1.099	24.3%
89:1	0.803	2.5%	00:1	1.200	42.1%
89:2	0.950	17.9%	00:2	1.313	31.4%
89:3	0.915	10.0%	00:3	1.325	24.7%
89:4	0.871	7.4%	00:4	1.305	18.8%
90:1	0.900	12.1%	01:1	1.253	4.4%
90:2	0.927	-2.5%	01:2	1.400	6.7%
90:3	1.031	12.7%	01:3	1.256	-5.2%
90:4	1.182	35.7%	01:4	1.049	-19.6%
91:1	1.005	11.7%	02:1	1.006	-19.7%
91:2	0.989	6.7%	02:2	1.204	-14.0%
91:3	0.991	-3.9%	02:3	1.208	-3.8%
91:4	0.985	-16.7%	02:4	1.223	16.5%
92:1	0.934	-7.1%	03:1	1.376	36.7%
92:2	0.991	0.2%	03:2	1.333	10.8%
92:3	1.022	3.1%	03:3	1.383	14.5%
92:4	1.013	2.8%	03:4	1.313	7.4%
93:1	0.978	4.7%	04:1	1.428	3.8%
93:2	0.991	0.1%	04:2	1.659	24.5%
93:3	0.969	-5.1%	04:3	1.621	17.2%
93:4	0.971	-4.1%			

NORTH CAROLINA  
PERSONAL AUTO INSURANCE

RETAIL PRICES OF MOTOR FUEL

<u>Date</u>	<u>Regular Gasoline</u>	<u>Midgrade Gasoline</u>	<u>Premium Gasoline</u>
Jan-00	1.230	1.330	1.415
Feb-00	1.319	1.416	1.504
Mar-00	1.455	1.550	1.639
Apr-00	1.392	1.494	1.580
May-00	1.413	1.512	1.669
Jun-00	1.486	1.584	1.669
Jul-00	1.474	1.576	1.657
Aug-00	1.388	1.487	1.574
Sep-00	1.442	1.540	1.628
Oct-00	1.436	1.535	1.622
Nov-00	1.423	1.523	1.610
Dec-00	1.362	1.463	1.544
Jan-01	1.388	1.490	1.575
Feb-01	1.407	1.509	1.594
Mar-01	1.347	1.441	1.525
Apr-01	1.468	1.565	1.650
May-01	1.534	1.631	1.713
Jun-01	1.417	1.520	1.591
Jul-01	1.269	1.369	1.450
Aug-01	1.287	1.384	1.469
Sep-01	1.377	1.478	1.563
Oct-01	1.217	1.317	1.396
Nov-01	1.080	1.181	1.266
Dec-01	1.035	1.132	1.217
Jan-02	1.069	1.170	1.253
Feb-02	1.076	1.175	1.259
Mar-02	1.205	1.304	1.387
Apr-02	1.343	1.445	1.530
May-02	1.328	1.432	1.518
Jun-02	1.300	1.403	1.490
Jul-02	1.295	1.395	1.485
Aug-02	1.295	1.397	1.486
Sep-02	1.306	1.406	1.497
Oct-02	1.399	1.470	1.551
Nov-02	1.356	1.463	1.548
Dec-02	1.750	1.854	1.945

Update is not available

Source: U.S. Dept. of Transportation, Federal Highway Administration

Monthly Gasoline Sales (in thousands of gallons)

Note: These data are taken from state taxation reports at the wholesale level and thus retail sales may reflect time lags of as long as 6 weeks. In addition, the data include highway use, non-highway use, and losses.

	Monthly Gasoline Sales for <u>North Carolina</u>	% change from month one year prior	Year Ending Gasoline Sales for <u>North Carolina</u>	% change from one year prior
Jan 1997	311,632	11.7%	3,820,943	3.4%
Feb 1997	281,850	3.5%	3,830,482	3.7%
Mar 1997	325,401	2.5%	3,838,523	3.6%
Apr 1997	323,871	2.5%	3,846,376	3.6%
May 1997	341,846	2.8%	3,855,709	3.5%
Jun 1997	317,877	0.8%	3,858,386	3.7%
Jul 1997	348,463	3.3%	3,869,568	3.5%
Aug 1997	344,574	0.9%	3,872,647	3.3%
Sep 1997	320,139	3.5%	3,883,502	3.3%
Oct 1997	341,846	2.7%	3,892,368	3.1%
Nov 1997	309,903	-2.1%	3,885,882	2.7%
Dec 1997	336,606	5.7%	3,904,008	3.1%
Jan 1998	310,477	-0.4%	3,902,853	2.1%
Feb 1998	290,762	3.2%	3,911,765	2.1%
Mar 1998	332,393	2.1%	3,918,757	2.1%
Apr 1998	339,288	4.8%	3,934,174	2.3%
May 1998	341,225	-0.2%	3,933,553	2.0%
Jun 1998	345,148	8.6%	3,960,824	2.7%
Jul 1998	362,250	4.0%	3,974,611	2.7%
Aug 1998	349,411	1.4%	3,979,448	2.8%
Sep 1998	337,580	5.4%	3,996,889	2.9%
Oct 1998	353,589	3.4%	4,008,632	3.0%
Nov 1998	327,307	5.6%	4,026,036	3.6%
Dec 1998	346,381	2.9%	4,035,811	3.4%
Jan 1999	303,896	-2.1%	4,029,230	3.2%
Feb 1999	295,246	1.5%	4,033,714	3.1%
Mar 1999	342,543	3.1%	4,043,864	3.2%
Apr 1999	339,125	0.0%	4,043,701	2.8%
May 1999	349,012	2.3%	4,051,488	3.0%
Jun 1999	353,821	2.5%	4,060,161	2.5%
Jul 1999	357,973	-1.2%	4,055,884	2.0%
Aug 1999	389,071	11.4%	4,095,544	2.9%
Sep 1999	352,327	4.4%	4,110,291	2.8%
Oct 1999	349,249	-1.2%	4,105,951	2.4%
Nov 1999	356,112	8.8%	4,134,756	2.7%
Dec 1999	420,568	21.4%	4,208,943	4.3%
Jan 2000	246,533	-18.9%	4,151,580	3.0%
Feb 2000	322,212	9.1%	4,178,546	3.6%
Mar 2000	353,117	3.1%	4,189,120	3.6%
Apr 2000	338,465	-0.2%	4,188,460	3.6%
May 2000	365,442	4.7%	4,204,890	3.8%
Jun 2000	362,849	2.6%	4,213,918	3.8%

Monthly Gasoline Sales (in thousands of gallons)

Note: These data are taken from state taxation reports at the wholesale level and thus retail sales may reflect time lags of as long as 6 weeks. In addition, the data include highway use, non-highway use, and losses.

	Monthly Gasoline Sales for <u>North Carolina</u>	% change from month <u>one year prior</u>	Year Ending Gasoline Sales for <u>North Carolina</u>	% change from one <u>year prior</u>
Jul 2000	353,474	-1.3%	4,209,419	3.8%
Aug 2000	376,075	-3.3%	4,196,423	2.5%
Sep 2000	340,185	-3.4%	4,184,281	1.8%
Oct 2000	360,400	3.2%	4,195,432	2.2%
Nov 2000	344,452	-3.3%	4,183,772	1.2%
Dec 2000	351,636	-16.4%	4,114,840	-2.2%
Jan 2001	337,065	36.7%	4,205,372	1.3%
Feb 2001	313,281	-2.8%	4,196,441	0.4%
Mar 2001	352,485	-0.2%	4,195,809	0.2%
Apr 2001	349,404	3.2%	4,206,748	0.4%
May 2001	362,668	-0.8%	4,203,974	0.0%
Jun 2001	359,808	-0.8%	4,200,933	-0.3%
Jul 2001	365,105	3.3%	4,212,564	0.1%
Aug 2001	386,702	2.8%	4,223,191	0.6%
Sep 2001	345,463	1.6%	4,228,469	1.1%
Oct 2001	356,981	-0.9%	4,225,050	0.7%
Nov 2001	364,974	6.0%	4,245,572	1.5%
Dec 2001	349,756	-0.5%	4,243,692	3.1%
Jan 2002	324,599	-3.7%	4,231,226	0.6%
Feb 2002	314,049	0.2%	4,231,994	0.8%
Mar 2002	373,224	5.9%	4,252,733	1.4%
Apr 2002	362,307	3.7%	4,265,636	1.4%
May 2002	385,935	6.4%	4,288,903	2.0%
Jun 2002	353,515	-1.7%	4,282,610	1.9%
Jul 2002	381,819	4.6%	4,299,324	2.1%
Aug 2002	388,322	0.4%	4,300,944	1.8%
Sep 2002	348,880	1.0%	4,304,361	1.8%
Oct 2002	369,854	3.6%	4,317,234	2.2%
Nov 2002	360,420	-1.2%	4,312,680	1.6%
Dec 2002	358,955	2.6%	4,321,879	1.8%
Jan 2003	350,647	8.0%	4,347,927	2.8%
Feb 2003	309,803	-1.4%	4,343,681	2.6%
Mar 2003	352,649	-5.5%	4,323,106	1.7%
Apr 2003	352,764	-2.6%	4,313,563	1.1%
May 2003	382,431	-0.9%	4,310,059	0.5%
Jun 2003	368,673	4.3%	4,325,217	1.0%
Jul 2003	392,732	2.9%	4,336,130	0.9%
Aug 2003	396,930	2.2%	4,344,738	1.0%
Sep 2003	364,449	4.5%	4,360,307	1.3%
Oct 2003	383,700	3.7%	4,374,153	1.3%
Nov 2003	356,887	-1.0%	4,370,620	1.3%
Dec 2003	373,497	4.1%	4,385,162	1.5%

MILES DRIVEN AND GASOLINE CONSUMPTION - U.S. TOTAL

	Miles Driven (billions <u>of miles</u> )	Year ending Miles Driven (billions <u>of miles</u> )	% Change from Year <u>Prior</u>	Gasoline Consumption (millions <u>of gallons</u> )	Year ending Gasoline Consumption (millions <u>of gallons</u> )	% Change from Year <u>Prior</u>
1/98	198.2	2,541.3	2.2%	9,844.7	125,483.5	1.5%
2/98	187.0	2,545.9	2.1%	9,640.1	125,880.9	1.9%
3/98	211.5	2,546.6	1.9%	10,504.9	126,175.7	2.1%
4/98	218.6	2,557.1	2.2%	10,609.2	126,247.9	1.8%
5/98	229.9	2,565.3	2.4%	11,164.0	126,477.0	1.8%
6/98	227.2	2,572.7	2.5%	11,056.6	126,662.7	1.6%
7/98	243.6	2,585.7	2.8%	11,501.4	127,054.1	1.8%
8/98	236.6	2,591.0	2.9%	11,113.1	127,271.5	2.1%
9/98	219.3	2,599.7	3.1%	10,900.0	127,779.4	2.1%
10/98	225.5	2,606.6	3.3%	10,714.0	127,958.9	2.2%
11/98	208.8	2,614.0	3.5%	10,544.4	128,413.4	2.7%
12/98	212.7	2,618.9	3.4%	11,073.5	128,665.9	2.6%
1/99	193.6	2,614.3	2.9%	9,741.3	128,562.5	2.5%
2/99	191.5	2,618.8	2.9%	9,975.6	128,898.0	2.4%
3/99	220.8	2,628.1	3.2%	10,832.4	129,225.5	2.4%
4/99	221.0	2,630.5	2.9%	10,939.8	129,556.1	2.6%
5/99	230.8	2,631.4	2.6%	11,492.9	129,885.0	2.7%
6/99	236.0	2,640.2	2.6%	11,515.1	130,343.5	2.9%
7/99	243.1	2,639.7	2.1%	11,641.3	130,483.4	2.7%
8/99	241.5	2,644.6	2.1%	11,875.1	131,245.4	3.1%
9/99	224.3	2,649.6	1.9%	11,026.5	131,371.9	2.8%
10/99	233.6	2,657.7	2.0%	11,028.6	131,686.5	2.9%
11/99	221.9	2,670.8	2.2%	11,116.0	132,258.1	3.0%
12/99	221.5	2,679.6	2.3%	11,539.8	132,724.4	3.2%
1/00	199.3	2,685.3	2.7%	9,953.3	132,936.4	3.4%
2/00	195.2	2,689.0	2.7%	10,324.4	133,285.2	3.4%
3/00	227.8	2,696.0	2.6%	10,644.3	133,097.1	3.0%
4/00	223.2	2,698.2	2.6%	11,108.9	133,266.2	2.9%
5/00	237.6	2,705.0	2.8%	11,646.8	133,420.1	2.7%
6/00	238.3	2,707.3	2.5%	11,311.1	133,216.1	2.2%
7/00	240.3	2,704.5	2.5%	11,539.6	133,114.4	2.0%
8/00	242.9	2,705.9	2.3%	11,674.0	132,913.3	1.3%
9/00	222.6	2,704.2	2.1%	10,982.0	132,868.8	1.1%
10/00	231.8	2,702.4	1.7%	11,252.4	133,092.6	1.1%
11/00	218.4	2,698.9	1.1%	10,863.9	132,840.5	0.4%
12/00	214.2	2,691.6	0.4%	11,323.1	132,623.8	-0.1%
1/01	209.3	2,701.6	0.6%	10,422.2	133,092.7	0.1%
2/01	199.9	2,706.3	0.6%	10,207.4	132,975.7	-0.2%
3/01	231.5	2,710.0	0.5%	10,916.8	133,248.2	0.1%
4/01	231.4	2,718.2	0.7%	11,134.2	133,273.5	0.0%
5/01	244.3	2,724.9	0.7%	11,536.2	133,162.9	-0.2%
6/01	242.6	2,729.2	0.8%	11,705.6	133,557.4	0.3%

Source: U. S. Department of Transportation, Federal Highway Administration

MILES DRIVEN AND GASOLINE CONSUMPTION - U.S. TOTAL

	Miles Driven (billions of miles)	Year ending Miles Driven (billions of miles)	% Change from Year Prior	Gasoline Consumption (millions of gallons)	Year ending Gasoline Consumption (millions of gallons)	% Change from Year Prior
7/01	248.8	2,737.7	1.2%	11,691.1	133,708.9	0.4%
8/01	251.7	2,746.5	1.5%	11,894.2	133,929.1	0.8%
9/01	224.6	2,748.5	1.6%	10,978.4	133,925.5	0.8%
10/01	240.0	2,756.7	2.0%	11,281.5	133,954.6	0.6%
11/01	229.5	2,767.8	2.6%	11,093.0	134,183.7	1.0%
12/01	228.1	2,781.7	3.3%	11,360.1	134,220.7	1.2%
1/02	213.7	2,786.1	3.1%	10,751.1	134,549.6	1.1%
2/02	206.4	2,792.6	3.2%	10,230.3	134,572.5	1.2%
3/02	234.0	2,795.1	3.1%	11,265.8	134,921.5	1.3%
4/02	234.7	2,798.4	3.0%	11,469.3	135,256.6	1.5%
5/02	249.7	2,803.8	2.9%	12,062.9	135,783.3	2.0%
6/02	246.3	2,807.5	2.9%	11,669.3	135,747.0	1.6%
7/02	253.9	2,812.6	2.7%	12,083.0	136,138.9	1.8%
8/02	256.0	2,816.9	2.6%	12,189.1	136,433.8	1.9%
9/02	230.9	2,823.2	2.7%	11,501.3	136,956.7	2.3%
10/02	243.3	2,826.5	2.5%	11,653.4	137,328.6	2.5%
11/02	228.5	2,825.5	2.1%	11,407.2	137,642.8	2.6%
12/02	231.4	2,828.8	1.7%	11,454.3	137,737.0	2.6%
1/03	217.9	2,833.0	1.7%	11,126.9	138,112.8	2.6%
2/03	202.8	2,829.4	1.3%	10,064.7	137,947.2	2.5%
3/03	236.9	2,832.3	1.3%	11,273.6	137,955.0	2.2%
4/03	239.2	2,836.8	1.4%	11,396.9	137,882.6	1.9%
5/03	253.9	2,841.0	1.3%	12,040.2	137,859.9	1.5%
6/03	252.7	2,847.4	1.4%	11,929.4	138,120.0	1.7%
7/03	262.0	2,855.5	1.5%	12,257.1	138,294.1	1.6%
8/03	260.4	2,859.9	1.5%	12,340.3	138,445.3	1.5%
9/03	237.0	2,866.0	1.5%	11,599.3	138,543.3	1.2%
10/03	254.3	2,877.0	1.8%	11,889.0	138,778.9	1.1%
11/03	234.3	2,882.8	2.0%	11,388.1	138,759.8	0.8%
12/03	239.5	2,890.9	2.2%	11,834.6	139,140.1	1.0%
1/04	218.4	2,891.4	2.1%			
2/04	209.4	2,898.0	2.4%			
3/04	247.5	2,908.6	2.7%			
4/04	247.0	2,916.4	2.8%			
5/04	254.1	2,916.6	2.7%			
6/04	253.7	2,917.6	2.5%			
7/04	262.9	2,918.5	2.2%			
8/04	259.3	2,917.4	2.0%			
9/04	239.4	2,919.8	1.9%			

Source: U. S. Department of Transportation, Federal Highway Administration

**COMPONENTS OF THE CPI INDEX**  
**MONTHLY PERCENT CHANGES**

	<b>CPI-U: All Items CUSA0NS</b>	<b>CPI-U: Med. Care CUSAMNS</b>	<b>CPI-U: Phys-Serv CUSEMC01NS</b>	<b>CPI-U: Hospital &amp; Other Related Services CUSEMDNS</b>	<b>Weekly Income AWEEP</b>	<b>CPI-U: Automobile Bodywork CUSETD01NS</b>	<b>PPI: All Items WPINS</b>	<b>PPI: Metal/MPR WPI10NS</b>
99:7	0.3%	0.4%	0.3%	0.6%	0.4%	0.7%	0.4%	0.5%
99:8	0.2%	0.3%	0.0%	0.7%	0.3%	0.5%	1.0%	0.4%
99:9	0.5%	0.2%	0.0%	0.3%	0.4%	-0.3%	0.9%	0.5%
99:10	0.2%	0.2%	0.3%	0.3%	0.1%	0.3%	-0.2%	0.6%
99:11	0.1%	0.2%	0.1%	0.3%	0.1%	0.7%	0.5%	0.2%
99:12	0.0%	0.4%	0.0%	0.8%	0.3%	0.0%	-0.4%	0.6%
00:1	0.3%	0.5%	0.7%	0.7%	0.4%	-0.1%	0.4%	0.8%
00:2	0.6%	0.6%	0.9%	0.7%	0.3%	0.2%	1.2%	0.4%
00:3	0.8%	0.4%	0.7%	0.3%	0.1%	0.8%	0.8%	-0.1%
00:4	0.1%	0.3%	0.2%	0.4%	0.7%	0.3%	-0.1%	-0.1%
00:5	0.1%	0.2%	0.0%	0.3%	-0.1%	0.3%	0.7%	-0.3%
00:6	0.5%	0.4%	0.5%	0.7%	0.4%	0.2%	1.7%	-0.2%
00:7	0.2%	0.3%	0.1%	0.8%	0.4%	0.3%	-0.1%	0.1%
00:8	0.0%	0.5%	0.2%	1.0%	-0.1%	0.7%	-0.6%	0.0%
00:9	0.5%	0.2%	0.2%	0.4%	0.4%	0.7%	1.4%	0.3%
00:10	0.2%	0.2%	0.1%	0.3%	0.7%	0.4%	0.5%	-0.4%
00:11	0.1%	0.2%	0.0%	0.3%	0.0%	0.1%	-0.3%	-0.9%
00:12	-0.1%	0.3%	0.2%	0.2%	-0.2%	0.0%	0.9%	0.1%
01:1	0.6%	0.9%	1.2%	1.0%	0.7%	0.4%	2.8%	0.0%
01:2	0.4%	0.7%	0.6%	0.8%	0.0%	0.1%	-1.9%	-0.2%
01:3	0.2%	0.4%	0.1%	0.5%	0.6%	-0.1%	-1.1%	0.0%
01:4	0.4%	0.3%	0.4%	0.2%	0.0%	0.3%	0.4%	-0.5%
01:5	0.5%	0.2%	0.0%	0.4%	0.3%	0.7%	0.3%	0.1%
01:6	0.2%	0.4%	0.3%	0.4%	0.3%	0.5%	-1.0%	-0.2%
01:7	-0.3%	0.2%	0.0%	0.4%	0.2%	0.0%	-1.5%	-0.2%
01:8	0.0%	0.5%	0.6%	1.0%	-0.1%	0.4%	0.0%	-0.4%
01:9	0.5%	0.2%	0.0%	0.4%	0.0%	0.9%	-0.1%	-0.1%
01:10	-0.3%	0.3%	0.3%	0.6%	-0.2%	0.3%	-2.3%	-0.6%
01:11	-0.2%	0.3%	0.0%	0.7%	0.7%	-0.3%	-0.4%	-0.4%
01:12	-0.4%	0.2%	0.0%	0.3%	0.5%	0.1%	-1.3%	0.0%
02:1	0.2%	0.8%	0.9%	1.4%	-0.3%	-0.1%	0.3%	0.1%
02:2	0.4%	0.5%	0.0%	0.9%	0.3%	-0.1%	-0.1%	0.2%
02:3	0.6%	0.4%	0.1%	0.8%	0.2%	0.4%	1.1%	0.4%
02:4	0.6%	0.4%	0.0%	0.8%	0.4%	0.0%	0.8%	0.4%
02:5	0.0%	0.3%	0.2%	0.6%	0.0%	0.1%	0.0%	0.5%
02:6	0.1%	0.2%	0.2%	0.2%	1.1%	0.6%	0.1%	0.6%
02:7	0.1%	0.7%	1.1%	0.6%	-0.4%	0.6%	0.2%	0.3%
02:8	0.3%	0.2%	0.0%	1.0%	0.6%	0.2%	0.2%	-0.2%
02:9	0.2%	0.1%	-0.1%	0.5%	0.3%	0.1%	0.6%	0.4%
02:10	0.2%	0.5%	0.6%	0.9%	0.0%	0.0%	0.7%	-0.1%
02:11	0.0%	0.4%	0.3%	1.1%	0.2%	0.3%	-0.1%	0.2%
02:12	-0.2%	0.3%	0.1%	0.4%	0.3%	-0.3%	-0.2%	-0.1%
03:1	0.4%	0.4%	0.3%	0.9%	0.0%	-0.1%	1.8%	0.3%
03:2	0.8%	0.4%	0.4%	0.6%	0.3%	0.3%	1.7%	0.5%
03:3	0.6%	0.2%	0.0%	0.1%	0.3%	0.3%	2.6%	0.2%
03:4	-0.2%	0.1%	0.3%	0.0%	-0.7%	0.0%	-3.1%	-0.2%
03:5	-0.2%	0.3%	0.3%	0.1%	0.7%	0.0%	-0.1%	0.1%
03:6	0.1%	0.3%	-0.1%	0.7%	0.2%	0.2%	1.0%	0.0%
03:7	0.1%	0.4%	0.3%	0.7%	0.1%	0.2%	-0.2%	0.1%
03:8	0.4%	0.3%	0.0%	0.8%	0.1%	0.1%	0.2%	0.5%
03:9	0.3%	0.3%	0.1%	0.4%	0.0%	-0.1%	0.4%	0.4%
03:10	-0.1%	0.2%	0.3%	0.3%	0.4%	0.2%	0.6%	0.5%
03:11	-0.3%	0.3%	0.0%	1.2%	0.5%	0.1%	-0.3%	0.9%
03:12	-0.1%	0.4%	0.3%	0.3%	-0.7%	0.6%	0.4%	1.3%
04:1	0.5%	0.5%	0.5%	0.7%	0.9%	0.0%	1.4%	2.1%
04:2	0.5%	0.8%	1.3%	0.7%	0.2%	0.2%	0.5%	3.2%
04:3	0.6%	0.5%	0.8%	0.3%	0.2%	0.4%	0.7%	2.6%
04:4	0.3%	0.3%	0.2%	0.0%	0.0%	0.4%	1.2%	1.8%
04:5	0.6%	0.2%	0.1%	0.2%	0.6%	0.5%	1.4%	0.3%
04:6	0.3%	0.3%	0.1%	0.6%	-0.4%	-0.1%	0.3%	0.2%
04:7	-0.2%	0.3%	0.1%	0.5%	0.9%	0.1%	0.3%	3.5%
04:8	0.1%	0.2%	0.5%	-0.1%	0.0%	0.2%	0.2%	1.4%
04:9	0.2%	0.2%	0.1%	0.4%	0.4%	0.6%	-0.1%	0.2%

**COMPONENTS OF THE CPI INDEX**  
**ANNUAL PERCENT CHANGES**

<b>Year</b>	<b>CPI-U: All Items CUSA0NS</b>	<b>CPI-U: Med. Care CUSAMNS</b>	<b>CPI-U: Phys-Serv CUSEMC01NS</b>	<b>CPI-U: Hospital &amp; Other Related Services CUSEMDNS</b>	<b>Weekly Income AWEEAP</b>	<b>CPI-U: Automobile Bodywork CUSETD01NS</b>	<b>PPI: All Items WPINS</b>	<b>PPI: Metal/MPR WPI10NS</b>
99:7	2.1%	3.5%	3.0%	3.9%	3.6%	1.6%	0.6%	-2.7%
99:8	2.3%	3.4%	2.6%	4.1%	3.3%	2.1%	2.2%	-1.8%
99:9	2.6%	3.4%	2.5%	4.5%	3.8%	1.2%	3.4%	-0.9%
99:10	2.6%	3.5%	2.7%	4.4%	3.4%	1.7%	3.0%	0.6%
99:11	2.6%	3.5%	2.7%	4.5%	3.3%	1.8%	3.8%	1.4%
99:12	2.7%	3.7%	2.6%	5.1%	3.4%	1.5%	4.1%	2.7%
00:1	2.7%	3.6%	2.9%	4.8%	3.7%	0.9%	4.4%	3.9%
00:2	3.2%	3.8%	3.4%	4.8%	3.8%	1.8%	6.1%	4.4%
00:3	3.8%	3.9%	3.8%	5.0%	3.8%	2.7%	6.7%	4.7%
00:4	3.1%	3.9%	3.7%	5.5%	3.9%	2.5%	5.7%	4.5%
00:5	3.2%	4.0%	3.8%	5.6%	3.4%	3.2%	5.5%	3.6%
00:6	3.7%	4.1%	3.9%	6.0%	3.6%	3.4%	6.9%	3.3%
00:7	3.7%	4.1%	3.6%	6.3%	3.6%	3.0%	6.4%	2.9%
00:8	3.4%	4.2%	3.7%	6.6%	3.2%	3.2%	4.7%	2.5%
00:9	3.5%	4.3%	3.9%	6.8%	3.1%	4.2%	5.2%	2.3%
00:10	3.4%	4.3%	3.7%	6.8%	3.7%	4.3%	6.0%	1.3%
00:11	3.4%	4.3%	3.6%	6.8%	3.6%	3.7%	5.2%	0.2%
00:12	3.4%	4.2%	3.9%	6.2%	3.0%	3.7%	6.6%	-0.3%
01:1	3.7%	4.5%	4.4%	6.5%	3.3%	4.3%	9.1%	-1.1%
01:2	3.5%	4.6%	4.0%	6.6%	2.9%	4.2%	5.9%	-1.7%
01:3	2.9%	4.6%	3.5%	6.8%	3.5%	3.4%	3.9%	-1.6%
01:4	3.3%	4.6%	3.6%	6.7%	2.7%	3.4%	4.4%	-2.0%
01:5	3.6%	4.6%	3.6%	6.9%	3.1%	3.9%	4.0%	-1.6%
01:6	3.2%	4.6%	3.4%	6.7%	3.0%	4.2%	1.3%	-1.6%
01:7	2.7%	4.5%	3.3%	6.2%	2.9%	3.9%	-0.2%	-2.0%
01:8	2.7%	4.5%	3.7%	6.2%	2.9%	3.6%	0.4%	-2.3%
01:9	2.6%	4.5%	3.6%	6.2%	2.4%	3.8%	-1.0%	-2.7%
01:10	2.1%	4.6%	3.7%	6.6%	1.5%	3.7%	-3.8%	-3.0%
01:11	1.9%	4.8%	3.8%	6.9%	2.2%	3.3%	-3.9%	-2.5%
01:12	1.6%	4.7%	3.5%	7.1%	3.0%	3.4%	-5.9%	-2.6%
02:1	1.1%	4.7%	3.2%	7.5%	2.0%	2.9%	-8.2%	-2.5%
02:2	1.1%	4.5%	2.6%	7.7%	2.3%	2.7%	-6.6%	-2.1%
02:3	1.5%	4.4%	2.6%	8.0%	1.9%	3.2%	-4.5%	-1.7%
02:4	1.6%	4.6%	2.1%	8.6%	2.3%	2.9%	-4.1%	-0.8%
02:5	1.2%	4.7%	2.3%	8.8%	2.0%	2.2%	-4.4%	-0.4%
02:6	1.1%	4.5%	2.2%	8.5%	2.8%	2.3%	-3.4%	0.5%
02:7	1.5%	4.9%	3.4%	8.8%	2.2%	2.8%	-1.6%	1.0%
02:8	1.8%	4.7%	2.7%	8.8%	2.9%	2.7%	-1.4%	1.3%
02:9	1.5%	4.6%	2.6%	9.0%	3.2%	2.0%	-0.8%	1.8%
02:10	2.0%	4.8%	2.9%	9.3%	3.4%	1.7%	2.2%	2.3%
02:11	2.2%	5.0%	3.1%	9.7%	2.9%	2.2%	2.5%	3.0%
02:12	2.4%	5.0%	3.2%	9.8%	2.7%	1.8%	3.7%	2.9%
03:1	2.6%	4.6%	2.7%	9.2%	3.1%	1.8%	5.3%	3.2%
03:2	3.0%	4.5%	3.1%	8.9%	3.1%	2.2%	7.2%	3.5%
03:3	3.0%	4.3%	3.0%	8.2%	3.2%	2.2%	8.8%	3.2%
03:4	2.2%	4.0%	3.3%	7.3%	2.1%	2.2%	4.6%	2.6%
03:5	2.1%	4.0%	3.4%	6.7%	2.7%	2.2%	4.5%	2.1%
03:6	2.1%	4.1%	3.1%	7.3%	1.8%	1.8%	5.4%	1.5%
03:7	2.1%	3.8%	2.3%	7.4%	2.3%	1.4%	5.0%	1.3%
03:8	2.2%	3.9%	2.4%	7.2%	1.8%	1.3%	4.9%	1.9%
03:9	2.3%	4.0%	2.6%	7.0%	1.5%	1.0%	4.7%	1.9%
03:10	2.0%	3.7%	2.3%	6.4%	1.9%	1.2%	4.6%	2.5%
03:11	1.8%	3.5%	2.0%	6.5%	2.2%	1.0%	4.4%	3.2%
03:12	1.9%	3.7%	2.3%	6.4%	1.2%	1.9%	5.0%	4.6%
04:1	1.9%	3.8%	2.5%	6.2%	2.0%	2.0%	4.5%	6.5%
04:2	1.7%	4.2%	3.4%	6.3%	1.9%	1.8%	3.3%	9.3%
04:3	1.7%	4.5%	4.2%	6.5%	1.8%	1.9%	1.3%	12.0%
04:4	2.3%	4.7%	4.2%	6.4%	2.5%	2.4%	5.8%	14.3%
04:5	3.1%	4.6%	3.9%	6.6%	2.4%	2.8%	7.4%	14.6%
04:6	3.3%	4.6%	4.1%	6.4%	1.8%	2.5%	6.7%	14.8%
04:7	3.0%	4.5%	3.9%	6.2%	2.6%	2.4%	7.2%	18.8%
04:8	2.7%	4.4%	4.4%	5.2%	2.6%	2.6%	7.2%	19.8%
04:9	2.5%	4.4%	4.4%	5.2%	3.0%	3.3%	6.6%	19.6%

CPI ALL ITEMS (URBAN) - LESS ENERGY

CUSA0LENS

<u>Month</u>	<u>Index</u>	<u>Annual Percentage Change</u>
00:1	1.763	2.0%
00:2	1.769	2.1%
00:3	1.778	2.4%
00:4	1.781	2.2%
00:5	1.782	2.4%
00:6	1.783	2.5%
00:7	1.787	2.5%
00:8	1.791	2.6%
00:9	1.796	2.6%
00:10	1.801	2.5%
00:11	1.803	2.6%
00:12	1.802	2.6%
01:1	1.810	2.7%
01:2	1.818	2.8%
01:3	1.826	2.7%
01:4	1.829	2.7%
01:5	1.829	2.6%
01:6	1.833	2.8%
01:7	1.836	2.7%
01:8	1.841	2.8%
01:9	1.845	2.7%
01:10	1.851	2.8%
01:11	1.854	2.8%
01:12	1.852	2.8%
02:1	1.857	2.6%
02:2	1.865	2.6%
02:3	1.871	2.5%
02:4	1.875	2.5%
02:5	1.874	2.5%
02:6	1.873	2.2%
02:7	1.875	2.1%
02:8	1.881	2.2%
02:9	1.884	2.1%
02:10	1.888	2.0%
02:11	1.889	1.9%
02:12	1.886	1.8%
03:1	1.890	1.8%
03:2	1.897	1.7%
03:3	1.902	1.7%
03:4	1.902	1.4%
03:5	1.903	1.5%
03:6	1.903	1.6%
03:7	1.905	1.6%
03:8	1.908	1.4%
03:9	1.910	1.4%
03:10	1.917	1.5%
03:11	1.916	1.4%
03:12	1.915	1.5%
04:1	1.919	1.5%
04:2	1.927	1.6%
04:3	1.937	1.8%
04:4	1.941	2.1%
04:5	1.943	2.1%
04:6	1.944	2.2%
04:7	1.945	2.1%
04:8	1.947	2.0%
04:9	1.952	2.2%

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

5. CHANGES IN PREMIUM BASE RESULTING FROM RATING EXPOSURE TRENDS

(a) Exposure distributions by policy term:

<u>Year Ended</u>	<u>6 Month</u>	<u>12 Month</u>
12/1997	91%	9%
12/1998	90	10
12/1999	90	10
12/2000	83	17
12/2001	85	15
12/2002	90	10
12/2003	87	13

These exposure distributions are the best estimates of the corresponding premium distributions.

The distribution for the most recent year is the best estimate of the distribution during the time the proposed rates will be in effect.

(b) No premium trend is applicable to the liability coverages.

See also pre-filed testimony of P. Woods.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

6. LIMITING FACTOR DEVELOPMENT AND APPLICATION

No limitations were applied.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

7. OVERHEAD EXPENSE DEVELOPMENT AND APPLICATION OF COMMISSION AND BROKERAGE,  
OTHER ACQUISITION EXPENSES, GENERAL EXPENSES, TAXES, LICENSES, AND FEES
- (a)(b) The derivation of expense factors is shown on the following  
page F-155-156. See also pre-filed testimony of P. Woods.
  - (c) Pages F-100-114 contain information on expenses for the top 10  
writers.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
SUMMARY OF LIABILITY EXPENSE EXPERIENCE - VOLUNTARY AND CEDED BUSINESS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Premiums Written at Manual Level	\$2,092,185,598	\$2,128,075,319	\$2,088,424,946	\$2,182,501,620	\$2,371,491,456
Premiums Earned at Manual Level	2,083,579,171	2,140,805,296	2,091,064,008	2,153,995,534	2,323,309,924
Premium Written (Collected Level)	1,872,322,547	1,931,613,561	1,896,237,159	1,966,486,164	2,131,701,669
Premium Earned (Collected Level)	1,868,741,176	1,939,239,000	1,897,802,072	1,939,187,608	2,080,058,726
Commission & Brokerage	186,321,184	184,638,340	189,078,142	196,758,521	208,066,954
Other Acquisition	166,738,789	150,011,919	138,898,741	158,491,203	178,608,266
General Expenses	99,789,223	115,123,637	121,344,299	129,861,415	127,955,285
Taxes, Licenses, and Fees	41,781,922	43,306,666	45,064,435	48,885,392	50,675,808
Bodily Injury Losses Incurred	748,047,710	779,777,822	876,481,923	797,908,662	901,261,493
BI Allocated Loss Adjustment	38,781,892	33,979,502	38,066,636	11,029,181	33,670,584
BI Unallocated Loss Adjustment	104,927,764	107,502,974	116,743,366	107,897,517	110,683,039
Property Damage Losses Incurred	505,698,507	539,273,166	537,030,087	583,087,084	588,252,361
PD Allocated Loss Adjustment	4,665,601	3,062,127	1,738,292	4,491,936	8,993,978
PD Unallocated Loss Adjustment	57,124,615	58,826,778	62,402,493	67,329,603	74,862,797

COMBINED RATIOS

Commission & Brokerage to Written Premium (a) (b)	.100	.095	.100	.100	.097
Other Acquisition to Earned Premium (c)	.080	.070	.066	.074	.077
General Expenses to Earned Premium (c)	.048	.054	.058	.060	.055
Taxes, Licenses, etc. to Written Premium (b)	.022	.022	.024	.025	.024
Unallocated Loss Adjustment Expenses to Losses + Allocated	.133	.132	.128	.133	.118
	<u>BI</u>	<u>BI</u>	<u>BI</u>	<u>BI</u>	<u>BI</u>
	<u>PD</u>	<u>PD</u>	<u>PD</u>	<u>PD</u>	<u>PD</u>
	.112	.108	.116	.115	.125

Notes:

- (a) Ceded business has a commission and brokerage provision set at 10%.
- (b) Ratios are to premiums at collected level.
- (c) Ratios are to premiums at manual level.

Source: North Carolina Rate Bureau Expense Call

NORTH CAROLINA  
MOTORCYCLE INSURANCE  
SUMMARY OF LIABILITY EXPENSE EXPERIENCE - VOLUNTARY AND CEDED BUSINESS

<u>Item</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Premiums Written	\$12,121,801	\$14,743,182	\$17,569,891	\$17,767,876	\$21,404,466
Premiums Earned	12,042,071	14,430,309	16,953,554	17,226,637	20,360,578
Commission & Brokerage	1,275,165	1,840,657	2,004,943	2,096,798	2,434,725
Other Acquisition	1,114,200	1,274,959	1,376,449	1,409,269	1,411,100
General Expenses	710,080	801,372	1,086,450	914,380	779,071
Taxes, Licenses, and Fees	265,719	321,212	403,676	441,524	461,972
Losses Incurred	6,587,745	7,244,023	7,836,352	7,684,849	10,614,863
All Loss Adjustment Expenses	788,627	552,887	885,800	1,160,753	2,259,666
		<u>COMBINED RATIOS</u>			
Commission & Brokerage to Written Premium	.105	.125	.114	.118	.114
Other Acquisition to Earned Premium	.093	.088	.081	.082	.069
General Expenses to Earned Premium	.059	.056	.064	.053	.038
Taxes, Licenses, etc. to Written Premium	.022	.022	.023	.025	.022
All Loss Adjustment Expenses to Losses	.120	.076	.113	.151	.213

Source: North Carolina Rate Bureau Expense Call

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

8. PERCENT RATE CHANGE

The overall statewide rate change by coverage is shown on page A-1.

The proposed rate changes are dependent on the actual implementation date of the new rates, because any such change will affect all of the trending periods used in the filing. Any change in the trending periods will affect all of the losses and fixed expenses used in the calculation of the rate level indication.

If the effective date were to be changed, advance notice of seventy-five (75) days is required for an orderly implementation of the change in rates. This is the amount of time required to calculate the new rates based on the new effective date, and distribute the necessary information to member companies.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

9. FINAL PROPOSED RATES

The proposed rates are shown in Section B.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

10. INVESTMENT EARNINGS, CONSISTING OF INVESTMENT INCOME AND REALIZED PLUS UNREALIZED CAPITAL GAINS, FROM LOSS, LOSS EXPENSE AND UNEARNED PREMIUM RESERVES

See the attached Exhibits (10)(a) and (10)(b) and the pre-filed testimony of P. Woods. The experience provides the best estimate of the future.

The response to item (10)(c) is contained in the Rate Bureau's February 1, 2005 filing.

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES  
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1. Direct Earned Premium for Accident Year Ended 12/31/99		\$599,356,086
2. Mean Unearned Premium Reserve	0.287 x (1)	172,015,197
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		1.83%
50% of Other Acquisition Expense		4.25%
50% of Company Operating Expense		2.45%
Total		18.53%
4. (2) x (3)		31,874,416
5. Net Subject to Investment (2) - (4)		140,140,781

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)		\$599,356,086
2. Average Agents' Balances		0.159
3. Delayed Remission (1) x (2)		95,297,618

C. Loss Reserve

1. Direct Earned Premium (A-1)		\$599,356,086
2. Expected Incurred Losses and Loss Adjustment		473,491,308
0.790 x (1)		
3. Expected Mean Loss Reserves	0.998 x (2)	472,544,325

D. Net Subject to Investment (A-5) - (B-3) + (C-3) 517,387,488

E. Average Rate of Return 5.30%

F. Investment Earnings on Net Subject to Investment (D) x (E) 27,421,537

G. Average Rate of Return as a Percent of Direct Earned Premium 4.58%  
(F) / (A-1)

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/99 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/99	\$1,869,895,058
2. Unearned Premium Reserve as of 12/31/98	534,680,630
3. Unearned Premium Reserve as of 12/31/99	539,271,751
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	536,976,191
5. Ratio (4) $\div$ (1)	0.287

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 Private Passenger Automobile Liability 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, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 1999 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 15.4% of net written premiums. The 15.4% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .159 (.154 x 1.031 = .159).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 1998 and 1999 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 1998	\$1,226,732,343
2. Incurred Losses for Calendar Year 1999	1,252,963,753
3. Loss Reserves as of 12/31/97	1,274,329,618
4. Loss Reserves as of 12/31/98	1,236,988,706
5. Loss Reserves as of 12/31/99	1,221,595,169
6. Mean Loss Reserve 1998: 1/2 [(3) + (4)]	1,255,659,162
7. Mean Loss Reserve 1999: 1/2 [(4) + (5)]	1,229,291,938
8. Ratio (6) ÷ (1)	1.024
9. Ratio (7) ÷ (2)	0.981
10. Loss Reserve: 1/2 [(8) + (9)]	1.003
11. Ratio of LAE Reserves to Loss Reserves (a)	0.207
12. Ratio of Incurred LAE to Incurred Losses (a)	0.213
13. Loss and LAE Reserve [(10)x(1.0+(11))]/(1.0+(12))]	0.998

(a) Based on 1999 All-Industry Insurance Expense Exhibit (source: A.M. Best)

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES  
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1. Direct Earned Premium for Accident Year Ended 12/31/2000		\$578,208,060
2. Mean Unearned Premium Reserve	0.303 x (1)	175,197,042
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		1.83%
50% of Other Acquisition Expense		3.60%
50% of Company Operating Expense		2.75%
Total		18.18%
4. (2) x (3)		31,850,822
5. Net Subject to Investment (2) - (4)		143,346,220

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)		\$578,208,060
2. Average Agents' Balances		0.184
3. Delayed Remission (1) x (2)		106,390,283

C. Loss Reserve

1. Direct Earned Premium (A-1)		\$578,208,060
2. Expected Incurred Losses and Loss Adjustment		461,988,240
0.799 x (1)		
3. Expected Mean Loss Reserves	0.963 x (2)	444,894,675

D. Net Subject to Investment (A-5) - (B-3) + (C-3) 481,850,612

E. Average Rate of Return 5.38%

F. Investment Earnings on Net Subject to Investment (D) x (E) 25,923,563

G. Average Rate of Return as a Percent of Direct Earned Premium 4.48%  
(F) / (A-1)

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/2000 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/2000	\$1,766,109,101
2. Unearned Premium Reserve as of 12/31/1999	539,271,751
3. Unearned Premium Reserve as of 12/31/2000	531,040,694
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	535,156,223
5. Ratio (4) $\div$ (1)	0.303

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 Private Passenger Automobile Liability 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, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 2000 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 17.8% of net written premiums. The 17.8% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .184 (.178 x 1.031 = .184).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 1999 and 2000 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 1999	\$1,252,963,753
2. Incurred Losses for Calendar Year 2000	1,315,651,113
3. Loss Reserves as of 12/31/1998	1,236,988,706
4. Loss Reserves as of 12/31/1999	1,221,595,169
5. Loss Reserves as of 12/31/2000	1,213,324,628
6. Mean Loss Reserve 1999: 1/2 [(3) + (4)]	1,229,291,938
7. Mean Loss Reserve 2000: 1/2 [(4) + (5)]	1,217,459,899
8. Ratio (6) ÷ (1)	0.981
9. Ratio (7) ÷ (2)	0.925
10. Loss Reserve: 1/2 [(8) + (9)]	0.953
11. Ratio of LAE Reserves to Loss Reserves (a)	0.207
12. Ratio of Incurred LAE to Incurred Losses (a)	0.195
13. Loss and LAE Reserve [(10)x(1.0+(11))]/(1.0+(12))]	0.963

(a) Based on 2000 All-Industry Insurance Expense Exhibit (source: A.M. Best)

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES  
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1. Direct Earned Premium for Accident Year Ended 12/31/2001		\$665,179,578
2. Mean Unearned Premium Reserve	0.280 x (1)	186,250,282
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		2.00%
50% of Other Acquisition Expense		3.40%
50% of Company Operating Expense		2.95%
Total		18.35%
4. (2) x (3)		34,176,927
5. Net Subject to Investment (2) - (4)		152,073,355

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)		\$665,179,578
2. Average Agents' Balances		0.184
3. Delayed Remission (1) x (2)		122,393,042

C. Loss Reserve

1. Direct Earned Premium (A-1)		\$665,179,578
2. Expected Incurred Losses and Loss Adjustment		520,170,430
0.782 x (1)		
3. Expected Mean Loss Reserves	0.911 x (2)	473,875,262

D. Net Subject to Investment (A-5) - (B-3) + (C-3) 503,555,575

E. Average Rate of Return 4.32%

F. Investment Earnings on Net Subject to Investment (D) x (E) 21,753,601

G. Average Rate of Return as a Percent of Direct Earned Premium 3.27%  
(F) / (A-1)

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/2001 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/2001	\$1,895,563,770
2. Unearned Premium Reserve as of 12/31/2000	531,040,694
3. Unearned Premium Reserve as of 12/31/2001	529,221,396
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	530,131,045
5. Ratio (4) $\div$ (1)	0.280

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 Private Passenger Automobile Liability 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, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 2001 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 17.8% of net written premiums. The 17.8% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .184 (.178 x 1.031 = .184).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 2000 and 2001 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2000	\$1,315,651,113
2. Incurred Losses for Calendar Year 2001	1,410,205,014
3. Loss Reserves as of 12/31/1999	1,221,595,169
4. Loss Reserves as of 12/31/2000	1,213,324,628
5. Loss Reserves as of 12/31/2001	1,269,542,424
6. Mean Loss Reserve 2000: 1/2 [(3) + (4)]	1,217,459,899
7. Mean Loss Reserve 2001: 1/2 [(4) + (5)]	1,241,433,526
8. Ratio (6) ÷ (1)	0.925
9. Ratio (7) ÷ (2)	0.880
10. Loss Reserve: 1/2 [(8) + (9)]	0.903
11. Ratio of LAE Reserves to Loss Reserves (a)	0.199
12. Ratio of Incurred LAE to Incurred Losses (a)	0.188
13. Loss and LAE Reserve [(10)x(1.0+(11)))/(1.0+(12))]	0.911

(a) Based on 2001 All-Industry Insurance Expense Exhibit (source: A.M. Best)

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES  
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1. Direct Earned Premium for Accident Year Ended 12/31/2002		\$623,746,514
2. Mean Unearned Premium Reserve	0.278 x (1)	173,401,531
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		2.08%
50% of Other Acquisition Expense		3.70%
50% of Company Operating Expense		3.00%
Total		18.78%
4. (2) x (3)		32,564,808
5. Net Subject to Investment (2) - (4)		140,836,723

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)	\$623,746,514
2. Average Agents' Balances	0.149
3. Delayed Remission (1) x (2)	92,938,231

C. Loss Reserve

1. Direct Earned Premium (A-1)	\$623,746,514
2. Expected Incurred Losses and Loss Adjustment	480,908,562
0.771 x (1)	
3. Expected Mean Loss Reserves	433,779,523
0.902 x (2)	

D. Net Subject to Investment (A-5) - (B-3) + (C-3) 481,678,015

E. Average Rate of Return 3.93%

F. Investment Earnings on Net Subject to Investment (D) x (E) 18,929,946

G. Average Rate of Return as a Percent of Direct Earned Premium 3.03%  
(F) / (A-1)

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/2002 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/2002	\$1,957,059,172
2. Unearned Premium Reserve as of 12/31/2001	529,221,396
3. Unearned Premium Reserve as of 12/31/2002	557,203,755
4. Mean Unearned Premium Reserve 1/2 [(2) + (3)]	543,212,576
5. Ratio (4) ÷ (1)	0.278

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 Private Passenger Automobile Liability 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, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 2002 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 14.5% of net written premiums. The 14.5% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.031 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.031 is based on 1993 and 1994 industrywide data provided by the A.M. Best Company. The two factors combined amount to .149 (.145 x 1.031 = .149).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 2001 and 2002 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2001	\$1,410,205,014
2. Incurred Losses for Calendar Year 2002	1,388,594,207
3. Loss Reserves as of 12/31/2000	1,213,324,628
4. Loss Reserves as of 12/31/2001	1,269,542,424
5. Loss Reserves as of 12/31/2002	1,276,839,223
6. Mean Loss Reserve 2001: 1/2 [(3) + (4)]	1,241,433,526
7. Mean Loss Reserve 2002: 1/2 [(4) + (5)]	1,273,190,824
8. Ratio (6) ÷ (1)	0.880
9. Ratio (7) ÷ (2)	0.917
10. Loss Reserve: 1/2 [(8) + (9)]	0.899
11. Ratio of LAE Reserves to Loss Reserves (a)	0.204
12. Ratio of Incurred LAE to Incurred Losses (a)	0.2
13. Loss and LAE Reserve [(10)x(1.0+(11)))/(1.0+(12))]	0.902

(a) Based on 2002 All-Industry Insurance Expense Exhibit (source: A.M. Best)

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CEDED LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED PREMIUM RESERVES  
AND ON LOSS RESERVES

A. Unearned Premium Reserve

1. Direct Earned Premium for Accident Year Ended 12/31/2003		\$292,519,558
2. Mean Unearned Premium Reserve	0.278 x (1)	81,320,437
3. Deduction for Prepaid Expenses		
Commission and Brokerage Expense		10.00%
Taxes, Licenses and Fees		2.00%
50% of Other Acquisition Expense		3.85%
50% of Company Operating Expense		2.75%
Total		18.60%
4. (2) x (3)		15,125,601
5. Net Subject to Investment (2) - (4)		66,194,836

B. Delayed Remission of Premium (Agents' Balances)

1. Direct Earned Premium (A-1)		\$292,519,558
2. Average Agents' Balances		0.146
3. Delayed Remission (1) x (2)		42,707,855

C. Loss Reserve

1. Direct Earned Premium (A-1)		\$292,519,558
2. Expected Incurred Losses and Loss Adjustment		227,580,216
0.778 x (1)		
3. Expected Mean Loss Reserves	0.885 x (2)	201,408,491

D. Net Subject to Investment (A-5) - (B-3) + (C-3) 224,895,472

E. Average Rate of Return 4.39%

F. Investment Earnings on Net Subject to Investment (D) x (E) 9,872,911

G. Average Rate of Return as a Percent of Direct Earned Premium 3.38%  
(F) / (A-1)

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

Line A-1

Direct earned premiums are the total limits earned premiums at present manual level for ceded Private Passenger Automobile Bodily Injury and Property Damage Liability and Medical Payments Insurance for all companies writing private passenger automobile insurance in North Carolina for the latest accident year.

Line A-2

The mean unearned premium reserve is determined by multiplying the direct earned premiums in line (1) by the ratio of the mean unearned premium reserve to the collected earned premium for calendar year ended 12/31/2003 for all companies writing Private Passenger Automobile Liability insurance in North Carolina. These data are from page 15 of the Annual Statement.

1. Collected Earned Premium for Calendar Year ended 12/31/2003	\$2,101,843,329
2. Unearned Premium Reserve as of 12/31/2002	557,203,755
3. Unearned Premium Reserve as of 12/31/2003	609,899,658
4. Mean Unearned Premium Reserve $1/2 [(2) + (3)]$	583,551,707
5. Ratio (4) $\div$ (1)	0.278

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 Private Passenger Automobile Liability 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, which amounts to approximately 50-75 days after the effective dates of the policies. Therefore, funds for the unearned premium reserve required during the initial days of all policies must be taken from the company's surplus.

Based on the 2003 Insurance Expense Exhibit for all companies writing private passenger liability insurance in North Carolina, agent's balances for premiums due less than 90 days amount to 14.1% of net written premiums. The 14.1% is based on a procedure that weighs the percent of countrywide agents balances relative to countrywide private passenger liability premium (using data from Part III of the IEE) on the private passenger written liability premium for North Carolina private passenger liability insurance (as shown on Page 15 of the Annual Statement).

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
LIABILITY COVERAGES

ESTIMATED INVESTMENT EARNINGS ON UNEARNED  
PREMIUM RESERVES AND ON LOSS RESERVES

EXPLANATORY NOTES

The above percentage must be multiplied by a factor of 1.033 to include the effect of agents balances or uncollected premiums overdue for more than 90 days. The 1.033 is based on 2002 and 2003 industrywide data provided by the A.M. Best Company. The two factors combined amount to .146 (.141 x 1.033 = .146).

Line C-2

The expected loss and loss adjustment ratio reflects the expense provisions used in this filing.

Line C-3

The expected mean loss reserve is determined by multiplying the expected incurred losses in line (2) by the average North Carolina ratio of the mean loss reserves to the incurred losses in 2002 and 2003 for Automobile Liability insurance. This ratio is based on North Carolina companies' Page 15 annual statement data and has been adjusted to include loss adjustment expense reserves.

1. Incurred Losses for Calendar Year 2002	\$1,388,594,207
2. Incurred Losses for Calendar Year 2003	1,501,859,410
3. Loss Reserves as of 12/31/2001	1,269,542,424
4. Loss Reserves as of 12/31/2002	1,276,839,223
5. Loss Reserves as of 12/31/2003	1,335,811,002
6. Mean Loss Reserve 2002: 1/2 [(3) + (4)]	1,273,190,824
7. Mean Loss Reserve 2003: 1/2 [(4) + (5)]	1,306,325,113
8. Ratio (6) ÷ (1)	0.917
9. Ratio (7) ÷ (2)	0.870
10. Loss Reserve: 1/2 [(8) + (9)]	0.894
11. Ratio of LAE Reserves to Loss Reserves (a)	0.198
12. Ratio of Incurred LAE to Incurred Losses (a)	0.210
13. Loss and LAE Reserve [(10)x(1.0+(11)))/(1.0+(12))]	0.885

(a) Based on 2003 All-Industry Insurance Expense Exhibit (source: A.M. Best)

The data available to the Rate Bureau to estimate the requested length of time is the yearly paid and incurred total limits loss development data contained on pages F-40-42 and F-45-47. The data on a paid and incurred basis is shown on pages F-177 and F-178. Page F-176 shows the incurred losses for immature accident years on an ultimate basis using the latest three-year average loss development factor.

The accident year data for any given year 19XX (or 20YY) has an average date of accident of July 1, 19XX (or 20YY). By taking the ratio of paid losses to ultimate incurred losses as shown on the following pages, the percentage of losses paid in each year is estimated.

It is next necessary to determine an estimate for the average payment date (months) of the losses paid in each interval. Such data are not available for North Carolina. Such data are available for Massachusetts and are set forth below for the purpose of showing how this analysis would be completed for North Carolina if North Carolina data were available. The following data is personal auto data for the state of Massachusetts as contained in the Massachusetts Automobile Rate Bureau's 1990 filing. Since the Rate Bureau is advised by ISO that Massachusetts payment patterns are longer than North Carolina's, the results of this analysis (based on Massachusetts payment patterns) overstate the average length of time between occurrence and payment.

The result of this analysis is shown below:

Period Month-to-Month	Percentage Paid in Period		Massachusetts
	(a)	(b)	Average Payment Date (months)
0-15	62.1%	64.4%	9.3
15-27	20.1%	19.8%	20.3
27-39	8.9%	8.0%	32.4
39-51	5.0%	4.6%	44.3
51-63	2.0%	2.1%	56.5
63-ult.	1.9%	1.1%	73.4

	(a)	(b)
(1) Average Payment Date	17.5 months	16.6 months
(2) Average Date of Accident	6.0 months	6.0 months
(3) Average Length of Time between Occurrence and Payment [(1)-(2)]	11.5 months	10.6 months

- (a) Based on the average of the three earliest accident year points.
- (b) Based on the average of the three latest accident year points.

Based on this analysis the average length of time between occurrence and payment has decreased by nine-tenths of one month over this period.

NORTH CAROLINA  
ULTIMATE INCURRED LOSSES

Accident Year	Losses (a)
1990	758,804,422
1991	777,806,722
1992	860,055,833
1993	920,840,724
1994	1,012,878,331
1995	1,080,149,261
1996	1,132,931,481
1997	1,141,375,788
1998	1,136,947,157
1999	1,196,305,206
2000	1,220,232,051
2001	1,228,547,449
2002	1,286,488,012
2003	1,329,556,347

(a) Total limits Bodily Injury, Property Damage and Medical Payments combined. 63 months is considered ultimate.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

B.I., P.D., Med.Pay. Combined Total Limits Paid Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					740,224,835
1991				745,845,301	764,871,932
1992			780,347,636	824,871,572	846,069,749
1993		748,344,312	837,420,447	888,745,260	908,189,230
1994	617,615,852	834,927,069	928,135,872	978,449,411	1,000,883,797
1995	670,215,563	896,546,520	993,341,823	1,046,916,855	1,067,822,322
1996	717,252,302	943,479,998	1,039,953,497	1,096,655,496	1,120,668,124
1997	725,091,323	955,293,444	1,051,378,903	1,106,544,953	1,129,898,054
1998	733,293,590	952,668,575	1,047,887,918	1,100,677,997	1,125,855,949
1999	766,874,761	998,045,746	1,100,179,975	1,155,991,393	1,182,252,291
2000	799,103,515	1,033,184,626	1,128,230,873	1,183,687,799	
2001	789,771,959	1,030,163,060	1,132,217,585		
2002	829,685,310	1,079,168,036			
2003	856,882,384				

Ratio of Paid to Ultimate Incurred

Accident Year	0-15 Mo.	15-27 Mo.	27-39 Months	39-51 Months	51-63 Months
1990					0.976
1991				0.959	0.983
1992			0.907	0.959	0.984
1993		0.813	0.909	0.965	0.986
1994	0.610	0.824	0.916	0.966	0.988
1995	0.620	0.830	0.920	0.969	0.989
1996	0.633	0.833	0.918	0.968	0.989
1997	0.635	0.837	0.921	0.969	0.990
1998	0.645	0.838	0.922	0.968	0.990
1999	0.641	0.834	0.920	0.966	0.988
2000	0.655	0.847	0.925	0.970	
2001	0.643	0.839	0.922		
2002	0.645	0.839			
2003	0.644				
Earliest Three Year Avg	0.621	0.822	0.911	0.961	0.981
Latest Three Year Avg	0.644	0.842	0.922	0.968	0.989

Losses exclude unallocated loss adjustment expense.

NORTH CAROLINA  
AUTOMOBILE LIABILITY INSURANCE - PRIVATE PASSENGER CARS  
LOSS DEVELOPMENT

All Carriers

Voluntary and Ceded Combined

B.I., P.D., Med.Pay. Combined Total Limits Incurred Losses as of

Accident Year	15 Months	27 Months	39 Months	51 Months	63 Months
1990					758,804,422
1991				779,280,254	777,806,722
1992			856,082,092	861,119,645	860,055,833
1993		902,725,811	919,268,736	925,240,914	920,840,724
1994	943,132,925	989,508,721	1,013,935,436	1,016,315,942	1,012,878,331
1995	1,011,282,611	1,063,219,264	1,078,266,528	1,084,703,753	1,080,149,261
1996	1,072,001,408	1,118,000,018	1,131,203,067	1,133,191,100	1,132,931,481
1997	1,082,877,971	1,120,759,790	1,132,077,719	1,139,495,672	1,141,375,788
1998	1,067,358,126	1,110,156,274	1,126,606,291	1,135,634,931	1,136,947,157
1999	1,113,366,528	1,157,598,783	1,182,991,251	1,192,900,037	1,196,305,206
2000	1,115,662,106	1,185,355,980	1,207,738,470	1,217,796,458	
2001	1,127,660,082	1,189,153,419	1,216,383,613		
2002	1,177,233,497	1,247,806,025			
2003	1,217,542,442				

Loss Development Factors

Accident Year	15-27 Mo.	27-39 Mo.	39-51 Mo.	51-63 Mo.
1991				0.998
1992			1.006	0.999
1993		1.018	1.006	0.995
1994	1.049	1.025	1.002	0.997
1995	1.051	1.014	1.006	0.996
1996	1.043	1.012	1.002	1.000
1997	1.035	1.010	1.007	1.002
1998	1.040	1.015	1.008	1.001
1999	1.040	1.022	1.008	1.003
2000	1.062	1.019	1.008	
2001	1.055	1.023		
2002	1.060			
Five Year Average	1.051	1.018	1.007	1.000
Three Year Average	1.059	1.021	1.008	1.002
		Five Year	Three Year	
39 to 63 months:		1.007	1.010	
27 to 63 months:		1.025	1.031	
15 to 63 months:		1.077	1.092	

Losses exclude unallocated loss adjustment expense.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

11. IDENTIFICATION OF APPLICABLE STATISTICAL PLANS AND PROGRAMS AND A  
CERTIFICATION OF COMPLIANCE WITH THEM

(a) ISO Personal Auto Statistical Plan

ISO Minimum Personal Auto Statistical Plan

ISO 2003 Call for Personal Auto Bodily Injury and Property Damage  
Liability and No-Fault Statistics

ISO 2003 Call for Personal Auto Minimum Statistical Plan Liability  
and No-Fault Statistics

PCI Automobile Statistical Plans - All Coverages

PCI 2003 quarterly Automobile Liability Call

PCI Voluntary Automobile Excess Loss Call

Annual Statement for Calendar Year 2003

Insurance Expense Exhibit for Calendar Year 2003

RB Calls for 2003 North Carolina Automobile Expense Experience

NISS Automobile Statistical Plan - All Coverages - Part IV, North  
Carolina

NISS 2003 Quarterly Automobile Call

NISS 2003 Quarterly Automobile Excess Loss Call

NISS 2003 Calendar Year Annual Statement

NISS 2004 Financial Reconciliation Call

(b) The North Carolina Rate Bureau and North Carolina Reinsurance  
Facility certify that there is no evidence known to them or, insofar  
as they are aware following reasonable inquiry, to the statistical  
agencies 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 Rate Bureau and Reinsurance Facility are aware that the  
collected data sometimes require corrections or adjustments, their  
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 P. Woods.

(c) Pages F-180-184 contain general descriptions of the editing  
procedures used to ensure data were collected in accordance with the  
applicable statistical plans.

## North Carolina Private Passenger Automobile Insurance Statistical Data

### ISO Editing Procedures

1. Upon receipt of the data from each reporting company, checks are made to ensure that each record (i.e., the data reported for each exposure) has valid and readable information. This includes a check that the appropriate alpha-numeric codes have been utilized.
2. The records are then checked to ensure that each of the fields has a valid code in it (e.g., company numbers must be entered as four-digit numerals).
3. Relationship edits which evaluate the interrelationship between codes are then performed. For example, if a record indicates North Carolina, Private Passenger, Bodily Injury, checks are made to ascertain that applicable interrelationships are maintained.
4. Distributional edits are performed to make sure that the reporting company has not erred in miscoding its data into a single class, territory, or other rating criteria due a systems problem or other error.
5. The resulting combined data from all the company records are reconciled with Page 15 Annual Statement data for that company.
6. After all of the ISO data are aggregated, a consolidated review of the data is conducted to determine overall reasonableness and accuracy. In this procedure the data are compared with previous statewide and territory figures. Areas of concern are identified and results are verified by checking back to the source data.

ISO's edit procedure for Private Passenger Automobile data is in compliance with the requirements of the Statistical Data Monitoring System (SDMS) which is mandated for use in several states and was developed by the New York Insurance Department in conjunction with the Arthur Andersen Company. SDMS was developed to provide procedures for the companies that report, and state agents that collect, data in order to put controls into the reporting system to generate valid results. ISO employs the procedures detailed by SDMS throughout the country.

# North Carolina Private Passenger Automobile Insurance Statistical Data

## PCI Editing Procedures

The following narrative sets forth a general description of the editing procedures utilized by PCI to review North Carolina statistical data. All North Carolina experience submitted to the PCI by affiliated companies undergoes standard procedures to ensure that the data is reported in accordance with the PCI's approved statistical plans.

PCI's review of the data takes place on two levels: analysis of individual company data and analysis of the aggregate data of all the companies combined. These two separate functions will be treated in that order.

### Analysis of Company Data

Analysis of company data includes: completeness checks, editing for valid coding and checking the distribution of data among the various data elements.

#### 1. Completeness Checks (Balancing and Reconciliation):

Balancing and reconciliation procedures are used to determine completeness of reporting. Completeness means that the PCI has received and processed all of the data due to be filed with the PCI. First, totals of each company's processed data are compared to separate transmittal totals supplied by the company. This step ensures that PCI has processed completely the experience included in the company's submission of data and that no errors occur during this processing. As a second check for completeness, the reported statistical data is reconciled to Page 15 totals from the company's Annual Statement. It is a useful procedure in determining completeness because the annual statement represents an independent source of information.

#### 2. Editing of Codes:

##### Format and Readability

Statistical data reported by affiliated companies must be filed in accordance with PCI's approved statistical plans. This includes the requirement that the data must conform to the specific formats and technical specifications in order for PCI to properly read and process these submissions. The initial edit is a test of each company's submission to ensure it has been reported using the proper record format and that it meets certain technical requirements for the line of insurance being reported. Key fields are tested to ensure that only numeric information has been reported in fields defined as numeric, and that the fields have been reported in the proper position in the record.

## Relational Edits

The data items of information filed with the insurance company's experience are reported by using codes defined under PCI's statistical plans. For example, the various types of Policy Forms written on Homeowners policies in North Carolina are defined in the Personal Lines Statistical Plan. Similarly, the various coverages written on private passenger automobile policies in North Carolina are defined in the Automobile Statistical Plan. Each definition for each data element has a unique code assigned to it which distinguishes it from other definitions. All data items applicable to North Carolina are defined in a similar manner in each of PCI's statistical plans and have codes assigned to properly identify each definition.

All records reported to PCI are subjected to validation of the reported codes. This validation, called editing, is performed to assure that companies are reporting properly defined PCI Statistical Plan codes for North Carolina experience.

The purpose of the edit is to validate the statistical codes reported in each record. This validation is called a Relation Edit. A relational edit verifies that a reported code is valid in combination with one or more related data items. Relational edit tests are accomplished primarily through the use of specific edit tables applicable to each line of insurance.

In most cases, the experience data in the record is used in conjunction with the related codes and compared to an establishment or discontinued date for the code being validated. This ensures that specific codes are not being utilized beyond the range of time during which they are valid.

An example of a relational edit involves territory coding. Many territory code numbers are available under each statistical plan for various states, with various effective dates. However, only codes defined for North Carolina for the specific line being processed are valid in combination with North Carolina reported experience. Further, if a new code is erected, that code will be considered valid only if the date reported in the statistical record is equal or subsequent to the establishment date of the code.

### 3. Distributional Analysis:

The validation of the codes is not by itself sufficient to assure the credibility of company data. Having assured the reporting of valid codes, the statistical agent must verify that valid entries are indeed reliable. Therefore, the data is also reviewed for reasonable distributions. The primary focus of this review is to establish that the statistical data reported by the company is a credible reflection of the company's experience.

The distribution of company experience by specific data elements such as state, territory, policy form, and construction, for example, for the current reporting period is compared to company profiles of prior periods. In addition, ratios relevant to the line of insurance such as average premium, average loss, volume, loss ratio and loss frequency are compared to industry averages. This historical comparison can highlight changes in the pattern of reporting.

The distributional analysis serves as an additional verification that systematic errors are not introduced during the production of data files submitted to PCI by our affiliated companies. Disproportionate amounts of premiums and/or losses in a particular class or territory, for example, can be detected using this technique.

#### Validation of Aggregate Data

After the individual company has been reviewed, the data for all reporting companies is compiled to produce aggregate reports. The aggregate data represents the combined experience of many companies. This data is also subjected to similar review procedures. To ensure completeness, run to run control techniques are applied. This initial balancing the totals of the aggregate runs to previously verified control totals. In this manner the aggregate data is monitored to ensure the inclusion of the appropriate company data.

The aggregate data is also reviewed for credibility through distributional analysis similar to that performed on the individual company data. Earned exposures (where applicable) and premiums and incurred losses and claims are used to calculate pure premiums, claim frequencies and claim costs for comparison to past averages. The analysis of the aggregate data centers on determining consistency over time by comparing several years of experience, by coverage and class, or territory, for example. Through the application of these techniques, PCI is able to provide reliable insurance statistical data in North Carolina.

## North Carolina Private Passenger Automobile Insurance Statistical Data

### NISS Editing Procedures

- a. Every report received is checked for completeness. Every submission must include (1) an affidavit; (2) a letter of transmittal setting forth company control totals for the data being sent; (3) the data being reported on tape, cartridge, diskette or form to be keyed.
- b. Individual company submissions are balanced to the company letter of transmittals to ensure that all data have been received and processed. After all four quarters of data have been received, the company reports are reconciled to the Annual Statement Page 15 amounts. The NISS Financial Reconciliation identifies any amounts needed to reconcile any differences between the company reported data and Annual Statement amounts.
- c. Every company record submitted to NISS is verified through NISS edit software for its coding accuracy and conformance with NISS record layouts and instructions. NISS edits verify the accuracy of each code for each data element. Where possible, each data element is subjected to a relational edit whereby it will be checked for accuracy in conjunction with another field.
- d. Individual company submissions are also subjected to a series of reasonability tests to determine that the current submission is consistent with previous company submissions, known changes in this line of business and statewide trends. NISS compares current quarter data to the previous quarter. This comparison is performed and analyzed by grouping data.
- e. After all of the NISS data are combined, a review of this consolidated data is also performed. The aggregate data is compared on a year to year basis to again verify its reasonableness, similar to those checks employed on an individual company submission.

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12. INVESTMENT EARNINGS ON CAPITAL AND SURPLUS

Not applicable.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

13. LEVEL OF CAPITAL AND SURPLUS NEEDED TO SUPPORT PREMIUM WRITINGS WITHOUT  
ENDANGERING THE SOLVENCY OF MEMBER COMPANIES

Not applicable.

STATISTICAL DATA TO COMPLY WITH NORTH CAROLINA  
REQUIREMENTS FOR A PRIVATE PASSENGER RATE FILING  
AS PER 11 NCAC 10.1104

14. OTHER INFORMATION REQUIRED BY THE COMMISSIONER.

- (a) See pre-filed testimony of P. Woods.
- (b) See the attached Exhibit (14)(b).
- (c) Not applicable.
- (d) The following changes in methodology from those used in the July 2, 2004 filing have been incorporated into this filing:
  - Used loss and exposure data for ceded business written at Facility rates (Non-clean ceded risks) only in the determination of the indicated rate level changes. Previously, the data for all ceded business was utilized.
  - Determined a Facility only motorcycle liability indicated change using the combined voluntary and ceded motorcycle data and a permissible loss, loss adjustment expense and general and other acquisition expense ratio calculated using the facility underwriting profit provision. Previously, a single motorcycle liability indication for both voluntary and ceded business was determined using a blended voluntary and facility underwriting profit provision. See Section G.
  - Revised Bodily Injury Increased Limits factors. See Section E.

See also pre-filed testimony of P. Woods.

MEMBERS PARTICIPATING DURING THE MARCH 3, 2005  
TELEPHONE CONFERENCE OF THE AUTOMOBILE COMMITTEE

Automobile Committee Members Participating

Allstate Insurance Company  
Steve Armstrong\* - Senior Actuary

GEICO Indemnity Company  
Tom McNicholas - GEICO Direct Military Center Manager

Hartford Fire Insurance Company  
Jamie Mathews - Reg. Pricing Director

Integon Indemnity Corporation  
Art Lyon - Executive Consultant

Liberty Mutual Insurance Company  
Bob Jones - Reg. Mktng. & Planning Specialist

N.C. Farm Bureau Mutual Insurance Company  
Roger Batdorff - Manager, Actuarial & Research

Progressive Casualty Company  
Andrew Rose - Product Manager

Royal Sun Alliance Group  
Tim Miller - State Manager

State Farm Mutual Automobile Insurance Company  
Kathy Popejoy - Actuary - Pricing Director

United Services Automobile Association  
Tim Ungashick - AVP Auto Pricing

Others Participating

Young, Moore & Henderson  
Mickey Spivey - Counsel  
Mike Strickland - Counsel

North Carolina Rate Bureau  
Edith Davis - Director, N. C. Reinsurance Facility  
Tim Lucas - Personal Lines Manager

\*Participated in a portion of the telephone conference.



**DRAFT**

MINUTES OF THE TELEPHONE CONFERENCE OF THE AUTOMOBILE COMMITTEE OF  
THE NORTH CAROLINA RATE BUREAU HELD ON MARCH 3, 2005

MEMBERS PARTICIPATING

Allstate Insurance Company  
GEICO Indemnity Company  
Hartford Fire Insurance Company  
Integon Indemnity Corporation  
Liberty Mutual Insurance Company  
N. C. Farm Bureau Mutual Insurance Company  
Progressive Casualty Insurance Company  
Royal Insurance Company of America  
State Farm Mutual Automobile Ins Company  
Travelers Indemnity Company  
United Services Automobile Association

OTHERS PARTICIPATING

Young, Moore & Henderson  
  
Staff

REPRESENTED BY

Steve Armstrong\*  
Tom McNicholas  
Shannon Barber  
Art Lyon  
Bob Jones  
Roger Batdorff  
Andrew Rose  
Tim Miller  
Kathy Popejoy  
Michael Fitzgerald  
Tim Ungashick

REPRESENTED BY

Mickey Spivey  
Mike Strickland  
Edith Davis  
Tim Lucas

\*Participated in a portion of the telephone conference.

The telephone conference commenced as scheduled, Mr. Armstrong presiding.

Attention was directed to Anti-trust Guidelines and Conflict of Interest Statement distributed prior to the telephone conference.

- 1) Private Passenger Automobile Insurance Rates - Other-Than Clean-Risks Ceded To The Facility

Mr. Lucas stated that the primary purpose of the meeting was to discuss the methodology to be used in the upcoming review of ceded other-than-clean risk rates.

Mr. Woods stated that (1) the voluntary rate filing submitted by the Rate Bureau on February 1, 2005 utilized voluntary experience and all ceded experience; and (2) previous rate filings for other-than-clean risks utilized both clean risk and other-than-clean risk data. Mr. Woods also described the manner in which the clean risk recoupment surcharge is determined.

Following discussion, it was agreed that ISO would provide preliminary exhibits based on all ceded experience, clean risk only experience and other-than-clean risk only experience, and it was agreed to schedule another telephone conference to begin at 10:00 am on April 6, 2005.

2) Safe Driver Insurance Plan

Attention was directed to a copy of the General Statutes which were previously distributed. Mr. Lucas stated (1) that the statutes were recently amended to provide for a new offense of "Aggressive Driving"; (2) that the offense includes several other offenses and that the combination of offenses amounts to the greater offense of "aggressive driving"; (3) that this offense currently falls under the "all other" SDIP category and therefore results in only one point; and (4) that this is a more major offense and should be more than one point.

Following discussion, a motion was made, seconded and passed unanimously to recommend to the Governing Committee that a filing be made to amend the Safe Driver Insurance Plan to make "aggressive driving" an eight point offense.

3) Adjournment

There being no further business, the telephone conference was adjourned.

Respectfully Submitted,

Wayne B. Hinton

Automobile Manager

WBH:dp

7/12/05

AC-05-9

INDIVIDUALS PARTICIPATING DURING THE APRIL 6, 2005  
TELEPHONE CONFERENCE OF THE AUTOMOBILE COMMITTEE

Automobile Committee Members Participating

Allstate Insurance Company  
Steve Armstrong - Senior Actuary

GEICO Indemnity Company  
Tom McNicholas - GEICO Direct Military Center Manager

Hartford Fire Insurance Company  
Shannon Barber - Personal Lines Actuarial

Integon Indemnity Corporation  
Art Lyon - Executive Consultant

Liberty Mutual Insurance Company  
Bob Jones - Reg. Mktng. & Planning Specialist

Lumbermens Mutual Casualty Company  
Amy Brown - Regional Product Manager

Nationwide Mutual Insurance Company  
Doug Eland - Sr. Actuary

N. C. Farm Bureau Mutual Insurance Company  
Roger Batdorff - Sr. Executive - Actuarial Research &  
Financial/Investments

Progressive Casualty Company  
Andrew Rose - Product Manager

Royal Sun Alliance Group  
Tim Miller - Regional Field Director - Consumer Division

State Farm Mutual Automobile Insurance Company  
Kathy Popejoy - Actuary, Pricing Director

United Services Automobile Association  
Tim Ungashick - AVP Auto Pricing

Others Participating

Insurance Services Office  
Dave DeNicola - Actuarial Associate Sr.  
Pat Woods - Assistant Vice President

Young, Moore & Henderson  
Mickey Spivey - Counsel

North Carolina Rate Bureau  
Edith Davis - Director - N.C. Reinsurance Facility  
Wayne Hinton - Automobile Manager  
Tim Lucas - Personal Lines Manager



**DRAFT**

MINUTES OF THE TELEPHONE CONFERENCE OF THE AUTOMOBILE COMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD ON APRIL 6, 2005

MEMBERS PARTICIPATING

Allstate Insurance Company  
GEICO Indemnity Company  
Hartford Fire Insurance Company  
Integon Indemnity Corporation  
Liberty Mutual Insurance Company  
Lumbermens Mutual Casualty Company  
Nationwide Insurance Company  
North Carolina Farm Bureau Mutual Insurance Co.  
Progressive Casualty Insurance Company  
Royal & Sun Alliance  
State Farm Mutual Automobile Insurance Company  
United Services Automobile Association

REPRESENTED BY

Steve Armstrong  
Tom McNicholas  
Shannon Barber  
Art Lyon  
Bob Jones  
Amy Brown  
Douglas Eland  
Roger Batdorff  
Andrew Rose  
Tim Miller  
Kathy Popejoy  
Tim Ungashick

OTHERS PARTICIPATING

Insurance Service Office  
  
Young, Moore & Henderson  
  
Staff

REPRESENTED BY

Pat Woods  
Dave Denicola  
Mickey Spivey  
  
Edith Davis  
Wayne B. Hinton  
Tim Lucas

The telephone conference convened as scheduled, Mr. Armstrong presiding.

1. Private Passenger Automobile Insurance Rates - Other-Than-Clean Risks Ceded To The Facility

Attention was directed to exhibits prepared by Insurance Services Office (ISO) Staff which included the preliminary rate level indications for private passenger automobile insurance for other-than-clean risks ceded to the Reinsurance Facility. Mr. Denicola reviewed the exhibits, and noted that the loss and expense trends utilized in the preliminary rate calculations were the same as those utilized in the voluntary private passenger automobile rate filing. There was extensive discussion regarding the methodology for determining the rates for other-than-clean risks and the methodology for determining the clean risk surcharge. There was also significant discussion regarding

the rates for UM coverage and motorcycle liability coverages.

Following discussion, a motion was made, second, and passed unanimously to recommend to the Board of Governors that the Reinsurance Facility submit a filing proposing statewide rate level changes for bodily injury, property damage, and medical payments coverages based upon the exhibits utilizing other-than-clean risk data alone and the methodologies and selections included in those exhibits.

## 2. Electronic Equipment and Customizing Endorsement

Mr. Lucas advised that the update of the Electronic Equipment and Customizing Equipment endorsement was continuing and that Insurance Services Office was working on the pricing for the endorsement.

## 3. Update on 2005 Voluntary Filing

Mr. Lucas reported that the Commissioner of Insurance had issued a Notice of Public Hearing for the 2005 Auto Filing, that the hearing is scheduled to begin September 26, 2005, and that the Department of Insurance has issued its first set of data requests on the filing.

## 4. Adjournment

There being no further business, the telephone conference was adjourned.

Respectfully Submitted,

Wayne B. Hinton

Automobile Manager

WBH:dp

7/13/05

AC-05-10

MEMBERS PARTICIPATING DURING THE APRIL 15, 2005  
TELEPHONE CONFERENCE OF THE AUTOMOBILE COMMITTEE

Automobile Committee Members Participating

Allstate Insurance Company  
Steve Armstrong - Senior Actuary

GEICO Indemnity Company  
Tom McNicholas - GEICO Direct Military Center Manager

Hartford Fire Insurance Company  
Jamie Mathews - Reg. Pricing Director

Integon Indemnity Corporation  
Art Lyon - Executive Consultant

Liberty Mutual Insurance Company  
Bob Jones - Reg. Mkting. & Planning Specialist

Lumbermens Mutual Casualty Company  
Amy Brown - Reg. Product Manager

N.C. Farm Bureau Mutual Insurance Company  
Roger Batdorff - Manager, Actuarial & Research

Progressive Casualty Company  
Andrew Rose - Product Manager

Royal Sun Alliance Group  
Tim Miller - State Manager

State Farm Mutual Automobile Insurance Company  
Kathy Popejoy - Actuary - Pricing Director

United Services Automobile Association  
Tim Ungashick - AVP Auto Pricing

Others Participating

Insurance Services Office  
Pat Woods - Assistant Vice President  
Dave DeNicola - Actuarial Associate Sr.

Young, Moore & Henderson  
Mickey Spivey - Counsel  
Mike Strickland - Counsel

North Carolina Rate Bureau  
Edith Davis - Director, N. C. Reinsurance Facility  
Wayne Hinton - Automobile Manager  
Tim Lucas - Personal Lines Manager



**DRAFT**

MINUTES OF THE TELEPHONE CONFERENCE OF THE AUTOMOBILE COMMITTEE  
OF THE NORTH CAROLINA RATE BUREAU HELD ON APRIL 15, 2005

MEMBERS PARTICIPATING

Allstate Insurance Company  
GEICO Indemnity Company  
Hartford Fire Insurance Company  
Integon Indemnity Corporation  
Liberty Mutual Insurance Company  
Lumbermens Mutual Casualty Company  
North Carolina Farm Bureau Mutual Insurance Co  
Progressive Casualty Insurance Company  
Royal & Sun Alliance  
State Farm Mutual Automobile Insurance Company  
United States Automobile Association

REPRESENTED BY

Steve Armstrong  
Tom McNicholas  
Jamie Matthews  
Art Lyon  
Robert Jones  
Amy Brown  
Roger Batdorff  
Andrew Rose  
Tim Miller  
Kathy Popejoy  
Tim Ungashick

OTHERS PARTICIPATING

Insurance Services Office  
  
Young, Moore & Henderson  
  
Staff

REPRESENTED BY

Pat Woods  
Dave Denicola  
Mike Strickland  
Mickey Spivey  
Edith Davis  
Wayne B. Hinton  
Tim Lucas

The telephone conference convened as scheduled, Mr. Armstrong presiding.

1. Motorcycle Rates

Mr. DeNicola stated (1) that the data from the Rate Bureau expense call is used for the voluntary motorcycle filing and the ceded motorcycle filing which is being prepared; (2) that the same methodology is being used but with different profit provisions; and (3) that by using this method, this would generate a ceded rate level and a voluntary rate level as opposed to a single rate as in the past.

During the discussion, it was noted that, in the early 1990's, the Rate Bureau published both a voluntary motorcycle rate and a ceded motorcycle rate.

Following discussion, a motion was made, seconded and passed unanimously to recommend a ceded motorcycle rate level calculated as described to become effective October 1, 2005.

2. Uninsured Motorists

Mr. DeNicola stated (1) that the Uninsured Motorists rate level traditionally was the same in the voluntary and ceded markets and that in recent years that rate level had been calculated using a blended profit provision; and (2) that the voluntary filing this year included the full voluntary profit provision in the Uninsured Motorist rates. There was significant discussion about the assumption that the Uninsured Motorist rates should be the same for voluntary and ceded risks

Following discussion a motion was made, seconded and passed unanimously to recommend that the Facility adopt the same Uninsured Motorist rates as those proposed in the voluntary filing.

Mr. Armstrong summarized the Committee's recommendation for ceded rates for other-than-clean risks and indicated that he would present that recommendation at the upcoming Board of Governors meeting.

3. Adjournment

There being no further business, the telephone conference was adjourned.

Respectfully Submitted,

Wayne B. Hinton

Automobile Manager

WBH:dp

7/13/05

AC-05-11

INDIVIDUALS PRESENT DURING THE APRIL 20, 2005  
MEETING OF THE BOARD OF GOVERNORS

Board of Governors Members Present

Allstate Insurance Company

Steve Armstrong\*† - Sr. Actuary, FCAS, MAAA  
Bob Blystone - Controller of S.E. Region

Integon Indemnity Corporation

Art Lyon - Executive Consultant

Liberty Mutual Insurance Company

Cheryl Watts† - S.E. Div. Und. Mgr.

Nationwide Mutual Insurance Company

John Thrasher† - NC Regional Vice President

New Hampshire Insurance Company

Gary Sanginario, CPCU, Product Manager

Progressive Insurance Company

Andrew Rose\* - Product Manager

Royal Indemnity Company

Tim Miller\* - State Manager

Universal Insurance Company

Gregory L. Spray - Vice President & General Manager

Agent Members Present

Able Auto Insurance

Jeffrey W. Butler, Vice President

Wester Realty & Insurance Agency

Hutson Westert† - Vice President

Green & Wooten Agency

John Wooten, Jr. † - CPCU, CIC

Others Present

Atlantic Casualty Insurance Company

Richard Yarbrough† - President of Brokerage Operations

AIPSO

Tom Assad† - Director - Field Operations & Regional Manager

Insurance Services Office

Pat Woods\*† - Assistant Vice President & Manager  
Dave DeNicola\*† - Actuarial Associate Sr.

N. C. Department of Insurance  
Fred Fuller - Deputy Commissioner

Young, Moore & Henderson  
Mike Strickland - Counsel

North Carolina Reinsurance Facility  
Jim Auman - Manager, Information Technology  
Jannet Barnes - Manager, Compliance  
Edith Davis - Director, NCRF  
Ray Evans - General Manager  
Bob Greer - Manager, Internal Auditing  
Wayne Hinton - Automobile Manager  
Tim Lucas - Personal Lines Manager  
Linda McCalpin - Support Assistant, III  
Liz Polley - Data Analyzer  
David Sink - Director, Administration and Finance  
Amy Tart - Manager, Operations

\*Participated by phone

†Attended part of the meeting



MINUTES OF THE BOARD OF GOVERNORS OF THE NORTH CAROLINA  
REINSURANCE FACILITY MEETING HELD IN THE FACILITY'S BOARD ROOM,  
5401 SIX FORKS ROAD, RALEIGH, NORTH CAROLINA  
APRIL 20, 2005

COMPANY MEMBERS PRESENT

Allstate Insurance Company  
Atlantic Casualty Insurance Company  
Integon Indemnity Corporation  
Liberty Mutual Insurance Company  
Nationwide Mutual Insurance Company  
New Hampshire Insurance Company  
Progressive Insurance Company  
Royal Indemnity Company  
Universal Insurance Company

AGENT MEMBERS PRESENT

Able Auto Insurance Agency  
Wester Realty & Insurance Agency  
Green & Wooten Insurance

OTHERS PRESENT

AIPSO  
Insurance Services Office  
North Carolina Department of Insurance  
Young, Moore & Henderson  
Staff

REPRESENTED BY

Bob Blystone  
Steve Armstrong\* †  
Richard Yarbrough †  
Art Lyon  
Cheryl Watts †  
John Thrasher †  
Gary Sanginario  
Andrew Rose \*  
Tim Miller \*  
Greg Spray

Jeff Butler  
Hutson Wester †  
John Wooten, Jr. †

REPRESENTED BY

Tom Assad †  
Pat Woods \* †  
Dave DeNicola \* †  
Fred Fuller  
Mike Strickland  
Jim Auman  
Jannet Barnes  
Edith Davis  
Ray Evans  
Bob Greer  
Wayne Hinton  
Tim Lucas  
Linda McCalpin  
Liz Polley  
David Sink  
Amy Tart

\* Participated by phone.

† Attended part of the meeting.

The meeting convened as scheduled, Mr. Blystone presiding. Ms. Davis announced that a quorum was participating and it was noted that (1) public members Mr. Tate and Mr. Whitley were not present; and (2) Mr. Fuller was representing the Commissioner of Insurance.

Reference was made to the Facility's Antitrust Compliance Policy and Conflicts of Interest Statement, copies of which had been distributed prior to the meeting.

1. Approval of Minutes

There were no outstanding minutes to approve.

2. Reports of Staff and Counsel

A. Counsel

Mr. Strickland stated that a hearing for the February 2005 Automobile rate filing had been set for September 26, 2005. He also reviewed the status of a class action lawsuit, Burrell v. Nationwide and North Carolina Rate Bureau, challenging the constitutionality of the assessment of SDIP points where there had been no judicial determination of negligence by the insured. Mr. Hinton advised that the Bureau receives 200-300 inquiries from insureds for the appeal of SDIP points assessed by member companies per year, resulting in approximately eighty hearings per year.

B. Staff Reports

1). Automobile Manager

Mr. Lucas stated (1) that during the meeting of the Board of Governors held on October 27, 2004, the Board voted to file a commercial automobile rate level change in which the indications were for an overall +0.7% to become effective July 1, 2005; (2) that as a result of an update to the rate of return calculation based on the Facility investment portfolio and a change in the guidelines for investments as directed by the Board of Governors, the overall rate level indication changed to -0.1%; and the filing was made in March, 2005.

Following discussion, a motion was made, seconded and passed unanimously to approve the revised overall indication as filed.

Mr. Lucas stated (1) that the Automobile Committee is close to completing revisions to the Personal Auto Policy; (2) that among the changes are revisions to the Supplemental Payments Provision and the Electronic Equipment and Customized Equipment coverages; and (3) that upon completion and approval by the Rate Bureau Governing Committee, a recommendation will be made to the Facility Board of Governors for adoption of those portions applicable to the Facility.

Mr. Lucas stated (1) that a Task Force was recently formed to study the rating procedures and classification plan for motorcycles; (2) that one of the revisions being considered is the implementation of a motorcycle specific inexperienced operator

surcharge; and (3) that the Facility Board of Governors will receive a recommendation with respect to these revisions in the future.

Mr. Lucas stated (1) that Insurance Services Office (ISO) had recently filed revisions to the Commercial Auto Program with an effective date that allows the ISO member companies to adopt the revisions any time after April 1, 2006 so that companies can adopt the revisions at their convenience. Mr. Lucas stated that the Board of Governors will need to discuss an appropriate effective date if the Board of Governors decides to file the revisions filed by ISO..

2). Director, Finance & Administration

Mr. Sink reported that, during the meeting of the Board of Governors held on December 1, 2004, the Board instructed staff to determine a fair method of allocating an appropriate share of the Rate Bureau automobile rate filing expenses that benefit the Reinsurance Facility and to begin allocating such share of the rate filing expenses to the Reinsurance Facility. He stated that (1) staff met with Counsel in January, 2005 to review the types of expenses that are properly attributable to determining rates used by the Reinsurance Facility. He advised that his review indicated that the Reinsurance Facilities' clean risk, motorcycle and UM/UIM premium constituted approximately 8% of the premium volume and that staff had allocated 8% of the legal and actuarial consulting expenses in the Rate Bureau's filing to the Reinsurance Facility. He advised that this allocation method had resulted in \$8620 of expenses being allocated to the Reinsurance Facility through the monthly inter-office settlements between the Facility and Rate Bureau. He advised that these expenses are not expected to adversely affect the budget.

Mr. Sink stated that the current Investment Account Balance at April 19, 2005 had a market value of \$ 583.6 million, unrealized losses of \$ 5.5 million, and estimated annual income \$ 26.1 million. He also reported that the Investment Committee was scheduled to meet by telephone conference scheduled on Thursday, April 21, 2005 and that for the past twelve months the total return on investments was 0.41%. He advised that this return outperformed the Reinsurance Facilities' customized index by 28 basis points.

With regard to the Facility's Partnership tax return, Mr. Sink advised that this was delivered to staff for review on April 19, 2005, to be reviewed and was expected to be mailed in the next day or two, including Schedule K-1's to member companies. He advised that, as was normally the case, a filing extension was obtained this year.

Mr. Sink reported that (1) the operating results for the quarter ended December 31, 2004 resulted in a net operating loss of \$9.3 million; and (2) that premium refunds and associated interest expense processed to date totaled \$69.4 million of the \$71.9 million total estimated. He also stated that administrative expenses through the first three months of 2005 were under Budget. He reported that administrative expenses of \$944,171 were 60.23% of the \$1,567,528 budget for the first quarter of 2005; but that this was primarily an issue of timing and the result of IT project expenses that had not yet been incurred but had been budgeted toward the beginning of the year. This variance was expected to decrease as the year goes on.

3). Compliance Manager

Ms. Barnes reported that three categories had been identified for ceded premium refund audits: (1) companies that had participated in the premium refund in 2000; (2) companies that had never participated in this type of premium refund procedure; and (3) companies that wrote motorcycle coverage (because motorcycles were included in the current premium refund but had not been included in the previous premium refund). She stated that additional files would be requested from the second and third groups.

With regard to the designated carrier audit, she stated that the requested files and Internal Control Questionnaires had been received from the carriers but that, since they are not due until June 1, 2005, only a few of the questionnaires from the agents had been received.

She also reported that a draft of commercial Frequently Asked Questions (FAQ's) was complete and under review. A circular letter will be sent to notify companies when these are posted to the Facility website.

4). Operations Manager

Ms. Tart reported that the Operations department had been significantly involved in (1) the development of the new NCRF Information System; (2) the processing of premium refund settlements; and (3) providing assistance to several member companies that had experienced system errors in recent months. She further stated that, to date, approximately \$66 million in premium refunds and interest has been paid, and another \$1.1 million is expected remaining to be settled.

Ms. Tart stated that processing activity in the Facility increased significantly last year as a result of the premium refund settlements and continued growth; and noted that approximately 28.3 million accounting records were processed in 2004 compared to 22.4 million in 2003, reflecting an overall increase of about 6 million records. Ms. Tart reported that fiscal year-to-date figures indicated an increase of 3.3% in total written premiums, and an increase in paid losses of 9.19% over the prior year.

5). Director, Reinsurance Facility

Ms. Davis provided a brief update on the status of the premium refunds and reported that, of the companies reporting to date, the refund liability had been projected with greater than 95% accuracy. She advised that all companies that had reported transactions to date had been contacted in an effort to close this process out.

The Board was reminded by Ms. Davis that this would be an election year for all Board of Governors seats and she distributed an excerpt of N.C.G.S. 58-37-35 defining the composition of the Board. She also advised that House bill 1236 had been introduced in the NC Legislature and was supported by the National Association of Mutual Insurance Companies (NAMIC). The legislation proposed changes to the assignment of Board seats based on the trade association affiliations.

Ms. Davis reported that, at the direction of the Board at a previous meeting, staff had conducted a survey with respect to per diem reimbursement practices, with varied

results. Options were discussed, and it was agreed that staff should develop a proposal for the Board's review at the next meeting scheduled for July 13, 2005.

6). General Manager

Mr. Evans reported that there had been a recent break-in at the Facility office, and several pieces of equipment had been taken, but these had already been replaced and no other damage had been noted. He then made a PowerPoint presentation entitled "Evolution of the Organizations", a copy of which is attached, where he highlighted changes in the strategy of the organizations to a business model. He commented on efforts undertaken to date and challenges ahead.

3. Automobile Committee Report and Recommendation

Attention was directed to copies of several exhibits attached to the agenda and distributed during the meeting that were prepared by Insurance Services Office relating to preliminary rate level indications for private passenger automobile insurance rates for other than "clean risks" ceded to the Reinsurance Facility, and by staff relating to the impact of the rate changes on recoupments.

Mr. Armstrong and Mr. DiNicola reviewed the exhibits, noting (1) that the loss and expense trends utilized in the rate level calculations were the same as those utilized in the voluntary private passenger automobile insurance rate filing submitted to the Department of Insurance by the Rate Bureau on February 1, 2005; (2) that the preliminary rate level indications were developed utilizing other than clean risk data only with an effective date of October 1, 2005, which is the same effective date used in the voluntary private passenger automobile insurance rate filing ; and (3) that the data utilized to prepare the indications included experience through calendar year 2003.

Mr. Armstrong stated that the North Carolina Rate Bureau's Automobile Committee had agreed to recommend to the Board of Governors that a filing be submitted for revised rates for other than "clean risks" private passenger automobile insurance business ceded to the Reinsurance Facility, to become effective October 1, 2005, reflecting an overall rate level change of -2.6%, including -6.0% for bodily injury liability, +4.0% for property damage liability, and -19.2% for medical payments coverage. Mr. Armstrong also advised the Board of Governors that the Automobile Committee recommended that the Reinsurance Facility (1) adopt the motorcycle rate calculations filed by the Rate Bureau but that the underwriting profit provision be adjusted so as to generate neither a profit nor a loss in the motorcycle rates and (2) adopt the Rate Bureau's filed UM/UIM rates with an effective date consistent with the effective date for UM/UIM rates ultimately approved in the Rate Bureau's filing.

Following discussion, including review of exhibits showing the changes included by reference to the Rate Bureau's filing, a motion to adopt the recommendation of the Automobile Committee was seconded and passed unanimously.

4. NCRF System Update

Ms Davis presented information on the new information system through a PowerPoint presentation entitled "System Update", which is attached. Highlights included (1) the system

has been named EDGE for Electronic Data Gathering Enterprise system; (2) the RFP was completed and scheduled for distribution that day; (3) a graphical recap of the concurrent activities related to the Facility and system development since late 2003; (4) design highlights; and (5) the formation of the Technical Committee to facilitate the design and implementation of the EDGE system.

5. Recoupment Update

Discussion was introduced regarding the current recoupment factors where it was noted that some of the estimates used in the original calculations had subsequently developed differently with regard to ceded and voluntary rate levels. The Board directed the matter referred to the Task Force on Recoupment for review of the current situation and options, for the purpose of developing a report to be presented to the Board via teleconference before the next meeting scheduled for July 13, 2005.

6. NCRF Standard Practice Manual Revisions

Attention was directed to copies of several Manual revisions attached to the agenda and distributed during the meeting regarding (1) modification of Section 3 – General Rules to reflect cession telecommunication procedures currently in use; (2) removal of obsolete language in Section 4, Chapter 13 as the result of a general statute change in 1999; and (3) revision to Section 4, Exhibit E-1 Surcharge Detail Report – Paper or Microfiche to reflect new Recoupment line codes.

A revision of language in Section 6 – Auditing to reflect the formation of the Compliance Committee and related changes in the responsibilities of the Audit Committee was withdrawn, to be presented at a future meeting pending further refinement.

Following discussion, a motion was made, seconded and passed unanimously to adopt the proposed revisions as presented.

7. Compliance Committee Report and Recommendation

Mr. Spray reported that at the December 1, 2004 Board of Governors meeting, staff sought guidance on the appropriate level of compliance testing and level of documentation to be reviewed by the Facility; and it was subsequently decided to refer this issue to the Compliance Committee for guidance and a recommendation. The Compliance Committee met on February 10, 2005 and developed the following recommendation with respect to the process and depth of policy testing that should be performed by the Facility:

The Compliance Committee recommends that the Facility staff test recoupment reported by member companies on voluntary policies by:

1. Statistical analysis of member company data; and
2. Performing individual voluntary policy audits using the application (when relevant), the declarations pages, and Motor Vehicle Reports (MVR's) in testing to insure that the policy premium, before the application of any deviation, to which the recoupment surcharges were applied was determined in conformance with the NC Personal Auto Manual.

Obvious inconsistencies should be referred back to the member company for reconciliation; including requesting evidence used to support driving experience and SDIP points applied to the policy. Identification of errors should generate a second level of testing. The primary purpose of the policy testing is to detect system or procedural errors, not errors isolated to individual policies.

Following discussion, a motion was made, seconded and passed unanimously to approve the recommendation as presented.

8. Audit Report – Fiscal Year Ended September 30, 2004

Mr. Sink presented the report approved in a meeting of the Audit Committee on March 22, 2005 to the Board for their information. He reviewed highlights of the statements and noted that the Facility had received the usual unqualified opinion from the outside audit firm, Ernst and Young. This was followed by a presentation from Ms. Davis of charts both distributed at the meeting and in PowerPoint, which are attached. General discussion followed concerning a review of the Member's Equity positions over recent years, the current loss position of the Facility and the anticipated impact of the current recoupments.

9. Meeting Schedule

The Board was advised that the next scheduled meeting was on Wednesday, July 13, 2005.

10. Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Edith T. Davis

Director, Reinsurance Facility

ETD/lam  
RF-05-4

SECTION G  
MOTORCYCLE REVIEW

NORTH CAROLINA  
RATE LEVEL SUMMARY  
MOTORCYCLE INSURANCE

	EARNED PREMIUMS AT PRESENT RATES	INDICATED AND FILED RATE LEVEL CHANGE
Liability	19,764	-14.5%

(000's omitted)

NORTH CAROLINA  
MOTORCYCLE INSURANCE  
LIABILITY COVERAGE  
STATEWIDE RATE REVIEW

All Carriers Voluntary and Ceded Combined	Year Ended 12/31/2001	Year Ended 12/31/2002	Year Ended 12/31/2003
(1) Earned Premiums at Present Rates (a)	\$15,935,324	\$16,280,722	\$19,763,809
(2) Incurred Losses (See page F-156)	7,836,352	7,684,849	10,614,863
(3) Loss Adjustment Expense Factor (b)	0.165	0.165	0.165
(4) Loss Adjustment Expense [(2) x (3)]	1,292,998	1,268,000	1,751,452
(5) General & Other Acquisition Expenses (see page F-156)	2,462,899	2,323,649	2,190,171
(6) Average Annual Change in Losses (c) (See page G-5)	1.2%	1.1%	1.5%
(7) Average Annual Change in Expense Costs (See page D-6)	3.3%	3.3%	3.3%
(8) Projected Losses (d)	8,322,206	8,030,667	11,103,147
(9) Projected Loss Adjustment Expenses (e)	1,521,859	1,445,520	1,931,852
(10) Projected General & Other Acquisition Expenses (f)	2,874,203	2,623,400	2,393,857
(11) Projected Losses, LAE and G & OA Expenses [(8)+(9)+(10)]	12,718,268	12,099,587	15,428,856
(12) Projected Loss, LAE and G & OA Expense Ratio [(11)/(1)]	0.798	0.743	0.781
(13) Permissible Loss, LAE and G & OA Expense Ratio (See page G-4)	0.907	0.901	0.908
(14) Indicated Rate Level Change [(12)/(13)] - 1.0	-12.0%	-17.5%	-14.0%
(15) Final selected rate level change (weighted by premium from Line (1))		-14.5%	

NORTH CAROLINA  
MOTORCYCLE REVIEW

STATEWIDE RATE REVIEW

Notes

- (a) Based on the earned premiums contained in NCRB expense call and shown on page F-156, adjusted to current level.
- (b) Based on the average ratio of loss adjustment expenses to losses over the latest three years. See pages F-156.
- (c) The average annual changes in losses for the Liability coverage is determined by weighting the trends shown on line (12) of pages C-1, C-3 and C-5 on total limits developed losses.
- (d) Projected Losses =  $[(2) \times (1 + (6)) ]^n$ , where  
n = The number of years of projection from the average date of accident to 7/12/2006 (2001=5.03, 2002=4.03, 2003=3.03).
- (e) Projected Loss Adjustment Expenses =  $[((4) \times (1 + (7)) )]^n$ , where  
n = The number of years of projection from the average date of accident to 7/12/2006 (2001=5.03, 2002=4.03, 2003=3.03).
- (f) Projected General and Other Acquisition Expenses =  $[(5) \times (1 + (7)) ]^n$ , where  
n = The number of years of projection to the average date of writing, 4/1/2006 (2001=4.75, 2002=3.75, 2003=2.75).

NORTH CAROLINA  
MOTORCYCLE REVIEW

DETERMINATION OF EXPECTED LOSS RATIO AND PROFIT PROVISION

	<u>Liability</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Commission and Brokerage Expense	0.114	0.118	0.114
Taxes, etc. to Written Premium	0.023	0.025	0.022
Profit	-0.034	-0.034	-0.034
Contingencies	0.000	0.000	0.000
Installment Income	-0.010	-0.010	-0.010
Total	0.093	0.099	0.092
Losses, LAE, General Administration Expenses and Other Acquisition Expenses	0.907	0.901	0.908

NORTH CAROLINA

Motorcycle Insurance

Calculation of Loss Trend Factors

			PP Auto Liability	
		Auto	Total Limits	Weighted
	<u>Cov</u>	<u>Trend(a)</u>	<u>Dev. Losses</u>	<u>Trend</u>
2003	BI	1.010	686,620,749	
	PD	1.020	549,104,266	
	MP	1.019	91,471,566	
			1,327,196,581	1.015
2002	BI	1.008	662,687,513	
	PD	1.016	530,807,297	
	MP	1.006	90,453,506	
			1,283,948,316	1.011
2001	BI	1.009	628,593,963	
	PD	1.014	516,775,809	
	MP	1.019	83,554,388	
			1,228,924,160	1.012

(a) See page D-7.

NORTH CAROLINA  
MOTORCYCLE INSURANCE

CALCULATION OF RATE RELATIVITIES

Private Passenger  
Ceded Business Written at Facility Rates

COVERAGE	TOTAL LIMITS PREMIUM WEIGHT	FILED CHANGE
Bodily Injury	\$157,854	-5.9%
Property Damage	118,930	2.7%
Medical Payments	15,735	-21.8%
(1) Non-Clean Total	292,519	-3.3%

Motorcycles	FILED CHANGE
(2) Liability	-14.5%

(3) Motorcycle Liability factor = 0.884  
 $[(1.0 + (2)) / (1.0 + (1))]$

	(4) Present	(5) (4) x (3) Revised
Relativities		
324 or less	20%	18%
325 or greater	36%	32%

**INSURANCE SERVICES OFFICE, INC.  
NORTH CAROLINA RATE BUREAU**

**NOTICE TO MANUALHOLDERS**

**PERSONAL AUTO MANUAL – NORTH CAROLINA  
NOTICE 2005-001**

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**INSTRUCTIONS TO MANUALHOLDERS**

Revised manual pages are enclosed. If your company has adopted this revision, you should insert these pages into your manual.

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**EFFECTIVE DATE**

This change becomes effective with respect to all new and renewal policies effective on or after January 1, 2005. This rate change is applicable to all policies effective on or after January 1, 2005. No policy effective prior to January 1, 2005 shall be endorsed or canceled and rewritten to take advantage of or to avoid the application of this rate change except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to January 1, 2005.

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**CHANGE(S)**

This Notice contains revised Voluntary Business rates for Physical Damage coverage which reflect a shift in the model year and symbol base from 2004 to 2005.

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**REVISED PAGE(S)**

PA-R-003 thru PA-R-021

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**PAGE CHECKLIST**

Included in this distribution is a page checklist displaying the latest page numbers and edition dates.

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**REFERENCE INFORMATION (FOR COMPANY USE ONLY)**

Circular Reference(s):

- A-04-12 (09/23/2004) NCRB Circular Letter\*
- \* Final Disposition Circular

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## MANUAL DISTRIBUTION NOTICE

We want to know:

- If this mailing was **not** properly addressed.
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**PERSONAL AUTO MANUAL  
PAGE CHECKLIST – NORTH CAROLINA**

THIS MANUAL PAGE CHECKLIST DISPLAYS THE LATEST STATE PAGE INFORMATION AS OF **1-05**.  
NO MULTISTATE APPLIES

**NOTE: ALWAYS USE THE EDITION NUMBER TO DETERMINE THE LATEST PAGE.**

IF YOUR MANUAL PAGES DO NOT COINCIDE WITH THIS LISTING, CONTACT CUSTOMER SERVICE FOR THE NECESSARY MATERIAL TO UPDATE YOUR MANUAL.

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	NUMBER	DATE		NUMBER	DATE
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7. MINIMUM PREMIUM RULE
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**NORTH CAROLINA STATISTICAL  
CODING SHEET**

**PRIMARY CLASSIFICATION CODES\***

**No Inexperienced Operators**

Vehicle Use	Single Car Risk or Multi-Car Risk With No Discount	Multi-Car Discount
Pleasure	1141	1142
Work – Less Than 10	1161	1162
Work – 10 or More	1171	1172
Business	1181	1182
Farm	1191	1192

**Inexperienced Operators**

Years of Driving Experience	Vehicle Use	Principal Operator		Occasional Operator	
		Single Car Risk or Multi-Car Risk With No Discount	Multi-Car Discount	Single Car Risk or Multi-Car Risk With No Discount	Multi-Car Discount
Less Than 1 Year	Pleasure	1241	1242	1341	1342
	Work – Less Than 10	1261	1262	1361	1362
	Work – 10 or More	1271	1272	1371	1372
	Business	1281	1282	1381	1382
	Farm	1291	1292	1391	1392
Less Than 2 Year	Pleasure	1441	1442	1541	1542
	Work – Less Than 10	1461	1462	1561	1562
	Work – 10 or More	1471	1472	1571	1572
	Business	1481	1482	1581	1582
	Farm	1491	1492	1591	1592
Less Than 3 Years	Pleasure	1641	1642	1741	1742
	Work – Less Than 10	1661	1662	1761	1762
	Work – 10 or More	1671	1672	1771	1772
	Business	1681	1682	1781	1782
	Farm	1691	1692	1791	1792

\* Each code must have as the fifth and sixth digits the applicable Safe Driver Insurance Plan code.  
For complete coding requirements, refer to the Statistical Plan.

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## 1. DEFINITIONS

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- A. 1. A private passenger auto is 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
- Not used as a public or livery conveyance for passengers.
  - Not rented to others.
2. A motor vehicle that is a pickup truck or van shall be considered a private passenger auto, if it:
- Is owned by an individual or by a husband and wife or individuals who are residents of the same household,
  - Has a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 lbs.; and
  - Is not used for the delivery or transportation of goods or materials unless such use is:
    - Incidental to the insured's business of installing, maintaining or repairing furnishings or equipment; or
    - For farming or ranching.
- A pickup truck or van used in the business of the United States Government, by an employee of the Government, shall be considered a private passenger auto only if:
- It meets the conditions in a., b. and c. above; and
  - Coverage is limited in accordance with the federal employees using autos in government business endorsement.
3. A motor vehicle owned by a farm family co-partnership, or farm family corporation shall be considered a private passenger auto owned by an individual, if:
- It is principally garaged on a farm or ranch, and
  - It otherwise meets the definitions in Paragraphs 1. and 2. above.
- B. AUTO as used in this manual refers to a private passenger auto or a vehicle considered as a private passenger auto.
- C. LIABILITY as used in this manual refers only to Bodily Injury and Property Damage Coverages.
- D. COMPREHENSIVE COVERAGE as used in this manual refers to other than collision damage to a motor vehicle.
- E. OWNED as used in this manual includes an auto leased under contract for a continuous period of at least six months. If an auto lease contract requires the lessee to provide primary insurance for the lessor, attach the applicable endorsement.
- F. REFER TO COMPANY means that North Carolina Risks shall be referred by the company to the North Carolina Rate Bureau.

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## 2. PERSONAL AUTO POLICY – ELIGIBILITY

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- A. A Personal Auto Policy shall be used to afford coverage to private passenger autos and motor vehicles considered as private passenger autos in Rule 1., if:
- They are written on a specified auto basis, and
  - They are owned by an individual or by a husband and wife who are residents in the same household.
- B. A Personal Auto Policy shall be used to afford coverage to private passenger autos that are owned jointly by two or more individuals other than husband and wife, if:
- They are written on a specified auto basis, and
  - Coverage is limited in accordance with the applicable endorsement.
- C. A Personal Auto Policy shall be used to afford coverage to motorcycles, golfcarts or other similar type vehicles and snowmobiles not used for commercial purposes, if:
- They are written on a specified vehicle basis, and
  - Coverage is limited in accordance with the applicable endorsement.
- D. A Personal Auto Policy shall be used to afford coverage to a named individual who does not own an auto. The applicable endorsement must be attached.
- E. A Personal Auto Policy shall be used to afford coverage to private passenger autos not owned by a natural person and not rated as part of a fleet. The applicable endorsement must be attached.
- F. A Personal Auto Policy may be used to afford coverage to 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 if the autos are not used for business use, other than farming or ranching.

### Exceptions

Exposures in A., B., C., or E. above may be written under a commercial auto policy when combined with a commercial risk.

Exposures in F. above may be written under a commercial auto policy.

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## 3. PREMIUM DETERMINATION

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- A. For 1971-1982 model year sports cars identified in the Symbol Section as "s", the applicable symbol shall be one less than that shown.
- B. Bodily Injury Liability, Property Damage Liability, Medical Payments, Fire, Theft, Combined Additional Coverage, Comprehensive and Collision premiums are determined as follows:

**3. PREMIUM DETERMINATION (Cont'd)**

1. Refer to the Classification Rule to determine the applicable Primary Classification, Rating Factor and the Single or Multi-Car and Inexperienced Operator Rating Factor and Statistical Codes.

Add these rating factors to determine the Combined Rating Factor applicable to each auto.

2. Refer to the Safe Driver Insurance Plan Rule to determine the Driving Record Surcharge Premium applicable to each coverage for each auto.

For autos not eligible for SDIP:

Add +0.10 to the Combined Rating Factor determined above.

Use statistical code 95.

3. Model Year and Symbol Determination

- a. Refer to the Model Year Rule and Symbol and Identification (S&I) Section for the appropriate model year and symbol.

If the rates for a model year are not displayed in the rate pages, use the rates shown for the latest model year.

- b. If no Rating Symbol is shown in the Symbol and Identification (S&I) Section, use the following procedure to determine an interim rating symbol.

- (1) If the S&I Section displays a rating symbol for the PRIOR MODEL YEAR version of the same vehicle, use the prior model year's Rating Symbol for the new model year vehicle.

- (2) If the S&I Section does NOT display a rating symbol for the PRIOR MODEL YEAR version of the same vehicle, assign a symbol based on the cost new of the auto, using the Price/Symbol Chart located in the reference pages of the S&I Section.

4. Refer to Territory Definitions to determine the territorial schedule code number for the location where the auto is principally garaged.

5. Refer to the state rate pages to determine base rates for the desired coverage for the appropriate territory.

**Note**

Clean Risks Ceded to the North Carolina Reinsurance Facility (Statistical Code 02).

The rates charged for "clean risks" ceded to the North Carolina Reinsurance Facility shall not exceed the rates charged "clean risks" not ceded to the Reinsurance Facility. The rates for "clean risks" ceded to the North Carolina Reinsurance Facility are set forth on the state rate page showing rates for Voluntary Business and "Clean Risks" Ceded to the North Carolina Reinsurance Facility.

For the purpose of this rule, a "clean risk" shall be any owner of a motor vehicle that is classified as a private passenger auto if the owner and the principal operator and each licensed operator in the owner's household:

- a. Have two years driving experience as a licensed driver, which experience is determined in the manner provided in Rule 4.G.1., and

- b. Have **not** been assigned any Safe Driver Insurance Plan points during the three year period immediately preceding the date of application for motor vehicle insurance or the date of preparation for a renewal motor vehicle insurance policy.

6. The premium for each coverage is determined by multiplying the base rate by the Combined Rating Factor, then adding the Driving Record Surcharge Premium applicable to the coverage for each auto.

**4. CLASSIFICATIONS**

The provisions of this rule apply separately to the premiums for Bodily Injury and Property Damage Liability, Medical Payments, Fire, Theft, Combined Additional Coverage, Comprehensive and Collision Coverages.

- A. Autos owned by an individual or owned jointly by two or more individuals are classified as follows:

Refer to Section C. below for definitions of terms used in this rule.

Code	Class	Definitions
114	1A	There is no BUSINESS USE of the auto and the auto is not DRIVEN TO OR FROM WORK OR SCHOOL.
116	1B	There is no BUSINESS USE of the auto but the auto is DRIVEN TO OR FROM WORK OR SCHOOL a distance of less than 10 road miles one way.
117	1C	There is no BUSINESS USE of the auto but the auto is DRIVEN TO OR FROM WORK OR SCHOOL a distance of 10 or more road miles one way.
118	3	The auto is used for BUSINESS USE.
119	1AF	The auto is a FARM AUTO.

- B. Private passenger autos owned by corporations, co-partnerships, or unincorporated associations shall be rated as Class 3.

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**4. CLASSIFICATIONS (Cont'd)**


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**Exceptions**

1. For corporations, co-partnerships or unincorporated associations owning less than five motor vehicles:

An owned private passenger auto principally furnished to a specified individual shall be classified and rated as if owned by that individual, in accordance with Rule 4.A., provided the auto is not used for business purposes.

2. For Farm family co-partnerships or Farm family corporations:

An owned private passenger auto principally garaged on a farm or ranch shall be rated as Class 1AF provided the vehicle is:

- a. Not used in any occupation other than farming or ranching, or
- b. Not customarily used in going to or from work other than farming or ranching.

**C. Definitions**

1. **BUSINESS USE** means that the use of the auto is required by or customarily involved in the duties of the applicant or any other person customarily operating the auto, in an occupation, profession or business, other than going to or from the principal place of occupation, profession or business.
2. **FARM AUTO** means the auto is principally garaged on a farm or ranch, and
  - a. It is not customarily used in going to or from work other than farming or ranching, or driving to or from school, and
  - b. It is not customarily used in any occupation other than farming or ranching.
3. **DRIVEN TO OR FROM WORK OR SCHOOL** means the auto is customarily used in the course of driving to or from work or school and shall include:
  - a. The use of the auto in a car pool or other share the ride arrangement.
  - b. Driving part way to or from work or school whether or not the auto is parked at a depot during the day.

**Note**

If an auto is driven to or from work or school on less than a daily basis and the applicant provides the carrier with a completed "Car Pool Certification" form certifying that the auto usage is so limited, the classification used in rating the auto shall be subject to the following:

- (1) If otherwise in Class 1B, the auto shall be classified as 1A if the total usage of the car in driving to or from work or school is not more than 2 days per week or not more than 2 weeks per 5 week period.

- (2) If otherwise in Class 1C the auto shall be classified as 1B if the total usage of the car in driving to or from work or school is not more than 2 days per week or not more than 2 weeks per 5 week period.

Refer to company for certification form.

4. **RESIDENT** means anyone residing in the same household as the applicant and shall include an individual absent from the household while attending school. An individual in active military service with the armed forces of the United States of America shall **not** be included as resident in the same household unless such individual customarily operates the auto.

**D. Single and Multi-Car Risks**

The applicable Multi-Car Rating Factor shall apply if two or more four wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household are insured in the same policy.

**Exception**

If a company's procedure does not permit insuring all vehicles in the same policy, the applicable Multi-Car Rating Factor shall apply only if the company insures two or more four-wheel private passenger autos owned by an individual or owned jointly by two or more individuals resident in the same household.

This discount does not apply to antique autos as defined in the Miscellaneous Types Rule.

**LIABILITY COVERAGES ONLY**

- E. An auto subject to Class 3 rates because of use in the business of the United States Government by one of its employees may be classified and rated as Class 1A, 1B, or 1C when the applicable endorsement is used to limit coverage.

**F. Pickup Trucks and Vans****1. LIABILITY COVERAGES ONLY**

Rate as a private passenger auto.

**2. PHYSICAL DAMAGE COVERAGES ONLY**

- a. 1991 and Subsequent Model Year Vehicles

- (1) Customized Vehicles – pickup trucks and vans installed with custom furnishings or equipment.

**Note**

For the purpose of this rule, a Cap, a Cover, or a Bed Liner installed on a pickup truck shall not be considered custom furnishings or equipment. No additional charge shall be made for such equipment.

Refer to the customizing equipment coverage endorsement for a detailed description of the coverage.

- (a) Determine the original cost new of the vehicle, including the value of the customized equipment.

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**4. CLASSIFICATIONS (Cont'd)**

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- (b) Determine a symbol based on the amount developed in (a) from the table in the Symbol and Identification Section corresponding to the model year of the vehicle.
  - (c) Develop a premium according to the Premium Determination Rule, using the symbol determined in (b).
  - (d) Attach the customizing equipment coverage endorsement.
- (2) All Other Vehicles  
Rate as a private passenger auto.
- b. 1990 and prior Model Year Vehicles (Including Customized Vehicles)
- (1) For symbolled vehicles, rate as a private passenger auto.
  - (2) For non-symbolled vehicles, determine a symbol based on original cost new of the vehicle (excluding the value of the customizing) from the table in the Symbol and Identification Section corresponding to the model year of the vehicle. Rate as follows:
    - (a) Comprehensive  
Charge 100% of the applicable private passenger rate.
    - (b) Collision  
Charge 58% of the applicable private passenger rate.

**Note**

Pickup trucks used to transport a portable camper body or similar living quarters should be rated according to the otherwise regular classification of the vehicle. To rate camper bodies, refer to Rule 19., Miscellaneous Types.

**G. Inexperienced Operator****LIABILITY, MEDICAL PAYMENTS AND COLLISION**

1. The appropriate Inexperienced Operator Surcharge shall be applied for each owner or resident operator of the auto who has less than three years driving experience as a licensed driver. It shall be presumed that each owner or resident operator has no experience as a licensed driver unless:
  - a. The number of years driving experience can be determined from a valid motor vehicle record obtained in accordance with Rule 5.B.1.a.; or
  - b. The owner or resident operator provides verifiable documentation of the years of driving experience from a governmental agency responsible for maintaining driver license records and/or motor vehicle records or a previous automobile insurance company.

The surcharge shall not be applied for more than three years regardless of policy term or effective date.

**Note**

A driver who holds a learner's permit only shall not be deemed a licensed driver for the purpose of determining the inexperienced operator premium surcharge.

**Exception**

For any operator licensed prior to May 15, 1987 the Inexperienced Operator Surcharge shall not apply.

2. If there are two or more autos in the same household as the applicant, the inexperienced operator rates shall be applied separately to the number of autos equal to the number of inexperienced operators. Inexperienced operator rates shall not be used in rating such autos in excess of the number of inexperienced operators.

The inexperienced operator surcharge(s) shall be applied to the auto(s) which the inexperienced operator principally operates. In the case of an occasional operator, the surcharge shall be applied to the auto most frequently operated by the inexperienced operator.

**H. Airbag Discount**

The following discounts apply to Medical Payments Coverage Only. To qualify, the private passenger auto must be equipped with a factory installed airbag(s) which conforms to the federal crash protection requirements, and meets the criteria of either Paragraph 1. or 2. below:

1. 20% discount shall be afforded when the airbag is installed in the driver-side-only position.
2. 30% discount shall be afforded when the airbags are installed in both front outboard seat positions.

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**5. SAFE DRIVER INSURANCE PLAN (SDIP)**

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The provisions of this Rule apply separately to premiums for Bodily Injury Liability, Property Damage Liability, Medical Payments, Fire, Theft, Combined Additional Coverage, Comprehensive and Collision Coverages.

**A. Eligibility**

The Plan shall be applied in rating all eligible autos. An auto is eligible for rating under this Plan if it is owned by an individual or owned jointly by two or more individuals resident in the same household provided such auto is:

1. A four wheel auto of the private passenger or station wagon type, or
2. A motor vehicle that is a pickup truck or van, if it:
  - a. Has a Gross Vehicle Weight as specified by the manufacturer of less than 10,000 lbs.; and
  - b. Is not used for the delivery or transportation of goods or materials unless such use is:

5. SAFE DRIVER INSURANCE PLAN (SDIP) (Cont'd)

- (1) Incidental to the insured's business of installing, maintaining or repairing furnishings or equipment; or
  - (2) For farming or ranching, or
3. A motorcycle, motorized scooter, auto glide or other similar motorized vehicle of the private passenger type.

**Exception**

The SDIP applies to policies written for a term in excess of 12 months. Such policy must provide for an annual adjustment of premium.

**B. Definitions**

1. Driving Record Points

a. Convictions

Records of convictions for moving traffic violations to be considered under this Plan shall be obtained at least annually from the Division of Motor Vehicles for the applicant and any currently resident operator.

Points shall be assigned for convictions during the experience period for moving traffic violations of the applicant or any currently resident operator, based on date of conviction, as follows:

- (1) Twelve points shall be assigned for a conviction for:
  - (a) Manslaughter (or negligent homicide) resulting from the operation of a motor vehicle;
  - (b) Prearranged highway racing or knowingly lending a motor vehicle to be used in a prearranged highway race; or
  - (c) Failing to stop and render aid when involved in an accident resulting in bodily injury or death (hit-and-run driving);
  - (d) Impaired driving, including driving a vehicle while under the influence of an impairing substance; driving a vehicle with an alcohol concentration of 0.08 or more; and driving a commercial vehicle with an alcohol concentration of 0.04 or more; and

**Note**

There shall be no premium surcharge or assessment of points against an insured where (i) the insured's driver's license has been revoked under G.S.20-16.5; and (ii) the insured is subsequently acquitted of the offense involving impaired driving, as defined in G.S.20-4.01(24a), that is related to the revocation, or the charge for that offense is dismissed.

- (e) Transportation for the purpose of sale of illegal intoxicating liquors by motor vehicle.
- (2) Ten points shall be assigned for a conviction for:
    - (a) Highway racing or knowingly lending a motor vehicle to be used in a highway race; or
    - (b) Speeding to elude arrest.
  - (3) Eight points shall be assigned for a conviction for operating during a period of revocation or suspension of license or registration.
  - (4) Four points shall be assigned for a conviction for:
    - (a) Failing to stop and report when involved in a motor vehicle accident resulting in property damage only (hit-and-run-driving);
    - (b) Driving a motor vehicle in a reckless manner;
    - (c) Passing a stopped school bus;
    - (d) Speeding in excess of 75 miles per hour when the posted speed limit is less than 70 miles per hour;
    - (e) Speeding in excess of 80 miles per hour when the posted speed limit is 70 miles per hour or greater; or
    - (f) Driving by a person less than 21 years old after consuming alcohol or drugs.
  - (5) Two points shall be assigned for a conviction for:
    - (a) Illegal passing;
    - (b) Speeding more than 10 miles per hour over the posted speed limit, provided the total speed was in excess of 55 miles per hour but less than 76 miles per hour;
    - (c) Speeding 10 miles per hour, or less, in excess of the posted speed limit in a speed zone of 55 miles per hour or greater;
- Waiver**
- These points shall **NOT** apply unless the same driver has also been convicted of at least one other moving traffic violation during the experience period.
- (d) Following too closely; or
  - (e) Driving on wrong side of road.

**5. SAFE DRIVER INSURANCE PLAN (SDIP) (Cont'd)**

- (6) One point shall be assigned for a violation resulting in a conviction for speeding 10 miles per hour, or less, in excess of the posted speed limit of less than 55 miles per hour.

**Waiver**

This point shall **NOT** apply unless the same driver has also been convicted of at least one other moving traffic violation during the experience period.

**Exceptions**

This **WAIVER** does **NOT** apply to convictions of speeding in a school zone in excess of posted school zone speed.

- (7) With respect to any other conviction for a moving traffic violation, one point shall be assigned for each such conviction.

**Exception**

Convictions for the following shall not be regarded as moving traffic violations:

- (a) Inadequate muffler or excess escape of exhaust products;
- (b) Improper lights or other equipment except brakes;
- (c) Failure to sign or display registration card;
- (d) Failure to display license plates;
- (e) Failure to have in possession driver's license provided there is a valid one in existence; or
- (f) Failure to display current inspection certificate.

**b. Accidents**

Points shall be assigned for each accident that occurred during the experience period, involving the applicant or any current resident operator, while operating a private passenger auto.

If an accident results both in bodily injury or death and in damage to property, points shall be assigned on the basis of the element of loss (bodily injury, death, or property damage) which generates the greatest number of points for the accident.

**ACCIDENTS RESULTING IN BODILY INJURY OR DEATH THAT OCCURRED BEFORE JANUARY 1, 2004**

- (1) One point shall be assigned for each at-fault auto accident that results in total bodily injuries to all persons of \$1,500 or less.
- (2) Three points shall be assigned for each at-fault auto accident that results in:
  - (i) Death or
  - (ii) Total bodily injury to all persons in excess of \$1,500.

**ACCIDENTS RESULTING IN BODILY INJURY OR DEATH THAT OCCURRED ON OR AFTER JANUARY 1, 2004**

- (1) One point shall be assigned for each at-fault auto accident that results in total bodily injuries to all persons of \$1,800 or less.
- (2) Three points shall be assigned for each at-fault auto accident that results in:
  - (i) Death or
  - (ii) Total bodily injury to all persons in excess of \$1,800.

**Exception**

If the insured furnishes adequate proof that incurred medical costs related to the accident were solely for diagnostic purposes and that the accident did not result in any bodily injury, no SDIP points for bodily injury will be assigned, or points for bodily injury assigned as a result of the accident will be removed as of the most recent policy effective date.

**ACCIDENTS RESULTING IN PROPERTY DAMAGE THAT OCCURRED BEFORE JANUARY 1, 2004**

- (1) Three points shall be assigned for each at-fault auto accident that results in total damage to all property, including the insured's own, of \$2,500 or more.
- (2) Two points shall be assigned for each at-fault auto accident that results in total damage to all property, including the insured's own, in excess of \$1,500 but less than \$2,500.
- (3) One point shall be assigned for each at-fault auto accident that results in total damage to all property including the insured's own, of \$1,500 or less.

5. SAFE DRIVER INSURANCE PLAN (SDIP) (Cont'd)

**ACCIDENTS RESULTING IN PROPERTY DAMAGE THAT OCCURRED ON OR AFTER JANUARY 1, 2004**

- (1) Three points shall be assigned for each at-fault auto accident that results in total damage to all property, including the insured's own, of \$3,000 or more.
- (2) Two points shall be assigned for each at-fault auto accident that results in total damage to all property, including the insured's own, in excess of \$1,800 but less than \$3,000.
- (3) One point shall be assigned for each at-fault auto accident that results in total damage to all property including the insured's own, of \$1,800 or less.

**Exception**

No points are assigned for accidents occurring under the following circumstances:

- (a) Auto lawfully parked (if the parked vehicle rolls from the parked position then any such accident is charged to the person who parked the auto); or
- (b) The applicant, owner or other resident operator reimbursed by, or on behalf of, a person who is responsible for the accident or has judgment against such person; or
- (c) Auto is struck in the rear by another vehicle and the applicant or other resident operator has not been convicted of a moving traffic violation in connection with this accident; or
- (d) Auto operated by the applicant or any resident operator is struck by a "hit-and-run" vehicle, if the accident is reported to the proper authority within 24 hours by the applicant or resident operator; or
- (e) Accidents involving damage by contact with animals or fowl; or
- (f) Accidents involving Physical Damage, limited to and caused by flying gravel, missiles, or falling objects.

- (g) Accidents occurring as a result of the operation of a firefighting, rescue squad, or law enforcement vehicle in response to an emergency if the operator of the vehicle at the time of the accident was a paid or volunteer member of any fire department, rescue squad, or any law enforcement agency. This exception does not include an accident occurring after the vehicle ceases to be used in response to the emergency and the emergency ceases to exist.

**Notes**

- (1) For the purpose of this Plan a "conviction" shall mean a plea of guilty, or of nolo contendere or the determination of guilt by a jury or by a court though no sentence has been imposed (prayer for judgment continued) or, if imposed, has been suspended (unless it is the first prayer for judgment continued for all licensed operators in the household); and it includes a forfeiture of bail or collateral deposited to secure appearance in court of the defendant, unless the forfeiture has been vacated.
- (2) For the purpose of this Plan, a "moving traffic violation" shall include an infraction as described in **G.S. 14-3.1**.
- (3) The phrase "at-fault" means "negligent". No points shall be assigned for accidents when the operator of an insured vehicle is free of negligence.
- (4) References to other operators residing in the applicant's household shall also include a principal operator who is not a resident in the applicant's household.
- (5) In the event the applicant or any current resident operator has an at-fault accident and is convicted of a moving traffic violation in connection with the accident, only the higher surcharge points between the accident and the violation shall be assigned.
- (6) For accidents that occur on or after January 1, 1992, the One Point accident surcharge in Section **B.1.b.(3)** of this rule does not apply if both of the following conditions are met:
  - (a) The operator was not convicted of a moving traffic violation in connection with the accident; and

**5. SAFE DRIVER INSURANCE PLAN (SDIP) (Cont'd)**

- (b) The vehicle owner, principal operator, and all licensed operators in the owner's household have had no convictions for moving traffic violations and no other at-fault accidents during the three-year period immediately preceding the date of the application or the date of preparation of the renewal.

**2. Experience Period**

The experience period shall be the three years immediately preceding the date of application or the preparation of the renewal. SDIP points shall be applied to a policy for a period of not less nor more than three policy years.

**C. Driving Record Sub-Classification**

The driving record sub-classification shall be determined from the number of Driving Record Points accumulated during the experience period as follows:

Number of Driving Record Points	Driving Record Sub-Classification
0	0
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12 Or More	12
Not Eligible For Plan	NE

**D. Driving Record Surcharge Premium**

**1. Single Car Risks**

- a. Determine the Driving Record Sub-Classification for the policy and the applicable SDIP Rating Factor.
- b. Multiply the base premium for each coverage applicable to the auto by the SDIP Rating Factor to determine the SDIP Surcharge for each coverage. Round each coverage surcharge to the nearest whole dollar.
- c. The Driving Record Surcharge Premium for each coverage of the auto equals the SDIP Surcharge for that coverage.
- d. Add the applicable Driving Record Surcharge Premium for each coverage to the otherwise applicable premium for each coverage of the auto.

**2. Multi-Car Risks**

- a. Determine the Driving Record Sub-Classification for the policy and the applicable SDIP Rating Factor.
- b. Select the auto with the highest Total Base Premium for all coverages combined.

TOTAL BASE PREMIUM is the sum of the base premiums for Bodily Injury and Property Damage Liability, Medical Payments, Comprehensive (or Fire, Theft and Combined Additional Coverage) and Collision coverages that apply to the auto.

- c. For each coverage applicable to the auto with the highest Total Base Premium for all coverages combined.

Multiply the base premium for each coverage by the SDIP Rating Factor to determine the SDIP Surcharge for each coverage. Round each coverage surcharge to the nearest whole dollar.

- d. The Driving Record Surcharge Premium is determined separately by coverage for each auto that is insured for that coverage and eligible for SDIP rating.

- (1) Determine the number of eligible autos insured for each coverage.

- (2) The Driving Record Surcharge Premium for each coverage of each auto equals the SDIP Surcharge for that coverage divided by the number of eligible autos insured for that coverage.

- (3) If the above calculation results in a fractional dollar amount for each auto then:

determine the remainder dollar amount and add it to the Driving Record Surcharge Premium for one of the insured autos and disregard the fractional dollar amounts.

**Note**

The Whole Dollar Premium Rule does not apply in this instance.

- (4) If an auto is insured for a coverage not applicable to the auto with the highest Total Base Premium for all coverages combined, then no surcharge applies to that coverage.

- e. Add the applicable Driving Record Surcharge Premium for each coverage of each auto to the otherwise applicable premium for each coverage of each auto.

**3. Statistical Coding**

- a. Single Car Risks – Assign the Driving Record Sub-Classification Statistical Code, reflecting the number of points, to the auto.

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**5. SAFE DRIVER INSURANCE PLAN (SDIP) (Cont'd)**

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b. Multi-Car Risks – Assign the Driving Record Sub-Classification Statistical Code reflecting:

- (1) The number of driving record points, to the auto with the highest Total Base Premium.
- (2) Zero driving record points, to each other auto insured on the policy.

**E. Cancellations and Changes****1. Policies for Terms Not Exceeding One Year**

No policy shall be endorsed in term to effect a change of Driving Record Sub-Classification except to recognize the addition or deletion of an operator.

**2. Policies for Terms Exceeding One Year**

No policy shall be endorsed to effect a change of Driving Record Sub-Classification until the next annual anniversary of the inception of the policy except to recognize the addition or deletion of an operator.

PRIMARY CLASSIFICATION RATING FACTORS\*

Coverage	Pleasure Use	Drive to or from Work		Business Use	Farm Use
	(1A)	Less than 10 Miles (1B)	10 or More Miles (1C)	(3)	(1AF)
B.I., P.D., Med. Pay	1.00	1.05	1.05	1.05	.80
Collision	1.00	1.10	1.10	1.10	.80
Comprehensive Fire, Theft, C.A.C.	1.00	1.20	1.25	1.30	.85

**SINGLE OR MULTI-CAR RISKS AND INEXPERIENCED OPERATOR\***  
 Add the following rating factors to the Primary Rating Factor:

No Inexperienced Operator			
Single or Multi-Car Risks	BI, PD, and Med. Pay.	Collision	Comprehensive, Fire, Theft, and CAC
Single Car	Factor 0.00	Factor 0.00	Factor 0.00
Multi-Car	Factor -0.35	Factor -0.30	Factor -0.10

Inexperienced Operator				
Single or Multi-Car Risks		BI, PD, and Med. Pay.	Collision	Comprehensive, Fire, Theft, and CAC
Single Car	<b>Principal Operator Licensed For:</b>			
	Less than One Year	Factor +3.25	Factor +3.25	Factor +0.55
	Less than Two Years	Factor +1.60	Factor +1.75	Factor +0.55
	Less than Three Years	Factor +1.25	Factor +1.50	Factor +0.55
	<b>Occasional Operator Licensed For:</b>			
	Less than One Year	Factor +2.00	Factor +2.25	Factor +0.20
	Less than Two Years	Factor +1.05	Factor +1.10	Factor +0.20
Multi-Car	<b>Principal Operator Licensed For:</b>			
	Less than One Year	Factor +2.90	Factor +2.95	Factor +0.45
	Less than Two Years	Factor +1.25	Factor +1.45	Factor +0.45
	Less than Three Years	Factor +0.90	Factor +1.20	Factor +0.45
	<b>Occasional Operator Licensed For:</b>			
	Less than One Year	Factor +1.65	Factor +1.95	Factor +0.10
	Less than Two Years	Factor +0.70	Factor +0.80	Factor +0.10
Less than Three Years	Factor +0.50	Factor +0.60	Factor +0.10	

\* For Statistical Coding Requirements – Refer to page NC-E-Coding.

**PRIMARY CLASSIFICATION RATING FACTORS**  
(Cont'd)

<b>SAFE DRIVER INSURANCE PLAN FACTORS AND CODES</b>			
Use the following rating factors to determine the Driving Record Surcharge Premium as explained in the Safe Driver Insurance Plan Rule.			
Use the statistical code indicated for the Driving Record Sub-Classification.			
<b>Number of Driving Record Points</b>	<b>Driving Record Sub-Classification</b>	<b>Statistical Code</b>	<b>SDIP Rating Factor</b>
0	0	00	0.00
1	1	01	0.25
2	2	02	0.45
3	3	03	0.60
4	4	04	0.80
5	5	05	1.05
6	6	06	1.30
7	7	07	1.60
8	8	08	1.90
9	9	09	2.25
10	10	10	2.60
11	11	11	3.00
12 or more	12	12	3.40
<b>Vehicles Not Eligible For SDIP</b> – Add the following rating factor to the otherwise applicable Combined Rating Factor. Use the statistical code shown below.			
<b>Not Eligible</b>	NE	95	+0.10

**PERSONAL AUTO MANUAL  
NORTH CAROLINA**

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**6. MODEL YEAR FOR FIRE, THEFT, COMBINED  
ADDITIONAL COVERAGE, COMPREHENSIVE  
AND COLLISION COVERAGES**

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**A. Model Year Rating**

1. The model year of the auto is the year assigned by the auto manufacturer.
2. Rebuilt or Structurally Altered Autos – the model year of the chassis determines the model year of the auto.
3. If the rates for a model year are not displayed in the rate pages, use the rates shown for the latest model year.

**B. Coding**

Policies effective July 1, 1982 and subsequent:

Code the two digits of the model year, for example, code 1982 vehicles as 82, 1983 as 83, etc.

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**7. MINIMUM PREMIUM RULE**

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The minimum annual premium charge is \$10 for each policy, certificate, declaration or binder covering one or more of the following perils:

Comprehensive

Fire, Theft, Windstorm, Combined Additional Coverage, Collision

Bodily Injury Liability, or

Property Damage Liability

Premium for other coverages which may also be included in the policy shall be in addition to the minimum annual premium.

The minimum annual premium charge is not subject to reduction except – in the event of cancellation or short term policy, the minimum annual premium charge shall be adjusted on a pro rata or short rate basis, as the conditions require.

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**8. POLICY PERIOD**

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**A.** No policy may be written for a period longer than 12 months for Liability Coverage or 48 months for Physical Damage Coverage.

**B.** Premium charged for policy terms not exceeding 12 months is as follows:

**1. Twelve Month Policies –**

Charge the annual premium or minimum premium whichever applies.

**2. Three and Six Month Policies –**

**a.** For a specified 3 or 6 month period the premium charge is 25% or 50% respectively, of the annual or minimum annual premium whichever applies.

**b.** Policies issued for a 3 or 6 month period with an effective date on the 29th, 30th, and 31st of any month.

The first policy can be extended from the effective date to the first day of the calendar month following the expiration of the policy.

Premium for this extended coverage of 1 to 3 days may be waived.

**3. Other Short Policies written for less than 12 months and other than 3 or 6 months.**

Such policies shall be written short rate with premiums computed in accordance with the One Year Short Rate Table in the Cancellation Rule.

**Exceptions:**

The premium is computed Pro Rata:

**1.** When coverage is written to secure a common policy date with other coverages or lines of insurance.

**2.** When a policy is issued on a short term basis to replace an outstanding policy of a company in liquidation, provided the new policy is based upon the rules and rates in effect at the time replacement is made and shall be in effect for a period equal to the unexpired term of the outstanding policy.

**3.** When a statutory policy is required by a state or municipality to expire on a fixed date and the policy is written to expire on such date.

**C.** Long Term Physical Damage Policies written for a term in excess of 12 months – Determine premium as follows:

**1. 1st 12 months:**

Charge the first year premium or minimum premium, whichever applies.

**2. 2nd 12 months:**

In addition to the above, charge the second year premium or minimum whichever applies.

If the term is more than 12 months but less than 24 months, charge pro rata of such second year premium or minimum whichever is larger for the period in excess of 12 months.

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**8. POLICY PERIOD (Cont'd)**

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**3. 3rd 12 months:**

In addition to the premium for the 1st and 2nd 12 month periods, charge the third year premium or minimum premium whichever applies.

If the term is more than 24 months but less than 36 months charge the pro rata of such third year premium or minimum premium, whichever is larger, for the period in excess of 24 months.

**4. 4th 12 months:**

In addition to the premium for the 1st, 2nd and 3rd 12 month periods, charge the fourth year premium or minimum premium whichever applies.

If the term is more than 36 months but less than 48 months, charge pro rata of such fourth year premium or minimum premium, whichever is larger, for the period in excess of 36 months.

**Note:**

Calculation of the premium for the 2nd, 3rd and 4th 12 month periods, or pro rata part thereof shall recognize:

1. Any change in the model year of the insured auto, during a previous 12 month period;
2. Any change in sub-classification under the Safe Driver Insurance Plan.
3. A change in symbol assignment based on a review of loss experience.

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**9. CHANGES**

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- A.** If an auto or form of coverage is added during the term of a policy and the additional insurance is written to expire concurrently with the original insurance, the premium for such additional insurance shall be computed pro-rata, at the rates in effect at the time the addition is made.

If the policy has been written for less than one year on a short rate basis, the premium for the additional insurance shall be pro rata of the short rate charge for the policy period.

If an auto or a form of coverage that was cancelled from a policy at the request of the insured is reinstated within 30 days, the premium shall be the same as the amount that was returned at the time of cancellation.

**PHYSICAL DAMAGE COVERAGES ONLY**

- B.** If coverage is transferred during the policy term from one auto to another, the premium shall be computed pro rata on the basis of the rates and rules in effect at the inception of the policy or at the time the change is made.

**LIABILITY COVERAGES ONLY**

- C.** If coverage is transferred during the policy term from one auto to another, premium shall be computed pro rata on the basis of the rules and rates in effect at the inception of the policy.
- D.** If an auto is transferred from one rating territory to another or if an auto is temporarily transferred from one rating territory to another for a period of not less than 30 consecutive days, the premium for the balance of the policy period may be adjusted by endorsement at the time the change is made. The company shall charge on a pro rata basis the rate or rates for the territories in which the auto is garaged during the remainder of the policy period. The premium adjustment shall be made on the basis of the rates and rules in effect at the inception of the policy or at the time the change is made.
- E.** If the liability limits or deductible amounts are changed during the policy period, the premium adjustment for such change shall be made on the basis of the rates in effect at the inception date of the policy.
- F. Premium Adjustment**
1. As respects A, B, C and D above, if an outstanding policy is amended and results in a premium adjustment of \$2 or less, the amount:
    - a. may be waived, or
    - b. may be made subject to a minimum of \$2.  
except that the actual return premium shall be returned at the request of the insured.
  2. Minimum premium of \$2 applies if an insured requests the following during the policy period.
    - a. additional coverage,
    - b. an increase in the limits of liability,
    - c. a reduced deductible.
  3. Companies need not refund a return premium of less than \$2 if the insured requests the following:
    - a. cancellation of coverage,
    - b. reduction in limits of liability,
    - c. increase in deductible,except that the actual return premium shall be returned at the request of the insured.

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**9. CHANGES (Cont'd)**

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4. If the limits of liability are increased because of a change in the limits prescribed under any financial responsibility law, the additional premium charge shall be the actual difference in premium charges. If \$2 or less, it may be charged or waived.
5. As respects A, B, C and D above, if an outstanding policy is amended and results in a premium adjustment
  - a. within 30 days prior to the expiration of a 6-month policy period, or
  - b. within 60 days prior to the expiration of a policy period longer than 6 months,  
companies need not charge or refund a premium, except that actual refunds shall be made at the request of the insured.

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**10. CANCELLATION**

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- A. Cancellation of a policy, vehicle or form of coverage:
1. If the insured requests cancellation, compute return premium on a Short Rate Basis.

**Exceptions**

Compute return premium on a Pro Rata basis in the following cases:

1. If the insured has disposed of a vehicle then takes out a new policy in the same company on another vehicle, to become effective within thirty days of the date of cancellation.
2. If the insured vehicle is repossessed under terms of a financing agreement.
3. In a multi-car situation:
  - a. If one vehicle is cancelled from the policy and the policy remains in force on other vehicles, or
  - b. If a policy is cancelled but there remains in force with the same company and in the name of insured or spouse, if resident in the same household, a concurrent policy covering another vehicle.
4. If the insured enters the armed forces of the United States of America.

5. If the insured vehicle is stolen or destroyed (total or constructive loss) and cancellation is requested by the insured (a) within 30 days following the date the auto is stolen or destroyed, or (b) within 15 days of the time the auto was determined by the company (1) to be unrecoverable or stolen, or (2) to be a total or constructive loss. The return premium for all coverages (including the premium for the coverage under which the loss was paid) shall be calculated from the day following the date of the loss.
6. If an insured who has been ceded to the Reinsurance 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.

2. If the company cancels, the return premium is computed pro rata.
3. If a policy written at short rate is cancelled, the earned premium for the time the policy has been in force shall be computed pro rata of the original short rate premium.
4. The following provisions apply to policies exceeding 12 months:
  - a. If a policy has been in force less than 1 year, the earned premium is computed in accordance with the provisions of this Rule for the first year's premium.
  - b. If a policy has been in force more than 12 months but less than 24 months, the earned premium shall be the first 12 months premium plus pro rata of the annual premium for the second 12 months.
  - c. If a policy has been in force for more than 24 months but less than 36 months, the earned premium shall be the first 24 months' premium plus pro rata of the annual premium for the third 12 months.
  - d. If a policy has been in force more than 36 months but less than 48 months, the earned premium shall be the first 36 months' premium plus pro rata of the annual premium for the fourth 12 months.

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**10. CANCELLATION (Cont'd)**

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**B. Instructions for Use of Short Rate Tables.**

1. The "Three Month Short Rate Table" shall apply only to a policy written for a specified period of 3 months.
2. The "Six Month Short Rate Table" shall apply only to a policy written for a specified period of 6 months.
3. The "One Year Short Rate Table" shall apply to:
  - a. a policy written for a specified period of less than one year, other than a policy written for a specified period of 3 months or 6 months.
  - b. a policy written for a specified period of one year or more.

**C. Instructions for Use of PRO RATA TABLES**

1. Express the date of cancellation by year and decimal part of a year by combining the calendar year with the decimal appearing opposite the month and day in the Pro Rata Table, e.g. March 7, 1976 is designated as 1976.181.
2. In like manner, express the effective date of the policy year and decimal part of a year and subject from the cancellation date.
3. The difference in the case of 1 year policies, represents the percentage of the annual premium which is to be retained by the carrier.

4. For 6 Month Term Policies, the difference between cancellation date and effective date multiplied by two represents the percentage of the semi-annual term premium which is to be retained by the carrier.

5. For 3 Month Term Policies, the difference between cancellation date and effective date multiplied by four represents the percentage of the quarter-annual term premium which is to be retained by the carrier.

**Example:**

Cancellation date May 19, 1976.....	1976.381
Effective date March 2, 1976.....	<u>1976.167</u>
	.214

Earned premium for a 1 Year Term Policy will therefore be .214 times the annual premium.

For a 6 Month Term Policy: Multiply .214 by 2. (.214 x 2 = .428). Earned premium will be .428 times the semi-annual term premium.

For a 3 Month Term Policy: Multiply .214 by 4. (.214 x 4 = .856). Earned premium will be .856 times the quarter-annual term premium.

**Note:**

As it is not customary to charge for the extra day (February 29th) which occurs one year in every four years this table shall also be used for each such year.

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**PRO RATA TABLE**

January			February			March			April			May			June		
Day	Day		Day	Day		Day	Day		Day	Day		Day	Day		Day	Day	
of	of		of	of		of	of		of	of		of	of		of	of	
Month	Year	Ratio	Month	Year	Ratio	Month	Year	Ratio	Month	Year	Ratio	Month	Year	Ratio	Month	Year	Ratio
1	1	.003	1	32	.088	1	60	.164	1	91	.249	1	121	.332	1	152	.416
2	2	.005	2	33	.090	2	61	.167	2	92	.252	2	122	.334	2	153	.419
3	3	.008	3	34	.093	3	62	.170	3	93	.255	3	123	.337	3	154	.422
4	4	.011	4	35	.096	4	63	.173	4	94	.258	4	124	.340	4	155	.425
5	5	.014	5	36	.099	5	64	.175	5	95	.260	5	125	.342	5	156	.427
6	6	.016	6	37	.101	6	65	.178	6	96	.263	6	126	.345	6	157	.430
7	7	.019	7	38	.104	7	66	.181	7	97	.266	7	127	.348	7	158	.433
8	8	.022	8	39	.107	8	67	.184	8	98	.268	8	128	.351	8	159	.436
9	9	.025	9	40	.110	9	68	.186	9	99	.271	9	129	.353	9	160	.438
10	10	.027	10	41	.112	10	69	.189	10	100	.274	10	130	.356	10	161	.441
11	11	.030	11	42	.115	11	70	.192	11	101	.277	11	131	.359	11	162	.444
12	12	.033	12	43	.118	12	71	.195	12	102	.279	12	132	.362	12	163	.447
13	13	.036	13	44	.121	13	72	.197	13	103	.282	13	133	.364	13	164	.449
14	14	.038	14	45	.123	14	73	.200	14	104	.285	14	134	.367	14	165	.452
15	15	.041	15	46	.126	15	74	.203	15	105	.288	15	135	.370	15	166	.455
16	16	.044	16	47	.129	16	75	.205	16	106	.290	16	136	.373	16	167	.458
17	17	.047	17	48	.132	17	76	.208	17	107	.293	17	137	.375	17	168	.460
18	18	.049	18	49	.134	18	77	.211	18	108	.296	18	138	.378	18	169	.463
19	19	.052	19	50	.137	19	78	.214	19	109	.299	19	139	.381	19	170	.466
20	20	.055	20	51	.140	20	79	.216	20	110	.301	20	140	.384	20	171	.468
21	21	.058	21	52	.142	21	80	.219	21	111	.304	21	141	.386	21	172	.471
22	22	.060	22	53	.145	22	81	.222	22	112	.307	22	142	.389	22	173	.474
23	23	.063	23	54	.148	23	82	.225	23	113	.310	23	143	.392	23	174	.477
24	24	.066	24	55	.151	24	83	.227	24	114	.312	24	144	.395	24	175	.479
25	25	.068	25	56	.153	25	84	.230	25	115	.315	25	145	.397	25	176	.482
26	26	.071	26	57	.156	26	85	.233	26	116	.318	26	146	.400	26	177	.485
27	27	.074	27	58	.159	27	86	.236	27	117	.321	27	147	.403	27	178	.488
28	28	.077	28	59	.162	28	87	.238	28	118	.323	28	148	.405	28	179	.490
29	29	.079				29	88	.241	29	119	.326	29	149	.408	29	180	.493
30	30	.082				30	89	.244	30	120	.329	30	150	.411	30	181	.496
31	31	.085				31	90	.247				31	151	.414			

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**PRO RATA TABLE**

July			August			September			October			November			December		
Day of	Day of	Ratio															
Month	Year	Ratio															
1	182	.499	1	213	.584	1	244	.668	1	274	.751	1	305	.836	1	335	.918
2	183	.501	2	214	.586	2	245	.671	2	275	.753	2	306	.838	2	336	.921
3	184	.504	3	215	.589	3	246	.674	3	276	.756	3	307	.841	3	337	.923
4	185	.507	4	216	.592	4	247	.677	4	277	.759	4	308	.844	4	338	.926
5	186	.510	5	217	.595	5	248	.679	5	278	.762	5	309	.847	5	339	.929
6	187	.512	6	218	.597	6	249	.682	6	279	.764	6	310	.849	6	340	.932
7	188	.515	7	219	.600	7	250	.685	7	280	.767	7	311	.852	7	341	.934
8	189	.518	8	220	.603	8	251	.688	8	281	.770	8	312	.855	8	342	.937
9	190	.521	9	221	.605	9	252	.690	9	282	.773	9	313	.858	9	343	.940
10	191	.523	10	222	.608	10	253	.693	10	283	.775	10	314	.860	10	344	.942
11	192	.526	11	223	.611	11	254	.696	11	284	.778	11	315	.863	11	345	.945
12	193	.529	12	224	.614	12	255	.699	12	285	.781	12	316	.866	12	346	.948
13	194	.532	13	225	.616	13	256	.701	13	286	.784	13	317	.868	13	347	.951
14	195	.534	14	226	.619	14	257	.704	14	287	.786	14	318	.871	14	348	.953
15	196	.537	15	227	.622	15	258	.707	15	288	.789	15	319	.874	15	349	.956
16	197	.540	16	228	.625	16	259	.710	16	289	.792	16	320	.877	16	350	.959
17	198	.542	17	229	.627	17	260	.712	17	290	.795	17	321	.879	17	351	.962
18	199	.545	18	230	.630	18	261	.715	18	291	.797	18	322	.882	18	352	.964
19	200	.548	19	231	.633	19	262	.718	19	292	.800	19	323	.885	19	353	.967
20	201	.551	20	232	.636	20	263	.721	20	293	.803	20	324	.888	20	354	.970
21	202	.553	21	233	.638	21	264	.723	21	294	.805	21	325	.890	21	355	.973
22	203	.556	22	234	.641	22	265	.726	22	295	.808	22	326	.893	22	356	.975
23	204	.559	23	235	.644	23	266	.729	23	296	.811	23	327	.896	23	357	.978
24	205	.562	24	236	.647	24	267	.732	24	297	.814	24	328	.899	24	358	.981
25	206	.564	25	237	.649	25	268	.734	25	298	.816	25	329	.901	25	359	.984
26	207	.567	26	238	.652	26	269	.737	26	299	.819	26	330	.904	26	360	.986
27	208	.570	27	239	.655	27	270	.740	27	300	.822	27	331	.907	27	361	.989
28	209	.573	28	240	.658	28	271	.742	28	301	.825	28	332	.910	28	362	.992
29	210	.575	29	241	.660	29	272	.745	29	302	.827	29	333	.912	29	363	.995
30	211	.578	30	242	.663	30	273	.748	30	303	.830	30	334	.915	30	364	.997
31	212	.581	31	243	.666				31	304	.833				31	365	1.000

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**ONE YEAR SHORT RATE TABLE**

Days Policy in Force	Per Cent of One Year Premium	Days Policy in Force	Per Cent of One Year Premium	Days Policy in Force	Per Cent of One Year Premium
1	5%	95 - 98	37%	219 - 223	69%
2	6	99 - 102	38	224 - 228	70
3 - 4	7	103 - 105	39	229 - 232	71
5 - 6	8	106 - 109	40	233 - 237	72
7 - 8	9	110 - 113	41	238 - 241	73
9 - 10	1	114 - 116	42	242 - 246	74
	0				
11 - 12	1	117 - 120	43	247 - 250	75
	1				
13 - 14	1	121 - 124	44	251 - 255	76
	2				
15 - 16	1	125 - 127	45	256 - 260	77
	3				
17 - 18	1	128 - 131	46	261 - 264	78
	4				
19 - 20	1	132 - 135	47	265 - 269	79
	5				
21 - 22	1	136 - 138	48	270 - 273	80
	6				
23 - 25	1	139 - 142	49	274 - 278	81
	7				
26 - 29	1	143 - 146	50	279 - 282	82
	8				
30 - 32	1	147 - 149	51	283 - 287	83
	9				
33 - 36	2	150 - 153	52	288 - 291	84
	0				
37 - 40	2	154 - 156	53	292 - 296	85
	1				
41 - 43	2	157 - 160	54	297 - 301	86
	2				
44 - 47	2	161 - 164	55	302 - 305	87
	3				
48 - 51	2	165 - 167	56	306 - 310	88
	4				
52 - 54	2	168 - 171	57	311 - 314	89
	5				
55 - 58	2	172 - 175	58	315 - 319	90
	6				
59 - 62	2	176 - 178	59	320 - 323	91
	7				
63 - 65	2	179 - 182	60	324 - 328	92
	8				
66 - 69	2	183 - 187	61	329 - 332	93
	9				
70 - 73	3	188 - 191	62	333 - 337	94
	0				
74 - 76	3	192 - 196	63	338 - 342	95
	1				
77 - 80	3	197 - 200	64	343 - 346	96
	2				
81 - 83	3	201 - 205	65	347 - 351	97
	3				
84 - 87	3	206 - 209	66	352 - 355	98
	4				
88 - 91	3	210 - 214	67	356 - 360	99
	5				
92 - 94	3	215 - 218	68	361 - 365	10
	6				0

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**THREE MONTH SHORT RATE TABLE**

Days Policy in Force	Per Cent of 3 Mos. Premium	Days Policy in Force	Per Cent of 3 Mos. Premium	Days Policy in Force	Per Cent of 3 Mos. Premium
1	6%	28	41%	58	71%
2	7	29	4	59	73
3	9	30	2	60 - 61	74
4	12	31	4	62	75
5	16	32	4	63	76
6	17	33	6	64	77
7	18	34	4	65 - 66	78
8	19	35	8	67	79
9	20	36	4	68	81
10	21	37	9	69 - 70	82
11	22	38	5	71	83
12	23	39	5	72	84
13	24	40	2	73	85
14	26	41	5	74 - 75	86
15	27	42	6	76	87
16	28	43	5	77	89
17	29	44	8	78 - 79	90
18	30	45	5	80	91
19	31	46	9	81	92
20	32	47 - 48	6	82	93
21	33	49	2	83 - 84	94
22	34	50	6	85	95
23	36	51 - 52	3	86	97
24	37	53	6	87 - 88	98
25	38	54	5	89	99
26	39	55	6	90 - 92	100
27	40	56 - 57	8		
			9		
			7		
			0		

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**SIX MONTH SHORT RATE TABLE**

Days Policy in Force	Per Cent of 6 Mos. Premium	Days Policy in Force	Per Cent of 6 Mos. Premium	Days Policy in Force	Per Cent of 6 Mos. Premium
1	6%	50 - 51	38%	112 - 114	70%
2	7	52	39	115 - 116	71
3	8	53 - 54	40	117 - 118	72
4	9	55 - 56	41	119 - 120	73
5	10	57 - 58	42	121 - 123	74
6	11	59 - 60	43	124 - 125	75
7	12	61 - 62	44	126 - 127	76
8	13	63	45	128 - 130	77
9	14	64 - 65	46	131 - 132	78
10	15	66 - 67	47	133 - 134	79
11	16	68 - 69	48	135 - 136	80
12	17	70 - 71	49	137 - 139	81
13 - 14	18	72 - 73	50	140 - 141	82
15 - 16	19	74	51	142 - 143	83
17 - 18	20	75 - 76	52	144 - 145	84
19 - 20	21	77 - 78	53	146 - 148	85
21	22	79 - 80	54	149 - 150	86
22 - 23	23	81 - 82	55	151 - 152	87
24 - 25	24	83	56	153 - 155	88
26 - 27	25	84 - 85	57	156 - 157	89
28 - 29	26	86 - 87	58	158 - 159	90
30 - 31	27	88 - 89	59	160 - 161	91
32	28	90 - 91	60	162 - 164	92
33 - 34	29	92 - 93	61	165 - 166	93
35 - 36	30	94 - 95	62	167 - 168	94
37 - 38	31	96 - 98	63	169 - 171	95
39 - 40	32	99 - 100	64	172 - 173	96
41	33	101 - 102	65	174 - 175	97
42 - 43	34	103 - 104	66	176 - 177	98
44 - 45	35	105 - 107	67	178 - 180	99
46 - 47	36	108 - 109	68	181 - 184	100
48 - 49	37	110 - 111	69		

**11. WHOLE DOLLAR PREMIUM**

This rule applies only to Fire, Theft, Combined Additional Coverage, Comprehensive and Collision coverages.

The premium for each exposure shall be rounded to the nearest whole dollar, separately for each coverage provided by the policy.

A premium involving \$.50 or more shall be rounded to the next higher whole dollar.

This procedure shall apply to all interim premium adjustments, including endorsements or cancellations at the request of the insured. In the case of cancellations by the company, the return premium may be carried to the next higher whole dollar.

The phrase "each exposure" as used herein shall mean each premium developed (after the application of all applicable adjustments) for (1) each auto, if written on a per car basis, and (2) for all other business.

**12. RULES FOR DETERMINING PHYSICAL DAMAGE BASE RATES FOR SYMBOLS NOT DISPLAYED ON STATE RATE PAGES**

**A. Other Than Collision**

1. 1990 and Subsequent Model Year Vehicles

Apply the following factors to the Symbol 2 Base Rate on the state rate pages for the applicable Model Year:

Symbol	Code	1990 and Subsequent Model Years
1	01	0.72
19	19	4.46
20	20	4.94
24	24	5.49
22	22	6.19
23	23	6.93
24	24	8.03
25	25	9.88
26	26	12.13
27	27	+

+ Develop the Comprehensive Base Rates for Symbol 27 vehicles by:

- a. Increasing the factor for Symbol 26 by +2.00 for each \$10,000 or fraction of \$10,000 above \$80,000 of Original Cost, and
- b. Applying this factor to the Symbol 2 Base Rate on the state rate pages for the applicable Model Year.

2. 1989 and Prior Model Year Vehicles

Apply the following factors to the Symbol 7 Base Rate on the state rate pages for the applicable Model Year:

Symbol	Code	1989 & Prior* Model Years
1	01	0.28
2	02	0.34
3	03	0.44
4	04	0.53
5	05	0.63
6	06	0.81
15	15	3.56
16	16	4.31
17	17	5.19
18	18	6.19
19	19	7.38
20	20	8.75
21	21	12.13

\* 1982 and Prior Model Years

a. 1976-1982 Symbol 14 Vehicles

Apply the factor 3.19 to the Symbol 7 Base Rate.

b. 1975 and Prior Vehicles above \$10,000

Increase the Symbol 7 Base Rate by 20% for each \$1,000 or fraction of \$1,000 above \$10,000 of Original Cost.

**B. Collision**

1. 1990 and Subsequent Model Year Vehicles

Apply the following factors to the Symbol 2 Base Rate on the state rate pages for the applicable Model Year:

Symbol	Code	1990 and Subsequent Model Years
1	01	0.88
19	19	2.43
20	20	2.51
21	21	2.61
22	22	2.75
23	23	2.86
24	24	2.99
25	25	3.23
26	26	3.50
27	27	+

+ Develop the Collision Base Rates for Symbol 27 vehicles by:

- a. Increasing the factor for Symbol 26 by +.15 for each \$10,000 or fraction of \$10,000 above \$80,000 of Original Cost, and
- b. Applying this factor to the Symbol 2 Base Rate on the state rate pages for the applicable Model Year.

**Note:** Struck through material will be deleted at a later date. As of July 1, 2003 the rates for the struck through factors are now displayed on the physical damage rate pages.

**12. RULES FOR DETERMINING PHYSICAL DAMAGE BASE RATES FOR SYMBOLS NOT DISPLAYED ON STATE RATE PAGES (Cont'd)**

**2. 1989 and Prior Model Year Vehicles**

Apply the following factors to the Symbol 7 Base Rate on the state rate pages for the applicable Model Year:

Symbol	Code	1989 & Prior* Model Years
1	01	0.42
2	02	0.50
3	03	0.63
4	04	0.71
5	05	0.83
6	06	0.92
15	15	2.17
16	16	2.38
17	17	2.54
18	18	2.75
19	19	2.92
20	20	3.08
21	21	3.50

\* 1982 and Prior Model Years

**a. 1976-1982 Symbol 14 Vehicles**

Apply the factor 2.29 to the Symbol 7 Base Rate.

**b. 1975 and Prior Vehicles above \$10,000**

Increase the Symbol 7 Base Rate by 5% for each \$1,000 or fraction of \$1,000 above \$10,000 of Original Cost.

**Note:** Struck through material will be deleted at a later date. As of July 1, 2003 the rates for the struck through factors are now displayed on the physical damage rate pages.

**C. Original Cost means:**

1. Original F.O.B. List Price for autos built in U.S.
2. Original Cost New in U.S. for specially built autos.
3. Original Cost New in U.S. for imported autos.

**13. SUSPENSION**

- A. Under any policy providing just Physical Damage Coverage, only Collision may be suspended.
- B. Liability Coverages may not be suspended for risks for which a financial responsibility filing is in effect.
- C. Insurance may be suspended by endorsement in accordance with the following provisions provided the period of suspension is at least thirty (30) consecutive days.

1. Insurance may be reinstated upon the named insured's request effective not earlier than receipt of such request by the company or any of its authorized representatives.
2. The reinstatement endorsement shall not extend the policy beyond its original expiration date.

**LIABILITY AND COLLISION COVERAGES ONLY**

3. Pro rata premium credit for the period of suspension shall be granted upon reinstatement subject to a minimum retention by the company of sixty days premium calculated on a short rate basis. The minimum premium retention by the company shall not apply to suspensions under Section F. of this rule.
4. If the policy expires during the period of suspension, the named insured shall be entitled to a pro rata return premium in accordance with the foregoing provisions of this rule.
5. If a policy written for less than one year is suspended but subsequently reinstated and extended for the remainder of such year, or any part thereof, or if such policy expires during the suspension period, pro rata premium credit shall be granted for the period of suspension in accordance with the foregoing provisions of the Policy Period Rule for extension of a short term policy.
- D. If collision or liability coverages are suspended on all owned autos, coverage for which separate premiums apply – including Uninsured Motorists Coverage, Underinsured Motorists Coverage, auto death indemnity, total disability, and specific disability benefits coverage, medical payments coverage, non-owned auto or extended liability coverage provided under the use of other autos provisions – may be continued in force without premium adjustment for these coverages.

**13. SUSPENSION (Cont'd)**

- E.** If liability or collision is suspended on all private passenger autos owned by an individual or husband and wife, use of other autos coverage for liability only, afforded without separate premium charge may be continued in force. 80% pro rata of the owned auto premium calculated in accordance with the provisions of this rule shall be returned to the insured upon reinstatement of the coverages.
- F.** Insurance covering a private passenger auto which is withdrawn from service for a period of at least thirty (30) consecutive days because of a strike, may be suspended. Pro rata return premium on such vehicles shall be granted in accordance with Section (C) provided the insured furnishes the company with a letter requesting the return premium. The letter shall be written on the insured's letterhead, signed by an executive of the company and shall include the following:
1. A description of each auto.
  2. The dates between which it was laid up because of the strike.
  3. A statement by the insured that he agrees to reimburse the company for any payment made by the company on account of any accident, claim or suit involving a coverage for an auto described in the letter for which return premium has been allowed by the company.

**14. MISCELLANEOUS COVERAGES**

**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 a named insured has either:

- Elected to purchase Combined Uninsured/Underinsured Motorists Coverage; or
- Specifically rejected in writing both Uninsured Motorists and Combined Uninsured/Underinsured Motorists Coverages.

**a. Basic Limits**

Basic Limits of Uninsured Motorists Coverage are \$30,000/60,000 Bodily Injury and \$25,000 Property Damage. Property Damage Uninsured Motorists Coverage is subject to an exclusion of the first \$100 of damage.

Rate – Single Vehicle* Policy	\$17
Multi-Vehicle* Policy	\$40

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

**b. Increased Limits**

Increased limits of Uninsured Motorists Coverage may be afforded. Property Damage limits may not exceed the Property Damage Liability limit afforded by the policy.

Uninsured Motorists Coverage is available at the following limits with rates per policy shown:

**B.I. UM Coverage**

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 30/60	\$ 15	\$ 35
50/100	16	38
100/200	17	40
100/300	18	42
300/300	20	47
250/500	21	50
500/500	22	52
500/1,000	23	54
1,000/1,000	24	57

**P.D. UM Coverage**

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

For limits other than those shown, charge the premium for the next higher limit.

\* For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile or other miscellaneous type vehicle.

**14. MISCELLANEOUS COVERAGES (Cont'd)**

**c. Additional Persons**

Bodily Injury Uninsured Motorists Coverage Only may be extended to an executive officer, partner or employee of the named insured provided such additional person does not own an auto.

The charge for each additional person shall be the single car policy rate shown above.

**2. Non-Owners – (Class Code 990000)**

**a.** A Named Non-Owner Liability Policy may be extended to provide Uninsured Motorists Coverage. The annual charge per policy shall be the single car policy rate shown above for the limits of coverage selected.

**b.** Bodily Injury Uninsured Motorists Coverage Only may be afforded to any person who does not own an auto and who is not otherwise afforded Uninsured Motorists Coverage.

Such coverage shall be written for a period of one year or three years. The charge for each person covered shall be the minimum limits single car policy rate multiplied by the following factor:

Policy Term	Factor
One Year	3.50
Three Years	5.50

**B.1. Combined Uninsured/Underinsured Motorists Coverage**

**1. Owners – (Class Code – Refer to Statistical Plan)**

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 a named insured has:

- Purchased a policy with Bodily Injury limits not greater than \$30,000/\$60,000; or
- Specifically rejected this coverage in writing and elected to purchase Uninsured Motorists Coverage ONLY; or
- Specifically rejected in writing both Uninsured Motorists and Combined Uninsured/Underinsured Motorists Coverages.

**a. Limits**

Combined Uninsured/Underinsured Motorists Coverage limits are available only at Bodily Injury limits higher than \$30,000/60,000 and with Property Damage limits at \$25,000 or with a limit not to exceed the Property Damage Liability limit afforded by the policy. The Property Damage coverage applies only on an Uninsured Motorists basis and is subject to an exclusion of the first \$100 of damage.

Refer to Uninsured Motorists Coverage ONLY for \$30/60/25 limits.

**b. Rates**

Combined Uninsured/Underinsured Motorists Coverage is available at the following limits with rates per policy shown:

**B.I. UM/UIM Coverage**

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 50/100	\$ 19	\$ 45
100/200	32	75
100/300	38	89
300/300	50	118
250/500	59	140
500/500	81	191
500/1,000	92	217
1,000/1,000	104	246

**P.D. UM/UIM Coverage**

	Single Vehicle* Policy	Multi-Vehicle* Policy
\$ 25,000	\$ 2	\$ 5
50,000	3	7
100,000	4	9
250,000	6	14
500,000	8	19
750,000	10	24
1,000,000	11	26

For limits other than those shown, charge the premium for the next higher limit.

- \* For the purposes of this rule, the term vehicle includes a private passenger auto, motorcycle, golfmobile or other miscellaneous type vehicle.

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

Attach the applicable endorsement.

**14. MISCELLANEOUS COVERAGES (Cont'd)**

**2. Non-Owners – (Class Code 990000)**

A Named Non-Owner Liability Policy may be extended to provide Combined Uninsured and Underinsured Motorists Coverage. The annual charge per policy shall be the single car policy rate shown above for the limits of coverage selected.

Attach the applicable endorsement.

**B.2. Alternative Economic Loss Coverage**

An insurer may, at its option, make available Alternative Economic Loss Coverage to cover economic loss only. Coverage is **not** provided for non-economic loss.

Economic loss consists of medical care, compensation for lost earnings and replacement services, and payment of a death benefit when bodily injury results from an automobile accident caused by an uninsured or underinsured motorist.

If made available by the insurer, Alternative Economic Loss Coverage may only be made available on policies where both Uninsured Motorists and Combined Uninsured/Underinsured Motorists Coverage have been rejected in writing.

Alternative Economic Loss Coverage may be made available at the following limits with rates per policy shown:

	B.I. Limits	
	Single Car Policy	Multi-Car Policy
\$ 30/60	\$ 5	\$ 12
50/100	9	21
100/200	15	36
100/300	18	43
300/300	25	59
250/500	31	74
500/500	39	92
500/1,000	46	108
1,000/1,000	50	118

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

Attach the applicable endorsement.

**C. Deductible Insurance**

1. Deductible Liability Insurance is not available for vehicles classified and rated in accordance with the rules of this Manual.

2. Collision Deductibles for Which No Premiums Are Shown

\$ 25 Deduct. (071)	– Charge 150% of the \$50 Deduct. Collision Premium
\$ 50 Deduct. (072)	– Charge 102% of the \$100 Deduct. Collision Premium
\$ 200 Deduct. (073)	– Charge 97% of the \$100 Deduct. Collision Premium
\$ 250 Deduct. (076)	– Charge 95% of the \$100 Deduct. Collision Premium
\$ 500 Deduct. (077)	– Charge 88% of the \$100 Deduct. Collision Premium

\$1,000 Deduct. (078) – Charge 75% of the \$100 Deduct. Collision Premium

3. Comprehensive Deductibles for Which No Premiums Are Shown

\$ 50 Deduct. (003) – Charge 95% of the Full Coverage Comprehensive Premium

\$ 100 Deduct. (010) – Charge 90% of the Full Coverage Comprehensive Premium

\$ 250 Deduct. (055) – Charge 77% of the Full Coverage Comprehensive Premium

\$ 500 Deduct. (726) – Charge 60% of the Full Coverage Comprehensive Premium

\$1,000 Deduct. (727) – Charge 50% of the Full Coverage Comprehensive Premium

4. Theft – \$50 Deductible – Charge 75% of the Full Coverage Theft Rate.

**D. Extended Transportation Expenses Coverage**

1. Eligibility

Only policies providing Comprehensive Coverage may be afforded either Extended Transportation Expenses Coverage or Increased Limits Transportation Expenses Coverage.

2. Rating

The rates for this coverage are not subject to classification rating or modification by any rating plan.

Coverage	Annual Rate Per Auto
\$15/\$450 Extended Transportation Expenses Coverage (Cov. Code 704)	\$10
\$30/\$900 Increased Limits Transportation Expenses Coverage (Cov. Code 706)	\$20
\$50/\$1,500 Additional Increased Limits Transportation Expenses Coverage (Cov. Code 768)	\$32

3. Endorsement

Attach the extended transportation expenses coverage endorsement to the policy.

**E. Towing and Labor Costs**

1. This coverage may be written only for Private Passenger Autos.

2. The available limit and rates are:

Limit Per Disablement	Rate – Per Car, Per Year
\$ 25	\$2
50	4
100	6
None (subject to coverage provisions)	13

3. Attach applicable endorsement.

**14. MISCELLANEOUS COVERAGES (Cont'd)**

**F. Audio, Visual and Data Electronic Equipment and Tapes, Records, Discs and Other Media Coverage (Cov. Code 014)**

1. Coverage is available for loss to any of the following, if at the time of loss they are contained in a vehicle described in the policy for which this coverage is provided:
  - a. Tapes, records, discs and other media used with audio, visual or data reproduction, receiving or transmitting equipment permanently installed in the auto.
  - b. Any electronic equipment not designed solely for the reproduction of sound, that receives or transmits audio, visual or data signals.

This coverage applies only if the equipment is:

- (1) Permanently installed in the auto at the time of loss;
- (2) **Not** necessary for the normal operation of the auto or monitoring of the auto's operating systems; and
- (3) **Not** an integral part of the same unit housing any sound reproducing equipment permanently installed in the opening of the dash or console of the auto. This opening must be normally used by the manufacturer for installation of a radio.

Types of electronic equipment not specifically designed solely for the reproduction of sound for which coverage may be purchased include:

- (1) Citizens band radios;
- (2) Telephones;
- (3) Two-way mobile radios;
- (4) Scanning monitor receivers;
- (5) Television monitor receivers;
- (6) Video cassette recorders;
- (7) Audio cassette recorders; and
- (8) Personal computers.

**Note**

Electronic equipment which is specifically designed solely for the reproduction of sound and permanently installed in the auto at the time of loss, along with accessories used with such equipment, is automatically covered under the policy without additional premium charge.

- c. Accessories used with electronic equipment permanently installed in the auto, and not designed solely for the reproduction of sound.

Refer to the Coverage For Audio, Visual and Data Electronic Equipment and Tapes, Records, Discs and Other Media Endorsement for extent of coverage.

2. Coverage is **not** available for radar detectors.

3. Develop the premium independently for each covered auto as follows:

- a. Audio, visual and data electronic equipment including its accessories (Cov. Code 014).

- (1) Determine the limit of liability based upon the total cost new of the electronic equipment permanently installed in the auto and the cost new of its accessories. Do not include the cost of tapes, records, discs and other media in determining this limit.

Additional coverage for \$200 worth of tapes, records, discs and other media applies at no additional charge when coverage is provided for audio, visual and data electronic equipment.

- (2) Select the premium from the table below:

Total Cost New of Equipment and Accessories	Premium
\$ 0 – 500	\$ 30
501 – 1,000	60
1,001 – 1,500	90
1,501 – 2,000	120
2,001 – 2,500	150
2,501 – 3,000	180
3,001 – 3,500	210
3,501 – 4,000	240
4,001 – 4,500	270
4,501 – 5,000	300
5,001 and over	Refer to Company

- b. Tapes, records, discs and other media only (Cov. Code 064)

When coverage is **not** purchased for audio, visual and data electronic equipment, coverage for \$200 worth of tapes, records, discs and other media is available for an additional premium charge of \$15 per auto, per year.

4. Attach the coverage for audio, visual, and data electronic equipment and tapes, records, discs and other media endorsement to the policy.

**G. Auto Death Indemnity Or Benefits, Specific Disability Benefits And Total Disability Benefits Rates**

1. Automobile Death Indemnity or Benefit, Specific Disability Benefits and Total Disability Benefits are available to any person under a policy affording auto bodily injury liability insurance with respect to an auto classified or rated as a private passenger auto.

2. Annual rates per person insured:

- a. Coverage A – Auto Death Indemnity or Benefit (Class Code 904000)

Principal Sum	Annual Rate
\$ 5,000	\$2
10,000	4

**14. MISCELLANEOUS COVERAGES (Cont'd)**

- b. Coverages A and B – Auto Death Indemnity or Benefit and Specific Disability Benefits  
Dismemberment and Loss of Sight and Fractures and Dislocations. (Class Code 907000)

Principal Sum	Annual Rate
\$ 5,000	\$3
10,000	5

- c. Coverage C – Total Disability Benefits – (Class Code 903000)

Weekly Indemnity	Annual Rate
\$25	\$3
35	3
50	6

- d. Coverage D – Total Disability Benefits – Maximum 200 weeks. (Class Code 905000)

Weekly Indemnity	Annual Rate
\$25	\$2
35	3
50	5

- 3. For the addition of one or more of the coverages to outstanding policies, charges per month, or fraction thereof, of 10% of the applicable annual rates shall be made. These charges shall be subject to a minimum total charge of \$2 per policy or endorsement, and to a maximum total charge of the total of the annual rates for the coverages afforded.

**H. Repair or Replacement Coverages**

**1. Five Year Coverage**

- a. Coverage for Damage to Your Auto can be changed from ACTUAL CASH VALUE to REPLACEMENT COST for losses caused by other than fire, theft, larceny, malicious mischief or vandalism.
- b. Repair or Replacement Coverage is available:
  - (1) Only for autos purchased new.
  - (2) Only if this coverage is added within 60 days after purchase of the new auto. If the coverage is added after the date of purchase of the new auto, coverage does not become effective until the date of purchase of this coverage.
  - (3) Only if this coverage is maintained continuously on the auto.
  - (4) If the auto is not more than 5 years old. The age of the auto shall be determined by subtracting the year the endorsement was first added to the policy for that auto from the year of inception of the current annual period of the policy.
  - (5) Only if the collision and other than collision coverages are carried for the auto.

**c. Rates**

Charge 15% of the combined collision and other than collision premiums.

**d. Attach Endorsement NC 03 11.**

**2. One Year Coverage**

- a. Coverage for Damage to Your Auto can be changed from ACTUAL CASH VALUE to REPLACEMENT COST.

**b. Replacement Cost Coverage is available:**

- (1) Only for autos purchased new by the policyholder or applicant with less than 150 miles on the odometer.
- (2) Only if this coverage is added within 60 days after the purchase of the new auto. If the coverage is added after the date of purchase of the new auto coverage does not become effective until the date of purchase of this coverage.
- (3) Only if this coverage is maintained continuously on the auto.
- (4) Only if collision and other than collision coverages are carried for the auto.

**c. Rates**

Charge 10% of the combined collision and other than collision premiums.

**d. Duration of Coverage**

This coverage will apply until one year from the date of purchase of the new auto or an odometer reading of 15,000 miles, whichever comes first.

**e. Attach Endorsement NC 03 12.**

**I. Coverage for Rented Vehicles**

- 1. Insurers may offer coverage for rented vehicles with every motor vehicle policy covering a motor vehicle registered in North Carolina. Attach the Coverage for Rented Vehicles endorsement to the policy.
- 2. Rating
  - a. To add Coverage for Rented Vehicles, charge an annual premium of \$4 for personal auto liability policies which provide both comprehensive and collision coverages.
  - b. To add Coverage for Rented Vehicles, charge an annual premium of \$16 for personal auto liability policies which do not provide both comprehensive and collision coverages.
  - c. The premium for Coverage for Rented Vehicles is not subject to classification or modification by any rating plan.
- 3. Cancellation
 

If Coverage for Rented Vehicles is cancelled by the insured, the entire annual premium shall be fully earned by the company.

**14. MISCELLANEOUS COVERAGES (Cont'd)****J. Original Equipment Manufacturer (OEM) Parts Loss Settlement****1. Coverage**

A loss settlement Original Equipment Manufacturer (OEM) Parts coverage option may be made available when physical damage coverage is afforded under a policy. The OEM parts loss settlement option is subject to the following:

- a. If a repair results in the replacement of exterior sheet metal and/or exterior plastic parts, OEM parts shall be used if such parts are available.

If OEM parts are not available, non-OEM parts may be used.

- b. If a repair results in the replacement of any damaged parts other than exterior sheet metal and/or exterior plastic parts, the insurer may require or specify the use of non-OEM parts.

**2. Rating**

Charge 5% of the otherwise applicable premium for Comprehensive and 5% of the otherwise applicable premium for Collision coverages.

**3. Endorsement**

Attach the Loss Settlement – Original Equipment Manufacturer Parts Endorsement to the policy.

- b. 25% for driving a motor vehicle at an excessive rate of speed or in a reckless manner, where an injury to person or damage to property actually results therefrom.
- c. 5% for any reason requiring filing.

**B. Owners**

1. If an owner is required to file evidence of financial responsibility for owned autos and for the operation of autos which he does not own, the additional premium shall be computed by applying the proper surcharge to the sum of the premium for the highest rated auto owned by the insured and the total nonownership liability premium, modified in accordance with any applicable rating plan.
2. In all other cases, the additional premium shall be computed by applying the proper surcharge to the premium for the highest rated auto owned by the insured modified in accordance with any applicable rating plan.

**C. Non-Owners**

1. If a policy is written to insure a named individual, the additional premium shall be computed by applying the proper surcharge to the premium for the policy.
2. If coverage is provided under a policy which has been extended to cover a named individual in accordance with Rule 17. – Extended Non-Owned Liability Coverage, the additional premium shall be computed by applying the proper surcharge to:
  - a. The rates for the highest rated auto insured under the policy for the rating territory in which the named individual is located, or
  - b. If there is no auto at such location, 170% of the private passenger Base Rates for the territory in which the named individual is located.

**15. CERTIFIED RISKS – FINANCIAL RESPONSIBILITY LAWS**

For risks not eligible for rating under the Safe Driver Insurance Plan, a surcharge of 35% shall be applied in addition to the surcharge of 50%, 25% or 5% applicable under this Rule

For risks rated under the Safe Driver Insurance Plan, the additional charge for each risk shall be \$4 for the period of coverage. The \$4 charge shall not be subject to modification under the provisions of any rating plan or other manual rate.

**A. Surcharges**

1. Surcharges apply to Liability coverages only.
2. The appropriate charges shown below shall be applied to the final premium for the affected coverages for the period of time the certificate is required but not more than three years (after 3 years of 5% surcharge applies) as follows:
  - a. 50% for driving a motor vehicle while intoxicated, or failing to stop and report when involved in an accident, or homicide or assault arising out of the operation of a motor vehicle.

**16. NAMED NON-OWNER POLICY**

(For individuals who do not own an auto)

- A. Liability and Medical Payments Coverage**  
Charge 90% of the premium that would apply if such individual owned an auto.
- B. Uninsured Motorists Insurance and Underinsured Motorists Insurance**  
Refer to Rule 14.
- C. Attach the named non-owner coverage endorsement.**

**17. EXTENDED NON-OWNED LIABILITY COVERAGE (PERSONAL AUTO POLICY ONLY)**

**A. Liability Coverage**

Liability coverage may be extended to an individual described below:

1. The insured named in the policy, including the spouse if a resident of the same household, or a resident relative who is furnished an auto for regular use but is NOT employed by a garage:
  - a. When no Primary Liability insurance is in effect on the auto, charge 50% of the liability premium which would apply if the furnished auto were being specifically insured as an owned auto by the individual.
  - b. When there is Primary Liability insurance in effect on the auto or if the auto is used in the business of the United States Government, charge the premiums per person shown in the table below:

Person Named	Bodily Injury \$30/60	Property Damage \$25,000
Insured Named and Spouse	\$3	\$1
Relative	6	2

2. The insured named in the policy, including the spouse if a resident of the same household, or a resident relative who is furnished an auto for regular use and is employed by a garage:
  - a. When garage has no liability insurance charge 170% of Base Rate for Liability
  - b. When garage has liability insurance, refer to Company.
3. In all other situations, charge the premiums per person shown in the table below:

Person Named	Bodily Injury \$30/60	Property Damage \$25,000
Insured Named and Spouse	\$3	\$1
Relative	6	2

**B. Medical Payments**

Medical Payments coverage is available only if Bodily Injury and Property Damage coverages are extended. Medical Payments shall be provided at the same limits as the Medical Payments limit of policy to which attached. Premiums per person are displayed below.

Medical Payments Limits of Policy to Which Attached	Auto Furnished for Regular Use	Auto Not Furnished For Regular Use
\$ 500	\$ 4	\$ 2

Use the factors in Rule 18.D. to determine premiums for Medical Payments limits above \$500.

**18. INCREASED LIMITS**

A. The tables in Sections B. and C. below contain the factors to be applied to the appropriate basic limits rates for Bodily Injury or Property Damage Liability.

Refer to company for limits not displayed in these tables.

**B. 30/60 Split Limit Bodily Injury Liability Increased Limits Table**

Applicable to 30/60 Split Limit Bodily Injury Liability Rates Only:

Total Limits	Factor
\$ 30/60	1.00
50/100	1.14
100/100	1.25
100/200	1.30
100/300	1.32
300/300	1.50
250/500	1.52
500/1,000	1.67
1,000/1,000	1.76
1,000/2,000	1.81

**C. \$25,000 Property Damage Liability Increased Limits Table**

Applicable to \$25,000 Property Damage Liability Rates Only:

Limit	Factor	Limit	Factor
25,000	1.000	250,000	1.059
35,000	1.005	500,000	1.113
50,000	1.010	750,000	1.153
100,000	1.030	1,000,000	1.202

**D. Medical Payments Increased Limits**

Applicable to \$500 Medical Payments Rates Only:

Total Medical Payments Limits	Factor
\$ 750	1.33
1,000	1.60
2,000	2.34
5,000	3.38
10,000	3.86
25,000	4.53
50,000	5.13
75,000	5.39
100,000	5.50

**E. Single Limit Coverages**

The premium for single limit liability coverages shall be calculated as follows:

1. 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.
2. Calculate the separate Bodily Injury and Property Damage premiums, the sum of which is the combined premium.

**19. MISCELLANEOUS TYPES****A. Trailers Designed for Use with Private Passenger Autos**

Coverage may be provided for:

**1. Recreational Trailers**

Non-self-propelled units equipped as living quarters (including cooking, dining, plumbing or refrigeration facilities).

To be eligible for coverage, insured must maintain a separate and permanent residence other than the recreational trailer.

**Note**

1. Camper trailers shall be rated as Recreational Trailers.

2. A portable camper body used with a pickup truck shall be rated as a Recreational Trailer. The pickup truck shall be rated in accordance with Rule 4.F.

**2. Other Trailers**

All non-self-propelled units not included above.

**Liability and Medical Payments Coverages**

A Personal Auto Policy affording Liability and Medical Payments Coverage also covers trailers as described above for these coverages without additional premium charge and without specific description of the trailers when used with a private passenger auto.

Other Policies affording Liability and Medical Payments Coverage will also provide this coverage for trailers without additional premium charge and without specific description of the trailer except when the trailer is used with any auto owned or hired by the insured and not covered by like insurance in the company.

Refer to company for rates applicable to a trailer described above if:

1. Used with any auto owned or hired by the insured and not covered by like insurance in the company, or
2. No auto is owned by the insured.

**Medical Payments Insurance**

Medical payments insurance is available for a home trailer, office trailer, store trailer or display trailer, if used with a private passenger auto.

The rate shall be three times the medical payments rate for the applicable private passenger classification for the territory in which the risk is located.

Farm Wagons and Farm Implements:

Coverage is afforded without additional charge for farm wagons or farm implements when attached to private passenger type autos.

**Physical Damage Coverages Only**

Trailers are to be insured as separate items with separate premiums shown for each unit. If deductible coverage is written, the deductible shall apply separately to each unit.

**1. Recreational Trailers – All Classes – Entire State****a. Contents**

- (1) Auto Home Contents Coverage for Fire and Lightning and Combined Additional Coverage (including or excluding malicious mischief and vandalism) may be added.

Fire – Charge fire rate applicable to Mobilehome Insured.

Combined Additional Coverage Including Malicious Mischief and Vandalism – 25 cents per \$100.

Combined Additional Coverage Excluding Malicious Mischief and Vandalism – 20 cents per \$100.

Apply to company for endorsement.

- (2) Auto Home Coverage for TV antennas, awnings, and cabanas or equipment designed to create additional living facilities may be added.

Covered Property Coverage – \$50 Deductible – (Coverage Code 069) Charge \$1.45.

Coverage Property Coverage – \$100 Deductible – (Coverage Code 069) Charge \$1.15.

Attach Applicable Endorsement.

- b. Fire Rate – (new & old) – \$0.45
- c. Theft Rate – (new & old) – \$0.10
- d. Windstorm Rate – (new & old) – \$0.05
- e. Combined Additional Coverage without Malicious Mischief and Vandalism Rate – (new & old) – \$0.10
- f. Combined Additional Coverage with Malicious Mischief and Vandalism Rate – (new & old) – \$0.15
- g. Comprehensive

Full Coverage	(Cov. Code 01) – \$1.45
\$ 50 Deductible	(Cov. Code 03) – 1.25
\$ 100 Deductible	(Cov. Code 10) – 1.10
\$ 250 Deductible	(Cov. Code 055) – 0.95
\$ 500 Deductible	(Cov. Code 726) – 0.75
\$1,000 Deductible	(Cov. Code 727) – 0.50

19. MISCELLANEOUS TYPES (Cont'd)

h. Collision Premiums – All Classes – Entire State

Original Cost	Deductibles											
	\$50		\$100		\$200		\$250		\$500		\$1000	
	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old
0 – 600	\$24	\$19	\$10	\$ 8	\$ 9	\$ 7	\$ 7	\$ 6	\$ 6	\$ 5	\$ 5	\$ 4
601 – 800	26	21	12	9	11	9	8	6	7	6	6	5
801 – 1,050	29	23	13	10	12	10	9	7	8	6	7	6
1,051 – 1,300	31	25	15	12	14	11	10	8	9	7	8	6
1,301 – 1,600	34	27	18	14	16	13	13	10	11	9	9	7
1,601 – 1,900	37	30	20	16	18	14	15	12	12	10	10	8
1,901 – 2,400	42	34	23	18	21	17	18	14	14	11	12	10
2,401 – 3,000	47	38	28	22	25	20	21	17	17	14	14	11
3,001 – 4,000	56	45	34	27	31	25	25	20	20	16	17	14
4,001 – 5,000	66	53	42	34	38	30	30	24	25	20	21	17
5,001 – 6,000	77	62	50	40	45	36	35	28	30	24	25	20
6,001 – 7,000	87	70	58	46	52	42	41	33	35	28	29	23
7,001 – 8,000	98	78	66	53	59	47	46	37	40	32	33	26
8,001 – 9,000	108	86	74	59	67	54	52	42	44	35	37	30
9,001 – 10,000	119	95	82	66	74	59	57	46	49	39	41	33

- (1) "New" means purchased new not more than 18 months prior to date insurance attaches.  
"Old" – All Others
- (2) For Recreational Trailers having a cost exceeding \$10,000, the indicated premiums for the \$9,001 to \$10,000 group shall be increased 10% per \$1,000 or fractions thereof in excess of \$10,000.
- (3) The premiums shown above are subject to a retained Minimum Premium equal to 25% of the annual premium applicable.

2. All Other Trailers – All Classes – Entire State

All Non-Self-Propelled Units Not Included in Paragraph 1. Above.

Rates Per \$100 of Insurance

Coverage	Rates
Fire	\$0.10
Theft	0.05
Windstorm	0.05
Combined Additional Coverage without Malicious Mischief & Vandalism	0.10
Combined Additional Coverage with Malicious Mischief & Vandalism	0.15
Comprehensive – Full Coverage – (Cov. Code 01)	0.55
Comprehensive – \$50 Deductible – (Cov. Code 03)	0.37

COLLISION PREMIUMS – ALL CLASSES – ENTIRE STATE

Original Cost New at Factory	\$25 Deduct.	\$50 Deduct.	\$100 Deduct.
\$ 0 – \$ 400	\$ 7	\$ 4	\$ 3
401 – 600	9	6	5
601 – 800	12	8	6
801 – 1,000	15	10	8
1,001 – 1,500	23	15	12
1,501 – 2,000	29	19	15
2,001 – 2,500	35	23	18
2,501 – 3,000	41	27	22
Each Additional \$500 Over \$3,000	5	4	3

B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes

Liability Coverages Only

- 1. Such vehicles with engine size of 324 cubic centimeters or less shall be rated at 20% of the applicable private passenger rate. (Class Code – Motorcycles 951000; Others 960000)
- 2. Such vehicles with engine size of 325 cubic centimeters or more shall be rated at 36% of the applicable private passenger rate. (Class Code – Motorcycles 952000; Others 961000)

**19. MISCELLANEOUS TYPES (Cont'd)**

**Physical Damage Coverages Only**

All Motorcycles and Motorscooters with three wheel chassis shall be rated as Commercial Types. Motorcycles with side-car attachment used for transportation or delivery of goods or merchandise shall be rated as Commercial Types.

MOTOR-CYCLES (Except COMMERCIAL TYPES)	MOTOR-SCOOTERS (Except COMMERCIAL TYPES)	COMMERCIAL TYPES (Motorcycles and Motorscooters)
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**RATES PER \$100 OF INSURANCE**

Fire Rates –	\$.50	\$.50	\$.50
Theft Rates –	1.14	.88	.50

**Combined Additional Coverage without Malicious Mischief & Vandalism** – 17 cents per \$100 of insurance.

**Combined Additional Coverage with Malicious Mischief & Vandalism** – 22 cents per \$100 of insurance.

**Collision** – MOTORCYCLES AND MOTORSCOOTERS (Except Commercial Types):

1989 and Prior Model Years

Charge the following Percentages of the Symbol 7 Private Passenger Collision Rate for the applicable model year:

1990 and Subsequent Model Years

Charge the following Percentages of the Symbol 2 Private Passenger Collision Rate for the applicable model year:

Engine Size Cubic Centimeters (cc)	Percentage
0 – 100	29%
101 – 200	48%
201 – 300	66%
301 – 450	106%
451 – 600	115%
601 – 750	161%
751 – 900	220%
901 – 1,000	286%
Over 1,000	353%

**Collision** – COMMERCIAL TYPES (Motorcycles and Motorscooters):

Charge 75% of the Collision premiums for symbols determined in accordance with the table above.

**Note**

The Classification and Sub-Classification Rating Plans are applicable in rating all vehicles under this rule for all coverages. (See Rule 4. and Rule 5.)

**C. SNOWMOBILES** and similar vehicles equipped for travel over ice and snow, used principally off public roads, shall be rated as follows:

**Liability Coverages Only**

(Class Code 967000) – Excluding Passenger Hazard

(Class Code 959000) – Including Passenger Hazard

1. Bodily Injury (excluding the passenger hazard) – \$20, \$30,000/60,000 limits.  
Bodily Injury (including the passenger hazard) – \$60, \$30,000/60,000 limits.
2. Property Damage – \$10, \$25,000 limits
3. Medical Payments – \$10, \$500 per person (no other limits).
4. Uninsured Motorists Coverage  
Charge rates shown in Rule 14.
5. All rates apply for the period of coverage.
6. The applicable endorsement shall be attached to the policy.

**Physical Damage Coverages Only**  
(Class Code 959000)

7. Comprehensive  
\$100 Deductible – \$2.00 per \$100.
8. Collision  
\$100 Deductible – \$2.00 per \$100.

**Note**

- a. Only Stated Amount Coverage is available.
- b. A snowmobile and trailer designed to be towed by the snowmobile shall be considered one unit for determining the deductible amount to any loss, provided said trailer is described in the schedule on the endorsement.

9. The applicable endorsement shall be attached to the policy.
10. All rates apply for the period of coverage.

**D. Golfmobiles**

Vehicles commonly known as Golfmobiles, used principally off public roads, not used for commercial purposes, with capacity to carry one or more persons.

**Note**

Vehicles of this type not meeting the above qualifications, rate as a motorcycle.

**Liability Coverages Only**

1. Charge 25% of the applicable private passenger Base Premiums. (Class Code 943500)
2. All rates apply for the period of coverage.

**Physical Damage Coverages Only**

**Fire** – \$.60 per \$100 of Insurance.  
**Theft** – \$.20 per \$100 of Insurance.

**Collision** –

Original Cost New	\$25 Ded.	\$50 Ded.	\$100 Ded.
\$ 0 – 750	\$16	\$10	\$ 8
751 & Over	24	15	10

**19. MISCELLANEOUS TYPES (Cont'd)****E. Antique Autos**

An antique auto is a motor vehicle of the private passenger type which is 25 or more years old that is maintained solely for use in exhibitions, club activities, parades and other functions of public interest, and occasionally used for other purposes.

**Liability Coverages Only**

Charge 40% of the private passenger base premiums. (Class Code 962000)

**Physical Damage Coverages Only**

These vehicles are to be insured on Stated Amount basis only. The rates are as shown below (Class Code 962000).

**Rate Per \$100 of Insurance**

Deductible	Comprehensive	Collision	Fire Theft
\$ 50	\$1.25	\$1.50	\$.35 \$.35
100	1.10	1.25	.31 .31
250	.96	1.00	.27 .27
500	.74	.75	.21 .21

**F. Classic Autos**

A classic auto is a motor vehicle of the private passenger type which is 10 or more years old and may be used on a regular basis. Its value is significantly higher than the average value of other autos of the same make and model year.

**Liability, Medical Payments, Uninsured and Underinsured Motorists**

Classify and rate as a private passenger auto.

**Physical Damage**

Attach the coverage for damage to your auto (stated amount maximum limit of liability) endorsement.

1. Determine the stated amount of coverage applicable to the vehicle.
2. Assign a symbol based on the stated amount, from the table for 1990 and subsequent model years on Page 1. of the Symbol and Identification Section.

**Note**

Prior to October 1, 1989, the table for 1981-1989 model years in the Symbol and Identification Section should be used for symbol assignment.

3. Classify and rate as a private passenger auto using the base rate for the current model year.

**20. FINANCED AUTOS**

Financed autos shall be written at manual rates and minimum charges except for single interest coverages.

For single interest rates, rules and forms, refer to company.

**21. STATE RATE, TERRITORY SHEETS**

**A.** The state rate sheets show rates by territory.

**B.** The territory sheets contain the definitions of the territorial divisions into which the state is divided and show for each territory the statistical code and the number of the rate schedule on the state rate sheets to be used.

1. Each territory as defined embraces a certain area, usually a city and its surroundings. In many cases the area so defined includes several smaller cities, towns, and villages. The following provisions are applicable in this connection:

**a.** Any city, town, or village not specifically mentioned as included within a defined territory but which is inside of the boundary of the area so defined, shall take the territory schedule for that defined territory.

**b.** If a city, town, or village extends into more than one defined territory, the territory schedule for the higher rated territory applies to the entire city, town, or village.

**c.** Unless otherwise indicated, if a street, avenue or other public way serves as a dividing line between two territories, except when the public way serves as a boundary line of any political subdivision (state, county, township, city, town, village, etc.), the rates applicable to the lower rated of the two territories shall apply to autos principally garaged on either side of such street or avenue.

2. The territory sheets also contain a list of Important Cities and Towns in a state indicating the counties in which such towns are located and the territories to which they are assigned. The rate territory for a town not listed should be determined as follows:

**a.** Ascertain the county in which the town is located.

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**21. STATE RATE, TERRITORY SHEETS (Cont'd)**

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- b. if the name of the county is included in the list of territory definitions for the state as divided into two or more rate territories, it will be necessary to refer to a map to determine in which of the rate territories the town belongs.
- c. If the county is not so listed, then the entire county and all towns in it take the rates for the Remainder of State schedule.

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**22. INSTALLMENT PAYMENTS**

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The total premium for an auto policy is due and payable at the beginning of the policy period, unless the policy is issued on an installment payment basis in accordance with the following rules:

- A. The first installment shall be due on the effective date of the policy and the due date of the last installment shall be no later than one month prior to the policy anniversary date.
- B. An additional charge of \$3.00 shall be made for each installment.
- C. The premium paid to the company exclusive of the total installment payment charge shall never be less than the pro rata charge from the effective date of the policy to the due date of the next installment, where additional installments are to be paid, or to expiration of the policy where no further installments are due.

- D. Flat cancellation shall be accepted on business written on an installment basis only if there has been no coverage under the policy and the policy is returned to the company within thirty days. In all other cases, a pro rata earned premium shall be due to the company.
- E. This rule does not preclude the use of an installment payment plan which provides for deferring the due date of installment if the insurance is under suspension on the original due date.

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**23. EXCESS INDEMNITY POLICY**

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Bodily injury and property damage liability limits over primary limits may be afforded under an Excess Indemnity Policy with respect to an automobile classified and rated as a private passenger automobile. Primary insurance must be in force with respect to the automobile and the risk unable to obtain higher limits. If the company providing the excess limits coverage also provides the primary coverage to a risk, a letter of consent, signed by the insured, shall be secured and retained in the company's files. Refer to company for rating.

Bodily injury and property damage excess limits may be afforded separately or in conjunction with Medical Payments Insurance, Medical Payments Coverage is available on a \$100 deductible basis only. Refer to company for rating.

**PERSONAL AUTO MANUAL  
RATE PAGES**

**NORTH CAROLINA (32)**

**VOLUNTARY BUSINESS\***

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	300/300	25,000	50,000	100,000	500	750	1,000	2,000	5,000
	LIMIT CODE				LIMIT CODE			LIMIT CODE				
	6	6	8	1	4	5	6	1	2	3	4	6
11	\$115	\$131	\$152	\$173	\$152	\$154	\$157	\$12	\$16	\$19	\$28	\$41
13	177	202	234	266	187	189	193	19	25	30	44	64
14	169	193	223	254	185	187	191	18	24	29	42	61
15	188	214	248	282	181	183	186	20	27	32	47	68
16	152	173	201	228	187	189	193	16	21	26	37	54
17	193	220	255	290	181	183	186	21	28	34	49	71
18	138	157	182	207	160	162	165	15	20	24	35	51
24	141	161	186	212	149	150	153	15	20	24	35	51
25	163	186	215	245	173	175	178	18	24	29	42	61
26	205	234	271	308	152	154	157	22	29	35	51	74
31	172	196	227	258	164	166	169	18	24	29	42	61
32	144	164	190	216	157	159	162	15	20	24	35	51
33	172	196	227	258	136	137	140	18	24	29	42	61
40	215	245	284	323	182	184	187	23	31	37	54	78
41	179	204	236	269	167	169	172	19	25	30	44	64
43	161	184	213	242	134	135	138	17	23	27	40	57
47	169	193	223	254	146	147	150	18	24	29	42	61
51	138	157	182	207	168	170	173	15	20	24	35	51
52	185	211	244	278	198	200	204	20	27	32	47	68

\* Including "clean risks" ceded to the North Carolina Reinsurance Facility.  
See Premium Determination Rule for the definition of "clean risks".

CEDED BUSINESS\*

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	250/500	25,000	50,000	100,000	500	750	1,000	2,000	5,000
	LIMIT CODE				LIMIT CODE			LIMIT CODE				
	6	6	8	7	4	5	6	1	2	3	4	6
11	\$180	\$205	\$238	\$274	\$200	\$202	\$206	\$21	\$28	\$34	\$49	\$71
13	285	325	376	433	246	248	253	33	44	53	77	112
14	271	309	358	412	244	246	251	31	41	50	73	105
15	305	348	403	464	244	246	251	35	47	56	82	118
16	249	284	329	378	250	253	258	29	39	46	68	98
17	312	356	412	474	243	245	250	36	48	58	84	122
18	232	264	306	353	219	221	226	27	36	43	63	91
24	221	252	292	336	192	194	198	26	35	42	61	88
25	273	311	360	415	244	246	251	32	43	51	75	108
26	365	416	482	555	205	207	211	42	56	67	98	142
31	275	314	363	418	216	218	222	32	43	51	75	108
32	224	255	296	340	201	203	207	26	35	42	61	88
33	273	311	360	415	176	178	181	32	43	51	75	108
40	352	401	465	535	237	239	244	41	55	66	96	139
41	289	329	381	439	229	231	236	33	44	53	77	112
43	252	287	333	383	177	179	182	29	39	46	68	98
47	272	310	359	413	193	195	199	31	41	50	73	105
51	220	251	290	334	226	228	233	25	33	40	59	85
52	302	344	399	459	268	271	276	35	47	56	82	118

\* Excluding "clean risks" as defined under the Premium Determination Rule.

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TERRITORY 11**

**NORTH CAROLINA (32)**

<b>FULL COVERAGE COMPREHENSIVE (001)</b>													
<b>Symbol (a)</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1990-1996</b>	<b>Symbol (b)</b>	<b>1989 &amp; prior</b>
1	29	27	26	25	23	22	21	19	17	16	15	1	6
2	40	38	36	34	32	30	29	26	24	22	21	2	6
3	45	43	41	39	36	34	32	30	27	25	23	3	9
4	50	48	45	43	40	38	36	33	30	28	26	4	11
5	56	54	51	48	46	43	40	37	34	32	29	5	13
6	63	60	57	54	51	48	45	42	39	36	33	6	17
7	70	66	63	60	56	53	50	46	42	39	36	7	21
8	75	72	68	65	61	57	54	49	46	43	39	8	24
10	81	78	74	70	66	62	58	54	50	46	42	10	31
11	88	84	80	76	71	67	63	58	54	49	45	11	37
12	96	92	87	82	78	73	69	63	59	54	49	12	44
13	103	98	93	89	84	79	74	68	63	58	53	13	51
14	112	106	101	96	90	85	80	73	68	63	57	14	60
15	123	117	111	105	100	93	88	81	75	69	63	15	73
16	135	129	122	116	109	103	97	89	82	76	70	16	89
17	149	142	135	128	121	114	107	98	91	84	77	17	106
18	163	155	148	140	132	124	117	107	100	92	84	18	127
19	178	169	161	152	144	136	127	117	108	100	92	19	152
20	197	188	178	169	160	150	141	130	120	111	101	20	180
21	219	209	198	188	177	167	157	144	133	123	112	21	249
22	247	235	223	212	200	188	176	162	150	139	127		
23	277	263	250	237	224	211	198	182	169	155	142		
24	320	305	290	275	260	244	229	211	195	180	165		
25	394	375	357	338	319	300	282	259	240	222	203		
26	484	461	438	415	392	369	346	318	295	272	249		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

<b>COLLISION DED. AMT. \$100 (074)</b>													
<b>Symbol (a)</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1990-1996</b>	<b>Symbol (b)</b>	<b>1989 &amp; prior</b>
1	197	188	180	169	161	150	135	124	113	103	92	1	45
2	225	214	203	193	182	169	154	141	128	116	105	2	54
3	261	248	235	223	212	197	180	165	150	135	122	3	66
4	282	270	257	242	229	214	195	178	163	146	133	4	75
5	302	287	272	259	244	227	205	188	171	154	141	5	88
6	317	302	287	272	257	238	218	199	182	163	148	6	96
7	330	315	300	282	268	248	227	208	188	169	154	7	105
8	345	327	310	295	278	259	235	216	197	178	161	8	126
10	366	349	332	315	297	276	250	231	210	188	171	10	146
11	385	366	347	330	310	289	263	242	220	197	180	11	158
12	396	377	357	338	321	297	272	248	227	203	184	12	175
13	411	392	372	353	334	310	282	259	235	212	193	13	188
14	439	417	396	377	355	330	300	276	250	225	205	14	210
15	460	439	417	396	372	347	317	289	263	238	214	15	227
16	479	456	432	411	387	360	327	302	274	246	223	16	250
17	496	473	449	426	402	375	340	312	285	255	231	17	265
18	524	499	473	449	424	394	360	330	300	270	244	18	289
19	546	520	494	469	443	411	375	342	312	280	255	19	306
20	565	537	509	484	456	424	387	355	323	291	263	20	323
21	586	559	531	503	475	441	402	368	336	302	274	21	368
22	618	589	559	531	501	464	424	389	353	319	289		
23	642	612	582	550	520	484	441	404	368	330	300		
24	672	640	608	576	544	505	460	422	383	345	315		
25	725	691	657	623	589	546	499	456	415	372	338		
26	788	749	713	674	638	593	539	494	449	404	368		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

PERSONAL AUTO MANUAL  
RATE PAGES  
TERRITORY 13

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol (b)	1989 & prior
1	43	40	38	36	34	32	30	28	26	24	22	1	8
2	59	56	53	50	48	45	42	39	36	33	30	2	10
3	67	63	60	57	54	50	48	44	40	38	34	3	13
4	73	70	67	63	59	56	53	48	45	41	38	4	16
5	83	79	75	71	67	63	59	54	50	46	43	5	19
6	94	89	85	80	76	71	67	62	57	53	48	6	25
7	102	97	92	88	83	78	73	67	62	58	53	7	30
8	111	106	101	95	90	85	80	73	68	63	57	8	36
10	120	114	109	103	97	91	86	79	73	67	62	10	45
11	130	124	118	111	105	99	93	85	79	73	67	11	55
12	142	135	128	122	115	108	101	93	86	80	73	12	64
13	152	145	138	130	123	116	109	100	93	86	78	13	76
14	165	157	149	141	133	125	118	108	100	92	85	14	89
15	181	172	164	155	147	138	129	119	110	102	93	15	108
16	199	190	180	171	161	152	142	131	122	112	102	16	130
17	220	209	199	189	178	167	157	144	134	124	113	17	157
18	240	229	218	206	195	183	172	158	147	135	124	18	187
19	262	250	237	225	212	200	188	172	160	147	135	19	223
20	291	277	263	249	235	221	208	191	177	163	150	20	265
21	323	307	292	277	262	246	231	212	197	181	166	21	367
22	364	347	329	312	295	277	260	239	222	204	187		
23	408	388	368	349	330	310	291	268	249	229	209		
24	472	450	427	405	382	360	337	310	288	265	243		
25	581	553	526	498	470	442	415	382	354	326	299		
26	713	679	645	612	577	543	510	469	435	401	367		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol (b)	1989 & prior
1	217	208	198	186	177	165	149	137	125	113	101	1	50
2	248	236	224	212	201	186	170	156	142	127	116	2	59
3	288	274	260	245	234	217	198	182	165	149	135	3	73
4	312	297	283	267	253	236	215	196	179	160	146	4	83
5	333	316	300	286	269	250	227	208	189	170	156	5	97
6	349	333	316	300	283	262	241	219	201	179	163	6	106
7	363	347	330	312	295	274	250	229	208	186	170	7	116
8	380	361	342	326	307	286	260	238	217	196	177	8	139
10	404	385	366	347	328	304	276	255	231	208	189	10	160
11	425	404	382	363	342	319	290	267	243	217	198	11	175
12	437	415	394	373	354	328	300	274	250	224	203	12	194
13	453	432	411	389	368	342	312	286	260	234	212	13	208
14	484	460	437	415	392	363	330	304	276	248	227	14	231
15	507	484	460	437	411	382	349	319	290	262	236	15	250
16	529	503	477	453	427	396	361	333	302	271	245	16	276
17	548	522	496	470	444	413	375	345	314	281	255	17	293
18	578	550	522	496	467	434	396	363	330	297	269	18	319
19	602	573	545	517	489	453	413	378	345	309	281	19	337
20	623	592	562	533	503	467	427	392	356	321	290	20	356
21	647	616	585	555	524	486	444	406	371	333	302	21	406
22	682	649	616	585	552	512	467	430	389	352	319		
23	708	675	642	607	573	533	486	446	406	363	330		
24	741	706	670	635	599	557	507	465	422	380	347		
25	800	762	725	687	649	602	550	503	458	411	373		
26	868	826	786	743	703	654	595	545	496	446	406		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	40	38	36	34	32	31	29	27	24	22	21	1	8
2	56	53	50	48	45	42	40	37	34	31	29	2	9
3	63	60	57	54	51	48	45	41	38	36	32	3	13
4	69	66	63	60	56	53	50	46	42	39	36	4	15
5	78	75	71	67	64	60	56	51	48	44	40	5	18
6	89	84	80	76	72	67	63	58	54	50	46	6	23
7	97	92	87	83	78	74	69	64	59	55	50	7	29
8	105	100	95	90	85	80	75	69	64	59	54	8	34
10	113	108	103	98	92	86	81	75	69	64	58	10	43
11	123	117	111	105	100	94	88	81	75	69	63	11	52
12	134	128	121	115	109	102	96	88	82	75	69	12	61
13	144	137	130	123	117	110	103	95	88	81	74	13	72
14	156	148	141	134	126	119	111	102	95	87	80	14	84
15	171	163	155	147	139	130	122	113	104	96	88	15	102
16	189	180	171	162	153	144	135	124	115	106	97	16	123
17	208	198	188	179	169	158	149	137	127	117	107	17	148
18	227	217	206	195	184	173	163	149	139	128	117	18	177
19	248	236	225	213	201	189	178	163	151	139	128	19	211
20	275	262	249	236	223	209	197	181	167	154	142	20	251
21	305	291	277	262	248	233	218	201	186	172	157	21	347
22	345	328	312	295	279	262	246	226	210	193	177		
23	386	367	349	331	312	294	276	253	235	217	198		
24	447	426	404	383	362	340	319	294	272	251	230		
25	550	524	498	471	445	419	393	361	335	309	283		
26	675	643	611	579	546	514	482	444	411	379	347		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	219	209	200	188	179	167	150	138	126	114	102	1	50
2	250	238	226	214	202	188	171	157	143	129	117	2	60
3	290	276	262	248	236	219	200	183	167	150	136	3	74
4	314	300	286	269	255	238	217	198	181	162	148	4	83
5	336	319	302	288	271	252	228	209	190	171	157	5	98
6	352	336	319	302	286	264	243	221	202	181	164	6	107
7	367	350	333	314	298	276	252	231	209	188	171	7	117
8	383	364	345	328	309	288	262	240	219	198	179	8	140
10	407	388	369	350	331	307	278	257	233	209	190	10	162
11	428	407	386	367	345	321	293	269	245	219	200	11	176
12	440	419	397	376	357	331	302	276	252	226	205	12	195
13	457	436	414	393	371	345	314	288	262	236	214	13	209
14	488	464	440	419	395	367	333	307	278	250	228	14	233
15	512	488	464	440	414	386	352	321	293	264	238	15	252
16	533	507	481	457	431	400	364	336	305	274	248	16	278
17	552	526	500	474	447	417	378	347	317	283	257	17	295
18	583	555	526	500	471	438	400	367	333	300	271	18	321
19	607	578	550	521	493	457	417	381	347	312	283	19	340
20	628	597	566	538	507	471	431	395	359	324	293	20	359
21	652	621	590	559	528	490	447	409	374	336	305	21	409
22	688	655	621	590	557	516	471	433	393	355	321		
23	714	681	647	612	578	538	490	450	409	367	333		
24	747	712	676	640	605	562	512	469	426	383	350		
25	807	769	731	693	655	607	555	507	462	414	376		
26	876	833	793	750	709	659	600	550	500	450	409		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996			
1	33	32	30	29	27	26	24	22	20	18	17	1	7	
2	46	44	42	40	37	35	33	30	28	26	24	2	7	
3	52	50	47	45	42	40	37	34	32	29	27	3	11	
4	58	55	52	50	47	44	41	38	35	33	30	4	13	
5	65	62	59	56	53	50	47	43	40	37	33	5	15	
6	73	70	66	63	59	56	52	48	45	41	38	6	19	
7	81	77	73	69	65	61	58	53	49	45	41	7	24	
8	87	83	79	75	71	66	62	57	53	49	45	8	28	
10	94	90	85	81	76	72	67	62	58	53	48	10	36	
11	102	97	92	88	83	78	73	67	62	57	52	11	43	
12	111	106	101	95	90	85	80	73	68	62	57	12	51	
13	120	114	108	103	97	91	85	79	73	67	62	13	59	
14	129	123	117	111	105	99	92	85	79	73	66	14	70	
15	142	136	129	122	115	108	102	94	87	80	73	15	84	
16	157	149	142	134	127	119	112	103	95	88	81	16	103	
17	173	165	156	148	140	132	124	114	105	97	89	17	123	
18	189	180	171	162	153	144	135	124	115	106	97	18	147	
19	206	196	187	176	167	157	147	136	125	116	106	19	176	
20	228	217	206	196	185	174	163	150	139	128	117	20	208	
21	253	242	230	217	205	193	181	167	154	143	130	21	288	
22	286	272	259	245	231	218	204	188	174	161	147			
23	320	305	290	275	259	244	229	210	195	180	165			
24	371	353	336	318	301	282	265	244	226	209	191			
25	456	435	413	391	370	348	326	300	278	257	235			
26	561	534	507	480	454	427	400	368	341	315	288			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996			
1	210	201	192	180	171	160	144	132	121	109	98	1	48	
2	239	228	217	205	194	180	164	150	137	123	112	2	57	
3	278	264	251	237	226	210	192	176	160	144	130	3	71	
4	301	287	274	258	244	228	207	189	173	155	141	4	80	
5	321	306	290	276	260	242	219	201	182	164	150	5	93	
6	337	321	306	290	274	253	233	212	194	173	157	6	103	
7	351	335	319	301	285	264	242	221	201	180	164	7	112	
8	367	349	331	315	296	276	251	230	210	189	171	8	135	
10	390	372	353	335	317	294	267	246	223	201	182	10	155	
11	410	390	369	351	331	308	280	258	235	210	192	11	169	
12	422	401	381	360	342	317	290	264	242	217	196	12	187	
13	438	417	397	376	356	331	301	276	251	226	205	13	201	
14	467	445	422	401	378	351	319	294	267	239	219	14	223	
15	490	467	445	422	397	369	337	308	280	253	228	15	242	
16	511	486	461	438	413	383	349	321	292	262	237	16	267	
17	529	504	479	454	429	399	363	333	303	271	246	17	283	
18	559	531	504	479	451	420	383	351	319	287	260	18	308	
19	581	554	527	499	472	438	399	365	333	299	271	19	326	
20	602	572	543	515	486	451	413	378	344	310	280	20	344	
21	625	595	565	536	506	470	429	392	358	321	292	21	392	
22	659	627	595	565	534	495	451	415	376	340	308			
23	684	652	620	586	554	515	470	431	392	351	319			
24	716	682	648	613	579	538	490	449	408	367	335			
25	773	736	700	663	627	581	531	486	442	397	360			
26	839	798	759	718	679	632	575	527	479	431	392			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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**NORTH CAROLINA (32)**

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	35	33	31	30	28	27	25	23	21	19	18	1	7
2	48	46	44	41	39	37	35	32	29	27	25	2	8
3	55	52	49	47	44	41	39	36	33	31	28	3	11
4	60	58	55	52	49	46	43	40	37	34	31	4	13
5	68	65	62	58	55	52	49	45	41	38	35	5	16
6	77	73	69	66	62	58	55	51	47	43	40	6	20
7	84	80	76	72	68	64	60	55	51	47	43	7	25
8	91	87	83	78	74	69	65	60	56	52	47	8	29
10	98	94	89	85	80	75	70	65	60	55	51	10	37
11	107	102	97	92	86	81	76	70	65	60	55	11	45
12	116	111	105	100	94	89	83	76	71	65	60	12	53
13	125	119	113	107	101	95	89	82	76	70	64	13	62
14	135	129	122	116	109	103	97	89	82	76	69	14	73
15	149	142	135	127	121	113	106	98	91	84	76	15	88
16	164	156	148	140	132	125	117	108	100	92	84	16	107
17	181	172	163	155	146	138	129	119	110	102	93	17	129
18	197	188	179	169	160	150	141	130	121	111	102	18	154
19	215	205	195	184	174	164	154	142	131	121	111	19	184
20	239	227	216	205	193	182	171	157	145	134	123	20	218
21	265	253	240	227	215	202	190	174	161	149	136	21	301
22	299	285	270	256	242	228	213	196	182	168	154		
23	335	319	303	287	271	255	239	220	204	188	172		
24	388	369	351	333	314	295	277	255	236	218	200		
25	477	454	432	409	386	363	341	314	291	268	246		
26	586	558	530	502	474	446	419	385	357	329	301		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	203	194	186	175	166	155	139	128	117	106	95	1	46
2	232	221	210	199	188	175	159	146	133	119	108	2	55
3	270	256	243	230	219	203	186	170	155	139	126	3	69
4	292	278	265	250	236	221	201	183	168	150	137	4	77
5	312	296	281	267	252	234	212	194	177	159	146	5	91
6	327	312	296	281	265	245	225	206	188	168	152	6	99
7	340	325	309	292	276	256	234	214	194	175	159	7	108
8	356	338	320	305	287	267	243	223	203	183	166	8	130
10	378	360	343	325	307	285	259	239	217	194	177	10	150
11	398	378	358	340	320	298	272	250	228	203	186	11	164
12	409	389	369	349	332	307	281	256	234	210	190	12	181
13	424	404	385	365	345	320	292	267	243	219	199	13	194
14	453	431	409	389	367	340	309	285	259	232	212	14	217
15	475	453	431	409	385	358	327	298	272	245	221	15	234
16	495	471	446	424	400	371	338	312	283	254	230	16	259
17	513	488	464	440	415	387	351	323	294	263	239	17	274
18	541	515	488	464	438	407	371	340	309	278	252	18	298
19	564	537	511	484	457	424	387	354	323	290	263	19	316
20	583	555	526	499	471	438	400	367	334	301	272	20	334
21	606	577	548	519	491	455	415	380	347	312	283	21	380
22	639	608	577	548	517	480	438	402	365	329	298		
23	663	632	601	568	537	499	455	418	380	340	309		
24	694	661	628	594	561	522	475	435	396	356	325		
25	749	714	678	643	608	564	515	471	429	385	349		
26	813	774	736	696	659	612	557	511	464	418	380		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996			
1	35	33	31	30	28	27	25	23	21	19	18	1	7	
2	48	46	44	41	39	37	35	32	29	27	25	2	8	
3	55	52	49	47	44	41	39	36	33	31	28	3	11	
4	60	58	55	52	49	46	43	40	37	34	31	4	13	
5	68	65	62	58	55	52	49	45	41	38	35	5	16	
6	77	73	69	66	62	58	55	51	47	43	40	6	20	
7	84	80	76	72	68	64	60	55	51	47	43	7	25	
8	91	87	83	78	74	69	65	60	56	52	47	8	29	
10	98	94	89	85	80	75	70	65	60	55	51	10	37	
11	107	102	97	92	86	81	76	70	65	60	55	11	45	
12	116	111	105	100	94	89	83	76	71	65	60	12	53	
13	125	119	113	107	101	95	89	82	76	70	64	13	62	
14	135	129	122	116	109	103	97	89	82	76	69	14	73	
15	149	142	135	127	121	113	106	98	91	84	76	15	88	
16	164	156	148	140	132	125	117	108	100	92	84	16	107	
17	181	172	163	155	146	138	129	119	110	102	93	17	129	
18	197	188	179	169	160	150	141	130	121	111	102	18	154	
19	215	205	195	184	174	164	154	142	131	121	111	19	184	
20	239	227	216	205	193	182	171	157	145	134	123	20	218	
21	265	253	240	227	215	202	190	174	161	149	136	21	301	
22	299	285	270	256	242	228	213	196	182	168	154			
23	335	319	303	287	271	255	239	220	204	188	172			
24	388	369	351	333	314	295	277	255	236	218	200			
25	477	454	432	409	386	363	341	314	291	268	246			
26	586	558	530	502	474	446	419	385	357	329	301			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996			
1	198	189	181	170	161	151	135	125	114	103	92	1	45	
2	226	215	204	194	183	170	155	142	129	116	105	2	54	
3	262	249	237	224	213	198	181	166	151	135	123	3	67	
4	284	271	258	243	230	215	196	178	163	146	133	4	75	
5	303	288	273	260	245	228	206	189	172	155	142	5	88	
6	318	303	288	273	258	239	219	200	183	163	148	6	97	
7	331	316	301	284	269	249	228	209	189	170	155	7	105	
8	346	329	312	297	280	260	237	217	198	178	161	8	127	
10	368	350	333	316	299	277	252	232	211	189	172	10	146	
11	387	368	348	331	312	290	264	243	221	198	181	11	159	
12	398	378	359	340	323	299	273	249	228	204	185	12	176	
13	413	393	374	355	335	312	284	260	237	213	194	13	189	
14	441	419	398	378	357	331	301	277	252	226	206	14	211	
15	462	441	419	398	374	348	318	290	264	239	215	15	228	
16	482	458	434	413	389	361	329	303	275	247	224	16	252	
17	499	475	452	428	404	376	342	314	286	256	232	17	267	
18	527	501	475	452	426	396	361	331	301	271	245	18	290	
19	548	522	497	471	445	413	376	344	314	282	256	19	307	
20	568	540	512	486	458	426	389	357	325	292	264	20	325	
21	589	561	533	505	477	443	404	370	338	303	275	21	370	
22	621	591	561	533	503	467	426	391	355	320	290			
23	645	615	585	553	522	486	443	406	370	331	301			
24	675	643	611	578	546	507	462	424	385	346	316			
25	729	694	660	626	591	548	501	458	417	374	340			
26	791	753	716	677	641	596	542	497	452	406	370			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	33	31	29	28	26	25	23	22	20	18	17	1	6
2	45	43	41	39	37	34	32	30	28	25	23	2	7
3	51	49	46	44	41	39	37	34	31	29	26	3	10
4	56	54	51	49	46	43	40	37	34	32	29	4	12
5	64	61	58	55	52	49	46	42	39	36	33	5	15
6	72	68	65	61	58	55	51	47	44	40	37	6	19
7	79	75	71	68	64	60	56	52	48	44	40	7	23
8	85	81	77	73	69	65	61	56	52	48	44	8	28
10	92	88	83	79	74	70	66	61	56	52	47	10	35
11	100	95	90	86	81	76	71	65	61	56	51	11	42
12	109	104	98	93	88	83	78	71	66	61	56	12	49
13	117	111	106	100	95	89	83	77	71	66	60	13	58
14	126	120	114	108	102	96	90	83	77	71	65	14	68
15	139	132	126	119	113	106	99	92	85	78	71	15	83
16	153	146	138	131	124	117	109	101	93	86	79	16	100
17	169	161	153	145	137	129	121	111	103	95	87	17	120
18	184	176	167	158	150	141	132	121	113	104	95	18	144
19	201	192	182	172	163	154	144	132	123	113	104	19	172
20	223	212	202	191	181	170	160	147	136	125	115	20	203
21	248	236	224	212	201	189	177	163	151	139	127	21	282
22	280	266	253	240	226	213	200	184	170	157	144		
23	313	298	283	268	253	238	224	206	191	176	161		
24	362	345	328	311	294	276	259	238	221	204	187		
25	446	425	404	382	361	340	319	293	272	251	230		
26	548	522	495	470	443	417	391	360	334	308	282		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	193	185	176	166	158	147	132	122	111	101	90	1	44
2	221	210	200	189	179	166	151	139	126	113	103	2	53
3	256	244	231	218	208	193	176	162	147	132	120	3	65
4	277	265	252	237	225	210	191	174	160	143	130	4	74
5	296	281	267	254	239	223	202	185	168	151	139	5	86
6	311	296	281	267	252	233	214	195	179	160	145	6	95
7	323	309	294	277	263	244	223	204	185	166	151	7	103
8	338	321	305	290	273	254	231	212	193	174	158	8	124
10	359	342	326	309	292	271	246	227	206	185	168	10	143
11	378	359	340	323	305	284	258	237	216	193	176	11	155
12	389	370	351	332	315	292	267	244	223	200	181	12	172
13	403	384	365	347	328	305	277	254	231	208	189	13	185
14	431	410	389	370	349	323	294	271	246	221	202	14	206
15	452	431	410	389	365	340	311	284	258	233	210	15	223
16	470	447	424	403	380	353	321	296	269	242	218	16	246
17	487	464	441	418	395	368	334	307	279	250	227	17	260
18	515	489	464	441	416	386	353	323	294	265	239	18	284
19	536	510	485	460	435	403	368	336	307	275	250	19	300
20	554	527	500	475	447	416	380	349	317	286	258	20	317
21	575	548	521	494	466	433	395	361	330	296	269	21	361
22	607	578	548	521	491	456	416	382	347	313	284		
23	630	601	571	540	510	475	433	397	361	323	294		
24	659	628	596	565	533	496	452	414	376	338	309		
25	712	678	645	611	578	536	489	447	407	365	332		
26	773	735	699	662	626	582	529	485	441	397	361		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	46	44	41	40	37	35	33	31	28	26	24	1	9
2	64	61	58	55	52	49	46	42	39	36	33	2	10
3	73	69	65	62	59	55	52	48	44	41	37	3	15
4	80	76	73	69	65	61	57	52	49	45	41	4	18
5	90	86	82	77	73	69	65	59	55	51	46	5	21
6	102	97	92	87	82	77	73	67	62	57	52	6	27
7	112	106	101	96	90	85	80	73	68	63	57	7	33
8	121	115	110	104	98	92	87	79	74	68	62	8	39
10	131	124	118	112	106	99	93	86	80	73	67	10	49
11	142	135	128	121	115	108	101	93	86	79	73	11	60
12	154	147	140	132	125	118	110	101	94	87	79	12	70
13	166	158	150	142	134	126	118	109	101	93	85	13	82
14	179	171	162	154	145	137	128	118	109	101	92	14	97
15	197	188	179	169	160	150	141	130	120	111	101	15	117
16	217	207	196	186	176	165	155	143	132	122	112	16	142
17	240	228	217	206	194	182	171	157	146	135	123	17	171
18	262	249	237	224	212	199	187	172	160	147	135	18	204
19	285	272	259	245	231	218	204	188	174	160	147	19	243
20	317	301	286	271	256	241	226	208	193	178	163	20	289
21	351	335	318	301	285	268	251	231	214	198	181	21	400
22	397	378	359	340	321	302	283	260	242	223	204		
23	444	423	401	381	359	338	317	292	271	249	228		
24	514	490	465	441	417	392	367	338	314	289	265		
25	633	603	573	542	512	482	452	416	386	356	326		
26	777	740	703	666	629	592	555	511	473	437	400		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	213	204	195	183	174	162	146	135	123	111	100	1	49
2	244	232	220	209	197	183	167	153	139	125	114	2	58
3	283	269	255	241	230	213	195	179	162	146	132	3	72
4	306	292	278	262	248	232	211	193	176	158	144	4	81
5	327	311	295	281	264	246	223	204	186	167	153	5	95
6	343	327	311	295	278	258	237	216	197	176	160	6	104
7	357	341	325	306	290	269	246	225	204	183	167	7	114
8	374	355	336	320	302	281	255	234	213	193	174	8	137
10	397	378	360	341	322	299	271	251	227	204	186	10	158
11	418	397	376	357	336	313	285	262	239	213	195	11	172
12	429	408	387	367	348	322	295	269	246	220	200	12	190
13	445	425	404	383	362	336	306	281	255	230	209	13	204
14	476	452	429	408	385	357	325	299	271	244	223	14	227
15	499	476	452	429	404	376	343	313	285	258	232	15	246
16	520	494	469	445	420	390	355	327	297	267	241	16	271
17	538	513	487	462	436	406	369	339	309	276	251	17	288
18	568	541	513	487	459	427	390	357	325	292	264	18	313
19	592	564	536	508	480	445	406	371	339	304	276	19	332
20	612	582	552	524	494	459	420	385	350	316	285	20	350
21	636	606	575	545	515	478	436	399	364	327	297	21	399
22	670	638	606	575	543	503	459	422	383	346	313		
23	696	664	631	596	564	524	478	438	399	357	325		
24	728	694	659	624	589	548	499	457	415	374	341		
25	786	749	712	675	638	592	541	494	450	404	367		
26	854	812	773	731	691	643	585	536	487	438	399		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	33	32	30	29	27	26	24	22	20	18	17	1	7
2	46	44	42	40	37	35	33	30	28	26	24	2	7
3	52	50	47	45	42	40	37	34	32	29	27	3	11
4	58	55	52	50	47	44	41	38	35	33	30	4	13
5	65	62	59	56	53	50	47	43	40	37	33	5	15
6	73	70	66	63	59	56	52	48	45	41	38	6	19
7	81	77	73	69	65	61	58	53	49	45	41	7	24
8	87	83	79	75	71	66	62	57	53	49	45	8	28
10	94	90	85	81	76	72	67	62	58	53	48	10	36
11	102	97	92	88	83	78	73	67	62	57	52	11	43
12	111	106	101	95	90	85	80	73	68	62	57	12	51
13	120	114	108	103	97	91	85	79	73	67	62	13	59
14	129	123	117	111	105	99	92	85	79	73	66	14	70
15	142	136	129	122	115	108	102	94	87	80	73	15	84
16	157	149	142	134	127	119	112	103	95	88	81	16	103
17	173	165	156	148	140	132	124	114	105	97	89	17	123
18	189	180	171	162	153	144	135	124	115	106	97	18	147
19	206	196	187	176	167	157	147	136	125	116	106	19	176
20	228	217	206	196	185	174	163	150	139	128	117	20	208
21	253	242	230	217	205	193	181	167	154	143	130	21	288
22	286	272	259	245	231	218	204	188	174	161	147		
23	320	305	290	275	259	244	229	210	195	180	165		
24	371	353	336	318	301	282	265	244	226	209	191		
25	456	435	413	391	370	348	326	300	278	257	235		
26	561	534	507	480	454	427	400	368	341	315	288		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	222	212	202	190	181	169	152	140	128	116	104	1	51
2	253	241	229	217	205	190	174	159	145	130	118	2	60
3	294	280	265	251	239	222	202	186	169	152	137	3	75
4	318	304	289	272	258	241	219	200	183	164	149	4	84
5	340	323	306	292	275	255	231	212	193	174	159	5	99
6	357	340	323	306	289	268	246	224	205	183	166	6	108
7	371	354	337	318	301	280	255	234	212	190	174	7	118
8	388	369	349	333	313	292	265	243	222	200	181	8	142
10	412	393	374	354	335	311	282	260	236	212	193	10	164
11	434	412	390	371	349	325	296	272	248	222	202	11	178
12	446	424	402	381	362	335	306	280	255	229	207	12	198
13	463	441	419	398	376	349	318	292	265	239	217	13	212
14	494	470	446	424	400	371	337	311	282	253	231	14	236
15	518	494	470	446	419	390	357	325	296	268	241	15	255
16	540	513	487	463	436	405	369	340	308	277	251	16	282
17	559	533	506	480	453	422	383	352	321	287	260	17	299
18	590	562	533	506	477	443	405	371	337	304	275	18	325
19	615	586	557	528	499	463	422	386	352	316	287	19	345
20	636	605	574	545	513	477	436	400	364	328	296	20	364
21	660	629	598	566	535	496	453	415	378	340	308	21	415
22	696	663	629	598	564	523	477	439	398	359	325		
23	723	689	656	619	586	545	496	455	415	371	337		
24	757	721	684	648	612	569	518	475	431	388	354		
25	817	778	740	701	663	615	562	513	468	419	381		
26	887	844	803	759	718	668	607	557	506	455	415		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.



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FULL COVERAGE COMPREHENSIVE (001)													Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996			
1	59	55	52	50	47	45	42	39	35	32	30	1	12	
2	81	77	73	69	65	62	58	53	49	45	42	2	13	
3	92	87	82	79	74	69	65	60	55	52	47	3	18	
4	101	96	92	87	82	77	72	66	62	57	52	4	22	
5	114	109	103	98	92	87	82	75	69	64	59	5	26	
6	129	122	116	110	104	98	92	85	79	72	66	6	34	
7	141	134	127	121	114	107	101	92	85	79	72	7	42	
8	152	146	139	131	124	116	109	100	93	86	79	8	49	
10	165	157	149	142	133	126	118	109	101	92	85	10	62	
11	179	170	162	153	145	136	128	117	109	100	92	11	75	
12	195	186	176	167	158	149	139	128	119	109	100	12	89	
13	209	199	189	179	169	159	149	138	128	118	108	13	104	
14	226	216	205	194	183	172	162	149	138	127	116	14	122	
15	249	237	226	213	202	189	178	164	152	140	128	15	148	
16	274	261	248	235	222	209	196	180	167	154	141	16	179	
17	303	288	273	259	245	230	216	199	184	170	156	17	216	
18	330	315	300	283	268	252	236	217	202	186	170	18	257	
19	360	343	326	309	292	275	258	237	219	203	186	19	307	
20	400	380	361	343	323	304	286	263	243	224	206	20	364	
21	444	423	402	380	360	338	317	292	270	249	228	21	504	
22	501	477	453	429	405	381	357	329	305	281	257			
23	561	534	507	480	454	427	400	368	342	315	288			
24	649	618	588	557	526	494	464	427	396	365	334			
25	798	761	723	685	647	608	571	525	487	449	411			
26	981	934	887	841	794	747	701	644	598	551	504			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996			
1	220	210	201	189	179	167	151	139	127	115	103	1	50	
2	251	239	227	215	203	189	172	158	143	129	117	2	60	
3	292	277	263	249	237	220	201	184	167	151	136	3	74	
4	315	301	287	270	256	239	217	198	182	163	148	4	84	
5	337	320	304	289	272	253	229	210	191	172	158	5	98	
6	354	337	320	304	287	265	244	222	203	182	165	6	108	
7	368	351	335	315	299	277	253	232	210	189	172	7	117	
8	385	366	347	330	311	289	263	241	220	198	179	8	141	
10	409	390	370	351	332	308	280	258	234	210	191	10	163	
11	430	409	387	368	347	323	294	270	246	220	201	11	177	
12	442	421	399	378	359	332	304	277	253	227	206	12	196	
13	459	437	416	394	373	347	315	289	263	237	215	13	210	
14	490	466	442	421	397	368	335	308	280	251	229	14	234	
15	514	490	466	442	416	387	354	323	294	265	239	15	253	
16	535	509	483	459	433	402	366	337	306	275	249	16	280	
17	554	528	502	476	449	418	380	349	318	284	258	17	296	
18	586	557	528	502	473	440	402	368	335	301	272	18	323	
19	609	581	552	523	495	459	418	382	349	313	284	19	342	
20	631	600	569	540	509	473	433	397	361	325	294	20	361	
21	655	624	593	562	531	492	449	411	375	337	306	21	411	
22	691	657	624	593	559	519	473	435	394	356	323			
23	717	684	650	614	581	540	492	452	411	368	335			
24	750	715	679	643	607	564	514	471	428	385	351			
25	810	772	734	695	657	609	557	509	464	416	378			
26	880	837	796	753	712	662	602	552	502	452	411			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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**NORTH CAROLINA (32)**

FULL COVERAGE COMPREHENSIVE (001)													Symbol	1989
Symbol	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol	& prior	
(a)												(b)		
1	45	42	40	38	36	34	32	30	27	25	23	1	9	
2	62	59	56	53	50	47	44	41	38	35	32	2	10	
3	70	67	63	60	57	53	50	46	42	40	36	3	14	
4	77	74	70	67	63	59	55	51	47	44	40	4	17	
5	87	83	79	75	71	67	63	57	53	49	45	5	20	
6	99	94	89	84	80	75	70	65	60	55	51	6	26	
7	108	103	97	93	87	82	77	71	65	61	55	7	32	
8	117	112	106	100	95	89	84	77	71	66	60	8	38	
10	126	120	114	109	102	96	90	83	77	71	65	10	48	
11	137	130	124	117	111	104	98	90	83	77	70	11	58	
12	149	142	135	128	121	114	107	98	91	84	77	12	68	
13	160	153	145	137	130	122	114	106	98	90	83	13	80	
14	173	165	157	149	140	132	124	114	106	97	89	14	94	
15	191	182	173	163	155	145	136	126	116	107	98	15	113	
16	210	200	190	180	170	160	150	138	128	118	108	16	137	
17	232	221	209	199	188	176	166	152	141	130	119	17	165	
18	253	241	230	217	205	193	181	166	155	142	130	18	197	
19	276	263	250	237	224	211	198	182	168	155	142	19	235	
20	306	291	277	263	248	233	219	201	186	172	158	20	279	
21	340	324	308	291	276	259	243	224	207	191	175	21	386	
22	384	365	347	329	310	292	274	252	234	215	197			
23	430	409	388	368	348	327	307	282	262	241	221			
24	497	474	450	427	403	379	355	327	303	280	256			
25	612	583	554	525	496	466	437	402	373	344	315			
26	752	716	680	644	608	572	537	494	458	422	386			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													Symbol	1989
Symbol	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol	& prior	
(a)												(b)		
1	193	185	176	166	158	147	132	122	111	101	90	1	44	
2	221	210	200	189	179	166	151	139	126	113	103	2	53	
3	256	244	231	218	208	193	176	162	147	132	120	3	65	
4	277	265	252	237	225	210	191	174	160	143	130	4	74	
5	296	281	267	254	239	223	202	185	168	151	139	5	86	
6	311	296	281	267	252	233	214	195	179	160	145	6	95	
7	323	309	294	277	263	244	223	204	185	166	151	7	103	
8	338	321	305	290	273	254	231	212	193	174	158	8	124	
10	359	342	326	309	292	271	246	227	206	185	168	10	143	
11	378	359	340	323	305	284	258	237	216	193	176	11	155	
12	389	370	351	332	315	292	267	244	223	200	181	12	172	
13	403	384	365	347	328	305	277	254	231	208	189	13	185	
14	431	410	389	370	349	323	294	271	246	221	202	14	206	
15	452	431	410	389	365	340	311	284	258	233	210	15	223	
16	470	447	424	403	380	353	321	296	269	242	218	16	246	
17	487	464	441	418	395	368	334	307	279	250	227	17	260	
18	515	489	464	441	416	386	353	323	294	265	239	18	284	
19	536	510	485	460	435	403	368	336	307	275	250	19	300	
20	554	527	500	475	447	416	380	349	317	286	258	20	317	
21	575	548	521	494	466	433	395	361	330	296	269	21	361	
22	607	578	548	521	491	456	416	382	347	313	284			
23	630	601	571	540	510	475	433	397	361	323	294			
24	659	628	596	565	533	496	452	414	376	338	309			
25	712	678	645	611	578	536	489	447	407	365	332			
26	773	735	699	662	626	582	529	485	441	397	361			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol (b)	1989 & prior
1	39	37	35	33	31	30	28	26	23	21	20	1	8
2	54	51	48	46	43	41	38	35	33	30	28	2	9
3	61	58	55	52	49	46	43	40	37	34	31	3	12
4	67	64	61	58	54	51	48	44	41	38	35	4	15
5	75	72	68	65	61	58	54	49	46	42	39	5	17
6	85	81	77	73	69	65	61	56	52	48	44	6	22
7	93	89	84	80	75	71	67	61	57	53	48	7	28
8	101	96	92	87	82	77	72	66	62	57	52	8	33
10	109	104	99	94	88	83	78	72	67	61	56	10	41
11	118	113	107	101	96	90	85	78	72	66	61	11	50
12	129	123	117	111	105	98	92	85	79	72	66	12	59
13	139	132	125	119	112	106	99	91	85	78	71	13	69
14	150	143	136	129	121	114	107	98	91	84	77	14	81
15	165	157	149	141	134	125	118	109	100	93	85	15	98
16	182	173	164	156	147	138	130	119	111	102	93	16	119
17	200	191	181	172	162	152	143	132	122	113	103	17	143
18	219	209	198	188	177	167	157	144	134	123	113	18	170
19	239	227	216	205	193	182	171	157	145	134	123	19	203
20	265	252	239	227	214	201	189	174	161	148	136	20	241
21	294	280	266	252	238	224	210	193	179	165	151	21	334
22	332	316	300	284	268	252	237	218	202	186	170		
23	371	353	336	318	300	283	265	244	226	209	191		
24	430	410	389	369	348	327	307	283	262	242	221		
25	529	504	479	453	428	403	378	348	322	297	272		
26	650	619	588	557	526	495	464	427	396	365	334		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol (b)	1989 & prior
1	201	193	184	173	164	153	138	127	116	105	94	1	46
2	230	219	208	197	186	173	158	145	131	118	107	2	55
3	267	254	241	228	217	201	184	169	153	138	125	3	68
4	289	276	263	247	234	219	199	182	166	149	136	4	77
5	309	293	278	265	250	232	210	193	175	158	145	5	90
6	324	309	293	278	263	243	223	204	186	166	151	6	99
7	337	322	307	289	274	254	232	212	193	173	158	7	107
8	353	335	318	302	285	265	241	221	201	182	164	8	129
10	374	357	339	322	304	283	256	237	215	193	175	10	149
11	394	374	355	337	318	296	269	247	226	201	184	11	162
12	405	385	366	346	329	304	278	254	232	208	188	12	180
13	420	401	381	361	342	318	289	265	241	217	197	13	193
14	449	427	405	385	364	337	307	283	256	230	210	14	215
15	471	449	427	405	381	355	324	296	269	243	219	15	232
16	491	466	442	420	396	368	335	309	280	252	228	16	256
17	508	484	460	436	412	383	348	320	291	261	237	17	272
18	537	510	484	460	434	403	368	337	307	276	250	18	296
19	558	532	506	480	453	420	383	350	320	287	261	19	313
20	578	550	521	495	466	434	396	364	331	298	269	20	331
21	600	572	543	515	486	451	412	377	344	309	280	21	377
22	633	602	572	543	512	475	434	399	361	326	296		
23	657	626	596	563	532	495	451	414	377	337	307		
24	688	655	622	589	556	517	471	431	392	353	322		
25	742	707	672	637	602	558	510	466	425	381	346		
26	806	767	729	690	653	607	552	506	460	414	377		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	64	60	57	55	51	49	45	42	39	35	33	1	13
2	88	84	80	76	71	67	63	58	54	50	45	2	14
3	100	95	90	86	81	76	71	66	60	56	51	3	20
4	110	105	100	95	89	84	79	72	67	62	57	4	24
5	124	118	113	107	101	95	89	81	76	70	64	5	29
6	140	134	127	120	113	107	100	92	86	79	72	6	37
7	154	146	139	132	124	117	110	101	93	87	79	7	45
8	166	159	151	143	135	127	119	109	102	94	86	8	54
10	180	171	163	155	145	137	129	118	110	101	92	10	68
11	195	186	176	167	158	149	139	128	118	109	100	11	82
12	213	202	192	182	172	162	152	139	129	119	109	12	97
13	228	218	207	196	185	174	163	150	139	129	118	13	113
14	247	235	223	212	200	188	176	162	150	139	127	14	134
15	271	259	246	233	220	207	194	179	165	153	139	15	161
16	299	285	270	256	242	228	213	197	182	168	154	16	196
17	330	314	298	283	267	251	236	217	201	186	170	17	235
18	360	344	327	309	292	275	258	237	220	202	186	18	281
19	393	375	356	337	318	300	281	259	239	221	202	19	335
20	436	415	394	374	353	332	312	286	265	244	224	20	397
21	484	461	438	415	392	369	346	318	295	272	249	21	550
22	546	520	494	468	442	416	390	359	333	307	281		
23	612	582	553	524	495	465	437	402	373	344	314		
24	708	675	641	607	574	539	506	465	432	398	365		
25	871	830	789	747	706	664	622	573	531	490	449		
26	1070	1019	968	917	866	815	764	703	652	601	550		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996	Symbol (b)	1989 & prior
1	201	192	183	172	164	153	137	126	116	105	94	1	46
2	229	218	207	196	185	172	157	144	131	118	107	2	55
3	266	253	240	227	216	201	183	168	153	137	124	3	68
4	288	275	262	246	233	218	198	181	166	148	135	4	76
5	307	292	277	264	249	231	209	192	174	157	144	5	89
6	323	307	292	277	262	242	222	203	185	166	150	6	98
7	336	320	305	288	273	253	231	211	192	172	157	7	107
8	351	334	316	301	283	264	240	220	201	181	164	8	129
10	373	355	338	320	303	281	255	235	214	192	174	10	148
11	392	373	353	336	316	294	268	246	225	201	183	11	161
12	403	384	364	344	327	303	277	253	231	207	187	12	179
13	419	399	379	360	340	316	288	264	240	216	196	13	192
14	447	425	403	384	362	336	305	281	255	229	209	14	214
15	469	447	425	403	379	353	323	294	268	242	218	15	231
16	488	464	440	419	395	366	334	307	279	251	227	16	255
17	506	482	458	434	410	382	347	318	290	259	235	17	270
18	534	508	482	458	432	401	366	336	305	275	249	18	294
19	556	530	504	477	451	419	382	349	318	286	259	19	312
20	576	547	519	493	464	432	395	362	329	296	268	20	329
21	597	569	541	512	484	449	410	375	342	307	279	21	375
22	630	600	569	541	510	473	432	397	360	325	294		
23	654	623	593	560	530	493	449	412	375	336	305		
24	685	652	619	586	554	514	469	429	390	351	320		
25	739	704	669	634	600	556	508	464	423	379	344		
26	802	763	726	687	650	604	549	504	458	412	375		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol (b)	1989 & prior
1	47	45	42	40	38	36	33	31	29	26	24	1	9
2	65	62	59	56	53	50	47	43	40	37	33	2	11
3	74	70	66	63	60	56	53	48	45	42	38	3	15
4	81	78	74	70	66	62	58	53	50	46	42	4	18
5	92	87	83	79	74	70	66	60	56	51	47	5	21
6	104	99	94	89	84	79	74	68	63	58	53	6	27
7	113	108	102	97	92	86	81	74	69	64	58	7	33
8	123	117	112	105	100	94	88	81	75	69	63	8	40
10	133	126	120	114	107	101	95	87	81	74	68	10	50
11	144	137	130	123	117	110	103	94	87	81	74	11	61
12	157	149	142	135	127	120	112	103	95	88	81	12	71
13	169	161	153	144	136	128	120	111	103	95	87	13	84
14	182	174	165	156	148	139	130	120	111	102	94	14	99
15	200	191	182	172	162	153	143	132	122	113	103	15	119
16	221	210	200	189	179	168	157	145	135	124	113	16	144
17	244	232	220	209	197	185	174	160	148	137	125	17	174
18	266	254	241	228	216	203	190	175	162	149	137	18	207
19	290	277	263	249	235	221	208	191	177	163	149	19	247
20	322	306	291	276	260	245	230	211	196	180	166	20	293
21	357	340	324	306	290	272	255	235	218	201	184	21	406
22	403	384	365	345	326	307	288	265	246	226	207		
23	451	430	408	387	365	343	322	296	275	254	232		
24	523	498	473	448	423	398	373	343	319	294	269		
25	643	613	582	551	521	490	459	423	392	361	331		
26	790	752	714	677	639	601	564	519	481	444	406		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol (b)	1989 & prior
1	246	235	224	211	200	187	168	155	142	128	115	1	56
2	280	267	254	240	227	211	192	176	160	144	131	2	67
3	326	310	294	278	264	246	224	206	187	168	152	3	83
4	352	336	320	302	286	267	243	222	203	182	166	4	93
5	376	358	339	323	304	283	256	235	214	192	176	5	109
6	395	376	358	339	320	296	272	248	227	203	184	6	120
7	411	392	374	352	334	310	283	259	235	211	192	7	131
8	430	409	387	368	347	323	294	270	246	222	200	8	158
10	457	435	414	392	371	344	312	288	262	235	214	10	182
11	481	457	433	411	387	360	328	302	275	246	224	11	198
12	494	470	446	422	401	371	339	310	283	254	230	12	219
13	513	489	465	441	417	387	352	323	294	264	240	13	235
14	547	521	494	470	443	411	374	344	312	280	256	14	262
15	574	547	521	494	465	433	395	360	328	296	267	15	283
16	598	569	539	513	483	449	409	376	342	307	278	16	312
17	619	590	561	531	502	467	425	390	355	318	288	17	331
18	654	622	590	561	529	491	449	411	374	336	304	18	360
19	681	649	617	585	553	513	467	427	390	350	318	19	382
20	705	670	635	603	569	529	483	443	403	363	328	20	403
21	732	697	662	627	593	550	502	459	419	376	342	21	459
22	772	734	697	662	625	579	529	486	441	398	360		
23	801	764	726	686	649	603	550	505	459	411	374		
24	838	798	758	718	678	630	574	526	478	430	392		
25	905	862	820	777	734	681	622	569	518	465	422		
26	983	935	889	841	796	740	673	617	561	505	459		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													Symbol	1989
Symbol	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol	& prior	
(a)												(b)		
1	49	46	44	42	39	37	35	32	29	27	25	1	10	
2	67	64	61	58	54	51	48	44	41	38	35	2	11	
3	76	72	68	65	61	58	54	50	46	43	39	3	15	
4	84	80	76	72	68	64	60	55	51	47	44	4	19	
5	95	90	86	81	77	72	68	62	58	53	49	5	22	
6	107	102	97	92	86	81	76	70	65	60	55	6	28	
7	117	111	106	100	95	89	84	77	71	66	60	7	35	
8	127	121	115	109	103	97	91	83	77	72	65	8	41	
10	137	131	124	118	111	104	98	90	84	77	70	10	52	
11	148	141	134	127	120	113	106	97	90	83	76	11	63	
12	162	154	147	139	131	124	116	106	99	91	83	12	74	
13	174	166	157	149	141	132	124	115	106	98	90	13	86	
14	188	179	170	161	152	143	134	124	115	106	97	14	102	
15	207	197	188	177	168	157	148	136	126	116	106	15	123	
16	228	217	206	195	184	173	163	150	139	128	117	16	149	
17	252	239	227	216	204	191	180	165	153	141	129	17	179	
18	275	262	249	236	223	209	196	180	168	154	141	18	214	
19	300	285	271	257	243	228	214	197	182	168	154	19	255	
20	332	316	300	285	269	253	237	218	202	186	171	20	303	
21	369	351	334	316	299	281	264	243	225	207	189	21	419	
22	416	396	376	356	337	317	297	273	253	234	214			
23	466	444	421	399	377	355	333	306	284	262	239			
24	540	514	488	463	437	411	385	355	329	303	278			
25	664	632	601	569	538	506	474	436	404	373	342			
26	815	776	737	699	660	621	582	536	497	458	419			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													Symbol	1989
Symbol	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol	& prior	
(a)												(b)		
1	297	284	271	255	242	226	203	187	171	155	139	1	68	
2	339	323	307	291	275	255	233	213	194	174	158	2	81	
3	394	375	355	336	320	297	271	249	226	203	184	3	100	
4	426	407	388	365	346	323	294	268	245	220	200	4	113	
5	455	433	410	391	368	342	310	284	258	233	213	5	132	
6	478	455	433	410	388	359	329	300	275	245	223	6	145	
7	497	475	452	426	404	375	342	313	284	255	233	7	158	
8	520	494	468	446	420	391	355	326	297	268	242	8	191	
10	552	526	501	475	449	417	378	349	317	284	258	10	220	
11	581	552	523	497	468	436	397	365	333	297	271	11	239	
12	598	568	539	510	485	449	410	375	342	307	278	12	265	
13	620	591	562	533	504	468	426	391	355	320	291	13	284	
14	662	630	598	568	536	497	452	417	378	339	310	14	317	
15	694	662	630	598	562	523	478	436	397	359	323	15	342	
16	724	688	652	620	585	543	494	455	413	371	336	16	378	
17	749	714	678	643	607	565	514	472	430	384	349	17	401	
18	791	753	714	678	640	594	543	497	452	407	368	18	436	
19	824	785	746	707	669	620	565	517	472	423	384	19	462	
20	853	811	769	730	688	640	585	536	488	439	397	20	488	
21	885	843	801	759	717	665	607	556	507	455	413	21	556	
22	933	888	843	801	756	701	640	588	533	481	436			
23	969	924	879	830	785	730	665	610	556	497	452			
24	1014	966	917	869	820	762	694	636	578	520	475			
25	1095	1043	992	940	888	824	753	688	627	562	510			
26	1189	1131	1076	1017	963	895	814	746	678	610	556			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)													Symbol	1989
Symbol	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol	& prior	
(a)												(b)		
1	46	43	41	39	37	35	32	30	28	25	23	1	9	
2	63	60	57	54	51	48	45	41	38	35	32	2	10	
3	71	68	64	61	58	54	51	47	43	40	37	3	14	
4	79	75	71	68	64	60	56	52	48	44	41	4	17	
5	89	85	80	76	72	68	64	58	54	50	46	5	20	
6	100	95	91	86	81	76	71	66	61	56	52	6	26	
7	110	104	99	94	89	83	79	72	67	62	56	7	32	
8	119	113	108	102	97	91	85	78	73	67	61	8	38	
10	128	122	116	110	104	98	92	85	79	72	66	10	49	
11	139	133	126	119	113	106	100	91	85	78	71	11	59	
12	152	145	137	130	123	116	109	100	92	85	78	12	69	
13	163	155	148	140	132	124	116	107	100	92	84	13	81	
14	176	168	160	151	143	134	126	116	107	99	91	14	95	
15	194	185	176	166	157	148	139	128	118	109	100	15	115	
16	214	203	193	183	173	163	152	140	130	120	110	16	140	
17	236	224	213	202	191	179	169	155	143	133	121	17	168	
18	257	245	233	221	209	196	184	169	157	145	133	18	200	
19	281	268	254	241	227	214	201	185	171	158	145	19	239	
20	311	296	281	267	252	237	223	205	190	175	160	20	284	
21	346	329	313	296	280	263	247	227	211	194	178	21	393	
22	390	371	353	334	316	297	278	256	238	219	200			
23	437	416	395	374	353	332	312	287	266	245	224			
24	506	482	458	434	410	385	361	332	308	284	260			
25	622	593	563	533	504	474	445	409	379	350	320			
26	764	728	691	655	619	582	546	502	466	430	393			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													Symbol	1989
Symbol	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol	& prior	
(a)												(b)		
1	188	180	171	161	153	143	129	118	108	98	88	1	43	
2	214	204	194	184	173	161	147	135	122	110	100	2	51	
3	249	237	224	212	202	188	171	157	143	129	116	3	63	
4	269	257	245	231	218	204	186	169	155	139	126	4	71	
5	288	273	259	247	233	216	196	180	163	147	135	5	84	
6	302	288	273	259	245	226	208	190	173	155	141	6	92	
7	314	300	286	269	255	237	216	198	180	161	147	7	100	
8	328	312	296	282	265	247	224	206	188	169	153	8	120	
10	349	333	316	300	284	263	239	220	200	180	163	10	139	
11	367	349	330	314	296	275	251	231	210	188	171	11	151	
12	377	359	341	322	306	284	259	237	216	194	175	12	167	
13	392	373	355	337	318	296	269	247	224	202	184	13	180	
14	418	398	377	359	339	314	286	263	239	214	196	14	200	
15	439	418	398	377	355	330	302	275	251	226	204	15	216	
16	457	435	412	392	369	343	312	288	261	235	212	16	239	
17	473	451	428	406	384	357	324	298	271	243	220	17	253	
18	500	475	451	428	404	375	343	314	286	257	233	18	275	
19	520	496	471	447	422	392	357	326	298	267	243	19	292	
20	539	512	486	461	435	404	369	339	308	277	251	20	308	
21	559	532	506	479	453	420	384	351	320	288	261	21	351	
22	590	561	532	506	477	443	404	371	337	304	275			
23	612	583	555	524	496	461	420	386	351	314	286			
24	641	610	579	549	518	481	439	402	365	328	300			
25	692	659	626	594	561	520	475	435	396	355	322			
26	751	714	679	643	608	565	514	471	428	386	351			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)													Symbol	1989
Symbol	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol	& prior	
(a)												(b)		
1	44	42	39	38	35	34	31	29	27	24	23	1	9	
2	61	58	55	52	49	46	44	40	37	34	31	2	10	
3	69	66	62	59	56	52	49	45	42	39	35	3	14	
4	76	73	69	66	61	58	55	50	46	43	39	4	17	
5	86	82	78	74	70	66	61	56	52	48	44	5	20	
6	97	92	88	83	78	74	69	64	59	55	50	6	26	
7	106	101	96	91	86	81	76	70	64	60	55	7	31	
8	115	110	104	99	93	88	82	75	70	65	59	8	37	
10	124	118	113	107	100	95	89	82	76	70	64	10	47	
11	135	128	122	115	109	103	96	88	82	75	69	11	57	
12	147	140	133	126	119	112	105	96	89	82	75	12	67	
13	158	150	143	135	128	120	113	104	96	89	81	13	78	
14	171	162	154	146	138	130	122	112	104	96	88	14	92	
15	187	179	170	161	152	143	134	124	114	106	96	15	111	
16	206	197	187	177	167	157	147	136	126	116	106	16	135	
17	228	217	206	195	184	173	163	150	139	128	117	17	162	
18	249	237	226	213	202	190	178	164	152	140	128	18	194	
19	271	259	246	233	220	207	194	179	165	153	140	19	231	
20	301	287	272	258	244	229	215	198	183	169	155	20	274	
21	334	318	303	287	271	255	239	220	204	188	172	21	380	
22	377	359	341	323	305	287	269	248	230	212	194			
23	422	402	382	362	342	321	302	277	258	237	217			
24	489	466	443	419	396	372	349	321	298	275	252			
25	601	573	545	516	487	458	430	396	367	338	310			
26	739	704	668	633	598	563	528	485	450	415	380			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)													Symbol	1989
Symbol	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol	& prior	
(a)												(b)		
1	204	195	186	175	167	155	140	129	118	107	95	1	47	
2	233	222	211	200	189	175	160	147	133	120	109	2	56	
3	271	258	244	231	220	204	186	171	155	140	127	3	69	
4	293	280	266	251	238	222	202	184	169	151	138	4	78	
5	313	297	282	269	253	235	213	195	178	160	147	5	91	
6	329	313	297	282	266	246	226	206	189	169	153	6	100	
7	342	326	311	293	278	258	235	215	195	175	160	7	109	
8	357	340	322	306	289	269	244	224	204	184	167	8	131	
10	380	362	344	326	309	286	260	240	218	195	178	10	151	
11	400	380	360	342	322	300	273	251	229	204	186	11	164	
12	411	391	371	351	333	309	282	258	235	211	191	12	182	
13	426	406	386	366	346	322	293	269	244	220	200	13	195	
14	455	433	411	391	369	342	311	286	260	233	213	14	218	
15	477	455	433	411	386	360	329	300	273	246	222	15	235	
16	497	473	448	426	402	373	340	313	284	255	231	16	260	
17	515	491	466	442	417	389	353	324	295	264	240	17	275	
18	544	517	491	466	440	408	373	342	311	280	253	18	300	
19	566	539	513	486	460	426	389	355	324	291	264	19	317	
20	586	557	528	502	473	440	402	369	335	302	273	20	335	
21	608	579	551	522	493	457	417	382	349	313	284	21	382	
22	642	611	579	551	519	482	440	404	366	331	300			
23	666	635	604	571	539	502	457	420	382	342	311			
24	697	664	630	597	564	524	477	437	397	357	326			
25	753	717	682	646	611	566	517	473	431	386	351			
26	817	777	739	699	662	615	559	513	466	420	382			

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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FULL COVERAGE COMPREHENSIVE (001)												Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996		
1	32	30	29	27	26	24	23	21	19	18	16	1	6
2	44	42	40	38	36	34	32	29	27	25	23	2	7
3	50	47	45	43	40	38	36	33	30	28	26	3	10
4	55	53	50	47	45	42	39	36	34	31	29	4	12
5	62	59	56	53	50	47	45	41	38	35	32	5	14
6	70	67	63	60	57	53	50	46	43	39	36	6	18
7	77	73	69	66	62	58	55	50	47	43	39	7	23
8	83	79	76	71	68	63	60	55	51	47	43	8	27
10	90	86	81	77	73	68	64	59	55	50	46	10	34
11	97	93	88	84	79	74	70	64	59	55	50	11	41
12	106	101	96	91	86	81	76	70	65	60	55	12	48
13	114	109	103	98	92	87	81	75	70	64	59	13	57
14	123	118	112	106	100	94	88	81	75	69	63	14	67
15	136	129	123	116	110	103	97	89	83	76	70	15	81
16	150	142	135	128	121	114	107	98	91	84	77	16	98
17	165	157	149	142	134	126	118	108	100	93	85	17	118
18	180	172	163	155	146	137	129	118	110	101	93	18	140
19	197	187	178	168	159	150	141	129	120	110	101	19	168
20	218	207	197	187	176	166	156	143	133	122	112	20	199
21	242	231	219	207	196	184	173	159	147	136	124	21	275
22	273	260	247	234	221	208	195	179	166	153	140		
23	306	291	276	262	247	233	218	201	186	172	157		
24	354	337	320	304	287	270	253	233	216	199	182		
25	436	415	394	373	353	332	311	286	265	245	224		
26	535	509	484	459	433	407	382	352	326	301	275		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)												Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990- 1996		
1	203	194	186	175	166	155	139	128	117	106	95	1	46
2	232	221	210	199	188	175	159	146	133	119	108	2	55
3	270	256	243	230	219	203	186	170	155	139	126	3	69
4	292	278	265	250	236	221	201	183	168	150	137	4	77
5	312	296	281	267	252	234	212	194	177	159	146	5	91
6	327	312	296	281	265	245	225	206	188	168	152	6	99
7	340	325	309	292	276	256	234	214	194	175	159	7	108
8	356	338	320	305	287	267	243	223	203	183	166	8	130
10	378	360	343	325	307	285	259	239	217	194	177	10	150
11	398	378	358	340	320	298	272	250	228	203	186	11	164
12	409	389	369	349	332	307	281	256	234	210	190	12	181
13	424	404	385	365	345	320	292	267	243	219	199	13	194
14	453	431	409	389	367	340	309	285	259	232	212	14	217
15	475	453	431	409	385	358	327	298	272	245	221	15	234
16	495	471	446	424	400	371	338	312	283	254	230	16	259
17	513	488	464	440	415	387	351	323	294	263	239	17	274
18	541	515	488	464	438	407	371	340	309	278	252	18	298
19	564	537	511	484	457	424	387	354	323	290	263	19	316
20	583	555	526	499	471	438	400	367	334	301	272	20	334
21	606	577	548	519	491	455	415	380	347	312	283	21	380
22	639	608	577	548	517	480	438	402	365	329	298		
23	663	632	601	568	537	499	455	418	380	340	309		
24	694	661	628	594	561	522	475	435	396	356	325		
25	749	714	678	643	608	564	515	471	429	385	349		
26	813	774	736	696	659	612	557	511	464	418	380		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.

(b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

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NORTH CAROLINA (32)

FULL COVERAGE COMPREHENSIVE (001)												Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol (b)	1989 & prior
1	33	32	30	29	27	26	24	22	20	18	17	1	7
2	46	44	42	40	37	35	33	30	28	26	24	2	7
3	52	50	47	45	42	40	37	34	32	29	27	3	11
4	58	55	52	50	47	44	41	38	35	33	30	4	13
5	65	62	59	56	53	50	47	43	40	37	33	5	15
6	73	70	66	63	59	56	52	48	45	41	38	6	19
7	81	77	73	69	65	61	58	53	49	45	41	7	24
8	87	83	79	75	71	66	62	57	53	49	45	8	28
10	94	90	85	81	76	72	67	62	58	53	48	10	36
11	102	97	92	88	83	78	73	67	62	57	52	11	43
12	111	106	101	95	90	85	80	73	68	62	57	12	51
13	120	114	108	103	97	91	85	79	73	67	62	13	59
14	129	123	117	111	105	99	92	85	79	73	66	14	70
15	142	136	129	122	115	108	102	94	87	80	73	15	84
16	157	149	142	134	127	119	112	103	95	88	81	16	103
17	173	165	156	148	140	132	124	114	105	97	89	17	123
18	189	180	171	162	153	144	135	124	115	106	97	18	147
19	206	196	187	176	167	157	147	136	125	116	106	19	176
20	228	217	206	196	185	174	163	150	139	128	117	20	208
21	253	242	230	217	205	193	181	167	154	143	130	21	288
22	286	272	259	245	231	218	204	188	174	161	147		
23	320	305	290	275	259	244	229	210	195	180	165		
24	371	353	336	318	301	282	265	244	226	209	191		
25	456	435	413	391	370	348	326	300	278	257	235		
26	561	534	507	480	454	427	400	368	341	315	288		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

COLLISION DED. AMT. \$100 (074)												Symbol (b)	1989 & prior
Symbol (a)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1990-1996	Symbol (b)	1989 & prior
1	220	210	201	189	179	167	151	139	127	115	103	1	50
2	251	239	227	215	203	189	172	158	143	129	117	2	60
3	292	277	263	249	237	220	201	184	167	151	136	3	74
4	315	301	287	270	256	239	217	198	182	163	148	4	84
5	337	320	304	289	272	253	229	210	191	172	158	5	98
6	354	337	320	304	287	265	244	222	203	182	165	6	108
7	368	351	335	315	299	277	253	232	210	189	172	7	117
8	385	366	347	330	311	289	263	241	220	198	179	8	141
10	409	390	370	351	332	308	280	258	234	210	191	10	163
11	430	409	387	368	347	323	294	270	246	220	201	11	177
12	442	421	399	378	359	332	304	277	253	227	206	12	196
13	459	437	416	394	373	347	315	289	263	237	215	13	210
14	490	466	442	421	397	368	335	308	280	251	229	14	234
15	514	490	466	442	416	387	354	323	294	265	239	15	253
16	535	509	483	459	433	402	366	337	306	275	249	16	280
17	554	528	502	476	449	418	380	349	318	284	258	17	296
18	586	557	528	502	473	440	402	368	335	301	272	18	323
19	609	581	552	523	495	459	418	382	349	313	284	19	342
20	631	600	569	540	509	473	433	397	361	325	294	20	361
21	655	624	593	562	531	492	449	411	375	337	306	21	411
22	691	657	624	593	559	519	473	435	394	356	323		
23	717	684	650	614	581	540	492	452	411	368	335		
24	750	715	679	643	607	564	514	471	428	385	351		
25	810	772	734	695	657	609	557	509	464	416	378		
26	880	837	796	753	712	662	602	552	502	452	411		

(a) Refer to Personal Auto Manual Rule 12. for rating Symbol 27 vehicles.  
 (b) Refer to Rule 12. to determine the Symbol 14 rate for 1982 and Prior Model Year vehicles.

Territory	Territory
<b>ALAMANCE COUNTY</b> – See Burlington-Graham and Remainder of State.	
<b>ASHEVILLE</b> 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.....11	
Acton          Buena Vista    Luthers	
Arden         Busbee        New Bridge	
Asheville     Craggy        Oakley	
School         Emma          Oteen	
Biltmore      Enka          Shiloh	
Forest        Haw Creek    Skyland	
Boswell       Hominy       Woodfin	
<b>BEAUFORT COUNTY</b> territory comprises all territory in Beaufort County.....33	
<b>BERTIE COUNTY</b> territory comprises all territory in Bertie County.....33	
<b>BLADEN COUNTY</b> territory comprises all territory in Bladen County.....33	
<b>BRUNSWICK COUNTY</b> territory comprises all territory in Brunswick County not included in Wilmington territory.....26	
<b>BUNCOMBE COUNTY</b> territory comprises all territory in Buncombe County not included in Asheville territory.....32	
<b>BURLINGTON-GRAHAM</b> 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.....32	
Elon College  Kirkpatrick   Richmond	
Gibsonville  Heights      Hill	
Glen Raven   Lake Latham	
Haw River    Ossipee	
<b>CABARRUS COUNTY</b> – see Concord-Kannapolis-Salisbury and Remainder of State.	
<b>CAMDEN COUNTY</b> territory comprises all territory in Camden County.....33	
<b>CARTERET COUNTY</b> territory comprises all territory in Carteret County.....33	
<b>CHARLOTTE</b> territory comprises the entire city of Charlotte and all areas in Mecklenburg County except those areas with U.S. Postal Zip Codes 28025, 28026, 28031, 28036, 28075, 28078 and 28115.....52	
	<b>CHOWAN COUNTY</b> territory comprises all territory in Chowan County..... 33
	<b>COLUMBUS COUNTY</b> territory comprises all territory in Columbus County..... 26
	<b>CONCORD-KANNAPOLIS-SALISBURY</b> 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 places..... 32
	Brown-        Franklin      Roberta Mills
	Norcott Mills  Glass        Rocky Ridge
	China Grove   Harrisburg   Rocky River
	Cooks         Jackson Park  South River
	Crossing      Landis       Spencer
	East Spencer  Majolica     Yadkin
	Faggarts     Mount Gilead  Junction
	Crossroads   Pharrs Mills  Yost
	Faith         Pioneer Mills
	<b>Craven County</b> territory comprises all territory in Craven County..... 43
	<b>CUMBERLAND COUNTY</b> territory comprises all territory in Cumberland County not included in Fayetteville territory..... 26
	<b>CURRITUCK COUNTY</b> territory comprises all territory in Currituck County..... 33
	<b>DARE COUNTY</b> territory comprises all territory in Dare County..... 33
	<b>DAVIDSON COUNTY</b> – see Lexington-Thomasville and Remainder of State.
	<b>DUPLIN COUNTY</b> territory comprises all territory in Duplin County..... 33
	<b>DURHAM</b> 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 places..... 13
	Bethesda      Gorman       North Durham
	Bilboa        Hope Valley  Oak Grove
	Few           Joyland      Redwood
	<b>DURHAM COUNTY</b> territory comprises all territory in Durham County not included in Durham territory..... 32
	<b>EDGECOMBE COUNTY</b> territory comprises all territory in Edgecombe County not included in Rocky Mount territory..... 33

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

	Territory		Territory
<b>FAYETTEVILLE</b> territory comprises the entire city of Fayetteville, all territory in the Fort Bragg and Pope Air Force Base Military Reservations in Cumberland County, and all territory in Cumberland County included in the townships of Carvers Creek, Cross Creek, Eastover, Manchester, Pearces Mill, Rockfish and Seventy First, including all of the following towns, cities or places .....	40		
Beard	Hope Mills	Roslin	
Bonnie Doone	Lakedale	Shaws	
Cliffdale	Linden	Slocomb	
Cumberland	Manchester	South	
Fenix	Milan	Fayetteville	
Gardners	Myrtle Hill	Spring Lake	
Chapel	Owens	Tokay	
		Victory	
		Wade	
<b>FORSYTH COUNTY</b> territory comprises all territory in Forsyth County not included in Winston-Salem territory .....	32		
<b>FRANKLIN COUNTY</b> territory comprises all territory in Franklin County .....	33		
<b>GASTON COUNTY</b> territory comprises all territory in Gaston County .....	25		
<b>GATES COUNTY</b> territory comprises all territory in Gates County .....	33		
<b>GREENE COUNTY</b> territory comprises all territory in Greene County .....	33		
<b>GREENSBORO-HAMILTON LAKES</b> 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 and places .....	14		
Battle Ground	Four Mile	Hill Top	
Bessemer	Hamtown	Pomona	
<b>GREENVILLE</b> territory comprises the entire town of Greenville and all territory in Pitt County included in Greenville townships, including the following towns, cities or places .....	31		
House	James Mill	Staton	
<b>GUILFORD COUNTY</b> territory comprises all territory in Guilford County not included in either Greensboro-Hamilton Lakes territory or High Point territory .....	32		
<b>HALIFAX COUNTY</b> territory comprises all territory in Halifax County .....	33		
<b>HARNETT COUNTY</b> territory comprises all territory in Harnett County .....	26		
		<b>HERTFORD COUNTY</b> territory comprises all territory in Hertford County .....	33
		<b>HIGH POINT</b> territory comprises the entire city of High Point, the town of Westend, and all territory in Guilford County included in High Point township ....	15
		<b>HOKE COUNTY</b> territory comprises all territory in Hoke County .....	26
		<b>HYDE COUNTY</b> territory comprises all territory in Hyde County .....	33
		<b>JOHNSTON COUNTY</b> territory comprises all territory in Johnston County .....	26
		<b>JONES COUNTY</b> territory comprises all territory in Jones County .....	33
		<b>KINSTON</b> territory comprises the entire city of Kinston and all territory in Lenoir County included in Kinston townships, including the following towns, cities or places .....	31
		Georgetown	Hines Junction
		<b>LEE COUNTY</b> territory comprises all territory in Lee County .....	26
		<b>LENOIR COUNTY</b> territory comprises all territory in Lenoir County not included in Kinston territory .....	33
		<b>LEXINGTON-THOMASVILLE</b> territory comprises the entire cities of Lexington and Thomasville, all territory in Davidson County included in the townships of Lexington and Thomasville, and all territory in Randolph County included in Trinity township, including all of the following towns, cities or places .....	32
		Archdale	Fraziers
		Arnold	Glen Anna
		Cedar Lodge	Lake
		Trinity	Welcome
		<b>MARTIN COUNTY</b> territory comprises all territory in Martin County .....	33
		<b>MECKLENBURG COUNTY</b> territory comprises all territory in Mecklenburg County not included in Charlotte territory .....	51
		<b>NASH COUNTY</b> territory comprises all territory in Nash County not included in Rocky Mount territory .....	33
		<b>NEW HANOVER COUNTY</b> – see Wilmington.	
		<b>NORTHAMPTON COUNTY</b> territory comprises all territory in Northampton County .....	33

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

	Territory	
<b>ONSLOW COUNTY</b> territory comprises all territory in Onslow County.....	41	
<b>ORANGE COUNTY</b> – see Burlington-Graham and Remainder of State.		
<b>PAMLICO COUNTY</b> territory comprises all territory in Pamlico County.....	33	
<b>PASQUOTANK COUNTY</b> territory comprises all territory in Pasquotank County.....	33	
<b>PENDER COUNTY</b> territory comprises all territory in Pender County.....	33	
<b>PERQUIMANS COUNTY</b> territory comprises all territory in Perquimans County.....	33	
<b>PITT COUNTY</b> territory comprises all territory in Pitt County not included in Greenville territory.....	33	
<b>RALEIGH</b> 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.....	16	
Asbury	College View	Milbrook
Auburn	Edgeton	Neuse
Boushell	Fetner	Oakdale
Camp Polk	Garner	South
Caraleigh	Macedonia	Raleigh
Carolina	McCullers	Westover
Pines	Method	Wilders
Cary	Milburnie	Grove
<b>RANDOLPH COUNTY</b> – see Lexington-Thomasville and Remainder of State.		
<b>ROBESON COUNTY</b> territory comprises all territory in Robeson County.....	26	
<b>ROCKY MOUNT</b> territory comprises the entire city of Rocky Mount, all territory in Nash County included in Rocky Mount and Stony Creek townships, all territory in Edgecombe County included in Township 12 (Rocky Mount), and the entire town of Sharpsburg in Edgecombe, Nash and Wilson Counties, including all of the following towns, cities or places.....	31	
Armstrong	Dortches	Winsteads
Brake		Chapel

	Territory	
<b>ROWAN COUNTY</b> – see Concord-Kannapolis-Salisbury and Remainder of State.		
<b>SAMPSON COUNTY</b> territory comprises all territory in Sampson County.....	33	
<b>SCOTLAND COUNTY</b> territory comprises all territory in Scotland County.....	26	
<b>TYRRELL COUNTY</b> territory comprises all territory in Tyrrell County.....	33	
<b>VANCE COUNTY</b> territory comprises all territory in Vance County.....	33	
<b>WAKE COUNTY</b> territory comprises all territory in Wake County not included in Raleigh territory.....	31	
<b>WARREN COUNTY</b> territory comprises all territory in Warren County.....	33	
<b>WASHINGTON COUNTY</b> territory comprises all territory in Washington County.....	33	
<b>WAYNE COUNTY</b> territory comprises all territory in Wayne County.....	47	
<b>WILMINGTON</b> territory comprises all of New Hanover County and in addition the following towns, cities or places.....	17	
Belville	Lanvale	Navassa
Clairmont	Leland	Woodburn
El Paso		
<b>WILSON</b> territory comprises the entire town of Wilson and all territory in Wilson County included in the township of Wilson.....	31	
<b>WILSON COUNTY</b> territory comprises all territory in Wilson County not included in the Rocky Mount or Wilson territories.....	33	
<b>WINSTON-SALEM</b> territory comprises the entire city of Winston-Salem and all territory in Forsyth County included in the townships of Broadbay, Middle Fork, Old Town, South Fork and Winston, including all of the following towns, cities or places.....	18	
Alspaugh	Frontis	Reynolda
Atwood	Hanes	Tiretown
Daisy	Ogburntown	Walkertown
Fisherville	Oldtown	
<b>REMAINDER OF STATE</b> .....	24	

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

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
<b>A</b>		<b>B</b>		<b>B</b>	
Abbey, Gaston.....	25	Bakersville, Mitchell.....	24	Brown-Norcott Mills, Cabarrus.....	32
Aberdeen, Moore.....	24	Balfours, Randolph.....	24	Bryson City, Swain.....	24
Acton, Buncombe.....	11	Bannertown, Surry.....	24	Buena Vista, Buncombe.....	11
Ahoskie, Hertford.....	33	Barker Heights, Henderson.....	24	Burgaw, Pender.....	33
Alamance, Alamance.....	24	Barnardsville, Buncombe.....	32	Burlington, Alamance.....	32
Albermarie, Stanly.....	24	Battle Ground, Guilford.....	14	Burnsville, Yancey.....	24
Alexander, Buncombe.....	32	Bayboro, Pamlico.....	33	Busbee, Buncombe.....	11
Alexanders Store, Mecklenburg.....	52	Beard, Cumberland.....	40	<b>C</b>	
Alexis, Gaston.....	25	Beattie, Gaston.....	25	Camden, Camden.....	33
Alspaugh, Forsyth.....	18	Beaufort, Carteret.....	33	Camp LeJeune, Onslow.....	41
Altamahaw, Alamance.....	24	Belhaven, Beaufort.....	33	Camp Polk, Wake.....	16
Andrews, Cherokee.....	24	Belmont, Gaston.....	25	Candler, Buncombe.....	32
Angier, Harnett.....	26	Belmont, Halifax.....	33	Canton, Haywood.....	24
Apex, Wake.....	31	Belville, Brunswick.....	17	Caraleigh, Wake.....	16
Archdale, Randolph.....	32	Benson, Johnston.....	26	Caroleen, Rutherford.....	24
Arden, Buncombe.....	11	Bessemer, Guilford.....	14	Carolina Beach, New Hanover.....	17
Arlington, Gaston.....	25	Bessemer City, Gaston.....	25	Carolina Pines, Wake.....	16
Armstrong, Edgecombe.....	31	Bethel, Pitt.....	33	Carrboro, Orange.....	24
Arnold, Davidson.....	32	Bethesda, Durham.....	13	Carson, Mecklenburg.....	52
Asbury, Wake.....	16	Bilboa, Durham.....	13	Carthage, Moore.....	24
Asheboro, Randolph.....	24	Biltmore Forest, Buncombe.....	11	Cary, Wake.....	16
Asheville, Buncombe.....	11	Biscoe, Montgomery.....	24	Castalia, Nash.....	33
Asheville School, Buncombe.....	11	Black Mountain, Buncombe.....	32	Cedar Falls, Randolph.....	24
Atwood, Forsyth.....	18	Boger City, Lincoln.....	24	Cedar Lodge, Davidson.....	32
Auburn, Wake.....	16	Boiling Springs, Cleveland.....	24	Chadbourn, Columbus.....	26
Aulander, Bertie.....	33	Bonnie Doone, Cumberland.....	40	Chadwick-Hoskins Mills, Mecklenburg.....	52
Ayden, Pitt.....	33	Boogertown, Gaston.....	25	Chapel Hill, Orange.....	24
<b>B</b>		Boone, Watauga.....	24	Charlotte, Mecklenburg.....	52
Badin, Stanly.....	24	Boswell, Buncombe.....	11	Cherry Point, Craven.....	43
Bailey, Nash.....	33	Boushell, Wake.....	16		
		Brake, Edgecombe.....	31		
		Brevard, Transylvania.....	24		

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

**PERSONAL VEHICLE MANUAL  
TERRITORY DEFINITIONS**

**NORTH CAROLINA (32)**

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
<b>C</b>		<b>D</b>		<b>F</b>	
Cherryville, Gaston .....	25	Dellview, Gaston .....	25	Faith, Rowan .....	32
China Grove, Rowan.....	32	Denton, Davidson.....	24	Farmville, Pitt.....	33
Clairmont, Brunswick.....	17	Derita, Mecklenburg.....	52	Fayetteville, Cumberland.....	40
Clayton, Johnston .....	26	Dobson, Surry .....	24	Fenix, Cumberland .....	40
Cleveland, Rowan.....	24	Dortches, Nash .....	31	Fetner, Wake.....	16
Clifdale, Cumberland .....	40	Draper, Rockingham .....	24	Few, Durham.....	13
Cliffside, Rutherford.....	24	Duke Power Village, Gaston .....	25	Fisherville, Forsyth .....	18
Clinchfield, McDowell.....	24	Dunn, Harnett.....	26	Forest City, Rutherford .....	24
Clinton, Sampson .....	33	Durham, Durham.....	13	Fort Bragg, Cumberland.....	40
Coats, Harnett.....	26	<b>E</b>		Fountain, Pitt .....	33
Coleridge, Randolph.....	24	East Gastonia, Gaston .....	25	Four Mile, Guilford .....	14
College View, Wake .....	16	East Spencer, Rowan .....	32	Franklin, Macon .....	24
Columbia, Tyrrell.....	33	East Wilmington, New Hanover .....	17	Franklin, Rowan .....	32
Columbus, Polk.....	24	Edenton, Chowan.....	33	Franklinton, Franklin.....	33
Concord, Cabarrus .....	32	Edgeton, Wake .....	16	Franklinville, Randolph .....	24
Conover, Catawba .....	24	Elizabeth City, Pasquotank .....	33	Fraziers, Randolph .....	32
Convent, Gaston.....	25	Elizabethtown, Bladen.....	33	Freeland, Brunswick.....	26
Cooks Crossing, Cabarrus.....	32	Elkin, Surry.....	24	Fremont, Wayne.....	47
Cooleemee, Davie .....	24	Eller, Davidson .....	24	Frontis, Forsyth .....	18
Cornelius, Mecklenburg .....	51	Elm City, Wilson.....	33	Fuquay Springs, Wake .....	31
Craggy, Buncombe .....	11	Elon College, Alamance.....	32	<b>G</b>	
Cramerton, Gaston .....	25	El Paso, Brunswick .....	17	Gardners Chapel, Cumberland .....	40
Croft, Mecklenburg .....	52	Emma, Buncombe .....	11	Garner, Wake.....	16
Cross Road, Surry.....	24	Enfield, Halifax.....	33	Gaston, Northampton .....	33
Crowders, Gaston.....	25	Enka, Buncombe.....	11	Gastonia, Gaston .....	25
Cumberland, Cumberland.....	40	Erwin, Harnett .....	26	Gatesville, Gates .....	33
Currituck, Currituck.....	33	<b>F</b>		Georgetown, Lenoir.....	31
<b>D</b>		Faggarts Crossroads, Cabarrus.....	32	Gibsonville, Guilford & Alamance.....	32
Daisy, Forsyth.....	18	Fair Bluff, Columbus .....	26	Glass, Cabarrus .....	32
Dallas, Gaston .....	25	Fairmont, Robeson .....	26		
Danbury, Stokes .....	24				
Davidson, Mecklenburg .....	51				

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

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
<b>G</b>					
Glen Anna, Davidson.....	32	Hertford, Perquimans.....	33	Kings Mountain, Cleveland.....	24
Glen Raven, Alamance.....	32	Hickory, Catawba.....	24	Kinston, Lenoir.....	31
Goldsboro, Wayne.....	47	Hickory Grove, Mecklenburg.....	52	Kirkpatrick Heights, Alamance.....	32
Gorman, Durham.....	13	High Point, Guilford.....	15	Knightdale, Wake.....	16
Goshen, Gaston.....	25	High Shoals, Gaston.....	25	<b>L</b>	
Graham, Alamance.....	32	Hillsboro, Orange.....	24	La Grange, Lenoir.....	33
Granite Falls, Caldwell.....	24	Hill Top, Guilford.....	14	Lake, Davidson.....	32
Granite Quarry, Rowan.....	24	Hines Junction, Lenoir.....	31	Lakedale, Cumberland.....	40
Greenleaf, Wayne.....	47	Holly Ridge, Onslow.....	41	Lake Latham Alamance.....	32
Greensboro, Guilford.....	14	Holly Springs, Wake.....	31	Landis, Rowan.....	32
Greenville, Pitt.....	31	Homestead, Mecklenburg.....	52	Lanvale, Brunswick.....	17
Griffith, Mecklenburg.....	52	Hominy, Buncombe.....	11	Laurinburg, Scotland.....	26
Grifton, Pitt.....	33	Hope Mills, Cumberland.....	40	Leaksville, Rockingham.....	24
Grimesland, Pitt.....	33	Hope Valley, Durham.....	13	Leicester, Buncombe.....	32
Grovemont, Buncombe.....	32	House, Pitt.....	31	Leland, Brunswick.....	17
Groves, Gaston.....	25	Huntersville, Mecklenburg.....	51	Lenoir, Caldwell.....	24
Guilford, Guilford.....	32	Hutchinson, Mecklenburg.....	52	Lewisville, Forsyth.....	32
Guilford College, Guilford.....	32	<b>J</b>		Lexington, Davidson.....	32
<b>H</b>					
Hahn, Mecklenburg.....	52	Jackson, Northampton.....	33	Liberty, Randolph.....	24
Halifax, Halifax.....	33	Jackson Park, Cabarrus.....	32	Lillington, Harnett.....	26
Hamilton Lakes, Guilford.....	14	Jacksons Creek, Randolph.....	24	Lincolnton, Lincoln.....	24
Hamlet, Richmond.....	24	Jacksonville, Onslow.....	41	Linden, Cumberland.....	40
Hamtown, Guilford.....	14	James Mill, Pitt.....	31	Littleton, Halifax & Warren.....	33
Hanes, Forsyth.....	18	Jamestown, Guilford.....	32	Longhurst, Person.....	24
Hardins, Gaston.....	25	Jefferson, Ashe.....	24	Longview, Catawba.....	24
Harkers Island, Carteret.....	33	Jonesville, Yadkin.....	24	Longwood Park, Richmond.....	24
Harrisburg, Cabarrus.....	32	Joyland, Durham.....	13	Louisburg, Franklin.....	33
Haw Creek, Buncombe.....	11	Juno, Buncombe.....	32	Lowell, Gaston.....	25
Haw River, Alamance.....	32	Jupiter, Buncombe.....	32	Lucama, Wilson.....	33
Hayesville, Clay.....	24	<b>K</b>		Lucia, Gaston.....	25
Hazelwood, Haywood.....	24	Kannapolis, Cabarrus & Rowan.....	32	Lumberton, Robeson.....	26
Henderson, Vance.....	33	Kenly, Johnston.....	26	Luthers, Buncombe.....	11
Hendersonville, Henderson.....	24	Kernersville, Forsyth.....	32		

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

**PERSONAL VEHICLE MANUAL  
TERRITORY DEFINITIONS**

**NORTH CAROLINA (32)**

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
<b>M</b>					
McAdenville, Gaston .....	25	Mount Olive, Wayne .....	47	Paw Creek, Mecklenburg .....	52
McCullers, Wake .....	16	Mount Pleasant, Cabarrus .....	24	Pembroke, Robeson .....	26
Macclesfield, Edgecombe .....	33	Mount View, Gaston .....	25	Pharrs Mill, Cabarrus .....	32
Macedonia, Wake .....	16	Murfreesboro, Hertford .....	33	Phillipsville, Haywood .....	24
Madison, Rockingham .....	24	Murphy, Cherokee .....	24	Pikeville, Wayne .....	47
Maiden, Catawba .....	24	Myrtle Hill, Cumberland .....	40	Pilot Mountain, Surry .....	24
Majolica, Rowan .....	32	<b>N</b>			
Manchester, Cumberland .....	40	Nashville, Nash .....	33	Pinehurst, Moore .....	24
Marion, McDowell .....	24	Navassa, Brunswick .....	17	Pinetops, Edgecombe .....	33
Marshall, Madison .....	24	Neuse, Wake .....	16	Pineville, Mecklenburg .....	52
Mars Hill, Madison .....	24	New Bern, Craven .....	43	Pinkney, Gaston .....	25
Marshville, Union .....	24	New Bridge, Buncombe .....	11	Pinoca, Mecklenburg .....	52
Matthews, Mecklenburg .....	52	Newel, Mecklenburg .....	52	Pioneer Mills, Cabarrus .....	32
Maxton, Robeson .....	26	Newfound, Buncombe .....	32	Pittsboro, Chatham .....	24
Mayodan, Rockingham .....	24	Newland, Avery .....	24	Pleasant Garden, Guilford .....	32
Mebane, Alamance & Orange .....	32	New Leaksville, Rockingham .....	24	Plymouth, Washington .....	33
Method, Wake .....	16	Newton, Catawba .....	24	Pomona, Guilford .....	14
Middlesex, Nash .....	33	North Belmont, Gaston .....	25	Pope Air Force Base, Cumberland .....	40
Midway Park, Onslow .....	41	North Durham, Durham .....	13	<b>R</b>	
Milan, Cumberland .....	40	North Wilkesboro, Wilkes .....	24	Raeford, Hoke .....	26
Milburnie, Wake .....	16	Norwood, Stanly .....	24	Ragan, Gaston .....	25
Millbrook, Wake .....	16	<b>O</b>			
Mocksville, Davie .....	24	Oakdale, Wake .....	16	Raleigh, Wake .....	16
Monroe, Union .....	24	Oak Grove, Durham .....	13	Ramseur, Randolph .....	24
Montreat, Buncombe .....	32	Oakhurst, Mecklenburg .....	52	Randleman, Randolph .....	24
Mooresville, Iredell .....	24	Oakley, Buncombe .....	11	Ranlo, Gaston .....	25
Morehead City, Carteret .....	33	Oak Ridge, Guilford .....	32	Red Springs, Robeson .....	26
Morganton, Burke .....	24	Ogburntown, Forsyth .....	18	Redwood, Durham .....	13
Morrisville, Wake .....	31	Oldtown, Forsyth .....	18	Reidsville, Rockingham .....	24
Mountain Island, Gaston .....	25	Ossipee, Alamance .....	32	Reynolda, Forsyth .....	18
Mount Airy, Surry .....	24	Oteen, Buncombe .....	11	Richmond Hill, Alamance .....	32
Mount Gilead, Cabarrus .....	32	Owens, Cumberland .....	40	Ridge, Gaston .....	25
Mount Gilead, Montgomery .....	24	Oxford, Grantville .....	24	Ridgecrest, Buncombe .....	32
Mount Holly, Gaston .....	25			Ridgeview, Mecklenburg .....	52
				Roanoke Rapids, Halifax .....	33
				Robbins, Moore .....	24
				Robbinsville, Graham .....	24

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

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
<b>R</b>					
Robersonville, Martin .....	33	Slocomb, Cumberland .....	40	Tabor City, Columbus .....	26
Roberta Mills, Cabarrus .....	32	Smithfield, Johnston .....	26	Tarboro, Edgecombe .....	33
Rockingham, Richmond .....	24	Smyre, Gaston .....	25	Taylorsville, Alexander .....	24
Rockwell, Rowan .....	24	Snow Hill, Greene .....	33	Terra Cotta, Guilford .....	32
Rocky Mount, Edgecombe & Nash .....	31	Southern Pines, Moore .....	24	Thomasville, Davidson .....	32
Rocky Ridge, Cabarrus .....	32	South Fayetteville, Cumberland .....	40	Thrift, Mecklenburg .....	52
Rocky River, Cabarrus .....	32	South Gastonia, Gaston .....	25	Tiretown, Forsyth .....	18
Robesville, Wake .....	31	Southmont, Davidson .....	24	Toast, Surry .....	24
Roseboro, Sampson .....	33	Southport, Brunswick .....	26	Tokay, Cumberland .....	40
Roslin, Cumberland .....	40	South Raleigh, Wake .....	16	Trenton, Jones .....	33
Rougemont, Durham .....	32	South River, Rowan .....	32	Trinity, Randolph .....	32
Rowland, Robeson .....	26	South Rosemary, Halifax .....	33	Troy, Montgomery .....	24
Roxboro, Person .....	24	Sparta, Alleghany .....	24	Tryon, Polk .....	24
Rural Hall, Forsyth .....	32	Spencer, Rowan .....	32	<b>V</b>	
Rutherfordon, Rutherford .....	24	Spencer Mountain, Gaston .....	25	Valdese, Burke .....	24
<b>S</b>					
Saint Pauls, Robeson .....	26	Spindale, Rutherford .....	24	Valmead, Caldwell .....	24
Salisbury, Rowan .....	32	Spray, Rockingham .....	24	Victory, Cumberland .....	40
Sanford, Lee .....	26	Spring Hope, Nash .....	33	Victory, Gaston .....	25
Saratoga, Wilson .....	33	Spring Lake, Cumberland .....	40	<b>W</b>	
Saxapahaw, Alamance .....	24	Spruce Pine, Mitchell .....	24	Wade, Cumberland .....	40
Scotland Neck, Halifax .....	33	Stanley, Gaston .....	25	Wadesboro, Anson .....	24
Selma, Johnston .....	26	Stantonsburg, Wilson .....	33	Wake Forest, Wake .....	31
Selwyn Park, Mecklenburg .....	52	Statesville, Iredell .....	24	Walkertown, Forsyth .....	18
Seymour Johnson A.F.B., Wayne .....	47	Staton, Pitt .....	31	Wallace, Duplin .....	33
Shallotte, Brunswick .....	26	Stedman, Cumberland .....	26	Walnut Cove, Stokes .....	24
Sharpsburg, Edgecombe, Nash & Wilson .....	31	Stokesdale, Guilford .....	32	Warrenton, Warren .....	33
Shaws, Cumberland .....	40	Stony Point, Alexander .....	24	Warsaw, Duplin .....	33
Shelby, Cleveland .....	24	Summerfield, Guilford .....	32	Washington, Beaufort .....	33
Shiloh, Buncombe .....	11	Sunnyside, Gaston .....	25	Waynesville, Haywood .....	24
Siler City, Chatham .....	24	Swannanoa, Buncombe .....	32	Weaverville, Buncombe .....	32
Skyland, Buncombe .....	11	Swanquarter, Hyde .....	33	Welcome, Davidson .....	32
		Sweepsonville, Alamance .....	24	Weldon, Halifax .....	33
		Sylva, Jackson .....	24	Wendell, Wake .....	31
				Wentworth, Rockingham .....	24
				Westend, Guilford .....	15
				Westover, Wake .....	16

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

**PERSONAL VEHICLE MANUAL  
TERRITORY DEFINITIONS**

**NORTH CAROLINA (32)**

City and County	Territory Code	City and County	Territory Code	City and County	Territory Code
<b>W</b>		<b>W</b>		<b>Y</b>	
Whitakers, Edgecombe & Nash.....	33	Windsor, Bertie .....	33	Yadkin Junction, Rowan .....	32
Whiteville, Columbus .....	26	Winnabow, Brunswick .....	26	Yadkinville, Yadkin .....	24
Whitnel, Caldwell .....	24	Windsteads Chapel, Nash .....	31	Yanceyville, Caswell .....	24
Wilders Grove, Wake .....	16	Winston-Salem, Forsyth.....	18	Yost, Rowan .....	32
Wilkesboro, Wilkes .....	24	Winterville, Pitt .....	33	Youngs Springs, Wilson .....	31
Williamston, Martin .....	33	Woodburn, Brunswick .....	17	<b>Z</b>	
Wilmington, New Hanover .....	17	Woodfin, Buncombe .....	11	Zebulon, Wake .....	31
Wilson, Wilson.....	31	Worthville, Randolph.....	24		

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

NORTH CAROLINA  
PRIVATE PASSENGER AUTOMOBILE INSURANCE  
AVERAGE NUMBER OF CLAIMS FOR LATEST TWO ACCIDENT YEARS

NON-CLEAN RISK CEDED LIABILITY

Year Ended	Bodily Injury	Property Damage	Medical Payments
12/31/2002	14,372	30,149	6,746
12/31/2003	14,770	34,656	6,614
Average	14,571	32,403	6,680

Claims are developed.

NORTH CAROLINA PRIVATE PASSENGER AUTOMOBILE INSURANCE  
CALCULATION OF GENERAL AND OTHER ACQUISITION EXPENSES

"NON-CLEAN RISK" CEDED BUSINESS ONLY

	(1) Earned Premiums at Facility Rates	(2) Current Level To Actual Level Factor	(3) Expense Factor	(4) General and Other Acquisition Expenses
Year ending 12/31/03				
BI	147,251,580	0.9249	13.2%	17,977,474
PD	118,456,570	1.0470	13.2%	16,371,172
MP	15,735,468	0.8323	13.2%	1,728,755
Year ending 12/31/02				
BI	140,829,290	0.8724	13.4%	16,463,169
PD	113,023,931	0.9848	13.4%	14,915,000
MP	14,983,958	0.7739	13.4%	1,553,875
Year ending 12/31/01				
BI	132,832,887	0.9098	12.4%	14,985,569
PD	106,932,886	0.8539	12.4%	11,322,439
MP	14,100,514	0.8603	12.4%	1,504,203

Notes:

- (1) Non-clean risk ceded business at present facility rates.
- (2) Factor to adjust the earned premium at manual rates to the rate level in effect at the time the premium was written.
- (3) Sum of the general expense and other acquisition expense percentages shown on page F-155. Ratio is to manual premiums.
- (4) = (1) x (2) x (3)

## NORTH CAROLINA

## PRIVATE PASSENGER INSTALLMENT PAYMENT INCOME

Year	Inst. Charges	Liability Written Premium	Phy. Dam. Written Premium	Total Premium	Inst. Charges as a % of Prem.
1994	9,623	1,553,393	786,552	2,339,945	0.4%
1995	16,428	1,761,893	803,003	2,564,896	0.6%
1996	23,552	1,823,594	920,020	2,743,614	0.9%
1997	25,670	1,850,184	1,213,426	3,063,610	0.8%
1998	26,860	1,880,844	1,330,395	3,211,239	0.8%
1999	32,058	1,873,493	1,427,542	3,301,035	1.0%
2000	32,936	1,758,477	1,484,735	3,243,212	1.0%
2001	38,858	1,893,769	1,571,089	3,464,858	1.1%
2002	36,805	1,985,194	1,743,154	3,728,348	1.0%
2003	44,105	2,154,552	1,761,240	3,915,792	1.1%
Latest 5 years:	184,762	9,665,485	7,987,760	17,653,245	1.0%

(in thousands)

Installment fees increased from \$2 to \$3 effective 1/1/95.

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

NONFLEET PRIVATE PASSENGER MOTOR VEHICLE RATE FILING  
BY THE NORTH CAROLINA REINSURANCE FACILITY

July, 2005

- Q. Would you state your full name and address?
- A. Raymond F. Evans, Jr., CPCU. My business address is 5401 Six Forks Road, Raleigh, North Carolina 27609.
- Q. Are you employed by the North Carolina Reinsurance Facility ("Facility")?
- A. Yes.
- Q. In what capacity?
- A. I am the General Manager.
- Q. How long have you been employed by the Facility?
- A. Since September, 2000.
- Q. What is the Facility's function with respect to rates for automobile insurance?
- A. The Facility makes rates for private passenger nonfleet automobile liability insurance written in North Carolina that is ceded to the Facility.
- Q. Would you summarize your educational background?
- A. I graduated from Ohio State University with a Bachelor of Science Degree in Accounting. I am also a Chartered Property and Casualty Underwriter.
- Q. What was your work experience after graduation and prior to beginning work for the predecessor organization to the Facility?
- A. From March 1966 to August 2000, I worked in various capacities with the State Automobile Insurance Companies.

- Q. Can you identify Exhibits RF-1 through RF-8?
- A. Yes. This is the 2005 filing (the "Filing") submitted by the Facility to the Honorable James E. Long, Commissioner of Insurance, with respect to revised nonfleet private passenger motor vehicle insurance rates in North Carolina for ceded business.
- Q. Do you know how the expense data underlying the Filing was 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 by the North Carolina Rate Bureau ("Bureau") to all member companies of the Bureau and the Facility. The responses received from that special call were compiled, checked by the Bureau and the Facility and furnished to Insurance Services Office ("ISO") for incorporation into the Filing. The expense data were checked, reconciled and edited by the Bureau and the Facility before they were sent to ISO for use in the Filing.
- Q. Can you identify the document (Exhibit RF-2) entitled the North Carolina Personal Auto Manual?
- A. Yes. The North Carolina Personal Auto Manual is a manual of the rules, rates and classifications used to write nonfleet private passenger automobile insurance in North Carolina. It covers both ceded and voluntary business. 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. Has the Facility furnished to ISO, for use in this Filing, information appearing in the annual statements and the Insurance Expense Exhibits of its member companies?
- A. Yes.
- Q. How was that information obtained by the Facility?
- A. Information from the Annual Statements and the Insurance Expense Exhibits was obtained by Bureau Staff from Annual Statements and Insurance Expense Exhibits provided by the companies to the Bureau. The Annual Statements and the Insurance Expense Exhibits are part of the official records maintained at the Department of Insurance.
- Q. Was the special call, annual statement and insurance expense exhibit 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. Does the Facility have actuaries on its staff?

A. No.

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 and from the members of the Bureau's Automobile Committee. The Automobile Committee reviews the data underlying the Filing and makes recommendations to the Board of Governors of the Facility as to the items contained in the Filing, and many of the company representatives on the Automobile Committee are actuaries. ISO is retained by the Facility to provide actuarial services to the Facility for, among numerous other things, preparation of this Filing.

Q. What is the proposed effective date of the rates in the Filing?

A. The proposed rule of application provides that the new rates will apply to all policies effective on or after October 1, 2005.

Q. Does the Filing include, to the extent available, the information to be furnished in connection with 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. As shown and explained in that submission, some data were not collected or, if collected, were not retrievable from the statistical data in the form requested. The individual circumstances with respect to such data are explained in the submission.

Q. Does that conclude your prefiled testimony?

A. Yes.

**PREFILED TESTIMONY  
OF  
PATRICK B. WOODS**

**2005 PRIVATE PASSENGER NONFLEET  
AUTOMOBILE INSURANCE RATE FILING  
BY THE NORTH CAROLINA REINSURANCE FACILITY**

- Q. Please state your name and business address.
- A. My name is Patrick B. Woods. My business address is Insurance Services Office, 545 Washington Boulevard, Jersey City, New Jersey.
- Q. By whom are you employed?
- A. I am employed by Insurance Services Office ("ISO") and have been employed by ISO since May 10, 1976.
- Q. What are your responsibilities at ISO?
- A. I am generally responsible for managing and overseeing the operations of the Personal Automobile Actuarial Division at ISO. The Personal Automobile Actuarial Division is responsible for ISO's total ratemaking operation as it pertains to private passenger automobile insurance. We are generally responsible for doing everything that pertains to ratemaking for the personal automobile coverages including reviewing experience, making filings, analysis of classification plans, etc. ISO is involved in ratemaking for the personal automobile coverages in general in 49 of the 50 states plus the District of Columbia and Puerto Rico, as well as ISO's ongoing work for the Government of Israel for the Compulsory Auto Coverages.
- Q. What is your employment background?
- A. I have been employed by ISO for over twenty-nine years in various actuarial positions in the Personal Lines area. I was hired as an Actuarial Assistant in the Personal Property Actuarial Division in 1976. I was promoted to Assistant Actuarial Supervisor in Personal Property. I was later transferred to Private Passenger Actuarial and promoted to Actuarial Supervisor. At my next promotion I was named as Assistant Actuary in ISO's Data Quality Division. While in this area, I worked exclusively on New York's Special Examination of ISO and NAI in their role as statistical agents for personal automobile insurance. Upon completion of this assignment, I joined the Personal Lines Actuarial Division. In January of 1987, I was named Actuary and Manager of the Personal Lines Actuarial Division. In 2003, because of the growth of our international commitment, ISO split the Personal Lines Actuarial Division into two Divisions—Personal Automobile Actuarial and Personal Property Actuarial. I am

presently Assistant Vice President and Actuary in charge of the Personal Automobile Actuarial Division.

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

A. I have a Bachelor of Science degree and a Master of Arts degree in mathematics from St. John's University. I am a Fellow of the Casualty Actuarial Society ("CAS") and a member of the American Academy of Actuaries. I am currently chair of the CAS Program Planning Committee and a member of the Professional Education Policy Committee. I have served on the CAS Committee on Principles, on the CAS Examination Committee, on the CAS Risk Classification Committee and on the CAS Editorial Committee. I have also served as a member of the American Academy of Actuaries Committee on Property and Liability Issues. I am currently a member of the Casualty Committee of the Actuarial Standards Board, and I am chairman of the Ratemaking Subcommittee of the Casualty Committee of the Actuarial Standards Board.

Q. Are you familiar with automobile ratemaking in other states?

A. As part of my duties at ISO, I know the data collection and ratemaking procedures in use in states other than North Carolina. I have worked on rate filings for virtually every state in which ISO has jurisdiction. I am responsible at the present time for either preparing or supervising the preparation of filings for 49 of the states and the District of Columbia and Puerto Rico.

Q. What work have you performed with respect to the Reinsurance Facility's 2005 automobile rate filing in North Carolina for other than clean ceded private passenger risks. (the "Filing")

A. Through ISO I have been involved in the preparation of the 2005 automobile rate filing for the Reinsurance Facility in two respects. First, ISO is one of three statistical organizations that collect rate-related statistical data from the companies writing automobile insurance in North Carolina. The National Association of Independent Insurers ("NAII") and the National Independent Statistical Service ("NISS") are the other statistical organizations that collect such data. The three statistical organizations subject the data that are reported to them to a series of verification edits and then consolidate the data. The data which NAII and NISS collect are sent to ISO and consolidated with the ISO-collected data in the proper format so that they can be reviewed to determine whether rates are adequate or inadequate. ISO then produces the hard-copy exhibits of the combined data in a format and detail necessary for ratemaking.

Second, ISO provides consulting actuarial services directly to the Reinsurance Facility. I have been directly involved in this aspect of the Reinsurance Facility's private passenger automobile insurance rate filings for a number of years. As in the past, my staff and I compiled the ratemaking data to be reviewed by the Automobile Committee in preparation of the filing.

Under my direction, my staff put together the vast majority of the data and information contained in Exhibit RF-1.

Finally, I have reviewed the filed rates to determine if they are calculated in accordance with the Casualty Actuarial Society's (CAS) Statement of Principles Regarding Property and Casualty Insurance Ratemaking. In accordance with Actuarial Standard of Practice No. 17 Expert Testimony by Actuaries, I conducted my review in terms of reasonableness rather than solely in terms of whether there is precise agreement on each issue. In addition, I applied the rate standards set forth in North Carolina General Statute 58-37-35..

Q. Mr. Woods, could you describe generally the steps taken to ensure that the statistical data contained in this filing are reasonable and reliable for ratemaking purposes?

A. Yes. The data received from the companies are subject to various edits which check for the validity of the coded information and the appropriateness of the relationship of the codes to each other on each record. After the data have been edited at the transaction level, they are subject to a set of distributional edits which check that the distribution of the data is consistent with a company's prior submissions. The data are also balanced on a company-by-company basis to page 15 of the Annual Statement. After all these checks and reviews have been made on a company basis, the aggregate data are reviewed for overall reasonableness. This includes checking to see that the changes observed in various summary totals are consistent with known activities and other compiled information, as well as previous years' statistics.

Q. Would you describe the data utilized in Exhibit RF-1?

A. The ratemaking experience reflected in Exhibit RF-1 is, in general, the data which has been supplied by the individual insurance companies to the statistical organizations and consolidated into the appropriate format and detail for ratemaking as described above. The supporting data for the rate level changes for bodily injury liability, property damage liability, and medical payments coverages are the data from the risks insured by the Facility and subject to the Facility rates—i.e. the other than clean ceded risks. This is a change from prior Facility filings which used the experience of all the risks insured by the Facility. The Facility made this change for two reasons: (1) since clean risks ceded to the Facility pay the voluntary rate, only other than clean ceded risks can be subject to the rates set in this proceedings, and (2) including the experience of the clean risks ceded to the Facility would raise the indicated rate level. These data are contained in Section C. Three years of exposure, loss and expense experience are displayed for each of the coverages in Section C. The three years are the years ended December 31, 2001, December 31, 2002, and December 31, 2003. As in the past, the Automobile Committee has acted as an advisory committee to the Reinsurance Facility on this filing. After consideration of the three years of data, the Committee concluded, based on standard actuarial credibility considerations, and balancing the issue of stability versus responsiveness, that the exposure distributions and the losses and expenses attributable to these exposures for the year ended December 31, 2003 were

fully credible and could be given 100% credibility weighting for calculating anticipated rate level needs. Accordingly, the mathematical calculations underlying the indicated average rate level changes and filed base rate changes are based on the exposure distribution, loss and expense experience for the year ended December 31, 2003. This is the same weighting procedure that has been utilized by the Reinsurance Facility in previous automobile insurance rate filings. If weight had been given to earlier years of experience, the indicated overall rate level change would have been higher than the filed change.

The loss experience used in the filing for the liability and medical payments coverages is what we call "accident year" experience. I can explain that best by giving you an example. The losses for the accident year ended December 31, 2003 consist of all losses caused by accidents which occurred during the one year period ended December 31, 2003. If an accident occurred December 29, 2002 and resulted in either a loss being paid or a reserve being established after January 1, 2003, that loss would be a part of the accident year losses for the period ended December 31, 2002. The test for breaking losses down into accident years is the date the accident occurred.

Q. Does the filing contain an exhibit which shows the criteria for determining the credibility to be assigned to a single year's data?

A. Yes. The credibility table at the top of page D-21 of the filing shows the number of claims which are necessary for assigning full credibility to a single year's data. It also shows the number of claims that would be necessary for assigning partial credibility. These are the criteria which are currently used by ISO on a countrywide basis. These credibility standards are based on a formula described in the paper "On the Credibility of the Pure Premium" by Mayerson, Jones and Bowers. This paper was published in the Proceedings of the Casualty Actuarial Society for 1968, Volume LV. The full standard of 4,000 claims is based on the criterion that the observed (actual) pure premium should be within 5% of the expected pure premium with a probability of 95%. In simpler terms, we are using a P (probability) value of 95%, and a k (tolerance) value of plus or minus 5%.

The chart shows that if the average number of claims is 4,000 or greater, 100% credibility should be assigned to the latest year's data, with zero weight being assigned to data for the earlier years. The average number of claims is the average for the two latest accident years. If the average number of claims for a particular coverage over a two year period were 3,700, that would mean that you should use both years' experience in calculating rates. Ninety (90%) percent weight should be given to the latest year and 10% to the earlier year.

Q. Page D-21 also has a table showing the factors for territorial credibility. Please explain that.

A. Once the statewide rate change is determined, it is necessary to apply the overall change to each of the territories in the state. The territory credibility table is used to determine how much credibility is assigned to the three-year experience for a particular territory. The reason for the difference in the number of claims as between statewide credibility and territorial credibility is that for the development of rates by territory a wider confidence

interval is permitted. We use a 90% confidence interval for territory purposes, but a stricter 95% confidence interval for the statewide rate level calculation.

- Q. Please explain the trend credibility table in the lower right-hand portion of page D-21.
- A. In some states the number of claims is so small that full credibility should not be assigned to the calculated trends. That is clearly not the case in North Carolina. The trend credibility table shows that 10,623 claims are necessary for full credibility for trends. The number of claims far exceeds that standard. Therefore it is appropriate for the bodily injury, property damage and medical payments coverages to give the trend calculations full credibility. This does not mean that the past trends will necessarily continue into the future. That is something which we have to consider and evaluate carefully. It does mean, however, that we can be confident that the trend calculations are accurate representations of what did in fact occur during the period covered by the trend calculations.
- Q. As part of your testimony, have you prepared an exhibit that shows the average number of claims over the last two accident years for each of the coverages in the filing?
- A. Yes. Exhibit RF-3 shows the average number of claims for the accident years ended December 31, 2002 and December 31, 2003. It shows that for each of the coverages the number of claims was far in excess of the 4,000 which is the standard for assigning full credibility to the latest year. Accordingly, for the purpose of calculating the statewide rate indication for each of the coverages, it is actuarially sound and reasonable to give 100% credibility weight to the data for the accident year ended December 31, 2003..
- Q. Has the Reinsurance Facility made any adjustment in the filing to reflect seat belt usage in North Carolina over the last few years?
- A. No, the Reinsurance Facility has not made an explicit adjustment to the otherwise indicated rate levels because the program in North Carolina directed at increasing the awareness of the law regarding the use of seat belts was put in place in late 1993, and its effects are fully reflected in the 2001, 2002 and 2003 data. In addition, the usage percentage subsequent to the experience period is similar to the usage in the experience period.
- Q. Has the Reinsurance Facility given any consideration to the impact of the graduated license program?
- A. Yes, the Reinsurance Facility has again considered the impact of the graduated license program. The Committee noted that the program was effective in late 1997. This means that all three of the years of experience considered by the Auto Committee were fully reflective of the graduated license program.
- Q. Mr. Woods, please turn to page C-1 of Exhibit RF-1. Would you explain what that page is.

- A. Page C-1 is what we call a statewide indicated average rate level calculation for the liability coverages for North Carolina. Although technically the medical payments coverage is not a liability coverage, for ratemaking purposes we generally treat it as such. Therefore, if I refer in my testimony to the liability coverages, it includes not only bodily injury and property damage but also the medical payments coverage unless I specify otherwise. Page C-1 is a determination of what the indicated average rate levels are for bodily injury, property damage, and medical payments coverages. The data shown are for other than clean ceded risks.
- Q. The column on page C-1 for bodily injury contains a reference to "30/60". What does that mean?
- A. These are the minimum bodily injury liability policy limits which are needed to comply with the financial responsibility laws in North Carolina. Here we are calculating the indicated average rate that is needed for this "basic limits" coverage. We assume that losses are "capped" at these basic limits. What this means is that the indicated average rate we get from the calculation is the actuarially sound average rate assuming everyone in North Carolina purchased basic limits coverage. There is a separate procedure which is followed to determine what the additional premium should be for those people who buy higher limits, and the results of that procedure are incorporated at the end of the calculation on page C-1 in order to get the total limits premium. This use of "basic limits" losses for the purpose of determining the statewide indicated average rate is the proper procedure to be followed. As far as I am aware, the use of basic limits data is universally accepted. To illustrate how it works, assume that a person bought a policy with 100/300 bodily injury policy limits and had an accident which caused his insurance company to make a payment to a claimant of \$75,000. The losses which are shown on line 1 would include only \$30,000 as opposed to the \$75,000 total loss.
- Q. Referring to line 1 on page C-1 under the bodily injury column, what are "reported incurred losses and allocated loss adjustment expense"?
- A. The reported incurred losses on line 1 are the losses resulting from accidents which occurred during the one year period ending December 31, 2003. The figure includes both losses which have already been paid and 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 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 line 1; 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 to get to the number in line 1?

- A. Yes. As I mentioned earlier, ratemaking is done on a 30/60 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.
- Q. Would you please explain lines 2 and 3 on page C-1?
- A. Yes. Those lines reflect the incorporation of loss development into the calculation. Line 2 shows the loss development factor, and line 3 is the result of multiplying the incurred losses and allocated loss adjustment expenses in line 1 by that loss development factor. As I mentioned a moment ago, the losses on line 1 of page C-1 do not include losses which are not yet reported. By definition, since they are not yet reported, we cannot simply take a reported number and add it in. They are included by what is known as an adjustment for IBNR (incurred but not reported) losses. This is accomplished through the use of loss development factors. The losses as they are reported to us cover all accidents which occur during the one year period ended December 31, 2003. When they are reported to us they are evaluated as of March 31, 2004. As of March 31, 2004, 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 the year ended December 31, 2003. Accordingly we would make an adjustment by increasing the losses as they are initially reported to us 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 28 of any given year and for some reason was not timely reported to the company, 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. Will you please refer to page D-11 of RF-1 and explain how the loss development factor for bodily injury in the filing was calculated?

- A. Yes. In the top section of that page the combined voluntary and ceded losses evaluated as of 15, 27, 39, 51 and 63 months for the accident years for which data are available are shown. The first entry for the accident year ended December 31, 2000 is \$467,248,204. This is in the column which is labeled "15 Months." This is the first evaluation of the losses caused by accidents which occurred during the year which ended December 31, 2000. The evaluation was made as of March 31, 2001 -- 15 months after the beginning of the accident year. Twelve months later (March 31, 2002), the losses caused by accidents which occurred during the year ended December 31, 2000 had grown to \$494,966,053. This is the evaluation as of 27 months after the beginning of the accident year. This increase from roughly \$467 million to \$495 million represents a growth in losses, or a positive development, of 5.9% (1.059) as shown in the column on the lower portion of the page labeled "15 to 27 Mos." As shown on page D-11, we have looked at the average development from 15 months to 27 months over the latest three years and over the latest five years. The average development for the latest three years was 1.053 or 5.3%, and the average development for the latest five years was 1.043 or 4.3%. As in the past, the Automobile Committee decided to use the factors based on the three year averages. I believe that such factors provide the best balance of stability and responsiveness.
- Q. Does page D-11 also show development figures for periods later than 27 months?
- A. Yes. Studies have shown that for the bodily injury liability coverage virtually all losses have been paid by the time of the evaluation at 63 months after the beginning of an accident year. For that reason we also calculate loss development factors for the periods from 27 months to 39 months, 39 months to 51 months and 51 months to 63 months. For example, by the time of the 39 month evaluation the losses for the accident year ended December 31, 2000 had grown to \$505,863,721. This represents a change of 2.2% in the losses for the same accident year evaluated as of 27 months. The average development over the period 27 months to 39 months for the three most recent years for which the data are available was 1.020 or 2.0%.
- Q. Are the data which were used to determine loss development for later periods also shown on page D-11?
- A. Yes. The figures showing how losses developed from the 39-month evaluation to the 51-month evaluation and then the 63-month evaluation are also shown on that page. The development factors were calculated in the same manner I just described for the "15 to 27" and "27 to 39" development factors. As you can see on the page, we have had to use earlier accident years to get the later evaluations. This is because we do not yet know what the ultimate developments will be on the 2002, 2001, and 2000 accident years.
- Q. Will you explain how the loss development factor used to determine the ultimate payment value of the accident year ended December 31, 2003 losses was determined?

- A. Yes. The development factors for each of the applicable periods, as shown on page D-11, are:

<u>Development Period</u>	<u>Factor</u>
15 to 27	1.053
27 to 39	1.020
39 to 51	1.009
51 to 63	1.004

If you multiply all of these factors, you will get the average development from the initial evaluation at 15 months to the ultimate payment value at 63 months. The result of that multiplication is 1.088 or 8.8% total development. Since losses have historically increased or developed by 8.8% from the time they are initially reported to the time they are paid, the assumption is that the losses for the accident year ended December 31, 2003 will do likewise. Accordingly the developed losses shown in the filing for the accident year ended December 31, 2003 include a 8.8% upward adjustment for loss development.

- Q. Is this the same loss development procedure that has been employed in previous automobile insurance rate filings in North Carolina?
- A. Yes.
- Q. Please refer to line 5 of page C-1. With reference to the column headed "Bodily Injury," please tell us what the figure \$10,433,417 represents.
- A. These are the unallocated loss adjustment expenses associated with accidents that occurred in the accident year ended December 31, 2003. As I explained earlier, unallocated loss adjustment expenses are those loss adjustment expenses that cannot be attributed on an accident-by-accident basis. That number is the result of multiplying the developed losses and ALAE in line 3 by the factor of 0.118 in line 4.
- Q. Have you reviewed the compilation of the expense data?
- A. Yes, I have. When ISO gets the expense information, we routinely review it relative to earlier years for consistency.
- Q. Please refer to page C-1, line 6 entitled "General and Other Acquisition Expenses." With reference to the figure \$17,977,474 shown under the column headed "Bodily Injury," what does that figure represent?
- A. These are the general and other acquisition expenses associated with the calendar year ended December 31, 2003. These are the so-called fixed expenses for that year. They are fixed in that they do not vary as a direct function of the premium dollar. For example, employee salaries (other than claims employees) would be classified as either general expenses or other acquisition expenses. Those salaries are fixed in the sense that they do

not vary directly as a function of premium. Such things as commissions and premium taxes, on the other hand, are examples of expenses which do rise or fall directly with premium. Line 6 of page C-1 represents the expenses (other than claims-related expenses) which are fixed in this sense.

The amounts shown on line 6 for each of the coverages are also derived from the most recent special call responses received by the Rate Bureau. The figures reported in response to the special call are total general expenses and total other acquisition expenses. It would not be appropriate to include the total figures actually reported since some of those expenses should be the "increased limits" portion of the total rates. Since what is calculated on page C-1 is the required premium needed for basic limits, we want to use only those fixed expenses which are attributable to the basic limits premium. As shown on page C-2 at footnote (c), the total limits fixed expenses were 5.5 % for general expenses and 7.7 % for other acquisition expenses, for a total of 13.2% of combined voluntary and ceded total limits manual earned premium for the period covered by the special call. By multiplying that percentage times the basic limits premium on a collected level for "non-clean risk" ceded business for policies associated with the year ended December 31, 2003, you get the total fixed expenses that are attributable to the basic limits coverage. This is shown on Exhibit RF-4.

- Q. What is the assumed effective date which was used in the preparation of the present filing?
- A. The filing was put together on the assumption that the revised rates will become effective October 1, 2005 for new and renewal business.
- Q. Would you please explain line 7?
- A. The figure 396,758 in line 7 displays the earned exposures of other than clean risks ceded to the Facility for the Bodily Injury coverage for the year 2003. An earned exposure represents one car insured for one year. Thus, the 396,758 represents the number of cars that were provided with coverage during the year 2003. The earned exposures will serve as the denominator in the calculation of the projected values that will be used in calculating the required per risk premium.
- Q. Would you please explain lines 8 through 10?
- A. These lines are shown for general information purposes. The incurred claims in line 8 are multiplied by the claim development factor in line 9 to produce the number of developed claims in line 10.
- Q. Referring to page C-1, please explain what is meant by line 11 -- Average Annual Change in Losses and ALAE.
- A. What the Reinsurance Facility is doing in the filing is making rates to cover policies issued for new business and for renewals of existing business for other than clean ceded risks

during the period October 1, 2005 through September 30, 2006. In order to do that, it is necessary to project the amount of losses which will be covered under policies issued during these periods. 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 2005 and 2006 policies will be the same as the losses which are shown on line 3 for the accident year ended December 31, 2003. The purpose of line 11 is to trend the losses which are shown on line 3 to the anticipated level for 2004 and 2005 policies. Line 11 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 1.010 or 1.0% per year. These are referred to as "pure premium" trends. In order to apply that annual trend to policies to be written under the new rates, the trend is applied over a period of 3.03 years, as shown in line 13 on page C-1. Mathematically this is done by raising the factor of 1.010 to the 3.03 power. This gives you the total amount of the trend projection.

Q. How were these trends determined?

A. They were selected by the Automobile Committee based on its review and discussion of a variety of information. Much of the information they reviewed was provided by ISO. The primary data for this analysis are what we refer to as "internal" trend data. These are the cost and frequency data for all companies writing private passenger non-fleet automobile insurance in North Carolina, for which trend lines were determined for several different time intervals both on a linear and on an exponential basis in order to determine what the actual changes for both cost and frequency have been in the recent past. This information is included in the filing at pages F-127 through F-135.

Fast Track data were also provided. This is data from the so-called Fast Track Data System, a program administered under the auspices of the National Association of Insurance Commissioners ("NAIC"). This program was developed in the 1970's in response to a concern that the internal trend data were not produced currently enough to indicate the most up-to-date trends in accident frequency or severity. Fast Track data are collected, as the name implies, on a more expedited basis from among a number of the larger automobile insurance writers. There are a number of problems with Fast Track data. For instance, they do not include the trend data of all insurers and are not subjected to the verification procedures which are applied to the internal trend data. Further, the Fast Track data, which are also compiled on a calendar year basis, are somewhat biased due to the relative growth of participating companies and the share of the market in claims and exposures they represent. Nonetheless, they can be useful on some coverages as a tool to assist in making judgments about likely trends where they are more current than other available data. It should be noted that the Fast Track data used in this filing are the same Fast Track data supplied directly to the Commissioners by ISO, NISS and PCI. The Fast Track data and trend calculations are included in the filing at pages F-119 through F-126.

Q. Are the Fast Track data included in the Filing more current data than the internal trend data of the aggregate industry considered by the Automobile Committee?

A. No. Both the Fast Track data and the internal trend data were through 4<sup>th</sup> quarter 2004.

Q. Was there any other trend information provided to the Automobile Committee?

A. In addition to the internal trend and the Fast Track trends, various external information was provided. This information included various government indices (such as the Consumer Price Indices for medical care, physician services and auto body work), statistics with respect to gasoline prices, and miles driven.

Q. Is there any one mathematical procedure which can be used to determine the average annual change in pure premium?

A. No, there is not. The determination of an average annual change based on trend curves will give an accurate calculation as to what the past trend has been. However, the trend numbers calculated in that fashion should be used as a prospective trend factor only to the extent that one anticipates that the past trends will continue into the future.

Q. Have you reviewed the trends used in the filing?

A. Yes. The Reinsurance Facility adopted for use in the filing the selections made by the Automobile Committee. Those are set out below:

COVERAGE	COST	FREQUENCY	PURE PREMIUM
Bodily Injury (B/L)	1.0%	0.0	1.0%
Bodily Injury (T/L)	2.5%	-	-
Property Damage	-	-	2.0%
Medical Payments	4.0%	-2.0%	1.9%

Q. Do you have an opinion with respect to the reasonableness of these trends?

A. Yes, based on my own review of the data, I do. I believe that the Automobile Committee and the Reinsurance Facility have been reasonable in their trend selections. By that I mean that they generally selected trends that were within my range of reasonableness.

For the Bodily Injury coverage, the committee selected a cost trend of 1.0% based primarily on the increase in the annual rate of change for the latest 6 points. The increase of the rate of change to 1.4% compared to the 0.4 to 0.5% for the 15, 12 and 9 point fits indicate to the committee that the selection of a value between the longer term fitted change and the short

term fitted change was appropriate. Based on that consideration the committee selected 1.0%

For Bodily Injury claim frequency, the committee selected 0.0%. The committee examined the fitted paid claim frequency data and noted that annual claim frequencies had continued to rise when looking at the shorter term fits. The committee elected to select an annual rate of change that was a balance of the short term rates of change and the longer term rates of change..

For the Property Damage coverage, the Committee selected a pure premium trend of 2.0%. This was based on an examination of the trends in claim cost and claim frequency. The selection gives greater weight to the longer term cost trend and the general rise of the claim frequency trend, most notably over the most recent three year period.

For the Medical Payments coverage, the committee selected a cost trend of +4.0%. This selection is also reasonable based on the fact that the rates of change for this coverage have generally exceeded 3.5% and been as high as 4.6%. Based on this range of outcomes the selection of a 4.0% cost trend is reasonable.

For Medical Payments frequency, the committee selected a frequency trend of -2.0%. The annual rates of change have been consistently negative. The committee reviewed the data and gave greater weight to the medium term fit of 12 points in making its selection.

Q. In making your evaluation of the Reinsurance Facility's trend selections, have you relied on any other data?

A. Yes, I have. I relied on the various CPI cost information, information on gasoline prices, and miles driven data. In looking at the trend data, my judgment and interpretation of the trend data were influenced by my awareness and analyses of these external data.

Q. Please refer to line 12 of page C-1 of Exhibit RF-1 and explain the purpose of that line.

A. The average annual change in expense cost of 3.3% represents the expected 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 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, the dollars of commission go up. On the other hand, the salary paid to an employee in the Home Office, which is a part of general expenses and other acquisition expenses, is not 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 what the premium level is doing. That is why general expenses and other acquisition expenses are treated differently from those expenses that vary as a function of premium in this filing.

- Q. Would you explain how the 3.3% factor in line 12 was determined?
- A. The average annual change in expenses is based on analysis of the latest average annual change in the All Items CPI, and the Compensation Cost Index. The data are shown on pages D-9 and D-10 of the filing. Based on an analysis of this data, a selected factor of 3.3% is quite reasonable as the 24-point, 36-point and 48-point fits showed an annual rate of change near or above this value.
- Q. How do you apply the average annual change in expenses set forth in line 12?
- A. The procedures on how the average annual change in expenses is applied are described in footnotes (f) and (g) on page C-2. The expenses set forth on lines 5 and 6 are multiplied by the prospective trend factor to adjust the expenses for the projected future changes in expenses. The general and other acquisition expenses are trended to six months past the effective date and the unallocated loss adjustment expense is trended to the average date of loss for policies which will be written at the proposed rates.
- Q. Will you explain line 16 on page C-1 entitled "Projected Losses and ALAE"?
- A. The projected losses and allocated loss adjustment expenses of \$91,159,766 are the losses and allocated loss adjustment expenses set forth on line 3 multiplied by the total trend projection. This gives you the losses that we expect will be incurred under the revised rates.
- Q. Line 13 on page C-1 and footnote (e) on page C-2 indicate that losses are trended for a period of 3.03 years. Will you explain how the 3.03 years of projection was calculated?
- A. The incurred losses set forth on line 3 are the developed losses for the accident year ended December 31, 2003. These losses actually occurred during that time frame. The average date of loss of those accidents is the mid-point of that accident period or July 1, 2003. In order to adjust these losses to the future level expected to prevail under the proposed rates, you have to adjust them by the trend factor. The proposed effective date for purposes of the calculations in the filing is October 1, 2005. This means that policies will be written, assuming annual revisions, anywhere on average from October 1, 2005 through September 30, 2006. A policy written on the last day of that interval, September 30, 2006, assuming it is an annual policy, will expire on September 30, 2007. The period for which accidents will occur under these policies will be anywhere from October 1, 2005 through September 30, 2007. If you were to assume that all of the policies were annual policies, the average date of accident underlying the proposed rates would be the mid-point of that two-year period or October 1, 2006. If we were only talking about annual policies we would trend from the average date of accident underlying our base experience period, July 1, 2003, to October 1, 2006 - a period of 3.25 years. This would be the amount of the trend you would have to use in order to take your base losses and adjust them to the appropriate future level.

If you were to assume that all of the policies were six month policies, then a policy written on September 30, 2006 would expire on March 31, 2007. The period for which accidents will occur on these policies will be from October 1, 2005 through March 31, 2007. Thus the average date of accident underlying the proposed rates for 6 month policies would be the midpoint of that 18 month period, July 1, 2006.

In North Carolina, not all policies are annual policies. Most automobile policies in North Carolina are six-month policies (87% - see page D-4). Based on the "mix" of policy terms being written in North Carolina, the average date of loss will be July 12, 2006. Therefore, in order to adjust the base losses from July 1, 2003 level to July 12, 2006 level, it is necessary to apply the annual trend factors for a total period of 3.03 years.

- Q. Will you explain the projected ULAE in line 17 on page C-1 of the filing?
- A. These are the unallocated loss adjustment expenses in line 5 projected by the average annual change in expenses in line 12 to the average date of expense for policies issued under the proposed rates. These loss adjustment expenses have to be adjusted for the same 3.03 year period since loss adjustment expenses occur at approximately the same time that losses occur.
- Q. Will you explain line 18 entitled "Projected Losses and LAE per exposure"?
- A. What line 18 shows is the anticipated average cost per insured vehicle for losses and all loss adjustment expenses. The value is calculated by adding the projected losses and ALAE in line 16 and the projected ULAE in line 17 and then dividing the total by the earned exposures in line 7.
- Q. Will you explain line 19 entitled "Projected G & OA Expenses"?
- A. As shown in footnote (g) on page C-2, projected general and other acquisition expenses are the general and other acquisition expenses in line 6 projected by the average annual change in expense in line 12. The projected period of 2.75 years is utilized because general and other acquisition expenses are generally incurred at the time a policy is written as opposed to the date that a loss occurs. Therefore, the average date of expense is different from the average date of expense utilized for loss adjustment expenses. The trend period is from the midpoint of the year to April 1, 2006, the average date of expense for policies to be issued under the revised rates.
- Q. What does line 20 entitled "Projected Fixed Expenses per exposure" show?
- A. Line 20 entitled "Projected Fixed Expenses per exposure" takes the Projected G & OA Expenses shown on line 19 and divides them by the earned exposures in line 7. This figure represents the amount of expenses that will be incurred for general and other acquisition expenses on a per exposure basis.

- Q. What does line 21 entitled "Projected Loss, LAE and G & OA Expenses per Exposure" show?
- A. Line 21 is, as indicated, just a combination of lines 18 and 20; it is the sum of projected losses and ALAE, projected ULAE and projected general and other acquisition expenses all stated as an average amount per earned exposure. These are the projected costs that can be expected to be incurred during the experience period and are the major components for which the average rate will need to provide.
- Q. What does line 22 entitled "Percentage Dividends" show?
- A. Line 22 shows the Reinsurance Facility's selected provision of 0% for anticipated dividends to policyholders. This amount is selected in recognition of the fact that the Reinsurance Facility has not paid any policyholders dividends nor do they anticipate paying any in the upcoming period.
- Q. What does line 23 on page C-1 entitled "Permissible Loss, LAE and G & OA Expense Ratio" show?
- A. This line takes into account the other expense items, such as commissions and brokerage and taxes, and provides for any contingency provision. It would also typically include underwriting profit, but no underwriting profit provision is included in this filing because, by statute, the Reinsurance Facility is to operate on a no profit, no loss basis. If you look at page D-17 of the filing, you can see that, for the liability coverages, the commissions and brokerage are 10.0% of the premium dollar, and taxes, licenses and fees are 2.4% of the premium dollar, and there is a 0% margin for contingencies. These items add up to 12.4%. These items are what are known as variable expenses. They vary in direct proportion with the premium dollar. You know that out of every dollar of premium you write, 12.4 cents will have to go to pay for these expenses and you are left with only 87.6 cents to pay for losses, loss adjustment expenses and general and other acquisition expenses. The permissible loss and fixed expense ratio shows the percentage of the premium dollar you will have available to pay for trended losses, trended loss adjustment expenses and trended general and other acquisition expenses.
- Q. What is the source of the percentages on page D-17 with respect to commissions and brokerage and taxes, licenses, and fees?
- A. They were calculated from the 2004 North Carolina expense call for 2003 data undertaken by the North Carolina Rate Bureau. The provision for commission and brokerage reflects the minimum commission required on private passenger non-fleet business ceded to the Facility.
- Q. Would you explain line 26 entitled "Premium Required per Exposure"?

- A. This is the required amount of premium that the Reinsurance Facility needs to collect, on average, from each insured in order that in the aggregate sufficient premium will be collected to pay the expected losses and expenses. This amount is calculated by taking the Projected Losses, LAE and Expenses per Exposure and loading them for the variable expenses such as commissions and taxes. However, if that premium amount were collected, the Facility could theoretically make a profit because of the investment income which it will earn on the unearned premium and loss and loss expense reserves. The Filing also takes into account installment payments income paid by insureds. The purpose of line 26 is to determine the rates such that premium, including installment income, plus the investment income will equal the expected losses and expenses. The way this is done mathematically is to add both the expected investment income (line 24) and the expected installment income (line 25) as a percentage of premium to the permissible loss, LAE and G & OA expense ratio shown on line 23. The investment income figure used in the filing is 3.4% of premium, as shown on page F-172 of the filing. That 3.4% is added to the permissible loss, LAE and G & OA expense ratio shown on line 23. In addition, the installment income figure of +1.0% of premium is added to the permissible loss, LAE and G & OA expense ratio shown on line 23. The installment income provision of 1.0% is developed on exhibit RF-5. By dividing the projected loss and expense ratio on line 21 by the total of the permissible loss, LAE and G & OA expense ratio on line 23 plus 3.4% and 1.0%, we get the premiums which, when added to investment income and installment income, will equal the expected losses and expenses. This is the amount that the Facility in the aggregate needs to actually collect, in order pay the expected losses and expenses on ceded business.
- Q. What is the Distributional Adjustment Factor as shown on line 27?
- A. The distributional adjustment factor as shown on line 27 is the average class factor reflecting the mix of the various use classes, inexperienced operator classes, multi car/single car risks and the average SDIP factor. It provides a measurement of how far from the base class on average the average risk is. For example, the 1.413 distributional adjustment factor for bodily injury liability indicates that, because of the application of these various rating factors, the average risk will pay 141.30% of the otherwise applicable base rate.
- Q. Could you please explain line 28 entitled "Required 30/60/25 Base Class Premium"?
- A. The figure shown on line 28 is the needed average base class premium statewide. It is determined by dividing the average premium in line 26 by the distributional adjustment factor in line 27. This is the average statewide premium required for a single car, pleasure use, no SDIP and no inexperienced operators risk. This premium will be used in the development of the territory base rates where it will be distributed based on the difference from the statewide average of each territory's three year pure premium.

Q. Are the calculations of the indicated average rate level changes for the property damage and medical payments coverages performed in the same manner as for the bodily injury coverage you just described?

A. Yes, while the inputs are obviously different for the different coverages, the calculations are performed in the same general manner. It should be noted that the property damage coverage required 25,000 base class premium in line 32 includes the overall effect of the increased limits experience in the new 25,000 base premium.

As noted on page C-1, the medical payments indications are performed on a total limits basis. Therefore, there are no adjustments anywhere in the calculation to a basic limits basis and no adjustment in line 27 for the total limits change. However, the distributional adjustment factor for Medical Payments will be that much larger, since as part of the calculation to put the premium at a base class level, the premium must be presented at basic limits, and therefore the medical payments total limits premium is divided by the average increased limits factor in addition to the average class factor.

Q. What are the final indicated rate level changes for bodily injury, property damage and total limits medical payments coverages resulting from the calculations on page C-1?

A. The indicated rate level changes resulting from the calculations on page C-1, which are posted on page A-1, are determined by taking the ratio of the statewide average required base class premium to the current statewide average base class premium. The required base class premiums by territory are determined by distributing the required base class premium, as shown on the statewide rate review (page C-1), using the relative changes by territory found in Column (7) on pages C-7 and C-8 and the appropriate expense flattening adjustment. The statewide average base class premiums are determined by taking the weighted average by territory using the earned car years for the year ended 12/31/03.

As shown on page A-1, the result of all of these calculations is that the indicated average rates will generate indicated rate level changes of -5.9% for bodily injury, 2.7% for property damage and -21.8% for medical payments.

Q. How are motorcycle insurance rates determined in this Filing for the liability coverages (bodily injury, property damage and medical payments)?

A. The indicated rate changes are calculated separately using motorcycle experience in North Carolina from the Rate Bureau's call for motorcycle experience. The data are voluntary and ceded experience combined. The resulting rates are then presented as a percentage of the rates applicable to ceded private passenger non-fleet automobile insurance. The percentage is what is commonly referred to as a "relativity."

Q. Given the fact that motorcycle rates are shown in the manual as a percentage of rates for private passenger non-fleet automobile insurance, what would the effect be on motorcycle

rates of a 3.3% decrease in ceded automobile liability insurance rates for the bodily injury, property damage and medical payments coverages?

- A. If the motorcycle rate relativities are not adjusted, a 3.3% decrease in the automobile liability insurance rates would automatically result in the same approximate percentage increase in the motorcycle liability rates.
- Q. Does Exhibit RF-1 contain calculations which seek to determine what the indicated change in rates should be for the motorcycle liability coverages?
- A. Yes. Page G-2 of the filing shows that for other than clean ceded risks ceded to the Reinsurance Facility a 14.5% decrease is needed for the bodily injury, property damage and medical payments motorcycle coverages.
- Q. Please refer to page G-2 of the filing and explain how the indicated rate change of -14.5% was determined.
- A. The figures shown on lines 1, 2 and 5 of page G-2 were reported to the Rate Bureau by its member companies in response to a call for motorcycle data issued by the Rate Bureau. The information was compiled by the Rate Bureau and then furnished to ISO. The earned premiums at present rates were calculated by means of an actuarial technique known as earned on level factors. This technique uses adjustment factors to reflect the impact of any rate level changes made during and subsequent to each calendar year to bring the historic data up to current level.

Line 3 is a factor based on the total loss adjustment expenses for all three years in the experience period divided by the total incurred losses for the three-year period. This change was made several years ago because the calendar year incurred loss adjustment expenses reported in the Rate Bureau call were significantly impacted by reserve changes. The method selected smoothes out the impact of these changes. The resulting loss adjustment expenses are the products of the factor on line 3 and the incurred losses on line 2. These are displayed on line 4.

The figures shown on line 6 are the annual percentage trends in losses. They were determined by taking a weighted average of the trends used to calculate automobile rates for bodily injury, property damage and medical payments coverages.

The figure in line 7 for average annual change in expense costs is 3.3% per year. This is the same prospective expense trend figure used for automobile coverages. The 3.3% figure was determined and applied in the same manner as in the automobile coverages.

The figure for projected losses in line 8 is simply the amount shown in line 2, with the annual percentage trend from line 6 applied. The manner in which the trend is applied is the same as was used for the automobile coverages. The procedures for trending the loss adjustment expenses (line 9) and the general expenses and other acquisition expenses (line

10) are also the same as were used for the automobile coverages. Line 11 is simply the total of lines 8, 9 and 10.

The projected loss, LAE and G & OA expense ratio shown in line 12 is simply line 11 divided by line 1. Taking the year ended 12/31/03, for example, \$15,428,856 shown in line 11 is divided by the \$19,763,809 in line 1. The result is .781. What this means is that, if rates are not changed, 78.1 cents of every dollar of premium will be needed to cover losses, loss adjustment expenses, general expenses and other acquisition expenses.

Q. How was the Permissible Loss, LAE and G & OA Expense Ratio in line 13 calculated and what is their significance?

A. There are certain expenses which vary in direct proportion to the premium dollar. For example, commission and brokerage are determined as a percentage of written premium. Likewise, taxes vary on the basis of written premium. The percentages used to determine the permissible loss, LAE and G & OA expense ratio in line 13 are shown on page G-4 of the filing and are as follows for the liability coverages:

	2001	2002	2003
Commission and Brokerage	11.4%	11.8%	11.4%
Taxes, licenses, etc.	2.3%	2.5%	2.2%
Profit	-3.4%	-3.4%	-3.4%
Contingencies	0.0%	0.0%	0.0%
Installment Income	-1.0%	-1.0%	-1.0%
	9.3%	9.9%	9.2%

The motorcycle rate calculations, like the automobile coverages, includes in the Permissible Loss, LAE and G & OA Expense Ratio a provision of 3.4% for underwriting profit representing the anticipated investment income on the unearned premium and loss and loss expense reserves and 1.0% for installment income. When these are added to the combined amounts for commission and brokerage and taxes, licenses, etc., the results for three years are 9.3%, 9.9% and 9.2% respectively. The figures shown on line 13 of page G-2 are simply the difference between 1.000 and the percentage figures I have just mentioned. For example, the variable expenses plus profit and contingencies for 2003 were 9.2%. 1.000 minus 0.092 is equal to 0.908. What this means is that if 9.2 cents out of every premium dollar are allocated to the variable expenses, profit and contingencies, you have 90.8 cents available to pay losses, loss adjustment expenses, general expenses and other acquisition expenses.

Since line 12 tells us that, based on the 2003 data, we will need 78.1 cents of every premium dollar to pay for the losses and the so-called "fixed expenses," and line 13 tells us that we will have 90.2 cents available for those purposes, we can divide line 12 by line 13 in order to get the percentage rate change which is necessary. The indicated percentages are -12.0%, -17.5% and -14.0% for the years 2001, 2002 and 2003 respectively.

Q. How was the figure in line 15 entitled "Final Selected Rate Level Change" determined?

A. Line 15 is simply the weighted average of the three figures shown in line 14. In other words, we have weighed the -12.0%, -17.5% and -14.0% by premiums in line 1. The resulting average is -14.5%.

Q. You indicated that the Reinsurance Facility's automobile rate filing was for an average decrease of 3.3% for the bodily injury, property damage and medical payments liability coverages combined and that if the motorcycle relativities were not adjusted the result would be a similar change in motorcycle rates. Please explain how the new relativities proposed in the motorcycle filing were determined for the liability coverages.

A. The revised liability relativities for motorcycles are shown on page G-6 of the filing. What this shows is that if the automobile liability insurance rates for other than clean ceded risks decrease 3.3% and the motorcycle liability insurance rates go down 14.5%, the current motorcycle liability relativities should be multiplied by .855/.967 or .884. Thus, the present liability relativity for motorcycles having engines of 325 cubic centimeters or greater should be decreased to approximately .318. The relativity for motorcycles having engines 324 cubic centimeters or less should be decreased to approximately .177. This results in new relativities of .32 and .18, respectively. The relativity changes proposed are actuarially sound and proper assuming that the filed liability rate changes for other than clean ceded private passenger risks non-fleet automobile coverages are fully implemented. If those changes are not fully implemented, the proper relativities can be calculated by the following formula:

$$\text{New Relativity} = \frac{\text{Current Relativity}}{\text{Manual Rate Change in Ceded Auto BI/PD and Medical Payment Rates}} \times .855$$

Q. Mr. Woods, please turn to pages F-172 through F-174 of Exhibit RF-1. What do those pages represent?

A. Pages F-172 through F-174 are 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. The sources for the data on these pages are shown on pages F-173 through F-174. Each line is explained, and the appropriate data source is cited.

Q. Would you explain the calculation.

A. Section A on page F-172 is the determination of the average unearned premium reserve for the ceded liability coverages for the State of North Carolina. Line 1 gives the direct earned premium for the accident year ended December 31, 2002. From that earned premium, the mean unearned premium reserve is calculated. The portion of the direct earned premium

that is held as unearned premium reserve is determined from the average unearned premium reserve for the years ending 12/31/2002 and 12/31/2003. In this case, the mean unearned premium reserve is 27.8% of the direct 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 as set forth on page F-172 is considered pre-paid. For other acquisition expense and company operating expense, one-half is considered pre-paid.

G.S. 105-228.5 as amended in 1986 specifies the procedure by which premium tax is to be paid by insurers. On average, these funds are held by insurers for approximately two months prior to remission to the State. Therefore 2.0% of premium is a pre-paid expense and is not available for investment.

Line A-5 shows the amount of unearned premium reserves that were available for investment.

Part B calculates the impact on funds available for investment of delayed remission associated with deferred payment of premium and the lag in transfer of funds to the companies. The average agents balances for all companies writing private passenger liability insurance in North Carolina is 14.6% of premiums. The explanation of this 14.6% is shown in the explanatory notes.

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 is based upon the expense provisions utilized in the filing. The derivation of the expected mean loss reserve in line C-3 is shown on page F-174 of the filing.

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. Line E shows an average yield of 4.39%. The source of that data is Evergreen Investments.

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 applies the total earnings to the direct earned premium in line A-1 to show a yield of 3.38% pre-tax as a percent of direct earned premium.

Q. 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. Does this filing include the effect of implementing the increased limit factor change approved by the Rate Bureau Governing Committee as part of the Rate Bureau's amended 2005 filing?
- A. Yes, it does. The Bodily Injury liability filed change includes the effect of the change in increased limit factors on the overall premium level. The impact of the change in increased limit factors is 4.2%. When combined with the basic limit change this results in an overall change of -5.9%.
- Q. Does the filing include a revision of the present territorial relativities?
- A. Yes. In connection with the overall changes we have been discussing, new territory rates are displayed; these are shown on page B-1. In these rates, the new territorial relativities are determined in such a way that no overall statewide rate level change is caused. In other words, based on each territory's own indications, the relativities are revised, with some territories receiving increases while others receive decreases. The overall statewide change as a result of these territorial relativity changes is 0%.
- Q. How has the Reinsurance Facility treated general and other acquisition expense by territory?
- A. The Reinsurance Facility has treated 100% of general expense and other acquisition as not varying by territory.
- Q. Please turn to page A-1 of Exhibit RF-1 and explain what is shown on that page?
- A. Page A-1 of Exhibit RF-1 shows the filed rate level changes resulting from the rate calculations contained in the filing. The overall percentages are calculated by multiplying the changes shown for each coverage by the total limits premium for each of the coverages and then dividing by the total premium for all coverages in order to calculate what the average impact is for each category. The premiums that were utilized for these calculations are shown on page A-1.
- 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, I have an opinion. In my opinion, the data utilized and the ratemaking methodologies used by the Reinsurance Facility are consistent with generally accepted actuarial procedures and they are actuarially sound and reliable.
- Q. Do you have an opinion as to whether the filed rate level changes contained in Exhibit RF-1 are fully justified and, if so, what is that opinion?

A. In my opinion, they are fully justified and are not excessive.

PRE-FILED TESTIMONY  
OF  
ROBERT C. SCHUMACHER

2005 PRIVATE PASSENGER NONFLEET AUTOMOBILE INSURANCE  
RATE FILING  
BY THE NORTH CAROLINA REINSURANCE FACILITY

- Q. Please state your name and business address for the record.
- A. Robert C. Schumacher, 225 Water Street, Jacksonville, Florida.
- Q. By whom are you employed?
- A. Wachovia Bank, N.A.
- Q. In what capacity?
- A. I am a Director and Senior Portfolio Manager at Evergreen Investment Management Company, LLC, a wholly-owned subsidiary of Wachovia Bank, N.A.
- Q. What are your duties as a Director and Senior Portfolio Manager at Evergreen Investment Management Company, LLC?
- A. I am responsible for managing fixed income assets for institutional clients and for servicing those clients.
- Q. Is it correct that Wachovia is the investment manager handling the investable assets of the North Carolina Reinsurance Facility?

A. Yes.

Q. As investment manager for the Facility, does Wachovia have discretionary investment authority over the Facility's funds?

A. Yes, subject to guidelines established by the Facility as to quality, term, diversification, and so forth of investments.

Q. What is your role personally with respect to the Facility's investment account?

A. I am the portfolio manager for that account. I make the investment decisions within the limitations or parameters specified by the Facility.

Q. How long have you been employed by Evergreen/Wachovia?

A. I have been employed by Evergreen for seven years. Evergreen became a wholly-owned subsidiary of Wachovia as a result of a corporate merger that was effective in 2001.

Q. How long have you been employed by Evergreen/Wachovia in the division or department which specializes in fixed-income investments?

A. Seven years. I also have approximately 21 years of experience managing fixed income investments prior to joining Evergreen.

Q. How long has Wachovia managed the Facility's investment portfolio?

A. Since June of 1978.

Q. How long have you personally been the portfolio manager for that account?

A. I took over as portfolio manager in March, 2002.

Q. In connection with the Facility's 2005 Private Passenger 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 ending September 30, 2007?

A. Yes.

Q. Did you make those calculations, and if so would you please describe them?

A. Yes I have. I was requested in March, 2005 to make the calculations. To determine the investment yield that the Facility could reasonably expect during the two-year period ending September 30, 2007, I divided the Facility's portfolio as it stood at the beginning of March, 2005 into three segments. The first segment included investments which will mature before October 1, 2005. The second segment consisted of investments which will mature during the period October 1, 2005 through September 30, 2007. The third segment consisted of all investments which will mature after September 30, 2007.

In looking at the third segment, the investments which will not mature until after September 30, 2007, we obviously

know what the yields on those are. I assumed that those assets would continue to earn the same yields throughout the period October 1, 2005 through September 30, 2007.

As to the first segment, i.e., the investments which will mature before October 1, 2005, I assumed that during the two year period in question those assets would earn a yield equal to the yield of the portfolio's performance benchmark index.

- Q. Why did you use that yield?
- A. I used that yield because the portfolio's performance benchmark index represents a good approximation of the mix of the typical assets which would be purchased in the portfolio with respect to various security types, credit ratings and maturities. I believe that this rate (the "Assumed Reinvestment Rate") is a good estimate of what assets in the account will earn.
- Q. How did you handle the investments which are in the second segment you described?
- A. These are the investments which will mature during the period October 1, 2005 through September 30, 2007. For those assets, I simply applied the current rate up until the maturity date. From the maturity date until September 30, 2007, I applied the Assumed Reinvestment Rate. In other words, I assumed that these investments will continue to earn at their present rate until maturity and that after maturity they will be re-invested at the Assumed Reinvestment Rate.

Q. What was the estimated yield that you arrived at based on the calculations you performed?

A. Based on the size of the portfolio in March, 2005 and the yields at that time, I arrived at an estimate of the yield during the two-year period beginning October 1, 2005 and ending September 30, 2007 of approximately 4.39%

Q. Do you have an opinion as to whether the 4.39% investment yield estimate that is based on conditions in March, 2005 and the other assumptions used in your methodology is a reasonable estimate of what the Facility's investment yield will be?

A. Yes, I do have an opinion.

Q. What is that opinion?

A. I believe that the estimated yield is reasonable.

Q. Does that conclude your pre-filed testimony?

A. Yes.